

CardinalStone Research Model Equity Portfolio

Last week, the domestic bourse recovered marginally as it advanced by 0.09%, while the MEP gained 0.37%, outperforming the market by 28bps. On a Year-to-date basis, the MEP has returned 32.79%, while the NGX-ASI has returned 30.54%.

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Figure 1: Model Equity Portfolio

Security	October 4, 2024	October 11, 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	44,745,069	43,354,454	2.98%	-3.11%	3.31%	-10	-3
Guaranty Trust Holding Co PLC	40,020,669	39,939,160	2.75%	-0.20%	20.99%	-1	157
Access Holdings PLC	27,585,397	27,171,616	1.87%	-1.50%	-14.90%	-3	-14
Stanbic IBTC Holdings PLC	5,273,450	5,187,000	0.36%	-1.64%	-18.16%	-1	-1
Zenith Bank PLC	32,645,917	32,602,389	2.24%	-0.13%	-3.10%	-0	-32
Fidelity Bank PLC	15,584,942	17,622,973	1.21%	13.08%	35.48%	14	21
FCMB Group Plc	4,683,024	4,683,024	0.32%	0.00%	14.86%	0	7
Ecobank Transnational Inc	12,180,776	12,180,776	0.84%	0.00%	14.83%	0	23
MTN Nigeria Communications PLC	107,267,336	107,661,908	7.41%	0.37%	-27.65%	3	-357
Airtel Africa PLC	229,075,262	229,075,262	15.76%	0.00%	16.59%	0	268
Dangote Cement PLC	226,000,566	226,000,566	15.55%	0.00%	49.67%	0	1,178
BUA Cement Plc	99,064,250	99,064,250	6.82%	0.00%	13.40%	0	118
Lafarge Africa PLC	24,790,272	24,287,766	1.67%	-2.03%	15.08%	-3	39
Dangote Sugar Refinery PLC	2,602,987	2,637,013	0.18%	1.31%	-45.61%	0	-36
Nestle Nigeria PLC	9,706,051	9,706,051	0.67%	0.00%	-19.09%	0	-11
Unilever Nigeria PLC	3,002,758	2,964,261	0.20%	-1.28%	30.07%	-0	6
SEPLAT Energy PLC	161,892,193	170,125,878	11.71%	5.09%	125.85%	57	766
Transnational Corp of Nigeria PLC	12,556,093	12,387,931	0.85%	-1.34%	27.60%	-1	74
BUA Foods PLC	196,975,928	196,975,928	13.55%	0.00%	104.19%	0	888
Cadbury Nigeria PLC	0	0	0.00%	0.00%	-4.21%	0	2
Geregu Power PLC	79,695,000	79,695,000	5.48%	0.00%	188.22%	0	111
Transcorp Power PLC	29,023,540	29,023,540	2.00%	0.00%	25.71%	0	-89
Presco PLC	26,939,700	26,939,700	1.85%	0.00%	65.16%	0	85
Guinness Nigeria PLC	8,296,000	7,930,000	0.55%	-4.41%	-1.89%	-3	-3
Oando PLC	31,332,500	29,050,000	2.00%	-7.28%	204.35%	-16	69
TotalEnergies Marketing Nigeria PLC	6,402,050	6,402,050	0.44%	0.00%	0.00%	0	0
Conoil PLC	3,192,000	3,192,000	0.22%	0.00%	16.67%	0	3
Flour Mills of Nigeria PLC	7,073,700	7,068,000	0.49%	-0.08%	22.68%	-0	12
Cash	281,462	281,462	0.02%				
Total	1,447,888,889	1,453,209,957	100.00%	0.37%	32.79%	37	3,279

Source: CardinalStone Research

The MEP's outperformance was primarily driven by the strong overweight position in SEPLAT, which added 57bps to the portfolio's performance, along with the overweight position in FIDELITYBK, which contributed 14bps. The combined impact of price appreciation in SEPLAT and FIDELITYBK was sufficient to outweigh the negative impact of selloffs in UBA and OANDO.

This week, we anticipate that corporate actions such as the listing by introduction of Aradel Holdings on the NGX, the potential relisting of TRANSCORP following its share reconstruction, and the release of 9M'24 financial results will shape market sentiment. We see legroom for price appreciation in ARADEL, evidenced by our 12-month target price of N1,258.61, which suggests a potential upside of 79.1%. See more [here](#). Hence, we would look to build overweight positions in ARADEL and TRANSCORP upon availability for trading.

Overall, we remain committed to making mid-week portfolio adjustments via the Daily Market Summary to ensure our investments are optimally positioned.

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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

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 have weak fundamentals, where potential returns of less than 0.00% are expected between the current prices and the analyst’s target prices.

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

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Rating	Buy	Sell	Hold	Negative Watch
% of total recommendations	78%	4%	14%	0%
% with investment banking relationships	0%	0%	0%	0%

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