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THE MENU BEFORE THE MEAL

Why Zimbabwe's smartest money is arguing about asset classes and how you should pick yours

Somewhere in Ruwa this morning, a man is standing on a half-finished slab, counting bricks. He has done this for eleven years. Every bonus, every side-hustle dollar, every transfer from his sister in Milton Keynes has been converted into cement, river sand and a durawall that keeps getting knocked down. Ask him about his portfolio and he laughs. "Portfolio? I have a stand." He is not wrong to own property.

He is wrong to own only property. And in eleven years he has never once asked the question that every serious allocator from a pension fund in Borrowdale to a sovereign wealth desk in Abu Dhabi asks before asking anything else.

Not "which share should I buy?" That question comes last.

> The first question is: what are my asset classes?

THE DEFINITION THAT DOES ALL THE WORK

Investors face an almost cruel abundance of choice. Individual counters, unit trusts, REITs, ETFs, Treasury bills, farmland, a tuckshop in Mbare, a Toyota Wish on Bolt. Slice that universe too finely and you drown in detail. Slice it too coarsely "shares" and "property" and you cannot diversify risk properly, because you have blurred together things that behave nothing alike.

Asset classes exist to settle that trade-off. In A Practitioner's Guide to Asset Allocation, William Kinlaw, Mark Kritzman and David Turkington (with a foreword by the late Harry Markowitz, the father of modern portfolio theory) put forward a definition worth memorising in substance if not in wording. An asset class, they argue, is a grouping of investable units that is stable in composition, similar on the inside, genuinely different from other groupings on the outside, capable of raising a portfolio's expected utility even in the hands of an investor with no selection skill whatsoever, and accessible cost-effectively at meaningful size.

Read that again slowly, because it is a filter, not a description. It will disqualify half the things Zimbabweans currently call "investments."

Internal homogeneity is the filter where local portfolios quietly break. Lumping Delta, Bindura Nickel and a small-cap property counter into one bucket called "shares" hides the fact that one sells beer to ZiG wage earners, one sells metal at London prices, and one collects rent from tenants. Same exchange, three different economies.

Take stability of composition next. If the membership of a category keeps changing, you must monitor it constantly and rebalance constantly, and both are expensive. This is not academic here. In the space of two years the Zimbabwe Stock Exchange has watched Econet Wireless delist, Old Mutual resume trading in Victoria Falls after six years in suspension, and TSL migrate across.

Meanwhile the Victoria Falls Stock Exchange (VFEX) has grown to rival and at points overtake the ZSE in market capitalisation, helped by Econet InfraCo's billion-dollar listing in March 2026. "Zimbabwean equities" is therefore not one stable aggregation. It is at least two: ZiG-denominated ZSE equities and USD-denominated VFEX equities. Treat them as one and your risk model is lying to you.

THE BACKDROP NOBODY EXPECTED

Now the macro, because asset allocation without macro is astrology.

In late August 2026, Citigroup's chief Africa economist told clients that Zimbabwe's turnaround since 2025 has been faster than outsiders realise that the country is breaking with its history of monetary financing and currency collapse, even if its reputation lags the reality. The numbers behind that call are the ones you should be trading on. Annual ZiG inflation printed 3.2% in July 2026, against a peak of 95.8% a year earlier. Foreign currency receipts hit a record US$10.72 billion in the first half of 2026, up nearly 48%, with export proceeds of US$7.53 billion and diaspora remittances up 41.4% to US$1.55 billion. Gold deliveries to Fidelity keep climbing toward a 50-tonne target. The policy rate was cut from 35% to 30% in June. The ZSE returned roughly 68.5% in US dollar terms in the seven months to July, the best of seventeen African markets tracked.

Here is the pattern to internalise. Remittances are a household-income story that lands in retail, groceries and rentals. Gold receipts are a reserves story that lands in the credibility of the ZiG. Low inflation is a discount-rate story that lands in the valuation of every long-duration asset you own.. These are not three headlines. They are one transmission mechanism, and your portfolio sits at the end of it.

BRICKS ARE NOT THE ONLY BUILDING

Return to our friend in Ruwa. Direct residential property fails the last test in the definition badly: it cannot be accessed cost-effectively in size, and it cannot be exited in size either. You cannot sell 12% of a stand to pay school fees.

A listed REIT can do exactly that. Tigere REIT, Zimbabwe's first, closed 2025 with investment property valued at US$58.41 million, income nearly doubled to about US$2.68 million, occupancy around 97%, and a dividend per unit up 28%. In the first quarter of 2026 its net property income nearly doubled again and it paid US dollar distributions while trading in ZiG a mismatch every investor must price consciously, since its unit price fell sharply in ZiG terms over the same window even as the cash kept coming. Revitus offers a broader opportunities mandate. On VFEX, Eagle REIT arrived as the first fully USD-denominated REIT with a tourism and hospitality tilt, and Pfuma REIT fully subscribed a US$25 million private placement at ten US cents a unit, reaching roughly US$47 million of initial capitalisation.

