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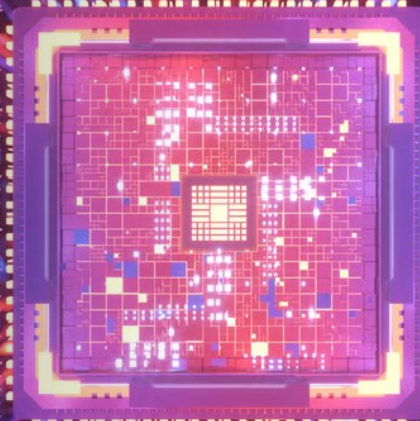
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OPENAI: THE “SUN” OF
THE AI UNIVERSE?

ORACLE'S BOLD SHIFT:
FROM DATABASE GIANT
TO AI INFRASTRUCTURE
POWERHOUSE

APPLE INC:
A FORK-IN-THE-ROAD
MOMENT

SAFEGUARDING DIGITAL
WEALTH: CRYPTO AS A
COMPONENT OF UHNW
ESTATE PLANNING



Private Clients

by  Old Mutual Wealth

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OpenAI: The “Sun” of the AI Universe?

SEAN ASHTON, HEAD OF INVESTMENTS AT PRIVATE CLIENTS BY OLD MUTUAL WEALTH



Much like the planets orbit the sun, it increasingly appears that OpenAI is positioning itself at the centre of the artificial intelligence universe. Unlike a true solar system, this gravitational pull is two-way. OpenAI is emitting “rays” in the form of enormous demand for semiconductor chips and datacentre capacity, while key infrastructure players are, in turn, funding and enabling its scale-up. The result is a self-reinforcing feedback loop between the chatbot model developer and the hardware ecosystem that powers it.

For investors, this circular flow of capital and capability is central to the broader AI investment theme. Our global equity portfolio is invested across this value chain, making it worthwhile to explore why OpenAI matters, what is driving its extraordinary growth, and what this may mean for the broader technology and equity market landscape.

A NEW SUN RISES IN TECH

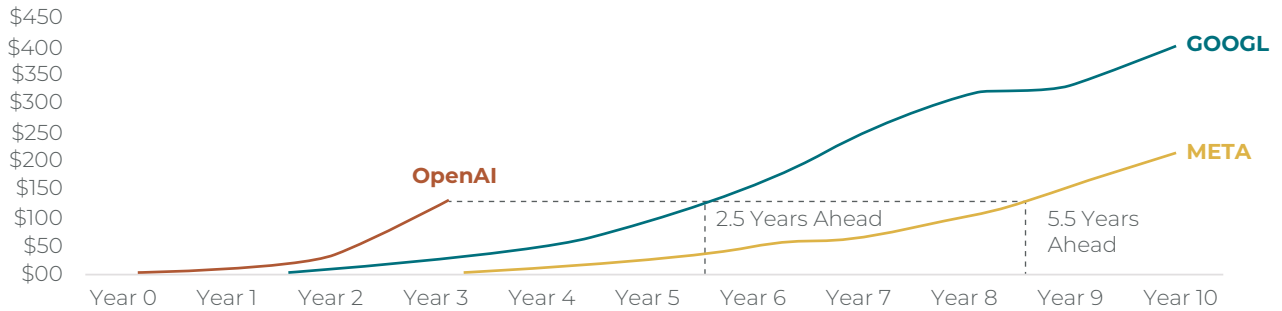
OpenAI was founded in 2015 in San Francisco as a non-profit research organisation focused on developing artificial intelligence for the benefit of humanity. The founding team included Sam Altman and Elon Musk, among others.

In 2019, OpenAI adopted a capped-profit structure, limiting investor returns to 100x capital. This allowed the business to raise equity while retaining its mission-driven foundations. Microsoft’s US\$1bn investment that year marked a decisive shift from research lab to commercial entity. Musk exited before this transition and has since publicly criticised it.

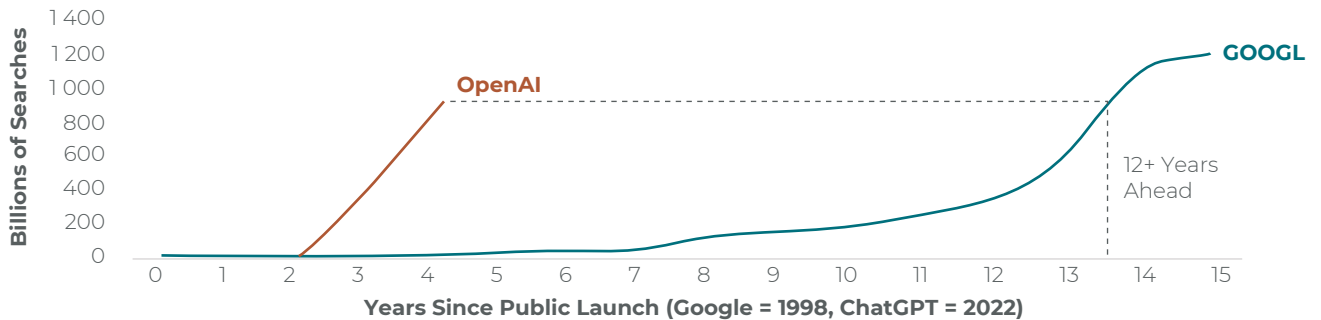
The launch of ChatGPT in November 2022 propelled OpenAI into the mainstream and ignited the current generative-AI cycle. It also created unprecedented demand for the infrastructure required to train and run increasingly powerful models.

