DO GREAT THINGS | OLD MUTUAL SECURITIES

PORTFOLIO MANAGER'S DIGEST SECOND QUARTER 2019

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OUTLINE

"Time is the friend of the wonderful company, the enemy of the mediocre."– Warren Buffet.

Q2 2019 Zimbabwe Stock Exchange Review

Market Summary

The Zimbabwe Stock Exchange's (ZSE) main Industrial Index added 68.53% during the second quarter of the year whilst the mining index firmed 31.59%. For the Mining Index, following the voluntary suspension of Falcon Gold in Q1 2019 and suspension of Hwange back in Q4 2018, the remaining two companies, returns were almost equal at 32.66% (RIO ZIM) and 31.57% (BNC) each respectively. Headlining the gainers in the Industrial Index during the quarter was MEDTECH with a return of 344.44% followed by CBZH at 233.15%. There were marginal losers during the quarter in the form of ZIMPAPERS, FIDELITY and NTS whose losses ranged from 3.24% to 8.05% during the quarter. The recovery in the indices can be largely attributed to an asset re-pricing response to the significant inflationary trend experienced during the period.

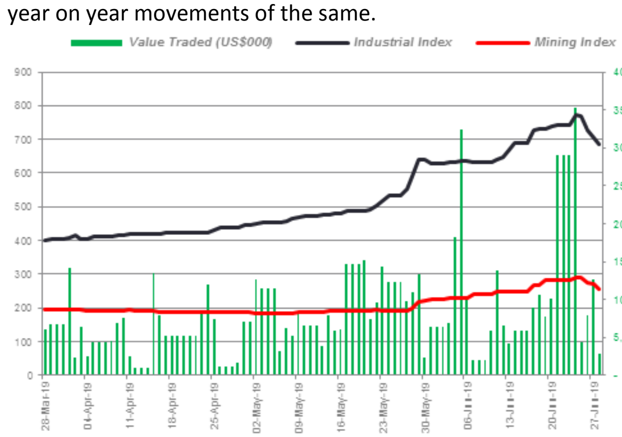
The total value of shares that traded on the ZSE in Q2 2019 was RTGS$545.6m (US$83.2m). The comparative statistic for the value of trades in Q2 2018 was US$181.2m. Foreign investors accounted for 37.9% of the value traded in Q2 2019 compared to 66% traded in Q1 2019. The sharp decline was a result of significant uncertainty during the period given significant currency reforms.

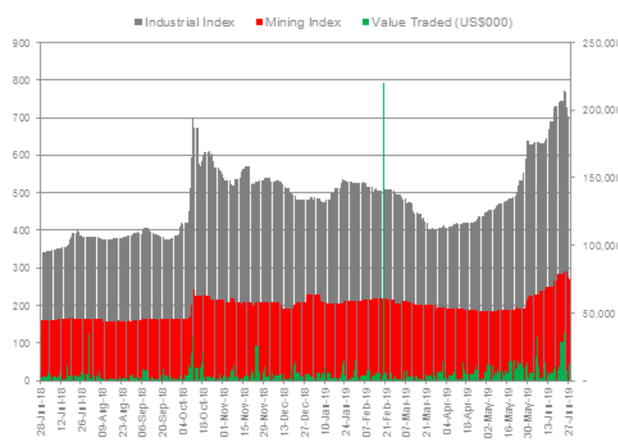
Trading conditions have largely remained difficult owing to the sustained shortages of foreign currency, high inflation and policy uncertainty. According to the Reserve Bank of Zimbabwe, the interbank market was not trading optimally and this limited company access to foreign currency. The gazetting of Statutory Instrument (SI) 142 of 2019 on 24 June 2019 wherein the multicurrency regime was replaced with the introduction of a local currency as well as the banning of all foreign currencies for local transactions brought significant unplanned challenges for business. This was however Government's way of fighting inflationary pressure that was resulting from price pegging on an upwardly trending parallel market rate. Cost push inflation was the theme for most ZSE listed companies whose revenues were on an upward trend in sync with inflationary trends. We suspect however that the second quarter performance for consumer sector companies was facing downward volume demand especially for companies whose revenue is purely dependent on local sales. The banking sector and other service sectors are likely to have continued benefitting from the high volume of e-transactions in the face of cash shortages. Manufacturing sector companies are likely to have suffered from depressed demand due to higher prices and production bottlenecks arising from anything from 8 to 18 hour power-cuts. Going forward policy makers should ensure that the interbank market becomes a true reference exchange and eliminate policy uncertainty. This can be done by better transparency around foreign currency trades, wider consultation and better communication before policy implementation.

The table shows the key performers and non-performers during Q2 2019 and in the last 12 months.

