



Monday December 18, 2023

Recapitalisation: Of Share Capital and Shareholders' Funds

Nigerian banks have evolved since the 2005 bank recapitalisation, when the minimum paid-up capital was raised to N25bn from N2bn. However, the exchange rate volatility has significantly eroded the value of the capital. All the listed banks have a share capital below N25bn, with FBNH having the highest at N17.95bn and Unity Bank having the least at N5.84bn. Currently we observe that the share capital size is insufficient to fund a mega project to achieve the targeted N1trn gross domestic product (GDP). Hence calling for another recapitalisation. Meanwhile, the shareholders' funds have improved over the years, and five banks have above N1trn, closely attaining the N2trn mark. Banks' robust retained earnings have supported the continuous growth of the shareholder's fund. Interestingly, most listed Nigerian banks comply with the Basel III capital adequacy ratio requirement, far above the 10.5% minimum requirement. UBA has the highest at 28.30%, and Wema has the lowest at 12.74%, excluding Unity Bank and other unlisted banks with negative CAR. The higher CAR might suggest a stronger capital position and ability to meet obligations. However, we still believe that the banks require fresh capital injection to drive key sectors of the economy. The recapitalisation process should follow a structured, lengthy time frame to avoid a reoccurrence of the 2005 era, which led to large mergers and acquisitions. Following the conclusion of the share capital raise of Fidelity Bank through a Private Placement of 3.04bn ordinary shares of 50k each, Shareholders of FBNH have also resolved that the company's issued share capital be increased from N17.95bn of 35.90bn ordinary shares of 50k each to N22.43bn, an addition of 8.97bn ordinary shares and that there should be a capital raise of up to N150bn through Right Issue. Wema Bank Plc has also submitted and gotten approval from the NGX to list a Rights Issue of 8.5bn ordinary shares of N0.50 each at N4.66 per share (based on two new ordinary shares for every three ordinary shares already held by shareholders). These moves align with the call for banking sector recapitalisation since the intrinsic and dollar values of the current capital requirement have been eroded and are too weak to withstand negative shocks or finance big-ticket transactions. So far, bank financials figures show that many are already over-capitalised. Their balance sheets are quite healthy and impressive. More broadly, the compelling reasons for regulatory order to recapitalise banks are: To meet the regulatory minimum capital adequacy ratio and mitigate risks like credit, market, operational, and liquidity risks. The capital requirement measures the bank's ability to absorb losses and protect depositors. (Currently set at 15% CAR for systemically important banks and 10% for other banks). Support banks' capital needs to fund their lending activities, invest in new products and services, and enter new markets, all necessary to finance developmental goals. Enhance operational efficiency and resilience, which are needed to improve financial technology infrastructure, digitize processes, and optimize cost structure.

Capital Market Summary .

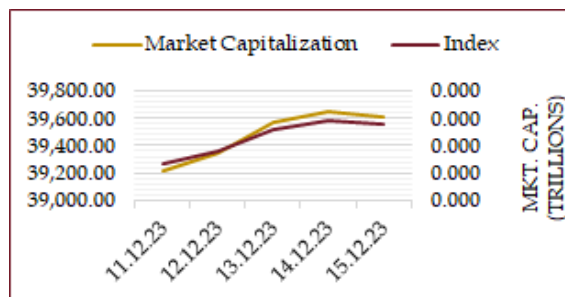
Analysis of the market activity in the week ended December 15, 2023 shows that the Nigerian equity market continued with the bullish trend. The NGX All Share Index of listed equities appreciated by 1.18% each from the opening figures of 71,541.74 and N39,150 trillion to close at 72,389.23 and N39,613 trillion respectively. Its year to date (YTD) return stands at +41.24%.

MACROECONOMIC INDICATORS

GDP Growth Rate	+2.51%	June 30, 2023
Un-employment Rate	4.10%	June 30, 2023
Broad Money Supply (M2)	N54,191,661.32	July , 2023
Money Supply (M1)	N21,352,527.87	July , 2023
Consumer Price Index (YOY)	28.20%	November , 2023
Monetary Policy Rate (MPR)	18.75%	July, 2023
Cash Reserve Ratio (CRR)	32.50%	July , 2023
Nigeria's Bonny Light Crude Oil	US\$83.52/Bar	November 21, 2023
Nigeria's Gross External Reserves	US\$33.202bn	November 23, 2023