Graphs 1 & 2: OpenAI vs historic tech leaders

OpenAI Revenue Trajectory vs GOOGL & META (inflation-adjusted)



Annual Searches by Year: Google vs ChatGPT



Sources: Various company filings and public disclosures; Altimeter Internal Analysis; BG2Pod podcast with Jensen Huang and Brad Gerstner, 13 October 2025

FASTEST-GROWING STAR EVER RECORDED

While large language models (LLMs) are now widespread, OpenAI pioneered this wave and remains the clear market leader. As of October 2025, ChatGPT’s estimated monthly active user base (MAU) exceeded 800 million – roughly double the next largest competitor, Google’s Gemini.

OpenAI appears to be adding more than 100 million users per month, suggesting it may be the fastest-growing company in history. It has surpassed US\$10bn in annualised revenue far faster than Google or Meta did on an inflation-adjusted basis.

Sam Altman recently indicated an annual revenue run rate (ARR) of US\$12.7bn – up sharply from US\$4.3bn in the first half of 2025. While OpenAI does not report publicly and disclosure remains limited, we estimate this revenue split as follows:

- ~25m individual subscribers at US\$20/month (~US\$6bn ARR)
- ~6m enterprise users (~US\$4bn ARR)
- Remainder from API and ChatGPT Team usage

ENTERPRISE USERS SCALING RAPIDLY

Importantly, the vast majority of users – 800 million – remain on the free tier. Should OpenAI decide to monetise this

base, whether through advertising or additional usage-based pricing, the revenue uplift potential is significant.

CLUES FROM META’S PLAYBOOK

Meta has a global user base of around 3.5 billion, with only ~5% of users in the US contributing more than 40% of revenue. While Meta’s average revenue per user (ARPU) is about US\$14 per quarter, US and Canadian users generate US\$100 per quarter.

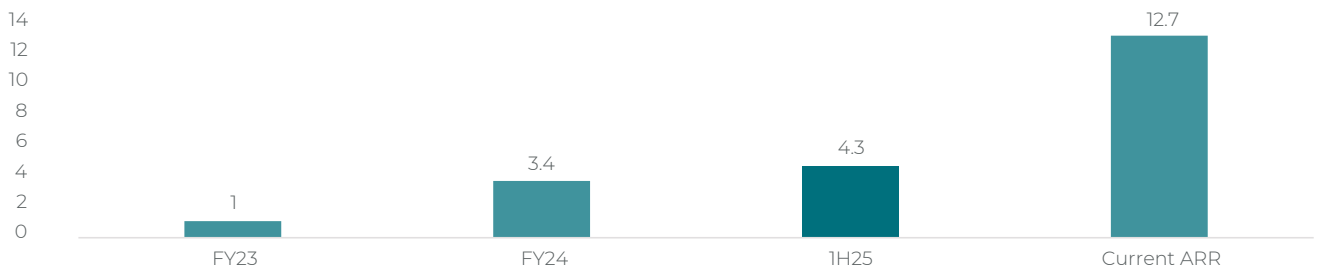
Ranking the LLM providers by size

Rank	Chatbot (Provider)	Est. MAU (October 2025)	Date	Enterprise users
1	ChatGPT (OpenAI)	800M	Jan 2024	150 000 users from 260 organisations
2	Gemini (Google)	400-450M	Apr 2024	600 000 users
3	Copilot (Microsoft)	33M	Mar 2025	1.5 million users
4	Grok (xAI)	30-35M		
5	Claude (Anthropic)	18-19M		
6	Perplexity AI	15-22M		

Source: nerdynav.com

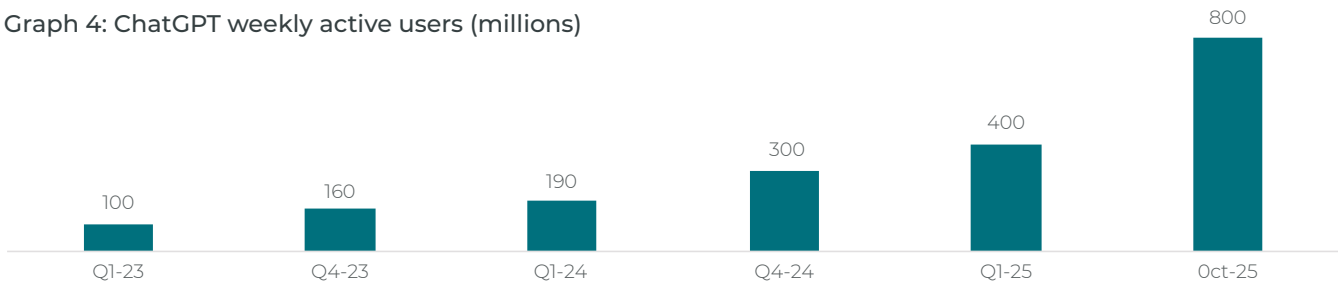
Source: Private Clients research

Graph 3: OpenAI revenue progression (\$'bn)



Sources: LLM searches; Sam Altman public commentary

Graph 4: ChatGPT weekly active users (millions)



Source: ChatGPT prompts – note that figures should be treated as estimates given limited public disclosures

Estimated ChatGPT free-user revenue assuming Meta-like monetisation

	Meta FOA	ChatGPT free users
User base (million)	3 500	760
US	200	91
Ex-US	3 300	669
Quarterly revenue (US\$m)	47 500	7 309
US	20 370	4 560
Ex-US	27 130	2 749
ARPU	US\$14	US\$10
US	US\$102	US\$50
Ex-US	US\$8	US\$4

Sources: Company disclosures; Private Clients research estimates

For OpenAI, some estimates suggest an average of 15 minutes per user per day on ChatGPT. We cannot verify this, although it is roughly half the time a typical user spends on Instagram or Facebook. If we assume time correlates with monetisation potential, and apply similar logic to OpenAI, an ad-supported tier for free ChatGPT users could generate around US\$40 per year per user. That assumes most weekly users interact daily, although we have no disclosure on usage frequency.

