



## ***PORTFOLIO MANAGER'S DIGEST FIRST QUARTER 2016***

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“The investor of today does not profit from yesterday’s growth.” – Warren Buffet.

### Q1 2016 Zimbabwe Stock Exchange Review

#### Market Summary

The Zimbabwe Stock Exchange’s (ZSE) main Industrial Index lost **15.01%** during the first quarter of the year and **38.31%** in the last 12 months. The decline was on the back of lacklustre earnings performance from most listed companies, disinvestment by foreign investors and limited liquidity on the local bourse. The Mining Index shed **17.66%** during the quarter and **55.54%** during the last 12 months. The primary cause of the decline was due to Bindura Nickel Corporation which accounted for a significant weight of the index, retreating **75.09%** in the last 12 months. Apart from the poor economic environment, limited retail investor trading participation has prevailed given the ballooned cost of trading since implementation of the Central Securities Depository (CSD). To date the CSD and Automatic Trading System (ATS) are not yet fully integrated resulting in delays in the targeted settlement cycle of T+3 versus the current, best case, T+7 settlement cycle. This has motivated the regulator to look at options that may make it worthwhile for retail investors to participate on the exchange. The current limited retail investor trade participation has curtailed the price discovery process and contributed towards the limited trades on the market.

The total value of shares traded on the ZSE was markedly lower during the quarter when compared to Q1 2015. A total of \$43.3 million worth of shares traded compared to \$69.7 million transacted in Q1 2015 however this is a slight improvement from the \$38.2m traded in the last quarter (Q4 2015).

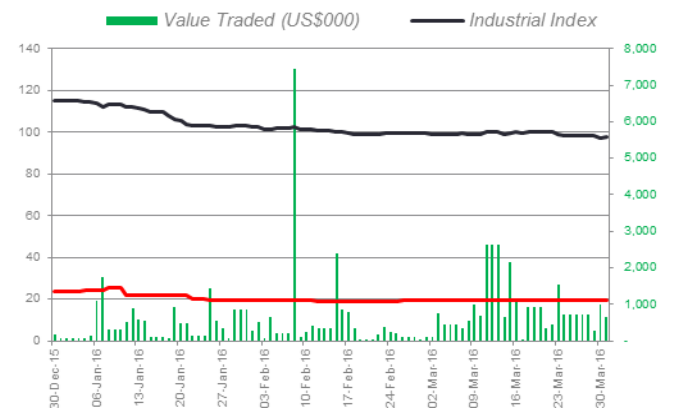
The economic constraints that were burgeoning in 2015 have continued into Q1 2016. These include but are not limited to stiff import competition that has been accentuated by the continued weakness in the South African Rand; low productivity, promulgated by high utility costs, erratic service delivery and limited access to credit at concessionary rates; waning aggregate demand arising from company closures and resultant unemployment in the formal sector; pronounced uncertainty arising from a lack of clarity on the exact application of indigenisation regulations and heightened political noise from ruling party official dismissals which have all contributed towards a poor economic environment and similarly lethargic performance of companies listed on the ZSE. On a rolling earning basis following, ZSE earnings have declined from \$382.6 million to \$229 million from December 2014 to December 2015. Notwithstanding the marked decline in earnings, a number of companies have been able to gain market share and record earnings growth and declared healthy dividends during the period under review. Companies in this bracket have been able to sustain revenue growth through adapting to new customer demands and streamlining costs and this has been particularly true for the financial sector. The consumer sector has been hard hit by lower customer expenditure whilst the manufacturing sector has predominantly been out-done by import competition. The property sector’s performance has been curtailed by voids whilst

the mining sector has been negatively affected by low commodity prices.

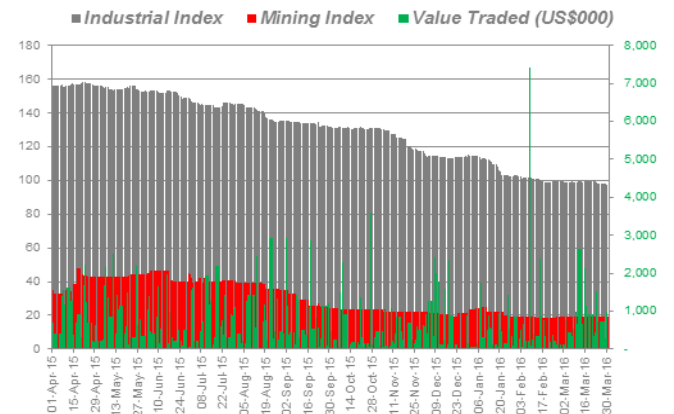
The table below shows the key performers and non-performers during Q1 2016 and the last 12 months since Q1 2015. The graphs show the trend for the Industrial and Mining Indices as well as the value of trades.

Top Movers		12 Months	
Q1 2016	% Change		% Change
INDUSTRIAL	(15.01%)	INDUSTRIAL	(38.31%)
MINING	(17.66%)	MINING	(55.54%)
GENBELT	100.0%	ART	200.0%
STARAFRICA	66.67%	GENBELT	100.0%
ZIMRE	40.63%	ZECO	100.0%
ART	20.0%	ZIMRE	50.0%
ZBFH	20.0%	RIO ZIM	48.57%
Losers		Losers	
	% Change		% Change
CAFCA	(55.0%)	BINDURA	(75.0%)
MEDTECH	(50.0%)	ZIMFLOW	(74.36%)
INNSCOR	(37.48%)	OK	(70.83%)
BINDURA	(34.64%)	MASIMBA	(69.57%)
BARCLAYS	(34.12%)	INNSCOR	(65.95%)

