

BENCHMARK RETIREMENT FUND SUMMARY OF THE 31 DECEMBER 2011 STATUTORY ACTUARIAL VALUATION

Introduction

1. We have carried out a statutory actuarial valuation of the Benchmark Retirement Fund ("the Fund") for the year ending 31 December 2011.
2. The previous statutory actuarial valuation of the Fund was carried out by us as at 31 December 2010. The current valuation covers the year from 31 December 2010 to 31 December 2011.
3. The full valuation report will be submitted to Namfisa.

Purpose of the valuation

4. This valuation is carried out as at 31 December 2011. The purpose of this valuation is to determine whether:
 - 4.1 The Fund is administered in terms of the general rules and, where applicable, the special rules;
 - 4.2 All accounts established by the rules are maintained correctly;
 - 4.3 The investment portfolios held by the Fund are matched to the Fund's liabilities as at 31 December 2011;
 - 4.4 All expense deductions are made in terms of the Fund's rules and are in accordance with service level agreements and any marketing literature given to clients;
 - 4.5 Ad-hoc expenses are allowed for, and are allocated, on an equitable basis;
 - 4.6 The areas where the Fund's rules give discretion to the administrator are dealt with in a consistent and equitable manner; and
 - 4.7 The Fund complies with legislation and service level agreements.
5. To meet the requirement of Section 16 of the Pension Funds Act that requires actuarial valuations of the Fund to be performed at intervals not exceeding 3 years.

Financially significant changes during the year

6. There were no financially significant amendments to the general rules governing the Fund.
7. 6 new participating employers joined the Fund during the valuation period.
8. No participating employers left the Fund during the valuation period.
9. Participating employer 63 allocated a portion of the Employer Reserve Account to its members' Shares during the valuation period.

Investments during the year

10. Participating employers, individual members and pensioners can elect to invest their Shares and Employer Reserve Accounts in a range of investment portfolios.
11. The 13 investment portfolios that were utilised during the year and the investment return earned during the year are shown in the following table:

Investment returns (gross of Fund fees and levies)	
Investment portfolio	Year ending 31 December 2011
Allan Gray Namibia Investment Trust	12.85%
AF Namibia Balanced Growth	7.97%
Bank Windhoek: Cash	5.90%
Investec Managed Fund Namibia	7.52%
Investec High Income Fund Namibia	6.58%
NAM Coronation Balanced Defensive Fund	8.96%
NAM Coronation Capital Plus Fund	4.47%
Old Mutual Profile Balanced	6.92%
Prudential Inflation Plus Fund	10.57%
Prudential Balanced Fund	2.40%
Sanlam Namibia Managed Prudential Fund	6.70%
Standard Bank Namibia Managed Fund	8.36%
Default Portfolio ¹	11.64%

1. Made up of the Allan Gray Namibia Investment Trust and the Prudential Inflation Plus Fund.

12. Depending on the levies and fees applicable, the net investment return allocated will be between 0.05% and 1.6% lower than what is set out in previous table.

Valuation information

13. The Fund is administered by Retirement Fund Solutions (Pty) Ltd who supplied us with the information and data set out below.
14. The following documents were examined:
 - 14.1 The general rules of the Benchmark Retirement Fund and the special rules of each participating employer of the Fund;
 - 14.2 The Service Level Agreement between the Benchmark Retirement Fund and the administrator;
 - 14.3 The Fund's audited financial statements for the year ending 31 December 2011;
 - 14.4 The detailed trial balance underlying the audited financial statements;
 - 14.5 The quarterly investment reports prepared by the Fund's investment consultants;

- 14.6 The statutory actuarial valuation report as at 31 December 2010; and
- 14.7 The individual member application forms for 3 randomly selected individual members of the Fund.
- 15. The following data was examined:
 - 15.1 In respect of each participating employer, records of every active member as well as of members who had exited in the past year. The information included amounts and dates of cashflows (contributions, transfers-in, investments, benefit payments etc) received or paid on behalf of the member, as well as the members' Share at 31 December 2011;
 - 15.2 A record of each individual member's and pensioner's Share and the underlying investment portfolios;
 - 15.3 A spreadsheet setting out the investments allocated to each participating employer as at 31 December 2011;
 - 15.4 In respect of each participating employer, a summary of the contribution allocation to retirement and risk benefits and administration expenses; and
 - 15.5 A schedule setting out the monthly investment returns and balance for each investment portfolio manager showing the investment return achieved by the Fund and the investment return allocated to the Fund's various accounts.

