

May 2015

Prepared by
NMG Investments Monitoring Division

For



Benchmark Retirement Fund

Investment Report as at 31 March 2015

Table of Contents

1. Introduction	3
2. Market Overview	5
3. Performance Comparison as at 31 March 2015	10

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 trustees of the Fund have removed Sanlam Namibia Balanced and AF Namibia Balanced from the platform of the fund towards the end of 2014, whilst they have added the EMH Prescient Absolute Balanced Fund, the NAM Coronation Balanced Plus Fund and the Sanlam Namibia Inflation Linked Fund.

The Chilli Factor indicates the level of risk undertaken by the manager to achieve the desired investment return.

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)	Chilli Factor
EMH Prescient Absolute Balanced Fund ¹	Moderate	None	CPI + 5% to 6%	
Allan Gray Namibia Balanced Fund	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%	
NAM Coronation Balanced Plus Fund ¹	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%	
Sanlam Namibia Inflation Linked Fund ¹	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	Low	1-3 year ALBI	CPI + 1% to 2%	
Money Market Fund	Capital Preservation	7-day repo rate	CPI to CPI + 1%	None

1. New Funds available on the platform.

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.

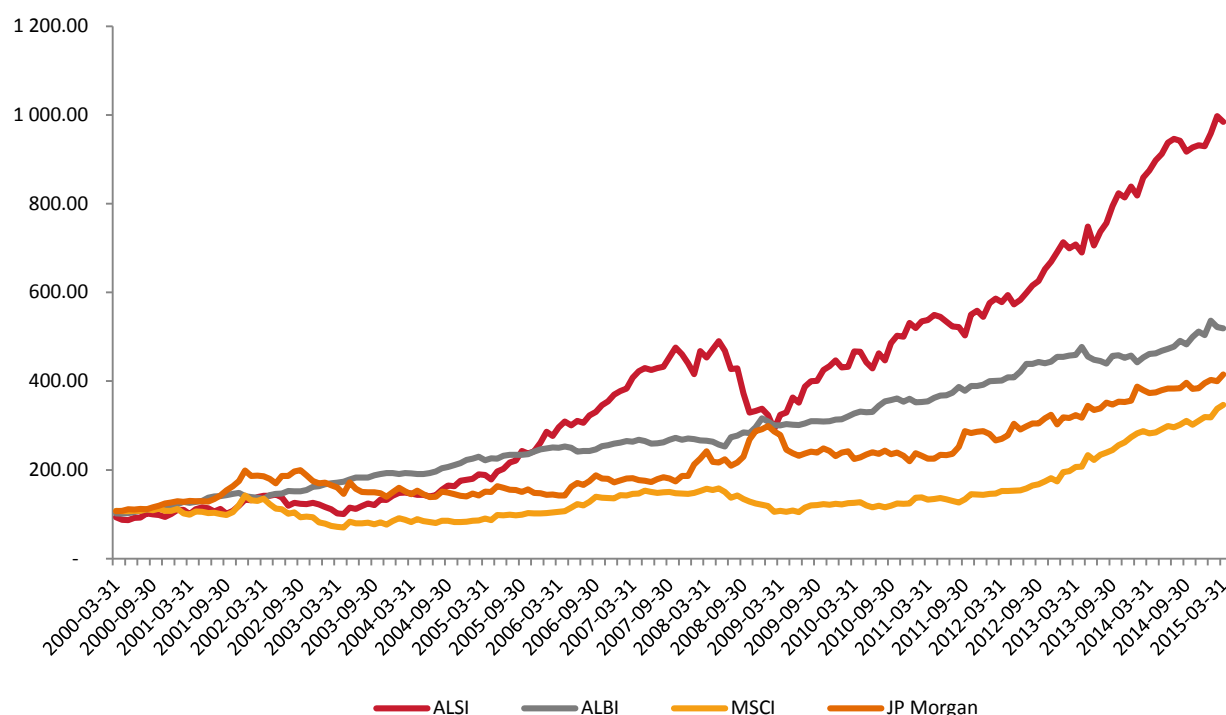
Investment return and risk are correlated; while the correlation cannot be defined in absolute terms, it is generally accepted that an investor would require compensation in the form of investment returns in return for the investment risk taken.

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

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 March 2015**.



2.2 Medium Term Market Performance

The following table presents the performance of various market indices to **31 March 2015**.

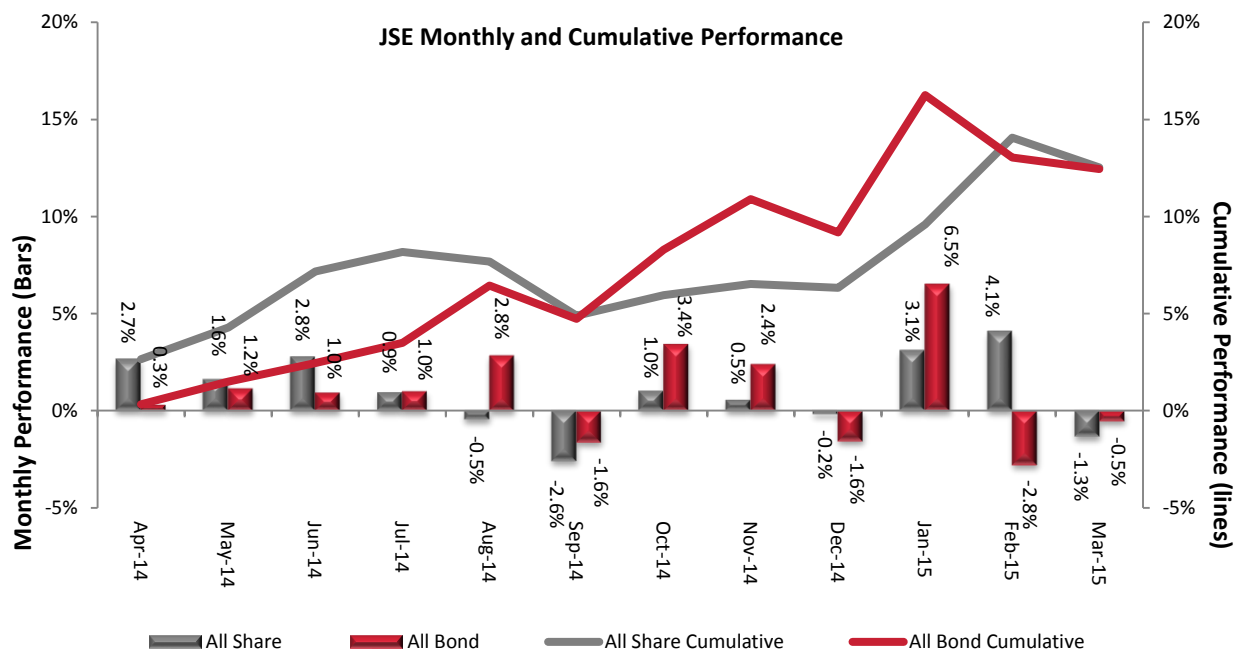
	2011	2012	2013	2014	One Year	Three Years
All Share (SA)	2.6%	26.7%	21.4%	10.9%	12.5%	19.4%
JSE: Financials	7.4%	38.1%	19.1%	27.3%	33.4%	27.3%
JSE: Industrial	9.2%	40.8%	35.0%	16.8%	22.3%	28.5%
JSE: Resources	-6.5%	3.1%	1.4%	-14.7%	-23.0%	-2.8%
All Bond (SA)	8.8%	16.0%	0.6%	10.1%	12.4%	9.0%
STeFI (SA)	5.7%	5.5%	5.2%	5.9%	6.1%	5.6%
MSCI World	15.8%	21.3%	57.0%	16.7%	22.8%	31.5%
JP Morgan Bond	30.7%	5.4%	17.6%	11.1%	11.2%	15.4%
Rand/Dollar ¹	21.9%	4.1%	23.2%	10.6%	15.2%	16.6%
CPI (SA)	6.1%	5.7%	5.4%	5.3%	4.0%	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

