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CONSULTANTS & ACTUARIES



Benchmark Retirement Fund

**Quarterly investment report
as at 30 June 2012**

August 2012

Table of Contents

1. Introduction3

2. Market overview5

3. Performance comparison as at 30 June 201210

4. Fund fact sheets.....20

5. Glossary35

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:

Investment Portfolio	Risk categorisation	Asset manager's explicit performance objective (before fees)	Return Expectations derived from historical experience (before fees)
AF Namibia Balanced Growth Fund	Moderate	None	CPI + 5% - 6%
Allan Gray Namibia Investment Trust	Moderate	None	CPI + 5% - 6%
Investec Managed Fund Namibia	Moderate	None	CPI + 5% - 6%
Old Mutual Namibia Profile Balanced Fund	Moderate	None	CPI + 5% - 6%
Prudential Namibia Balanced Fund	Moderate	None	CPI + 5% - 6%
Sanlam Namibia Prudential Managed Fund	Moderate	None	CPI + 5% - 6%
Standard Bank Namibia Managed Fund	Moderate	None	CPI + 5% - 6%
Default Portfolio	Moderate-Low	-	CPI + 4% - 5%
NAM Coronation Capital Plus Fund	Moderate-Low	CPI + 4% (1yr)	CPI + 4%
Prudential Namibia Inflation Plus Fund	Moderate-Low	CPI + 4%	CPI + 4%
NAM Coronation Balanced Defensive Fund	Moderate-Low	IJG Money Market + 3%	CPI + 2% - 3%
Sanlam Namibia Active Fund	Low	1-3 yr ALBI	CPI + 1% - 2%
Money Market Fund	Capital Preservation	7-day repo rate	CPI to CPI + 1%

1. **Please note:** The Trustees of the Fund have decided to replace the Investec High Income Fund with the Sanlam Namibia Active Fund.

Investment returns

In order to achieve an adequate salary replacement ratio it is imperative that members achieve a real investment return, i.e. a return in excess of price inflation. Refer to Annexure A for an indication of the relationship between investment returns and the salary replacement ratio.

While a real investment return should ideally be set as the explicit performance objective of an investment portfolio, a lot of investment portfolios that are suitable for retirement funds do not have an explicit performance objective related to inflation, however.

The member will therefore have to consider the historic performance experience of an investment portfolio in relation to inflation as a proxy in order to link a specific investment portfolio to the salary replacement ratio. It must be noted that the historic performance experience is not guaranteed to be achieved in future.

While each investment portfolio will have an internal benchmark as stated by the Investment Manager in the portfolio mandate, that benchmark may not be an explicit real investment return, as explained.

Risk

The risk rating of an investment portfolio gives an indication of how volatile investment returns may be and therefore is also an indication of the risk that the investment return per the investment mandate may not be achieved. The risk categories have the following meaning:

- **Aggressive risk portfolios:** Short term negative returns are possible with this type of portfolio. Exposure to equities (shares) is normally maximised for these types of portfolios in order to achieve the return objective. Maximisation of equity exposure however takes place within the prudential investment guidelines laid down by the Pension Funds Act. Investment returns can be very volatile.
- **Moderate risk portfolios:** This type of portfolio will have large exposure to growth assets (shares and property) at times and as such short term negative returns are possible. Investment returns can be volatile.

- **Moderate-low risk portfolios:** This type of portfolios also has exposure to growth assets (shares and property) but typically at lower levels than the moderate risk portfolios. They aim to have minimal negative returns and therefore have a lower risk profile than the moderate risk portfolios. Investment returns can still be volatile.
- **Low risk portfolios:** This type of portfolio should have minimal negative returns over a rolling 12-month period.
- **Capital preservation portfolios:** There should be no risk of capital loss on a monthly basis.

Investment return and risk are correlated; while the correlation cannot be defined in absolute terms, it is generally accepted that an investor would require compensation in the form of investment returns in return for the investment risk taken.

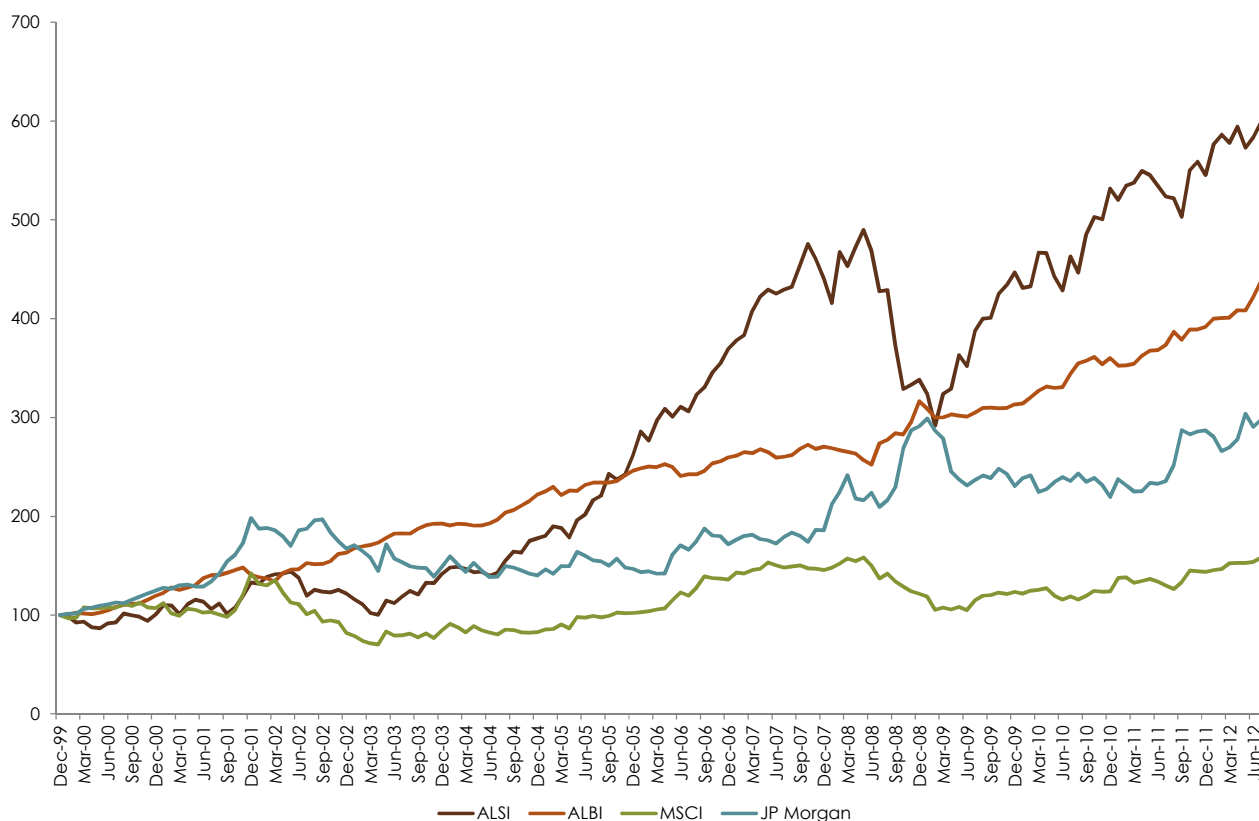
The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified.

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 30 June 2012**.



2.2. Medium term market performance

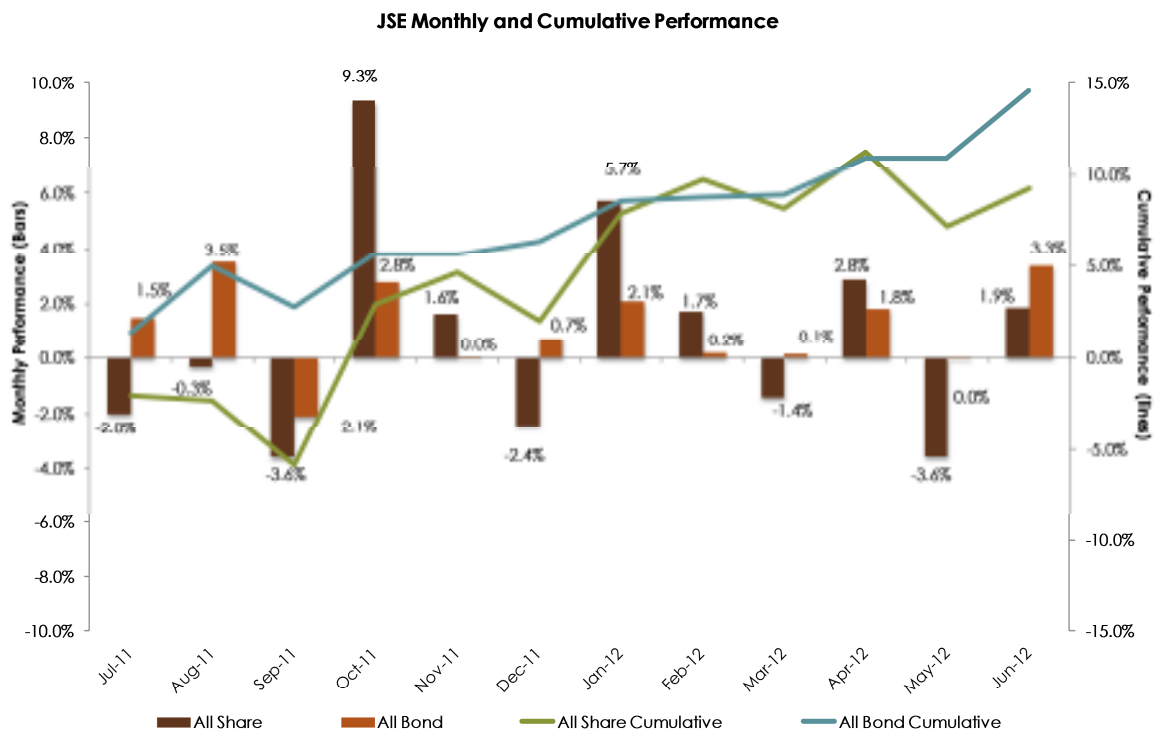
The following table presents the performance of various market indices to **30 June 2012**.

	2009	2010	2011	Q2 2012	2012 YTD	One Year	Three Years
All Share (SA)	32.1%	19.0%	2.6%	1.0%	7.0%	9.2%	18.4%
JSE: Financials	28.0%	16.5%	7.4%	4.6%	17.9%	24.1%	21.9%
JSE: Industrials	30.5%	27.4%	9.2%	2.6%	13.4%	19.7%	25.8%
JSE: Resources	35.4%	12.3%	-6.5%	-3.5%	-6.7%	-9.9%	8.3%
All Bond(SA)	-1.0%	15.0%	8.8%	11.9%	7.7%	14.6%	11.9%
STeFI(SA)	9.1%	6.9%	5.7%	3.3%	2.8%	5.7%	6.5%
MSCI World	1.6%	0.5%	15.8%	10.2%	7.2%	15.1%	13.6%
JP Morgan World Bond	-20.8%	-4.8%	30.7%	3.8%	1.3%	24.7%	7.9%
Rand/Dollar	-22.3%	-10.6%	21.9%	2.4%	0.9%	20.4%	1.8%
CPI(SA)	6.9%	3.5%	6.1%	3.3%	3.0%	5.5%	4.9%

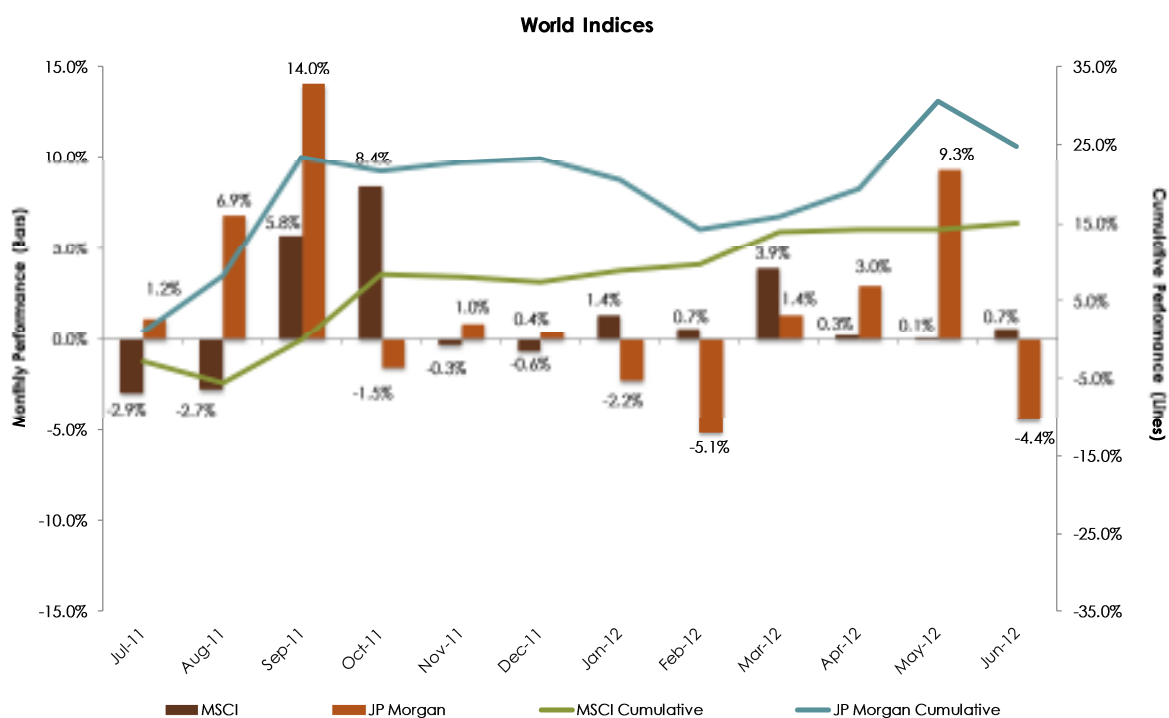
2.3. Short-term market performance

The following graphs represent the monthly performance of various market indices for the year ending **30 June 2012**.

2.3.1. South Africa



2.3.2. World



Market commentary:

Investor concerns regarding the wellbeing of Spanish bonds were alleviated following the EU's agreement to provide €12bn in an attempt to aid struggling banks. The Spanish Government's request for bailout funds resulted in 28 Spanish banks being downgraded by rating agency, Moody's. Earlier in June Moody's downgraded Spain to one notch above junk status. Other downgrades included both Belgian and Dutch banks as well as 15 major international banks, such as Barclays, HSBC and Credit Suisse.

The economic uncertainty in the Eurozone region continues to be a cause for concerns in global markets. In the East, the People's bank of China has attempted to stimulate the country's economy, which is showing signs of slowing, by cutting both interest rates and the reserve requirement ratio of banks.

Whilst the US growth rate slowed to 2.2% for the first quarter of 2012, higher than expected Australian GDP of 1.3% supported positive market sentiment during June. Although the IMF remains positive that the global economy may improve sooner than anticipated, supported by growth in economies such as Brazil and China, the World Bank has cautioned emerging market countries that poor economic growth will persist whilst the Eurozone debt crisis continues.

The South African economic growth rate slowed over the first quarter of 2012 to 2.7%. The main detractor from growth was the mining sector, falling by 16.8% as a result of both a 6 week strike at Impala Platinum and reduced demand from Europe.

The Gold Price in Dollar terms weakened by 2.3% during the second quarter; however local investors in Gold profited due to the depreciation of the Rand against the Dollar, gaining 3.8%. The price of Brent Crude Oil fell sharply by 21.7% during the quarter to \$97.00 per barrel.

Equities

For local investors the All Share and MSCI World Indices performed similarly (1.0% and 1.1% respectively). Locally the Resources sector was the main detractor losing 3.5% during the quarter, while Financials and Industrials improved by 4.6% and 2.6%, respectively.

Bonds

Better than expected inflation statistics, sparking hopes that the South African Reserve Bank might cut interest rates. This, coupled with the increase demand globally for yield, resulted in the All Bond index returning 5.2% during the second quarter. Local investors in global bonds gained 7.6% over the last 3 months, mainly due to the depreciation of the currency.

