

GLACIER RETURN ENHANCER

April 2020

Helping your clients invest in the most appropriate solution can be challenging. Fixed income investments may not offer sufficient yield, especially after considering the impact of inflation and tax, while investors in equities may not be compensated for the volatility of the markets in a low return environment. Fortunately there are opportunities to invest with the security of a minimum return and the potential to earn attractive additional upside.



THINK WORLD CLASS

glacier
by Sanlam

INTRODUCING THE GLACIER RETURN ENHANCER APRIL 2020

Provide your clients with a minimum investment return and the opportunity for additional, competitive real returns, even in a low return environment.

The Glacier Return Enhancer is a five-year tax-efficient investment that offers a minimum return of 25% plus the opportunity for even higher returns through global market exposure, without currency risk.

This attractive return profile is achieved by combining the Glacier Capital Enhancer and a Fixed Return Plan. While the Fixed Return Plan guarantees the 25% return, the Glacier Capital Enhancer provides protection of the client's capital, plus enhanced performance linked to a portfolio of global stocks.

Positive performance leads to an enhanced return

The Glacier Capital Enhancer component allows the investor to enjoy a return above the guaranteed 25%. If the global portfolio* - to which the Capital Enhancer is linked - provides a positive return over the five-year period of investment, investors will earn at least 49%¹ before tax. This is equivalent to an effective rate of return of 8.3% per annum. And if the global portfolio yields more than 70% over the period, investors will receive any upside within the Capital Enhancer component above this level.

There are no currency risks

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



Five-year investment with an upside linked to a global portfolio of blue-chip stocks without currency risk



Opportunity for competitive real returns, even in a low return environment



Guaranteed minimum investment return, backed by top local and global banks



Tax-efficient structure with no tax administration burden

¹ The indicative returns are before tax and are subject to local and international interest rates and markets and may therefore change, although not materially. Final levels will be confirmed at inception of the investment.

HOW IT WORKS

The Glacier Return Enhancer consists of two five-year investment solutions. The Glacier Capital Enhancer component has exposure to the Euro Stoxx 50 price index, referred to as the global portfolio.

The Euro Stoxx 50 is the leading blue-chip stock index for the Eurozone, providing blue-chip representation of supersector leaders in the Eurozone. It covers 50 stocks.

The return of the Glacier Return Enhancer depends on the performance of the *global portfolio*.



The main features of the two combined solutions that enable the return profile:

	The Glacier Capital Enhancer	The Fixed Return Plan
What does it provide?	Capital protection and a defined return in the case of positive performance of the global portfolio* to which it is linked.	Provides a defined return of 25% on the combined investment.
Who guarantees this?	The capital protection and investment return are provided by a leading global bank. Only banks with a Fitch long-term credit rating of at least A+ will be selected.	The defined return is guaranteed by the issuers of the underlying assets, which are the leading banks in South Africa.
Type of investment	An investment option within a sinking fund policy (The Glacier Vantage Plan), underwritten by Sanlam Life.	A sinking fund policy, underwritten by Sanlam Developing Markets Ltd.

SECURE, TAX-EFFICIENT ACCESS TO GLOBAL MARKETS

The Glacier Return Enhancer offers:

- **Offshore exposure with rand guarantees:** Although the Glacier Capital Enhancer component is exposed to global markets, the client's investment is not affected by fluctuations in the value of the rand.
- **A defined return:** A specified return removes some of the uncertainty associated with active fund management – an important consideration when building a diversified portfolio for your client.
- **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.
- **No manager risk:** Unlike an actively managed fund, there is no exposure to a particular manager's style or ability as the investment's performance is linked to a basket of indices.
- **Tax-efficiency:** Returns are taxed within the two sinking fund policies. This allows for competitive tax rates and a lower administrative burden, as tax administration is taken care of on behalf of the investor. Returns within the Capital Enhancer portion are also treated as capital gains and the investor will therefore only pay capital gains tax (CGT) on this portion.
- **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.



