



JACQUES MALAN  
CONSULTANTS & ACTUARIES



Benchmark Retirement Fund

Quarterly investment report  
as at 30 September 2012

November 2012

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### **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 Balanced Fund <sup>2</sup>	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%

- Please note:** The Trustees of the Fund have replaced the Investec High Income Fund with the Sanlam Namibia Active Fund.
- Please note:** The Sanlam Namibia Managed Prudential Fund was renamed to Sanlam Namibia Balanced Fund with effect from 1 October 2012.

### 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 number of investment portfolios, that are suitable for retirement funds, do not have an explicit performance objective related to inflation. The member will therefore have to consider the historic performance experience of an investment portfolio in relation to inflation as a proxy of potential returns 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.

### 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 portfolio 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.

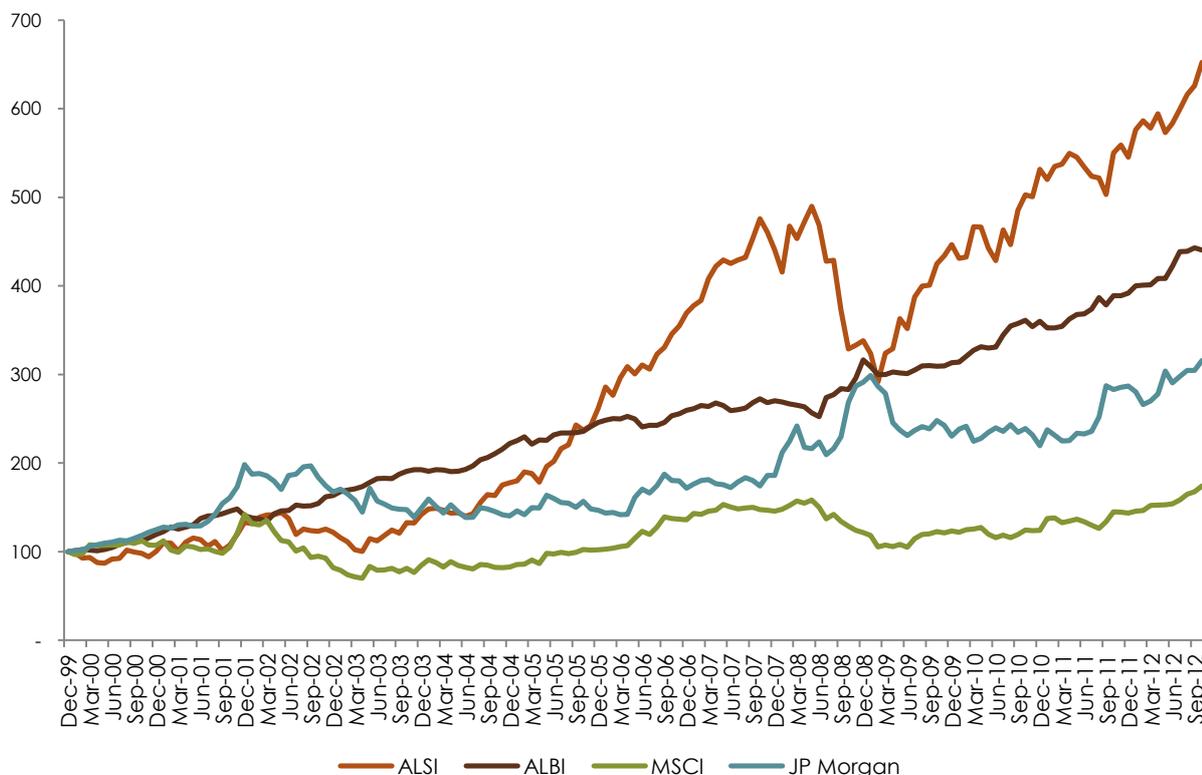
The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified.

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 September 2012**.



### 2.2. Medium term market performance

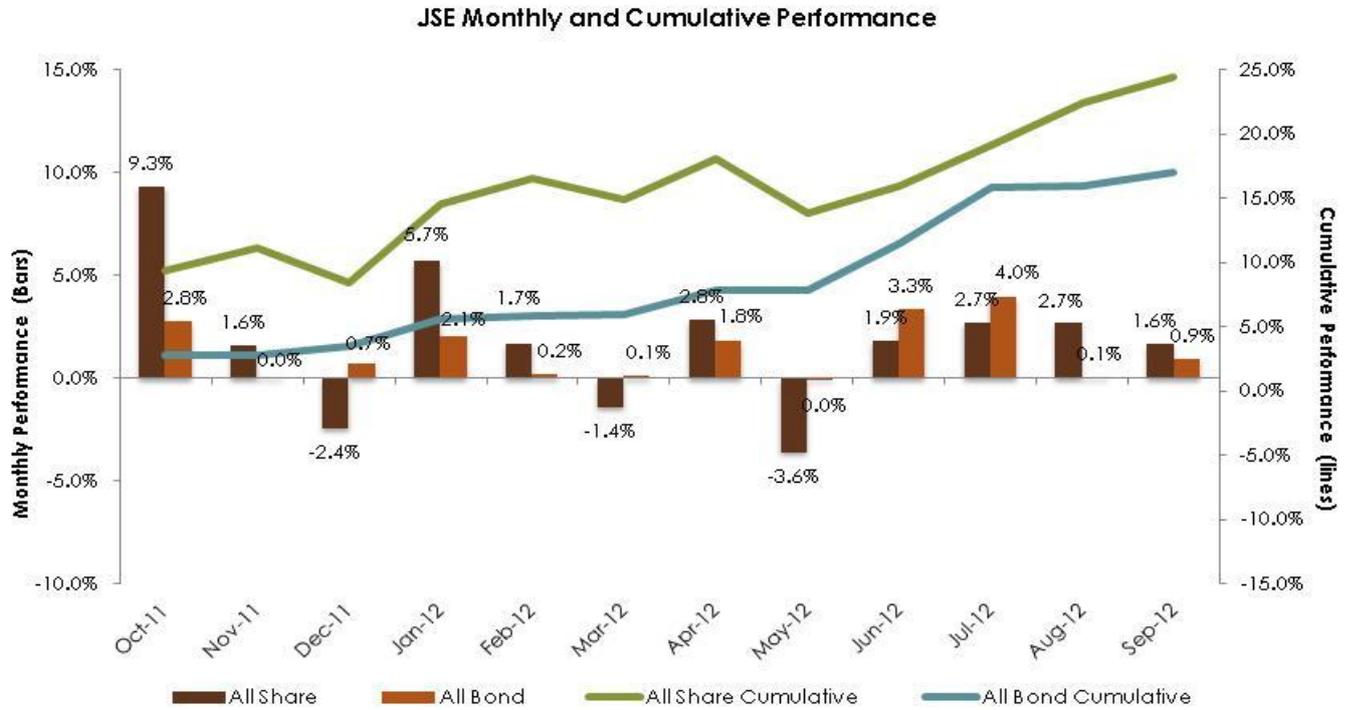
The following table presents the performance of various market indices to **30 September 2012**.

	2009	2010	2011	Q3 2012	2012 YTD	One Year	Three Years
All Share (SA)	32.1%	19.0%	2.6%	7.3%	14.8%	24.4%	16.0%
JSE: Financials	28.0%	16.5%	7.4%	6.5%	25.6%	36.5%	18.7%
JSE: Industrials	30.5%	27.4%	9.2%	10.5%	25.2%	36.7%	23.6%
JSE: Resources	35.4%	12.3%	-6.5%	2.9%	-4.0%	3.0%	5.6%
All Bond(SA)	-1.0%	15.0%	8.8%	5.0%	13.1%	17.0%	12.7%
STeFI(SA)	9.1%	6.9%	5.7%	1.3%	4.1%	5.5%	6.0%
MSCI World	1.6%	0.5%	15.8%	9.9%	16.9%	25.5%	12.3%
JP Morgan World Bond	-20.8%	-4.8%	30.7%	6.0%	6.2%	6.1%	8.4%
Rand/Dollar	-22.3%	-10.6%	21.9%	2.0%	2.9%	2.6%	3.4%
CPI(SA)	6.9%	3.5%	6.1%	2.0%	4.5%	5.5%	5.1%

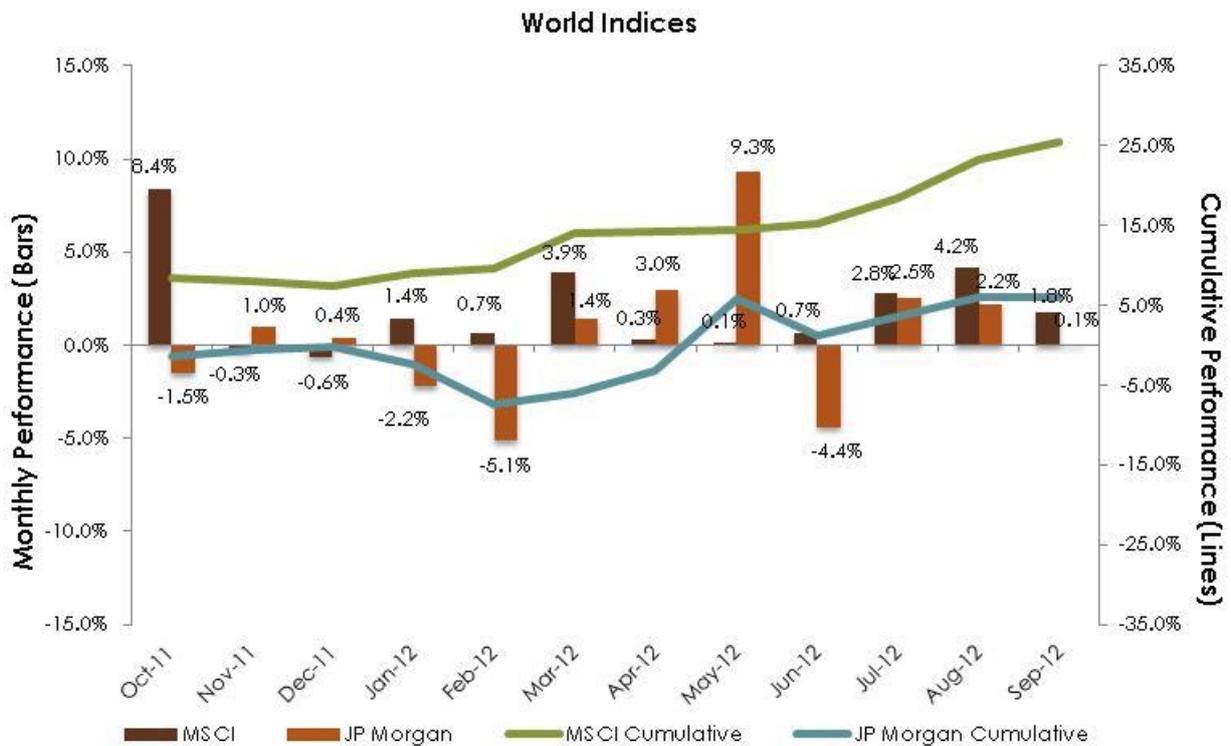
### 2.3. Short-term market performance

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

#### 2.3.1. South Africa



#### 2.3.2. World



## Market Commentary:

Negativity once again spread throughout developed markets during the quarter. Although positive news surfaced in August such as the European Central Bank's commitment to preventing the disintegration of the Euro, uncertainty returned when Spain announced the potential need for a bailout of approximately €59.3bn. Better than expected economic growth in the US as at the end of June 2012 was diluted by the potential fiscal cliff facing America at year end with increased tax rates and less spending which may force the country into recession.

Emerging markets however rallied and peaked during the middle of September, on the back of investors seeking additional yield. China has been one of the fastest growing economies over the past few years, however, the International Monetary Fund (IMF) expects growth for 2012 to slow to 7.8% for 2012 from 8.9% as at the end of 2011.

As uncertainty worldwide continued to grow, investor appetite for Gold has increased. Gold returned 8.8% in dollar terms over the past quarter closing at US\$ 452.30, the highest closing price in ten months. Brent Crude Oil price per barrel showed signs of weakening during the last few weeks of the quarter but rebounded sharply to close at R113.26. Brent Crude oil has increased by 5.6% since January this year.

### Equities

Regardless of negative economic news, equity markets continued their strong upward trend with the ALSI, MSCI World and MSCI Emerging Markets returning 7.3%, 9.0% and 9.1% respectively for the quarter in rand terms. The good performance of the ALSI was supported by a rally of Industrial stocks at 10.5% followed by Financials returning 6.5% for the period. Resources experienced negative returns during the first two months of this quarter driven mainly by labour unrest within the mining sector. This sector however rebound in September and returned a positive 2.9% for the quarter.

### Bonds

The ALBI remained strong during July 2012 returning 4.0% for the month, but returns tapered downwards with the ALBI returning 1.0% for the last two months thereby achieving 5.0% for the quarter. The JP Morgan Global Bond index gained 4.9% in Rand terms for the same period.

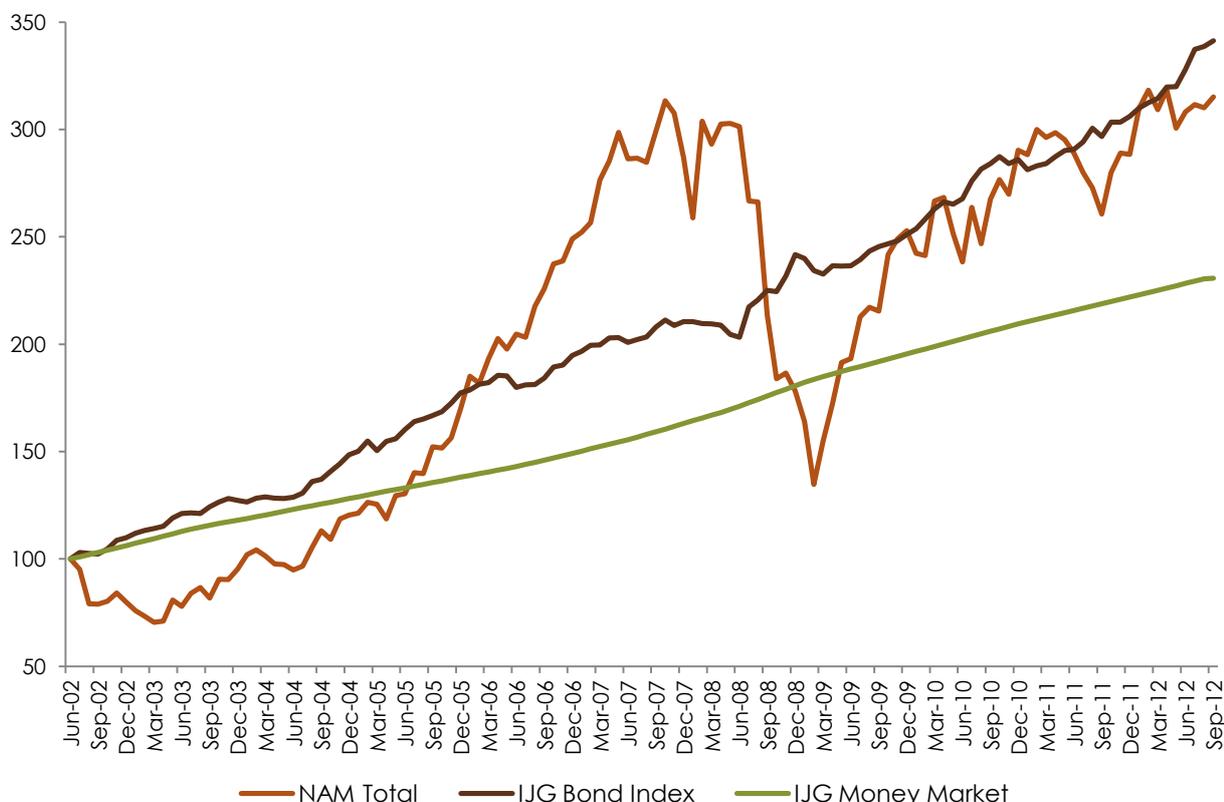
### Currency

The Rand weakened against all major currencies. The rand weakened by 2.0% against the US Dollar closing at R8.30, 3.4% against the Euro closing at R10.68 and 4.8% against the Pound closing at R13.41.