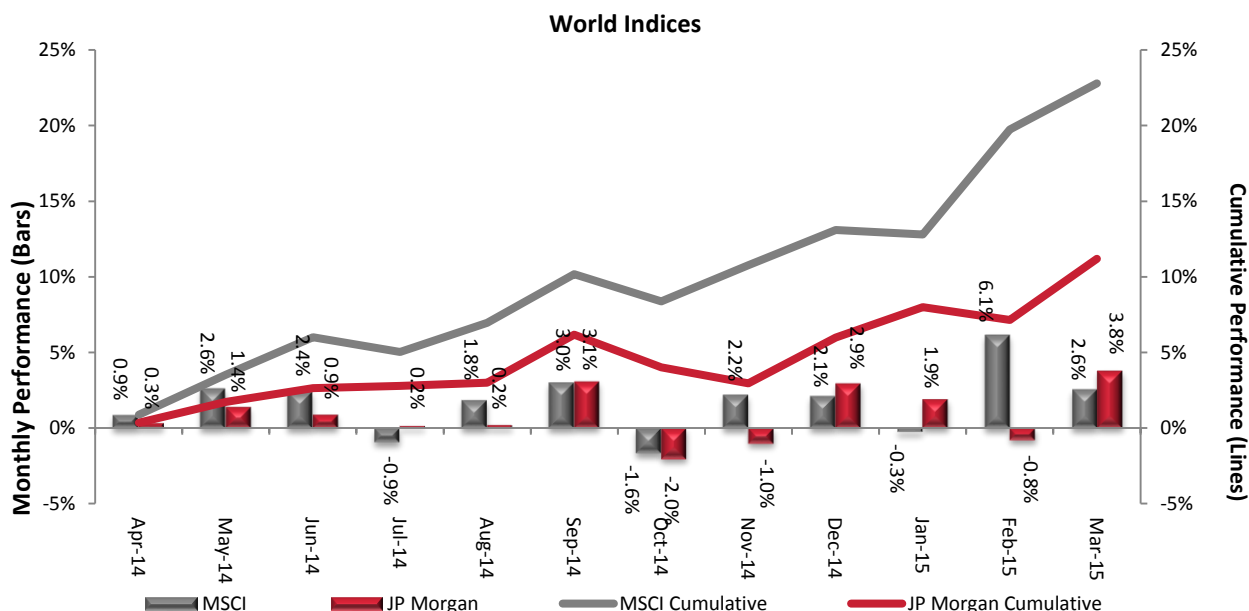
The following graphs represent the monthly performance of various market indices for the year ending **31 March 2015**.

2.3.1 South Africa



2.3.2

World



2.3.3 South African and International Market Commentary

The International Monetary Fund has reduced South Africa's growth forecast to 2.0% and 2.1% for 2015 and 2016 respectively, due to rolling blackouts and a slowdown in government expenditure. Inflation seems to be creeping up once again, as consumer prices moved to 4.0% in March from a low of 3.9% which was seen in the previous month. Headline CPI is expected to continue this upward trend over the next few months, as a result of the weak rand and higher oil prices. Manufacturing production saw a 0.5% drop during February, with any decline having a negative effect on GDP as manufacturing makes up one of the largest components of gross domestic product.

The US economy posted weaker-than-expected growth in the first quarter of 2015 on the back of a strong dollar, cold winter and labour disputes in the shipping industry, among others. GDP grew at an annualized rate of 0.2% for the first three months of the year, whilst analysts had forecast a rate of 1.0%. Although the world's largest economy managed to attain positive growth, economists warn that the underlying economy is weak due to the sharp decline in energy prices. Weaker global growth has also had a negative effect on the US economy. In more positive news, the economy added 223,000 new jobs in April and the unemployment rate declined to 5.4%.

The European Commission has revised its growth forecast to 1.5% from 1.3% for the current year, whilst growth for 2016 has also been revised upwards. Growth for the first quarter of 2015, is likely to beat both the UK and the US. It is predicted that the Euro area would expand by 1.6% during this period. Domestic demand has been the main factor driving economic growth. Inflation is also predicted to pick up during the latter half of 2015, however it will still remain below the ECB's target of 2.0%. Despite the strides in growth, the Eurozone unemployment remains high at 11.3%.

The Chinese economy continues to struggle, as both exports and imports tumbled during April. Exports dropped by 6.2%, whilst imports declined by 16.1%. Exports are now becoming a downside risk after previously being regarded as a stabilizer of growth. Chinese bad loans are at the steepest level in more than a decade during the period from January to April. Bad loans surged as both economic growth and the property market continue to dwindle.

The oil price continues on its choppy path, as international factors affect the supply of Brent crude oil.

Equities

The All Share and SWIX indices added 4.7% and 4.3% respectively for April, as resources, industrials and financials all surged.

Bonds

The BEASSA All Bond Index performed poorly during April, marking a loss of 0.5% for the period.

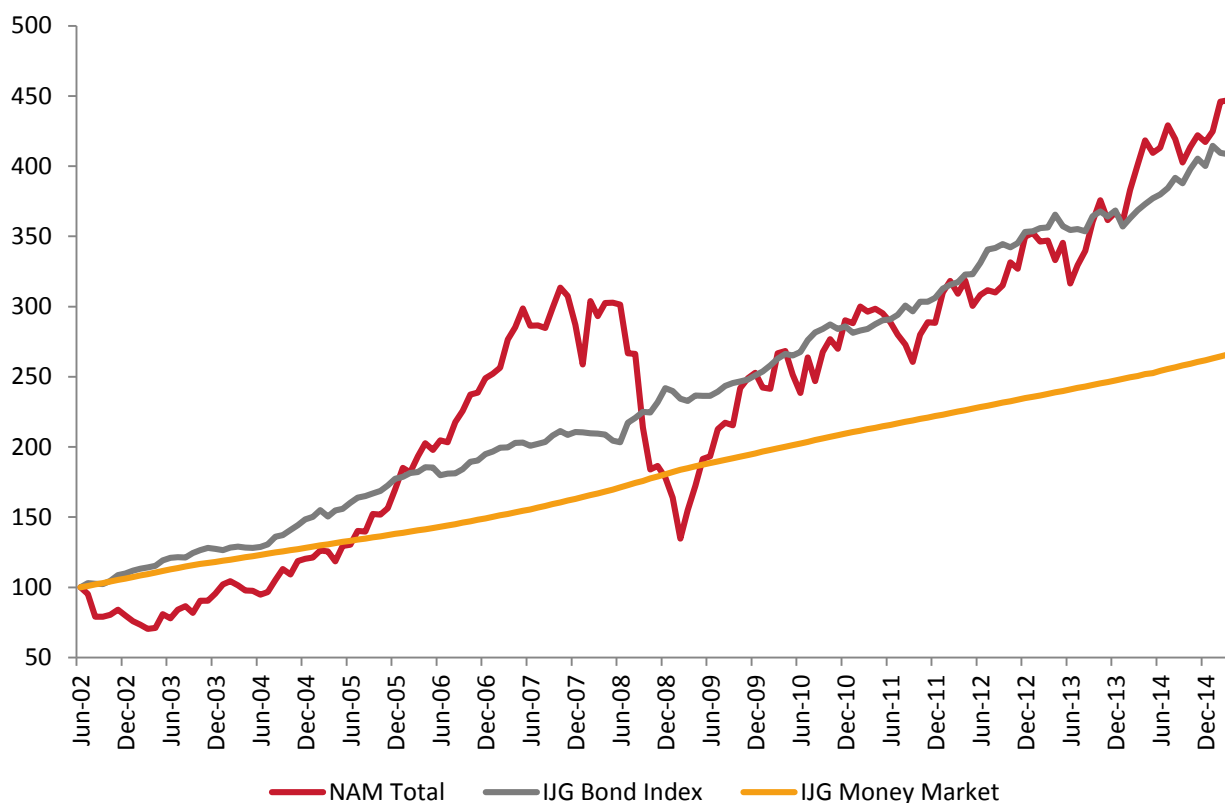
Currency

The local currency made some gains against the dollar, closing the month at R11.79. However the Rand saw some volatility during April on the back of mixed data in both the local markets and globally.

