



glacier  
by Sanlam

IdeasLab  
**2023**

# IdeasLab

Khanyi Nzukuma | Chief Executive Officer | Glacier by Sanlam

glacier  
by Sanlam



# Agenda



**Sanlam Group – a Resilience story**  
Invest for the future



**Glacier Performance numbers**

- › Environment
- › Numbers – Industry / Glacier numbers / observations



**Right strategy for next 5 years**

- › Strategy slides
- › Focus: Tech modernisation
- › Corporate activities & why



**The client and the importance of the role intermediaries**



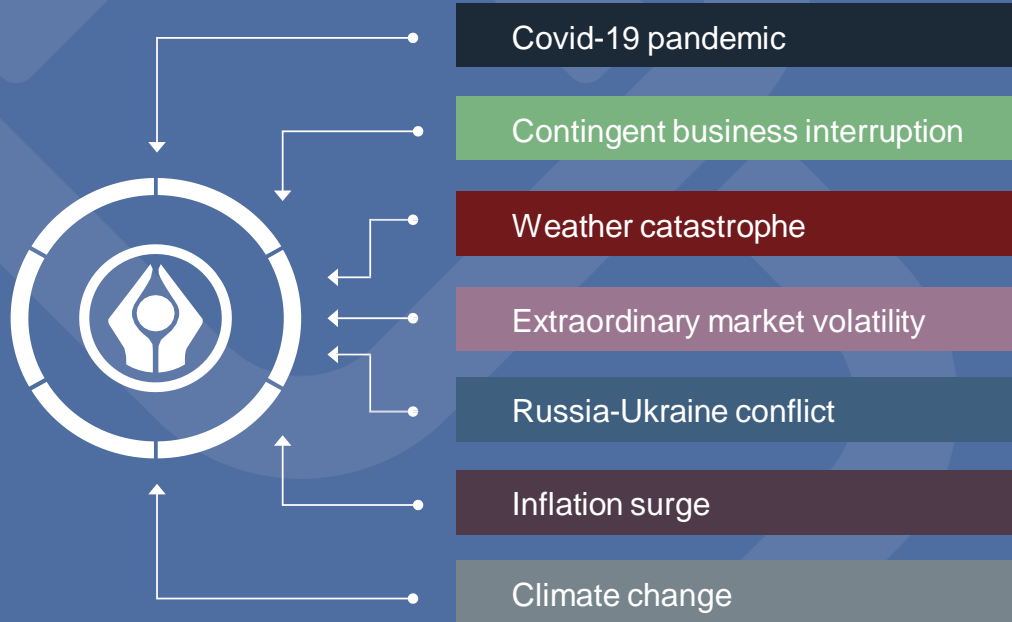
**Thank you**



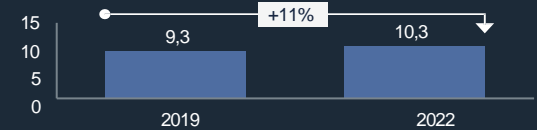
Reflection on  
Sanlam's  
**performance and  
growth**

# Robust operating performance

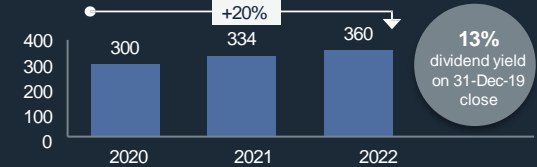
Extraordinary period over past three years



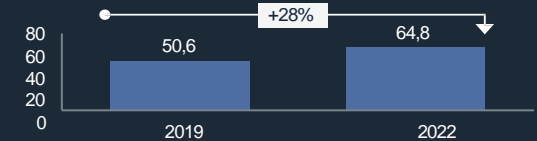
Sanlam Group NRFFS<sup>1</sup> (R billion)



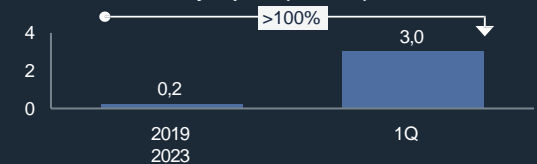
Group dividend (cents per share)



Life ins. new bus. volumes<sup>2</sup> (R billion)



Discretionary capital<sup>3</sup> (R billion)



<sup>1</sup> On a comparable basis.

<sup>2</sup> New business volumes excluding UK disposals.

<sup>3</sup> Post implementation of all announced transactions.

(2020 – Q1 2023)

# Capital deployment to support strategy

## FOCUS AREA

**Fortress SA**

**African Champion**

## KEY TRANSACTIONS

- ARC FS buys into Sanlam Investments
- Sanlam buys into ARC FS
- Alexforbes Life, LISP and EB
- Afrocentric
- Absa Investments
- Brightrock
- Capital Legacy
- Sale of 12 sub-scale businesses
- Allianz JV

## IMPACT

- **R1.5 bn outflow**
- **Capital neutral**

## KEY OUTCOMES

- One of SA's largest black-owned asset managers
- Leading group risk business
- Leading LISP business
- #1 health risk administrator
- #2 medical scheme administrator
- Leading fiduciary business, strong VNB contribution, revenue synergies, capital synergies, expense efficiencies
- Enhanced growth potential and diversified risk
- Revenue, cost and capital synergies