## 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 September 2012**.



### 2.4.2. Medium term market performance

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

	2009	2010	2011	Q3 2012	2012 YTD	One Year	Three Years
NAM Total	41.9%	14.8%	-0.6%	2.3%	9.3%	20.9%	13.5%
NAM Local	4.1%	18.7%	36.7%	6.5%	17.5%	25.7%	24.4%
NAM CPI	7.0%	3.1%	7.2%	2.1%	4.9%	6.7%	5.2%
IJG Bond Index <sup>1</sup>	3.9%	13.9%	7.1%	4.1%	11.5%	15.0%	11.6%
IJG Money Market	8.2%	7.1%	6.0%	1.1%	4.0%	5.4%	6.3%

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

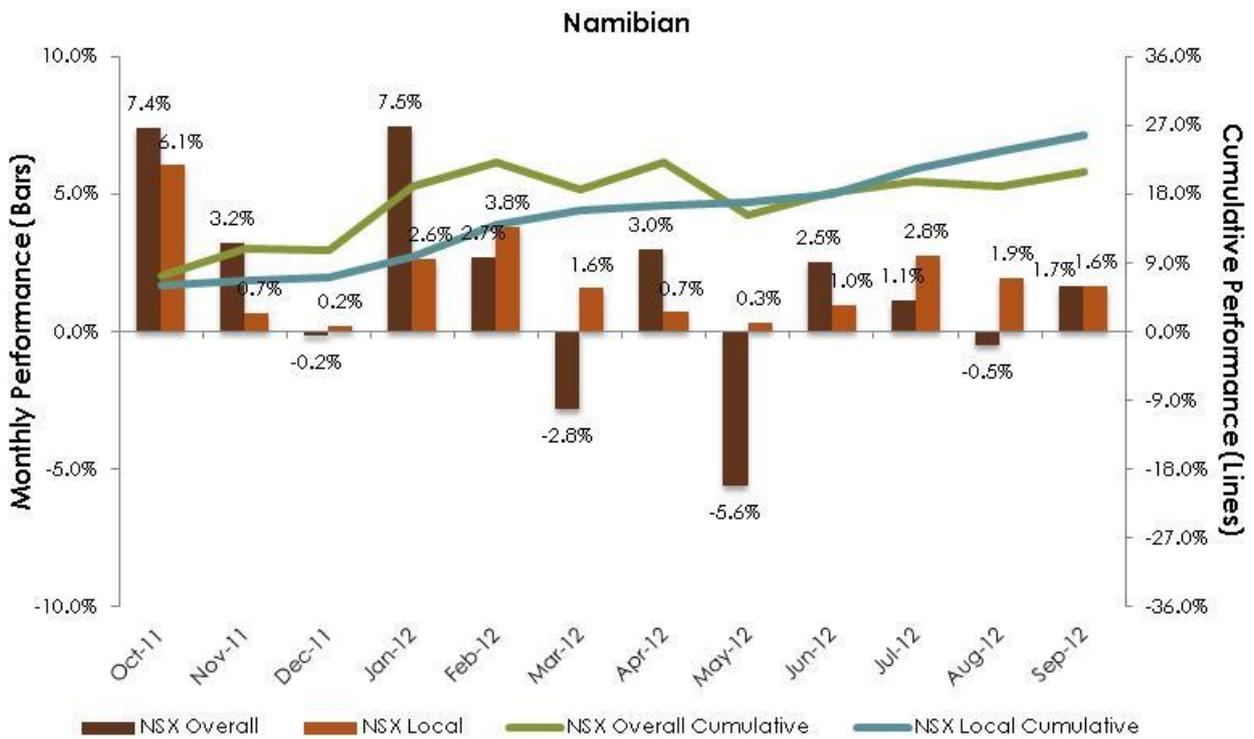
### Namibia Market Commentary September 2012

As repo and bank interest rates remain at an all time low at 5.5% and 9.25% respectively, it has become cheaper to gain access to credit. Individual and corporate credit increased by 14.2% and 14.3% respectively over the last 12 months ending August 2012, which is the highest growth in individual credit since April 2007. This increase in credit suggests an increase in spending which is expected to increase towards the festive season. The Namibian economy is expected to grow by 4.0% in 2012 compared to the Sub-Saharan Africa projection of 5.4% according to the International Monetary Fund.

The NSX Overall Index lagged the South African All Share Index during the quarter producing a return of 2.3% compared to the ALSI at 7.3% for the quarter ending 30 September 2012. The IJG All Bond Index however performed in line with South African All Bond Index returning 4.1% and 5.0% respectively for the period.

### 2.4.3. Short term market performance

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



### 3. Performance comparison as at 30 September 2012

#### 3.1. Moderate portfolios

##### 3.1.1. Asset allocation

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

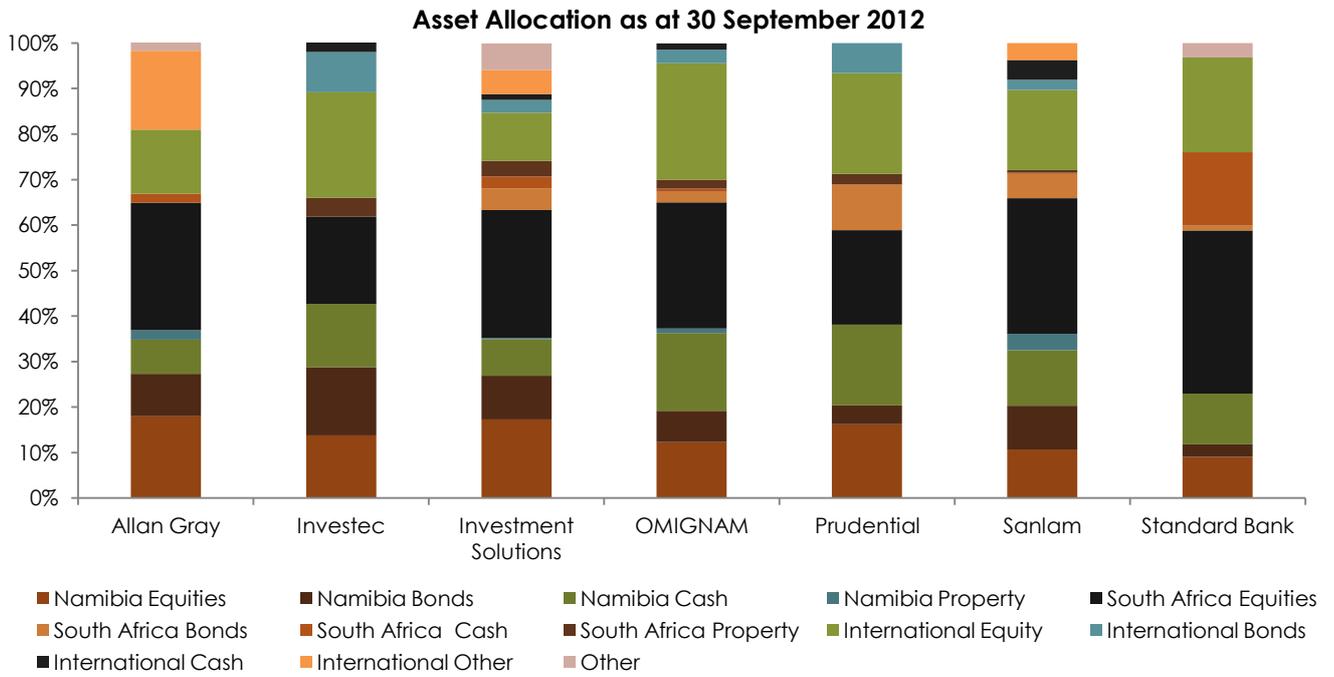
	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced Fund	Standard Bank Managed
Namibia Equities	15.4%	13.2%	18.1%	12.0%	12.6%	13.6%	15.7%
Namibia Bonds	8.4%	8.7%	9.3%	13.9%	1.6%	8.8%	4.5%
Namibia Cash	9.7%	16.0%	8.0%	2.2%	23.4%	9.8%	22.9%
Namibia Property	1.7%	-	0.2%	-	-	3.4%	-
South Africa Equities	22.3%	22.7%	27.7%	38.3%	20.4%	33.3%	33.7%
South Africa Bonds	-	-	3.7%	1.5%	8.5%	7.9%	1.1%
South Africa Cash	5.2%	-	4.1%	0.8%	-	1.2%	-
South Africa Property	-	5.9%	3.0%	3.7%	2.6%	-	-
International Equity	20.2%	20.0%	12.6%	21.4%	30.9%	15.5%	18.5%
International Bonds	-	9.9%	4.5%	1.6%	-	2.9%	-
International Cash	-	2.6%	3.3%	-	-	1.6%	-
International Other	15.4% <sup>1</sup>	1.0%	-	-	-	2.0% <sup>4</sup>	-
Other	1.7% <sup>2</sup>	-	5.5% <sup>3</sup>	4.7%	-	-	3.6% <sup>2</sup>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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 September 2012**

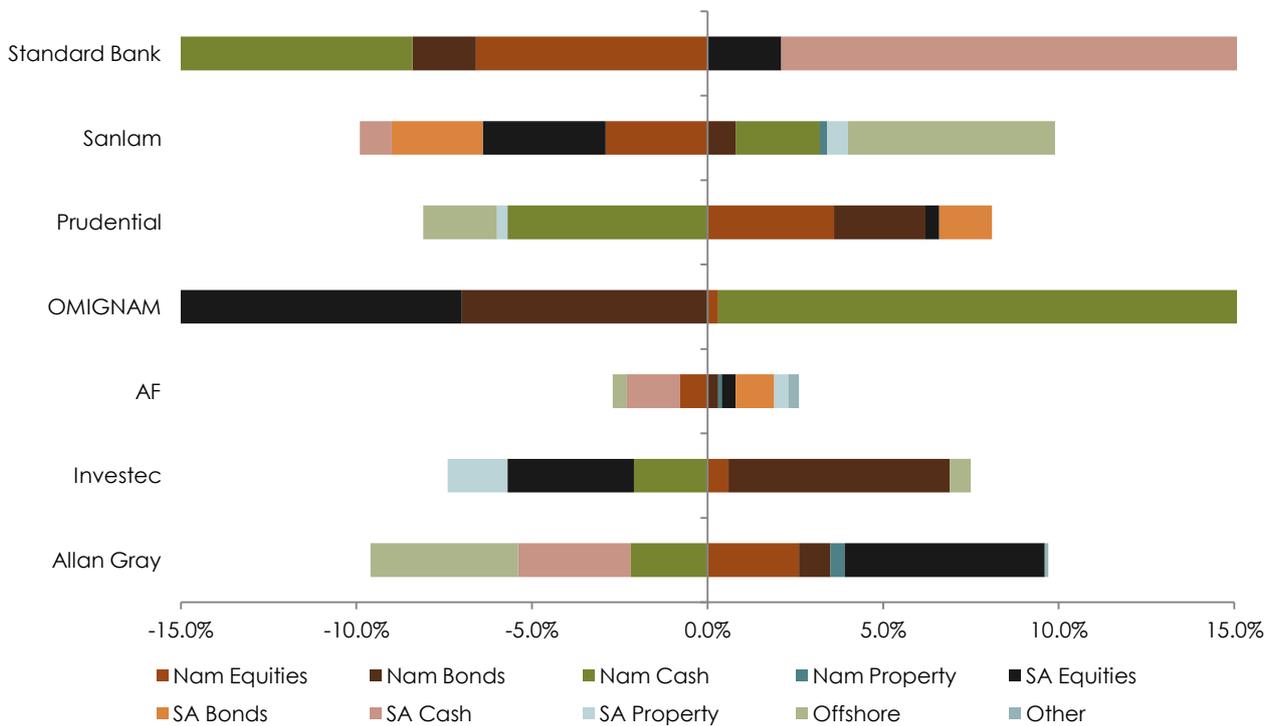
	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced Fund	Standard Bank Managed
Namibia Equities	18.0%	13.8%	17.3%	12.3%	16.2%	10.7%	9.1%
Namibia Bonds	9.3%	15.0%	9.6%	6.9%	4.2%	9.6%	2.7%
Namibia Cash	7.5%	13.9%	8.0%	17.1%	17.7%	12.2%	11.2%
Namibia Property	2.1%	-	0.3%	1.0%	-	3.6%	-
South Africa Equities	24.0%	19.1%	28.1%	27.7%	20.8%	29.8%	35.8%
South Africa Bonds	-	-	4.8%	2.3%	10.0%	5.3%	1.1%
South Africa Cash	5.9%	-	2.6%	0.7%	-	0.3%	16.1%
South Africa Property	-	4.2%	3.4%	2.0%	2.3%	0.6%	-
International Equity	14.1%	23.2%	10.6%	25.6%	22.2%	17.6%	20.8%
International Bonds	-	8.8%	2.8%	2.9%	6.6%	2.2%	-
International Cash	-	2.1%	1.3%	1.4%	-	4.4%	-
International Other	17.3% <sup>1</sup>	-	5.3% <sup>5</sup>	-	-	3.7% <sup>4</sup>	-
Other	1.8% <sup>2</sup>	-	5.8% <sup>3</sup>	-	-	-	3.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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 September 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 OMIGNAM have made significant changes to some of the underlying asset classes. Standard Bank reduced the portfolio's underlying exposure to Namibian Cash and Equities, whilst increasing exposure to South African Cash. OMIGNAM reduced the portfolio's underlying exposure to South African Equities and Namibian Bonds, whilst increasing exposure to Namibian Cash – this was necessary to comply with Regulation 28 equity limits.

