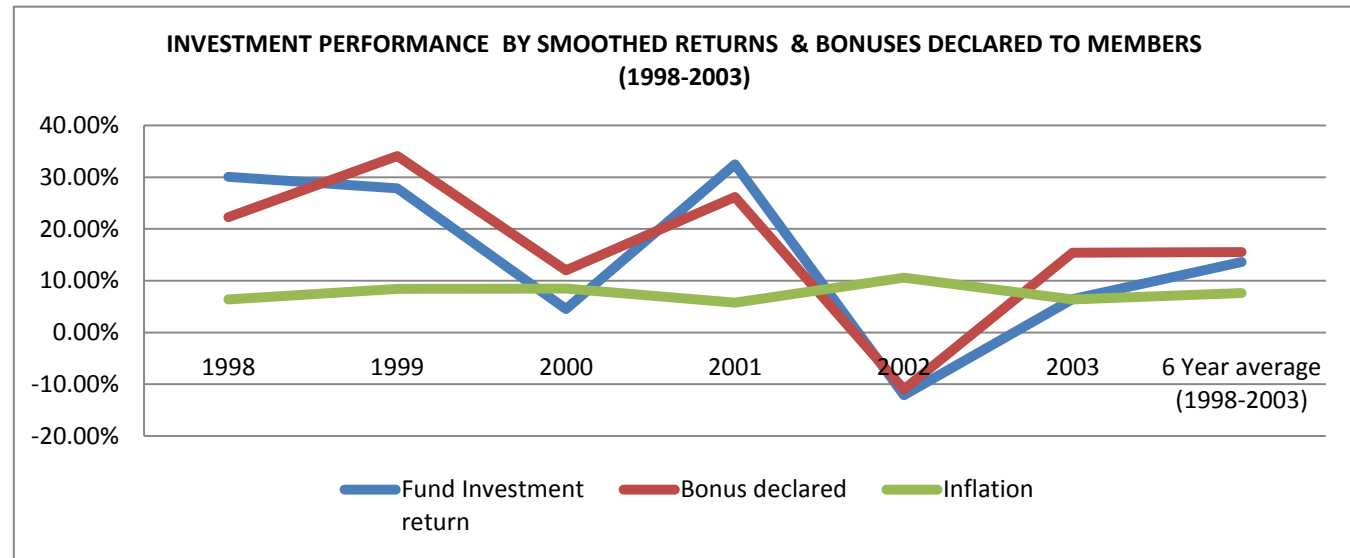


## DEBSWANA PENSION FUND INVESTMENT RETURN HISTORY - 1998 - 2014

### Overview

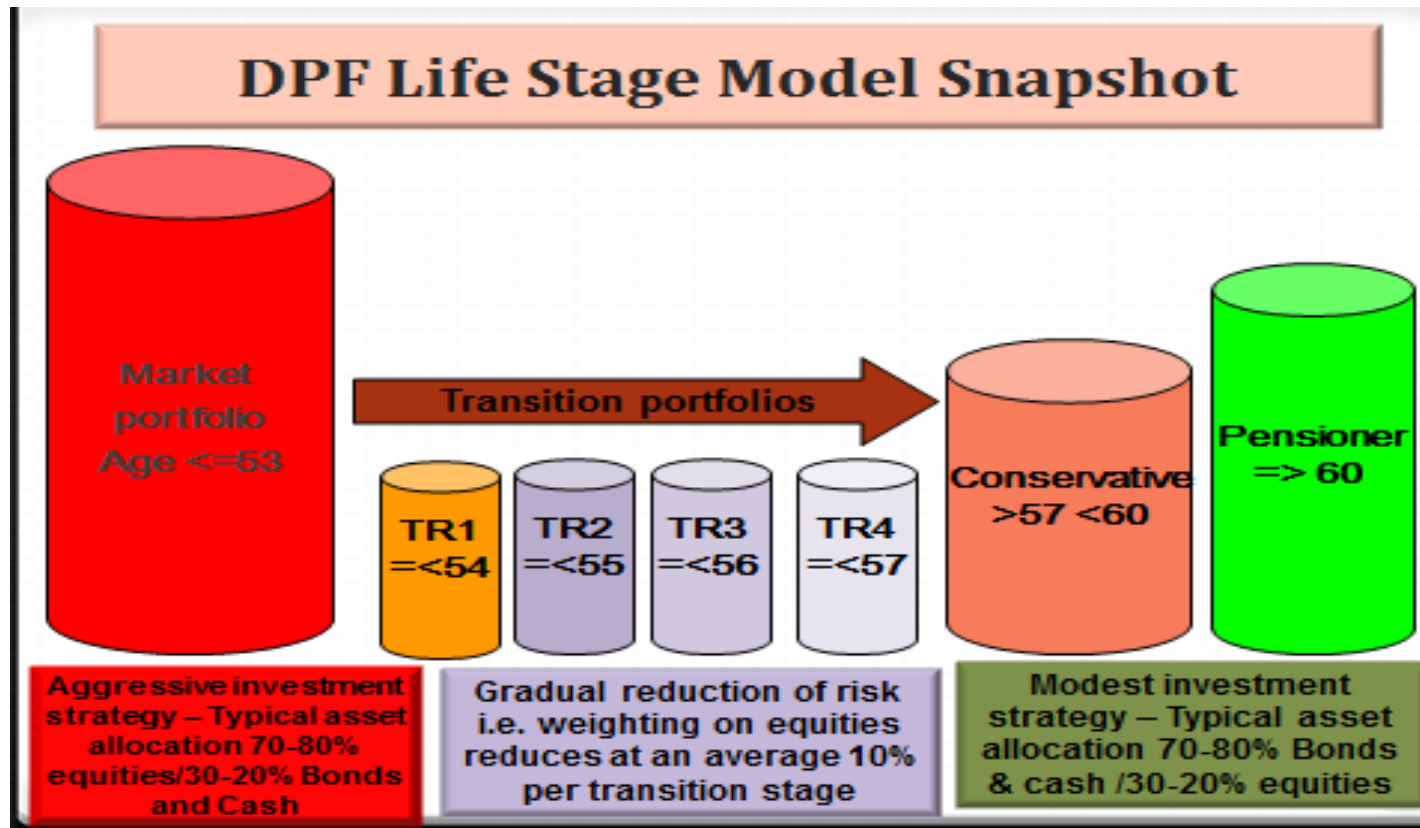
The Debswana Pension Fund prides itself with a sparkling investment performance history as noted in the statistics below. Prior to the year 2004, the DPF investment strategy was based on a smoothed return process. Through this strategy, members were awarded investment return bonuses equally across the board based on market performance subsequent to a bonus declarations

SMOOTHED RETURNS (1998 up to 2003)			
Year ending	Fund Investment return	Bonus declared	Inflation
1998	30.08%	22.30%	6.37%
1999	27.82%	34.11%	8.41%
2000	4.55%	12.03%	8.48%
2001	32.49%	26.20%	5.75%
2002	-12.13%	-11.00%	10.60%
2003	6.45%	15.40%	6.37%
6 Year average (1998-2003)	<b>13.64%</b>	<b>15.56%</b>	<b>7.65%</b>



In the 6 years up to 2003, the Fund was fortunate enough to earn record returns well above inflation. The market downturn of 2001/2002 however brought about new lessons for the Fund. Near retirees were hardest hit by the -12.13% loss on their fund credits, hence therefore leaving the immediate retirees with reduced pension savings in that year by the Trustees.

Following from that experience the DPF Board of Trustees reviewed and identified the Life Stage Investment Model as the best way to mitigate and minimise future potential losses for vulnerable members. The general principle of the life stage model is to invest member funds based on their presumed risk appetite. Capital preservation for near retirees is therefore pursued through reduced exposure of their assets to high risk investment instruments. Conversely, Members far from retirement are invested aggressively in high risk-high yield vehicles. Under life staging, member assets are split into three portfolios that have different investment objectives. Market portfolio (18-53) Conservative Portfolio (age 57-60) and a Pensioner Portfolio (above 60). The Life stage investment model was effected in 2004.

