

MONTHLY REVIEW OF PORTFOLIO PERFORMANCE TO 28 FEBRUARY 2026

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 February 2026, the average prudential balanced portfolio returned 2.5% (January 2026: 1.6%). The top performer is the Allan Gray Namibia Balanced Fund, with 3.8%. The NAM Coronation Balanced Plus Fund, with 0.2%, takes the bottom spot. Momentum Namibia Growth Fund takes the top spot for the three months, outperforming the ‘average’ by roughly 2.7%. The NAM Coronation Balanced Plus Fund underperformed the ‘average’ by 3.4% 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:

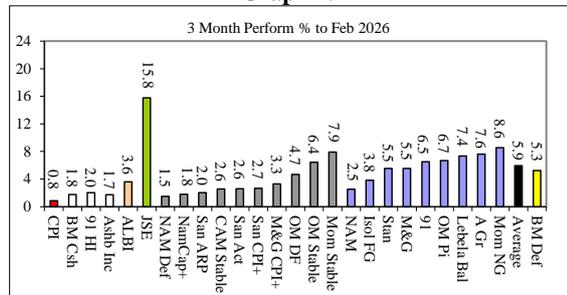
| Benchmarks | |
|-------------------------------------------------|----------------------|
| Namibian Consumer Price Index | CPI (red) |
| All Bond Index | ALBI (orange) |
| JSE Allshare Index | JSE Cum (green) |
| Benchmark Default Portfolio | BM Def (yellow) |
| Average portfolio (prudential, balanced) | 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

