

# GLACIER SUSTAINABLE WORLD ENHANCER

October 2020

In a time of increased environmental and social consciousness, wouldn't your clients feel good about investing in the greater good of humankind?

The Glacier Sustainable World Enhancer is a structured investment solution that provides the opportunity for enhanced participation in the growth of companies that contribute to sustainable development across the globe, with the certainty of capital protection.



THINK WORLD CLASS

glacier  
by Sanlam

# INTRODUCING THE GLACIER SUSTAINABLE WORLD ENHANCER

## OCTOBER 2020

*Provide your clients with secure capital growth opportunities with the Glacier Sustainable World Enhancer, which is set up in a sinking fund policy underwritten by Sanlam Life. This five year tax-efficient investment is linked to the performance of a portfolio of global companies that contribute to the sustainable development goals of the United Nations. The investment offers full capital protection and enhanced participation in positive performance of the global portfolio.*

### Amplified participation in positive performance

The investor will earn an enhanced return if the global portfolio delivers a positive performance over the investment term. Based on current market conditions, the indicative participation level is 400% of (4 times) the return of the global portfolio. The actual participation level will, however, depend on market pricing at inception date. Glacier will proceed to trade as long as the participation level is at least 300%. Final levels will be confirmed on the investor's investment confirmation.

### Capital is protected

The investor's capital is protected if the investment is held to maturity. Should the global portfolio end the five-year term with a negative return, the investor will receive their full initial investment amount.

### There is no currency risk

The returns are measured in EUR but provided in South African currency and will not be affected by changes in the rand exchange rate.



Five-year investment linked to portfolio of global companies contributing to sustainable development goals



Opportunity for enhanced returns



100% capital protection of full investment amount



Tax-efficient structure with no tax administration burden



# HOW IT WORKS

The investor has exposure to the **Solactive Sustainable Development Goals World RC 8 EUR index**, referred to as the global portfolio.

The **capital protection** and **investment return** are provided by a leading global bank with a long-term credit rating of at least A (or equivalent) from Fitch, S&P or Moody's.

## WHO SHOULD INVEST?

The **Glacier Sustainable World Enhancer** is suitable for investors who:

- want exposure to a low volatility index that invests in global companies that contribute to the sustainable development goals of the United Nations
- want to invest in equities with a more predictable outcome and capital protection
- wish to invest for a period of five years and do not anticipate requiring access to the capital during this period
- want access to global markets without exposure to currency exchange rate movements
- are comfortable to accept the default risk (see page 5) that comes with credit exposure to a leading global bank

### Investors should:

- discuss the **Solactive Sustainable Development Goals World RC 8 EUR index** with their intermediary and be comfortable with how it works
- understand that the indicative participation in the return of

- the global portfolio is subject to market conditions and will only be known once the investment trades
- be comfortable to proceed with the investment as long as the participation is at least 300%

## SECURE, TAX-EFFICIENT ACCESS TO GLOBAL MARKETS

The **Glacier Sustainable World Enhancer** offers:

- **Offshore exposure with rand guarantees:** Although the portfolio is exposed to global markets, the client's investment is not affected by fluctuations in the value of the rand.
- **An enhanced return:** Earning an enhanced return removes some of the concerns about not being compensated for equity risk in a low return environment.
- **Diversification:** It can be used as part of a wider investment portfolio as it mitigates capital loss and uncertain returns - two key areas of concern for investors.
- **Tax-efficiency:** All returns are treated as capital gains in this sinking fund investment, and the tax administration is taken care of within the investment on behalf of the investor.
- **Estate planning benefit:** Nominating someone for ownership not only ensures that the investment can continue after the death of the policy owner - it can also bring about savings on executors' fees.



## ABOUT THE GLOBAL PORTFOLIO

The Solactive Sustainable Development Goals World RC 8 EUR index invests in 50 equally weighted stocks from developed markets across the world.

### These companies:

- incorporate global ESG standards and are not involved in alcohol, armament, gambling, nuclear, pornography or tobacco, or in critical controversies about the environment, human and labour rights
- contribute to the Sustainable Development Goals of the United Nations through involvement in sustainable products or leading sustainable behaviour
- trade with sufficient levels of liquidity and the lowest volatility
- are selected across sectors and geographies to create a well diversified portfolio

### Volatility within the index is further controlled by:

- managing allocation between the stocks and cash so volatility does not exceed 8%.
- reinvesting actual dividends paid by index components, but allowing for a pre-defined dividend of 3% per annum.

## THE SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice.



## THE SUSTAINABLE DEVELOPMENT GOALS ARE A SET OF 17 UNIVERSAL GOALS, ADOPTED TO GUIDE INTERNATIONAL COOPERATION TO:

- achieve sustainable development
- end poverty
- deal with climate change

Sustainable Development Goals have been designed

- for all countries, as each country has to reach sustainable prosperity
- to help governments identify the key development areas to focus on

Achieving the Sustainable Development Goals targets will require an active participation, not only from governments but also from the private sector: corporates and investors have a major role to play.

