

ANCHOR GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2009/005413/06)

JSE share code: ACG ISIN: ZAE000193389

("Anchor Group" or "the Company")

**TRADING STATEMENT AND BUSINESS UPDATE****Trading Statement**

In terms of the JSE Listings Requirements, companies are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on will differ by at least 20% from the financial results for the previous corresponding period.

The Company's earnings per share ("EPS") for the year ended 31 December 2017 are anticipated to be 52% to 61% lower than the EPS for the year ended 31 December 2016 of 77.7 cents per share and are expected to be between 30.6 cents per share and 37.4 cents per share. The Company's headline earnings per share ("HEPS") for the year ended 31 December 2017 are anticipated to be 37% to 49% lower than the HEPS for the year ended 31 December 2016 of 59.5 cents per share and are expected to be between 30.6 cents per share and 37.4 cents per share.

The 2016 results were positively impacted by an accounting adjustment that relates to Anchor Securities Proprietary Limited ("Anchor Securities"), a wholly-owned subsidiary of the Company, which was previously accounted for as an associate and is now accounted for as a subsidiary, following the acquisition of the remaining shares in Anchor Securities, as announced on 8 September 2016. The accounting adjustment was excluded from HEPS and Adjusted Headline Earning per share ("AHEPS").

Comparison against prior year:			
	2017	2016	% change
Earnings per share (cents)	30.6 – 37.4	77.7	-61 % to – 52 %
Headline earnings per share (cents)	30.6 – 37.4	59.5	-49 % to – 37 %
Adjusted headline earnings per share (cents)	35.1 – 42.9	64.7	-46 % to – 34 %
Weighted average number of shares un issue (million)	194.0	178.1	

The Company's AHEPS for the year ended 31 December 2017 are anticipated to be 34% to 46% lower than the AHEPS for the year ended 31 December 2016 of 64.7 cents per share and are expected to be between 35.1 cents per share and 42.9 cents per share. Adjusted headline earnings are calculated by the Company in order to reflect the sustainable cash-equivalent earnings of the group. This number is used for the purpose of the calculation of dividend distributions.

The financial information on which this trading statement is based has not been reviewed or reported on by the Company's auditors. Anchor Group's results for the year ended 31 December 2017 will be released on or about 26 March 2018.

Business Update

Anchor Group assets under management and advice ("AUM") grew 14% during 2017 to R52.3 billion (31 December 2016: R45.9 billion). Inflows in the last quarter were in line with historic trends, but assets (measured in Rands) declined in the month of December 2017 due to the 10% strengthening of the Rand/US\$ exchange rate in the month, which impacted the 35% of assets held directly offshore. While 2017 group turnover increased in line with asset growth, the operating margin declined mainly as a result of a non-recurrence of performance fees (particularly

in hedge funds), lower activity levels and a change in the mix of asset classes. Operating profit grew in the second half of the financial year, but other income was lower.

Anchor Group is still a young business and the length of track record is an important factor. The track record is now approaching five years and the long-term track record across most of the more mature mandates is very credible.

Anchor Group is focused on growth and the footprint of the business expanded during the year. The Company has increased its institutional AUM base and launched a stockbroking division. The benefits of these initiatives will materialise in 2018 and 2019.

The 2018 year has started on an encouraging note, with good inflows in both the institutional and private client businesses. The pipeline of new assets is at record levels. Our prospects will again be influenced by investment markets, our relative performance and the Rand/USD exchange rate. This will be augmented by contributions from new initiatives.

26 February 2018

Designated advisor

The logo for Java Capital, featuring the word "JAVACAPITAL" in a sans-serif font. A blue horizontal line is drawn through the letters "A", "V", and "A" in "JAVA".