

BENCHMARK RETIREMENT FUND SUMMARY OF THE 31 DECEMBER 2014 STATUTORY ACTUARIAL VALUATION

Introduction

1. We have been asked to carry out a statutory actuarial valuation of the Benchmark Retirement Fund (“the Fund”) for the year ending 31 December 2014.
2. The previous statutory actuarial valuation of the Fund was carried out by us as at 31 December 2013.
3. The Fund commenced on 1 January 2000.
4. Each annual statutory actuarial valuation report is submitted to Namfisa in terms of Section 16 of the Pension Funds Act.

Purpose of the valuation

5. This valuation is carried out as at 31 December 2014. The purpose of this valuation is to determine whether:
 - 5.1 The Fund is administered in terms of the general rules and, where applicable, the special rules;
 - 5.2 All accounts established by the rules are maintained correctly;
 - 5.3 The investment portfolios held by the Fund are matched to the Fund’s liabilities as at the valuation date;
 - 5.4 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;
 - 5.5 Ad-hoc expenses are allowed for and are allocated on an equitable basis;
 - 5.6 The areas where the Fund’s rules give discretion to the administrator are dealt with in a consistent and equitable manner. These areas include expense charges, investment dates, disinvestment dates, late payment interest etc.;
 - 5.7 The Fund complies with legislation and service level agreements; and
 - 5.8 To meet the requirement of the Pension Funds Act for 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 rule amendments during the year.
7. 2 participating employers joined the Fund during the year. Special rules were registered in respect of these new participating employers.
8. Participating employer 51 was moved into the small employers group (grouped under participating employer 128 since 1 January 2012).

9. Participating employers 23, 70 and 106 allocated portions of the Employer Reserve Account to its members' Shares during the year.
10. Participating employers 43 was using the Employer Reserve Accounts to subsidise the employer contribution rate towards the Fund.

Investments during the year

11. Participating employers, individual members and pensioners can elect to invest their Shares and Employer Reserve Accounts in a range of investment portfolios.
12. The 17 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 2014
Allan Gray Namibia Investment Trust	8.88%
Bank Windhoek: Cash	6.09%
EMHP Balanced Quantplus Fund	7.96%
Investec Managed Fund Namibia	12.37%
IS- AF Namibia Balanced Growth ¹	10.48%
NAM Coronation Balanced Plus Fund ²	2.24%
NAM Coronation Balanced Defensive Fund	9.27%
NAM Coronation Capital Plus Fund	8.01%
Old Mutual Namibia Profile Pinnacle Fund	12.01%
Prudential Inflation Plus Fund	11.14%
Prudential Namibia Balanced Fund	10.78%
Sanlam Namibia Active Fund	7.88%
Sanlam Namibia Balanced Fund ³	9.59%
Sanlam Namibia Inflation Linked ⁴	0.89%
Standard Bank Namibia Managed Fund	10.04%
Investec / AG Combined Portfolio ⁵	10.54%
Default Portfolio ⁶	10.03%

1. This portfolio was terminated on 31 December 2014.
2. This portfolio was introduced with effect from 1 November 2014.
3. This portfolio was terminated on 31 December 2014.
4. This portfolio was introduced with effect from 1 December 2014.
5. Made up of the Allan Gray Namibia Investment Trust and the Investec Managed Fund Namibia.
6. Made up of the Allan Gray Namibia Investment Trust and the Prudential Inflation Plus Fund.

Investment based fees

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

14. The annual expense levy that covers non-administration expenses increased from 0.1% to 0.2% of assets with effect from 1 January 2015.

