



PORTFOLIO MANAGER'S DIGEST FULL YEAR 2017

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“We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful.” – Warren Buffet.

FY 2017 Zimbabwe Stock Exchange Review

Market Summary

The Zimbabwe Stock Exchange’s (ZSE) main Industrial Index gathered a return of 130.42% for the year notwithstanding registering a negative return of 20.4% in the final quarter of the year. The equity market experienced significant volatility in the last quarter of 2017 following aggressive growth from a sustained rally that abruptly changed direction on the 14th of November 2017. At its peak, the industrial index was 269.56% up on a YTD basis. The significant shift in the political space where the presidium was changed through military intervention saw investors pull back on their motivations to trade on the local bourse in the latter stages of the fourth quarter of 2017. One of the strongest primary drivers of trades on the ZSE was currency conservation as equities were being bid up by investors seeking a safe haven against rising inflation and the emergence of a parallel currency market that was heavily discounting bank balances. The mining index registered a similarly aggressive return for the year closing up 143.41%. Pushing up the mining index returns was RIO ZIM which gained 300% during the year and 20% during Q4 2017 following the successful acquisition of Palatial Gold Mine earlier in the year and significant financial restructuring that strengthened the mine’s balance sheet. Fundamentally the operations of listed companies remained constrained with most sectors operating sub-optimally due to supply constraint bottlenecks arising from currency shortages and weak local aggregate demand.

The total value of shares traded on the ZSE in 2017 was US\$ 694.9m a 258% upswing from 2016. It should be noted that foreign investors were net sellers of US\$100.9m worth of equities on the ZSE and accounted for 30% of all trades. In 2016 foreign investors accounted for 51% of all trades and were net sellers of US\$80m worth of shares. Foreign investors were net buyers of US\$1.5m and US\$5m worth of shares in July and December 2017 respectively and were net sellers for the remaining months in 2017.

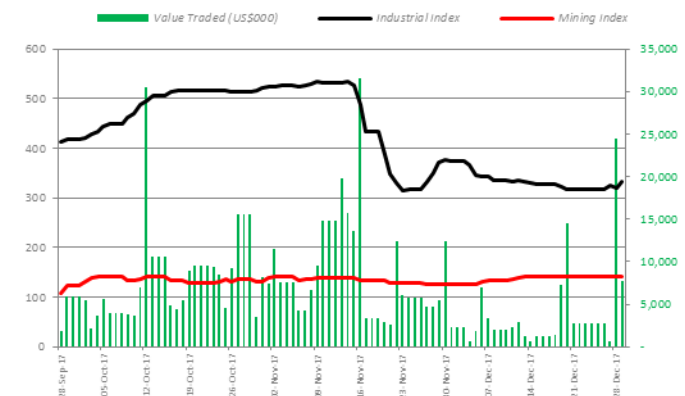
Some of the significant events that happened during the year include the sale of Barclays Plc.’s 67.68% shareholding in Barclays Bank Zimbabwe to FMB Capital Holdings; CBZH’s banking subsidiary going under OFAC investigation for processing transactions by customers under US sanctions as well as the retirement of their Group CEO; a bidding war for CFI shares that saw a ZSE sanctioned offer to minorities being overtaken by the CFI market price as well as shareholder conflicts that resulted in five board member resignations; the acquisition of Colcom shares from minority shareholders through a dividend in specie and subsequent voluntary delisting of the company; Econet’s rights and debenture offer to raise US\$130m to service foreign debt; The sale of Falcon Gold’s mining concern Palatial Gold to Rio Zim for a consideration of US\$5.8m; The acquisition of NICOZ Diamond and Tristar by First Mutual Holdings; approval of a scheme of arrangement by Hwange creditors; SEEDCO seeking shareholder

approval to list its regional business on a regional exchange to raise capital for its planned expansion.

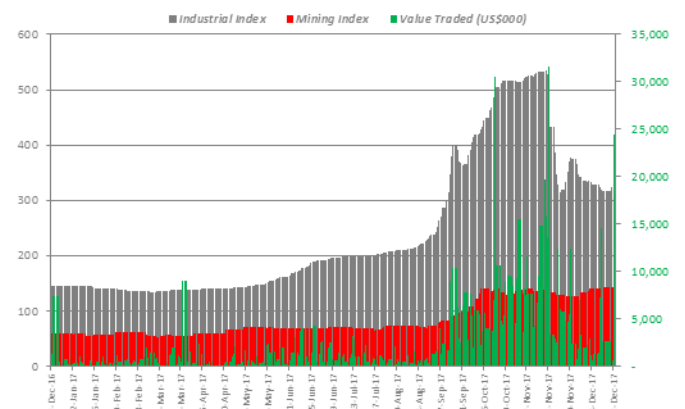
The table below shows the key performers and non-performers during Q4 2017 and FY 2017. The graphs show the trend for the industrial and mining Indices as well as the value of trades.

