



JACQUES MALAN
CONSULTANTS & ACTUARIES



Benchmark Retirement Fund

Quarterly investment report
as at 31 December 2012

February 2013

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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 ²	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% (1 yr)	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.

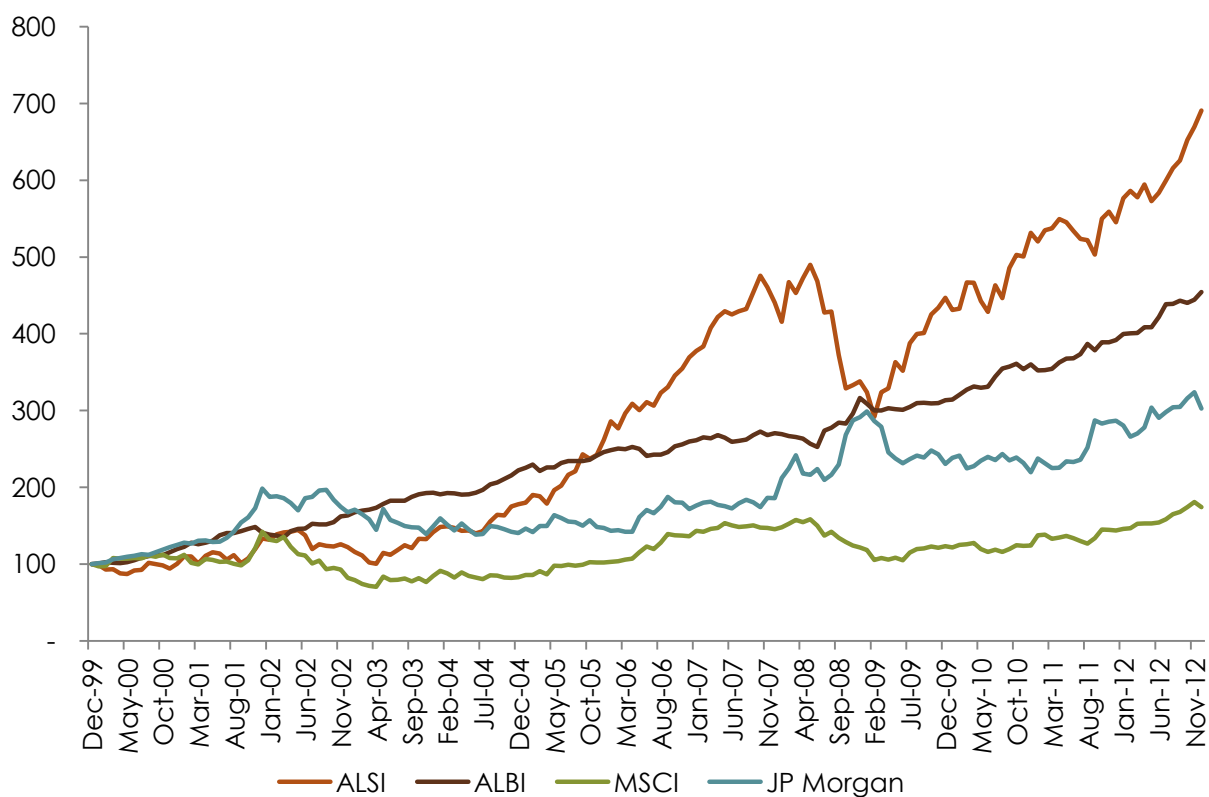
The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified.

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 31 December 2012**.



2.2. Medium term market performance

The following table presents the performance of various market indices to **31 December 2012**.

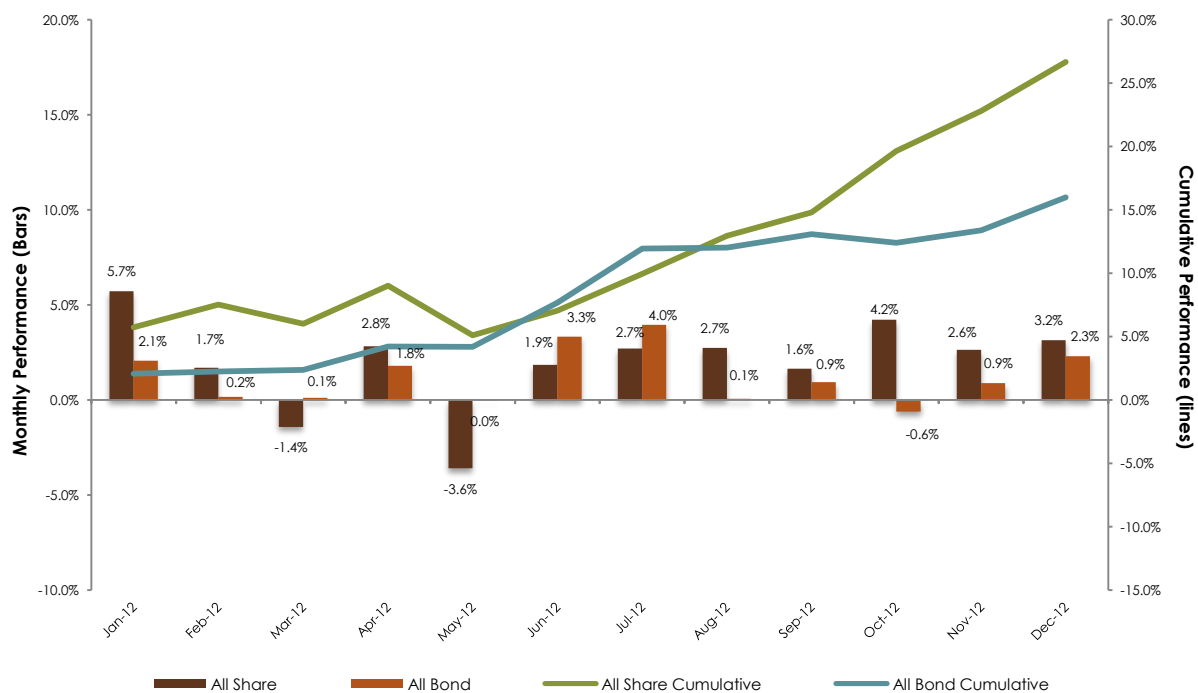
	2009	2010	2011	Q4 2012	One Year	Three Years
All Share (SA)	32.1%	19.0%	2.6%	10.3%	26.7%	15.6%
JSE: Financials	28.0%	16.5%	7.4%	9.9%	38.1%	20.0%
JSE: Industrials	30.5%	27.4%	9.2%	12.4%	40.8%	25.1%
JSE: Resources	35.4%	12.3%	-6.5%	7.3%	3.1%	2.7%
All Bond(SA)	-1.0%	15.0%	8.8%	2.6%	16.0%	13.2%
STeFI(SA)	9.1%	6.9%	5.7%	1.3%	5.5%	6.1%
MSCI World	1.6%	0.5%	15.8%	3.8%	21.3%	12.2%
JP Morgan World Bond	-20.8%	-4.8%	30.7%	-0.7%	5.4%	9.5%
Rand/Dollar	-22.3%	-10.6%	21.9%	1.1%	4.1%	4.3%
CPI(SA)	6.9%	3.5%	6.1%	1.1%	5.7%	5.1%

2.3. Short-term market performance

The following graphs represent the monthly performance of various market indices for the year ending **31 December 2012**.

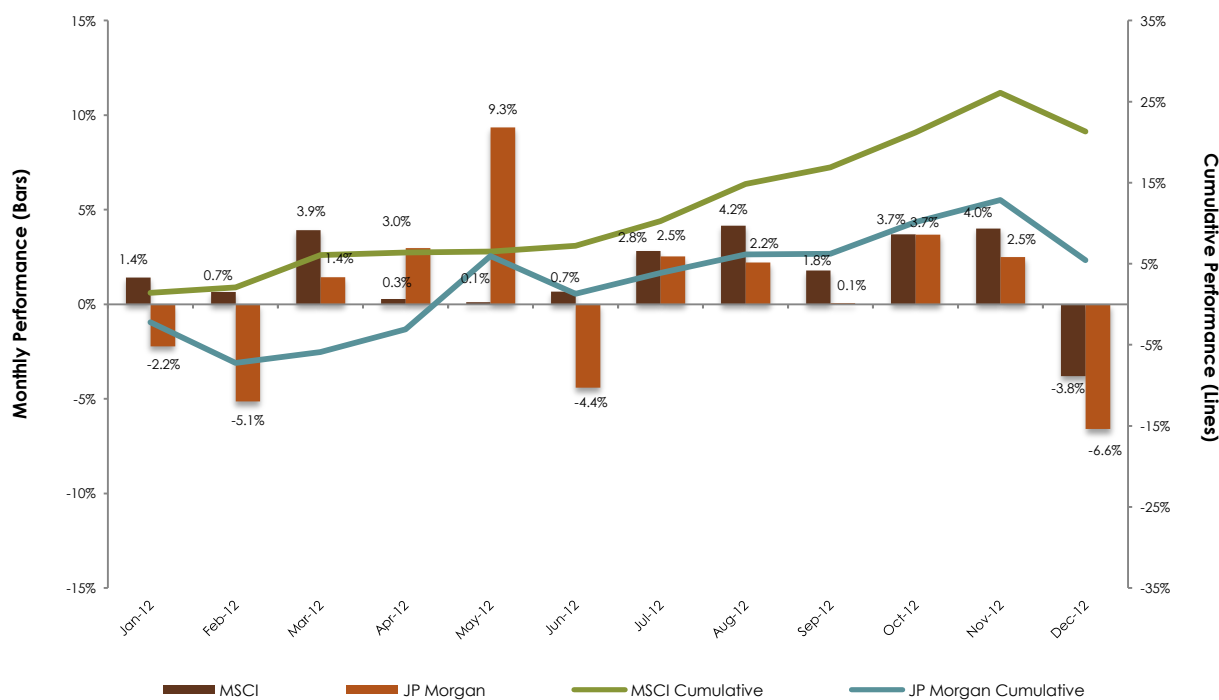
2.3.1. South Africa

JSE Monthly and Cumulative Performance



2.3.2. World

World Indices



Market Commentary:

During the last quarter of 2012, America narrowly avoided the fiscal cliff, which had the potential of pushing the country back into recession. The law which was promulgated imposes a tax hike of an estimated US\$ 620 billion in respect of the wealthiest Americans over the next ten years. Benefits such as the unemployment insurance benefit will remain intact for the next year. The cost of living raise for congress members has been cancelled.

The Eurozone finance ministers also attempted to resolve their own economic issues when they approved another Greek bailout amounting to €49.1bn before the end of March 2013. Greece has fallen back into recession with their unemployment rate reaching close to 27% compared to the average Eurozone rate of 11.8%. The bailout is in an attempt to reduce the country's debt to GDP from 144% to 124% by 2020.

Whilst America and the Eurozone battled with economic issues throughout the quarter, South Africa experienced labour unrest in the mining and later the agricultural sectors costing the mining industry around R 10 billion in wage negotiations. The cost of the agricultural protests is not yet known. South African GDP growth rate slowed to 1.2% in the last quarter compared to 3.2% in the second quarter of 2012.

The Gold Price returned 9.2% for 2012 in dollar terms, despite the sharp decline of 4.9% over the last quarter of 2012. Brent crude price per barrel closed at US\$ 111.11 increasing by 3.6% for the year in dollar terms.

Equities

The All Share, MSCI Emerging Markets and the MSCI World, all continued their upward trend, gaining 10.3%, 6.4% and 3.8% respectively in the last quarter of 2012. Despite losing some momentum in November the local resource sector returned 7.3% for the quarter which helped alleviate some of the pain experienced earlier in 2012. The Industrial and Financial sectors continued to perform well in the quarter returning 12.4% and 9.9% for the quarter and producing extraordinary returns of 40.8% and 38.1% for the year 2012.

Bonds

Although the ALBI had a negative return of -0.6% in October, it experienced a positive return of 2.6% for the last quarter and produced a return of 16.0% for the year ending December 2012. The JP Morgan Bond Index declined by 6.6% in rand terms in December eliminating the performance it made in the first two months of the quarter resulting in a decline of -0.7% over the final quarter of 2012.

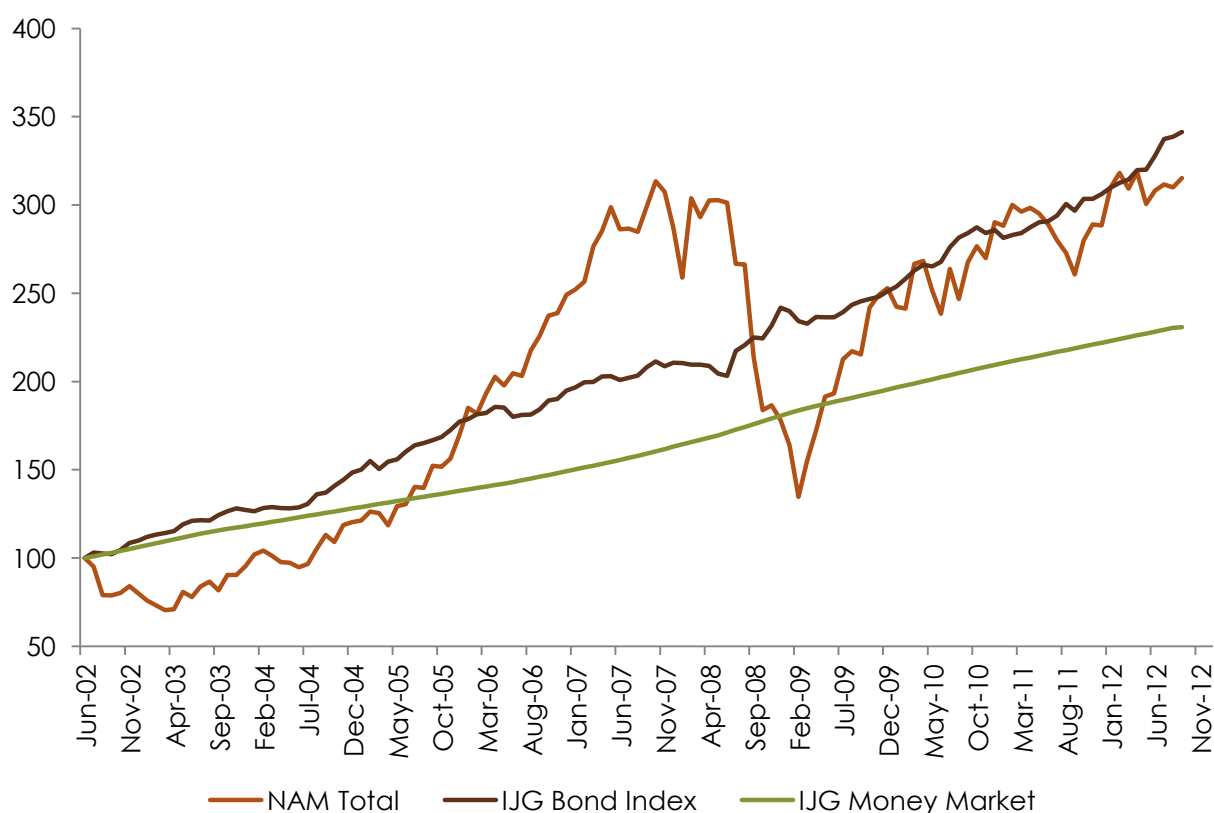
Currency

The rand depreciated to R8.40/\$, R13.61/£ and R11.06/€ against the dollar, pound and euro respectively.