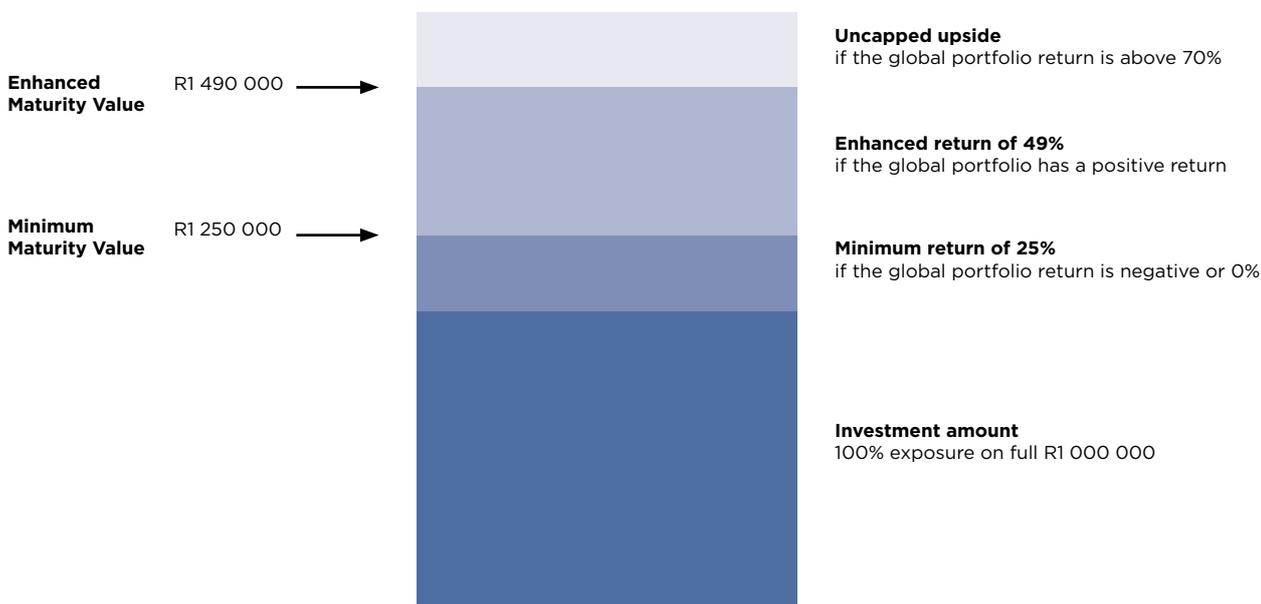
ILLUSTRATIVE MATURITY OUTCOMES UNDER DIFFERENT MARKET CONDITIONS

Global Portfolio return over 5 years	Benefit	Return received at maturity
Negative or 0%	Minimum return	125% of investment amount
Between 0% and 70%	Enhanced return	149% of investment amount
Greater than 70%	Uncapped upside	149% of investment amount plus 100% of Capital Enhancer return above the 70%

The returns are before tax and are subject to local and international interest rates and markets, and may therefore change. On the Capital Enhancer, Glacier will target an enhanced return level of 70%; however, due to the volatile nature of the underlying assets, we reserve the right to trade as long as the enhanced return level is 60% or higher. Final levels will be confirmed at inception date on the client's investment confirmation.

Illustration for a R1 000 000 investment

Maturity values are shown before tax and include allowance for a 3% intermediary fee



MAKING THE INVESTMENT

Only natural persons and trusts with natural persons as beneficiaries can invest in the Glacier Return Enhancer. A minimum lump sum investment of R250 000 is required and no additional investments can be made during the term of the investment.

Please use the Glacier Capital Enhancer quotation tool for a combined quotation and pre-populated application form.

Availability:

Investments will be accepted until 8 April 2020. To secure your rate, the Fixed Return component will be invested as soon as the payment is received.

The capital for the Glacier Capital Enhancer component will be invested in the Glacier Money Market Fund in the Glacier Vantage Plan until the closing date of the Glacier Capital Enhancer.

The investment will then be made on the inception date of the Glacier Capital Enhancer.

THERE ARE TAX ADVANTAGES

Both investment solutions within the Glacier Return Enhancer are sinking fund policies.

Tax will therefore be calculated and deducted in accordance with the five-fund tax approach at maturity of each of the components.

Tax administration is taken care of within the policies on investors' behalf.

Returns earned in the Fixed Return component will be taxed as interest, using prevailing rates. This is currently 30%. Returns earned in the Capital Enhancer component will be taxed as capital gains at maturity, using the prevailing tax rates. The current effective Capital Gains Tax (CGT) rate is 12%.

ACCESS TO THE FUNDS

The Glacier Return Enhancer is designed for investors who do not need cash from their investment within the initial five-year term. While investors may exit their investment prior to maturity, the minimum return is only provided if both policies are held to maturity.