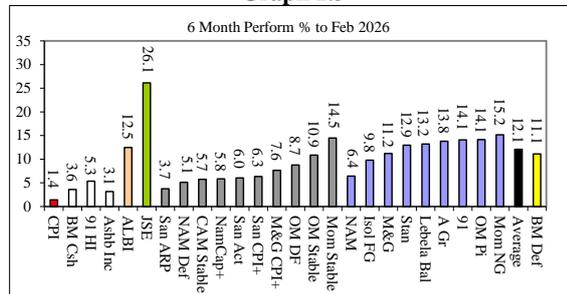
Graph 1.1



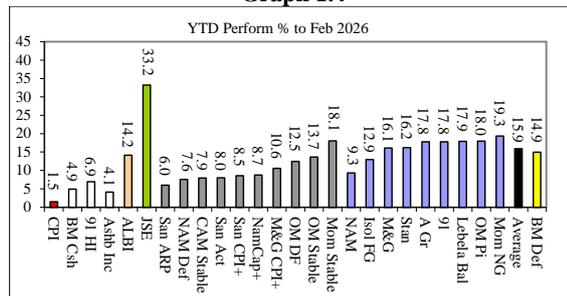
Graph 1.2



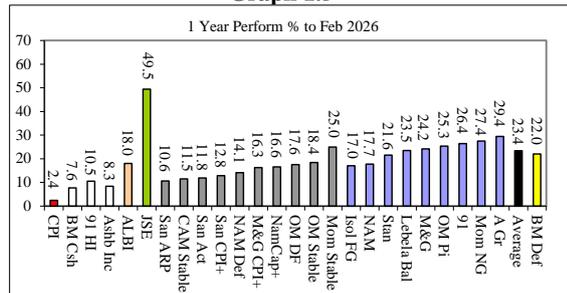
Graph 1.3



Graph 1.4



Graph 1.5

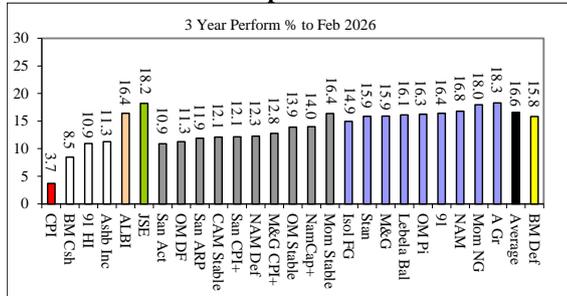


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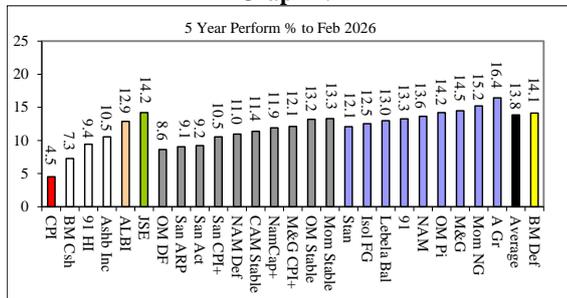
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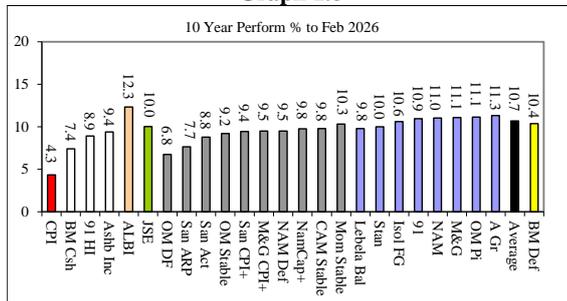
Graph 1.6



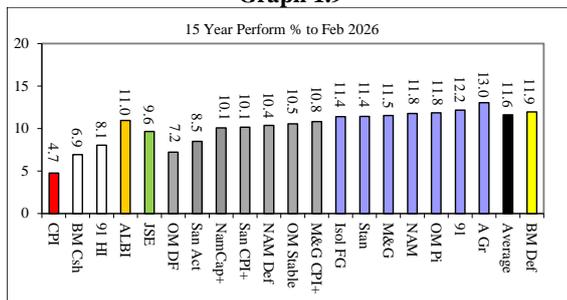
Graph 1.7



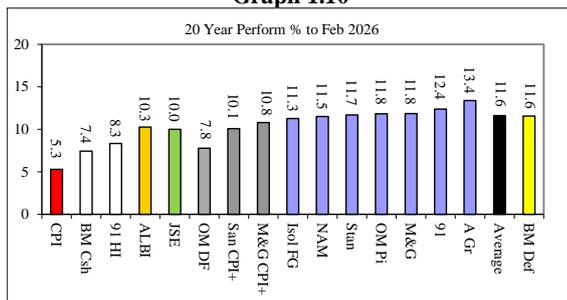
Graph 1.8



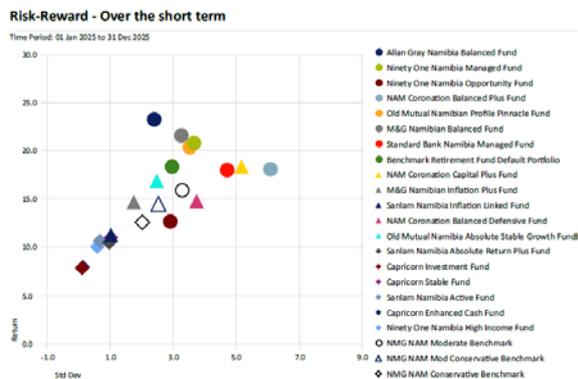
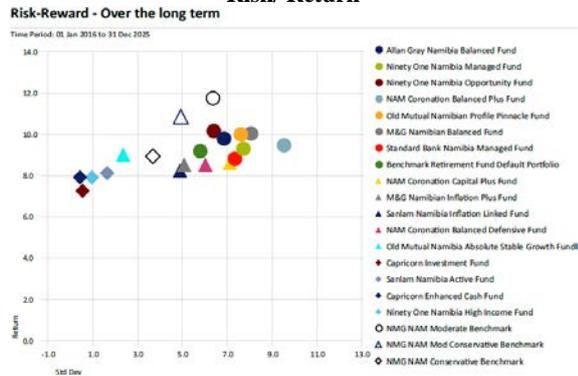
Graph 1.9



