

**BENCHMARK RETIREMENT FUND  
SUMMARY OF THE 31 DECEMBER 2009  
STATUTORY ACTUARIAL VALUATION**

**Introduction**

1. We have been asked by the Trustees of the Benchmark Retirement Fund to carry out a statutory actuarial valuation of the Fund for the year ending 31 December 2009.
2. The valuation covers the year to 31 December 2009.
3. The valuation report has been submitted to Namfisa.

**Purpose of the valuation**

4. The valuation was carried out as at 31 December 2009. The purpose of the valuation was 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 the valuation date;
  - 4.4 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;
  - 4.7 The Fund complies with legislation and service level agreements; and
  - 4.8 To meet the requirement of Section 16 of the Act that requires actuarial valuations of the Fund to be performed at intervals not exceeding 3 years.

**Financially significant changes during the year**

5. There were no amendments to the general rules governing the Fund.
6. 4 new participating employers joined the Fund during the year. Special rules were registered in respect of these new participating employers.
7. Participating employer 48 left the Fund on 31 December 2009 due to a change in ownership of the participating employer.
8. Participating employers 23 and 100 allocated a portion of the Employer Reserve Account to their members' Shares during the year.

### Investments during the year

9. Participating employers, individual members and pensioners can elect to invest their Shares and Employer Reserve Accounts in a range of investment portfolios.
10. The 12 investment portfolios that were utilised during the year, and the investment return during the year, are shown in the following table:

Investment returns (gross of fees and levies)	
Investment portfolio	Year ending 31 December 2009
AG Investment Trust	9.96%
BW Invest. Fund: cash	9.09%
Investec Balanced Fund	18.76%
Investec High Income	7.69%
IS Namibia Balanced Growth <sup>1</sup>	18.48%
Met Absolute Return Fund	3.49%
OM Profile Balanced	15.54%
Prud Inflation Plus Portfolio	12.19%
Prud Namibia Balanced Fund <sup>2</sup>	15.78%
Sanlam Balanced Portfolio	16.05%
SB Namibia Managed Fund	18.29%
Default portfolio <sup>3</sup>	7.89%

1. Return applicable from 1 April 2009
  2. Return applicable from 1 July 2009
  3. The Default Portfolio is determined by the Fund's Trustees. During the year the Default Portfolio was made up of the Metropolitan Absolute Return Fund and the Prudential Inflation Plus Portfolio
11. The above investment returns are before any fees and levies have been deducted. 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 above table.

### Valuation information

12. The Fund is administered by Retirement Fund Solutions (Pty) Ltd who supplied us with the information and data set out below.
13. The following documents were examined:
  - 13.1 The general rules of the Benchmark Retirement Fund and the special rules of each participating employer of the Fund;
  - 13.2 The Service Level Agreement between the Benchmark Retirement Fund the administrator;
  - 13.3 The Fund's audited financial statements for the year ending 31 December 2009;
  - 13.4 The statutory actuarial valuation report on the Fund as at 31 December 2008; and

- 13.5 The individual member application forms for 3 randomly selected individual members of the Fund.
- 14. The following data was examined:
  - 14.1 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;
  - 14.2 A record of each individual member's and pensioner's Share and the underlying investment portfolios;
  - 14.3 A spreadsheet setting out the investments allocated to each participating employer as at the valuation date;
  - 14.4 In respect of each participating employer, a summary of the contribution allocation to retirement and risk benefits and administration expenses; and
  - 14.5 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**

- 15. 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*

- 16. Members may participate in the Fund in one of 2 ways:
  - 16.1 As an employee of a participating employer; or
  - 16.2 As an individual member.
- 17. 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.
- 18. The sum of the members' Shares constitutes the members' Share Account.
- 19. 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*

- 20. 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.

21. Benefits and transfer values payable in respect of pensioners are paid from the capital accumulated in the Living Annuity Account.

