

February 2014

Prepared by  
NMG Investments Monitoring Division

For



**Benchmark Retirement Fund**

Investment Report as at 31 December 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 Pinnacle 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 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.

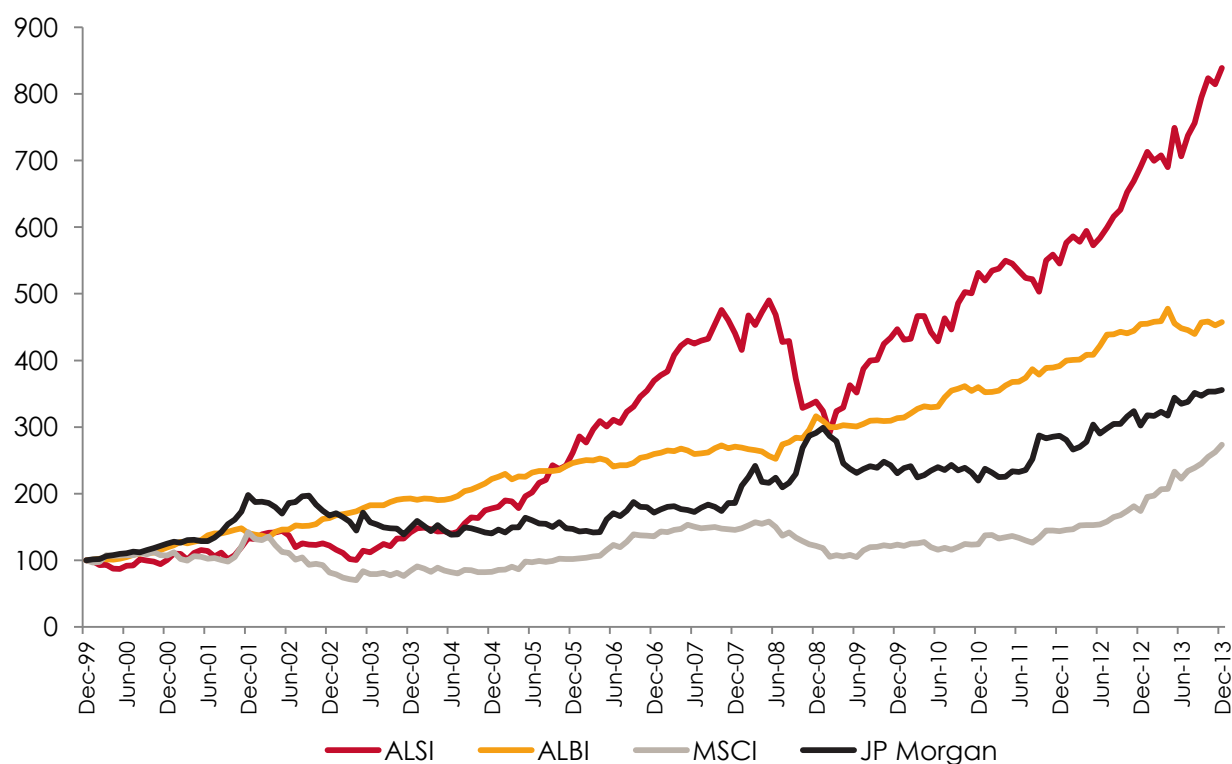
The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified.

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 **31 December 1999 to 31 December 2013**.



### 2.2 Medium Term Market Performance

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

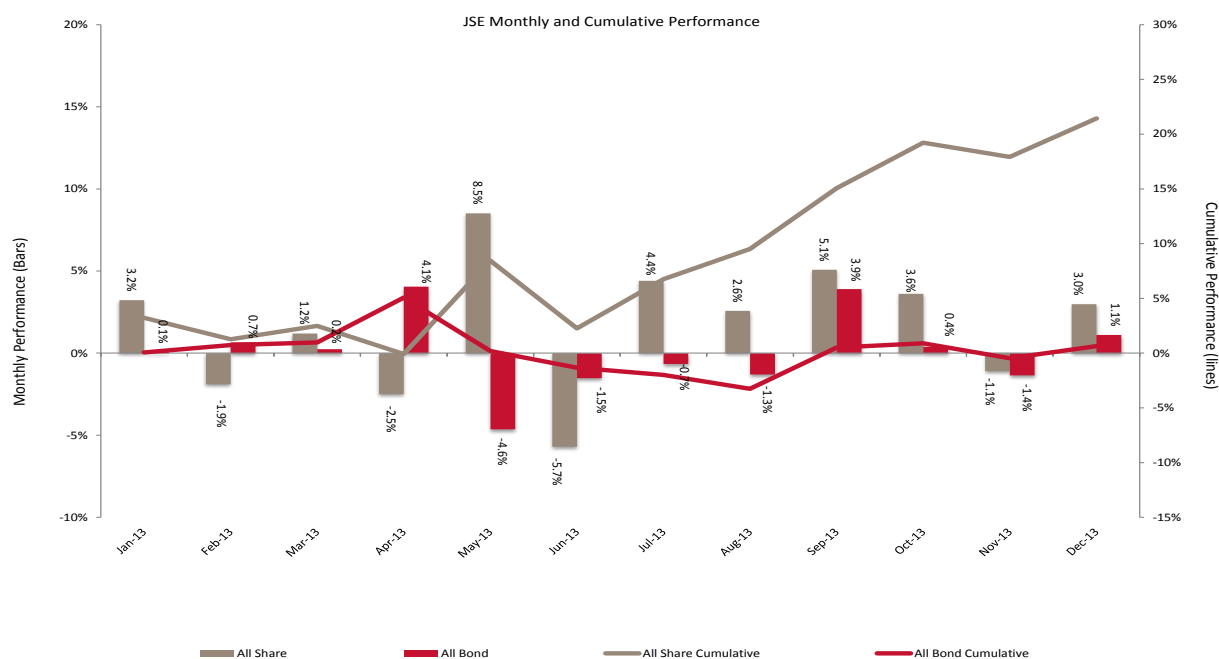
	2010	2011	2012	2013	One Year	Three Years
All Share (SA)	19.0%	2.6%	26.7%	21.4%	21.4%	16.4%
JSE: Financials	16.5%	7.4%	38.1%	19.1%	19.1%	20.9%
JSE: Industrial	27.4%	9.2%	40.8%	35.0%	35.0%	27.5%
JSE: Resources	12.3%	-6.5%	3.1%	1.4%	1.4%	-0.8%
All Bond (SA)	15.0%	8.8%	16.0%	0.6%	0.6%	8.3%
STeFI (SA)	6.9%	5.7%	5.5%	5.2%	5.2%	5.5%
MSCI World	0.5%	15.8%	21.3%	57.0%	57.0%	30.1%
JP Morgan Bond	-4.8%	30.7%	5.4%	17.6%	17.6%	17.5%
Rand/Dollar <sup>1</sup>	-10.6%	21.9%	4.1%	23.2%	23.2%	16.1%
CPI (SA)	3.5%	6.1%	5.7%	5.4%	5.4%	5.7%

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

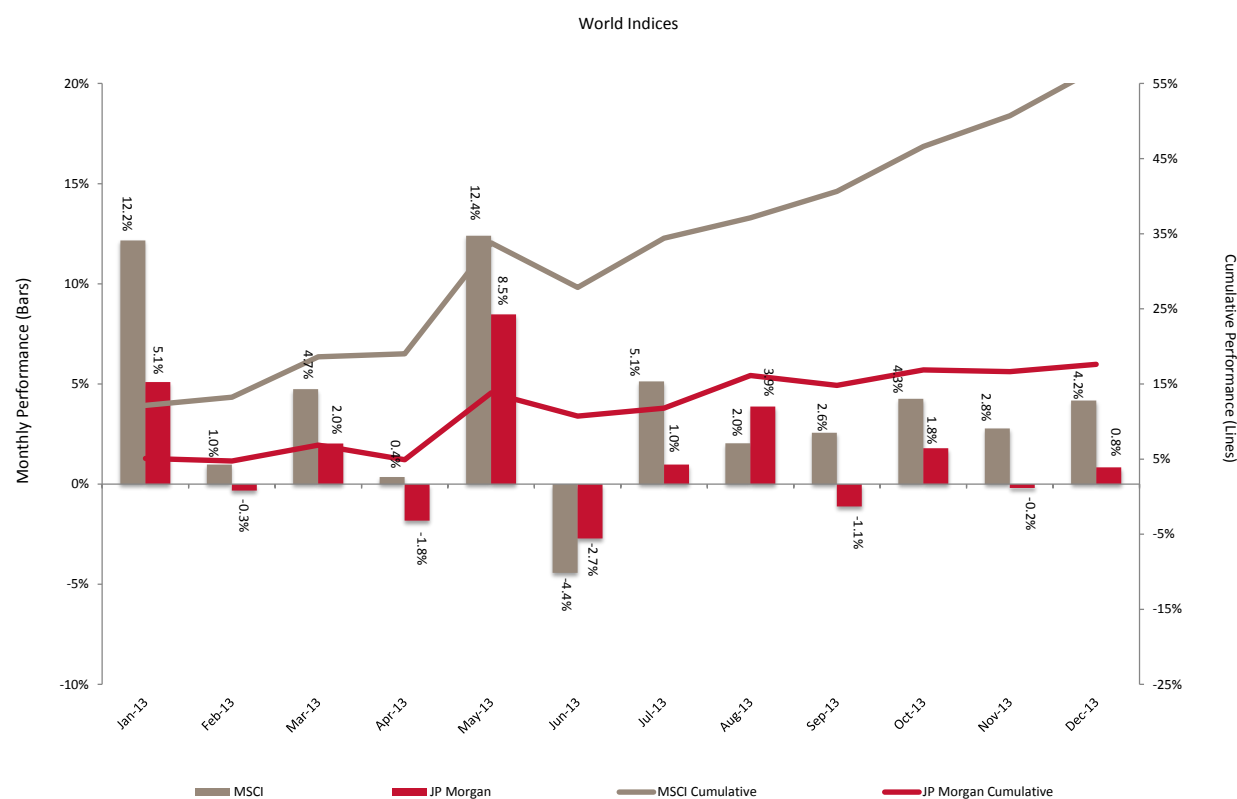
## 2.3 Short Term Market Performance

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

### 2.3.1 South Africa



### 2.3.2 World



### 2.3.3 South African and International Market Commentary

Country specific economic trends which developed during the first three quarters of 2013 continued during the last quarter: The uncertain recovery of USA, the flat growth in significant countries within the Eurozone such as Germany, the downward trend of other Euro countries such as France, and the continued labour unrest which has plagued South Africa since 2012.

Despite the partial US Government shutdown, US GDP figures released during November exceeded expectations and recorded 3.6% compared to the expected 3.0% for the 3<sup>rd</sup> quarter of 2013. In addition the USA recorded a lower unemployment rate, decreasing from 7.2% during September 2013 to 6.7% as at the end of December 2013.

Germany remains the largest contributing member of the Eurozone and released a modest 3<sup>rd</sup> Quarter GDP growth rate of 0.6% but recorded a PMI above 50.0 at 54.3 indicating expansion. The second largest economy, France, however recorded a PMI of 47.0 during December indicating contraction of the GDP rate of -0.1%.

The expansion within the developed world and labour unrest in numerous South African sectors contributed to the rand losing substantial ground against all major currencies during 2013, weakening by 23.2% against the US\$, 30.4% against the € and 24.3% against the £ over the 12 months ending December 2013. South Africa also released less favourable GDP results at 1.8% for the third quarter compared to 2.3% recorded as at the end of the second quarter and unemployment rate remaining at a high 24.7%.

The Gold Price in dollar terms continued to decrease during the last quarter of 2013 returning -8.8% for the quarter and -27.7% for the year ending 31 December 2013.

#### Equities

The All Share (ALSI) increased by 5.5% for the last quarter of 2013 returning 21.4% for the year. The 2013 performance was driven by the industrial and financial counters returning 35.0% and 19.1% respectively for the year. Resources were however muted and returned 1.4% for the year. The developed world remained the preferred asset class with the MSCI World returning 57.0% for the year in rand terms.

#### Bonds

Local Cash outperformed bonds over the 12 month period. The ALBI returned 0.6% for the year compared to the STeFI returning 5.2%. Bonds however continue to outperform cash over the 3 year period returning 8.3% compared to 5.5%. Driven by the weakening of the rand the JP Morgan bond index returned 17.6% for the year.

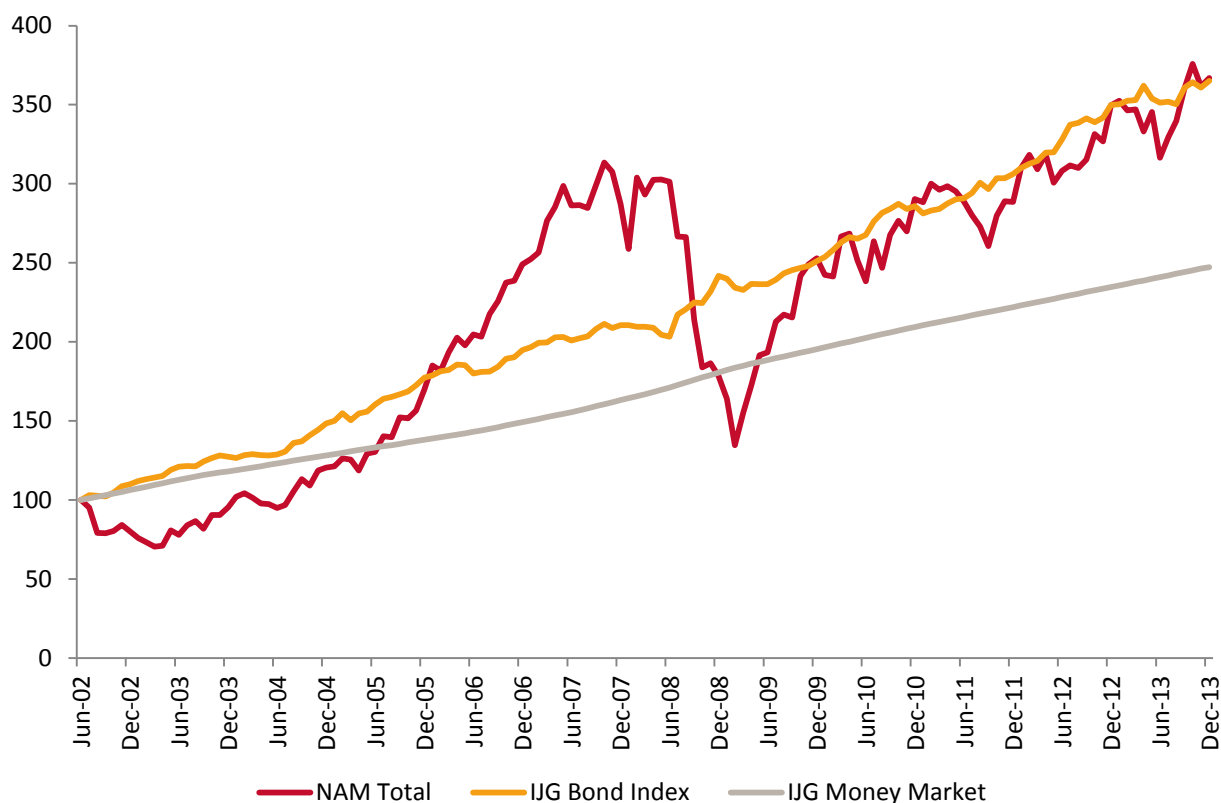
#### Currency

The Rand weakened against all major currencies, closing at R10.15 /US\$, 16.61/£ and 13.82/€.

## 2.4 Namibia

### 2.4.1 Long Term Market Performance

The following graph represents the cumulative performance of some market indices for the period **30 June 2002** to **31 December 2013**.



