



 **Sanlam**

glacier
by Sanlam



REAL INCOME SOLUTIONS: TOO GOOD TO BE REAL?

ROCCO CARR | BUSINESS DEVELOPMENT MANAGER



CONSISTENCY OF RETURN WHEN INVESTING FOR RETIREMENT

Clients who retire want stability when it comes to income and return products

Longevity creates a necessity for more exposure to risky assets – but many retirees cannot stomach the volatility

The Real Income and Real Growth Solutions [plus 5% or 6%] offer high levels of exposure to risky assets – but with low volatility

Combining a Real Income Solution with guaranteed products, could help achieve longevity with low volatility



TOPICS FOR DISCUSSION

- Unpacking the Real Income / Growth Plus 5% portfolio

- How do I combine these wrap funds with guarantees?

- Unpacking the Real Income / Growth Plus 6% portfolio

- Real Growth Plus 5% or 6% in five-year life insurance policies (Vantage & Vantage Life Plans)





UNPACKING THE REAL INCOME PLUS 5% WRAP FUND

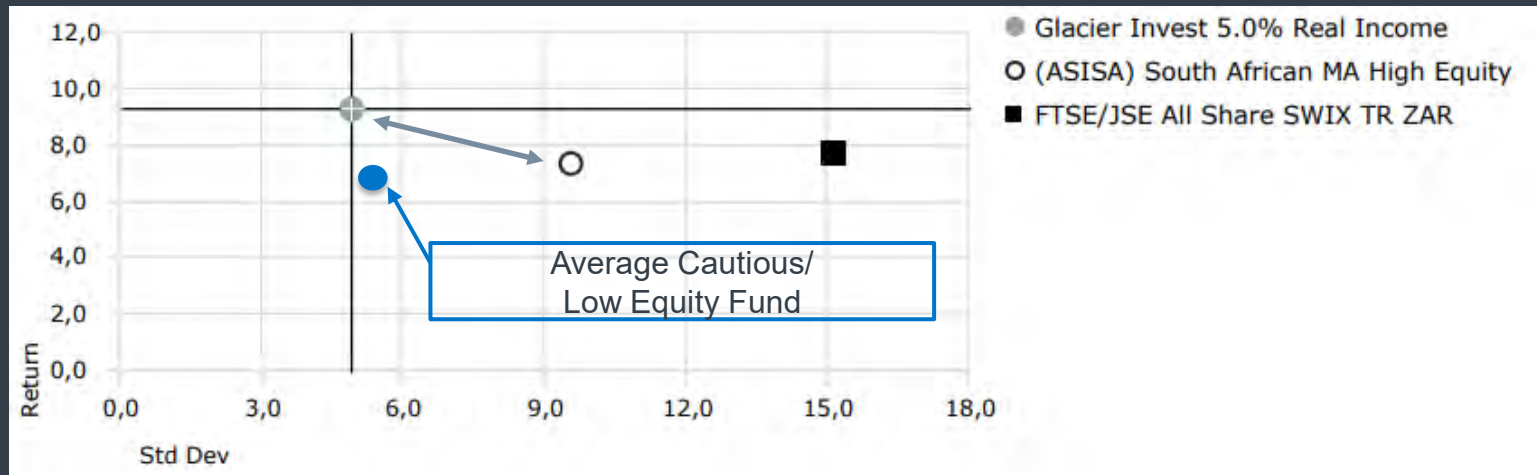
Manager Selection (%)			
ABAX Balanced Prescient	1.92	Sanlam Alternative Rho Retail Hedge (Marble Rock)	2.50
Amplify SCI Balanced	5.15	Sanlam Alternative Theta Retail Hedge (Oyster Catcher)	2.50
Amplify SCI Strategic Income	0.55	Sanlam Alternative Vega Retail Hedge (Matrix)	2.50
Bateleur Flexible Prescient	3.20	Sanlam Alternative Veta Retail Hedge (Terebinth)	2.50
Coronation Optimum Growth	8.06	Sanlam Alternative Zeta Retail Hedge (Acumen)	2.50
Multi-Strategy Alternative	15.00	Sanlam Multi-Managed Smooth Growth	25.00
Ninety One Global Franchise Feeder	7.22	Satrix Balanced Index	0.66
Prescient Income Provider	0.76	Satrix Bond Index	10.00
PSG Flexible	2.68	Truffle SCI Flexible	7.30

