Sustainable Futures

Navigating with Purpose

DPF
DEBSWANA · PENSION · FUND

Debswana Pension Fund
Annual Report 2023

Sustainable Futures

Navigating with Purpose

Our commitment to "Sustainable Futures" highlights our determination to secure long-lasting financial well-being for our stakeholders through:

Unwavering Financial Security & Growth: DPF is passionately dedicated to delivering sustainable retirement benefits by employing prudent financial management and strategic investment practices that prioritize our members' interests.

Agility in the Face of Economic Change: As markets fluctuate and global trends evolve, our steadfast commitment to sustainability enables DPF to remain resilient in the face of uncertainties, meticulously safeguarding our members' funds.

Building a Lasting Legacy for Generations to Come: "Sustainable Futures' resonates with our commitment to intergenerational equity, ensuring that our investments today will yield a prosperous future for both current members and future beneficiaries.

Navigating with Purpose

The phrase **"Navigating with Purpose"** encapsulates our proactive stance in steering through economic and financial transformations, emphasizing a visionary approach to our operations:

Strategic Leadership & Visionary Insight: Effective pension fund management necessitates foresight and adaptability. DPF harnesses structured, data-driven strategies in asset management, equipping us to respond proactively to emerging financial trends.

Resilient Risk Management & Assurance: In a world marked by uncertainty, ranging from economic downturns to market volatility, DPF's dedicated risk mitigation strategies ensure the preservation and growth of our members' funds, fostering unwavering stability in their retirement savings.

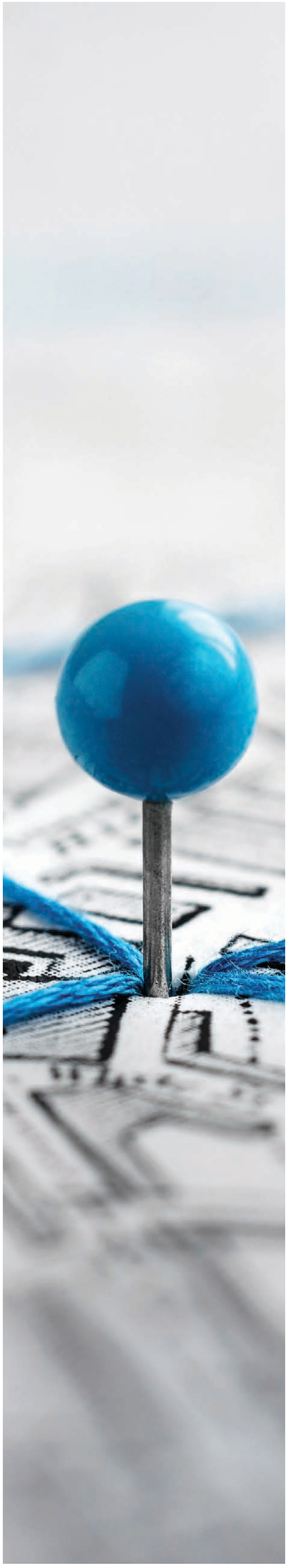
Empowering a Member-Centric Experience "Navigating with Purpose" reinforces our resolute commitment to guiding our members toward financial wellness. By prioritizing their needs and delivering impactful financial literacy initiatives, we guarantee that pension benefits remain reliable and transformative.

Championing Sustainability Beyond Finances: Our vision extends well beyond financial returns, as we actively integrate corporate social responsibility (CSR) initiatives. This commitment supports broader sustainability efforts, including community development, employee well-being, and environmental stewardship.

This theme exemplifies our relentless dedication to fostering wealth creation and expertly navigating the complexities of the financial landscape, all while placing the future well-being of our members and communities at the forefront of our mission.

We are pleased to present our annual report under the distinguished theme, "**Sustainable Futures, Navigating with Purpose."** This theme effectively encapsulates DPF's steadfast commitment to promoting sustainable wealth creation while adeptly adjusting to the dynamic economic environment, ultimately benefiting our esteemed stakeholders. It embodies fundamental principles of stability, responsibility, and foresight, which are critical for achieving long-term success in pension fund management.

DOMICILE, TRUSTEES & PRINCIPAL BUSINESS PARTNERS



PRINCIPAL ADDRESSES OF THE FUND
Debswana Pension Fund Secretariat Private Bag 00512, Gaborone Plot 1188 - 1196, Debswana House 5th Floor, Main Mall Gaborone, Botswana

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

BOARD OF TRUSTEES
Principal Trustees
Thabiso Moanakwena
Board Chairperson - Member Elected Trustee - Gaborone Constituency
Tshepo Mokgethi
Deputy Board Chairperson - Company Appointed Trustee-Debswana Diamond Company
Lapologang Letshwenyo
Member Elected Trustee - Morupule Constituency
Potoko Bogopa
Member Elected Trustee - Pensioner Constituency
Claire Busetti
Independent Trustee
Malebogo Ntshwabi
Member Elected Trustee - Orapa, Letlhakane, Damtshaa Constituency
Baintlafatsi Thomas
Member Elected Trustee - Jwaneng Constituency
Matlhogonolo Mponang
Company Appointed Trustee - Other Participating Employers (Exited 31st April 2023)
Obakeng Moroka
Company Appointed Trustee - Debswana Diamond Company (Exited 31st October 2023)
Kago Letshabo
Company Appointed Trustee - Diamond Trading Company Botswana
Galeboe Busang
Independent Trustee

EXECUTIVE MANAGEMENT
Gosego January - Chief Executive Officer
Thato Norman - Chief Investment Officer
Tidimalo Poonyane - Head of Legal & Risk and Compliance
Saone Balopi - Head of Strategy and Communication
Motlatsi Mmusi - Head of Finance and IT

AUDITOR
PricewaterhouseCoopers

BANKERS
ABSA Bank Botswana Limited
First National Bank Botswana Limited
Standard Chartered Bank Botswana Limited

CUSTODIAN
Stanbic Bank Botswana Limited (Onshore)
The Northern Trust Company (Offshore)

INVESTMENT CONSULTANT
RisCura Botswana (Pty) Ltd

ACTUARIES
Willis Tower Watson Actuaries and Consultants (Proprietary) Limited

ONSHORE INVESTMENT MANAGERS
Ninety One Botswana (Proprietary) Limited
Botswana Insurance Fund Management Limited
Allan Gray Botswana (Proprietary) Limited
iPro Botswana (Proprietary) Limited
Morula Capital Partners (Proprietary) Limited
Vunani Fund Managers

OFFSHORE INVESTMENT MANAGERS
American Century Investments (Emerging Markets)
American Century Investments (Global Growth)
BlueBay Asset Management
Coronation Asset Management (Proprietary) Limited
CBRE Investment Management
Marathon Asset Management Limited
Morgan Stanley Investment Management Limited
Ninety-One UK Limited
Orbis Investment Management Limited
Pacific Investment Management Company
Schroders Investment Managers
State Street Global Advisors
Steyn Capital Management (Proprietary) Limited
Vantage Capital Fund Managers (Proprietary) Limited
Veritas Asset Management
Walter Scott & Partners Limited
Southeastern Asset Management

INTERNAL AUDITORS
Debswana Diamond Company (Pty) Ltd

ADMINISTRATOR
Mmila Fund Administrators (Pty) Ltd

REGISTERED OFFICE
Gaborone
Private Bag 00512, Gaborone
Plot 1188 - 1196, Debswana House 5th Floor, Main Mall
Tel: +267 361 4288, Fax: +267 393 6239

www.dpf.co.bw

FUND OVERVIEW

"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 BWP 10.962 billion and a total membership of 12,503, comprising of active, deferred, and pensioner members"

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 BWP 10.962 billion and a total membership of 12,503, comprising of active, deferred, and pensioner members.

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

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

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

Our Vision

To secure members' futures through sustainable superior returns.

Our Mission

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

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

Our Values

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

BOARD OF TRUSTEES

Thabiso Moanakwena

Board Chairperson
Member Elected Trustee - Gaborone Constituency

Tshepo Mokgethi

Deputy Board Chairperson
Company Appointed Trustee
Debswana Diamond Company

Lapologang Letshwenyo

Member Elected Trustee
Morupule Constituency

Potoko Bogopa

Member Elected Trustee
Pensioner Constituency

Claire Busetti

Independent Trustee

Malebogo Ntshwabi

Member Elected Trustee
Orapa, Letlhakane, Damtshaa Constituency

Baintlafatsi Thomas

Member Elected Trustee
Jwaneng Constituency

Kago Letshabo

Company Appointed Trustee
Diamond Trading Company
Botswana

Galeboe Busang

Independent Trustee

EXECUTIVE MANAGEMENT


1


2


3


4


5

1 **Gosego January**
Chief Executive Officer

2 **Thato Norman**
Chief Investment Officer

3 **Tidimalo Poonyane**
Head of Legal, Risk and Compliance

4 **Saone Balopi**
Head of Strategy and Communication

5 **Motlatsi Mmusi**
Head of Finance and IT

GLOBAL MARKET OVERVIEW

For the year Ended 31 December 2023

> **Household consumption, which accounts for two-thirds of US economic activity, increased to USD 133.9 Billion, representing a 0.7 percent rise.**

02

North America

United States equities rallied in 2023, driven by increased optimism about the global economic growth trajectory amidst concerns of a potential hard landing.

Moderating concerns about additional future interest rate hikes by the US Federal Reserve Bank and other major central banks, coupled with market optimism about a sharp rise in global productivity underpinned by significant advancements in Artificial Intelligence (AI), buoyed capital markets. During the year, business investment continued its recovery, while household consumption, which accounts for two-thirds of US economic activity, remained strong and accelerated.

The diversification of supply chains by US companies to more friendly Western Allies across major, emerging, and some frontier economies, combined with rising household and business confidence, provided a tailwind to global asset prices. Rising optimism that monetary policy support would provide a much needed tailwind to the global macroeconomic fundamentals, strengthened asset prices. Consensus forecasts for inflation in the United States now view inflation as transitory rather than permanent in the short to medium term.

Household consumption, on the other hand, which accounts for two-thirds of US economic activity, increased to USD 133.9 billion (0.7 percent) in December 2023, as reported by the United States Bureau of Economic Analysis (BEA). Meanwhile, personal income increased by USD 60 billion in December 2023. Spending, adjusted for inflation, remained above 2021 levels, reaching 2 percent in November 2022.

Household consumption was boosted by the creation of 2.7 million new jobs during the calendar year. BEA further reported that the household savings ratio increased to 4.5 percent during the year, thereby making households more resilient to an economic downturn. Gross Domestic Product (GDP) increased 3.3 percent in 2023 against a 2.9 percent increase in 2022. The rise in output was driven by improvements in domestic consumption, which bolstered business activity and investment as household wealth increased due to high employment levels.

Global asset prices led by global equities outperformed in 2023 as the Federal Reserve Bank moved closer to abandoning its hawkish (tightening) monetary policy stance amidst a broadening economic recovery, supported by falling inflationary pressures.

The Dow Jones Industrial Index, Standard & Poor's Composite Index, and Russell 2000 extended their nearly double-digit rally in 2023. Mega cap growth stocks such as the Magnificent Seven (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) gained significant momentum during the year; driven by rising investor confidence supported by low inflation, falling interest rates, and a favorable shift from previously elevated inflation and interest rate levels.

Strong economic activity improved prospects of employment as companies continued to report rising sales underpinned by strong household balance sheets, strong domestic consumption and improved business activity. US unemployment declined to 3.7 percent in December 2023.

The Federal Reserve Bank (Fed) increased interest rates eleven (11) times in the current hiking cycle, with the key policy rate peaking at 5.25 – 5.50 percent in July 2023. Since then, rates have been kept unchanged with the Fed highlighting that downward inflationary pressures could allow for a lower interest rate cycle.

The Federal Open Market Committee (FOMC) had USD 7.81 trillion in assets under purchase as at 30th November, 2023, under its Quantitative Easing (QE) programme. The FOMC further projected three rate cuts in 2024 and acknowledged that the tightening cycle had reduced inflation and moderated economic activity. Monetary Policy tightening was coordinated among major central banks across the globe in 2023, in response to mounting concerns about elevated global inflation. Improved macro-economic growth amidst high levels of inflation expectations and a hawkish central bank led to increased bond volatility with the US 10–Year Treasury bond surpassing the 5 percent threshold in the first half of the year before ending the year at 3.9 percent. The investment-grade bond Barclays Global US Bond Index increased by 10.89 percent in 2023.

Optimism about a new accommodative monetary policy regime, against lower inflation levels, has further supported economic activity and acted as a tailwind for US equities. The United States will be heading to presidential elections in 2024 with opinion polls pointing to a Biden – Trump presidential race.

Europe

In the fourth quarter of 2023, the Gross Domestic Product (GDP) for the Euro-19 increased by 0.1 percent, falling short of previous forecasts that projected growth of 0.5 percent. The economic growth in the eurozone was significantly impacted by the ongoing Russia-Ukraine War, which led to skyrocketing energy prices, rampant inflation, and considerable social and financial turmoil.

The European Union (EU) has felt the most significant impact of the war due to its geographic proximity and heavy reliance on Russian gas. This energy crisis has severely affected manufacturing activity within the EU, which in turn has undermined exports.

Despite these challenges, household consumption remained strong, fueled by resilient demand, which contributed to ongoing inflation. In response, the European Central Bank (ECB), similar to the Federal Reserve, implemented a contractionary monetary policy and raised interest rates to bring inflation down to its target of 2 percent. As a result, Euro-19 inflation decreased from a peak of 10.9 percent in October 2022 to 2.9 percent in December 2023.

The decline in industrial production has led to a reduction in domestic activity. Weak manufacturing output and lower net exports, combined with modest aggregate demand, have raised concerns about a slowing recovery in the Eurozone. The European Central Bank has maintained its restrictive monetary policy due to soaring inflation and increasing worries that price rises may not be temporary.

GLOBAL MARKET OVERVIEW

The unemployment rate decreased from 6.7 percent in January 2023 to 3.8 percent in December 2023. However, the Composite Purchasing Manager Index (PMI) recorded a score of 44.4 points in December 2023, indicating that manufacturing and industrial activity are still in a contraction phase.

Economic indicators reveal weak output across the Eurozone's major economies, exacerbated by the energy crisis and declining global economic activity. Germany's economy shrank by 0.3 percent in the fourth quarter. Ireland, a significant financial hub in the region, saw a decline of 0.7 percent. On the other hand, Portugal and Spain experienced the highest economic growth in the final quarter, with increases of 0.7 percent and 0.6 percent, respectively. Meanwhile, France, the second-largest economy in the Eurozone, reported no change in economic output at 0.0 percent, while Italy's economy grew by 0.2 percent.

Italy continues to experience high sovereign bond yields as the market considers its debt-to-GDP ratio of 140 percent to be sustainable while also viewing it as a significant source of financial risk within the Eurozone. Both business and household confidence remain low due to concerns about the economic outlook. The European Central Bank (ECB) faces the challenge of implementing effective monetary policy across 19 different countries, each of which grapples with unique inflationary pressures, sovereign debt issues, and macroeconomic challenges. Additionally, political risks in the Eurozone have increased due to the ongoing Russia-Ukraine war, which entered its second year in 2023.

The Office for National Statistics (ONS) reported that the UK economy has fallen into a technical recession, contracting by 0.3 percent in the fourth quarter (Q4) of 2023, following a previous contraction of 0.1 percent in the third quarter (Q3). The services sector declined by 0.2 percent, production activity fell by 1 percent, and construction output dropped by 1.3 percent. The Bank of England (BoE) has raised the key policy rate 14 consecutive times, reaching a peak of 5.25 percent in August 2023. The UK economy has faced exceptionally high inflation, peaking at 10.4 percent in February before declining to 4.0 percent in December, primarily due to falling energy and food prices.

Meanwhile, the Monetary Policy Committee (MPC) has emphasized its mandate to ensure that Consumer Price Inflation (CPI) returns to the 2 percent target. Market consensus forecasts suggest that central banks, including the BoE, may begin cutting interest rates and adopting a more dovish monetary policy stance. UK retail sales have declined for the eighth consecutive month, falling by 3.2 percent in December. This decline occurred despite improved employment levels, as the unemployment rate fell to 3.8 percent in December, suggesting lower consumer spending.

Japan

Japan's GDP increased by 1.3 percent in 2023, up from 1.1 percent in 2022. As a result, Japan has dropped to become the world's fourth-largest economy. The unemployment rate fell to an eleven-month low of 2.4 percent, highlighting the resilience of the domestic labour market. However, this resilience has not been reflected in household consumption, as spending declined by 2.5 percent in December 2023.

The country faces challenges from an aging population, which has contributed to slower spending across demographics. Despite these challenges and a weaker yen, strong global demand for Japanese vehicles led to a third consecutive year of record exports. Japan's export-dependent economy has also benefited from G7 countries diversifying their imports away from China due to rising tensions between the West and East.

The Core Consumer Price Index, which excludes volatile energy and food prices, reached a 41-year high of 3.1 percent in 2023, keeping inflation above the Bank of Japan's (BoJ) target of 2 percent. Government subsidies on fuel and wages have helped households cope with the

rising cost of food. The BoJ maintained a key policy rate at -0.1 percent and set the upper bound of the 10-year Japanese Government Bond yield curve policy rate at 1 percent. The Bank of Japan continues its accommodative monetary policy of Quantitative and Qualitative Easing (QQE) underpinned by concerns that aging demographics could lead to a return to a deflationary period. During the year, the Topix index rose by approximately 10.4 percent, reflecting continued optimism regarding improvements in corporate earnings.

Emerging Markets

Emerging Market (EM) economies account for half of the global economic output and over half of the world's youth population, positioning this group well to benefit from a demographic dividend. Emerging economies are experiencing a significant demand for infrastructure development, driven by urbanization and rising household wealth, which in turn fuels consumption. During the review period, EM asset classes underperformed compared to Developed Market asset classes, which were primarily driven by technology stocks bolstered by advancements in artificial intelligence.

The International Monetary Fund projects that growth in emerging markets and developing economies will reach 4.1 percent in 2023 and 4.0 percent in 2024. This growth rate is significantly higher than the forecasts for advanced economies, which are expected to grow by 1.5 percent in 2023 and 1.4 percent in 2024.

China

China, the world's second-largest economy, experienced notable growth, which increased from 3.0 percent in 2022 to 5.4 percent in 2023. This rebound highlights the country's economy's resilience in the aftermath of the COVID-19 pandemic. While many economies reopened in 2022, Beijing continued to maintain its extended Zero-COVID policy to control outbreaks and minimize social and economic impacts. However, this strategy had a significant effect on both the domestic economy and China's major trading partners.

In response to concerns about external supply chains during unexpected market shocks, many economies are now exploring alternative domestic manufacturing strategies. China's growth during the year was bolstered by favourable fiscal and monetary policies, as well as strong demand driven by tax relief for households and businesses. Notably, household consumption accounted for 82.5 percent of GDP growth. The International Monetary Fund (IMF) forecasts a moderate growth improvement to 4.3 percent in 2024 and an average of approximately 3.8 percent in the medium term by 2028. The IMF also highlights that China's aging population is expected to erode productivity levels, and the current account deficit is projected to narrow to 1.5 percent in 2022.

Industrial production and manufacturing have been impacted by declining international demand for Chinese products. The Purchasing Manager Index (PMI) for manufacturing closed the year at 49, indicating a contraction in the sector. A PMI reading below 50 signifies decline. Fixed investments increased by 4.8 percent in 2023, up from 3.4 percent in 2022. Rising nationalistic agendas worldwide continue to pose significant risks to China's economic outlook. For the first time in 16 years, exports declined in 2023, curtailed by growing efforts by major economies to diversify their supply chains.

The ongoing property crisis, exacerbated by unsustainable debt levels in the property market and speculative investments, has led to record-high youth unemployment rates. Throughout the year, the People's Bank of China (PBC) lowered the key policy rate, the loan prime rate, by 20 basis points to 3.45 percent to stimulate economic activity. The Shanghai Stock Exchange Composite Index decreased by 3.7 percent in 2023 due to concerns about a moderate earnings outlook for Chinese listed companies.

GLOBAL MARKET OVERVIEW

Brazil

Brazil's economy grew by 4.6 percent in 2021, following a contraction of 3.9 percent in 2020. Household consumption rose by 0.7 percent, while the overall services sector increased by 0.5 percent. The country faced high COVID-19 case numbers in 2021; however, conditions significantly improved throughout the year thanks to a successful vaccine rollout. The Central Bank projects economic growth of 0.3 percent in 2022 and 1.5 percent in 2023.

To manage rising inflation amid sluggish domestic growth, the Central Bank of Brazil raised the benchmark interest rate to 9.25 percent. Unemployment fell to 9.4 percent in 2021, with 55.3 percent of the working-age population employed.

Despite these advancements, Brazil continues to face significant job losses due to the lingering effects of COVID-19. The Ministry of Finance reported a reduction in gross debt to 80.3 percent of GDP from 88.6 percent of GDP over the year. During the same timeframe, Brazil's stock exchange, Ibovespa, dropped by 11.0 percent as investor confidence in the stock market's economic recovery diminished.

South Africa

South Africa's economic growth is significantly impacted by ongoing power outages and logistical challenges, which have affected both businesses and households. The economy contracted by 0.2 percent in the third quarter of 2023, following a modest 0.5 percent increase in the second quarter.

Agricultural production experienced a notable decline, especially in the horticultural and poultry sectors. Additionally, mining activity faced setbacks, with reported decreases in coal, gold, and platinum production. The construction and manufacturing sectors also saw a decline.

Per capita GDP in South Africa continues to drop as the population growth rate surpasses economic growth. High unemployment rates, currently at 35.7 percent, alongside significant income inequality and ongoing strikes, further undermine the country's already strained economic outlook, which is also affected by power outages.

President Cyril Ramaphosa, who maintains firm control of the African National Congress (ANC), is expected to lead the party into the 2024 national elections, which are anticipated to result in an ANC-led coalition victory.

Botswana

Botswana's economy grew by 1.9 percent in the fourth quarter of 2023, a sharp decline from 5.5 percent in the same period of 2022. Most sectors recorded growth, led by mining and quarrying at 6.4 percent, followed by real estate at 6.3 percent and public administration and defence at 5 percent.

Non-mining GDP grew by 3.8 percent in the fourth quarter of 2023, slightly below the 3.9 percent recorded in the same period of the previous year. Mining and quarrying value added rose by 6.4 percent, mainly driven by strong growth in soda ash and diamond production, which increased by 20.7 percent and 6.9 percent, respectively.

The manufacturing industry recorded a modest 0.3 percent increase in real value added during the fourth quarter of 2023, down from 5.2 percent in the same period of 2022. The slowdown was mainly due to declines in diamond sorting and polishing and furniture manufacturing, which fell by 10.6 percent and 7.4 percent, respectively. Household consumption rose by 5.1 percent, government final consumption increased by 7.0 percent, and gross fixed capital formation grew by 3.7 percent as business investment remained affected by supply chain bottlenecks across the South African Development Community and globally.

Furthermore, Statistics Botswana reported that the unemployment rate in Botswana increased to 25.9% in 2023. The labour market has struggled to absorb young workers, resulting in elevated unemployment rates among youth.

Domestic economic activity continues to face challenges, including supply chain disruptions, increased volatility in commodity prices, the Russia-Ukraine war, and strained geopolitical relations with Botswana's largest trading partners, especially the United States and China. Households are contending with high levels of debt, tight credit conditions, and minimal wage growth, raising concerns about potential job losses. The International Monetary Fund forecasts that Botswana's economy will grow by 4.1% in 2024, while the Ministry of Finance and Economic Development projects a slightly higher growth of 4.2%.

The fiscal deficit is expected to narrow to 2.8% of GDP in 2024 as the recovery in diamond trade strengthens the government's balance sheet. The government has planned a significant increase in its infrastructure development budget by 33.5% and a substantial rise in research and development by 280.9%. The goal is to spend BWP 200 million to fundamentally transform the informal sector and create more employment opportunities. Expenditure increased from BWP 65.4 billion in 2022 to BWP 74.1 billion in 2023 to insulate the economy from the prolonged effects of the UK-Russia war and the lasting economic impact of the COVID-19 pandemic. The government also noted that the completed agreement between the Botswana government and De Beers, regarding diamond trade is expected to improve the country's economic outlook.

Standard & Poor's has reaffirmed Botswana's BBB+/A-2 credit rating and upgraded the country's outlook from negative to stable. The Bank of Botswana also cut the Monetary Policy Rate (MoPR) by 25 basis points, lowering it from 2.65% to 2.4% in December. Inflation was recorded at 3.5% in December, remaining within the Bank of Botswana's target range of 3-6%.

As of December 31, 2022, Botswana's foreign reserves stood at BWP 54.5 billion. This decline was primarily driven by increased government withdrawals, market volatility, and geopolitical events such as the Russia-Ukraine war.

The Pula experienced a slight depreciation of 0.11% against the South African rand. In comparison, it appreciated by 4.99% against the International Monetary Fund (IMF) unit of account, the Special Drawing Rights (SDR).

Against the US dollar, the pula depreciated by 8.09%, a trend partially attributed to the strengthening rand, driven by optimism surrounding a nascent recovery, coupled with higher nominal domestic interest rates compared to lower global rates.

Throughout 2023, the Domestic Companies Total Return Index increased by 11.13% as companies reported improved earnings following the lifting of COVID-19 restrictions in Botswana. Domestic companies struggled during the national lockdowns of the previous year, which restricted business operations and led to a decline in both global and domestic travel. Companies across various sectors, particularly banking and financial services, have reported improved business activity.

The Fleming Aggregate Bond Index (FABI) declined by 0.07% over the year. Weak domestic activity, a high inflation outlook, and a weaker government fiscal position contributed to the index's decline. Additionally, the government bond yield curve steepened during the year.

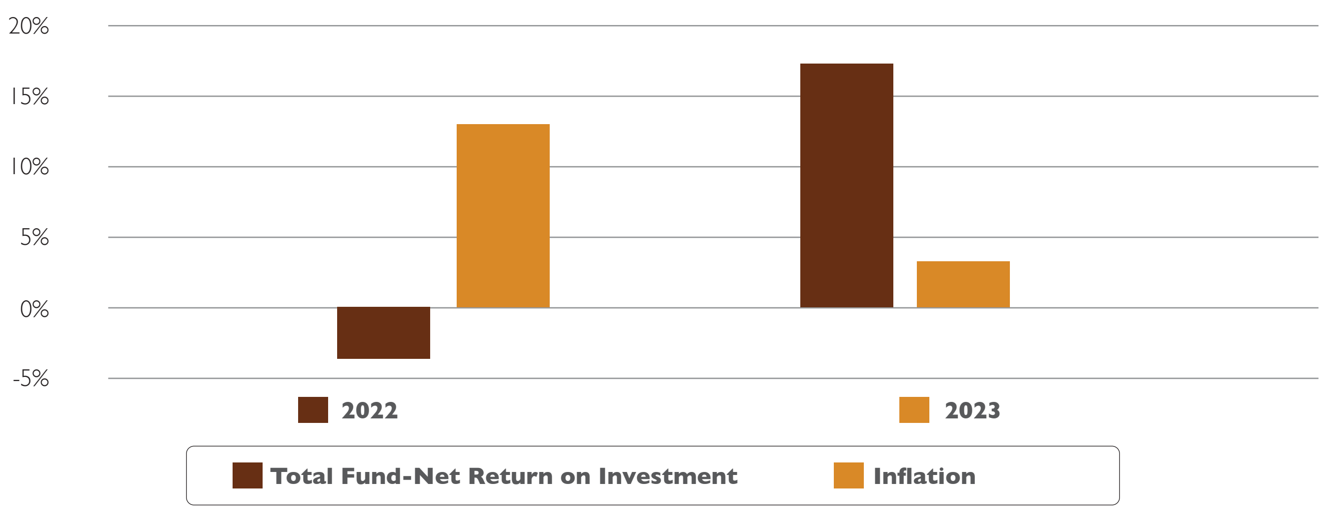
"In 2023, the Domestic Companies Total Return Index rose by 11.13 percent, as companies reported improved earnings following the lifting of Covid-19 restrictions in Botswana."

FUND PERFORMANCE HIGHLIGHTS

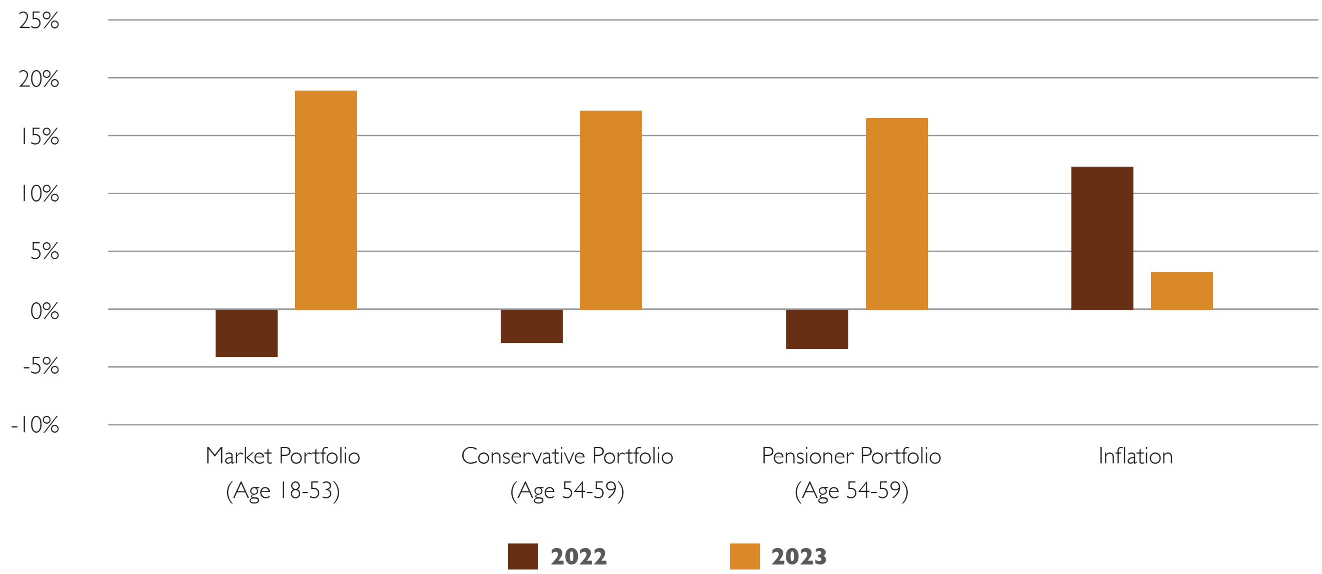
"AUM increased to BWP 10.962 billion in 2023."

