

August 2013

Strictly Confidential

Prepared by
NMG Investments Monitoring Division

For



Benchmark Retirement Fund

Investment Report as at 30 June 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 year 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.

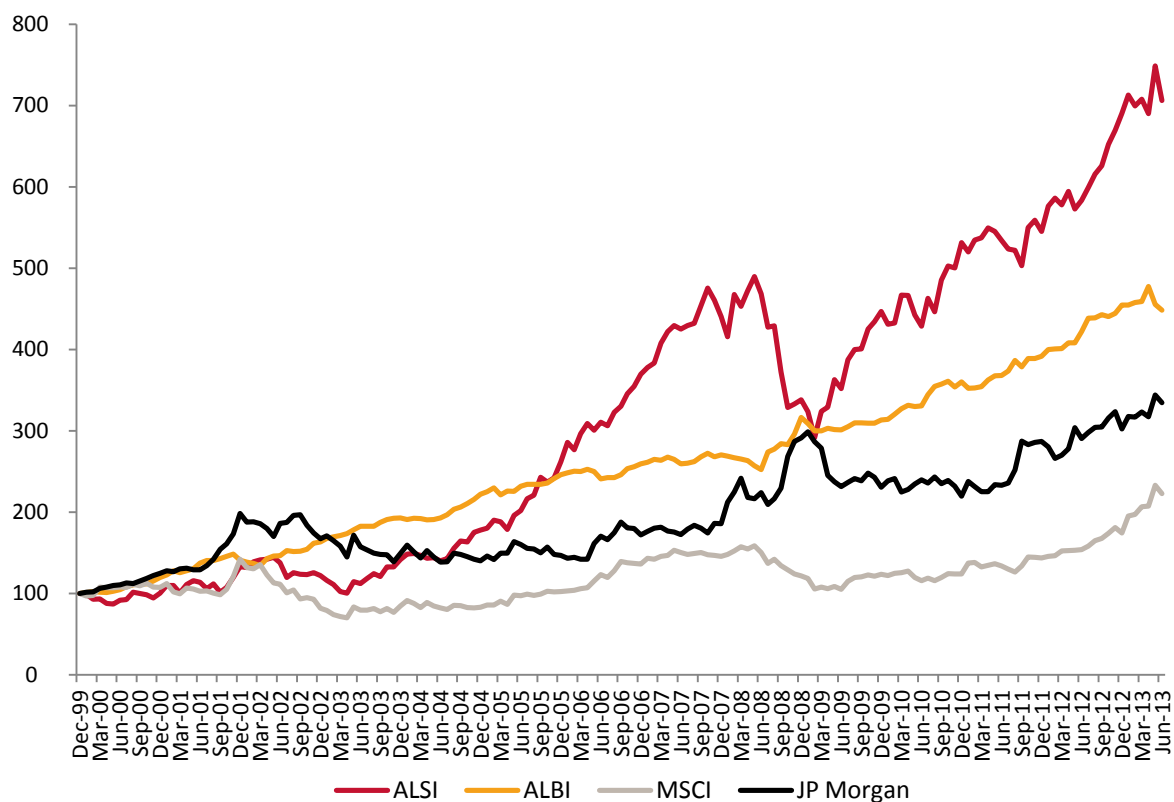
The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified.

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 30 June 2013**.



2.2 Medium Term Market Performance

The following table presents the performance of various market indices to **30 June 2013**.

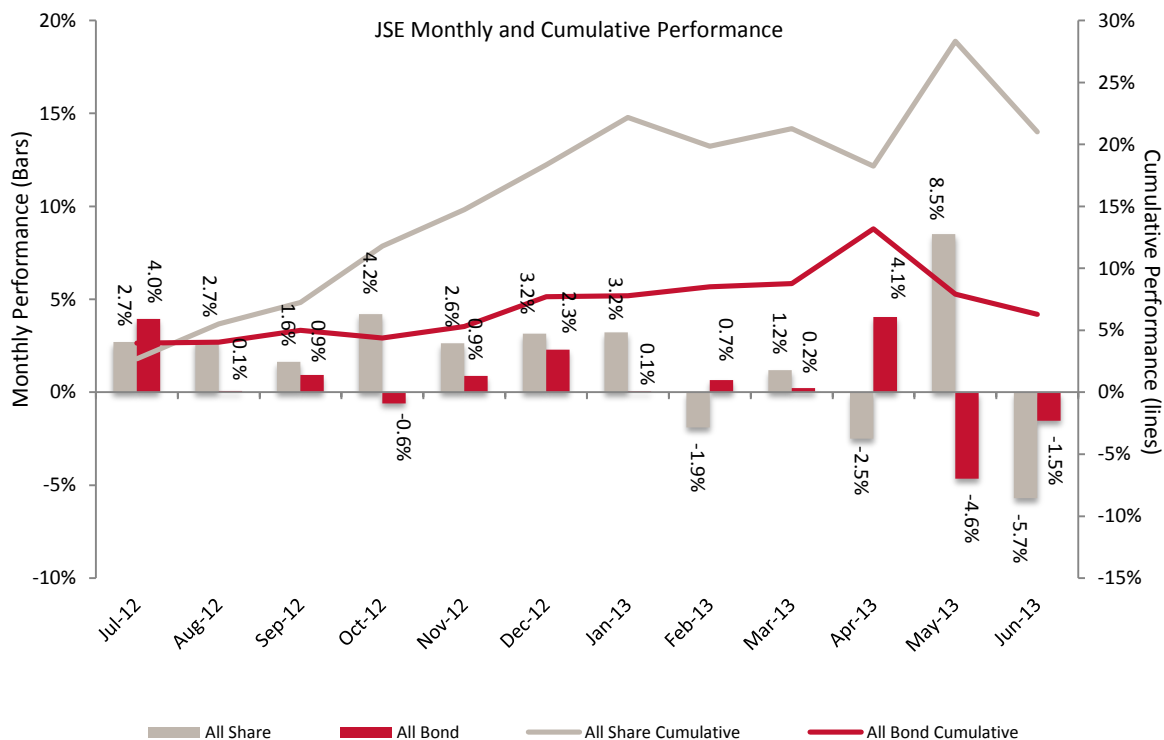
	2010	2011	2012	2013 YTD	One Year	Three Years
All Share (SA)	19.0%	2.6%	26.7%	2.3%	21.0%	18.1%
JSE: Financials	16.5%	7.4%	38.1%	4.2%	22.1%	21.1%
JSE: Industrial	27.4%	9.2%	40.8%	13.7%	41.1%	30.7%
JSE: Resources	12.3%	-6.5%	3.1%	-17.1%	-8.4%	-0.1%
All Bond (SA)	15.0%	8.8%	16.0%	-1.3%	6.3%	10.7%
STeFI (SA)	6.9%	5.7%	5.5%	2.5%	5.3%	5.7%
MSCI World	0.5%	15.8%	21.3%	27.9%	44.6%	24.4%
JP Morgan Bond	-4.8%	30.7%	5.4%	10.7%	15.2%	11.8%
Rand/Dollar ¹	-10.6%	21.9%	4.1%	17.5%	21.3%	8.8%
CPI (SA)	3.5%	6.1%	5.7%	2.9%	5.6%	5.4%