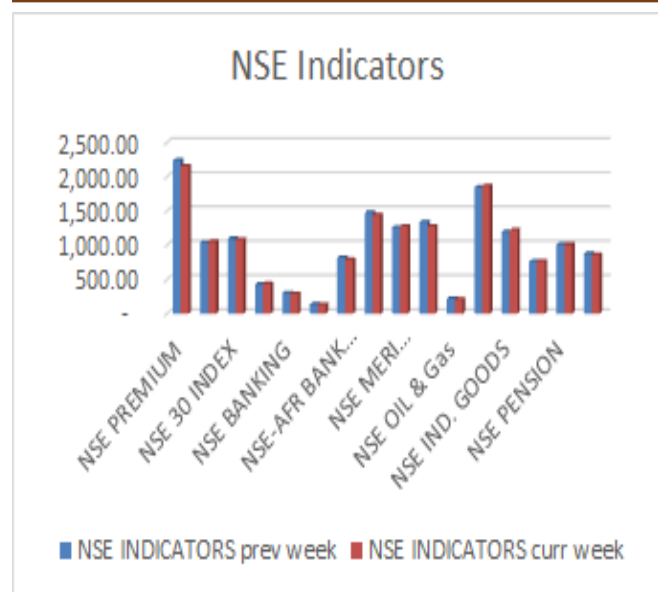
Source: Central Bank of Nigeria (CBN)

ALL SHARE INDEX & MKT. CAP



Source: Nigerian Stock Exchange (NSE) & Regency Research

PERFORMANCE OF THE NSE INDICES



Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Domestic Market Review

OUTLOOK AND STOCK RECOMMENDATION FOR THE WEEK 18/12/23-22/12/2023)

The Nigerian Equity Market appreciated for the second week in December, 2023 registering four gains in the five trading sessions of the week with huge buy-interest in the banking sector. The All-Shares Index (ASI) thereby went up to its eight consecutive weeks gains. The overall market index -ASI gained **+1.18%** from 71,541.74 index points in the previous week to 72,389.23 points as the year-to-date (YTD) returns appreciated to **+41.42%**. Investors gained N463.76bn as the market capitalisation rose to N39.61trn from N39.15trn in the previous week. Market breadth appreciated for the week, with 53 equities gaining in price while 32 equities recorded losses and 70 others remained flat. The Unlisted OTC market also maintained its bullish trend during the week with a gain of +1.86% from 886.50 index points in the previous week to close at 902.99. Investors gained N20bn during the week and the market capitalisation appreciated by 2.00% from N1,200bn in the previous week to close at N1,220bn. **With consistent rallies in the banking, oil and gas, and consumer goods sectors, we expect their bullish sentiments to continue as the companies are getting closer to the end of their financial year. We will continue to advise investors to trade only on fundamentally justified stocks as the weak macro economic environment remains a significant challenge for listed companies. In the light of the above we recommend the underlisted stocks for purchase during the week. TRANSCORP, UBA PLC, MTNN PLC., ACCESS PLC, DANGOTE SUGAR, NASCON, AND FCMB PLC. Multiverse, RT BRISCOE, Omatek, CHAMS, LASACO and OANDO were recommended as speculative STOCKS.**

