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The SPOTLIGHT

Industry, Markets & Perspectives

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Welcome

to the Inaugural Edition of

The SPOTLIGHT Magazine

We are delighted to present the maiden edition of The Spotlight, a monthly magazine, published by Astudity Limited, dedicated to delivering in-depth analysis and innovative perspectives on investor relations (IR) and public relations (PR) within Nigeria and beyond. In an era where effective communication and strategic engagement are more crucial than ever, our mission is to equip industry professionals, business leaders, and communication enthusiasts with the knowledge and tools they need to navigate the dynamic landscapes of IR and PR. From this inaugural issue, we look to explore a range of topics that highlight the latest trends, challenges, and opportunities shaping the fields of IR and PR. The Spotlight promises to shed some light on the core of the contemporary professional issues within and outside Nigeria; from the evolving regulatory frameworks and technological advancements to the strategic practices in crisis communication and brand management, among other content designed to inform and inspire. We also look to delve into the Nigerian market, examining how micro, small and medium companies can leverage innovative IR and PR strategies to attract investment, build trust, and enhance their reputations. We also promise to broaden our scope to include global insights, showcasing how international trends and case studies can offer valuable lessons and strategies that can be tailored to the unique Nigerian context. Our magazine promises to feature exclusive interviews with industry leaders, expert analyses, and thought-provoking articles from seasoned professionals who share their experiences and foresights. Each page will be crafted to provide actionable insights and practical advice that can help you stay ahead in a rapidly changing environment.

Thank you for joining us on this exciting journey. We invite you to immerse yourself in the rich content of The Spotlight and look forward to your feedback and contributions as we grow together in this vibrant community.

Welcome to a new era of insight, influence, and impactful communication!

We also look to delve into the Nigerian market, examining how micro, small and medium companies can leverage innovative IR and PR strategies to attract investment, build trust, and enhance their reputations

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Let Nigerian Companies On ASeM, NASD OTC, Crowdfunding Platforms Imbibe IR

As Nigeria's economy evolves, the importance of effective Investor Relations (IR) and Public Relations (PR) cannot be overstated, especially for companies operating within the Alternative Securities Market (ASeM), the NASD Over-the-Counter (OTC) market, and newly regulated crowdfunding platforms. The recent approval of operational rules for these platforms by the federal government underscores the need particularly for robust IR strategies to build trust, enhance transparency, and foster growth.

Aside from the offline IR and PR strategies, the digital revolution is transforming how companies engage with investors and the public. Advanced technologies and data analytics are now central to effective communication strategies. Nigerian companies are leveraging social media, digital press releases, and virtual investor conferences to reach stakeholders more effectively. For firms listed on ASeM and NASD OTC, as well as those utilising crowdfunding, adopting digital tools is crucial for real-time engagement and personalised communication.

IR professionals are increasingly using data-driven approaches to gain insights into investor behavior and market sentiment. This shift enables better decision-making and more targeted communication efforts. PR teams, on the other hand, are utilizing these tools to monitor brand reputation and track media coverage, ensuring that their engagement is both timely and impactful. Transparency and robust corporate governance are critical in building investor trust. Nigerian companies face increasing pressure to disclose financial and non-financial information accurately and promptly. This trend is driven by regulatory requirements and investor demand for accountability. For companies on ASeM and NASD OTC, and those involved in crowdfunding, clear communication of strategic goals and proactive management of investor queries are essential. Effective IR strategies now include regular updates on company performance and transparent communication of future plans. In PR, transparency extends to crisis communication, where timely and honest responses can significantly mitigate reputational damage. Companies that prioritise transparency are better positioned to attract and retain investors, crucial for their growth and sustainability. Sustainability and ESG factors are gaining prominence in Nigeria's IR and PR practices. Investors are increasingly considering environmental and social impacts in their investment decisions, prompting companies to integrate ESG criteria into their reporting and operations. This global shift towards sustainable investing and corporate responsibility is reflected in the Nigerian market.

For companies on ASeM, NASD OTC, and crowdfunding platforms, providing detailed ESG reports can attract a broader base of socially conscious investors. PR teams play a vital role in promoting these efforts through strategic storytelling, highlighting the company's commitment to ethical practices and community development. Effective ESG communication can enhance a company's reputation and appeal to a growing segment of the investor community.

Nigeria's regulatory environment is continuously evolving, impacting IR and PR activities. The approval of crowdfunding rules and the establishment of platforms like NASD OTC and ASeM by the Nigerian SEC have expanded the avenues for raising capital and engaging with investors. For companies operating on these platforms, staying abreast of regulatory changes is critical for ensuring compliance and leveraging new market opportunities.

IR professionals must navigate these regulatory landscapes to provide accurate and compliant communication. PR practitioners must ensure that their messaging aligns with legal requirements and industry standards, maintaining the company's credibility and investor confidence. Compelling content and effective storytelling are increasingly vital in distinguishing brands and engaging stakeholders. For IR, clear narratives about a company's growth story and financial health can attract and retain investors. In PR, storytelling helps humanise the brand and foster emotional connections with the public. Companies on ASeM, NASD OTC, and crowdfunding platforms must invest in high-quality content to convey their messages effectively. The ability to craft and disseminate powerful stories that resonate with diverse audiences is becoming a crucial skill for both IR and PR professionals. This approach not only enhances communication but also builds a stronger, more relatable corporate image. The landscape of Investor Relations and Public Relations in Nigeria is dynamic and rapidly changing. Digital innovation, a focus on transparency, the rise of ESG reporting, regulatory shifts, and the power of storytelling are all shaping the future of these fields. For companies operating on ASeM, NASD OTC, and crowdfunding platforms, embracing these trends is essential for driving success and fostering trust in an increasingly complex environment. As Nigerian companies navigate these changes, the role of effective IR and PR becomes ever more critical. By staying ahead of trends and adapting to new challenges, businesses can thrive and maintain strong relationships with their investors and the public. In this era of transformation, robust IR and PR strategies are not just beneficial but essential for sustainable growth and long-term success.

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OUR INVESTOR RELATIONS Blueprint

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Key Elements of an IR Plan–Strategy-Driven

1. Analyst Day
2. Benchmarking
3. Broker Contact
4. Competitive/Industry Analysis
5. Corporate Governance
6. Disclosure Strategy/Policies
7. Employee Communications
8. Individual/Institutional Investor Program
9. Industry/Investor Conferences
10. Market Intelligence
11. Sell-side Outreach
12. Investors Targeting
13. Roadshows
14. Offers/Rights Support Services
15. Peer Comparison

Shorter-Term Goals

- Profile shareholder base; make introductory phone calls to major shareholders
- Compile extended sell-side analyst target list
- Review/modify investor presentations
- Compile list of industry media contacts in the industry; make introductory phone calls
- Compile peer group ownership data
- Compile and analyze peer group performance data
- Prepare detailed department budget
- Meet with all corporate executives
- Increase retail shareholder awareness
- Develop formal disclosure strategy/policies
- Disseminate company-wide policy/procedures concerning external communications
- Meet with HR to set internal communications strategy
- Update photos and bios of all board members and senior executives
- Establish IR calendar

onger-Term Goals

Analyze industry sell-side analyst coverage
nalyze shareholder base and determine best mix
ncrease daily trading volume
stablish plan for continual contact with
nalysts and major shareholders
ncrease exposure at conferences/presentations
xpand knowledge and understanding of your industry
repare IR presentation for Board Of Director meetings
reate corporate capabilities book
isit subsidiaries/field offices and build
elationships with division heads
et global investor relations strategies
ducate employees about investing
Vork with outside consultants where appropriate

First Three Months –Immediate Needs

a. Develop investor kit materials
b. Choose wire service to disseminate press releases
c. Develop e-mail, mailing, and media lists
d. Designate appropriate spokespersons
e. Choose conference call provider
f. Develop investor website
g. Choose webcast provider
h. Develop formal disclosure strategy/policies
i. Identify media/contacts

First Three Months–Secondary Needs

- a. Target sell-side analysts
- b. Profile shareholder base; make introductory phone calls to major shareholders
- c. Review/modify investor presentations
- d. Choose appropriate targeting/surveillance/market intelligence tools
- e. Collect and analyze peer data
- f. Establish investor relations calendar
- g. Prepare department budget
- h. Develop a crisis communications plan
- i. Expand relationship with SEC, NSE, Specialist Firm/market makers etc.