2.4. Namibia

2.4.1. Long term market performance

The following graph represents the cumulative performance of some market indices for the period **1 July 2002 to 31 December 2012**.



2.4.2. Medium term market performance

The following table presents the performance of various market indices to **31 December 2012**.

	2009	2010	2011	Q4 2012	One Year	Three Years
NAM Total	41.9%	14.8%	-0.6%	11.0%	21.2%	11.4%
NAM Local	4.1%	18.7%	36.7%	11.7%	31.2%	28.7%
NAM CPI	7.0%	3.1%	7.2%	1.3%	6.3%	5.5%
IJG Bond Index ¹	3.9%	13.9%	7.1%	2.5%	15.4%	12.1%
IJG Money Market	8.2%	7.1%	6.0%	1.4%	5.7%	6.3%

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

Namibia Market Commentary December 2012

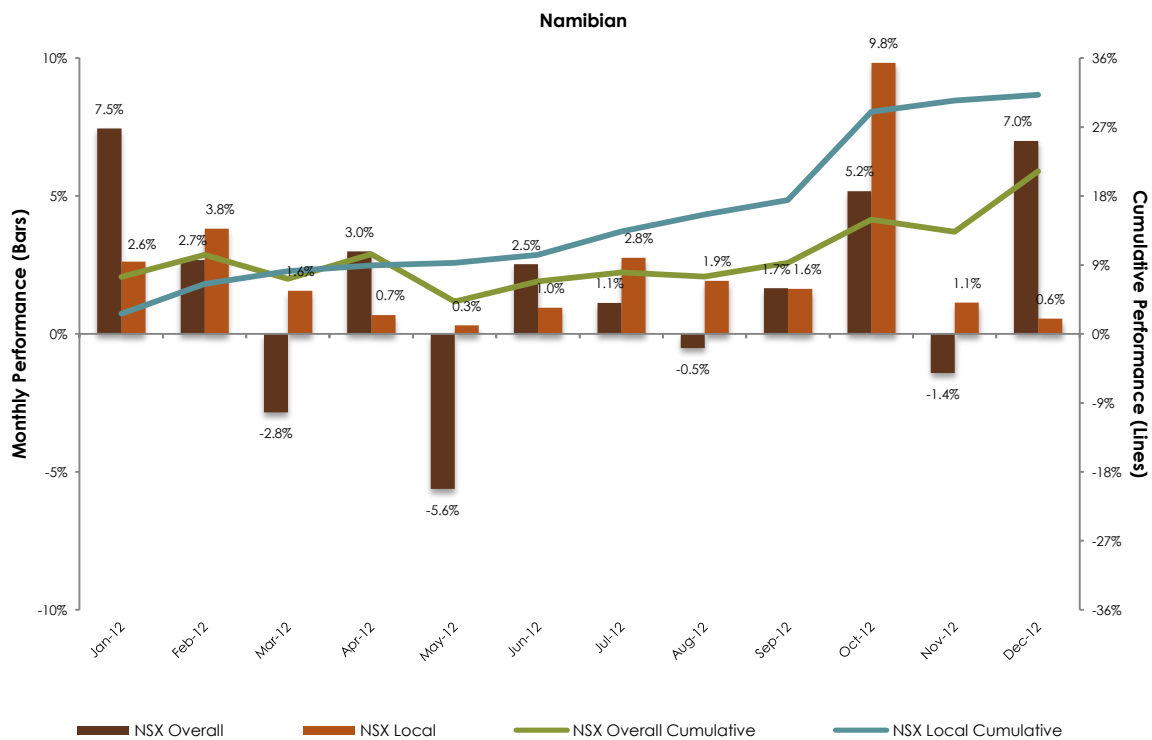
The annual inflation rate averaged 6.3% for the 2012 calendar year and is predicted to average 6.0% during 2013. The NSX closed at 983.79 in December up from 890.70 at the end of September returning in excess of 10% for the quarter.

The Namibian economy is expected to grow at a slower rate during 2013 at an estimated rate of 4.0% compared to an estimated rate of 5.0% for 2012 and a recorded rate of 4.8% in 2011. This will be the lowest growth since the global financial crisis.

The repo and prime rates remain unchanged at 5.5% and 9.25% respectively.

2.4.3. Short term market performance

The following graph represents the monthly performance of various market indices for the year ending **31 December 2012**.



3. Performance comparison as at 31 December 2012

3.1. Moderate portfolios

3.1.1. Asset allocation

The figures below reflect the asset allocation of the moderate portfolios as at **31 December 2011 (12 months ago)**

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced Fund	Standard Bank Managed
Namibia Equities	17.5%	14.7%	18.3%	12.4%	13.8%	13.2%	13.9%
Namibia Bonds	8.4%	9.8%	9.3%	5.9%	1.5%	11.4%	5.0%
Namibia Cash	8.6%	17.0%	8.1%	15.0%	22.0%	12.3%	20.9%
Namibia Property	1.7%	-	0.2%	-	-	3.4%	3.9%
South Africa Equities	27.1%	21.4%	28.5%	37.4%	20.5%	29.5%	36.7%
South Africa Bonds	-	-	3.6%	1.5%	9.3%	7.6%	1.2%
South Africa Cash	4.7%	-	3.3%	0.7%	-	0.2%	-
South Africa Property	-	5.6%	2.9%	3.6%	3.2%	-	-
International Equity	14.9%	20.5%	12.7%	21.9%	24.8%	16.5%	18.4%
International Bonds	-	8.8%	4.3%	1.6%	4.9%	1.8%	-
International Cash	-	1.3%	2.9%	-	-	1.6%	-
International Other	15.5% ¹	0.9%	-	-	-	2.5% ⁴	-
Other	1.6% ²	-	5.9% ³	-	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The figures below reflect the asset allocation of the moderate portfolios as at **31 December 2012**

	Allan Gray	Investec Managed	AF Balanced Growth ⁶	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced Fund	Standard Bank Managed
Namibia Equities	20.6%	16.7%	17.3%	12.8%	17.4%	10.8%	8.8%
Namibia Bonds	8.9%	14.0%	9.6%	6.9%	3.2%	8.6%	2.3%
Namibia Cash	5.3%	11.5%	8.0%	15.4%	18.0%	13.4%	12.1%
Namibia Property	2.0%	-	0.3%	2.0%	-	3.3%	-
South Africa Equities	23.2%	19.5%	28.1%	26.3%	22.0%	29.9%	40.2%
South Africa Bonds	-	-	4.8%	1.9%	7.6%	6.0%	0.9%
South Africa Cash	6.7%	-	2.6%	0.4%	-	0.3%	12.6%
South Africa Property	-	4.1%	3.4%	2.0%	1.9%	0.8%	-
International Equity	14.5%	23.6%	10.6%	26.0%	22.9%	16.7%	20.3%
International Bonds	-	8.7%	2.8%	3.3%	7.0%	2.1%	-
International Cash	-	1.9%	1.3%	2.5%	-	4.3%	-
International Other	17.2% ¹	-	5.3% ⁵	-	-	3.8% ⁴	-
Other	1.6% ²	-	5.8% ³	0.5%	-	-	2.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1. Other represents Absolute Return Funds

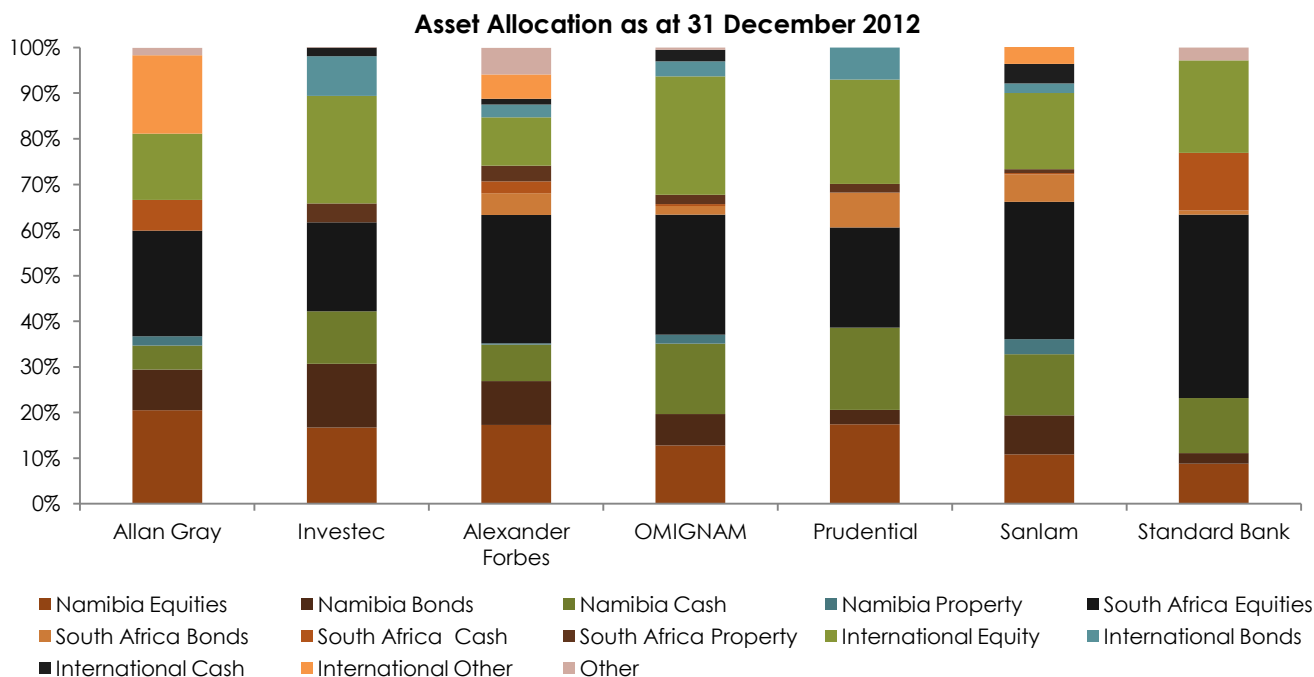
2. Other represents Gold ETF's

3. Other represents SA Hedge Funds

4. Other represents International Property

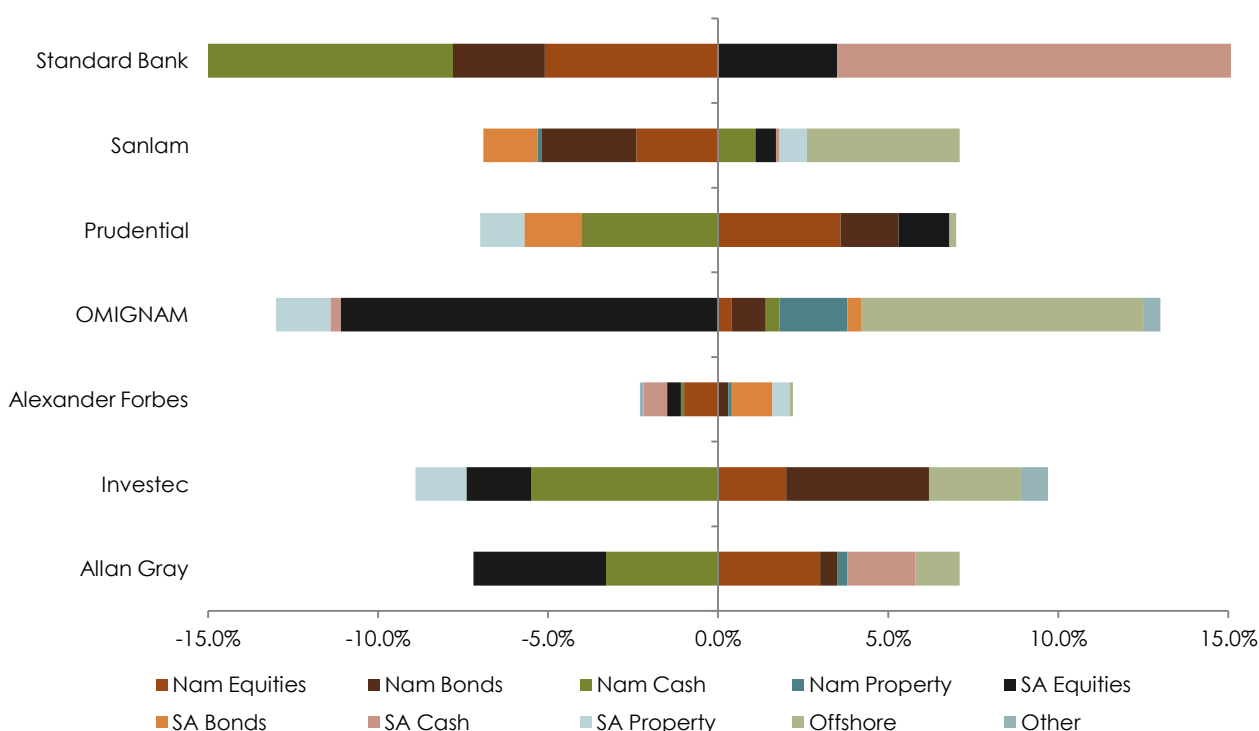
5. Other represents Pooled Offshore Funds.

6. This is the asset allocation as at 31 September 2012. Alexander Forbes are currently changing platforms and were unable to supply the asset allocations as at 31 December 2012.



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 **31 December 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, Bonds and Equities, whilst increasing exposure to South African Cash. OMIGNAM significantly reduced the portfolio's underlying exposure to South African Equities, whilst increasing exposure to Offshore assets.

Geographical Split as at 31 December 2012

	Allan Gray	Investec Managed	AF Balanced Growth ²	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced Fund	Standard Bank Managed
Namibia	36.8%	42.1%	35.2%	37.2%	38.6%	36.0%	23.2% ¹
South Africa	31.6%	23.6%	44.7%	31.0%	31.5%	37.1%	56.5%
International	31.6%	34.3%	20.1%	31.8%	29.9%	26.9%	20.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1. We are in the process of querying why Standard Bank is below the limit of 35% Namibian exposure.
2. This is the asset allocation as at 31 September 2012. Alexander Forbes are currently changing platforms and were unable to supply the asset allocations as at 31 December 2012.

