

EDITOR'S DESK



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NAMIBIA once again began the year on a sombre note with the passing of our Founding President and Father of the Namibian Nation, His Excellency Dr. Sam Shafishuna Nujoma. May his soul rest in eternal peace.

The RFLAUN Fund achieved commendable results for the year ended 31 December 2024. The Fund's total assets under management were N\$7,924 billion. Investment performance was strong across portfolios, with the Market Value Portfolio delivering a return of 12.9%.

Meanwhile, Capital Protection Portfolio 1 and Capital Protection Portfolio 2 achieved solid returns of 8.5% and 10.4%, respectively. In January 2025, the total Fund investments finally bridge the N\$ 8 billion mark due to continuous positive growth.

Staying committed to our mission of promoting sustainable and dignified living standards for members and their

dependents, the Board of Trustees made significant announcements last year. These included an additional 0.50% benefit enhancement for all active members, a 4% pension income increase for pensioners, and a 13th cheque bonus payment in December.

We value open communication and member feedback. Responding to requests for more flexible retirement saving options, the Board has introduced new contribution categories. Members can now choose to contribute at rates ranging from 7.5%, 9%, 10%, 11%, 12%, 14%, 15%, 16%, 18%, or 20%, empowering them to save more towards their retirement goals.

On February 1, 2025, we officially welcomed Gibeon Village Council as a Participating Employer, increasing the total number of employers in RFLAUN to 57.

We acknowledge there have been some user interface challenges with the new Online Member Portal. Rest assured, the Fund is

working with the administrator to address these issues and will provide updates soon. In the meantime, we encourage you to explore the portal and familiarize yourself with its purpose of helping you track and understand your benefit growth. Thank you for taking the time to engage with this publication. Stay tuned for our next update.

Until next time—take care.

ANNUAL INVESTMENT RETURNS

The Funds' total assets as at 31 December 2024 amounted to **N\$7,924,207,065** which comprises of the portfolios below:

Market Value Portfolio N\$7,111,451,203

Capital Protection Portfolio (CPO 1) N\$4,740,846

Capital Protection Portfolio (CPO 2) N\$808,015,016

The table below provides an indication of the monthly investment returns earned on the respective portfolios for the Fund year from 1 January 2024 to 31 December 2024.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 2024
Market Value Portfolio	-0.4	0.7	1.3	0.9	1.2	1.2	2.3	1.0	1.7	-0.2	2.0	0.4	12.9%
CPO 1	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.7	0.7	8.5%
CPO 2	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.8	0.9	0.9	0.9	0.9	10.4%

INVESTMENTS

Global

With 2025 well and truly on its way, it is probably important to just pause for a while and look back at events that had a significant impact on investment markets the last couple of years. Some of these events are still very prevalent whilst others have ended to a certain extent.

Since COVID, Central Banks globally were fighting the same fight and that was the rein in inflation and as we know by now, inflation had its initial origins in the billions and billions of US\$ that were made available by Governments by means of stimulus packages during COVID lockdowns in order to support the consumer financially, and to protect economies during these unprecedented periods. Supply chain constraints when economies started opening up again further fuelled the inflation fires and then the invasion of Ukraine by Russia resulted in inflation "blowing out" and breaching its targeted levels globally.

As highlighted in previous editions of this newsletter Central Banks reacted to this "runaway inflation fires" by drastically increasing interest rates. This strategy of hiking interest rates had its desired impact and globally inflation is currently within target ranges.

Evidence of this downward trend in inflation was the Bank of Namibia reducing the Repo Rate by 100bp (1%) since August 2024. Fears that inflation might start rising again due to developments in especially the US could potentially result in inflation starting rising again and as a result, where further cuts of approximately 75bp were expected during the first half of 2025, it might very well be that your Central Bankers now rather take a more cautious approach and delay further aggressive cuts for the time being with the market expected only a further 25bp cuts at most. The last thing Central Banks would want is for inflation to again blow out as was seen post-COVID.

