



Namibia Savings & Investment Association

Newsletter

Issue 28, June 2023



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Editorial from the membership

Expert Perspective

Written by

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Co-Head of Multi-Asset at M&G Investments



Global bonds offer most attractive diversification in a decade

Dear members,

It is with great pleasure that we present our June 2023 newsletter.

For the first time in over a decade, global bonds are finally an appealing option for Namibian investors, providing steady income and diversification, and protecting portfolio downside.

In M&G Investments' view, global fixed income instruments of various kinds – sovereign bonds, corporate bonds, inflation-linked bonds, emerging market bonds and developed market bonds – are offering attractive real yields that will compensate investors well for the risk of owning them over time. However, this comes with a caveat: given the large differences in investability across different countries, sectors and issuers, and the still-high level of uncertainty prevailing in the global macroeconomic environment when it comes to inflation, interest rates and growth, investors should be selective and somewhat defensive in their exposure, we believe.

Following more than a year-long interest rate hiking cycle by the US Federal Reserve (and other central banks), nominal US Treasury bonds are finally offering meaningful real returns across the yield curve, with the 30-year UST real yield at approximately 1.6% -- a level last seen back in 2013. These longer-dated bonds are one of the preferred holdings in many of our funds with global exposure, including the M&G Namibian Balanced and Inflation Plus Funds.

Nominal European government bonds, on the other hand, are less desirable for now given that the European Central Bank (ECB) has lagged its counterparts in raising interest rates, and inflation remains relatively high. This increases the odds of interest rates staying higher for longer in the region, adding extra risk versus the US. Even certain emerging markets (EMs) which started lifting interest rates early in the current cycle can provide a better potential return for the risk involved, in our assessment.

Developed government inflation-linked bonds (ILBs) are also a sound option for investor portfolios currently -- longer-dated US Treasury Inflation-Protected Securities (TIPS) particularly go some way to protect against inflation, as do UK and German ILBs. Emerging market ILBs are generally less attractive in our view, however, as they offer no real yield spread benefits, and a lower real return potential than EM nominal bonds.

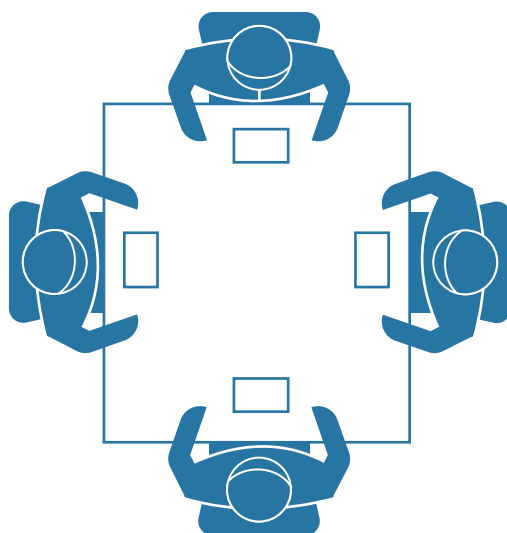
Meanwhile, investment-grade (IG) corporate credit yields are also at 10-year highs in both the

US and UK markets (with five-year bonds at around 5.8% and 5.6%, respectively). Yet in our view, corporate balance sheets are generally healthy and default risk is lower than what the market is pricing in. We think that at current yields investors are being overcompensated for any reasonable expectation of default, plus IG corporate bonds offer extra portfolio diversification across different sectors and levels of credit rating. In fact, in our view “BBB”- rated corporates are offering the most attractive yields for the risk involved, but investors must do careful analysis because spreads in this one credit rating category range anywhere from 75bps to 700bps. This huge dispersion represents a significant opportunity for investors who do their homework. High-yield bonds, on the other hand, are best avoided at present.

Looking ahead, defensive positioning is warranted, in our view, and this is reflected in the global assets managed by M&G Investments, including the M&G Namibian Balanced and Inflation Plus Funds. The impact of global central banks’ aggressive rate hikes has only recently begun to be felt fully as growth slows and inflation falls, and data show that reactions vary across countries. Negative surprises are a real possibility. However, this also presents an unusually large variety of investor opportunities, which, with fixed-income instruments, can mean enhancing both return potential and downside protection in a portfolio.