2.4 Namibia

2.4.1 Long Term Market Performance

The following graph represents the cumulative performance of some market indices to 31 March 2015.



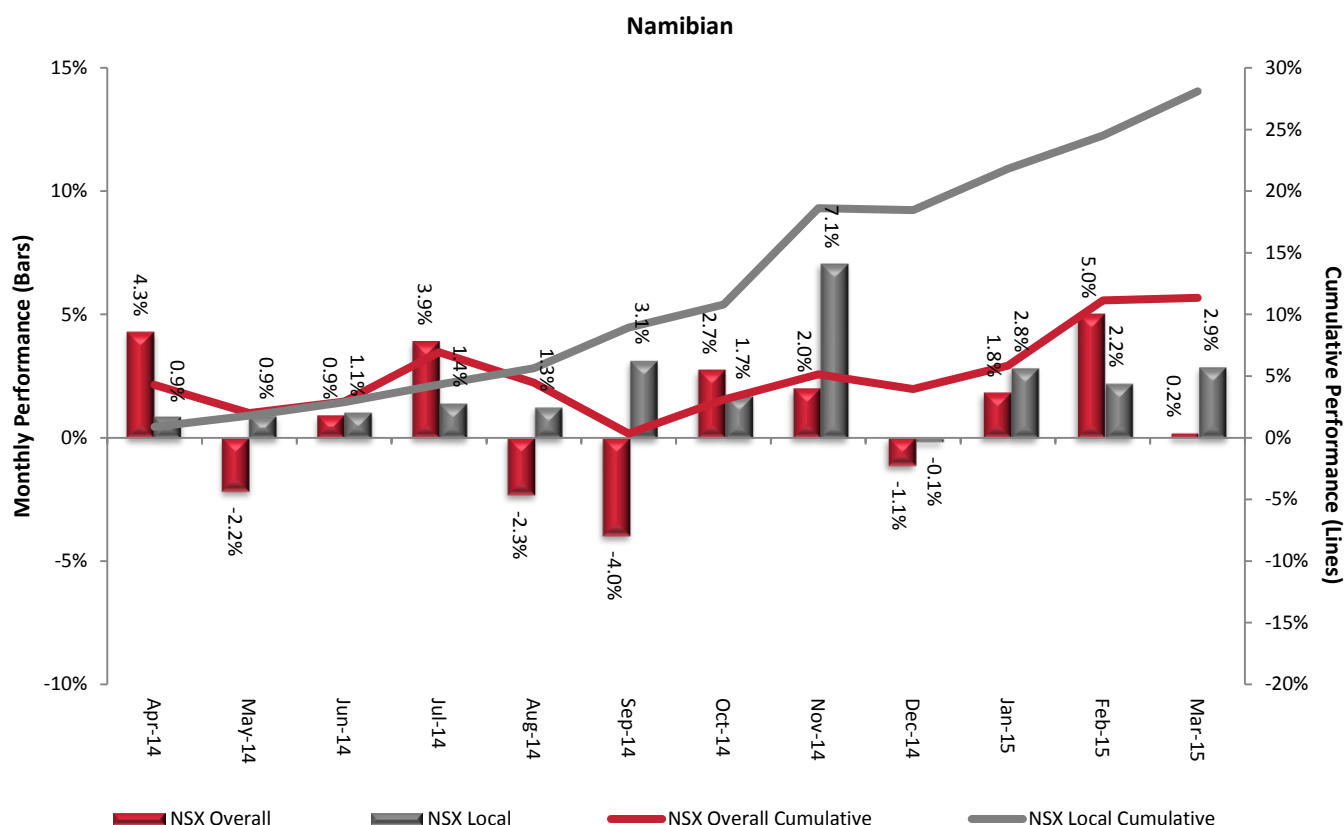
2.4.2 Medium Term Market Performance

The following table presents the performance of various market indices to **31 March 2015**

	2011	2012	2013	2014	One Year	Three Years
NAM Total	-0.6%	21.2%	4.8%	13.7%	11.3%	13.1%
NAM Local	36.7%	31.2%	27.7%	23.5%	28.1%	27.4%
NAM CPI	7.4%	6.4%	5.0%	4.7%	3.4%	4.9%
IJG Bond Index ¹	7.1%	15.4%	4.3%	8.6%	10.8%	8.8%
IJG Money Market	6.0%	5.7%	5.4%	5.8%	6.0%	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



2.4.4 Namibian Market Commentary

The Bank of Namibia chose to keep the repo rate unchanged at 6.25%, on the back of lower inflation and positive economic growth. The annual inflation rate slowed to 3.4% in March, from 3.6% in the previous month. The easing consumer price levels were supported by declining inflation in almost all categories of the CPI basket. New vehicles sales increased by 10.4% on a month-on-month basis and 14.4% on a year-on-year basis. This represents 2,150 new vehicles that were sold during the month. Total private sector credit increased by 1.5% during the third month of the year, with a net total of N\$10.8 billion worth of credit being extended over the last year. The IJG Business Climate index also moved to a new high in March. The index gained 4.3 points from the previous month up to 167.5. The gain is underpinned by a number of factors including meat, oil and metal prices.

In positive news, the European Union and Namibia entered into a partnership known as the National Indicative Programme (NIP). The programme aims to strengthen the relationship between the two nations, by providing access to new markets and the exchange of skilled labour. The agreement is worth more than N\$900 million.

3. Performance Comparison as at 31 March 2015

3.1 Moderate Portfolios

3.1.1 Asset Allocation

The figures below reflect the asset allocation of the moderate portfolios as at **31 March 2014 (12 Months ago)**

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Profile Pinnacle	Prudential Balanced	Sanlam Namibia Balanced	Standard Bank Managed
Namibia Equities	19.5%	16.1%	22.0%	12.4%	14.7%	13.3%	7.1%
Namibia Bonds	8.8%	15.2%	11.1%	7.7%	3.1%	7.0%	1.3%
Namibia Cash	8.5%	11.2%	7.7%	18.8%	18.9%	14.7%	37.6%
Namibia Property	2.2%	0.5%	-	2.6%	2.2%	4.0%	-
South Africa Equities	25.8%	21.6%	14.4%	20.4%	23.3%	27.2%	30.5%
South Africa Bonds	-	0.1%	5.2%	0.6%	7.2%	7.8%	0.5%
South Africa Cash	0.5%	-	4.7%	2.2%	-	0.2%	-
South Africa Property	-	2.1%	3.0%	1.3%	-	-	-
International Equity	15.2%	23.2%	17.9%	34.0%	23.6%	18.4%	23.0%
International Bonds	-	9.3%	4.8%	-	7.0%	0.7%	-
International Cash	2.7%	-	3.1%	-	-	3.3%	-
International Other	14.6% ¹	0.7% ¹	0.5% ²	-	-	3.4% ³	-
Other	2.2% ⁴	-	5.6% 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 International Property (0.25%) and International Commodities (0.25%)

3. Other represents International Property

4. Other represents Commodity ETF's

5. Other represents SA Hedge Funds

The figures below reflect the asset allocation of the moderate portfolios as at **31 March 2015**.

