

**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")

The logo for Anchor Group, featuring the company name in white capital letters on a dark blue rectangular background. The letter 'A' is stylized with a horizontal line extending to the left.

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**TRADING STATEMENT AND BUSINESS UPDATE**

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**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 2016 is anticipated to be 25-36% higher than the year ended 31 December 2015 of 55.1 cents per share and is expected to be between 68.9 to 74.7 cents per share for the year ended 31 December 2016. The 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 is excluded from Headline Earning per share ("HEPS") and Adjusted Headline Earning per share ("AHEPS").

**Comparison against prior year:**

	<b>2016</b>	<b>2015</b>	<b>% change</b>
Earnings per share (cents)	68.9 – 74.7	55.1	25 - 36
Headline earnings per share (cents)	55.7 – 60.4	55.1	1 – 10
Adjusted headline earnings per share (cents)	57.0 – 61.8	55.1	4 - 12
Weighted average number of shares in issue (million)	182.1	148.9	

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 2016 will be released on or about 22 March 2017.

**Business Update**

Anchor Group continued on its growth path in 2016 and developed significantly as a business. Assets under management ("**AUM**") and advice grew 35% during the year to R45.9 billion (31 December 2015: R34.1 billion). Organic net inflows were in excess of R500 million per month, with acquisitions contributing the remainder. Negative investment performance (measured in Rands, in the context of a stronger Rand) offset some of the net inflows. Anchor Group is still a young business and the length of track record is an important factor. The track record is now approaching four years and the long-term track record across the more mature mandates is firmly in the top quartile. In 2016 some of the Company's mandates underperformed benchmarks, largely due to being underweight resources.

Anchor Group is focused on growth and the footprint of the business expanded materially during the year. The Company has increased its institutional AUM base, we have partnered with numerous new portfolio managers and

made various acquisitions and launched a stockbroking division. The benefits of many of these initiatives will materialise in 2017 and 2018.

The yield on assets was generally maintained in 2016. Turnover increased meaningfully, but growth was lower at the EPS level, due to increased shares in issue, growth costs, a negative Rand return on balance sheet assets and a lower than expected contribution from our offshore hedge fund business. There is a cyclical element to the business, which results in positive and negative leverage to investment markets.

The 2017 year has started on an encouraging note, with positive investment markets, good inflows and a meaningful pipeline. 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.

7 February 2017

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Designated advisor

The logo for Java Capital, featuring the word "JAVA" in a bold, blue, sans-serif font, followed by "CAPITAL" in a lighter, grey, sans-serif font. A thin blue line underlines the "AVA" portion of "JAVA".