03

Fund Performance Highlights for the year ended 31 December 2023



Fund Performance- Life Stage Investment Portfolio Net Returns



Fund Performance -Total Fund

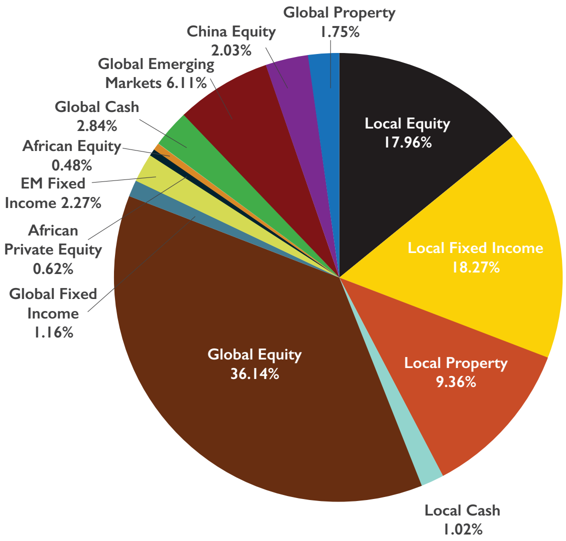
Portfolio	12 Months	36 Months	60 Months	Since Inception
Market	19.04%	9.20%	10.97%	12.27%
Conservative	17.06%	8.42%	9.73%	10.49%
Pensioner	16.75%	7.80%	9.49%	11.27%
Contingency	16.51%	7.83%	9.43%	12.86%
Fund	18.07%	8.66%	10.36%	13.16%
Inflation	3.50%			

FUND PERFORMANCE HIGHLIGHTS

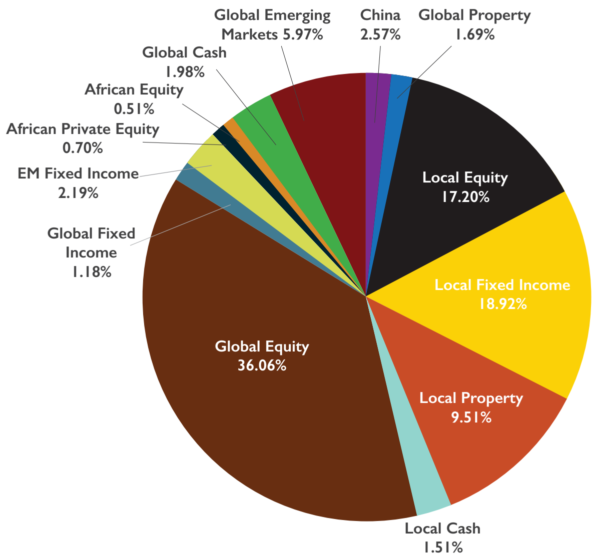
Asset Allocations

Asset Class Weights as at 31 December 2023 in comparison to Asset Class Weights as at 31 December 2022

Asset Class Weights as at 31 December 2023



Asset Class Weights as at 31 December 2022



Revenue and Expenditure

	P'000		P'000
Fund as at 31 December 2022	9,565,515.00		
Contributions received	432,053.00	Administration and other expenses	108,449.00
Transfers received	9,767.00	Investment fees	49,748.00
Income from investments	140,526.00	Withdrawal and death benefits	53,998.00
Adjustments to fair value of assets	1,573,709.00	Retirement benefits	367,051.00
		Pensioner death benefits	5,823.00
		Pensions paid	256,922.00
		Transfers paid	95,991.00
		Fund as at 31 December 2023	10,783,588.00

Membership Movement

Membership movements for the Financial Year Ended December 31, 2023.

DESCRIPTION	Active Members	Deferred Members	Pensioners	Total
Numbers at beginning of period	**6,072**	**1,870**	**4,624**	**12,566**
Adjustments at data take on	0	0	0	0
Additions	270	104	324	698
Transfers in	30	28	0	58
Transfers out	-30	-214	0	-244
Withdrawals (Dismissal, Retrenchment, Resignation)	-79	0	0	-79
Retirements	-289	-124	0	-413
Deaths	-12	-5	-66	-83
Numbers at end of period	**5962**	**1,659**	**4,882**	**12,503**

The Fund's total membership as of 31 December 2023 was 12503, compared to 12566 in 2022. There has been a decrease in membership of 0.005% (63 members) in 2023.

The membership statistics for 2023 compared to 2022 are as follows;

	2023	2022	Difference	Comment
Active	5962	6072	(110)	Decrease
Deferred	1659	1870	(211)	Decrease
Pensioners	4882	4624	258	Increase
Total	**12503**	**12566**	**(63)**	

Funding Level

Fund Combined Position	31 Dec 2023 (000)	31 Dec 2022 (000)	Change (%)
Fair Value of assets	10 783 588	9 565 515	12.7
Actuarial Liabilities	10 574 396	9 536 065	10.9
Surplus/(deficit)	209 192	29 450	610
Funding Level	102.00%	100.3%	1.69

CHAIRPERSON'S REMARKS

Thabiso Moanakwena
Board Chairperson - Member
Elected Trustee - Gaborone

04

As of December 31, 2023, the Debswana Pension Fund's value stood at BWP 10.9 billion, reflecting strong performance in a challenging economic landscape.

In 2023, the Fund reinforced its commitment to excellence, focusing on delivering sustainable returns for our members, despite facing global challenges such as rising interest rates and geopolitical instability, particularly the Russia-Ukraine conflict.

Amid these uncertainties, the markets showed remarkable resilience, rebounding strongly in the fourth quarter. This recovery drove positive performance, increasing the Fund's Assets Under Management (AUM) from BWP 9.671 billion in Q4 2022 to BWP 10.962 billion in Q4 2023.

Fund Performance

Inflation in Botswana decreased to 3.5% by year-end, signaling positive economic progress. Globally, markets saw strong growth, supported by low interest rates and robust performance in the technology sector, contributing to favourable returns across various asset classes. These market conditions laid a solid foundation for the Fund's growth trajectory.

As of December 31, 2023, the Debswana Pension Fund's value stood at BWP 10.9 billion, reflecting strong performance in a challenging economic landscape. This success is attributed to strategic investments and favorable market conditions, positioning the Fund for continued growth in the year ahead.

Board Changes

This year, the Board of Trustees experienced the departure of Ms. Matlhogonolo Mponang and Mr. Obakeng Moroka. We express our deep gratitude for their dedication, wisdom, and invaluable contributions during their tenure. We are also pleased to welcome two new members to the Board, Ms. Kago Letshabo and Ms. Galeboe Busang, whose insights will help guide the Fund toward continued success.

Governance and Compliance

Our role as a Board has increasingly shifted towards offering guidance and support that empowers the business to successfully navigate a rapidly changing operating environment. The Board remains committed to maintaining strong corporate governance and compliance, exercising sound leadership and independent judgment to protect the interests of our members.

In 2023, the Fund responded to amendments in the Retirement Fund Act, particularly Section 52, which allows encashments for deferred members to clear loans or cover medical expenses.

Initially, the Fund saw a surge in withdrawal requests, but this has decreased over time, thanks to educational efforts that highlighted the risks of enchasing retirement benefits. These initiatives have empowered members to make more informed decisions, thereby securing their long-term financial stability.

The Fund also made significant strides in meeting Prudential Fund Rules 2 requirements, with the onshore-offshore asset split now at 47 percent onshore and 53 percent offshore. This strategic allocation supports the Fund's growth, stability, and regulatory compliance.

Strategy and Outlook

As we conclude the 2019-2023 strategic period, the Fund has achieved significant milestones, particularly in delivering strong, positive returns. Despite the challenges posed by the COVID-19 pandemic, the Fund successfully navigated through this turbulent period, with our investment strategy proving resilient in the face of both the pandemic and its after effects.

Looking ahead to the 2024-2028 strategic period, we have set ambitious goals that will not only continue to build on our success but also position the Fund for even greater growth and sustainability.

These goals are centered on enhancing member value, optimizing investment strategies, and ensuring the long-term financial security of the Fund.

We are confident that with a clear vision and a commitment to excellence, we will continue to strengthen our position in the years to come.

Sincerely

CHIEF EXECUTIVE OFFICER'S REMARKS

Gosego January
Chief Executive Officer

"The market's strong recovery in the fourth quarter of 2023 provided a positive boost, positioning us for ongoing growth and stability."

Dear Members,

The year 2023 was a pivotal one for Debswana Pension Fund, reinforcing our commitment to delivering sustainable returns for our members amidst a dynamic and challenging global environment.

Despite facing global uncertainties, including rising interest rates and the ongoing geopolitical instability caused by the Russia-Ukraine conflict, the Fund demonstrated remarkable resilience. This resilience affirms that our strategy is well-positioned to navigate these challenges and continue delivering strong, sustainable returns. The market's strong recovery in the fourth quarter of 2023 provided a positive boost, positioning us for ongoing growth and stability.

Fund Performance Update

In 2023, the Fund's Assets Under Management (AUM) grew significantly, increasing from BWP 9.671 billion in Q4 2022 to BWP 10.962 billion in Q4 2023. Fund performance was driven by resilient economies supported by strong consumer spending and robust job markets, improved business and investor confidence, easing inflation and anticipation of potential rate cuts, and a tech sector resurgence fueled by AI advancements.

Notably, the Fund's domestic investments performed exceptionally well, surpassing many global benchmarks. The Domestic Companies Index (DCI) posted an impressive return of 21.66 %, while domestic bonds similarly generated a commendable 10.94% return . The Fund's ability to yield such remarkable returns underscores the strength of our diversified approach, which combines both domestic and international assets, and demonstrates our ability to weather global economic challenges while generating valuable returns for our members.

Compliance and Risk Management Update

A critical milestone during the year was the successful adoption of IFRS 17, a new financial reporting standard that governs how insurance contracts are reported. While the introduction of this standard posed challenges, we navigated these complexities to ensure full compliance.

In addition, effective risk management remains central to the Fund's operations. Throughout 2023, we undertook two comprehensive external audits, primarily conducted by Botswana Accounting Oversight Authority (BAOA). These audits, coupled with ongoing internal reviews, have reinforced our robust risk management framework and further strengthened our ability to manage potential risks and safeguard the interests of our members.

Strategy and Communication

As we conclude the 2019-2023 diversification and growth strategy, we are proud to highlight several key achievements. These include the establishment of the Fund's administration company, Mmila Fund Administrators, and the groundbreaking ceremony for the Jwaneng Boutique Hotel. These initiatives have laid a solid foundation for future growth and development.

Looking ahead, we have already commenced strategic initiatives for the 2024-2028 period. The Board of Trustees and Management have finalized the strategic planning for this period, ensuring that we are prepared to continue delivering sustainable returns for our members. However, equally important is our focus on fostering an informed and engaged membership. To achieve this, we are committed to enhancing our communication channels. This will include expanding our digital platforms, organizing member engagement sessions, and providing clearer, more timely information on Fund performance and initiatives.

People

The continued success of the Fund is directly attributed to the dedication and expertise of our talented team. Their hard work, even amidst challenging global conditions, has been instrumental in driving the Fund's achievements over the past year. This year, we were pleased to welcome three new team members, bringing our complement to eleven staff members in total.

Despite this growth, we continue to operate with a lean and efficient structure that ensures we remain agile and responsive to the needs of our members. We remain committed to fostering a culture of excellence and continuous improvement, ensuring we are well-equipped to meet future challenges and opportunities.

Sincerely

COMPLIANCE REPORT

"The Fund's Board of Trustees and its designated Committees performs the oversight function of corporate governance."

06

Constitution of the Fund

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

DPF invests member funds across various asset classes mainly Property, Equities, Bonds, Cash and alternatives. Active and deferred member assets are managed under the defined contribution plan, whilst pensioner assets form the defined benefit component through the Fund's provision of life annuities to its retiring active and deferred members.

The Fund now exists as a registered pension fund licensed by the Non-Bank Financial Institutions Regulatory Authority through the Retirement Fund Act of 2014. Retiring members are given the option to purchase annuities from other service providers. Fund membership portfolios as at 31 December 2023 registered 12,594 members comprising of 5,962 Active Members, 1,724 Deferred Members and 4,882 Pensioners.

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

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

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

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

Compliance Report

BOARD OF TRUSTEES

The Debswana Pension Board of Trustees comprises of members appointed in terms of the Fund Rules which are aligned to the Retirement Funds Act. The Rules allow for the following number of Trustees;

Four (4) Trustees appointed by the Participating Employers;
Four (4) Trustees appointed by the Members;
One (1) Trustee appointed by the Pensioners; and
Two (2) Independent Trustees

The Fund's Board of Trustees and its designated Committees performs the oversight function of corporate governance. In line with the Fund Rules, the Board has delegated some responsibilities to the four Committees to act on its behalf; however, the ultimate responsibility of the administration and management of the Fund still rests with the Board of Trustees. The Board is governed by the Board Charter.

The Committees, in the performance of their advisory and oversight function are guided by each Committee's well-structured terms of references. Committee members address relevant issues and make recommendations to the Board for final approval. Board Committees function independently from each other and are provided with sufficient authority, resources, and assigned responsibilities in assisting the Board. The Board appoints Trustees to serve on each Committee depending on their areas of knowledge and skills to ensure that it takes advantage of the expertise of all the Trustees. The Term of office for the Trustees is five years and the Trustees can be re-appointed for another five-year term.

COMPLIANCE REPORT

In 2023, the Fund appointed an independent Trustee to comply with the amended Retirement Funds Act, 2022 which required 2 independent trustees for the Board of Trustees. The Fund also appointed an Employer appointed Trustee representing Diamond Trading Company Botswana.

TRUSTEES LIST

	Principal Trustees	Type of Appointment	Representation	Qualification	Trusteeship Experience
1	Thabiso Moankawena	Member Appointed	Gaborone Constituency	B.Com (Statistics) Career Preparation Programme in Economics and Management Sciences	2 years
2	Tshepo Mokgethi	Employer appointed	Debswana Diamond Company	Bachelor of Information Technology	1 year
3	Lapologang Letshwenyo	Member appointed	Morupule Constituency	1. BSc Computer Science, 2. Management Development Programme, MSc Strategic	8 years
4	Potoko Bogopa	Pensioner Trustee	Pensioners	Btech National Diploma in Engineering	4 years
5	Claire Busetti	Independent Trustee	Independent Trustee	1. BSc Chemistry 2. Masters of Business Administration	5 years
6	Malebogo Ntshwabi	Member appointed	Orapa Letlhakane Damtshaa Constituency	1. Bachelor of Business Administration 2. Diploma-Health and Safety NCC- Auto Electrician	1 year
7	Baintlafatsi Thomas*	Member appointed	Jwaneng Constituency	Bachelor of Arts: Communication and Media Studies & Business Management	1 year
8	Matlhogonolo Mponang	Employer appointed	Other Participating Employers* (De Beers Sightholder Sales)	B.Sc. Psychology	1 year
9	Obakeng Moroka	Employer appointed	Debswana Diamond Company	1. DBA – Doctor of Business Administration (Newcastle University Australia) 2. MBA – Master of Business Administration (De Montfort University UK) 3. Bsc Accounting Practice (University of Wales) 4. ACCA - Association of chartered and certified accountants 5. CIM - post graduate Diploma in Marketing	1 year
10	Kago Letshabo	Employer appointed	Diamond Trading Company Botswana	1. Diploma in Human Rights 2. Bachelor of Laws 3. Post Graduate Certificate in Enterprise Risk Management	6 months

	Principal Trustees	Type of Appointment	Representation	Qualification	Trusteeship Experience
11	Galeboe Busang	Independent Trustee	Independent Trustee	1. Bachelor of Accountancy 2. Association of Chartered Certified Accountants	6 months

Other Participating Employers include DeBeers Sightholder Sales Botswana, Morupule Coal Mine, Debswana Pension Fund, DeBeers Holdings Botswana

2023 Board of Trustees Exits:

Trustee Name	Date Exited
Ms. Matlhogonolo Mponang	31/04/2023
Mr. Obakeng Moroka	31/10/2023

2023 Trustees Sitting Allowances Per Sitting:

Name of Trustee	NO. of sittings	Sitting Allowance per Meeting
Mr. Potoko Bogopa	17	BWP 8 837.44
Ms. Claire Busetti	15	BWP 8 837.44
Ms. Galeboe Busang	9	BWP 8 837.44

BOARD AND COMMITTEE MEMBERSHIP (AS AT DECEMBER 2023)

Trustees	Board	Investment & Finance Committee	Benefits & Communications Committee	Audit& Risk Committee	Noms & Remunerations Committee	Number Of Committees
MEMBERS						
Mr. Thabiso Moanakwena	**Board Chairperson**					
Mr. Lapologang Letshwenyo	√	√	**Chairperson**	√		**3**
Mr. Potoko Bogopa	√		√		√	**2**
Ms. Claire Busetti	√	**Chairperson**		√		**2**
Ms. Tshepo Mokgethi	√	√		√	**Chairperson**	**3**
Mr. Baintlafatsi Thomas	√		√		√	**2**
Ms. Malebogo Ntshwabi	√		√		√	**2**
Ms. Matlhogonolo Mponang*	√	√			√	**2**
Mr. Obakeng Moroka*	√	√		√		**2**
Ms. Kago Letshabo	√		√		√	**3**

COMPLIANCE REPORT

Trustees	Board	Investment & Finance Committee	Benefits & Communications Committee	Audit& Risk Committee	Noms & Remunerations Committee	Number Of Committees
Ms. Galeboe Busang	√	√	√	**Chairperson**		**3**
Total Members	**Eleven***	**Three**	**Five***	**Five**	**Five**	
VACANCIES	**NONE**	**TWO**	**NONE**	**NONE**	**NONE**	

* Ms Matlhogonolo Mponang, Mr Baintlafatsi Thomas and Mr Obakeng Moroka had resigned from the Board by 31st December 2023.

1. TRUSTEES BOARD AND COMMITTEE MEETINGS ATTENDANCE

The attendance of the governance meetings and the frequency of sittings is reported below;

1. Board of Trustee

Member	Status	Member Attendance					
		14/04/2023	09/06/2023	04/07/2023	25/09/2023	20/11/2023	11/12/2023
Mr. Thabiso Moanakwena	Chairperson	√	√	√	√	√	√
Ms. Tshepo Mokgethi	Member	√	√	√	√	√	√
Mr. Claire Busetti	Member	√		√	√	√	√
Mr. Lapologang Letshwenyo	Member	√	√	√	√	√	√
Ms. Galeboe Busang	Member				√	√	√
Mr. Potoko Bogopa	Member	√	√	√	√	√	√
Mr. Baintlafatsi Thomas	Member						
Ms. Malebogo Ntshwabi	Member	√	√	√	√	√	√
Ms. Kago Letshabo	Member						
Ms. Matlhogonolo Mponang	Member						
Mr. Obakeng Moroka	Member	√	√				

Not yet appointed to Board   No longer a member of the Board   Absent

(ii) Audit and Risk Committee

Member	Status	Member Attendance		
		30/05/2023	21/09/2023	6/12/2023
Ms. Galeboe Busang	Chairperson		√	√
Ms. Claire Busetti	Member	√	√	√
Mr. Obakeng Moraka	Member	√		
Ms. Tshepo Mokgethi	Member	√	√	√
Ms. Kago Letshabo	Member		√	√

The Fund's External Auditors, PWC was invited to the Quarter 1 meeting to provide report on the external audit review conducted on the Fund. The Committee has confirmed the effectiveness of the financial controls and the arrangements in place for combined assurance.

(iii) Investment and Finance Committee

Member	Status	Member Attendance			
		31/03/2023	31/05/2023	18/08/2023	14/11/2023
Ms. Claire Busetti	Chairperson	√	√	√	√
Ms. Tshepo Mokgethi	Member	√	√	√	√
Mr. Lapologang Letshwenyo	Member	√	√	√	√
Mr. Obakeng Moroka	Member	√	√		
Ms. Matlhogonolo Mponang	Member	√			
Ms. Galeboe Busang	Member				

The Committee has the Investment Consultant, Riscura and the Actuaries, Willis Towers Watson, as standing invitees of the Committee to provide specialist advise and reports.

 Not yet appointed to Board  No longer a member of the Board  Absent

COMPLIANCE REPORT

(iv) Benefits and Communications Committee

Member	Status	Member Attendance			
		27/02/2023	22/05/2023	14/08/2023	14/08/2023
Mr. Lapologang Letshwenyo	Chairperson	√		√	√
Mr. Potoko Bogopa	Member	√	√	√	√
Mr. Baintlafatsi Thomas	Member	√	√	√	√
Ms. Malebogo Ntshwabi	Member	√	√	√	√
Ms. Tshepo Mokgethi	Member	√	√	-	√
Ms. Kago Letshabo	Member			-	√
Ms. Galeboe Busang	Member				√

The Committee invites Mmila Fund Administrators as standing invitees to this meeting to report on member related issues and report on administration matters.

(v) Nominations and Remunerations Committee

Member	Status	Member Attendance		
		24/03/2023	21/07/2023	27/10/2023
Ms. Tshepo Mokgethi	Chairperson	√	√	√
Ms. Matlhogonolo Mponang	Member	√		
Ms. Malebogo Ntshwabi	Member	√	√	√
Mr. Lapologang Letshwenyo	Member	√	√	
Mr. Potoko Bogopa	Member	√	√	√
Mr. Baintlafatsi Thomas	Member			
Ms. Kago Letshabo	Member	Not yet appointed to the Board	Not yet appointed to the Board	√

(vi) Board and Committee Meetings (Comparison Year 2022 And 2023)

	Meetings	Planned Meetings	Special Meetings	Total	Planned Meetings	Special Meetings	Total
		2022			2023		
1	Board of Trustees	4	3	7	4	3	7
2	Audit and Risk Committee	3	Nil	3	3	Nil	3
3	Investment and Finance Committee	4	Nil	4	4	Nil	4
4	Nominations and Remunerations Committee	3	Nil	3	3	Nil	3
5	Benefits & Communications Committee	4	Nil	4	4	Nil	4

The Board of Trustees and all its Committees are satisfied that they fully discharged their mandate as per the Board Charter as well as the respective Committee Terms of Reference.

BOARD ACHIEVEMENTS IN 2023

The Debswana Board of Trustees achieved the following in 2023;

1. Governance, Strategy and Policy

1.1. Review of the Fund Rules
1.2. The Board of Trustees approved the 2024-2029 Strategy.
1.3. Reviewed and approved the Asset Liability Modelling.
1.4. Reviewed and approved Board Charter as well as the Fund Rules.
1.5. Reviewed and approved the Fund's Risk Appetite and Risk Tolerance Statements.
1.6. Reviewed and approved the Fund's Compliance Framework.

2. Trustees Training

The Trustees undertook the following pension industry related trainings and workshops as a way to ensure they are equipped for their fiduciary responsibility;

2.1. Botswana Pension Funds Annual Conference
2.2. Advantage Training's African Corporate Governance Conference
2.3. Vantage Fund Annual Investors Conference
2.4. Institute of Retirement Funds of Africa Annual Conference
2.5. Data Protection Training

3. Audits

Internal

Internal Audit conducted 3 audits on the Fund;

1. DPF and Mmila Service Level Agreement rated as Moderate.
2. Contracts Management rated as Moderate.
3. Investment Management rated as Good.

External Audit

External audit was carried out and delivered the annual financial statements for submission to the Regulator. There were no significant findings reported by the External Auditor during the period.

4. Risk Management

Debswana Pension Fund policy has adopted good practices in the identification, evaluation and monitoring of risks. The Fund ensures cost effective controls and mitigations are implored to manage risks. The Fund has adopted robust risk identification tools and mitigations template to ensure risks are eliminated where possible, reduced to an acceptable level or managed and contained. In 2023 the Fund had identified 21 high risks based on the inherent risk rating. These were monitored by the Committees and reported to the Audit and Risk Committee and the Board of Trustees.

The high risks that were monitored in 2023 are the following;

1. Sub-optimal returns risk;
2. Market Volatility;
3. Currency Volatility;
4. Loss of annuity book;
5. Non-Compliance with the Regulatory requirements on asset class allocation (PFR2);
6. Increased Fund Administration cost;
7. Non-Compliance to Environmental Social and Governance Principles;
8. Reduction of Fund credit and aggregate membership portfolio due to the amended RFA;
9. Decreasing membership numbers due to transfer of deferred accounts to preservation fund;
10. Mmila Fund Administrators reported financial losses;

COMPLIANCE REPORT

11. Compromised cyber security;
12. Increased Fund Administration Costs;
13. Rising member apathy and uncertainty;
14. Implementation of SLA obligations by outsourced administrator;
15. Loss of Trustees Membership in the Board;
16. Property Risk;
17. Regulatory restrictions by international regulatory bodies;
18. Reputational risk caused by former DPF staff legal case against DPF;
19. Elevated inflation;
20. Data Privacy breaches; and
21. Business risk caused by a poor selection of business partners and service providers resulting in loss of value in investment.

5. Corporate Governance

The Board of Trustees upholds principles of good governance and best practices. In ensuring that the Fund upholds these principles the Board of Trustees submits itself to an independent board evaluation by the Institute of Directors of Southern Africa, for the review of the Board, Committees and the Board Secretary performance.

I. Ethics

The Fund has obtained the services of its tip off anonymous facility to promote transparency and guard against issues of fraud, corruption etc. There were no reports in the period under review.

II. Corporate Governance Declarations

a) The Board confirms that it is satisfied that the Delegation of Authority Framework contributes to role clarity and exercise of authority and responsibility by both Management and the Trustees.

b) The Fund's planned areas of future focus in relation to compliance and risk are:

i. The Audit and Risk Committee to conduct independent meetings with both the internal and external auditors.
ii. To have industry experts provide training to the Trustees in Investment Management and Member Benefits.

c) The Board of Trustees confirms that the professional assessment on the governance services conducted annually by the Institute of Directors of Southern Africa is effective.

d) In relation to Member engagement the Fund undertakes to communicate extensively and effectively to all its stakeholder. The key areas of focus are the stakeholder meetings rating to meetings with the Regulator, the Ministry of Finance as well as the Participating Employers. The Fund continued to engage its members through webinars as well as using social media platforms to communicate and educate members and the general public. The Fund also undertakes to engage with its pensioner members in 2024 by hosting a Pensioners Conference.

ADMINISTRATION REPORT

07

Administration Report

Membership movements for the financial year ended 31 December 2023

DESCRIPTION	Active Members	Deferred Members	Pensioners	Total
Numbers at beginning of period	**6,072**	**1,870**	**4,624**	**12,566**
Adjustments at data take on	0	0	0	0
Additions	270	104	324	698
Transfers in	30	28	0	58
Transfers out	-30	-214	0	-244
Withdrawals (Dismissal, Retrenchment, Resignation)	-79	0	0	-79
Retirements	-289	-124	0	-413
Deaths	-12	-5	-66	-83
Numbers at end of period	**5962**	**1,659**	**4,882**	**12,503**

The Fund's total membership as of 31 December 2023 was 12503, compared to 12566 in 2022. There has been a decrease in membership of 0.005% (63 members) in 2023.

The membership statistics for 2023 compared to 2022 are as follows;

	2023	2022	Difference	Comment
Active	5962	6072	(110)	Decrease
Deferred	1659	1870	(211)	Decrease
Pensioners	4882	4624	258	Increase
Total	**12503**	**12566**	**(63)**	

Active Members
The Participating employers had a reduction in number of Employees due to Voluntary Separation Exercises, and they remained conservative on their approach to recruitment of pensionable officers.

Deferred Members
The deferred members portfolio declined by 211 members, mainly because majority of deferred members who attain the age of 50 years opt for early retirement. 214 members transferred out and 124 members opted for early retirement.

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

I. Membership per Participating Employer

As at year end (December 2023) the active members per PE were as follows:

Participating Employer	2023	2022	Variance
Debswana Diamond Company	4625	4765	(140)
Diamond Trading Company Botswana	406	383	23
Morupule Coal Mine	688	699	(11)

ADMINISTRATION REPORT

Participating Employer	2023	2022	Variance
De Beers Global Sightholder Sales	204	189	15
De Beers Botswana Holding	5	9	(4)
Debswana Pension Fund	30	27	3
Anglo Coal Botswana	0	0	0
TOTAL	**5962**	**6072**	**(110)**

In 2023 Debswana Pension Fund active membership decreased by (110) members.

II. Exits for the Period

In 2023, a total of BWP 472,265,914.44 was paid to members compared to BWP 386,382,84. The big variance resulting from Debswana Diamond Company voluntary separation exercise that was implemented in 2023 and Member Transfers from DPF to Mmila Preservation Fund .

III. Contributions

All Participating Employers make contributions of 20% of pensionable earnings on behalf of their members. Total statutory contributions received in 2023 amounted to BWP 430,635,902.23 when compared to BWP 384,005,926 in 2022. The increase has been mainly attributed to salary increases effected by the respective Participating Employers. In Addition, members made voluntary contributions of BWP 2,503,513.00 compared to 2,377,655.00 in 2022.

IV. Transfers-In and Transfers-Out

The table below compares Transfers-In between 2023 and 2022, as well as Transfers-Out for the same periods. There has been a significant decrease in Transfers-In and a notable increase in Transfers-Out between the two periods. This change has been attributed to...

TRANSFERS	2023 (BWP)	2022 (BWP)
Transfer In	7,377,599	11,744,537
Transfer Out	95,990,734	20,540,995

ADMINISTRATION EXPENSES

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

ACTUARIAL REVIEW

I. Statement of the Actuary

Willies Towers Watson (WTW) are the Fund's appointed Actuaries who, among other contracted responsibilities, perform the Fund valuation as required by law governing pension funds as well as the Board of Trustees. While the Retirement Funds Act provides that Fund valuation may be performed once in three years as a maximum threshold, Debswana Pension Fund was valued by the Fund's Actuaries; WTW in 2023 as it is in the best interest of the Fund to assess its financial position annually. The DPF considers valuations as a reasonable risk control measure considering inherent risks in the financial markets where the Fund invests members' funds, as well as for an effective management of the annuity book. This cycle has been perpetuated for the financial year 2023, and the valuation report was presented for approval to the Board of Trustees on the 9th of August 2024, which was duly approved by the Trustees.

During the valuation period, which is the calendar 2022 valuation and the valuation for the period under review, the Fund was administered by the Mmila Fund Administrators (Pty) Limited, as approved by the Board of Trustees.

II. Financial Status of the Fund

The Fund Actuaries confirmed that the Fund remains in a sound financial condition as at 31 December 2023 as the value of the assets within each account is equal to or exceeds the liabilities of the respective account. The total fair value of assets was used for purposes of this valuation to ensure consistency in the methodology applied in valuing the liabilities.

The table below summarises the overall Fund's financial position, clearly showing the soundness of the Fund as indicated by the combined position funding level of 102% as at end of December 2023.

	Following Transfer 31 Dec 2023 (000)	Prior Transfer 31 December 2023 (000)	Following Transfer 31/12/2022 (000)
Fund Combined Position			
Fair Value of assets	10 783 588	10 783 588	9 565 515
Actuarial Liabilities	10 574 396	10 574 396	9 536 065
Surplus/(deficit)	209 192	209 192	29 450
Funding Level	102.00%	102.00%	100.30%

The Fund's fair value of assets increased by 18.07% from BWP 9,671,866 to BWP 10,962,519 in 2023.

a. Pension Increase

The Trustees awarded a 3.2% pension increase in 2023 which effected on 1 July 2023. This was in line with the guideline formula adopted by the Fund for granting increases.

b. Allocation of investment returns

The below table indicates the 2023 gross investment returns which were declared per portfolio.

Net Returns	Market Channel	Conservative Channel	Pensioner Channel	Fund	Inflation
2023 Annualised	19.04%	17.06%	16.75%	18.07%	3.50%

ADMINISTRATION REPORT

c. Investment Return History

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

31 December	Market Channel	Conservative Channel	Pensioner Channel	Fund	Inflation
2005	32.90%	21.00%	26.90%	31.20%	11.40%
2006	33.9%	20.9%	27.9%	32.4%	8.5%
2007	16.6%	15.3%	17.5%	16.8%	8.2%
2008	-15.2%	-6.2%	-7.3%	-12.9%	13.7%
2009	15.9%	16.5%	15.2%	15.7%	5.8%
2010	7.5%	7.4%	7.1%	7.4%	7.4%
2011	10.6%	10.7%	11.7%	10.9%	9.2%
2012	16.7%	11.1%	13.8%	15.4%	7.4%
2013	28.9%	17.7%	22.1%	26.0%	4.1%
2014	11.5%	9.7%	11.0%	11.2%	3.8%
2015	13.6%	10.9%	12.6%	13.1%	3.1%
2016	3.01%	3.41%	2.69%	2.91%	3.0%
2017	7.87%	5.1%	5.35%	6.86%	3.2%
2018	0.45%	2.13%	2.03%	1.10%	3.50%
2019	17.58%	14.04%	15.43%	16.55%	2.20%
2020	9.77%	9.36%	9.80%	9.74%	2.20%
2021	14.39%	10.66%	10.68%	12.78%	8.70%
2022	-4.48%	-2.28%	-2.90%	-3.74%	12.40%
2023	19.04%	17.06%	16.75%	18.07%	3.50%
19-year annualised Return (2005-2023)	**12.03%**	**9.99%**	**11.13%**	**11.65%**	**6.33%**

III. Funding levels

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

Portfolio/Account	31 December 2023	31 December 2022
Active & Deferred	99.80%	100.00%
Pensioners	106.40%	100.00%
Contingency Reserve Accounts	0%	0.3%

The Pension Account funding level is above the targeted funding level of 102.5%.