Key Elements of an IR Budget–Small Cap

- Annual General Meeting
- Annual Report Content/Design Management
- Conference Calls
- Conferences
- Earnings Releases
- Fact Sheet
- Individual/Institutional Investor Program
- Research
- Website
- Roadshows
- Performance/Process Evaluation

Key Elements of an IR Budget–Mid Cap

- Analyst Day
- Annual General Meeting
- Annual Report Content/Design management
- Management Capabilities Brochure
- Conference Calls
- Conferences
- Earnings Releases
- Fact Sheet
- Individual/Institutional Investor Program
- Market Intelligence
- Proxy Solicitation/Mailing
- Research
- SEC Filings
- Targeting
- Transfer Agent
- Travel
- Website
- Roadshows
- Performance/Process Evaluation

What is Investor Relations?

Investor relations is a strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communications between a company, the financial community, and other constituencies – which ultimately contributes to a company's securities achieving fair valuation.

Investor relations, when conducted effectively, will also preserve and enhance a company's credibility, in both the investment community and the public arena, and by achieving efficient and cost-effective access to capital and liquidity.

Formulating an IR Plan

- Set broad IR goals and objectives
- Determine basic IR activities
- Identify key internal and external publics
- Identify key calendar-driven, tactic-driven and strategy-driven elements
- Establish shorter-term and longer-term goals
- Plan the department's initial three months
- Establish an annual budget
- Measure your success

The Primary Goals of Investor Relations

- Ensure that financial markets accurately value the company's assets, expectations of future earnings and cash flows
- Maintain favorable access to capital markets
- Maintain market liquidity under all conditions
- Inform management and Board Of Directors (BOD) about developments in financial markets and perceptions of investors
- Enhance management's understanding of peers' performance, strengths and strategies
- Maintain open communications and credibility with investors, employees, customers, suppliers and communities in which the company operates
- Ensure consistency of communications with related constituencies and the trade, financial and general media

Setting IR Objectives

- Advise management on shareholder value creation and market behaviour
- Establish a leadership role in defining and executing strategies
- Provide ongoing education to management
- Maintain a meaningful investor feedback system
- Successfully target and create a strong base of longer-term institutional shareholders
- Manage the disclosure process
- Improve the information of communications' materials
- Attract individual investors
- Keep the Board Of Directors (BOD) informed on market perceptions and status of the IR program

Basic IR Activities

- Administrative
- Annual General Meetings
- Communications Channels
- Conference Calls
- Roadshows
- Public/Media Relations
- Contact/Relationship Program
- Disclosure
- Individual Investors
- Institutional Investors
- Market Intelligence/Peer Comparison and Analysis
- Program Development
- Proxy Process
- Shareholder Relations
- Performance/Process Evaluation
- Sustainability Report

Key Internal and External Relationships

- **Internal Contacts**
- Office of the Chief Executive Officer
- Office of the Chief Operating Officer
- Office of the Chief Finance Officer
- Company lawyer/Secretary's Office
- Planning and Policy/Strategy Office
- Research/Development Senior Managers
- Finance Staff- Corporate and Business Units
- Products experts within the business Units
- Shareholders Services Staff
- Board of Directors
- Corporate Communications/Public Relations Office

- **External Contacts**
- Institutional Portfolio Managers
- Buy-Side Analysts
- Sell-Side Analysts
- Individual shareholders
- Registered representatives (Brokers)
- Other PR/IR Professionals
- Investment Bankers and Other Corporate consultants
- Customers
- Suppliers
- Employees
- Rating agencies
- Media
- Local communities
- Government agencies (Regulatory)

Key Elements of an IR Budget–Large Cap

- Analyst Day
- Annual General Meeting
- Annual Report Content/Design Management
- Capabilities Book
- Conference Calls
- Conferences
- Earnings Releases
- Fact Sheet
- Individual Investor Program
- Media Training
- Press Releases
- Proxy Solicitation/Mailing
- Quarterly Letters to Shareholders
- Research
- SEC Filings
- Transfer Agent
- Travel
- Website
- Roadshows

Key Elements of an IR Plan–Calendar-Driven

1. Filings Support Services (Institutional Ownership)
2. Annual General Meeting
3. Annual Report Content/Design Management
4. Earnings Conference Calls
5. Earnings Releases
6. Proxy Solicitation and Mailing of Proxy Materials
7. Quarterly Letters to (investors) Shareholders
8. SEC Disclosures: Prospectus, Registration Statement etc.
9. Transfer Agent
10. Roadshows
11. Offers/Rights Support Services
12. Performance/Process Evaluation
13. Peer Comparison

Key Elements of an IR Plan–Tactic-Driven

1. Analyst Contact/Meetings
2. Budget
3. Crisis Communications Plan
4. Fact Sheet/Fact Book
5. Investor Contact (ongoing)
6. Investor Relations Kit
7. Media Lists
8. Photo Archives
9. Daily News Analysis/Press Releases (as needed)
10. Relationship with Specialist Firm/Market Makers
11. Relationships with Outside Vendors and Consultants
12. Website

Building a Strong Local Brand
Lessons From Startups In Nigeria

By Jennete Ugo Anya

In the vibrant and dynamic landscape of Nigeria's economy, local startups have shown remarkable ingenuity in building strong brands that resonate deeply with the local market. Understanding how these businesses have achieved success offers valuable lessons for any company looking to establish a strong presence in Nigeria. Here, we explore key strategies and insights drawn from the experiences of successful Nigerian startups.

Understanding the Local Market

One of the critical factors behind the success of Nigerian startups is their deep understanding of the local market. Startups like Paystack and Flutterwave have invested significant time and resources in understanding the unique needs and pain points of Nigerian consumers. This local insight has enabled them to develop products and services that not only address specific challenges but also create meaningful value for their target audience.

Lesson: Invest in market research to gain a comprehensive understanding of local consumer behaviors, preferences, and pain points. This will allow you to tailor your offerings to meet the specific needs of your audience.

Incorporating Cultural Elements

Cultural relevance is another cornerstone of successful branding in Nigeria. Startups like Jumia and Konga have incorporated Nigerian cultural elements into their branding strategies. This includes using local languages, cultural symbols, and relatable storytelling in their marketing campaigns. Such an approach fosters a sense of connection and trust with the local audience.

Lesson: Leverage cultural elements in your branding to create a deeper emotional connection with your audience. Use local languages, symbols, and culturally relevant stories to make your brand relatable and trustworthy.

Leveraging Digital Platforms

In an increasingly digital world, Nigerian startups have adeptly utilized digital platforms to build their brands. Companies like Farmcrowdy and PiggyVest have harnessed the power of social media, mobile apps, and websites to reach a wider audience. Their robust online presence and digital marketing strategies have significantly contributed to their brand visibility and customer engagement.

Lesson: Develop a strong digital presence through effective use of social media, mobile applications, and websites. Invest in digital marketing to enhance your brand's visibility and engage with a broader audience.

Building Community and Trust

Trust and community are vital components of brand building in Nigeria. Startups like Cowrywise and Thrive Agric have focused on building trust with their customers through transparency, reliability, and consistent delivery of value. They have also created communities around their brands, engaging with their audience through forums, social media groups, and events.

Lesson: Focus on building trust with your customers through transparency and reliability. Engage with your audience by creating communities around your brand, fostering a sense of belonging and loyalty.

