



JACQUES MALAN
CONSULTANTS & ACTUARIES



Benchmark Retirement Fund

Quarterly investment report
as at 31 December 2010

February 2011



Table of Contents

1. Introduction3

2. Market overview4

3. Performance comparison as at 31 December 20109

4. Fund fact sheets.....14

5. Manager summaries27

6. Glossary31

APPENDIX A: Salary Replacement Ratios

1. Introduction

This document has been compiled with the aim of providing members of the Benchmark Retirement Fund with an overview of the investment options offered to enable them to make informed decisions regarding the investment of their retirement assets.

The following portfolios are offered to members:

Portfolio	Risk Profile
Allan Gray Namibia Investment Trust	Moderate
Investec Managed Fund Namibia	Moderate
AF Namibia Balanced Growth Fund	Moderate
Old Mutual Namibia Profile Balanced Fund	Moderate
Prudential Namibia Balanced Fund	Moderate
Sanlam Namibia Managed Prudential Fund	Moderate
Standard Bank Namibia Managed Fund	Moderate
NAM Coronation Absolute Fund	Moderate-low
Prudential Namibia Inflation Plus Fund	Moderate-low
Benchmark Retirement Fund Default Portfolio	Moderate-low
Investec High Income Fund Namibia	Low
Money Market Fund	Capital Preservation

A brief description of the risk profiles is as follows:

The aggressive risk portfolios have the following return and risk objectives:

- A return objective of inflation plus 6% net of fees (7% gross of fees) over a rolling 3 year period.
- Short term negative returns are possible with this type of portfolio. Exposure to equities (shares) is normally maximised for these type of portfolios in order to achieve the return objective

The moderate risk portfolios have the following return and risk objectives:

- A return objective of inflation plus 5% net of fees (6% gross of fees) over a rolling 3 year period.
- Aims to achieve this return with as minimal risk as possible, although to achieve this target, the portfolio will have a large exposure to growth assets (e.g. shares) and as such short term negative returns are possible.

The moderate-low risk portfolios have the following return and risk objectives:

- A return objective of inflation plus 3% to 4% net of fees (4% to 5% gross of fees) over a rolling 3 year period.
- Aims to achieve this return objective with minimal negative returns over a rolling 12 month period.

The low risk portfolios have the following return and risk objectives:

- A return objective of inflation plus 2% to 3% net of fees (3% to 4% gross of fees) over a rolling 3 year period.
- Aims to achieve this return objective with minimal negative returns over a rolling 12 month period.

The capital preservation portfolios have the following return and risk objectives:

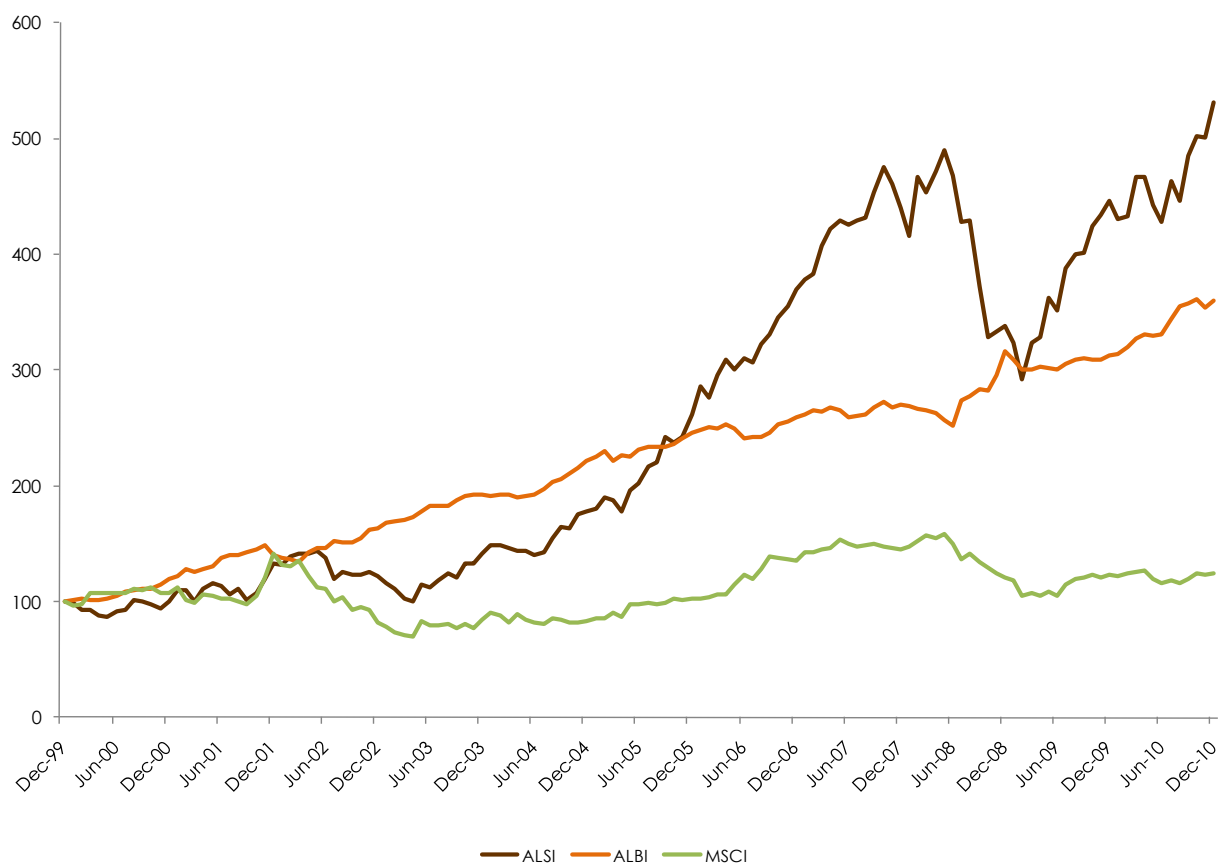
- A return objective of inflation net of fees (inflation plus 1% gross of fees).
- No capital loss over a rolling 12 month period.

The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified. All portfolios are compliant with the prudential investment guidelines of regulation 28 of the Pension Funds Act.

2. Market overview

2.1. Long-term market performance

The following graph represents the cumulative performance of some market indices for the period **1 January 2000 to 31 December 2010**.



2.2. Medium term market performance

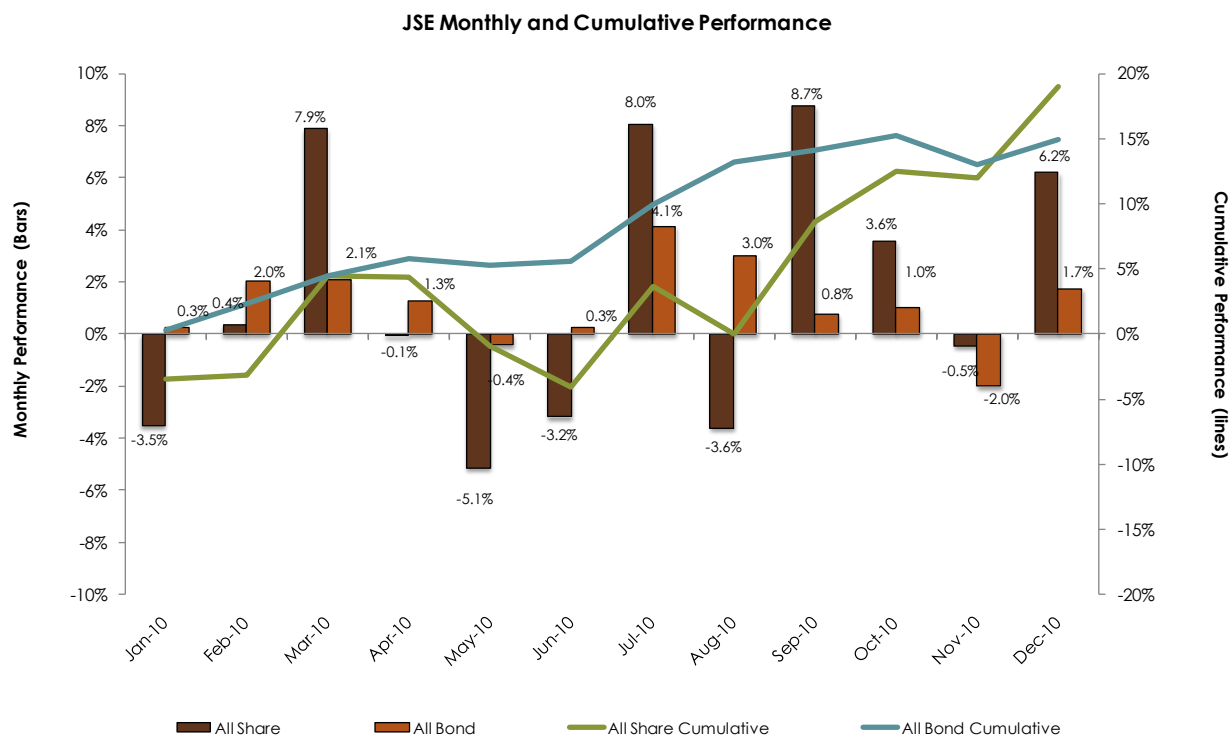
The following table presents the performance of various market indices to **31 December 2010**.

	2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	One Year	Three Years
All Share (SA)	32.1%	4.5%	-8.2%	13.3%	9.5%	19.0%	6.5%
JSE: Financials	28.0%	9.9%	-7.8%	15.1%	-0.1%	16.5%	3.3%
JSE: Industrials	30.5%	4.4%	-4.5%	18.5%	7.8%	27.4%	11.7%
JSE: Resources	35.4%	2.1%	-11.9%	7.1%	16.5%	12.3%	2.9%
All Bond (SA)	-1.0%	4.4%	1.1%	8.0%	0.7%	15.0%	10.0%
STeFI (SA)	9.1%	1.7%	1.6%	1.7%	1.6%	6.9%	9.2%
MSCI World	1.6%	1.8%	-8.0%	3.3%	3.8%	0.5%	-5.2%
JP Morgan World Bond	-20.8%	-2.5%	6.7%	-2.1%	-6.6%	-4.8%	5.7%
Rand/Dollar	-22.3%	-1.5%	5.2%	-9.3%	-4.9%	-10.6%	-1.0%
CPI (SA)	6.9%	1.7%	0.4%	0.8%	0.5%	3.5%	6.6%

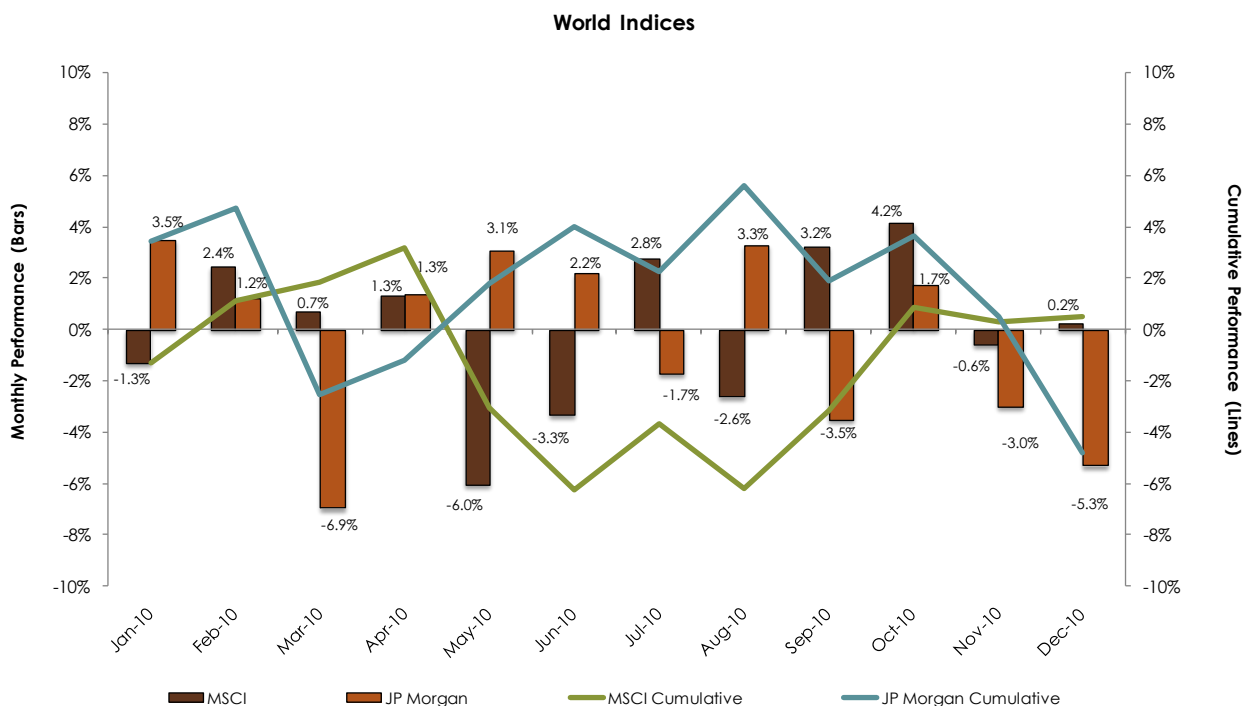
2.3. Short-term market performance

The following graphs represent the monthly performance of various market indices for the year ending **31 December 2010**.

2.3.1. South Africa



2.3.2. World



Market commentary:

During December 2010 the National Treasury announced a 5% increase in the maximum limit Retirement Funds are allowed to invest offshore. The limit now stands at 25%, with an additional 5% available to invest in Africa. This relaxation of exchange controls forms part of governments' effort to combat the effects of the strong Rand on the economy.

Locally year-on-year inflation continued to increase. The increase in inflation is being mirrored offshore, where Euro-area inflation is also increasing. A major factor in the trend of increasing global inflation is the rise of food prices globally. An index compiled by the UN of world food prices shows that food prices have exceeded their previous highs of June 2008, which was the start of the global financial crisis.

During 2010 the MPC drastically reduced interest rates, cutting the prime rate to its lowest in over 35 years. One of the main reasons for these cuts was to stimulate the economy, but the effect has been hampered by a strong Rand relative to the Dollar. Over the 2010 calendar year, the Rand appreciated by 10.6% against the US Dollar.

Gold increased to US\$1421.4 per ounce at the end of the year, whilst the oil price ended on US\$94.75 per barrel for the year.

