



## ***PORTFOLIO MANAGER'S DIGEST FIRST QUARTER 2019***

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“Beware the investment activity that produces applause; the great moves are usually greeted by yawns.” – Warren Buffet.

### Q1 2019 Zimbabwe Stock Exchange Review

#### Market Summary

The Zimbabwe Stock Exchange’s (ZSE) main Industrial Index retreated 16.7% during the first quarter of the year whilst the mining index slowed 14.8%. Headlining the decline in the Mining Index was BINDURA with SEEDCO as the heaviest loser in the Industrial Index for the quarter. The slow-down for both indices follows the high reached in Q4 2018 as panic buying of stocks ensued following the decision by the Reserve Bank of Zimbabwe (RBZ) to formerly separate Real Time Gross Settlement (RTGS) funds and foreign currency balances. The concern may have been justified given that on 20 February 2019 the RBZ declared the RTGS\$ as a separate currency with a starting interbank exchange rate of US\$1 for RTGS\$2.5. This was a departure from the previously maintained 1 for 1 parity of the RTGS\$ and USD. Thus the market’s ensuing volatility to date has been around investors trying to appropriately price ZSE listed companies and hedge currency risk.

The total value of shares that traded on the ZSE in Q1 2019 was RTGS\$476.9m. The comparative statistic for the value of trades in Q1 2018 was US\$141.6m. Foreign investors accounted for 66% of the value traded in Q1 2019 compared to 38% traded in Q1 2018.

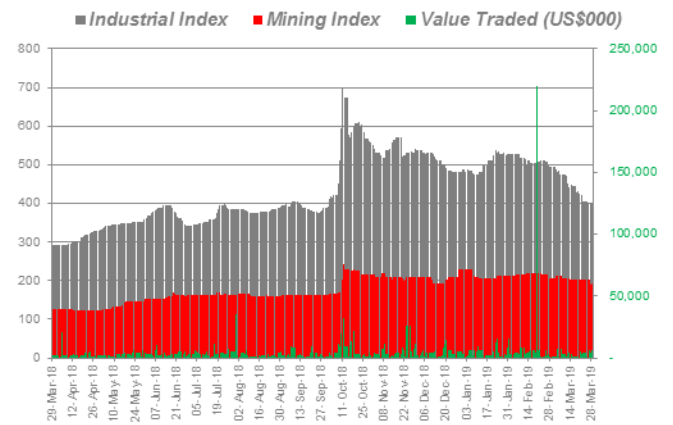
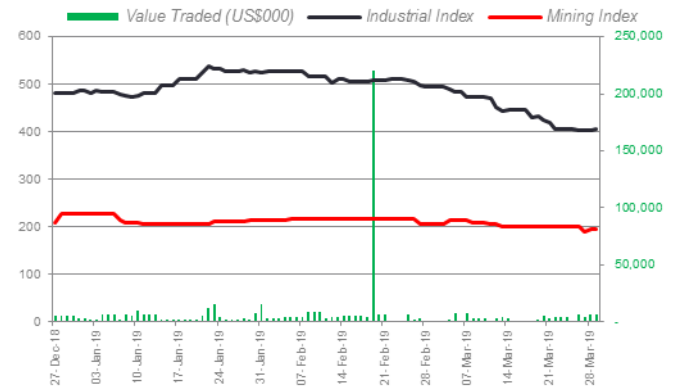
Trading conditions have been difficult following the reporting season’s end this April. There has been limited foreign currency supply from the interbank foreign currency market as companies in the manufacturing, mining and retail sectors have attested to in their trading updates. Despite surging revenue and profitability recorded in general for the full year 2018 reporting period, the first quarter of 2019 has been characterised by rising import costs. The shortage in foreign currency is being filled by the parallel market where exchange rates have been on a steep rise. This has in turn resulted in cost push inflation as the cost of sourcing foreign currency has been passed onto consumers. Resultantly there have been marked sales volume declines for businesses that predominantly trade in RTGS\$ markets.

Whilst the interbank market is recognised as the official exchange rate for reporting purposes, a number of significant economic players have not been able to access sufficient foreign currency from it. Thus questions over functional and reporting currency exchange rates become murky. A truly market determined official exchange rate would clear this uncertainty and even perhaps improve supply of foreign exchange to this market. Policy makers have the task to strengthen the viability of the interbank market in order to limit the macroeconomic imbalances being caused by the parallel market rate.

The table shows the key performers and non-performers during Q1 2019 and in the last 12 months.

Top Movers			
Q1 2019	% Change	12 Months	% Change
INDUSTRIAL	(16.74%)	INDUSTRIAL	39.37%
MINING	(14.81%)	MINING	55.07%
MEDTECH	350.0%	ZIMPAPERS	676.79%
ZIMPAPERS	202.08%	UNIFREIGHT	591.78%
UNIFREIGHT	111.3%	AFSUN	300.0%
AFSUN	50.0%	WILLDALE	280.0%
POWERSPEED	24.64%	PROPLASTICS	191.1%
Losers			
	% Change	Losers	% Change
BINDURA	(32.91%)	STARAFRICA	(42.11%)
SEEDCO	(31.18%)	SEEDCO	(26.67%)
PPC	(30.53%)	FIRST MUTUAL	(23.44%)
CASSAVA	(30.1%)	HIPPO	(10.42%)
INNISCOR	(28.75%)	FIDELITY	(8.33%)

The graphs below show the movement in the industrial and mining index as well as the value and volume traded in Q1 2019 and the year on year movements of the same.



