



Benchmark Retirement Fund

Quarterly Investment Report: As at 31 December 2023

Table of Contents

| | | |
|----|--------------------------------|----|
| 1. | Introduction | 3 |
| 2. | Market Overview | 5 |
| 3. | Performance Comparison | 8 |
| 4. | Glossary | 23 |
| 5. | Appendix A: Replacement Ratios | 25 |

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 Managers's Explicit Performance Objective | Return Expectations derived form Historical Experience (Before Fees) |
|---|----------------------|---|--|
| Allan Gray Namibia Balanced Fund* | Moderate | None | CPI+5% to 6% |
| Ninety One Namibia Managed Fund | Moderate | None | CPI+5% to 6% |
| NAM Coronation Balanced Plus Fund | Moderate | None | CPI+5% to 6% |
| Old Mutual Namibian Profile Pinnacle Fund | Moderate | None | CPI+5% to 6% |
| M&G Namibian Balanced Fund | Moderate | None | CPI+5% to 6% |
| Standard Bank Namibia Managed Fund | Moderate | None | CPI+5% to 6% |
| Benchmark Default Portfolio** | Moderate | - | CPI+5% |
| Old Mutual Namibia Absolute Stable Growth***j | Moderate - Low | CPI+4.5% | CPI+4.5% |
| NAM Coronation Capital Plus Fund | Moderate - Low | CPI+4%(1 year) | CPI+4% |
| M&G Namibian Inflation Plus Fund | Moderate - Low | CPI+4% | CPI+4% |
| Sanlam Namibia Inflation Linked Fund | Moderate - Low | CPI+4% | CPI+4% |
| NAM Coronation Balanced Defensive Fund | Moderate - Low | IJG Money Market+3% | CPI+2% to 3% |
| Sanlam Namibia Absolute Return Plus Fund | Low | CPI+2% | CPI+2% |
| Capricorn Stable Fund | Low | CPI+2%(2 years) | CPI+2% |
| Sanlam Namibia Active Fund | Low | 1-3 year ALBI | CPI+1%to 2% |
| Ninety One Namibia High Income Fund | Low | IJG Money Market Index | CPI+1% to 2% |
| Capricorn Enhanced Cash Fund | Low | IJG 12 Month TB Index | CPI to CPI+1% |
| Capricorn Investment Fund | Capital Preservation | 7 day Repo Rate | CPI |

*Segregated Portfolio

**The Benchmark Default Portfolio is a combination of Allan Gray Namibia Balanced Fund (Segregated), M&G Namibia Inflation Plus Fund, Sanlam Inflation Linked Fund, Ninety One Namibia Opportunity Fund and 20Twenty Credit Solution.

***This is a 80% guaranteed portfolio and has an additional capital charge over and above the investment fees. This portfolio is closed for new investments since May 2020.

j- Insurance Policy.

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:

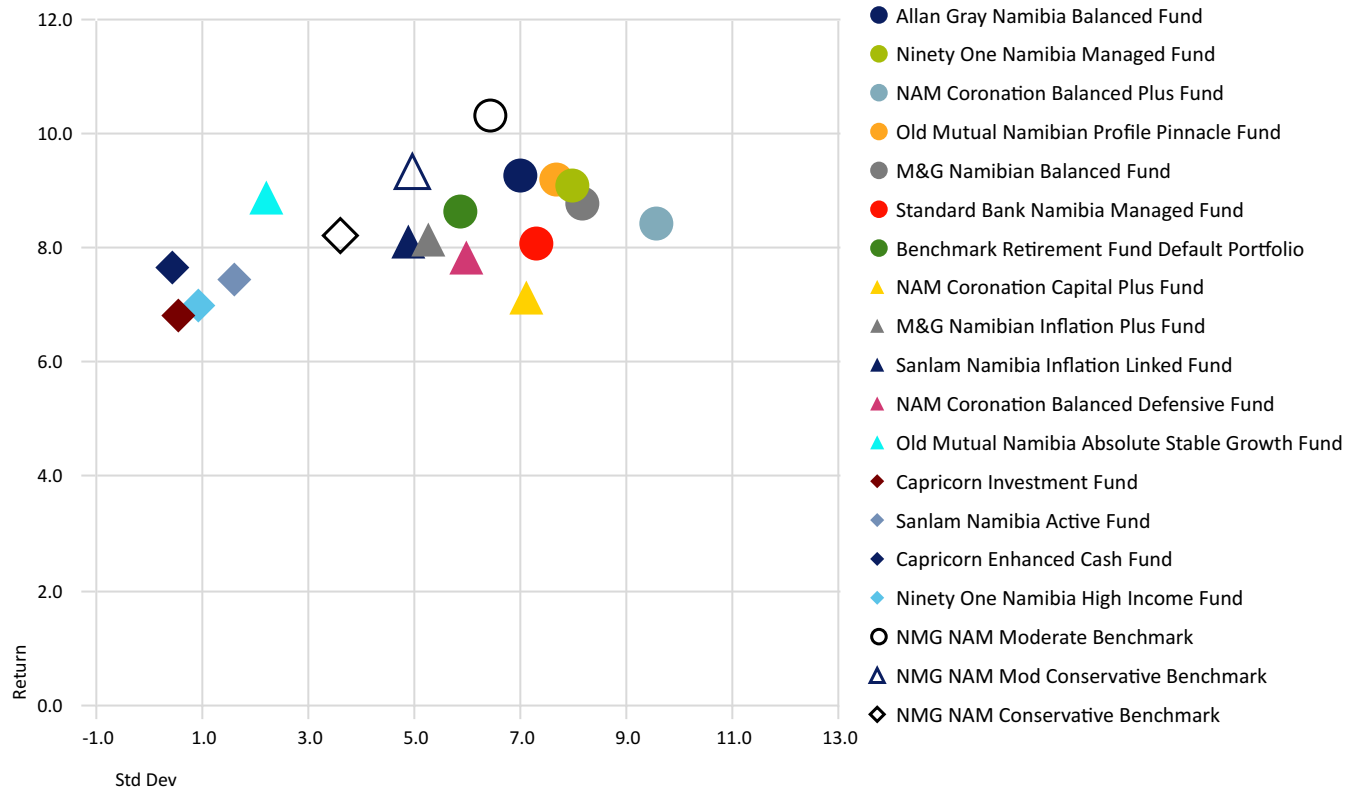
- **Aggressive risk portfolios:** Short term negative returns are possible with this type of portfolio. Exposure to equities (shares) is normally maximised for these types of portfolios in order to achieve the return objective. Maximisation of equity exposure however takes place within the prudential 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.

Introduction

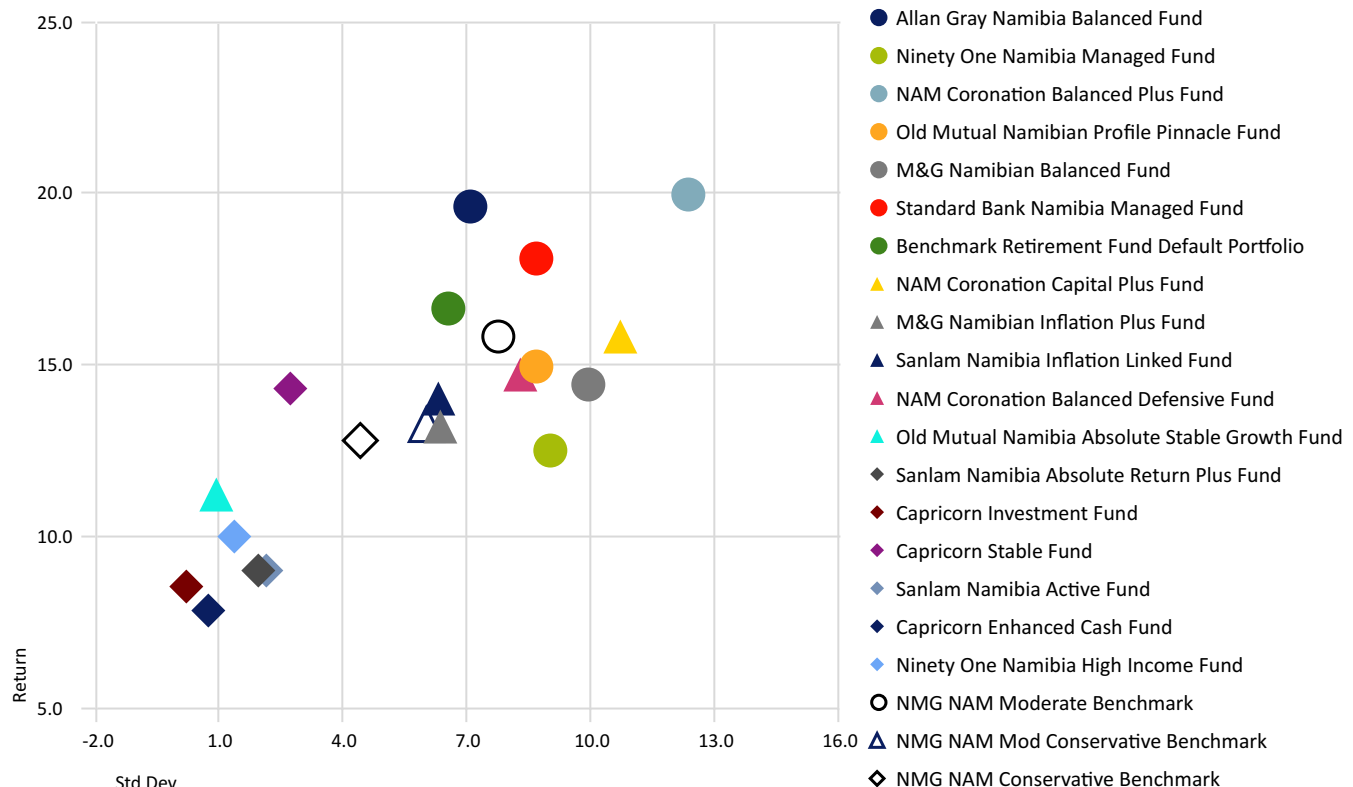
Risk-Reward - Over the long term

Time Period: 01-January-2014 to 31-December-2023



Risk-Reward - Over the short term

Time Period: 01-January-2023 to 31-December-2023



Market Overview

Markets

Global equities posted their strongest quarterly performance in Q4, reversing from a weak Q3 to end the year strongly (+24% in \$ and +34% in ZAR) and close to record highs. South African equities rallied in tandem with global equities albeit with less vigor, posting a quarterly total return of around 7%, ending with a 9.25% total return for the year.

The yield on US 10-year treasuries ended the year almost unchanged around 3.8% but was volatile during the year with lows around 3.3% and highs around 5% as the market grappled with the path of US monetary policy.

US markets were largely the beneficiary of a capitulation in the market's views of further rate hikes with a change in expectations to rate cuts in the first half of 2024. Real estate stocks enjoyed a strong quarter, benefiting from the lower rate expectations. Technology stocks remained a key driver with the FAANG (Facebook, Apple, Amazon, Netflix, and Google) acronym being discarded for the new 'Magnificent Seven'. The Magnificent Seven dropped Netflix and added Tesla (EV's) and winners from the Artificial Intelligence boom including Microsoft and NVIDIA (a chip maker). Defensive sectors were laggards but managed to post gains amidst signs of a maturing market cycle.