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

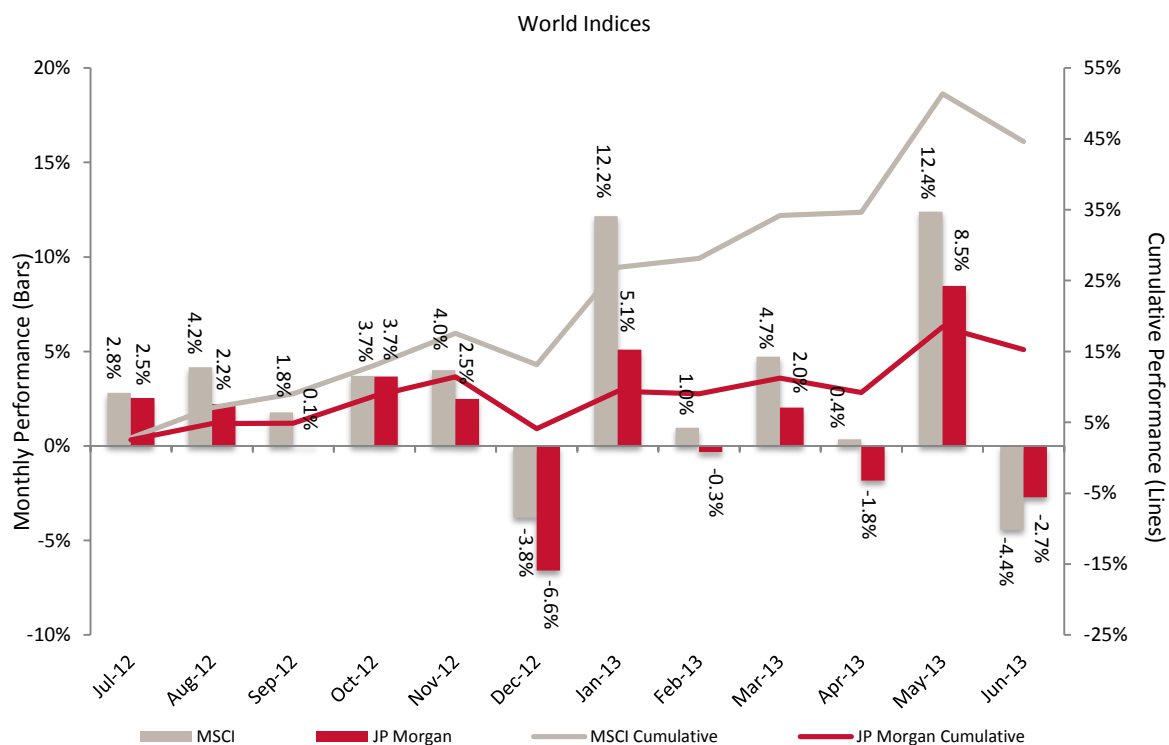
2.3 Short Term Market Performance

The following graphs represent the monthly performance of various market indices for the year ending **30 June 2013**.

2.3.1 South Africa



2.3.2 World



2.3.3 South African and International Market Commentary

Global uncertainty and the Rand volatility remained the prevalent themes throughout the second quarter of 2013. The US Fed announced measures to tighten fiscal policy by increasing taxes and reducing government spending, however, interest rates will be kept artificially low in the short term to help encourage economic growth. This announcement from the US Fed at the end of the quarter negatively impacted global markets, including both developed and emerging markets.

In addition to the impact of the US announcement, South Africa's financial markets remain under pressure due to labour unrest and persistently high unemployment levels.

Gold price plummeted by 20% in Rand terms and more than 24% in US Dollar terms for the quarter, with Brent crude oil declining by 6.6% in Dollar terms for the 3 months.

Equities

The All Share (ALSI) index decreased by 0.2% during the last 3 months with a 5.7% decrease during June 2013, partially reversing an 8.5% increase in May 2013. This negative return was driven by negative returns of both the Financial and Resources sectors over the 3 months, returning -1.6% and -11.8% respectively. Negative returns were also experienced in other emerging markets in Rand terms with the MSCI Emerging index returning -2.9% for the quarter. Developed markets as represented by the MSCI World index, however, experienced a 7.8% increase for the 3 months ending June 2013 in Rand terms.

Bonds

The local Bond markets experienced significant outflows with the All Bond (ALBI) returning -2.3% for the quarter ending June 2013.

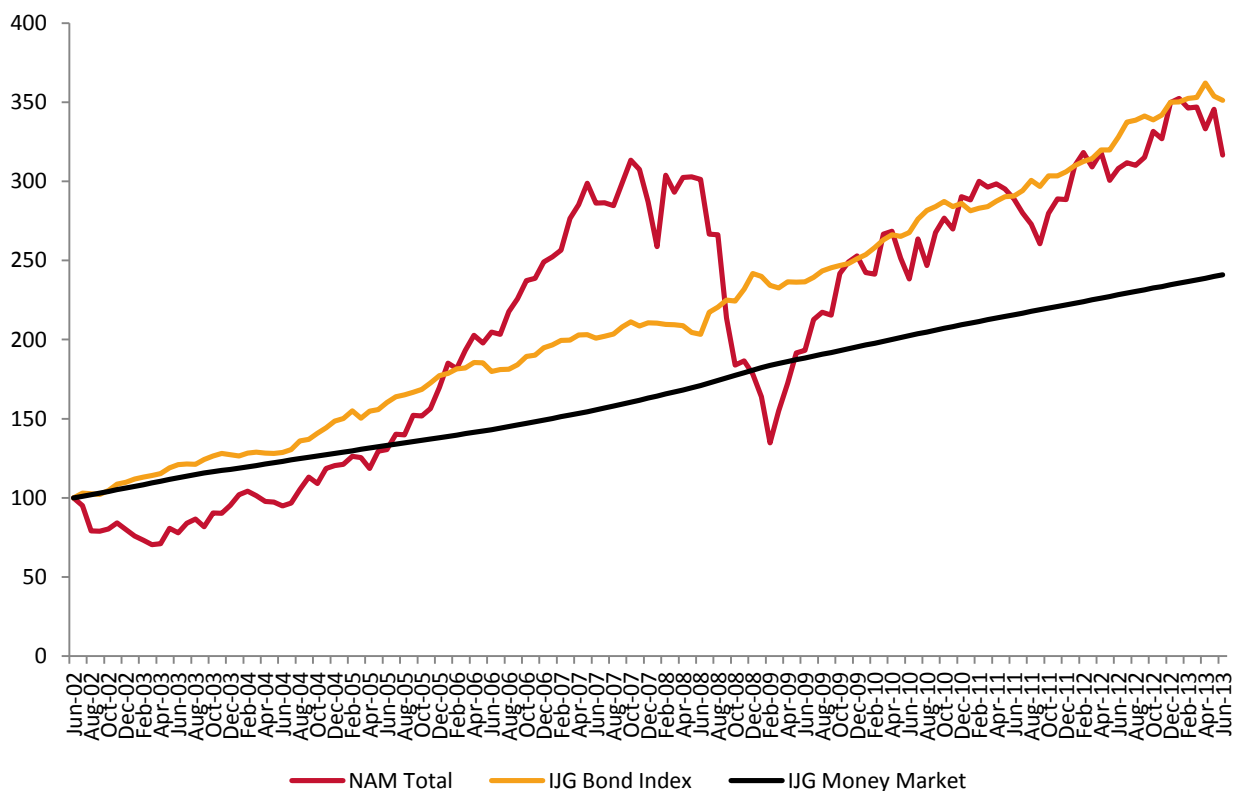
Currency

The South African Rand depreciated against all major currencies over the quarter, closing at R9.87/\$, R15.02/£ and R12.85/€.

