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GIPF's Investment Unit: Driving Sustainability and Growth

The Government Institutions Pension Fund (GIPF) is a vital institution in Namibia, responsible for managing the retirement savings of a significant portion of the country's workforce. At the heart of this endeavour lies the GIPF's Investment Unit, a department tasked with ensuring the long-term sustainability and growth of the Fund's assets. The GIPF Investment Unit employs a strategic approach to asset management, aware of the risks and returns measured over time relative to the Fund's liabilities. This endeavours to ensure that the asset values in the portfolio consistently exceed the value of liabilities, keeping the Fund well-funded over time. As of March 2024, GIPF has been above its funding target of 105%.

The GIPF is a major investor in the Namibian economy, with its investments spanning across three key categories: listed instruments on the formal stock exchange, unlisted alternative investments such as private equity and venture capital, and Treasury or fixed interest investment instruments like bonds, and money market instruments. In 2018, the GIPF embarked on a five-year strategic plan to transform its Investment Department into a globally leading investment advisor. This ambitious goal was driven by the recognition that the Investment Department is a core function of the Fund, and aligning it with the broader vision would be crucial for the GIPF's success.

To achieve this, the GIPF engaged the esteemed World Bank Treasury team for an in-depth peer review aimed at enhancing the Fund's governance and institutional capacity. Additionally, the strategic plan sought to deepen Namibian investment management skills and strike a balanced mix of in-house and outsourced services, with the objective of bolstering internal capacity, making informed decisions, saving on management fees, and upholding the Fund's broader mandate.

The transformative efforts undertaken by the GIPF Investment Unit have already yielded impressive results, chief among them, the establishment of an Incubation Asset Management Programme, which allocated N\$4.2 billion to six Namibian asset managers, fostering the growth of funds and nurturing a new generation of Namibian investment professionals.

It also led to the creation of an Investment Middle and Back Office in 2021 that provides in-house support for performance analytics, investment accounting, risk tracking, reporting, and ESG, while serving as a guardian to the Investment Front office operations and ensuring efficient and compliant investment processes.

The expansion of the Internal Portfolio Management (Treasury) Team's mandate has also been a significant achievement, with the team now managing over N\$20.4 billion. The Treasury mandate which initially only focused on Fixed Income assets was

broadened to include strategic listed equities, allowing the Fund to conduct due diligence on key strategic investment transactions internally. When the results of such due diligence exercises are positive, approval to consummate such investments are then sought from our governing structures.

By internalising investment management, the GIPF has made significant strides in executing its mission to safeguard and grow the Fund. The strategic decision to enhance the prominence, involvement, and

scope of the Investment Function over the past five years has better equipped the Trustees to fulfil their duty of guarding and growing the Fund for the benefit of its members. The GIPF Investment Unit's unwavering commitment to sustainability, growth, and the development of the Namibian investment landscape is a testament of its pivotal role in ensuring the long-term success of the Government Institutions Pension Fund.

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