

MONTHLY REVIEW OF PORTFOLIO PERFORMANCE TO 31 OCTOBER 2025

By Staff Writer – RFS Fund Administrators (Pty) Ltd

The monthly review of portfolio performance, as set out in this issue, is also available on our website at www.rfsol.com.na.

1. Review of Portfolio Performance

In October 2025, the average prudential balanced portfolio returned 2.4% (September 2025: 2.7%). The top performer is the Stanlib Namibia Managed Fund 3.1%. The Allan Gray Namibia Balanced Fund, with 1.8%, takes the bottom spot. Ninety One Namibia Managed Fund takes the top spot for the three months, outperforming the 'average' by roughly 0.8%. The Lebelu Balanced Fund underperformed the 'average' by 0.9% on the other end of the scale. Note that these returns are before (gross of) asset management fees. (Refer to graphs 3.1.3 to 3.1.5 for a more insightful picture of the relative long-term performances of the portfolios and the asset classes.)

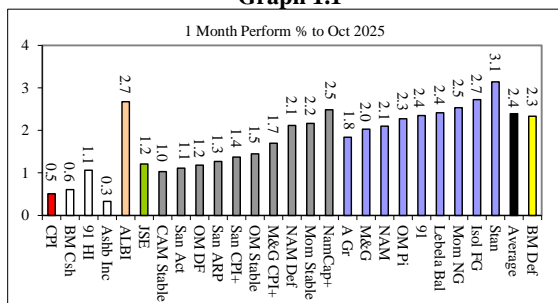
Graphs 1.1 to 1.10 reflect the performance for periods from 1 month to 20 years of a number of the most prominent prudential balanced portfolios (blue bars), ‘special mandate portfolios’ with lower volatility risk (grey bars), fixed interest portfolios (no colour bars), the average of prudential balanced portfolios (black bar), the JSE Allshare Index (green bar), and the CPI (red bar). Benchmark investors should note the performance of the default portfolio (yellow bar), which represents a combination of four prominent local managers with a domestic balanced mandate, specialist 20Twenty Credit Solutions, two foreign equity index trackers, a foreign global bond manager and a local money market fund.

Below is the legend for the abbreviations reflected on the graphs:

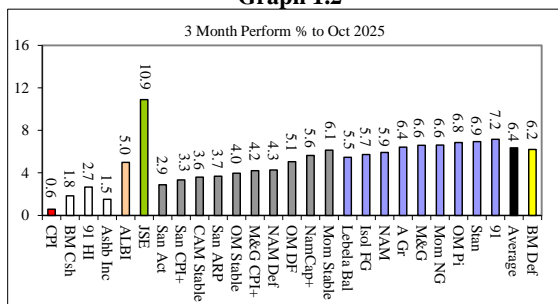
Benchmark Indexes	
Namibian Consumer Price Index	CPI (red)
All Bond Index	ALBI (orange)
JSE Allshare Index	JSE Cum (green)
Benchmark Default Portfolio	BM Def (yellow)
Average portfolio (prudential, balanced)	Average (black)
Special Mandate Portfolios	
Money market	BM Csh (no colour)
NinetyOne High Income (interest-bearing assets)	91 HI (no color)
Ashburton Namibia Income Fund	Ashb Inc (no colour)
Capricorn Stable	CAM Stable (grey)
Momentum Nam Stable Growth	Mom Stable (grey)
NAM Capital Plus	NamCap+ (grey)
NAM Coronation Balanced Def	NAM Def (grey)
Old Mutual Dynamic Floor	OM DF (grey)
M&G Inflation Plus	M&G CPI+ (grey)
Sanlam Active	San Act (grey)
Sanlam Inflation Linked	San CPI+ (grey)
Smooth bonus portfolios	
Old Mutual AGP Stable	OM Stable (grey)
Sanlam Absolute Return Plus	San ARP (grey)
Market-related portfolios	
Allan Gray Balanced	A Gr (blue)
Lebela Balanced*	Lebela Bal (blue)
NinetyOne Managed	91 (blue)
Investment Solutions Bal Growth (multimanager)	Isol FG (blue)
Momentum Namibia Growth	Mom NG (blue)
NAM Coronation Balanced Plus	NAM (blue)
Old Mutual Pinnacle Profile Growth	OM Pi (blue)
M&G Managed	M&G (blue)
Stanlib Managed	Stan (blue)

