



## **April 2022 Issue of GroWealth Report Published**

The April 2022 edition of the GroWealth Unit Trusts Performance Survey shows that most Unit Trust investors enjoyed significant real returns as they outpaced the Zimbabwe Stock Exchange (ZSE) All Share index and inflation during the month. The performance was largely driven by the strong performance from the ZSE, which itself was up a significant 79.03% in April 2022 alone, outpacing all other investment options as well as inflation. Fund Managers who had superior stock-picking ability surpassed this average growth on the ZSE.

As the Survey shows, most equities-focused funds outperformed the All-Share Index due to their high exposure to large cap counters whose performance, as represented by the ZSE Top 10 Index, was impressive. Most of these top companies released financial results during the last two months which reflected real growth in revenues and profitability despite the economic challenges. On average, the equities funds recorded a positive performance of 81.65% in April 2022 against the ZSE All Share index performance of 79.03% (The Top 10 Index performance stood at 79.32%) and inflation at 15.5% in the month.

In support of the multi-currency policy framework, the number of Fund Managers offering foreign currency denominated (USD) unit trust funds is gradually increasing to cater for those investors with hard currency savings or Nostro balances. This is also supported by the rise of the Victoria Falls Stock Exchange (VFEX) where investors buy and sell shares in USD and has now seen four companies listed on the foreign currency bourse.

To add to investor options, there are now three Exchange Traded Funds (ETFs) listed on the Zimbabwe Stock Exchange (ZSE). ETFs are another category of collective investment schemes offering investors a portfolio of underlying investments and they are similar to unit trusts with the key difference being that the ETF's units are listed on a securities exchange. Real Estate Investment Trusts (REITS), another category of Collective Investments Schemes registered by the Securities and Exchange Commission of Zimbabwe (SECZ), are expected to come on stream soon and should give even small investors an opportunity to invest in real estate properties. This will add to the unitised property investment options with two fund managers already offering property unit trust funds at present.

Since the launch of the GroWealth publication in November 2020, interest from different stakeholders has been growing, with fund managers reporting increased uptake in unit trust investments. In addition, Fund Managers have been receiving enquiries from the investing public keen on investing in Unit Trust funds, most of them as first-time investors. The Survey

provides basic information and returns data on all unit trust funds offered by various licensed investment managers in Zimbabwe. The unit trusts are also licensed by the SECZ, which gives investors the comfort of knowing that they are investing in securities that have a sufficient level of regulatory surveillance and protection.

The fundamental goal of the GroWealth Unit Trust Survey, which is summarised in the Monthly Report, is to keep members abreast of the performance of different unit trust products. Investors can follow how each of the Unit Trust Funds is performing from time to time by examining these monthly reports. For those investors who are already invested in one or more unit trusts, they would have been receiving regular performance reports from their respective fund managers. The GroWealth Report shows the performances of all the active funds across different time intervals and this gives investors the required perspective on the medium to long-term investment performances of the various funds. This is the key element to decision-making for any investor.

Unit trusts are investment schemes that pool funds from different investors and invest according to pre-defined objectives set out in the Prospectus of the Fund (available upon request). The underlying investments can be in fixed income instruments, listed equities, property or other alternative investments.

Before making any investment into vehicles such as Unit Trusts, an investor must be clear of their investment objectives. These objectives are determined by answering the following questions:

- How much do I want to invest?
- For how long do I want to invest?
- What is my target return over that investment period?

The investor must be aware of their own risk profile as this determines which unit trust funds are suitable for them. They can then examine the track record of the various funds and use that as a guide to select their preferred one. Fund Managers from the different firms offering unit trusts funds can readily assist any investor identify the most suitable investment by asking them relevant questions relating to their objectives and risk profile.

Investors wishing to receive the monthly editions of the GroWealth Survey can email [surveys@intellego-ic.com](mailto:surveys@intellego-ic.com). The Survey is also available on the SECZ website [www.seczim.co.zw](http://www.seczim.co.zw) or Intellego website [www.intellego-ic.com](http://www.intellego-ic.com).

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