STOCK ANALYSIS FOR INVESTMENT																				
COMPANY	Price N=	price N=	Cap. App	EPS	DPS	Total	PAT N=M	PAT N=m	Period	BK Value	52 wks	52 weeks	PER	6 Months	Net Assets N=	No of shares	Total Assets N=	Div. Yeld	ROCE	Remark
	31/12/22	15/12/2023	%	N=	N=	Return %	N=M current	Last YR		N=	High	Low		Target price	N=M	mill	N=m	%	per Qter	Decision
ZENITH	24.00	37.10	54.58	13.82	3.20	67.92	434,172	174,331	3rd Qter	61.12	37.80	19.00	2.68	48.23	1,918,935	31,396	18,160,814	8.63	22.63	HOLD
GTCO	23.00	39.90	73.48	12.98	3.10	86.96	367,417	130,348	3rd Qter	43.25	41.80	16.80	3.07	51.87	1,272,925	29,431	8,615,504	7.77	28.86	HOLD
ACCESS	8.50	22.20	161.18	6.92	1.50	178.82	250,444	136,914	3rd Qter	46.15	19.80	7.50	3.21	28.86	1,640,242	35,545	21,405,399	6.76	15.27	BUY
UBA	7.60	24.15	217.76	12.93	1.10	232.24	449,296	115,043	3rd Qter	51.99	18.00	6.55	1.87	31.40	1,778,139	34,199	16,222,620	4.55	25.27	BUY
FIDELITY	4.35	9.45	117.24	1.94	0.50	128.74	91,759	23,219	3rd Qter	12.84	9.82	2.87	4.87	12.29	410,752	32,000	5,413,655	5.29	22.34	HOLD
WAPCO	24.00	29.75	23.96	2.44	2.00	32.29	39,305	44,900	3rd Qter	26.27	31.50	20.10	12.19	38.68	423,191	16,108	653,598	6.72	9.29	BUY
NAHCO	6.40	25.00	290.63	2.53	1.20	309.38	4,964	2,107	3rd Qter	6.00	25.95	5.12	9.88	32.50	11,696	1,949	21,913	4.80	42.44	HOLD
NASCON	11.10	54.00	386.49	5.54	1.00	395.50	11,008	2,882	3rd Qter	10.34	59.50	9.50	9.75	70.20	27,403	2,649	78,273	1.85	40.17	BUY
FLOUR MILLS	28.40	31.55	11.09	(2.43)	2.25	19.01	(8,529)	5,700	2nd Qter	52.85	36.20	27.00	(12.98)	41.02	216,704	4,100	1,316,248	7.13	(3.94)	BUY
MTNN	215.00	245.00	13.95	7.06	15.64	21.23	148,091	270,339	3rd Qter	15.20	288.00	185.00	34.70	318.50	309,367	20,354	3,078,929	6.38	47.87	BUY
DANSUGAR	16.05	57.50	258.26	(2.22)	1.50	267.60	(27,987)	4,590	3rd Qter	10.37	63.10	15.00	(25.90)	74.75	126,000	12,146	616,547	2.61	(22.21)	BUY
DANCEM	261.00	320.00	22.61	16.08	20.00	30.27	277,548	213,101	3rd Qter	80.16	360.00	220.00	19.90	416.00	1,366,010	17,041	3,344,733	6.25	20.32	BUY
NB	41.00	37.90	(7.56)	(6.89)	1.43	(4.07)	(57,195)	14,755	3rd Qter	10.94	48.80	28.80	(5.50)	49.27	112,461	10,276	707,843	3.77	(50.86)	BUY
UCAP	11.60	19.10	64.66	1.88	1.50	77.59	8,469	7,715	3rd Qter	10.20	17.10	9.00	10.16	24.83	61,212	6,000	732,498	7.85	13.84	HOLD
AFRIPRUD	6.00	6.90	15.00	0.44	0.50	23.33	0.871	1,290	3rd Qter	4.86	7.70	5.00	15.68	8.97	9,722	2,000	23,731	7.25	0.01	BUY
NEM INS.	4.50	5.35	18.89	0.52	0.30	25.56	5,207	3,955	3rd Qter	3.08	6.99	3.13	10.29	6.96	30,870	10,032	65,984	5.61	16.87	BUY
CADBURY	11.90	16.05	34.87	(5.45)	0.40	38.24	(10,242)	2,817	3rd Qter	1.53	18.8	10.2	(2.94)	20.87	2,872	1,878	76,446	2.49	(356.62)	SELL/HOLD
FBNH	11.25	23.20	106.22	6.54	0.50	110.67	236,502	91,202	3rd Qter	38.27	23.5	8.2	3.55	30.16	1,373,853	35,895	14,455,659	2.16	17.21	BUY
FCMB	3.51	7.10	102.28	3.58	0.25	109.40	35,410	13,663	2nd Qter	17.40	7.70	2.92	1.98	9.23	344,557	19,803	3,720,980	3.52	10.28	BUY
GLAXO	6.15	16.70	171.54	0.37	0.55	180.49	0.448	0.484	3rd Qter	7.80	13.9	5.4	45.14	21.71	9,323	1,196	29,367	3.29	0.00	SELL/HOLD
OKOMU	165.00	240.00	45.45	21.93	12.00	52.73	29,225	24,620	3rd Qter	45.61	250	157	10.94	312.00	43,508	954	79,034	5.00	67.17	SELL/HOLD
PRESCO	137.50	189.90	38.11	23.47	6.50	42.84	23,473	15,878	3rd Qter	50.83	220	110	8.09	246.87	50,833	1,000	159,205	3.42	46.18	SELL/HOLD
PZ	12.10	26.00	114.88	2.82	1.01	123.22	11,214	5,641	3rd Qter	11.32	24	8.05	9.22	33.80	44,944	3,971	152,112	3.88	24.95	SELL/HOLD
VITAFUAM	20.45	22.50	10.02	2.66	1.52	17.46	3,698	4,541	3rd Qter	12.80	24	16.8	8.46	29.25	16,007	1,251	44,716	6.76	23.10	SELL/HOLD
STANBIC IBTC	33.45	66.00	97.31	5.12	2.52	104.84	109,249	15,068	3rd Qter	36.36	70	27.5	12.89	85.80	471,055	12,957	4,674,057	3.82	23.19	SELL/HOLD
TRANSCORP	1.13	6.96	515.93	0.36	0.05	520.35	22,738	19,031	3rd Qter	4.42	7.01	0.98	19.33	9.05	179,826	40,648	479,826	0.72	12.64	BUY