	Allan Gray	Investec Managed	OMIGNAM Profile Pinnacle	Standard Bank Managed	EMH Prescient Absolute Balanced	NAM Coronation Balanced Plus	Prudential Balanced
Namibia Equities	21.4%	16.1%	17.5%	11.2%	5.5%	5.9%	8.6%
Namibia Bonds	10.0%	13.6%	19.6%	1.3%	-	9.2%	4.1%
Namibia Cash	3.4%	12.6%	-	13.3%	34.2%	17.2%	39.3%
Namibia Property	3.1%	0.4%	-	-	-	-	2.4%
South Africa Equities	23.6%	22.9%	22.9%	25.5%	28.5%	23.8%	15.9%
South Africa Bonds	-	0.4%	4.5%	-	-	-	9.2%
South Africa Cash	0.3%	0.3%	1.2%	-	0.9%	-	-
South Africa Property	-	2.3%	2.2%	-	-	11.4%	-
International Equity	16.4%	25.4%	32.1%	28.7%	16.5%	27.6%	16.5%
International Bonds	0.6%	0.8%	-	3.1%	1.5%	0.3%	3.9%
International Cash	2.6%	5.2%	-	0.4%	2.5%	1.1%	0.1%
International Other	15.0 ⁴	-	-	4.1% ⁷	0.6% ⁵	0.6% ⁶	-
Other	3.2% ¹	-	-	12.4% ⁸	9.8% ²	2.9% ³	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1. Represents Commodity ETF's

2. Represents Collective Investment Schemes

3. Represents Commodities

4. Represents International Property & Hedge Funds

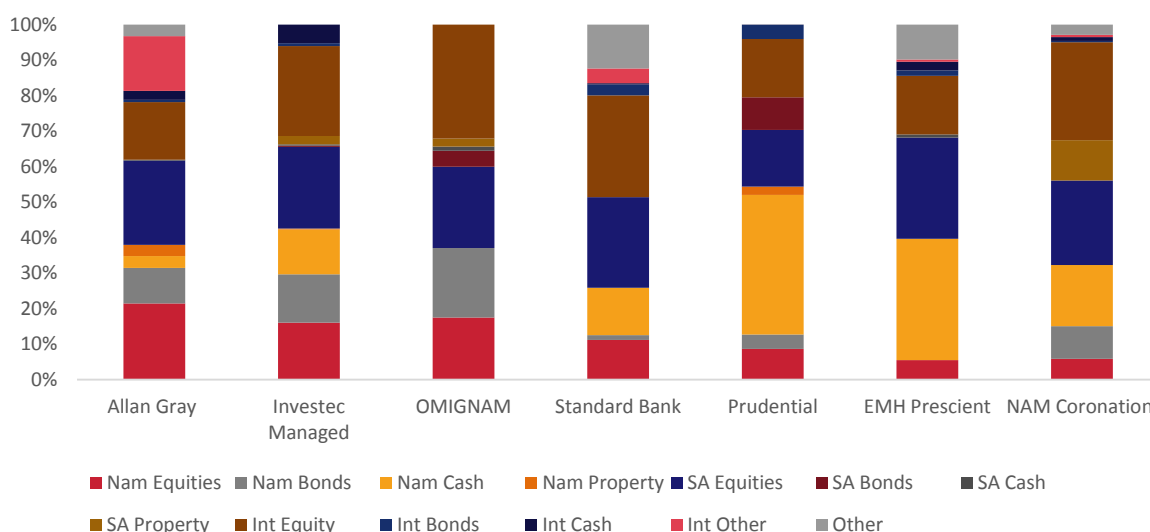
5. Represents International Collective Investment Schemes

6. Represents International Property (0.5%) and Commodities (0.1%)

7. Represents Investment with Stanlib USA Short term money market fund

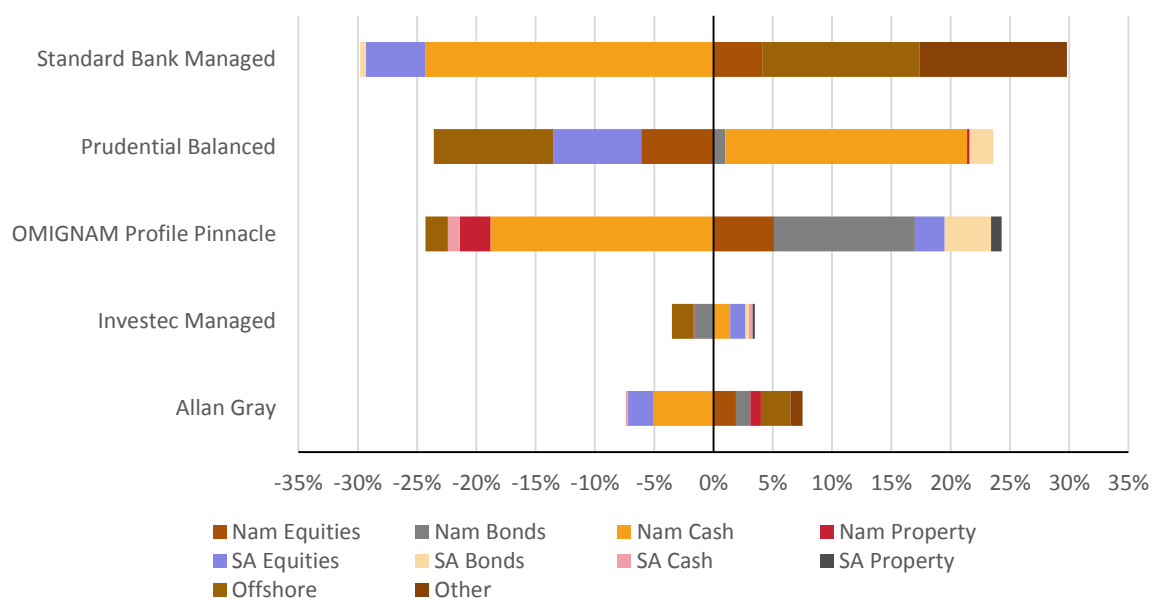
8. Represents Investment with Standard Bank Namibia Income Fund

Asset Allocation as at 31 March 2015



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 2015**. 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, and vice versa.



The graph indicates that OMIGNAM has made significant changes over the year. OMIGNAM down weighted Namibian cash whilst increasing SA property exposure. Investec had the least change in its asset allocation over the past year, largely attributable to market movements. Standard Bank showed the largest change in asset allocation over the period, with large increases in their offshore allocation and decreases in the level of Namibian Cash.

3.1.3 Geographical Split as at 31 March 2015

	Allan Gray	Investec Managed	OMIGNAM Profile Pinnacle	Standard Bank Managed	EMH Prescient Absolute Balanced	NAM Coronation Balanced Plus	Prudential Balanced
Namibia	37.9%	42.7%	37.1%	38.2%	39.7%	35.1%	54.4%
South Africa	27.2%	25.9%	30.8%	25.5%	39.2%	35.2%	25.1%
International	35.0%	31.4%	32.1%	36.3%	21.1%	29.7%	20.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Standard Bank has moved above the international limit due to market movements.