Adapting to Market Changes

The ability to adapt to market changes and challenges is a hallmark of successful Nigerian startups. For instance, during the COVID-19 pandemic, many startups quickly pivoted their business models to address new consumer needs and constraints. Companies like LifeBank innovated by expanding their healthcare logistics services to meet the surge in demand for medical supplies.

Lesson: Stay agile and be prepared to adapt your business model in response to market changes and unforeseen challenges. Flexibility and innovation are key to sustaining brand strength in a dynamic market environment.

Collaborating with Local Influencers

Partnering with local influencers has been an effective strategy for many Nigerian startups. Influencers help amplify the brand message and reach a wider audience by leveraging their credibility and follower base. Startups like Andela and Shuttlers have successfully collaborated with influencers to enhance their brand visibility and credibility.

Lesson: Collaborate with local influencers to boost your brand's reach and credibility. Influencers can help you connect with a broader audience and enhance your brand's authenticity.

Building a strong local brand in Nigeria requires a combination of deep market understanding, cultural relevance, digital savviness, trust-building, adaptability, and strategic collaborations. Nigerian startups have demonstrated that by embracing these principles, it is possible to create powerful brands that resonate deeply with the local market. By learning from their successes, other businesses can navigate the unique challenges of the Nigerian market and build brands that stand the test of time.

Nigeria's Financial Market Shines

NGX ASeM Index Leads With Unprecedented Gains As NASD OTC Platform Fosters Growth, Innovation

FG Advances Financial Ecosystem with Crowdfunding Rules

Nigeria's financial market is witnessing a transformative phase, driven by the exceptional performance of the NGX Alternative Securities Market (ASeM) Index and the robust initiatives of the NASD Over-the-Counter (OTC) platform. In Q1 2024, the NGX ASeM Index surged by an impressive 135.25 percent, showcasing remarkable investor confidence despite economic uncertainties. This surge, alongside the NASD's commitment to enhancing liquidity, transparency, and capital access, underscores the resilience and potential of Nigeria's financial ecosystem. These initiatives are fostering an inclusive, dynamic, and robust financial environment, propelling economic growth and innovation in the country.

The federal government, through the approval of Rules on Crowdfunding and the development of the NASD Over-the-Counter (OTC) and the Alternative Securities Market (ASeM) platforms, is taking significant steps to enhance and diversify Nigeria's financial ecosystem.

ASeM: A Launchpad for Emerging Companies

In 2010, the Nigerian Securities and Exchange Commission (SEC), acting on behalf of the federal government, approved the commencement of the Alternative Securities Market (ASeM). The primary goal was to create opportunities for operators, particularly indigenous companies, which could not meet all the stringent listing requirements of the main exchange, enabling them to leverage the capital market. Fast forward to 2023, the Nigerian Stock Exchange (NSE) officially launched ASeM, targeting emerging companies with high growth potential in Nigeria. The ASeM board is a specialised segment of the Nigerian Exchange designed to provide small to mid-sized companies' access to the capital market under more flexible rules and requirements, facilitating the raising of long-term, low-cost capital.

Supporting Indigenous Enterprises

The focus on supporting these companies is rooted in their crucial role as drivers of economic growth in Nigeria. Mr. Haruna Jalo-Waziri, the Executive Director of Business Development at the Exchange, emphasised the NSE's commitment to the vital role of emerging enterprises in the development of the economy. He stated, "The ASeM Board will allow issuers, especially indigenous companies, the opportunity to inject relatively low-cost and long-term capital into their businesses through flexible rules that recognise their growth potential rather than the size of operation."

Designated Advisers: Guiding Growth

To ensure these companies receive the necessary support, the Exchange designated advisers for ASeM. These advisers provide professional resources and guidance on securities-related matters to qualifying companies. The Exchange invited firms to indicate their interest in becoming Designated Advisers for companies listed on or seeking listing on ASeM. The initial list of designated advisers included ARM Securities Limited, BGL Securities Limited, Capital Asset Limited, Cardinal Stone Securities Limited, EDC Securities Limited, Fidelity Securities Limited, and FSDH Securities Limited. Other firms included Investment One Stockbrokers International, Magnartis Finance & Investment Limited, Marina Securities Stockbroking Services, Morgan Capital Securities Limited, Partnership Investment Company Limited, Primera Africa Securities Limited, and UBA Stockbrokers Limited.

Broadening Access to Capital

These efforts by the federal government, in collaboration with the SEC and NSE, are pivotal in enhancing access to finance for emerging companies. By approving the Rules on Crowdfunding and supporting platforms like NASD OTC and ASeM, the government aims to foster a more inclusive, dynamic, and robust financial ecosystem that can drive sustainable economic growth and innovation in Nigeria.

Strengthening Nigeria's Financial Ecosystem: A Detailed Look at Key Platforms and Initiatives

The federal government of Nigeria, through strategic financial reforms, is taking significant steps to enhance and diversify the country's financial ecosystem. These initiatives include the approval of Rules on Crowdfunding and the development of the NASD Over-the-Counter (OTC) and the Alternative Securities Market (ASeM) platforms.

Rigorous Selection of Designated Advisers

The selection of designated advisers for ASeM was meticulously conducted, focusing on firms that are dealing members of the Nigerian Stock Exchange (NSE) with expertise in corporate finance and investment. These advisers possess in-depth knowledge of capital market rules and operations, as well as a thorough understanding of the disclosure, listing, and post-listing requirements of the Exchange. The Securities and Exchange Commission (SEC) cleared these firms after a comprehensive screening process by the NSE, which evaluated their compliance history, transaction profiles, and the track record of their subject matter experts.

These initiatives by the federal government, through the SEC and supported by platforms like NASD OTC and ASeM, are pivotal in enhancing access to finance for emerging companies

The NGX-ASeM Index: Tracking SME Performance

The Nigerian Stock Exchange Alternative Securities Market (NGX-ASeM) Index is an innovative platform that tracks the performance of listed companies in key sectors such as technology, healthcare, education, and renewable energy. This index provides real-time information on the growth and progress of small and medium-sized enterprises (SMEs) in Nigeria, aiding investors in making informed decisions. The NGX-ASeM Index underscores the NSE's commitment to promoting the development of SMEs and the overall capital market.

NASD: Enhancing Market Liquidity and Transparency

Before the launch of ASeM by the NSE in 2013, NASD Limited was officially approved by the SEC in July 2012 to operate an OTC market in Nigeria. Established on June 1, 1998, NASD's OTC market provides a platform for trading unlisted securities, aimed at improving liquidity, transparency, and access to capital for companies not listed on the main NSE. A few years later, NASD received Approval-in-Principle to operate the OTC market, as confirmed by NASD Chairman Mr. Olutola Mobolurin. He stated, "NASD recently concluded a successful rights issue to shore up its capital in support of its application to SEC for an approval-in-principle to operate an OTC. On the back of the successful rights issue and the Approval-in-Principle granted by SEC, the company is currently putting finishing touches to its startup and operational takeoff of the company and the construction of a modern trading platform to facilitate the trading of qualifying OTC-traded debt and equity instruments."

NASD's Vision and Future Growth

NASD complements the NSE by serving as the self-regulatory organization for all securities firms conducting business on its OTC platform. Mr. Mobolurin elaborated on NASD's vision, stating, "The market in OTC securities in Nigeria is at the onset of an unprecedented growth phase. As the economy continues to expand, not only will the size and depth of the bond market increase, but more companies will seek access to capital from a broad spectrum of investors." These initiatives by the federal government, through the SEC and supported by platforms like NASD OTC and ASeM, are pivotal in enhancing access to finance for emerging companies. They aim to create a more inclusive, dynamic, and robust financial ecosystem that can drive sustainable economic growth and innovation in Nigeria.

NASD OTC Platform: Enhancing Liquidity, Transparency, and Integrity in Nigeria's Capital Market

The NASD Over-the-Counter (OTC) platform is set to transform Nigeria's capital market by enhancing liquidity, transparency, and integrity for all investors. With these improvements, NASD aims to become the preferred provider of pricing information and liquidity for OTC trading across various types of securities.