### 2.4.2 Medium Term Market Performance

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

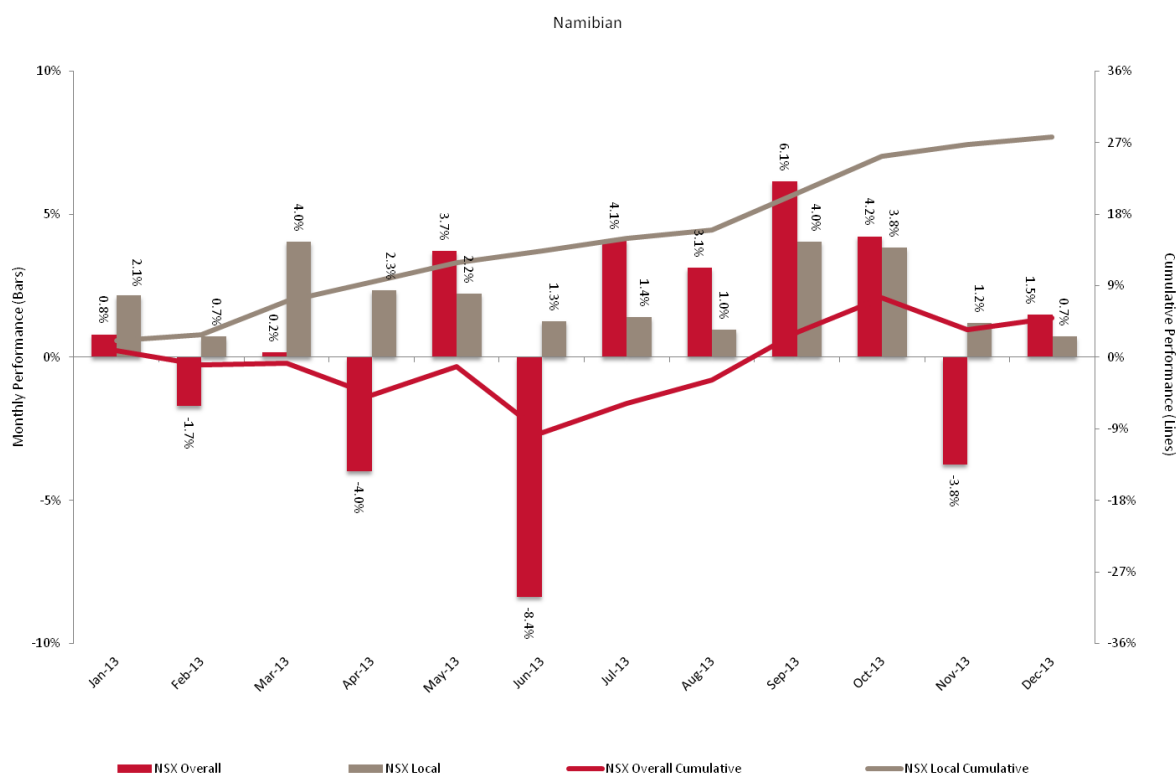
	2010	2011	2012	2013	One Year	Three Years
NAM Total	14.8%	-0.6%	21.2%	4.9%	4.9%	8.1%
NAM Local	18.7%	36.7%	31.2%	27.7%	27.7%	31.8%
NAM CPI	3.1%	7.2%	6.3%	5.0%	5.0%	6.2%
IJG Bond Index <sup>1</sup>	13.9%	7.1%	15.4%	4.3%	4.3%	8.8%
IJG Money Market	7.1%	6.0%	5.7%	5.3%	5.3%	5.7%

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 December 2013**.



## 2.4.4 Namibian Market Commentary

Namibian trade deficit increased by a staggering 60% during November 2013 and closed at N\$ 1.6 billion. The trade deficit was largely driven by imports from South Africa, Botswana, China and Zambia. These countries are responsible for the majority of the country's imports whilst 69.1% of the country's exports are also largely limited to 5 countries, Botswana, South Africa, Switzerland, Angola and USA.

Whilst the Repo and Prime rate remained unchanged for the year at 5.5% and 9.25% respectively, inflation remained well within the expected band of 3% to 6% at 5% for the 2013 calendar year, decreasing from 6.3% for 2012.

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

#### 3.1 Moderate Portfolios

##### 3.1.1 Asset Allocation

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

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Namibia Balanced	Standard Bank Managed
Namibia Equities	20.6%	16.7%	17.3%	12.8%	17.4%	10.8%	11.8%
Namibia Bonds	8.9%	14.0%	9.6%	6.9%	3.2%	8.6%	14.2%
Namibia Cash	5.3%	11.5%	8.0%	15.4%	18.0%	13.4%	12.7%
Namibia Property	2.0%	-	0.3%	2.0%	-	3.3%	-
South Africa Equities	23.2%	19.5%	28.1%	26.3%	22.0%	29.9%	40.2%
South Africa Bonds	-	-	4.8%	1.9%	7.6%	6.0%	0.9%
South Africa Cash	6.7%	-	2.6%	0.4%	-	0.3%	-
South Africa Property	-	4.1%	3.4%	2.0%	1.9%	0.8%	-
International Equity	14.5%	23.6%	10.6%	26.0%	22.9%	16.7%	20.2%
International Bonds	-	8.7%	2.8%	3.3%	7.0%	2.1%	-
International Cash	-	1.9%	1.3%	2.5%	-	4.3%	-
International Other	17.2% <sup>1</sup>	-	5.3% <sup>5</sup>	-	-	3.8% <sup>4</sup>	-
Other	1.6% <sup>2</sup>	-	5.8% <sup>3</sup>	0.5%	-	-	-
<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 Absolute Return Funds

2. Other represents Gold ETF's

3. Other represents SA Hedge Funds

4. Other represents International Property

5. Other represents Pooled Offshore Funds.

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

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Profile Pinnacle	Prudential Balanced	Sanlam Namibia Balanced	Standard Bank Managed
Namibia Equities	19.6%	15.8%	20.0%	12.7%	15.6%	16.2%	9.2%
Namibia Bonds	8.9%	12.4%	10.1%	7.5%	2.6%	7.4%	13.2%
Namibia Cash	6.6%	10.1%	7.6%	18.1%	19.0%	14.6%	22.1%
Namibia Property	2.2%	0.7%	-	2.4%	2.3%	0.5%	-
South Africa Equities	21.7%	22.4%	15.6%	22.5%	23.9%	26.1%	30.5%
South Africa Bonds	-	0.1%	5.5%	0.6%	7.1%	6.6%	0.6%
South Africa Cash	4.3%	-	5.9%	0.3%	-	-	-
South Africa Property	-	3.2%	1.9%	1.3%	-	-	-
International Equity	17.4%	25.0%	19.6%	33.0%	24.8%	18.6%	24.4%
International Bonds	-	7.5%	4.8%	1.6%	4.7%	1.8%	-
International Cash	-	2.0%	3.0%	-	-	4.6%	-
International Other	17.2% <sup>1</sup>	0.8%	0.5% <sup>5</sup>	-	-	3.6% <sup>4</sup>	-
Other	2.1% <sup>2</sup>	-	5.5% <sup>3</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>

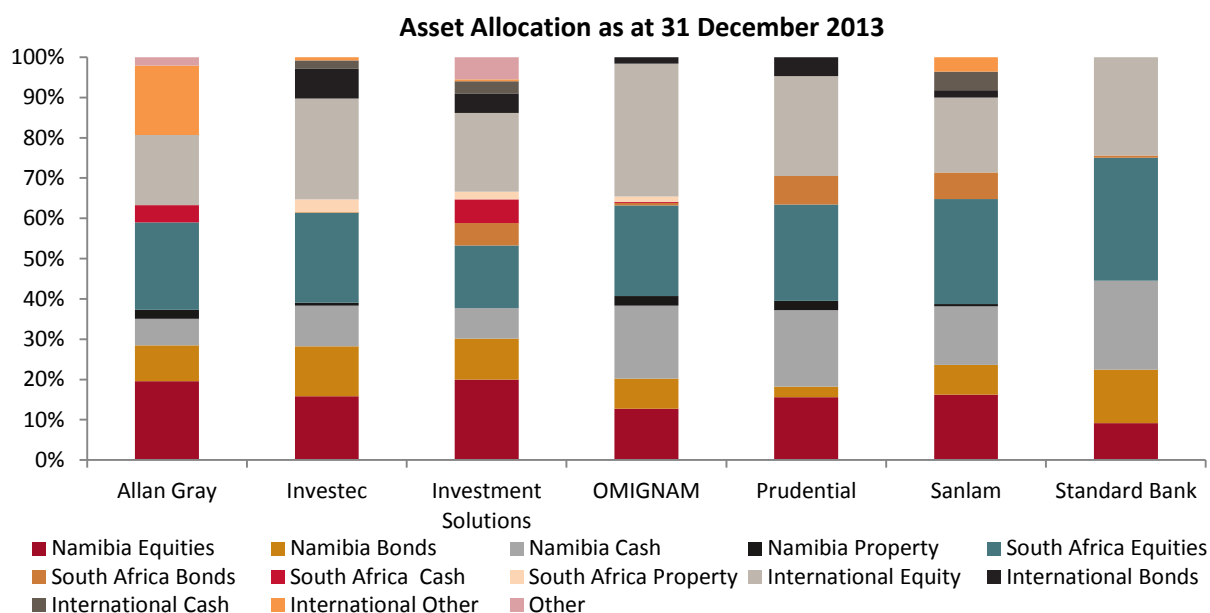
1. Other represents Offshore Hedge Funds.

2. Other represents Commodity ETF's

3. Other represents SA Hedge Funds

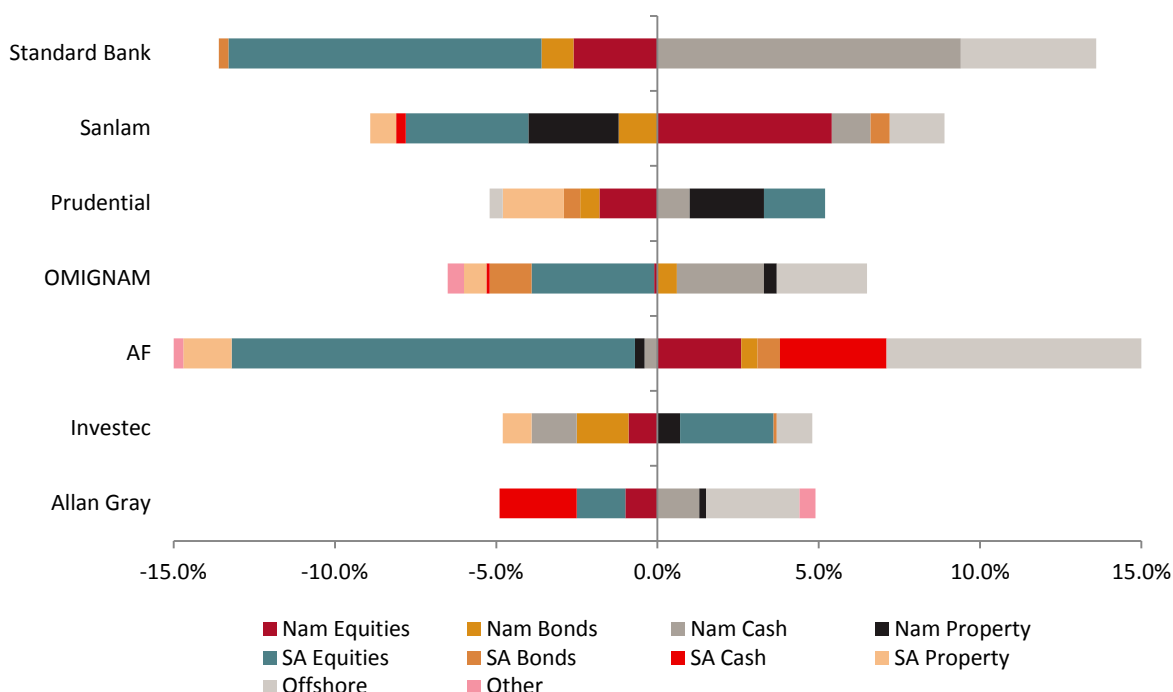
4. Other represents International Property

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 **31 December 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 Standard Bank and Alexander Forbes have made significant changes to some of their underlying asset classes. Both Standard Bank and Alexander Forbes reduced the portfolio's underlying exposure to South African Equities and increased offshore exposure. Standard Bank also made significant increase to NAM Cash.

### 3.1.3 Geographical Split as at 31 December 2013

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Pinnacle	Prudential Balanced	Sanlam Namibia Balanced	Standard Bank Managed
Namibia	37.3%	39.0%	37.6%	40.7%	39.5%	38.6%	44.5%
South Africa	28.1%	26.5%	34.5%	24.4%	31.0%	32.9%	31.1%
International	34.6%	34.5%	27.9%	34.9%	29.5%	28.5%	24.4%
<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>

### 3.1.4 Time Weighted Returns

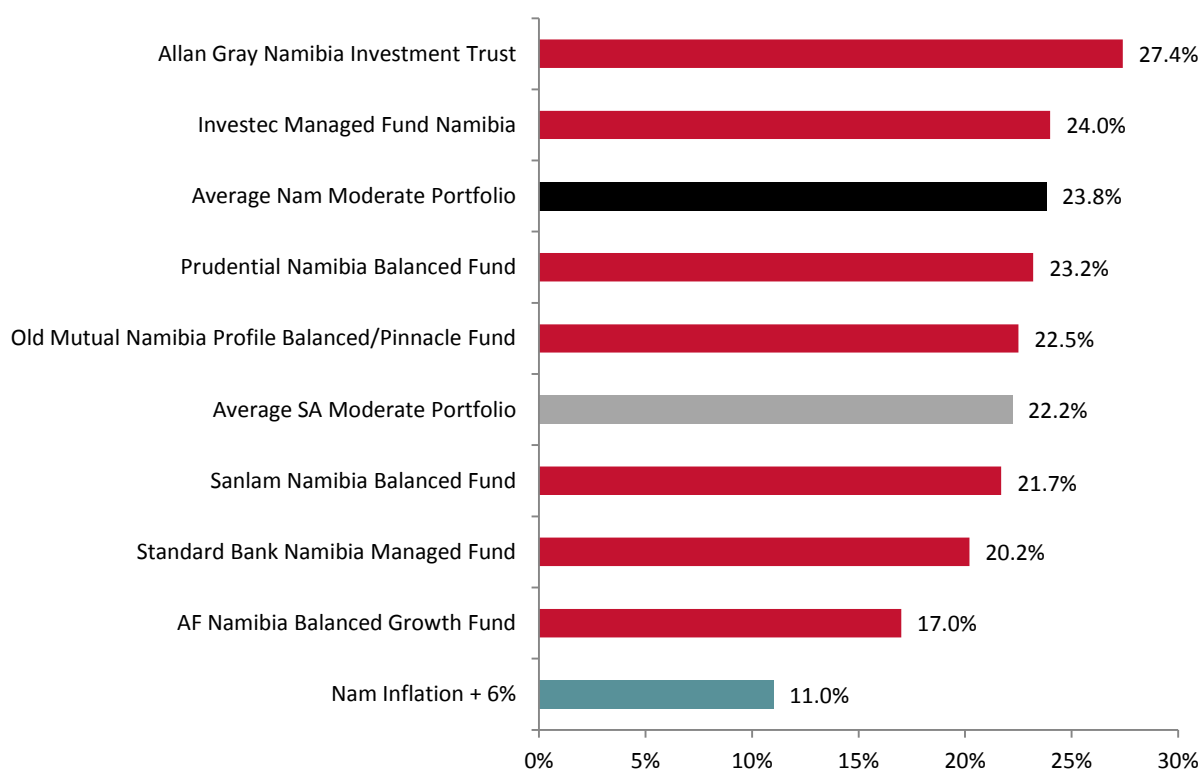
Listed below are the investment returns achieved for the specified periods to December 2013. Please note the returns are **gross** of fees.

