Volume 21, No. 12
December 2025

Benchmark Retirement Fund

Administered by RFS Fund Administrators

Income Tax Ref. No.12/1/12/462
Registration No 25/7/7/489

MONTHLY REVIEW OF PORTFOLIO PERFORMANCE TO 31 DECEMBER 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 December 2025, the average prudential balanced portfolio returned 1.7% (November 2025: 0.6%). The top performer is the Momentum Namibia Growth Fund, with 2.7%. The Allan Gray Namibia Balanced Fund, with 0.9%, takes the bottom spot. Momentum Namibia Growth Fund takes the top spot for the three months, outperforming the 'average' by roughly 1.8%. The NAM Coronation Balanced Plus Fund underperformed the 'average' by 2.5% 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.)

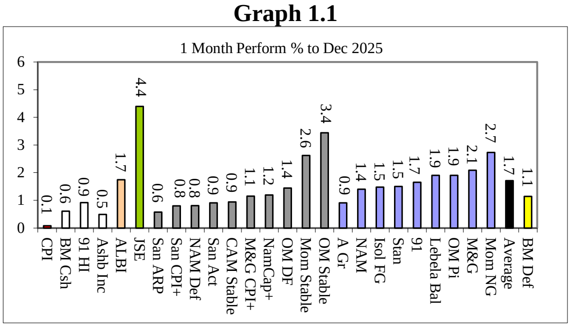
Graphs 1.1 to 1.10 reflect the performance for periods from 1 month to 20 years of a number of the most prominent prudential balanced portfolios (blue bars), 'special mandate portfolios' with lower volatility risk (grey bars), fixed interest portfolios (no colour bars), the average of prudential balanced 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:

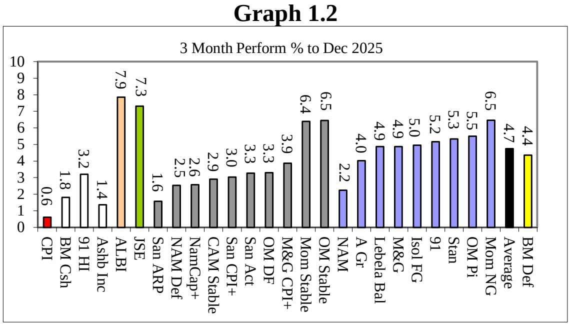
Benchmarks	
Namibian Consumer Price Index	CPI (red)
All Bond Index	ALBI (orange)
JSE Allshare Index	JSE Cum (green)
Benchmark Default Portfolio	BM Def (yellow)
Average portfolio (prudential, balanced)	Average (black)
Special Mandate Portfolios	
Money market	BM Csh (no colour)
NinetyOne High Income (interest-bearing 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