Graph 1.10

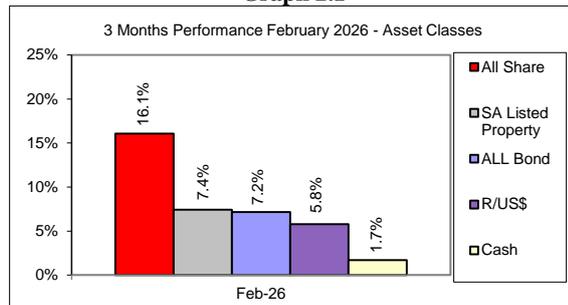


Risk/ Return

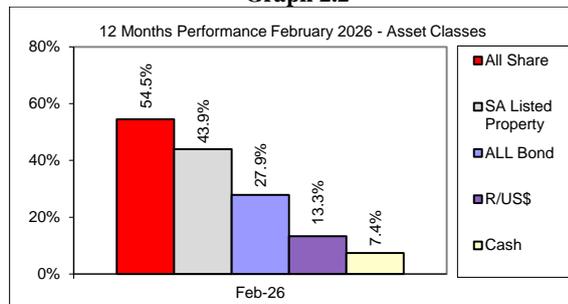


2. Performance of Key Indices (index performance by courtesy of IJG/Deutsche Securities)

Graph 2.1



Graph 2.2

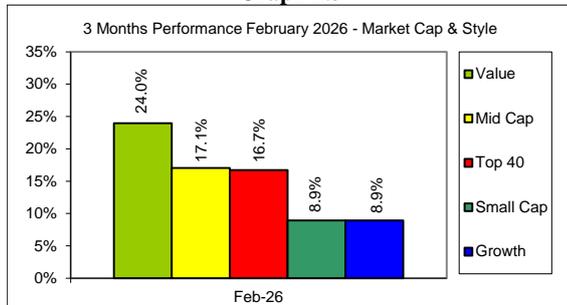


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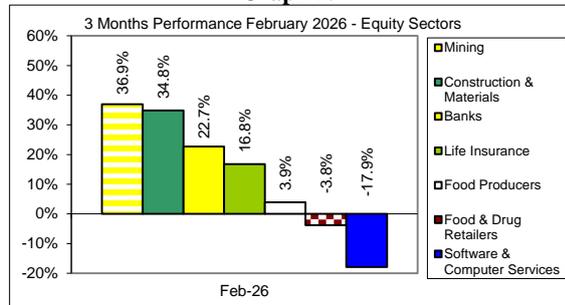
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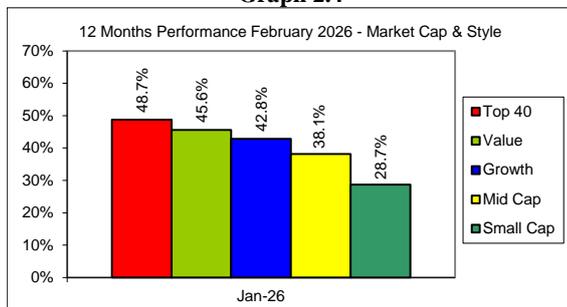
Graph 2.3