Capital Raising for SMEs and Public Sector Entities

NASD's OTC platform is designed to serve as a capital-raising window for qualified public sector and corporate entities, particularly small-to-medium-sized companies seeking capital. It also provides a transparent trading platform for investors looking to trade existing securities. Mr. Olutola Mobolurin, NASD's Chairman, highlighted the platform's role in offering a liquidity window for investors and fund managers with stakes in public unquoted companies, while expanding opportunities for Pension Fund Administrators mandated to invest only in publicly traded securities.

Advanced Trading and Price Discovery Systems

The NASD platform has introduced sophisticated trading and price discovery systems for equities, bonds, and other derivative instruments. These facilities enable dealers and investors to discover prices, report OTC trades, and create markets for otherwise illiquid securities through an advanced quote-driven market-making system. This setup ensures that the market operates efficiently and transparently, fostering investor confidence.

Enhancing Price Discovery Mechanisms

On September 12, 2016, NASD Plc took a significant step to enhance price discovery in the OTC market by reducing the minimum allowable volume for price changes by 90 percent. The new price movement mechanism required a minimum volume of 5,000 units to change the price of any security on the NASD OTC, down from the previous minimum of 50,000 units. This adjustment meant that the prices of shares or bonds listed on NASD could fluctuate based on the availability of a minimum volume of 5,000 shares or units, making the market more responsive and dynamic.

Key Players on the NASD OTC Platform

Several major companies are traded on the NASD platform, including Dufil Prima Foods Plc, known for its Indomie Noodles; Friesland Campina Wamco Nigeria Plc, the producer of Peak Milk; Industrial & General Insurance Plc; Central Securities Clearing System Plc, the clearing and depository arm of the Nigerian Stock Exchange; Fan Milk Plc, famous for its Fan Yoghurts; Nigeria Mortgage Refinance Company; and Jaiz Bank Plc, a prominent Islamic bank.

The NASD OTC platform's commitment to providing a robust trading environment, facilitating capital raising, and enhancing market liquidity demonstrates its pivotal role in the evolution of Nigeria's financial ecosystem. Through these initiatives, NASD is set to drive growth and innovation, supporting the economic ambitions of emerging enterprises and the broader investment community.

Expanding Horizons: NASD OTC Platform Revolutionises Nigeria's Financial Market

The NASD Over-the-Counter (OTC) platform is revolutionizing Nigeria's financial market by enhancing liquidity, transparency, and integrity for investors. This platform is poised to become the go-to provider for pricing information and liquidity for various securities.

Diverse Range of Traded Stocks

The NASD OTC platform features an extensive array of stocks, including Acorn Petroleum Plc, Arm Life Plc, Afriland Properties Plc, BGL Plc, Consolidated Breweries Plc, Food Concepts Plc, Geo-Fluids Plc, Golden Capital Plc, Niger Delta Exploration & Production Plc, Partnership Investment Company Plc, Resourcery Plc, Riggs Ventures West Africa Plc, Swap Technologies & Telecomms Plc, Vital Products Plc, Fumman Agric Products Industries Plc, Free Range Farm Plc, FAMAD Plc, AG Mortgage Bank, and Trustbond Mortgage Bank Plc, among others. The platform also boasts over 137 registered traders from participating institutions.

Minimum Volume for Trading and Expanded Operations

The NASD has implemented a minimum volume requirement of 5,000 units for price changes, applicable to both company shares and unlisted fixed income securities. This adjustment, made on September 12, 2016, enhances price discovery by allowing prices to move more responsively to market activity. Recently, NASD has expanded its operations to include the trading of unlisted fixed income securities, thereby broadening the market's scope and providing more investment opportunities.

Educational Initiatives on Crowdfunding

In 2020, NASD Plc published a comprehensive series on its website discussing the intricacies of crowdfunding, including the roles and regulations of major players—investors, issuers, and crowdfunding portals. This series underscored the potential benefits for MSMEs seeking capital through crowdfunding and emphasized the importance of regulation to mitigate risks. The publication highlighted that regulated crowdfunding can democratize start-up investing, offering retail investors opportunities to participate in funding small businesses.

Commitment to Fixed Income Securities

NASD's management has reaffirmed its commitment to creating liquidity for all unlisted securities, including fixed income instruments registered with the SEC. This aligns with the platform's goal to provide a transparent and efficient trading environment for a wide range of financial instruments.

Future Outlook and Capital Raising Plans

Looking ahead, NASD Chairman Mr. Olutola Mobolurin indicated that the company might need to raise additional capital to stabilize its financial position. This capital would help align the necessary cost structures and revenue streams. "We hope we can mount on the enthusiastic support of the current shareholders," Mr. Mobolurin said, expressing optimism about the company's growth prospects.

NASD OTC Platform and NGX ASeM Index Drive Nigerian Financial Market Growth

Amidst economic uncertainties, the NASD Over-the-Counter (OTC) platform and the NGX Alternative Securities Market (ASeM) Index are driving a transformative wave in Nigeria's financial ecosystem. These measures collectively aim to create a more inclusive, dynamic, and robust financial environment that fosters economic growth and innovation.

NGX ASeM Index: Best-Performing in Q1 2024

In the first quarter of 2024, the NGX ASeM Index emerged as the best-performing index, recording an extraordinary gain of 135.25%. This remarkable performance underscores investor confidence, which has remained steadfast despite escalating inflation, potential interest rate adjustments, and volatile exchange rates. The unwavering assurance of investors has spurred heightened market activity and intensified buying engagements.

Other Market Performances

Following the NGX ASeM Index, the NGX Industrial Goods Index showcased significant growth, increasing by 78.49% year-to-date (YTD) to close Q1 2024 at 4,841.20 basis points. The NGX Banking Index and NGX Insurance Index appreciated by 14.76% and 26.20% YTD, respectively. Additionally, the NGX Consumer Goods Index rose by 43.66% YTD, closing on March 28, 2024, at 1,610.80 basis points. These strong performances have propelled key market indicators, resulting in the Nigerian stock market being ranked as the second best-performing in Africa, trailing only behind the Zimbabwean exchange.

Market Resilience Amid Economic Challenges

Despite prevailing economic challenges such as elevated inflation, a depreciating exchange rate, and persistent security concerns, the NGX equity markets celebrated a resounding triumph at the end of the first quarter of 2024. This exceptional performance highlights a resurgence in investor confidence in listed companies. The optimism has manifested in discernible shifts in purchasing behaviour, culminating in the All-Share Index (ASI) reaching a noteworthy close at 104,562.06 index points by the end of the quarter. Moreover, the YTD return of the NGX ASI stands at an impressive 39.84 percent.

Unprecedented Rally and Increased Buying Interest

Since the beginning of 2024, the stock market has witnessed an unprecedented rally and increased buying interest, particularly in the industrial goods, financial services, and consumer sub-sectors. This surge has triggered massive bargain hunting in large company shares, further fuelling the market's momentum. The NASD OTC platform and the exceptional performance of the NGX ASeM Index exemplify the transformative changes in Nigeria's financial market. By enhancing liquidity, transparency, and investor confidence, these initiatives are laying the groundwork for sustained economic growth and innovation. The positive results observed in the first quarter of 2024 underscore the resilience and potential of Nigeria's financial ecosystem, positioning it as a dynamic and robust market within Africa and beyond.

