



# NEWSLETTER

APRIL 2018

Dear NTRF Member

## MEMBER BENEFITS STATEMENTS AS AT 31 DECEMBER 2017

It is important to note that the Fund recently forwarded your NTRF member benefit statement to your Human Resources Department for distribution to you.



The NTRF pension benefits that you are entitled to are specified in detail on the statement.

## INVESTMENT PERFORMANCE AS AT 31 DECEMBER 2017

Your total pension value is specified on your member benefit statement. The following tables summarise the percentage of actual investment returns, *after all costs*, earned on your Fund's investment portfolios for the period ended 31 December 2017.

### LONG-TERM CAPITAL PORTFOLIO

The Long-Term Capital Portfolio is a market-related portfolio aiming to provide an investment return that exceeds headline inflation by 5% per annum net of investment manager fees, over a measurement period of at least seven years.

This portfolio is most suitable for members who have a long investment horizon of seven years or more and who are concerned about managing inflation risk.

| Years     | 1     | 3    | 5     | 7     | Since Inception<br>144 months |
|-----------|-------|------|-------|-------|-------------------------------|
| Portfolio | 12,2% | 9,2% | 12,8% | 12,9% | 12,6%                         |
| Inflation | 4,6%  | 5,5% | 5,5%  | 5,6%  | 6,1%                          |

The performance of this portfolio reflects an investment return of 5,5% for the 12 months ended 31 March 2018.

### STABLE PORTFOLIO

The primary objective of this portfolio is to deliver an investment return that exceeds headline inflation by 3% per annum net of investment manager fees, over a measurement period of three years and to limit the extent of capital losses over 12 months.

### STABLE PORTFOLIO *(continued)*

The Stable Portfolio maintains a much lower exposure to equities compared to the Long-Term Capital Portfolio and a correspondingly higher exposure to cash-type investments as well as South African investment grade credit (with effect from February 2010). The portfolio is suitable for members who want some participation when equity markets go up, but are concerned about losing capital over shorter periods, with them being closer to retirement.

| Years     | 1     | 3    | 5     | 7     | Since Inception<br>144 months |
|-----------|-------|------|-------|-------|-------------------------------|
| Portfolio | 11,3% | 9,8% | 11,9% | 11,4% | 10,6%                         |
| Inflation | 4,6%  | 5,5% | 5,5%  | 5,6%  | 6,1%                          |

The performance of this portfolio reflects an investment return of 7,2% for the 12 months ended 31 March 2018.

## MONEY MARKET PORTFOLIO

The Money Market Portfolio aims to provide an investment return of 1% per annum in excess of headline inflation net of investment manager fees over a measurement period of at least one year. This portfolio is invested entirely in cash (60%) and enhanced cash (40%) strategies and is expected to provide a return broadly similar to that of the money market.

This portfolio targets positive investment returns and very low risk of losing money, which is suitable for members close to retirement.

| Years     | 1    | 3    | 5    | 7    | Since Inception<br>144 months |
|-----------|------|------|------|------|-------------------------------|
| Portfolio | 9,2% | 8,7% | 7,8% | 7,6% | 8,2%                          |
| Inflation | 4,6% | 5,5% | 5,5% | 5,6% | 6,1%                          |

The performance of this portfolio reflected an investment return of 9,7% for the 12 months ended 31 March 2018.

## SHARI'AH PORTFOLIO

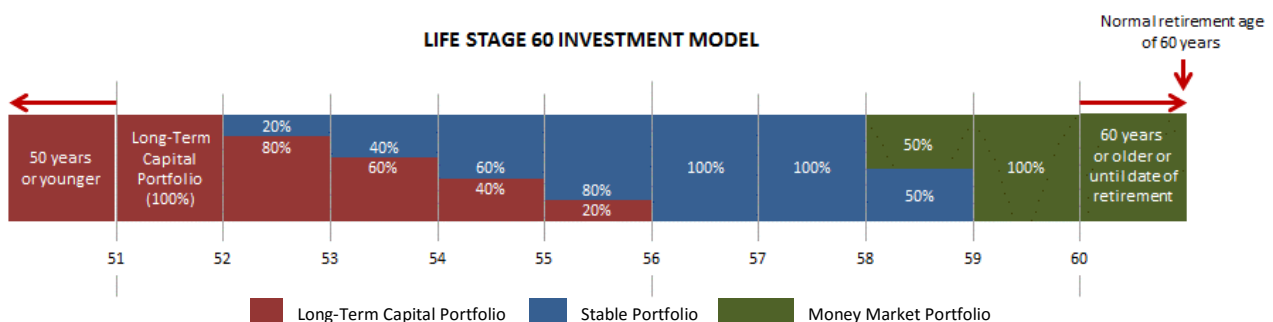
The Shari'ah Portfolio targets a real return of 6% per annum over measurement periods of at least five years. About 70% of this portfolio is invested in growth assets in the form of local and global listed shares and property complying with Shari'ah law. The issuance of Murabahah contracts provides a synthetic income component to this portfolio.

