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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 ²	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 ¹	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.

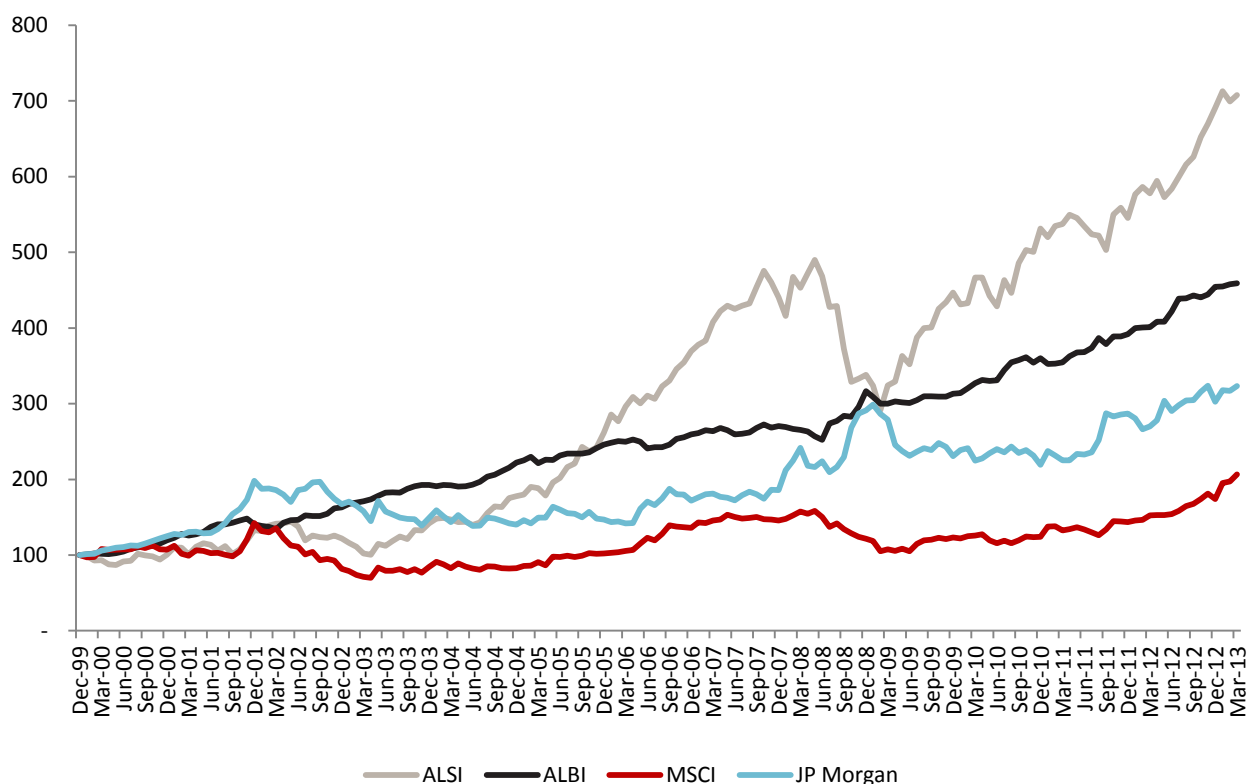
The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified.

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**.

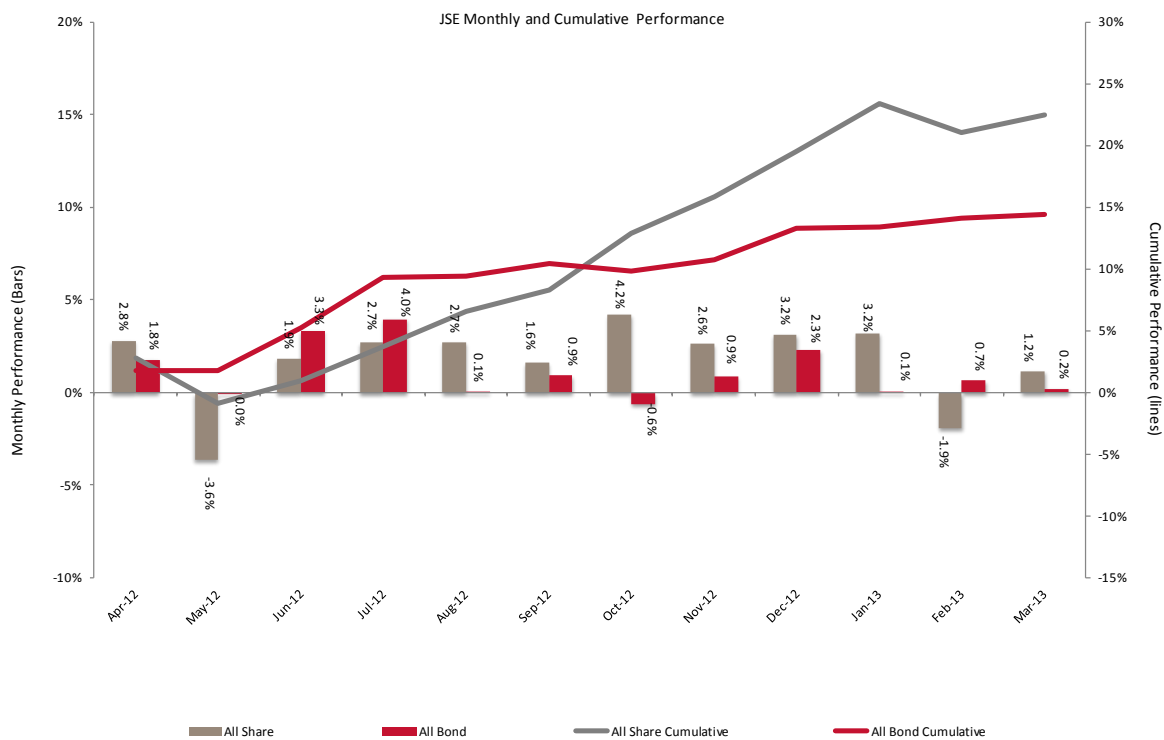
	2010	2011	2012	Q1 2013	One Year	Three Years
All Share (SA)	19.0%	2.6%	26.7%	2.5%	22.5%	14.9%
JSE: Financials	16.5%	7.4%	38.1%	5.9%	29.7%	18.5%
JSE: Industrial	27.4%	9.2%	40.8%	6.3%	35.4%	25.9%
JSE: Resources	12.3%	-6.5%	3.1%	-6.0%	0.2%	-0.1%
All Bond (SA)	15.0%	8.8%	16.0%	1.0%	14.4%	11.9%
STeFI (SA)	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 ¹	-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.