Equities

The All Share Index performed strongly over 2010, returning 19.0%. This return was, however, only generated over the last four months of the year. Industrials were the strongest performing sector in 2010, returning 27.4%. Resources were the worst performing sector in 2010, returning 12.3%, whilst Financials returned 16.5% for the year. Globally, the performance of the MSCI in Rand terms has been hampered by the strength of the Rand against the US Dollar, returning 0.5% over the year, compared to 12.3% in US Dollar terms.

Bonds

The All Bond Index returned 15.0% over 2010, experiencing only two negative months in May 2010 (-0.4%) and November 2010 (-2.0%). This represents a significant turnaround from the weak performance experienced in 2009, where the All Bond Index returned -1.0%.

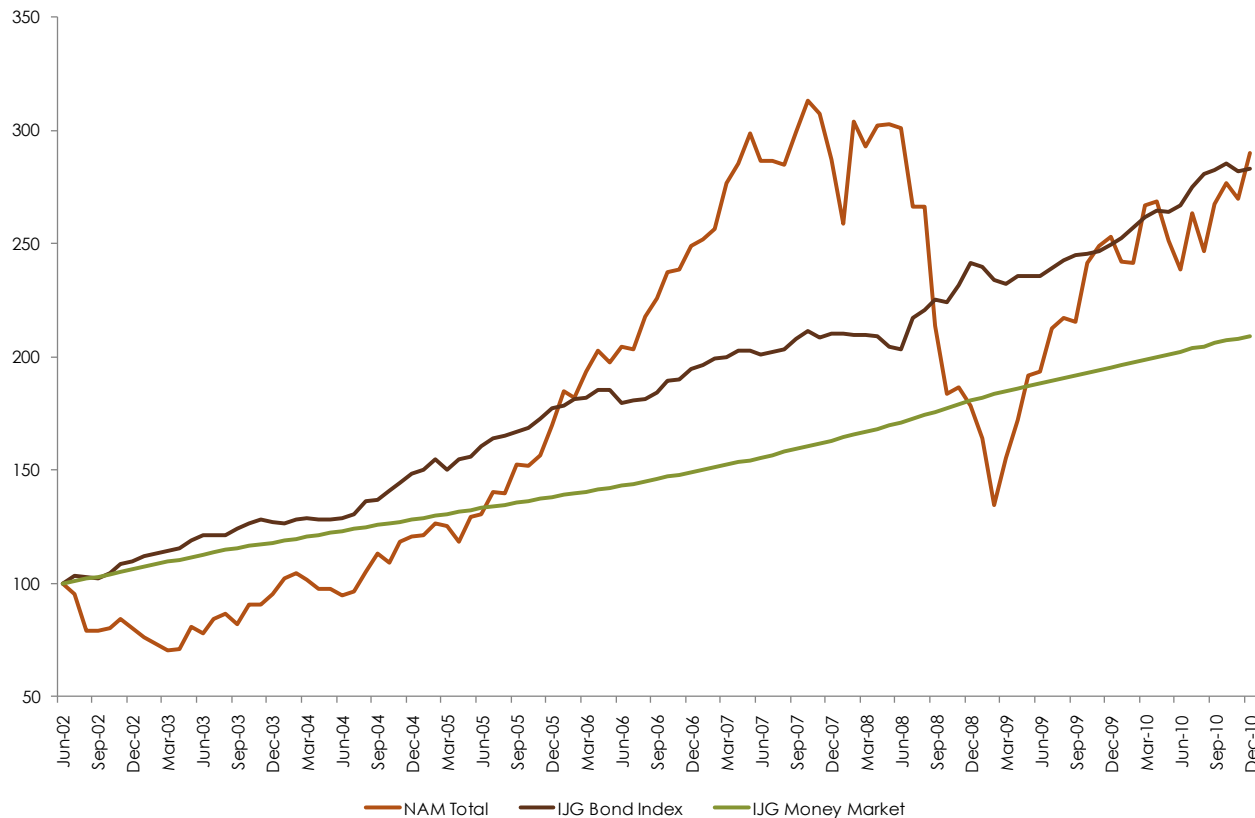
Currency

Despite the relaxation of exchange controls in December 2010, the Rand continued to appreciate at the end of the year. Levels under R7 to the dollar were seen during the year and it remains unclear if the relaxation of exchange controls will have an effect on the strong Rand. The Rand ended the year at R6.62 to the Dollar.

2.4. Namibia

2.4.1. Long term market performance

The following graph represents the cumulative performance of some market indices for the period **1 July 2002 to 31 December 2010**.



2.4.2. Medium term market performance

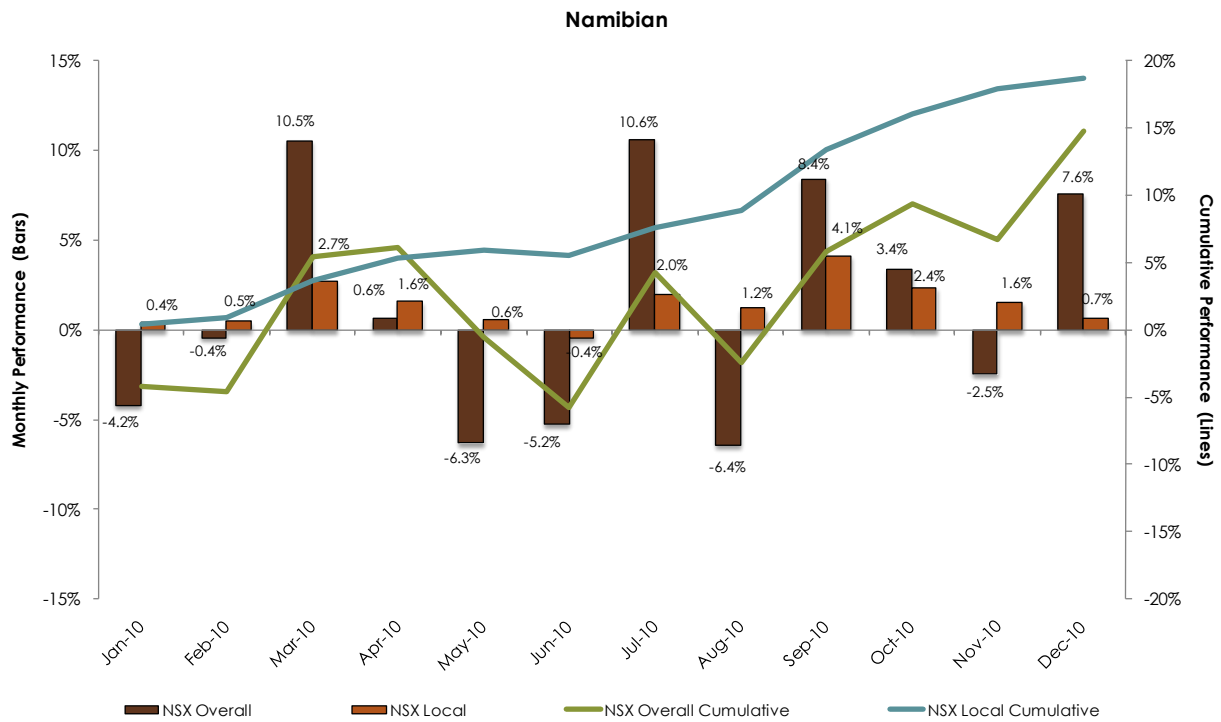
The following table presents the performance of various market indices to **31 December 2010**.

	2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	One Year	Three Years
NAM Total	41.9%	5.5%	-10.6%	12.3%	8.5%	14.8%	0.4%
NAM Local	4.1%	3.7%	1.8%	7.5%	4.7%	18.7%	15.9%
NAM CPI	7.0%	2.0%	0.1%	1.0%	-0.1%	3.1%	7.0%
IJG Bond Index	3.3%	4.7%	1.9%	5.8%	0.3%	12.8%	10.2%
IJG Money Market	8.2%	1.8%	1.8%	1.7%	1.7%	7.1%	8.7%

With the steady recovery of the global economy showing signs of slowing down, the Bank of Namibia reduced the Repo rate by 75 basis points to 6.0%. This decision was partly due to the continual easing of inflationary pressure as well as to support the domestic economic recovery. Inflation decreased from a year-on-year level of 7.0% on 31 December 2009 to 3.1% as at 31 December 2010. The Namibian Stock Market (NSX) had a volatile 2010 and up until the end of August 2010 had a year to date return of -2.4%. However, strong performance in the last four months of the year allowed the NSX to finish 2010 with a positive return of 14.8%.

2.4.3. Short term market performance

The following graph represents the monthly performance of various market indices for the year ending **31 December 2010**.



3. Performance comparison as at 31 December 2010

3.1. Moderate portfolios

3.1.1. Asset allocation

The figures below reflect the asset allocation of the moderate portfolios as at **31 December 2010**

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Managed Prudential	Standard Bank Managed
Nam Equities	13.6%	20.1%	17.8%	13.0%	18.6%	13.0%	13.2%
Nam Bonds	6.8%	9.9%	8.8%	5.0%	5.0%	8.0%	6.3%
Nam Cash	16.5%	14.9%	8.3%	16.4%	23.1%	15.2%	23.0%
Nam Property	1.8%	0.2%	-	-	-	3.7%	-
SA Equities	26.3%	31.0%	29.2%	38.2%	32.2%	33.2%	38.4%
SA Bonds	-	-	3.7%	3.3%	9.3%	9.5%	1.1%
SA Cash	4.1%	0.2%	4.3%	0.3%	-	0.2%	-
SA Property	-	3.4%	3.6%	4.3%	4.1%	-	-
Offshore	29.6%	20.3%	19.7%	19.5%	7.7%	17.2%	18.0%
Other	1.3% ¹	-	4.6% ²	-	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1. Other represents Gold ETF's

2. Other represents SA Hedge Funds

3.1.2. Time weighted returns

Listed below are the investment returns achieved for the specified periods. Please note the returns are **gross** of fees.

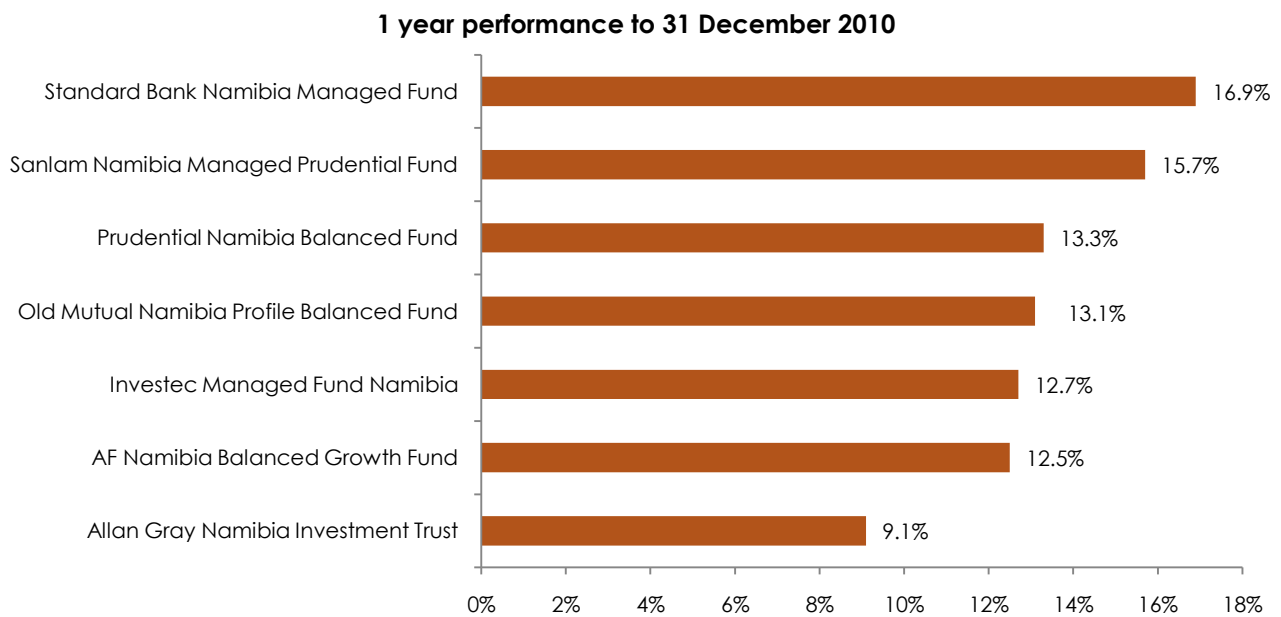
Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)	10 yrs (annualised)
Allan Gray Namibia Investment Trust	9.1%	8.0%	14.5%	20.5%
Investec Managed Fund Namibia	12.7%	5.0%	13.5%	15.6 %
AF Namibia Balanced Growth Fund ¹	12.5%	5.8%	12.2%	-
Old Mutual Namibia Profile Balanced Fund	13.1%	5.0%	10.9%	15.6%
Prudential Namibia Balanced Fund	13.3%	-	-	-
Sanlam Namibia Managed Prudential Fund	15.7%	3.4%	10.1%	-
Standard Bank Namibia Managed Fund	16.9%	8.8%	13.5%	13.5%
Average Moderate Portfolio²	13.2%	6.1%	12.5%	15.2%
All Share (JSE)	19.0%	6.5%	15.2%	18.1%
Inflation	3.1%	7.0%	6.8%	6.5%
Target: Inflation + 6%	-	13.0%	12.8%	12.5%

1. Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.

