Volume 21, No. 9
September 2026

Benchmark
Retirement Fund

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

Administered by RFS Fund Administrators

MONTHLY REVIEW OF PORTFOLIO PERFORMANCE TO 30 SEPTEMBER 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 September 2026, the average prudential balanced portfolio returned -1.5% (August 2026: 1.6%). The top performer is the Arystec Balanced Fund, with 2.7%. NAM Coronation Balanced Plus Fund, with -2.4%, takes the bottom spot. Arystec Balanced Fund takes the top spot for the three months, outperforming the 'average' by roughly 5.6%. The NAM Coronation Balanced Plus Fund underperformed the 'average' by 1.2% 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.)

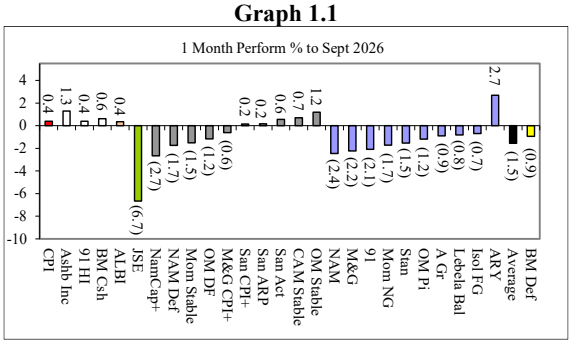
Graphs 1.1 to 1.10 reflect the performance for periods from 1 month to 20 years of a number of the most prominent prudential balanced portfolios (blue bars), 'special mandate portfolios' with lower volatility risk (grey bars), fixed interest portfolios (no colour bars), the average of prudential balanced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

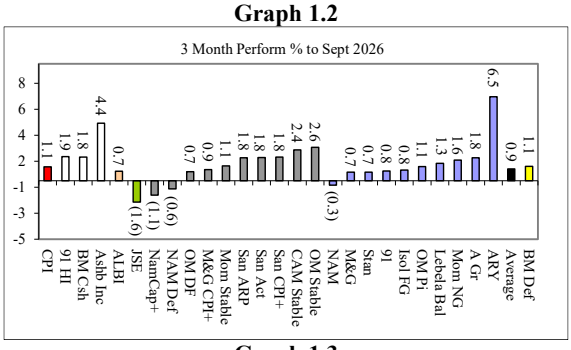
Benchmarks	
Namibian Consumer Price Index	CPI (red)
All Bond Index	ALBI (orange)
JSE Allshare Index	JSE Cum (green)
Benchmark Default Portfolio	BM Def (yellow)
Average portfolio (prudential, balanced)	Average (black)
Special Mandate Portfolios	
Money market	BM Csh (no colour)
NinetyOne High Income (interest-bearing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