Eurozone shares also enjoyed a strong Q4 for the year (+23% in \$) as the economic performance of the region struggled amid a more hawkish ECB. UK equities lagged (+10% in \$) on the back of political changes from 2022 and persistently high.

Emerging market equities (+6% in \$) lagged developed markets as tighter monetary policy and political unrest in key markets dominated. China's stock market performance (-6% in \$) was a key drag as several policy changes impacted the performance of stocks listed globally.

Within the South African markets, financial and industrial stocks outperformed while resource shares fell significantly over the year hampered by energy constraints and logistical pressures for export markets along with a mixed outlook for commodity prices globally.

The trade-weighted dollar weakened marginally by around 1% for the year. The Rand ended the year roughly 10% weaker against the greenback and underperformed most other emerging market currencies. Oil prices were volatile, peaking around 16% higher during the year before ending the year effectively unchanged.

Namibian stocks outperformed the JSE in 2023 with the NSX local posting a solid 43.5% total return amid strong economic performance. The NSX Overall lagged significantly, underperforming SA markets, given the large sector-specific SA exposure of this index.

Economy

Growth in the US remains robust despite the rate hiking cycle. However, rate hikes take around 18 months to fully filter through the economy. In the US the rate hike impact on household savings and disposable income has been muted due to a high proportion of fixed-rate household mortgages.

Europe remains weaker than expected with concerns over fiscal pressures in Germany and disappointing performance from its industrial sector.

Chinese growth has been supported by monetary stimulus, but weak domestic demand remains with weaker-than-expected import data.

South Africa's growth profile remains hampered by energy and logistical constraints. For 2023, the SA economy is likely to have growth at under 1% with expectations for 2024 remaining weak at around 1.2%.

Globally, growth is expected to decelerate further in 2024 with a rise in geopolitical tensions in several regions and further uncertainties arising from elections in many countries (including the US, India, and SA).

Namibian growth for 2023 remained remarkably strong with year-on-year growth rates averaging 7%. A strong primary sector was a key driver of growth and the Bank of Namibia remained upbeat about the outlook.

Inflation

Inflation continued to moderate in 2023 after peaking in 2022 at close to 9% in the US. Headline inflation fell to levels close to 3% but remains sticky above the Fed's 2% target level with consumer spending remaining robust.

Eurozone inflation fell to 2.4% in November 2023 and has recently ticked up. The ECB's commentary has been relatively more hawkish than the Fed more recently which is surprising considering the lowered inflation profile and the sluggish regional economic growth story. China has bucked the trend with inflation turning to deflation during 2023 as domestic demand remained sluggish despite the government's attempts to provide stimulus.

In South Africa, inflation troughed at 4.7% in July 2023 and has subsequently trended significantly higher. The average for the year is currently around 6% and we await December's inflation data. Growth pressures in SA are largely attributable to structural issues and the market is expecting the SARB to take its cue from the Fed and consider rate cuts during 2024.

Namibian inflation fell to 4.5% in July before trending higher to between 5-6% later in the year. A strong economy could permit higher rates to curb inflation further, but the Bank of Namibia has kept rates on hold for now, cognisant of its currency peg against the South African Rand.

Inflation is receding globally, but **geopolitical risks** represent the near-term risk and are hard to quantify. Regional divergences persist but as time passes these will ease and assist for a resumption in the coordination of global monetary policy. Central banks may need to tolerate inflation persisting above target levels as the global economy slows but the implication is that we will likely not see rates return to recent lows while inflation persistency continues.

Policy rates, yields, and the yield curve.

In line with the peak in inflation in 2022/2023, rates appear to have peaked and central banks and in particular the US Federal Reserve have indicated that a possible cycle turn may commence in 2024. China remains an outlier as inflation has turned to deflation pushing real rates higher.

Rate hikes which started in Q1 2022 and peaked in Q3 2023 would generally take up to 18 months to fully filter through the economy and the pause in rates was largely in line with this time frame to assess the impact of hikes so far before any further moves.

The SARB has kept the repo rate at 8.25% for the entire second half of 2023 and rates are expected to keep rates on hold signaling a softening in an otherwise hawkish stance.

The implications of all this have seen the US yield curve remain inverted, but the extent has moderated. In South Africa, the yield curve continued to flatten from very elevated levels, but steepening yield curves may emerge if we see short-end rates falling in the event of policy rate cuts from the SARB.

Over 2023, South African bonds remained well supported by local buyers despite a weaker global capital flow backdrop. The spread of SA yields vs. US yields has continued to compress during 2023 and is now close to 2018 levels however, exogenous inflationary pressures and the 2024 election will likely heighten risk premia.

A complication in the US is the Federal debt situation which appears dire. This has given rise to several debt ceiling debates and ratings agencies have indicated their concerns. While Debt to GDP levels have reached unprecedented levels (still below pandemic highs), it is debt service that appears to be the pressure point. Households remain sheltered by fixed long-term mortgages, but Federal interest payments have gone exponential. This is likely to be a key issue in the US election year.

There are also risks in what has been a very bullish credit market. High yield spreads have compressed significantly in 2023 and the spread of high yield vs. investment grade debt has gone from peaks of 4% in 2022 to levels around 2% currently. With a high proportion of commercial real estate debt due for refinancing in 2024 and the rise of private debt over the last year, this presents a concerning backdrop that warrants caution in the credit space.

Namibia's central bank has kept rates on hold at 7.75%, marginally below South African policy rates. The current pause and possible rate cycle reversal in SA and globally may provide scope for Namibian authorities to follow suit.

Conclusion:

In summary, global markets and economies outperformed domestic markets in 2023, ending the year strongly. Global growth is weakening in response to tighter monetary policy. Fiscal policy levers appear spent in much of the developed world. Debt sustainability issues in the US are a concern as spending remains high.

Geopolitical risks have escalated and remain a key risk to inflation and interest rates. Interesting themes for the year include artificial intelligence, the rise of GLP-1 drugs as well as the prevalence of elections in many countries.

Last year's asset class performance is also a testament to the importance of diversification both across asset classes as well as geographically and will likely remain a feature for 2024.

Market Overview

Periodic Table

| | | | | | | | | | | |
|---|---|---|---|---|--|--|---|---|---|---|
| Best ↑ ↓ Worst | Namibia: Local 34.3 | Namibia: Basic Materials 166.1 | Namibia: Basic Materials 32.6 | Namibia: Basic Materials 32.3 | Namibia: Basic Materials 29.1 | Namibia: Basic Materials 28.9 | Namibia: Basic Materials 41.3 | Namibia: Con- sumer discre- tionary 15.5 | Namibia: Con- sumer discre- tionary 48.3 | Namibia: Con- sumer discre- tionary 48.3 |
| | Namibia: Con- sumer Staples 10.0 | Namibia: Over- all 27.8 | Namibia: Con- sumer discre- tionary 29.6 | Namibia: Con- sumer Staples 16.1 | Namibia: IJG ALBI(All Bond) 12.1 | Namibia: IJG ALBI(All Bond) 14.4 | Namibia: Over- all 33.9 | Namibia: Fi- nancials 11.3 | Namibia: Local 43.5 | Namibia: Local 43.5 |
| | Namibia: IJG Money Market 6.5 | Namibia: Local 15.2 | Namibia: Fi- nancials 27.5 | Namibia: IJG ALBI(All Bond) 11.0 | Namibia: Con- sumer Staples 9.7 | Namibia: Con- sumer discre- tionary 6.1 | Namibia: Con- sumer Staples 32.6 | Namibia: Con- sumer Staples 11.0 | Namibia: Fi- nancials 30.3 | Namibia: Fi- nancials 30.3 |
| | Namibia: IJG ALBI(All Bond) 1.1 | Namibia: Fi- nancials 14.1 | Namibia: Over- all 26.4 | Namibia: IJG Money Market 7.8 | Namibia: IJG Money Market 7.5 | Namibia: IJG Money Market 5.8 | Namibia: Con- sumer discre- tionary 32.4 | Namibia: Over- all 9.7 | Namibia: Con- sumer Staples 25.4 | Namibia: Con- sumer Staples 25.4 |
| | Namibia: Con- sumer discre- tionary -1.7 | Namibia: Con- sumer Staples 13.9 | Namibia: Local 14.1 | Namibia: Local 7.2 | Namibia: Over- all 4.6 | Namibia: Over- all -2.0 | Namibia: Fi- nancials 22.7 | Namibia: IJG ALBI(All Bond) 8.4 | Namibia: IJG ALBI(All Bond) 18.7 | Namibia: IJG ALBI(All Bond) 18.7 |
| | Namibia: Fi- nancials -4.6 | Namibia: IJG ALBI(All Bond) 11.7 | Namibia: IJG ALBI(All Bond) 13.1 | Namibia: Over- all 4.5 | Namibia: Local 3.0 | Namibia: Con- sumer Staples -10.2 | Namibia: Local 21.6 | Namibia: Basic Materials 7.9 | Namibia: IJG Money Market 8.1 | Namibia: IJG Money Market 8.1 |
| | Namibia: Over- all -17.8 | Namibia: Con- sumer discre- tionary 11.2 | Namibia: IJG Money Market 8.3 | Namibia: Fi- nancials 1.5 | Namibia: Fi- nancials -1.9 | Namibia: Local -22.2 | Namibia: IJG ALBI(All Bond) 4.4 | Namibia: IJG Money Market 5.7 | Namibia: Over- all 5.7 | Namibia: Over- all 5.7 |
| | Namibia: Basic Materials -63.3 | Namibia: IJG Money Market 7.6 | Namibia: Con- sumer Staples -7.0 | Namibia: Con- sumer discre- tionary -9.4 | Namibia: Con- sumer discre- tionary -34.7 | Namibia: Fi- nancials -22.4 | Namibia: IJG Money Market 4.2 | Namibia: Local 2.0 | Namibia: Basic Materials -21.7 | Namibia: Basic Materials -21.7 |
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | YTD |

Namibian Indices

| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|---------------------------------|--------------------|-------|--------|---------|---------|----------|
| Namibia: Basic Materials | -8.0 | -21.7 | -21.7 | 6.1 | 14.7 | 12.4 |
| Namibia: Consumer discretionary | -2.8 | 48.3 | 48.3 | 31.4 | 9.5 | 7.8 |
| Namibia: Financials | 14.1 | 30.3 | 30.3 | 21.2 | 6.3 | 9.1 |
| Namibia: Consumer Staples | 12.9 | 25.4 | 25.4 | 22.6 | 12.7 | 11.9 |
| Namibia: Local | 0.9 | 43.5 | 43.5 | 21.2 | 7.3 | 12.8 |
| Namibia: Overall | 4.7 | 5.7 | 5.7 | 15.8 | 9.7 | 9.6 |
| Namibia: IJG ALBI(All Bond) | 6.7 | 18.7 | 18.7 | 10.3 | 11.5 | 10.3 |
| Namibia: IJG Money Market | 2.1 | 8.1 | 8.1 | 6.0 | 6.2 | 6.7 |

