



JACQUES MALAN  
CONSULTANTS & ACTUARIES



## Benchmark Retirement Fund

Quarterly investment report  
as at 30 September 2010

November 2010

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## 1. Introduction

This document has been compiled with the aim of providing members of the Benchmark Retirement Fund with an overview of the investment options offered to enable them to make informed decisions regarding the investment of their retirement assets.

The trustees have recently decided to add the NAM (Namibia Asset Management) Coronation Absolute Fund to the portfolios which are currently offered to members. The assets invested in the Sanlam Namibia Balanced Fund will be transferred to the Sanlam Namibia Managed Prudential Fund.

The trustees have decided that the Default Portfolio will be split funded between the Allan Gray Namibia Investment Trust and the Prudential Namibia Inflation Plus Fund. The current Default Portfolio investment in the Metropolitan Absolute Return Fund Namibia will be terminated and invested in the Allan Gray Namibia Investment Trust.

The following portfolios are offered to members:

Portfolio	Risk Profile
Allan Gray Namibia Investment Trust	Moderate
Investec Managed Fund Namibia	Moderate
AF Namibia Balanced Growth Fund	Moderate
Old Mutual Namibia Profile Balanced Fund	Moderate
Prudential Namibia Balanced Fund	Moderate
Sanlam Namibia Managed Prudential Fund	Moderate
Standard Bank Namibia Managed Fund	Moderate
Metropolitan Absolute Return Fund Namibia	Moderate-low
NAM Coronation Absolute Fund	Moderate-low
Prudential Namibia Inflation Plus Fund	Moderate-low
Benchmark Retirement Fund Default Portfolio	Moderate-low
Investec High Income Fund Namibia	Low
Money Market Fund	Capital Preservation

A brief description of the risk profiles is as follows:

The aggressive risk portfolios have the following return and risk objectives:

- A return objective of inflation plus 6% net of fees (7% gross of fees) over a rolling 3 year period.
- Short term negative returns are possible with this type of portfolio. Exposure to equities (shares) is normally maximised for these type of portfolios in order to achieve the return objective

The moderate risk portfolios have the following return and risk objectives:

- A return objective of inflation plus 5% net of fees (6% gross of fees) over a rolling 3 year period.
- Aims to achieve this return with as minimal risk as possible, although to achieve this target, the portfolio will have a large exposure to growth assets and as such short term negative returns are possible.

The moderate-low risk portfolios have the following return and risk objectives:

- A return objective of inflation plus 3% to 4% net of fees (4% to 5% gross of fees) over a rolling 3 year period.
- Aims to achieve this return objective with minimal negative returns over a rolling 12 month period.

The low risk portfolios have the following return and risk objectives:

- A return objective of inflation plus 2% to 3% net of fees (3% to 4% gross of fees) over a rolling 3 year period.
- Aims to achieve this return objective with minimal negative returns over a rolling 12 month period.

The capital preservation portfolios have the following return and risk objectives:

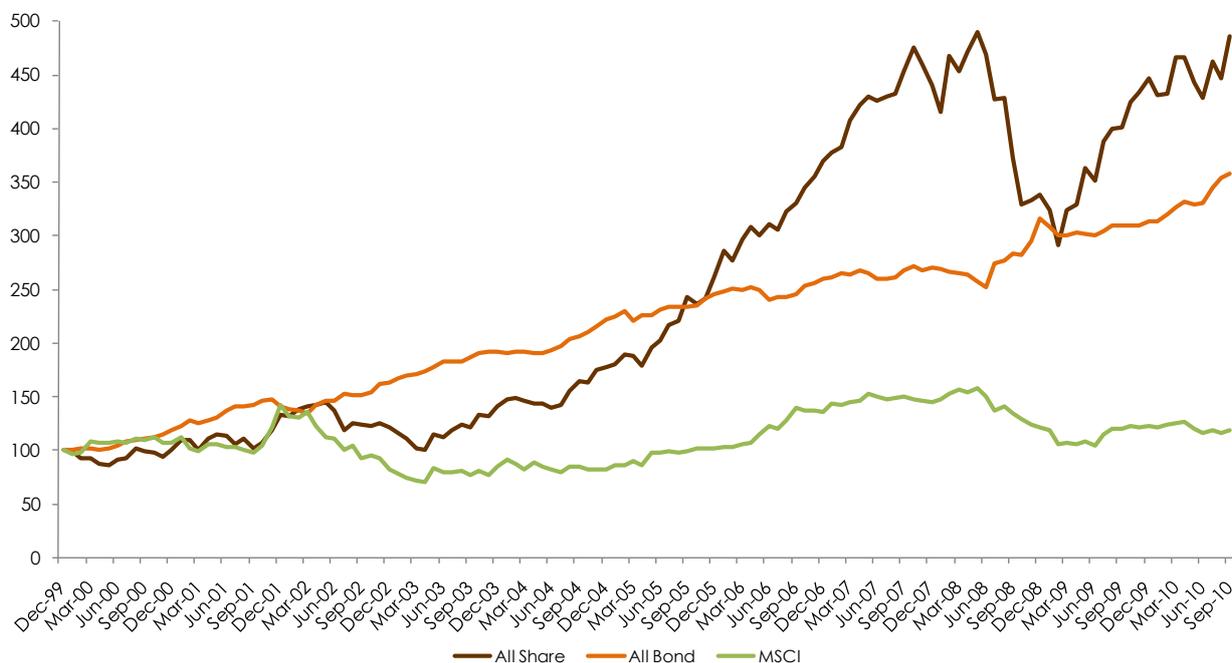
- A return objective of inflation net of fees (inflation plus 1% gross of fees).
- No capital loss over a rolling 12 month period.

The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified. All portfolios are compliant with the prudential investment guidelines of regulation 28 of the Pension Fund Act.

## 2. Market overview

### 2.1. Long-term market performance

The following graph represents the cumulative performance of some market indices for the period **1 January 2000 to 30 September 2010**.



### 2.2. Medium term market performance

The following table presents the performance of various market indices to **30 September 2010**.

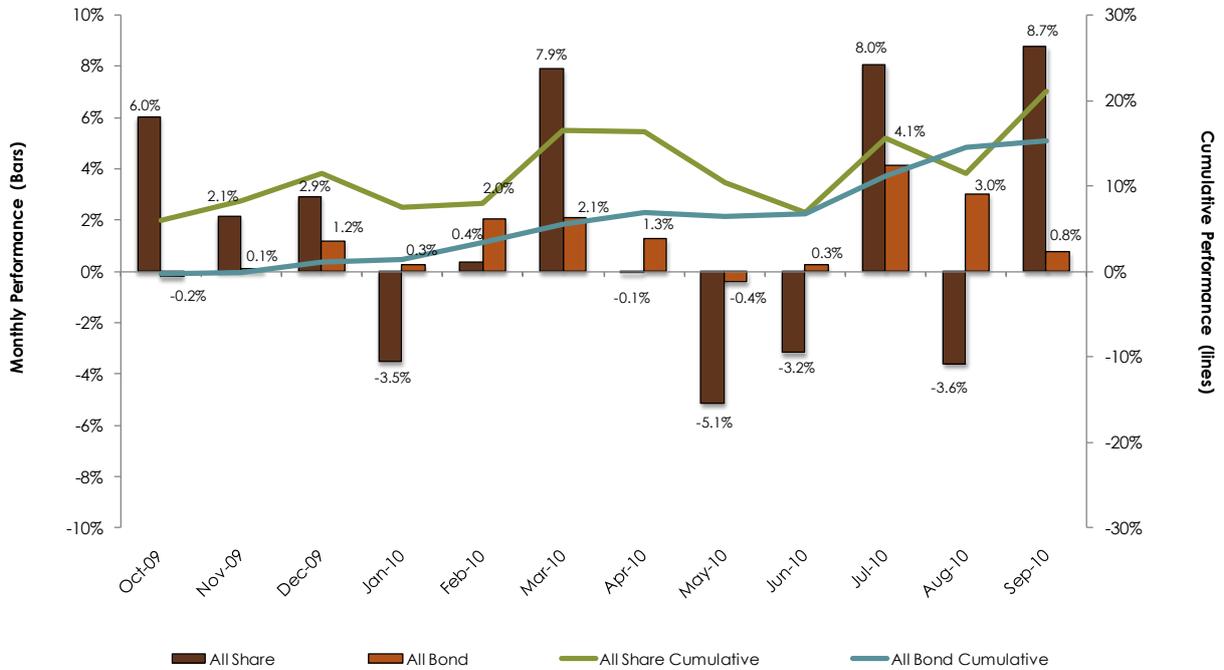
	2009	Q1 2010	Q2 2010	Q3 2010	2010 YTD	One Year	Three Years
All Share (SA)	32.1%	4.5%	-8.2%	13.3%	8.7%	21.1%	2.3%
JSE: Financials	28.0%	9.9%	-7.8%	15.1%	16.7%	24.3%	3.1%
JSE: Industrials	21.6%	6.2%	-7.0%	15.9%	14.4%	14.8%	1.3%
JSE: Resources	35.4%	2.1%	-11.9%	7.1%	-3.6%	12.5%	-4.7%
All Bond (SA)	-1.0%	4.4%	1.1%	8.0%	14.1%	15.3%	10.1%
STeFI (SA)	9.1%	1.7%	1.6%	1.7%	5.3%	7.2%	9.6%
MSCI World	1.6%	1.8%	-8.0%	3.3%	-3.2%	-0.6%	-7.3%
JP Morgan World Bond	-20.8%	-2.5%	6.7%	-2.1%	1.9%	-1.6%	9.2%
Rand/Dollar	-22.3%	-1.5%	5.2%	-9.3%	-6.0%	-7.4%	0.4%
CPI (SA)	6.9%	1.7%	0.4%	0.8%	2.9%	3.2%	7.2%

Source: I-Net Bridge

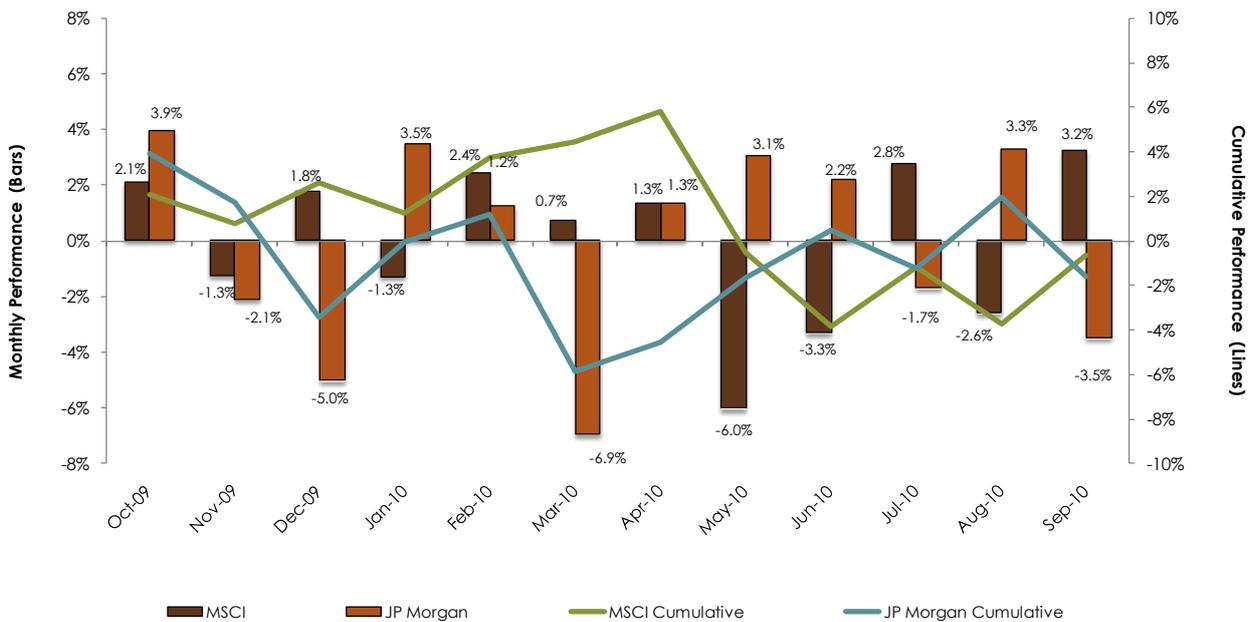
### 2.3. Short-term market performance

The following graphs represent the monthly performance of various market indices for the year ending **30 September 2010**.

#### 2.3.1. South Africa



#### 2.3.2. World



**Market commentary:**

The debate surrounding a possible double dip for global economies continues, with no clear indications as to which way global economic growth will go. In the US, the Fed has started a second round of quantitative easing in the hope of preventing a double dip recession, to the extent that US investors are currently receiving a negative return after inflation on their deposits. Over the quarter international markets produced positive returns in US dollar terms, but locally these returns were diluted by the effect of the strong Rand. Over the quarter, the gold price rose to record levels above \$1300 per ounce.

Locally, the SARB cut interest rates in line with market expectations. The Monetary Policy Committee has not disqualified the possibility of another rate cut as the Rand continued to appreciate and inflation continued to fall.

**Equities**

Local equities produced good returns over the third quarter, with the All Share Index increasing by 13.3%. Despite the high demand for gold, it was the Industrials sector which was the top performer over the quarter producing a return of 15.9%. The local equity market has been volatile since 2008, and daily returns in excess of 2% have become more common. The strong positive performance of the JSE over September 2010 has brought the year-to-date returns up to 8.7%, compared to 0.0% up to the end of August 2010.

**Bonds**

The local bond market continued to perform well driven primarily by international investors seeking higher returns in emerging markets and investing in local bonds. The ALBI produced a return of 8.0% over the third quarter of 2010, which brings the year-to-date return up to 14.1%.

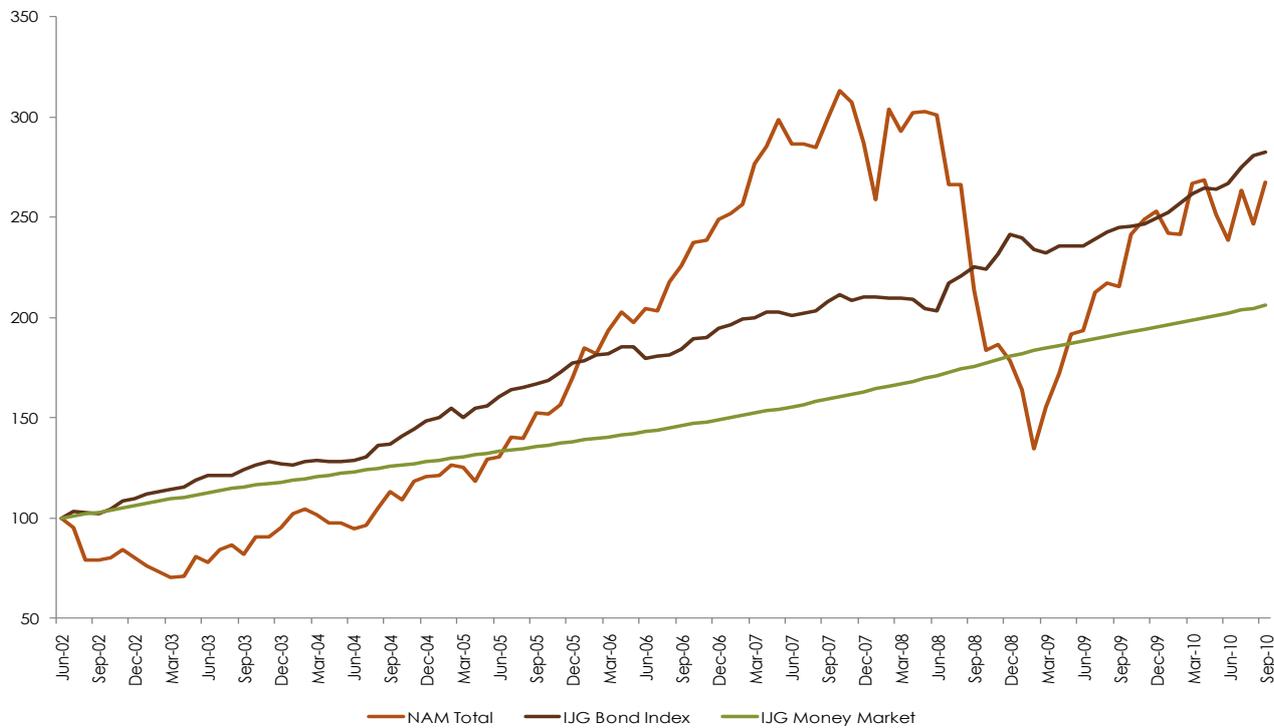
**Currency**

The Rand continued to strengthen over the quarter and ended below the R7/\$ threshold. This represents a significant appreciation of 9.3% compared to the US dollar over the quarter. This was mostly due to the relative weakness of the dollar compared to other currencies as opposed to Rand strength.