Investment Portfolio	One Year	Three Years (annualised)	Five Years (annualised)	Ten Years (annualised)
Allan Gray Namibia Investment Trust	27.4%	19.0%	15.2%	18.5%
Investec Managed Fund Namibia	24.0%	15.9%	15.8%	16.8%
AF Namibia Balanced Growth Fund <sup>1</sup>	17.0%	15.3%	15.2%	16.2%
Old Mutual Namibia Profile Balanced/Pinnacle Fund <sup>2</sup>	22.5%	15.7%	15.3%	16.1%
Prudential Namibia Balanced Fund	23.2%	15.5%	-	-
Sanlam Namibia Balanced Fund	21.7%	15.1%	15.2%	-
Standard Bank Namibia Managed Fund	20.2%	17.4%	17.7%	17.1%
<b>Average SA Moderate Portfolio<sup>3</sup></b>	<b>22.2%</b>	<b>16.0%</b>	<b>16.2%</b>	<b>16.6%</b>
<b>Average Nam Moderate Portfolio<sup>4</sup></b>	<b>23.8%</b>	<b>16.9%</b>	<b>16.4%</b>	<b>16.9%</b>
<b>All Share (JSE)<sup>5</sup></b>	<b>21.4%</b>	<b>16.4%</b>	<b>19.9%</b>	<b>19.5%</b>
<b>Nam Inflation</b>	<b>5.0%</b>	<b>6.2%</b>	<b>5.7%</b>	<b>6.0%</b>
<b>Nam Inflation + 6%</b>	<b>11.0%</b>	<b>12.2%</b>	<b>11.7%</b>	<b>12.0%</b>

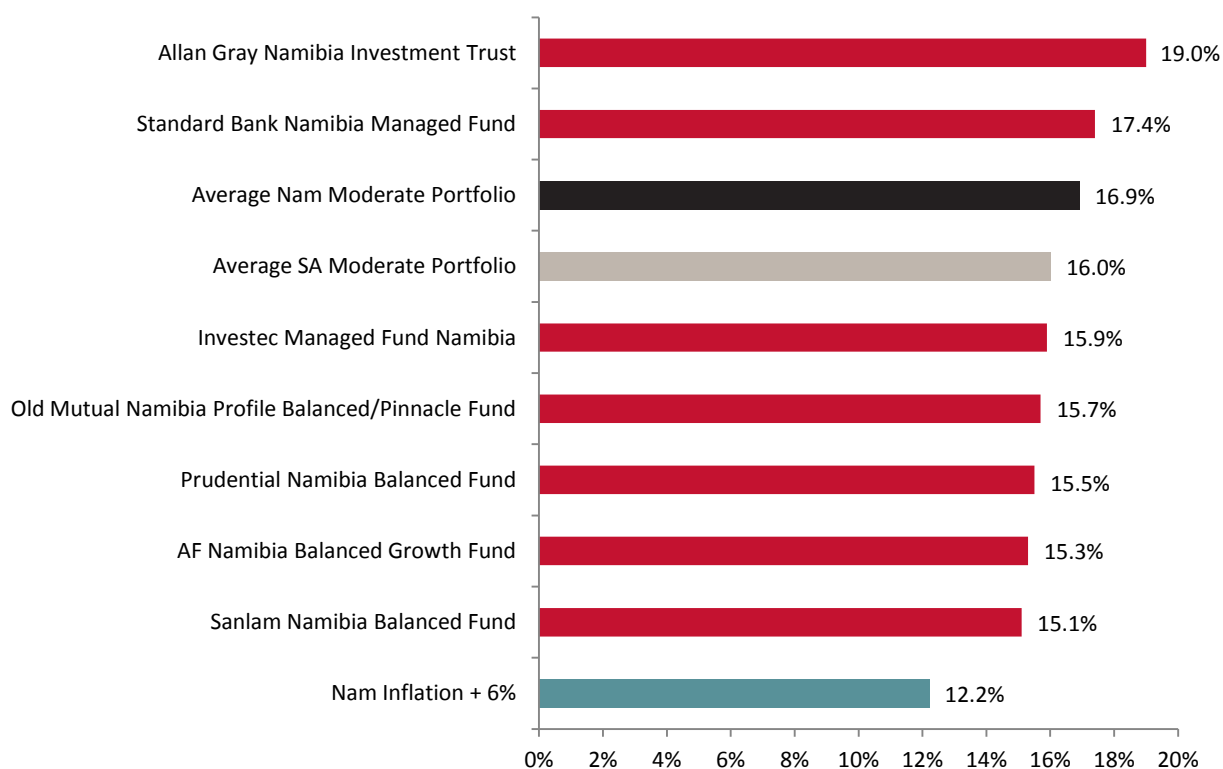
1. Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.
2. OMIGNAM Profile Balanced was closed and assets transferred to OMIGNAM Profile Pinnacle during September 2013.
3. Average of the NMG Consultants and Actuaries Survey for SA Moderate Balanced portfolios.
4. Average of the NMG Consultants and Actuaries Survey for Namibian Moderate Balanced portfolios.
5. Returns reflect the total return index.

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

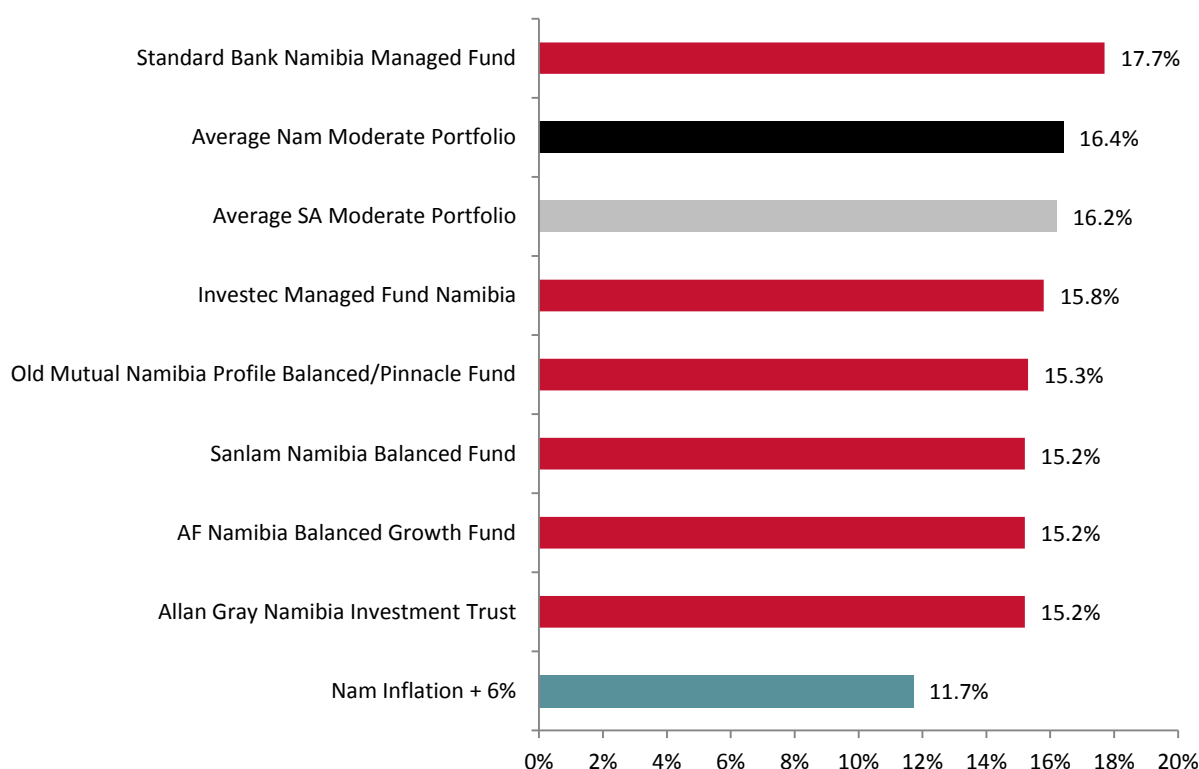
### 1 year performance for the period ending 31 December 2013



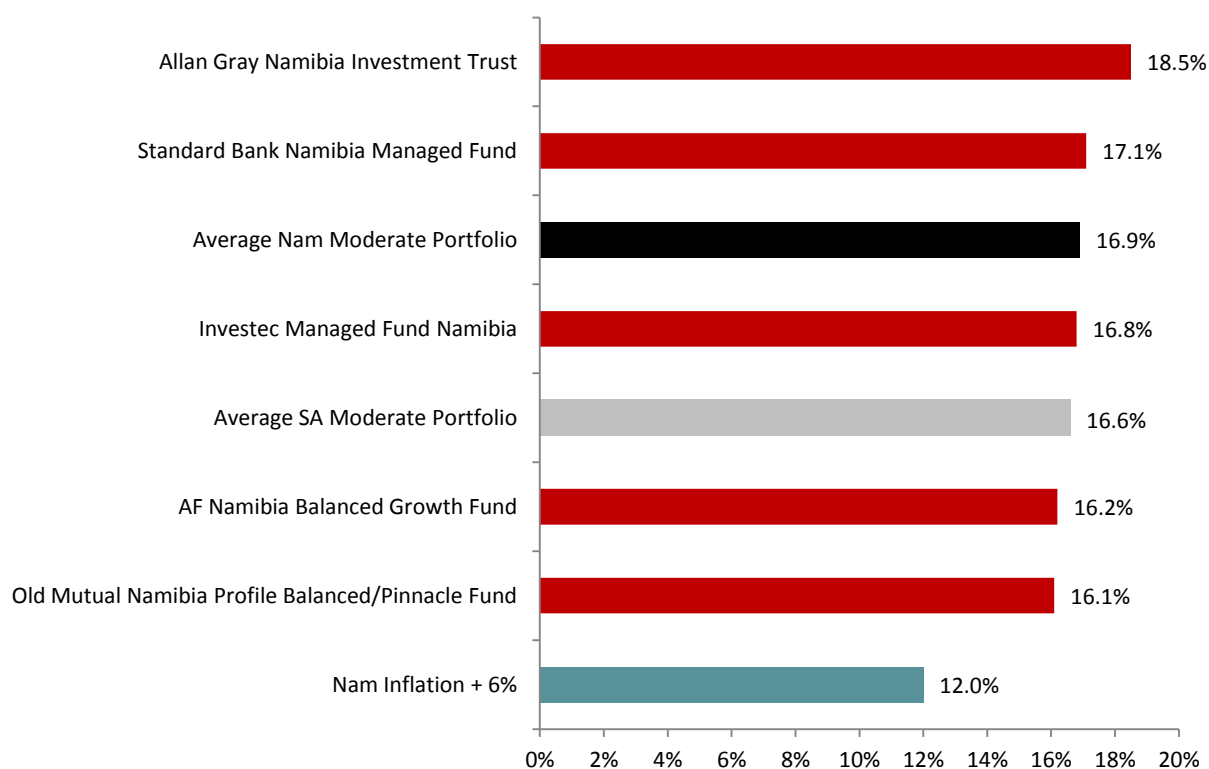
### 3 year performance for the period ending 31 December 2013



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

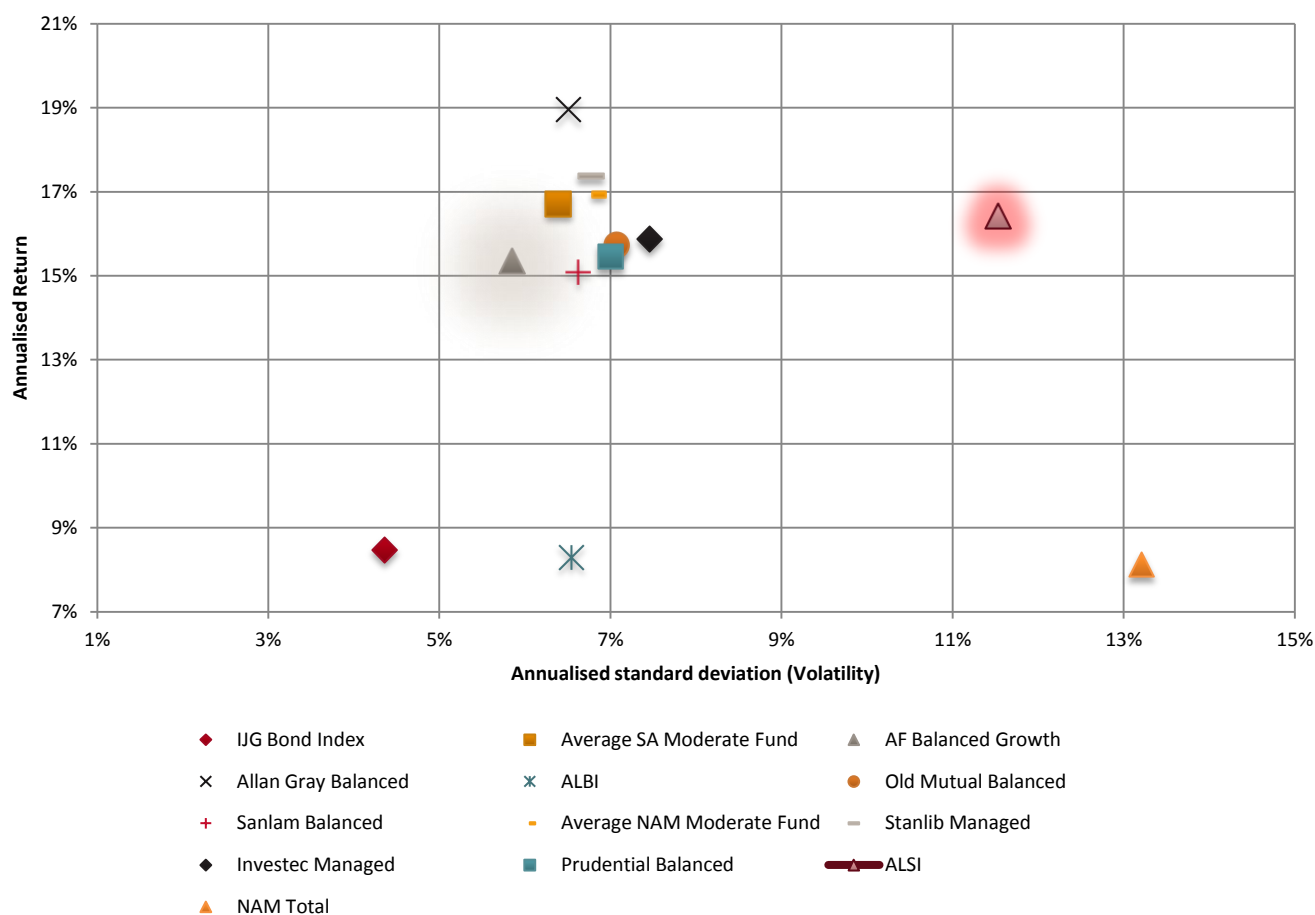


### 10 year performance for the period ending 31 December 2013



### 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 December 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 **31 December 2012 (12 Months ago)**

