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## PRESS RELEASE

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### **Prudential Investment Managers (South Africa) strengthens ties with global parent M&G plc**

We are very pleased to announce that we will soon be further strengthening our ties with our global parent and founding shareholder, M&G Investments ("M&G"), taking advantage of new opportunities that have arisen from the de-merger of M&G plc from Prudential plc in October 2019. As a result, our clients will benefit to an even greater extent from our closer cooperation with M&G Investments' large team of investment experts, global best-practice, and expanded access to the latest global investment ideas and technology, among many other advantages.

#### **Brief background**

Following the de-merger of M&G plc from life assurer Prudential plc and its separate listing on the London Stock Exchange, M&G plc is now a publicly listed and dedicated international savings and investment business offering both asset management services and insurance-wrapped savings products.

M&G has realised its ambitions of establishing a global asset management operation, with centres of expertise focused on the UK, Europe, the US and Asia. It was therefore a logical step forward for M&G to seek closer ties with Prudential Investment Managers (South Africa) ("Prudential"), the successful and experienced investment manager that it established in 1994, in order to extend its investment expertise into Africa and other emerging markets.

Over the years, a series of corporate actions at Prudential has supported local economic transformation and allowed staff to become indirect shareholders in the business. As a result, Prudential moved from being a wholly-owned subsidiary of M&G to an associate business of M&G in 2012.

Now, however, the increasingly globalised and competitive nature of the investment industry has meant that a closer integration with our large, global parent company will be increasingly important for our ongoing success. We (and by extension our clients) will have easier access to the latest technological advances in investment management and administration, innovative new investment solutions such as in the areas of unlisted credit and ESG investing, and closer sharing of active investment ideas from around the globe, all of which will enhance our investment offering to clients. Equally, we will be able to further leverage off M&G's scale and global supplier relationships to the benefit of our clients, and align with their continuously improving global best-practice governance and risk-management standards for asset managers.

Prudential will therefore become one of M&G's investment management hubs, adding Cape Town to the list of asset management centres in London, Chicago, Singapore and Paris.

#### **What is happening?**

To cement a solid base for closer integration, M&G is planning to increase its ownership in Prudential by 0.13%, from the current 49.99% to 50.12%, returning to a position of majority shareholder. Prudential will again become a subsidiary of M&G plc, and no longer be an associate.

The Prudential Staff Investment Company (PSI) will raise its shareholding in Prudential from the current 28.01% to 28.08%, in a related and fully cash-funded transaction. We are pleased to report that our staff shareholders in PSI have already voted to follow their rights and approved this transaction, which is an important endorsement and display of confidence in the future of our company.

Thesele Group, Prudential's black empowerment partner for the past 14 years, has offered to marginally decrease their shareholding in Prudential from 22.0% to 21.8% to facilitate the above transactions. Through their ongoing material shareholding, Thesele will also be able to benefit from the ongoing success of Prudential and the closer working relationship with M&G.

In a related transaction, and as part of ongoing efforts to promote local economic transformation, M&G plc will provide fresh support for Thesele Group's funding arrangements for a five-year period.

### **Impact of change in ownership**

The proposed change in ownership levels will have no impact on Prudential's BBBEE rating, which is currently at Level 2. It is expected to improve to Level 1 during 2021. The purchase of the additional 0.07% stake by PSI will slightly increase black staff ownership in Prudential on a see-through basis. More specifically, following the above transactions Prudential's BEE ownership will be approximately 30.5%. When expressed as a percentage of the South Africa-resident shareholder base, approximately 61.2% of our local shareholding will be black-owned collectively by Thesele Group and Prudential staff.

This development will have no impact on Prudential's unit trust funds or institutional mandates, including the investment process and philosophy by which we manage these portfolios. M&G and Prudential share a similar fundamental and valuation-based active investment process where our close collaboration, specifically in areas like global asset allocation, has benefitted our clients for many years. Equally, we have over many years shared our own investment team's expertise with our global counterparts in various areas, including in managing specific mandates for M&G and Prudential plc clients.

Our local investment team and management structure remain unchanged.

### **A single global identity**

Although Prudential has been owned by M&G since the late 1990's, our local business has always operated under the name and brand of the original parent company, Prudential plc.

In support of the objective to position M&G as a globally represented savings and investments business, it is our intention to align with the global M&G Investments identity.

Further details on this will be shared with our clients in due course.

### **Regulatory Approvals**

The above transaction is still subject to approval by the concerned regulatory authorities. We anticipate this will be concluded during the second quarter of 2021.

### **Concluding comments**

Commenting on the transactions, Graham Mason, Chairman of Prudential South Africa and Chief International Officer of M&G plc, said: "It's an important step for M&G to bring Prudential South Africa back as a group subsidiary, since we know the company fits exceptionally well with our international expansion strategy. Prudential's long-standing investment expertise in emerging markets, particularly in Africa, is very well-respected, and operationally it has consistently maintained a soundly managed and profitable business since it was founded. Our investment teams have been cooperating for a long time now and know each other well, and I'm sure this greater integration will create additional synergies that will benefit the clients of both companies."

Thesele Group co-founder and Executive Chairman Sello Moloko noted: "Thesele has enjoyed an excellent partnership with Prudential since our initial investment in 2005. Having served on the Prudential South Africa Board for many years, we welcome cementing even closer ties with M&G following the increase in its ownership. We are fully supportive of and excited by Prudential's alignment to the global M&G identity and are confident that this development will set the business on an accelerated growth path. Thesele remains appreciative of the support that M&G, and especially its South African office, has provided us throughout the years. Notably, we are proud of the growth and transformation that have been achieved as a consequence of this partnership. This has contributed to Thesele being able to build a sustainable, diversified portfolio of investment holdings across a variety of industries."

Prudential South Africa CEO Bernard Fick added: “We are excited about our closer alignment with M&G Investments, and the opportunities it creates for our clients and staff. M&G’s decision to increase their ownership, and our staff’s vote to raise their indirect shareholding in our business, are material votes of confidence in what we can still achieve in future. We look forward to more integrated sharing of investment ideas and research, including critically important areas such as sustainability and ESG (environmental, social and governance factors), and a strong future together.”

## **ENDS**

For more information, please contact Lynn Bolin, Head of Communications and Media, at 083 443 0105 or [lynn.bolin@prudential.co.za](mailto:lynn.bolin@prudential.co.za).

### **About Prudential Investment Managers South Africa**

*Prudential is one of South Africa’s top 10 investment managers, with approximately R240bn in assets under management as of the end of 2020.*

*Established in 1994, we are part of the wider M&G plc group, one of Europe’s largest active asset managers. Consistency plays a key role in our company ethos and investment process, having been dedicated to using the same prudent valuation-based investing philosophy for the past two decades. We take our responsibility as custodians of our clients’ hard-earned savings very seriously. Not only are we long-standing active and engaged shareholders, but we are also signatories to the UNPRI (United Nations Principles for Responsible Investment) and CRISA (Code for Responsible Investing in South Africa). We consider environmental, social and governance (ESG) factors in our fundamental investment process and are committed to promoting black economic empowerment in the communities in which we live and do business in South Africa.*

*We offer our clients a full range of investment solutions to meet all risk and return requirements, from higher-risk equity unit trusts to multi-asset offshore funds managed by M&G investments. For more information, visit [www.prudential.co.za](http://www.prudential.co.za).*