## 2.4. Namibia

### 2.4.1. Long term market performance

The following graph represents the cumulative performance of some market indices for the period **1 July 2002 to 30 September 2010**.



### 2.4.2. Medium term market performance

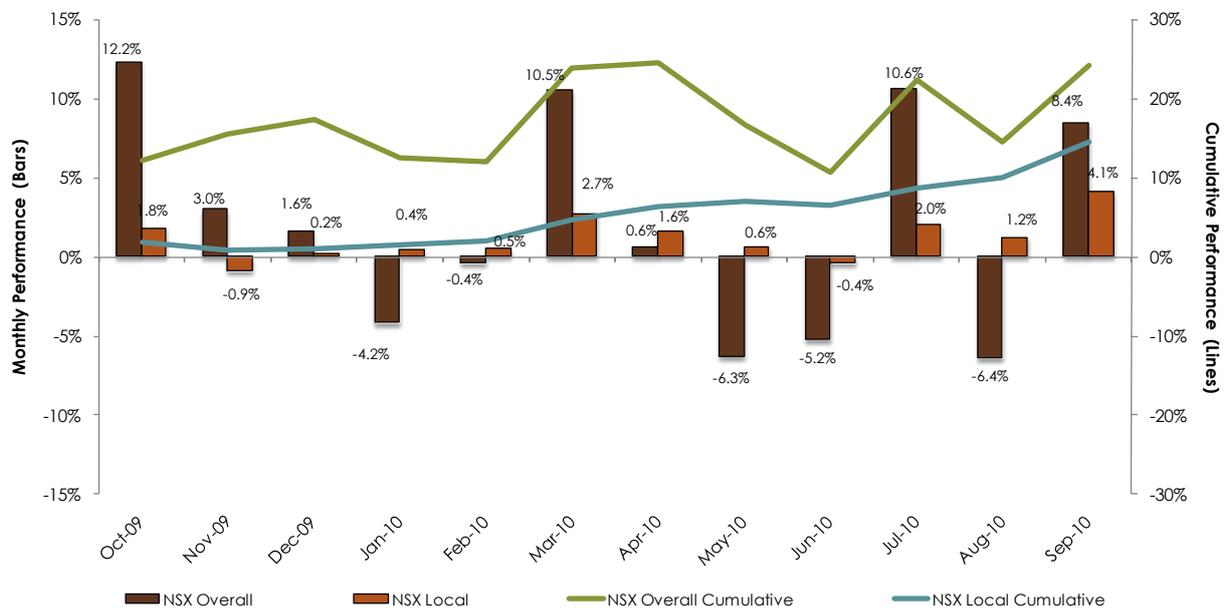
The following table presents the performance of various market indices to **30 September 2010**.

	2009	Q1 2010	Q2 2010	Q3 2010	2010 YTD	One Year	Three Years
NAM Total	41.9%	5.5%	-10.6%	12.3%	5.8%	24.2%	-3.6%
NAM Local	4.1%	3.7%	1.8%	7.5%	13.4%	14.6%	20.5%
NAM CPI	7.0%	2.0%	0.1%	1.0%	3.2%	3.7%	7.5%
IJG Bond Index	3.3%	4.7%	1.9%	5.8%	13.1%	15.2%	10.7%
IJG Money Market	8.2%	1.8%	1.8%	1.7%	5.4%	7.3%	9.0%

With the current uncertainty regarding the future direction of the global economy, the Bank of Namibia kept the Repo rate unchanged at 7.0% at the August meeting. This decision was partly due to the continual easing of inflationary pressure as well as signs of recovery in various parts of the Namibian economy. Inflation continued to decrease to a year-on-year level of 3.7% as at 30 September 2010. However, there are still many challenges facing the economy going forward including unemployment. Social Welfare minister Immanuel Ngatjizeko released the results of the Namibia Labour Force Survey, which showed the unemployment rate to be 51.2%. The Namibian Stock Market continues to be volatile, with strong performance in September 2010 pushing up the year to date return to 5.8% from -2.4% in August 2010.

### 2.4.3. Short term market performance

The following graph represents the monthly performance of various market indices for the year ending **30 September 2010**.



### 3. Performance comparison as at 30 September 2010

#### 3.1. Moderate portfolios

##### 3.1.1. Asset allocation

The figures below reflect the asset allocation of the moderate portfolios as at **30 September 2010**

	Allan Gray	Investec Managed	AF Balanced Growth	OMIGNAM Balanced	Prudential Balanced	Sanlam Balanced	Standard Bank Managed
Nam Equities	11.9%	17.7%	19.4%	14.8%	23.6%	19.5%	15.6%
Nam Bonds	6.8%	9.6%	9.5%	5.3%	8.5%	12.6%	6.7%
Nam Cash	14.6%	9.2%	8.7%	16.0%	7.9%	5.3%	9.8%
Nam Property	1.8%	0.2%	0.2%	-	1.1%	-	3.7%
SA Equities	29.9%	32.6%	28.2%	33.1%	24.5%	36.3%	44.7%
SA Bonds	-	6.2%	3.8%	3.9%	5.2%	0.5%	1.2%
SA Cash	4.1%	0.1%	4.3%	-1.2% <sup>3</sup>	-	-	-
SA Property	-	3.5%	3.6%	5.8%	3.6%	8.9%	-
Offshore	29.6%	20.9%	17.8%	21.7%	25.6%	16.9%	18.3%
Other	1.3% <sup>1</sup>	-	4.5% <sup>2</sup>	0.6% <sup>4</sup>	-	-	-
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

1-Other represents Gold ETF's

2-Other represents SA Hedge Funds

3-As a result of derivative overlay position.

4-Other represents Gold Debentures

##### 3.1.2. Time weighted returns

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

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)	10 yrs (annualised)
Allan Gray Namibia Investment Trust	8.6%	8.6%	15.5%	21.1%
Investec Managed Fund Namibia	12.6%	5.1%	14.3%	15.4%
AF Namibia Balanced Growth Fund <sup>1</sup>	14.8%	4.9%	13.0%	-
Old Mutual Namibia Profile Balanced Fund	12.4%	3.0%	10.9%	15.2%
Prudential Namibia Balanced Fund	15.5%	-	-	-
Sanlam Namibia Balanced Fund	12.8%	3.6%	11.7%	13.6%
Standard Bank Namibia Managed Fund	16.8%	7.3%	13.4%	13.2%
<b>Average Moderate Portfolio<sup>2</sup></b>	<b>13.0%</b>	<b>4.8%</b>	<b>12.9%</b>	<b>15.0%</b>
<b>All Share (JSE)</b>	<b>21.1%</b>	<b>2.3%</b>	<b>14.9%</b>	<b>17.2%</b>
<b>Inflation</b>	<b>3.7%</b>	<b>7.5%</b>	<b>6.9%</b>	<b>6.7%</b>
<b>Target: Inflation + 6%</b>	<b>-</b>	<b>13.5%</b>	<b>12.9%</b>	<b>12.7%</b>

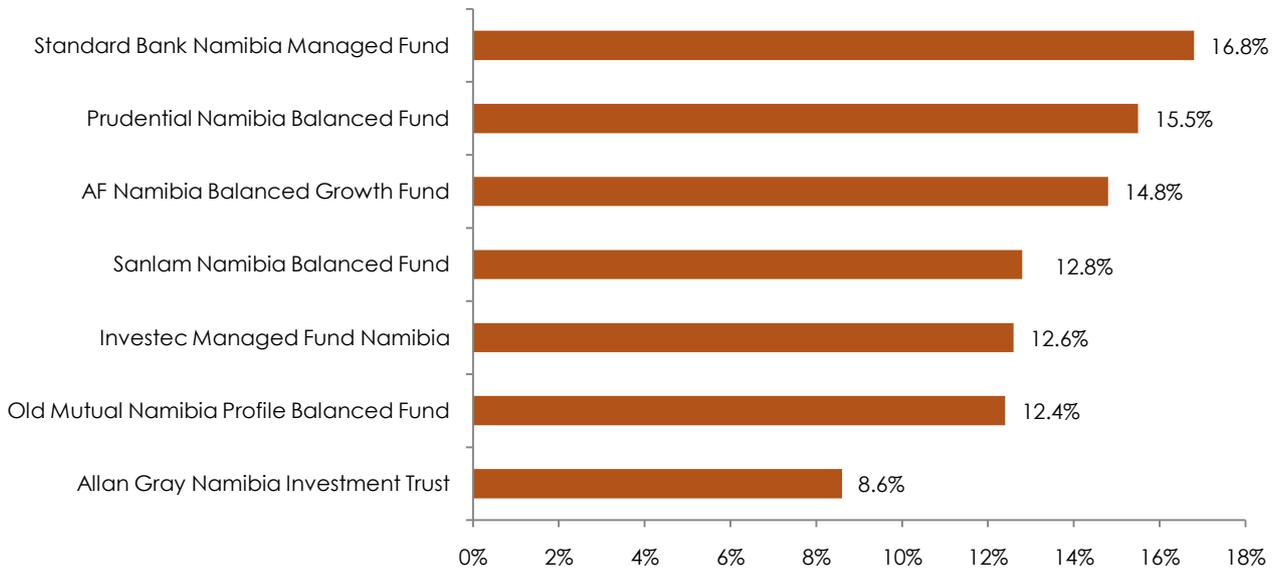
1- Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.

2- Average of the Jacques Malan Consultants and Actuaries Survey for Moderate Balanced portfolios.

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

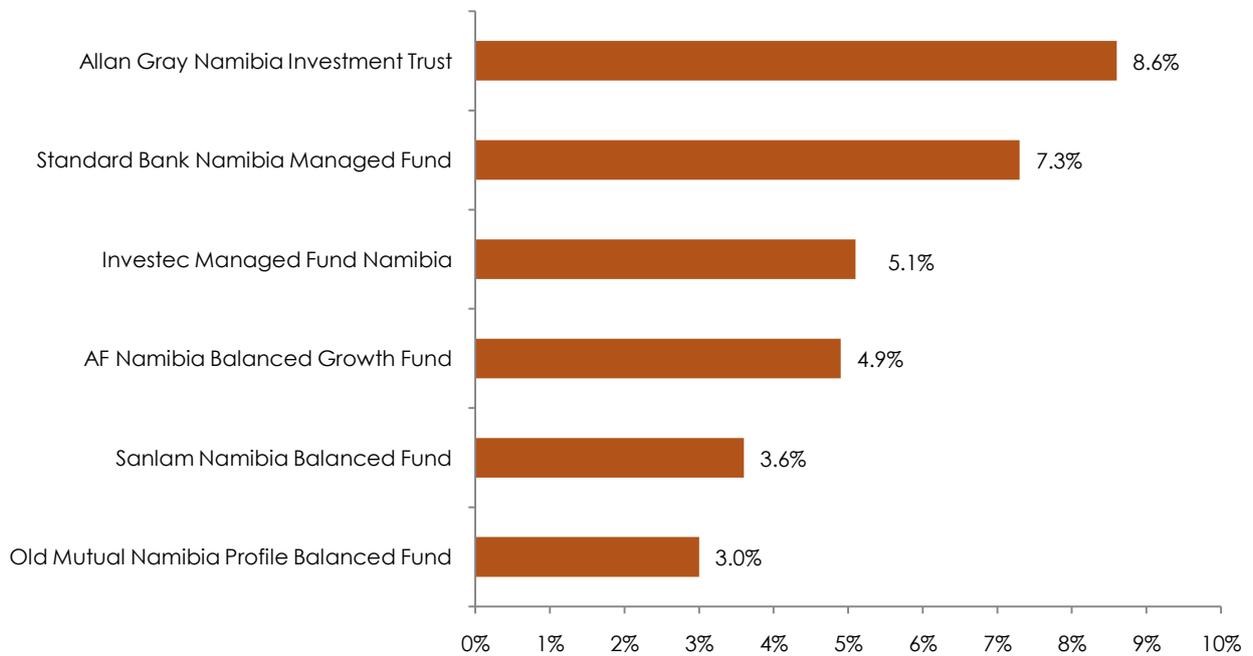
### 1 Year Performance Comparison

**1 year performance to 30 September 2010**



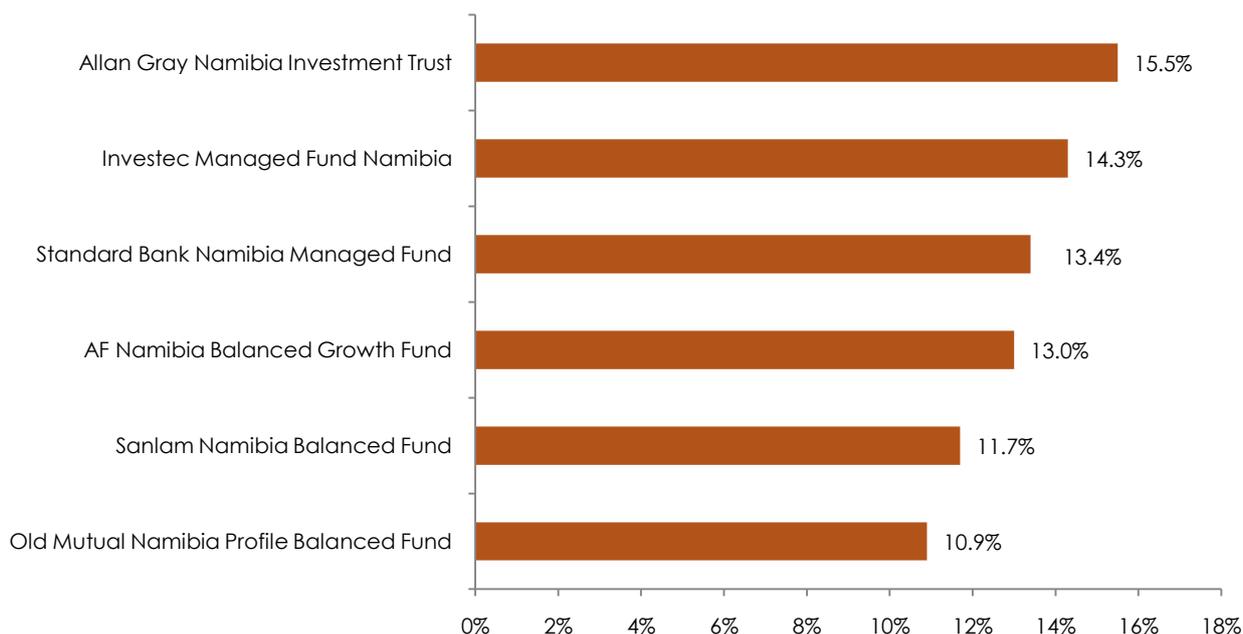
### 3 Year Performance Comparison

**3 year performance for the period ending 30 September 2010**



### 5 Year Performance Comparison

#### 5 year performance for the period ending 30 September 2010



### 3.2. Moderate-low portfolios

#### 3.2.1. Asset allocation

The figures below reflect the asset allocation of the moderate-low portfolios as at **30 September 2010**