Top Movers					
Q4 2017		% Change	12 Months		% Change
INDUSTRIAL	(20.4%)		INDUSTRIAL	130.42%	
MINING	16.19%		MINING	143.41%	
LAFARGE	122.55%		GENBELT	900.0%	
FIRST MUTUAL	105.26%		ZBFH	696.46%	
NAMPAK	50.0%		NAMPAK	650.0%	
ART	45.42%		CFI	626.39%	
GENBELT	33.33%		HIPPO	402.86%	
Losers		% Change	Losers		% Change
AXIA	(45.47%)		RTG	(16.67%)	
INNSCOR	(44.44%)		EDGARS	(16.25%)	
DELTA	(41.82%)		TURNALL	(8.65%)	
OLD MUTUAL	(39.95%)		-	-	
CBZH	(39.76%)		-	-	

Industrial and Mining Index Q4 2017 Trend



Industrial and Mining Index 12 Month Trend



Source: ZSE & OMSEC Research Data base

Zimbabwe Stock Exchange Trade Statistics

	Total Value Traded	Volume Traded	Industrial Index	Mining Index	vol of shares (foreign)	val. of shares (foreign) \$	Net Foreign Inflows	\$ market capitalisation	ZSE Liquidity	foreign participation
Jan-17	\$ 8,552,699	31,616,982	140.24	56.31	19,323,858	\$ 6,925,479	\$ 4,103,212	\$ 3,903,660,506	2.6%	40.5%
Feb-17	\$ 10,970,197	85,314,995	135.31	56.47	47,031,594	\$ 7,203,314	\$ 3,827,979	\$ 3,770,004,126	3.5%	32.8%
Mar-17	\$ 26,933,720	242,884,187	138.96	58.56	216,705,470	\$ 31,275,275	\$ 6,449,962	\$ 3,871,279,708	8.3%	58.1%
Apr-17	\$ 11,205,670	75,857,712	143.20	66.33	56,436,354	\$ 9,497,105	\$ 6,779,518	\$ 4,189,381,215	3.2%	42.4%
May-17	\$ 17,637,003	170,830,515	162.34	69.63	109,160,301	\$ 13,373,233	\$ 5,311,884	\$ 4,740,101,598	4.5%	37.9%
Jun-17	\$ 39,747,329	311,145,262	195.97	69.79	111,411,757	\$ 16,391,394	\$ 2,384,899	\$ 5,695,198,739	8.4%	20.6%
Jul-17	\$ 24,705,399	153,439,454	203.25	69.44	78,795,893	\$ 9,788,563	\$ 1,499,746	\$ 5,759,019,792	5.1%	19.8%
Aug-17	\$ 13,600,669	115,925,416	235.03	73.47	63,739,942	\$ 4,046,277	\$ 1,697,618	\$ 6,659,372,667	2.5%	14.9%
Sep-17	\$ 89,808,134	264,086,673	418.39	122.57	157,274,019	\$ 53,503,760	\$ 24,568,621	\$ 11,860,204,528	9.1%	29.8%
Oct-17	\$ 168,828,632	1,006,788,402	521.85	132.49	246,205,727	\$ 132,968,303	\$ 31,451,770	\$ 14,830,274,005	13.7%	39.4%
Nov-17	\$ 207,524,047	196,492,509	376.69	126.86	70,697,208	\$ 113,006,742	\$ 20,818,556	\$ 10,777,735,114	23.1%	27.2%
Dec-17	\$ 75,355,495	879,676,697	333.02	142.4	19,761,749	\$ 18,448,715	\$ 5,012,455	\$ 9,580,566,540	9.4%	12.2%
12 Month Total	\$ 694,868,993	3,534,058,804	333.02	142.4	1,196,543,872	\$ 416,428,160	\$ 100,881,819	\$ 7,136,399,878	9.7%	30.0%*
Q4 2017	\$ 451,708,174	2,082,957,608	333.02	142.4	336,664,684	\$ 264,423,760	\$ 47,257,871	\$ 7,136,399,878	6.3%	29.3%*

Average*

(ZSE and OMSEC Research Data base December 2017)

Economic Review

There has been a significant sentiment change in the outlook of Zimbabwe's economic prospects following major political events that saw the country's presidium changing in the last quarter of 2017. Key events which involved a military intervention on the 14th of November 2017 saw the then President, R.G. Mugabe, resigning on the 21st of November 2017. This was followed by the appointment of E.D. Mnangagwa as the President of Zimbabwe on the 24th of November 2017. Key highlights from his maiden speech specified a focus on an economy pillared on a market economy with agriculture as its foundation; re-engagement with the international community; assurances that all investments will be safe in Zimbabwe and increased intolerance against corruption amongst other measures. Following this was the announcement by the Finance Minister of a US\$5 billion budget statement with a focus on austerity, infrastructure development and support to the agricultural sector. Key in this budget statement was the amendment of the Indigenisation Act to be limited to only the diamond and platinum sectors of the economy. According to the Finance Minister, with the new thrust, GDP growth is forecasted to grow by 4.5% in 2018 supported by output in Agriculture, Mining and the Utilities sectors.