Market Overview

RSA Headline Indices

| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|-----------------------------|-----------------|-------|--------|---------|---------|----------|
| RSA: All Share | 6.9 | 9.3 | 9.3 | 13.5 | 11.9 | 8.8 |
| RSA: SWIX | 8.0 | 7.8 | 7.8 | 10.6 | 8.7 | 7.3 |
| RSA: Capped SWIX | 8.2 | 7.9 | 7.9 | 12.7 | 9.0 | 7.1 |
| RSA: Top 40 (Large Caps) | 6.6 | 9.0 | 9.0 | 13.4 | 12.5 | 8.9 |
| RSA: Mid Cap | 10.0 | 9.7 | 9.7 | 12.8 | 7.3 | 6.8 |
| RSA: Small Cap | 8.6 | 11.2 | 11.2 | 23.9 | 12.7 | 8.4 |
| RSA: Listed Property | 16.4 | 10.1 | 10.1 | 14.9 | 0.2 | 2.9 |
| RSA: Resources | 0.0 | -15.4 | -15.4 | 6.0 | 12.5 | 5.6 |
| RSA: Industrials 25 | 5.9 | 17.3 | 17.3 | 12.1 | 12.3 | 8.8 |
| RSA: Financial 15 | 12.3 | 21.8 | 21.8 | 19.6 | 6.8 | 8.3 |
| RSA: All Bond Index | 8.1 | 9.7 | 9.7 | 7.4 | 8.2 | 8.0 |
| RSA: Inflation Linked Bonds | 6.1 | 7.1 | 7.1 | 8.8 | 6.6 | 5.6 |
| RSA: STeFI Composite (Cash) | 2.1 | 8.1 | 8.1 | 5.7 | 5.9 | 6.4 |

Consumer Price Index

| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years |
|-------------|-----------------|-----|--------|---------|---------|
| Namibia CPI | 0.9 | 5.3 | 5.3 | 5.6 | 4.3 |

Commodities

| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|----------|-----------------|------|--------|---------|---------|----------|
| Gold | 7.9 | 23.2 | 23.2 | 11.1 | 15.6 | 11.7 |
| Platinum | 5.2 | 4.2 | 4.2 | 7.3 | 10.0 | 2.6 |
| Oil | -21.5 | -3.6 | -3.6 | 22.8 | 12.7 | 2.0 |

International Indices

Currency: South African Rand

| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|----------------------------|-----------------|------|--------|---------|---------|----------|
| USA: S&P 500 | 8.4 | 35.7 | 35.7 | 18.3 | 21.4 | 18.5 |
| UK: FTSE 100 | 3.7 | 22.9 | 22.9 | 15.8 | 12.1 | 8.5 |
| Japan: Nikkei 225 Average | 8.1 | 31.7 | 31.7 | 5.7 | 12.8 | 12.5 |
| MSCI Emerging Markets | 4.3 | 15.0 | 15.0 | -0.4 | 6.1 | 6.0 |
| MSCI World | 8.3 | 33.7 | 33.7 | 16.0 | 19.0 | 15.4 |
| MSCI All Country World | 7.9 | 32.0 | 32.0 | 14.3 | 17.8 | 14.7 |
| USA: DJ Industrial Average | 9.8 | 24.9 | 24.9 | 17.7 | 18.0 | 17.4 |

Global Fixed Income

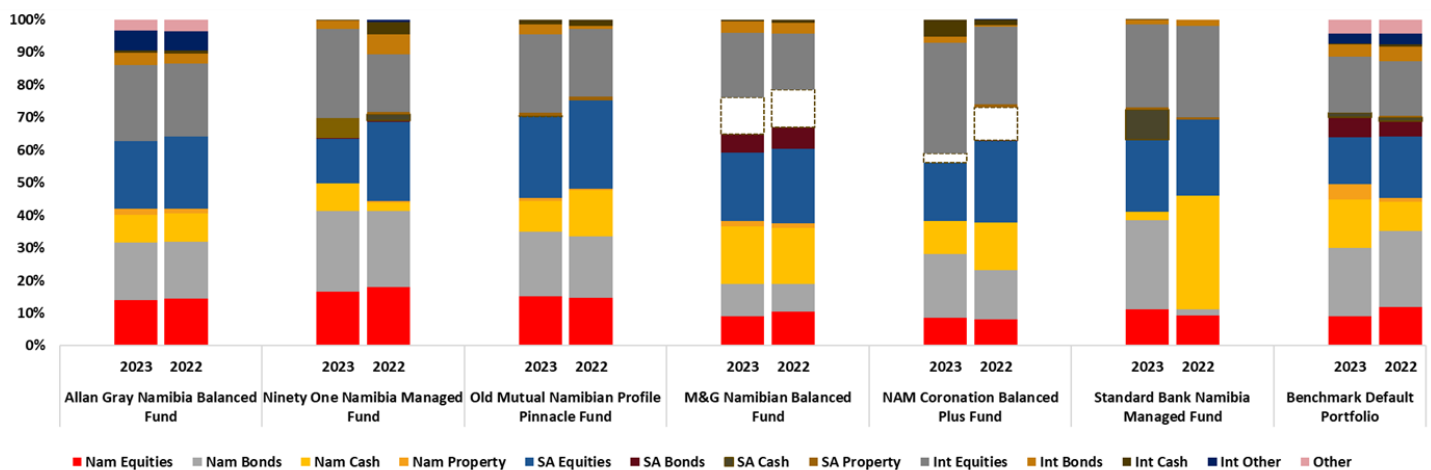
Currency: South African Rand

| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|------------------------------------|-----------------|------|--------|---------|---------|----------|
| FTSE World Government Bond Index | 3.1 | 13.3 | 13.3 | 2.9 | 4.5 | 5.4 |
| ICE BofA 0-3 M US Trsy Bill TR USD | -1.6 | 13.0 | 13.0 | 9.9 | 6.9 | 7.0 |
| ICE BofA 3-6 M US Trsy Bill TR USD | -1.6 | 13.0 | 13.0 | 9.9 | 7.0 | 7.1 |
| FTSE WGBI USD | 4.9 | 13.1 | 13.1 | -0.1 | 3.5 | 5.4 |

Performance Comparison

Moderate Risk Portfolios

Asset Allocation as at 31 December 2023 as compared to 31 December 2022



Notes 31 December 2023:

1. Allan Gray: International Other represents Property, Hedged Equity & Commodities
2. Allan Gray: Other represents SA and Namibia Commodities
3. Allan Gray: International Equity represents Net Equity
4. Default: International Other represents Property, Hedged Equity and Commodities.
5. NAM Coronation Balanced: Other represents Commodities and preference shares and International Other represents property and commodities.
6. NAM Coronation, Prudential and Old Mutual use derivatives to gain additional exposure to certain assets beyond 100%. Thus the cash allocation has an offsetting negative exposure, representing the liability or cash that is 'owed' for these assets. The total thus represents the "Notional Cash Value" for the entire effective derivative exposure.
7. Negative allocation to an asset class is represented by dashed bars.

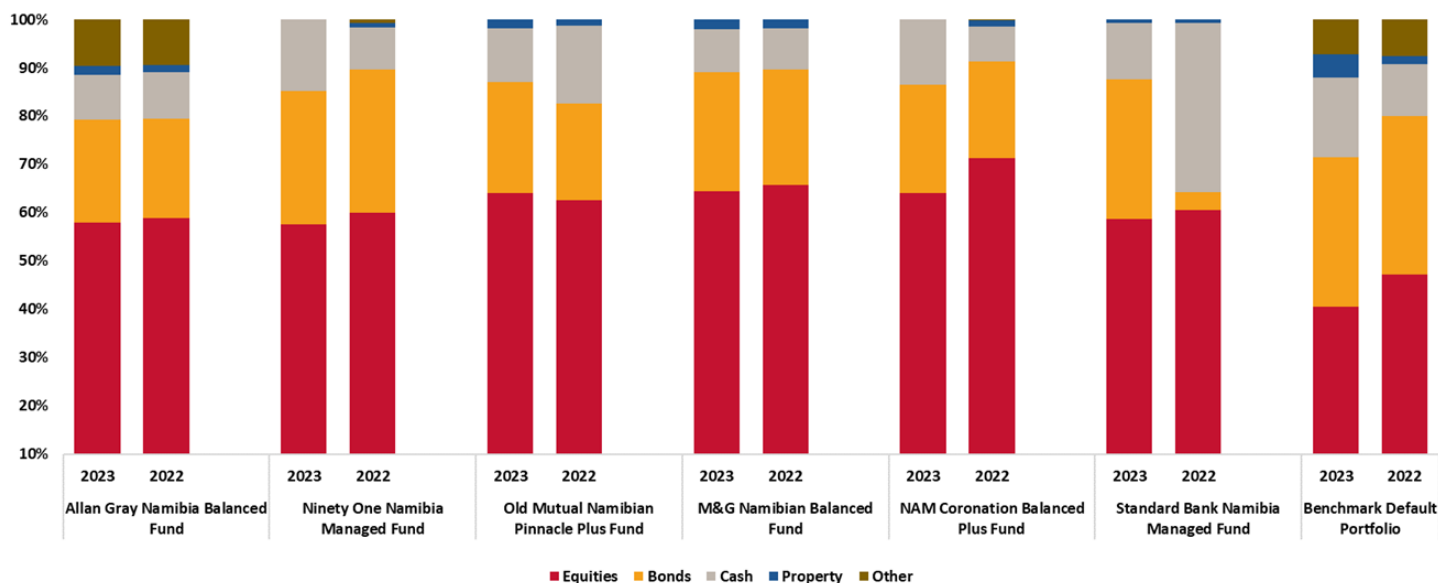
Notes 31 December 2022:

1. Allan Gray: International Other represents Property, Hedged Equity & Commodities
2. Allan Gray: Other represents SA and Namibia Commodities
3. Allan Gray: International Equity represents Net Equity
4. Default: International Other represents Property, Hedged Equity and Commodities.
5. NAM Coronation Balanced Plus: Other represents Commodities and International Other represents Property.
6. NAM Coronation and Prudential use derivatives to gain additional exposure to certain assets beyond 100%. Thus the cash allocation has an offsetting negative exposure, representing the liability or cash that is 'owed' for these assets. The total thus represents the "Notional Cash Value" for the entire effective derivative exposure.
7. Negative allocation to an asset class is represented by dashed bars.