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-18	\$ 47,965,930	206,342,675	330.66	124.44	29,206,713	\$ 20,666,155	\$ 7,823,891	\$ 9,405,343,406	6.1%	21.5%
May-18	\$ 60,283,003	129,155,586	361.53	151.53	69,198,586	\$ 34,190,083	\$ 13,692,186	\$ 10,393,237,117	7.0%	28.4%
Jun-18	\$ 72,988,396	234,834,368	342.79	161.28	33,723,235	\$ 37,067,694	\$ 13,150,479	\$ 9,792,184,775	8.9%	25.4%
Jul-18	\$ 119,694,598	624,271,866	384.25	163.99	507,777,788	\$ 64,294,652	\$ 12,259,562	\$ 10,969,723,966	13.1%	26.9%
Aug-18	\$ 50,501,009	184,678,914	394.64	161.34	43,194,143	\$ 29,488,575	\$ 4,436,593	\$ 12,475,445,852	4.9%	29.2%
Sep-18	\$ 61,089,647	226,495,418	386.97	163.76	81,908,892	\$ 44,414,597	\$ 1,001,792	\$ 12,265,508,934	6.0%	36.4%
Oct-18	\$ 161,283,352	315,911,359	549.81	217.34	98,245,147	\$ 111,909,930	\$ 22,656,793	\$ 17,961,642,250	10.8%	34.7%
Nov-18	\$ 118,012,642	153,874,660	538.66	208.56	63,414,532	\$ 73,819,168	\$ 4,275,308	\$ 17,316,627,742	8.2%	31.3%
Dec-18	\$ 92,935,083	144,405,989	487.13	227.71	19,264,342	\$ 48,642,822	\$ 7,646,722	\$ 19,424,406,159	5.7%	26.2%
Jan-19	\$ 110,277,501	122,780,138	525.90	213.13	36,261,436	\$ 82,588,305	\$ 1,401,802	\$ 20,888,434,267	6.3%	37.4%
Feb-19	\$ 295,843,393	233,070,149	494.31	207.03	325,526,508	\$ 487,989,708	\$ 12,334,739	\$ 19,773,365,056	18.0%	82.5%
Mar-19	\$ 70,805,863	123,377,596	405.57	193.98	50,138,935	\$ 58,864,289	\$ 9,182,726	\$ 16,084,866,459	5.3%	41.6%
<b>12 Month Total</b>	<b>\$ 1,261,680,417</b>	<b>2,699,198,718</b>	<b>405.57</b>	<b>193.98</b>	<b>1,357,860,257</b>	<b>\$ 1,093,935,977</b>	<b>\$ 32,503,180</b>	<b>\$ 14,729,232,165*</b>	<b>8.6%</b>	<b>43.4%</b>
<b>Q1 2019</b>	<b>\$ 476,926,756</b>	<b>479,227,883</b>	<b>405.57</b>	<b>193.98</b>	<b>411,926,879</b>	<b>\$ 629,442,302</b>	<b>\$ 1,750,211</b>	<b>\$ 18,915,555,261*</b>	<b>2.5%</b>	<b>66.0%</b>
<b>Q1 2018</b>	<b>\$ 141,555,983</b>	<b>297,386,164</b>	<b>291</b>	<b>125.09</b>	<b>128,749,242</b>	<b>\$ 108,314,023</b>	<b>\$ 23,977,193</b>	<b>\$ 8,443,077,176*</b>	<b>1.7%</b>	<b>38.3%</b>

Average\*  
(ZSE and OMSEC Research Data base March 2019)

### *Economic Review*

Macro-economic fragilities continued to become more pronounced in the first quarter of 2019 as various segments of industry and commerce decried the lack of foreign currency and the harsh business environment. This is notwithstanding the significant reforms that have been achieved on the fiscal policy front through the containment of rapid money supply growth.

The lack of modalities for clear willing buyer and willing seller conditions on the interbank market have come to bear as the supply of foreign currency on the market remains thin. The evidence to suggest that stakeholders in business are accessing foreign currency on the parallel market can be justified by the relatively fair supply of goods and services in retail shops around the country. Unconfirmed media reports suggest that the cumulative (last three weeks of April 2019) interbank trades were US\$45 million, a reported 25% increase from the prior month's weekly average. Although indicative of an improvement, the foreign currency supply falls way under the average US\$321 million which the country generates in exports monthly and significantly lower than the import bill requirements as indicated by the Zimbabwe Statistics Office. The US\$321 million in exports compares unfavourably with Zimbabwe's monthly average import bill of US\$538 million. As long as this gap remains, coupled with the unavailability of foreign currency on the interbank market, the parallel market rate is likely to remain in place.