The deficit in the Member Account over the period was P51 120 000, prior to the recommended transfer, only P34 352 000 could be funded from the Contingency Reserve Accounts, resulting in a deficit of P16 768 000 in the Member Account as at 31 December 2023. The position in the Pensioner Account has increased from a nil surplus as at 31 December 2022 to a surplus of P225 960 000 as at 31 December 2023, prior to the recommended transfer.

IV. Contingency Reserve Accounts

The NBFIRA has set out the respective maximums that it would deem reasonable for a Fund to hold in respect of the Contingency Reserves. As at December 2023 these reserves were as follows;

	Data Reserve Account	Processing Error Reserve Account	Expense Reserve Account	Solvency Reserve Account
Maximum Allowable	5%	1.5%	No Limit	2.5%
Maximum Reference	Liabilities	Defined Contributions Liabilities	Future Expenses	Fund Assets
Actual Value	Nil	0.0%	N/A	0.00%
Conclusion	**Within Limit**	**Within Limit**	**Within Limit**	**Within Limit**

The reserve accounts are all within the prescribed limits.

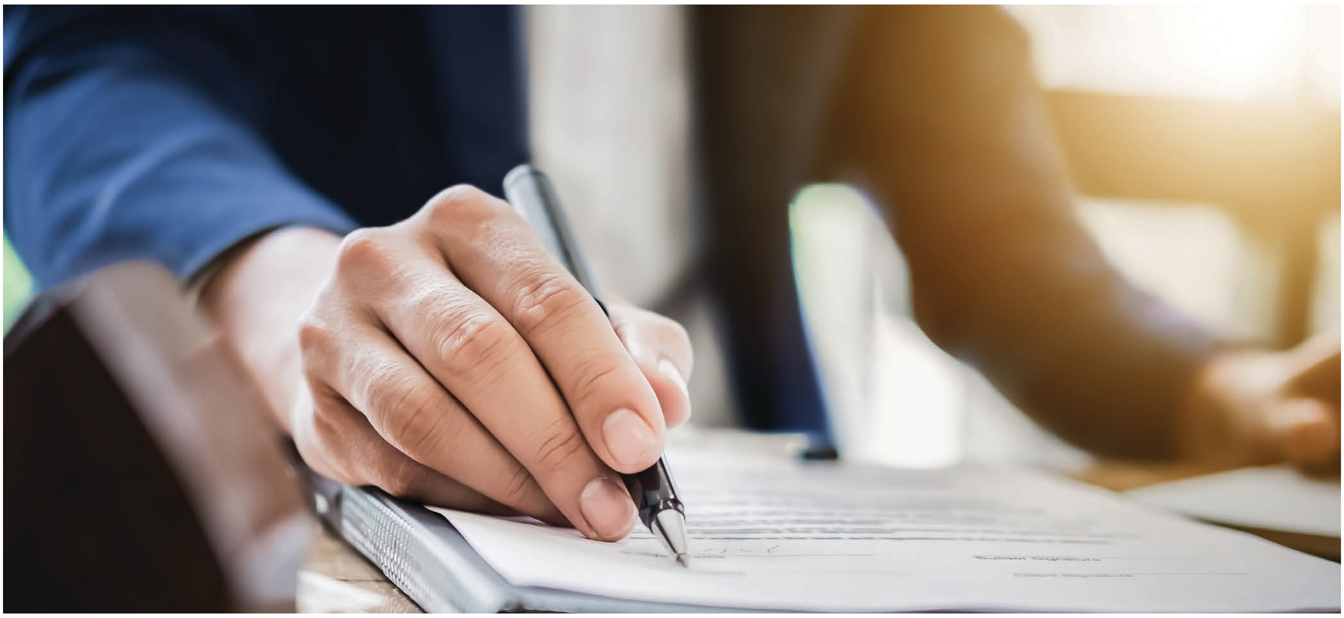
V. Actuarial Certification Statement

The Fund Actuary certified that;

a. While the Pensioner Account is in a sound financial condition as at 31 December 2023 as the value of the assets within this account exceeds the value of the liabilities, the Member Account liabilities exceed those of the assets. It is recommended that the Trustees review actions to return the Member Account to a financially sound state, which may include the recovery of the deficit from Member Account by way of the unitisation process (that is reducing the investment return allocated to the Member Account) or by a once off deduction from individual accounts of these members.

   In the actuary's opinion the latter is probably the fairest as it can be calculated proportionally to the membership period as at 31st December 2023 and excluding new members who join in the latter years. This position should be reviewed at the next valuation date on 31 December 2024.

b. The strategic asset allocation represents a reasonable long-term allocation given the nature of the Fund's liabilities. In particular, the asset allocations of the various investment channels are reasonable.



COMMUNICATION REPORT

"At the heart of everything we do as a Fund are our members, and communication plays a crucial role in building strong, lasting relationships with them."

08

At the heart of everything we do as a Fund are our members, and communication plays a crucial role in building strong, lasting relationships with them. Throughout 2023, several key initiatives were undertaken to engage and inform our members:

- Two editions of the Bokamoso Newsletter (for members)
- 2022 Annual Report
- Three Business e-Briefs
- Virtual Member Engagement initiatives
- Thought leadership articles published across several local media outlets
- Social Media Campaigns, including educational content on the amended Retirement Fund Act (2022)
- Member Portal Campaigns, emphasizing the importance of members' active participation in securing a better retirement

These efforts have contributed to enhancing our members' understanding of the Fund and the tools available to them, while also fostering greater engagement in planning for a secure retirement.

2. 2023 Stakeholder Satisfaction Survey Report

Debswana Pension Fund conducts satisfaction surveys for all its stakeholders to assess the effectiveness of its operations during the year under review. In the period covered by this report, the Fund has consistently maintained an overall satisfaction score above the global benchmarks within the financial services and insurance sectors that it has set as targets.

However, despite this above benchmark performance, the overall response rate has declined year on year. As such, driving higher participation in future surveys has become a key priority for the Fund.

2.1 The Survey objectives are as follows;

a. To evaluate the members' satisfaction with regard to services experienced in 2023
b. To identify gaps and opportunities in the Administrator's (Mmila Fund Administrators) service delivery
c. To obtain feedback and suggestions that can inform business improvement initiatives.
d. To determine the success or lack thereof of new innovations implemented during 2022.
e. To inform the Fund Balanced Scorecard and Individual Output agreements with performance scores for 2023 in the respective areas of business.

2.2 Targets and benchmarks vs performance

a. Response Rate

Debswana Pension Fund targets a response rate of 10% or better from the surveyed population for all surveys conducted. However, member response rates decreased by 5% in 2023 compared to the previous year, as shown below. The surveyed population this year was also lower, as some members could not be reached due to a lack of email addresses or postal addresses.

Year	Total Survey Population	Total Responses	Response Rate	Previous Year	Growth / Decline
2021	11015	1340	12%	**11%**	**1%**
2022	10999	1201	11%	12%	-1%
2023	10084	613	6%	11	**-5%**

b. Satisfaction levels

The Fund benchmarks its satisfaction levels against customer and industry satisfaction indices reported by leading global research institutions, particularly those within the finance and insurance sectors. For 2023, the customer satisfaction benchmark and the business satisfaction survey benchmark were both set at 78%, respectively.

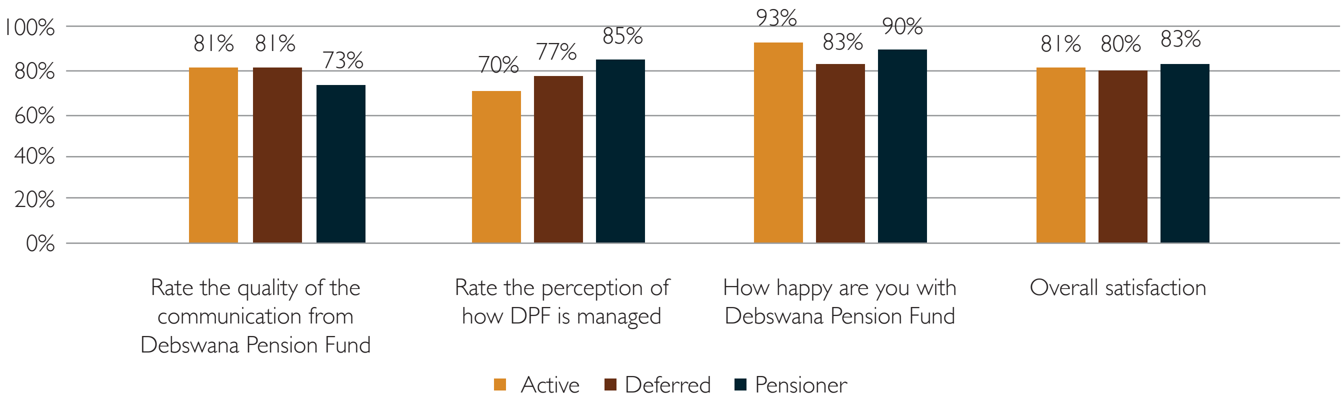
Survey	2022 DPF Score	2023 DPF Score	2022 DPF Scorecard Target	2022 Global Benchmark	Growth / Decline
Member Satisfaction Survey	81%	81%	78%	**78%**	**1%**
Business Satisfaction Survey	94%	91%	78%	78%	-1%

COMMUNICATION REPORT

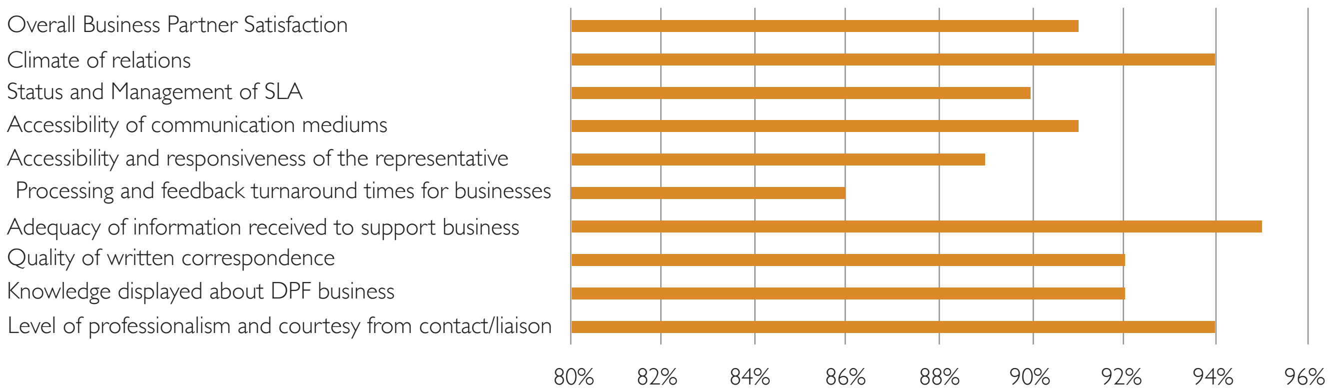
C. Summary Results

Members and business partners expressed satisfaction with the DPF's services in 2023.

2023 Member Satisfaction Survey Results



2023 Business Partner Survey Results



Summary of Key Learnings from the 2023 Satisfaction Survey

a. Strengths

- In comparison to the benchmark, both members and business partners are satisfied with Fund management, with scores exceeding the targeted goals.
- Members continue to express high satisfaction with the management of the Fund and the communication they receive.
- All areas measured in the Business Partner Satisfaction survey scored above the benchmark, demonstrating the Fund's commitment to delivering timely service to stakeholders.

b. Threats

- The response rate from active members fell short of the 10% target, missing it by 5%. This highlights the need for the Fund to actively promote participation in future surveys.
- Limited face-to-face interactions due to COVID-19 have impacted how members prefer to be engaged. This is particularly evident in the Pensioner Portfolio, where members prefer an annual conference over webinars. The Fund will focus on bridging this communication gap and exploring alternative methods for face-to-face engagements.

c. Opportunities

- There is an opportunity to increase education on the member portal, as many commonly requested services can be accessed directly via the portal.
- Regular meetings with business partners should be prioritized to enhance efficiencies and build stronger relationships.

d. Challenges

- Limited access to data or the internet has impacted member attendance at virtual member engagement sessions.

3. Communication Policy Statement

a. Communication Policy Overview

The Communication Policy is designed to meet legislative communication requirements while also aligning with the Fund's broader communication objectives. The most recent policy review and update took place in 2023, with the next scheduled review set for 2024. The Fund's Communication Policy should be read in conjunction with the supporting Fund Communication Strategy, Annual Communication Plans, and other communication policies approved by the Board.

b. Communication Mediums and Frequency of Communication

The communication tools we utilize will incorporate existing channels for efficiency, while also being adaptable to ensure they meet the needs of our diverse audiences.

4. Fund Communication Matrix

This matrix outlines the communication channels in use as of 31st December 2023, along with their respective target audiences and communication frequency. The tools and methods we will utilize for each audience are detailed below:

Communication Medium	Focus Area	Active Members	Deferred Members	Pensioner Members	Participating Employers	Business Partners	Fund Employees	General Public	Frequency of Communication	Reviewed
Print/Paper-Based Communication Mediums										
Bokamoso Newsletter	Fund Communication & Member Education	√	√	√	√	√	√	√	Bi-Annually	Ongoing
Annual Report & Financial Statements	Fund Communication	√	√	√	×	×	√	×	Once a year	Ongoing
Fund Book of Rules	Member Education	√	√	√	√	√	√	√	Once Off	As per rules changing
Active & Deferred Members Guide	Member Education	√	√	√	×	×	√	×	Once Off	On a need basis
Pensioners Guide	Member Education	×	×	√	×	×	√	×	Once Off	On a need basis
Death Benefits Payment Policy & Guide	Member Education	√	√	√	√	×	√	×	Once Off	On a need basis
Funeral Advance Cover Guide	Member Education	√	√	√	√	×	√	×	Once Off	On a need basis
AVC & Retirement Planning Guide	Member Education	√	√	×	×	×	√	×	Once Off	On a need basis
Fund Profile	Fund Communication	√	√	√	√	√	√	√	Once Off	On a need basis

Bi-Annually | Once a year | Annually | Ongoing | On a need basis | Quarterly
Once a month | Monthly | Once Off | As per rules changing

COMMUNICATION REPORT

Communication Medium	Focus Area	Active Members	Deferred Members	Pensioner Members	Participating Employers	Business Partners	Fund Employees	General Public	Frequency of Communication / year	Reviewed
Pension Projection Statements	Fund Communication	√	√	X	X	X	√	X	2	2
Annual Benefit Statements	Fund Communication	√	√	X	X	X	√	X	1	12
Pension Annuity Pay Slips	Fund Communication	X	X	√	X	X	√	X	1	12
Letter Correspondences	Fund Communication	√	√	√	√	X	√	X		
Newspaper Advertorials & Press Releases (new)	Public Relations / Reputation Management	√	√	√	√	√	√	√		1/12
Digital/Electronic Media										
Fund Website (www.dpf.co.bw)	Fund Communication	√	√	√	√	√	√	√		12
Member Portal (https://portal.mmila.co.bw/)	Fund Communication	√	√	√	X	X	√	X		12
Bokamoso Newsletter (electronic)	Fund Communication & Member Education	√	√	√	X	√	X	X	2	12
Business e-Brief (electronic)	Fund Communication	√	√	√	X	√	X	X	4	12
Email Notices & Updates	Fund Communication	√	√	√	√	X	X	X		12

Communication Medium	Focus Area	Active Members	Deferred Members	Pensioner Members	Participating Employers	Business Partners	Fund Employees	General Public	Frequency of Communication	Reviewed
Social Media (Facebook)	Stakeholder Engagement & Public Education (Financial Literacy)	√	√	√	√	√	√	√	Ongoing	Ongoing
Film Documentaries & Docudrama	Member Education	√	√	√	√	√	√	√	Once Off	On a need basis
SMS Communication (Notices & Updates)	Fund Communication	√	√	√	×	×	√	×	Ongoing	Ongoing
Virtual Communication										
Employer (HR) Training and Workshops	Stakeholder Engagement	×	×	×	√	√	√	×	Once a year	Annually
Participating Employers' Senior Leadership Business Updates	Stakeholder Engagement	×	×	×	√	√	√	×	Once a year	Annually
New Employee Inductions	Member Education	√	×	×	×	×	√	×	Once a month	Monthly
Active & Deferred Members Pre-Retirement Seminars	Member Education	√	√	×	×	×	√	×	Once a year	Annually
Annual Deferred Member's Meeting	Stakeholder Engagement	×	√	×	×	×	√	×	Once a year	Annually
Annual Pensioners' Member Meetings	Stakeholder Engagement	×	×	√	×	×	√	×	Once a year	Annually

Bi-Annually · Once a year · Annually · Ongoing · On a need basis · Quarterly

Once a month · Monthly · Once Off · As per rules changing

INVESTMENT REPORT

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2023 DPF Investment Performance Review

During the year ended December 31, 2023, Debswana Pension Fund increased 18.07 percent from BWP 9.671 billion in Q4 2022 to BWP 10.962 billion in Q4 2023.

Financial markets experienced significant volatility in 2023. This turbulence was driven by a combination of factors, including fluctuating inflation rates, varying central bank policies across major economies, and geopolitical tensions. The year saw sharp swings in stock prices, bond yields, and currency values, reflecting investor uncertainty and rapid shifts in market sentiment.

DPF's performance was bolstered by several key factors. Firstly, resilient economies, underpinned by strong consumer spending and robust job markets, played a crucial role in the positive growth in the year. Additionally, there was a notable improvement in business and investor confidence, which further contributed to the positive performance. The most impactful factor driving performance was the easing of inflationary pressures and the anticipation of potential interest rate cuts. This created a favourable environment for growth, significantly boosting confidence and investment across various sectors. Lastly, the tech sector experienced a resurgence, largely driven by advancements in artificial intelligence, which added a significant boost to the fund's returns. The "Magnificent Seven" stocks, which include Apple, Microsoft, Amazon, Alphabet (Google), Tesla, Nvidia, and Meta Platforms, all performed exceptionally well, significantly outpacing the overall market.

The main detractors to performance were from specialist mandates such as Africa Private Equity and China. The negative returns experienced in African Private Equity can be attributed to the Fund's initial investments in a new pan-African Fund. Private equity funds often exhibit the J-curve effect, which is characterized by initial negative returns followed by positive returns as investments mature. These early losses are typically due to factors such as investment costs, timing, and management fees. China's stringent three-year Zero-COVID policies had a significant impact on business confidence, domestic demand, production, and investment.

The economic recovery remained uneven, the real estate sector experienced a sustained contraction, US-China tensions escalated with the Biden administration imposing restrictions on certain U.S. investments in China. Furthermore, China's regulatory crackdown on the tech sector erased over USD 1 trillion in value from major tech companies, and there was a shift in Foreign Direct Investment (FDI) as manufacturing moved to other countries due to geopolitical pressures, data privacy rules, and regulatory crackdowns.

Global Asset Classes vs Local Asset Classes 2023

In aggregate, 2023 was a positive year for capital markets with most asset classes returning positive double-digit returns. Global equities were the best performing asset class driven by a shift towards a more accommodative monetary policy stance coupled with a surge in technology stocks driven by enthusiasm surrounding artificial intelligence. Marathon outperformed all Global Equity Managers increasing by 29.22 percent. The second-best performing asset manager was State Street which returned 30.31 percent.

The third ranked Global Equity manager was Veritas which generated 28.62 percent. Most of the Fund's other Global equity managers generated positive double-digit returns. Net of fees the asset managers performed as follows, Walter Scott (28.22 percent), Orbis (27.53 percent), and American century (23.53 percent), Global Bonds similarly experienced exceptional performance in 2023. Fixed income markets rallied primarily on expectations of future interest rate cuts. DPF's fixed income mandate outperformed The Barclays Global Bond Index by generating 12.36 percent versus 10.89 percent.

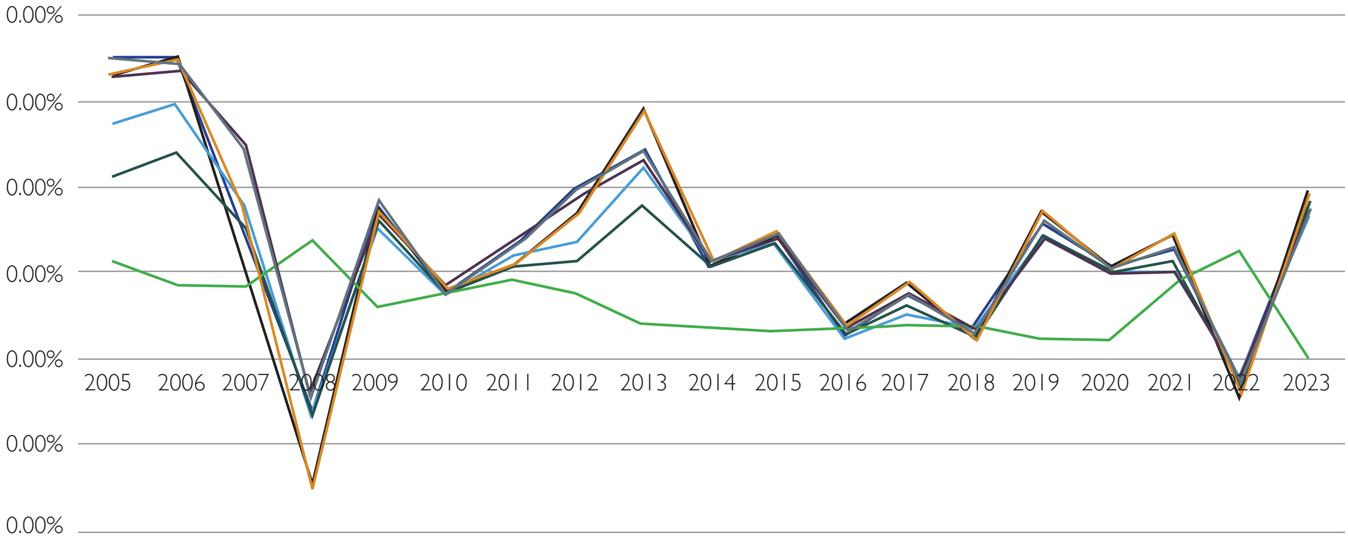
The Domestic Companies Index (DCI) increased 25.47 percent on a total return basis for the year ended December 31, 2023. During the same period the DPF Bond portfolio generated 10.94 percent outperforming the Fleming Aggregate Bond Index which returned 8.72 percent while local cash returned 0.9 percent against a benchmark return of 5.05percent.

Strategic Asset Allocation and Manager share of Fund as at December 31, 2023.

For the year ended December 31,2023, the Fund had an allocation of BWP 5,140,734,171.95 equivalent to 47 percent in Botswana Domestic assets and BWP 5,835,718,798.72 equivalent to 53 percent invested in international assets.

INVESTMEMENT REPORT

Figure 1 illustrates the Market Channel, Conservative Channel, Pensioner Channel and Aggregate Fund returns since 2004. It is important to note that returns in 2022 declined significantly due to geopolitical events, heightened inflation, aggressive interest rate hikes and the risk of a protracted global recession.



Portfolio	3 Months to December 2023	6 Months to December 2023	12 Months	36 Months	60 Months	Since Inception
Market	5.44%	6.24%	19.04%	9.20%	10.97%	12.27%
Conservative	4.98%	6.03%	17.06%	8.42%	9.73%	10.49%
Pensioner	4.84%	5.55%	16.75%	7.80%	9.49%	11.27%
Contingency	4.98%	5.80%	17.02%	7.83%	9.43%	12.86%
Fund	5.19%	5.99%	18.07%	8.66%	10.36%	-
Inflation	-	-	3.50%	8.16%	5.68%	6.33%

i) Market Portfolio Performance

The Market Portfolio performance for 2023 returned 19.04 percent. The Market Portfolio has achieved a return of 12.27 percent since inception of the life stage model.

ii) Conservative Portfolio Performance

The Conservative Portfolio performance for 2023 returned 17.06 percent. The Conservative Portfolio has achieved a return of 10.49 percent since inception of the life stage model.

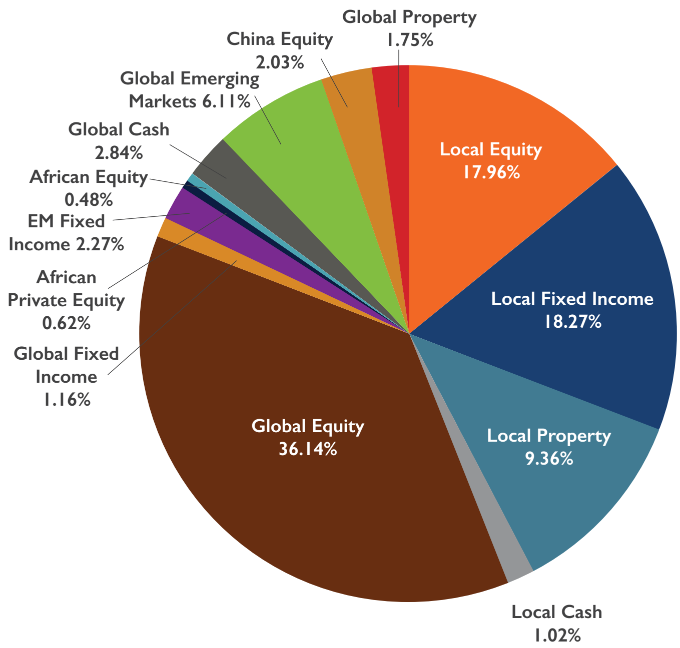
iii) Pensioner Portfolio Performance

The Pensioner Portfolio performance for 2023 returned 16.75 percent. The Pensioner Portfolio has achieved a return of 11.27 percent since inception of the life stage model.

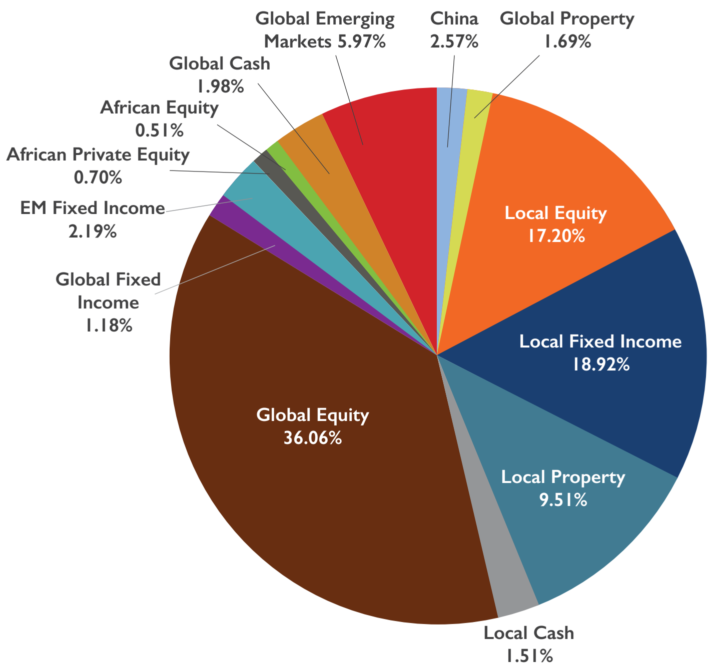
2023 Investment Policy Asset Allocation

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

Asset Class Weights as at 31 December 2023

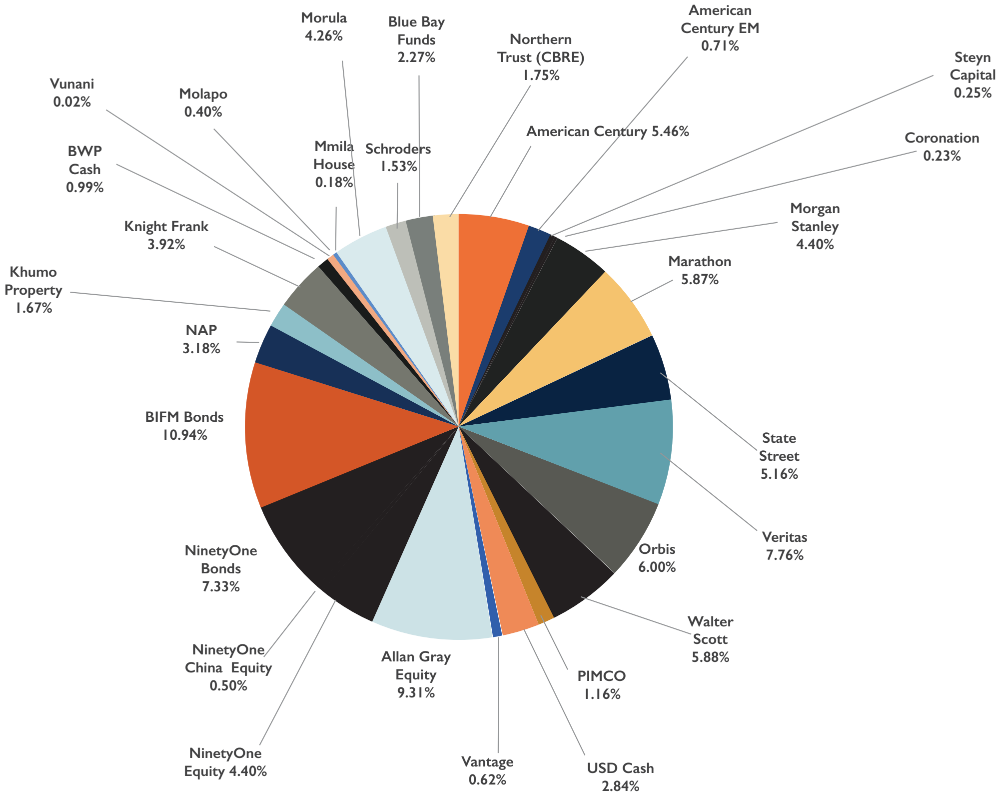


Asset Class Weights as at 31 December 2022

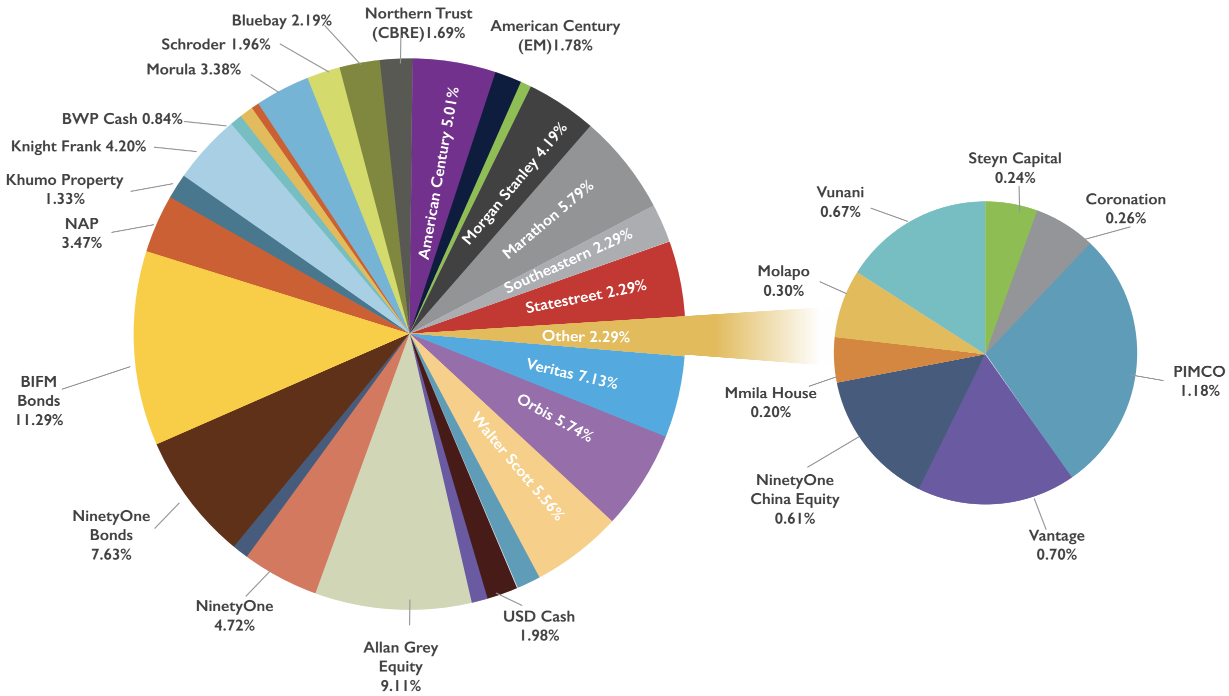


INVESTMEMENT REPORT

Asset Manager Weights As At 31 December 2023



Asset Manager Weights as at 31 December 2022



2023 Investment Policy Asset Allocation

Manager	31-Dec-23
Onshore equity investment by asset manager	
Allan Gray	895,473,583
Ninety One Botswana Proprietary Limited	452,402,293
Morula Capital	462,302,679
IPRO	332,333,921
Onshore bonds unitised funds	
Ninety One Botswana Proprietary Limited	701,002,975
Botswana Insurance Fund Management Limited	1,150,269,426
Offshore bonds unitised funds	
BlueBay Asset Management	247,978,214
Pimco Funds	126,846,745
Offshore equity unitised funds	
American Century Emerging Markets	187,225,912
American Century Global Growth	596,472,691
CBRE	191,346,701
Coronation Asset Management Proprietary Limited	25,135,850
Marathon Asset Management Limited	641,541,939
Morgan Stanley Investment Management Limited	480,853,321
Ninety One UK Limited	54,625,809
Orbis Investment Management Limited	655,660,357
State Street Global Advisors	563,956,030
Southeastern Asset Management	-
Steyn Capital Management Proprietary Limited	26,969,628
Schroder Investment Management Limited	167,724,211
Vantage Capital Fund II	38,472,082
Veritas Asset Management	848,475,712
Walter Scott & Partners Limited	642,864,699
Vantage Mezzanine IV Pan African Sub Fund	11,673,020
Vantage Mezzanine IV Southern African Sub-Fund	18,042,267
Total Investments securities	**9,519,650,065**
17. Operating lease asset	
Opening balance	2,263,739
Movement for the year	(530,874)
Closing balance	**1,732,865**