3.1.3. Time weighted returns

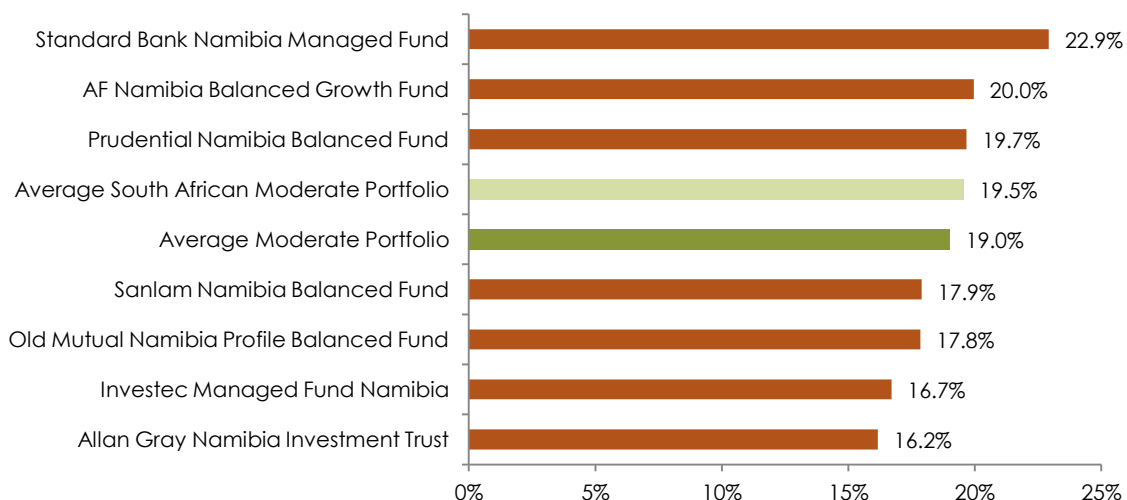
Listed below are the investment returns achieved for the specified periods. Please note the returns are **gross** of fees.

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)	10 yrs (annualised)
Allan Gray Namibia Investment Trust	16.2%	13.0%	10.7%	18.1%
Investec Managed Fund Namibia	16.7%	12.3%	7.8%	16.3%
AF Namibia Balanced Growth Fund ¹	20.0%	13.8%	9.2%	16.4%
Old Mutual Namibia Profile Balanced Fund	17.8%	12.7%	7.9%	16.0%
Prudential Namibia Balanced Fund	19.7%	12.3%	-	-
Sanlam Namibia Balanced Fund	17.9%	12.9%	6.1%	-
Standard Bank Namibia Managed Fund	22.9%	16.3%	11.6%	16.8%
Average Moderate Portfolio²	19.0%	13.4%	9.1%	16.4%
All Share (JSE)	26.7%	15.6%	9.4%	18.9%
Inflation	6.3%	5.5%	6.9%	5.8%
Inflation + 6%	-	11.5%	12.9%	11.8%

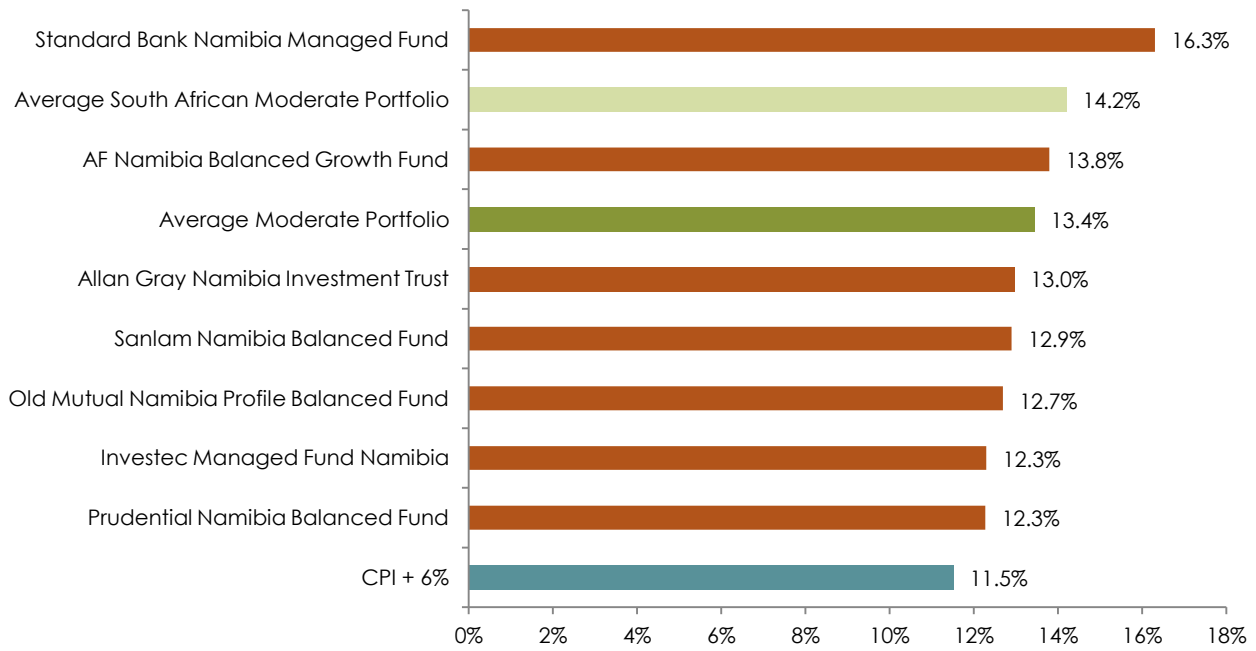
1. Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.
2. Average of the Jacques Malan Consultants and Actuaries Survey for Moderate Balanced portfolios.

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

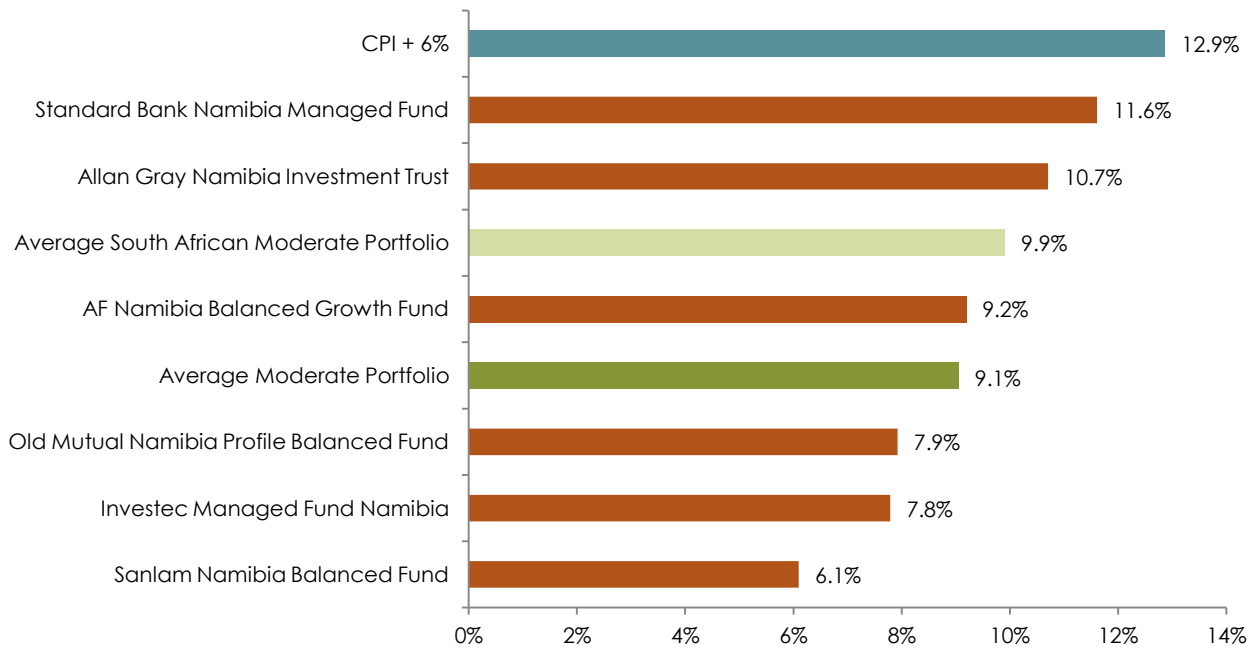
1 year performance to 31 December 2012



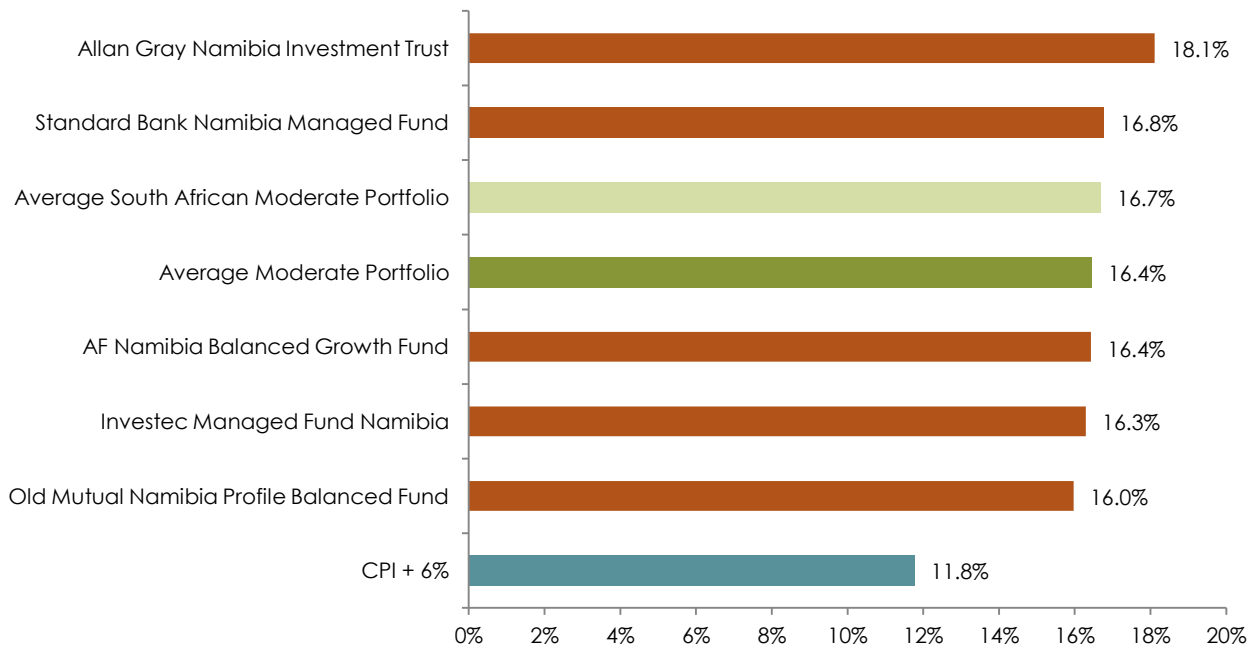
3 year performance for the period ending 31 December 2012



5 year performance for the period ending 31 December 2012

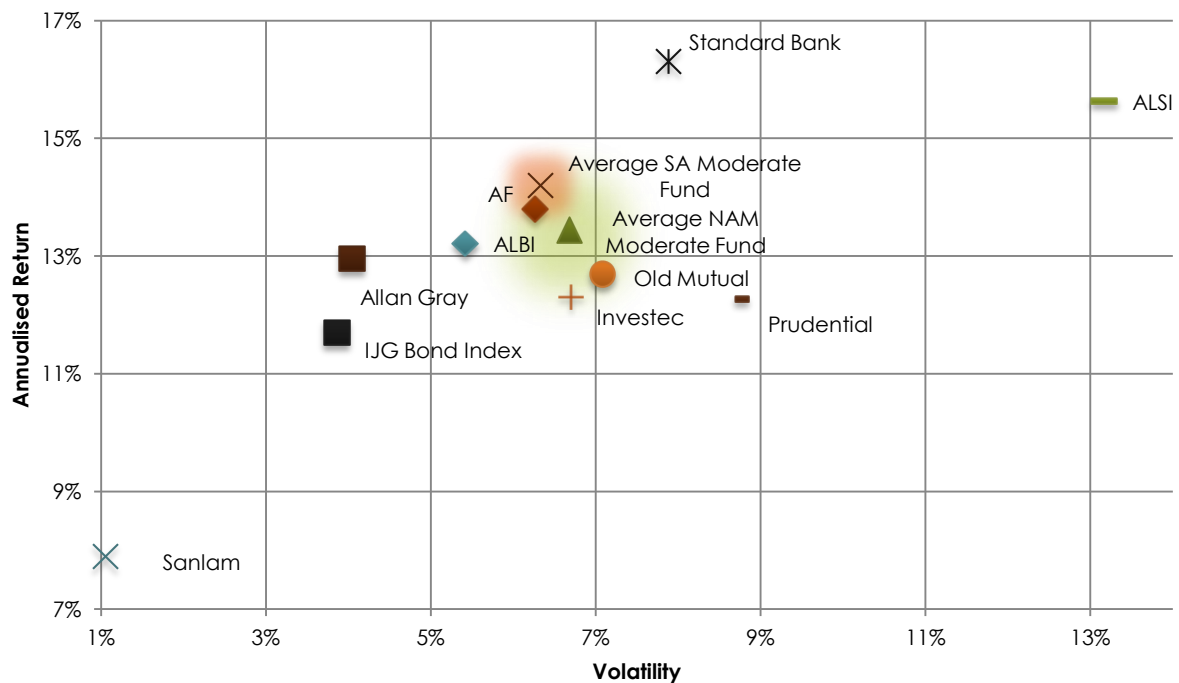


10 year performance for the period ending 31 December 2012



3.1.4. Volatility vs Return

The following graph illustrates the volatility and return statistics of the moderate portfolios for a 3 year period ending **31 December 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 **31 December 2011 (12 months ago)**

	NAM Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	8.2%	4.0%	12.3%	15.1%
Nam Bonds	8.1%	0.9%	7.5%	7.9%
Nam Cash	19.1%	31.5%	6.1%	7.4%
Nam Property	-	0.1%	-	0.8%
SA Equities	25.7%	6.1%	4.9%	16.0%
SA Bonds	12.5%	26.1%	23.5%	11.7%
SA Cash	1.8%	3.2%	14.0%	9.3%
SA Property	4.6%	4.0%	5.3%	2.6%
International Equity	15.9%	17.9%	14.5%	14.7%
International Bonds	3.8%	0.7%	11.9%	5.9%
International Cash	0.1%	3.3%	-	-
International Other ¹	0.2%	0.1%	-	7.8%
Other	-	2.1% ³	-	0.8% ²
Total	100.0%	100.0%	100.0%	100.0%

