



NAMIBIA **ASSET MANAGEMENT**
LIMITED

COMPANY PROFILE

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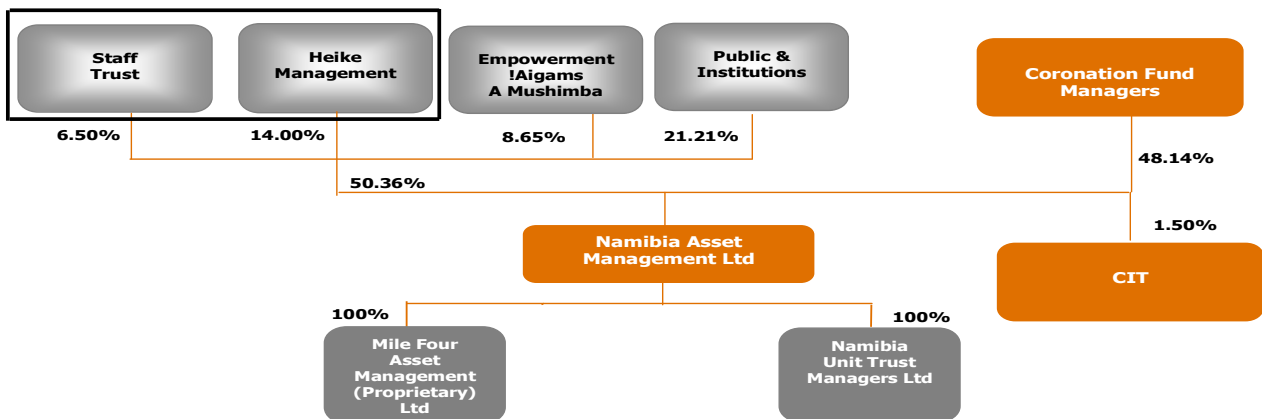
NAMIBIA ASSET MANAGEMENT LIMITED

Namibia Asset Management Limited (NAM) is the largest independent asset management company in Namibia and is the only listed asset manager on the NSX. NAM was formed in 1996 in response to a national call for Namibians to take leadership in one of the most critical functional areas of economic development, namely the financial services sector. With our vision to be the “Guardian of the Wealth of the Nation”, NAM is focused on providing Namibians with a platform on which to build financial wealth in order to enjoy a financially secure retirement. We currently have assets under management totaling approximately N\$ 7 billion.

BACKGROUND

Namibia Asset Management (Proprietary) Limited was founded in April 1996, as a wholly owned subsidiary of Namibian Harvest Investments Limited (NHI) to provide an independent asset management service to institutional and individual investors. NHI is a broadly diversified financial services group that was successfully listed on the Namibian Stock Exchange in July 1998 with assets of N\$200 million and no debt. The initial objective of NHI was however not realised. After ten years in existence the NHI board of directors decided to refocus the business to focus only on asset management. Thus all the non core businesses have been closed, apart from except for Harvest Re which was closed in 2002 but has not yet ceased to exist as there are still some technicalities that need to be sorted out. With effect from 29 May 2006, NHI’s name was changed to Namibia Asset Management Limited (“NAM”) to reflect the amended structure of the company.

Organisational Structure



Our vision is:

To be regarded as the Namibian fund manager of choice, recognised for ensuring growth through: superior investment performance, client service excellence and financial profitability.

Our core purpose is:

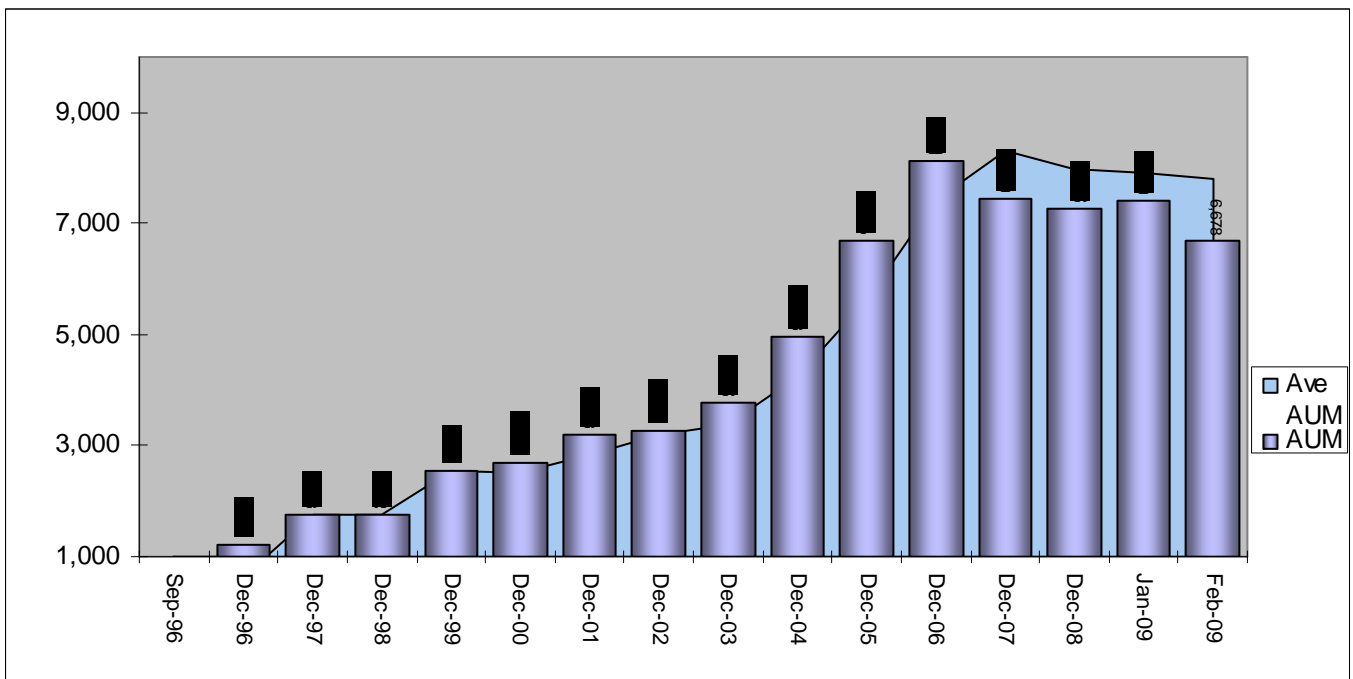
- to guard and growth the wealth that is entrusted to us by the Namibian people.

Our core values:

- We are passionate
- We excel at what we do
- We think ahead
- We are open to new ideas
- We have integrity

ASSETS UNDER MANAGEMENT

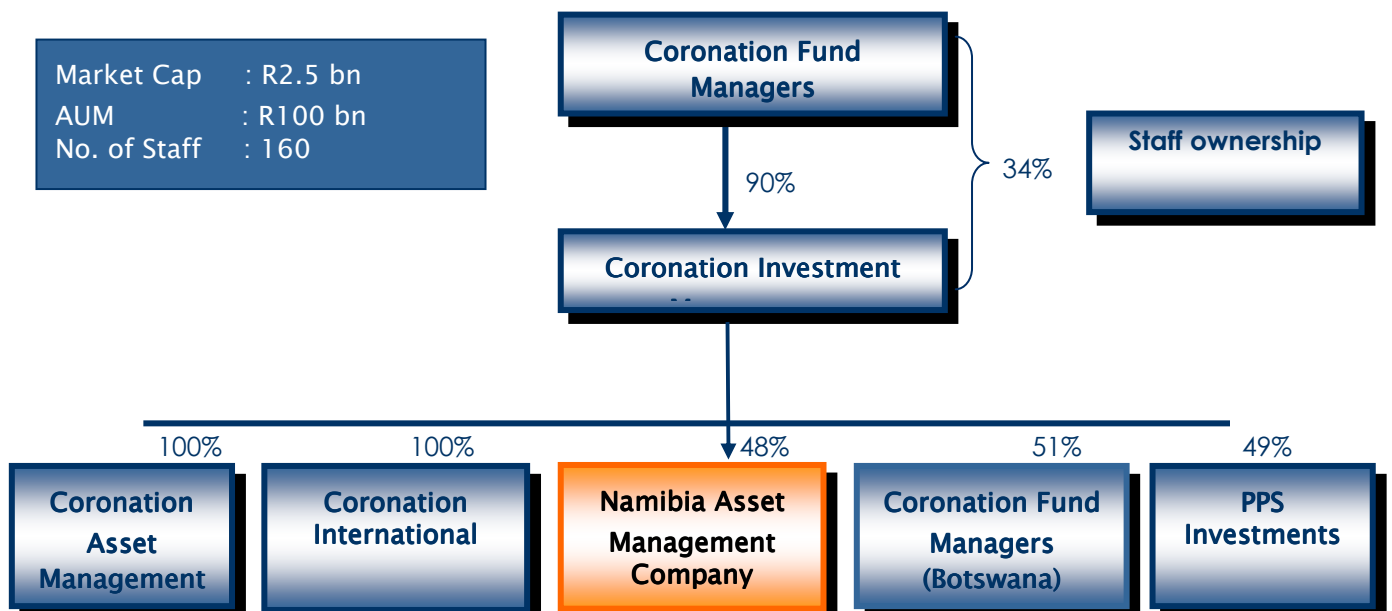
As at 31 March 2009 the total assets managed by NAM on behalf of institutional and retail clients amounted to approximately N\$ 7 billion. This figure includes funds that form part of the pooled fund or unit trusts– the NAM Coronation Balanced Defensive Fund, the NAM Coronation Strategic Income Fund and the NAM Medical Absolute Fund. As at the end of March 2009, the segregated funds had a total market value of approximately N\$ 7 billion, the market values of the NAM Coronation Balanced Defensive Fund, the NAM Coronation Strategic Income Fund and the NAM Medical Absolute Fund were N\$ 6 million, N\$ 2million and N\$ 27 million, respectively.



