



DPF

DEBSWANA · PENSION · FUND

Your Fund, Your Security, Your Future



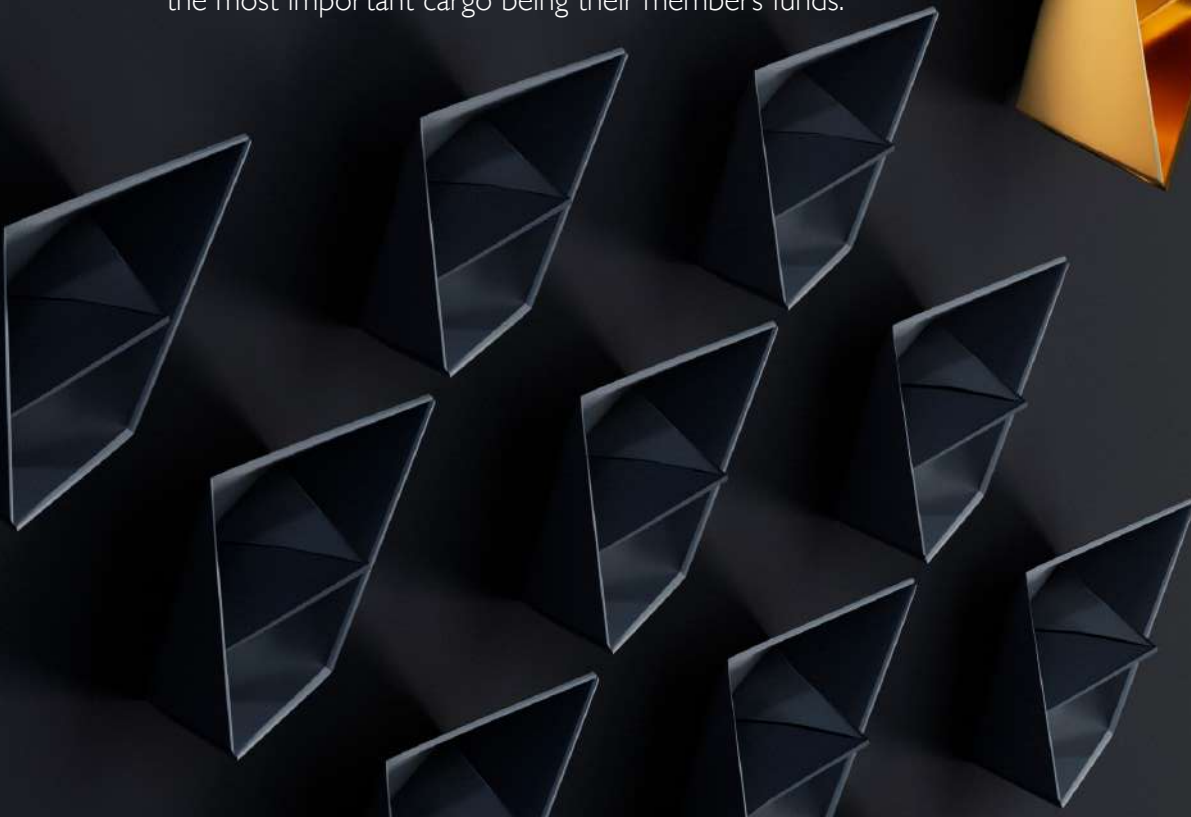
**Your Flagship
Partner in
Retirement**

Your Flagship Partner in Retirement

Why and what is a Flagship?

In naval combat the ship that carries the commander or the general flies the troops flag, this ship is referred to as the flagship. We believe that DPF over the years has been the flagship of pension fund investment in Botswana.

In the past year, businesses have been operating in stormy waters with multiple waves and headwinds that at times challenged the operating environment and created uncertainties on investment performances. Despite these challenges DPF has not only managed to ensure strong positive returns through the Covid-19 pandemic but has managed to reach new heights a testament to ensuring superior and sustainable returns thereby always protecting the most important cargo being their members funds.



DOMICILE, TRUSTEES & PRINCIPAL BUSINESS PARTNERS

PRINCIPAL ADDRESSES OF THE FUND

Debswana Pension Fund Secretariat
Private bag 00512,
Gaborone
Plot 1188 - 1196,
Debswana House 5th Floor, Main Mall
Gaborone, Botswana

PARTICIPATING EMPLOYERS

Debswana Diamond Company (Pty) Ltd
Diamond Trading Company Botswana (DTCB)
Morupule Coal Mine (MCM)
De Beers Global Sightholder Sales (DBGSS)
De Beers Holdings Botswana (DBHB)
Debswana Pension Fund (DPF)
Mmila Fund Administrators

BOARD OF TRUSTEES

Principal Trustees

Lebogang Sebopelo

Board Chairperson - Company Appointed Trustee-DTCB

Thabiso Moanakwena

Deputy Board Chairperson - Member Elected Trustee - Gaborone Constituency

Christopher Mokgware

Company Appointed Trustee DBGSS, DBHB, MCM, DPF

Lebole Mpho Mokoto

Company Appointed Trustee - Debswana Diamond Company (passed away on the 11th August 2021)

Lynette Armstrong

Company Appointed Trustee - Debswana Diamond Company

China Reobonye Abel

Member Elected Trustee - Orapa, Letlhakane, Damtshaa Constituency

Lapologang Letshwenyo

Member Elected Trustee - Morupule Constituency

Potoko Bogopa

Member Elected Trustee - Pensioner Constituency

Claire Busetti

Independent Trustee

Thabo Moepi

Member Elected Trustee - Jwaneng Constituency

EXECUTIVE MANAGEMENT

Gosego January - Chief Executive Officer

Thato Norman - Investment Manager

Tidimalo Poonyane - Legal & Compliance Manager

Saone Balopi - Strategy and Business Development Manager

Daniel Mompoti - Fund Accountant

AUDITOR

PricewaterhouseCoopers

BANKERS

ABSA Bank Botswana Limited

First National Bank Botswana Limited

Standard Chartered Bank Botswana Limited

CUSTODIANS

Stanbic Bank Botswana Limited (Local)

Northern Trust (Offshore)

INVESTMENT CONSULTANTS

Riscura Consulting Services (Proprietary) Limited

ACTUARIES

Tower Watson Actuaries and Consultants (Proprietary) Limited

ONSHORE INVESTMENT MANAGERS

Ninety One Botswana (Proprietary) Limited

Botswana Insurance Fund Management Limited

Allan Gray Botswana (Proprietary) Limited

iPro Botswana (Proprietary) Limited

Morula Capital Partners

Vunani Fund Managers

OFFSHORE INVESTMENT MANAGERS

American Century Emerging Markets Limited

American Century Global Growth

BlueBay Asset Management

Coronation Asset Management (Proprietary) Limited

CBRE Investment Management

Marathon Asset Management Limited

Morgan Stanley Investments Management Limited

Ninety One UK Limited

Orbis Investment Management Limited

PIMCO Funds

Schroders

State Street Global Advisors

Steyn Capital Management (Proprietary) Limited

Vantage Capital Fund Managers (Proprietary) Limited

Veritas Asset Management

Walter Scott & Partners Limited

Southeastern Asset Management

INTERNAL AUDITORS

Debswana Diamond Company (Pty) Ltd

ADMINISTRATORS

Mmila Fund Administrators (Pty) Ltd

(Debswana Pension Fund ceased to self-administer in April 2019 with the enactment of the Retirement Funds Act as of 2014. The Fund provides optional annuities in-house for its retiring active and deferred members.)

REGISTERED OFFICE

Gaborone

Private bag 00512, Gaborone

Plot 1188 - 1196, Debswana House 5th Floor, Main Mall

Tel: +267 361 4288, Fax: +267 393 6239

ENQUIRIES

Enquiries about the Fund and its services may be made by visit, telephone or email to bokamoso@debswana.bw. More information is available on the website:

WWW.DPF.CO.BW

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FUND BACKGROUND

The Debswana Pension Fund (DPF) is the largest private pension fund in Botswana and a major player in the retirement services industry with assets valued at BWP10.104 billion and a total membership of 12468 inclusive of active, deferred and pensioner members.

The DPF is a pension fund secretariat to the Debswana & De Beers family of companies namely; Debswana Diamond Company (Debswana), Diamond Trading Company Botswana (DTCB), De Beers Holdings Botswana (DBHB), Morupule Coal Mine (MCM), De Beers Global Sightholder Sales (DBGSS), DPF and recently Mmila Fund Administrators (DPF's subsidiary company).

The Fund currently has a staff complement of eight and four main business functions that include Strategy and Business Development, Finance, Legal and Compliance and Investments. The Internal Audit and Information Management support are outsourced to Debswana Diamond Company, whilst the Assets Management function, Actuarial Services and Investment Consultancy are outsourced to various asset managers and consultants locally and globally.

The DPF has only one office in Gaborone located at Debswana House 5th Floor, Main Mall.

OUR VISION

To secure members' futures through sustainable superior returns.

OUR MISSION

We will provide members with competitive and sustainable retirement benefits through:

- Prudent & optimal management of member funds
- Ensuring efficient benefits administration
- Focused communication / information
- Effective socially responsible investments to benefit our members
- Innovative and relevant products.

OUR VALUES

- Member Centric
- Credibility
- Accountability
- Agility
- Self-Driven and Motivated

Board of Trustees



Lebogang Sebopelo

Board Chairperson - Company Appointed Trustee
Diamond Trading Company Botswana (DTCB)

2



Thabiso Moanakwena
Deputy Board Chairperson -Member
Elected Trustee - Gaborone Constituency

3



Christopher Mokgware
Other Participating Employers
(Debeers Sightholders Sales)

4



Lebole Mpho Mokoto
Company Appointed Trustee - Debswana Diamond
Company (passed away on the 11th August 2021)

5



Lynette Armstrong
Company Appointed Trustee -
Debswana Diamond Company

6



China Rebonye Abel
Member Elected Trustee - Orapa,
Letlhakane, Damtshaa Constituency

7



Lapologang Letshwenyo
Member Elected Trustee - Morupule
Constituency

8



Potoko Bogopa
Member Elected Trustee -
Pensioner Constituency

9



Claire Buseti
Independent Trustee

10



Thabo Moepi
Member Elected Trustee -Jwaneng
Constituency

Executive Management



1



Executive Management

2



3



4



5



1. Gosego January

Chief Executive Officer

2. Thato Norman

Investment Manager

3. Tidimalo Poonyane

Legal & Compliance Manager

4. Saone Balopi

Strategy and Business Development Manager

5. Daniel Mompoti

Fund Accountant



Global Market Overview

For the Year Ended 31 December, 2021

North America

United States (US) equities extended their rally in 2021 with the equity market rally driven by increased market optimism of the global economic growth trajectory following the devastating effects of the global COVID-19 pandemic. The successful advancement and enrollment of COVID-19 vaccines across major, emerging, and frontier economies, combined with rising household and business confidence that the economic effect of the pandemic remains transitory, provided a tailwind to global asset prices.

Rising concerns of increased inflation, stoked concerns of the introduction of interest rate hikes by the US Federal Reserve Bank, could provide a headwind to the broadening economic recovery and the equity rally. The reopening of the US economy supported the business earnings outlook on anticipation of an acceleration in household consumption, which accounts for two-thirds of US economic activity, following high levels of domestic household savings. Gross Domestic Product (GDP)

increased 5.7 percent in 2021, after contracting 3.5 percent in 2020 due to the global economic shutdown and the ravaging effects of COVID-19. This followed an economic expansion of 6.9 percent in the final quarter of 2021 against 4.5 percent in the last quarter of 2020. The increase in output was driven by improvements in domestic consumption, which shored up business activity and investment as global trade resumed following the reopening of economies across the globe. The Biden Presidency has reduced the America first rhetoric, championed by Donald Trump, with the US-China trade war moderating thereby boosting capital expenditure and investment.

The US economy reported improved levels of household confidence, which underpinned consumption during the year despite the COVID-19 uncertainty. Global asset prices led by global equities outperformed in 2021 as the Federal Reserve Bank maintained its accommodative monetary policy stance amidst a broadening economic recovery, impeded by mounting concerns of rising inflation. The Dow Jones

Global Market Overview

For the Year Ended 31 December, 2021

Industrial Index, Standard & Poor's Composite Index, and Russell 2000 extended their nearly double digit rally in 2021. Strong economic activity improved prospects of employment as companies continued to report their rising sales underpinned by strong household balance sheets, strong domestic consumption and improved business activity. US unemployment declined from 6.7 percent in January to 3.9 percent in December 2021.

The Federal Reserve Bank (Fed) maintained the key policy rate at a range of 0.00 – 0.25 percent on concerns of a major economic recession driven by the COVID-19 impact. The Federal Open Market Committee (FOMC) also kept the Quantitative Easing entailing the purchases of USD 700 million in government treasuries. Overnight lending facilities were maintained in a bid to support capital markets and the wider economy. Monetary Policy Stimulus was coordinated amongst major central banks across the globe in 2020, with 2021 ushering in divergent policies.

The FOMC indicated that they would continue to provide monetary policy support over the near to medium term in support of the domestic economy. The US government direct stimulus packages to households, unemployment benefits, small business loans and grants shored up the economic activity. The stimulus action followed on President Elect Biden's pledge for additional stimulus on the ascendency of his presidency. Improved macro-economic growth amidst high levels of inflation expectations and amidst a dovish central bank led to increased bond volatility with the US 10 – Year Treasury bond breaching the 1 percent threshold in the first quarter of the year before ending the year at 0.32 percent. The investment grade bond Barclays Global US Bond Index increased 3.68 percent in 2021. Optimism on prolonged accommodative monetary policy; further supporting economic activity has acted as a tailwind for US equities.

Europe

The Euro-19 Gross Domestic Product (GDP) decreased from 6.8 percent in 2020 to 5.2 percent in 2021. The slowdown was predominantly driven by the impact of the COVID-19 pandemic with rising cases of

the more transmissible Omicron variant further hurting the economy and demand for European Union exports. The outlook was further curtailed by geo political events, such as Brexit and its impact on the outlook of the European Union and ongoing trade wars. The drop in industrial production curtailed domestic activity. Subdued manufacturing activity and weak net exports in an environment of modest aggregate demand fueled concerns of a narrowing recovery in the Euro-zone.

The European Central Bank Markets maintained its expansionary monetary policy in light of the moderate economic growth outlook coupled with the continued threat of COVID-19. The unemployment rate decreased from 8.3 percent in January, 2021, to 6.3 percent in December, 2021. Economic indicators pointed to weak output across the Euro-19's major economies with rising infection levels restraining the services and tourism sectors. The Euro-19's largest economy, Germany, contracted by 0.7 percent in the fourth quarter of the year slowing growth to 2.8 percent in 2021. Supply chain disruptions continue to hurt the export dependent German economy.

Spain recorded the largest economic growth of 2 percent in the final quarter of the year while France increased 0.7 percent and Italy rose 0.6 percent. Italy has experienced high sovereign bond yields as it remains the epicenter of the Euro financial risk with fiscal imbalances amidst structural challenges. Business activity and confidence remained subdued with the European Central Bank (ECB) extending its Pandemic Emergency Purchase Programme. The ECB maintained the PEPP programme as a way of protecting the Euro-19 economy from the debilitating effects of the pandemic. Political risk in the Euro-19 remained stable during the year with risks moving between United States, China and the United Kingdom.

The Office for National Statistics (ONS) reported that the UK economy significantly increased from -9.9 percent in 2020 to 7.4 percent in 2021. Business confidence and business activity rallied upon the lifting of the national shutdown caused by COVID-19 amidst concerns about the UK exiting the European Union (Brexit). Household consumption, which accounts for

Global Market Overview

For the Year Ended 31 December, 2021

almost 60 percent of output, increased 6.2 percent following large households savings rates which stoked demand.

The household savings ratio closed the year at 6.8 percent. Meanwhile, business capital formation, which includes the addition of fixed assets to the economy also ascended by 5.9 percent. The services sector, which accounts for approximately 80 percent of the economy, increased 1.5 percent in the final quarter of 2021. Industrial production fell 0.2 percent while manufacturing activity rose 0.4 percent. Concerns over the Omicron variant and its devastating impact across Europe led to a decline to 0.9 percent in Quarter 3 GDP and with a marginal improvement of 1.3 percent in Quarter 4 GDP.

Household confidence surveys remained weak as consumers remained worried about the long-term negative effect of the pandemic. The unemployment rate decreased from 5.0 percent in January 2020 to 4.1 percent in December 2021. The Bank of England increased the bank rate from a historic low of 0.10 percent to 0.25 percent in December 2021 amidst mounting signs of endemic inflation.

Japan

Japan's GDP increased 1.6 percent in 2021 following a decrease of 4.8 percent in 2020. Household consumption increased 2.4 percent while demand for services rose 3.1 percent in Quarter 4. The lifting of the State of Emergency in the second half of the year buoyed domestic consumption and manufacturing activity. Japan's export dependent economy has been curtailed by the sudden and unexpected drop in global trade during the onset of the Covid pandemic. Demand for exports has been driven by improved global demand as global trade picks up. The successful rollout of Covid 19 vaccines drove consumption as the economy reopened leading to output increasing 1.3 percent in the final quarter of the year. The Core Consumer Price Index, which excludes energy and food prices, fell 0.2 percent in 2021.

Meanwhile, the Consumer Price Index increased from 0.6 percent in November to 0.8 percent in December 2021 as energy and food prices rose. Japan's aging demographics continue to dampen inflation. Wage growth has remained moderate consequently dampening inflation expectations during the year. The Bank of Japan increased its stimulus spending to USD 3 trillion, in an effort to support the economy from the effect of the pandemic.

Bank of Japan has continued its accommodative monetary policy of quantitative and qualitative easing (QQE) in order to achieve the elusive 2 percent inflation target. Weak economic growth has prompted the central bank to take a cautious stance on Japan's growth outlook. The Topix index increased by approximately 10.4 percent, on continued optimism of corporate earnings improvement.

Emerging Markets

Half of the global economic output is generated by Emerging Market (EM) economies. Equally important, Emerging Markets account for approximately over half of the global youth population, which places the block in a good position of enjoying the demographic dividend. Emerging Markets continued to report lower fatalities in comparison to Developed Economies, which have anecdotally been attributed to younger demographics. Emerging Economies continue to experience significant demand for infrastructure development as urbanization and increasing levels of household wealth continue to drive demand for consumption.

During the review period, Emerging Market asset classes underperformed Developed Markets asset classes with DM equity markets predominantly being driven by their successful vaccination rollouts that increased optimism of a quicker market recovery. According to the International Monetary Fund, Emerging Markets and Developing Economies growth increased 6.3 percent in 2021 following a contraction of 2.2 percent in 2020. This was below market forecasts of growth to advance 6.7 percent in 2021.

Global Market Overview

For the Year Ended 31 December, 2021

China

China's economy increased from 2.2 percent in 2020 to 8.1 percent in 2021, underscoring the republic's resilient economy during the pandemic. China remains one of the only few major economies to successfully manage Covid with growth remaining positive since the inception of the pandemic. The International Monetary Fund (IMF) forecasts growth to moderate to 4.8 percent and the current account deficit to narrow to 1.5 percent in 2022. Industrial production was 4.3 percent in December, 2021 against a marginal improvement of 3.8 percent in November, 2021.

Industrial and manufacturing production remain affected by the drop in global trade arising from the shutdown in national economies. Fixed investments rose 6.1 percent in December against an increase of 5.2 percent the previous month. Rising nationalistic agendas across the globe continue to pose a significant risk to the outlook for China, though the impact thus far has been predominantly contained.

Many economies are exploring alternative domestic manufacturing strategies after concerns of external supply chains in the event of unexpected market shocks. China, alongside Russia and India, have engaged in vaccine diplomacy, offering numerous emerging and frontier nations access to COVID-19 vaccines and subtly positioning themselves and safe guarding their economic interests. The Communist Party has sought to promote equality while ensuring that technology companies do not decimate smaller companies during their aggressive expansion.

The government's continued focus on domestic infrastructure investment is expected to partially offset the challenges of trade protectionism policies. The Peoples Bank of China (PBC) reduced the key policy rate in April in order to stoke economic activity. The Shanghai Stock Exchange Composite Index increased 4.8 percent in 2021, marking a recovery from the previous year whereby the index experienced the worst performance in a decade.

Brazil

Brazil's economy increased 4.6 percent in 2021 after contracting 3.9 percent in 2020. Household consumption rose 0.7 percent while the aggregate services increased 0.5 percent. Brazil reported high cases of COVID-19 in 2021 with cases significantly improving during the year after a successful rollout of vaccines. The central bank forecasts the economy to grow 0.3 percent in 2022 and 1.5 percent in 2023.

The Central Bank of Brazil raised the benchmark interest rate to 9.25 percent in an effort to control rising levels of inflation amidst slow domestic growth. Unemployment decreased to 9.4 percent in 2021 with the number of working age people working recorded at 55.3 percent. Brazil remains afflicted by high job losses arising from the continued effect of COVID-19. The Ministry of Finance reported that over the year, gross debt decreased to 80.3 percent from 88.6 percent of GDP. During the year, Brazil's stock exchange, Ibovespa, decreased 12.0 percent as investors grew less confident of on the stock market economic recovery.