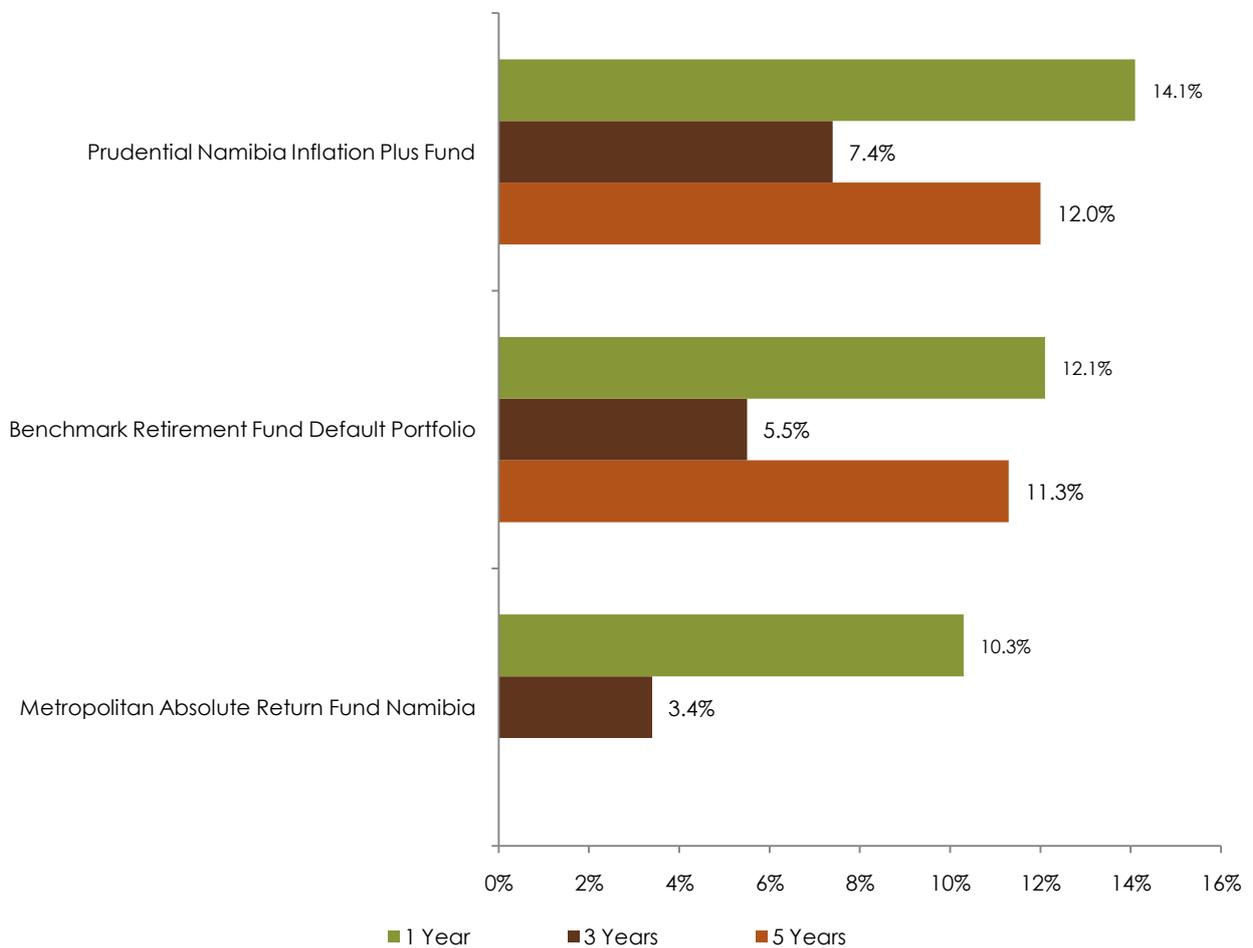
	Metropolitan Absolute Return Fund	Prudential Inflation Plus	Default Portfolio
Nam Equities	-	14.9%	7.5%
Nam Bonds	5.9%	11.7%	8.8%
Nam Cash	43.2%	8.1%	25.5%
Nam Property	-	1.6%	0.8%
SA Equities	43.2%	11.4%	27.2%
SA Bonds	2.0%	27.0%	14.6%
SA Cash	2.6%	-	1.3%
SA Property	3.1%	8.9%	6.0%
Offshore	-	16.4%	8.3%
Other	-	-	-
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### 3.2.2. Time weighted returns

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

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)
Metropolitan Absolute Return Fund Namibia	10.3%	3.4%	-
Prudential Namibia Inflation Plus Fund	14.1%	7.4%	12.0%
Benchmark Retirement Fund Default Portfolio	12.1%	5.5%	11.3%
<b>Inflation</b>	<b>3.7%</b>	<b>7.5%</b>	<b>6.9%</b>
<b>Target: Inflation + 4% to 5%</b>	<b>-</b>	<b>11.5% to 12.5%</b>	<b>10.9% to 11.9%</b>

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



### 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 as at **30 September 2010**.

Investec High Income Fund	
Nam Equities	-
Nam Bonds	14.6%
Nam Cash	25.1%
Nam Property	-
SA Equities	-
SA Bonds	39.8%
SA Cash	20.5%
SA Property	-
Offshore	-
Other	-
<b>Total</b>	<b>100.0%</b>

#### 3.3.2. Time weighted returns

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

##### Low risk portfolios

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)
Investec High Income Fund Namibia	9.4%	10.2%	9.5%
<b>ALBI 1-3 year Index</b>	<b>8.9%</b>	<b>9.6%</b>	<b>8.6%</b>
<b>Inflation</b>	<b>3.7%</b>	<b>7.5%</b>	<b>6.9%</b>
<b>Target: Inflation + 2% to 3%</b>	<b>-</b>	<b>9.5% to 10.5%</b>	<b>8.9% to 8.9%</b>

##### Capital Protection portfolios

Investment Portfolio	1 yr	3 yrs (annualised)	5 yrs (annualised)
Money Market Fund	7.4%	9.7%	9.0%
<b>Target: Inflation + 1%</b>	<b>-</b>	<b>8.5%</b>	<b>7.9%</b>
<b>IJG Money Market Index</b>	<b>7.3%</b>	<b>9.0%</b>	<b>8.7%</b>

## **4. Fund fact sheets**

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**Allan Gray Namibia Investment Trust**

**Risk Profile:** Moderate  
**Size:** N\$2.1bn

**Portfolio Description**

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

**Inception:** Aug-99  
**CIO:** Ian Liddle

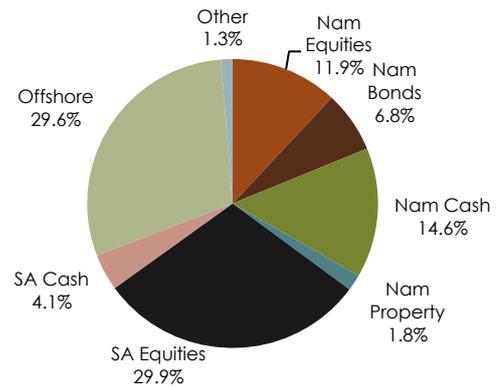
**Portfolio Manager**

Ian Liddle, Duncan Artus, Andrew Lapping, Delphine Govender, Simon Raubenheimer

**Benchmark**

The benchmark for the fund is the average of the Alexander Forbes Namibia Survey for Retirement Funds. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark.

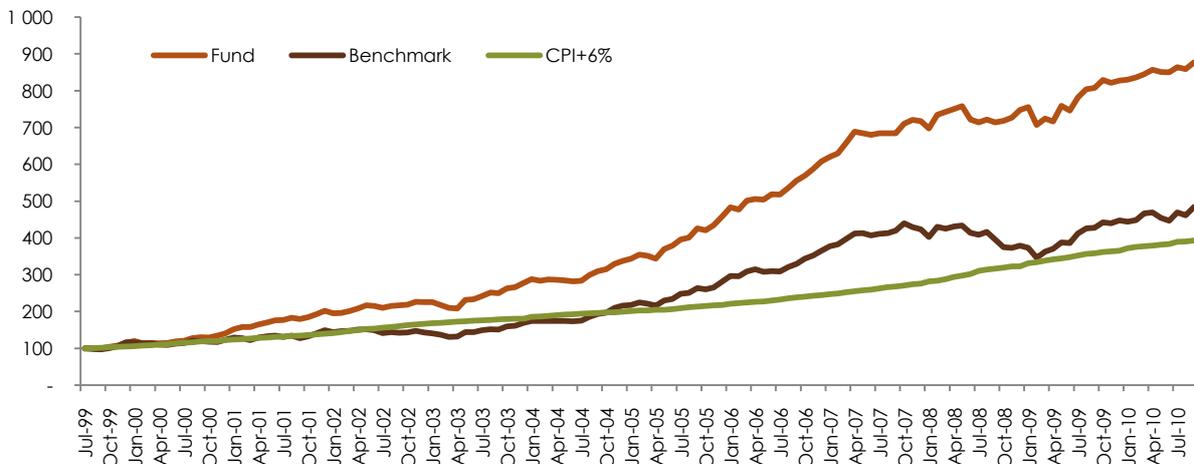
**Asset Allocation as at 30 September 2010**



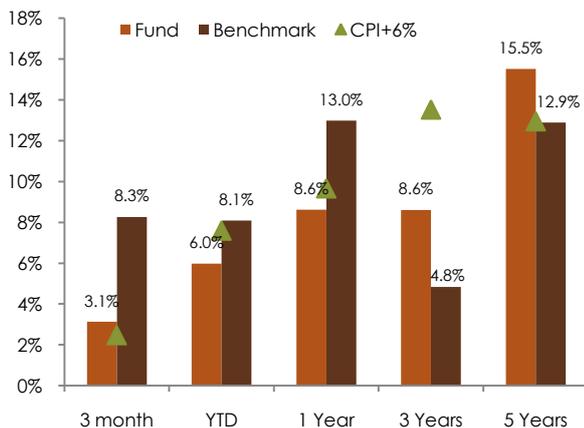
**Top 10 Equities**

	Share	% of Equities		Share	% of Equities
1	SAB Miller	17.4%	6	MTN Group	5.6%
2	Sasol	15.1%	7	Didata	5.4%
3	Remgro	10.4%	8	Sappi	4.0%
4	Anglogold	9.8%	9	Harmony	3.8%
5	CIC Holdings	7.0%	10	Sun International	3.7%

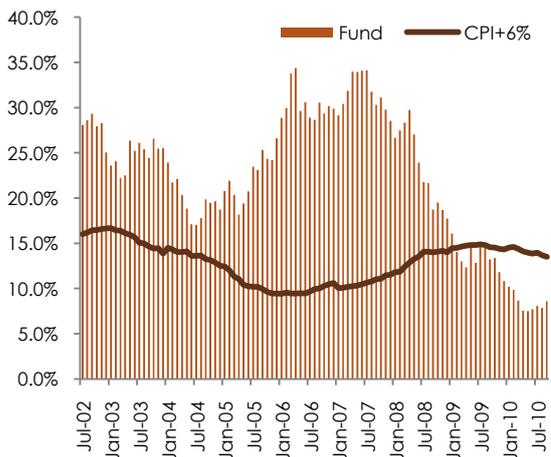
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2010**



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



**Investec Managed Fund Namibia**

**Risk Profile:** Moderate  
**Size:** N\$601m

**Portfolio Description**

The Investec Managed Fund is market-linked balanced portfolio which aims to achieve stable returns over the longer term by investing in all asset classes. This portfolio represents Investec's best investment view.

**Inception:** May-97

**CIO:** John McNab, Mimi Ferrini

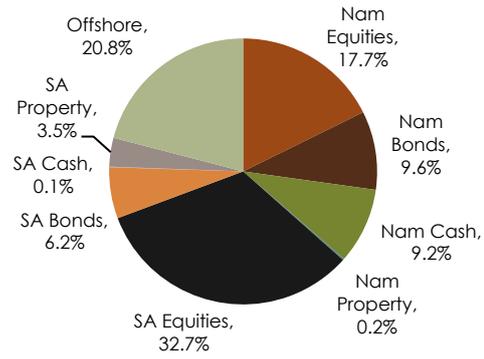
**Portfolio Manager**

James Hatuikulipi and Chris Freund

**Benchmark**

The benchmark for the fund is to outperform the average of the manager's peer group. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark.

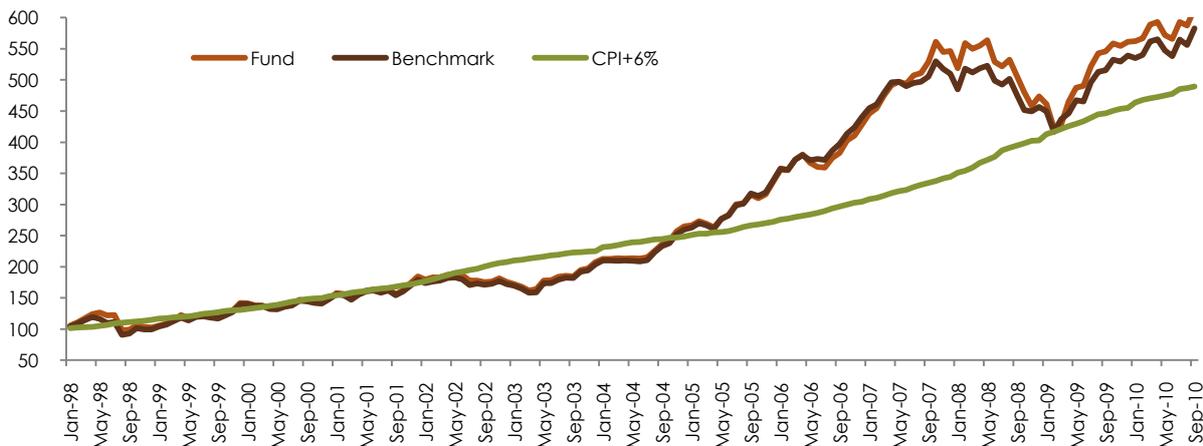
**Asset Allocation as at 30 September 2010**



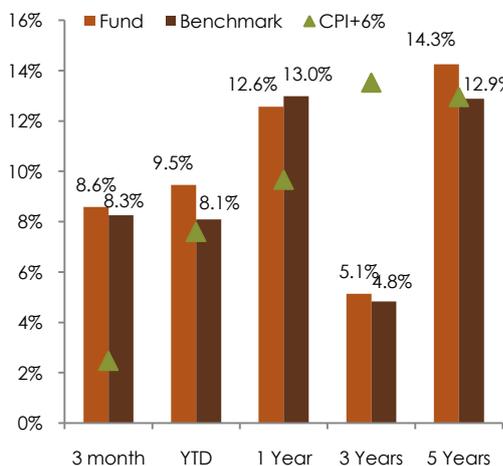
**Top 10 Equities**

	Share	% of Equities		Share	% of Equities
1	Firststrand	10.5%	6	Mondi	6.5%
2	Old Mutual	9.3%	7	Impala Platinum	5.5%
3	Sasol	8.0%	8	Anglogold	4.6%
4	Anglo American	7.8%	9	Discovery	3.9%
5	MTN Group	7.6%	10	Clicks	3.0%