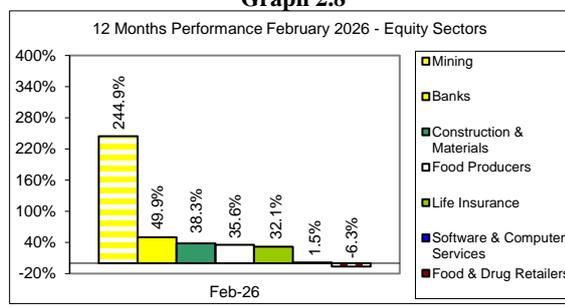
Graph 2.7



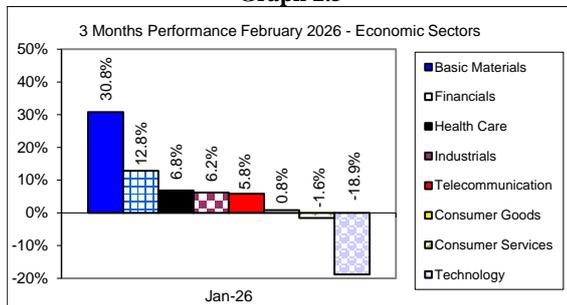
Graph 2.4



Graph 2.8



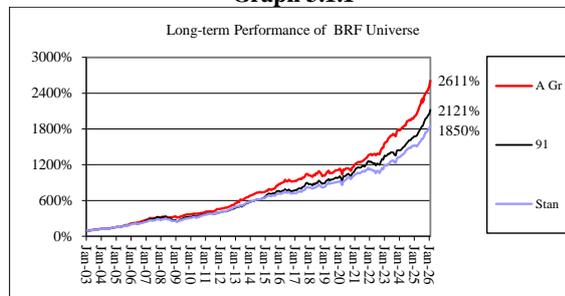
Graph 2.5



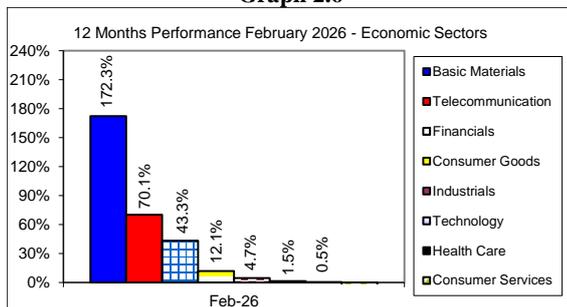
3. Portfolio Performance Analysis

3.1 Cumulative performance of prudential balanced portfolios

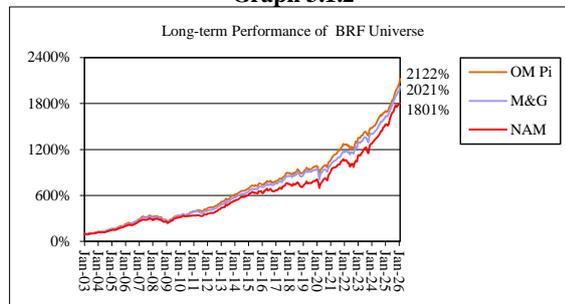
Graph 3.1.1



Graph 2.6



Graph 3.1.2

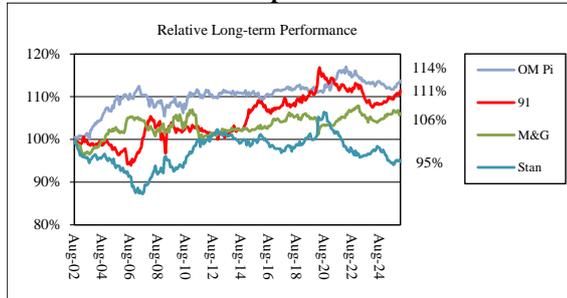


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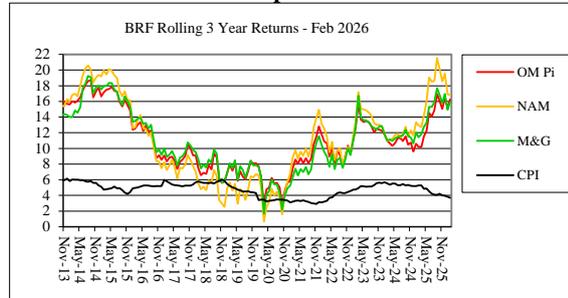
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Graph 3.1.3



Graph 3.2.2

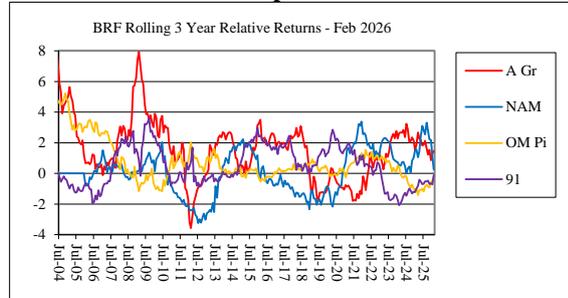


Graph 3.1.4

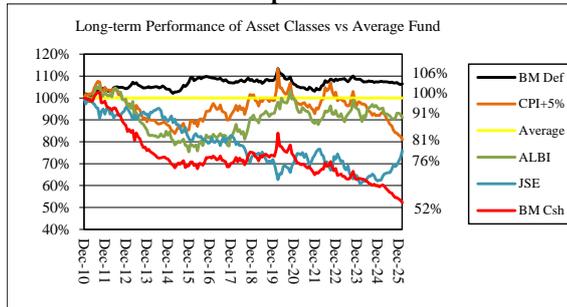


3.3 3-year rolling performance of prudential portfolios relative to the average prudential balanced portfolio on zero