Top Movers		12 Months	
Q2 2019	**% Change**	**12 Months**	**% Change**
INDUSTRIAL	68.53%	**INDUSTRIAL**	99.45%
MINING	31.59%	**MINING**	58.27%
MEDTECH	344.44%	TURNALL	900.0%
CBZH	233.15%	MEDTECH	700.0%
AFSUN	184.67%	RTG	650.0%
OK	145.7%	ZIMPAPERS	501.5%
EDGARS	140.0%	AFSUN	493.06%
Losers	**% Change**	**Losers**	**% Change**
ZIMPAPERS	(8.05%)	FIDELITY	(29.67%)
FIDELITY	(4.09%)	SEEDCO	(11.41%)
NTS	(3.24%)	FCB	(1.54%)
-	-	-	-
-	-	-	-

The graphs below show the movement in the industrial and mining indices as well as the value and volume traded in Q2 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 %
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%
Apr-19	$ 116,520,909	134,603,851	446.52	186.47	56,228,996	$ 95,532,606	$ 13,769,629	$ 17,502,728,784	8.0%	41.0%
May-19	$ 193,524,027	237,215,616	628.41	225.81	84,933,438	$ 184,168,964	$ 13,746,118	$ 24,919,955,296	9.3%	47.6%
Jun-19	$ 235,594,110	293,170,355	683.51	255.26	82,650,792	$ 134,408,414	$ 6,493,282	$ 27,017,166,999	10.5%	28.5%
12 Month Total	**$ 1,626,082,134**	**2,793,855,911**	**683.51**	**255.26**	**1,449,544,949**	**$ 1,416,122,029**	**$ 8,633,146**	**$ 18,049,989,314***	**9.0%**	**43.5%**
Q2 2019	**$ 545,639,047**	**664,989,822**	**683.51**	**255.26**	**223,813,226**	**$ 414,109,983**	**$ 6,469,770**	**$ 23,146,617,026***	**2.4%**	**37.9%**
Q2 2018	**$ 181,237,329**	**570,332,629**	**342.79**	**161.28**	**132,128,534**	**$ 91,923,932**	**$ 34,666,556**	**$ 9,863,588,433***	**1.8%**	**25.4%**

*Average**
(ZSE and OMSEC Research Data base June 2019)

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Economic Review

The persistent currency shortages coupled with high inflation had a significant negative impact on the operating environment in the second quarter of 2019. The Zimbabwe Statistical Office released June 2019 inflation numbers where official annual inflation reached its highest level since post dollarization Zimbabwe at 175.66%. Production bottlenecks persisted with intermittent fuel shortages and an energy deficit that became more pronounced due to low water levels at Kariba Dam (the country's biggest power station) and accentuated by the reluctance of regional power suppliers to continue supplying power to the country due to unpaid debts. According to the Ministry of Power and Energy Development, Zimbabwe is currently producing peak power of 1000MW against peak demand of 2200MW. The deficit has resulted in extended load shedding hours of as much as 18 hours per day. This has resulted in lower output figures for industries whilst for those that chose to circumvent this cost through generators, the cost to the business was higher. It is against this backdrop that the Confederation of Zimbabwe Industries forecasted Zimbabwe's capacity utilisation dropping to 34% in 2019 versus 48% in 2018.

The description of the status quo of Zimbabwe's macro-economic position currently does not make for good reading but such structural adjustments were always going to come to bear. Given the establishment of an interbank market for foreign currency that rapidly depreciated the local currency coupled with the banning of the multi-currency regime all happening in the space of less than a year, the impact of such changes has been especially tough to the most vulnerable sections of the Zimbabwean populace. The drought of the 2018/19 agricultural season; impact of Cyclone Idai and limited multilateral funding support has culminated into a tough economic adjustment process. The silver lining in all of this however has been that these changes are necessary to remove market distortions that were always going to be unsustainable in the medium to long run. The indirect subsidies on fuel, energy, grain and even the real cost of labour will all come to bear for business as Government embarks on the full implementation of its Transitional Stabilisation Program. A key pillar necessary to compliment these reforms will be the political, judicial and security sector fronts to ensure transparency and accountability in dealing with corruption which makes any policy implementation futile.

To list what is being done right in Zimbabwe may seem like somewhat of an oxymoron for some of the points highlighted but bear with the analogy. The staggered wage reviews being done that lag official inflation numbers are appropriately advised in the immediate term as a wanton like for like wage increase would further fuel inflationary pressures; the fiscal discipline being maintained by Government notwithstanding growing demands for social service expenditure is warranted as excessive government expenditure financed through borrowings would only serve to worsen the situation; capacitation of the Zimbabwe Anti-Corruption Commission that will hopefully result in high profile convictions should go a long way in limiting abuse of scarce public resources; and increased government engagement with civil society groups, opposition political parties and re-engagement with the international community is expected to eventually reduce the high level of polarisation and mistrust in the economy. Whilst the aforementioned list is not exhaustive, a sustained delivery of correct responses to the economic imbalances should translate into increased confidence and policy consistency in the medium to long term.

In the outlook we re-iterate that 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 demands in this adjustment period.

Investment Markets Review and Outlook

Equities

In light of policy and currency uncertainty the volatility of the equity market is likely to persist as value preservation takes priority. The real operational performance of listed companies will likely be subdued given significantly high inflation and declining local aggregate demand in the immediate term. 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 markets are expected to weather the storm better 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 significant inflation does not auger well for this investment asset class. The removal of the ceiling by the Reserve Bank of Zimbabwe through an overnight accommodation rate of 50% has given some room for better interest rate margins however it still remains a far cry from the annual inflation rate of 175.66%.

Outlook

We maintain that the equity sector remains attractive in the short to intermediate term. The property sector is a long term investment return vehicle whilst money market investments are not viable as a real investment return hub given the inflationary developments.