That is the retail lesson in one paragraph: the same square metre of shopping centre, owned through a listed trust instead of a title deed, becomes divisible, tradeable, professionally managed, taxed at a lower final withholding rate on distributions, and crucially comparable. You can finally put property next to equities in the same spreadsheet.

BUYING THE MARKET WITHOUT PRETENDING TO BE CLEVER

The condition about raising expected utility "without selection skill" is the one retail investors ignore most and pay for most. It asks whether the category helps you even if you pick nothing well.

Zimbabwe now has instruments built for precisely that. Five ETFs sit on the ZSE actively managed vehicles such as the Morgan & Co Multi-Sector and Made in Zimbabwe funds, and index trackers such as the Datvest Modified Consumer Staples ETF and the Cass Saddle Agriculture ETF. Unit trusts from the large asset managers do the same job with monthly debit orders rather than a broker ticket.

Then came the instrument that changes the conversation. On 8 May 2026, the First Mutual Wealth Gold ETF listed on VFEX as Zimbabwe's first gold ETF, US dollar denominated, US$10 million across 100 million units, split roughly half into a JSE listed bullion tracker and half into four JSE-listed gold miners, rebalanced quarterly. Retail investors took up hundreds of thousands of units on day one through digital platforms.

Think about what that does for a Zimbabwean portfolio. Gold is the country's largest export earner and the anchor of the currency's credibility. Until this year, the only ways to own it were a coin, a claim, or a cousin with a hammer mill. Now it is a line item you can buy and sell in hard currency before lunch. It is externally heterogeneous it does not move with Delta's beer volumes and it hedges the exact risk that has destroyed Zimbabwean savings for three decades.

THE AI WAVE, THE QUIET WAY IN

Everyone wants exposure to artificial intelligence. Almost nobody in Harare can buy the chipmakers directly, and chasing offshore brokerage accounts is a compliance headache for most.

But AI is not software. AI is electricity, fibre, land, cooling and minerals and Zimbabwe sells all five. Econet InfraCo, now VFEX-listed, is building a 300-hectare solar powered industrial park near Harare airport anchored by a 100MW plant and a data centre. Its sister companies in the Cassava group run Africa Data Centres and Liquid's fibre backbone, and are rolling out GPU-equipped AI factories on the continent.

Lithium, nickel and chrome sit upstream of every battery and every server rack. Power generation, cabling, cement, logistics and security services sit alongside.

> You do not need to own the model to own the road it travels on.

For an investor here, "AI exposure" realistically means digital infrastructure counters, resource counters with beneficiation stories, and the industrial suppliers who will be paid regardless of which algorithm wins.

THE BORING SLEEVE THAT KEEPS YOU SOLVENT

With the policy rate at 30% and ZiG inflation in low single digits, money market and short-dated instruments are delivering genuinely positive real returns for the first time in living memory. That is not exciting. It is what lets you hold everything else through a bad quarter without becoming a forced seller. Every allocation needs a sleeve whose job is liquidity, not glory.

WHAT TO ACTUALLY DO

For the retail investor: open a broker account and a unit trust in the same month. Decide your currency split before your share split ZiG assets and USD assets are different asset classes, full stop. Build in this order: liquidity sleeve, one diversified ZSE fund or ETF, one listed REIT, one hard-currency instrument such as the gold ETF or a VFEX counter, then, and only then, individual stock picks. Automate contributions. Rebalance twice a year, never on WhatsApp advice.

For the institution: interrogate whether your "property" bucket is genuinely one asset class when it contains direct buildings, listed REITs and undeveloped land with wildly different liquidity. Model VFEX and ZSE exposures separately. Ask whether each new instrument raises expected utility without selection skill, or merely adds fee bearing correlation to what you already hold. And treat the arrival of the gold ETF, ZEEX and simplified ZSE–VFEX migration as what they are: the opportunity set widening faster than most mandates have been rewritten.

The ecosystem is the point. In a market this shallow, an investment is never just a security it is a bet on a regulator, a currency framework, a settlement system, an export corridor and a diaspora that keeps sending money home. Understand the whole machine, and the individual choices become obvious.

The man in Ruwa will finish his house. He should. He should just stop pretending it is a portfolio.

ABOUT THE AUTHOR

Jabulani Simplisio Chibaya
Guest Contributor – Data & AI Consultant

- Jabulani Simplisio Chibaya is a Data and AI Consultant specialising in data science, artificial intelligence, blockchain, and cryptocurrency innovation. He writes regularly on the intersection of technology, regulation, and economic development in Zimbabwe.

LinkedIn: linkedin.com/in/jabulani-simplisio-chibaya

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