2.4 Namibia

2.4.1 Long Term Market Performance

The following graph represents the cumulative performance of some market indices for the period **1 July 2002 to 30 June 2013**.



2.4.2 Medium Term Market Performance

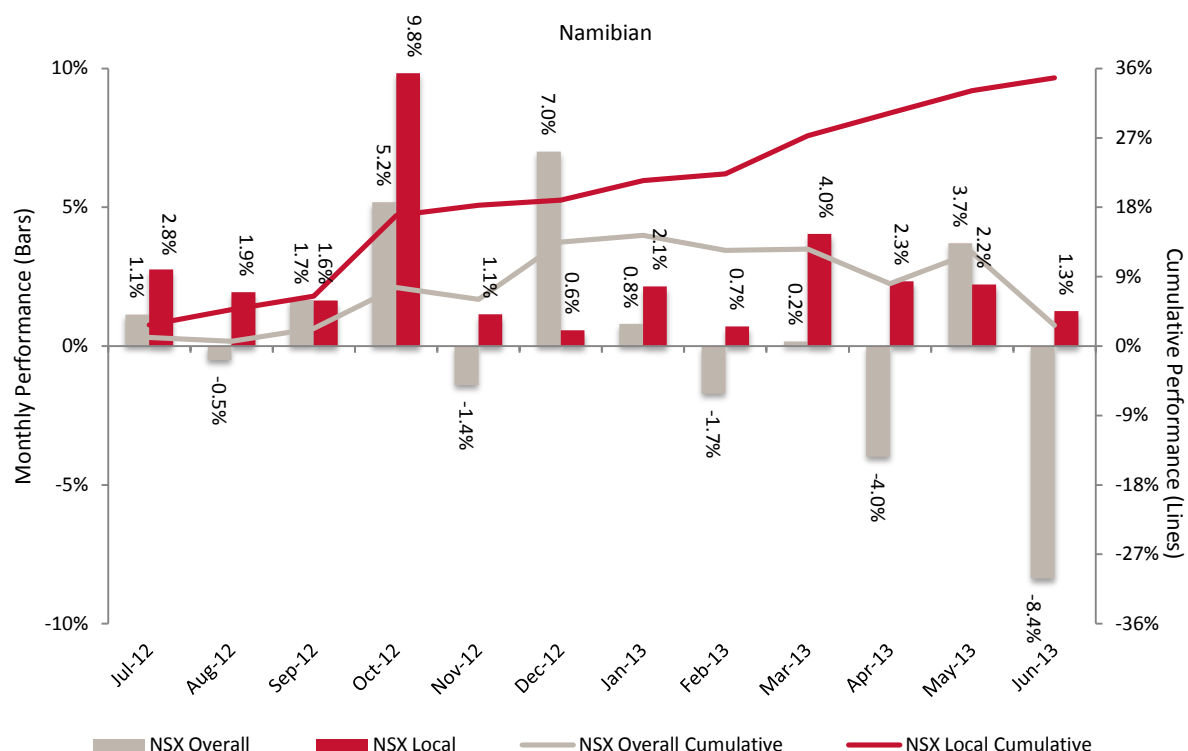
The following table presents the performance of various market indices to **30 June 2013**.

	2010	2011	2012	2013 YTD	One Year	Three Years
NAM Total	14.8%	-0.6%	21.2%	-9.5%	2.7%	9.9%
NAM Local	18.7%	36.7%	31.2%	13.3%	34.8%	31.8%
NAM CPI	3.1%	7.2%	6.3%	2.7%	6.2%	5.7%
IJG Bond Index ¹	13.9%	7.1%	15.4%	0.4%	7.1%	9.8%
IJG Money Market	7.1%	6.0%	5.7%	2.7%	5.5%	6.0%

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 **30 June 2013**.



2.4.4 Namibian Market Commentary

The Namibian stock market was not sheltered from the global uncertainty or the volatile exchange rates. The NSX Total Index declined by 8.8% for the 3 months ending June 2013 and the IJG Bond Index was marginally down by 0.5%. Unless inflation increases significantly or South Africa increases their interest rates, the repo and prime rates at 5.50% and 9.25% respectively are expected to remain at low levels in the short term. As interest rates have remained low, house prices have continued to increase. According to an independent survey, Frank Global House Price Index, Namibia is the country with the fourth largest increase in house prices in the world in US Dollar terms. House prices have increased a staggering 25.3% for 2012 in NAD terms.

3. Performance Comparison as at 30 June 2013

3.1 Moderate Portfolios

3.1.1 Asset Allocation

The figure below reflect the asset allocation of the moderate portfolios as at **30 June 2012 (12 Months ago)**

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

1. Other represents Offshore Hedge Funds.

2. Other represents Gold ETF's.

3. Other represents SA Hedge Funds.

4. Other represents International Property.

5. Other represents commodities.

The figures below reflect the asset allocation of the moderate portfolios as at **30 June 2013**.

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced	Standard Bank Managed
Namibia Equities	19.1%	16.2%	20.0%	10.3%	17.2%	15.1%	7.9%
Namibia Bonds	8.2%	13.0%	10.7%	7.9%	2.5%	9.2%	1.9%
Namibia Cash	7.3%	15.1%	8.1%	16.9%	19.1%	13.0%	34.7%
Namibia Property	1.9%	0.7%	-	1.9%	-	0.4%	-
South Africa Equities	21.7%	17.2%	25.3%	25.0%	25.3%	27.5%	32.4%
South Africa Bonds	-	-	4.3%	0.8%	7.8%	2.6%	0.7%
South Africa Cash	4.0%	-	3.3%	-	-	-	0.2%
South Africa Property	0.0%	3.6%	3.2%	1.7%	0.9%	-	-
International Equity	17.4%	24.0%	11.9%	31.8%	20.8%	18.9%	22.2%
International Bonds	-	8.3%	4.2%	3.3%	6.4%	2.0%	-
International Cash	-	0.7%	1.5%	-	-	3.0%	-
International Other	19.0% ¹	1.2%	0.9% ⁵	-	-	4.1% ⁴	-
Other	1.4% ²	-	6.6% ³	0.4% ²	-	4.3%	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

