
PPS PROFESSIONAL CONFIDENCE INDEX REPORT – Q1 2014

BACKGROUND

PPS has in excess of 200 000 members, all of whom are graduate professionals who are completing or holding a qualifying 4 year degree. PPS launched the Professional Confidence Index (PCI) in the first quarter of 2011, as a means of engaging with its members on the key issues that most concern them and to gauge their changing confidence levels on these issues on an ongoing basis.

Following research into what data was freely available, there was a clear lack of quantitative information on professionals and the issues that concern them. The PCI has enabled PPS to gather hard research on pertinent issues affecting South Africa's graduate professionals and provide insight and commentary on the findings. This also allows PPS to set appropriate agendas for engagement via PPS Member Forums, which have been held on a range of issues, from the Legal Practice Bill to National Health Insurance.

The views of graduate professionals are measured on a quarterly basis on a range of key socio-economic factors such as whether there is expected to be an improvement in crime, unemployment and healthcare, as well as personal views on the likelihood of emigration and the sustainability of their profession.

In addition to the general PCI survey that has been issued to all the members of PPS, PPS also surveyed members in 11 professions, to get their views on profession-specific issues. The specific professions surveyed in the PCI include, but are not limited to:

- Attorneys
- Advocates
- Architects
- Chartered Accountants
- Dentists
- Doctors
- Engineers
- Nurses
- Pharmacists
- Physiotherapists
- Veterinarians

RATIONALE

PPS undertook the survey to gain insight into the graduate professional segment in South Africa to ascertain their views on a number of issues.

South Africa continues to suffer from an acute skills shortage, particularly amongst skilled professions and through PPS' niche target base of graduate professionals, the company is able to tap into and record the thoughts of this group.

PPS believes understanding the mindset of graduate professionals on key topics is crucial, as it is these individuals who in many ways are the driving force behind the development of the economy.

METHODOLOGY

The confidence levels of graduate professionals are assessed on a scaled basis of **1 - 5** (1 being Not Confident at all and 5 being Very Confident). The result is expressed on a percentage point basis with the change measured on a quarter-on-quarter and year-on-year basis.

The confidence level is determined through the following formula:

- The total number of respondents choosing option 5 are multiplied by 5
- The total number of respondents choosing option 4 are multiplied by 4
- The total number of respondents choosing option 3 are multiplied by 3

- The total number of respondents choosing option 2 are multiplied by 2
- The total number of respondents choosing option 1 are multiplied by 1

These figures are added together and the total is divided by the total number of respondents. This number is then divided by 5 to attain the confidence level and multiplied by 100 to get the overall confidence level on a percentage point basis.

Media Release

UPTICK IN SA PROFESSIONALS' CONFIDENCE ON RAND, ECONOMY - SURVEY

23 April 2014: Results from the 2014 first quarter PPS Graduate Professionals Confidence Index (PCI) reveal that South African graduate professionals are slightly more confident about the outlook for the economy and the prospects for the Rand than they were in the last quarter of 2013.

According to the PPS survey conducted among approximately 5000 of SA's professionals, 76% of respondents said they expected the Rand to weaken further during the course of 2014, compared to 85% in the fourth quarter of 2013.

Respondents also revealed a confidence level of 54% when asked about their confidence in the economic outlook for SA over the next 12 months - a jump of four percentage points over the previous quarter.

Gerhard Joubert, Head of Group Marketing and Stakeholder Relations at PPS, says that while professionals are still concerned about the value of the Rand, it is clear that an increasing percentage of them believe that the slide in the value of the currency has been halted.

"This belief could be as a result of a number of factors, including the Rand reaching a three month high in April."

Economists are pointing to two international factors which could be attributing the increased strength of the Rand, says Joubert. "The announcement by the US Federal Reserve that it is cautious about raising US interest rates, paired with the current crisis in the Ukraine that is resulting in a shift in investments from Russia towards other emerging markets such as SA, could be making the Rand more attractive to foreign investors."

This increased interest from foreign investors is mirrored by Johannesburg Stock Exchange (JSE) data which reveals that foreign investors have bought R14bn of South African bonds since the beginning of February, following outflows of R22.5bn in January.

This increased confidence is also in line with the Bureau for Economic Research (BER) Consumer Confidence report which showed that South African Consumer Confidence increased to -6 in the first quarter of 2014 from -7 in the fourth quarter of 2013.

Other economic related data from the PCI reveals that professionals' confidence level in the local equity and share market increased four percentage points to 62%, while a confidence level of 56% (versus 53% in the previous quarter) was recorded when respondents were asked whether SA has seen the worst of the global economic turmoil.

The survey also revealed that graduate professionals displayed an average confidence level of 79% when asked about their perception of the future of their profession in the country over the next five years. In addition to this, 60% of respondents would encourage their children to enter their profession.

"The first quarter survey reveals a greater confidence in the local economy from respondents, which is incredibly positive as these professionals play an important role in providing skills which sustain the economy," concludes Joubert.

Other results from the survey

- Confidence in their ability to earn an income that keeps up with inflation increased by one percentage point to 70% quarter-on-quarter;
- 60% of respondents are confident they have saved enough to retire comfortably, up one percentage point quarter-on-quarter;
- 10% of respondents believe the tax incentives offered by government are enough to encourage South Africans to save;
- 67% of respondents believe compulsory preservation is necessary to enforce South Africans to save.

