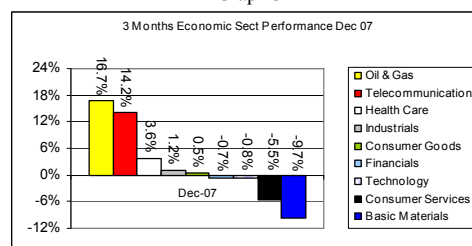


By T H Friedrich – Managing Director Retirement Fund Solutions Namibia (Pty) Ltd

The monthly review of portfolio performance, as set out in this issue, is now also available on our website at www.rfsol.com.na

Graph 3 below reflects the returns of the main economic sectors

Graph 3



Does this mean that the managers who outperformed this quarter per graph 4 below were underweight equities, as the largest asset class by far. More specifically the sectors that should have impacted on performance most in terms of weight and performance deviation were ‘Industrials*’ on the upside and ‘Consumer Services*’ and ‘Basic Materials’ on the downside and we will investigate further on whether this has impacted on our portfolios’ performance. Offshore equities represented an average exposure of 11% and produced **minus 3%**, thus a key detractor of performance.

Graph 4 below reflects the performance for quarter 4 of the prudential balanced portfolio in our survey, all others carrying special mandates:

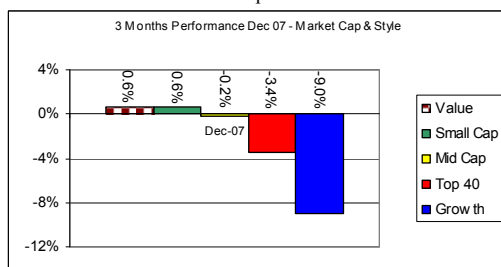
Graph 4

3 Mths Perform % to Dec 2007

Fund	3 Mths Perform % to Dec 2007
A Gr	4.7
Invtst	3.3
Inv High	2.2
BNA Cash	2.4
Stan	1.5
Sml Int+	1.2
Mgr ARF	1.2
Average	0.8
Sml	0.6
BM Def	0.5
Mer	0.3
ON DF	0.2
ON H	-0.1
Fnd Int+	-0.2
ISO FG	-0.2
CON B	-0.6
Prudentl	-0.9
CNB	-0.9
BSCm	-3.3
CP	-1.4

Graph 2 reflects the performance of companies classified by market capitalization, e.g. large companies ('Top 40*'), medium sized ('Mid Cap*') and small listed companies ('Small Caps*') and classified by type of company, e.g. growth and value companies.

Graph 2



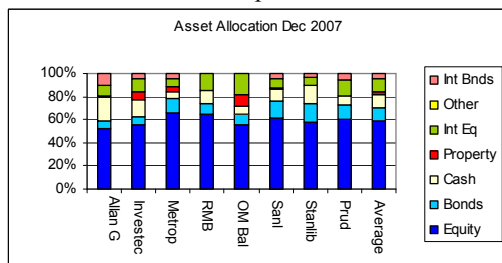
Graph 5 shows the break down of the prudential balanced portfolios into the various asset classes, also distinguishing between onshore and offshore assets. Clearly, the best performer for the quarter, Allan Gray, holds the lowest onshore equity exposure of 52% versus the average of 60%, evidently the most important reason for the out performance.

A REVIEW OF INVESTMENT MANAGERS – 31 DECEMBER 2007

By T H Friedrich – Managing Director Retirement Fund Solutions Namibia (Pty) Ltd

The monthly review of portfolio performance, as set out in this issue, is now also available on our website at www.rfsol.com.na

Graph 5



Graph 6 reflects the break down of the portfolios' equity allocation into the main sectors.