# ILLUSTRATIVE MATURITY OUTCOMES UNDER DIFFERENT MARKET CONDITIONS

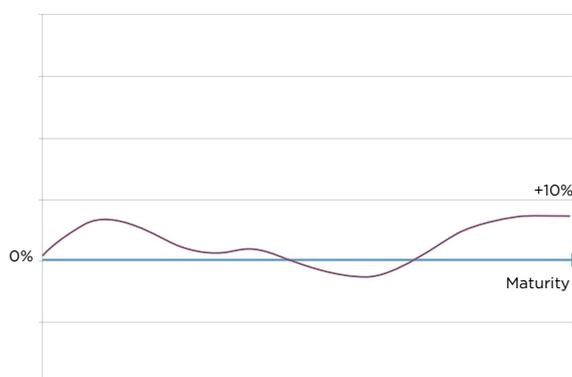
Portfolio return over 5 years	Benefit	Return at maturity (before tax) based on indicative participation level
Negative	Capital protection	100% of investment amount
Positive	Enhanced return	400% of (4 times) global portfolio return

The returns are **before tax** and are subject to market conditions, and may therefore change. Glacier will target an enhanced participation level of 400%; however, due to the volatile nature of the underlying assets, we will proceed to trade as long as the enhanced return level is 300% or higher, without notifying investors. We will not proceed on the inception date should the enhanced return level be below 300%. Final levels will be confirmed at inception date on the client's investment confirmation.

The examples below illustrate three different outcomes for a R100 000 investment in the Glacier Sustainable World Enhancer, using the indicative enhanced participation level of 400%.

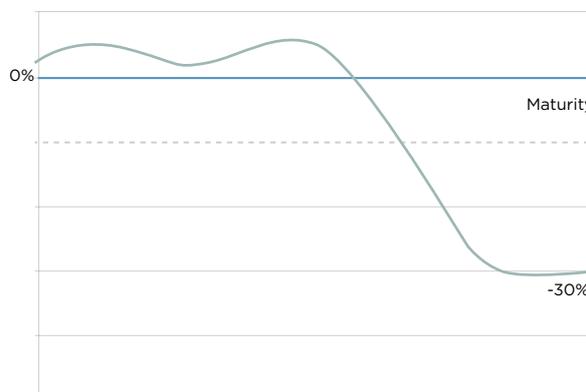
## Scenario 1 Positive return: low return enhanced

If the global portfolio has a positive return over the 5-year investment period, the investor will earn 400% of the return of the global portfolio. For example, growth of 10% over the 5-year period will provide a maturity amount of R140 000 before tax.



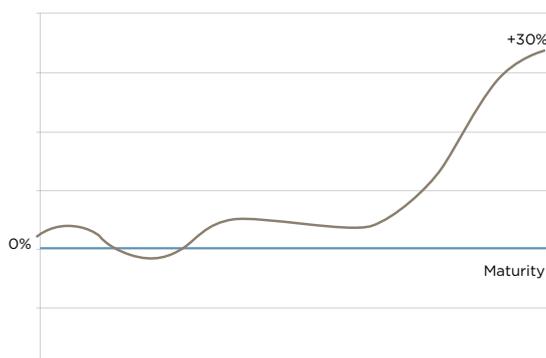
## Scenario 3 Negative return: 100% of capital protected

If the global portfolio delivers a negative return over the 5-year investment period, 100% of the investor's capital will be protected. For example, negative growth of 30% over the 5-year period will provide a maturity amount of R100 000 before tax.



## Scenario 2 Positive return: high return enhanced

For example, growth of 30% over the 5-year period will provide a maturity amount of R220 000 before tax.



# MAKING THE INVESTMENT

Only natural persons and trusts with natural persons as beneficiaries can invest in the Glacier Sustainable World Enhancer. A minimum lump sum investment of R100 000 is required and no additional investments can be made during the term of the investment.

Please use the Glacier Sustainable World Enhancer quotation tool and the Glacier Vantage Plan (a sinking fund underwritten by Sanlam Life) application form available on Glacier's secure web.

## OPENING DATE:

Investments will be accepted from 28 September 2020 and invested in the Glacier Money Market Fund until inception date of the Glacier Sustainable World Enhancer.

## CLOSING DATE:

This offer will expire by 30 October 2020.

**MINIMUM LUMP SUM INVESTMENT OF  
R100 000**

# THERE ARE TAX ADVANTAGES

The Glacier Sustainable World Enhancer is set up in a sinking fund policy underwritten by Sanlam Life. Tax will therefore be calculated and deducted in accordance with the five-fund tax approach at maturity.

Tax administration is taken care of within the policy on the investor's behalf. All returns earned will be taxed as capital gains at maturity, using the prevailing tax rates. The current effective Capital Gains Tax (CGT) rate is 12% in the individual policyholder fund.

# ACCESS TO THE FUNDS

Investors may exit this investment prior to maturity. The value will be calculated based on the realisable market value of the asset which could be less than the original capital amount. The capital protection is only provided if the policy is held to maturity.

After the initial investment term, the maturity amount less tax will be switched into the Glacier Money Market Fund within the Glacier Vantage Plan (sinking fund policy) on the Glacier platform. The client will then have access to a wide range of collective investment funds, wrap funds and share portfolios, and will be able to enact switches and make any number of withdrawals.

# DEFAULT RISK

Default risk is the chance that a party to an agreement will be unable to make the required payments. It is related to the credit-worthiness of the party.

While only banks with high credit ratings (at least A, or equivalent, from Fitch, S&P or Moody's) will be selected for provision of the 100% capital protection and investment return, the maturity benefit can be reduced in the unlikely event that the bank should default.

# FEES AND CHARGES ARE INCLUDED

All fees, including Glacier's annual administration fee and the intermediary's initial fee (negotiable with the client, up to 3% of the investment amount) are priced into the Glacier Sustainable World Enhancer. No additional fees will be deducted separately, which means that 100% of the client's investment amount will be invested.

The fees are set out in the quotation and investment confirmation. VAT is payable on fees where applicable.

## Contact us

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