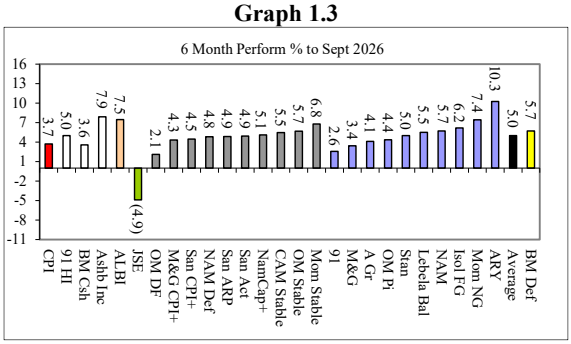
Graph 1.1



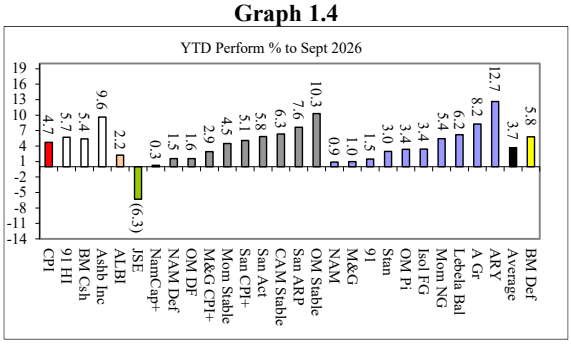
Graph 1.2



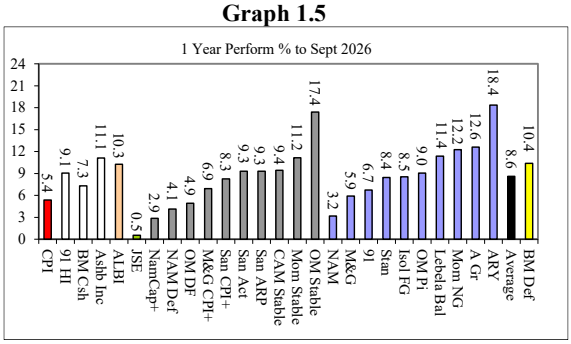
Graph 1.3



Graph 1.4



Graph 1.5



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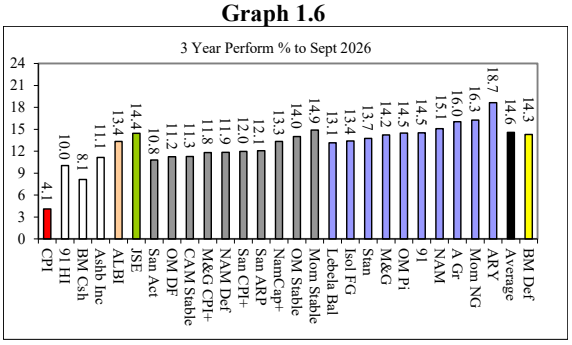
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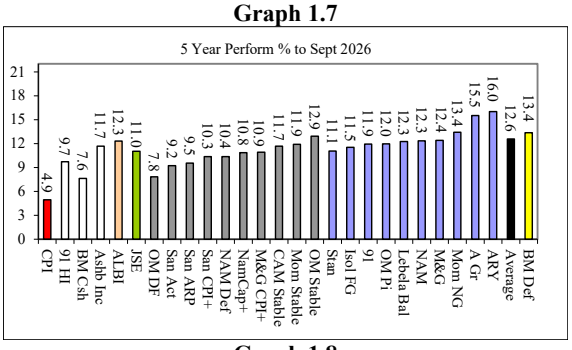
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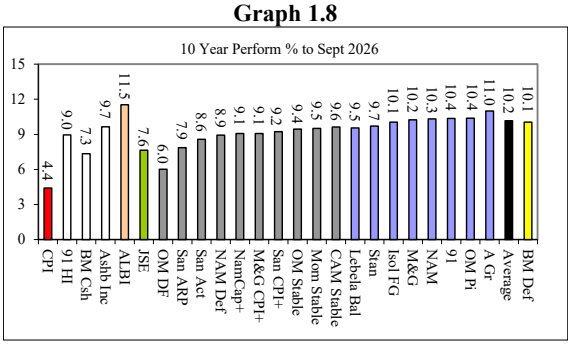
Graph 1.6



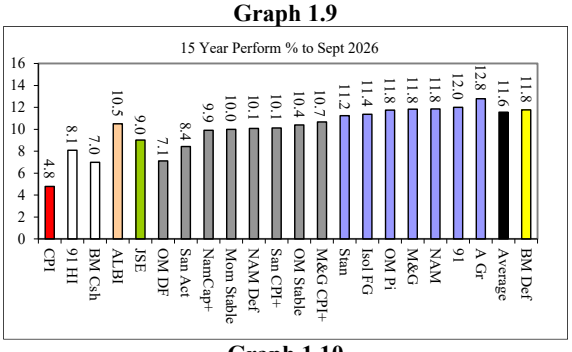
Graph 1.7



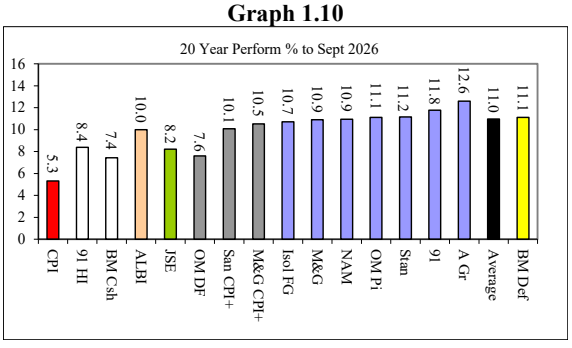
Graph 1.8



Graph 1.9

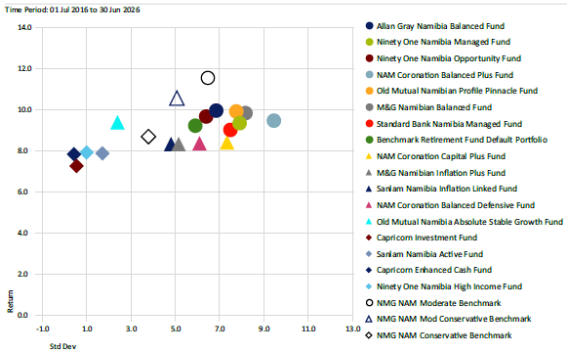


Graph 1.10

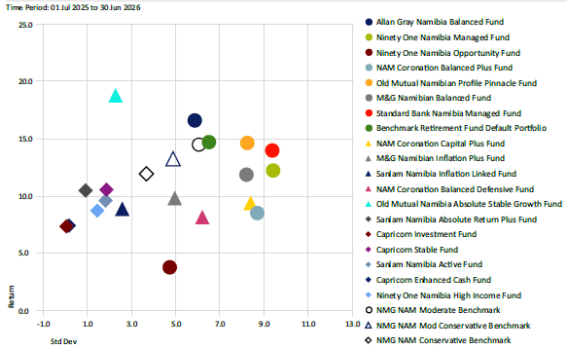


Risk/ Return

Risk-Reward - Over the long term



Risk-Reward - Over the short term



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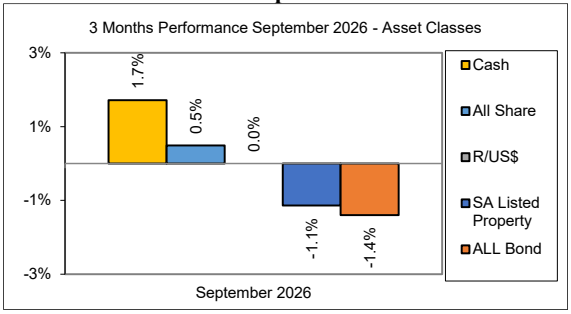
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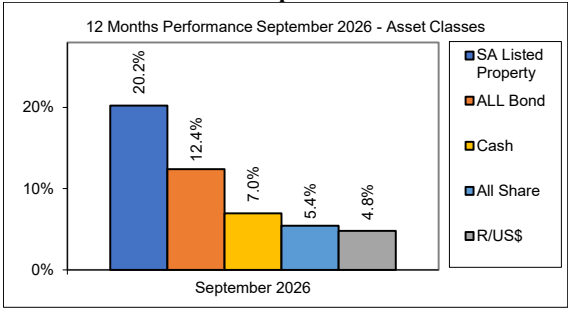
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2. Performance of Key Indices (index performance by courtesy of IJG/Deutsche Securities)