This would lift OpenAI’s annual revenue run-rate from US\$12.7bn today to US\$43bn, or more than US\$7bn of incremental revenue per quarter, before any further user growth.

Altman has indicated a long-term revenue target of US\$100bn to US\$125bn by FY29 (on a more recent podcast, he even hinted that the US\$100bn milestone may be met as early as 2027!). While ambitious, it may prove realistic if OpenAI can:

- Scale to three billion users by

2029 (implies 140m new users per quarter, below the 200m pace of the last six months)

- Convert 9% of users to paid plans (vs 4-5% today – producing 200m+ paying individuals and 50m enterprise seats)
- Earn even modest advertising revenue from non-paying users (<US\$10/year ARPU – less than 20% of Meta’s monetisation rate). Importantly, we have no insight into whether advertising will form part of OpenAI’s strategy.

OPENAI'S "SOLAR SYSTEM" OF PARTNERS

The past few months have seen a rapid series of major partnership announcements between OpenAI and AI infrastructure providers:

- **Stargate project:** US\$500bn to build 10GW of AI datacentres from 2025 (Oracle, SoftBank, MGX, OpenAI).
- **Oracle cloud commitment:** US\$300bn of compute capacity from 2027.
- **Nvidia partnership:** 10GW Nvidia systems deployed over four years; Nvidia to invest US\$100bn in OpenAI, potentially implying US\$500bn total build.
- **AMD agreement:** 6GW of AMD chips from late 2026; at least US\$100bn cumulative revenue for AMD.
- **Broadcom collaboration:** 10GW of custom AI accelerators from 2026.

Not all spending is necessarily incremental, and some figures likely overlap, but cumulative commitments appear to exceed US\$500bn and could approach US\$1 trillion (US\$1tn).

Scepticism is understandable. These numbers are extremely large, and much of the emerging AI narrative hinges on one company's execution. With OpenAI still private, investors must make assumptions with limited disclosure. This matters because these commitments flow across a set of

public companies that now represent a disproportionate share of global equity indices.

These companies now represent 12% of the S&P 500, up from 5% two years ago.

Our view is that OpenAI's core infrastructure partners, most notably Nvidia, AMD and Oracle, have independently reached similar conclusions:

1. OpenAI is likely to become one of the largest companies in the world, potentially with multi-trillion-dollar market value.
2. Revenue is constrained by compute capacity, not demand. The limiting factor is infrastructure, not interest or adoption.
3. It is therefore rational for these partners to fund and accelerate OpenAI's scale-up, as doing so supports their own revenue flywheel.

Nvidia, for example, appears to recognise that OpenAI could become a multi-trillion-dollar enterprise. If OpenAI reaches US\$100bn+ in revenue while still growing at pace, Nvidia's phased investment secures exposure to a recurring-revenue model arguably more durable than its own hardware cycle.

IT'S ALL ABOUT TOKENS

A key driver of the long-term economics of ChatGPT, and LLMs more broadly, is the cost of "tokens".

Tokens are units of text the model processes and generates. For example, the prompt "please define AI" represents three input tokens, with the model's reply made up of output tokens. In effect, tokens are the unit cost of intelligence.

In 2023, token costs were estimated at US\$36 per million tokens. Recent data suggests this has fallen to US\$0.25 per million in 2025, a decline of more than 99%. The key drivers have been advances in model architecture and inference efficiency, faster and more efficient GPUs, and scale benefits from more users sharing fixed infrastructure.

Falling token costs mean that increasingly complex queries can be processed at similar compute expense. That encourages higher usage and, at scale, meaningfully improves model economics. Continued progress on token efficiency is therefore critical to OpenAI's long-term profitability.

DEPRECIATION & LIFE OF AI HARDWARE

Most large US technology companies depreciate compute infrastructure over four to six years. However, AI-focused GPUs may have a shorter useful life, potentially around three years, given rapid innovation cycles. Nvidia, for example, releases new architectures annually, typically with meaningful performance gains.

Key players in OpenAI's ecosystem & potential revenue dependency

US\$'bn	Revenue over next 5 years*	
Oracle	690	
Advanced Micro Devices (AMD)	290	
Nvidia	1 530	
Broadcom	590	
Total	3 100	
*LSEG consensus estimates – next 5 fiscal years cumulative		
OpenAI commitments	% of total	
Low	500	16%
High	1 000	32%

On that basis, US\$500bn of GPU-heavy AI infrastructure could imply annualised depreciation of US\$165bn – US\$170bn. OpenAI's compute footprint will likely be a mix of its own capital expenditure and contracted capacity from third-party providers such as Oracle.

Depending on how one interprets the overlap between various infrastructure announcements, we estimate that OpenAI could face US\$130bn – US\$200bn+ in annualised compute costs over the coming years. To begin to generate returns for investors, revenue would need to scale to similar levels by the end of the decade.

For context, FY24 revenue of major US tech companies helps illustrate the scale: Meta generated around US\$200bn, Alphabet approximately US\$290bn, and Microsoft about US\$320bn. It is often difficult to grasp exponential growth: Meta was a US\$5bn revenue company in 2012 and has since grown nearly 40x. OpenAI is scaling rapidly from a US\$13bn run rate today, but the scale of required investment means substantial participation from private capital providers will likely continue through this phase.