*Employer Reserve Account*

22. 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.
23. The Employer Reserve Account can be utilised to meet the cost of benefits or to enhance member's Shares.

*General Reserve Account*

24. The General Reserve Account represents all residual monies in the Fund that are not allocated to a particular member, participating employer or pensioner.
25. The Fund's assets and accounts (liabilities) as at 31 December 2009 and 31 December 2008 are set out below:

	N\$	
	31 Dec 2009	31 Dec 2008
Market value of assets	455 552 848	362 603 572
Individual Member Share Account	154 814 646	143 686 060
Participating Employer Member Share Account	223 935 784	165 387 274
Living Annuity Account	58 083 581	38 197 028
Employer Reserve Account	15 225 760	12 735 793
General Reserve Account	<u>3 493 077</u>	<u>2 597 417</u>
Total liabilities and reserves	455 552 848	362 603 572

**Summary of findings**

26. We have carried out a statutory actuarial valuation of the Benchmark Retirement Fund as at 31 December 2009.
27. We are satisfied that the data and supporting information provided to us is appropriate for the purposes of the valuation.
28. Based on our valuation, we can confirm the following:
- 28.1 The Fund is administered in terms of the general rules of the Fund and the special rules of the participating employers;
- 28.2 The Share Account, Living Annuity Account, Employer Reserve Account and the General Reserve Account established by the rules are maintained correctly;
- 28.3 The investments of the Fund are well matched to the Fund's liabilities;

- 28.4 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;
- 28.5 Ad-hoc expenses are paid for from the General Reserve Account and the General Reserve Account balance of 0.77% of the Fund's assets is reasonable; and
- 28.6 The Fund complies with legislation and service level agreements.
29. We wish to thank the administrator for their assistance in supplying us with the relevant information and assisting us with our queries.
30. The Fund is in a financial sound position as at the valuation date.

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**COLIN HENDRIKS (FASSA FIA)**

**ACTUARY**

**In my capacity as a Director of  
Strategic Actuarial Partners Namibia (Pty) Ltd  
8 December 2010**

## APPENDICES

### 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 2009 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 2009 (N\$)		Difference (%)	Employer Reserve Account (N\$)
	Per financial statements	Estimated based on data		
6	3 501 596	3 501 576	0.0%	684 221
10	2 083 001	2 082 999	0.0%	223 472
12	7 335 209	7 335 196	0.0%	869 728
14	6 587 580	6 587 586	0.0%	524 223
22	628 486	628 493	0.0%	349 437
23	18 080 409	18 080 578	0.0%	280 165
34	18 709 507	18 709 541	0.0%	1 749 683
36	7 807 544	7 809 312	0.0%	356 587
39	12 209 965	12 209 751	0.0%	849 271
41	917 276	917 277	0.0%	352
43	8 321 058	8 321 058	0.0%	474 464
44	14 355 027	14 355 039	0.0%	933 782
48	0	0	0.0%	30 428
49	24 106 358	24 106 345	0.0%	1 586 224
51	315 105	315 104	0.0%	27 705
52	589 458	589 456	0.0%	11 869
53	2 698 486	2 698 482	0.0%	23 555
54	18 762 824	18 762 817	0.0%	1 206 103
55	158 756	158 755	0.0%	57 663
56	1 558 576	1 558 575	0.0%	80 668
57	8 334 975	8 334 976	0.0%	18 464
62	4 257 230	4 257 228	0.0%	89 712
63	7 676 089	7 676 087	0.0%	3 544 145
65	934 597	934 596	0.0%	1 547
66	2 925 734	2 925 725	0.0%	- 4 134
67	12 449 539	12 449 534	0.0%	12 100
69	7 092 890	7 092 892	0.0%	- 6 884
70	11 202 285	11 202 283	0.0%	295 171
74	3 442 747	3 442 760	0.0%	64 542
75	6 558 557	6 558 558	0.0%	883 525
99	5 782 212	5 782 216	0.0%	- 378
100	1 239 120	1 239 129	0.0%	27 918
103	298 253	298 252	0.0%	- 1 021
104	319 578	319 577	0.0%	- 1 521
105	1 594 101	1 594 100	0.0%	- 18 166
106	<u>1 101 656</u>	<u>1 101 659</u>	<u>0.0%</u>	<u>1 140</u>
<b>Total</b>	<b>223 935 784</b>	<b>223 937 511</b>	<b>0.0%</b>	<b>15 225 760</b>