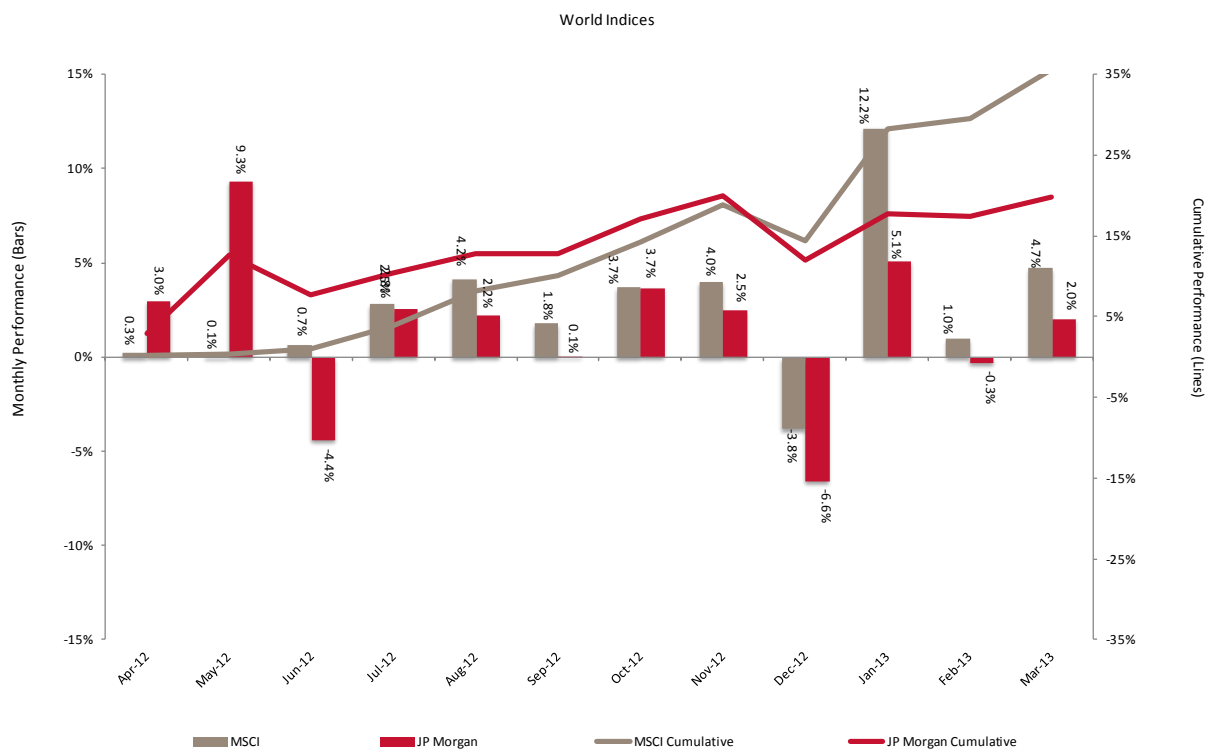
2.3 Short Term Market Performance

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 1st 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\$.