South Africa

South Africa's economic growth momentum continues to remain affected by the prolonged impact of the COVID-19 pandemic. South Africa's economy increased 4.9 percent in 2021 following a contraction of 6.4 percent the previous year. Growth in personal consumption, manufacturing, trade and agricultural activity drove domestic consumption. However, South Africa's GDP per capita continues to moderate as the rate of population growth continues to exceed the pace of economic growth.

High rates of unemployment, elevated levels of income inequality and strike actions continue to undermine South Africa's economic outlook which is already afflicted by the global COVID-19 crisis. President Cyril Ramaphosa, who remains in firm control of the African National Congress, is still considered more business friendly than his predecessor and continues to promote much needed investment and structural reforms.

Global Market Overview

For the Year Ended 31 December, 2021

Botswana

Botswana's economy decreased 5.6 percent in the fourth quarter of 2021 against a previous increase of 4.6 percent in the same quarter of 2020. Most sectors of the economy increased with the output predominantly driven by public administration which increased 18.3 percent, mining (11.9 percent), construction (11.8 percent) and wholesale & retail (11.3 percent). During the review period, exports rose 32.8 percent while imports increased 2.7 percent. Initiatives to improve and support the agricultural activity failed to support the sector with agriculture declining 2.9 percent from a decline of 2.7 percent. At the same time, demand for diamonds surged due to pent up demand as strong levels of wealth across households in major markets drove demand for jewelry. Trade, hotels & tourism marginally increased 2.0 percent in the fourth quarter as the sector remains hampered by travel restrictions.

Household consumption increased 3.3 percent while government expenditure increased 3.2 percent. Gross capital formation decreased 5.9 percent as business investment remains affected by supply chain disruptions in addition to COVID-19 induced shutdowns across the nation and the wider globe. Exports increased 32.8 percent supported by a large increase in diamond sales which had been disrupted by the pandemic while imports rose 2.9 percent. Statistics Botswana reported that Botswana's unemployment rate increased from 24.5 percent in Quarter 1 to 26.0 in Quarter 4 2021.

The labour sector has particularly failed to absorb young workers with youth unemployment also increasing from 32.4 percent to 34.4 percent. Domestic economic activity remains exposed to headwinds such as the global pandemic, which has led to an increase in commodity price volatility, weak tourism activity and further strained geopolitical concerns across Botswana's largest trading partners. Households have struggled from high levels of debt, tight credit conditions and anemic wage growth with mounting concerns of job losses once the State of Emergency was lifted. The International Monetary Fund forecasts Botswana's economy to increase 4.7 percent in 2022 while the Ministry of Finance and Economic Development projects growth of 4.3 percent.

The fiscal deficit narrowed to 5.6 percent of GDP in 2021 from a deficit of 11.0 percent the previous year as mineral revenue, tax receipts and expenditure increased. In the 3 month period to September, 2021, the balance of payments deficit widened to BWP3.3 billion compared to BWP3 billion in September, 2020. The deficit comprises mostly of government payments in addition to imported goods and services. The African Development Bank forecasts the current account deficit to narrow to 7.4 percent of GDP in 2021. Domestic credit extension increased 7.4 percent in the twelve-month period to September 2021, due to increased lending to households.

According to Bank of Botswana, household indebtedness registered 24.9 percent of GDP in the first quarter of the year and remains lower than neighbouring countries such as South Africa and Namibia. Standard & Poor's reaffirmed Botswana's BBB+ /A-2 credit rating and upgraded the country's outlook from negative to stable. Bank of Botswana maintained its expansionary monetary fiscal policy at 3.75 percent during the year. Inflation ended the year at 8.7 percent in December and remained above the BoB's 3 - 6 percent inflation target. As at 31st December 2021, the Botswana's foreign reserves stood at BWP56 billion with the decline largely driven by increased government withdrawals reported during the pandemic.

The Pula marginally depreciated against the South African rand by 0.11 percent while appreciating against the International Monetary Fund (IMF) unit of account the Special Drawing Rights (SDR) by 4.99 percent. Against the USD, the Pula depreciated by 8.09 percent partially driven by the strengthening rand on optimism of a nascent recovery amidst higher nominal domestic interest rates in contrast to lower global rates.

During 2021 the Domestic Companies Total Return Index increased 11.13 percent as companies reported improved earnings following the lifting of Covid - 19 restriction in Botswana. Domestic companies struggled with the ensuing national lockdowns the previous year which restricted businesses from operating while global and domestic travel dropped. Sectors ranging from the banking and financial services industry, led by listed

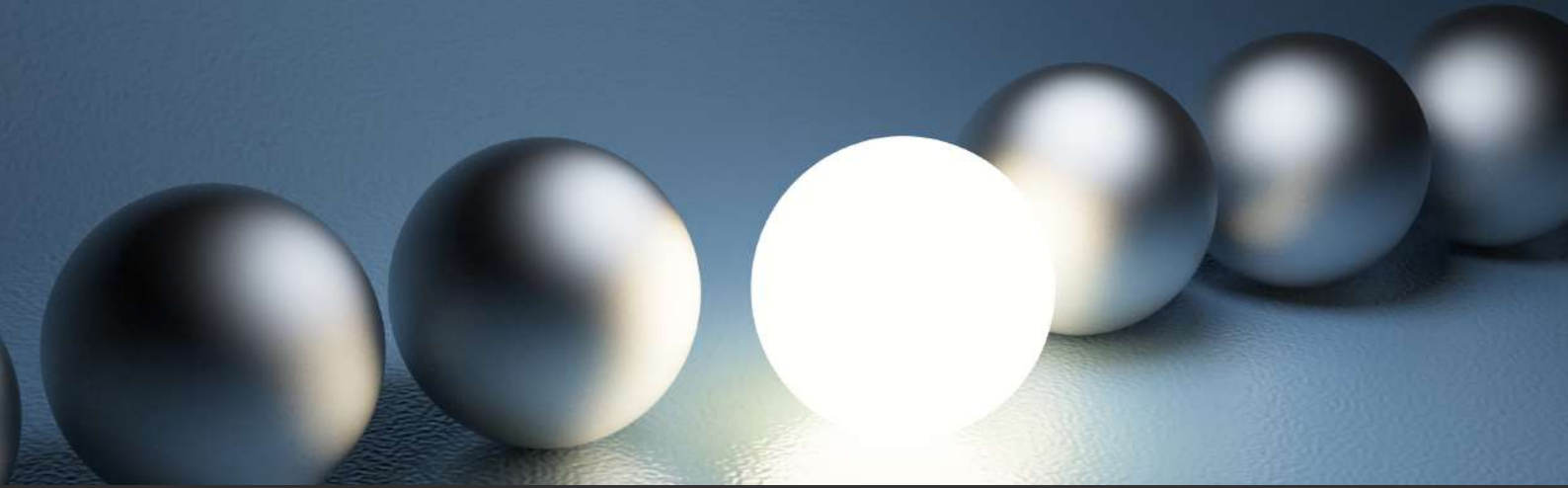
Global Market Overview

For the Year Ended 31 December, 2021

banks have reported improved business activity. The Fleming Aggregate Bond Index (FABI) declined 0.07 percent over the year. Weak domestic activity and the high inflation outlook amidst a weaker government

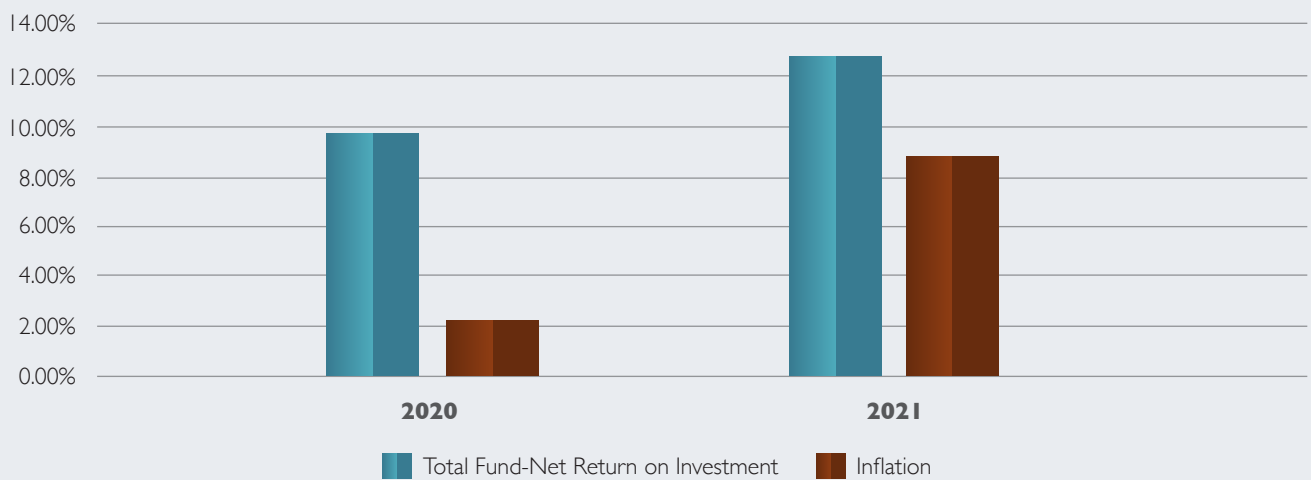
fiscal position contributed to the decline in the index. The government bond yield curve steepened during the year.



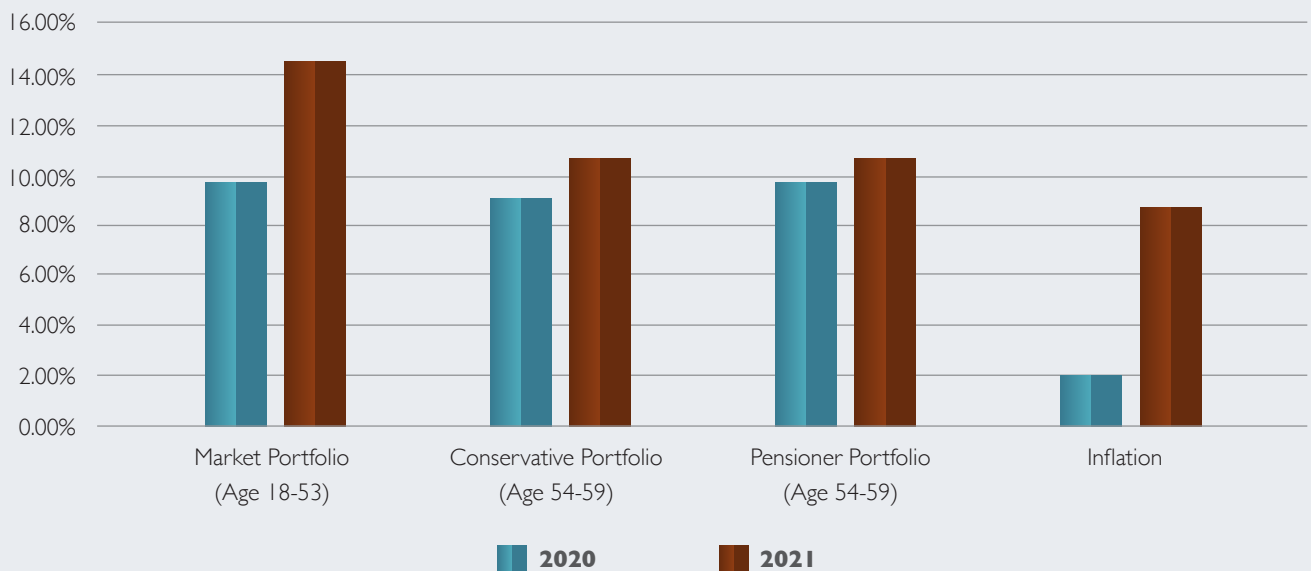


Fund Performance Highlights

Fund Performance-Total Fund



Fund Performance-Life Stage Investment Portfolio Net Returns



Fund Performance Highlights

For the Year Ended 31 December, 2021

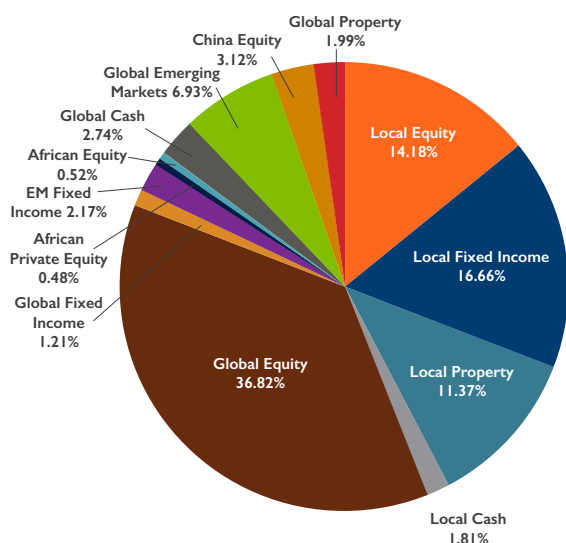
Life Stage Investment Portfolios (Investment Portfolio Returns)

Fund	12 Month	36 Month	60 Month	Since Inception (July 2004)
Market	14.39%	13.87%	9.85%	12.92%
Conservative	10.66%	11.34%	8.18%	10.90%
Pensioner	10.68%	11.94%	8.56%	11.83%
Contingency	9.92%	11.22%	8.81%	13.58%
Fund	12.78%	12.99%	9.28%	13.92%
Inflation	8.70%			

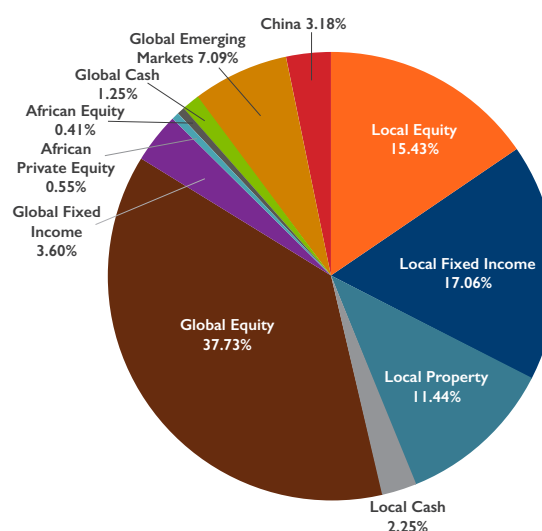
Asset Allocations

Asset Class Weights as at 31 December 2021 in comparison to Asset Class Weights as at 31 December 2020

Asset Class Weights as at 31 December 2021



Asset Class Weights as at 31 December 2020



Revenue and Expenditure

	P'000		P'000
Fund as at 31 December 2020	9,014,643.00		
Contributions received	354,179.00	Administration and other expenses	40,120.00
Transfers received	6,132.00	Investment fees	105,003.00
Income from investments	99,571.00	Withdrawal and death benefits	98,247.00
Adjustments to fair value of assets	1,087,121.00	Retirement benefits	144,819.00
		Pensioner death benefits	8,137.00
		Pensions paid	206,347.00
		Transfers paid	6,965.00
		Fund as at 31 December 2021	9,952,008.00

Fund Performance Highlights

For the Year Ended 31 December, 2021

Membership Movement

Membership Movement for the financial year ending 31 December 2021

Description	Active members	Deferred Members	Pensioners	Beneficiaries	Total
Numbers at beginning of period	6,129	2,031	4,225	81	12,466
Adjustments at data take on	0	0	0	0	0
Additions	158	99	309	2	568
Transfers in		28	0	0	28
Transfers out		-19	0	0	-19
Withdrawals (Dismissal, retrenchment, Resignation)	-99	0	0	0	-99
Retirements	-156	-128	0	0	-284
Beneficiary Maxi Age				-8	-8
Deaths	-46	-13	-125	0	-184
Numbers at end of period	5,986	1,998	4,409	75	12,468

The Fund's total membership as at 31 December 2021 was 12468 compared to 12466 in 2020. There has been growth in membership of 0.01% (2 Members) in 2021.

The member statistics for 2021 compared to 2020 are as follows;

	2021	2020	Difference	Comment
Active	5986	6129	(143)	Decrease
Deferred	1998	2031	(33)	Decrease
Pensioners	4484	4306	178	Increase
Total	12468	12466	2	

Funding Level

Combined Position	31 Dec-2021	31 Dec-2020	Change
	P'000,000	P'000,000	%
Fair Value of Assets	9,952	9,014	10.40
Actuarial liabilities	9,452	8,562	10.39
Surplus/(Deficit)	499	452	10.40
Funding Level	105.3%	105.3%	





Lebogang Sebopelo
Board Chairman

Chairperson's Remarks

Dear Members,

On behalf of the DPF Board of Trustees, I present to you the 2021 financial year Annual Report.

Almost two years on, the world is still battling with the COVID-19 pandemic. As a country, we were faced with the worst of the pandemic and the loss of many lives including those of our members and their loved ones. The rollout of vaccines allowed economies to reopen, but we have seen new variants of COVID-19 evolving across the globe resulting in intermittent economic recovery and uncertainty.

Despite this difficult backdrop, I am pleased with the Fund's performance in the year under review.

A Strong and Milestone Financial Performance

The Coordinated fiscal and monetary policy implemented by governments across the world, as part of countercyclical efforts aimed to offset the negative

impact of Covid-19 across international and domestic markets, continued to underpin the broadening global economic recovery. Global asset prices rallied with global equities reaching new historic highs and positively impacting the performance of the Fund, thus reaching a historic milestone of P10 Billion Fund Value and a growth of 9 percent.

The reopening of economies, amidst unprecedented shutdowns, and high levels of wealth amongst consumers in Developed Markets underpinned demand thereby provide a much needed tailwind to business investment and global consumption. Increased demand amidst a change in supply chain movements led to increased production costs and a demand for labour.

This has led to mounting inflation which has the potential to derail the nascent economic recovery. This period has seen central banks tilt towards a contractionary monetary policy which seeks to reduce inflation. Although the Fund performed well in nominal terms, the risk adjusted returns were much lower owing to higher inflation.

Chairperson's Remarks

For the Year Ended 31 December, 2021

Board Changes

In August 2021, we welcomed a new Trustee to The DPF Board of Trustees, Mr Thabiso Moanakwena representing the Gaborone Constituency that has been vacant for some time following the departure of Ms Lebogang Kwapa. We are excited for the contributions that Thabiso will bring to the Board of Trustees. In anticipation of the departure of Mr Christopher Mokgware who's term ended on 31st December 2021, the Board of Trustees found it prudent to appoint a new Board Chairperson earlier so as to allow for a smooth transition and handover process prior to Mr Mokgware's departure. In July 2021 Ms Lebole Mokoto was appointed as the new Board Chairperson. Sadly in August 2021 Ms Lebole Mokoto passed away. Her departure truly left a huge void in the Board and indeed the entire Debswana Pension Fund Team.

I had the privilege of having served on the DPF Board of Trustees with Lebole for three years and seen the immense contribution she made to the Board as well as to the various committees that she served in. Ms Mokoto's diligence, attention to detail and deep passion for safeguarding member interest, are hallmarks by which we will remember. May her Soul continue to rest in peace. Allow me to take this opportunity to thank Mr Chris Mokgware for his dedication and brilliant execution of his role as Board Chairperson of the Board of Trustees over the years. He has contributed tremendously to the Board and was instrumental to the overall growth of the Fund.

Board Changes

In August 2021, we welcomed a new Trustee to The DPF Board of Trustees, Mr Thabiso Moanakwena representing the Gaborone Constituency that has been vacant for some time following the departure of Ms Lebogang Kwapa. We are excited for the contributions that Thabiso will bring to the Board of Trustees.

In anticipation of the departure of Mr Christopher Mokgware who's term ended on 31st December 2021, the Board of Trustees found it prudent to appoint a new Board Chairperson earlier so as to allow for a smooth transition and handover process prior to Mr

Mokgware's departure. In July 2021 Ms Lebole Mokoto was appointed as the new Board Chairperson. Sadly in August 2021 Ms Lebole Mokoto passed away.

Her departure truly left a huge void in the Board and indeed the entire Debswana Pension Fund Team. I had the privilege of having served on the DPF Board of Trustees with Lebole for three years and seen the immense contribution she made to the Board as well as to the various committees that she served in. Ms Mokoto's diligence, attention to detail and deep passion for safeguarding member interest, are hallmarks by which we will remember. May her Soul continue to rest in peace. Allow me to take this opportunity to thank Mr Chris Mokgware for his dedication and brilliant execution of his role as Board Chairperson of the Board of Trustees over the years. He has contributed tremendously to the Board and was instrumental to the overall growth of the Fund.

DPF Strategy

DPF transformation Strategy 2019-2023 is progressing well. As the Board of Trustees, we believe that the outcome of the strategy will position DPF to meet its long term liabilities post the life of mines and importantly derive long term gains for members. We remain committed to serve our members. The adoption of technology has enabled the Fund to continue engaging with the members i during this difficult Covid-19 pandemic period thus demonstrating the Fund's agility and member-centric culture.