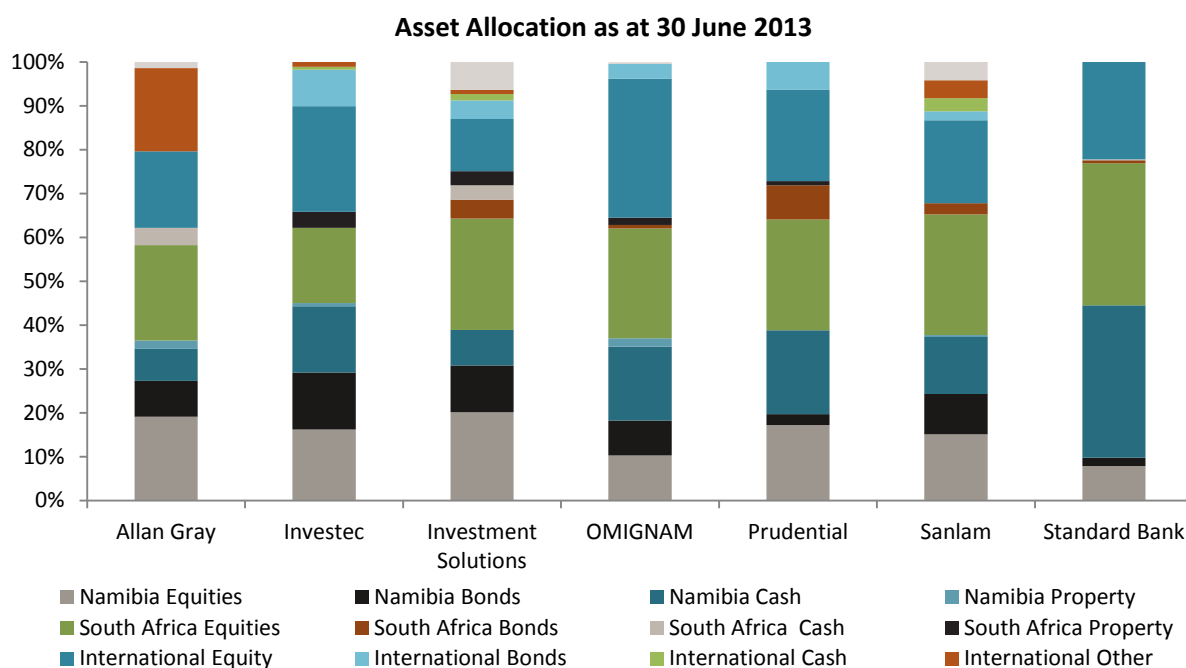
1. Other represents Offshore Hedge Funds.

2. Other represents Commodity ETF's

3. Other represents SA Hedge Funds

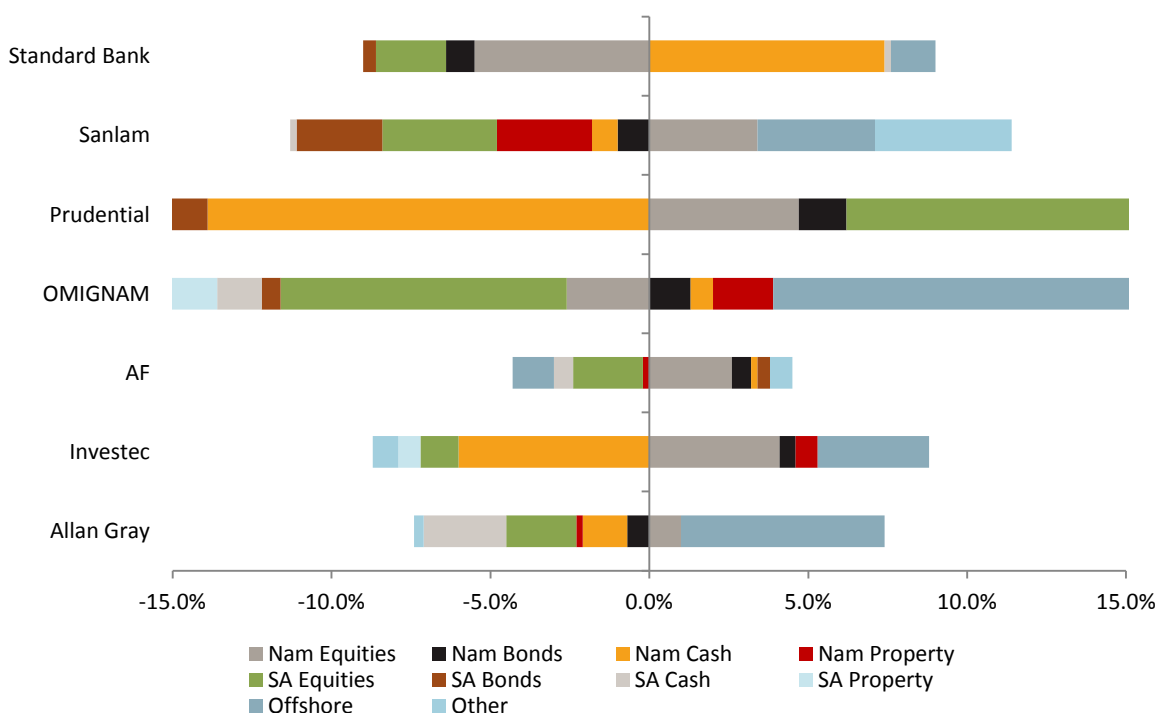
4. Other represents International Property

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 **30 June 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.



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

3.1.3 Geographical Split as at 30 June 2013

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced	Standard Bank Managed
Namibia	36.5%	45.0%	38.8%	37.0%	38.8%	37.7%	44.5%
South Africa	27.1%	20.8%	42.8%	27.9%	34.0%	34.3%	33.3%
International	36.4%	34.2%	18.4%	35.1%	27.2%	28.0%	22.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

3.1.4 Time Weighted Returns

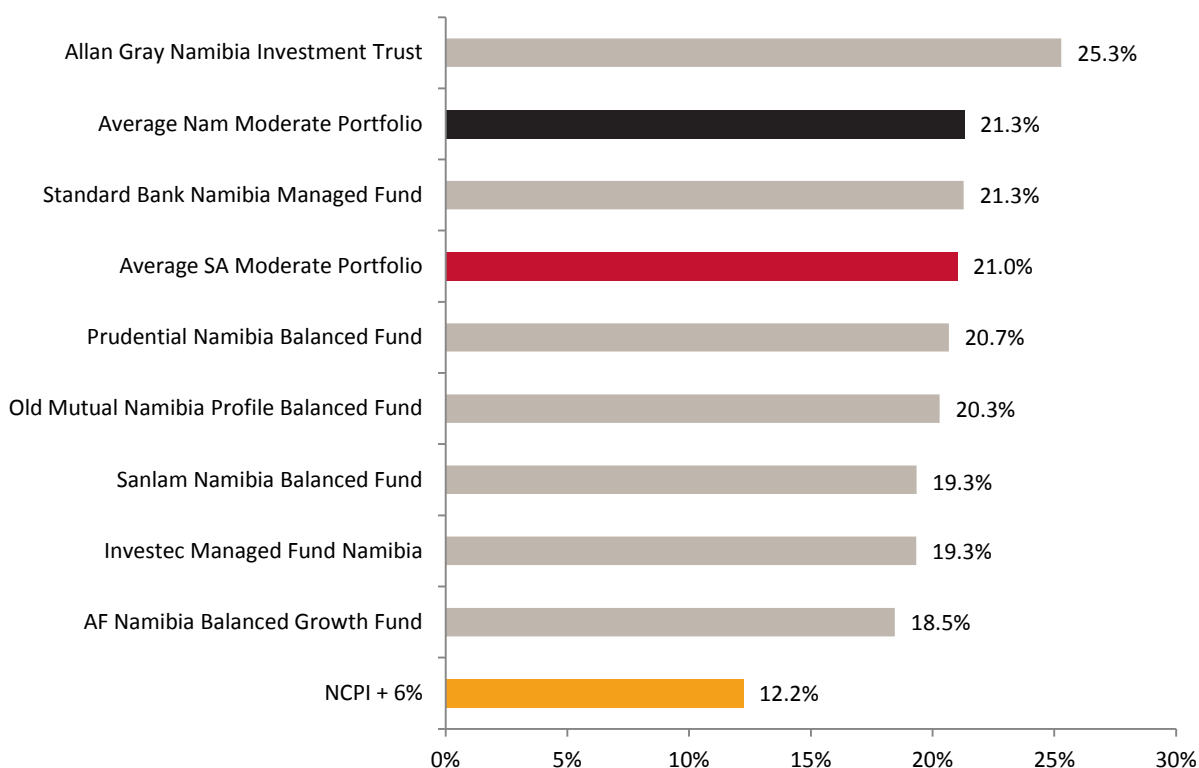
Listed below are the investment returns achieved for the specified periods to June 2013. Please note the returns are **gross** of fees.