INFOGRAPHIC

PCI THE PPS PROFESSIONAL CONFIDENCE INDEX SURVEY
2014 FIRST QUARTER REPORT

This PPS survey was conducted among approximately 5000 of SA's professionals



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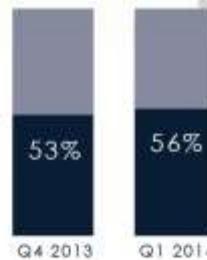
Professionals' confidence level in the local equity and share market increased **4** percentage points quarter-on-quarter to **62%**



Respondents had a confidence level of **54%** when asked about their confidence in the economic outlook for SA over the next 12 months

A jump of **4** percentage points over the previous quarter.

A confidence level of **56%** (versus **53%** in the previous quarter) was recorded when respondents were asked whether SA has seen the worst of the global economic turmoil.



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60% of respondents would encourage their children to enter their profession.



FOR PROFESSIONALS
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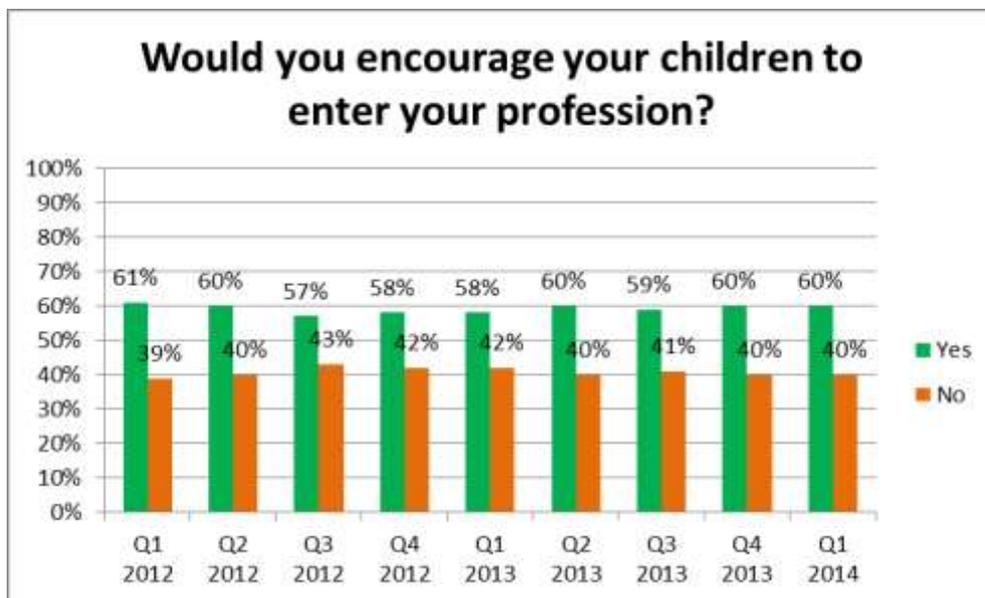
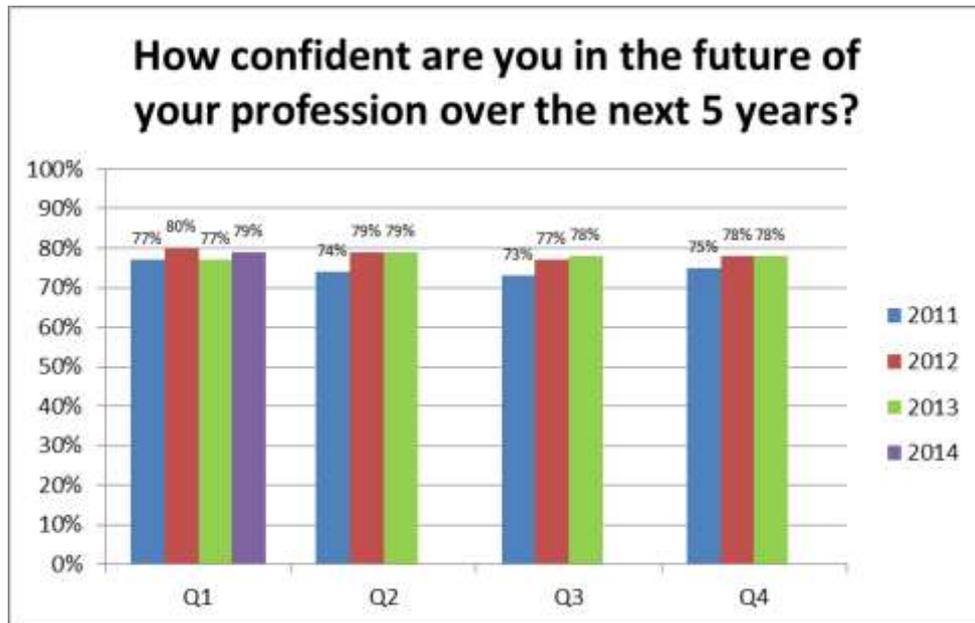
THE KEY TO SUCCESS LIES IN SHARING IT

Consult a PPS product accredited financial advisor or visit www.pps.co.za
PPS is an authorized Financial Services Provider. PPS members will qualify products from all the profits of PPS.

