UNDERLYING INVESTMENT OPTIONS

THINK WORLD CLASS

glacier
by Sanlam

INTRODUCING GLACIER

Glacier by Sanlam brings together leading experts and respected financial services companies to meet clients' investment needs. We deliver focused financial services through specialist teams, and pride ourselves on being a chosen partner of acclaimed financial intermediaries through our superior solutions and our quality service.

Our collection of financial solutions has been designed to span a lifetime, and to fulfil the needs each life stage may bring – whether you are focusing on the creation or the preservation of your wealth.

Our offering encompasses local investments, including fixed-term investments and investments with guarantees, international investments, retirement saving solutions, and retirement income solutions.

While each solution has its own distinct purpose, they all share the world-class quality and commitment that have come to distinguish Glacier.

UNDERLYING INVESTMENT OPTIONS

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Glacier by Sanlam offers a variety of underlying investment options from which to choose. Whether you're investing for capital growth or income generation, aggressively or conservatively, locally or internationally, we have a range of investment options to suit your needs. The underlying investment options on offer can broadly be divided into collective investment funds, wrap funds, share portfolios, options that provide capital protection, and investment solutions that provide guarantees.

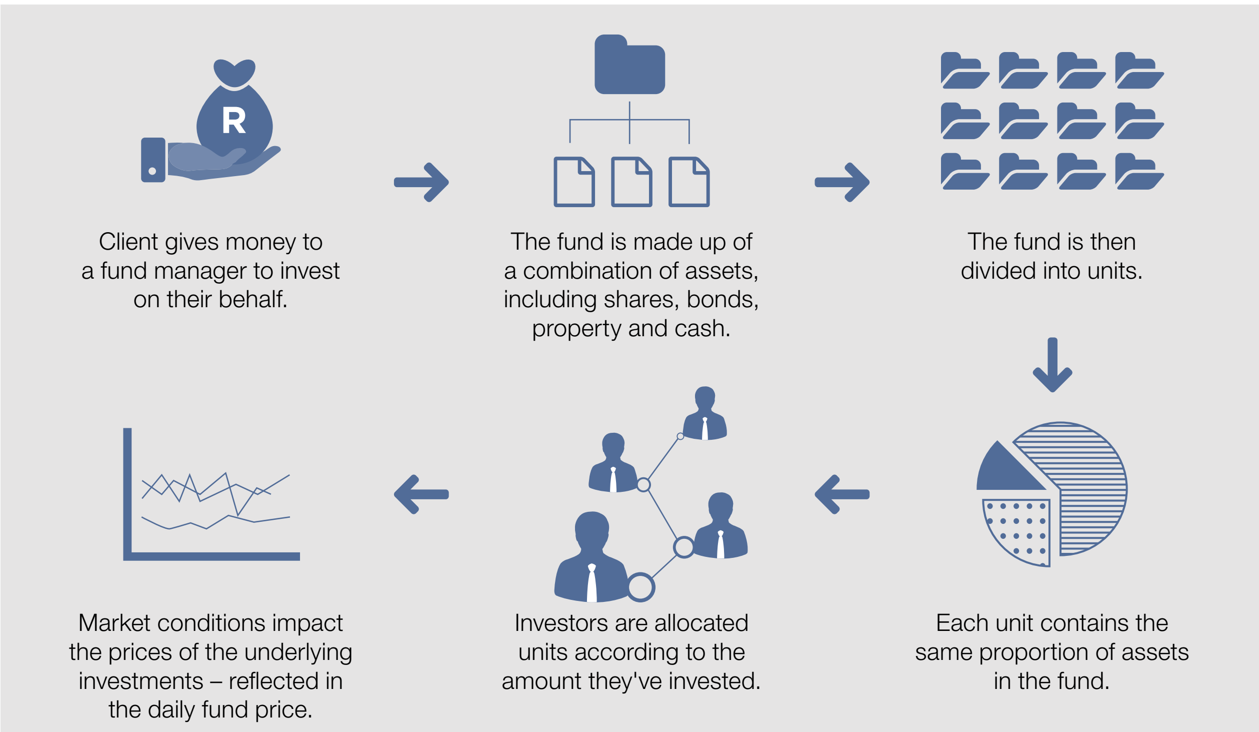
COLLECTIVE INVESTMENT FUNDS

A collective investment fund is a type of investment structure in which investors' money is pooled so they can easily and safely get access to a wide selection of professionally managed investments.

