

BENCHMARK RETIREMENT FUND
25/7/7/489

INVESTMENT POLICY AND STRATEGY DOCUMENT



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The purpose of this document is to spell out the Fund’s investment policy and strategy. The Trustees will ensure that the investment policy of the Fund is transparent at all times and will communicate decisions in this regard to the members on a regular basis. This Investment Policy document will be available on request to appointed Investment Managers and the relevant regulatory authorities.

1. Nature and Objectives of the Fund

The Benchmark Retirement Fund (“the Fund”) is an umbrella arrangement established to provide participating employer groups who wish to provide their employees with retirement benefits, and individuals (deferred pensioners) who wish to preserve their retirement capital, with a cost efficient vehicle. The Fund also offers a living annuity to pensioners.

The Fund is a defined contribution fund. The contributions to the Fund are both employer and members’ own contributions. Retirement benefits are defined in terms of the Fund’s General Rules as well as the participating employers’ Special Rules and are dependent on a number of factors, one being the performance of the investments. The member thus carries the risk that if investments perform poorly there could be a negative impact on his/her retirement capital.

For Pension Fund arrangements, benefit at normal retirement age is a tax-free lump sum equal to one-third of the member’s accumulated credit as well as a pension purchased with two thirds of the member’s accumulated credit. The full fund credit is only commutable if the amount falls within the framework of income tax legislation.

For Provident Fund arrangements, benefit at normal retirement age is a tax-free lump sum equal to one third of the member’s accumulated credit as well as a taxable lump sum of two-thirds of the member’s accumulated credit.

The Trustees of the Benchmark Retirement Fund take cognisance of the fact that the Fund is a defined contribution arrangement and that the investment returns achieved on the assets of the Fund are critical in determining the level of member’s ultimate benefits.

2. Roles and Responsibilities

Various parties are involved in the investment process. The table below clarifies the roles and responsibilities of the parties.

Group	Responsibilities	Executed by
Board of Trustees	<ul style="list-style-type: none"> ○ Institute and review the Investment Policy ○ Monitor compliance with the Investment Policy ○ Provide a suitable range of investment products and portfolios in which members can invest ○ Delegate and monitor investment management of portfolios ○ Review the Investment Manager’s performance 	Board of Trustees Principal Officer

	<ul style="list-style-type: none"> o Ensure compliance with regulatory standards o Select and manage a suitable Default Portfolio in which members can invest 	
Investment Managers	<ul style="list-style-type: none"> o Invest the Fund's assets in compliance with legislation and the investment mandate o Employ sound audit principles o Prepare portfolio and performance reports for the Trustees as directed o Attend Trustee meetings when required o Maintain investment files and records 	Incumbent Asset Managers
Investment Consultant	<ul style="list-style-type: none"> o Assist the Trustees with the preparation, review and implementation of the Investment Policy o Assist in the selection and appointment of investment managers o Assist in the regular monitoring of the Fund's and the investment managers' performance o Assist the Trustees with investment related matters o Keep the Trustees informed of market developments o Attend Trustee meetings when required o Advise Trustees on compliance with legislation 	Jacques Malan Consultants and Actuaries
Actuary	<ul style="list-style-type: none"> o Determine financial soundness of the Fund o Conduct Actuarial Valuations o Attend Trustee meetings when required 	Colin Hendriks (Strategic Actuarial Partners Namibia (Pty) Ltd.)
Participating Employer Individual Pensioner	<ul style="list-style-type: none"> o Selection of investment portfolio(s) to invest in o Switching between investment portfolio(s) as and when deemed appropriate o To determine appropriate salary replacement ratio's o To perform asset-liability modelling and matching 	Participating Employer Individual Pensioner
Employee Benefit Consultant	<ul style="list-style-type: none"> o Assist and advise participating employer with selection and switching of investment portfolio(s) o Assist the participating employer with member communication regarding investments 	Employee Benefit Consultant

3. Return & Risk Objectives

The Trustees accept their fiduciary duty to the members with respect to the investment of the Fund's assets. They will strive to achieve optimum returns whilst ensuring that all parties' interests are protected as far as possible. Specifically, the Trustees have two fundamental objectives with regard to the investment of the Funds' assets:

- To ensure that assets are available to meet the liabilities as they fall due;
- To maximise the investment return of each investment portfolio subject to its relevant level of risk.

