The Cry for Effective Asset Allocations and Minimal Investment Constraints in Zimbabwe Financial Markets during the Multiple Currency Era

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Abstract: *It has been evident that the financial market landscape has continued to be rough in Zimbabwe even after the inception of the multi-currency era. Several financial institutions have collapsed leaving the population shocked and wondering at the way to take in investing their hard earned monies. It is on this background that the researchers are evaluating the nature and effectiveness of asset allocations offered in Zimbabwe and the desire to minimize the investment constraints. Five strata of various financial institutions in the financial sector were made and the quantitative approach was applied in the fieldwork through such research instruments as questionnaires and interviews. It was disheartening to note that the majority of the investors were ignorant about these asset allocations such as tactical and insured strategies just to name a few. Worse still, the findings revealed that the investment climate remained inconcusive.*

Definition of Key Terms

- ***Investment strategy*** -.*a set of rules, behaviors or procedures, designed to guide an investor's selection of an investment portfolio.*
- ***Portfolio*** - *collection of financial securities*
- ***Investment*** - *is putting money into an asset with the expectation of capital appreciation, dividends, and/or interest earnings.*
- ***Asset*** - *an economic resource. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value*

I.   Introduction

1.1 Background of the Study

From the year 2000, there was instability on the local financial markets as the values of various investments continued to rapidly rise in Zimbabwean currency terms. The same investment portfolios lost value in United States Dollar (USD) terms as productivity levels continued to fall. This was mainly attributed to the hyper inflation environment which led to the persistent erosion of the domestic currency's value against foreign currencies. Financial institutions had to come up with investment strategies that hedge them against inflation and at the same time grow their portfolios. One of the better known investment strategy that was used before the introduction of multiple currency was the Buy and Hold strategy. This was a long term investment strategy, based on the concept that in the long run equity markets provided a good rate of return despite periods of volatility or decline. Most institutions invested in the real estate sector by holding shares of listed property companies such as Mashonaland Holdings. These companies' value increased in foreign currency terms as most investors moved away from monetary to real assets.

There was little to no investment on the local money market as the interest rates did not reflect the hyper inflation that was prevailing in the economy. The returns were insignificant and sometimes the investments yielded no returns on maturity. The financial institutions could not trade in foreign currency as this was not available on the formal market due to the foreign exchange rate. Hence they had to open offshore accounts where they deposited their little foreign currency though the amounts were too minimal to make any significant investments in the foreign exchange market. The only financial market that was viable was the Zimbabwe Stock Exchange as the share prices inclined simultaneously with inflation. Most institutions recorded massive gains on the local bourse as the market continued on a bullish run due to inflation. These gains were not realistic as they did not reflect the actual performance of the counters but were due to the volatile inflation rate. But the major challenge was the time to settlement (t+7 days) as inflation eroded value by the time the shares were delivered. Despite all these limitations, the Zimbabwe Stock Exchange remained the most profitable bourse in the region and the financial institutions used it to hedge against the hyper inflation.

However, the introduction of the multiple currency system in February 2009 stabilised the economy as the inflation rate came down. This meant that financial institutions had to adjust their investment strategies to match the more stable environment. Most banks started trading in money market products such as bankers'

acceptances (BAs) and fixed investments (FD) as the returns on these investments were certain. It also opened trade in foreign currency as banks were allowed to open accounts in these currencies and they could easily invest in foreign markets.

1.2 Statement of the Problem
The adoption of the multiple currency system in the Zimbabwean economy introduced new investment opportunities in both local and foreign markets, though in Zimbabwe people have limited access to information on the investment markets and management. It meant that financial institutions had to adjust both their portfolios and trading strategies to reflect the economic stability brought by the various foreign currencies adopted. Zimbabwe's investment promotion strategy outlined the various road trips both abroad and at home that allowed for a one-stop shop for investors. It is in the interest of the researchers to evaluate how effective these investment strategies are to the respective organizations pursuing them and to financial institutions like insurance companies, banking sector, pension funds and asset managers.

1.3 Research Objectives
The main objective of this study is:
- To evaluate on the effectiveness of the different investment strategies employed under the multiple currency regime.

The Secondary objectives are:
- To assess asset allocations in the investment portfolios.
- To evaluate investment constraints faced by investors.

1.4 Research Questions
The research was undertaken to answer the following questions:
a) What investment strategies are being employed under the multiple currency system?
b) How the assets are allocated in the investment portfolios in Zimbabwe?
c) What are the constraints affecting the financial investors in Zimbabwe's financial markets?