We bring caution to the envisaged additional success of the 2017-18 agricultural season. According to the Meteorological Services Department, Zimbabwe is expected to get less rainfall than in the prior agricultural season and given Zimbabwe's heavy reliance on dry land agriculture we believe that this will have a dampening effect on Agricultural output this year. We therefore believe that the forecasted output of 10.7% for the Agricultural sector is aggressive especially considering the comparatively high base achieved in the 2016-17 season. The mining sector is set to benefit from improving commodity prices and the proliferation of small scale miners underpinning gold output. The proliferation of small scale miners has been assisted by the decriminalisation of their activities and lower mining fees. Mine expansions from bigger mining houses in the sector is expected to bolster the production of other key minerals namely platinum, chrome and ferrochrome as well as diamonds. The 6.1% growth forecast for the mining sector may thus be justified in that regard. We believe that the work already done in the utilities sector through the enactment of the corporate governance bill, planned privatisation of state enterprises and capitalisation of some key parastatals will go a long way in uplifting the GDP arising from utility support. The completion of the Kariba South expansion project for example has added 150MW of power to the local grid. Whilst we believe that this sector will experience aggressive growth, the growth forecast of 28.5% may be too optimistic.

That said, the country does face significant downside risks in the form of foreign currency shortages, inflation and threats to aggregate demand as various economic players continue to face challenges in accessing their funds from local banks. According to the Reserve Bank of Zimbabwe, money supply as at November 2017 was just above US\$8bn, a 48% growth from a year earlier. This

compares unfavourably with a net foreign asset position of US\$150m. We believe that the mismatch between formal bank deposits and physical cash (foreign currency exchange and nostro balances) is the single biggest threat to an economic revival as this will sustain inflationary pressures in the outlook. Official inflation numbers for December 2017 indicated annual inflation at 3.46%. However several economic watchdogs are of the opinion that inflationary impacts were far more significant given significant price increases in the latter quartile of 2017.

Investment Markets Review and Outlook

Equities

The significantly more positive performance of the equity's market in 2017 was bolstered by a sustained rally that only lost steam in the final quarter of the year. The all-time high market value since dollarization took a sharp drop mid-November as motivations to curtail fears over value loss in holding cash and near cash assets subsided. This coincided with the installation of a new executive in the country. Going forward into 2018 we expect an asset re-pricing downwards of some of the overvalued securities coming from the significant rally in the last quarter of 2017. We expect that there will be pockets of opportunity for companies producing competitive products as well as upside potential in commodity based companies that can reign in their costs. The increased use of plastic money is expected to benefit financial services companies as well.

Property Sector

The drop in economic activity and higher voids and rental arrears has seen property yields remaining depressed. High financing costs as well as the high cost of building materials for new property developments will see property prices remaining comparatively high when compared to regional peers. In the outlook we expect a nascent recovery in this sector that will be linked to the level of economic activity.

Money Market

Average interest rates for money market investments were bounded by bank lending rates that ranged from between 6% – 12%. The 6% - 12% range was influenced by the RBZ interest rate floors and ceilings on different classes of borrowers that narrowed the spread that banks could offer on money market investments. There were fixed income securities that were listed on the ZSE and FINSEC exchanges however limited appetite was shown for these instruments given concerns about high inflation. We do not expect interest rate spreads to improve on the money market given RBZ interest rate controls.

Outlook

We expect gradual recovery in economic activity as business confidence improves underpinned by pro-business policies. The property and equity sectors remain attractive in the short to intermediate term whilst money market investments are threatened by current inflationary concerns.

Equity Return Analysis

(Companies ranked by market weight from highest to smallest)

	Q3 2017	Q4 2017	Capital Gain/(Loss)	Dividend past 12 months	Quarter	YTD	YTD return
Total Return Analysis	(usc)	(usc)	(usc)	(usc)	Return	Return	Including Dividend Return
ECONET	84.89	92.16	7.27	0.97	8.56%	207.2%	210.42%
DELTA	275.02	160	(115.02)	4.70	(41.82%)	80.79%	86.1%
BAT	3025	3570.05	545.05	55.00	18.02%	134.1%	137.71%
INNSCOR	180.00	100.00	(80.0)	1.60	(44.44%)	108.33%	111.67%
SEEDCO	280.48	200	(80.48)	4.38	(28.69%)	98.02%	102.36%
NATFOOD	503.4	650	146.6	10.02	29.12%	80.43%	83.21%
HIPPO	140	176	36.0	-	25.71%	402.86%	402.86%
OLD MUTUAL	919.29	552.06	(367.23)	8.58	(39.95%)	58.09%	60.55%
PADENGA	90	54.71	(35.29)	0.83	(39.21%)	241.94%	247.13%
SIMBISA	70	47	(23.0)	0.46	(32.86%)	193.75%	196.63%
OK	30	20	(10.0)	0.46	(33.33%)	181.69%	188.17%
AFDIS	170	148	(22.0)	0.65	(12.94%)	146.67%	147.75%
RIO ZIM	100	120	20.0	-	20.0%	300.0%	300.0%
NAMPAK	12	18	6.0	-	50.0%	650.0%	650.0%
FBCH	22	20	(2.0)	0.52	(9.09%)	150.0%	156.51%
TSL	35.25	36.85	1.6	0.30	4.54%	115.5%	117.25%
BARCLAYS	6.6	6	(0.6)	-	(9.09%)	87.5%	87.5%
LAFARGE	62	137.98	75.98	2.50	122.55%	253.79%	260.21%
CBZH	24.9	15	(9.9)	0.49	(39.76%)	42.86%	47.52%
AXIA	33.01	18	(15.01)	0.54	(45.47%)	167.86%	175.89%
Mid Cap Listed Companies							
FIRST MUTUAL PROPERTIES	4.8	6.1	1.3	-	27.08%	74.29%	74.29%
CFI	67	70.75	3.75	-	5.6%	626.39%	626.39%
FIRST MUTUAL	9.5	19.5	10.0	-	105.26%	364.29%	364.29%
MEIKLES	39	29.2	(9.8)	-	(25.13%)	124.62%	124.62%
BINDURA	5	5.52	0.52	-	10.4%	38.0%	38.0%
ZBFH	34	36	2.0	-	5.88%	696.46%	696.46%
MASH	3.52	3.46	(0.06)	0.10	(1.7%)	73.87%	78.74%
DAWN	2.32	2	(0.32)	-	(13.79%)	25.0%	25.0%
DZL	16.5	13.4	(3.1)	-	(18.79%)	123.33%	123.33%
ZPI	2.6	2.4	(0.2)	0.04	(7.69%)	140.0%	144.1%
GETBUCKS	3.7	3.7	0.0	0.08	0.0%	0.0%	2.24%
AFSUN	4.5	4.8	0.3	-	6.67%	300.0%	300.0%
ZIMRE	2.1	2.59	0.49	-	23.33%	56.97%	56.97%
NMB	9.5	9	(0.5)	-	(5.26%)	130.77%	130.77%
ART	4.8	6.98	2.18	-	45.42%	14.43%	14.43%
Currency Appreciation							
	Q3 2017	Q4 2017			Quarter Return		YTD Return
usd/zar	13.5001	12.3876			(8.24%)		(9.76%)
usd/gbp	0.74706	0.73951			(1.01%)		(8.91%)
usd/eur	0.84655	0.83188			(1.73%)		(12.27%)
usd/yen	112.499	112.701			0.18%		(3.65%)