The following factors are driving the investment objectives:

- The need to maximise return in respect of the assets held for the members' liabilities and in particular to achieve returns in excess of inflation for the aggressive, moderate, moderate-low and low risk investment pools.
- The acknowledgement that members have different risk tolerances.
- The majority of the Fund's members are long term investors.
- Capital preservation portfolios should be available for those members who have the need to preserve capital.
- Compliance with Regulation 28 and other relevant legislation.

All of the investment portfolios, except the capital preservation portfolios, aim to achieve a real return net of fees (i.e. after fees) over a rolling 3-year period. This real return will be aligned to the risk profile of the investment portfolio. In addition, each investment portfolio will have an internal benchmark as stated by the Investment Manager in the portfolio mandate. The Investment Manager will attempt to perform better than the internal benchmark. The return objective will increase with the respective risk of the portfolios as will the potential for short term volatility.

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

- A return objective of inflation plus 6% (after 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. Maximisation of equity exposure however takes place within the prudential investment guidelines laid down by the Pension Funds Act.

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

- A return objective of inflation plus 5% (after 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 risk and return objectives:

- A return objective of inflation plus 3%-4% (after 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 1%-2% (after 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 after fees.
- No capital loss.

The Trustees do not currently offer aggressive risk portfolios, but will make them available when suitable portfolios have been identified.

Each portfolio's return will be compared quarterly to both its internal benchmark objective as well as its return objective as set by the Trustees.

4. Investment Strategy

4.1 Overall Investment Strategy

The Trustees will delegate the responsibility to invest the assets of the Fund to external Investment Managers.

The Trustees are responsible for the selection of external Investment Managers and the investment results of the Default Portfolio. Investment portfolios will be selected based on the suitability of their mandates, i.e. to the extent that the portfolio's investment mandate supports the Trustee's investment strategy and the risk and return objectives as defined in section 3.

The number of portfolios made available shall be determined by the Trustees after consideration of the options available in the market and the limitations of the Fund's administration system.

An Investment Consultant, independent from all asset managers, will be retained to assist with Investment Manager selection. Tenure of the Investment Consultant will be reviewed at least every two years.

The participating employers, deferred pensioners and pensioners are responsible for selecting appropriate investment portfolio(s) from the range made available by the Trustees.

Investments are currently restricted to pooled investment portfolios offered through policies of insurance or collective investment schemes (unit trusts) due either to the size of the anticipated investments and the need for daily unit prices.

All investment portfolios selected must comply with Regulation 28 of the Pension Funds Act.

The full investment return net of charges earned on the assets is allocated to members' credits on a monthly basis. The Fund's Administrator calculates the monthly returns on

the assets, which is checked by the Investment Consultant. This is verified annually by the Fund's Actuary when any adjustment for ad hoc expenses is made.

4.2 Individual Investment Choice

In recognition of the members' differing tolerance for risk, different risk-profiled investment portfolios are offered. Participating employers may select a management committee who have discretion over the investment structure which can be:

4.2.1 Participating Employer Choice: The management committee determines the investment portfolio(s) into which the participating employer's assets are invested. The assets of all members of a specific participating employer are invested in that proportion between the managers as indicated by the management committee. All members of the participating employer will have the same return allocated to their accounts.

4.2.2 Participating Employer Choice combined with Individual Member Choice: Where provided for in the Special Rules, the management committee determines the investment portfolio(s) which are available for members for investment. Members of the participating employer individually select how their retirement credits and contributions should be invested between the portfolios made available by their participating employer.

4.2.3 Individual Member Choice: Members of the participating employer individually select from the entire investment portfolio range where their retirement credits and contributions should be invested.

Deferred pensioners and pensioners only invest on an Individual Member Choice basis and need to select investment portfolio(s) themselves in order to achieve their own investment strategy. Deferred pensioners and pensioners are strongly advised to obtain assistance and guidance from suitably qualified investment consultants when choosing investment portfolios.

The investment portfolios available to the management committees, deferred pensioners and pensioners are detailed in Appendix B.

Participating employers and members can select any of the available investment portfolios up to a maximum combination of five portfolios.