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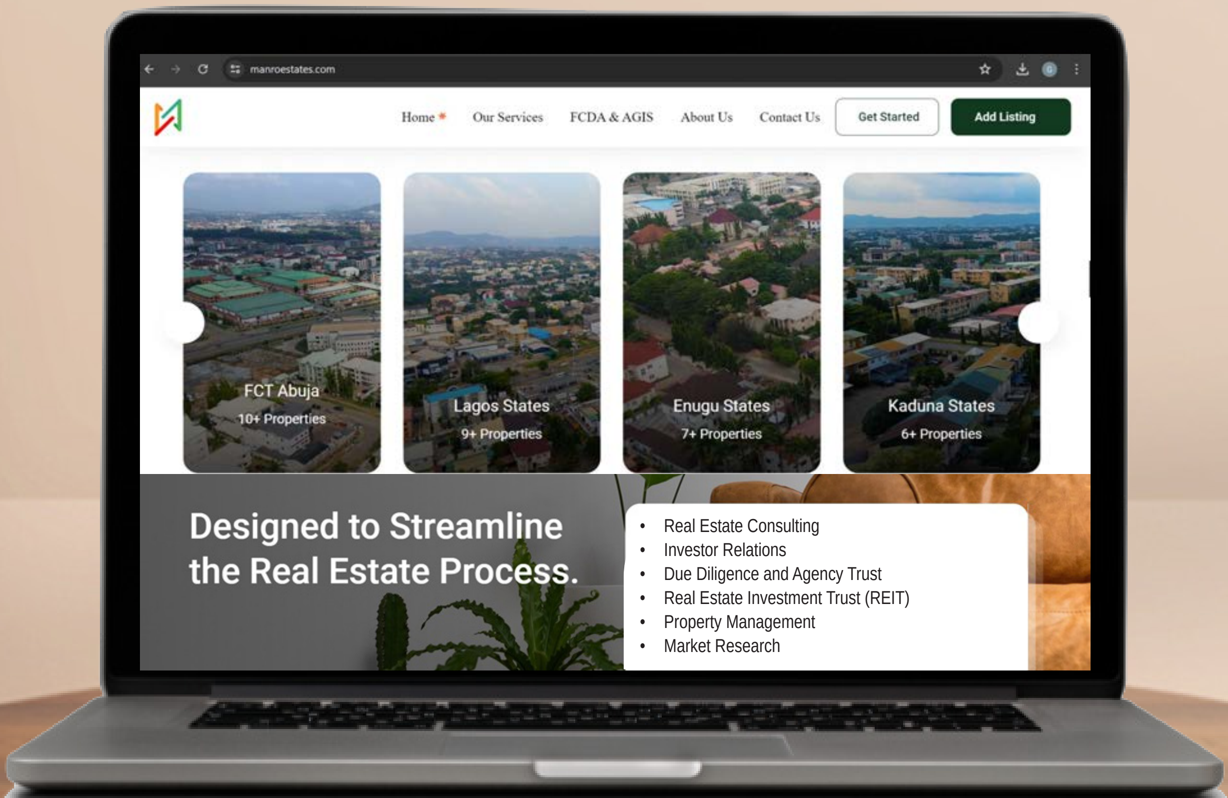

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An Underappreciated Tool
The Brokers' Sales Force

When IROs list ways to tell their stories to investors, they invariably turn to the usual suspects: sell-side analysts, conferences, non-deal roadshows, and traditional and social media. A broker's sales force – that cadre of individuals whose job it is to match buyers of equities with opportunities – rarely leaps to mind. And yet a savvy sales force at a research-centric brokerage firm can help an IRO make a company's business case to a far wider audience. 'The sales team at Cowen has deep industry knowledge and domain expertise that comes from constant interaction with our research team and with company management,' says Jeff Solomon, CEO at Cowen and Company, headquartered in New York City. 'Team members have ongoing dialogues with institutional investors and can understand any concerns about a stock the buy side may have, as well as which portfolio managers would be interested in a particular story.'

Why court the sales force?

Most IROs understand that sales people are integral to the logistics of a non-deal roadshow to map out the itinerary and make sure all key investors are included. What fewer IROs realize is that, beyond this tactical expertise, a differentiated sales force can be helpful in innumerable other ways, with market intelligence being near the top of the list. 'A superior sales force is acutely aware that IROs have an obligation to keep the CEO and CFO abreast of what the Street is hearing and thinking,' says Phil Cushman, managing director and head of institutional sales at Cowen. Cushman emphasizes the critical role a sales person can play in helping a CEO gear a meeting toward the most relevant information for a particular audience. A sales person maintains close relationships with clients and so can advise the IRO about current sentiment for a particular stock.

Based on their interaction with a wide range of investors, sales people are also an excellent source of day-to-day insights into stock movements and can tap into their trading desk to help determine why a stock may be behaving unusually. 'The sales person talks to your current, past and potential shareholders every day. If the Street is misinterpreting an event or earnings call, a sales person on the frontline can be an extraordinary source of market intelligence,' Cushman notes.

Just as importantly, Robert Fagin, managing director and head of Cowen's research department, points out that a seasoned sales person can take a company's story and help the IRO reach a much broader audience. Because sales people are viewed as trusted advisers to their clients, they can bring a company's investment case to countless new parties, ones an IRO might not have targeted on his or her own. 'Effectively engaging with a sales force can potentially expand the universe of shareholders,' Fagin says. Cowen does not leave the execution of non-deal roadshows to junior employees or car service dispatchers. An analyst or senior sales person accompanies the IRO to all meetings – a distinction that can prove critical. Often, a sales person may know additional portfolio managers who should be pulled into a particular meeting – not because they own a particular stock but because it's a stock they should own given their overall investment outlook. 'We think it is critical to have research and sales intimately engaged in a non-deal roadshow or headquarter visit,' Cushman notes. 'We escort management teams and provide color and holding history to CEOs and CFOs in between meetings.

After the roadshow, our corporate access team works with the sales

Empowering MSMEs
The Role Of Investor Relations

In the realm of business, the journey of a micro, small, or medium enterprise (MSME) is often marked by resilience, innovation, and the relentless pursuit of growth. Yet, amidst the challenges of competition and resource constraints, many MSMEs find themselves navigating the intricate world of investor relations (IR) with trepidation. In this landscape, the emergence of tailored IR consultancy services stands as a beacon of hope, offering MSMEs a pathway to enhanced visibility, credibility, and access to vital capital.

At its core, effective IR consultancy for MSMEs transcends mere transactional advice. It embodies a strategic partnership aimed at empowering these businesses to articulate their value proposition, engage with investors, and chart a course for sustainable growth. It's about understanding the unique challenges faced by MSMEs – from limited financial resources to the absence of dedicated IR expertise – and crafting solutions that resonate with their aspirations and constraints.

This consultancy endeavor begins with a deep understanding of the intricate tapestry of financial communication, regulatory intricacies, and market dynamics. Armed with this knowledge, consultants embark on a journey to educate MSMEs about the transformative power of IR. They debunk myths, demystify complexities, and instill confidence, empowering MSMEs to leverage IR as a strategic tool for growth rather than a burdensome obligation.

Crucially, successful IR consultancy is not a one-size-fits-all endeavor. It's about crafting bespoke solutions that align with the unique needs, goals, and aspirations of each MSME client. Whether it's devising tailored communication strategies, providing guidance on financial reporting, or identifying target investors, every recommendation is meticulously crafted to

catalyze tangible outcomes and foster long-term success.

Moreover, the value of IR consultancy extends beyond the boardroom. It's about nurturing enduring relationships built on trust, empathy, and mutual respect. Consultants serve as trusted advisors, accompanying MSMEs on their journey, offering support, guidance, and wisdom every step of the way. They celebrate triumphs, navigate challenges, and stand as unwavering allies in the pursuit of success.

At its core, effective IR consultancy for MSMEs transcends mere transactional advice. It embodies a strategic partnership aimed at empowering these businesses to articulate their value proposition, engage with investors, and chart a course for sustainable growth.

In an ever-evolving business landscape, staying ahead of the curve is imperative. Effective IR consultancy is not static; it is a dynamic process fueled by continuous learning, adaptation, and innovation. Consultants remain vigilant, staying abreast of industry trends, regulatory changes, and best practices, ensuring that their advice remains relevant, actionable, and impactful.