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Domestic Market Review

GAINERS FOR THE WEEK

Fifty three stocks appreciated in price during the week, as against Forty nine in preceding week. The top ten price gainers during the week were:

LOSERS FOR THE WEEK

Thirty two stocks depreciated in price during the week as against Thirty three stocks in the preceding week. The top ten price losers during the week were:

EXCHANGE TRADED PRODUCTS (ETP)

A total of 64,401 units of Exchange Traded Products valued at N43,101,766.62 in 559 deals were traded during the week compared with 149,237 units of Exchange Traded Products valued at N82,358,632.57 traded last week in 1,064 deals.

BOND MARKET

A total of 32,044 units of FGN Bond valued at N33,677,717.97 in 16 deals were traded during the week compared with 43,802 units of FGN Bond valued at N46,203,035.16 traded last week in 20 deals

MARKET SUMMARY

	Curr. Week	Previous week	% Change
Volume	1,882 M	2,423 M	-22.33
Value N=	N31,630 B	N45,070 B	-29.82
Total Gain	53	49	8.16
Total Loss	32	33	3.03
Deals	33,020	34,704	-4.85
All Share Index	72,389.23	71,541.74	1.18
Market Cap.	N=39,613 Trillion	N=39,149 Trillion	1.18

TOP TEN GAINERS

Company	Op.Price	cl. Price	Gain	Gain in %
INFINITY	1.77	2.82	1.05	59.32
SCOA	1.35	1.74	0.39	28.89
DAAR COMM	0.36	0.46	0.10	27.78
JOHN HOLT	1.85	2.23	0.38	20.54
DEAP CAPITAL	0.61	0.70	0.09	14.75
STERLING	3.80	4.18	0.38	10.00
SFS REAL EST	92.15	101.35	9.20	9.98
CADBURY	14.60	16.05	1.45	9.93
ACCESS	20.25	22.20	1.95	9.63
ETI	20.75	22.70	1.95	9.40

TOP TEN LOSERS

Company	Op.Price	Cl. Price	Loss	Loss in %
SECURE	0.75	0.63	(0.12)	(16.00)
ETERNA	13.10	11.55	(1.55)	(11.83)
THOMAS WYT	3.32	2.95	(0.37)	(11.14)
JULY	0.72	0.65	(0.07)	(9.72)
NEM	5.90	5.35	(0.55)	(9.32)
UPDC	5.00	4.55	(0.45)	(9.00)
OMATEK	0.80	0.73	(0.07)	(8.75)
SUNU ASS	1.26	1.16	(0.10)	(7.94)
MECURE	13.00	12.00	(1.00)	(7.69)
UNIVERSAL	0.28	0.26	(0.02)	(7.14)