Source: Fund Fact Sheet



UNPACKING THE REAL INCOME PLUS 5% WRAP FUND: CAUTIOUS RISK, MODERATE-AGGRESSIVE RETURNS

RISK/REWARD: 2017/02/01 TO 2022/01/31

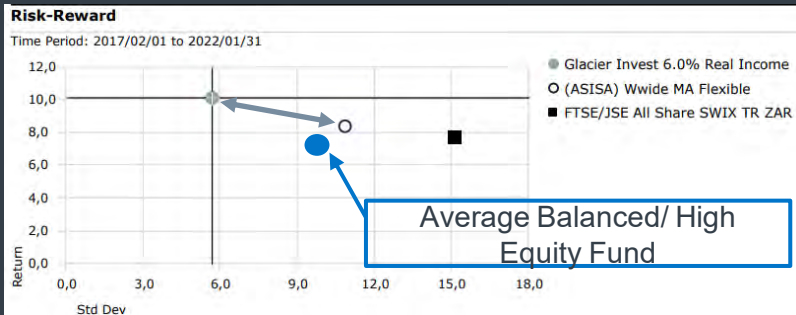
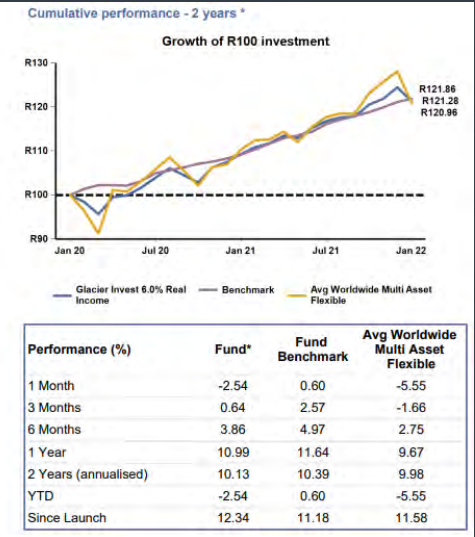


Source: Fund Fact Sheet



UNPACKING THE REAL INCOME PLUS 6% WRAP FUND: MORE OFFSHORE

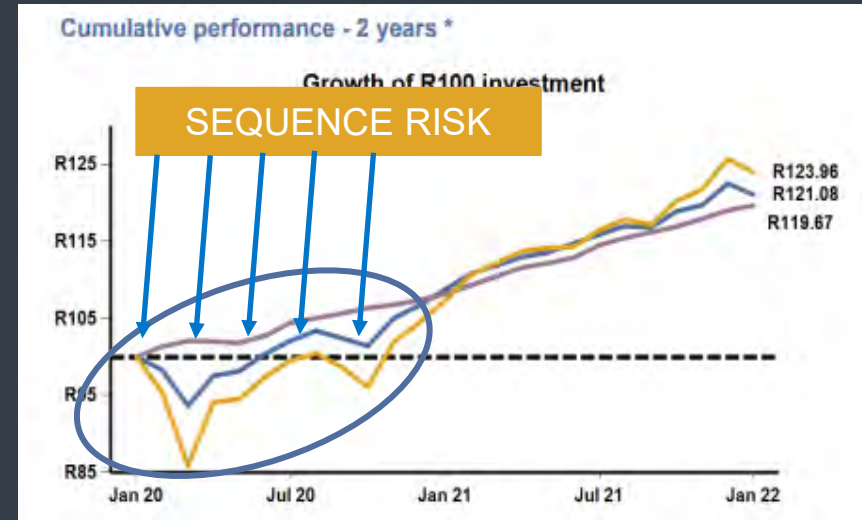
Manager Selection (%)			
Amplify SCI Flexible Equity	1.85	Sanlam Alternative Theta Retail Hedge (Oyster Catcher)	2.50
BCI Income Plus	0.82	Sanlam Alternative Vega Retail Hedge (Matrix)	2.50
Centaur BCI Flexible	5.46	Sanlam Alternative Veta Retail Hedge (Terebinth)	2.50
Coronation Optimum Growth	10.30	Sanlam Alternative Zeta Retail Hedge (Acumen)	2.50
Multi-Strategy Alternative	15.00	Sanlam Multi-Managed Smooth Growth	25.00
Ninety One Global Franchise Feeder	9.53	Satrix Bond Index	8.02
Ninety One Global Multi-Asset Income FF	0.75	Satrix MSCI World Equity Index Feeder	7.07
PSG Flexible	1.85	Truffle SCI Flexible	1.85
Sanlam Alternative Rho Retail Hedge (Marble Rock)	2.50		





