



DPF

DEBSWANA · PENSION · FUND

Your Fund, Your Security, Your Future



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

DEBSWANA PENSION FUND
ANNUAL REPORT
STATEMENTS & FINANCIALS

2014

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

The Debswana Pension Fund (DPF) is a defined contribution 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. The DPF invests member funds a cross various asset classes namely Property, Equities, Bonds, Cash and alternatives.

Board of Trustees



Richard Vaka
BOARD CHAIRMAN

1. PRINCIPAL TRUSTEES

a) Member Elected Trustees



Reobonye China Abel
OLDM - DEPUTY CHAIRMAN



Esther Palai
JWANENG (ELECTED 14/04/15)



Ishmael Mokobi
MCM (APPOINTED
13 JANUARY 2014)



**Gakenaope
Gakologelwang**
GABOBONE CAMPUS



Tshepo Rantho
JWANENG (RESIGNED
01/11/2014)

b) Company Appointed Trustees



Victor Maxwell
DEBSWANA DIAMOND
COMPANY (RESIGNED
30/06/2014)



Lynette Armstrong
DEBSWANA DIAMOND TRADING
COMPANY (APPOINTED
05/09/2014)



Chris Mkgware
DBHB, DBGSS, MCM & OTHERS
(REAPPOINTED 10/07/14)



Richard Moroka
DTCB - (RESIGNED 30/04/15)



Wanjiru Kirima
INDEPENDENT TRUSTEE
(BOARD)



Lebogang Sepelo
DTCB (APPOINTED 17/06/2015)

2. ALTERNATE TRUSTEES

a) Company Appointed Trustees



Eunice Mpoloka
ALTERNATE TO R. VAKA
- DEBSWANA DIAMOND
COMPANY



Tefo Setlhare
ALTERNATE TO LYNETTE
ARMSTRONG - DEBSWANA
DIAMOND COMPANY
(APPOINTED 04/06/2015)



Letsibogo Ndwapi
ALTERNATE TO CHRIS
MOKGWARE - DBHB, DBGSS,
MCM & OTHERS (APPOINTED
27/08/2014)



Vuyisile Garekwe
ALTERNATE TO R. MOROKA -
DTCB (RESIGNED 30/04/2015)



Ian Modubule
ALTERNATE TO LYNETTE
ARMSTRONG DEBSWANA
DIAMOND COMPANY
(RESIGNED 30/04/2015)



Kitlanang Phuthego
ALTERNATE TO LEBOGANG
SEBOPELO - DTCB (APPOINTED
29/05/2015)

b) Member Elected Trustees



Mooketsi Menyatso
ALTERNATE TO ISHMAEL
MOKOBI - MCM



Emmanuel Kgaboetsile
ALTERNATE TO REOBYONE
ABEL - OLDM



George Rantshilwane
ALTERNATE TO GAKENAOPE
GAKOLOGELWANG - GABORONE
CAMPUS (DTCB, DBGSS,
DBHB, DCC, ANGLO COAL
& DPF)



Dave Motshabi
ALTERNATE TO ESTHER
PALAI - JWANENG (ELECTED
14/04/2015)



Mmoloki Onneile
ALTERNATE TO TSHEPO
RANTHO - JWANENG
(RESIGNED 30/10/2014)

Leadership Team



Gosego January
PRINCIPAL EXECUTIVE OFFICER



Diane Mongudi
FINANCE MANAGER



Maipelo Motshwane
OPERATIONS MANAGER



Bangidza Dhlwayo
INVESTMENT MANAGER



Neo Ebineng
RISK & COMPLIANCE MANAGER



Melvyn Pensee Arnold
IT & PROJECT MANAGER



Francis Seeleo
FUND ACCOUNTANT



Agatha Sejo
COMMUNICATION MANAGER



A

Fund Overview

1. Fund Overview & Philosophy

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 BWP5.6 billion and a total membership of 11 589 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 Holding Botswana (DBHB), Morupule Coal Mine (MCM), De Beers Global SightHolder Sales (DBGSS), Anglo Coal Botswana and the DPF itself.

The Fund currently has a staff complement of 22 and six main business divisions which include Operations, Risk and Compliance, Investments, Communication, IT, and Finance. The Internal Audit and Information Management support are co-sourced with the founding company Debswana Diamond Company, whilst the Assets Management function, Actuarial Services and Investment Consultancy are fully outsourced to various asset managers and consultants locally and globally.

The DPF provides members with an end to end administration service in-house, including the provision of retirement annuity options for its retiring active and deferred members. There are three (3) Member Relations offices that provides support to members and employers in three of the membership constituencies of the Fund. The offices are located at Gaborone, Jwaneng and Orapa within the vicinity of the various participating employers where active members are. Deferred and pensioner members living around these areas also access the offices for services.

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;



2014 Market Review

2014 global market review

2014 was characterised by two distinct periods in global financial markets. The first, a period was a continuation of bull market seen in 2013 and the second a notable increase in volatility and a sell-off in risk assets. In the latter half of the year, uncertainty concerned market participants as equity and fixed income markets that continued to show considerable gains since the end of the financial crisis. Investor concerns emanated from the fact that the rally in fixed income markets had been supported by unprecedented loose monetary policy from all major central banks maintaining plentiful liquidity and low interest rates within the global economy.

This was broadly believed to be unsustainable as investors awaited the tapering of quantitative easing and expectations of eventual monetary tightening without addressing macroeconomic deficiencies. In addition, significant concerns around multiple expansion driven equity returns as opposed to earnings growth driven returns concerned global investors. Despite this, equity markets continued to rally into the first two quarters of 2014 on the back of global central bank's continuous promises of supportive conditions as well as low opportunity costs of remaining invested in risky assets.

Moving into the third quarter, following a build-up of a number of worrying signals, volatility spiked from historical lows as the bull market begun showing elements of fallibility on the back of disappointing global economic indicators. Sentiment proved to ultimately remain delicate and the correction erased a significant portion of the gains enjoyed earlier in the year on all major indices to end the year at lower levels.

2014 Botswana economic review

The Botswana economy slowed down in 2014, reflecting modest overall growth in non-mining activities, mainly the water and electricity sector which contracted sharply. Inflationary pressures continued to ease in 2014. On an annual basis, inflation was much lower in 2014 than in 2013. Key factors that helped to drive down inflation include the general slowdown in the costs of food and transport.

Both Moody's Investors Service and Standard & Poor's (international sovereign credit rating agencies), retained the investment grade ratings for Botswana. The ratings affirmed the on-going strengthening of the Botswana Government's financial position, as underpinned by prudent macroeconomic policies and strong external position. The agencies however, reiterated concern about the slow pace of economic diversification.

Pula basket were 55 percent South African rand and 45 percent SDR, based on estimated patterns of trade. A modest downward crawl of the Pula exchange rate (0.16 percent) was implemented for the year in line with the policy objective of maintaining a stable Real Effective Exchange Rate (REER).

In 2014 The Pula depreciated by 8.3 percent and 2.9 percent against the United States dollar and British pound, respectively, in 2014, and appreciated by 4.5 percent against the Japanese yen and by 4 percent against the euro. Overall, the Pula depreciated against the SDR by 2.4 percent, and appreciated by 1.7 percent against the South African.

During 2014, monetary policy was conducted in the context of modest expansion of global economic activity, easing financing conditions, benign inflationary pressures and declining commodity prices, particularly the oil price which fell significantly from midyear. Domestically, below-trend growth in the domestic economy indicated a non-inflationary output gap. Modest domestic demand and benign foreign price developments contributed to the positive inflation outlook in the medium term. Thus, the Bank Rate was maintained at 7.5 percent throughout the year, and, therefore, the commercial banks' prime lending interest rate was unchanged at 9 percent.

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

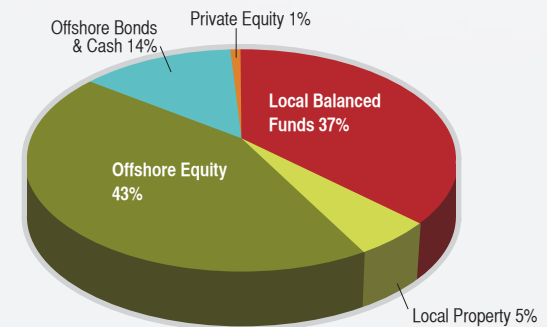
DESCRIPTION	Active members	Deferred pensioners	Pensioners	Beneficiaries	Total
Numbers at beginning of period	5,364	2,500	3,166	79	11,109
Additions	513	85	187	32	817
Transfers in	38	1	0	0	39
Transfers out	-3	-1	0	0	-4
Withdrawals	-85	0	-4	-10	-99
Retirements	-53	-134	0	0	-187
Deaths	-19	-12	-55	0	-86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

Investment Returns

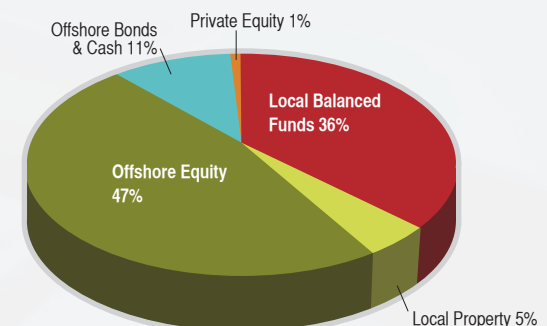
Fund	12 month	24 month	36 month	60 month	Since Inception (Aug '04)
Market	11.13%	19.70%	18.68%	14.72%	14.96%
Conservative	10.61%	14.10%	13.08%	11.44%	12.31%
Pensioner	11.16%	16.49%	15.58%	13.05%	14.11%
Contingency	10.86%	17.21%	17.71%	14.56%	16.89%

2014 Ave CPI = 4.4%

Asset Allocation 31 December 2014



Asset Allocation 31 December 2013



Chairman's Remarks

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

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.
- 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.

Richard Vaka

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;

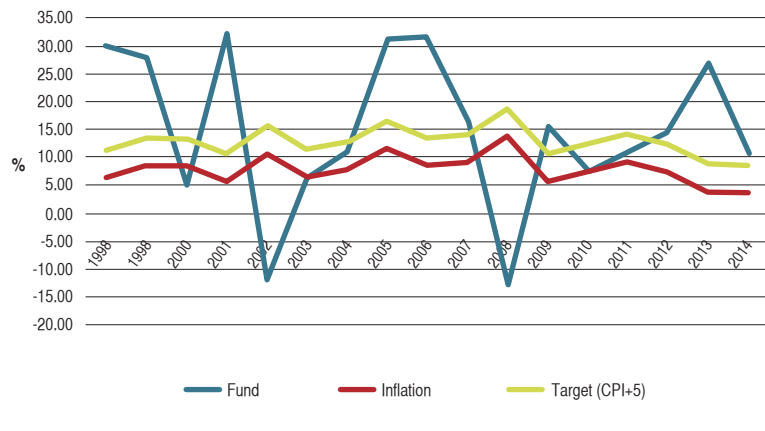
- a) Increase domestic property investment exposure to 12.5% of assets over the next 3 years
- b) Increase private equity investment exposure to 7.5% of assets over the next 3 years.
- c) Develop a strategy to take advantage of local and African investment opportunities.
- d) To implement an Asset Liability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



Chairman's Remarks [continued]

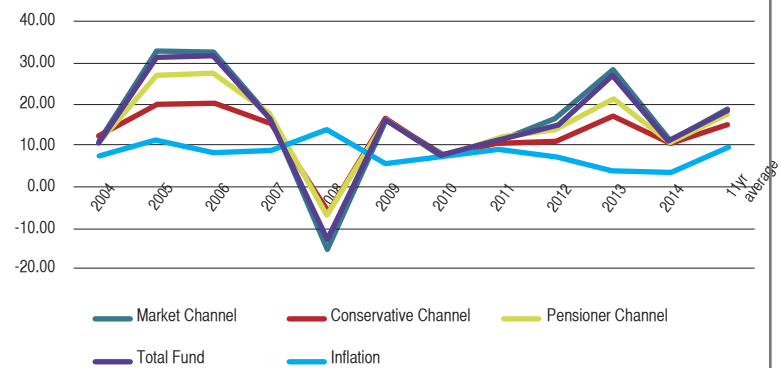
The following is the long term performance view of the Fund in the key areas of membership and investments;

FUND HISTORICAL PERFORMANCE (1998 - 2014)

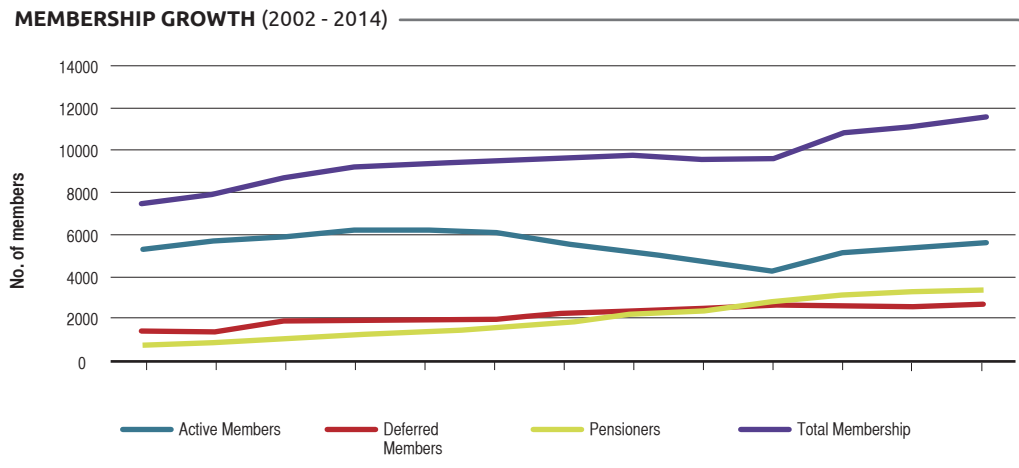


The Fund Historical Performance 1998 - 2014 chart demonstrates that the Fund has outperformed inflation and the CPI + 5% market channel return target over the last 16 years, despite the volatility over the years driven by positive growth in global equity returns and the technology bubble crash in 2000, the September 11, 2001 attacks which caused global stock markets to drop sharply, the Financial crisis of 2007-08 and the World Stock plummet that began toward the end of 2013.