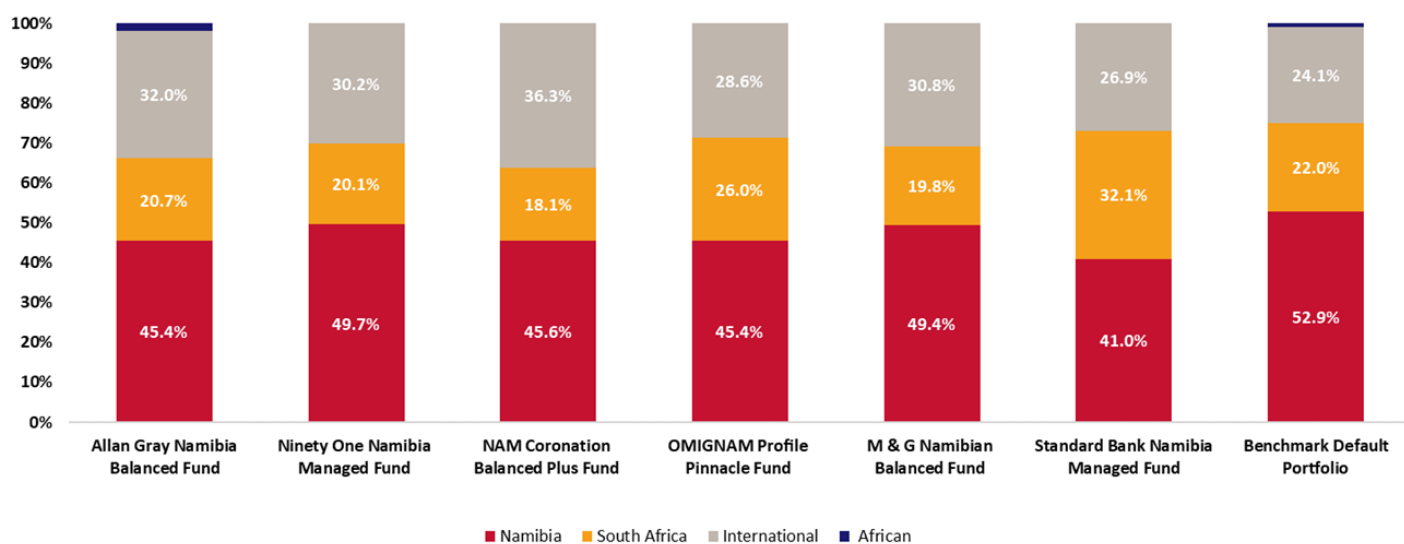
Performance Comparison

Moderate Risk Portfolios

Asset Allocation as at 31 December 2023 as compared to 31 December 2022



Geographical Split as at 31 December 2023:



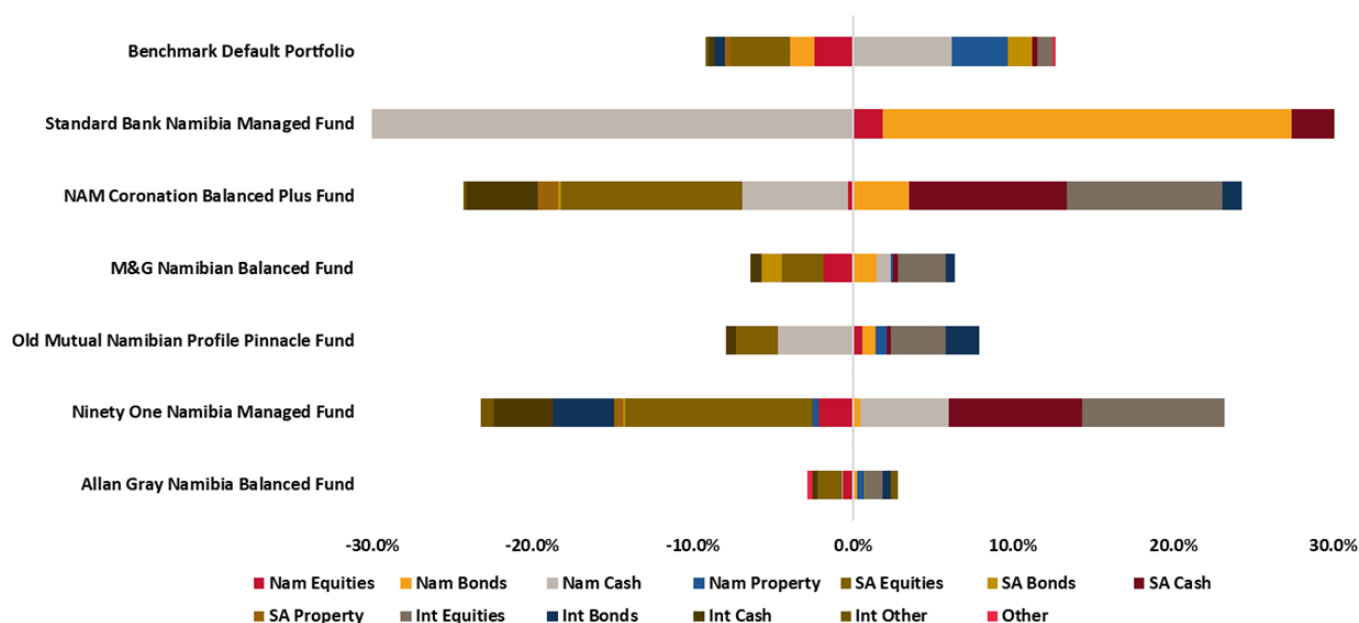
Notes:
Allan Gray: 1.9% African
Benchmark Default: 1.0% African

Performance Comparison

Moderate Risk Portfolios

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 2023**. 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 Standard Bank Namibia Managed Fund maintains the largest change to their portfolio over the last year, with a large shift from Namibian cash in Quarter 3 of 2023 into Namibia Bonds and South African Cash in Quarter 4 of 2023, the Namibian bonds are currently attractive as they are offering a high yield and SA cash remains an attractive asset class due to the high interest rates. Allan Gray had the least changes to their portfolio over the last year. Overall, the largest quantitative changes in the majority of portfolios was an increase in exposure to South African Cash, Namibian Bonds, International Equities and a reduction in the SA Equities. All Managers had a reduced exposure to SA Equities. It is important to take cognizance of the fact that these changes are not only due to active management decisions made by the underlying managers, but also due to market movements.

Performance Comparison

Moderate Risk Portfolios

Trailing Returns as at 31 December 2023

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|--------|---------|---------|----------|
| Allan Gray Namibia Balanced Fund | 19.6 | 14.2 | 10.5 | 9.3 |
| NAM Coronation Balanced Plus Fund | 20.0 | 11.8 | 11.3 | 8.4 |
| Ninety One Namibia Managed Fund | 12.5 | 9.9 | 9.5 | 9.1 |
| Old Mutual Namibian Profile Pinnacle Fund | 15.0 | 11.8 | 10.3 | 9.2 |
| Standard Bank Namibia Managed Fund | 18.1 | 8.2 | 8.9 | 8.1 |
| M&G Namibian Balanced Fund | 14.4 | 12.4 | 10.4 | 8.8 |
| Benchmark Retirement Fund Default Portfolio | 16.6 | 12.1 | 9.6 | 8.6 |
| NMG SA Moderate Benchmark | 12.7 | 11.3 | 11.2 | 9.2 |
| NMG NAM Moderate Benchmark | 15.8 | 11.8 | 11.7 | 10.3 |
| FTSE/JSE All Share TR ZAR | 9.3 | 13.5 | 11.9 | 8.8 |
| NAM CPI + 6% | 11.6 | 11.9 | 10.6 | 11.0 |

Trailing Returns as at 31 December 2022

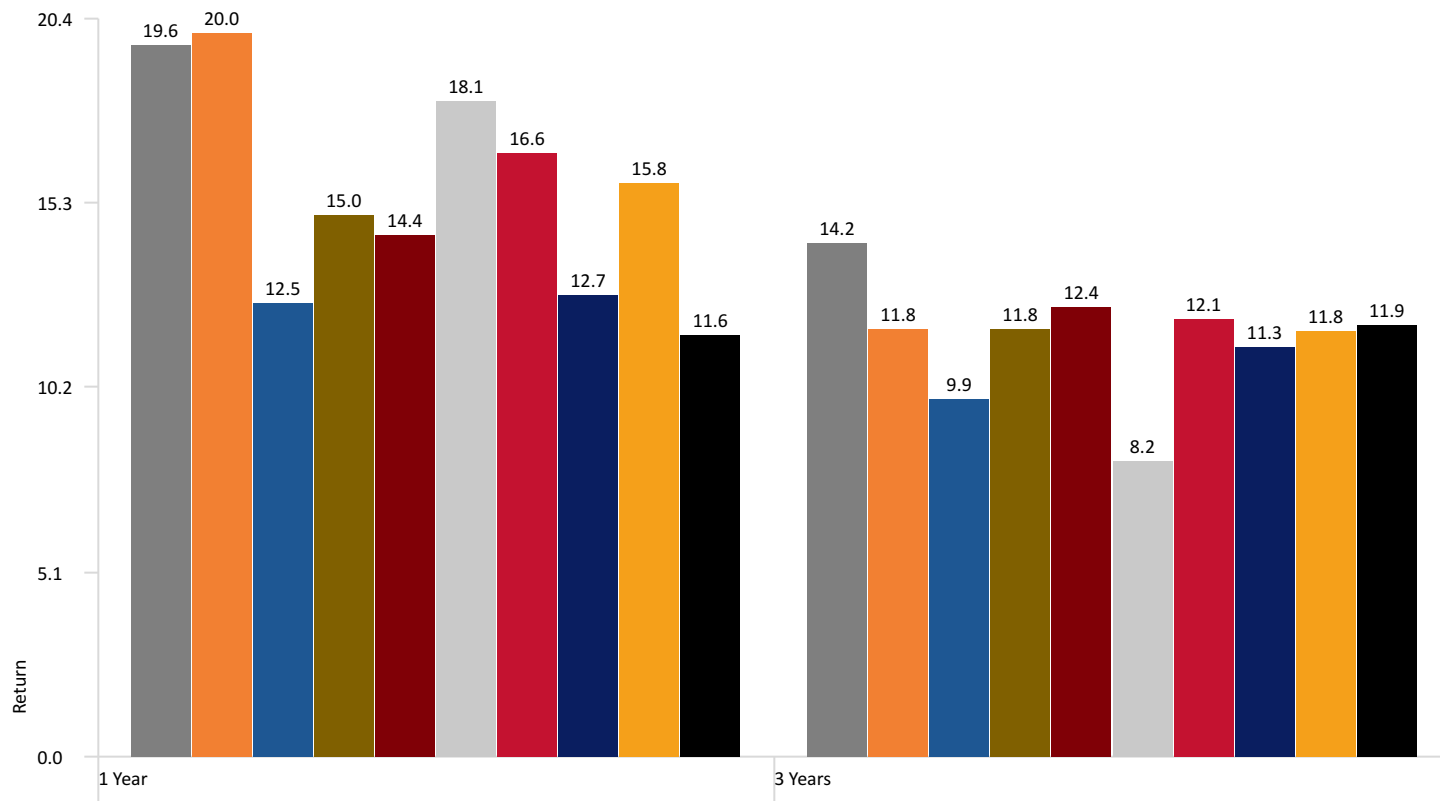
| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|--------|---------|---------|----------|
| Allan Gray Namibia Balanced Fund | 8.2 | 8.6 | 6.6 | 9.9 |
| NAM Coronation Balanced Plus Fund | -3.3 | 8.6 | 6.0 | 9.0 |
| Ninety One Namibia Managed Fund | 0.7 | 8.3 | 7.3 | 10.2 |
| Old Mutual Namibian Profile Pinnacle Fund | 0.2 | 8.9 | 7.2 | 9.9 |
| Standard Bank Namibia Managed Fund | -4.8 | 5.1 | 5.9 | 7.8 |
| M&G Namibian Balanced Fund | 4.0 | 9.3 | 7.3 | 9.4 |
| Benchmark Retirement Fund Default Portfolio | 6.1 | 7.7 | 6.6 | 9.0 |
| NMG SA Moderate Benchmark | 1.0 | 10.6 | 8.7 | 9.7 |
| NMG NAM Moderate Benchmark | 3.5 | 10.2 | 9.7 | 10.3 |
| FTSE/JSE All Share TR ZAR | 3.6 | 12.7 | 8.0 | 9.9 |
| NAM CPI + 6% | 13.3 | 10.8 | 10.5 | 11.0 |

The returns for the Default Portfolio and the Allan Gray Namibia Balanced Fund (segregated) are the unit price returns allocated to members after fees, which is received from RFS Fund Administrators. The remaining returns are net money-weighted rate of return after fees values calculated by NMG Investment Consultants from the data provided by the individual asset managers.

