



RFLAUN

Retirement Fund for Local Authorities
and Utility Services in Namibia

MARCH 2019
NEWSLETTER

EDITOR'S DESK

We at the Retirement Fund for Local Authorities and Utility Services in Namibia welcomes you all to the first edition of the Funds newsletter in 2019. We hope you have had a well-rested festive season and we wish you good health and prosperity in this new year. With a new year, we set ourselves new perspectives in life. As a diverse community, we set goals and objectives in career, weight management, financial status, bucket-list travel plans and activities, and personal growth. These sets focus in your life and allow you to tackle challenges with an end in mind. One of Benjamin Franklin quotes says "If you fail to plan, you are planning to fail", and this positions the setting of goals and objectives in a fine line.

The Fund itself plans to embrace the advancements of technology by brining you more advance options for service excellence. In 2019, the focus is to bring instant and updated benefit statements to the members by a click of a button. This feature will be available on the Fund's website and will be accessible for all active members, but we will keep you posted on when this will be available. We will be kicking of our annual Road Show's in 2019 whereby the Fund will visit each centre of the participating employers to engage with the members. We encourage members to make time and attended this session as they will be valuable for your future financial decision making. Information is key to self-development and these sessions are set to provide ample information to all members.

This edition of the newsletter is circulated with the Benefit Statements and Beneficiary Nomination Form to all members. It is important that you read through the benefit statement and ask the relevant questions based



Mr. Julianus Rukamba Senior Officer: Information and Marketing

on your benefits during the Road Show sessions with the RFLAUN staff members. The benefits statements are not the same for all employees and is costumed to the individual member based on joining date, annual pensionable salary, contribution category and interest accumulated. Moreover, the beneficiary nomination form needs to be updated annually as your life circumstances changes, while this also enables the Fund to speedily distribute the benefits in the event of the members passing. We hope you find this edition of the newsletter worth reading, until next time, Chao.

FUND INVESTMENT RETURNS

The Funds' total assets as at 31 December 2018 amounted to N\$4,465,334,139. This is made of the portfolios below:

*φ*Market Value Portfolio N\$3,879,139,328
*‡*Capital Protection Portfolio N\$586,194,811

The table below clearly gives figures on the investment return within the said portfolios from 01 January 2018 till 31 August 2018. See figures in table below.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 2018
Market Value Portfolio	0.5	-0.9	-1.8	3.5	-1.8	2.8	-0.4	3.7	-1.8	-2.6	-2.7	0.8	-0.8
Capital Protection Portfolio	0.6	0.6	0.3	0.0	0.2	0.2	0.2	0.2	0.6	0.6	0.0	0.0	3.7

MARKET COMMENTARY

Q4 2018

The final quarter of 2018, as well as the year, was not a great one for investors, as the ongoing trade war, growth slowdown and general uncertainty remained. This in evidently affected the markets and has brought with it dampened performance for the year of 2018, where investors shifted away from any uncertainty and risk in a general market selloff.

Year to date, equity markets were down significantly, setting the scene for the worst year of performance since the global financial crisis, both locally and abroad. Worries from the Fed in the US indicating that interest rates might rise at a faster pace, made investors panic and saw them sell equities in favour of bonds. However, some respite from the negative equity markets came in the form of the local markets, as the Local and Overall NSX markets were up 1.1% and 0.7% respectively for the last quarter. This was unlike the South African market which depreciated by nearly 5% for the final quarter of 2018, which was inline with the aforementioned general global selloff, and down 8.5% for the year of 2018.

The USChina trade war trend remained prominent for the whole of 2018 and as it's a battle between two leading supernations, it impacted markets globally. Geopolitical tensions didn't stop there, with concerns across Europe, particularly including Brexit woes, and French social issues and Italian politics impacting business confidence and growth.

The Bank of Namibia left interest rates unchanged at

6.75% at its December meeting, while aiming to support economic growth after a relatively weak year. Annual inflation rose to 5.6% in November, following the steady increasing trend since the low of 3.5% in February, mainly due to a rise in food and non-alcoholic beverages, as well as transport, with the increase in fuel costs as a result of the rise in the oil price (which hit a 4year high). Following this, the oil price decreased during December below \$55/ barrel after OPEC output and US stockpiles increased. Namibian growth for the third quarter was down 0.8%, continuing the country's struggle with recession. The slowdown in mining and construction continued to weigh on these numbers for the GDP growth, and the IMF revised their expected 2018 Namibian growth rate downward to below zero, with a potential gradual recovery in 2019 if some of the sectors show some improvement. If commodity prices recover, this could also benefit the country, as a catalyst to stimulate economic growth.

Although strengthening by over 6% during November after the rate hike announcement by 0.25% in South Africa, the Namibian Dollar weakened again in December by 3%, ending the year 16% weaker. Bonds did well by means of their defensive nature, with the IJG Bond Index returning strong performance for the quarter of 5%. Moreover, bonds were therefore one of the best performing asset classes for the year, with performance of 11% for 2018.

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NMG Consultants and Actuaries

An authorised financial services provider

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