

# NEW SKY THINKING

 **RMB.** Solutionist Thinking.

**Long term performance vs short term performance- how to balance member expectation and uncertainty**

Therisanyo Masuga – Member Trustee FNB Staff Pension Fund

Botswana Pension Society





# Member expectation

Know your demographics



One common goal- dignified retirement



Investment Horizon



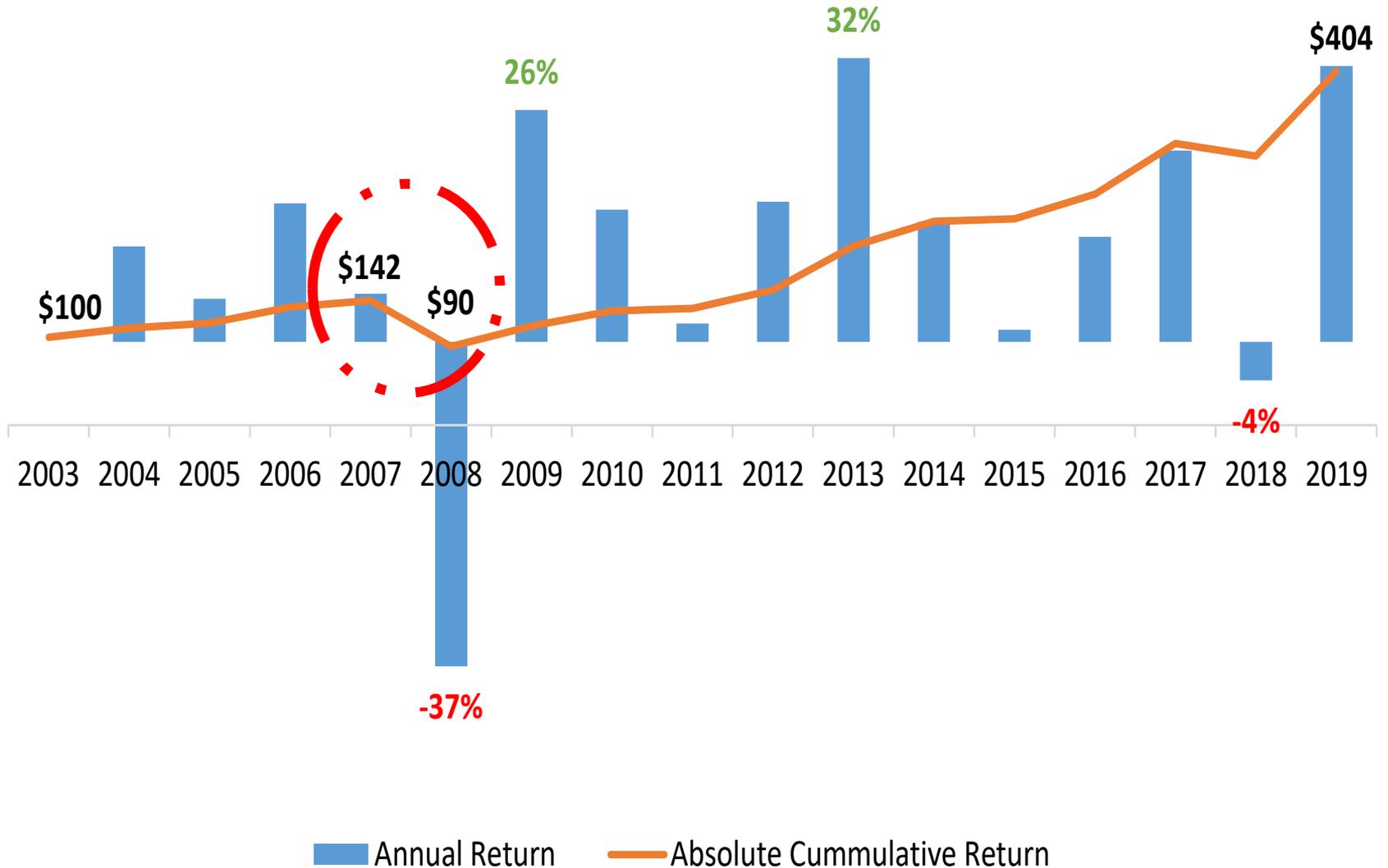
Are you willing to risk it all



# On the ground reality- performance



# On the ground reality- performance

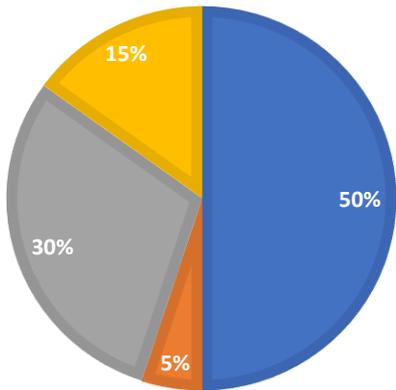


# Growth and Pre-Retirement Portfolios – Can they balance Return & Risk Expectation?



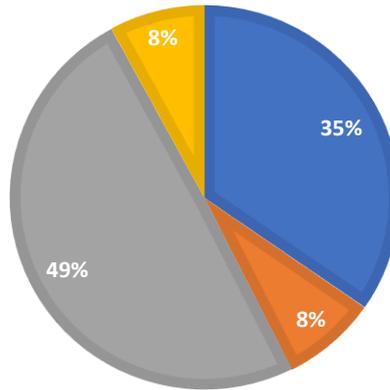
## GROWTH PORTFOLIO

■ Equities ■ Cash ■ Bonds ■ Alternatives



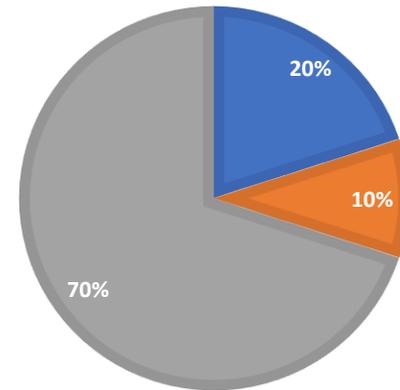
## PRE-RETIREMENT PORTFOLIO

■ Equities ■ Cash ■ Bonds ■ Alternatives



## PRESERVATION PORTFOLIO

■ Equities ■ Cash ■ Bonds



# Is life stage modelling a good pension fund option?



## Accumulation Phase

- Places members credits initially in a portfolio that places emphasis on long term capital growth with some tolerance for short term volatility
