



JACQUES MALAN
CONSULTANTS & ACTUARIES



Benchmark Retirement Fund

Quarterly investment report
as at 30 September 2010

November 2010

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