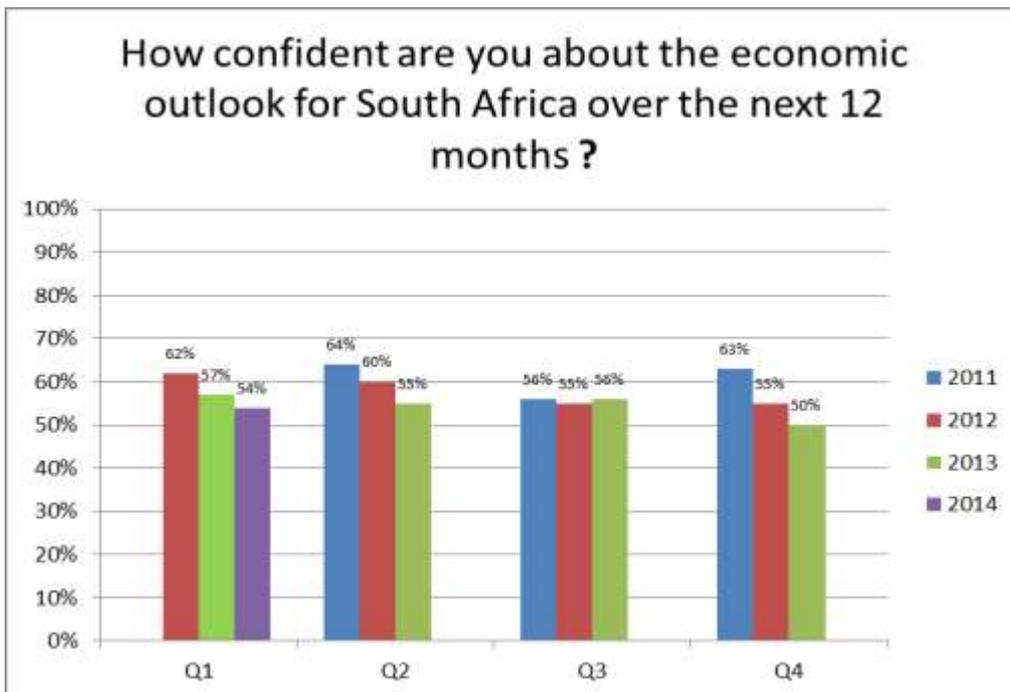
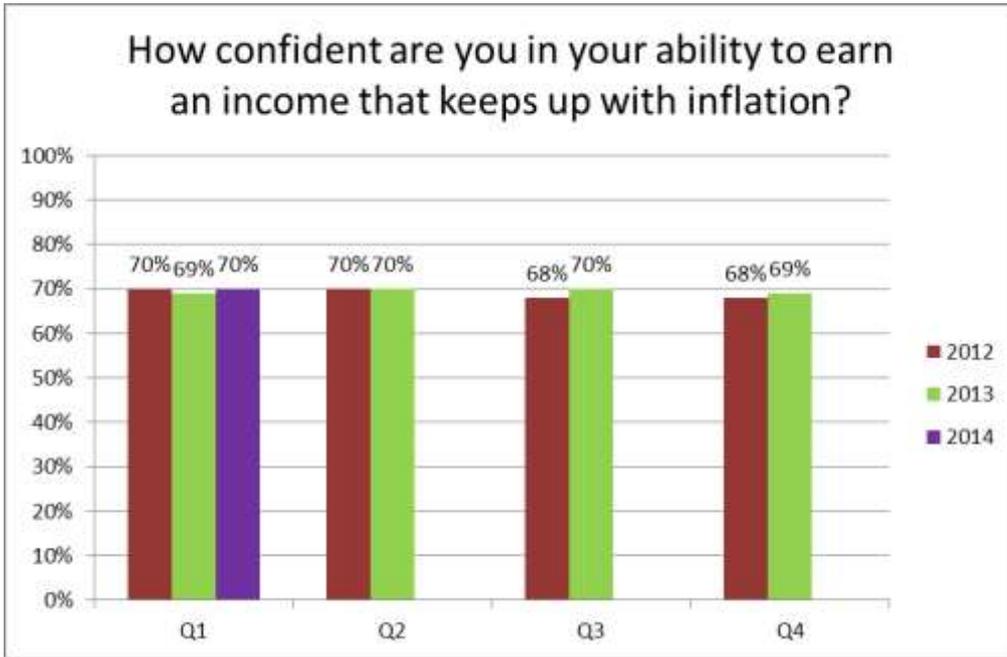
RESULTS

Please note that additional questions were added to the questionnaire for each quarter, as a result some of the questions may not have results for previous quarters.