I remain confident that the sound governance and resilient investment strategy will enable the Fund to continue to grow and achieve positive returns for members. There will be headwinds, however I am confident that the team will be able to continue to deliver to their mandate. I want to conclude by thanking the DPF Management team for their hard work and continued dedication to the Fund and its Members.

Sincerely



Lebogang Sebopelo
Board Chairperson



Gosego January
Chief Executive Officer

Chief Executive Officer's Remarks

Dear Members,

I am elated to report on a year in which the Fund reached a record milestone, giving us confidence that our investment strategy is sound and robust and soundly positioned for the years to come. The Fund saw markets rallying in the year under review largely driven by the re-opening of economies following intense Covid-19 vaccine rollout and monetary and fiscal interventions by Governments across the globe. Furthermore coupled with the right strategy and business model and ambition, set out by the Board of Trustees and the Fund's Management team. DPF grew in value from BWP 9,134 Billion in 2020 to BWP 10,104 Billion as at 31st December 2021 a 10.6 percent growth.

On a more somber note however, this past year was a challenging year for many families as the covid-19 pandemic hit many families and took away lives including those of our members. I wish to take this moment to remember our departed members and in particular our departed Board Chairperson Ms Lebole Mokoto.

May the souls of all the departed continue to rest in peace.

2019-2023 Strategy

The Fund has been working on major projects building the pillars of the transformation agenda and the strategic priorities. We are committing resources to develop a sustainable business that will deliver long-term value for members and their beneficiaries. Additionally we have spent time refreshing our annuity offering and the Fund was granted approvals for the introduction of two new annuity offerings mainly the 15 and 20 year Guarantee Annuity options. The Fund continues to work on other products and enhancements that will meet the diverse needs of our Members. During the latter part of the year, the Board of Trustees approved the use of the Mmila Beneficiary Fund at the discretion of the member or the guardian aimed at protecting, growing benefits and creating flexibility in the access of funds as and when required for the maintenance of member dependents and beneficiaries.

CEO's Remarks

For the Year Ended 31 December, 2021

Governance and Compliance

In April the Fund commenced the Know Your Customer (KYC) Project aimed at ensuring that the Fund is compliant with the Financial Intelligence Act, that requires all accountable institutions which includes Retirement Funds to carry out periodic due diligence on all its members so as to aid in the combat of Anti Money Laundering and terrorist financing. Efforts have been made and more continue to be implemented to have all members KYC compliant. As at year-end, the Fund had reached a 72 percent compliance rate. Members who have not submitted their KYC to meet the set deadlines will succumb to tighter measures going forward.

DPF has continued to demonstrate tightening controls across all spheres and has recorded positive audit outcomes in the year. The Board of Trustees and Fund Management have continued to focus on monitoring the effectiveness and integrity of the Fund's internal control and risk management processes. These have not only maintained the Fund's controls intact but have resulted in both parties adopting a proactive approach in anticipating and preparing for changes or risks that may have an impact on the Fund. It would be amiss not to acknowledge the massive contribution of our outgoing Board Chairperson Mr Chris Mokgware and the Deputy Chairperson Mr Reobonye China Abel and their unwavering support in the growth of the Fund during their tenure.

The Brand

The Fund has continued to embark on its use of technology to engage with Members and kept the Members abreast of Fund developments as well as drive key campaigns aimed at educating members and the public, enhancing service delivery and overall driving Brand visibility through social media and established traditional media platforms. Through the annual Member Satisfaction Surveys, the Fund is able to assess its effectiveness in how we serve and engage our members. I am happy that despite the prevailing conditions, our members have continued to be happy with the Fund. Overall feedback has been very positive, proving the teams unwavering priority on ensuring our members needs are taken care of at all times.

People

DPF employees have continued to work from home throughout 2021. This high performing team has been committed and remained productive despite the pandemic and its challenges; enabling the Fund to attain its aspirations. Additionally, in maintaining a resilient workforce, employee wellbeing has been a focus. Employees have participated in the various programs driven through the Wellness Fund all aimed at providing holistic well-being. I wish to thank my team for the great work.

Looking ahead to the coming year, we are mindful of the challenges that the Fund will experience. Although the Fund reported high nominal returns, the ensuing high levels of inflation both domestically and globally remains a threat to member returns. The current level of inflation has prompted central banks across the globe to institute interest rate hikes thereby leading to heightened market volatility.

The globe has witnessed many exogenous shocks such as wars, pandemics and geopolitical events which require operational and investment prudence during the coming year. Despite these headwinds, we remain confident in the Fund's Investment Strategy which has proven to be resilient during this turbulent period while we remain committed to creating new milestones. I thank all our members for the support and trust rendered to us; we remained devoted to delivering superior sustainable returns and service now and in the future. Lastly, I extend my gratitude to the Board of Trustees for their dedication and contributions in the year.

Sincerely



Gosego January
Chief Executive Officer



Trustee Report

For the Year Ended 31 December, 2021

Trustee Report

For the Year Ended 31 December, 2021

CONSTITUTION OF THE FUND

DPF employees have continued to work from The Debswana Pension Fund (DPF) is a defined contribution pension fund established in 1984 as a Trust through a joint initiative between De Beers Botswana Mining Company (now Debswana), Anglo American Corporation Botswana (Pty) Ltd and De Beers Prospecting Botswana (Pty) Ltd. The primary purpose of the Debswana Pension Fund is to meet future benefit obligations to members as defined by the rules of the Fund, earn positive investment returns on member funds and remain financially sound at all times.

DPF invests member funds across various asset classes mainly Property, Equities, Bonds, Cash and alternatives. Active and deferred member assets are managed under the defined contribution plan, whilst pensioner assets form the defined benefit component through the Fund's provision of life annuities to its retiring active and deferred members. The Fund now exists as a registered pension fund licensed by the Non-Bank Financial Institutions Regulatory Authority through the Retirement Fund Act of 2014. Retiring members are given the option to purchase annuities from other service providers. Fund membership portfolios as at 31 December 2021 registered 12,468 members comprising of 5986 Active Members, 1998 Deferred Members and 4484 Pensioners.

All current participating employers of the Fund contribute 20% of pensionable salaries of their employees on their behalf towards the Fund on a monthly basis. Member contributions are exempt from income tax as per the provisions of the Botswana Unified Revenue Services (BURS) Act. The Fund, through its education program, continually encourages Active members to make additional voluntary contributions at a preferred percentage within the parameter provided by the BURS Act as a way of achieving better net replacement ratios (NRR) as well as reducing their tax obligation.

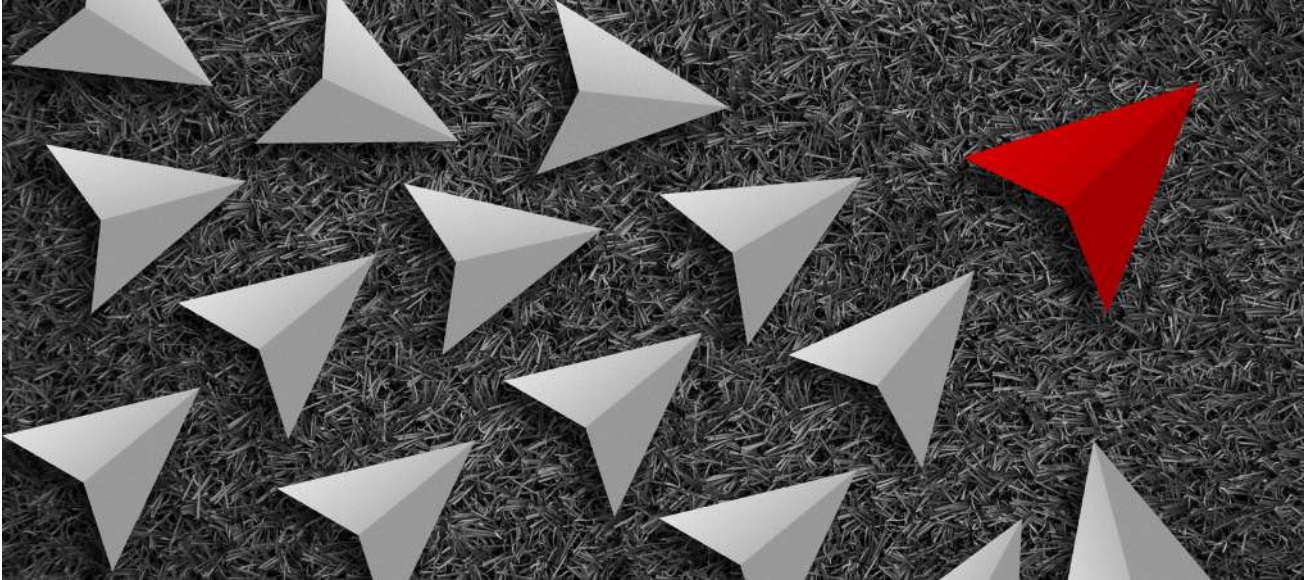
The Fund's targeted replacement ratio of 70% is calculated before commutation of the cash lump sum. A member with an average career progression in terms of salary increases and 35 years of service should ideally retire with a pension of 70% of his/her pensionable salary at normal retirement age of 60. The progression of the target member is based on the following assumptions;

- A Career of 35 years continuous employment
- Retirement age of 60 years
- Retirement savings contribution rate at 20% of pensionable salary
- Consistent annual Salary increases in line with inflation

The Trustees recognise that the target replacement ratio may be different for individual members to the extent that their personal experience deviates from that of the target member. If investment conditions so allow, the Fund aims to provide benefits in excess of the targeted NRR of 70%. Given the defined contribution nature of the Fund, the above benefits are only a target and are not guaranteed.

Trustee Report

For the Year Ended 31 December, 2021



COMPLIANCE REPORT

GOVERNANCE STATEMENT

I. Board of Trustees

According to the Retirement Funds Act, the fiduciary responsibility for the Fund rests with the Board of Trustees. The Fund is managed by the Trustees on behalf of the Members in accordance with the Fund Rules. The Trustees are appointed to the Board of Trustees in terms of the Fund Rules. The Rules allow for the following number of Trustees;

- Four (4) Trustees appointed by the Participating Employers;
- Four (4) Trustees appointed by the Members;
- One (1) Trustee appointed by the Pensioners; and
- One (1) Independent Trustee

The Fund is committed to the attainment and preservation of high standards of corporate governance incorporating the principles of integrity, accountability, transparency and social responsibility and that is attained through optimum use of resources.

The Fund's Board of Trustees and its designated Committees performs the oversight function of

corporate governance. In line with the Fund Rules, the Board has delegated some responsibilities to the

Committees to act on its behalf; however, the ultimate responsibility of the administration and management of the Fund still rests with the Board of Trustees. The Board has its own Board Charter that is reviewed every two years to ensure that it remains up to date and relevant.

The Committees, in the performance of their advisory and oversight function are guided by each Committee's well-structured terms of references.

Committee members address relevant issues and make recommendations to the Board for final approval. Board Committees function independently from each other and are provided with sufficient authority, resources, and assigned responsibilities in assisting the Board. The Board appoints Trustees to serve on each Committee depending on their areas of knowledge and skills to ensure that it takes advantage of the expertise of all the Trustees.

There are four main Committees. The Term of office for the Trustees is five years and the Trustees can be re-appointed for another five-year term.

Trustee Report

For the Year Ended 31 December, 2021

2. Trustees List

	Principal Trustees	Representation
1	Lebogang Sebopele (Chairperson)	Diamond Trading Company Botswana
2	Christopher Mokgware	Other Participating Employers* (De Beers Sightholders Sales)
3	Lebole Mpho Mokoto*	Debswana Diamond Company
4	Lynette Armstrong	Debswana Diamond Company
5	Reobonye China Abel	Orapa Letlhakane Damtshaa Constituency
6	Lapologang Letshwenyo	Morupule Constituency
7	Potoko Bogopa	Pensioners
8	Claire Busetti	Independent Trustee
9	Thabo Moepi	Jwaneng Constituency
10	Thabiso Moankawena	Gaborone Constituency

Other Participating Employers* include DeBeers Sightholders Sales Botswana, Morupule Coal Mine, Debswana Pension Fund, DeBeers Global Sightholder Sales

*Ms Lebole Mpho Mokoto passed away on the 11th August 2021

*Mr Christopher Mokgware vacates the Board on the 31st December 2021

3. Board and Committee Membership (As at December 2021)

TRUSTEES	BOARD	INVESTMENT & FINANCE COMMITTEE	BENEFITS & COMMUNICATIONS COMMITTEE	AUDIT & RISK COMMITTEE	NOMS & REMUNERATIONS COMMITTEE	TOTAL NUMBER OF COMMITTEES
MEMBERS						
MR. LEOGANG SEBOPELO	Board Chairperson					
MR. CHRISTOPHER MOKGWARE (Other PE's)	√	√			Chairperson	3
MR. R CHINA ABEL (Orapa Constituency)	√		√	√		2
MS. L ARMSTRONG (DEBSWANA)	√	√		Chairperson		2
MR THABO MOEPI (Jwaneng Constituency)	√		√		√	2
MR. LAPOLOGANG LETSHWENYO (Morupule Constituency)	√	√	Chairperson	√		3
*MR. POTOKO BOGOPA (Pensioner Trustee)	√		√		√	2
MS. CLAIRE BUSETTI (Independent Trustee)	√	Chairperson		√		2
MR THABISO MOANAKWENA (Gaborone Constituency)	√	√		√	√	3
TOTAL MEMBERS	NINE	FIVE	FOUR	FIVE	FOUR	
VACANCIES	ONE	NIL	ONE	NIL	ONE	

The Fund has a vacancy in the Board of Trustees, Benefits and Communications Committee and the Nominations and Remunerations Committee.

Trustee Report

For the Year Ended 31 December, 2021

4. Board and Committee Meetings (Comparison Year 2020 and 2021)

In 2021 the Board of Trustees had in total seven (7) meetings which comprised of four (4) scheduled meetings and three (3) special meetings. The table below indicates the number of meetings held by both the Board and its Committees in 2020 compared to 2021.

		Planned Meetings	Special Meetings	Total	Planned Meetings	Special Meetings	Total
	Meetings	2020			2021		
1	Board of Trustees	4	3	7	4	3	7
2	Audit and Risk Committee	3	Nil	3	3	Nil	3
3	Investment and Finance Committee	4	1	5	4	2	6
4	Nominations and Remunerations Committee	3	Nil	3	3	1	4
5	Benefits & Communications	3	Nil	3	4	1	5

5. Board Achievements in 2021

The Debswana Board of Trustees amongst other things managed to achieve the following in 2021;

a. Board Achievements include;

- Reviewed and approved 2021 updated Balance Scorecard and 2021 Key performance Indications
- Annual Board Assessment conducted by an independent consultant, including completing the action items on scheduled time.
- Approval of pension increase.
- The Fund credit reached P10 billion.
- Reviewed and approved Valuation Report; and
- Reviewed and approved Financial Statement for the year ended 2020.
- Reviewed and approved the Funds Communication Plan.
- Reviewed and approved the Investment Policy Statement.
- Approved the asset liability model.
- Approved the reviewed CPM.

b. Appointment and/or election of Trustees

- Mr. Thabiso Moanakwena was elected to the DPF Board and appointed to the Board of Trustees on the 12th August 2021.

c. Investments and Finance Committee Mandate

- Achieved all investment targets across the Fund's 3 Life Stage channels
- Reviewed and approved Investment Policy Statement
- Made investments that were aligned to the Strategic Asset Allocation.
- Reviewed and monitored the Funds' overall performance and the performance of both local and offshore managers.

d. Audit, and Risk Committee Mandate

- Reviewed and approved the Fund Top Risks quarterly during the year.
- Reviewed and approved the Funds 2020 Financial Statement.

Trustee Report

For the Year Ended 31 December, 2021

- Reviewed and monitored the Funds' responses to internal and external audit findings.
- Successfully played an oversight role on the Funds control environment.

e. Benefits and Communications Committee

Mandate

- Reviewed and approved Communications Policy and Plan; and
- Reviewed and approved Death Benefits Distribution quarterly.

f. Nominations and Remunerations Mandate

- Reviewed and recommended the Board Committee composition.
- Reviewed and recommended Salary Increments and Staff Bonuses.
- Reviewed and recommended Pensioner Salary increases.
- Reviewed and recommended the sitting allowance increment for the Independent Trustee and Pensioner Trustee.

6. Fund Rules Amendments

The Board of Trustees recommended adding the 15 and 20 year options to the pension guarantee options, for approval by NBFIRA.

7. Trustees Training

During the year, Trustees were scheduled to attend various training and conferences to upskill them to execute their duties effectively. Due to COVID, these conferences were virtual and were limited as some conferences had been cancelled. The Trustees took part in the following Conferences/ Training;

1. AML / CFT for Pension Funds
2. Botswana Retirement Funds Annual Conference
3. Institute of Retirement Funds Conference
4. Advantage Training African Corporate Governance Conference

8. Audits

Internal

In 2021, one (1) audit was completed by the Internal Auditors and the following profile was issued:

1. Investment Management which was rated Good
2. Business Continuity Management consultancy, which was completed. This was not rated as it was a consultancy and not an audit.

Based on reviews and assessments by Internal Audit, the internal controls of the Fund were found to be reasonably adequate, appropriate, and effective to provide reasonable assurance that risks are being managed appropriately.

Risk Management

Debswana Pension Fund policy has adopted good practices in the identification, evaluation and monitoring of Risks. The Fund ensures cost effective controls and mitigations are implemented to manage risks. The Fund has adopted robust Risk Identification tools and mitigations template to ensure risks are eliminated where possible, reduced

Trustee Report

For the Year Ended 31 December, 2021

to an acceptable level or managed and contained; In 2021 the most significant risks, which were identified, closely monitored and mitigated, by Board and Management were;

1. Poor Performance of related investee companies
2. Market volatility
3. Currency Volatility
4. Loss of annuity book
5. Decreasing membership numbers due to transfer of deferred accounts to preservation fund
6. Mmila Business Performance
7. Reputational risk caused by former DPF staff legal case against DPF
8. Non Compliance with the Regulatory Requirements (PFR2)
9. Non Compliance to ESG Compliance
10. Property Risk caused by vacancies, low rentals, competition resulting in financial loss and low returns
11. Business Disruption
12. Reputational damage
13. Non Delivery of Funds strategic objectives
14. Sub-optimal returns risk
15. Increased Fund Administration cost
16. Business risk caused by a poor selection of business partners and service providers resulting in loss of value in investment
17. Blacklisting of Botswana by European Union
18. Rising Member Apathy and uncertainty
19. Failure to meet SLA obligations by outsourced administrator
20. Loss of Trustees Membership in the Board

Trustee Report

For the Year Ended 31 December, 2021

ADMINISTRATION REPORT

MEMBERSHIP MOVEMENTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

DESCRIPTION	Active members	Deferred Members	Pensioners	Beneficiaries	Total
Numbers at beginning of period	6,129	2,031	4,225	81	12,466
Adjustments at data take on	0	0	0	0	0
Additions	158	99	309	2	568
Transfers in		28	0	0	28
Transfers out		-19	0	0	-19
Withdrawals (Dismissal, retrenchment, Resignation)	-99	0	0	0	-99
Retirements	-156	-128	0	0	-284
Beneficiary Maxi Age				-8	-8
Deaths	-46	-13	-125	0	-184
Numbers at end of period	5,986	1,998	4,409	75	12,468

The Fund's total membership as at 31 December 2021 was 12468 compared to 12466 in 2020. There has been growth in membership of 0.01% (2 Members) in 2020.

The membership statistics for 2021 compared to 2020 are as follows;

	2021	2020	Difference	Comment
Active	5986	6129	(143)	Decrease
Deferred	1998	2031	(33)	Decrease
Pensioners	4484	4306	178	Increase
Total	12468	12466	2	

Active Members:

Debswana Diamond Company registered 155 exits, followed by DeBeers Holdings Botswana who in total registered 17. The rest of the Participating employers remained conservative on their approach to recruitment of pensionable officers.

Deferred Members:

The deferred members portfolio declined by 33 members, mainly because majority deferred members who attain the age of 50 years opt for early retirement.

Pensioners:

Pensioner portfolio increased significantly because of voluntary separations experienced at Debswana Diamond Company. Those members who had attained retirement age opted for normal retirement.

Trustee Report

For the Year Ended 31 December, 2021

i. Membership per participating Employer

As at year end (December 2021) the active members per PEs were as follows:

Participating Employer	2020	2021	Diff
Debswana Diamond Company	4897	4742	(155)
Diamond Trading Company Botswana	385	401	16
Morupule Coal Mine	629	631	2
DeBeers Global Sightholder Sales	162	177	15
DeBeers Botswana Holding	26	9	(17)
Debswana Pension Fund	30	26	4
Anglo Coal Botswana	0	0	0
TOTAL	6129	5986	(143)

- In 2021 Debswana Pension Fund active members decreased by 143 members.

ii. Exits for the Period

In 2021 total of BWP 457,550,723 was paid to members compared to BWP 352,283,966. The big variance resulting from Debswana Diamond Company voluntary separation exercise that was initiated in 2021.

iii. Contributions

All Participating Employers make contributions of 20% of pensionable earnings on behalf of their members. Total Contributions received in 2021 amounted to BWP351,977,546 when compared BWP 349,962,549 in 2020. The increase is attributable to salary increases effected by the respective Participating Employers. DPF Members are also allowed to make voluntary contributions and in 2021 it totalled BWP 2,201,140 compared to BWP 2,101,134 in 2020.

iv. Transfers Out

Transfers-in in 2021 amounted to BWP 6,132,460 compared to BWP7,809,312 in 2020, while transfers out were BWP6,964,787 in 2021 compared to BWP 2,171,819. All members who transferred out in 2021 moved their fund credits to Mmila Preservation Fund.

