



## **Market-beating results for PPS, boosted by 'mutuality' model**

PPS, a financial services company that focuses exclusively on the graduate professional market, has emerged strong from the economic storms of 2008 and delivers a solid set of annual results.

Gross premium revenue is up 11% year-on-year to R1.5 billion. Investment returns, on a three year rolling average basis, are up 10.8%. New annual premium income from sales has risen 21%, to R199.6 million. Total assets have nearly doubled, in the last five years, to R11.9 billion. And, total benefit payments in 2008 exceeded R1.1 billion, for the first time.

PPS CEO, Mike Jackson, says: "the most pleasing number this year is the record profit distribution of 24.92 cents per Ordinary unit of benefit to members, 24% up from the previous year".

"PPS has proved once again that the 'Power of Mutuality' – being in business solely for the benefit of members – is a highly appropriate model for the times we live in. Having no shareholders means that PPS has no need to set aggressive profit targets, in order to deliver short-term, volatile returns to shareholders," says Jackson.

Jackson notes that, while being strongly capitalised, "PPS has also delivered exceptional returns, allocating some R6.1 billion to members' *Surplus Rebate Accounts*, in the last five years alone. In 2008, bonus allocations to members amounted to R554.3 million – up 38% from 2007."

A further highlight of 2008 has been PPS's continuing transition into a full-spectrum financial services organisation.

"We cater for our members' insurance and investment needs through all their life stages, from graduation to retirement and beyond," says Jackson. He adds that PPS's short-term insurance offering, underwritten by Hollard Insurance Company, is progressing well.

"We also launched the *PPS Professional Disability Provider™* – a standalone disability cover that pays a lump sum benefit, irrespective of any other cover that a member may have," says Jackson.

Jackson records that PPS's investment strategy proved itself during one of the most difficult years in recent memory: "Total assets declined by only 2.9% and investments returned a negative 6.4%, despite the JSE All Share Index falling 26%."

Jackson says that 2008 also saw the completion of the three year programme to develop PPS's systems: "Without the new system, few of the achievements listed above would have been possible."

Although growth in new members was slower than planned, Jackson says new initiatives with universities and associations were implemented towards the end of 2008. "The results are very promising and we envisage considerable membership growth in 2009."