Zedcrest Research

Equity Market Strategy | 2026 Top Picks: October Performance

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Our 2026 conviction stocks portfolio maintained its strong performance through the end of October, delivering a year-to-date return of 74.13%, ahead of the 63.42% return recorded by the NGX All-Share Index (ASI). This represents an outperformance of 10.71 percentage points, reflecting the strength of accumulated gains across several of our core holdings. The NGX 30 Index also advanced by 65.29% year to date, slightly outperforming the broader market.

Portfolio performance

Conviction Stocks	Weight	Opening Price	Closing Price	Stock Return (%)	Weighted Return
GTCO	12%	90.70	120.00	32.30%	3.88%
ZENITHBANK	7%	61.80	119.00	92.56%	6.48%
UNILEVER	10%	72.00	109.00	51.39%	5.14%
NB	10%	75.30	72.00	-4.38%	-0.44%
JBERGER	12%	152.90	310.80	103.27%	12.39%
NGXGROUP	10%	70.00	164.80	135.43%	13.54%
MTNN	17%	511.00	850.00	66.34%	11.28%
DANGCEM	7%	609.00	1,420.00	133.17%	9.32%
HBMNG	7%	134.50	350.00	160.22%	11.22%
OKOMUOIL	8%	1,095.00	1,276.20	16.55%	1.32%
				Total Return	**74.13%**
ASI		155,613.03	254,299.49	**NGX ASI Return**	**63.42%**
				Outperformance	**10.71%**

Our 2026 conviction stocks portfolio closed October with a cumulative return of 74.13%, supported by gains in nine of its ten holdings. NGXGROUP was the largest contributor, adding 13.54 percentage points to the portfolio's return, followed by JBERGER at 12.39 percentage points. MTNN, HBMNG and DANGCEM also made substantial contributions of 11.28, 11.22 and 9.32 percentage points, respectively. Combined, these five positions accounted for 57.75 percentage points of the portfolio's return, more than offsetting the negative contribution from Nigerian Breweries. The resulting 10.71 percentage-point lead over the NGX ASI underscores the value of the portfolio's strongest stock selections over the review period.

October's market performance revealed a sharp divergence across sectors, as gains in Industrial Goods provided a counterweight to weakness elsewhere. The sector advanced by 16.85%, contrasting with declines in Banking, which fell by 10.42%, Insurance by 5.52%, Oil & Gas by 2.58% and Consumer Goods by 1.09%. This disparity was reflected in the broader market's relatively modest performance, with the ASI gaining 1.23% to close at 254,299.49 points, while the NGX 30 advanced by 1.46% to 9,376.41 points. The positive index returns, despite declines across four of the five major sector indices, point to the influence of selected stocks in sustaining the market's upward movement.

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The banking positions came under considerable pressure during the month. GTCO declined by 9.09% to close at ₦120.00, while ZENITHBANK shed 11.19% to ₦119.00. Despite the monthly declines, both holdings maintained positive year-to-date returns of 32.30% and 92.56%, respectively, contributing 3.88 and 6.48 percentage points to the portfolio's total return. Together, the two banking stocks accounted for 10.36 percentage points of accumulated portfolio gains. Their October performance reflected the broader weakness in the sector, whose index declined by 10.42% during the month, although it remained up 60.27% year to date. The significant difference between their accumulated returns also highlights the importance of stock selection within the banking segment.

Performance within the industrial segment was mixed, although the holdings remained among the portfolio's strongest year-to-date contributors. DANGCEM advanced by 33.12% during October to close at ₦1,420.00, making it the portfolio's strongest monthly performer. The appreciation coincided with strong nine-month earnings, as the company's profit before tax increased by 41.5% year on year to ₦1.47 trillion. HBMNG, by contrast, declined by 1.41% to ₦350.00, while JBERGER remained unchanged at ₦310.80. Despite the mixed monthly performance, their year-to-date returns stood at 133.17%, 160.22% and 103.27%, respectively. Together, the three industrial holdings contributed 32.93 percentage points to the portfolio's total return, making the segment its largest source of accumulated gains. This performance was supported by the broader strength of the Industrial Goods Index, which gained 16.85% in October to take its year-to-date return to 114.91%.