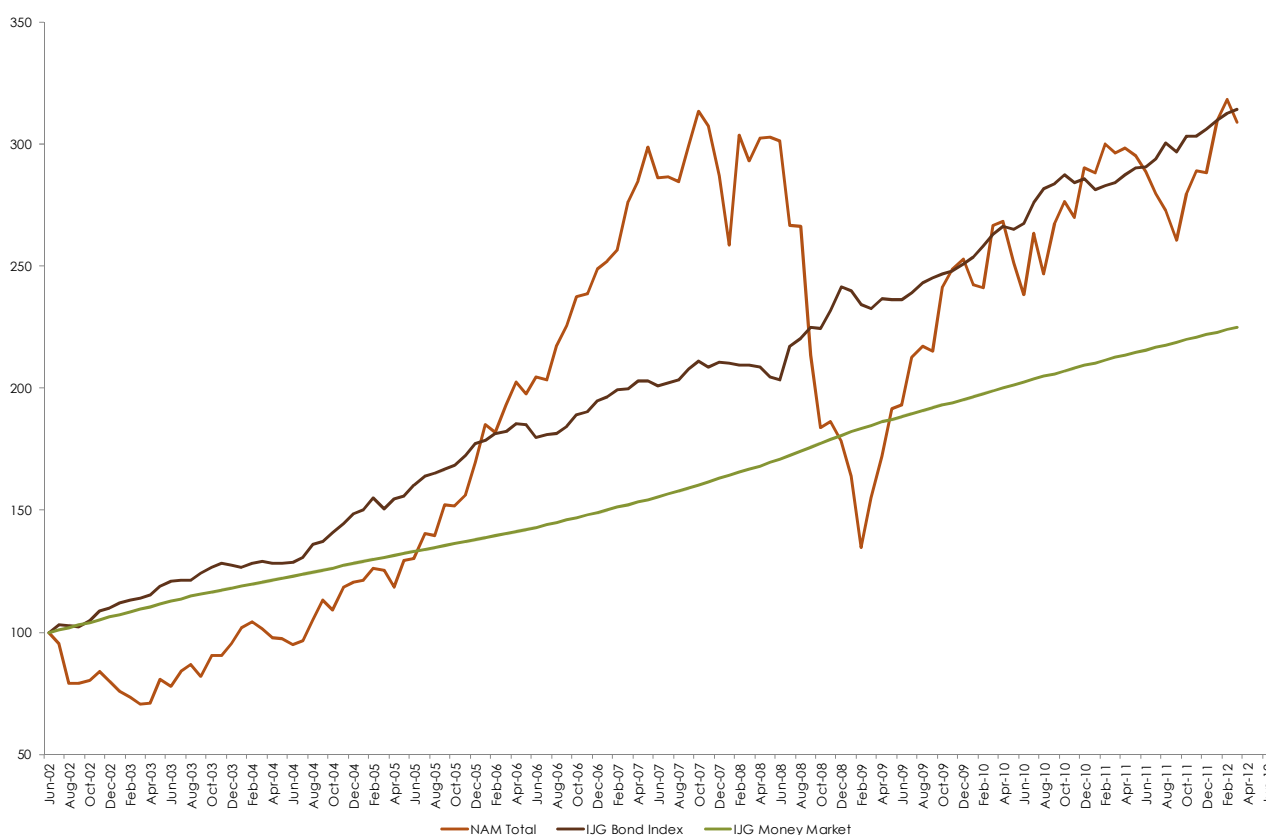
Currency

The Rand weakened against all major currencies closing at R8.14 against the US Dollar, R10.33 against the Euro and R12.80 against the Pound.

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 30 June 2012**.



2.4.2. Medium term market performance

The following table presents the performance of various market indices to **30 June 2012**.

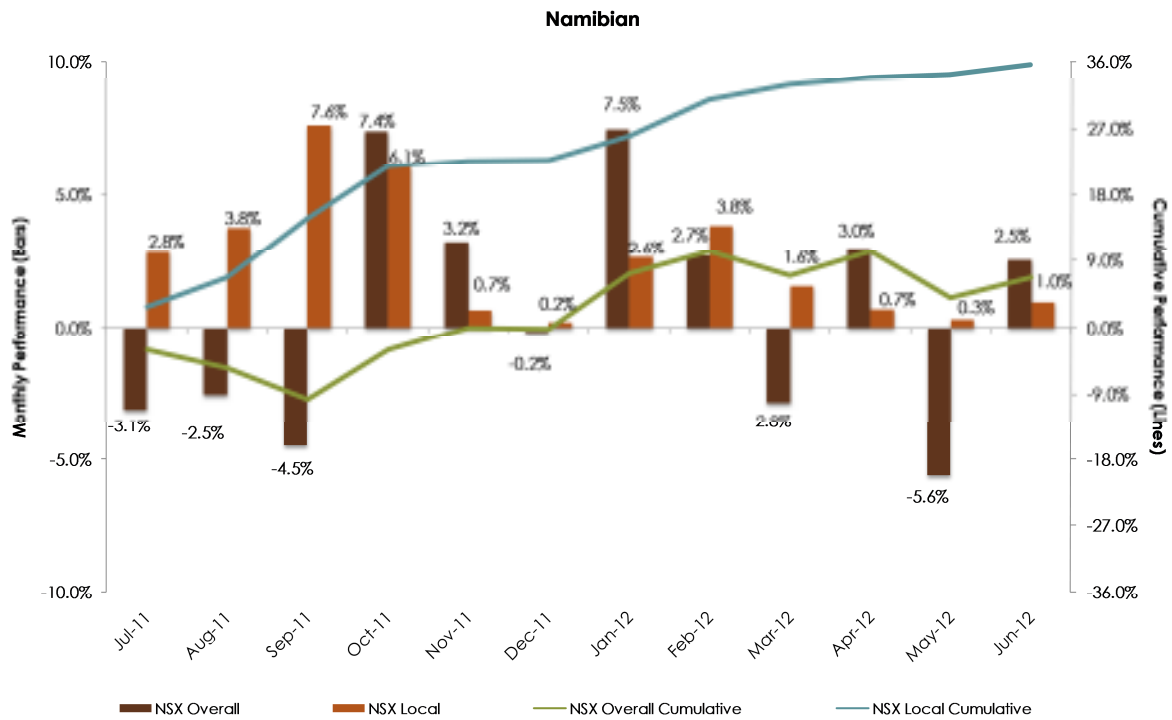
	2009	2010	2011	Q2 2012	2012 YTD	One Year	Three Years
NAM Total	41.9%	14.8%	-0.6%	-0.3%	6.8%	6.7%	16.8%
NAM Local	4.1%	18.7%	36.7%	2.0%	10.3%	35.5%	21.5%
NAM CPI	7.0%	3.1%	7.2%	0.3%	2.8%	5.6%	5.1%
IJG Bond Index ¹	3.9%	13.9%	7.1%	4.3%	8.2%	13.9%	11.9%
IJG Money Market	8.2%	7.1%	6.0%	1.4%	2.9%	5.8%	6.6%

1. Please note: The historical performance of the IJG Bond Index has been revised to include Namibian Corporate bonds.

Namibian year on year inflation reduced to 5.6% at the end of 30 June 2012. Inflation is now within the Southern African regional target of 3% to 6% when compared to inflation for the period ending 31 March 2012 at 6.9%. As the uncertainty of the Eurozone remains a worldwide concern, the NSX Overall Index struggled along, producing a return of -0.34% for the quarter ending 30 June 2012. This Index however still remains healthy at 6.84% for the 6 month period due to strong positive returns during the first quarter of this year. The repo and prime lending rate still remain unchanged at 6.00% and 9.75% respectively.

2.4.3. Short term market performance

The following graph represents the monthly performance of various market indices for the year ending **30 June 2012**.



3. Performance comparison as at 30 June 2012

3.1. Moderate portfolios

3.1.1. Asset allocation

The figures below reflect the asset allocation of the moderate portfolios as at **30 June 2011** (12 months ago)

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Managed Prudential	Standard Bank Managed
Namibia Equities	14.5%	13.3%	17.2%	12.7%	22.5%	12.7%	10.7%
Namibia Bonds	9.0%	9.3%	0.2%	6.1%	1.7%	8.5%	12.9%
Namibia Cash	9.8%	17.1%	9.5%	14.8%	19.7%	14.3%	12.7%
Namibia Property	1.8%	-	8.5%	-	-	3.2%	3.4%
South Africa Equities	23.8%	25.4%	29.8%	37.6%	34.8%	31.4%	38.6%
South Africa Bonds	-	-	3.8%	2.6%	11.3%	9.2%	1.0%
South Africa Cash	4.5%	-	3.5%	0.5%	-	0.2%	1.5%
South Africa Property	-	2.2%	3.0%	3.5%	3.3%	-	-
International Equity	20.4%	22.1%	13.1%	20.8%	6.7%	12.7%	19.2%
International Bonds	-	8.5%	6.1%	1.4%	-	4.2%	-
International Cash	0.5%	0.8%	-	-	-	1.2%	-
International Other	14.3% ¹	1.3%	0.0%	-	-	2.4% ⁴	-
Other	1.4% ²	-	5.3% ³	-	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1. Other represents Offshore Hedge Funds

2. Other represents Gold ETF's

3. Other represents SA Hedge Funds

4. Other represents International Property

The figures below reflect the asset allocation of the moderate portfolios as at **30 June 2012**

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Managed Prudential	Standard Bank Managed
Namibia Equities	18.1%	12.1%	17.5%	12.9%	12.5%	11.7%	13.4%
Namibia Bonds	8.9%	12.5%	10.1%	6.6%	1.0%	10.2%	2.8%
Namibia Cash	8.7%	21.1%	7.9%	16.2%	33.0%	13.8%	27.3%
Namibia Property	2.1%	-	0.2%	-	-	3.4%	-
South Africa Equities	23.9%	18.4%	27.6%	34.0%	16.3%	31.1%	34.6%
South Africa Bonds	-	-	3.9%	1.4%	9.1%	5.3%	1.1%
South Africa Cash	6.6%	-	3.9%	1.4%	-	0.2%	-
South Africa Property	0.0%	4.3%	3.2%	3.7%	2.8%	-	-
International Equity	14.0%	20.3%	11.3%	21.4%	21.3%	16.3%	20.8%
International Bonds	-	8.2%	3.1%	0.9%	4.0%	1.9%	-
International Cash	-	1.8%	0.2%	-	-	3.1%	-
International Other	16.0% ¹	0.5%	5.2% ⁵	-	-	3.0% ⁴	-
Other	1.7% ²	0.8%	5.9% ³	1.5% ²	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

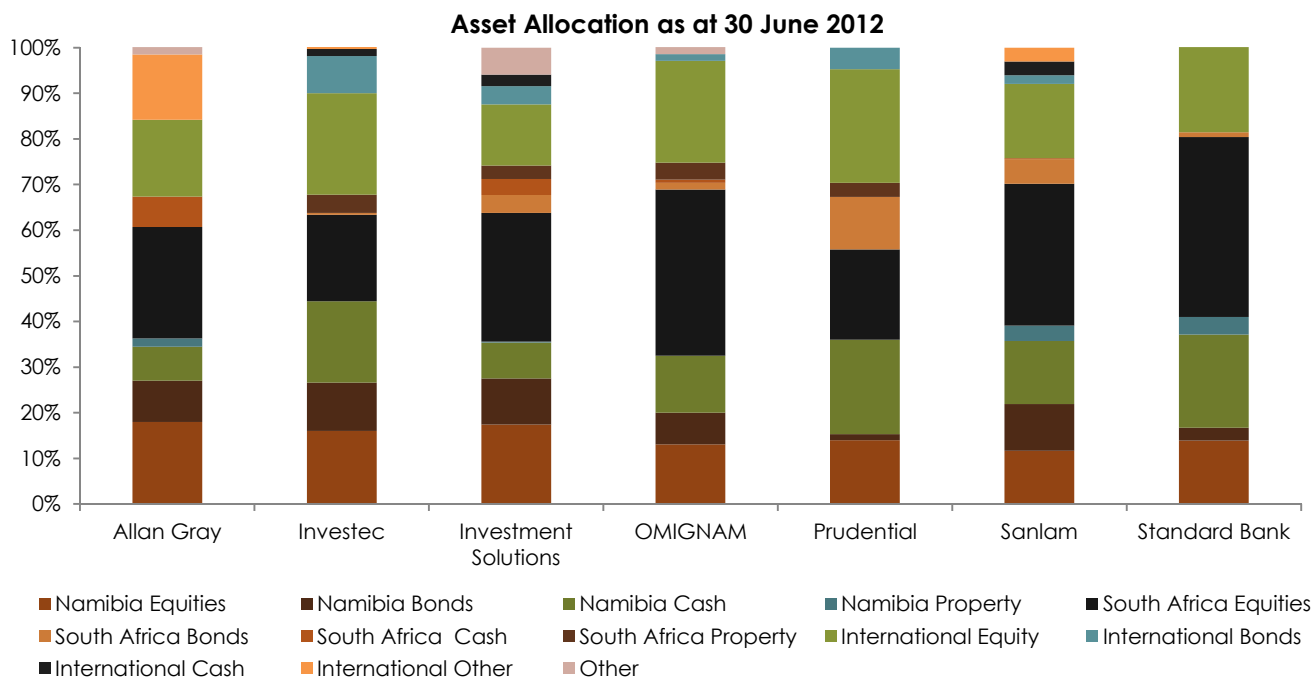
1. Other represents Offshore Hedge Funds.

2. Other represents Gold ETF's

3. Other represents SA Hedge Funds

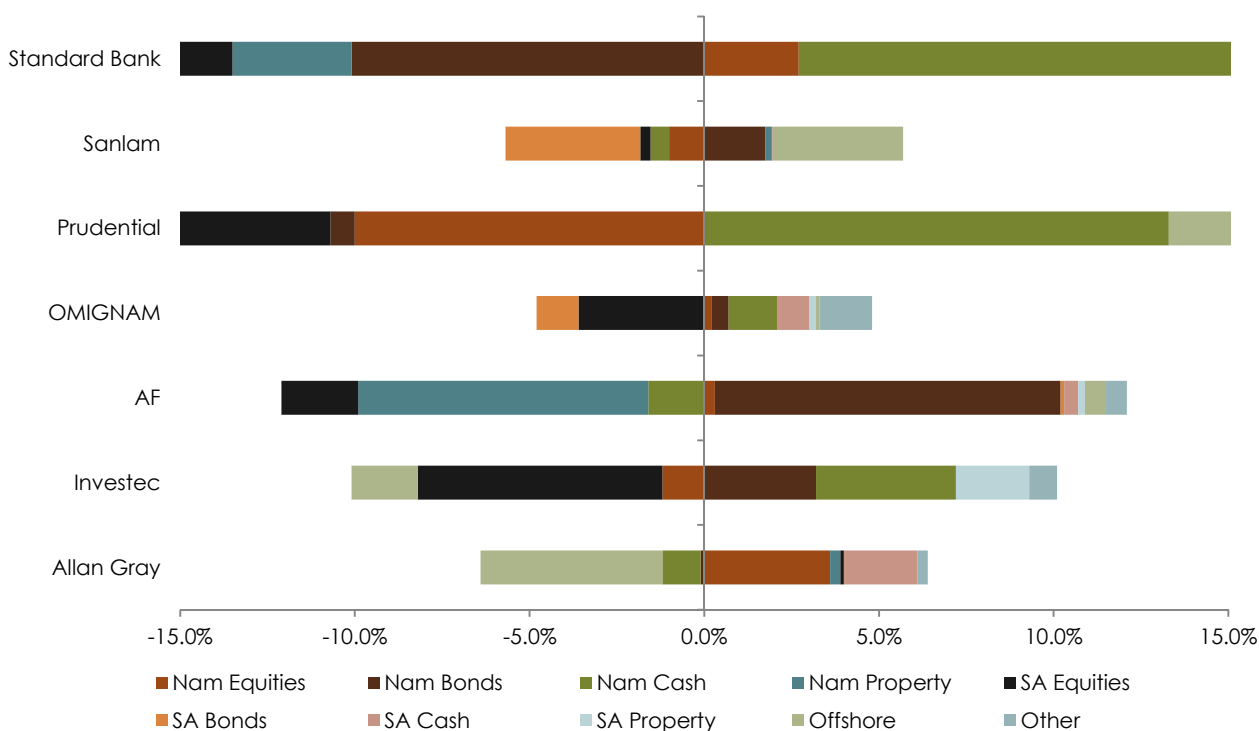
4. Other represents International Property

5. Other represents Pooled Offshore Funds.



3.1.2. Change in Asset Allocation

The following graph illustrates the changes that were made to the managers' asset allocation over the 12 month period ending **30 June 2012**. In the event that the allocation to an asset class was decreased, the change would be indicated on the left hand side of the vertical axis.