DISCRETIONARY  
CAPITAL

glacier  
by Sanlam

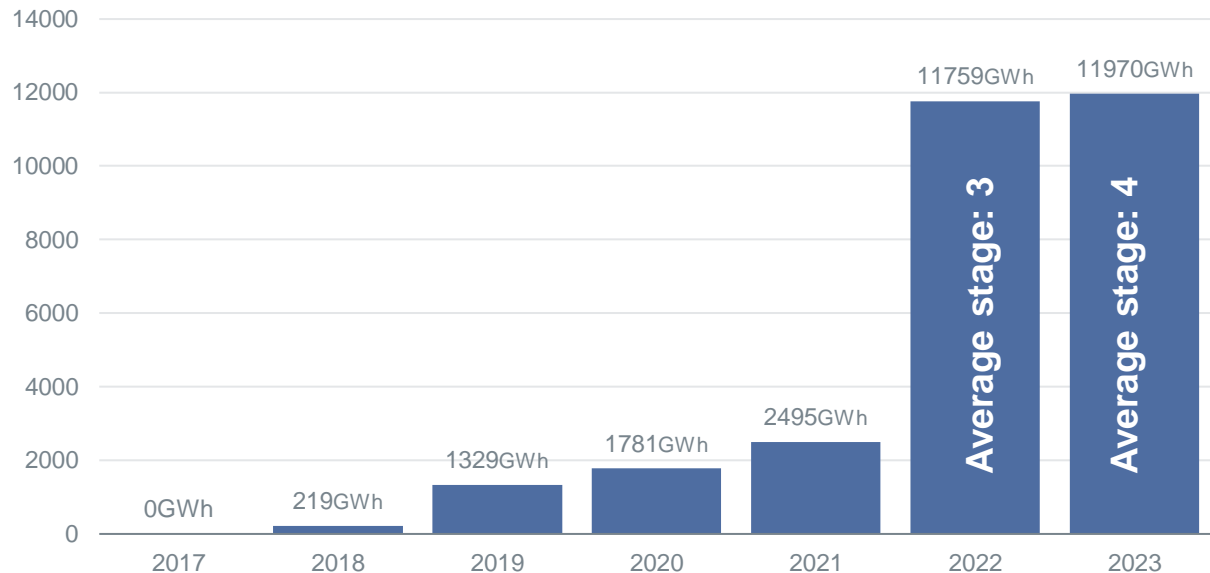
(2020 – Q1 2023)

# Capital deployment to support strategy

FOCUS AREA	KEY TRANSACTIONS	IMPACT	KEY OUTCOMES
<p><b>India</b></p> <p><b>UK</b></p> <p><b>Fintech</b></p> <p><b>Balance sheet and other</b></p>	<ul style="list-style-type: none"><li>➤ Restructuring of Shriram – merger of two credit businesses</li><li>➤ Sell stake in Shriram General Insurance (SGI) to KKR</li><li>➤ Disposal of three businesses</li><li>➤ MTN aYo</li><li>➤ Capital release, share repurchase</li><li>➤ Other</li></ul>	<ul style="list-style-type: none"><li>➤ <b>Capital neutral</b></li><li>➤ <b>R3.7 bn inflow</b></li><li>➤ <b>R0.8 bn outflow</b></li><li>➤ <b>R1.4 bn inflow</b></li></ul>	<ul style="list-style-type: none"><li>➤ Simplified focus on India</li><li>➤ Synergies created</li><li>➤ Uplift to GEV</li><li>➤ Redeploy capital to strategic growth areas</li><li>➤ Platform to take insurance digitally to continent with MTN as a partner to 200 million customers</li><li>➤ Repurchase of 20 million shares at discount to GEV</li><li>➤ Smaller transactions, recapitalisations</li></ul>

DISCRETIONARY  
CAPITAL

# Loadshedding in 2023 is now more than 2022's combined total



Source: *Businesstech*



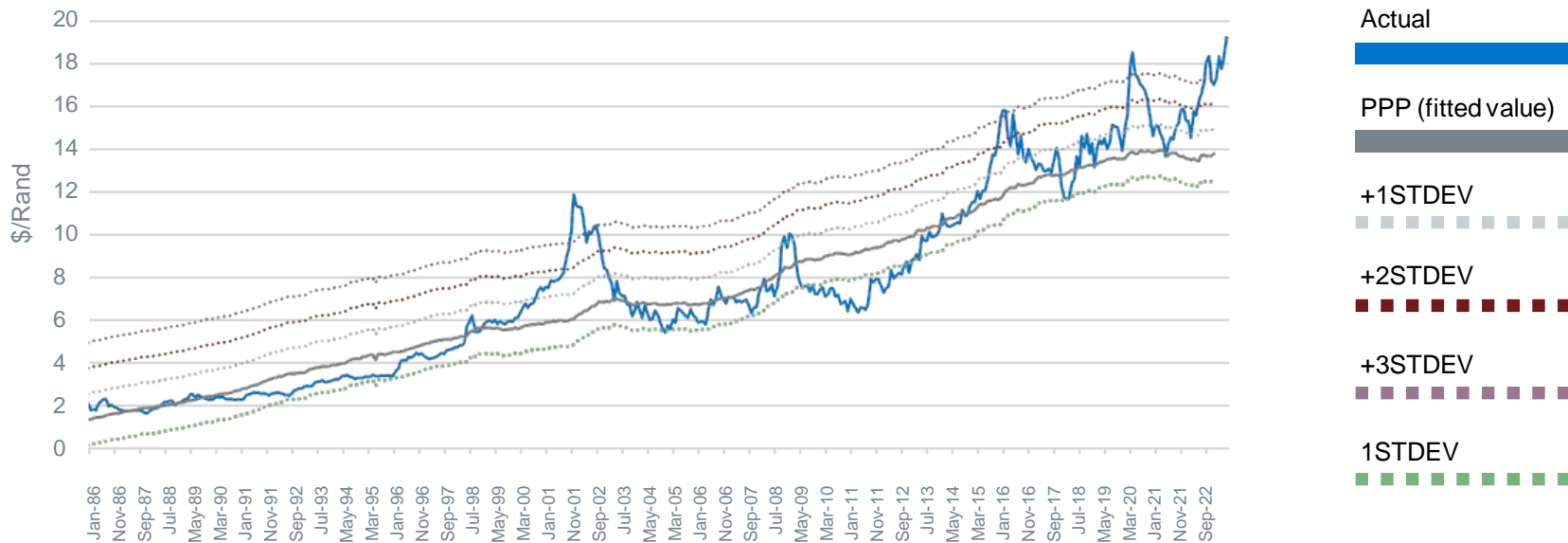
In **2023** we have **already experienced** more loadshedding year to date than in **2022** combined