*Source: OMSEC Research Data Base

Market Sector Valuation Overview

29-Dec-17 Sector	MKT CAP usd(m)	SECTOR (usd m) R. Earnings	SECTOR R. P/E	SECTOR P.NAV	SECTOR INDEX YTD RETURN
Commodities	983.6	39.1	25.15	2.1	173.8%
Bank	507.0	79.2	6.40	0.8	96.4%
Insurance	450.9	15.3	29.44	0.04	73.5%
Beverages	2,957.2	75.4	39.21	5.3	92.4%
Diversified	148.1	(23.2)	-	1.1	245.9%
Food	706.3	20.5	34.37	5.7	45.6%
Hotel	58.6	(2.44)	-	3.1	80.8%
Retail	890.3	38.1	23.37	2.7	114.5%
Consumer	302.6	5.6	54.18	4.9	218.7%
Communication	2,387.5	71.8	33.26	3.1	385.3%
Manufacturing	422.3	77.1	5.48	0.6	202.1%
Property	230.2	9.0	25.61	0.6	69.8%
Mining	236.7	(99.0)	-	-	139.7%

Source: OMSEC Research Data Base

ZSE Sector Price Earnings Relative Comparisons

Banking Sector P/E Graph



Beverages Sector P/E Graph



Commodity Sector P/E Graph



Bank	Value	Quarter Change
Sector Index	275.9	(15.46%)
Best Performer		
ZBFH	36	5.88%
Worst Performer		
CBZH	15	(39.76%)

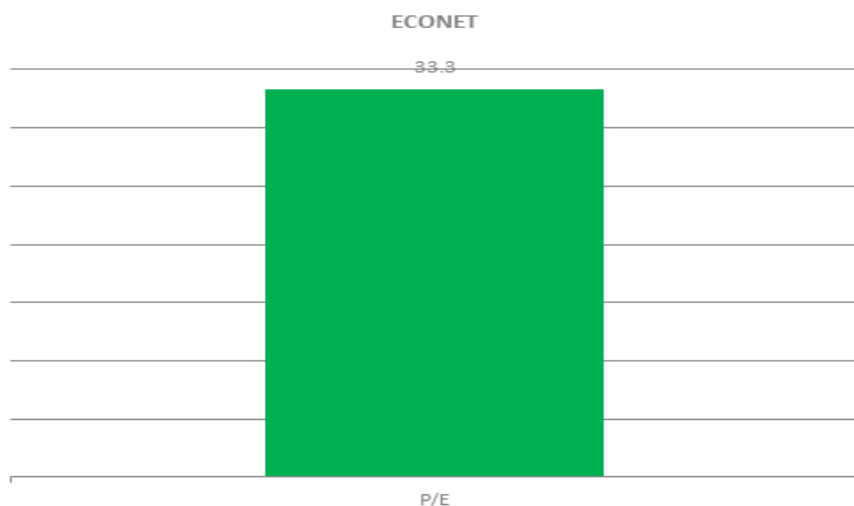
CBZH and ZBFH are the most attractive companies on a P/E scale. GETBUCKS' relatively low earnings have seen its P/E remain the highest in the sector. The banking sector earnings remain quite subjective given potential impairment write offs and NPLs.