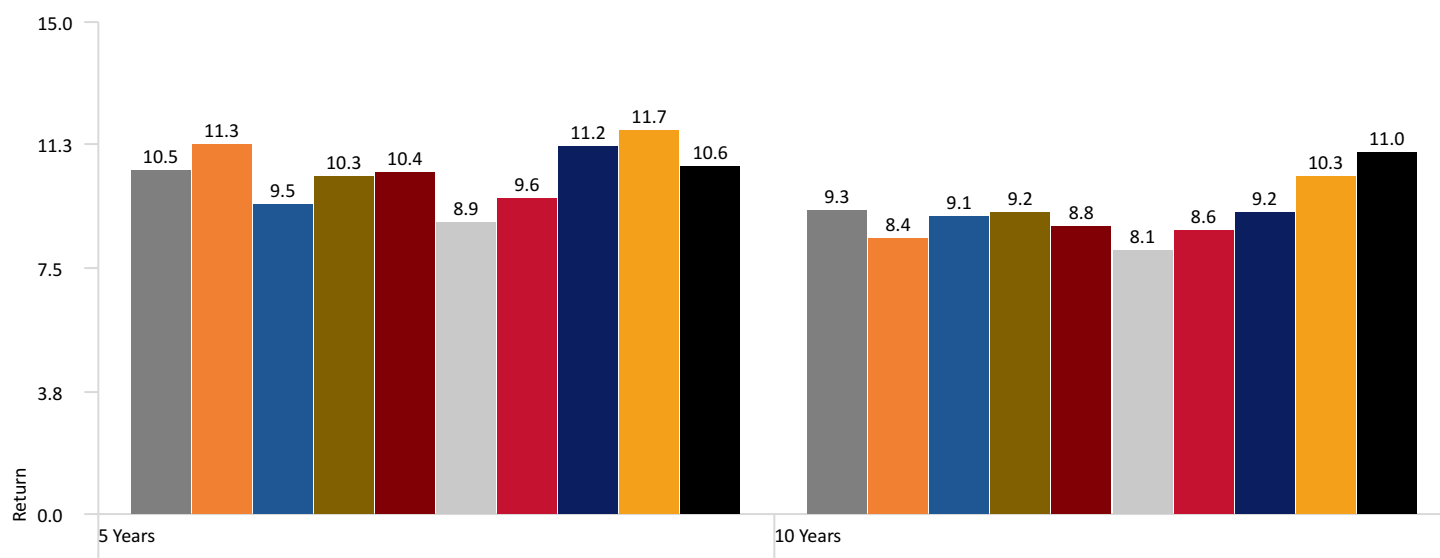
Performance Comparison

Moderate Risk Portfolios

1 & 3 year performance for the period ended 31 December 2023



5 & 10 years performance for the period ending 31 December 2023



Allan Gray Namibia Balanced Fund
 Old Mutual Namibian Profile Pinnacle Fund
 Benchmark Retirement Fund Default Portfolio
 NAM CPI + 6%

NAM Coronation Balanced Plus Fund
 M&G Namibian Balanced Fund
 NMG SA Moderate Benchmark

Ninety One Namibia Managed Fund
 Standard Bank Namibia Managed Fund
 NMG NAM Moderate Benchmark

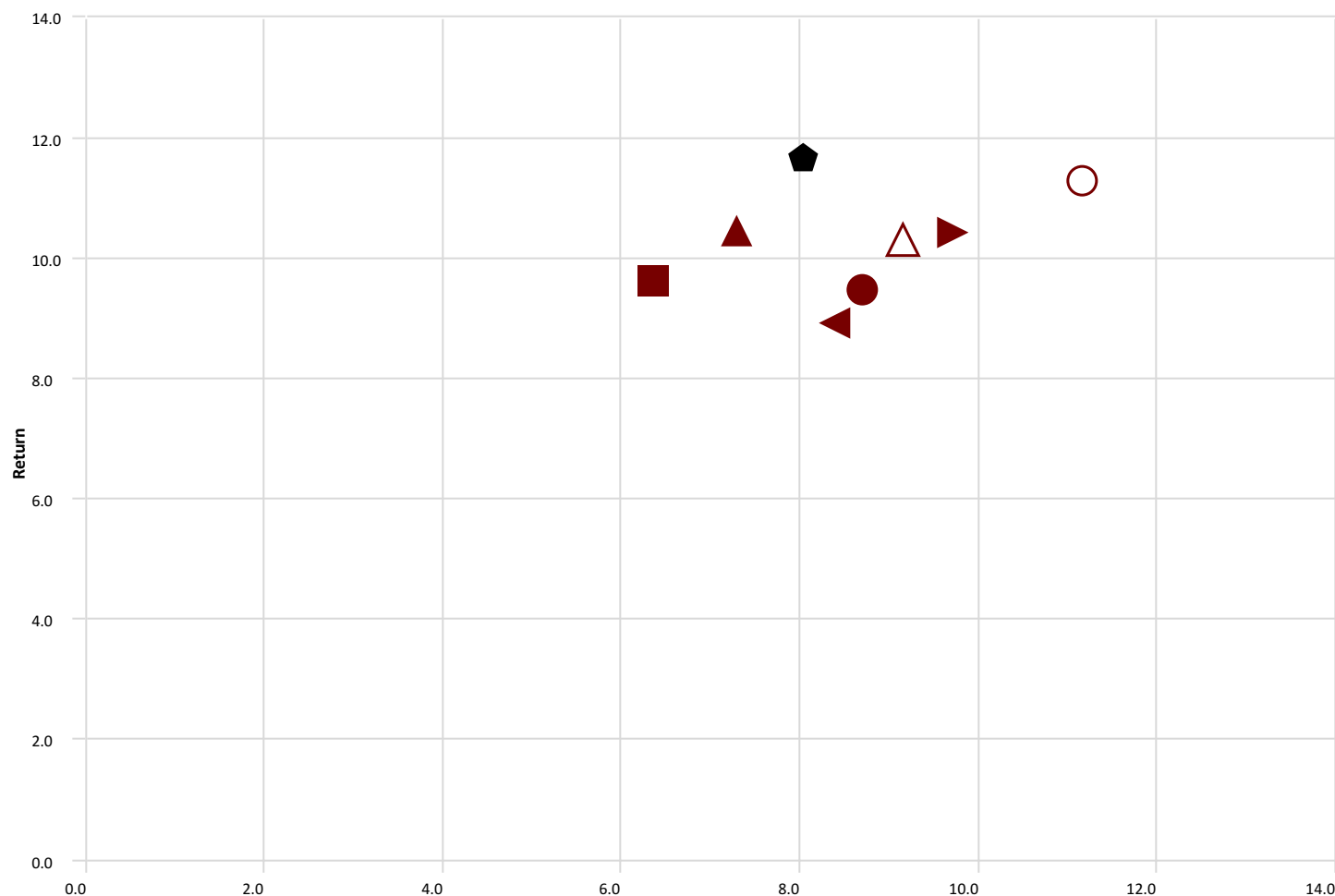
Performance Comparison

Moderate Risk Portfolios: Volatility vs Return

The following graph illustrates the volatility and return statistics of the moderate portfolios for a 5 year period. These returns are **net** of all investment charges.

Risk-Reward

Time Period: 01-January-2019 to 31-December-2023

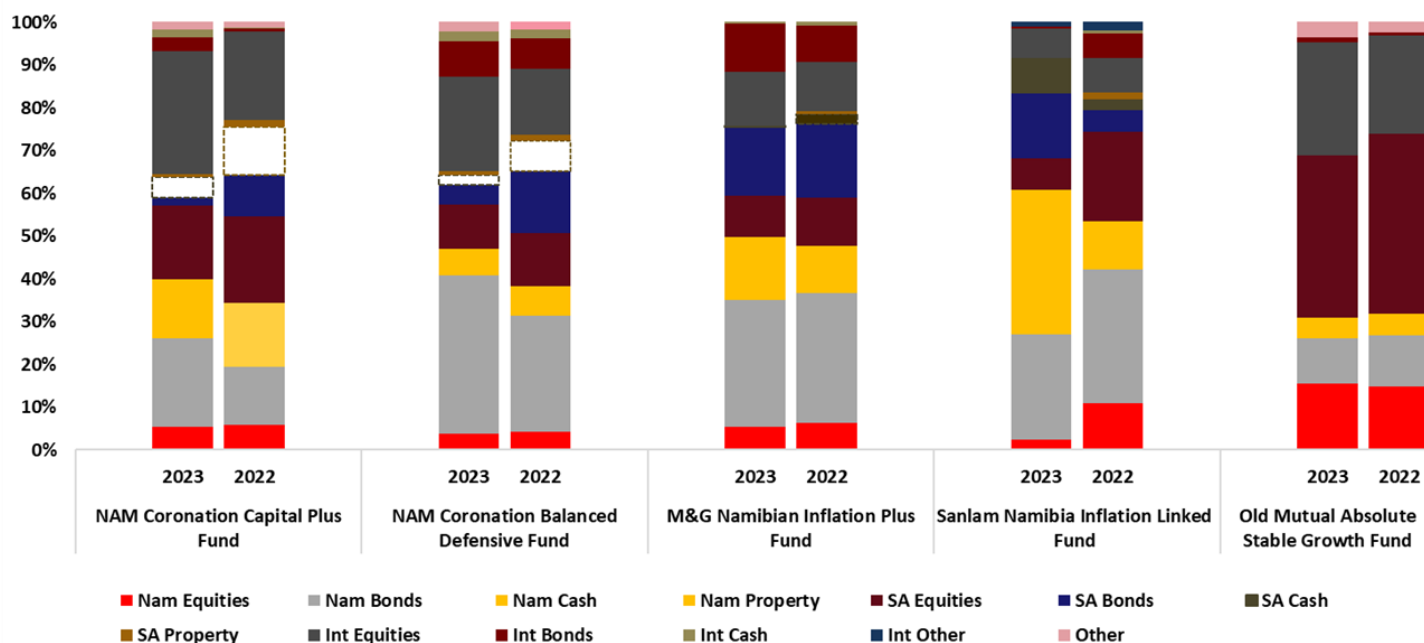


- Std Dev**
- ▲ Allan Gray Namibia Balanced Fund
 - ▲ Old Mutual Namibian Profile Pinnacle Fund
 - Benchmark Retirement Fund Default Portfolio
 - Ninety One Namibia Managed Fund
 - ▶ M&G Namibian Balanced Fund
 - ◆ NMG NAM Moderate Benchmark
 - NAM Coronation Balanced Plus Fund
 - ◀ Standard Bank Namibia Managed Fund