3.1.4 Time Weighted Returns

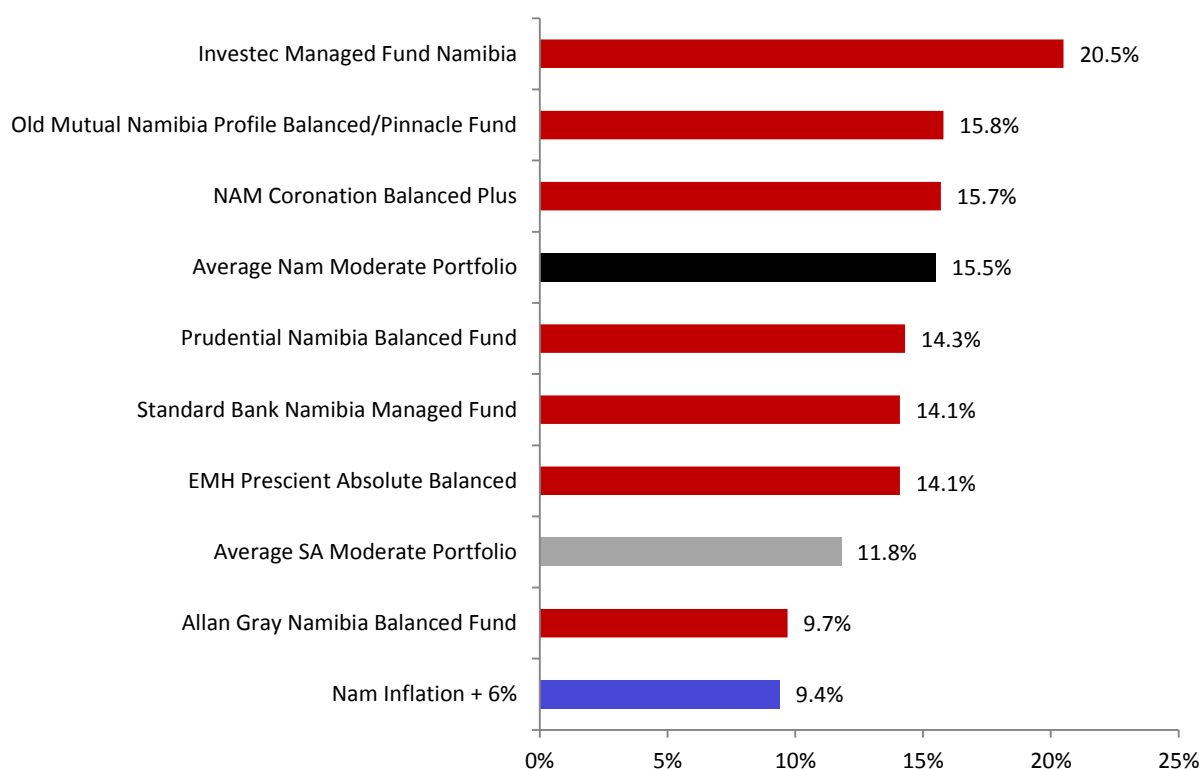
Listed below are the investment returns achieved for the specified periods. Please note the returns are **gross** of fees.

Investment Portfolio	One Year	Three Years (annualised)	Five Years (annualised)	Ten Years (annualised)
Allan Gray Namibia Balanced Fund	9.7%	17.5%	15.3%	17.2%
Investec Managed Fund Namibia	20.5%	19.6%	15.7%	16.3%
EMH Prescient Absolute Balanced	14.1%	-	-	-
Old Mutual Namibia Pinnacle Fund ¹	15.8%	17.5%	15.1%	15.8%
Prudential Namibia Balanced Fund	14.3%	17.9%	13.7%	15.4%
NAM Coronation Balanced Plus	15.7%	19.4%	13.6%	15.4%
Standard Bank Namibia Managed Fund	14.1%	17.3%	15.9%	15.8%
Average SA Moderate Portfolio²	11.8%	16.7%	14.5%	15.2%
Average Nam Moderate Portfolio³	15.5%	18.5%	15.5%	15.8%
All Share (JSE)⁴	12.5%	19.4%	16.1%	18.0%
Nam Inflation	3.4%	4.8%	5.0%	6.1%
Nam Inflation + 6%	9.4%	10.8%	11.0%	12.1%

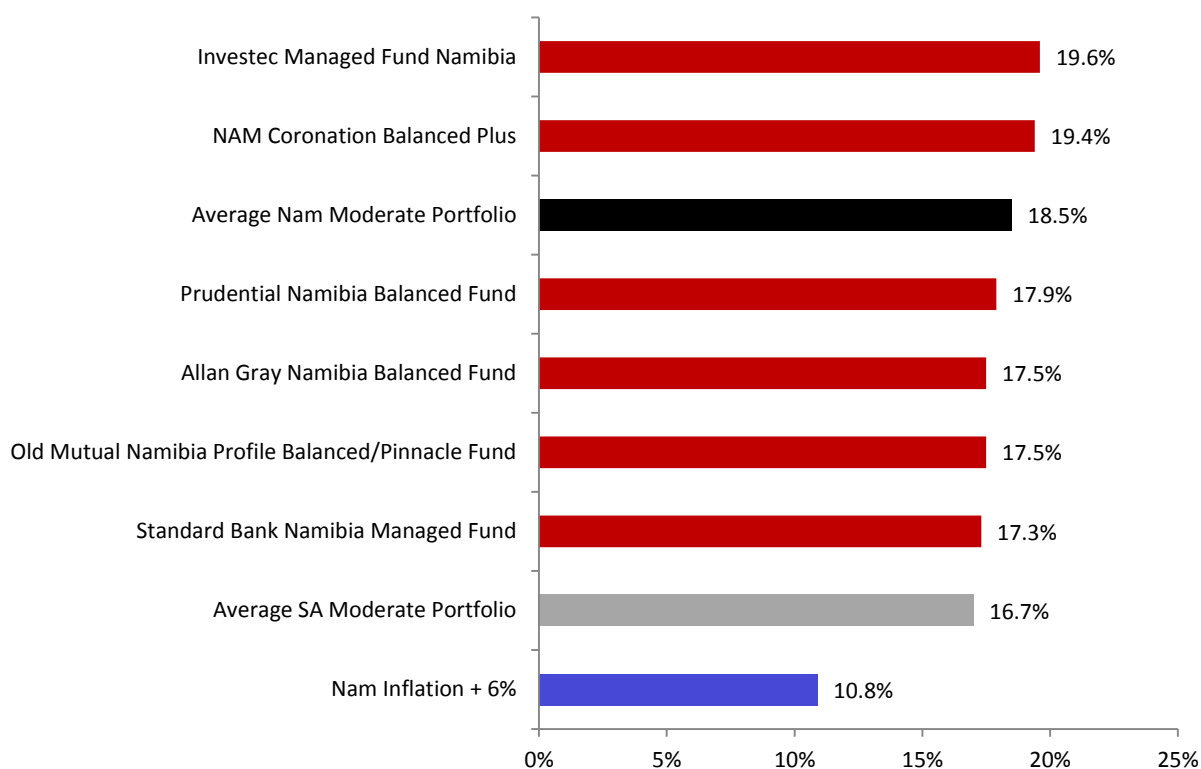
1. OMIGNAM Profile Balanced was closed and assets transferred to OMIGNAM Profile Pinnacle during September 2013.
2. Average of the NMG Consultants and Actuaries Survey for SA Moderate Balanced portfolios.
3. Average of the NMG Consultants and Actuaries Survey for Namibian Moderate Balanced portfolios.
4. Returns reflect the total return index.

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

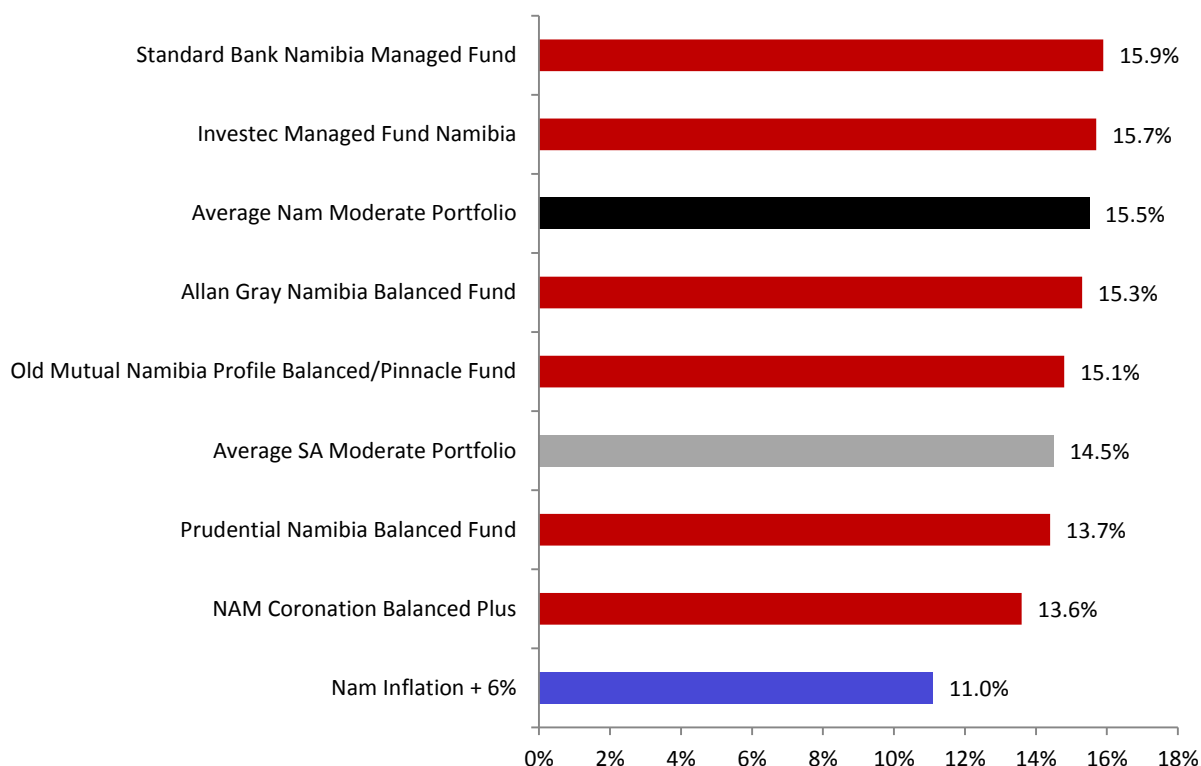
1 year performance for the period ending 31 March 2015