INVESTMENT REPORT

2023 Strategic Developments

The 2023 Strategic Asset Allocation for the year ended 31 December 2023 is expected generate the following performance targets over a 5-year rolling period:

Inflation + 4.7% - Market Channel

Inflation + 4.2% - Conservative Channel

Inflation + 4.1% - Pensioner Channel

	Market Channel			Conservative Channel			Pensioners		
	LB	SAA	UB	LB	SAA	UB	LB	SAA	UB
SA ILB MT	0.00%	0.00%	0.00%	0.00%	0.00%	17.50%	0.00%	0.00%	15.00%
SA ILB LT	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%	0.00%	0.00%	15.00%
Botswana Equity	14.00%	19.00%	24.00%	9.00%	15.00%	20.00%	5.00%	11.00%	17.00%
Botswana Cash	0.00%	0.00%	15.00%	0.00%	1.00%	14.00%	0.00%	1.00%	13.00%
Botswana Bonds	7.50%	12.50%	17.50%	18.00%	23.00%	28.00%	15.00%	25.00%	35.00%
Botswana ILB	0.00%	0.00%	5.00%	0.00%	0.00%	8.00%	0.00%	0.00%	10.00%
Botswana Property	7.50%	12.50%	27.50%	5.00%	15.00%	25.00%	5.00%	16.00%	25.00%
Foreign Equity	22.00%	37.00%	42.00%	24.50%	32.00%	34.50%	21.00%	32.00%	36.00%
EM Equity	0.00%	7.00%	12.00%	0.00%	5.00%	10.00%	0.00%	6.00%	11.00%
Global Property	0.00%	3.00%	8.00%	0.00%	0.00%	5.00%	0.00%	0.00%	10.00%
Foreign Bonds	0.00%	0.00%	5.00%	0.00%	3.00%	8.00%	0.00%	3.00%	8.00%
EM Debt	0.00%	3.00%	5.00%	0.00%	2.00%	5.00%	0.00%	2.00%	5.00%
Foreign Cash	0.00%	0.00%	2.50%	0.00%	0.00%	2.50%	0.00%	0.00%	2.50%
Africa Equity	0.00%	3.00%	7.50%	0.00%	2.00%	7.50%	0.00%	2.00%	7.00%
China	0.00%	3.00%	5.00%	0.00%	2.00%	5.00%	0.00%	2.00%	5.00%
Total		**100.00%**			**100.00%**			**100.00%**	

AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

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ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

GENERAL INFORMATION

Country of Incorporation and Domicile Botswana

		Designation	Appointment Date	Resignation Date
Board of Trustees	Thabiso Moanakwena	Chairperson		
	Tshepo Mokgethi	Deputy Chairperson		
	Potoko Bogopa	Trustee		
	Claire Busetti	Independent Trustee		
	Lapologang Letshwenyo	Trustee		
	Malebogo Ntshwabi	Trustee		
	Kago Letshabo	Trustee	08-06-23	
	Galeboe Busang	Independent Trustee	02-06-23	
	Matlhogonolo Mponang	Trustee		30-04-23
	Baintlafatsi Thomas	Trustee		30-11-23
	Keitiretse Tshukudu	Trustee	18-12-23	
	Obakeng Moroka	Trustee		31-08-23

Registered Office Main Mall, Debswana House 5th Floor
Gaborone Botswana

Business Address Main Mall, Debswana House 5th Floor
Gaborone Botswana

Postal Address Private Bag 00512 Gaborone

Bankers ABSA Bank Botswana Limited
First National Bank Botswana Limited
Standard Chartered Bank Botswana Limited

Auditor PricewaterhouseCoopers Inc.
Plot 64289, Tlokweng Road
Gaborone, Botswana
P O Box 294
Gaborone

Custodian Stanbic Bank Botswana Limited

GENERAL INFORMATION

Investment Consultants	Riscura Consulting Services Proprietary Limited
Actuaries	Towers Watson Proprietary Limited
Onshore Investment Managers	Allan Gray Botswana Proprietary Limited Botswana Insurance Fund Management Limited IPro Botswana Proprietary Limited Morula Capital Partners Ninety One Botswana Proprietary Limited Vunani Fund Managers
Offshore Investment Managers	American Century Emerging Markets American Century Global Growth BlueBay Asset Management CBRE Investment Management Coronation Asset Management Proprietary Limited Marathon Asset Management Limited Morgan Stanley Investments Management Limited Ninetyone UK Limited Orbis Investment Management Limited Pimco Europe Schroder Investment Management Limited Southeastern Asset Management State Street Global Advisors Steyn Capital Management Proprietary Limited Vantage Capital Fund II Vantage Capital Fund IV Veritas Asset Management Walter Scott & Partners Limited

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

Trustees Responsibilities and Approval Report

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 net assets available for benefits as at 31 December 2023, the statement of changes in net assets available for benefits, statement of changes in members' funds and reserves and statement of cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of material accounting policies, in accordance with IFRS® Accounting Standards as issued by the International Financial Reporting Standards Board.

The members of the board of trustees are required by the Retirement Funds Act 2022 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and the related financial information included in this report. It is their responsibility to ensure that the annual 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 auditor is engaged to express an independent opinion on the annual financial statements and their report is presented on pages 57 to 64.

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

The annual 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 members of the board of trustees to meet these responsibilities, the members of the board of trustees set 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.

The annual financial statements set out on pages 65 to 158 which have been prepared on the going concern basis, were approved and authorised for issue by the members of the board of trustees and were signed on 31 July 2025 on its behalf by:

Thabiso Moanakwena
Board Chairperson

Galeboe Busang
Audit & Risk Committee Chairperson

Independent auditor's report

To the members of Debswana Pension Fund

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Debswana Pension Fund (the "Fund") as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

Debswana Pension Fund's financial statements set out on pages 65 to 158 comprise:

- the statement of net assets available for benefits as at 31 December 2023;
- the statement of changes in net assets available for benefits for the year then ended;
- the statement of changes in members' funds and reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities relating to joint life and guarantee products Refer to the following notes to the financial statements as it relates to this key audit matter: • Material accounting policy 1.19 - IFRS17 Insurance Contracts • Material accounting policy 1.20 - Significant judgements in applying IFRS17 • Note 20.2 to the financial statements - Measurement and classification of pensioner/annuitant obligations • Note 21 to the financial statements - Insurance contract liability • Note 36 to the financial statements - Financial risk management • Note 42 to the financial statements - Transition SOAAFB • Note 43 to the financial statements – Restatement disclosure: Impact of prior period errors and IFRS17 adjustments We considered the valuation of insurance contract liabilities relating to joint life and guarantee products to be a matter of most significance to the current year audit due to the following: • Significant judgements applied in determining the transition amounts and approach as a consequence of the Fund applying IFRS 17 – Insurance Contracts ('IFRS 17') for the first time in the current year; • significant judgements and assumptions applied in determining the year end insurance contract liability balances; • The magnitude of the insurance contract liabilities in relation to the financial statements. As at 31 December 2023, the Fund recognised insurance contract liabilities relating to – joint life products of P811,410,641and insurance contract liabilities relating to guarantee products of P1,873,106,557.	Our audit of the insurance contract liability balances included the following audit procedures that were executed with the assistance of our actuarial specialists: Transition from IFRS 4 to IFRS 17 • We assessed whether the Fund's chosen accounting policies and methodologies were in compliance with IFRS 17 and were consistent with the policy elections made on transition and found to be in accordance with the requirements of IFRS17 and consistently applied. • We assessed the impracticability assessments prepared by management for cohorts where the fully retrospective approach was not followed and found them to be reasonable. • We tested, on a sample basis, the accuracy and completeness of the insurance contract data utilised as inputs into the measurement models used relating to 31 December 2021 and no material exceptions were noted. • We assessed the appropriateness of the assumptions used in determining the contractual service margin (CSM) of cohorts where the fair value approach was selected and found the assumptions to be appropriate. • We challenged the judgements applied by management to conclude that annuity contracts issued transferred significant insurance risk and thereby fall within the scope of IFRS17 and found the basis of the judgements to be reasonable. • We assessed that the levels of aggregation used for measuring and reporting on groups of contracts was in compliance with IFRS 17 and found the aggregation to be reasonable and in compliance with IFRS17. • We assessed the appropriateness of management's fair value methodology assumptions applied in calculating the CSM on the transition date (being 31 December 2021). We tested the IFRS 17 transition

Key audit matter	How our audit addressed the key audit matter
	models and methodologies for internal consistency and compliance with the requirements of IFRS 17. We found that the fair value methodology assumptions to be appropriate and transition models to be consistent and in compliance with IFRS17.

Transitioning from IFRS 4 to IFRS 17, effective for reporting periods beginning on or after 1 January 2023 (detailed in note 1.20(c))
 	
The Fund applied IFRS 17 (Insurance Contracts) ("IFRS 17") in the recognition and measurement of these insurance contract liabilities for the first time in the current financial year. In doing so, the Fund made use of the specific transition guidance contained in IFRS 17 for changing the recognition and measurement basis from what was previously followed under IFRS 4 (Insurance Contracts) ("IFRS 4").
 	
In retrospectively applying IFRS 17, the Fund has restated its statements of net assets available for benefits as previously reported at 31 December 2021 and 31 December 2022, and the statement of changes in net assets available for benefits and the statement of cash flows for the year ended 31 December 2022 in accordance the recognition and measurement requirements of IFRS 17.
 	
The key judgements applied on transition is the determination of the transition approach based on impracticability assessments. This has been determined by assessment of the availability of historical policy data, which impacts the ability to retrospectively conduct a policy level valuation. Based on this, a fair value transition approach has been adopted.
 	
The following key elements have been considered in determining the fair value measurement on transition:
 	
a)estimated future cash flows;
b)expectations of the uncertainty inherent in the cash flows;
c)the time value of money using a liquidity adjusted risk-free interest rate;
	Procedures over year-end balances
	With the assistance of our actuarial expertise we:
	
	• assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance and the Fund's accounting policy in accordance with IFRS 17 and found the valuation methodology and assumptions to be compliant with latest actuarial guidance and IFRS17.
	• challenged key assumptions and the methodologies and processes used to determine and update these assumptions. This included challenging the comparison with externally observable data and our assessment of the Fund's analysis of experience to date and allowance for future uncertainty - focused on the following key assumptions:
	    • future mortality changes,
	    • future maintenance expense assumptions, discount rates and inflation; We found the assumptions to be reasonable and comparable to the externally observed data.
	• assessed the reasonableness of the amortisation of the CSM by performing an analysis and reperformance of the CSM build-up for the entire book and found the amortisation of CSM to be reasonable.
	• evaluated the accuracy of the risk adjustment for non-financial risk, including calculation method, and its related release; and tested the reasonability of the build-up and changes in the probability-weighted best estimate liabilities (BEL), risk adjustment (RA) and CSM, by comparing expected changes to previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by

Key audit matter	How our audit addressed the key audit matter
d) the price for bearing the uncertainty inherent in the cash flows (i.e., a risk premium); and e) other factors that market participants would take into account in the circumstances; f) Aggregation of the insurance contract liabilities into joint life and guarantee products. g) benefits and expense inflation ***Determination of year-end insurance contract liability balances*** In valuing the insurance contract liabilities, the Fund applied significant judgement. Various assumptions are made including assumptions regarding the expected claims and lapses, expected directly attributable expenses, and the distribution of these cashflows. Changes to these assumptions may result in material changes to the valuation. The most significant assumptions made in the valuation of liability balances arising from the Fund's annuity contracts relate to: • Mortality; • Future maintenance expenses; • Discount rates; • Inflation rates; and • Risk adjustment for non-financial risk	management / governance structures. We found the risk adjustment for non-financial risk to be accurate and the buildup of best estimate liabilities (BEL), risk adjustment (RA) and CSM to be reasonable. We also • tested, on a sample basis, the accuracy and completeness of insurance contract data utilised as inputs into the measurement models at 31 December 2021, 2022, and 2023; • reconciled the outputs from the Fund's measurements models to the financial statements. These procedures did not identify any unaddressed exceptions, which could have a material impact on reported balances and amounts.
Valuation of investment property *Refer to the following notes to the financial statements as it relates to this key audit matter:* • *Significant accounting policies - "1.6 Investment Property";* • *Significant accounting policies - "1.15 Key sources of estimation uncertainty";* • *Notes 15 to the financial statements - "* *Investment Property";* *Notes 36 to the financial statements - "Financial risk management (Market risk sensitivity analysis)".* The Fund accounts for investment property at fair value and the carrying value as at 31 December 2023 was P469,138,848.	In respect of the Fund's independent valuers (the "Valuers"), we performed the following procedures: • Inspected the Valuers' valuation reports for statements of independence and compliance with generally accepted valuation standards, as well as for confirmation of the Valuers' affiliation with the relevant professional body. • Inspected the Valuers' professional certifications and curricula vitae, which list their experience in the industry. Based on our procedures performed, we noted no matters requiring further consideration. • Evaluated whether there are any matters that might have affected the Valuers' objectivity or may have imposed scope limitations upon

Key audit matter	How our audit addressed the key audit matter
The fair value at reporting date was determined using the income capitalisation method. The Fund's valuation of the portfolio of properties was based on valuations carried out by independent valuers. Factors such as prevailing market conditions, the individual nature, condition and location of each property and the expected future income for each property, directly impact fair values. Amongst others, the following assumptions were key in establishing fair value: • net market rent • average market rental growth • capitalisation rate We considered the valuation of investment property to be a matter of most significance to the current year audit due to the nature of assumptions applied by the Fund in determining the fair values and the magnitude of the carrying value of the Funds investment properties in relation to the financial statements.	the work performed by the Valuers by obtaining written confirmation from the Valuers that: i) all professional staff involved in the valuation process are in good standing with relevant professional bodies; ii) they are free from any direct or indirect financial interest in the Fund; iii)the Fund did not place any restrictions on the valuation process; and iv) they are not aware of any information relevant to the valuation which had been withheld by the Fund. Based on our procedures performed, we noted no matters requiring further consideration. We assessed the appropriateness of the valuation methodologies used by the Valuers against the requirements of IFRS 13 - Fair value measurement and industry practice. Based on our procedures performed, we accepted the valuation methodology used by the Valuers. We compared data inputs used in the independent valuations for a sample of investment properties, including net cash flows, to relevant documentation (such as tenancy schedules and rental agreements). The data inputs used in the independent valuations were found to be consistent with such supporting information. For a sample of investment properties, we compared capitalisation rates utilised by the Valuers to rates utilised in valuation of comparable properties based on our experience, and rates used in historical valuations for the same properties. Based on our procedures, we

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td></td><td>accepted the capitalisation rates used by the Fund.
For a sample of investment properties, we compared the fair value recorded in the accounting records to the external valuation reports and found no material exceptions.</td></tr>
<tr><td>Valuation of investments in equity securities (associates and subsidiary)

Refer to the following notes to the financial statements as it relates to this key audit matter:

• Significant accounting policies - “1.7 Investment in associates and subsidiary”;
• Significant accounting policies “1.15 Key sources of estimation uncertainty”;
• Notes to the financial statements - “14 Investment in equity securities”;
• Notes to the financial statements - “36 Financial risk management (Market risk sensitivity analysis)”

The Fund accounts for investment in equity securities (associates and subsidiary) at fair value and the carrying value as at 31 December 2023 was P217,000,000.

The Fund accounts for these investments based on valuations carried out by independent valuers using the income capitalisation method.

Judgement is exercised to determine the fair value of investments in equity securities, especially with respect to the determination of appropriate capitalisation rates and maintainable income.

We considered the valuation of equity securities to be a matter of most significance to the current year audit due to the nature of assumptions applied by the Fund in determining the fair values, as well as the magnitude of the balances.</td><td>In respect of the Fund’s independent valuers (the “Valuers”), we performed the following procedures:

• Inspected the Valuers’ professional certifications and curricula vitae, which list their experience in the industry. Based on our procedures performed, we noted no matters requiring further consideration;
• Evaluated whether there are any matters that might have affected the Valuers’ objectivity or may have imposed scope limitations upon the work performed by the Valuers by obtaining written confirmation from the Valuers that:

i) all professional staff involved in the valuation process are in good standing with relevant professional bodies;
ii) they are free from any direct or indirect financial interest in the Fund;
iii) the Fund did not place any restrictions on the valuation process; and
iv) they are not aware of any information relevant to the valuation which had been withheld by the Fund.

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

Involved our internal valuation specialists to evaluate the appropriateness of the valuation models and capitalisation rates used by the Fund’s experts for a sample of valuations. For those samples, independently calculated the fair value and compared against the value recorded by the Fund in the financial statements. We found the valuation models used by the Valuers</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
	to be appropriate and found the capitalisation rates used and the valuation to be within an acceptable range. For a sample of valuations, we compared the maintainable earnings projections used for the valuation against the associates' most recent financial statements and found these to be reasonable. Compared the fair value recorded in the accounting records to the external valuation reports for all investments in associates and subsidiary and found no material exceptions.

Other information

The trustees are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Debswana Pension Fund Annual Financial Statements for the year ended 31 December 2023". The other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Firm of Certified Auditors
Practicing Member: Kosala Wijesena (CAP 0025 2025)

7 August 2025
Gaborone

Statement of Changes in Net Assets Available for Benefits

for the year ended 31 December 2023

Figures in Pula	Notes	2023	2022 Restated
Performance from membership activities			
Member contributions			
Employer statutory contributions	3	429,920,331	384,005,926
Member voluntary contributions	3	2,132,744	2,377,655
Net transfers to other funds	4	(86,224,324)	(8,796,457)
Total contributions from members		**345,828,751**	**377,587,124**
Member benefit expenses			
Benefits on withdrawal		(53,998,088)	(33,751,497)
Lump sums on retirement		(367,051,142)	(118,449,537)
Total member benefits expenses		**(421,049,230)**	**(152,201,034)**
Fund operating expenses			
Employee costs - salaries*	6	(15,969,402)	(9,836,036)
Administrative expenses*	6	(70,852,270)	(22,599,042)
Depreciation - property, plant and equipment	11	(136,389)	(136,749)
Movement in impairment of receivables (Expected Credit Loss)	19	539,898	(4,316,986)
Total fund operating expenses		**(86,418,163)**	**(36,888,813)**
Change in net assets from membership activities before insurance and investment activities		**(161,638,642)**	**188,497,277**
Performance from investment activities			
Investment income/(loss)*	30	1,288,209,548	(143,476,828)
Investment expenses*	30	(133,311,478)	(81,698,343)
Change in net assets from investment activities (Active & Deferred)		**1,154,898,070**	**(225,175,171)**
Performance from Insurance activities (Pensioners)			
Insurance revenue*	26	220,947,323	220,919,358
Insurance service expenses*	27	(176,413,025)	(160,066,124)
Insurance service result		**44,534,298**	**60,853,234**
Insurance investment income /(loss)*	30	526,757,528	(88,639,701)
Insurance investment expenses*	30	(16,584,155)	(12,538,459)
Insurance finance expense from contracts issued*	28	(231,851,242)	(1,772,430)
Net insurance financial results		**278,322,131**	**(102,950,590)**
Change in net assets from insurance activities (Pensioners)		**322,856,429**	**(42,097,356)**
Increase/(Decrease) in net assets during the year		**1,316,115,857**	**(78,775,250)**

*Refer to restatement Note 43.

Statement of Net Assets Available for Benefits

As at 31 December 2023

Figures in Pula	Notes	2023	2022 As Restated	2021 As Restated
Non-current assets				
Property, plant and equipment	11	559,942	462,495	439,837
Investment in equity securities	14	217,000,000	277,767,000	300,800,000
Investment property	15	469,138,848	398,681,118	387,544,591
Investment securities*	16	9,819,408,248	8,671,976,005	8,954,022,135
Operating lease asset	18	1,732,865	2,263,739	5,134,352
Financial assets at amortized cost	13	359,113	421,000	481,282
		10,508,199,016	**9,351,571,357**	**9,648,422,197**
Current assets				
Other receivables at amortized cost	19	26,994,537	22,813,694	27,637,951
Cash and cash equivalents*	17	427,325,615	297,481,439	428,160,975
		454,320,152	**320,295,133**	**455,798,926**
Total assets		**10,962,519,168**	**9,671,866,490**	**10,104,221,123**
Funds, Reserves and Liabilities				
Funds and reserves				
Contingency reserves	31	-	29,450,000	240,401,000
Reserve account**	31	1,046,253,192	754,842,019	550,690,096
Fund account	31	7,066,228,000	6,411,372,035	6,654,539,022
Total funds and reserves		**8,112,481,192**	**7,195,664,054**	**7,445,630,118**
Liabilities				
Non-current liabilities				
Insurance contract liability - Joint life product**	21	725,419,004	725,965,731	799,473,765
Insurance contract liability - Guarantee product**	21	1,677,371,070	1,406,764,426	1,472,073,765
Lease liability	12	4,423,302	4,697,501	-
Total non-current liabilities		**2,407,213,376**	**2,137,427,658**	**2,271,547,530**
Current liabilities				
Benefits payable**	32	64,764,367	59,077,506	77,449,262
Insurance contract liability - Joint life product**	21	85,991,637	78,913,330	73,143,699
Insurance contract liability - Guarantee product**	21	195,735,487	169,846,098	173,529,828
Other payables	33	95,862,538	30,489,487	62,715,898
Lease liability	12	265,783	243,569	-
Intercompany balances	34	204,788	204,788	204,788
Total current liabilities		**442,824,600**	**338,774,778**	**387,043,475**
Total liabilities		**2,850,037,976**	**2,476,202,436**	**2,658,591,005**
Total Funds, Reserves and Liabilities		**10,962,519,168**	**9,671,866,490**	**10,104,221,123**

*Refer to restatement Note 20.1 and Note 43

**Refer to restatement Note 20.2 and Note 43

Statement of Changes In Members' Funds and Reserves

for the year ended 31 December 2023

	Pensioners' account - Restated	Contingency reserves	Reserve Account -Restated	Fund account	Total
Balance at 31 December 2021 as previously stated	3,057,068,000	240,401,000	-	6,654,539,022	9,952,008,022
Correction of prior period error (Note 20.2)	(259,131,000)	-	259,131,000	-	-
IFRS 17 adjustment (Note 20.2)	(291,559,096)	-	291,559,096	-	-
	2,506,377,904	240,401,000	550,690,096	6,654,539,022	9,952,008,022
Derecognition on initial application of IFRS 17	(2,506,377,904)	-	-	-	(2,506,377,904)
Balance at 31 December 2021	**-**	**240,401,000**	**550,690,096**	**6,654,539,022**	**7,445,630,118**
Net decrease in assets during the year as previously stated	-	-	-	(386,872,823)	(386,872,823)
IFRS 17 restatement adjustment during the year	-	-	-	308,097,573	308,097,573
Restated net decrease in net assets during the year	**-**	**-**	**-**	**(78,775,250)**	**(78,775,250)**
Transfers between reserves	-		204,151,923	(204,151,923)	-
Transfer from Contingency Reserve	-	(210,951,000)	-	210,933,534	(17,466)
Transfer to Insurance Contract liability - Annuity premium	-	-	-	(171,173,349)	(171,173,349)
Balance at 31 December 2022	**-**	**29,450,000**	**754,842,019**	**6,411,372,035**	**7,195,664,054**
Balance at 1 January 2023	**-**	**29,450,000**	**754,842,019**	**6,411,372,035**	**7,195,664,054**
Increase in net assets during the year	-	-	-	1,316,115,857	1,316,115,857
Transfers	-	(29,450,000)	291,411,173	(261,961,173)	-
Transfer to Insurance Contract liability - Annuity premium	-	-		(399,298,718)	(399,298,718)
Balance at 31 December 2023	**-**	**-**	**1,046,253,192**	**7,066,228,000**	**8,112,481,192**

Statement of Cash Flows

for the year ended 31 December 2023

Figures in Pula	Notes	2023	2022 As Restated
Cash generated/(used) from operations			
Increase/(decrease) in net assets during the year		**1,316,115,857**	**(78,775,250)**
Adjustments for:			
Investment Management : Non cash adjustments			
Unrealised fair value (gains)/losses on investment securities	8	(1,127,680,997)	1,072,442,068
Unrealised foreign exchange gains on investment securities	8	(297,974,543)	(464,496,961)
Unrealised gains on fair valuation of investment properties	15	(18,462,764)	(15,982,540)
Depreciation right of use asset - Barclays House	15	397,300	397,300
Fair value losses from associates and subsidiaries	14	60,767,000	36,081,000
Loss on disposal of investment securities	30	18,777,222	2,819,937
Onshore investment management fees*	30	17,318,882	14,535,375
Finance cost - lease liability	12	418,830	438,740
Dividend income	9	(162,647,559)	(149,451,051)
Interest income	9	(157,208,266)	(137,643,957)
		(1,666,294,895)	**359,139,911**
Non cash adjustments: Fund Membership and Insurance Operations			
Insurance finance expense/(income)	28	231,851,242	1,772,430
Insurance revenue	26	(220,947,323)	(220,919,358)
Insurance service expenses	27	176,413,025	160,066,124
Depreciation on property, plant and equipment	11	136,389	136,749
Loan interest - Barclays House	13	(30,139)	(36,631)
Adjustments on property plant and equipment	11	-	(35,649)
		187,423,194	**(59,016,335)**
Fund Membership and Insurance Operations : Changes in working capital			
Decrease/(increase) in operating lease asset		530,874	(2,870,613)
(Increase)/decrease in other receivable		(4,180,843)	4,824,257
Increase/(decrease) in benefits payable		5,686,861	(18,371,756)
Increase/(decrease) in other payable		65,373,051	(32,226,411)
		67,409,943	**(48,644,523)**
Insurance Operations: Benefits and operating costs			
Benefits paid to Annuitants	21	(262,097,494)	(233,289,355)
Operating expenses paid	21	(21,490,557)	(15,534,660)
		(283,588,051)	**(248,824,015)**
Net cash generated/(used) in operating activities		**(378,933,952)**	**(76,120,212)**

Statement of Cash Flows

for the year ended 31 December 2023

Figures in Pula	Notes	2023	2022 As Restated
Cash flows from investing activities			
Redemption of investment securities*	10	563,766,188	294,275,191
Capital contribution on investment securities*	10	(57,552,719)	(394,627,751)
Purchase of property, plant and equipment	11	(233,837)	(195,053)
Additions of investment properties	15	(52,392,266)	(2,886,381)
Capital repayment on Barclays House loan	13	61,068	61,068
Loan interest received on Barclays House loan	13	30,139	36,631
Dividends received*	9	50,906,859	67,236,954
Interest received*	9	117,572	862,201
Net cash from/(used in) investing activities		**504,703,004**	**(35,237,140)**
Cash flows used in financing activities			
Rental payments	13	(670,815)	(662,578)
Cash flows used in financing activities		**(670,815)**	**(662,578)**
Cash and cash equivalents movement for the year		125,098,237	(112,019,930)
Cash and cash equivalents at the beginning of the year		297,481,439	428,160,975
Effect of exchange rate movement on cash balances	8	4,745,939	(18,659,606)
Total cash and cash equivalents at end the of the year	17	**427,325,615**	**297,481,439**

*Refer to restatement Note 20.1

Material Accounting Policies

1. Material accounting policies

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

1.1 Basis of preparation and summary of material accounting policies

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards and Interpretations and the Retirement Funds Act 2022.

The separate financial statements have been prepared on the historic cost convention, except for right-of-use asset, investment in equity securities, investment in property and investment in securities, that have been measured at fair value and insurance contract liabilities measured at current cost. They are presented in Botswana Pula, which is the Fund's functional currency. In addition, the Fund is exempted from preparing consolidated financial statements in line with the scope of IFRS 10.

1.2 Benefits payable

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

1.3 Reserves

1.3.1 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.

1.3.2 Reserve account

This represents reserve earnings to support future pension increases and other adjustments.

1.4 Valuation of plan assets

Retirement benefit plan investments are carried at fair value.

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

Where plan investments are held for which an estimate of fair value is not possible, such as total ownership of an entity, disclosure is made of the reason why fair value is not used. To the extent that investments are carried at amounts other than market value or fair value, fair value is generally also disclosed. Assets used in the operations of the Fund are accounted for in accordance with the applicable Standards.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

Or

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

Material Accounting Policies

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

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

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

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

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

1.5 Property, plant and equipment

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

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

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

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

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

Material Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

1.6 Investment property

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

The Fund occupies 4% of one investment property for own use, being the Debswana House. Applying the requirements set-out in paragraph 10 of IAS 40, the Fund has assessed and met the criteria to classify the entire building as an investment property.