BUILDING GRAVITATIONAL PULL

A common argument is that OpenAI differs from social media platforms such as Meta because it does not benefit from traditional network effects. On platforms like WhatsApp or Facebook, users stay because their friends and communities are there. Once a critical mass forms, switching becomes difficult – as seen when users briefly tried Telegram or Signal but returned after discovering most contacts had not moved.

However, ChatGPT may be developing its own form of network effects, albeit through different mechanisms:

- **Data-driven reinforcement**
Every interaction helps refine the model. With a user base roughly twice the size of the next-largest

model (Google Gemini), OpenAI may benefit from faster and more frequent improvement cycles, reinforcing performance advantages over time.

- **Ecosystem and workflow integration**

OpenAI's API enables embedding into third-party software and enterprise systems. As organisations build internal processes on ChatGPT, switching becomes costly. Importantly, trust matters in enterprise settings. As the originator and the model powering Microsoft Copilot, OpenAI may already be viewed as the "enterprise-grade" brand companies are comfortable sharing internal data with. It is less clear whether businesses would feel the same way about newer entrants such as Grok.

These dynamics suggest OpenAI could develop durable advantages even without the classic social graph-driven network effects seen in consumer platforms.

POTENTIAL DISRUPTION: WHO LOSES?

Two recent product developments highlight OpenAI's ambitions: **Buy-it-in-ChatGPT**, which enables instant checkout and agent-driven commerce, and **Apps in ChatGPT**.

These initiatives suggest OpenAI is aiming to become a "super-app" layer, i.e. a central interface through which users interact with other services. If a large portion of digital activity begins inside ChatGPT, OpenAI could sit upstream of discovery and transaction flows. That positions it to capture economics traditionally earned by aggregators and ad-driven platforms.

In such a scenario, underlying service providers may find a growing share of their customer acquisition routed through ChatGPT rather than organic channels. This could be disruptive

for businesses built on take rates and advertising-based demand aggregation. A good example would be Booking.com now embedding its app in ChatGPT, where it will likely pay for traffic in much the same way it pays Google for non-organic search flows. This is not necessarily negative for Booking, unless it redirects organic app-direct traffic away from them.

Even Meta could face competitive pressure if OpenAI chooses to lean into advertising at scale.

POSITIONING AMID OPENAI'S RISE

OpenAI has rapidly emerged as a central force in the AI ecosystem. Its scale-up has been unprecedented, and the company now sits at the intersection of demand for advanced models and the semiconductor and cloud investments required to power them.

There remains uncertainty around the ultimate economic model, pace of infrastructure build-out, and path to profitability. However, the willingness of major technology partners to commit capital and capacity signals confidence in OpenAI's trajectory. Its success, or failure, will meaningfully influence the broader AI cycle and several companies that now represent a growing share of global equity indices.

Our global equity portfolio is positioned to benefit from this opportunity through diversified exposure across the AI value chain. Even so, monitoring OpenAI's development remains essential given its central role in shaping the future AI landscape.

Oracle's Bold Shift: From Database Giant to AI Infrastructure Powerhouse

NADINE CHETTY-KHAN, RESEARCH ANALYST AT PRIVATE CLIENTS BY OLD MUTUAL WEALTH



Oracle began in 1977 as a pioneer in relational database management systems. Its flagship

product powered mission-critical systems around the world and cemented Oracle's reputation as a leader in enterprise software.

Today, the company is undergoing one of the most significant transformations in its history. With the rapid rise of AI, Oracle is shifting from being a traditional software vendor to becoming a major provider of AI infrastructure, data platforms and AI-enabled enterprise applications. This evolution is reshaping both its identity and its long-term growth profile.

BUILDING AN AI-NATIVE CLOUD PLATFORM

Central to this transformation is Oracle Cloud Infrastructure (OCI), which brings together networking, storage,

AI databases and cloud services in one stack. It can be deployed in Oracle's cloud, on customer premises or across multiple cloud providers, giving clients the flexibility and security they need, especially in regulated industries.

OCI Dedicated Region²⁵ is a good example: it delivers more than 200 AI and cloud services inside a compact on-site installation, giving organisations cloud-level capability without moving sensitive data off premises.

Oracle forecasts OCI revenue of US\$166bn by 2030, growing at a staggering 75% compound annual growth rate (CAGR) over five years. Oracle also has a substantial backlog of committed business, with remaining performance obligations of around US\$455bn, underscoring the company's accelerating demand trajectory. Margins for OCI are estimated at 30-40%, appeasing earlier concerns about the profitability of large-scale cloud infrastructure.

AI DATABASES & INTELLIGENT APPS

Oracle has rebuilt its core database technology for the AI era. Its new AI database platform helps organisations combine their private data with leading AI models such as OpenAI's GPT5, Google's Gemini and Meta's Llama. This allows businesses to generate far richer insights and reasoning from their own data. This part of the business is expected to grow 53% on a compound annual basis, reaching around US\$20bn in revenue by 2030.

At the same time, Oracle is embedding "agentic AI" into its Fusion Applications, enabling automated planning, reporting and workflow tasks. These AI agents will spread across Oracle's wider product suite, making its software more intuitive and deeply embedded in day-to-day business operations.

STRONG GROWTH OUTLOOK, WITH BALANCE SHEET RISK

Oracle expects total revenue of US\$225bn by 2030, a 31% CAGR from 2025. Earnings per share (EPS) is forecast to grow 28% annually over this period. This growth is supported by major commitments from AI leaders, including OpenAI's US\$300bn five-year deal starting in 2027 and Meta's US\$20bn agreement. Most of the financial upside will play out later in the decade, which does introduce timing and execution risk. However, on our return calculations (which incorporate these risks), the investment case remains attractive, with expected high-teen internal rates of return.