PORTFOLIO PERFORMANCES (2004 - 2014)



The Fund Portfolio Performance 2004 - 2014 chart, demonstrates that the market, conservative and the pensioner channels have outperformed inflation over the last 10 years. The risk optimisation strategies employed by the conservative and pensioner channels have mitigated negative returns during periods when there were market downturns whilst the return optimisation strategies of the market channel have resulted in superior returns during bull market periods when compared to the conservative and pensioner channels.



Membership has grown steadily over the years. A notable decline for active members and by extension total membership occurred between 2007 and 2011 as a result of major re-organisations by participating employers that eventually led to retrenchments. This further translated to a significant number of retrenched employees opting for early retirement into the pensioner portfolio as seen in the reciprocal rise in pensioner membership for the same period. Over the last three years post the event however, the attrition has since been restored through new engagements and a continuing upward trend in membership growth.

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

Principal Executive Officer's Message

The 2014 Year was a stable year for the Fund. We did not experience any major setbacks administratively and the majority of our scheduled activities were timeously executed. As stipulated by the Chairman in his report, the 2014 year was symbolic of laying the ground work for envisaged strategic changes.

It was truly an exciting opportunity for my leadership team to be involved in the formative and critical task of developing a road map for re-building DPF as a new high performance organisation, and through the visionary support of our various business partners and stakeholders, we achieved our objectives. I am therefore highly optimistic that the work that we have done in 2014 will in the immediate to medium term further manifest into an efficient operation and a satisfied membership.

Some of the key 2014 activities included reviewing and re-aligning internal processes, reviewing the organisations structure in terms of skills and competencies, setting up the groundwork for Project Anchor. Otherwise we have had a widely successful year. With regard to our people, the Fund staff complement of 22 experienced one exit during the year that was replaced with a temporary appointment. Fund management also made a deliberate decision to suspend the 2014 staff training programmes in order to allow the Fund to begin its transition into the new organisational structure following the 2013 strategic review from which the Board of Trustees resolved to re-organise and realign people, processes and technology. The year was therefore spent setting the groundwork that was required ahead of the 2015 implementation of the revised organisational strategy.

Our member communication programs were successfully completed. The key highlight was the inaugural annual "Pensioner Pitso" Conference, through which we aim to provide feedback to pensioners and deferred members annually and therefore create on-going dialogue with our retired members. It also serves as a platform for their association, the "Badiri Ba



Gosego January

Meepo Pensioners Association” to engage with their members on issues pertinent to their interests as a stakeholder in the Fund. The attendance was excellent, with nearly four hundred members in attendance.

Other communication initiatives completed during the year (amongst others) included, member education workshops in the various pay-points, HR Partner meetings, a Stakeholder Business update event for participating employers, production of publications (three newsletters, an annual report, 2013 Benefit statements, and a Pensioner calendar). A key milestone reached was the finalisation of production of two videos, a corporate video highlighting the Fund’s historical journey and an educational docudrama video that will be launched to members in 2015.

Another highlight for the 2014 communication calendar was the roll-out of a month long media communication campaign that ran on both radio and print media to mark the Fund’s 30th anniversary. The campaign messages served to highlight the successes of the Fund as well as the significance of the Fund role and continuation in the local economy.

As per norm, our year end member satisfaction surveys were conducted however we were disappointed to note a decline in member satisfaction levels. We take this development seriously and Fund management and the Board has since made the commitment to address the gaps in service delivery identified, and we are confident that the innovations planned for year 2015 will address this to a great extent so that member confidence levels are restored going forward. We are thankful to have members that continue to show a great deal of interest in the business of the Fund and we look forward to our continued engagement in the coming periods.

As usual, my team and I are taking the next steps with a great amount of zeal, especially as we begin the transition into a new organisation through which we hope to create a much greater service offering. We look forward to another great year at your service.

Sincerely



Gosego January
Principal Executive Officer



187
*active and deferred
members retired
into the pensioner
portfolio*

Trustees' Report

1. CONSTITUTION OF THE FUND

The Debswana Pension Fund (DPF) is mainly 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. The DPF invest 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.

Retiring members are given the option to purchase annuities from other service providers. Fund membership portfolios as at 31 December 2014 registered 5755 active members, 2439 deferred and 3395 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 of 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 provide by the BURS Act as a way of achieving better net replacement ratios (NRR).

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;

Item Assumption

- A Career of 35 years continuous employment
- Age at retirement of 60
- Retirement savings contribution rate 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, being able to provide benefits in excess of the above. Given the defined contribution nature of the Fund, the above benefits are only a target and are not guaranteed

2. GOVERNANCE STATEMENT

According to the Pension and Provident Fund Act, fiduciary responsibility for the Fund rests with the Board of Trustees. The Board of Trustees are elected in terms of the Fund Rules. Currently there are nine (9) Principal Trustees four (4) being employer appointed and the other four (4) being member elected, the Fund has one Independent Trustee. Each Principal has an alternate except for the Independent Trustees.

The Board of Trustees having set up the Committees in terms of the Fund Rules, have delegated some responsibilities to the Committees who act on behalf of the Board but the ultimate responsibility of the administration 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. Each Committee has its own set of Terms of references that clearly outlines the mandate of the Committee. In 2014 the Board set up a Steering Committee to overlook the proper implementation of the Fund's Strategy, the Committee had a clear charter outlining its mandate.

The Term of office for the Trustees is five years and the Trustees can be re-appointed for another five year term. The Board consists of 11 Trustees (currently there are 9 Trustees), led by an elected Chairperson. Each Trustee has an elected or appointed alternate ensuring full and proper representation at all times. In their endeavour to enhance good governance the Trustees have not only increased the term of office for the Trustees but have also ensured that elected member representatives with the second highest votes are automatically alternate Trustees as they have been elected by the members. Furthermore the company appointed Trustees no longer elect alternate of their choice but the alternate are appointed by the respective Participating employers that appoints the Principal Trustees.

The Board of Trustees have appointed independent Trustees to augment skills, the Independent Trustee was re-appointed to a second 3 year term in 2012. There is a vacancy for another Independent Trustee that the Board is looking to fill in the near future. The Board of Trustees has embarked on a process of strengthening Fund governance and oversight. During the 2014 financial year, the Board approved a Five Year Strategy that will ensure that the Fund is operating optimally. The Board is currently reviewing the Fund's Organisational Structure to ensure that the operational structure is in the best interest of its members, pensioners and other stakeholders since this will ensure best possible pension administration service.

The Fund is committed to the attainment and maintenance 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. There are four main Committees and the the Board reviewed the Governance structures to re-align the Committee mandates to ensure that corporate objectives are met, resources are equitable allocated and used, members' funds are properly invested and risk management as well as member communication is optimised.



3. 2014 BOARD RESOLUTIONS & STRATEGIC DEVELOPMENTS

Board of Trustees- 2014 Key Resolutions

Board and Fund Management Team went on a 4 day Retreat in August 2014 to review the vision and strategic direction of the Fund and further to learn from the best industry experts on the Fund Governance, best practice in Fund Communication, carried out an Asset Liability Model (ALM) study, Investment Strategy and reviewed the Fund Rules to ensure that they are aligned with the new Retirement Fund's Act. Furthermore the Board approved as follows:

Trustees' Report [continued]

- *The Fund Rules were reviewed and approved to align them with the revised Retirement Bill*
- *Approval of a Code of Conduct*
- *Appraisals of Board Members were carried out in March 2014. The Output from this led to a programme of collective and individual training.*
- *A new risk management framework was adopted and applied which resulted in enhanced risk management processes*
- *The Board adopted the assessment matrix that set targets and tracks the Board and Committee performance on a quarterly basis*
- *A comprehensive Training Programme for the Trustees was approved and all the scheduled training was undertaken*
- *New and revamped Communication Strategy was approved*
- *Approval of a new Benefits and Administration System which is currently being implemented*
- *Revised the Investment Strategy together with the new Investment Consultant*
- *Developed the Property Investment Strategy*
- *Developed and recommended for approval the Risk Management Strategy & Risk Management Policy*
- *Approved the Actuarial report for the year ended 31 December 2014*
- *Approved an annual Pensioner Increase of 8.1% for all the Pensioners*
- *Reviewed and Approved the 2013 Annual Financial Statements*
- *Reviewed and Approved the scope and fees for Internal and External audit processes*
- *Reviewed and approved the annual budget for the ensuing year*
- *Approval of the Fund's Organisational Strategy*

The external auditors are appointed by the Board of Trustees at the final Board of Trustees meeting. The fees of the external auditors are determined by the Board on an annual basis. The Annual Financial Statements of the Fund are required to be audited pursuant to NBFIRA Act



2014 Board Sub-Committee Key Activities

The following are the key activities undertaken by the four Board sub-committees in 2014;

• Nominations and Remunerations Committee

- Considered and recommended for Approval Nominations and Remunerations Committee Terms of Reference
- Reviewed and Re-aligned the Committee's mandates
- Undertook a review the Board skill's composition
- Approved a processes for appointing Independent Trustees
- Reviewed the Remuneration's Policy
- Conducted a Review of Independent Trustees' Remuneration
- Reviewed the Trustee's Performance Evaluation Questionnaire
- Conducted the Evaluation of the Board of Trustee's Performance
- Annual Performance Review of the Nominations and Remunerations Committee
- Reviewed and Recommended the Trustee Training Program and 2015 Annual Training Plan and Budget

• Audit, Risk and Finance Committee

- Assessed and recommended for Board approval the Fund Annual Budget
- Reviewed and Monitored Integrity of Financial Statements
- Reviewed and approved External Auditors Terms of Engagement
- Assessed the qualification, expertise, resources, independence and objectivity of external auditors
- Reviewed the audit findings and approved corrective/remedial actions
- Reviewed and monitored management responsiveness to the findings and recommendations Auditors
- Reviewed Internal Auditors Terms of Engagement
- Monitored and reviewed the effectiveness of the Fund's internal control systems
- Reviewed and approved the annual internal audit plan

• Benefits and Communications Committee

- Considered and recommended for approval Committee's Terms of Reference
- Reviewed and recommended for Board's approval the Communications strategy
- Reviewed and recommended for Board's approval the Communication Policy
- Reviewed and recommended for Board's approval the Death Benefit Policy
- Reviewed Administrators contract
- Reviewed the Committees Assessment Matrix
- Conducted a workshop to review all the Death Benefit Questionnaires and the Fund Rules

• Investment Committee

- Considered and recommended for Board's approval its Terms of Reference
- Reviewed and Recommended for Board's Approval the Fund's Property Strategy
- Reviewed and Recommended for Board's Approval the Private Equity Strategy & Alternatives
- Reviewed and Recommended for Board's Approval the Cash Management Policy
- Approved the Governance Framework for Investment Projects
- Considered and recommended for Board's approval Investment Consultant
- Considered and recommended for Board's approval appointments of new offshore asset managers

Trustees' Report [continued]

• **Audit, Risk and Finance Committee**

- Reviewed and approved the annual internal audit plan
- Reviewed and assessed the Audit Committee's Assessment Matrix
- Evaluated Performance and Remuneration of Auditors
- Reviewed the Fund's arrangement to raise concerns about possible wrong doing in financial reporting
- Assessed Fund's risk management systems and plan
- Reviewed the top ten Fund Risks from other sub-committees
- Reviewed and monitored the management responsiveness to the identified Risk Mitigations
- Considered and Recommended for Board's approval the Trustees Code of Conduct
- Reviewed and recommended for Board's approval Training specific for Audit Committee Members

• **Investment Committee**

- Quarterly review of the Asset Managers performance in line with pre-determined benchmarks
- Reviewed the Investment Manager's performance
- Quarterly Reviewed the performance of the different asset classes
- Evaluated the Fund's actual versus Strategic Asset Allocation on an on-going basis
- Monitored the investments and ensured alignment to the Prudential Fund 2 Limits
- Reviewed and Approved the Investment Contracts and SLA of all Service Providers within the Investment Committee's Mandates
- Reviewed and recommended for Board's approval training specific to the Investment Committee Members

4. TRUSTEE APPOINTMENTS & RESIGNATIONS

The Gaborone Constituency went for elections in May 2014 and the winner was Mr. G Gakenaope who elected his Alternate as Mr. G Rantshilwane. In November 2014 there were elections in Jwaneng Constituency where Mrs E Palai won the elections and her runner-up was Mr. D Motshabi who is now serving as her Alternate. The other Companies excluding Debswana and DTCB had an opportunity to appoint a representative Principal Trustee Mr Christopher Mokgware and Mr Letsibogo Ndwapi as his Alternate.