The above graph indicates that both Standard Bank and Prudential have made significant changes to some of the underlying asset classes. Standard Bank reduced the portfolio's underlying exposure to Namibian Bonds, whilst increasing Namibian cash. Prudential significantly reduced the portfolios underlying equity exposure and increase the exposure to Namibian Cash.

3.1.3. Geographical Split as at 30 June 2012

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Managed Prudential	Standard Bank Managed
Namibia	37.8%	45.7%	35.5%	35.7%	46.5%	39.1%	43.5%
South Africa	32.2%	23.5%	44.7%	42.0%	28.2%	36.7%	35.7%
International	30.0%	30.8%	19.8%	22.3%	25.3%	24.2%	20.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

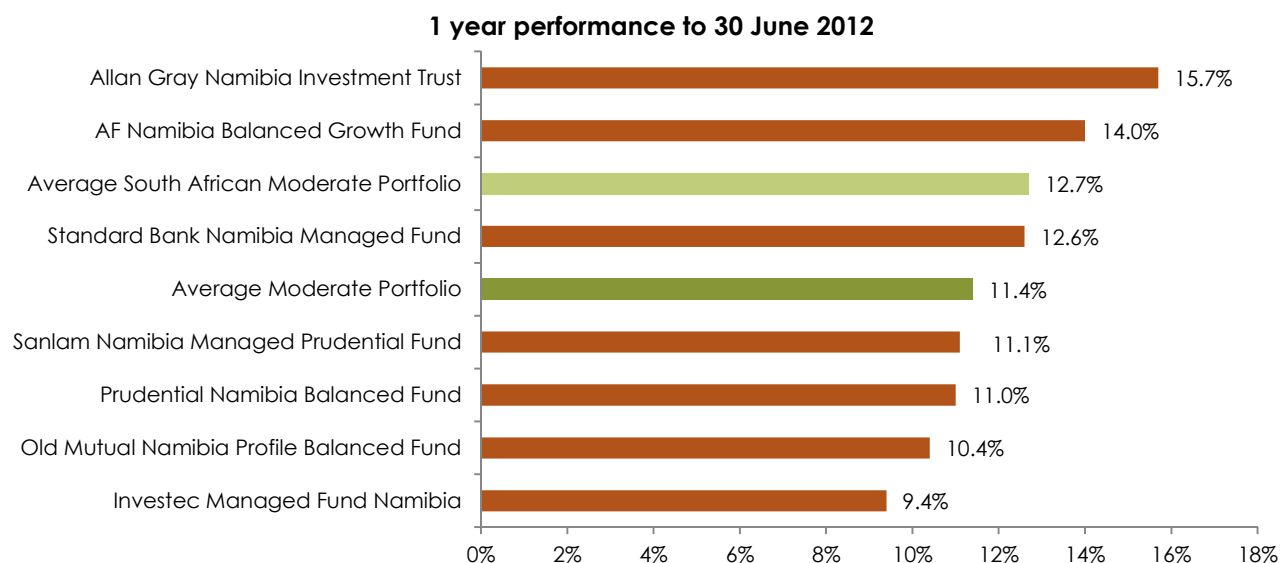
3.1.4. Time weighted returns

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

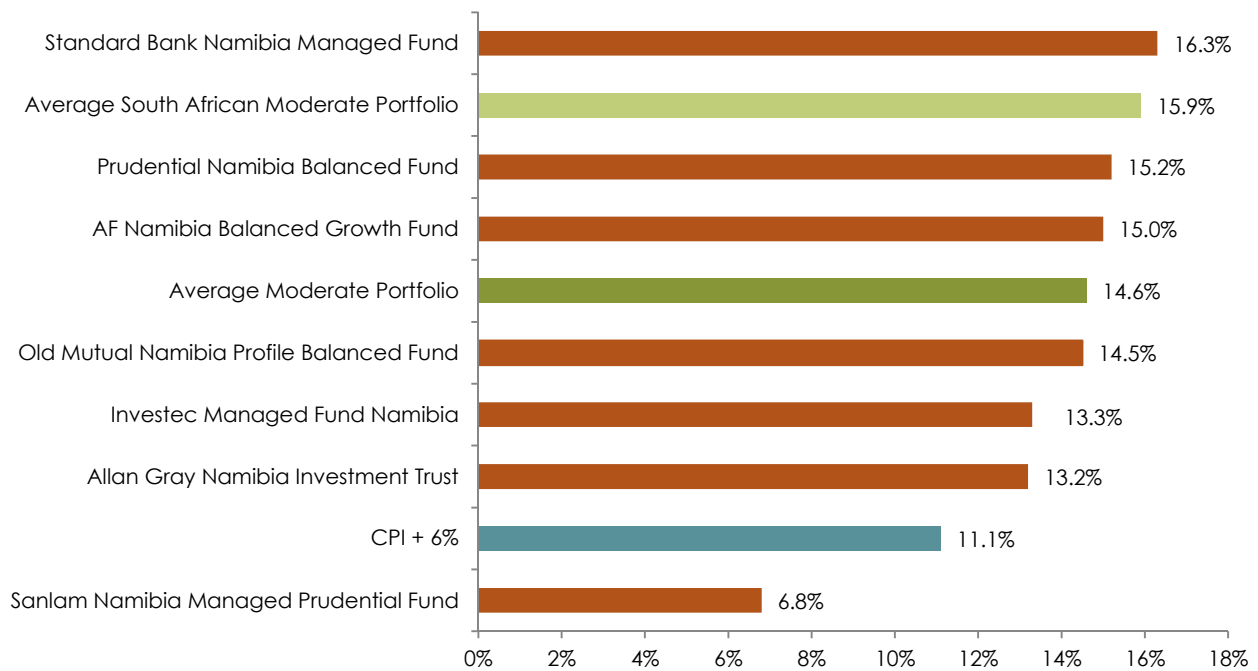
Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)	10 yrs (annualised)
Allan Gray Namibia Investment Trust	15.7%	13.2%	9.7%	17.5%
Investec Managed Fund Namibia	9.4%	13.3%	7.7%	14.4%
AF Namibia Balanced Growth Fund ¹	14.0%	15.0%	7.4%	-
Old Mutual Namibia Profile Balanced Fund	10.4%	14.5%	6.0%	14.3%
Prudential Namibia Balanced Fund	11.0%	15.2%	-	-
Sanlam Namibia Managed Prudential Fund	9.8%	14.5%	4.1%	-
Standard Bank Namibia Managed Fund	12.6%	16.3%	10.1%	14.3%
Average Moderate Portfolio²	11.4%	14.6%	7.4%	14.7%
All Share (JSE)	9.2%	18.4%	6.5%	15.5%
Inflation	5.6%	5.1%	6.9%	6.0%
Inflation + 6%	-	11.1%	12.9%	12.0%

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.

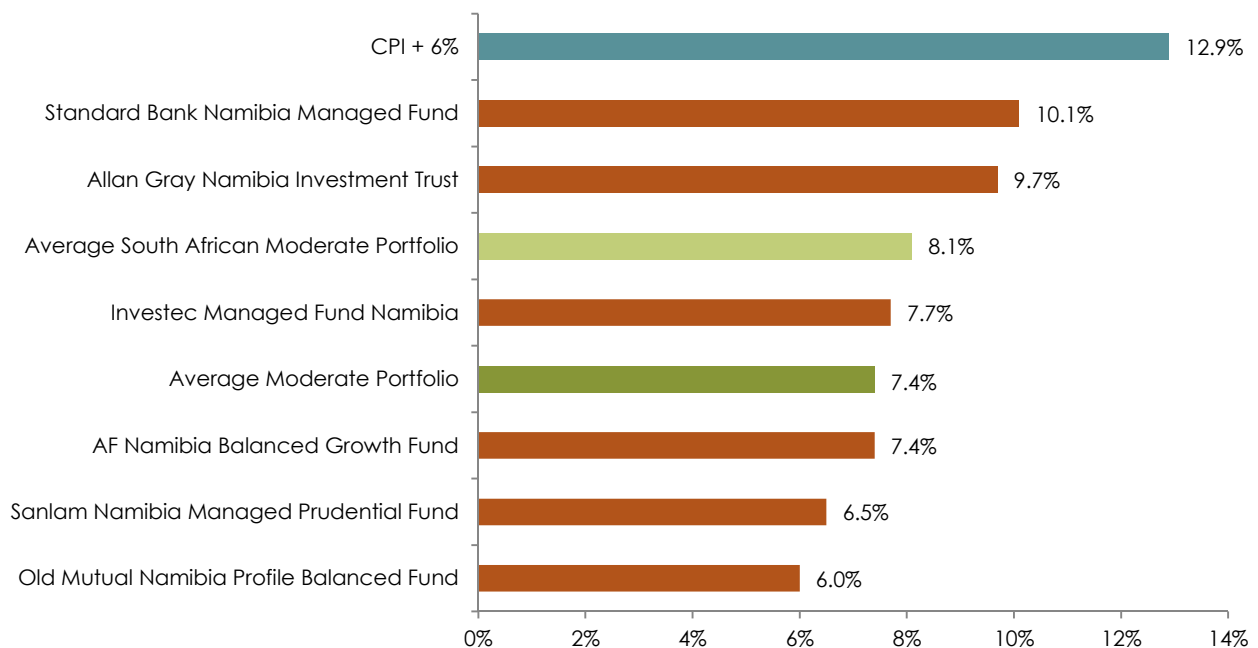
The following graph reflects the investment returns achieved for each period graphically:



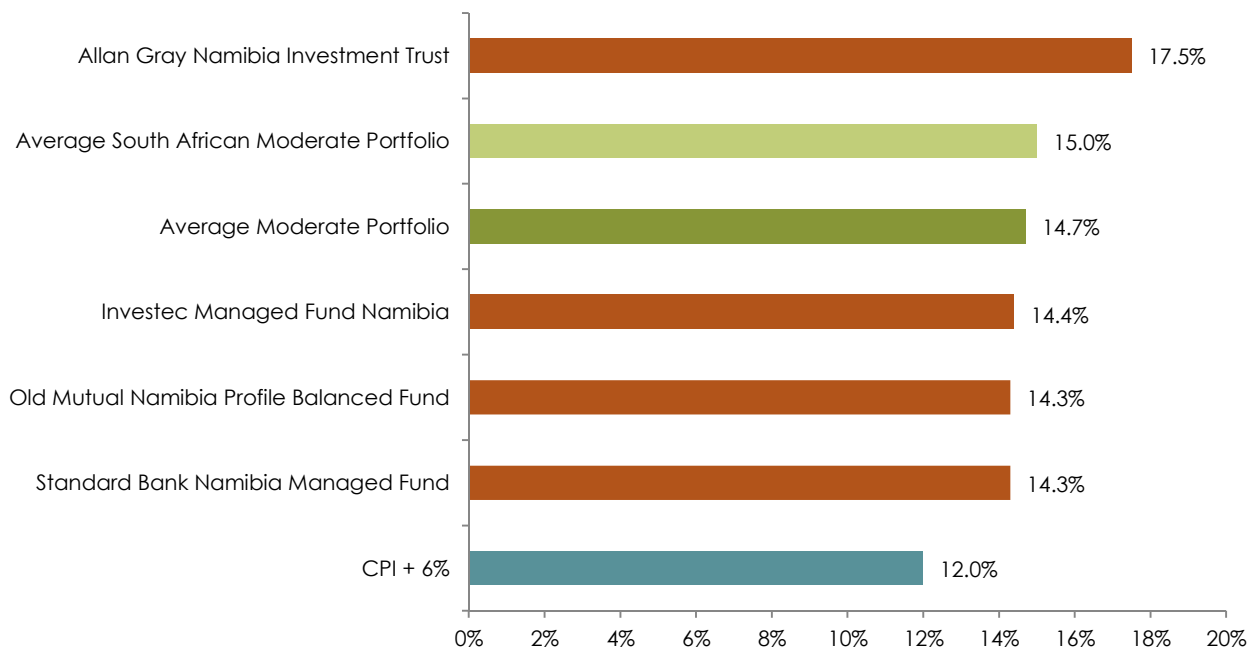
3 year performance for the period ending 30 June 2012



5 year performance for the period ending 30 June 2012

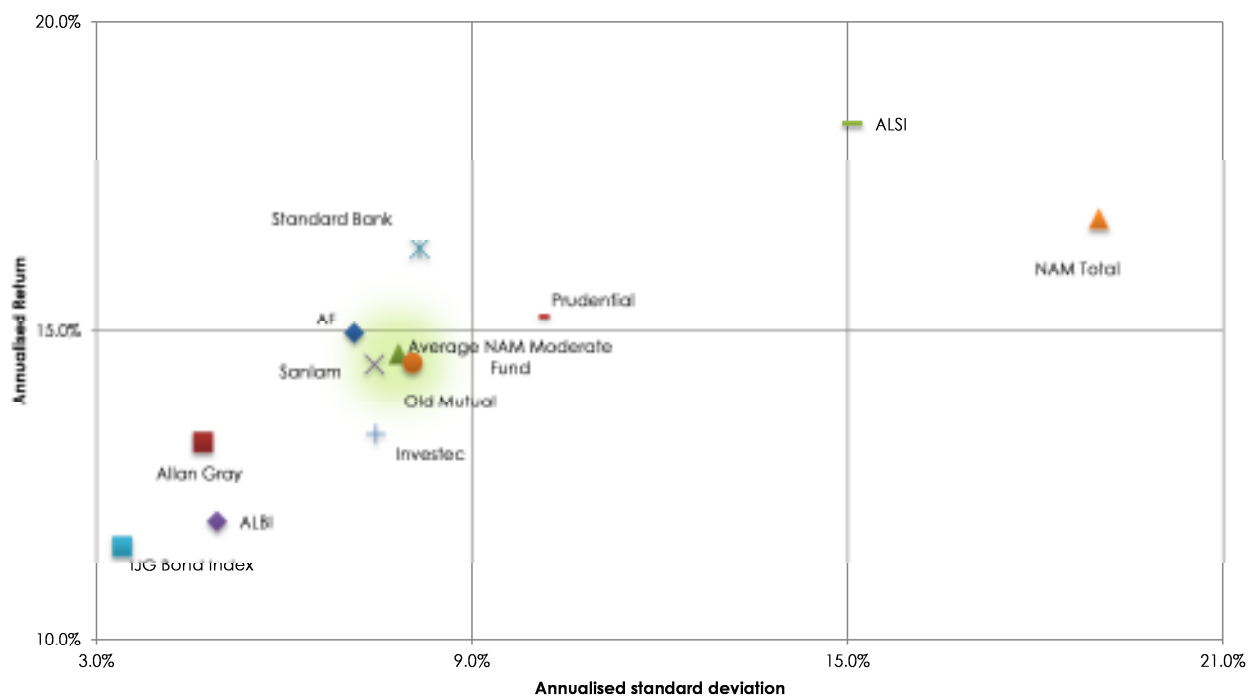


10 year performance for the period ending 30 June 2012



3.1.5. Volatility vs Return

The following graph illustrates the volatility and return statistics of the moderate portfolios for a 3 year period ending **30 June 2012**. These returns are also **gross** of all investment charges.