4.3 Default Portfolio

The Default Portfolio is a moderate-low risk portfolio constructed by the Trustees that has the following objectives:

- To reduce volatility of returns.
- To achieve a real return of 4% (after fees) over a rolling 3 year period.
- To reduce the risk of large negative returns over any rolling 12 month period.
- To reduce risk by spreading assets between more than one Investment Manager.

Participating employer groups choosing the Default Portfolio should make net contributions towards retirement of at least 13% in order to achieve the desired income replacement ratio as illustrated in Appendix A.

The Default Portfolio has a risk profile lower than that of moderate risk portfolios and as such the expected long term returns should also be lower. This portfolio is managed by the Trustees in their absolute discretion and the Trustees reserve the right to appoint additional Investment Managers or replace Investment Managers at any time.

The Default Portfolio is only available to participating employers and not to deferred pensioners or pensioners. Deferred pensioners and pensioners who wish to achieve the objectives of the Default Portfolio can invest in similar proportions in the underlying investment portfolios that make up the Default Portfolio.

Participating employers who do not make a specific investment portfolio selection will be placed in the Default Portfolio.

4.3.1 Current Default Portfolio

The current Default Portfolio is split funded between the Allan Gray Namibia Investment Trust and the Prudential Namibia Inflation Plus Fund in the strategic allocation of 50%/50% respectively.

The current rebalancing strategy requires that the portfolios will be rebalanced to the strategic allocation (50%/50%) should the deviation from the strategic allocation be larger than 5 percentage points (i.e. 45%/55%). The rebalancing will take place in the month following the month in which the 45%/55% split has been reached.

4.4 Salary Replacement Ratios

Contributions are set at participating employer level and are not under the control of the Fund's Trustees. In order to achieve adequate anticipated salary replacement ratios, participating employers are encouraged to consider the contribution levels applicable to their members and the investment portfolios available. Accordingly participating employers are encouraged to formulate and document investment strategies that relate to their employees. An example of a Salary Replacement Ratio table can be found in Appendix A depicting the impact of contribution levels and real investment returns on the anticipated salary replacement ratios.

4.5 Unclaimed Benefits

Unclaimed benefits remain invested in the applicable investment portfolio prior to receipt of the full documentation necessary for the calculation of the claim. Once the amount of the claim has been established, the assets are disinvested and held in the Fund's bank account. The full return earned on these assets less associated charges including an administration charge is allocated to these benefits. If the unclaimed benefit is still unclaimed after three years the claim is paid to the Guardian Fund of the Master of the High Court.

5. Investment Manager Selection and Evaluation Criteria

All Investment Managers will be evaluated before their appointment. Criteria may be expanded to relate to a specific mandate. The criteria and evaluation process will be fully transparent and will be documented for review by future Trustees. When selecting suitable Investment Managers or investment portfolios, the following criteria will be considered:

- Portfolios must be suitable for retirement fund investments.
- Investment portfolios which diversify across asset classes will be preferred.
- The Trustees are of the view that it has historically been possible in Namibia for Investment Managers to add value through active portfolio management and therefore an active asset allocation approach is preferable.
- The Trustees are of the view that it is still possible for Investment Managers to add value by active stock picking and fundamental research, thus an active, research driven investment approach should be adopted.
- Unless inappropriate for the mandate, for risk reduction objectives, the maximum permissible offshore allocation will be the legal limit for each Investment Manager's product. Investment Managers will be expected to determine the appropriate level within the limit.
- Suitable Investment Managers must exhibit stability in investment process and investment personnel.
- Trustees will take into consideration management and custodial fees in the selection process.
- Selected portfolios must comply with Regulation 28 of the Pension Funds Act.

All Investment Managers will be reviewed on an ongoing basis. A special review may be necessary due to changes in the Investment Managers' investment philosophy, process or personnel. Whilst performance will be a strong evaluation tool, short term underperformance will not be a strong consideration.

The current investment portfolios are detailed in Appendix B. The benchmarks against which each manager will be measured is included in this appendix along with specific details of the agreed fees and appointed custodians.

6. Investment Mandates

6.1 Discretion

Within the parameters of the mandate, the Investment Managers will not be limited in their ability to invest in any investment vehicle, except as prescribed by Prudential Investment Guidelines and any other applicable legislation. The Trustees accept that the responsibility for performance rests with the Investment Manager at all times and will not influence any decisions made by the Investment Managers. The Trustees, however, retain the right to question any decision made by the Fund's Investment Managers.

