

CardinalStone Research Model Equity Portfolio

Last week, the local bourse relapsed after two consecutive weekly gains, as the ASI declined by 42bps, while the MEP declined by 45bps. On a YtD basis, the MEP has returned 38.33% vs the NGX-ASI 's return of 39.95%.

CardinalStone Research
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Security	March 15, 2024	March 22, 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	34,044,717	37,827,463	2.50%	11.11%	5.26%	25	38
Guaranty Trust Holding Co PLC	50,295,214	50,606,639	3.34%	0.62%	20.37%	2	94
Access Holdings PLC	45,293,206	47,262,476	3.12%	4.35%	3.67%	13	17
Stanbic IBTC Holdings PLC	215,800	232,000	0.02%	7.51%	-16.73%	0	-0
Zenith Bank PLC	42,441,594	42,708,858	2.82%	0.63%	3.36%	2	28
Fidelity Bank PLC	11,688,417	11,688,417	0.77%	0.00%	-7.83%	0	-9
FCMB Group Plc	5,745,527	5,779,524	0.38%	0.59%	14.86%	0	7
Ecobank Transnational Inc	17,767,003	19,825,840	1.31%	11.59%	24.40%	14	36
MTN Nigeria Communications PLC	140,481,162	123,275,104	8.14%	-12.25%	-10.98%	-113	-148
Airtel Africa PLC	353,815,262	353,815,262	23.37%	0.00%	16.59%	0	288
Dangote Cement PLC	183,702,240	183,702,240	12.14%	0.00%	114.66%	0	1,835
BUA Cement Plc	123,316,356	125,240,441	8.27%	1.56%	47.63%	13	382
Lafarge Africa PLC	15,537,463	15,689,365	1.04%	0.98%	14.76%	1	37
Dangote Sugar Refinery PLC	20,093,978	19,355,832	1.28%	-3.67%	3.51%	-5	6
Nestle Nigeria PLC	9,465,613	9,455,108	0.62%	-0.11%	-18.18%	-0	-19
Unilever Nigeria PLC	2,479,801	2,596,042	0.17%	4.69%	13.18%	1	3
SEPLAT Energy PLC	93,074,870	93,074,870	6.15%	0.00%	45.89%	0	229
Transnational Corp of Nigeria PLC	34,116,735	34,006,681	2.25%	-0.32%	78.41%	-1	137
BUA Foods PLC	183,453,525	183,453,525	12.12%	0.00%	96.43%	0	823
Cadbury Nigeria PLC	0	0	0.00%	0.00%	0.00%	0	2
Geregu Power PLC	46,500,000	46,500,000	3.07%	0.00%	150.63%	0	21
Transcorp Power PLC	73,720,000	74,302,000	4.91%	0.79%	59.58%	4	25
Cash	33,401,342	33,401,342	2.21%				
Total	1,520,649,824	1,513,799,030	100%	-0.45%	38.33%	-45	3,833

Source: CardinalStone Research

The market saw an extended rally in banking names of which our overweight positions delivered a combined gain of 56bps. However, the absence of FBNH was the primary driver of the slight underperformance in the MEP. The ticker gained 4.46% WoW and accounts for 2.3% of the index. We continue to await banking FY'23 audited earnings releases and dividend announcements.

Meanwhile, profit-taking in MTNN cost the MEP 113bps. We hold an index-neutral weight in the ticker and so does not contribute to the underperformance of the MEP. We will maintain this position for now as we monitor developments this week.

Elsewhere, recovery in BUACEMENT added 13bps to the portfolio's performance and modest gains in TRANSPOWER contributed 4bps.

Sentiment in TRANSCORP remained volatile over the week. Nevertheless, we maintain that the market is yet to fully price in the combined effect of the company's holdings in the Power and Hospitality businesses. Hence, we would maintain our overweight position in TRANSCORP.

This week, we will actively monitor happenings in the market and publish mid-week portfolio changes, if necessary.

Disclosure

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Buy ≥ +15.00% expected share price performance

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

Sell < 0.00% expected share price performance

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

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A **SELL** rating is given to equities that are highly overvalued or with weak fundamentals, where potential returns of less than 0.00% is expected, between the current price and analyst’s target price.

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

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

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