3.2. Moderate-low portfolios

3.2.1. Asset allocation

The figures below reflect the asset allocation of the moderate-low portfolios as at **30 June 2011 (12 months ago)**

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	7.5%	4.7%	12.2%	13.3%
Nam Bonds	15.3%	1.0%	9.3%	9.1%
Nam Cash	16.2%	32.0%	5.5%	7.6%
Nam Property	-	-	-	0.9%
SA Equities	31.8%	12.8%	5.5%	14.6%
SA Bonds	17.4%	24.9%	23.8%	12.0%
SA Cash	0.1%	1.1%	13.1%	8.8%
SA Property	6.4%	3.9%	6.1%	3.1%
International Equity	3.3%	16.7%	14.0%	17.3%
International Bonds	-	-	10.5%	5.3%
International Cash	2.0%	2.9%	-	0.2%
International Other	-	-	-	7.1% ¹
Other	-	-	-	0.7% ²
Total	100.0%	100.0%	100.0%	100.0%

1. Other represents Hedge Funds

2. Other represents Gold ETF's

The figures below reflect the asset allocation of the moderate-low portfolios as at **30 June 2012**

	NAM Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	7.2%	4.0%	13.3%	15.7%
Nam Bonds	8.2%	0.9%	5.9%	7.4%
Nam Cash	18.5%	33.0%	6.3%	7.5%
Nam Property	-	0.1%	-	1.0%
SA Equities	28.8%	7.2%	4.1%	14.0%
SA Bonds	10.7%	24.9%	21.3%	10.7%
SA Cash	-	1.7%	17.7%	12.2%
SA Property	3.2%	4.1%	5.2%	2.6%
International Equity	23.4%	18.9%	14.0%	14.0%
International Bonds	-	0.6%	12.2%	6.1%
International Cash	-	4.6%	-	-
International Other ¹	-	-	-	8.0%
Other ²	-	-	-	0.8%
Total	100.0%	100.0%	100.0%	100.0%

1. Other represents Hedge Funds

2. Other represents Gold ETF's

The chart displays the asset allocation for four portfolios. The x-axis represents percentages from -40.0% to 40.0%. The legend includes the following categories: Nam Equities (dark brown), Nam Bonds (medium brown), Nam Cash (olive green), Nam Property (teal), SA Equities (black), SA Bonds (orange), SA Cash (light brown), SA Property (light blue), Offshore (light green), and Other (very light blue).

Portfolio	Nam Equities	Nam Bonds	Nam Cash	Nam Property	SA Equities	SA Bonds	SA Cash	SA Property	Offshore	Other
Default Portfolio	1.0%	1.0%	4.0%	0.0%	1.0%	1.0%	1.0%	1.0%	4.0%	1.0%
Prudential Inflation Plus	0.5%	1.0%	10.0%	0.0%	0.5%	4.0%	3.0%	1.0%	1.0%	0.5%
Nam Coronation Balanced Defensive	0.5%	0.5%	0.5%	0.0%	6.0%	0.5%	0.5%	0.0%	6.0%	0.0%
Nam Coronation Capital Plus	0.5%	5.0%	9.0%	0.0%	0.5%	14.0%	0.5%	1.0%	21.0%	1.0%

3.2.3. Geographical Split

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Namibia	33.9%	38.0%	25.5%	31.6%
South Africa	42.7%	37.9%	48.3%	40.3%
International	23.4%	24.1%	26.2%	28.1%
Total	100.0%	100.0%	100.0%	100.0%

Prudential and NAM have confirmed the non-compliance of the Namibian investments was due to unsettled cash.

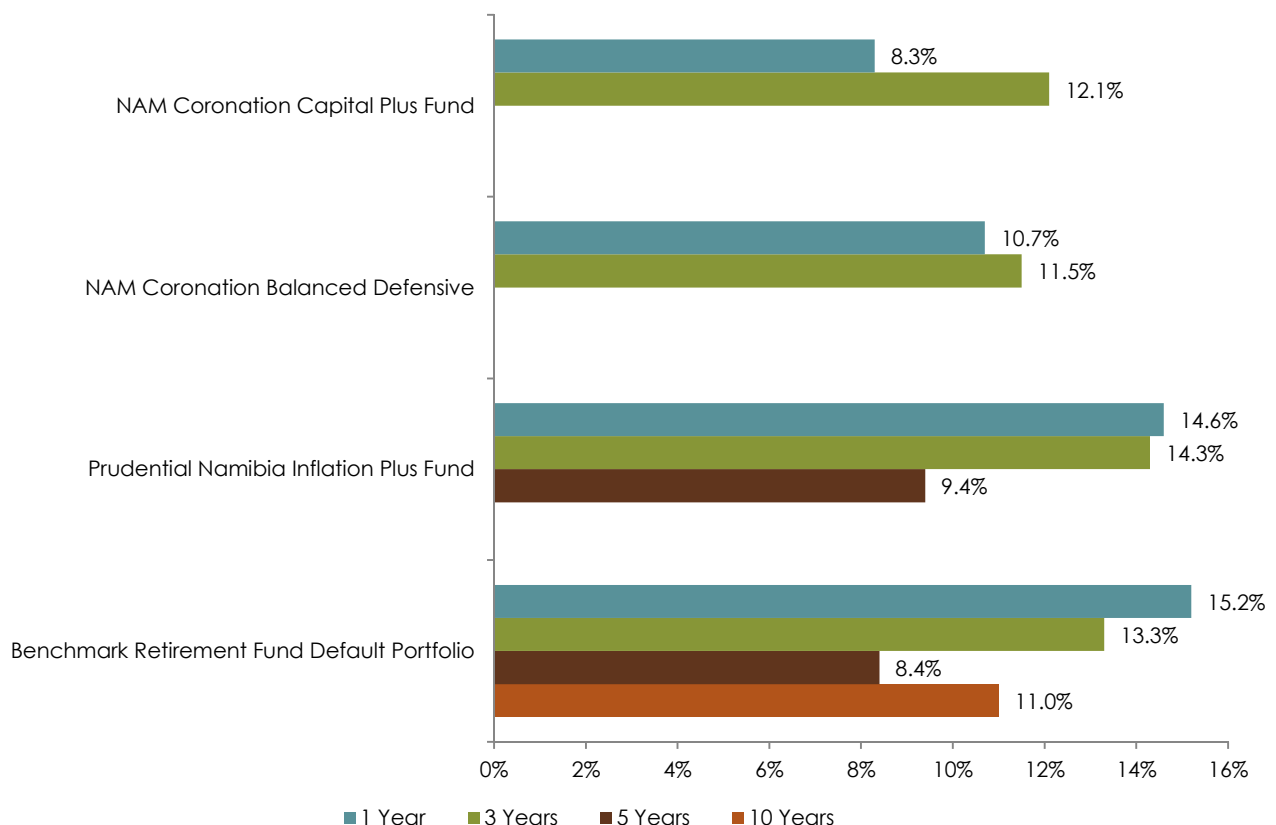
3.2.4. Time weighted returns

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)
NAM Coronation Capital Plus Fund	8.3%	12.1%	-	-
NAM Coronation Balanced Defensive Fund	10.7%	11.5%	-	-
Prudential Namibia Inflation Plus Fund	14.6%	14.3%	9.4%	-
Benchmark Retirement Fund Default Portfolio	15.2%	13.3%	8.4%	11.0%
Inflation	5.6%	5.1%	6.9%	6.0%
Inflation + 3% to 5%	-	8.1% to 10.1%	9.9% to 11.9%	9.0% to 11.0%

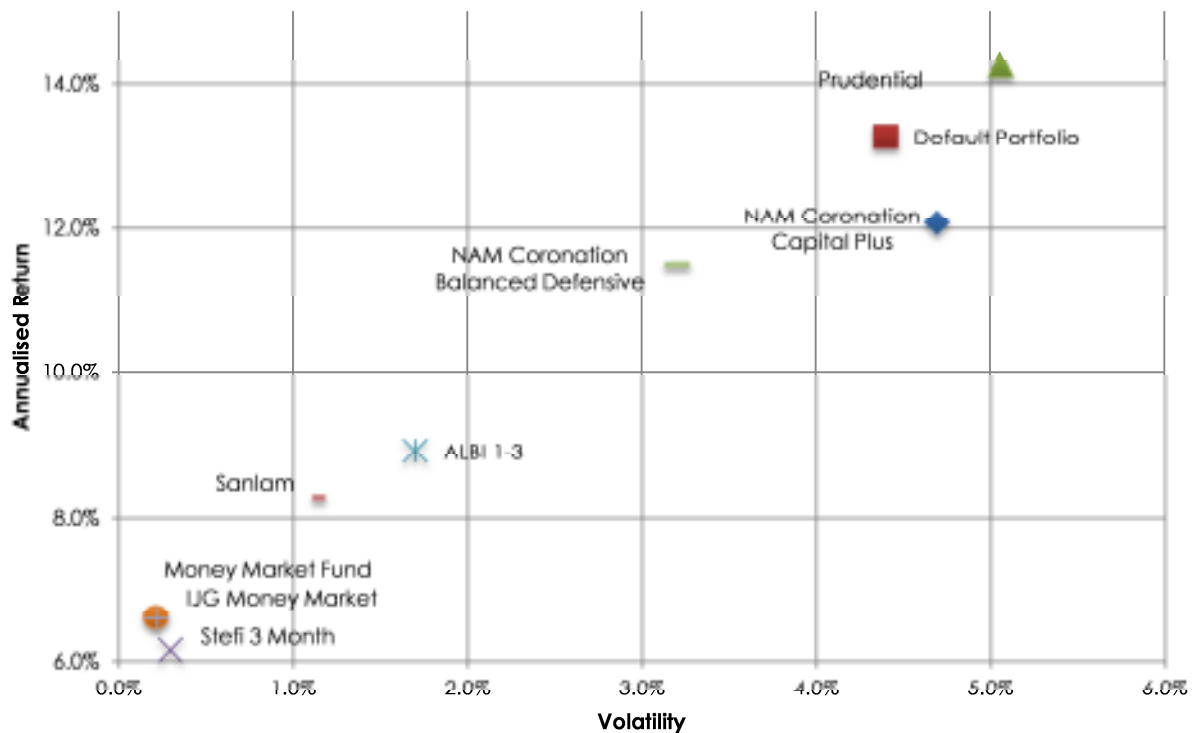
Please note: The NAM Coronation Absolute Fund was renamed to NAM Coronation Capital Plus Fund effective 26 April 2011.

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



3.2.5. Volatility vs Return

The following graph illustrates the volatility and return statistics of the moderate-low portfolios for a 3 year period ending **30 June 2012**. These returns are also **gross** of all investment charges.



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.

Sanlam Namibia Active			
	30 June 2012	30 June 2011	Change
Nam Equities	-	-	
Nam Bonds	1.3%	-	1.3%
Nam Cash	43.7%	44.0%	-0.3%
Nam Property	-	-	
SA Equities	-	-	
SA Bonds	14.6%	21.7%	-7.1%
SA Cash	37.4%	30.8%	6.6%
SA Property	3.0%	3.5%	-0.5%
Offshore	-	-	
Other	-	-	
Total	100.0%	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)
Sanlam Namibia Active Fund	7.5%	8.3%	-
ALBI 1-3 year Index	10.5%	8.9%	9.5%
Inflation	5.6%	5.1%	6.9%
Inflation + 1% to 2%	-	6.1% to 7.1%	7.9% to 8.9%

Capital Protection Portfolios

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)
Money Market Fund ¹	5.8%	6.6%	8.4%
IJG Money Market Index	5.8%	6.6%	8.0%
Inflation + 1%	-	6.1%	7.9%

1. The underlying portfolio for the Money Market Fund is the Bank Windhoek Investment Fund, which may be changed by the Trustees at any time.

4. Fund fact sheets

Allan Gray Namibia Investment Trust

Risk Profile: Moderate**Size:** N\$2.3bn**Portfolio Description**

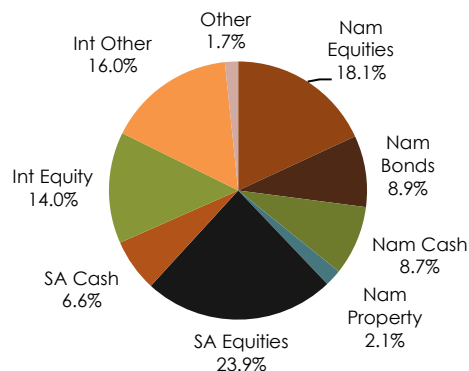
The Allan Gray Namibia Investment Trust is a market-linked balanced portfolio which represents Allan Gray's best investment view for balanced mandates.

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

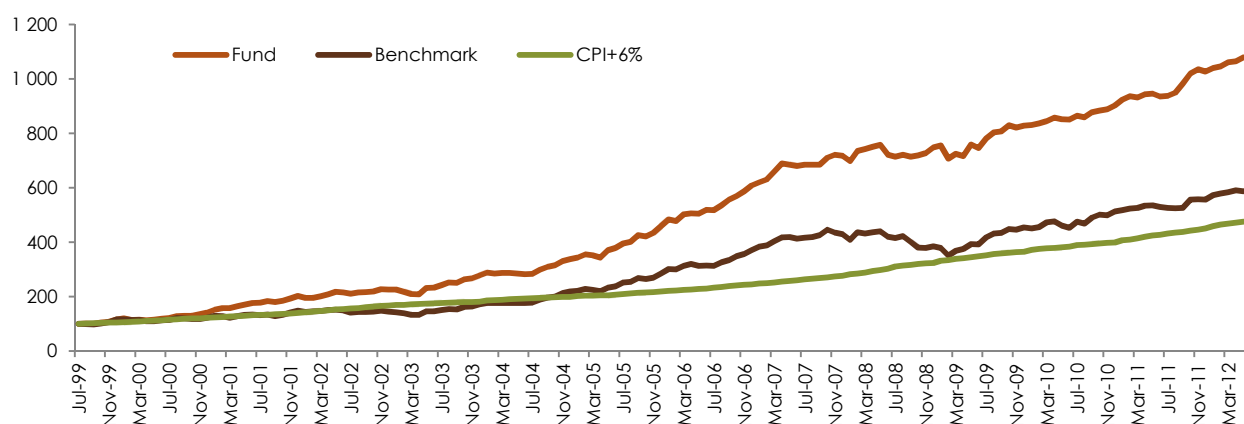
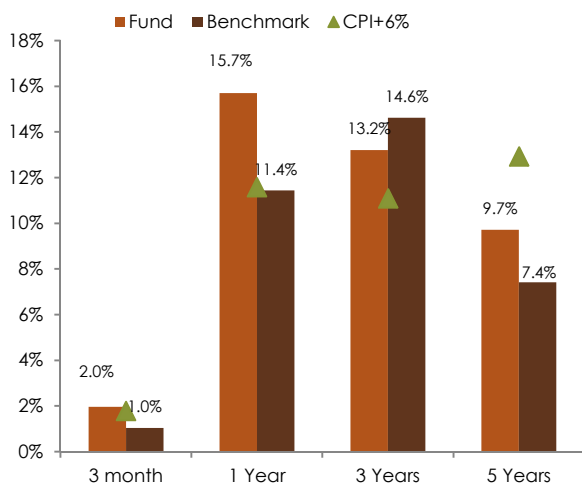
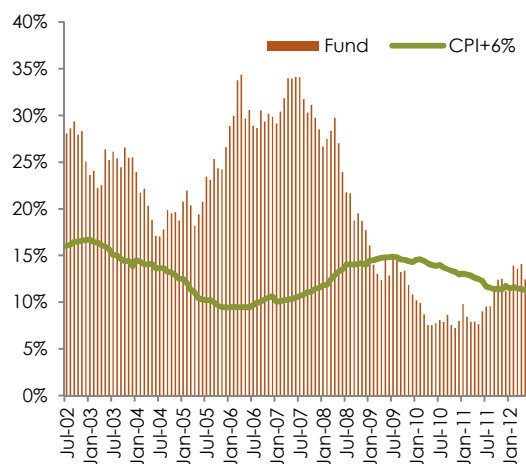
Ian Liddle, Duncan Artus, Andrew Lapping, Simon Raubenheimer

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.

Fees: 0.75% p.a.**Asset Allocation as at 30 June 2012****Top 10 Equities**

	Share	% of Portfolio		Share	% of Portfolio
1	British American Tobacco	10.4%	6	Stimulus	5.4%
2	Sasol	9.0%	7	Sanlam Namibia	4.6%
3	SABMiller	7.5%	8	Standard Bank Group Namibia	4.4%
4	FNB Namibia	7.3%	9	Bidvest Namibia	4.2%
5	Remgro	5.7%	10	Anglogold	3.5%

Cumulative Performance vs Benchmark since inception**Historical performance as at 30 June 2012****3-year rolling performance vs CPI target**

Investec Managed Fund Namibia

Risk Profile: Moderate**Size:** N\$634m**Portfolio Description**

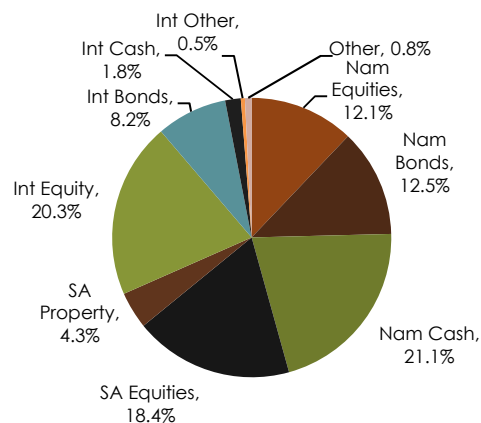
The Investec Managed Fund is market-linked balanced portfolio which aims to achieve stable returns over the longer term by investing in all asset classes. This portfolio represents Investec's best investment view.