### 3.1.3. Geographical Split as at 30 September 2012

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced Fund	Standard Bank Managed
Namibia	37.0%	42.6%	35.2%	37.4%	38.1%	36.1%	23.0% <sup>1</sup>
South Africa	31.7%	23.3%	44.7%	32.7%	33.1%	35.9%	56.3%
International	31.3%	34.1%	20.1%	29.9%	28.8%	28.0%	20.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

1. We are in the process of querying why Standard Bank is below the limit of 35% Namibian exposure.

### 3.1.4. Time weighted returns

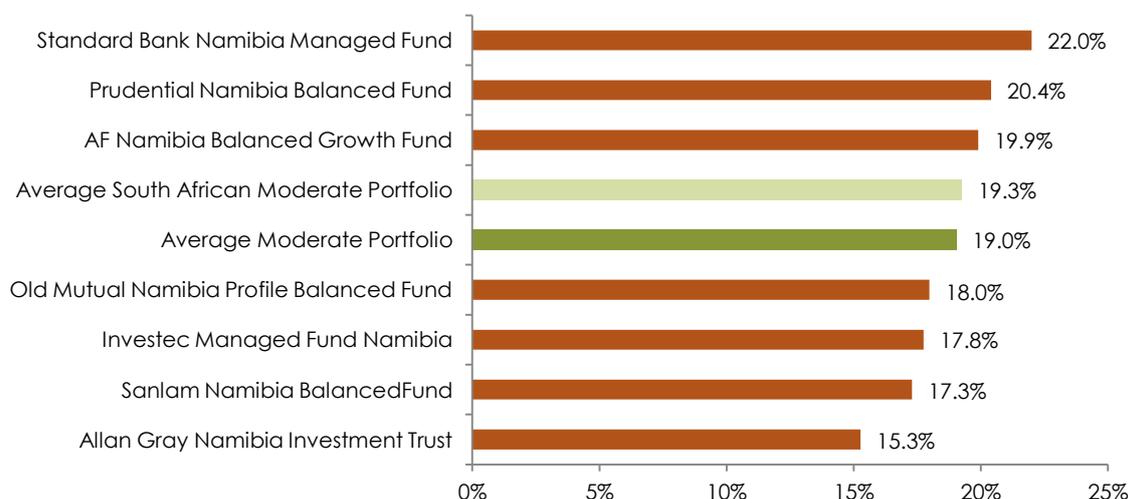
Listed below are the investment returns achieved for the specified periods. Please note the returns are **gross** of fees.

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)	10 yrs (annualised)
Allan Gray Namibia Investment Trust	15.3%	11.9%	10.6%	18.0%
Investec Managed Fund Namibia	17.7%	11.7%	7.5%	15.8%
AF Namibia Balanced Growth Fund <sup>1</sup>	19.9%	13.4%	8.0%	15.9%
Old Mutual Namibia Profile Balanced Fund	18.0%	12.4%	6.6%	15.5%
Prudential Namibia Balanced Fund	20.4%	13.1%	-	-
Sanlam Namibia Balanced Fund	17.3%	12.9%	5.3%	-
Standard Bank Namibia Managed Fund	22.0%	15.7%	10.4%	15.9%
<b>Average Moderate Portfolio<sup>2</sup></b>	<b>19.0%</b>	<b>13.0%</b>	<b>8.0%</b>	<b>15.9%</b>
<b>All Share (JSE)</b>	<b>24.4%</b>	<b>16.0%</b>	<b>6.6%</b>	<b>17.6%</b>
<b>Inflation</b>	<b>6.7%</b>	<b>5.2%</b>	<b>6.9%</b>	<b>5.9%</b>
<b>Inflation + 6%</b>	<b>-</b>	<b>11.2%</b>	<b>12.9%</b>	<b>11.9%</b>

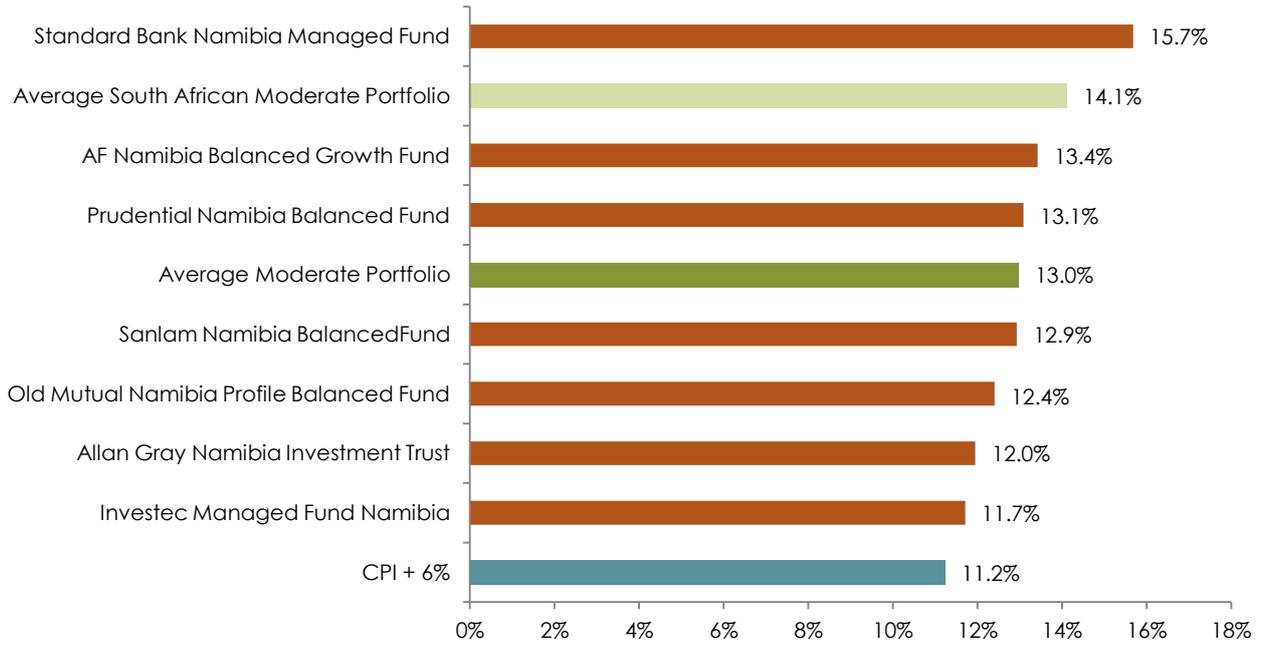
- Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.
- Average of the Jacques Malan Consultants and Actuaries Survey for Moderate Balanced portfolios.

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

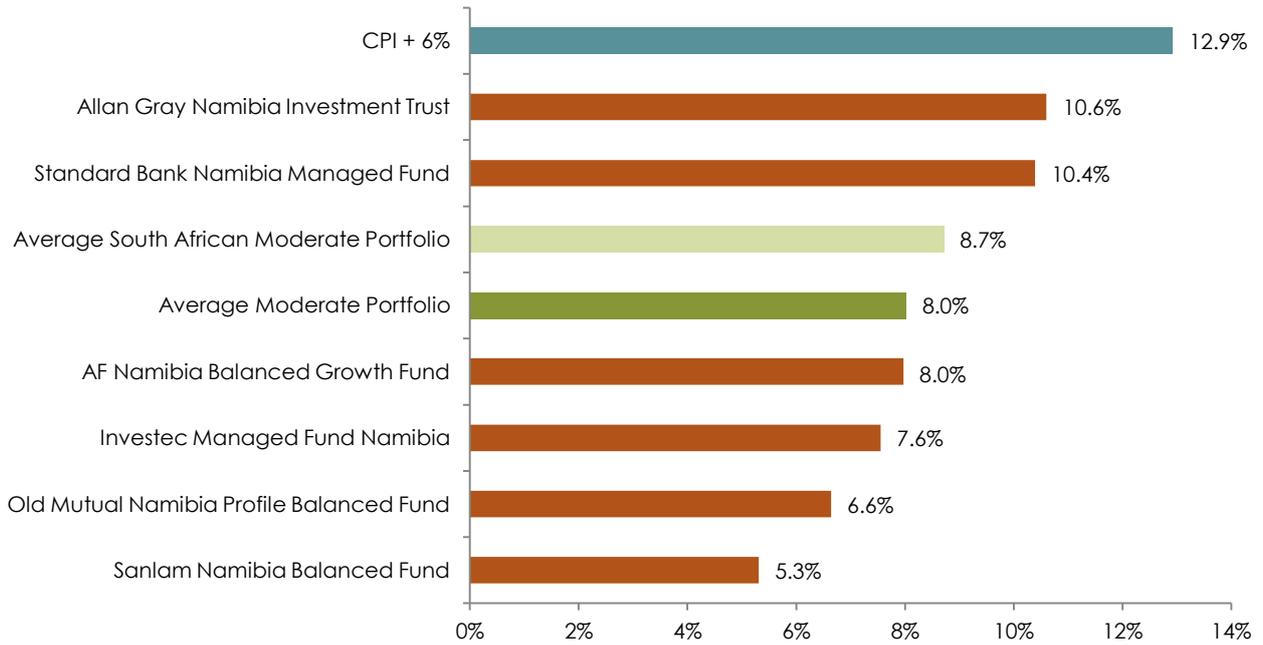
#### 1 year performance to 30 September 2012



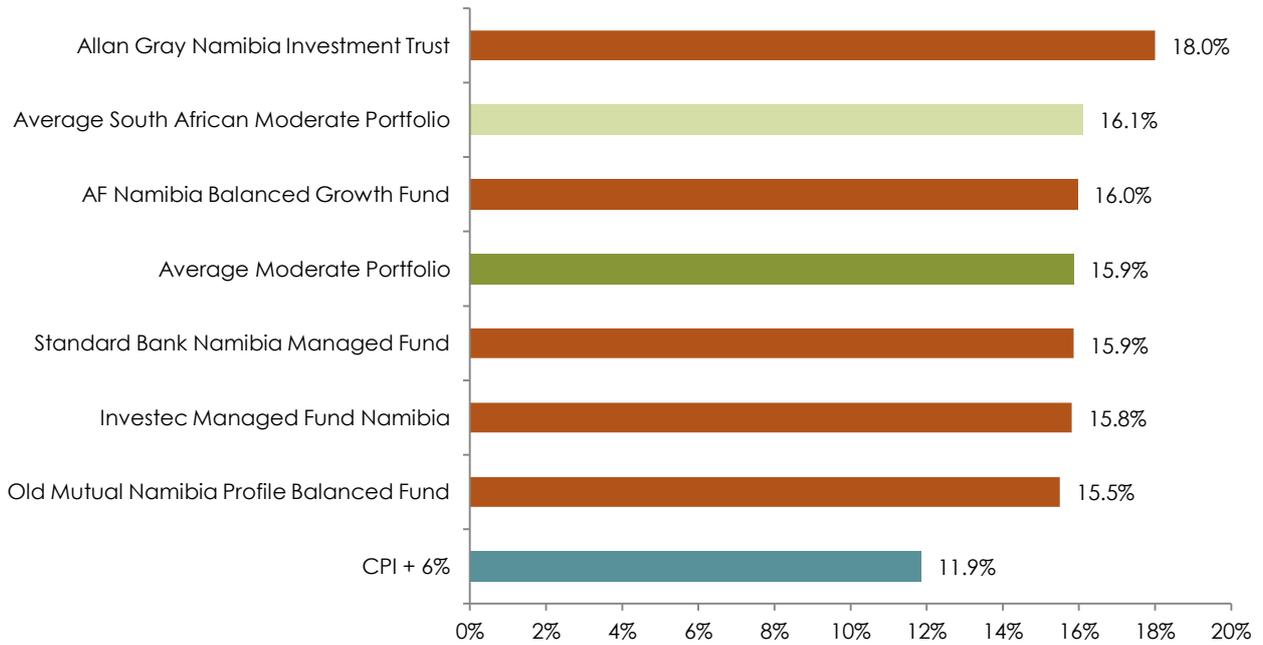
**3 year performance for the period ending 30 September 2012**



**5 year performance for the period ending 30 September 2012**

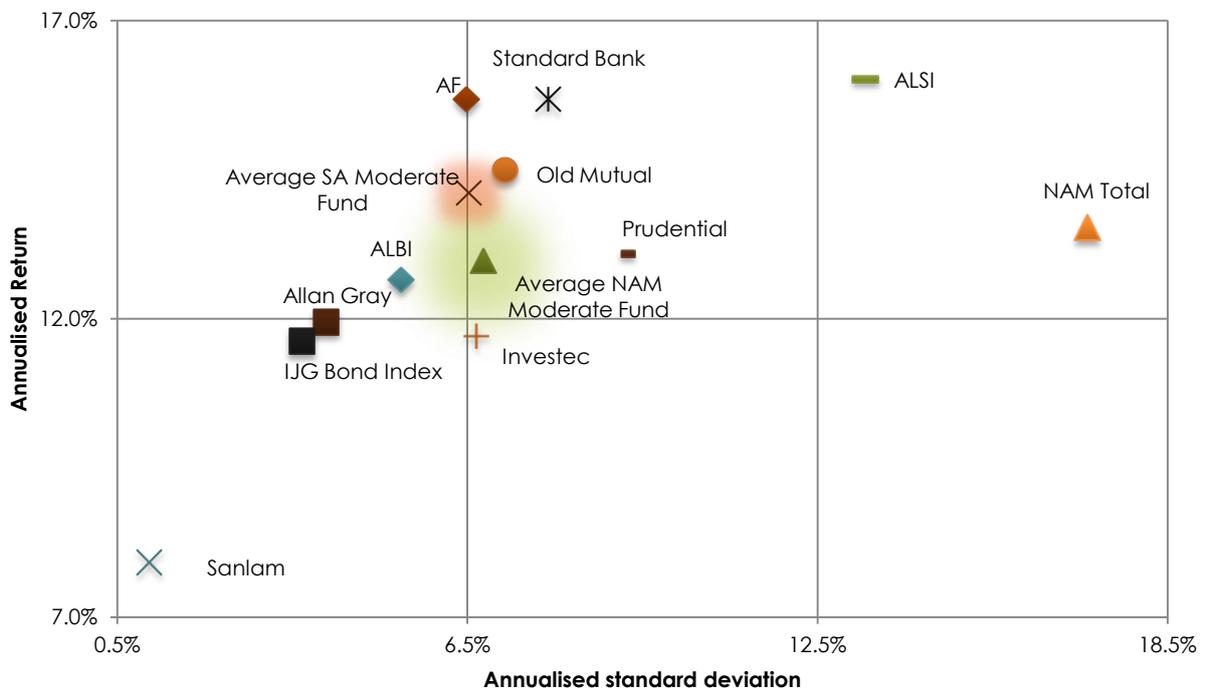


**10 year performance for the period ending 30 September 2012**



**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 September 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 September 2011 (12 months ago)**

	NAM Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	7.3%	4.6%	11.6%	13.5%
Nam Bonds	10.4%	1.0%	9.1%	8.8%
Nam Cash	28.8%	30.8%	3.6%	6.7%
Nam Property	-	-	-	0.9%
SA Equities	26.3%	10.8%	3.3%	12.9%
SA Bonds	12.2%	24.2%	22.3%	11.0%
SA Cash	1.9%	0.1%	15.2%	10.1%
SA Property	5.9%	4.3%	4.8%	2.4%
International Equity	6.1%	18.4%	18.9%	19.6%
International Bonds	-	0.6%	11.2%	5.5%
International Cash	-	3.3%	-	0.0%
International Other <sup>1</sup>	1.1%	-	-	7.8%
Other	-	1.9% <sup>3</sup>	-	0.8% <sup>2</sup>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