To support this growth, Oracle plans to invest around US\$35bn in 2026 to expand its AI datacentre footprint. This level of spending will place pressure on free cash flow and leverage. While Oracle management maintains it follows an "asset-light" strategy (focusing on deploying revenue-

generating infrastructure equipment rather than fully owning physical datacentre buildings), investors have not had detailed visibility into the company's capital expenditure profile. Unlike hyperscalers such as Microsoft, Oracle operates with a smaller cash position and higher net debt, which leaves less buffer to absorb large capital expenditures. As a result, disciplined execution and prudent financing will remain key.

At its October 2025 investor day, Oracle did not provide the detailed capital expenditure and capital management roadmap many expected, instead focusing on earnings guidance. This has left some investors wanting clearer visibility, but the risk-adjusted long-term outlook remains favourable.

COMPETITIVE POSITIONING

Oracle competes directly with cloud giants such as AWS and Microsoft Azure. Its differentiation lies in its deep enterprise relationships, strong regulatory expertise and an integrated

approach to AI and cloud infrastructure. For companies in industries where security, data control and compliance are non-negotiable, Oracle is often a natural partner.

Its long history with Fortune 500 clients gives it a built-in channel for AI adoption, helping it move faster in the enterprise market than some rivals. Competitive pricing and flexible compute options further support its appeal for intensive AI workloads.

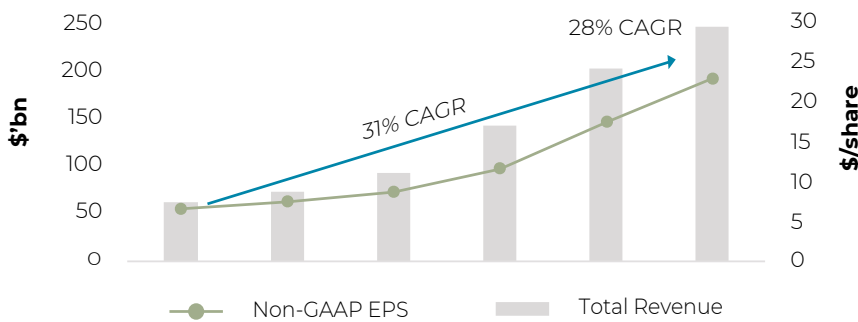
While Oracle's cloud performance is still heavily tied to its OpenAI contract (which likely represents a large portion of its backlog), the additional US\$65bn in bookings from other customers in Q2 2026 shows encouraging signs of diversification. Early concentration is expected in a market as young as AI infrastructure, with broader adoption likely over time.

POSITIONED FOR THE AI ERA

Oracle's reinvention from a database leader into a global AI infrastructure and platform powerhouse marks a major strategic turning point. With a unified AI-cloud stack, next-generation databases, intelligent enterprise applications and landmark AI partnerships, Oracle is well placed to benefit from the expansion of AI over the coming decade.

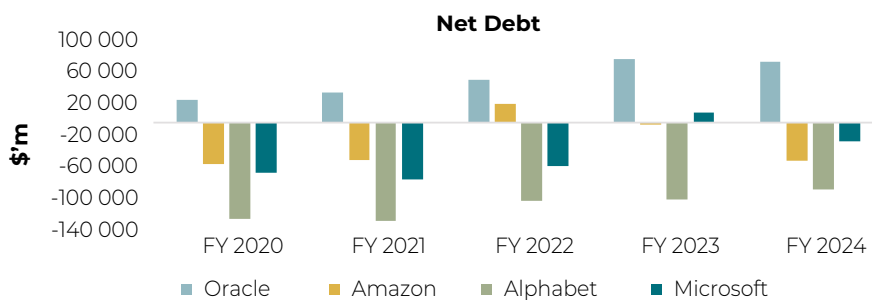
The company still faces meaningful execution and financing risks as it scales, but the long-term opportunity is significant. On balance, we view Oracle as a compelling addition to our Global Equity Portfolio and a strong participant in the AI transformation now reshaping enterprise technology.

Graph 1: Oracle's revenue and earnings trajectory (2025 – 2030)



Source: Company targets

Graph 2: Oracle's net debt vs hyperscalers



Source: Refinitiv

Apple Inc: A Fork-in-the-Road Moment

VICTOR MUPUNGA, HEAD OF RESEARCH AT PRIVATE CLIENTS BY OLD MUTUAL WEALTH



When Steve Jobs introduced the iPhone in 2007, he called it “a revolutionary and magical product that is at least five years ahead of competitors”. Almost two decades later, that perception

still holds true in most consumers’ minds. The iPhone has been one of the most influential consumer inventions of this century.

Beyond retaining more than 40% of the global smartphone market,

the iPhone has driven the adoption of payments, streaming, voice and countless apps. It remains the world’s highest-revenue consumer product, generating US\$208bn over the last year, and strong early demand for the iPhone 17 has helped lift Apple

to a US\$4tn market capitalisation, one of only three companies to reach this milestone.

Despite these achievements, Apple’s investment case is a hotly debated topic. Critics argue that product innovation has slowed, with offerings such as Vision Pro headsets and AirPods failing to move the dial. This has reinforced Apple’s heavy reliance on the iPhone at a time when users are keeping their devices for longer. More recently, concerns have centred on Apple’s AI strategy, which some view as lagging behind peers like Meta and Microsoft. In many respects, this appears to be a pivotal moment – a fork in the road – where Apple must again show that it can stay meaningfully

ahead of the pack.