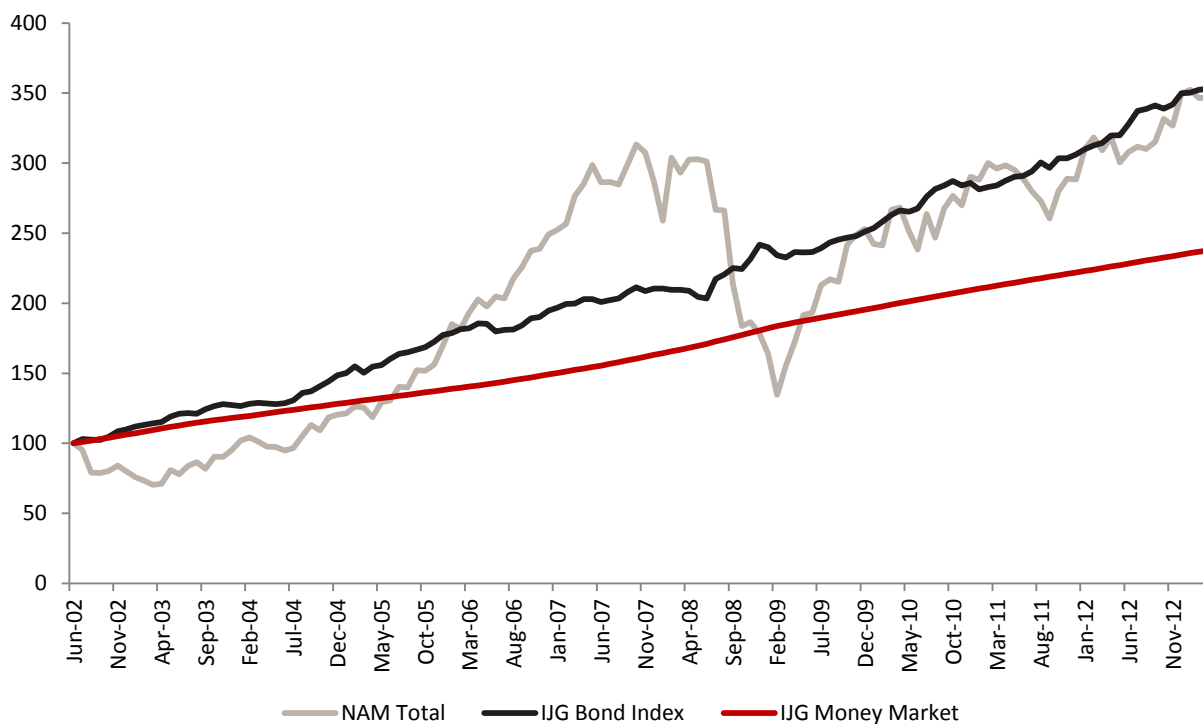
Currency

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

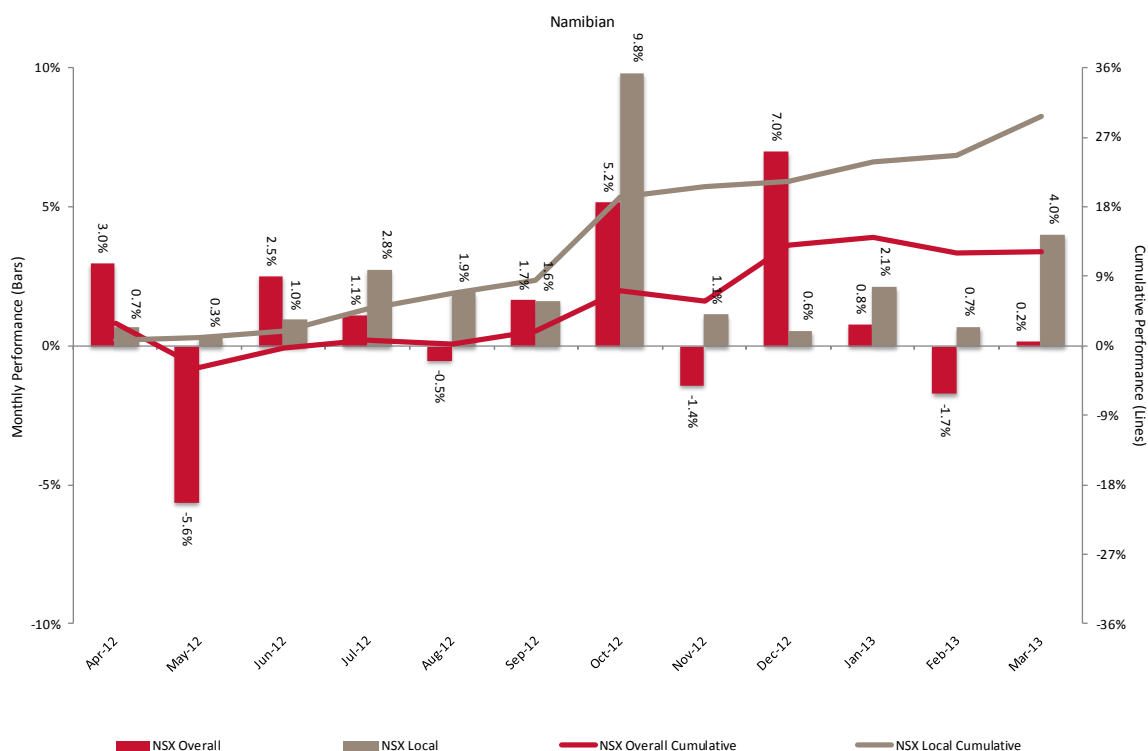
The following table presents the performance of various market indices to 31 March 2013.

	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 ¹	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% ¹	0.5% ¹	-	-	-	2.9% ⁴	-
Other	1.6% ²	-	5.9% ³	1.5% ⁵	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1. Other represents Offshore Hedge Funds.

2. Other represents Gold ETF's.

3. Other represents SA Hedge Funds.

4. Other represents International Property.

5. Other represents commodities.

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

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced	Standard Bank Managed
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% ¹	1.2%	0.8% ⁵	-	-	3.8% ⁴	-
Other	1.8% ²	-	7.4% ³	0.6% ⁵	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

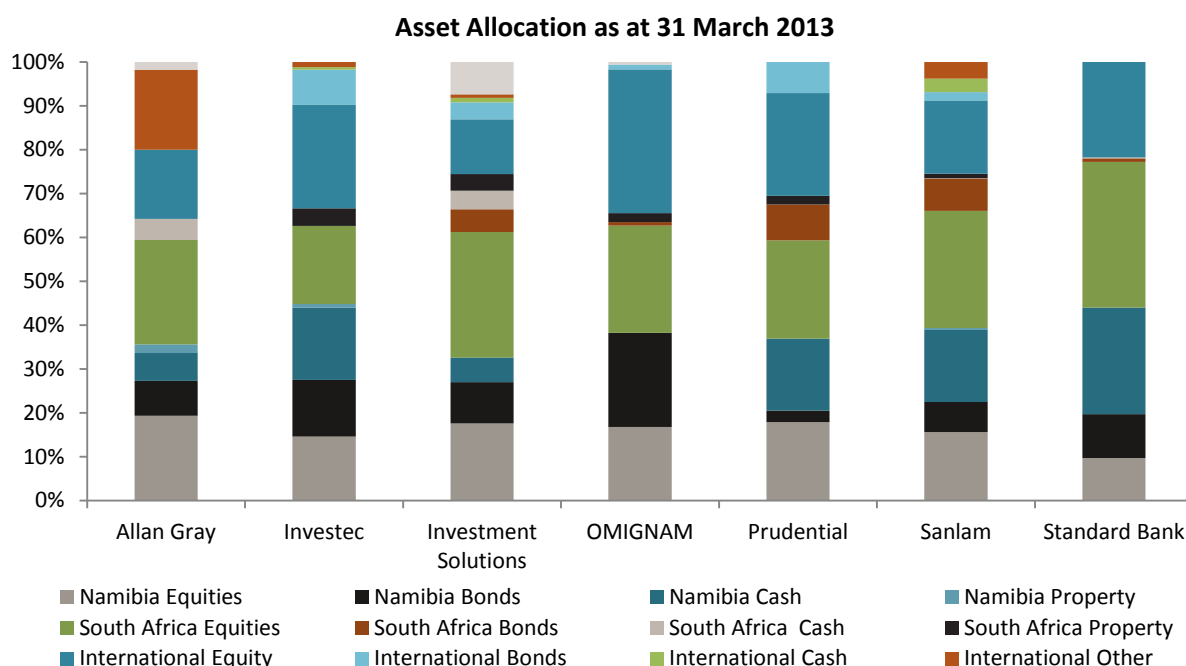
1. Other represents Offshore Hedge Funds.

