



RFLAUN

Retirement Fund for Local Authorities
and Utility Services in Namibia

NEWSLETTER

JUNE 2020



INSIDE



PAGE 3
Proof of Life for Pensioners



PAGE 5
Market Commentary



INDEX PAGE

Editor's desk	Page 1
Immediate Release	Page 2
Proof of Life for Pensioners	Page 3
Time to amend Contribution Category Choices	Page 3
Investment Returns	Page 4
Market Commentary	Page 5

DISCLAIMER

While every effort has been made to ensure the accuracy of the information in this newsletter, if any discrepancy occurs between the Rules of RFLAUN and any information or statement in this publication, the Rules of RFLAUN will prevail. The articles and topics discussed in this publication are for information purposes only and are not intended to be and do not constitute, nor should they be interpreted as financial advice.

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EDITOR'S DESK



Welcome to the second issue of the newsletter for 2020. We are in the midst of a pandemic at a time when our country can least afford it. It is important that we work together to minimize the effect of the COVID-19 (Coronavirus).

At the Fund, we have put a number of measures in place to ensure we continue to provide superior retirement services and benefits to our members and pensioners. Visitors to your offices are encouraged to adhere to the mandatory guidelines set out by the government, i.e. wearing of a face mask. Member Roadshows are suspended for the period of the State of Emergency. The Fund will contin-

ue to distribute electronic communication to all stakeholders via the Fund's website, social media platforms, bulk sms and email. Kindly note that for assistance with any query, you may send an email to info@rflaun.com.na and we will respond accordingly.

We have distributed printed member Benefit Statements to your respective HR offices. We encourage members to still familiarize themselves with the Online Benefit Statement functionality on the Fund's website to view an updated version of the Benefit Statements.

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

Mr. Julianus Rukamba
Senior Officer: Information
and Marketing



**IMMEDIATE RELEASE****19 May 2020**

Dear Members,

COVID-19 IMPACT ON RFLAUN MARKET VALUE PORTFOLIO

Recent events have had a strong negative impact on short-term portfolio performance for the Retirement Fund for Local Authorities and Utility Services in Namibia. The biggest impact was felt during March, where the Fund's Investment portfolio is seen to have sustained a loss of approximately 7.7% because of major market shocks sending financial markets across the globe into negative territory. The depreciation of the Namibia Dollar has cushioned the impact and is expected to benefit the Fund.

The major causes of the sharp negative return were the impact of Covid-19 and the collapse of the Oil Market.

The table below shows the monthly market values of the Fund's Investments until 30 April 2020.

	Market Value Fund (N\$)	Return
31 Dec	4,296,391,963	1.1%
31 Jan	4,366,397,219	1.3%
29 Feb	4,229,872,281	-3.3%
31 Mar	3,857,692,975	-7.7%
30 Apr	4,177,738,315	8.1%

A welcome recovery in sentiment allowed for a very strong April 2020 making up the losses suffered during the first quarter of this year with a return of 8.1% achieved during April.

Asset managers have been repositioning their portfolios over time to a more conservative asset allocation, increasing their Cash and Fixed Income holdings while reducing equity exposure markedly in anticipation of further volatility and was able to take part in strong positive returns during the month of April 2020.

We believe that for the foreseeable future, market volatility is here to stay. As they unfold, many different events and scenarios will lead to ups and downs in investors' sentiment. This is certainly a time of great risk and stress, but asset manager portfolios are positioned more defensively to navigate the current environment more effectively.

These events are expressions of true economic practices, but we encourage members to focus along the long-term investment view because it is the core objective of retirement savings.

Yours Sincerely

Ms. Monicah Muturi
BOARD CHAIRPERSON

Mr. Dorian J. Amwaandangi
PRINCIPAL OFFICER

PROOF OF LIFE FOR PENSIONERS

To efficiently manage pension money, pensioners need to verify their existence with the Fund. The Fund has distributed "Certificate of Existence forms" to all the pensioners to their postal addresses. It is important that the form is completed and submitted before 30th June every year.

Doing so will ensure that the money paid goes to the correct receivers and to an active pensioner. Failure to prove or submitted your existence will result in suspension of the pension

payment.

The Fund also encourages pensioners to ensure their latest banking details and postal address are confirmed during the Proof of Life submission. The Certificate of Existence is also available on the Fund's website (www.rflaun.com.na). It is important to update your Beneficiary Nomination form during this exercise as well.

The Fund encourages the regular reader of the Newsletter to help out by spreading the message to our pensioners.

TIME TO AMEND CONTRIBUTION CATEGORY CHOICES

The Fund would like to inform all members that it is time to adjust their contribution categories if they so wish to. The adjustment will be effected by the 1 July 2020, hence the Fund encourages members to submit the forms in advance.