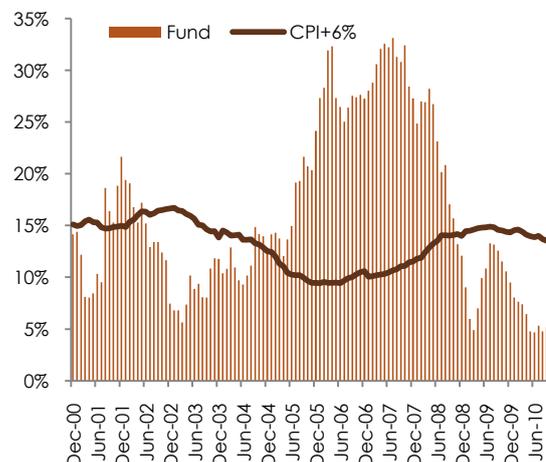
**Cumulative Performance vs Benchmark since January 1998**



**Historical performance as at 30 September 2010**



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



**AF Namibia Balanced Growth Fund**

**Risk Profile:** Moderate

**Asset Allocation as at 30 September 2010**

**Portfolio Description**

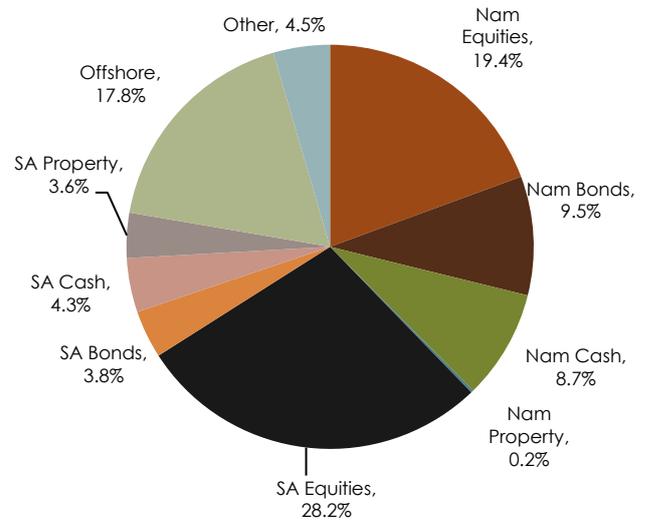
The AF Namibia Balanced Growth portfolio is a market-linked balanced portfolio which represents Investment Solutions' best investment view for balanced mandates. The portfolio invests in all asset classes and focus on reducing volatility by diversifying among managers with different investment styles.

**Inception:** Apr-09  
**CIO:** Mark Lindheim  
**Portfolio Manager:** Suniti Naran

**Benchmark**

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

**Please note:** Investment Solutions were only able to provide Top 5 equities at time of finalising the report

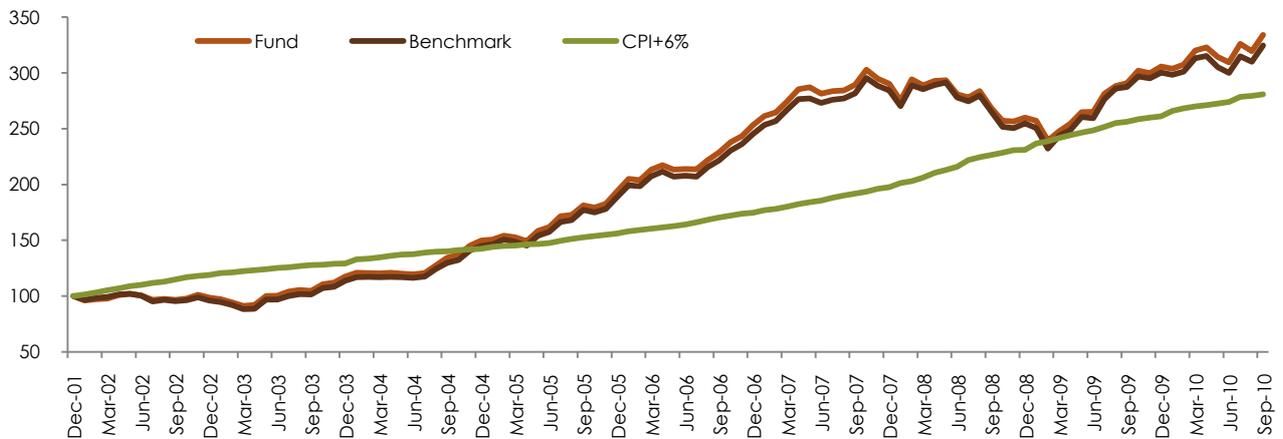


Other represents SA Hedge Funds.

**Top 5 Equities**

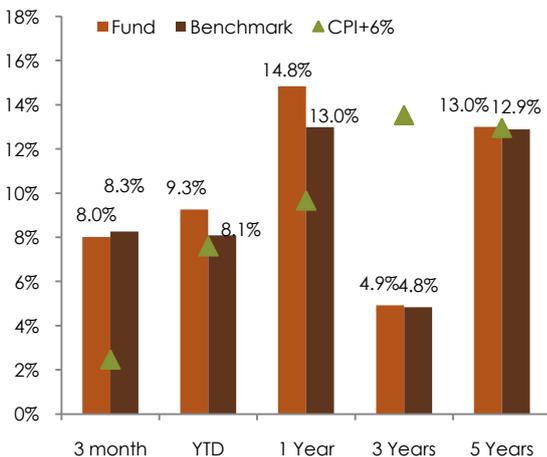
	Share	% of Equities
1	Anglo American	12.3%
2	Old Mutual	12.1%
3	FirstRand	11.6%
4	Standard Bank	11.5%
5	Nedbank	9.9%

**Cumulative Performance vs Benchmark since inception**

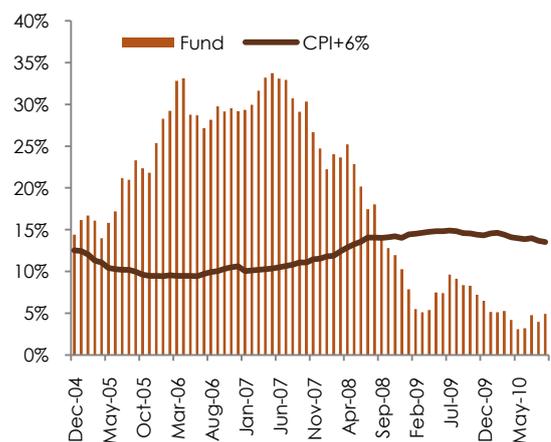


Please note: Returns prior to April 2009 were for the Investment Solutions Focused Growth Fund. The fund's name changed to AF Balanced Growth in March 2009.

**Historical performance as at 30 September 2010**



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



**Old Mutual Namibia Profile Balanced Fund**

**Risk Profile:** Moderate  
**Size:** N\$256m

**Portfolio Description**

The Old Mutual Namibia Profile Balanced Portfolio is a market-linked balanced portfolio which places emphasis on asset allocation across all asset classes. The portfolio represents OMIGNAM's best investment view for a moderate balanced mandate. The portfolio aims to achieve consistent real returns over the longer term.

**Inception:** Apr-98

**CIO:** Peter Brooke

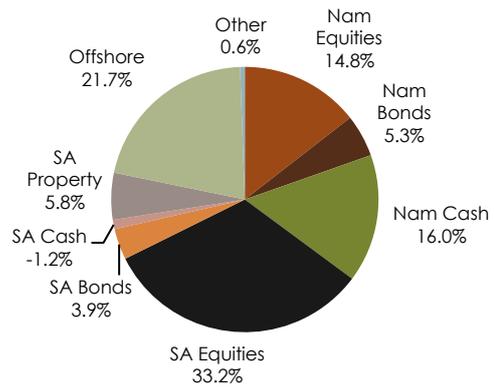
**Portfolio Manager**

Peter Brooke and Tyrone van Wyk

**Benchmark**

The OMIGNAM Profile Balanced Portfolio has an internal benchmark. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark.

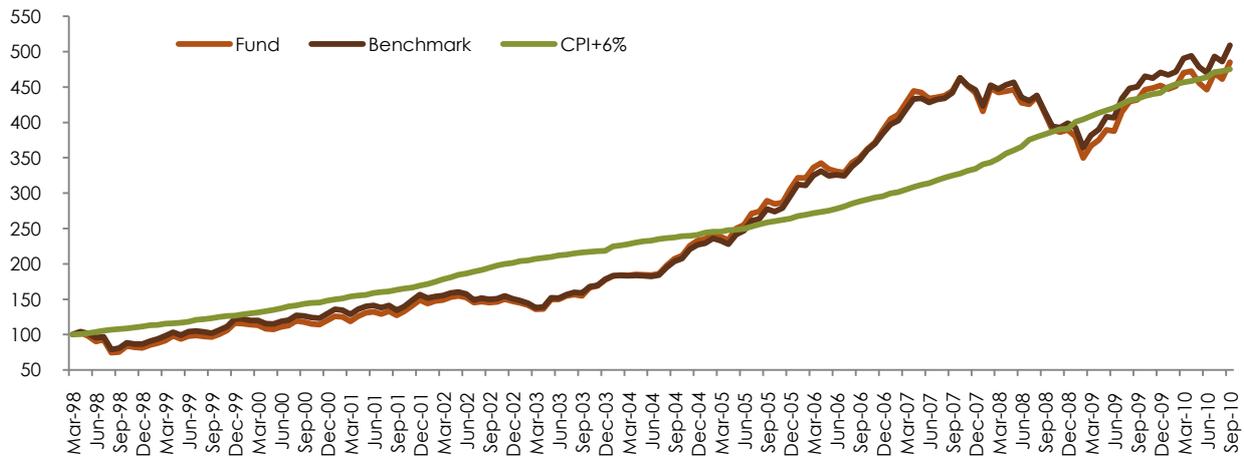
**Asset Allocation as at 30 September 2010**



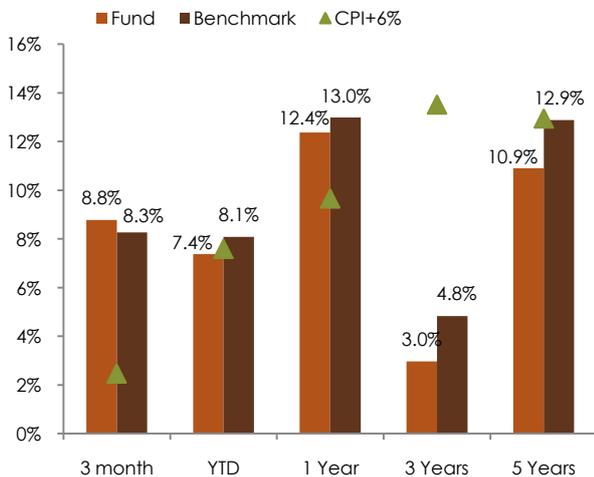
**Top 10 Equities**

Rank	Share	% of Equities	Rank	Share	% of Equities
1	MTN Group	7.4%	6	BHP Billiton	4.5%
2	Anglo American	6.4%	7	Investec Plc	4.4%
3	Sasol	6.4%	8	SAB Miller	2.7%
4	Standard Bank	5.9%	9	Naspers	2.4%
5	Firstrand	5.5%	10	Richemont	2.4%

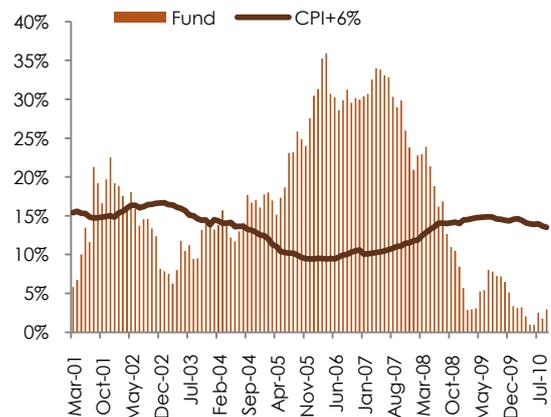
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2010**



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



**Prudential Namibia Balanced Fund**

**Risk Profile:** Moderate  
**Size:** N\$985m

**Portfolio Description**

The Prudential Namibia Balanced portfolio is a market-linked balanced portfolio which aims to achieve consistent growth of capital and income by maintaining a superior stock selection across all industries relative to the benchmark and across all asset classes. The portfolio represents Prudential's best investment view.

**Inception:** Aug-08

**CIO:** Marc Beckenstrater

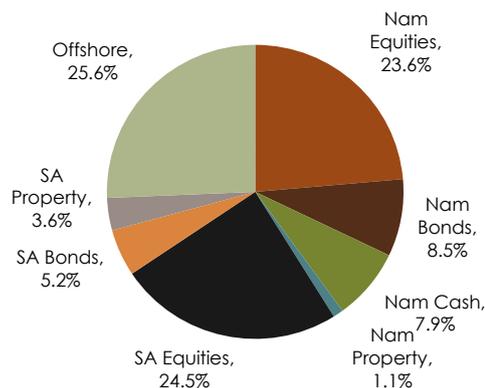
**Portfolio Manager**

Michael Moyle and Marc Beckenstrater

**Benchmark**

The benchmark for the portfolio is the Alexander Forbes Global Large Manager Watch (Namibia). For comparative purposes the JMCA Average Moderate Fund will be used as benchmark

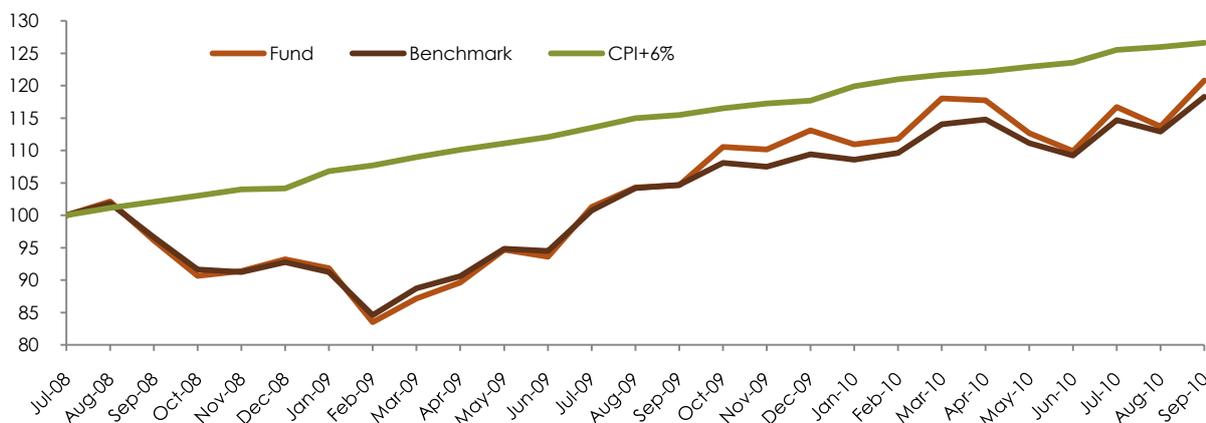
**Asset Allocation as at 30 September 2010**



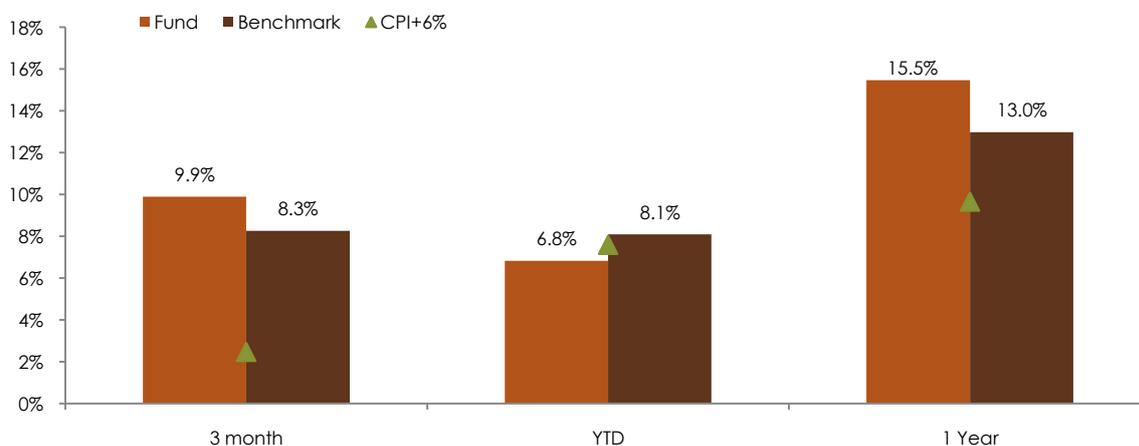
**Top 10 Equities**

Rank	Share	% of Equities	Rank	Share	% of Equities
1	Anglo American Nam	20.1%	6	SAB Miller	3.7%
2	Standard Bank	9.2%	7	MTN Group	3.5%
3	BHP Billiton	9.0%	8	Sasol	3.3%
4	Old Mutual	8.5%	9	Richemont	3.2%
5	Firstrand	5.0%	10	Investec	3.2%

**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2010**



**Please note:** this fund has a history of less than 3 years.

**Sanlam Namibia Balanced Fund**

**Risk Profile:** Moderate  
**Size:** N\$16m

**Portfolio Description**

The Sanlam Namibia Balanced Fund is a market-linked balanced portfolio which invests in all asset classes, aiming to achieve maximum returns over the longer term. The Fund represents Sanlam's best investment view and is suitable for investors seeking capital growth over the long term.