Investment Portfolio	One Year	Three Years (annualised)	Five Years (annualised)	Ten Years (annualised)
Allan Gray Namibia Investment Trust	25.3%	16.8%	13.4%	19.3%
Investec Managed Fund Namibia	19.3%	14.6%	10.0%	16.9%
AF Namibia Balanced Growth Fund ¹	18.5%	15.5%	11.1%	16.8%
Old Mutual Namibia Profile Balanced Fund	20.3%	16.1%	10.3%	16.7%
Prudential Namibia Balanced Fund	20.7%	16.3%	-	-
Sanlam Namibia Balanced Fund	19.3%	14.9%	8.4%	-
Standard Bank Namibia Managed Fund	21.3%	18.6%	12.3%	17.6%
Average SA Moderate Portfolio²	21.0%	16.9%	12.0%	17.5%
Average Nam Moderate Portfolio³	21.3%	16.5%	11.3%	17.3%
All Share (JSE)⁴	21.0%	18.1%	8.6%	20.2%
Nam Inflation	6.2%	5.7%	6.1%	5.8%
Nam Inflation + 6%	12.2%	11.7%	12.1%	11.8%

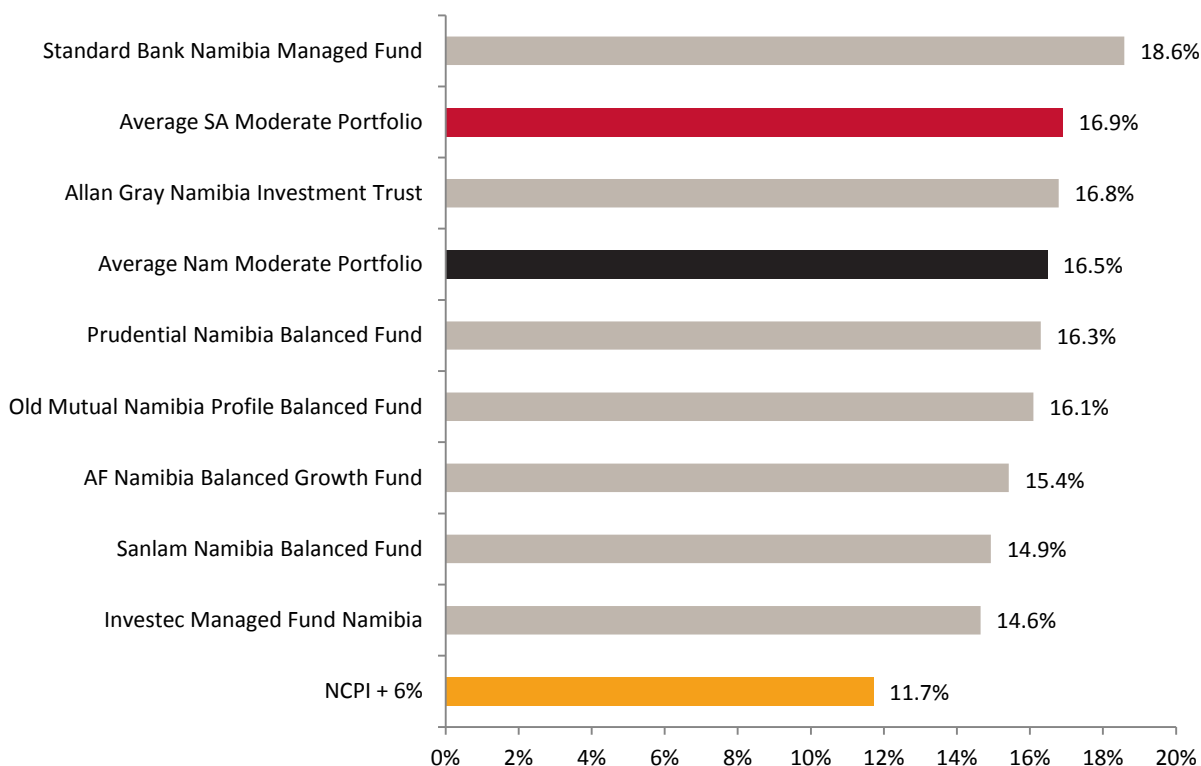
1. Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.
2. Average of the NMG Consultants and Actuaries Survey for SA Moderate Balanced portfolios.
3. Average of the NMG Consultants and Actuaries Survey for Namibian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

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

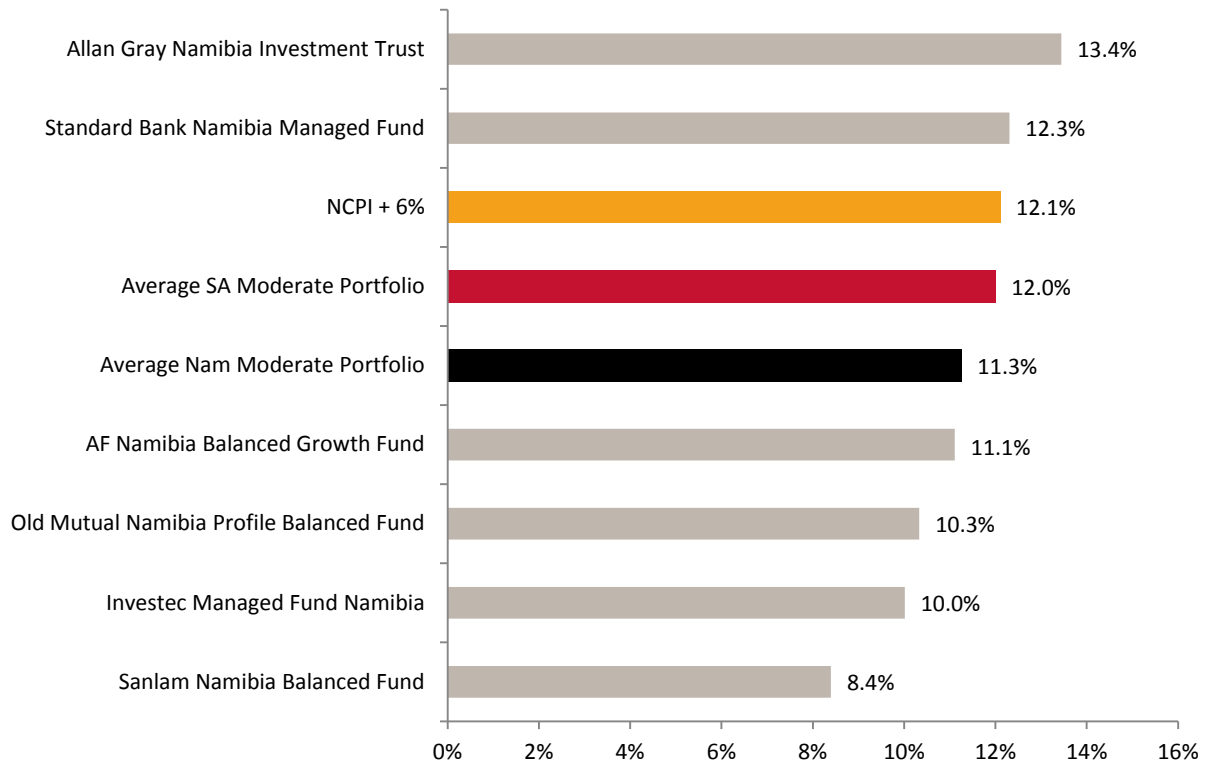
1 year performance for the period ending 30 June 2013