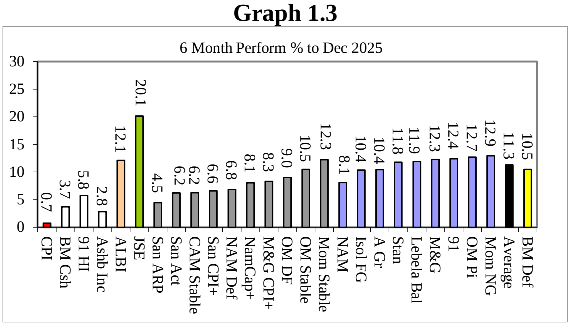
Graph 1.1



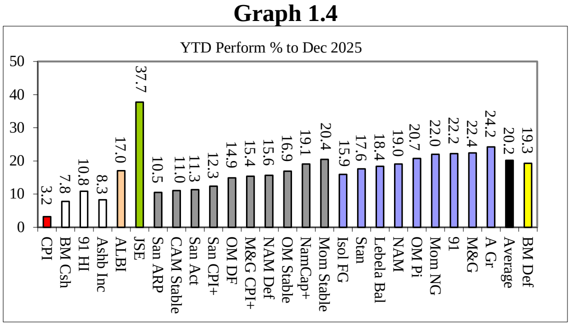
Graph 1.2



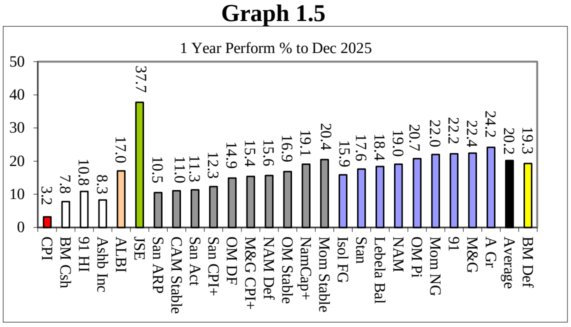
Graph 1.3



Graph 1.4



Graph 1.5



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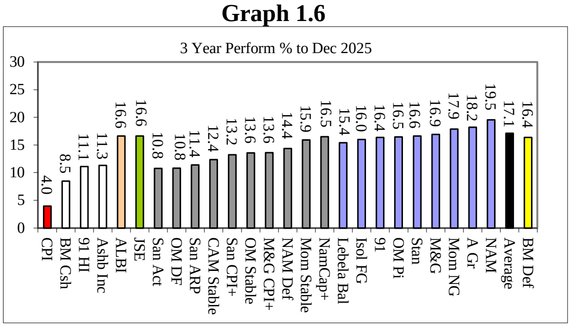
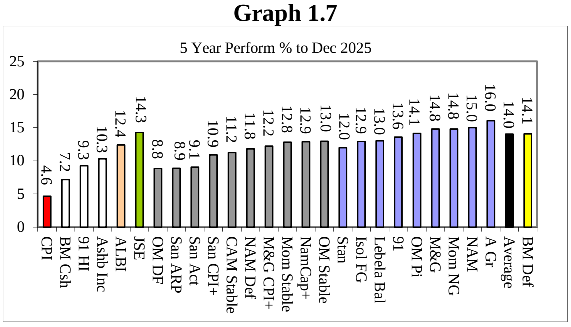
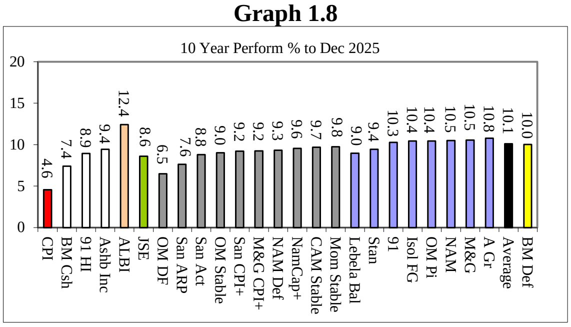
Graph 1.6



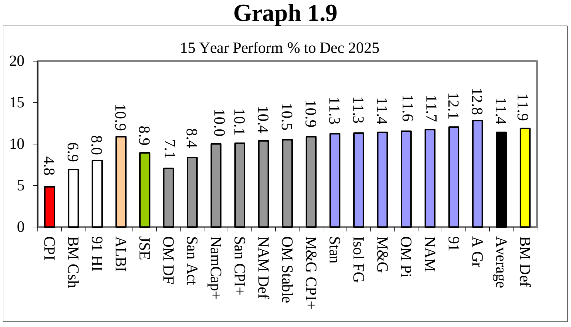
Graph 1.7



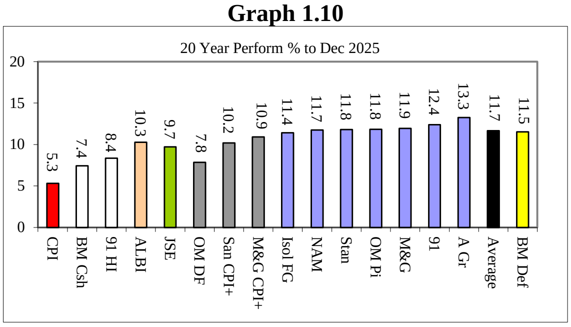
Graph 1.8



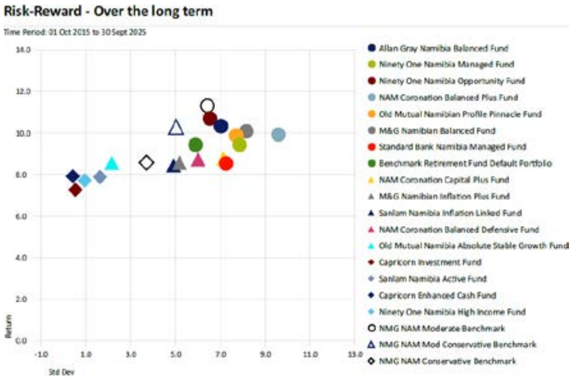
Graph 1.9

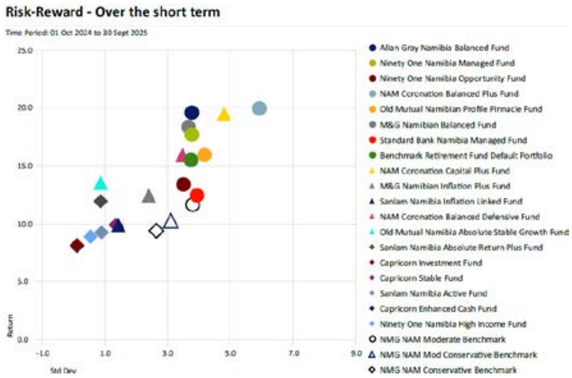


Graph 1.10



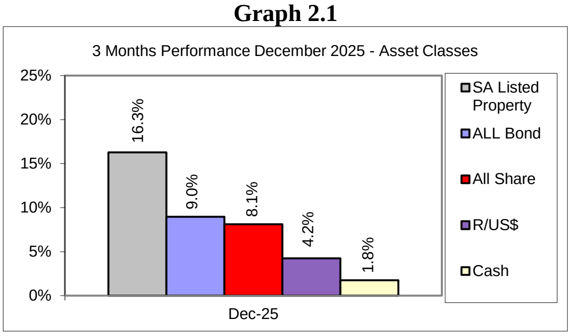
Risk/ Return



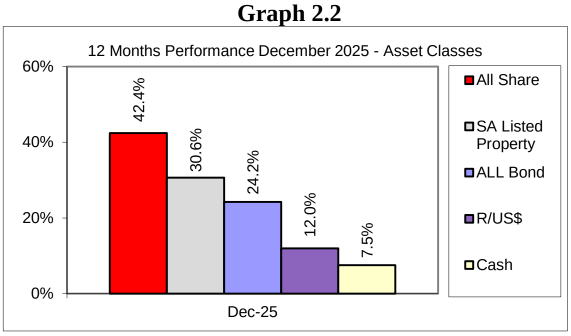


2. **Performance of Key Indices** (index performance by courtesy of IJG/Deutsche Securities)

