



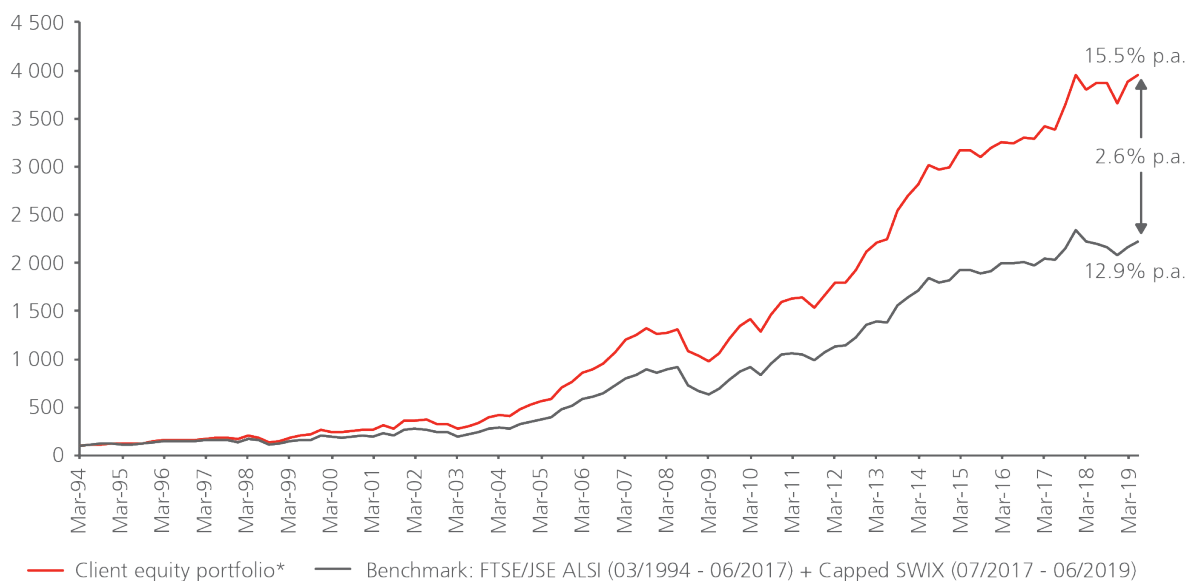
Bernard Fick  
Chief Executive

JULY 2019

## Prudential Celebrates 25 Years of Consistency

I am very proud of the fact that Prudential this year celebrates our 25<sup>th</sup> year of operations in South Africa. Our local business was created at the start of 1994, and the first client assets were placed under our care shortly thereafter. We still manage that client portfolio today, and it has delivered a substantial outperformance of 2.6% p.a., as shown in the accompanying graph.

### 25 years of equity outperformance delivered for our first and longest equity client



Source: Prudential, \*Segregated mandate until 30 Sep 2000, then in the Prudential Core Value UT Fund

Twenty-five years might not sound like a long time when compared to our UK-based parent company, Prudential plc, which commenced operations in 1848 and by the 1900's provided insurance cover to one-third of the UK population.

Unlike our UK shareholder, in South Africa and Namibia our business is exclusively focused on the management of third-party clients' savings. This spans individual investors, retirement funds, medical schemes, insurance companies, trusts, and other investment product providers such as multi-managers and fund-of-funds. Locally we don't provide insurance or lending products. Our focus is exclusively on the safekeeping and growth of the savings of our clients. This includes our 175 employees, all of whom have their own retirement savings and deferred bonuses invested in a Prudential portfolio.

In our 25 years, we've experienced our fair share of ups and downs. While we've regrettably lost some employees, our growing business has benefitted through the addition of a diverse range of new and talented colleagues. I'm proud to say that our average employee's length of service is an amazing 7.25 years! Investment markets have, however, provided the majority of our challenges. Since our founding in 1994, South Africa re-entered the global economy and our capital markets evolved and matured alongside international peers. The global nature of finance and