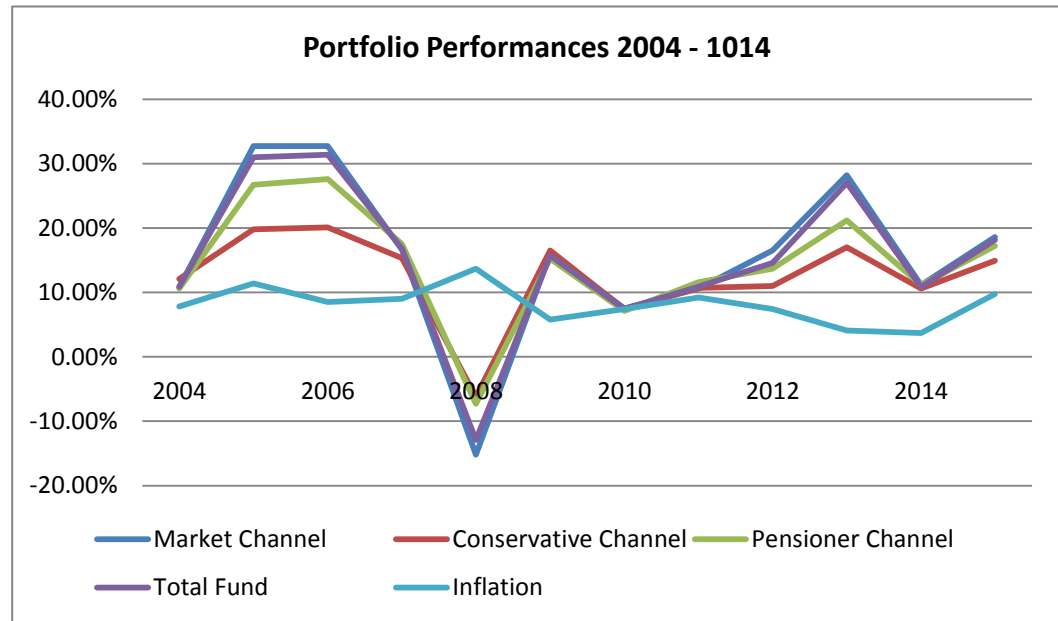


**Investment objective of the Life Stage Model:**

1. The primary investment objective of the Market Portfolio is to provide a net real return of 5.0% p.a. over any rolling 8-year period (after management fees, tax and other costs)
2. The investment objective of the Conservative Portfolio is to earn a net real return of 3.0% p.a. (after management fees, tax and other costs)
3. The pensioner liabilities have been valued at an interest rate of 4% p.a. This means that the pensioner assets need to earn a net real return of 4%p.a. (after management fees, tax and other costs) in order to grant pension increases that match inflation.

The Life Stage Investment model has consistently achieved its intended objectives since inception