Graph 2.1



Graph 2.2



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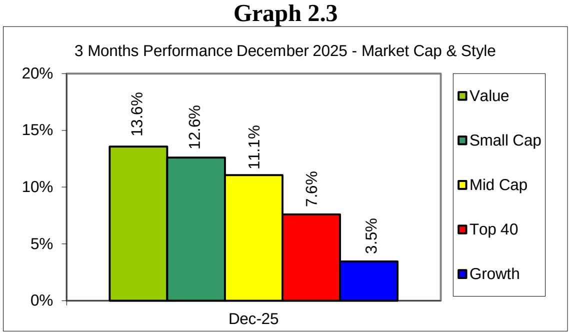
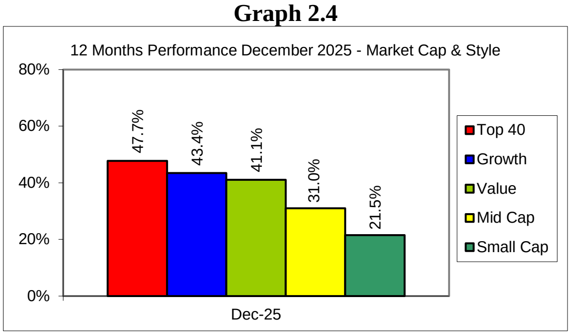
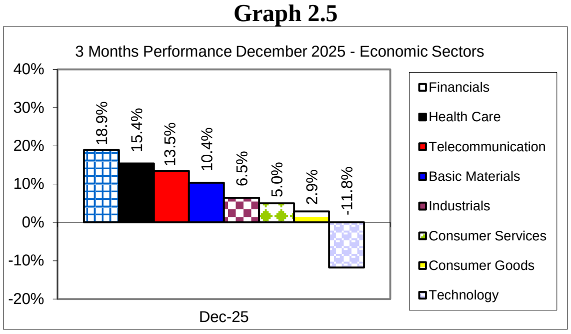
Graph 2.3