On the fiscal front the Government has been making concerted efforts to reign in money supply growth that was underpinned by the rapid issuance of treasury securities. Granted, money supply growth has decelerated when compared to the trend in 2017 and 2018. However we believe that for significant value retention of the now local RTGS\$ to be maintained, more still can be done. According to the RBZ, as at 31 Dec 2016 money supply (namely M2) was USD5.6 billion but aggressively grew to USD7.8 billion by December 2017, representing a month on month growth rate of 7.5%. In 2018 money supply grew from USD7.8 billion to USD10 billion representing a month on month growth rate of 4.8% which in our opinion remains quite significant when you consider the larger base of the money supply when the year began. The shift to austerity was officially launched in the Finance Minister's inaugural budget speech of 22 November 2018. Since November 2018 to January 2019, official statistics indicate that money supply growth has been slowed to a monthly average of 0.2%.

Whilst this curtailment of money supply will work better towards effectively slowing the inflationary characteristics around the RTGS\$, domestic borrowings by the Government have to follow the same if not better trend. Since January 2018, the total domestic Government debt has grown from USD6.7 billion to USD10.7 billion. The country's international debt had similarly trended up, growing by 13.3% to USD8.5 billion. At such high debt levels combined with limited fiscal space, any sort of foreign direct investment inflows whether private or public will be difficult to attract.

Another leg of the puzzle is the ease of doing business environment. Within the Sub-Saharan region Zimbabwe still ranks poorly in the areas of Starting a Business, Construction Permits, Getting Power, Paying Taxes, Trading across Borders, Contract Enforcement and Solving Insolvency. In response to some of these low ranking areas we commend the Governments' efforts in the setting up of a Commercial Court (Solving Insolvency and Contract enforcement); migrating to a more e-based taxation system (Paying Taxes); restructuring of ZESA and Kariba South expansion (Getting Power); as well as the initiative to form a one stop investment hub in the form of the Zimbabwe Investment Development Agency (Starting a business). Swift implementation of these and other pro-investment reforms will go long way to stimulate economic activity and making Zimbabwe an attractive investment destination.

The performance of the overall economy will be in response to the policy environment as businesses adapt as best they can to the law of the land. It is thus in Government's best interest to create a thriving business environment that will allow for better tax revenue availability to cater for social security interests.

### *Investment Markets Review and Outlook*

#### *Equities*

Volatility of the equity market is likely to persist as value preservation takes priority in response to an unstable currency environment. The real operational performance of listed companies will likely be subdued given significantly high inflation. Share prices may continue on an upward trend to reflect the inflationary environment notwithstanding the sub-optimal performance of the listed shares. Companies that have significant statements of financial position and access to foreign currency are expected to weather the storm and perform admirably in the outlook.

#### *Property Sector*

Low economic activity and higher voids have seen property yields remaining depressed. The high cost of building materials for new property developments will see property prices remaining comparatively high when compared to regional peers. We expect a recovery of this sector when real macroeconomic fundamentals realign in the medium to long term.

#### *Money Market*

The growth in inflation is rendering the current ceiling of 15% for lending unrealistic as this is resulting in negative returns for money market investments. A revision of the ceiling is likely to occur as the absence of such will maintain this asset class as highly unattractive.

#### *Outlook*

The equity sector remains attractive in the short to intermediate term. The property sector is now a long term investment return vehicle whilst money market investments are not viable as a real investment return hub given inflation in excess of 66% as at March 2019.

## Equity Return Analysis

(Companies ranked by market weight from highest to smallest)