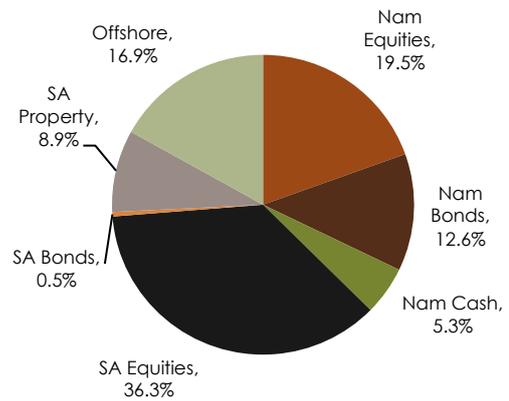
**Inception:** Aug-04  
**CIO:** Andre Roux

**Portfolio Manager**  
 Gerhard Cruywagen

**Benchmark**

The benchmark for the portfolio is the Alexander Forbes Global Large Manager Watch (Namibia). For comparative purposes the JMCA Average Moderate Fund will be used as benchmark

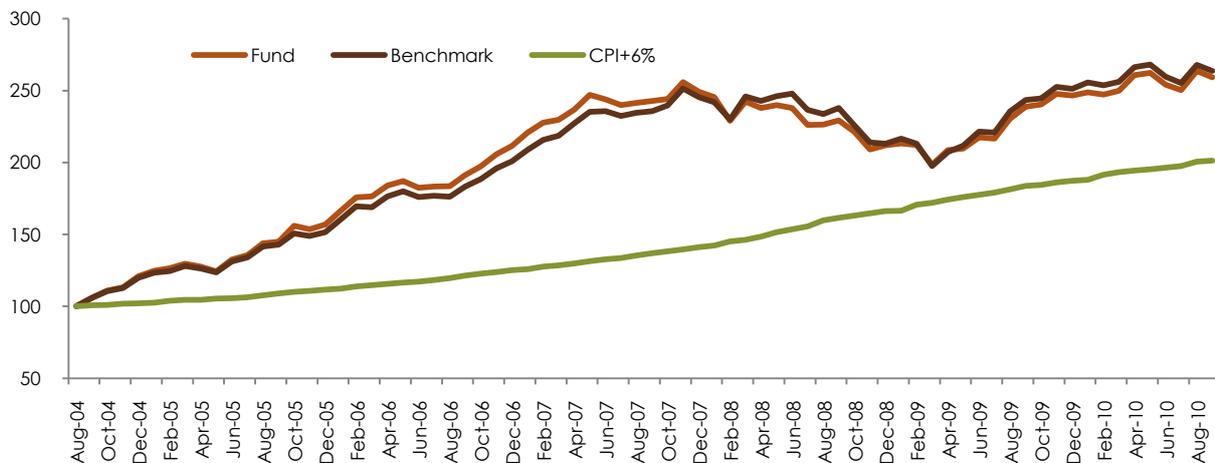
**Asset Allocation as at 30 September 2010**



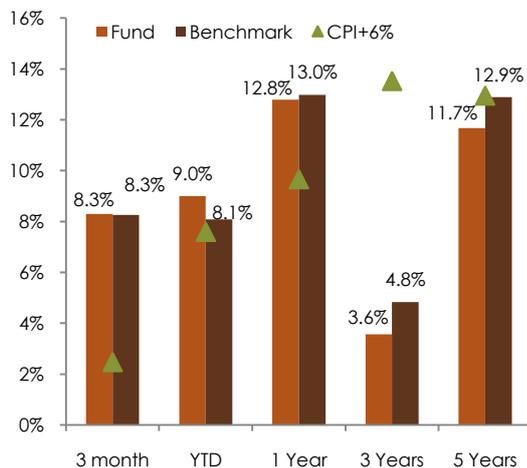
**Top 10 Equities**

Rank	Share	% of Equities	Rank	Share	% of Equities
1	Capricorn Investments	10.2%	6	Standard Bank Group	4.1%
2	Sasol	7.0%	7	BTI Group	3.8%
3	MTN Group	6.4%	8	Namibian Breweries	2.8%
4	Anglo American	5.3%	9	Bidvest	2.8%
5	BHP Billiton	5.0%	10	Old Mutual	2.5%

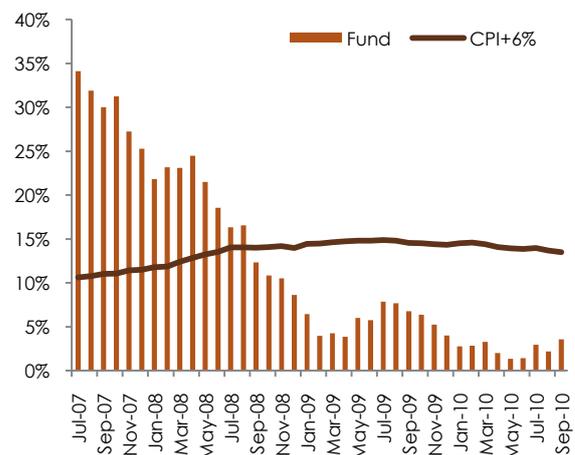
**Cumulative Performance vs Benchmark since August 2004**



**Historical performance as at 30 September 2010**



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



**Sanlam Namibia Managed Prudential Fund**

**Risk Profile:** Moderate  
**Size:** N\$70m

**Portfolio Description**

The Sanlam Namibia Managed Prudential Fund is a market-linked Balanced Unit Trust portfolio which invests in all asset classes, aiming to achieve maximum returns over the longer term. The Fund is closely aligned with Sanlam's best investment view and is suitable for investors seeking capital growth over the long term.

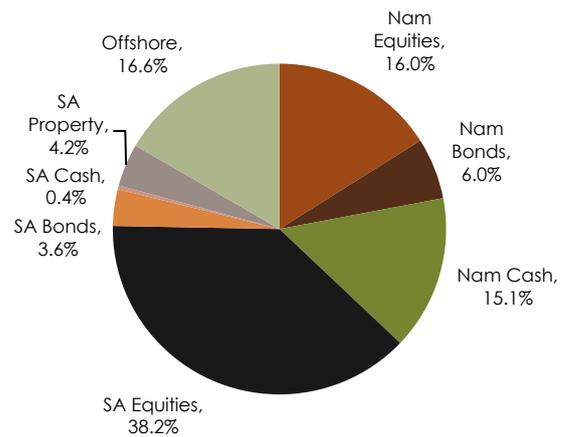
**Inception:** Jul-05  
**CIO:** Andre Roux

**Portfolio Manager**  
 Gerhard Cruywagen

**Benchmark**

The benchmark of the Sanlam Namibia Managed Prudential Fund is the average of the Standard&Poor's Micropal Asset Allocation Prudential Medium Equity category. For comparative purposes the JMCA Average Moderate Fund will be used as benchmark.

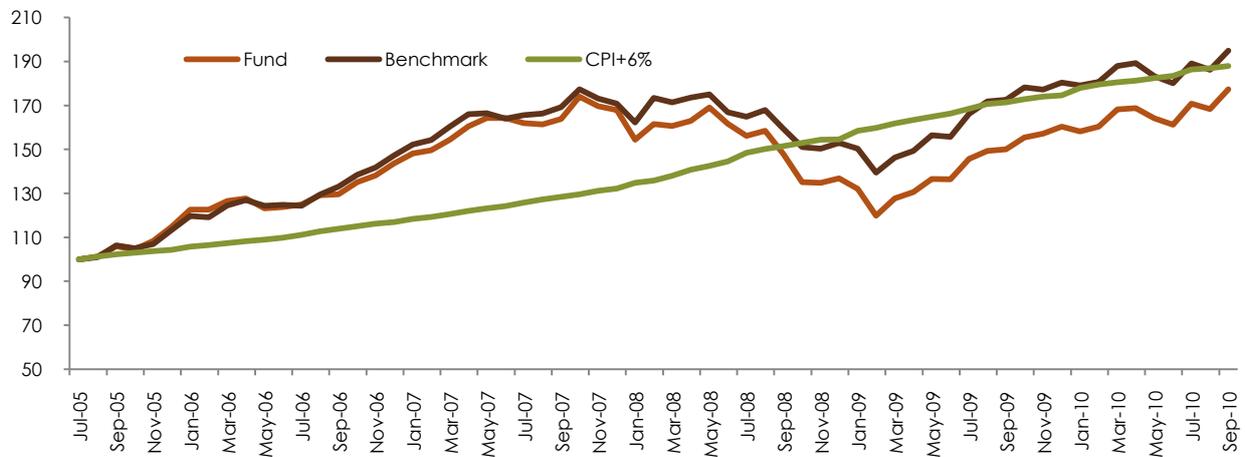
**Asset Allocation as at 30 September 2010**



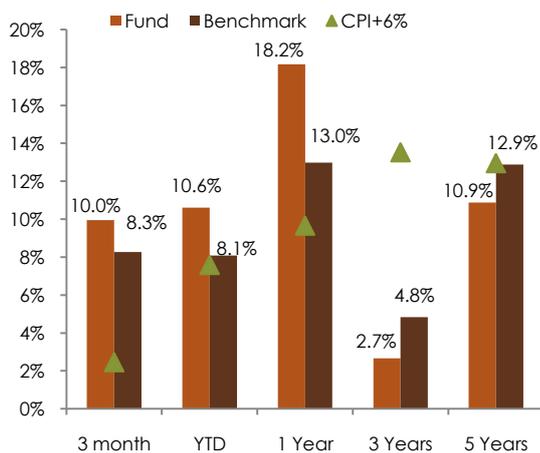
**Top 10 Equities**

Rank	Share	% of Equities	Rank	Share	% of Equities
1	Standard Bank Group	4.7%	6	SAB Miller	2.6%
2	Sasol	4.0%	7	FirstRand	2.5%
3	MTN Group	4.0%	8	Bidvest	1.9%
4	BHP Billiton	3.1%	9	British American Tobacco	1.9%
5	Anglo American	2.6%	10	Old Mutual	1.8%

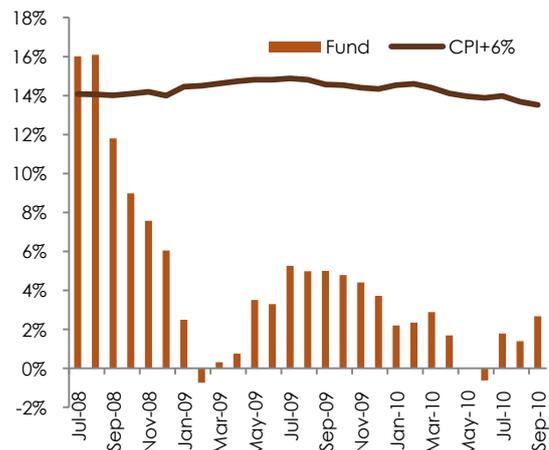
**Cumulative Performance vs Benchmark since July 2005**



**Historical performance as at 30 September 2010**



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



**Standard Bank Namibia Managed Fund**

**Risk Profile:** Moderate  
**Size:** N\$103 m

**Portfolio Description**

The Standard Bank Namibia Managed Fund is a market-linked balanced portfolio which invests in all asset classes. The fund includes the combined investment view's of STANLIB(SA&NAM). The portfolio aims to achieve capital growth over the longer -term.

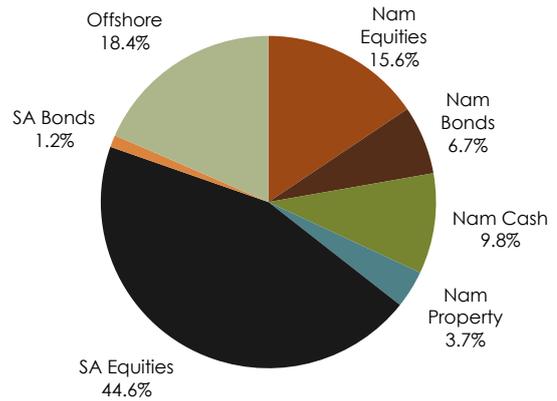
**Inception:** Apr-98  
**CIO:** Brown Amuenje

**Portfolio Manager**  
 Brown Amuenje, Eino Emvula

**Benchmark**

The benchmark for this fund is the Alexander Forbes Large Manager Watch. For comparative purposes the JMCA average Moderate Fund will be used as benchmark.