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

1.7 Investment in associates and subsidiary

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

1.8 Interest in joint operations

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

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

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

Material Accounting Policies

1.8 Interest in joint operations (continued)

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

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

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

1.9 Financial instruments

Initial recognition and measurement

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

Financial Assets

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

Subsequent measurement

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

Financial assets at amortized cost

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

Derecognition of financial assets

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

Impairment of financial assets

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

Material Accounting Policies

1.9 Financial instruments (continued)

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

i) Significant increase in credit risk

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

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

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

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

An actual or expected significant deterioration in the operating results of the debtor.

Significant increases in credit risk on other financial instruments of the same debtor.

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

The financial instrument has a low risk of default.

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

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

Material Accounting Policies

1.9 Financial instruments (continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event (see (ii) above)
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

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

v) Measurement and recognition of expected credit losses

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

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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised

Material Accounting Policies

cost using the effective interest rate method, less allowance for expected credit losses. For trade receivables, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward- looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

Cash and cash equivalents comprise of cash (i.e. cash on hand and on demand deposits held with Commercial Banks) and cash equivalents which comprise short-term instruments with maturity of three months or less, which are highly liquid investments that are readily convertible to known amounts of cash, subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment or other purposes. Money market instruments held by the Fund in the current period do not meet the criteria of cash equivalent.

Financial liabilities

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

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

1.10 Dividend and interest income

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

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

1.11 Rental income

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

1.12 Levies

The ordinary levies receivable are accounted for on a straight-line basis over the financial year and decided amongst the trustees on a participation quota basis. The annual ordinary levies are agreed and approved by the trustees at the Fund's annual general meeting. Interest is recognised, in surplus or deficit, using the effective interest rate method. Interest on arrear levy contributions is recognised in terms of prescribed management rule 21(3)(c).

Material Accounting Policies

1.13 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of net assets available for benefits date.

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

1.14 Related parties

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 fund (this includes parents, subsidiaries and fellow subsidiaries);
ii) has an interest in the entity that gives it significant influence over the fund; or
b) that are members of the key management personnel (Senior Management) of the fund

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

1.15 Key sources of estimation uncertainty

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

Impairment of financial assets

Determining whether a financial asset is impaired requires an estimation of the future cash flows that the Fund is expected to receive from either disposing or holding onto the financial asset in the form of dividends or interest. Judgement is involved in determining asset risk categorization and forward looking information. Estimation methods and assumptions relate to the determination of loss given default and probabilities of default.

Valuation of investment properties

The Fund's investment properties were valued as at 31 December 2023 by independent professionally qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

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

Material Accounting Policies

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

- net market rent;
- average market rental growth;
- the capitalisation rate.

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

At each financial year-end the administrator;

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

Valuation of investments in associates and subsidiary

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

The valuation of the subsidiary was arrived at on the basis of a valuation carried out by Riscura a firm of qualified consultants.

The Fund's administrator reviews the valuations performed by the independent valuers for financial reporting purposes. They report directly to Trustees and the Fund's Investment Committee. At each financial year end the administrator assesses all major inputs to the independent valuation report and holds discussions with the independent valuer.

Actuarial assumptions

Estimates and judgements related to IFRS 17 valuations are disclosed in accounting policy 1.20.

1.16 Impairment of non-financial assets

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

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

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

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

Material Accounting Policies

1.17 Employee benefits

Short-term employee benefits

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

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

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

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

1.18 Leases

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

Leases as a lessee Definition

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Identification of a lease

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Where a contract contains a lease, each lease component with the contract is accounted for separately from the non-lease components. The consideration is then allocated to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components are determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, an estimate of the stand-alone price is made, maximising the use of observable information in each case. All non-lease components are accounted for in accordance with whatever other policy is applicable to them.

Lease term

The lease term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease or not exercising of options to terminate the lease is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the Fund's control and it affects the reasonable certainty assumptions.

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

Material Accounting Policies

Recognition

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of net assets available for benefits as a separate line item.

Measurement

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligation for those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequently, the right-of-use asset is measured at fair value, in accordance with IAS 40: Investment Property because the Fund measures other investment property at fair value.

Where a lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects a purchase option will be exercised, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Fund tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right-of-use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined, else it is based on the Fund's incremental borrowing rate. The following lease payments are included where they are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if there is reasonably certainty that the option will be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the exercising an option to terminate the lease.

Subsequently, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate described above, or if applicable the revised discount rate described below.

Surplus or deficit for the year will include the interest expense on the lease liability, and the variable costs not included in the measurement of the lease liability are included in the year in which the event of condition that triggers the payment of the variable costs occurs.

Material Accounting Policies

Reassessment of the lease liability

Where there are changes in the lease payments, the amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. Where the carrying amount of the right of use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the remaining amount of the remeasurement is recognised in surplus or deficit.

The remeasurement is performed by discounting the revised lease payments using a revised discount rate where there is a change in the lease term or where there is a change in the assessment of exercising an option contained in the contract. The discount rate is revised to the interest rate implicit in the remainder of the lease term if it can be readily determined, or at the Fund's incremental borrowing rate at the date of the reassessment.

The remeasurement is performed by discounting the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee, or if there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments. This remeasurement will use an unchanged discount rate unless the change in lease payments resulted from a change in a floating interest rate.

Fund as a lessor

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

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

Operating leases (Low value leases)

Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis. Another systematic basis is applied if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Costs, including depreciation, incurred in earning the lease income is recognised as an expense.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and those costs are recognised as an expense over the lease term on the same basis as the lease income.

Depreciation and impairment is calculated and recognised on the underlying asset in accordance with the relevant policy for the class of underlying asset.

Lease modifications

Modifications to an operating lease are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Material Accounting Policies

1.19 IFRS 17 Insurance contracts

Definition and classification

Insurance contracts are contracts under which the Fund accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Fund uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Fund has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The annuity contracts issued by the Fund meet definition of an insurance contract and have the following product features:

Annuity Type	Product features
Joint life annuity	This is a joint life annuity with discretionary inflationary adjustment
Annuity with guarantee	This is an annuity product with guaranteed non-investment component and a discretionary inflationary adjustment

Unit of account – Level on contract aggregation

The Fund manages annuity contracts issued by product lines, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which annuity contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Fund determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Fund uses significant judgement to determine at what level of granularity the Fund has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Before the Fund accounts for an annuity contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services.

Recognition and derecognition

Groups of annuity contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Fund determines that a group of contracts becomes onerous."

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

Material Accounting Policies

Accounting for contract modification and derecognition

An annuity contract is derecognised when it is extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled). The annuity products issued by the Fund cannot be modified subsequently.

Measurement

Annuity type	Measurement approach
Joint life annuity	General measurement model
Annuity with guarantee	General measurement model

Fulfilment cash flows (FCF)

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Fund expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Fund, provided that the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of annuity contracts, including timing and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the annuity contracts requires significant judgement and estimation. Refer to the discount rate section for details.

The Fund estimates certain FCF at the portfolio level and then allocates such estimates to groups of contracts.

Contract boundary

The Fund uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an annuity contract if they arise from the rights and obligations that exist during the period in which the annuitant is obligated to pay premiums or the Fund has a substantive obligation to provide the annuitant with annuity contract services. The substantive obligation end when the primary annuitant dies for the guaranteed product and when the last eligible survivor dies in the case of a joint life product.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Fund requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Fund fulfils annuity contracts.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in detail under the heading of calculation of risk adjustment.

Material Accounting Policies

Initial measurement - Contractual service margin(CSM)

The CSM is a component of the carrying amount of the liability for a group of annuity contracts issued representing the unearned profit that the Fund will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous. A loss from onerous annuity contracts is recognised in a statement of changes in net assets available for benefits immediately, with no CSM recognised on the statement of net assets available for benefits on initial recognition, and a loss component is established in the amount of loss recognised).

Subsequent measurement

The carrying amount at the end of each reporting period of a group of annuity contracts issued is the sum of:

a) the liability for remaining coverage(LRC), comprising:

(i) the FCF related to future service allocated to the group at that date; and

(ii) the CSM of the group at that date; and

b) the liability for incurred claims(LIC), comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Fund for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- changes that relate to current or past service are recognised in statement of changes in net assets available for benefits; and
- changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

The following adjustments relate to future service and thus adjust the CSM:

a) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

b) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and

c) changes in the risk adjustment for non-financial risk that relate to future service.

d) Adjustments (a) and (c) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

e) When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Fund recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

The following adjustments do not adjust the CSM:

a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b) changes in the FCF relating to the liability for incurred claims(LIC);
c) experience adjustments relating to insurance service expenses

Material Accounting Policies

Changes to the contractual service margin

For annuity contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Fund to reflect the effect of the following changes:

a) The effect of any new contracts added to the group.

b) Interest accreted on the carrying amount of the CSM.

c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.

d) The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items. If more contracts are added to the existing groups in the subsequent reporting periods, the Fund revises these discount curves by calculating weighted- average discount curves over the period during which the contracts in the group are recognised. The weighted- average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the Changes in fulfilment cash flows section above.

Release of the CSM to profit or loss

The amount of the CSM recognised in the statement of changes in net assets available for benefits for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of annuity contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the annuitant, in the case of annuity with guarantee features (investment-return service).

The period of investment-return service or investment-related service ends at or before the date when all amounts due to current annuitants relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the annuitant has a right to withdraw an amount, and the Fund expects these amounts to include an investment return that is achieved by the Fund by performing investment activities to generate that investment return. The investment return is not based on a specified pool of assets.

For annuity contracts issued, the Fund determines the coverage period for the CSM recognition as follows:

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. In determining the appropriate method, the Fund considers the likelihood of insured events occurring to the extent that they affect expected period of coverage in the group and the expected annuity payments.

Material Accounting Policies

Onerous contracts – Loss component

When a loss component exists, the Fund allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

a. expected incurred claims and other directly attributable expenses for the period;
b. changes in the risk adjustment for non-financial risk for the risk expired; and
c. finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF relating to future service in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF relating to future service in subsequent periods increase the loss component.

Amounts recognised in the statement of changes in net assets available for benefits

Insurance service result from annuity contracts issued

Insurance revenue

As the Fund provides insurance contract services under the group of annuity contracts, it reduces the liability for remaining coverage(LRC) and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Fund expects to be entitled to in exchange for those services.

Insurance revenue comprises the following:

• Amounts relating to the changes in the LRC:

a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:

- amounts allocated to the loss component;
- annuity payments during the guaranteed period (non-distinct investment component)
- amounts of transaction-based taxes collected in a fiduciary capacity; and
- amounts related to the risk adjustment for non-financial risk (see (b));

b) changes in the risk adjustment for non-financial risk, excluding:

- changes included in insurance finance income (expenses);
- changes that relate to future coverage (which adjust the CSM); and
- amounts allocated to the loss component;

c) amounts of the CSM recognised for the services provided in the period.

Material Accounting Policies

Insurance service expenses

Insurance service expenses include the following:

a) incurred claims, excluding investment components reduced by loss component allocations;
b) other incurred directly attributable expenses;
c) changes that relate to past service – changes in the FCF relating to the LIC; and
d) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Insurance finance expenses

Insurance finance expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a) the effect of the time value of money and changes in the time value of money; and
b) the effect of financial risk and changes in financial risk.

The main amounts within insurance finance expenses are:

a) interest accreted on the FCF and the CSM; and
b) the effect of changes in interest rates and other financial assumptions.

The Fund disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

Discount Rates

The Fund applies the bottom-up approach embedded with an illiquidity premium curve derived from a top-down analysis.

Illiquidity premium

The illiquidity premium can be expressed as a fixed percentage of asset reference portfolio spread over risk-free rates and an additional constant adjustment to reflect the difference between the liquidity characteristics of the insurance contract and the asset reference portfolio.

Illiquidity premium=r*asset reference portfolio spread over risk free

The multiplicative factor "r" represents the portion of the asset spread that relates to the illiquidity premium and can be calibrated historically by calculating [asset spread – (expected loss + unexpected loss)] / (asset spread). For simplicity, "r" is assumed to be a single percentage across the curve.

The reference curve illiquidity premiums for illiquid insurance contracts are set using Emerging Markets investment grade corporate bonds as a reference portfolio, adjusted with a constant to reflect the fact that these insurance contracts are less liquid than corporate bonds, and a credit risk adjustment. For each term up to 20 years, the illiquidity premium is defined as 0.567 of the Emerging Markets investment grade bonds spread over the risk-free rate derived from the Bank of Botswana debt securities.

Risk free rate

In the observable period, for terms up to 20 years, the risk-free rates are derived from Bank of Botswana (BoB) debt securities. The last observable point is set in line with the last observable maturity of BoB bonds. A constant maturity spot rate curve will be bootstrapped from the available government securities using the Nelson-Siegel model.

Contracts with the investment component are bifurcated when applying the illiquidity premium. The guaranteed period is liquid as payment for the whole outstanding investment component portion is due on death of the annuitant. The cashflows relating to the investment component are discounted using the risk-free spot rate without an adjustment for the illiquidity premium. All cashflows not relating to the insurance component are discounted using the illiquid portion of the derived IFRS 17 discount rate as this portion is considered illiquid. All contracts are valued using a single rate based on the month of issue.

Material Accounting Policies

Risk adjustment for non-financial risk

Calculation of risk adjustment

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Fund's degree of risk aversion. The Fund estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the portfolio level and then allocated down to each group of contracts in accordance with their risk profiles. A hybrid approach is adopted; Monte-Carlo simulation will be used to obtain the aggregate disruption on which a probability distribution will be fitted. The fitted distribution will be used to obtain the Variance at Risk(VaR) which will then be converted to risk adjustment factors (i.e., margin approach) applicable to insurance liabilities that are used in monthly reporting to members.

Fund considerations in establishing risk adjustment

The Fund fits a probability distribution at the portfolio level; this method employed reflects the level of diversification among the contracts and cohorts, the quantity of risk borne that varies by contract size, the type of risk borne (longevity risk). Both favourable and unfavourable outcomes were considered in the simulation.

Calibration and disclosure of confidence level

Confidence level of the total risk adjustment is assessed by comparing it against a risk distribution derived from a Monte-Carlo simulation at a portfolio level.

The overall confidence level is at 85%.

1.20 Significant judgements in applying IFRS 17

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Consideration whether there are investment components

The Fund considers all terms of annuity contracts it issues to determine whether there are amounts payable to the annuitants in all circumstances, regardless of the occurrence or non-occurrence of an insured event. The Fund considers such payments to meet the definition of an investment component, irrespective of whether the amount repayable varies over the term of the contract as the amount is repayable only after it has first been paid by the Annuitants. Judgement is applied to determine whether the annuity contracts issued by the Fund contain an investment component that is "distinct" or "non-distinct" as this affects the amount of insurance revenue and expenses recognised during the guarantee period. The Fund does not have any distinct investment components.

(b) Measurement - Fulfilment cash flows (Overheads)

The Fund performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

(c) Measurement - Fulfilment cash flows (Discretionary cash flows)

The Fund has discretion over the cash flows to be paid to annuitants. Judgement is involved in the determination of what the Fund considers its commitment on initial recognition of such contracts. Further, judgement is required to distinguish subsequent changes in the FCF resulting from changes in the Fund's commitment and those resulting from changes in assumptions that relate to the financial risk on that commitment.

Material Accounting Policies

1.20 Significant judgements in applying IFRS 17 (continued)

(d) Level of aggregation

The Fund applies judgement in determining the three(3) profitability contract groups within a cohort.

(e) Coverage units

Selecting a method of allocation of coverage units IFRS 17 establishes a principle for determining coverage units, not a set of detailed requirements or methods. The selection of the appropriate method for determining the amount of coverage units is not an accounting policy choice. It involves the exercise of significant judgement and development of estimates considering individual facts and circumstances. In determining the appropriate method, the Fund considers the likelihood of insured events occurring to the extent that they affect expected period of coverage in the group and the expected annuity payments.

Estimates and assumptions in applying IFRS 17

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in policy 1.20 and the note 23.

(a) Estimates of future cash flows to fulfil annuity contracts

Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Fund estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Fund uses information about past events, current conditions and forecasts of future conditions. The Fund's estimate of future cash flows is based on a determined percentile of the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

Assumption Factors	1 Jan 2022	31 Dec 2022	31 Dec 2023
Mortality basis	PA 90 parameter adjustment factor +1.015	PA 90 parameter adjust-ment factor +1.015	PA 90 parameter adjust-ment factor +1.015
Operating expenses per annuitant	P2,705.76	P2,993.88	P3,770.76
Expense inflation rate	4.5% in line with long-term inflation	4.5% in line with long- term inflation	4.5% in line with long-term inflation
Annuity increase rate	4.50%	4.50%	4.50%

Where estimates of expenses related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis such as absorption costing method.

The Fund has determined that this method results in a systematic and rational allocation. Operating insurance expenses are allocated to groups of contracts based on the number of contracts in force within groups. Uncertainty in the estimation of future claims and benefit payments arise primarily from the unpredictability of long-term changes in the mortality rates, uncertainties regarding future performance of investments for with-profit annuities and expenses growth.

The Fund projects estimates of future expenses relating to fulfilment of contracts in the scope of IFRS 17 using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads.

Material Accounting Policies

1.20 Significant judgements in applying IFRS 17 (continued)

(b) Discount Rates

All issued contracts have a guarantee period ranging from 5 to 20 years. During the guarantee, period if an insured event occurs, (member dies) payment can either continue till the end of the guarantee period on a monthly basis or a request for an immediate payment of all future monthly payments on a discounted basis can be made. Historically all payments have been immediate within two months of death and this makes the cashflows under the guaranteed period to be very liquid and as a result this portion of cashflows is discounted using a discount rate without a liquidity premium. Past the guaranteed period , the contract cashflows behave like ordinary insurance annuity contracts that are not liquid and consequently this portion of the contract is discounted using a discount rate that takes into account the illiquidity premium. In the absence of active markets, the illiquidity premium is estimated as a portion of the total spread between A rated and BBB rated corporate bonds in emerging markets. An estimate is made of the component that relates to the credit spread with the balance being attributed to liquidity.

(c) Transition

Methods used and judgements applied in determining the IFRS 17 transition amounts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The effective date of the standard is for years beginning on or after 01 January 2023.

On 1 January 2023 the Fund adopted IFRS 17 'Insurance Contracts' and as required by the standard applied the requirements retrospectively with comparatives restated from the transition date of 1 January 2022. The transition and restatement disclosures reflects the impact of adoption on 1 January 2022 and 31 December 2022. The restated comparative financial statements are prepared on the basis of the Fund's material accounting policies. The Fund applied the fair value approach to all insurance contracts that were in force on the date of transition as it was impracticable to apply the full retrospective method due to data limitations.

Applying the fair value approach, the Fund determined the CSM to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13, Fair Value Measurement (IFRS 13), and its Fulfilment Cashflows at the transition date. The Fund concluded that the solvency valuation performed by the statutory actuaries at 31 December 2021 was representative of the fair value in line with IFRS 13 at the transition date of 1 January 2022. The fair value of an insurance liability is the price a market participant would be willing to pay to assume the obligation and the remaining risks of the in force contracts as at the transition date. The Fund applied significant judgement in determining the transition amounts under this approach.

In reviewing the reasonableness of the fair value derived by the statutory actuaries, the Fund ensured that the following factors were covered in the valuation:

(a) only future cash flows within the boundaries of the insurance contracts were included in the fair value estimation excluding new business that would be outside the contract boundary of the contracts under IFRS 17;

(b) assumptions about expected future cash flows and risk allowances reflected market participant's view as required by IFRS 13; and

(c) sufficient margin loading to cover profits were included to reflect what a market participant would require for accepting obligations under insurance contracts, beyond the risk adjustment for non-financial risk.

(d) The Fund utilised the income approach to derive the fair value of in-force insurance contracts at the transition date which reflected the following level 3 significant and observable valuation inputs.

- Benefits and expense inflation at 4.5%
- Required rate of return of 14%
- Investment return rate of 7.1%
- Full expenses attributable to annuitants per month per member of P811

Material Accounting Policies

1.20 Significant judgements in applying IFRS 17 (continued)

In applying the fair value transition method, the Fund adopted the following practical expediences:

Aggregation of contracts	i. Groups of contracts include contracts issued more than one year apart.
	ii. Aggregation of insurance contracts by expected profitability was assessed as at the transition date. For this assessment, the Fund estimated the FCF at the transition date. Further, to aggregate non-onerous insurance contracts issued into groups of contracts that had no significant possibility of becoming onerous subsequently or groups of remaining contracts, the Fund assessed the likelihood of changes in insurance, financial and other exposures on the FCF prospectively as at the transition date.
Discount rates	The discount rates at the dates of initial recognition were determined at the transition date
Fulfilment cashflows(FCF)	The FCF were estimated prospectively as at the transition date
CSM and Loss component	The CSM or a loss component (for insurance contracts issued) were estimated to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13 as described above, and its FCF at the transition date.

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2. New Standards and Interpretations

2.1 Standards and interpretation adopted during the year

2.1.1 IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

The fair value of insurance contract liability on transitioning was P872,617,464 for annuity with joint life features and P1,645,603,593 for annuity with guarantee features. The impact of transitioning to IFRS 17 on 01 January 2022, on the financial statements of the Fund resulted in derecognition of the pensioner account amounting to P3, 057,068,000 and benefit payable of P11,843,153, recognition of insurance contract liabilities of P872,617,464 for annuity with joint life features and P1,645,603,593 for annuity with guarantee features, and a new reserve account of P550,690,096. The impact of restating 31 December 2022 financial statements is as follows:

1. The decrease in net assets during the year ending 31December 2022 has reduced by P308,097,573 from P386,475,523 to P78,775,250. Refer to restatement disclosure note number 43.
2. Refer to restatement disclosure note number 43 for details relating to the restatement impact on the statement of net assets available for benefits.

The adoption of IFRS 17 has impacted the following presentation and disclosure items:-

a) Statement of Changes in Net Assets Available for Benefits

(i) monthly pension expenses for annuitants were previously reported as a separate line item but under IFRS 17 they are reported as part of insurance service expenses.
(ii) Under IFRS 17, insurance service results comprising of insurance revenue and insurance service expenses have been introduced as new line items
(iii) A new section on net insurance financial results has been introduced, comprising of net investment income/loss from assets supporting the annuity book and an implied insurance finance income/(expense) for borrowing money from Annuitants in form of premiums.
(iv) Investment income and expenses as well as salaries and administration expenses are now allocated between Annuitants (Insurance activities) and Active & Deferred members (Membership activities)

b) Statement of Net Assets Available for Benefits.

(i) There was no impact on the presentation of assets.
(ii) Pensioners fund account that was presented under reserves is now presented under liabilities as an insurance contract liability to correct a prior presentation error.

c) Disclosure notes

(i) New disclosures have been introduced under IFRS 17 as detailed in Note 21, Note 22, Note 23, Note 24, Note 25, Note 26, Note 27, Note 28, Note 29, Note 30.

2.1.2 Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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2.1.2 Definition of Accounting Estimates (Amendments to IAS 8) (continued)

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendments include two illustrative examples to help stakeholders understand how to apply the new definition of accounting estimates. The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies.

Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

The amendment has no impact on prior and current periods of the Fund.

2.1.3 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Replacement of the term 'significant' with 'material' In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. Disclosure of standardised information - Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed.

The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

The amendment has no material impact on prior and current periods of the Fund.

2.2 New standards and interpretations not yet adopted

2.2.1 Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date was initially delayed to 1 January 2023. This is further delayed until 1 January 2024.

The amendments result from a request received by the IASB to clarify the criteria for the classification of a liability as either current or non-current. In particular, the IASB was asked to clarify how having an unconditional right to defer settlement (specified in IAS 1:69(d)) reconciled with having the discretion to refinance or roll over an obligation (specified in IAS 1:73). This is because having an unconditional right to defer settlement was seen as a much higher hurdle than having the discretion to defer settlement.

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2.2.1 Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent (continued)

The IASB decided to address this conflict by proposing amendments to IAS 1 in Exposure Draft ED/2015/1 Classification of Liabilities. The IASB decided to finalise these proposals with additional clarifications, but no fundamental changes.

The Fund will adopt the amendments on 1 January 2024. The amendment is not expected to have a material impact on the Fund.

3. Contributions

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

4. Net transfers to other funds	2023	2022
Transfers in	9,766,410	11,744,537
Transfers out	(95,990,734)	(20,540,994)
	(86,224,324)	**(8,796,457)**
5. Rental income and expenses		
Rental income		
Rental income on investment property - Other	22,612,562	20,682,402
Rental income on investment property - Mmila	605,005	551,508
Interest expense - Barclays House	30,139	36,631
	23,247,706	**21,270,541**
Rental expenses*		
Repairs and maintenance	(2,085,248)	(781,534)
Electricity and water	(935,028)	(1,675,109)
Property rates	(551,777)	(25,408)
Security expenses	(564,551)	(616,905)
Operating costs	(611,745)	(2,581,975)
Valuation fees	(521,000)	(220,000)
Letting fees	(355,698)	(358,095)
Legal fees	(160,637)	(121,143)
Insurance	(505,220)	(348,693)
Management fees	(2,725,363)	(853,447)
Total rental expenses	**(9,016,267)**	**(7,582,308)**

***Note: all rental expenses relate to income generating investment property.**

Notes to the Annual Statements

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6. Administrative expenses

	Insurance	Active & deferred	Total
			2023
Actuarial fees	69,448	280,571	350,019
Bank charges	60,209	243,242	303,451
Communications expenses	296,170	1,196,523	1,492,693
Consulting and professional fees	406,199	1,641,040	2,047,239
Custodial services fees	497,949	2,011,708	2,509,657
External audit fees - current year	1,136,577	4,591,763	5,728,340
Fidelity and other Insurance premium	42,274	170,786	213,060
Finance cost - lease liability	83,101	335,729	418,830
Fund administration fees (Mmila Fund Administrators)	3,716,249	15,013,614	18,729,863
Investment consulting fees	501,306	2,025,272	2,526,578
Legal fees	63,640	257,104	320,744
License and maintenance fees	746	3,014	3,760
Other expenses	739,259	2,986,600	3,725,859
IT costs - Debswana Head Office	45,208	182,640	227,848
Internal audit fees - Debswana Head Office	106,992	432,248	539,240
Penalties & interest - PAYE*	5,061,755	20,449,450	25,511,205
Regulatory Fees	49,565	200,242	249,807
Stationery	7,442	30,063	37,505
Travel and entertainment	288,259	1,164,566	1,452,825
Independent and Pensioner trustees	75,527	305,129	380,656
Unitisation fees	86,698	350,258	436,956
VAT*	4,203,153	16,980,708	21,183,861
Total administrative expenses	**17,537,726**	**70,852,270**	**88,389,996**

*Note: For more details, refer to note 33.

Notes to the Annual Statements

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6. Administrative expenses (continued)

2022

	Insurance	Active & deferred	Total
Actuarial fees	134,514	280,854	415,368
Bank charges	94,458	197,220	291,678
Communications expenses	356,745	744,855	1,101,600
Consulting and professional fees	1,222,339	2,552,143	3,774,482
Custodial services fees	585,309	1,222,078	1,807,387
External audit fees - current year	356,223	743,763	1,099,986
Fidelity and other Insurance premium	121,759	254,223	375,982
Finance cost - lease liability	142,083	296,657	438,740
Fund administration fees (Mmila Fund Administrators)	5,371,436	11,215,110	16,586,546
Independent and Pensioner trustees	68,561	143,150	211,711
Internal audit fees - Debswana Head Office	118,864	248,386	367,250
Investment consulting fees	703,660	1,469,184	2,172,844
IT costs - Debswana Head Office	80,709	168,514	249,223
Legal fees	136,447	284,891	421,338
License and maintenance fees	41,089	85,790	126,879
Other expenses	512,987	1,070,866	1,583,853
Regulatory Fees	108,256	226,028	334,284
Stationery	8,730	18,227	26,957
Travel and entertainment	479,650	1,001,470	1,481,120
Unitisation fees	179,908	375,633	555,541
Total administrative expenses	**10,823,727**	**22,599,042**	**33,422,769**

Employee costs

As at 31 December, 2023 the Fund had 11 permanent employees (2022: 8). The total cost of employment of all employees, including the executive director, was as follows:

2023

	Insurance	Active & deferred	Total
Salaries, wages, bonuses and other benefits (including key management)	3,708,663	14,982,967	18,691,630
Defined contribution expense (including key management)	244,168	986,435	1,230,603
Total	**3,952,831**	**15,969,402**	**19,922,233**

2022

	Insurance	Active & deferred	Total
Salaries, wages, bonuses and other benefits (including key management)	4,328,441	9,037,425	13,365,866
Defined contribution expense (including key management)	**382,492**	**798,611**	**1,181,103**
Total	**4,710,933**	**9,836,036**	**14,546,969**

Notes to the Annual Statements

Figures in Pula

	2023	2022
7. Other income		
Sundry income	458,955	-
	458,955	**-**
8. Unrealised foreign exchange gain on investment securities		
Foreign exchange gain on offshore investments	297,974,543	464,496,961
Foreign exchange(losses)/ gains on foreign currency denominated Bank accounts	(4,745,939)	18,659,606
	293,228,604	**483,156,567**
Unrealised fair value gains on investment securities		
Onshore equity investment	68,133,087	128,863,913
Onshore Bonds investment	262,388,164	(27,988,880)
Offshore	829,589,271	(1,140,098,918)
Total unrealised fair value gains/(losses) on investment securities	**1,160,110,522**	**(1,039,223,885)**
Investment management fees deducted at source	(32,429,525)	(33,218,183)
Net unrealised fair value gains on investment securities	**1,127,680,997**	**(1,072,442,068)**
9. Income from investment securities		
Interest income		
Interest - Bonds	136,396,696	116,100,284
Interest - operating bank accounts	117,572	862,201
Interest - fund management bank accounts	541,685	358,869
Interest - fixed deposit	20,152,313	20,322,603
Total interest income	**157,208,266**	**137,643,957**
Accrued interest	(15,419,354)	(719,508)
Interest received	**141,788,912**	**136,924,449**
Dividend income		
Onshore investments	111,740,700	82,214,097
Associates and partnerships	50,906,859	67,236,954
Total dividend income	**162,647,559**	**149,451,051**

Notes to the Annual Statements

Figures in Pula	2023	2022 As Restated
10. Investment security proceeds and purchases Redemptions and capital contributions		
Proceeds from sale of investment securities - Redemptions		
On shore equity''	39,000,000	-
Off shore equity	431,996,809	264,275,191
On shore fixed income	30,000,000	-
Money market	62,769,379	30,000,000
	563,766,188	**294,275,191**
Purchases of investment securities - capital contribution		
On shore fixed income	-	10,000,000
On shore equity	48,000,000	-
Off shore equity	9,552,719	354,627,751
Off shore money markets	-	30,000,000
	57,552,719	**394,627,751**

11. Property, plant and equipment

Original Cost	Motor vehicles P	Fixtures and fittings P	Office equipment P	Total P
Opening Balance at 1 January 2023	724,349	530,018	1,737,977	**2,992,344**
Additions	-	13,228	220,609	**233,837**
31 December, 2023	**724,349**	**543,246**	**1,958,586**	**3,226,181**
Accumulated depreciation				
Opening Balance at 1 January 2023	(688,139)	(414,754)	(1,426,957)	**(2,529,850)**
Charge for the year	-	(16,079)	(120,310)	**(136,389)**
As at 31 December, 2023	**(688,139)**	**(430,833)**	**(1,547,267)**	**(2,666,239)**
Net book Value	**36,210**	**112,413**	**411,319**	**559,942**
Opening Balance at 1 January 2022	724,349	531,709	1,733,356	**2,989,414**
Additions	-	-	195,053	**195,053**
Adjustments	-	(1,692)	(190,430)	**(192,122)**
At 31 December, 2021	**724,349**	**530,017**	**1,737,979**	**2,992,345**
Accumulated depreciation				
Opening Balance at 1 January 2022	(689,449)	(433,172)	(1,426,956)	**(2,549,577)**
Charge for the year	-	(29,575)	(107,174)	**(136,749)**
Adjustments	-	1,692	154,784	**156,476**
Transfers	1,310	46,301	(47,611)	**-**
As at 31 December 2022	**(688,139)**	**(414,754)**	**(1,426,957)**	**(2,529,850)**
Net book Value	**36,210**	**115,263**	**311,022**	**462,495**

No assets are pledged as security.