	Q4 2018	Q1 2019	Capital Gain/(Loss)	Dividend past 12 months	Quarter	YOY	Total Return
Total Return Analysis	(usc)	(rtgsc)	(rtgsc)	(rtgsc)	Return	Return	Including Dividend
DELTA	272.91	225	(47.91)	7.03	(17.56%)	41.73%	46.16%
ECONET	142.75	108.33	(34.42)	1.16	(24.11%)	61.69%	63.41%
CASSAVA	143.11	100.03	(43.08)	-	(30.1%)	128.38%	128.38%
INNSCOR	185.00	131.82	(53.18)	3.76	(28.75%)	35.9%	39.77%
BAT	3300	3000	(300.0)	-	(9.09%)	50.0%	50.0%
PADENGA	85	95	10.0	1.22	11.76%	128.92%	131.86%
SEEDCO INT	172	130.25	(41.75)	-	(24.27%)	156.95%	156.95%
NATFOOD	710.45	700	(10.45)	17.95	(1.47%)	29.63%	32.95%
OLD MUTUAL LIMITED	793.1	797.8	4.7	23.67	0.59%	77.29%	82.55%
SIMBISA	72.56	66	(6.56)	1.55	(9.04%)	85.92%	90.28%
SEEDCO	207.79	143	(64.79)	-	(31.18%)	(26.67%)	(26.67%)
HIPPO	171	150.5	(20.5)	2.00	(11.99%)	(10.42%)	(9.23%)
NAMPAK	30	35.15	5.15	-	17.17%	113.03%	113.03%
OK	28.52	20.35	(8.17)	0.35	(28.65%)	23.33%	25.45%
FBCH	35	33.75	(1.25)	1.22	(3.57%)	63.83%	69.74%
RIO ZIM	189	177.15	(11.85)	-	(6.27%)	46.71%	46.71%
TSL	60.25	60	(0.25)	0.70	(0.41%)	50.0%	51.75%
AFDIS	153	169.75	16.75	4.10	10.95%	17.07%	19.9%
AXIA	45	35.05	(9.95)	0.92	(22.11%)	75.25%	79.85%
AFSUN	10	15	5.0	0.71	50.0%	300.0%	319.05%
<b>Mid Cap Listed Companies</b>							
MEIKLES	51	46.75	(4.25)	0.12	(8.33%)	55.83%	56.23%
CBZH	15.5	16.5	1.0	1.74	6.45%	65.0%	82.4%
FCB	5.9	5.04	(0.86)	-	(14.58%)	14.55%	14.55%
LAFARGE	133	133	0.0	-	0.0%	(2.21%)	(2.21%)
GETBUCKS	7	8	1.0	0.05	14.29%	116.22%	117.68%
FIRST MUTUAL	15	12.25	(2.75)	0.29	(18.33%)	(23.44%)	(21.63%)
NMB	24	21.95	(2.05)	0.96	(8.54%)	143.89%	154.56%
BINDURA	9.45	6.34	(3.11)	-	(32.91%)	95.08%	95.08%
FIRST MUTUAL PROPERTIES	7.02	5.92	(1.1)	0.050	(15.67%)	23.33%	24.38%
POWERSPEED	14	17.45	3.45	0.40	24.64%	154.37%	160.2%
ZBFH	35	39	4.0	1.57	11.43%	8.33%	12.69%
DAWN	2.5	2.4	(0.1)	0.04	(4.0%)	50.94%	53.5%
ZIMFLOW	24.52	24.5	(0.02)	0.63	(0.08%)	145.0%	151.3%
MASH	2.88	3	0.12	0.05	4.17%	11.11%	13.11%
PROPLASTICS	19.5	21.25	1.75	0.81	8.97%	191.1%	202.19%
<b>Currency Appreciation</b>							
	Q4 2018	Q1 2019			Quarter Return		YTD Return
Usd/rtgs\$*	-	3.25			30%		30%
usd/zar	14.3633	14.455			0.64%		0.64%
usd/gbp	0.7873396	0.76764			(2.5%)		(2.5%)
usd/eur	0.873744	0.89033			1.9%		1.9%
usd/yen	110.3645	110.779			0.38%		0.38%

\*Officially started trading on 22 February 2019  
Source: OMSEC Research Data Base

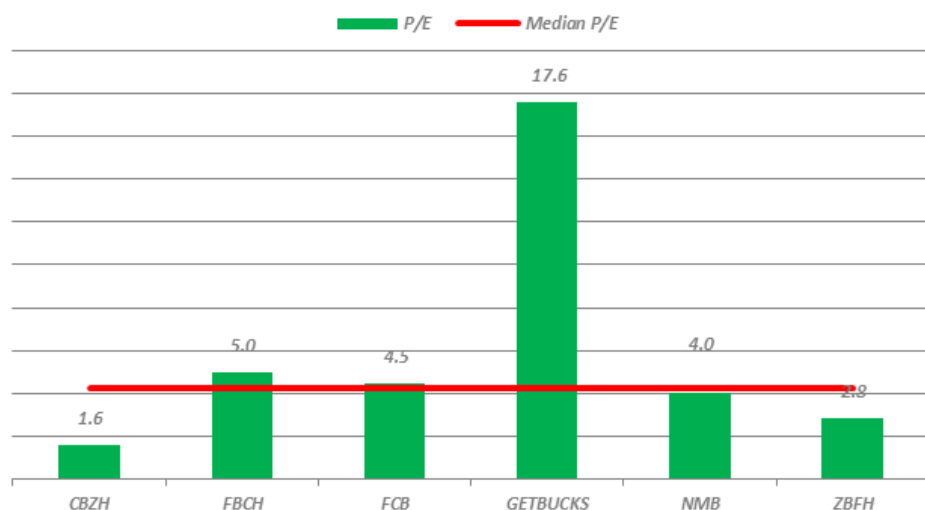
## Market Sector Valuation Overview

31-Dec-18	MKT CAP	SECTOR	SECTOR	SECTOR	SECTOR
Sector	RTGS\$ (m)	(RTGS\$ m)	AVERAGE P/E	AVERAGE P.BOOK	INDEX
		ROLLING EARNINGS			YTD RETURN
Bank	692.9	108.9	7.29	3.9	27.5%
Beverages	4,360.1	110.2	39.85	14.6	23.0%
Commodities	1,800.6	49.9	36.98	2.6	86.3%
Communication	3,698.0	224.2	16.49	4.5	15.5%
Consumer	476.9	2.8	2.95	4.5	37.7%
Diversified	127.6	8.2	7.79	0.6	27.5%
Food	890.0	31.0	28.76	7.6	25.7%
Hotel	127.9	8.35	41.62	4.9	45.4%
Insurance	587.2	5,185.5	20.13	2.12	32.1%
Manufacturing	687.6	101.4	11.58	2.3	34.9%
Mining	356.2	14.5	11.93	5.6	35.9%
Property	245.1	8.0	18.83	0.7	18.4%
Retail	1,649.8	68.7	17.08	3.3	33.3%
Technology	3,707.4	70.7	52.44	30.8	(4.1%)

