Newsletter
September 2018
Capricorn Asset Management

Just do it… Sensibly!

Dan Pearce, an American author and illustrator, put it best when he said "The world rewards risk-takers. It always has. It always will". There are various other adages such as "no pain, no gain", "fortune favours the brave", etc. which all indicate that we cannot expect to reap the benefits of a decision if we can't make peace with the fact that it might come at a cost. This idea is true in life and especially in the realm of investments.

We can admire the Warren Buffet's of this world for their investment savvy which has catapulted them to billionaire status, but every time he made a stock-pick there was a probability that he could lose a portion if not all of his fortune. The likelihood of making a bad investment stems from the fact that one can never have one hundred percent certainty and herein lies the risk. Investment decisions are based on the availability and accessibility of information; sometimes stats can be misrepresented, unavailable or dependent on variables that are too volatile to predict. However, if people and entities were to adopt an aversion to risk, not only would they miss out on gaining returns, but innovation and entrepreneurship would be starved of much-needed capital. Hence, if technology is to advance so that service provision can improve, and products can be enhanced so that businesses can thrive, and people can be employed, someone somewhere must be willing to take risks.

So what are some of the risks that a would-be investor should consider? The most common hazard that investors face is credit risk which occurs when a debtor defaults on the interest and/or the principal loan amount. Then there's inflation risk which arises when the value of an asset or the value of the income derived from it falls due to an erosion in the currency's purchasing power as inflation increases. When an investor is not able to sell off an asset with relative ease to obtain money for transactional purposes, then a liquidity risk has arisen. Socio-political and currency risk is of particular concern in developing economies; the former stems from national policy decisions or social unrest which undermines the level of certainty in a particular economy and the latter is caused by unfavourable changes in foreign exchange such that the value of returns on an asset or the asset itself depreciates.

There is a whole array of risks associated with investments, but there are ways to avoid or mitigate loss. First of all, even though it is impossible to obtain 100 percent information, one should strive to gather as much knowledge & understanding of different types of investment assets as possible and the types of risks associated with them. Then one would be in a position to choose between bonds, equity, property, etc. as well as the time horizon on the investment according to one's level of comfort with the associated risks.

Bear in mind; one doesn't always choose one or the other; an investor can diversify. An investment can be made in a portfolio which contains a range of assets, and the investor can choose a portfolio according to the weights of the underlying assets in it. A portfolio with a higher concentration of certain assets such as international stocks will carry higher risk than one which contains short-term domestic debt securities. However, investors are often compensated with a higher return on riskier investments.

Between the trade war, sanctions on major oil producing countries, the Brexit quagmire, the sluggish recovery in commodity prices, rising interest rates in large economies and the dilemma over addressing inequality regionally &

locally the investment landscape has been littered with uncertainty. As a consequence, one might be inclined to adopt an attitude of risk aversion. However, the finance guru, Robert Kiosaki reminds us that "The biggest risk a person can take is to do nothing". Therefore, even though recent happenings may induce anxiety, Pearce and Kiosaki are basically advising us that we should rather invest sensibly than not at all.

Launch of the Capricorn Online Login

As part of our drive to be more easily accessible and improve our service delivery, we are excited to announce the official launch of our newly revamped website and Capricorn Online Login.

This platform provides you with full access that enables you to easily view and manage your investment portfolio online at your own time and pace, thus providing you with the utmost convenience.

Some of the features of the **full access** includes:

- View your latest balances and unit prices online;
- Generate investment statements & tax statements that shows a detailed income distribution split;
- Submit or amend your once-off or recurring deposit & withdrawal instructions;
- Do switches between funds;
- Open a new Unit Trust fund.

This platform is available to all types of investors invested on the Capricorn investment platform.

The Capricorn Online Login can be reached via our website at www.cam.com.na

To register, simply complete the **Capricorn Online Login Registration form** and submit this to cam.service@capricorn.com.na alternatively, visit your nearest Bank Windhoek branch or contact your Financial Advisor.

For any questions or queries contact us at 061-299 1950.

Updated Capricorn investment platform Terms & Conditions

We have updated our Capricorn investment platform **General Terms & Conditions** as well as our **Online Terms & Conditions** to reassure you of best management practice of your investment portfolio and the available online service platforms.

Please note that these terms and conditions are subject to change from time to time. The latest version will always be readily available on our website.

Capricorn Unit Trusts' Annual Financial Statements

The summarised report of the 30 June 2018 Annual Financial Statements of all the Capricorn Unit Trusts are available on our website under the News Platform section.

The audited Financial Statements and the auditor's report thereon are available for inspection at the company's registered office.

Notes:

- All income earned in the form of interest and dividends net of expenses are distribute to unit holders monthly or quarterly.
- For interest earned and distributed to the unit holders, 10% Withholding Tax (WHT) have been deducted in accordance to the Income Tax legislation.
- A legal entity must recognize interest distribution as income, in which case normal Income Tax treatment applies, except where exemptions exist.
- For all interest earned but not distributed yet to the unit holders at the financial year end, the Unit Trust is responsible for the WHT of 10%.
- The Minister of Finance announced the proposed introduction of 10% dividend tax on dividends paid to local residents as well as the VAT on income earned by listed asset managers. However, no effective date has been set for the proposed legislation.