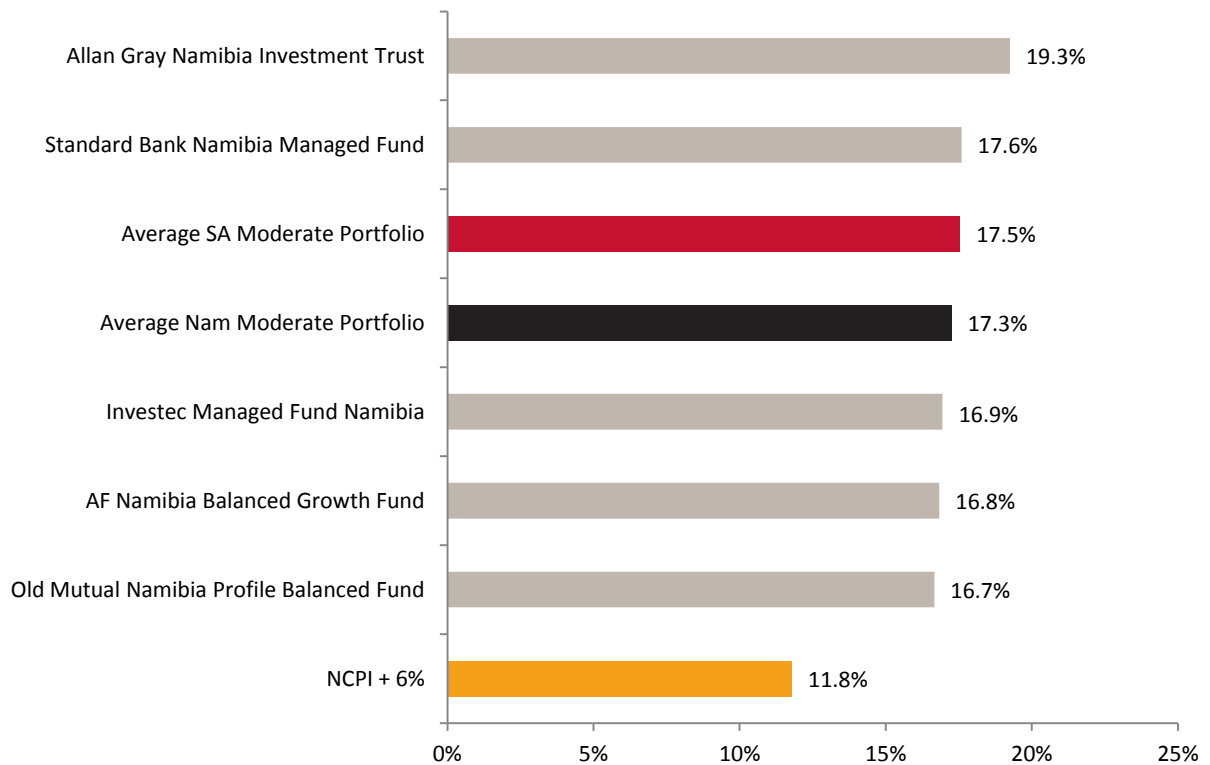
3 year performance for the period ending 30 June 2013



5 year performance for the period ending 30 June 2013

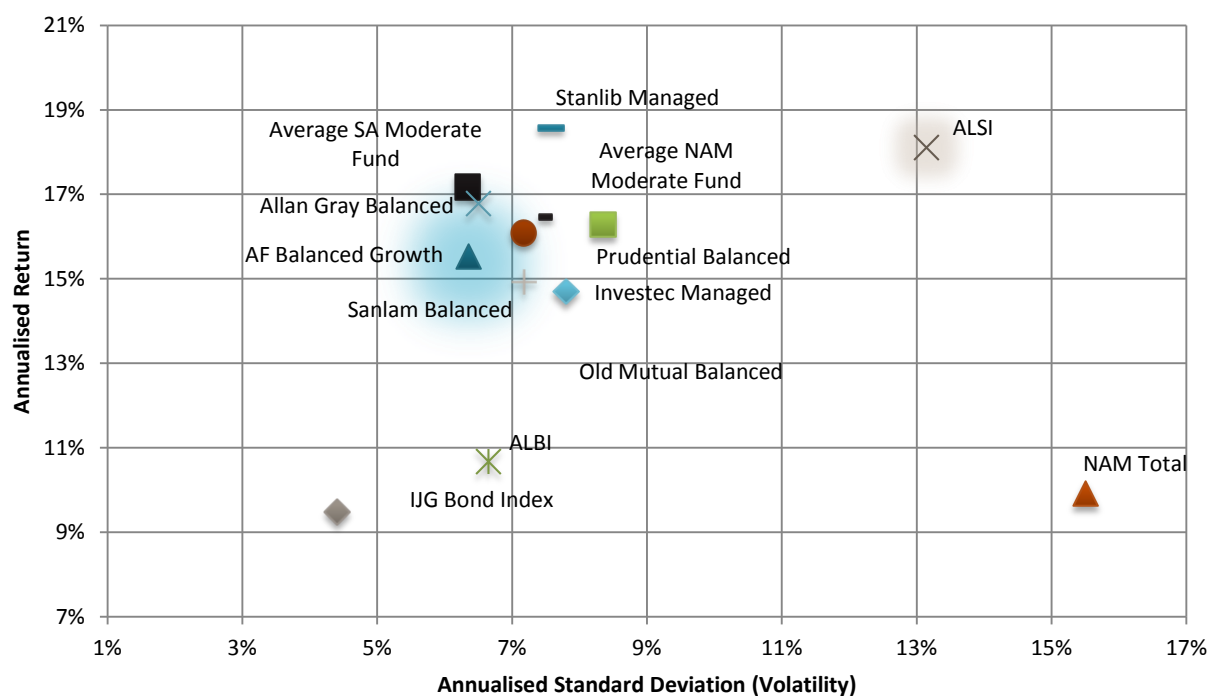


10 year performance for the period ending 30 June 2013



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 **30 June 2013**. These returns are also **gross** of all investment charges.



3.2 Moderate – Low Portfolios

3.2.1 Asset Allocation

The table below reflects the asset allocation of the moderate-low portfolios as at **30 June 2012** (12 Months ago)