Each investor has a proportional stake in the collective investment fund based on how many units they hold.

Within Glacier's products, you can choose from a range of collective investment funds providing access to local and international markets and various asset classes.

HOW DOES IT WORK?



CHOOSING APPROPRIATE COLLECTIVE INVESTMENT FUNDS

In determining the most appropriate investment structures for achieving a certain investment goal, you need to take into account your ability and willingness to take on risk. It is also important to consider the level of risk necessary to achieve the investment goal, bearing in mind that the higher the returns you are seeking, the more risk you will need to take.

Asset classes

A collective investment fund can invest in a range of different asset classes, such as equities, bonds, cash and property. Each asset class has distinct characteristics which determine its suitability for different investment objectives.

INVESTMENT RISK

Financial markets are unpredictable and fluctuate daily. The value of your investment can therefore rise and fall. The fluctuation is, however, exactly the reason one can profit from investments. A certain measure of **risk** is essential to achieve inflation-beating returns. Your financial objectives and personality determine how much risk you are willing to take on, and your intermediary will help you determine the level of investment risk that is right for your personal circumstances.

Asset class	Definition	Return	Investment term	Risk
Equities	Equities represent shares of ownership in publicly held companies which may be listed on local or offshore stock exchanges.	A rise in the share price leads to capital gains for investors. Investors also participate in the earnings of the companies, which are distributed as dividends.	Long term	High volatility and risk of capital loss, especially over shorter time periods.
Listed property	Listed property refers to shares in property companies listed on local and offshore stock exchanges. These property companies buy predominantly commercial properties and lease them out to create income from the rent charged.	Investors earn relatively consistent returns in the form of dividend income, but capital growth varies.	Long term	High volatility and risk of capital loss, especially over shorter time periods.
Bonds	A bond is a debt instrument in which an investor loans money to an entity for a defined period of time at a variable or fixed interest rate.	Investors earn interest on bonds, which is usually payable at fixed intervals. Investors also partake in capital gains or losses as the prices of the instruments change.	Medium to long term	Medium volatility and risk of capital loss.
Cash	Money held on deposit and money market instruments which are short-term securities representing liquid debt and which earn interest for shareholders.	Investors earn interest on money market instruments, payable at fixed intervals.	Short term	Low volatility and risk of capital loss, but inflation may erode real value over time.

To help you understand the wealth of collective investments, the Association for Savings and Investment South Africa (ASISA) classifies collective investment funds according to the geographic area and asset classes in which they invest, as indicated below. Using this classification, you should be able to compare the performance of funds with similar restrictions, objectives and benchmarks.

First tier (Geographic focus)	South African	Worldwide	Global	Regional
	At least 60% of assets of the funds in this category are invested in South African markets at all times, with up to 30% of the assets outside South Africa and a further 10% in the rest of Africa.	Funds in this category invest in both South African and foreign markets. They can have 100% of their assets offshore or in South Africa, or any mix in between.	At least 80% of assets of the funds in this category are invested outside South Africa at all times. A maximum of 80% can be invested in any one geographic region.	Within these funds, at least 80% of the assets are invested in a single region or country, excluding South Africa, at all times.

Second tier (Asset allocation)	Equity	Multi-asset	Interest-bearing	Property
	Equity funds invest in listed shares on stock exchanges.	Multi-asset funds invest in a combination of equity, interest-bearing and property assets.	Interest-bearing funds invest in bonds, money market instruments and other interest-bearing securities.	Property funds invest in listed property shares on stock exchanges.

Management styles

Collective investment funds employ different management styles, which may also affect your investment decisions.

Actively managed funds employ one or more fund managers to actively manage their portfolio of investments. These managers rely on research and their own experience and judgement to make investment decisions on what asset classes and securities to buy and sell, with the goal of outperforming a specific investment benchmark.