Performance Comparison

Moderate-Low Risk Portfolios

Asset Allocation as at 31 December 2023 as compared to 31 December 2022



Notes 31 December 2023:

1. NAM Coronation Capital Plus: International Other represents Commodities
2. Sanlam Namibia Inflation Linked: International Other represents Property
3. NAM Coronation Balanced Defensive SA Cash position includes an **off-set or "Notional Cash value"** for all derivative effective exposure.
4. NAM Coronation Capital Plus SA Cash position includes an **off-set or "Notional Cash value"** for all derivative effective exposure.
5. NAM Coronation Capital Plus & NAM Coronation Balanced Defensive: SA & NAM Other represents Commodities, Preference shares and other securities
6. Old Mutual Stable Growth: Other represents Namibian Alternative Investments

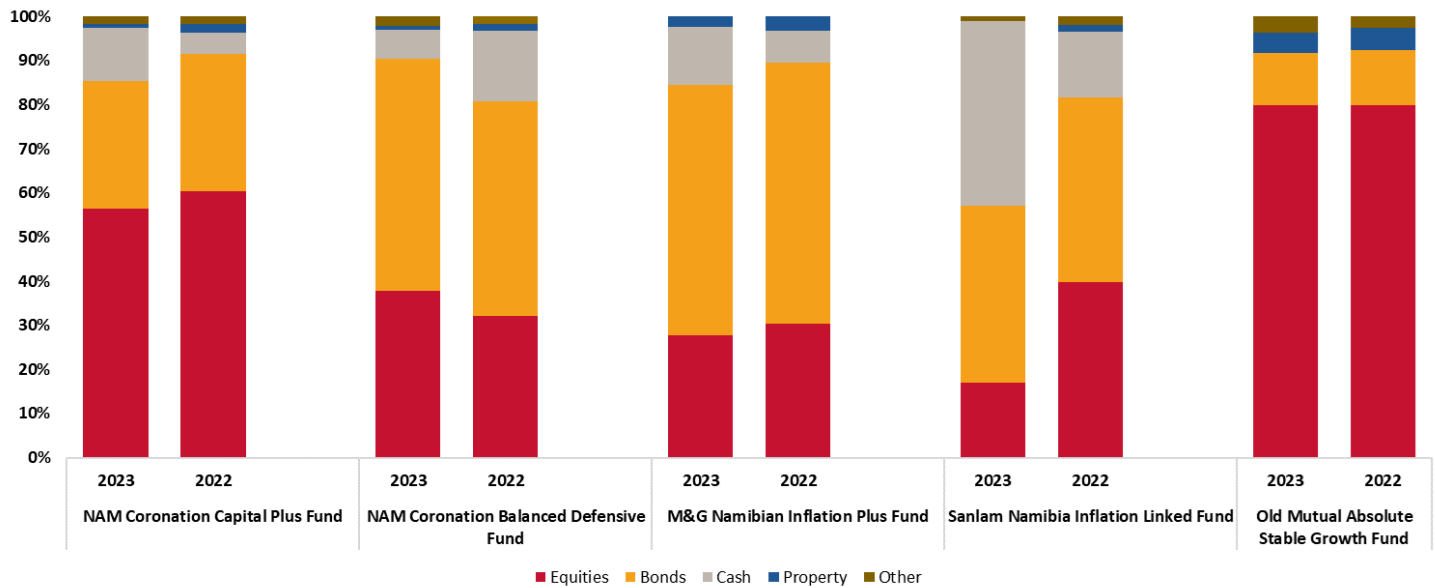
Notes 31 December 2022:

1. NAM Coronation Capital Plus: International Other represents Commodities
2. Sanlam Namibia Inflation Linked: International Other represents Property
3. NAM Coronation Balanced Defensive NAM Cash position includes an **off-set or "Notional Cash value"** for all derivative effective exposure.
4. NAM Coronation Capital Plus SA Cash position includes an **off-set or "Notional Cash value"** for all derivative effective exposure.
5. NAM Coronation Capital Plus & NAM Coronation Balanced Defensive: SA & NAM Other represents Commodities, Preference shares and other securities
6. Old Mutual Stable Growth: Other represents Namibian Alternative Investments

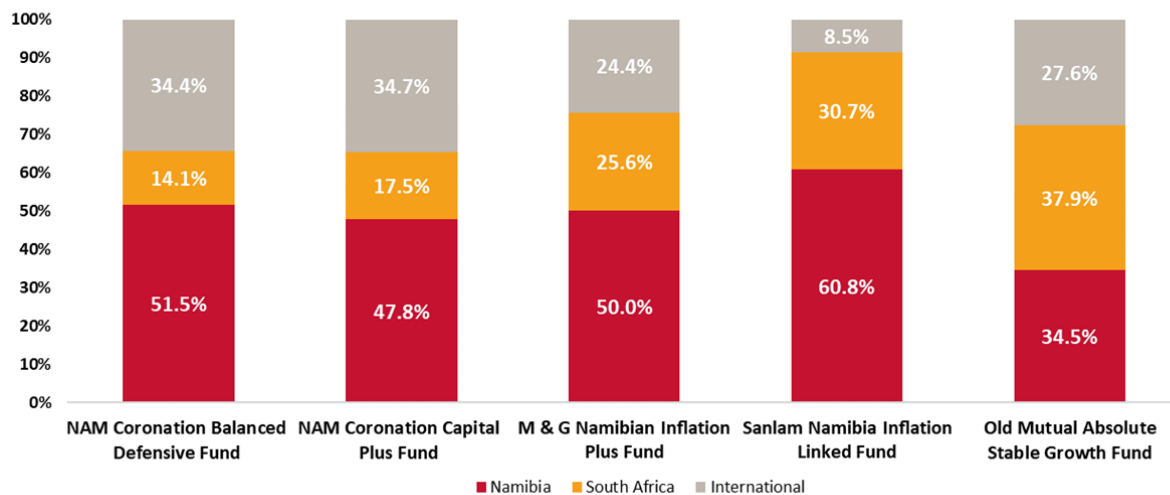
Performance Comparison

Moderate-Low Risk Portfolios

Asset Allocation as at 31 December 2023 compared 31 December 2022



Geographical Split as at 31 December 2023:



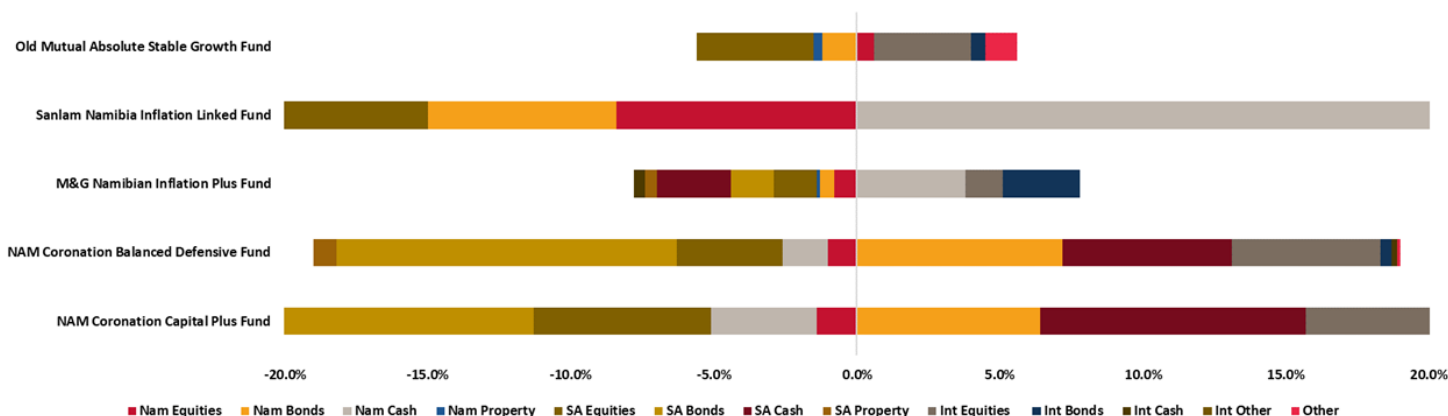
*Note: Sanlam and Old Mutual portfolios are classified as insurance policies and therefore their Namibian exposure is managed in accordance with the life company's balance sheet exposure

Performance Comparison

Moderate-Low Risk Portfolios

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 2023**. 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 Sanlam Namibia Inflation Linked Fund made the biggest change to their portfolio over the last year, with the major change being the further increase in Namibian Cash from Q3 2023 and an increased exposure to SA Cash, the fund significantly decreased its exposure to International Bonds. The Old Mutual Absolute Stable Growth Fund made the fewest changes over the last year. The largest quantitative changes in the majority of portfolios was an increase in exposure to International equities, SA Cash and a reduction in SA Equities. It is important to take cognizance of the fact that these changes are not only due to active management decisions made by the underlying managers, but also due to market movements.

Performance Comparison

Moderate-Low Risk Portfolios

Trailing Returns as at 31 December 2023

| | 1 Year | 3 Years | 5 Years | 10 Years |
|--|--------|---------|---------|----------|
| NAM Coronation Balanced Defensive Fund | 14.7 | 9.3 | 9.0 | 7.8 |
| NAM Coronation Capital Plus Fund | 15.8 | 9.5 | 9.4 | 7.1 |
| M&G Namibian Inflation Plus Fund | 13.2 | 10.4 | 8.9 | 8.1 |
| Sanlam Namibia Inflation Linked Fund | 14.0 | 9.1 | 8.8 | 8.1 |
| Old Mutual Absolute Stable Growth Fund | 11.2 | 11.7 | 7.6 | 8.9 |
| NMG NAM Mod Conservative Benchmark | 13.3 | 10.2 | 10.2 | 9.3 |
| NAM CPI + 4% | 9.5 | 9.8 | 8.5 | 8.9 |

