

# Zedcrest Research

Equity Market Strategy | 2026 Top Picks: May Performance

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Our 2026 conviction stocks portfolio maintained its strong outperformance through the end of May 2026, delivering a year-to-date return of 83.25%, comfortably ahead of the 60.90% return recorded by the NGX All-Share Index (ASI). This translates to an outperformance of 22.35 percentage points, highlighting the continued effectiveness of our high-conviction investment strategy despite a relatively subdued market environment.

## Portfolio performance

Conviction Stocks	Weight	Opening Price	Closing Price	Stock Return (%)	Weighted Return
GTCO	12%	90.70	137.00	51.05%	6.13%
ZENITHBANK	7%	61.80	131.10	112.14%	7.85%
UNILEVER	10%	72.00	156.00	116.67%	11.67%
NB	10%	75.30	83.60	11.02%	1.10%
JBERGER	12%	152.90	315.00	106.02%	12.72%
NGXGROUP	10%	70.00	149.50	113.57%	11.36%
MTNN	17%	511.00	820.00	60.47%	10.28%
DANGCEM	7%	609.00	1,180.00	93.76%	6.56%
WAPCO	7%	134.50	342.00	154.28%	10.80%
OKOMUOIL	8%	1,095.00	1,750.00	59.82%	4.79%
				<b>Total Return</b>	<b>83.25%</b>
ASI		155,613.03	250,385.70	<b>NGX ASI Return</b>	<b>60.90%</b>
				<b>Outperformance</b>	<b>22.35%</b>

Unlike previous months where earnings releases and dividend announcements served as major catalysts, market activity in May was characterized by selective buying interest amid the absence of broad-based market triggers. Investor flows remained concentrated in a handful of fundamentally strong names, while profit-taking emerged in stocks that had recorded significant gains earlier in the year. Despite this backdrop, our portfolio continued to generate meaningful alpha, supported by a combination of earnings resilience, strong pricing power, and exposure to highly liquid stocks that remain attractive relative to broader market valuations.

Performance across the portfolio remained broadly positive. The banking segment continued to provide substantial support, with ZENITHBANK and GTCO posting year-to-date gains of 112.14% and 51.05%, respectively. The banking names continued to grind higher despite the absence of broad market catalysts, with GTCO and ZENITHBANK advancing 1.48% and 0.46% respectively during the month, extending their impressive year-to-date gains.

The industrial goods segment remained one of the portfolio's strongest contributors. JBERGER remains at 106.02% year-to-date, while WAPCO and DANGCEM gained 154.28% and 93.76%, respectively. Notably, DANGCEM emerged as one of the key drivers of portfolio performance in May, rallying 21.65% month-on-month as investors

# Zedcrest Research

positioned ahead of expected improvements in infrastructure spending and continued earnings strength. The resilience of these names underscores the market's preference for companies with strong market positions and the ability to preserve margins in an inflationary environment.

Within the consumer space, UNILEVER remained a standout performer, extending its rally with a further 13.45% month-on-month gain to deliver a remarkable 116.67% year-to-date return. The stock continues to attract investor interest on the back of its recovery story, improving profitability profile, and demonstrated ability to pass rising costs onto consumers. Nigerian Breweries (NB) also advanced during the month, gaining 6.23%, bringing its year-to-date return to 11.02%, although investor sentiment toward the name remains more measured relative to other consumer counters.

Elsewhere, NGXGROUP experienced some profit-taking, declining 6.56% month-on-month, while MTNN, the portfolio's largest position at a 17% weighting, retreated 10.38% during the month. The weakness in MTNN largely reflects post-dividend sell-offs and profit-taking following its strong run earlier in the year, alongside some rotation into other opportunities across the market. Nevertheless, we remain constructive on the company's medium-term outlook given its earnings trajectory, pricing flexibility, and strategic importance within the telecommunications sector.

Looking ahead, we remain optimistic about the portfolio's ability to continue outperforming the broader market. While recent gains in the ASI have been supported by selective demand, particularly in oil-related counters, the sustainability of these flows will likely depend on the emergence of stronger market-wide catalysts. In the meantime, our positioning remains focused on companies with strong pricing power, resilient earnings profiles, healthy liquidity, and attractive valuations relative to their growth prospects. With inflationary pressures remaining elevated, we believe these characteristics will become increasingly important in driving investor allocation decisions.

As broader market participation improves and new catalysts emerge, we expect our portfolio's concentration in fundamentally strong, high-quality businesses to continue generating excess returns. Given the current weighting structure and the underlying strength of our holdings, we remain confident in our ability to deliver meaningful alpha over the remainder of the year.

Sectoral Index	YTD Performance
NGX ASI	60.90%
NGX 30	60.08%
Consumer Goods	23.37%
Oil & Gas	123.94%
Banking	55.57%
Industrial	115.74%
Insurance	6.20%

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