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

Closure of Register - Dividends and Bonuses

Company	Dividend/ Bonus	Closure of Register	AGM Date	Payment Date
PZ Cussons Nigeria Plc	N1.01 Nil	9th - 13th January 2023	25th January 2023	26th January 2023
Vitafoam Nigeria Plc	N1.52 Nil	13th -17th February 2023	2nd March 2023	2nd March 2022
Geregu Power Plc	N8.00 Nil	28th February 2023	28th March 2023	29th March 2023
MTN Nigeria Communcations Plc	N10.00 Nil	28th March 2023	18th April 2023	20th April 2023
Nigerian Breweries Plc	N1.03 Nil	17th March 2023	26th April 2023	26th April 2023
BUA Cement Plc	N2.80 Nil	14th August 2023	31st August 2023	31st August 2023
Nigerian Enamelware Plc	Nil	3 for 2	14th March 2023	N/A
United Capital Plc	N1.50 Nil	15th March 2023	27th March 2023	28th March 2023
Transcorp Hotels Plc	N0.13 Nil	20th March 2023	3rd April 2023	3rd April 2023
Dangote Sugar Refinery Plc	N1.50 Nil	27th March 2023	14th April 2023	15th April 2023
Lafarge Africa Plc	N2.00 Nil	11th April 2023	28th April 2023	28th April 2023
Seplat Energy Plc	Final - 2.5	19th April 2023	10th May 2023	16th May 2023
Nestle Nigeria Plc	N36.5 Nil	24th April 2023	17th May 2023	18th May 2023
NASCON Allied Industries Plc	N1.00 Nil	2nd May 2023	26th May 2023	26th May 2023
Africa Prudential Plc	N0.50 Nil	17th April 2023	2nd May 2023	2nd May 2023
Custodian Investment Plc	N0.55 Nil	3rd April 2023	13th April 2023	13th April 2023
Transnational Corporation Plc	N0.05 Nil	12th April 2023	26th April 2023	27th April 2023
Consolidated Hallmark Insurance Plc	N0.03 Nil	14th April 2023	24th May 2023	24th May 2023
Infinity Trust Mortgage Bank Plc	N0.06 Nil	17th April 2023	11th May 2023	15th May 2023
FCMB Group Plc	N0.25 Nil	14th April 2023	28th April 2023	28th April 2023
Zenith Bank Plc	N2.90 Nil	17th April 2023	2nd May 2023	2nd May 2023
United Bank for Africa Plc	N0.90 Nil	17th April 2023	27th April 2023	27th April 2023
Unilever Nigeria Plc	N0.25 Nil	18th April 2023	4th May 2023	5th May 2023
CWG Plc	N0.04 Nil	18th April 2023	28th April 2023	28th April 2023
SFS Real Estate Investment Trust	N8.45 Nil	20th April 2023	N/A	19th May 2023
Eterna Plc	N0.15 Nil	24th April 2023	11th May 2023	12th May 2023
Okomu Oil Palm Company Plc	N12.00 Nil	25th April 2023	25th May 2023	25th May 2023
TotalEnergies Marketing Nigeria Plc	N21.00 Nil	26th April 2023	1st June 2023	2nd June 2023
NEM Insurance Plc	N0.30 Nil	1st May 2023	18th May 2023	18th May 2023
Nigerian Aviation Handling Company	N1.20 Nil	15th May 2023	26th May 2023	26th May 2023
May & Baker Nigeria Plc	N0.30 Nil	17th May 2023	1st June 2023	2nd June 2023
Berger Paints Nigeria Plc	N0.70 Nil	27th April 2023	24th May 2023	24th May 2023
Ecobank Transnational Incorporated	0.11 cents Nil	26th May 2023	17th May 2023	6th June 2023
ABC Transport Plc	N0.015 Nil	29th May 2023	TBA	TBA
Julius Berger Nigeria Plc	N2.50 Nil	29th May 2023	15th June 2023	16th June 2023
Sunu Assurances Nigeria Plc	N0.03 Nil	31st May 2023	14th June 2023	15th June 2023
AllCO Insurance Plc	N0.03 Nil	1st June 2023	8th June 2023	15th June 2023
McNichols Consolidated Plc	N0.01 Nil	1st June 2023	27th July 2023	3rd August 2023
Cadbury Nigeria Plc	N0.40 Nil	5th June 2023	26th June 2023	27th June 2023
Skyway Aviation Handling Company	N0.16.5 Nil	5th June 2023	30th June 2023	30th June 2023
Chemical and Allied Products Plc	N1.55 Nil	2nd June 2023	15th June 2023	16th June 2023
UAC of Nigeria Plc	N0.22 Nil	7th June 2023	21st June 2023	22nd June 2023
Trans-Nation Wide Express Plc	N0.02 Nil	12th June 2023	21st June 2023	26th June 2023
Beta Glass Plc	N1.17 Nil	19th June 2023	6th July 2023	7th July 2023
AXA Mansard Insurance Plc	N0.30 Nil	22nd June 2023	28th July 2023	28th July 2023
Ikeja Hotel Plc	N0.075 Nil	1 for 3	5th July 2023	26th July 2023
LivingTrust Mortgage Bank Plc	N0.01 Nil	7th July 2023	25th July 2023	27th July 2023
