



RFLAUN

Retirement Fund for Local Authorities
and Utility Services in Namibia

NEWSLETTER

DECEMBER 2022

2025
2024

2023



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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.



EDITOR'S DESK

I would like to take this opportunity to welcome you to our final newsletter for the year 2022. It had been a bumpy year from the get-go, but we have made it till here and that is commendable.

During the year, the markets had faced hash challenges themselves, and this was also difficult for us end-users. The cost of living had gone up and we could feel this via the cost of food, cost of transport and in the cost of dwelling.

With regards to investment returns of the Fund, the October month showed an enormous positive return, which illustrates the possible recovery of the market performance globally.

During the festive season, we wish all our stakeholders a well-rested period and a time to spend with their loved ones. This is also time that one reflects on the past, set out new challenges and just simply get a chance to relax.

As we enter the festive season we urge you all to prepare well for all your financial obligations this

holiday season. 'Januworry' is real and it will feel like an eternity should you be captured by the buzz in December. Put something away for January to avoid the 'zula life' or 'ou te re'. With all this said, I would like to wish everyone a Merry Christmas and prosperous New Year.



Mr. Julianus Rukamba
Senior Officer: Information and Marketing

NEW BOARD OF TRUSTEES

RFLAUN introduce the newest addition of trustees on the RFLAUN Board. The trustees were elected in accordance with the Fund Rules and will serve as the Board of Trustees for a period of 4 years.



Cllr Queen O. Kamati
Board of Trustee

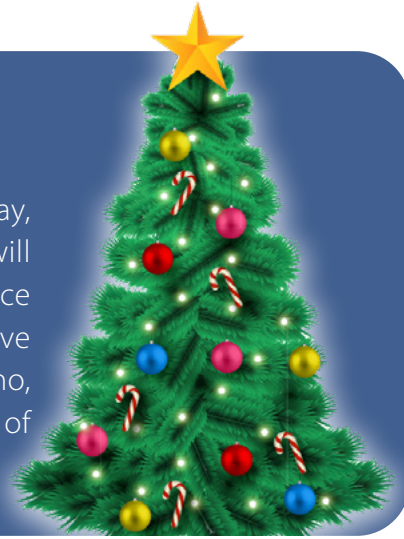


Cllr Bernadus Araeb
Board of Trustee



RFLAUN OFFICE CLOSURE

We would like to inform our stakeholders that our office will be closed as from Friday, **22 December 2022** to Friday, **6 January 2023** for the festive season. The office will officially be open for business on Monday, **9 January 2023**. The industry experience has shown us that this is normally a very quiet time with many people being on leave and it affords us the opportunity to allow our staff to recuperate, with hopefully no, or as little as possible disruption or inconvenience to our stakeholders. In case of emergency please contact the office at: 061-423 700 or info@rflaun.com.na



ANNUAL INVESTMENT RETURNS

The Funds' total assets as at 31 October 2022 amounted to N\$6,194,249,896. This is made of the portfolios below:

- Market Value Portfolio **N\$5,433,498,091**
- Capital Protection Portfolio (CPO 1) (Old Mutual) **N\$82,816,859**
- Capital Protection Portfolio (CPO 2) (Sanlam, Old Mutual, Momentum & Standard Bank) **N\$677,934,946**

The table below gives figures on the investment returns within the said portfolios from 01 January 2022 till 31 October 2022.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	YTD
Market Value Portfolio	-1.0	0.6	-1.1	-0.7	0.4	-3.3	2.6	0.0	-2.0	4.5	-0.3%
CPO 1	1.1	0.9	4.1	0.5	0.5	0.6	0.5	0.6	0.5	0.2	9.7%
CPO 2	0.7	0.6	1.3	0.5	0.5	0.5	0.3	0.5	0.5	0.3	6.0%

MARKET OUTLOOK Q4 2022

As we are rapidly nearing the end of 2022 we can once again look back over yet another very challenging year. In **2020** and **2021** we faced the challenges brought about by Covid and the disruption it had in terms of our daily lives and livelihood. Unfortunately, we also experienced losses of lives during these unprecedented periods as the virus kept on mutation and struck the world population in consecutive waves.

Most of us probably started **2022** with a sense of optimism considering that it appeared that the worst of the virus were behind us and that we could

continue with our daily lives as before without the restrictions that were imposed during the pandemic. Said optimism was however short-lived with the invasion of Ukraine by Russia towards the end of February 2022.

The immediate impact as a result of the invasion was that oil prices increased to over US\$ 120 a barrel and, considering that between Russia and Ukraine they are responsible for 30% of the World's wheat production and 25% of the World's fertiliser production, we then also saw the prices of these and other commodities increasing substantially as a result.