Notes to the Annual Statements

Figures in Pula	2023	2022

12. Lease liability

As at 01 January 2022, the Fund held one (1) property lease contract with a third party in its capacity as the lessee.

In determining the lease term, management considered the non-cancellable period, extension options and terminations clauses embedded in the lease contracts. The asset is physically distinct as being third floor of plot 8842 Barclays House Gaborone measuring 1,282.48 Sqm. The lessor has no substantive substitution rights. The contract does not provide for substitution rights. DPF has exclusive use of the identified asset throughout the period of use and has the right to obtain substantially all of the economic benefits by generating rental income from subletting the property. DPF cannot cede, mortgage or pledge the property and therefore economic benefits are limited to own use or subletting of the assigned floor space.

The lease term is 13 years.

The lessee is required to pay for utilities separately and therefore the rental amount does not include a non-lease component.

	2023	2022
Amounts recognised in the statement of net assets available for benefits Lease liability		
Building	4,689,085	4,941,070
Amounts recognised in the statement of changes in net assets available for benefits		
Finance cost	418,830	438,740
Lease liability		
Opening balance	4,941,070	5,164,907
Rental payments	(670,815)	(662,577)
Finance cost	418,830	438,740
Closing balance	**4,689,085**	**4,941,070**
Lease liability maturity analysis: Lessee		
Rental payments due within 1 year	661,949	661,949
Rental payments due within 2 - 5 years	2,647,797	2,647,797
Rental payments due over 5 years	3,971,695	4,633,644
Total future rental payments	**7,281,441**	**7,943,390**
Less: Total finance costs allocated to future periods	(2,592,356)	(3,002,320)
Lease liability at 31 December	**4,689,085**	**4,941,070**

13. Financial assets at amortised cost

The Debswana Pension Fund along with other parties on the 10th of March 1989, entered into a shareholders agreement to finance the settlement of the capital cost for their respective portions in Barclays House. Each party committed to providing funds to cover the costs associated with the construction or acquisition of their portion within the building. The financing by each party was in the form of a loan.

The Fund has recognised a financial asset measured at amortised cost in respect of the loan receivable from Barclays House, as per shareholders agreement. Pension Fund assets should be measured at fair value in line with IAS 26 unless the amortised cost value approximates to fair value.

Notes to the Annual Statements

Figures in Pula	2023	2022
13. Financial assets at amortised cost (continued)		
Opening Balance	421,000	481,282
Effective interest income	30,139	36,631
Less: Cash received	(92,026)	(96,913)
Closing balance	**359,113**	**421,000**

The arrangement for monthly rental payments is such that DPF as a lessee pays rent to Barclays House net of loan interest and capital. The movements for the year are as follows;

	2023	2022
Rent paid	670,815	662,578
Loan interest	(30,139)	(36,631)
Capital repayments	(61,068)	(61,068)
Net rental payment	**579,608**	**564,879**

Expected Credit Loss Assessment 31 December 2023

Credit Rating	IFRS 9 Staging	Probability of Default	Loss given Default	Exposure at Default	Expected credit loss Rate	Expected Credit Loss
Equivalent to Investment Grade (Moody's BBB) since the Barclays House has never defaulted nor missed any scheduled payment	Stage 1 - 12month ECL (Low credit risk)	Equivalent to a BB corporate bond rating at 0.64%.	67% LGD based on long-term recovery rates for investment grade bonds	359,113	0.43%	1,544

Conclusion: ECL is very negligible at P1,544 A low ECL indicates that the fair value of the loan is not materially different from the amortised cost value.

Expected Credit Loss Assessment 31 December 2022

Credit Rating	IFRS 9 Staging	Probability of Default	Loss given Default	Exposure at Default	Expected credit loss Rate	Expected Credit Loss
Equivalent to Investment Grade (Moody's BBB) since the Barclays House has never defaulted nor missed any sched-uled payment	Stage 1 - 12month ECL (Low credit risk)	Equivalent to a BB corporate bond rating at 0.64%.	67% LGD based on long-term recovery rates for investment grade bonds	421,000	0.43%	1,810

Conclusion: ECL is very negligible at P1810. A low ECL indicates that the fair value of the loan is not materially different from the amortised cost value.

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14. Investments in equity securities

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

Healthcare Holdings (Proprietary) Limited

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

Mmila Fund Administrators (Proprietary) Limited

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

Sphinx (Proprietary) Limited

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

Barclays House

As of the reporting date, Debswana Pension Fund owns 13.98% of the 3rd floor at Plot 8842, Barclays House. The floor is used for the Fund's operations and is classified as an equity security on the balance sheet. The company is domiciled in Gaborone.

Name of company	Principal Activity	% Ownership interest 2023	% Ownership interest 2022	Fair value accounting carrying amount 2023	Fair value accounting carrying amount 2022
Healthcare Holdings (Proprietary) Limited	Medical and Real Estate	58.15%	58.15%	150,000,000	207,000,000
Mmila Fund Administrators (Proprietary) Limited	Fund Administration	100.00%	100.00%	26,800,000	25,000,000
Sphinx Associates (Proprietary) Limited	Real Estate	25.00%	25.00%	30,600,000	37,200,000
Barclays House	Real Estate	13.98%	13.98%	9,600,000	8,567,000
				217,000,000	**277,767,000**
Balance at the beginning of the year				277,767,000	300,800,000
Mmila Fund Administrators (Proprietary) Limited - fair value gains				1,800,000	2,000,000
Sphinx Associates (Proprietary) Limited - fair value (loss)/gains				(6,600,000)	3,200,000
Healthcare Holdings (Proprietary) Limited - fair value losses				(57,000,000)	(36,800,000)
Barclays House - fair value gains				1,033,000	548,000
				(60,767,000)	(31,052,000)
Barclays House - Equity security				-	8,019,000
Balance at the end of the year				**217,000,000**	**277,767,000**

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14. Investments in equity securities (continued)

Fair value losses from Associates and Subsidiary	Fair value accounting carrying amount 2023	Fair value accounting carrying amount 2022
Recognition of equity investment in Barclays House	-	8,019,000
Derecognition of investment property - Barclays House	-	(12,500,000)
Fair value movement for the period - Barclays House	1,033,000	-
Fair value gain/(loss) - Barclays House	**1,033,000**	**(4,481,000)**
Mmila Fund Administrators (Proprietary) Limited	1,800,000	2,000,000
Sphinx Associates (Proprietary) Limited	(6,600,000)	3,200,000
Healthcare Holdings (Proprietary) Limited	(57,000,000)	(36,800,000)
Fair value losses from Associates and Subsidiary	(61,800,000)	(31,600,000)
Total fair value losses from Associates and Subsidiary	**(60,767,000)**	**(36,081,000)**

31 December, 2023

Valuation techniques and inputs	Valuation technique	Unobservable input	Range
	Income capitalisation approach	Capitalisation rate	6 - 12%

31 December, 2022

Valuation techniques and inputs	Valuation technique	Unobservable input	Range
	Income capitalisation approach	Capitalisation rate	6 - 12%

Information about sensitivity to changes in unobservable inputs

The fair value of investments in associates and subsidiary is a function of the unobservable inputs generated by each associate in the portfolio of the Fund. Significant increases(decreases) in the capitalisation rate would result in significantly lower(higher) fair value measurement and operating business valuation. The factors considered include the history of the business, economic outlook, financial condition of the business, earnings and dividend paying capacity of the associate. The quantitative effect of changes in inputs is disclosed in note 36 of the financial statements.

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14. Investments in equity securities (continued)

31 December, 2023	Healthcare Holdings (Proprietary) Limited	Mmila Fund Administrators (Proprietary) Limited	Total
Investment properties	116,178,731	-	116,178,731
Trade and Other receivables	412,025	9,310,973	9,722,998
Taxation Receivable	1,767,032	-	1,767,032
Cash and cash equivalent	10,642,513	-	10,642,513
Deferred tax liability	(6,125,818)	-	(6,125,818)
Trade and other payables	(2,106,117)	(3,848,404)	(5,954,521)
Revenue	25,959,743	22,990,068	48,949,811
Income tax	(3,267,445)	-	(3,267,445)
Other expenses	(4,911,945)	-	(4,911,945)
Total comprehensive income for the year	17,780,353	22,990,068	40,770,421

31 December, 2022	Healthcare Holdings (Proprietary) Limited	Mmila Fund Administrators (Proprietary) Limited	Total
Investment properties	108,733,573	-	108,733,573
Trade and Other receivables	502,907	6,723,207	7,226,114
Taxation Receivable	1,636,828	(3,795,375)	(2,158,547)
Cash and cash equivalent	13,817,605	-	13,817,605
Deferred tax liability	(6,125,818)	-	(6,125,818)
Trade and other payables	(1,700,293)	-	(1,700,293)
Revenue	1,741,121	17,833,640	19,574,761
Income tax	801,480	-	801,480
"Other expenses Total comprehensive income for the year"	2,542,601	17,833,640	20,376,241

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15. Investment property

	2023	2024
Investment properties at fair value		
Freehold and leasehold land and buildings	296,064,443	246,502,222
Leasehold land and buildings held in partnerships	168,704,099	147,411,290
Right-of-use asset	4,370,306	4,767,606
Total investment properties	**469,138,848**	**398,681,118**

The fair value of the investment properties as at 31 December 2023 and 31 December 2022 were arrived at on the basis of valuations carried out at the respective dates by Riberry (Proprietary) Limited and MG Properties (Proprietary) Limited.

These firms of independent chartered valuers are not related to the Fund. The valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values were based on open market values.

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

Recurring fair value measurements at the end of the reporting period	469,138,848	398,681,118
Reconciliation of fair value measurements categorised within Level 3 of fair value hierarchy		
Balance at the beginning of the year	398,681,118	387,544,591
Movement in fair valuation of investment properties	18,462,764	15,982,540
Recognition of right of use	-	5,164,906
Depreciation of right of use asset- Barclay House	(397,300)	(397,300)
	(397,300)	4,767,606
Additions	52,392,266	2,886,381
Derecognition of Barclays House	-	(12,500,000)
Balance at the end of the year	**469,138,848**	**398,681,118**

Gains and losses arising from fair valuation of investment properties are shown as a separate line in Note 30.

Unrealised gains on fair valuation of investment properties	18,462,764	15,982,540
Depreciation of right of use asset- Barclay House	(397,300)	(397,300)
Property operating costs relating to rental income are as follows;		
Direct property costs	4,810,610	1,634,980
Indirect property costs	4,205,657	5,947,329
	9,016,267	**7,582,308**

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31 December, 2023

Valuation techniques and inputs

Valuation technique	Unobservable input	Range
Income capitalisation approach	Capitalisation rate	6 - 12%

31 December, 2022

Valuation techniques and inputs

Valuation technique	Unobservable input	Range
Income capitalisation approach	Capitalisation rate	6 - 12%

Information about sensitivity to changes in unobservable inputs

The fair value of investment property is a function of the unobservable inputs generated by each investment property in the portfolio of the Fund. The quantitative effect of changes in inputs is disclosed in note 36 of the financial statements. There are no restrictions associated with the realisabilty of investment property, remittance of income and proceeds of disposal. Furthermore, the Fund has no contractual obligation to purchase or develop investment property.

Measurement

All investment property is measured in accordance with the fair value model.

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16. Investment securities

	2023	2022
Allan Gray Botswana	895,473,583	766,681,031
Ninety One Botswana Proprietary Limited	452,402,293	375,303,128
Morula Capital Partners	462,302,679	315,015,334
IPRO Botswana	332,333,921	304,379,227
	2,142,512,476	**1,761,378,720**
Onshore bonds investments		
Ninety One Botswana Proprietary Limited	701,002,975	628,739,497
Botswana Insurance Fund Management Limited	1,150,269,426	1,017,921,709
	1,851,272,401	**1,646,661,206**
Offshore bonds investments		
BlueBay Asset Management	247,978,214	209,328,921
Pimco Funds	126,846,745	112,901,700
	374,824,959	**322,230,621**
Offshore equity investments		
American Century Emerging Markets	187,225,912	169,580,573
American Century Global Growth	596,472,691	478,153,828
CBRE Group Inc	191,346,701	161,362,006
Coronation Asset Management Proprietary Limited	25,135,850	24,945,832
Marathon Asset Management Limited	641,541,939	552,788,735
Morgan Stanley Investment Management Limited	480,853,321	399,891,296
Ninety One UK Limited	54,625,809	58,374,717
Orbis Investment Management Limited	655,660,357	547,624,432
State Street Global Advisors	563,956,030	434,004,969
Southeastern Asset Management	-	218,865,245
Steyn Capital Management Proprietary Limited	26,969,628	23,352,738
Schroder Investment Management Limited	167,724,211	187,378,329
Vantage Capital Fund II	38,472,082	66,764,581
Veritas Asset Management	848,475,712	680,148,172
Walter Scott & Partners Limited	642,864,699	530,623,260
Vantage Mezzanine IV Pan African Sub Fund	11,673,020	-
Vantage Mezzanine IV Southern African Sub-Fund	18,042,267	-
	5,151,040,229	**4,533,858,713**
Investments in money market funds and money market instruments (reclassification from cash and cash equivalents)		
Morula Capital Partners	864,397	7,858,416
Vunani Fund Managers	2,467,081	63,511,128
African Alliance Botswana	4,299	4,300
Allan Gray Botswana	82,314,625	79,590,362
Botswana Insurance Fund Management Limited	27,876,385	35,547,753
Ninety One Botswana Proprietary Limited	62,495,941	120,045,792
	176,022,728	**306,557,751**

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	2023	2022
Cash balances held with Asset Managers (Reclassified from cash and cash equivalents*)		
Botswana Insurance Fund Management Limited	17,241,011	24,306,447
Morula Capital Partners	1,984,415	(136,514)
Allan Gray Botswana	39,107,157	22,903,843
Ninety One Botswana Proprietary Limited	65,402,872	54,215,218
	123,735,455	**101,288,994**
Total Investments securities	**9,819,408,248**	**8,671,976,005**

* Refer to note 20.1 for reclassification details.

17. Cash and cash equivalents

	2023	2022
Cash and cash equivalents consist of:		
Bank balances - Pula denominated	113,611,033	105,151,191
Bank balances - US Dollar denominated	310,801,964	191,036,224
Bank balances - ZAR denominated	2,898,818	1,279,428
	427,311,815	297,466,843
Cash on hand	13,800	14,596
Total cash and cash equivalents	**427,325,615**	**297,481,439**

Refer to Note 20.1 for reclassification details

18. Operating lease asset

	2023	2022
Opening balance	2,263,739	5,134,352
Movement for the year	(530,874)	(2,870,613)
Closing balance	**1,732,865**	**2,263,739**

19. Other receivables at amortized cost

	2023	2022
Contributions receivables	839,504	(579,567)
Advance benefit payments	2,167,788	2,175,444
Expected credit loss (ECL) - advance benefit payments	(2,234,689)	(2,234,689)
Advance benefit payments and contributions receivables - net	772,603	(638,812)
Property rentals receivable	6,092,855	6,347,326
Impairment on receivables (Expected Credit Loss)	(4,761,366)	(5,301,264)
Net property rentals receivable	1,331,489	1,046,062
Interest receivable	694,397	694,398
Property partnership receivables at beginning of the period	19,296,753	19,296,753
Share of partnership losses	(11,586,737)	-
Property partnership receivables at the end of the period	7,710,016	19,296,753
Other receivables	16,486,032	2,415,293
	26,994,537	**22,813,694**

Notes to the Annual Statements

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Other receivables at amortized cost continued...

	2023	2022
Movement in impairment of other receivables		
Opening balance	5,301,264	984,278
Movement for the year	(539,898)	4,316,986
At the end of the year	**4,761,366**	**5,301,264**

IFRS 9: Impairment Provision Matrix as at 31 December, 2023 Rental receivables	Performing	Non-performing			Default	
	Current	30 Days	60 Days	90 Days	Over 90 Days	Total
Gross carrying amount	766,040	746,190	506,564	270,897	3,803,164	6,092,855
Expected loss rate	31.715%	35.988%	49.115%	73.058%	100.000%	78.00%
Impairment loss allowance	(242,953)	(268,539)	(248,799)	(197,911)	(3,803,164)	(4,761,366)
	523,087	**477,651**	**257,765**	**72,986**	**-**	**1,331,489**

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

IFRS 9: Impairment Provision Matrix as at 31 December, 2022 Rental receivables	Performing	Non-performing			Default	
	Current	30 Days	60 Days	90 Days	Over 90 Days	Total
Gross carrying amount	597,163	793,267	720,178	299,187	3,937,531	6,347,326
Expected loss rate	54.480%	44.460%	62.380%	79.060%	100.000%	84.00%
Impairment loss allowance	(325,334)	(352,687)	(449,247)	(236,465)	(3,937,531)	(5,301,264)
	271,829	**440,580**	**270,931**	**62,722**	**-**	**1,046,062**

Note: Share of receivables from joint ventures have already been subjected to impairment by joint ventures. The impairment has reduced due to reduction in the amount of credit risk exposure and favourable shifts in the expected loss rates.

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20. Correction of prior period error

20.1 Prior period error 1 (Reclassification of money market instruments, fixed deposits and cash balances held with asset managers from cash and cash equivalents to investment securities)

Nature of the prior period error:

During the current financial year, the Fund conducted a comprehensive review of its classification of cash and cash equivalents in accordance with the requirements of IAS 7 – Statement of Cash Flows. In prior years, money market instruments, fixed deposits, and cash balances held with asset managers were included within cash and cash equivalents.

However, management has determined that these assets do not meet the criteria for classification as cash or cash equivalents for the following reasons:

• Not Cash on Hand or Available on Demand:

The assets are not considered cash on hand, nor are they available on demand. Specifically, the Fund is required to provide seven business days' written notice to the asset managers in order to access any portion of the investment portfolio in cash. This does not meet the IAS 7 requirement for availability within 24 hours.

• Held for Investment Purposes:

These instruments are held for investment purposes and not to meet short-term cash commitments. As such, they do not qualify as cash equivalents, which must be held for the purpose of meeting short-term obligations. As a result, the Fund has revised its classification approach in the current year to ensure compliance with IAS 7.

• Impact on the Statement of Cash Flows ("SOCF")

The reclassification of the investments from cash and cash equivalents has an impact on the presentation of related cash flows. Transactions associated with the reclassified instrument such as acquisitions and disposal proceeds were previously presented as part of movements in cash and cash equivalents. However, when considering the correct classification of the underlying instruments giving rise to the transactions, these cash flows should not have been included in cash movements and should be reclassified within the SOCF. Additionally, certain investment return such as dividends and interest income were automatically reinvested rather than received in cash. These reinvested returns were incorrectly presented as cash inflows, whereas under IAS 7, such non-cash transactions should be excluded from the cash flow statement and instead disclosed as non- cash adjustments.

Notes to the Annual Statements

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20.1 Prior period error 1 (Reclassification of money market instruments, fixed deposits and cash balances held with asset managers from cash and cash equivalents to investment securities) (continued)

Impact of the restatement	2022 as previously reported	Change of classification	2022 Restated	2021 as previously reported	Change of classification	2021 Restated
Statement of Net Assets Available for Benefits						
Assets						
Investment securities*	8,264,129,260	407,846,745	8,671,976,005	8,388,044,178	565,977,957	8,954,022,135
Cash and cash equivalents*	705,328,184	(407,846,745)	297,481,439	994,138,932	(565,977,957)	428,160,975
Effect on the Statement of Cash Flows						
Investment Management : Non cash adjustments						
Onshore investment management fees	-	14,535,375	14,535,375			
Cash flows from investing activities						
Dividend received	149,451,051	(82,214,097)	67,236,954			
Interest received	136,924,449	(136,062,248)	862,201			
Redemption of investment securities	424,558,121	(130,282,930)	294,275,191			
Capital contribution on investment securities	(886,782,863)	492,155,112	(394,627,751)			
Net change in cash and cash equivalents						
Cash and cash equivalents at the beginning of the year	994,138,932	(565,977,957)	428,160,975		-	
Cash and cash equivalents at the end of the year	705,328,184	(407,846,745)	297,481,439		-	

Notes to the Annual Statements

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20.2 Measurement and classification of pensioner/annuitant obligations

Prior period error 2 (Pensioner insurance liability classified as a reserve and mathematical measurement error)

Nature of the prior period error:

The Fund's pension annuity contracts are within the scope of IFRS 4 as there is insurance risk that result in an insurance liability. The Fund incorrectly accounted for these contracts under IAS 26 as pension funds.

In both the 2022 and 2021 financial years, these liabilities were presented on the face of the Statement of Net Assets Available for Benefits and Statement of Changes in Member's Funds and Reserves as an equity reserve instead of a liability as was required by IFRS 4.

This resulted in the overstatement of the pensioner account reserve and an understatement of the pensioner insurance liability.

In addition to the above, an error was made in measuring the liability and reserve. An insurance liability is defined by IFRS 4 to be the insurer's net contractual obligations under an insurance contract. In order to determine the value of these net contractual obligations, Debswana made use of an actuarial valuation. At the end of the 2021 financial year, the actuarial report stated the value of the assets backing the insurance liability as well as the value of the pensioner insurance liability (being the contractual obligation to the policyholders).

The value of the assets related to the pensioner insurance was incorrectly presented in the financial statements as the value of the pensioner insurance liability (as noted above, this value was incorrectly presented as the Pensioner Account reserve). The appropriate value of the Reserve Fund is the difference between the value of the assets backing the insurance liability and the pensioner insurance liability. Therefore, the Pensioner Account reserve was overstated, and the Reserve Fund was understated.

The Pensioner Account reserve and Reserve Fund impacts both the Statement of Net Assets Available for Benefits and Statement of Changes in Member's Funds and Reserves.

The Pensioner insurance liability and the above two line items affected the Statement of Net Assets Available for Benefits for both the 2022 and 2021 financial years. No other primary financial statements are affected.

Management has corrected the Statement of Net Assets Available for Benefits and Statement of Changes in Member's Funds and Reserves. As the opening balances of the 2022 financial year was affected, a third balance sheet is also presented.

Prior Period Error 3 (Mathematical measurement error of the equity reserves)

Nature of the prior period error:

During the 2022 financial year, based on the pension fund actuarial report a transfer was required from the Fund Account to the Reserve Fund Account in the Statement of Changes in Members Funds and Reserves. This transfer was incorrectly presented as a transfer between the Fund Account and Pensioners' Account in the Statement of Changes in Members Funds and Reserves. The value of the transfer from the Fund Account was also incorrectly calculated.

This resulted in an understatement of the Reserve Fund, understatement of the Fund Account and overstatement of the Pensioners' Account by an amount of P67,625,000.

This value is deemed to be material for the 2022 financial period. This error impacted the Statement of Changes in Members Funds and Reserves and the Statement of Net Assets Available for Benefits for the 2022 financial year. No other primary financial statements are affected. The amount of P67,625,000 was absorbed within the IFRS 17 transitional adjustment.

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Correction of prior period error continued...

Impact of restatement	2022 as previously reported	Prior period error 2	IFRS 17 adjustments	2022 Restated	2021 as previously reported	Prior period error 2	IFRS 17 adjustments	2021 Restated
Statement of net assets available for benefits								
Reserves and liabilities								
Pensioner account	3,124,693,000	259,131,000	(3,383,824,000)	-	3,057,068,000	(259,131,000)	(2,797,937,000)	-
Reserve account	-	(259,131,000)	1,013,973,019	754,842,019	-	259,131,000	291,559,096	550,690,096
Insurance contract liability - Joint life product	-		804,879,061	804,879,061	-	-	872,617,464	872,617,464
Insurance contract liability - Guarantee product	-		1,576,610,524	1,576,610,524	-	-	1,645,603,593	1,645,603,593
Benefits Payable	70,716,112		(11,638,608)	59,077,504	89,292,415	-	(11,843,153)	77,449,262
Effect on the Statement of Changes in Members Funds and Reserves								
Net change in funds and reserves Pensioner account at end of the year	3,124,693,000		(3,124,693,000)	-				
Reserve account at end of the year	-		754,842,019	754,842,019				

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21. Insurance contract liability

Roll-forward of the liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for portfolios of annuities.

Disclosure Note : Insurance contract liability (Annuity with joint life features) as at 31 December, 2023

Description	Liability for remaining coverage			
	Excluding loss component	Loss Component	Liability for incurred claims	Total insurance liability
Opening balance at 1 January, 2023	**803,600,708**	**-**	**1,278,353**	**804,879,061**
Insurance revenue	**(93,105,811)**	**-**	**-**	**(93,105,811)**
Expected benefit claims for the period - Post guarantee period	(74,506,059)	-	-	(74,506,059)
Expected operating expenses for the period	(4,661,208)	-	-	(4,661,208)
CSM recognised for services provided during the period	(13,063,514)	-	-	(13,063,514)
Change in risk adjustment for non-financial risk for risk expired	(875,030)	-	-	(875,030)
Insurance Service Expenses	**-**	**-**	**85,991,636**	**85,991,636**
Expected benefit claims for the period - Post	-	-	74,506,059	74,506,059
Experience adjustment relating to expected	-	-	4,606,212	4,606,212
Actual benefit claims for the period - Post	-	-	79,112,271	79,112,271
Expected operating expenses for the period	-	-	4,661,208	4,661,208
Experience adjustment relating expected	-	-	2,218,157	2,218,157
Actual operating expenses incurred for the	-	-	6,879,365	6,879,365
Insurance finance expense	**71,809,218**	**-**	**-**	**71,809,218**
Accretion of interest before interest rate changes	43,556,750	-	-	43,556,750
Impact of interest rates changes & other financial assumptions	28,252,468	-	-	28,252,468
Total change in net asset available for benefits from insurance activities	**(21,296,593)**	**-**	**85,991,636**	**64,695,043**
Cashflow/Transfers from Fund Account		**-**		
Annuity premiums received	27,521,992	-	-	27,521,992
Benefits claims paid to annuitants	-	-	(78,806,090)	(78,806,090)
Insurance operating expenses paid	-	-	(6,879,365)	(6,879,365)
Total cashflows/transfers from Fund Account	**27,521,992**	**-**	**(85,685,455)**	**(58,163,463)**
Closing balance at 31 December, 2023	**809,826,107**	**-**	**1,584,534**	**811,410,641**

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21. Insurance contract liability (continued)

Disclosure Note : Insurance contract liability (Annuity with joint life features) as at 31 December, 2023

Description	Liability for remaining coverage			
	Excluding loss component	Loss Component	Liability for incurred claims	Total insurance liability
Opening balance at 1 January, 2023	**1,566,110,311**	**-**	**10,500,213**	**1,576,610,524**
Insurance revenue	**(127,841,512)**	**-**	**-**	**(127,841,512)**
Expected benefit claims for the period - Post guarantee period	(83,175,653)	-	-	(83,175,653)
Expected operating expenses for the period	(10,632,769)	-	-	(10,632,769)
CSM recognised for services provided during the period	(32,572,682)	-	-	(32,572,682)
Change in risk adjustment for non-financial risk for risk expired	(1,460,408)	-	-	(1,460,408)
Insurance Service Expenses	**-**	**-**	**90,421,389**	**90,421,389**
Expected benefit claims for the period - Post guarantee period	-	-	83,175,653	83,175,653
Experience adjustment relating to expected benefit claims post guarantee	-	-	(7,365,456)	(7,365,456)
Actual benefit claims for the period - Post guarantee period	-	-	75,810,197	75,810,197
	-	-	-	-
Expected operating expenses for the period	-	-	10,632,769	10,632,769
Experience adjustment relating expected operating expenses	-	-	3,978,423	3,978,423
Actual operating expenses incurred for the period	-	-	14,611,192	14,611,192
Insurance finance expense	**160,042,024**	**-**	**-**	**160,042,024**
Accretion of interest before interest rate changes	92,531,763	-	-	92,531,763
Impact of interest rates changes & other financial assumptions	67,510,261	-	-	67,510,261

Notes to the Annual Statements

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21. Insurance contract liability (continued)

Total change in net asset available for benefits from insurance activities	**32,200,512**	**-**	**90,421,389**	**122,621,901**
Investment components	**(115,766,097)**	**-**	**115,766,097**	**-**
Expected investment benefit claims during guaranteed period	**(112,559,834)**	**-**	**112,559,834**	**-**
Experience adjustment relating to investment component	**(3,206,263)**	**-**	**3,206,263**	**-**
Cashflow/Transfers from Fund Account				
Annuity premiums received	371,776,727	-	-	371,776,727
Benefits claims paid to annuitants	-	-	(183,291,404)	(183,291,404)
Insurance operating expenses paid	-	-	(14,611,192)	(14,611,192)
Total	**371,776,727**	**-**	**(197,902,596)**	**173,874,131**
Closing balance at 31 December, 2023	**1,854,321,453**	**-**	**18,785,103**	**1,873,106,556**

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21. Insurance contract liability (continued)

Disclosure Note : Insurance contract liability (Annuity with joint life features) as at 31 December, 2022				
Description	Liability for remaining coverage			
	Excluding loss component	Loss Component	Liability for incurred claims	Total insurance liability
Opening balance at 1 January, 2022	**871,824,512**	**-**	**792,952**	**872,617,464**
Insurance revenue	**(91,764,080)**	-	**-**	**(91,764,080)**
Expected benefit claims for the period - Post guarantee period	(69,227,978)	-	-	(69,227,978)
Expected operating expenses for the period	(3,915,720)	-	-	(3,915,720)
CSM recognised for services provided during the period	(17,818,861)	-	-	(17,818,861)
Change in risk adjustment for non-financial risk for risk expired	*(801,521)*	-	-	*(801,521)*
Insurance Service Expenses	**-**	-	**78,913,329**	**78,913,329**
Expected benefit claims for the period - Post guarantee period	-	-	69,227,978	69,227,978
Experience adjustment relating to expected benefit claims post guarantee	-	-	4,835,272	4,835,272
Actual benefit claims for the period - Post guarantee period	-	-	74,063,250	74,063,250
Expected operating expenses for the period	-	-	3,915,720	3,915,720
Experience adjustment relating expected operating expenses	-	-	934,359	934,359
Actual operating expenses incurred for the period	-	-	4,850,079	4,850,079
Insurance finance expense	**(8,274,492)**	-	**-**	**(8,274,492)**
Accretion of interest before interest rate changes	23,314,402	-	-	23,314,402
Impact of interest rates changes & other financial assumptions	(31,588,894)	-	-	(31,588,894)
Total change in net asset available for benefits from insurance activities	**(100,038,572)**	**-**	**78,913,329**	**(21,125,243)**
Cashflow/Transfers from Fund Account		-		
Annuity premiums received	31,814,768	-	-	31,814,768
Benefits claims paid to annuitants	-	-	(73,577,849)	(73,577,849)
Insurance operating expenses paid	-	-	(4,850,079)	(4,850,079)
Total cashflows/transfers from Fund Account	**31,814,768**		**(78,427,928)**	**(46,613,160)**
Closing balance at 31 December, 2022	**803,600,708**	**-**	**1,278,353**	**804,879,061**

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21. Insurance contract liability (continued)

Disclosure Note : Insurance contract liability (Annuity with guarantee features) as at 31 December, 2022

