



RFLAUN

Retirement Fund for Local Authorities
and Utility Services in Namibia



NEWSLETTER

SEPTEMBER 2022

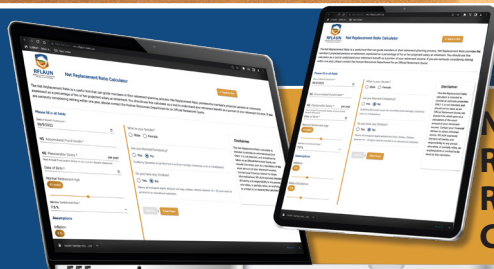
5.3%
PENSIONER
INCOME INCREASE

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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

WE are approaching the end of quarter three for 2022 and this means only one quarter left to end the year. Now that we are in the post Covid- 19 era, we welcome the lifting of the regulations in most of the countries around the world in order for us to freely engage with our loved ones once again.

RFLAUN reached its 30 year anniversary in March this year after its establishment in 1992. In the interest of the wellbeing of not only the Fund`s members, but the general public as well, it would've been premature for the Fund to celebrate its anniversary at that time. The Fund used the anniversary spirit to rather fight for the members' interest and promise to still continue doing so for 30 more years.

The Fund launched the Net Replacement Ratio tool, which is accessible on the website. This tool is a form of a Pension calculator. Demonstrations will be done during the roadshows next year to equip members on how to operate this tool optimally.

In this publication, we address pensioner income increases and we are proud to say that the Fund was still able to deliver inflation beating increases while our economy is facing challenging times. Our pensioners still need to complete their Certificates of Existence forms each year in order to keep on receiving their monthly pension incomes.

We are all aware that the Financial Institutes and Market (FIM) Bill has been put on hold for the time being. The Fund still assures its members that we will keep a close eye on developments in this regard, and will update our members on the developments on a regular basis.

We trust you will find this edition of the newsletter informative and worth reading. Until next time, Ciao.



Mr. Julianus Rukamba
Senior Officer: Information and Marketing

RFLAUN LEADERSHIP CHANGE



Mr Chris Katjitundu
Outgoing Chairperson

The Fund bids farewell to Mr. Chris Katjitundu, the former Chairperson of the RFLAUN Board of Trustees. Mr Katjitundu served as Chairperson of the Board from September 2021 until August 2022.

In his outgoing message, Mr Katjitundu thanked the RFLAUN Board of Trustees, the staff and the service providers for the trust they had bestowed on him during his tenure as the



Cllr Krohne Chairperson
New Chairperson

Chairperson of the Board. He further wished the Board to continue running the Fund based on good corporate governance practices, according to the Fund rules, and to always keep the interest of the members at heart.

The new Chairperson of the Board is Cllr Gaudentia Krohne and the Vice Chairperson is Mr. Frederick Ueitele.



Mr Frederick Ueitele
Vice Chairperson



New Board of Trustees

In accordance with the Fund Rules, the Trustees serves for a period of 4 years on the Board. This year, trustee elections took place in Khomas, Hardap, //Kharas, Zambezi, Kavango East, Kavango West and Erongo regions. The Association of Local Authorities in Namibia (ALAN) appoints a pensioner representative. The elected trustees will serve on the Board from 1 September 2022 till 31 August 2026. The newly elected trustees are as seen below:



Cllr Gaudentia Krohne
//Kharas region



Cllr Elwin Gariseb
ALAN



Cllr Jafet M Muti
Kavango West region



Cllr Justin J. Coetzee
Hardap region



Cllr Christina Shimanga
Zambezi region



Ms Anna Iiyambo
Khomas region



Ms Sirkka Nashikaku
Khomas region



Mr Ronald R. Windswaai
Hardap region



Ms Thandi P. Shindi
//Kharas region



Mr Godfrey M. Sitwala
Zambezi region



Mr Petrus S. Sindimba
Kavango West region



Mr Athanasius Maghumbo
Kavango East region



Ms Ester Haihambo
Erongo region

Pensioner Income Increase

Despite the poor investment performance since the beginning of 2022 to date, the Pensioner Account's solvency remained in a very strong position. The Board of Trustees, with the recommendation of the Fund's Valuator therefore decided to increase the pension income with **5.3%** effective 1 July 2022. The good news however does not end there. The Board also decided that all the pensioners receive a once off bonus in December 2022 which will be equal to one month's pension.