Name	Notes	Status	Date Appointed/ Elected /Resigned
G Gakenaope	Member elected - May Elections (Gaborone)	In office - Re-elected	12.08.2014
G Rantshilwane	Member elected - May Elections (Gaborone)	In office Re-elected	12.08.2014
E Palai	Member Elected Jwaneng - November Elections	In office - New Trustee	14.04.2015
D Motshabi	Member Elected Jwaneng - November Elections	In Office - New Trustee	14.04.2015
C Mokgware	Company appointed - Other Participating Employers	In Office -Re-appointed	10.07.2014
L Ndwapi	Company appointed - Other Participating Employers	In Office - New Trustee	10.07.2014
L Armstrong	Company appointed - Debswana Diamond Company	In Office - New Trustee	12.08.2014
I Modubule	Company appointed - Debswana Diamond Company	Resigned	12.08.2014 - 30.04.2015
V Maxwell	Company appointed - Debswana Diamond Company	Resigned	30.07.2014
T Rantho	Member elected - Jwaneng Constituency	Resigned	30.10.2014
M Onneile	Member elected - Jwaneng Constituency	Resigned	30.10.2014

Trustees' Report [continued]

5. TRUSTEE MEETING ATTENDANCE REPORT

The following is a report on Board & Committee Meetings Attendance from 01 JANUARY - 31 DECEMBER 2014.

Board of Trustees & Committee Meetings	Board and Special Board Meetings	Benefits and Communication Committee	Investment Committee	Audit, Risk and Finance Committee	Nominations and Remunerations Committee	Steering Committee	Total Attendance (Board & Committee)	Percentage Attendance %
No of Meetings held to date	6	4	6	3	4	8	Per Trustee	100
PRINCIPAL TRUSTEES								
Richard Vaka	5/6	N/A	N/A	N/A	4/4	N/A	9/10	90%
Richard Moroka	1/6	N/A	3/6	N/A	N/A	N/A	5/12	42%
Lynette Armstrong	3/4	N/A	2/2	1/2	N/A	1/3	7/11	64%
Christopher Mokgware	3/4	N/A	2/2	2/2	2/2	3/3	12/13	92%
G Gakologelwang	6/6	0/2	4/5	N/A	N/A	N/A	10/13	77%
Reobonye Abel	6/6	N/A	5/6	3/3	2/2	N/A	16/17	94%
Ishmael Mokobi	6/6	N/A		2/3	N/A	N/A	8/9	89%
Wanjiru Kirima	5/6	N/A	6/6		4/4		15/16	93%
ALTERNATES								
Eunice Mpoloka	3/6	3/4	N/A	1/3	N/A	N/A	7/13	54%
Vuyisile Garekwe	5/6	2/4	N/A	0/3	N/A	8/8	7/21	71%
Ian Modubule	3/6	N/A	5/6	N/A	N/A	N/A	8/12	67%
Letsibogo Ndwapi	4/4	3/3	N/A	N/A	N/A	N/A	6/6	100%
George Rantshilwane	5/6	N/A	N/A	3/3 N/A	N/A	N/A	8/9	89%
Emmanuel Kgaboetsile	5/6	4/4	N/A	N/A	1/1	N/A	10/11	91%
Mooketsi Menyatso	3/5	N/A	2/3	N/A	N/A	N/A	5/8	63%

6. TRUSTEE TRAINING & DEVELOPMENT

For Trustees to be able to perform their fiduciary duties diligently and make prudent investments the Compliance department of the DPF is responsible to come up with a comprehensive training plan based on Trustees needs that covers a broader spectrum of the pension Fund Industry issues. The Trustees Training can be undertaken under various forums including in-house training where boot camps are arranged for Committees and Board retreats where industry specialists and advisors from all over the world are invited to make presentation to the Trustees and management. Trustees and Fund Management are often sent to forums locally and internationally to attend Pension Fund specific conferences and to network with other Trustees and understand the pension landscape from a global perspective. This is especially important as some of the Fund's investments are held offshore.

The specific areas in which Board members were trained on in 2014 to gain deeper knowledge and understanding of their fiduciary duties includes:

- 1) Trustees Fiduciary and Legal Duties
- 2) Investment Duties
- 3) Disposal of Death Benefits
- 4) Fund Governance
- 5) Risk Management
- 6) Benefits Administration
- 7) Regulatory and legal issues
- 8) Communication and Member Education

7. RISK MANAGEMENT & RISK POLICY STATEMENT

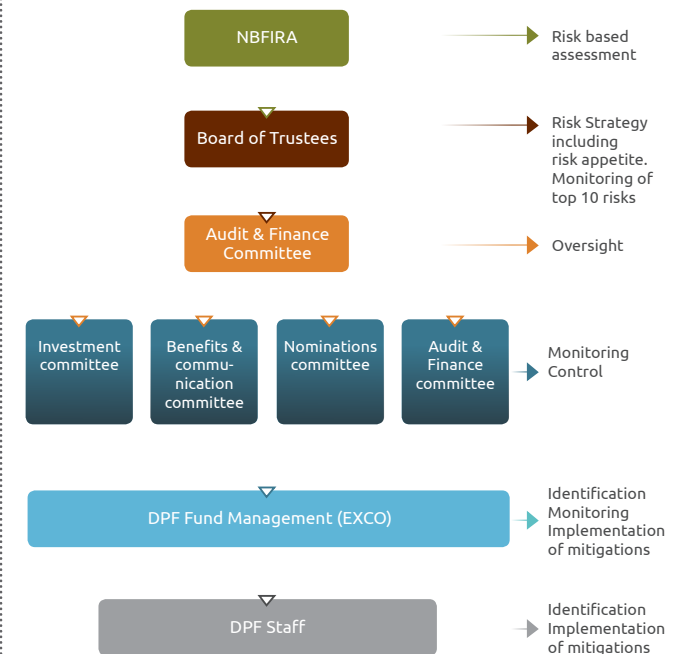
The Debswana Pension Fund policy is to adopt good practices in the identification, evaluation and cost effective control of risks to ensure that they are eliminated where possible, reduced to an acceptable level or managed and contained; and to embed risk management practices within management and planning activities.

The Audit, Risk and Finance Committee reviews the risk logs, where all key financial and non-financial risks affecting the Fund business are recorded. New risks, if and when identified, are added to the risk log while others fall away over a period of time. A systematic process is used to prioritize the risks for on-going monitoring and management. Currently the Fund top risks include but not limited to the investment risks including risks of sub-optimal returns caused by market volatility, inflation, exchange rates fluctuations, and risks associated with organizational restructuring and implementing of a new benefits administration system which has resulted in low staff morale.

Other risks include evolving regulatory landscape which can lead to a mismatch between regulation and investment limits and result in low Net Replacement Value (NRR). Another area identified as high risk is the risk of turnover of Trustees which had the negative impact on the skills gaps and increased cost due to Training requirements.

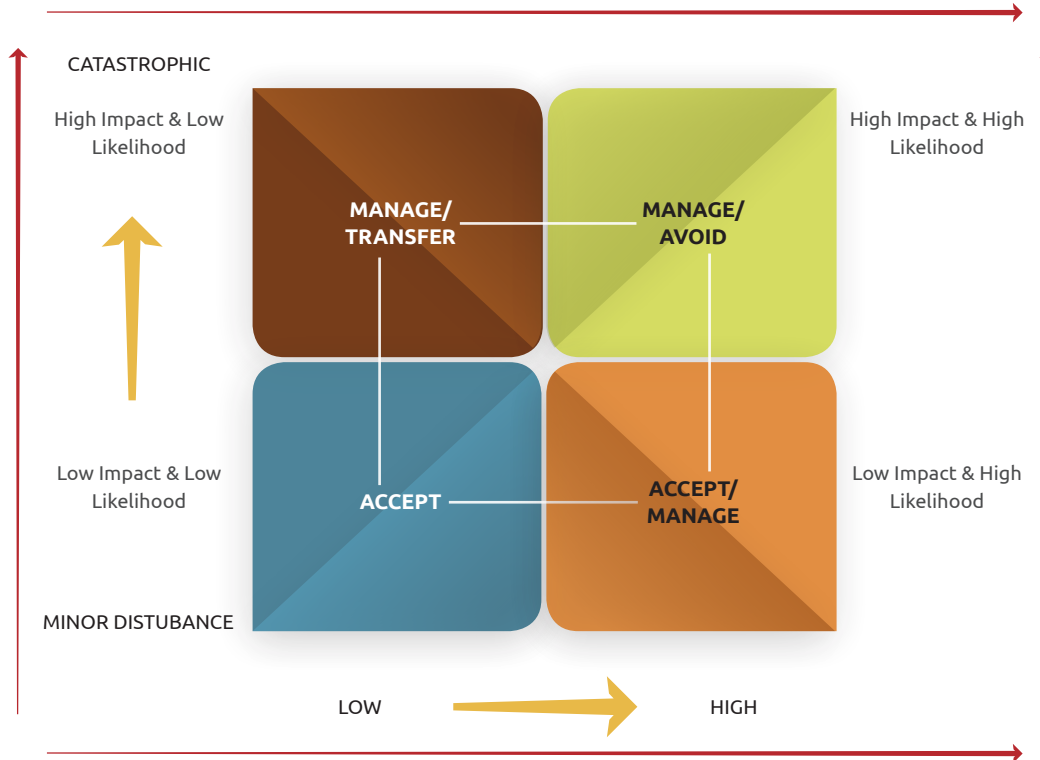
Established risk management structure within the DPF.

The Following is the Fund Risk management structure and related roles;



Trustees' Report [continued]

The Audit, Risk and Finance Committee reviews the risk logs, where all key financial and non-financial risks affecting the Fund business are recorded. New risks, if and when identified, are added to the risk log while others fall away over a period of time. A systematic process is used to prioritize the risks for on-going monitoring and management. Our risk response strategy is as follows;



Currently the Fund top risks include but not limited to the investment risks including risks of sub-optimal returns caused by market volatility, inflation, exchange rates fluctuations, and risks associated with organizational restructuring and implementing of a new benefits administration system which has resulted in low staff morale. Other risks include evolving regulatory landscape which can lead to a mismatch between regulation and investment limits and result in low Net Replacement Value (NRR). Another area identified as high risk is the risk of turnover of Trustees resulting in skills gaps.

Investment Risks & related Fund philosophy

The Trustees have adopted a long-term horizon in formulating the Fund's investment strategy. This means that the overall success of the strategy will only be measured over a period of at least 5 years, with the planned measurement period being 10 years.

The primary risk of the Fund is inflation risk. This is the risk that the Fund does not earn a sufficient return to be able to provide reasonable retirement benefits and pension increases in line with inflation.

A secondary risk for in-service members close to retirement is that the markets fall sharply just before they retire. Generally members that retire will secure a with profit life annuity from the Fund. The terms of this

pension are set at retirement and so the retiring member should not be placed in the position that he/she would need to “lock-in” large negative returns at the time he/she retires.

Consistent with the Fund’s purpose and risk budget, the primary investment philosophy of the Fund is to provide a return that is:

- 1) Well in excess of that provided by the capital markets in the event that general market conditions are weak (and deliver a low return relative to inflation)
- 2) Slightly ahead of capital markets in the event that market conditions are in the normal range (and where the investment returns relative to inflation are likely to be reasonable)
- 3) Behind the returns delivered by the capital markets in mature bull markets (i.e. very high returns relative to inflation). In this environment the Fund would be prepared to sacrifice some return to protect capital to a greater extent should the markets subsequently correct. The achievement of such a return signature should allow the Fund to meet its objective of providing reasonable and competitive benefits over as wide a range of investment scenarios as possible.

This philosophy is varied for in-service members as they approach retirement, where the primary investment philosophy is the protection of capital and to reduce the chance of negative investment returns

over an investment horizon of 12 months. The philosophy gives primacy to retirement benefits. The Fund’s investments must be conducted in a manner that is honest, transparent and ethical.

8. COMPLIANCE STATEMENT

The purpose of this Compliance Statement is primarily to disclose some additional information required by law which is considered to be of significance to members.

Taxation

The Fund is approved under the Income Tax Act 1971. Although exempt from Botswana income and capital gains tax, the Fund is unable to recover the tax credit on Botswana dividends.

Statement of Investment Principles

The Trustees have produced a Statement of Investment Principles, which is reviewed at intervals of not more than three years; copies are available on request from the Pension Fund Secretariat. A formal investment policy governs the Pension Plan Investment Process. The Investment Policy details but not limited to:

- Total return and risk objectives
- Spending policy
- Permitted and excluded investments
- Asset allocation guidelines with defined targets and permissible ranges
- Evaluation benchmarks by asset class and for the portfolio as a whole
- Risk and diversification requirements by asset class

- Use of derivatives
- Performance standards and evaluation
- Responsibilities of all parties concerned

Transfer Values

Transfer Values for members leaving pensionable service during the year were calculated in accordance with the Pension and Provident Fund Act 1987.

The Rules of the Fund have always provided that deferred pensioners may transfer the value of their benefits to another approved/registered scheme at any time before any benefits have been paid from the Fund. The Fund accepts transfers from other approved superannuation schemes.