1. Other represents Hedge Funds

2. Other represents Gold ETF's

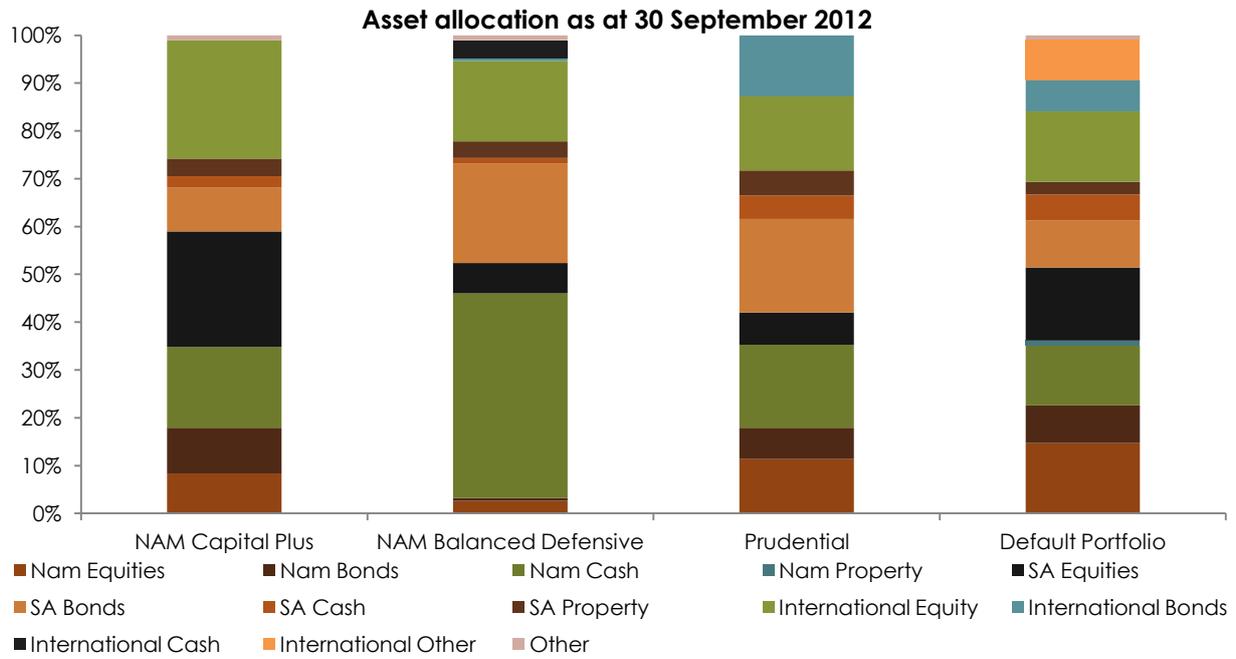
3. Other represents Preference Shares

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

	NAM Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	8.4%	2.6%	11.4%	14.7%
Nam Bonds	9.5%	0.6%	6.5%	7.9%
Nam Cash	16.9%	42.8%	17.4%	12.5%
Nam Property	-	-	-	1.1%
SA Equities	24.2%	6.4%	6.7%	15.2%
SA Bonds	9.1%	20.7%	19.6%	9.9%
SA Cash	2.4%	1.2%	4.9%	5.4%
SA Property	3.7%	3.5%	5.2%	2.6%
International Equity	24.8%	16.8%	15.5%	14.8%
International Bonds	-	0.6%	12.8%	6.5%
International Cash	-	3.8%	-	-
International Other <sup>1</sup>	-	-	-	8.5%
Other <sup>2</sup>	1.0%	1.0%	-	0.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

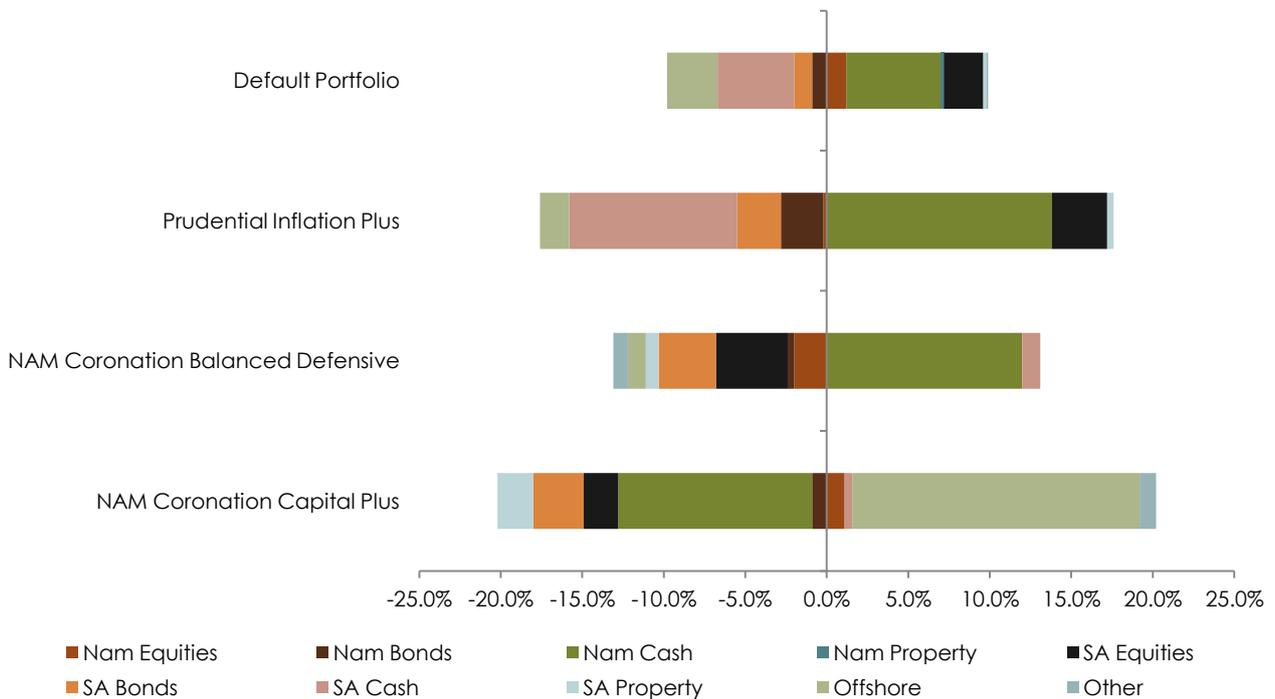
1. Other represents Hedge Funds

2. Other represents Gold ETF's



### 3.2.2. 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 September 2012**. In the event that the allocation to a asset class was decreased, the change would be indicated on the left hand side of the vertical axis.



Prudential Inflation Plus reduced its portfolio's underlying exposure to South African Cash, whilst increasing exposure to Namibian Cash. NAM Coronation Capital Plus reduced its portfolio's underlying exposure to Namibian Cash, whilst increasing exposure to Offshore Equities.

### 3.2.3. Geographical Split

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Namibia	34.8%	46.0%	35.3%	36.2%
South Africa	40.4%	32.8%	36.4%	34.0%
International	24.8%	21.2%	28.3%	29.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

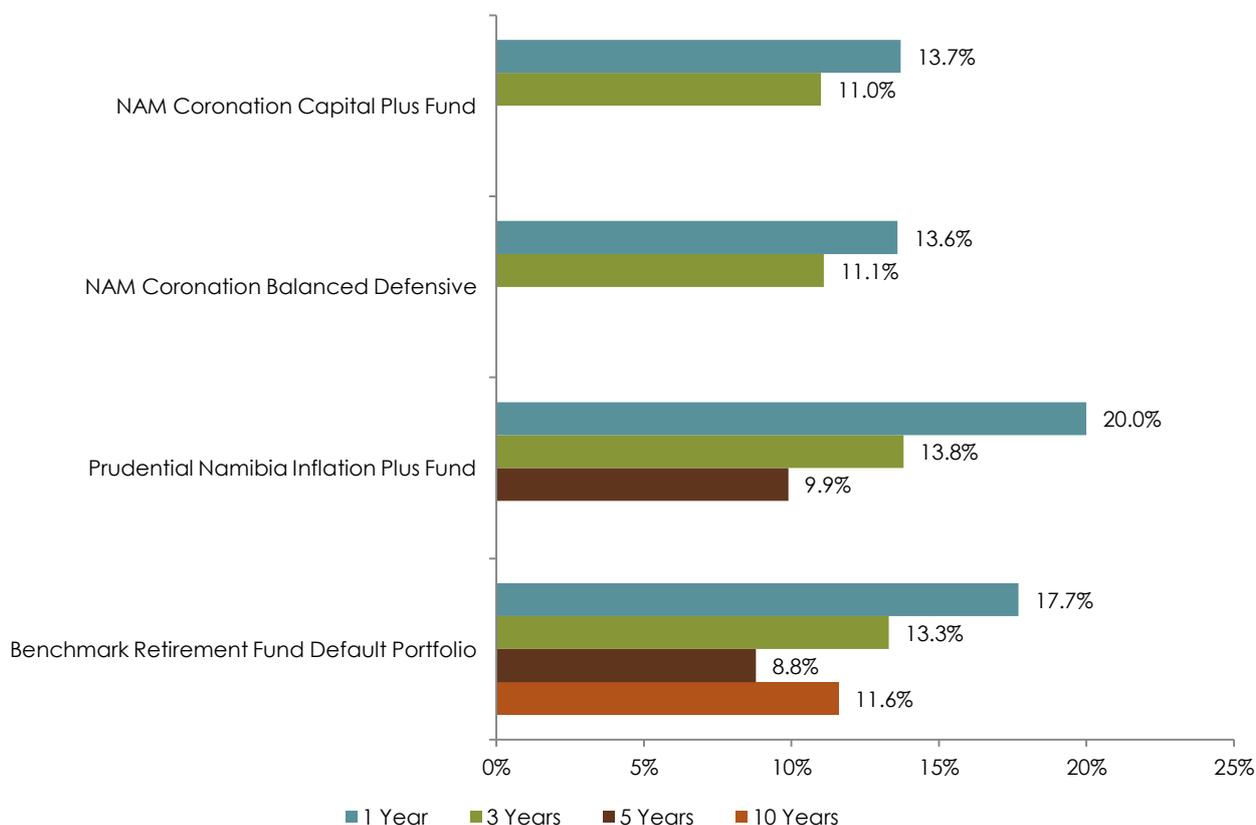
### 3.2.4. Time weighted returns

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	13.7%	11.0%	-	-
NAM Coronation Balanced Defensive Fund	13.6%	11.1%	-	-
Prudential Namibia Inflation Plus Fund	20.0%	13.8%	9.9%	-
Benchmark Retirement Fund Default Portfolio	17.7%	13.3%	8.8%	11.6%
<b>Inflation</b>	<b>6.7%</b>	<b>5.2%</b>	<b>6.9%</b>	<b>5.9%</b>
<b>Inflation + 3% to 5%</b>	<b>-</b>	<b>8.2% to 10.2%</b>	<b>9.9% to 11.9%</b>	<b>8.9% to 10.9%</b>

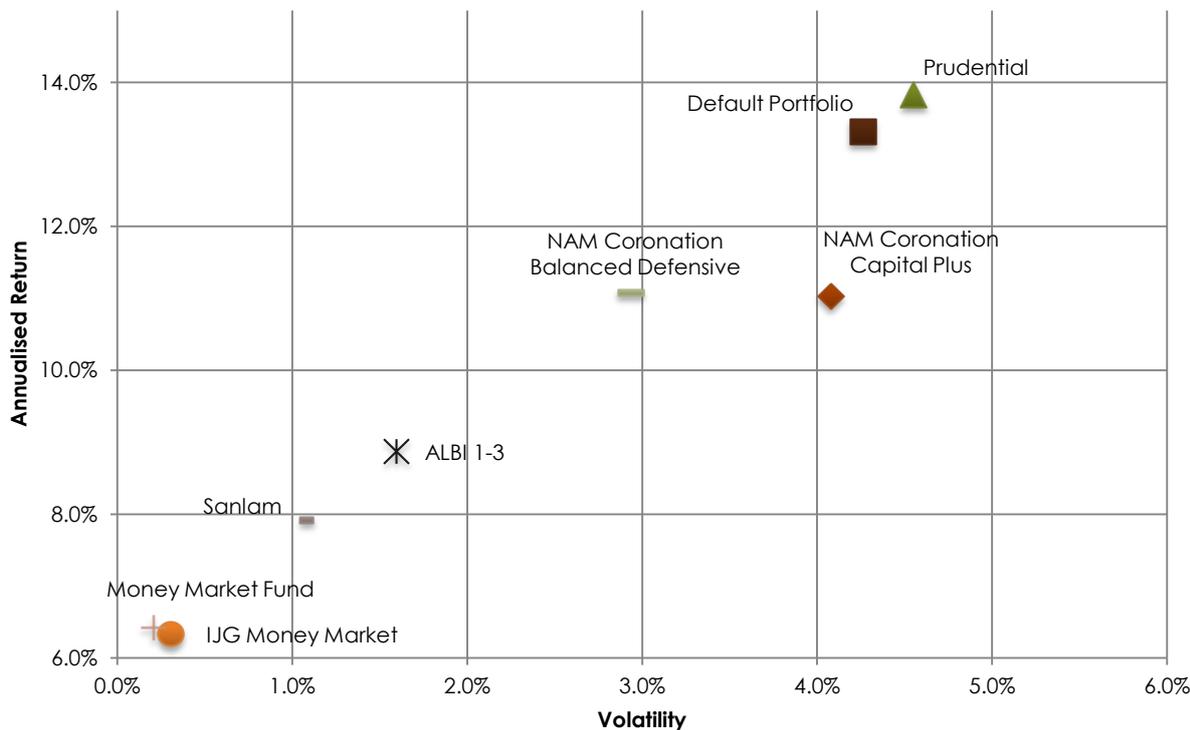
**Please note:** The NAM Coronation Absolute Fund was renamed to NAM Coronation Capital Plus Fund effective 26 April 2011.