## LIFE STAGE INVESTMENT MODELS

A number of participating employers in the NTRF have amended their employment conditions to allow their employees to retire at age 65 as opposed to age 60. The Board of Trustees considers it appropriate to structure the Fund's default investment strategy (or Life Stage Investment Models) around your normal retirement age as advised to the Fund by your employer.

In simple terms this means that if your employer advises the Fund what your normal retirement age is for example 65, your money will automatically be invested according to the Fund's Life Stage Investment Model (designed, for example, to age 65).

The NTRF currently has Life Stage Investment Models structured around the retirement ages of 60 and 65. The essence of these models is that your money should be invested more conservatively as you approach retirement since you have less time for investment markets to recover before you retire. The **Life Stage 60 Investment Model** is illustrated below:



## SHARI'AH PORTFOLIO (continued)

Given the high exposure to growth assets members who invest in this portfolio can expect the returns to be volatile and capital losses are possible, especially over shorter measurement periods. The portfolio is thus suitable for members who have a long-term investment horizon and who comfortable accepting market fluctuation. Members who are close to retirement and who therefore may have a shorter investment horizon need to take due consideration of the higher volatility of this portfolio.

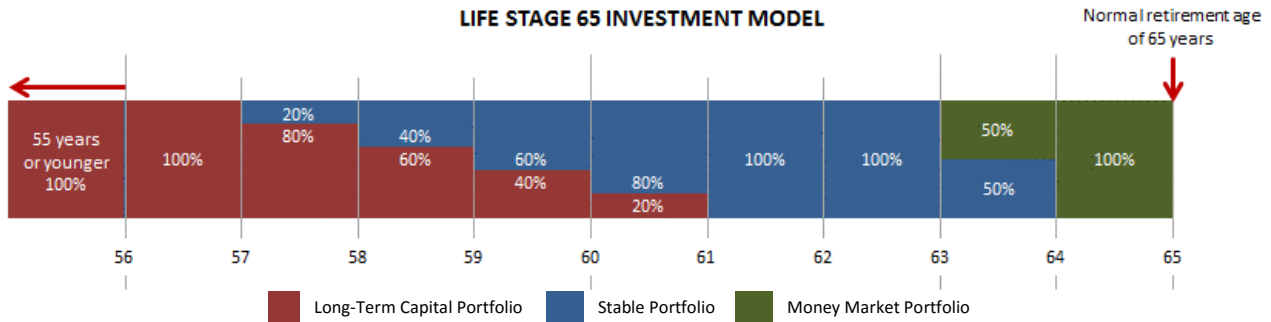
This portfolio does **NOT** form part of the Fund's Life Stage Investment Models (*please see below for more details in this regard*).

| Years     | 1    | 3   | 5   | 7   | Since Inception<br>26 months |
|-----------|------|-----|-----|-----|------------------------------|
| Portfolio | 5,2% | n/a | n/a | n/a | 6,1%                         |
| Inflation | 4,6% | n/a | n/a | n/a | 6,1%                         |

The performance of this portfolio reflected a 0% investment return for the 12 months ended at 31 March 2018.

## LIFE STAGE INVESTMENT MODELS (continued)

The **Life Stage 65 Investment Model** effectively delays the start of your transition from the Long-Term Capital Portfolio to the Stable Portfolio by five years to reflect your later expected retirement age.



It is easy to see that if your money is currently invested according to the Life Stage 60 Investment Model and you are 52 or older, moving you to the Life Stage 65 Investment Model will increase the riskiness of your investment strategy.

For example at age 55 in the Life Stage 60 Investment Model, 80% of your money is invested in the Stable Portfolio and 20% in the Long-Term Capital Portfolio. However, in the Life Stage 65 Investment Model all your money is invested in the Long-Term Capital Portfolio.

Retiring at a later date allows your money to be invested in the Long-Term Capital Portfolio for longer which is expected to deliver the highest investment return in the Long-Term, although of course this outcome cannot be guaranteed.

### IN SUMMARY

So, other than for members who are entitled to the conditional retirement benefits and who may not opt for their own or individualised investment choices, members can opt out of the default investment strategy based on the normal retirement age confirmed by their employer.

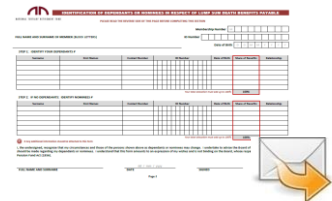
More specifically:

- Members with a normal retirement age of 60 can choose the Life Stage 65 Investment Model or an own choice portfolio.
- Members with a normal retirement age of 65 can choose Life Stage 60 Investment Model or an own choice portfolio.
- Members who currently have an own choice portfolio can revise their choice or choose the Life Stage Investment Model 60 or 65.

If you wish to exercise any of the above three choices, which could be done on a monthly basis, you must complete the Fund's required investment option form, which you can obtain from your Human Resources Department.

### NOMINATION OF BENEFICIARIES FORM

It is very important to update your information and the nomination of your beneficiaries on a regular basis. The updated form should be submitted to your Human Resources Department for record purposes. When the new NTRF website is launched in a few months you will also be able to submit this form directly to the Fund via the website.



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