9. ADDITIONAL VOLUNTARY CONTRIBUTION

The member may, subject to the approval of the Trustees and on terms laid down by the Trustees, pay contributions to the Fund in order to increase his pension. Contributions may be paid monthly at a fixed percentage of pensionable earnings, and once each tax year as a lump sum.

The amount of contributions that may be payable in each tax year is subject to a maximum of 15% (fifteen percent) of pensionable earnings or such other sum that may be permitted for tax deductibility purposes in terms of the Income Tax Act.

The member may revoke or change his monthly contribution rate at any time.

Trustees' Report [continued]

Where a member elects to pay a monthly contribution, his employer shall deduct that monthly contribution from his earnings and forward it to the Fund within seven days from the end of the calendar month in which it was deducted. Any failure by a participating employer to forward such contributions shall be reported forthwith to the Non-Bank Financial Institutions Regulatory Authority by the Principal Officer.

10. CUSTODY REPORT

On the 1st August 2014, The DPF appointed Stanbic Investor Services to provide the Fund with Custody services. Stanbic Investor Services is the oldest custodial service provider in Botswana having started offering custody services in Botswana from 1995 and trustee services in 2002.

Stanbic Investor Services is part of the Standard Bank Group, the largest custodian and bank in Africa, with the broadest geographical footprint on the continent. In September Stanbic Investor Services successfully onboarded the Debswana Pension Fund 2014 through a carefully tailored and managed transition plan from Standard Chartered Bank Custody. From September 2014, the assets under domestic custody grew by 6.7% from BWP 1.73bn to BWP 1.91bn. Stanbic Investor services partnered with

the Funds asset managers in settling over 121 trades for the fund in the local capital markets including participation in the government bond auctions.

From September to December 2014, there were 83 corporate action events including income collection from interest and dividend events amounting to approximately BWP 85m. Additionally, 24 proxy events were executed on behalf of the Fund for annual general meetings for companies in which the fund is a shareholder ensuring good corporate governance and protection of the interests of the fund.

The DPF has also successfully set up some regional custody accounts in South Africa to allow the Fund to invest in local asset status securities listed on the Johannesburg Stock Exchange. 9 transactions have been settled on the SA market with assets having grown from BWP 6m to BWP53m from September to date.

In an endeavour to increase efficiency, manage risk and ensure optimal value to the Fund, Stanbic is currently working with the Fund to roll out an online reporting channel to the Fund through which the Fund will be able to get various reports and corporate actions announcements across the various investment managers in a consolidated view at any point in time.

11. COMMUNICATION POLICY STATEMENT

The DPF has a standing communications policy document which clarifies our communication objectives, defines our audiences, as well as how we aim to communicate with them and the frequency with which we communicate to achieve the desired objectives. Hereunder is a summary of the policy;

Primary communication objectives

- To ensure an educated and informed membership
- To manage Fund reputation
- To ensure that the Debswana Pension Fund administrative provisions and requirements are communicated accurately to all stakeholders;
- To identify and meet all regulatory requirements regarding communication of information by the DPF to members
- To appropriately promote the objectives of the Fund to employees of participating employers;
- To facilitate ease of access to information between DPF and its stakeholders
- To ensure timely communication

Secondary Communication Objectives

The DPF communications policy is designed to complement the Fund's compliance and risk management strategies hence it is geared towards the following principles:

- **Professionalism**

To demonstrate the Fund's professionalism by ensuring adherence to Fund values and thorough knowledge by DPF staff of the rules, regulations, products and services

- **Understanding and accessibility**

To respond promptly to stakeholders' needs for information and contact by ensuring that needs are properly understood and providing effective access for all.

- **Pro-active planning and development**

To anticipate and respond to stakeholder needs through development of a rolling communication strategy informed by continuous communication research, planning and measurement.

- **Customization of communication messages taking cognizance of stakeholder differences and needs.**

To provide targeted communication based on the varying needs of groups of stakeholders: members, beneficiaries, employers, service providers etc.

- **Responsiveness**

To develop strategies for crisis communication and ensure that appropriate responses for all events as well as on-going mitigation of Fund reputational risks.

Our audiences

The DPF communicates with various stakeholders. For the purposes of our communication policy, communication with the following audiences is considered;

- Members
- Prospective members
- Employers
- Community leaders
- Trustees
- Regulators
- Fund employees
- Business Partners/service providers
- Public and Media.

Communication Mediums

The DPF generally use face-to-face and paper based communication as the two main means of communicating, for example by sending various publications and letters to members and stakeholders as well as in-house presentations. However, these are complemented by the use of electronic means such as the Debswana intranet site, (which is particularly convenient as a shared IT platform between the family of companies), the DPF website, SMS Communication. The DPF also accept communications from stakeholders electronically, mainly by email and telephone. The communication mediums that the DPF uses include the following;

- The Internet & intranet
- Publications
- Administration correspondence forms and letters
- General Correspondence

- Telephone & SMS Communication System
- Audio-visual mediums
- Member Welfare Offices
- Pensioner Meetings and conferences
- In-house Presentations for active members
- Induction presentations for new employees
- Annual education Fairs
- Pre-Retirement Workshops
- HR Training Workshops
- Trade Union Briefings

12. ADMINISTRATION POLICY STATEMENT

Debswana Pension Fund is responsible for the administration of Debswana and related companies Pension Scheme within Botswana. The service is carried out by Debswana Pension Fund Operations Division on behalf of qualifying employers and ultimately the members. This statement outlines the policies and performance standards towards providing a cost-effective, inclusive and high quality pensions administration service.

Our administration policy recognizes that both employing bodies (Participating Employers) and the Debswana Pension Fund have a joint role to play in delivering an efficient service and that any overall improvements can only be achieved in partnership. The Strategy recognises the many administrative challenges faced by the Fund and Employers and contains proposals to streamline processes and improve the services to members and Employers. In this respect the Strategy is far broader than that contained in the legislation.

Trustees' Report [continued]

The aim of the policy is to move towards a seamless pension service, employing appropriate technology and best practice which both significantly improves the quality of information overall and the speed with which it is processed to provide better information for Employers and stakeholders and a more efficient service to members. The Strategy also recognises the challenges inherent in forthcoming proposals not least the NBFRA regulatory requirements and system enhancements in the Finance division.

The key objectives of the Fund administration policy are to ensure that:

- The Fund and Employers are aware of and understand their respective roles and responsibilities under the NBFIRA and Debswana Pension Fund Regulations and in the delivery of administrative functions (largely defined in Service Level Agreements)
- Communication processes are in place to enable both the Fund and Employers to proactively and responsively engage with each other and other stakeholders
- Accurate records are maintained for the purpose of calculating pensions entitlements and Employer liabilities, ensuring all information and data is communicated accurately, timely and in a secure manner
- The Fund and Employers have appropriate skills and that training is in place to deliver a high quality service and effectively contribute to the changing pensions agenda
- Standards are set and monitored for the delivery of specified activities in accordance with Regulations and minimum standards as set out in each Employer's Service Level Agreement
- Potential risks to the Fund and Employers, in particular compliance risk, leading to financial penalties arising from the administration, are identified, mitigated and monitored
- Effective governance arrangements are established for the monitoring and improvement of the Administration Strategy
- Administrative services are delivered in a cost effective and efficient manner utilising appropriate technology and best practice, in order to maintain costs at below or average levels

13. REGULATORY CHANGES AND IMPACT ON FUND

A revised Retirement Funds Act was enacted by Parliament into law in 2014, a development that prompted a Fund Rules review by the Trustees. The Fund rules were revised and approved by the regulator, Non-Bank Financial Institutions Regulatory Authority (NBFIRA) in November 2014. The details of the rule changes are outlined in section 11 below.

NBFIRA currently implementing prudential rules that will further direct Fund governance, and key amongst them is PFR2 Prudential Investment Rule which covers; Investment Strategy, Prescribed Valuation Method for Pension Fund Assets, Limits on the Investable Assets etc.

During the year in review, the Fund has had regular engagements with the Non-Banking Financial Institutions Regulatory Authority (NBFIRA) and currently awaits official implementation of Pension Funds Prudential rules as well as the announcement of an effective date for the new Retirement Funds Act.

14. 2014 RULE CHANGES

The DPF Fund rules were revised and approved by the regulator in November 2014. The DPF Rules is the key document that governs the operations of the Fund. The primary objective of the review was to achieve further alignment of the Fund Rules to the Fund operations, especially taking into account changes in the internal and external environments. Our secondary objective was to determine compliance of the Fund rules to the new Retirement Funds Act enacted by parliament in 2014 along with and other relevant statutory documents to ensure that there is harmony between the documents. We also reviewed our Death Benefits Distribution Policy and for the same purpose as the Rules.

Having last reviewed the Fund rules in 2009 there was an urgent need to amend them to be in-line with the current legislation and business environment. It was also essential to workshop the rules with Fund staff and ensure their full understanding of the Rules in order to ensure that we apply them effectively as we conduct Fund business.

The rule changes approved by the regulator in 2014 are the following;

- 1) *De Beers Global Sightholder Sales (DBGSS) was added as one of the Participating Employers*
- 2) *The Trustee term of office was increased from 3 to 5 years in order to improve Board effectiveness.*

- 3) *Changes in Trustees composition were made; in addition to Member Elected and Company Trustees, vacancies for a Pensioner Trustee, and an additional independent Trustee were approved.*
- 4) *Morupule Coal Mine was also approved to become a standalone constituency independent of OLD Mines, as was previously the case. This change led to the appointment of four Trustees to the Board, a company appointed and his alternate, as well as a member elected and his alternation, as detailed within this report.*
- 5) *The retirement annuity benefit option "Life only" has been discontinued, thus reducing the retirement annuity options down to four.*
- 6) *Beneficiaries' age limits under Joint life and life with surviving dependents retirement options have now been increased to 25 years from 21 years, and incapacitated dependents under these options were made to benefit for life.*
- 7) *In addition to the above, certain Accounts that a Fund is required to have are outlined under financial provisions of the rules.*

Changes effected on the Rules will lead to a smooth operating environment for the Fund as well as compliance to regulation, including those contained the revised Retirement Act, NBFIRA Act, BURS Act etc. Changes such as revision of the Trustee term will bring continuity and stability in the implementation of the Fund Strategy.

15. MANAGER APPOINTMENTS & DIS-INVESTMENTS

The Trustees appointed RisCura as its Investment Consultant in Q3 of 2014. Towers Watson remains the actuarial services provider of the Fund.

Board review of Investment and Dis-Investment decisions

The Fund was unable to complete the transitioning of Off-shore asset to new managers as expected during 2014, due to challenges with the completion of a Know Your Customer process together with the opening of offshore investment accounts and delays with the appointment of a transition manager. This Secretariat expects to fully implement The DPF Board of trustee's new investment structure during 2015.

DPF New Offshore Manager Structure

1) Veritas	20%
2) American Century	15%
3) Southeastern	15%
4) Aberdeen	15%
5) Walter Scott	15%
6) Orbis	15%
7) State Street	5%

Trustees' Report [continued]

16. SUMMARY FINANCIAL DEVELOPMENT OF THE FUND

The financial statements of the Fund for the year ended 31 December 2014 as set out on the latter pages of this report have been prepared and audited in accordance with the regulatory requirements governing the Fund.

During the year, contribution income increased by 14% to BWP230 million from BWP201 million in 2013. This increase is largely due to salary adjustments as well contribution income for new members engaged on the Fund. There has been no major development in that regard. All current participating employers contribute 20% of members' pensionable salary. Similarly, benefit payments generally remained consistent year on year.

The net returns on investment comprised of changes in market value of investments of BWP451 million (relative to BWP938 million in 2013) and income from investments of BWP122 million (relative to BWP117 million in 2013), this signalling a modest year compared to the previous year as elaborated in the market review section of this report.

A summary of the Fund financial statement is outlined below;

Fund 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

17. ACTUARIAL REVIEW

Statement on Actuarial valuations

The Pensions and provident Funds Act allows for a maximum period of three years between each Fund valuation however due to the nature of the business of the Fund as an annuities provider for its retiring active and deferred members, the Trustees have historically conducted Fund valuations on an annual basis and continues to do so for the purpose of continuous and close monitor its funding levels.

The Fund Actuaries, Towers Watson, conducted an actuarial valuation on the Fund for the year 2014 during the first quarter of 2015. The report takes into account the requirements in the professional guidelines for actuarial reports (Standard of Actuarial Practice 201) issued by the Actuarial Society

of South Africa, current as at the date of signature of the report, and PFR6 issued by the Non-Bank Financial Institutions Regulatory Authority of Botswana, effective 01 March 2012.

This valuation considers the funding position of the DPF as at 31 December 2014. The last actuarial valuation was carried out as at 31 December 2014. The next valuation of the DPF is due as at 31 December 2015. The Board of Trustees has since reviewed and approved the report in its first sitting of 2015.

The Fund is currently administered in-house by the Debswana Pension Fund Administrators who remained the appointed administrators throughout the valuation period.

The formal actuarial certificate required by regulation from the Fund Actuary is included in section D of this Annual Report. In addition, the Trustees have included the Report on Actuarial Liabilities on section C of this report.

Financial Status of the Fund

The detailed financial status of the various section of the Fund is outlined in the Actuaries valuation report as at 31 December 2014. The Actuaries confirmed that the Fund remains in sound financial condition as at year end as the value of assets is equal to or exceeds the liabilities of the respective accounts. The summary combined position of the Fund is set out in the table below;

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%

Membership

Employer contribution rates

The fixed future service contributions in respect of the Employers and active members is summarised as follows;

	Percentage pensionable salary
Contribution rates	All Participating Employers
Member contributions	0.00%
Company contributions	20.00%
Retirement funding	20.00%

The membership of the Fund at the beginning and end of the year and changes during the year are set out below.