The average stage of loadshedding throughout **2023** is **stage 4**, in **2022** it was **stage 3**



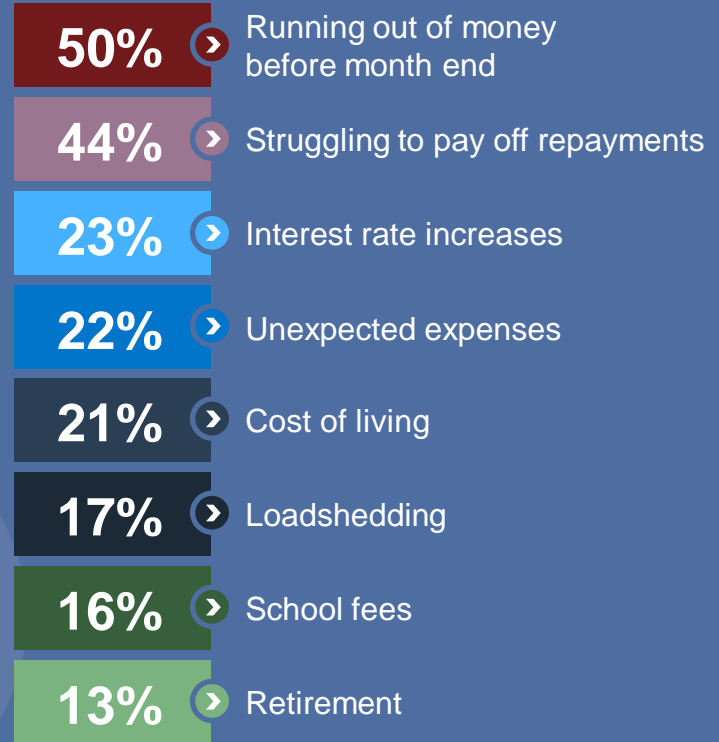
# The Rand



Source: IRESS, Sanlam Investments, January 2023

# SA - Tough times - growth opportunities

- Inflation
- Stock market volatility
- War and civil unrest
- Load shedding





# Sanlam opportunities

- **High inflation rates**  
6.8% on average since Jan' 2022
- **Suppressed equity markets**  
3.1% between Jan' 2022 to Jun' 2023
- **High bond yields**  
Attractive annuity rates
- **Post-retirement market**  
Increased focus since 2019