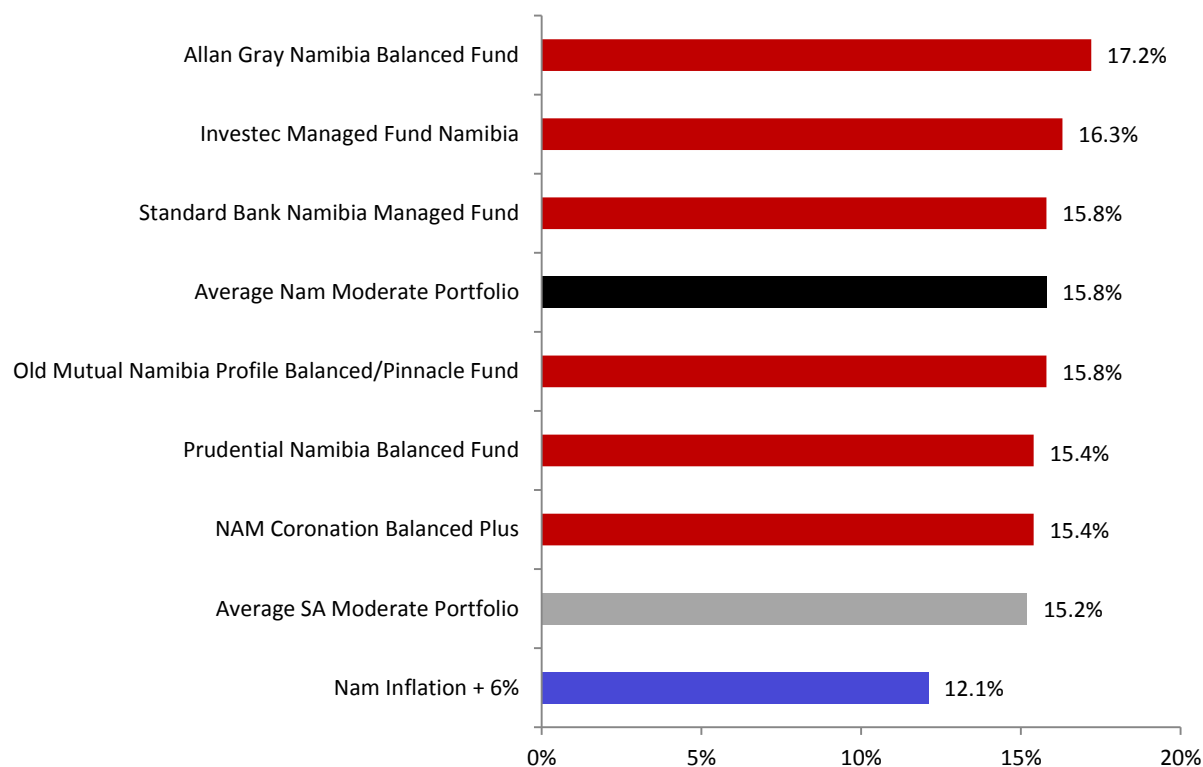
3 year performance for the period ending 31 March 2015



5 year performance for the period ending 31 March 2015

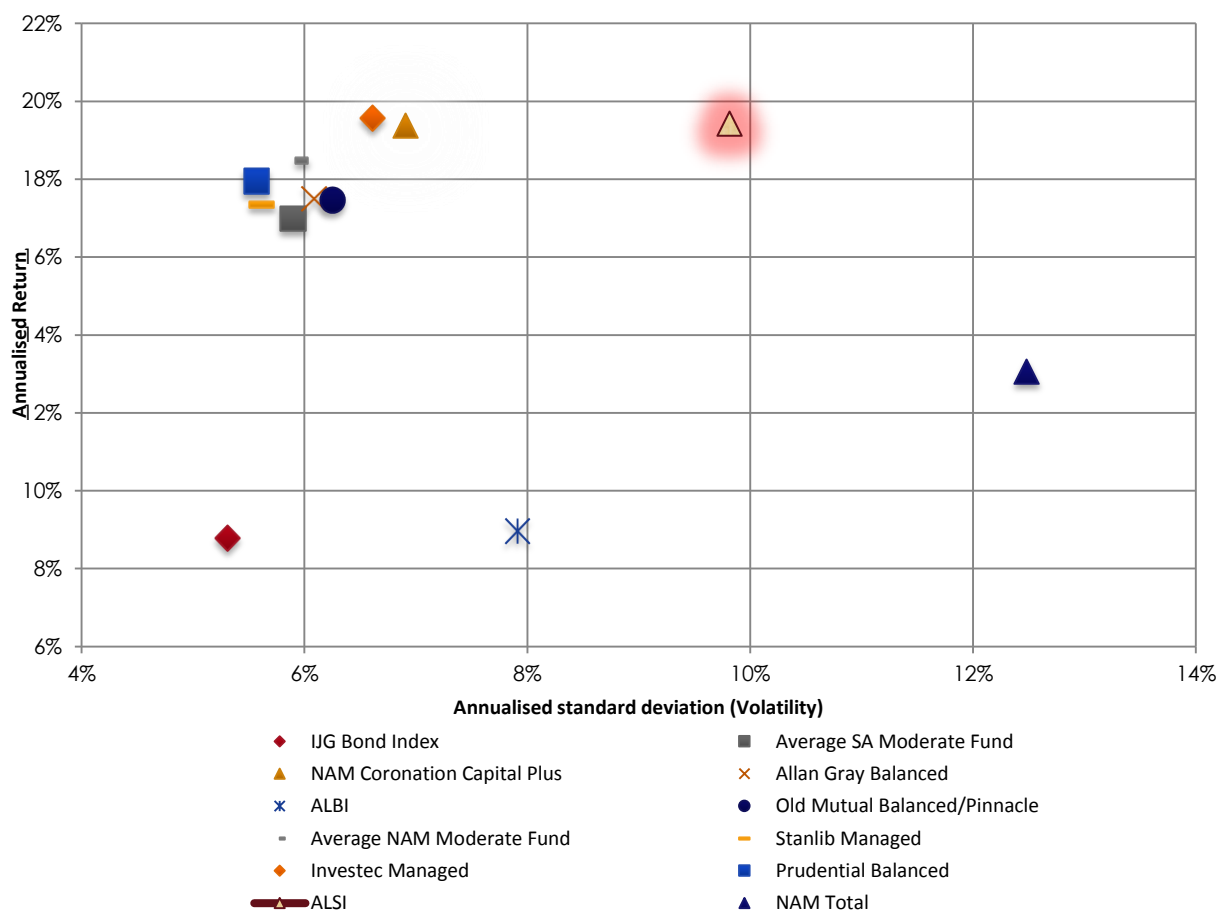


10 year performance for the period ending 31 March 2015



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 2015**. 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 March 2014 (12 Months ago)**