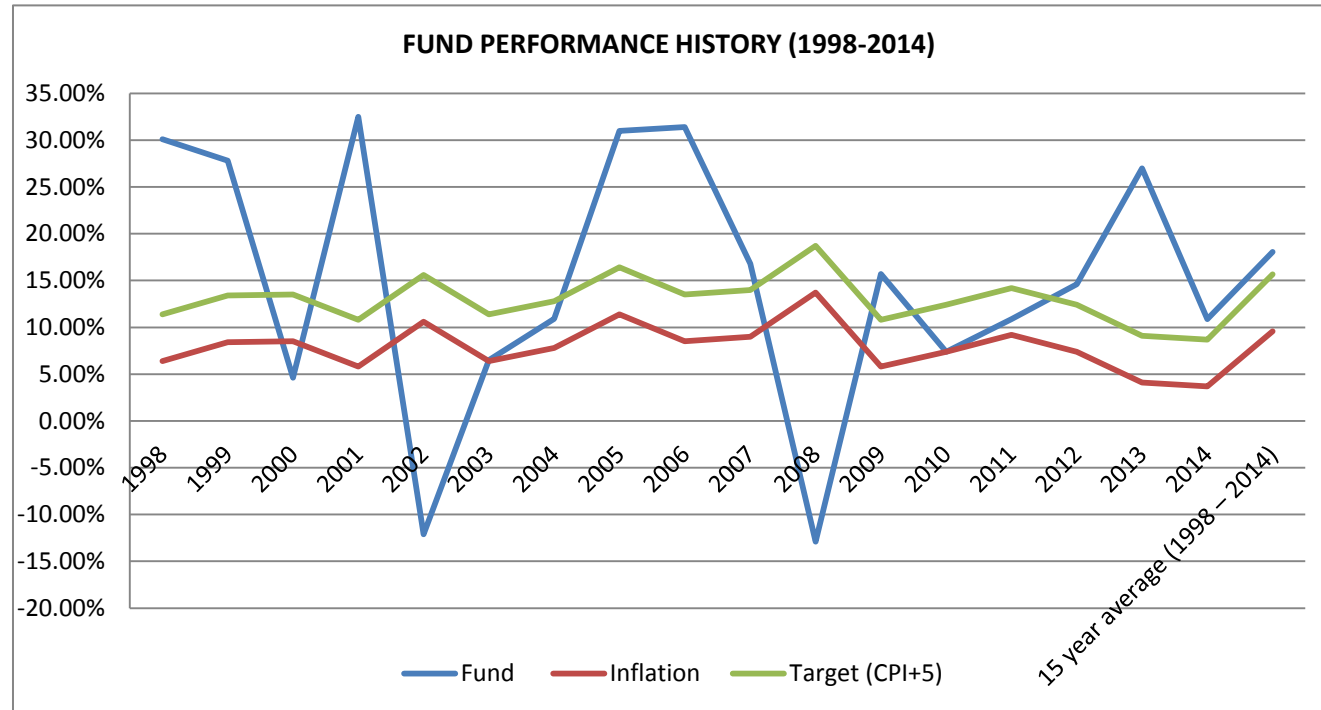
<b>LIFE STAGE MODEL - PERFORMANCE SINCE INCEPTION</b>					
Year ending	Market Channel	Conservative Channel	Pensioner Channel	Total Fund	Inflation
2004	10.80%	12.10%	10.60%	10.90%	7.80%
2005	32.70%	19.80%	26.70%	31.00%	11.40%
2006	32.70%	20.10%	27.60%	31.40%	8.50%
2007	16.60%	15.30%	17.50%	16.80%	9.00%
2008	-15.20%	-6.20%	-7.30%	-12.90%	13.70%
2009	15.90%	16.50%	15.20%	15.70%	5.80%
2010	7.50%	7.40%	7.10%	7.40%	7.40%
2011	10.60%	10.70%	11.60%	10.89%	9.20%
2012	16.50%	11.00%	13.70%	14.59%	7.40%
2013	28.20%	17.00%	21.20%	27.00%	4.10%
2014	11.13%	10.61%	11.16%	10.86%	3.70%
11 yr average	18.60%	14.92%	17.23%	18.18%	9.78%



**Total Fund Performance**

On average, total Fund performance has sufficiently beat inflation over the last 15 years.

<b>FUND PERFORMANCE HISTORY 1998 -2014</b>			
Year ending	Fund	Inflation	Target (CPI+5)
1998	30.10%	6.40%	6.40%
1999	27.80%	8.40%	8.40%
2000	4.60%	8.50%	8.50%
2001	32.50%	5.80%	5.80%
2002	-12.10%	10.60%	10.60%
2003	6.50%	6.40%	6.40%
2004	10.90%	7.80%	7.80%
2005	31.00%	11.40%	11.40%
2006	31.40%	8.50%	8.50%
2007	16.80%	9.00%	9.00%
2008	-12.90%	13.70%	13.70%
2009	15.70%	5.80%	5.80%
2010	7.40%	7.40%	7.40%
2011	10.89%	9.20%	9.20%
2012	14.59%	7.40%	7.40%
2013	27.00%	4.10%	4.10%
2014	10.86%	3.70%	3.70%
15 year average (1998 – 2014)	<b>18.07%</b>	<b>9.58%</b>	<b>9.58%</b>



**END**