



## UNIVERSITIES RETIREMENT FUND Newsletter June 2017

### **I'M TOO YOUNG**

Many people in their twenties think they're too young to start saving for retirement. But in the long term, waiting a few years can make a big difference. If you start to put away R1000.00 a month at the age of 25 and your savings earn 12% interest, you'll have saved about R5.96 million for your retirement by age 55. But if you start five years later your savings at age 55 would be worth only R3.07million, explains Tandsizwe Mahlutshana of PPS Investments.

*With acknowledgement to Letitia Watson - You Magazine 25 May 2017*

As has become the norm now over the last number of years the Trustees strive to provide as much information as possible on a regular basis to its members and in this edition of the newsletter the following issues are going to be addressed:

**Name Change**  
**Investment Performance**  
**Bonus Declaration**  
**Statutory Compliance**  
**Benefit Statements**  
**Housing Loans – Groot Aub**  
**General Information**

### **Name Change**

You would have noted that the Fund's name changed from the UNIPOLY RETIREMENT FUND to the UNIVERSITIES RETIREMENT FUND. This change was necessitated as a result of the change in the status of the Polytechnic to the Namibia University of Science and Technology.

### **Investment Performance**

The last 12 to 18 months has probably been one of the most volatile periods experienced by investments markets since the sub-prime crisis and its effect on global markets in 2008. The "hangover" is still being felt today as most Governments world wide try to manage their level of debt.

Globally two major events defined 2016. Firstly Brexit (Brittan deciding to leave the European Union) and the election of Donald Trump as President of the United States. The outcomes of both these events surprised most and observers quickly moved to

identify the common threads between these. Both Brexit and the Trump election victory clearly point to the elevation of national interest over globalization. It is all about jobs, opportunities and economic growth in the home countries rather than global trade and stability.

As a developing economy that relies heavily on exports of our resources and goods this change in attitude will of course have negative implications as can already be seen with the USA reconsidering all international trade deals.

Closer to home the political turmoil in South Africa as well as the down grading of their international debt status to junk status had a direct impact on us in Namibia as we are linked to their currency (Rand) and interest rate cycles. It was then also recently announced that South Africa are now in a recession (two successive quarters of negative growth) which will put further strain on our already fragile local economy.

In Namibia we have also seen the impact that the Government's curbing of expenditure had, with the construction industry severely affected and which have now started to filter through to the secondary industries as well. Trade with Angola also came to a standstill.

In the midst of this almost perfect storm the Fund was not spared this turmoil as at least a third of the Fund's assets were invested internationally, a third were invested in South Africa and a third were invested in Namibia.

For the financial year ended 31 December 2016 the Fund achieved a return of 2.52% on its underlying assets. Only in 2003 and 2008 did the Fund experienced worst investment performances during those particular financial years.

Currently the Fund has just in access of N\$ 2 billion under management with Allan Gray, Investec, Namibia Asset Managers and Old Mutual Asset Managers. The Fund is also fully compliant in terms of its unlisted investment requirements as regulated.

### **Bonus Declaration**

Following the conclusion of an actuarial valuation of the Fund as at 31 December 2016, the Fund's actuary recommended that a **7.50% bonus be declared** as at valuation date which the Trustees then also approved.

You might ask yourself how is it possible that the Fund could declare a final bonus of 7.50% whilst the assets only returned 2.52% during the same period as previously indicated. The principle employed by the Fund since its inception was that a certain portion of the Fund's assets should be retained in an Investment Reserve to be used to subsidize returns in the event that investment performance becomes subdued. "Saving a little during the good years to compensate for the lean years".

This is then exactly what happened last year where the Fund's actuary was comfortable to release a sizeable portion of the investment reserve to subsidize returns as indicated. Members are however cautioned that should similar volatile investment returns be experienced this year, the Fund's ability to still declare final bonuses in excess of the actual returns will drastically diminish.

## **Statutory Compliance**

The Fund's unqualified financial statements for the financial year ended 31 December 2016 was approved by the Trustees and has already been submitted to NAMFISA as required in terms of the provisions of the Pension Funds Act.

The Actuary further also concluded that following an actuarial valuation of the Fund it was in a financially sound position as at 31 December 2016.

## **Benefit Statements**

Enclosed with this newsletter you would have found your benefit statement for the Fund year ended 31 December 2016.

Kindly please scrutinize your personal details and do not hesitate to contact Ms. Antoinette de Greeff (207 2794) or Ms. Hilma Namupala (207 2376) at the pensions office should any of the static information on the statements not be correct i.e. date of birth or marital status, etc.

## **Housing Loans – Groot-Aub**

In order to qualify for a Housing Loan in an un-proclaimed area a Certificate to Occupy is required as provided for in terms of the Lands Reform Act.

Unfortunately said certificates are currently not issued in respect of Groot-Aub residents as it is anticipated that they will become part of the greater Windhoek Rural Constituency. Until such time that said issue has been resolved the Fund will unfortunately not be able to consider housing loans in the Groot-Aub area for the time being.

## **General Information**

The Fund is a separate legal entity and is managed by a Board of Trustees in terms of the provisions of its Rules as well as the conditions and requirements contained in the Pension Funds Act. Currently the Board is constituted as follows:

### UNAM Employer Appointed Trustees

Ms. Kadiva Hamutumwa (Council representative)  
Mr. Reginald Izaks  
Mr. Mapuku Thikusho

### UNAM Employee Elected Trustees

Mr. Vonkie Olivier - Chairperson

Ms. Annelie Don  
Mr. Raymondt Vilander

NUST Employer Appointed Trustees

Ms. Maureen Kambala (Council representative)  
Ms. Riëtte Duvenhage  
Ms. Mamijoo Tjejamba

NUST Employee Elected Trustees

Ms. Magda Saayman - Vice-chairperson  
Mr. Laurent Evrard  
Ms. Juanita Frans

The Principal Officer is Mr. van Wyk du Plessis with the day to day general administration functions being performed by Ms. Antoinette de Greeff and Ms. Hilma Namupala. Please also visit the Fund's website at <http://unipoly.nust.na> where you will be able to access further Fund related issues and information.

Please feel free to contact the Fund should there be any specific issues you would like to see addressed in future editions of this newsletter.

**You are kindly reminded to keep your beneficiary nomination form updated and ensure that the latest form is on your personnel file at Human Resources.**

***This document is for information purposes only. Members' rights are embodied in the Rules and Policies of the Fund.***