- Aggressive portfolio
- It can be between the ages of 20 and 50 years



## Transition Phase

- There is then transition from the High risk portfolio by regularly moving member credits from the accumulation phase to the pre retirement portfolio.
- The switch can take up to 5 years



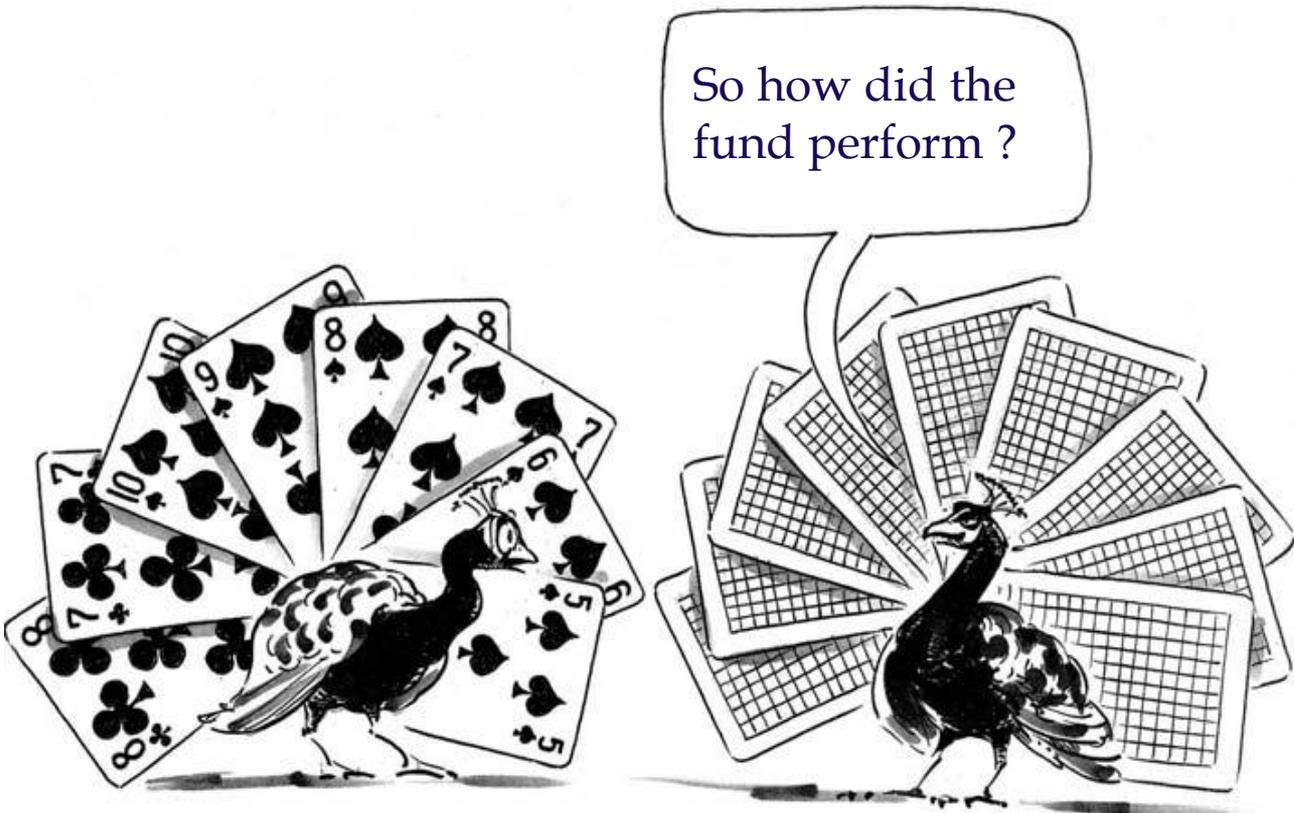
## Pre Retirement Phase

- Fully allocated to the pre retirement portfolio

Can members opt out?









The Orchestra  
(The Fund)



The Conductor  
(The Board of Trustee)



**The Composer / Song writer  
(various polices)**



## Key players

(Trustees, Benefits & Coms, FIC, Administrators, Asset Consultants, HR)



# Orchestral String Instruments

The String family

(Frontline- Benefits & Communication,  
Administrators)



# Woodwind Instruments

The Woodwind family  
(Finance & Investment Committee, Asset Consultants)





# The Percussion family (Risk & Compliance)

NEWS | A3

# critics

campaign contributions

"I don't think anyone has given them the credit they would switch to Democrats," he said. "The

The Critic  
(Risk & Compliance)



Victory in the end!