# Facts about the industry = Q1 2023



**Total assets under administration (AuA)**  
= R1.75trillion and 6.5% growth on Q/Q



**5 Biggest Platform AuA**  
= R1.35trillion or 77%



**Total industry inflows (gross)**  
= R70bn and 5% growth on Q/Q



**5 Biggest Platform Inflows**  
= R49bn or 70%



**5 Biggest Platforms**  
= Allan Gray / Glacier / Ninety-One /  
Momentum / Discovery

# Total Industry – AUM R1 752 bn (Q/Q 6.85%)

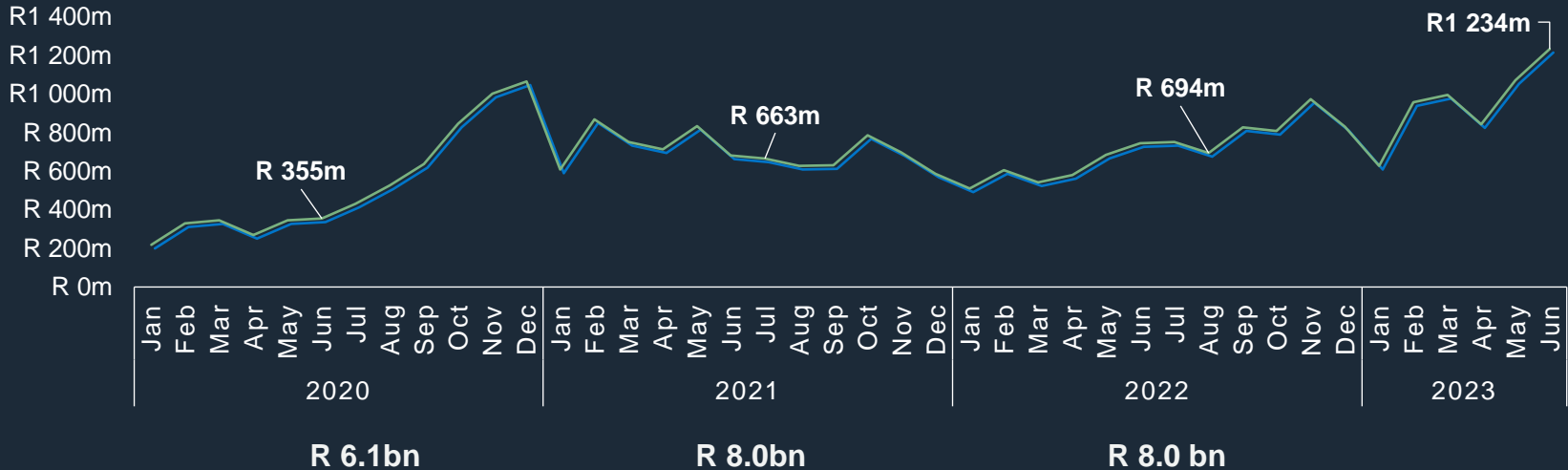
Market Players	31-Mar-23	31-Dec-22	Q/Q Change	Market Share %
1	<b>388 339 828 059*</b>	388 339 828 059	0.00%	22.17%
Glacier	333 562 016 116	318 339 602 156	4.78%	19.04%
3	279 152 466 177	262 670 462 134	6.27%	15.93%
4	236 932 031 941	224 040 804 605	5.75%	13.52%
5	123 530 536 263	117 826 824 102	4.84%	7.05%
6	79 491 750 747	76 158 562 386	4.38%	4.54%
7	55 405 003 564	51 672 817 913	7.22%	3.16%
8	39 955 100 391	37 570 007 548	6.35%	2.28%
9	25 956 510 983	26 200 950 674	-0.93%	1.48%
10	13 839 660 338	13 601 110 698	1.75%	0.79%
11	1 746 740 107	1 716 471 838	1.76%	0.10%
<b>Other</b>	<b>173 918 154 464</b>	<b>146 249 439 055</b>	<b>18.92%</b>	<b>9.93%</b>
<b>Total</b>	<b>1 751 829 799 150</b>	<b>1 276 047 053 109</b>	<b>6.85%</b>	<b>100.00%</b>

\*Please note that Competitor 1's submission was included in "Industry Totals" only. We have assumed the same AUM for Competitor 1 as the previous quarter.

Source: ASISA

# Life Annuity premiums are increasing and reaching new heights

## Life Annuity premiums



Source : Sanlam

# Revenue Laws Amendment Bill

## Effective 01 March 2024

Although it's called 2 components,  
it is **actually 3 components**:

### 1 **Vested**

All money contributed up until 29 February 2024.

### 2 **Retirement**

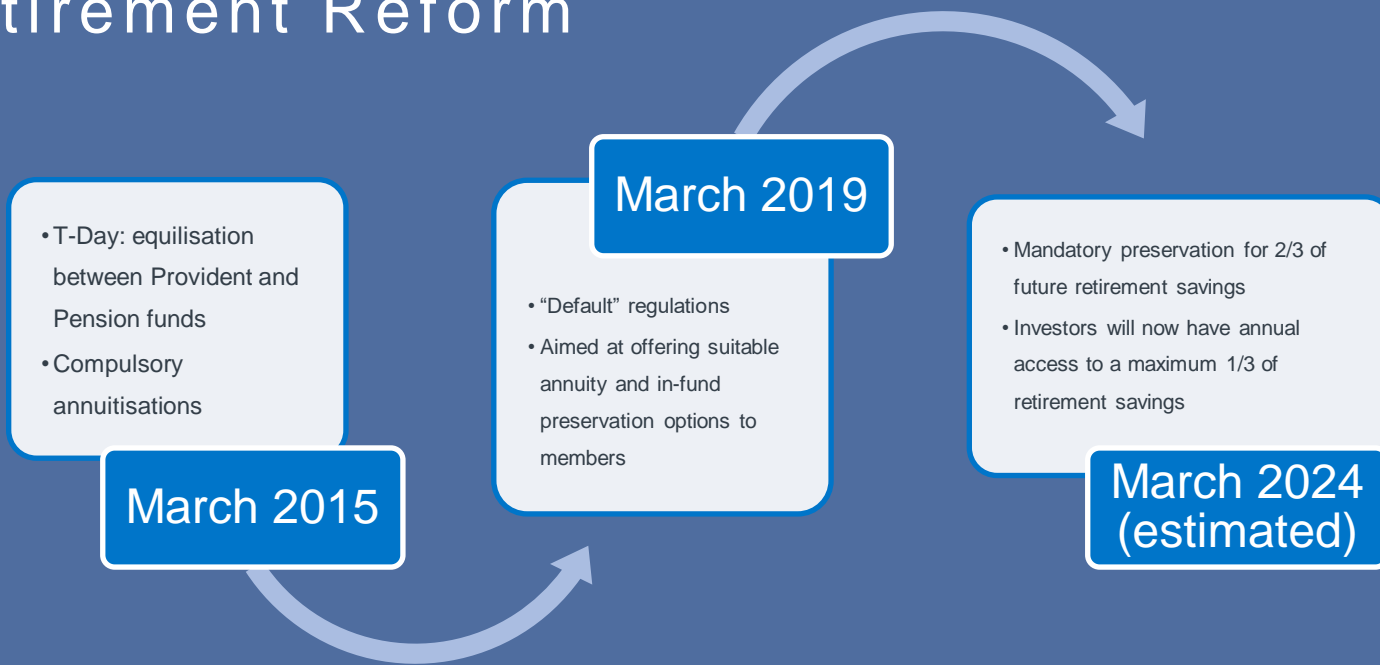
A maximum of two-thirds of all contributions from implementation date can be added to the retirement component.