Pensioners should note that this is only a once off bonus and should not expect this every year.

Annual Investment Returns

The Funds' total assets as at 31 August 2022 amounted to N\$6,084,236,980 and are invested in the portfolios as indicated below:

Market Value Portfolio	N\$5,380,711,956
Capital Protection Portfolio (CPO 1) (Old Mutual)	N\$87,609,375
Capital Protection Portfolio (CPO 2) (Sanlam, Old Mutual & Standard Bank)	N\$615,915,649

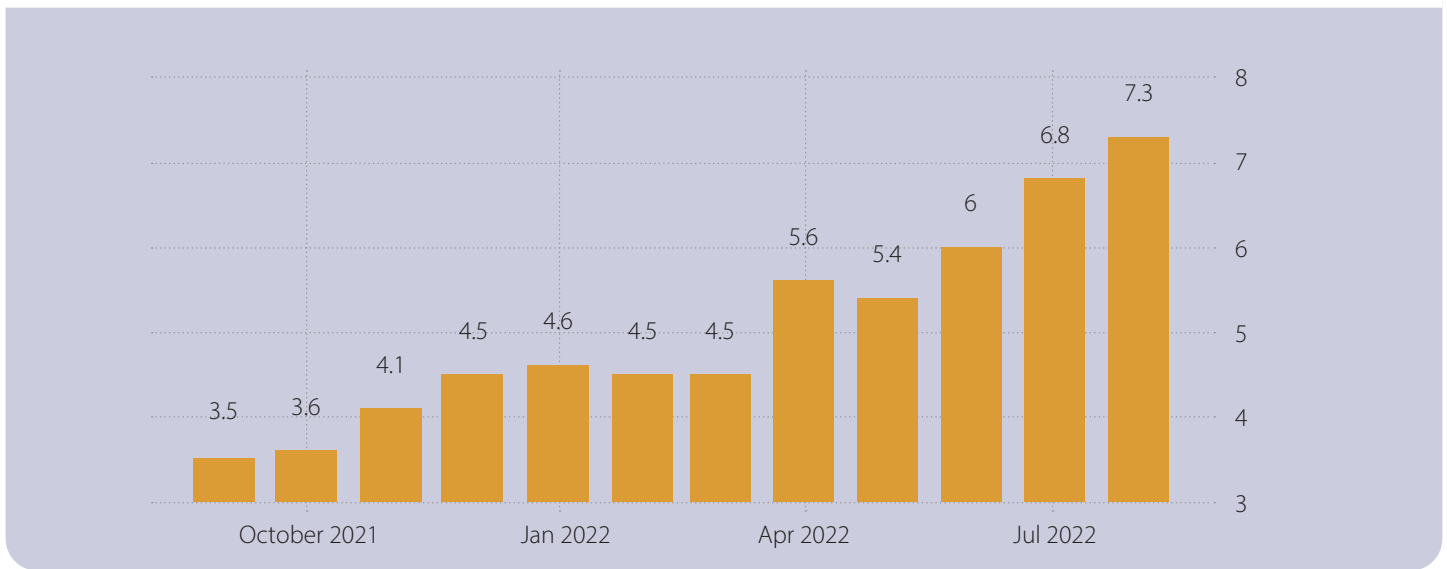
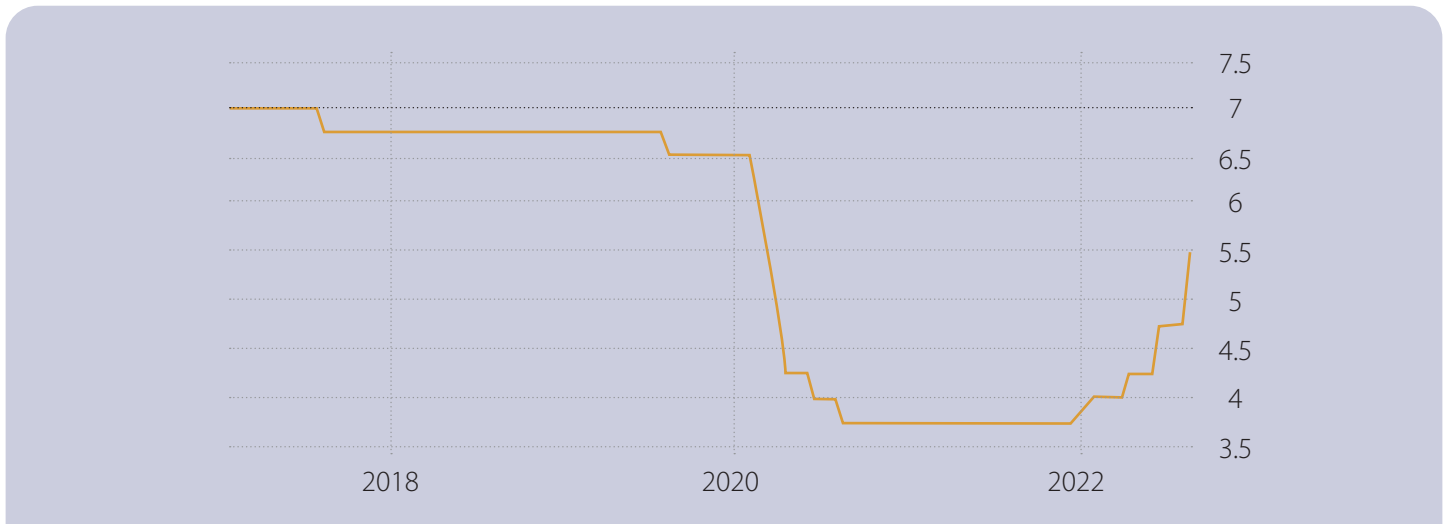
The table below provides an indication of the monthly investment return within the said portfolios from 01 January 2022 till 31 August 2022.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	YTD
Market Value Portfolio	-1.0	0.6	-1.1	-0.7	0.4	-3.3	2.6	0.0	-2.6%
CPO 1	1.1	0.9	4.1	0.5	0.5	0.6	0.5	0.6	8.9%
CPO 2	0.7	0.6	1.3	0.5	0.5	0.5	0.3	0.5	5.2%



