

Colourfield buy widens ARC's exposure to financial sector

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AFRICAN Rainbow Capital (ARC) has bought a 27.5% stake in specialist investment manager Colourfield Liability Solutions for an undisclosed amount, marking its fifth investment in the financial services sector.

The stake in the six-year-old business gives ARC exposure to asset management for defined benefit pension funds. It follows investments in private equity firm Squarestone, insurance broker Indwe Risk Services, listed investment holding company Afrocentric and acquisition vehicle Capital Appreciation.

“ARC identified Colourfield

as the dominant player in the management of third-party goal-based investment solutions in SA, with close to R100bn of funds under management,” said ARC joint-CEO Johan van Zyl.

Colourfield CEO Costa Economou said goal-based investing, or liability-driven investing, focused on a client's goals or debts.

Defined benefit pension funds, which usually have large liabilities owing to the pensions they guarantee to members, are among Colourfield's clients.

“ARC approached Colourfield in March and believed our technology and approach was a significant differentiator in SA (and globally),” said Economou.

“Colourfield believed the broad-based nature of the ARC shareholding made ARC a compelling partner, which allowed us to maintain our independence.”

ARC is wholly owned by Ubuntu-Botho Investments, which is in turn owned by businessman Patrice Motsepe's family trust along with a number of broad-based empowerment groupings and the Sanlam Ubuntu-Botho Community Development Trust.

Van Zyl said ARC had more investments planned in the financial services sector.

“It is ARC's vision to become a leading provider of financial services in SA,” he said.

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