Equity Return Analysis

(Companies ranked by market weight from highest to smallest)

Total Return Analysis	Q1 2019 (rtgsc)	Q2 2019 (rtgsc)	Capital Gain/(Loss) (rtgsc)	Dividend past 12 months (rtgsc)	Quarter Return	YOY Return	Total Return Including Dividend
CASSAVA	100.03	197.65	97.62	-	97.59%	351.26%	351.26%
ECONET	108.33	183.5	75.17	1.16	69.39%	75.73%	76.84%
DELTA	225	340.12	115.12	9.50	51.16%	88.96%	94.23%
INNSCOR	131.82	260.32	128.5	3.76	97.48%	120.61%	123.8%
PADENGA	95	219	124.0	-	130.53%	253.45%	253.45%
OLD MUTUAL LIMITED	797.8	1375	577.2	23.67	72.35%	183.31%	188.19%
SEEDCO INT	130.25	220	89.75	1.95	68.91%	334.01%	337.86%
BAT	3000	4000	1,000.0	-	33.33%	60.0%	60.0%
SIMBISA	66	124.75	58.75	1.55	89.02%	164.47%	167.75%
OK	20.35	50	29.65	2.06	145.7%	150.38%	160.69%
NATFOOD	700	723	23.0	17.95	3.29%	32.42%	35.71%
SEEDCO	143	178.98	35.98	2.37	25.16%	(11.41%)	(10.24%)
FBCH	33.75	60.25	26.5	0.92	78.52%	173.86%	178.04%
CBZH	16.5	54.97	38.47	1.74	233.15%	436.29%	453.28%
HIPPO	150.5	190	39.5	2.00	26.25%	18.75%	20.0%
AFSUN	15	42.7	27.7	1.12	184.67%	493.06%	508.65%
AXIA	35.05	55	19.95	0.92	56.92%	150.0%	154.18%
NAMPAK	35.15	39.25	4.1	-	11.66%	143.79%	143.79%
RIO ZIM	177.15	235	57.85	-	32.66%	57.72%	57.72%
MEIKLES	46.75	110	63.25	0.12	135.29%	233.13%	233.49%
Mid Cap Listed Companies							
TSL	60	60	0.0	1.50	0.0%	50.0%	53.75%
AFDIS	169.75	180	10.25	3.00	6.04%	24.14%	26.21%
RTG	2.42	7.5	5.08	0.07	209.92%	650.0%	656.56%
FIRST MUTUAL	12.25	21	8.75	0.290	71.43%	31.25%	33.06%
FCB	5.04	6.4	1.36	-	26.98%	(1.54%)	(1.54%)
GETBUCKS	8	12	4.0	0.05	50.0%	224.32%	225.78%
DAWN	2.4	4.84	2.44	0.04	101.67%	240.85%	243.71%
LAFARGE	133	137	4.0	-	3.01%	1.48%	1.48%
BINDURA	6.34	8.41	2.07	-	32.65%	68.2%	68.2%
NMB	21.95	28	6.05	0.96	27.56%	142.01%	150.3%
STARAFRICA	1.1	2.2	1.1	-	100.0%	69.23%	69.23%
DZL	14.05	29	14.95	0.70	106.41%	123.08%	128.46%
FIRST MUTUAL PROPERTIES	5.92	7.8	1.88	0.05	31.76%	77.27%	78.41%
PROPLASTICS	21.25	38	16.75	0.56	78.82%	308.6%	314.62%
POWERSPEED	17.45	25	7.55	0.40	43.27%	257.14%	262.86%
Currency Appreciation	**Q1 2019**	**Q2 2019**			**Quarter Return**		**YTD Return**
usd/rtgs$	3.25*	6.622			103.75%		164.88%
usd/zar	14.455	14.1278			(2.26%)		(1.64%)
usd/gbp	0.767638	0.78637			2.44%		(0.12%)
usd/eur	0.890328	0.87829			(1.35%)		0.52%
usd/yen	110.779	107.747			(2.74%)		(2.37%)

***Officially started trading on 22 February 2019**

Source: OMSEC Research Data Base

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Market Sector Valuation Overview

28-Jun-19 Sector	MKT CAP RTGS$(m)	SECTOR (RTGS$ m) ROLLING EARNINGS	SECTOR AVERAGE P/E	SECTOR AVERAGE P.BOOK	SECTOR INDEX YTD RETURN
Bank	1,246.3	190.1	9.20	2.3	82.7%
Beverages	5,469.6	166.1	37.30	15.1	47.6%
Commodities	2,042.9	129.1	40.78	3.9	41.5%
Communication	4,753.7	224.2	21.20	5.8	69.4%
Consumer	1,232.2	16.7	51.90	10.3	118.2%
Diversified	275.3	13.4	10.24	1.3	86.8%
Food	1,189.1	46.3	26.06	8.9	40.5%
Hotel	539.5	15.15	35.92	12.2	217.4%
Insurance	1,133.2	3,316.9	49.51	4.51	98.1%
Manufacturing	1,010.5	46.6	31.78	2.9	32.2%
Mining	396.0	6.4	4.26	7.1	32.7%
Property	342.6	8.6	31.48	1.0	47.7%
Retail	2,436.5	135.2	17.47	3.8	111.0%
Technology	5,120.3	70.7	72.42	42.6	97.6%