Company	Value	Quarter Change
Sector Index	1215.0	(31.2%)
Best Performer		
BAT	3570	18.02%
Worst Performer		
DELTA	160	(41.82%)

DELTA's P/E is the most attractive company in this sector but this is because its peers are trading at significantly higher price earnings relative even when compared to a 5 year historic average. DZL has no P/E as its rolling earnings are negative.

Commodities	Value	Quarter Change
Sector Index	592.0	(11.18%)
Best Performer		
HIPPO	176	25.71%
Worst Performer		
ARISTON	1.7	(37.04%)

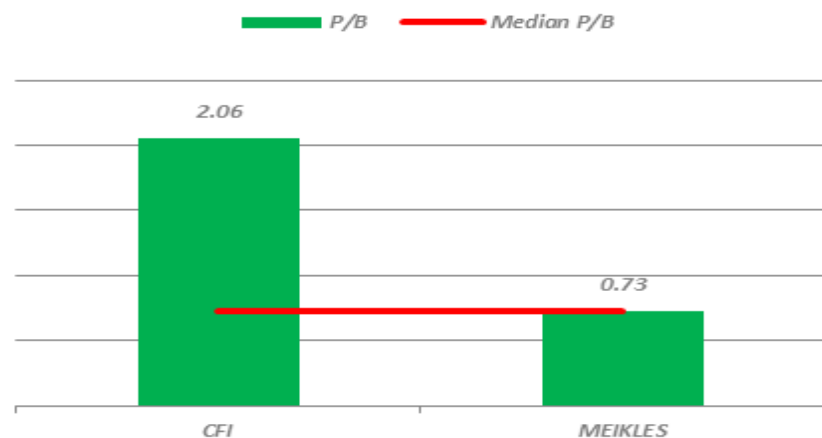
The best performer in the commodities sector was HIPPO with a 25.7% return. The most attractive company on a P/E scale is SEEDCO with business growth opportunities both in the region and in its local market expected. STARAFRICA and ARISTON have no P/E multiple comparative as their rolling earnings are negative.



Specialised Goods Sector P/E Graph



Diversified Sector P/B Graph



Communication	Value	Quarter Change
Sector Index	1655.7	8.56%
Best Performer		
ECONET	92.16	8.56%
Worst Performer		
ECONET	92.16	8.56%

Econet is the only company whose operations are in the mobile communications sector and listed on the Zimbabwe Stock Exchange. Notwithstanding being the only listed company it remains a market leader even amongst its unlisted peers. On a P/E scale the company is trading at a premium to the historically high ZSE P/E of 32X.

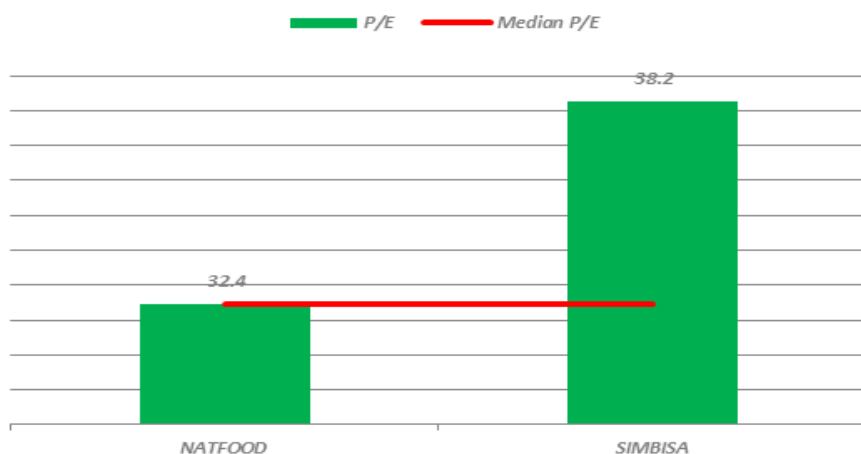
Specialised	Value	Quarter Change
Sector Index	1050.6	(38.21%)
Best Performer		
ZIMPAPERS	1.1	2.8%
Worst Performer		
PADENGA	54.71	(39.69%)

ZIMPAPERS added a marginal return of 2.8% during the quarter and was the best performer in this sector. ZIMPAPERS operations have begun to turn a profit following its restructuring however we are concerned by the relatively large size of receivables on the company's balance sheet.

Diversified	Value	Quarter Change
Sector Index	88.7	(12.19%)
Best Performer		
CFI	70.75	5.6%
Worst Performer		
MEIKLES	29.2	(25.13%)

After making significant steps towards recovery, CFI had a shareholders ownership war erupting into a bidding war that pushed up the company's share price. The company is trading at a two times multiple to its book value and that is a significant premium to the sector average.

Food Sector P/E Graph



Food	Value	Quarter Change
Sector Index	5,117.1	(2.77%)
Best Performer		
NATFOOD	650	29.12%
Worst Performer		
SIMBISA	47	(32.86%)

COLCOM delisted from the ZSE during the quarter. NATFOOD is fairly valued whilst SIMBISA is overvalued on a P/E relative basis. Both these companies are expected to continue to trade profitably in the future but may be overvalued when compared to the rest of the market.