#### Industrial and Mining Index Q1 2016 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 %
Apr-15	\$ 29,188,559	590,291,280	156.26	42.93	64,905,525	\$ 19,773,701	\$ 2,085,447	\$ 4,066,067,417	8.6%	33.9%
May-15	\$ 23,280,009	288,457,793	152.96	44.45	170,099,017	\$ 26,872,294	\$ 598,167	\$ 3,978,062,358	7.0%	57.7%
Jun-15	\$ 14,514,676	80,686,630	148.40	44.3	46,498,522	\$ 12,077,682	\$ 1,419,914	\$ 3,864,760,191	4.5%	41.6%
Jul-15	\$ 20,395,783	142,095,545	145.35	39.36	122,609,751	\$ 20,740,419	\$ 1,176,052	\$ 3,812,648,666	6.4%	50.8%
Aug-15	\$ 15,344,188	76,187,436	135.43	35.34	91,133,153	\$ 21,285,090	\$ 1,396,595	\$ 3,552,015,771	5.2%	69.4%
Sep-15	\$ 17,964,751	105,629,225	131.93	24.36	109,491,449	\$ 27,173,709	\$ 798,870	\$ 3,444,530,965	6.3%	75.6%
Oct-15	\$ 12,863,973	63,758,858	130.83	23.57	56,824,324	\$ 13,888,447	\$ 1,096,871	\$ 3,416,105,219	4.5%	54.0%
Nov-15	\$ 8,947,073	91,421,651	117.55	22.33	76,803,378	\$ 12,548,332	\$ 544,929	\$ 3,141,684,791	3.4%	70.1%
Dec-15	\$ 16,360,453	183,792,940	114.85	23.72	91,032,720	\$ 19,646,554	\$ 4,562,969	\$ 3,073,408,931	6.4%	60.0%
Jan-16	\$ 11,345,452	61,882,757	103.04	19.53	57,593,984	\$ 14,661,852	\$ 4,288,882	\$ 2,790,443,132	4.9%	64.6%
Feb-16	\$ 15,556,982	95,020,938	99.50	19.14	108,094,947	\$ 18,794,061	\$ 8,226,345	\$ 2,694,927,768	6.9%	60.4%
Mar-16	\$ 16,428,570	97,601,725	97.61	19.53	102,754,224	\$ 22,638,728	\$ 4,205,264	\$ 2,645,057,408	7.5%	68.9%
<b>12 Month Total</b>	<b>\$ 202,190,468</b>	<b>1,876,826,778</b>	<b>97.61</b>	<b>19.53</b>	<b>1,097,840,994</b>	<b>\$ 230,100,868</b>	<b>\$ 23,677,430</b>	<b>\$ 3,373,309,385*</b>	<b>6.0%</b>	<b>56.9%</b>
<b>Q1 2016</b>	<b>\$ 43,331,004</b>	<b>254,505,420</b>	<b>97.61</b>	<b>19.53</b>	<b>268,443,155</b>	<b>\$ 56,094,641</b>	<b>\$ 16,720,491</b>	<b>\$ 3,373,309,385</b>	<b>1.3%</b>	<b>64.7%</b>

Average\*

(ZSE and OMSEC Research Data base March 2016)

**Economic Review**

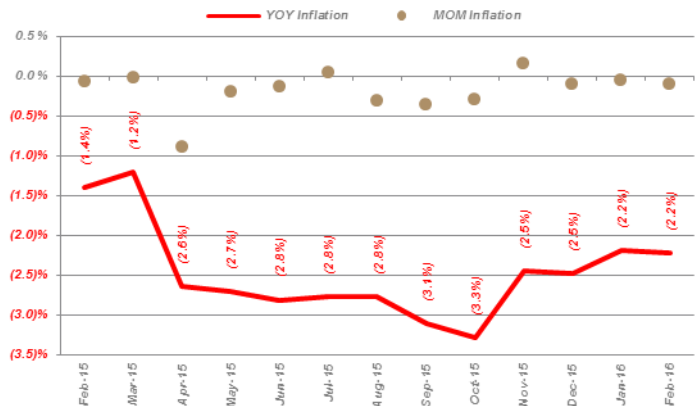
We maintain our view that the Zimbabwean economy’s significant reliance on the agriculture and the mining sector does not position Zimbabwe well going into 2016. The erratic rainfall given negative effects of the El Nino dry spell saw huge write offs in cultivated maize fields, the staple of food for Zimbabwe, whilst the comparatively low commodity prices are expected to depress mineral export earnings. It is estimated that the Government will require 1.2 million tonnes worth of maize imports to supplement the forecast harvest of 870,000 tonnes. Initial imports in the region of 500,000 tonnes have already been imported from Zambia, a cost that is likely to have a negative impact on the country’s trade deficit which was estimated at \$3.2 billion at the beginning of the quarter. The fact that the country does very little in terms of value addition of agricultural and mineral exports is dampening efforts to reverse the persistent negative trade balance which has consistently contributed towards a currency liquidity drain and negative trade balance. Gold mining performance however is on track to reach the target of 20 tonnes for 2016 compared to the 18.4 tonnes achieved in 2015 after having recorded 5.1 tonnes in Q1 2016. In addition to that, the 16.1% growth in the gold price in Q1 2016 should see improvement in terms of export earnings for the quarter. We make special reference to gold as it accounts for an estimated 37% of the country’s export earnings. Platinum Group of Metals, which account for 32% of export earnings, may make a similar incremental contribution. This is so given an 11% recovery in Platinum prices in Q1 2016 and a production increase of 30% that was recorded as at 31 December 2015 by the country’s largest platinum producer. The growth in production has been underpinned by the firm’s completion of its mine expansion project with the second phase expected to be completed before the end of 2016.