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

1. Other represents Hedge Funds

2. Other represents Gold ETF's

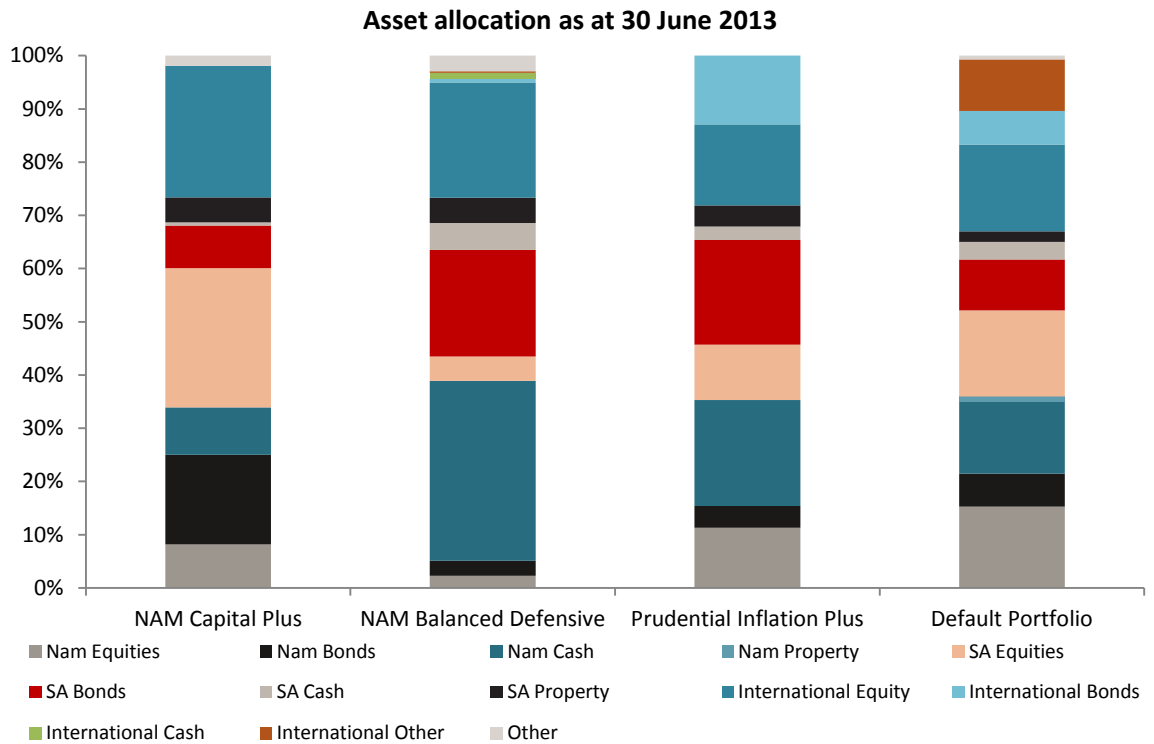
The table below reflects the asset allocation of the moderate-low portfolios as at **30 June 2013**

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	8.2%	2.3%	11.3%	15.3%
Nam Bonds	16.8%	2.8%	4.1%	6.2%
Nam Cash	8.9%	33.8%	19.9%	13.5%
Nam Property	-	-	-	1.0%
SA Equities	26.2%	4.6%	10.4%	16.2%
SA Bonds	8.0%	20.0%	19.7%	9.6%
SA Cash	0.6%	5.1%	2.5%	3.3%
SA Property	4.7%	4.7%	4.0%	2.0%
International Equity	24.7%	21.7%	15.2%	16.2%
International Bonds	-	0.7%	12.9%	6.3%
International Cash	-	1.1%	-	-
International Other ¹	-	0.3%	-	9.7%
Other ²	1.9%	2.9%	-	0.7%
Total	100.0%	100.0%	100.0%	100.0%

1. Other represents Hedge Funds

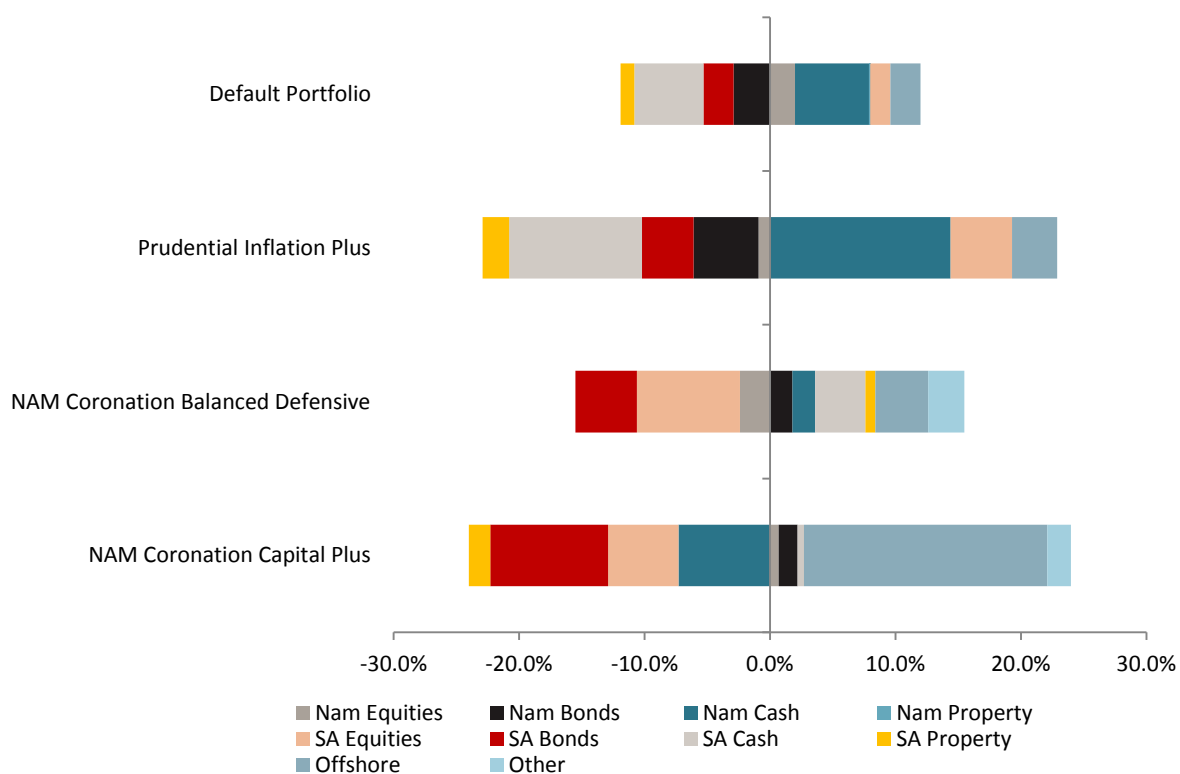
2. Other represents Gold ETFs and Preference Shares

The figures below reflect the asset allocation of the moderate-low portfolios as at **30 June 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 **30 June 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. NAM Coronation Capital Plus decreased its exposure to SA Bonds and Nam Cash whilst increasing exposure to Offshore investments.

3.2.3 Geographical Split

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Namibia	33.9% ¹	38.9%	35.3%	36.0%
South Africa	41.4%	37.3%	36.6%	31.7%
International	24.7%	23.8%	28.1%	32.3%
Total	100.0%	100.0%	100.0%	100.0%

1. NAM Coronation Capital Plus is currently under the 35% minimum limit to Namibian assets. This is due to client outflows in the last week of June 2013. Trades were made after month-end to rectify this.