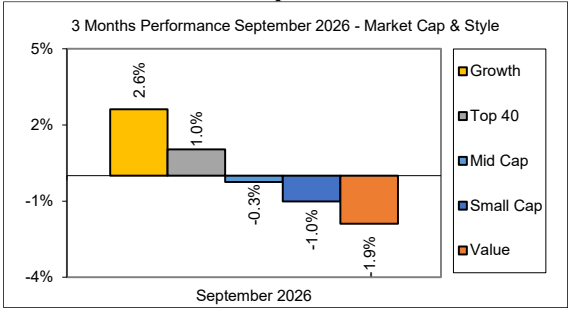
Graph 2.1



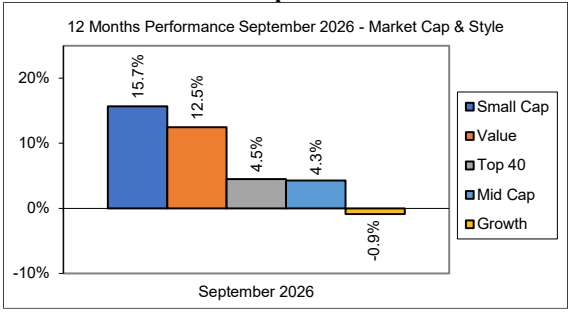
Graph 2.2



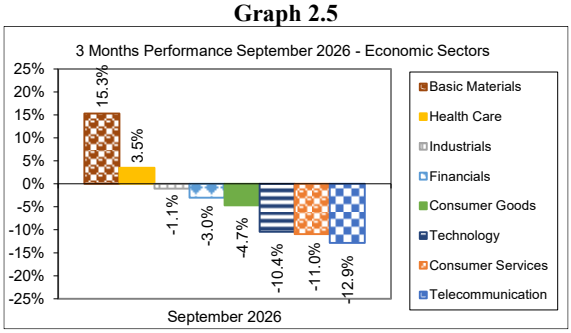
Graph 2.3



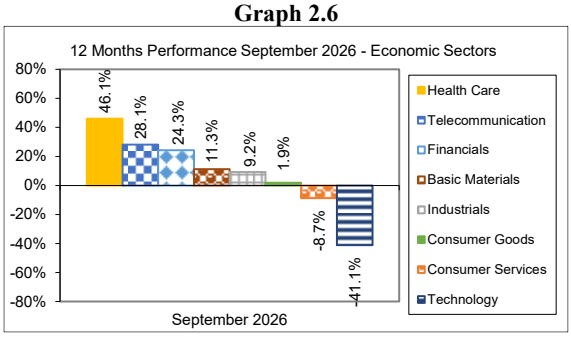
Graph 2.4



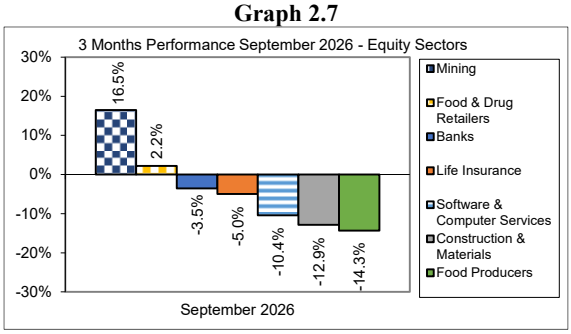
Graph 2.5



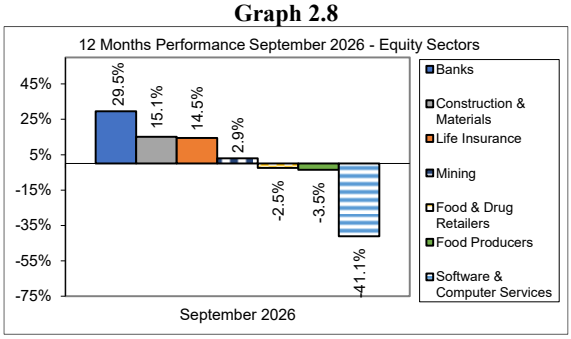
Graph 2.6



Graph 2.7



Graph 2.8



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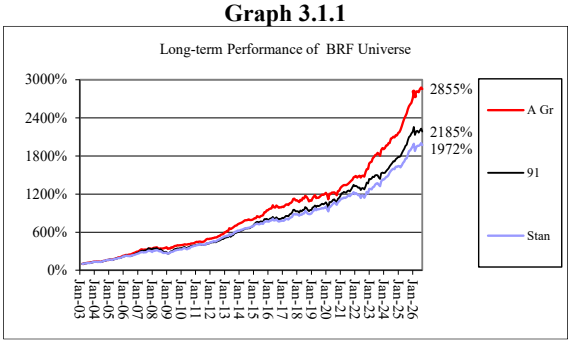
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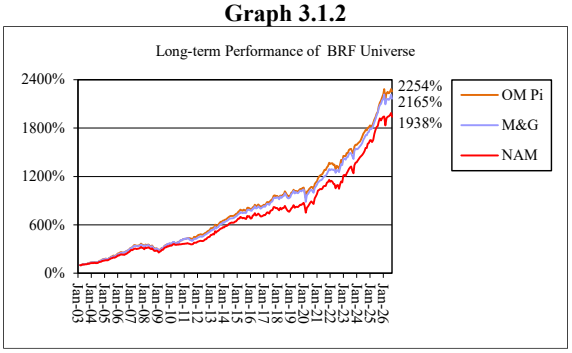
3. Portfolio Performance Analysis