ADMINISTRATION EXPENSES

Debswana Pension Fund outsourced its pension administration services to Mmila Fund Administrators in 2019, following a change in legislation which barred pension funds from self-administration. However, the DPF maintains a secretariat function to have the overall oversight of the business of the Fund and perform some of the functions not provided by the administrator such as investment management, legal and compliance services, actuarial and investment consultancy (outsourced). All of these costs make up the cost per member, which is off-set against investment returns. DPF continues to closely monitor costs to ensure they are kept to the minimum, while not compromising on the quality of services rendered to members.

Trustee Report

For the Year Ended 31 December, 2021

ACTUARIAL REVIEW

i. Statement of the Actuary

Willis Towers Watson are the Fund's appointed Actuaries who, among other contracted responsibilities, perform the Fund valuation as required by law governing pension funds as well as the Board of Trustees. While the Retirement Funds Act 2014 provides that Fund valuation may be performed once in three years as a maximum threshold. Debswana Pension Fund was valued by the Fund Actuaries Willis Towers Watson in 2020 as it is in the best interest of the Fund to assess its financial position annually. The DPF considers valuation as a reasonable risk control measure considering inherent risks in the financial markets where the Fund invests members' money, as well as for an effective management of the annuity book. This cycle has been perpetuated for the financial year 2021, and the valuation report was presented for approval to the Board of Trustees at the June 2022 sitting, which was duly approved by the Trustees.

During the valuation period, which is the period between the 2020 valuation and the valuation for the period under review, the Fund was administered by the Mmila Fund Administrators as approved by the Board of Trustees.

ii. Financial Status of the Fund

The Fund Actuaries confirmed that the Fund remains in a sound financial condition at 31 December 2021 as the value of the assets within each account is equal to or exceeds the liabilities of the respective account. The total fair value of assets was used for purposes of this valuation in order to ensure consistency in the methodology applied in valuing the liabilities.

The table below summarises the overall Fund's financial position, clearly showing the soundness of the Fund as indicated by the combined position funding level of 105.3% as at end of December 2021.

	Following Transfer 31 December 2021 (000)	Prior Transfer 31 December 2021 (000)	31 December 2020 (000)
Fund Combined Position			
Fair value of assets	9 952 008	9 952 008	9 014 643
Actuarial liabilities	9 452 476	9 452 476	8 562 090
Surplus / (deficit)	499 532	499 532	451 718
Funding Level	105.3%	105.3%	105.3%

The Fund's fair value of assets grew by 10.6% from BWP9 014 643 in 2020 to BWP9 952 008 in 2021.

i. Pension Increase

The Trustees awarded a 5.6 % pension increase in 2020 and in 2021 the Trustees approved a pension increase of 8.7% which will be effective on 1 July 2022. This was in line with the guideline formula adopted by the Fund for granting increases.

Trustee Report

For the Year Ended 31 December, 2021

ii. Allocation of investment returns

The below table indicates the 2021 gross investment returns which were declared per portfolio;

NET RETURNS	1000 - 10 - INVESTMENT PORTFOLIO LT 53	1005 - 15 - CONSERVATIVE PORTFOLIO GE 57	1010 - 1A - Annuity Product	Fund	Inflation
2021 Annualised	14.39%	10.66%	10.68%	12.78%	8.70%

A history of the Fund returns over the period since the initial Statement of Investment Principles was adopted as set out below.

31 December	Market Channel	Conservative Channel	Pensioner Channel	Fund	Inflation
2005	32.90%	21.00%	26.90%	31.20%	11.40%
2006	33.9%	20.9%	27.9%	32.4%	8.5%
2007	16.6%	15.3%	17.5%	16.8%	8.2%
2008	-15.2%	-6.2%	-7.3%	-12.9%	13.7%
2009	15.9%	16.5%	15.2%	15.7%	5.8%
2010	7.5%	7.4%	7.1%	7.4%	7.4%
2011	10.6%	10.7%	11.7%	10.9%	9.2%
2012	16.7%	11.1%	13.8%	15.4%	7.4%
2013	28.9%	17.7%	22.1%	26.0%	4.1%
2014	11.5%	9.7%	11.0%	11.2%	3.8%
2015	13.6%	10.9%	12.6%	13.1%	3.1%
2016	3.01%	3.41%	2.69%	2.91%	3.0%
2017	7.87%	5.1%	5.35%	6.86%	3.2%
2018	0.45%	2.13%	2.03%	1.10%	3.50%
2019	17.58%	14.04%	15.43%	16.55%	2.20%
2020	9.77%	9.36%	9.80%	9.74%	2.20%
2021	14.39%	10.66%	10.68%	12.78%	8.70%
17 year annualised return (2005 – 2021)	12.68%	10.36%	11.69%	12.26%	6.15%

iii. Funding Levels

The Funding levels for the Fund in respect of Active, Deferred and Pensioners is as below

	PORTFOLIO/ ACCOUNT	31 DECEMBER 2021	31 DECEMBER 2020
1	Active & Deferred	99.3%	100.0%
2	Pensioners	109.3%	107.6%
3	Contingency Reserve Accounts	2.9%	2.9%

Trustee Report

For the Year Ended 31 December, 2021

The deficit in the Member Account over the period was P46 261 000, prior to the recommended transfer. The surplus in the Pensioner Account has increased from a surplus of P191 944 000 at 31 December 2020 to a surplus of P259 131 000 at 31 December 2021. The main reason for the increase is due to the strong investment market over the valuation period and to a lesser extent the new retirement strain.

iv. Contingency Reserve Accounts

The NBFIRA has set out the respective maximums that it would deem reasonable for a Fund to hold in respect of the Contingency Reserves. As at December 2021 these reserves were as follows;

	Data Reserve Account	Processing Error Reserve Account	Expense Reserve Account	Solvency Reserve Account
Maximum Allowable	5%	1.5%	No Limit	2.5%
Maximum Reference	Liabilities	Defined Contributions Liabilities	Future Expenses	Fund Assets
Actual Value	Nil	0.6%	N/A	1.97%
Conclusion	Within Limit	Within Limit	Within Limit	Within Limit

- The reserve accounts are all within the prescribed limits.

v. Actuarial Certification Statement

The Fund Actuary certified that;

- a. The Fund remains in a sound financial condition at 31 December 2021 as the value of the value of assets within each account is equal to or exceed the liabilities of the respective account. This position should be reviewed at the next valuation.
- b. In their view the current provision for the future pension increases is sufficient under reasonable investment markets conditions to support future pension increases in line with inflation.
- c. As a defined contribution arrangement, the contributions required in terms of the Fund Rules meet the future service obligations in respect of the active members.
- d. The Strategic asset allocation represents a reasonable long-term investment strategy given the nature of the Fund liabilities. In particular, the assets allocations of the various investment channels are reasonable given the time horizon of each channel.
- e. The matching of the Fund asset against liabilities was in their opinion, adequate.



Communication Report

For the Year Ended 31 December, 2021

1. 2021 Communication Report

The following are the key communication projects completed in 2021 for external stakeholders;

- Two editions of Bokamoso Newsletter (for members)
- 2020 Annual Report
- Three Business e-Briefs
- Virtual Member Engagement Meetings - Webinars
- Virtual Active Member Engagement
- DTCB
- Debswana – Jwaneng Constituency
- Debswana – OLDLM
- Social Media Campaigns

2. 2021 Stakeholder Satisfaction Survey Report

Debswana Pension Fund conducts annual satisfaction surveys on all its stakeholders as a means to measure the effectiveness of its operations for the year in review. The Pension Administration company engaged is therefore tasked with the measurement of stakeholder satisfaction levels as part of the annual Fund

communication plans.

2.1 Survey objectives

The Survey objectives are as follows;

- a. To evaluate the members' satisfaction with regard to services experienced in 2021
- b. To identify gaps in the Administrator's service delivery
- c. To obtain feedback and suggestions that can inform business improvement initiatives.
- d. To determine the success or lack thereof of new innovations implemented during 2021.
- e. To inform the Fund Balanced Scorecard and Individual Output agreements with performance scores for 2021 in the respective areas of business.

2.2 Targets and benchmarks vs performance

a. Response Rate

DPF targets a response rate of 10% or better on the surveyed population for all surveys carried out. Member response rates have slightly increased by 1% in 2021 from previous year as depicted below.

Communication Report

For the Year Ended 31 December, 2021

Year	Total Surveyed Population	Total Responses	Response Rate	Previous Year	Growth/Decline
2019	12 445	1 239	10%	16%	-6%
2020	12 466	1 312	11%	10%	1%
2021	11 015	1 340	12%	11%	1%

b. Satisfaction levels

The Fund benchmarks its member satisfaction levels on customer satisfaction indexes reported by leading research institutions globally, particularly in the Finance and Insurance Sectors surveyed. The customer satisfaction benchmark used for 2021 was 77%.

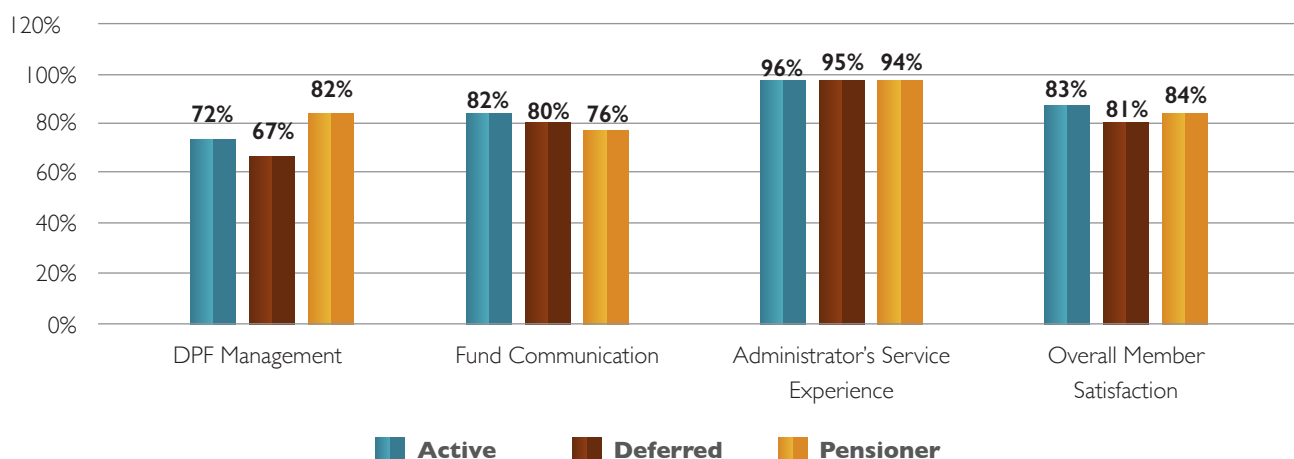
Below is the summary outcome of the 2021 Satisfaction survey results for Members:

Survey	2020	2021 Outcome	2021 DPF Scorecard Target	Global Benchmark
Member satisfaction	93%	83%	77%	77%

c. Summary Results

Members were satisfied with DPF service delivery in 2021.

Member Satisfaction



Summary of key learnings from the 2021 Stakeholder Satisfaction Survey

a. Strengths

- Relative to benchmarks, Members were satisfied with Administrators' service experience and have outperformed the targeted score

Communication Report

For the Year Ended 31 December, 2021

- Despite the situation brought about by COVID-19, DPF members are satisfied with the alternative interactions that were implemented as dictated by the situation, Fund Communication is the second highest performing after Administrator's service experience.

b. Threats

- Active members failed to reach the response rate of 10%
- The numbers of Active members contacting the Administrator for Contributions enquiry is below 10%
- The numbers of all member portfolios contacting the Administrator for personal details update and or beneficiary nomination updates is still low

c. Opportunities

Active members prefer to receive sms notices from the Fund. This is a fast and cost effective communication medium

d. Challenges

Getting used to the new normal of doing things is still a challenge as only 32% of the members attended the virtual member engagements

Lack of access to internet and smartphone devices has impeded efforts to reach out to members thus negatively affecting planned member engagement activities

3. Communication Policy Statement

a. Communication Policy overview

The Communication Policy has been designed to meet the legislative communication requirements as well as meet the general Fund communication objectives. The last policy review and update was October 2021. The next policy review will be in 2024.

The Fund Communication Policy should be read in conjunction with the supporting Fund Communication Strategy, Annual Communication Plans and other Communication Policies approved by the Board.

b. Communication Mediums and Frequency of communication

The communication tools we use will incorporate our existing communication channels for efficiency. The tools we use may adapt as we receive feedback from each of audiences.

Communication Report

For the Year Ended 31 December, 2021

Fund Communication Matrix

This matrix outlines the current (as at 31st December 2021) communication channels, their target audience and frequency. The tools we will use for each of our audiences are outlined below:

Communication Medium	Focus Area	Active Members	Deferred Members	Pensioner Members	Participating Employers	Business Partners	Fund employees	General publics	Frequency of communication	Reviewed
Print/Paper Based										
Bokamoso Newsletter	Fund Communication & Member Education	√	√	√	√	√	√	√	Two per annum	Ongoing
Abridged Annual Report & Financial Statements	Fund Communication	√	√	√	X	X	√	X	Once a year	Ongoing
Fund Book of Rules	Member Education	√	√	√	√	√	√	√	Once off	As per rules change
Active & Deferred Members Guide	Member Education	√	√	X	X	X	√	X	Once off	On a need basis
Pensioners Guide	Member Education	X	X	√	X	X	√	X	Once off	On a need basis
Death Benefits Payment Policy & Guide	Member Education	√	√	√	√	X	√	X	Once off	On a need basis
Funeral Advance Cover guide	Member Education	√	√	√	√	X	√	X	Once off	On a need basis
AVC & Retirement Planning Guide	Member Education	√	√	X	X	X	√	X	Once off	On a need basis
Fund Profile	Fund Communication	√	√	√	√	√	√	√	Once off	On a need basis

Communication Report

For the Year Ended 31 December, 2021

Communication Medium	Focus Area	Active Members	Deferred Members	Pensioner Members	Participating Employers	Business Partners	Fund employees	General publics	Frequency of communication	Reviewed
Pension Projection Statements	Fund Communication	√	√	X	X	X	√	X	Bi-annually	Bi-annually
Annual Benefit Statements	Fund Communication	√	√	X	X	X	√	X	Once a year	Annually
Pension Annuity Pay Slips	Fund Communication	X	X	√	X	X	√	X	Once a year	Annually
Letter Correspondences	Fund Communication	√	√	√	X	X	X	X	Ongoing	Ongoing
Newspaper advertorials & Press Releases (new)	Public Relations /Reputation Management	√	√	√	√	√	√	√	Ongoing	On a need basis
Digital/Electronic media										
Fund Website (www.dpf.co.bw)	Fund Communication	√	√	√	√	√	√	√	Ongoing	monthly
Member Portal (https://portal.mmila.co.bw/)	Fund Communication	√	√	√	X	X	√	X	Ongoing	monthly
Bokamoso Newsletter (electronic)	Fund Communication & Member Education	√	√	√	X	X	√	X	two times a year	Annually
Business e-Brief (electronic)	Fund Communication	√	√	√	√	X	√	X	quarterly	Annually
Email notices & updates	Fund Communication	√	√	√	√	X	√	X	Ongoing	Ongoing

Communication Report

For the Year Ended 31 December, 2021

Communication Medium	Focus Area	Active Members	Deferred Members	Pensioner Members	Participating Employers	Business Partners	Fund employees	General publics	Frequency of communication	Reviewed
Social Media (Facebook & Twitter)	Stakeholder Engagement & Public education (Financial literacy)	√	√	√	√	√	√	√	Ongoing	Ongoing
Film Documentaries & Docudrama	Member Education	√	√	√	√	√	√	√	Once off	On a need basis
SMS Communication (notices & updates)	Fund Communication	√	√	√	X	X	√	X	Ongoing	Ongoing
Virtual Communication										
Employer (HR) training and workshops	Stakeholder Engagement	X	X	X	√	X	√	X	Once a year	Annually
Participating Employers' Senior Leadership Business Updates	Stakeholder Engagement	X	X	X	√	X	√	X	Once a year	Annually
New Employee Inductions	Member Education	√	X	X	X	X	√	X	Once a month	Monthly
Active & Deferred Members Pre-retirement Seminars	Member Education	√	√	X	X	X	√	X	Once a year	Annually
Annual Deferred Member's Meeting	Stakeholder Engagement	X	√	X	X	X	√	X	Once a year	Annually
Annual Pensioners' Conference	Stakeholder Engagement	X	X	√	X	X	√	X	Once a year	Annually



Investment Report

For the Year Ended 31 December, 2021

2021 DPF Investment Performance Review

During the year ended December 31, 2021, the Debswana Pension Fund increased 10.6 percent (net) to BWP10.104 billion, eclipsing the BWP 10 billion milestone. Global and domestic assets have gained during the year and have materially driven assets from 9.134 billion as at 1st January, 2021. Foreign and local equities have demonstrated a strong recovery, partially driven by expansionary fiscal and monetary policies in Developed and Emerging economies.

Global equities returned 24.58 percent as markets were supported by strong household balance sheets which underpinned earnings and consumption. State Street outperformed all global equity managers and generated returns of 32.64 percent. This strong performance was followed by Marathon which returned 28.74 percent, Walter Scott 28.29 percent, American Century 26.63 percent, Veritas 24.61 percent, Orbis 18.55 percent and South Eastern was the least performing global equity manager at 15.04 percent.

In a year characterized by episodes of increased risk appetite, the Barclays Global Bond Index increased 3.68 percent. The fixed income mandate allocation to PIMCO underperformed the benchmark by returning 2.85 percent net of fees. Equally important, the Emerging Market hard currency manager, Blue Bay, returned 5.97 percent. The Domestic Companies Index (DCI) rallied 11.13 percent on a total return basis for the year ended December 31, 2021. During the same period the Fleming Aggregate Bond Index returned -0.07 percent while local cash returned 0.60 percent.

Global Asset Classes vs Local Asset Classes 2021

In 2021, Global Asset Classes outperformed local asset classes thereby continuing their outperformance over domestic asset classes. In the period leading to the fourth quarter Global Asset classes experiencing strong growth as the outlook for company earnings improved further.

Investment Report

For the Year Ended 31 December, 2021

The unprecedented supportive monetary and fiscal policy stimuli helped advance major economies and their listed companies. A major key difference stems from the balance sheets of developed versus developing countries, whereby richer economies have a greater and advanced capacity of supporting their economies.

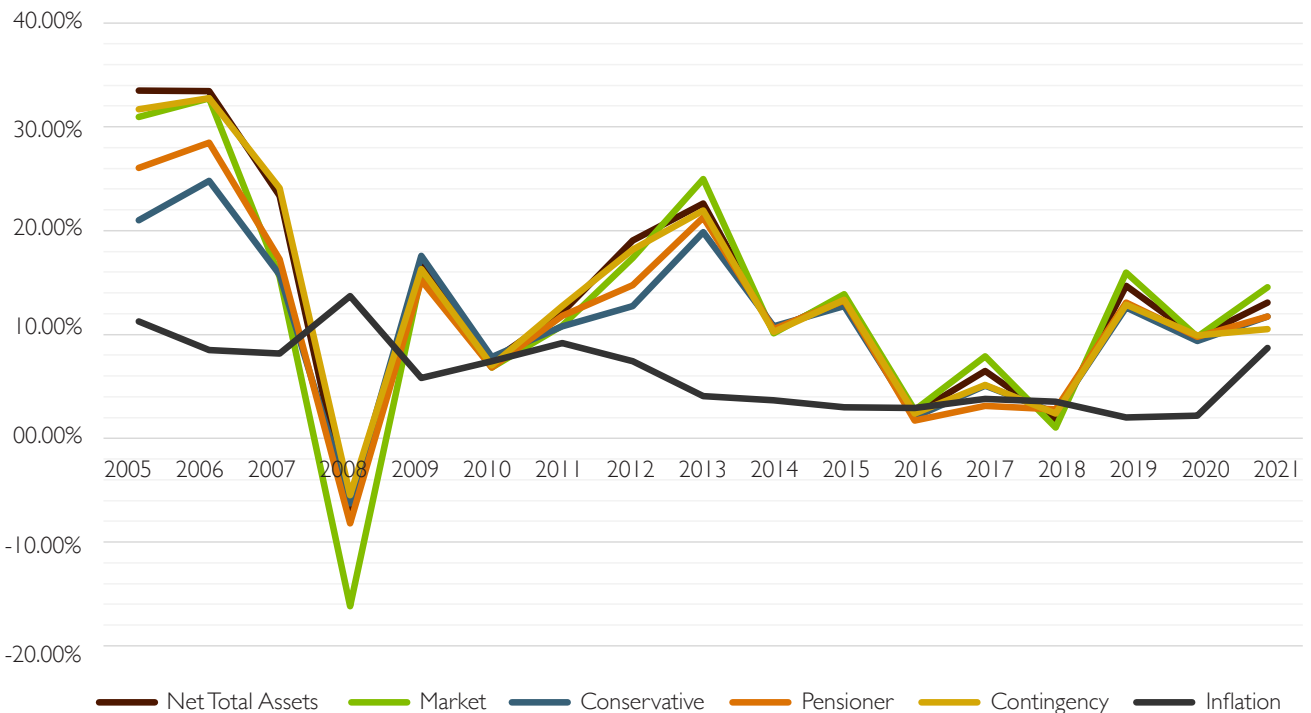
Strategic Asset Allocation and Manager share of Fund as at December 31, 2021.

