

INVESTMENT CASE AND **VALUE CREATION**

Trustco group has always operated as a majority family owned investment group, creating a culture of generating long-term sustainable growth and value for all stakeholders. It holds three listings – the Johannesburg and Namibian stock exchanges as well as the OTCQX in New York. With a presence in four African countries and world-class national and continental investment assets, the group continues to be a strong creator of wealth, despite the setbacks caused by the COVID-19 pandemic.

THE TRUSTCO ADVANTAGE

The group's investments have operated in Namibia for over 29 years and developed a large home-grown customer base in both insurance as well as in student financing and the education sector. The Trustco brand has a footprint across the country, with a track record of creating sustainable value and outperforming its peers. Unlike other multinationals, Trustco vests its power of authority across its investments in Namibia, allowing each investment's fully Namibian top management team, with an average of over 10 years executive experience, to execute on opportunities immediately.

The financial services investee companies provide ample investment opportunities *via*:

PROVISION OF FINANCIAL AND RISK SOLUTIONS

The insurance business was started to protect the legal rights of Namibians from all walks of life and later diversified by also providing life insurance benefits and savings products to the mass market. The group provides affordable financial and risk solutions through innovative distribution channels. With more than 232 000 insured members, the core insurance business produces steady and predictable monthly cash flows at traditionally low loss ratios.

The student loan business has grown steadily since inception in 2005, with more than 17 000 active account holders and a loan portfolio now exceeding NAD 600 million.

DEVELOPMENT AND DELIVERY OF SERVICED LAND

Over many years the property division has unlocked economic value by acquiring virgin land and improving it to enable delivery to the public to meet housing demand, one of Namibia's pressing issues.

The real estate portfolio includes four large developments in residential estates and industrial parks spanning more than 4 500 hectares of the highest quality, strategically located Namibian real estate. It is ideally situated to cater for the present and future housing, commercial and industrial needs of the country and will provide a sustainable source of cash flow for the next 20 to 25 years.

INTERGROUP SYNERGIES

Being part of the Trustco group creates a competitive advantage as opportunities are always available to create value for other product ranges in different investees or to access new customers. Across the financial services investment, the banking, finance and education products lend themselves ideally to enhancement by the insurance product range while the real estate business and the bank also create an unmatched value proposition in Namibia.

INNOVATION

It is in the nature of the group to inspire the management of its various investees to be dynamic and to continuously innovate to create new value propositions for its customers. Innovation typically takes the form of product enhancements, greater utilisation of technology or optimisation of processes where a benefit is created that makes its products more appealing and valuable to its customers.

BUSINESS PARTNERSHIPS

Value is also created by combining forces with external business partners to create win-win scenarios between Trustco's investments and their business partners.

A LOOK TOWARDS THE FUTURE

Existing investments are set to increase their returns during the coming years. New funding for student lending has unlocked significant growth opportunities for the student loan book, education products and credit life insurance on student loans, while the insurance business is expanding into the general insurance market through new product offerings.

Financial services is also developing its own commercial bank, which is expected to have state of the art transactional capabilities, that will allow it to provide services to its existing large customer base as well as to target new market segments. However, it is in combination with the real estate businesses that the bank is expected to provide the greatest returns, as

synergies between the banking and property business can accelerate the monetisation of the group's significant real estate assets.

THE RESOURCES BREAKTHROUGH

It is Trustco's fledgling investment into the resources sector that has the greatest long-term potential for extraordinary returns. Meya Mining's initial exploration programme in Sierra Leone indicates a resource of 7 million carats, which underpins a 15 year mine plan. The company expects to do at least 16 more phases of exploration. Apart from the exceptional economic potential, it should be noted that five of the largest stones discovered globally are from Meya's mining licence area. Meya's bulk sample results indicate that the mine not only contains high grade, but also very high average value per carat.

COVID-19 has impacted the diamond market, reducing demand, however, demand for high quality diamonds has recovered quickly and is holding steady. Meya is therefore well positioned as a large stone, high value producer in the diamond sector.

The transition from exploration to commercial production is being overseen by a strong technical team with a proven track record in Sierra Leone. The host communities around the area will benefit from the socio-economic impact of this project.

STRONG FUNDAMENTALS

Trustco is a diversified investment group that invests in sustainable high growth assets in emerging markets and has done so for years, seeing cyclical setbacks and constant changes in the operating environments as catalysts to drive success.

The group was not immune to the effect the COVID-19 pandemic has had on both the regional and local economies. While the group had to make provision for credit losses and reassessed its property assets during this time, its world class asset base remains sound and with low leverage is able to weather these storms.

The group's investments have been restructured for more effective and efficient operations to ensure these investments remain sound, financially viable and sustainable. As a result, Trustco remains one of the few groups in Namibia ready to return to rapid growth within a short timeframe.