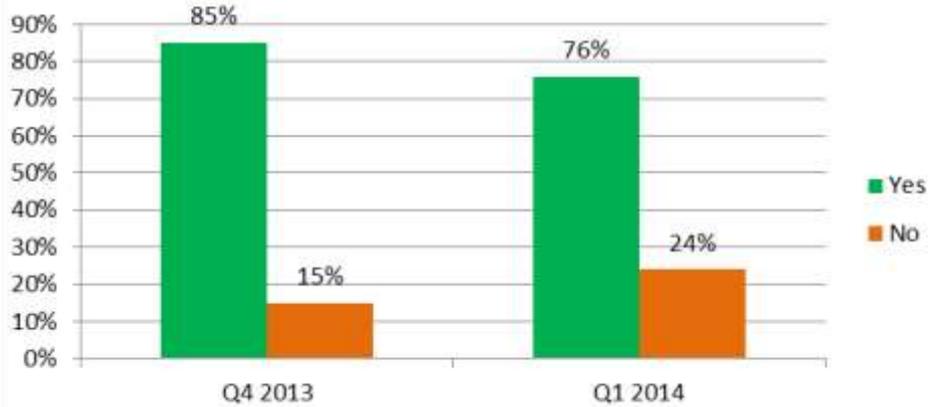
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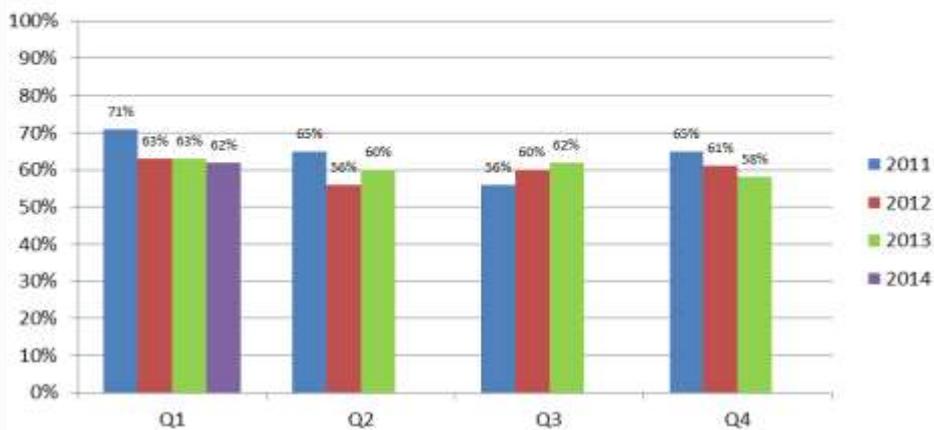
Economic:



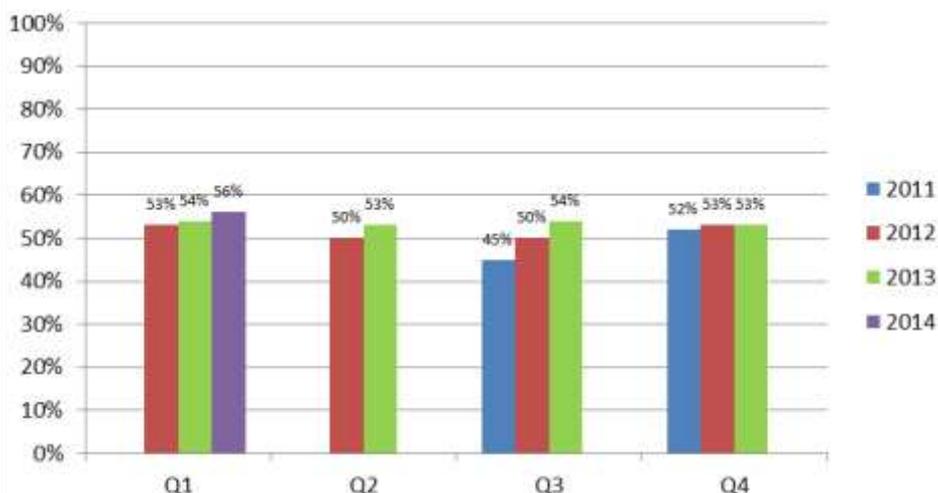
Do you expect the Rand to weaken further during the course of 2014?