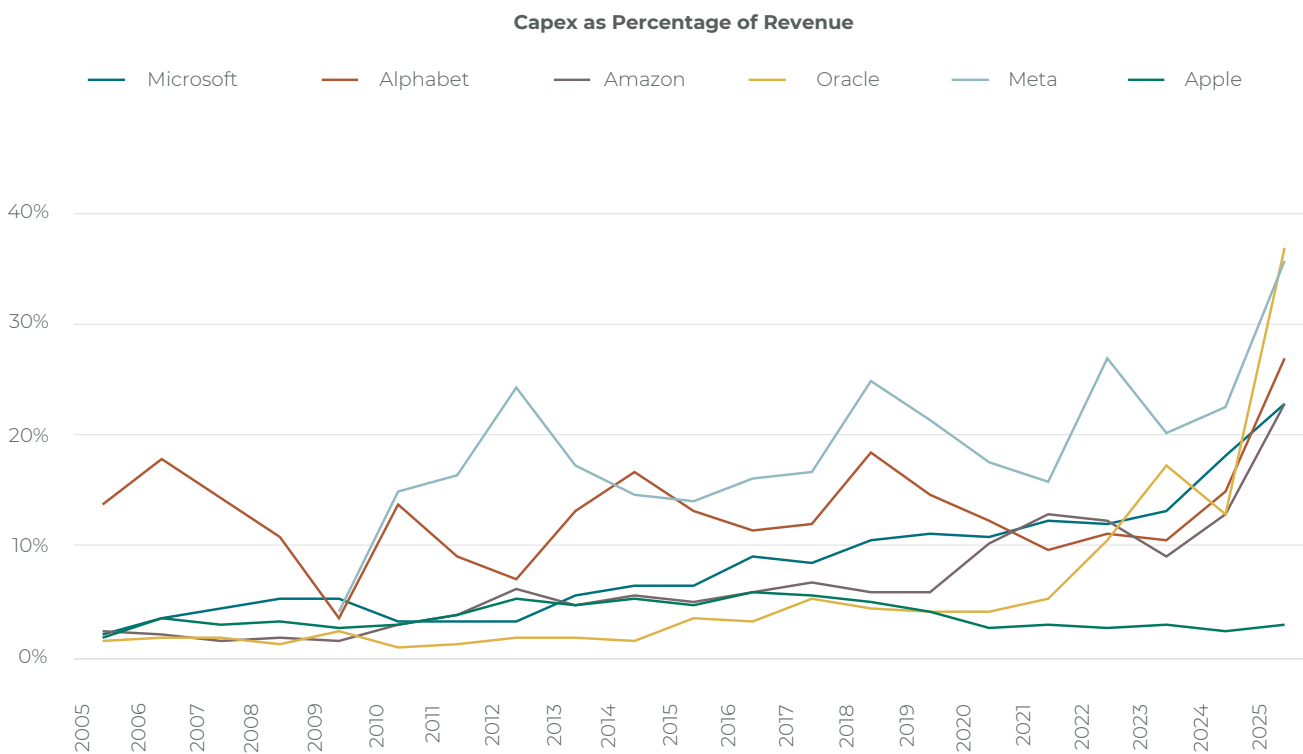
A DIFFERENT STRATEGY

A recent defining feature of the technology landscape has been the surge in capital expenditure (capex) by major technology players to advance their AI capabilities. In 2025, hyperscalers (Microsoft, Amazon, Alphabet and Meta) are expected to spend over US\$360bn on AI – a 66% increase year on year, with further increases signalled for 2026. On average, these companies are spending about 30% of revenue on capex.

Apple stands out as having not joined this “party”. Its strategy has been to prioritise partnerships and

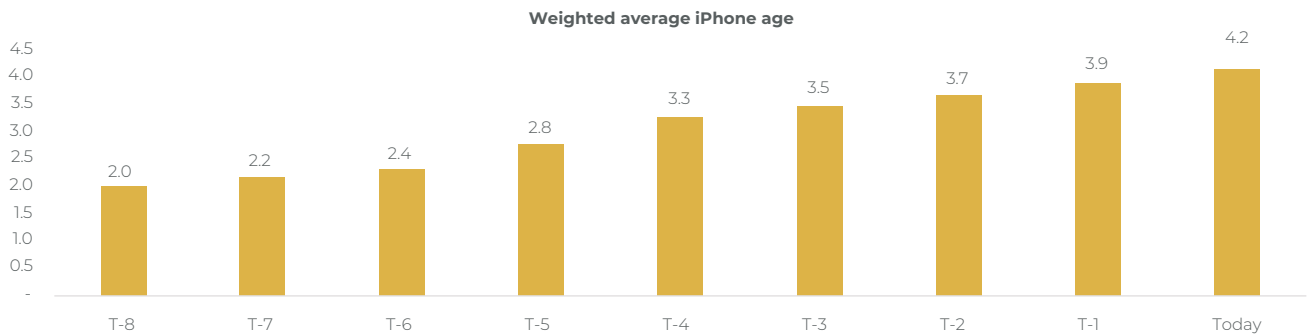
integration with third-party providers rather than building vast in-house AI infrastructure such as datacentres or proprietary large language models. This has resulted in significantly lower capex and has left them notably absent from many of the mega AI deals announced over the past few months. Some see this as further evidence of Apple falling behind, potentially becoming too reliant on external providers such as OpenAI’s ChatGPT or Google’s Gemini for advanced Siri features, the AI-powered voice assistant built into Apple devices. This approach exposes Apple to partner-related risks and higher ongoing costs, illustrated by reports of an annual US\$1bn fee to Alphabet to use Google’s AI model.