Happy reading.

1. Upcoming Meetings



Please take note of the following committee meeting dates (second round):

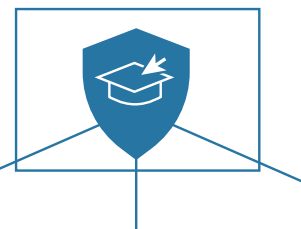
Month	Meeting Subject
5 September 2023	Market Conduct Committee
6 September 2023	Transformation Skills Development and Education Committee
7 September 2023	Research and Economic Savings Policy Development Committee
19 September 2023	Legal & Technical Committee
20 September 2023	Insurance Committee
21 September 2023	Investments Committee



ASISA

ACADEMY

2 Hour Online Investments Sprints



NaSIA, in collaboration with the ASISA Academy now offers live online 2-hour Sprint workshops on various topics relevant for individuals employed in financial services. Sprints are hosted by ASISA's team of expert presenters using online video meeting software.

Since April 2020, more than 200 people have participated in the ASISA Academy's online Investment Sprints which offer a wide variety of bite-size chunks of learning on specific investment topics and give you a taste for what is on offer on their longer courses

Fees: Subject to a minimum of 6 participants in a Sprint, the fees are R715 + VAT per delegate per Sprint. **NaSIA members qualify for an additional R100 discount per individual.**

Special Discount: A discounted fee of R615 + VAT per person is available should your organisation enrol at least 5 staff in 3 or more different Sprints. **NaSIA members qualify for an additional R100 discount per individual.**

Bulk discounts are available for companies that purchase 15 Sprints or more.

ASISA have scheduled to run the following Sprints in August and September 2023:

No	Course Name	Course Date	Due Date
1	Compliance - Prudential Investment Guidelines	2 Aug 2023	27 July 2023
2	Investment management ethics	16 Aug 2023	9 Aug 2023
3	Introduction to the SA savings and investment sector	18 Aug 2023	11 Aug 2023
4	Derivatives	13 Sept 2023	7 Sept 2023
5	Responsible investing	15 Sept 2023	9 Sept 2023
6	Compliance - CISCA	27 Sept 2023	21 Sept 2023

ASISA can also deliver in-house any of the Sprints listed in the brochure, or a completely different bespoke Sprint, for your organisation at a discounted fee if you have at least 6 staff who want to run.

To download a brochure with more detailed information, [click here](#).

Should you require more information or wish to enrol for a course, please follow this link to the ASISA Academy website: [Investment Sprints \(asisa.org.za\)](https://www.asisa.org.za/investment-sprints)

Going Forward

The Secretariat will send out these Sprints as they come out monthly. We encourage all companies to enroll their employees for these courses. In addition to the discount offered to our members, investing into employee training and development will pay off for your business in the long run.

2. Short Courses

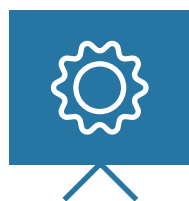


No	Course Name	Course Date	Time & Platform	Course Fees
1	The UCT Collective Investment Scheme (CIS) short course	15-17, 22-24, 29-31 August 2023	09h00-12h30 (Online)	R12,810 + VAT
			09h00-12h30 (Online)	R12,810 + VAT
2	UCT Investment Management Administration & Client Servicing (IMACS) short course	15-17, 22-24, 29-31 August 2023	09h00 – 12h30 (Online)	R12,810 + VAT
3	UCT Life Insurance Claims Assessors short course	24 - 28 July 2023 14 - 18 August 2023	20 face to face full-day sessions	R 39 350 + VAT

IMACS Sprints combination

- In 2022, ASISA introduced a new flexible way to complete the UCT IMACS Short Course by participating in 12 of their existing 2-hour Investment Sprints within a 2-year period.
- Each Sprint fee is R760 + VAT (Full fee for 12 Sprints is R9,120 + VAT).
- The fee for the online assessment once all 12 Sprints are completed is R500 + VAT.
- For more information on this please view the UCT IMACS Short Course brochure.

