



DPF

DEBSWANA · PENSION · FUND

Your Fund, Your Security, Your Future



CRAFTING A **SOLID** FUTURE **TOGETHER**

DEBSWANA PENSION FUND
ANNUAL REPORT 2014

“ABRIDGED”

The full version of the DPF 2014 Annual
Report is available on www.dpf.co.bw



The Fund is adapting well to industry challenges, of particular note being the changing regulatory environment. In 2014, the Pensions and Provident Funds Act was revised and passed into law. In order to be compliant with the regulatory environment the Fund rules were reviewed. The most important changes are in the Trustee Report on section B.

Currently the Fund is in the process of implementing a new benefit administration system, an initiative that came about when Trustees reviewed the Fund strategy in 2013. Trustees felt it was prudent for the Fund to continue with an insourced administration model and it was further decided to replace the old system with a more robust one and the project was dubbed Project Anchor. In-sourcing allows the fund to retain of control over its operations and is a critical strategic leverage that has the following advantages:

a) *Cost and Quality management* – ability to manage and ensure data integrity, cost control and maintenance of high levels of service quality.

Chairman's Remarks

I am pleased to present the Fund's Annual Report and Financial Statement for the year ended 31 December 2014.

- b) *Knowledge management* – the Fund retains the knowledge and skills base it has worked hard at building up over the last 4 years since in-sourcing began.
- c) *Pioneering spirit* – the Fund is able to provide a unique end to end service offering to its members. By offering life annuity, members have the opportunity to be life members and remain in our care for life, including their surviving dependents.

Through its change vision, "Trusting our People, Processes and Technology to deliver extraordinary results" Project Anchor aims to improve overall business capability for positive business outcomes. The expected benefits of Project Anchor are summarised hereunder.

1. People

We expect improved staff morale and productivity through an improved operating model. This involves moving away from Staff performing repetitive and manual transactional activities towards automation, especially at the transactional level, which will in turn allow us to focus on value-adding activities. Our strategy further recognizes that automation of our operations alone is inadequate as a determinant

of productivity; hence a re-organization of the Fund was an imperative in 2014. This consequently prompted a skills review for all Fund employees in order to determine the right people with the right skills for new job profiles in the revised structure. A full report on the project implementation outcomes will be featured in the 2015 report.

2. Process

Project Anchor will also bring about improved process cycle times and thus overall improved service delivery. The cumbersome manual processes that are in place will make way for a formalised and streamlined process framework that translates to improvements to workflow and optimal use of staff.

3. Technology

Through an agile, integrated and best in class benefit administration system solution, we will transform the Fund from a paper-based / physical as well as fragmented operation into a standardized operation on a common single integrated technologies with a user friendly interface.

4. Investments

The investment strategy was revised and key decisions included inter alia;

- a) Increase domestic property investment exposure to 12.5% of assets over the next 3 years
- b) Increase private equity investment exposure to 7.5% of assets over the next 3 years.
- c) Develop a strategy to take advantage of local and African investment opportunities.
- d) To implement an Asset Liability Management (ALM) strategy that will enable a more robust investment strategy framework to cater for members throughout their entire life cycle.

In conclusion I would like to further reassure you, the members, of our dedication to operational excellence and high standards of ethics. As custodians of your assets, we remain committed to ensuring full adherence to all governance principles, and to the growth of your Fund. My appreciation goes to my fellow Trustees, Principal Executive Officer and the DPF staff, whom without their continued hard work, 2014 would not have been a success.

Sincerely

Richard Vaka
Chairman

Overview on Total Fund

For the year ending 2014, the Debswana Pension Fund grew by 10.84% to a total Fund size of P 5,541 billion. Over the year to December 2014, a depreciation of 8.37% pushed global equities to perform at 13.7% over the year and global bonds 9%. The MSCI Global Equity Index was a hard one to beat for the fund managers last year as many feared markets were expensive and underperformed as they took up more defensive positions, resulting in an average return of 9.33%. Global bonds were lackluster in dollar terms, but returned 9% in BWP. PIMCO returned 10.93% in BWP, outperforming nicely over the period, despite changes at the manager. Local Equities, Bonds and Cash benchmarks did 4.95%, 6.10% and 2.21% respectively. The local balanced managers Allan Gray, BIFM and Investec outperformed these returns for the 12 month period.