2. Other represents Gold ETF's

3. Other represents SA Hedge Funds

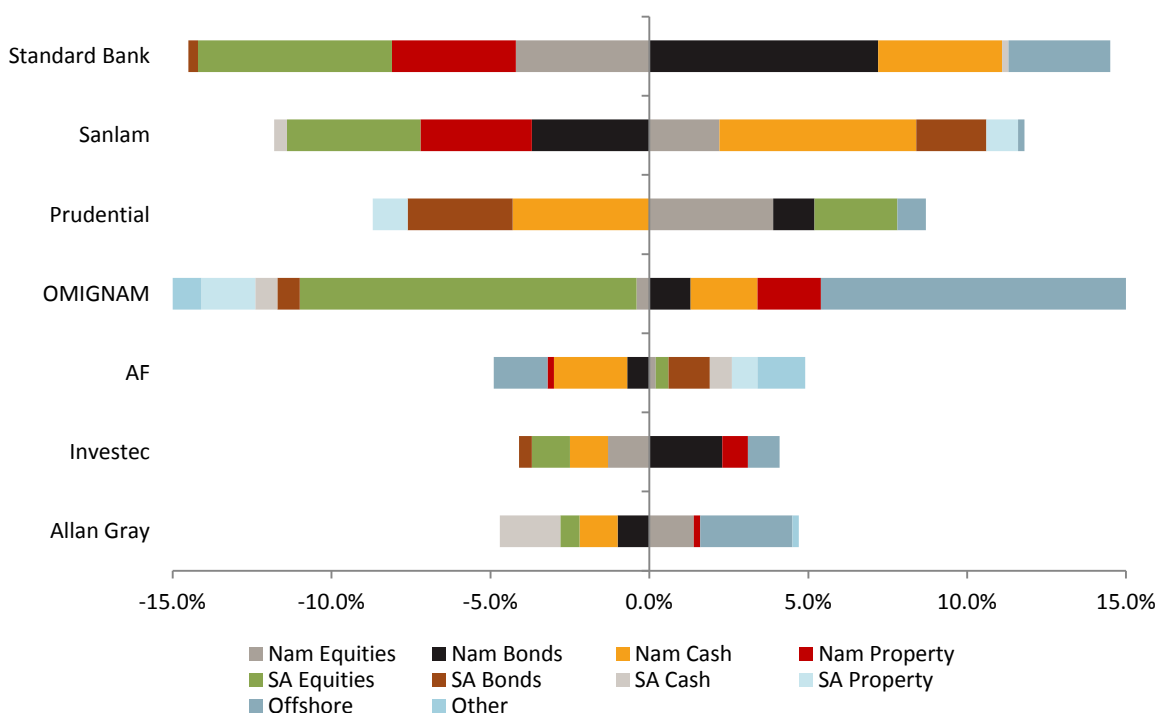
4. Other represents International Property

5. Other represents 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% ¹	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%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

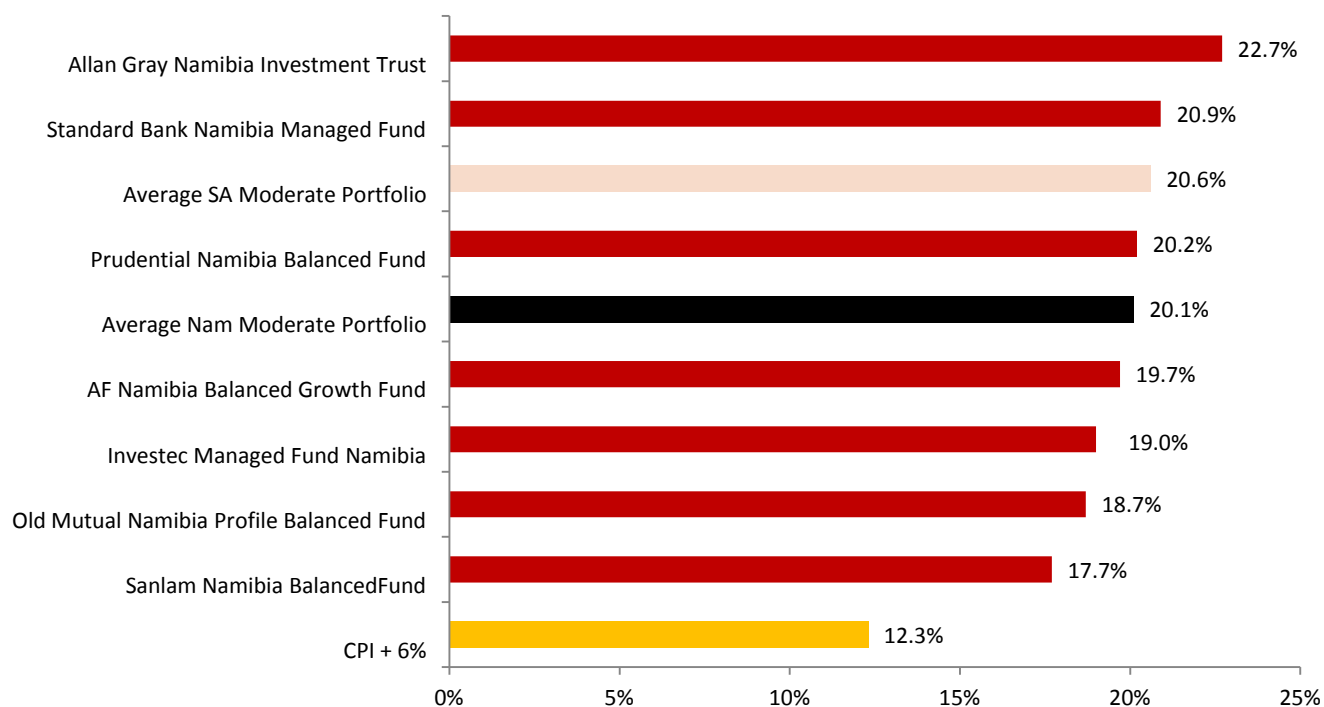
Listed below are the investment returns achieved for the specified periods. Please note the returns are **gross** of fees.

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 ¹	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%
Average SA Moderate Portfolio²	20.6%	14.8%	11.1%	18.4%
Average Nam Moderate Portfolio³	20.1%	14.0%	10.2%	18.1%
All Share (JSE)⁴	22.5%	14.9%	9.3%	21.4%
Nam Inflation	6.3%	5.7%	6.8%	5.9%
Nam Inflation + 6%	12.3%	11.7%	12.8%	11.9%