In order for Zimbabwe to improve its economic fortunes a number of excessive legislation governing business operations and red tape needs to be simplified. This has to be followed up with confidence building around the notion that law and order will prevail with regards to the protection of one’s property rights. The country has had a bad reputation of constantly violating the latter and will need to seriously overturn this deficiency if it hopes to attract the sort of investment that its neighbours have been able to attract. According to World Bank Statistics, China, one of the largest sources of foreign direct investment in Africa in the last five years injected \$19.4 billion into Sub-Saharan Africa in 2015 alone, however, Zimbabwe only accounted for 2.6% of that inflow (\$0.5 billion). The reasons for the limited investment in Zimbabwe can be directly linked to some of the reasons headlining this paragraph. Foreign Direct Investment is particularly required in the manufacturing sector as this will allow the country to add value to its predominately raw product exports. Foreign investors require comfort in the security of their investment and policy consistency in the environment in which they operate in. Zimbabwe would benefit by eradicating

corruption, improving its ease of doing business requirements, policy consistency and respecting property rights.

Of growing concern has been the growth in public sector debt through the continued issuance of treasury bills by Government. In the absence of a public auction system, the exact amount of the debt attributed to treasury instruments alone is difficult to ascertain. However government’s net debt ballooned from \$0.5 billion in January 2015 to \$1.2 billion by August 2015 and this is against shrinking tax revenue collections. This has increased concerns over the default risk of these treasury instruments and they are currently being assumed by banks at significant discounts from parties holding these instruments that are desperate for liquidity. In the absence of foreign direct investment or debt renegotiations from external financiers these instruments are most likely to be rolled over by Government to avoid default on the more significant maturities.

February 2016 marked the seventeenth month of Zimbabwe experiencing negative month on month inflation as February 2016 recorded negative month on month inflation of **0.10%**. Annual inflation in February was negative **2.22%** as the country continues to undergo deflationary pressures largely resulting from depressed local demand and lower priced imports arriving from South Africa due to a weaker Rand. We anticipate that negative inflation is likely to persist given an unlikely recovery in aggregate demand in the short term and continued importation of negative inflation from South Africa as the local manufacturing industries operate at sub optimal capacity levels. Below is a table highlighting Zimbabwe’s inflation in the last 12 months which has largely been negative.



**Outlook**

Economic pressures and a shrinking tax base are expected to compel Government to make reforms to improve the business environment. However in the short term the business environment is unlikely to recover with aggregate demand expected to continue weakening resulting in lower margins and sticky revenue growth for most listed entities.

## Equity Return Analysis

<b>Total Return Analysis</b>	<b>Q4 2015</b>	<b>Q1 2016</b>	<b>Capital Gain/(Loss)</b>	<b>Dividend past 12 months</b>	<b>Quarter</b>	<b>YOY</b>	<b>Total</b>
	<b>(usc)</b>	<b>(usc)</b>	<b>(usc)</b>	<b>(usc)</b>	<b>Return</b>	<b>Return</b>	<b>12 Month Return</b>
DELTA	70.5	56.25	(14.25)	3.70	(20.21%)	(46.43%)	(42.9%)
ECONET	21.09	24.43	3.34	0.31	15.84%	(51.14%)	(50.52%)
BAT	1220	1079.8	(140.2)	91.00	(11.49%)	(6.91%)	0.93%
ABCH	70.00	70.00	0.0	-	0.0%	0.0%	0.0%
SEEDCO	83.75	64	(19.75)	1.00	(23.58%)	(37.86%)	(36.89%)
NATFOOD	262.18	210	(52.18)	9.48	(19.9%)	(32.26%)	(29.2%)
OLD MUTUAL	203.41	220.25	16.84	12.98	8.28%	(12.6%)	(7.45%)
INNSCOR	29.96	18.73	(11.23)	0.85	(37.48%)	(65.95%)	(64.4%)
CBZH	10.99	11	0.01	0.42	0.09%	15.79%	20.25%
SIMBISA	15.6	12.5	(3.1)	0.12	(19.87%)	(12.71%)	(11.87%)
BARCLAYS	4.25	2.8	(1.45)	-	(34.12%)	(30.0%)	(30.0%)
HIPPO	37	27	(10.0)	-	(27.03%)	(43.75%)	(43.75%)
AFDIS	55.68	45	(10.68)	0.15	(19.18%)	0.0%	0.33%
TSL	15.94	13.5	(2.44)	0.33	(15.31%)	(41.3%)	(39.87%)
OK	5	3.5	(1.5)	0.14	(30.0%)	(70.83%)	(69.67%)
GETBUCKS	3.42	3.7	0.28	0.15	8.19%	8.19%	12.45%
FBCH	7	6	(1.0)	0.30	(14.29%)	(25.0%)	(21.28%)
DAWN	2	1.61	(0.39)	-	(19.5%)	101.25%	101.25%
PADENGA	7.73	7.1	(0.63)	0.41	(8.15%)	(29.0%)	(24.9%)
MASH	2.2	1.68	(0.52)	-	(23.64%)	(37.78%)	(37.78%)
<b>Mid Cap Listed Companies</b>							
ZIMRE	1.28	1.8	0.52	-	40.63%	50.0%	50.0%
PEARL	2.3	2.21	(0.09)	0.06	(3.91%)	(21.07%)	(19.11%)
COLCOM	17	15	(2.0)	2.36	(11.76%)	(42.31%)	(33.23%)
RTG	1.2	1.2	0.0	-	0.0%	(20.0%)	(20.0%)
LAFARGE	35	27	(8.0)	-	(22.86%)	(40.0%)	(40.0%)
DZL	6.5	6	(0.5)	-	(7.69%)	(25.0%)	(25.0%)
MEIKLES	8.5	7.08	(1.42)	-	(16.71%)	(38.43%)	(38.43%)
ZPI	0.95	0.95	0.0	0.01	0.0%	31.94%	33.61%
EDGARS	6.1	5	(1.1)	-	(18.03%)	(37.5%)	(37.5%)
NMB	3.5	3.8	0.3	-	8.57%	8.57%	8.57%
BINDURA	1.53	1	(0.53)	-	(34.64%)	(75.0%)	(75.0%)
RIO ZIM	10.4	10.4	0.0	-	0.0%	48.57%	48.57%
AFSUN	1.7	1.5	(0.2)	-	(11.76%)	(11.76%)	(11.76%)
NAMPAK	1.55	1.5	(0.05)	-	(3.23%)	(50.0%)	(50.0%)
PPC	100	69.75	(30.25)	4.15	(30.25%)	(56.41%)	(53.81%)
<b>Currency Appreciation</b>							
	<b>Q4 2015</b>	<b>Q1 2016</b>			<b>Quarter Return</b>		<b>YTD Return</b>
usd/zar	15.6137	14.783			(5.32%)		(5.32%)
usd/gbp	0.67465	0.69766			3.41%		3.41%
usd/eur	0.91716	0.87877			(4.19%)		(4.19%)
usd/yen	120.349	112.57			(6.46%)		(6.46%)

