



Dear NTRF member

**MY UNIQUE FUND (5)**

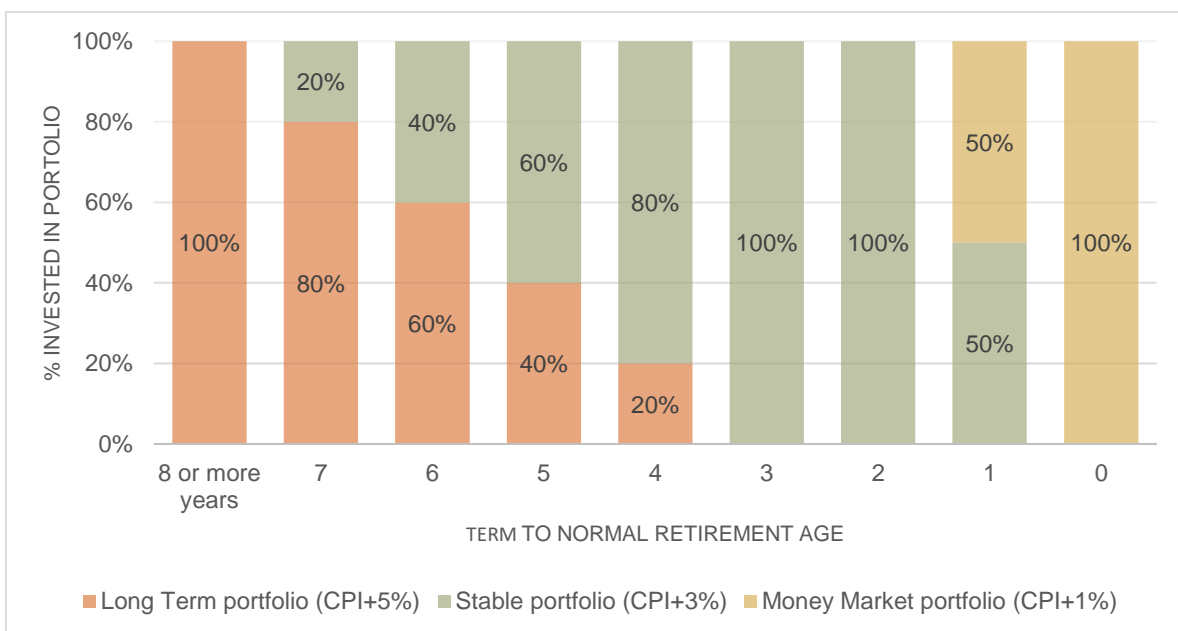
In our previous communication we discussed the operational costs of the Fund to you as the member. In this communication and the next one, we look at how the Fund makes your money work for you through investment returns – firstly for younger members and then for members closer to retirement.

**The investment returns of the Fund are determined by the investment strategy, which in turn depends on the risk profile of the member as well as investment costs.**

As a member of the NTRF your Member Share in the Fund is calculated as your accumulated retirement savings, plus the investment return earned on those savings. The investment return is determined by where your money is invested.

The basis of the Fund’s investment strategy is a Life Stage Model, as most members feel that they don’t know enough about investments to choose their own strategy. Almost all the members of the Fund have their money invested according to the Life Stage Model 60 or 65 (designed around the retirement age of 60 or 65).

Let us first look at younger members, that is, members that are more than eight years from retirement. If you fall into this category your retirement savings will be fully invested in the Long-Term Portfolio. This portfolio is generally riskier, but the returns are also higher. It may be more negatively affected by falls in share markets, but as younger members still have a long period of time before retirement, there should be enough time for your savings to recover from short-term losses with the long-term horizon of this portfolio. Members are automatically moved to less riskier portfolios as they near retirement age. However, if you want to stay in the riskier portfolio, you can exercise that option at your own risk.



\*The indication in brackets, e.g. (CPI+5%) is the investment objective of the specific portfolio

The graph below shows what returns a member who retired at 31 December 2020 earned over the last 10 years. Seen differently, this is the rate at which the member's Member Share has grown over this period. Had the member exercised the choice not to transition to the more conservative portfolios and to remain in the higher risk portfolios all along, the returns would have been significantly lower.