II. Related Literature Review
The researchers reviewed several literatures from established authors and authorities in the fields as follows:

2.1 Portfolio Markets and Management
Marston and Richard (2011) defined portfolio as collection of financial assets such as cash. Marston et al (2011) further elaborated that portfolios may be held by individual investors and/or managed by financial professionals, hedge funds, banks and other financial institutions. It is a generally accepted principle that a portfolio is designed according to the investor's risk tolerance, time frame and investment objectives.

Martin (2011) postulated that portfolio management is all about strengths, weaknesses, opportunities and threats in the choice of debt against equity, domestic and international, growth and safety, and many other tradeoffs encountered in the attempt to maximize return at a given appetite for risk.

Elton (2011) grouped asset management as active and passive asset management depending on the following criterion:

2.2 Active Asset Management
Active asset management is based on a belief that a specific style of management or analysis can produce returns that beat the market. The active approach seeks to take advantage of inefficiencies in the market and is typically accompanied by higher-than-average costs (for analysts and managers who must spend time to seek out these inefficiencies).
Market timing is an extreme example of active asset management. It is based on the belief that it is possible to anticipate the movement of markets based on factors such as economic conditions, interest rate trends or technical indicators. Many investors, particularly academics, believe it is impossible to correctly time the market on a consistent basis.

2.3 Passive Asset Management
Elton (2011) describes passive asset management with the assumption that:
- Markets are efficient.
- Market returns cannot be surpassed regularly over time.
- Low-cost investments held for the long-term will provide the best returns.
Investment strategies under passive asset management include indexation, buy and hold, etc.

2.4 Asset Allocations in Portfolios

Marston et al (2011) identified different aims of asset allocation depending on the investor. Kaplan and Paul (2011) supported the above by saying a younger investor may want to build wealth over time, taking risks that would not be sensible for an older investor while investors in retirement often want to hunker down to make sure that no unreasonable losses occur. The assets these two investors choose may not differ overall, but the relative weights given to each asset in the portfolio will surely differ a lot. For example, a younger investor will hold a higher proportion of equities than an investor nearing retirement. Institutional investors also differ in their investment strategies. Richard (2011) talked about one endowment, perhaps a family foundation, may want to preserve wealth if there are few opportunities to raise more funds in the future. Kaplan et al (2011) added that another endowment, perhaps a university endowment, may follow more aggressive investment policies knowing that there is a steady flow of additional funds from future donors.

Since Markowitz's studies in the 1950s, portfolio management has focused on ways to maximize returns for any given level of risk. Investors should try to form portfolios that have the highest returns possible for that level of risk. But it is just as important to minimize risk for a given target return. There may be several types of assets that would provide the target return, but there is usually a portfolio mixture of these assets that will minimize risk. Richard (2011) has the idea that to develop such portfolios, it is important for investors to have well-formulated estimates of asset returns. And perhaps more important are the estimates of risk and correlation. To obtain these, it is not enough to just take long-run averages of each asset class (Marston et al 2011). Marston et al (2011) consider it important to study each type of asset in detail to understand why it has earned those returns and in what circumstances.

2.5 Asset Classes

Lustig and Yoram (2013) define an asset class as a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that may or may not be included in an asset allocation strategy.

i. **Traditional Assets**

Lustig and Yoram (2013) grouped traditional assets as stocks, bonds, and cash:

*   Stocks: value, dividend, growth, or sector-specific (or a "blend" of any two or more of the preceding); large-cap versus mid-cap, small-cap or micro-cap; domestic, foreign (developed), emerging or frontier markets
*   Bonds (fixed income securities more generally): investment-grade or junk (high-yield); government or corporate; short-term, intermediate, long-term; domestic, foreign, emerging markets
*   Cash and cash equivalents (for example, deposit account, money market fund)

ii. **Alternative Assets**

Kaplan et al (2011) identified other alternative assets that may be considered:

*   Commodities: precious metals, nonferrous metals, agriculture, energy, others;
*   Commercial or residential real estate ;
*   Collectibles such as art, coins, or stamps;
*   Insurance products (annuity, life settlements, catastrophe bonds, personal life insurance products);
*   Derivatives such as long-short or market neutral strategies, options, collateralized debt, and futures;
*   Foreign currency;
*   Venture capital;
*   Private equity;
*   Distressed securities.