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\$) <sup>1</sup>		Annual salaries (N\$)		Average service (years)
		Total	Average	Total	Average	
Females						
15 - 19	9	34 584	3 843	364 246	40 472	0.64
20 - 24	98	727 084	7 419	4 729 952	48 265	1.29
25 - 29	242	4 613 327	19 063	19 180 969	79 260	1.80
30 - 34	322	9 682 340	30 069	24 269 794	75 372	3.03
35 - 39	278	10 300 896	37 054	24 105 695	86 711	3.54
40 - 44	230	17 003 337	73 928	22 320 637	97 046	4.72
45 - 49	189	16 952 297	89 695	19 776 735	104 639	7.06
50 - 54	114	14 840 699	130 182	15 783 616	138 453	8.60
55 - 59	72	16 899 913	234 721	10 224 894	142 012	11.06
> 60	<u>9</u>	<u>1 986 859</u>	<u>220 762</u>	<u>1 147 380</u>	<u>127 487</u>	<u>12.09</u>
Total	1 563	93 041 336	59 527	141 903 917	90 789	4.37
Males						
15 - 19	4	12 426	3 107	151 870	37 967	0.58
20 - 24	174	1 105 929	6 356	8 227 925	47 287	1.31
25 - 29	371	5 869 168	15 820	25 361 827	68 361	2.08
30 - 34	415	11 918 207	28 719	37 427 545	90 187	3.00
35 - 39	422	16 842 256	39 911	43 232 700	102 447	3.84
40 - 44	287	18 768 091	65 394	28 519 780	99 372	5.61
45 - 49	246	24 276 844	98 686	34 415 957	139 902	5.94
50 - 54	129	22 457 426	174 089	21 626 077	167 644	9.55
55 - 59	101	22 489 147	222 665	18 853 604	186 669	10.72
> 60	<u>12</u>	<u>6 652 054</u>	<u>554 338</u>	<u>2 785 725</u>	<u>232 144</u>	<u>13.32</u>
Total	2 161	130 391 549	60 339	220 603 010	102 084	4.36
TOTAL	3 724	223 432 885	59 998	362 506 927	97 343	4.36

1. Based on the data and excludes N\$504 626 in housing loan balances as at 31 December 2009.

## 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 2009:

	31 December 2009 (N\$)		Difference (%)
	Financial statements	Data	
Members' Share Account	154 814 646	155 034 448	-0.1%
Pensioners' Living Annuity Account	<u>58 083 581</u>	<u>58 083 541</u>	<u>0.0%</u>
<b>Total</b>	<b>212 898 227</b>	<b>213 117 989</b>	<b>-0.1%</b>

- A2.4. The individual member and pensioner statistics are summarised as follows:

	Number	Shares (N\$)		Average age (years)
		Total	Average	
Members	303	154 814 646	510 939	44.35
Pensioners	48	58 083 581	1 210 075	62.13

### 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. To the participating employers' asset figures we added the outstanding "investable" amounts due as provided in the administrator's trial balance record. The "investable" amount is the amount that is due to be invested (or disinvested) in the next month. 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.
- A3.4. The Table A below shows the participating employer and individual member and pensioner asset and liability split between the investment portfolios.