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 September 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 September 2012
Nam Equities	-
Nam Bonds	1.3%
Nam Cash	40.8%
Nam Property	-
SA Equities	-
SA Bonds	14.8%
SA Cash	40.3%
SA Property	2.6%
Offshore	-
Other	-
<b>Total</b>	<b>100.0%</b>

### 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	7.6%	7.9%	-
<b>ALBI 1-3 year Index</b>	<b>9.2%</b>	<b>8.9%</b>	<b>9.3%</b>
<b>Inflation</b>	<b>6.7%</b>	<b>5.2%</b>	<b>6.9%</b>
<b>Inflation + 1% to 2%</b>	-	<b>6.2% to 7.2%</b>	<b>7.9% to 8.9%</b>

#### Capital Protection Portfolios

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)
Money Market Fund <sup>1</sup>	5.8%	6.4%	8.2%
<b>IJG Money Market Index</b>	<b>5.4%</b>	<b>6.3%</b>	<b>7.7%</b>
<b>Inflation + 1%</b>	-	<b>6.2%</b>	<b>7.9%</b>

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

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**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**

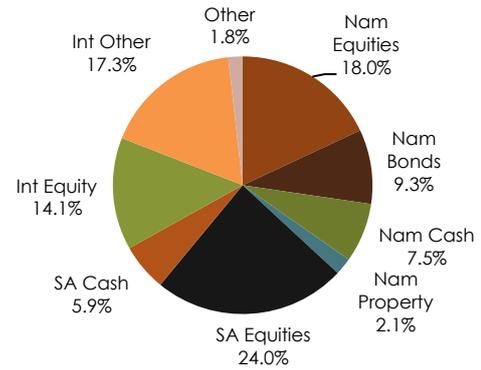
Ian Liddle, Duncan Artus, Andrew Lapping, Simon Raubenheimer

**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.

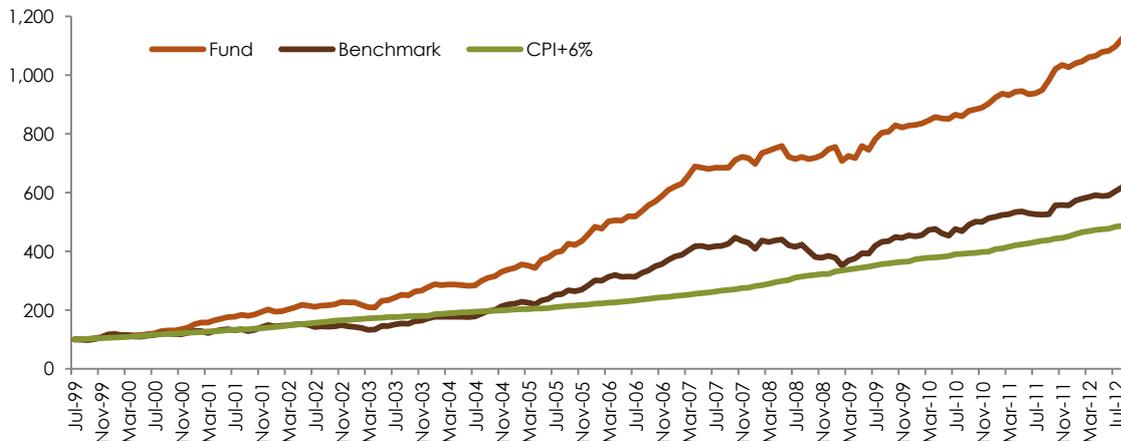
**Asset Allocation as at 30 September 2012**



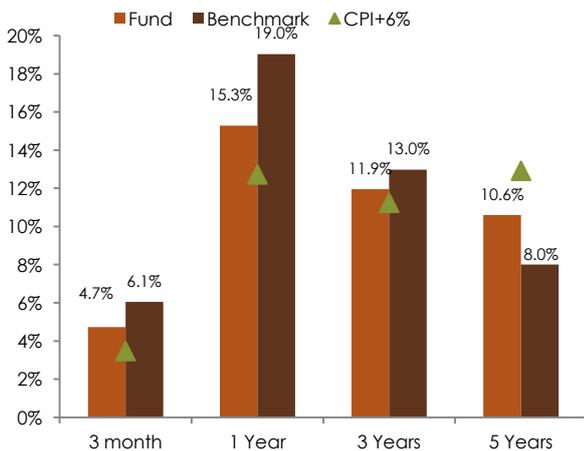
**Top 10 Equities**

	Share	% of Portfolio		Share	% of Portfolio
1	Sasol	10.2%	6	Stimulus	5.1%
2	British American Tobacco	10.0%	7	Sanlam Namibia	4.7%
3	FNB Namibia	8.0%	8	Bidvest	4.6%
4	SAB	7.5%	9	Standard Bank Namibia	4.4%
5	Remgro	6.2%	10	Anglogold	3.8%

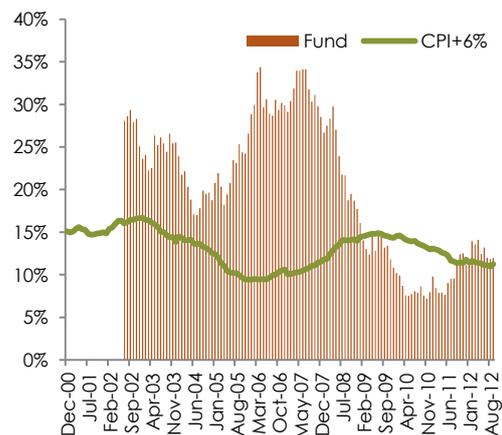
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



**Investec Managed Fund Namibia**

**Risk Profile:** Moderate  
**Size:** N\$670m

**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**

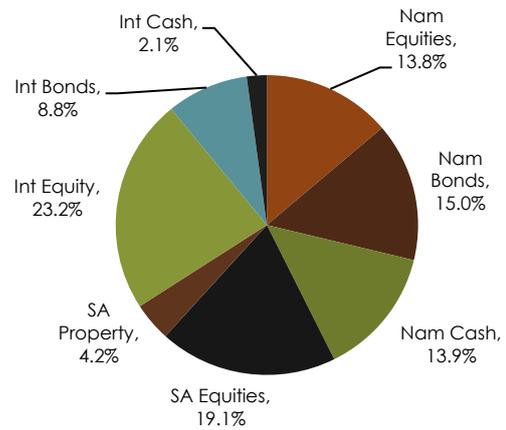
James Hatuikulipi and Chris Freund

**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.

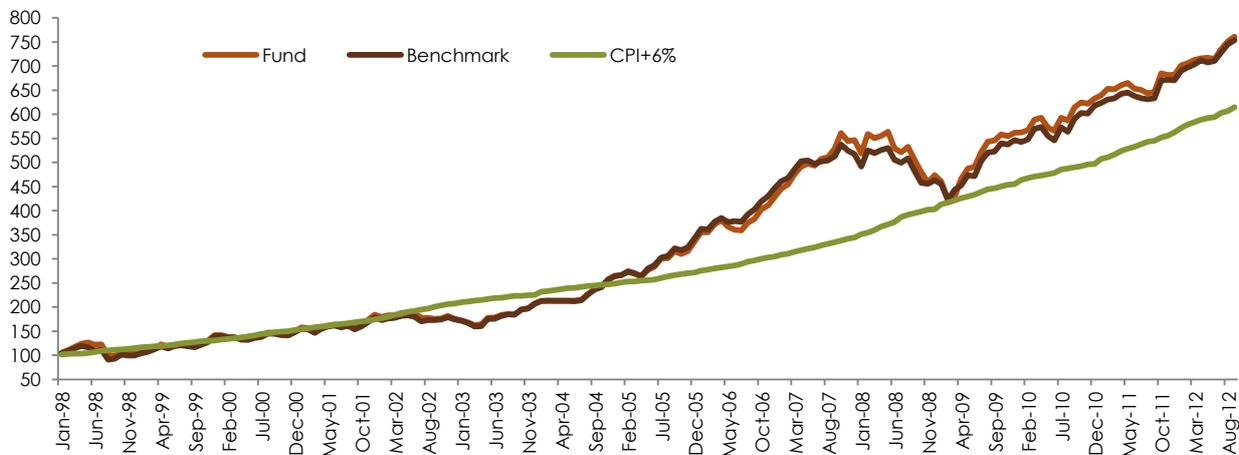
**Asset Allocation as at 30 September 2012**



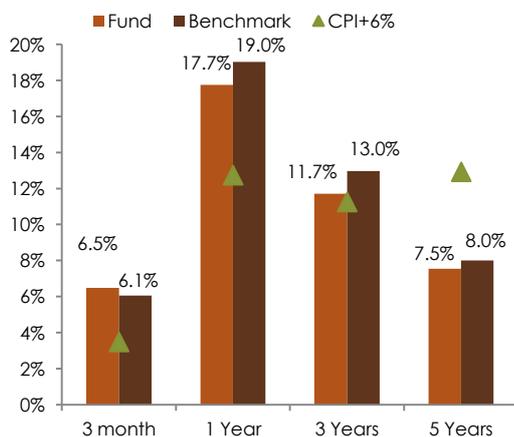
**Top 10 Equities**

Rank	Share	% of Equities	Rank	Share	% of Equities
1	Firststrand Bank	11.8%	6	Vodacom Group	7.5%
2	Old Mutual	10.9%	7	Anglogold Ashanti	6.8%
3	Nedbank	10.8%	8	Capital Property Fund	5.6%
4	Newgold Issuer	8.2%	9	British American Tobacco	5.2%
5	Sasol	8.0%	10	Growthpoint Properties	4.3%

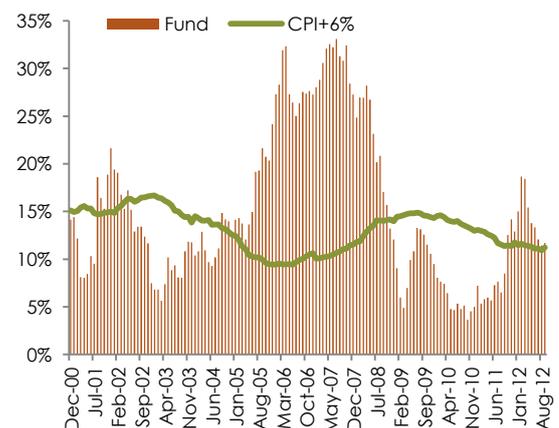
**Cumulative Performance vs Benchmark since January 1998**



**Historical performance as at 30 September 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**

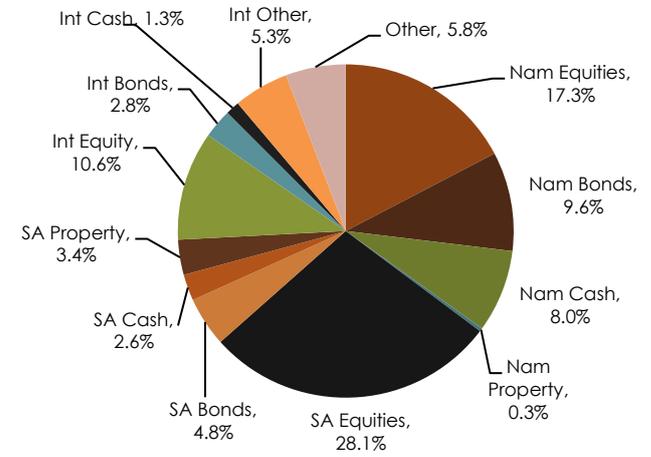
The portfolio has an internal benchmark. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark

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

**Underlying Managers:**

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

**Asset Allocation as at 30 September 2012**

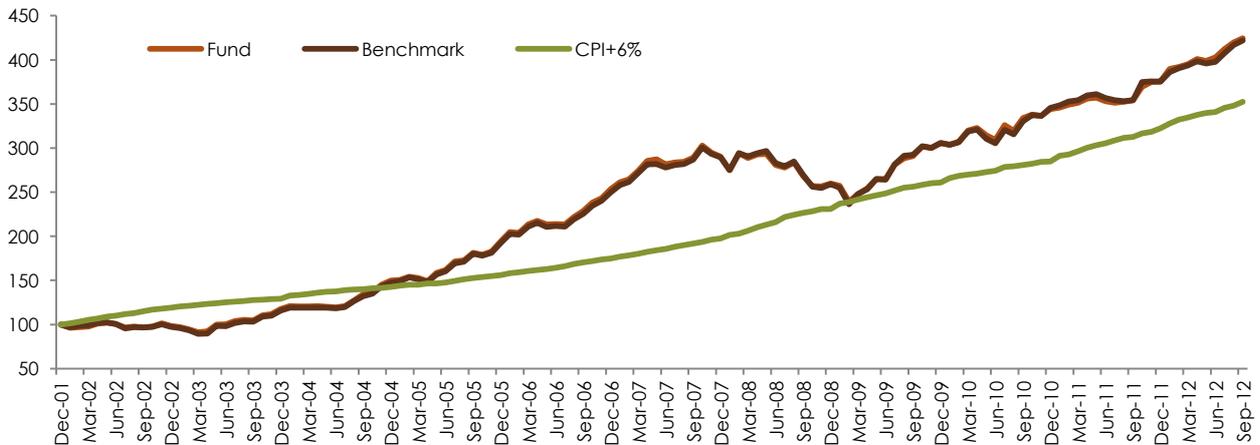


Other represents SA Hedge Funds.

**Top 5 Equities as at 30 September 2012**

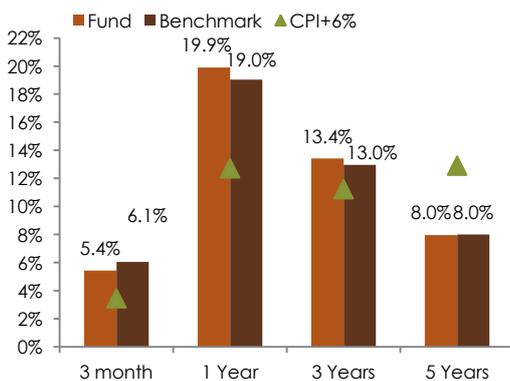
Rank	Share	% of Portfolio
1	Old Mutual Namibia	3.4%
2	MTN Group	3.4%
3	Sasol	3.3%
4	Standard Bank Group Namibia	3.2%
5	Firstrand Namibia	3.2%

**Cumulative Performance vs Benchmark since inception**

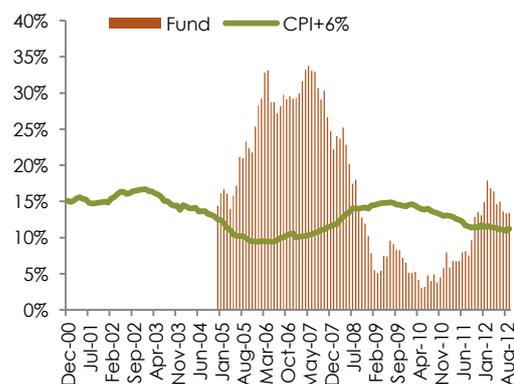


Please note: Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.