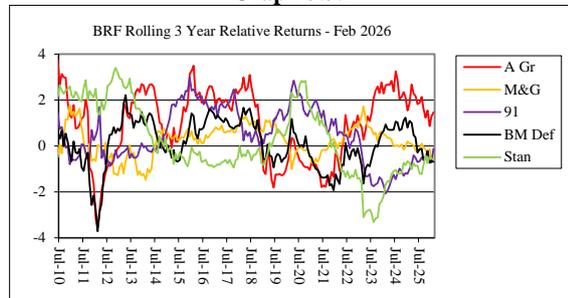
Graph 3.3.1



Graph 3.1.5

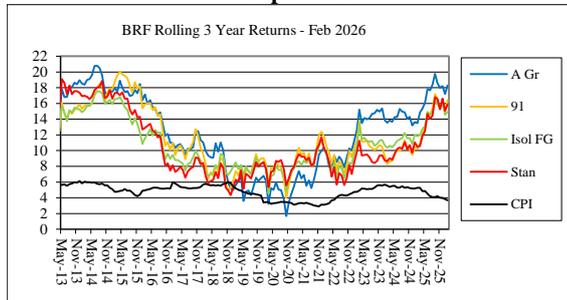


Graph 3.3.2



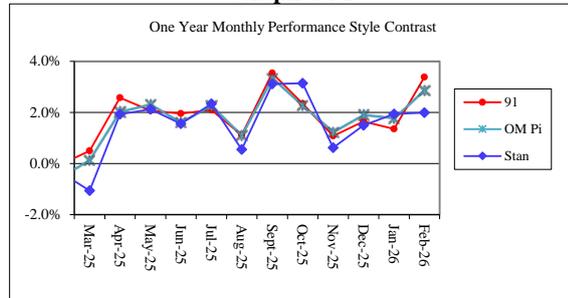
3.2 3-year rolling performance of prudential balanced portfolios relative to CPI

Graph 3.2.1



3.4 Monthly performance of prudential balanced portfolios

Graph 3.4.1

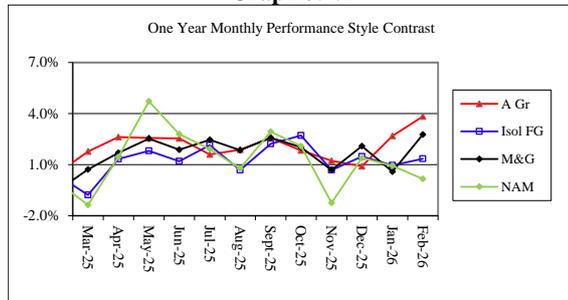


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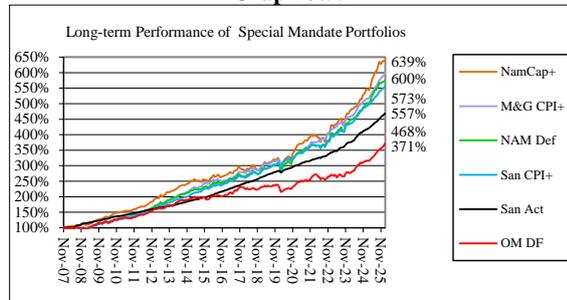
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Graph 3.4.2

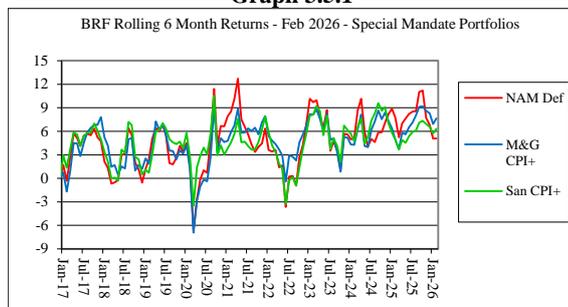


Graph 3.5.4



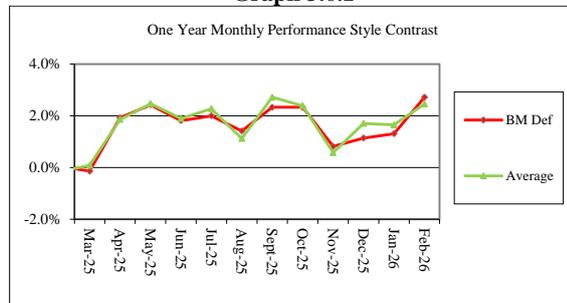
3.5. 6-month rolling and cumulative returns of 'special mandate' portfolios

Graph 3.5.1

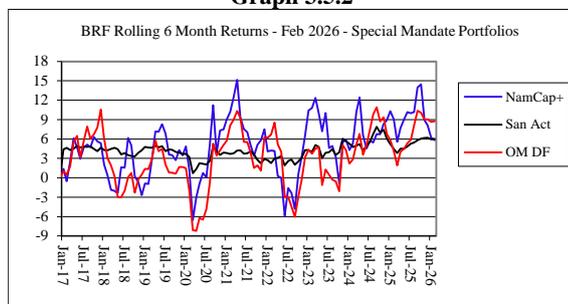


3.6 Monthly and cumulative performance of 'Benchmark Default' portfolio relative to average prudential balanced portfolio

