

THE GLACIER AI FLEXIBLE FUND OF FUNDS

glacier
by Sanlam

In a crowded multi-asset market place, it is vital to be able to provide a differentiated investment solution that stands out from the masses.

The Glacier AI Flexible Fund of Funds was designed to eliminate human emotions, actively adapt to changing markets and help to materially improve the consistency of achieving investment goals with significantly reduced downside risk.

The fund utilises an artificial intelligence machine-learning investment engine that dynamically alters the fund's asset allocation in accordance with market movements. The aim is to minimise the depth and breadth of drawdowns, optimise the risk-return balance and maximise investment outcomes.

What is ARTIFICIAL Intelligence?

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AI is the theory and development of computer systems that are able to perform tasks that normally require human intelligence.

These systems are able to perform specific tasks better or quicker than a human

Man with machine is far more efficient than man alone

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THE RELEVANCE OF AI IN INVESTMENTS

Markets are changing:

- They move faster than before
- Conventional valuation and asset allocation theories can't keep up

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AI can enhance investment strategies by:

- being SELF-LEARNING & ADAPTIVE: The AI engine can quickly adapt to changing environments and markets and self-adjust its modus operandi to minimise investment risk
- being PREDICTIVE: The AI engine can identify and predict evolving market behaviour
- ELIMINATING human error and emotions

2.5 quintillion

(2,500,000,000,000,000,000bz) bytes of data is created every day.

On its own, big data is of no use –

Artificial Intelligence (AI) uses computers to extract meaningful information from data.

FUND FACTS

- **Name:** Glacier AI Flexible FoF
- **ASISA Category:** SA - Multi Asset - Flexible
- **Absolute benchmark:** SA CPI plus 5% over rolling 3 years
- **Relative benchmark:** SA - Multi Asset - Flexible Category Average
- **Limitations:** no asset class limitations, except max 30% foreign exposure
- **Underlying instruments:** Local and international Exchange Traded Funds (ETF)
- **Artificial Intelligence (AI) strategy and trade signal provider:** Sanlam Global Investment Solutions (SGIS)
- **Asset management and implementation:** Satrix, a division of Sanlam Investments
- **Strategy and product owner:** Glacier Management Company

OBJECTIVE AND RISK PROFILE

This is an aggressively managed global equity portfolio that **aims to deliver capital growth over the long term** (5 years or longer). The risk profile of the fund is high, given exposure to foreign stock markets and foreign currency. Over the short term, the capital volatility of the fund may increase but over the longer term, investors may be rewarded with relatively higher returns compared to other less risky asset classes.

A fund of funds is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds.

THE MANDATE

- The AI machine will flexibly allocate between all major asset classes and geographies
- No limits on asset class exposure – can go up to 100% in equities
- No limits on South African exposure
- 30% maximum global exposure – access to US, Europe, Japan, Emerging Markets (including China), global property and global bonds.

THE PROCESS



AI machine processes and analyses ETF price data

Takes historical prices of assets, transforms/ processes them and creates alternative historical paths for each.



AI machine makes ETF price prediction

Each transformed data set is put through **600 analysts** who each predicts the future price behaviour of the asset.

For each asset, the head analyst monitors the behaviour of each analyst by evaluating metrics that measure their predictive accuracy.

Based on this, it generates a single asset price prediction from a subset of the most effective analysts. This results in a set of price predictions for all assets.



Risk manager makes optimal allocation in the portfolio

Risk manager takes price predictions, looks at market behaviour, and attributes weights across assets to minimise expected capital loss and time-in-loss while meeting minimum return objectives of portfolio.

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