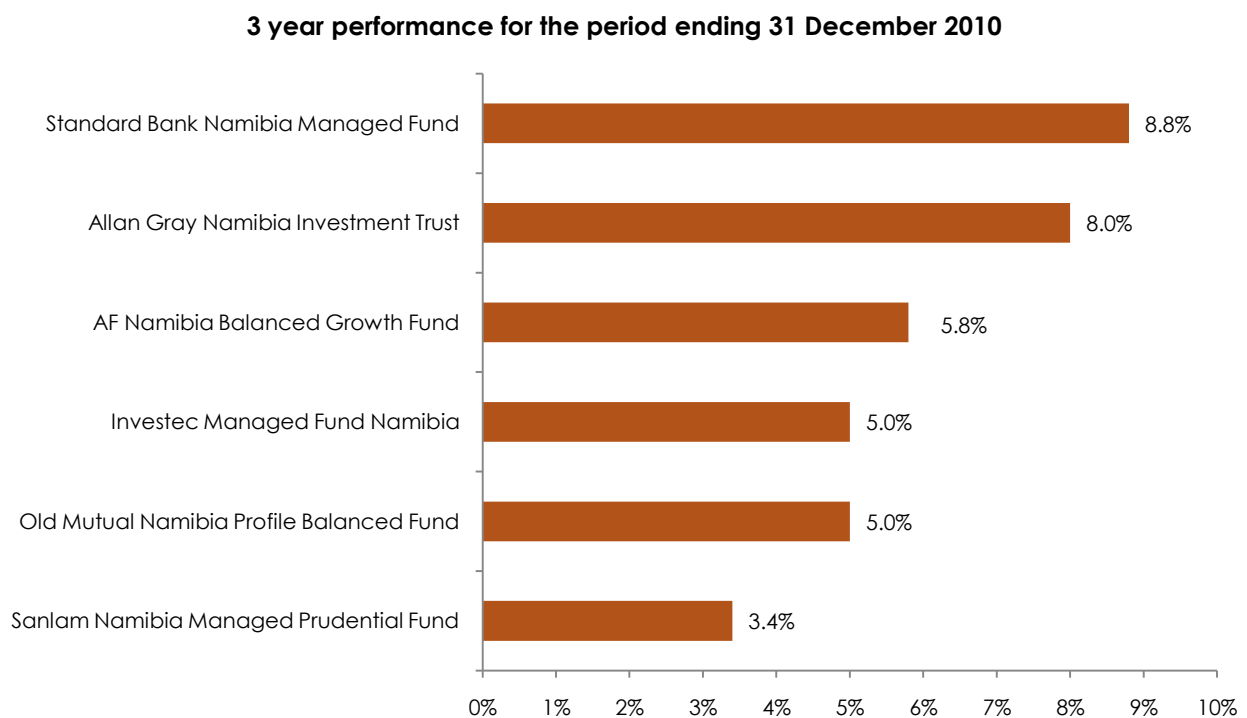
2. Average of the Jacques Malan Consultants and Actuaries Survey for Moderate Balanced portfolios.

The following graph reflects the investment returns achieved for each period graphically:

1 Year Performance Comparison

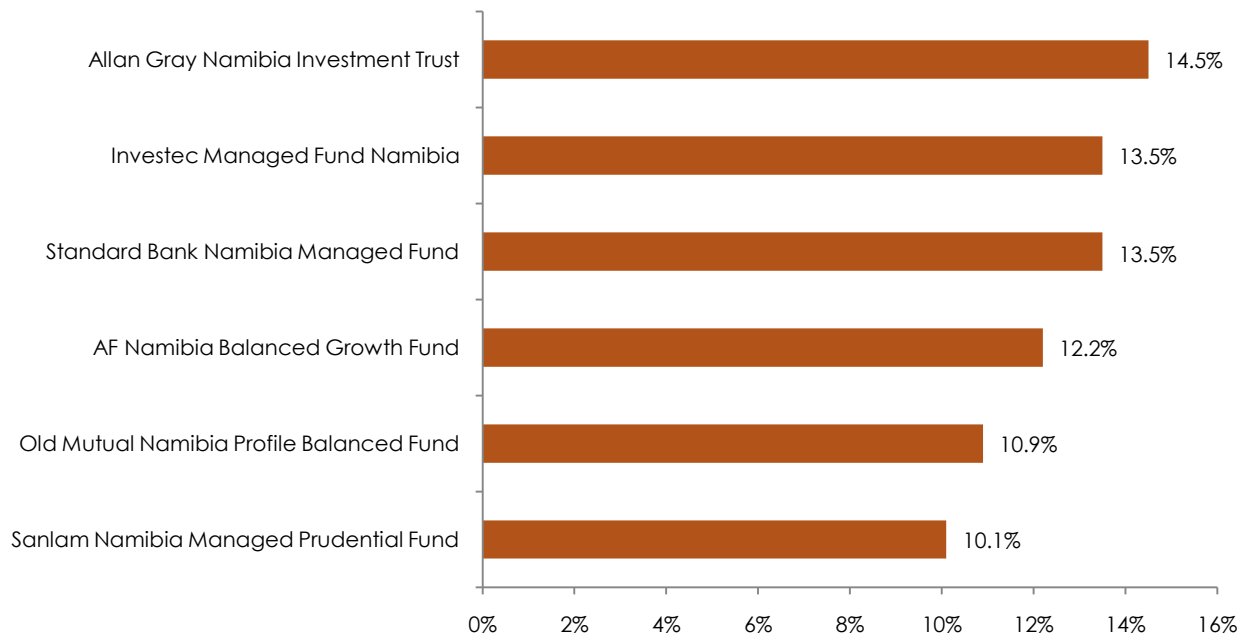


3 Year Performance Comparison



5 Year Performance Comparison

5 year performance for the period ending 31 December 2010



3.2. Moderate-low portfolios

3.2.1. Asset allocation

The figures below reflect the asset allocation of the moderate-low portfolios as at **31 December 2010**

	Nam Coronation Absolute	Prudential Inflation Plus	Default Portfolio
Nam Equities	6.8%	12.9%	13.2%
Nam Bonds	16.1%	10.4%	8.6%
Nam Cash	16.9%	18.1%	17.3%
Nam Property	-	1.6%	1.7%
SA Equities	33.8%	2.2%	13.9%
SA Bonds	22.8%	23.4%	12.0%
SA Cash	0.1%	-	2.0%
SA Property	3.0%	6.0%	3.1%
Offshore	0.5%	25.4%	27.5%
Other	-	-	0.7% ¹
Total	100.0%	100.0%	100.0%

¹-Other represents Gold ETF's

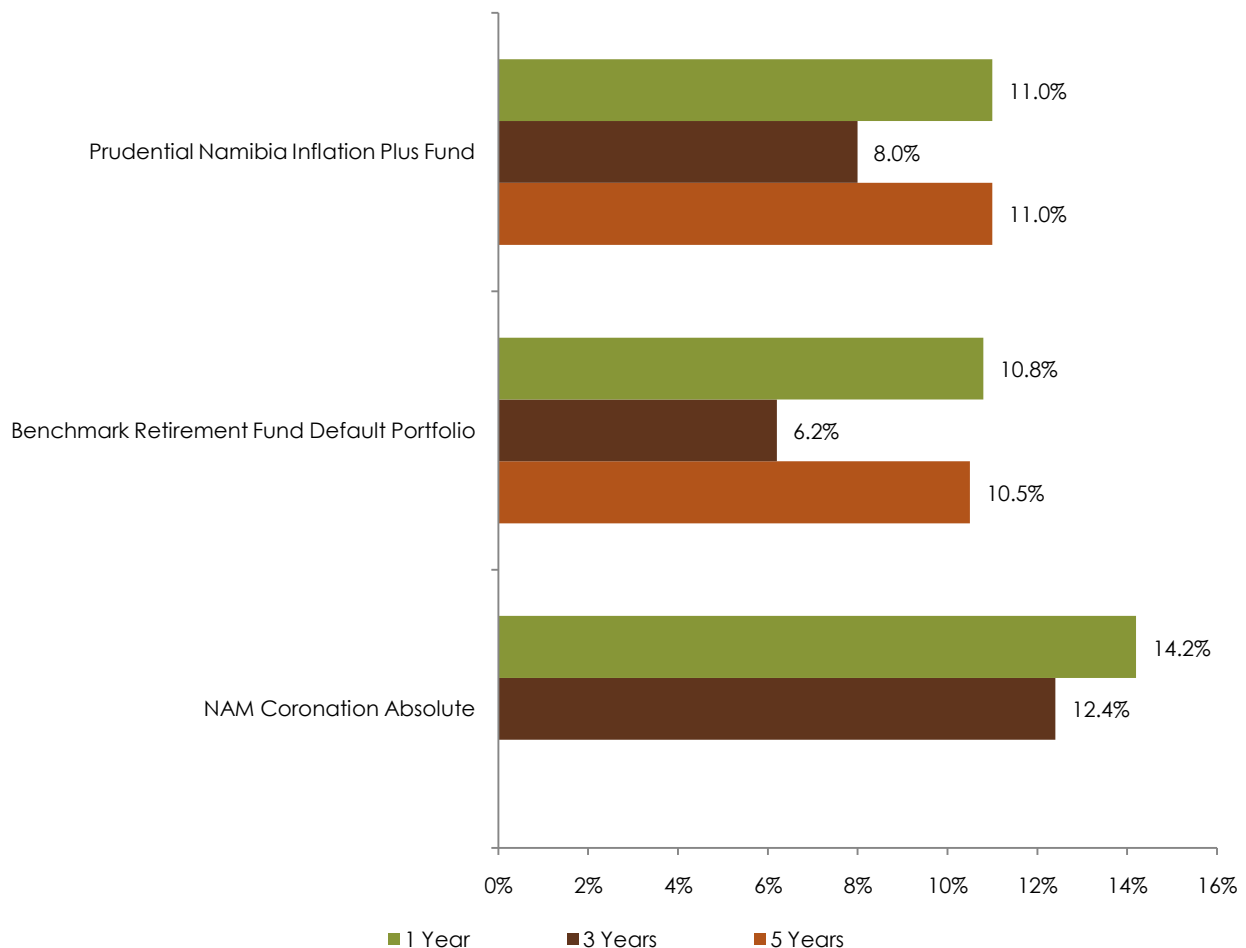
3.2.2. Time weighted returns

Listed below are the investment returns achieved for the specified periods. Please note the returns are **gross** of fees.

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)
NAM Coronation Absolute Fund	14.2%	12.4%	-
Prudential Namibia Inflation Plus Fund	11.0%	8.0%	11.0%
Benchmark Retirement Fund Default Portfolio	10.8%	6.2%	10.5%
Inflation	3.1%	7.0%	6.8%
Target: Inflation + 4% to 5%	-	11.0% to 12.0%	10.8% to 11.8%

Please note: The return for the NAM Coronation Absolute Fund are not fund specific as this Portfolio has only been available as investment option since 1 October 2010.

The following graph reflects the investment returns achieved for each period graphically:



3.3. Low Risk and Capital Preservation Portfolios

3.3.1. Asset allocation

The figures below reflect the asset allocation of the low risk portfolios as at **31 December 2010**.

Investec High Income Fund	
Nam Equities	-
Nam Bonds	17.2%
Nam Cash	18.9%
Nam Property	-
SA Equities	-
SA Bonds	49.5%
SA Cash	14.4%
SA Property	-
Offshore	-
Other	-
Total	100.0%

3.3.2. Time weighted returns

Listed below are the investment returns achieved for the specified periods. Please note the returns are **gross** of fees.

Low risk portfolios

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)
Investec High Income Fund Namibia	9.2%	10.1%	9.4%
ALBI 1-3 year Index	8.8%	9.8%	8.4%
Inflation	3.1%	7.0%	6.8%
Target: Inflation + 2% to 3%	-	9% to 10.0%	8.8% to 9.9%

Capital Protection Portfolios

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)
Money Market Fund	7.1%	9.4%	9.0%
IJG Money Market Index	7.1%	8.7%	8.7%
Target: Inflation + 1%	-	8.0%	7.8%

4. Fund fact sheets

Allan Gray Namibia Investment Trust

Risk Profile: Moderate**Size:** N\$2.2bn**Portfolio Description**

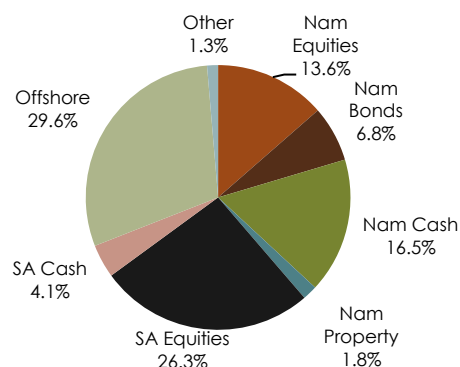
The Allan Gray Namibia Investment Trust is a market-linked balanced portfolio which represents Allan Gray's best investment view for balanced mandates.

Inception: Aug-99**CIO:** Ian Liddle**Portfolio Manager**

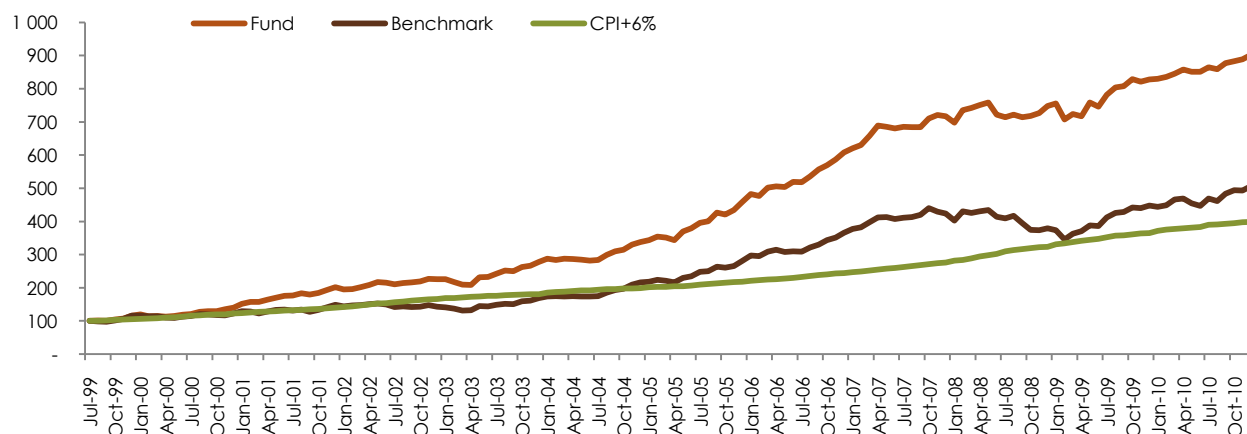
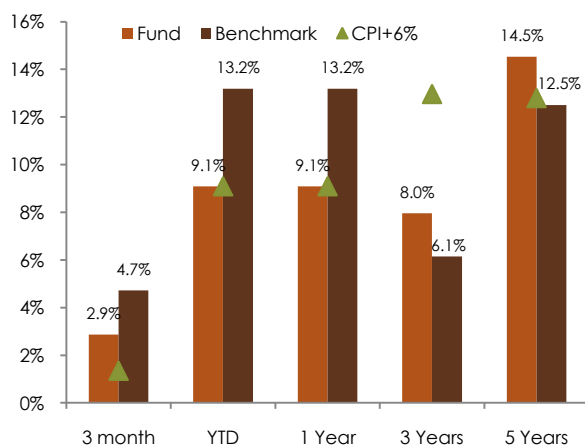
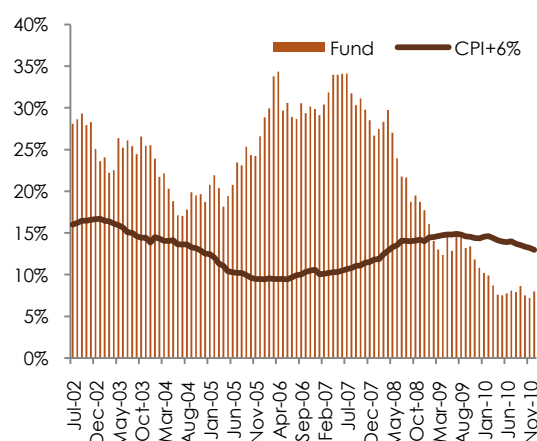
Ian Liddle, Duncan Artus, Andrew Lapping, Delphine Govender, Simon Raubenheimer

Benchmark

The benchmark for the fund is the average of the Alexander Forbes Namibia Survey for Retirement Funds. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark.