Source: OMSEC Research Data Base

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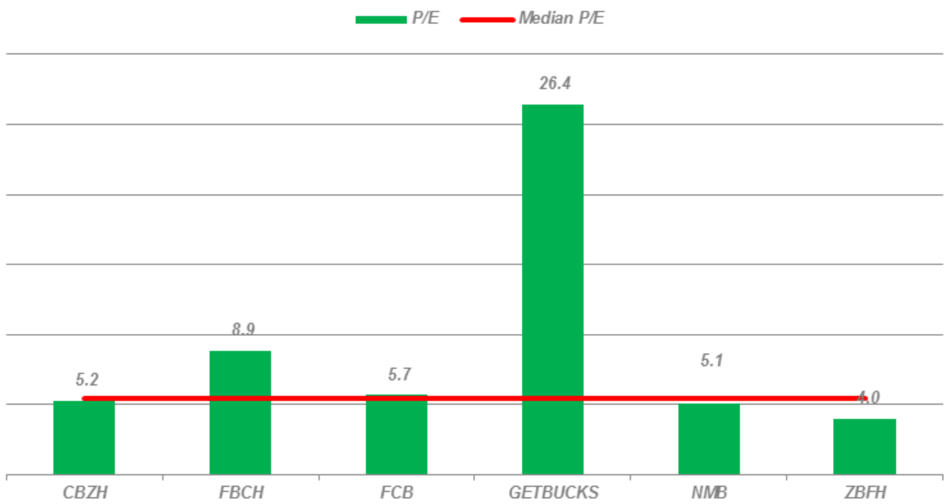
ZSE Sector Price Earnings Relative Comparisons

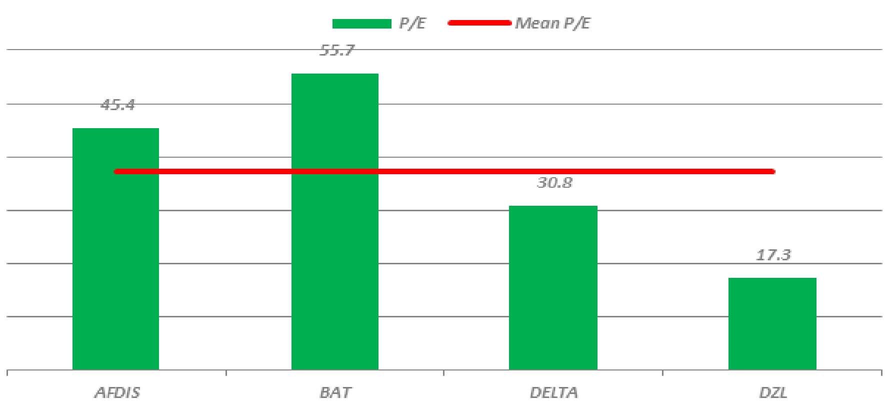
Banking Sector P/E Graph



Bank	Value	Quarter Change
Sector Index	678.4	82.7%
Best Performer		
CBZH	54.97	233.15%
Worst Performer		
FCB	6.4	26.98%

CBZH, FCB and ZBFH are the most attractive companies on a Price to Earnings (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 the heightened risk of higher NPLs given the rising interest rates.

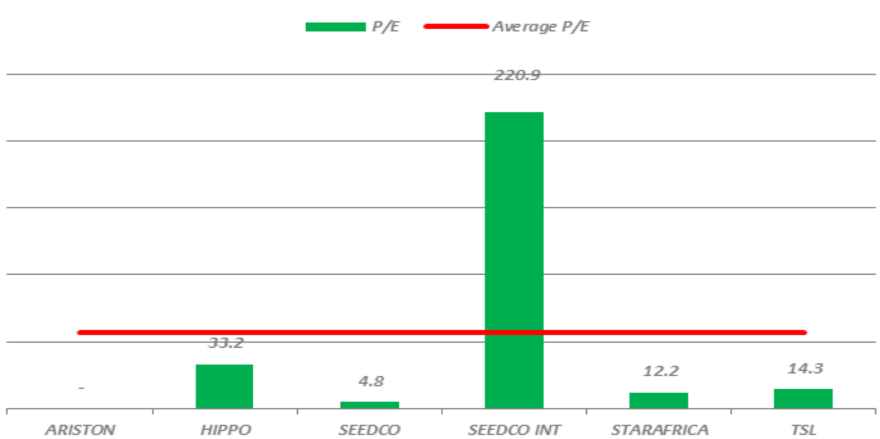
Beverages Sector P/E Graph



Beverages	Value	Quarter Change
Sector Index	2247.2	47.65%
Best Performer		
DZL	29	106.41%
Worst Performer		
AFDIS	180	6.04%

DZL and DELTA's P/E are the most attractive companies in this sector. Companies in this sector suffer the real risk of not having enough working capital should they get their pricing matrices wrong.

Commodity Sector P/E Graph



Commodities	Value	Quarter Change
Sector Index	1218.9	41.48%
Best Performer		
STARAFRICA	2.2	100.00%
Worst Performer		
TSL	60	0.0%

The best performer in the commodities sector was STAR AFRICA with a 100% return following benefits of the company's restructuring and increased capacity utilisation of their plant. ARISTON's rolling earnings were negative after adjusting for revaluations hence the absence of a P/E ratio.

