



## GLACIER INVEST: improving predictability and consistency of retirement income

The Glacier Invest Real Income Solutions for Living Annuities range offers retirees many benefits. Increasing predictability and consistency of retirement income and protecting capital during market downturns is paramount. Business Development Manager Sherwin Govender weighs in on how this is achieved for retirement investment portfolios.

### Uncertain outlook for retirees

The current economic conditions in the country have affected almost everyone in a material way. Retirees, specifically those who are invested in living annuities which are affected by the state of financial markets, may have seen their capital decline over the years due to low growth and negative market returns. The usual reaction is to take less risk and invest in more interest-bearing investments. However, this reduces the potential of strong, inflation-beating growth.

### Hedges, smoothing and alternative assets

The Glacier Invest Real Income Solutions for Living Annuities focus on increasing predictability and consistency of income and protecting capital during market downturns. This is achieved by using hedge funds, smoothing techniques and alternative investments\* within a managed portfolio. These additions may seem complicated and difficult to understand, but the following reasons make the range of solutions very compelling:

1. **The solutions aim to decrease** the size and frequency of negative returns without giving up too much of upside potential. The objective is to be able to capture at least two-thirds of upmarket returns while limiting the downside participation to less than one-third.
2. **Adding hedge funds, smoothing techniques and alternative assets is ground-breaking** in living annuity portfolios. While the hedge funds focus on reducing the level of risk within the portfolio and along with alternative investments, enhance returns, smoothing techniques create more stability, ensuring that the ups and downs of the market are not fully reflected in the exact same way as they would be in a conventional portfolio.

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3. The Glacier Invest Real Income Solutions for Living Annuities aim to increase the consistency of **achieving returns in line with your income withdrawal rate**. The range consists of five different solutions, each targeting a specific income withdrawal rate, based on an annuitant's willingness to take on risk.

There is no "holy grail" solution that guarantees a perfect retirement income outcome. However, the science behind these solutions significantly increases the chances of a sustainable income for retirees. Retirees with a living annuity, or those who are about to retire, are well-advised to discuss these options with a financial adviser.

\*Alternative investments currently are not included in the range of solutions but will be in future.

Glacier Invest is the discretionary fund management offering of Glacier Financial Solutions (Pty) Ltd ("Glacier"). Glacier has partnered with Sanlam Multi Manager International (Pty) Ltd, part of the Sanlam Investments Group, to optimise the investment management responsibilities

*The Glacier Investment-Linked Living Annuity is underwritten by Sanlam Life Insurance Ltd.*