### 3 **Savings**

A maximum of one-third of all contributions from implementation date can be added to the savings component.



# Retirement Reform



- Around 60% of retirement claims from the Sanlam Umbrella Fund flows to other insurers
- Opportunity to farm existing clients within the Sanlam stable
- The legislative changes around mandatory preservation and annuitisation at retirement is expected to have a positive impact on the industry and investors will be in a better position at retirement



# Global trends

Digital, social and regulatory shifts are disrupting the industry and provide opportunities to target transformation. Investor trends are characterised by increasing demands and higher standards. At the same time providers make every effort to grow, whilst attempting to balance increasing regulatory and investor demands against operating costs.

## INVESTOR TRENDS

- Shift to Digital
- Investing with a Purpose
- Democratisation
- Switch providers to get what they expect
- Lower fees
- Increased Standards & Transparency

## PROVIDER TRENDS

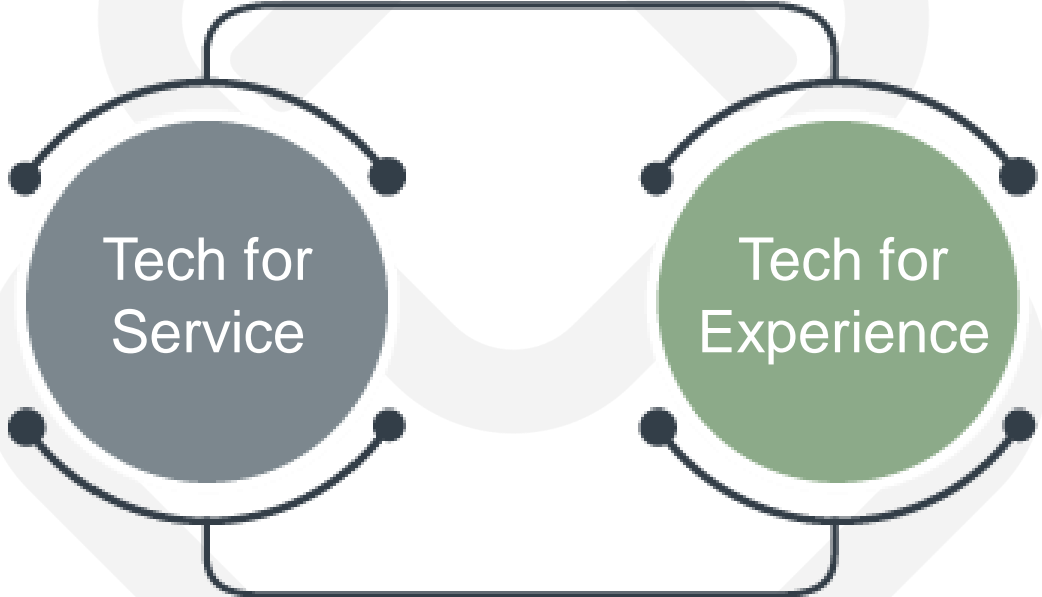
- Move to Business Process Outsourcing
  - Considered as a possible future option
  - Internal v/s external service provision
  - Requirements for retained organisation to manage services
- M&A Impact on Client Experience
- Regulatory Impact on Platforms

**GLOBAL TRENDS**

IAP Programme:  
24 MAY 2022

Source: GX-FSI Thoughtlab (Deloitte) - Wealth & Asset Management 4.0, How digital, social, and regulatory shifts will transform the industry. Disruption looming – Investment platforms (CaseyQuirk, Deloitte)