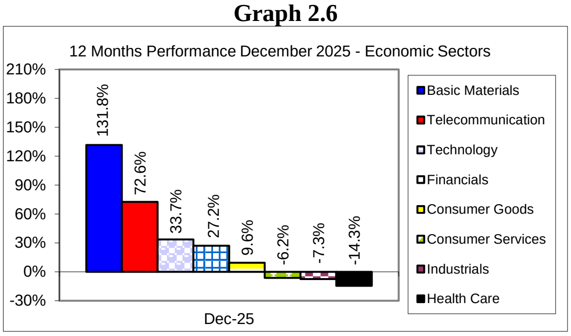
Graph 2.4



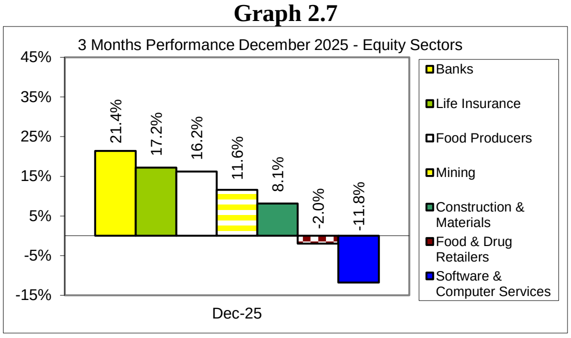
Graph 2.5



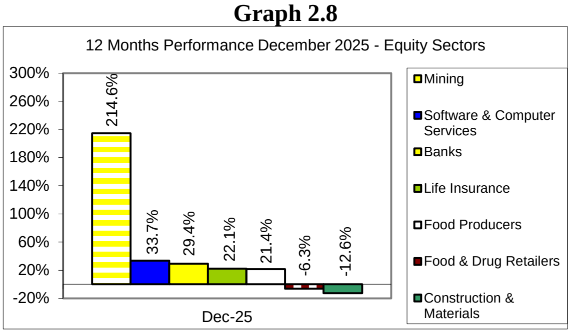
Graph 2.6



Graph 2.7



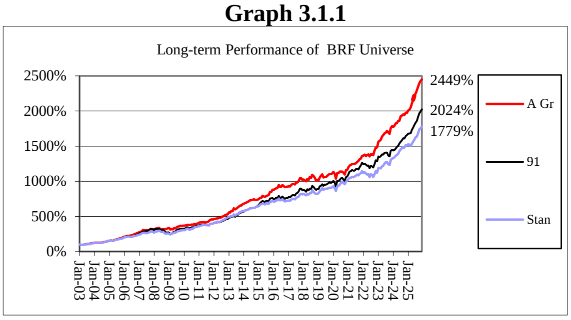
Graph 2.8



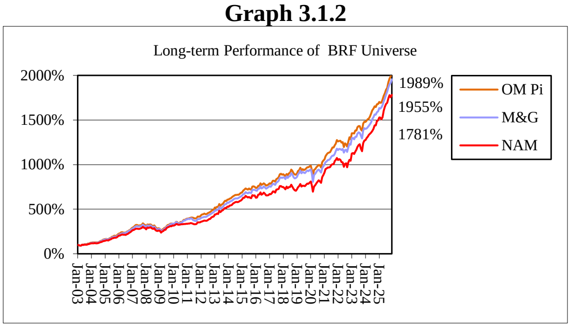
3. Portfolio Performance Analysis

3.1 Cumulative performance of prudential balanced portfolios

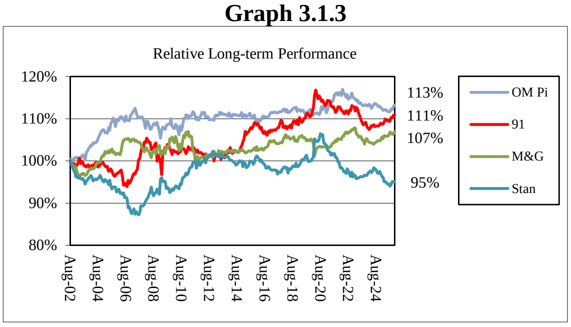
Graph 3.1.1



Graph 3.1.2



Graph 3.1.3



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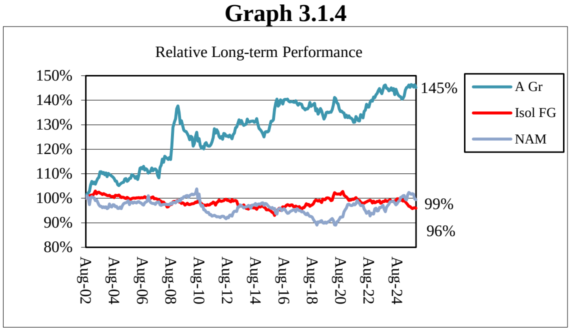
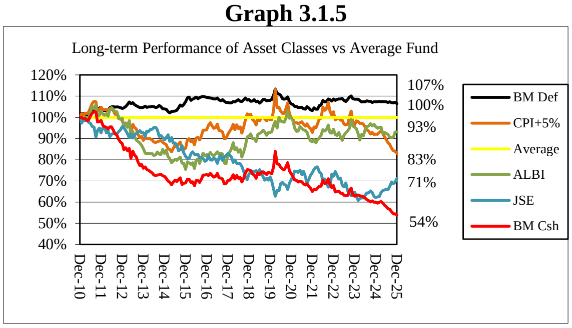
Graph 3.1.4

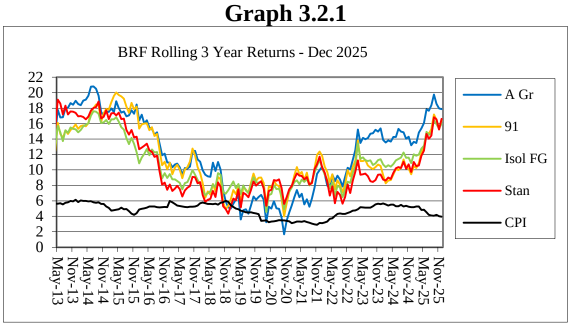


Graph 3.1.5

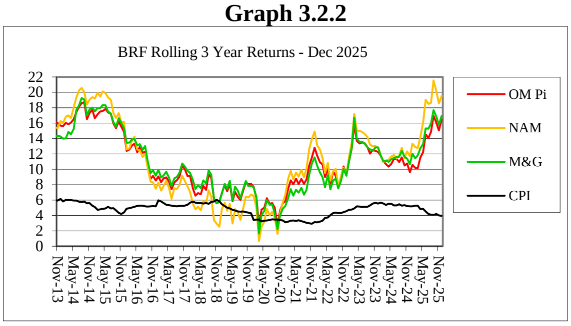


3.2 3-year rolling performance of prudential balanced portfolios relative to CPI

Graph 3.2.1

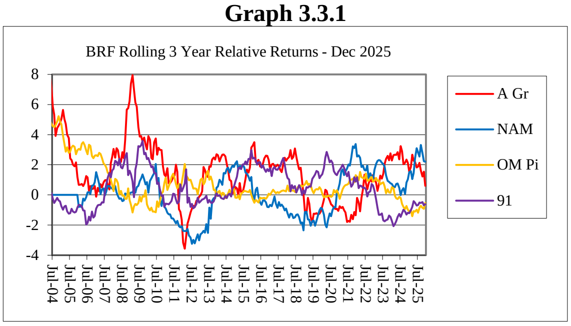


Graph 3.2.2

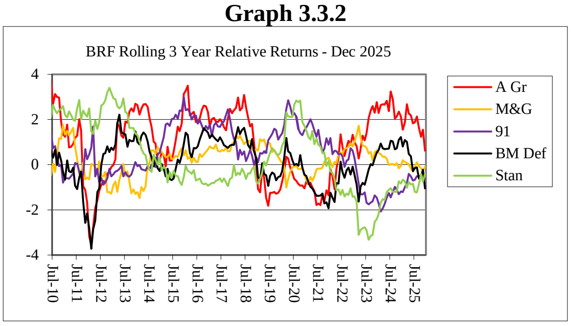


3.3 3-year rolling performance of prudential portfolios relative to the average prudential balanced portfolio on zero