STRATEGIC BUSINESS PARTNER

We have been in partnership with Coronation Fund Managers since our inception in 1996. The competitive advantage offered by Coronation is their investment team, staffed with individuals with superior technical skills and a keen understanding of market psychology. A distinguishing feature of this team is its focus on the quality of proprietary research, the cornerstone of the decision-making process. Research responsibilities are regularly rotated among the analysts to ensure continued objectivity. The investment process and the analysts' roles are constantly reviewed, ensuring an unwavering focus on investment management.

NAM has access to all of Coronation's investment management resources – research, fund management, dealing, compliance and risk management, marketing support unit and back office administration. Information processing is outsourced. The intention is that ultimately, NAM'S investment professionals will be able to take full decision-making responsibility, even though they will continue to be part of the investment team at Coronation. Coronation currently manages approximately R100 billion in assets.



NAMIBIA ASSET MANAGEMENT TEAM

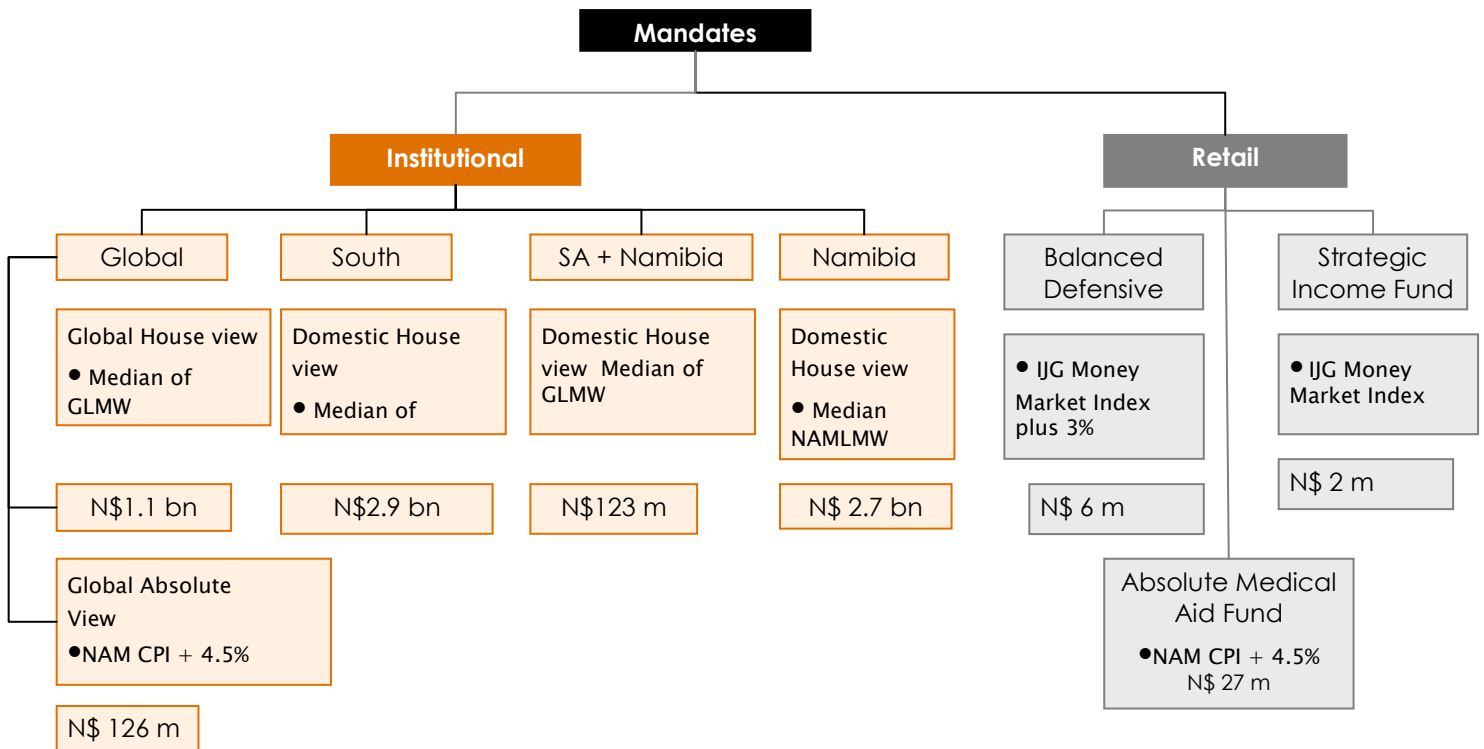
Namibia Asset Management has a staff complement of seven. **Our investment professionals work jointly with the investment team at Coronation.** The offshore component of the funds is managed by Coronation’s international team, out of their U.K. office.