Graph 1: Increasing capex spend



Sources: Company reports; PC Research

Graph 2: Estimated average age of the iPhone



Sources: Company reports; PC Research

THE SCALE ADVANTAGE MONEY CAN'T BUY

In our view, what critics often overlook is Apple's long history of entering markets late and then dominating them. Whether in digital music (iPod), smartphones, tablets or wearables, Apple was not the first to market yet went on to hold the leading market share by focusing on integration, user experience and ecosystem strength.

AI adoption may follow a similar path. Unlike previous waves of tech innovation that required new hardware categories, AI is deployed largely through software updates and services. This is where Apple's scale becomes a powerful advantage. With 2.5 billion active devices worldwide, including around 1.5 billion iPhones, Apple has an unparalleled distribution platform. Its users are loyal, engaged and receptive to new features, creating ideal conditions for scaling AI rapidly.

Privacy is another key advantage. Apple's closed ecosystem is regarded as the "gold standard" for data protection. At a time when both consumers and businesses are increasingly focused on data security, this strengthens Apple's competitive position.

Apple's strategic importance is also reflected in its relationship with Alphabet. According to Bloomberg, Alphabet pays Apple around US\$20bn

a year for Google to remain the default search engine on Apple devices. When regulators recently questioned the arrangement, the consensus view was that Alphabet would suffer more from a potential break-up, highlighting the value of Apple's device footprint. Drawing on its track record and ecosystem reach, Apple appears well positioned to be a late-bloomer success in the AI adoption race.

IPHONE UPGRADE GREEN SHOOTS

A clear trend in recent years has been that iPhones are lasting longer. Markets have matured, improvements between models have been incremental and software support now stretches up to seven years. Consumers are therefore happy to keep devices that are "good enough" for longer. According to our estimates, the average iPhone in use today is over four years old compared to two years in 2018. Furthermore, we estimate that fewer than 15% of iPhones are less than a year old. This has limited iPhone sales growth, which has averaged just 2.2% annually over the last four years.

While upgrade cycles are unlikely to revert to the previous two-year norm, we believe there is still some pent-up demand for new iPhones. Devices cannot age indefinitely, and meaningful feature improvements will eventually prompt users to upgrade.

Apple's recent quarterly results support this view. iPhone revenue reached an all-time high in the latest quarter, driven by strong demand that outpaced supply. As supply constraints ease, management expect double-digit iPhone revenue growth in the next quarter. Apple Intelligence, a new personalised AI system integrated into the iPhone 16 and 17, has been cited as a factor, alongside a record number of upgraders. These developments suggest the first signs of a potential iPhone growth resurgence. If this momentum continues, sentiment may shift from viewing Apple as an AI laggard to recognising its potential leadership in the next phase of the AI revolution – scaling AI to consumers.

A PIVOT POINT

Apple's AI strategy has differed markedly from that of its peers, prompting concerns that it is falling behind. Given AI's disruptive nature, we believe Apple is navigating a critical moment in its history.

With early signs of improving device demand, a massive installed base and a compelling privacy advantage, Apple remains well placed to benefit from the next phase of AI adoption. Recent results offer encouraging signals that Apple can navigate this fork-in-the-road moment successfully.

Safeguarding Digital Wealth: Crypto as a Component of UHNW Estate Planning

PETRI LOURENS, FIDUCIARY SPECIALIST AT PRIVATE CLIENTS BY OLD MUTUAL WEALTH



As crypto assets continue to gain traction among ultra-high-net-worth (UHNW) investors, they are quietly becoming one of the most complex and misunderstood asset classes in modern estate planning. The very features that make crypto attractive, i.e. decentralisation, privacy and portability, also make it uniquely vulnerable when the owner passes away.

Unlike traditional investments held by banks or custodians, crypto assets are controlled through private keys and digital wallets. If these access

credentials are lost or undisclosed, the wealth is gone forever. For UHNW individuals, whose crypto portfolios may be substantial, proper fiduciary planning is not optional, it is essential.

LEGAL RECOGNITION UNDER SA LAW

Under South African law, crypto assets are defined in the Income Tax Act as digital representations of value that are capable of being traded or stored electronically but are not issued by a central bank. They are treated as intangible movable property for estate duty purposes and must be disclosed in the liquidation and distribution account in terms of the Administration of Estates Act 66 of 1965.

The Wills Act applies to any testamentary disposition involving crypto, meaning these holdings can validly form part of an estate if correctly referenced and administered. However, while crypto is legally recognised as property, its decentralised nature renders the executor's legal authority to administer the asset practically ineffectual in the absence of the necessary technical expertise and access credentials.

THE CRITICAL CHALLENGE

Access remains the greatest practical hurdle. Crypto may be stored on exchanges such as Luno or Binance, on hardware wallets like Ledger or Trezor, or through institutional custodians.

Without the private key or seed phrase, however, executors cannot retrieve the asset.

The challenge lies in preserving this information securely while making it accessible. Including private keys directly in a will is ill-advised, as the document becomes public upon death. Instead, we recommend a sealed digital asset memorandum or letter of instruction stored securely and referenced in the will.

WHEN PLANNING FAILS & WHEN IT WORKS

The consequences of inadequate planning for crypto assets can be severe. In a recent estate, a deceased investor's Bitcoin wallet, valued at R2m, was rendered permanently inaccessible due to the absence of documented access credentials. Although estate duty was levied on the declared value, the heirs received no benefit. This case highlights a crucial truth in the realm of crypto assets: in the cryptocurrency world, access, not legal ownership, ultimately determines value.