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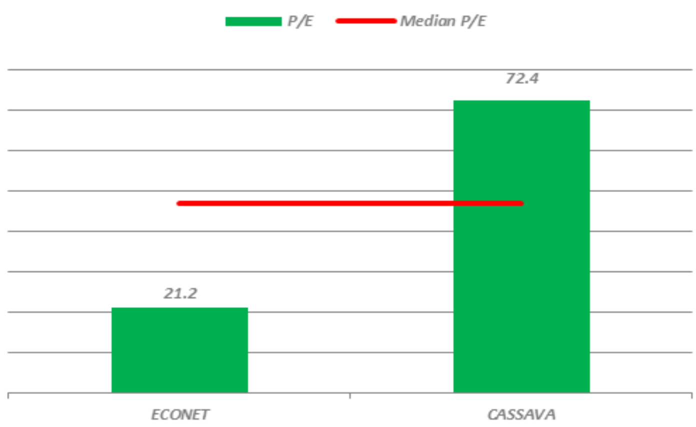
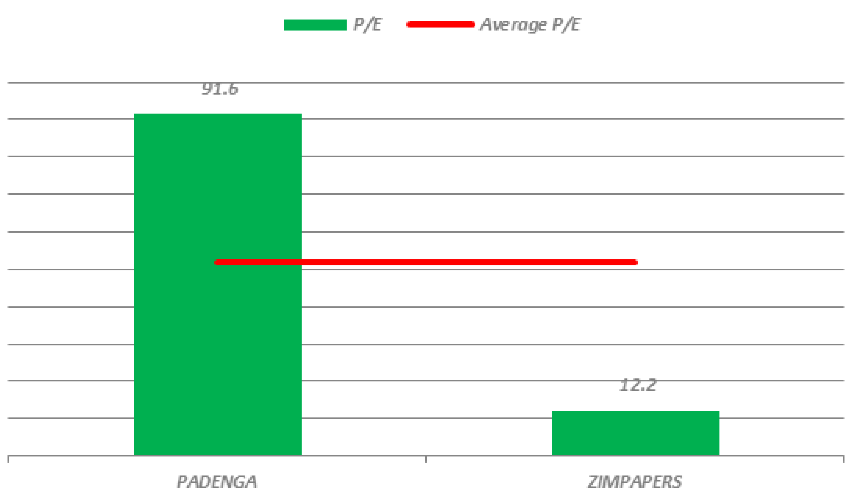


Technology	Value	Quarter Change
Sector Index	3410.1	69.39%
Best Performer		
CASSAVA	197.65	97.59%
Worst Performer		
ECONET	183.5	69.39%

CASSAVA was the best performer in this sector with a return of 97.59%. This is notwithstanding its significant P/E ratio. We are of the view that the share is currently overvalued and believe that value lies in its parent company ECONET whose P/E is significantly lower.

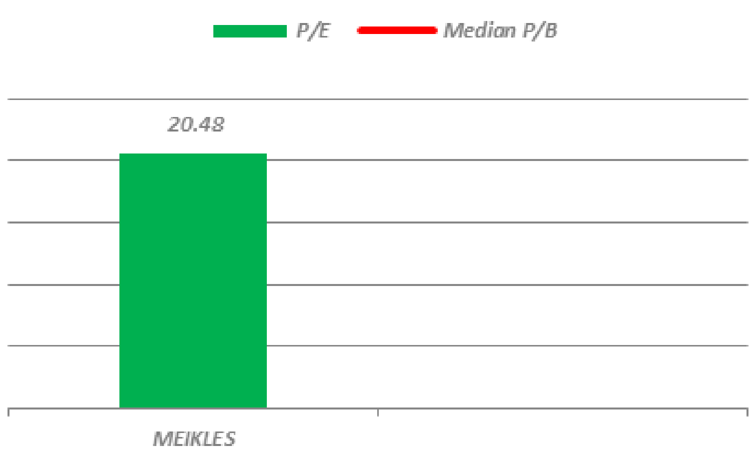
Specialised Goods Sector P/E Graph



Consumer	Value	Quarter Change
Sector Index	4277.2	118.23%
Best Performer		
PADENGA	219	130.53%
Worst Performer		
ZIMPAPERS	8	(8.05%)

PADENGA added a significant return of 130.5% as investors were interested in the company's foreign currency exposure. The company's P/E ratio is likely to come down when their earnings are converted to RTGS$. ZIMPAPERS had the lowest return of 8.05% amongst all ZSE listed companies notwithstanding its low P/E ratio. We believe the market is undervaluing this share.

Diversified Sector P/B Graph



Diversified	Value	Quarter Change
Sector Index	343.4	135.29%
Best Performer		
MEIKLES	110	135.29%
Worst Performer		
MEIKLES	110	135.29%

MEIKLES is the only listed diversified company following the delisting of CFI from the ZSE. The company returned 135.29% underpinned by the performance of its retail and hotel segments in the FY March 2019 period. The company is set to increase its exports and sell off its Harare City hotel in the short term.