**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



**Old Mutual Namibia Profile Balanced Fund**

**Risk Profile:** Moderate  
**Size:** N\$260m

**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**

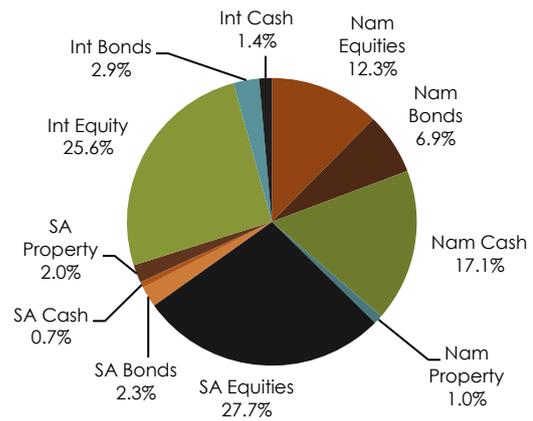
Peter Brooke and Tyrone van Wyk

**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

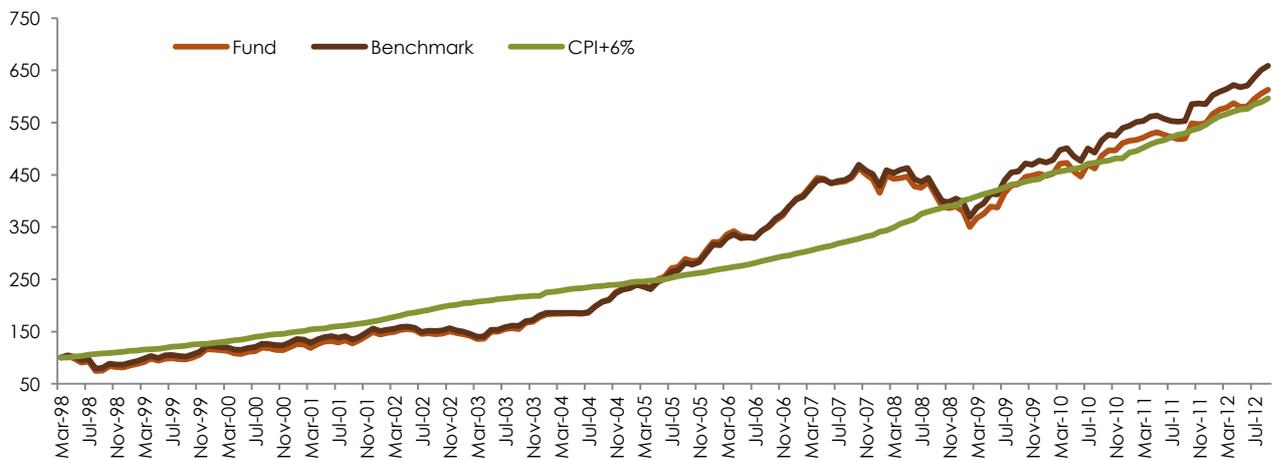
**Asset Allocation as at 30 September 2012**



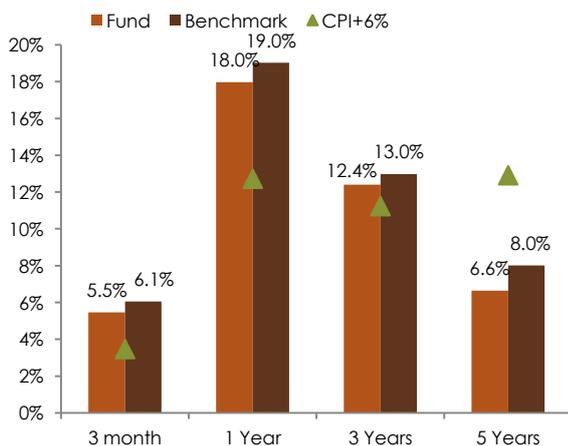
**Top 10 Equities**

Rank	Share	% of Equities	Rank	Share	% of Equities
1	MTN Group	7.8%	6	Investec Namibia	5.1%
2	Anglo American Namibia	7.1%	7	Firstrand Namibia	4.7%
3	Sasol	6.0%	8	Compagnie Fin	3.9%
4	BHP Billiton	5.7%	9	British American Tobacco	3.5%
5	Standard Bank Group Namibia	5.4%	10	Anglogold Ashanti	3.0%

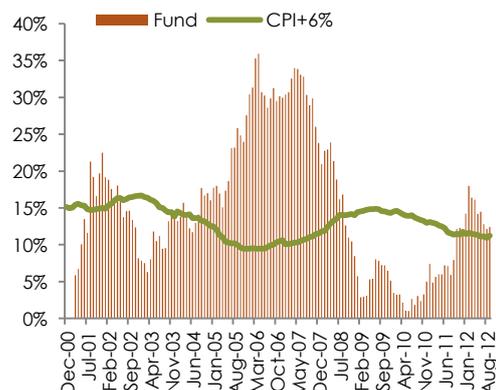
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



**Prudential Namibia Balanced Fund**

**Risk Profile:** Moderate  
**Size:** N\$23m

**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**

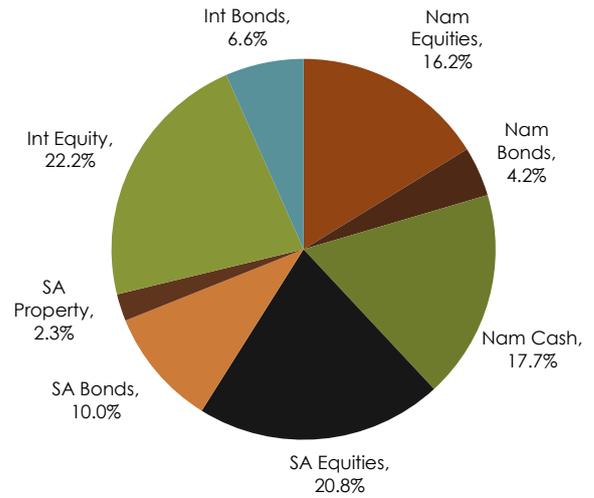
Michael Moyle and Marc Beckenstrater

**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.

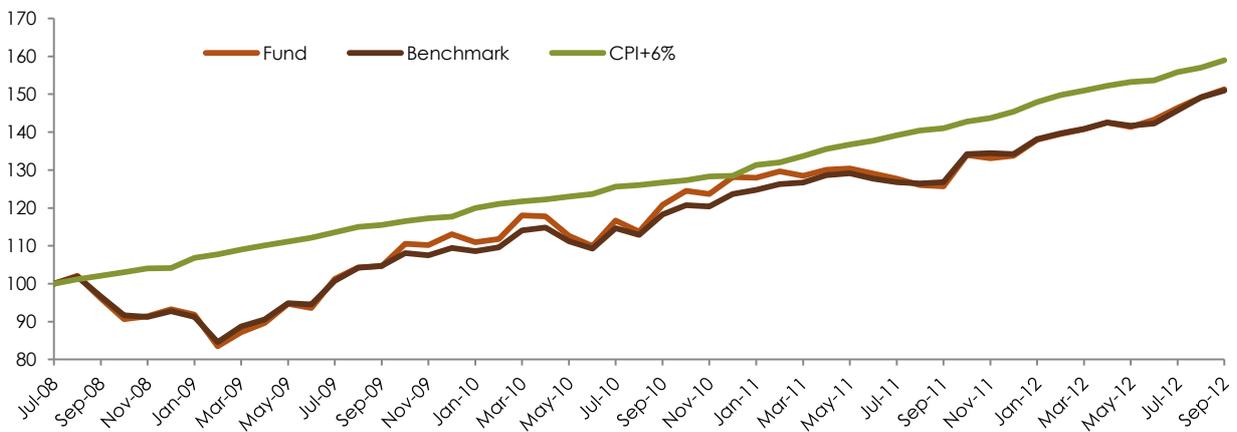
**Asset Allocation as at 30 September 2012**



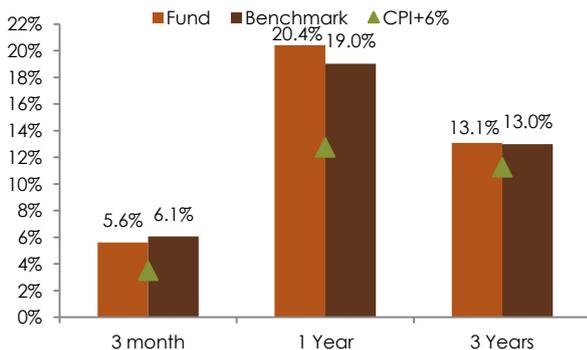
**Top 10 Equities**

Rank	Share	% of Total Fund	Rank	Share	% of Total Fund
1	MTN Group	4.1%	6	Sasol	1.9%
2	Standard Bank Group Namibia	3.0%	7	Naspers	1.7%
3	Firststrand Namibia	2.5%	8	Old Mutual Namibia	1.5%
4	BHP Billiton	2.1%	9	Truworths Namibia	1.3%
5	Anglo American Namibia	2.0%	10	SAB Miller	1.2%

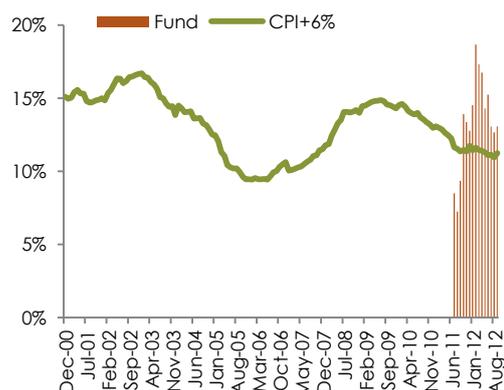
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



**Sanlam Namibia Balanced Fund**

**Risk Profile:** Moderate  
**Size:** N\$99m

**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

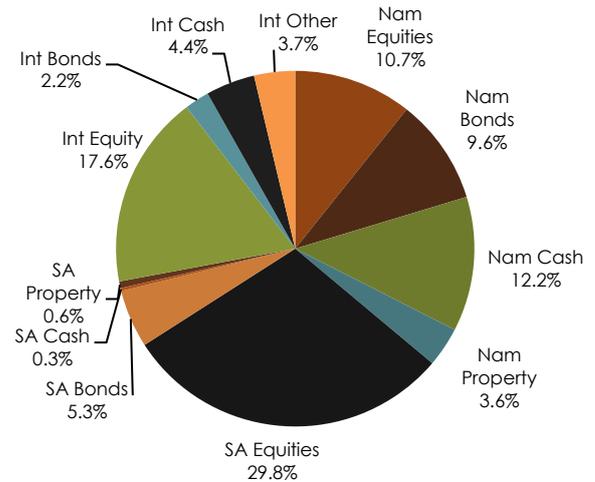
**Portfolio Manager**  
 Gerhard Cruywagen

**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.

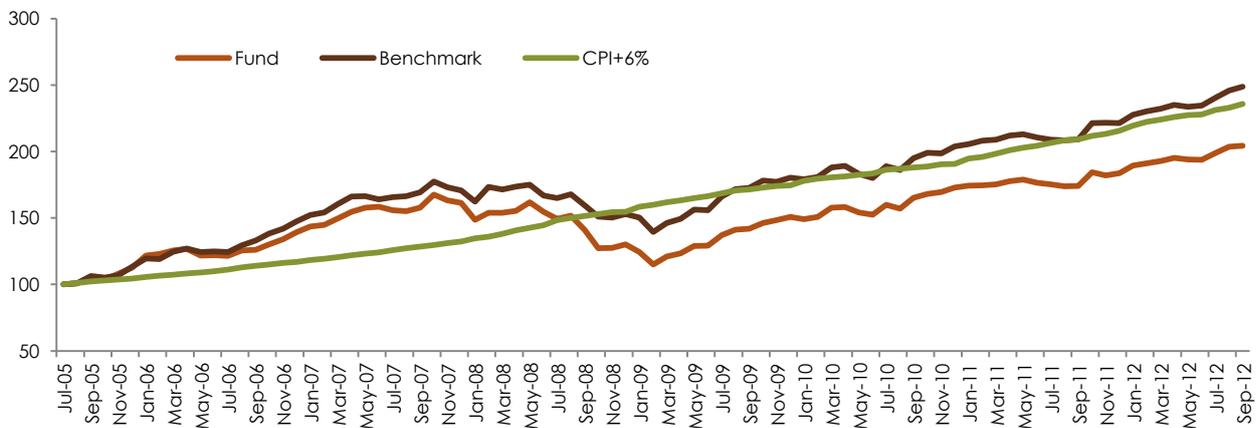
**Asset Allocation as at 30 September 2012**



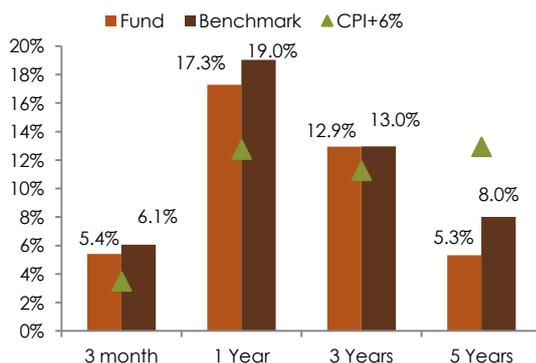
**Top 10 Equities**

	Share	% of Equities		Share	% of Equities
1	Sasol	7.8%	6	Old Mutual	5.0%
2	BHP Billiton	7.5%	7	British American Tobacco	4.9%
3	Anglo American Namibia	7.2%	8	Bidvest	3.6%
4	MTN Group	7.0%	9	CFR	3.2%
5	Standard Bank Group Namibia	5.9%	10	Naspers N	2.9%

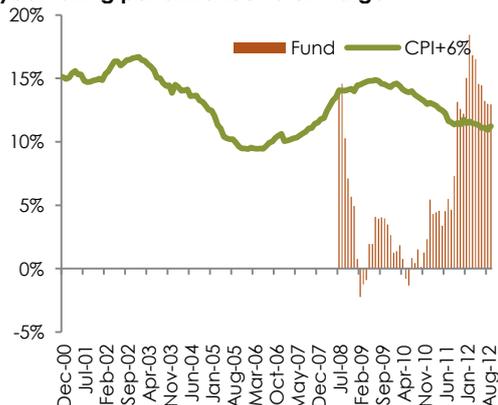
**Cumulative Performance vs Benchmark since July 2005**



**Historical performance as at 30 September 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**

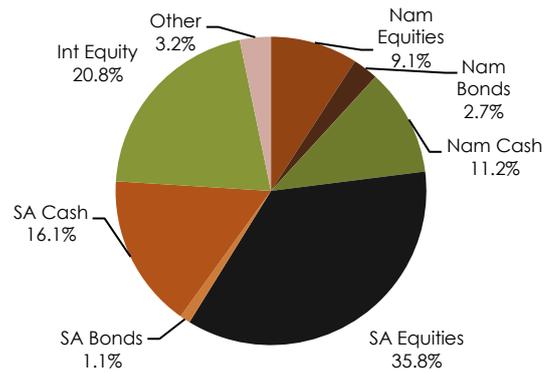
Brown Amuenje

**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.

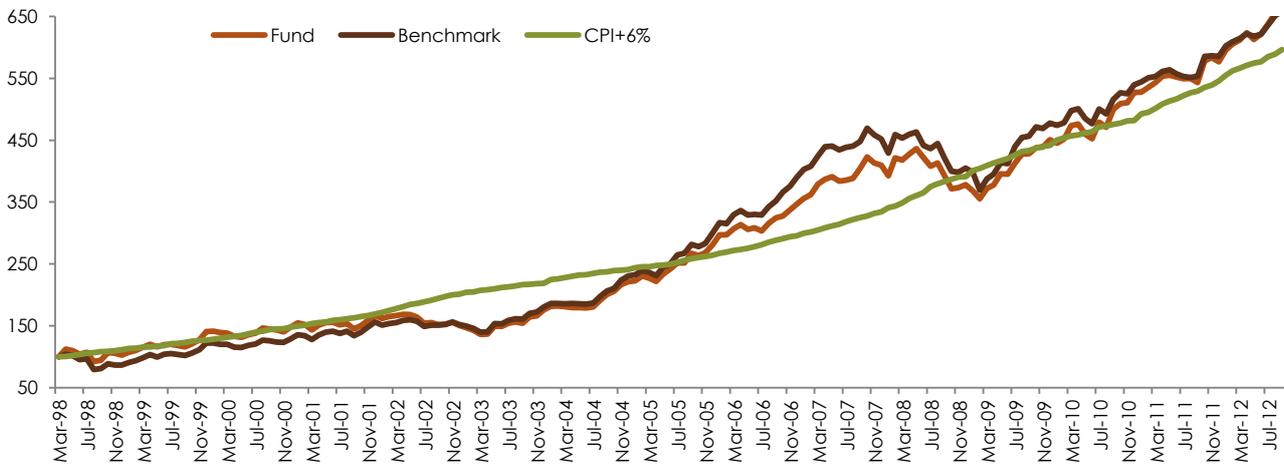
**Asset Allocation as at 30 September 2012**