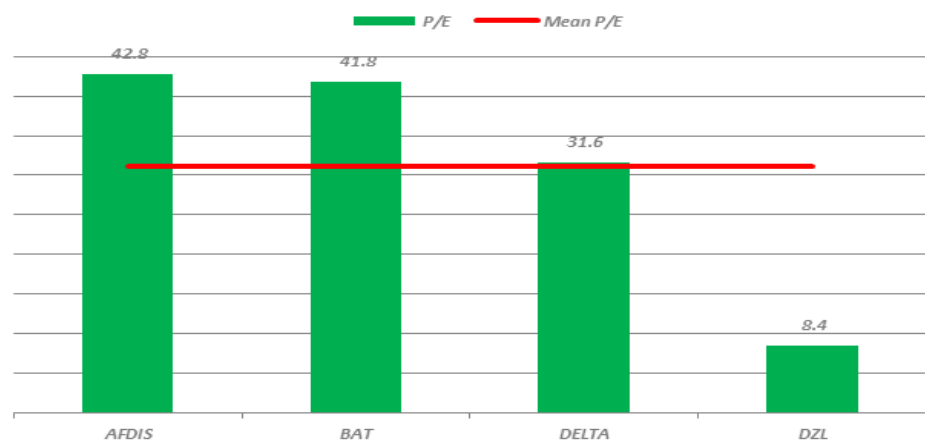
Source: OMSEC Research Data Base

## 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	371.3	(1.55%)
Best Performer		
GETBUCKS	8	14.29%
Worst Performer		
FCB	5.04	(14.58%)

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

Beverages	Value	Quarter Change
Sector Index	1522.0	(15.04%)
Best Performer		
AFDIS	169.75	10.95%
Worst Performer		
DELTA	225	(17.56%)

DZL's P/E is the most attractive company in this sector following continued enhanced profitability following the business' restructuring. Its peer companies are trading at high PER comparatives to other sectors within the consumer sector space.

Commodities	Value	Quarter Change
Sector Index	861.5	(19.81%)
Best Performer		
ARISTON	2.93	22.08%
Worst Performer		
SEEDCO	143	(31.18%)

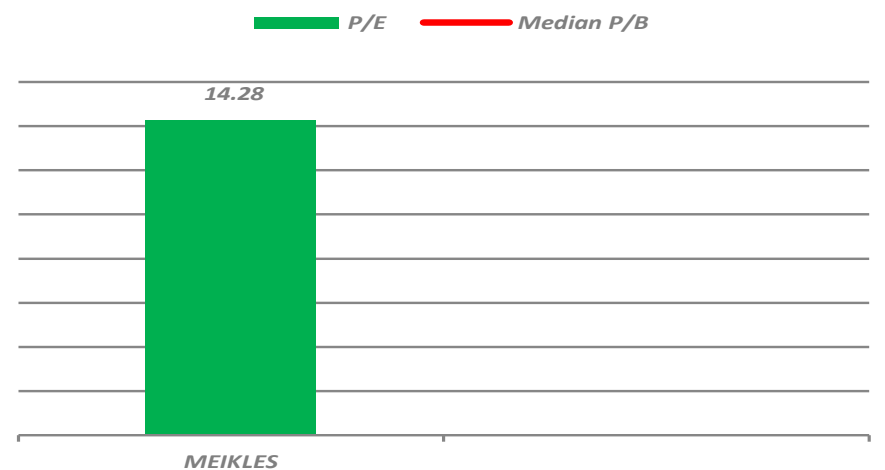
The best performer in the commodities sector was ARISTON with a 22.08% return. SEEDCO has the lowest P/E but concerns remain on exposure to Government securities which have discounted secondary market values and settlements which will be made in a depreciating currency.



## Specialised Goods Sector P/E Graph



## Diversified Sector P/B Graph



Technology	Value	Quarter Change
Sector Index	2013.2	(24.11%)
Best Performer		
ECONET	108.33	(24.11%)
Worst Performer		
CASSAVA	100.03	(30.1%)

Following the demerger of CASSAVA out of ECONET, this sector now has two companies. CASSAVA listed on the ZSE on the 18<sup>th</sup> of December 2018 with an opening price of usc43.8. Despite retreating 30% this quarter, CASSAVA is currently trading at a premium to the sector and market average price earnings relative.

Consumer	Value	Quarter Change
Sector Index	1960.0	18.38%
Best Performer		
ZIMPAPERS	8.7	202.08%
Worst Performer		
PADENGA	95	11.76%

ZIMPAPERS added a significant return of 202.08% during the quarter and was the best performer in this sector. ZIMPAPERS operations have begun to turn a profit following its restructuring and diversification into other digital news and media arenas.