Valuation information

15. The Fund is administered by Retirement Fund Solutions (Pty) Ltd who supplied us with data and the following documents:
 - 15.1 The general rules of the Benchmark Retirement Fund and the special rules of each participating employer of the Fund;
 - 15.2 The Service Level Agreement between the Benchmark Retirement Fund and Retirement Fund Solutions Namibia (Proprietary) Limited (the administrator);
 - 15.3 The Fund's audited financial statements for the year ending 31 December 2014 and the detail trial balance underlying the audited financial statements;
 - 15.4 The quarterly investment reports prepared by the Fund's investment consultants;
 - 15.5 The monthly unit prices determined by the Fund's external investment administrator;
 - 15.6 The statutory actuarial valuation report on the Fund as at 31 December 2013; and
 - 15.7 The individual member application forms for 20 randomly selected individual members of the Fund.
16. The following data was examined:
 - 16.1 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 the valuation date;
 - 16.2 A record of each individual member's and pensioner's Share and the underlying investment portfolios;
 - 16.3 A spreadsheet setting out the investments allocated to each participating employer as at the valuation date;
 - 16.4 In respect of each participating employer, a summary of the contribution allocation to retirement and risk benefits and administration expenses;
 - 16.5 A schedule setting out the monthly unit price of each investment portfolio; and
 - 16.6 Schedules 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

17. 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

18. Members may participate in the Fund as an employee of a participating employer or as an individual member.
19. 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.
20. The sum of the members' Shares constitutes the members' Share Account.
21. Benefits and transfer values payable in respect of members are paid from the capital accumulated in the member's Share.

Living Annuity Account

22. The Living Annuity Account consists of the total transfer values 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.
23. Benefits and transfer values payable in respect of pensioners are paid from the capital accumulated in the Living Annuity Account.

Employer Reserve Account

24. Participating employers' contributions towards reserves are paid into the Employer Reserve Account. Unallocated surplus attributable to the participating employers is also transferred into this account.
25. The Employer Reserve Account can be utilised to meet the cost of benefits or to enhance member's Shares.

General Reserve Account

26. The General Reserve Account represents all residual monies in the Fund that are not allocated to a particular member, participating employer or pensioner.
27. The Fund's assets and accounts (liabilities) as at 31 December 2014 and 31 December 2013 are set out as follows:

	N\$	
	31 Dec 2014	31 Dec 2013
Market value of assets	1 564 644 553	1 338 225 026
Individual Member Share Account	308 721 385	266 072 392
Participating Employer Member Share Account	1 045 548 332	928 723 553
Living Annuity Account	191 897 224	125 652 373
Employer Reserve Account	13 447 675	12 911 054
General Reserve Account	<u>5 029 937</u>	<u>4 865 654</u>
Total liabilities and reserves	1 564 644 553	1 338 225 026

Summary of findings

28. We have carried out a statutory actuarial valuation of the Benchmark Retirement Fund as at 31 December 2014.
29. We are satisfied that the data and supporting information provided to us is appropriate for the purposes of the valuation.
30. Based on our valuation, we confirm the following:
 - 30.1 The Fund is administered in terms of the general rules of the Fund and the special rules of the participating employers;
 - 30.2 The Share Account, Living Annuity Account, Employer Reserve Account and the General Reserve Account established by the rules are maintained correctly;
 - 30.3 The investments of the Fund are well matched to the Fund's liabilities;
 - 30.4 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 service level agreements;
 - 30.5 Ad-hoc expenses are paid for from the General Reserve Account and the General Reserve Account balance of 0.32% of the Fund's assets is reasonable; and
 - 30.6 The Fund complies with legislation and service level agreements.
31. We wish to thank the administrator for their assistance in supplying us with the relevant information and assisting us with our queries.
32. The Fund is in a financially sound position as at the valuation date.



COLIN HENDRIKS (FASSA)

ACTUARY

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

5 October 2015

APPENDIX 1: PARTICIPATING EMPLOYERS

- A1.1. In order to confirm each participating employers' Share Account balance, 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 the valuation date.
- 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 2014 are compared below. The Employer Reserve Accounts as at the valuation date are also set out below.