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

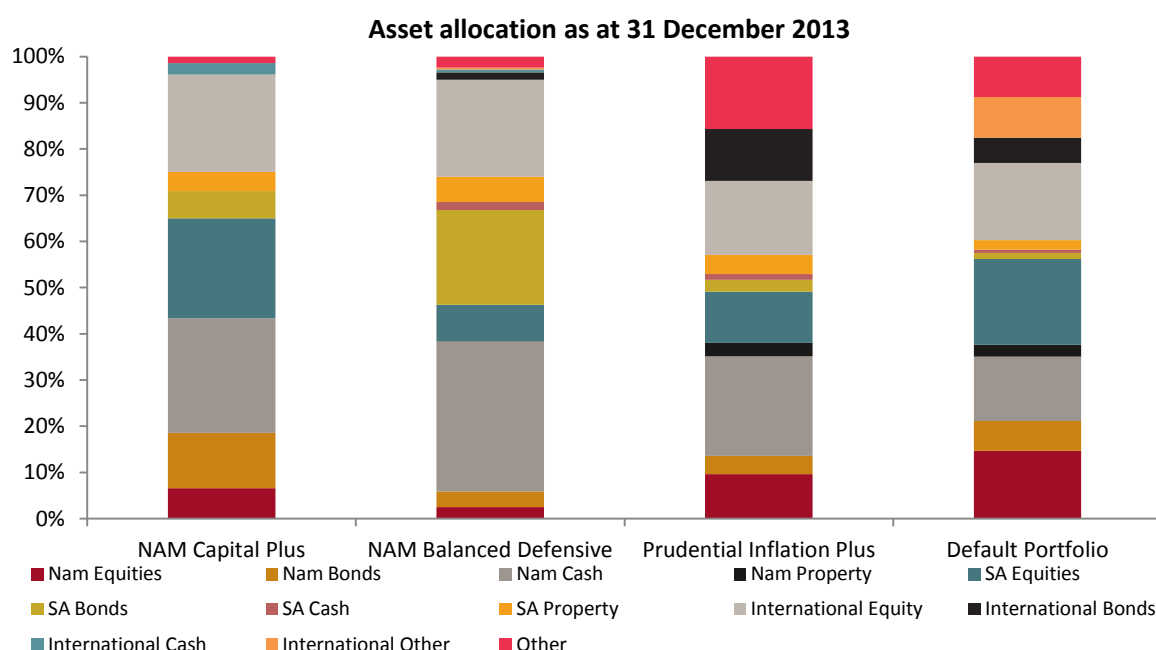
The table below reflects the asset allocation of the moderate-low portfolios as at **31 December 2013**

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	6.6%	2.5%	9.6%	14.6%
Nam Bonds	12.0%	3.4%	4.0%	6.5%
Nam Cash	24.8%	32.4%	21.5%	13.9%
Nam Property	-	0.1%	2.9%	2.6%
SA Equities	21.6%	7.9%	11.1%	16.5%
SA Bonds	5.9%	20.5%	18.3%	8.9%
SA Cash	-	1.7%	1.2%	2.8%
SA Property	4.1%	5.5%	4.2%	2.1%
International Equity	21.1%	21.0%	16.0%	16.7%
International Bonds	-	1.6%	11.2%	5.5%
International Cash	2.5%	0.6%	-	-
International Other <sup>1</sup>	-	-	-	8.8%
Other <sup>2</sup>	1.4%	2.8%	-	1.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

1. Other represents Hedge Funds

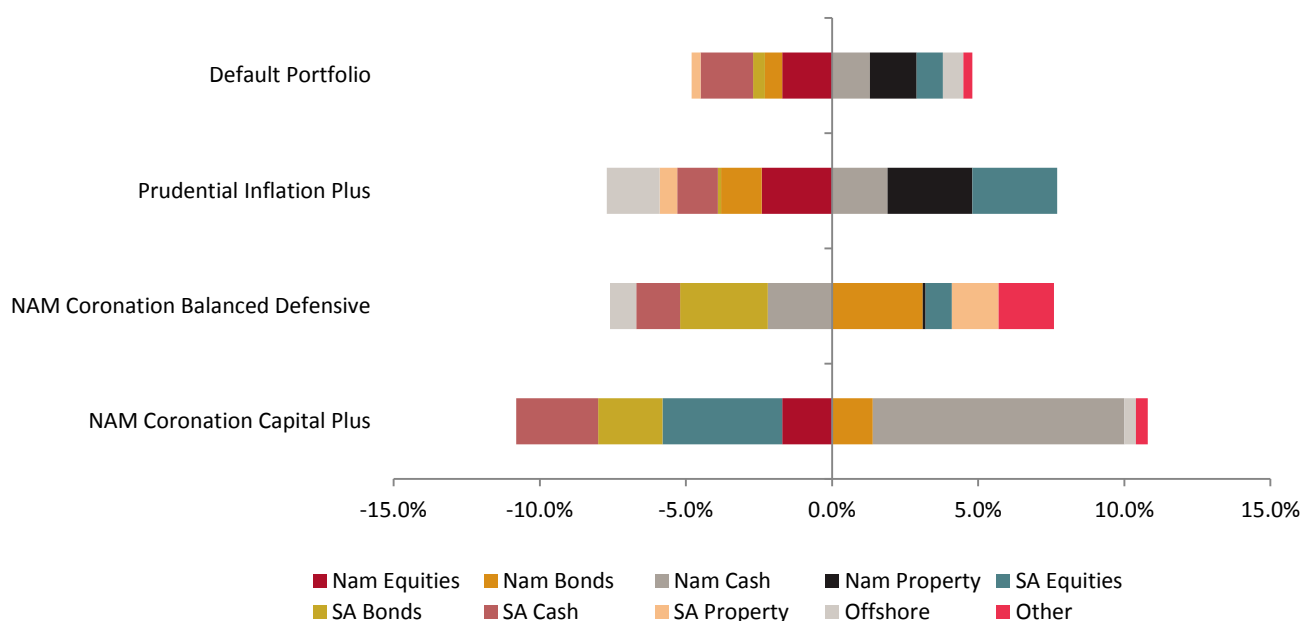
2. Other represents Gold ETFs and Preference Shares

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



All portfolios decreased their allocation to SA Cash whilst NAM Coronation Capital Plus made the most significant changes to the overall portfolio. NAM Coronation Capital Plus reduced SA Cash, SA Equities and NAM equities, increasing their exposure to NAM Cash and Bonds.

### 3.2.3 Geographical Split

Listed below is the geographical split as at **31 December 2013**.

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Namibia	43.4%	38.4%	38.0%	37.6%
South Africa	33.0%	38.4%	34.8%	31.4%
International	23.6%	23.2%	27.2%	31.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

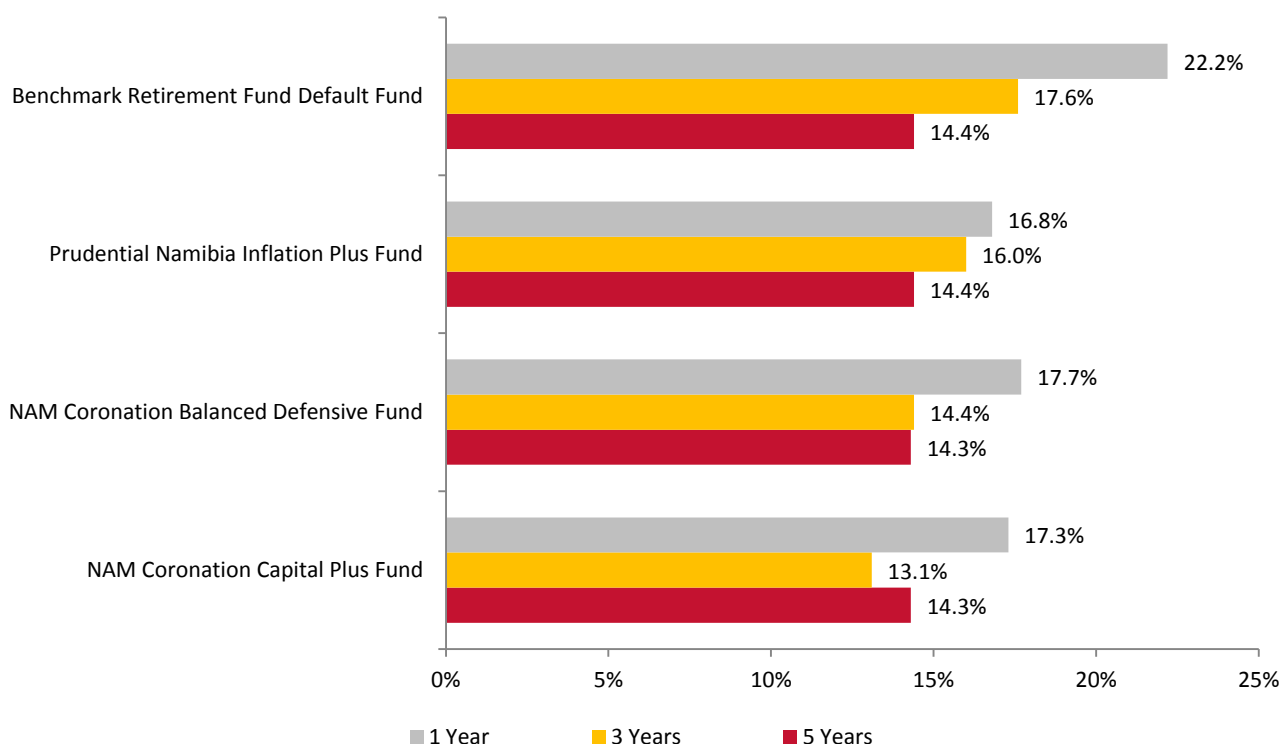
### 3.2.4 Time Weighted Returns

Listed below are the investment returns achieved for the specified periods to **31 December 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 <sup>1</sup>	17.3%	13.1%	14.3%	-
NAM Coronation Balanced Defensive Fund	17.7%	14.4%	14.3%	-
Prudential Namibia Inflation Plus Fund	16.8%	16.0%	14.4%	14.5%
Benchmark Retirement Fund Default Fund	22.2%	17.6%	14.4%	13.6%
<b>Nam Inflation</b>	<b>5.0%</b>	<b>6.2%</b>	<b>5.7%</b>	<b>6.0%</b>
<b>Nam Inflation + 3% to 5%</b>	<b>8.0% to 10.0%</b>	<b>9.2% to 11.2%</b>	<b>8.7% to 10.7%</b>	<b>9.0% to 11.0%</b>

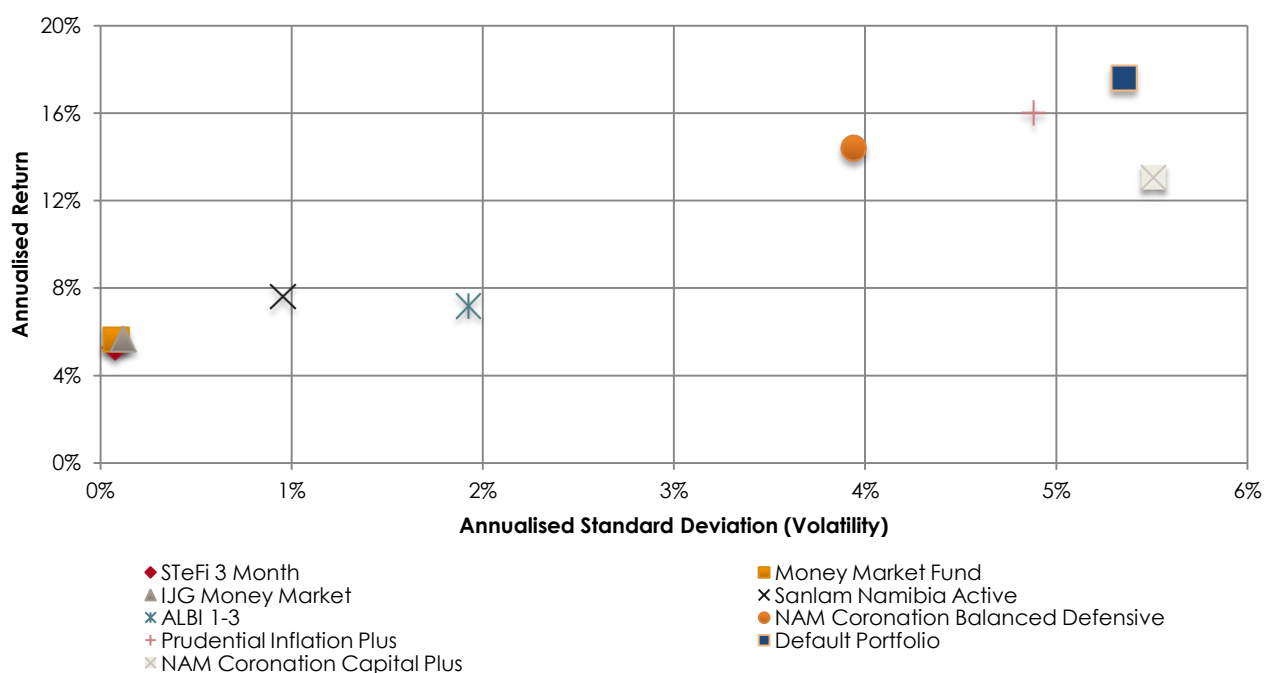
1. The NAM Coronation Absolute Fund was renamed to NAM Coronation Capital Plus Fund effective 26 April 2011.

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 **31 December 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 December 2013	31 December 2012	Change
Nam Equities	-	-	-
Nam Bonds	1.5%	1.3%	0.2%
Nam Cash	37.5%	40.8%	-3.3%
Nam Property	-	-	-
SA Equities	-	-	-
SA Bonds	21.0%	14.8%	6.2%
SA Cash	37.0%	40.3%	-3.3%
SA Property	3.0%	2.6%	0.4%
Offshore	-	-	-
Other	-	-	-
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>

The Sanlam Namibia Active fund increased their exposure to SA Bonds and decreased their exposure to Cash since 01 January 2012. The total Namibian exposure is 39.0% as at 31 December 2013.

### 3.3.2 Time Weighted Returns

Listed below are the gross investment returns achieved for the specified periods to **31 December 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	6.6%	6.9%	-
<b>ALBI 1-3 Years Index</b>	<b>4.4%</b>	<b>7.2%</b>	<b>7.6%</b>
<b>Inflation</b>	<b>5.0%</b>	<b>6.2%</b>	<b>5.7%</b>
<b>Inflation + 1% to 2%</b>	<b>6.0% to 7.0%</b>	<b>7.2% to 8.2%</b>	<b>6.7% to 7.7%</b>

#### Capital Protection Portfolios

Investment Portfolio	One Year	Three Years (Annualised)	Five Years (Annualised)
Money Market Fund <sup>1</sup>	5.3%	5.6%	6.6%
<b>IJG Money Market Index</b>	<b>5.3%</b>	<b>5.7%</b>	<b>6.5%</b>
<b>Inflation + 1%</b>	<b>6.0%</b>	<b>7.2%</b>	<b>6.7%</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\$ 3bn

**Portfolio Description:**

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

**Inception:** Aug-1999

**CIO:** Ian Liddle

**Portfolio Manager**

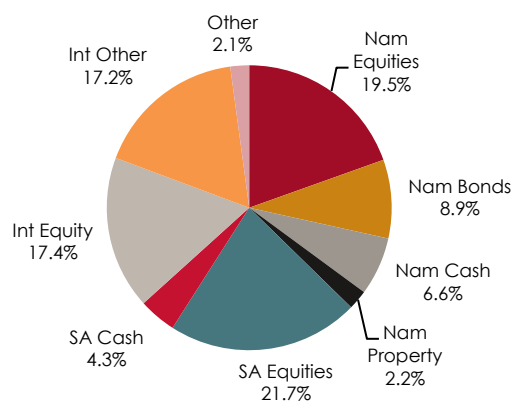
Ian Liddle, Duncan Artus, Andrew Lapping, Simon Raubenheimer