LivingTrust Mortgage Bank Plc	N0.012 Nil	7th July 2023	25th July 2023	27th July 2023
LASACO Assurance Plc	N0.15 Nil	4th July 2023	27th July 2023	31st July 2023
BUA Foods Plc	N4.50 Nil	4th September 2023	14th September 2023	14th September 2023
Guaranty Trust Holding Company Plc	N2.80 Nil	2nd May 2023	11th May 2023	11th May 2023
Glaxo SmithKline Consumer Nigeria	N0.55 Nil	5th May 2023	7th June 2023	8th June 2023
Access Holdings Plc	N1.30 Nil	10th May 2023	24th May 2023	24th May 2023
Wema Bank Plc	N0.30 Nil	10th May 2023	24th May 2023	24th May 2023
Jaiz Bank Plc	N0.05 Nil	2nd June 2023	27th July 2023	28th July 2023
NPF Microfinance Bank Plc	N0.10 Nil	9th May 2023	22nd June 2023	22nd June 2023
Industrial and Medical Gases Nigeria	N0.40 Nil	7th July 2023	21st July 2023	25th July 2023
Fidelity Bank Plc	N0.40 Nil	15th May 2023	23rd May 2023	23rd May 2023
UH Real Estate Investment Trust	N2.10 Nil	16th May 2023	N/A	26th May 2023
Multiverse Mining and Exploration Plc	(Interim) Nil	25th May 2023	N/A	14th June 2023
Cornerstone Insurance Plc	(Interim) Nil	6th June 2023	N/A	21st June 2023
Airtel Africa Plc	3.27 cents Nil	22nd June 2023	4th July 2023	26th July 2023
Vetiva Griffin 30 Exchange Traded F	N0.28 Nil	11th May 2023	N/A	19th May 2023
Vetiva S&P Nigerian Sovereign Bond	N7.60 Nil	11th May 2023	N/A	19th May 2023
Vetiva Banking ETF	N0.40 Nil	11th May 2023	N/A	19th May 2023
Seplat Energy Plc	US 3 cents Nil	19th May 2023	N/A	16th June 2023
Skyway Aviation Handling Company	N0.16.5 Nil	5th June 2023	23rd June 2023	23rd June 2023
Skyway Aviation Handling Company	N0.16.5 Nil	5th June 2023	23rd June 2023	23rd June 2023
Conoil Plc	N2.50 Nil	30th June 2023	22nd September 2023	29th September 2023
Meristem Growth ETF	N0.40 Nil	24th May 2023	N/A	30th May 2023
Meristem Value ETF	N0.79 Nil	24th May 2023	N/A	30th May 2023
FBN Holdings Plc	N0.50 Nil	9th August 2023	15th August 2023	16th August 2023
Northern Nigeria Flour Mills Plc	N0.35 Nil	23rd August 2023	7th September 2023	8th September 2023
University Press Plc	N0.10 Nil	6th September 2023	21st September 2023	21st September 2023
Learn Africa Plc	N0.25 Nil	11th September 2023	26th September 2023	27th September 2023
Academy Press Plc	N0.10 Nil	12th September 2023	14th September 2023	21st September 2023
Smart Products Nigeria Plc	N0.10 Nil	17th July 2023	24th August 2023	4th September 2023
Red Star Express Plc	N0.20 Nil	21st August 2023	14th September 2023	15th September 2023
Tripple Gee and Company Plc	N0.10 Nil	7th August 2023	24th August 2023	25th August 2023
Nigerian Exchange Group Plc (Interim)	N0.25 Nil	11th August 2023	N/A	31st August 2023
MTN Nigeria Communcations Plc (Interim)	N5.60 Nil	17th August 2023	N/A	24th August 2023
Cutix Plc	N0.12 Nil	18th August 2023	25th August 2023	31st August 2023
Seplat Energy Plc (Interim)	3 US cents Nil	18th August 2023	N/A	30th August 2023
Custodian Investment Plc (Interim)	N0.15 Nil	21st August 2023	N/A	5th September 2023
Presco Plc	N6.80 Nil	14th September 2023	29th September 2023	3rd October 2023
Stanbic IBTC ETF 30	N2.52 Nil	11th August 2023	N/A	23rd August 2023
SIAML Pension ETF 40	N6.49 Nil	11th August 2023	N/A	23rd August 2023
UPDC REIT Fund	N0.19 Nil	1st September 2023	N/A	7th September 2023
Stanbic IBTC Holdings Plc (Interim)	N1.50 Nil	13th September 2023	NIL	27th September 2023
Flour Mills of Nigeria Plc	N2.25 Nil	16th October 2023	9th November 2023	10th November 2023
Fidelity Bank Plc (Interim)	N0.25 Nil	18th September 2023	N/A	22nd September 2023
Zenith Bank Plc (Interim)	N0.50 Nil	25th September 2023	N/A	29th September 2023
United Bank for Africa Plc (Interim)	N0.50 Nil	27th September 2023	N/A	6th October 2023
Guaranty Trust Holding Company Plc	N0.50 Nil	15th September 2023	N/A	25th September 2023
Fidson Healthcare Plc	N0.55 Nil	10th July 2023	11th September 2023	12th September 2023
Access Holdings Plc	N0.30 Nil	6th October, 2023	N/A	19th October 2023