REAL INCOME PLUS 5% WRAP FUND FOR LIVING ANNUITIES

Performance (%)	Fund*	Fund Benchmark	Avg SA Multi Asset High Equity
1 Month	-1.17	0.52	-1.37
3 Months	1.84	2.34	3.11
6 Months	4.47	4.49	6.42
1 Year	11.36	10.64	15.52
2 Years (annualised)	10.04	9.39	11.34
YTD	-1.17	0.52	-1.37
Since Launch	13.42	10.18	17.65

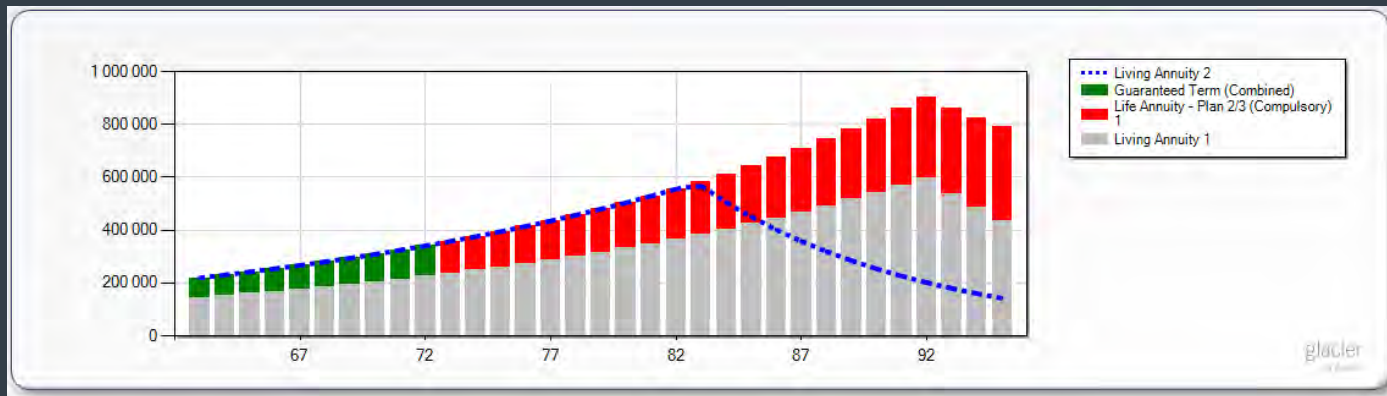


Performance to end January 2022

Source: Fund Fact Sheet



THE VALUE OF COMBINING SOLUTIONS FOR RETIREMENT

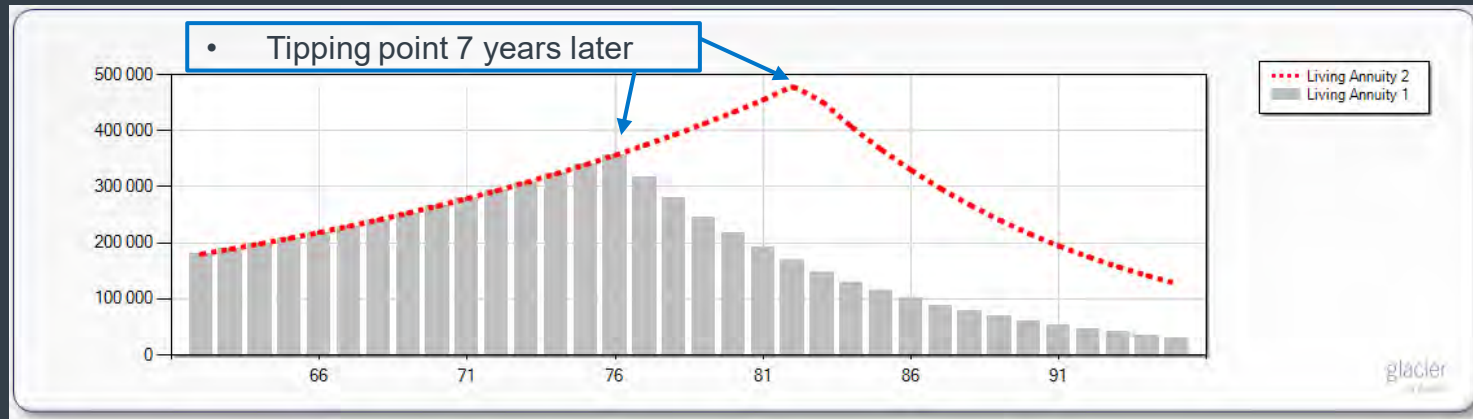