As we navigate the complexities of today's economy, the importance of MSMEs cannot be overstated. They are the engines of innovation, the drivers of job creation, and the lifeblood of our economy. By offering tailored IR consultancy services, we empower these businesses to unleash their full potential, driving growth, prosperity, and resilience for generations to come.

Leveraging Director, Shareholder Meetings To Address Activism In Nigeria

In Nigeria, where the business landscape is rapidly evolving, meetings between independent directors and key shareholders are gaining traction as a strategic measure to counteract and preempt shareholder activism. This practice is not only becoming popular but is also proving to be an effective way to engage with shareholders and address their concerns before they escalate into activism. A few years ago, the Harvard Law School Forum on Corporate Governance and Financial Regulation emphasised the importance of developing shareholder engagement strategies for board members. Similarly, PwC's Center for Board Governance, in collaboration with Weil Gotshal & Manges LLP, outlined a framework to facilitate dialogue between boards and shareholders. These insights are also particularly relevant in the Nigerian context, where proactive engagement can significantly enhance corporate governance and investor relations.

Reflecting this trend, PwC's 2013 Investor Survey revealed that 32% of institutional investors reported an increase in direct communication with corporate directors over the past year. However, the survey also highlighted that investors often find these interactions on governance matters unsatisfactory. In Nigeria, many companies remain uncertain about the efficacy of these meetings. Questions linger about their potential achievements and whether they represent a prudent use of directors' time. This hesitation often hampers the adoption of a strategy that could foster critical interactions between institutional investors and independent directors, establish long-term relationships based on mutual respect and understanding, demonstrate the board's effectiveness, and enhance accountability.
To successfully implement this strategy, careful planning and commitment are essential. Here are some guidelines tailored for the Nigerian corporate environment:

Time Your Effort Right:

Schedule shareholder meetings during periods less intense than the proxy seasons, ideally in the summer and fall. This timing allows discussions to focus on issues pertinent to the company and its shareholders, without the defensiveness that often accompanies proxy season. These meetings should be part of an ongoing relationship, with regular touchpoints throughout the year.

Meet with the Right People

Ensure meetings are held with governance managers rather than portfolio managers, as the latter may not influence voting decisions. It is crucial to engage with the actual decision-makers within the institutions.
Prepare and Debrief Thoroughly: All participants should be well-versed in regulatory disclosure requirements. Brief board members on these regulations before the meeting and debrief them afterward to discuss any issues raised. Including someone knowledgeable about the company's disclosures, such as the Investor Relations Officer (IRO) or general counsel, can provide valuable support.

Focus on Strategic Topics:

Discussions should center on long-term strategy and corporate governance rather than operational or financial details. These meetings are an excellent opportunity to highlight the board members' professional, industry, and strategic experiences, as well as to discuss corporate governance policies and philosophies.

Foster Two-Way Communication:

While investors will value hearing directly from board members, these meetings also offer companies a chance to understand investors' backgrounds, goals, and governance policies.

Each company's situation is unique, but the clear takeaway is that companies should not wait until they become targets of activist shareholders to develop their shareholder engagement strategies. Establishing a strong line of communication with investors can help avoid surprises during proxy season and strengthen overall corporate governance in Nigeria.

Effective Investor Relations
A Key To Unlocking Business Potential

In today's interconnected global economy, Investor Relations (IR) plays a vital role in helping companies succeed in a competitive market. This in-depth analysis explores the importance of IR and highlights best practices specifically tailored to the unique environment of Nigeria, a rapidly growing economic hub in Africa.

IR acts as a liaison between companies and the investment community, involving a range of activities designed to promote transparent communication, build investor trust, and ultimately drive shareholder value. In Nigeria, where businesses face a variety of challenges, including complex regulations, economic uncertainty, and infrastructure limitations, the role of IR is even more crucial in navigating these complexities and ensuring success.

Effective Investor Relations: Key Components for Success

In today's dynamic business landscape, companies in Nigeria must prioritise a robust IR strategy to thrive. Four key components are crucial for success:

1. Transparent Communication: Clear and timely communication is essential for building trust and credibility with investors, regulators, and stakeholders. This fosters a positive reputation and attracts and retains investors in Nigeria's evolving market.
2. Financial Reporting Excellence: Accurate and comprehensive financial reporting is vital for demonstrating corporate performance and financial health. Adhering to international accounting standards and providing transparent disclosures enhances corporate governance practices and instils confidence among investors.
3. Stakeholder Engagement: Effective IR extends beyond shareholders to engage with a broader spectrum of stakeholders, including government agencies, regulatory bodies, local communities, and industry peers. This fosters goodwill, mitigates risks, and opens doors to strategic partnerships and collaborations.
4. Capital Market Participation: Active participation in the capital markets is crucial for accessing funding, expanding operations, and fuelling growth. Engaging with investors through roadshows, conferences, and investor presentations facilitates capital raising initiatives and increases market visibility. By prioritising these key components, companies in Nigeria can establish a robust IR framework, enhancing their reputation, attracting investors, and driving long-term success.

Best Practices for Modern Companies in Nigeria

To thrive in Nigeria's dynamic business environment, companies must adopt tailored IR strategies that address local challenges and opportunities. Key best practices include:

Tailored IR Strategies: Develop IR strategies that cater to Nigeria's unique dynamics, leveraging digital platforms, targeted outreach, and culturally sensitive practices.

Regulatory Compliance: Ensure strict adherence to Nigerian regulatory requirements, stay updated on evolving regulations, and proactively address compliance issues to maintain corporate governance and investor confidence.

Embracing Technology: Leverage technological advancements to enhance IR effectiveness, utilising digital tools for investor outreach, virtual shareholder meetings, and online IR portals.

Sustainability and ESG Integration: Incorporate Environmental, Social, and Governance (ESG) principles into corporate strategy, prioritising sustainability initiatives, social responsibility, and good governance practices to attract responsible investors and drive long-term value creation.

With these best practices, modern companies in Nigeria can:

- Unlock growth potential
- Enhance market competitiveness
- Foster sustainable development
- Build trust and credibility with investors and stakeholders

Even for Nigerian companies with an IR function, the budgets allocated to them could be the smallest....

Navigate Nigeria's evolving economy with confidence

The role of Investor Relations is vital for companies operating in Nigeria, and by adopting these tailored best practices, corporations can ensure success and resilience in the region.

Raising the Bar: Elevating Investor Relations in Nigeria

In Nigeria, a significant disparity exists between large and small companies regarding the presence and importance of Investor Relations (IR). While 94 percent of large and mid-cap companies have a dedicated IR department or officer, only 32 percent of small-cap companies have such a setup. Moreover, the focus of IR activities differs significantly between the two groups, with small-cap companies primarily concentrating on financial reporting, whereas large and mid-cap companies prioritise stakeholder engagement and communication.

Boosting the Competitiveness of Small-Cap Companies

Small-cap companies in Nigeria face challenges in prioritising Investor Relations (IR) due to limited resources and funding, resulting in minimal budgets for IR activities and external services. In contrast, small-cap companies in the US and Europe typically have dedicated IR teams, recognising the importance of engaging with shareholders and communicating their investment case effectively. Nigerian small-cap companies often focus solely on reporting and neglect proactive communication, assuming investors are aware of their progress.

However, an effective IR department goes beyond reporting, providing competitive intelligence, monitoring peers and market perceptions, and contributing to a company's strategy and valuation. To enhance the role of IROs and promote progress, specialization and professionalization are essential, enabling small-cap companies to raise their competitiveness and investor engagement.

To raise the competitiveness of small-cap companies in Nigeria, there is a need for greater specialisation and professionalisation in the IR industry. This can be achieved through:

1. Increased funding and resources allocated to IR functions
2. Establishment of dedicated IR teams, even in small-cap companies
3. Professional development and training for IROs
4. Adoption of best practices in IR, including proactive communication and stakeholder engagement
5. Recognition of the importance of IR in driving business growth and valuation

By focusing on IR and adopting a more professional approach, small-cap companies in Nigeria can enhance their competitiveness, attract investors, and drive long-term success.