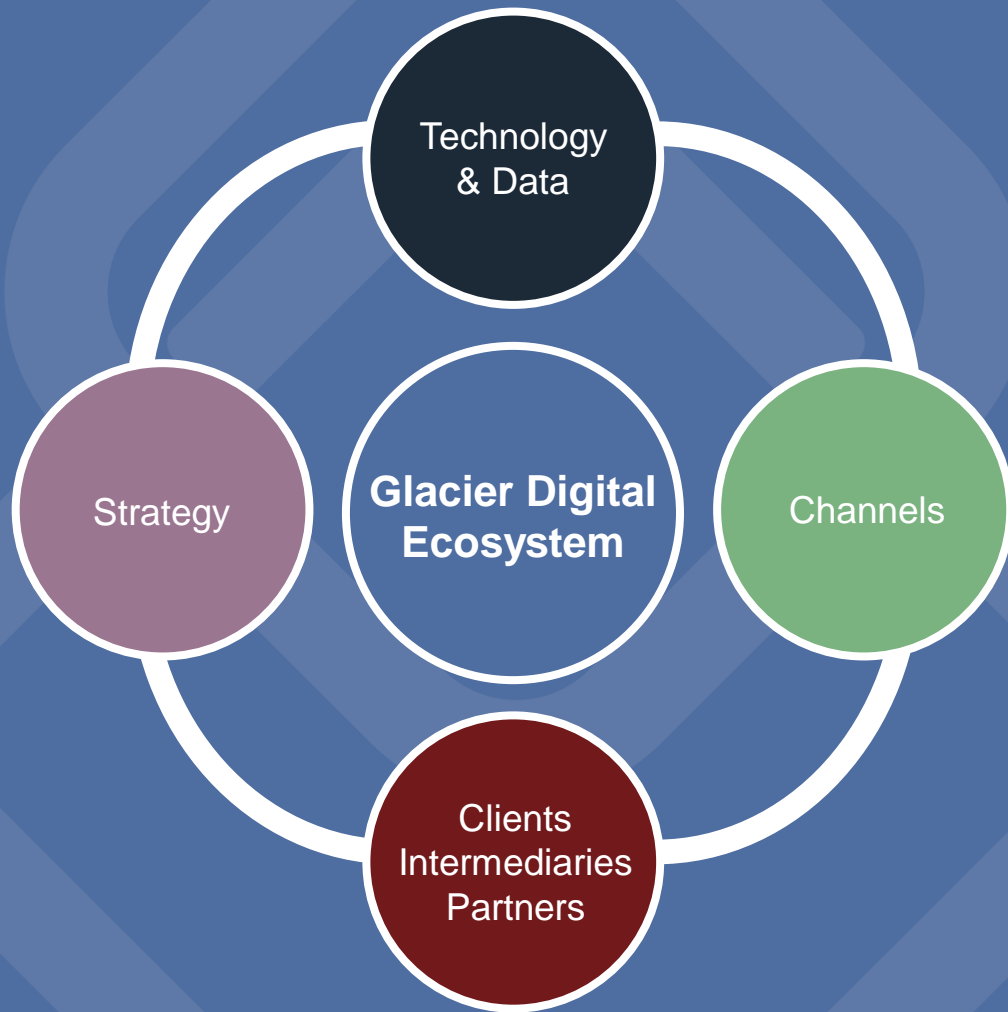
# How do we leapfrog?





# Focus on tech modernisation...

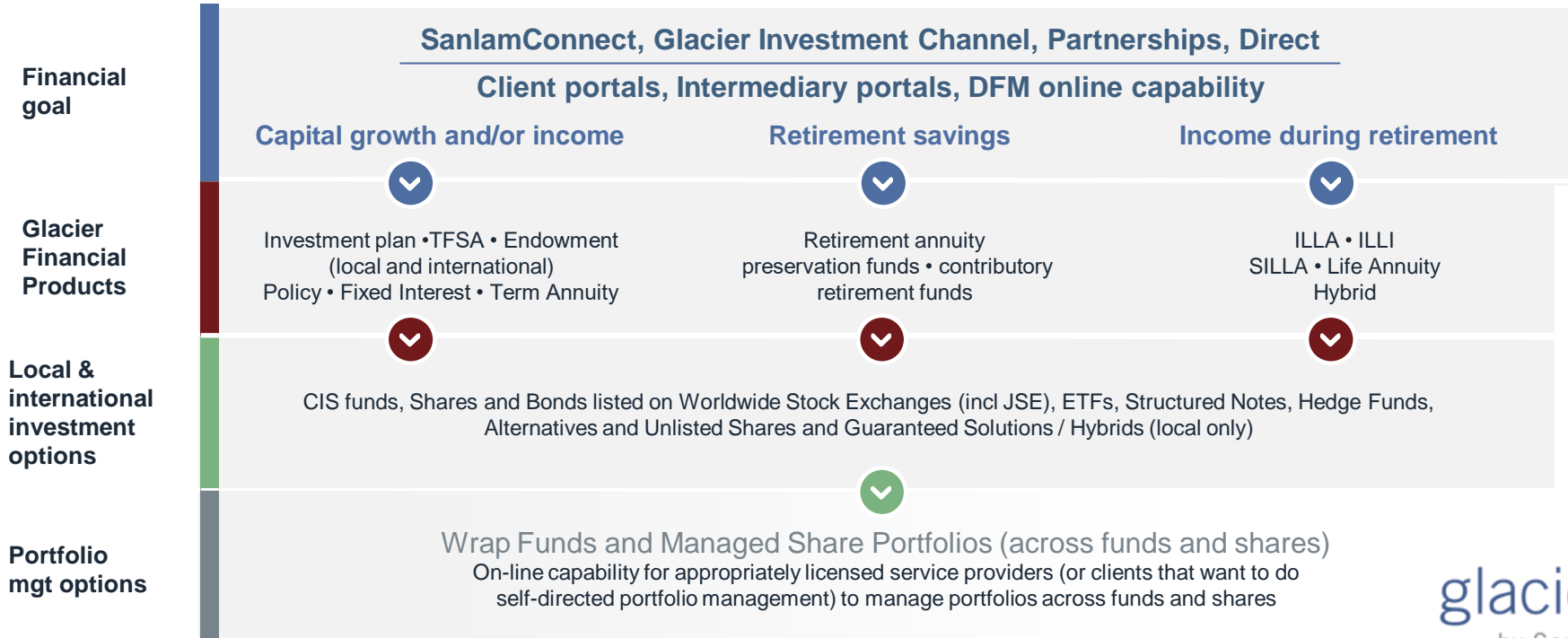
- Stability in current systems
- Transformation in 3 areas:
  - Core system (back office) – consolidation of 6 systems
  - Glacier Digital Ecosystem – GDE- (front office)
    - focus on web / tools / apps and Investment hub
  - Intermediary Partnership
    - – GDE = design and implement