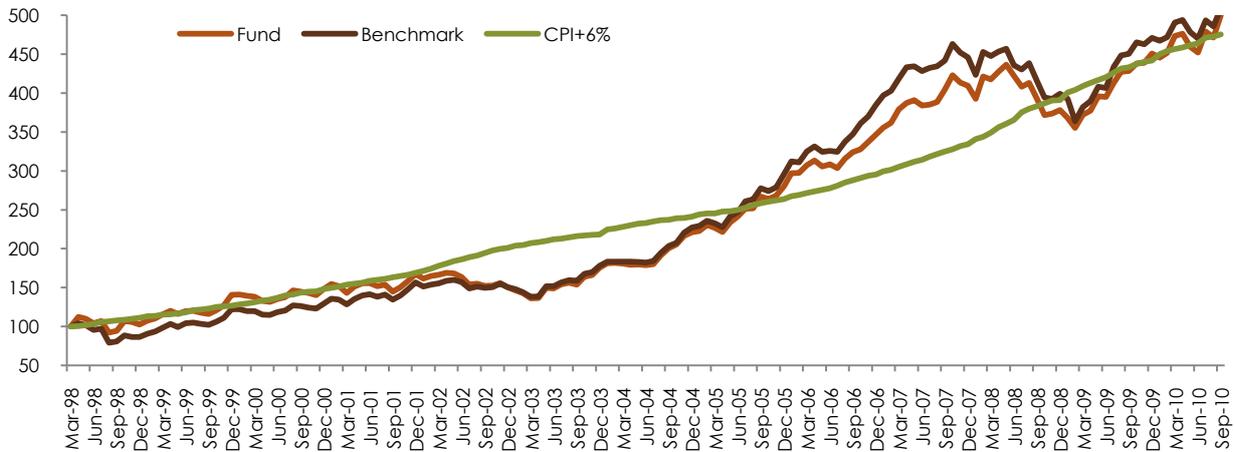
**Asset Allocation as at 30 September 2010**



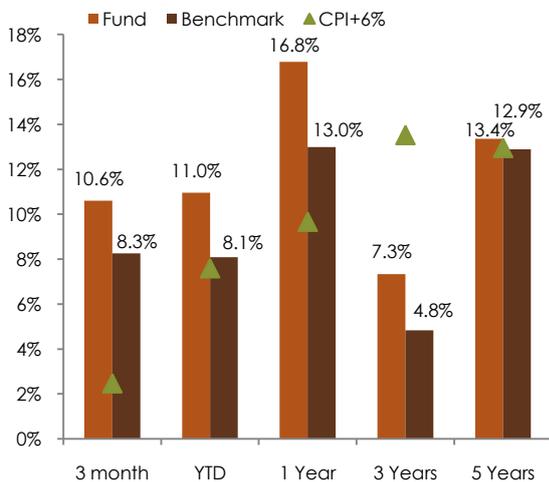
**Top 10 Equities**

	Share	% of Equities		Share	% of Equities
1	Stanlib High Alpha Equity Fund	18.8%	6	Firststrand Namibia	3.2%
2	MTN Group	7.0%	7	Bidvest	3.1%
3	Sasol	6.2%	8	Investec Namibia	3.1%
4	Stanlib Flexible Property Fund	4.6%	9	Massmart	2.8%
5	BHP Billiton	3.7%	10	Impala Platinum	2.7%

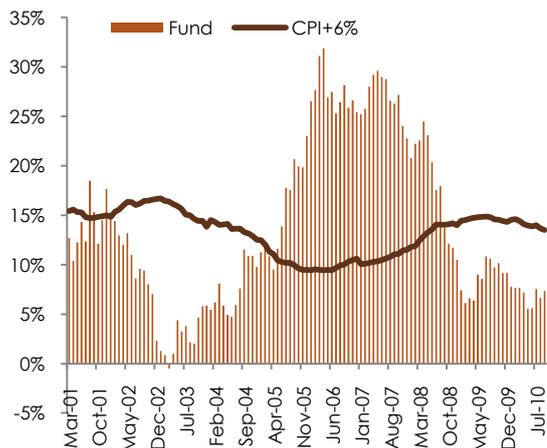
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2010**



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



**Metropolitan Absolute Return Fund Namibia**

**Risk Profile:** Moderate-low  
**Size:** N\$69m

**Portfolio Description**

The Metropolitan Absolute Return Fund is a fully discretionary portfolio which aims to achieve steady real returns in its assets over the longer term by investing in all asset classes. The objective is to generate positive returns over a 12-year period aiming to achieve favourable real returns over the longer term.

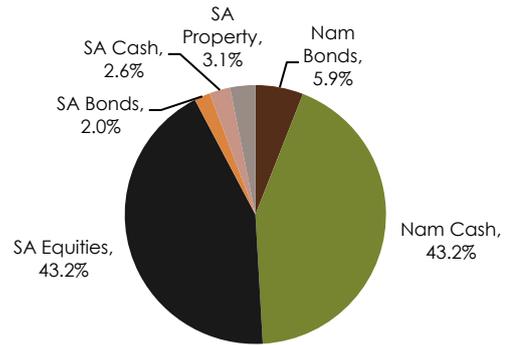
**Inception:** Nov-05  
**CIO:** Romeo Makhubela

**Portfolio Manager**  
 Brandon Quinn

**Benchmark**

The benchmark for the fund is Namibia Headline Inflation plus 5% over a rolling three year period.

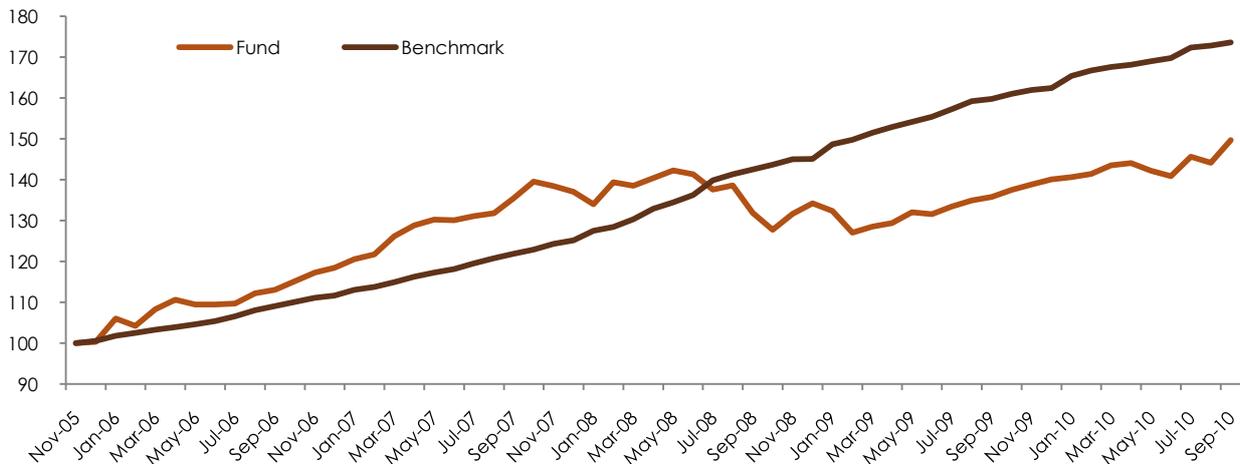
**Asset Allocation as at 30 September 2010**



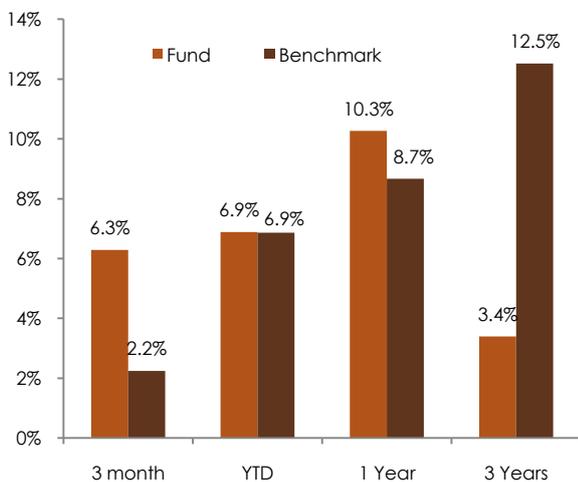
**Top 10 Equities**

Rank	Share	% of Equities	Rank	Share	% of Equities
1	MTN Group Limited	6.6%	6	Anglo American	3.2%
2	Sasol Ltd	4.3%	7	Firstrand	2.8%
3	Billiton Plc	4.2%	8	Impala Platinum Hldgs Ltd	2.6%
4	Standard Bank Group	3.8%	9	Naspers N-ord. Ltd	2.5%
5	SABMiller Plc	3.2%	10	Anglo American Plat. Ltd	1.9%

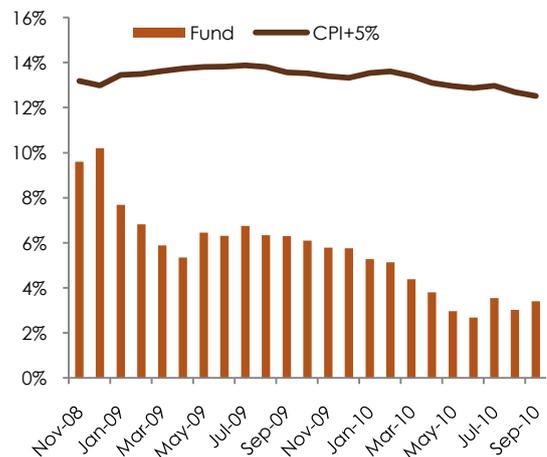
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2010**



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



**NAM Coronation Absolute Fund**

**Risk Profile:** Moderate-low  
**Size:** N\$ 173m

**Portfolio Description**

The NAM Coronation Absolute Fund is suitable for members with a lower risk tolerance. It is an actively managed, moderate-low risk fund with exposure to all asset classes. The fund aims to achieve consistent positive real returns with a primary focus on offering downside protection and preserving capital in real terms over any rolling 12 month period.

**Inception:** Nov-07  
**CIO:** To be announced

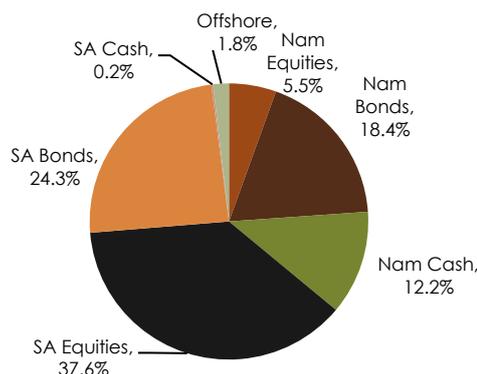
**Portfolio Manager**

Louis Stassen and Henk Groenewald

**Benchmark**

The benchmark for the fund is Namibia Headline Inflation plus 4.5% over a rolling three year period.

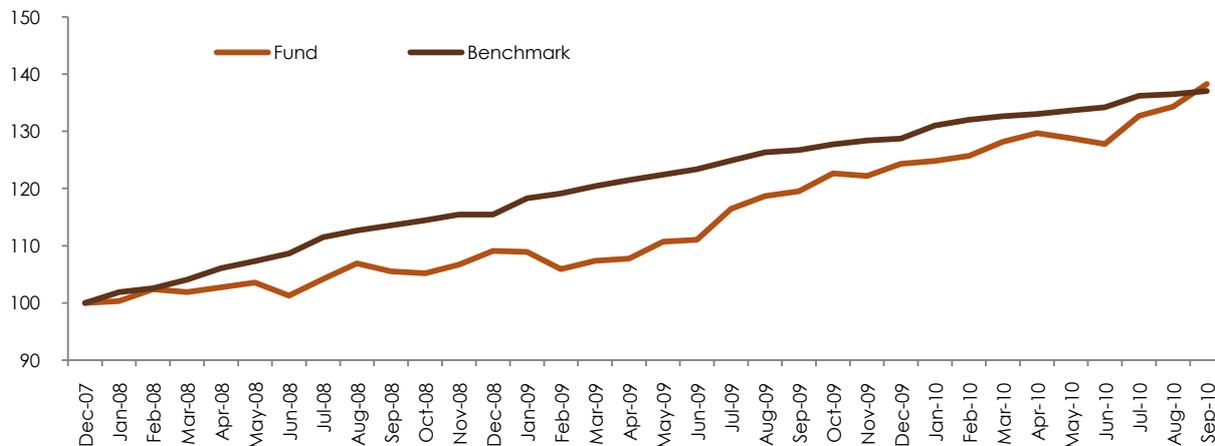
**Asset Allocation as at 30 September 2010**



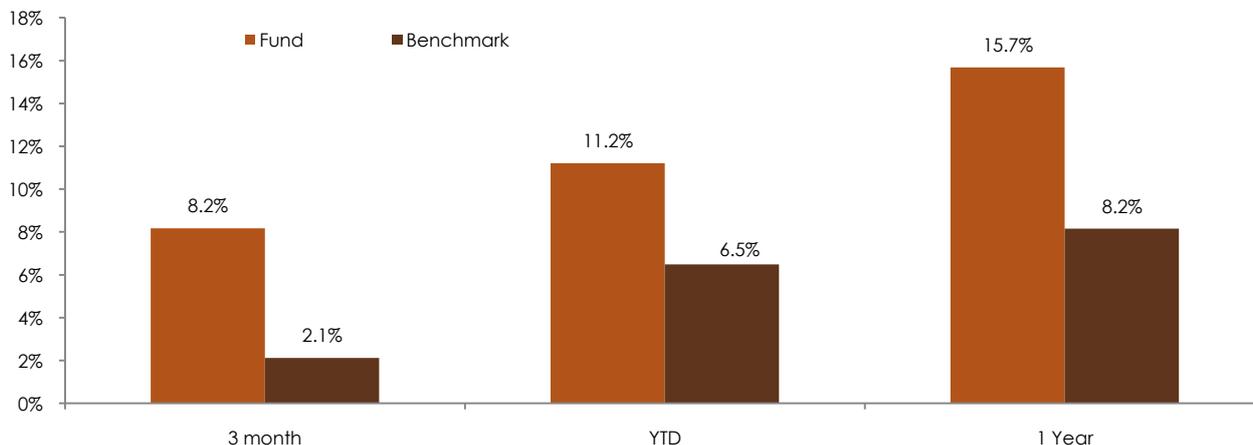
**Top 10 Equities**

Share		% of Equities		Share		% of Equities	
1	MTN Group Limited	6.4%	6	Standard Bank Group	4.0%		
2	Remgro Limited	6.3%	7	Naspers	3.8%		
3	Anglo American plc	6.0%	8	Reinet Investments	3.5%		
4	Spar Group	4.5%	9	Vodacom Group	3.4%		
5	Bidvest Group Limited	4.3%	10	Sasol Limited	3.4%		

**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2010**



**Please note:** this fund has a history of less than 3 years.

**Prudential Namibia Inflation Plus Fund**

**Risk Profile:** Moderate-low  
**Size:** N\$ 192m

**Portfolio Description**

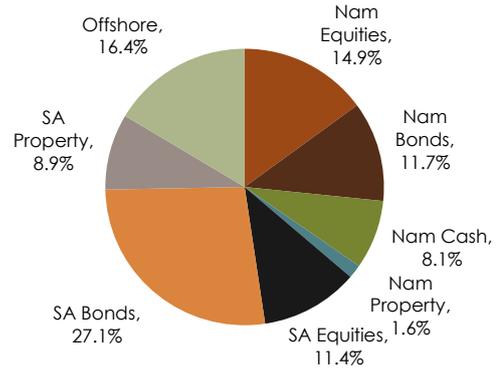
The Prudential Namibia Inflation Plus Fund is a conservative market-linked portfolio which aims to produce stable real returns. The fund invests predominantly in inflation linked bonds and other interest-bearing securities and equities.