As part of our empowerment strategy, our current human resource development program provides for training of our administration staff to manage most of our back office administration functions. From a cost/benefit perspective, a part of the computerized support administration system is outsourced. We have significant investment in computing resources, which are linked on-line to our system providers at Maitland in South Africa. We share the services of the Coronation dealing room.

Our policy is to pay salaries to professional staff somewhat below the industry average and to offer the benefits of performance and profit related bonus schemes. We aim through this approach to ensure that the interests of our employees are as closely matched as they can be, to those of our clients. Staff members share in a bonus pool equivalent to 25% of profits before tax. We actively and continuously review and develop the resources and skills of our staff. This applies to our administration staff as well as to our investment professionals. All employees are encouraged to pursue academic studies to complement the company’s strategy for professional development for all members of staff.

INVESTMENT PROPOSAL

PRODUCT SUMMARY



INVESTMENT PHILOSOPHY

EQUITY

We are a stock-picking investment house. We employ a common-sense; valuation-driven process that identifies mispriced assets trading at discounts or premiums to their long-term business values. These business values are determined using a longer-term outlook and assumptions that ignore “noise” and other influences that we consider temporary in nature.

We are bottom-up investors. We do not make investment decisions based on our view of how the economic environment will perform over the short term. We endeavour to understand the macro environment in which our companies are operating only because this information is critical in understanding how ‘normal’ a company’s current operating performance is.

We do not consider ourselves to be either value or growth investors. In this small market one cannot afford to narrow one’s investment universe. In our experience, the market misprices growth shares as often as it misprices asset-rich, low-growth shares. Over the years growth shares like Pick n Pay and BHP Billiton have contributed as significantly to our performance as value shares like Telkom and Venfin.

We are a research-driven organisation. In a small market we deploy significant resources in an attempt to do original research and better understand our companies. This process has enabled us over the years to consistently construct concentrated portfolios that reflect the high- conviction views of our investment team.

This investment philosophy is deeply ingrained in the Namibia Asset Management and Coronation culture. Although we do not offer ‘silos’ with different investment philosophies, we do recognise that clients need more than a ‘one-size fits all’ investment product. For this reason we embrace product innovation that aligns our best investment view with our clients’ objectives. All products will reflect the same basic investment views ideas and leverage off our investment process.

PROPERTY

The role of property in a diversified, balanced portfolio is well documented. Whilst the overall size of the listed property market is not big, the situation has slowly been changing as more capacity through on-selling and consolidation by a number of listed property vehicles have taken place. We do not invest in direct property, but do invest in these listed vehicles where liquidity and opportunities present itself.