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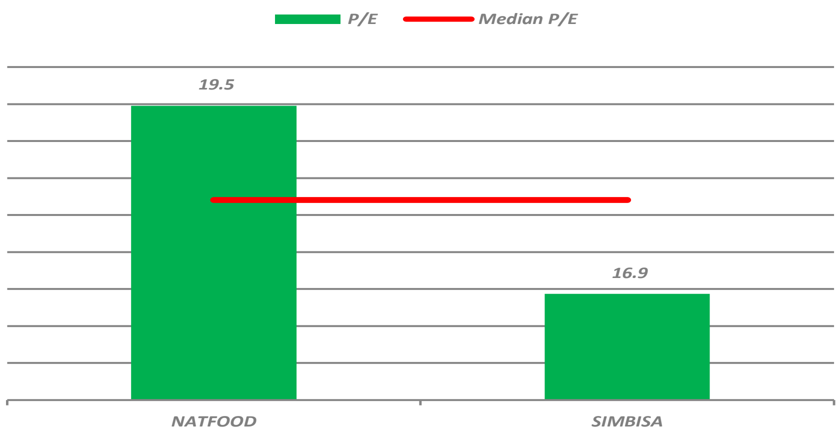
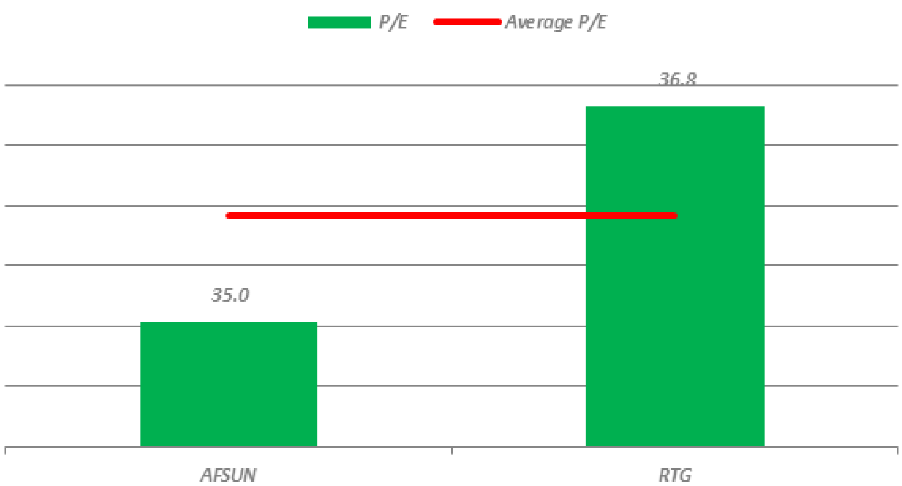
Food Sector P/E Graph



Food	Value	Quarter Change
Sector Index	13686.0	40.51%
Best Performer		
SIMBISA	124.75	89.02%
Worst Performer		
NATFOOD	723	3.29%

SIMBISA is the most attractive company on a P/E basis in this sector and this is despite the company having returned 89% during the quarter. NATFOODS, despite having the highest P/E in this sector, remains attractive when compared to the market average P/E.

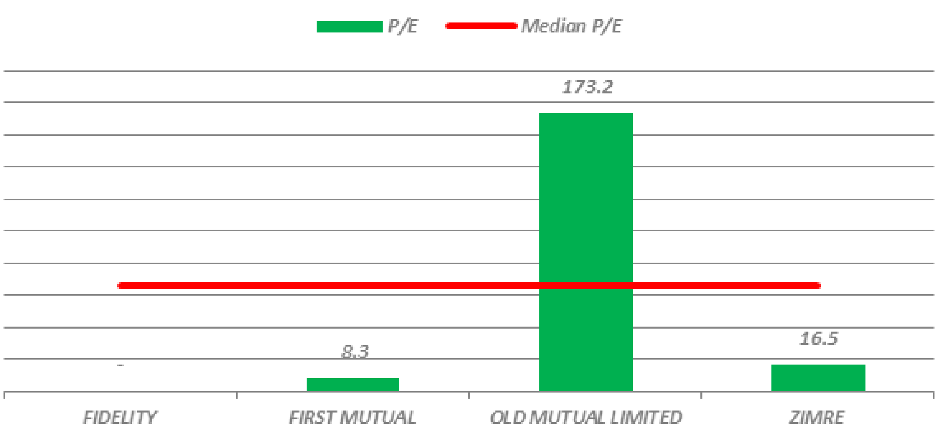
Hotel Sector P/E Graph



Hotel	Value	Quarter Change
Sector Index	791.7	217.38%
Best Performer		
RTG	7.5	209.92%
Worst Performer		
AFSUN	42.7	184.67%

RTG made the highest return for this sector with a return of 209.92%. This follows he company's significant growth in income and profitability. We however hazard to say that the company had a huge component of non-recurring income in its bottom line. Both companies in this sector remain attractive on a P/E scale more-so because of the likely upward review in their earnings per share for their USD income.

Insurance Sector P/E Graph



Insurance	Value	Quarter Change
Sector Index	2125.0	98.13%
Best Performer		
ZIMRE	6.1	131.06%
Worst Performer		
FIDELITY	8.44	(4.09%)

The excessively high P/E ratio for Old Mutual Limited is really due to the absence of a suitable exchange rate to convert the company's earnings per share into RTGS$ for its 2018 full year. The current P/E therefore has very little to do with the company's actual performance. FIRST MUTUAL and ZIMRE remain attractive on a P/E scale.