Asset Allocation as at 31 December 2010**Top 10 Equities**

	Share	% of Equities		Share	% of Equities
1	Sasol	13.2%	6	Sanlam Namibia	5.8%
2	SABMiller	13.2%	7	Anglo American Namibia	4.7%
3	FNB Namibia	7.3%	8	MTN Group	3.8%
4	Remgro	7.3%	9	Bidvest Namibia	3.7%
5	Anglogold	6.9%	10	Nampak	3.0%

Cumulative Performance vs Benchmark since inception**Historical performance as at 31 December 2010****3-year rolling performance vs CPI target**

Investec Managed Fund Namibia

Risk Profile: Moderate**Size:** N\$624m**Portfolio Description**

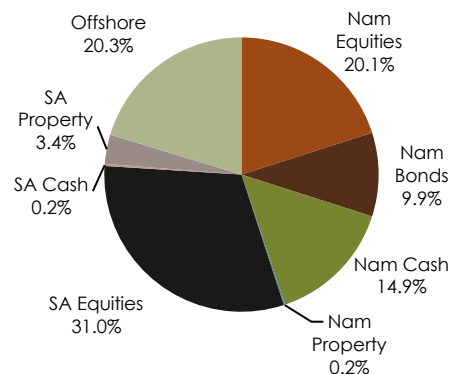
The Investec Managed Fund is market-linked balanced portfolio which aims to achieve stable returns over the longer term by investing in all asset classes. This portfolio represents Investec's best investment view.

Inception: May-97**CIO:** John McNab, Mimi Ferrini**Portfolio Manager**

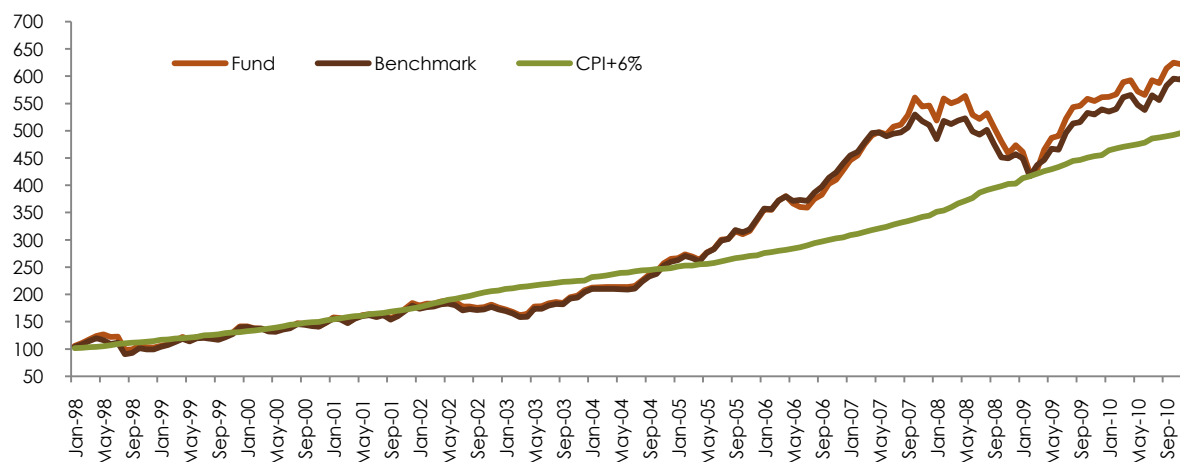
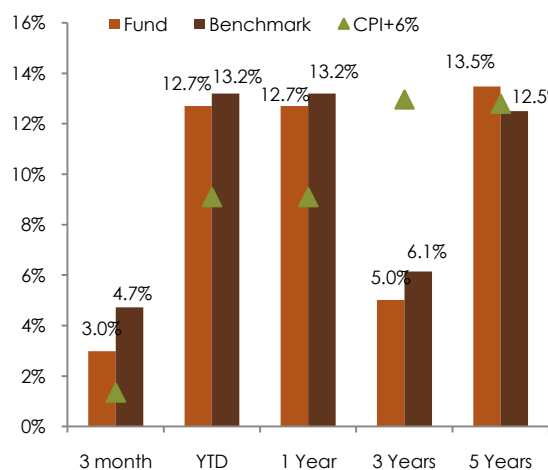
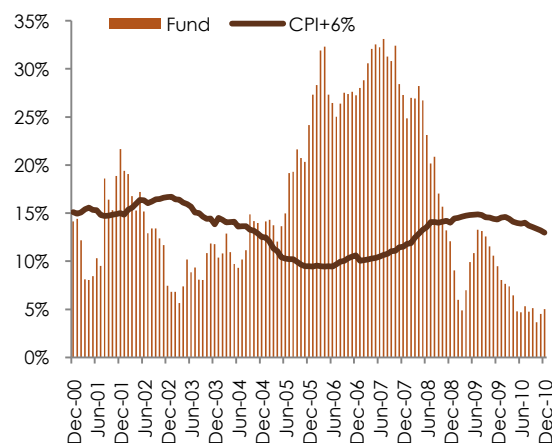
James Hatuikulipi and Chris Freund

Benchmark

The benchmark for the fund is to outperform the average of the manager's peer group. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark.

Asset Allocation as at 31 December 2010**Top 10 Equities**

Top 10 Equities							
Share		% of Equities		Share		% of Equities	
1	Anglo American	14.0%	6	Impala Platinum	5.8%		
2	Old Mutual	7.9%	7	MTN Group	5.7%		
3	Sasol	7.6%	8	SAB Miller	4.5%		
4	Firstrand	6.8%	9	Mondi	4.1%		
5	BHP Billiton	5.9%	10	Anglogold	4.0%		

Cumulative Performance vs Benchmark since January 1998**Historical performance as at 31 December 2010****3-year rolling performance vs CPI target**

AF Namibia Balanced Growth Fund

Risk Profile: Moderate

Portfolio Description

The AF Namibia Balanced Growth portfolio is a market-linked balanced portfolio which represents Investment Solutions' best investment view for balanced mandates. The portfolio invests in all asset classes and focus on reducing volatility by diversifying among managers with different investment styles.

Inception: Apr-09
CIO: Mark Lindheim
Portfolio Manager: Suniti Naran

Benchmark

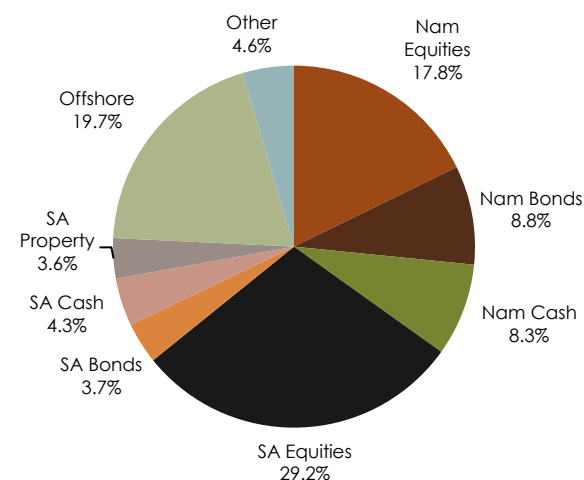
The portfolio has an internal benchmark. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark

Please note: Investment Solutions were only able to provide Top 5 equities at time of finalising the report

Top 5 Equities

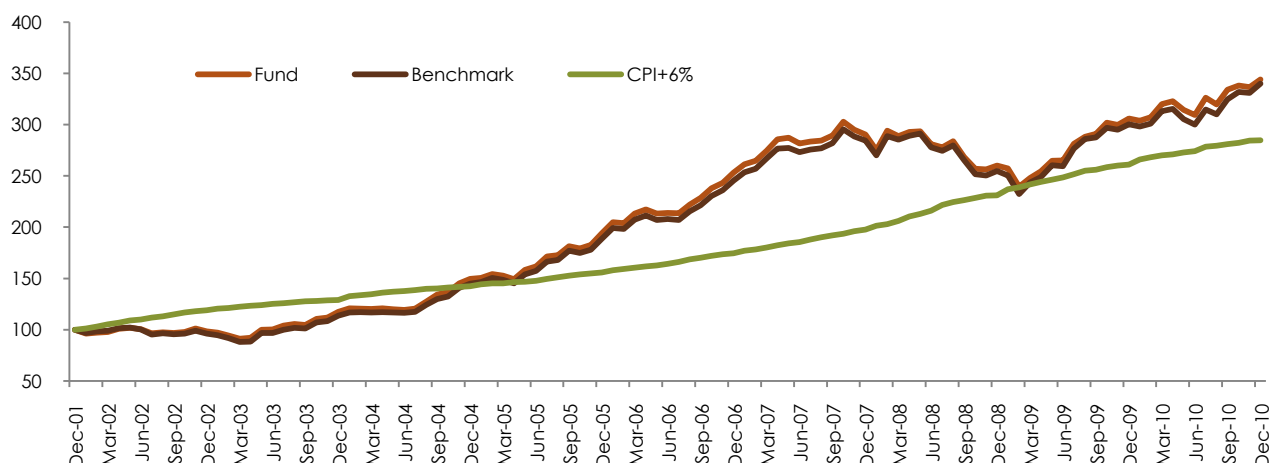
	Share	% of Equities
1	Anglo American	12.1%
2	Old Mutual	11.7%
3	Standard bank	10.8%
4	Firsrand	10.4%
5	Shoprite	10.0%

Asset Allocation as at 31 December 2010



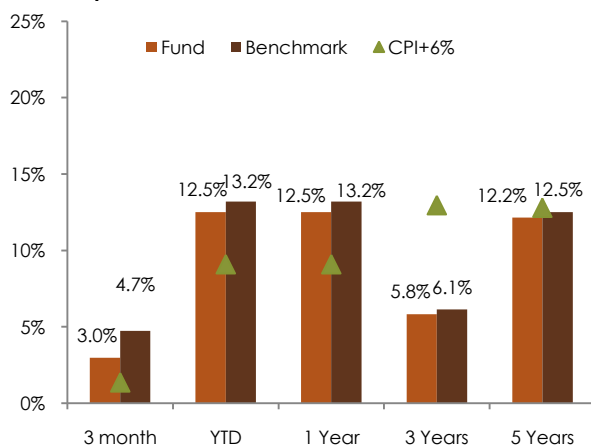
Other represents SA Hedge Funds.

Cumulative Performance vs Benchmark since inception

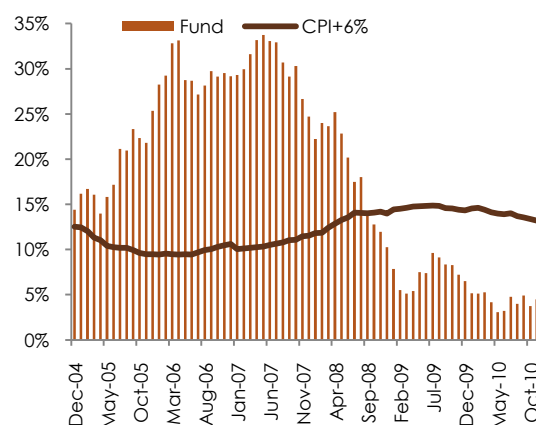


Please note: Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.

Historical performance as at 31 December 2010



3-year rolling performance vs CPI target



Old Mutual Namibia Profile Balanced Fund

Risk Profile: Moderate**Size:** N\$256m**Portfolio Description**

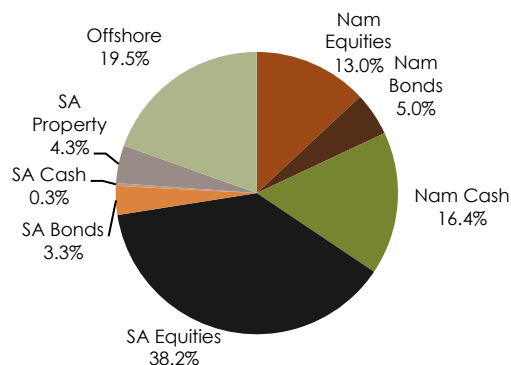
The Old Mutual Namibia Profile Balanced Portfolio is a market-linked balanced portfolio which places emphasis on asset allocation across all asset classes. The portfolio represents OMIGNAM's best investment view for a moderate balanced mandate. The portfolio aims to achieve consistent real returns over the longer term.