Passive funds (also known as tracker funds) are replications of a specific index, and will therefore track or replicate the performance of the index. For example, a fund that tracks the FTSE/JSE Top 40 index would hold the same shares, in the same proportion as the index. If the index does well, so will the fund, and if the index drops, so will the price of the fund. No active management (selection of underlying assets by exercising judgement) is therefore involved.

Multimanager funds outsource the management of their portfolio of investments to multiple managers with complementary management styles. The objective is to take advantage of the different strengths of the different managers. This typically leads to lower manager risk and greater diversification within the fund.

Why it is important to diversify your investment

Investment performance is largely a function of the asset classes in which you choose to invest and the investment manager. Based on your investment objectives, it may be wise to expose your investment to diverse investment managers, asset classes and regions.

If you include several asset classes in your long-term portfolio, the upswing of one asset class may help offset the downward movement of another as conditions change. This approach may help reduce volatility and capital loss over time.

Multi-asset funds follow this approach by managing a diversified portfolio of local and offshore equity, bond and property assets.

GLACIER RESEARCH

The available collective investment funds, and their managers, are thoroughly researched before being recommended to intermediaries by the Glacier research team. The team looks for evidence of a proven investment philosophy, disciplined investment processes, and a strong investment team with relevant experience and a proven track record. They also look for incentive structures aligned with investor objectives, a stable business, and a focus on stewardship and long-term investing.

THE AIM OF THE RESEARCH TEAM IS TO FACILITATE BETTER INVESTMENT DECISIONS. THEY DO ROBUST FUND RESEARCH, PROVIDE INDEPENDENT, OBJECTIVE INVESTMENT INFORMATION, AND PROVIDE PUBLICATIONS, TOOLS AND PERSONAL SUPPORT TO INTERMEDIARIES.

WRAP FUNDS AND FUNDS OF FUNDS

A wrap fund is a portfolio of collective investments managed according to a specific risk profile, for example **conservative, moderate or aggressive.** These funds provide the convenience of a ready-made solution for investors who do not have the time or expertise to select and regularly review their investments.

Skilled professionals manage the portfolio according to their investment mandate and benchmark, which are both chosen to be consistent with a certain risk profile.

A wrap fund's portfolio consists of separate collective investment funds, held in specified proportions to achieve its investment objective. The investor has direct ownership of units in the underlying investment funds, which are indicated on the investor's statement.

A fund of funds is a collective investment fund that, like a wrap fund, invests in a range of other collective investment funds. Unlike a wrap fund, a fund of funds is a single collective investment fund, with its own single price.

AN INVESTOR'S RISK PROFILE PROVIDES AN UNDERSTANDING OF THE LEVEL OF RISK THE INVESTOR IS WILLING TO TAKE ON OR ACCEPT. IT IS SHAPED BY HIS OR HER SENSE OF BALANCE BETWEEN RISK AND RETURN. SOME INVESTORS CAN TOLERATE GREATER RISK TO EARN GREATER RETURNS. SOME INVESTORS WANT LESS RISK AND ARE CONTENT WITH A REASONABLE RETURN.

- A **conservative** investor requires stable investment growth or a high level of income. The primary investment goal is capital protection.
- A **moderate** investor invests for the longer term and requires no income. The investor can tolerate fluctuations in the value of his or her investment from time to time.
- An **aggressive** investor invests for the long term and seeks the highest possible growth. Typically the investor is prepared to accept substantial fluctuations in the value of his or her investment. The primary investment goal is long-term capital growth.

PERSONAL SHARE PORTFOLIOS

Invest directly in a portfolio of shares of companies listed on the stock exchange, using South Africa's leading stockbrokers.

A customised portfolio

Your personal share portfolio gives you exposure to a focused and flexible portfolio of suitable listed shares. Your investment can be customised according to your preferences to suit your needs and investment objectives. You can switch between shares and collective investment funds as your needs or risk profile changes.