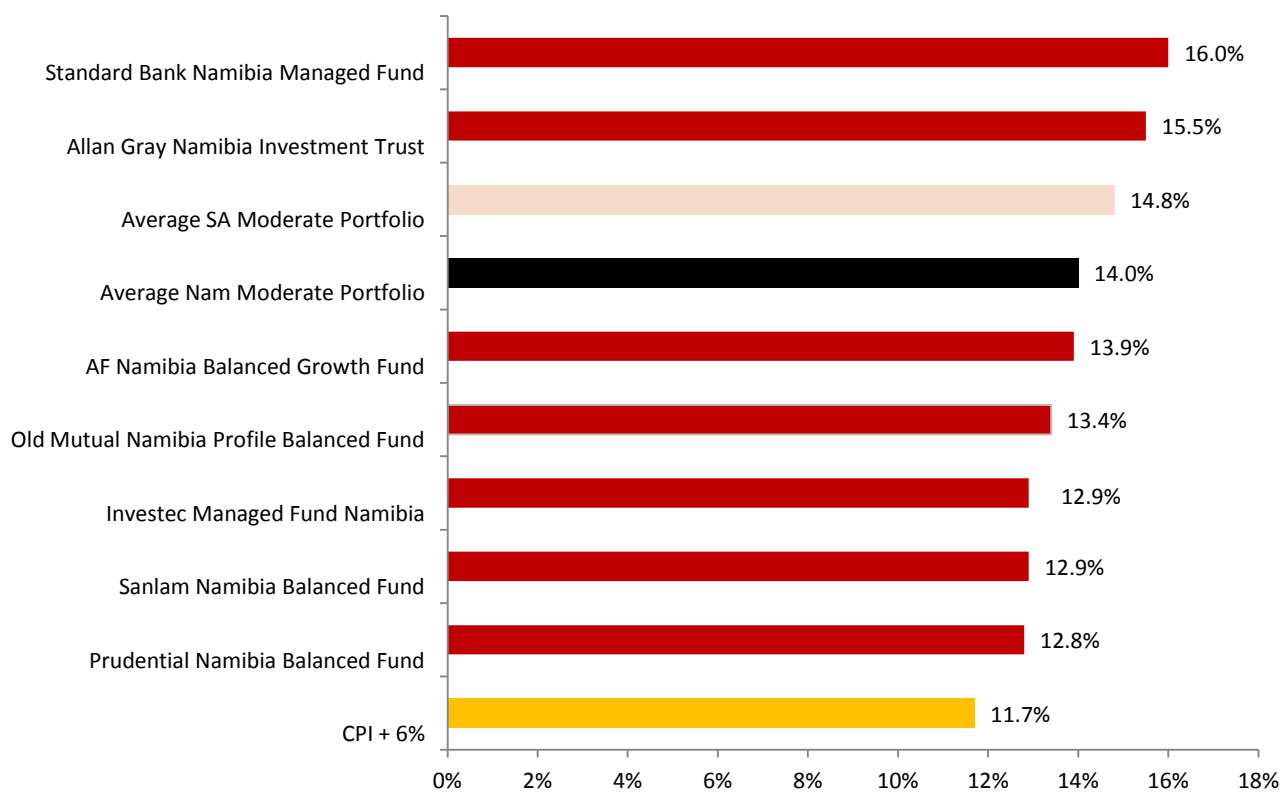
1. Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.
2. Average of the NMG Consultants and Actuaries Survey for Moderate Balanced portfolios.
3. Average of the NMG Consultants and Actuaries Survey for Namibian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

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

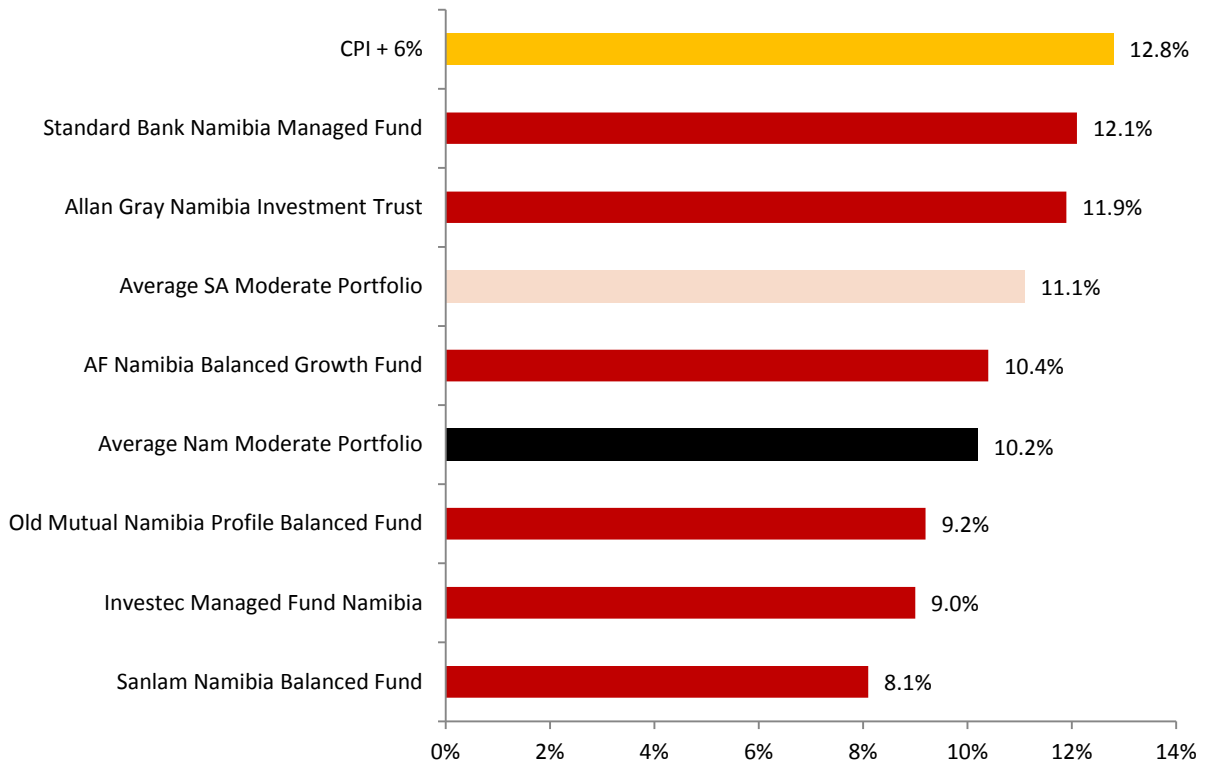
1 year performance for the period ending 31 March 2013