Fund Accounts

- 16. The liabilities of the Fund are accounted for in various accounts, namely the members' Share Account, the Living Annuity Account, the Employer Reserve Account and the General Reserve Account.

Members' Share Account

- 17. Members may participate in the Fund in one of 2 ways:
 - 17.1 As an employee of a participating employer; or
 - 17.2 As an individual member.
- 18. A member's Share is equal to the total net contributions and transfer values received in respect of the member during the period of membership, accumulated with the net investment yield earned on the underlying portfolio(s) in which the member or participating employer elects to invest.
- 19. The sum of the members' Shares constitutes the members' Share Account.
- 20. Benefits and transfer values payable in respect of members are paid from the capital accumulated in the member's Share. Any balance remaining (e.g. due to the application of a vesting scale on resignation) in respect of exiting members employed by participating employers is transferred to the Employer Reserve Account as unallocated surplus.

Living Annuity Account

21. The Living Annuity Account consists of the total transfer values and contributions received in respect of pensioners, less any pensions paid and fees charged, accumulated with the net investment yield earned on the underlying portfolio(s) in which the pensioner elected to invest.
22. Benefits and transfer values payable in respect of pensioners are paid from the capital accumulated in the Living Annuity Account.

Employer Reserve Account

23. Participating employers' contributions towards reserves are paid into the Employer Reserve Account. This account is designed to absorb the impact of unfavourable experience and may consist of an investment, risk and data reserve. Unallocated surplus attributable to the participating employers is also transferred into this account.
24. The Employer Reserve Account can be utilised to meet the cost of benefits or to enhance member's Shares.

General Reserve Account

25. The General Reserve Account represents all residual monies in the Fund that are not allocated to a particular member, participating employer or pensioner.
26. The Fund's assets and accounts (liabilities) as at 31 December 2011 and 31 December 2010 are set out below:

	N\$	
	31 Dec 2011	31 Dec 2010
Market value of assets	785 350 169	595 521 898
Individual Member Share Account	203 712 640	170 917 130
Participating Employer Member Share Account	476 803 598	331 920 524
Living Annuity Account	86 026 634	72 184 220
Employer Reserve Account	14 294 000	16 301 280
General Reserve Account	<u>4 513 297</u>	<u>4 198 744</u>
Total liabilities and reserves	785 350 169	595 521 898

Summary of findings

27. We have carried out a statutory actuarial valuation of the Benchmark Retirement Fund as at 31 December 2011.
28. We are satisfied that the data and supporting information provided to us is appropriate for the purposes of the valuation.

29. Based on our valuation, we confirm the following:
- 29.1 The Fund is administered in terms of the general rules of the Fund and the special rules of the participating employers;
 - 29.2 The Share Account, Living Annuity Account, Employer Reserve Account and the General Reserve Account established by the rules are maintained correctly;
 - 29.3 The investments of the Fund are well matched to the Fund's liabilities;
 - 29.4 Expense deductions and contributions toward risk benefits are made in terms of the Fund's rules and the special rules of the participating employers and in accordance with the service level agreement;
 - 29.5 Ad-hoc expenses are paid for from the General Reserve Account and the General Reserve Account balance of 0.57% of the Fund's assets is reasonable; and
 - 29.6 The Fund complies with legislation and service level agreements.
30. We wish to thank the administrator for their assistance in supplying us with the relevant information and assisting us with our queries.
31. The Fund is in a financial sound position as at 31 December 2011.



COLIN HENDRIKS (FASSA FIA)

ACTUARY

**In my capacity as a Director of
Strategic Actuarial Partners Namibia (Pty) Ltd
12 September 2012**

APPENDICES

APPENDIX 1: PARTICIPATING EMPLOYERS

- A1.1. We estimated the individual members' Shares based on the member data and investment portfolio returns supplied by the administrator. These estimates were successfully compared to each member's Share shown in the data as at 31 December 2011.
- A1.2. The individual estimates were then summed to obtain a Share Account estimate for each participating employer. The estimates and the actual Share Account shown in the financial statements as at 31 December 2011 are compared below. The Employer Reserve Accounts as at 31 December 2011 are also set out below.