We have a dedicated property portfolio manager and unit trust portfolio, which means we are ideally placed to add value by including this asset class in our balanced portfolios.

Given the size and liquidity constraints alluded to, we will however never have big allocations to this asset class. We do use this asset as an alternative to the bond market when valuations permit, whilst we also actively use Liberty International as a diversifier and good rand hedge alternative

We use a number of proprietary models for portfolio construction; these are used to determine our projected total returns of all assets within our investable universe (based on our forecasts of projected yield curve movements as well as credit spreads). Based on our total return forecasts, we run optimisation based on our specified portfolio constraints in order to determine our model portfolio.

In addition, for bonds we utilise our proprietary models to determine risk adjusted returns for each of the assets in our universe (such as the Sharpe ratio, for information regarding the excess return per unit of risk which is particularly relevant for selecting corporate bonds for inclusion in the portfolio) and consider these within the risk constraints of the larger portfolio.

FIXED INTEREST

Our fixed interest philosophy is based on the belief that the southern African market places too much emphasis is placed on only making duration calls, and not enough on an integrated framework in which value can be added to clients' portfolios using other tools of fixed interest portfolio management.

We are active managers, like many others, but the difference lies in applying active management across different strategies. This means that we actively manage across the following areas:

- > Market Risk - Duration exposure
- > Yield Curve Risk - Curve positioning
- > Credit Risk - Non-government exposure

We therefore aim to extract as much value as possible from decisions taken in these areas by actively combining both a top-down and a bottom up approach to our bond and cash portfolio construction.

We believe one of our core strengths and competitive advantages lies in the understanding of credit risk and its growing applicability in the southern African market by performing extensive research into credit risk cycles as well as new developments and opportunities within the credit market. The development of credit as an asset class is still in a relatively early stage in the southern African market. This provides fund managers with the opportunity to invest in new and innovative structures that provide an enhanced yield, to reward an investor for additional work performed to understand their nature (such as the use of securitisation, which has only recently become a significant feature within the southern African credit markets).

Another of our strengths lies in the application of derivatives as overlays on portfolios, where permitted, in order to adjust portfolio risk profiles to suit both our views and to fit our clients' risk profiles where derivative use is mandated. We do not gear portfolios using derivatives, unless a client mandate specifically requires this.

Although we focus on the major interest rate cycles, we recognise the value potential of shorter-term trading opportunities and hence aim to capture both the primary and the secondary trends in the bond and money markets.

Utilisation of Derivative Instruments

We transact in derivative instruments only when we deem it necessary to the efficient risk management of a portfolio. We use derivatives to enhance asset allocation strategies across different asset classes, to hedge portfolios in volatile market conditions, as an insurance mechanism against specific events and for the purpose of yield enhancement. Derivative instruments are not used in price speculation, and never where gearing is involved. All derivative transactions require multi-level authorization. Derivative instruments are not used in the unit trust fund.

INTERNATIONAL EXPOSURE

The international portion of the portfolio is invested in the Coronation International product range. The international operation, established in 1996, comprises a direct asset management company, Coronation International, as well as a multi-manager operation of alternative style investments, Coronation Investment Holdings. Internationally, Coronation's multi-manager business is ranked as one of the top 15 funds of hedge funds managers in operation in Europe, with their flagship Global Equity Fund being one of the largest in terms of asset size, and with one of the longest track records relative to its peer group.

SEGREGATED PRODUCTS

Our principal objective is to provide our clients with exemplary investment management services. We are dedicated exclusively to the function of investment management. Our independence is maintained as we invest on behalf of our clients, free from conflicts of interest and other constraints. Our role is to protect and enhance the value of funds entrusted to our care. Professional principles are entrenched in our company and our reputation and success depends on them.

INVESTMENT STRATEGY

The investment strategy underlying the medium risk portfolios reflects our “best house view”. The stock selection focus and a “growth at a reasonable price” investment style are blended for optimum results. The investment process integrates team-based decisions with individual flair.

PORTFOLIO STRUCTURE

The medium risk growth portfolios comprise:

- Large and medium market capitalisation Namibian and South African shares.
- Fixed interest instruments (cash and bonds)
- International shares – International exposure is obtained via an investment in the CIH Global Equity Fund.
- Derivative instruments – Derivatives are used solely for the purposes of managing asset allocation and for hedging during periods of market volatility. (Not used in the unit trust fund).

