

Newsletter

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Capricorn Private Wealth
a member of **Capricorn Group**

Capricorn Private Wealth - Keeping the Experience Unique and Relevant

We are in the fourth year since introducing the unique Capricorn Private Wealth offering, and we remain dedicated and committed to keeping this offering fresh, unique and relevant. I wish to thank our esteemed clients for allowing us to be part of your banking and wealth journey and for your loyal support, especially during the past year, which brought along various challenges never before encountered. At this juncture, I deem it relevant to refresh your thoughts on the Capricorn Private Wealth offering principles while inviting you to assist us with suggestions that will ensure the relevancy of the offering in the future.

Capricorn Private Wealth is a unique combined offering between Bank Windhoek and Capricorn Asset Management to create a boutique banking, wealth and investment management experience for high net worth individuals. The offering represents a holistic approach towards banking and wealth management and aims to deliver a tailor-made solution to satisfy the needs of the individual. As Executive Officer responsible for the Banking component of the offering, my focus is on pro-actively leading our team of competent Personal Bankers, backed by experienced Wealth Managers, to ensure that our esteemed current and future clients not only receive the backing of Namibia's premier financial services provider but also have access to a team of experienced specialists, working towards protecting and growing the wealth of our clients.

No two clients are ever the same, and that's where we stand apart from the rest. We aim to build meaningful relationships with our valued clients, providing tailor-made wealth management strategies specifically developed for your unique needs. This means that we don't simply have a one-size-fits-all solution. The customer journey starts with us learning more about you and your needs, getting a more precise understanding before making any recommendations. We then assemble the best team possible to be your companion on this unique and exciting journey.

So, the Capricorn Private Wealth approach towards growing your wealth can be summarised in four key steps:

- We discover
- We design solutions
- We implement
- We maintain and review

Our comprehensive banking solution includes the full range of transaction banking products, forex and financing facilities. One of the trademarks of this offering is your Capricorn Private Wealth credit card, with added benefits such as worldwide lounge access at international airports and interest-free credit for some time.

But having said all of the above, the critical pillar remains the personal relationship with you, our esteemed client, putting your needs and convenience first. Apart from access to your Private Banker and/or Wealth Manager, our well-established Service Desk and competent back office and support staff complete the circle to delight you with the service that you so richly deserve! If you are an existing CPW client, I invite you to challenge us on this offering and make suggestions to further improve on it. If you are a prospective client, maybe it is time to discover and experience a genuinely Namibian private wealth offering with international relevance.

Written by: Chris Matthee,
Executive Officer: Capricorn Private Wealth (Banking)



Namibian Fiscal Policy

With no room to manoeuvre, Iipumbu Shimmi, the Namibian Minister of Finance (MoF), tabled a contractionary Budget against a background of continued uncertainty in the macro-environment. Expenditure (N\$68bn) is already too high. Revenue (N\$52bn) is shocked by a sharp drop in SACU revenue, and the cumulative deficits over the years have pushed debt to the limits of sustainability. The fiscal position remains precarious.

There is hope, though. Fiscal outcomes for the past crisis-hit year are much better than initially feared. Credit rating agencies are unlikely to downgrade Namibia further, for now, but will continue to issue warnings while we wait for the recovery to materialise. The yield curve will remain very steep, as funding pressures keep longer-term rates high, but we do not expect a default by the Namibian state on its debt, foreign or domestic. The MoF is determined to redeem the Eurobond of N\$7.5bn (\$500m) due in November and appears to have the wherewithal to do it.

The good:

- The deficit at N\$16bn is lower than feared. As a % of GDP, it is budgeted to decrease from 9.5% last year to 8.6% this year, FY22. Over the next two years, it is seen at between 8.1% and 5.5%.
- No tax hikes apart from the usual sin Taxes. A Corporate Tax rate cut is mooted by mid-year.
- Expenditure growth should essentially be under control. Total Budgeted Expenditure is 5.8%. The Wage Bill, 42% of the total, is held steady. A N\$484m provision is made for the cost of the Covid vaccine program.
- A bounce in nominal GDP growth of 5.6%, on average, is expected for the next three years, following the past two years of contraction, which was the first such experience in Independent Namibia's history.

