

The background of the entire page is a grayscale image of a financial trading screen. It features multiple overlapping line charts and candlestick patterns, typical of stock market data. Text elements from the screen, such as '1,35379 - 00:00:00 14 giu (EEST)', 'Ticks, # 300 / 300', '23:40', '23:51', '06/13/14', '20 - 23:00:00 13 giu (CEST)', '159 / 300, Logarithmic, Heikin Ashi', and a 'Quote List [2]' window showing 'World Markets' and 'Dow Jones', are visible in the background.

STOCKING UP

ACCELERATING THE GROWTH OF BLACK-
OWNED STOCKBROKING BUSINESSES



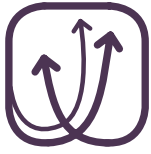
ASISD

ENTERPRISE AND
SUPPLIER DEVELOPMENT

The ASISA Enterprise and Supplier Development (ESD) Fund, managed by specialist ESD firm Edge Growth, introduced the pilot phase of the Stockbroker Development Programme in August 2016.

The programme, launched in partnership with Coronation Fund Managers, Investec Asset Management, Old Mutual Investment Group, Prudential Investment Managers and STANLIB, aims to unlock the growth potential of locally built, black-owned stockbroking businesses. Sanlam Investment Management has since also joined as a partner.

The support and sponsorship from multiple asset managers means that the stockbroking businesses on the programme will be able to develop in a sustainable manner and ultimately compete against larger stockbrokers.



UNDERSTANDING THE SELECTION PROCESS

The funding received from the founding sponsors provided sufficient capital for five black-owned stockbroking businesses to participate in the pilot programme. This was disclosed upfront to all stockbroking businesses eligible for selection.

To ensure a fair and equitable outcome, a rigorous selection process was put in place. In order to qualify for participation, stockbrokers must be at least 51% black owned (as defined by the B-BBEE codes) with a turnover of less than R100 million a year. The qualifying applicants (of which 12 qualified and one withdrew) were invited to present to the founding sponsors.

Presentations took place over two days, with senior representatives from the five founding sponsors in attendance to rank each business against the following criteria:

- ... THE ENTERPRISE/BUSINESS: The sustainability of the business, product innovation, understanding of main competitors, reputation, and growth strategy.
- ... KEY PERSONNEL: Experience, alignment of CEO remuneration with business objectives and strategy, succession planning, and entrepreneurial flair.
- ... TRANSFORMATION AND SKILLS DEVELOPMENT: The robustness of trainee programmes and commitment to transformation supported by a solid track record.
- ... INFRASTRUCTURE AND COMPLIANCE: The business's ability to remain competitive and offer the full suite of trading options to clients as well as strict trading and compliance policies underpinned by ongoing monitoring.
- ... FINANCIAL PERFORMANCE: The robustness of the firm's financial position, long-term commitment from main shareholders, and clear evidence that costs are not being overinflated to extract money from the business.

Rankings were done independently and without consultation to ensure that the judgement process remained free of any undue influence. Founding sponsors submitted their rankings to the ASISA ESD Fund for collation. Based on the judgement panel's evaluations, the following five businesses across Cape Town and Johannesburg were selected for the 2016 Stockbroker Development Programme:

LEGAE SECURITIES
NAVIGARE SECURITIES

NOAH CAPITAL
PRESCIENT SECURITIES

VUNANI SECURITIES

THE PROGRAMME

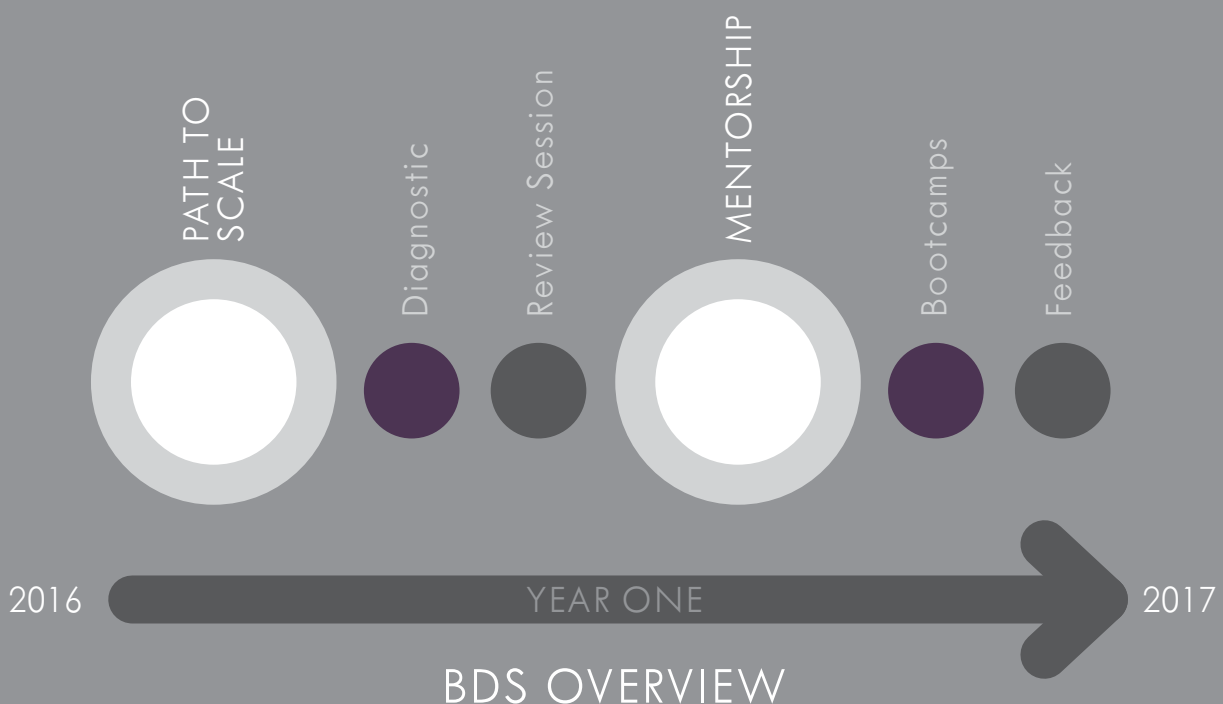
The programme consists of two key components, namely Business Development Support and Performance Monitoring and Reporting.