*Previously Hangala Absolute Balanced Fund

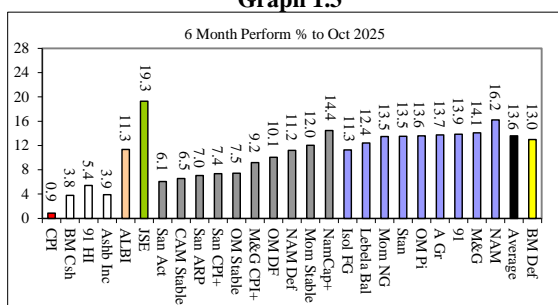
Graph 1.1



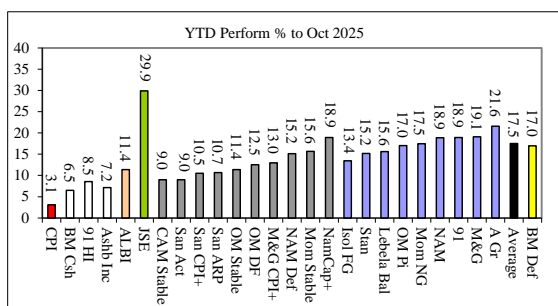
Graph 1.2



Graph 1.3



Graph 1.4

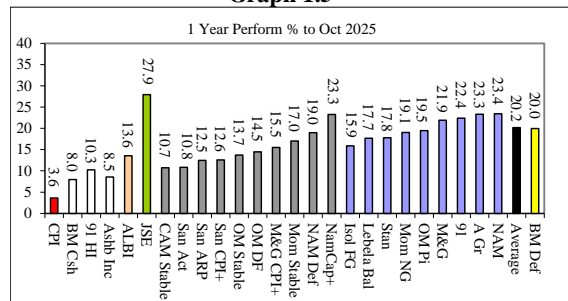


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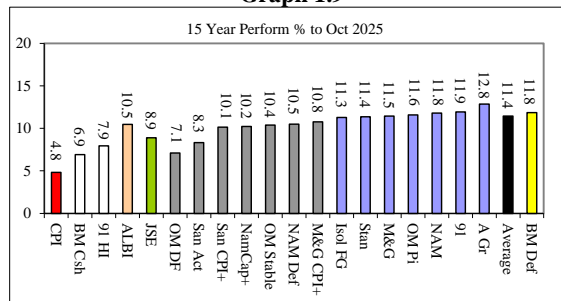
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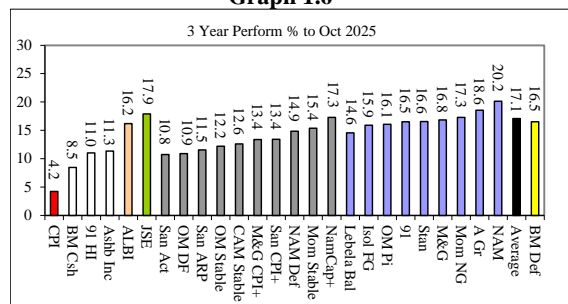
Graph 1.5