For the year ended December 31, 2021 the Fund had an allocation of BWP 4.654 billion on equivalent to 46.1 percent in Botswana domestic assets and P 5.451 billion equivalent to 53.9 percent invested in international assets.

Offshore investments for the Fund remain overweight the Strategic Asset Allocation over the past several years due to the historical outperformance of foreign asset classes, particularly US based assets.

Figure 1 illustrates the Market Channel, Conservative Channel, Pensioner Channel and Aggregate Fund returns since 2004. In particular, returns in 2021 increased due to several factors such as strong household balance sheets across major economies underpinned by high levels of employment. Decreased rhetoric on US – China trade wars alongside the extension of supportive monetary policy stimulus led by the United States Federal Reserve Bank, the European Central Bank and other major central banks. Global economic performance remained slightly uneven, with structural challenges affecting both developed and emerging market economies.

Figure 1. 2021 Investment Return History



Investment Report

For the Year Ended 31 December, 2021

Fund	3 Months to December 21	6 Months to December 21	12 Months to December 21	36 Months to December 21	60 Months to December 21	Since Inception (Aug 04)
Market	5.64	6.84	14.53	13.97	10.37	12.94
Conservative	4.90	5.47	11.70	11.74	8.80	10.93
Pensioner	4.68	4.91	10.96	11.72	8.68	11.87
Contingency	4.69	4.60	10.54	11.46	8.95	13.62

i) Market Portfolio Performance

The Market Portfolio performance for 2021 returned 14.53 percent. The Market Portfolio has achieved a return of 12.94 percent since inception of the life stage model.

ii) Conservative Portfolio Performance

The Conservative Portfolio for 2021 returned 11.70 percent. The Conservative Portfolio has achieved a return of 10.93 percent since inception.

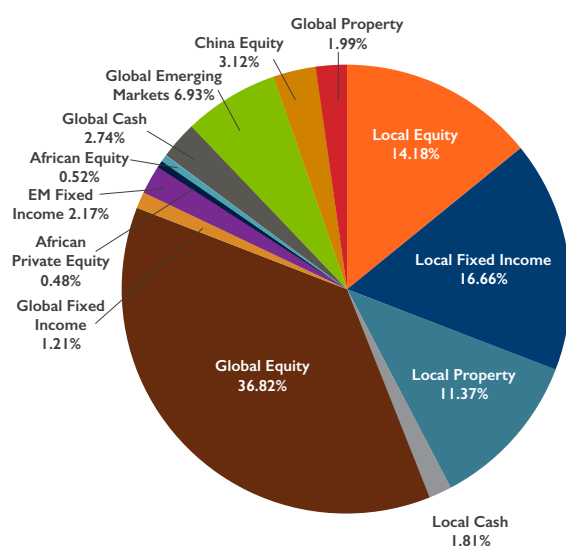
iii) Pensioner Portfolio Performance

The Pensioner Portfolio performance for 2021 returned 10.96 percent. The Pensioner Portfolio has achieved a return of 11.87 percent since inception of the life stage model.

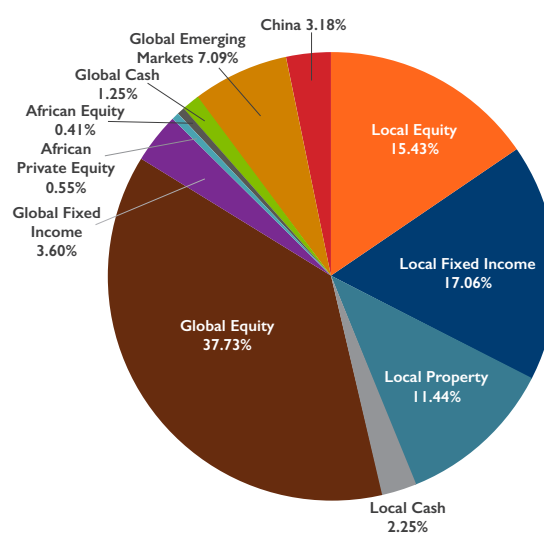
2021 Investment Policy Asset Allocation

Empirical evidence indicates that the performance of pension funds is predominantly driven by Strategic Asset Allocation and the Investment Policy.

Asset Class Weights As At 31st December 2021



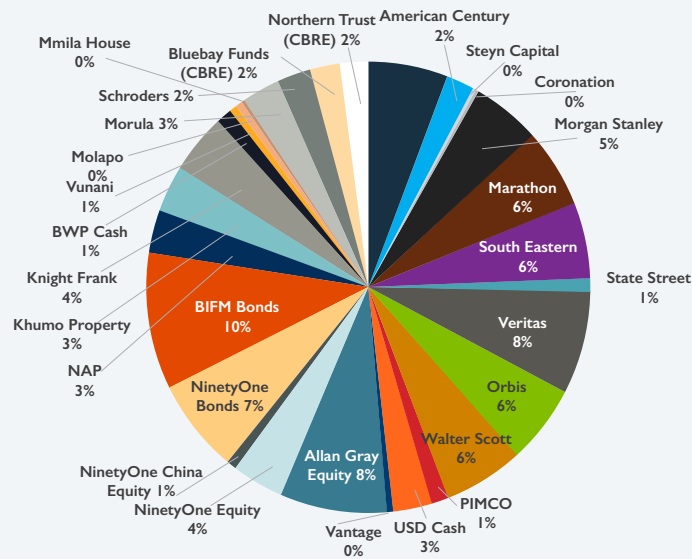
Asset Class Weights As At 31st December 2020



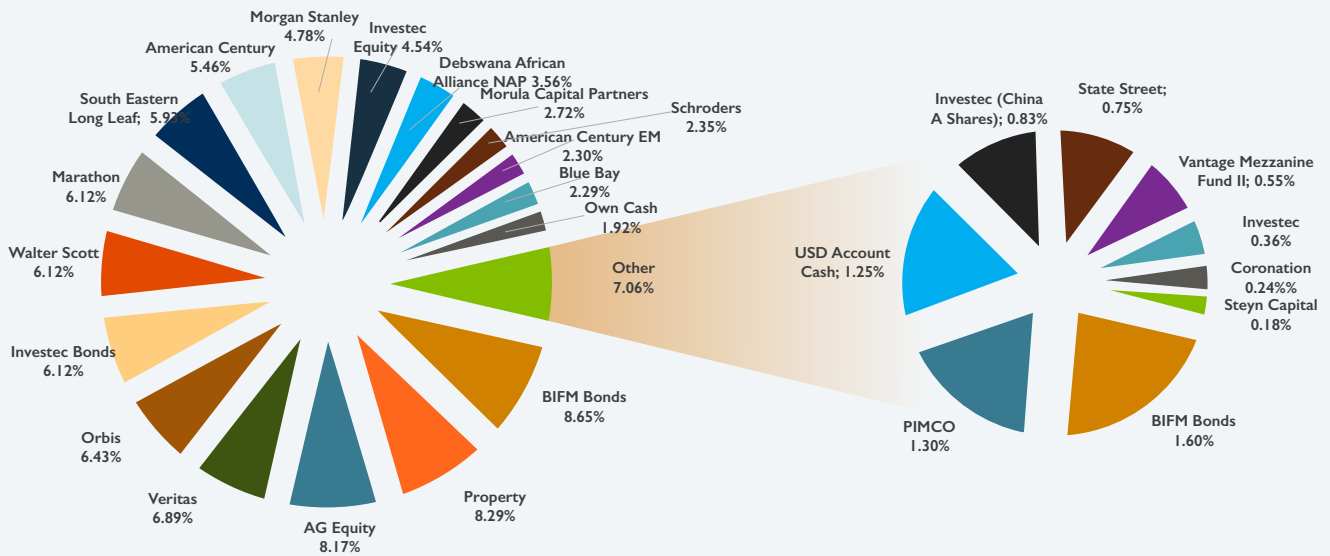
Investment Report

For the Year Ended 31 December, 2021

Asset Manager weights at Total Fund as at 31 December 2021



Asset Manager weights to 31 December 2020



Investment Report

For the Year Ended 31 December, 2021

2021 Investment Policy Asset Allocation

Manager	31-Dec-21	31-Dec-20
Onshore Equity Investment by Asset Manager		
Allan Gray Botswana (Proprietary) Limited	714,121,281	671,616,643
IPRO Botswana (Proprietary) Limited	285,136,862	280,763,597
Ninety One Botswana (Proprietary Limited)	328,275,980	316,269,666
Morula Capital Partners	262,253,940	211,975,467
Onshore Bonds unlisted Funds		
Allan Gray Botswana (Proprietary) Limited	0	7,100,260
Botswana Insurance Funa Management Limited	793,108,864	791,610,033
Ninety One Botswana (Proprietary) Limited	554,427,020	587,977,473
Offshore Bonds unlisted Funds		
BlueBay Asset Management	222,151,088	209,471,926
Pimco Funds	123,658,075	119,311,374
Offshore equity unitised Funds		
Brown Brothers Harriman Fund Administration Services (Ireland) American Century Global Growth	578,941,299	499,189,837
Brown Brothers Harriman Fund Administration Services (Ireland) American Century Emerging Markets	215,822,257	210,504,661
CBRE	204,113,160	0
Coronation Asset Management (Proprietary) Limited	30,245,964	21,614,658
Orbis Investment Management Limited	565,381,764	588,376,558
Marathon Asset Management Limited	584,750,459	559,524,375
Morgan Stanley Investment Management Limited	493,631,137	437,169,785
Ninety One UK Limited	72,716,636	75,850,117
Schroders	246,531,465	214,556,686
Southeastern Asset Management	570,192,377	542,554,476
State Street Global Advisors	90,474,554	68,509,356
Steyn Capital Management (Proprietary) Limited	23,061,978	16,028,901
Vantage Capital Fund Managers (Proprietary) Limited	49,666,254	50,308,109
Veritas Asset Management	772,061,423	629,772,663
Walter Scott & Partners Limited	607,320,341	560,204,168
Cash		
Cash and Cash Equivalents	994,138,932	702,968,044
Property		

Investment Report

For the Year Ended 31 December, 2021

2021 Investment Policy Asset Allocation cnt'd

Manager	31-Dec-21	31-Dec-20
Investment Properties At Fair Value	387,544,591	388,671,863
Investment in Associates and Subsidiary	300,800,000	338,387,000
Total AUM (excluding Property and Cash)	8,388,044,178	7,670,260,789
Total AUM (including Property and Cash)	10,070,527,701	9,100,287,696

2021 Strategic Developments

The Fund reviewed its Investment Policy in 2021 and the Strategic Asset Allocation continued to include assets such as African Equity, Emerging Market Debt, China A- Shares as an asset class and Foreign Property. In the absence of domestic inflation linked bonds, allocation to South African Inflation Linked Bonds remained excluded.

The 2021 Strategic Asset Allocation is expected generate the following performance targets over a 5 year rolling period:

Inflation + 4.71% - Market Channel

Inflation + 4.20% - Conservative Channel

Inflation + 4.11% - Pensioner Channel

Investment Report

For the Year Ended 31 December, 2021

	Market Channel			Conservative Channel			Pensioner		
	LB	SAA	UB	LB	SAA	UB	LB	SAA	UB
SA ILB MT	0.00%	0.00%	0.00%	0.00%	0.00%	17.50%	0.00%	0.00%	15.00%
SA ILB MT	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	0.00%	0.00%	15.00%
Botswana Equity	14.00%	19.00%	24.00%	9.00%	15.00%	20.00%	5.00%	11.00%	17.00%
Botswana Cash	0.00%	0.00%	15.00%	0.00%	1.00%	14.00%	0.00%	1.00%	13.00%
Botswana Bonds	7.50%	12.50%	17.50%	18.00%	23.00%	28.00%	15.00%	25.00%	35.00%
Botswana ILB	0.00%	0.00%	5.00%	0.00%	0.00%	8.00%	0.00%	0.00%	10.00%
Botswana Property	7.5%	12.50%	27.5%	5.00%	15.00%	25.00%	5.00%	16.00%	25.00%
Foreign Equity	22.00%	37.00%	42.00%	24.50%	32.00%	34.5%	21.00%	32.00%	36.00%
EM Equity	0.00%	7.00%	12.00%	0.00%	5.00%	10.00%	0.00%	6.00%	11.00%
Global Property	0.00%	3.00%	8.00%	0.00%	0.00%	5.00%	0.00%	0.00%	10.00%
Foreign Bonds	0.00%	0.00%	5.00%	0.00%	3.00%	8.00%	0.00%	3.00%	8.00%
EM Debt	0.00%	3.00%	5.00%	0.00%	2.00%	5.00%	0.00%	2.00%	5.00%
Foreign Cash	0.00%	0.00%	2.5%	0.00%	0.00%	2.5%	0.00%	0.00%	2.50%
Africa Equity	0.00%	3.00%	7.50%	0.00%	2.00%	7.50%	0.00%	2.00%	7.00%
China	0.00%	3.00%	5.00%	0.00%	2.00%	5.00%	0.00%	2.00%	5.00%
Total		100.00%			100.00%			100.00%	

Board review of Investment and Dis-Investment Decisions

The Board of Trustees reviewed and submitted the revised 2021 Investment Policy Statement to NBFIRA. This followed the successful implementation of the Asset Liability Modelling Exercise, which has not introduce any new asset classes for investment. The Board of Trustees notes the absence of Botswana Government Inflation Linked Bonds, which could mitigate the impact on the Fund of elevated levels of inflation.

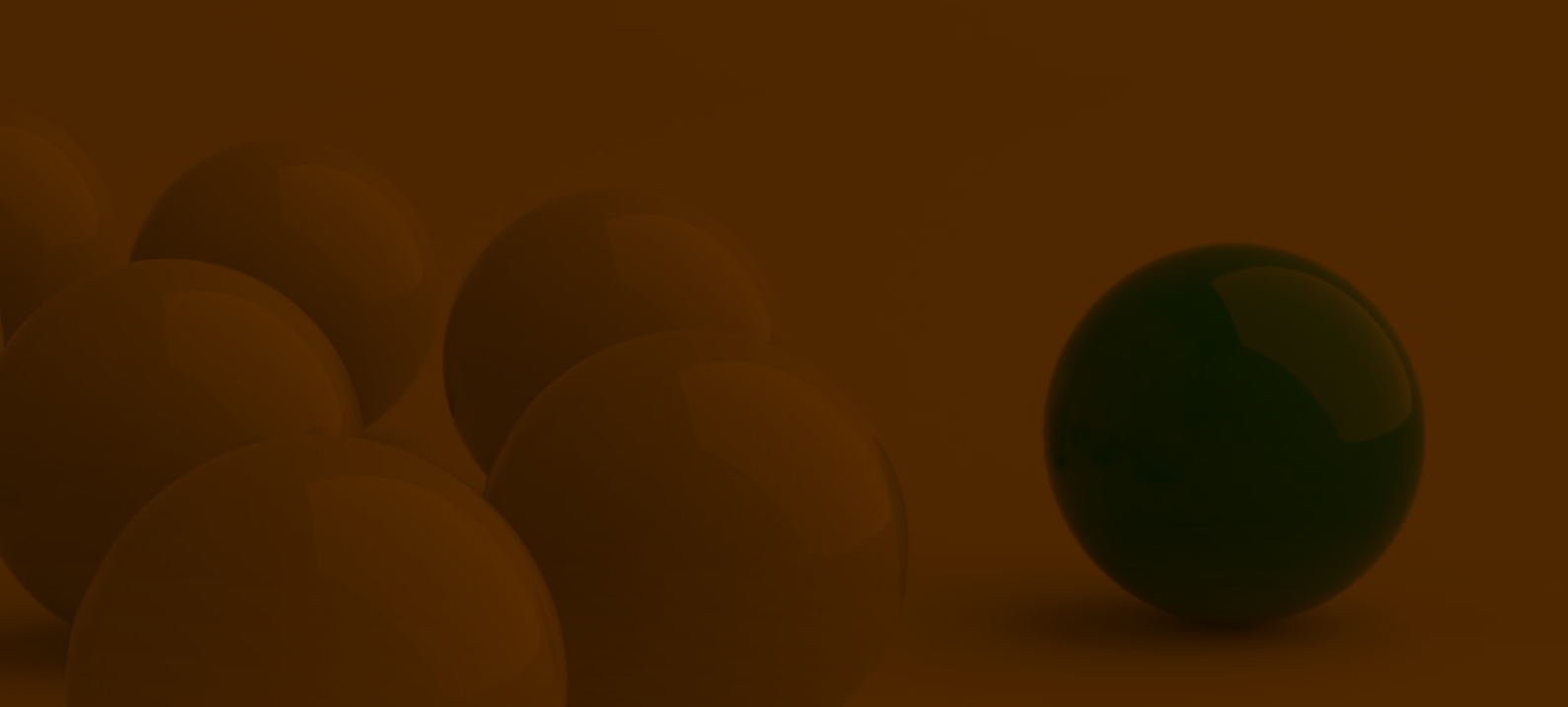


ANNUAL
**FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED
31 DECEMBER 2021

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General Information

Financial Statements for the year ended 31 December, 2021

Country of incorporation and domicile	Botswana		
Trustees	Designation	Appointment date	Resignation date
	Lebogang Sebopelo	Chairperson	17/09/2021
	Christopher Mokgware	Principal Trustee	31/12/2021
	Reobonye China Abel	Principal Trustee	
	Lynette Armstrong	Principal Trustee	
	Thabo Moepi	Principal Trustee	31/12/2021
	Lebogang Kwapa	Principal Trustee	25/09/2020
	Esther Palai	Principal Trustee	30/04/2020
	Potoko Bogopa	Principal Trustee	17/01/2020
	Thabiso Moanakwena	Principal Trustee	11/08/2021
	Mpho Lebole Mokoto	Principal Trustee	11/08/2021 (Deceased)
	Lapologang Letshwenyo	Principal Trustee	
	Claire Buseti	Independent Trustee	
	Gosego January	Chief Executive Officer	
Registered office	Main Mall, Debswana House 5th Floor Gaborone Botswana		
Business address	Main Mall, Debswana House 5th Floor Gaborone Botswana		
Postal address	Private Bag 00512 Gaborone		
Bankers	ABSA Bank Botswana Limited First National Bank Botswana Limited Standard Chartered Bank Botswana Limited		
Auditors	PricewaterhouseCoopers Fairgrounds, Gaborone Gaborone, Botswana P O Box 778 Gaborone		
Custodian	Stanbic Bank Botswana Limited		
Investment Consultants	Riscura Consulting Services (Proprietary) Limited		
Actuaries	Towers Watson (Proprietary) Limited		

General Information

Financial Statements for the year ended 31 December, 2021

Onshore Investment Managers

Ninety One Botswana (Proprietary) Limited
Botswana Insurance Fund Management Limited
Allan Gray Botswana (Proprietary) Limited
IPro Botswana (Proprietary) Limited
Morula Capital Partners
Vunani Fund Managers

Offshore Investment Managers

Brown Brothers Harriman Fund Administration Services (Ireland) Limited (American Century Emerging Markets)
Brown Brothers Harriman Fund Administration Services (Ireland) Limited (American Century Global Growth)
BlueBay Asset Management
Coronation Asset Management (Proprietary) Limited
Marathon Asset Management Limited
Morgan Stanley Investments Management Limited
Ninety One UK Limited
Orbis Investment Management Limited
PIMCO Funds
Schroders
State Street Global Advisors
Steyn Capital Management (Proprietary) Limited
Vantage Capital Fund Managers (Proprietary) Limited
Veritas Asset Management
Walter Scott & Partners Limited
Southeastern Asset Management
CBRE Investment Management

Trustees' Responsibilities and Approval of the Financial Statements

Trustees' responsibilities for the financial statements

The members of the board of trustees are responsible for the preparation and fair presentation of the financial statements of Debswana Pension Fund ("the Fund"), comprising the statement of assets available for benefits as at 31 December, 2021, and the statement of changes in net assets available for benefits, statement of changes in members' funds and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies, in accordance with International Financial Reporting Standards ("IFRS").