Employer Code	Share Account as at 31 December 2014 (N\$)		Difference (%)	Employer Reserve Account (N\$)
	Per financial statements	Estimated based on data		
6	12 631 326	12 631 325	0.0%	266 349
10	1 812 509	1 812 517	0.0%	80 895
12	18 475 406	18 475 408	0.0%	222 609
14	11 588 282	11 588 271	0.0%	209 832
22	0	0		0
23	46 535 960	46 535 844	0.0%	1 582 067
34	43 376 995	43 377 044	0.0%	457 941
36	20 475 123	20 475 123	0.0%	118 494
39	23 123 096	23 122 882	0.0%	455 789
41	2 568 385	2 568 387	0.0%	11 383
43	11 591 597	11 591 598	0.0%	298 749
44	32 112 936	32 112 938	0.0%	1 011 370
49	40 931 914	40 931 917	0.0%	1 064 476
51	0	0		0
53	8 463 954	8 463 950	0.0%	115 725
54	24 628 700	24 628 652	0.0%	956 300
56	3 062 044	3 062 044	0.0%	120 385
57	21 602 953	21 602 950	0.0%	- 175
62	8 604 827	8 604 822	0.0%	225 533
63	14 502 546	14 502 543	0.0%	169 668
65	7 705 762	7 705 758	0.0%	- 29 061
66	8 676 389	8 676 385	0.0%	1 679
67	36 934 216	36 934 200	0.0%	- 1 501
69	20 352 657	20 352 656	0.0%	73 972
70	17 430 001	17 454 470	-0.1%	43 776
74	16 030 125	16 030 331	0.0%	758 475
75	16 404 412	16 403 950	0.0%	679 645
99	14 896 892	14 896 893	0.0%	273 170
100	4 403 657	4 403 656	0.0%	20 483
103	3 981 136	3 981 136	0.0%	- 3 622
104	6 455 741	6 455 738	0.0%	19 155
105	40 336 269	40 336 270	0.0%	844 584
106	27 139 087	27 156 370	-0.1%	667 751
107	17 541 052	17 541 050	0.0%	353 038
108	17 874 217	17 874 209	0.0%	12 615
109	9 816 497	9 816 496	0.0%	- 83 269

Employer Code	Share Account as at 31 December 2014 (N\$)		Difference (%)	Employer Reserve Account (N\$)
	Per financial statements	Estimated based on data		
110	50 633 658	50 633 636	0.0%	399 920
111	2 848 975	2 848 975	0.0%	36 231
114	28 372 567	28 372 191	0.0%	- 104 028
115	24 777 670	24 777 668	0.0%	107 666
116	0	0		0
117	22 100 795	22 100 790	0.0%	48 641
118	793 639	793 639	0.0%	- 4 790
119	8 405 819	8 405 818	0.0%	128 120
120	12 872 737	12 872 737	0.0%	- 1 213
121	49 581 376	49 581 373	0.0%	1 356 497
122	22 325 450	22 325 450	0.0%	244 523
125	12 047 968	12 047 970	0.0%	8 147
127	19 903 138	19 903 134	0.0%	71 583
128	59 439 884	59 439 910	0.0%	0
129	7 613 705	7 613 705	0.0%	- 6 405
135	6 503 006	6 503 001	0.0%	12 822
137	3 563 734	3 563 734	0.0%	- 48 388
138	8 323 367	8 323 367	0.0%	58 426
139	47 508 809	47 508 806	0.0%	83 682
140	23 732 223	23 732 227	0.0%	21 347
142	21 378 010	21 377 948	0.0%	37 256
153	357 361	400 406	-10.8%	18
154	<u>397 778</u>	<u>397 778</u>	<u>0.0%</u>	<u>- 660</u>
Total	1 045 548 332	1 045 632 049	0.0%	13 447 675

Note: In respect of participating employer 153, the Share Account in the financial statements excludes the December 2014 retirement contributions. This is a presentational issue that the administrator will address. The underlying data does include the December 2014 contribution.