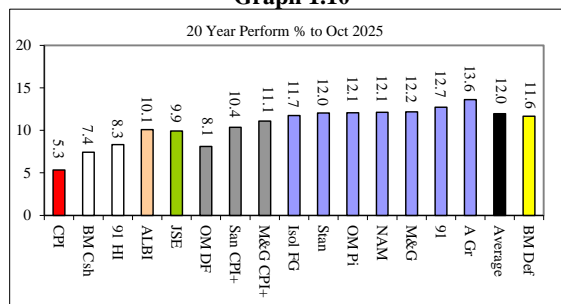
Graph 1.9



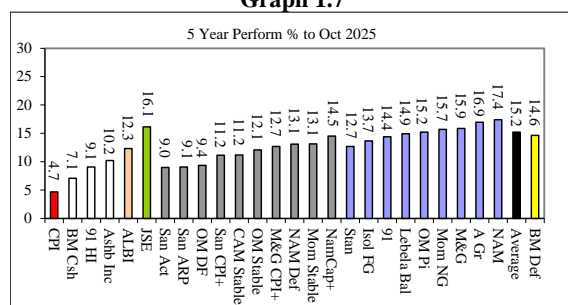
Graph 1.6



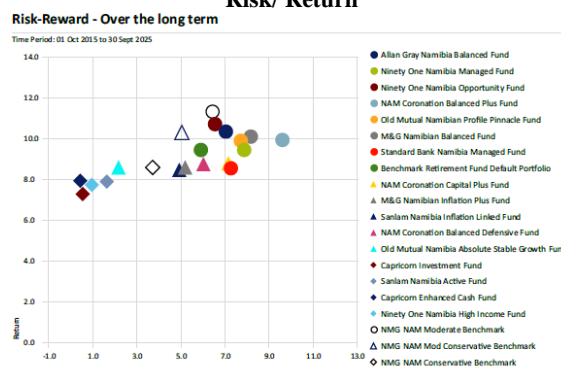
Graph 1.10



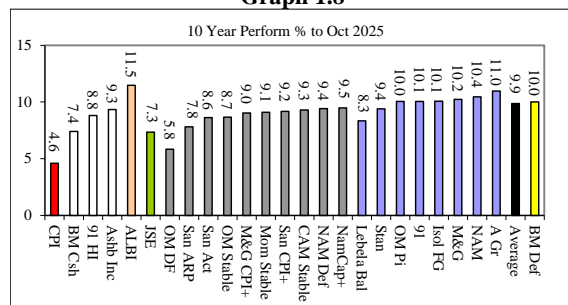
Graph 1.7



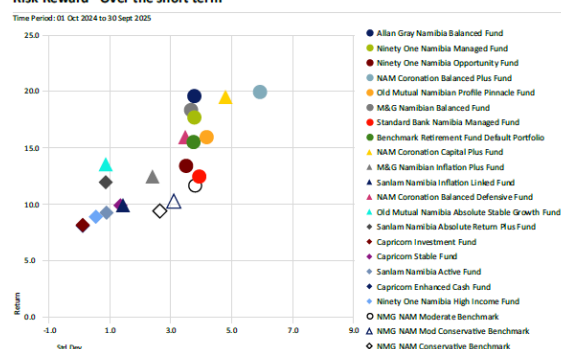
Risk/ Return



Graph 1.8



Risk-Reward - Over the short term



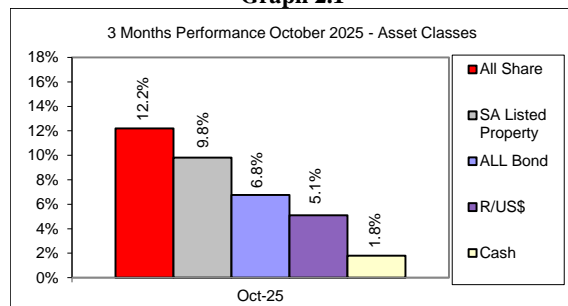
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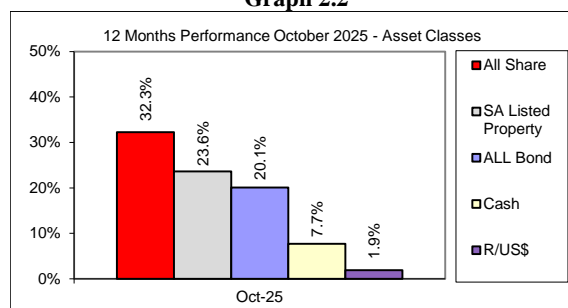
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2. Performance of Key Indices (index performance by courtesy of IJG/Deutsche Securities)