PERFORMANCE BENCHMARK

The short and the long-term performance objective of a medium risk growth portfolio is to consistently outperform the median in all investment surveys.

To that effect, our medium risk growth portfolios aim to outperform the following benchmark:

ASSET CLASS	BENCHMARK	
SA & Nam Equity	60%	JSE All Share Index (50% Resource weight)
SA & Nam Bonds	20%	BEASSA All Bond Index/ IJG Bond Index
Global Equity	15%	MSCI World Index
Cash	5%	IJG Money Market Index

ABSOLUTE RETURN FUND

We also manage segregated funds on an absolute return basis. The absolute return strategy essentially combines flexible asset allocation, stock selection, uncorrelated asset classes and derivatives. In terms of this strategy exposure to equity securities, interest-bearing securities, financial instruments and liquid assets is managed defensively. Our approach actively uses both asset allocation and security selection to maximize returns while limiting the downside risk of the portfolio.

Stock-picking, one of our core competencies is a skill which plays a significant role in absolute return portfolios, both in the generation of excess returns and the protection of capital. The equity selection process is active and bottom-up. However, all instruments (equities, bonds and listed property) are selected with an emphasis on downside risk. The greater focus on risk management required in managing an absolute portfolio may limit exposure to equity markets and investors should be prepared to sacrifice an element of return in the early stages of an equity bull run.

Investment on behalf of the portfolio in offshore investments is allowed for as legislation permits. Investment in interest bearing securities in currency of a country, other than Namibia, will only be included if it complies with a grading of A and higher from Standard & Poor's and/ or Moody's, provided further that if the grading of an instrument differs between the rating agencies the lowest of the two gradings will apply.

MANAGEMENT FEES

Management fees are available on request.

POOLED PRODUCTS

NAM CORONATION BALANCED DEFENSIVE FUND

INVESTMENT OBJECTIVE

The fund aims to provide a reasonable level of current income and seeks to preserve capital in real terms, with lower volatility over the medium to long term. The fund's return objective is to outperform cash plus 3% and is not a guaranteed fund.

KEY CHARACTERISTICS OF THE FUND

- ❖ Offers a fully managed investment solution that is diversified across the various asset classes and sectors, and will follow an active asset allocation strategy, combined with an appropriate security selection process.
- ❖ Exposure to a combination of domestic and foreign equities may not exceed 40%.
- ❖ Complies with Regulation 28 of the Pension Funds Act, 1956.
- ❖ A minimum investment of a lump sum of N\$ 2 000 or a monthly debit order of N\$ 200 applies.

INVESTOR PROFILE

The fund is suitable for investors who want:

- ❖ protection for long-term retirement capital in real terms within a retirement investment vehicle;
- ❖ a defensive solution that would allow them to draw a reasonable level of income coupled with a strong focus on capital preservation in real terms; and
- ❖ who have a low tolerance for the volatility of returns associated with equity investing.

RISK PROFILE

Capital Loss Risk – Medium

Capital loss risk is the risk of losing capital invested. This is a relative fund, where returns will be in line with those of the domestic equity and fixed income markets.

Fund Manager Risk – Medium

Fund manager risk is the risk of underperforming the average returns of the financial markets, and occurs when a manager is given a broad investment mandate. The fund manager may reduce equity exposure to as low as 40%.

Market Deviation Risk – Low

Market deviation risk is the risk of underperforming the market. The fund strives to outperform the weighted mean return of all managed prudential funds, and the equity portion aims to outperform the JSE All Share Index.

CUSTODIAN

Investments are held in a custodial account with Standard Bank Namibia.

DISTRIBUTION SCHEDULE

Dividends and interest are distributed bi-annually on the last day of March and September.

MANAGEMENT OF THE FUND

The NAM Coronation Balanced Defensive Fund is jointly managed by NAM and Coronation Fund Managers. NAM provides expertise regarding Namibian investments and Coronation Fund Managers provides insight into South African investments. Coronation's highly respected investment team will work together with NAM to provide assistance and training.