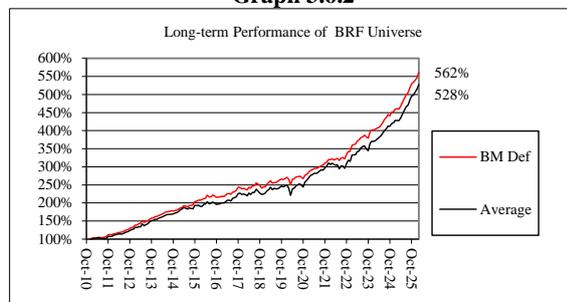
Graph 3.6.1



Graph 3.5.2



Graph 3.6.2

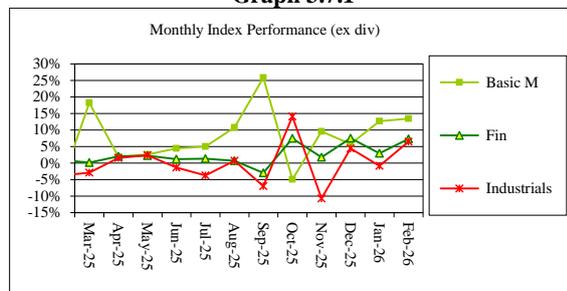


Graph 3.5.3



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

Graph 3.7.1

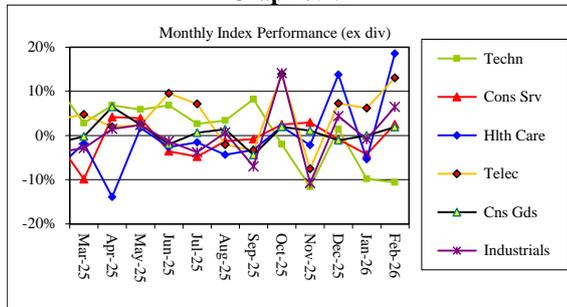


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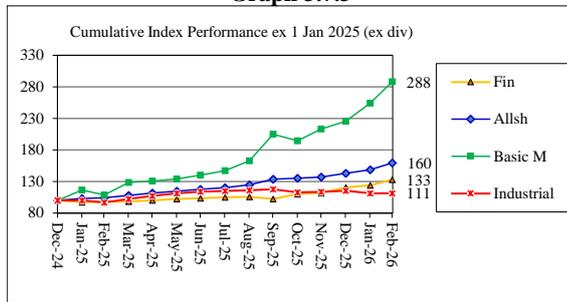
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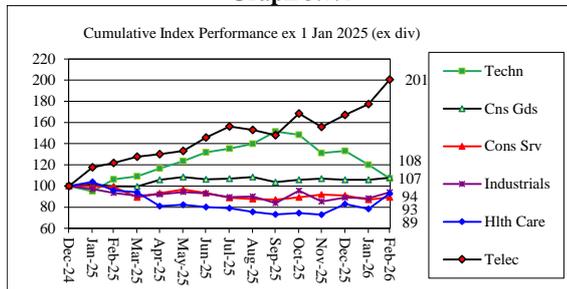
Graph 3.7.2



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 | 13.8 |
| 5-year real return - % p.a. | 9.6 | 9.3 |
| Equity exposure - % of the portfolio (quarter ended Dec 2025) | 60.5 | 65.1 |
| Cumulative return ex Jan 2011 | 468.9 | 440.5 |
| 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 65% 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% | 10.8% | 10.5% |
| 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% | 13.2% | 12.9% |

The table above presents one-year performance statistics. It highlights the performance differences between the three portfolios over the three years from March 2023 to February 2026. 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 February was 15.8%, the average was 16.6% vs. CPI plus 5%, currently on 8.9%.

5. Review of Foreign Portfolio Flows and the Rand

Graph 5.1 indicates that the Rand's fair value by our measure is 12.17 to the US Dollar, while it stood at 16.15 at the end of February 2026. Our measure is based on adjusting the two currencies by the respective domestic inflation rates.

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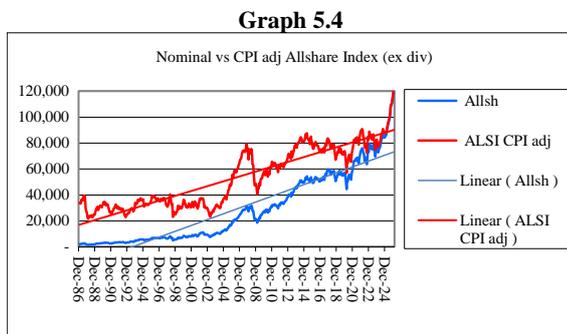
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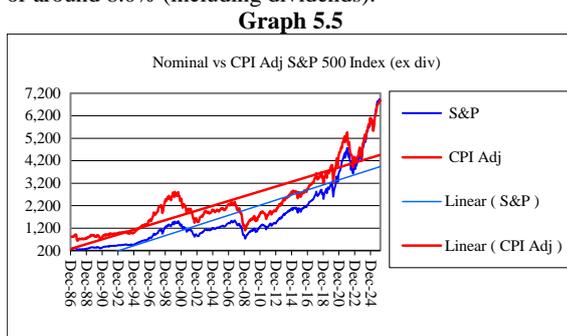


Graph 5.2 - removed
Graph 5.3 - removed

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 11.2% 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 3.9% per annum in real terms over this period, excluding dividends, or approximately 6.9% including dividends.