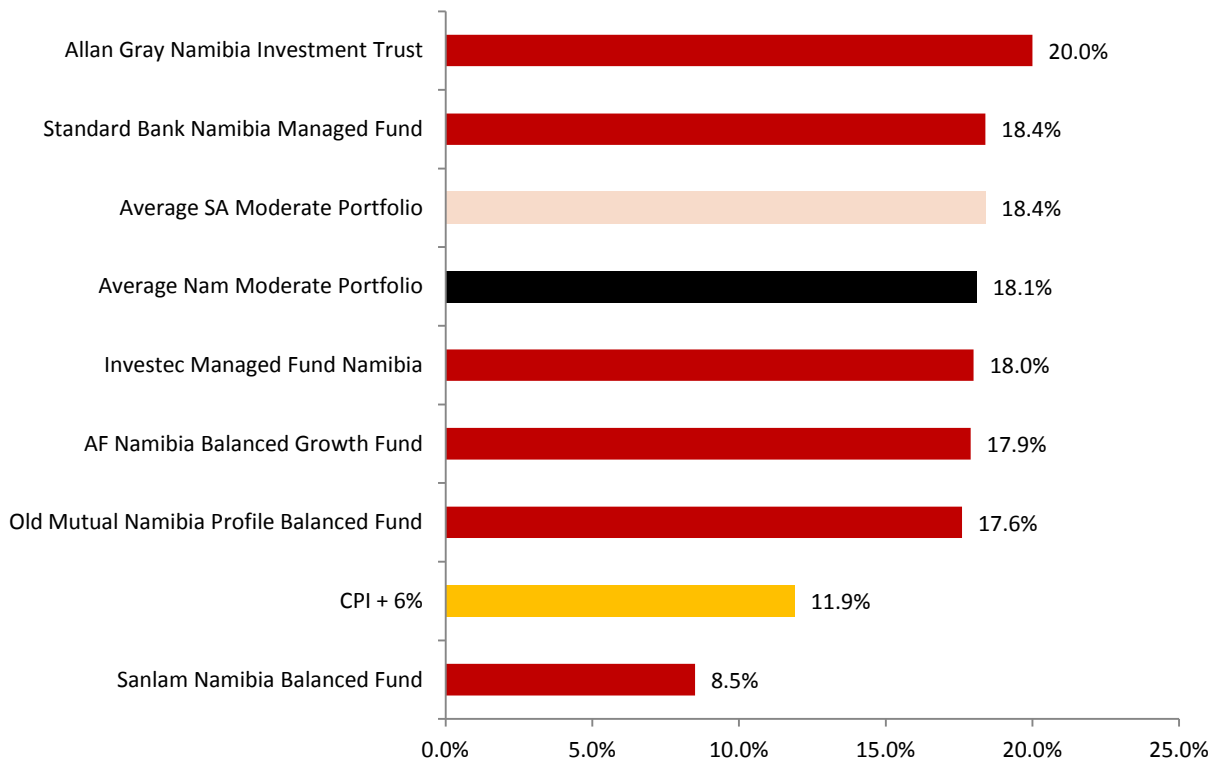
3 year performance for the period ending 31 March 2013



5 year performance for the period ending 31 March 2013

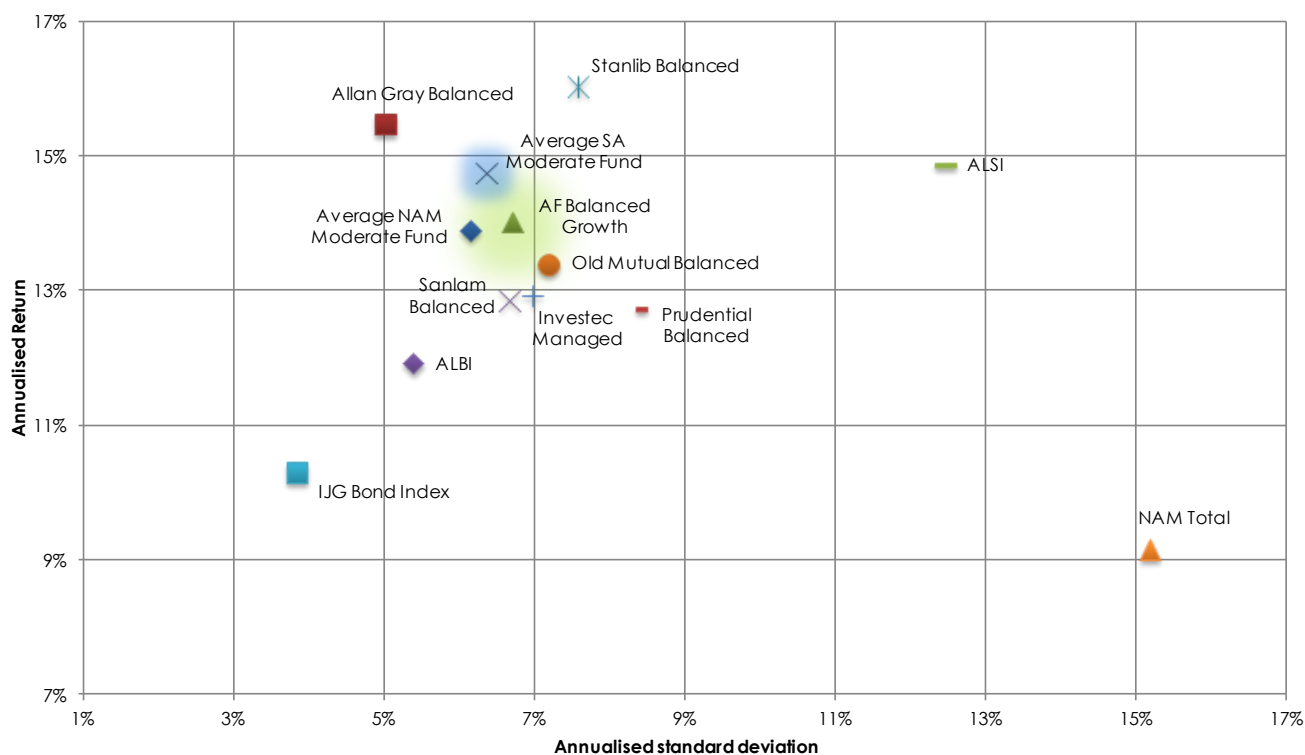


10 year performance for the period ending 31 March 2013



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 ¹	-	-	-	6.2%
Other ²	-	-	-	0.7%
Total	100.0%	100.0%	100.0%	100.0%