NAM CORONATION STRATEGIC INCOME FUND

PRODUCT DESCRIPTION

The NAM Coronation Strategic Income Fund is managed in accordance with a moderate risk Money Market strategy. It invests primarily in Namibian money market type instruments, with a focus on providing Namibian clients with a safe and liquid alternative to bank deposits. The strategy is designed to capture both the term and the credit premia that exist in short duration bonds and longer money market instruments. The fund is managed in such a way that it gives investors a greater degree of flexibility than money market funds. This enables the fund to take advantage of opportunities in money market and short-term capital market instruments to enhance returns and security.

FUND OBJECTIVE

The objective of the NAM Coronation Strategic Income Fund is to produce a superior level of income, combined with capital preservation, while also offering good liquidity.

BENEFITS

Income from this fund is treated as dividends. In Namibia, in order to encourage a strong savings culture, dividends are not taxed.

PERFORMANCE BENCHMARK

A competitive yield is earned through active management that emphasises:

- Curve and interest rate risk – Exploiting market inefficiencies and using interest rate views.
- Credit risk management – To avoid exposure to counter-parties that may default on payment.
- Liquidity management – Ensuring that withdrawals are handled without a negative impact on return.

INVESTOR PROFILE

The NAM Coronation Strategic Income Fund is targeted at companies, treasury officers, retirement funds, other institutional investors and clients seeking an actively managed cash portfolio which offers returns superior to Namibian Government Treasury Bills.

INVESTMENT GUIDELINES

Eligible investments

The portfolio will be limited to the following investments:

- Securities issued or guaranteed by the Namibian and South African Governments or its agencies.
- Repurchase Agreements fully collateralised by Namibian and South African Governments and agency securities.
- High quality corporate and bank debt including, but not limited to, commercial paper, certificates of deposit, bankers' acceptances and other short-term obligations.
- High quality corporate notes, bonds and floating rate notes including prime linked paper.
- Bank deposits at approved banking institutions (as approved by the Credit Risk Committee).

Credit quality restrictions

- Short-term deposits shall be rated at least in the two highest rating categories (A1+ and A1) by a recognised rating agency.
- Investments longer than one year in maturity must be the equivalent of A- or higher as rated by a recognised rating agency.
- The overall weighted average quality rating of the portfolio shall be A or higher.

Maturity limits

- No individual investment may exceed 3 years in maturity.
- The weighted average maturity of the portfolio will not exceed 180 days.
- At least 10% of the Fund must be maintained in overnight deposits.

Investment concentration limits

- Securities issued by Namibian entities. No maximum limit, but a minimum of 35%.
- Securities issued by the Namibian and South African Governments and their agencies. Maximum of 65% and a minimum of 10%.
- Investment in non-government assets limited by individual issuer to a maximum of 20% of total portfolio.
- No individual security other than a Government asset may represent more than 10% of the total portfolio.
- Credit linked notes in total may not exceed 40% of total portfolio.

Credit risk

- All credit risk exposures are monitored by an independent Credit Risk Committee.
- An approved list of counter-parties, with limits, is maintained and monitored for compliance.

CUSTODIAN

- Investments are held in a custodial account with Standard Bank Namibia.

MANAGEMENT OF THE FUND

The NAM Coronation Strategic Income Fund will be jointly managed by NAM and Coronation Fund Managers. NAM will provide expertise regarding Namibian investments and Coronation Fund Managers will provide insight into South African

investments. Coronation's highly respected fixed interest team will work together with Namibian Asset Management to provide research facilities and training.

NAM MEDICAL ABSOLUTE FUND

INVESTMENT OBJECTIVE

The primary objective of this fund is to provide real return in excess of inflation. The secondary objective is to preserve capital over rolling 12 month periods.

KEY CHARACTERISTICS OF THE FUND

- ❖ Offers exposure to an absolute return investment mandate.
- ❖ Tracks a benchmark of Namibian inflation (CPI) plus 4.5% p.a.
- ❖ Complies with the investment requirements of the Namibian Medical Aid Funds Act, 1995.
- ❖ Minimum investment requirement of N\$ 5 million.

INVESTOR PROFILE

The fund is suitable:

- ❖ medical aid funds; and
- ❖ corporate or individual investors who are more concerned with the protection of capital and reduced volatility of return than with capturing the full benefit of any asset price rally such as the early stages of an equity bull market.

“AT NAM WE CHASE OUR
PASSION NOT OUR PENSION”