MODEL EQUITY PORTFOLIO

PORTFOLIO VALUATION AS AT 15/12/2023												
				Unit	B-E	Current	Target price		Dividend	TOTAL	Gain/Loss	
P/Date	Stock	Units	Tcost	Cost	Price	Price	30% App	NET VALUE	Dividend	TOTAL VALUE		G/L%
1/1/2022	WAPCO	50,000	1,200,000.00	24.00	24.44	29.75	31.20	1,460,494.44	90,000.00	1,550,494.44	350,494.44	29.21
1/1/2022	UBA	50,000	380,000.00	7.60	7.74	24.15	9.88	1,185,577.84	9,000.00	1,194,577.84	814,577.84	214.36
1/1/2022	FIDELITY	50,000	217,500.00	4.35	4.43	9.45	5.66	463,921.76	9,000.00	472,921.76	255,421.76	117.44
1/1/2022	DANGSUGAR	50,000	802,500.00	16.05	16.35	57.50	20.87	2,822,804.38	67,500.00	2,890,304.38	2,087,804.38	260.16
1/1/2022	ZENITH	50,000	1,200,000.00	24.00	24.44	37.10	31.20	1,821,322.48	13,500.00	1,834,822.48	634,822.48	52.90
1/1/2022	UCAP PLC	50,000	700,000.00	14.00	14.26	19.10	18.20	937,661.98	67,500.00	1,005,161.98	305,161.98	43.59
1/1/2022	GTCO PLC	50,000	1,150,000.00	23.00	23.43	39.90	29.90	1,958,780.78	13,500.00	1,972,280.78	822,280.78	71.50
1/1/2022	FLOUR MILLS	50,000	1,420,000.00	28.40	28.93	31.55	36.92	1,548,860.49	96,750.00	1,645,610.49	225,610.49	15.89
1/1/2022	DANCEM	50,000	13,050,000.00	261.00	265.83	320.00	339.30	15,709,520.00	900,000.00	16,609,520.00	3,559,520.00	27.28
1/1/2022	VITAFOAM	50,000	1,022,500.00	20.45	20.83	22.50	26.59	1,104,575.63	68,400.00	1,172,975.63	150,475.63	14.72
			21,142,500.00					29,013,519.75		30,348,669.75	9,206,169.75	43.54

The Equity Portfolio Model which closed the previous week at 41.99% appreciated during the week, and closed at 43.54% (YTD). This can be compared with NGX All Share Index which closed at 39.59% in the previous week, appreciated during the week and closed at +41.24% {YTD}. The EPM appreciated during the week under review and out-performed the All Share Index of the market. Some of the stocks that contributed positively are GTCO, UBA and UCAP PLC, Investors are thereby advised to take into consideration selection of stocks in diversified sectors to minimize risk, good dividend paying stocks and strong fundamentals to enhance the value of the portfolio. Key. Tcost means total cost of the transactions including charges (market price*units plus charges). Unit cost is total cost per unit of the stocks. B-E Price is break-even price i.e the price the portfolio will not record any gain or loss. Target price is the price we want to sell.

Source: Nigerian Stock Exchange (NSE) & Regency Research



STOCK MARKET REPORT

MARKET DEVELOPMENTS (LAST WEEK)

Nigeria's Inflation Hits 28.20% in November 2023

Data released by Nigeria's National Bureau of Statistics on Friday, December 15, 2023, revealed that Nigeria's headline inflation rate for November stood at 28.20% year-on-year (Y-o-Y). The month-on-month (M-o-M) inflation growth rate decelerated over the past three months, with increments of 1.7% points in August, 0.91% in September, and 0.61% in October. However, there was a resurgence in November, with a m-o-m increase of 0.87% compared to the 27.33% inflation recorded in October. The November inflation also represents a 6.73% increase compared to the 21.47% recorded in November 2022. The worsened inflation condition in November 2023 was majorly driven by the rise in the prices of bread and cereals, oil and fat, potatoes, yam and other tubers, fish, and fruits, amongst other food items, which saw the food inflation rise to 32.84% in November 2023, from 24.13% recorded in November 2022. Analysts anticipate the persistence of inflationary pressures, particularly in the absence of pronounced monetary policy adjustments from the Yemi Cardoso-led CBN. Notably, the monetary policy rate has remained unaltered since Mr. Cardoso assumed office on September 22, 2023.

INVESTMENT BASICS

MUTUAL FUNDS

A mutual fund is a collection of stocks and/or bonds. Mutual fund can be a company that brings together a group of people and invests their money in stocks, bonds, and other securities. Each investor owns shares, which represent a portion of the holdings of the fund. An Investor can make money from a mutual fund in three ways: 1) Income is earned from dividends on stocks and interest on bonds. A fund pays out nearly all of the income it receives over the year to fund owners in the form of a distribution. 2) If the fund sells securities that have increased in price, the fund has a capital gain. Most funds also pass on these gains to investors in a distribution. 3) If fund holdings increase in price but are not sold by the fund manager, the fund's shares increase in price. You can then sell your mutual fund shares for a profit. Funds will also usually give you a choice either to receive a cheque for distributions or to reinvest the earnings and get more shares.