1. Other represents Hedge Funds

2. Other represents Gold ETF's

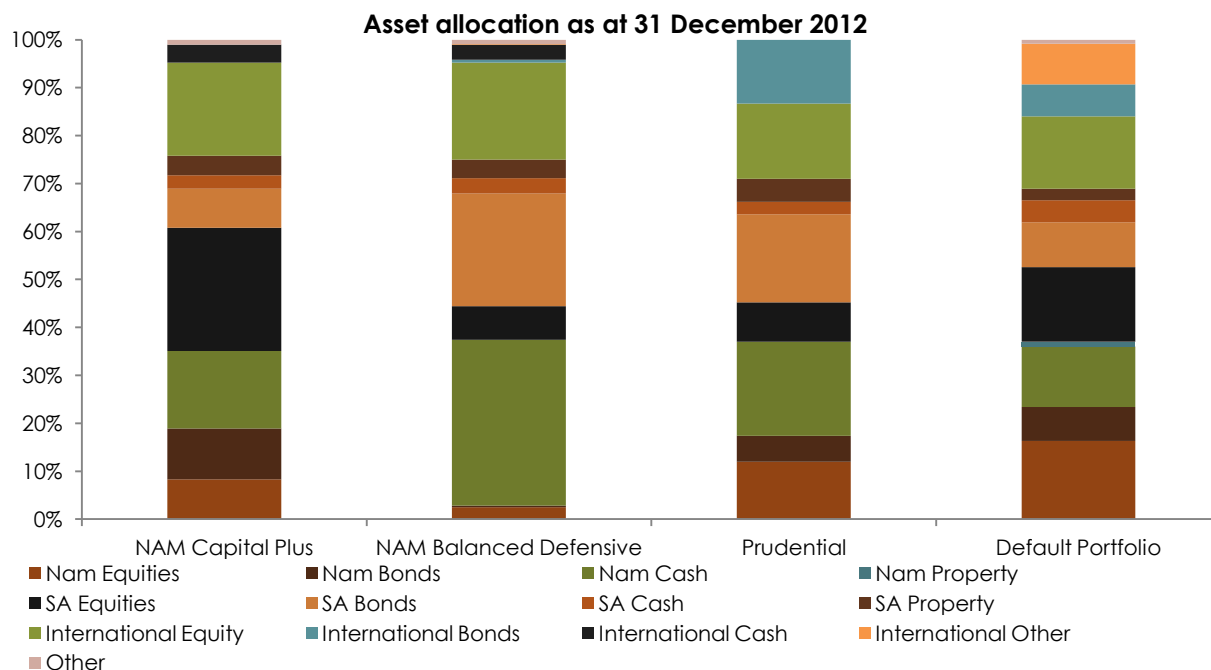
3. Other represents Preference Shares

The figures below reflect the asset allocation of the moderate-low portfolios as at **31 December 2012**

	NAM Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	8.3%	2.5%	12.0%	16.3%
Nam Bonds	10.6%	0.3%	5.4%	7.1%
Nam Cash	16.2%	34.6%	19.6%	12.6%
Nam Property	-	-	-	1.0%
SA Equities	25.7%	7.0%	8.2%	15.6%
SA Bonds	8.1%	23.5%	18.4%	9.3%
SA Cash	2.8%	3.2%	2.6%	4.6%
SA Property	4.1%	3.9%	4.8%	2.4%
International Equity	19.4%	20.2%	15.7%	15.1%
International Bonds	-	0.6%	13.3%	6.7%
International Cash	3.8%	3.2%	-	-
International Other ¹	-	0.1%	-	8.5%
Other ²	1.0%	0.9%	-	0.8%
Total	100.0%	100.0%	100.0%	100.0%

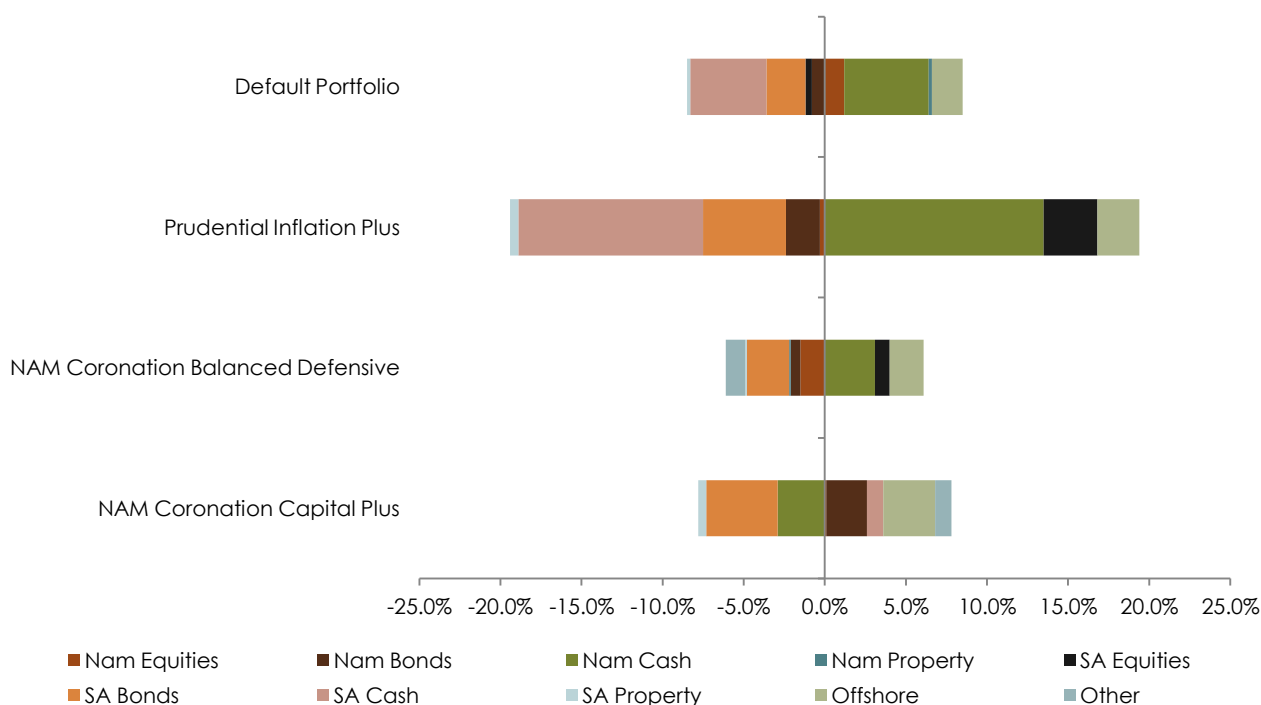
1. Other represents Hedge Funds

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 **31 December 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.



None of the managers have made significant changes to their asset allocation decision over the past year. The most significant move was Prudential's Inflation Plus portfolio which switched from South African Cash to Namibian Cash.

3.2.3. Geographical Split

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Namibia	35.1%	37.4%	37.0%	36.9%
South Africa	41.7%	38.5%	34.0%	32.8%
International	23.2%	24.1%	29.0%	30.3%
Total	100.0%	100.0%	100.0%	100.0%

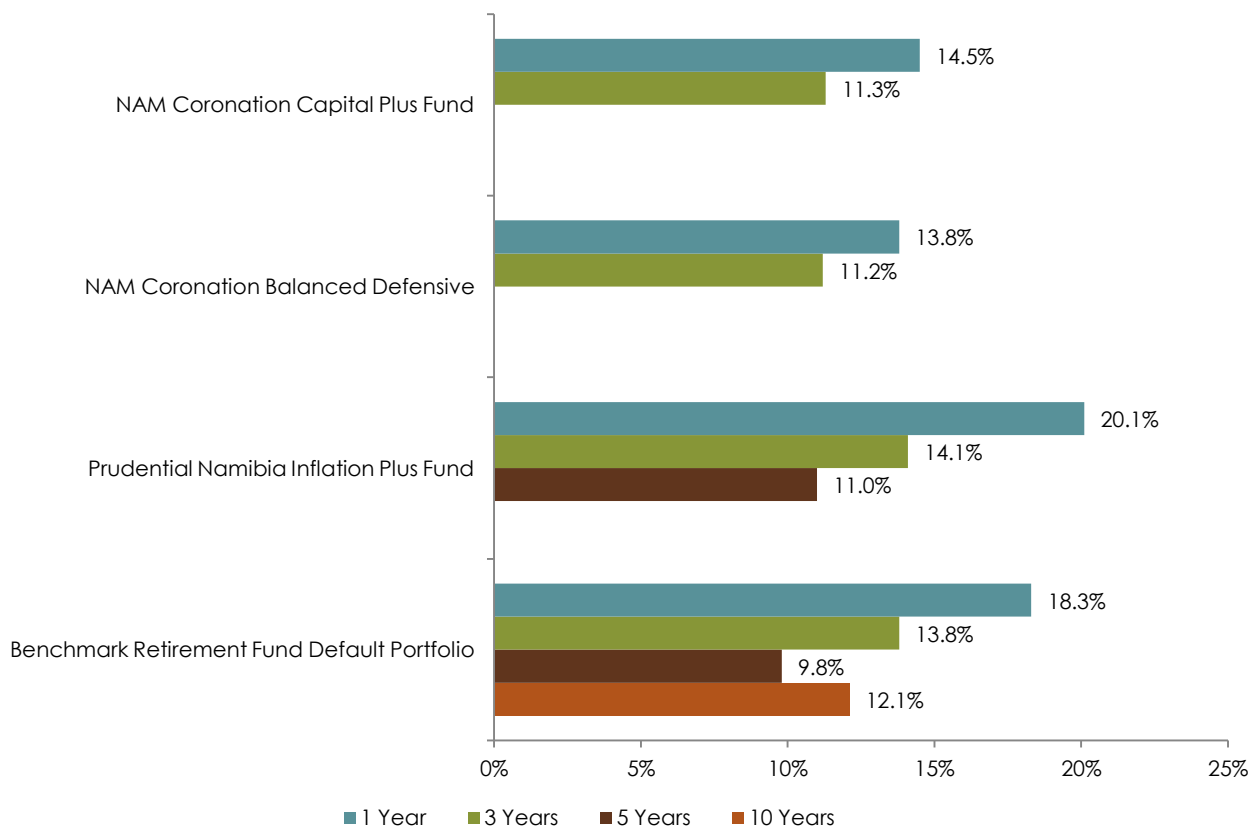
3.2.4. Time weighted returns

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	14.5%	11.3%	-	-
NAM Coronation Balanced Defensive Fund	13.8%	11.2%	-	-
Prudential Namibia Inflation Plus Fund	20.1%	14.1%	11.0%	-
Benchmark Retirement Fund Default Portfolio	18.3%	13.8%	9.8%	12.1%
Inflation	6.3%	5.5%	6.9%	5.8%
Inflation + 3% to 5%	-	8.5% to 10.5%	9.9% to 11.9%	8.8% to 10.8%

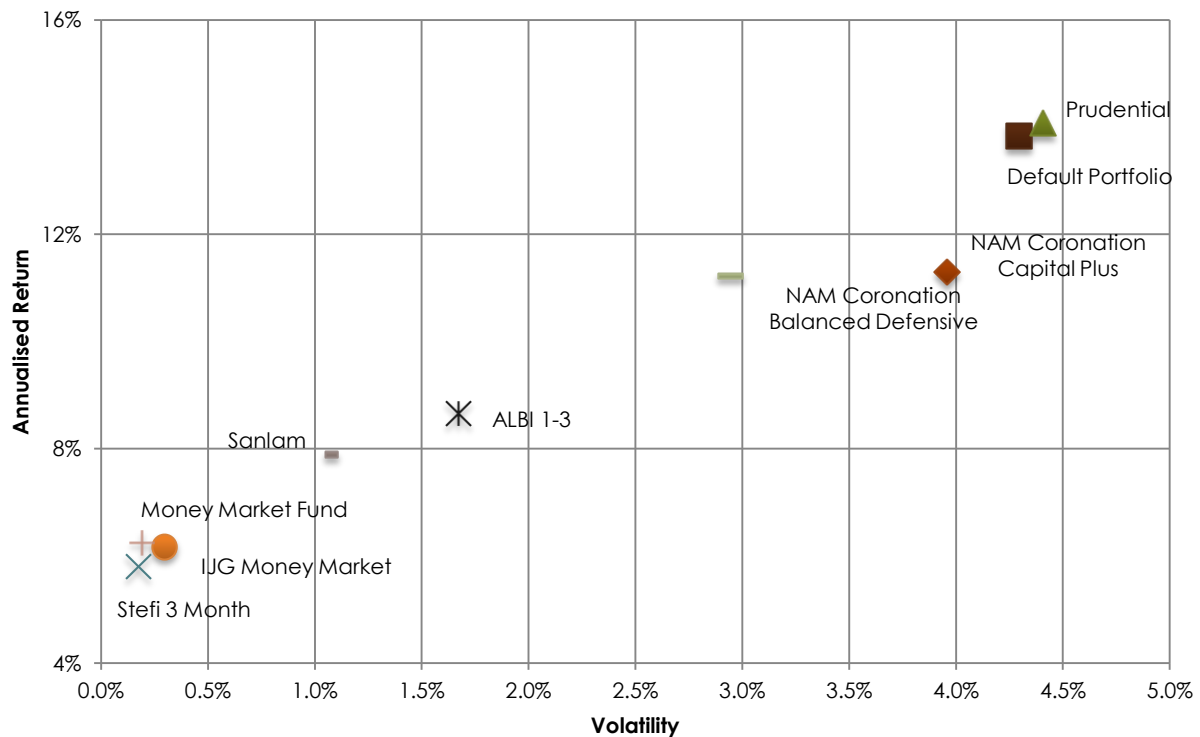
Please note: The NAM Coronation Absolute Fund was renamed to NAM Coronation Capital Plus Fund effective 26 April 2011.

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 **31 December 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		
	31 December 2012	30 September 2011 ²
Nam Equities	-	-
Nam Bonds	1.3%	1.2%
Nam Cash	38.4%	44.7%
Nam Property	-	-
SA Equities	-	-
SA Bonds	14.9%	20.8%
SA Cash	42.7%	30.0%
SA Property	2.5%	1.7%
Offshore	-	-
Other	0.2% ¹	1.6%
Total	100.0%	

1. Other represents Property Unit Trusts.

2. Sanlam were unable to provide the asset allocation of the Namibia Active Fund as at 31 December 2011 at the time this report was published.

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	7.4%	7.9%	-
ALBI 1-3 year Index	8.3%	8.7%	9.3%
Inflation	6.3%	5.5%	6.9%
Inflation + 1% to 2%	-	6.5% to 7.5%	7.9% to 8.9%

Capital Protection Portfolios

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)
Money Market Fund ¹	5.7%	6.2%	7.9%
IJG Money Market Index	5.7%	6.3%	7.6%
Inflation + 1%	-	6.5%	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\$2.4bn**Portfolio Description**

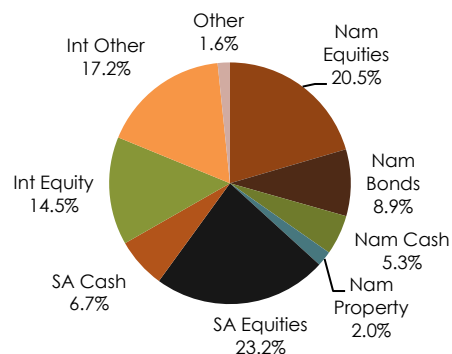
The Allan Gray Namibia Investment Trust is a market-linked balanced portfolio which represents Allan Gray's best investment view for balanced mandates.