Graph 6

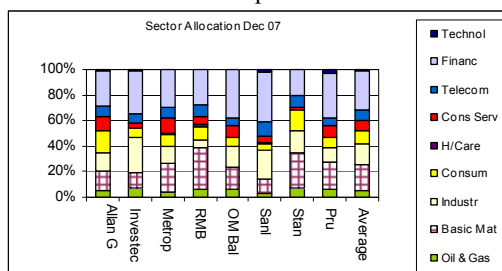


Table 1 below reflects the 3 managers with the lowest average exposure to equity and more specifically highest 'Industrials*' exposure on the upside and lowest 'Consumer Services*' and 'Basic Materials' and international equities on the downside, for the purpose of analyzing out performance:

Table 1

Asset Class	Position 1 % holding	Position 2 % holding	Position 3 % holding
Equity	52 A Gr	56 Old M	58 Inv
Industrials	27 Inv	22 Sanl	18 Stanl
Cons Serv	0 Stanl	3 Inv	5 Sanl
Basic Mat	10 Sanl	12 Inv	15 A Gr
Intern Equity	7 Met	7 Stanl	9 Sanl

Looking at this in relation to the performance ranking for the quarter in Graph 4 above, on the basis of a simple 'bean count' the following picture emerges:

Investec appears 4 times (performance 2/8)

Sanlam appears 4 times (performance 4/8)

Stanlib appears 3 times (performance 3/8)

Allan Gray appears 2 times (performance 1/8)

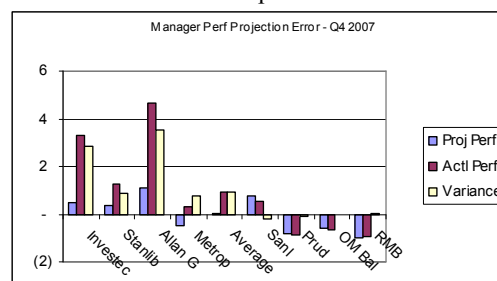
Metropolitan appears once (performance 5/8)

Old Mutual appear once (performance 6/8).

This indicates that while the equity exposure did play an important role, it does not alone explain the performance if one considers Old Mutual versus Allan Gray.

Graph 7 below reflects the results of projected performance based on equity sector and asset allocation of each portfolio, its actual performance and 'projection error' (difference between projected and actual performance) for quarter 4 of 2007. This analysis indicates that Allan Gray and Sanlam should have produced top performance. With a positive projection error of 3.6% Allan Gray comes out on top by a wide margin, while Sanlam with a negative projection error of 0.2%, ends up only in 4th position with 0.6% return. On the opposite side of the performance graph for the quarter, RMB produced **minus 0.9%** with no performance error. High projection errors should be caused by good or poor stock selection and should be cause for concern that would require further analysis:

Graph 7



Can one reconstruct manager's performance to see where they had actually gone wrong ?

Table 2 below reflects the average exposure and the projected performance for the 4th quarter of 2007 for the average prudential, managed portfolio in our analysis and is a good benchmark for measuring the performance of your manager/s:

A REVIEW OF INVESTMENT MANAGERS – 31 DECEMBER 2007

By T H Friedrich – Managing Director Retirement Fund Solutions Namibia (Pty) Ltd

The monthly review of portfolio performance, as set out in this issue, is now also available on our website at www.rfsol.com.na

Table 2

Asset Class	Expos %	Perf %	Weighted Perf %
Equity	59	- 0.4	- 0.2
Bonds	11	1.2	0.1
Cash	12	2.4	0.3
Property	3	2.5	0.1
Gold	0	12.1	0.0
Intern Eq	11	- 3.2	- 0.4
Intern Other	4	3	0.1
Total	100		0.0

The projected performance of the average portfolio for the quarter, of 0%, represents a positive projection error of 0.8% on the actual performance of 0.8% per graph 4.

Table 3 drills down further into equities as the asset class with the biggest impact on performance by far, our average manager presents the benchmark for measuring your manager/s (average exposure):

Table 3

Equity Sector	Exposure %	Perf %	Weighted Perf %
Oil & Gas	5	16.7	0.9
Basic Mat	21	- 9.7	- 2.0
Industrials	16	1.2	0.2
Cons Goods	10	0.5	0.0
H/care	1	3.6	0.0
Cons Serv	7	- 5.5	- 0.4
Telecoms	8	14.2	1.1
Financials	31	- 0.7	- 0.2
Technol	1	- 0.8	- 0.0
Total			- 0.4

