

# CardinalStone Research Model Equity Portfolio

Last week, the domestic bourse extended losses for the fifth consecutive week, with the ASI down by 271bps, while the MEP shed 221bps, outperforming the index by 50bps. Year-to-date, the MEP has returned 32.96% vs the NGX-ASI's return of 33.12%.

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Security	April 12, 2024	April 19, 2024	Security weighting	Weekly change	Change since 29 Dec 23*	Performance attribution (bps)	
	position, N	position, N				Past Week	ytd
United Bank for Africa PLC	46,577,751	40,202,089	2.76%	-13.69%	-11.50%	-43	-30
Guaranty Trust Holding Co PLC	31,550,315	25,529,844	1.75%	-19.08%	-17.28%	-40	-14
Access Holdings PLC	17,741,908	15,627,587	1.07%	-11.92%	-26.57%	-14	-55
Stanbic IBTC Holdings PLC	210,000	200,000	0.01%	-4.76%	-28.21%	-0	-1
Zenith Bank PLC	65,082,311	57,760,551	3.97%	-11.25%	-8.15%	-49	-51
Fidelity Bank PLC	7,488,417	6,664,691	0.46%	-11.00%	-17.97%	-6	-18
FCMB Group Plc	4,113,099	3,678,797	0.25%	-10.56%	-2.70%	-3	0
Ecobank Transnational Inc	18,525,840	18,525,840	1.27%	0.00%	24.40%	0	36
MTN Nigeria Communications PLC	119,078,505	117,504,780	8.08%	-1.32%	-15.15%	-11	-201
Airtel Africa PLC	321,035,262	321,035,262	22.06%	0.00%	16.59%	0	288
Dangote Cement PLC	151,427,340	144,811,904	9.95%	-4.37%	105.28%	-44	1,775
BUA Cement Plc	125,526,841	125,526,841	8.63%	0.00%	47.63%	0	382
Lafarge Africa PLC	20,904,246	20,592,242	1.42%	-1.49%	4.76%	-2	20
Dangote Sugar Refinery PLC	24,960,448	24,960,448	1.72%	0.00%	-6.84%	0	-9
Nestle Nigeria PLC	9,095,108	9,095,108	0.63%	0.00%	-18.18%	0	-19
Unilever Nigeria PLC	2,371,409	2,094,231	0.14%	-11.69%	-8.11%	-2	-2
SEPLAT Energy PLC	102,679,370	102,679,370	7.06%	0.00%	45.89%	0	229
Transnational Corp of Nigeria PLC	15,713,642	14,715,116	1.01%	-6.35%	61.66%	-7	103
BUA Foods PLC	176,995,225	176,995,225	12.16%	0.00%	96.43%	0	823
Cadbury Nigeria PLC	0	0	0.00%	0.00%	0.00%	0	2
Geregu Power PLC	64,800,000	64,800,000	4.45%	0.00%	150.63%	0	21
Transcorp Power PLC	73,138,000	73,138,000	5.03%	0.00%	57.08%	0	15
Cash	88,947,532	88,947,532	6.11%				
<b>Total</b>	<b>1,487,962,569</b>	<b>1,455,085,459</b>	<b>100%</b>	<b>-2.21%</b>	<b>32.96%</b>	<b>-221</b>	<b>3,296</b>

Source: CardinalStone Research

\*since listing

The MEP's outperformance was driven primarily by the 4.37% decline in DANGCEM, in which we currently have an underweight position. The stock was marked down for dividend on the ex-div date, 16 April 2023. Recall the company declared a 50.0% YoY increase in final dividend to N30.0 (vs FY'22: N20.0).

In addition, the absence of FBNH (-10.33% WoW) shielded the MEP from further drags in banking names. Nevertheless, it was another week of bearish sentiment in banking names, costing the portfolio 155bps.

Meanwhile, NASCON announced the suspension of the proposed merger with DANGSUGAR and Dangote Rice Limited due to the Securities and Exchange Commission's (SEC) concerns about the non-operational status of Dangote Rice Limited. Consequently, we will begin to lower our position in the stock market to a strongly underweight position.

Elsewhere, FBNH has cancelled the Extraordinary General Meeting (EGM) set for Tuesday, 30 April 2024, following the resignation of Dr. Adesola Adeduntan as MD/CEO of FirstBank. Subsequently, the Board of Directors has appointed Olusegun Alebiosu as the acting CEO. While the MEP has no direct exposure in the stock, we would closely monitor this development.

Finally, we will continue actively monitoring happenings in the market and publish mid-week portfolio changes if required.

## Disclosure

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CardinalStone employs a 3-step rating system for equities under coverage: Buy, Hold, and Sell.

Buy  $\geq +15.00\%$  expected share price performance

Hold  $+0.00\%$  to  $+14.99\%$  expected share price performance

Sell  $< 0.00\%$  expected share price performance with weak fundamentals

A BUY rating is given to equities with strong fundamentals, which have the potential to rise by at least  $+15.00\%$  between the current price and the analyst’s target price

An HOLD rating is given to equities with good fundamentals, which have upside potential within a range of  $+0.00\%$  and  $+14.99\%$ ,

A SELL rating is given to equities that are highly overvalued or have weak fundamentals, where potential returns of less than  $0.00\%$  are expected between the current prices and the analyst’s target prices. However, for equities with potential returns of less than  $0.00\%$ , HOLD ratings may be assigned if they have recent histories of strong earnings and/or their outlooks are favourable for the next 12 months, even if they appear to be currently overvalued by the market.

A NEGATIVE WATCH is given to equities whose fundamentals may deteriorate significantly over the next six (6) months, in our view.

A POSITIVE WATCH is given to equities whose fundamentals may improve significantly over the next six (6) months, in our view

Rating	Buy	Sell	Hold	Negative Watch
% of total recommendations	58%	21%	21%	0%
% with investment banking relationships	0%	0%	0%	0%

### CardinalStone Research distribution of ratings/Investment banking relationships as of April 22, 2024

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