

# Investment case

## Distribution network

- largest adviser network in South Africa and Namibia, with a South African footprint spanning the entire country (265 adviser offices, 976 advisers and 520 000+ clients)
- trusted advisers with strong emotional connections to clients
- entrepreneurial adviser remuneration model encourages client retention and long-term growth
- alignment of shareholder and adviser interests
- learner adviser training programme

## Growth opportunities

- increased assets under management (both retail and institutional)
- vertical integration of the PSG Insure division (resulting in a greater share of fee within the value chain)
- building blocks and solid business foundation in place, allowing strategic acquisitions into new frontiers
- new offices and appointment of new advisers into existing offices
- PSG Asset Management (top quartile investment performance and recipient of multiple investment awards) enhances ability to attract assets under management
- holistic financial services product range meets a broad spectrum of client needs

## Shareholder returns

- committed to delivering sustainable business growth
- maximise every rand of income relative to an acceptable unit of risk
- significant historic share price appreciation

## Financial position

- low gearing levels, as the business is predominately equity funded
- businesses are highly cash generative
- Global Credit Rating: AA-(ZA) Long-term rating, A1+(ZA) short-term rating with a Stable Outlook
- all regulated entities adequately capitalised to achieve growth objectives
- majority of businesses are not capital intensive
- sufficient funding facilities to fund growth plans

## Risk management

- dedicated integrated risk function and processes in place
- three layers of defense approach
- well-established mutually beneficial relationship with regulators
- strengthening depth of compliance team via compliance officer learnership programme
- capital adequacy position of all regulated entities constantly monitored to ensure sufficient regulatory capital



## Governance structure

- majority of board members are non-executive
- diverse board and management teams have skills and experience to ensure leadership depth and focus
- committed to the highest governance standards

## Brand name

- PSG is an established and trusted brand
- committed to brand enhancement and public brand awareness

## Shareholder structure

- directors, advisers and employees are significant shareholders in the business
- listed on the JSE main board in June 2014, on the NSX in July 2014 and the SEM during November 2018

## Business characteristics

- experienced entrepreneurial management team
- profitability of key divisions geared to equity market conditions
- scalable synergistic divisions with strong operational leverage
- produce high return on equity, without taking undue risks
- new share issues limited to prevent dilution of shareholder returns
- good working relationship with regulators
- recipient of numerous industry awards