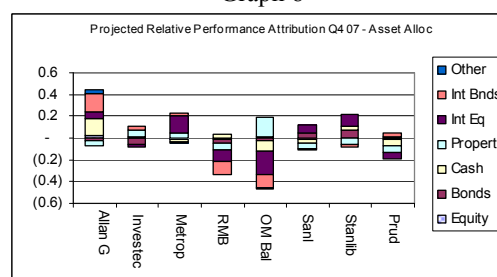
Graph 4 above shows that top performing Allan Gray out performed the average manager by roughly 4% for the quarter, while bottom ranking RMB under performed by 1.7%.

Based on the portfolio structure of the managers, **graph 8** shows where the manager has added/subtracted value through asset allocation relative to the projected performance of the average manager in our survey, while **graph 9** shows a similar result with regard to sector allocation. This plus the projection error as also

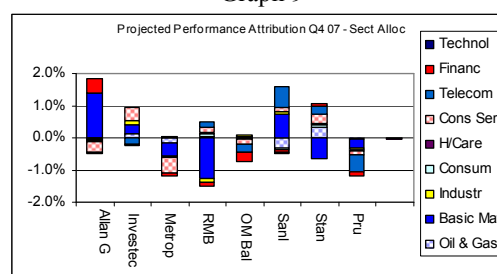
overlaid in graph 10, produces the actual performance of the manager for the quarter.

Adding value through asset and sector allocation is a function of correctly predicting cycles and represents a different skill from adding value through stock picking, latter being a function of superior analytical skills. The former is usually the result of the ‘top – down’ approach to portfolio structuring while latter is the result of a ‘bottom – up’ approach. Some managers proclaim to have a two directional approach while other proclaim to be ‘bottom – up’ managers only.

Graph 8



Graph 9



So what did Allan Gray do right and RMB do wrong? Firstly, Allan Gray had the lowest and RMB the second highest onshore equity allocation. Secondly, Allan Gray had the highest offshore interest bearing allocation and RMB had none. Latter was the best performing asset class for the quarter with a return of 3%. Unfortunately, this explains only 2% difference in performance between these two, while the actual difference is 5.6% mainly the result of the large projection error on Allan Gray. RMB underperformance was mainly in respect of equities with an underperformance of roughly 1% primarily, as the result of its overweight in

A REVIEW OF INVESTMENT MANAGERS – 31 DECEMBER 2007

By T H Friedrich – Managing Director Retirement Fund Solutions Namibia (Pty) Ltd

The monthly review of portfolio performance, as set out in this issue, is now also available on our website at www.rfsol.com.na

‘Basic Materials*’. Allan Gray in turn, gained roughly 1% through its underweight to under performing ‘Basic Materials*’, other reasons not being apparent.

How predictable is the managers’ performance?

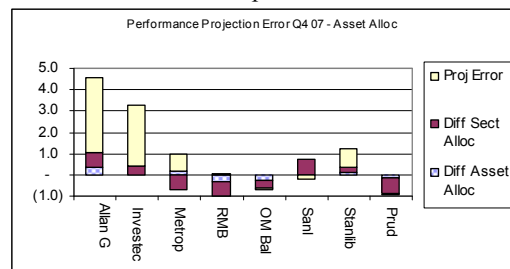
Table 4 shows our ‘projection error’ over the past 3 quarters and should give some food for thought for when a board of trustees reviews its current managers or intends to employ other manager/s. High projection errors would require a more detailed analysis:

Table 4

Manager	Q 1 2007	Q 2 2007	Q 3 2007
Investec	0.61	3.20	2.86
Stanlib	(2.31)	0.95	0.87
Allan G	1.51	(2.16)	3.62
Metrop	(0.12)	0.80	0.77
Average	(0.19)	(0.02)	0.90
Sanl	(0.05)	(0.34)	(0.22)
Prud	0.60	(0.42)	(0.07)
OM Bal	(0.60)	(0.41)	(0.05)
RMB	(0.31)	(2.02)	0.05

Graph 10 below reflects the actual out- and under performance of the managers against the average manager, built up by value added/subtracted through asset allocation and sector allocation and projection error. At this stage only Old Mutual does not provide full information to allow an accurate analysis and our information on this manager must be viewed with caution. Projection errors as revealed below can result from the use of derivatives, stock picking, and also from significant portfolio restructuring through the course of a quarter by the manager, or even from valuation problems and should in any event be subject to further enquiry.