**Inception:** Sep-99  
**CIO:** Marc Beckenstrater

**Portfolio Manager**  
 Michael Moyle, Albert Arntz

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

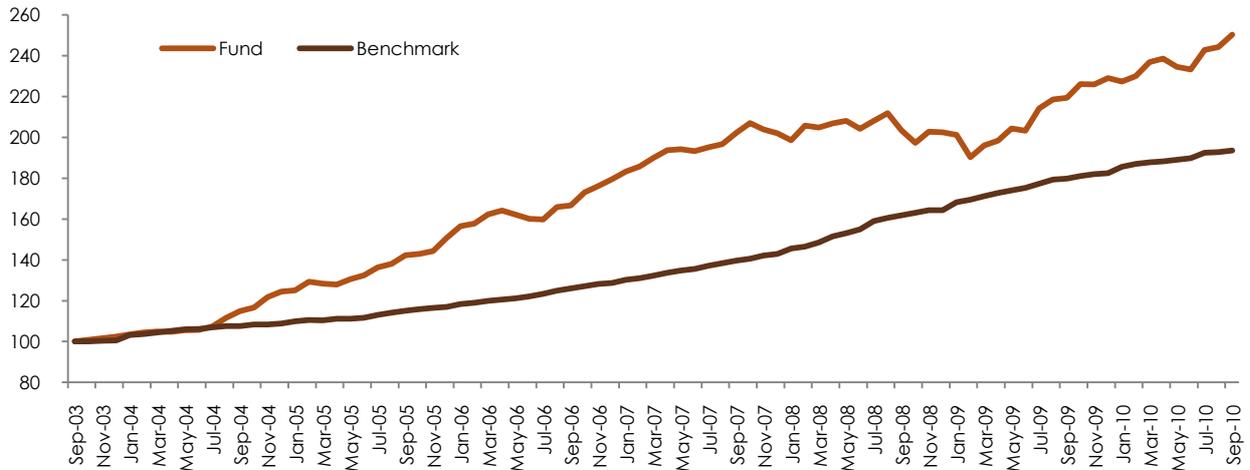
**Asset Allocation as at 30 September 2010**



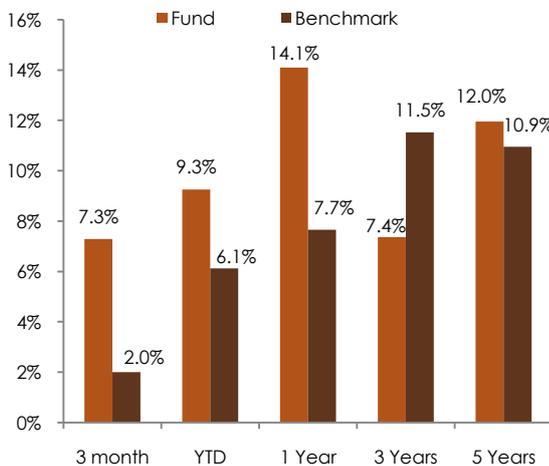
**Top 10 Equities**

Rank	Share	% of Equities	Rank	Share	% of Equities
1	Anglo American	25.3%	6	SAB Miller	3.8%
2	Standard Bank Group	11.2%	7	Investec Namibia	3.4%
3	Old Mutual Namibia	10.6%	8	MTN Group	3.2%
4	BHP Billiton	8.6%	9	Sasol	3.1%
5	Firstrand Namibia	6.3%	10	Richemont	3.0%

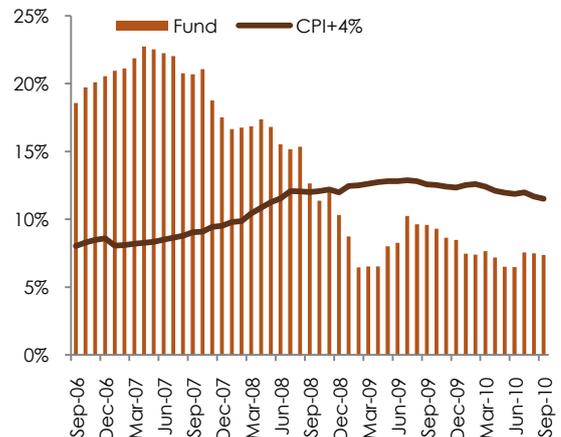
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2010**



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



**Benchmark Retirement Fund Default Portfolio**

**Risk Profile:** Moderate-low  
**Size:** N\$ 115m  
**Inception:** Aug-99

**Portfolio Description**

The Default Portfolio has the following objectives:

- To reduce volatility of returns
- To achieve a real return of 4% (net of fees) over a rolling 3 year period
- To reduce risk of large negative returns over rolling 12 months
- To reduce risk by spreading assets between more than one investment manager

The Default Portfolio has a risk profile lower than that of the moderate risk portfolios and as such the expected long term returns should also be lower. The Trustees use their absolute discretion in selecting the best manager offering and reserve the right to appoint or replace Asset Managers at any time.

**Benchmark**

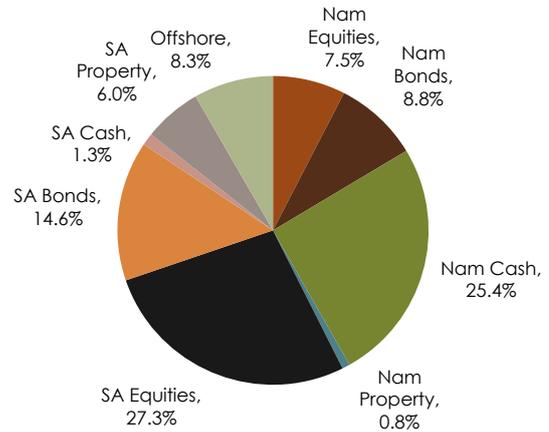
The benchmark for this fund is CPI +5% over a rolling three year period.

**Portfolio Mix as at 30 September 2010**

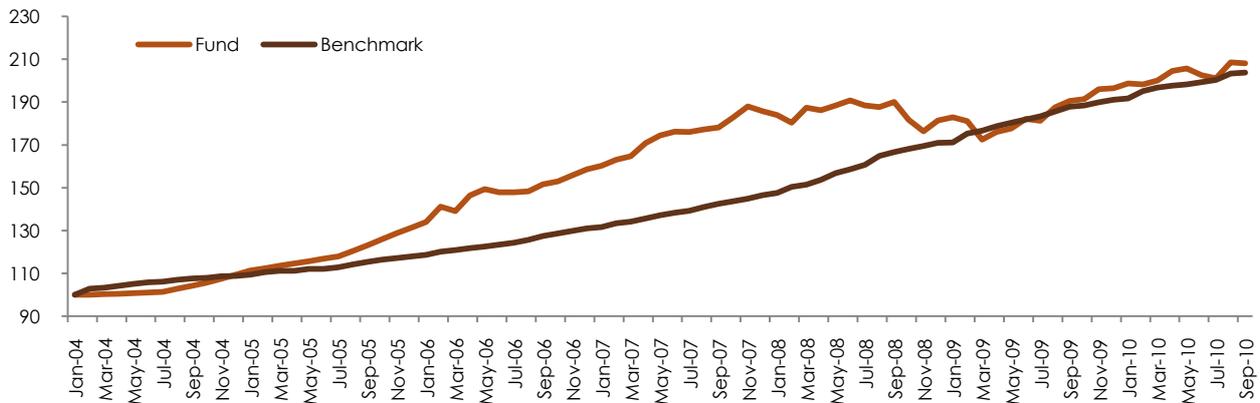
Metropolitan Asset Management,  
 Prudential Portfolio Managers

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

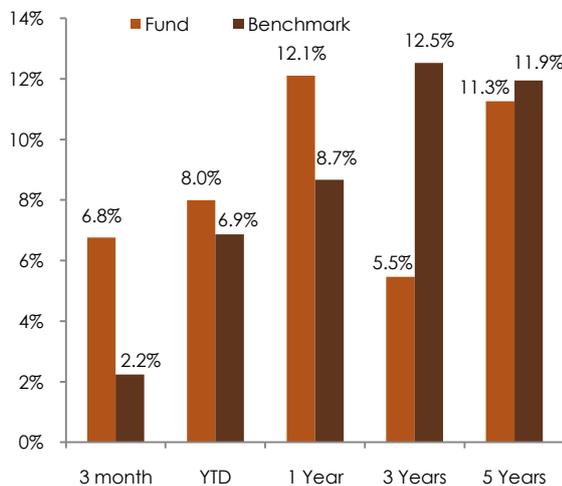
**Asset Allocation as at 30 September 2010**



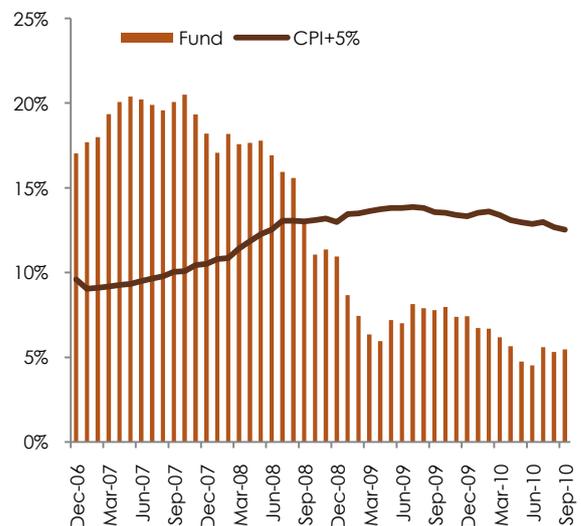
**Cumulative Performance vs Benchmark since January 2004**



**Historical performance as at 30 September 2010**



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



**Investec High Income Fund Namibia**

**Risk Profile:** Low  
**Size:** N\$531 m

**Portfolio Description**

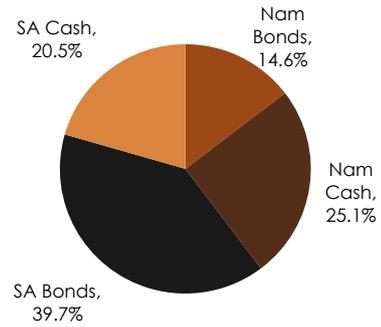
The Investec High Income Fund is an actively managed portfolio and invests in both South African and Namibia high-yielding fixed interest instruments.

**Inception:** May-2000  
**CIO:** John McNab, Mimi Ferrini  
**Portfolio Manager:** Vivienne Taberer

**Benchmark**

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

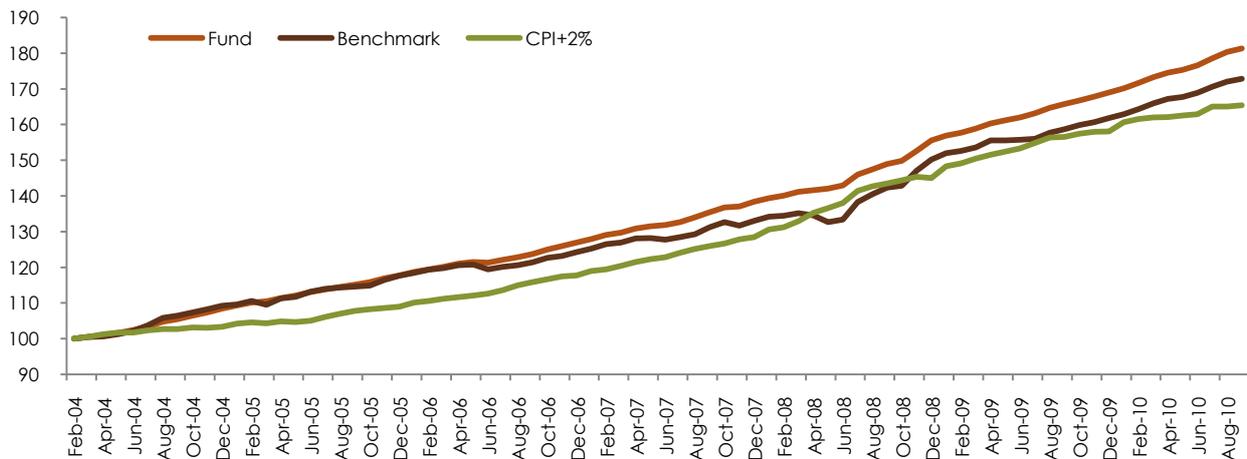
**Asset Allocation as at 30 September 2010**



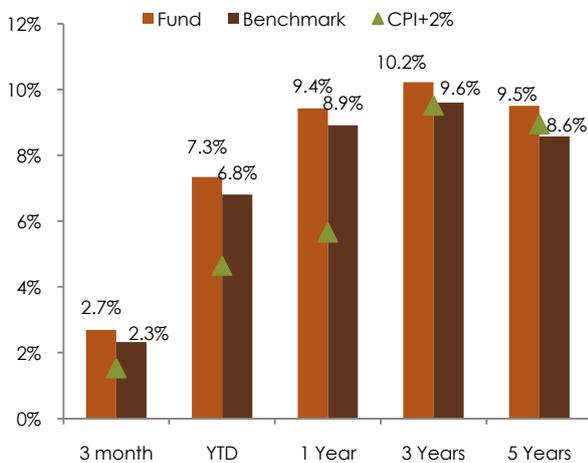
**Top 10 Bonds**

Bond		% of Bonds		Bond		% of Bonds	
1	RSA R206	20.4%	6	DCSA DC03	2.3%		
2	NAMGOV GC12	8.9%	7	NAMGOV GC15A	2.1%		
3	RSA R157	4.4%	8	STDNAM SBKN11	1.9%		
4	RSA R203	2.6%	9	NEDB NBRN1	1.8%		
5	INVBK IBL07	2.5%	10	ABSA AB05	1.6%		

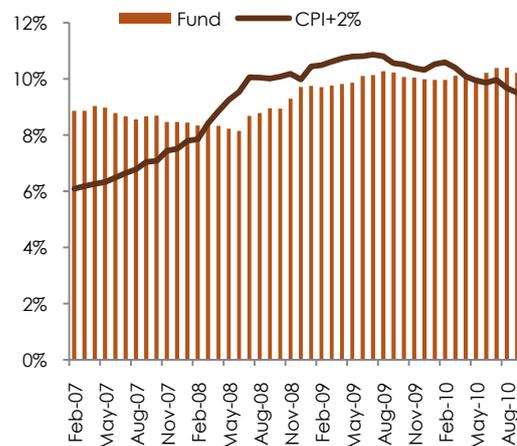
**Cumulative Performance vs Benchmark since February 2004**



**Historical performance as at 30 September 2010**



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



Money Market

**Risk Profile:** Capital Preservation  
**Size:** N\$4.3bn

**Portfolio Description**

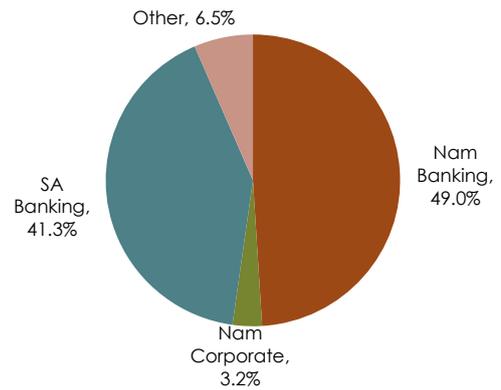
The Money Market Fund aims to achieve stable and secure returns for the risk averse investor by investing in a diversified combination of liquid money and capital market instruments. The underlying investment is the Bank Windhoek Investment Fund.