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

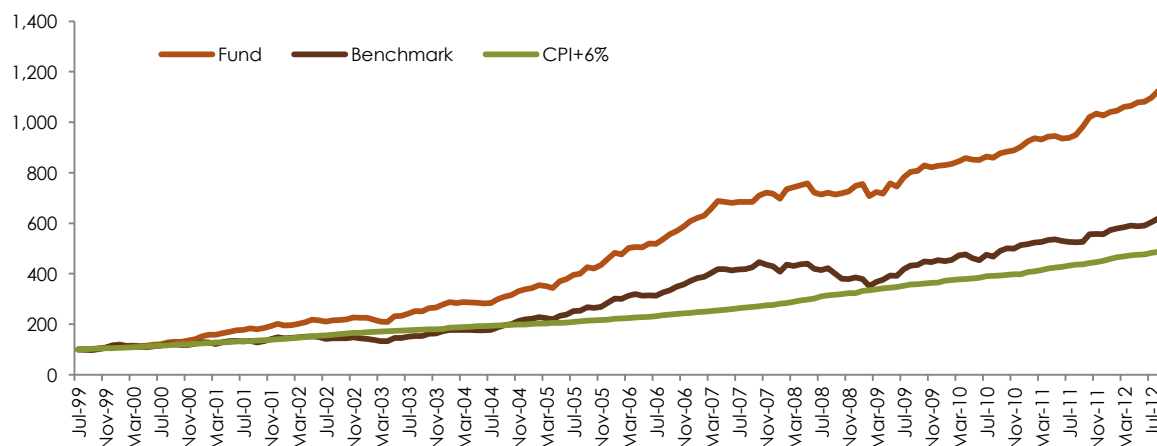
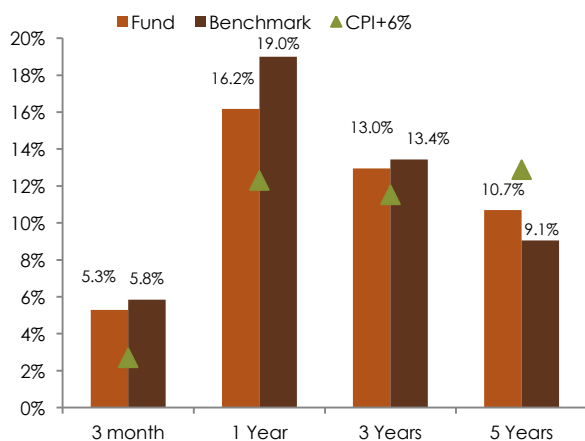
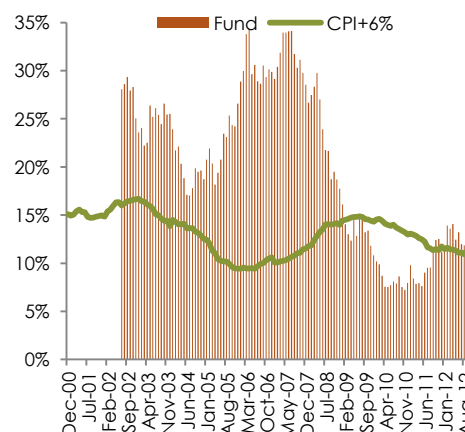
Ian Liddle, Duncan Artus, Andrew Lapping, Simon Raubenheimer

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 31 December 2012****Top 10 Equities**

Share		% of Portfolio	Share		% of Portfolio
1	British American Tobacco Plc	10.1%	6	Remgro Limited	5.8%
2	Sasol Ltd	9.2%	7	Sanlam - Namibia	4.6%
3	FNB Namibia Holdings Limited	7.9%	8	Bidvest Namibia Limited	4.6%
4	Stimulus Inv Ltd Pref Class A	7.8%	9	Standard Bank Group-Namibia	4.6%
5	SABMiller Plc	7.3%	10	Anglo American Plc-Namibia	4.2%

Cumulative Performance vs Benchmark since inception**Historical performance as at 31 December 2012****3-year rolling performance vs CPI target**

Investec Managed Fund Namibia

Risk Profile: Moderate**Size:** N\$717m**Portfolio Description**

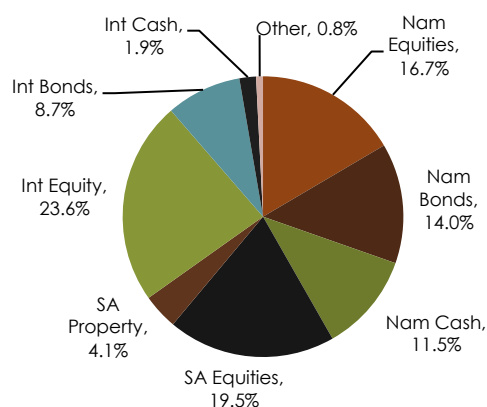
The Investec Managed Fund is market-linked balanced portfolio which aims to achieve stable returns over the longer term by investing in all asset classes. This portfolio represents Investec's best investment view.

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

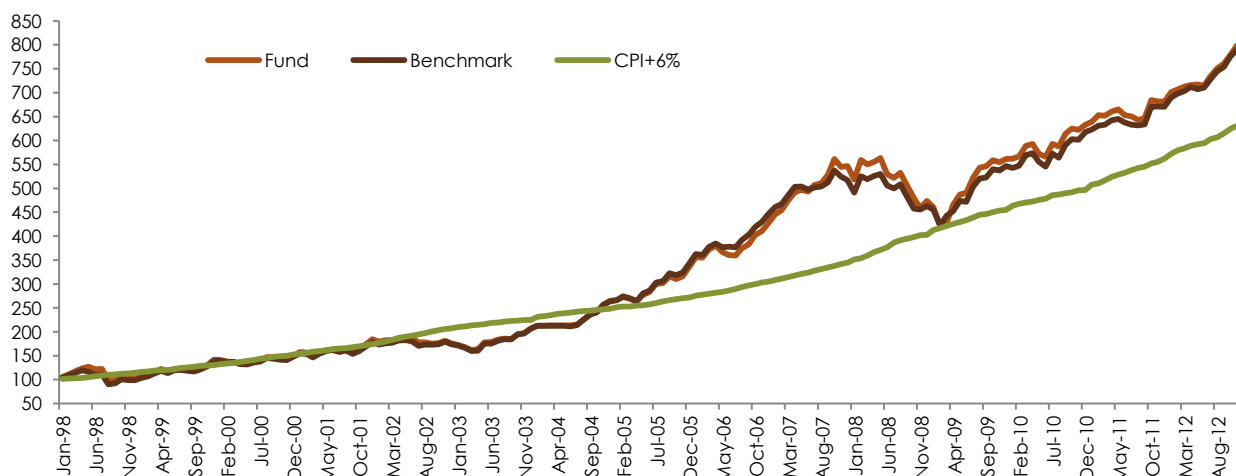
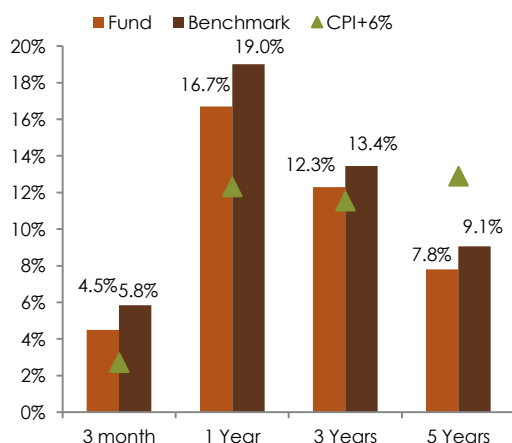
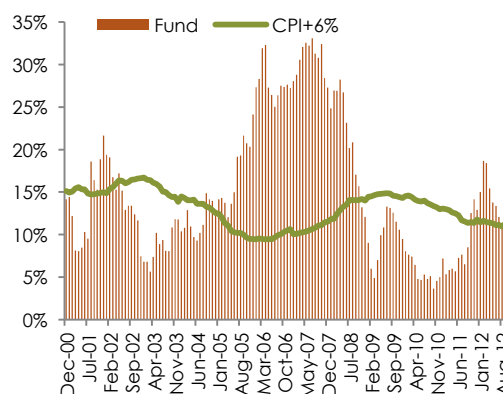
James Hatuikulipi and Chris Freund

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 31 December 2012****Top 10 Equities**

Share		% of Equities	Share		% of Equities
1	Firststrand Bank Ltd (Incl Rmb)	14.1%	6	Capital Property Fund Ltd	5.1%
2	Old Mutual Plc	10.6%	7	Naspers Ltd	5.1%
3	Nedbank Ltd	10.1%	8	Bhp Billiton Plc	4.9%
4	Newgold Issuer Ltd	5.7%	9	British American Tobacco	4.8%
5	Anglogold Ashanti Ltd	5.6%	10	Vodacom Group Ltd	4.8%

Cumulative Performance vs Benchmark since January 1998**Historical performance as at 31 December 2012****3-year rolling performance vs CPI target**

AF Namibia Balanced Growth Fund

Risk Profile: Moderate
Size (as at 31 September 2012): 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 and asset allocations as at 30 September 2012 at time of finalising the report

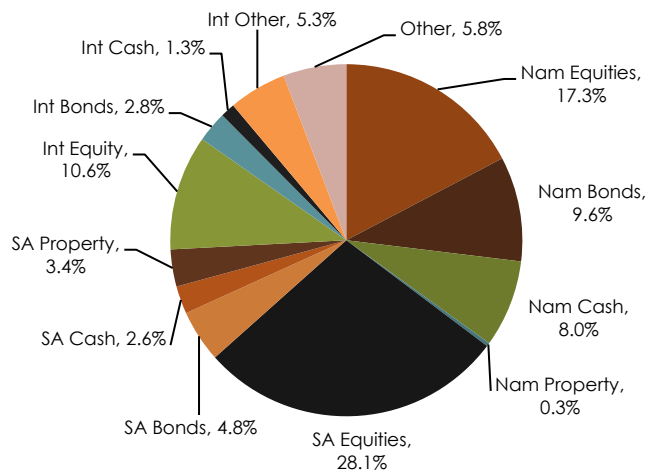
Top 5 Equities

	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	Firststrand Namibia	3.2%

Underlying Managers:

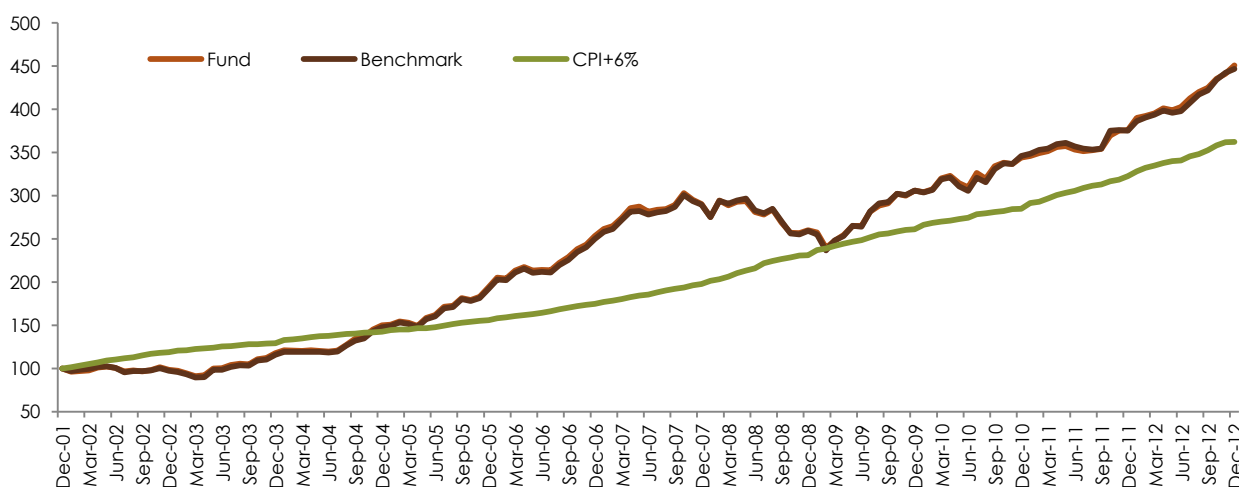
Allan Gray, Coronation, Kagiso, Prescient, Absa, Foord, Oasis, Element, Afena, Caveo, Sanlam, Stanlib, Catalyst, OMIGSA

Asset Allocation as at 30 September 2012



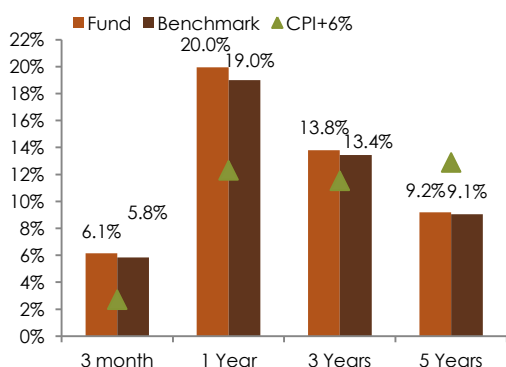
Other represents SA Hedge Funds.

Cumulative Performance vs Benchmark since inception

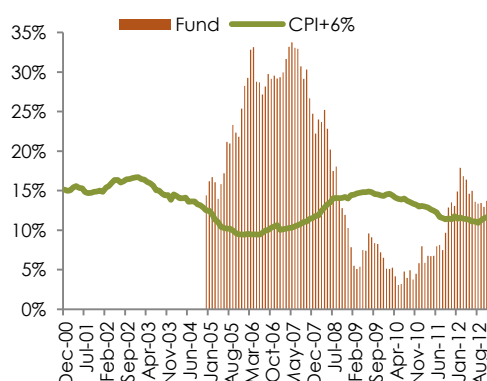


Please note: Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.

Historical performance as at 31 December 2012



3-year rolling performance vs CPI target



Old Mutual Namibia Profile Balanced Fund

Risk Profile: Moderate**Size:** N\$272m**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.

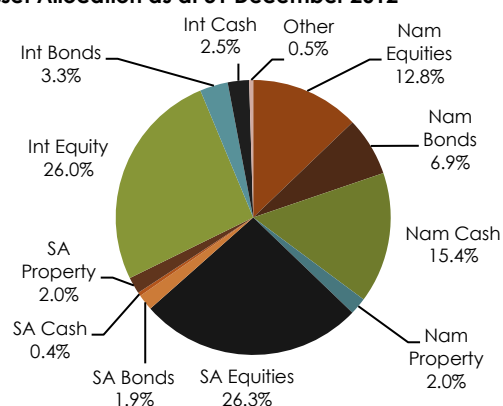
Inception: Apr-98**CIO:** Peter Brooke**Portfolio Manager**

