



## **UNIVERSITIES RETIREMENT FUND**

### **Newsletter June 2018**

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

#### **Investment Performance**

#### **Bonus Declaration**

#### **Statutory Compliance**

#### **Benefit Statements**

#### **Increase in Funeral Benefits**

#### **Importance of Completing Beneficiary Nomination Forms**

#### **General Information**

#### **Investment Performance**

Over the last couple of months investment markets experienced tremendous volatility, both locally as well as globally, triggered mostly by the intensifying trade war between the United States and China whereby the US announced tariffs on certain goods and commodities to curb imports from China. These developments were clearly reflected in stock market returns for the first quarter of 2018 which were the worst in eight years.

World markets are currently mostly driven by events by the two economic powerhouses being the US and China. The US continued to strengthen and on the back of strong economic data as well as an increase in inflation to 2.2% their central bank (Fed) increased interest rates to between 1.5% and 1.75%. Expectations are that another two interest rates hikes are projected for 2018 which will again have a negative impact on developing markets. China's economic growth came in at 6.9% for 2017 supported largely by aggressive government efforts to keep the economy stable as well as by global demand for their goods.

In South Africa thanks to a backdrop of largely positive news ("Ramaphoria") a downgrade was avoided and Moody's retained its investment grade in respect of South African debt. Fourth quarter growth further surprised on the upside at 3.1% closing the full year's growth at 1.3%.

In Namibia we entered a technical recession in 2017 with three consecutive quarters of negative growth. The main concerns in Namibia remain the construction sector as well as Government's finances which are under immense pressure to reduce expenditure and simultaneously increase income. Fitch's downgrading of Namibia's debt to junk status did not help the situation as the servicing of our Government debt (already at concerning high levels) now became even more expensive. However, after the Minister

of Finance's budget speech in March where problem areas of expenditure and planned Government revenue were addressed, consensus is that 2018 will show a small but improved growth figure.

For the financial year ended 31 December 2017 the Fund achieved a return of 12.8% on its underlying assets. Currently the Fund has just in excess of N\$ 2.3 billion under management with Allan Gray, Investec, Namibia Asset Managers and Old Mutual Asset Managers. The Fund is further also fully compliant in terms of all investment requirements as regulated.

### **Bonus Declaration**

Following the conclusion of an actuarial valuation of the Fund as at 31 December 2017 the Trustees approved the Actuary's recommendation that a **9% bonus to active members and a pension increase of 2.8% be declared** as at valuation date.

As indicated above the Fund returned 12.8% on its underlying investments for the year ended 31 December 2017 and you might wonder why only 9% was declared as a final bonus.

You will recall that last year (Fund year ended 31 December 2016) the final bonus declared was 7.50% whilst the assets only returned 2.50% over the same period. Again the principle and long-term benefit of retaining a portion of the Fund's assets in an Investment Reserve is evident whereby in good investment years (like 2017) a certain portion of the investment returns are retained to be used in those years (like 2016) when investment returns are suppressed. *Saving for a rainy day!*

### **Statutory Compliance**

The Fund's auditors submitted unqualified financial statements for the financial year ended 31 December 2017 which were 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 concluded that, following an actuarial valuation of the Fund, it was in a financially sound position as at 31 December 2017.

### **Benefit Statements**

Enclosed with this newsletter you would have found your benefit statement for the Fund year ended 31 December 2017.

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

From this year onwards members will be able to view their Fund values and information on-line on a monthly basis. Enclosed is a directive of the procedures to follow how to access your benefit statement.

### **Increase in Funeral Benefits**

With effect from the 1 January 2018 the Trustees increased the benefit that will be paid in the event of your death, or any of the following family members, as follows:

<b>Member:</b>	N\$ 30 000
<b>Spouse:</b>	N\$ 30 000
<b>Child 14 and older:</b>	N\$ 30 000
<b>6 but younger than 14:</b>	N\$ 20 000
<b>Younger than 6 including stillborn:</b>	N\$ 10 000

All unmarried children under the age of 18 of which the main member is the biological mother or father are covered under the above benefit. Children born out of wedlock are thus also covered as long as there is sufficient proof (full birth certificate) that the main member is either the biological mother or father of the child as indicated. If the child is at a recognized educational institution cover is extended to age 21.

### **Importance of Completing Beneficiary Nomination Forms**

The benefits payable by the Fund on the death of a member do not form part of the estate of the deceased member and are distributed subject to the provisions of the Pensions Fund Act.

Members are requested to assist the Trustees in the responsible execution of their duties in this regard as prescribed by the provisions of the Act by completing the attached beneficiaries and dependents nomination form. It is also important that this information is kept up to date to ensure that all dependents and/or nominees are always included.

Should something happen to you this form will play a very important role in the distribution of your death benefits as it will enable the Trustees to distribute the benefit speedily.

In order to make an asserted effort to have a Beneficiary Nomination Form for all members on record all members are requested to submit a duly completed, signed and witnessed Beneficiary Nomination Form on or before 31 July 2018 to the office of the Principal Office.

### **General Information**

Would also like to make use of this opportunity to inform you of the recent appointment of Ms. Fransina Paulus who is responsible for assisting Ms. Antoinette de Greeff with the day to day administration functions. The Principal Officer is still Mr. van Wyk du Plessis.

Please also visit the Fund's website at <http://uniref.nust.na> where you will be able to access further Fund related issues and information.

Also 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.

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