Graph 3.3.1

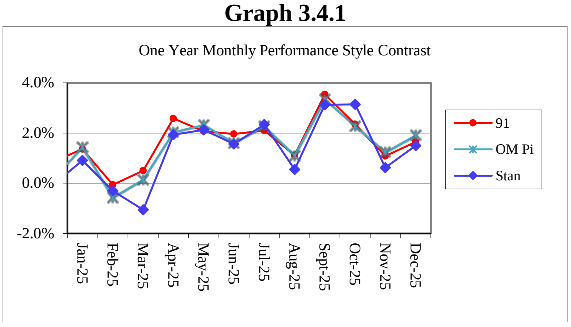


Graph 3.3.2

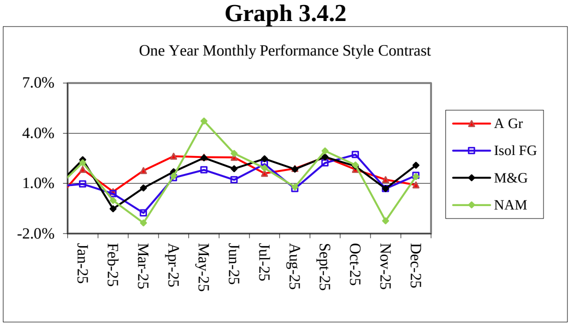


3.4 Monthly performance of prudential balanced portfolios

Graph 3.4.1



Graph 3.4.2



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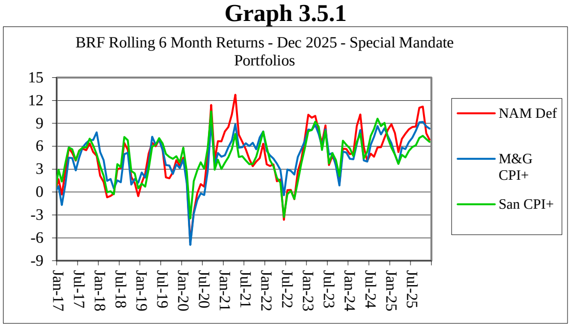
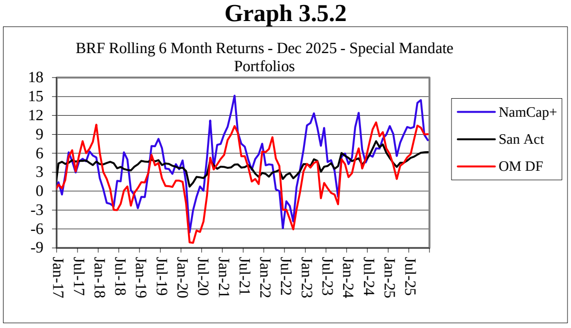
3.5. 6-month rolling and cumulative returns of 'special mandate' portfolios

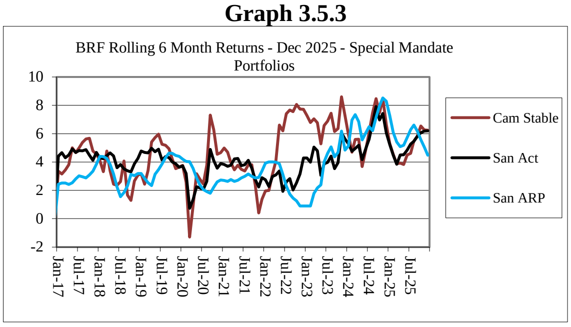
Graph 3.5.1



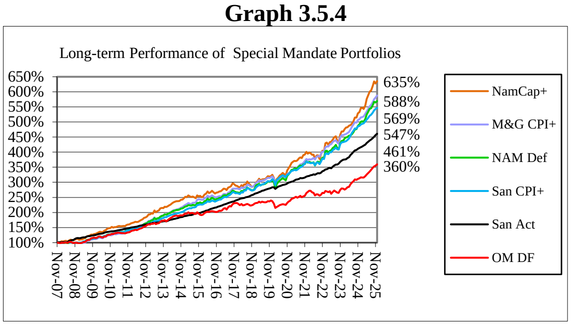
Graph 3.5.2



Graph 3.5.3

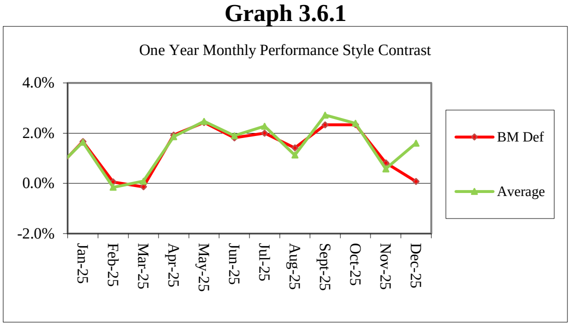


Graph 3.5.4

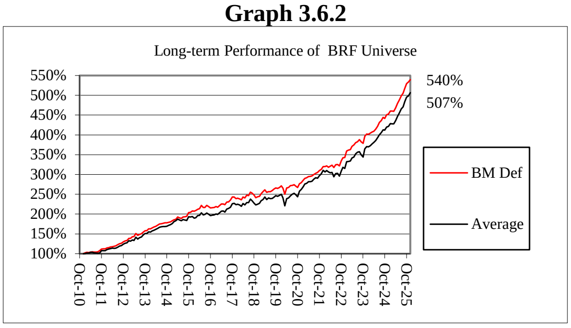


3.6 Monthly and cumulative performance of 'Benchmark Default' portfolio relative to average prudential balanced portfolio