A1.3. Based on the results set out in the preceding 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 (yrs)
		Total	Average	Total	Average	
Females						
15 - 19	8	15 014	1 877	241 542	30 193	0.57
20 - 24	293	3 364 611	11 483	20 455 981	69 816	1.40
25 - 29	547	16 537 683	30 233	61 495 663	112 424	2.28
30 - 34	690	35 385 989	51 284	76 493 428	110 860	2.91
35 - 39	541	47 426 555	87 665	69 970 256	129 335	4.50
40 - 44	466	60 371 289	129 552	64 258 725	137 894	5.38
45 - 49	302	62 070 147	205 530	50 846 245	168 365	6.97
50 - 54	249	67 909 556	272 729	42 909 070	172 326	8.59
55 - 59	123	49 698 625	404 054	26 044 035	211 740	10.20
> 60	<u>43</u>	<u>25 686 586</u>	<u>597 362</u>	<u>10 195 082</u>	<u>237 095</u>	<u>11.82</u>
Total	3 262	368 466 056	112 957	422 910 027	129 647	4.47
Males						
15 - 19	6	8 663	1 444	164 494	27 416	0.45
20 - 24	354	2 849 961	8 051	18 465 997	52 164	1.34
25 - 29	745	19 482 809	26 151	66 190 916	88 847	2.27
30 - 34	959	54 501 754	56 832	114 555 624	119 453	3.27
35 - 39	818	79 030 915	96 615	119 303 445	145 848	4.87
40 - 44	657	96 654 802	147 115	93 347 651	142 082	6.06
45 - 49	515	111 767 986	217 025	86 939 152	168 814	7.45
50 - 54	360	127 818 798	355 052	76 828 666	213 413	8.05
55 - 59	175	109 074 497	623 283	43 541 807	248 810	9.98
> 60	<u>84</u>	<u>64 026 048</u>	<u>762 215</u>	<u>30 504 563</u>	<u>363 150</u>	<u>10.21</u>
Total	4 673	665 216 232	142 353	649 842 314	139 063	4.82
Section 14		11 949 761				
TOTAL	7 935	1 045 632 049	131 775	1 072 752 342	135 192	4.68

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 2014:

	31 December 2014 (N\$)		Difference (%)
	Financial statements	Data	
Members' Share Account	308 721 385	308 721 709	0.0%
Pensioners' Living Annuity Account	<u>191 897 224</u>	<u>191 897 224</u>	<u>0.0%</u>
Total	500 618 609	500 618 933	0.0%

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

Age band	Number	Shares (N\$)	
		Total	Average
25 - 29	13	1 107 776	85 214
30 - 34	22	2 788 128	126 733
35 - 39	33	12 272 837	371 904
40 - 44	47	28 330 514	602 777
45 - 49	67	45 076 528	672 784
50 - 54	70	60 504 994	864 357
55 - 59	38	45 655 324	1 201 456
60 - 64	21	52 978 305	2 522 776
65 - 69	6	30 660 636	5 110 106
70 - 74	<u>2</u>	<u>29 346 667</u>	<u>14 673 334</u>
Total	319	308 721 709	967 780

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

Age band	Number	Shares (N\$)	
		Total	Average
50 - 54	4	4 620 184	1 155 046
55 - 59	23	37 523 571	1 631 460
60 - 64	39	59 853 080	1 534 694
65 - 69	34	71 251 334	2 095 627
70 - 74	7	12 794 205	1 827 744
75 - 79	<u>3</u>	<u>5 854 851</u>	<u>1 951 617</u>
Total	110	191 897 224	1 744 520

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, the Combined Allan Gray / Investec 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 as at the valuation date.

