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Strictly Confidential

Prepared by  
NMG Investments Monitoring Division

For



**Benchmark Retirement Fund**

Investment Report as at 31 March 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% to 6%
Allan Gray Namibia Investment Trust	Moderate	None	CPI + 5% to 6%
Investec Managed Fund Namibia	Moderate	None	CPI + 5% to 6%
Old Mutual Namibia Profile Balanced Fund	Moderate	None	CPI + 5% to 6%
Prudential Namibia Balanced Fund	Moderate	None	CPI + 5% to 6%
Sanlam Namibia Balanced Fund <sup>2</sup>	Moderate	None	CPI + 5% to 6%
Standard Bank Namibia Managed Fund	Moderate	None	CPI + 5% to 6%
Default Portfolio	Moderate-Low	-	CPI + 4% to 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% to 3%
Sanlam Namibia Active Fund <sup>1</sup>	Low	1-3 yr ALBI	CPI + 1% to 2%
Money Market Fund	Capital Preservation	7-day repo rate	CPI to CPI + 1%

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

2. 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.

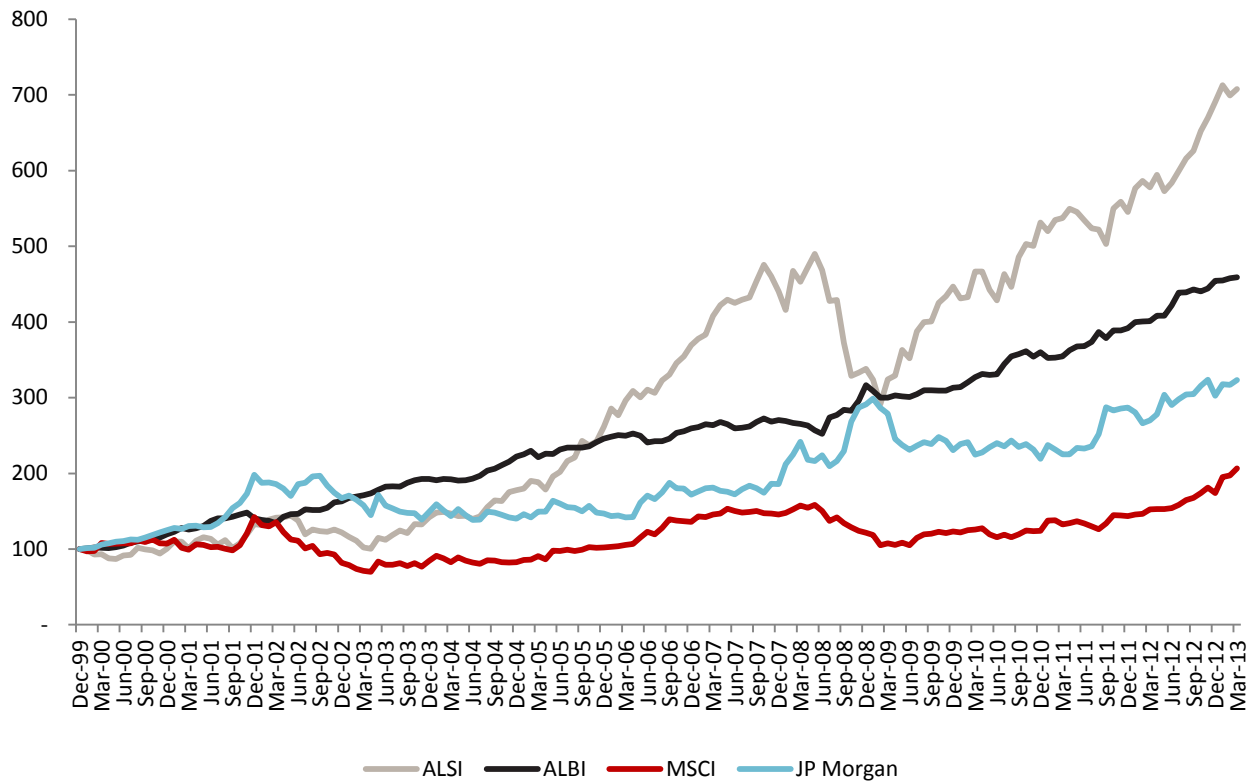
The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified.

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 March 2013**.



### 2.2 Medium Term Market Performance

The following table presents the performance of various market indices to **31 March 2013**.

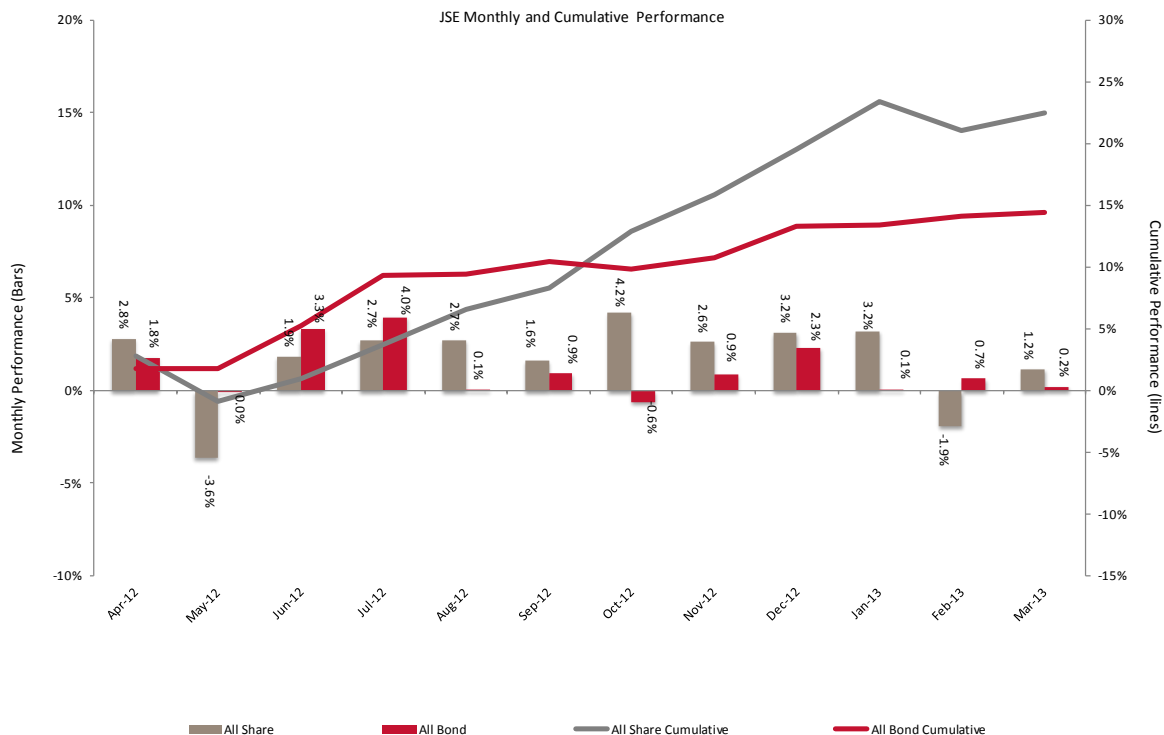
	2010	2011	2012	Q1 2013	One Year	Three Years
All Share (SA)	19.0%	2.6%	26.7%	2.5%	22.5%	14.9%
JSE: Financials	16.5%	7.4%	38.1%	5.9%	29.7%	18.5%
JSE: Industrial	27.4%	9.2%	40.8%	6.3%	35.4%	25.9%
JSE: Resources	12.3%	-6.5%	3.1%	-6.0%	0.2%	-0.1%
All Bond (SA)	15.0%	8.8%	16.0%	1.0%	14.4%	11.9%
STeFI (SA)	6.9%	5.7%	5.5%	1.2%	5.4%	5.9%
MSCI World	0.5%	15.8%	21.3%	18.6%	35.6%	18.0%
JP Morgan Bond	-4.8%	30.7%	5.4%	6.9%	19.7%	12.9%
Rand/Dollar <sup>1</sup>	-10.6%	21.9%	4.1%	10.0%	20.5%	8.2%
CPI (SA)	3.5%	6.1%	5.7%	2.5%	5.9%	5.3%

1. A positive percentage indicates a depreciation of the Rand relative to the Dollar, and vice versa.

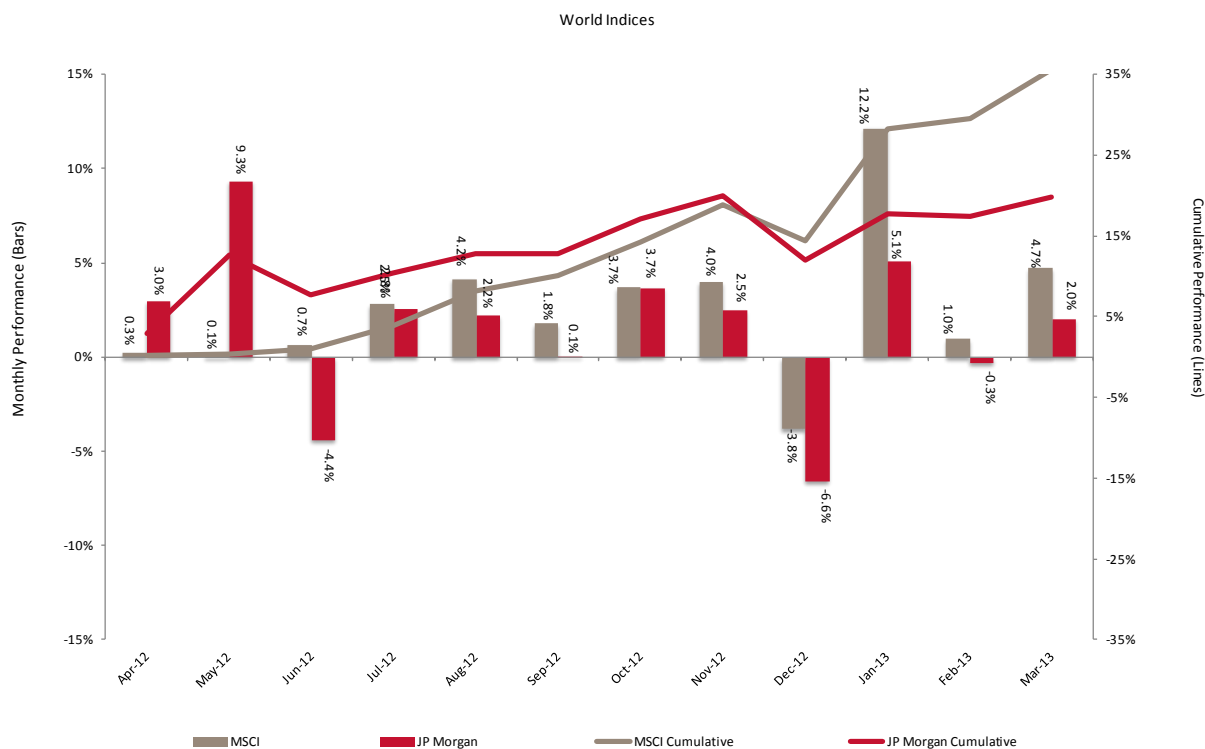
## 2.3 Short Term Market Performance

The following graphs represent the monthly performance of various market indices for the year ending **31 March 2013**.

### 2.3.1 South Africa



### 2.3.2 World



### 2.3.3 South African and International Market Commentary

The two largest powers in the Eurozone, Germany and France, experienced contradicting outcomes during first quarter of 2013. The French unemployment rate rose to 10.8% during February 2013 with Germany constant at 5.3%. German PMI slowed to 49.0 from above 50 showing signs of stagnation whilst French PMI remained well below the 50 mark at 43.9. The Eurozone overall however experienced an all time high unemployment rate of 12% and PMI continued to fall and closed at 46.5 during March 2013.

The European issues did not end there - Cyprus was forced to strike a deal with its European partners of €10bn to avoid bankruptcy of the island. Conditions of the bailout required Cyprus to raise €5.8bn itself which is to be funded by a levy on depositors with over €100 000.

South Africa is not unaffected by the turmoil in Europe. As it is South Africa's largest export market the slowing in Europe was a contributing factor to the South African PMI falling from 53.6 to 49.3 during March 2013. On the labour front, the country seemingly resolved the labour unrest in both the mining and farming industries in this period. Farm workers' wages increased to R105 a day effective 1<sup>st</sup> of March, and in the mining sectors, the February strikes in the platinum industry were resolved in early March.

#### Equities

Despite labour unrest in both the farming and mining sectors in South Africa, the ALSI returned 2.5% in the first quarter of 2013. This positive performance of the ALSI was supported by a rally of both the industrial and financial sectors, returning 6.3% and 5.9% respectively. However resources returned a negative 6.0% for the quarter.

Regardless of the continuing European crisis, the developed markets returned 18.6% while the MSCI Emerging Market Index returned 7.8% in Rand terms for the quarter.

#### Bonds

The All Bond (ALBI) remained flat in all the months of the first quarter of 2013, returning 1.0% for the quarter. However the JP Morgan Bond Index achieved 6.9% in Rand terms for the quarter. This is largely attributable to the weakening of the Rand at 10.0% for the quarter against the US\$.

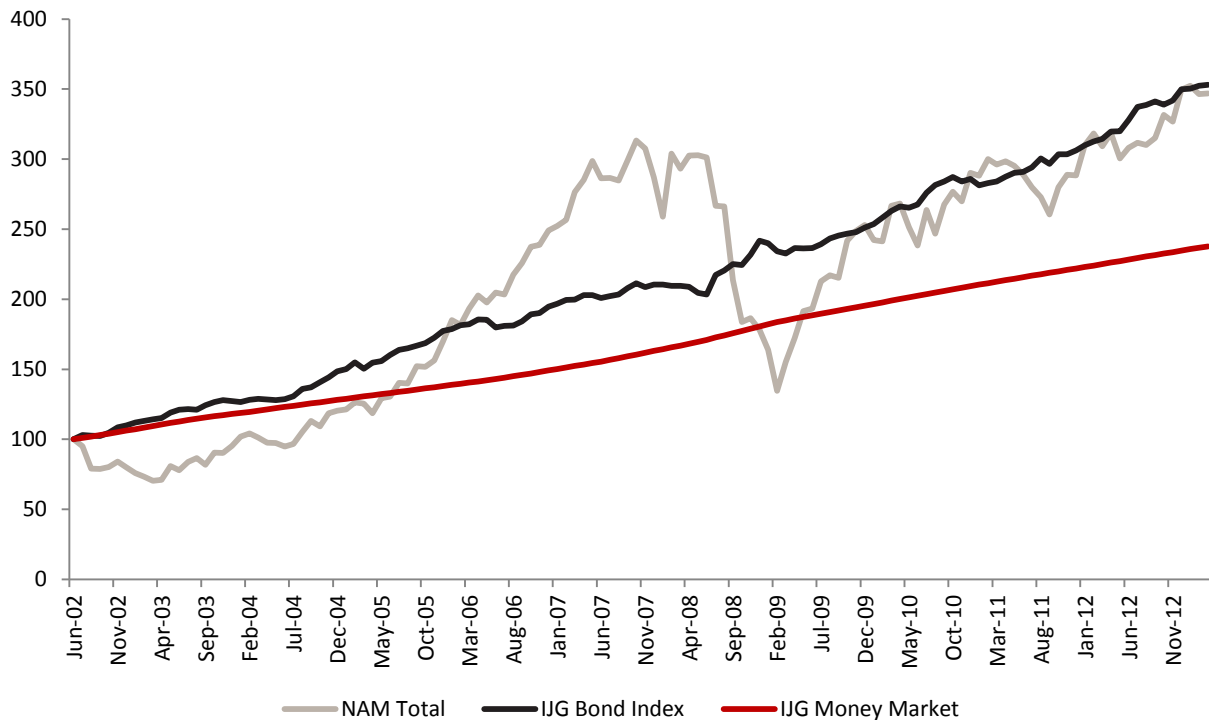
#### Currency

The South African Rand depreciated against all major currencies, closing at R9.23/US\$, R11.81/€ and R13.99/£ in March 2013.