2.6 Allocation Strategy

Kaplan et al (2011) identified several types of asset allocation strategies based on investment goals, risk tolerance, time frames and diversification.

i) **Strategic Asset Allocation**

Kaplan et al (2011) identified the primary goal of a strategic asset allocation as to create an asset mix that will provide the optimal balance between expected risk and return for a long-term investment horizon. This method establishes and adheres to a "base policy mix" - a proportional combination of assets based on expected rates of return for each asset class. Heck (2006) supported the above idea in the following example, if stocks have historically returned 10% per year and bonds have returned 5% per year, a mix of 50% stocks and 50% bonds would be expected to return 7.5% per year.

ii) Tactical Asset Allocation

Kaplan et al (2011) defines tactical asset allocation as a method in which an investor takes a more active approach that tries to position a portfolio into those assets, sectors, or individual stocks that show the most potential for gains. Over the long run, a strategic asset allocation strategy may seem relatively rigid according to David (2013). Darst and David (2013) consider it necessary to occasionally engage in short-term, tactical deviations from the mix to capitalize on unusual or exceptional investment opportunities. Ryland and Philip (2003) adds that this flexibility adds a market timing component to the portfolio, allowing you to participate in economic conditions more favorable for one asset class than for others.

Loistl (2003) described tactical asset allocation as a moderately active strategy, since the overall strategic asset mix is returned to when desired short-term profits are achieved. Ryland et al (2003) argues that this strategy demands some discipline, as you must first be able to recognize when short-term opportunities have run their course, and then rebalance the portfolio to the long-term

iii) Constant-Weighting asset allocation

Lustig et al (2013), considered constant-weighting asset allocation strategy as a moderately active portfolio management strategy. Loistl (2003) says the strategy includes readjustment of portfolio in accordance with performance of assets. Like strategic asset allocation, constant-weighting asset allocation strategy has a 'base policy mix', which is the proportion of portfolio to be allocated for each asset class like stocks, bonds, funds, real-estate (Kaplan et al, 2011).

There are no hard-and-fast rules for timing portfolio rebalancing under strategic or constant-weighting asset allocation according to Kaplan (2011). However, a common rule of thumb is that the portfolio should be rebalanced to its original mix when any given asset class moves more than 5% from its original value.

iv) Dynamic Asset Allocation

According to Loistl (2003), dynamic asset allocation is direct opposite of constant-weighting strategy, for example, if the stock market is showing weakness you sell stocks in anticipation of further decrease and if the market is strong you buy stocks in anticipation of continued gains.

Loistl et al (2003), added that another active asset allocation strategy is dynamic asset allocation, in which constantly adjust the mix of assets as markets rise and fall, and as the economy strengthens and weakens. Lustig et al (2013) eluded that with dynamic asset allocation you sell assets that are declining and purchase assets that are increasing, making dynamic asset allocation the polar opposite of a constant-weighting strategy. Yoram (2013) added, the example, if the stock market is showing weakness, you sell stocks in anticipation of further decreases; and if the market is strong, you purchase stocks in anticipation of continued market gains.

v) Insured Asset Allocation

Insured asset allocation strategy is a fairly active portfolio management strategy which is ideal for investors with low-risk tolerance but who need active portfolio management (Marston 2011). Paul (2011) added that when the total portfolio value is above the base value, then the investor practices active portfolio management strategies, such as investing in high-profit high-risk instruments like equities to maximize the portfolio growth. According to Levy (2002), the total portfolio value drops to approach baseline manager moves to a passive mode by investing in low or no risk instruments and selling off risky instruments.

Frank (1994) says insured asset allocation may be suitable for risk-averse investors who desire a certain level of active portfolio management but appreciate the security of establishing a guaranteed floor below which the portfolio is not allowed to decline. Frank (1994) further elaborated that an investor who wishes to establish a minimum standard of living during retirement might find an insured asset allocation strategy ideally suited to his or her management goals.

vi) Integrated Asset Allocation Strategy

Darst (2013) described integrated asset allocation strategy as a moderately active portfolio management strategy and is practiced mainly by mutual funds, portfolio managers and some personal investors. Frank (1994) considered integrated asset allocation strategy as complex, as it integrates aspects of all other asset allocation strategies that are dynamic, tactical, strategic, constant-weighing and insured asset allocation strategies.