Graph 10



What shares do our managers actually invest in?

Table 5 reflects the shares our 8 portfolios being surveyed, most frequently invest in, in order of frequency (‘Count’). The FTSE/JSE produces a ‘style’ index where shares are rated according to their growth (‘G’), value (‘V’) or mixed (‘V/G’) characteristics. This rating is reflected in the ‘Classif’ column (information by courtesy of Old Mutual), while the ‘Ø Exp’ column reflects the average percentage exposure, of its total onshore equity exposure, of those 8 portfolios that have invested in this share. The first subtotal line ‘% in Top 10’ reflects the average exposure to the common top 10 shares of our 8 managers. The next line ‘# in Top 10’ reflects the average number of shares of our 8 portfolios in the common top 10, and the average percentage exposure of the 8 portfolios to their top 10 equity holdings is reflected in ‘Total %’. Finally the table reflects the average number of shares our 8 portfolios invest in, in ‘# of shares’. See how your managers compare and whether their ascribed style actually matches their share holdings.

A REVIEW OF INVESTMENT MANAGERS – 31 DECEMBER 2007

By T H Friedrich – Managing Director Retirement Fund Solutions Namibia (Pty) Ltd

The monthly review of portfolio performance, as set out in this issue, is now also available on our website at www.rfso.com.na

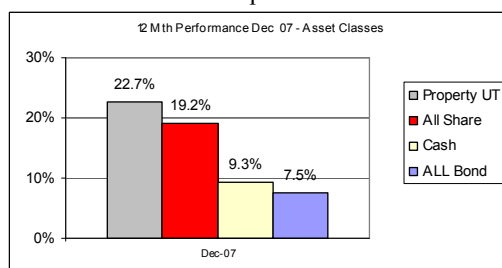
Table 5

Counter	Classif	Ø Exp	Count
MTN	G	7.3	8
Sasol	V	5.7	7
Standard B	V	7.4	7
First Rand	V	3.9	6
Richemont	G	4.8	5
Nedbank	V	4.3	5
BHP Billiton	G/V	7.2	4
Anglo Am	G/V	5.4	4
Remgro	G/V	5.1	4
Implats	V	4.1	3
% in Top 10		37.6	8
# in Top 10		6.6	8
Total %		54.5	
# of shares		59	

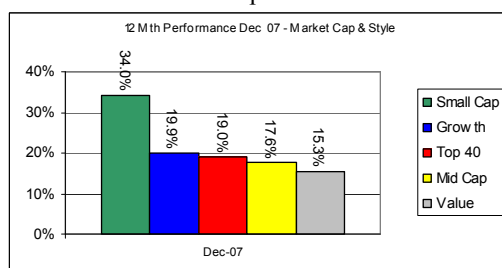
The year to 31 December 2007

Graphs 11, 12 and 13 below reflect the performance of the asset classes, of companies by size and type and of the equity sectors. It is evident that one should have been fully invested in property and equity, overweight in 'Oil & Gas*', 'Basic Materials*' and 'Industrials*' and under weight 'Consumer Services*', 'Consumer Goods*', and 'Financials*' considering the 'heavy weight' sectors.