2014 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

Trustees' Report [continued]

Pension increase & Policy statement

Subject to affordability, as assessed by the Trustees in consultation with the Actuary, the Trustees may grant an increase to pensions in payment from the Fund on 1 July each year. Any pension increase granted may be uniform for all pensioners or varied according to the year of retirement, or have any other form that the Trustees consider equitable.

The annual increase on 1 July is targeted but not guaranteed to be equal to the year-on-year increase in the Consumer Price Index (as published by Statistics Botswana) up to the preceding 31 December.

Any increase for Pensioners whose pensions commenced during the 12-month period immediately preceding a 1 July increase will be pro-rata to the number of pension payments payable to the Pensioner during this 12-month period divided by 12.

The investment returns available for pension increases is the investment return on the pensioner account less taxes, manager fees and other relevant Fund costs, less the budgeted return (currently 4% per annum) assumed from time to time by the actuary to value pensioner liabilities.

The Trustees awarded an 8.1% pension increase to pensions in payment during the 2014 year. The guideline formula adopted by the Fund for granting increases suggested the 8.1% pension increase should be awarded (a 102.5% funding level is targeted based on the formula). The higher increase was affordable based on the financial position of the pensioner account as at 31 December 2013.

Fund expenses

Fund expenses (for example administration, actuarial, audit, legal) are met by way of a monthly expense provision as decided by the Trustees, expressed as a pula amount per month in respect of each pension in payment and each active and deferred member. This expense provision, together with unitisation fees and investment manager fees, are deducted monthly from the Fund investment returns and held by the Fund in separate operations accounts from which the Fund pays the actual expenses as they arise.

Over the valuation period, the Fund expense charge (excluding investment manager fees) was set at BWP195.69 per month in respect of each pension in payment and each active and deferred member. The expense deductions are determined annually based on a budget set by the Trustees. Expressed as a percentage of assets, the 2014 budgeted expenses were estimated at 0.52%

The Trustees shall continue to monitor the Fund's expenses and ensure that the expenses of the Fund are managed appropriately.

Allocation of investment returns

The Trustees established the investment strategy of the Fund with effect from 01 January 2004. The strategy, which is set out in the document "Statement of Investment Principles – Debswana Pension Fund" allows for a specific strategic asset allocation for the pensioners and a separate and specific asset allocation for the active and deferred members and the contingency reserves. This approach is designed to take account of the different liability profiles applicable to the different categories of the Fund. The Statement of Investment Principles (SIP) has been revisited by the Trustees from time to time and the investment strategy is in the process of being refined to increase exposure to other asset classes.

Active and deferred members are credited monthly with the actual net investment returns (positive or negative) achieved on the relevant assets. Similarly, the Pensioner Account and Contingency Reserve accounts are credited monthly with the actual net investment returns (positive or negative) achieved on the relevant assets backing the accounts.

18. INVESTMENT PERFORMANCE

2014 DPF Investment Performance Review

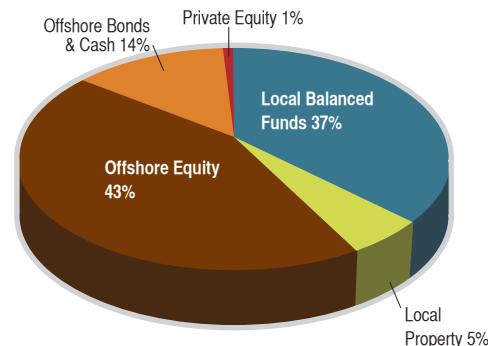
Overview on Total Fund

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.

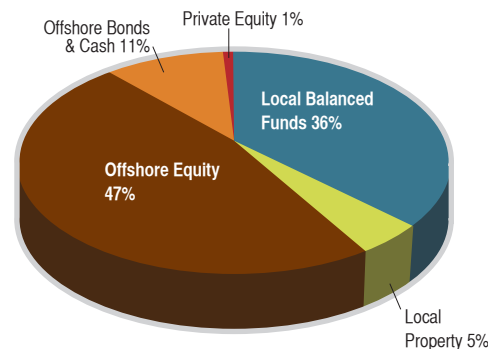
Strategic Asset Allocation and Manager Share of Fund as at 31 December 2014

For the year ending in December 2014, the Fund had 58% of its assets invested offshore with 42% invested locally (Botswana). The Fund's actual offshore asset allocation was overweight at the end of year due to BWP weakness.

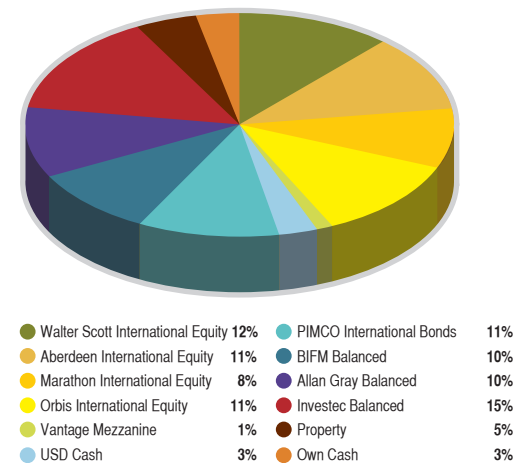
Asset Allocation 31 December 2014



Asset Allocation 31 December 2013



Asset Allocation 31 December 2014



2014 BWP Assets under Management

Manager	31 December 2014
Aberdeen International Equity	620,767,880.00
Marathon International Equity	479,734,032.00
Orbis International Equity	642,890,873.00
Walter Scott International Equity	59,436,892.00
PIMCO International Bonds	600,259,801.00
USD Cash	162,918,211.99
Vantage Mezzanine	77,569,566.00
BIFM Domestic Balanced	542,357,461.39
Investec Domestic Balanced	826,891,355.78
Allan Gray Domestic Balanced	568,641,214.72
Property	232,361,530.00
Own Cash	159,242,040.63
Total AUM	5,573,070,858.51

Trustees' Report [continued]

2014 DPF Portfolio Channel Performance

Fund	12 month	24 month	36 month	60 month	Since Inception (Aug 2004)
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%					

Market Portfolio Performance

The Market Portfolio performance for 2014 returned 6.73% above inflation. The Market Portfolio has achieved return of 14.96% since inception of the life stage model.

Pensioner Portfolio Performance

The Pensioner Portfolio performance for 2014 returned 6.76% above inflation. The Pensioner Portfolio has achieved a return of 14.11% since inception of the life stage model.

Conservative Portfolio Performance

For the year ending 31 December 2014, the Conservative Portfolio returned 6.21% above inflation. The portfolio has achieved a return of 12.31% since inception of the life stage model.

Local Asset Managers (Balanced Mandates)

Manager	Performance
Allan Gray	18.42%
BIFM	9.66%
Investec	8.66%
Benchmark	4.89%

On a risk-adjusted basis over the 2014 year, the Fund's Botswana Balanced Managers have outperformed the benchmark significantly. Allan Gray has achieved the highest return 18.42% over the period at a relatively low level of risk (This was due to the manager's stock selection). At the same level of risk, BIFM (9.66%) and Investec (8.87%) also achieved returns above the benchmark, achieving approximately 4% alpha for the fund over the 12 months ending 31 December 2014. The benchmark return of 4.89% was mainly attributable to its 30% exposure to the Fleming Aggregate Bond Index (FABI) which yielded a 12 month return of 6.10%.

Global Equity Managers

International Managers - BWP	12 month
Debswana Aberdeen	9.83%
Debswana Marathon	10.59%
Debswana Orbis	5.66%
Debswana Walter Scott	11.52%

International Managers-USD	12 month
Debswana Aberdeen	1.35%
Debswana Marathon	2.05%
Debswana Orbis	-2.50%
Debswana Walter Scott	2.91%

The MSCI World benchmark yielded a return of 4.91% for the 12 months ending 31 December 2014. Walter Scott managed to achieve a return of 2.91% at approximately the same level of risk as the benchmark.

Orbis underperformed the benchmark by a wide margin over the 12 months ending 31 December 2014, as they achieved a negative return of -2.50% in USD terms. This follows from their excellent outperformance in 2013.

Orbis poor performance is attributable to them allocating too much capital - too quickly - to shares of companies that are highly sensitive to the price of oil. These include energy holdings as well as shares that are indirectly impacted by a low oil price, such as the strategy's Russian positions.

Global Bond Manager

Global Bond Manager	12 month
Debswana PIMCO (BWP)	10.93%
Debswana PIMCO (USD)	2.37%

On a USD risk-adjusted basis, the Fund's Global Manager, PIMCO (2.37%) has outperformed the BARCAP Global Bond Index (0.59%) and has outperformed by approximately 2% for the 12 months under review. The Manager performed in line with the average Global Bond Manager over the 12 months ending 31 December 2014, achieving similar returns at relatively the same level of risk as the benchmark. In BWP terms, PIMCO achieved an equivalent 12 month return of 10.93% whereas the manager's benchmark returned 9.00% terms over the same period

Property Portfolio Performance

Knight Frank Property	20.57 %
IPD Botswana Property Index	21.40 %

In 2014, the DPF property portfolio returned 20.57% against an IPF Botswana Property index benchmark return of 21.40%. The slight underperformance was driven by the Fund's high exposure to residential and commercial properties relative to the IPD index. The Fund also has no exposure to industrial property which is a sector that is yielding high returns. The income and capital appreciation of the portfolio have remained strong despite challenges with general

oversupply in the Gaborone Office sector.

Vantage Mezzanine

The DPF's has made a commitment to invest USD 12.5 million into The Vantage Mezzanine Pan African Fund II. The Vantage Mezzanine Fund II is an en commandite partnership with a focus on origination mezzanine debt in Africa. The Pan African Fund aims to deliver a gross internal rate of return of between 22 - 25 % over its life.

The Pan African Fund II is a 2009 vintage, with its first investment having being made in 2010. The Fund has a 5 year investment period (ending September 2014 which has been extended by 1 year) and a 10 year life (extendable by 2 years)

At the end of 2013 the Pan African Fund II has drawn about a third of total commitments. With the end of the investment period being September 2014, deal-flow is expected to accelerate going forward.

The return in local currency terms has been 38.86% (gross) 33.53 (net), however due to the long-term nature of this investment; no meaningful conclusions can be drawn from this period to date.

C

Report on Actuarial Liabilities & Reserves

The Fund operates various accounts in which the liabilities are housed. The breakdown of these accounts below illustrates the split before and after adjustments as recommended by the Actuaries;

As at 31 Dec 2014	Member Account P'000	Pensioner Account P'000	Contingency Reserve Accounts P'000	Total P'000
Balance per financial statements	3,641,838	1,714,232	185,381	5,541,451
Adjustments to the Assets	20,407	(20,407)	-	-
Balance of Account prior to recommended transfer	3,662,245	1,693,825	185,381	5,541,451
Recommended transfer to Contingency Reserve account	11,470	-	(11,470)*	-
Balance per Valuation report	3,673,715	1,693,825	173,911	5,541,451

* The valuation revealed a deficit in the Member Account for which the Actuaries recommended a transfer of monies from the processing error Reserve Account in line with the amended Rules of the Fund.

Active and Deferred members liabilities

The benefits of active and deferred members are defined contribution in nature. Given that the benefits paid on exit represent the retirement funding contributions paid by or on behalf of members accumulated with the net investment returns earned by the Fund.

The liabilities in respect of active and deferred members are determined as the sum of their individual accounts. The total active and deferred liabilities, after allowance for adjustments, amounted to BWP3,673,715,000.

Below is the financial position of the Fund in respect of **Active and deferred member** assets;

Member Account	Following transfer 31 Dec 2014 P'000	Prior to transfer 31 Dec 2014 P'000	31 Dec 2013 P'000
Fair value of assets	3,673,715	3,662,245	3,263,191
Member liabilities	3,673,715	3,673,715	3,263,191
Surplus/(Deficit)	NIL	(11,470)	NIL
Funding level	100%	99.7%	100%

Pensioner liability & calculation methodology

The benefits of pensioners who are paid from the Fund are defined benefit in nature. Given that pensions are expressed in Pula terms at retirement, the pensions receive discretionary pension increased each year and are payable for the lifetime of the pensioner. At retirement, members can elect to purchase a pension from an approved provider outside the Fund or to “purchase” a pension from the Fund. For members that elect the second option, the relevant portion of the member’s fund credit is transferred to the Pensioner Account and converted to a pension using predefined factors.

The Fund’s pensioner liability is the amount (based on future assumptions) that the Fund should hold at the valuation date in order to continue to pay current pensions in payment. The amount must also make provision for the payment, on the future death of the pensioner, of any elected contingent pensions to a nominated spouse, children and other dependents. The pensioner liability must make allowance for Fund expenses and for future pension increases on 1st July each year. In terms of the Fund’s pension increase policy, pension increases are targeted at 100% of the mid-point of Botswana inflation rate target range. The Fund Pension Increase Policy is summarised in this report on section B(14) of the Trustee Report .