**Inception:** Feb-02  
**CIO:** Ian Erlank  
**Portfolio Manager:** Capricorn Asset Managers (Tertius Liebenberg)

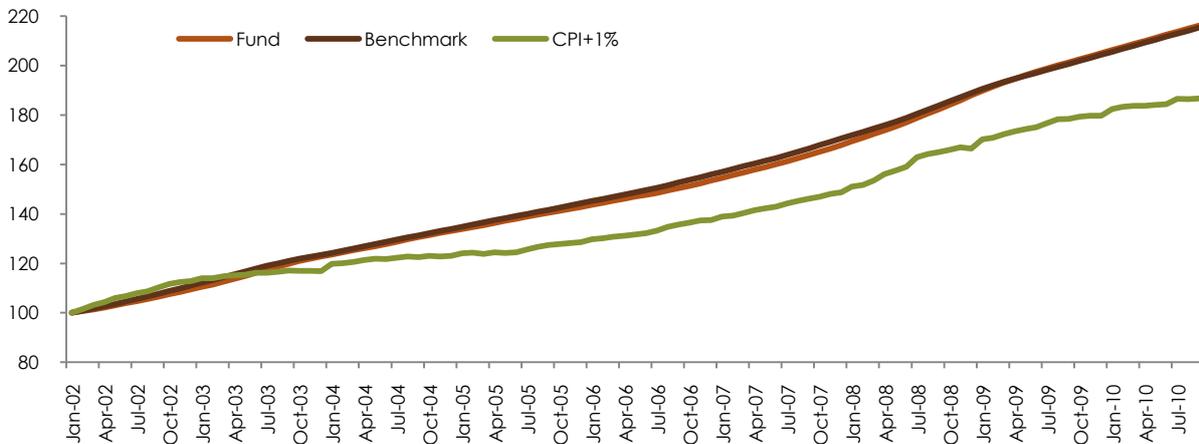
**Benchmark**

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

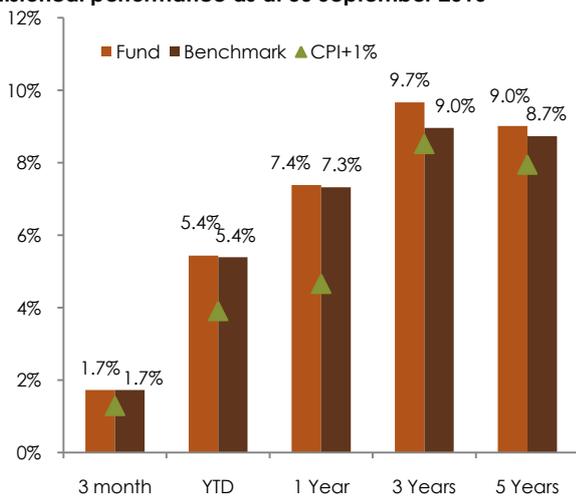
**Asset Allocation as at 30 September 2010**



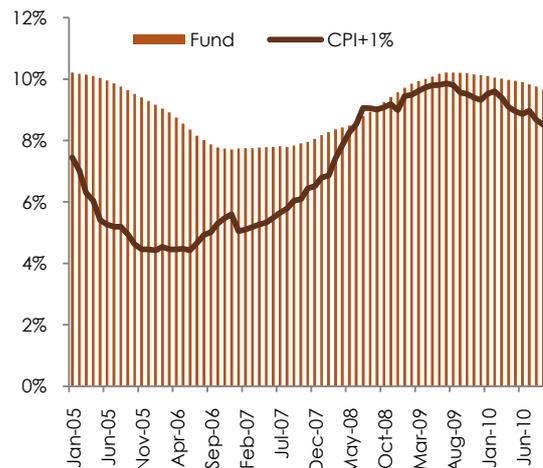
**Cumulative Performance vs Benchmark since inception**



**Historical performance as at 30 September 2010**



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



## 5. Manager summaries

### 5.1. Allan Gray

The Allan Gray Investment Counsel was established as a partnership in 1974. It was incorporated as a public company called AGIC Limited in 1993 and became affiliated with the Orbis Group in May 1997. The company name was changed to Allan Gray Limited in 1997. Allan Gray Namibia was formed in 1996.

Allan Gray's investment philosophy is value orientated, with their research efforts focussing on identifying quality assets priced below intrinsic value. They define intrinsic value as the discounted value of expected future cash flows.

Ian Liddle (Chief Investment Officer), Duncan Artis, Andrew Lapping, Delphine Govender, Simon Raubenheimer and Allan Gray's offshore company, Orbis, are responsible for stock selection of the equity portfolio, whilst Jack Mitchell heads up their Fixed Interest team. Mbakumua Hengari is the CEO of Allan Gray Namibia.

#### Manager Developments

There have been no developments during the third quarter of 2010

### 5.2. Investec Asset Managers

Investec Asset Management was founded in 1991 and is backed up by the Investec group. Investec operate a multi-specialist investment structure, where the investment team is organised into small groups of specialists. Each team is led by a portfolio manager who is solely responsible for his/her product(s).

Investec have a large centralised research team and all portfolio managers and their teams have access to this research. Each portfolio management team and product has a different process and philosophy, and thus will place emphasis on different parts of the common research provided.

John McNab and Mimi Ferrini are the joint Chief Investment Officers, with Hendrik du Toit the Chief Executive Officer. In Namibia, James Hatuikulipi is the Managing Director.

#### Manager Developments

There have been no developments during the third quarter of 2010

### 5.3. Investment Solutions

Investment Solutions is a Multi-Manager that was established in 1997. Being a multi-manager, Investment Solutions do not physically buy or sell securities. They delegate this responsibility to a number of underlying Asset Managers. They are responsible for the selection, blending and rebalancing of the underlying managers.

Investment Solutions is a subsidiary of Alexander Forbes South Africa Holdings Limited. They currently have over R 100 billion of assets under management and are the largest multi-manager in South Africa by assets under management. Investment Solutions also have operations in the United Kingdom, Channel Islands and Namibia.

Glen Silverman is the Global Chief Investment Officer, with Mark Lindhiem the South African Chief Investment Officer. Derrick Msibi is the Managing Director and Dantagos Jimmy is the Managing Director in Namibia.

### **Manager Developments**

There have been no developments during the third quarter of 2010

### **5.4. Metropolitan Asset Management**

Metropolitan Asset Management (METAM) Namibia was formed in 1997 as a division of Metropolitan Life Namibia. Metropolitan's philosophy is based on valuations, but has a growth element to it. They combine a top-down and bottom-up process when arriving at the final portfolio.

Robert Walton is the managing director, whilst Romeo Mahubela is the Chief Investment Officer. METAM Namibia outsource all of the portfolio management and administration responsibilities to METAM South Africa. Joseph Mukena and Toini Uusiku are portfolio analysts in Namibia who form part of the broader METAM team.

A merger between Momentum Group Limited and Metropolitan Holdings Limited was announced on 31 March 2010. The new merged entity will be listed on the Johannesburg Stock Exchange. These two entities will now commence in conducting a due diligence of each other, however they will continue to operate separately until the necessary regulatory and shareholder approval has been obtained. The merger would mean that RMB Asset Management could merge with Metropolitan Asset Management.

### **Manager Developments**

There have been no developments during the third quarter of 2010

### **5.5. Old Mutual Investment Group**

Old Mutual Investment Group (OMIG) is a member of the Old Mutual Group which was established in 1845. Like all Old Mutual Asset Management (OMAM) companies around the world, it is a subsidiary of OMAM Holdings (Bermuda) which is owned by Old Mutual plc. Old Mutual Investment Group (South Africa) (Pty) Ltd, formerly known as OMAM SA, was incorporated in the Old Mutual Group as a wholly owned subsidiary in 1993 and became a fully contained and independent asset management company in June 1997.

OMIGSA is now made up of different investment boutique teams, which operate separately and independently of each other. Each boutique has its own CIO, but all the boutiques report to the CEO. Their investment decision-making process is based on the identification of opportunities that should translate into strong long-term performance. They pursue an active, disciplined investment process that is supported by proprietary bottom-up research. The boutiques all feed off this common research platform.

The Macro Strategy Investments boutique provides a range of actively managed, balanced portfolios using both quantitative and qualitative analysis to determine the optimal asset allocation for each portfolio. Peter Brooke is the Chief Investment Officer. Tyrone van Wyk is an investment analyst in Namibia, while Lionel Matthews is CEO in Namibia.

### **Manager Developments**

Old Mutual has appointed Diane Radley as the new CEO of Old Mutual Investment Group.

## 5.6. Prudential Portfolio Managers

Prudential Portfolio Managers (South Africa) (Pty) Ltd has been operating since 1993. It is a wholly owned subsidiary of Prudential Portfolio Managers Ltd, based in London. Prudential Portfolio Managers Ltd is the worldwide investment management business of the UK listed Prudential Plc group of companies. The head office is situated in London with asset management offices in Chicago, New York, Paris, Hong Kong, Singapore and Cape Town.

Prudential Portfolio Managers (Namibia) (Pty) (Ltd) was established in 1996, where Gunton Cloete is Managing Director. Currently all portfolio management is done in South Africa.

Prudential's application of the value investment philosophy involves a four-stage process. The first stage is to identify potential value opportunities, usually through quantitative screening of the available universe of stocks and markets. Each opportunity is then systematically assessed through fundamental analysis. In the next step, risk controlled portfolios are constructed from the stocks and markets that have been identified and, finally, the portfolios are monitored and controlled.

Prudential's philosophy is, however, one of relative, rather than extreme value. This is evident from the portfolio construction where decisions are made relative to an agreed benchmark.

### Manager Developments

Craig Butters joined the equity team during August 2010 in a portfolio manager and financial analyst role. Prior to joining Prudential, he worked for Brait, Oasis, Southern Asset Management and Prodigy. Craig, holds a B Sc (Statistics) degree and is also a CA (SA).

Nicolette Wulfsohn joined Prudential from Woolworths where she worked as the Head of Financial Planning and Performance of the finance. Nicolette joined Prudential as an equity analyst with a focus on South African industrial companies. Nicolette is a CA (SA) and has also passed all three levels of the CFA Institute examinations.

## 5.7. Sanlam Investment Management

Sanlam's buyout of the minority shareholding in Gensec asset management during 2001 gave rise to Sanlam Investment Management (SIM) Namibia.

SIM's philosophy is that of pragmatic value. Stock picking is based on value criteria, while also focussing on asset prices reverting to their long term averages. Earnings forecasts are also considered. The investment process is further strengthened by progressive technological advances and the team consists of a number of well respected investment professionals.

Johan van der Merwe is the Chief Executive Officer and Gerhard Cruywagen is Chief Investment Officer. In Namibia Tega Shiimi ya Shiimi is the Chief Executive Officer and Andre Roux is the Chief Investment Officer.

### Manager Developments

There have been no developments during the third quarter of 2010

## 5.8. Stanlib Asset Management

Stanlib began in Namibia in 1994 as SCMB (Standard Corporate Merchant Bank). Following on from the merger of SCMB and Liberty asset management in SA in October 2002, the name was changed to Stanlib. Stanlib Namibia is a wholly owned subsidiary of Standard Bank Namibia.

Stanlib Namibia has a management agreement with Stanlib South Africa and outsource the portfolio management to Stanlib SA. There are 2 investment professionals in the Namibian office who form part of the investment team for Namibia, but the final decision rests with the portfolio manager in South Africa.

Thabo Dloti is the Chief Executive Officer of Stanlib SA whilst Stewert Rider is the Chief Investment Officer. In Namibia Brown Amuenje is the Managing Director and Chief Investment Officer.

### **Manager Developments**

There have been no developments during the third quarter of 2010

### **5.9. Capricorn Asset Management**

Capricorn Asset Management was formed to be the asset management arm of Bank Windhoek. Capricorn asset management is an entirely Namibian company. Capricorn believes in Core – Satellite approach for managing funds. This uses a passive index tracking portfolio as the core for Beta returns and different satellites to add alpha. Tertius Liebenberg is the Managing Director and Ian Erlank is the Chief Investment Officer.

### **Manager Developments**

There have been no developments during the third quarter of 2010

## 6. 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:** Bond Exchange Actuarial Society of South Africa Index.

**Balanced Fund:** An investment portfolio that spreads its holdings over a range of asset classes, which typically include shares, fixed interest, property, international securities, and cash.

**Benchmark:** An index or other market measurement that is used by a fund manager as a yardstick to assess the risk and performance of a portfolio; for example, the All Share Index is a commonly used benchmark for Domestic Equity portfolios.

**Bottom-up Analysis:** A form of security analysis that begins with forecasting returns for individual companies, then moves to industries and, finally, the economy as a whole.

**Capital Preservation Portfolio:** Portfolios that provide investors with a 100% Capital Guarantee (ie. initial investments + contributions + percentage of bonuses received).

**FTSE/JSE All Share Index:** 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.

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

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

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

**Market Value Adjustment:** A term used with smooth bonus products. All disinvestments which are not for benefit payment (ie switches, terminations) will be paid out at the lower of book or market value. Genuine benefit payments are defined to be payments in respect of resignation, death and retirement.

**Median:** The middle value that exceeds half of the values in the sample and which is exceeded by the other half. For example, if five items cost R20, R80, R100, R300, and R500 respectively, the median value would be R100, whereas the mean would be R200.

**MSCI World Equity Index:** An index which can be used to measure global market movements. Countries across the globe form part of the index, each carrying a certain weight in the index.

**NSX Index:** A “basket” of shares representing all the shares on the Namibian Stock Exchange. This index is used as a measurement to indicate price movements in the market.

**Price Earnings Ratio:** A stock's market price divided by its current or estimated future earnings per share. The PE ratio is used by the investing public as a measure of the attractiveness of a particular share versus all other shares. The lower the ratio relative to the average of the share market, the lower the market's profit growth expectations.

**Prudential Unit Trust:** A unit trust which complies with Regulation 28 of the Pension Fund Act.

**Regulation 28:** The regulation in the Pension Fund Act providing guidelines for the investments of retirement funds.

**Strategic Asset Allocation:** The composition of an asset mix within a portfolio, constructed with the aim of meeting the long-term objectives of a fund, rather than being based on short-term views of relative performance of the various asset classes. Usually a benchmark is derived in this fashion.

**STeFI:** Short Term Fixed Interest Index. An index used to measure performance for short term (cash) investments.

**Top Decile:** A statistical measure dividing a sample into ten numerically equal groups. Thus, 'top decile' means the top 10% of a given sample.

**Top-Down Analysis:** A form of security analysis that begins with forecasting broad macroeconomic trends, then assessing the impact on industries and, finally, on individual companies.

**Tactical Asset Allocation:** A process by which the asset allocation of a fund is changed on a short-term basis to take advantage of perceived differences in relative values of the various asset classes. TAA can also be described as the variation of asset allocation around the strategic asset allocation.

**Upper Quartile:** A statistical measure dividing a sample into four numerically equal groups. Thus, 'upper quartile' means the top 25% of a given sample.

**Value Style:** Asset managers who have a value style identify shares which trade below intrinsic value in the belief that the share price will return to its intrinsic value. These securities usually have low prices relative to book value or earnings.

**Volatility:** A measure used to define risk which refers to the degree of fluctuation of returns over a specified period (normally short-term). The higher the volatility, the higher the fluctuation of returns which is associated with greater uncertainty of expected returns. This scenario is defined as being high risk.

## Appendix A

The following table represents some salary replacement ratios:

<b>NET contribution towards retirement i.e. AFTER all costs for risk and administration etc (as % of pensionable salary)</b>					
<b>Investment Return for 30 years before retirement (after fees)</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>	<b>14%</b>	<b>16%</b>
<b>CPI + 5%</b>	43%	54%	65%	75%	86%
<b>CPI + 4%</b>	36%	45%	54%	63%	72%
<b>CPI + 3%</b>	30%	38%	45%	53%	60%

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 stipulates a range of ratios for various net retirement funding contribution rates and assuming retirement at age 60. Other assumptions are:

- **Real rate of return before retirement is dependent on the investment portfolio chosen;**
- Investment return after retirement age is 3% real for all scenarios;
- Pension payable as long as member lives after retirement (assumed average of 20 years);
- Inflation rate assumed is 7% per annum;
- Annual pension increase of 75% of inflation assumed;
- No break in service or 100% preservation of accumulated fund credit where there is a change of employer;
- Full fund credit available on retirement (one-third and two-thirds) is used to generate the pension;
- Effect of tax is not taken into account.