To download a brochure with detailed course content and delivery approaches, [click here](#)



3. RFIN Trustee Training Dates

> RFIN - Rudiments

Training on the fundamental elements that a trustee needs before taking on advanced training targets are new trustees, new PO's aspiring trustees, refreshers for long serving trustees in anticipation of FIMA, etc.

Course	Month	Venue	Time	Price Inc VAT
Pension Fund Investment Management (FIMA)	June November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Member Engagements and Communication	June November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Budget for Pension Funds	June November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Pension Fund Annual Report	June November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Governance of Pension Fund: Trustee and PO roles and duties	June November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
ESG Investments (Basics)	June November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members
Pension Fund Risk Register	June November	NUST - WHK Others TBC	08h30 - 12h00	N\$1,847 members N\$2,479 non-members

> RFIN – Supreme

Equipping Trustees to handle FIMA (Formulated on NAMFISA/FIMA: Requirements/obligation/Guidelines).

Training on the In-Depth knowledge on the elements needed by trustees in preparation for FIMA: targets are new and long serving trustees, new and long serving PO's, aspiring trustees etc. Follows on from RFIN Rudiments Training.

Course	Month	Venue	Time	Price Inc VAT
Pension Fund Investment Management (FIMA)	June November	NUST - WHK Others TBC	08h30 - 13h00 14h00 - 16h30	N\$ 2 648 members N\$ 3 997 non-members
Annual Reporting – regulatory under FIMA	June November	NUST - WHK Others TBC	08h30 - 13h00 14h00 - 16h30	N\$ 2 648 members N\$ 3 997 non-members
FIMA overview (changes to Pension Fund Act vs FIMA, Chapters & Regulations [main points], Legal Requirements, Fund Regulation)	November	NUST - WHK Others TBC	08h30 - 13h00 14h00 - 16h30	N\$ 2 648 members N\$ 3 997 non-members
Responsibilities, Obligations and Liabilities of Trustees and PO under FIMA	March June November	NUST - WHK Others TBC	08h30 - 13h00 14h00 - 16h30	N\$ 2 648 members N\$ 3 997 non-members



> **RFIN - Bespoke Training 2023**

Fund specific training. The fund will indicate what their training needs are picking from the RFIN Rudiments, Supreme or Tailored. Minimum 10 -20 maximum people per training, thus allowing for prospective trustees, company committee members and any others allowed by Board to also attend in aid of Retirement literacy.

Course	Month	Venue	Time	Price Inc VAT
RFIN Rudiments	On request	FUND Premises/ Organized	TBC	N\$ 10 000 members N\$ 15 000 non-members
RFIN Supreme	On request	FUND Premises/ Organized	TBC	N\$ 10 000 members N\$ 15 000 non-members
RFIN Tailored	On request	FUND Premises/ Organized	TBC	N\$ 10 000 members N\$ 20 000 non-members



> **Publications**

No new publications

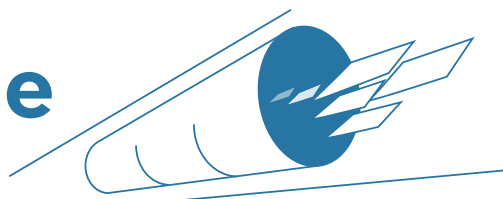
4. Submissions



> Submission done

No submission was made during the month of May

5. In The Pipeline



5.1 Financial Literacy radio recordings: This matter emanated from the NaSIA Board Strategic Session (held on the 31st of March 2022), where the NaSIA board stressed the need to educate the public as far as managing money is concerned. To this end, a financial literacy campaign was launched with NBC National Radio. The secretariat has identified the following topics to qualify for live interviews:

- Definition and importance of investing/investments: What is investments; the difference between saving and investing; why one should save/invest (This was delivered in February 2023).
- Unit Trusts/CISs: What is a unit trust; CIS managers; Is it an appropriate investment tool for most investors (This was delivered in March 2023); and
- Investment goals: e.g., how to save for retirement, education, and emergency funds: the importance of goals; factors to consider; sticking to your plan (this was delivered by Etienne Le Roux during April 2023).
- The value of financial advice and investor protection (FIMA): The role of the advisor; risks of DIY investing; holistic financial advice as a concept (e.g. how life insurance, investments, medical aid and other products tie in together) (This was delivered Mathys Du Preez during May 2023).
- Estate Planning - This will be delivered by Almarie Bartsch in June 2023.