Members are allowed to select a contribute category of 7.5%, 9%, 10%, 12%, 14% or 16%. As per Fund Rule 4.1.2 (b), members are only allowed

to increase their contribution category and may NOT select a lower category than the existing one. If the member failed to exercise the option, he/she shall continue to contribute at the rate last elected. The Contribution Category Choice Form can be found on our website www.rflaun.com.na/Forms or from the HR office.

The employer contribution remains at 21.7% of a member's pensionable salary.



INVESTMENT RETURNS

The Funds' total assets as at 31 May 2020 amounted to **N\$4,927,282,945**. This is made of the portfolios below:

φMarket Value Portfolio	N\$4,284,947,007
†Capital Protection Portfolio 1 (Old Mutual)	N\$344,557,791
†Capital Protection Portfolio 2 (Sanlam & Old Mutual)	N\$297,778,147

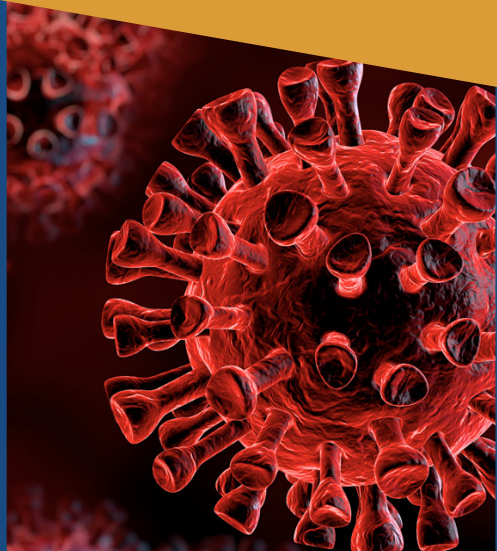
The table below clearly gives figures on the investment return within the said portfolios from 01 January 2020 till 31 May 2020. See figures in table below.

	Jan	Feb	Mar	Apr	May	YTD 2020
Market Value Portfolio	1.3	-3.3	-7.7	8.1	0.7	-1.5%
Capital Protection Option (Old Mutual)	0.2	0.2	0.0	0.0	0.0	0.5%
Capital Protection Option (Sanlam & Old Mutual)	0.4	0.5	0.2	0.0	0.2	1.4%



**AVOID
TOUCHING**

**YOUR FACE ESPECIALLY
YOUR EYES, NOSE
& MOUTH**



MARKET COMMENTARY

Q1 2020

Markets, economies, communities and individuals have had an extreme start to the year – as the COVID19 virus (and fear) spread rapidly across the globe, volatility spiking to extraordinary levels and financial markets have taken a beating.

Two lingering risks brought some silver linings in January, as China and the US signed phase one of their long negotiated trade deal, and Britain officially left the EU. However, the rise of the COVID19 pandemic had by far the largest influence over the last quarter and has shaken markets worldwide.

The South African equity market had the poorest quarter since Sept 1998. The US markets posted their worst first quarters ever in history and Namibian markets were not spared either, the NSX Overall down 30.4% and the NSX Local 7.31% for the first quarter. Markets sold off worldwide as investors fled for cash and other safe haven assets. In an attempt to support economies, many central banks made significant interest rates cuts during March. The US Fed cut rates by 100bps, and the Bank of Namibia and the SARB followed

suit by cutting rates by 100bps to 5.25%.

Furthermore, many central banks also announced some of the largest stimulus packages in history as emergency moves.

The oil price crash during the quarter also impacted markets. As Saudi and Russia began an oil price war causing both a demand and supply side shock, the oil price plummeted to levels seen over 15 years ago. However, whether this large drop in oil price will benefit oilimporting countries such as Namibia, is yet to be determined considering the impact of the current environment.

Taking a step back, the Namibian economy contracted by 1.1% for the year of 2019, mainly due to struggling primary sectors, namely mining and agriculture, as well as some secondary and tertiary sectors. The impact of COVID19 is expected to further negatively impact growth on the already struggling economy.

Following a 15 year low of 2.1% in January, inflation rose to 2.5% in February, with increases in the top three categories, being food and non-alcoholic beverages, housing and transport inflation.

FUND'S INVESTMENTS

Recent events have had a strong negative impact on short-term portfolio performance for the Fund. The biggest impact was felt during March, and the Fund's Investment portfolio is seen to have sustained a loss of approximately 9.6% over the quarter as a result of major market shocks sending financial markets across the globe into negative territory. The depreciation of the Namibia Dollar has cushioned the impact and is expected to benefit the Fund.

It is never possible to fully protect portfolios from losses when a unpredictable event occurs, and it is impossible to do so when two unpredictable events happen at the same time.

The Covid-19 pandemic and Saudi Arabia's declaration of "war" on oil prices have wreaked havoc across all markets and asset classes.