Embracing IR as a Shared Responsibility

Investor Relations (IR) is a critical function that goes beyond just one person or position; it's a collective responsibility that requires a company-wide mind set and effort. As competition for investment capital intensifies, effective IR is crucial for securing investor interest and optimal valuations. Companies must recognize that IR is not just a single role, but a comprehensive approach that involves multiple departments and management. In small and mid-cap companies, resource constraints may be a challenge, but creativity and resourcefulness can help overcome these limitations. By leveraging complementary operations within each department, companies can maximize their IR efforts and achieve more with less.

Key takeaways:

- IR is a collective responsibility, not just one person's role
- A company-wide mindset and effort are necessary for effective IR
- IR is crucial for securing investor interest and optimal valuations
- Small and mid-cap companies can overcome resource constraints with creativity and resourcefulness
- IR involves multiple departments and management, not just one individual or team.

Unifying Forces: Empowering Nigerian Companies to Shine in Investor Relations

Collaboration and collective effort are key to enhancing IR practices among Nigerian companies, particularly small-cap companies. FMDQ, ASeM Index, NGX, and NASD OTC are committed to promoting better IR standards and encouraging small-cap companies to adopt best practices.

To achieve this, these exchanges aim to:

- Increase collaboration to encourage more analyst coverage for small-cap companies
- Encourage companies to prioritise IR efforts
- Support IROs in gaining a deeper understanding of the business to effectively communicate with investors. By working together, Nigerian companies can stay ahead in the IR game, build trust with investors, and ultimately drive business growth and success. Effective IR is crucial for securing investor interest and optimal valuations, and with collective effort, Nigerian companies can raise the bar for IR standards and achieve greater heights.

The IRO's Role in Ensuring Governance and Compliance Excellence

In today's business landscape, organisations face the challenge of balancing good corporate governance, compliance, and accountability with commercial viability. Investor Relations Officers (IROs) play a crucial role in navigating this complex environment, advising senior management on compliance with high governance standards, and effectively communicating with stakeholders.

Governance Leadership: Addressing Challenges, Unlocking Benefits

Challenges:

- Rapidly changing regulatory environments in Nigeria and internationally
- Complex regulatory landscape requiring dedicated time and effort to understand
- Balancing governance, compliance, and commercial viability
- Benefits:
- Compliance with Nigerian and international governance codes (e.g., OECD) enhances local and global competitiveness
- Good governance and IR practices positively impact company valuation
- Effective IROs help organisations stay ahead in a rapidly changing market
- To succeed, IROs must:
- Dedicate time and effort to understanding the organisation, industry, and regulatory landscape
- Advise senior management on governance and compliance matters
- Communicate effectively with stakeholders to build trust and credibility.
- By prioritising good governance, compliance, and IR practices, Nigerian companies can enhance their reputation, valuation, and long-term success.

Embracing Adaptability: A Proactive Response to Change

- IROs in Nigeria should adopt a proactive approach to responding to changes in the regulatory environment. Instead of merely complying with regulations, they should aim to influence and shape the environment they work in. This can be achieved by:
- Engaging with regulators through regular meetings and updates
- Contributing to policy discussions and advocating for changes that benefit the industry
- Collaborating with international organizations, such as NIRI and CIRI, to stay informed and share best practices
- Supporting initiatives that raise standards in the regulatory environment
- Effective communication and timely updates are crucial to an organisation's reputation and valuation. NGX has committed to supporting the industry by offering programs that help companies increase their visibility to global investors, including:
- Updating and changing rules and regulations
- Optimising day-to-day services, such as dividend payment processes
- By working together, IROs and regulators can create a more conducive environment for businesses to thrive, and NGX is committed to supporting this effort.

IROs must be knowledgeable about their organisation, industry, and competitive landscape to convincingly communicate with investors

Global IR Leadership: Staying Ahead of the Competition

To stay ahead in the global IR competition, Nigerian companies must adopt best practices and give precedence to credibility, transparency, and responsiveness. The "TRACK" acronym provides a useful framework for IR excellence:

T - Transparency
R - Responsiveness (including customer service)
A - Access
C - Consistency
K - Knowledge

IROs must be knowledgeable about their organisation, industry, and competitive landscape to convincingly communicate with investors. Leveraging existing knowledge within the organization and following up on feedback from sell-side analysts are crucial. Additionally, IROs should utilize complementary services from investment banks, Stock Exchanges, and Depository Banks to enhance their efforts. Peaceful resolution of issues is vital to maintain investor confidence and prevent reputational damage to the Nigerian capital market. By embracing these best practices, Nigerian companies can enhance their global competitiveness and attract investors.

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The Obstacles To Investor Relat

In this our inaugural edition, we have embarked on a comprehensive exploration of the intricacies inherent in investor relations (IR) practice within the Nigerian context. Our primary objective is to gain valuable insights from key stakeholders, including investor relations officers (IROs), chief finance officers (CFOs), and investment officers, regarding the multifaceted relationship between IR and other corporate communications functions.

Through a meticulously crafted survey and interview process, we have endeavoured to capture a diverse array of perspectives. Participants have offered nuanced viewpoints on the roles and responsibilities of various corporate departments vis-à-vis the IR function, shedding light on the complexities of this dynamic interplay.

Central to our investigation is an examination of the time allocation within the weekly schedules of these professionals for engagements within the Nigerian investment landscape. Their responses, spanning a spectrum of activities and frequencies, provide invaluable insights into the intricacies of their involvement in this dynamic ecosystem.

By synthesising these findings, we aim to facilitate a deeper understanding and appreciation of the challenges and opportunities inherent in IR practice in Nigeria. Our intention is not to proffer prescriptive solutions or definitive conclusions but rather to spark dialogue and reflection among our readership, laying the groundwork for continued exploration and refinement of IR practices in the country. Through these efforts, we aspire to contribute to the enhancement of engagement and collaboration between IR practitioners, corporate entities, and the investment community at large.

RESEARCH QUESTION 2

Parallel to the actual distribution of the IR function within organizations, the survey sought the normative views of investor relations officers (IROs) regarding the ideal department to oversee IR functions. Results mirrored the prevalent distribution, with a majority (52.38 percent) favouring a distinct and dedicated IR department. A notable portion (28.57 percent) endorsed the corporate communications department, while 19.05 percent suggested the finance/treasury department. Interestingly, none of the respondents favoured other departments for housing the IR function.

01

RESEARCH QUESTION 1

In response to inquiries regarding the organizational placement of the IR function, findings from the survey unveiled various perspectives. A notable majority of respondents (38.10 percent) advocated for a dedicated IR department within the organizational structure. Conversely, a minority (9.52 percent) expressed skepticism about the necessity of a separate IR department. Additionally, 33.33 percent of respondents suggested integrating the IR function into the finance/treasury department, while 19.05 percent endorsed its management under the corporate communications/public relations (PR) department.

RESEARCH QUESTION 5

The study aimed to uncover the most pressing challenges confronting investor relations (IR) in Nigeria today, utilizing an open-ended approach to solicit responses from practitioners. Through content analysis, five major categories emerged encapsulating the breadth of concerns voiced by respondents.

Foremost among the challenges cited was the perception of IR as a relatively new concept in Nigeria, with a pressing need for greater education and awareness surrounding its role. Additionally, some practitioners lamented the lack of understanding regarding the strategic importance of communications within the financial services sector.

A recurrent theme among respondents was the struggle with the low recognition of the value of IR and the dearth of available data. Moreover, concerns were raised regarding issues of poor corporate governance, ambiguous and weak regulatory frameworks, and the absence of objective criticism within financial analysis.