Looking back at 2024, it will likely always be remembered as the year of elections where approximately 60% of the World's population went to the polls. In a similar way as 2020 will probably also always be remembered as the year of COVID.

Although the outcome of the elections provided a sense of direction for the next couple of years, the outcome of said elections in some instances have definitely exponentially increased market volatility and uncertainty. President Trump's first 50 days in office was marked by the signing of numerous executive orders, amongst other introduction of tariffs on Canada, Mexico and China with further threats in this regard being made towards almost the rest of the World.

US economic policies will affect South Africa and Namibia's AGOA trade agreements. Trump's Treasury Secretary pick, Scott Bessent, supports higher tariffs on Chinese imports, while the newly formed Department of Government Efficiency (DOGE), led by Elon Musk and Vivek Ramaswamy, plans to cut \$2 trillion in government spending through tax reforms and spending reductions. With ongoing political and economic uncertainty, markets face a volatile year ahead.

The immediate suspension of almost all aid packages to Africa, the United States' withdrawal from the World Health Organisation, as well as mass deportation of immigrants definitely do not bode well for developing countries like Namibia where we have become fairly dependent on these financial aid packages and assistance.

Only time will however tell what the rest of 2025 under Trump will have in store for us. ...

Namibia

The Namibian economy appears set to grow at a robust rate of 4% plus for several years, including 2025. In comparison, South Africa's expected growth for 2025 is 1.2% and continues flirting with a contraction in economic activity resulting in increasing daylight between a deteriorating South African fiscal trajectory and an improving Namibian trajectory. Unfortunately, we saw the announcements made by Shell and Chevron that they will not consider going into oil production now. Total Energies further postponed a final announcement in this regard to the beginning of next year where initially it was anticipated that an announcement in terms of whether they will go into production or not was expected early this year. The decision to postpone an announcement in this regard was probably also largely influenced by the political change of guard with the remarks of "drill baby drill" ringing loud. Energy prices are usually the first indicators of economic growth / decline and global geo-political stability.

Considering current wide policy uncertainty, it is probably a prudent decision to rather pause and first see how things are going to play out over the next couple of months before embarking on major capital expenditure projects.

South Africa

The final quarter of 2024 saw a decline in South African markets, with the FTSE/JSE ALSI falling -2.1% as Resources and Financials weighed on performance, while Industrials posted slight gains.

The rand weakened by 9.2% against the US dollar, leading to a -10.3% return in US dollars, significantly underperforming the MSCI World Index's -0.2% decline. For the year, the ALSI returned 13.4% in rand terms, driven by Financials and Industrials, while Resources remained weak. However, rand depreciation lowered the ALSI's return to 10.2% in US dollars, falling short of the MSCI World Index's 18.7% gain.

Fixed-income markets provided stability amid uncertainty. The Namibian IJG All Bond Index rose 14.1%, the South African FTSE/JSE All Bond Index (ALBI) gained 17.2%, and Namibian cash returned 8.3%. Bonds benefited from investor demand for lower-risk assets. In South Africa, fiscal pressures remained high, with debt-to-GDP rising to 75% from 56% pre-pandemic, and interest payments consuming more government revenue. The use of the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) provided short-term relief, though long-term debt concerns persist.

The Fund again had a very strong 2024 from an investment performance perspective with a return of 12.9% for the year ended 31 December 2024. This on the back of a return of 15.40% for the previous financial year ended 31 December 2023.

To put the Fund's strong investment performance over the last couple of years in perspective, every N\$ 1,000 you had invested in the Fund on the 1st of January 2021, would on a compounded basis now have increased to N\$ 1,560 as at the 31st of December 2024.

Again, proof that the Fund's current long-term focussed investment strategy of having a diversified portfolio investing in different asset classes, exposed to different geographical areas and managed by big reputable investment managers, each with their own unique investment philosophies and style, are indeed the prudent and correct approach to follow.



RFLAUN

Retirement Fund for Local Authorities
and Utility Services in Namibia

In loving memory of

H.E Dr. Sam Safiishuna Nujoma

12 May 1929 – 08 February 2025



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.