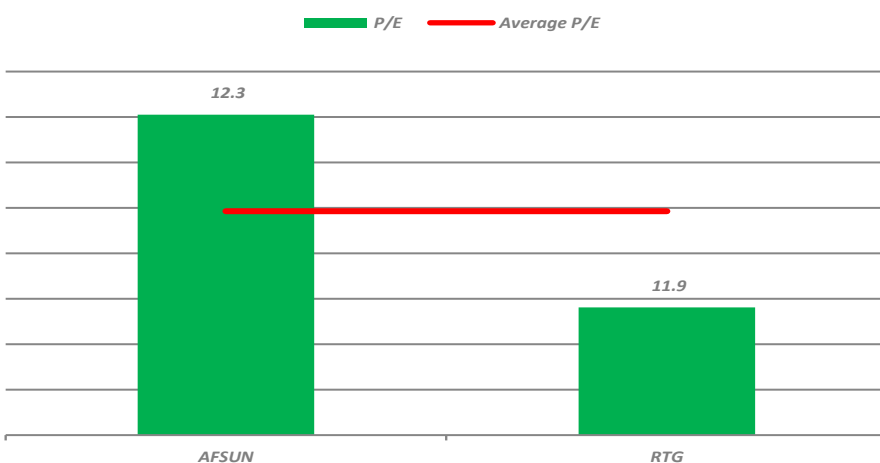
Diversified	Value	Quarter Change
Sector Index	183.8	140.38%
Best Performer		
MEIKLES	46.75	(8.33%)
Worst Performer		
MEIKLES	46.75	(8.33%)

MEIKLES returned a negative 8.3% during the quarter and has gradually been able to improve its operational income earnings for the company. The resurgence in tourism underpinned the company's performance during the period.

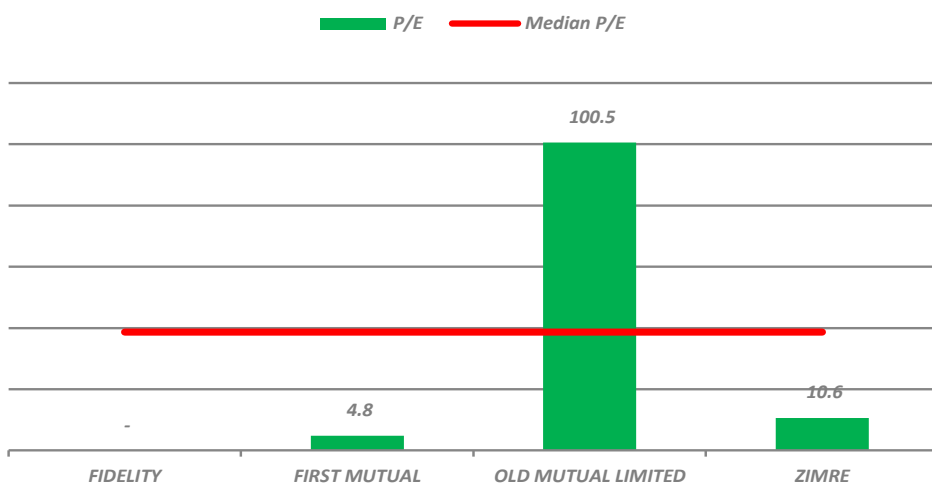
## Food Sector P/E Graph



## Hotel Sector P/E Graph



## Insurance Sector P/E Graph



Food	Value	Quarter Change
Sector Index	9740.1	74.15%
Best Performer		
NATFOOD	700	(1.47%)
Worst Performer		
SIMBISA	66	(9.04%)

SIMBISA is the most attractive company on a PER basis in this sector despite having the lowest returns during the quarter. NATFOODS earnings were subdued owing to a poor mill and bake segment performance.

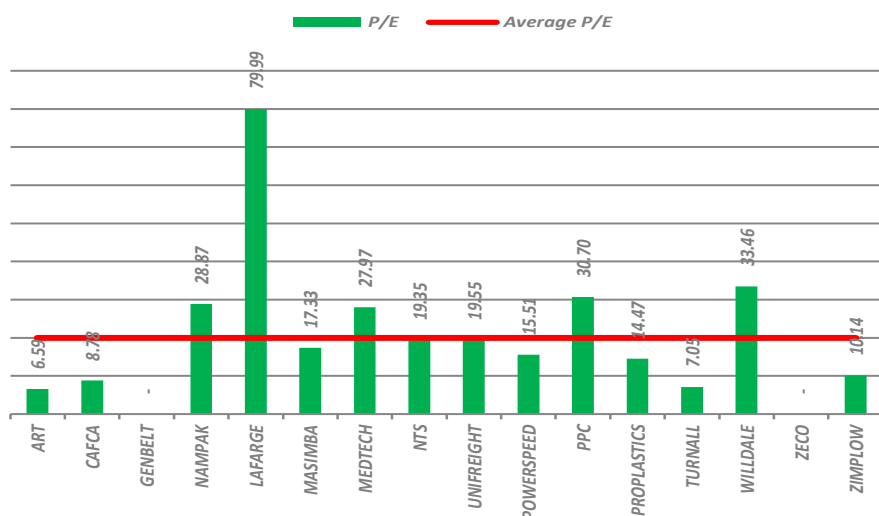
Hotel	Value	Quarter Change
Sector Index	249.5	32.96%
Best Performer		
AFSUN	15	50.00%
Worst Performer		
RTG	2.42	1.26%

AFSUN made a jump in share returns of 50% during the quarter. RTG's PER came down following an impressive set of results that saw it pay a dividend for the first time in 13 years. We however need to disclose that there was a non-recurring line item that boosted the RTGS income for 2018.