3.1 Cumulative performance of prudential balanced portfolios

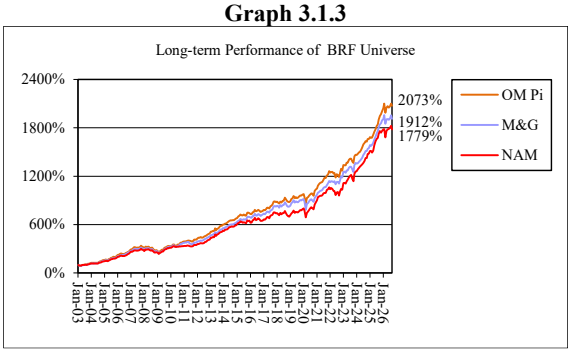
Graph 3.1.1



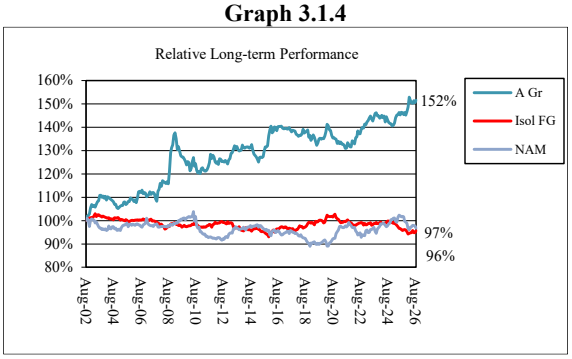
Graph 3.1.2



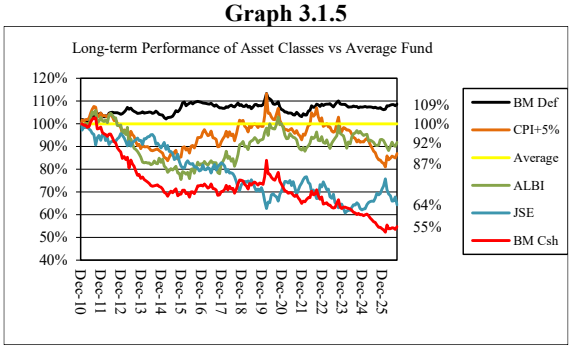
Graph 3.1.3



Graph 3.1.4

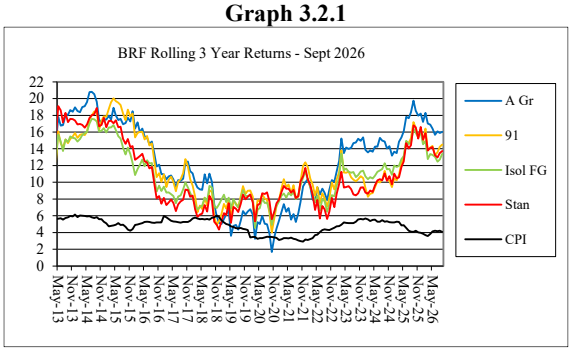


Graph 3.1.5

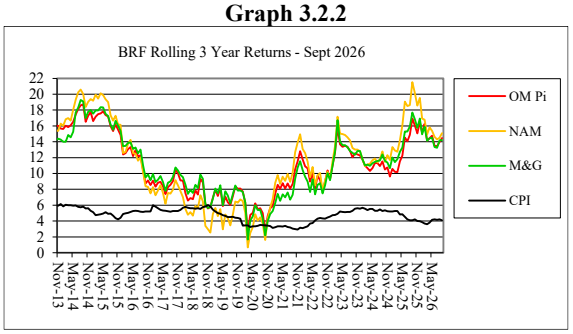


3.2 3-year rolling performance of prudential balanced portfolios relative to CPI

Graph 3.2.1

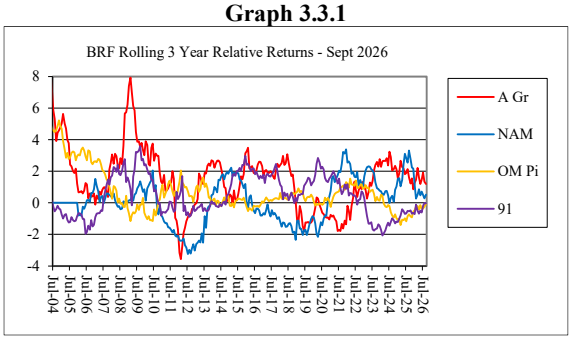


Graph 3.2.2



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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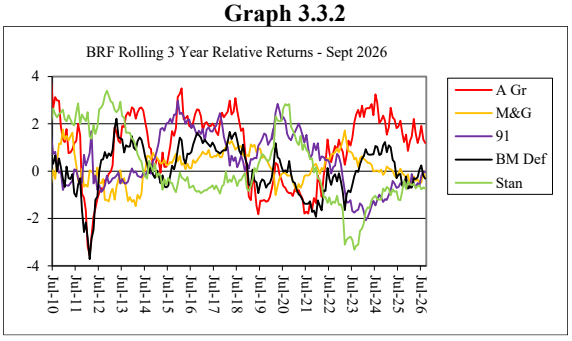
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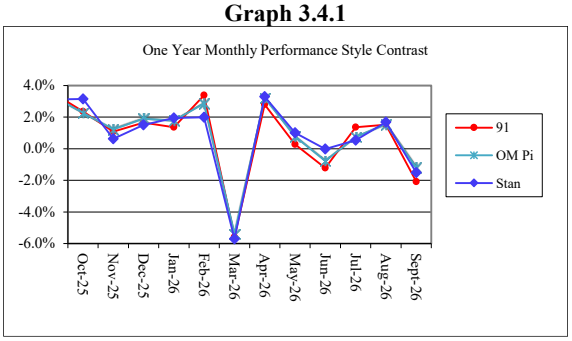
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Graph 3.3.2

