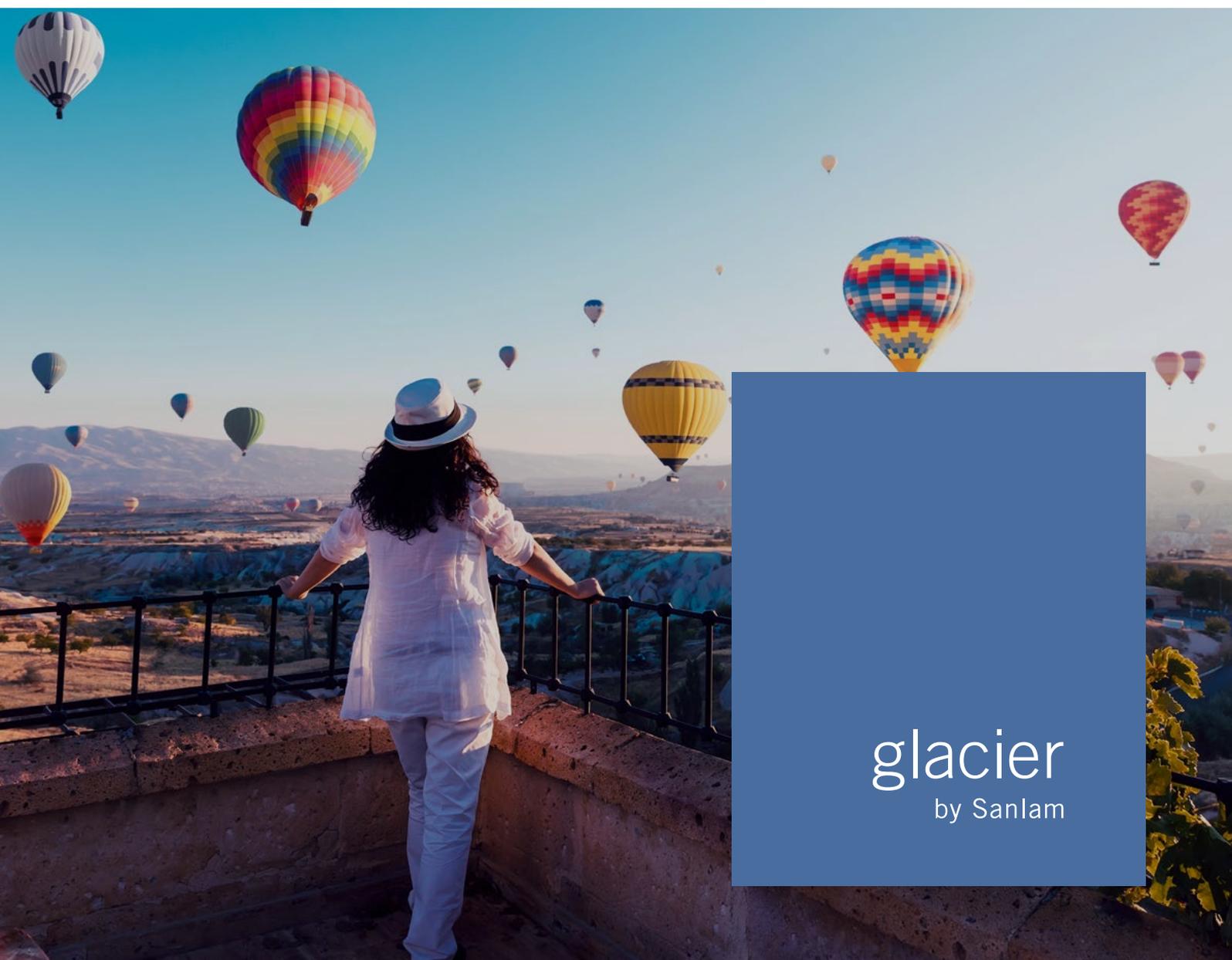


# EXCHANGE TRADED FUNDS ON THE GLACIER INTERNATIONAL PLATFORM

**Cost-effective access to indices**



glacier  
by Sanlam

## INVESTING OFFSHORE

As South Africa represents only about one percent of the world's gross domestic product (GDP), it is prudent to consider diversifying one's investment across sectors and geographies. Diversifying offshore ensures exposure to a multitude of global investment opportunities, including a spread of currencies and other asset classes, thereby potentially reducing overall portfolio volatility.