Insurance	Value	Quarter Change
Sector Index	1072.5	(2.6%)
Best Performer		
ZIMRE	2.64	3.13%
Worst Performer		
FIRST MUTUAL	12.25	(18.33%)

OLD MUTUAL's share price continues to be buoyed excessively by its fungibility status as foreigners continue to use it as a conduit to exit the ZSE. The resultant PER therefore has very little to do with the company's actual performance.

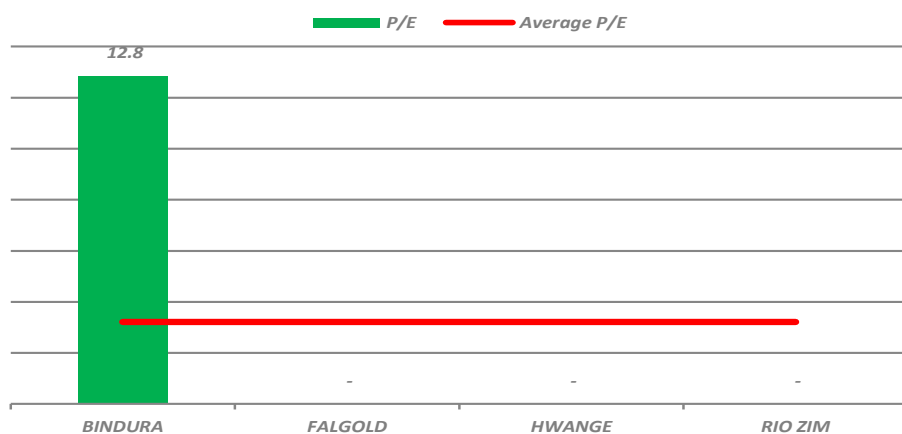
## Manufacturing Sector P/E Graph



Manufacturing	Value	Quarter Change
Sector Index	417.8	11.14%
Best Performer		
MEDTECH	0.09	350.00%
Worst Performer		
PPC	132	(30.53%)

About 88% of the listed manufacturing sector companies recorded positive rolling earnings in 2018. ART, CAFCA, MASIMBA, POWERSPEED, PROPLASTICS, TURNALL and ZIMPLOW are the attractive companies in this sector on a P/E scale. Despite Med-tech returning 350% during the quarter this was under extremely thin volumes of trade.

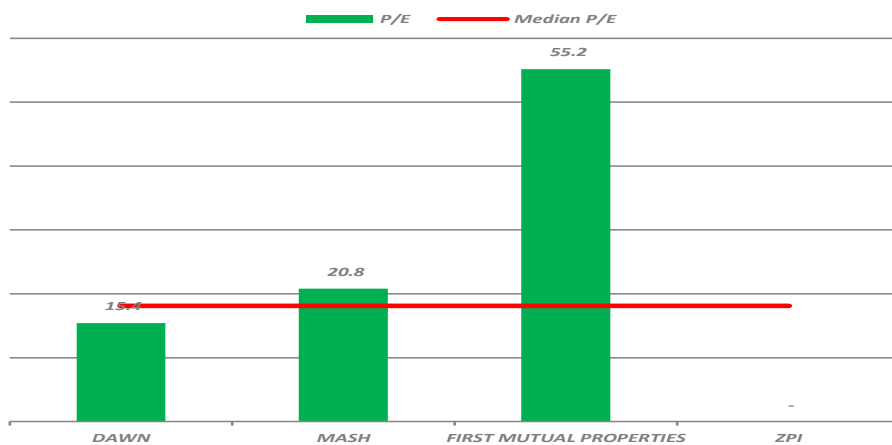
## Mining Sector P/E Graph



Mining	Value	Quarter Change
Sector Index	78.7	(16.18%)
Best Performer		
RIO ZIM	177.15	(6.27%)
Worst Performer		
BINDURA	6.34	(32.91%)

RIO ZIM published results indicated that its failure to access foreign currency resulted in subdued production that resulted in a net loss. BNC remains the only company in the sector with positive rolling earnings.

## Property Sector P/E Graphs



Property	Value	Quarter Change
Sector Index	160.4	(5.37%)
Best Performer		
MASH	3	4.17%
Worst Performer		
FIRST MUTUAL PROPERTIES	5.92	(15.67%)

Lower economic activity has generally resulted in higher voids, downward rental negotiations and increasing rental arrears. Dawn being the exception performed better due to its exposure to hotel properties.