\*Source: OMSEC Research Data Base

## Market Sector Valuation Overview

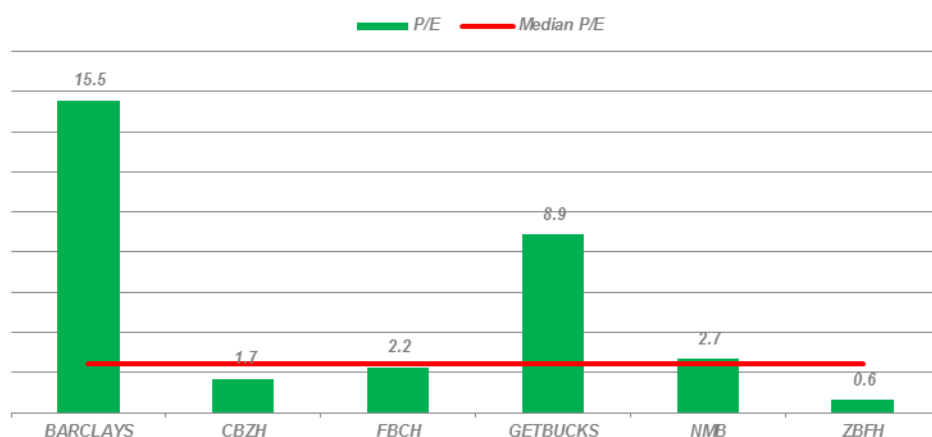
31-Mar-16 Sector	MKT CAP usd(m)	SECTOR (usd m) R. Earnings	SECTOR R. P/E	SECTOR P.NAV	SECTOR INDEX YTD RETURN
Commodities	262.2	(12.2)	-	0.5	(21.56%)
Bank	462.7	86.8	5.33	0.6	1.17%
Insurance	188.6	1,279.6*	0.15	0.01	9.44%
Beverages	1,942.50	111.2	17.47	3.6	(18.11%)
Diversified	71.9	(40.3)	-	0.3	(33.26%)
Food	178.6	7.5	23.81	1.3	(18.84%)
Hotel	45.5	(7.2)	-	2.0	(4.55%)
Retail	684.4	49.2	13.91	2.2	(33.93%)
Consumer	48.2	3.8	12.68	0.9	(7.53%)
Communication	1,098.80	118.2	9.30	1.7	15.84%
Manufacturing	168.8	100.0	1.69	0.3	(16.79%)
Property	116.3	11.4	10.20	0.3	(15.1%)
Mining	89.5	(60.0)	-	0.9	(17.63%)

\*Rolling earnings inflated by inclusion of Old Mutual Plc earnings

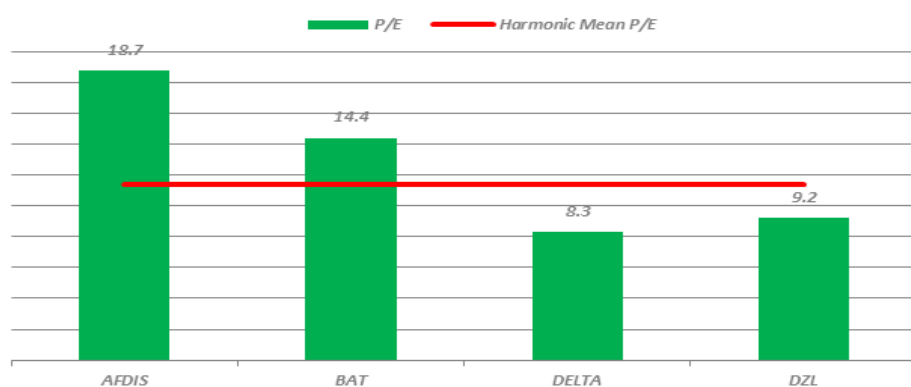
Source: OMSEC Research Data Base

## ZSE Sector Price Earnings Relative Comparisons

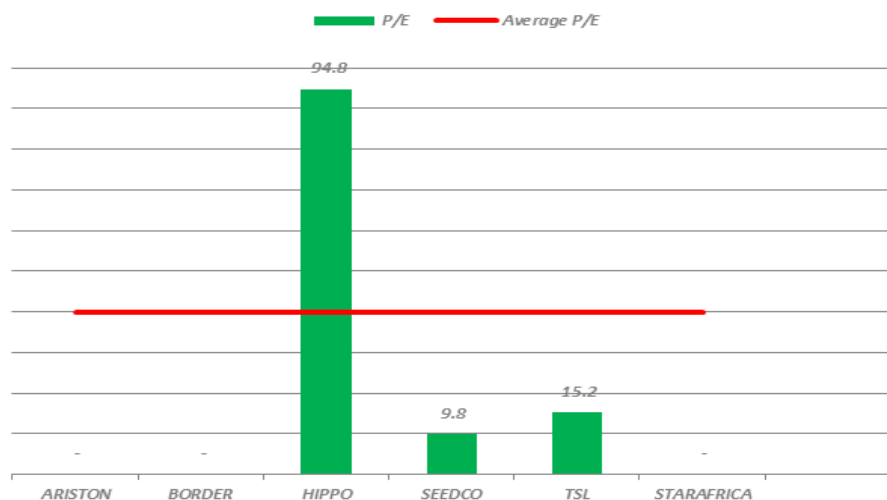
### Banking Sector P/E Graph



### Beverages Sector P/E Graph



### Commodity Sector P/E Graph



Bank	Value	Quarter Change
Sector Index	217.4	1.17%
Best Performer		
ZBFH	3	20.0%
Worst Performer		
BARCLAYS	2.8	(34.12%)

ZBFH's share performance was underpinned by a dividend declaration that significantly improved its dividend yield. Barclays' negative performance was affected by concerns over its major shareholder planning to pull out from all of its African operations.