Graph 3.6.1

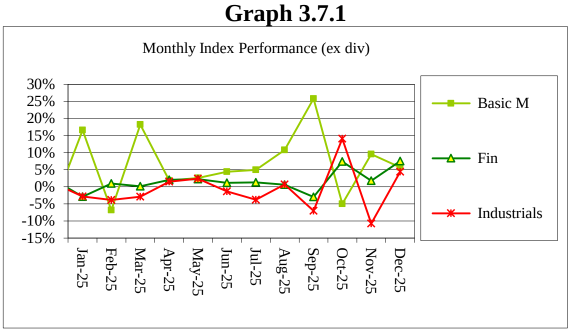


Graph 3.6.2

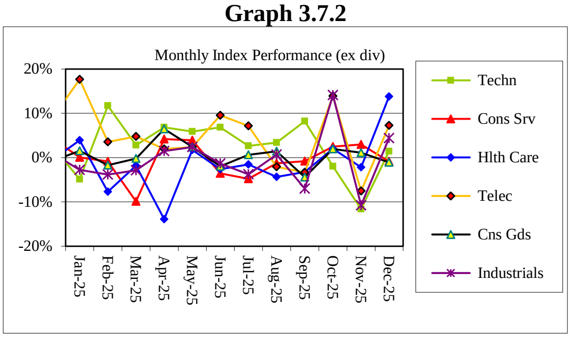


3.7 One-year monthly performance of key indices (excluding dividends)

Graph 3.7.1



Graph 3.7.2



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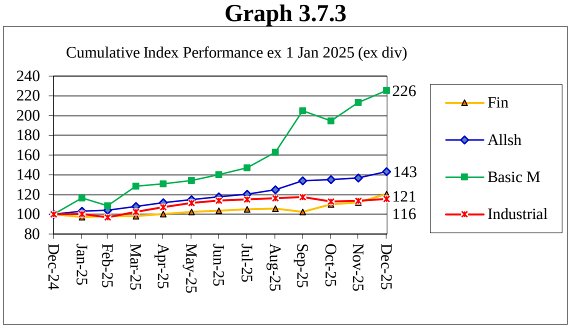
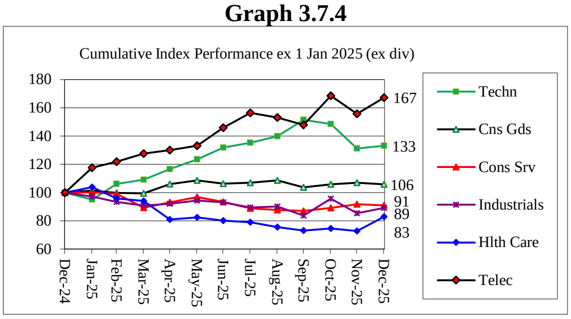
Graph 3.7.3



Graph 3.7.4



4. The Benchmark Default Portfolio – Facts in figures

Table 4.1

Portfolio	Default portfolio	Average Prud Bal
5-year nominal return - % p.a.	14.1	14.0
5-year real return - % p.a.	9.5	9.4
Equity exposure - % of the portfolio (quarter ended Sep 2025)	60.8	63.0
Cumulative return ex Jan 2011	440.9	418.4
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 slightly more conservative structure with an equity exposure of 61% compared to the average prudential balanced portfolio's more than 63% exposure.

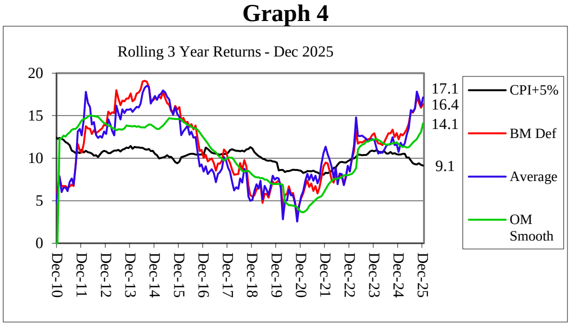
One must read the default portfolio's long-term return in the context of its initially low-risk profile, which the trustees only changed from the beginning of 2011 when they replaced the Metropolitan Absolute Return fund with the Allan Gray balanced portfolio.

Table 4.2

Measure	Money Market	Default Portf	Average Prud Bal
Worst annual performance	5.5%	9.9%	10.0%
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	7.1%	13.1%	12.8%

The table above presents one-year performance statistics. It highlights the performance differences between the three portfolios over the three years from January 2023 to December 2025. These statistics show the performance volatility of these three risk profiles.

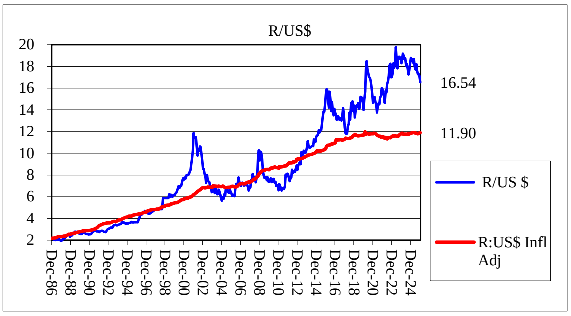
Graph 4



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 December was 16.4%, the average was 17.1% vs. CPI plus 5%, currently on 9.1%.

5. Review of Foreign Portfolio Flows and the Rand

Graph 5.1 indicates that the Rand's fair value by our measure is 11.90 to the US Dollar, while it stood at 16.54 at the end of December 2025. Our measure is based on adjusting the two currencies by the respective domestic inflation rates.