From a humanitarian perspective the Russian invasion already resulted in approximately 6 million Ukrainians having to seek refuge somewhere else with massive losses of lives on both sides of the conflict. It is obvious that it is going to be a protracted conflict with the biggest risk at the moment that it could spill-over to neighbouring NATO countries.

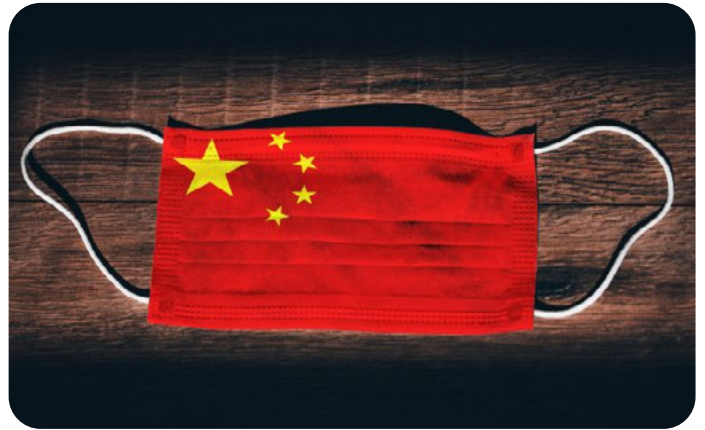


These events in Ukraine, plus the fact that inflation was already on the rise from early 2021 due to the massive stimulus packages that were made available by Central Banks during the Covid lockdown periods, as well as global supply chain constraints further fuelled the inflation fires where it is now the single biggest challenge being faced by Countries in the World.

What is especially of concern is that food and energy prices have risen sharply over the last couple of months and are currently at record high levels. These basic items like bread, maize meal, sunflower oil etc are what we all use on a daily basis and in terms of the petrol price we have seen it increased from about N\$ 12 per litre a year ago to close to N\$ 25 per litre at the moment.

Interest rates then have also risen sharply since the beginning of the year as Central Banks try and curb the upward trajectory of inflation. In Namibia the current Repo rate stands at 6.25% but there are expectations that it will increase by another 75bp before year-end and then by another between 50bp and 75bp early next year.

This will leave us as already vulnerable consumers under even more pressure to make ends meet



Where Russia only makes up about 3% of the World economy China is currently the second largest economy in the World and therefore events and developments within China needs to be closely monitored as it will have massive implications for global growth.

As an example of their importance from an economic perspective approximately 40% of the goods being used globally is either produced or manufactured in China. Here on the southern tip of Africa we are especially vulnerable considering that most of our resources are exported to China.

Current challenges out of China are their zero Covid policy, reforms and restrictions being imposed with regards to the technology and education sectors and also their massive infrastructure expenditure over the last couple of decades that is just not sustainable and where we have now started to see massive selloffs and construction companies needing financial bailouts from the Chinese government.





From an economic perspective it is unfortunately not a rosy picture. There is currently a lot of uncertainty especially from a geo-political perspective which results in huge market volatility. One will have to go back to the 1960`s when markets faced similar challenges.

Fortunately, the Fund have a diversified strategy whereby not all of its assets are invested in one geographical area and also not only in one specific asset class. The Fund`s assets are further managed by different styles of managers with different investment philosophies and strategies.

This investment strategy and approached enabled the Fund to “weather the current storm” to an extent

It is unfortunately too early to tell whether the worse are now behind us but at least there are positive signs that we might have turned the corner.

The two main factors that will determine whether we are going to get out of the woods, and stay out, are inflation to come down within its targeted ranges which will result in interest rates being reduced and geo-political stability without any further escalations in existing, or new conflicts.



FINANCIAL INSTITUTIONS AND MARKETS ACT (FIMA)

During the course of the year, the Fund on numerous occasions informed you of developments in terms of the implementation of FIMA and the potential implications it would have had on the operation of the Fund and the benefits it would have been able to continue offering to its members.

Due to the huge outcry following the proposed Compulsory Preservation Regulation issued by the Minister of Finance the implementation of FIMA,

which was initially envisaged to have been on the 1st of October 2022, has now been postponed.

We want to assure you that since this “postponement” the Trustees vigorously continued engaging with all relevant stakeholders in order to ensure that all the issues of concern raised in terms of FIMA are brought to the fore and the potential implications thereof on pension fund members and their beneficiaries are highlighted.