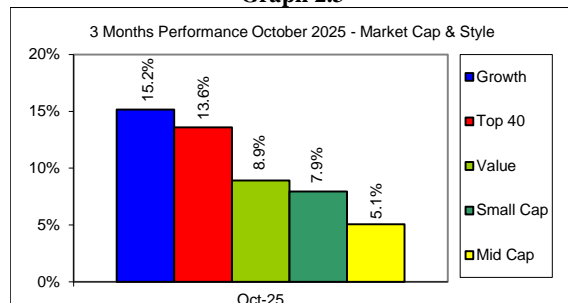
Graph 2.1



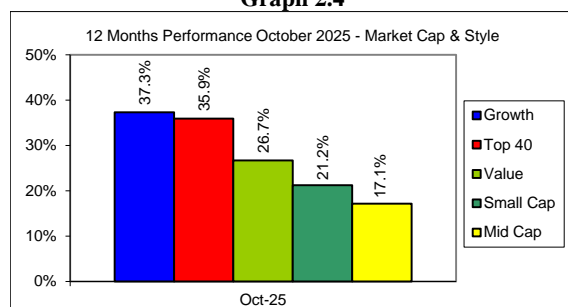
Graph 2.2



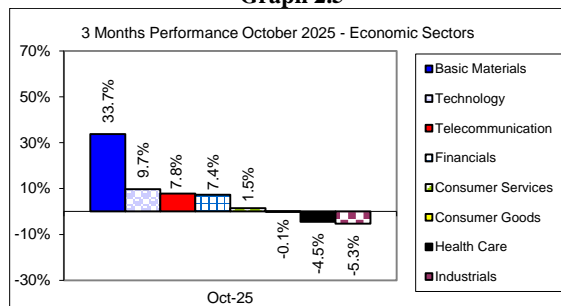
Graph 2.3



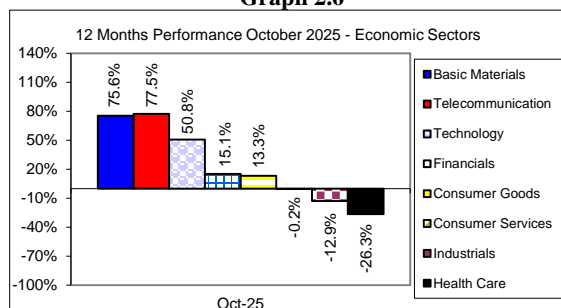
Graph 2.4



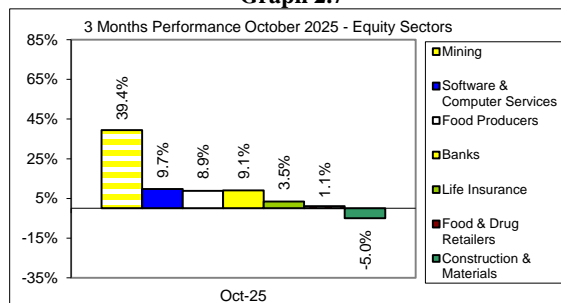
Graph 2.5



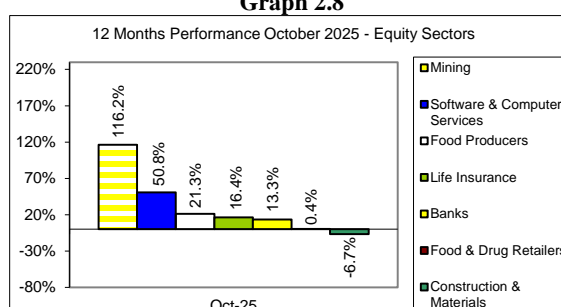
Graph 2.6



Graph 2.7



Graph 2.8



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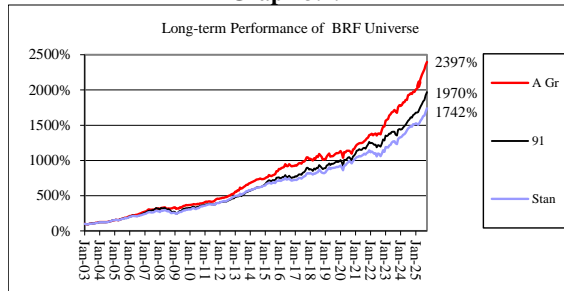
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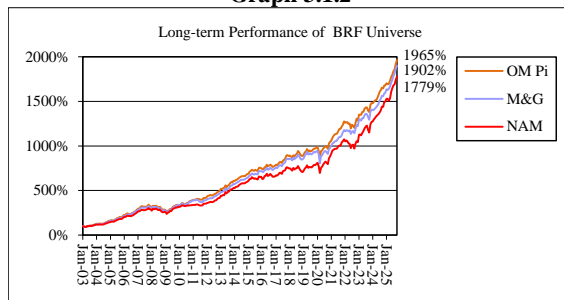
3. Portfolio Performance Analysis

3.1 Cumulative performance of prudential balanced portfolios

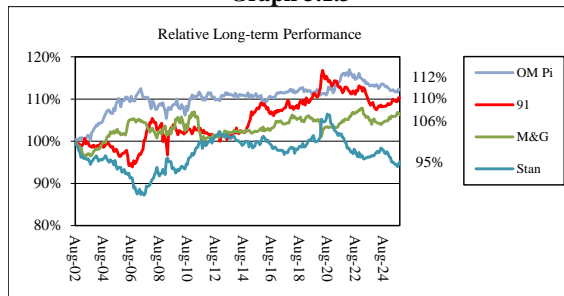
Graph 3.1.1



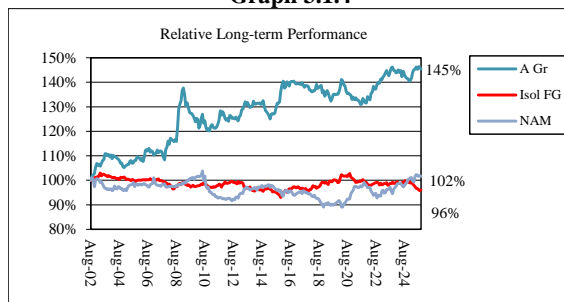
Graph 3.1.2



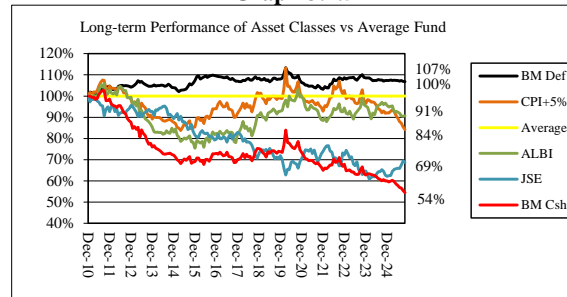
Graph 3.1.3



Graph 3.1.4

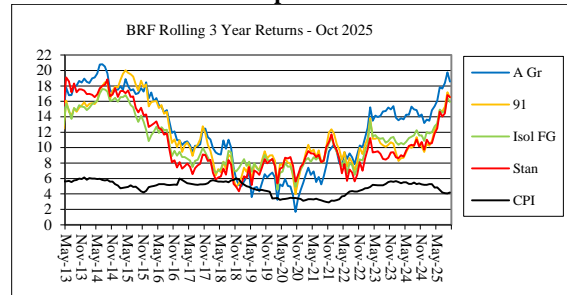


Graph 3.1.5

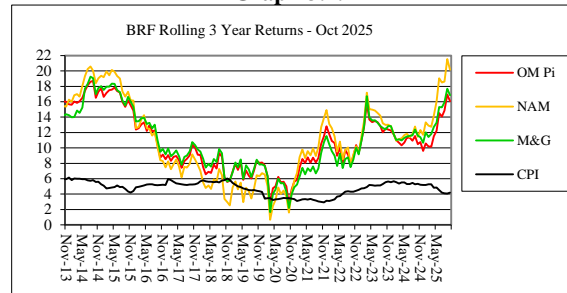


3.2 3-year rolling performance of prudential balanced portfolios relative to CPI

Graph 3.2.1

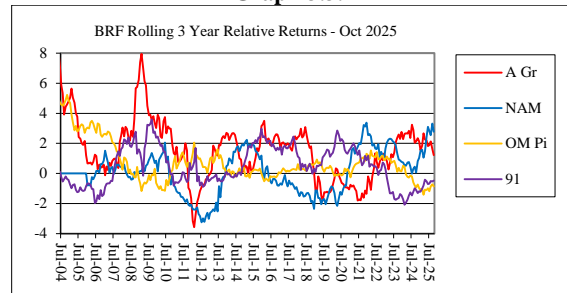


Graph 3.2.2



3.3 3-year rolling performance of prudential portfolios relative to the average prudential balanced portfolio on zero