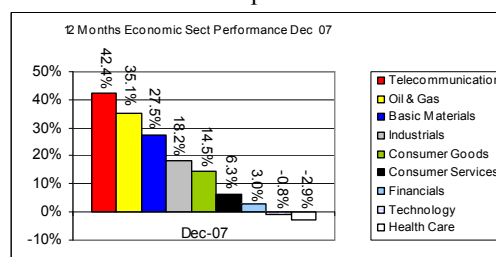
Graph 11



Graph 12

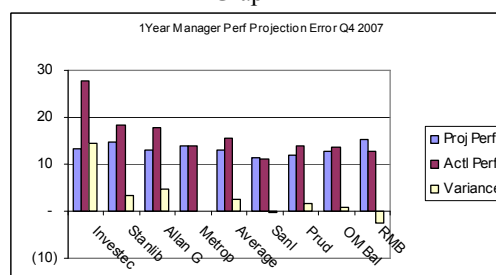


Graph 13



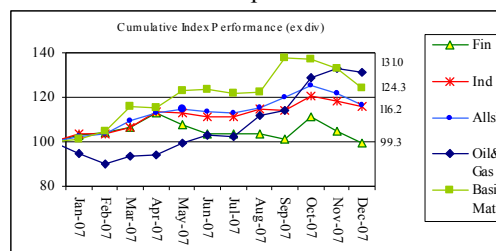
Graph 14 reflects projected performance, actual performance and the resulting projection error for the prudential balanced portfolios over the year. The projection error is generally higher over a 12 month period, as our projections assume a smooth change in asset and sector allocation over the year which is likely not to be accurate.

Graph 14



Graph 15 allows tracking the development of the various sectors since the start of last year for a more detailed analysis of your manager's performance vs these indices.

Graph 15



Graph 16 below, reflects the performances of all managers in our survey for the twelve months to 31 December 2007.

A REVIEW OF INVESTMENT MANAGERS – 31 DECEMBER 2007

By T H Friedrich – Managing Director Retirement Fund Solutions Namibia (Pty) Ltd

The monthly review of portfolio performance, as set out in this issue, is now also available on our website at www.rfsl.com.na

Graph 16

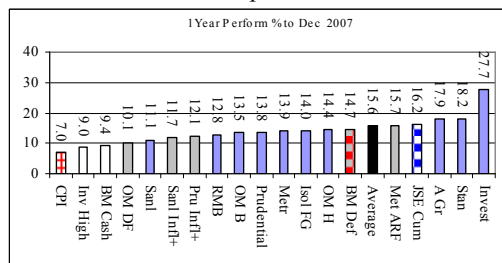


Table 6 below, reflects the projected performance of the average prudential, managed portfolio. With an actual performance of the average prudential balanced portfolio of 15.6%, the below projection reflects a positive 'projection error' of 2.5% on actual average manager performance for the year.

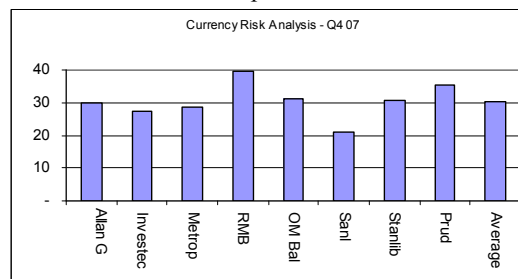
Table 6

Asset Class	Exposure %	Perform %	Weighted Perform %
Equity	60.5	16.1	9.7
Bonds	11.1	7.5	0.8
Cash	10.5	9.3	1.0
Property	2.5	22.7	0.6
Intern Eq	11.4	6.5	0.7
Intern Other	4.0	7.7	0.3
Total	100		13.1

Currency risk analysis – how will the investor be effected by a change in the exchange rate?

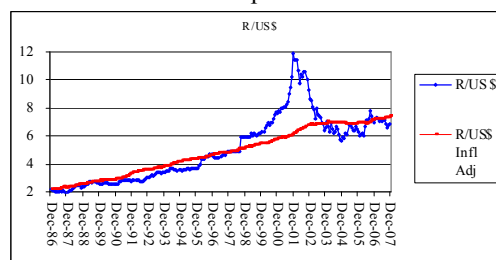
Graph 17 provides an indication of the currency risk to which the portfolios are exposed. Currency risk here is measured as a function of effective offshore and 'Basic Materials*' exposure. Evidently RMB again presents the highest risk on that basis, 40% of its total assets being exposed to exchange rate fluctuation. Sanlam on the other end of the scale presents a risk of only around 21%.