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Default Portfolio
Nam Equities	8.2%	3.1%	8.2%	14.0%
Nam Bonds	11.3%	3.3%	4.6%	6.8%
Nam Cash	25.3%	28.6%	20.8%	14.5%
Nam Property	-	0.1%	2.6%	2.4%
SA Equities	21.8%	8.4%	12.4%	19.3%
SA Bonds	5.0%	21.8%	16.9%	8.2%
SA Cash	-	1.9%	1.8%	1.1%
SA Property	4.3%	6.7%	4.3%	2.1%
International Equity	20.3%	20.8%	15.5%	15.3%
International Bonds	-	1.6%	12.9%	6.3%
International Cash	2.4%	0.6%	-	1.4%
International Other ¹	-	0.4%	-	7.5%
Other ²	1.4%	2.7%	-	1.1%
Total	100.0%	100.0%	100.0%	100.0%

1. Represents Hedge Funds

2. Represents Gold ETF's & Preference Shares

The table below reflects the asset allocation of the moderate-low portfolios as at **31 March 2015**

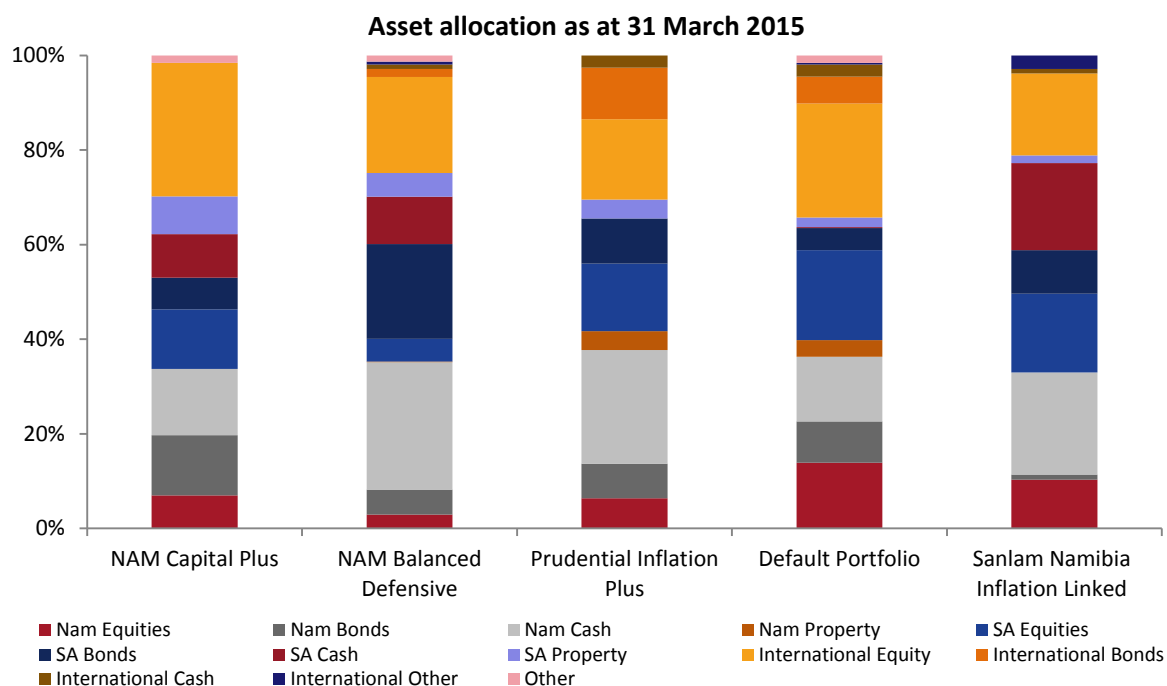
	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Sanlam Namibia Inflation Linked	Default Portfolio
Nam Equities	7.0%	2.9%	6.4%	10.2%	13.9%
Nam Bonds	12.7%	5.3%	7.3%	1.1%	8.7%
Nam Cash	14.0%	27.0%	24.0%	21.6%	13.7%
Nam Property	-	0.1%	4.0%	-	3.5%
SA Equities	12.6%	4.8%	14.3%	16.7%	19.0%
SA Bonds	6.7%	20.1%	9.5%	9.2%	4.7%
SA Cash	9.2%	10.0%	-	18.4%	0.2%
SA Property	8.0%	5.0%	4.0%	1.6%	2.0%
International Equity	28.2%	20.2%	17.0%	17.4%	24.1%
International Bonds	-	1.7%	10.9%	-	5.7%
International Cash	-	1.0%	2.6%	0.9%	2.6%
International Other ¹	-	0.6%	-	2.9%	0.3%
Other ²	1.6%	1.3%	-	-	1.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

1. Represents International Property

2. Represents Commodities

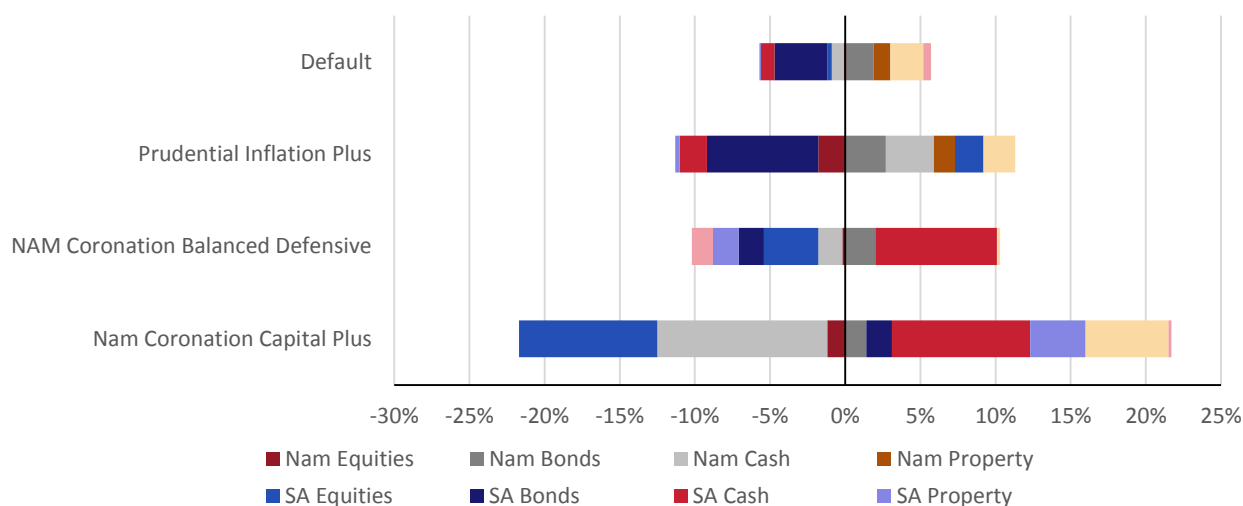
Please note that the total exposure to equities within the portfolio can be as high as 65.0% at times should the asset manager deem that to be appropriate.

The figures below reflect the asset allocation of the moderate-low portfolios as at **31 March 2015**.



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 2015**. 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 and vice versa.



The NAM Coronation Balanced Defensive and NAM Coronation Capital Plus up-weighted SA cash. The Prudential portfolio is currently reweighting their portfolio.

3.2.3 Geographical Split

Listed below is the geographical split as at **31 March 2015**.