The members of the board of trustees are required by the Retirement Funds Act 2014 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and the related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS. The independent auditors are engaged to express an independent opinion on the financial statements and their report is presented on pages 56 - 61.

The board of trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the board of trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The members of the board of trustees' responsibilities also include maintaining adequate accounting records and an effective system of risk management.

The members of the board of trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the board of trustees to meet these responsibilities, the board of trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully

Trustees' Responsibilities and Approval of the Financial Statements

eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members of the board of trustees have made an assessment of the Fund's ability to continue as a going concern and there is no reason to believe the Fund will not be a going concern in the year ahead.

The members of the board of trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Trustees' approval of the financial statements

The financial statements set out on pages 62 to 105, which have been prepared on the going concern basis, were approved and authorised for issue by the board of trustees on 10 June, 2022 and were signed on their behalf by:

Approval of financial statements

Chairperson-Board of trustees



Chairperson-Audit and Risk Committee





Independent auditor's report

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Debswana Pension Fund (the "Fund") as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Debswana Pension Fund's financial statements set out on pages 62 to 105 which comprise:

- the statement of assets available for benefits as at 31 December 2021;
 - the statement of changes in net assets available for benefits for the year then ended;
 - the statement of changes in members' funds and reserves for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of investment property

The Fund accounts for investment property at fair value and the carrying value as at 31 December 2021 was P387.5Mn.

Investment Properties were valued at fair value as at the reporting date using the income capitalisation method.

The Fund's valuation of the portfolio of properties was based on valuations carried out by independent valuers.

Factors such as prevailing market conditions, the individual nature, condition and location of each property and the expected future income for each property, directly impact fair values. Amongst others, the following assumptions were key in establishing fair value:

- net market rent
- average market rental growth
- capitalisation rate

We considered the valuation of investment property to be a matter of most significance to the current year audit due to the nature of assumptions applied by the Fund in determining the fair values and the magnitude of the carry value.

The disclosure associated with investment properties is set out in the financial statements as follows:

- Significant accounting policies - "1.8 Investment Property";
- Significant accounting policies - "1.14 Key sources of estimation uncertainty";
- Notes to the financial statements - "12 Investment Property";
- Notes to the financial statements - "22 Financial risk management (Market sensitivity analysis)".

How our audit addressed the key audit matter

In respect of the Fund's independent valuers (the "Valuers"), we performed the following procedures:

- Inspected the Valuers' valuation reports for statements of independence and compliance with generally accepted valuation standards, as well as for confirmation of the Valuers' affiliation with the relevant professional body.
- Inspected the Valuers' professional certifications and curricula vitae, which list their experience in the industry. Based on our procedures performed, we noted no matters requiring further consideration.
- Evaluated whether there are any matters that might have affected the Valuers' objectivity or may have imposed scope limitations upon the work performed by the Valuers by obtaining written confirmation from the Valuers that:
 - i.all professional staff involved in the valuation process are in good standing with relevant professional bodies;
 - ii.they are free from any direct or indirect financial interest in the Fund;
 - iii.the Fund did not place any restrictions on the valuation process; and
 - iv.they are not aware of any information relevant to the valuation which had been withheld by the Fund.

Based on our procedures performed, we noted no matters requiring further consideration.

We assessed the appropriateness of the valuation methodologies used by the Valuers against the requirements of IFRS 13 - Fair value measurement and industry practice. Based on our procedures performed, we accepted the valuation methodology used by the Valuers.

	<p>We compared data inputs used in the independent valuations for a sample of investment properties, including net cash flows, to relevant documentation (such as tenancy schedules and rental agreements). The data inputs used in the independent valuations were found to be consistent with such supporting information.</p> <p>For a sample of investment properties, we compared capitalisation rates utilised by the Valuers to rates utilised in valuation of comparable properties based on our experience, and rates used in historical valuations for the same properties. Based on our procedures, we accepted the capitalisation rates used by the Fund.</p> <p>For a sample of investment properties, we compared the fair value recorded in the accounting records to the external valuation reports and found no exceptions.</p>
<p><i>Valuation of investments in associates and subsidiary</i></p> <p>The Fund accounts for investment in associates and subsidiaries at fair value and the carrying value as at 31 December 2021 was P300.8Mn.</p> <p>The Fund accounts for these investments based on valuations carried out by independent valuers using the income capitalisation method.</p> <p>Judgement is exercised to determine the fair value of investments in associates and subsidiary, especially with respect to the determination of appropriate capitalisation rates and maintainable income.</p> <p>We considered the valuation of investments in associates and subsidiary to be a matter of most significance to the current year audit due to the nature of assumptions applied by the Fund in determining the fair values, as well as the magnitude of the balances.</p> <p>The disclosures associated with investments in associates and subsidiary is set out in the financial statements as follows:</p>	<p>In respect of the Fund’s independent valuers (the “Valuers”), we performed the following procedures:</p> <ul style="list-style-type: none"> • Inspected the Valuers’ professional certifications and curricula vitae, which list their experience in the industry. Based on our procedures performed, we noted no matters requiring further consideration; • Evaluated whether there are any matters that might have affected the Valuers’ objectivity or may have imposed scope limitations upon the work performed by the Valuers by obtaining written confirmation from the Valuers that: <ul style="list-style-type: none"> i.all professional staff involved in the valuation process are in good standing with relevant professional bodies; ii.they are free from any direct or indirect financial interest in the Fund; iii.the Fund did not place any restrictions on the valuation process; and



- Significant accounting policies - “1.7 Investment in associates and subsidiary”;
- Significant accounting policies “ 1.14 Key sources of estimation uncertainty”;
- Notes to the financial statements - “11 Investment in associate and subsidiary”;
- Notes to the financial statements - “22 Financial risk management (Market sensitivity analysis)”

iv. they are not aware of any information relevant to the valuation which had been withheld by the Fund. Based on our procedures performed, we noted no matters requiring further consideration.

Involved our internal valuation specialists to evaluate the appropriateness of the valuation models and capitalisation rates used by the Fund’s experts for a sample of valuations. We found the valuation models used by the Valuers to be appropriate and found the capitalisation rates used to be within an acceptable range.

For a sample of valuations, we compared the maintainable earnings projections used for the valuation against the associates’ most recent financial statements and found these to be reasonable.

Compared the fair value recorded in the accounting records to the external valuation reports for all investments in associates and subsidiary and found no material exceptions.

Other information

The Trustees are responsible for the other information. The other information obtained at the date of this auditor’s report comprises the information included in the document titled “Debswana Pension Fund Financial Statements for the year ended 31 December 2021”. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Trustees for the financial statements

The Trustees are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Firm of Certified Auditors
Practicing Member: Kosala Wijesena (CAP 0025 2022)

14 June 2022
Gaborone

Statement of changes in net assets available for benefits

For the year ended 31 December, 2021

Figures in Pula	Notes	2021	2020
Performance from membership activities			
Member contributions			
Member statutory contributions	3	351,977,546	349,962,549
Member voluntary contributions	3	2,201,140	2,101,134
Net transfers from/(to) other funds	4	(832,327)	5,637,493
Total contributions from members		353,346,359	357,701,176
Member benefit expenses			
Member benefit expenses			
Benefits on withdrawal		(98,247,275)	(23,411,438)
Pensions to retired members		(206,346,997)	(175,619,891)
Lump sums on retirement		(144,819,351)	(150,610,539)
Pensioners' death benefits		(8,137,100)	(2,642,128)
Total member benefits expenses		(457,550,723)	(352,283,996)
Fund operating expenses			
Fund operating expenses			
Employee costs	6	(12,978,436)	(10,513,515)
Administration costs	6	(26,905,899)	(27,138,795)
Depreciation expense	10	(235,411)	(266,360)
Movement in impairment of receivables (Expected Credit Loss)	15	(575,392)	2,261,376
Total fund operating expenses		(40,695,138)	(35,657,294)
Change in net assets from membership activities		(144,899,502)	(30,240,114)
Performance from investment activities			
Investment income			
Interest income	8	109,814,459	77,115,598
Dividend income	8	122,547,683	82,600,842
Net rental income	5	15,307,340	26,444,724
Other income		3,017,746	141,746
Unrealised fair value gains on investment securities	7	589,976,683	319,704,886
Unrealised foreign exchange gains on investment securities	7	409,009,232	304,527,516
Unrealised (losses)/gains on fair valuation of investment properties	12	(1,586,014)	119,681
Total investment income		1,248,087,129	810,654,993
Investment expenses			
Onshore investment management fees		(12,804,339)	(12,493,173)
Offshore investment management fees		(92,198,168)	(31,030,406)
Fair value losses from associates and subsidiary	11	(43,587,000)	(30,067,000)
Losses on disposal of investment securities		(16,932,753)	(37,537,580)
Total investment expenses		(165,522,260)	(111,128,159)
Change in net assets from investment activities		1,082,564,869	699,526,834
Increase in net assets during the year		937,665,367	669,286,720

Statement of Assets Available for Benefits

As at 31 December, 2021

Figures in Pula	Notes	2021	2020
Assets			
Property, plant and equipment	10	439,837	634,563
Investments in associates and subsidiary	11	300,800,000	338,387,000
Investment property	12	387,544,591	388,671,863
Investment securities	13	8,388,044,178	7,670,260,789
Financial assets at amortized cost		481,282	542,318
Other receivables at amortized cost	15	27,637,951	31,034,765
Operating lease asset	14	5,134,352	1,998,997
Cash and cash equivalents	16	994,138,932	702,968,044
Total assets		10,104,221,123	9,134,498,339
Funds, Reserves and Liabilities			
Funds and reserves			
Pensioners' account	30	3,057,068,000	2,709,303,000
Contingency reserves	17	240,401,000	259,774,000
Fund account		6,654,539,022	6,045,565,655
		9,952,008,022	9,014,642,655
Liabilities			
Benefits payable	18	89,292,415	106,162,928
Other payables	19	62,715,898	13,578,125
Intercompany payable to subsidiary	20	204,788	114,631
Total liabilities		152,213,101	119,855,684
Total Funds, Reserves and Liabilities		10,104,221,123	9,134,498,339

Statement of Changes in Members' Funds and Reserves

For the Year Ended 31 December, 2021

Figures in Pula	Notes	Pensioner's account	Contingency reserves	Fund account	Total
Balance at 01 January 2020		2,413,953,000	237,852,000	5,694,888,046	8,346,693,046
Increase in net assets during the year		-	-	669,286,720	669,286,720
Total change in net assets available for benefits		-	-	669,286,720	669,286,720
Transfers between reserves		295,350,000	23,259,111	(318,609,111)	-
Transfer of expenses	17	-	(1,337,111)	-	(1,337,111)
		295,350,000	21,922,000	(318,609,111)	(1,337,111)
Balance at 31 December 2020		2,709,303,000	259,774,000	6,045,565,655	9,014,642,655
Increase in net assets during the year		-	-	937,665,367	937,665,367
Total change in net assets available for benefits		-	-	937,665,367	937,665,367
Transfer between reserves		347,765,000	(19,073,000)	(328,692,000)	-
Transfer of expenses (Project costs)		-	(300,000)	-	(300,000)
Balance at 31 December, 2021		3,057,068,000	240,401,000	6,654,539,022	9,952,008,022

Statement of Cash Flows

For the Year Ended 31 December, 2021

Figures in Pula	Notes	2021	2020
Cash flows used in operating activities			
Increase in net assets during the year		937,665,367	669,286,720
Adjustments for:			
Depreciation of plant and equipment	10	235,411	266,360
Interest income	8	(109,814,459)	(77,115,598)
Dividend income	8	(122,547,683)	(82,600,842)
Unrealised fair value gains on investment securities	7	(543,206,909)	(290,225,124)
Unrealised foreign exchange losses on investment securities	7	(405,583,965)	(305,370,208)
Unrealised losses/(gains) on fair valuation of investment properties	12	1,586,014	(119,681)
Fair value losses from associates and subsidiary	11	43,587,000	30,067,000
Losses on disposal of investment securities		16,932,753	37,537,580
Cash generated from operations		(181,146,471)	(18,273,793)
Movement in operating lease assets	14	3,135,355	-
Decrease in other receivables	15	3,396,814	14,655,367
Decrease in intercompany receivable from subsidiary		-	5,337,144
(Decrease)/increase in benefits payable	18	(16,870,513)	64,145,111
Increase in other payables	19	49,137,773	5,002,707
Increase/(decrease) in intercompany payable to subsidiary	20	90,157	(2,705,682)
Net cash used in operating activities		(142,256,885)	68,160,854
Cash flows used in investing activities			
Interest received	8	105,633,285	71,825,609
Proceeds from sale of investment securities	9	964,271,646	1,135,968,014
Purchases of investment securities	9	(749,100,147)	(1,210,879,235)
Purchase of property, plant and equipment	10	(40,685)	(292,329)
Proceeds from sale of property, plant and equipment		-	72,665
Additions of investment properties	12	(458,742)	(1,175,880)
Dividend received	8	122,547,683	82,600,842
Investment in subsidiary	11	(6,000,000)	-
Net cash used in investing activities		436,853,040	78,119,686
Total cash movement for the year		294,596,155	146,280,540
Cash and cash equivalents at the beginning of the year		702,968,044	555,702,561
Effect of exchange rate movement on cash balances	7	(3,425,267)	984,943
Total cash and cash equivalents at end of the year	16	994,138,932	702,968,044

Significant Accounting Policies

For the Year Ended 31 December, 2021

I. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

I.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements.

The financial statements have been prepared on the historic cost convention, except for the revaluation of certain financial instruments and investments properties. They are presented in Botswana Pula, which is the Fund's functional currency.

Items on the statement of Assets Available for Benefits are presented in liquidity order.

I.2 Benefits payable

Benefits payable include all valid notified benefit claims and are recognised on an accrual basis.

I.3 Pensioners' account

This account comprises the equivalent of net assets of the Fund attributable to the Fund's pensioners. The reserve will be used to cover the Fund's liability, which is the actuarial value of the current pensions in payment and allows for future increases in pensions. Regular actuarial valuations are carried out to determine the Fund's liability to the pensioners. The last actuarial valuation was conducted as at 31 December, 2021.

I.4 Contingency reserve

This reserve represents funds set aside in consultation with the Fund's actuaries to protect the Fund in future against contingencies such as expense overruns, data error as a result of operating a life stage model and unanticipated pensioner expenses. The reserve was initially set at 3% of the total net assets and is reviewed from time to time.

I.5 Valuation of plan assets

Retirement benefit plan investments are carried at fair value.

In the case of marketable securities fair value is market value because this is considered the most useful measure of the securities at the report date and of the investment performance for the period. Those securities that have a fixed redemption value and that have been acquired to match the obligations of the plan, or specific parts thereof, are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity.

Where plan investments are held for which an estimate of fair value is not possible, such as total ownership of an entity, disclosure is made of the reason why fair value is not used. To the extent that investments are carried at amounts other than market value or fair value, fair value is generally also disclosed. Assets used in the operations of the Fund are accounted for in accordance with the applicable Standards.

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.5 Valuation of plan assets (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.6 Property, plant and equipment

Property, plant and equipment (PPE) are tangible assets which the Fund holds for its own use or for rental to others and which are expected to be used for more than one year. PPE includes furniture and fixtures, motor vehicles and office equipment.

An item of PPE is recognized as an asset when it is probable that future economical benefits associated with the item will flow to the Fund, and the cost of the item can be measured reliably.

PPE is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.6 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacement of parts of PPE are capitalized if it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost can be measured reliably.

Maintenance costs are included in the Statement of Changes in Net Assets Available for Benefits in the period in which they are incurred.

All items of PPE are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management.

Depreciation is charged to write off the assets' carrying amount over its' estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the assets economic benefits are consumed by the Fund. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognized.

The residual value, useful life and depreciation method of each asset class are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimates.

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation and impairment charges for the year are recognized in the Statement of Changes in Net Assets Available for Benefits unless it is included in the carrying amount of another asset.

Impairment tests are performed on PPE when there is an indicator that they may be impaired. When the carrying amount of an item of PPE is assessed to be higher than the estimated recoverable amount, an impairment loss is recognized immediately to bring the carrying amount in line with the recoverable amount.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from derecognition of an item of PPE, is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in the Statement of Changes in Net Assets Available for Benefits when the item is derecognized.

The useful lives of items of PPE and methods of depreciation are stated as follows;

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	4 - 5 years

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.7 Investment in associates and subsidiary

The fair value of unquoted equity investments is determined using the market and income valuation methodologies at level 3 fair value. The Fund does not prepare consolidated financial statements but instead prepares separate financial statements inline with IAS 27 Separate financial statements which is in line with the requirements of IAS 26. Gains and losses from changes in the fair value of investments in associates and subsidiary are included in the statement of changes in net assets available for benefits in the period in which they arise.

1.8 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the statement of changes in net assets available for benefits in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Changes in Net Assets Available for Benefits in the period in which the property is derecognised.

1.9 Interest in joint operations

A partnership is a joint arrangement whereby the parties that have joint control of the partnership have rights to the assets and obligations for the liabilities, relating to the partnership. Joint control is the contractually agreed sharing of the control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Fund undertakes its activities under partnerships, the Fund as a joint operator recognises in relation to its interest in the partnership:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the partnership.
- Its share of the revenue from the sale of the output by the partnership.
- Its expenses, including its share of any expenses incurred jointly.

The Fund accounts for the assets, liabilities, revenues and expenses relating to its interest in a partnership in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When the Fund transacts with partnerships in which the Fund is a joint operator (such as a sale or contribution of assets), the Fund is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Fund's financial statements only to the extent of other parties interests in the joint operation.

When the Fund transacts with a joint operation in which the Fund is a joint operator (such as a purchase of assets), the Fund does not recognize its share of the gains and losses until it resells those assets to a third party.

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.10 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Fund becomes a party to the contractual provisions of the instruments. Transaction costs are included to the initial value.

Financial Assets

Financial assets held by the Fund are initially recognised at fair value and subsequently measured at amortised cost. In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial assets held by the Fund are measured at amortised.

Financial assets at amortized cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of changes in net assets available for benefits when the asset is derecognized, modified, or impaired. The Fund's financial assets at amortised cost include loans, receivables and cash equivalents.

Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of changes in net assets available for benefits.

Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, loans and receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Fund always recognises lifetime expected credit losses (ECL) for receivables and cash equivalent. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.10 Financial instruments (continued)

of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Funds recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Fund's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund's core operations. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating

Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost

Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations

An actual or expected significant deterioration in the operating results of the debtor Significant increases in credit risk on other financial instruments of the same debtor

An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Fund assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.10 Financial instruments (continued)

The financial instrument has a low risk of default

The debtor has a strong capacity to meet its contractual cash flow obligations in the near term

Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Fund considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts. For financial guarantee contracts, the date that the Fund becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Fund considers the changes in the risk that the specified debtor will default on the contract. The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Fund considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

When there is a breach of financial covenants by the debtor

Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group). Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

Significant financial difficulty of the issuer or the borrower

A breach of contract, such as a default or past due event (see (ii) above)

The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.10 Financial instruments (continued)

It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation. The disappearance of an active market for that financial asset because of financial difficulties

(iv) Write-off policy

The Fund writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Fund's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

If the Fund has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Fund measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used. The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Cash and Cash Equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments, other than collateral provided in respect of derivatives and securities borrowing transactions. Cash and cash equivalents are measured at amortised cost.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.10 Financial instruments (continued)

interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. Significant financial liabilities comprise benefits payable and other payables.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in statement of changes in net assets available for benefits.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.11 Contributions Contributions

Contributions from both the employer and the employee are accounted for on a cash basis. Members' statutory contributions consist of 5% of the members pensionable salary. Employers contributions consist of 15% of the pensionable salary of the funds members. Members are also allowed to make voluntary contributions to the fund.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Withholding tax payable at 7.5% on dividends received from Botswana equities is netted off against dividend income.

Interest income from Government bonds, promissory notes, term deposits, call accounts and other fixed income securities is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

1.12 Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Fund operates (its functional currency), the Botswana Pula.

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.12 Foreign currencies (continued)

Transactions in currencies other than Botswana Pula are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of assets available for benefits date.

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1.13 Related party transactions

Related parties are defined as those parties:

- a) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the fund (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the fund; or
- b) that are members of the key management personnel (Senior Management) of the fund

All dealings with related parties are transacted at agreed prices and accordingly included in the Statement of Changes in Net Assets Available for Benefits for the year.

1.14 Key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

Impairment of financial assets

Determining whether a financial asset is impaired requires an estimation of the future cash flows that the Fund is expected to receive from either disposing or holding onto the financial asset in the form of dividends or interest.

Valuation of investment properties

The Fund's investment properties were valued as at 31 December 2021 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.14 Key sources of estimation uncertainty (continued)

Investment Properties were valued at fair value as at the reporting date using the income capitalisation method.

