



Range of Investment Range

The Trustees of the **Benchmark Retirement Fund** have made various investment funds, from low to medium risk, available in which the participating employer can invest. Following is some information about the various funds.

The investment return and the volatility of the return an investment will earn will depend entirely on the performance of the fund/s chosen. **No guarantees can be given for future investment returns!** Risk in the context of the management of pension fund investment funds, is usually viewed as the level of volatility of the investment return.

Low Risk Portfolios

The **Money Market Portfolio** offers the lowest volatility and lowest prospective return in the long-term. The Benchmark Retirement Fund currently offers the **Capricorn Investment Fund** in this regard. The return on this portfolio should resemble the return on Treasury Bills, although the rate is variable and is not linked to the return on Treasury Bills. This portfolio is suitable for short-term 'parking' of retirement capital in anticipation of withdrawing or restructuring a portfolio, or other expected changes. The Trustees have the discretion to change this portfolio from time to time and to move the money market portfolio to a different asset manager.

The **Sanlam Namibia Active Fund's** objective is to provide a higher level of income than a money market portfolio. The fund is actively managed and invests across the income-yielding universe, including fixed-interest securities, corporate and government bonds, preference shares, money-market instruments and listed property. This portfolio does not invest in equities.

The **Capricorn Stable Fund** is a conservative fund with a low risk profile. The fund aims to provide the investor with a return of 2% above inflation over any 2-year rolling period. This is achieved by investing in a diversified portfolio covering all major asset classes. In order to limit downside risk, the manager applies discretion in terms of the allocation to each asset class from time to time.

Moderate-Low Risk Portfolios

The **NAM Coronation Balanced Defensive Fund** is a balanced fund utilizing all asset classes, but with a low allocation towards equities (shares). The portfolio aims to provide a reasonable level of income and seeks to preserve capital over the medium to long-term. The benchmark of this portfolio is the IJG Money Market Index plus 3%. This portfolio is attractive for the pensioner who requires real investment returns but at the same time cannot take too much risk on the capital invested. This portfolio is not suitable for short term investments of less than a year.

The **Sanlam Namibia Inflation Linked Fund** achieves a lower volatility compared to moderate market linked portfolios. Its return objective is inflation plus 4% over the medium to long-term and attempts to preserve capital over a 12-month rolling period. The portfolio should thus be attractive for the pensioner or investor whose income needs are usually linked to prevailing inflation, rather than the status of the general economy and investment markets. The returns of this portfolio are exposed to a level of market volatility as it also invests in equities. This portfolio should not be considered for short term investments of less than 3 years. This portfolio changed its legal form from a Unit Trust to an Insurance Policy investment.

The **Prudential Namibia Inflation Plus Fund** achieves a lower volatility similar to a smooth bonus type portfolio, but offers no capital guarantee. Its returns, in the long-term, are more directly linked to inflation and should thus be attractive for the pensioner or investor whose income needs are usually linked to prevailing inflation, rather than the status of the general economy and investment markets. This portfolio is not suitable for short-term investments. The portfolio targets a return of inflation plus 4% over the medium- to long-term and attempts to achieve this through employing inflation linked bonds and through a reduced equity exposure.

The **NAM Coronation Capital Plus Fund** aims to provide a real return in excess of inflation as well as to preserve capital over a 12-month rolling period. Its returns, in the long-term, are more directly linked to inflation and should thus be attractive for the pensioner or investor whose income needs are



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usually linked to prevailing inflation, rather than the status of the general economy and investment markets. This portfolio is not suitable for short-term investments. Exposure to equities within this portfolio can be as high as 65% at times should the asset manager deem that to be appropriate. The portfolio targets a return of inflation plus 4% over the medium- to long-term.

The **Old Mutual Absolute Stable Growth Fund** targets returns above inflation over the long term, while significantly reducing the volatility associated with market-linked investments. Growth objectives are targets and not guaranteed returns. The portfolio is a smoothed bonus fund which declares bonuses monthly in advance. 80% of capital invested and declared bonuses are guaranteed and this guarantee is underwritten by a premium paid to Old Mutual. Due to the nature of this fund, certain conditions prevalent at the time of exiting the fund, may have negative consequences. A fund change that affects this fund therefore needs to be planned carefully.

Moderate Risk Portfolios

Market-linked prudential portfolios comparatively have the highest potential risk (as measured by volatility of performance) and potentially offer the highest returns in the long-term. Among the market linked prudential portfolios, risk and return varies significantly over time and returns may be negative at times.

These funds contain a significant exposure to equities in order to provide higher returns over the longer term. You may choose one or more of the following standard Funds, all of which are managed in accordance with prudential guidelines defined by the Pension Funds Act, with the objective to minimise the risk of loss of capital:

- Allan Gray Namibia Balanced Fund,
- Investec Managed Fund Namibia,
- NAM Coronation Balanced Plus Fund,
- Old Mutual Namibia Profile Pinnacle Fund,
- Prudential Namibia Balanced Fund,
- Standard Bank Namibia Managed Fund.

The Trustees of the Benchmark Retirement Fund make a **Default Portfolio** available that aims to reduce the market volatility and the risk of negative returns over any 12-month period. Its risk profile should therefore be lower than any managed fund and prospective returns should therefore also be slightly lower. Comparing the Default Portfolio to the average manager it will be seen that the Default Portfolio is less volatile, ie the negative returns are less negative and the positive returns do not shoot up as much. Currently this portfolio consists of the Allan Gray Namibia Balanced Fund, the Prudential Namibia Inflation Plus Fund and the Sanlam Namibia Inflation Linked Fund. Cash flows are allocated to and from these funds in a 50/25/25 split. This portfolio is managed by the Trustees in their absolute discretion, in terms of which the Trustees reserve the right to appoint additional managers or replace the aforementioned managers or rebalance the allocation of assets between the respective managers in the Default Portfolio from time to time.

The various asset managers apply different investment philosophies and strategies to these funds. These funds are not suitable for short-term investments.

All the Funds are compliant with regulations of the Pension Funds Act and compliance with unlisted investments is managed by the trustees of Benchmark Retirement Fund.

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