Peter Brooke and Tyrone van Wyk

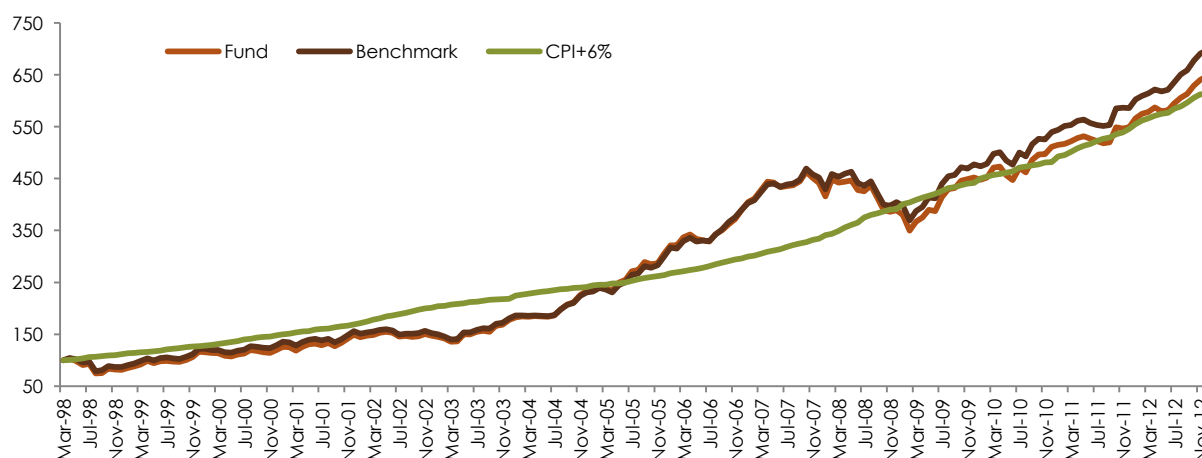
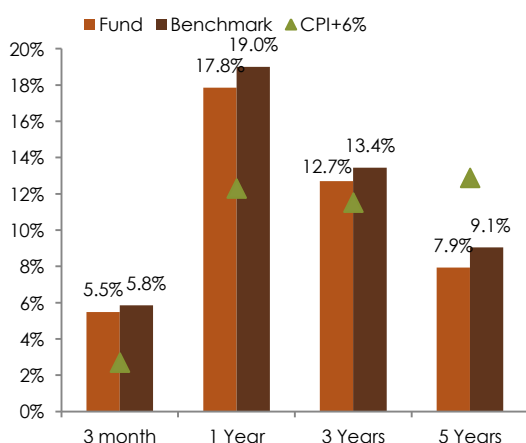
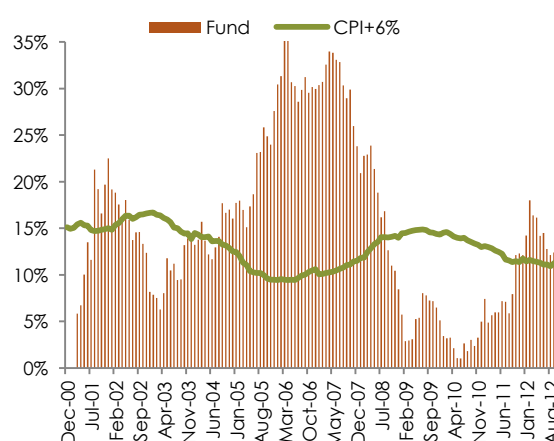
Benchmark

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 31 December 2012**Top 10 Equities**

Share		% of Equities	Share		% of Equities
1	Anglo American Namibia	7.7%	6	Sasol	4.9%
2	MTN	7.5%	7	Standard Bank Namibia	4.8%
3	Investec Namibia	6.9%	8	Compagnie Fin	3.8%
4	BHP Billiton	5.2%	9	Anglogold Ashanti	3.0%
5	Firstrand Namibia	5.2%	10	British American Tobacco	2.6%

Cumulative Performance vs Benchmark since inception**Historical performance as at 31 December 2012****3-year rolling performance vs CPI target**

Prudential Namibia Balanced Fund

Risk Profile: Moderate**Size:** N\$32m**Portfolio Description**

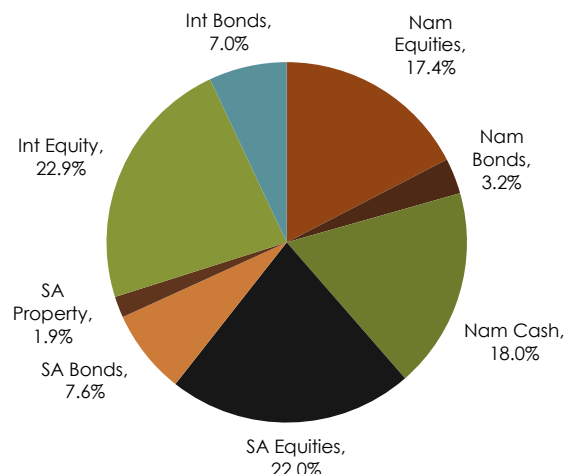
The Prudential Namibia Balanced portfolio is a market-linked balanced portfolio which aims to achieve consistent growth of capital and income by maintaining a superior stock selection across all industries relative to the benchmark and across all asset classes. The portfolio represents Prudential's best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

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

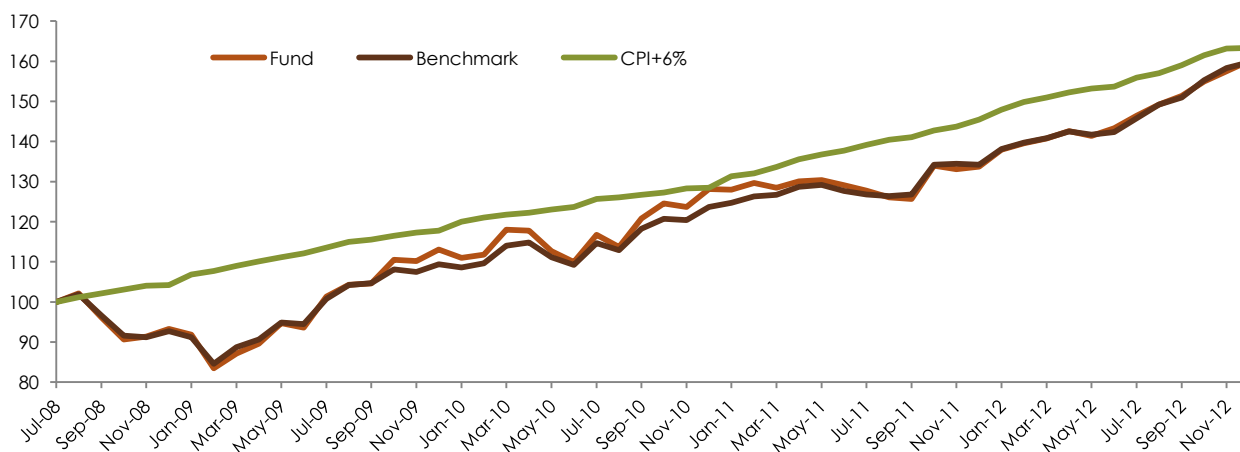
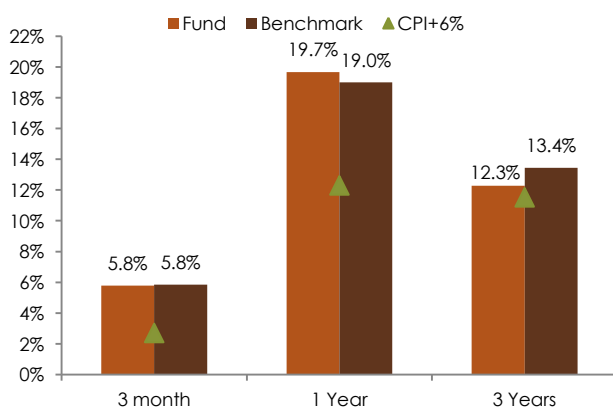
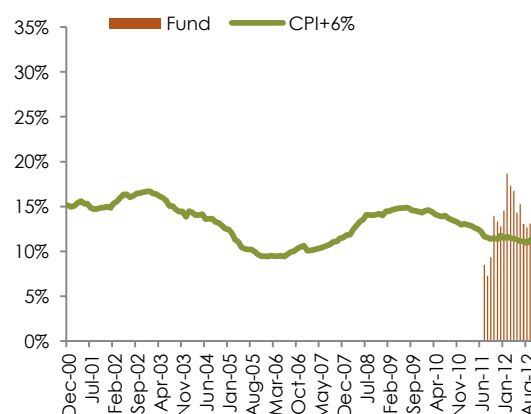
Michael Moyle and Marc Beckenstrater

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 31 December 2012****Top 10 Equities**

Share		% of Total Fund	Share		% of Total Fund
1	MTN Group	4.4%	6	Sasol	1.9%
2	Standard Bank Group Namibia	3.3%	7	Naspers N	1.8%
3	FirstRand Namibia	2.6%	8	Old Mutual Namibia	1.7%
4	BHP Billiton	2.4%	9	Truworths Namibia	1.5%
5	Anglo American Namibia	2.0%	10	Richemont	1.5%

Cumulative Performance vs Benchmark since inception**Historical performance as at 31 December 2012****3-year rolling performance vs CPI target**

Sanlam Namibia Balanced Fund

Risk Profile: Moderate**Size:** N\$106m**Portfolio Description**

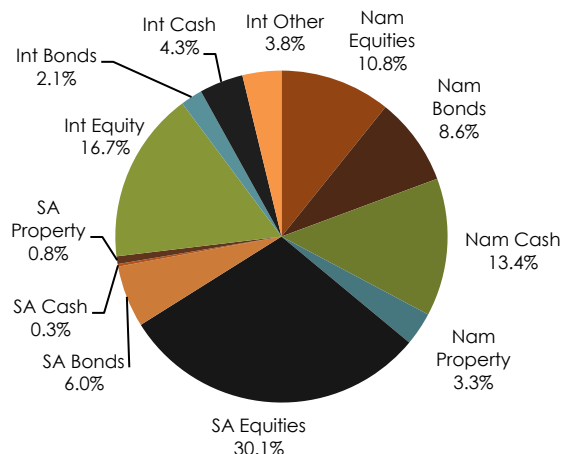
The Sanlam Namibia Balanced Fund is a market-linked Balanced Unit Trust portfolio which invests in all asset classes, aiming to achieve maximum returns over the longer term. The Fund is closely aligned with Sanlam's best investment view and is suitable for investors seeking capital growth over the long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

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

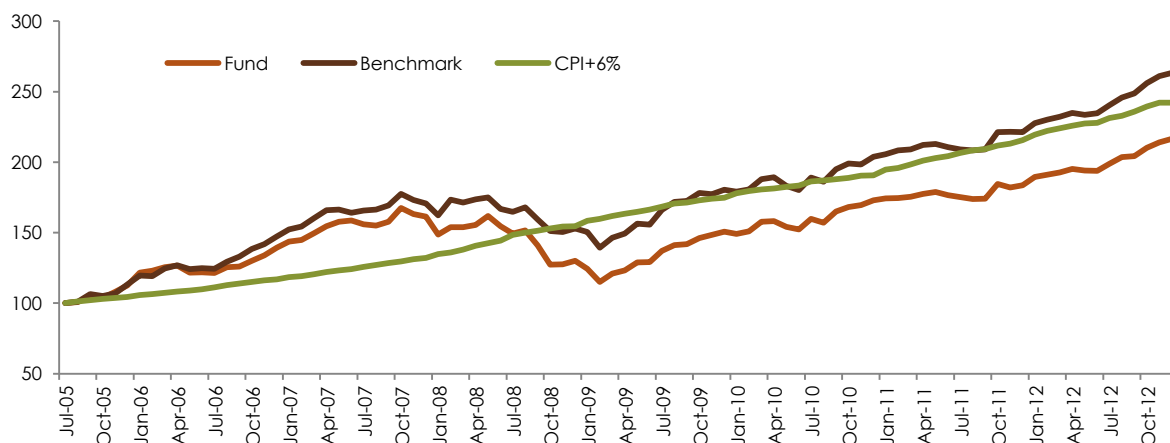
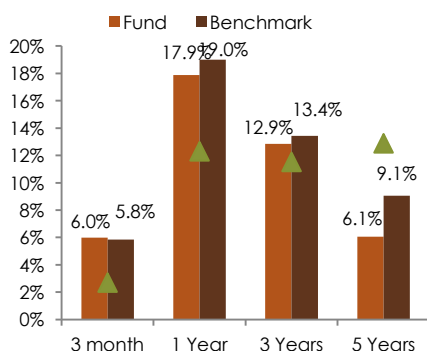
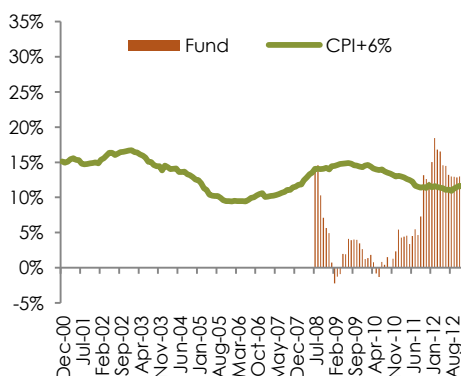
Gerhard Cruywagen

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 31 December 2012****Top 10 Equities**

	Share	% of Fund		Share	% of Fund
1	Sanlam World Eq	12.9%	6	Stanbank	2.5%
2	BHP Billiton	3.2%	7	Sanlam Global Bond Fund Class B	2.1%
3	MTN Group	2.9%	8	Old Mutual	2.0%
4	Sasol	2.8%	9	BTI Group	1.9%
5	Anglo American Namibia	2.8%	10	Richemont	1.7%

Cumulative Performance vs Benchmark since July 2005**Historical performance as at 31 December 2012****3-year rolling performance vs CPI target**

Standard Bank Namibia Managed Fund

Risk Profile: Moderate**Size:** N\$146.8 m**Portfolio Description**

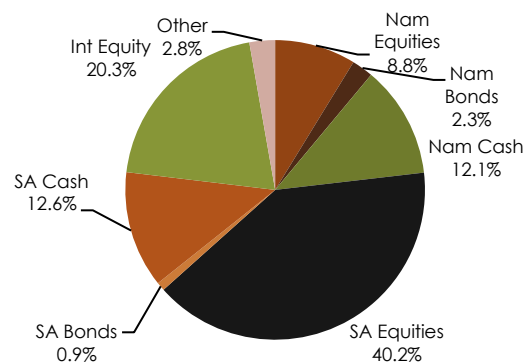
The Standard Bank Namibia Managed Fund is a market-linked balanced portfolio which invests in all asset classes. The fund includes the combined investment view's of STANLIB(SA&NAM). The portfolio aims to achieve capital growth over the longer-term.