The Trustees recognise that Investment Managers make decisions in light of certain economic views. When reviewing performance, Investment Managers will be given sufficient time for their strategies to emerge.

6.2 Social Responsible Investments

The primary focus of the Fund's investments is to provide real growth to members rather than broader social improvement, however the Trustees note the existence of such investments and in particular those investments which aid infrastructure development.

6.3 Broad Based Black Economic Empowerment

Investment Managers are expected to reflect the diversity of the Namibian environment both with regard to shareholding and staff. The extent to which Investment Managers reflect this diversity will be one of the factors considered when evaluating managers.

6.4 Proxy Voting Policy

The Fund's assets are currently held via pooled products, and as a result the Fund cannot exercise its ownership rights in respects of its investments. However, Investment Managers are expected to influence the behaviour of companies into which they invest to encourage them to meet corporate governance and good citizenship best practice standards. Appointed Investment Managers must have a stated policy of voting proxy's in the best interest of shareholders. Such policy shall be in writing and be available for review by the Trustees on request. Investment Managers should also be able to provide a report on their proxy voting record on request.

6.5 Liquidity Requirements

The Fund is ongoing with regular monthly inflows. In the longer term these monthly inflows generally exceed outflows, thus the Fund has no significant short term liquidity requirements. This can, however change and termination conditions should be clearly understood prior to any investments being made.

6.6 Derivative Use

Derivatives may be utilised by the Investment Managers however such use is restricted to the implementation of asset allocation decisions or for hedging purposes. The use of derivatives for speculative purposes will not be permitted. Each Investment Manager must have a formal derivative policy in place which must be available on request by the Trustees.

6.7 Scrip Lending, Commission Recapture Schemes, Soft Dollar and other similar arrangements

In the case of pooled investments it is not possible for the Trustees to monitor the underlying activities of the Investment Manager. Investment Managers however will be expected to disclose any income earned from such activities. It is expected that such activities should only be undertaken if they are in the best interest of the Fund and any associated risks must be clearly communicated to the Trustees prior to appointment.

7. Monitoring

7.1 Role of the Investment Consultant

The Trustees are responsible for the monitoring of the performance of the Investment Managers. This task will be delegated to the Fund's Investment Consultant who must

submit a quarterly report suitable for distribution to the members which will include the investment performance of the appointed Investment Managers over the medium and longer term. In monitoring the investment performance of the Investment Managers, the Investment Consultant will provide the Fund with an extra risk management layer.

The Investment Consultant should keep the Trustees informed of any investment related industry and Investment Manager developments.

The Investment Consultant will advise the Trustees where the portfolio of an Investment Manager has changed to such an extent that it no longer achieves the risk and return objectives it was expected to achieve.

The investment report must be available for the meetings of the Board of Trustees and the Investment Consultant must attend two meetings a year to discuss investment related issues.

7.2 Role of Investment Managers

Investment Managers will be required to present monthly statements of the Fund's investments and report personally to the Trustees when required. Investment Managers who manage in excess of 10% of the Fund's total assets will be required to give a presentation to the Trustees at least once per annum.

A principle of full disclosure and transparency must be endorsed by all Investment Managers and their monthly statements must clearly indicate their remuneration earned.

Investment Managers are expected to inform the Trustees of any changes within their organisation with regard to ownership, investment philosophy or investment personnel which can be expected to have a material impact on the Trustees' view of the Investment Manager.

Only products which comply with Regulation 28 will be utilised and the Investment Managers will be required to certify Regulation 28 compliance on an annual basis.

8. Review Date

This investment policy will be reviewed annually or if any of the following changes occur.

- Major change of member profile e.g.
 - Large scale retrenchments (more than 10% of the fund by liability)
 - Bulk transfers in or out of the Fund
 - Closure of the Fund to new entrants
- Changes in legislation e.g.
 - Change to retirement fund tax
 - Relaxation of exchange control regulations
- Change in economic factors e.g.
 - Significant change in inflation
 - A market correction
- A change in the Board of Trustees – so as to ensure continuity of information
- A change in Investment Consultant

9. Signatories

This investment policy and strategy document has been set and approved by the Board of Trustees at a Trustee meeting held on 22 September 2010.