Factors such as prevailing market conditions, the individual nature, condition and location of each property and the expected future income for each property, directly impact fair values. Amongst others, the following assumptions were key in establishing fair value:

- net market rent
- average market rental growth
- capitalisation rate

The Fund's administrator reviews the valuations performed by the independent valuers for financial reporting purposes. They report directly to Trustees and the Fund's Investment Committee. At each financial year-end the administrator

- assesses all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Valuation of investments in associates and subsidiary

An investment in associates and subsidiary is accounted for using the fair value method which is arrived at by using the discounted cash flows of the entity. The gain or loss is accounted for through profit and loss. The trustees utilise independent valuers to minimise the level of estimation uncertainty. The valuation of the associates was arrived at on the basis of a valuation carried out by Riscura Consulting Services (Proprietary) Limited a firm of qualified Investment consultants.

The valuation of the subsidiary was arrived at on the basis of a valuation carried out by KAL-ENI Consulting (Proprietary) Limited a firm of qualified consultants.

- maintainable income
- capitalisation rate

The Fund's administrator reviews the valuations performed by the independent valuers for financial reporting purposes. They report directly to Trustees and the Fund's Investment Committee. At each financial year-end the administrator

- assesses all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

The valuation of the associates was arrived at on the basis of a valuation carried out by Riscura Consulting Services (Proprietary) Limited a firm of qualified Investment Consultants.

The valuation of the subsidiary was arrived at on the basis of a valuation carried out by KAL-ENI Consulting (Proprietary) Limited a firm of qualified Consultants.

Significant Accounting Policies

For the Year Ended 31 December, 2021

Actuarial assumptions.

The pensioner liability is defined benefit in nature and is calculated using assumptions about the Fund's anticipated future investment returns on the pensioner assets, the expected mortality of pensioners and the Fund pensioner expenses. The key assumptions used to calculate the pensioner liability for the current and future valuation are disclosed in Note 30.

1.15 Impairment of non-financial assets

The Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Fund makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other Fund's assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in the Statement of Changes in Net Assets Available for Benefits unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1.16 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation

Significant Accounting Policies

For the Year Ended 31 December, 2021

1.15 Impairment of non-financial assets (continued)

to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Fund's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.17 Leases

The Fund assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Fund as a lessor

At inception or on modification of a contract that contains a lease component, the Fund allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Fund acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Fund makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Fund considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Fund is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Fund applies the exemption described above, then it classifies the sublease as an operating lease. If an arrangement contains lease and non-lease components, then the Fund applies IFRS 15 to allocate the consideration in the contract. The Fund applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Fund further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Fund recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other Income'.

The Fund mitigates risks associated with rights retained in the underlying lease assets by embedding a rental escalation clause within the lease agreement.

2. New Standards and Interpretations

2.1 Standards and interpretation adopted during the year

2.1.1 Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)

In the current year, the Fund adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments

Significant Accounting Policies

For the Year Ended 31 December, 2021

2. New Standards and Interpretations (continued)

to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments has no impact on the Fund because the Fund does not hold interest bearing financial instruments that are in the scope of IFRS 9. Interest bearing instruments held by the Fund are accounted for in line with IAS 26 Accounting and Reporting by Retirement Benefit Plans.

Additionally, the Fund has no leasing arrangements that are affected by IBOR reforms and consequently no impact has resulted from the adoption of these amendments.

2.1.2 IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

The Fund does not hold lease contracts in a lessee capacity and consequently the adoption of this amendment has no impact on these financial statements.

2.2 Standards and interpretations issued but not yet effective

The Fund has not chosen to early adopt any of the standards and interpretations issued but not yet effective

2.2.1 IFRS 17, 'Insurance contracts'

IFRS 17 Insurance Contracts IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

Significant Accounting Policies

For the Year Ended 31 December, 2021

2. New Standards and Interpretations (continued)

The fund is still assessing the impact of this standard on these financial statements.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard is likely to have a significant impact on the accounting treatment of Annuities. The Fund is still in the process of performing detailed impact assessment.

2.2.2 Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Fund is still assessing the impact of this standard on these financial statements.

2.2.3 Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The amendment has no impact on the Fund since it does not prepare consolidated financial statements. The Fund prepares the financial statements on the basis of IAS 26 which requires investment assets of a pension fund to be measured at fair value.

Significant Accounting Policies

For the Year Ended 31 December, 2021

2. New Standards and Interpretations (continued)

2.2.4 Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Fund is still assessing the impact of this standard on these financial statements.

2.2.5 Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss.

The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Fund is still assessing the impact of this standard on these financial statements.

Significant Accounting Policies

For the Year Ended 31 December, 2021

2. New Standards and Interpretations (continued)

2.2.6 Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies.

The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The Fund does not expect a material impact from the adoption of the amendment.

2.2.7 Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Fund is still assessing the impact of this standard on these financial statements.

Significant Accounting Policies

For the Year Ended 31 December, 2021

2. New Standards and Interpretations (continued)

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 17 Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after 1 January, 2023.

The company expects to adopt the standard for the first time in the 2023 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Figures in Pula

Notes

2021

2020

3. Contributions

Contributions receivable are 20% of members' pensionable earnings for all participating employees. Members are also allowed to contribute towards their pension voluntarily.

4. Net transfers from/(to) other funds

Transfers in	6,132,460	7,809,312
Transfers out	(6,964,787)	(2,171,819)
Net transfers	(832,327)	5,637,493

5. Net rental income

Rental income on investment property	25,790,053	38,168,309
Operating costs	(4,647,756)	(2,548,898)
Electricity and water	(1,346,230)	(2,050,138)
Management fees	(1,500,896)	(1,491,996)
Repairs and maintenance	(909,445)	(4,321,214)
Security expenses	(561,465)	(561,537)
Valuation fees	(504,750)	(382,360)
Insurance	(468,920)	-
Letting fees	(378,059)	(183,642)
Legal fees	(94,718)	(7,250)
Property rates	(70,474)	-
Property management expenses	-	(176,550)
	15,307,340	26,444,724

6. Administrative expenses

Actuarial fees	423,918	437,336
Audit fees - internal audit	461,450	448,500
Bank charges	476,963	431,408
Communications expenses	939,134	704,086
Consulting and professional fees	3,620,789	232,331
Custodial services fees	1,544,999	1,474,747
External audit fees - current year	767,300	377,146
Fidelity and other Insurance premiums	398,794	584,970
Fund administration fees (Mmila Fund Administrators)	12,256,558	17,038,586
Investment consulting fees	2,418,338	1,949,054
Legal fees	318,449	353,651
License and maintenance fees	352,492	257,471
Other expenses	2,040,493	2,255,642
Stationery	21,718	33,860
Travel and entertainment	435,556	249,866
Unitisation fees	428,948	310,141
	26,905,899	27,138,795

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Figures in Pula	Notes	2021	2020
6. Administrative expenses (continued)			
Employee costs			
As at 31 December, 2021 the Fund had 8 permanent employees (2020: 9). The total cost of employment of all employees, including executive director, was as follows:			
Salaries, wages, bonuses and other benefits (Including key management)		12,013,758	9,604,825
Defined contribution expense (Including key management)		964,678	908,690
Total employee costs		12,978,436	10,513,515
7. Unrealised foreign exchange gain on investment securities			
Foreign exchange effect on offshore investments		405,583,965	305,370,208
Foreign exchange effect on foreign currency denominated Bank accounts		3,425,267	(984,943)
		409,009,232	304,385,265
Unrealised fair value gains on investment securities			
Onshore equity investment		69,061,204	(66,636,398)
Onshore Bonds investment		(97,882,064)	(30,394,365)
Offshore		618,797,543	416,735,649
Total unrealised fair value gains on investment securities		589,976,683	319,704,886
Less investment management fees deducted at source		(46,769,774)	(29,479,762)
Net unrealised fair value gains on investment securities		543,206,909	290,225,124
8. Income from investment securities			
Interest income			
Interest - Bonds		93,119,926	67,503,164
Interest - Bank		1,222,106	1,944,484
Interest - fixed deposit		15,463,792	7,667,950
Rental interest charge		8,635	-
Total interest income		109,814,459	77,115,598
Accrued interest		(4,181,174)	(5,289,989)
Interest received		105,633,285	71,825,609
Dividend income			
Onshore investments		115,712,233	48,349,842
Associates		6,835,450	34,251,000
		122,547,683	82,600,842

Notes to the Financial Statements

For the Year Ended 31 December, 2021

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9. Investment security proceeds and purchases

Proceeds from sale of investment securities

On shore bonds	406,399,744	329,369,380
On shore equity	74,518,034	338,038,753
Off shore	353,058,415	468,559,881
Cash in transit	130,295,453	-
	964,271,646	1,135,968,014

Purchases of investment securities

On shore bonds	484,899,735	674,788,294
On shore equity	107,173,512	535,269,761
Off shore	157,026,900	821,180
	749,100,147	1,210,879,235

10. Property, plant and equipment

Opening balance as at January 2021

	Motor vehicles P	Furniture and Fittings P	Office equipment P	Total P
Opening balance as at January 2021	724,349	531,709	1,692,671	2,948,729
Additions	-	-	40,685	40,685
At 31 December, 2021	724,349	531,709	1,733,356	2,989,414

Accumulated depreciation

Opening balance as at January 2021	(640,077)	(409,890)	(1,264,199)	2,314,166
Charge for the year	(49,372)	(23,282)	(162,757)	(235,411)
At 31 December, 2021	(689,449)	(433,172)	(1,426,956)	(2,549,577)

Net book value

At 31 December, 2021	34,900	98,537	306,400	439,837
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Opening balance as at January 2020

	Motor vehicles P	Furniture and Fittings P	Office equipment P	Total P
Opening balance as at January 2020	724,349	1,352,116	1,515,330	3,591,795
Additions	-	-	292,329	292,329
Disposal	-	(820,407)	(114,988)	(935,395)
At 31 December, 2020	724,349	531,709	1,692,671	2,948,729

Accumulated depreciation

Opening balance as at January 2020	(561,570)	(1,084,767)	(1,264,199)	(2,910,536)
Charge for the year	(78,507)	(72,865)	(114,988)	(266,360)
Disposal	-	793,238	69,492	862,730
Transfers	-	(45,496)	45,496	-
At 31 December, 2020	(640,077)	(409,890)	(1,264,199)	(2,314,166)

Net book value

At 31 December, 2020	84,272	121,819	428,472	634,563
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No assets are pledged as security.

Notes to the Financial Statements

For the Year Ended 31 December, 2021

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II. Investments in associates and subsidiary

The following are a list all of the associates and subsidiary in the Fund:

Healthcare Holdings (Proprietary) Limited

Debswana Pension Fund owns 58.15% in equity in Healthcare Holdings as at 31 December 2021. Healthcare Holdings is a property management company with interests on land, on which a hospital and a number of residential properties have been constructed. The Fund retains voting rights on the board of directors of the entity. Healthcare Holdings is domiciled in Gaborone.

Mmila Fund Administrators (Proprietary) Limited

Mmila is a subsidiary owned 100% by the Fund for the purpose of rendering fund administration services to the Fund and to the market. The Fund has appointed an independent board of directors to give strategic direction to the entity to which the Fund has one representative. The company is domiciled in Gaborone.

Sphinx (Proprietary) Limited

Debswana Pension Fund has a 25% Shareholding in Sphinx. Sphinx holds a 100% of the Molapo Crossing mall (Molapo) shares. Molapo is a double-storey retail property development domiciled in Gaborone which generates income from leasing out commercial space. The Fund retains a sitting in the board of directors of the entity.

Name of company	Ownership type	% Ownership interest 2021	% Ownership interest 2020	Fair value accounting carrying amount 2021	Fair value accounting carrying amount 2020
Healthcare Holdings (Proprietary) Limited Associate		58.15 %	58.15 %	243,800,000	276,887,000
Mmila Fund Administrators (Proprietary) Limited Subsidiary		100.00 %	100.00 %	23,000,000	18,500,000
Sphinx Associates (Proprietary) Limited Associate		25.00 %	25.00 %	34,000,000	43,000,000
				300,800,000	338,387,000
Balance at beginning of year				338,387,000	368,454,000
Fair value losses on associates and subsidiary				(43,587,000)	(30,067,000)
Mmila Fund Administrators (Proprietary) Limited-additions				6,000,000	-
Balance at the end of year				300,800,000	338,387,000

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Figures in Pula	Notes	2021	2020
31 December, 2021			
Valuation techniques and inputs	Valuation technique Income capitalisation approach	Unobservable input Capitalisation rate	Range 6 - 12%
31 December, 2020			
Valuation techniques and inputs	Valuation technique Income capitalisation approach	Unobservable input Capitalisation rate	Range 6 - 11%

11. Investments in associates and subsidiary (continued) Information about sensitivity to changes in unobservable inputs

The fair value of investments in associates and subsidiary is a function of the unobservable inputs and the capitalisation rate generated by each associate in the portfolio of the Fund. Significant increases/(decreases) in the capitalisation rate would result in significantly lower/(higher) fair value measurement and operating business valuation. The factors considered include the history of the business, economic outlook, financial condition of the business, earnings and dividend paying capacity of the associate. The quantitative effect of damages in inputs is disclosed in note 22 of the financial statements.

12. Investment property

Investment properties at fair value

Freehold and leasehold land and buildings

Leasehold land and buildings held in partnerships

Total investment properties

	246,745,841	248,477,099
23	140,798,750	140,194,764
	387,544,591	388,671,863

The fair value of the Fund's investment properties as at 31 December, 2021 and 31 December, 2020 were arrived at on the basis of valuations carried out at the respective dates by Messrs Wragg (Proprietary) Limited and MG Properties (Proprietary) Limited. These firms of independent chartered valuers are not related to the Fund. The valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values were based on open market values.

The investment properties of the Fund are measured at fair value at the end of each reporting period and fall under Level 3.

Recurring fair value measurements at the end of the reporting period 387,544,591 388,671,863

Reconciliation of fair value measurements categorised within Level 3 of fair value hierarchy

Balance at beginning of year

Unrealised (losses)/gains on fair valuation of investment properties

Additions

Balance at end of year

388,671,863	387,376,302
(1,586,014)	119,681
458,742	1,175,880
387,544,591	388,671,863

Gains and losses arising from fair valuation of investment properties are shown as a separate line in the statement of comprehensive income as follows:

Investment property (1,586,014) 119,681

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Figures in Pula	Notes	2021	2020
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12. Investment property (continued)

Property operating costs relating to rental income are as follows;

Direct property costs

Indirect property costs

2,410,341	5,813,210
8,133,409	5,910,375
10,543,750	11,723,585

31 December, 2021

Valuation techniques and inputs

Valuation technique	Unobservable input	Range
Income capitalisation approach	Capitalisation rate	5 - 12%

31 December, 2020

Valuation techniques and inputs

Valuation technique	Unobservable input	Range
Income capitalisation approach	Capitalisation rate	5 - 11%

Information about sensitivity to changes in unobservable inputs

The fair value of investment properties is a function of the unobservable inputs and the net rental generated by each property in the portfolio of the Fund. Significant increases/(decreases) in the capitalisation rate would result in significantly lower/(higher) fair value measurement. The changes are dependant on various market factors including location of property and quality and length of lease periods. The quantitative effect of changes in inputs is disclosed in note 22 of the financial statements.

Notes to the Financial Statements

For the Year Ended 31 December, 2021

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13. Investment securities

Onshore equity investment by asset manager

Allan Gray Botswana (Proprietary) Limited

IPro Botswana (Proprietary) Limited

Ninety One Botswana (Proprietary) Limited

Morula Capital Partners

714,121,281

671,616,643

285,136,862

280,763,597

328,275,980

316,269,666

262,253,940

211,975,467

1,589,788,063

1,480,625,373

Onshore bonds unitised funds

Allan Gray Botswana (Proprietary) Limited

Botswana Insurance Fund Management Limited

Ninety One Botswana (Proprietary) Limited

-

7,100,260

793,108,864

791,610,033

554,427,020

587,977,473

1,347,535,884

1,386,687,766

Offshore bonds unitised funds

BlueBay Asset Management

Pimco Funds

222,151,088

209,471,926

123,658,075

119,311,374

345,809,163

328,783,300

Offshore equity unitised funds

Brown Brothers Harriman Fund Administration

Services (Ireland) American Century Global Growth

Brown Brothers Harriman Fund Administration

Services (Ireland) American Century Emerging Markets

CBRE

Coronation Asset Management (Proprietary) Limited

Orbis Investment Management Limited

Marathon Asset Management Limited

Morgan Stanley Investment Management Limited

Ninety One UK Limited

Schroders

Southeastern Asset Management

578,941,299

499,189,837

215,822,257

210,504,661

204,113,160

-

30,245,964

21,614,658

565,381,764

588,376,558

584,750,459

559,524,375

493,631,137

437,169,785

72,716,636

75,850,117

246,531,465

214,556,686

570,192,377

542,554,476

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Figures in Pula	Notes	2021	2020
13. Investment securities (continued)			
State Street Global Advisors		90,474,554	68,509,356
Steyn Capital Management (Proprietary) Limited		23,061,978	16,028,901
Vantage Capital Fund Managers (Proprietary) Limited		49,666,254	50,308,109
Veritas Asset Management		772,061,423	629,772,663
Walter Scott & Partners Limited		607,320,341	560,204,168
		5,104,911,068	4,474,164,350
Total investment securities		8,388,044,178	7,670,260,789
14. Operating lease asset			
Opening balance		1,998,997	1,998,997
Movement for the year		3,135,355	-
Closing balance		5,134,352	1,998,997
The carrying amount of financial assets measured at amortized cost approximates to their fair value			
15. Other receivables at amortized cost			
Contributions receivables		220,304	793,303
Advance benefit payments		2,238,575	2,275,218
Allowance for doubtful debts - advance benefit payments		(2,234,689)	(2,234,689)
Net advance benefits payments		3,886	40,529
20% death advance claim		-	23,999
Pensioner deaths overpayments		-	(76,442)
Property rentals receivable		2,759,580	2,175,896
Impairment on receivables (Expected Credit Loss))		(984,277)	(408,886)
BURS-VAT & PAYE		-	1,463,430
Interest receivable		694,398	694,398
Property partnership current assets	23	23,236,145	22,419,775
Other receivable		1,707,915	3,908,763
		27,637,951	31,034,765
Movement in impairment of other receivables			
Opening balance		408,886	2,670,262
Movement for the year		575,392	(2,261,376)
		984,278	408,886

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Figures in Pula **Notes** **2021** **2020**

15. Other receivables at amortized cost (continued)

IFRS: Impairment Provision Matrix as at 31 December, 2021

Description	Current	30 Days	60 Days	90 Days	120+ Days	Total
Gross carrying amount	229,491	483,661	328,540	110,462	673,264	1,825,418
Expected loss rate	12.880 %	20.820 %	36.940 %	53.770 %	100.000 %	53.92 %
Impairment loss allowance	(29,558)	(100,698)	(121,363)	(59,395)	(673,264)	(984,278)
Amount not provided for	-	-	-	-	-	25,023,569
	199,933	382,963	207,177	51,067	-	25,864,709

Note: Share of receivables from joint ventures have already been subjected to impairment by joint operations.

IFRS: Impairment Provision Matrix as at 31 December 2020

Description	Current	30 Days	60 Days	90 Days	120+ Days	Total
Gross carrying amount	479,089	331,837	176,762	207,538	263,819	1,459,045
Expected loss rate	36.767 %	48.265 %	66.036 %	96.401 %	100.000 %	62.84 %
Impairment loss allowance	(176,147)	(160,161)	(116,727)	(200,069)	(263,819)	(916,923)
Amount not provided for	-	-	-	-	-	30,492,643
	302,942	171,676	60,035	7,469	-	31,034,765

Note: Share of receivables from joint ventures have already been subjected to impairment by joint operations.

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Short-term deposits

Bank balances - Pula denominated

Bank balances - US Dollar denominated

490,628,816	184,549,733
226,249,084	403,925,708
277,261,032	114,492,603
994,138,932	702,968,044

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Figures in Pula	Notes	2021	2020
17. Contingency reserves			
The contingency reserve has been split into various contingency reserve accounts as defined in the revised set of rules and in line with PFR 1 issued by NBFIRA as follows:			
	Maximum limit	2021	2020
Processing error reserve	1.5%	40,872,000	76,893,000
Expense reserve	No limit	3,716,000	5,434,000
Solvency reserve	25.0%	195,813,000	177,447,000
		240,401,000	259,774,000

Processing error reserve

Processing errors include provision for mismatching and for timing differences in the actual investment or disinvestment of moneys from the time when the errors are deemed to have occurred in the calculation of benefits or the accrual of investment returns.

Expense reserve

This reserve is meant to handle fluctuations in future expenses of the Fund or to provide for future increases in expenses.

Solvency reserve

The solvency reserve is meant to introduce a level of prudence into the valuation and it is influenced by the recognition of inherent risks in the asset valuation method adopted.

18. Benefits payable

Retirement	11,251,211	80,861,134
Withdrawal	5,472,983	10,983,981
Death	59,785,238	8,633,947
Unclaimed benefits	859,270	859,270
Pensioners' deaths	6,932,719	1,305,091
Monthly pensions	4,910,434	3,438,945
Contributions for ineligible members	80,560	80,560
	89,292,415	106,162,928

All benefits are payable within 12 months.