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

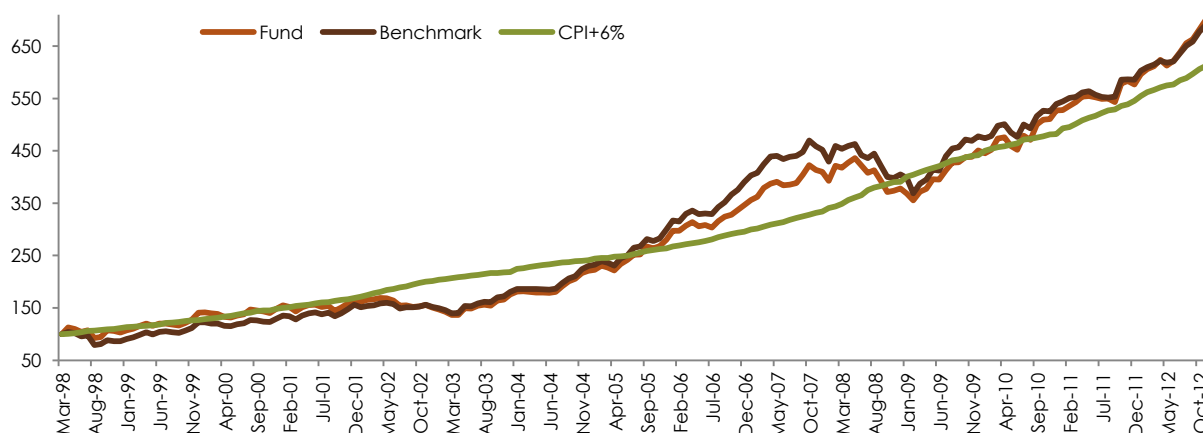
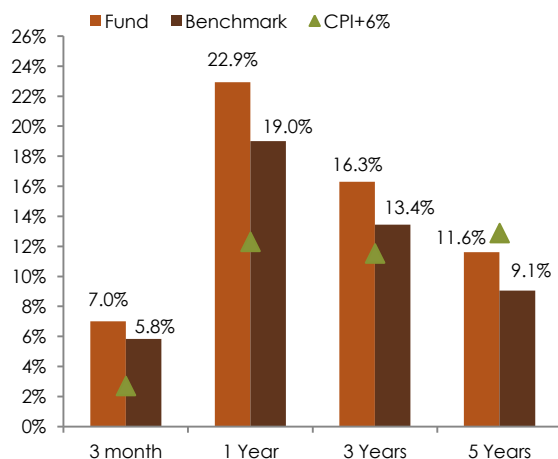
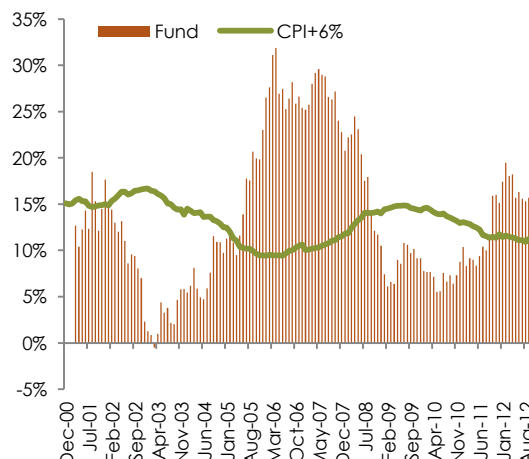
Brown Amuenje

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 31 December 2012****Top 10 Equities**

		Share	% of Fund			Share	% of Fund
1	STANLIB High Alpha Global Equity Fund	18.6%	6	Shoprite Holdings	3.1%		
2	Std Nam Income Fund A Class	11.9%	7	Firststrand Namibia	2.9%		
3	BHP Billiton	5.2%	8	Newgold Issuer	2.8%		
4	MTN Group	4.3%	9	Compagnie Fin Richemont	2.6%		
5	Woolworths Holdings	3.6%	10	Sanlam Namibia	2.0%		

Cumulative Performance vs Benchmark since inception**Historical performance as at 31 December 2012****3-year rolling performance vs CPI target**

NAM Coronation Balanced Defensive Fund

Risk Profile: Moderate-low

Size: N\$ 347m

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

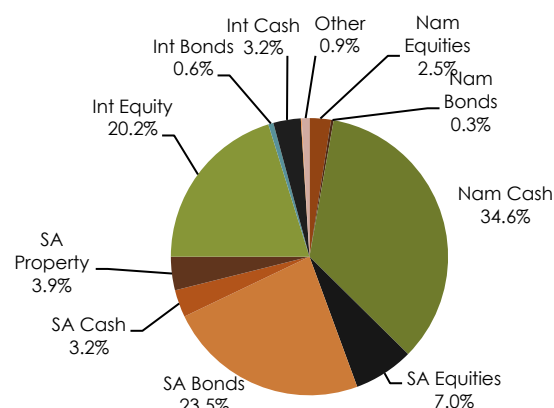
Louis Stassen and Henk Groenewald

Benchmark

The benchmark for the fund is cash plus 3.0%.

Fees: 1.25 % p.a.

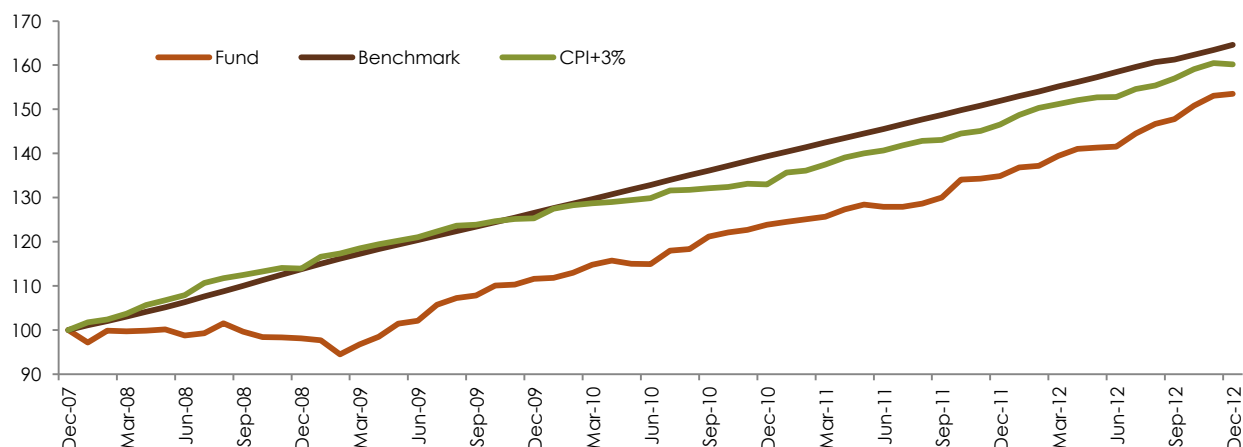
Asset Allocation as at 31 December 2012



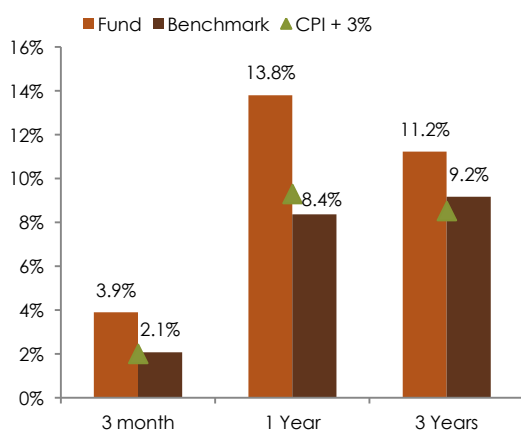
Top 10 Equities

		Share	% of Fund			Share	% of Fund
1	Coronation Global Opportunities	10.4%	6		Naspers		0.7%
2	Coronation Global Emerging Markets	4.8%	7		Capital & Counties Properties		0.7%
3	Coronation Global Capital Plus	4.6%	8		SA Corporate Real Estate		0.7%
4	MTN Group	1.0%	9		British American Tobacco		0.7%
5	Capital Shopping Centre Group	0.8%	10		Compagnie Financiere Richemont		0.7%

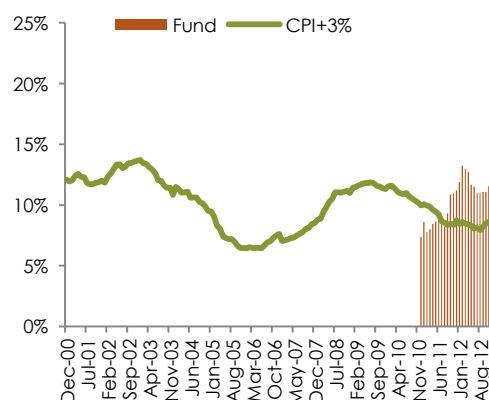
Cumulative Performance vs Benchmark since inception



Historical performance as at 31 December 2012



3-year rolling performance vs CPI target



NAM Coronation Capital Plus Fund

Risk Profile: Moderate-low

Size: N\$ 349m

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

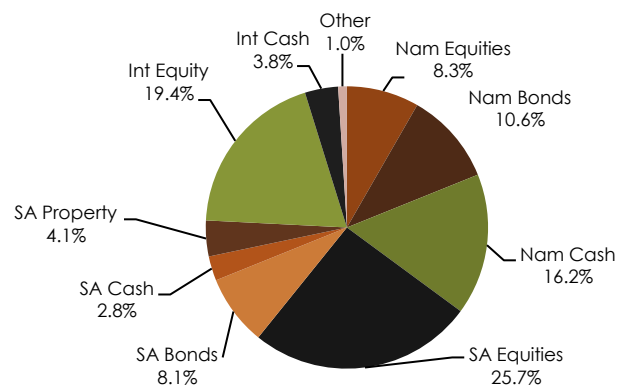
Benchmark

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.

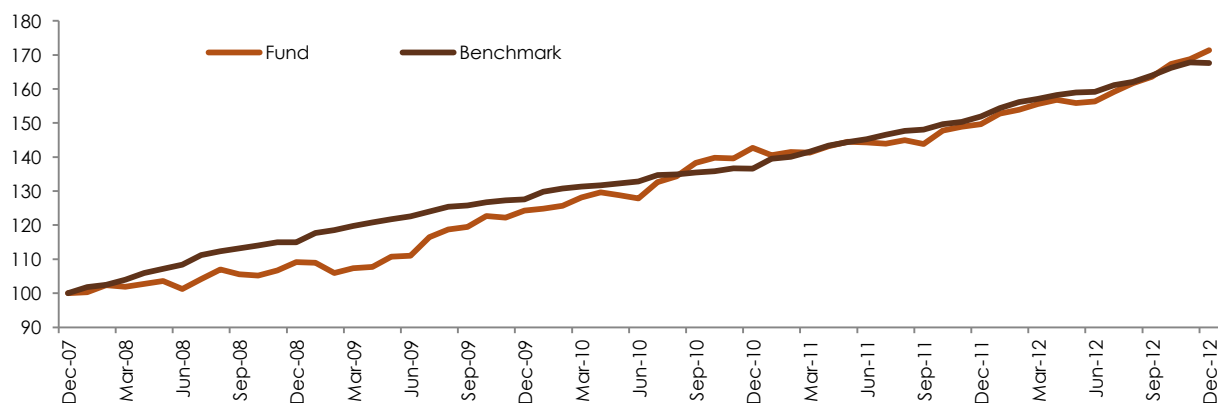
Asset Allocation as at 31 December 2012



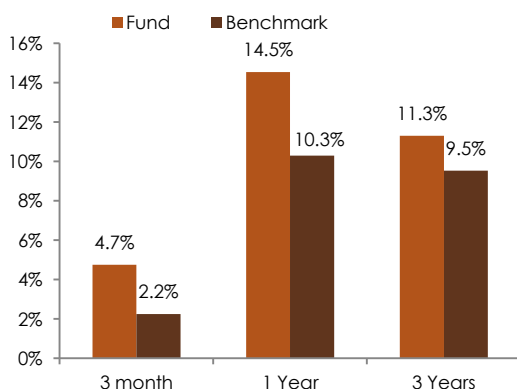
Top 10 Equities

Top 10 Equities							
Share		% of Fund		Share		% of Fund	
1	Coronation Global Capital Plus	10.0%	6	MTN Group	1.9%		
2	Coronation Global Equity FoF	7.3%	7	Remgro	1.7%		
3	Anglo American	3.1%	8	Metropolitan Life	1.7%		
4	Coronation Global Managed Fund	2.2%	9	Medi Clinic Corporation	1.3%		
5	Standard Bank Group	1.9%	10	ABSA Group	1.3%		

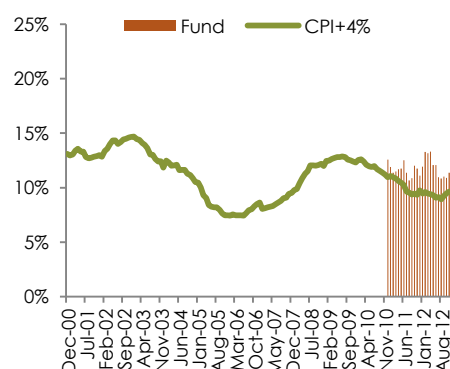
Cumulative Performance vs Benchmark since inception



Historical performance as at 31 December 2012



3-year rolling performance vs CPI target



Prudential Namibia Inflation Plus Fund

Risk Profile: Moderate-low

Size: N\$ 670m

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

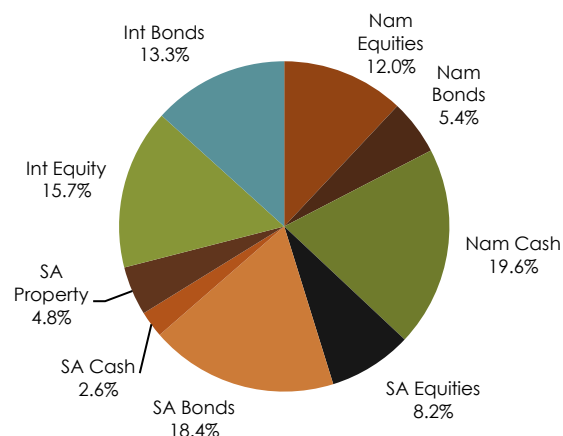
Michael Moyle, Albert Arntz

Benchmark

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

Fees: 0.75% p.a.

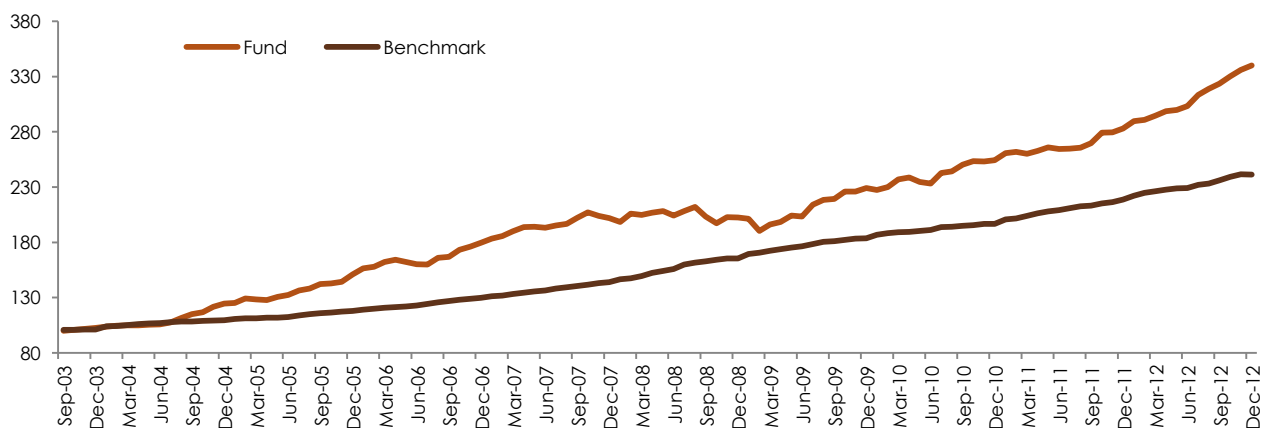
Asset Allocation as at 31 December 2012



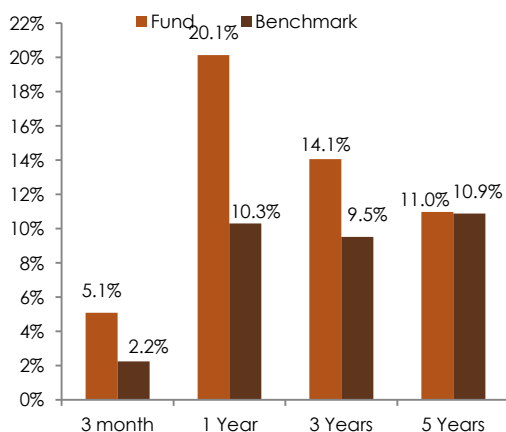
Top 10 Equities

Share		% of Portfolio		Share		% of Portfolio	
1	Standard Bank Group Namibia	2.1%	6	Truworths Namibia		1.0%	
2	Firststrand Namibia	1.7%	7	BHP Billiton		0.9%	
3	MTN Group	1.6%	8	Investec Namibia		0.7%	
4	Anglo American Namibia	1.3%	9	Sasol		0.7%	
5	Old Mutual Namibia	1.0%	10	Naspers N		0.6%	

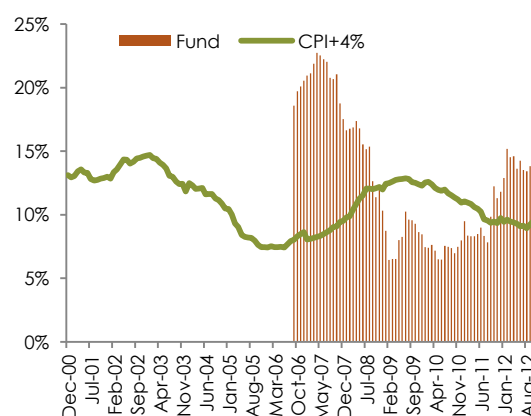
Cumulative Performance vs Benchmark since inception



Historical performance as at 31 December 2012



3-year rolling performance vs CPI target



Benchmark Retirement Fund Default Portfolio

Risk Profile: Moderate-low
Size: N\$ 269m
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.