Q2 MARKET UPDATE

In April 2022, Namibia's recorded annual increase in the Consumer Price Index was 5.6% (inflation) with expectations for further increases. The June inflation figure came out at 6% with the last inflation figures being in excess of 7%. To prevent inflation from keeping on increasing countries had to start increasing their interest rate to lower the said inflationary pressures. As a result, this caused the Bank of Namibia to hike its interest rate by 50bps to 4.75% in June 2022, a third consecutive hike. Since then further hikes took place and currently the Repo rate is standing at 5.50% with further increases then also expected.



The continuing war between Russia and Ukraine created supply chain constraints, especially on the energy and certain resources (sunflower oil, corn and fertilizer) side which then resulted in further increases in inflation. The flooding in KZN earlier this year, together with drastic levels of load-shedding hurt the South African economy from a growth perspective, mainly then resources which declined by -21.7% in the second quarter.

The inflation rate (YoY) in South Africa has increased to 7.6% from 6.5% in May. It is the highest since 2009 as price continued to accelerate mostly for transport. Subsequently, the SARB decided to raise their interest rate by 75 bps to 5.5% to contain the increasing inflation, a fifth consecutive rate hike.

International

The biggest impact on the global economy at the moment is rising global inflation with Central Banks having to take a much more hawkish approach in this regard by increasing interest rates quite aggressively, and with further major rate hikes of between 75bp and 150bp then also expected, both globally as well as locally.

The current upward trajectory of inflation was predominantly as a result of the stimulus packages that were made available by Central Banks over the last couple of years to try and mitigate the economic impact of Covid which resulted in economies being locked-down and almost grinding to a halt in 2020 / 2021. Supply chain constraints also further fueled the current upwards inflationary environment.

What is of concern for especially developing economies, is that food and energy inflation are at levels not seen over the last 60 years. This has a negative financial impact on most people's lives considering the dependency on these basic food stuffs and transportation on a daily basis.

The risk of stagflation is also increasing with very few countries across the World currently able to meet their inflation targets. The current strength of the US\$, as well as rising interest rates, will put already vulnerable emerging markets further on the backfoot with increasing pressure on indebted nations as the cost of borrowing increases substantially.