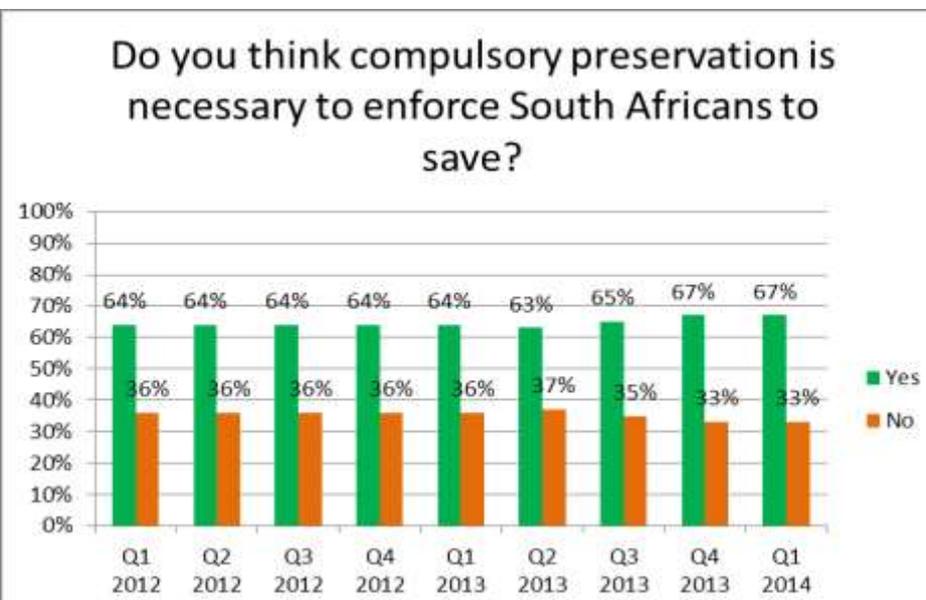
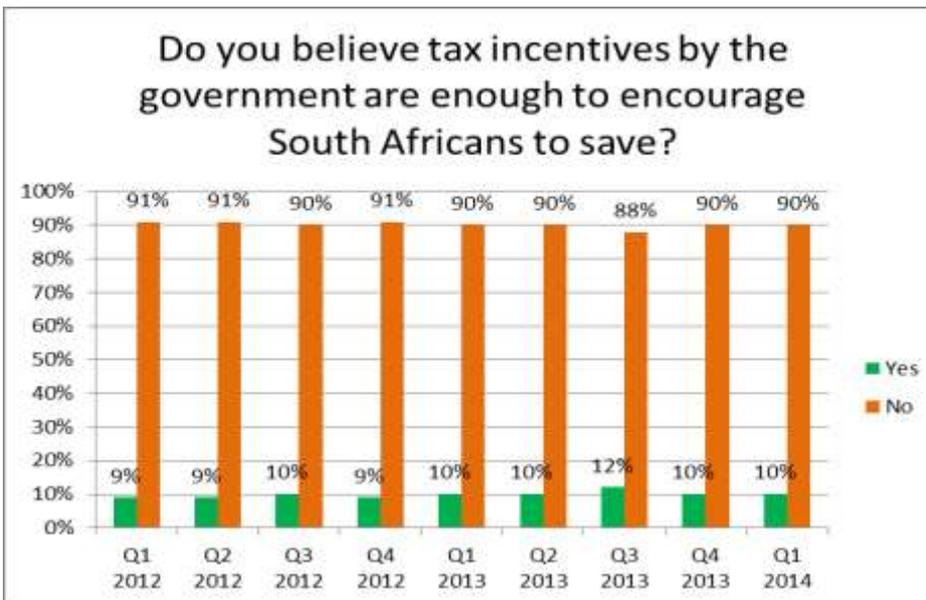
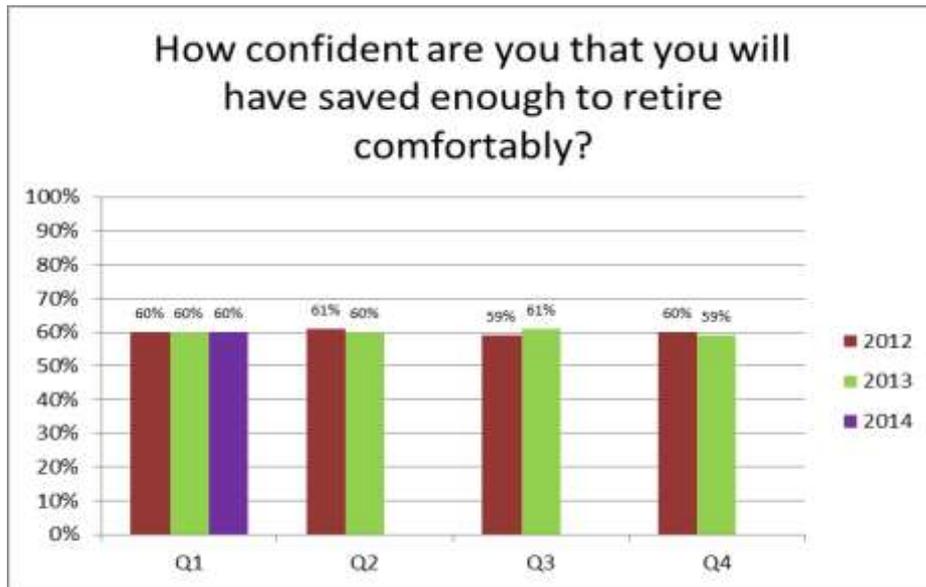


How confident are you in the outlook for the local equity/share markets over the next 12 months?