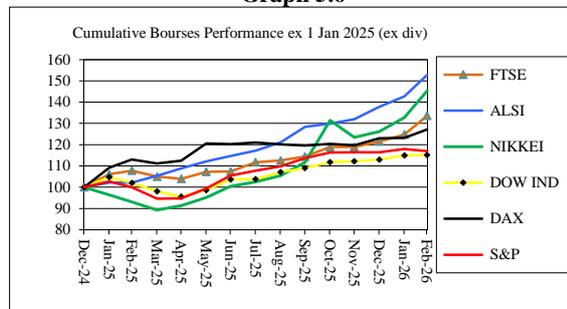


Graph 5.5 reflects the movement of the S&P500 Index since January 1987 in nominal and inflation-adjusted terms, with trend lines for these. Over 38 years since January 1987, the S&P500 Index grew by 8.6% per annum. US inflation over this period was 2.7%. It represents growth in real terms of 5.9% p.a. over 38 years, excluding dividends, or around 8.0% (including dividends).



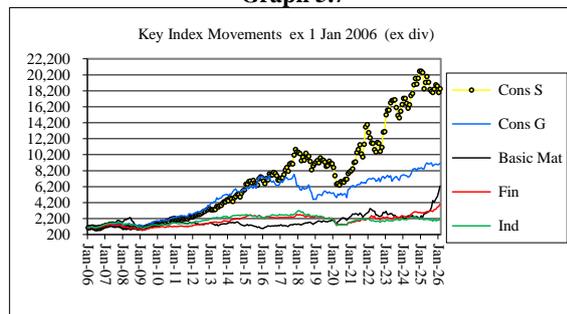
Graph 5.6 provides an interesting overview of some of the major global share indices, showing the ALSI as the top-performing index since the start of 2025.

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: 15.5%; Consumer Goods: 11.5%; Financials: 7.1%; Basic Materials: 9.5%; and Industrials: 3.8%.

Graph 5.7



6. How Local Investors should Navigate the Investment Landscape
by Tilman Friedrich

The global investment landscape constantly shifts, influenced by many factors, including economic trends, geopolitical events, and technological advancements. Residents in the SA Rand common monetary area (CMA) face additional complexities due to the region's unique economic and political dynamics.

In the following discussion, we will examine factors impacting us in the CMA and how we should think about our investments.

Understanding the Global Context

Before making any investment decisions, it is crucial to gain a thorough understanding of the current global economic and political environment. The ongoing conflicts in the Middle East and Ukraine, coupled with the rising tensions in the Indo-Pacific region, have introduced significant uncertainties into the global market.

These geopolitical tensions have the potential to disrupt supply chains, impact energy prices, and exacerbate inflation concerns.

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Many countries are now de-risking their supply chains. Manufacturing is brought back home or close to home so that the political risk becomes more predictable and manageable. We have dwelled on the consequence of this global trend in previous commentaries in this column of the Benchmark Performance Review newsletters. It clearly offers exciting new investment opportunities. Conversely, much manufacturing capacity will fall into disuse, resulting in large-scale investment write-downs.

Amidst these global challenges, investors should seek to identify investment opportunities that offer diversification and resilience in the face of potential market volatility.

Balancing Risk and Reward

Investing involves balancing risk and reward. Investors should carefully consider their risk tolerance and financial goals when making investment decisions and should know their investment horizon. For the long-term investor, a diversified portfolio that includes a mix of assets, such as stocks, bonds, and property, can help mitigate risk and enhance long-term returns.

Factoring in the SA Rand

The value of the SA Rand plays a significant role in the investment decisions of CMA residents. Fluctuations in the exchange rate can affect the returns on foreign investments and the purchasing power of domestic investments.

Investors should closely monitor the SA Rand's performance against major currencies and consider currency hedging strategies to protect against potential losses.