Graph 3.3.1

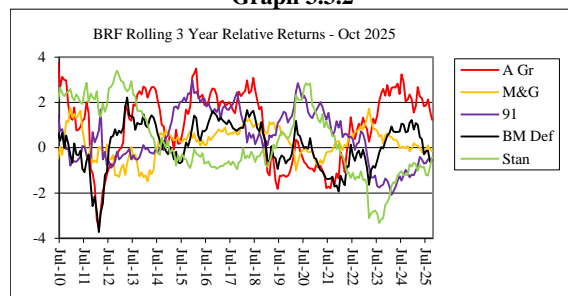


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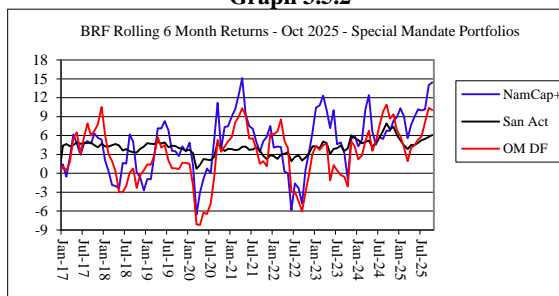
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Graph 3.3.2

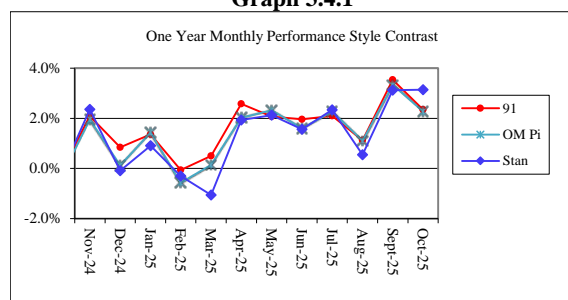


Graph 3.5.2

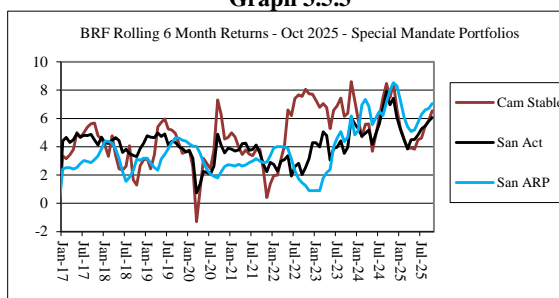


3.4 Monthly performance of prudential balanced portfolios

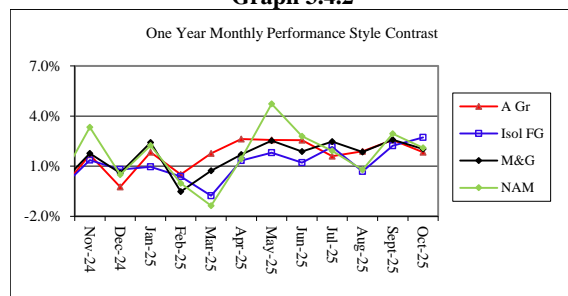
Graph 3.4.1



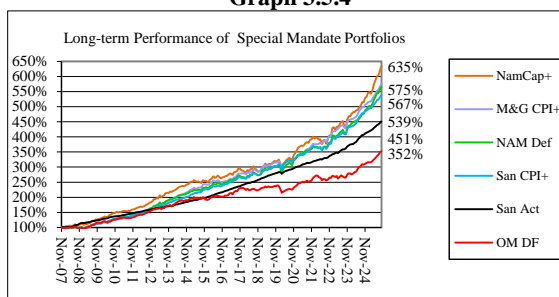
Graph 3.5.3



Graph 3.4.2

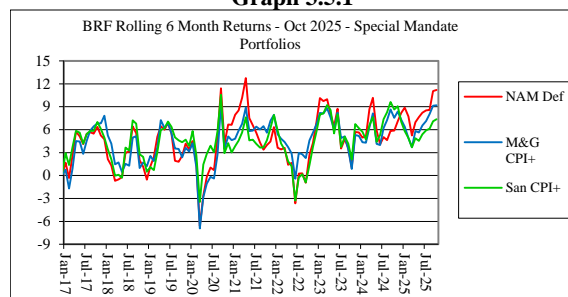


Graph 3.5.4



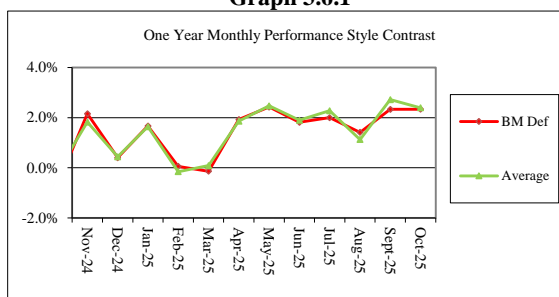
3.5. 6-month rolling and cumulative returns of 'special mandate' portfolios