	Nam Coronation Capital Plus	NAM Coronation Balanced Defensive	Prudential Inflation Plus	Sanlam Namibia Inflation Linked	Default Portfolio
Namibia	33.7%*	35.3%	41.7%	32.9% ¹	39.8%
South Africa	38.1%	41.2%	27.8%	45.9%	27.4%
International	28.2%	23.5%	30.5%	21.2%	32.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

1. This was due to cashflows

*Reasons have been queried

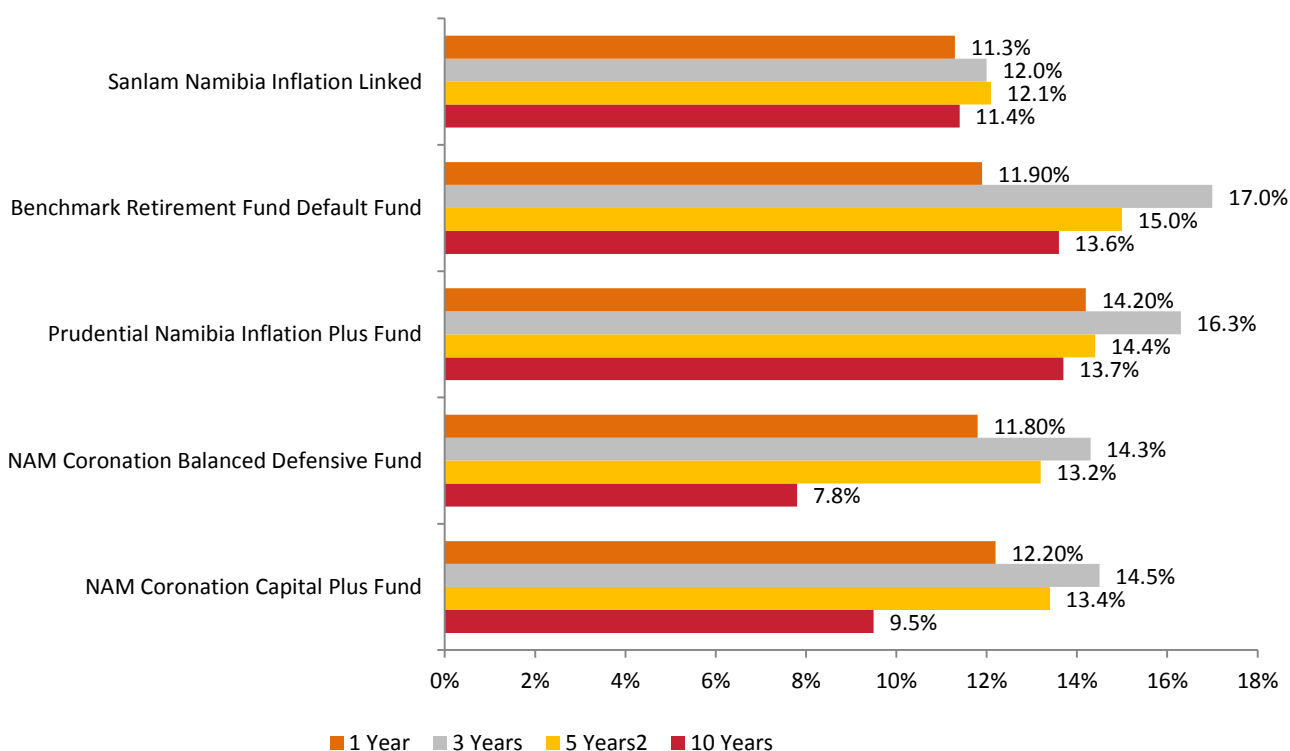
3.2.4 Time Weighted Returns

Listed below are the investment returns achieved for the specified periods to **31 March 2015**. 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	12.2%	14.5%	13.4%	9.5%
NAM Coronation Balanced Defensive Fund	11.8%	14.3%	13.2%	7.8%
Prudential Namibia Inflation Plus Fund	14.2%	16.3%	14.4%	13.7%
Benchmark Retirement Fund Default Fund	11.9%	17.0%	15.0%	13.6%
Sanlam Namibia Inflation Linked	11.3%	12.0%	12.1%	11.4%
Nam Inflation	3.4%	4.9%	5.1%	6.1%
Nam Inflation + 3% to 5%	6.4% - 8.4%	7.9% - 9.9%	8.1%-10.1%	9.1%-11.1%

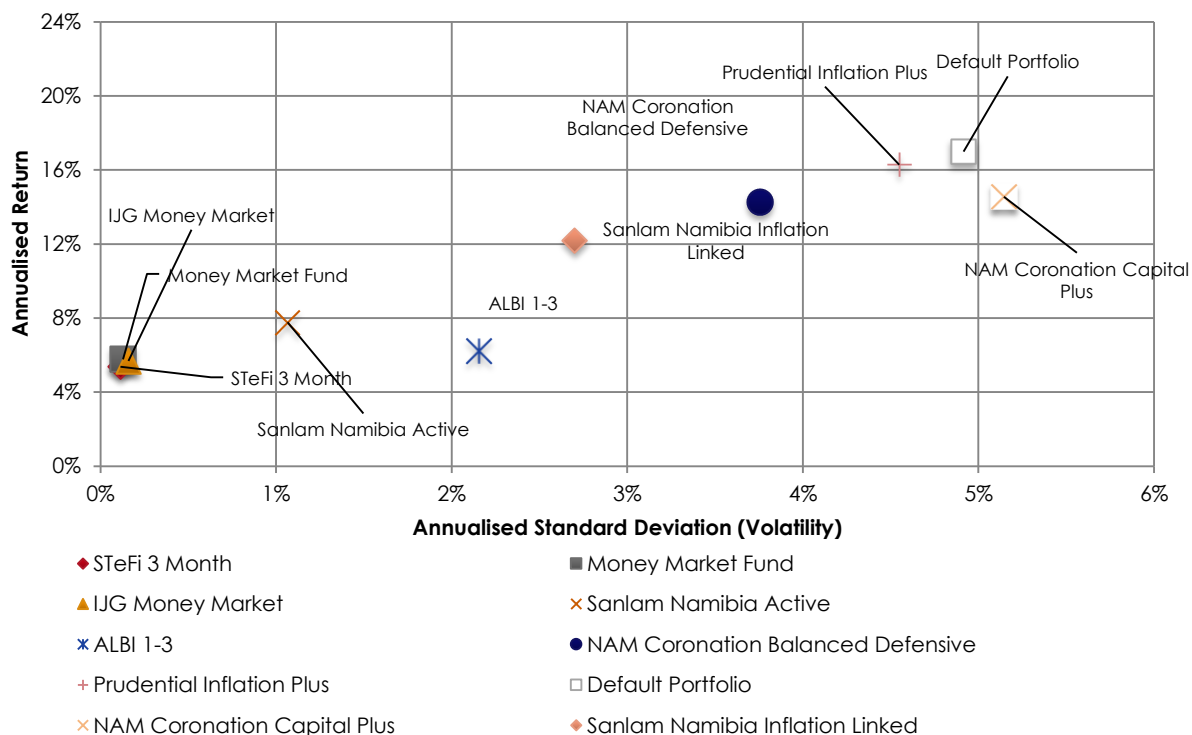
1. The NAM Coronation Absolute Fund was renamed to NAM Coronation Capital Plus Fund effective 26 April 2011.

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 the 3 year period ending **31 March 2015**. 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 2015	31 March 2014	Change
Nam Equities	-	-	-
Nam Bonds	1.0%	1.5%	-0.5%
Nam Cash	36.6%	35.2%	1.4%
Nam Property	-	-	-
SA Equities	0.5%	-	0.5%
SA Bonds	13.6%	20.3%	-6.7%
SA Cash	47.7%	39.9%	7.8%
SA Property	0.6%	3.1%	-2.5%
Offshore	-	-	-
Other	-	-	-
Total	100.0%	100.0%	

The total Namibian exposure is 37.6% as at 31 March 2015.

3.3.1 Time Weighted Returns

Listed below are the gross investment returns achieved for the specified periods to **31 March 2015**. 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	8.8%	7.8%	8.2%
ALBI 1-3 Years Index	7.4%	6.2%	7.1%
Inflation	3.4%	4.9%	5.1%
Inflation + 1% to 2%	4.4%-5.4%	5.9%-6.9%	6.1%-7.1%

Capital Protection Portfolios

Investment Portfolio	One Year	Three Years (Annualised)	Five Years (Annualised)
Money Market Fund ¹	6.3%	5.8%	6.0%
IJG Money Market Index	6.0%	5.7%	6.0%
Inflation + 1%	4.4%	5.9%	6.1%

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.