## Retail Sector P/E Graphs



Retail	Value	Quarter Change
Sector Index	879.7	(27.92%)
Best Performer		
TRUWORTHS	1.6	(0.62%)
Worst Performer		
INNSCOR	131.82	(28.75%)

EDGARS performance was surprisingly underpinned by the lower real cost of wages as the company starts entertaining the idea of exports. This sector remains quite vulnerable to the macro-economic environment given the squeeze on disposable incomes.

## Top Five Picks

<b>AXIA</b>	<b>Latest Fundamentals</b>
<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. The company continues to exhibited strong earnings growth potential despite the current economic hardships.
<b>Target Price</b>	
rtgsc71.1	<b>Key Technicals</b>
<b>Current Price</b>	AXIA is neutral on both the relative strength index and moving average convergence and divergence scale. We advise taking advantage of the current stability in the share price and invest for long term gains.
Rtgsc42	<b>Sensetivity View</b>
<b>Potential Upside</b>	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.
69%	Worst Scenario: Increased liquidity drain, limited aggregate demand, dwindling employment and a general decline in disposable incomes which would result in a poor uptake of the company's products.
<b>AFSUN</b>	<b>Latest Fundamentals</b>
<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. The dropping of a foreign based hotel management agency should result in real dollar cost savings for its hotels. Tourist arrival growth and the ability of the company to meet its expenditure requirements in foreign currency has made the hotelier quite competitive.
<b>Target Price</b>	
rtgsc88	<b>Key Technicals</b>
<b>Current Price</b>	The company is in neutral territory on the relative strength index scale and on the moving average convergence divergence scale. We recommend taking advantage of the current resurgence in the share price and accumulate more for progressive long term gains.
Usc27.47	<b>Sensetivity View</b>
<b>Potential Upside</b>	Best-case Scenario: Improved tourist arrivals to breach the Government target of 2.5 million annual arrivals. Firming regional currencies against the USD to improve the cost for tourists. Reduced regulatory red tape for tourists visiting Zimbabwe and improved payment options and lower tax charges for tourists.
220%	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.
<b>Turnall</b>	<b>Latest Fundamentals</b>
<i>Medium Term Buy</i>	The company seems to have turned a corner after a difficult turnaround period that has seen the company become more cost efficient, better geared in terms of its statement of financial position and gaining access to markets that it had previously lost market share to as well as gaining nascent export opportunities.
<b>Target Price</b>	
Usc16	<b>Key Technicals</b>
<b>Current Price</b>	The company's relative strength index is in buy territory whilst the moving average convergence divergence is on a neutral plane. One should take up shares in the company as the fundamental outlook remains fairly optimistic.
Usc8	<b>Sensetivity View</b>
<b>Potential Upside</b>	Best-case Scenario: Recovery in disposable incomes, liquidity improvement and competetives in the export market is maintained. Availability of foreign currency to import critical raw materials for the business's production processes.
100%	Worst Scenario: Depressed demand arising from poor liquidity and lower disposable incomes. Increased competition from local and export markets. Shortages in sourcing foreign currency for roofing sheet inputs.

<b>PADENGA</b>	<b>Latest Fundamentals</b> PADENGA has maintained its infrastructure well and is relatively concealed from the currency risk associated with Zimbabwe as the bulk of its crocodile skins are sold to European markets for foreign currency. The US market for wrist watches although facing challenges in the past seems to be gaining ground and could add to the revenue opportunities for the company.
<b>Long-term Buy</b>	
<b>Target Price</b>	<b>Key Technicals</b> Both technical indicators are in neutral territory (relative strength index and moving average convergence divergence). We recommend accumulating the share in anticipation of value preservation and value creation in the future.
Usc176	
<b>Current Price</b>	<b>Sensitivity View</b> Best-case Scenario: The maintenance of a peaceful business environment and strong demand from Europe from the company's products. Finding a viable secondary market for their crocodile meat by product to add to revenue generation.
Usc111	
<b>Potential Upside</b>	Worst Scenario: An unviable business environment in Zimbabwe. Regulatory surrender requirements catching up to Padenga's sector making it difficult to sustain operations.
59%	
<b>CAFCA</b>	<b>Latest Fundamentals</b> The company has benefitted from the Government's protectionist stance and has been able to rebuild its capacity and cash reserves such that it is now in a position to satisfy local demand and export into the region. Added to that the business has been able to devise a way to process local copper through an alternative method that does not require importation of raw materials which will alleviate it from the significant foreign currency shortages currently being experienced in the country.
<b>Medium Term Buy</b>	
<b>Target Price</b>	<b>Key Technicals</b> The company's technicals indicate that the company is in buy territory on both the relative strength index and on the moving average convergence divergence scale. The share is however quite illiquid but the upside potential is worth considering for a gradual accumulation of the share.
Usc200	
<b>Current Price</b>	<b>Sensitivity View</b> Best-case Scenario: Continued ability to access foreign currency from regional exports and local import substitution benefits from ZESA in accessing recyclable copper for processing. Sustained local demand from both industrial and domestic electrical wire installations.
Usc103.25	
<b>Potential Upside</b>	Worst Scenario: Acute foreign currency shortages, inability to access copper locally and slow demand for the company's products.
94%	

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