**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. on average month end market value

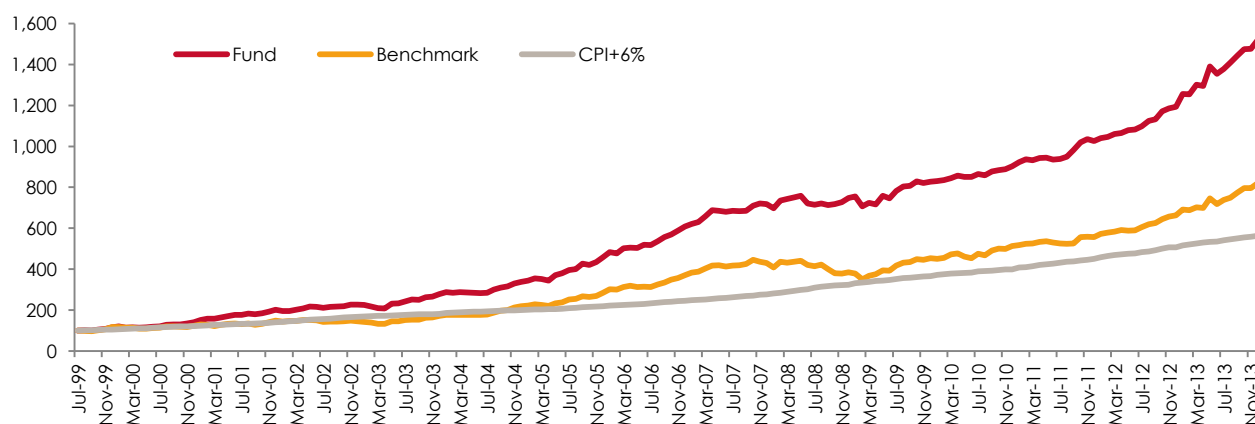
**Asset Allocation as at 31 December 2013**



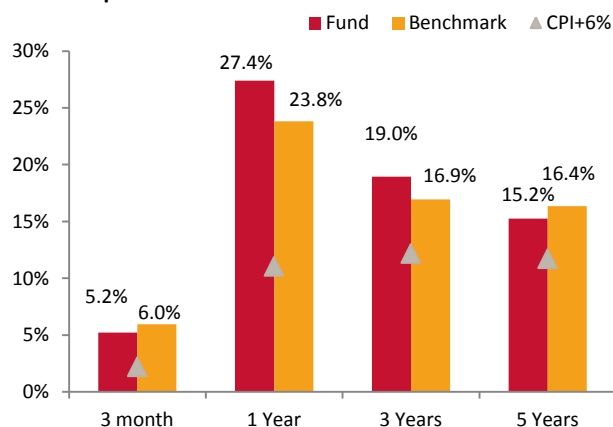
**Top 10 Securities**

Share	% of Portfolio	Share	% of Portfolio
1 Sasol	12.2%	6 Stimulus	6.6%
2 British American Tobacco	10.3%	7 Remgro	4.4%
3 FNB	9.0%	8 Anglo America	3.8%
4 SAB Miller	7.3%	9 Bidvest	3.4%
5 Standard Bank	6.3%	10 Nambrew	3.3%

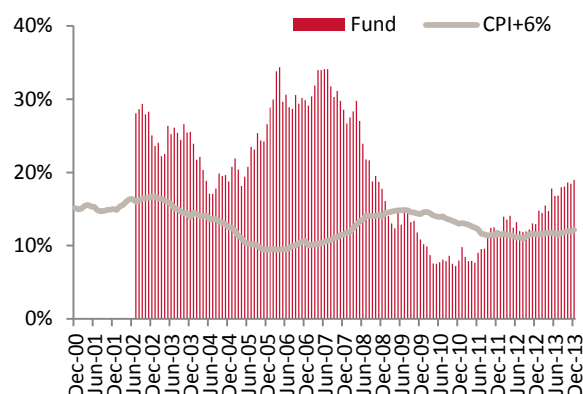
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 31 December 2013**



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



## Investec Managed Fund

**Risk Profile:** Moderate

**Size:** N\$ 1bn

### Portfolio Description

The Investec Managed Fund is a 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

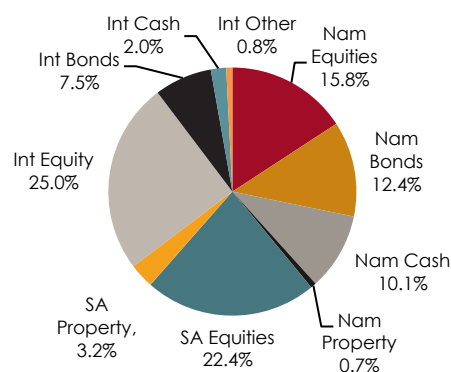
James Hatuikulipi and Chris Freund

### 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:** 0.75% p.a. on average month end market value

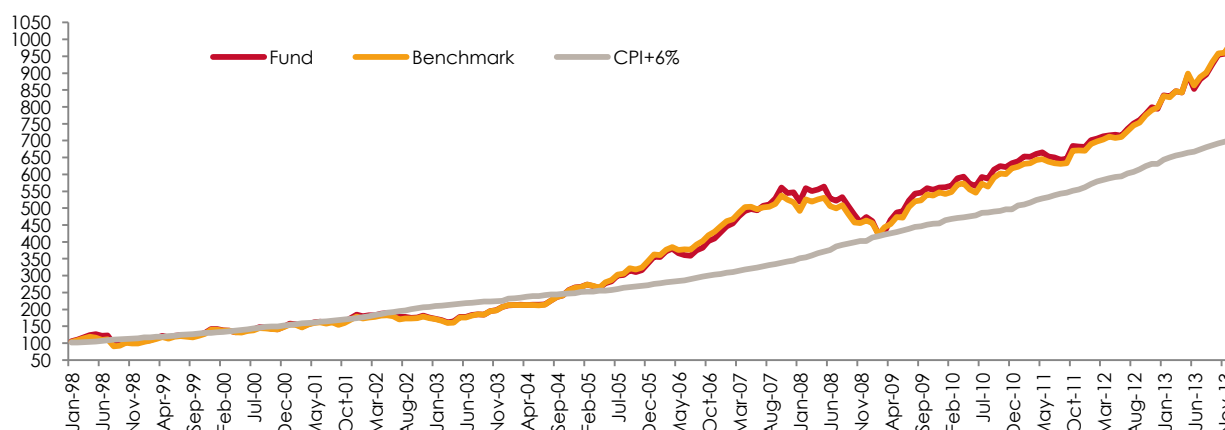
### Asset Allocation as at 31 December 2013



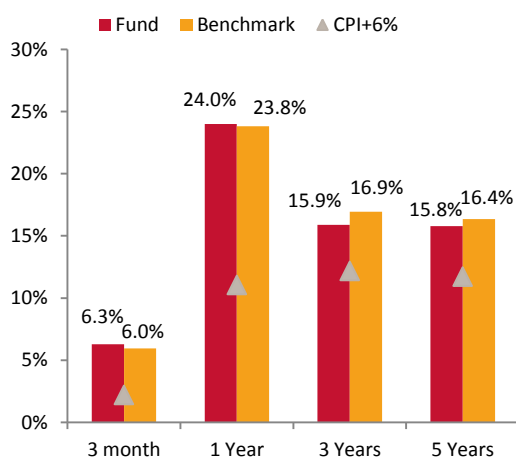
### Top 10 Securities

Share	% of Portfolio	Share	% of Portfolio
1 Old Mutual Plc	11.4%	6 Liberty Holdings Ltd	4.5%
2 FirstRand Bank	9.3%	7 Steinhoff International	3.9%
3 BHP Billiton plc	9.2%	8 Sasol	3.8%
4 Naspers Ltd	5.9%	9 Capital Property Fund Ltd	3.7%
5 Nedbank Ltd	4.6%	10 Mondi	3.5%

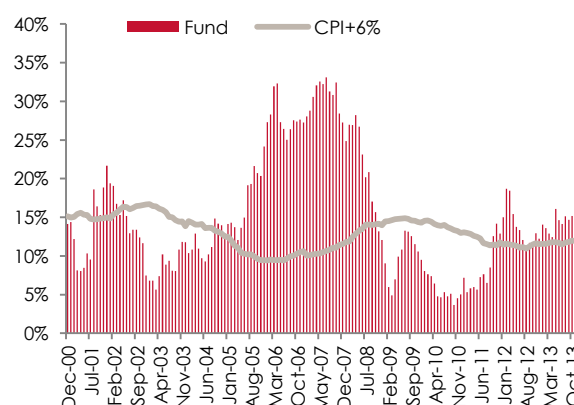
### Cumulative Performance vs. Benchmark since January 1998



### Historical performance as at 31 December 2013



### 3-year rolling performance vs. CPI target





## AF Namibia Balanced Growth Fund

**Risk Profile:** Moderate

**Size:** N\$ 986m

**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 focusses on reducing volatility by diversifying among managers with different investment styles.

**Inception:** Apr-09

**CIO:** Mark Lindheim

**Portfolio Manager**

Suniti Naran

**Benchmark**

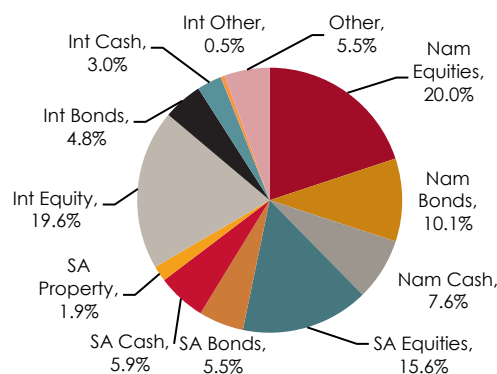
The portfolio has an internal benchmark. For comparative purposes the NMG Average Moderate Fund will be used as benchmark

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

**Underlying Managers:**

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

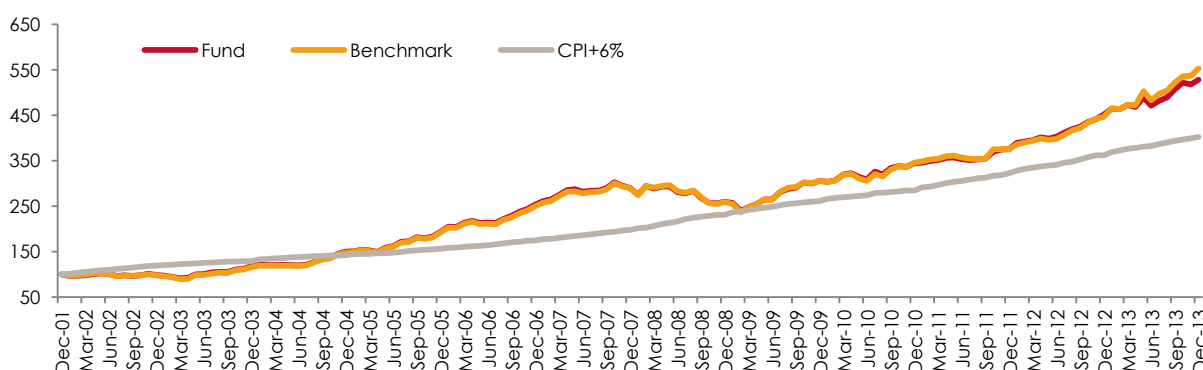
**Asset Allocation as at 31 December 2013**



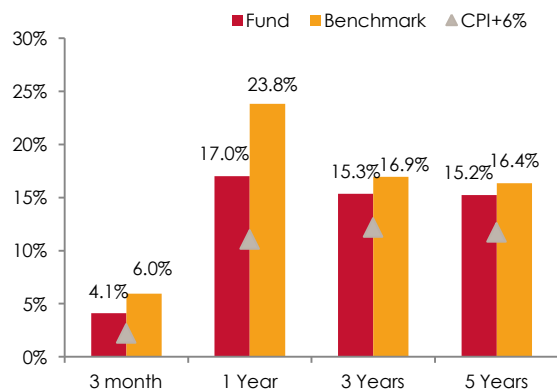
**Top 10 Securities**

Share	% of Portfolio	Share	% of Portfolio
1 Old Mutual Namibia	2.3%	6 Sanlam Namibia	1.9%
2 Firststrand Limited Namibia	2.2%	7 Nedbank Group	1.9%
3 Standard Bank Group	2.2%	8 MMI Holdings	1.3%
4 Anglo American Plc Namibia	2.1%	9 Truworths International NAD	1.2%
5 Shoprite Holdings	2.0%	10 Investec Limited	1.0%

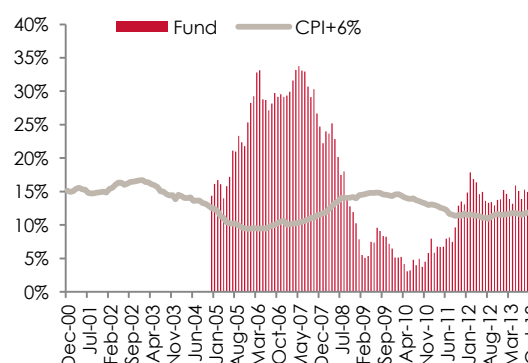
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 31 December 2013**



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



## Old Mutual Namibia Profile Pinnacle Fund

**Risk Profile:** Moderate

**Size:** N\$ 158m

**Portfolio Description**

The Old Mutual Namibia Profile Pinnacle Portfolio is a market-linked balanced portfolio which places emphasis on asset allocation across all asset classes. OMIGNAM has closed the OMIGNAM Balanced Fund and replaced it with OMIGNAM Profile Pinnacle. This mandate is now OMIGNAM's best investment view for a moderate balanced mandate. The portfolio aims to achieve consistent real returns over the longer term. Fund returns below include OMIGNAM Profile Balanced for the period 01 March 1998 until 01 September 2013. Fund returns after 01 September 2013 are those of OMIGNAM Profile Pinnacle.

**Inception:** Apr-98

**CIO:** Peter Brooke

**Portfolio Manager**

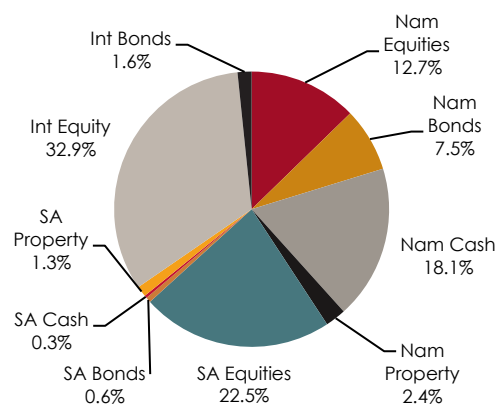
Peter Brooke and Tyrone van Wyk

**Benchmark**

The OMIGNAM Profile Pinnacle 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

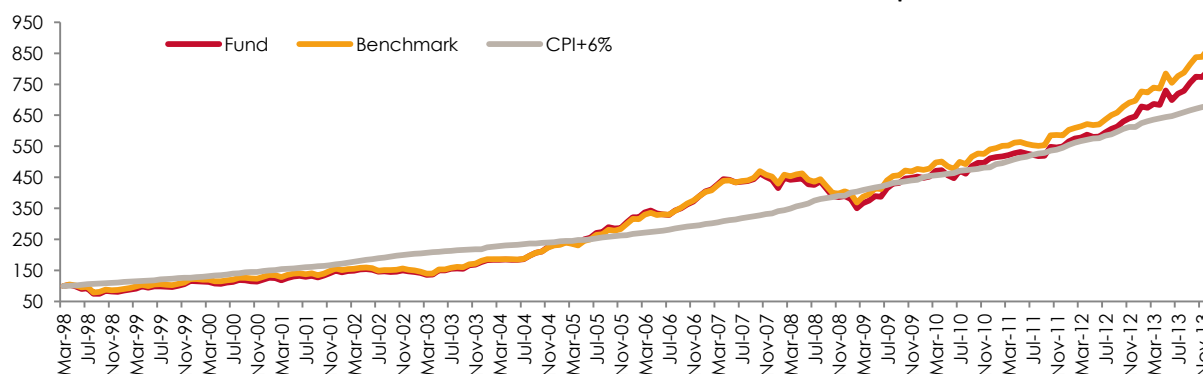
**Asset Allocation as at 31 December 2013**