- ▶ Streamline Processes
- ▶ Ease of Use
- ▶ Scalable

# Thinking beyond a platform

one platform for all our investment solutions



# Why the third-party partnership strategy

Glacier Individual Client

Admin(GICA) – previously

AFICA (Alexforbes)

Plus ABSA/ AIMS

To leverage industry consolidation

Increase scale to generate efficiencies

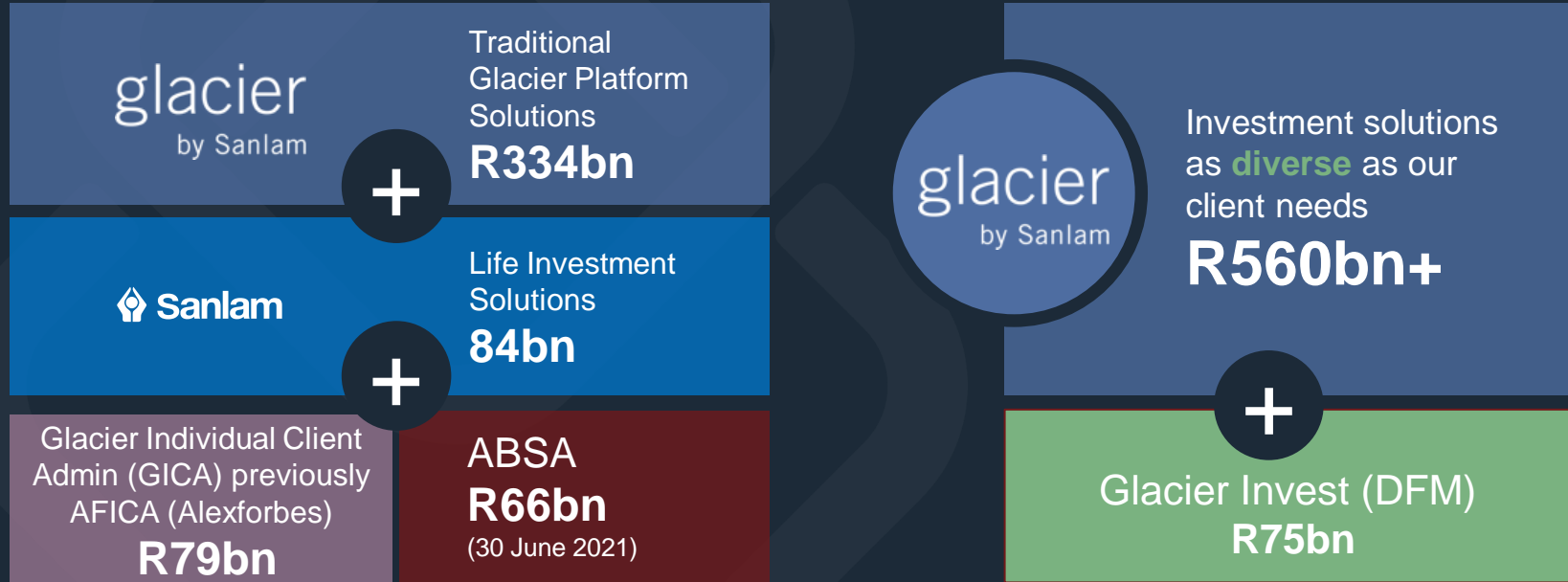
Acquire access to new distribution channels

More opportunities for our staff

Deepen financial inclusion via a broad spectrum of potential shared customers

More innovative and competitive services

# Glacier: Limitless Possibilities



Source: Sanlam, Glacier by Sanlam, Glacier Invest, ASISA

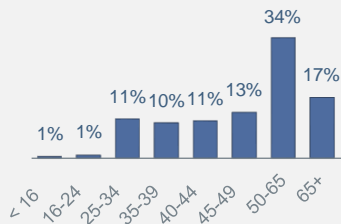
# RSA

In contrast, Sanlam retail clients are mostly older, white, female mainly based in Gauteng and with middle income earnings or higher



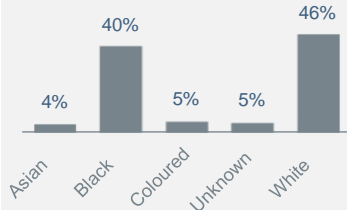
## Age

51% of Sanlam retail clients over the age of 50



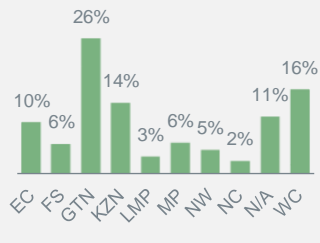
## Race

46% of Sanlam retail clients are white, 40% are black



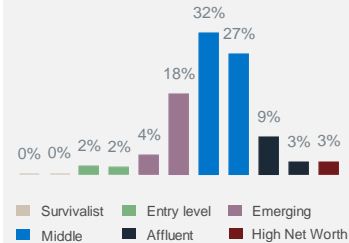
## Location

26% of Sanlam retail clients from Gauteng, 16% from WC



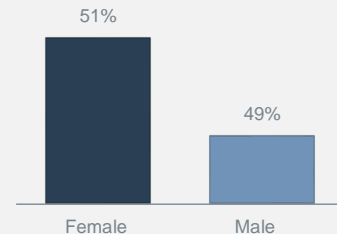
## Income

59% of Sanlam retail clients in the middle income segment



## Gender

51% of Sanlam retail clients are female



Source: Retail Dashboard; Retail Market penetration dashboard; BMR

Note: \* Retail client count represents distinct clients and includes Individual Life, Closed Book, Savings, Glacier, Sky IL, GAP, Reality, SCI, SPL, Trust, Indie and SCS