Graph 5.2 - removed
Graph 5.3 - removed

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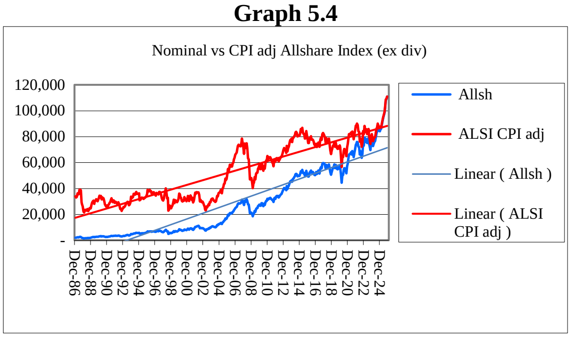
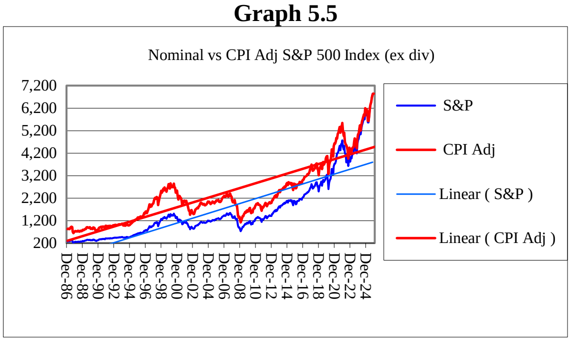
Graph 5.4 reflects the movement of the JSE since January 1987 in nominal and inflation-adjusted terms, with trend lines for these. In nominal terms, the JSE grew by 11.0% per year since January 1987, excluding dividends of 3.2%. Namibian inflation over these 36 years was 7.3% per year. This is equivalent to a growth rate of 3.7% per annum in real terms over this period, excluding dividends, or approximately 6.9% including dividends.

Graph 5.4



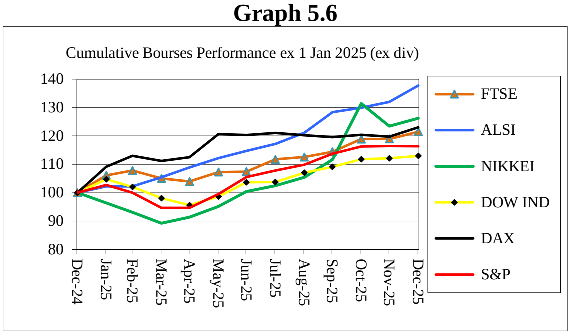
Graph 5.5 reflects the movement of the S&P500 Index since January 1987 in nominal and inflation-adjusted terms, with trend lines for these. Over 38 years since January 1987, the S&P500 Index grew by 8.6% per annum. US inflation over this period was 2.8%. It represents growth in real terms of 5.8% p.a.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

Graph 5.5



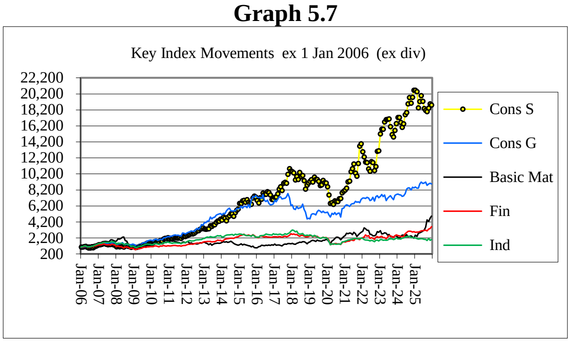
Graph 5.6 provides an interesting overview of some of the major global share indices, showing the ALSI as the top-performing index since the start of 2025.

Graph 5.6



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: 15.7%; Consumer Goods: 11.5%; Financials: 6.6%; Basic Materials: 8.3%; and Industrials: 3.5%.

Graph 5.7



6. From Hegemony to Multipolar Risk? What Could its Implications be?

By Tilman Friedrich

Western political commentary has focused heavily on President Trump's tone, conduct, and utterances, often presenting him as an aberration from accepted diplomatic norms. For long-term investors and fiduciaries, however, this focus risks obscuring a more important reality: U.S. geopolitical objectives have shown remarkable continuity across administrations, irrespective of diplomatic style.

From a trustee and investment-governance perspective, it is therefore imprudent to assume that a change in leadership or rhetoric in Washington would fundamentally alter the global economic or geopolitical backdrop. The strategic objective of maintaining Western primacy, political, financial, and military, has remained broadly unchanged since the end of World War II.

Historical Context: Continuity, Not Personality

Britain, as the pre-1945 global hegemon, resisted emerging challengers such as Germany and Japan. Its strategic alignment with the United States during World War II achieved that objective but at the cost of unsustainable financial indebtedness, resulting in the transfer of global primacy to the U.S.

Since then, the United States has pursued similar hegemonic objectives, albeit through a combination of military alliances, economic dominance, and control over global financial infrastructure. Former wartime

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MONTHLY REVIEW OF PORTFOLIO PERFORMANCE TO 31 DECEMBER 2025

By Staff Writer – RFS Fund Administrators (Pty) Ltd

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allies, notably Russia and China, have since emerged as the most credible long-term challengers to this order.

The key difference between administrations has been method, not objective. Diplomatically trained presidents tended to pursue these strategies quietly; others have articulated them more openly. For investors, the distinction is largely cosmetic.