## 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 March 2013**.



### 2.4.2 Medium Term Market Performance

The following table presents the performance of various market indices to **31 March 2013**.

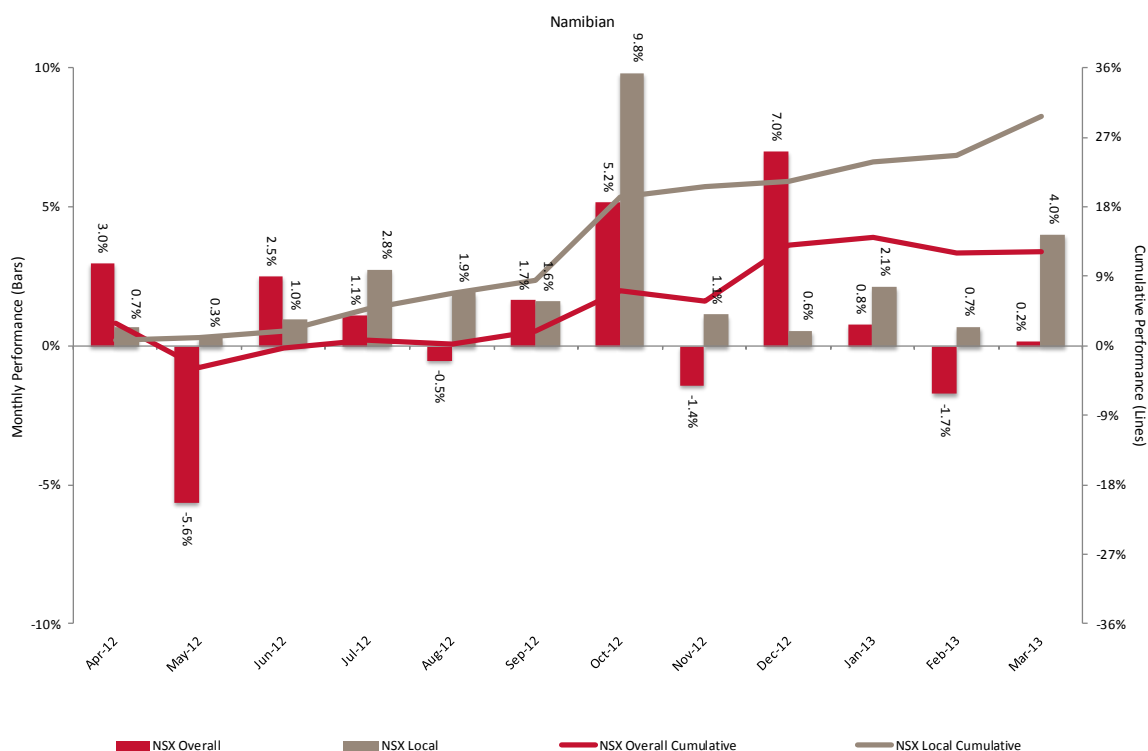
	2010	2011	2012	Q1 2013	One Year	Three Years
NAM Total	14.8%	-0.6%	21.2%	-0.8%	12.2%	9.2%
NAM Local	18.7%	36.7%	31.2%	7.0%	29.8%	30.0%
NAM CPI	3.1%	7.2%	6.3%	2.5%	6.3%	5.7%
IJG Bond Index <sup>1</sup>	13.9%	7.1%	15.4%	0.9%	12.3%	10.7%
IJG Money Market	7.1%	6.0%	5.7%	1.3%	5.6%	6.1%

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



### 2.4.3 Short Term Market Performance

The following graph represents the monthly performance of various market indices for the year ending **31 March 2013**.



### 2.4.4 Namibian Market Commentary

Namibian CPI was 2.5% for the first quarter of 2013, keeping annual inflation at 6.3% p.a. From an equity perspective, the NAM Total index showed a slight loss at -0.8% whilst the NAM Local index returned 7.0% for the first quarter of 2013.

The Namibian Gross Domestic Product for 2012 increased by 5.0% year on year compared to 4.5% year on year in 2011. The average annual growth rate for the past decade is reported as 4.9% p.a. This has however been due to strong mining growth which is unlikely to be maintained this year.

The repo and prime rate is kept unchanged at 5.5% p.a. and 9.25% p.a. respectively.

### 3. Performance Comparison as at 31 March 2013

#### 3.1 Moderate Portfolios

##### 3.1.1 Asset Allocation

The figure below reflect the asset allocation of the moderate portfolios as at **31 March 2012 (12 Months ago)**

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced	Standard Bank Managed
Namibia Equities	17.9%	15.9%	17.4%	13.1%	14.0%	13.4%	13.9%
Namibia Bonds	9.0%	10.6%	10.1%	6.9%	1.3%	10.6%	2.8%
Namibia Cash	7.5%	17.7%	7.9%	12.5%	20.7%	10.2%	20.4%
Namibia Property	1.8%	-	0.2%	-	-	3.9%	3.9%
South Africa Equities	24.4%	19.0%	28.2%	36.3%	19.8%	30.9%	39.3%
South Africa Bonds	-	0.4%	3.9%	1.5%	11.5%	5.2%	1.1%
South Africa Cash	6.7%	-	3.5%	0.7%	-	0.5%	-
South Africa Property	-	4.0%	3.0%	3.7%	3.1%	-	-
International Equity	16.8%	22.2%	13.4%	22.3%	24.9%	17.8%	18.6%
International Bonds	-	8.2%	4.0%	1.5%	4.7%	1.8%	-
International Cash	-	1.5%	2.5%	-	-	2.8%	-
International Other	14.3% <sup>1</sup>	0.5% <sup>1</sup>	-	-	-	2.9% <sup>4</sup>	-
Other	1.6% <sup>2</sup>	-	5.9% <sup>3</sup>	1.5% <sup>5</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.

5. Other represents commodities.

The figures below reflect the asset allocation of the moderate portfolios as at **31 March 2013**.

	<b>Allan Gray</b>	<b>Investec Managed</b>	<b>AF Balanced Growth</b>	<b>OMIGNAM Balanced</b>	<b>Prudential Balanced</b>	<b>Sanlam Namibia Balanced</b>	<b>Standard Bank Managed</b>
Namibia Equities	19.3%	14.6%	17.6%	12.7%	17.9%	15.6%	9.7%
Namibia Bonds	8.0%	12.9%	9.4%	8.2%	2.6%	6.9%	10.0%
Namibia Cash	6.3%	16.5%	5.6%	14.6%	16.4%	16.4%	24.2%
Namibia Property	2.0%	0.8%	-	2.0%	-	0.4%	-
South Africa Equities	23.8%	17.8%	28.6%	25.7%	22.4%	26.7%	33.3%
South Africa Bonds	-	-	5.2%	0.8%	8.2%	7.4%	0.8%
South Africa Cash	4.8%	-	4.2%	-	-	0.1%	0.2%
South Africa Property	-	4.0%	3.8%	2.0%	2.0%	1.0%	-
International Equity	15.8%	23.6%	12.5%	30.0%	23.4%	16.7%	21.8%
International Bonds	-	8.0%	3.9%	3.4%	7.1%	1.9%	-
International Cash	-	0.6%	1.0%	-	-	3.1%	-
International Other	18.2% <sup>1</sup>	1.2%	0.8% <sup>5</sup>	-	-	3.8% <sup>4</sup>	-
Other	1.8% <sup>2</sup>	-	7.4% <sup>3</sup>	0.6% <sup>5</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>

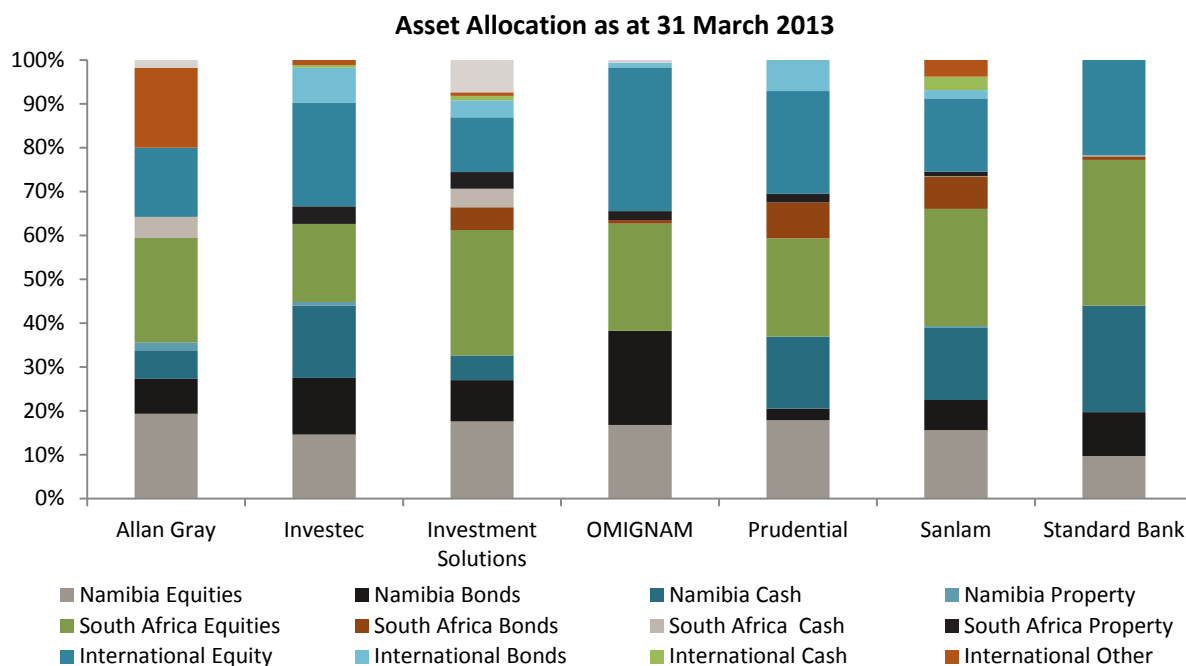
1. Other represents Offshore Hedge Funds.

2. Other represents Gold ETF's

3. Other represents SA Hedge Funds

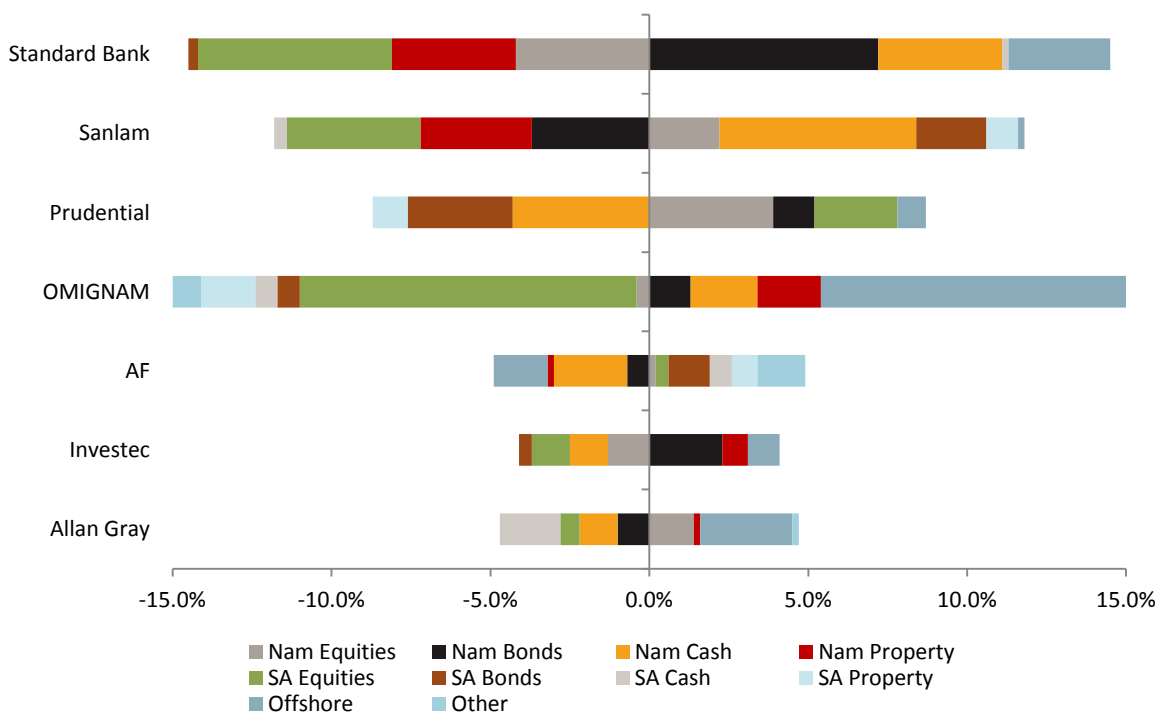
4. Other represents International Property

5. Other represents commodities



### 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 March 2013**. 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.



The above graph indicates that Standard Bank and OMIGNAM have made significant changes to some of the underlying asset classes. Standard Bank reduced the portfolio's underlying exposure to SA Equities, SA Cash and Nam Property whilst increasing exposure to Nam Cash and Nam Bonds. OMIGNAM decreased exposure to SA Equities significantly while increasing Offshore assets.

### 3.1.3 Geographical Split as at 31 March 2013

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced	Standard Bank Managed
Namibia	35.7%	44.8%	32.6% <sup>1</sup>	37.5%	36.9%	39.3%	43.9%
South Africa	30.3%	21.8%	49.2%	29.1%	32.6%	35.2%	34.3%
International	34.0%	33.4%	18.2%	33.4%	30.5%	25.5%	21.8%
<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. Please note: The AF Namibia Balanced Growth Fund is below the required 35% proportion of funds in Namibian assets. However they are taking further steps to correct this.