Glacier International offers access to a variety of underlying investment options to assist in the construction of well-diversified offshore investment portfolios. Alongside offshore investment funds, a select range of Exchange Traded Funds (ETFs) can now be accessed directly on our platform, through most of our investment solutions.

## EXCHANGE TRADED FUNDS

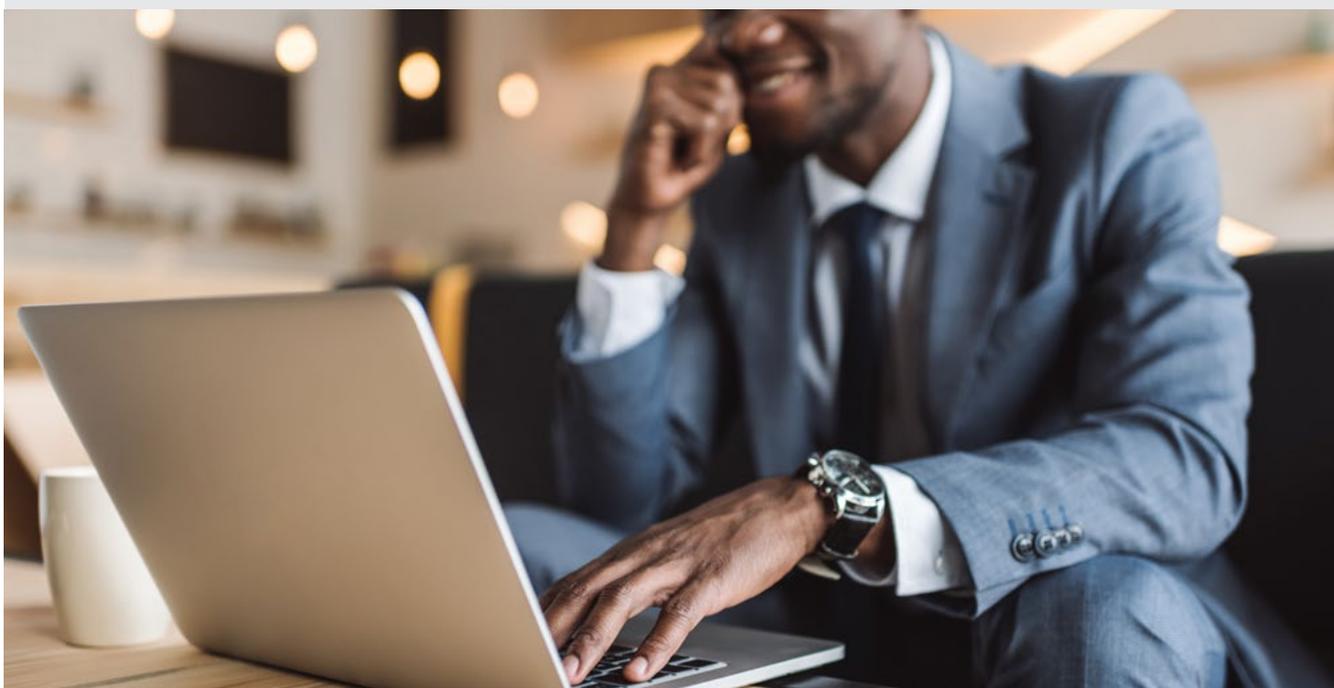
An ETF is an investment option that tracks an index, a sector, a commodity or any other asset and which **can be bought on a securities exchange like any other stock.**

When tracking an index, an ETF replicates the constituents of the index in an actual investment portfolio, and it therefore holds various underlying assets. A variety of underlying assets, along with the variety of style-specific and sector-specific ETFs available globally, provides additional choice and diversity for portfolio construction purposes.

ETFs have become very popular investment options in recent years, especially because of the low-cost exposure that clients can get to global market indices which can help reduce the total cost of an investment portfolio.