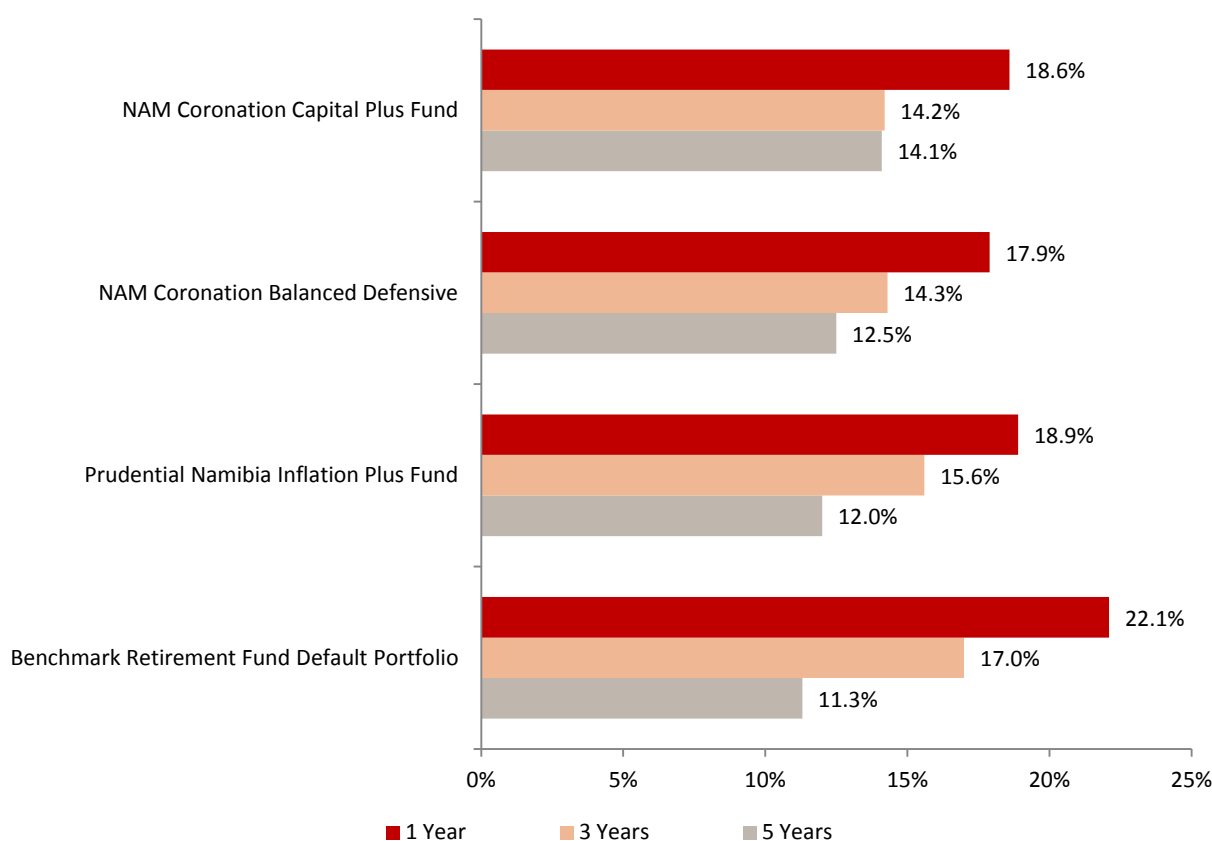
3.2.4 Time Weighted Returns

Listed below are the investment returns achieved for the specified periods to **June 2013**. 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 ¹	18.6%	14.2%	14.1%	-
NAM Coronation Balanced Defensive Fund	17.9%	14.3%	12.5%	-
Prudential Namibia Inflation Plus Fund	18.9%	15.6%	12.0%	-
Benchmark Retirement Fund Default Fund	22.1%	17.0%	11.3%	13.1%
Nam Inflation	6.2%	5.7%	6.1%	5.8%
Nam Inflation + 3% to 5%	9.2% to 11.2%	8.7% to 10.7%	9.1% to 11.1%	8.8% to 10.8%

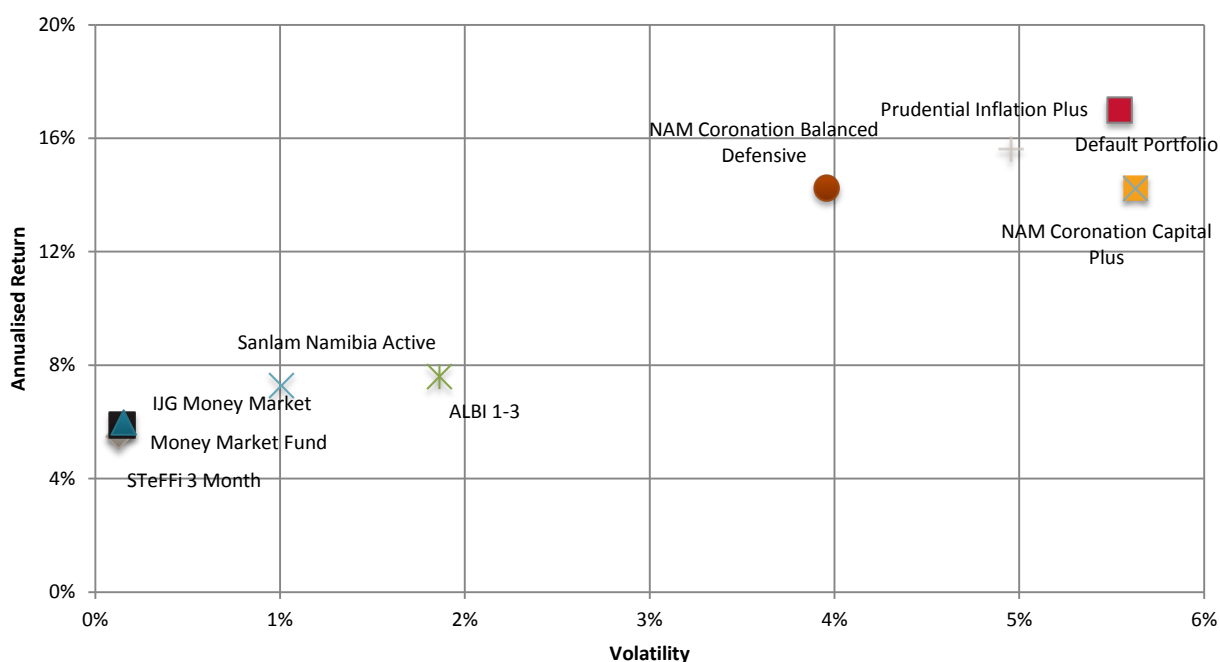
1. The NAM Coronation Absolute Fund was renamed to NAM Coronation Capital Plus Fund effective 26 April 2011.

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



3.2.5 Volatility vs Return

The following graph illustrates the volatility and return statistics of the moderate-low portfolios for a 3 year period ending **30 June 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			
	30 June 2013	30 June 2012	Change
Nam Equities	-	-	-
Nam Bonds	1.4%	1.3%	0.1%
Nam Cash	76.4%	43.7%	32.7%
Nam Property	-	-	-
SA Equities	1.8%	-	1.8%
SA Bonds	14.2%	14.6%	-0.4%
SA Cash	-	37.4%	-37.4%
SA Property	1.9%	3.0%	-1.1%
Offshore	-	-	-
Other	-	-	-
Total	100.0%	100.0%	-

The Sanlam Namibia Active fund disinvested all its SA Cash and significantly increased its exposure to Nam Cash over the previous year.

3.3.2 Time Weighted Returns

Listed below are the gross investment returns achieved for the specified periods to **June 2013**. 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	7.5%	8.3%	-
ALBI 1-3 Years Index	4.5%	7.6%	9.5%
Inflation	6.2%	5.7%	6.1%
Inflation + 1% to 2%	7.2% to 8.2%	6.7% to 7.7%	7.1% to 8.1%

Capital Protection Portfolios

Investment Portfolio	One Year	Three Years (Annualised)	Five Years (Annualised)
Money Market Fund ¹	5.4%	5.9%	7.3%
IJG Money Market Index	5.5%	6.0%	7.1%
Inflation + 1%	7.2%	6.7%	7.1%

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.