Graph 3.5.1



3.6 Monthly and cumulative performance of 'Benchmark Default' portfolio relative to average prudential balanced portfolio

Graph 3.6.1

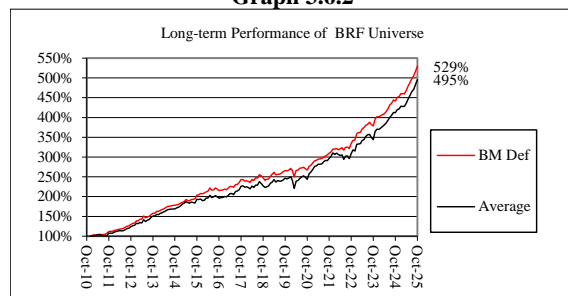


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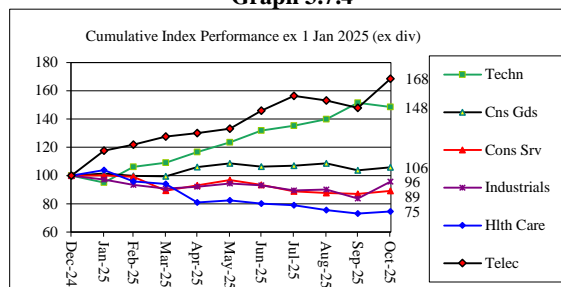
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Graph 3.6.2

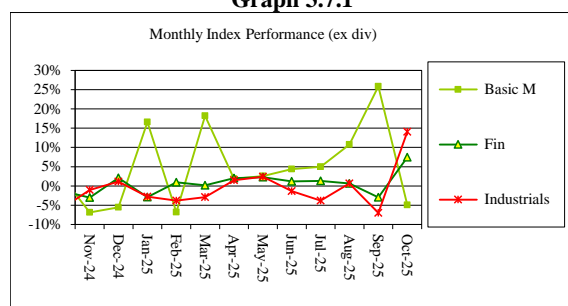


Graph 3.7.4

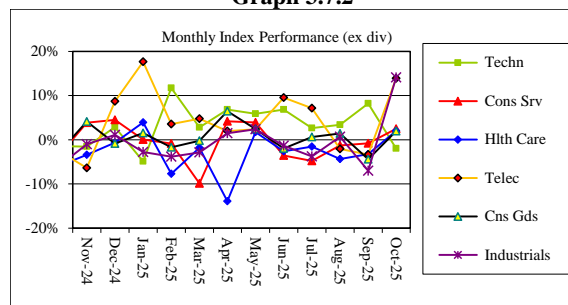


3.7 One-year monthly performance of key indices (excluding dividends)

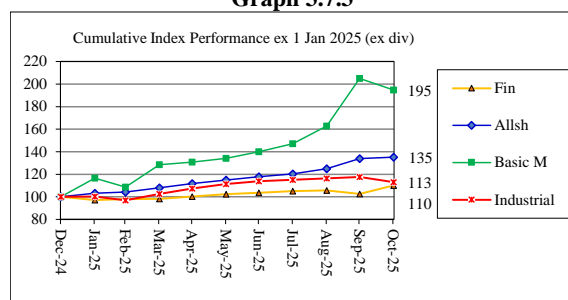
Graph 3.7.1



Graph 3.7.2



Graph 3.7.3



4. The Benchmark Default Portfolio – Facts in figures

Table 4.1

Portfolio	Default portfolio	Average Prud Bal
5-year nominal return - % p.a.	14.6	15.2
5-year real return - % p.a.	9.9	10.5
Equity exposure - % of the portfolio (quarter ended Sept 2025)	60.8	60.4
Cumulative return ex Jan 2011	346.4	436.1
5-year gross real return target - % p.a.	5	6
Target income replacement ratio p.a. - % of income per year of membership	2	2.4
Required net retirement contribution - % of salary	13.0	11.6

The above table reflects the actual return of the Default Portfolio versus the target return required to produce an income replacement ratio of 2% of salary per year of fund membership that should secure a comfortable retirement income. The default portfolio outperformed the average prudential balanced portfolio by a margin and has been ahead since January 2011, when the trustees restructured it by raising the equity exposure. It still has a similar equity exposure of about 61% compared to the average prudential balanced portfolio's more than 60% exposure.

One must read the default portfolio's long-term return in the context of its initially low-risk profile, which the trustees only changed from the beginning of 2011 when they replaced the Metropolitan Absolute Return fund with the Allan Gray balanced portfolio.