China's energy position is a critical constraint in this context. China today imports roughly 70 – 75% of its crude oil requirements, amounting to approximately 11 million barrels per day. Russia supplies roughly one-fifth of these imports, making it China's single-largest supplier, but it is nowhere near sufficient to replace China's broader seaborne energy dependence. In natural gas, even at full pipeline capacity, Russian supplies would cover less than 10% of China's total gas consumption. The remainder is sourced primarily via LNG and seaborne crude from the Middle East, Africa, and Latin America.

This means that, while China has strategic stockpiles and diversification options, its industrial economy remains structurally exposed to maritime energy supply lines. This reality is central to understanding how China is likely to respond if it concludes that Western actions are not tactical pressure, but a deliberate attempt to place it in an unavoidable energy-constrained position.

How Russia and China Interpret Western Actions

Russian and Chinese policy narratives, consistently articulated in official statements and state-aligned media, interpret Western actions not as episodic or defensive, but as systematic containment.

From Moscow's perspective, NATO expansion, sanctions, and energy-trade interventions are viewed as a long-term strategy of pressure and encirclement designed to weaken Russia economically and politically before turning similar pressure on China.

Beijing, while far more economically integrated into global markets, increasingly frames Western trade restrictions, technology controls, and financial sanctions as evidence that economic integration does not guarantee political accommodation. The lesson China appears to have drawn is that dependency equals vulnerability.

For trustees, the relevance lies not in endorsing these narratives, but in recognising that policy responses are shaped by perception and survival logic, not Western intent.

Likely Strategic Responses Under Escalating Pressure

If the United States and its allies pursue a strategy aimed not merely at deterrence but at progressively constraining Russia's and China's strategic room for manoeuvre, including energy supply lines, the responses are likely to be more decisive than incremental diplomacy suggests.

Russia's response is likely to remain one of endurance rather than capitulation:

- Deepening energy, trade, and financial relationships with non-Western partners, particularly China, the Middle East, and parts of the Global South.
- Leveraging energy exports, commodities, and logistics chokepoints to raise costs for sanctioning states.
- Expanding asymmetric and hybrid strategies designed to strain Western political cohesion and sanction enforcement.

In a worst-case scenario, Russia becomes China's supplier of last resort, locking in long-term energy relationships that bind China structurally while simultaneously benefiting from higher prices and geopolitical relevance. Similarly, resource-rich countries like Namibia and South Africa will benefit from higher prices resulting from more intense competition from the West and the East, while global commodity markets are likely to suffer from supply line disruptions. Civil unrest will likely be a weapon in the arsenal of the competing interests.

China's response is likely to evolve through distinct phases.

Initially, Beijing will continue to favour strategic patience:

- drawing down strategic reserves;
- administratively prioritising energy use for food, transport, and critical industry;
- intensifying non-Western settlement mechanisms and alternative insurance and shipping arrangements.

However, China's energy arithmetic places a time limit on patience. If Beijing concludes that Western actions are systematically closing off alternative suppliers, as has occurred with Venezuela and, potentially, Iran, through pressure on maritime insurance and shipping, the risk becomes existential rather than cyclical.

At that point, China's response is likely to harden materially:

- asserting more direct protection of critical sea lanes and energy shipments;
- applying counter-pressure through industrial, technological, and commodity choke points where

Volume 21, No. 12
December 2025

Benchmark Retirement Fund

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China holds dominant positions; a start was the restriction of rare earths to the West;

- accepting a higher level of confrontation risk to avoid being forced into a no-win energy-constrained position.

This is the point at which China may "draw a line", not out of preference for conflict, but out of a calculation that delay worsens its strategic odds.

Implications for Global Economies and Financial Markets

The convergence of Russian endurance and Chinese line-drawing fundamentally changes the investment landscape.

First, energy and logistics markets become structurally volatile. Energy prices, freight rates, and insurance costs would reflect not just supply-and-demand dynamics but also persistent rather than transient geopolitical risk premiums.

Second, financial fragmentation accelerates. Payment systems, reserve assets, and capital flows increasingly split along geopolitical lines, reducing global liquidity efficiency and increasing episodic dislocations.

Third, inflation risk re-emerges as a structural feature, not a temporary post-pandemic phenomenon. Energy, food, and transport shocks transmit rapidly across economies, complicating monetary policy and compressing valuation multiples.

What should trustees take from this

The fiduciary question is not whether such a worst-case scenario will materialise, but whether portfolios are resilient if elements of it do.

Neither Russia nor China appears willing to accept subordination to a U.S.-centric order. Equally, there is little evidence that the United States is prepared to voluntarily relinquish strategic dominance. The most plausible outcome is therefore prolonged strategic tension with intermittent escalation, rather than clean resolution.

For Namibian trustees and investment professionals, this reinforces several governance-sound principles:

- Diversification is no longer just about asset classes, but about geopolitical exposure.
- Liquidity and flexibility matter as much as return optimisation.
- Real assets, commodities, and inflation-resilient cash flows regain strategic importance.
- Currency exposure must be intentional and stress-tested, not incidental.
- Correlation assumptions break down.
- Geopolitical concentration is now an investment risk, not just a macro consideration.

In a contested multipolar world, the primary fiduciary objective shifts subtly but decisively: from maximising returns in benign conditions to preserving capital and optionality across adverse regimes.

Governance Actions for the IC

- Stress-test portfolios for:
  - energy price shocks,
  - freight and insurance disruption,
  - USD liquidity squeezes.
- Reconfirm benefit-payment liquidity under market stress.
- Ensure currency exposure is deliberate and documented.
- Record scenario awareness in IC minutes and IPS reviews