Graph 17



Graph 18 below depicts the position of the Rand versus the US\$, both adjusted by the change in its domestic CPI. Evidently the long-term trend line seems to indicate that the Rand was back to just below this trend line, indicating a slight over valuation by this measure.

Graph 18



Special mandate portfolios as an alternative for the conservative investor?

The Benchmark Retirement Fund offers a number of special mandate portfolios and for this reason we also keep an eye on a number of such portfolios.

Graphs 19 and 20 depict rolling 6 month returns, and the Two Year Monthly returns of the special mandate portfolios, compared to that of the average prudential, managed portfolio. Evidently, most special mandate portfolios typically reflect lower volatility, at the cost of lower returns over the longer term.

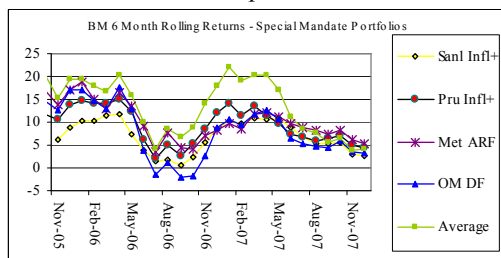
Any conservative investor who wants to minimize negative returns should seriously consider these as an alternative to the more volatile prudential, managed portfolios.

A REVIEW OF INVESTMENT MANAGERS – 31 DECEMBER 2007

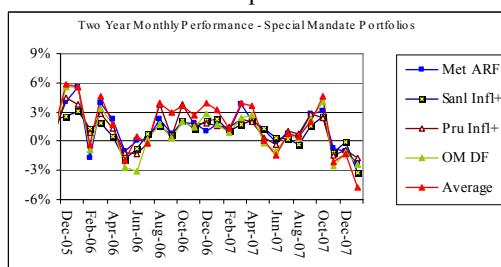
By T H Friedrich – Managing Director Retirement Fund Solutions Namibia (Pty) Ltd

The monthly review of portfolio performance, as set out in this issue, is now also available on our website at www.rfsol.com.na

Graph 19



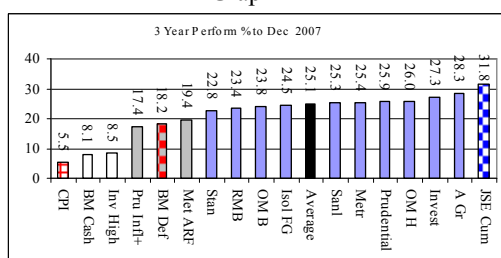
Graph 20



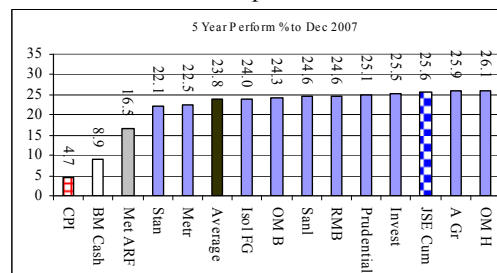
Long-term performances

To complete our performance review, **graphs 21 and 22** depict the 3 and 5 year performance of the various portfolios to 31 December 2007. Evidently performance of all portfolios, barring cash and Investec High Income portfolios exceed inflation ('CPI Cum') by significantly more than the long-term out performance objective of around 5%, and this trend will definitely not continue for much longer, in our view.

Graph 21



Graph 22



3. Conclusion

Preview for 2007

For our view on what is to be expected over the next 6 to 12 months, the reader is invited to consult our monthly Benchtest Performance Review, the latest issue being for January 2008, which is available on our website at www.rfsol.com.na.

Who To Contact

For further information, analyses or interpretations, please contact Tilman Friedrich, Mark Gustafsson, Marthinuz Fabianus or Hannes van Tonder at Retirement Fund Solutions tel 061-231590.

Important notice and disclaimer

Whilst we have taken all reasonable measures to ensure that the results reflected herein are correct, Benchmark Retirement Fund and Retirement Fund Solutions Namibia (Pty) Ltd do not accept any liability for the accuracy of the information and no decision should be taken on the basis of the information contained herein before having confirmed the detail with the relevant portfolio manager and without consulting an expert.

Errors and omissions excluded