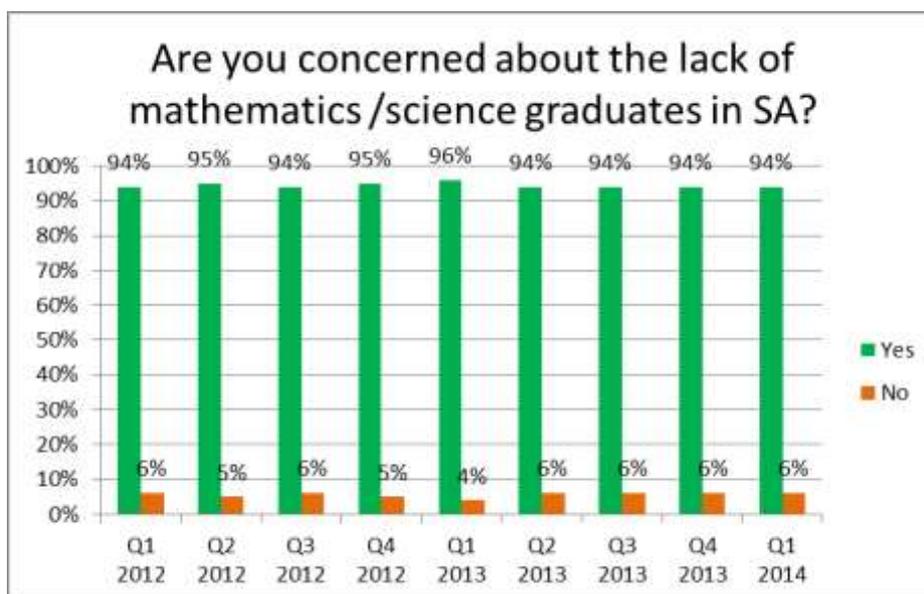
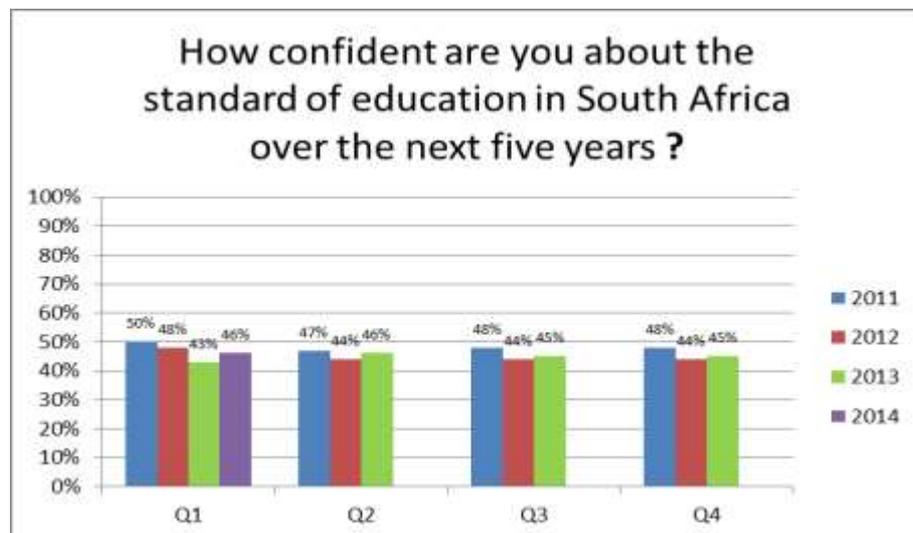
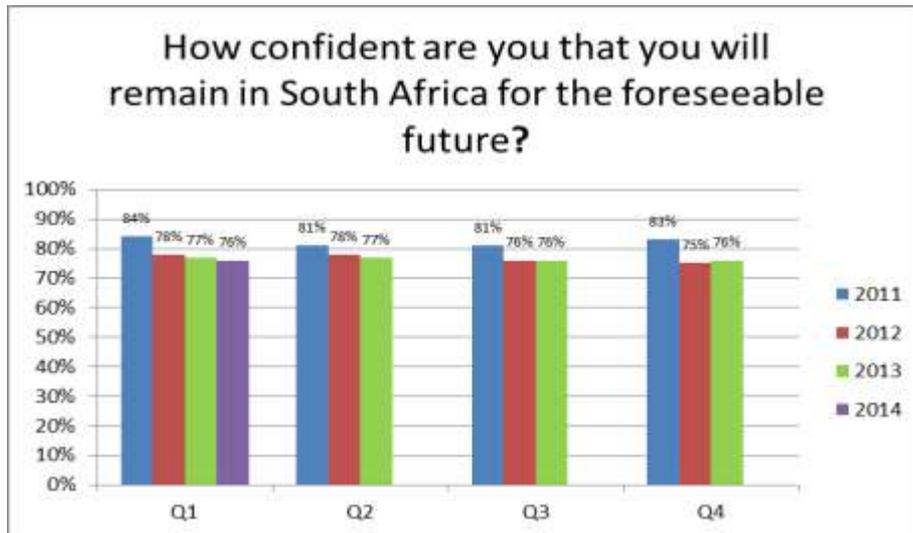


