

EDITOR'S DESK

Welcome to the first edition of the newsletter for 2024. We are looking forward to engaging you once again during the course of this year via this platform.

The year of 2024 started on a sad note for all of us Namibians as we were shockingly faced by the passing of our former President, H. E Dr. Hage G. Geingob on the 4th of February. Our aim is to continuously strive to foster his objectives for all Namibians and let his legacy live amongst us.

RFLAUN, through their Benefits Administrators is introducing a new modern and exciting administration system, Everest. The new system aims to keep up to date with the modern changing governance and service-oriented environment. Once the migration to the new system is completed, all members will be granted access to the new facility called EPIC, where you will view your Fund benefits and much more information.



Mr. Julianus Rukamba
Senior Officer:
Information and Marketing

The Fund has also kicked off with the ROADSHOW season for the year and we encourage all members to attend these sessions to equip and educate yourselves with the benefits and services offered.

In terms of the fund investment returns, we have done exceptionally well for the year 2023 and you can see this in the next topic. We remind members that the investment and the economic environments are very volatile, but the Fund tries by all means to strategically align themselves to get the best out for its members.

We hope that you enjoy the publication, and we urge you to keep an eye on the next communication from the Fund.

Ciao till next time.



TRACING OF BENEFICIARIES

RFLAUN is looking for the dependents, Spouse(s), Children, Family of the deceased members in the table below to urgently contact our office. Members of the public can also contact the office if they know the whereabouts of the dependents of the deceased members listed.

FULL SURNAME	FORMER EMPLOYER	DATE OF DEATH
BENNIE BENAT DIWANA	CITY OF WINDHOEK	31 MAY 2013
IMANUAL SHIHEPO NDEUTAPO	CITY OF WINDHOEK	07 MAY 2015
FILLEMONT SHUUMBWA NAMBAHU	ONDANGWA TOWN COUNCIL	11 AUGUST 2018
SAKALIA SILAS	CITY OF WINDHOEK	19 MAY 2015



ANNUAL INVESTMENT RETURNS

The Funds' total assets as at 31 December 2023 amounted to **N\$7,149,272,628** which comprises of the portfolios below:

Market Value Portfolio N\$6,391,826,760

Capital Protection Portfolio (CPO 1) (Old Mutual) N\$6,966,234

Capital Protection Portfolio (CPO 2) (Sanlam, Old Mutual, Momentum & Standard Bank) N\$750,482,634

The table below provides an indication of the monthly investment returns earned on the respective portfolios for the Fund year from 1 January 2023 to 31 December 2023.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 2023
Market Value Portfolio	5.7	0.1	-0.3	2.3	0.3	2.2	1.0	0.3	-2.3	-1.7	6.0	1.6	16.1%
CPO 1	0.5	0.6	0.6	0.6	0.6	0.6	2.6	0.6	0.6	0.6	0.2	0.6	9.1%
CPO 2	0.6	0.7	0.8	0.7	0.8	0.8	1.3	0.8	0.8	0.8	0.7	0.8	10%



INVESTMENTS

Global Markets

Although 2023 was another year full of surprising and unpredictable events, most of these events had its origins from the economic measures implemented by Central Banks across the globe to curb the impact Covid had on economies when it was declared a global pandemic in early 2000.

Billions and billions of US\$ were made available by Central Bank as stimulus packages to support their economies that had an immediate negative upward impact on inflation. Supply chain constraints when economies started opening up again further fuelled the inflation fires and to complete the "perfect storm", the invasion of Ukraine by Russia had a further negative impact with inflation reaching record levels globally. It was especially food inflation which was most severely impacted with basic food items like cooking oil, maize meal etc reaching record highs.

Central Banks', although belated, response to rising inflation was to drastically increase interest rates to try and reign in inflation within its targeted ranges. However, regardless of these high interest rates, inflation remain sticky and although there are positive signs that inflation might be tapering off, risks still remain that current geo-political tensions in the Middle-East between Israel and Hamas could spread to the rest of the region, which constitutes some of the World's biggest oil producers in Saudi Arabia and Iran.