Table 4.2

Measure	Money Market	Default Portf	Average Prud Bal
Worst annual performance	5.5%	8.7%	8.4%
Best annual performance	8.5%	17.2%	17.8%
No of negative 1-year periods	n/a	0	0
Average of negative 1-year periods	n/a	n/a	n/a
Average of positive 1-year periods	6.9%	12.7%	12.3%

The table above presents one-year performance statistics. It highlights the performance differences between the three

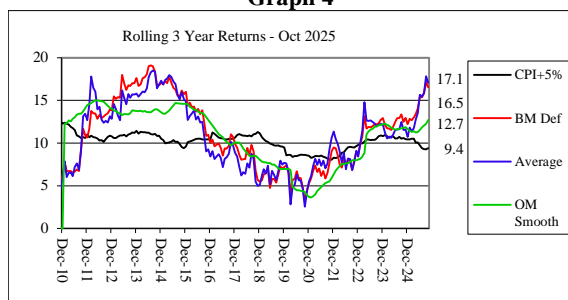
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portfolios over the three years from November 2022 to October 2025. These statistics show the performance volatility of these three risk profiles.

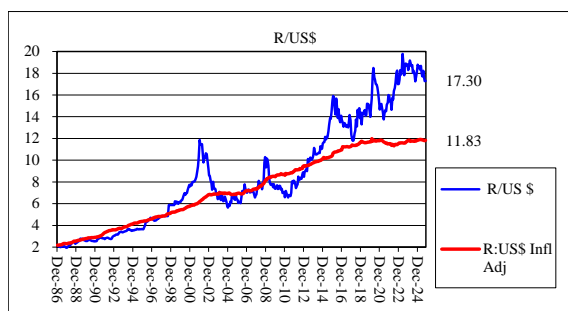
Graph 4



Graph 4 measures the success of the Benchmark Default portfolio in achieving its long-term gross investment return objective of inflation plus 5% on a rolling 3-year basis. It also shows rolling 3-year returns of the average prudential balanced portfolio and rolling 3-year CPI. The Benchmark default portfolio's 3-year return to the end of October was 16.5%, the average was 17.1% vs. CPI plus 5%, currently on 9.4%.

5. Review of Foreign Portfolio Flows and the Rand

Graph 5.1 indicates that the Rand's fair value by our measure is 11.83 to the US Dollar, while it stood at 17.30 at the end of October 2025. Our measure is based on adjusting the two currencies by the respective domestic inflation rates.

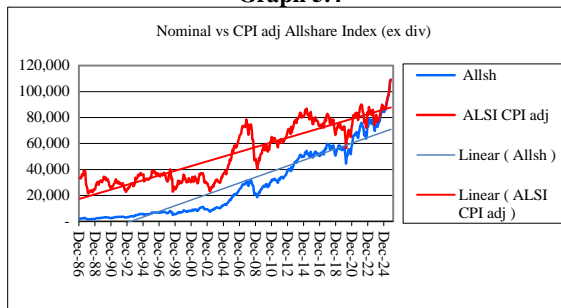


Graph 5.2 - removed

Graph 5.3 - removed

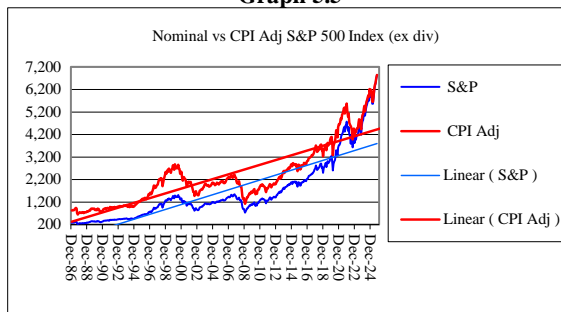
Graph 5.4 reflects the movement of the JSE since January 1987 in nominal and inflation-adjusted terms, with trend lines for these. In nominal terms, the JSE grew by 10.9% per year since January 1987, excluding dividends of 3.2%. Namibian inflation over these 36 years was 7.4% per year. This is equivalent to a growth rate of 3.5% per annum in real terms over this period, excluding dividends, or approximately 6.7% including dividends.

Graph 5.4



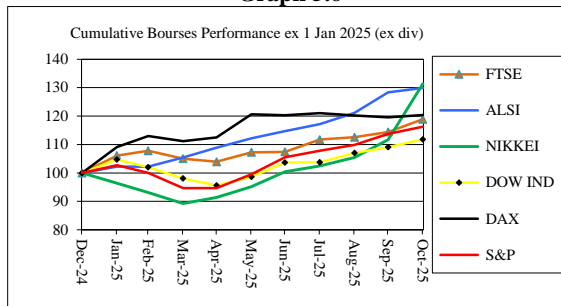
Graph 5.5 reflects the movement of the S&P500 Index since January 1987 in nominal and inflation-adjusted terms, with trend lines for these. Over 38 years since January 1987, the S&P500 Index grew by 8.6% per annum. US inflation over this period was 2.8%. It represents growth in real terms of 5.8% p.a. over 38 years, excluding dividends, or around 7.9% (including dividends).