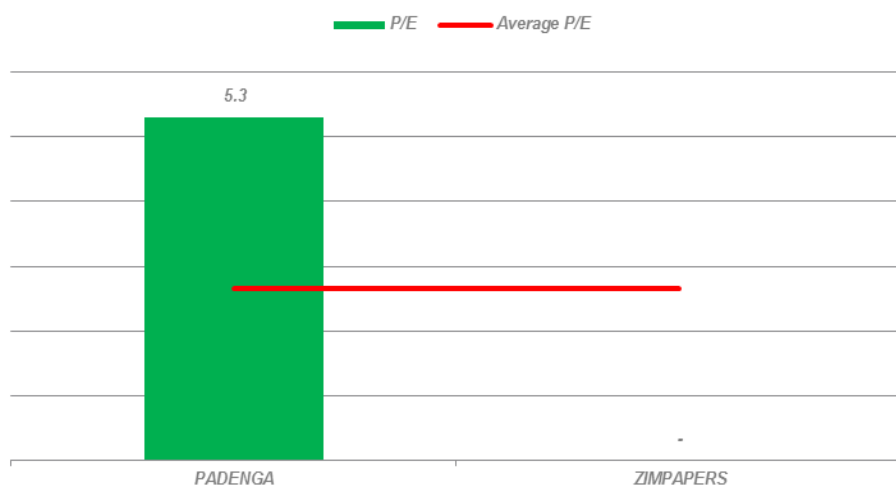
Sector Index	409.2	(18.11%)
Best Performer		
DZL	6	(7.69%)
Worst Performer		
DELTA	56.25	(20.21%)

DZL's P/E is now attractive as it has managed to turn around its losses following improved operations arising from its re-organisation. DELTA's P/E is now attractive following a massive fall in its share price, however this may be justified given declining sales the company has been experiencing.

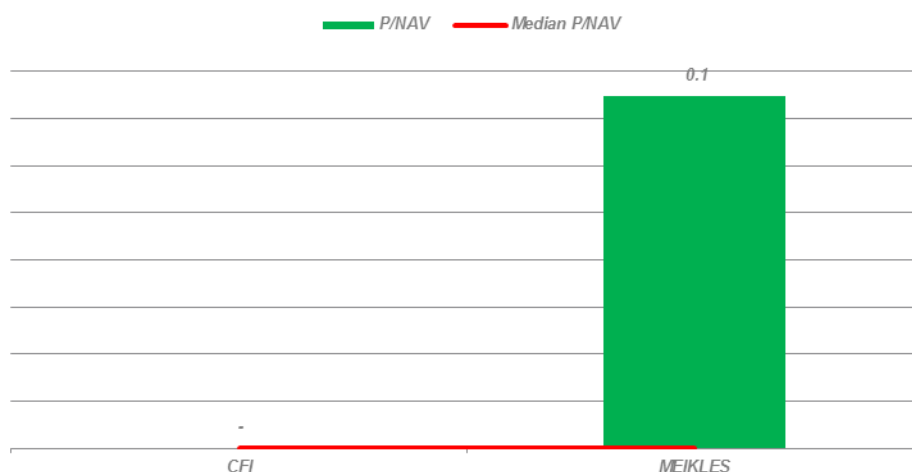
Commodities	Value	Quarter Change
Sector Index	156.5	(21.56%)
Best Performer		
STARAFRICA	1	66.67%
Worst Performer		
HIPPO	27	(27.03%)

The best performer in the commodities sector was STARAFRICA with a 66.67% return. Given commodity prices trending lower, the sectors' performance has generally been sub-optimal. We believe that TSL and Seedco are attractive at their current P/E ratios given their ability to somewhat diversify from the current liquidity crunch being experienced in the economy.

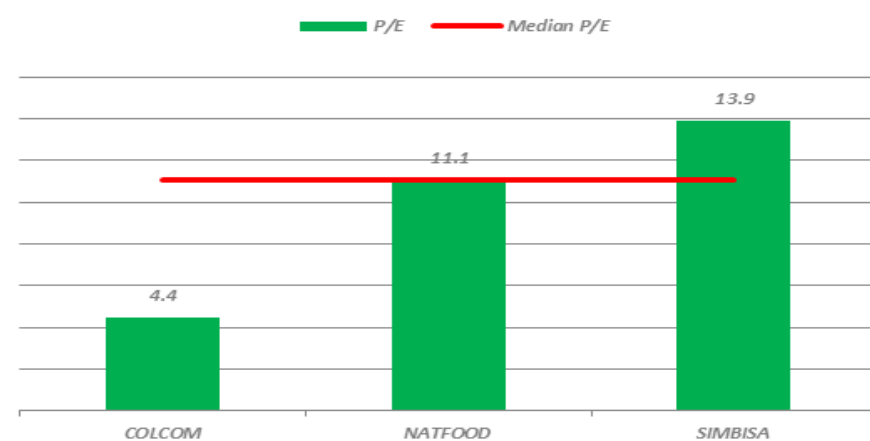
## Specialised Goods Sector P/E Graph



## Diversified Sector P/NAV Graph



## Food Sector P/E Graph



Specialised	Value	Quarter Change
Sector Index	145.5	(7.53%)
Best Performer		
ZIMPAPERS	0.6	0.0%
Worst Performer		
PADENGA	7.1	(8.15%)

PADENGA with a return of 8.15% was the worst performer in this sector however we believe that it has the greatest potential going forward given its access to foreign markets and strong cash generation. Zimpapers operations have begun to turn a profit following its restructuring however we are concerned by the size of receivables on the company's balance sheet.