By contrast, another UHNW client demonstrated the positive impact of proactive planning. Through the creation of a comprehensive digital asset memorandum and the appointment of a crypto-literate executor, the estate achieved a seamless transfer of R10m in crypto holdings. The result was accurate tax reporting, full preservation of value, and no administrative complications. The distinction between these two outcomes lies not in the nature of the assets but in the foresight, structure and discipline of the estate planning process.

TRUSTS, FIDUCIARY DUTIES & COMPLIANCE

Inter vivos trusts (also known as discretionary family trusts) allow UHNW clients to preserve wealth,

manage succession, and optimise tax outcomes across generations. However, these structures introduce additional fiduciary responsibilities.

Under the Trust Property Control Act, trustees carry personal liability for the prudent management of all assets, including digital assets. Trust deeds should therefore explicitly authorise the holding, investment and transfer of crypto assets, and provide trustees with the authority to engage with qualified service providers.

Compliance obligations also extend to anti-money laundering and financial advice regulations. Trustees and fiduciary professionals must ensure adherence to the Financial Intelligence Centre Act (FICA) and the Financial Advisory and Intermediary Services Act (FAIS). Trustees bear critical fiduciary responsibilities under the Trust Property Control Act when managing crypto investments. These inherently high-risk assets require enhanced due diligence and specific trustee powers. The trust deed must explicitly authorise trustees to:

- Invest in crypto assets and digital assets
- Engage with crypto service providers and exchanges
- Hold assets in digital wallets or custody solutions
- Execute transactions across multiple blockchain networks.

TAX & REGULATORY EVOLUTION

Tax considerations also require specialist attention. Crypto assets attract capital gains tax on deemed disposal at death, and estate duty at 20%, rising to 25% for estates exceeding R30m. Executor fees of 3.5% of the net estate value further underscore the need for effective structuring to manage liquidity and tax exposure.

Incorporating crypto assets into broader fiduciary structures – whether

through trusts, companies or offshore vehicles – allows for more effective liquidity management and continuity planning.

South Africa is also moving swiftly to align with global standards on crypto regulation and transparency. FSCA licensing for service providers is underway, SARS continues to refine its guidance on taxation, and the OECD's Crypto-Asset Reporting Framework will come into effect in 2026. The Financial Action Task Force's Travel Rule also applies locally, shaping how cross-border crypto transactions are reported.

INTO THE FIDUCIARY FOLD

For UHNW clients, these developments make it more important than ever to integrate crypto assets into a formal estate and fiduciary plan. A well-drafted will or trust deed should provide explicit powers for executors or trustees to manage digital assets, establish secure and compliant access procedures, and ensure tax efficiency. Digital wealth deserves the same rigour as traditional investments. Without clear instructions, access protocols and fiduciary powers, crypto assets risk becoming invisible wealth. The preservation of digital assets, particularly in the context of UHNW estates, depends not solely on technological safeguards but also on deliberate, forward-thinking estate planning. Engaging experienced fiduciary specialists who understand both the legal and technical dimensions of digital wealth is essential. Their expertise ensures that access protocols, succession strategies and compliance considerations are properly addressed, transforming potential risk into enduring value.

The Authors



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Sean is a seasoned investment professional with over 20 years of experience and a deep passion for global equity investing. His career spans both sell-side equity investment research (Deutsche Bank and Nedcor Securities) and buy-side portfolio management, with exposure across a wide range of sectors and geographies. He has held senior roles at Omba Advisory & Investments, Prime Asset Managers, Investec Wealth & Investment and Anchor Capital. Sean is a firm believer in the long-term compounding power of equities and the value of owning leading businesses, balanced with the discipline of actively managing risk in real time.



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Nadine joined Private Clients in March 2024 and was previously employed as an Equity Analyst at Investment Managers Laurium Capital, Mazi Global and Old Mutual Titan. Prior to that, she was an Old Mutual Chartered Accountant Trainee and worked with various departments within the business, including Private Clients' Finance team. Nadine qualified as a Chartered Accountant at the end of 2017 and has also completed CFA Level 2. She also completed a Marketing and Entrepreneurship course with StartUp School.



Victor Mupunga

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Victor joined Private Clients in 2016 and is responsible for conducting research relating to all aspects of our investment portfolios, including top-down, bottom-up, idea generation, macro and asset allocation research. He also serves as Portfolio Manager of the Private Clients Equity Income Model Portfolio. Victor was previously employed as an Investment Analyst at Maestro Investment Management, where in addition to equity research, he was responsible for managing a number of private client equity portfolios. Prior to that, he was a Fund Accountant at Investment Data Services where he prepared and reviewed valuations and accounting records of hedge funds. Victor graduated with an MBA from Stellenbosch Business School as well as a Business Science Finance (Hons) degree from the University of Cape Town. He is also a CFA Charterholder.



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Petri has over two decades' experience in estate planning, fiduciary services and financial planning. He is passionate about helping high-net-worth clients navigate and manage the complexities of inter-generational succession, which includes acting as a professional trustee and executor. Petri practised as an attorney and joined Old Mutual Personal Finance Legal in 2004 as Legal Adviser Specialist and was appointed Manager Legal Adviser for Personal Finance Legal in the Western Cape in 2009. In 2024, he was appointed as a Fiduciary Specialist at Private Clients by Old Mutual Wealth. Petri is an admitted attorney holding the following qualifications: BProc degree, LLB degree, Advanced Diploma in Financial Planning and Advanced Certificate in Cross-Border Estates.



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