

R1tn asset management company created

Sanlam and Absa are to combine their investment management businesses into an one asset management company in excess of R1tn. The transaction will see Absa exchange its investment management business, Absa Investments, for a stake of up to 17.5% in Sanlam Investment Holdings Proprietary Limited (SIH).



Source: Danette Bretienbach Absa Sandton

The combination will also further strengthen SIH's position as one of South Africa's largest black-owned asset managers.

The effective date of the transaction will depend on the fulfilment of certain suspensive conditions including regulatory approvals (such applications will be submitted to the relevant regulators in due course) and is expected to occur in the first half of 2022.

Value for stakeholders

"For Absa, the transaction delivers improved scale, capabilities, customer propositions and transformation, all of which we view as essential to achieving growth in the investment management sector," says Jason Quinn, Absa interim group chief executive.

"The transaction will help us create a deeper, broader range of investment solutions for our clients," says Quinn.

“There is an exciting complementary nature to the relationship, which we believe will realise value for all of our stakeholders. For our staff, there will be an opportunity to work for a larger world-class, multi-capability investment business,” adds Quinn.

“We are confident that this transaction will strengthen our ability to deliver investment excellence for customers through our ability to further invest in the business,” says Sanlam Group CEO, Paul Hanratty.

Absa Investments comprises Absa Asset Management, Absa Alternative Asset Management, Absa Fund Managers (excluding the Absa Prudential Money Market Fund) and Absa Multi Management.

SIH is Sanlam’s third-party asset management business in which ARC Financial Services Investments Proprietary Limited (ARCFS) is a shareholder.

ARCFS currently has a 25% effective interest in SIH through its 25% shareholding in SIH’s holding company, with Sanlam owning the remaining 75%.

Benefit to clients

Clients of the combined SIH business will benefit from access to a wider range of investment solutions to meet their financial needs.

Increased investment in research and technology will equip SIH with the data and systems to strengthen its industry leadership.

As part of the transaction, Satrix, a subsidiary of SIH, will acquire the exchange traded funds (ETF) business of Absa’s NewFunds (excluding its commodity ETF business), and the intention is that Absa will enter into agreements to dispose of its market Linked Investment Services Provider (LISP) business to Glacier by Sanlam.

The conclusion of agreements to give effect to the LISP transaction is a suspensive condition to the investment management transaction.

Absa will also enter into a 10-year distribution agreement with SIH, meaning the expanded operations will utilise the distribution networks of both Sanlam and Absa, which significantly broadens market reach for the enlarged SIH.

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