### 3.1.4 Time Weighted Returns

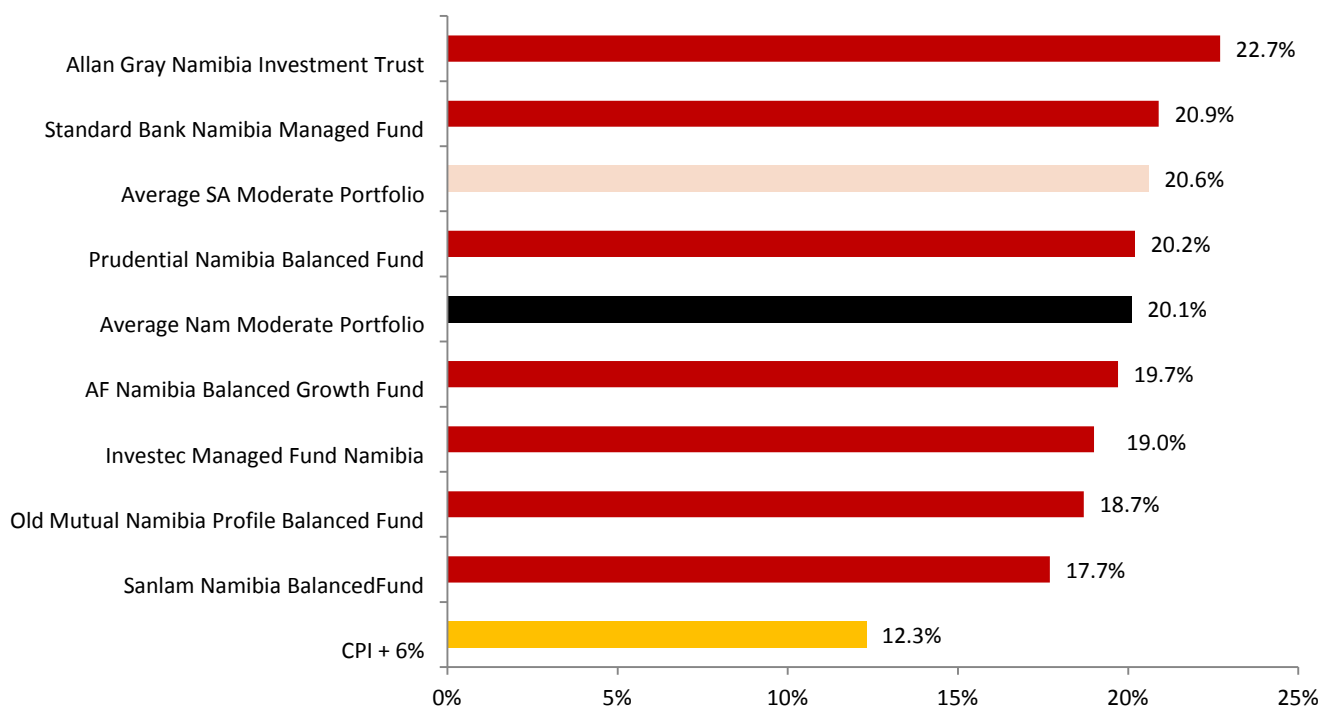
Listed below are the investment returns achieved for the specified periods. Please note the returns are **gross** of fees.

Investment Portfolio	One Year	Three Years (annualised)	Five Years (annualised)	Ten Years (annualised)
Allan Gray Namibia Investment Trust	22.7%	15.5%	11.9%	20.0%
Investec Managed Fund Namibia	19.0%	12.9%	9.0%	18.0%
AF Namibia Balanced Growth Fund <sup>1</sup>	19.7%	13.9%	10.4%	17.9%
Old Mutual Namibia Profile Balanced Fund	18.7%	13.4%	9.2%	17.6%
Prudential Namibia Balanced Fund	20.2%	12.8%	-	-
Sanlam Namibia Balanced Fund	17.7%	12.9%	8.1%	-
Standard Bank Namibia Managed Fund	20.9%	16.0%	12.1%	18.4%
<b>Average SA Moderate Portfolio<sup>2</sup></b>	<b>20.6%</b>	<b>14.8%</b>	<b>11.1%</b>	<b>18.4%</b>
<b>Average Nam Moderate Portfolio<sup>3</sup></b>	<b>20.1%</b>	<b>14.0%</b>	<b>10.2%</b>	<b>18.1%</b>
<b>All Share (JSE)<sup>4</sup></b>	<b>22.5%</b>	<b>14.9%</b>	<b>9.3%</b>	<b>21.4%</b>
<b>Nam Inflation</b>	<b>6.3%</b>	<b>5.7%</b>	<b>6.8%</b>	<b>5.9%</b>
<b>Nam Inflation + 6%</b>	<b>12.3%</b>	<b>11.7%</b>	<b>12.8%</b>	<b>11.9%</b>

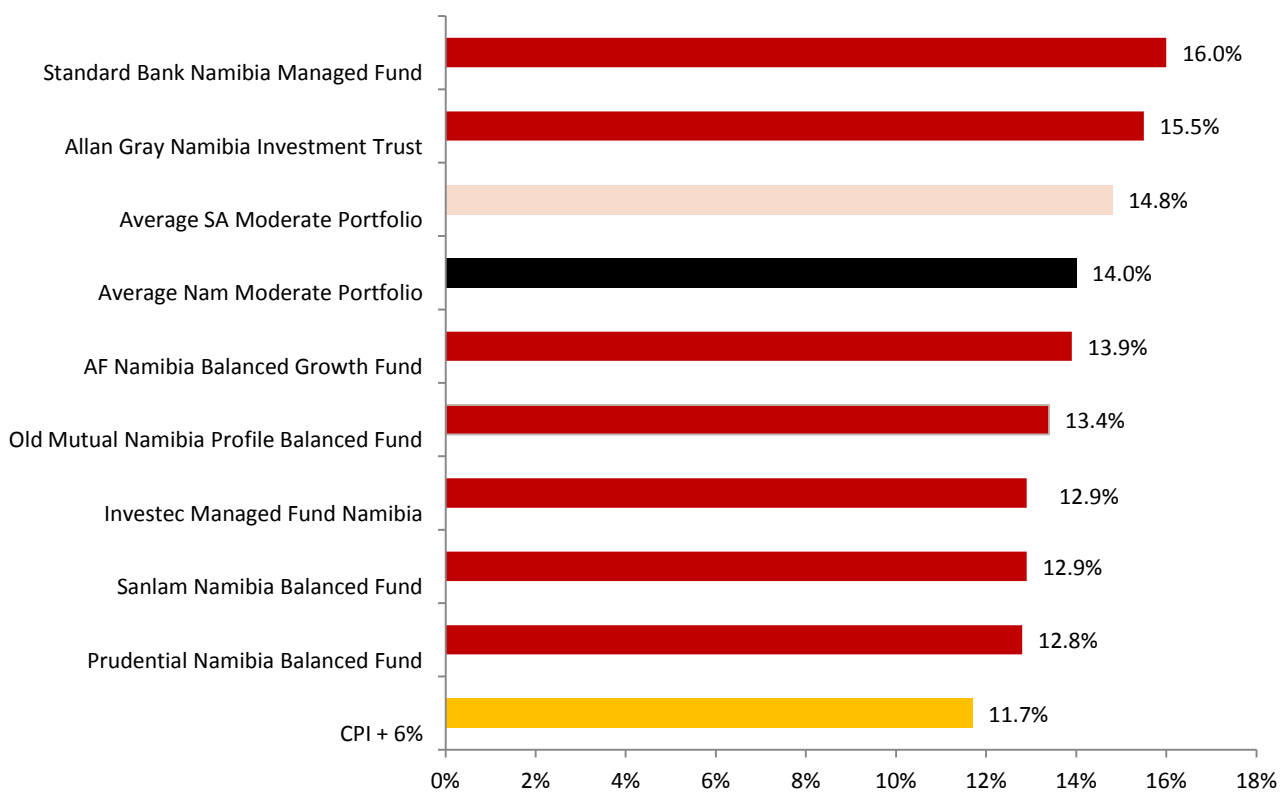
- Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.
- Average of the NMG Consultants and Actuaries Survey for Moderate Balanced portfolios.
- Average of the NMG Consultants and Actuaries Survey for Namibian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

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

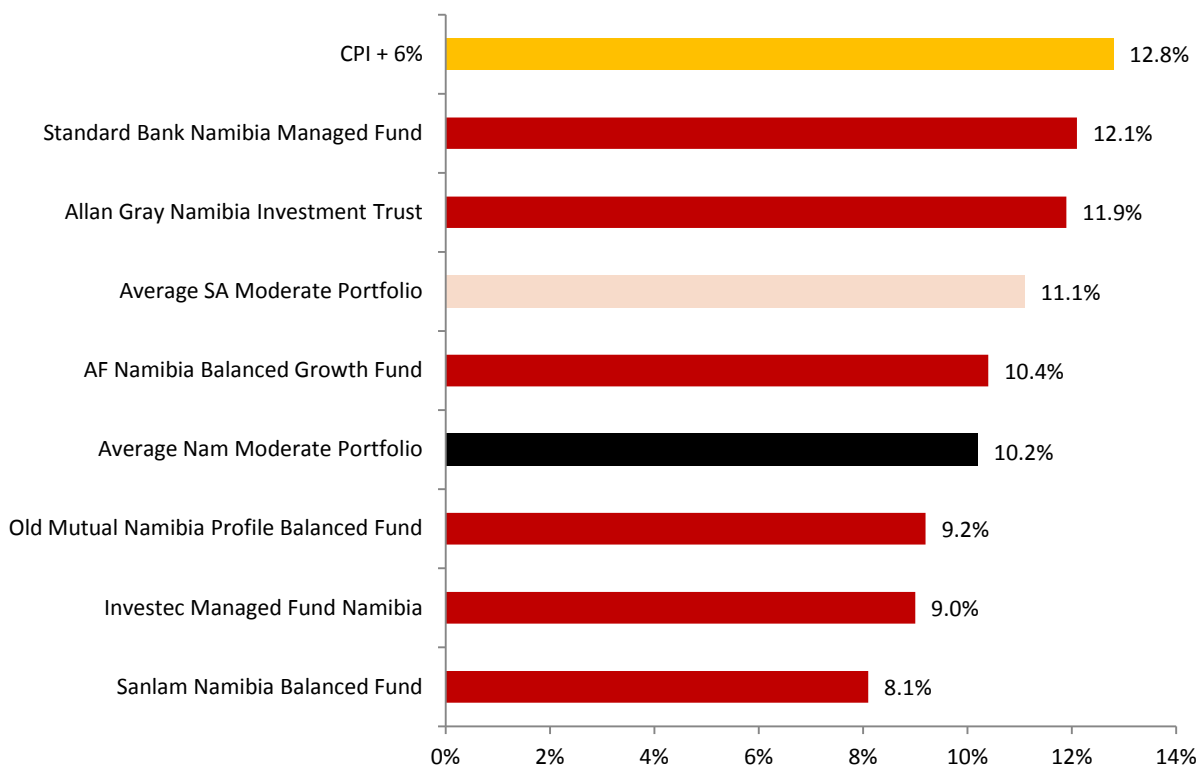
### 1 year performance for the period ending 31 March 2013



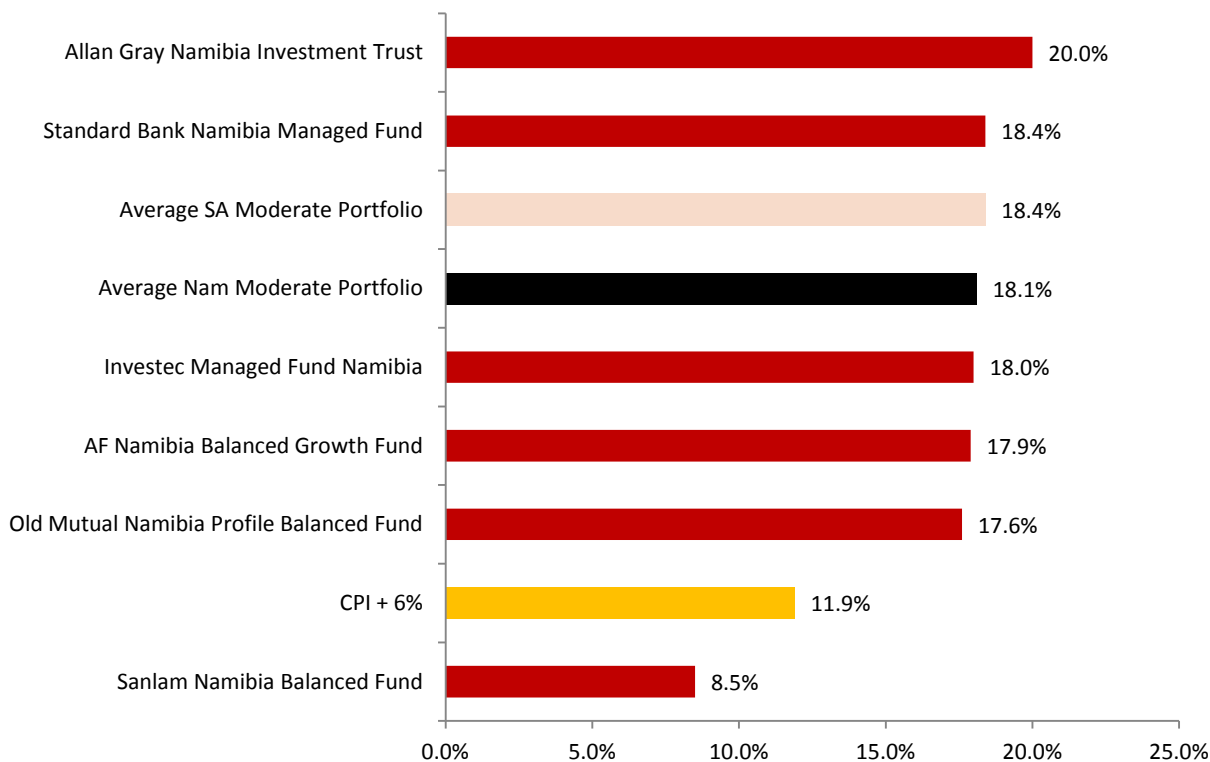
### 3 year performance for the period ending 31 March 2013



### 5 year performance for the period ending 31 March 2013

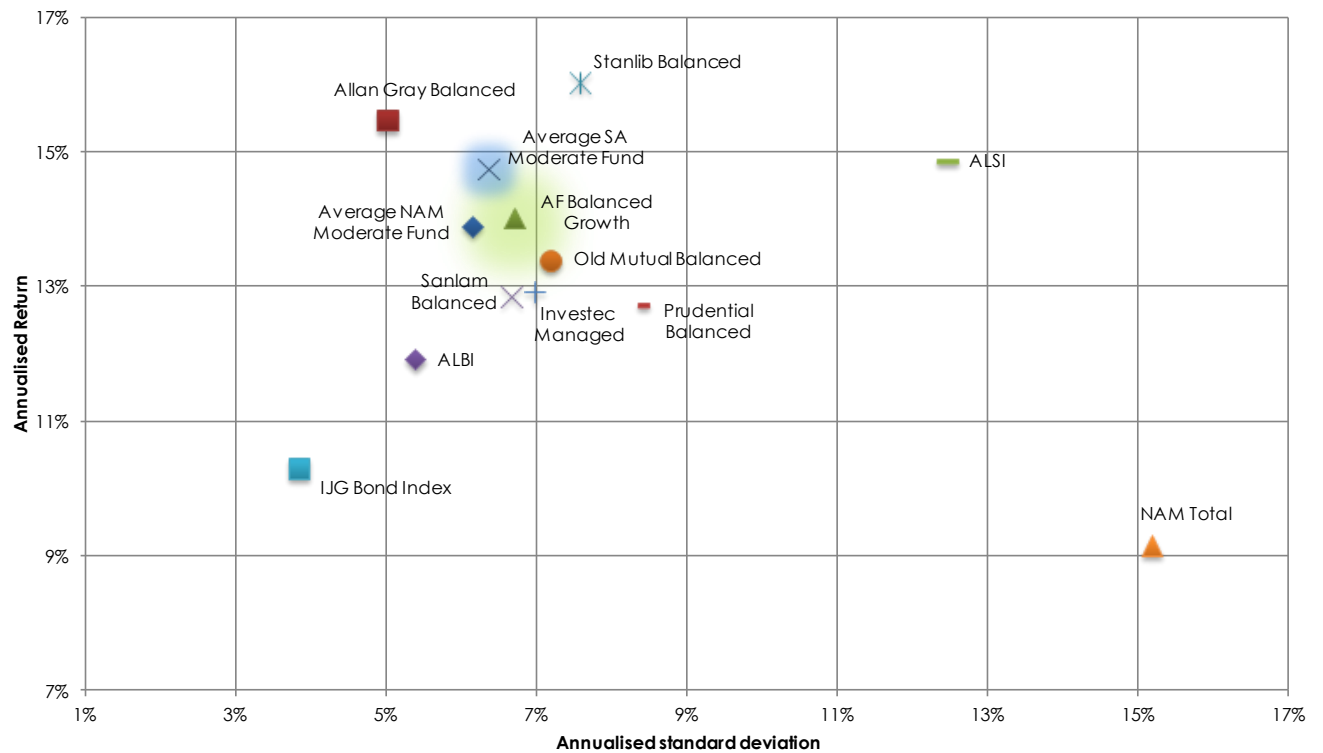


### 10 year performance for the period ending 31 March 2013



### 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 **31 March 2013**. These returns are also **gross** of all investment charges.