Benefits payables are settled in accordance with the Rules of the Fund. No interest is charged on outstanding benefits payables.

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For the Year Ended 31 December, 2021

Figures in Pula	Notes	2021	2020
19. Other payables			
Security deposits (Rental)		859,417	859,418
Value added tax (VAT)		20,601,841	-
Property partnership current liabilities	23	1,773,242	1,497,632
Sundry creditors		39,481,398	11,221,075
		62,715,898	13,578,125
20. Related party transactions and balances			
Related party balances			
Intercompany balances			
Intercompany receivable from subsidiary		(204,788)	(114,631)
<p>The related parties of the Fund comprise of the Trustees, Key management personnel as well as the participating employers.</p> <p>Inter company payables arise from outstanding balances relating to administration services fees and any other costs paid by a related party on behalf of the Fund. These are payable within 14 working days upon receiving the invoice by the Fund.</p> <p>All financial dealings with related parties are at arms length.</p>			
Related party transactions			
Contributions income from participating employers	3	351,977,546	349,962,549
Internal audit fees charged by Debswana Head Office	6	461,450	448,500
Fund administration fees charged by Mmila Fund Administrators	6	12,256,558	14,219,986
IT costs charged by Debswana Head Office		470,013	400,489
Rent charged to Mmila Fund Administrators		551,508	525,246
Dividends received from Health Care holdings		-	(10,038,714)
Fair value loss from Associates	11	(42,087,000)	(33,067,000)
Fair value (losses)/gains from Subsidiary	11	(1,500,000)	3,000,000
		(29,847,471)	(24,511,493)
Trustees fees			
Independent and Pensioner trustees		277,367	83,179
Remuneration of key management personnel			
Key management personnel comprises the Chief Executive Officer			
Gross emoluments of the key management personnel are:			
Short-term employee benefits		2,749,885	2,102,249
Post-employment benefits - Pension - Defined contribution plan		216,367	198,482
		2,966,252	2,300,731

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21. Impairment of bank balances 2021

Balances with other Banks: General Model: IFRS 9 provision at 31 December 2021	Country	Status	IFRS 9 Staging	Rating Agency***	Proxy Rating	Eco-nomic outlook	Credit Quality	12 Month PD*	LGD**	EAD'	ECL	Coverage
Absa Bank Botswana Limited	Botswana	Corporate Level I		Moody's	Ba1	Stable	Investment Garde		60 %	150,494,260	-	- %
First National Bank Botswana Limited	Botswana	Corporate Level I		Moody's	Ba1	Stable	Investment Garde		60 %	68,185,916	-	- %
Standard Chartered Bank Botswana Limited	Botswana	Corporate Level I		Moody's	A3	Stable	Investment Garde		60 %	28,720,676	-	- %
Total										247,400,852	-	- %

Notes

* Historical Probability of Default for Botswana Commercial and Central Banks is Zero and the same trend is expected to continue for the foreseeable future.

** Average recovery rates for global bonds by Standards & Poor is at 40% and consequently the LGD is placed at 60%.

*** Information on credit rating of Botswana Commercial banks is not publicly available and therefor we have used credit ratings of the Parent Company as a proxy rating

Impairment of bank balances 2020

Balances with other Banks: General Model: IFRS 9 provision at 31 December 2020	Country	Status	IFRS 9 Staging	Rating Agency***	Proxy Rating	Eco-nomic outlook	Credit Quality	12 Month PD*	LGD**	EAD'	ECL	Coverage
Absa Bank Botswana Limited	Botswana	Corporate Level I		Moody's	Ba1	Stable	Investment Garde		60 %	160,138,414	-	- %
Total										160,138,414	-	- %

Notes

* Historical Probability of Default for Botswana Commercial and Central Banks is Zero and the same trend is expected to continue for the foreseeable future.

** Average recovery rates for global bonds by Standards & Poor is at 40% and consequently the LGD is placed at 60%.

*** Information on credit rating of Botswana Commercial banks is not publicly available and therefor we have used credit ratings of the Parent Company as a proxy rating.

Notes to the Financial Statements

For the Year Ended 31 December, 2021

22. Financial risk management

Risk is inherent in the Fund's management of investments which are held in various financial instruments. This is managed through a process of on-going identification, measurement and monitoring that is subject to an extensive framework of risk limits and other controls. The process of risk management is critical to the Fund's on-going operations with the day to day management of financial instruments being conducted by investment managers. The Fund's objectives, policies and procedures for managing the risk exposure and the methods used to measure the risks have remained consistent with the prior year.

The Fund has established investment guidelines. These guidelines set out its investment objectives, a benchmark portfolio and approved investments. The investment guidelines also set out minimum performance measurements of returns on its investments, which are managed by a number of investment managers. Strict measures are observed for appointing investment managers. The active and deferred members are placed into the age-banded life stage model, which provides a range of investment portfolios with specified investment strategies.

Risk Management Governance Structure Board of Trustees

The Board of Trustees is responsible for the Fund's overall risk management approach and for approving investment guidelines, the risk strategies and principles. The Fund's Investment Committee reviews the risk profile from time to time, and the overall risk profile and investment strategies are reviewed and approved by the Board of Trustees.

Investment Committee

The Investment Committee comprising members of the Board of Trustees and management meets regularly to review developments in the international financial and capital markets. Where necessary the Investment Committee makes decisions on the Fund's investments in terms of composition and other relevant factors. The Investment Committee has outsourced the investment managers' performance assessment and review to Riscura Consulting Services, who report regularly to the Board of Trustees.

Audit and Finance Committee

The Audit and Finance Committee comprising members of the Board of Trustees and management meets regularly and reviews the risk management process, the risk assurance plan, and approve the annual audit coverage for both internal and external audit.

Benefits and Communications Committee

The Benefits and Communications Committee comprising of the Board of Trustees and management meets regularly and reviews the distribution and disposal of death benefits. The Benefits and Communications Committee is also responsible for the Fund's communication strategy and its implementation.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee comprising of the Board of Trustees meets regularly and ensures that there is a formal, rigorous and transparent procedure for the appointment of new Independent Trustees and Committee members to the Board and Sub-committees. The Committee ensures that the Board and its Sub-Committees have appropriate balance of skills, experience, independence and knowledge of the Fund

Notes to the Financial Statements

For the Year Ended 31 December, 2021

22. Financial risk management (continued)

Nominations and Remuneration Committee (continued)

to enable them to discharge their respective duties and responsibilities. The Nominations and Remuneration Committee is also responsible for the Fund's Human Resources mandate.

Types of Risk Exposure

The Fund is exposed to various types of risk exposures, namely market risk, comprising currency risk, interest rate risk and equity price risk, as well as credit risk and liquidity risk.

The Fund is exposed to currency risk mainly through its investments and short term deposits denominated in foreign currencies. The Fund's total exposure to currency risk through its investments and short term deposits denominated in United States Dollars and South African Rands as at 31 December, 2021 amounted to P5,505,830,175 (2020: P 4,707,968,327).

	2021	2020
Offshore bonds	123,658,075	119,311,374
Bank balances - Foreign currency denominated	277,261,032	114,492,603
Offshore equity	5,104,911,068	4,474,164,350
	5,505,830,175	4,707,968,327

Interest rate risk

Interest rate risk is the possible loss in the value of a fixed income asset resulting from an unexpected and adverse movement in interest rates and consequent change in price. Interest rate risk is measured by modified duration, which measures the sensitivity of the price of a bond to changes in interest rates expressed in years.

Financial instruments that are sensitive to interest rate risk are bank balances and cash, interest bearing securities and term deposits. Interest rates earned on financial instruments compare favourably with those currently available in the market. The net exposure to interest rate risk as at 31 December, 2021 amount to P1,347,535,884 (2020: P 1,386,687,766) being investments in onshore bonds and term loans, P345,809,163 (2020: P 328,783,300) being investments in offshore bonds, and P994,138,932 (2020: P 702,968,044) being short term deposits and cash and cash equivalents as disclosed in notes 13 and 16.

Equity price risk:

Equity price risk is the risk that the value of equities decreases as a result of changes in the equity prices and diminution of value of individual stocks. The investment guidelines stipulate the allowable holding levels. The net exposure to equity price risk as at 31 December, 2021 amounted to P1,589,788,063 (2020: P 1,480,625,373) for local equities, P5,104,911,068 (2020: P 4,474,164,349) for offshore equities and offshore unitised funds.

Fair values of financial instruments

Fair values of financial instruments carried at amortised cost

The Board of Trustees considers that the carrying amounts of assets and liabilities recognised in the financial statements at amortised cost approximate their fair values.

Notes to the Financial Statements

For the Year Ended 31 December, 2021

22. Financial risk management (continued)

Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed equities and bonds).

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that includes inputs for the asset or liability that are not based on observable market data (unobservable inputs). This note provides information about how the Fund determines the fair values of the various financial assets.

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Figures in Pula				Notes	2021	2020	
22. Financial risk management (continued)							
Financial assets	Notes	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable of input(s)	Relationship unobservable inputs to fair value
		2021 P	2020 P				
Onshore listed equity investments	13	1,589,788,063	1,480,625,373	Level 1	Quoted last traded prices in an active market.	N/A	N/A
Onshore listed bonds	13	1,347,535,884	1,386,687,766	Level 2	Valued based on the aggregate published bond index	N/A	N/A
Offshore bonds unitised funds	13	345,809,163	328,783,300	Level 2	Weighted average price for	N/A	N/A
Offshore equity unitised funds	13	5,104,911,068	4,474,164,350	Level 2	units held in portfolio. Fair value of underlying assets in portfolio is determined using quoted bid prices in an active market	N/A	N/A
Associate- Healthcare Holdings (Proprietary) Limited	11	243,800,000	276,887,000	Level 3	Weighted average price for units held in portfolio. Fair value of underlying assets in portfolio is determined using quoted bid prices in an active market. Capitalisation rate and Income	N/A	N/A
Associate - Sphinx (Proprietary) Limited	11	34,000,000	43,000,000	Level 3	capitalisation approach used as the primary methodology	N/A	N/A
Mmila Fund Administrators	11	23,000,000	18,500,000	Level 3	Capitalisation rate and Income capitalisation approach used as the primary methodology	N/A	N/A

Notes to the Financial Statements

For the Year Ended 31 December, 2021

22. Financial risk management (continued)

Credit risk

This is the risk that would arise if an entity that the Fund conducts business with, is unable to meet its financial obligation or in an event of an adverse credit event or default.

Management has a strict policy with regards to the Fund's exposure to credit risk, and where there is exposure, this is monitored on an on-going basis. Reputable financial institutions are used for cash handling purposes.

The Fund allocates funds to a number of investment managers, which have diversified mandates and the credit risk on liquid funds is limited because the counter parties are banks with high credit ratings.

There are no investments with any primary investee exceeding 5% of the total investment portfolio.

Concentration of credit risk

Counterparty (investment manager)

Ninety One Botswana (proprietary) Limited	Investment type		
	Government bonds	286,982,230	434,470,857
Ninety One Botswana (proprietary) Limited	Corporate bonds	197,650,180	105,356,772
Ninety One Botswana (proprietary) Limited	Parastatals bonds	69,794,610	25,584,685
Botswana Insurance Fund Management Limited	Government bonds	531,972,851	464,471,926
Botswana Insurance Fund Management Limited	Corporate bonds	208,505,185	276,632,053
Botswana Insurance Fund Management Limited	Parastatals bonds	39,267,870	33,206,130
Allan Gray Botswana (Proprietary) Limited			
	Government bonds	-	7,100,260
BlueBay Asset Management	Parastatals bonds	222,151,088	209,471,926
Pimco Funds: Global Investors Series plc.	Unitised offshore	123,658,075	119,311,374
Botswana Insurance Fund Management Limited	bonds Loans	13,362,957	17,300,717
Total		1,693,345,046	1,692,906,700

Bank balances and fixed deposits

Counterparty (investment manager)	Investment type		
First National Bank of Botswana Limited	Fixed deposits	-	37,313,249
First National Bank of Botswana Limited	Bank balances	68,185,916	-
ABSA Bank Botswana Limited	Fixed deposits	89,211,921	39,447,818
ABSA Bank Botswana Limited	Bank balances	280,789,712	160,138,414
Standard Chartered Bank Botswana Limited	Fixed deposits	44,237,375	35,068,920
Standard Chartered Bank Botswana Limited	Bank balances	28,720,676	-
Stanbic Bank Botswana	Fixed deposits	148,398,000	-
Stanbic Bank Botswana	Bank balances	125,813,813	352,439,720
Other Institutions	Fixed deposits	208,781,519	78,559,923
		994,138,932	702,968,044

Notes to the Financial Statements

For the Year Ended 31 December, 2021

22. Financial risk management (continued)

Categories of financial instruments	Financial assets at amortized cost	
Cash and cash equivalents	994,138,932	702,968,044
Contributions and other receivables	27,637,951	29,623,778
Financial liabilities at amortized cost		
Benefits payable	89,292,415	106,162,928
Other payables	62,715,898	13,578,125
Intercompany payable to subsidiary	204,788	114,631

The Fund is exposed to credit risk if counterparties fail to make payments as they fall due in respect of:

- payment of rental receivables as invoices fall due after being raised
- contractual cash flows of advance benefit pension payment recoveries carried at amortised cost

The Fund applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all short-term receivables. To measure the expected credit losses, short-term receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2021 is determined and disclosed in note 15.

Liquidity risk

Ultimate responsibility for the liquidity risk management rests with the Board of Trustees, which has built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long term funding and liquidity management requirements. The Fund manages liquidity by maintaining adequate reserves by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities.

Based on the nature of the Fund's payables, an analysis of undiscounted cash flows of financial liabilities is not relevant. Substantially, the Fund's benefits and other accounts payable are due for settlement within three months after the year end.

Market risk sensitivity analysis

The set of assumptions used for each of the risk factors here under are not forecasts, but merely "what if" scenarios and the likely impact on the current portfolio, based on selected changes in risk variables over a one year horizon.

The table below gives an indication of the risk sensitivities of the portfolio to various risk parameters. Assuming that the probability of the beneficial change in the risk variables are as likely to happen as an adverse change, both potential increase and decrease are shown for the indicated scenarios.

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Risk Variable	Scenario	Adverse market change		Beneficial market change		
		Effect on statement of comprehensive income		Effect on statement of comprehensive income		
		2021	2020	2021	2020	
Currency risk	Strengthening of the Pula by 1%	(55,058,302)	(48,029,476)	Weakening of the Pula by 1%	55,058,302	48,029,476
Global Equity Risk	Decline in global equity prices by 1%	(51,049,111)	(46,836,363)	Increase in global equity prices by 1%	51,049,111	46,836,363
Local Equity Risk	Decline in local equity prices by 1%	(15,897,881)	(14,806,254)	Increase in local equity prices by 1%	15,897,881	14,806,254
Interest Rate Risk	Increase in interest yield by 1%	(21,839,739)	(22,089,672)	Decline in interest yield by 1%	21,839,739	22,089,672
Investment property	Increase in interest yield by 1%	(42,365,673)	(29,421,000)	Decline in interest yield by 1%	54,226,164	29,421,000
Investment in associates	Increase in capitalisation by 1%	(34,400,000)	(33,133,000)	Decline in capitalisation by 1%	34,400,000	33,133,000

Notes to the Financial Statements

For the Year Ended 31 December, 2021

23. Interest in property partnerships

Details of the Fund's material investments in other entities at the end of the reporting period are as follows:

Name of partnership	Principal activity	Place of Incorporation and Principal place of business	Effective Holding 2021	Effective Holding 2020
Engen Palapye partnership	Property partnership	Palapye	20.00 %	20.00 %
Engen Maun partnership	Property partnership	Maun	25.00 %	25.00 %
DBN Developments partnership	Property partnership	Gaborone	66.66 %	66.66 %
Francistown Retail partnership	Property partnership	Francistown	75.00 %	75.00 %

31 December, 2021	Notes	Engen Palapye Partnership	Engen Maun Partnership	DBN Developments Partnership	Francistown Retail Partnership	Total
Investment properties	12	14,200,486	7,825,000	94,475,350	24,297,914	140,798,750
Current assets	15	1,702,661	3,637,676	11,944,431	5,951,377	23,236,145
Current liabilities	19	(193,435)	(146,390)	(976,503)	(456,914)	(1,773,242)
Revenue - net rental income		1,303,737	69,988	5,466,095	2,673,206	9,513,026
Unrealised fair value gains on fair valuation of investment property		(559,514)	400,000	(809,414)	1,050,000	81,072
Total comprehensive income for the year		744,223	469,988	4,656,681	3,723,206	9,594,098

31 December, 2021	Notes	Engen Palapye Partnership	Engen Maun Partnership	DBN Developments Partnership	Francistown Retail Partnership	Total
Investment properties	12	14,760,000	7,425,000	95,284,764	22,725,000	140,194,764
Current assets	15	1,811,479	3,133,044	13,624,995	3,850,257	22,419,775
Current liabilities	19	(96,665)	(122,755)	(1,019,252)	(258,960)	(1,497,632)
Revenue - net rental income		6,066,862	2,922,781	12,864,482	3,406,880	25,261,005
Unrealised fair value gains on fair valuation of investment property		1,600,000	900,000	3,950,000	(200,000)	6,250,000
Total comprehensive income for the year		7,666,862	3,822,781	16,814,482	3,206,880	31,511,005
Net cash generated from operating activities		5,796,518	2,503,133	11,471,765	2,816,024	22,587,440

Notes to the Financial Statements

For the Year Ended 31 December, 2021

Figures in Pula	Notes	2021	2020			
31 December, 2021	Notes	Engen Palapye Partnership	Engen Maun Partnership	DBN Developments Partnership	Fran-cistown Retail Partnership	Total
Net cash utilised in investing activities		7,840,349	(2,945,102)	18,165,312	11,643,411	34,703,970
Net cash (outflow)/inflow		(1,363,133)	(441,969)	(362,923)	(540,565)	(2,708,590)

24. Description of the Fund

The Fund was established on 1 October 1984 as a defined contribution pension Fund.

The main purpose of the Fund is to provide for the payment of pensions to qualifying members on retirement. A secondary objective of the Fund is to provide benefits to nominated beneficiaries of the qualifying members as the case may be.

The participating employers are: Debswana Diamond Company (Proprietary) Limited, Morupule Coal Mine Limited, De Beers Holdings Botswana (Proprietary) Limited, Diamond Trading Company Botswana (Proprietary) Limited, Anglo Coal (Proprietary) Limited, De Beers Global Sightholder Sales (Proprietary) Limited and Debswana Pension Fund.

25. Membership statistics

Number of members

Active

Deferred

Pensioners

5,993	6,185
1,997	2,098
4,485	4,258
12,475	12,541

26. Fidelity insurance cover

The Trustees are of the opinion that the Fund has adequate fidelity insurance cover.

27. Taxation

The Fund is an approved scheme under the Income Tax Act (Chapter 52:01) and is therefore not subject to taxation.

28. Future operating lease receipts

Future minimum lease receipts in relation to non-cancellable operating leases are receivable as follows:

Within one year	P	P
Later than one year but not later than five years	15,509,679	17,187,957
Later than five years	16,348,948	31,016,375
	2,877,697	3,719,949
	34,736,324	51,924,281

Notes to the Financial Statements

For the Year Ended 31 December, 2021

29. Events after the reporting date

There are no events after the reporting period that require disclosure in the financial statements.

30. Actuarial valuation

In accordance with the Rules of the Fund, the actuarial position of the Fund, which does take account of such liabilities, is examined and reported upon by the actuaries of the Fund.

30. Actuarial valuation (continued)

An actuarial valuation was carried out as at 31 December, 2021. The valuation shows that the pensioners' account of the Fund, amounting to P3,057,068,000 (2020: P 2,709,303,000) adequately covers the pensioners' liabilities at that date amounting to P2,797,937,000 (2020: P 2,517,359,000), without taking into account future pension increases.

The pensioner liability is defined benefit in nature and is calculated using assumptions about the Fund's anticipated future investment returns on the pensioner assets, the expected mortality of pensioners and the Fund pensioner expenses. The key assumptions used to calculate the pensioner liability for the current and future valuation are outlined below:

Basis item

Inflation (mid-point of the Bank of Botswana target range of 3%-6%)	4.5%	4,5%
Gross post-retirement rate of interest	8.68% per annum	8.68% per annum
Pensioner increase	6.2%	5,6%
Net post-retirement rate of interest	4.0% per annum	4,0% per annum
Provision for monthly pension expenses (for each pension in payment)	P225.48, increasing at the underlying inflation rate	P224,55, increasing at the underlying inflation rate Mortality table
Pensioner mortality	Mortality table PA (90) male and female	PA (90) male and female

The Fund's actual experience in future with regard to actual investment returns, pension increases, pensioner mortality and pensioner expenses will differ from the assumptions used. Accordingly, profits or losses will arise in the Fund in future. Ultimately it is the Fund's actual experience with regards to these aspects that will determine the actual cost of the pensioners to the Fund and pensioner increases that can be awarded.



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