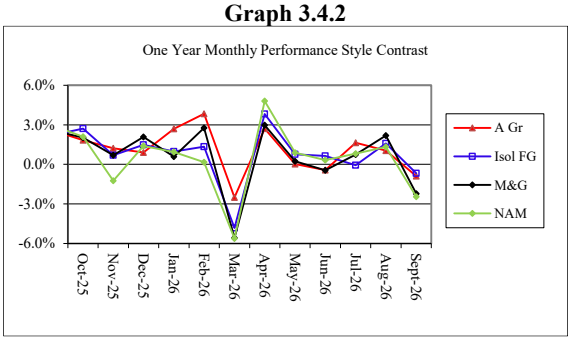


3.4 Monthly performance of prudential balanced portfolios

Graph 3.4.1

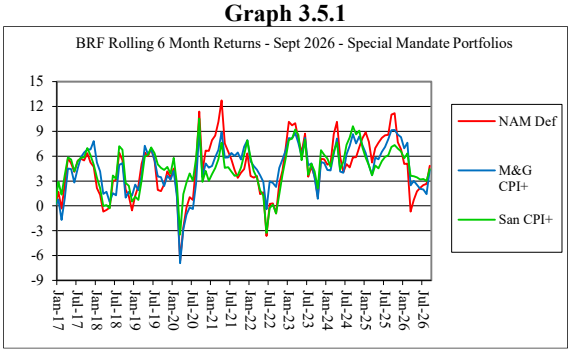


Graph 3.4.2

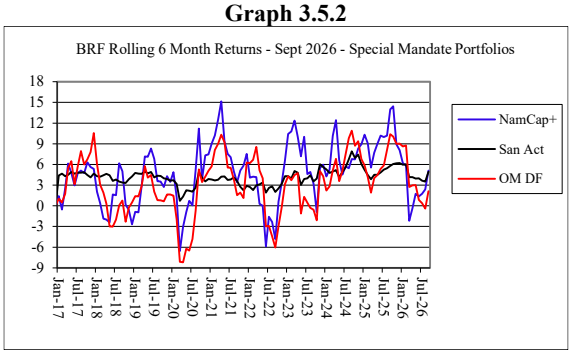


3.5. 6-month rolling and cumulative returns of 'special mandate' portfolios

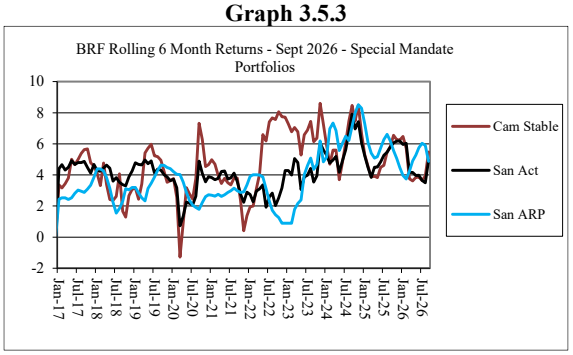
Graph 3.5.1



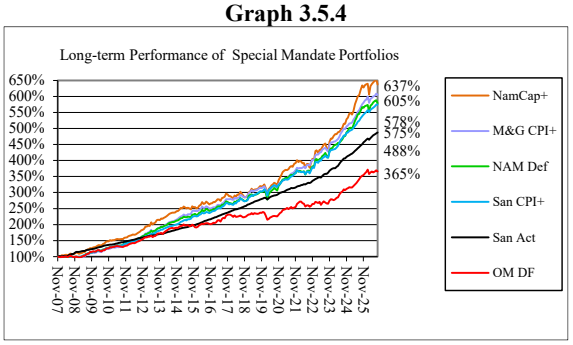
Graph 3.5.2



Graph 3.5.3

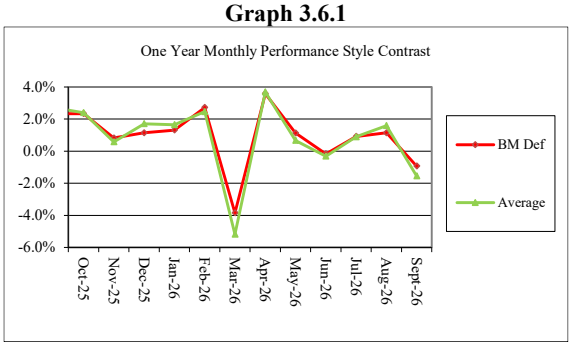


Graph 3.5.4



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

Graph 3.6.1



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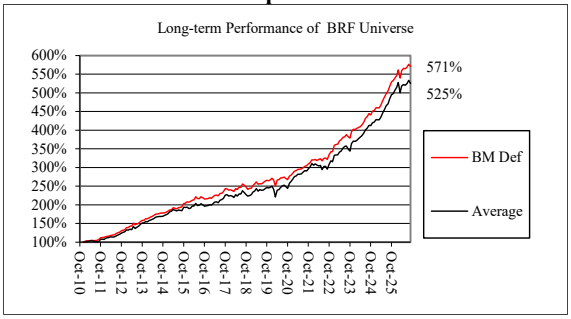
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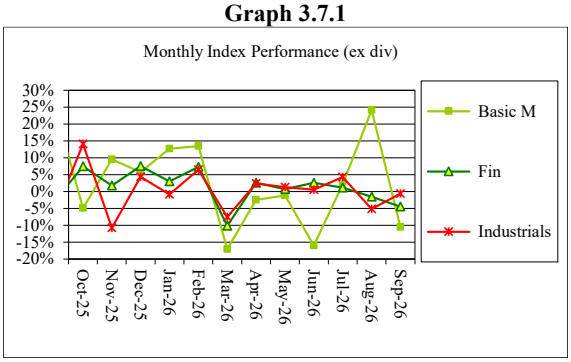
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Graph 3.6.2

