The Glacier Invest

Real Retirement Savings Solution

glacier invest

Glacier Invest: Leaders in discretionary fund management

Glacier Invest blends world-class investment capability, superior operational scale and pricing power, and revolutionary technology to bring you the future of portfolio construction.

As an independent discretionary fund manager, Glacier Invest draws on the full expertise and capabilities within the Sanlam Group to deliver a world-class portfolio management and consulting value proposition.

Our highly experienced investment professionals work with financial intermediaries to create and manage bespoke portfolios. These skilled individuals conduct robust macroeconomic and fund manager research to inform the portfolio construction process, and provide unique, independent and objective insights to help intermediaries make informed investment choices for their clients.

As solution architects, we seek to meet the objectives of investors by building portfolios tailored to specific goals.

Our expertise is embedded in an experienced and diverse investment team, renowned for their in-depth research and portfolio construction skills and exceptional portfolio management track record.

Our core principles of curiosity, candour, accountability and trust through co-operation and collaboration mean that we always strive to incrementally improve our processes and, ultimately, the outcomes for investors.

Introducing the Glacier Invest Real Retirement Savings Solution

Expert support in the pursuit of a comfortable retirement

Meticulous financial planning is one of the most important steps you can take to ensure a confident, secure and prosperous retirement. Saving enough gives you peace of mind that you will retire with the financial means to cover your needs and pursue your retirement dreams.

Optimising your retirement savings, however, involves some risks. **The Glacier Invest Real Retirement Savings Solution** helps mitigate these risks so you can retire with confidence.

Risks related to retirement savings

Retirement annuities and preservation funds are efficient vehicles in which to preserve and increase the capital that will fund your retirement income.

Your savings in a retirement fund are protected from creditors, have tax benefits, and are not subject to estate duty should you pass away before retirement. These benefits, along with the power that investment growth can give your future income, go a long way to ensure your financial security in retirement.

However, **investing is not without risk**. Financial markets are unpredictable and fluctuate daily. The value of your investment can therefore rise and fall, and there is no guarantee with respect to either the capital or the return on the investment. The main risks related to retirement savings are highlighted below.

INVESTMENT RISK	The investment returns from the underlying investment portfolio may be worse than expected and negatively affect capital.
SEQUENCE RISK	Market volatility can pose a significant risk for investors just before or just after retirement, when their retirement capital is at its most vulnerable to the impact of market downturns. Should there be a downturn in the market and not enough time for the investment to recover before retirement, it can significantly deteriorate your retirement capital. Suffering a loss of retirement capital early on, whether through a market downturn or a withdrawal, will reduce the amount of capital left to grow, thereby having a detrimental impact on an investor's future capital and potential to sustain their retirement income.

NEW LEGISLATION MAY INCREASE RISK ASSOCIATED WITH RETIREMENT SAVINGS VEHICLES

The two-pot retirement system, which came into effect on 1 September 2024, aims to address the need for greater preservation of retirement savings while providing members with limited access to a portion of their savings before retirement, in times of financial hardship.

Withdrawing from your savings will reduce your capital and may affect your future retirement income.

Withdrawals from your retirement savings prior to retirement will amplify **sequence risk**. If withdrawals are made when the markets are performing poorly and are subject to high volatility, it can significantly impact the value of your available retirement capital, and consequently reduce the longevity of your savings. You could have less capital with which to purchase an income, and will also lose out on a lot of compounding interest growth on the portion of capital withdrawn.

It is of the utmost importance to consult your financial intermediary for professional advice in this regard.

Mitigating these risks

At Glacier Invest, we spend our time looking for new solutions to solve persistent problems in retirement planning.

Our view is that a traditional approach to portfolio construction is not sufficient when it comes to retirement savings. Rather, the approach needs to:

- ensure the **preservation and growth** of capital to mitigate investment risk, and
- reduce the **effects of market volatility** to mitigate sequence risk, so that the ups and downs of the market are not reflected in the same way in the performance of the portfolio.

Our thorough research has resulted in a unique solution for retirement savings: The Glacier Invest Real Retirement Savings Solution.

Increasing the longevity of retirement savings

With savings as precious as those that need to sustain you during retirement, the **preservation of capital** is vital to ensure future retirement income security, while **capital growth in excess of inflation** will pave the way for a retirement income that fulfils all your needs.

The Glacier Invest Real Retirement Savings Solution is an actively managed, Regulation 28-compliant* portfolio that focuses on:

- increasing the predictability and consistency of returns, and
- protecting capital during market downturns.

It uses a unique approach to portfolio construction and targets a specific investment return of 5% after accounting for inflation.