### 3.2 Moderate – Low Portfolios

#### 3.2.1 Asset Allocation

The figure below reflect the asset allocation of the moderate-low portfolios as at **31 March 2012 (12 Months ago)**

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	8.2%	4.7%	15.0%	14.8%
Nam Bonds	15.7%	1.0%	10.2%	8.6%
Nam Cash	10.9%	29.8%	1.5%	7.5%
Nam Property	-	-	-	0.9%
SA Equities	35.4%	16.3%	2.3%	15.0%
SA Bonds	22.1%	26.3%	25.8%	12.9%
SA Cash	0.3%	1.0%	12.8%	8.9%
SA Property	5.1%	3.4%	6.1%	3.1%
International Equity	-	15.5%	15.3%	15.9%
International Bonds	1.7%	-	11.0%	5.5%
International Cash	0.6%	2.0%	-	-
International Other <sup>1</sup>	-	-	-	6.2%
Other <sup>2</sup>	-	-	-	0.7%
<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

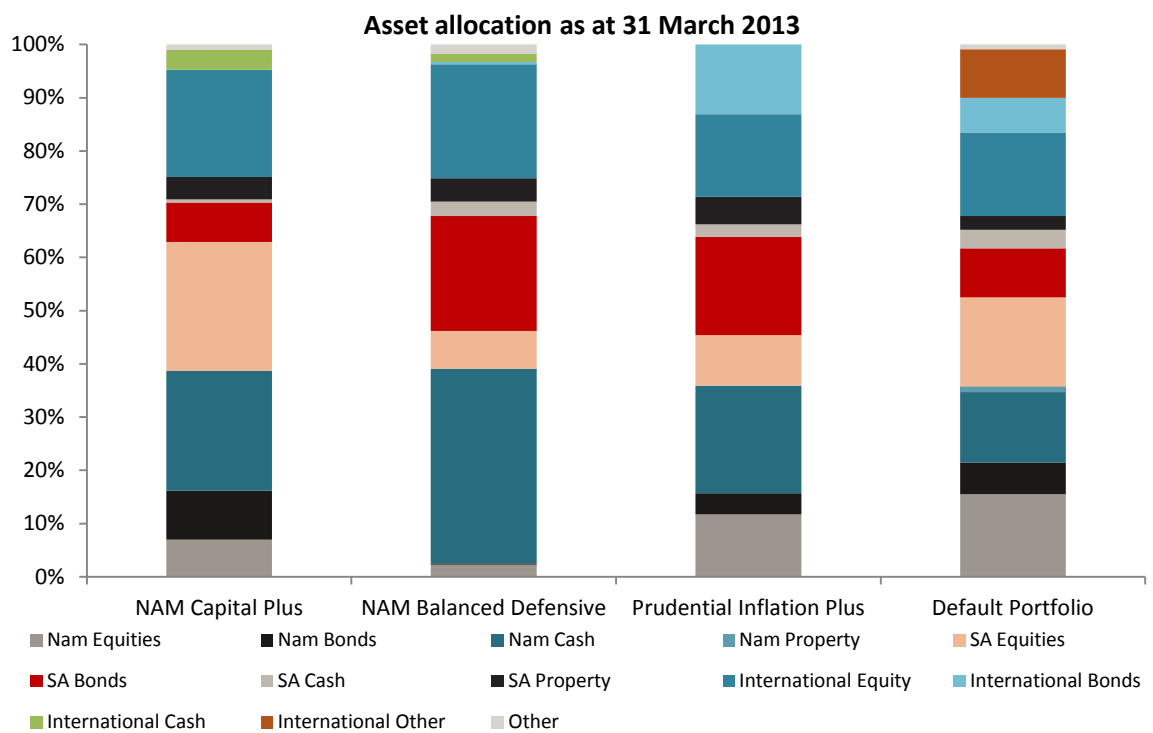
The figures below reflect the asset allocation of the moderate-low portfolios as at **31 March 2013**

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	7.0%	2.3%	11.7%	15.5%
Nam Bonds	9.2%	0.2%	4.0%	6.0%
Nam Cash	22.5%	36.6%	20.2%	13.2%
Nam Property	-	-	-	1.0%
SA Equities	24.2%	7.1%	9.5%	16.8%
SA Bonds	7.4%	21.6%	18.5%	9.2%
SA Cash	0.6%	2.7%	2.3%	3.5%
SA Property	4.2%	4.4%	5.2%	2.6%
International Equity	20.2%	21.4%	15.5%	15.7%
International Bonds	-	0.4%	13.1%	6.5%
International Cash	3.7%	1.5%	-	-
International Other <sup>1</sup>	-	0.1%	-	9.1%
Other <sup>2</sup>	1.0%	1.7%	-	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

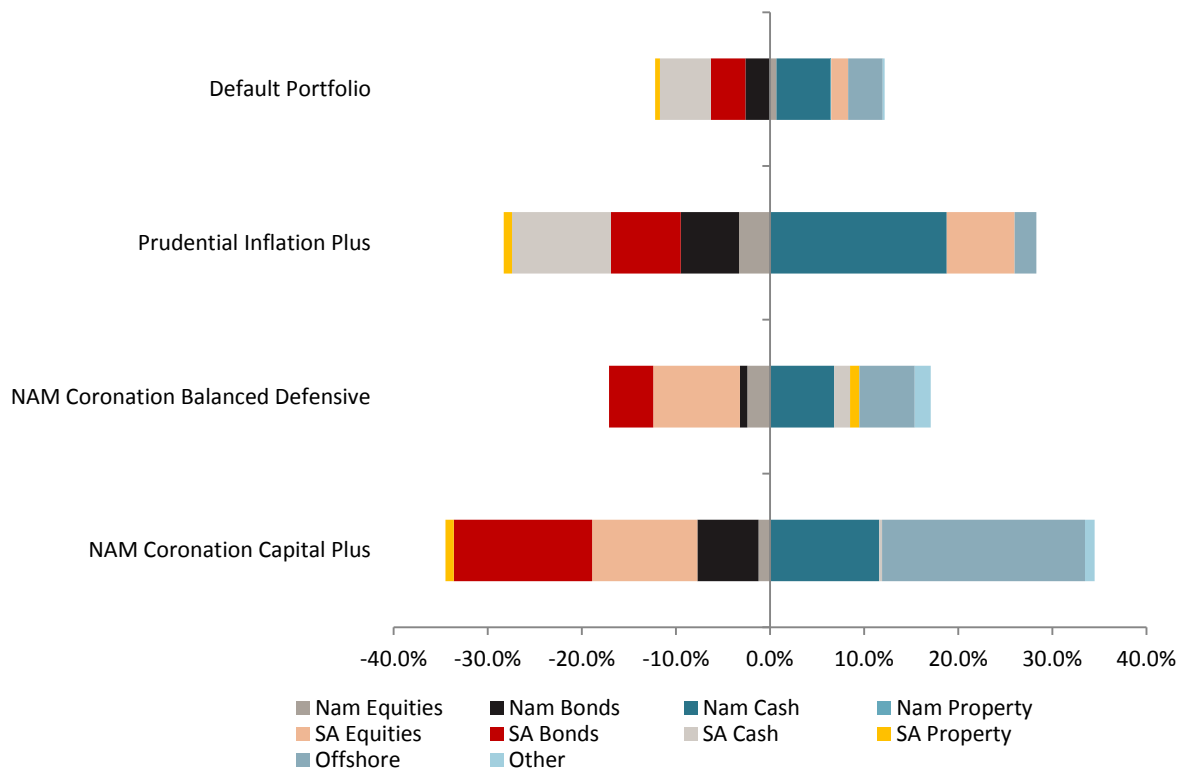
2. Other represents Gold ETF's

The figures below reflect the asset allocation of the moderate-low portfolios as at **31 March 2013**.



### 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 March 2013**. 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.



Prudential Inflation Plus increased its exposure to Nam Cash, while decreasing exposure to SA Cash, SA Bonds and Nam Bonds. NAM Coronation Capital Plus decreased its exposure to SA Bonds, SA Equities and SA Property as well as Namibian Bonds whilst increasing exposure to Namibian Cash and Offshore investments.

### 3.2.3 Geographical Split

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Namibia	38.7%	39.1%	35.9%	35.7%
South Africa	37.4%	37.5%	35.5%	33.0%
International	23.9%	23.4%	28.6%	31.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

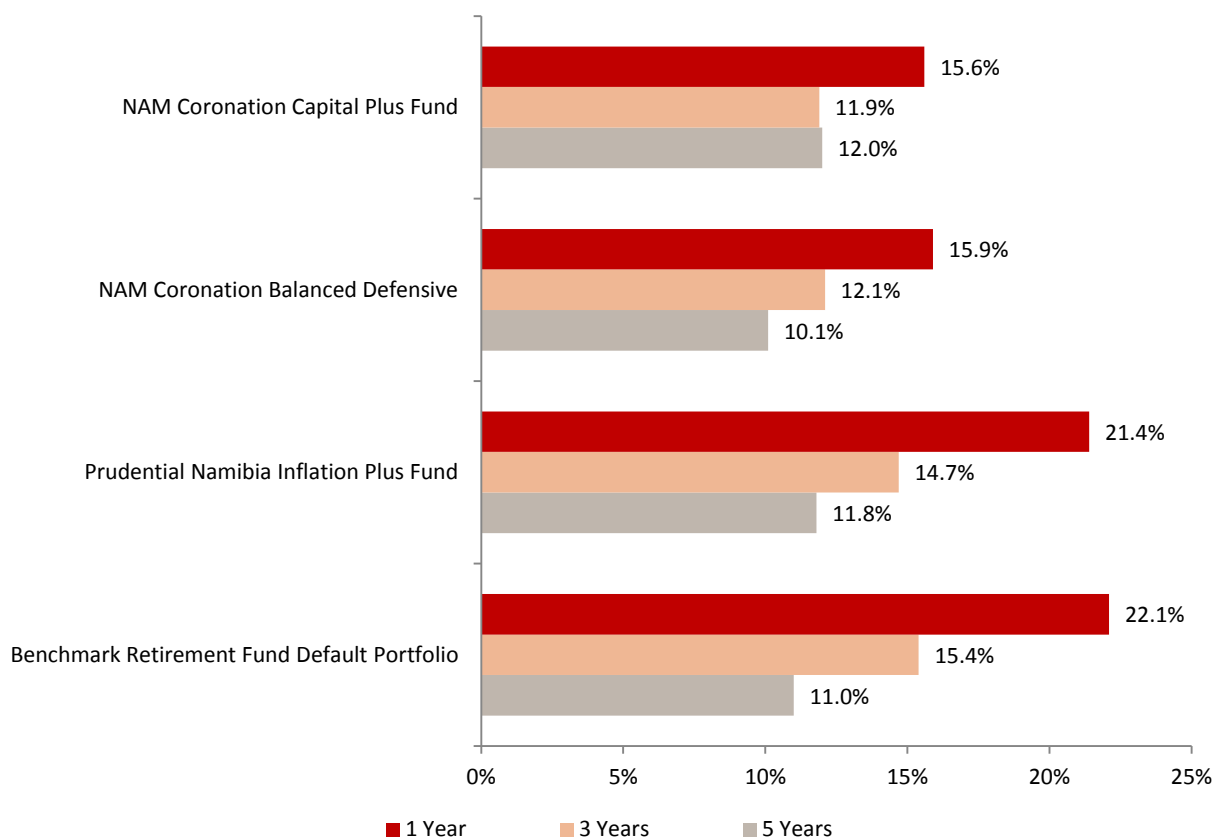
### 3.2.4 Time Weighted Returns

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

Investment Portfolio	One Year	Three Years (annualised)	Five Years (annualised)	Ten Years (annualised)
NAM Coronation Capital Plus Fund	15.6%	11.9%	12.0%	-
NAM Coronation Balanced Defensive Fund	15.9%	12.1%	10.1%	-
Prudential Namibia Inflation Plus Fund	21.4%	14.7%	11.8%	-
Benchmark Retirement Fund Default Fund	22.1%	15.4%	11.0%	12.8%
<b>CPI Inflation</b>	<b>6.3%</b>	<b>5.7%</b>	<b>6.8%</b>	<b>5.9%</b>
<b>Inflation + 3% to 5%</b>	<b>9.3% to 11.3%</b>	<b>8.7% to 10.7%</b>	<b>9.8% to 11.8%</b>	<b>8.9% to 10.9%</b>

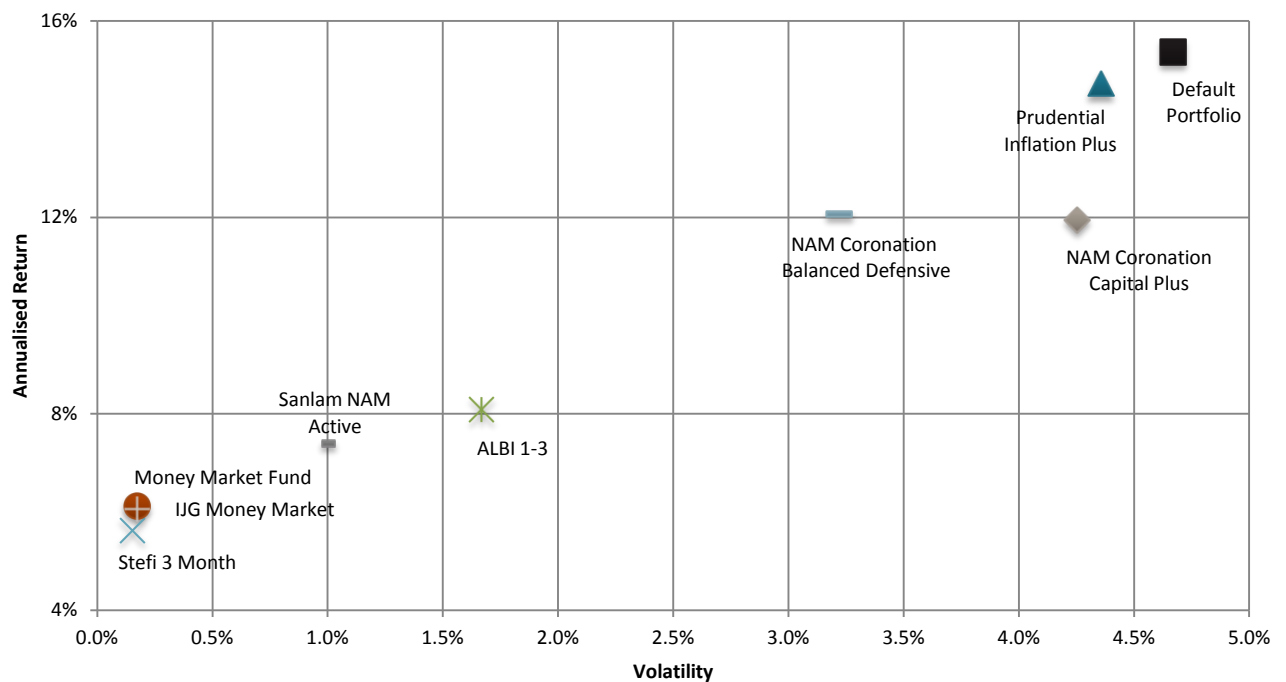
Please note: The NAM Coronation Absolute Fund was renamed to NAM Coronation Capital Plus Fund effective 26 April 2011.