1. TAILORED BUSINESS DEVELOPMENT SUPPORT

In the first year of the programme, the participating stockbrokers receive tailored business support through Edge Growth's 10X-e programme, as well as technical stockbroking mentorship from industry specialists specific to their individual needs and requirements.

Starting with the Path to Scale Bootcamp, participants are required to examine how they could scale their individual businesses, identify gaps within their business models and develop growth strategies.

Through a series of workshops, the participants then explore key topics such as developing a sound business culture and management system, and building relationships with investors.



TOPICS COVERED BY THE 10X-E PROGRAMME:

1. FOCUS

2. EXECUTE

3. BUILD AN A-TEAM

4. HARNESS YOUR BOARD

5. SYSTEMATISE REVENUE

6. SYSTEMATISE CUSTOMER DELIGHT

7. MANAGE MONEY MILITANTLY

8. BE INVESTABLE

9. BE HYPER FOCUSED

10. BRING YOUR A-GAME

11. SCALE THYSELF

12. CHOOSE SUCCESS

2. PERFORMANCE MONITORING AND REPORTING

The ASISA ESD Fund fulfills a monitoring and governance role on behalf of the sponsors throughout the programme, overseeing the performance of the stockbroking businesses and providing business development input based on formal feedback from sponsors.

The Fund also ensures that businesses continue to meet the participation criteria of ownership and turnover. Should a stockbroker no longer meet the criteria, the business will be asked to leave the programme and other qualifying stockbrokers will be invited to apply for selection.



TRADE ALLOCATION

The sponsoring asset managers support the growth of the participating stockbrokers by allocating trades to these businesses through their ongoing business relationships.

The awarding of business to stockbrokers is explicitly not part of the commitments made by the sponsors of the programme. Also, in strict compliance with Competition Commission rules, the allocation of trades is entirely at the discretion of each sponsor.

However, sponsors are required to report to the ASISA ESD Fund any brokerage allocation for inclusion in the financial reviews of the individual participants.

The size of deals allocated and the stockbrokers supported with deals is an independent business decision taken by each individual sponsor without influence or interference from ASISA, the ESD Fund or any of the other sponsors.

Participation in this programme does not imply that sponsors will terminate or reduce existing business relationships with other stockbroking businesses currently not part of this programme.



BEYOND THE PILOT

In August 2017, the ASISA ESD Fund will perform its first comprehensive annual evaluation of the programme, reviewing feedback from sponsors as well as from participants.

Following this evaluation, some businesses may be ready to leave the programme, in which case the Fund will offer other stockbrokers the opportunity to participate.

As the programme attracts more sponsors, the Fund hopes to leverage learnings from the pilot phase to optimise the programme's effectiveness, and expand this initiative to reach even more businesses over the next few years.

FEEDBACK FROM PARTICIPATING STOCKBROKERS...

"It has benefitted us by giving us life lessons around self-management, staff management and business development. It has assisted us with focusing on the business and how to get to the next level without placing the business at too much risk by ensuring we have the correct structure, processes and procedures in place."

"Participating in the 10X interactions to date has given the management team access to what is arguably the premier course on management and strategy in SA. The combination of support from programme sponsors and the 10X Scaling Up programme has given us the direction, focus and courage to make brave decisions in just a few months."

"In terms of the 10X-e programme, we find it very useful as it makes us think a lot about what it is we are doing, where it is we want to go and better plan to get there. We have already made use of several of the tools we have received from Edge."

"Very positive from a learning perspective and strategy perspective. It has been beneficial and very constructive. The Edge engagement has been professional and all levels of the team have benefited from the various modules. The senior mentorship from experienced market practitioners has been very good. Having someone independent to counsel on ideas, strategy etc is invaluable."

"We have found the programme very useful thus far: The training component supplied by Edge Growth has been a great value-add to my staff and me; and the mentorship to me was of some value."



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