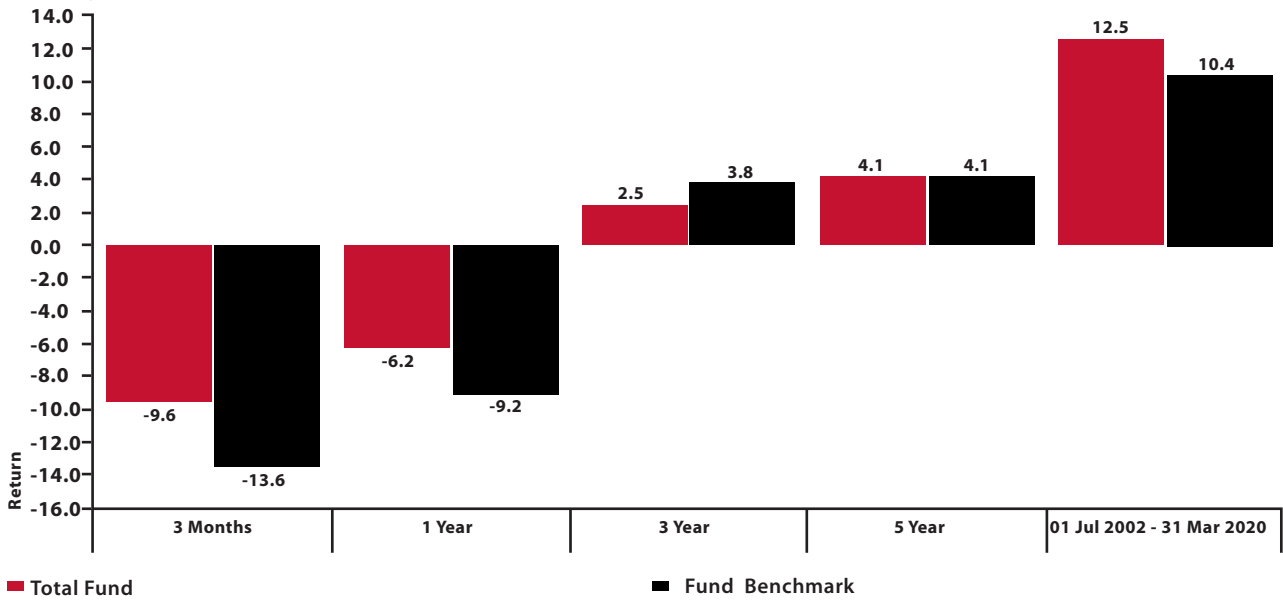
We believe that for the foreseeable future, market volatility is here to stay. As they unfold, many different events and scenarios will lead to ups and downs in investors' sentiment.

This is certainly a time of great risk and stress, but asset manager portfolios are positioned more defensively to navigate the current environment more effectively.

April 2020 has seen significant recovery in financial markets, recovering the losses sustained during the first quarter. We urge investors to remain focussed on the long-term in these difficult times.

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Manager Vs Benchmark: Return

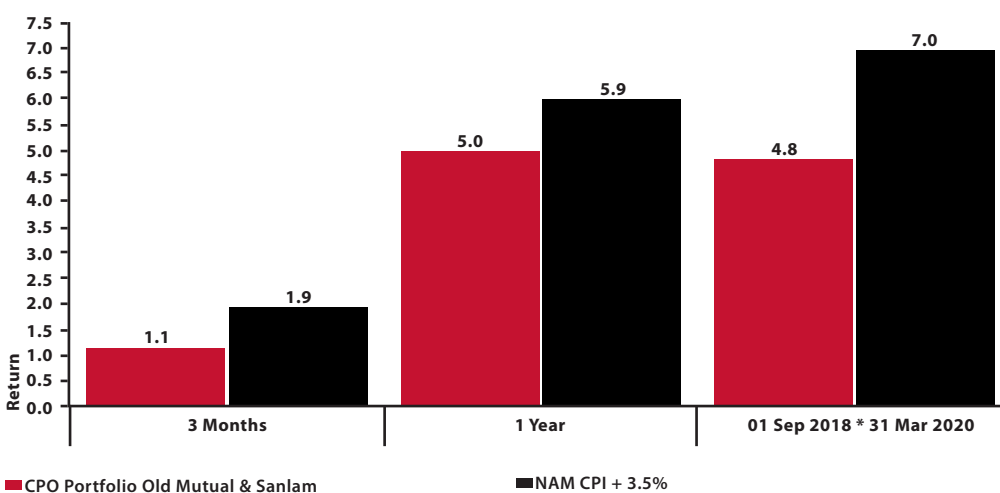


CAPITAL PROTECTION OPTION

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 op-

tion 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.

Manager Vs Benchmark: Return



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.