Global bonds are on track for their worst performance in modern memory this year and apart from Namibia and South African bonds, no other asset class returned positive real returns for the first half of 2022.

Rising inflation, accompanied by rising interest rates, concerns in terms of China's sustained infrastructure spending as well as their zero Covid policy, the continued protracted war between Russia and Ukraine as well as simmering geo-political tensions between the United States and China over Taiwan are currently all ingredients for extreme market volatility and returns being under huge pressure.

Fears and the probability of a global recession is then also increasing by the day.





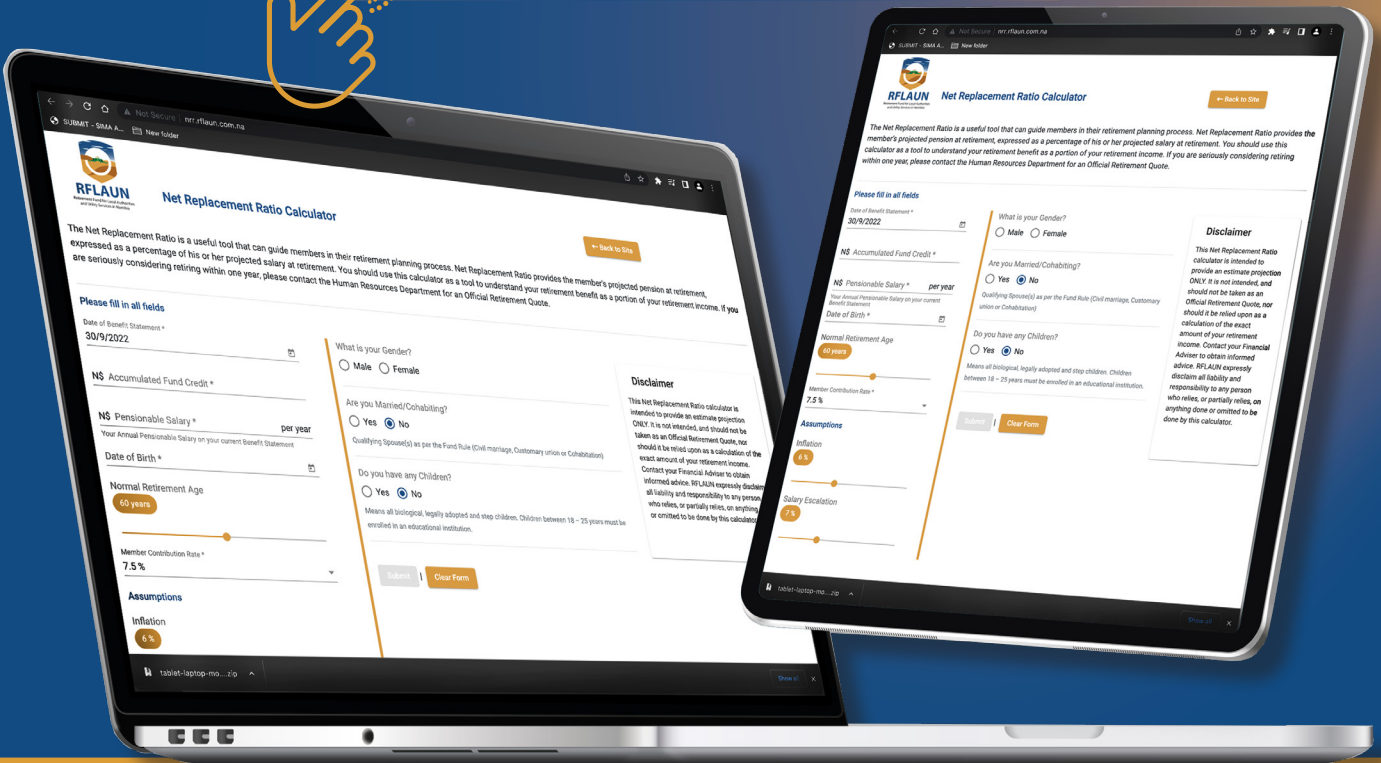
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NET REPLACEMENT RATIO CALCULATOR

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.