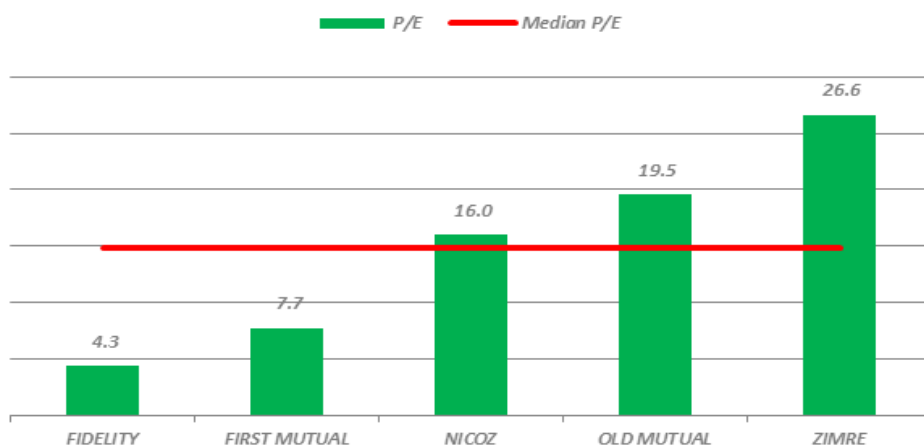
Hotel Sector P/E Graph



Hotel	Value	Quarter Change
Sector Index	86.0	4.44%
Best Performer		
AFSUN	4.8	6.67%
Worst Performer		
RTG	1	0.0%

AFSUN has recovered operationally through debt and operational restructuring to register technical rolling earnings. Given the pessimism arising from historical perennial losses, the share price remains attractive when compared to the ZSE's average P/E. RTGS is seeking recapitalisation and still has negative rolling earnings hence the absence of a P/E.

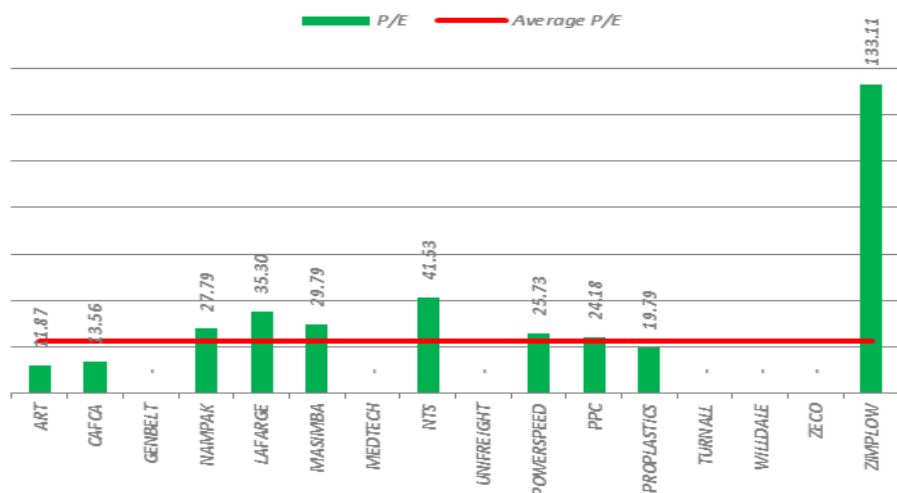
Insurance Sector P/E Graph



Insurance	Value	Quarter Change
Sector Index	845.7	(25.99%)
Best Performer		
FIRST MUTUAL	19.5	105.26%
Worst Performer		
OLD MUTUAL	552.06	(39.95%)

FIDELITY and FIRST MUTUAL remain attractive on a P/E basis. OLD MUTUAL's share price recovery was underpinned by its fungibility status in light of domestic currency concerns and the impending managed separation.

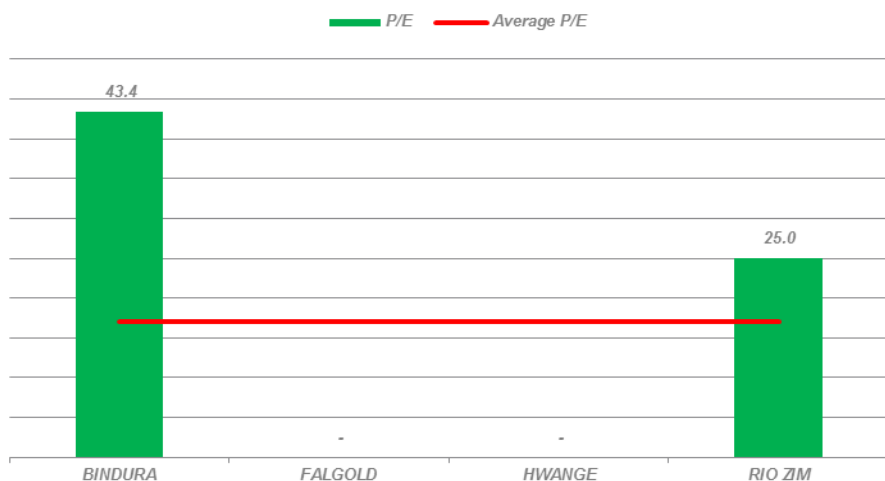
Manufacturing Sector P/E Graph



Manufacturing	Value	Quarter Change
Sector Index	230.9	33.07%
Best Performer		
LAFARGE	137.98	122.55%
Worst Performer		
TURNALL	0.95	(32.14%)

Manufacturing sector companies have been increasingly trading in the black however quite a few remained in loss territory. Investment in this sector should involve a further analysis of the respective company's cash-flow and gearing level given the limited liquidity in the market. PROPLASTICS, CAFCA and ART are worth considering for investment.