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

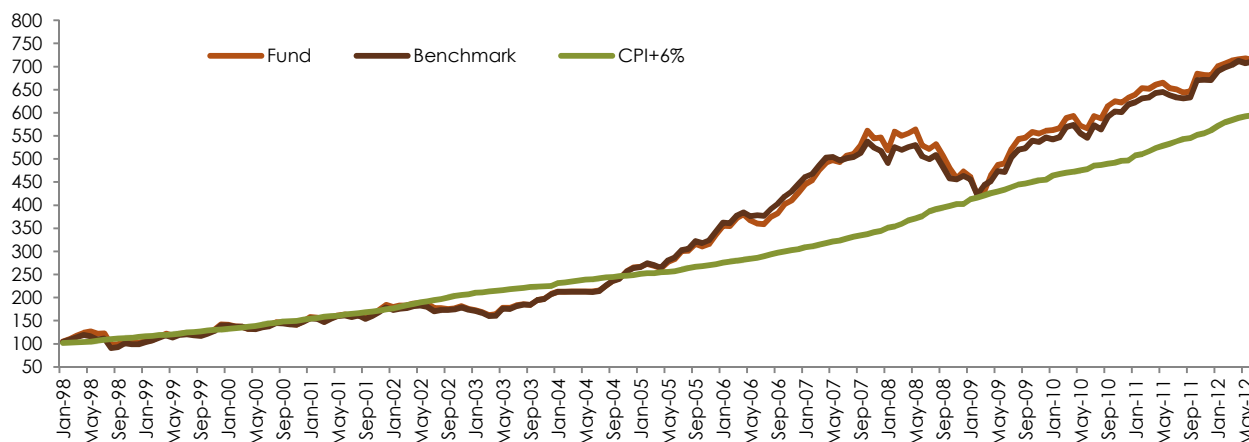
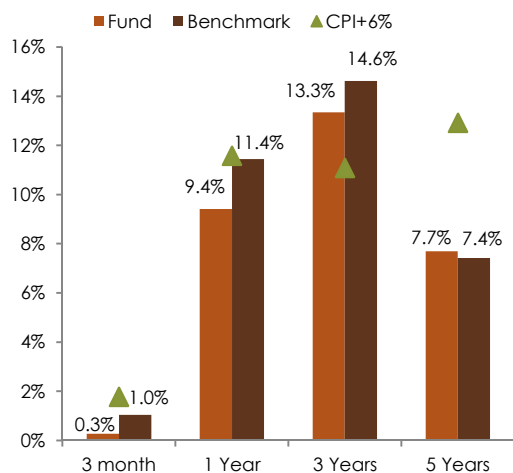
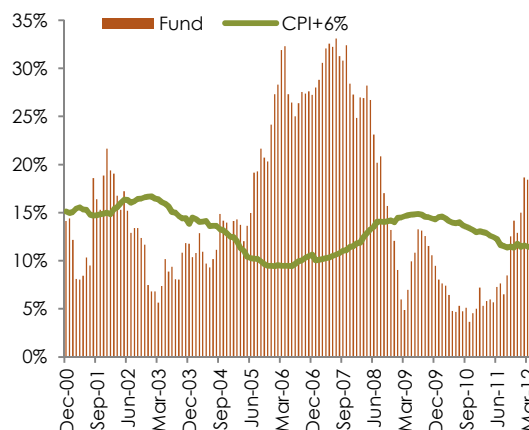
James Hatuikulipi and Chris Freund

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.

Fees: 0.70% p.a.**Asset Allocation as at 30 June 2012****Top 10 Equities**

	Share	% of Equities		Share	% of Equities
1	Firststrand Bank	11.2%	6	Anglogold	7.3%
2	Sasol	10.6%	7	Capital Property Fund	6.2%
3	Nedbank	8.7%	8	Gold Fields	5.7%
4	Old Mutual	8.7%	9	Vodacom Group	5.5%
5	MTN Group	7.5%	10	Anglo American	5.5%

Cumulative Performance vs Benchmark since January 1998**Historical performance as at 30 June 2012****3-year rolling performance vs CPI target**

AF Namibia Balanced Growth Fund

Risk Profile: Moderate

Size: N\$832m

Portfolio Description

The AF Namibia Balanced Growth portfolio is a multi-managed, 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

Fees: 0.8% p.a. domestic
0.9% p.a. international

Please note: Investment Solutions were only able to provide Top 5 equities as at 30 June 2012 at time of finalising the report

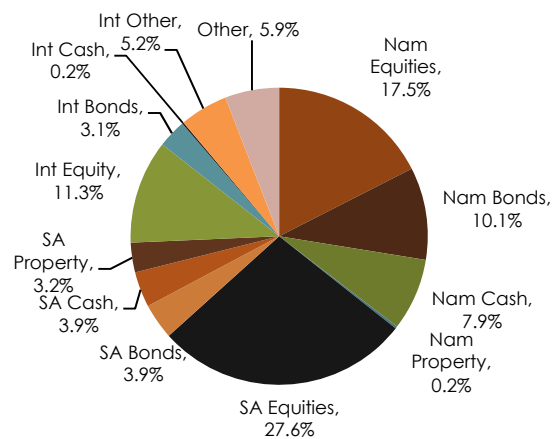
Top 5 Equities as at 30 June 2012

	Share	% of Portfolio
1	Old Mutual Namibia	3.4%
2	Anglo American	3.3%
3	Sasol	3.3%
4	MTN Group	3.2%
5	Standard Bank Group Namibia	3.2%

Underlying Managers:

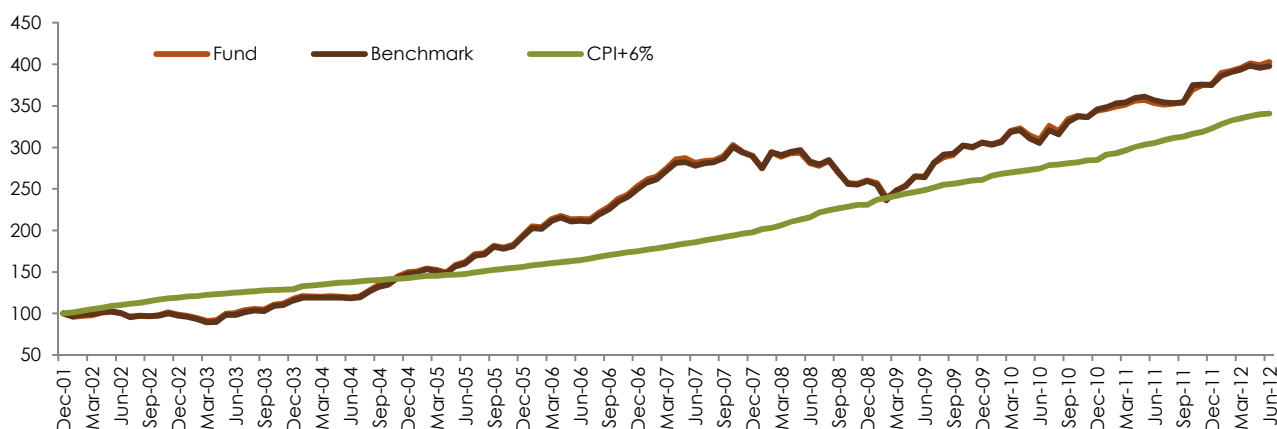
Allan Gray, Coronation, Kagiso, Prescient, Absa, Foord, Oasis, Element, Afena, Caveo, Sanlam, Stanlib, Catalyst, OMIGSA

Asset Allocation as at 30 June 2012



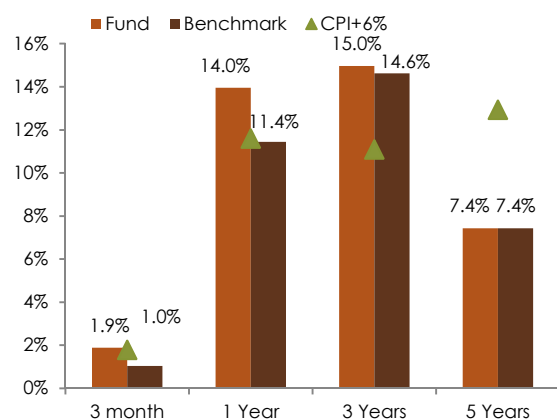
Other represents SA Hedge Funds.

Cumulative Performance vs Benchmark since inception

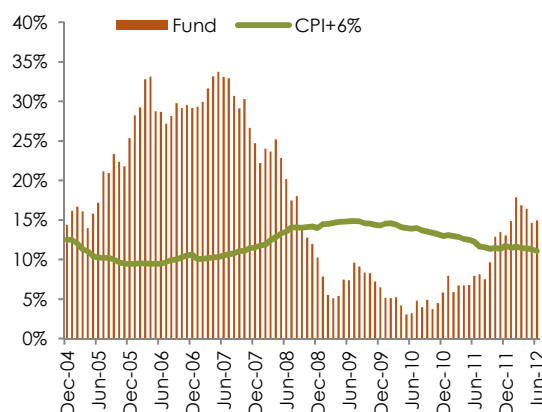


Please note: Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.

Historical performance as at 30 June 2012



3-year rolling performance vs CPI target



Old Mutual Namibia Profile Balanced Fund

Risk Profile: Moderate**Size:** N\$250m**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.

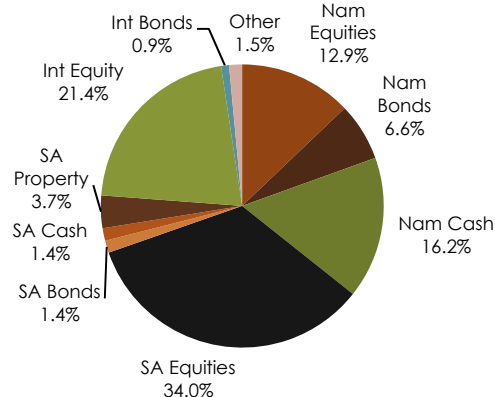
Inception: Apr-98**CIO:** Peter Brooke**Portfolio Manager**

Peter Brooke and Tyrone van Wyk

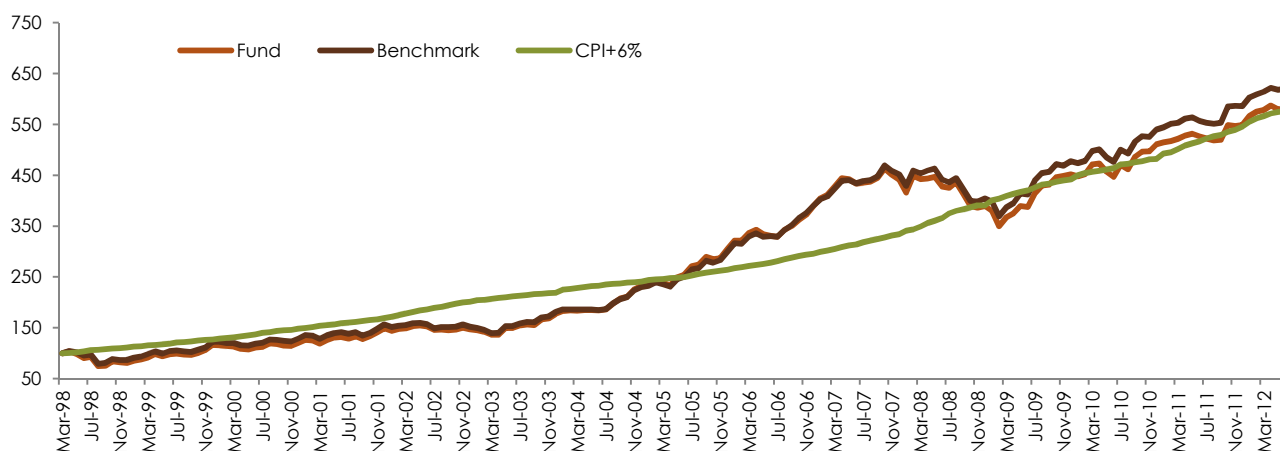
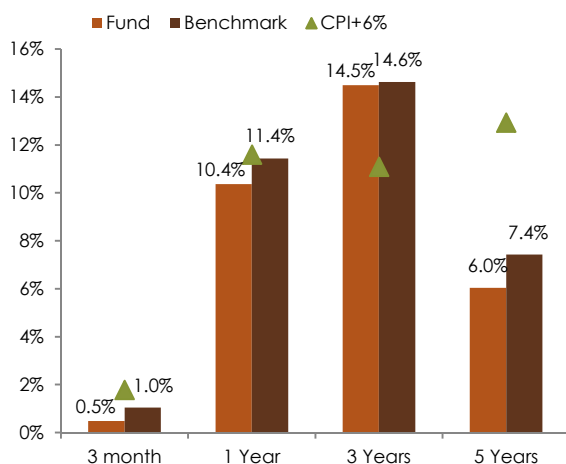
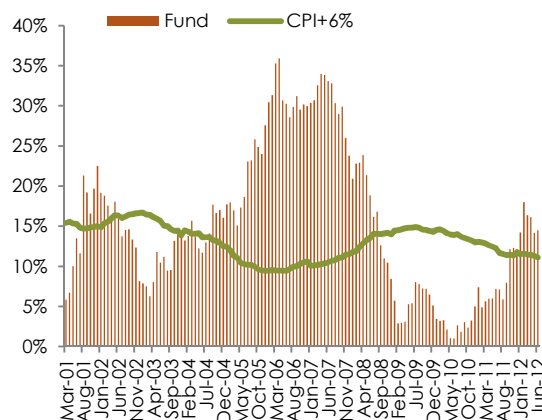
Benchmark

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

Fees: 0.55% p.a. domestic assets
0.80% p.a. international assets

Asset Allocation as at 30 June 2012**Top 10 Equities**

	Share	% of Equities		Share	% of Equities
1	MTN Group	7.8%	6	Firststrand Namibia	4.8%
2	Anglo American Namibia	6.9%	7	Investec Namibia	4.6%
3	Standard Bank Namibia	6.0%	8	British American Tobacco	3.3%
4	Sasol	5.6%	9	Richemont	2.7%
5	BHP Billiton	5.3%	10	Anglogold	2.5%

Cumulative Performance vs Benchmark since inception**Historical performance as at 30 June 2012****3-year rolling performance vs CPI target**

Prudential Namibia Balanced Fund

Risk Profile: Moderate**Size:** N\$20m**Portfolio Description**

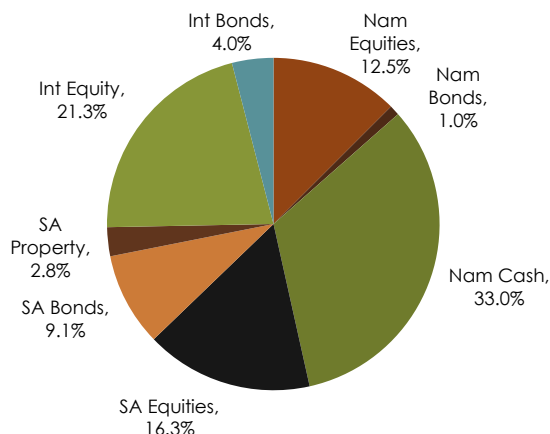
The Prudential Namibia Balanced portfolio is a market-linked balanced portfolio which aims to achieve consistent growth of capital and income by maintaining a superior stock selection across all industries relative to the benchmark and across all asset classes. The portfolio represents Prudential's best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