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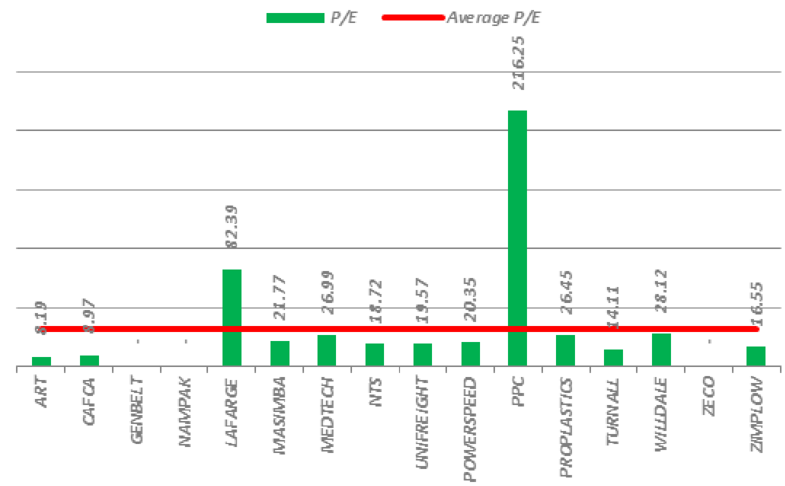
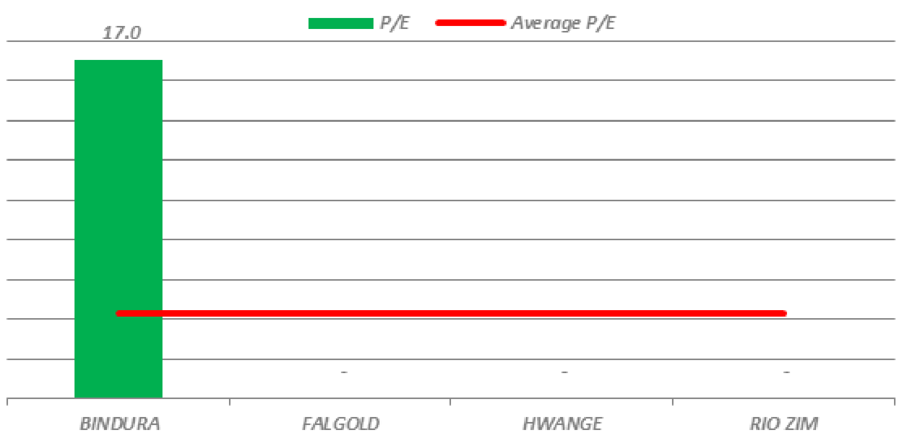
Manufacturing Sector P/E Graph



Manufacturing	Value	Quarter Change
Sector Index	552.4	32.23%
Best Performer		
MEDTECH	0.4	344.44%
Worst Performer		
NTS	2.09	(3.24%)

About 13 of 16 listed manufacturing sector companies recorded positive rolling earnings in 2018. Whilst it may seem like a number of companies are attractive on a P/E scale, this may be deceptive as revenue growth was largely premised on inflation for most companies. A closer look at the company's working capital requirements and balance sheet solvency position is necessary before an investment decision.

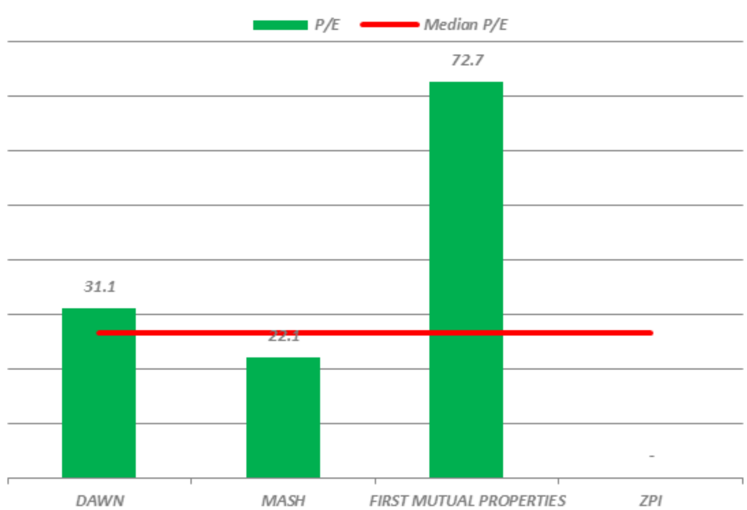
Mining Sector P/E Graph



Mining	Value	Quarter Change
Sector Index	104.4	32.65%
Best Performer		
RIO ZIM	235	32.66%
Worst Performer		
BINDURA	8.41	32.65%

RIO ZIM's published results indicated that its failure to access foreign currency coupled with sub-optimal out-put due to production stoppages resulted in subdued performance. BNC remains the only company in the sector with positive rolling earnings. However we suspect the output for these firms will succumb to power deficits.