David (2013) adds that investors following integrated portfolio management strategy may or may not have investing preferences. Often they choose to invest a fixed portion of their capital in high-profit and/or low-risk investments and then adjusting the other portion according to market and product performances. Kane (2008) adds that with integrated asset allocation, you consider both your economic expectations and your risk in establishing an asset mix. While all of the above-mentioned strategies take into account expectations for future market returns, not all of the strategies account for investment risk tolerance.

Paul (2011) noted that one major mistake often made by investors following integrated asset allocation strategies is simultaneously implementing opposite (competing) strategies. Paul (2011) supports Levy (2002) saying this makes portfolio management more complex and difficult, and can also result in capital loss.

2.7 Investment Constraints
According to Ryland and Philip (2003) every investor has some constraints (limits) within which he or she wants the portfolio to lie. Marx, Mpofu, Nortje and Venter (2006) identified major constraints as liquidity, time horizon, tax concerns, legal and regulatory concerns and unique circumstances.

2.7.1 Liquidity
Marx et al (2006) defines liquidity as the marketability of the asset, that is, the ability and ease of an asset to be converted into cash and vice versa. Some assets, such as real estate, may take considerable time to sell. Others, such as certificates of deposit, may impose early withdrawal penalties. Liquidity is generally measured across two different parameters according to Avandhani (2010), that is:
- Market breadth, which measures the cost of transacting a given volume of the security.
- Market depth, which measures the units that can be traded for a given price impact.

2.7.2 Investment Horizons
Ryland et al (2003) defined investment horizon as the length of time for which an investor expects to remain invested in a particular security or portfolio, before realizing the returns. Knowing the investment horizon helps in security selection in that it gives an idea about investors' income needs and desired risk exposure (Mpofu, 2007). Frank (2011), says in general, investors with shorter investment horizon prefer assets with low risk, like fixed-income securities, whereas for longer investment horizons investors look at riskier assets like equities.

2.7.3 Taxation
Reilly and Brown (2000) explained the tax concerns as it includes the differences between the tax rates for different types of investment return (interest versus capital gains or dividends), estate taxes, differences between current income and retirement income tax rates, and the potential for tax legislation to change. Another scholar, Heck (2006) added that investors are always concerned with the net and not gross returns and therefore tax-free investments or investments subject to lower tax rate may trade at a premium as compared to investments with taxable returns.

2.7.4 Goals of Investors
Magadi (2013) mentioned that there are specific needs for all investors, that is, individual investors; retirement, children's marriage, education and housing are major event triggers that cause an increase in the demands for funds. He further said that an investment decision will depend on the investor's plans for the above needs.

2.7.5 Legal and Regulatory Factors
Eiteman (1998) and Dawar (1999) mentioned legal and regulatory factors as another factor that may include limits on the allocation to specific assets, the ability to access certain funds and even prohibitions on certain investments. In addition other unique circumstances may include social concerns, dependents and specific family needs.

III.   Research Methodology
3.1 Quantitative Approach
The research used the quantitative research design. The subjects were narrowed to Harare only since it is the capital city where most of the financial institutions are headquartered.

3.1.1 Target Population
The target population consisted of banks, pension funds, insurance, asset managers, regulatory authorities and individual investors. Wallen (1991) postulate that a population is any group of individuals that have one or more characteristics in common that might be critical to the researcher .In this study the researchers were also concerned about secondary data, which were the published statements of the different financial institutions under study.

3.1.2 Sampling

These five groups of financial institutions were selected and 20 individual investors as a sample. Firstly, we used convenience sampling to select local owned commercial banks (indigenous banks) and other financial institutions. Local oriented institutions were selected deliberately for convenience's sake. The local institutions were selected because it was cost effective to collect data since all these have their head offices in Harare and decisions are centralized at local head offices. Furthermore, access to data was easy since with foreign owned financial institutions, it would have been difficult to collect the data from overseas head offices.

Secondly, the five groups of financial institutions (banks, pension funds, insurance, asset managers and regulatory authorities) were further grouped into strata using stratified sampling.

Stratified sampling method was then used in selecting the sample used in this research study. The objective was to ensure a good degree of homogeneity among data drawn from different strata; particularly, with elements in the population pursuing investments business or operations of diverse nature.