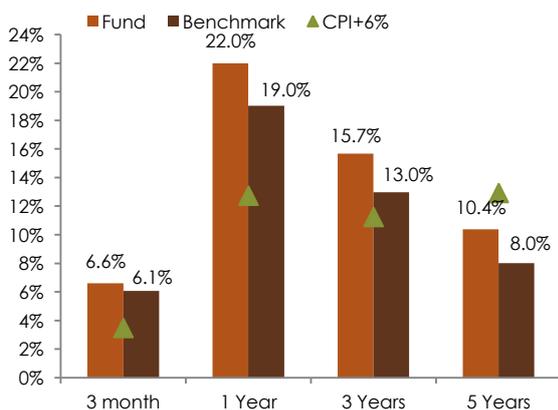
**Top 10 Equities as at 30 September 2012**

	Share	% of Equities		Share	% of Equities
1	BHP Billiton	10.3%	6	Bidvest	4.1%
2	MTN Group	8.9%	7	FirstRand Namibia	4.1%
3	Woolworths	7.2%	8	British American Tobacco	3.9%
4	Shoprite Namibia	5.5%	9	Imperial	3.7%
5	Richemont	4.6%	10	Anglo American Namibia	3.5%

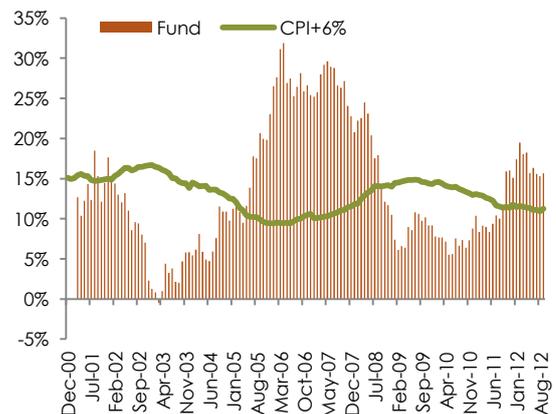
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



**NAM Coronation Balanced Defensive Fund**

**Risk Profile:** Moderate-low  
**Size:** N\$ 324m

**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**

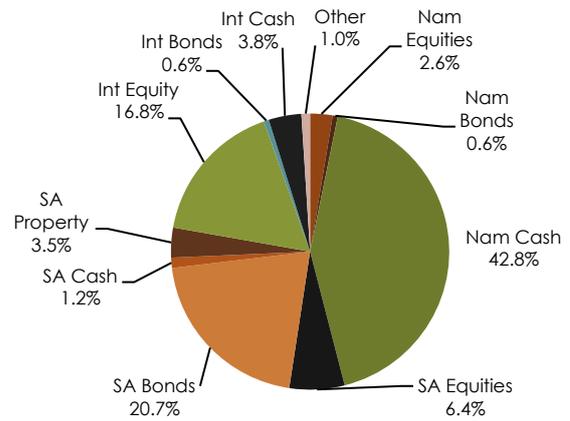
Louis Stassen and Henk Groenewald

**Benchmark**

The benchmark for the fund is cash plus 3.0%.

**Fees:** 1.25 % p.a.

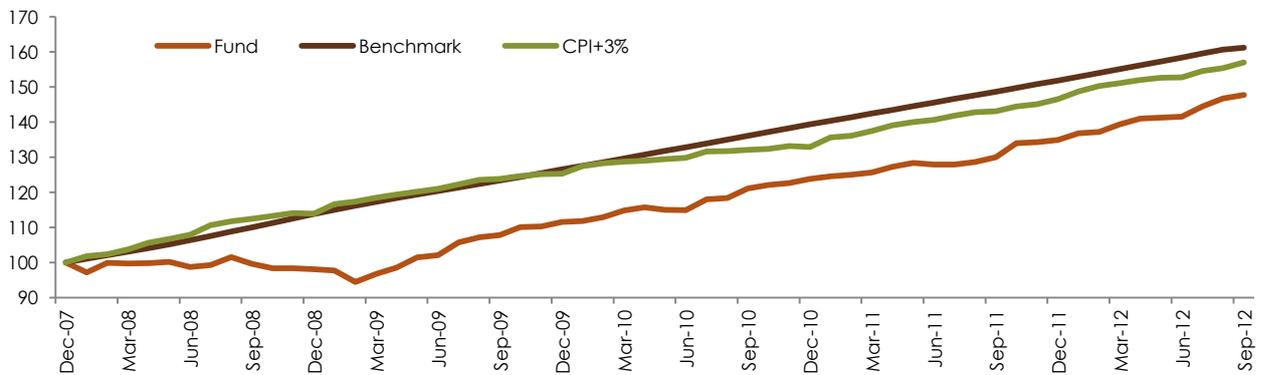
**Asset Allocation as at 30 September 2012**



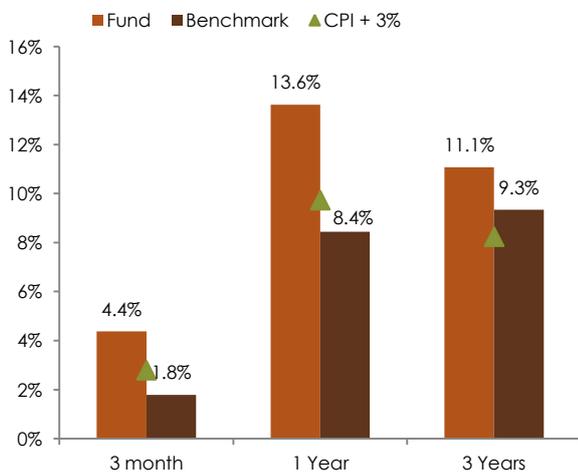
**Top 10 Equities**

Rank	Equity	Share	% of Fund	Rank	Equity	Share	% of Fund
1	Coronation Global Opportunities	10.4%		6	Capital Shopping Centre Group		0.7%
2	Coronation Emerging Markets	3.3%		7	Standard Bank Group		0.7%
3	Coronation Global Capital Plus	2.6%		8	British American Tobacco		0.6%
4	MTN Group	1.0%		9	Capital & Counties Properties		0.6%
5	SA Corporate Real Estate	0.8%		10	Naspers		0.6%

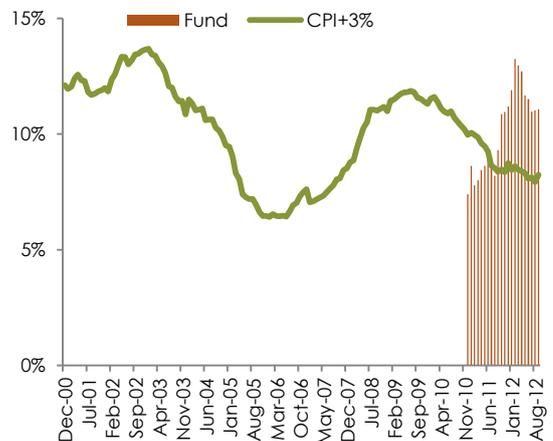
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



**NAM Coronation Capital Plus Fund**

**Risk Profile:** Moderate-low  
**Size:** N\$ 330m

**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

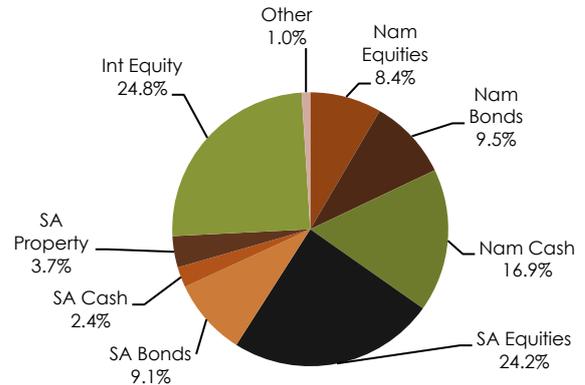
**Benchmark**

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.

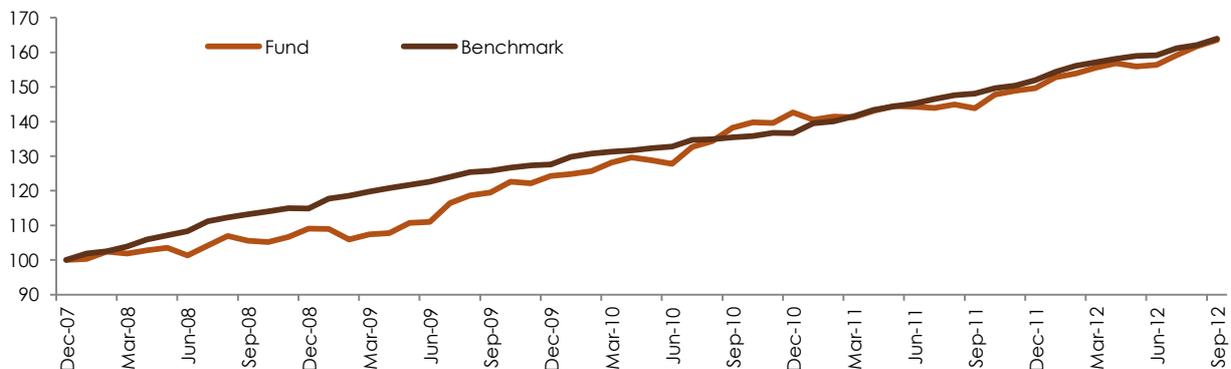
**Asset Allocation as at 30 September 2012**



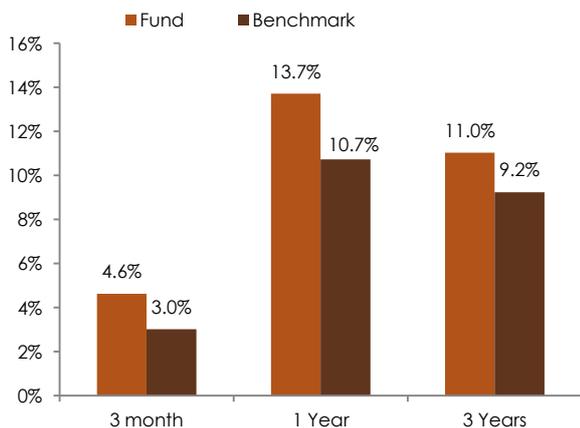
**Top 10 Equities**

Rank	Equity	Share	% of Fund	Rank	Equity	Share	% of Fund
1	Coronation Global Equity FoF	8.8%		6	Coronation Global Managed Fund		2.2%
2	Coronation Absolute World Opportunities	7.4%		7	Metropolitan Life		2.0%
3	Coronation Global Capital Plus	6.4%		8	MTN Group		1.9%
4	Anglo American	3.1%		9	Standard Bank Group		1.8%
5	Remgro	2.3%		10	BHP Billiton		1.5%

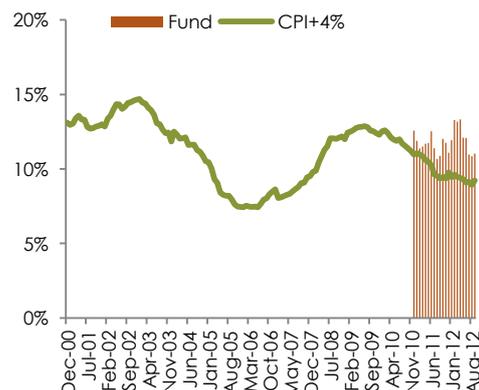
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



**Prudential Namibia Inflation Plus Fund**

**Risk Profile:** Moderate-low

**Size:** N\$ 434m

**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**

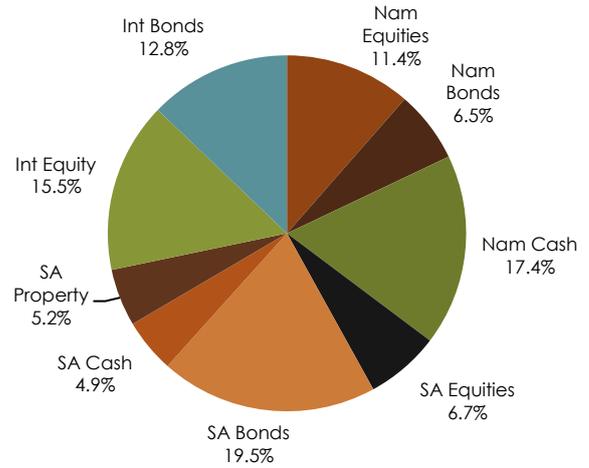
Michael Moyle, Albert Arntz

**Benchmark**

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

**Fees:** 0.75% p.a.

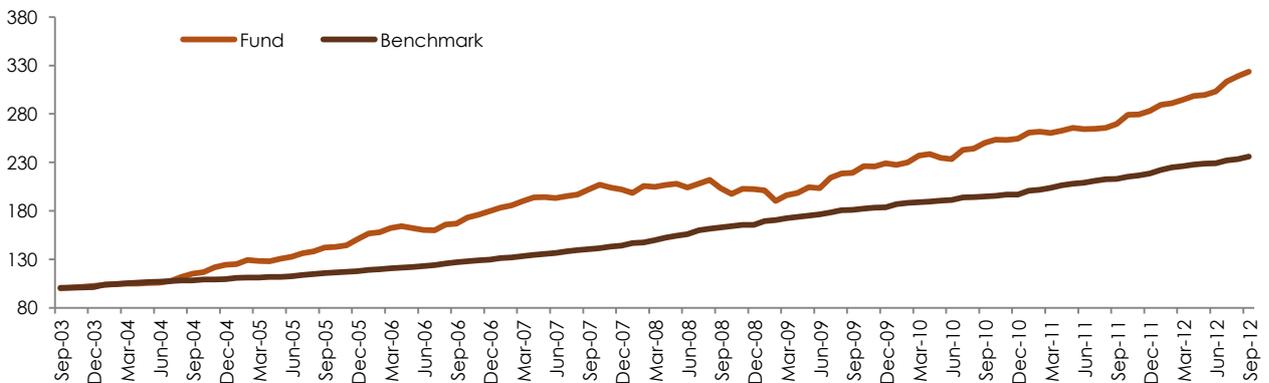
**Asset Allocation as at 30 September 2012**



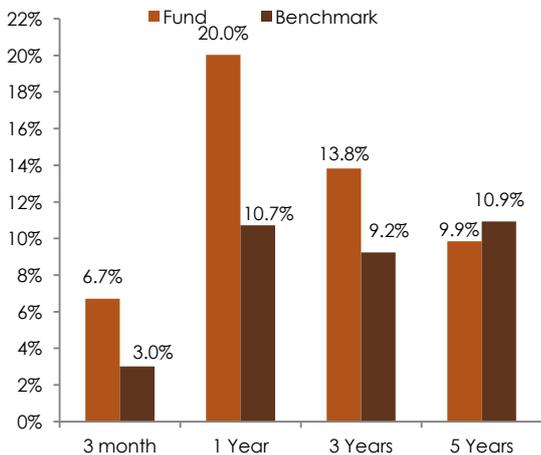
**Top 10 Equities**

Rank	Share	% of Portfolio	Rank	Share	% of Portfolio
1	Standard Bank Group Namibia	2.0%	6	Truworths Namibia	0.9%
2	Firststrand Namibia	1.6%	7	BHP Billiton	0.7%
3	Anglo American Namibia	1.5%	8	Investec Namibia	0.6%
4	MTN Group	1.4%	9	Sasol	0.6%
5	Old Mutual Namibia	1.0%	10	Naspers N	0.5%

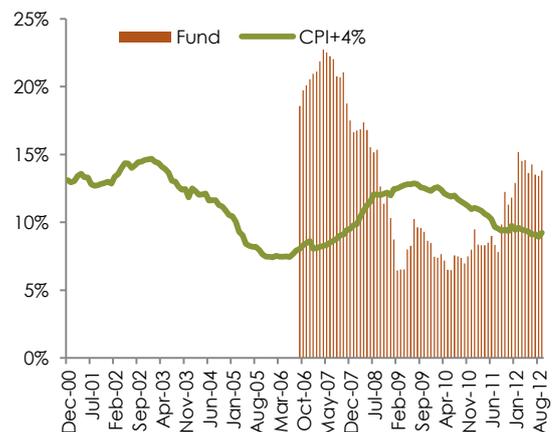
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



**Benchmark Retirement Fund Default Portfolio**

**Risk Profile:** Moderate-low  
**Size:** N\$ 255m  
**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.

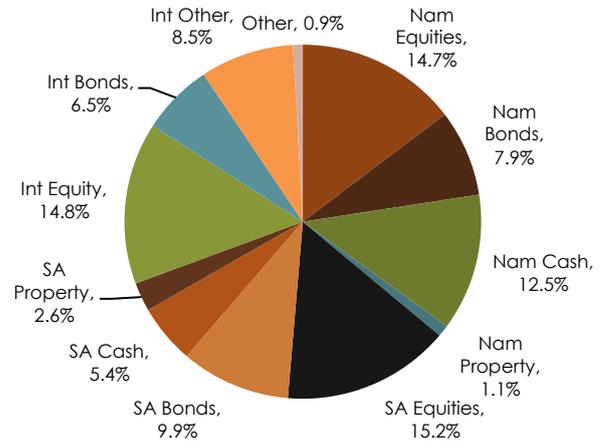
**Fees:** 0.75%p.a.