Trailing Returns as at 31 December 2022

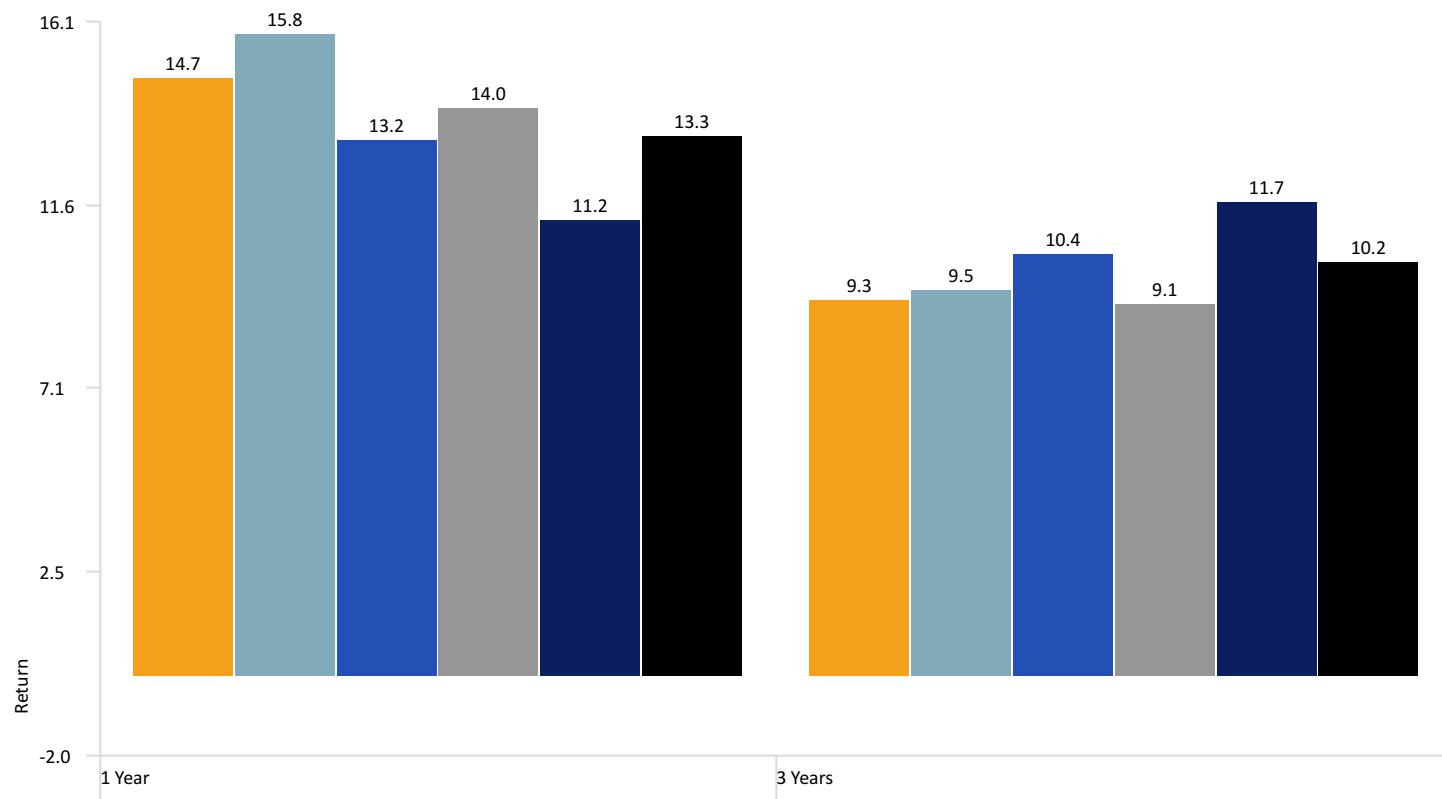
| | 1 Year | 3 Years | 5 Years | 10 Years |
|--|--------|---------|---------|----------|
| NAM Coronation Balanced Defensive Fund | 2.1 | 6.7 | 6.4 | 8.1 |
| NAM Coronation Capital Plus Fund | -1.2 | 6.8 | 5.8 | 7.4 |
| M&G Namibian Inflation Plus Fund | 4.8 | 7.3 | 6.7 | 8.4 |
| Sanlam Namibia Inflation Linked Fund | 2.3 | 6.4 | 6.6 | 8.2 |
| Old Mutual Absolute Stable Growth Fund | 9.5 | 7.6 | 6.6 | 9.1 |
| NMG NAM Mod Conservative Benchmark | 5.8 | 9.2 | 9.0 | 8.9 |
| NAM CPI + 4% | 11.2 | 8.8 | 8.5 | 8.9 |

The returns for the Old Mutual AGP portfolios are sourced from the NMG Survey data. The remaining returns are net money-weighted rate of return after fees values calculated by NMG Investment Consultants from the data provided by the individual asset managers.

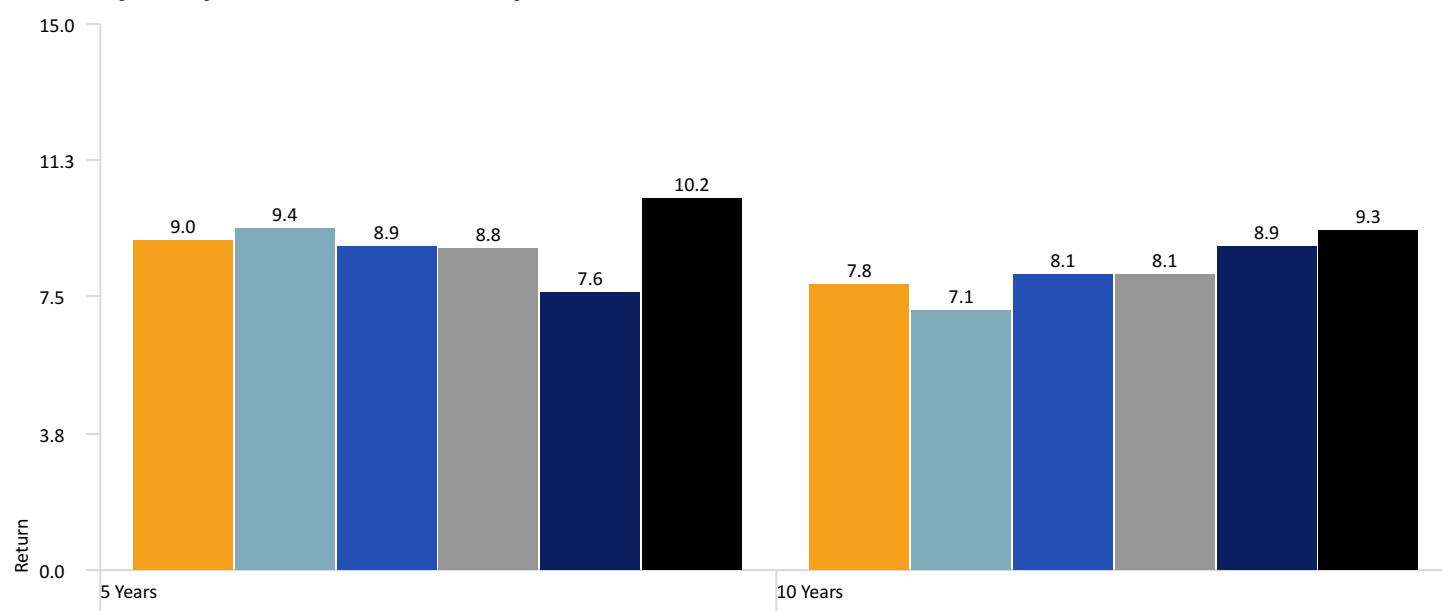
Performance Comparison

Moderate-Low Risk Portfolios

1 & 3 year performance for the period ended 31 December 2023



5 & 10 years performance for the period ended 31 December 2023



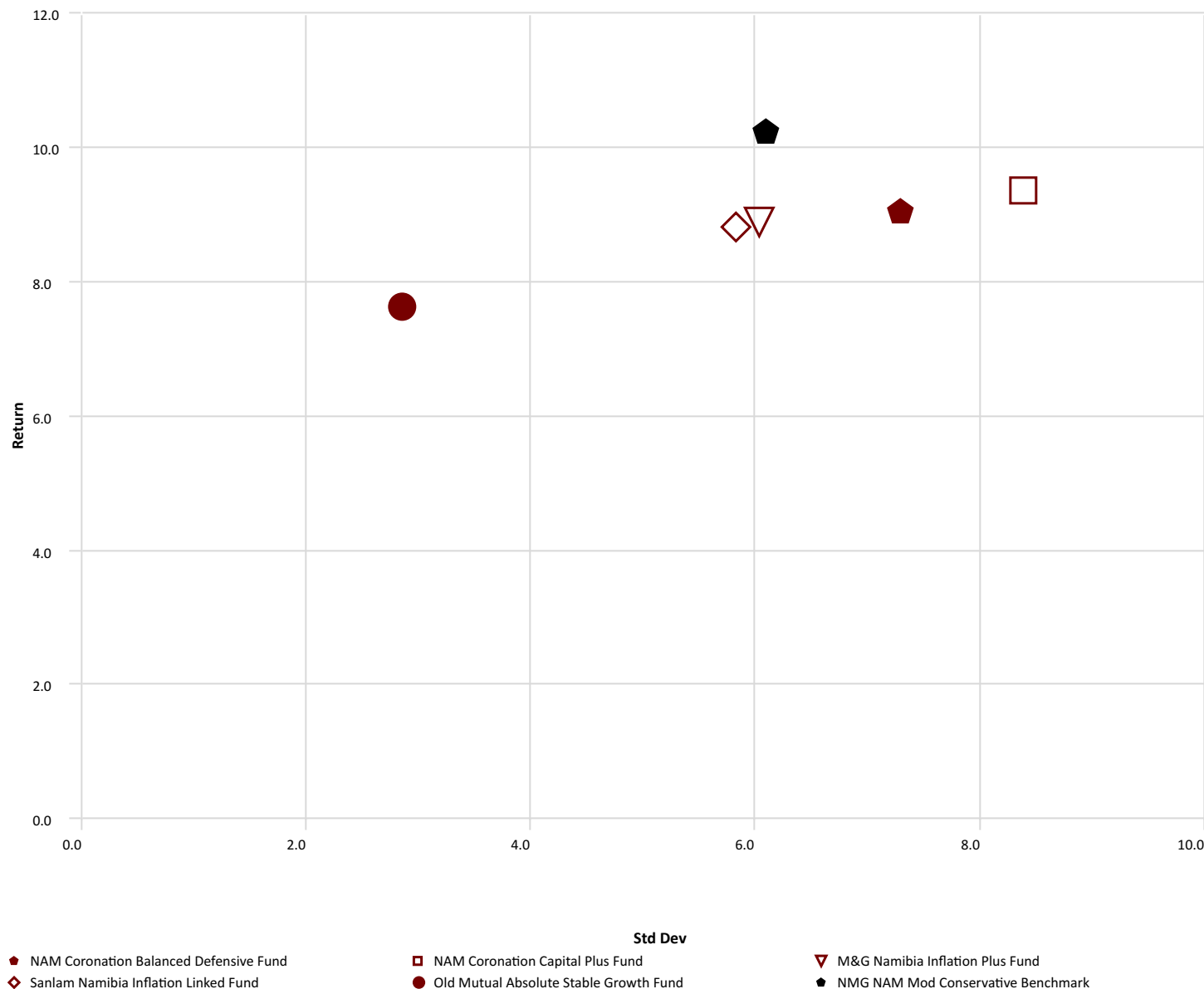
Performance Comparison

Moderate-Low Risk Portfolios: Volatility vs Return

The following graph illustrates the volatility and return statistics of the moderate low portfolios for a 5 year period. These returns are **net** of all investment charges.