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 **31 March 2013**. 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 March 2013	31 March 2012	Change
Nam Equities	-	-	-
Nam Bonds	1.4%	1.2%	0.2%
Nam Cash	38.0%	43.1%	-5.1%
Nam Property	-	-	-
SA Equities	-	-	-
SA Bonds	14.0%	17.8%	-3.8%
SA Cash	43.8%	35.2%	8.6%
SA Property	2.8%	2.7%	0.1%
Offshore	-	-	-
Other	-	-	-
<b>Total</b>	<b>100.0%</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	One Year	Three Years (Annualised)	Five Years (Annualised)
Sanlam Namibia Active Fund <sup>1</sup>	7.1%	7.4%	8.9%
ALBI 1-3 Years Index	7.2%	8.1%	9.2%
Inflation	6.3%	5.7%	6.8%
<b>Inflation + 1% to 2%</b>	<b>7.3% - 8.3%</b>	<b>6.7% - 7.7%</b>	<b>7.8% - 8.8%</b>

1. Returns are net of fees

#### Capital Protection Portfolios

Investment Portfolio	One Year	Three Years (Annualised)	Five Years (Annualised)
Money Market Fund <sup>1</sup>	5.6%	6.1%	7.6%
<b>IJG Money Market Index</b>	<b>5.6%</b>	<b>6.1%</b>	<b>7.3%</b>
<b>Inflation + 1%</b>	<b>7.3%</b>	<b>6.7%</b>	<b>7.8%</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\$2.6bn

**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-1999

**CIO:** Ian Liddle

**Portfolio Manager**

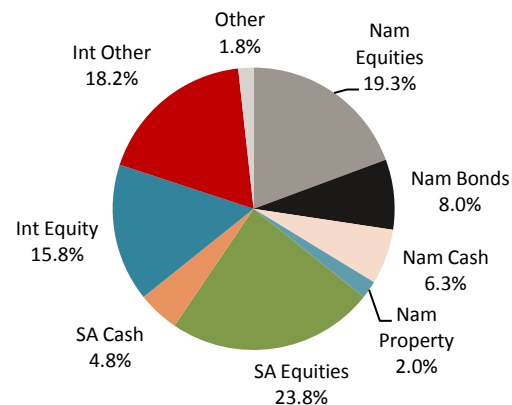
Ian Liddle, Duncan Artus, Andrew Lapping, Simon Raubenheimer

**Benchmark**

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

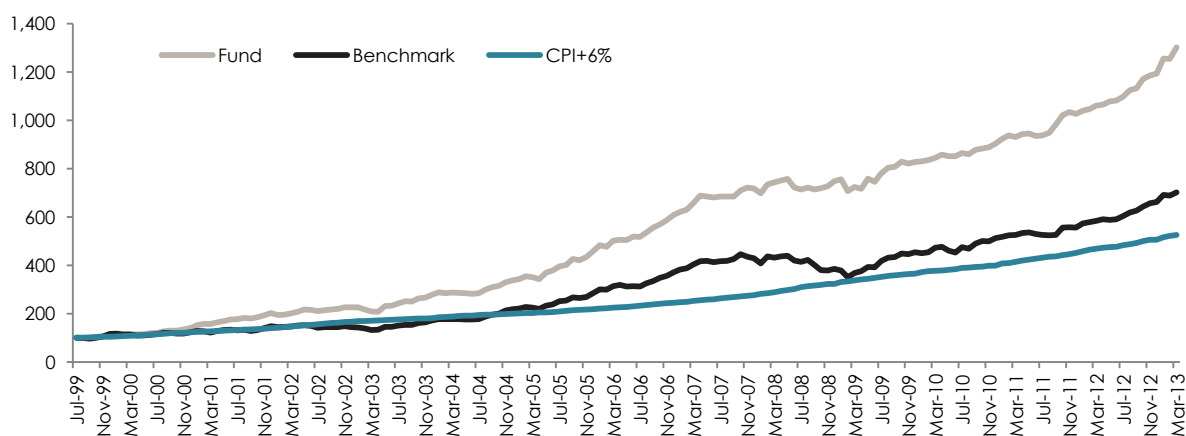
**Fees:** 0.75% p.a.

### Asset Allocation as at 31 March 2013

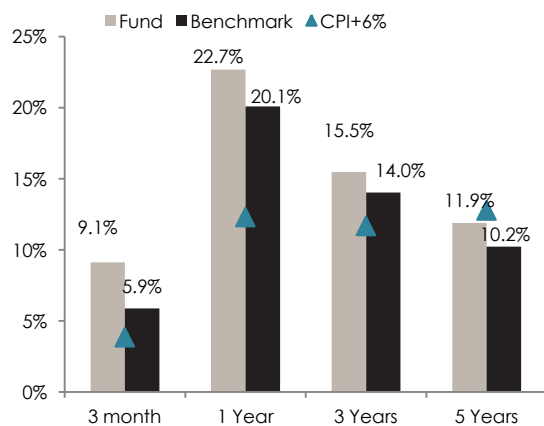


Top 10 Equities					
Share			Share		
		% of Portfolio			% of Portfolio
1	Sasol Ltd	10.5%	6	Remgro Limited	5.3%
2	British American Tobacco	9.7%	7	Sanlam Namibia	4.4%
3	SAB Miller	8.0%	8	Bidvest Namibia Limited	4.1%
4	FNB Nam Holdings Limited	7.7%	9	Standard Bank Group – Nam	4.0%
5	Stimulus Inv Ltd	7.0%	10	Anglo American P/c - Nam	3.5%

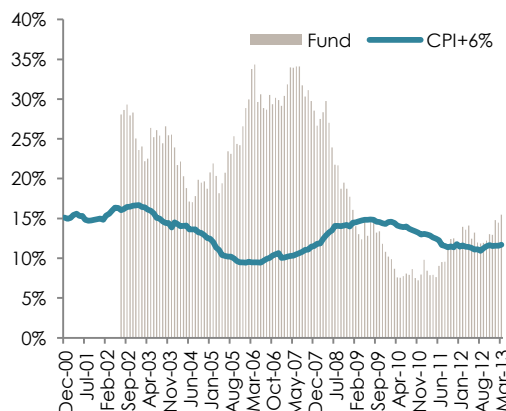
### Cumulative Performance vs Benchmark since inception



### Historical performance as at 31 March 2013



### 3-year rolling performance vs CPI target





## Investec Managed Fund

**Risk Profile:** Moderate**Size:** N\$784m**Portfolio Description**

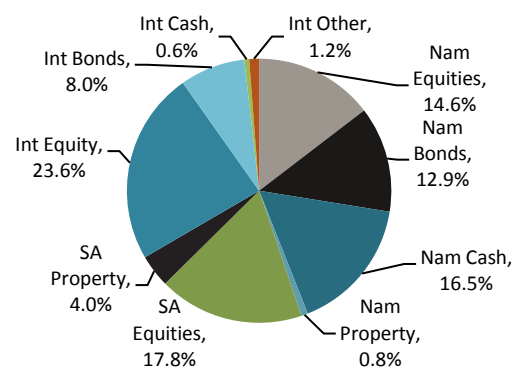
The Investec Managed Fund is market-linked balanced portfolio which aims to achieve stable returns over the longer term by investing in all asset classes. This portfolio represents Investec's best investment view.

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

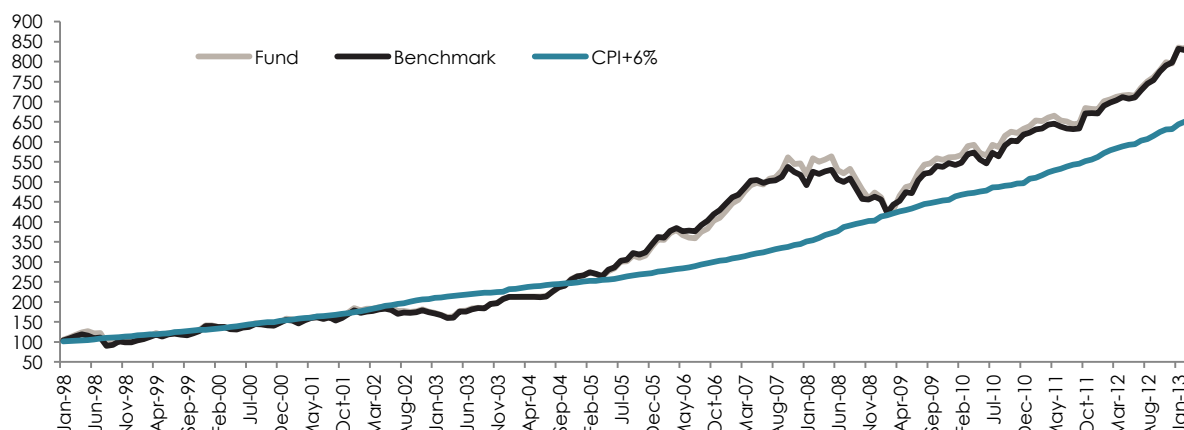
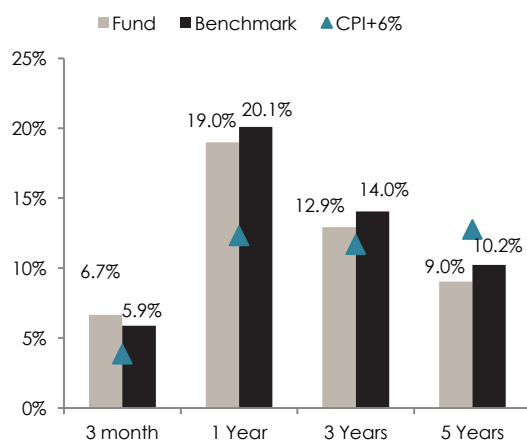
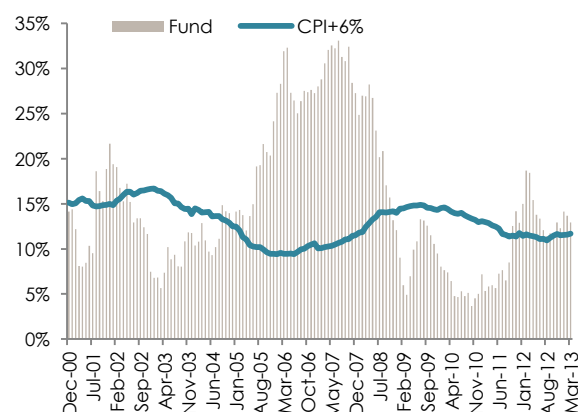
James Hatuikulipi and Chris Freund

**Benchmark**

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

**Fees:** 1% p.a.**Asset Allocation as at 31 March 2013****Top 10 Equities**

Share		% of Portfolio	Share		% of Portfolio
1	First Rand Bank	5.4%	6	Woolworths Holdings	2.0%
2	Old Mutual	4.7%	7	Naspers Ltd	1.9%
3	BHP Billiton	3.2%	8	Capital Property Fund	1.9%
4	Anglo American	2.7%	9	Liberty Holdings	1.6%
5	Nedbank	2.4%	10	Growthpoint Properties	1.6%

**Cumulative Performance vs Benchmark since January 1998****Historical performance as at 31 March 2013****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

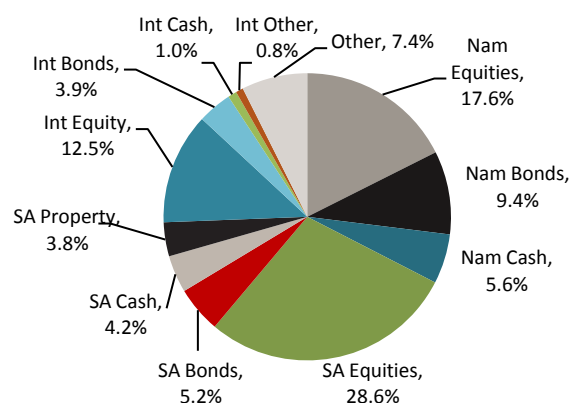
**Portfolio Manager:** Suniti Naran

**Benchmark**

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

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

**Asset Allocation as at 31 March 2013**



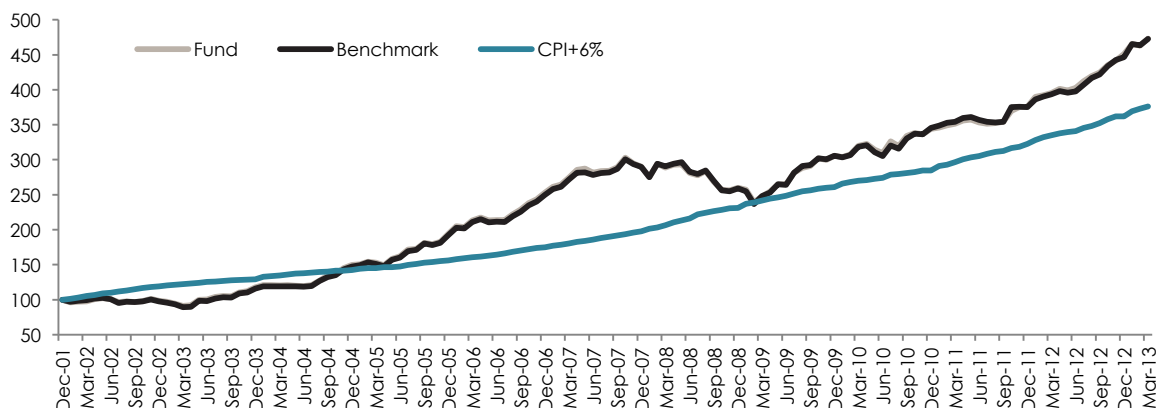
**Underlying Managers:**

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

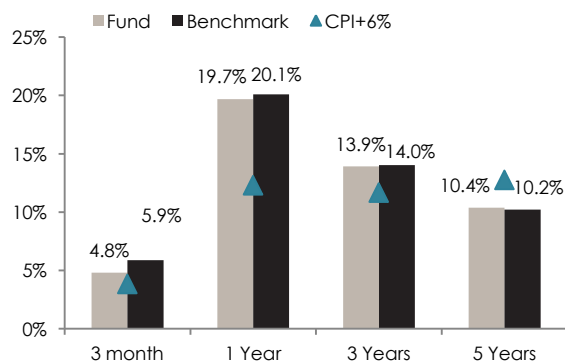
**Top 10 Equities**

Share			% of Portfolio		
1	Share		6	Share	% of Portfolio
1	Old Mutual Plc	2.1%	6	Anglo American Plc/ORD	1.8%
2	Sasol	2.0%	7	Anglo American Plc	1.7%
3	Standard Bank Group Nam	1.9%	8	Nedbank Group Nam	1.7%
4	Shoprite Holdings	1.9%	9	MTN Group	1.7%
5	First Rand	1.9%	10	Sanlam Nam	1.7%

