



**MARCH 2021**

Dear CRF Member,

We kick this bulletin off on a positive note as the momentum in markets seen at the end of last year and at the start of 2021, continued into February.

To illustrate please see below the returns of the major asset classes ended February 2021:

	<b>1 month</b>	<b>3 months</b>	<b>6 Months</b>	<b>1 year</b>
<b>SA Equity (Capped SWIX)</b>	5.3%	14.5%	19.7%	23.9%
<b>SA Bonds (ALBI)</b>	8.6%	19.5%	24.6%	-15.8%
<b>SA Property (ALPI)</b>	0.1%	3.3%	7.5%	8.3%
<b>SA Cash (STeFI)</b>	0.3%	0.9%	1.9%	4.8%
<b>SA Inflation Linked Bonds (CILI)</b>	1.8%	6.2%	7.8%	7.8%
<b>Global Equity (MSCI World (\$))</b>	2.6%	5.8%	11.7%	29.3%
<b>Global Equity (MSCI World (R))</b>	3.2%	3.6%	-0.1%	24.5%
<b>Global Bonds (WGBI (\$))</b>	-2.4%	-2.4%	-1.2%	3.4%
<b>Global Bonds (WGBI (R))</b>	-1.8%	-4.4%	-11.7%	-0.5%

The returns of the CRF portfolios (net of all fees) to the end of February 2021 were as follows:

<b>Portfolio</b>	<b>1 month</b>	<b>3 months</b>	<b>6 months</b>	<b>1 year</b>
<b>CRF Aggressive Portfolio</b>	3.8%	10.3%	12.1%	19.2%
<b>CRF Growth Portfolio</b>	3.2%	8.8%	9.9%	16.2%
<b>CRF Moderate Portfolio</b>	1.3%	4.3%	4.5%	11.9%
<b>CRF In-Fund Pension Portfolio</b>	1.3%	5.3%	6.8%	8.9%
<b>CRF Money Market Portfolio</b>	0.3%	0.9%	1.9%	5.7%
<b>CRF Shari'ah Portfolio</b>	2.9%	8.2%	8.6%	15.9%
<b>CRF Child Benefit Portfolio</b>	1.3%	4.0%	-	-

After the budget speech by the Minister of Finance on the 24<sup>th</sup> of February we have included some commentary from the CRF's consulting economist, Johan Rossouw on salient implications of the 2021 Government Budget for CRF members:

"The outcome of the recently announced national Government budget for the 2021/22 tax year surprised pleasantly and probably was the best outcome that could reasonably have been expected, given prevailing challenging conditions and the immense pressures the fiscus is facing. The challenges to balance Government's books amidst South Africa's massive unemployment rate and the concomitant dependence of so many people on Government support, while the few who are fortunate enough to have a job already are carrying an immense tax burden leaving little (if any) room to

add further to it, is daunting. Moreover, Government's other avenue of recourse to fund the budget shortfall – borrowing, also is limited due to a ballooning debt burden and payments on servicing existing debt already exceeding twenty cents in every tax Rand earned.

Nevertheless, as far as taxes are concerned, Minister Mboweni did well this time around. Most notably, income tax brackets and rebates were adjusted upwards by 5%, which is by more than inflation, implying that taxpayers will not effectively pay more income tax after adjustment for inflation. That means that one should theoretically be able to afford at least the equivalent of goods and services with one's after-tax salary than before. Moreover, medical tax credits will increase in line with inflation, which implies an increase from R319 to R332 for the first two members, and from R215 to R224 for all subsequent members. In addition, the minimum value for paid-up retirement annuities will increase from R7 000 to R15 000 from 1 March 2021. The more affluent will also be pleased by the fact that neither was the maximum income tax rate adjusted upwards from the prevailing 45%, nor a so-called wealth tax introduced, as was speculated before the budget. Moreover, the minimum level of annual earnings people will start paying income tax on was adjusted upwards to R87 300 (from R83 100), R135 150 (R128 650) and R151 100 (R143 850) for taxpayers younger than 65, 65 to below 75 and 75 years and older, respectively. The other significant tax that affects all of us is value added tax (VAT), which was also left unchanged at a rate of 15%.

Unfortunately, the about R2 200 million that income taxpayers will benefit from due to the above-mentioned adjustment of tax brackets will have to be found elsewhere. The bulk will be recovered from the usual further increase in so-called sin taxes: an 8% increase in excise duties on alcohol and tobacco should add an additional R1 100 million and R700 million, respectively. That implies for instance, that the tax on a packet of 20 cigarettes will increase from R17.40 to R18.79, while the tax on a bottle of fortified wine increases to R7.92/litre from R7.34/litre. In addition, fuel taxes will increase by 26c/litre from 1 April 2021, which implies an equivalent hike in petrol-and diesel prices from 1 April, over and above the usual adjustment for prevailing under recoveries.

As far as spending priorities are concerned, more money (R9 billion in the medium term) has been set aside for COVID-19 vaccines, while annual consolidated Government spending amounts to R2 trillion over the medium term. This should support economic recovery to average real growth around 3% over the medium term, which should facilitate job creation. Moreover, the bulk of the spending is allocated to learning and culture (R402.9 billion), social development (R335.2 billion) and health (R248.8 billion). A key outstanding aspect of relevance to CRF members which will ultimately determine perceptions regarding this budget is the outcome of negotiations pertaining to the dispute regarding the public sector wage agreement, though."

I wish you all a healthy and peaceful Easter break.

Kind regards,



Mr Raymond Wentworth  
Principal Officer

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