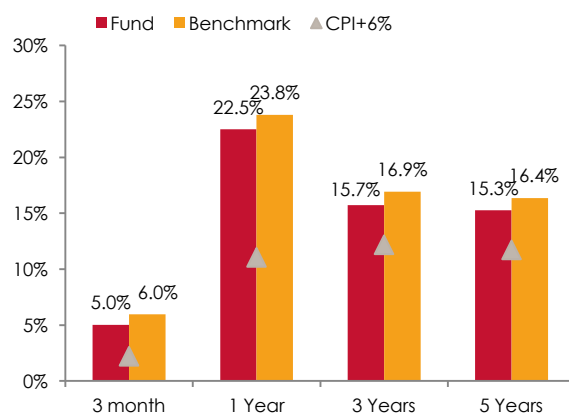
**Top 10 Securities**

Share	% of Portfolio	Share	% of Portfolio
1 Anglo American	8.5%	6 Naspers	5.0%
2 Investec	6.9%	7 Sasol	4.9%
3 MTN Group	6.3%	8 BHP Billiton	4.7%
4 Compagnie	5.3%	9 British American Tobacco	3.3%
5 FirstRand	5.2%	10 Barclays	3.2%

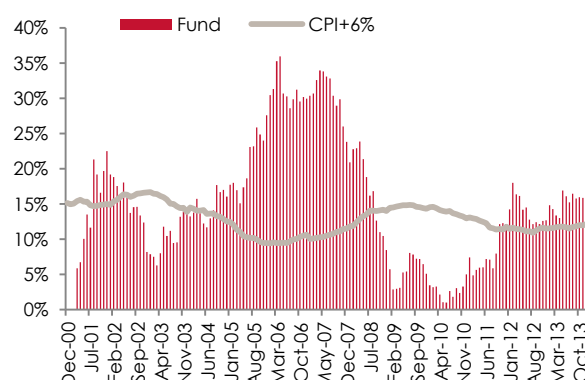
**Cumulative Performance vs. Benchmark since inception**



**Historical performance as at 31 December 2013**



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



## Prudential Namibia Balanced Fund

**Risk Profile:** Moderate

**Size:** N\$ 80m

**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**

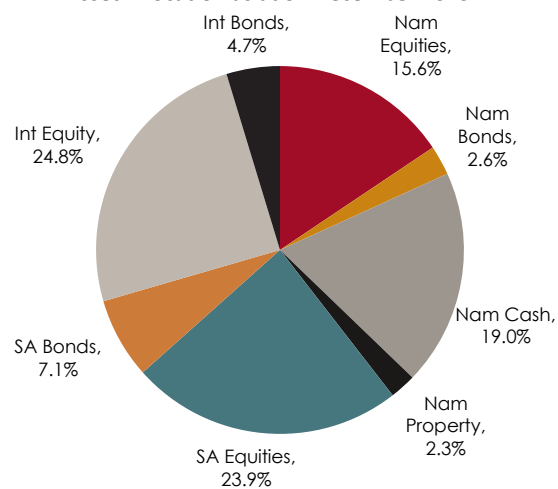
Michael Moyle and Marc Beckenstrater

**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. on average month end market value

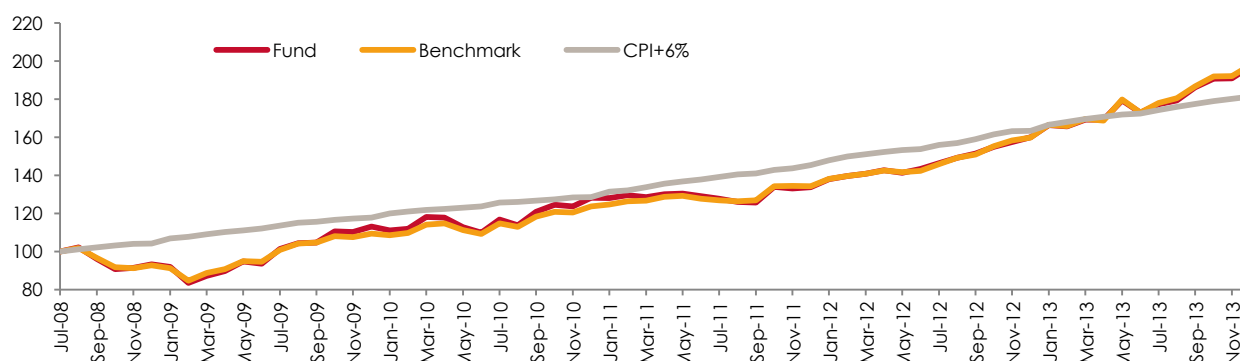
**Asset Allocation as at 31 December 2013**



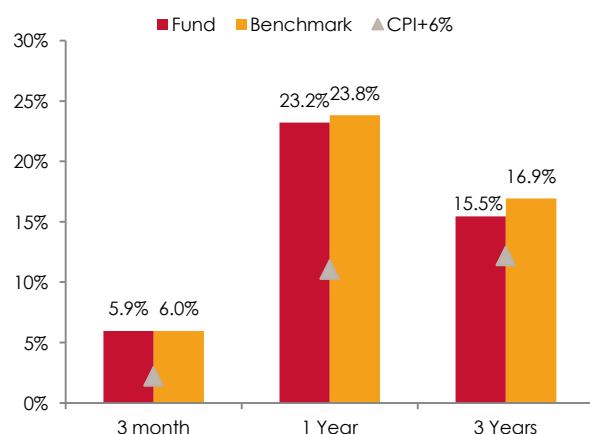
**Top 10 Securities**

Share	% of Portfolio	Share	% of Portfolio
1 MTN Goup	3.9%	6 First Rand Namibia	2.1%
2 Naspers	3.9%	7 Old Mutual	2.0%
3 Sasol	3.0%	8 British American Tobacco	2.0%
4 Standard Bank Group Namibia	2.5%	9 BHP Billiton	1.6%
5 Anglo American	2.2%	10 Richemont	1.5%

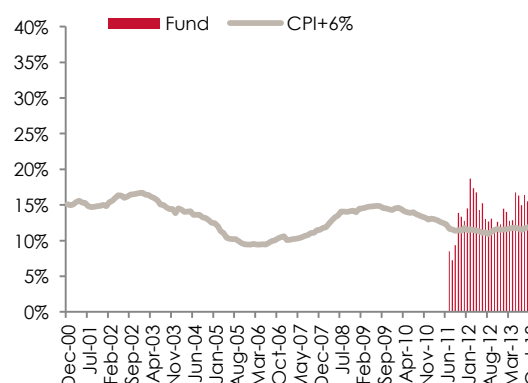
**Cumulative Performance vs. Benchmark since inception**



**Historical performance as at 31 December 2013**



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



## Sanlam Namibia Balanced Fund

**Risk Profile:** Moderate

**Size:** N\$ 412m

### 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-00

**CIO:** Andre Roux

### Portfolio Manager

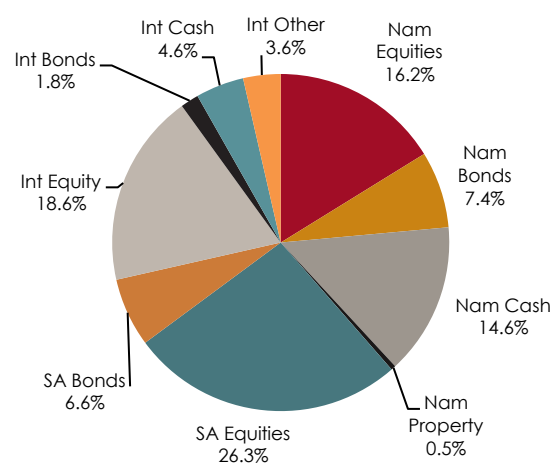
Gerhard Cruywagen

### 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:** 0.75% p.a. on average month end market value

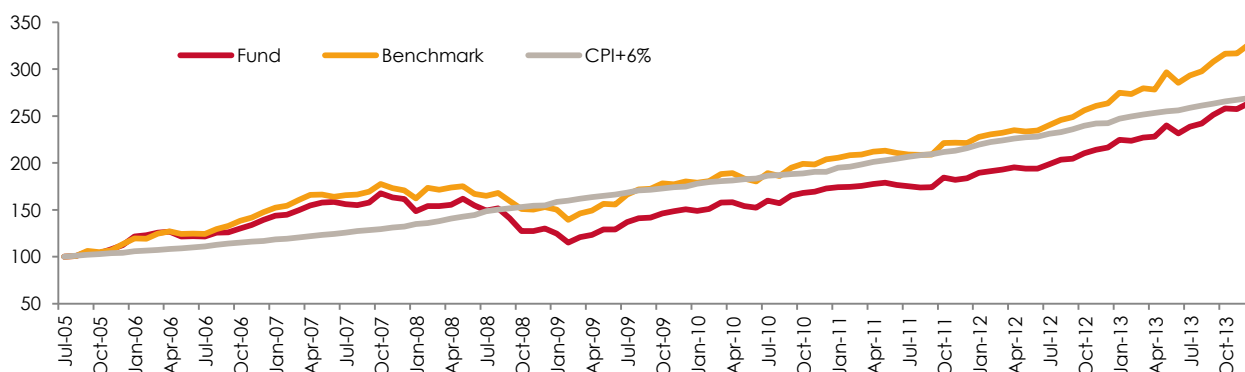
### Asset Allocation as at 31 December 2013



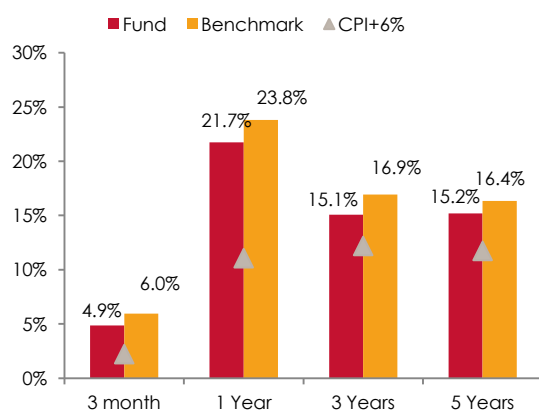
### Top 10 Securities

Share	% of Portfolio	Share	% of Portfolio
1 Sanlam World Equity Tracker Class C USD	8.1%	6 Sasol	3.1%
2 Sim Namibia Floating Rate Fund Class B2 (D)	7.6%	7 GC18 Namibia 9.50% 150718	2.8%
3 Sanlam World Eq	7.5%	8 Sanlam Global Liquidity	2.4%
4 GC24 Nam 10.50% 151024	4.1%	9 Anglo American	2.4%
5 SIM Namibia Property	3.4%	10 BHP Billiton	2.3%

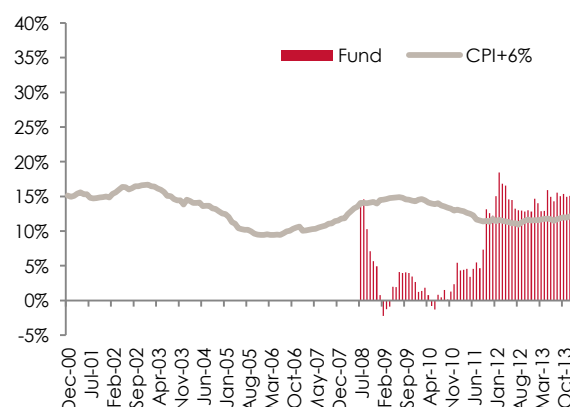
### Cumulative Performance vs. Benchmark since July 2005



### Historical performance as at 31 December 2013



### 3-year rolling performance vs. CPI target



## Standard Bank Namibia Managed Fund

**Risk Profile:** Moderate

**Size:** N\$ 217m

### 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 views of STANLIB (SA&NAM). The portfolio aims to achieve capital growth over the longer -term.

**Inception:** Apr-98

**CIO:** Brown Amuenje

### Portfolio Manager

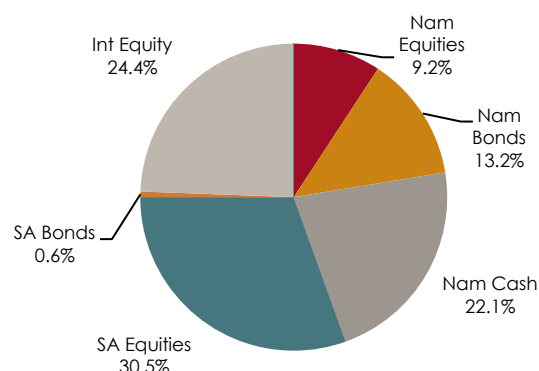
Brown Amuenje

### 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:** 0.50% p.a. on average month end market value

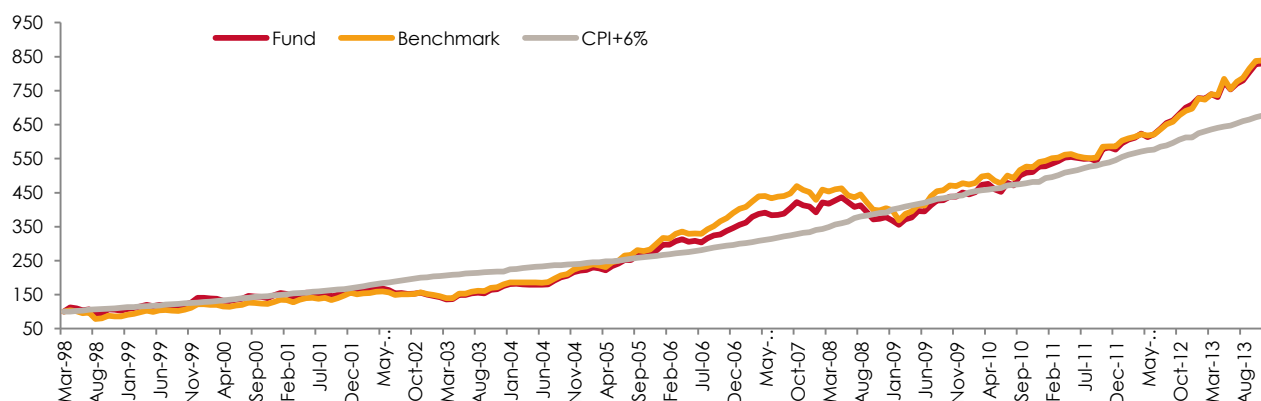
### Asset Allocation as at 31 December 2013



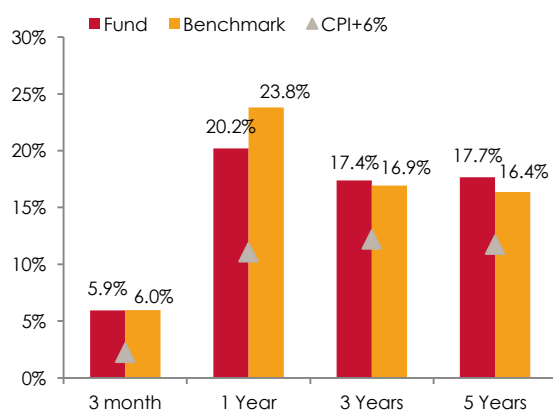
### Top 10 Securities

Share	% of Portfolio	Share	% of Portfolio
1 STANLIB High Alpha Global Equity	24.4%	6 Sasol	3.1%
2 STD Nam Income Fund A Class	11.7%	7 Compagnie Richemont	3.0%
3 Standard Bank Namibia Money Market	10.3%	8 FirstRand Limited	2.2%
4 BHP Billiton	4.2%	9 Aspen Pharmacare	2.0%
5 MTN Group	3.9%	10 Shoprite Holding	1.8%

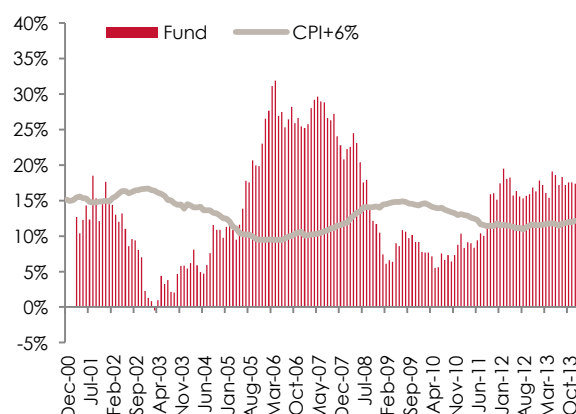
### Cumulative Performance vs. Benchmark since inception



### Historical performance as at 31 December 2013



### 3-year rolling performance vs. CPI target



## NAM Coronation Balanced Defensive Fund

**Risk Profile:** Moderate-low

**Size:** N\$ 505m

### 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

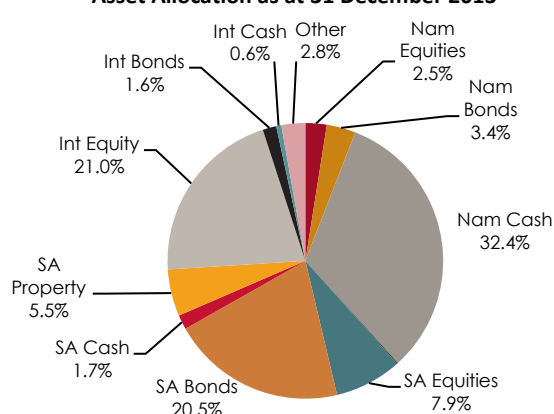
Louis Stassen and Henk Groenewald

### Benchmark

The benchmark for the fund is cash plus 3.0%.