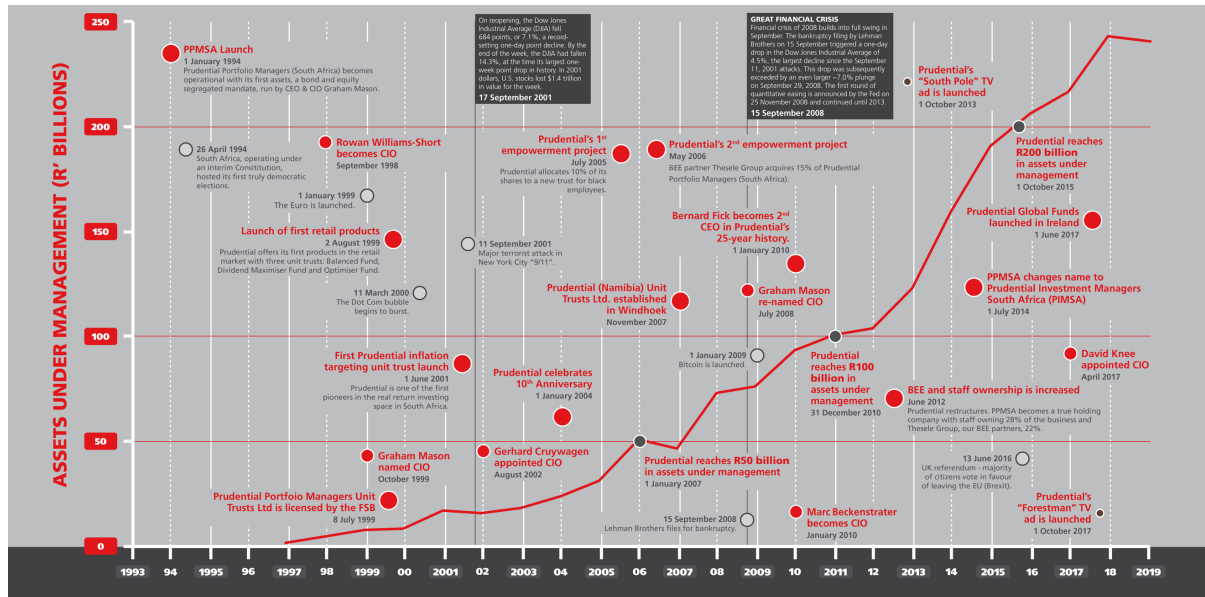
commerce meant that we did not escape the defining events of the last quarter-century. The 11 September 2001 terrorist attacks in the USA and the global financial crisis of 2008 will be forever etched in our memories and unfortunately also in the long-term absolute performance graphs of clients' portfolios. Closer to home, we've lived through the African Bank failure, Steinhoff implosion and the "lost decade" of state capture.

It is pleasing that Prudential's consistent valuation-based investment process has stood up to these challenges and delivered exceptional returns for our clients. Our recognition by Morningstar as South Africa's top asset manager with a large fund range three years in a row (2016, 2017 and 2018) was a particular highlight for us and serves as validation of our investment approach.

Over the years we've also broadened the shareholders in our company. In 2006 the Thesele Group (headed by Sello Moloko and Thabo Leeuw) purchased a 10% stake in Prudential SA from our UK shareholders which they increased to 22% in a second transaction in 2012. In the same year, and in a major transaction for us, the Prudential Staff Investment Company (in which all our permanent employees hold a stake) became a 28% shareholder in the business. These transactions contributed to our stability as a business and furthered our transformation journey. It also allowed us to better align the incentivisation of our employees to the long-term growth of our firm, which is directly linked to the quality of the long-term investment outcomes we deliver to our clients.

Clients have appreciated these results and steadily allocated more funds to our management. As a result, our total assets under management have grown to approximately R260 billion, placing us firmly among the 10 largest asset managers in South Africa. The timeline below shows the progress of Prudential over the years, highlighting some of our business milestones and major market events.

At 25 years, Prudential still feels young, energised and up to the challenges that investment markets and the global economy will present to us over the next quarter-century. We look forward to continuing our journey in partnership with our clients.



To benefit from Prudential's 25 years of investment experience, contact your financial adviser or our Client Services Team on **0860 105 775** or email us at [query@prudential.co.za](mailto:query@prudential.co.za).

<https://www.prudential.co.za/insights/articlesreleases/prudential-celebrates-25-years-of-consistency/>