# UNIVERSITIES RETIREMENT FUND

## Newsletter – July 2026

It is with great appreciation and thanks that the Fund bids farewell to Ms. Antoinette de Greeff who after 28 years of dedicated service to the Fund, decided to step down as Principal Officer effective the 30th of April 2026, and start her next chapter in life called, retirement.

**Ms. Antoinette De Greeff** **Ms. Cynthia Katjivirue Hengari**

The Fund is also pleased to welcome Ms. Cynthia Katjivirue Hengari, appointed as the Fund's new Principal Officer with effect from 1 May 2026. Cynthia brings over 20 years of experience, having served in various management roles in the Namibian insurance industry. The Fund looks forward to partnering with Ms. Hengari and all stakeholders as we continue to protect members' interests and support the long-term sustainability of the Universities Retirement Fund.

As members of the Universities Retirement Fund you are all probably anxious to know what impact the events in the Middle East the last couple of months were having on the Fund`s investment performance and returns.

**To start on a positive note**, from an investment perspective, 2025 has definitely been one of the best years in decades. Pension funds last experienced investment growth exceeding 20% in 2006 and 2007, similar to what occurred in 2025.

The main drivers of performance during last year can largely be attributed to the uncertainty and volatility brought about by the election of President Trump for a second term as United States President just over a year ago. Investors sought a safer haven from the US $ which resulted in the gold price increasing by 64% over the year. This uncertainty was further evident towards the end of 2025 with the US dollar weakening against other currencies due to expectations surrounding further Federal Reserve rate cuts as well as concerns over the fiscal deficit.

Precious metals like platinum and palladium were further big contributors to performance during 2025 as demands for catalytic converters (used to reduce harmful emissions from engines) and an ever increasing AI expansion increased exponentially during the year. This is then also evident in the price of platinum that increased by 127% during 2025, whilst the price of palladium increased by 77% over the same period.

Taking into account that South Africa is the largest producer of platinum in the World, second largest producer of palladium and one of the top 10 producers of gold, it goes without saying that these mining companies profits also increased substantially which ciphered through to investors like the **Universities Retirement Fund** investing in their shares through the Johannesburg Stock Exchange (JSE). The JSE ALSI Index returned a staggering 42.2% in Namibian Dollar terms for the year ended 31 December 2025, largely driven by these commodity counters.

South African bonds were a further big contributor to the stellar performance last year with a return of 24.2% for the year. This return was largely due to the Country`s improved fiscal position, removal from FATF grey listing, sovereign credit upgrade outlook from S&P Global Ratings and an estimated R 1 trillion to be spend over the next couple of years to renew roads, upgrade and expand port and rail networks as well as fixing ageing energy and water infrastructure systems.

**These exceptional market performance during 2025 was evidenced in the fact that the Fund`s underlying market value portfolios returned 21.21% over the 12 month period ended 31 December 2025. Total assets further amounted to N$ 5,9 billion as at year end with the N$ 6 billion mark breached soon after.**

As you know the Fund applies a smoothing bonus strategy and following recommendations submitted by the Fund`s valuator in this regard, the Trustees **declared of final bonus rate of 18% for the financial year ended 31 December 2025**. **Pensioners were further granted an increase of 11.3% also as at 31 December 2025**.

Considering the current market volatility that we will unpack in the next section of the newsletter the Trustees then also deemed it prudent to, and again based on advice received from the Fund`s actuary, increase the current Investment Reserve from 5% to 7.5% of total market value assets.

Since the 28th of February 2026 the news headlines were however dominated by one theme and that was the attacks launched by the United States / Israel on Iran.

Iran retaliated and launched similar missile attacks on USA interest in the Middle -East including military basis in Kuwait, Quatar and the United Emirates. These events had an immediate negative impact with the price of oil increasing from about 73 US $ per barrel to close to 120 US $ per barrel mid March 2026. As a result of the turmoil the US$ then also again became a safe haven that severely impacted positive emerging market sentiment prior to President Trump`s operation "Epic-Fury" launched on the 28th of February 2026.

When Iran then closed the Strait of Hormuz it created further challenges considering that 20% (approximately 20 million barrels of oil per day) of the World`s oil production is transported through this particular sea passage. All of us can attest to the impact the increase in the price of oil had on our pockets with the price of fuel subsequently increasing significantly the last couple of months.

The increase in the price of fuel resulted in upwards pressure on inflation with the Bank of Namibia having to increase the Repo Rate by 25bp at its last monetary policy meeting on the 16th of June 2026.

At the beginning of 2026 two interest rate cuts were expected during the course of the year considering that inflation was within its targeted range. These events over the last couple of months has however drastically changed this initial outlook with another interest rate increase expected before year-end. This on the premise that there is not a further deterioration in the current situation.