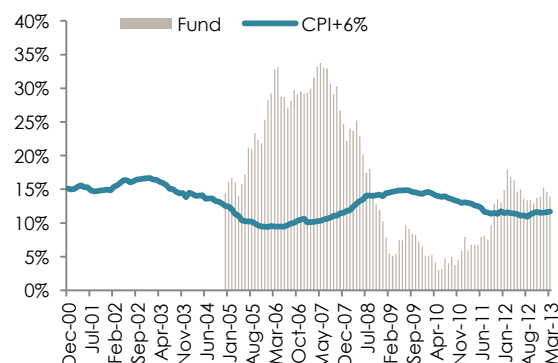
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 31 March 2013**



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



## Old Mutual Namibia Profile Balanced Fund

**Risk Profile:** Moderate

**Size (as at December 2012):** 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

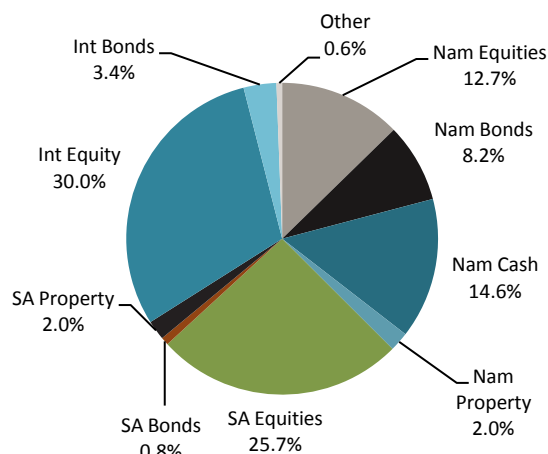
**Benchmark**

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

**Fees:** 0.55% p.a. domestic assets

0.80% p.a. international assets

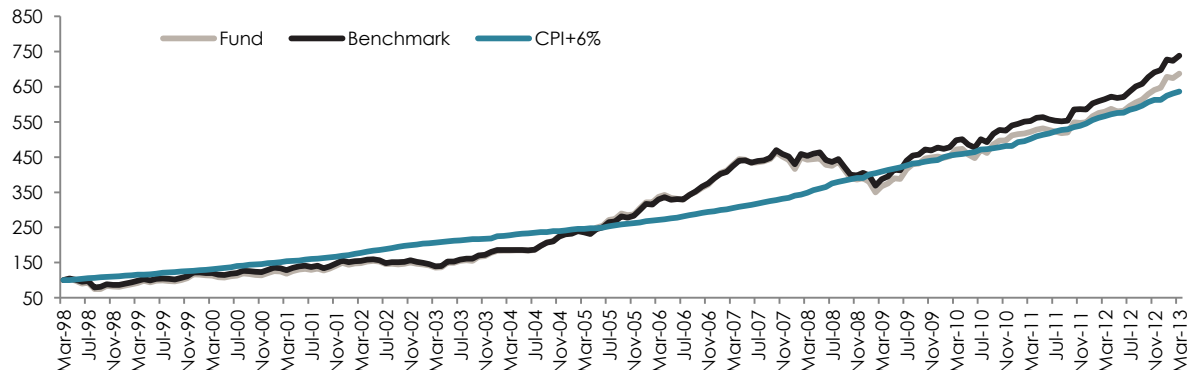
**Asset Allocation as at 31 March 2013**



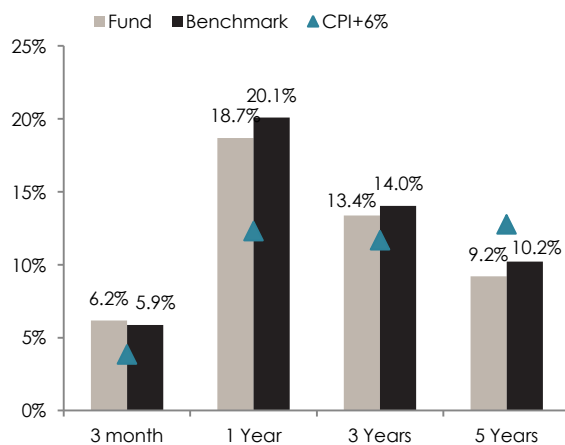
**Top 10 Equities**

Share			% of Portfolio	Share			% of Portfolio
1	Investec		8.6%	6	Standard Bank		5.5%
2	Anglo		7.9%	7	BHP Billiton		5.1%
3	MTN		7.3%	8	Richemont		4.4%
4	First Rand		6.6%	9	Naspers		3.7%
5	Sasol		5.6%	10	Nedcor		3.0%

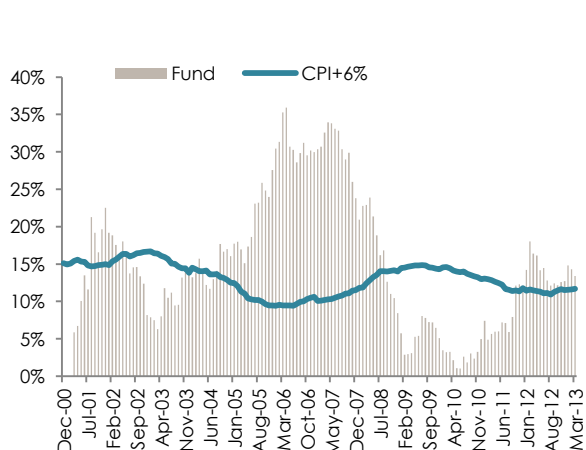
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 31 March 2013**



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



## Prudential Namibia Balanced Fund

**Risk Profile:** Moderate

**Size:** N\$38m

**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**

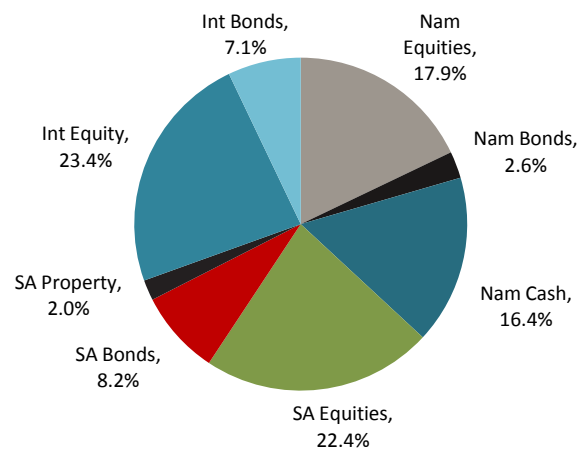
Michael Moyle and Marc Beckenstrater

**Benchmark**

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

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

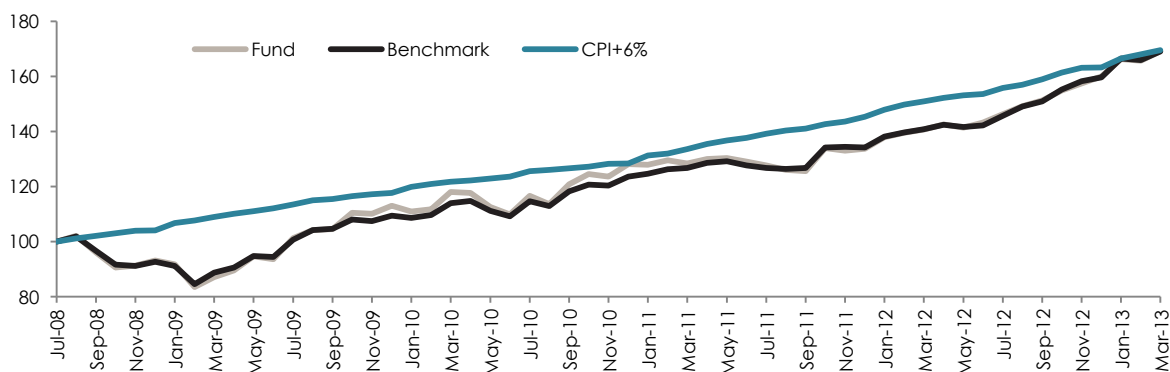
**Asset Allocation as at 31 March 2013**



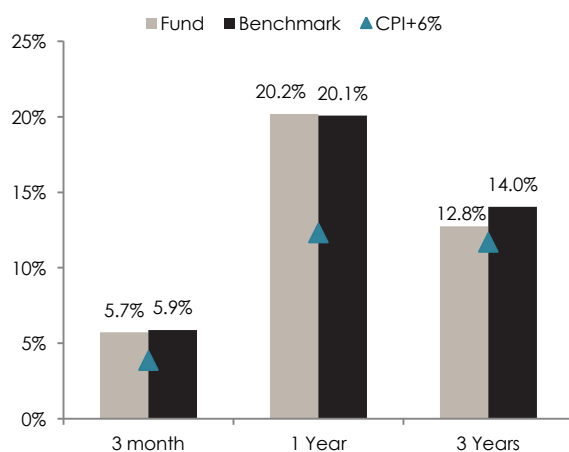
**Top 10 Equities**

Share			% of Portfolio		
1	Share		1	Share	% of Portfolio
1	MTN Group	3.8%	6	Naspers N	2.1%
2	Standard Bank Group Nam	2.9%	7	Old Mutual Nam	1.9%
3	Anglo American PLC Nam	2.5%	8	BHP Billiton	1.8%
4	Sasol	2.4%	9	SAB Miller	1.8%
5	First Rand Nam	2.4%	10	Richemont	1.4%

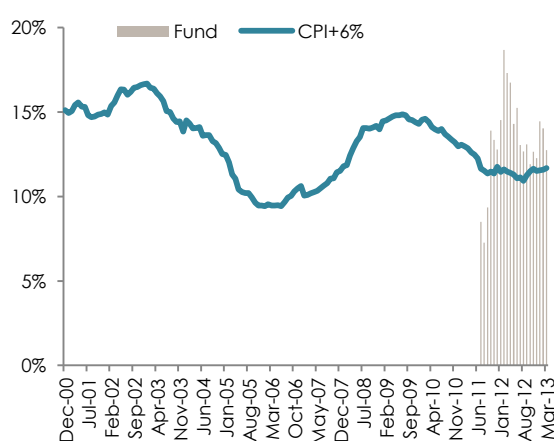
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 31 March 2013**



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



## Sanlam Namibia Balanced Fund

**Risk Profile:** Moderate

**Size:** N\$331m

**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**

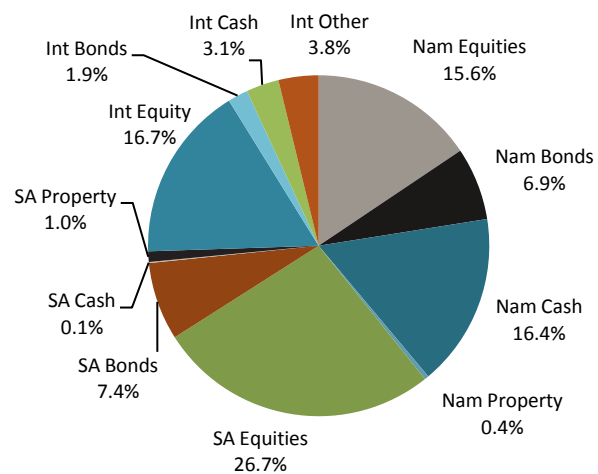
Gerhard Cruywagen

**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 NMG Average Moderate Fund will be used as benchmark.

**Fees:** 1.5% p.a.

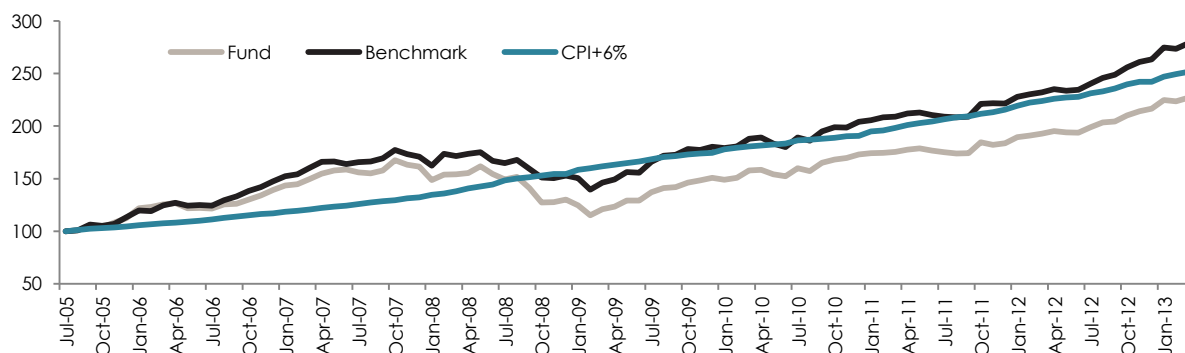
**Asset Allocation as at 31 March 2013**



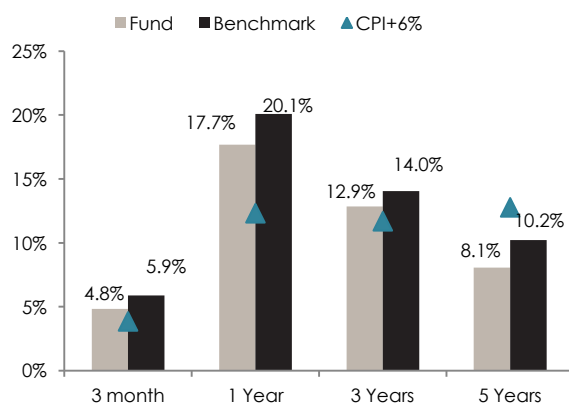
**Top 10 Securities**

Share		% of Portfolio	Share		% of Portfolio
1	Sanlam World Equities	6.8%	6	Sasol	2.6%
2	Sanlam World Equity Tracker Class C	6.4%	7	Anglo	2.2%
3	SIM Nam Property Fund	3.6%	8	Standard bank	2.0%
4	Sanlam Global Liquidity fund	2.9%	9	MTN	1.9%
5	BHP Billiton	2.7%	10	BTI Group	1.9%

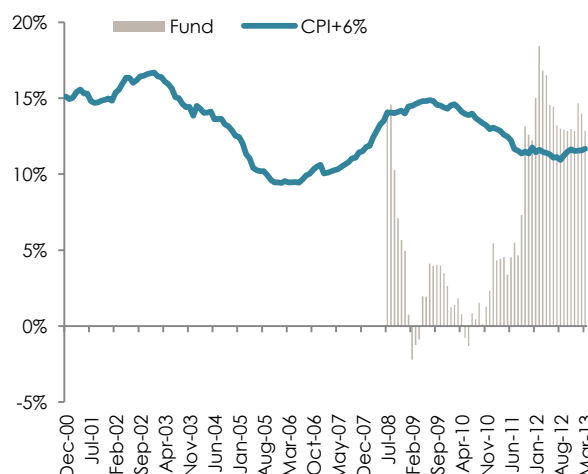
**Cumulative Performance vs Benchmark since July 2005**