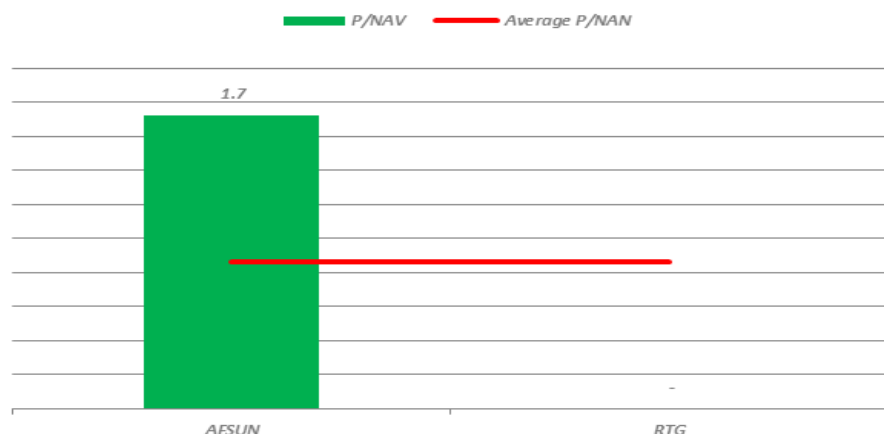
Diversified	Value	Quarter Change
Sector Index	10.6	(16.71%)
Best Performer		
MEIKLES	7.08	(16.71%)
Worst Performer		
MEIKLES	7.08	(16.71%)

Since the suspension of CFI and earlier delisting of TA Holdings, this sector now has Meikles as the only diversified listed company on the ZSE. The performance of Meikles going forward is heavily dependent on local aggregate demand given that its operations service consumer oriented services and goods.

Sector Index	1,927.8	(18.84%)
Best Performer		
COLCOM	15	(11.76%)
Worst Performer		
NTAFOOD	210	(19.9%)

COLCOM remains the most attractive company on a P/E basis however the company's shares have limited liquidity. Simbisa with a P/E of 13.9X is trading at a premium to the sector average after recently listing following its separation from INNSCOR.

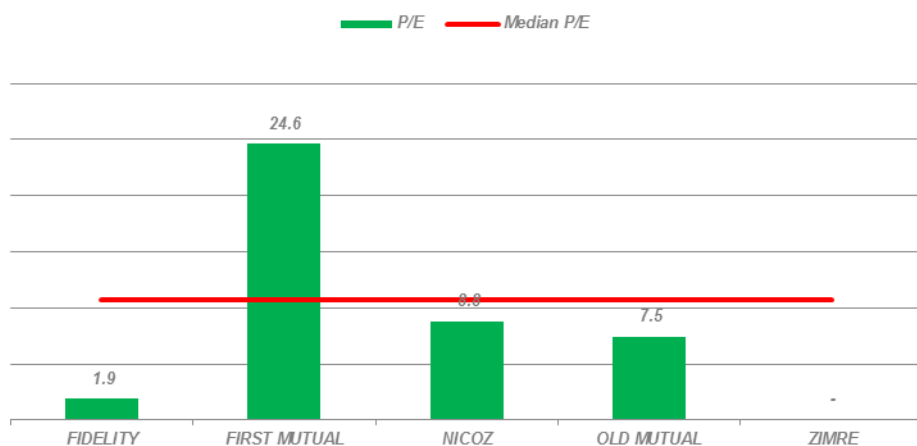
## Hotel Sector P/NAV Graph



Hotel	Value	Quarter Change
Sector Index	51.2	4.02%
Best Performer		
RTG	1.2	0.0%
Worst Performer		
AFSUN	1.5	(11.76%)

The sector continues to lack the necessary critical mass to breakeven but requiring continual investment for hotel refurbishments. On a 12 month rolling basis both listed hotels had negative earnings and cannot be ranked on a P/E scale.

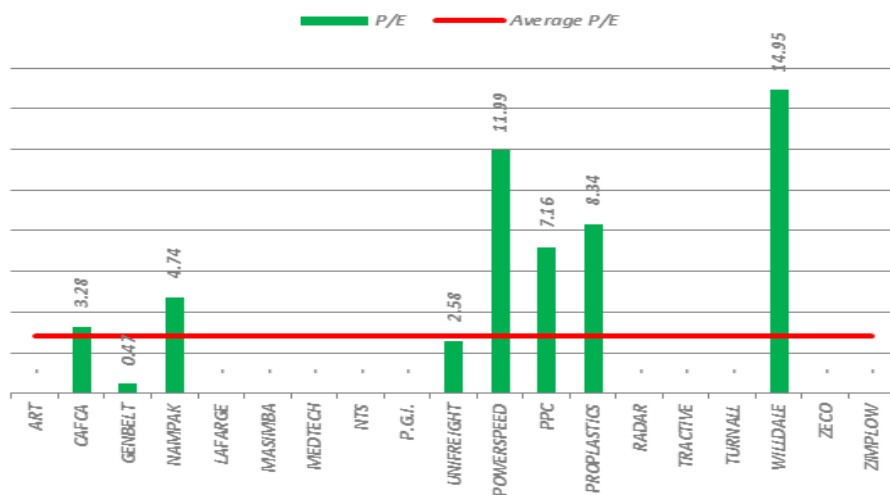
## Insurance Sector P/E Graph



Insurance	Value	Quarter Change
Sector Index	328.8	9.44%
Best Performer		
ZIMRE	1.8	40.63%
Worst Performer		
FIDELITY	9	(18.18%)

FIDELITY, NICOZ and OLD MUTUAL remain attractive on a P/E basis. ZIMRE's share price performance was underpinned by indications of a potential rights issue and restructuring of the business. However this did not materialise as investigations over corporate governance irregularities with the underwriter surfaced.