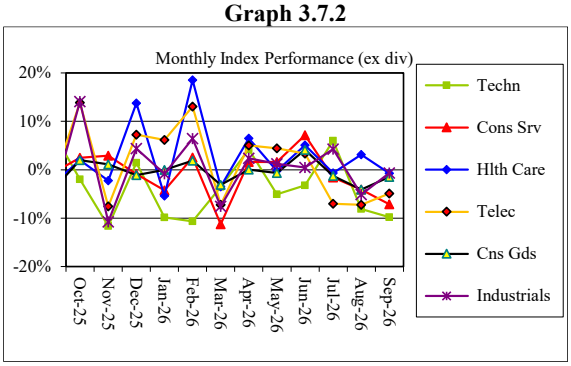


3.7 One-year monthly performance of key indices (excluding dividends)

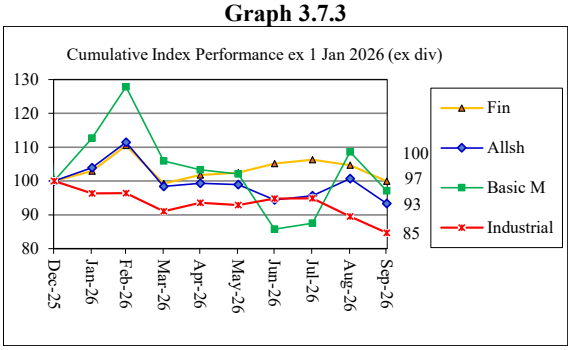
Graph 3.7.1



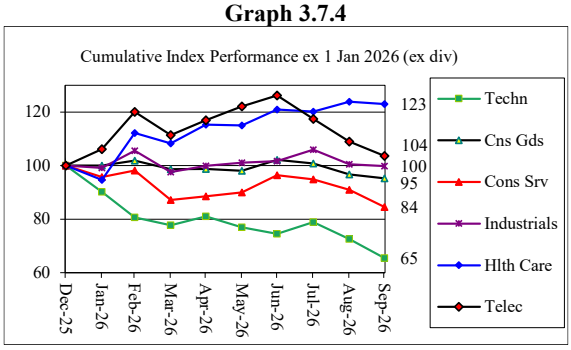
Graph 3.7.2



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.	13.4	12.6
5-year real return - % p.a.	8.5	7.7
Equity exposure - % of the portfolio (quarter ended Jun 2026)	61.2	54.7
Cumulative return ex Jan 2011	470.9	425.3
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 has a significantly higher equity exposure of 61% compared to the average prudential balanced portfolio's 55% 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	6.1%	11.5%	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	7.8%	13.8%	13.4%

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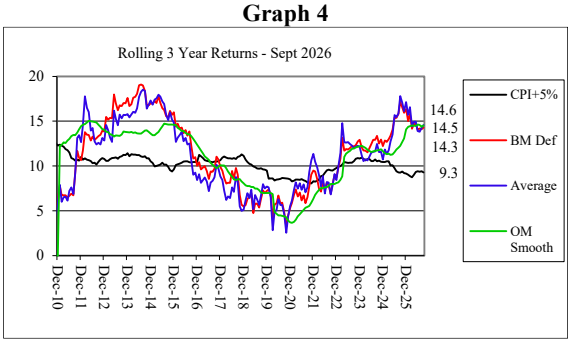
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The table above presents one-year performance statistics. It highlights the performance differences between the three portfolios over the three years from October 2023 to September 2026. These statistics show the performance volatility of these three risk profiles.

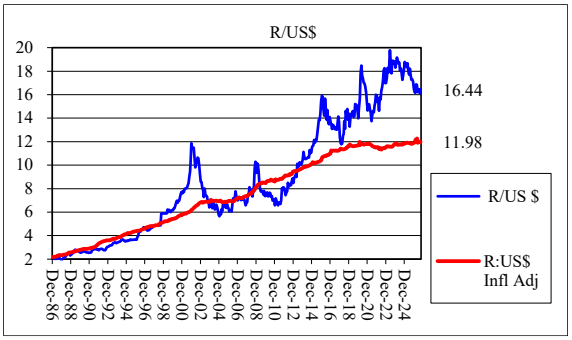
Graph 4



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 September was 14.3%, the average was 14.6% vs. CPI plus 5%, currently on 9.3%.

5. Review of Foreign Portfolio Flows and the Rand

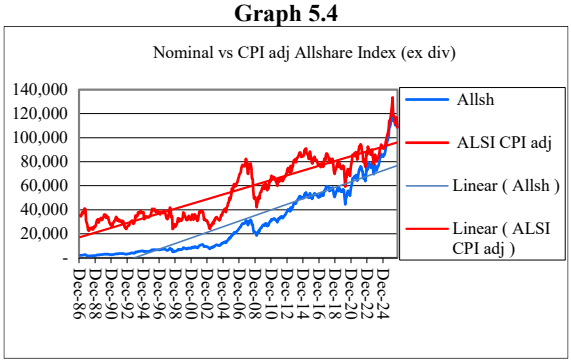
Graph 5.1 indicates that the Rand's fair value by our measure is 11.98 to the US Dollar, while it stood at 16.44 at the end of September 2026. Our measure is based on adjusting the two currencies by the respective domestic inflation rates.