.....
CHAIRMAN OF BOARD OF TRUSTEES

.....
PRINCIPAL OFFICER

APPENDIX A : Fund Statistics as at 31 December 2009

1. Active Member Profile

<u>Age</u>	<u>Number of Members</u>	<u>Number of Members (cumulative and expressed as %)</u>	<u>Accumulated Fund Credits</u>
<25	290	7.2%	0.4%
25 – 29	637	22.9%	3.0%
30 – 34	752	41.5%	8.4%
35 – 39	734	59.6%	17.1%
40 – 44	574	73.8%	29.9%
45 – 49	483	85.7%	45.1%
50 – 54	291	92.9%	60.5%
55 – 59	222	98.4%	84.8%
> 60	65	100.0%	100.0%
Total	4 048		

2. Salary Replacement Ratios

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

APPENDIX B: AVAILABLE INVESTMENT PORTFOLIOS

The following investment portfolios are available to members as at 31 March 2010

MODERATE RISK PORTFOLIOS

Moderate Risk Portfolio 1: AF Namibia Balanced Growth Fund

The AF Namibia Balanced Growth Portfolio is a moderate risk balanced portfolio which is suitable for investors with a medium to longer term investment horizon.

It is benchmarked against an internal benchmark on a rolling three year basis. Investment Solutions select managers based on different investment styles. Investment Solutions select specialist investment managers and manage the portfolio according to a static asset allocation model.

The agreed fee between the Fund and the product follows a sliding scale:

- 0.8% p.a. for the first N\$50m
- 0.7% p.a. next N\$50m
- 0.6% p.a. next N\$100m
- 0.5% p.a. next N\$300m
- 0.4% p.a. above N\$500m

The fee for international assets is 0.9% p.a.

Since this is a policy of insurance with Investment Solutions, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is Standard Bank.

A calendar month's written notice is required for termination.

Legal form: Insurance policy

Moderate Risk Portfolio 2: Allan Gray Namibia Investment Trust

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

It is suitable for investors with an average risk tolerance and is benchmarked against the mean performance of other large managers. The returns on this investment are directly linked to a significant equity exposure and as such this investment is regarded as carrying

a moderate risk and negative returns in the short term are possible. The investment philosophy is value orientated by identifying quality asset priced below their intrinsic value. Allan Gray defines intrinsic value as the discounted value of the expected future cash flows.

Since this is a Trust, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is Standard Bank.

The Fund is benchmarked against peers, specifically the mean performance of the large managers as surveyed by consulting actuaries.

The agreed fee between the Fund and the product is 0.75% p.a.

A calendar month's written notice is required for termination.

Legal form: Trust

Moderate Risk Portfolio 3: Investec Managed Fund Namibia

The Investec Namibia Managed Fund is a market-linked pooled balanced portfolio which represents Investec's best investment view for Retirement Funds in Namibia.

It is suitable for investors with a moderate risk tolerance and is benchmarked against the mean performance of other managers as surveyed by Investment Consultants.

The investment philosophy has neither a value nor a growth bias, and obtains diversification by investing across all asset classes. It aims to deliver consistent real returns over a rolling three year period.

The agreed fee between the Fund and the product is 0.7% p.a.

Since this is a collective investment scheme, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is Standard Bank.

A calendar month's written notice is required for termination.

Legal form: Unit Trust

Moderate Risk Portfolio 4: Old Mutual Namibia Profile Balanced Fund

The OMIGNAM Profile Balanced Portfolio is a pooled market-linked balanced portfolio which places emphasis of asset allocation across all asset classes.

The portfolio is closely aligned with OMIGSA's multi asset class boutique's best investment view, emphasizing the portfolio's aim to have a balanced, optimal asset allocation to provide long-term growth. It adopts a moderate risk strategy that aims to deliver consistent real returns over the long-term, whilst outperforming peer funds.

Since this is a policy of insurance with Old Mutual, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is Nedbank.

The portfolio is benchmarked against an internal benchmark as follows:

33%	South African Equities
17%	Namibian Equities
5%	Namibian Money Market
5%	South African Bonds
13%	Namibian Bonds
7%	South African Property
13%	International Equities
7%	International Bonds

The agreed fees between the Fund and the product are 0.55% p.a. on domestic assets and 0.8% p.a. on global investments.