**Fees:** 0.95 % p.a. on average month end market value

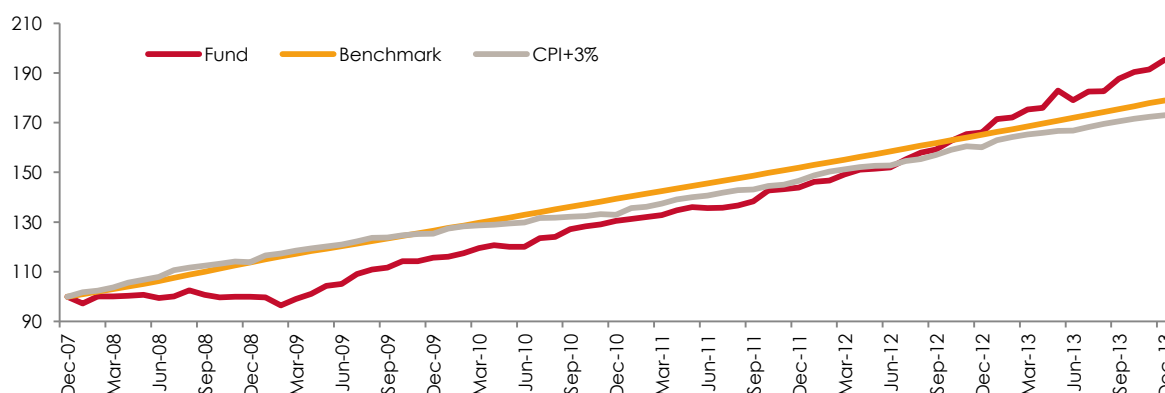
### Asset Allocation as at 31 December 2013



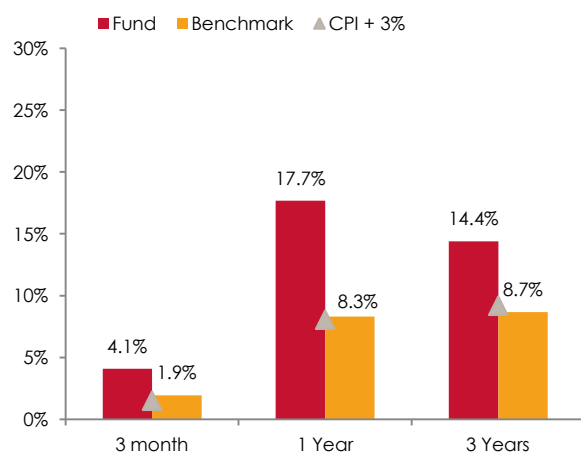
### Top 10 Securities

Share	% of Portfolio	Share	% of Portfolio
1 Coronation Global Opportunities Equity	11.5%	6 Capital & Counties Properties	0.9%
2 Coronation Global Emerging Markets	4.8%	7 Hyprop Investments	0.8%
3 Coronation Global Capital Plus	4.7%	8 MTN Group	0.8%
4 INTU Properties	1.1%	9 Anglo American	0.7%
5 Naspers Ltd	1.0%	10 British American Tobacco	0.7%

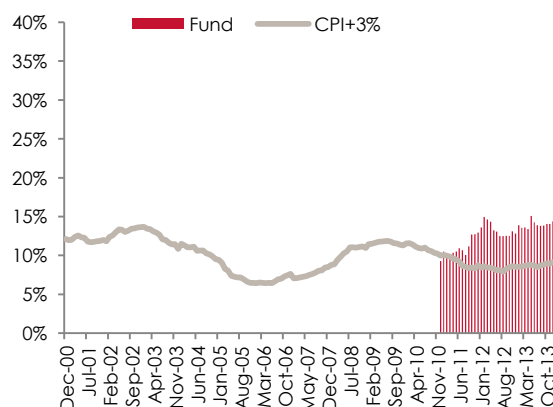
### Cumulative Performance vs. Benchmark since inception



### Historical performance as at 31 December 2013



### 3-year rolling performance vs. CPI target



## NAM Coronation Capital Plus Fund

**Risk Profile:** Moderate-low

**Size:** N\$ 478m

### 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

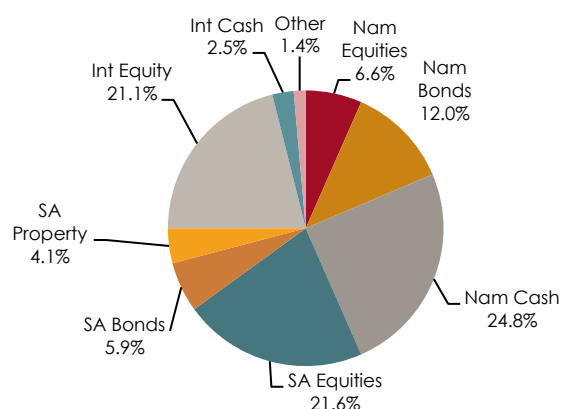
Louis Stassen and Henk Groenewald

### Benchmark

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

**Fees:** 0.95 % p.a. + 10% outperformance to maximum of 2.25% p.a.

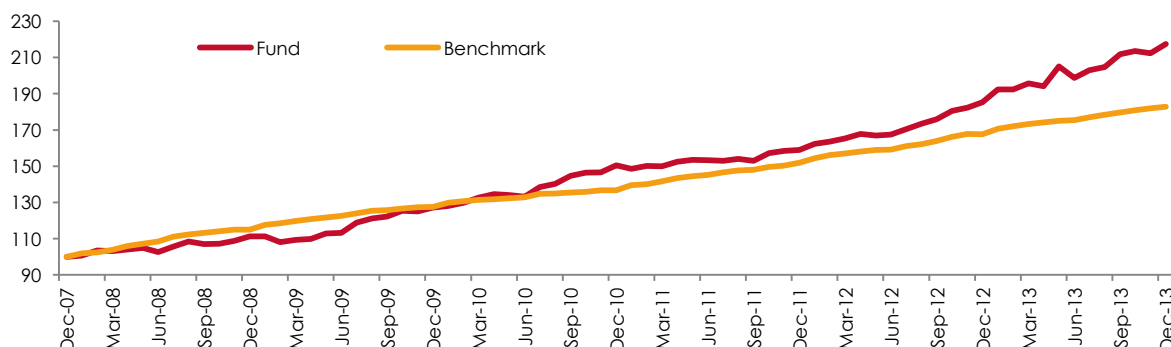
### Asset Allocation as at 31 December 2013



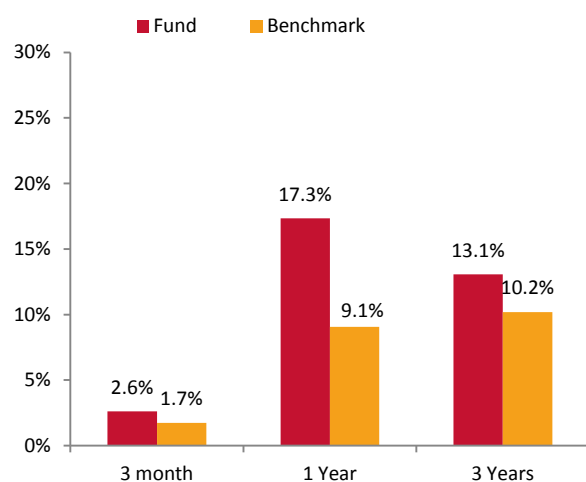
### Top 10 Securities

Share	% of Portfolio	Share	% of Portfolio
1 Coronation Global Plus	9.7%	6 Exxaro Resources Ltd	1.4%
2 Coronation Global Equity FoF	8.0%	7 British American Tobacco	1.4%
3 Coronation Global Managed Fund	2.4%	8 Standard Bank of SA Ltd	1.1%
4 Anglo American Plc	2.3%	9 Metropolitan Life	1.0%
5 MTN Group Ltd	1.5%	10 Coronation Global Emerging Markets	1.0%

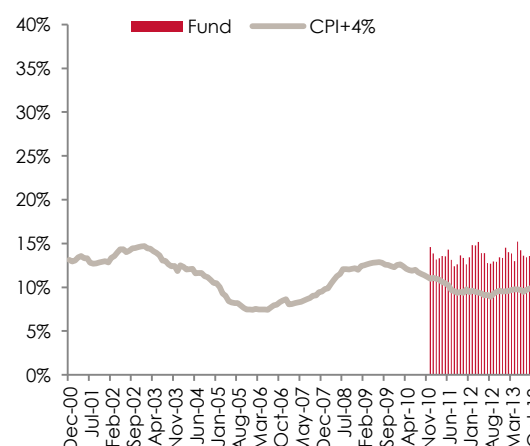
### Cumulative Performance vs. Benchmark since inception



### Historical performance as at 31 December 2013



### 3-year rolling performance vs. CPI target



## Prudential Namibia Inflation Plus Fund

**Risk Profile:** Moderate-low

**Size:** N\$ 1.4bn

### 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

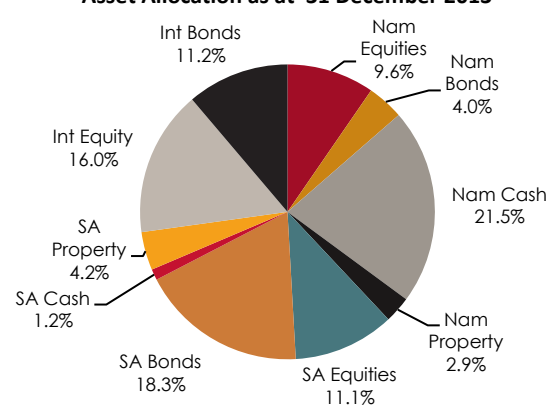
Michael Moyle, Albert Arntz

### Benchmark

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

**Fees:** 0.7% p.a. on average month end market value

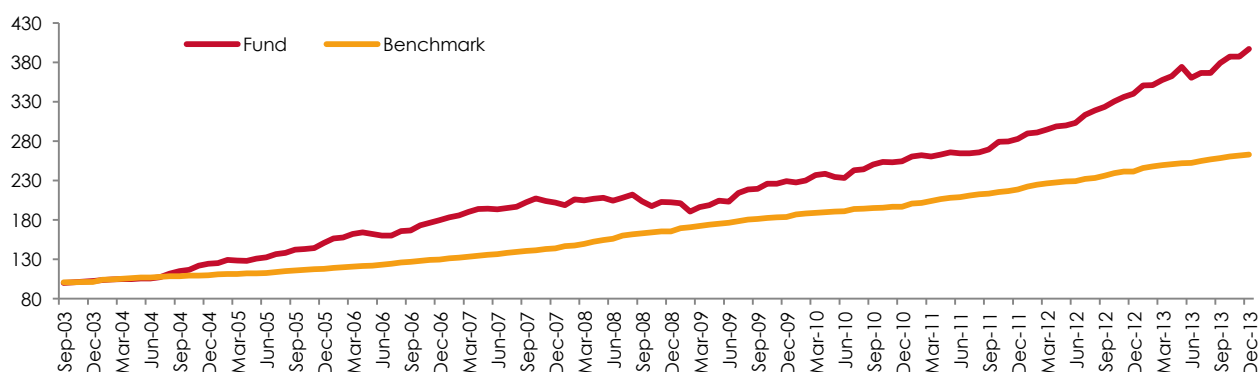
### Asset Allocation as at 31 December 2013



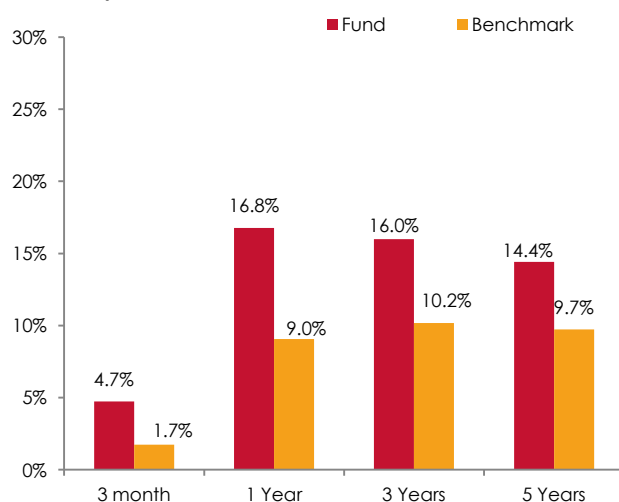
### Top 10 Securities

Share	% of Portfolio	Share	% of Portfolio
1 MTN Goup	1.9%	6 Anglo American	1.3%
2 Naspers	1.8%	7 Old Mutual Namibia	1.2%
3 Standard Bank Group	1.6%	8 British American Tobacco	0.9%
4 Sasol	1.4%	9 BHP Billiton	0.8%
5 FirstRand	1.4%	10 Compagnie Richemont	0.7%

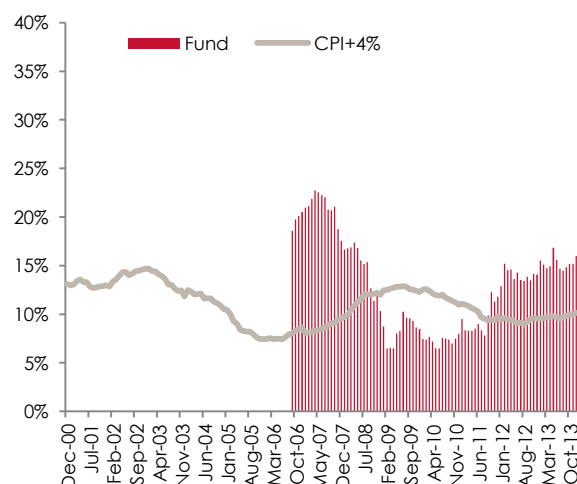
### Cumulative Performance vs Benchmark since inception



### Historical performance as at 31 December 2013



### 3-year rolling performance vs. CPI target





## Benchmark Retirement Fund Default Portfolio

**Risk Profile:** Moderate-low

**Size:** N\$ 437m

**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.

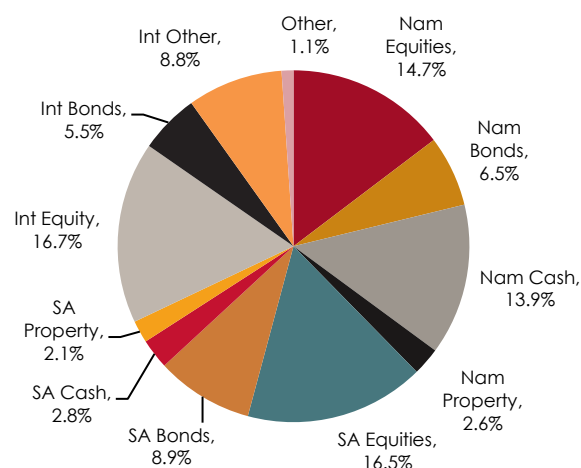
**Fees:** 0.75%p.a.