The full assumptions relating to the valuation of pensioner liability are set out in Annexure II of the 2014 Debswana Pension Fund Valuation Report. The pensioner liability is reflected below. We have reflected the previous year for comparison and also reflect the percentage split between the contractual liability (i.e. the liability for current pensions in payment (including Fund expenses) without any allowance for future pension increases) and the reserve for future pension increases.

	31 Dec 2014 P'000	31 Dec 2014 P'000	31 Dec 2013 Percentage
Contractual liability	892, 736	1, 000, 675	67.6%
Reserve for future pension increases	435, 068	483, 335	32.4%
Total Pensioner Liability	1, 327, 804	1, 493, 010	100.0%

Below is the financial position of the Fund in respect of Pensioner members’ assets;

Pensioner Account	Following transfer	Prior to transfer	
	31 Dec 2014	31 Dec 2014	31 Dec 2013
Fair value of assets	1, 693, 825	1, 693, 825	1, 535, 681
Pensioner Member liabilities	1, 493, 010	1, 493, 010	1, 327, 804
Surplus/(Deficit)	200, 815	200, 815	207, 877
Funding level	113.5%	113.5%	115.7%

Contingency Reserve

The Trustees have decided to maintain a Contingency Reserve Account in the Fund to meet unexpected contingencies. The Trustees have set the required level of the Contingency Reserve Account at 3% of the Fund’s assets. The main contingencies relate to the Pensioner Portfolio since the In-service assets and liabilities are matched. The Contingency Reserve will follow the same strategic asset allocation as the Pensioner Portfolio.

The Regulator, Non-Bank Financial Institutions Regulatory Authority (NBIFIRA) has set out the respective limits that it would deem reasonable for a Fund to hold in respect of the below reserves.

Report on Actuarial Liabilities & Reserves [continued]

	Data Reserve Account P'000	Processing Error Reserve Account P'000	Expense Reserve Account P'000	Solvency Reserve Account P'000	Total Reserve Accounts P'000
Closing balances at 31 Dec 2014	NIL	53,027	8,483	112,401	173,911
Maximum allowable (NBFIRA)	5%	1.5%	No limit	25%	N/A
Maximum reference	Liabilities	Defined contribution liabilities	Future expenses	Fund Assets	
Actual value	NL	1.4%	N/A	2%	
Conclusion	Within Limit	Within Limit	Within Limit	Within Limit	

Below is the financial position of the Fund in respect of the **contingency reserve**;

Contingency Reserve	Following transfer	Prior to transfer	
	31 Dec 2014	31 Dec 2014	31 Dec 2013
Fair value of assets	173,911	185,381	168,400
Actuarial liability	NIL	NIL	NIL
Surplus/(Deficit)	173,911	185,381	168,400
Percentage of Fund Assets	3.1%	3.3%	3.4%

D

Actuarial Certificate & Statement

Statement by the Fund Actuaries;

Subject to the given recommendations of the 2014 Debswana Pension Fund Valuation report, we certify that:

- The Fund remains in a sound financial condition at 31 December 2014 as the value of the assets within each account is equal to or exceeds the liabilities of the respective account. This position should be reviewed at the next valuation date.
- In our view the current provision for future pension increases is sufficient under reasonable investment market conditions to support future pension increases in line with inflation.
- As a defined contribution arrangement, the contributions required in terms of the Fund rules meet the future obligations in respect of the active members.

- The strategic asset allocation represents a reasonable long term investment strategy given the nature of the Fund's liabilities. In particular, the asset allocations of the various investment channels are reasonable given the time horizons of each channel.
- The matching of the Fund assets against the liabilities is in our opinion adequate.

Signatures;



KM Lynch, B. Sc., F.A.S.S.A.
Fellow of the Actuarial Society of South Africa

In my capacity as the valuator of the Fund and an employee of Towers Watson



M Dassie, B. Sc.

In my capacity as an employee of Towers Watson





DPF

DEBSWANA • PENSION • FUND

Your Fund, Your Security, Your Future

Financial Statements 2014

FOR THE YEAR ENDED 31 DECEMBER 2014

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General Information

CHAIRMAN

Richard Vaka

PRINCIPAL TRUSTEES

Victor Maxwell (Resigned 30 June 2014)
Lynette Armstrong (Appointed 05 September 2014)
Richard Moroka
Tshepho Kgalaeng (Resigned 01 November 2014)
Gakenaope Gakologelwang
(Re-appointed 12 August 2014)
China Abel
Wanjiru Kirima
Christopher Mokgware (Appointed 10 July 2014)
Ishmael Mokobi (Appointed 13 January 2014)

PRINCIPAL EXECUTIVE OFFICER

Gosego January

REGISTERED OFFICE

Block D
Plot 50361
Carlton Centre
Fairgrounds

BANKERS

Barclays Bank of Botswana Limited
Standard Chartered Bank Botswana Limited

ACTUARIES

Towers Watson Actuaries and Consultants
(Proprietary) Limited

ONSHORE INVESTMENT MANAGERS

Investec Asset Management Limited
BIFM Asset Management (Proprietary) Limited
Allan Gray Botswana

ALTERNATE TRUSTEES

Eunice Mpoloka
Vuyisile Garekwe
Emmanuel Kgaboetsile
Onneile Mmoloki (Resigned 01 November 2014)
George Rantshilwane (Re-appointed 10 July 2014)
Ian Modubule
Letsibogo Ndwapi (Appointed 27 August 2014)
Mooketsi Menyatso (Appointed 12 August 2014)

AUDITORS

Deloitte & Touche

CUSTODIAN

Stanbic Bank Botswana Limited

INVESTMENT CONSULTANTS

Riscura Consulting Services (Proprietary) Limited

OFFSHORE INVESTMENT MANAGERS

Walter Scott & Partners Limited
Marathon Asset Management LLP
Aberdeen Asset Management PLC
PIMCO Funds
Vantage Capital Fund Managers (Proprietary) Limited
Orbis Investment Management Limited



DEBSWANA PENSION FUND

Trustees' Responsibility and Approval of the Financial Statements

31 December 2014

Trustees' responsibility 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 financial position as at 31 December 2014, and the statements of comprehensive income, changes in members' funds and 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 Pension and Provident Funds Act (Cap 27:03) to maintain adequate accounting records and are responsible for the content and integrity of financial statements and 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 unmodified report is presented on page 43.

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal control as the Trustees determine is necessary to enable the preparation of the 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 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 annual 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 44 to 69 which have been prepared on the going concern basis, were approved by the members of the Board of Trustees on 30 April 2015 and were signed on its behalf by:

CHAIRMAN - BOARD OF TRUSTEES

CHAIRMAN - AUDIT COMMITTEE

DEBSWANA PENSION FUND

Independent Auditor's Report to the Members of Debswana Pension Fund

We have audited the accompanying financial statements of Debswana Pension Fund, set out on pages 44 to 69, which comprise the statement of financial position as at 31 December 2014, the statements of comprehensive income, changes in members' funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Trustees' Responsibility for the Financial Statements

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

Auditors' Responsibility

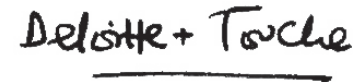
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Debswana Pension Fund as at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with the International Reporting Standards.



Deloitte & Touche

Certified Auditors

Practicing member: CV Ramatlapeng (20020075)

Gaborone

30 April 2015

DEBSWANA PENSION FUND

Statement of Comprehensive Income

for the year ended 31 December 2014

	Notes	2014 P	2013 P
REVENUE		233,128,047	202,049,397
Contributions	1	229,509,504	200,884,054
Net transfers from other funds	2	3,618,543	1,165,343
Net investment revenue		121,612,240	117,155,635
Dividends receivable		43,103,534	35,722,099
Interest receivable		58,516,026	55,370,671
Net rental income		14,969,688	14,458,835
Share of profits from private equity loan investment		4,956,499	7,222,360
Other income		66,493	4,381,670
Total revenue		354,740,287	319,205,032
GAINS ON INVESTMENTS		450,930,526	937,867,783
Gains on disposal of financial assets at fair value through profit or loss		23,015,755	216,437,271
Unrealised foreign exchange gains on financial assets		251,361,199	164,644,128
Unrealised fair value gains on financial assets		160,596,258	540,404,754
Net unrealised gains on fair valuation of investment properties	5	15,957,314	16,381,630
EXPENDITURE			
Benefits payable		(165,636,320)	(147,840,644)
Benefits on withdrawal and death		(16,122,285)	(21,446,717)
Pensions to retired members		(95,943,558)	(86,747,077)
Pensioners' deaths benefits		(3,548,653)	(461,624)
Non-eligible membership expense		(69,039)	(80,261)
Lump sums on retirement		(47,579,733)	(39,104,965)
Provision for doubtful debts - overpaid benefits		(2,373,052)	-
Fund expenses		(63,329,833)	(53,513,330)
Administration expenses	3	(29,275,976)	(24,715,992)
Onshore investment management fees		(13,039,470)	(11,380,663)
Offshore investment management fees		(19,357,253)	(15,775,960)
Depreciation of plant and equipment	8	(986,005)	(969,583)
Amortisation of intangible asset	9	(671,129)	(671,132)
Surplus for the year		576,704,660	1,055,718,841
Other comprehensive income for the year		-	-
Total comprehensive income for the year		576,704,660	1,055,718,841

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		<u>5,573,070,858</u>	<u>4,986,086,315</u>
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		<u>10,577,837</u>	<u>13,670,533</u>
Total assets		<u>5,583,648,695</u>	<u>4,999,756,848</u>
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		<u>5,541,450,535</u>	<u>4,964,745,875</u>
Other liabilities			
Benefits payable	11	30,935,528	26,830,639
Other payables	12	11,262,632	8,180,334
Total other liabilities		<u>42,198,160</u>	<u>35,010,973</u>
Total funds, reserves and liabilities		<u>5,583,648,695</u>	<u>4,999,756,848</u>

DEBSWANA PENSION FUND

Statement of Changes in Members' Funds

for the year ended 31 December 2014

	Note	Fund account	Pensioners' account	Contingency reserves	Total
Balance at 1 January 2013		2,508,805,253	1,281,994,473	118,227,308	3,909,027,034
Total comprehensive income for the year		1,055,718,841	-	-	1,055,718,841
Transfers during the year		(306,182,418)	253,686,537	52,495,881	-
Transfer of expenses	17	2,323,189	-	(2,323,189)	-
Balance at 31 December 2013		3,260,664,865	1,535,681,010	168,400,000	4,964,745,875
Total comprehensive income for the year		576,704,660	-	-	576,704,660
Transfers during the year		(166,838,510)	158,143,990	8,694,520	-
Transfer of expenses	17	3,183,985	-	(3,183,985)	-
Balance at 31 December 2014		3,673,715,000	1,693,825,000	173,910,535	5,541,450,535

DEBSWANA PENSION FUND

Statement of Cash Flows

for the year ended 31 December 2014

	2014 P	2013 P
CASH FLOWS FROM OPERATING ACTIVITIES:		
Surplus for the year	576,704,660	1,055,718,841
Adjusted for:		
Depreciation of plant and equipment	986,005	969,583
Amortisation of intangible asset	671,129	671,132
Loss of disposal of fixed assets	174,316	-
Net investment revenue	(121,612,240)	(117,155,635)
Net gains on investments	(450,930,526)	(937,867,783)
Cash generated from operations	5,993,344	2,336,138
Decrease in contributions and other receivables	1,869,645	26,514,402
Increase/(decrease) in benefits payable	4,104,889	(9,915,248)
Increase in other payables	3,082,298	1,227,614
Net cash generated from operating activities	15,050,176	20,162,906
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net investment revenue	121,612,240	117,155,635
Payments for plant and equipment	(612,024)	(221,782)
Proceeds on disposal of assets	3,625	-
Net receipts/(payments) for investments	105,521,956	(58,556,321)
Net cash generated from investing activities	226,525,797	58,377,532
Net increase in cash and cash equivalents for the year	241,575,973	78,540,438
Cash and cash equivalents at the beginning of the year	460,555,588	382,015,150
Cash and cash equivalents at the end of the year	702,131,561	460,555,588

DEBSWANA PENSION FUND

Significant Accounting Policies

as at 31 December 2014

BASIS OF PREPARATION

The financial statements incorporate the following significant accounting policies, which have been consistently applied in all material respect and comply with International Financial Reporting Standards. The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and investment property. The principal accounting policies are set out below.

ADOPTION OF NEW AND REVISED STANDARDS

In the current period, the Fund has adopted the following new and revised Standards and Interpretations of the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2014. The adoption of these standards has not resulted in changes to the Fund's accounting policies.

IAS 32 - Financial Instruments: Amendment (Offsetting of assets and liabilities), effective 1 January 2014

IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets, effective 1 January 2014

IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting, effective 1 January 2014

IFRIC 21 - Levies, effective 1 January 2014

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), effective 1 January 2014.

Standards and interpretations in issue not yet adopted

At the date of authorisation of these financials, the following standards and interpretation were issued but not yet effective:

New/Revised International Financial Reporting Standards	Effective date
IFRS 9 - Financial Instruments: Classification and measurement	1 January 2017
IFRS 9 - Financial Instruments (2014):	1 January 2018
IFRS 14 - Regulatory Deferral Accounts	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2017
IAS 19 - Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
Annual Improvements 2012-2014 Cycle (effective annual periods beginning on or after 1 July 2016)	
Makes amendments to IFRS 5, IFRS 7, IAS 9 and IAS 34	
Annual Improvements 2010-2012 Cycle (effective annual periods beginning on or after 1 July 2014)	
Makes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, and IAS 16, IAS 24 and IAS 38.	
Annual Improvements 2011-2013 Cycle (effective annual periods beginning on or after 1 July 2014)	
Makes amendments to IFRS 1, IFRS 3 and IFRS 13 and IAS 40.	
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)(effective annual periods beginning on or after 1 January 2016)	

The Fund will evaluate the effect of all the new standards, amendments and interpretations that are in issue for adoption in the applicable periods.

