



JANUARY 2021

Dear CRF Member,

All the best for 2021 and may it be a healthy one! While the year ended well from a market performance perspective and returns month to date remain strong, the impact of a second wave of the COVID-19 pandemic has been significant. Around the world, countries have been forced to restrict movement and travel once again. The roll-out of several vaccine options has started in earnest but the effects will only be felt in 2021 and 2022. However, the market remains forward looking and started to price in a possible “re-opening” of economies so returns for December 2020 were good.

The returns of the major asset classes ended December 2020 were as follows:

	1 month	3 months	6 Months	1 year
SA Equity (Capped SWIX)	5.5%	11.5%	12.6%	0.6%
SA Bonds (ALBI)	2.4%	6.7%	8.2%	8.6%
SA Property (ALPI)	13.3%	23.6%	4.6%	-35.5%
SA Cash (STeFI)	0.3%	1.0%	2.1%	5.4%
SA Inflation Linked Bonds (CILI)	2.2%	5.3%	6.5%	4.2%
Global Equity (MSCI World (\$))	4.2%	14.0%	23.0%	15.9%
Global Equity (MSCI World (R))	-1.1%	0.4%	4.0%	21.7%
Global Bonds (WGBI (\$))	1.4%	2.8%	5.8%	10.1%
Global Bonds (WGBI (R))	-3.8%	-9.5%	-10.6%	15.7%

The returns of the CRF portfolios (net of all fees) to the end of December 2020 were as follows:

Portfolio	1 month	3 months	6 months	1 year
CRF Aggressive Portfolio	2.9%	6.9%	8.0%	8.4%
CRF Growth Portfolio	2.5%	5.8%	6.5%	5.8%
CRF Moderate Portfolio	1.3%	2.5%	3.9%	9.0%
CRF In-Fund Pension Portfolio	2.1%	4.4%	5.6%	6.7%
CRF Money Market Portfolio	0.2%	0.7%	2.4%	6.4%
CRF Shari'ah Portfolio	2.4%	4.2%	6.1%	6.6%
CRF Child Benefit Portfolio	1.1%	-	-	-

Not many could have predicted the way that 2020 would play out and the havoc that the COVID-19 pandemic would wreak on the markets and the lives of people. Markets were buoyed in December 2020 on positive vaccine news. More than 65 million doses in 56 countries had been administered by 25 January 2021. More affluent countries such as Canada have bought enough vaccines to vaccinate every Canadian four times, while poorer countries will rely on securing vaccines through Covax, a consortium backed by the WHO. A stark reminder that global inequality remains a major issue.

Joe Biden was inaugurated on 20 January to become the 46th US president and signed 15 executive orders on his first day to dismantle Donald Trump's legislative agenda. Clean energy and healthcare stocks are likely to benefit at the expense of tech stocks. Democrats won control of the Senate securing control of both houses of Congress for the first time in 10 years. Further fiscal stimulus in the US is being debated, which would see \$1.9 trillion of liquidity injected into the market. Monetary policy in the US remained accommodative as the US Fed Chair Jerome Powell vowed to keep interest rates near zero at least through 2023, with a "lower for longer" approach.

A Brexit deal was finally concluded on Christmas Eve. The UK government has left the jurisdiction of the Court of Justice of the European Union while retaining tariff-free access to the EU for goods (but with customs and regulatory checks). Chinese GDP grew by 6.5% in Q4 2020, beating forecasts. The Chinese economy grew 2.3% in 2020 and is set to be the only G20 economy to achieve positive growth in 2020. The emerging market recovery is likely to be driven by a manufacturing rebound (a consequence of the largest global fiscal support in two decades), a weaker dollar, low US interest rates and stronger global trade due to a more collaborative US foreign policy.

Going into 2021 some of the positives for markets will be:

- Largest fiscal support in two decades
- Strong monetary support, QE estimated at 4 trillion US Dollars
- Vaccine deployment
- Stable US foreign policy and multilateralism
- Large amounts of cash sitting on the side lines, which could be deployed into equity markets.

Some risks still remain globally including new variants of Covid-19 and record levels of global debt. We expect that 2021 will see better performance from growth assets allowing members to accumulate the necessary growth in their retirement savings but as always the future is never certain, which requires members to navigate through the short term uncertainties. As always, the CRF remains committed to ensuring that the hard earned savings of its members are wisely invested, being both proactive in their investment strategy and mindful of the need to stay the course over the long term.

Kind regards,



Mr Raymond Wentworth
Principal Officer

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