

Strategic transaction between Capital Legacy and Sanlam Limited announced

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South Africa's fast-growing wills and estates administrator Capital Legacy and the diversified financial services group Sanlam Limited (Sanlam) have announced that they are joining forces by creating an even more compelling wills, estates and trusts business together.



Alex Simeonides

The transaction, which is subject to regulatory approval, will see Sanlam Life Insurance Limited (Sanlam Life) sell its trust business, Sanlam Trust, to Capital Legacy and Sanlam Life acquiring a 26% interest in the enlarged Capital Legacy Group that includes the Sanlam Trust business following completion of the transaction. The merged entity will be managed by Capital Legacy, while leveraging the strengths of both companies.

Sanlam sees the investment into the new combined business as a strategic move to benefit from a business with significant growth opportunities going forward. Capital Legacy and Sanlam Trust operations will be merged, leveraging the Capital Legacy innovations that have made it the innovator and pathfinder in the wills and estates market in South Africa; and taking this value proposition even further by leveraging Sanlam's extensive distribution capabilities and customer base under the Sanlam brand.

The transaction:

- The transaction is subject to regulatory approvals, including the approval of the competition authorities.
- Capital Legacy intends acquiring full ownership and control of Sanlam Trust for an amount of R390 million. Sanlam Trust will continue to operate under the trusted and market-recognised Sanlam brand to service the Sanlam customer base and its various distribution channels.

- Sanlam Life, for its part, will subscribe for a 26% shareholding in Capital Legacy Group (that includes Sanlam Trust) for a total consideration of R1.11bn.
- With this transaction, Sanlam will become one of three significant shareholders in Capital Legacy, with African Rainbow Capital at 25.8% and Capital Legacy's founder, Alex Simeonides, through a trust, retaining a circ. 27% shareholding.

"The deal has been a year in the making and it is important to note in these economic times that it is driven by the realisation of mutually beneficial growth opportunities and not cost rationalisation. We believe it will have a positive impact on the market to the benefit of customers and I am excited about what the future holds...", says Capital Legacy CEO and founder, Alex Simeonides.

Anton Gildenhuys, CEO of SA Retail Affluent at Sanlam, and the initial visionary for and key player in making the transaction happen, says: "We believe that proper estate planning and drawing up a will are key components in financial planning. We admire the innovative solutions that Capital Legacy created, the agile and best in class technology, as well as the comprehensive marketing infrastructure that they have built – all of which supported phenomenal growth. Combining the market-leading capabilities in Sanlam Trust with those at Capital Legacy will truly create a brilliant organisation that will be able to assist all South Africans to live with confidence."

Background

Capital Legacy is a fast-growing financial services business in SA with its wills and estates offering packaged into the unique Legacy Protection Plan™.

Sanlam Trust is a strong fiduciary business and comprises several businesses lines including wills, estates, trusts and beneficiary funds. The business is well respected by the industry and its people are highly regarded.

The parties saw strengths in each other's fiduciary operations that, when combined, will unlock value to both companies' offerings and make quality wills and estates services more accessible in SA, in line with Capital Legacy's mission.

Sanlam views partnerships as key to their growth strategy. Sanlam's history with partnerships over the last 10 years has been a successful one and their approach to partnerships was encouraging to Capital Legacy's founder-led management.

The Sanlam and affiliated brands will be retained for all solutions sold through Sanlam's distribution channels, networks and partners.

Condensed history of Capital Legacy

[Capital Legacy](#) was founded in 2012 and since then consistently delivers value to customers, resulting in the company drafting almost 600,000 [wills](#) to date, making it a formidable wills and estates administrator in South Africa and a fast-growing financial services business. Whereas the company started out with a staff complement of six, it now has more than 1,000 staff dedicated to delivering its promise of 'making the loss of a loved one easier'.

Capital Legacy's success is owed to pioneering an insurance product called the Legacy Protection Plan™, wherein for a premium of less than R200 per month, a client can have their estate wound up with no executor, trustee, or conveyance fees, saving up to millions of rands for beneficiaries. This is all made possible by the fact that Capital Legacy does not outsource its estates and trusts operations but rather has built its own, and integrated these services into the [Legacy Protection Plan](#)™.

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