DEBSWANA PENSION FUND

Significant Accounting Policies [continued]

as at 31 December 2014

BENEFITS PAYABLE

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

PENSIONERS' ACCOUNT

This account comprises the equivalent of net assets of the Fund attributable to the Fund's pensioners. This 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 at 31 December 2014.

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.

PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Office equipment	4 - 5 years
Motor vehicles	4 years
Furniture and fittings	10 years

INTANGIBLE ASSET**Internally-generated intangible assets**

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets in respect of software development costs are amortised over a period of 4 years.

INVESTMENT PROPERTIES

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 profit or loss 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 profit or loss in the period in which the property is derecognised.

DEBSWANA PENSION FUND

Significant Accounting Policies [continued]

as at 31 December 2014

FINANCIAL INSTRUMENTS**Financial assets**

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are classified into the following categories: financial assets as 'at fair value through profit or loss' (FVTPL), and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instruments that the Fund manages together and has a recent actual pattern of short-term profit taking;

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

The Fund's investment securities are designated as at fair value through profit or loss as they are managed on a fair value basis in line with the Fund's documented investment principles.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit are earned on the financial asset. Fair value is determined in the manner described below:

- i) Listed securities are valued at the last market value ruling at the statement of financial position date.

- ii) Managed fund investments are stated at the unit prices quoted by the investment managers as at year-end.
- iii) Unlisted securities are valued having regard to the latest dealings, professional valuation, asset values and other appropriate financial information.

Loans and receivables

Contributions receivables and other receivables that have a fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of

DEBSWANA PENSION FUND

Significant Accounting Policies [continued]

as at 31 December 2014

FINANCIAL INSTRUMENTS [continued]

Impairment of financial assets [continued]

the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of the amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Significant financial liabilities comprise benefits payable and other payables.

Benefits payable and other accounts payables are stated at their amortised cost.

REVENUE RECOGNITION

Contributions

Contribution revenue is recognised on an accruals basis.

Dividend and interest revenue

Dividend revenue 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 revenue 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.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Fund as a lessor

Amounts due from lessees under finance leases are recorded as a receivable at the amount of the Fund's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Fund's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Fund as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

Transactions in currencies other than Botswana Pula are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

DEBSWANA PENSION FUND

Significant Accounting Policies [continued]

as at 31 December 2014

FOREIGN CURRENCIES [continued]**Impairment of financial assets** [continued]

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.

Exchange differences are recognised in profit or loss in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

RELATED PARTY TRANSACTIONS

Related parties are defined as those parties:

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

All dealings with related parties are transacted on an arm's length basis and accordingly included in profit or loss for the year.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

Useful lives of plant and equipment and intangible assets

As described in the accounting policy for plant and equipment, the Fund reviews the estimated useful lives of plant and equipment and intangible assets at the end of each annual reporting period. During the year, the Trustees' determined that the useful lives of the plant and equipment did not change since the prior year.

Valuation of investment property

Determining the fair value of investment property requires an estimation of the value in use of the property. The value in use is calculated by professional valuers who estimate the future cash flows in form of rental income expected to arise from renting out the property and a suitable discount rate in order to calculate present value. The Trustees utilise independent valuers to minimise the level of estimation uncertainty.

DEBSWANA PENSION FUND
Notes to the Financial Statements
31 December 2014

	2014 P	2013 P
1 CONTRIBUTIONS		
Contributions receivable are 20% of members' pensionable earnings for all participating employers.		
2 NET TRANSFERS FROM OTHER FUNDS		
Transfers in	4,899,378	3,217,001
Transfers out	(1,280,835)	(2,051,658)
Net transfers	<u>3,618,543</u>	<u>1,165,343</u>
3 ADMINISTRATION EXPENSES		
Actuarial fees	297,477	307,392
Auditors' remuneration:		
External audit fees - current year	598,266	563,074
- prior year under-provision	-	3,410
Internal audit fees	792,409	740,885
Strategy review costs	2,048,780	1,994,586
Bank charges	369,306	265,771
Communications expenses	942,858	1,102,317
Fidelity and other insurance	158,290	150,704
Legal and professional fees	1,668,359	421,519
License and maintenance fees	2,258,626	1,863,466
Regulator's Non-Bank Financial Institutions Regulatory Authority (NBFIRA) fees	153,214	146,590
Other expenses	3,811,559	3,247,955
Staff costs	12,584,751	10,979,372
Stationery	129,649	128,139
Travel and entertainment	2,232,204	1,981,931
Investment consultancy	962,930	557,490
Unitisation fees	267,298	261,391
	<u>29,275,976</u>	<u>24,715,992</u>
4 TAXATION		
The Fund is an approved scheme under the Income Tax Act, (Chapter 52:01) and is therefore not subject to taxation.		

DEBSWANA PENSION FUND

Significant Accounting Policies [continued]

as at 31 December 2014

	2014 P	2013 P
5 INVESTMENT PROPERTIES		
Investment properties at fair value:		
Freehold and leasehold land and buildings	166,840,000	154,500,000
Leasehold land and buildings held in partnerships (refer to note 16)	59,590,397	55,296,844
Fair value	<u>226,430,397</u>	<u>209,796,844</u>
Balance at beginning of the year	209,796,844	193,415,214
Net gain from fair value adjustments	15,957,314	16,381,630
Additions	676,239	-
Balance at end of the year	<u>226,430,397</u>	<u>209,796,844</u>
Loans and shares in property investment companies:		
Loans advanced to property investment companies	915,946	977,014
Investment in shares of property investment company	3,503,314	3,503,314
	<u>4,419,260</u>	<u>4,480,328</u>
Total investment in properties	<u>230,849,657</u>	<u>214,277,172</u>
Deferred lease rental	1,511,873	1,207,159
Total	<u>232,361,530</u>	<u>215,484,331</u>

Fair value measurement of the Fund's investment properties

The fair value of the Fund's investment properties as at 31 December 2014 and 31 December 2013 has been arrived at on the basis of valuation carried out at the respective dates by Messrs MG Properties International Botswana, Kwena Property Services and Wragg (Proprietary) Limited, firms of independent chartered valuers 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.

Details of the Fund's investment properties and information about the fair value hierarchy as at 31 December 2014 are as follows:

	Level 1	Level 2 P	Level 3 P	Fair value as at 31 December 14 P
Investment property	-	<u>226,430,397</u>	-	<u>226,430,397</u>

There were no transfers between level 1 and 2 during the year.

DEBSWANA PENSION FUND

Notes to the Financial Statements

31 December 2014

	2014 P	2013 P
6 OTHER FINANCIAL ASSETS		
Designated as at fair value through profit and loss (FVTPL)		
Onshore equity investments by asset manager		
Investec Asset Management Limited	462,731,267	452,028,703
BIFM Asset Management (Proprietary) Limited	365,491,856	309,296,176
Allan Gray Botswana	311,406,996	213,627,435
	1,139,630,119	974,952,314
Onshore bonds by asset manager		
Investec Asset Management Limited	222,339,788	209,954,400
BIFM Asset Management (Proprietary) Limited	115,941,561	127,615,997
Allan Gray Botswana	56,058,902	57,615,979
	394,340,251	395,186,376
Offshore bonds unitised funds		
Pimco Funds	600,259,801	539,927,985
	994,600,052	935,114,361
Offshore equity unitised funds		
Marathon Asset Management LLP	479,734,032	594,517,387
Orbis Investment Management Limited	642,890,873	595,857,987
Walter Scott & Partners Limited	659,436,892	592,665,775
Aberdeen Asset Management PLC	620,767,880	562,564,935
	2,402,829,677	2,345,606,084
	4,537,059,848	4,255,672,759
Impairment allowance		
Bonds onshore	-	(1,122,944)
	-	(1,122,944)
Net carrying amount carried forward	4,537,059,848	4,254,549,815

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

6 OTHER FINANCIAL ASSETS [continued]

	2014 P	2013 P
Net carrying amount of other financial assets at FVTPL brought forward	4,537,059,848	4,254,549,815
Carried at amortised cost		
Private equity loan investments in Vantage Mezzanine Fund II Partnership - offshore	77,569,566	31,440,170
BIFM Asset Management (Proprietary) Limited - short-term loans	23,948,353	24,056,411
	101,517,919	55,496,581
Total	4,638,577,767	4,310,046,396
7 CASH AND CASH EQUIVALENTS		
Short-term deposits	344,898,329	303,794,307
Bank balances	357,233,232	156,761,281
	702,131,561	460,555,588

8 PLANT AND EQUIPMENT

	Motor Vehicles P	Office Equipment P	Furniture and Fittings P	Total P
2014				
Cost				
Balance at 1 January 2014	868,272	3,379,360	1,945,298	6,192,930
Additions	-	564,507	47,517	612,024
Disposals	-	(292,588)	(42,725)	(335,313)
Balance at 31 December 2014	868,272	3,651,279	1,950,090	6,469,641
Accumulated depreciation				
Balance at 1 January 2014	632,875	2,309,082	833,046	3,775,003
Charge for the year	155,461	718,762	111,782	986,005
Disposals	-	(120,797)	(36,575)	(157,372)
Balance at 31 December 2014	788,336	2,907,047	908,253	4,603,636
Carrying amount	79,936	744,232	1,041,837	1,866,005

DEBSWANA PENSION FUND
Notes to the Financial Statements [continued]
for the year ended 31 December 2014

8 PLANT AND EQUIPMENT [continued]

	Motor Vehicles P	Office Equipment P	Furniture and Fittings P	Total P
2013				
Cost				
Balance at 1 January 2013	745,059	3,337,718	2,745,569	6,828,346
Additions	123,213	41,642	56,927	221,782
Disposals	-	-	(857,198)	(857,198)
Balance at 31 December 2013	<u>868,272</u>	<u>3,379,360</u>	<u>1,945,298</u>	<u>6,192,930</u>
Accumulated depreciation				
Balance at 1 January 2013	477,414	1,705,271	622,735	2,805,420
Charge for the year	155,461	603,811	210,311	969,583
Balance at 31 December 2013	<u>632,875</u>	<u>2,309,082</u>	<u>833,046</u>	<u>3,775,003</u>
Carrying amount	<u>235,397</u>	<u>1,070,278</u>	<u>1,112,252</u>	<u>2,417,927</u>

9 INTANGIBLE ASSET

	2014 P	2013 P
Cost		
Balance at beginning and end of year	6,421,806	6,421,806
Amortisation and impairment		
Amortisation and impairment at beginning of year	(5,750,677)	(5,079,545)
Amortisation charge for the year	(671,129)	(671,132)
Balance at end of year	<u>(6,421,806)</u>	<u>(5,750,677)</u>
Carrying amount	<u>-</u>	<u>671,129</u>

The intangible asset comprises of an internally developed application system, the Benchmark Benefits Administration System.

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

6 OTHER FINANCIAL ASSETS

10 CONTRIBUTIONS AND OTHER RECEIVABLES

	2014 P	2013 P
Provision for pensioners	-	534,293
Pay point contributions clearing	-	1,503,383
Advance benefit payments	3,045,294	3,139,338
Allowance for doubtful debts - advance benefit payments	(2,373,052)	-
20% death advance claim	243,961	338,337
Pensioner deaths overpayments	278,907	-
Benefit clearing account	240,935	-
Interest receivable	694,398	11,400
Input VAT control account	43,175	172,859
Property rentals receivable	2,354,703	2,508,077
Property rental clearing account	1,156,574	572,925
Property partnership current accounts	2,528,097	1,494,217
Other receivables	498,840	306,648
	<u>8,711,832</u>	<u>10,581,477</u>

Contributions and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Contributions are received in accordance with the Rules of the Fund.

No interest is charged on outstanding receivables.

11 BENEFITS PAYABLE

Retirement	13,475,679	7,713,285
Withdrawal	3,888,136	1,963,077
Death	7,469,942	7,742,738
Pensioner deaths	1,140,717	204,915
Benefits clearing account	-	1,178,771
Un-cleared contributions	140,060	-
Redirected funds (deaths and voids)	-	3,786,688
Monthly pensions	909,217	-
Provision for pensioners' medical aid	-	26,694
Redirected funds clearing	-	610,393
Unclaimed benefits	2,769,415	2,420,393
Tax payable on benefits	817,763	912,332
Contributions for ineligible members	324,599	271,353
	<u>30,935,528</u>	<u>26,830,639</u>

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

	2014 P	2013 P
12 OTHER PAYABLES		
Rental deposits	740,940	689,689
Rental received in advance	1,321,339	244,158
Withholding tax	63,687	173,573
Administration fees payable	1,647,878	1,140,510
Provisions and accruals	7,488,788	5,932,404
	11,262,632	8,180,334

13 ACTUARIAL VALUATION

The financial statements summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits in the future.

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.