Employer Code	Share Account as at 31 December 2011 (N\$)		Difference (%)	Employer Reserve Account (N\$)
	Per financial statements	Estimated based on data		
6	6 021 963	6 021 962	0.0%	408 371
10	1 965 886	1 965 894	0.0%	302 894
12	10 083 147	10 083 147	0.0%	1 068 133
14	6 713 098	6 713 104	0.0%	631 155
22	1 096 003	1 096 008	0.0%	77 392
23	25 962 782	25 962 912	0.0%	808 878
34	29 123 808	29 123 839	0.0%	887 287
36	10 487 488	10 487 488	0.0%	571 179
39	15 509 397	15 509 188	0.0%	1 016 486
41	1 323 238	1 323 240	0.0%	10 394
43	7 683 741	7 683 741	0.0%	887 844
44	20 042 275	20 042 282	0.0%	1 358 487
49	31 555 338	31 555 334	0.0%	1 935 041
51	308 358	308 356	0.0%	32 312
52	1 173 020	1 173 019	0.0%	10 057
53	4 169 523	4 169 522	0.0%	52 636
54	21 672 253	21 672 256	0.0%	1 533 608
56	1 819 306	1 819 306	0.0%	90 200
57	11 055 013	11 055 013	0.0%	- 14 227
62	4 304 034	4 304 032	0.0%	152 410
63	11 766 813	11 766 813	0.0%	54 930
65	1 983 152	1 983 151	0.0%	- 3 785
66	4 689 549	4 689 546	0.0%	- 350
67	18 534 122	18 534 116	0.0%	- 5 318
69	12 608 197	12 608 197	0.0%	- 29 720
70	11 446 640	11 446 637	0.0%	387 226
74	8 633 190	8 634 741	0.0%	117 015
75	10 942 067	10 941 608	0.0%	1 018 026
99	16 223 362	16 223 362	0.0%	63 277
100	1 434 713	1 434 712	0.0%	27 435
103	1 762 678	1 762 678	0.0%	2 723
104	3 022 453	3 022 453	0.0%	3 296
105	46 218 341	46 218 342	0.0%	418 774
106	16 216 978	16 216 984	0.0%	196 488
107	4 078 928	4 078 929	0.0%	58 588
108	12 126 748	12 126 748	0.0%	- 6 586

Employer Code	Share Account as at 31 December 2011 (N\$)		Difference (%)	Employer Reserve Account (N\$)
	Per financial statements	Estimated based on data		
109	2 603 093	2 603 093	0.0%	13 221
110	30 296 407	30 296 405	0.0%	178 388
111	1 256 414	1 256 414	0.0%	7 651
114	2 383 017	2 383 016	0.0%	- 10 902
115	18 062 166	18 062 166	0.0%	- 5 050
116	8 215 770	8 215 772	0.0%	- 5 585
117	11 428 423	11 428 423	0.0%	5 824
118	151 078	151 078	0.0%	- 1 648
119	376 945	376 945	0.0%	- 3 643
120	6 673 304	6 673 304	0.0%	1 412
121	967 679	967 677	0.0%	- 8 526
122	339 620	339 620	0.0%	302
125	<u>292 080</u>	<u>292 080</u>	<u>0.0%</u>	<u>0</u>
Total	476 803 598	476 804 652	0.0%	14 294 000

A1.3. Based on the results set out above table, we are satisfied that the participating employer Share Accounts are correctly administered in terms of the Fund's Rules.

A1.4. A summary of the participating employers' member Shares, salaries and service, by age and gender, is set out below.