Advantages of Mutual Funds

- Professional Management - The primary advantage of funds is the professional management of your money. Investors purchase funds because they do not have the time or the expertise to manage their own portfolios. A mutual fund is a relatively inexpensive way for a small investor to get a full-time manager to make and monitor investments.
- Diversification - By owning shares in a mutual fund instead of owning individual stocks or bonds, your risk is spread out. The idea behind diversification is to invest in a large number of assets so that a loss in any particular investment is minimized by gains in others. In other words, the more stocks and bonds you own, the less any one of them can hurt you. Large mutual funds typically own hundreds of different stocks in many different industries. It wouldn't be possible for an investor to build this kind of a portfolio with a small amount of money.
- Economies of Scale - Because a mutual fund buys and sells large amounts of securities at a time, its transaction costs are lower than what an individual would pay for securities transactions.
- Liquidity - Just like an individual stock, a mutual fund allows you to request that your shares be converted into cash at any time.
- Simplicity - Buying a mutual fund is easy! Pretty well any bank has its own line of mutual funds, and the minimum investment is small. Most companies also have automatic purchase plans whereby as little as N100 can be invested on a monthly basis.

Disadvantages of Mutual Funds

- Professional Management - Many investors debate whether or not the *professionals* are any better than you or I at picking stocks. Management is by no means infallible, and, even if the fund loses money, the manager still gets paid.
- Costs - Creating, distributing, and running a mutual fund is an expensive proposition. Everything from the manager's salary to the investors' statements cost money. Those expenses are passed on to the investors.
- Dilution - It's possible to have too much diversification. Because funds have small holdings in so many different companies, high returns from a few investments often don't make much difference on the overall return. Dilution is also the result of a successful fund getting too big. When money pours into funds that have had strong success, the manager often has trouble finding a good investment for all the new money.
- Taxes - When a fund manager sells a security, a capital-gains tax is triggered. Investors who are concerned about the impact of taxes need to keep those concerns in mind when investing in mutual funds. Taxes can be mitigated by investing in tax-sensitive funds or by holding non-tax sensitive mutual fund in a tax-deferred accounts. To continue next week.

Source: Nigerian Stock Exchange (NSE) & Regency Research



FIXED INCOME MARKET REPORT

Money Market.

Following the Bond and NTB primary auction settlement, system liquidity dipped further, raising interbank rates. Hence, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 2.50% and 4.19% week-on-week to 19.65bps and 20.40bps respectively.

Treasury Bills.

At the mid-week NTB auction, the DMO offered N13.58bn across 91-day, 182-day and 364-day papers and had a total subscription of N1.57trn, lower than N181trn recorded in the last auction. The three tenors were oversubscribed at N43.58bn, N50.40bn and N1.48trn against N1.10bn, N1.28bn, and N11.20bn offered for the 91-day, 182-day, and 365-day respectively. This huge subscription shows a strong appetite for short-term risk-free instruments as macroeconomic indicators worsen. However, the stop rates dropped across the papers to 6.25%, 11.00% and 13.50% for 91-day, 182-day, and 364-day from 9%, 12% and 15.75% at the last auction.

Foreign Currency (EXCHANGE RATE).

The naira reversed its previous week's loss by gaining 1903bps this week, closing at N889.86/US\$ on Friday at the Nigerian Autonomous Foreign Exchange Market (NAFEM).

OIL PRICE.

The Nigeria's oil price (WTI) appreciated slightly during the week under review. According to the latest data, the oil price closed at \$71.36 per barrel during the week, compared with \$71.26 recorded in the previous week .

NIGERIAN INTER BANK OFFER RATE NIBOR

	8-Dec-23	15-Dec-23	W-o-W % Change
OPR (%)	19.17	19.65	+2.50%
O/N (%)	19.58	20.4	+4.19%

So

TREASURY BILLS RATES

NTB AUCTION DECEMBER 13, 2023

NTB Auction Result November 13, 2023					
Tenor	Amount offered (N'bn)	Total Subscription (N'bn)	Amount Sold (N'bn)	Stop Rate (%)	Previous rate (%)
91-day	1.10	43.58	0.73	6.25	9.00
182-day	1.28	50.40	6.35	11.00	12.00
364-day	11.20	1,478.02	256.51	13.50	15.75

Source: Central Bank of Nigeria (CBN)

MONEY MARKET RATES

	8-Dec-23	15-Dec-23	W-o-W % Change
NAFEM	1099.05	889.86	19.03%

Source: FMDQ

Source: Financial Markets Dealers Quotations (FMDQ)

Disclaimer

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