If there are no further escalations in current conflicts across the globe as highlighted above (or new conflicts / wars), the price of oil can stay stable around US\$ 80 a barrel, the N\$ / ZAR do not depreciates drastically then hopefully we have seen the end of the current interest rate hiking cycle and can we start looking forward to interest rate cuts during the second half of 2024.

The rest of the World will however closely follow what the United States Federal Reserve (Central Bank) is going to do and there are eager anticipation of an interest rate cutting cycle to commence, with market expectations for the overnight rate to fall from 5.5% to 4% over the course of 2024. Fed Chairman Jerome Powell does not explicitly endorse such an outlook, instead emphasising his desire to pause and evaluate the impact of higher borrowing costs on the US economy and the assess whether inflation is falling back to the target of 2%.

It is interesting to note that throughout history, in the West, high inflation has been a great dethroner of reigning political administrations as disillusioned constituents express their frustration with economic hardships and rally against the status quo and its incumbents. Such global dissatisfaction now coincides with the phenomenon of a spike in the election cycle with roughly 45% of the global population going to the polls this year, representing the highest percentage in a single year in modern history.

Recent election outcomes in the Dutch parliament and Argentina, as well as strong polling figures for former US President Donald Trump, point to a swing towards nationalist ideas, a backlash against progressive ideologies, and a growing hostility towards immigration and the green movement. As such, the election outcomes across the United States, European Parliament, Taiwan, India and the United Kingdom will have important implications for future policy agendas and fiscal spending priorities.

Namibia

Our Namibian mid-term budget surprised to the upside. Strong revenue collection for the first half of the year resulted in an upward revision of revenue by

5% in respect of the 2023/2024 financial year. The budgeted expenditure was also revised upwards and the overall budget deficit remained at 4.2%.

Keeping fiscal discipline may remain a challenge in the coming years, with the continual upward pressure on wages and also a looming election. On a further positive note our Government's Southern African Customs Union (SACU) revenue projections appear materially understated when compared to the South African budget projections, so it could potentially surprise to the upside and more than offset the spillage on the expenditure side.

Overall a budget deficit of close to 4% of GDP is forecast over the medium term. Demand for Namibian Government bonds generally remained strong throughout 2023, with most auctions being oversubscribed. Further positive news on the oil discoveries continue to drive local bonds higher and as a result many of our Namibian bonds are now trading at yields below their equivalent in South Africa. In other words, the market is signaling that lending to the Namibian Government is considered less risky relative to the South African Government.

Over the first 9 months of 2023 our Namibian economy was very strong with real GDP growing by 7% year on year.

South Africa

South Africa seems to continually lurch from one watershed moment to the next. The 2024 elections are likely to see the ANC lose its national majority for the first time in 30 years, as an increasing urbanized population express their dissatisfaction with a crisis of service delivery and the breakdown of municipal functions like the provision of electricity and water, as well as their disillusionment with corruption and cadre deployment.

The South African government ended 2023 with the lowest cash balances in over a decade, after drawing down on these balances to make up for corporate tax collection shortfalls, rising government wages and the large multi-year Eskom bailout package. It is then also against this backdrop that National Treasury and the South African Reserve Bank have begun investigating drawing down on the foreign exchange reserves that are held against both South Africa's offshore debt and as cover for international US dollar imports.

While SARB governor Lesetja Kganyago has prudently rallied against this simplistic and reckless notion that this is a free pot of gold, with the tabling of the February Budget plan it was indeed announced that these reserves would be accessed to meet the Governments obligations.

Considering our dependency and the South African Rand from a currency perspective, as well as that our fiscal policy is also very much influenced by the SARB'S position and policies in this regards, these as well as further events that might unfold during the year with the elections as indicated will indeed have a direct impact on us here in Namibia as well.

FUND INVESTMENTS

The total market value of the Fund's underlying assets amounted to N\$ 7.149 billion at the end of December 2023.

The Fund had an excellent year from an investment performance perspective in terms of the market value portfolios with a total return of 16.1% as at 31 December 2023.

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 marketing@rflaun.com.na.