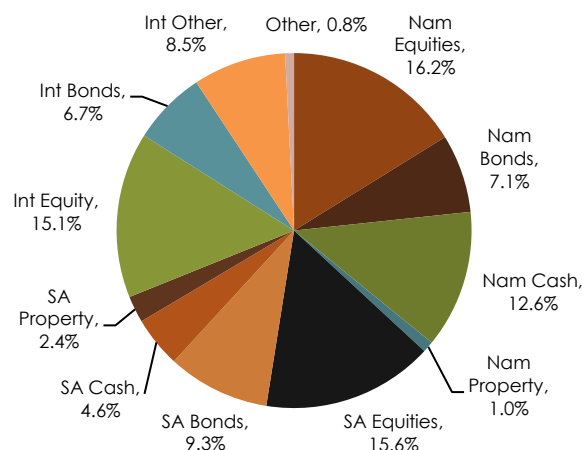
Fees: 0.75%p.a.

Portfolio Mix as at 30 September 2012

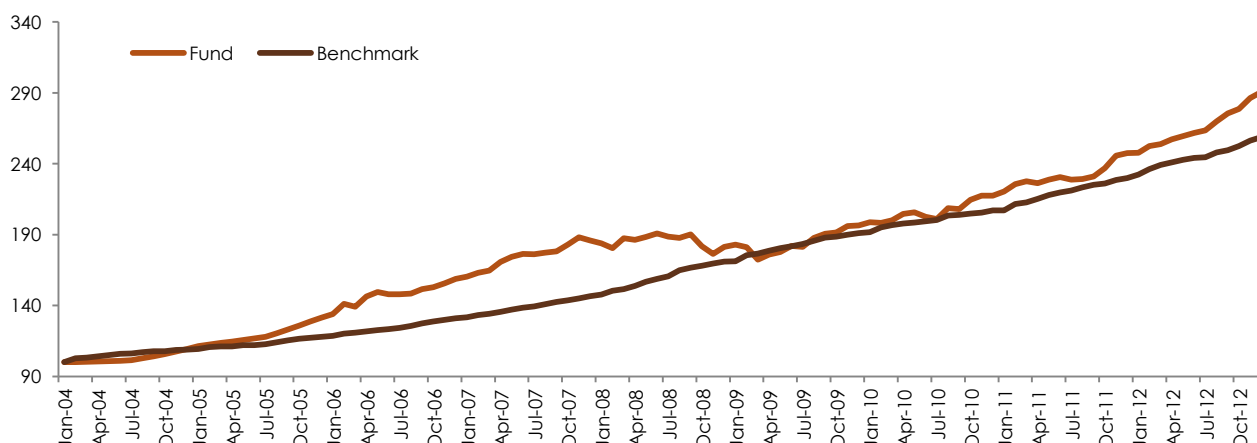
Allan Gray Namibia Investment Trust
 Prudential Namibia Inflation Plus

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.

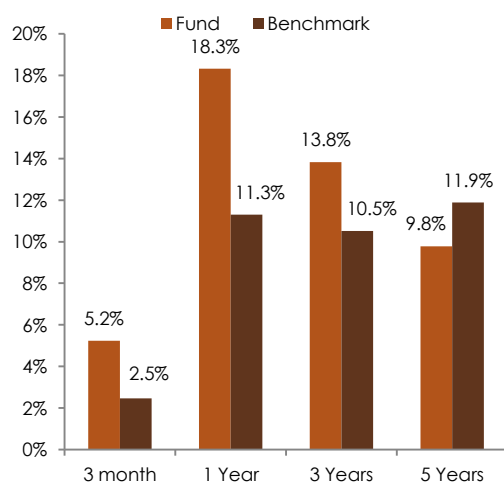
Asset Allocation as at 31 December 2012



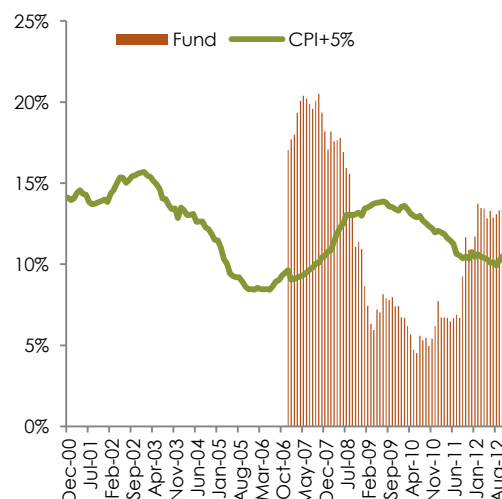
Cumulative Performance vs Benchmark since January 2004



Historical performance as at 31 December 2012



3-year rolling performance vs CPI target



Sanlam Namibia Active Fund

Risk Profile: Low
Size: N\$1.54 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

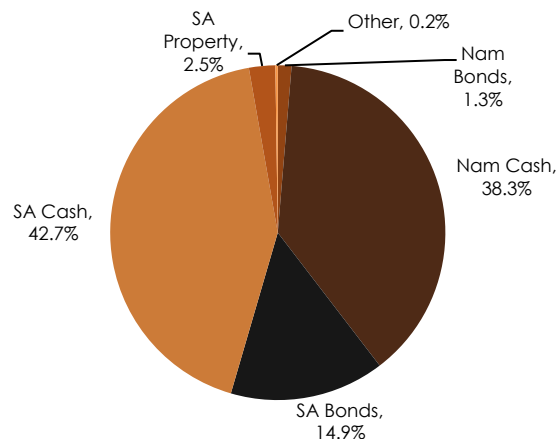
Portfolio Manager

Andre Roux, Phillip Liebenberg, Tertius Liebenberg

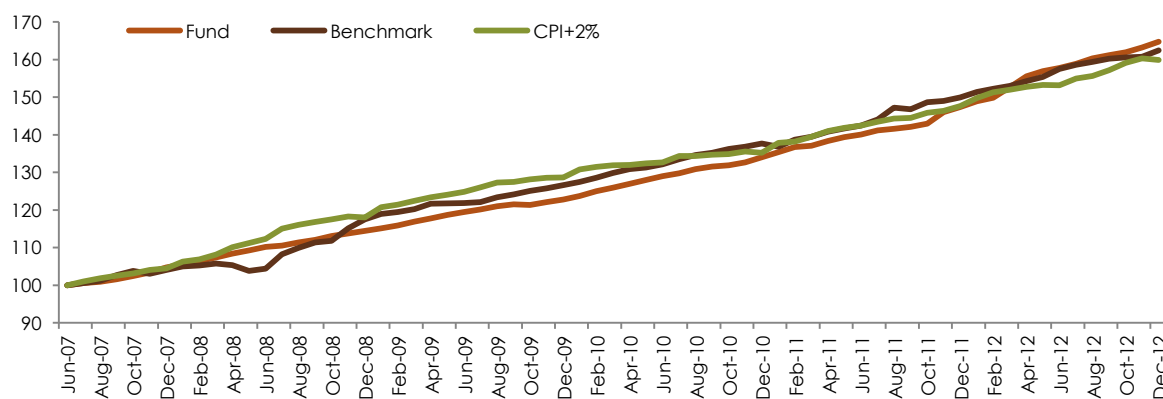
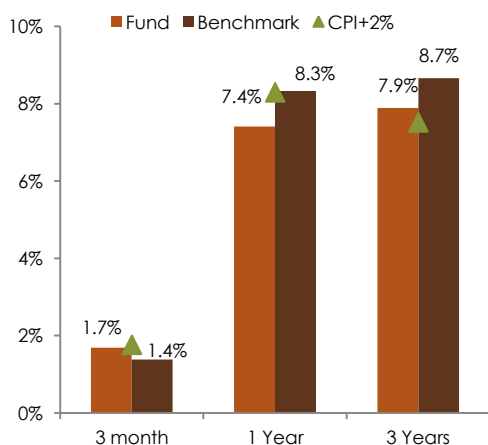
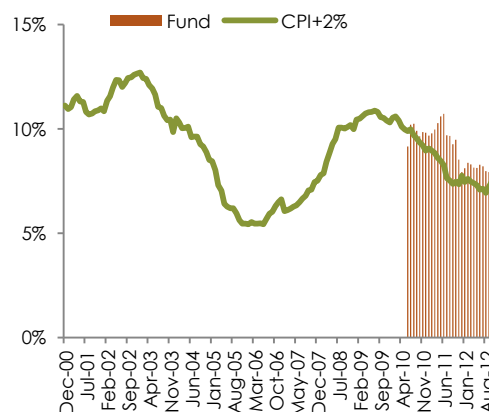
Benchmark

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

Fees: 0.6% p.a.

Asset Allocation as at 31 December 2012**Top 10 Bonds**

Bond		% of Bonds	Bond		% of Bonds
1	Bank Windhoek Commercial	17.2%	6	Standard Bank F/R 01032017	1.3%
2	SIM Namibia Floating Rate Fund Class B2	4.6%	7	Standard Bank F/R 190617	1.3%
3	Standard Bank Namibia Nominees Bank	3.9%	8	Nedbank F/R 210414	1.3%
4	ABSA F/R 17032014	1.4%	9	Investec F/R 120315	1.2%
5	FirstRand F/R 161115	1.3%	10	ABSA 8.295% 211118	1.2%

Cumulative Performance vs Benchmark since February 2004**Historical performance as at 31 December 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.

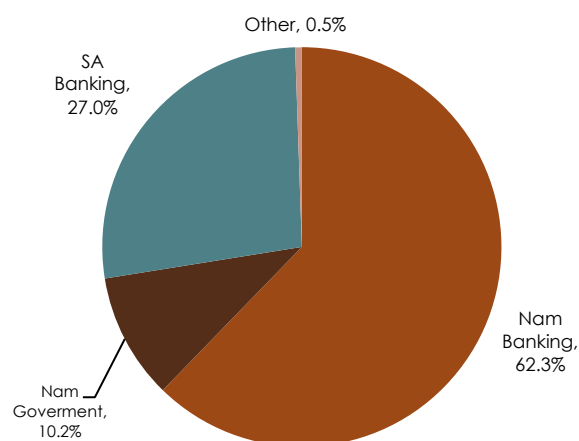
Inception: Feb-02
CIO: Ian Erlank
Portfolio Manager: Capricorn Asset Managers (Tertius Liebenberg)

Benchmark

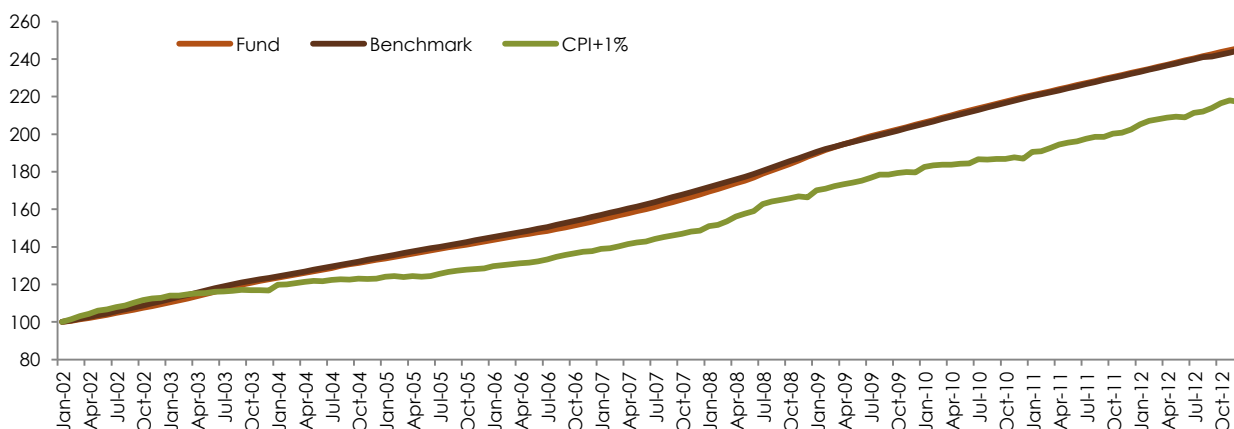
The benchmark for this portfolio is the Bank of Namibia 7 day Repo Rate. For comparative purposes the IJG Money Market Index has been used as benchmark

Fees: 0.5% p.a.

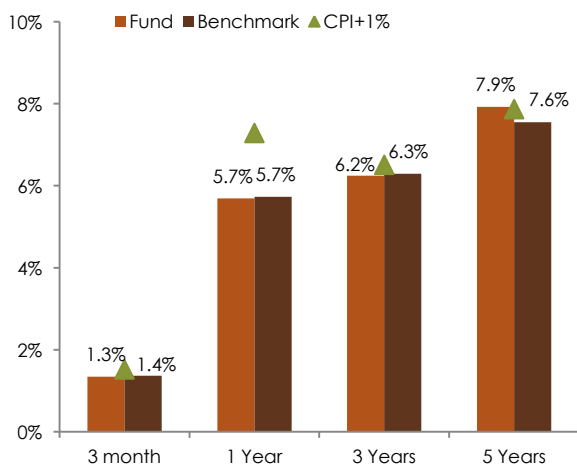
Asset Allocation as at 31 December 2012



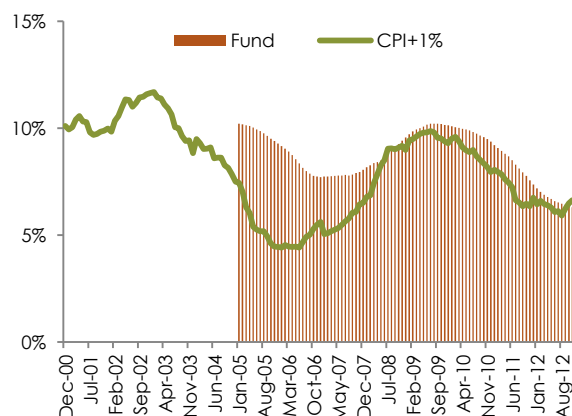
Cumulative Performance vs Benchmark since inception



Historical performance as at 31 December 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 (i.e. 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 (i.e. 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.