**Table A**

Investment portfolio	N\$							%
	Participating employer		Ind. member / pensioner		"Investable"	Total		Assets / Liabilities
	Asset	Liability	Asset	Liability		Assets	Liabilities	
AG Investment Trust	107 857 664	106 881 323	85 948 288	85 656 522	-1 559 844	192 246 109	192 537 845	100%
BW Invest. Fund: cash	11 609 917	12 468 008	42 412 142	42 203 857	2 816 069	56 838 127	54 671 865	104%
Investec Balanced Fund	3 724 418	3 543 013	9 756 034	9 731 100	- 15 900	13 464 552	13 274 113	101%
Investec High Income	0	0	3 468 486	3 500 104	0	3 468 486	3 500 104	99%
IS Namibia Balanced Growth	0	0	420 679	419 612	0	420 679	419 612	100%
Met Absolute Return Fund <sup>1</sup>	53 363 810	53 526 038	8 109 365	8 015 335	- 610 630	60 862 545	61 541 373	99%
OM Profile Balanced	3 837 271	3 721 041	11 334 621	11 302 598	- 19 064	15 152 828	15 023 639	101%
Prud Inflation Plus Portfolio <sup>1</sup>	59 526 008	58 517 495	49 230 348	49 167 458	- 610 630	108 145 726	107 684 953	100%
Prud Namibia Balanced Fund	0	0	26 143	26 110	0	26 143	26 110	100%
Sanlam Balanced Portfolio	0	0	390 497	390 098	0	390 497	390 098	100%
SB Namibia Managed Fund	0	0	1 014 699	1 011 547	0	1 014 699	1 011 547	100%
Housing loans	504 626	504 626	1 473 886	1 473 886	0	1 978 512	1 978 512	100%
Net current assets <sup>2</sup>	0	0	0	0	0	15 011 685	15 905 642	94%
General Reserve Account <sup>2</sup>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2 437 904</u>	<u>3 493 077</u>	70%
<b>Total</b>	<b>240 423 714</b>	<b>239 161 544</b>	<b>213 585 187</b>	<b>212 898 227</b>	<b>0</b>	<b>471 458 490</b>	<b>471 458 490</b>	

1. The bulk of these two investment portfolios make up the "Default Portfolio" and as such they should largely be considered as a combined portfolio.
2. The shortfall in assets is offset by the excess cash portfolio assets.

## APPENDIX 4: MEMBERSHIP RECONCILIATION

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

### *Participating Employers*

Employer Code	Active 31.12.2008	New members	Exits	Active 31.12.2009
6	67	39	- 20	86
10	20	8	- 6	22
12	59	17	- 7	69
14	33	5	- 2	36
22	18	4	- 6	16
23	300	55	- 39	316
34	475	153	- 34	594
36	41	10	- 1	50
39	85	13	- 21	77
41	47	5	- 10	42
43	134	29	- 28	135
44	118	29	- 18	129
48	14	0	- 14	0
49	173	27	- 16	184
51	11	3	- 2	12
52	12	1	- 7	6
53	85	12	- 25	72
54	160	22	- 24	158
55	11	6	- 7	10
56	7	2	- 1	8
57	88	68	- 15	141
62	53	12	- 14	51
63	38	4	- 7	35
65	19	6	- 2	23
66	58	22	- 13	67
67	44	13	- 7	50
69	52	17	- 6	63
70	57	17	- 5	69
74	498	81	- 80	499
75	74	17	- 16	75
99	126	94	- 9	211
100	30	15	- 16	29
103	0	28	- 4	24
104	0	80	- 9	71
105	0	46	- 1	45
106	<u>0</u>	<u>270</u>	<u>- 21</u>	<u>249</u>
<b>Total</b>	<b>3 007</b>	<b>1 230</b>	<b>- 513</b>	<b>3 724</b>

*Individual members and pensioners*

Type	Active 31.12.2008	New members	New retirees	Exits	Active 31.12.2009
Members	305	92	- 6	- 88	303
Pensioner	35	7	6	0	48