Graph 5.5



Graph 5.6 provides an interesting overview of some of the major global share indices, showing the ALSI as the top-performing index since the start of 2025.

Graph 5.6



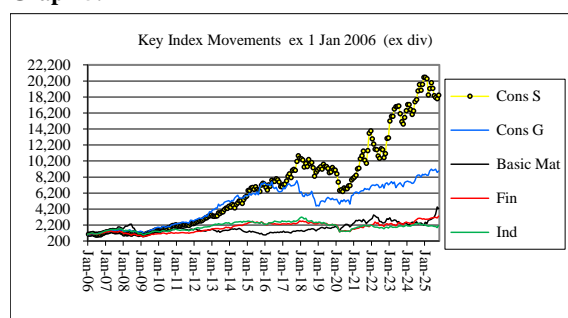
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Graph 5.7 provides an overview of the relative movement of the key equity sectors on the FTSE/JSE since December 2005, when the JSE introduced these indices. The investor can deduce from this graph which sectors offer better and poorer value based on fundamentals. Annualised returns for these indices since the beginning of 2006 were: Consumer Services: 15.8%; Consumer Goods: 11.6%; Financials: 6.2%; Basic Materials: 7.5%; and Industrials: 3.9%.

Graph 5.7



6. Where Local Investors Find Value

By Tilman Friedrich

Investors continue to navigate a highly polarised global equity environment where valuations vary dramatically across regions. An updated analysis of trailing price-to-earnings (P/E) ratios as at October 2025 (or nearest available) reveals significant disparities between major markets — the S&P 500 (USA), JSE (South Africa), DAX (Germany), and Nikkei 225 (Japan).

Metric	S&P 500 (USA)	JSE (South Africa)	DAX (Germany)	Nikkei 225 (Japan)
Current (Trailing P/E)	31.7	15.9	17.7	16.8
Historic Average (2015–2024)	24.7	16.6	14.4*	15.5*
Historic Minimum (2015–2024)	19.4	7.4	12.5*	13.9*
Historic Maximum (2015–2024)	39.3	28.5	15.3*	16.4*

*Partial dataset 2021–2024 for DAX & Nikkei

S&P 500 (USA)

The S&P 500 remains at an elevated P/E of 31.7, well above its 10-year average (24.7) and nearing historical peaks. This signals stretched valuations, leaving little

margin of safety and increasing the risk of earnings disappointment.

JSE (South Africa)

At 15.9×, the JSE trades slightly below its 10-year average of 16.6×, indicating a relatively attractive valuation. The local market remains one of the few globally that offers meaningful dividend yields and inflation-beating earnings potential, especially for long-term investors comfortable with rand volatility.

DAX (Germany)

With a P/E of 17.7, the DAX has moved above its historically narrow range (12.5–15.3×), suggesting a more fully priced market. Earnings growth remains modest, and valuation expansion appears constrained unless Europe sees a meaningful industrial rebound.

Nikkei 225 (Japan)

Japan's market trades at 16.8×, modestly above its recent average (15.5×). Corporate reforms and improving shareholder returns support the market, but near-term valuations are no longer cheap.

Comparative Value Assessment

- Most expensive: S&P 500 — far above historic norms, driven by concentrated tech-sector valuations.
- Relatively expensive: DAX — above its observed historic range, with muted earnings momentum.
- Moderately priced: Nikkei 225 — close to fair value, modestly stretched.
- Most attractive: JSE — trading below its historic average, supported by high dividend yields and favourable relative valuation.

Namibian Investor Insight

For Namibian investors, the JSE remains the most compelling risk-adjusted opportunity. It combines reasonable valuations with tangible income returns in a familiar regulatory and currency environment. Offshore diversification remains essential, but current global valuation spreads suggest the following positioning:

- Anchor exposure to the JSE for income and value recovery potential.
- Selective offshore allocation to the US and Japan for structural growth and currency diversification.
- Limit European exposure to thematic or short-duration tactical positions.

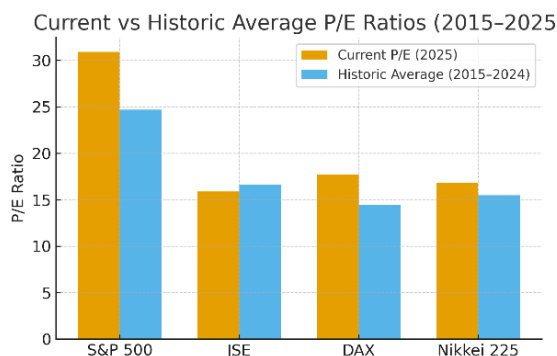
Balanced portfolios that blend domestic value with offshore growth are best placed to capture upside while mitigating valuation and currency risks.

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Chart: Current vs Historic Average P/E Ratios (2015–2025)



Conclusion

While US equities dominate global indices, their valuations remain demanding. The JSE, by contrast, offers long-term value and steady income potential. German and Japanese markets appear neutral to mildly expensive. For local investors, maintaining a disciplined balance between value and growth, anchored in domestic opportunities, remains the optimal approach.

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