- 30% in life annuity (Plan 3), joint life, 20-year guaranteed term, 5% escalation
- 70% living annuity with moderate-aggressive portfolio (Real Income Plus 5%)

Source: Glacier ICE



THE NEED FOR MORE RISK / RETURN: CAUTIOUS PORTFOLIO VS MODERATE-AGGRESSIVE PORTFOLIO IN A LIVING ANNUITY

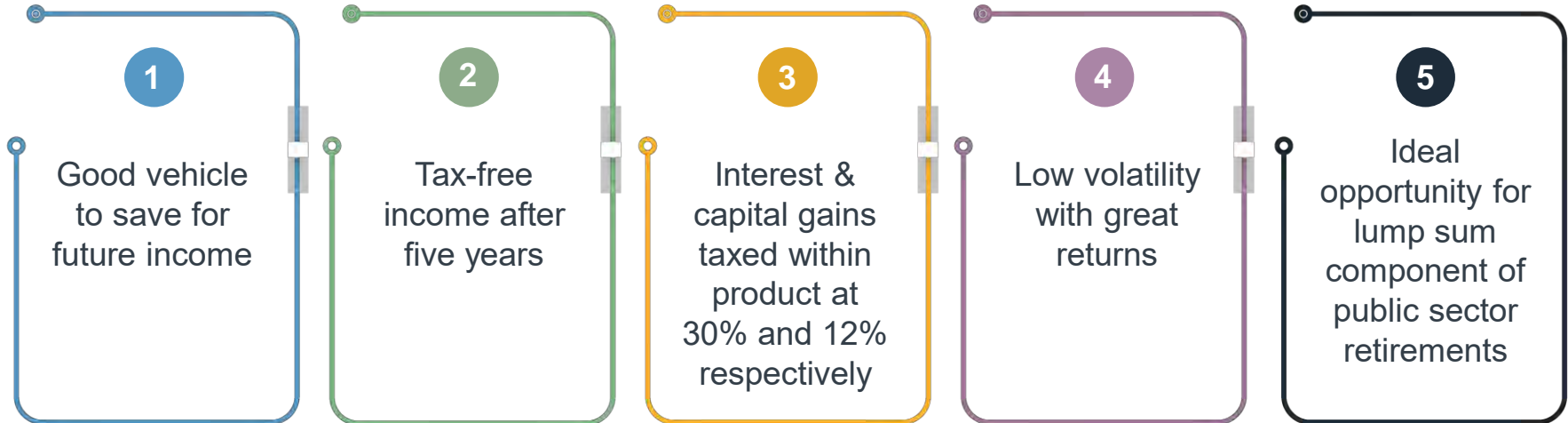


- 6% initial income
- Age 62
- Annual escalation 5%

- Inflation 5%
- Cautious projected at CPI+3%
- Moderate-aggressive projected at CPI+5%



REAL INCOME AND REAL GROWTH [+5% OR 6%] WRAP FUNDS IN LIFE INSURANCE POLICIES (VANTAGE LIFE PLAN)





