

Guideline

Considerations for Investment of Your Capital

The **Benchmark Retirement Fund**, a fund founded and administered by Retirement Fund Solutions Namibia (Pty) Ltd is an ideal ‘preservation’ vehicle to use for the purpose of placing your retirement capital in ‘safe custody’, tax-free, for when you retire, the time that you will really need it. The Benchmark Performance Surveys that you will also find on this site, should provide you with an idea of the historic performance of the various investment portfolios, and the volatility of their performance. A word of caution though – historic performance is not indicator of future performance and you must ensure that you obtain proper advice before you make your choice.

The investment return and the volatility of the return your investment will earn, will depend entirely on the performance of the portfolio/s, which you choose to invest your capital in. **No guarantees can be given for future investment returns!** Risk in the context of the management of pension fund investment portfolios, is usually viewed as the level of volatility of the investment. In this regard a money market portfolio offers the lowest volatility and return in the long-term. The **Benchmark Retirement Fund** currently offers **Sanlam Namibia Money Market portfolio**. 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.

The **Prudential Inflation Plus portfolio** achieves a lower volatility similar to the 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 more attractive for the pensioner 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 target 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 **Metropolitan Absolute Return portfolio** achieves a lower volatility and aims to outperform inflation similar to the Prudential Inflation Plus. Its returns in the long-term, are more directly linked to inflation and should thus be more attractive for the pensioner 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 target a return of inflation plus 5% over the medium- to long-term and attempts to achieve this through employing derivative strategies.

In terms of risk (as measured by volatility of performance), this portfolio is followed by a multi-manager with yet again slightly higher volatility and potentially higher returns The **Benchmark Retirement Fund** currently offers the **Investment Solutions Performer portfolio**. This portfolio is not suitable for short-term investments.



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Market linked prudential portfolios offer comparatively highest potential risk (as measured by volatility of performance) and returns in the long-term. Among the market linked prudential portfolios, risk and return varies significantly over time. You may choose one or more of the following standard portfolios, all of which are prudentially managed portfolios with the objective to minimize the risk of loss of capital:

- Allan Gray Namibia Investment Trust,
- Investec Namibia Managed Fund,
- Namibia Harvest Managed Fund,
- Old Mutual Namibia Managed Fund,
- Sanlam Namibia Managed Fund,
- Stanlib Namibia Managed Fund.

These portfolios are not suitable for short-term investments.

For expert advice concerning your choice of investment portfolio, please contact Retirement Fund Solutions, or one of the Benchmark brokers whose addresses you will find on this site.



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