### Portfolio Mix as at 31 December 2013

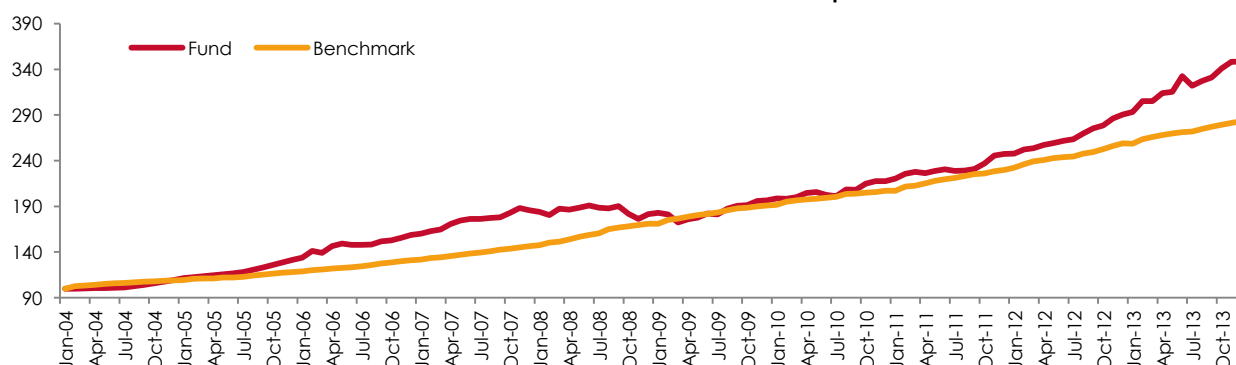
Allan Gray Namibia Investment Trust  
Prudential Namibia Inflation Plus

For the period from January 2004 to July 2007 the Default portfolio assets were invested 100% in the Metropolitan Absolute Return Fund. As from July 2007 the Trustees decided to add the Prudential Namibia Inflation Plus Fund to the default portfolio. It was decided to replace the Metropolitan Absolute Return Fund with the Allan Gray Namibia Investment Trust as from 1 January 2011. Cash Flows would be split equally between the two portfolios.

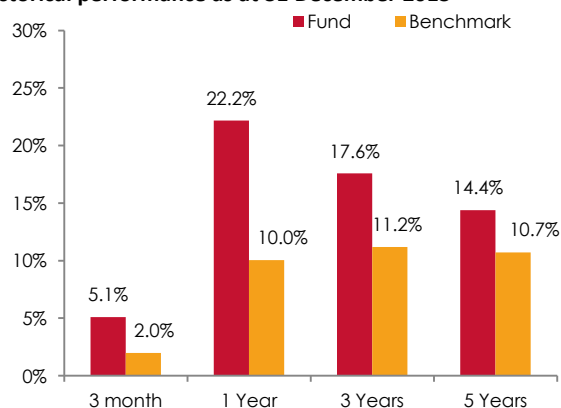
### Asset Allocation as at 31 December 2013



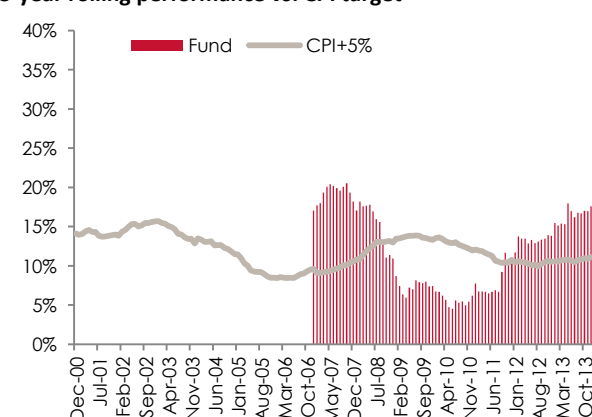
### Cumulative Performance vs Benchmark since inception



### Historical performance as at 31 December 2013



### 3-year rolling performance vs. CPI target



## Sanlam Namibia Active Fund

**Risk Profile:** Low  
**Size:** N\$ 1.3bn

### Portfolio Description

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

**Inception:** 1 June 2007

**CIO:** Gerhard Cruywagen

### Portfolio Manager

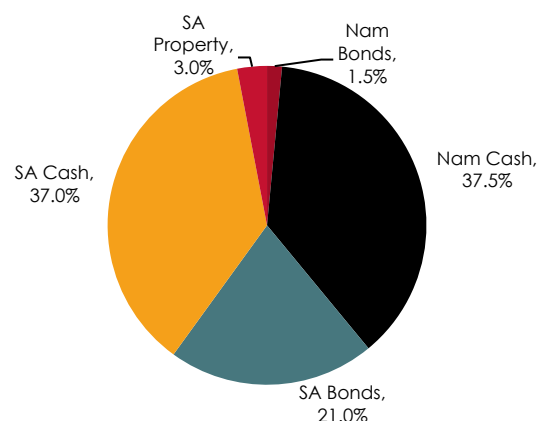
Andre Roux, Phillip Liebenberg, Tertius Liebenberg

### Benchmark

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

**Fees:** 0.60% p.a on average month end market value

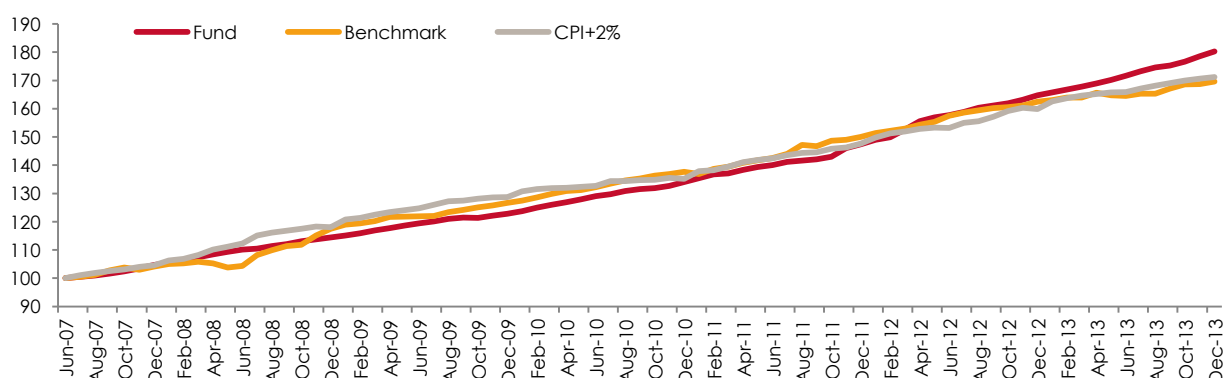
### Asset Allocation as at 31 December 2013



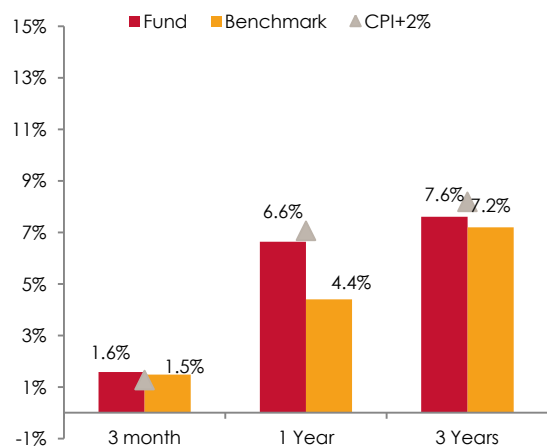
### Top 10 Securities

Share	% of Portfolio	Share	% of Portfolio
1 Bank Windhoek Commercial Income Fund Class	15.1%	6 R210 ILB 310328	1.7%
2 Sim Namibia Floating Rate Fund Class B2 (D)	7.5%	7 Capitec Bank F/R 06052016	1.6%
3 R213RSA 7.00% 280231	2.9%	8 Standard Bank F/R 01032017	1.6%
4 R208 RSA 6.75% 310321	2.3%	9 Standard Bank F/R 190617	1.5%
5 SIM Property Fund	1.9%	10 AB013 ABSA 8.295% 211118	1.4%

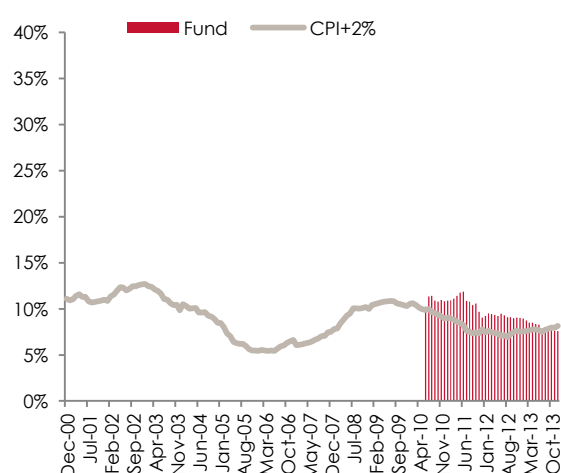
### Cumulative Performance vs Benchmark since inception



### Historical performance as at 31 December 2013



### 3-year rolling performance vs. CPI target



## Money Market

**Risk Profile:** Capital Preservation

**Size:** N\$4.2bn

### 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

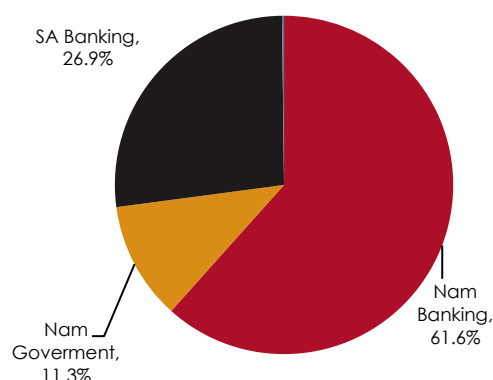
Capricorn Asset Managers (Tertius Liebenberg)

### Benchmark

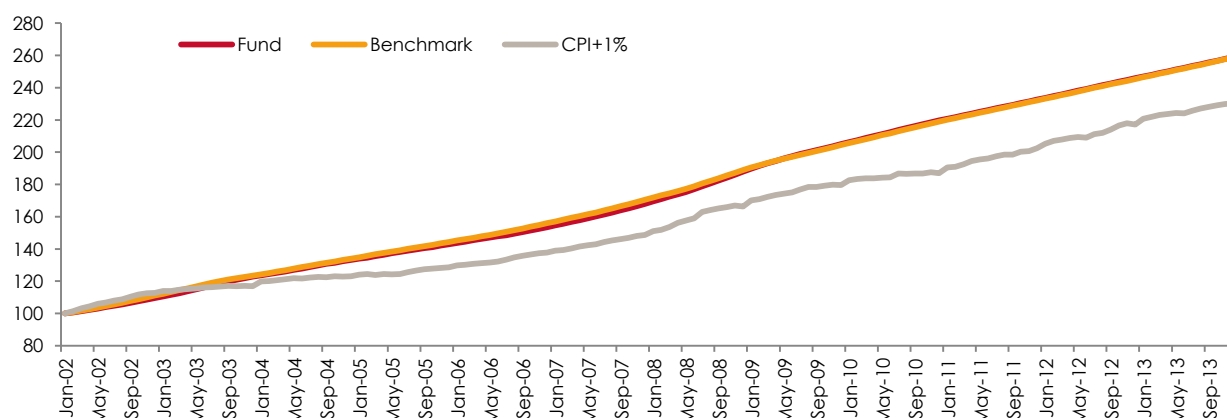
The benchmark for this portfolio is the Bank of Namibia 7 day Repo Rate. For comparative purposes the IJG Money Market Index has been used as benchmark.

**Fees:** 0.5% p.a. on average month end market value

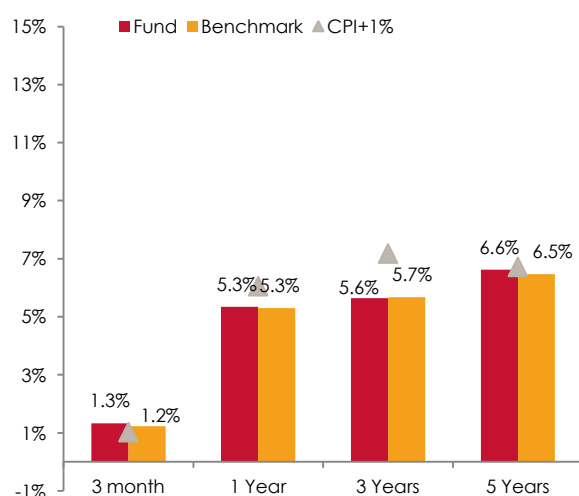
### Asset Allocation as at 31 December 2013



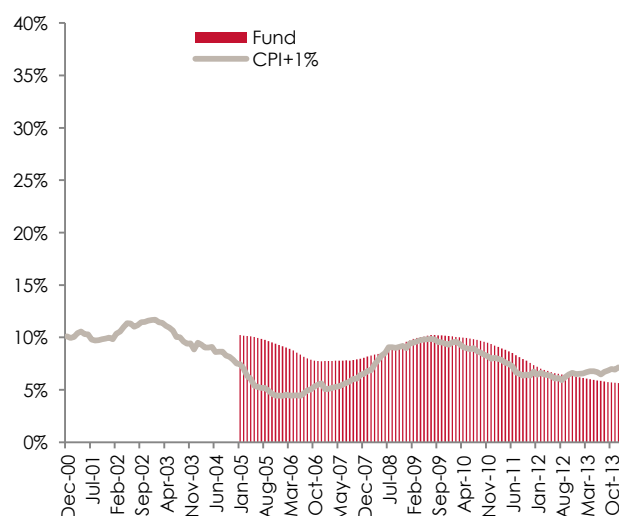
### Cumulative Performance vs. Benchmark since inception



### Historical performance as at 31 December 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 (i.e. initial investments + contributions + percentage of bonuses received).

**FTSE/JSE All Share Index (ALSI):** A “basket” of shares representing all the shares on the JSE. This index is used as a measurement to indicate price movements in the market.

**Growth Style:** Growth style managers identify companies with above average earnings growth, which they believe will be reflected by the price in future. These shares usually have a higher P/E ratio as the price is higher due to earnings being generated at a fast pace.

**Growth at a Reasonable Price:** An investment style in which the manager selects shares where the company is growing profits, but the share price is not over-priced relative to that growth or shares of which the P/E ratio is below that of the index.

**Inflation (CPI):** The consumer price index represents the increase in the price of a “basket” of basic goods and services e.g. food, petrol. It provides an indication as to how fast prices are increasing in the economy.

**Institutional Investor:** An organisation whose primary purpose in investment markets is to invest its own assets or those that it holds in trust for others. Institutional investors include fund managers, life companies, retirement funds, banks, etc.

**JMCA:** An abbreviation for Jacques Malan Consultants and Actuaries.

**JP Morgan Global Bond Index:** An index which can be used to measure global bond market movements. Countries’ bonds across the globe form part of the index, each carrying a certain weight in the index.

**Market Value Adjustment:** A term used with smooth bonus products. All disinvestments which are not for benefit payment (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.