## WHY INVEST IN AN EXCHANGE TRADED FUND?

- **It offers diversification:** one ETF provides exposure to a group of equities, sectors or styles, and investors reap the benefits of a diverse investment portfolio.
- It usually has **lower expense ratios** compared to other investment vehicles
- **Capital Gains tax is limited:** The trading of the underlying portfolio of securities does not incur capital gains tax as would be the case if each of the securities was held independently.



## INVESTING IN ETFs THROUGH GLACIER INTERNATIONAL

While Glacier International clients have always had access to ETFs through share portfolios, clients without share portfolios can now also invest in a select range of ETFs directly on our platform. The range of ETFs will be listed as investment choices alongside the broad range of investment funds schemes already available. ETFs will be purchased and sold at market rates on the day the purchase or sell trade is placed. They will be valued on an ongoing basis with an end-of-day price.

### Investment solutions through which global ETFs can be accessed

The following international investment solutions will offer ETFs as an underlying investment option:

- Glacier International Global Life Plan (an offshore endowment policy)
- Glacier International Global Investment Plan (an offshore sinking fund policy)
- Glacier Offshore Investment Plan (a discretionary savings product)

## ETF-SPECIFIC FEATURES TO TAKE INTO ACCOUNT

- **Fees.** Every time an investor buys or sells an ETF, a trading fee and a settlement fee are incurred. In addition to this, an annual custody fee is also applied. These fees can affect an investment's performance and need to be taken into consideration.
- Although ETFs can generally have low **expense ratios\***, especially compared to other investment vehicles, an investor should familiarise themselves with the expense ratio of the specific ETF in which they intend to invest. The higher the expense ratio, the lower the returns will be for the investor.
- ETFs provide exposure to a **variety of underlying assets**. Knowing what a specific ETF's focus is and what type of investments the ETF includes, helps an investor understand the associated investment risks.
- **Capital gains tax.** Some ETFs, such as the ones offered by Glacier International, are structured as roll-up funds, which means they do not distribute income to investors. The investor will therefore not be responsible for tax on the gains of the individual underlying investments. They will only pay capital gains tax if they sell the ETF at a profit.

*\*An expense ratio is the percentage of the fund's total assets that are required to cover operating expenses.*



## HOW THE ETFs WE OFFER ARE SELECTED

The Glacier Research team is responsible for selecting the ETFs available on our platform. Their selection ensures representation across key markets, investment styles and investment themes. The ETFs included in the list must adhere to specific criteria set by our investment professionals:

- There should be prudent representation across key asset classes, geographic regions, styles and themes.
- Providers considered for inclusion should be operationally robust, and should provide quality and dependable access to selected areas of the market.
- To determine the appropriateness of a specific instrument, things like tracking error relative to benchmark, the efficiency of trade implementation, and fees are also considered.
- On the Glacier Offshore Investment Plan, the available ETFs will be restricted to funds approved by the Financial Services Conduct Authority for marketing and promotion in South Africa in terms of Section 65 of the Collective Investment Schemes Control Act.



## FEES AND CHARGES ARE PAYABLE

Fees are charged for the administration and management of an investment. Our product administration fee and the financial intermediary fee are deducted from the client's investment.

### Glacier's administration fees

Glacier International (in the case of The Glacier International Global Life Plan and The Global Investment Plan) and Glacier Financial Services (in the case of The Glacier Offshore Investment Plan) charge an annual administration fee. In addition, the following fees apply with regard to the administration of ETFs:

- **A transaction or trading fee**, which is a fixed percentage of 0.065% is charged per trade; this will be recovered from the gross investment amount before investment.
- **A settlement charge**, which is a fixed fee of US\$10 per trade, is accrued for each trade and recovered monthly when applicable.

- **A custody fee**, which is a fixed percentage of 0.05% per annum of the value of investments in ETFs for the custody and administration of the ETFs. It accrues daily and is recovered monthly.

### Financial intermediary fees

The client and their financial intermediary agree on the fees for financial advice and services provided.

### Investment management fees

The managers of the investment options the client selects will charge a fee. These fees are summarised on the quotation, applicable mandates and fund fact sheets.

### Value-added tax (VAT) payable on fees

VAT is payable on fees within the Glacier Offshore Investment Plan where applicable.

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