Inception: Apr-98**CIO:** Peter Brooke**Portfolio Manager**

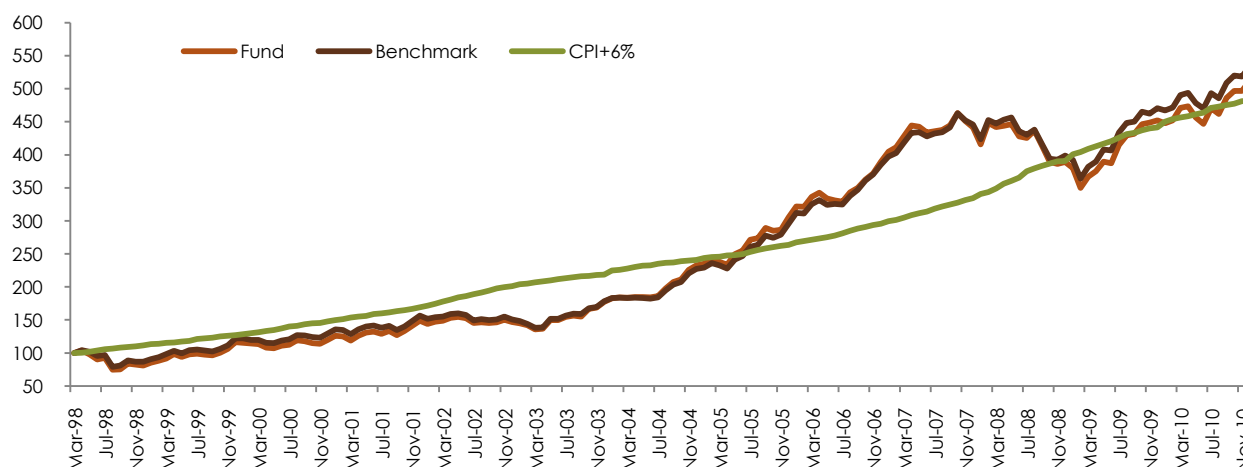
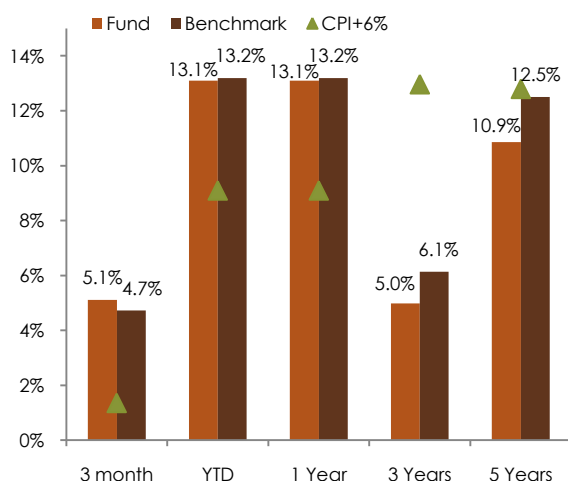
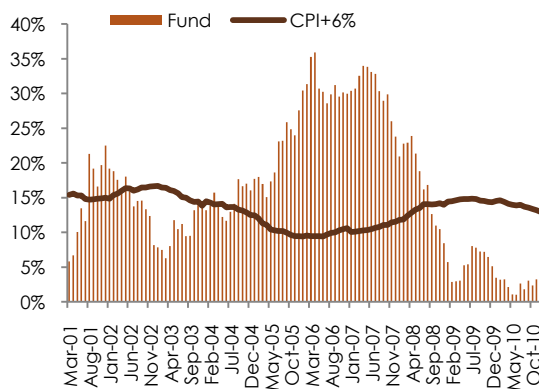
Peter Brooke and Tyrone van Wyk

Benchmark

The OMIGNAM Profile Balanced Portfolio has an internal benchmark. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark.

Asset Allocation as at 31 December 2010**Top 10 Equities**

	Share	% of Equities		Share	% of Equities
1	MTN Group	7.3%	6	Firststrand	4.9%
2	Sasol	7.0%	7	Investec Plc	4.1%
3	Anglo American	6.6%	8	SAB Miller	3.3%
4	BHP Billiton	5.3%	9	Richemont	2.3%
5	Standard Bank	5.3%	10	Bidvest	2.0%

Cumulative Performance vs Benchmark since inception**Historical performance as at 31 December 2010****3-year rolling performance vs CPI target**

Prudential Namibia Balanced Fund

Risk Profile: Moderate**Size:** N\$4.1m**Portfolio Description**

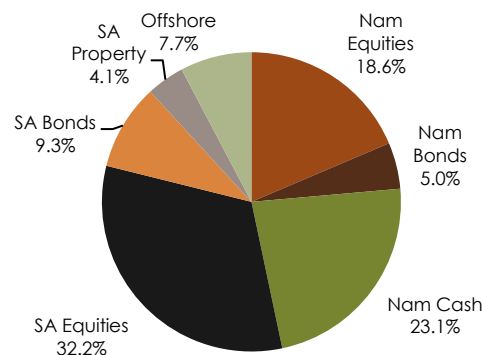
The Prudential Namibia Balanced portfolio is a market-linked balanced portfolio which aims to achieve consistent growth of capital and income by maintaining a superior stock selection across all industries relative to the benchmark and across all asset classes. The portfolio represents Prudential's best investment view.

Inception: Aug-08**CIO:** Marc Beckenstrater**Portfolio Manager**

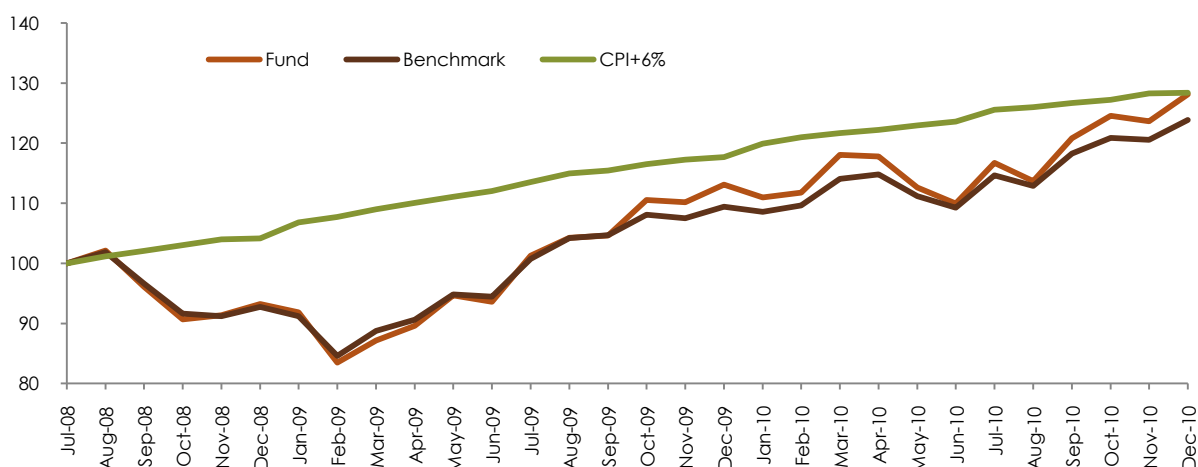
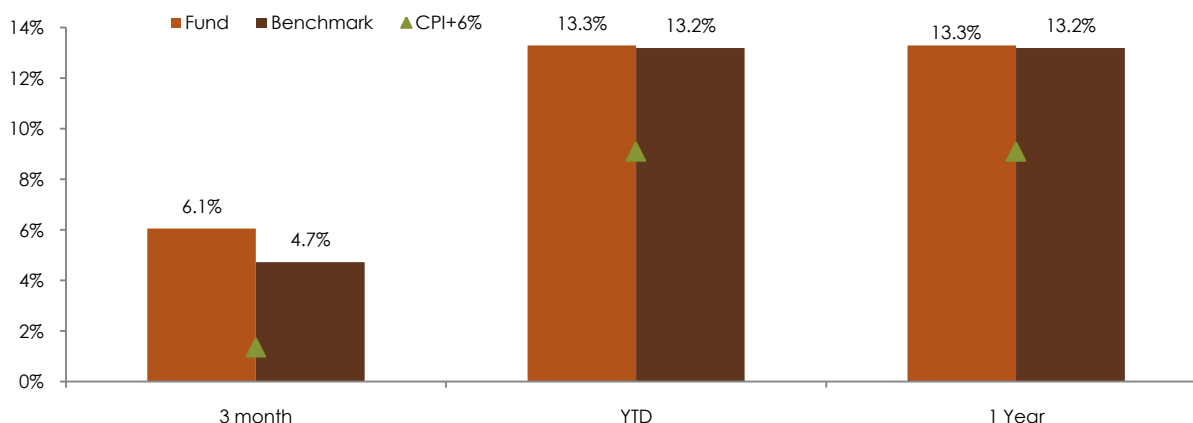
Michael Moyle and Marc Beckenstrater

Benchmark

The benchmark for the portfolio is the Alexander Forbes Global Large Manager Watch (Namibia). For comparative purposes the JMCA Average Moderate Fund will be used as benchmark

Asset Allocation as at 31 December 2010**Top 10 Equities**

Share		% of Equities		Share		% of Equities	
1	Anglo American Nam	10.3%	6	Richemont		2.5%	
2	BHP Billiton	7.9%	7	MTN Group		2.4%	
3	Standard Bank Group	3.1%	8	Naspers		2.0%	
4	SAB Miller	2.9%	9	Old Mutual		1.7%	
5	Sasol	2.7%	10	Firstrand		1.6%	

Cumulative Performance vs Benchmark since inception**Historical performance as at 31 December 2010**

Please note: this fund has a history of less than 3 years.

Sanlam Namibia Managed Prudential Fund

Risk Profile: Moderate
Size: N\$70m

Portfolio Description

The Sanlam Namibia Managed Prudential Fund is a market-linked Balanced Unit Trust portfolio which invests in all asset classes, aiming to achieve maximum returns over the longer term. The Fund is closely aligned with Sanlam's best investment view and is suitable for investors seeking capital growth over the long term.

Inception: Jul-05

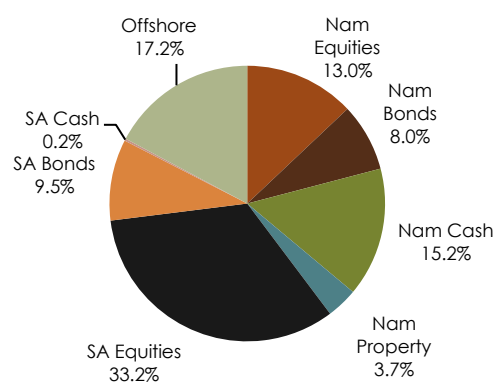
CIO: Andre Roux

Portfolio Manager
 Gerhard Cruywagen

Benchmark

The benchmark of the Sanlam Namibia Managed Prudential Fund is the average of the Standard&Poor's Micropal Asset Allocation Prudential Medium Equity category. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark.

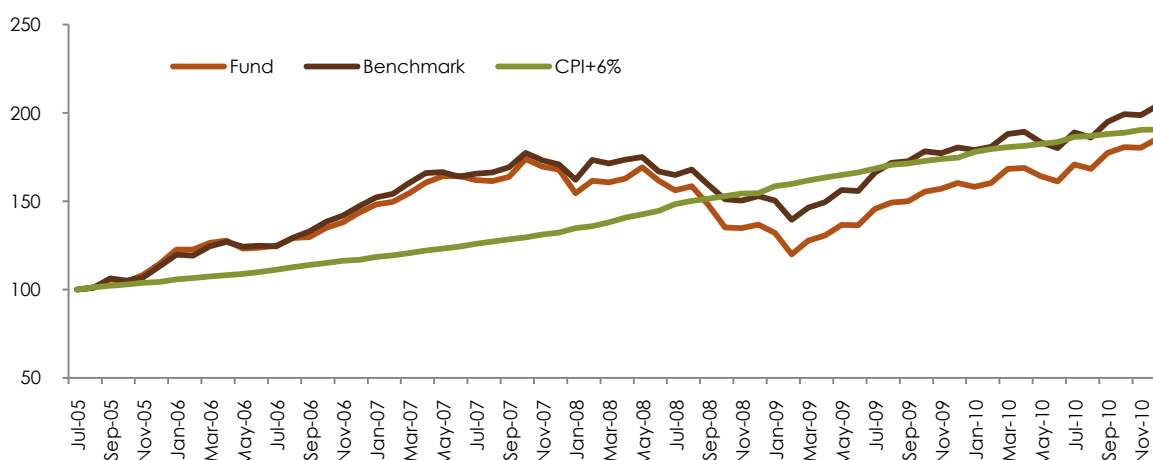
Asset Allocation as at 31 December 2010



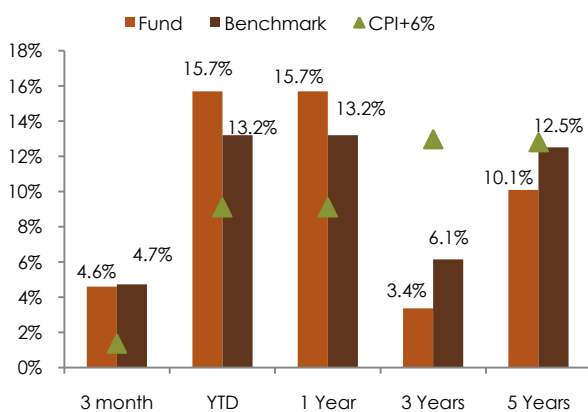
Top 10 Equities

Share		% of Portfolio		Share		% of Portfolio	
1	Sasol	3.6%	6	SAB Miller	2.0%		
2	Standard Bank Group	3.6%	7	FirstRand	1.8%		
3	MTN Group	3.2%	8	Bidvest	1.6%		
4	Anglo American	2.8%	9	Naspers	1.6%		
5	BHP Billiton	2.8%	10	BTI Group	1.4%		

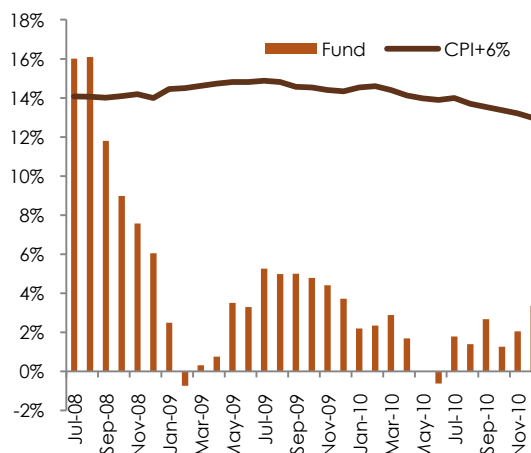
Cumulative Performance vs Benchmark since July 2005



Historical performance as at 31 December 2010



3-year rolling performance vs CPI target



Standard Bank Namibia Managed Fund

Risk Profile: Moderate**Size:** N\$103 m**Portfolio Description**

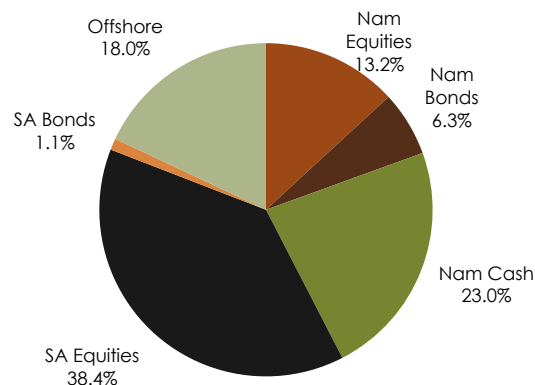
The Standard Bank Namibia Managed Fund is a market-linked balanced portfolio which invests in all asset classes. The fund includes the combined investment view's of STANLIB(SA&NAM). The portfolio aims to achieve capital growth over the longer-term.