Graph 5.2 - removed
Graph 5.3 - removed

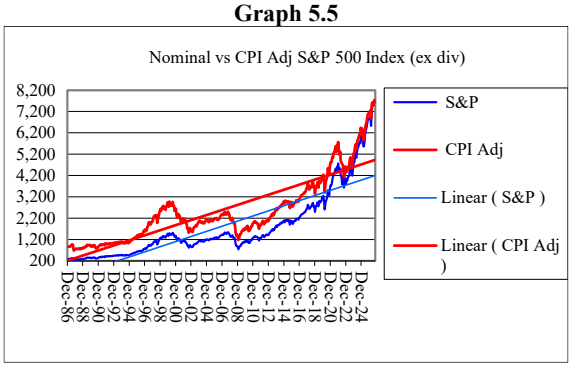
Graph 5.4 reflects the movement of the JSE since January 1987 in nominal and inflation-adjusted terms, with trend lines for these. In nominal terms, the JSE grew by 10.6% per year since January 1987, excluding dividends of 3.3%. Namibian inflation over these 39 years was 7.3% per year. This is equivalent to a growth rate of 3.3% per annum in real terms over this period, excluding dividends, or approximately 6.6% including dividends.

Graph 5.4



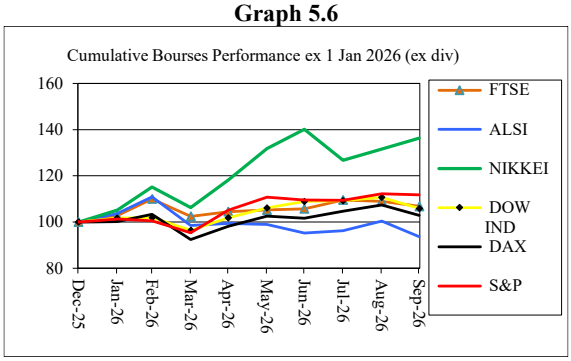
Graph 5.5 reflects the movement of the S&P500 Index since January 1987 in nominal and inflation-adjusted terms, with trend lines for these. Over 39 years since January 1987, the S&P500 Index grew by 8.7% per annum. US inflation over this period was 2.8%. It represents growth in real terms of 5.9% p.a. over 39 years, excluding dividends, or around 8.0% (including dividends).

Graph 5.5



Graph 5.6 provides an interesting overview of some of the major global share indices, showing the Nikkei as the top-performing index since the start of 2026.

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: 14.3%; Consumer Goods: 10.9%; Financials: 6.4%; Basic Materials: 7.8%; and Industrials: 3.4%.

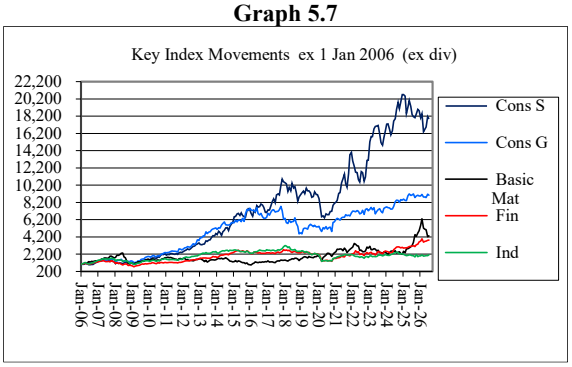
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Graph 5.7



6. Investing in a World Preparing for Conflict: Is Global Diversification Still the Safest Strategy?

An opinion piece by Tilman Friedrich

In last month's commentary, we considered the growing confrontation between the world's major powers and questioned whether conventional investment strategies adequately reflect the possibility of a wider international conflict. Developments since then have reinforced these concerns. The continuing confrontation involving the United States, Israel and Iran, disruptions to international energy supplies and the absence of a durable settlement in Ukraine demonstrate how regional conflicts can threaten the stability of the global economy.

Although a wider international war is by no means inevitable, its consequences could be so severe that investors cannot reasonably ignore the possibility. For Namibian investors, this raises an important question: Could traditional geographic diversification concentrate exposure to a major international conflict rather than provide protection against it?

When diversification becomes concentration
A typical geographically diversified Namibian retirement fund portfolio might comprise 45% invested in Namibia, 20% in South Africa and 35% offshore. Most offshore investments would be concentrated in the United States, with smaller allocations to Europe and Asia. Under normal circumstances, this provides valuable diversification. However, in a major conflict involving the United States, China, Russia and their allies, much of the offshore portfolio could be exposed to the same geopolitical event.

Financial markets in affected countries would face recession, inflation, and financial instability, along with the risk of physical destruction. Industrial facilities, transport networks, energy infrastructure and strategically important industries could become military targets. Even defence industries, which might initially benefit from increased military expenditure, could become targets in a confrontation between major powers.

Unlike ordinary economic recessions, physical destruction can cause permanent capital losses. Furthermore, sanctions, capital controls, financial system failures, or restrictions on international transfers might make otherwise valuable investments inaccessible. A geographically diversified portfolio could therefore be highly concentrated in geopolitical risk.

Can investors still rely on the US dollar?
The US dollar has traditionally been regarded as a safe haven during international crises. However, a major conflict involving the United States itself raises questions about whether this assumption would remain valid. The dollar's reserve-currency status depends on international confidence in American financial institutions and other countries' willingness to hold dollar assets.

China has steadily reduced its reported holdings of US Treasury securities, reflecting broader concerns about financial dependence on geopolitical rivals. A major conflict could accelerate efforts to reduce reliance on the dollar and American-controlled financial systems. The dollar might initially strengthen as investors seek liquidity and safety. Its longer-term position, however, could depend on the conflict's outcome and confidence in the United States' economic and political stability. Investors should therefore not assume that dollar-denominated assets automatically protect against a war in which the United States is directly involved.

