

# Liberty Life Namibia Capital Bond



**LIBERTY**

## What is the Capital Bond?

The Capital Bond is an investment vehicle offered to businesses by Liberty Life Namibia.

This product is a tax efficient investment vehicle that provides businesses the opportunity to invest in a range of investment funds. The Capital Bond also provides other value add benefits.

Amendments to the Namibian Income Tax Act that limit deductions of premiums paid for certain insurance policies does not affect the Capital Bond as it is not a pure risk policy but primarily an investment vehicle with an added death benefit.

The performance of the Capital Bond is based on the performance of the underlying investment funds that have been selected.

## Who should invest in the Capital Bond?

The Capital Bond offers businesses a number of valuable benefits.

The questions below will identify if your businesses is in a position to benefit from these.

- Do you have large investments in cash and require an investment that will consistently exceed cash returns in the long run?
- Are you a corporate investor who simply wants to invest capital in an investment vehicle that is expected to outperform inflation?
- Do you require the accumulation of capital to fund future expenditure for example machinery replacement, infrastructural developments, rehabilitation projects, farming, fleet vehicles, etc.?
- Is your business liable for corporate tax?
- Does your business foresee tax deductible expenses in the future?

If you answered yes to one or more of the questions above then your business could benefit from investing in the Capital Bond.

## Benefits of investing in the Capital Bond



### *Investment Returns*

Most businesses choose to keep their excess capital in flexible and liquid investments such as cash and cash equivalents. Our range of investment funds have mandates to exceed cash returns by a significant margin.

The Capital Bond also provides a more tax efficient investment vehicle relative to investing in cash.



### *Investment expertise*

The Capital Bond offers a pooled proposition that gives businesses affordable access to a Fund Manager with exposure to their investment expertise and a large selection of assets to invest in from relatively small contributions.



### *Tax benefits in year of investment*

The amount invested into the Capital Bond can be deducted from your business' income for tax purposes during the year of incurral. So your business will have a tax saving in the year of investment based on its prevailing tax rate and the contribution it makes to the Capital Bond.



### *Tax benefits during investment period*

Tax on the investment returns earned while invested in the Capital Bond are deducted at the tax rate applicable to Liberty Life Namibia as an insurance company as opposed to your business' tax rate.



### *Tax benefits on withdrawal of investment*

On withdrawal of funds, the withdrawn amount including proceeds earned will be subject to tax as per your business' tax rate. If however you foresee tax deductible expenses to be incurred by your business in future, your business may deduct these expenses from the proceeds on withdrawal of amounts from the Capital Bond for tax purposes if these occur in the same financial year. For example, if you require new machinery for your business at a point in the future then this expense can be offset against the withdrawal of monies from your Capital Bond for tax purposes.

## Contributions

The Capital Bond is a single premium investment product that also allows for additional premium contributions during the term of the policy.

**The minimum single premium contribution is N\$ 250,000.**

## Investment Funds

### *Liberty Life Namibia Absolute Return Fund*

This fund has the following benchmarks:

- Preservation of capital over 12 month rolling periods; and
- Provide returns exceeding Namibian CPI + 2% net of fees and taxes over 36 month rolling periods.

We offer additional investment funds such as the Standard Bank Namibia Income, Cash Plus and Money Market funds managed by our Asset Manager which are linked to the investment objectives and policies of prospective investors.

## Maturity and Withdrawals

The Capital Bond does not have a specified investment term, therefore investors can withdraw their investment at any time.

Investors who decide to withdraw their investment wholly or in part, should note that the withdrawal amount including the proceeds earned remain taxable upon surrender. Investors should also note that the investment benchmark return is based on a minimum term of 3 years and earlier withdrawals may result in the benchmark not being met.

No withdrawal fees will be charged but on disinvestment of your withdrawal request will require a minimum of 7 working days to be processed.

## Fees

The management fees applicable to the Liberty Life Namibia Absolute Return fund are:

Capital Bond Value	Fees as % of Capital Bond Investment Value
<N\$10m	1.5% p.a.
N\$10m to N\$50m	1.3% p.a.
>N\$50m	1.2% p.a.

The management fee applicable to the Standard Bank Namibia Income fund is a flat fee of 0.90% p.a. no matter the size of the Capital Bond Investment Value.

The management fees applicable to the Standard Bank Namibia Cash Plus and Money market funds are:

Capital Bond Value	Fees as % of Capital Bond Investment Value
<N\$10m	1.0% p.a.
N\$10m to N\$50m	0.9% p.a.
>N\$50m	0.8% p.a.

Liberty Life Namibia does not charge any initial investment fees or withdrawal fees on this product.

Should you chose to use a broker or financial advisor then commission may be payable at an agreed rate determined upfront. This will be deducted from the single premium contribution before investment.

## Contact

For further information regarding this product including historical investment performance, please contact your appointed advisor or Liberty Life Namibia's Business Development Managers.

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## Disclaimer

The information contained in this document does not constitute advice by Liberty Life Namibia.

Any legal, tax, technical or product information contained in this document is subject to change from time to time. If there are any discrepancies between this document and the contractual terms the latter will prevail. Past performance cannot be relied on as an indication of future performance. Investment performance will depend on the growth in the underlying assets, which will be influenced by inflation levels in the economy and prevailing market conditions. Projections are illustrated at Liberty Life Namibia's estimate of market variables and these estimates may or may not occur in the future.

Liberty Life Namibia strongly advises that you contact your business' tax advisor to ensure this product is suitable for your business.