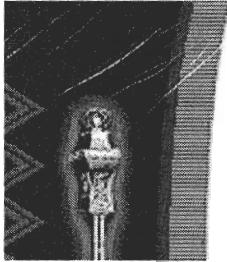


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ZIMBABWE

FACULTY OF COMMERCE

*Department of
Finance*

DATE	ACCESSION	CLASS No
22/03/10	SC 09152	

NAMATIRAI MUGABE

N005 1450B

Project Topic:

“AN ANALYSIS OF THE RELEVANCY OF FIXED INCOME SECURITIES IN A PENSION SCHEME INVESTMENT IN THE CONTEXT OF HYPERINFLATION IN ZIMBABWE”.

Supervisor: Mr. Mutungwazi

Submitted in partial fulfillment of the Bachelor of Commerce Honors Degree in Finance offered by the National University of Science & Technology (NUST).

ABSTRACT

The study's main thrust was to analyse the relevancy of fixed income securities in a pension portfolio in Zimbabwe under a hyperinflationary environment. Relevant literature was reviewed pertaining to broad issues on pension fund management which includes pension fund investment portfolio regulations, investments instruments available to pension funds and principle in asset and liability matching. The geographical delimitation of the study was in Harare and to a very small extent Bulawayo. The study was limited to pension fund companies, asset management companies, life assurances and insurances companies as well as actuarial consultancy firms. A descriptive research design was used for the study. The sample size was reasonable enough to get relevant information and it constituted of twelve respondents. A random sampling technique was used to select customers whilst a judgmental sampling technique was used for management. Questionnaires and personal interview were used to collect data from the field. Data was presented and analyzed; graphs, tables and pie charts were mostly used to present the findings. The research concluded that real returns obtainable in the fixed income market, have generally been poor suggesting that policies of restricting investments to prescribed assets (which are fixed income securities) and foreign investments, as in the case of pension funds has not only raised risk but significantly reduced returns below those potentially available.