A stratified random sampling technique was used in drawing up samples under the different categories of investment areas. The study focused on the banks, pension funds, individual investors, insurance, asset managers and regulatory authorities selected as follows:

Table 1.1 Sample Targeted Under Field Work

Commercial banks	Pension funds	Investors	Insurance Companies	Asset Managers	Regulatory institutions
CBZ	NSSA	Individuals (20)	Zimnat insurance	Afrasia Kingdom	RBZ(central bank)
ZB	FMPF		Nicoz Diamond	ZB	Ministry of Finance
FBC	MPF		Eagle Insurance	Datvest	Securities commission
AFRO ASIA	NRZ Pension fund		Alliance Insurance Company	Zimnat Asset Management	Zimbabwe Stock Exchange

Source: Survey Data (2014)

The four groups were further subdivided into four of each except for regulatory institutions which were three only. Thirdly, the bank personnel were chosen purposively to represent the institutions and supply information required. This was because the researchers had the idea and knowledge of the managers and analysts thereby practicing purposive or judgmental sampling. Finally, individual investors were conveniently selected as they enter the financial institutions for their business. The researchers would visit these financial institutions and interviewed those who enter until they reached a total of twenty (20).

The research instruments applied under this study were questionnaires and interviews.

IV.   Research Findings, Analysis And Discussion

From the total number of 75 questionnaires that was sent out, 60 were successfully collected and 15 in-depth interviews were available for analysis. This makes an approximate response rate of 80%.

A detailed analysis is hereby given:

4.1 Asset Management Strategies of Financial Markets:

The research reveals that respondents in Zimbabwe are aware of the strategies used to yield high on investment. 63% of these respondents are of the opinion that in this multi currency regime active strategy is essential. The investors also reveal that investments are not there to hold for long but to go for high yield for short intervals. Respondents highlighted that this era is not the appropriate time of research on investment using passive strategy (15%) because of unpredictable environment. It is unprofitable to hold investments for long in this regime according to some respondents. The respondents revealed that they are having mixed matching (22%) of investment since this multi-currency regime requires urgency when the investment is not performing.
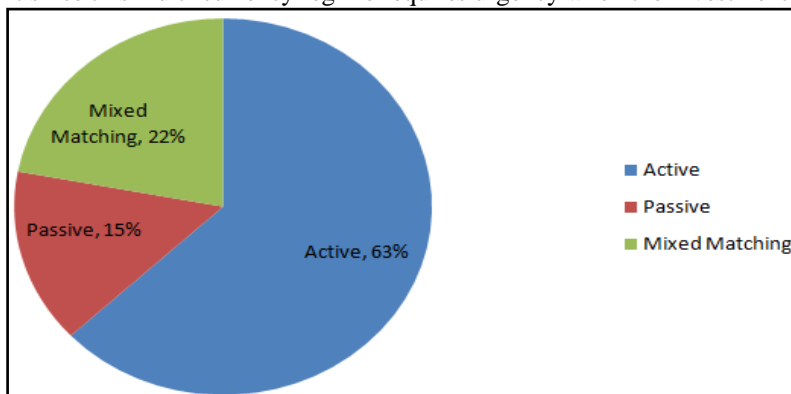

Fig 1.1 Asset Management Strategies

Source: Survey Data 2014

4.2 Asset Allocation Strategies in Portfolios

Asset allocation depends on investor's goals, risk tolerance of the investor, time frames and diversification; hence there is a varying perception on the allocation strategy to follow. 21% of respondents voted yes for strategic allocation and 22% constant weighting allocation, a moderately active management strategy. Dynamic as an active strategy, it constantly adjusts the mix of assets as markets rise and fall. It showed an 8% responds.
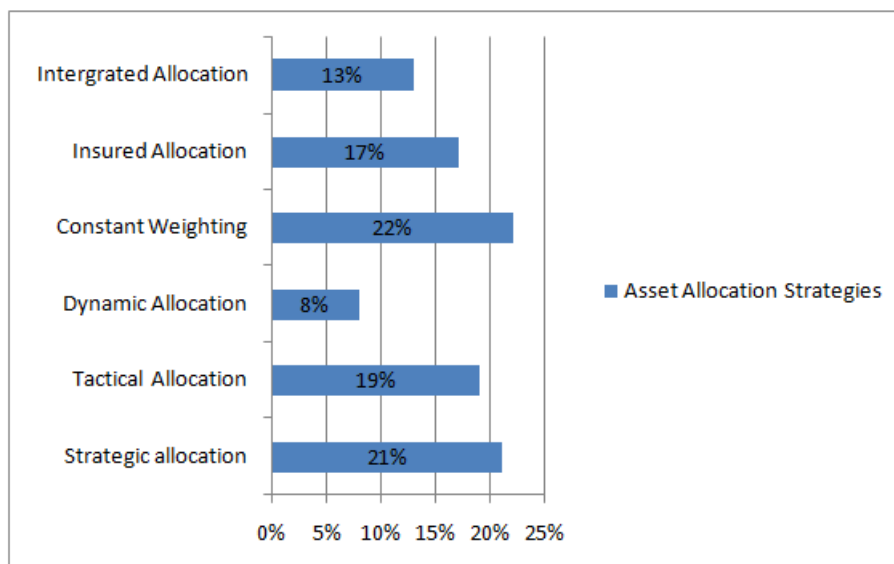