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

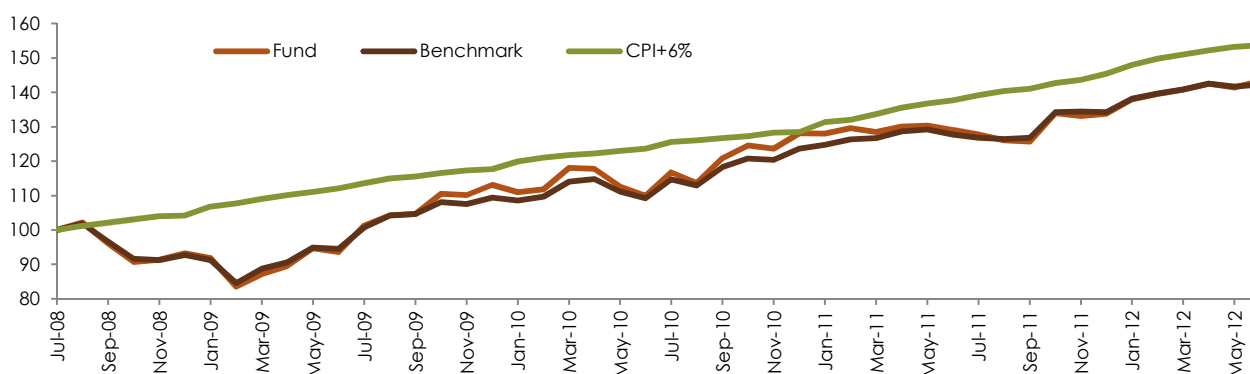
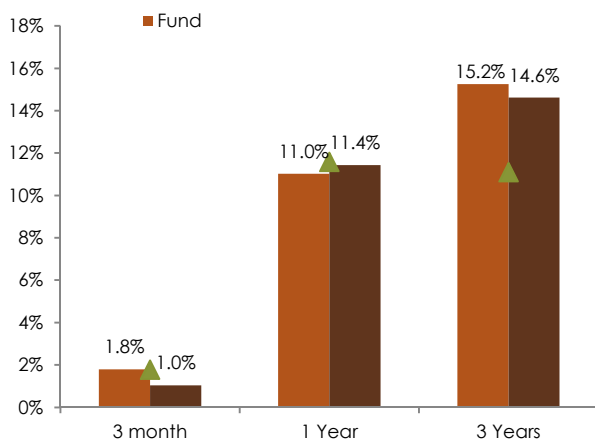
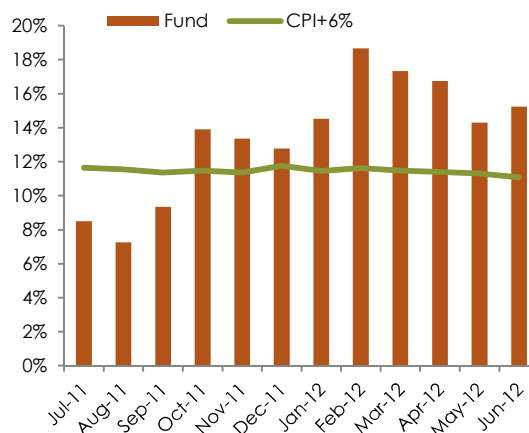
Michael Moyle and Marc Beckenstrater

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

Fees: 0.75% p.a.**Asset Allocation as at 30 June 2012****Top 10 Equities**

	Share	% of Total Fund		Share	% of Total Fund
1	MTN Group	3.0%	6	Sasol	1.5%
2	Standard Bank Group Namibia	2.3%	7	SAB Miller	1.4%
3	Anglo American Namibia	1.8%	8	Old Mutual Namibia	1.2%
4	Firstrand Namibia	1.7%	9	Truworths Namibia	1.1%
5	BHP Billiton	1.6%	10	Naspers	1.1%

Cumulative Performance vs Benchmark since inception**Historical performance as at 30 June 2012****3-year rolling performance vs CPI target**

Sanlam Namibia Managed Prudential Fund

Risk Profile: Moderate**Size:** N\$114m**Portfolio Description**

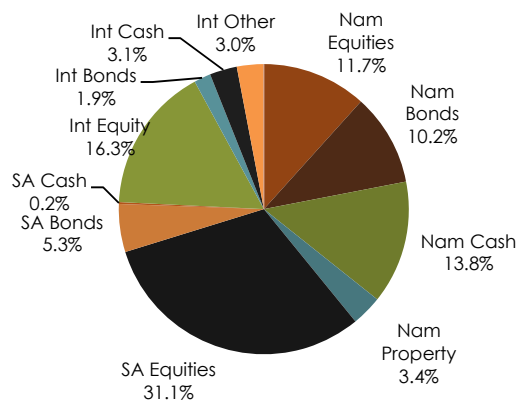
The Sanlam Namibia Managed Prudential Fund is a market-linked Balanced Unit Trust portfolio which invests in all asset classes, aiming to achieve maximum returns over the longer term. The Fund is closely aligned with Sanlam's best investment view and is suitable for investors seeking capital growth over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

Inception: Jul-05**CIO:** Andre Roux**Portfolio Manager**

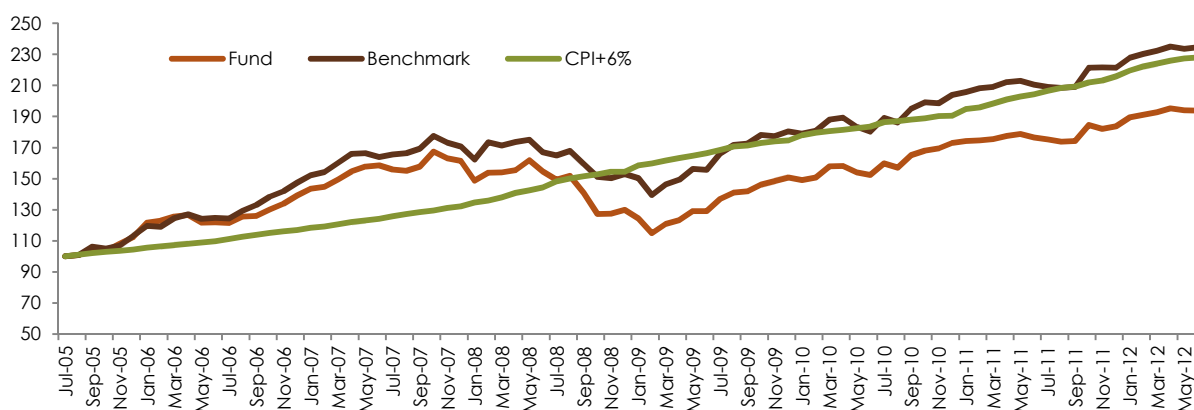
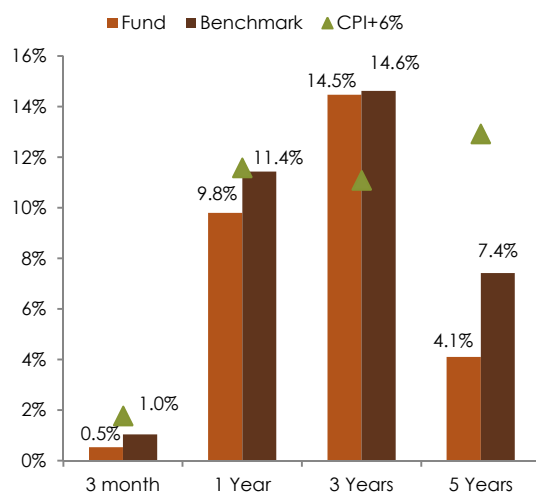
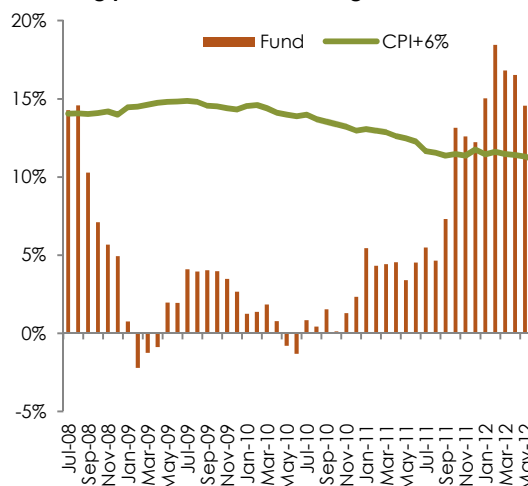
Gerhard Cruywagen

Benchmark

The benchmark of the portfolio 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.

Fees: 0.75% p.a.**Asset Allocation as at 30 June 2012****Top 10 Equities**

	Share	% of Equities		Share	% of Equities
1	Anglo American	3.5%	6	British American Tobacco	2.2%
2	MTN Group	3.3%	7	Old Mutual	1.9%
3	Sasol	3.2%	8	Bidvest	1.4%
4	BHPBilliton	3.1%	9	Naspers	1.1%
5	Standard Bank Group	2.4%	10	Firstrand	1.1%

Cumulative Performance vs Benchmark since July 2005**Historical performance as at 30 June 2012****3-year rolling performance vs CPI target**

Standard Bank Namibia Managed Fund

Risk Profile: Moderate**Size:** N\$119 m**Portfolio Description**

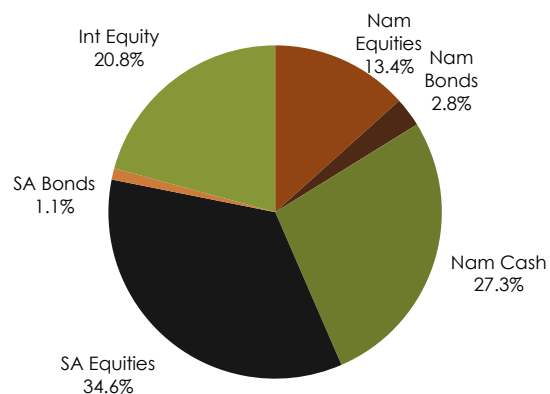
The Standard Bank Namibia Managed Fund is a market-linked balanced portfolio which invests in all asset classes. The fund includes the combined investment view's of STANLIB(SA&NAM). The portfolio aims to achieve capital growth over the longer-term.

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

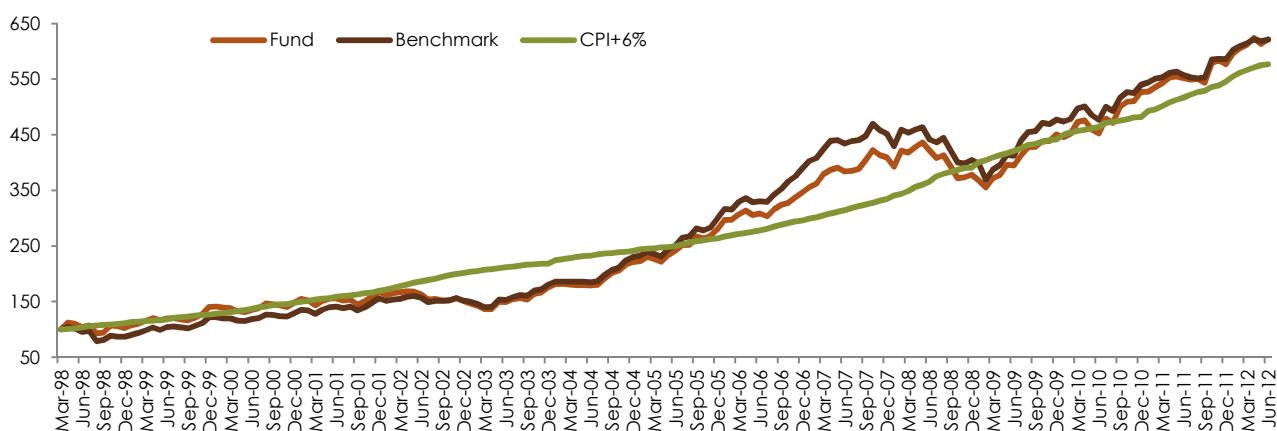
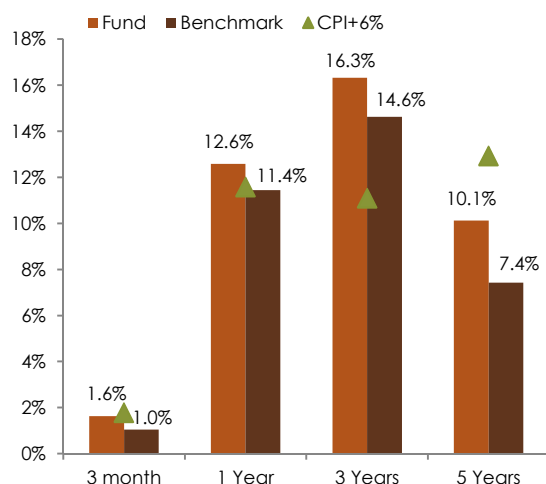
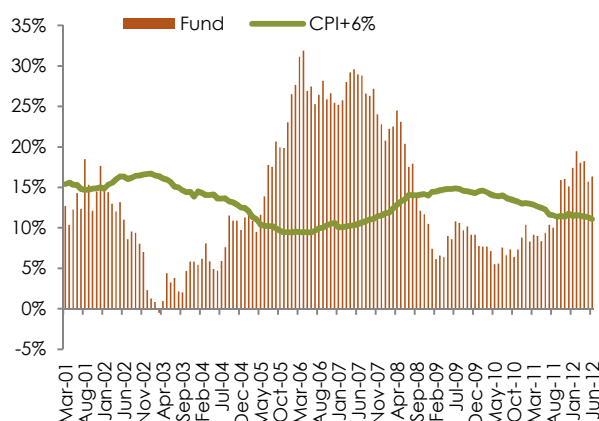
Brown Amuenje

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.

Fees: 0.5% p.a.**Asset Allocation as at 30 June 2012****Top 10 Equities as at 30 June 2012**

	Share	% of Equities		Share	% of Equities
1	MTN Group	8.3%	6	Richemont	4.4%
2	Anglo American Namibia	8.3%	7	Firststrand Namibia	4.1%
3	BHP Billiton	8.1%	8	British American Tobacco	4.1%
4	Woolworths	6.3%	9	Bidvest	3.8%
5	Shoprite Namibia	5.2%	10	Imperial	3.6%

Cumulative Performance vs Benchmark since inception**Historical performance as at 30 June 2012****3-year rolling performance vs CPI target**

NAM Coronation Balanced Defensive Fund

Risk Profile: Moderate-low

Size: N\$ 221m

Portfolio Description

The NAM Coronation Balanced Defensive 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 NAM Balanced Defensive Fund aims to provide a reasonable level of income whilst seeking to preserve capital in real terms.

Inception: Nov-07

CIO: Eino Emvula

Portfolio Manager

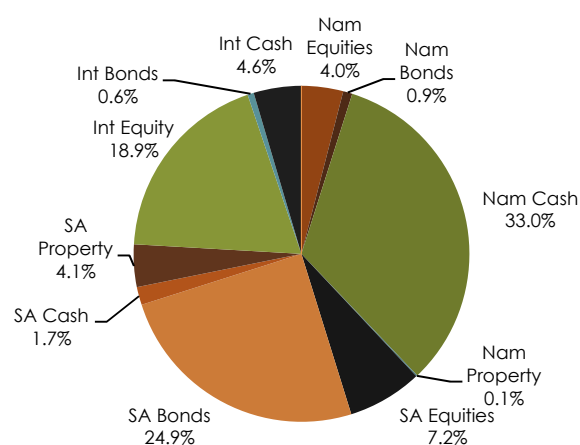
Louis Stassen and Henk Groenewald

Benchmark

The benchmark for the fund is cash plus 3.0%.

Fees: 1.25 % p.a.

