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EVEN THOUGH IT'S difficult trying to write something useful about our (largely) directionless market at the moment, I can't resist the temptation to look at some quick picks. Once again, I'm indebted to the analysts and portfolio managers at Imara SP Reid. Their views are concise, tend to be a bit different and I just like the way (often tongue in cheek) they say things.

I've only selected the stocks that Imara call "speculative" buys. You know all the warnings: spec buys are higher risk, etc. What's attractive about the shares listed below is that probably all of them can be regarded as small caps. So if readers are interested in buying any of them, it won't break the bank. But please remember, spec buys are higher risk.

- **Searcel:** Imara says final results showed the company under severe cash flow pressure from its major customer extending payment terms. "In addition, consumer negativity and size of the company debt will have inflicted slow

poison on operating health." But it adds the rights issue fully underwritten by HCI "will probably do the trick". Imara also likes its toy business.

- **Taste Holdings:** Interim results included one-month's earnings from latest acquisition Natal Wholesale Jewellers (NWJ). It's an odd acquisition for what's essentially a branded food business but I've heard management argue convincingly about NWJ's merits – and Taste managed to knock down the acquisition price. NWJ tends to be a cash sales business, good in the current interest rate climate. And it's not top end of the market, which might also be good. People can't really stop buying jewellery for special occasions – but they can buy down. A further advantage Imara sees in NWJ is that it's vertically integrated, with both retail and manufacturing activities.

Food brands are strong and also at the more affordable end of the market. People don't stop eating take-away food in tough times – in fact, they probably eat more.

- **Jasco:** Interims showed focus on cost savings and efficiency rather than growing revenue. There's also a new

acquisition here – electrical business MTeC. The share is favoured because the telecoms business in Jasco continues its expansion of networks in Africa and should benefit from ongoing liberalisation of telecoms in SA. "Expect ongoing Government spend in telecoms and electricity infrastructure?"

- **Digicore:** Not only do they provide security for motor vehicles but can also track and monitor just about everything a vehicle and its driver does. Imara says software is Digicore's main competitive advantage. Large tenders have been won, research and development is ongoing and growth is expected from SA's Government departments.

Imara says some production has been moved overseas, which may reduce production costs. But it looks as if Digicore will be growing exports.

- **PSV:** I'll quote the comment on this little AltX-listed company in full: "This stock looks set to beat expectations – and that after the price has fallen a very long way. It's all overdone and value scavengers can look to spec buy." ■

Small caps for scavengers

Quick picks