Consumer goods sector performance was similarly mixed. UNILEVER gained 3.91% to close at ₦109.00, taking its year-to-date return to 51.39% and its weighted contribution to 5.14 percentage points. Nigerian Breweries, by contrast, declined by 5.26% to ₦72.00, leaving the stock with a year-to-date loss of 4.38% and a negative contribution of 0.44 percentage points. The divergence between both holdings occurred alongside a 1.09% decline in the Consumer Goods Index during October, leaving the sector with a modest 0.97% gain year to date. This contrasts sharply with the broader market's 63.42% return and underscores the importance of stock selection within the sector.

MTNN recorded a modest appreciation of 1.55% during October, closing at ₦850.00. Its year-to-date return consequently stood at 66.34%, with a weighted contribution of 11.28 percentage points. Given its 17% portfolio allocation, MTNN remains an important driver of accumulated portfolio performance, with its contribution providing meaningful support against weakness in other holdings. NGXGROUP declined by 8.95% in October to close at ₦164.80, following its strong appreciation earlier in the year. Despite the monthly decline, the stock retained its position as the portfolio's largest year-to-date contributor, with a return of 135.43% and a weighted contribution of 13.54 percentage points. Its accumulated gains continue to provide substantial support to the portfolio's overall performance.

OKOMUOIL closed October unchanged at ₦1,276.20, leaving its year-to-date return at 16.55% and its weighted contribution to the portfolio at 1.32 percentage points. The stock has yet to recover from the 10.00% decline recorded in September and remains below its August closing price of ₦1,418.00. While its return remains positive, it trails the portfolio's cumulative gain of 74.13%, resulting in a relatively modest contribution to overall performance. We remain constructive on the holding, although a sustained recovery in its share price will be necessary for it to contribute more meaningfully to portfolio returns.

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November outlook

Looking ahead to November, we maintain a cautiously positive outlook. Earnings growth, lower interest rates, the FTSE reclassification and Fitch's Positive sovereign outlook should support sentiment. However, attractive fixed-income yields and the market's strong YTD performance may constrain upside, keeping performance selective. Pre-election spending, particularly on advertising, logistics and mobilization, alongside accelerated execution of ongoing capital projects ahead of the December budget deadline, could support business activity. The festive season should also provide a boost to consumer spending and corporate sales volumes. However, following the market's 63.42% year-to-date appreciation, we expect intermittent profit-taking in stocks that have recorded significant gains, potentially driving further portfolio rotation towards counters with relatively attractive valuations and earnings prospects. We also expect the IPO to generate improved market attention and trading activity upon listing, although its size could also encourage portfolio rotation as investors reallocate funds towards the new counter. Any refunds arising from rejected or partially allotted applications may provide some liquidity for redeployment, although the extent to which these funds return to the equities market remains uncertain.

On monetary policy, we expect the CBN to retain the MPR at 23% at its 23–24 November meeting. While an unchanged rate could provide some stability for investor expectations, competitive fixed-income returns may continue to limit aggressive reallocation towards equities. The Committee's forward guidance will therefore be important in shaping market sentiment and expectations for interest rates heading into 2027.

Overall, we remain cautiously constructive on the conviction portfolio's relative performance heading into November. The portfolio has returned 74.13% year to date, outperforming the NGX ASI's 63.42% gain by 10.71%. The ASI advanced 1.23% in October, although this modest gain masked significant sector divergence, with Industrial Goods rising by 16.85% while Banking declined by 10.42%. Portfolio performance will therefore depend increasingly on earnings delivery, valuation discipline and the capacity of individual companies to sustain the fundamentals supporting their share price appreciation.

Sectoral Index	YTD Performance
NGX ASI	63.42%
NGX 30	65.29%
Consumer Goods	0.97%
Oil & Gas	127.90%
Banking	60.27%
Industrial	114.91%
Insurance	-13.64%

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