After the initial investment term, the proceeds of the Fixed Return Policy will be available to investors. The after-tax maturity value of the Capital Enhancer component will remain in the Glacier Vantage Plan (sinking fund policy) on the Glacier platform and switched to the Glacier Money Market Fund. The client will then have access to a wide range of investment options and make any number of withdrawals.

DEFAULT RISK

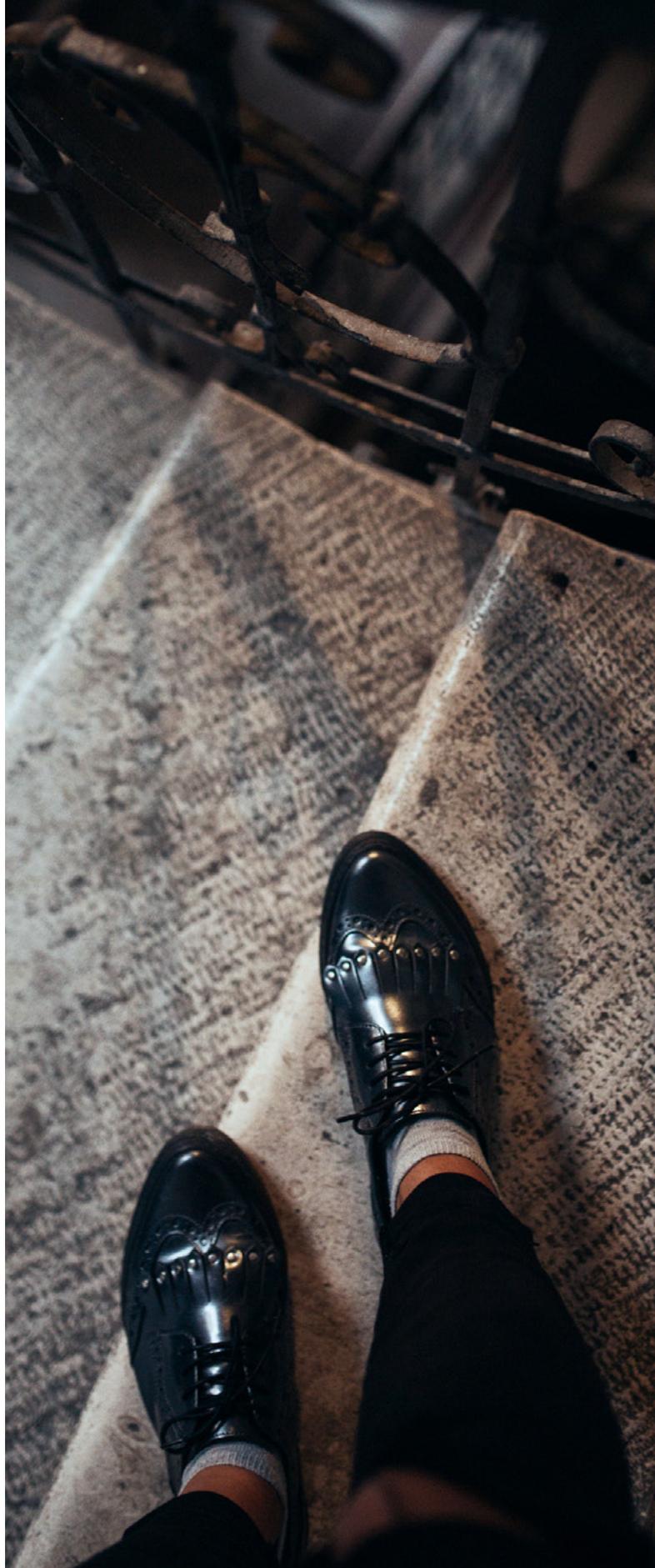
Default risk is the chance that a party to an agreement will be unable to make the required payments. It is related to the credit-worthiness of the party.

While only local and foreign banks with high credit ratings will be selected, the maturity benefits can be reduced in the unlikely event that one of the banks should default.

FEES AND CHARGES ARE INCLUDED

All fees are priced into the Glacier Return Enhancer, including the intermediary's initial fee (negotiable with the client, up to 3% of the investment amount). No additional fees will be deducted separately, which means that the client will receive exposure on 100% of their investment amount.

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



Contact us

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