



RFLAUN

Retirement Fund for Local Authorities
and Utility Services in Namibia

NEWSLETTER

MARCH 2021

EDITOR'S DESK

Welcome to the first edition of the RFLAUN newsletter in 2021. We wish you good health and prosperity in this new year.

The raging coronavirus has greatly disturbed the way of living with the introduction of the 'new normal' in our societies. The new Covid-19 variant is believed to be very dangerous and deadly. This is testament in the global death statistics.

The effects of coronavirus were also felt in the investment environment. The market returns were met with a lot of volatility as uncertainty was the order of the day. The perception of the new Covid-19 variant, the introduction of the Covid-19 vaccine, the public perception of the vaccine as well as the availability of the vaccine, amongst others had all contributed.

In this newsletter, you will find the full update on the investment returns of the Fund for 2020, as well as the economic commentary.

The Online Benefit Statements functionality that is available for all active members and can be used as a guide for real-time reflections of member benefits.

This newsletter is circulated with the annual Benefit Statement and Beneficiary Nomination Form to all members. It is very important that the Beneficiary Nomination Form is updated every year. This enables the Fund to distribute the benefits faster.

We hope you find this edition of the newsletter worth reading, until next time, Chao.



Mr. Julianus Rukamba
Senior Officer: Information and Marketing

INVESTMENT RETURNS

The Funds' total assets as at 31 December 2020 amounted to **N\$5,290,622,115**. This is made of the portfolios below:

φMarket Value Portfolio	N\$4,666,765,955
†Capital Protection Portfolio (CPO 1) (Old Mutual)	N\$254,123,285
†Capital Protection Portfolio (CPO 2) (Sanlam, Old Mutual & Standard Bank)	N\$369,732,285

The table below clearly gives figures on the investment return within the said portfolios from 01 January 2020 till 31 December 2020. See figures in table below.

φMarket Value Portfolio (Allan Gray, Ninety One, Namibia Asset Management, Prudential, Allegrow, Caliber Capital, IJG Frontier, Old Mutual Madina & Capricorn)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 2020
Market Value Portfolio	1.3	-3.3	-7.7	8.1	0.7	1.9	1.4	1.0	-1.9	-2.0	5.6	1.7	6.1%
CPO 1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5%
CPO 2	0.4	0.5	0.2	0.0	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.3	3.6%

MARKET COMMENTARY

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2020 has certainly been a rollercoaster year and while many are hailing 2020 as one of the worst years in history, the year ended on more than one positive note. After the first wave of the COVID-19 pandemic in Q1 2020 - which triggered a collapse in global equity markets, we watched as the rollout of unparalleled stimulus measures by major central banks and (more recently) vaccine breakthroughs sent markets soaring to record highs.

US equity markets ended the year on a high with the S&P 500 closing the year 16.3% higher. Both indices ending the year at record levels. However, the tech-heavy Nasdaq left other indices in the dust, gaining a mind-blowing 43.6% for the year as technology stocks rallied in the new normal. The historic gains in these indices came on the back of the biggest government stimulus in history, while optimism around COVID-19 vaccines being widely distributed also buoyed sentiment.

The positives abound but the news is tempered with rising cases of Covid infections. Infection rates are higher, cases are more contagious, the incubation period is shorter, symptoms are more severe, and the death rate is higher. President Cyril Ramaphosa must balance reducing infection rates, with saving a failing economy while supporting businesses that have already taken huge knocks. The JSE ended the year with a positive 7% return.

Eroded consumer and business confidence in Namibia, coupled with a halt in foreign direct investment means that domestic economic growth is expected to remain low for the foreseeable future.

FUND'S INVESTMENTS

A strong recovery in markets during November and December 2020 allowed for the Market Value portfolio to end the year on a relatively strong note with 6.1% return over the year. The positive last quarter was primarily influenced by optimism from vaccine rollouts which may

Most of the Fund's assets are held in Market Value portfolios which implies that the Fund's value goes up and down with the markets. This should provide the best return in the longer-term, however it may result in short term negative returns. The stronger investment returns which members of the Fund have received during 2019, was largely accredited to the strong recovery of the JSE as well as international equity markets. The Fund's return on their international investments also benefited from the devaluation of the currency which resulted in the Fund's investments outside of the common monetary area being more in Namibian Dollar terms.

Members closer to retirement may not have the stomach to weather volatile short-term returns, with the probability of recovering short-term losses decreasing as the time to retirement approaches. At the age of 55, members are automatically moved to the Capital Protection Option to ease out the volatile short-term returns. However, the member has the option to remain in the Market Value Portfolio by instructing the Fund in advance.

A Capital Protection Option allows members the option of preservation as they progress closer to retirement. The Board have taken the decision to offer the Old Mutual AGP Secure as well as Sanlam Namibia Stable Bonus Portfolio as a protection option for members.

Both these portfolios are well diversified across asset classes, enabling it to take part in growth opportunities. While its preservation feature allows for a smoother return experience, ideal for the member with a lower risk tolerance – especially valuable in the tumultuous financial markets.

CAPITAL PROTECTION OPTION

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This newsletter has a dual purpose, firstly to keep the members up to date on the developments of the Fund and secondly, it serves as an educational tool. As a member or pensioner of the Fund, you are invited to forward comments, suggestions and contributions to info@rflaun.com.na.