**Historical performance as at 31 March 2013**



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



## Standard Bank Namibia Managed Fund

**Risk Profile:** Moderate

**Size:** N\$160 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**

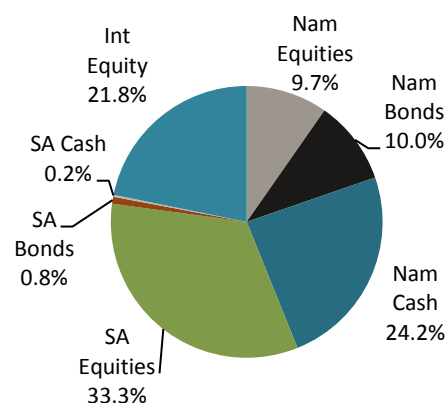
Brown Amuenje

**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.

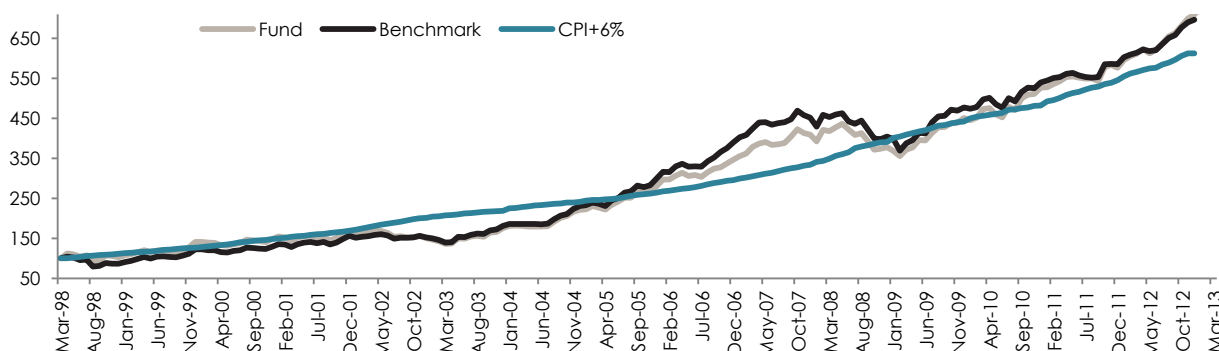
**Asset Allocation as at 31 March 2013**



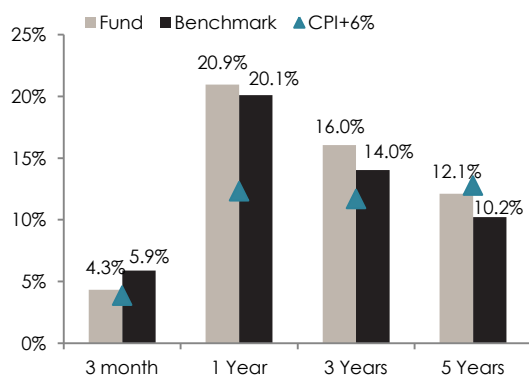
**Top 10 Securities**

Share			% of Portfolio		
1	STANLIB High Alpha Global Equity Fund	20.1%	6	First Rand Nam	2.4%
2	Std Nam Income Fund A Class	11.2%	7	New Gold	2.4%
3	BHP Billiton	3.9%	8	Richemont	2.4%
4	MTN Group Limited	3.3%	9	Shoprite Nam	2.2%
5	Woolworths Holdings Ltd	2.9%	10	SAB Miller	1.9%

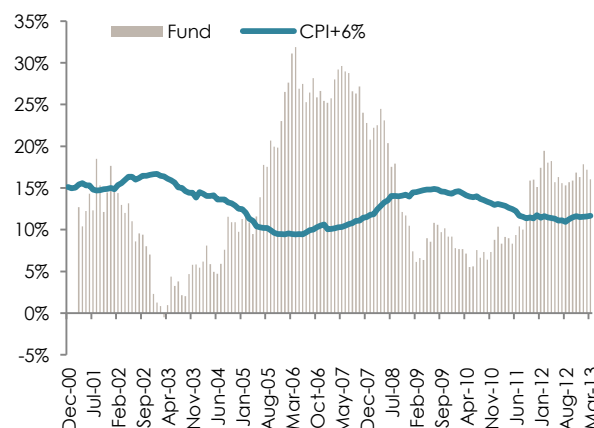
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 31 March 2013**



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



## NAM Coronation Balanced Defensive Fund

**Risk Profile:** Moderate-low

**Size:** N\$ 383m

**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**

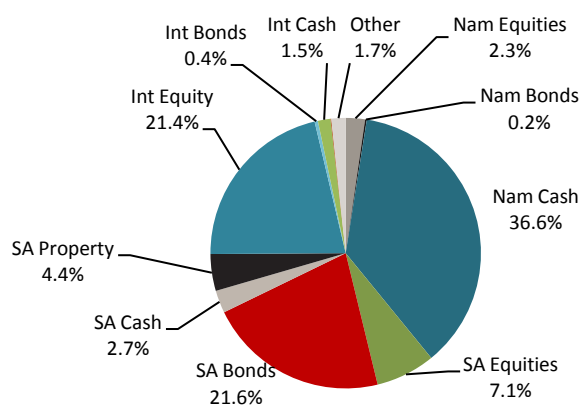
Louis Stassen and Henk Groenewald

**Benchmark**

The benchmark for the fund is cash plus 3.0%.

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

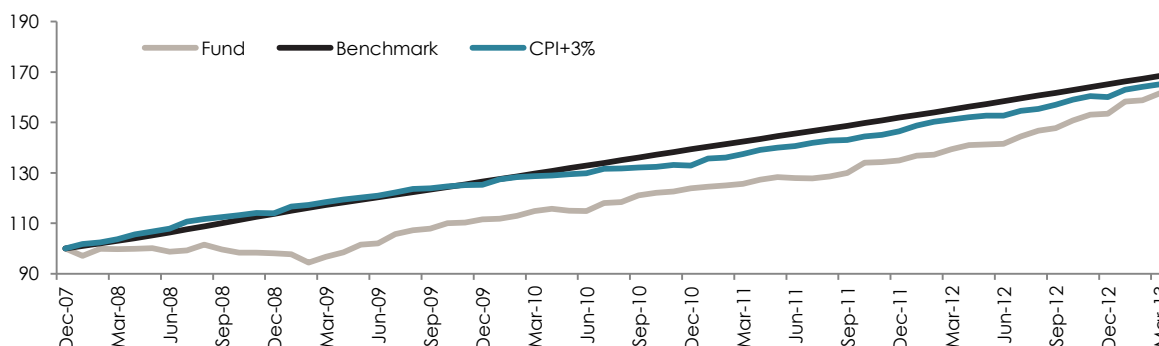
**Asset Allocation as at 31 March 2013**



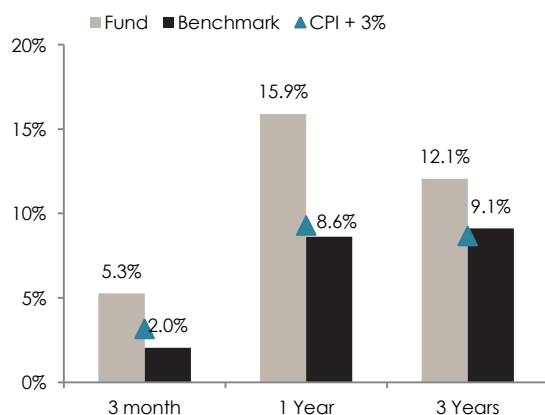
**Top 10 Equities**

Share		% of Portfolio	Share		% of Portfolio
1	Coronation Global Opportunities Equity Fund	11.3%	6	British American Tobacco Plc	0.8%
2	Coronation Global Emerging Markets Fund	4.9%	7	Capital & Counties Properties	0.8%
3	Coronation Global Capital Plus Fund	4.8%	8	SA Corporate Real Estate Fund	0.8%
4	INTU Properties	1.2%	9	Naspers	0.7%
5	MTN Group	0.9%	10	Richemont	0.6%

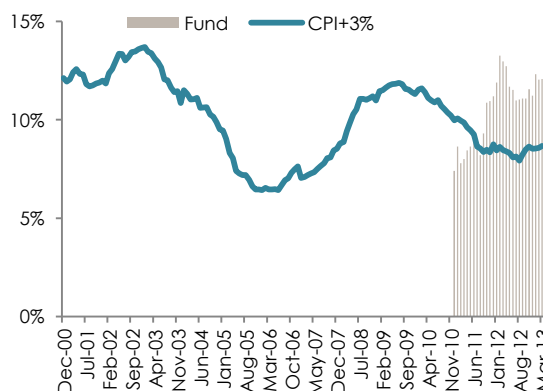
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 31 March 2013**



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



## NAM Coronation Capital Plus Fund

**Risk Profile:** Moderate-low

**Size:** N\$ 391m

**Portfolio Description**

The NAM Coronation Capital Plus Class A 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

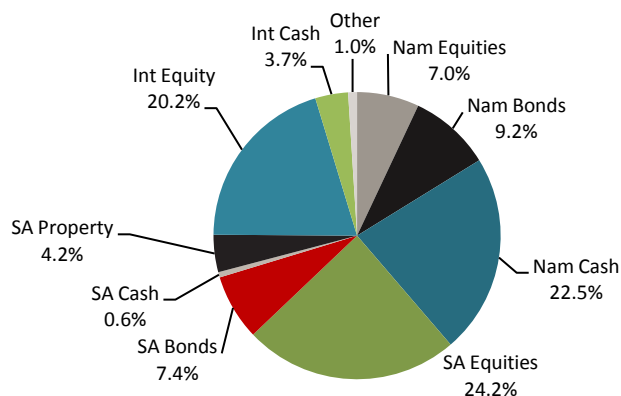
**Benchmark**

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

**Fees:** 0.45 % p.a. + 0.225% outperformance to maximum of 1.95% p.a.

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

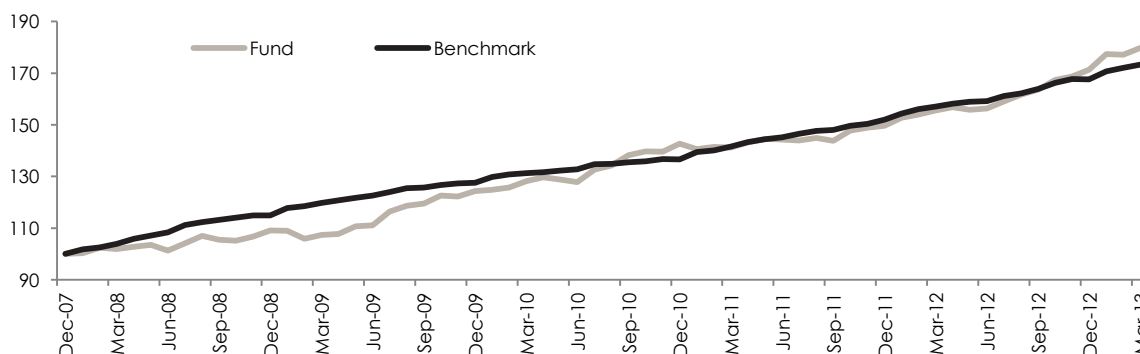
**Asset Allocation as at 31 March 2013**



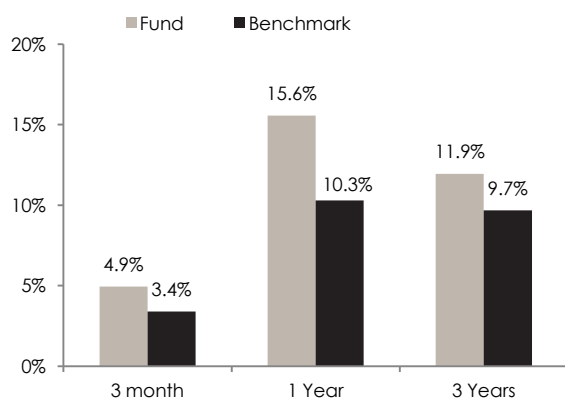
**Top 10 Equities**

Share		% of Portfolio	Share		% of Portfolio
1	Coronation Global Capital Plus Fund	10.1%	6	Metropolitan Life Ltd	1.5%
2	Coronation Global Equity FoF	7.8%	7	Standard Bank of SA Ltd	1.4%
3	Anglo American Plc	2.6%	8	Remgro Ltd	1.2%
4	Coronation Global Managed Fund	2.3%	9	Reinet Investments Sca	1.1%
5	MTN Group	1.7%	10	Aveng Ltd	1.1%

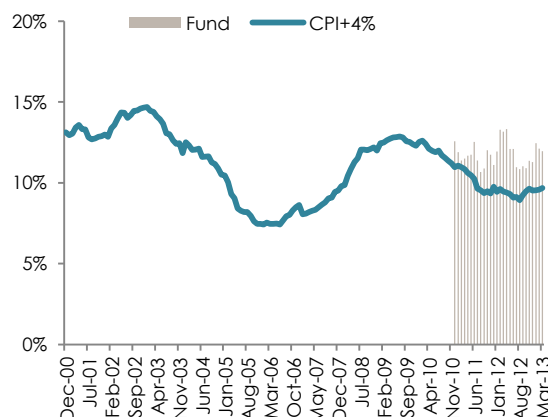
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 31 March 2013**



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





## Prudential Namibia Inflation Plus Fund

**Risk Profile:** Moderate-low

**Size:** N\$ 905m

**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**

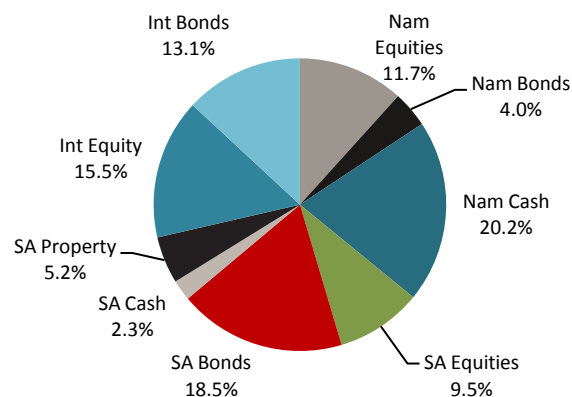
Michael Moyle, Albert Arntz

**Benchmark**

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

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

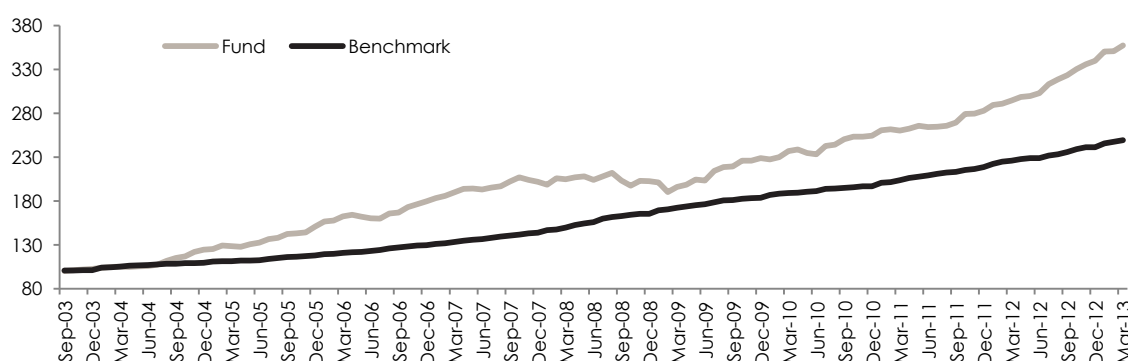
**Asset Allocation as at 31 March 2013**