Fig 1.2 Asset Allocation Strategies

Source: survey 2014

Kaplan et al (2011) postulated that tactical asset allocation is the best as a method in which an investor takes a more active approach that tries to position a portfolio into those assets, sectors, or individual stocks that show the most potential for gains, but over the long run, a strategic asset allocation strategy may seem relatively rigid according to David (2013).

4.3 Factors Affecting Portfolio Markets And Management

In Zimbabwe the situation regarding international forces of 20% is being used as economic destroying tool. The international forces such as sanctions have become daily talk. Many people are economically, socially and developmentally suffering, affecting the balance of trade levels. The balance of trade levels had been affecting the portfolio markets by 12% according to respondents.
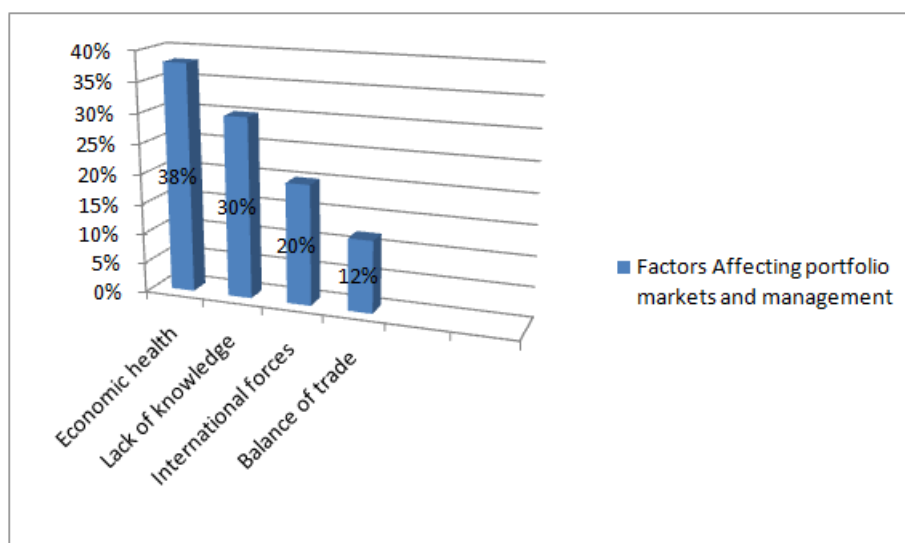

Fig 1.3 Factors affecting portfolio markets and management

Source: survey data 2014

38% economic health has affected the activities on the financial markets and management, thereby causing a change of mind of many investors as highlighted by on fig4.5.2. In the financial markets there is little or no proper communication on investments they offer thereby affecting 30% of the total population. Most of the people do not know what portfolio markets and management is all about, thereby reducing the number of investors that can be found on the markets.