Risk-Reward

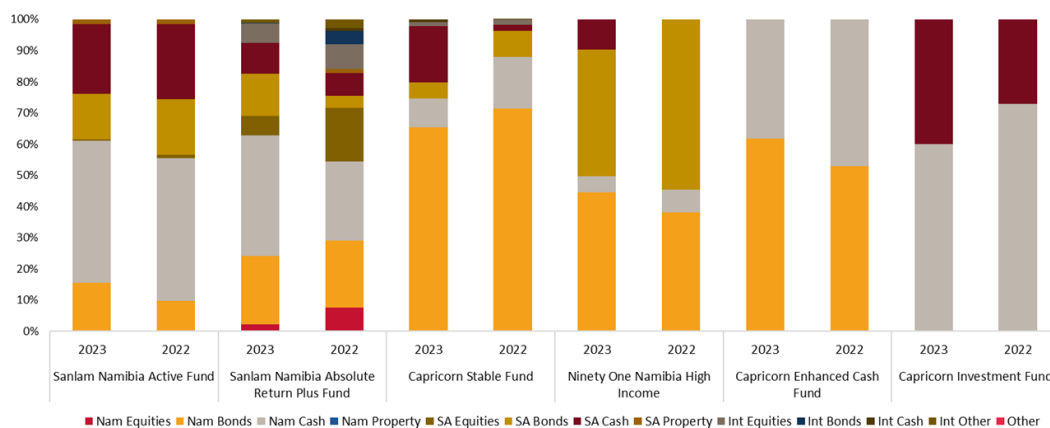
Time Period: 01-January-2019 to 31-December-2023



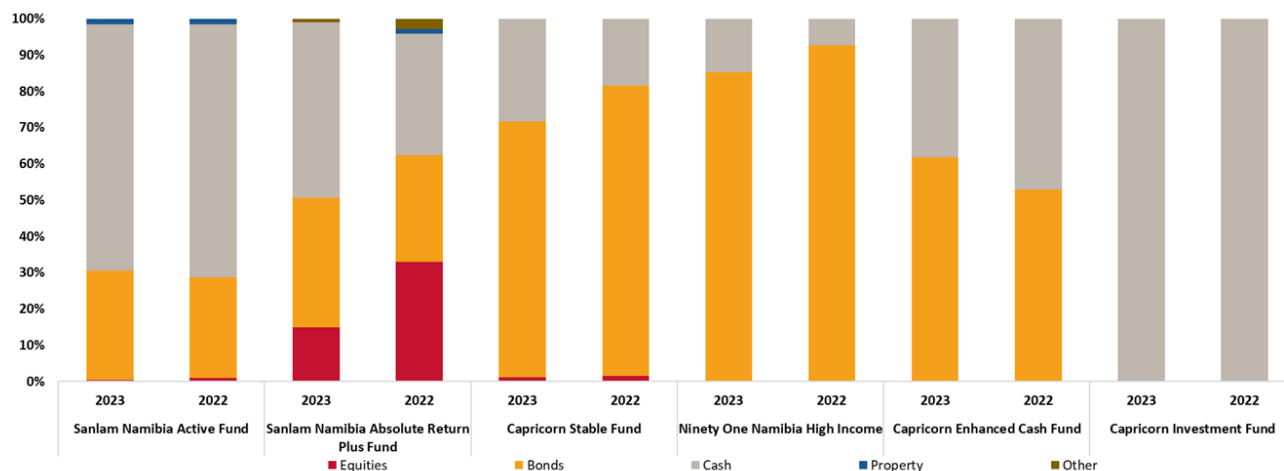
Performance Comparison

Low Risk and Capital Preservation Portfolios

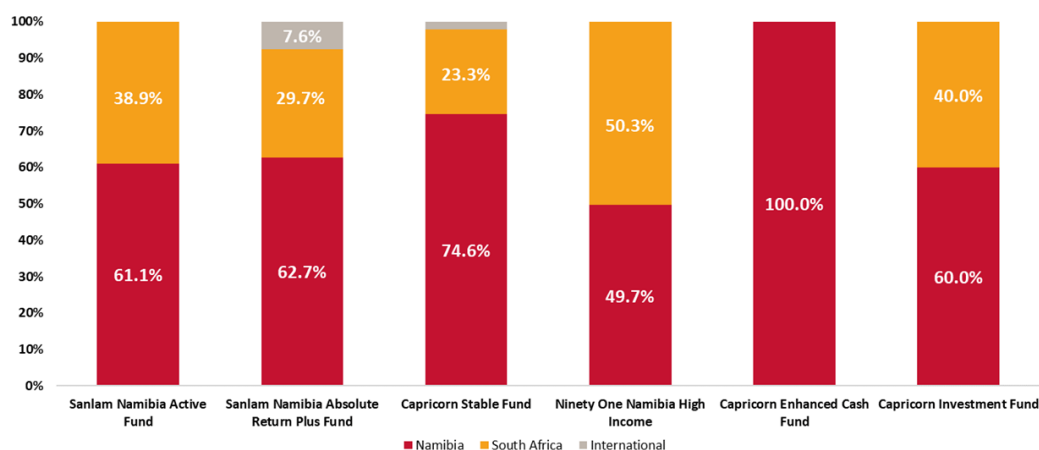
Asset Allocation as at 31 December 2023 as compared to 31 December 2022



The total Namibian exposure is 61.1% for the Sanlam Namibia Active Fund. The Capricorn Stable fund is a multi-asset low risk fund. 74.6% of the funds assets are currently invested in Namibian assets. The Money Market Fund (Capricorn Investment Fund) is managed by Capricorn Asset Management and is mainly invested in Namibian & South African cash investments. The Sanlam Namibia Absolute Return Plus fund is a low risk smoothing product with 62.7% exposure to Namibian assets.



Geographical Split as at 31 December 2023:



*The Sanlam Namibia Absolute Return Plus fund is classified as an insurance policy and therefore their Namibian exposure is managed in accordance with the life company's balance sheet exposure.

Performance Comparison

Low Risk and Capital Preservation Portfolios

Trailing Returns as at 31 December 2023

| | 1 Year | 3 Years | 5 Years | 10 Years |
|--|--------|---------|---------|----------|
| Sanlam Namibia Active Fund | 9.0 | 6.7 | 6.7 | 7.4 |
| Sanlam Namibia Absolute Return Plus Fund** | 9.0 | 6.4 | 6.5 | 7.7 |
| Capricorn Stable Fund* | 14.3 | 11.4 | 10.4 | — |
| Ninety One Namibia High Income Fund*** | 10.0 | 6.9 | 7.2 | 7.0 |
| Capricorn Enhanced Cash Fund*** | 7.8 | 6.3 | 7.1 | 7.7 |
| NAM CPI + 1% | 6.4 | 6.6 | 5.4 | 5.8 |
| NAM CPI + 2% | 7.4 | 7.7 | 6.4 | 6.8 |
| FTSE/JSE ALB 1-3 Yr TR ZAR | 9.2 | 6.3 | 7.6 | 7.7 |

*Investment by Benchmark into the fund was only made at the end of March 2019. Returns beyond that period are for illustrative purposes.

**Investment by Benchmark into the fund was only made during June of 2019. Returns beyond that period are for illustrative purposes.

***Investment by Benchmark into the fund was only made during February 2022. Returns beyond that period are for illustrative purposes.

Trailing Returns as at 31 December 2022

| | 1 Year | 3 Years | 5 Years | 10 Years |
|--|--------|---------|---------|----------|
| Sanlam Namibia Active Fund | 5.7 | 5.5 | 6.4 | 7.2 |
| Sanlam Namibia Absolute Return Plus Fund** | 4.0 | 5.2 | 5.8 | 7.4 |
| Capricorn Stable Fund* | 14.4 | 9.2 | 8.6 | — |
| Ninety One Namibia High Income Fund*** | 6.9 | 6.0 | 6.9 | 6.4 |
| Capricorn Enhanced Cash Fund*** | 6.2 | 6.3 | 7.2 | 7.5 |
| NAM CPI + 1% | 8.0 | 5.6 | 5.3 | 5.8 |
| NAM CPI + 2% | 9.0 | 6.7 | 6.4 | 6.8 |
| FTSE/JSE ALB 1-3 Yr TR ZAR | 5.7 | 7.1 | 7.6 | 7.2 |

*Investment by Benchmark into the fund was only made at the end of March 2019. Returns beyond that period are for illustrative purposes.

**Investment by Benchmark into the fund was only made during June of 2019. Returns beyond that period are for illustrative purposes.

***Investment by Benchmark into the fund was only made during February 2022. Returns beyond that period are for illustrative purposes.

Trailing Returns as at 31 December 2023

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---------------------------|--------|---------|---------|----------|
| Capricorn Investment Fund | 8.5 | 6.3 | 6.4 | 6.8 |
| NAM CPI | 5.3 | 5.6 | 4.3 | 4.7 |
| IJG Money Market GR NAD | 8.1 | 6.0 | 6.2 | 6.7 |

Trailing Returns as at 31 December 2022

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---------------------------|--------|---------|---------|----------|
| Capricorn Investment Fund | 6.0 | 5.4 | 6.3 | 6.5 |
| NAM CPI | 6.9 | 4.6 | 4.3 | 4.7 |
| IJG Money Market GR NAD | 5.7 | 5.2 | 6.2 | 6.5 |

The returns are net money-weighted rate of return after fees values calculated by NMG Investment Consultants from the data provided by the individual asset managers.

Performance Comparison

Unlisted Investments

Trailing Returns as at 31 December 2023

| | 1 Year | 3 Years | 5 Years | 01-January-2016 - 31-December-2023 |
|------------------------------|-------------|-------------|------------|------------------------------------|
| Allegrow Fund* | 13.4 | -4.3 | -2.3 | 0.1 |
| Caliber Capital Fund (A) | 10.8 | 8.4 | 8.4 | 7.3 |
| IJG Frontier Investment Fund | 1.6 | 7.0 | -4.0 | -3.3 |
| Stimulus | — | 5.2 | 5.3 | 3.8 |
| NAM CPI + 4.5% | 10.0 | 10.3 | 9.0 | 9.6 |

Due to the illiquid nature of unlisted investments, returns over shorter time periods may not be a true reflection of the funds' performance over that period.

*Fair value adjustment in September 2021.

Trailing Returns as at 31 December 2022

| | 1 Year | 3 Years | 5 Years | 01-January-2016 - 31-December-2022 |
|------------------------------|-------------|------------|------------|------------------------------------|
| Allegrow Fund | 0.5 | -7.8 | -4.4 | -1.7 |
| Caliber Capital Fund (A) | 8.0 | 7.3 | 8.0 | 6.8 |
| IJG Frontier Investment Fund | 6.5 | 1.2 | -7.3 | -4.0 |
| Stimulus | 14.4 | 6.0 | 6.2 | 4.4 |
| NAM CPI + 4.5% | 11.7 | 9.3 | 9.0 | 9.6 |

Due to the illiquid nature of unlisted investments, returns over shorter time periods may not be a true reflection of the funds' performance over that period.

The returns are net money-weighted rate of return after fees values calculated by NMG Investment Consultants from the data provided by the individual asset managers.

Glossary

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 greater stability in returns and aim to preserve capital. These portfolios experience less volatility and may or may not have an underlying guarantee.

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.

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 N\$20, N\$80, N\$100, N\$300, and N\$500 respectively, the median value would be N\$100, whereas the mean would be N\$200.

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.

Glossary

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 13 of the Pension Fund Act.

Regulation 13: 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.

Appendix A: Replacement Ratios

The following table represents some salary replacement ratios:

| Assumed NET Contributions 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; and
- Effect of tax is not taken into account.

Post retirement

- Single life with-profit annuity is purchased at age 60 years; and
- Allowance for future pension increases is approximately 2/3rds of price inflation.