Our Real Retirement Savings Solution offers you:

- **Peace of mind during times of market volatility:** The strategies we use are aimed at increasing overall downside protection while at the same time seeking to share in upside returns. The focus is on achieving a smoother return profile through more consistent returns, and ultimately mitigating the risk of not having enough capital for a sustainable income during retirement.
- **A buffer against the effects of untimely withdrawals:** Although a withdrawal from your retirement savings is not advisable, circumstances may necessitate this. It remains our aim to help you retire securely, confidently and prosperously, and to that end, our portfolio construction aims to counteract the effects of any withdrawal on your savings, and to reduce sequence risk, which is increased by withdrawals at the wrong time – when markets are down.
- **Assurance that your investment portfolio is based on reliable research:** Our experienced and diverse investment team is renowned for their in-depth research skills, and has an exceptional portfolio management track record.
- **A seamless transfer at retirement:** Should you transfer the Glacier Invest Real Retirement Savings Solution to a Glacier Invest Real Income Solution at retirement, you will not exit the market, and there will be no administration cost to transfer your investment, as a simple unit transfer can be made.

***REGULATION 28**

Certain assets within investment funds are considered more risky than others. Regulation 28 of the Pension Funds Act limits exposure to the various asset classes in which you can invest your pre-retirement savings. Regulation 28 prescribes that the fund, and therefore each member, must comply with the maximum asset class exposure limits. Some of the applicable limits are 75% exposure to equities, 15% to private equity, 25% to property and 10% to hedge funds. The total asset class exposure is further limited to 45% to direct infrastructure and 45% to foreign assets (outside South Africa).

A unique approach to portfolio construction creates asymmetric returns

The Glacier Invest Real Retirement Savings Solution uses **contemporary investment instruments** and follows an **asymmetrical approach** to portfolio construction in order to:

- reduce volatility in returns, and
- preserve capital.

It aims to provide higher and more positive returns, and lower and fewer negative returns so your wealth can **grow** when markets are flourishing and be **protected** when markets are struggling.

The benefits of specific portfolio construction tools

We use portfolio construction tools that help mitigate investment and sequence risk prior to retirement by pursuing an asymmetrical distribution of returns. The tools used are smoothing techniques, alternative assets and hedge funds.

1. SMOOTHING TECHNIQUES TO CREATE MORE STABILITY

The smoothing funds used in the Glacier Invest Real Retirement Savings Solution hold back excess returns in good years and release returns back to investors in years when markets perform poorly, giving the investor a **more stable return experience** on a year-by-year basis. These smoothing techniques **reduce volatility** and sequence risk in a portfolio.

2. ALTERNATIVE ASSETS TO BOOST RETURNS

To maximise the capital available for retirement, a retirement savings portfolio needs **return boosters**. Fortunately, there are various alternative assets that can do this job: hedge funds, private equity, mezzanine debt, and unlisted instruments, to name a few. These offer opportunities to generate significant returns largely independent of the movements of the publicly traded market. They can form a crucial part of a portfolio that will assist investors in ultimately achieving a sustainable income in retirement.

3. HEDGE FUNDS BEHAVE UNLIKE THE MARKETS

Hedge funds can be a valuable part of a well-balanced investment strategy. They provide diversification benefits by providing returns that are less correlated to the rest of the portfolio through the use of alternative investment strategies such as shorting and leveraging opportunities to improve the performance. This should assist in **limiting losses when markets fall**, and potentially help to **enhance returns in a low-return environment**.