1. Other represents Hedge Funds

2. Other represents Gold ETF's

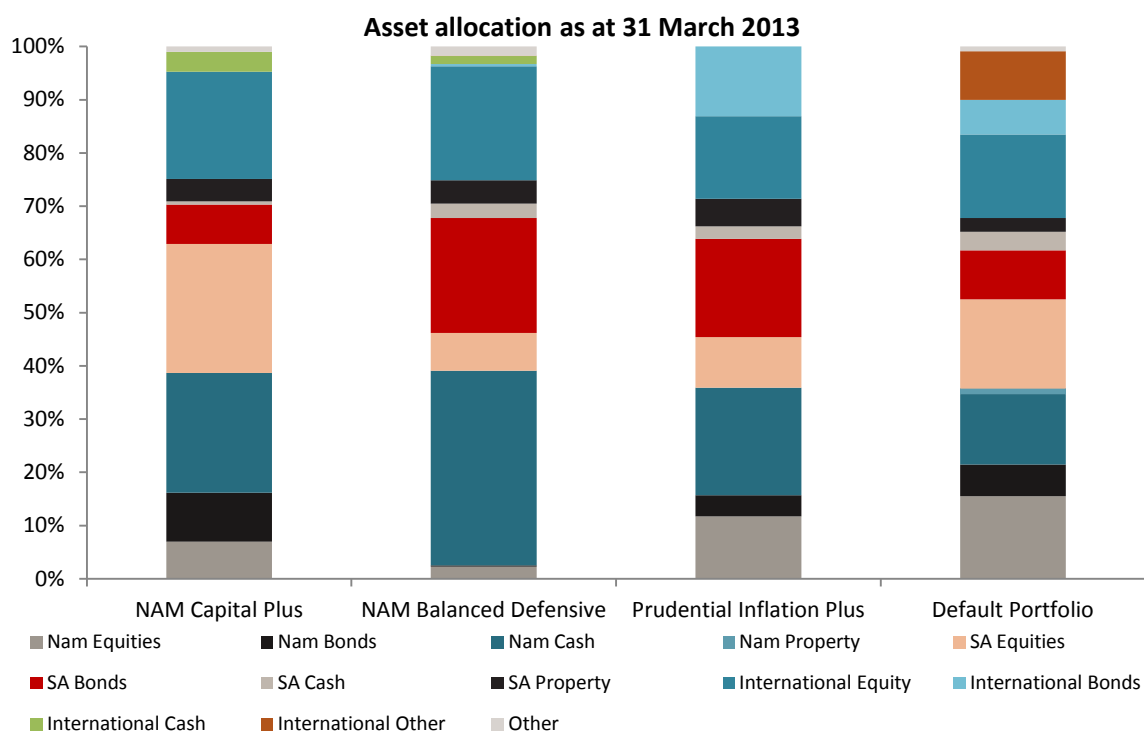
The figures below reflect the asset allocation of the moderate-low portfolios as at **31 March 2013**

	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 ¹	-	0.1%	-	9.1%
Other ²	1.0%	1.7%	-	0.9%
Total	100.0%	100.0%	100.0%	100.0%

1. Other represents Hedge Funds

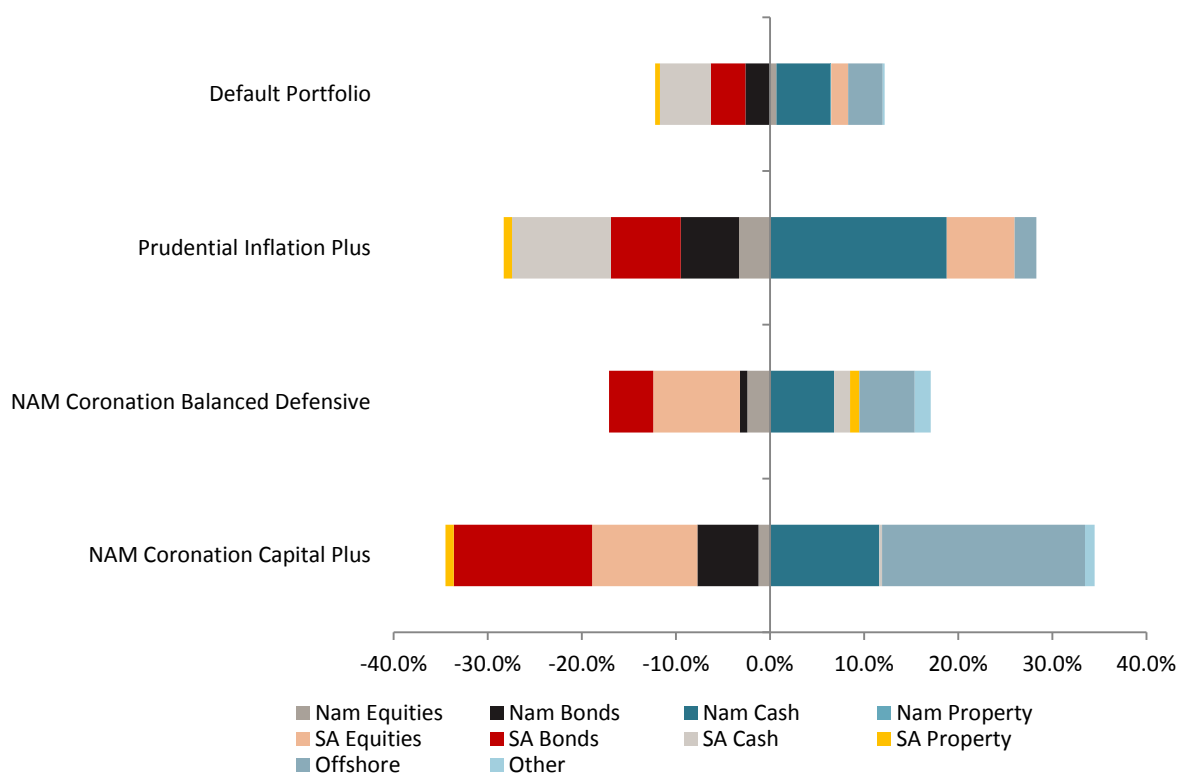
2. Other represents Gold ETF's

The figures below reflect the asset allocation of the moderate-low portfolios as at **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%
Total	100.0%	100.0%	100.0%	100.0%