Bear in mind that often, it is a matter of investor sentiment, i.e., either risk-on or risk-off. When it's risk-on, our local currencies would strengthen, and markets would increase. As a result, the local investor gets more in foreign currency but pays more for his foreign investment – the so-called zero-sum game.

Sometimes, political causes drive our local currencies. It moves way off its long-term trend line. We believe that Rand currently experiences such a scenario. Graph 6.1 shows how it has been oscillating around the red trend line until the beginning of 2018. Now it is Eskom, BRICS, and South Africa's position on the Ukraine and Palestine crises that have caused the Rand to only know one direction.

Graph 6.1



Emerging Market Opportunities

While the global economy faces headwinds, emerging markets offer potential for growth and diversification. In particular, the West's energy transition and its drive to find alternative supplies for base materials bring new impetus to resource-endowed countries such as South Africa and Namibia, but also to Africa in general and to many other developing countries. CMA residents can explore investment opportunities in emerging market equities and bonds, which may offer higher returns than developed markets.

However, emerging markets also carry higher inherent risks, such as political instability and economic volatility. Investors should conduct thorough due diligence and carefully assess risks before committing to investments in emerging markets.

Seeking Professional Guidance

Making informed investment decisions requires a deep understanding of financial markets and a sound risk assessment framework. CMA residents can seek guidance from financial advisors specialising in the region's economic and political landscape.

Professional advisors can provide personalised investment advice tailored to individual risk tolerance and financial goals, helping investors navigate the complexities of the global investment landscape and make strategic decisions that align with their long-term objectives.

Currently, South African assets are trading at relatively low valuations compared to those in developed markets. This suggests that South African companies, bonds, and real estate could offer attractive returns to investors. The Rand is also considered to be significantly undervalued, and there is a strong possibility that it will appreciate once local challenges are overcome and global economic uncertainties subside. This could further boost the value of South African assets and make them even more attractive to foreign investors.

The following are some of the key reasons why South African assets are currently trading at attractive prices:

- **The South African economy is recovering from a period of recession.** The economy is growing, unemployment is declining, and inflation is under control. This is positive news for South African companies, which are likely to see their profits increase in the coming years.
- **Interest rates in South Africa are higher than in many developed markets.** This makes South African bonds more attractive to investors who are looking for a high yield.
- **The Rand is undervalued.** This means that South African assets are cheaper than they would be if the Rand were trading at its fair value.

In addition to these fundamental factors, there are also some short-term factors that have contributed to the current attractiveness of South African assets. These include:

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- **The recent global stock market sell-off.** This has caused investors to seek out undervalued assets, and South Africa is one of the few countries that does not currently appear to be overvalued.
- **The uncertainty caused by the war in Ukraine.** This has caused investors to withdraw from riskier assets, and South Africa is seen as a more stable investment destination than many other emerging markets.

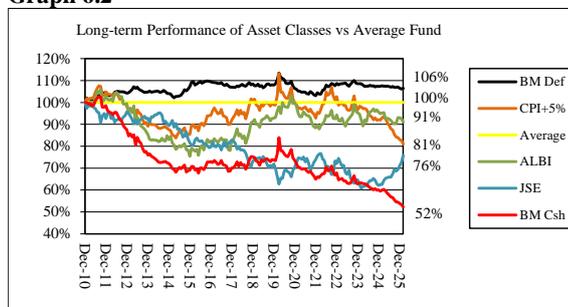
As a result of these factors, many analysts believe that South African assets are currently offering attractive returns to investors. The Rand is also expected to appreciate in the coming years, which would further boost the value of South African assets. This could make South Africa an attractive destination for foreign investment in the near future.

Conclusion

Investing in the SA Rand CMA presents both challenges and opportunities. By carefully considering the global context, understanding SA Rand's dynamics, and seeking professional guidance, investors can make informed decisions that maximise their potential returns while managing associated risks.

For Benchmark Retirement Fund members, its Default Portfolio is a globally diversified portfolio appropriate for the average fund member with a long-term investment horizon. Graph 6.2 shows how well the black line of the Default Portfolio stood up against the yellow line of the average prudential balanced portfolio and the various underlying asset classes since 2010, with it cumulative outperformance of the average prudential balanced portfolio by 6%. It outperformed all asset classes it typically invests in – the ALBI by 9%, the JSE Allshare Index by 24% and Cash by 48%

Graph 6.2



The Fund's board of trustees actively manages it in consultation with NMG, our investment consultants. It is aimed at members and employers who are hesitant to make their own investment decisions.

Important notice and disclaimer