Southern Africa: Economic hardship but potential opportunities
Namibia and South Africa would undoubtedly experience severe economic consequences from a prolonged international conflict. Higher fuel prices, disrupted supply chains, rising import costs, currency depreciation and inflation could undermine economic growth and consumer purchasing power. Interest rates and borrowing costs could increase substantially. However, southern Africa may have an important advantage: its productive infrastructure and natural resources are less likely to suffer direct physical destruction.

Mines, farms, factories and other productive assets could remain intact even during a severe economic contraction, offering greater prospects for recovery once international conditions stabilise. Some investments could also benefit from conflict's consequences.

Gold and precious metals could attract increased demand as investors seek protection against financial instability and currency uncertainty. Gold producers could benefit from higher prices and a weaker rand, although operating costs would also rise.
Uranium and strategic minerals could benefit from growing demand for energy security and critical resources. Namibia's uranium industry and southern Africa's copper and platinum-group metal producers could offer opportunities, although industrial commodities would remain vulnerable to a global recession.
Agriculture and food production could benefit from international shortages and greater emphasis on food security. However, producers that depend on imported fuel, fertiliser, and equipment would face substantial cost pressures.

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Exporters earning foreign currency, particularly those with predominantly local operating costs, could benefit from currency depreciation, provided international markets and transport routes remain accessible.

Other sectors would be more vulnerable.

Banks could face rising defaults and deteriorating asset quality despite potentially higher interest margins.
Property companies and consumer-oriented businesses would be exposed to higher borrowing costs, inflation and weaker consumer spending.
Fixed-income investments require particular care. Rising interest rates would reduce the market value of existing long-duration bonds, while inflation could erode the purchasing power of nominal returns. Appropriately priced inflation-linked instruments could provide better protection.

The objective should therefore not be to invest indiscriminately in Namibia and South Africa, but to favour businesses and assets that can benefit from, or withstand, the economic consequences of international conflict.

Retirement changes the investment equation.
The appropriate strategy depends fundamentally on when investors will need access to their capital.

For an active retirement fund member with many years remaining before retirement, a prolonged conflict could be damaging but may not necessarily undermine eventual retirement security. Such an investor may be able to retain investments through the disruption and participate in an eventual recovery.

However, major wars can drag on for years, and their economic consequences may persist long afterwards. Investors should not assume that markets will recover within three or five years. Nor does market recovery guarantee that individual investments will regain their previous value.

For pensioners, the situation can be very different.
Consider a pensioner financing retirement through regular withdrawals from a globally diversified investment portfolio. If international transfer restrictions or financial system disruption make substantial offshore assets inaccessible, the pensioner could face immediate financial hardship. Even where investments remain accessible, withdrawing capital during a severe market decline could permanently impair the portfolio's ability to sustain future income.

A pensioner receiving a locally payable guaranteed pension would generally be better protected, provided the pension provider remains financially sound and operational. However, even guaranteed pensions may have contractual or financial limitations under extreme circumstances. Furthermore, inflation could substantially erode a fixed pension's purchasing power.

The distinction is therefore not simply between pensioners and active members, or between investors within or beyond three years of retirement.

The critical consideration is whether investors can meet their essential financial needs without accessing investments that might remain impaired or inaccessible for a prolonged period. For pensioners and those approaching retirement, dependable income and accessible capital should consequently take precedence over maximising long-term returns.

Younger members can generally tolerate greater volatility and temporary inaccessibility but should still consider the possibility of permanent capital losses.

Do Namibian retirement funds have room to respond?
Namibian retirement funds must comply with statutory investment limits, including a minimum domestic allocation of 45% and a maximum offshore allocation of 35%. These requirements do not oblige funds to invest 35% offshore. The conventional allocation of 45% to Namibia, 20% to South Africa and 35% offshore is therefore a strategic choice rather than a statutory prescription.

Subject to applicable prudential and investment requirements, funds could theoretically reduce their offshore exposure substantially, even to zero, and increase their investments in Namibia and South Africa. This flexibility deserves greater attention in the present geopolitical environment. Nevertheless, withdrawing entirely from international markets would introduce other risks, including excessive exposure to the relatively small southern African economies and the possibility of missing substantial gains if international tensions ease.

Trustees must therefore balance the risks of international conflict against those of regional concentration.

Preparing for different outcomes
A negotiated settlement between the major powers could restore confidence in international institutions, reopen trade routes and support a recovery in international markets. Under such circumstances, conventional global diversification could again prove highly beneficial. A prolonged international conflict, however, could undermine the assumptions on which that strategy rests.
Rather than attempting to predict which outcome will materialise, investors should consider how their portfolios would perform under both scenarios. For Namibian investors, this may justify placing greater emphasis on carefully selected domestic and South African investments, particularly those that protect against inflation, currency depreciation, and international supply disruptions.

Investors should assess offshore investments not only by expected returns but also by their vulnerability to physical destruction, financial restrictions, and prolonged inaccessibility.

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Conclusion

Traditional global diversification has served investors well by spreading exposure across different economies and financial markets. However, its effectiveness depends partly on the continued functioning of an interconnected international financial system. A major conflict involving the world's principal economic powers could fundamentally undermine that system.

Southern Africa would not escape the economic consequences, but its natural resources, productive capacity and relative distance from the principal theatres of war could provide important advantages. For Namibian investors, the challenge is therefore not simply to choose between local and offshore investments. It is to identify investments that can preserve value and remain useful under fundamentally different geopolitical outcomes.

For pensioners and those approaching retirement, accessibility of capital and dependable income are paramount. For younger investors, long-term growth remains important, but permanent capital destruction deserves greater consideration than conventional diversification models generally allow. Ultimately, the safest portfolio may not be the one with the widest geographical spread, but the one best positioned to preserve the investor's financial security in an increasingly uncertain world.

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