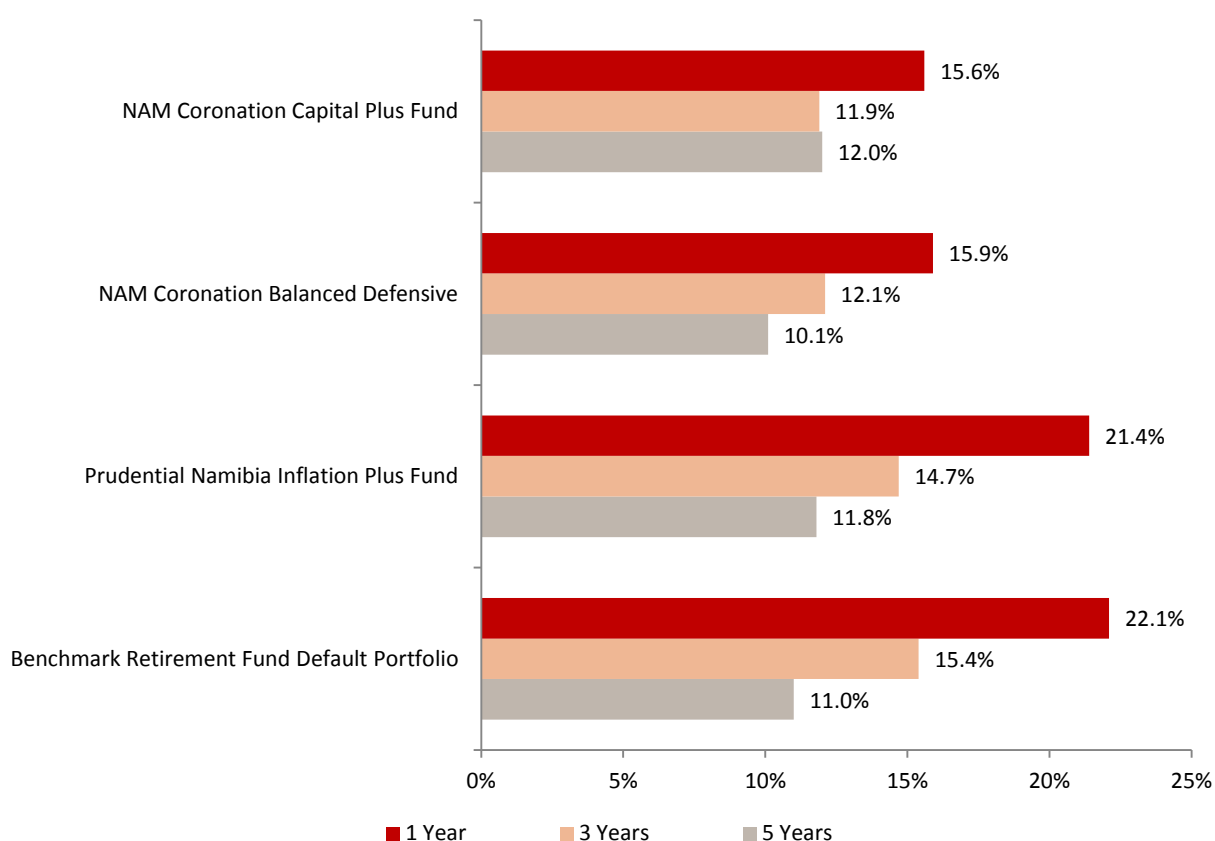
3.2.4 Time Weighted Returns

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

Investment Portfolio	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%
CPI Inflation	6.3%	5.7%	6.8%	5.9%
Inflation + 3% to 5%	9.3% to 11.3%	8.7% to 10.7%	9.8% to 11.8%	8.9% to 10.9%

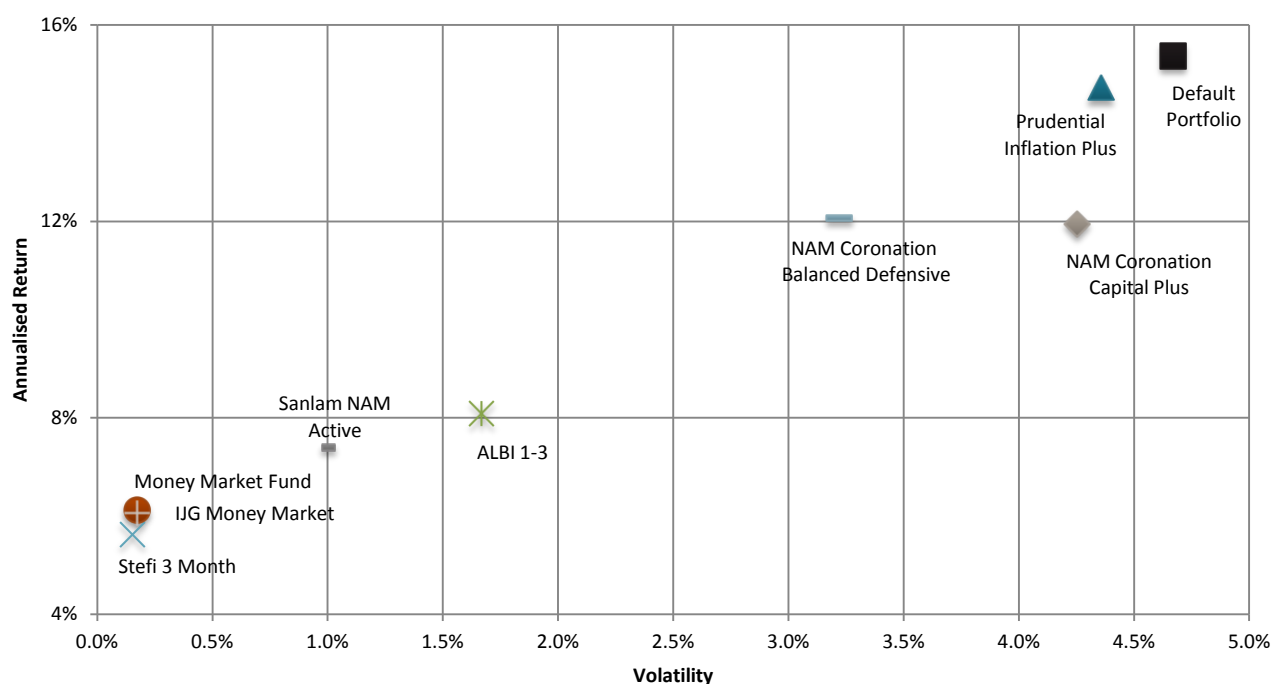
Please note: The NAM Coronation Absolute Fund was renamed to NAM Coronation Capital Plus Fund effective 26 April 2011.

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	-	-	-
Total	100.0%	100.0%	-

3.3.2 Time Weighted Returns

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

Low Risk Portfolios

Investment Portfolio	One Year	Three Years (Annualised)	Five Years (Annualised)
Sanlam Namibia Active Fund ¹	7.1%	7.4%	8.9%
ALBI 1-3 Years Index	7.2%	8.1%	9.2%
Inflation	6.3%	5.7%	6.8%
Inflation + 1% to 2%	7.3% - 8.3%	6.7% - 7.7%	7.8% - 8.8%

1. Returns are net of fees

Capital Protection Portfolios

Investment Portfolio	One Year	Three Years (Annualised)	Five Years (Annualised)
Money Market Fund ¹	5.6%	6.1%	7.6%
IJG Money Market Index	5.6%	6.1%	7.3%
Inflation + 1%	7.3%	6.7%	7.8%

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.