Inception: Apr-98**CIO:** Brown Amuenje**Portfolio Manager**

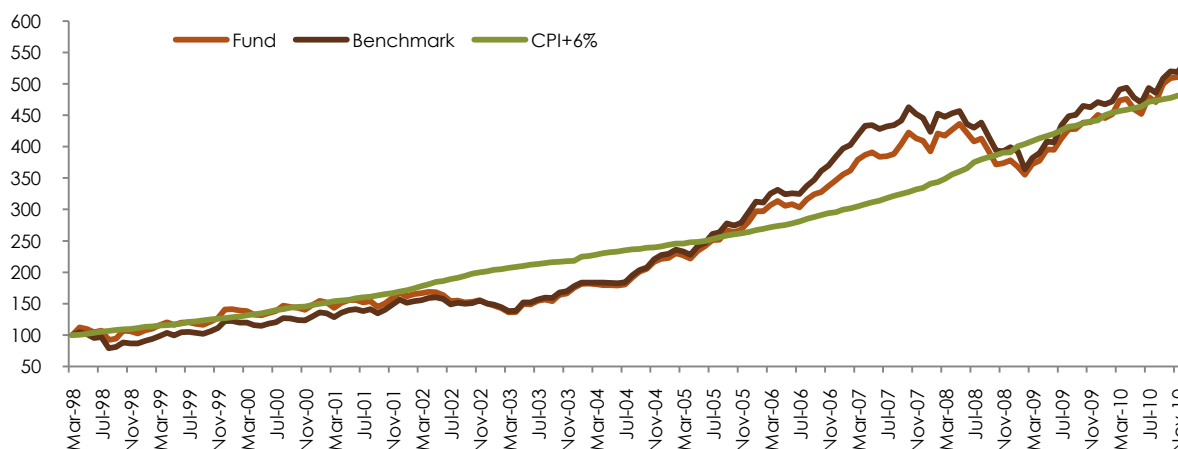
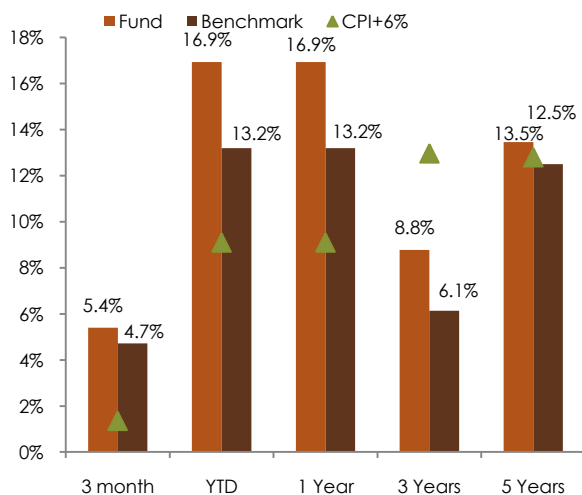
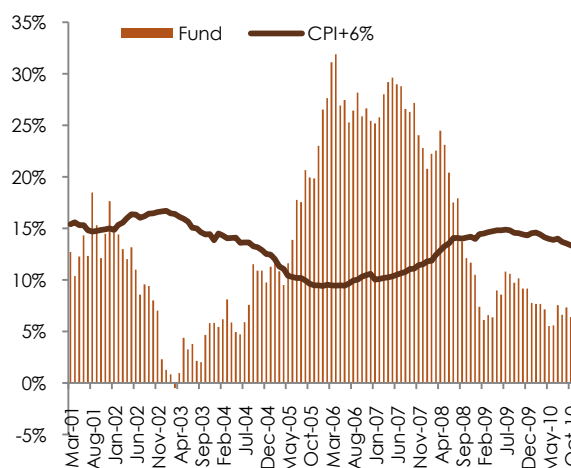
Brown Amuenje, Eino Emvula

Benchmark

The benchmark for this fund is the Alexander Forbes Large Manager Watch. For comparative purposes the JMCA average Moderate Fund will be used as benchmark.

Asset Allocation as at 31 December 2010**Top 10 Equities**

Share		% of Equities	Share		% of Equities
1	MTN Group	9.9%	6	Woolworths	4.0%
2	Sasol	8.9%	7	Pick 'n Pay	3.9%
3	BHP Billiton	6.3%	8	Firststrand	3.8%
4	Anglo American	4.4%	9	Massmart	3.6%
5	Bidvest	4.1%	10	SAB Miller	3.5%

Cumulative Performance vs Benchmark since inception**Historical performance as at 31 December 2010****3-year rolling performance vs CPI target**

NAM Coronation Absolute Fund

Risk Profile: Moderate-low

Size: N\$ 205m

Portfolio Description

The NAM Coronation Absolute Fund is suitable for members with a lower risk tolerance. It is an actively managed, moderate-low risk fund with exposure to all asset classes. The fund aims to achieve consistent positive real returns with a primary focus on offering downside protection and preserving capital in real terms over any rolling 12 month period.

Inception: Nov-07

CIO: Eino Emvula

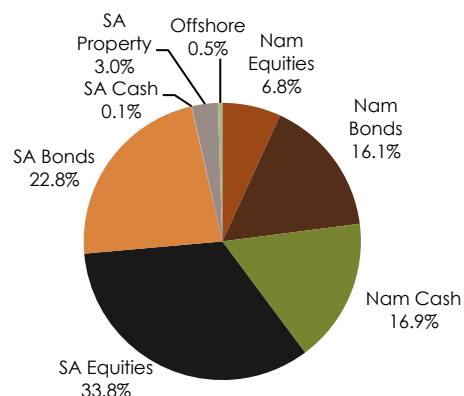
Portfolio Manager

Louis Stassen and Henk Groenewald

Benchmark

The benchmark for the fund is Namibia Headline Inflation plus 4.5% over a rolling three year period.

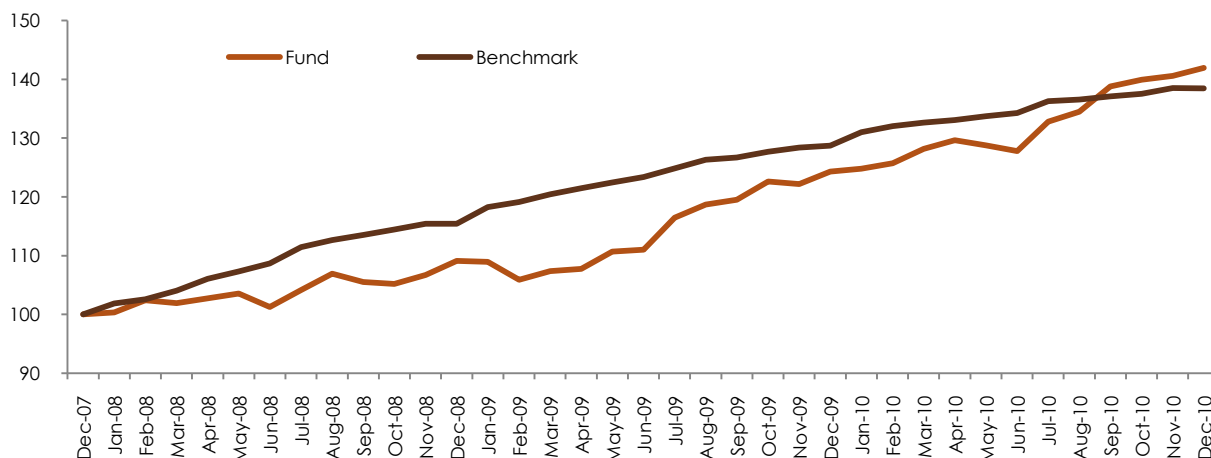
Asset Allocation as at 31 December 2010



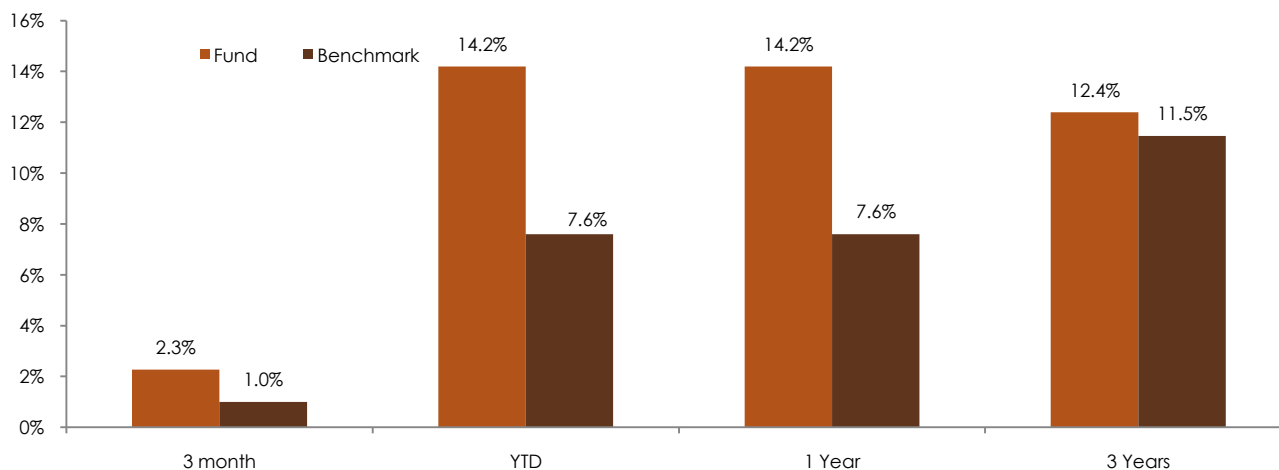
Top 10 Equities

Share		% of Equities		Share		% of Equities	
1	Anglo American	7.2%	6	Spar	4.1%		
2	Remgro	6.1%	7	Vodacom	3.6%		
3	Standard Bank Group	5.7%	8	Sasol	3.6%		
4	MTN Group	5.4%	9	Naspers	3.5%		
5	Bidvest	4.3%	10	Reinet Investments	3.2%		

Cumulative Performance vs Benchmark since inception



Historical performance as at 31 December 2010



Prudential Namibia Inflation Plus Fund

Risk Profile: Moderate-low

Size: N\$ 215m

Portfolio Description

The Prudential Namibia Inflation Plus Fund is a conservative market-linked portfolio which aims to produce stable real returns. The fund invests predominantly in inflation linked bonds and other interest-bearing securities and equities.

Inception: Sep-99

CIO: Marc Beckenstrater

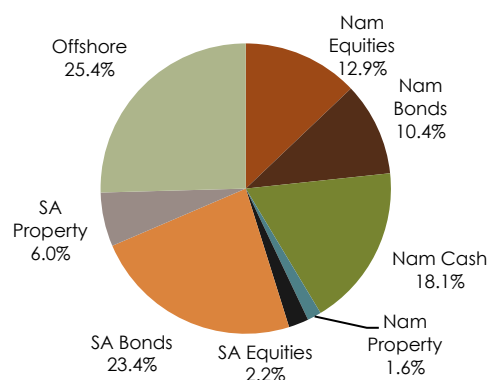
Portfolio Manager

Michael Moyle, Albert Arntz

Benchmark

The benchmark for the fund is Namibia Headline Inflation plus 4% over a rolling three year period.

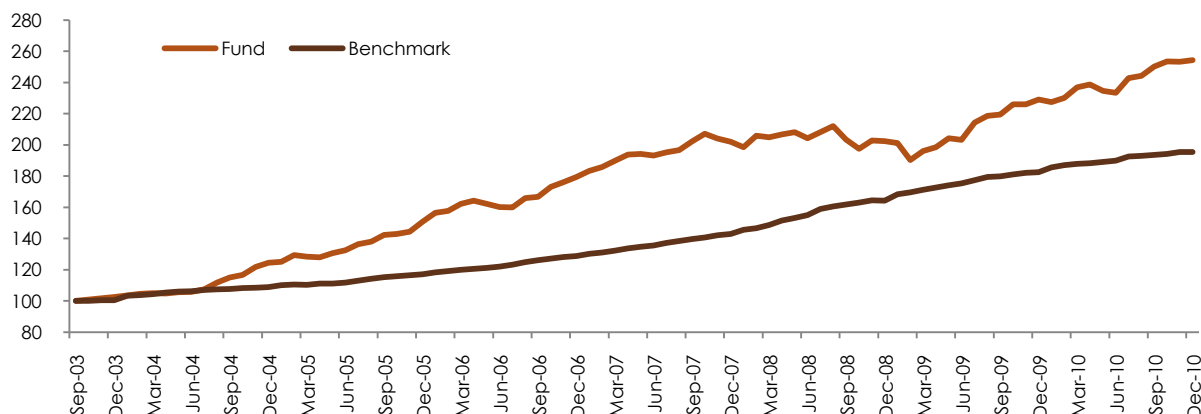
Asset Allocation as at 31 December 2010



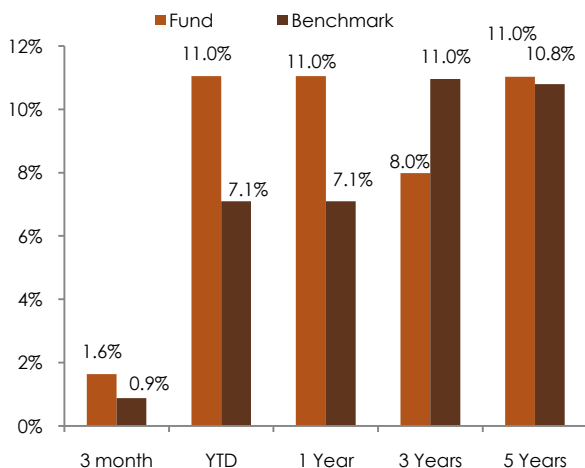
Top 10 Equities

Share		% of Portfolio		Share		% of Portfolio	
1	Anglo American	6.1%	6	BHP Billiton	0.4%		
2	Standard Bank Group	2.4%	7	SAB Miller	0.2%		
3	Old Mutual Namibia	1.9%	8	MTN Group	0.1%		
4	Firstrand Namibia	1.2%	9	Sasol	0.1%		
5	Investec Namibia	1.1%	10	Richemont	0.1%		

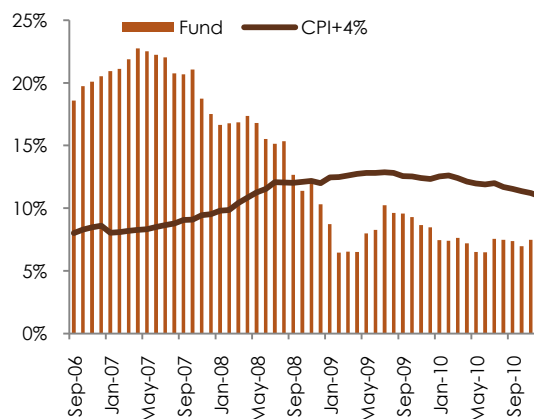
Cumulative Performance vs Benchmark since inception



Historical performance as at 31 December 2010



3-year rolling performance vs CPI target



Benchmark Retirement Fund Default Portfolio

Risk Profile: Moderate-low

Size: N\$ 146m

Inception: Aug-99

Portfolio Description

The Default Portfolio has the following objectives:

- To reduce volatility of returns
- To achieve a real return of 4% (net of fees) over a rolling 3 year period
- To reduce risk of large negative returns over rolling 12 months
- To reduce risk by spreading assets between more than one investment manager

The Default Portfolio has a risk profile lower than that of the moderate risk portfolios and as such the expected long term returns should also be lower. The Trustees use their absolute discretion in selecting the best manager offering and reserve the right to appoint or replace Asset Managers at any time.