Description	Liability for remaining coverage			
	Excluding loss component	Loss Component	Liability for incurred claims	Total insurance liability
Opening balance at 1 January, 2022	1,634,553,392		11,050,201	1,645,603,593
Insurance revenue	**(129,155,278)**	**-**	**-**	**(129,155,278)**
Expected benefit claims for the period - Post guarantee period	(76,736,340)	-	-	(76,736,340)
Expected operating expenses for the period	(8,561,892)	-	-	(8,561,892)
CSM recognised for services provided during the period	(42,649,452)	-	-	(42,649,452)
Change in risk adjustment for non-financial risk for risk expired	(1,207,594)	-	-	(1,207,594)
Insurance Service Expenses	**-**	**-**	**81,152,795**	**81,152,795**
Expected benefit claims for the period - Post guarantee period	-	-	76,736,340	76,736,340
Experience adjustment relating to expected benefit claims post guarantee	-	-	(6,268,126)	(6,268,126)
Actual benefit claims for the period - Post guarantee period	-	-	70,468,214	70,468,214
Expected operating expenses for the period	-	-	8,561,892	8,561,892
Experience adjustment relating expected operating expenses	-	-	2,122,689	2,122,689
Actual operating expenses incurred for the period	-	-	10,684,581	10,684,581
Insurance finance expense	**10,046,922**	**-**	**-**	**10,046,922**
Accretion of interest before interest rate changes	44,725,267	-	-	44,725,267
Impact of interest rates changes & other financial assumptions	(34,678,345)	-	-	(34,678,345)
Total change in net asset available for benefits from insurance activities	**(119,108,356)**	-	**81,152,795**	**(37,955,561)**
Investment components	**(88,693,304)**	-	**88,693,304**	**-**
Expected investment benefit claims during guaranteed period	**(88,231,596)**	**-**	**88,231,596**	**-**
Experience adjustment relating to investment component	**(461,708)**	**-**	**461,708**	**-**

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21. Insurance contract liability (continued)

Cashflow/Transfers from Fund Account				
Annuity premiums received	139,358,579	-	-	139,358,579
Benefits claims paid to annuitants	-	-	(159,711,506)	(159,711,506)
Insurance operating expenses paid	-	-	(10,684,581)	(10,684,581)
Total cashflows/transfers from Fund Account	**139,358,579**	**-**	**(170,396,087)**	**(31,037,508)**
Closing balance at 31 December, 2022	**1,566,110,311**	**-**	**10,500,213**	**1,576,610,524**

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21. Insurance contract liability (continued)

Disclosure Note : Insurance contract liability (Annuity with joint life features) as at 31 December, 2023

Description	Estimates of the present value of future cash flows(BEL)	Risk adjustment (RA)	Contractual service margin(CSM)	Total insurance liability
Opening balance at 1 January, 2023	663,258,446	7,254,759	134,365,856	804,879,061
Changes that relate to current services	**6,824,369**	**(875,030)**	**(13,063,514)**	**(7,114,175)**
Contractual service margin recognised for services provided	-	-	(13,063,514)	(13,063,514)
Risk adjustment recognised for the risk expired	-	(875,030)		(875,030)
Experience adjustment relating to expected benefit claims post guarantee	4,606,212	-	-	4,606,212
Experience adjustment relating to expected operating expenses	2,218,157	-	-	2,218,157
Changes that relate to future services	**21,539,739**	**793,443**	**(22,333,182)**	**-**
Contracts initially recognised in the period	(11,668,087)	174,397	11,493,690	-
Changes in estimates that adjust the contractual service margin	33,207,826	619,046	(33,826,872)	-
Insurance finance expense	**64,146,395**	**705,225**	**6,957,598**	**71,809,218**
Accretion of interest before interest rate changes	36,199,265	399,887	6,957,598	43,556,750
Impact of interest rates changes & other financial assumptions	27,947,130	305,338	-	28,252,468
Total change in net asset available for benefits from insurance activities	**92,510,503**	**623,638**	**(28,439,098)**	**64,695,043**
Cashflow/transfers from Fund Account	**(58,163,463)**	**-**	**-**	**(58,163,463)**
Annuity premiums received	27,521,992	-	-	27,521,992
Benefits claims paid to annuitants	(78,806,090)	-	-	(78,806,090)
Insurance operating expenses paid	(6,879,365)	-	-	(6,879,365)
Closing balance at 31 December, 2023	**697,605,486**	**7,878,397**	**105,926,758**	**811,410,641**

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21. Insurance contract liability (continued)

Disclosure Note: Insurance contract liability (Annuity with guarantee features) - as at 31 December, 2023

Description	Estimates of the present value of future cash flows(BEL)	Risk adjustment (RA)	Contractual service margin(CSM)	Total insurance liability
Opening balance at 1 January, 2023	1,306,465,527	9,018,623	261,126,374	1,576,610,524
Changes that relate to current services	**(3,387,033)**	**(1,460,408)**	**(32,572,682)**	**(37,420,123)**
Contractual service margin recognised for services provided	-	-	(32,572,682)	(32,572,682)
Risk adjustment recognised for the risk expired	-	(1,460,408)	-	(1,460,408)
Experience adjustment relating to expected benefit claims post guarantee	(7,365,456)	-	-	(7,365,456)
Experience adjustment relating to expected operating expenses	3,978,423	-	-	3,978,423
Changes that relate to future services	**13,551,831**	**3,376,134**	**(16,927,965)**	**-**
Contracts initially recognised in the period	(59,929,464)	2,206,603	57,722,861	-
Changes in estimates that adjust the contractual service margin	73,481,295	1,169,531	(74,650,826)	-
Insurance finance expense	**144,850,526**	**1,023,419**	**14,168,079**	**160,042,024**
Accretion of interest before interest rate changes	77,813,547	550,137	14,168,079	92,531,763
Impact of interest rates changes & other financial assumptions	67,036,979	473,282	-	67,510,261
Total change in net asset available for benefits from insurance activities	**155,015,324**	**2,939,145**	**(35,332,568)**	**122,621,901**
Cashflow/transfers from Fund Account	**173,874,131**	**-**	**-**	**173,874,131**
Annuity premiums received	371,776,727	-	-	371,776,727
Benefits claims paid to annuitants	(183,291,404)	-	-	(183,291,404)
Insurance operating expenses paid	(14,611,192)	-	-	(14,611,192)
Closing balance at 31 December, 2023	**1,635,354,982**	**11,957,768**	**225,793,806**	**1,873,106,556**

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21. Insurance contract liability (continued)

Disclosure Note : Insurance contract liability (Annuity with joint life features) as at 31 December, 2022

Description	Estimates of the present value of future cash flows(BEL)	Risk adjustment (RA)	Contractual service margin(CSM)	Total insurance liability
Opening balance at 1 January, 2022	657,364,742	7,195,370	208,057,352	872,617,464
Changes that relate to current services	**5,769,631**	**(801,521)**	**(17,818,861)**	**(12,850,751)**
Contractual service margin recognised for services provided	-	-	(17,818,861)	(17,818,861)
Risk adjustment recognised for the risk expired	-	(801,521)		(801,521)
Experience adjustment relating to expected benefit claims post guarantee	4,835,272	-	-	4,835,272
Experience adjustment relating to expected operating expenses	934,359	-	-	934,359
Changes that relate to future services	**60,643,533**	**1,013,226**	**(61,656,759)**	**-**
Contracts initially recognised in the period	(7,223,117)	269,500	6,953,617	-
Changes in estimates that adjust the contractual service margin	67,866,650	743,726	(68,610,376)	-
Insurance finance expense	**(13,906,300)**	**(152,316)**	**5,784,124**	**(8,274,492)**
Accretion of interest before interest rate changes	17,340,246	190,032	5,784,124	23,314,402
Impact of interest rates changes & other financial assumptions	(31,246,546)	(342,348)	-	(31,588,894)
Total change in net asset available for benefits from insurance activities	**52,506,864**	**59,389**	**(73,691,496)**	**(21,125,243)**
Cashflow/transfers from Fund Account	**(46,613,160)**	**-**	**-**	**(46,613,160)**
Annuity premiums received	31,814,768	-	-	31,814,768
Benefits claims paid to annuitants	(73,577,849)	-	-	(73,577,849)
Insurance operating expenses paid	(4,850,079)	-	-	(4,850,079)
Closing balance at 31 December 2022	**663,258,446**	**7,254,759**	**134,365,856**	**804,879,061**

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21. Insurance contract liability (continued)

Disclosure Note : Insurance contract liability (Annuity with joint life features) as at 31 December, 2022

Description	Estimates of the present value of future cash flows(BEL)	Risk adjustment (RA)	Contractual service margin(CSM)	Total insurance liability
Opening balance at 1 January, 2022	1,238,694,349	8,543,176	398,366,068	1,645,603,593
Changes that relate to current services	**(4,145,437)**	**(1,207,594)**	**(42,649,452)**	**(48,002,483)**
Contractual service margin recognised for services provided	-		(42,649,452)	(42,649,452)
Risk adjustment recognised for the risk expired	-	(1,207,594)		(1,207,594)
Experience adjustment relating to expected benefit claims post guarantee	(6,268,126)	-	-	(6,268,126)
Experience adjustment relating to expected operating expenses	2,122,689	-	-	2,122,689
Changes that relate to future services	**104,057,245**	**1,690,718**	**(105,747,963)**	**-**
Contracts initially recognised in the period	(19,657,913)	832,997	18,824,916	-
Changes in estimates that adjust the contractual service margin	123,715,158	857,721	(124,572,879)	-
Insurance finance expense	**(1,103,122)**	**(7,677)**	**11,157,721**	**10,046,922**
Accretion of interest before interest rate changes	33,335,564	231,982	11,157,721	44,725,267
Impact of interest rates changes & other financial assumptions	(34,438,686)	(239,659)	-	(34,678,345)
Total change in net asset available for benefits from insurance activities	**98,808,686**	**475,447**	**(137,239,694)**	**(37,955,561)**
Cashflow/transfers from Fund Account	**(31,037,508)**	**-**	**-**	**(31,037,508)**
Annuity premiums received	139,358,579	-	-	139,358,579
Benefits claims paid to annuitants	(159,711,506)	-	-	(159,711,506)
Insurance operating expenses paid	(10,684,581)	-	-	(10,684,581)
Closing balance at 31 December 2022	**1,306,465,527**	**9,018,623**	**261,126,374**	**1,576,610,524**

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22. Management fees

	2023	2022	2023	2022
	Active and deferred		Pensioners	
Onshore asset management fees				
Allan Gray	4,644,558	3,987,916	573,348	612,058
Investec Call	4,235,376	4,063,767	522,836	623,699
Morula Capital	1,932,324	1,470,600	238,536	225,705
CBRE	1,225,168	-	151,241	-
Botswana Insurance Fund Management Limited	3,378,444	3,079,061	417,051	472,569
Total onshore asset management fees	**15,415,870**	**12,601,344**	**1,903,012**	**1,934,031**
Offshore asset management fees				
BlueBay Asset Management	1,216,364	1,115,784	150,154	171,248
Pimco Funds	504,645	488,214	62,296	74,930
American Century Emerging Markets	1,154,945	1,146,925	142,572	176,028
American Century Global Growth	3,811,816	3,683,850	470,550	565,393
CBRE	372,604	379,738	45,996	58,281
Coronation Asset Management Proprietary	314,987	329,301	38,884	50,540
Marathon Asset Management Limited	1,425,069	1,339,554	175,918	205,592
Morgan Stanley Investment Management	3,119,459	3,073,489	385,082	471,713
Ninety One China Equity	385,436	396,175	47,580	60,804
Orbis Investment Management Limited	2,358,519	2,060,594	291,147	316,256
State Street Global Advisors	588,647	345,836	72,665	53,078
Southeastern Asset Management	2,217,008	3,918,218	273,679	601,362
Steyn Capital Management Proprietary Limited	295,032	274,272	36,420	42,095
Schroder Investment Management Limited	2,109,142	2,177,490	260,363	334,197
Veritas Asset Management	5,090,988	4,610,437	628,457	707,601
Walter Scott & Partners Limited	3,901,483	3,458,399	481,618	530,789
Total offshore asset management fees	**28,866,144**	**28,798,276**	**3,563,381**	**4,419,907**

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23. Losses on disposal of investment securities

	2023 Active and deferred	2022 Active and deferred	2023 Pensioners	2022 Pensioners
Bonds				
Absa Bank	1,702	-	210	-
BBS Bank	1,994,692	23,109	246,235	3,547
Botswana Government	7,536,483	557,382	930,341	85,546
CA Sales	27,164	-	3,353	-
First National Bank of Botswana	16,356	1,747	2,019	268
Letshego Holdings Limited	731,140	296,634	90,257	45,527
National Development Bank	567,053	185,769	70,000	28,512
Stanbic Bank Botswana	2,774,582	665,941	342,508	102,207
Botswana Development Corp Ltd	-	156,689	-	24,048
Capital Bank Limited	-	1,858	-	285
Debt Participation Capital Fund	-	195,501	-	30,005
	13,649,172	**2,084,630**	**1,684,923**	**319,945**
Equities				
Cresta Marakanelo Ltd	10,720	-	1,323	-
CA Sales	4,563	-	563	-
Letshego Holdings Limited	104,828	(4,251)	12,941	(652)
First National Bank of Botswana	-	(58,667)	-	(9,004)
Newgold Ltd	(12,720)	-	(1,570)	-
Ninety One Ltd	627	17,200	77	2,640
Prime Time	2,845,582	-	351,273	-
Rdc Properties Ltd	17,395	8,741	2,147	1,341
Sechaba Breweries Holdings Ltd	23,946	-	2,956	-
The Far Property Co Ltd	60,291	-	7,443	-
Turnstar	9,562	353,315	1,180	54,226
Access Bank Limited Botswana	-	11,365	-	1,744
Botswana Telecommunications	-	12,753	-	1,957
Chobe Holdings Ltd	-	10,553	-	1,620
Lucara Diamond Corp	-	3,672	-	564
Sefalana Holding Co Ltd	-	5,414	-	831
	3,064,794	**360,095**	**378,333**	**55,267**
Total losses on disposal of investment securities	**16,713,966**	**2,444,725**	**2,063,256**	**375,212**

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24. Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields on Botswana government Pula denominated securities. The illiquidity premium is determined by reference to observable market rates.

Years	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
31 Dec 2021	3.69%	4.91%	5.62%	6.12%	6.51%	6.83%	7.10%	7.33%	7.54%	7.72%	7.89%	8.04%	8.18%	8.31%	8.43%	8.55%	8.65%	8.75%	8.85%	8.94%
31 Dec 2022	6.10%	6.82%	7.24%	7.54%	7.78%	7.97%	8.13%	8.27%	8.39%	8.50%	8.60%	8.69%	8.77%	8.85%	8.92%	8.99%	9.05%	9.11%	9.17%	9.22%
31 Dec 2023	5.50%	6.24%	6.67%	6.98%	7.22%	7.41%	7.58%	7.72%	7.84%	7.96%	8.06%	8.15%	8.24%	8.31%	8.39%	8.46%	8.52%	8.58%	8.64%	8.70%

Liquidity Premium		
Liquidity premium - single rate	0.81%	2023
Liquidity premium - single rate	0.81%	2022
Liquidity premium - single rate	0.81%	2021

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25. Projected CSM Release

31 December, 2023	< 1 year	1-3 yrs	4-8 yrs	9-15 yrs	>15 yrs
CSM expected to be recognised to the SCNAAFB - Joint life product					
Opening CSM	105,926,758	101,128,401	87,854,657	67,410,790	43,635,298
CSM Unwind	7,076,337	21,376,005	32,195,765	34,402,260	51,912,957
CSM Release	(11,874,694)	(34,649,749)	(52,639,632)	(58,177,752)	(95,548,255)
Closing.CSM joint life	**101,128,401**	**87,854,657**	**67,410,790**	**43,635,298**	**-**
CSM expected to be recognised to the SCNAAFB - Guarantee product					
Opening CSM	225,793,806	212,820,056	180,956,163	133,667,167	85,150,150
CSM Unwind	13,987,687	44,328,161	66,739,893	70,016,758	108,260,438
CSM Release	(26,961,437)	(76,192,054)	(114,028,889)	(118,533,775)	(193,410,588)
Closing.CSM guarantee	**212,820,056**	**180,956,163**	**133,667,167**	**85,150,150**	**-**

31 December, 2022	< 1 year	1-3 yrs	4-8 yrs	9-15 yrs	>15 yrs
CSM expected to be recognised to the SCNAAFB - Joint life product					
Opening CSM	134,365,856	129,239,298	113,266,907	88,483,794	59,147,533
CSM Unwind	6,908,290	26,426,076	41,250,013	45,674,067	75,874,675
CSM Release	(12,034,848)	(42,398,467)	(66,033,126)	(75,010,328)	(135,022,208)
Closing.CSM joint life	**129,239,298**	**113,266,907**	**88,483,794**	**59,147,533**	**-**
CSM expected to be recognised to the SCNAAFB - Guarantee product					
Opening CSM	261,126,374	249,343,458	208,508,437	149,989,318	89,982,374
CSM Unwind	14,774,401	49,440,796	75,153,930	77,169,145	106,040,961
CSM Release	(26,557,317)	(90,275,817)	(133,673,049)	(137,176,089)	(196,023,335)
Closing.CSM guarantee	**249,343,458**	**208,508,437**	**149,989,318**	**89,982,374**	**-**

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26. Insurance Revenue Disclosure

The table below presents an analysis of the total insurance revenue recognised in the period:

	Insurance revenue - 2023						
	Annuity with joint life features			Annuity with guarantee features			
Amounts relating to the changes in the liability for remaining coverage	**Fair value**	**Others**	**Sub-total**	**Fair value**	**Others**	**Sub-total**	**Total**
Expected benefit claims for the period - Post guarantee period	71,231,494	3,274,565	**74,506,059**	83,175,653	-	**83,175,653**	**157,681,712**
Expected operating expenses for the period	4,525,730	135,478	**4,661,208**	9,633,176	999,593	**10,632,769**	**15,293,977**
CSM recognised for services provided during the period	11,910,162	1,153,352	**13,063,514**	28,502,913	4,069,769	**32,572,682**	**45,636,196**
Change in risk adjustment for non-financial risk for risk expired	837,293	37,737	**875,030**	1,277,916	182,492	**1,460,408**	**2,335,438**
Total Insurance Revenue	**88,504,679**	**4,601,132**	**93,105,811**	**122,589,658**	**5,251,854**	**127,841,512**	**220,947,323**

	Insurance revenue - 2022						
	Annuity with joint life features			Annuity with guarantee features			
Amounts relating to the changes in the liability for remaining coverage	**Fair value**	**Others**	**Total**	**Fair value**	**Others**	**Total**	**Total**
Expected benefit claims for the period - Post guarantee period	67,807,262	1,420,716	**69,227,978**	76,736,340	-	**76,736,340**	**145,964,318**
Expected operating expenses for the period	3,857,080	58,640	**3,915,720**	8,341,755	220,137	**8,561,892**	**12,477,612**
CSM recognised for services provided during the period	17,498,255	320,606	**17,818,861**	41,810,389	839,063	**42,649,452**	**60,468,313**
Change in risk adjustment for non-financial risk for risk expired	785,309	16,212	**801,521**	1,169,186	38,408	**1,207,594**	**2,009,115**
Total Insurance Revenue	**89,947,906**	**1,816,174**	**91,764,080**	**128,057,670**	**1,097,608**	**129,155,278**	**220,919,358**

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27. Insurance service expenses

The table below presents an analysis of the total insurance service expenses recognised in the period:

Product type	Insurance services expenses -2023						
	Annuity with joint life features			Annuity with guarantee features			
Insurance service expenses	**Fair value**	**Others**	**Sub-total**	**Fair value**	**Others**	**Sub-total**	**Total**
"Actual benefit claims for the period - Post guarantee period"	75,234,217	3,878,054	**79,112,271**	75,810,197	-	**75,810,197**	**154,922,468**
Actual operating expenses incurred for the period	6,465,921	413,444	**6,879,365**	12,659,055	1,952,137	**14,611,192**	**21,490,557**
Total insurance service expense	**81,700,138**	**4,291,498**	**85,991,636**	**88,469,252**	**1,952,137**	**90,421,389**	**176,413,025**

Product type	Insurance services expenses -2022						
	Annuity with joint life features			Annuity with guarantee features			
Insurance service expenses	**Fair value**	**Others**	**Total**	**Fair value**	**Others**	**Sub-total**	**Total**
Actual benefit claims for the period - Post guarantee period	72,697,306	1,365,944	**74,063,250**	70,468,214	-	**70,468,214**	**144,531,464**
Actual operating expenses incurred for the period	4,747,178	102,901	**4,850,079**	10,231,815	452,766	**10,684,581**	**15,534,660**
Total insurance service expense	**77,444,484**	**1,468,845**	**78,913,329**	**80,700,029**	**452,766**	**81,152,795**	**160,066,124**

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28. Insurance finance expense

The table below presents an analysis of the total insurance finance expenses recognised in the period:

	Insurance finance expense - 2023						
Product type	**Annuity with joint life features**			**Annuity with guarantee features**			
Accretion of interest on:	**Fair value**	**Others**	**Sub-total**	**Fair value**	**Others**	**Sub-total**	**Total**
Best estimate liability	(34,316,048)	(1,883,217)	**(36,199,265)**	(62,557,958)	(15,255,589)	**(77,813,547)**	**(114,012,812)**
Risk adjustment	(379,065)	(20,822)	**(399,887)**	(441,714)	(108,423)	**(550,137)**	**(950,024)**
Contractual service margin	(6,295,194)	(662,404)	**(6,957,598)**	(11,524,661)	(2,643,418)	**(14,168,079)**	**(21,125,677)**
Sub total - accretion of interest	**(40,990,307)**	**(2,566,443)**	**(43,556,750)**	**(74,524,333)**	**(18,007,430)**	**(92,531,763)**	**(136,088,513)**
Effects of changes in interest rates and other financial assumptions							
Interest rate changes	(22,326,345)	(1,548,524)	**(23,874,869)**	(46,450,488)	(22,660,720)	**(69,111,208)**	**(92,986,077)**
Changes in other financial assumptions	(4,158,774)	(218,825)	**(4,377,599)**	1,802,459	(201,512)	**1,600,947**	**(2,776,652)**
Sub total - effects of changes in interest rates and other financial assumptions	**(26,485,119)**	**(1,767,349)**	**(28,252,468)**	**(44,648,029)**	**(22,862,232)**	**(67,510,261)**	**(95,762,729)**
Total insurance finance expense	**(67,475,426)**	**(4,333,792)**	**(71,809,218)**	**(119,172,362)**	**(40,869,662)**	**(160,042,024)**	**(231,851,242)**

	Insurance finance expense - 2022						
Product type	**Annuity with joint life features**			**Annuity with guarantee features**			
Accretion of interest on:	**Fair value**	**Others**	**Sub-total**	**Fair value**	**Others**	**Sub-total**	**Total**
Best estimate liability	(16,811,818)	(528,428)	**(17,340,246)**	(31,210,209)	(2,125,355)	**(33,335,564)**	**(50,675,810)**
Risk adjustment	(184,241)	(5,791)	**(190,032)**	(217,192)	(14,790)	**(231,982)**	**(422,014)**
Contractual service margin	(5,668,721)	(115,403)	**(5,784,124)**	(10,847,770)	(309,951)	**(11,157,721)**	**(16,941,845)**
Sub total - accretion of interest	**(22,664,780)**	**(649,622)**	**(23,314,402)**	**(42,275,171)**	**(2,450,096)**	**(44,725,267)**	**(68,039,669)**
Effects of changes in interest rates and other financial assumptions							
Interest rate changes	38,045,230	1,450,485	**39,495,715**	43,590,315	3,241,806	**46,832,121**	**86,327,836**
Changes in other financial assumptions	(7,770,070)	(136,751)	**(7,906,821)**	(11,750,472)	(403,304)	**(12,153,776)**	**(20,060,597)**
Sub total - effects of changes in interest rates and other financial assumptions	**30,275,160**	**1,313,734**	**31,588,894**	**31,839,843**	**2,838,502**	**34,678,345**	**66,267,239**
Total insurance finance expense	**7,610,380**	**664,112**	**8,274,492**	**(10,435,328)**	**388,406**	**(10,046,922)**	**(1,772,430)**

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29. Total investment income and net insurance finance result

The table below presents an analysis of total investment income/(loss) and insurance finance result recognised in the statement of changes in net assets available for benefits in the period

Amounts recognised in the statement of changes in net assets available for benefits	**2023**			**2022**		
Net investment income/(loss)	Annuity with joint life features	Annuity with guarantee features	Total	Annuity with joint life features	Annuity with guarantee features	Total
Investment income	163,409,188	359,985,579	**523,394,767**	(30,373,187)	(58,266,514)	**(88,639,701)**
Investment expenses	(4,780,249)	(10,530,746)	**(15,310,995)**	(4,296,416)	(8,242,044)	**(12,538,460)**
Total net investment income/(loss)	**158,628,939**	**349,454,833**	**508,083,772**	**(34,669,603)**	**(66,508,558)**	**(101,178,161)**
Insurance finance income/(expenses) from annuity contracts issued						
Interest accretion	(64,871,960)	(71,216,555)	**(136,088,515)**	(23,314,402)	(44,725,267)	**(68,039,669)**
Due to interest rate changes and other financial assumptions	(32,813,957)	(62,948,773)	**(95,762,730)**	31,588,894	34,678,345	**66,267,239**
Total insurance service expense	**(97,685,917)**	**(134,165,328)**	**(231,851,245)**	**8,274,492**	**(10,046,922)**	**(1,772,430)**

Concentration risk by product

The annuity product type concentration of the Fund for contracts issued is shown below. The disclosure is based on the carrying amount of annuity contract liabilities disaggregated by product type.

Annual product type	**Insurance contract liability**			
	2023		**2022**	
	Amount	**Concentration**	**Amount**	**Concentration**
Annuity with joint life features	100	33%	100	33%
Annuity with guarantee features	200	67%	200	67%
Total	300	100%	300	100%

Notes to the Annual Statements

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29. Total investment income and net insurance finance result (continued)

Financial effect on initial recognition of new contracts issued during the year

Insurance contracts issued during the year	2023						Total
	Annuity with Joint Life Features			Annuity with Guarantee Features			
	Non-onerous contracts issued	Onerous contracts issued	Sub-total	Non-onerous contracts issued	Onerous contracts issued	Sub-total	
Estimate of present value future	(27,521,991)	-	**(27,521,991)**	(371,776,726)	-	**(371,776,726)**	**(399,298,717)**
Estimate of present value future	15,853,904	-	**15,853,904**	311,847,262	-	**311,847,262**	**327,701,166**
Risk adjustment for non-financial	174,397	-	**174,397**	2,206,603	-	**2,206,603**	**2,381,000**
Contractual service margin	11,493,690	-	**11,493,690**	57,722,861	-	**57,722,861**	**69,216,551**
Increase in insurance contract liability from contracts recognised in the period	-	-	-	-	-	-	-

Insurance contracts issued during the year	2022						Total
	Annuity with Joint Life Features			Annuity with Guarantee Features			
	Non-onerous contracts issued	Onerous contracts issued	Sub-total	Non-onerous contracts issued	Onerous contracts issued	Sub-total	
Estimate of present value future	**(31,814,769)**	-	**(31,814,769)**	**(139,358,580)**	-	**(139,358,580)**	**(171,173,349)**
Estimate of present value future	24,591,652	-	**24,591,652**	**119,700,667**	-	**119,700,667**	**144,292,319**
Risk adjustment for non-financial	217,986	-	**217,986**	202,213	-	**202,213**	**420,199**
Contractual service margin	7,005,131	-	**7,005,131**	19,455,700	-	**19,455,700**	**26,460,831**
Increase in insurance contract liability from contracts recognised in the period	-	-	-	-	-	-	-

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30. Net Investment income/(loss)

		2023		
		Allocation of investment returns		
	Notes	Insurance	Active & Deferred	Total
Interest income	9	45,626,533	111,581,733	157,208,266
Dividend income	9	47,205,178	115,442,381	162,647,559
Other income	7	133,202	325,753	458,955
Rental income	5	6,747,066	16,500,640	23,247,706
Unrealised fair value gains on investment securities	8	336,698,715	823,411,807	1,160,110,522
Unrealised foreign exchange gains on investment securities	8	85,103,697	208,124,907	293,228,604
Net unrealised gains on fair valuation of investment properties	15	5,358,445	13,104,319	18,462,764
Depreciation on right-of-use asset - Barclays House	15	(115,308)	(281,992)	(397,300)
Total investment income		526,757,528	1,288,209,548	1,814,967,076
Onshore investment management fees	22	(1,903,012)	(15,415,870)	(17,318,882)
Offshore investment management fees	22	(3,563,381)	(28,866,144)	(32,429,525)
Share of partnership losses	19	(1,273,160)	(10,313,577)	(11,586,737)
Fair value losses from associates and subsidiaries	14	(6,790,632)	(53,976,368)	(60,767,000)
Losses on disposal of investment securities	23	(2,063,256)	(16,713,966)	(18,777,222)
Rental expenses	5	(990,714)	(8,025,553)	(9,016,267)
Total investment expenses		(16,584,155)	(133,311,478)	(149,895,633)
Net investment income		**510,173,373**	**1,154,898,070**	**1,665,071,443**

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30. Net Investment income/(loss) (continued)

2022

	Notes	Allocation of investment returns: Insurance	Active & Deferred	Total
Interest income	9	52,563,666	85,080,291	137,643,957
Dividend income	9	57,072,575	92,378,476	149,451,051
Rental income	5	8,124,106	13,146,435	21,270,541
Unrealised fair value losses on investment securities	8	(396,860,264)	(642,363,621)	(1,039,223,885)
Unrealised foreign exchange gains on investment securities	8	184,508,503	298,648,064	483,156,567
Net unrealised gains on fair valuation of investment properties	15	6,067,021	9,915,519	15,982,540
Depreciation on right-of-use asset - Barclays House	15	(115,308)	(281,992)	(397,300)
Total investment income		(88,639,701)	(143,476,828)	(232,116,529)
Onshore investment management fees	22	(1,934,031)	(12,601,344)	(14,535,375)
Offshore investment management fees	22	(4,419,907)	(28,798,276)	(33,218,183)
Share of partnership losses	19	-	-	-
Fair value losses from associates and subsidiaries	14	(4,800,824)	(31,280,176)	(36,081,000)
Losses on disposal of investment securities	23	(375,212)	(2,444,725)	(2,819,937)
Rental expenses	5	(1,008,485)	(6,573,822)	(7,582,307)
Total investment expenses		(12,538,459)	(81,698,343)	(94,236,802)
Net investment income		**(101,178,160)**	**(225,175,171)**	**(326,353,331)**

31. Contingency reserves

The contingency reserve has been split into various contingency reserve accounts as defined in the Fund rules and in line with PFR 1 issued by NBFIRA as follows:

	Maximum limit	2023	2022
Processing error reserve	1.5%	-	29,450,000
		-	**29,450,000**

Processing error reserve

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

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Figures in Pula	2023	2022
Contingency reserve continued...		

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.

Fund Account

This represents amounts attributable to active and deferred members as determined by the Fund Actuary.

	2023	2022
Fund account	7,066,228,000	6,411,372,035

Reserve account

This is a non-distributable reserve attributable to active and deferred members.

	2023	2022
Reserve account	1,046,253,192	754,842,019

32. Benefits payable

	2023	2022
Retirement	21,704,530	29,140,277
Withdrawal	8,684,971	7,718,427
Death	33,455,763	21,278,973
Unclaimed benefits	919,103	859,269
Contributions for ineligible members	-	80,560
Total benefits payable	**64,764,367**	**59,077,506**

All benefits are payable within 12 months.
Benefits payables are settled in accordance with the Rules of the Fund. No interest is charged on outstanding benefits payables.

33. Other payables

	2023	2022
Financial instruments:		
Sundry creditors	48,338,571	29,227,872
Security deposits (Rental)	828,901	845,067
	49,167,472	30,072,939
Non-financial instruments:		
Value added tax (VAT)*	21,183,861	416,548
Pay as you earn (PAYE)**	25,511,205	-
	46,695,066	416,548
	95,862,538	**30,489,487**

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Other payables continued...