IT IS IMPORTANT TO ENSURE THAT YOUR TAX AFFAIRS WITH THE RECEIVER OF REVENUE ARE UP TO DATE

Any benefit payable or transferable by the Fund first needs to be cleared by the Receiver of Revenue who issues a directive in terms of the amount of tax to be deducted on any benefits payable / transferable. The Receiver of Revenue is not going to issue any tax directive if your annual assessments are not up to date, or if you owe the Receiver outstanding taxes, and without said directive the Fund cannot pay any benefits in your favour - not to you and not to your beneficiaries/dependents.

The Fund had instances where the finalization of payments were delayed because members did not submit their annual tax returns for assessment during formal employment, or they still owed the Receiver some money.

It is therefore not only in your own, but also in your family’s interest that you are in good standing with the Receiver of Revenue and that all your tax returns are submitted regularly as required by the Income Tax Act.

The Trustees of the Fund continuously strives to optimize the benefits provided to its members and without divulging too much at this stage there are some very interesting developments that the Trustees are currently exploring.

Once final decisions have been made you will again be informed of said so.....





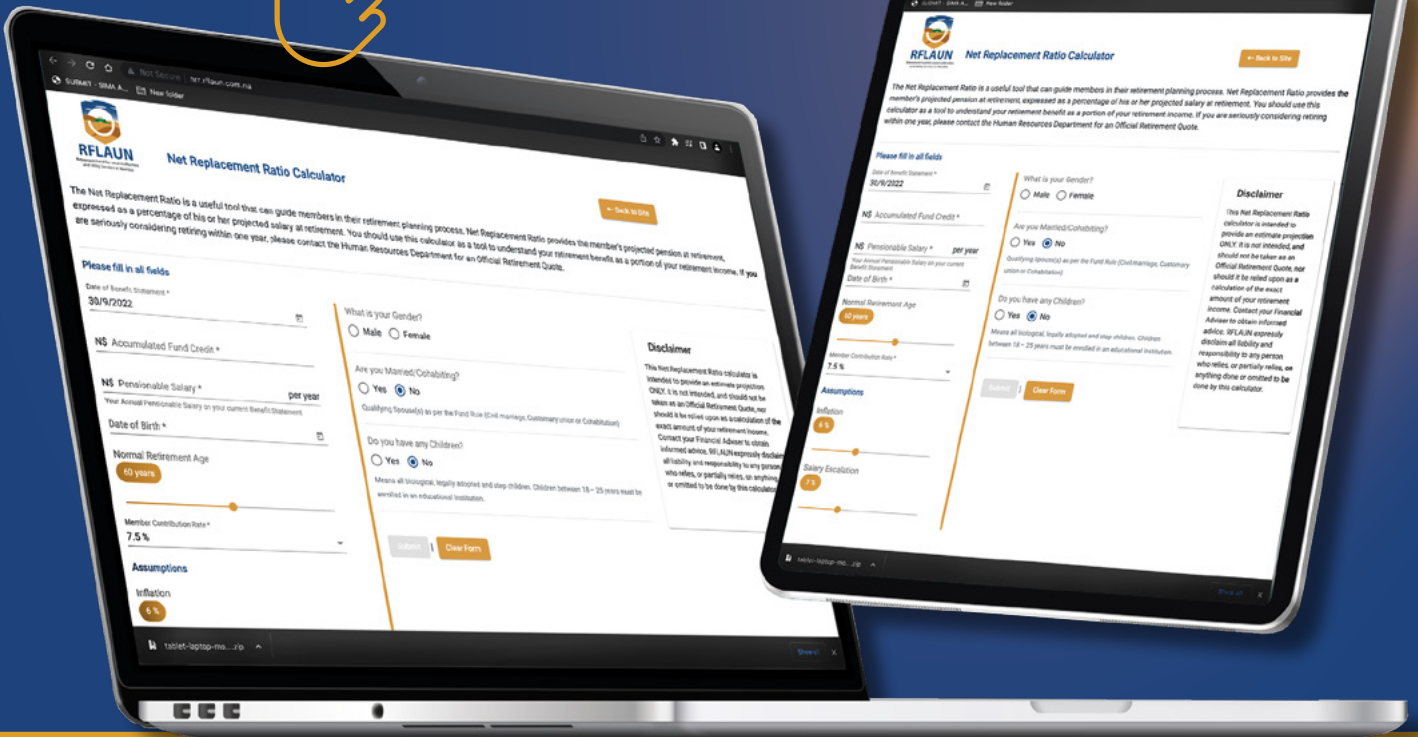
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NET REPLACEMENT RATIO CALCULATOR

The Net Replacement Ratio is a useful tool that can guide members in their retirement planning process. Net Replacement Ratio provides the member's projected pension at retirement, expressed as a percentage of his or her projected salary at retirement. Visit our website.



<http://nrr.rflaun.com.na/>



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.