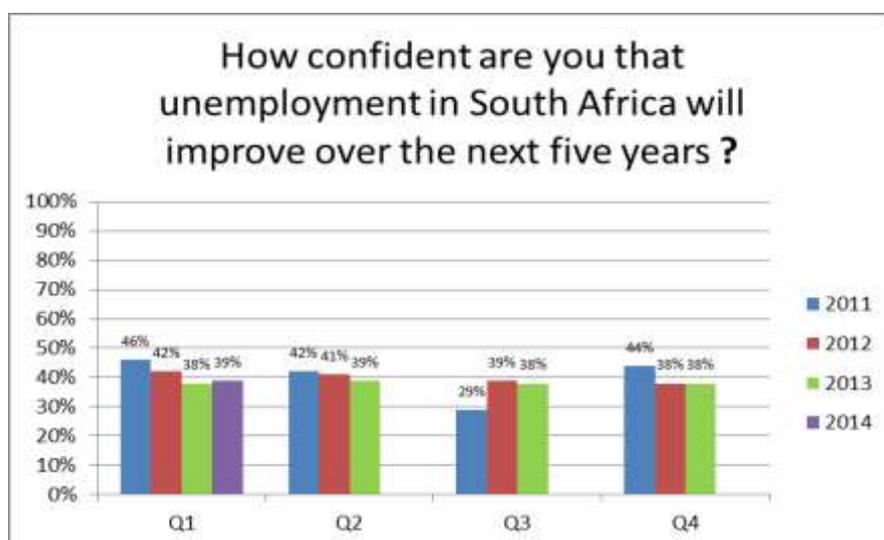
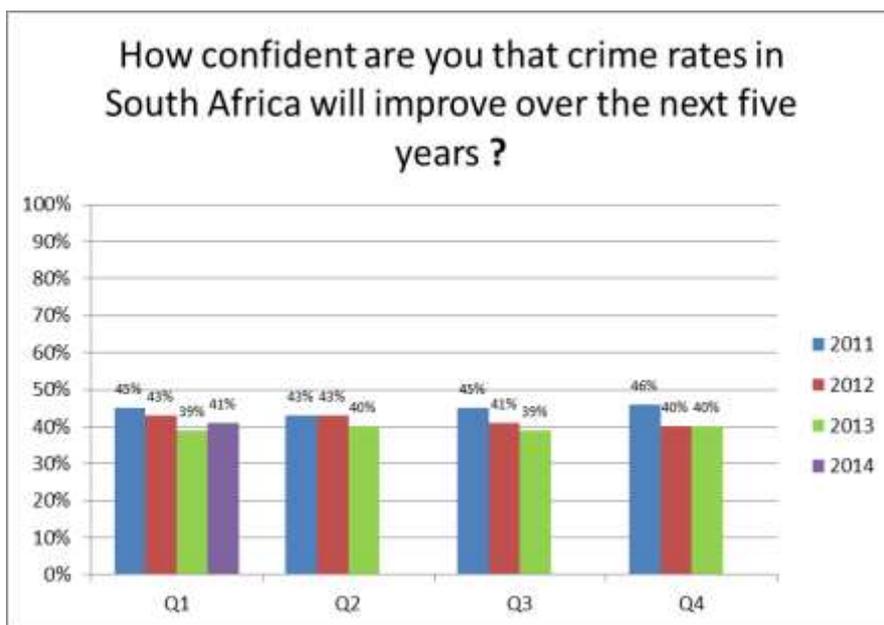
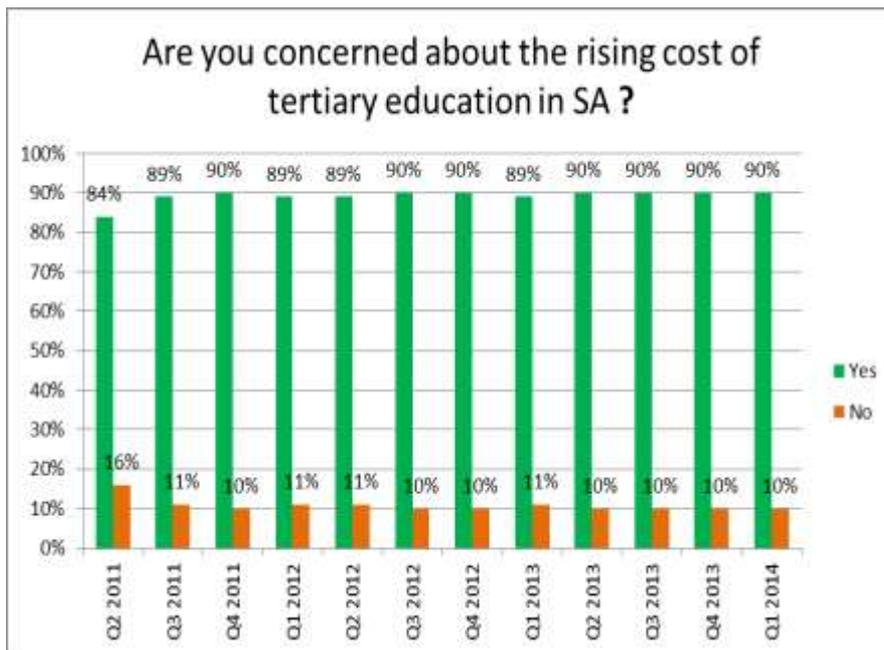
How confident are you that we have seen the worst of the global economic turmoil?



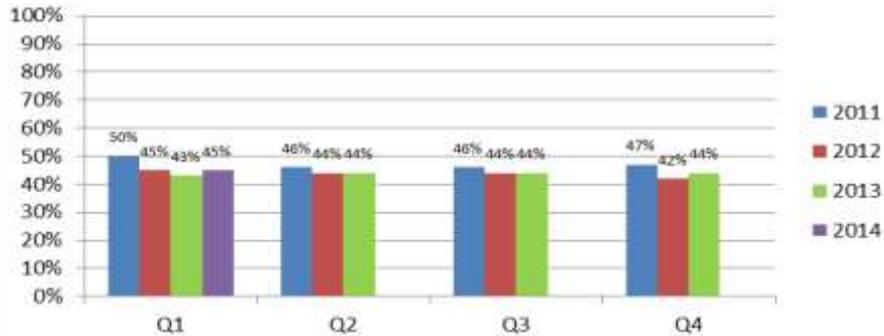


Socio-economic:

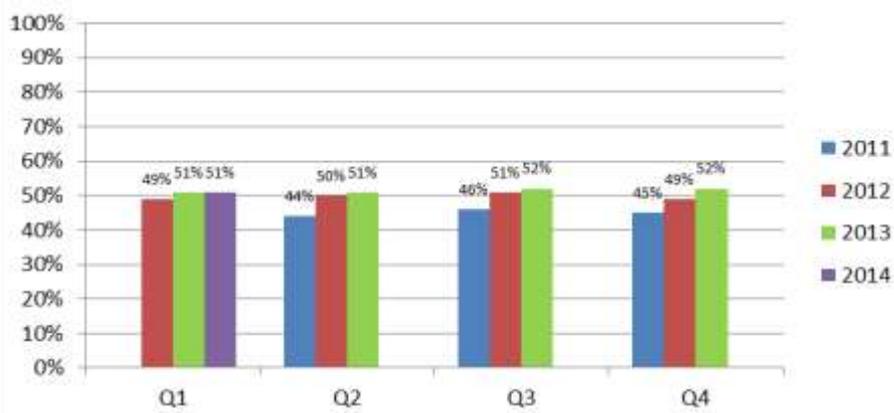




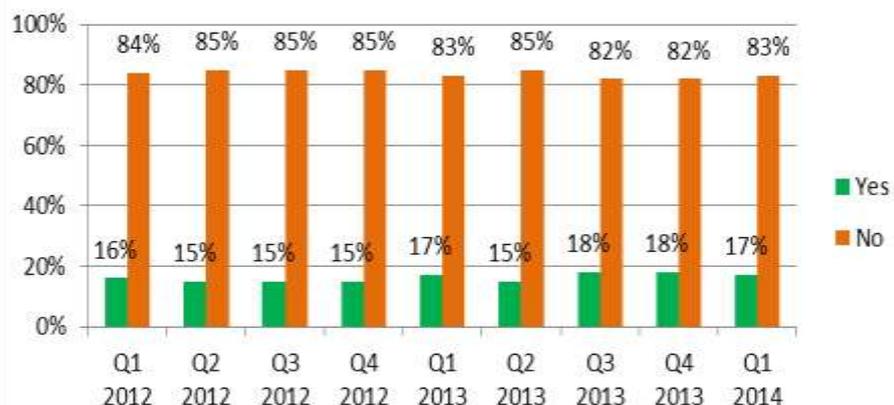
How confident are you about the future of the health care system in South Africa over the next five years ?

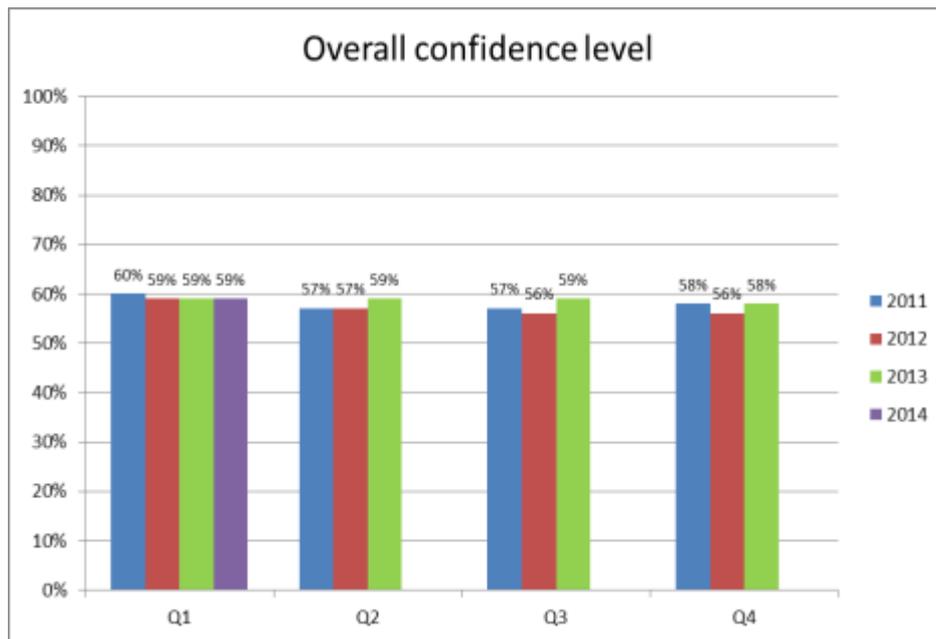


Do you agree with the principle behind the NHI?



Do you think a National Health Insurance scheme is the solution to fix the country's ailing health system?





Additional information:

PPS boasts in excess of 200,000 members who enjoy access to a comprehensive suite of financial and healthcare products that are specifically tailored to meet the needs of graduate professionals.

PPS is the largest South African company of its kind that still embraces an ethos of mutuality, which means that it exists solely for the benefit of its members. Thus, PPS members with qualifying products share in the profits of PPS Insurance via annual allocations to the unique PPS Profit-Share Account and those who have PPS Investments products can also share in the profits of PPS Investments.

PPS membership provides access to the following tried, tested and trusted products and services: PPS Insurance, PPS Short-Term Insurance, PPS Beneficiaries Trust, PPS Investments and Profmed Medical Scheme. Visit www.pps.co.za for more information.

PPS is an authorised financial services provider.