*VAT increase is driven by VAT that was not paid in prior years. The Fund had supplies that did not qualify for claimable VAT at full rate, however, these were erroneously claimed at full rate in prior years. This error created both a liability and an expense for the Fund as the Revenue Authority would require these to be normalised by the Fund. There was also an omission to pay VAT on imported services relating to offshore asset management fees, resulting in both a liability and an expense for the Fund.

** PAYE relates to deductions that were not effected in prior year on death benefits since the Fund was not aware that death benefits also attracted PAYE. These were accrued for as the Fund has a liability but cannot recover as these benefits were already distributed, therefore, creating an expense for the Fund.

34. Related parties

Group entities
Subsidiary
Mmila Fund Administrators (Proprietary) Limited

Associates
Healthcare Holdings (Proprietary) Limited
Sphinx Associates (Proprietary) Limited
Barclays House

Intercompany balances
Amount due from related party

Name of related party	Nature of transaction	Related party relationship	2023	2022
Mmila Fund Administrators (Pty) Ltd	Recovery of costs paid on behalf of Mmila Fund Administrators (Pty) Ltd	Subsidiary		
			(204,788)	**(204,788)**

The related parties of the Fund comprise of the Trustees, Key management personnel, Subsidiary, Associates as well as the participating employers.

Inter company payables arise from outstanding balances relating to administration services fees and any other costs paid by a related party on behalf of the Fund or costs paid by the Fund on behalf of a related party. These are payable within 14 working days upon receiving the invoice by the Fund or the related party.

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Figures in Pula		2023	2022

Related parties continued...

Related party transactions

	Relationship		
Contributions income from participating employers		429,920,331	384,005,926
Internal audit fees charged by Debswana Head Office - Note 6	Participating employer	539,240	367,250
Fund administration fees charged by Mmila Fund Administrators - Note 6	Subsidiary	18,729,863	16,586,546
IT costs charged by Debswana Head Office - Note 6	Participating employer	227,848	249,223
Rent charged to Mmila Fund Administrators - Note 5	Subsidiary	605,005	551,508
Dividends received from Sphinx Associates	Associate	-	418,750
Fair value gain/(loss) - Barclays House - Note 14	Associate	1,033,000	-
Fair value (loss)/gain from (Sphinx Associates) - Note 14	Associate	(6,600,000)	3,200,000
Fair value losses from Associates (Healthcare Holdings) - Note 14	Associate	(57,000,000)	(36,800,000)
Fair value gains/(losses) from Subsidiary (Mmila) - Note 14	Subsidiary	1,800,000	2,000,000
Fair value losses from associates and subsidiary - Note 14		(61,800,000)	(31,600,000)
		(40,665,044)	**(13,426,723)**

Trustees fees

Independent and Pensioner trustees - Note 6	**380,656**	**211,711**

Remuneration of key management personnel

Key management personnel comprises the Chief Executive Officer

Short-term employee benefits	3,307,130	3,010,743
Post-employment benefits - Pension - Defined contribution plan	311,215	296,395
Long term incentive plan (LTIP)	5,114,616	792,828
	8,732,961	**4,099,966**

Notes to the Annual Statements

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35. Impairment of bank balances

Balances with other Banks: General Model: IFRS 9 provision as at 31 December, 2023	Country	Status	IFRS 9 Staging	Rating Agency	Proxy Rating	Eco-nomic	Credit Quality	12 Month PD*	LGD**	EAD	ECL	Coverage
Absa Bank Botswana Limited	Botswana	Corporate	Level 1	Moodys	Ba1	Stable	Investment Grade		60%	31,402,543	-	0%
First National Bank Botswana Limited	Botswana	Corporate	Level 1	Moodys	Ba1	Stable	Investment Grade		60%	81,539,080	-	0%
Standard Chartered Bank Botswana Limited	Botswana	Corporate	Level 1	Moodys	Ba1	Stable	Investment Grade		60%	299,500,530	-	0%
Stanbic Bank Botswana	Botswana	Corporate	Level 1	Moodys	Ba1	Stable	Investment Grade		60%	14,869,662	-	0%
										427,311,815	**-**	

Notes

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

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

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

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35. Impairment of bank balances (continued)

Balances with other Banks: General Model: IFRS 9 provision as at 31 December, 2023	Country	Status	IFRS 9 Staging	Rating Agency	Proxy Rating	Eco-nomic	Credit Quality	12 Month PD*	LGD**	EAD	ECL	Coverage
Absa Bank Botswana Limited	Botswana	Corporate	Level 1	Moodys	Ba1	Stable	Investment Grade		60%	9,481,755	-	0%
First National Bank Botswana Limited	Botswana	Corporate	Level 1	Moodys	Ba1	Stable	Investment Grade		60%	210,036,685	-	0%
Standard Chartered Bank Botswana Limited	Botswana	Corporate	Level 1	Moodys	A3	Stable	Investment Grade		60%	50,855,582	-	0%
Stanbic Bank Botswana	Botswana	Corporate	Level 1	Moodys	Ba1	Stable	Investment Grade		60%	27,092,821	-	0%
										297,466,843	**-**	

Notes

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

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

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

Notes to the Annual Statements

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36. Financial risk management

This note explains the Fund's exposure to financial risks and how these risks could affect the Fund's future financial performance. Current year surplus and deficit information has been included where relevant to add further context.

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

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

Risk Management Governance Structure

Board of Trustees

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

Investment and Finance Committee

The Investment Committee comprising members of the Board of Trustees and management meets quarterly 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 quarterly to the Board of Trustees.

Audit and Risk Committee

The Audit and Finance Committee comprising members of the Board of Trustees and management meets quarterly 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 quarterly 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.

Notes to the Annual Statements

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36. Financial risk management

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 capital risk, currency risk, interest rate risk and equity price risk, as well as credit risk and liquidity risk.

Capital risk

The Fund's objective when managing member funds is to safeguard the Fund's ability to continue as a going concern, so that it can award benefits to members when they are due and to continue to provide benefits to other stakeholders. The Fund manages its capital risk by investing member funds in stable markets. The Actuarial results below show the funding level of the Fund.

Combined position	Following transfer 31 December 2023	Prior to transfer 31 December 2023	Following transfer 31 December 2022
Fair value of assets	10,783,588,000	10,783,588,000	9,565,515,000
Actuarial liabilities, member funds and reserves	10,574,396,000	10,574,396,000	9,536,065,000
Surplus	209,192,000	209,192,000	29,450,000
Funding level	102%	102%	100%

Currency risk

The Fund is exposed to currency risk mainly through its investments and short term deposits denominated in foreign currencies. The Fund's total exposure to currency risk through its investments and short term deposits denominated in United States Dollars (USD) and South African Rands (ZAR) as at 31 December, 2023 is shown below.

Offshore bonds	2023	2022
USD denominated - Note16.	374,824,959	322,230,621
Offshore equity		
USD denominated - Note16.	5,094,525,880	4,467,094,132
ZAR denominated - Note16.	56,514,349	66,764,581
	5,151,040,229	**4,533,858,713**
Bank balances - Foreign currency denominated		
USD denominated - Note17.	307,903,146	189,756,796
ZAR denominated - Note17.	2,898,818	1,279,428
	310,801,964	191,036,224
	5,836,667,152	**5,047,125,558**

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Figures in Pula	2023	2022

Financial risk management (continued)

Interest rate risk

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

Financial instruments that are sensitive to interest rate risk are bank balances, interest bearing securities, term deposits and rental interests from Barclays House Investment. Interest rates earned on financial instruments compare favourably with those currently available in the market. The net exposure to interest rate risk is as shown below:

	2023	2022
Investments in onshore bonds and term loans - Note16.	1,851,272,401	1,646,661,206
Investments in offshore bonds - Note16.	374,824,959	322,230,621
Investments in money markets - Note16.	176,022,728	306,557,751
Cash and cash equivalents - Note17.	427,311,815	297,466,843
	2,829,431,903	**2,572,916,421**

Equity price risk:

Equity price risk is the risk that the value of equities decreases as **a** result of changes in the equity prices and diminution of value of individual stocks. The investment guidelines stipulate the allowable holding levels. The net exposure to equity price risk as at 31 December 2023 for offshore equities and offshore unitised funds is shown below.

	2023	2022
Onshore equity investments - Note16.	2,142,512,476	1,761,378,720
Offshore equity investments - Note16.	5,151,040,229	4,533,858,713
	7,293,552,705	**6,295,237,433**

Fair values of financial instruments

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

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

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

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

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

Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of security investments 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.

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Financial risk management continued...

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

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

	Notes	Recurring Fair Value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		2023 P	2022 P				
Onshore listed equity investments	16	2,142,512,476	1,761,378,720	Level 1	Quoted last traded prices in an active market.	N/A	N/A
Onshore listed bonds investments	16	1,851,272,401	1,646,661,206	Level 2	Valued based on the aggregate published bond index	N/A	N/A
Offshore bonds investments	16	374,824,959	322,230,621	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

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Financial risk management continued...

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

	Notes	Recurring Fair Value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		2023 P	2022 P				
Onshore listed equity investments	16	5,151,040,229	4,583,858,713	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
Associate-Healthcare Holdings (Proprietary) Limited	14	150,000,000	207,000,000	Level 3	Capitalisation rate and Income capitalisation approach used as the primary methodology	Discount rates (2023: 5.6% | 2022: 4.3%)	Inverse
Associate-Sphinx (Proprietary) Limited	14	30,600,000	37,200,000	Level 3	Capitalisation rate and income capitalisation approach used as the primary methodology	Discount rates (2023: 5.6% | 2022: 4.3%)	Inverse

	Notes	Recurring Fair Value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		2023 P	2022 P				
Mmila Fund Administrators	14	26,800,000	25,000,000	Level 3	Capitalisation rate and Income capitalisation approach used as the primary methodology	Discount rates (2023: 10% | 2022: 11.3%)	Inverse
Barclays House	14	9,600,000	8,567,000	Level 3	Capitalisation rate and Income capitalisation approach used as the primary methodology	Discount rates (2023: 8% | 2022: 9.75%)	Inverse

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Financial risk management continued...

Credit risk

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

Financial assets that are subject to credit risk include bonds, loans, financial assets at amortised cost and other receivables. Investments in bonds, cash and cash equivalents are considered low credit risk because the funds are held by financial institutions that are considered investment grade and consequently the expected credit loss is immaterial. The loan due from Barclays House is also considered low credit risk based on zero historical default rate. Bonds measured at fair value are not subject to the impairment requirements. The credit risk exposure of all investment securities subject to credit risk are disclosed under the concentration risk disclosure below, by category of investment. Rental receivables are considered to have significant credit risk for which the expected credit loss is calculated as per the table on Note 19.

Low credit risk investments are considered as performing investments.

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

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

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

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Financial risk management continued...

Credit risk exposure and concentration

		2023		2022	
Counterparty (Investment Manager)	**Investment Type**	**Exposure**	**Concentration**	**Exposure**	**Concentration**
Ninety One Botswana (Proprietary) Limited	Government bonds	406,047,325	14%	302,729,171	11%
Ninety One Botswana (Proprietary) Limited	Corporate bonds	277,476,774	9%	309,030,694	11%
Ninety One Botswana (Proprietary) Limited	Parastatal bonds	17,478,876	1%	16,979,633	1%
Botswana Insurance Fund Management Limited	Government bonds	819,230,015	27%	773,528,738	29%
Botswana Insurance Fund Management Limited	Parastatal bonds	38,453,415	1%	37,752,508	1%
Botswana Insurance Fund Management Limited	Corporate bonds	275,844,932	9%	197,184,628	7%
BlueBay Asset Management	Parastatal bonds	247,978,214	8%	209,328,921	8%
Pimco Funds: Global Investors Series plc	Unitised Off-shore bonds	126,846,745	5%	112,901,700	5%
Botswana Insurance Fund Management Limited	Loans	16,741,064	1%	9,455,834	0%
Money Markets Instruments-Note 16		176,022,728	6%	306,557,751	11%
Cash balances held with asset managers-Note 16		123,735,455	4%	101,288,994	4%
Cash and cash equivalents-Note 17		427,311,815	14%	297,466,843	11%
Other receivables at amortized cost-Note 19		26,994,537	1%	22,813,694	1%
		2,980,161,895	**100%**	**2,697,019,109**	**100%**

Notes to the Annual Statements

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Financial risk management continued...

Categories of financial instruments

Financial assets at amortized cost	Notes	2023	2022
Cash and cash equivalents	17	427,325,615	297,481,439
Other receivables	19	26,994,537	22,813,694
Financial assets at amortised cost (Barclays House Loan)	13	359,113	421,000
Financial liabilities at amortized cost			
Benefits payable	32	64,764,367	59,077,506
Other payables	33	49,167,472	30,072,939
Lease liability	12	4,689,085	4,941,070
Intercompany payable to subsidiary	34	204,788	204,788

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

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

The Fund applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all short-term trade receivables. To measure the expected credit losses, short-term trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2023 is determined and disclosed in note 19.

The fund holds financial assets at amortized cost of which the liquidity risk associated with these financial assets has been assessed, and it is determined to be considered low risk.

The financial assets at amortized cost are readily marketable, and the fund has the ability to sell these assets in active and established markets with minimal impact on their fair value. Therefore, the liquidity risk associated with financial assets at amortized cost is considered low.

Notes to the Annual Statements

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Financial risk management continued...

Sensitivity Analysis to key valuation Variables

Sensitivity Analysis

31 December, 2023	FCF	Joint life product CSM	Equity	FCF	Guarantee product CSM	Equity
Annuity Product	705,481,876	106,018,278	-	1,647,312,750	225,793,807	-
Non Financial Risks						
Longevity +1%	10,314,866	(10,306,517)	8,349	40,276,437	(40,863,517)	(587,080)
Longevity -1%	(10,406,496)	10,461,963	55,467	(39,778,502)	40,400,529	622,027
Benefit Inflation +1%	44,276,105	(44,960,295)	(684,190)	97,289,076	(96,390,564)	898,512
Benefit Inflation -1%	(39,430,166)	40,113,136	682,970	(90,749,971)	90,029,564	(720,407)
Expenses Inflation +0.5%	2,926,071	(2,990,609)	(64,538)	7,576,358	(7,571,829)	4,529
Expenses Inflation -0.5%	(2,926,071)	2,990,609	64,538	(7,576,358)	7,571,829	(4,529)
Expenses Inflation +10%	965,793	(1,373,289)	(407,496)	871,922	(2,790,474)	(1,918,552)
Expenses Inflation -10%	(910,626)	925,294	14,668	(3,455,610)	2,117,982	(1,337,628)
Financial Risks						
Interest +0.5%	(20,274,582)	-	(20,274,582)	(46,583,039)	-	(46,583,039)
Interest -0.5%	21,483,799	-	21,483,799	46,311,081	-	46,311,081
Interest +1%	-	-	-	-	-	-
Interest -1%	-	-	-	-	-	-

Notes to the Annual Statements

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Financial risk management continued...

Sensitivity Analysis

31 December, 2022	FCF	Joint life product CSM	Equity	FCF	Guarantee product CSM	Equity
Annuity Product	670,513,205	134,365,856		1,314,487,217	226,256,764	
Non Financial Risks						
Longevity +1%	9,305,087	(10,002,874)	(697,787)	36,893,621	(39,540,440)	(2,646,819)
Longevity -1%	(9,909,770)	10,664,349	754,579	(35,132,638)	37,620,366	2,487,728
Benefit Inflation +1%	44,931,341	(48,498,601)	(3,567,260)	73,063,233	(77,904,649)	(4,841,416)
Benefit Inflation -1%	(40,117,675)	43,300,776	3,183,101	(67,508,179)	71,880,375	4,372,196
Expenses Inflation +0.5%	3,362,984	(3,553,563)	(190,579)	6,210,464	(6,485,358)	(274,894)
Expenses Inflation -0.5%	(3,362,984)	3,553,563	190,579	(6,210,464)	6,485,358	274,894
Financial Risks						
Interest +0.5%	1,030,103	(1,660,677)	(630,574)	1,161,275	(2,323,128)	(1,161,853)
Interest -0.5%	(1,115,655)	1,124,976	9,321	(2,183,756)	1,754,620	(429,136)
Interest +1%	(20,668,598)	-	(20,668,598)	(34,480,093)	-	(34,480,093)
Interest -1%	21,757,842	-	21,757,842	35,106,352	-	35,106,352
31 December, 2022						

Notes to the Annual Statements

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Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the investments will not readily convert into cash should the need for funds arise. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Fund held deposits at call of P176,022,728 (2022: P306,557,751) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, Fund treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Fund's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 19) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Fund in accordance with practice and limits set by the Fund. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Fund's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring the statement of net assets available for benefits liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Insurance Risk (IFRS 17)

Risk Management Objectives and Governance

The Fund aims to manage longevity, interest rate, and lapse risks inherent in annuity portfolios. Risk oversight is conducted by the Audit and Risk Committee, with actuarial input on assumption setting and experience monitoring. Policies are aligned with the enterprise risk framework.

Nature and Extent of Risks

- Longevity Risk: Risk that annuitants live longer than expected, increasing payout duration.
- Interest Rate Risk: Exposure due to mismatch between asset returns and discounted liability cash flows.
- Inflation Risk: Risk of inflation increasing beyond the Bank of Botswana projected range.
- Expense Risk: Variability in servicing costs over long durations.
- Concentration Risk: Exposure to specific age bands.

Notes to the Annual Statements

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Financial risk management (continued)

Insurance Liability by Age Bracket (Concentration by Absolute Figures) - 2023

Age bracket	< 55	55 - 60	60 - 65	65 - 70	70 - 80	> 80	Total
Joint Life	72,759,183	169,646,173	278,385,395	196,181,249	89,244,799	5,193,842	811,410,641
Guaranteed Life	319,123,399	569,974,839	510,871,461	309,961,205	151,914,117	11,261,537	1,873,106,558
Total	**391,882,582**	**739,621,012**	**789,256,856**	**506,142,454**	**241,158,916**	**16,455,379**	**2,684,517,199**

Insurance Liability by Age Bracket (Concentration by Percentages- %)

Age bracket	< 55	55 - 60	60 - 65	65 - 70	70 - 80	> 80	Total
Joint Life	2.71	6.32	10.37	7.31	3.32	0.19	30.22
Guaranteed Life	11.89	21.23	19.03	11.55	5.66	0.42	69.78
Total	**14.60**	**27.55**	**29.40**	**18.86**	**8.98**	**0.61**	**100.00**

Insurance Liability by Age Bracket (Concentration by Absolute Figures) - 2022

Age bracket	< 55	55 - 60	60 - 65	65 - 70	70 - 80	> 80	Total
Joint Life	108,951,391	185,165,874	254,713,845	179,293,111	72,784,269	3,970,572	804,879,062
Guaranteed Life	229,207,097	411,693,858	510,207,042	288,475,921	127,165,049	9,861,558	1,576,610,525
Total	**338,158,488**	**596,859,732**	**764,920,887**	**467,769,032**	**199,949,318**	**13,832,130**	**2,381,489,587**

Insurance Liability by Age Bracket (Concentration by Percentages - %)

Age bracket	< 55	55 - 60	60 - 65	65 - 70	70 - 80	> 80	Total
Joint Life	4.57	7.78	10.70	7.53	3.06	0.17	33.81
Guaranteed Life	9.62	17.29	21.42	12.11	5.34	0.41	66.20
Total	**14.19**	**25.07**	**32.12**	**19.64**	**8.40**	**0.58**	**100.00**

Notes to the Annual Statements

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Financial risk management (continued)

Measurement and Grouping
- Contracts grouped by similar risk profiles and profitability being annuity with joint life features and annuity with guarantee features.
- Measured using the General Measurement Model (GMM)
  - Fulfilment Cash Flows (FCF): Includes best estimate of future payments and expenses.
  - Risk Adjustment (RA): Reflects uncertainty in longevity.
  - Contractual Service Margin (CSM): Represents unearned profit, released over coverage period.

Sensitivity Analysis
- Impact of changes in key assumptions are disclosed in sensitivity analysis.

Risk Mitigation Strategies
- Asset-liability matching to reduce interest rate exposure.
- Dynamic assumption review and experience analysis.

Significant Judgements

- Determination of discount rates and risk adjustment.
- Estimation of future mortality improvements and persistency.

Linkage to Financial Statements – Note 21 (liability disclosure note)

- Reconciliation of:
  - Liability for Remaining Coverage (LRC): Includes CSM and RA.
  - Liability for Incurred Claims (LIC): Reflects annuity payments due.

Notes to the Annual Statements

Figures in Pula

Financial risk management (continued)

Maturities of financial liabilities

The tables below analyses the Fund's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
31 Dec 2023							
Non-derivatives							
Benefits payable (Note 32)	-	64,764,367	-	-	-	64,764,367	64,764,367
Other payables (Note 33)	-	49,167,472	-	-	-	49,167,472	49,167,472
Lease liability (Note 12)	119,127	146,656	627,777	876,500	2,919,025	4,689,085	4,689,085
Intercompany payable from subsidiary (Note 34.)	-	204,788	-	-	-	204,788	204,788
Total non-derivatives	**119,127**	**114,283,283**	**627,777**	**876,500**	**2,919,025**	**118,825,712**	**118,825,712**
31 Dec 2022							
Non-derivatives							
Benefits payable (Note 32)	-	47,438,902	-	-	-	47,438,902	47,438,902
Other payables (Note 33)	-	30,072,939	-	-	-	30,072,939	30,072,939
Lease liability (Note 12)	119,127	124,441	265,784	951,839	3,479,879	4,941,070	4,941,070
Intercompany payable from subsidiary (Note 34.)	-	204,788	-	-	-	204,788	204,788
Total non-derivatives	**119,127**	**77,841,070**	**265,784**	**951,839**	**3,479,879**	**82,657,699**	**82,657,699**

Notes to the Annual Statements

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Financial risk management (continued)

Market risk sensitivity analysis

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

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

Risk Variable change	Adverse market change			Beneficial market		
	Scenario	Effect on statement of comprehensive income 2023	2022	Scenario	Effect on statement of comprehensive income 2023	2022
Currency risk	Strengthening of the Pula vs ZAR (2023: 4% | 2022: 2%)	(2,376,527)	(1,309,703)	Weakening of the Pula vs ZAR (2023: 4% | 2022: 2%)	2,376,527	1,309,703
	Strengthening of the Pula vs USD (2023: 5% | 2022: 8%)	(289,007,695)	(398,428,918)	Weakening of the Pula vs USD (2023: 5% | 2022: 8%)	289,007,695	398,428,918
Global Equity Risk	Decline in global equity prices by 1%	(51,510,402)	(45,338,587)	Increase in global equity prices by 1%	51,510,402	45,338,587
Local Equity Risk	Decline in local equity prices by 1%	(21,425,125)	(17,613,787)	Increase in local equity prices by 1%	21,425,125	17,613,787
Interest Rate Risk	Increase in interest yield by 1%	(25,258,555)	(22,754,313)	Decline in interest yield by 1%	25,258,555	22,754,313
Investment property	Increase in capitalisation by 1%	(4,691,388)	(3,986,811)	Decline in capitalisation by 1%	4,691,388	3,986,811
Investment in associates	Increase in capitalisation by 1%	(2,170,000)	(2,777,670)	Decline in capitalisation by 1%	2,170,000	2,777,670

Notes to the Annual Statements

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37. Interest in property partnerships

Name of partnership December 2023	Principal activity	Place of Incorporation and Principal place of business	Effective Holding 31 December 2023	Effective Holding 31 December 2022
Engen Palapye partnership	Property partnership	Palapye	20.00%	20.00%
Engen Maun partnership	Property partnership	Maun	25.00%	25.00%
DBN Developments partnership	Property partnership	Gaborone	66.66%	66.66%
Francistown Retail partnership	Property partnership	Francistown	75.00%	75.00%

31 December, 2023	Engen Palapye Partnership	Engen Maun Partnership	DBN Developments Partnership	Francistown Retail Partnership	Total
Investment properties	16,106,000	10,057,500	108,672,100	30,172,500	165,008,100
Current assets	836,650	5,436,338	2,429,395	770,494	9,472,877
Current liabilities	(122,533)	(152,750)	(1,003,488)	(485,090)	(1,763,861)
Revenue - net rental income	1,375,952	957,374	8,542,978	2,405,860	13,282,164
Unrealised fair value gains on fair valuation of investment property	1,097,059	1,723,726	3,615,427	4,629,838	11,066,050
Total comprehensive income for the year	2,473,011	2,681,100	12,158,405	7,035,698	24,348,214

31 December, 2022	Engen Palapye Partnership	Engen Maun Partnership	DBN Developments Partnership	Francistown Retail Partnership	Total
Investment properties	14,998,000	8,375,000	99,123,420	24,900,000	147,396,420
Current assets	695,652	4,755,591	4,987,577	1,523,291	11,962,111
Current liabilities	(156,527)	(129,087)	(921,897)	(599,201)	(1,806,712)
Revenue - net rental income	1,741,121	1,219,480	13,035,485	3,064,723	19,060,809
Unrealised fair value gains on fair valuation of investment property	801,480	550,000	4,132,919	120,255	5,604,654
Total comprehensive income for the year	2,542,601	1,769,480	17,168,404	3,184,978	24,665,463

Notes to the Annual Statements

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Interest in property partnerships (continued)

Material Interest in Property Partnerships:

The fund has evaluated its interest in property partnerships and assessed whether any of these interests are material. Materiality is determined on the basis of significance of the partnership interest relative to the fund's overall financial position and operations. After careful assessment, it has been determined that the Interest in property partnerships held by the fund are considered material. This determination is based on factors such as the relative size of the partnership interest, the impact on the fund's liquidity, and the potential risks associated with these partnerships. The fund regularly reviews its investments in property partnerships to ensure their ongoing compliance with the established materiality thresholds and to identify any changes in their significance to the fund.

The material interest in these property partnerships exposes the fund to liquidity risk due to the potential challenges in converting the investments into cash quickly or the potential impact on the fund's liquidity position in the event of a need to divest from these partnerships.

38. Description of the Fund

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

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

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

39. Membership statistics

	2023	2022
Members comprise:		
Active	5,962	6,140
Deferred	1,659	1,942
Pensioners	4,882	4,610
	12,503	**12,692**

40. Taxation

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

41. Events after the reporting date

There were no material events that occurred after the reporting period that required adjustment or disclosure in these annual financial statements.

Notes to the Annual Statements

Figures in Pula

42. Transition SOAAFB 1 January 2022

IFRS 17 Opening Statement of Net Assets Available for Benefits
as at 1 January 2022

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS	As previously reported	Prior Period Error	IFRS 17 Adjustment	Restated
Fund, Reserves and Liabilities				
Fund and reserves				
Pensioners' account	3,057,068,000	(259,131,000)	(2,797,937,000)	-
Contingency reserve	240,401,000	-	-	240,401,000
Reserve account	-	259,131,000	291,559,096	550,690,096
Fund account	6,654,539,022	-	-	6,654,539,022
Total funds and reserves	**9,952,008,022**	**-**	**(2,506,377,904)**	**7,445,630,118**
Liabilities				
Non-current liability				
Insurance contract liability - Joint Life product	-	-	799,473,765	799,473,765
Insurance contract liability - Guarantee product	-	-	1,472,073,765	1,472,073,765
	-	**-**	**2,271,547,530**	**2,271,547,530**
Current liability				
Insurance contract liability - Joint Life product	-	-	73,143,699	73,143,699
Insurance contract liability - Guarantee product	-	-	173,529,828	173,529,828
Benefits payable	89,292,415	-	(11,843,153)	77,449,262
	89,292,415	**-**	**234,830,374**	**324,122,789**
Total liabilities	**89,292,415**	**-**	**2,506,377,904**	**2,595,670,319**

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43. Restatement Disclosure: Impact of prior period errors (Note 20) and IFRS 17 adjustments

	As previously stated - 31 December 2022	Prior period error 2	Restatement Impact	Restated as at 31 December 2022
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS				
Assets				
Non-current assets				
Investment securities*	8,264,129,260		407,846,745	8,671,976,005
Current assets				
Cash and cash equivalents*	705,328,184		(407,846,745)	297,481,439
Fund, Reserves and Liabilities				
Fund and reserves				
Pensioners' account**	3,124,693,000	259,131,000	(3,383,824,000)	-
Reserve account**	-	(259,131,000)	1,013,973,019	754,842,019
Liabilities				
Non-current liabilities				
Insurance contract liability - Joint Life	-		725,965,731	725,965,731
Insurance contract liability - Guarantee	-		1,406,764,426	1,406,764,426
Current liabilities				
Benefits payable**	70,716,112		(11,638,608)	59,077,504
Insurance contract liability - Joint Life	-		78,913,330	78,913,330
Insurance contract liability - Guarantee	-		169,846,098	169,846,098

	As previously stated - 31 December 2022	Restatement Impact	Restated as at 31 December 2022
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS			
Member benefit expenses			
Pensions to retired members	(229,833,594)	229,833,594	-
Pensioners' death benefit	(3,251,213)	3,251,213	-
Total member benefits expenses	**(385,285,841)**	**233,084,807**	**(152,201,034)**
Fund operating expenses			
Employee costs - salaries	(14,546,969)	4,710,933	(9,836,036)
Administration expenses	(33,422,769)	10,823,727	(22,599,042)
Depreciation - right of use asset	(397,300)	397,300	-
Change in net assets from membership activities before insurance and investment activities	**(60,519,490)**	**249,016,767**	**188,497,277**

Notes to the Annual Statements

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Restatement Disclosure: Impact of prior period errors (Note 20) and IFRS 17 adjustments continued...

Performance from investment activities (Active & Deferred) Investment income	As previously stated - 31 December 2022	Restatement Impact	Restated as at 31 December 2022
Interest income	137,643,957	(52,563,666)	85,080,291
Dividend income	149,451,051	(57,072,575)	92,378,476
Other income	36,631	(36,631)	-
Rental income	21,233,910	(8,087,475)	13,146,435
Unrealised fair value gains/(Losses) on investment securities	(1,039,223,885)	396,860,264	(642,363,621)
Unrealised foreign exchange gains/(Losses) on investment securities	483,156,567	(184,508,503)	298,648,064
Unrealised gains/(Losses) on valuation of investment properties	15,982,540	(6,067,021)	9,915,519
Depreciation - right of use asset	(397,300)	115,308	(281,992)
Total investment income	**(232,116,529)**	**88,639,701**	**(143,476,828)**
Investment expenses			
Onshore investment management fees	(14,535,375)	1,934,031	(12,601,344)
Offshore investment management fees	(33,218,183)	4,419,907	(28,798,276)
Fair value losses from associates and	(36,081,000)	4,800,824	(31,280,176)
Losses on disposal of investment securities	(2,819,937)	375,212	(2,444,725)
Rental expenses	(7,582,309)	1,008,487	(6,573,822)
Total investment expenses	**(94,236,804)**	**12,538,461**	**(81,698,343)**
Performance from Insurance activities			
Insurance revenue	-	220,919,358	220,919,358
Insurance service expenses	-	(160,066,124)	(160,066,124)
Insurance service results	**-**	**60,853,234**	**60,853,234**
Insurance investment income loss	-	(88,639,701)	(88,639,701)
Insurance investment expenses	-	(12,538,459)	(12,538,459)
Insurance finance income from contracts	-	(1,772,430)	(1,772,430)
Net insurance financial results	**-**	**(102,950,590)**	**(102,950,590)**
Change in net assets from insurance activities (Pensioners)	**-**	**(42,097,356)**	**(42,097,356)**
Decrease in net assets during the year	**(386,872,823)**	**308,097,573**	**(78,775,250)**

*Refer to restatement Note 20.1

**Refer to restatement Note 20.2

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