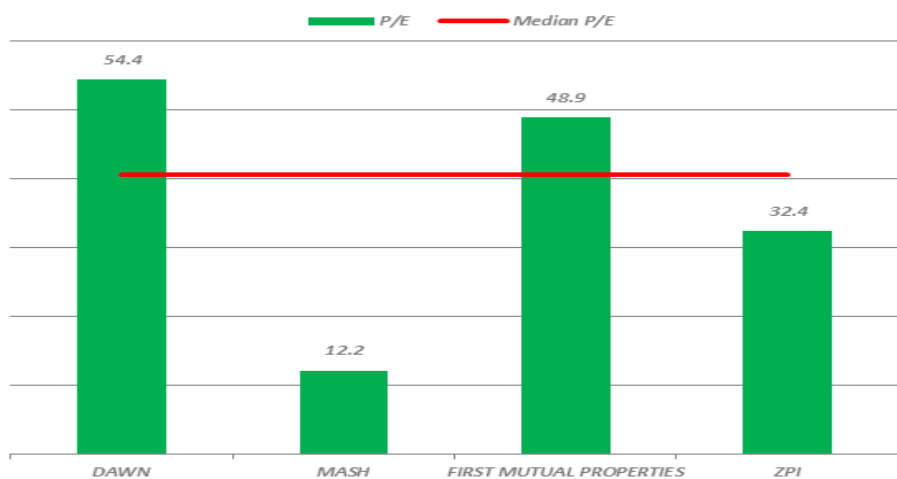
Mining Sector P/E Graph



Mining	Value	Quarter Change
Sector Index	60.1	16.02%
Best Performer		
RIO ZIM	120	20.0%
Worst Performer		
HWANGE	3.8	1.6%

The mining sector has been a mixed bag. FALGOLD and HWANGE are technically insolvent. RIO ZIM's profitability has taken a positive turn with the company managing to acquire an additional mine. BINDURA experienced governance irregularities which resulted in new board appointments both executive and non-executive.

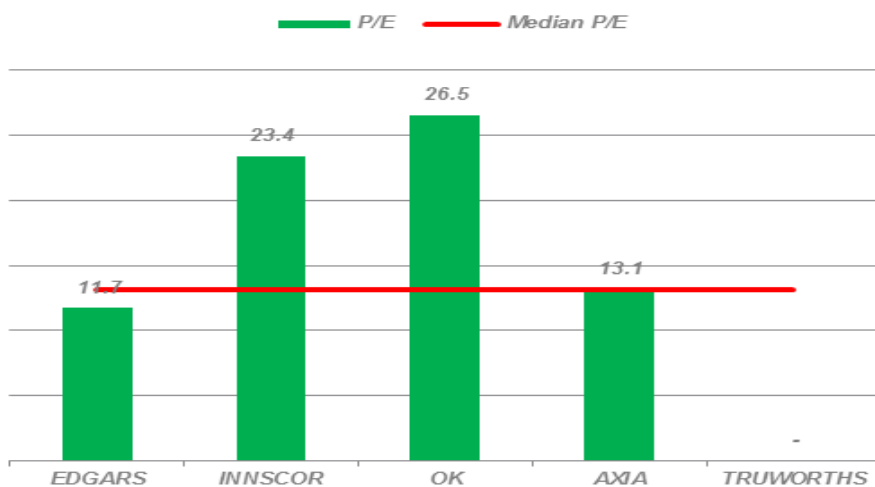
Property Sector P/E Graphs



Property	Value	Quarter Change
Sector Index	159.1	1.63%
Best Performer		
FMP	6.1	27.08%
Worst Performer		
DAWN	2	(13.79%)

On a relative P/E basis MASH and ZPI are attractive. The sector has come under increasing pressure due to lower economic activity resulting in higher voids, downward rental negotiations and increasing rental arrears. All companies managed a positive bottom line with FMP topping the gainers.

Retail Sector P/E Graphs



Retail	Value	Quarter Change
Sector Index	688.1	(41.11%)
Best Performer		
TRUWORTHS	1.29	0.0%
Worst Performer		
AXIA	18	(45.47%)

The final quarter of the year was uninspiring for the retail sector. Truworths' share price performance was flat whilst AXIA retreated 45.47%. EDGARS is the most attractive company in this sector although the quality of its earnings has to be weighed against its debtors' book.