Age band	Number	Shares (N\$)		Annual salaries (N\$)		Average service (years)
		Total	Average	Total	Average	
Females						
15 - 19	8	19 520	2 440	283 238	35 405	0.58
20 - 24	188	1 782 826	9 483	10 401 082	55 325	1.43
25 - 29	417	8 097 491	19 418	33 350 112	79 976	1.86
30 - 34	475	18 204 182	38 325	44 124 853	92 894	3.02
35 - 39	433	23 147 702	53 459	42 283 109	97 652	4.13
40 - 44	302	28 378 382	93 968	35 758 239	118 405	5.33
45 - 49	257	31 539 762	122 723	31 261 334	121 639	6.70
50 - 54	173	27 969 858	161 675	24 167 234	139 695	9.16
55 - 59	97	26 617 423	274 406	14 372 123	148 166	11.72
> 60	<u>25</u>	<u>4 792 353</u>	<u>191 694</u>	<u>3 831 989</u>	<u>153 280</u>	<u>12.16</u>
Total	2 375	170 549 500	71 810	239 833 311	100 982	4.47
Males						
15 - 19	4	4 941	1 235	103 650	25 913	0.58
20 - 24	251	1 785 700	7 114	11 272 750	44 911	1.25
25 - 29	584	12 316 846	21 090	45 696 355	78 247	2.04
30 - 34	742	28 527 874	38 447	74 088 033	99 849	3.14
35 - 39	608	38 472 870	63 278	69 315 206	114 005	4.25
40 - 44	470	39 710 177	84 490	54 718 646	116 423	5.77
45 - 49	323	50 694 592	156 949	45 647 303	141 323	7.24
50 - 54	216	55 573 495	257 285	38 543 684	178 443	8.92
55 - 59	144	55 757 715	387 206	29 929 097	207 841	10.72
> 60	<u>32</u>	<u>23 410 941</u>	<u>731 592</u>	<u>12 827 372</u>	<u>400 855</u>	<u>9.36</u>
Total	3 374	306 255 152	90 769	382 142 096	113 261	4.52
TOTAL	5 749	476 804 652	82 937	621 975 407	108 188	4.50

APPENDIX 2: INDIVIDUAL MEMBERS AND PENSIONERS

- A2.1. We compared the individual members' Shares as stated in the financial statements to the total of all the individual members' Shares as stated in the administrators' data.
- A2.2. We compared the pensioners' Living Annuity Account shown in the financial statements to the total of all the pensioner's Shares shown in the data. The values tied up to within an acceptable difference.
- A2.3. The following table compares the individual members' Share Account and the pensioners' Living Annuity Account as per the data with the figures shown in the financial statements as at 31 December 2011:

	31 December 2011 (N\$)		Difference (%)
	Financial statements	Data	
Members' Share Account	203 712 640	203 712 643	0.0%
Pensioners' Living Annuity Account	<u>86 026 634</u>	<u>86 026 634</u>	<u>0.0%</u>
Total	289 739 274	289 739 277	0.0%

- A2.4. The individual member data is summarised as follows:

Age band	Number	Shares (N\$)	
		Total	Average
20 - 24	22	178 813	8 128
25 - 29	39	1 012 912	25 972
30 - 34	43	3 358 735	78 110
35 - 39	45	6 823 116	151 625
40 - 44	80	24 996 041	312 451
45 - 49	67	30 944 897	461 864
50 - 54	58	35 366 163	609 761
55 - 59	32	35 002 228	1 093 820
60 - 64	17	31 126 128	1 830 949
65 - 69	<u>4</u>	<u>34 903 609</u>	<u>8 725 902</u>
Total	407	203 712 643	500 522

- A2.5. The individual pensioner data is summarised as follows:

Age band	Number	Shares (N\$)	
		Total	Average
55 - 59	20	20 894 321	1 044 716
60 - 64	35	36 752 040	1 050 058
65 - 69	11	19 898 053	1 808 914
70 - 74	4	3 751 085	937 771
75 - 79	<u>1</u>	<u>4 731 135</u>	<u>4 731 135</u>
Total	71	86 026 634	1 211 643

APPENDIX 3: ASSET AND LIABILITY COMPARISON

- A3.1. We compared the total liability of the participating employers and individual members and pensioners to the assets held in respect of each of them by investment portfolio. Crucially, this shows whether the Fund has any mismatch between how its liabilities and assets will move in future.
- A3.2. From the portfolio schedule provided we were able to obtain the investment balance of each investment manager. We were also able to determine the allocation of each investment manager's balance to the participating employers, individual members and pensioners invested in that portfolio. The resulting asset values were used in the table below. Housing loans are reflected as a separate asset.
- A3.3. We split the liabilities of the participating employer (Share Account plus Employer Reserve Account) and individual members and pensioner liabilities according to their investment allocation. In the case of the Default Portfolio or in cases where a participating employer uses two or more underlying investment portfolios to obtain a single combined return the allocation of the liabilities by investment portfolio can only be carried out on an approximate basis. As such, we do not expect the assets and liabilities to match up 100% by investment portfolio.
- A3.4. The Table A below shows the participating employer and individual member and pensioner asset and liability split between the investment portfolios. In our view, the Fund's assets and liabilities are well matched by investment portfolio.