2014 Fund Performance Highlights

Financial Position

Combined position	Following transfer 31 Dec 2014 P'000	Prior to transfer 31 Dec 2014 P'000	31 Dec 2013 P'000
Fair value of assets	5,541,451	5,541,451	4,967,272
Actuarial liabilities	5,166,725	5,166,725	4,590,995
Surplus/Deficit	374,726	374,726	376,277
Funding Level	107.3%	107.3%	108.2%

Revenue Account

	P'000		P'000
Fund as at 31 December 2013	4,967,272		
Reversal of previous adjustment	(2,526)		
Contributions Received	229,510	Administration and other expenses	30,933
Transfers Received from other Funds	4,899	Investment fees	32,397
Income from investments	121,612	Withdrawal and death benefits	16,122
Adjustment to fair value of assets	450,931	Retirement benefits	47,580
		Pensioner death benefits	3,549
		Pensions paid	95,943
		Transfers paid to other Funds	1,281
		Non eligible member benefit expense	69
		Provision for doubtful debts	2,373
		Fund as at 31 December 2014	5,541,451
Total	5,771,698	Total	5,771,698

Membership Movements

CHANGES IN MEMBERSHIP OF DEBSWANA PENSION FUND as at the end of the financial period 31/12/2014

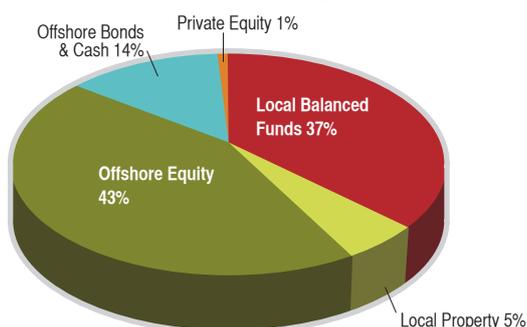
DESCRIPTION	Active members	Deferred pensioners	Pensioners	Beneficiaries	Total
Numbers at beginning of period	5,364	2,500	3,166	79	11,109
Additions	513	85	187	32	817
Transfers in	38	1	0	0	39
Transfers out	-3	-1	0	0	-4
Withdrawals	-85	0	-4	-10	-99
Retirements	-53	-134	0	0	-187
Deaths	-19	-12	-55	0	-86
Numbers at end of period	5,755	2,439	3,294	101	11,589

Investment Returns

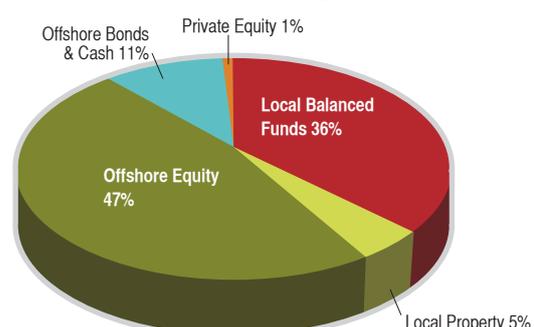
Fund	12 month	24 month	36 month	60 month	Since Inception (Aug '04)
Market	11.13%	19.70%	18.68%	14.72%	14.96%
Conservative	10.61%	14.10%	13.08%	11.44%	12.31%
Pensioner	11.16%	16.49%	15.58%	13.05%	14.11%
Contingency	10.86%	17.21%	17.71%	14.56%	16.89%

2014 Ave CPI = 4.4%

Asset Allocation 31 December 2014



Asset Allocation 31 December 2013





DEBSWANA PENSION FUND

Statement of Financial Position

as at 31 December 2014

	Notes	2014 P	2013 P
ASSETS			
Investments	5	232,361,530	215,484,331
Other financial assets	6	4,638,577,767	4,310,046,396
Cash and cash equivalents	7	702,131,561	460,555,588
Total investments		5,573,070,858	4,986,086,315
Other assets			
Plant and equipment	8	1,866,005	2,417,927
Intangible asset	9	-	671,129
Contributions and other receivables	10	8,711,832	10,581,477
Total other assets		10,577,837	13,670,533
Total assets		5,583,648,695	4,999,756,848
FUNDS, RESERVES AND LIABILITIES			
Funds and reserves			
Fund account		3,673,715,000	3,260,664,865
Pensioners' account		1,693,825,000	1,535,681,010
Contingency reserves	17	173,910,535	168,400,000
Total funds and reserves		5,541,450,535	4,964,745,875
Other liabilities			
Benefits payable	11	30,935,528	26,830,639
Other payables	12	11,262,632	8,180,334
Total other liabilities		42,198,160	35,010,973
Total funds, reserves and liabilities		5,583,648,695	4,999,756,848

Our Vision, Mission and Values

DPF VISION

To be the preferred retirement services provider

DPF Mission

We will provide members with competitive and sustainable benefits through;

- Prudent management of member funds
- Efficient benefits administration
- Provision of focused communication
- Effective socially responsible investments

OUR VALUES

The following is a consolidated list of the values that should drive DPF corporate culture;



Administration offices

Gaborone Office: Plot 50361 Block D, Carlton House, Fairgrounds Office Park Tel: 267 361 4267, Fax: 267 3936239

Orapa Office: Administration Block, Office No.17 Tel: 267 290 2323

Jwaneng Office: Township Housing Office Block, Office No.9. Tel: 267 588 4849

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