Top Five Picks

AXIA	Latest Fundamentals
<i>Long Term Buy</i>	The company has three main business interests namely 50.01% in Distribution Group Africa their highest revenue earner, 66.67% in TV Sales and Home and 26% of Transerv, a vehicle sundries, spares and parts company. The business has been consistently growing despite several constraints being experienced in the economy. We expect the company to grow more if the economic environment turns a corner for the better.
Target Price	Key Technicals
<i>Usc20.25</i>	AXIA is neutral on both the relative strength index and moving average convergence and divergence scale. We advise taking advantage of the current uncertainty in where the market direction will go.
Current Price	Sensitivity View
<i>Usc18.05</i>	Best-case Scenario: Recovery in disposable incomes which would improve demand for its products. Growth in market share and improved cash and nostro funds locally to boost demand.
Potential Upside	Worst Scenario: Increased liquidity drain, limited aggregate demand, dwindling employment and general decline in disposable incomes which would result in poor uptake of the company's products.
<i>12%</i>	
AFSUN	Latest Fundamentals
<i>Medium Term Buy</i>	The company owns major hotels in tourist hotspots in Zimbabwe, that is Victoria Falls, the Nyanga Mountaineous region, Hwange National Park and City Hotels in Harare, Bulawayo and Mutare. Following the completion of Victoria Falls Airport, tourist arrivals have improved markedly. The company's profitability has improved on the back of debt and organisational restructuring with an international hotel management company taking charge of its major hotels.
Target Price	Key Technicals
<i>Usc7.7</i>	The company is on an upward trend on the relative strength index scale but is in overbought territory. On the moving average convergence divergence scale it is on an upward trend. We recommend taking advantage of any weakness in the share price and accumulating more of the company's share for progressive long term gains.
Current Price	Sensitivity View
<i>Usc4.5</i>	Best-case Scenario: Improved tourist arrivals to reach the Government target of 2.5 million arrivals in 2018 having recorded 2.2 million in 2017. Firming regional currencies against the USD to improve the cost for tourist. Reduced regulatory red tape for tourists visiting Zimbabwe and improved payment options for tourists.
Potential Upside	Worst Scenario: Continued decline in disposable incomes hampering local tourism; bad publicity dampening tourist arrivals, payment option problems and a firmer USD making the Zimbabwe tourist destination uncompetitive.
<i>71.1%</i>	
ART	Latest Fundamentals
<i>Speculative Buy</i>	The government directive to protect locally manufactured goods against imports has worked incredibly well as this has undeprived the company's battery sales division. Significant shareholder changes and restructuring of their finances has buttressed this company's performance and the outlook looks brighter.
Target Price	Key Technicals
<i>Usc8.6</i>	The company's technical indicators are in conflict indicating uncertainty on the part of likely direction as the company has limited trading volume. We believe taking up available shares in the company as the fundamental outlook looks good.
Current Price	Sensitivity View
<i>Usc6.98</i>	Best-case Scenario: Recovery in disposable incomes, liquidity improvement and increased use of plastic money. Availability of foreign currency to import critical raw materials for the business's production process.
Potential Upside	Worst Scenario: Depressed demand arising from poor liquidity and lower disposable incomes. Increased regulatory red tape and continued supply side raw material bottlenecks arising from the inability to source adequate foreign currency for raw material procurement.
<i>23%</i>	

INNSCOR	Latest Fundamentals
Medium to Long-term Buy	Having completed its disposals the company is now a focused light manufacturing company and is producing competitive products notwithstanding the local business environment constraints. The company has a growing export market in Zambia and is looking into expanding its footprint in the region.
Target Price	Key Technicals
Usc102	The relative strength index indicates that the company is trading in an oversold position and we expect this trend to reverse in the short term. The moving average convergence scale indicates that the company is in neutral territory and trading at a support level where we suspect the trend should reverse upwards. We recommend accumulating the share in anticipation of a share price reversal.
Current Price	Sensitivity View
Usc80.25	Best-case Scenario: Recovery in local aggregate demand and acquisition of market leading companies at discounted prices given the company's strong cash holdings.
Potential Upside	Worst Scenario: Increased political noise, softening aggregate demand, nascent recovery in the consumer sector and complications and excessive red tape from regulators as the company embarks on achieving the company's medium term strategic goals pertaining to acquisitive growth.
27%	
BARCLAYS	Latest Fundamentals
Medium Term Buy	The company has recently been acquired by FMB Capital Holdings and joins the bank's African footprint in Mozambique, Malawi, Zambia and Botswana. Zimbabwe's banking assets account for 50% of the group's total assets and 57% of the Group's equity. We expect the new shareholder to continue its aggressive growth and as such increased leverage of the bank's balance sheet should bring in more profitability. The prior shareholder was more conservative in the use of the bank's balance sheet assets.
Target Price	Key Technicals
Usc9.4	The company's technicals indicate that the company is in neutral territory on both the moving average convergence divergence scale and relative strength index bollinger bands. We suspect the market is seeking direction on how the bank will perform post the takeover. We advise taking advantage of the market uncertainty and buying to take advantage of probable increased profitability.
Current Price	Sensitivity View
Usc5.0	Best-case Scenario: Regional currency stability and increased financial services sector confidence locally combined with economic expansion and sustained growth in the use of electronic platforms activity increasing fee income and demand for non-funded income.
Potential Upside	Worst Scenario: Loss of confidence in the financial services sector locally, delayed finalisation of integration of the banking group with their Zimbabwean acquisition. High inflation and currency weaknesses will have a dampening effect on the bank's profitability and demand for funded income.
88%	

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