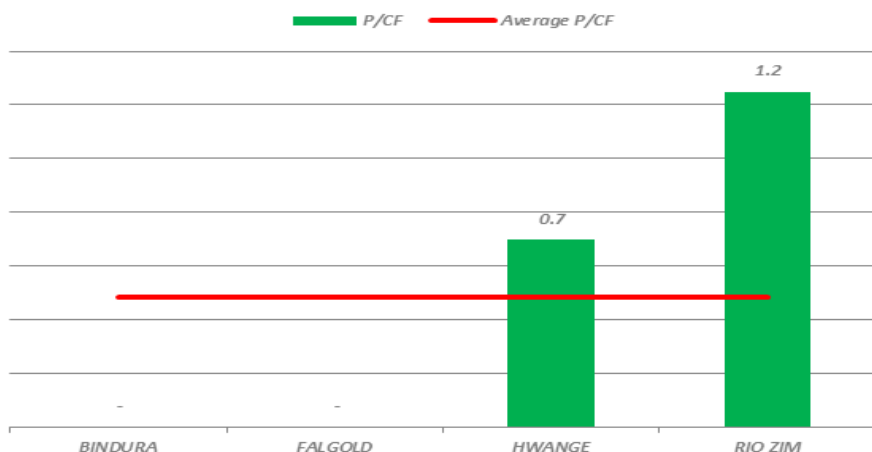
## Manufacturing Sector P/E Graph



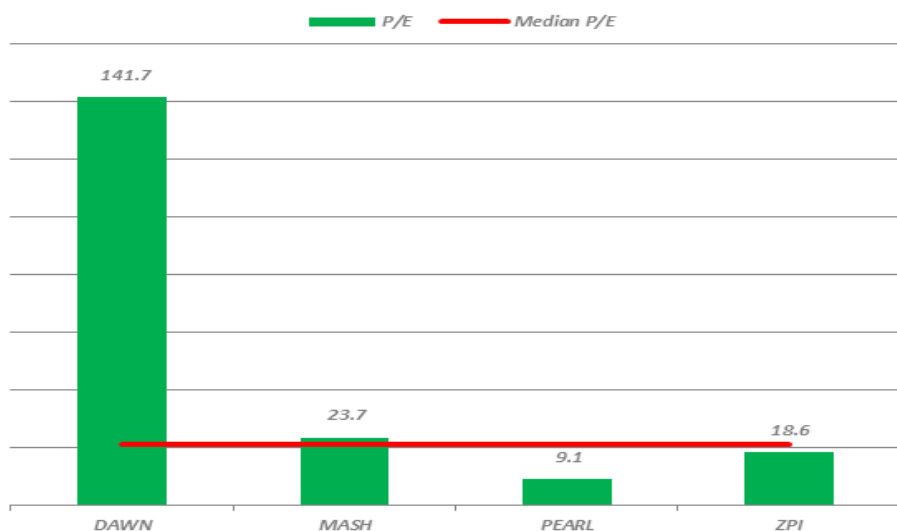
Manufacturing	Value	Quarter Change
Sector Index	49.5	(16.79%)
Best Performer		
GENBELT	0.02	100.0%
Worst Performer		
MEDTECH	0.02	(50.0%)

Most manufacturing sector companies have been struggling to stay in the black with most companies having negative earnings. 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.

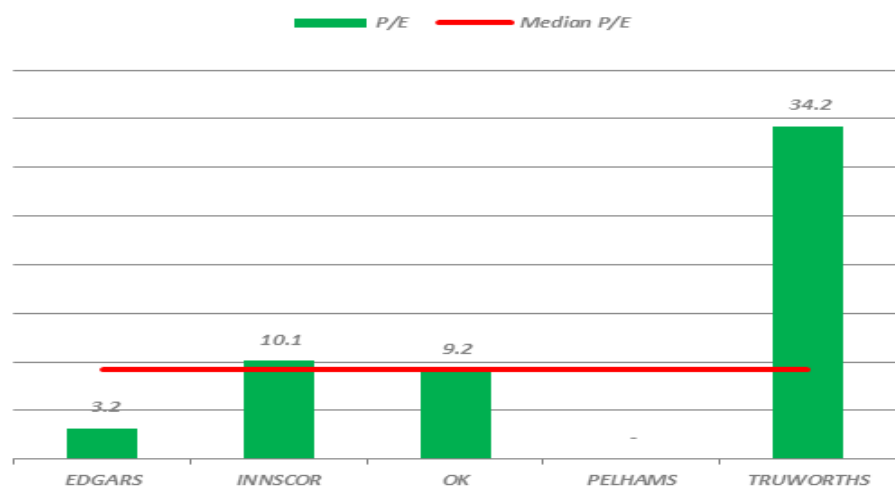
## Mining Sector P/CF Graph



## Property Sector P/E Graphs



## Retail Sector P/E Graphs



Mining	Value	Quarter Change
Sector Index	8.5	(17.63%)
Best Performer		
FALGOLD	0.5	0.0%
Worst Performer		
BINDURA	1	(34.64%)

Given limited profits from the sector comparison has been made on a P/CF scale. Despite Hwange and Rio Zim generating operational cash, Rio Zim is still predominantly funded by expensive debt and Hwange is now in negative equity with a low coal commodity price outlook.

Property	Value	Quarter Change
Sector Index	79.1	(15.1%)
Best Performer		
ZPI	0.95	0.0%
Worst Performer		
MASH	1.68	(23.64%)

On a relative P/E basis Pearl is attractive with Dawn now overvalued and Mash trading at a slight discount to the sector's average P/E. PEARL's quality of properties has defended its earnings whilst ZPI suffered from higher voids whilst costs remained sticky. Dawn's significantly higher P/E is in response to the marginal profit recorded due to a significant decline in revenue during the year.