Management of the portfolio

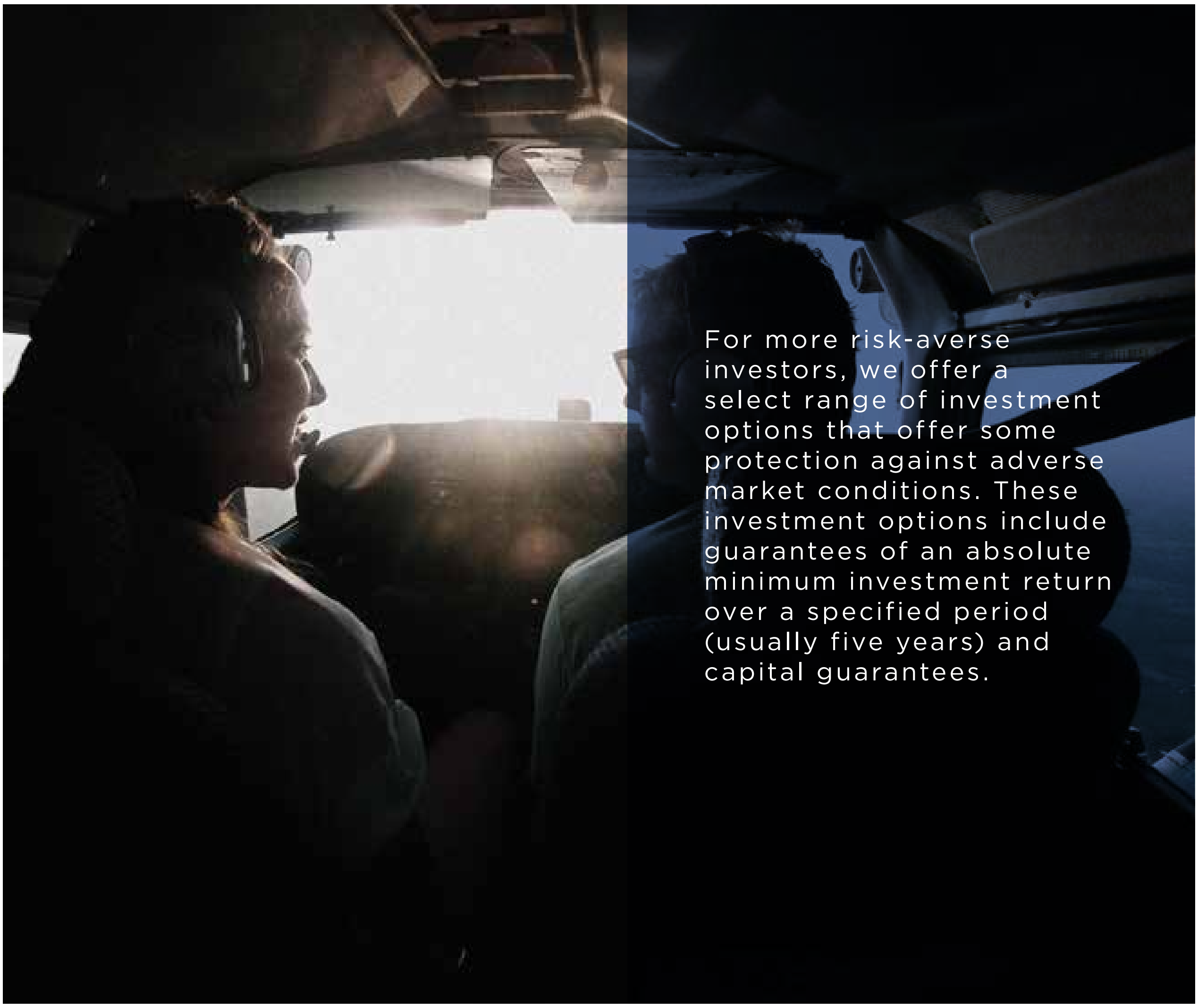
Your investment portfolio will be managed in accordance with a proven investment philosophy and process by an experienced portfolio manager or approved third-party manager appointed by you.

