

Why Equities and Bonds **Belong in Your Portfolio**

Building sustainable wealth requires a balanced portfolio that combines growth opportunities with financial stability. Suffice it to say, stocks and bonds remain essential building blocks for investors at every stage of their journey.

Diversifying a portfolio extends beyond these two asset classes; however, this discourse focuses on the complementary role of bonds and equities in building a sturdy portfolio.

Why Equities and Bonds Matter

Equities offer the potential for capital appreciation as businesses grow and profits increase. Over the long term, stocks have historically delivered higher returns than most other assets, making them an attractive option for those seeking to grow their wealth.

In the Nigerian market, this has been evident in the performance of the NGX All-Share Index (ASI). Between 2020 and 2024, the NGX All-Share Index delivered a return of 37.65% in 2024. The NGX-ASI has now delivered its fifth consecutive year of gains (2020: 50.07%; 2021: 6.07%; 2022: 19.98%; 2023: 45.90%) with a five-year compound annual growth rate (CAGR) of 30.85%.

(Coronation Research)

This demonstrates the long-term growth potential available to investors who remain patient and disciplined in the equity market.

However, equities can be volatile. Market fluctuations, economic cycles, and investor sentiment can all impact share prices in the short term. This is where bonds play an important role.

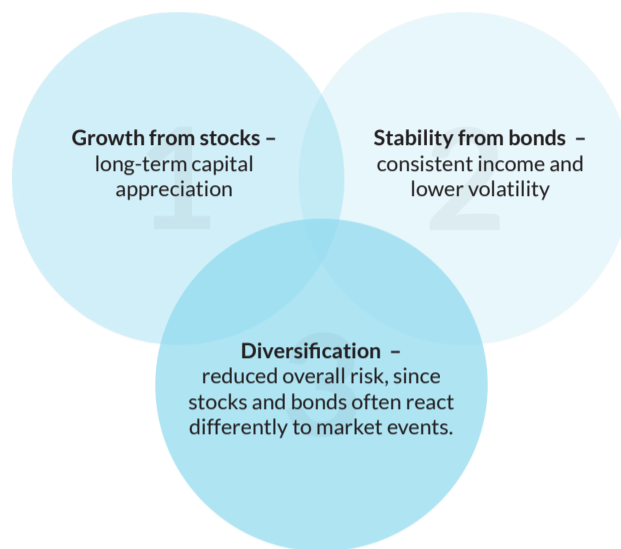
As fixed-income securities, bonds typically provide predictable interest payments over time. Unlike stocks, bonds prioritize capital preservation and steady income, making them more stable during periods of market uncertainty. They may not deliver the same level of growth as equities, but their reliability makes them a vital counterbalance.

In Nigeria, Federal Government of Nigeria (FGN) bonds and Treasury Bills have historically offered attractive yields, often ranging from 11% to 17% (DMO) annually in recent years. While these yields are high compared to global averages, persistent inflation and currency pressures can erode real returns. Nevertheless, they remain important anchors for investors seeking stability and income.

Corporate bonds also offer higher yields, though with a higher degree of risk depending on the issuer.

The Power of Combining Both

When investors blend stocks and bonds, they create a portfolio that is better equipped to weather different market conditions:



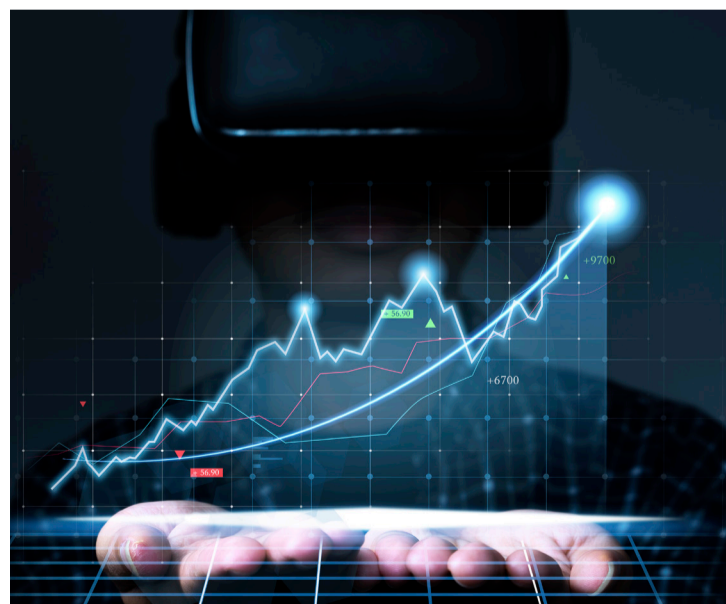
This combination means that even when one asset class underperforms, the other can help cushion the impact, ensuring that the portfolio remains resilient.

Building for the Future

The right mix of stocks and bonds depends on individual goals, risk appetite, and time horizon. Younger investors may tilt towards equities for growth, while those closer to retirement may prefer bonds for security and income.

In the Nigerian context, investors must also consider inflation, interest rate cycles, and currency risks in striking this balance.

At Coronation Securities, we remain committed to equipping investors with the knowledge and strategies to build portfolios that stand the test of time. By thoughtfully combining stocks and bonds, you are not only investing for today but securing a more stable financial future.



Coronation Securities Limited

Plot 10, Amodu Ojikutu Street, Victoria Island, Lagos State.

crc@coronationsl.com | 02012272571-73

@coronationng
 coronation ng
 www.coronation.ng

Equities vs. Bonds in Nigeria:
Performance Snapshot

Asset Class	Historical Returns	Key Characteristics
Equities (NGX ASI + Dividends)	The NGX All-Share Index delivered a return of 37.65% in 2024. The NGX-ASI has now delivered its fifth consecutive year of gains (2020: 50.07%; 2021: 6.07%; 2022: 19.98%; 2023: 45.90%) with a five-year compound annual growth rate (CAGR) of 30.85%. <i>(Coronation Research)</i>	High growth potential;volatile; strong dividend contributions.
Government Bonds (FGN)	11–17% annual yields	Stable income; lower volatility; real returns challenged by inflation.
Corporate Bonds	15–20% potential yields	Higher income than government bonds; higher risk tied to issuer.

Stay Above the Curve

To learn more about investing in Nigeria’s bond and equities market and how Coronation Securities can help you seize these opportunities, please contact us directly at **02012272571** or email **coronationsecuritiesfidesk@coronationsl.com**. Our expert team is ready to provide personalized guidance and support to help you achieve your investment goals.

This material is for informational and educational purposes, and it is not intended to provide specific financial and investment advice. The views expressed herein are subject to change without notice as markets change over time. Consult Coronation Securities for personalized advice.

Olusegun Owadokun

Deputy CEO,
Coronation Securities Limited



Coronation Securities Limited

Plot 10, Amodu Ojikutu Street, Victoria Island, Lagos State.
crc@coronationsl.com | **02012272571-73**