# Sanlam Retail



Sanlam retail clients are mostly older, white, female mainly based in Gauteng and with middle income earnings or higher

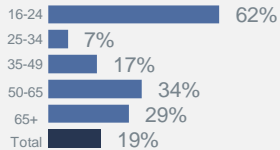


## Age

**76% of SA adults\* are below the age of 50**

Sanlam has a lower market penetration in younger age groups

### Penetration rate%

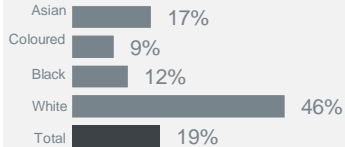


## Race

**80% of SA adults\* are black, 9% are white**

Sanlam penetration lower in other race groups, higher in white group

### Penetration rate%

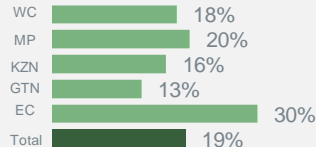


## Location

**28% of SA adults\* are in GTN, 18% KZN, 12% WC**

Sanlam market penetration lowest is Gauteng

### Penetration rate%

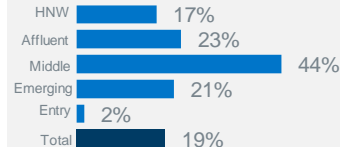


## Income

**Only 12% of SA adults\* middle class and above**

Sanlam market penetration highest within middle income segment

### Penetration rate%



## Gender

**52% of SA adults\* are female**

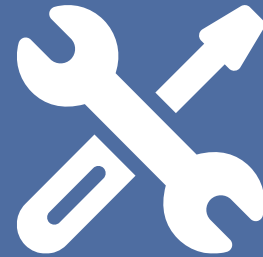
### Penetration rate%



Source: Retail Dashboard; Retail Market penetration dashboard; BMR

Note: \* Retail client count represents distinct clients and includes Individual Life, Closed Book, Savings, Glacier, Sky IL, GAP, Reality, SCI, SPL, Trust, Indie and SCS

# GEPF opportunity



# Glacier Invest: South Africa's largest DFM with a portfolio of R76bn

Backed by a team of 31 Investment Professionals\*

## INNOVATIVE SOLUTIONS ARCHITECTURE

- Crafting tailored solutions instead of products.
- Understanding client needs before offering solutions.

## PROVEN TRACK RECORD

- Over 95% of client portfolios have surpassed their respective benchmarks over the last 5 years.

## CREATING SOLUTIONS

### Glacier Invest Real Income Solutions in Living Annuities

- Aim: achieving sustainable drawdown rates.
- Mitigating risks through utilisation of hedge funds and smooth bonus funds.

\*Excludes distribution and marketing

# Things that happen to clients

## Time

To discuss financial planning needs and goals

## Consistency

Improved investment outcomes matched to client needs

## Cost Effectiveness

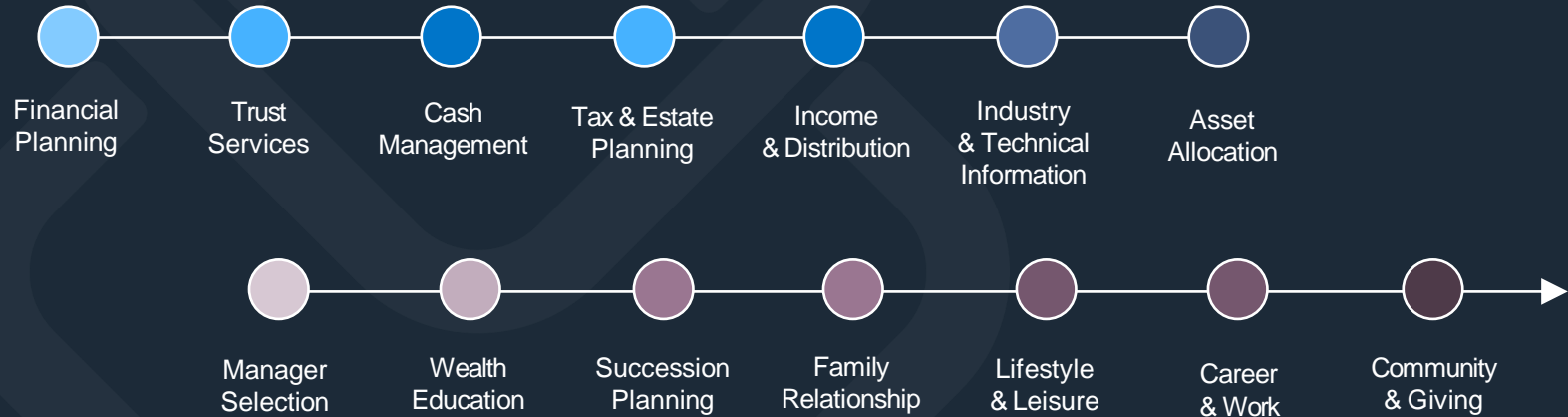
Don't want to pay 'excessive fees'

## Simplicity

Easy to understand and staying invested

# Role of an adviser

Today in 2023





THANK YOU

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