An actuarial valuation was carried out as at 31 December 2014. The valuation shows that the pensioners' account of the Fund, as reflected in the statement of changes in funds on page 7 amounting to P1,693,825,000 (2013:P1,535,681,010) adequately cover the pensioners' liabilities at that date amounting to P1,493,010,000 (2013:P1,327,804,000), without taking into account future pension increases.

14 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.

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

14 FINANCIAL RISK MANAGEMENT [continued]

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 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, equity price risk, credit risk and liquidity risk.

Currency risk:

The Fund is exposed to currency risk mainly through its investments and term deposits denominated in foreign currencies. The Fund's total exposure to currency risk through its investments and term deposits denominated in United States Dollars as at 31 December 2014 amounted to P3 243 577 256 (2013: P2 926 752 500).

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.

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

14 FINANCIAL RISK MANAGEMENT [continued]

Interest rate risk [continued]

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 2014 amounted to P418 288 604 (2013: P419 242 787) being investments in onshore bonds and short-term loans and P600 259 801 (2013: P539 927 985) being investments in offshore bonds, and P702 131 561 (2013: P460 555 588) being short term deposits and cash and cash equivalents as disclosed in notes 6 and 7.

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 stipulates the allowable holding levels. The net exposure to equity price risk as at 31 December 2014 amounted to P1 139 630 119 (2013: P974 952 314) for local equities and P2 402 829 677 (2013: P2 345 606 084) for offshore equities and offshore unitised funds as disclosed in note 6.

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 approximates their fair values.

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

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

The fair value 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 determinable 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).

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

14 FINANCIAL RISK MANAGEMENT [continued]

Fair values of financial instruments [continued]

This note provides information about how the Fund determines the fair values of the various financial assets.

Fair value of the Fund's financial assets that are measured at fair value on a recurring basis

Some of the Fund's financial assets are measured at fair value at the end of each reporting period. The following table gives information about the fair values at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2014	2013				
	P	P				
Onshore listed equity investments (see note 6)	1,139,630,119	974,952,314	Level 1	Quoted last traded prices in an active market	N/A	N/A
Onshore listed bonds (see note 6)	394,340,251	395,186,376	Level 1	Quoted last traded prices in an active market	N/A	N/A
Offshore bonds unitised funds (see note 6)	600,259,801	539,927,985	Level 2	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.	N/A	N/A
Offshore equity unitised funds (see note 6)	2,402,829,677	2,345,606,084	Level 2	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.	N/A	N/A

There were no transfers between level 1 and 2 in the current year.

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

14 FINANCIAL RISK MANAGEMENT [continued]

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 cash flows 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 hereunder 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.

Risk Variable	Scenario	Adverse market change		Beneficial market change		
		Effect on statement of comprehensive income		Scenario	Effect on statement of comprehensive income	
		2014 P	2013 P		2014 P	2013 P
Currency Risk	Strengthening of the Pula by 1%	(32,435,773)	(29,267,525)	Weakening of the Pula by 1%	32,435,773	29,267,525
Global Equity Risk	Decline in global equity prices by 1%	(24,028,297)	(23,456,061)	Increase in global equity prices by 1%	24,028,297	23,456,061
Local Equity Risk	Decline in local equity prices by 1%	(11,396,301)	(9,749,523)	Increase in local equity prices by 1%	11,396,301	9,749,523
Interest Rate Risk	Increase in interest yield by 1%	(17,206,800)	(14,197,264)	Decline in interest yield by 1%	17,206,800	14,197,264

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

14 FINANCIAL RISK MANAGEMENT [continued]

Fair values of financial instruments [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 counterparties are banks with high credit ratings.

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

Concentration of credit risk

Counterparty (investment manager)	Investment type	2014 P	2013 P
Investec Asset Management Limited	Government bonds	80,770,585	65,858,526
Investec Asset Management Limited	Corporate bonds	75,966,908	76,849,761
Investec Asset Management Limited	Parastatals bonds	65,602,295	67,246,113
BIFM Asset Management (Proprietary) Limited	Government bonds	79,779,363	83,379,551
BIFM Asset Management (Proprietary) Limited	Corporate bonds	16,985,521	24,638,274
BIFM Asset Management (Proprietary) Limited	Parastatals bonds	19,176,677	19,598,172
Allan Gray Botswana	Government bonds	10,638,005	11,014,955
Allan Gray Botswana	Corporate bonds	15,455,191	15,753,840
Allan Gray Botswana	Parastatals bonds	29,965,706	30,847,184
Pimco Funds: Global Investors Series plc.	Unitised offshore bonds	600,259,801	539,927,985
Total (per note 6)		994,600,052	935,114,361

Bank balances and fixed deposits

Counterparty (investment manager)	Investment type	2014 P	2013 P
First National of Bank Botswana Limited	Fixed deposits	118,460,769	93,778,028
Barclays Bank of Botswana Limited	Fixed deposits	34,829,599	5,015,966
Barclays Bank of Botswana Limited	Bank balances	247,845,775	78,041,875
Standard Chartered Bank Botswana Limited	Fixed deposits	38,900,304	40,004,000
Standard Chartered Bank Botswana Limited	Bank balances	109,387,457	78,719,407
Stanbic Bank Botswana	Fixed deposits	25,899,023	64,916,401
Bank of Botswana	Treasury bills	48,330,560	49,104,077
Other Institutions	Fixed Deposits	78,478,074	50,975,834
Total (per note 7)		702,131,561	460,555,588

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement, and the basis of recognition of income and expenses), for each class of financial asset and financial liability are disclosed under significant accounting policies on pages 11, 12 and 13 of the financial statements.

Categories of financial instruments

	2014 P	2013 P
Financial assets		
Cash and cash equivalents	702,131,561	460,555,588
Designated as at fair value through profit and loss (FVTPL)	4,537,059,848	4,254,549,815
Investments carried at amortised cost	101,517,919	55,323,722
Loans and receivables	8,668,657	10,581,477
Financial liabilities		
Other financial liabilities at amortised cost	40,723,723	35,010,973
15 RELATED PARTY TRANSACTIONS AND BALANCES		
Contributions receivable from participating employers	229,509,504	200,884,054
Remuneration of key management personnel: Key management personnel comprises the Principal Executive Officer Gross emoluments of the key management personnel are: Short term benefits	1,508,472	1,129,719
Internal audit fees charged by Debswana Head Office	792,409	740,885

16 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	2014	2013
Engen Palapye partnership	Property partnership	Palapye	20%	20%
Engen Maun partnership	Property partnership	Maun	25%	25%
DBN Developments partnership	Property partnership	Gaborone	33.33%	33.33%
Francistown Retail partnership	Property partnership	Francistown	75%	75%

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

16 INTEREST IN PROPERTY PARTNERSHIPS [continued])

Summarised financial results of the partnerships:

31 December 2014	Engen Palapye Partnership	Engen Maun Partnership	DBN Developments Partnership	Francistown Retail Partnership	TOTAL
	P	P	P	P	P
Investment property	7,261,955	4,820,928	27,852,676	19,654,838	59,590,397
Current assets	456,133	284,270	1,510,679	1,002,998	3,254,080
Current liabilities	(80,948)	(73,766)	(307,143)	(264,126)	(725,983)
Revenue - net rental income	968,338	550,327	2,691,151	1,853,888	6,063,704
Unrealised fair value gains on fair valuation of investment property	406,000	50,000	2,177,047	697,500	3,330,547
Total comprehensive income for the year	1,374,338	600,327	4,868,198	2,551,388	9,394,251
Net cash generated from operating activities	1,031,118	518,214	2,675,678	1,873,938	6,098,948
Net cash utilised in investing activities	(760,000)	(426,227)	(863,649)	(1,275,000)	(3,324,876)
Net cash used in financing activities	-	-	(2,166,450)	-	(2,166,450)
Net cash (outflow)/inflow	(271,118)	94,441	(354,388)	598,938	67,873

DEBSWANA PENSION FUND
Notes to the Financial Statements [continued]
for the year ended 31 December 2014

16 INTEREST IN PROPERTY PARTNERSHIPS [continued])

31 December 2013	Engen Palapye Partnership	Engen Maun Partnership	DBN Developments Partnership	Francistown Retail Partnership	TOTAL
	P	P	P	P	P
Investment property	6,777,773	4,773,899	24,744,801	19,000,371	55,296,844
Current assets	188,396	141,632	1,202,459	440,447	1,972,934
Current liabilities	(44,913)	(35,547)	(252,420)	(145,837)	(478,717)
Revenue - net rental income	870,639	484,179	2,750,735	2,022,392	6,127,945
Unrealised fair value gains on fair valuation of investment property	735,152	225,000	1,751,646	4,300,371	7,012,169
Total comprehensive income for the year	1,605,791	709,179	4,502,381	6,322,763	13,140,114
Net cash generated from/(used in) operating activities	74,691	687,645	2,558,754	(2,358,558)	962,532
Net cash utilised in investing activities	(1,040,300)	(299,949)	(5,214)	(3,890,722)	(5,236,185)
Net cash used in financing activities	-	-	(3,333,000)	-	(3,333,000)
Net cash (outflow)/inflow	(965,609)	387,696	(779,460)	(6,249,280)	(7,606,653)

DEBSWANA PENSION FUND

Notes to the Financial Statements [continued]

for the year ended 31 December 2014

17 CONTINGENCY RESERVES

A decision was made by the Board of Trustees to allocate operating expenses amounting to P2 048 780 in 2014 (2013:P1 994 586) relating to the review of the Fund's strategy to the Contingency Reserve. In addition, the Fund utilised the contingency reserve to pay retirement benefits amounting to P567 266 as well as to settle a litigation against the Fund amounting to P567 939. The reason for allocating the expenses to Contingency Reserve was to avoid overburdening members who retired in 2014 with the once-off cost which would have negatively impacted on their fund credits. The Contingency Reserve is utilised for such purposes.

The contingency reserve has been split into various contingency reserve accounts as defined in the revised set of rules and in line with PFR1 issued by NBFIRA as follows:

Categories of financial instruments		2014	2013
	Percentage	P	P
Processing error reserve	1.5	53,027,000	58,106,000
Expense reserve	0.0	8,482,535	9,913,000
Solvency reserve	25	112,401,000	100,381,000
		<u>173,910,535</u>	<u>168,400,000</u>

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 DESCRIPTION OF THE FUND

established on 1 October 1984 as a defined contribution pension fund.

The Fund was

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.

DEBSWANA PENSION FUND
Notes to the Financial Statements [continued]
for the year ended 31 December 2014W

19 MEMBERSHIP STATISTICS

		2014	2013
Number of members:	Active	5,755	5,364
	Deferred	2,439	2,500
	Pensioners	3,395	3,245

20 COMMITMENTS

Amounts committed in terms of operating leases over the Fund's office premises in Gaborone:

		2014	2013
		P	P
Due within two to one year		1,101,342	907,200
Due within two to five years		2,544,100	4,536,000
		3,645,442	5,443,200
The Fund entered into a contract for the development of a new in-house benefits administration system for the next financial year and this will give rise to the following expenditure.			
Total project costs		9,095,420	-

21 FIDELITY INSURANCE COVER

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

22 EVENTS AFTER THE REPORTING PERIOD

No events have occurred between the end of the reporting period and the date of approval of the financial statements, which would materially affect the financial statements.

Domicile, Trustees and Business Partners

Principal addresses of the Fund

Debswana Pension Fund Secretariat
Private bag 00512, Gaborone
Plot 50361 Block D, Carlton House
Fairgrounds Office Park
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 Holding Botswana (DBHB)
Debswana Pension Fund (DPF)
Anglo Coal Botswana

Trustees

Principals

Richard Vaka (Board Chairman)
Reobonye China Abel (Deputy Chairman)
Lynnette Armstrong (Appointed 12.08.14)
Chris Mokgware
Esther Palai (Appointed 14.04.2015)
Gakenaope Gakologelwang
Ishmael Mokobi
Wanjiru Kirima
Victor Maxwell (Resigned 30.07.14)
Tshepho Rantho (Resigned 30.10.14)
Richard Moroka (Resigned 30.04.15)

Alternates

Eunice Mpoloka
Emmanuel Kgaboetsile
Tefo Setlhare (Appointed 04.06.15)
Letsibogo Ndwapu (Appointed 10.07.14)
Dave Motshabi (Appointed 14.04.15)
George Rantshilwane
Mooketsi Menyatso
Ian Modubule (12.08.14 to 30.04.15)
Mmoloki Onneile (Resigned 30.10.14)
Vuyisile Garegkwe (Resigned 30.04.15)

Board Secretary

Neo Beryl Ebineng (Risk & Compliance Manager)

Actuary

Towers Watson

Auditors

Deloitte & Touche

Administrator & Annuity provider

Debswana Pension Fund Administrators

(Debswana Pension Fund is a self-administered Fund that also provides optional annuities in-house for its retiring active and deferred members.)

Investment managers

Local managers

Investec Botswana – Balanced mandate
Allan Gray Botswana – Balanced mandate
BIFM Botswana – Balanced mandate
Khumo Properties – Property portfolio

Offshore managers

Walter Scott International (Equity)
Aberdeen International (Equity)
Marathon International (Equity)
Orbis International (Equity)
PIMCO International (Bond)

Custodian

Stanbic Bank Botswana Ltd

Investment Consultants

Riscura International

Bankers

Barclays Bank Botswana (Pty) Ltd
First National Bank Botswana (Pty) Ltd

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



DPF

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