AN ASYMMETRIC RETURN PHILOSOPHY

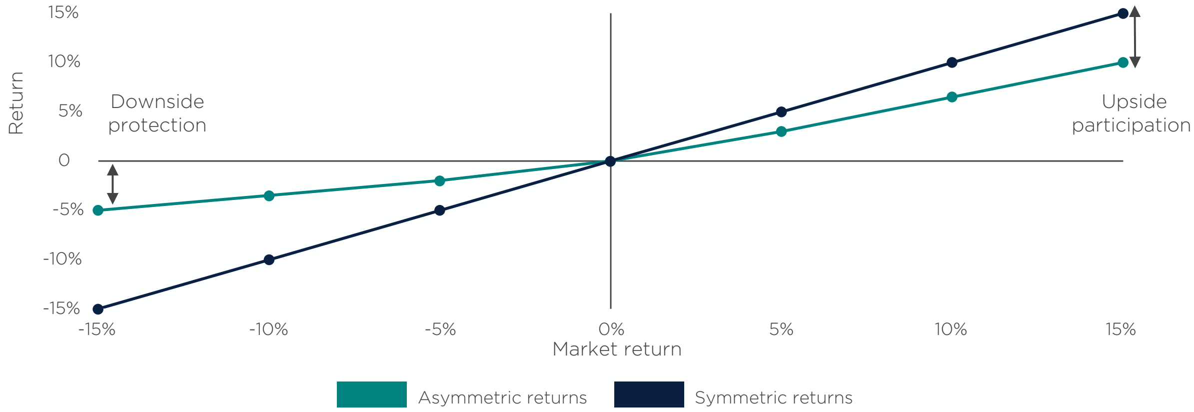
REDUCES SEQUENCE RISK

ENHANCES RETURNS

LEADS TO CONSISTENCY OF RETURNS

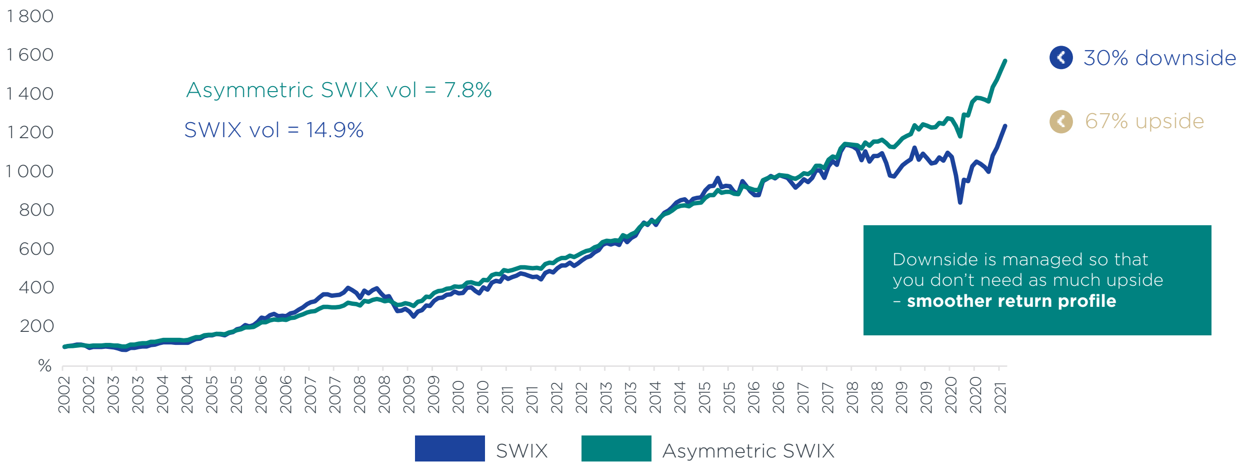
ASYMMETRIC PHILOSOPHY IN PRACTICE

Asymmetry of returns | Upside vs downside participation



Source: Sanlam Investments Multi-Manager, 2023

UNDERSTANDING THE ASYMMETRIC PHILOSOPHY



Source: Iress, Sanlam Investments Multi-Manager, 2021

There are some unique risks associated with alternative assets

You can be assured that our solutions are based on reliable research, as our experienced and diverse investment team is renowned for their in-depth research skills. In addition, we have full confidence in our portfolio construction and management capabilities, which are evident in our exceptional track record. The best interests of clients are of primary importance to us, and investment instruments are chosen very carefully.

It is, however, important to acknowledge the risks associated with alternative assets.

HEDGE FUNDS	Some hedge fund managers may invest in derivatives. Derivatives use leveraging, which means that various financial instruments or borrowed capital is used to increase the potential return of an investment. This may change the volatility of the portfolio.
UNLISTED INSTRUMENTS	The determination of the market value of unlisted instruments is slightly delayed. The value of such instruments may therefore have to be estimated, and if these estimates are not accurate, it may lead to a temporary incorrect impression of the fund's value.
PRIVATE EQUITY	High-net-worth investors or institutions invest money in new companies or start-ups that have great growth potential. These investors are expected to invest in the new company for several years, as start-up companies take time to generate earnings. This makes it more difficult for investors to get in or out of the investment in private equities. The potential success of these start-up companies may also have been overestimated by the investors, and they could fail, leading to losses for those who invested in them.
MEZZANINE DEBT	Investors finance the expansion of established companies. It offers very high returns, but if the borrowing companies go out of business, lenders can lose money.

Our solution is actively managed for peace of mind

The Glacier Invest Real Retirement Savings Solution is actively managed by professional investment managers, and continuously monitored to ensure that it delivers on both its return and risk objectives.

As market conditions change, switches are made accordingly between investment funds, and underlying investment managers' strategies are scrutinised to ensure they continue to add value and remain relevant to the portfolio objectives.

The meticulous research of the investment instruments employed, and the rigorous management of the portfolio ensure that our Real Retirement Savings Solution paves the way to a confident, secure and prosperous retirement. Investors saving for their retirement can rest secure in the knowledge that their portfolio is being managed by the most experienced and skilled investment professionals from the largest discretionary fund manager in South Africa.

Fees and charges are payable

Fees are charged for the administration and management of your investment. The platform's annual administration fee and the annual financial intermediary fee are deducted by repurchasing units from the investment.

PLATFORM ADMINISTRATION FEE

The investment platform you use will charge an annual administration fee.

FINANCIAL INTERMEDIARY FEES

You and your financial intermediary agree on the fees for their financial advice and services provided. You may renegotiate these fees at any time.

INVESTMENT MANAGEMENT FEES

The managers of the collective investment funds in which you invest via our platform will charge a fee. These fees are set out in the application form, investment confirmation, applicable mandates and fund fact sheets of the individual funds.

DISCRETIONARY FUND MANAGEMENT FEES FOR INVESTING IN THE GLACIER INVEST REAL RETIREMENT SAVINGS SOLUTION

ANNUAL SOLUTIONS FEE

The annual solutions fee is payable to Glacier Invest for the investment management services we provide.

VALUE-ADDED TAX (VAT) PAYABLE ON FEES

VAT is payable on fees where applicable.

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