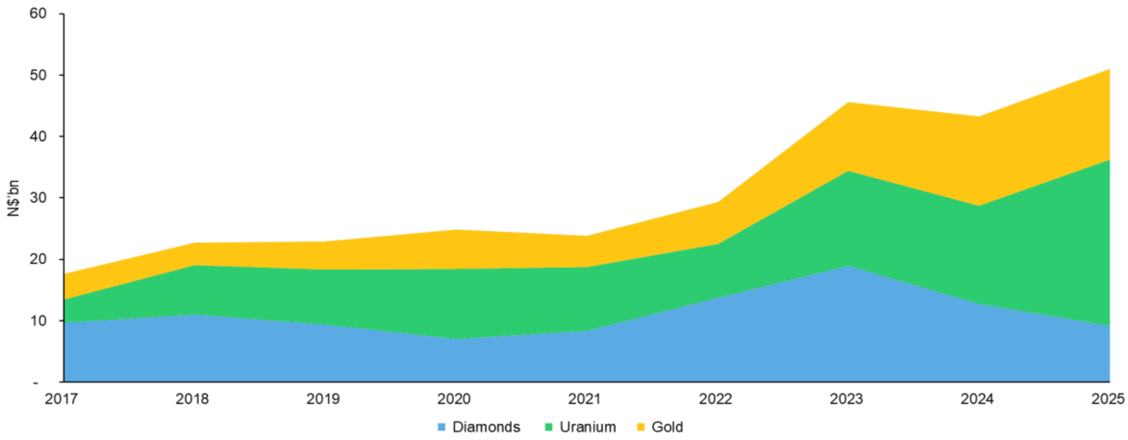
A couple of weeks ago a fragile agreement between Iran and the United States was reached with the parties and least returning to the negotiating table. This was however short-lived and ended abruptly. Over the last number of days we then also saw a drastic increase in tensions with missile attacks again being launched on Iran, and with Iran countering by launching similar retaliatory attacks on US interest in the Middle-East. The bone of contention remains to be control over the strategic Strait of Hormuz.

The impact these recent events will again have on the price of oil, and the knock-on effects on inflation and interest rates as already highlighted above, as well as on the stability of the region as a whole, remain to be seen. The situation therefore remains extremely unpredictable and volatile.

As Namibian consumers we will remain under pressure with higher energy prices, inflation ticking up and increased interest rates. Our disposable income at the end of each month will continue to remain under pressure considering that we need to pay more to fill up cars at the petrol pumps, are able to by less and less with our N$ 100 and need to pay more to services our monthly debt.

In terms of developments in Namibia optimism regarding the oil finds along our coast remain with further formal announcements in this regard expected later the year. Stumbling blocks at this stage appear to be clear Government Policy directives in this regard.

Namibia is further also in the advantageous position that our economy have a diversified commodity base and are not as severely impacted, like our neighbors in Botswana for instance, to the collapse in diamond prices due to the impact of synthetic lab-grown diamonds.




**FIMA Officially Takes Effect**

The Financial Institutions Market Act (FIMA) was after many years of anticipation, and numerous stakeholder engagements, finally again Gazetted on the 30 April 2026 with an implementation date of 1 May 2026.

It must again be emphasized that FIMA has now been implemented **WITHOUT the contentious Compulsory Preservation clause and at retirement you will still be able to take your one-third lump sum portion tax-free**. These two key concerns were among the main reasons FIMA's implementation was initially delayed, but following further engagement between stakeholders and NAMFISA, they have now been addressed for the benefit of fund members.

FIMA significantly changes the regulatory landscape from a compliance-based framework to a risk-based framework. FIMA will also bring about changes in terms of for instance the current conditions for which housing loans can be applied for and which has already been communicated by the Principal Officer.

Under FIMA you will from now on further also be required to an annual basis, before the 30$^{th}$ of January each year, provide the Fund with an updated beneficiary nomination form. Within the next couple of months you will be requested by your Human Resources Practitioners to submit said updated forms which will be provided for completion.

FIMA will also require you as members of the Fund to be much more involved in responding to Fund communiques and request being issued in future. We urge you to please adhere to these requests and co-operate in meeting submission deadlines in this regard as would be indicated.

Although unchartered territory for the whole Namibian financial services sector, FIMA`S primary objective is to protect the consumer (you as a member of the Fund) and to strengthen the existing financial services sector in Namibia. As such FIMA should be embraced and supported.

The Fund has already embarked on a process of becoming FIMA compliant within the prescribed regulatory period and you will be kept informed of any changes brought about because of this new regulatory environment and requirements as it become known.

A number of issues pertaining to FIMA however still require clarity with the Industry engaging NAMFISA on a regular basis in terms of clarifying said issues.

**One of the most critical challenges at the moment is under what conditions the Fund can continue granting housing loans.** Any further changes that might have an impact on the benefits currently provided by the Fund will be communicated.