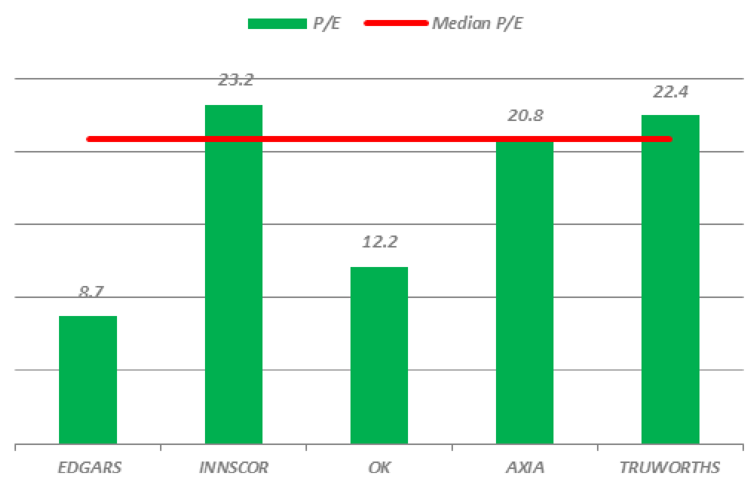
Property Sector P/E Graphs



Property	Value	Quarter Change
Sector Index	236.8	47.67%
Best Performer		
DAWN	4.84	101.67%
Worst Performer		
ZPI	3	17.19%

Lower economic activity has generally resulted in higher voids, downward rental negotiations and increasing rental arrears. FMP's P/E is significantly high due to the impact of revaluation gains being removed. As part of our record keeping we remove the effect of revaluations on all listed property companies and FMP had amongst the most aggressive upward property revaluations.

Retail Sector P/E Graphs



Retail	Value	Quarter Change
Sector Index	1856.2	111.02%
Best Performer		
OK	50	145.7%
Worst Performer		
TRUWORTHS	2.41	50.63%

OK had the highest return amongst retail sector companies and still remains attractive at least on a P/E scale within this sector. EDGARS is the most attractive company in this sector whilst the other listed competitors are trading at a higher P/E ratio. This sector requires minimal capital expenditure should the economy turn around and should be on investor's watch-lists.

Top Five Picks

AXIA *Long Term Buy* ***Target Price*** *Rtgsc92* ***Current Price*** *Rtgsc49* ***Potential Upside*** *87%*	***Latest Fundamentals*** 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 exhibit strong earnings growth potential despite the current economic hardships. ***Key Technicals*** AXIA is oversold 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. ***Sensetivity View*** 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 ensure sustained supplies. 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.
AFSUN *Medium Term Buy* ***Target Price*** *Rtgsc71* ***Current Price*** *Rtgsc40* ***Potential Upside*** *76.8%*	***Latest Fundamentals*** 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. ***Key Technicals*** 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 weakness in the share price and accumulate more for progressive long term gains. ***Sensetivity View*** 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. Worst Scenario: Continued decline in disposable incomes hampering local tourism; bad publicity dampening foreign tourist arrivals, payment option problems and logistical barriers for tourist arrivals.
PPC *Medium Term Buy* ***Target Price*** *Rtgsc337* ***Current Price*** *Rtgsc219.57* ***Potential Upside*** *153%*	***Latest Fundamentals*** The company has markedly reduced its geraing ratio and is on a positive path to continuing to reduce its exposure to expensive debt whilst capitalising on the growing need for infractsucture development within the African continent. Inflows from diaspora remittances, developed world funding partnerships with China and USA investing heavily in Africa is expected to increase demand for the company's product in the immediate future. ***Key Technicals*** The company's relative strength index and moving average convergence divergence is in neutral territory. In addition the parity price in Zimbabwe is at a significant discount to the JSE listed price. One should take up shares in the company as the fundamental outlook remains fairly optimistic. ***Sensetivity View*** Best-case Scenario: Continued infrastructure investments in Africa and stable currency reforms within the company's different country markets. Worst Scenario: Heightened currency volatility and depressed infrastrutural development.

PADENGA ***Long-term Buy*** ***Target Price*** *Rtgsc338* ***Current Price*** *Rtgsc194* ***Potential Upside*** *170%*	***Latest Fundamentals*** 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 gaining ground and could add to the revenue opportunities for the company. ***Key Technicals*** Both technical indicators are in neutral territory (relative strength index and moving average convergence divergence). We recommend accumulating the share in anticipation of continued value preservation. ***Sensetivity View*** 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. Succesful conclusions of the business's plan to acquire another export oriented businesses. Worst Scenario: An unviable business environment in Zimbabwe. Regulatory surrender requirements catching up to Padenga making it difficult to sustain operations.
OK *Long Term Buy* ***Target Price*** *Rtgsc144* ***Current Price*** *Rtgsc45.39* ***Potential Upside*** *218%*	***Latest Fundamentals*** Notwithstanding the signifiant macro-economic challenges, the business continues to record strong cashflow generation, requires minimal capex requirements and has significant market share in the retail market space. The potential recovery benefits of a stable currency environment are likley to benefit the company's business model significantly. ***Key Technicals*** The company's technicals indicate that the company is in neutral on both the relative strength index and on the moving average convergence divergence scale. We recommend accumulating the share for medium to lomg term gains. ***Sensetivity View*** Best-case Scenario: Stable macro-economic environment, increased disposbale incomes, improved supplier margins as well as sustained supplies of products for on-selling to the firm's retail customers. Worst Scenario: Acute product supply shortages, depressed aggregate demand, unsustainably high inflation and increased informalisation of the retail sector.