4.4 Factors Affecting Investors In The Financial Markets

Investors are most to be affected in the financial markets due economic situation in Zimbabwe. This is shown by a 33% liquidity effect on the graph. The liquidity crunch has hit the Zimbabwean industry and all financial markets, thereby affecting the investment horizons for investors (13%). The investors have shifts their goals due economical health thereby affecting a total of 9% of the total population. The respondents indicated that regulations and taxes imposed are also a factor to them. The taxes are high than what they expect therefore their return on investments were reduced. 25% of the respondents complained about taxation effect and 20% was of the legal issues.
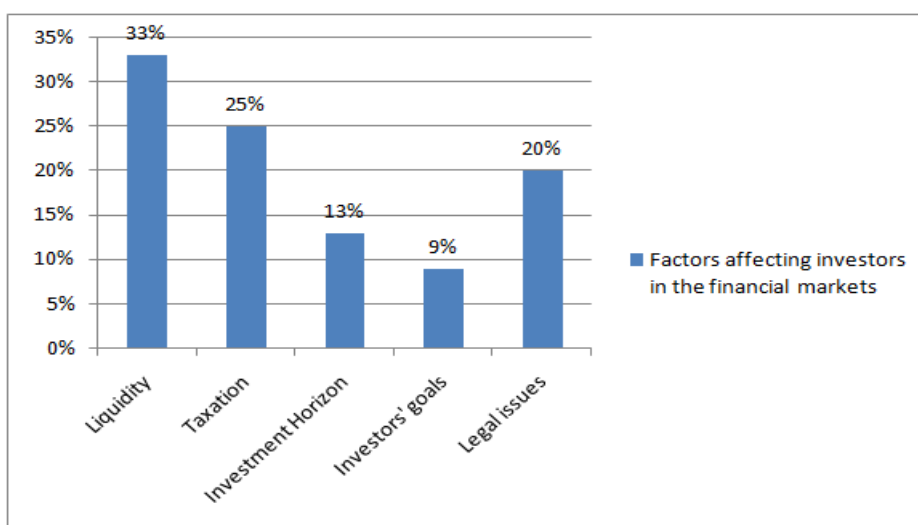

Fig 1.4: Factors affecting investors

Source: Survey Data 2014

4.5 Utilisation of Investment Management Processes

Many respondents seem to be very familiar with the investment management processes. This was indicated by 63% agree vote on the utilization of the process. It has been shown by qualified investors in Zimbabwe, who are aware that planning, selecting, and evaluating performance of investments need to be administered. The 35% invest their monies in the investment sectors and monitor the performance according to their understanding, while the 2% were not aware of the management processes.

The investors involve themselves in the active strategy of managing investment. This has been caused by the lack of funds in the market. The investors lessened their hold in securities because of the uncertainty of the multi currency.
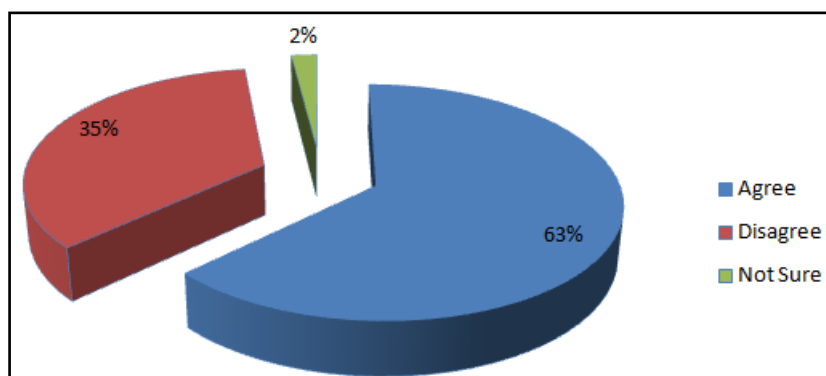

Fig 1.5 Utilisation of Investment Management Processes

Source Survey Data 2014

4.6 Impact of Financial Markets and Management to the Nation.

The respondents revealed that investment opportunities need to be supported in Zimbabwe. This is shown by a 54% respondents supporting that there is lack of investment opportunities hampering the economic growth in this country. The financial sector is affected because there is no circulation of funds as a result of investors holding back their money commented some respondents. The shortage of financial assistance on industries in the country decreased manufacturing output resulting in the decrease of gross domestic product by 21%. The international assistance from IMF and World Bank has decreased. The respondents highlighted that the country suffer high unemployment rate, 15% of employment effects on the financial markets is highlighted on the graph.
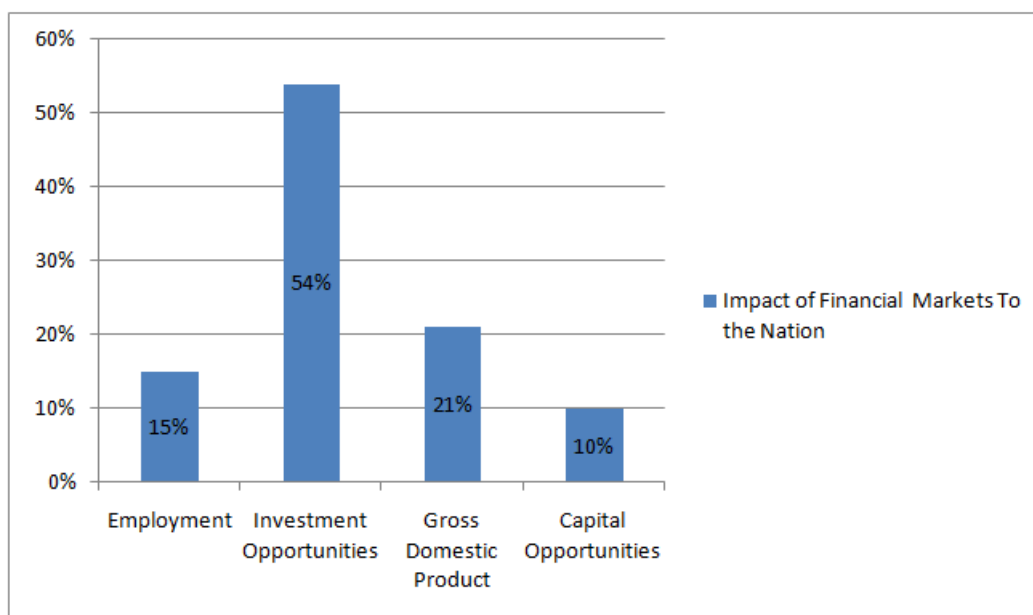
Fig 1.6 Impact of Financial Markets