Benchmark

The benchmark for this fund is CPI +5% over a rolling three year period.

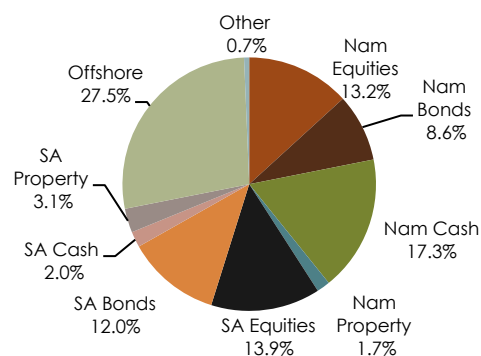
Portfolio Mix as at 31 December 2010

Allan Gray,

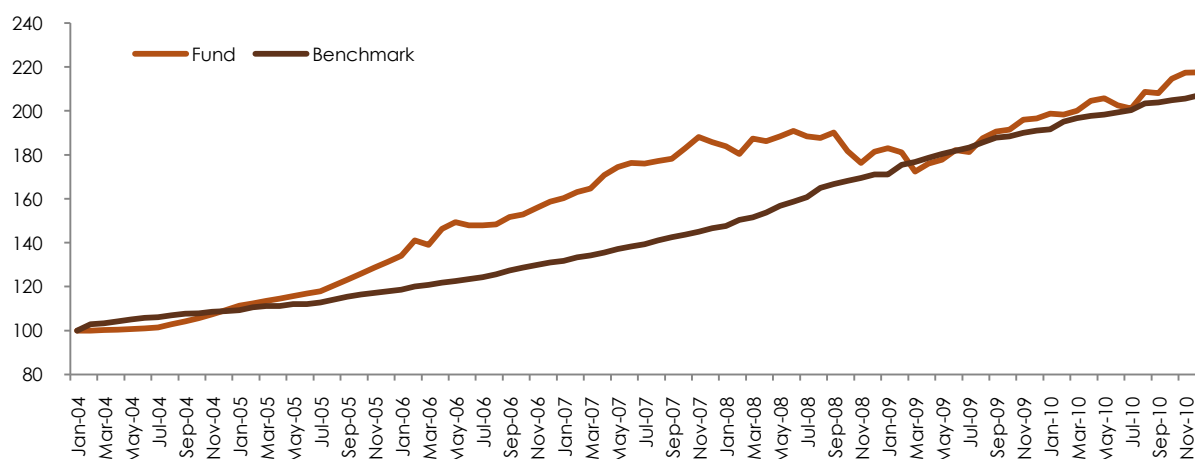
Prudential Portfolio Managers

For the period from January 2004 to July 2007 the Default portfolio assets were invested 100% in the Metropolitan Absolute Return Fund. As from July 2007 the Trustees decided to add the Prudential Namibia Inflation Plus Fund to the default portfolio. It was decided to replace the Metropolitan Absolute Return Fund with the Allan Gray Namibia Investment Trust as from 1 January 2011. Cash Flows would be split equally between the two portfolios.

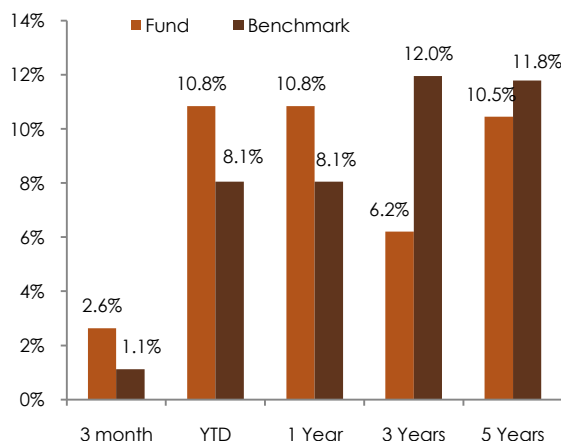
Asset Allocation as at 31 December 2010



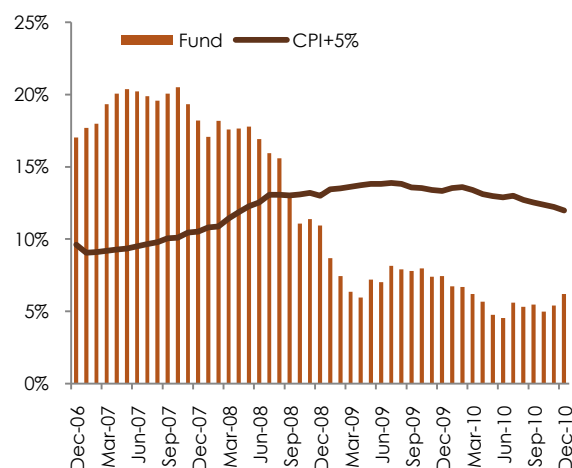
Cumulative Performance vs Benchmark since January 2004



Historical performance as at 31 December 2010



3-year rolling performance vs CPI target



Investec High Income Fund Namibia

Risk Profile: Low
Size: N\$531 m

Portfolio Description

The Investec High Income Fund is an actively managed portfolio and invests in both South African and Namibia high-yielding fixed interest instruments.

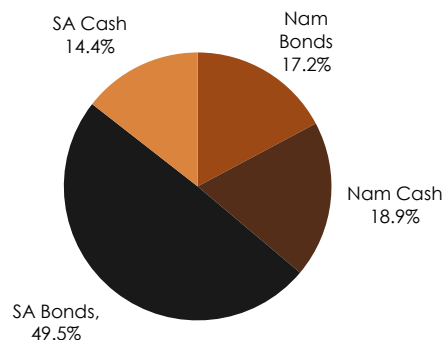
Inception: May-2000

CIO: John McNab, Mimi Ferrini

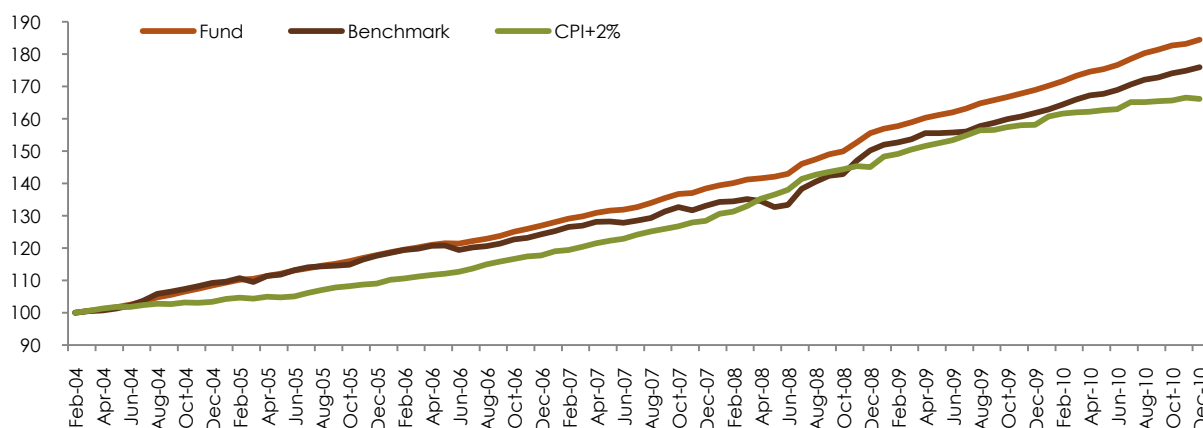
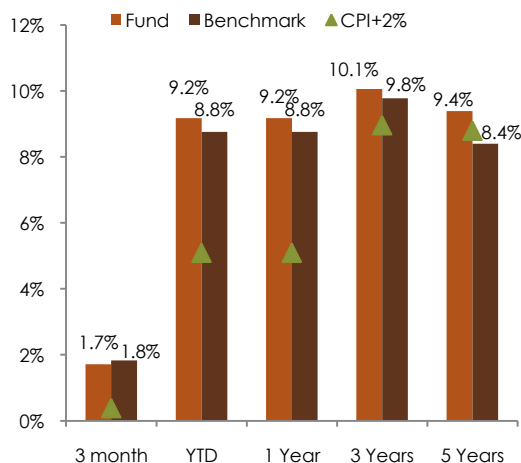
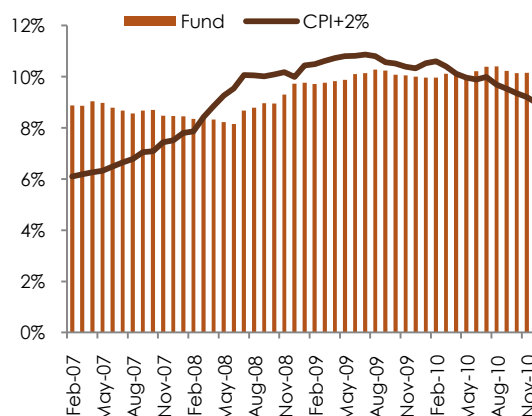
Portfolio Manager Vivienne Taberer

Benchmark

The benchmark for this portfolio is the BEASSA 1-3 year All Bond Index.

Asset Allocation as at 31 December 2010**Top 10 Bonds**

	Bond	% of Bonds		Bond	% of Bonds
1	RSA R206	18.7%	6	DCSA DC03	2.3%
2	NAMGOV GC12	7.4%	7	NAMGOV GC15A	2.2%
3	RSA R157	4.6%	8	STDNAM SBKN11	1.9%
4	INVBK IBL07	2.8%	9	NEDB NBRN1	1.9%
5	RSA R203	2.7%	10	GPT GPT1A2	1.8%

Cumulative Performance vs Benchmark since February 2004**Historical performance as at 31 December 2010****3-year rolling performance vs CPI target**

Money Market

Risk Profile: Capital Preservation
Size: N\$4.3bn

Portfolio Description

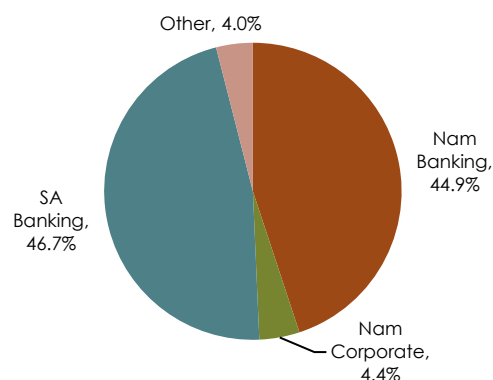
The Money Market Fund aims to achieve stable and secure returns for the risk averse investor by investing in a diversified combination of liquid money and capital market instruments. The underlying investment is the Bank Windhoek Investment Fund.

Inception: Feb-02
CIO: Ian Erlank
Portfolio Manager: Capricorn Asset Managers (Tertius Liebenberg)

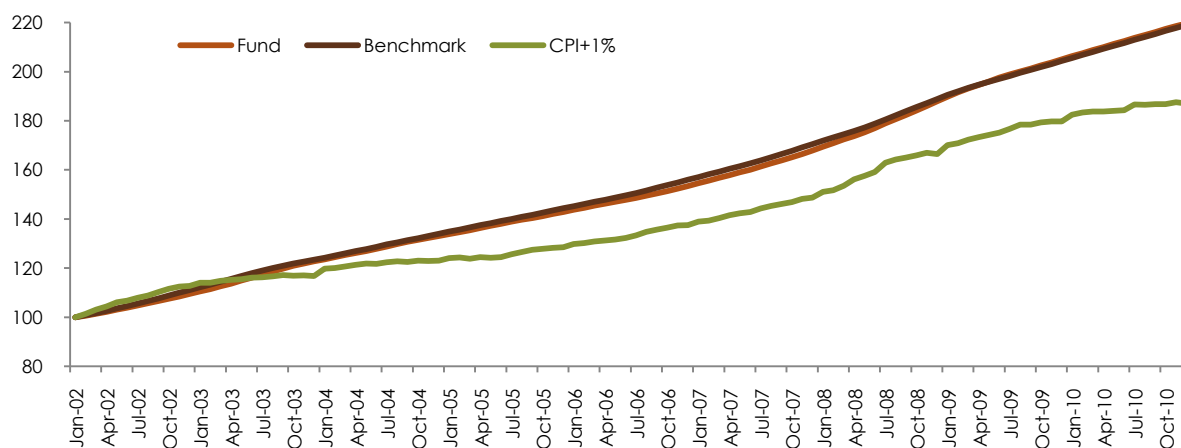
Benchmark

The benchmark for this portfolio is the Bank of Namibia 7 day Repo Rate. For comparative purposes the IJG Money Market Index has been used as benchmark

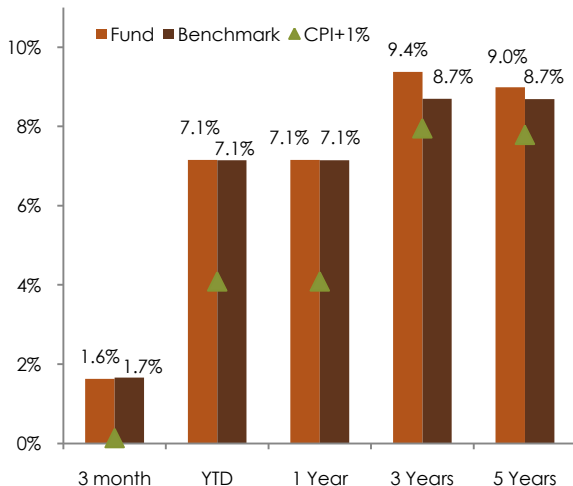
Asset Allocation as at 31 December 2010



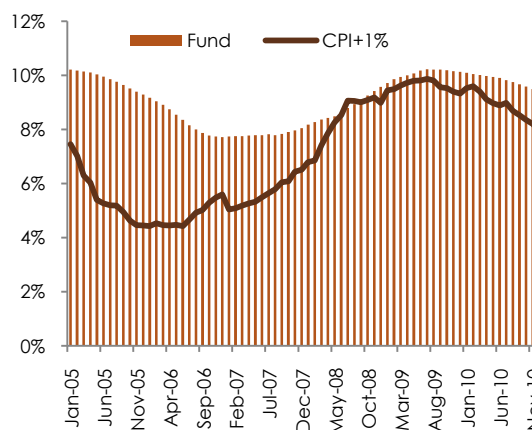
Cumulative Performance vs Benchmark since inception



Historical performance as at 31 December 2010



3-year rolling performance vs CPI target



5. Manager summaries

5.1. Allan Gray

The Allan Gray Investment Counsel was established as a partnership in 1974. It was incorporated as a public company called AGIC Limited in 1993 and became affiliated with the Orbis Group in May 1997. The company name was changed to Allan Gray Limited in 1997. Allan Gray Namibia was formed in 1996.