Retail	Value	Quarter Change
Sector Index	139.0	(33.93%)
Best Performer		
EDGARS	5	(18.03%)
Worst Performer		
INNNSCOR	18.73	(37.48%)

The retail index trended negatively with sentiment that consumption is continuing to decline given tight liquidity conditions. Edgars is the most attractive on a relative P/E scale however concern is growing over the quality of those earnings. Of note is the unbundling of INNNSCOR's subsidiary businesses offering value releases to shareholders.

## Top Five Picks

<b>FBCH</b>	<b>Latest Fundamentals</b>
<i>Long Term Buy</i>	Our fundamentals are based on the company's price to cash flow multiple over the last 12 months and its forward price earnings multiples. The company is arguably the best performing local bank with excess liquidity and various financial sector based income streams from its insurance, banking and mortgage businesses.
<b>Target Price</b>	<b>Key Technicals</b>
<i>Us10.4c</i>	FBCH is showing conformance on the Relative Strength Index (RSI) and Moving Average Convergence Divergence (MACD) indicating that the share price may break its short term ceiling price of usc6.52. Our recommendation is to ACCUMULATE the share for a higher upside potential in the medium to long term.
<b>Current Price</b>	<b>Sensitivity View</b>
<i>Us6.5c</i>	Best-case Scenario: Recovery in disposable incomes which would lower impairments and improve the performance of their loan book and general increase in the company's market share.
<b>Potential Upside</b>	Worst Scenario: Increased liquidity drain, limited aggregate demand, dwindling employment and general decline in disposable incomes which would result in a deterioration in their loan book and increased NPLs.
<i>73%</i>	
<b>PROPLASTICS</b>	<b>Latest Fundamentals</b>
<i>Medium Term Buy</i>	The company is making use of recently acquired machinery and its proximity to neighbouring countries in the region to supply pvc pipes and plastic mouldings for residential, industrial and mining purposes. This has been instrumental in allowing the company to generate revenue from the region as their pricing remains competitive due to lower transport cost.
<b>Target Price</b>	<b>Key Technicals</b>
<i>Us3.15</i>	PROPLASTICS is showing conformance for an uptrend on the short term RSI and MACD graphs. We recommend ACCUMULATING to reap potential upside recovery in its share price.
<b>Current Price</b>	<b>Sensitivity View</b>
<i>Us2.35c</i>	Best-case Scenario: Continued demand for the company's product both locally and within the region, consistent utilities services with no disruptions, weakening of the USD to improve export competitiveness.
<b>Potential Upside</b>	Worst Scenario: Strengthening of the USD weakening export competitiveness, power supply disruptions and tariff increases, low demand for the company's products both locally and regionally.
<i>34%</i>	
<b>PADENGA</b>	<b>Latest Fundamentals</b>
<i>Medium Term Buy</i>	Increased efficiency in the company's operations continues to drive profitability and improve margins as the company has been able to better service its European clientele. The cost base has been assisted by the weakening rand for its local operations whilst in the US market, access to lower borrowing, low fuel costs and access to specialised machinery is lowering the firm's cost base.
<b>Target Price</b>	<b>Key Technicals</b>
<i>9.9c</i>	Both the RSI and MACD indicate the company is currently in overbought territory. We recommend taking advantage of any weaknesses in the share price.
<b>Current Price</b>	<b>Sensitivity View</b>
<i>Us7c</i>	Best-case Scenario: Increased demand for crocodile skins and a bigger order book from their buyer. Higher heat units from a sustained summer for local operations. Finding an adequate market for their crocodile meat which has been attracting low prices due to the absence of a suitable market.
<b>Potential Upside</b>	Worst Scenario: Depressed demand from their market, lower heat units arising from a prolonged winter for local operations and increased disruptions from animal rights groups for their USA operations.
<i>41%</i>	

<b>INNISCOR</b>	<b>Latest Fundamentals</b> The company is going through various acquisitions and disposals as it focuses its strategy on becoming a light manufacturing company servicing the consumer sector. Currently we believe the company's value is not matched by its sum of parts valuation and a medium to long term investor can take advantage of the current and future mismatched valuations as the company disposes and acquires new businesses.
<b>Medium to Long-term Buy</b>	
<b>Target Price</b>	<b>Key Technicals</b> The RSI and MACD graphs show the company is in conformance for an uptrend in its share price. We recommend ACCUMULATING in the short term for continued capital appreciation and value mismatch opportunities that may arise in the medium to long term.
Us24c	
<b>Current Price</b>	
Us19.13c	<b>Sensitivity View</b> Best-case Scenario: Recovery in local aggregate demand and acquisition of market leading companies at discounted prices given the company's strong cash holdings.
<b>Potential Upside</b>	
26%	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.
<b>COLCOM</b>	<b>Latest Fundamentals</b> COLCOM's strategy in the meat packing business is heavy investment in their plant, infrastructure and internalisation of their pork product supply which has allowed them to remain competitive during times when the market is flooded with product and the ability to charge a premium for their superior pork supply when competitors run out, particularly in drought seasons.
<b>Long Term Buy</b>	
<b>Target Price</b>	<b>Key Technicals</b> Both the RSI and Moving Average graphs indicate that the company is likely to break the current price ceiling of us15c in the short term. We recommend ACCUMULATION of the share to ride the up trend.
Us18.3c	
<b>Current Price</b>	
Us15c	<b>Sensitivity View</b> Best-case Scenario: Continued market penetration through expansion of their retail shops and improving aggregate demand.
<b>Potential Upside</b>	
22%	Worst Scenario: Waning aggregate demand, increased import competition resulting in thinning margins and stock outs.



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