Many respondents expressed frustration with the complexity of regulatory requirements, citing difficulties in staying abreast of ever-changing mandates. Some criticized regulations for hindering rather than facilitating the disclosure of information, exacerbating the challenges faced by IROs.

While some respondents admitted to being unaware of certain challenges, others boldly pointed fingers at regulatory authorities and policy inconsistencies as significant headaches. Furthermore, the lack of clear and understandable methods for measuring value creation, particularly concerning return on investment (ROI), was highlighted as a critical concern. Tax regulations, political influences, export packaging, customs regulations, product penetration, and competition were all cited as factors complicating the assessment of ROI.

In essence, the responses underscored a multifaceted landscape of challenges facing IR practitioners in Nigeria, ranging from issues of awareness and recognition to regulatory complexity and measurement methodologies. Addressing these challenges will require concerted efforts from both practitioners and regulatory bodies to foster a more conducive environment for effective investor relations practices.

Challenges within respondents' organisations emerged as significant hurdles, with struggles to garner understanding and recognition from executive management for the pivotal role of investor relations (IR) and its contribution to organisational success. The lack of adequate resources allocated to IR functions, coupled with the absence of trusted partners and institutionalized business practices, compounded the difficulty in effectively communicating the organisation's strategic corporate story. Moreover, unstable economic and political policies exacerbated infrastructural deficits, further hindering IR efforts.

Respondents lamented the understaffing of IR departments, often leading to overburdened individuals tasked with fulfilling myriad responsibilities. Additionally, insufficient buy-in from listing companies posed challenges, emphasising the need for heightened awareness of IR among the general public to facilitate easier access to vital information for strategic decision-making.

Inadequate research reports and a lack of understanding of shareholders' evolving desires and interests were cited as additional obstacles. Balancing regulatory compliance with investor priorities and effectively communicating rapidly changing industry dynamics to stakeholders in a comprehensible manner also proved challenging. Some respondents highlighted the reluctance of key management executives to disclose negative stories appropriately, underscoring the need for a better understanding of the importance of transparent communication.

ions (IR) Practice In Nigeria

RESEARCH QUESTION 3

Exploring the allocation of practitioners' time in a typical week towards activities aimed at various stakeholders within the investment community, the survey revealed intriguing insights. Private investors emerged as the primary focus, consuming 19.7 percent of IROs' time, closely followed by institutional investors and funds at 17.25 percent. Despite the regulatory intricacies associated with IR, activities targeted at stock analysts and brokers commanded 17.2 percent of IROs' time. Internal stakeholders, including employees and management, received 16.2 percent of their attention, while government and regulatory organizations accounted for 11.9 percent. Notably, interactions with stock exchanges and trading systems claimed 10.25 percent of IROs' time. Despite the imperative for media engagement, only 6.4 percent of their time was allocated to mass media interactions. Additionally, 1.1 percent of their time was reported as being unallocated to any of the aforementioned targets.

RESEARCH QUESTION 4:

In response to inquiries regarding the frequency of involvement in various investor relations activities, respondents provided illuminating insights across a spectrum of endeavours. Notably, 45 percent of participants reported being most often engaged in report preparations, such as annual reports or shareholder reports. In contrast, 25 percent indicated seldom involvement, while an equal proportion reported often participation. Remarkably, only 5 percent claimed never to partake in such activities.

Ownership research and analysis garnered diverse levels of engagement, with 40 percent of respondents seldom participating, followed by 30 percent often involved. Interestingly, 15 percent were evenly split between most often and never being engaged in this aspect.

Controlled media communications, encompassing activities like website management and newsletters, saw 35 percent of respondents seldom involved, while 15 percent were most often engaged. Notably, no respondents fell into the categories of often or never participating in such endeavours.

Mass media communications, including advertising and editorials, predominantly saw 50 percent of respondents seldom involved, with 30 percent reporting never participating. Conversely, only 15 percent often engaged, and a mere 5 percent claimed most often involvement.

In activities related to securities placements and IPOs, 35 percent each of respondents reported seldom or never participating, while 15 percent each indicated most often or often engagement.

One-on-one meetings and negotiations witnessed 45 percent of respondents seldom participating, while 35 percent were most often involved. Notably, 20 percent reported often engagement, while none claimed never participation.

Roadshows, presentations, and conferences elicited varied responses, with 30 percent often engaged, 25 percent seldom participating, and 20 percent most often involved.

Responding to requests from shareholders, analysts, and stockbrokers predominantly saw 45 percent of respondents often involved, with 25 percent reporting seldom participation. Most often engagement was reported by 20 percent, while 10 percent claimed never involvement.

Providing information to top management or other departments within the organization was a highly engaged activity, with 55 percent of respondents claiming most often involvement and 40 percent often are engaged. Remarkably, none reported never participation, and only 5 percent indicated seldom involvement.

In terms of compliance with regulations and policies, 40 percent reported most often engagement, with 30 percent indicating seldom or often involvement. Encouragingly, no respondents claimed never participation in this critical aspect of investor relations.

The Securities and Exchange Commission (SEC) is a Government Agency Mandated to Regulate and Develop the Nigerian Capital Market

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The Nigerian Stock Exchange Alternative Securities Market Index (NGX-ASeMg)

The Nigerian Stock Exchange Alternative Securities Market Index (NGX-ASeM) is an innovative platform for small and medium-sized enterprises (SMEs) to access the capital market for growth and development. NGX- offers SMEs a flexible, low-cost and efficient solution to raise capital, providing investors with a new source of investment opportunities in emerging sectors. The NGX-ASeM index tracks the performance of listed companies in sectors such as technology, healthcare, education, and renewable energy. It provides up-to-date information on the growth and progress of SMEs in Nigeria, and helps investors make informed decisions. The Nigerian Stock Exchange is committed to promoting the development of SMEs and the capital market through the NGX-ASeM Index.

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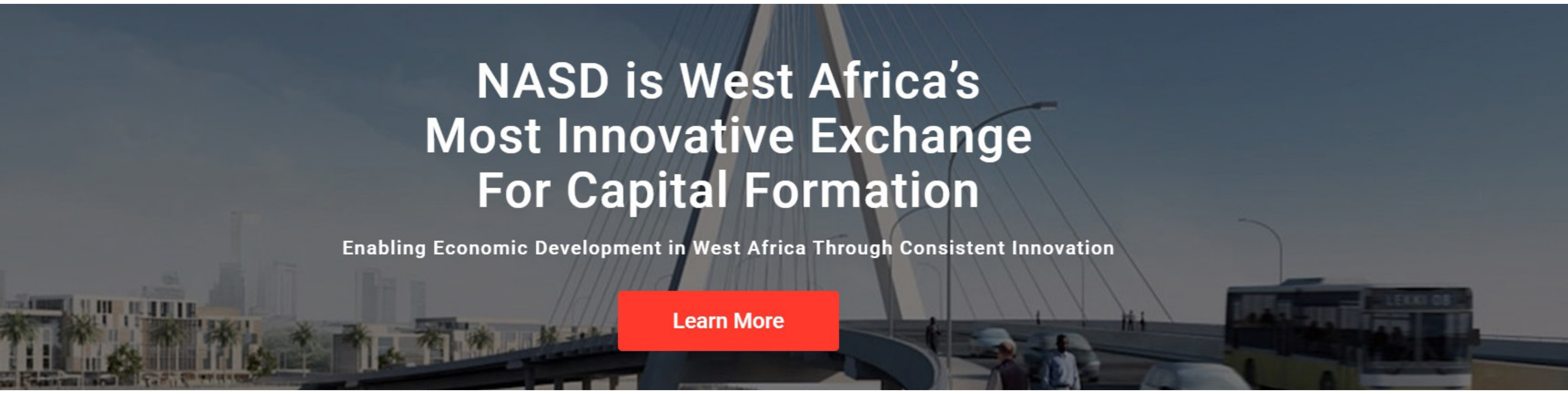

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