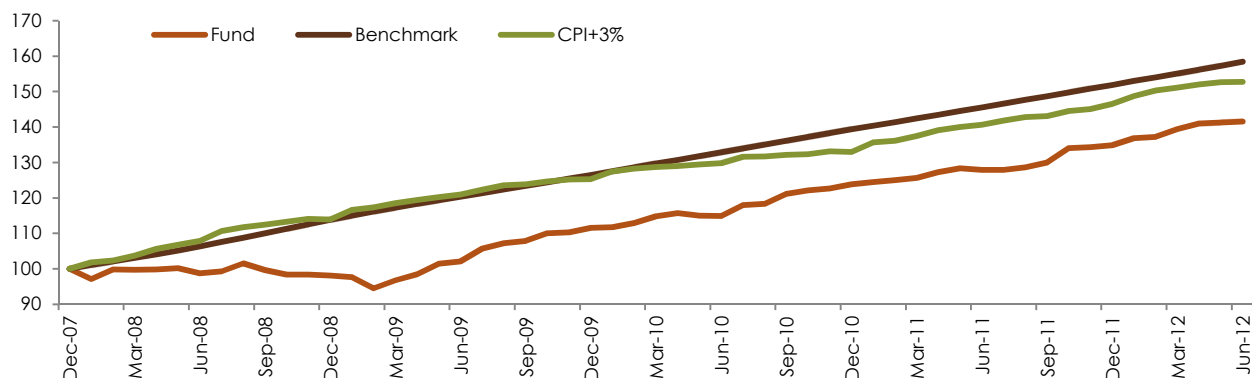
Asset Allocation as at 30 June 2012



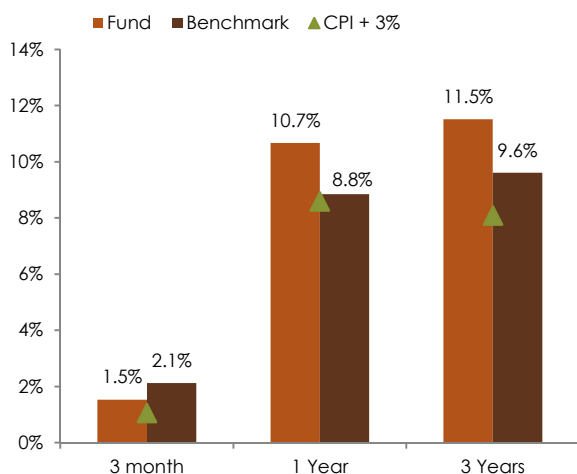
Top 10 Equities

		Top 10 Equities			
Share		% of Fund		Share	% of Fund
1	Coronation Global Opportunities	14.1%	6	British American Tobacco	0.8%
2	Coronation Emerging Markets	4.3%	7	SA Corporate Real Estate	0.7%
3	Standard Bank Group	1.3%	8	Capital and Countries Properties	0.7%
4	MTN Group	1.1%	9	SAB Miller	0.7%
5	Firststrand	1.0%	10	Naspers	0.6%

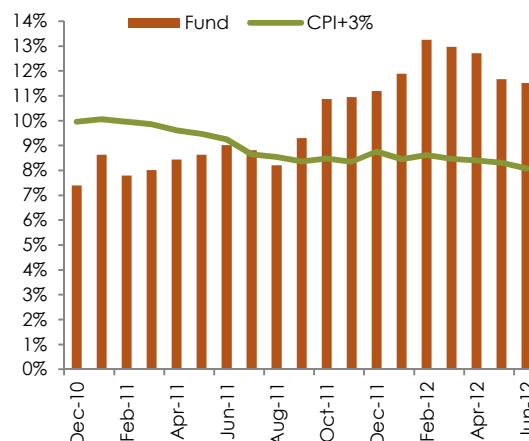
Cumulative Performance vs Benchmark since inception



Historical performance as at 30 June 2012



3-year rolling performance vs CPI target



NAM Coronation Capital Plus Fund

Risk Profile: Moderate-low

Size: N\$ 404m

Portfolio Description

The NAM Coronation Capital Plus ClassA Fund (previously 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

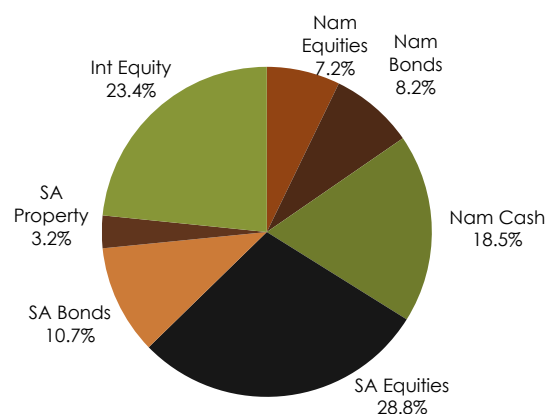
Benchmark

The benchmark for the fund is Namibia Headline Inflation plus 4.0% over a rolling three year period.

Fees: 0.95 % p.a. + 10% ouperformance to maximum of 2.25% p.a.

Please note: The NAM Coronation Absolute Fund was renamed to NAM Coronation Capital Plus Fund effective 26 April 2011.

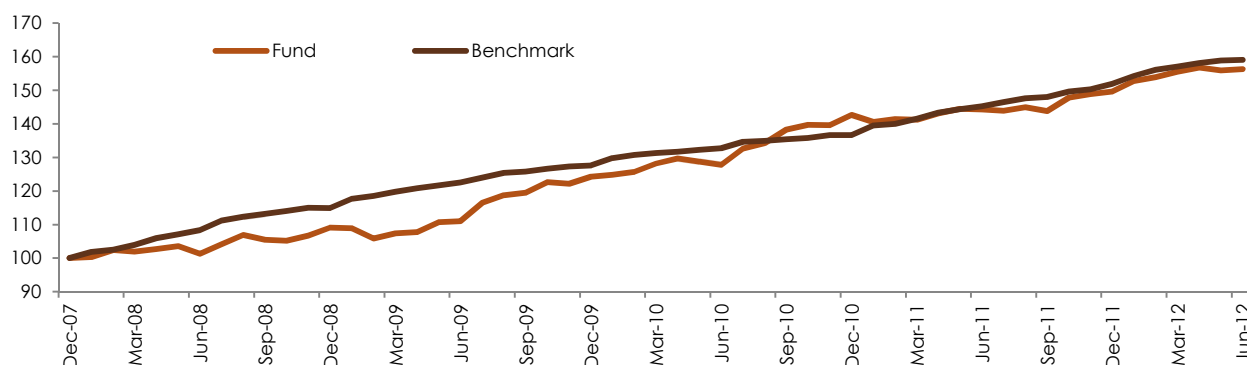
Asset Allocation as at 30 June 2012



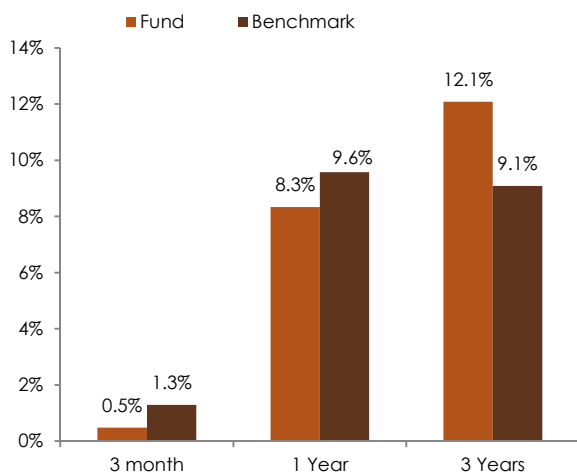
Top 10 Equities

Rank	Share	% of Fund	Rank	Share	% of Fund
1	Coronation Global Equity FoF	8.1%	6	Coronation Global Managed Fund	2.1%
2	Coronation Absolute World Opportunities	7.1%	7	Standard Bank Group	2.0%
3	Coronation Global Capital Plus	6.1%	8	Metropolitan Life	1.7%
4	Anglo American	2.4%	9	MTN Group	1.7%
5	Remgro	2.2%	10	BHP Billiton	1.4%

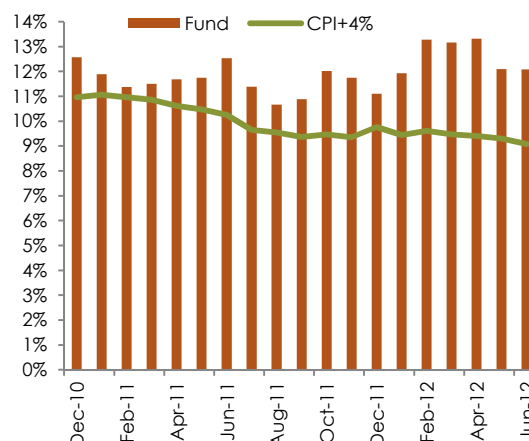
Cumulative Performance vs Benchmark since inception



Historical performance as at 30 June 2012



3-year rolling performance vs CPI target



Prudential Namibia Inflation Plus Fund

Risk Profile: Moderate-low

Size: N\$ 364m

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

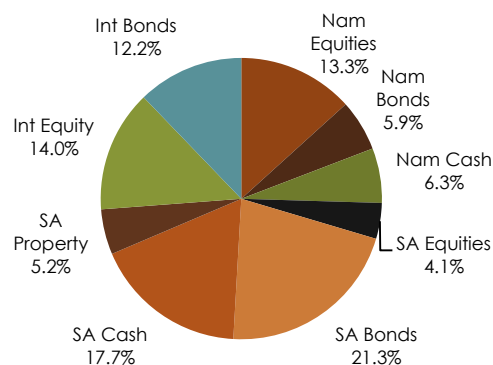
Michael Moyle, Albert Arntz

Benchmark

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

Fees: 0.75% p.a.

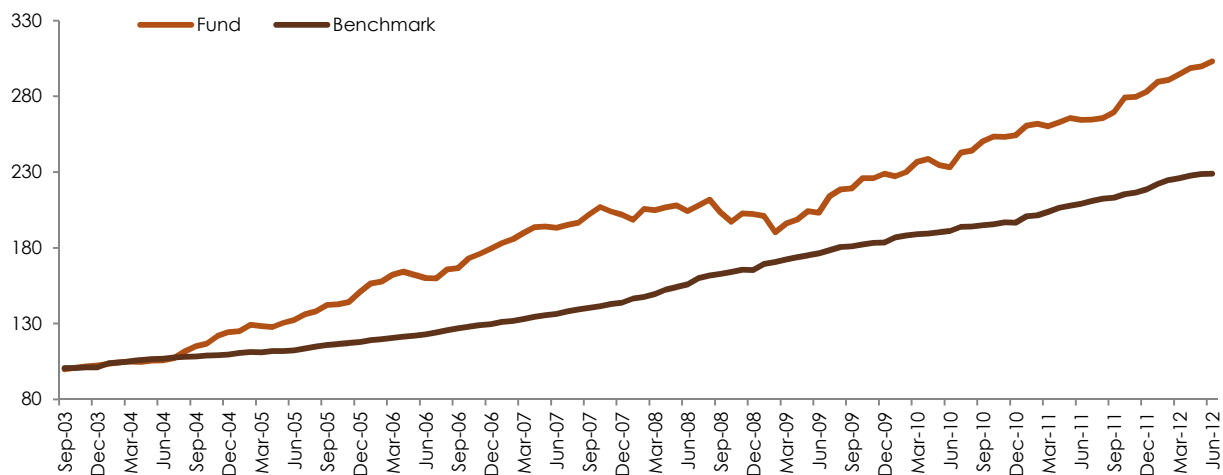
Asset Allocation as at 30 June 2012



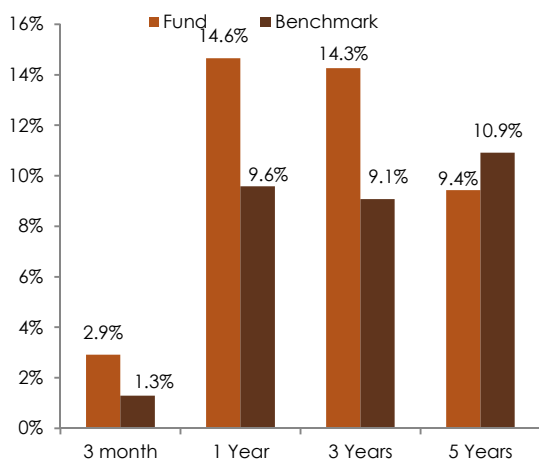
Top 10 Equities

	Share	% of Portfolio		Share	% of Portfolio
1	Standard Bank Group Namibia	2.5%	6	MTN Group	0.9%
2	Anglo American Namibia	2.1%	7	Investec Namibia	0.6%
3	Firststrand Namibia	1.7%	8	Nedbank Namibia	0.5%
4	Truworths Namibia	1.2%	9	Sanlam Namibia	0.5%
5	Old Mutual Namibia	1.0%	10	Sasol	0.4%

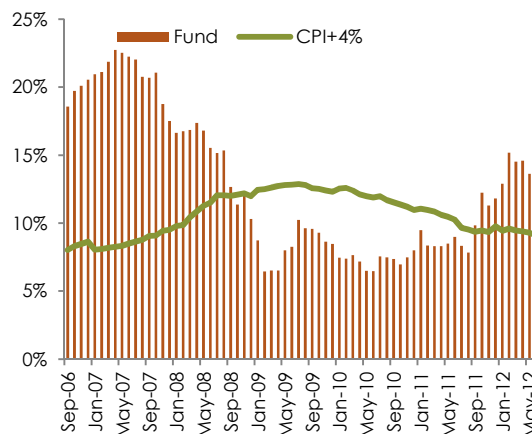
Cumulative Performance vs Benchmark since inception



Historical performance as at 30 June 2012



3-year rolling performance vs CPI target



Benchmark Retirement Fund Default Portfolio

Risk Profile: Moderate-low
Size: N\$ 229.5m
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 Namibian Headline inflation +5% over a rolling three year period.

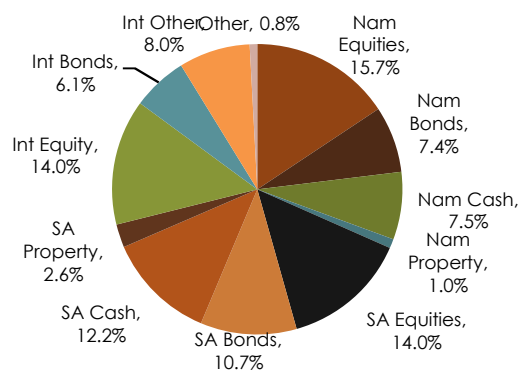
Fees: 0.75%p.a.

Portfolio Mix as at 30 June 2012

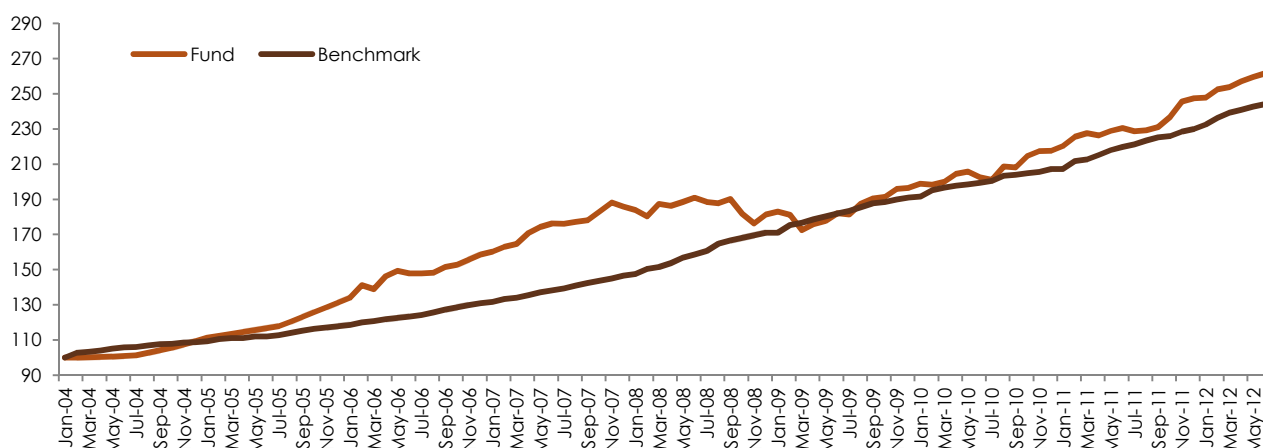
Allan Gray Namibia Investment Trust
 Prudential Namibia Inflation Plus

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.

