The stock which closed at NGN1.07 last week, shed 25.17% during the week. However, investors bought the dips on Friday, last week, causing the stock witness a reversal, gaining 4.90% at the close of the session. The RSI at 47.55 shows the counter gradually moving further from the oversold region.

*We expect to witness further price appreciation on the counter in the week as investors buy the dips.*

**Key Ratios**

- EPS: 3.30
- P/B: 0.14
- 1 Year Return: 237.93%

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The stock witnessed sell-offs last week to close at NGN2.94 (-9.54%). However, positive sentiments were regained on the stock which advanced by 6.52% at the close of the last trading session. The MACD reveals a decline in the negative momentum on the counter. Both the RSI and Bollinger Bands indicate that the counter is neither overbought nor oversold. (RSI: 55.66; Upper Bollinger Band, UBB: 3.58; Lower Bollinger Band, LBB: 2.51)

*We expect to witness further buyings on the counter this week.*

- P/E: 11.86
- EPS: 0.25
- P/B: 0.29
- 1 Year Return: 114.00%
**LINKASSURE**

The stock closed as top gainer for the previous week, after advancing 25.00% to close at NGN0.85. The RSI at 65.73 and the MACD show an increase in positive momentum on the counter. Furthermore, the bullish candlesticks suggest strong positive sentiments on the counter.

*Although, we still expect to witness positive sentiments on the counter, we anticipate some degree of sell-offs during the week.*

- P/E: 12.50  
- 1 Year Return: 70.00%  
- EPS: 0.07  
- P/B: 0.41

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**CAVERTON**

The stock advanced by 20.97% during the week, to close at NGN3.00. The MACD shows a declining positive momentum on the counter. The RSI at 80.79 signals that the counter is deep in the overbought region with a possible reversal in the near term.

*We advise investors to trade with caution as near term sell-offs are imminent on the counter.*

- P/E: 3.58  
- 1 Year Return: 233.33%  
- EPS: 0.84  
- P/B: 0.70
**OUR OPINION**

*Similar to the sell-offs witnessed in the global equities space, the bourse closed in the red on all trading sessions in the previous week. We however expect to witness investors buy the dips on a number of counters during the week.*

**Technical Indicators Used**

Moving Average Convergence Divergence (**MACD**): It shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. ([Source: Investopedia](https://www.investopedia.com/terms/m/macd.asp))

Relative Strength Index (RSI): It is a technical indicator used in the analysis of financial markets. It is intended to chart the current and historical strength or weakness of a stock or market based on the closing prices of a recent trading period. The indicator should not be confused with relative strength. ([Source: Wikipedia](https://en.wikipedia.org/wiki/Relative_strength_index))

Bollinger Bands: **Bollinger Bands** are a volatility indicator similar to the Keltner channel. **Bollinger Bands** consist of an N-period moving average (MA) an upper band, **UBB** at K times an N-period standard deviation above the moving average (MA + Kσ) a lower band, **LBB** at K times an N-period standard deviation below the moving average (MA − Kσ). ([Source: Wikipedia](https://en.wikipedia.org/wiki/Bollinger_Bands))

Candle sticks: A **candlestick chart** (also called Japanese **candlestick chart**) is a style of financial chart used to describe price movements of a security, derivative, or currency. Each "**candlestick**" typically shows one day; so for example a one-month chart may show the 20 trading days as 20 "**candlesticks**". ([Source: Wikipedia](https://en.wikipedia.org/wiki/Candlestick_chart))
Fair Value Estimate

In arriving at our fair value estimate, our analyst(s) utilised a blend of valuation methodologies such as; the Discounted Cash Flow (DCF), Residual Income (RI) and Dividend Discount and Relative Multiples methodologies. Consequently, a weighted average price is obtained based on specific company characteristics, industry standards and the broader economy.

Investment Ratings

BUY: We expect a total return of over 20% within the next twelve months on the counter.

ACCUMULATE: We expect a total return of between 10% and 20% within the next twelve months on the counter.

HOLD: We expect a total return less than 10% within the next twelve months on the counter.

REDUCE: We expect a total return less than or equal to 0% within the next twelve months on the counter.

SELL: We advise clients to sell the stock as it trades at a premium to its intrinsic value.

UR: “Under Review” - We currently do not have an investment recommendation on the stock.
MorganCapital Securities Limited ("MorganCapital"), formerly known as International Capital Securities Limited, was incorporated on 28th January, 1997; and was issued a license as a Dealing Member of the NSE on 3rd October, 1997, after obtaining license of the Securities & Exchange Commission (SEC) as a Broker/Dealer. The Company has remained a dealing member firm of the NSE since then (over 17 years ago). In 2009, MorganCapital got licensed by the SEC to perform an additional role as an Issuing House/Financial Adviser. MorganCapital was recently accredited by the Nigerian Stock Exchange as a Designated Adviser to the Alternative Securities Market (ASeM) Board, after a very rigorous and competitive process.

MorganCapital is a full-fledge Investment Banking, Securities Trading and Principal Investments Firm, with licenses from the Nigerian Securities & Exchange Commission and the Nigerian Stock Exchange. MorganCapital provides a comprehensive range of investment banking and financial advisory services to private, public sector, corporate, and institutional clients.

In the past 15 months (up to March, 2013), our Firm has participated in fund raising programs that assisted State Governments in Nigeria to raise over ₦110bn in Bonds (either as Issuing House/Stockbrokers/Placement Agents). We have also assisted numerous private sector organizations in accessing funds from the Capital Market. Our firm has very strong contacts with many African-focused & emerging markets investors/fund managers. MorganCapital has advised on a number of transactions in the Nigerian Capital Markets, including provision of Financial Advisory Service to the Federal Government of Nigeria, through the Bureau of Public Enterprises ("BPE") for the concessioning of the National Arts Theater, the Tafawa Balewa Square, the Lagos Trade fair complex and the 6 National Stadia. MorganCapital also advised the BPE on the proposed sale of the Ijora Power Plant, the Calabar Power Plant and the Oji River coal-fired power plant.

Our group is focused on providing unbiased financial advisory and investment banking services to individuals and institutions that are seeking to invest in Africa or already involved in investing in Africa. One of our goals is to be the BEST link to the Nigerian Capital Market.

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