Source: Survey data 2014

This country, Zimbabwe is very rich in high skilled personnel and minerals as commented by other respondents. The main drawback of the economy is the distressed financial crisis. There is no employment creation, no investment opportunities, capital opportunities were shattered and GDP decrease was observed.

4.7 In-depth Interview

The researcher had 15 in-depth interviews, in which it revealed that many investors do not have adequate knowledge about investment. Many investors have the sentiment that in Zimbabwe there is only one type of security trading at the moment. Derivatives have disappeared with the introduction of multi currency regime. The investors are no longer showing interest in the trading of treasury bills. This has negatively affected the economic growth in Zimbabwe, thereby causing a high level of unemployment, decrease in investment opportunity and the decrease on the gross domestic product.

In this multi currency regime the investors are managing their own investments in order to avoid costs. There is high level of investment diversification in order to spread risk and lack of funds. This is supported by Geotzman (2007) as he highlighted that investors can duplicate the holding of stocks in order to avoid management and sales fees. The investors involve themselves in the investment process because they have seen others doing it.

V. Conclusions And Recommendations

Conclusions
Given the findings of this research, the theoretical literature available, below are the conclusions drawn:-
• **Asset allocation and management strategies in the financial markets**
Investors have taken advantage of the economic inefficiencies in the market and have adopted active asset management. Investors have become speculators in the financial sector and are good at anticipating market movements. The passive strategy is not applied because it needs a stable economy.

- **Impact of financial markets on management process**

The findings revealed that investment management process is utilized properly in the financial sector. In addition the research shows that the investment strategies implemented by Zimbabwean financial institutions specifically CBZ, NSSA and Old Mutual augured well with the theoretical views of Bernstern (2010), Kaplan(2010), Levy (2002), Paul (2013) and Darst (2013). However, the findings also revealed a contrary observation by Eiteman (1998) given that most of Zimbabwean investors are engaged in self management of securities in order to minimize and avoid transaction costs.

- **Factors affecting financial markets and management**

It was noted that the economic health in Zimbabwe is poor causing the financial sector and management to be weak thereby failing to contain the sound economic environment. This is in line with Walters (2010) belief that operating financial markets play an important role in contributing to the economy, leading to economic growth. On the other hand the findings showed that the adverse international forces like sanctions and reduced IMF and World Bank funding are hampering the development of the economic growth resulting in the lower gross domestic product. This view complements well with Marx (2006) who said international factors are the major drawbacks to financial markets of developing economies.

Recommendations: From the conclusions drawn from the study the researcher recommended that investors should be confident in taking risks and invest. The investment authorities should take time in educating the young investors and the public on the importance of investment and management of investment portfolio. In addition, the specific recommendations to the various stakeholders are given as follows:

- **Asset managers**

The researcher recommends implementation of balanced strategies involving active and passive approaches. This will boost their revenues and minimize risk. They should have user friendly investment guides and all other relevant information in educating investors.

- **Regulatory Authorities**

In line with our findings the researchers recommends an intensification of onsite and off-site monitoring to enhance adequate and prudential investment strategies in the Zimbabwean financial markets. In addition the regulatory authorities should motivate distribution of investment management information to the public.

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