Termination is available with one calendar month's written notice.

Legal form: Insurance policy

Moderate Risk Portfolio 5: Sanlam Namibia Managed Prudential Fund

The Sanlam Namibia Managed Prudential Fund is a market-linked balanced unit trust portfolio which invests across different asset classes.

The portfolio is closely aligned with Sanlam Investment Management's (SIM) best investment view for a moderate risk balanced fund and aims to provide investors with returns consistently above the average peer group over the long term.

The agreed fee between the Fund and the product is 0.85% p.a. on domestic assets and 0.5% p.a. on international assets.

Since this is a collective investment scheme, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is Standard Bank.

Termination is available with one calendar month's written notice.

Legal Form: Unit Trust

Moderate Risk Portfolio 6: Standard Bank Namibia Managed Fund

The Standard Bank Namibia Managed Fund is a market-linked balanced portfolio which invests across different asset classes.

It is suitable for investors with a moderate risk tolerance and is benchmarked against the mean performance of other managers as surveyed by Investment Consultants

The portfolio represents Stanlib's best investment view for a balanced mandate in Namibia. The returns on this investment are directly linked to a significant equity exposure and as such this investment is regarded as carrying a moderate risk and negative returns in the short term are possible.

The agreed fee between the Fund and the product is 0.5% p.a.

Since this is a collective investment scheme, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is Standard Bank.

Termination is available with one calendar month's written notice.

Legal form: Unit Trust

Moderate Risk Portfolio 7: Prudential Namibia Balanced Fund

The Prudential Namibia Balanced portfolio is a market-linked portfolio which aims to achieve consistent growth of capital and income by maintaining a superior stock selection across all industries.

It is suitable for investors with an average risk tolerance and is benchmarked against the mean performance of other large managers.

Since this is a collective investment scheme, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is First National Bank.

The agreed fee between the Fund and the product is 0.75% p.a.

A calendar month's written notice is required for termination.

Legal form: Unit Trust

MODERATE-LOW RISK PORTFOLIOS

Moderate-Low Risk Portfolio 1: Prudential Namibia Inflation Plus Fund

The Prudential Inflation Plus Portfolio is suitable for investors who have a low risk tolerance. The Fund reduces risk by investing across various asset classes as well as in defensive securities. The Fund also limits its exposure to growth assets, such as equities, which also reduces the risk of achieving short term negative returns.

The Fund aims to achieve real returns in excess of Inflation plus 4% over a rolling 3 year period. Prudential apply their value philosophy to absolute return investing.

Since this is a collective investment scheme, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is First National Bank.

The agreed fee between the Fund and the product is 0.75% p.a.

A calendar month's written notice is required for termination.

Legal form: Unit Trust

Moderate-Low Risk Portfolio 2: NAM Coronation Absolute Fund

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. The fund is benchmarked against inflation plus 4.5% gross of fees over a rolling 12-month period.

Since this is a collective investment scheme, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is Nedbank.

The agreed fee between the Fund and the product is a base fee of 1.00% plus a performance fee of 15% of the outperformance of the benchmark over a rolling 12 month period, capped at 1.5%p.a.

A calendar month's written notice is required for termination.

Legal Form: Unit Trust

Moderate-Low Risk Portfolio 3: Benchmark Retirement Fund Default Portfolio

Currently 50% Prudential Namibia Inflation Plus Fund and 50% Allan Gray Namibia Investment Trust. Refer to section 4.3 above for more detail on this portfolio.

LOW RISK PORTFOLIOS

Low Risk Portfolio 1: Investec High Income Fund Namibia

The Investec High Income Fund Namibia is a fixed income portfolio suitable for investors with a low risk tolerance. The Fund targets the BEASSA 1-3 year All Bond Index as measure over a one year period and invests solely in fixed interest assets such as bonds, fixed deposits and money market instruments.

The Fund has a maximum average duration of 2 years and as such has a lower volatility than traditional bond funds.

Since this is a collective investment scheme, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is Standard Bank.

The agreed fee between the Fund and the product is 1% p.a.

A calendar month's written notice is required for termination.