The bad:

- The total funding requirement doubles. Over the five years to FY20, the funding requirement was, on average N\$10bn p.a. Over the next five years, including covid hit FY21, the average is likely to be N\$20bn p.a. Funding needs are more significant than the deficit due to maturities of existing debt that need to be rolled over.
- Total Transfers and Subsidies must be cut by 8.6% from the emergency levels of FY21. This will be a drag on households' disposable income, already facing rising unemployment and rising inflation.
- Spending on goods and services must be cut by 16%, which puts a further dampener on the economy.

The ugly:

- The debt trajectory is worrying, and its attached interest bill will crowd out another spending. It took up 4% to 8% of revenue but is projected to average 17.5% over the next five years, not crisis levels yet problematic. We are calling on the MoF to set out healthy fiscal targets.
- Air Namibia's problems will probably cost the state N\$2bn, while total capital investment amounts to only about 9.3% of total expenditure. We are heartened by the 2nd Harambee Plan, which seeks to address these issues of Governance and Socio-Economic advancement in a structured and transparent way. As they say: "Don't waste a good crisis". Use it to galvanise people into action.

Monetary Policy

In its latest meeting, the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) left interest rates unchanged. The MPC foresees moderate real economic growth of 3.8% and inflation of 4.3% for 2021 and considers the risks to both to be balanced. Their three-year projection of the inflation profile is at or close to the mid-point of their target range, which implies very little change to interest rate settings. The same goes for the Bank of Namibia. This means that Monetary Policy will remain accommodative for an extended period, seeking to assist in a meaningful economic upswing, which could make all the difference.

Written by: Floris Bergh,
Chief Economist at Capricorn Asset Management



Onshore Foreign Currency (OFC) Accounts

An Onshore Foreign Currency Account may be opened for private individuals in USD, EUR and GBP. Private taxpayers of good standing and over 18 years old are allowed a “foreign capital allowance” of N\$6,000,000 per calendar year for investment purposes. Additionally, private individuals are entitled to a single discretionary allowance of N\$ 1,000,000 per calendar year for any foreign exchange transaction without a tax certificate of good standing. These allowances may be transferred abroad or held in a resident/onshore foreign currency account with a local bank.

Features and benefits:

- Diversify your investment portfolio with a foreign currency account with a local bank.
- Funds can be transferred to an offshore account/investment fund.
- Purchase foreign currency for holiday travel and other foreign payments. (in line with the Exchange Control Regulations)
- No minimum opening account balance required
- No account management fees
- Internationally competitive interest rates
- Statements available on iBank
- Personalised service
- Exchange control-related formalities and advice
- Available in three major currencies, (US Dollars (USD), British Pounds (GBP) and Euro (EUR))

Conditions that apply:

- Tax certificate of Good Standing required for deposits over N\$ 1,000,000
- Standard AML requirements will apply

For more information and assistance, please contact our CPW Foreign Exchange Specialist on **061 299 1168**.



Capricorn Private Wealth Service Desk

Going the extra mile to serve you with excellence

The Capricorn Private Wealth (CPW) Service Desk comprises dedicated service experts who attend to your immediate day-to-day service needs. As a valued customer, the Service Desk team works closely with experienced specialists to protect and grow your prosperity.

Our offering to you

As Namibia's premier financial service provider, CPW's Service Desk promises to deliver excellence to you in the following functions:

- Bank or investment statements requests
- iBank profiles account linking
- Soft tokens registration
- Card limit amendments and stops/blocking
- Cash or foreign currency arrangements
- Internet Banking password
- Internet Banking token resets or replacements
- Confirmation letters
- Travel Insurance arrangements
- LoungeKey queries
- Internal and external funds transfers
- Proof of payments
- Short-term insurance claims submissions
- Any other general question or requests.

The CPW Service Desk can be contacted by email at **Service.PrivateWealth@capricorn.com.na** or by telephone on **061 299 1444**. The Service Desk is available between **07:30 and 17:00 from Monday to Friday**.

Compliments & Complaints Procedure

It is essential for us to provide you with dedicated and unrivalled service. Therefore we would like to hear from you as to how we can improve our service and also invite you to comment on the excellent service you received from our dedicated team.

To log a compliment or complaint,

- Send an email to Service.Privatewealth@capricorn.com.na or
- Log in via our website: Select Contact Us, complete the requested fields, select the compliment & complaints topic, type your message/ feedback and send

The Compliments & Complaints received will be reviewed by our management team and resolved or commended as per our process guidelines.