REAL GROWTH PLUS [+5% OR 6%] WRAPS FOR PUBLIC SECTOR LUMP SUMS

Client receives
R3 000 000 after tax
from public sector
pension fund

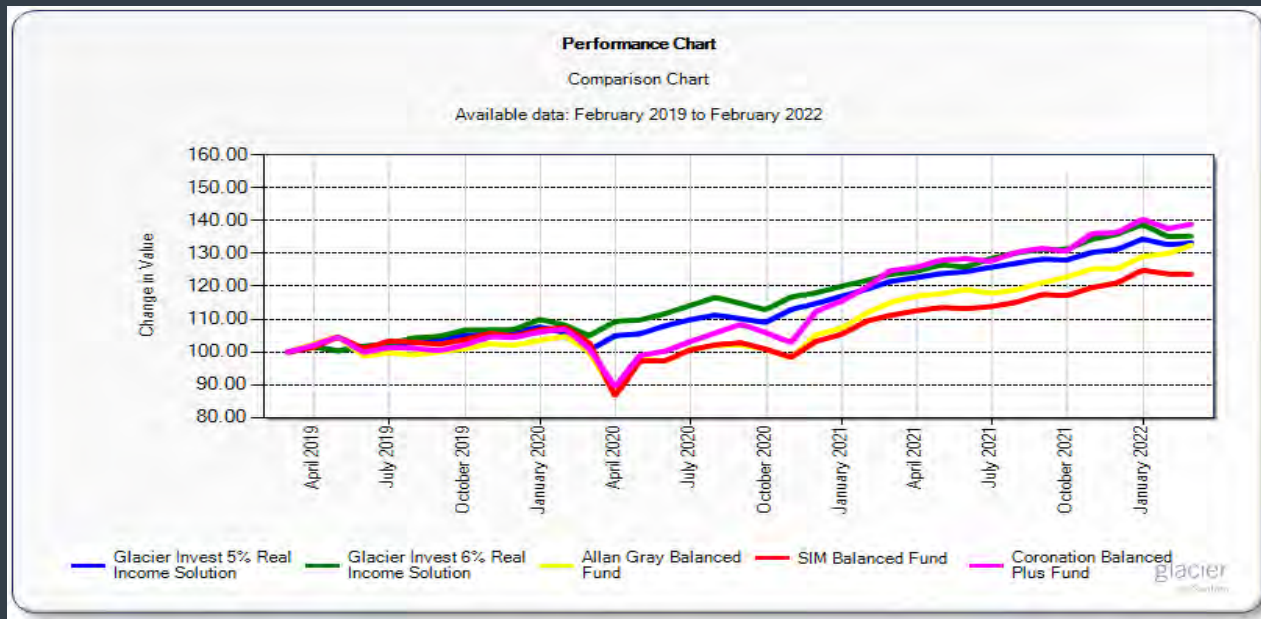
Needs an income
of R12 500 per
month (R150k p.a.)
from discretionary
portion

Real
Income Solution for
stability and
excellent growth of
CPI +5% or 6%
p.a. over five years

Combine a life
annuity, Vantage
Life Plan and
Discretionary
Investment Plan
(or five-year term
annuity)



REAL INCOME AND REAL GROWTH [+5% OR 6%] WRAP FUNDS: LESS VOLATILITY, SAME OUTCOME



Source: Glacier ICE



COMBINATION SOLUTIONS FOR PUBLIC SECTOR LUMP SUMS



Optional life annuity, 5% escalation, with R1 000 000

- At 6% (joint life, age 65) = R5000
- Guaranteed income with guaranteed escalation



Investment Plan (or five-year term annuity) to cover income shortfall for five years

- Shortfall = R7 500 per month or R90 000 per annum
- Take R90 000 X 5 (five years) / R450 000 in Investment Plan – income funds – low volatility



The remainder in Vantage Life Plan for future income = R1 550 000

R3 000 000
Need R12 500
p.m. (R150k p.a.)



COMBINING DISCRETIONARY SOLUTIONS

R3 000 000 with monthly income need of
R12 500 per month
(R150k p.a.)

Optional Life Annuity (Plan 3)

- R1 000 000
- @6% = R5 000 per month
- Escalates with 5%
- Joint life
- 20-year guaranteed term
- Covers necessities

Investment Plan

- R450 000
- Income shortfall for five years
- Portfolio growth for annual escalation
- R7 500 per month income
- Interest earned reducing every year
- Flexible income wrap?
- Alternative, five-year term annuity with guaranteed income

Vantage Life Plan

- R1 550 000
- Real Income plus 5% and/or 6% (two plans)
- Aim = portfolio growth over five years
- Replaces income from Investment Plan
- Expected value: Real income +5% (@ 5% inflation) = R2 463 000

Projected value
(5% inflation plus
5% real return) at
end of five years

1 550 000
1 700 214
1 865 166
2 046 314
2 245 255
2 463 748

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