Table A

31 December 2014 N\$							%
Investment portfolio	Participating employer		Ind. member / pensioner		Total		Assets / Liabilities
	Asset	Liability	Asset	Liability	Assets	Liabilities	
Allan Gray Investment Trust	262 711 700	263 346 823	239 702 723	239 613 421	502 414 423	502 960 244	100%
Bank Windhoek: Cash	3 849 106	3 788 030	19 041 299	19 040 736	22 890 405	22 828 765	100%
Default Portfolio:	537 236 743	533 683 179	5 959 309	5 959 309	543 196 052	539 642 488	101%
- Allan Gray NIT	270 894 314	269 102 477	3 004 900	3 004 901	273 899 214	272 107 378	101%
- Prudential Infl+	266 342 429	264 580 701	2 954 409	2 954 409	269 296 838	267 535 110	101%
EMH Prescient Balanced Quant	0	0	1 944 139	1 943 425	1 944 139	1 943 425	100%
Investec Managed Fund	100 836 364	101 940 785	46 480 841	46 480 798	147 317 205	148 421 583	99%
Investec / AG Combined:	130 903 472	130 781 444	0	0	130 903 472	130 781 444	100%
- Allan Gray NIT	67 288 648	67 225 922	0	0	67 288 648	67 225 922	100%
- Investec Managed	63 614 824	63 555 523	0	0	63 614 824	63 555 523	100%
NAM Balanced Plus	85 478	85 214	433 882	433 883	519 360	519 097	100%
NAM Balanced Defensive	4 522 630	4 551 019	12 746 504	12 789 350	17 269 134	17 340 368	100%
NAM Capital Plus	2 364 894	2 389 023	4 283 593	4 283 591	6 648 487	6 672 614	100%
OM Namibia Profile Pinnacle	0	0	13 810 486	13 810 437	13 820 619	13 810 437	100%
Prud Inflation Plus Portfolio	9 799 480	9 725 601	143 416 795	143 451 881	153 216 275	153 177 482	100%
Prud Namibia Balanced Fund	403 294	400 768	4 774 698	4 774 733	5 177 992	5 175 501	100%
Sanlam Active Fund	4 838 362	4 901 541	3 348 073	3 348 076	8 186 435	8 249 617	99%
Sanlam Inflation Linked	50	0	56 054	56 064	56 104	56 064	100%
Standard Bank Managed Fund	1 864 131	1 860 528	3 634 187	3 634 187	5 498 318	5 494 716	100%
Housing loans	1 541 728	1 541 728	999 041	999 041	2 540 769	2 540 769	100%
Net current assets	0	0	0	0	52 325 480	53 546 905	98%
General Reserve Account	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4 266 789</u>	<u>5 029 937</u>	85%
Total	1 060 957 432	1 058 995 682	500 631 624	500 618 933	1 618 191 458	1 618 191 458	

APPENDIX 4: MEMBERSHIP RECONCILIATION

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

Participating Employers

Employer Code	Active 31.12.2013	New members	Exits	Active 31.12.2014
6	131	51	- 25	157
10	18	10	- 9	19
12	77	13	- 10	80
14	40	12	- 11	41
22	0	0	0	0
23	386	61	- 75	372
34	539	68	- 32	575
36	53	13	- 7	59
39	66	5	- 11	60
41	35	6	- 6	35
43	163	44	- 39	168
44	161	46	- 34	173
49	206	41	- 39	208
51	21	0	- 21	0
53	137	225	- 45	317
54	126	37	- 15	148
56	20	11	- 4	27
57	161	58	- 40	179
62	75	21	- 14	82
63	45	12	- 12	45
65	36	12	- 1	47
66	80	19	- 15	84
67	67	12	- 10	69
69	97	39	- 33	103
70	62	0	- 45	17
74	463	171	- 143	491
75	96	20	- 15	101
99	45	0	- 5	40
100	31	3	- 6	28
103	28	5	- 2	31
104	86	13	- 8	91
105	50	6	- 4	52
106	304	68	- 52	320
107	368	32	- 76	324
108	28	0	- 3	25
109	20	2	- 1	21
110	384	33	- 31	386
111	22	3	- 4	21
114	287	89	- 15	361
115	85	6	- 6	85
116	111	0	- 111	0
117	127	40	- 32	135
118	24	4	- 8	20

Employer Code	Active 31.12.2013	New members	Exits	Active 31.12.2014
119	23	3	- 3	23
120	128	37	- 24	141
121	144	38	- 34	148
122	82	25	- 14	93
125	539	134	- 175	498
127	62	19	- 16	65
128	294	256	- 71	479
129	15	9	- 2	22
135	117	54	- 31	140
137	29	9	- 7	31
138	60	22	- 22	60
139	94	14	- 8	100
140	229	73	- 28	274
142	51	20	- 19	52
153	0	12	0	12
154	<u>0</u>	<u>234</u>	<u>- 34</u>	<u>200</u>
Total	7 228	2 270	- 1 563	7 935

Individual members and pensioners

Type	Active 31.12.2013	New member	Retired	Death	Withdrawal	Active 31.12.2014
Members	306	58	- 6	- 2	- 37	319
Pensioners	84	22	5	- 1	0	110