**Portfolio Mix as at 30 September 2012**

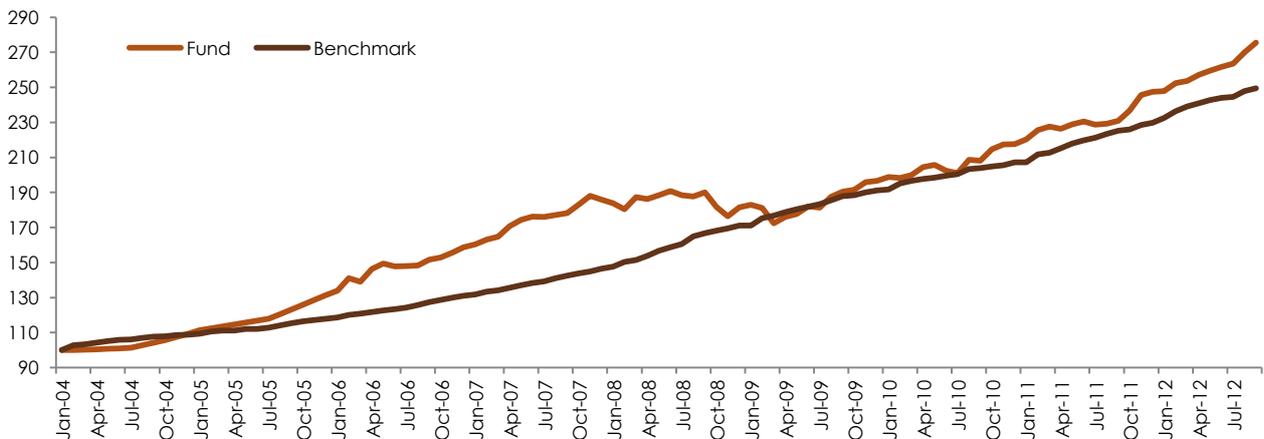
Allan Gray Namibia Investment Trust  
 Prudential Namibia Inflation Plus

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.

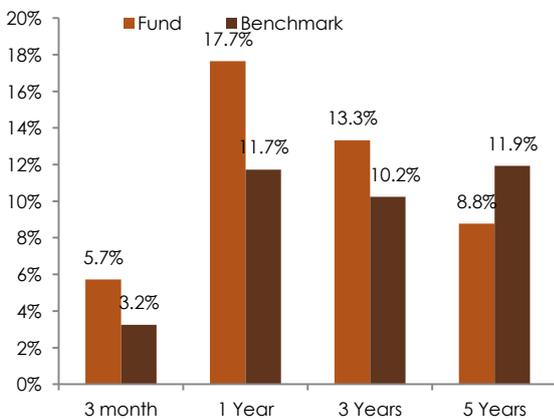
**Asset Allocation as at 30 September 2012**



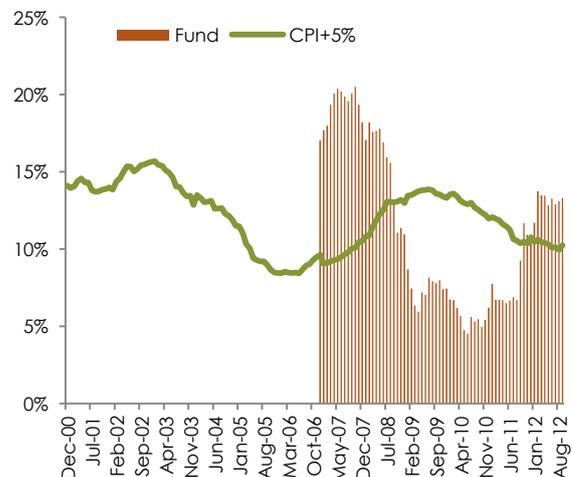
**Cumulative Performance vs Benchmark since January 2004**



**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



**Sanlam Namibia Active Fund**

**Risk Profile:** Low  
**Size:** N\$1.532 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**

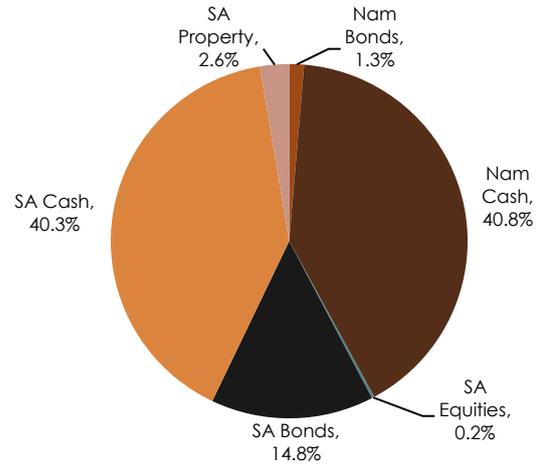
Andre Roux, Phillip Liebenberg, Tertius Liebenberg

**Benchmark**

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

**Fees:** 0.6% p.a.

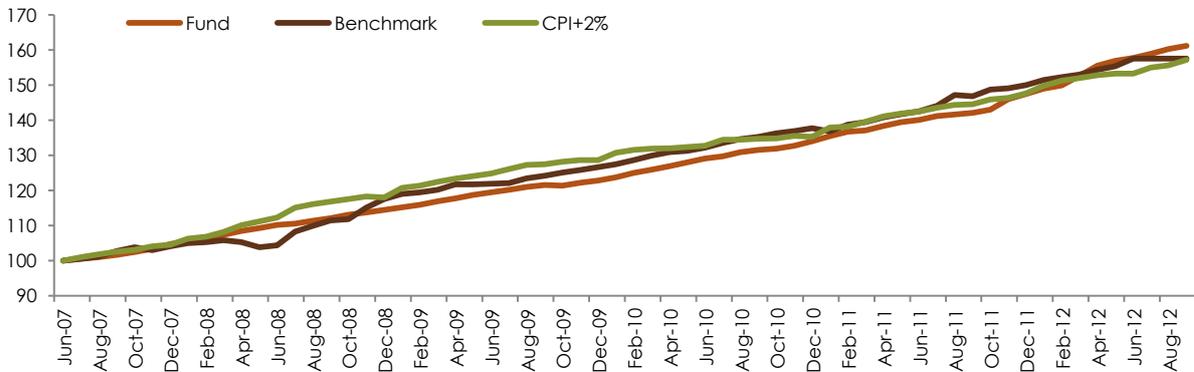
**Asset Allocation as at 30 September 2012**



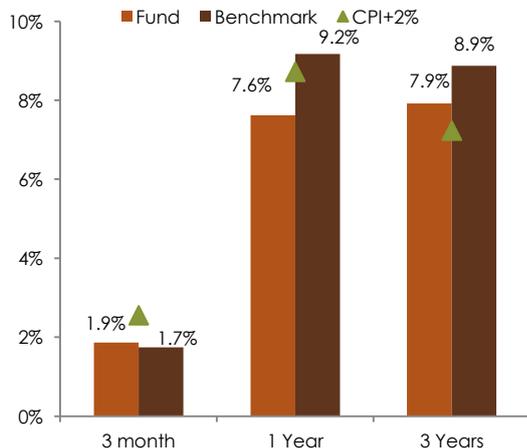
**Top 10 Bonds**

Bond		% of Bonds		Bond		% of Bonds	
1	Bank Windhoek Commercial	25.9%	6	FirstRand F/R 161115	1.3%		
2	Standard Bank Namibia Nominees Bank	3.9%	7	Standard Bank F/R 01032017	1.3%		
3	R186	1.6%	8	Standard Bank F/R 190617	1.3%		
4	ABSA F/R 17032014	1.4%	9	R212 ILB 310122	1.3%		
5	Standard Bank Namibia F/R 140814	1.4%	10	Nedbank F/R 210414	1.3%		

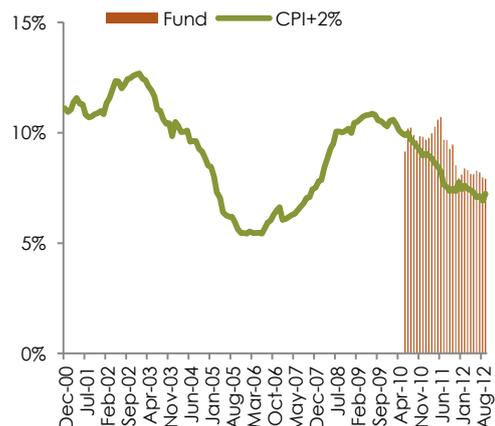
**Cumulative Performance vs Benchmark since February 2004**



**Historical performance as at 30 September 2012**



**3-year rolling performance vs CPI target**



Money Market

**Risk Profile:** Capital Preservation  
**Size:** N\$4.9bn

**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.

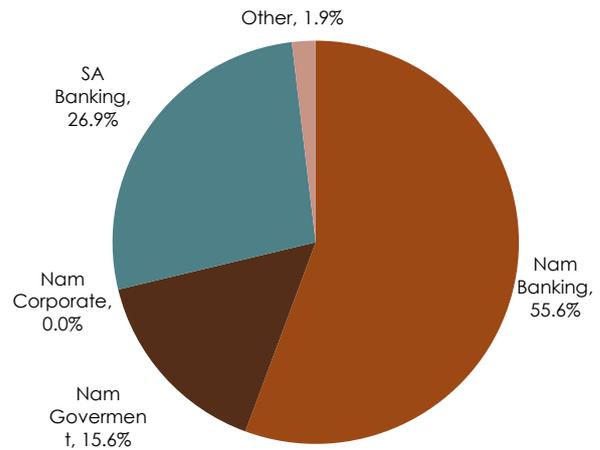
**Inception:** Feb-02  
**CIO:** Ian Erlank  
**Portfolio Manager:** Capricorn Asset Managers (Tertius Liebenberg)

**Benchmark**

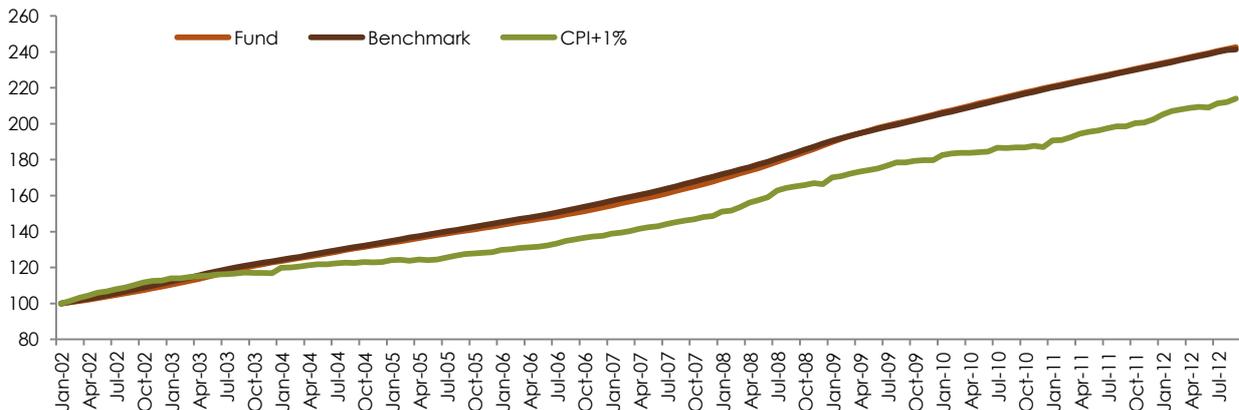
The benchmark for this portfolio is the Bank of Namibia 7 day Repo Rate. For comparative purposes the IJG Money Market Index has been used as benchmark

**Fees:** 0.5% p.a.

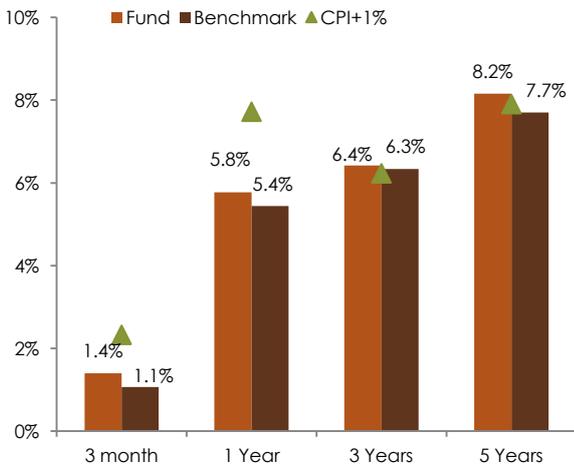
**Asset Allocation as at 30 September 2012**



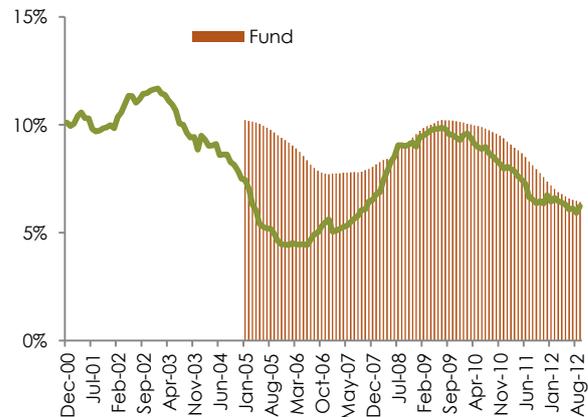
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 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.