Please tune in to National radio for those inserts.

5.2 NaSIA is currently working on research papers, that seek to achieve the following objectives:

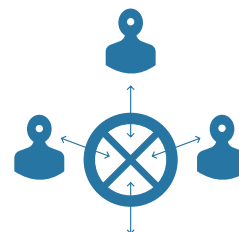
a) NaSIA paper on sustainable investment - Developing a NaSIA Environmental, Social, and Governance ('ESG') Disclosure Framework for Asset Managers with an ESG focus. The framework is designed to serve as a guide for asset managers to communicate information about their consideration of ESG in their investment strategy. This paper is a long-term project for the NaSIA Investment Committee and will likely be on the agenda for the whole of 2023.

b) Contribution of the Insurance and Asset management Industry to the state revenue – To provide NAMRA with a comprehensive picture of how the Namibian Insurance and Asset Management industries operate as well as their contribution to state revenue. The

research emanated from a request by NAMRA following a courtesy visit by NaSIA held on 11 November 2022. The aim of which is to fortify and maintain a positive stakeholder relationship with the tax authority. The Board endorsed the research on 30 March 2023. The research is currently falling under the auspices of the NaSIA Insurance Committee, which is busy reviewing and offering feedback on the secretariat's first draft.

c) NAMFISA levies on Authorised Financial Service Providers - NAMFISA issued circular No: NAMFISA/14/04/2023 to industry on the 14th of April 2023. The circular is aimed at requesting input and/or comments (from the regulated industry) on NAMFISA's current levy structure, which was imposed by notice in Government Gazette 6438 dated 10 October 2017, under Government Notice No. 265. No indication was given on whether there would be an increase/decrease in the monetary value of levies paid by the regulated industry. The regulator specifically requested the regulated entities to submit input/or comments premised on areas and aspects that the Levy Gazette could be considered for amendment to improve its efficiency and ease of adherence thereto. The matter was discussed at an industry meeting held on the 19th of May 2023. At that meeting, members agreed to submit their input to the Secretariat on or before 12 June 2023, After which a final submission will be made to NAMFISA on the 30th of June 2023.

6. Stakeholder Engagements



Stakeholder	Date of Engagement	Key Outcomes
Bank Windhoek	15th of May 2023	<ul style="list-style-type: none"> NAMFISA issued circular No: (I/LTI/02/2020) to industry on the 26th of November 2020. The circular required long term insurers to create systems or platforms that accommodate multiple cessions on one insurance policy. Long term insurers were also required to ensure that their systems were integrated with the banking institutions' systems to ensure effective implementation. The circular became effective on 01 January 2022. The actual implementation has, however, brought about uncertainty in so far as treating savings benefits and other benefits (e.g., dread, disability, etc.). As a result, NaSIA reached out to BAN in a letter dated 26 April 2023 and a meeting was held with Bank Windhoek (representing BAN) on the 15th of May 2023 to discuss the matter. All parties agreed that absolute values are much easier to work with (as opposed to percentages). All parties also agreed to arrange for a NaSIA – BAN day of training, where representatives from the insurance industry will present their products (to the banks) and indicate to them what can be ceded on such products (especially those with accelerator benefits, which can impact the value of the death benefit). The training will be held on a neutral ground. Some insurers have agreed to provide information in terms of what can be ceded on various products.

NaSIA

Namibia Savings & Investment Association

Namibia Savings and Investment Association (“NaSIA”) is incorporated as a not-for profit company and represents the interest of its members; financial institutions such as unit trusts companies, investment managers and long-term insurers. NaSIA’s strategic purpose and mandate is to continue to strengthen relationships with key stakeholders and to remain a trusted partner to these stakeholders in the financial services industry. NaSIA has been tasked with ensuring that as a collective the industry remains relevant and sustainable.

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