**Top 10 Equities**

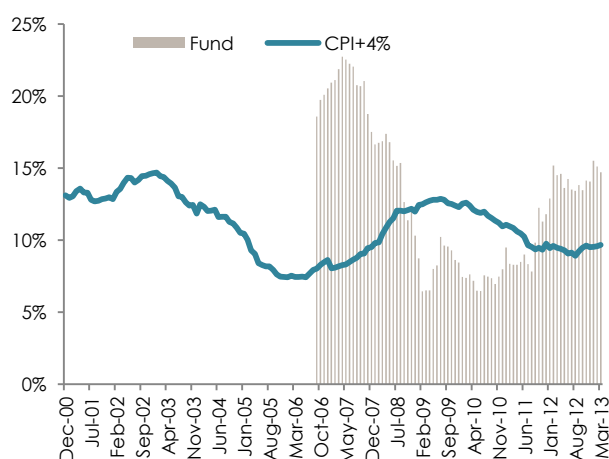
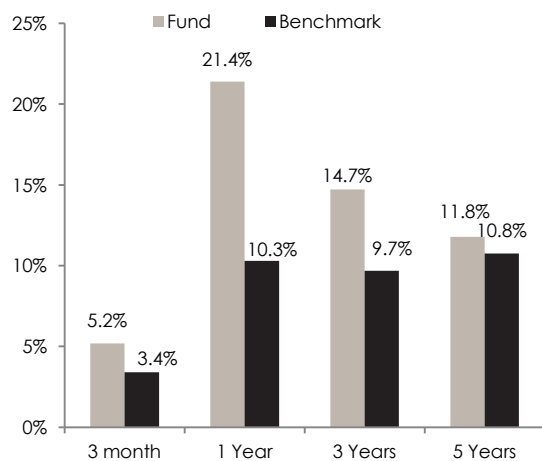
Share		% of Portfolio	Share		% of Portfolio
1	Standard Bank Group Nam	1.9%	6	Sasol	1.0%
2	MTN Group	1.7%	7	Naspers N	1.0%
3	Anglo American Plc Nam	1.6%	8	BHP Billiton PLC	0.7%
4	First Rand Nam	1.5%	9	SAB Miller	0.7%
5	Old Mutual Nam	1.1%	10	British American Tobacco	0.7%

**Cumulative Performance vs Benchmark since inception**



Historical performance as at 31 March 2013

3-year rolling performance vs CPI target



## Benchmark Retirement Fund Default Portfolio

**Risk Profile:** Moderate-low

**Size:** N\$ 287m

**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.

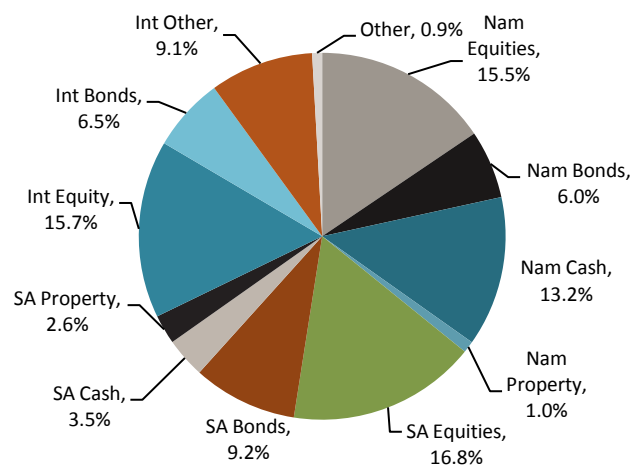
**Fees:** 0.75%p.a.

### Portfolio Mix as at 31 March 2012

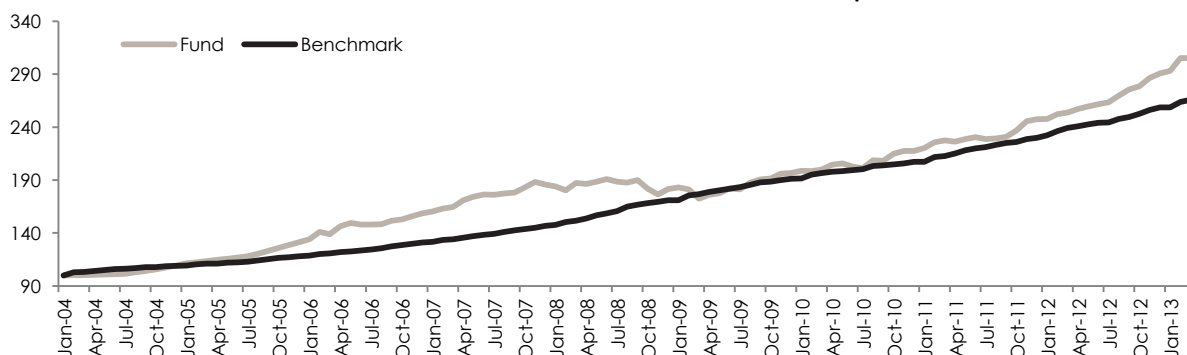
Allan Gray Namibia Investment Trust  
Prudential Namibia Inflation Plus

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.

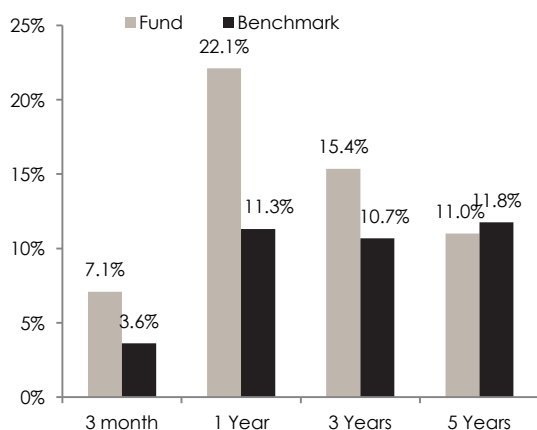
### Asset Allocation as at 31 March 2013



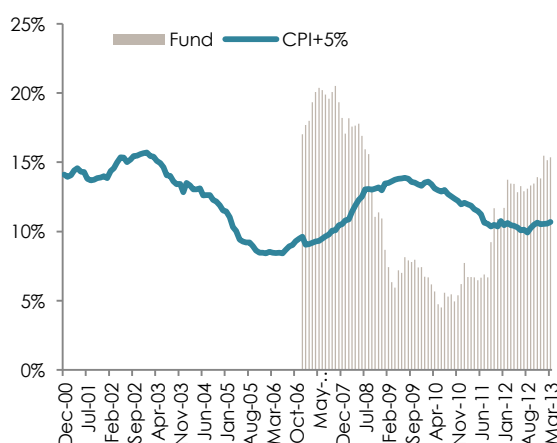
### Cumulative Performance vs Benchmark since inception



### Historical performance as at 31 March 2013



### 3-year rolling performance vs CPI target



## Sanlam Namibia Active Fund

**Risk Profile:** Low**Size:** N\$1.5bn**Portfolio Description**

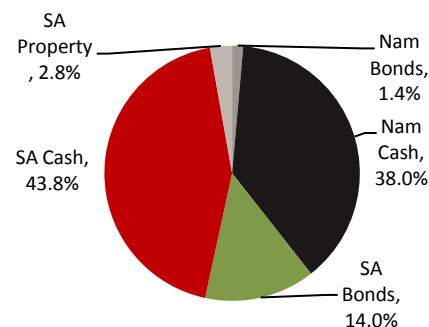
The Sanlam Namibia Active Fund's objective is to provide a high level of income and maximise returns. This fund invests in income yielding assets including fixed income assets, preference shares and property.

**Inception:** 1 June 2007**CIO:** Gerhard Cruywagen**Portfolio Manager**

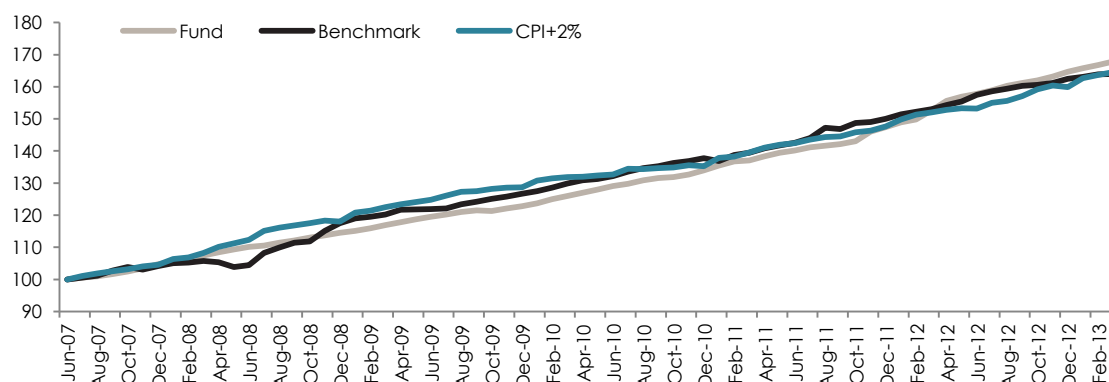
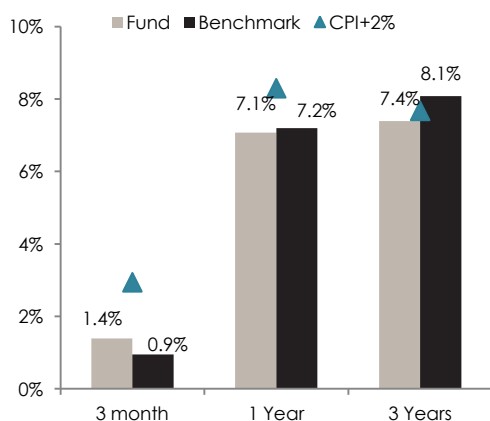
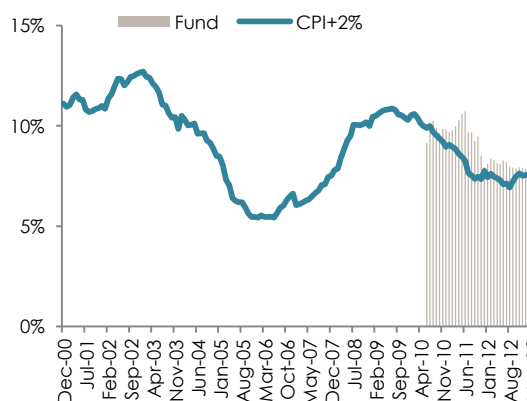
Andre Roux, Phillip Liebenberg, Tertius Liebenberg

**Benchmark**

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

**Fees:** 1.0% p.a.**Asset Allocation as at 31 March 2013****Top 10 Bonds**

	Share	% of Portfolio		Share	% of Portfolio
1	Bank Windhoek Income Fund	17.2%	6	Standard Bank F/R 01032017	1.3%
2	SIM Nam Floating Rate Fund Class B2	4.6%	7	Standard Bank F/R 190617	1.3%
3	Standard Bank Nam 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	First Rand F/R 161115	1.3%	10	AB013 ABSA 8.295% 211118	1.2%

**Cumulative Performance vs Benchmark since inception****Historical performance as at 31 March 2013****3-year rolling performance vs CPI target**

## Money Market

**Risk Profile:** Capital Preservation

**Size:** N\$4.7bn

**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

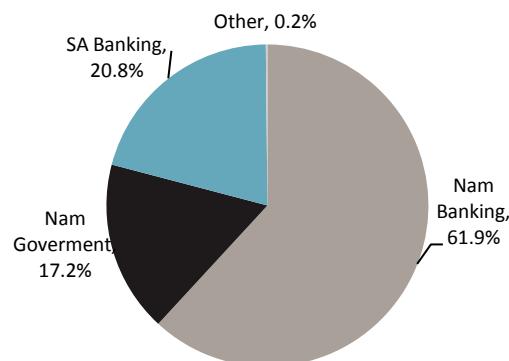
**Portfolio Manager:** Capricorn Asset Managers  
(Tertius Liebenberg)

**Benchmark**

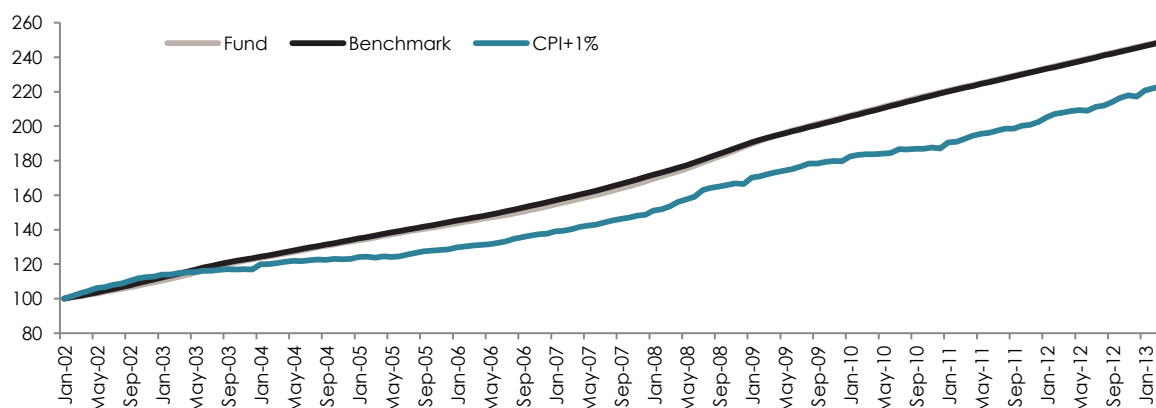
The benchmark for this portfolio is the Bank of Namibia 7 day Repo Rate. For comparative purposes the IJG Money Market Index has been used as benchmark

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

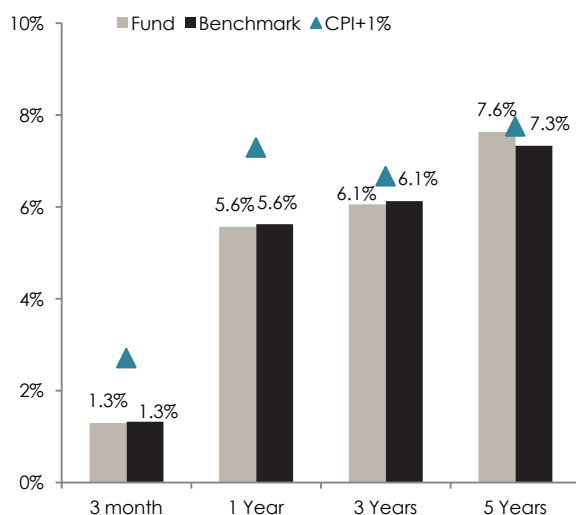
**Asset Allocation as at 31 March 2013**



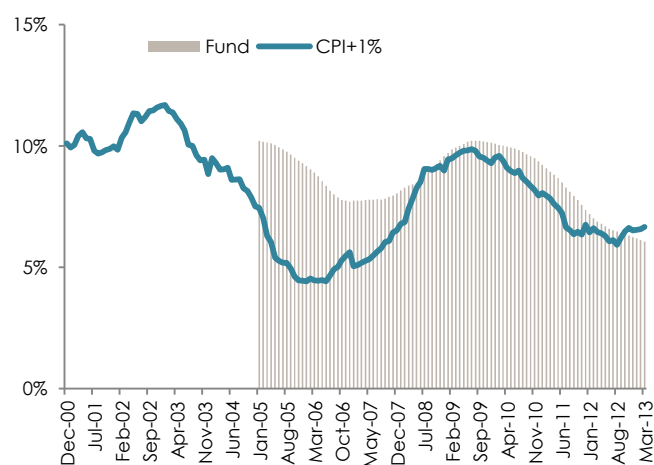
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 31 March 2013**



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



## 5. Glossary

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**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.

## 6. 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