Allan Gray's investment philosophy is value orientated, with their research efforts focussing on identifying quality assets priced below intrinsic value. They define intrinsic value as the discounted value of expected future cash flows.

Ian Liddle (Chief Investment Officer), Duncan Artis, Andrew Lapping, Delphine Govender, Simon Raubenheimer and Allan Gray's offshore company, Orbis, are responsible for stock selection of the equity portfolio, whilst Jack Mitchell heads up their Fixed Interest team.

Manager Developments

Mbakumua Hengari, CEO of Allan Gray Namibia resigned effective 30 November 2010. Tapologo Motshubi was appointed as Mbakumua's replacement on 01 December 2010 as Chief Executive Officer of Allan Gray Namibia.

5.2. Investec Asset Managers

Investec Asset Management was founded in 1991 and is backed up by the Investec group. Investec operate a multi-specialist investment structure, where the investment team is organised into small groups of specialists. Each team is led by a portfolio manager who is solely responsible for his/her product(s).

Investec have a large centralised research team and all portfolio managers and their teams have access to this research. Each portfolio management team and product has a different process and philosophy, and thus will place emphasis on different parts of the common research provided.

John McNab and Mimi Ferrini are the joint Chief Investment Officers, with Hendrik du Toit the Chief Executive Officer. In Namibia, James Hatuikulipi is the Managing Director.

Manager Developments

There have been no developments during the fourth quarter of 2010

5.3. Investment Solutions

Investment Solutions is a Multi-Manager that was established in 1997. Being a multi-manager, Investment Solutions do not physically buy or sell securities. They delegate this responsibility to a number of underlying Asset Managers. They are responsible for the selection, blending and rebalancing of the underlying managers.

Investment Solutions is a subsidiary of Alexander Forbes South Africa Holdings Limited. They currently have over R 100 billion of assets under management and are the largest multi-manager in South Africa by assets under management. Investment Solutions also have operations in the United Kingdom, Channel Islands and Namibia.

Glen Silverman is the Global Chief Investment Officer, with Mark Lindhiem the South African Chief Investment Officer. Derrick Msibi is the Managing Director and Jimmy Dantagos is the Managing Director in Namibia.

Manager Developments

There have been no developments during the fourth quarter of 2010

5.4. Namibia Asset Management

Namibia Asset Management (NAM) was established in April 1996. NAM is 48% owned by Coronation Asset Managers in South Africa and have been partnered with Coronation since inception in 1996. The portfolio management is done by Coronation.

NAM (Coronation) have neither a value nor a growth bias to investing and place primary importance on stock selection over asset allocation preferring to build portfolio's from the bottom up. Coronation follow a single house view approach rather than a specialist approach.

Karl Leinberger is the Chief Investment officer of Coronation with Hugo Nelson as the Chief Executive Officer.

Manager Developments

Albert Bertolini, CEO of Namibian Asset Management resigned effective 30 September 2010. Eino Emvula was appointed as Albert's replacement on 01 December 2010 as Chief Executive Officer of Namibian Asset Management.

5.5. Old Mutual Investment Group

Old Mutual Investment Group (OMIG) is a member of the Old Mutual Group which was established in 1845. Like all Old Mutual Asset Management (OMAM) companies around the world, it is a subsidiary of OMAM Holdings (Bermuda) which is owned by Old Mutual plc. Old Mutual Investment Group (South Africa) (Pty) Ltd, formerly known as OMAM SA, was incorporated in the Old Mutual Group as a wholly owned subsidiary in 1993 and became a fully contained and independent asset management company in June 1997.

OMIGSA is now made up of different investment boutique teams, which operate separately and independently of each other. Each boutique has its own CIO, but all the boutiques report to the CEO. Their investment decision-making process is based on the identification of opportunities that should translate into strong long-term performance. They pursue an active, disciplined investment process that is supported by proprietary bottom-up research. The boutiques all feed off this common research platform.

The Macro Strategy Investments boutique provides a range of actively managed, balanced portfolios using both quantitative and qualitative analysis to determine the optimal asset allocation for each portfolio. Peter Brooke is the Chief Investment Officer. Tyrone van Wyk is an investment analyst in Namibia, while Lionel Matthews is CEO in Namibia.

Manager Developments

There have been no developments during the fourth quarter of 2010

5.6. Prudential Portfolio Managers

Prudential Portfolio Managers (South Africa) (Pty) Ltd has been operating since 1993. It is a wholly owned subsidiary of Prudential Portfolio Managers Ltd, based in London. Prudential Portfolio Managers Ltd is the worldwide investment management business of the UK listed Prudential Plc group of companies. The head office is situated in London with asset management offices in Chicago, New York, Paris, Hong Kong, Singapore and Cape Town.

Prudential Portfolio Managers (Namibia) (Pty) (Ltd) was established in 1996, where Gunton Cloete is Managing Director. Currently all portfolio management is done in South Africa.

Prudential's application of the value investment philosophy involves a four-stage process. The first stage is to identify potential value opportunities, usually through quantitative screening of the available universe of stocks and markets. Each opportunity is then systematically assessed through fundamental analysis. In the next step, risk controlled portfolios are constructed from the stocks and markets that have been identified and, finally, the portfolios are monitored and controlled.

Prudential's philosophy is, however, one of relative, rather than extreme value. This is evident from the portfolio construction where decisions are made relative to an agreed benchmark.

Manager Developments

There have been no developments during the fourth quarter of 2010

5.7. Sanlam Investment Management

Sanlam's buyout of the minority shareholding in Gensec asset management during 2001 gave rise to Sanlam Investment Management (SIM) Namibia.

SIM's philosophy is that of pragmatic value. Stock picking is based on value criteria, while also focussing on asset prices reverting to their long term averages. Earnings forecasts are also considered. The investment process is further strengthened by progressive technological advances and the team consists of a number of well respected investment professionals.

Johan van der Merwe is the Chief Executive Officer and Gerhard Cruywagen is Chief Investment Officer. In Namibia Tega Shiimi ya Shiimi is the Chief Executive Officer and Andre Roux is the Chief Investment Officer.

Manager Developments

There have been no developments during the fourth quarter of 2010

5.8. Stanlib Asset Management

Stanlib began in Namibia in 1994 as SCMB (Standard Corporate Merchant Bank). Following on from the merger of SCMB and Liberty asset management in SA in October 2002, the name was changed to Stanlib. Stanlib Namibia is a wholly owned subsidiary of Standard Bank Namibia.

Stanlib Namibia has a management agreement with Stanlib South Africa and outsource the portfolio management to Stanlib SA. There is 1 investment professionals in the Namibian office who form part of the investment team for Namibia, but the final decision rests with the portfolio manager in South Africa.

Thabo Dloti is the Chief Executive Officer of Stanlib SA whilst Stewert Rider is the Chief Investment Officer. In Namibia Brown Amuenje is the Managing Director and Chief Investment Officer.

Manager Developments

Eino Emvula left Stanlib prior to 1 December 2010 to take up position as Chief Executive Officer of Namibian Asset Management

5.9. Capricorn Asset Management

Capricorn Asset Management was formed to be the asset management arm of Bank Windhoek. Capricorn asset management is an entirely Namibian company. Capricorn believes in Core – Satellite approach for managing funds. This uses a passive index tracking portfolio as the core for Beta returns and different satellites to add alpha. Tertius Liebenberg is the Managing Director and Ian Erlank is the Chief Investment Officer.

Manager Developments

There have been no developments during the fourth quarter of 2010

6. Glossary

Asset Allocation: The weighting of assets in an investment portfolio amongst different asset classes (shares, bonds, property, cash, and international investments).

BEASSA All Bond Index (ALBI): Bond Exchange Actuarial Society of South Africa Index.

Balanced Fund: An investment portfolio that spreads its holdings over a range of asset classes, which typically include shares, fixed interest, property, international securities, and cash.

Benchmark: An index or other market measurement that is used by a fund manager as a yardstick to assess the risk and performance of a portfolio; for example, the All Share Index is a commonly used benchmark for Domestic Equity portfolios.

Bottom-up Analysis: A form of security analysis that begins with forecasting returns for individual companies, then moves to industries and, finally, the economy as a whole.

Capital Preservation Portfolio: Portfolios that provide investors with a 100% Capital Guarantee (ie. initial investments + contributions + percentage of bonuses received).

FTSE/JSE All Share Index (ALSI): A “basket” of shares representing all the shares on the JSE. This index is used as a measurement to indicate price movements in the market.

Growth Style: Growth style managers identify companies with above average earnings growth, which they believe will be reflected by the price in future. These shares usually have a higher P/E ratio as the price is higher due to earnings being generated at a fast pace.

Growth at a Reasonable Price: An investment style in which the manager selects shares where the company is growing profits, but the share price is not over-priced relative to that growth or shares of which the P/E ratio is below that of the index.

Inflation (CPI): The consumer price index represents the increase in the price of a “basket” of basic goods and services e.g. food, petrol. It provides an indication as to how fast prices are increasing in the economy.

Institutional Investor: An organisation whose primary purpose in investment markets is to invest its own assets or those that it holds in trust for others. Institutional investors include fund managers, life companies, retirement funds, banks, etc.

JMCA: An abbreviation for Jacques Malan Consultants and Actuaries.

JP Morgan Global Bond Index: An index which can be used to measure global bond market movements. Countries' bonds across the globe form part of the index, each carrying a certain weight in the index.

Market Value Adjustment: A term used with smooth bonus products. All disinvestments which are not for benefit payment (ie switches, terminations) will be paid out at the lower of book or market value. Genuine benefit payments are defined to be payments iro resignation, death and retirement.

Median: The middle value that exceeds half of the values in the sample and which is exceeded by the other half. For example, if five items cost R20, R80, R100, R300, and R500 respectively, the median value would be R100, whereas the mean would be R200.

MSCI World Equity Index: An index which can be used to measure global market movements. Countries across the globe form part of the index, each carrying a certain weight in the index.

NSX Index: A “basket” of shares representing all the shares on the Namibian Stock Exchange. This index is used as a measurement to indicate price movements in the market.

Price Earnings Ratio: A stock's market price divided by its current or estimated future earnings per share. The PE ratio is used by the investing public as a measure of the attractiveness of a particular share versus all other shares. The lower the ratio relative to the average of the share market, the lower the market's profit growth expectations.

Prudential Unit Trust: A unit trust which complies with Regulation 28 of the Pension Fund Act.

Regulation 28: The regulation in the Pension Fund Act providing guidelines for the investments of retirement funds.

Strategic Asset Allocation: The composition of an asset mix within a portfolio, constructed with the aim of meeting the long-term objectives of a fund, rather than being based on short-term views of relative performance of the various asset classes. Usually a benchmark is derived in this fashion.

STeFI: Short Term Fixed Interest Index. An index used to measure performance for short term (cash) investments.

Top Decile: A statistical measure dividing a sample into ten numerically equal groups. Thus, 'top decile' means the top 10% of a given sample.

Top-Down Analysis: A form of security analysis that begins with forecasting broad macroeconomic trends, then assessing the impact on industries and, finally, on individual companies.

Tactical Asset Allocation: A process by which the asset allocation of a fund is changed on a short-term basis to take advantage of perceived differences in relative values of the various asset classes. TAA can also be described as the variation of asset allocation around the strategic asset allocation.

Upper Quartile: A statistical measure dividing a sample into four numerically equal groups. Thus, 'upper quartile' means the top 25% of a given sample.

Value Style: Asset managers who have a value style identify shares which trade below intrinsic value in the belief that the share price will return to its intrinsic value. These securities usually have low prices relative to book value or earnings.

Volatility: A measure used to define risk which refers to the degree of fluctuation of returns over a specified period (normally short-term). The higher the volatility, the higher the fluctuation of returns which is associated with greater uncertainty of expected returns. This scenario is defined as being high risk.

Appendix A

The following table represents some salary replacement ratios:

NET contribution towards retirement i.e. AFTER all costs for risk and administration etc (as % of pensionable salary)					
Investment Return for 30 years before retirement (after fees)	8%	10%	12%	14%	16%
CPI + 5%	43%	54%	65%	75%	86%
CPI + 4%	36%	45%	54%	63%	72%
CPI + 3%	30%	38%	45%	53%	60%

The Trustees consider an appropriate post retirement income to be 60% of pre-retirement pensionable income after 30 years of service (assuming that 2% accumulates for each year of service). This ratio is defined as the salary replacement ratio. The above table stipulates a range of ratios for various net retirement funding contribution rates and assuming retirement at age 60. Other assumptions are:

- **Real rate of return before retirement is dependent on the investment portfolio chosen;**
- Investment return after retirement age is 3% real for all scenarios;
- Pension payable as long as member lives after retirement (assumed average of 20 years);
- Inflation rate assumed is 7% per annum;
- Annual pension increase of 75% of inflation assumed;
- No break in service or 100% preservation of accumulated fund credit where there is a change of employer;
- Full fund credit available on retirement (one-third and two-thirds) is used to generate the pension;
- Effect of tax is not taken into account.