This Fund does not currently comply with Regulation 28 of the Pension Funds Act issued in 2008.

Legal form: Unit Trust

CAPITAL PRESERVATION PORTFOLIOS

Capital Preservation Portfolio 1: Money Market Portfolio

The money market fund used is currently the Bank Windhoek Investment Fund managed by Capricorn Asset Managers. The Fund aims to produce stable and secure returns to investors who do not wish to protect themselves against capital loss over any rolling period.

Since this is a collective investment scheme, the manager is responsible for the appointment of the custodian of the assets. The current appointed custodian is Standard Bank.

The agreed fee between the Fund and the product is 0.5% p.a.

A calendar month's written notice is required for termination.

Legal form: Unit Trust

APPENDIX C: SPLIT OF FUND ASSETS

The split of the Fund's assets as at 31 March 2010 is as follows:

	%	N\$ million
Allan Gray Namibia Investment Trust	42.4	217.2
Benchmark Retirement Fund Default Portfolio	23.1	118.3
Money Market Portfolio	11.5	59.1
Prudential Namibia Inflation Plus Fund	10.1	51.6
Investec Managed Fund Namibia	7.1	36.6
Old Mutual Namibia Profile Balanced Fund	3.1	15.8
Metropolitan Namibia Absolute Return Fund *	1.4	7.2
Investec High Income Fund Namibia	0.8	4
Standard Bank Namibia Managed Fund	0.2	1.1
AF Namibia Balanced Growth Fund	0.1	0.4
Sanlam Namibia Balanced Fund	0.1	0.4
Prudential Namibia Balanced Fund	0.04	0.2
Total	100.0	511.9

* The Metropolitan Namibia Absolute Return Fund will not be available from 1 January 2011 anymore.

APPENDIX D: PERFORMANCE AS AT 31 MARCH 2010

The following net returns were achieved by the Fund's investment managers relative to the agreed benchmarks. Please note that returns are gross of fees, i.e. before any fees (and therefore the CPI targets are also before fees).

MODERATE RISK PORTFOLIOS

	1 Year	3 Year	5 Year
Allan Gray Namibia Investment Trust	16.6%	8.7%	19.2%
Investec Managed Fund Namibia	37.4%	7.4%	17.0%
AF Namibia Balanced Growth Fund	30.1%	5.5%	16.1%
Old Mutual Namibia Profile Balanced Fund	28.1%	3.2%	14.6%
Prudential Namibia Balanced Fund	35.4%	5.8%	17.0%
Sanlam Namibia Managed Prudential Fund	31.8%	2.9%	13.3%
Standard Bank Namibia Managed Fund	27.3%	7.7%	15.8%
Average Moderate Balanced Portfolio*	28.5%	5.5%	16.1%
Headline Inflation	5.7%	8.4%	7.2%
Target: Inflation plus 6% (before fees)	-	14.4%	13.2%

*The average shown is the average of the Jacques Malan Consultants and Actuaries Survey for Moderate Balanced portfolios.

MODERATE-LOW RISK PORTFOLIOS

	1 Year	3 Year	5 Year
NAM Coronation Absolute Fund	19.4%	-	-
Prudential Namibia Inflation Plus Fund	20.8%	7.6%	13.0%
Benchmark Retirement Fund Default Portfolio	16.2%	6.2%	12.3%
Headline Inflation	5.7%	8.4%	7.2%
Target: Inflation plus 4%-5% (before fees)	-	12.4%-13.4%	11.2%-12.2%

LOW RISK PORTFOLIOS

	1 Year	3 Year	5 Year
Investec High Income Fund Namibia	9.0%	10.1%	9.4%
Target: BEASSA 1-3 Year All Bond Index	8.1%	9.3%	8.7%
Headline Inflation	5.7%	8.4%	7.2%
Target: Inflation plus 2%-3% (before fees)	-	10.4%-11.4%	9.2%-10.2%

CAPITAL PRESERVATION PORTFOLIOS

	1 Year	3 Year	5 Year
Money Market Fund (currently the Bank Windhoek Investment Fund)	8.1%	10.0%	9.0%
IJG Money Market Index	-	10.4%	9.2%
Headline Inflation	5.7%	8.4%	7.2%
Target: Inflation plus 1% (before fees)	-	9.4%	8.2%