What it means to invest in a share portfolio

Investing in a share gives you ownership of a portion of a company listed on the stock exchange. You become a shareholder of the company in which you invest. You share in the profits of the company through the dividends you receive, and in the success of the company through growth in the share price. Of course changes in the economic outlook or the fortunes of a company can cause share prices to fall – sometimes quite suddenly. Your share portfolio can therefore also decrease in value.

Your financial objectives and personality determine how much risk you are willing to take on, and your intermediary will help you determine the level of risk that is right for your personal circumstances.

CAPITAL PROTECTION OPTIONS AND SOLUTIONS WITH GUARANTEES



For more risk-averse investors, we offer a select range of investment options that offer some protection against adverse market conditions. These investment options include guarantees of an absolute minimum investment return over a specified period (usually five years) and capital guarantees.

A SOLUTION THAT PROTECTS AGAINST MARKET VOLATILITY

A solution that protects investments against short-term market volatility by smoothing out investment returns and providing guarantees on certain payments is available on a wide range of our investment products.

How does it work?
The investor essentially invests in a balanced investment portfolio. Risk is actively managed to minimise the probability of negative returns.

The investment returns of the underlying assets in the portfolio are distributed to investors through monthly bonus declarations. These bonuses are designed to reduce the volatility (fluctuation) of returns over time. They are calculated according to a formula which smooths investment returns by keeping a portion of returns in reserve during periods of strong performance. This reserve is then used to increase bonuses when market returns are poor.

It is suitable for investors who want to:
- reduce the volatility of their investments without giving up the potential for good returns;
- earn competitive real returns in the form of monthly bonuses;
- protect their savings from market corrections as they approach retirement;
- avoid the impact of volatile markets and negative investment returns while drawing a retirement income, and
- remain invested for three to five years and not regularly switch between underlying investment options.

A GUARANTEED INCOME AND FIXED RETURN OPTIONS

In uncertain times, many investors want security. Solutions providing a guaranteed income or a guaranteed return can be selected as investment options within an investment plan. These solutions are often linked to a specified term – usually five years – during which investors have restricted access to the funds.

These solutions offer:

A guaranteed return at the end of the term
A guaranteed return reduces the concern investors may have about portfolio fluctuations over time and the potential of not meeting the objective of the investment due to market volatility.

Peace of mind
These solutions provide clients with a guaranteed monthly income during the investment term and the certainty of a fixed lump sum at the end of the term.

STRUCTURED PRODUCTS

Structured products are designed to provide access to markets, without many of the inherent risks. In addition, these products can provide enhanced returns – an attractive feature in a low-return environment.

A structured product would usually have a fixed investment term of between three and seven years, and liquidity may be limited during this term.

Investment returns are typically linked to the return of certain financial indices (such as the S&P 500, the FTSE 100, the JSE Top 40 or the Euro Stoxx 50). The investor will be informed of the investment's potential returns before the investment is made. These returns often include a capital guarantee, which means investors can get exposure to equity markets without the associated capital risks. Should the specific financial indices produce a positive return over the investment term, investors would typically enjoy enhanced returns.

The guarantee on returns is usually provided by a counterparty, typically a local or foreign bank.

Structured products offer the following:

- Capital protection
- Low volatility
- Diversification by providing access to various markets, regions and industries
- Tax-efficiency
- Returns are often classified as capital gains, which attract a much lower tax liability compared to dividends or interest earned.

FEES AND CHARGES ARE PAYABLE

Glacier's administration fees
Glacier charges an annual administration fee. Additional administration fees may apply to investments in share portfolios and wrap funds.

Investment management and other fees
The managers of the collective investment funds in which you invest will charge an investment management fee, and an additional fee may be charged for the management of a wrap fund.

If you invest in shares, the stockbroker will also charge investment management and transaction fees.

Charges could also apply for the provision of guarantees and the execution of certain transactions.

Value-added tax (VAT) payable on fees
VAT is payable on fees where applicable.

LET US EXCEED YOUR EXPECTATIONS

We value our clients and want to provide you with the best service. That is why we welcome your feedback. If you are dissatisfied with any aspect of our service or products, please tell us. Our team will investigate and aim to resolve the matter in a fair and efficient manner.

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