Table A

Investment portfolio	N\$						%
	Participating employer		Ind. member / pensioner		Total		Assets / Liabilities
	Asset	Liability	Asset	Liability	Assets	Liabilities	
Allan Gray Investment Trust	174 754 297	176 375 300	115 818 808	115 845 914	290 573 105	292 221 214	99%
AGIT Default Portfolio ¹	108 717 170	109 116 779	0	0	108 717 170	109 116 779	100%
AF Namibia Balanced Growth	0	0	632 546	632 229	632 546	632 229	100%
Bank Windhoek: Cash	9 556 671	9 507 865	45 545 388	45 239 826	55 102 059	54 747 691	101%
Investec Managed Fund	72 360 234	72 362 483	22 459 465	22 539 572	94 819 699	94 902 055	100%
Investec High Income Fund	2 306 334	2 357 669	2 083 668	2 081 643	4 390 002	4 439 312	99%
NAM Cor Balanced Defensive	3 589 264	3 669 148	0	0	3 589 264	3 669 148	98%
NAM Cor Capital Plus	2 721 241	2 781 823	2 323 986	2 415 328	5 045 228	5 197 150	97%
OM Namibia Profile Balanced	6 010 282	5 980 047	12 131 031	12 122 178	18 141 313	18 102 225	100%
Prud Inflation Plus Portfolio	0	0	82 254 418	82 212 469	82 254 418	82 212 469	100%
PIPP Default Portfolio ¹	107 845 488	108 241 894	0	0	107 845 488	108 241 894	100%
Prud Namibia Balanced Fund	0	0	1 541 308	1 540 753	1 541 308	1 540 753	100%
Sanlam Managed Prudential	0	0	1 144 512	1 143 850	1 144 512	1 143 850	100%
Standard Bank Managed Fund	0	0	3 069 628	3 067 654	3 069 628	3 067 654	100%
Housing loans	704 593	704 593	870 244	897 857	1 574 837	1 602 450	98%
Net current assets	0	0	0	0	38 016 501	35 355 161	108%
General Reserve Account	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4 248 253</u>	<u>4 513 297</u>	94%
Total	488 565 575	491 097 598	289 875 002	289 739 274	820 705 331	820 705 330	

1. These two investment portfolios make up the “Default Portfolio” and as such they should largely be considered as a combined portfolio.

APPENDIX 5: MEMBERSHIP RECONCILIATION

A4.1. The membership of the Fund is reconciled as follows during the valuation period:

Participating Employers

Employer Code	Active 31.12.2010	New members	Exits	Active 31.12.2011
6	75	53	- 15	113
10	20	7	- 8	19
12	63	6	- 5	64
14	34	9	- 3	40
22	18	4	- 5	17
23	322	51	- 38	335
34	577	58	- 43	592
36	41	6	- 1	46
39	76	15	- 11	80
41	39	3	- 12	30
43	141	50	- 41	150
44	146	38	- 28	156
49	189	33	- 24	198
51	18	3	- 6	15
52	7	0	0	7
53	74	13	- 21	66
54	137	17	- 15	139
56	8	5	- 1	12
57	158	49	- 55	152
62	50	5	- 5	50
63	35	10	- 5	40
65	22	0	- 2	20
66	75	15	- 15	75
67	52	10	- 10	52
69	63	18	- 5	76
70	61	8	- 5	64
74	519	161	- 125	555
75	72	26	- 14	84
99	206	1	- 59	148
100	21	16	- 7	30
103	23	3	- 5	21
104	68	19	- 6	81
105	45	7	- 4	48
106	251	141	- 72	320
107	134	63	- 28	169
108	30	0	- 2	28
109	10	3	- 1	12
110	337	62	- 31	368
111	27	4	- 3	28
114	47	90	- 5	132
115	114	4	- 9	109
116	129	13	- 35	107
117	128	40	- 39	129

Employer Code	Active 31.12.2010	New members	Exits	Active 31.12.2011
118	0	29	- 6	23
119	0	35	- 3	32
120	0	139	- 22	117
121	0	156	- 20	136
122	0	70	0	70
125	<u>0</u>	<u>407</u>	<u>- 13</u>	<u>394</u>
Total	4 662	1 975	- 888	5 749

Individual members and pensioners

Type	Active 31.12.2010	New member	New retiree	Death	Withdrawal	Active 31.12.2011
Members	362	121	- 3	0	- 73	407
Pensioners	62	8	3	- 2	0	71