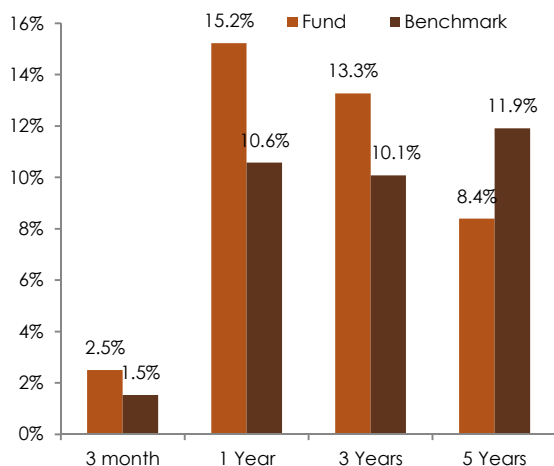
Asset Allocation as at 30 June 2012



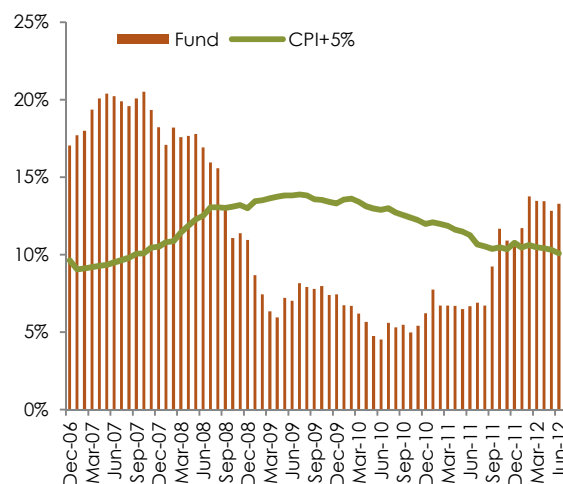
Cumulative Performance vs Benchmark since January 2004



Historical performance as at 30 June 2012



3-year rolling performance vs CPI target



Investec High Income Fund Namibia

Risk Profile: Low
Size: N\$583 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

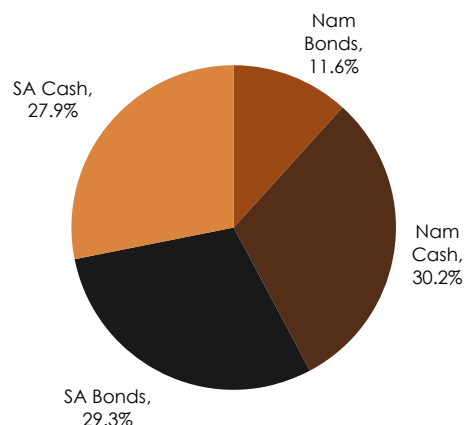
Portfolio Manager Vivienne Taberer

Benchmark

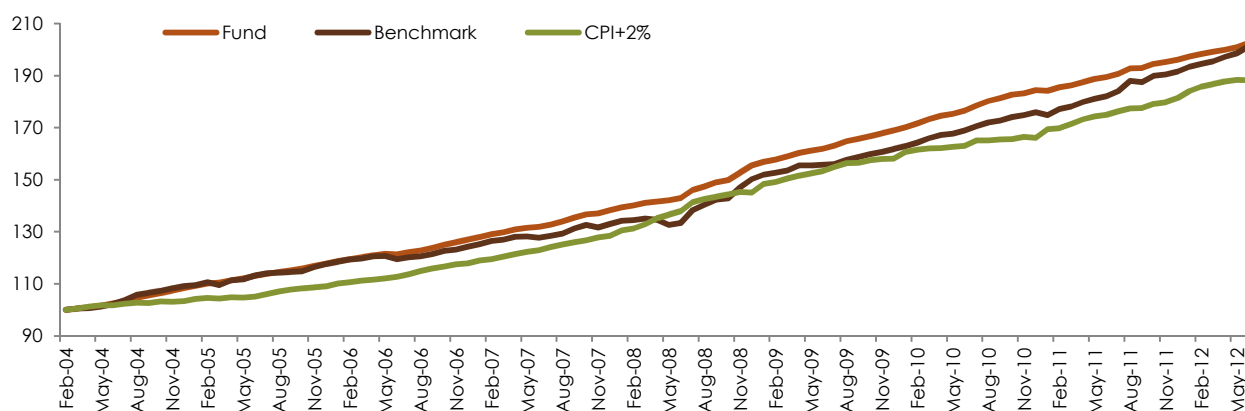
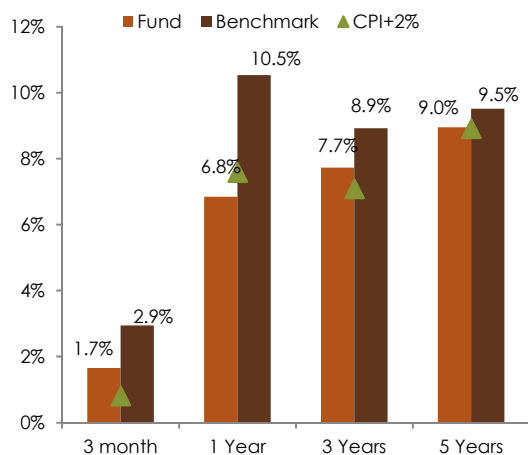
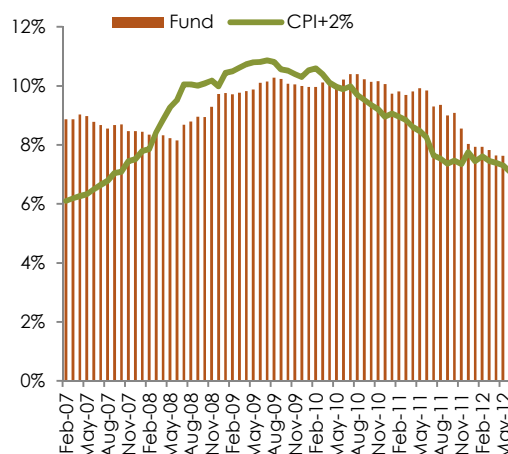
The benchmark for this portfolio is the BEASSA 1-3 year All Bond Index.

Fees: 1.0% p.a.

Please note that this portfolio will be replaced with the Sanlam Namibia Active Fund.

Asset Allocation as at 30 June 2012**Top 10 Bonds**

	Bond	% of Bonds		Bond	% of Bonds
1	R 203	8.2%	6	GC15A	2.5%
2	R 157	5.7%	7	AB05	2.0%
3	GC12	5.0%	8	SBKN16	1.9%
4	GC14	3.4%	9	NMP20N	1.9%
5	GC18	3.0%	10	FRX14	1.8%

Cumulative Performance vs Benchmark since February 2004**Historical performance as at 30 June 2012****3-year rolling performance vs CPI target**

Sanlam Namibia Active Fund

Risk Profile: Low
Size: N\$1.587 bn

Portfolio Description

The Sanlam Namibia Active Fund's objective is to provide a high level of income and maximise returns. This fund invests in income yielding assets including fixed income assets, preference shares and property.

Inception: 1 June 2007

CIO: Gerhard Cruywagen

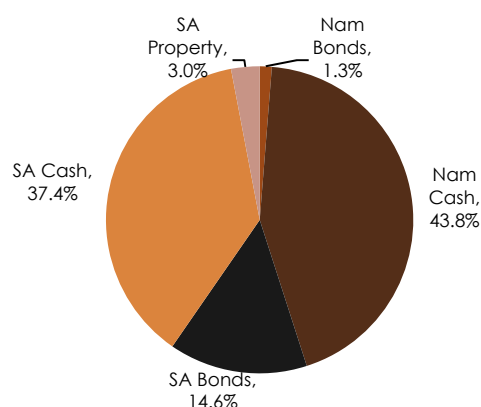
Portfolio Manager

Andre Roux, Phillip Liebenberg, Tertius Liebenberg

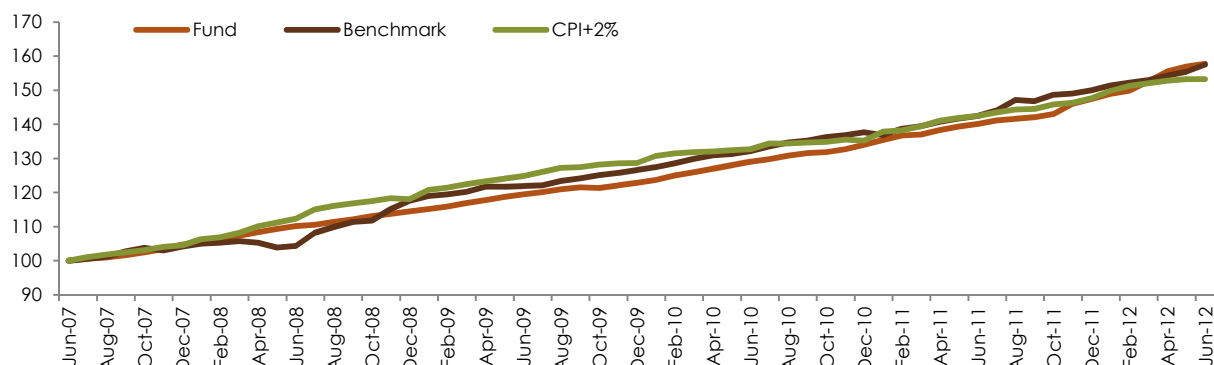
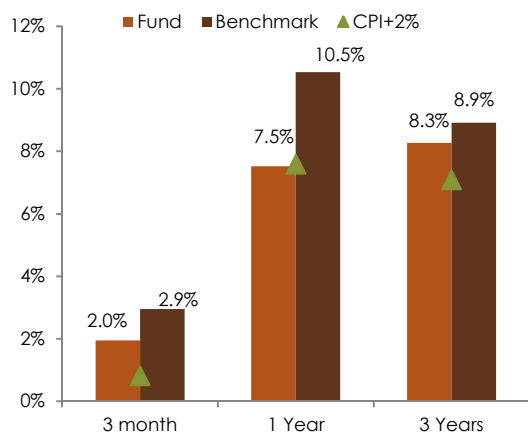
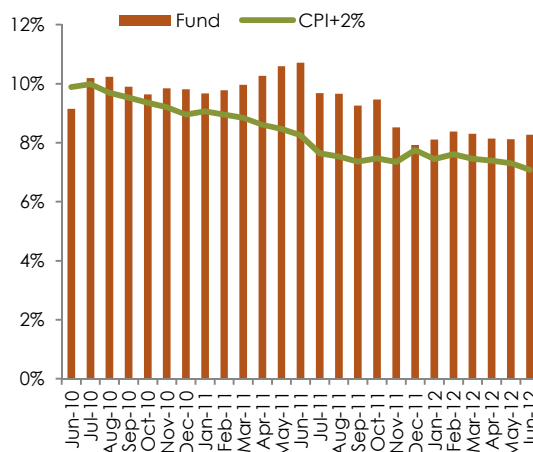
Benchmark

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

Fees: 0.6% p.a.

Asset Allocation as at 30 June 2012**Top 10 Bonds**

	Bond	% of Bonds		Bond	% of Bonds
1	R212	2.4%	6	R210	1.4%
2	R186	2.0%	7	NED8	1.0%
3	SLI1	1.6%	8	ABLI02	1.0%
4	SBSI10	1.5%	9	IV04	1.0%
5	MTN04	1.4%	10	BID01	0.9%

Cumulative Performance vs Benchmark since February 2004**Historical performance as at 30 June 2012****3-year rolling performance vs CPI target**

Money Market

Risk Profile: Capital Preservation

Size: N\$4.6bn

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

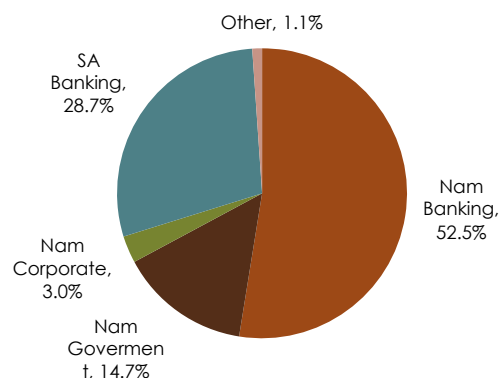
Portfolio Manager: Capricorn Asset Managers
(Tertius Liebenberg)

Benchmark

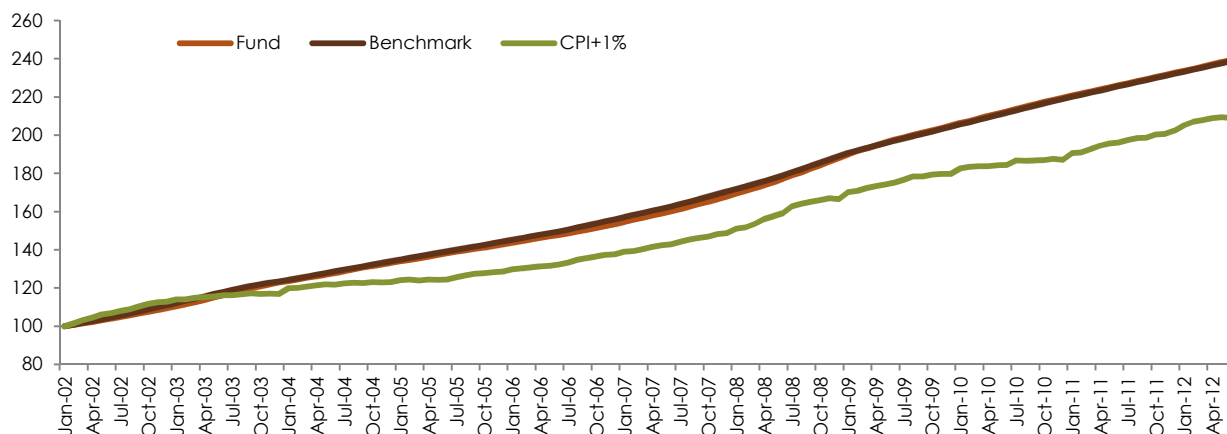
The benchmark for this portfolio is the Bank of Namibia 7 day Repo Rate. For comparative purposes the IJG Money Market Index has been used as benchmark

Fees: 0.5% p.a.

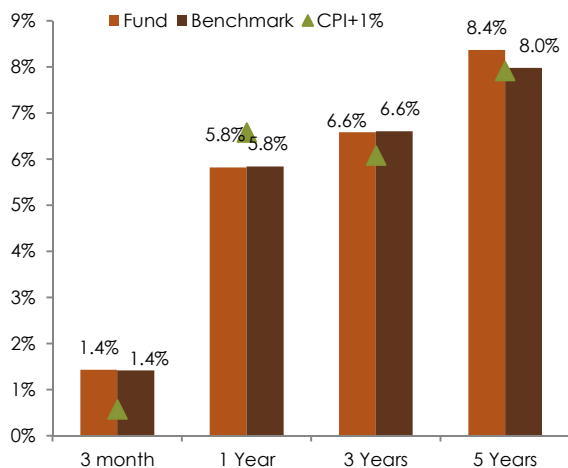
Asset Allocation as at 30 June 2012



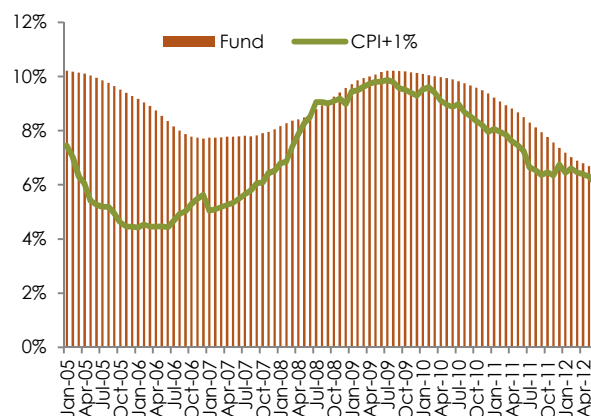
Cumulative Performance vs Benchmark since inception



Historical performance as at 30 June 2012



3-year rolling performance vs CPI target



5. 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:

	Assumed NET contribution towards retirement i.e. AFTER all costs for risk and administration etc (as % of pensionable salary)				
Assumed Investment Return for 30 years before retirement (after fees)	8%	10%	12%	14%	16%
CPI + 5%	47%	59%	70%	82%	94%
CPI + 4%	39%	49%	59%	69%	79%
CPI + 3%	33%	42%	50%	58%	67%
CPI + 2%	28%	35%	42%	50%	57%

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 shows a range of ratios for various net retirement funding contribution rates in relation to real investment returns, assuming retirement at age 60. Other assumptions are:

Pre-retirement:

- **Real rate of return before retirement is dependent on the investment portfolio chosen;**
- Salaries are assumed to increase in line with price inflation. In order to assess the impact of a salary increase of 1.0% per annum above inflation, one needs to look at a 1.0% per annum lower real return (e.g. if the targeted real rate of return on the selected investment portfolio is CPI + 4% then one needs to look at the results of CPI + 3% in the above table to see the salary replacement ratio if salaries increase 1.0% per annum above price inflation);
- 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.

Post retirement

- Single life with-profit annuity is purchased at age 60 years;
- Allowance for future pension increases is approximately 2/3rds of price inflation.