



# BOKAMOSO

ISSUE 34 APRIL 2010

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Calistas Chijoro

## 8.4% Salary Increase for Pensioners

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- The pros and cons



**DEBSWANA PENSION FUND**  
*Your fund: your security for your future*





**Agatha Sejoe**

## EDITOR

Welcome to another edition of your favorite corporate publication.

We trust that you have eased well in to 2010 and are well on the road to achieving your goals for the year. Likewise DPF has also made significant inroads with our plans.

In this publication you will find amongst the diverse range of topics various important subjects that we hope you will enjoy, including Unit Trusts as an alternative investment strategy for those who may want to evaluate additional savings options beyond their pension contributions. As for those who may be considering converting their employment from permanent and pensionable to Contract, we highlight the important points to consider.

There are also updates on the latest Fund developments, the main one being our ongoing implementation of a benefits administration system that will see us self administering and severing ties with our long-term business partner Alexander Forbes.

We also recently kicked off our first member education tour for the year; beginning in Morupule, OLD mines and concluded in Gaborone campus. The presentations topics included fund financial performance for 2009, operational update, and the value of Additional Voluntary contributions (AVC)

DPF is growing in leaps and bounds. In just a space of one year; we recruited 5 new employees to meet the ever increasing demands of the Fund operation. It is anticipated that with these developments, the fund will become more dynamic and efficient in it's operation.

The issue of good governance is something we hold very highly as custodians of your investments and striking a balance between the best interests of the member and maintaining Fund sustainability is not an easy feat. We trust that the insights that you receive from the feature articles on the two Trustees Maipelo Motshwane and Calistas Chijoro will help you appreciate the challenges that the Fund leadership has to face on an ongoing basis.

Email us your opinion on bokamoso@dpf.co.bw

## New employees profiles



**OMPFILE MACHENG** joins DPF as Administration Supervisor - Processes. He hails from Francistown and holds a BBA (MGT), CIMA- Managerial part time, and French Level I.

His work experience includes working for Botswana Defence Force BDF, Internal Audit, as an Administration and Training Officer;

Omphile wants to strive to have his goals achieved efficiently and economically.



**NAKO SETUMO- WANTWA** - joined DPF on the 01 February 2010 as IT Developer. She brings with extensive knowledge in software Design and analysis.

Nako holds a computer Science Degree from University of Botswana and she is currently enrolled for Msc Strategic Management from the University of Derby

Nako says she aspires to be in the top management of a corporate organisation like DPF at some stage in life. She has previously worked for First National Bank Botswana for 3 years as a Systems Analyst.



**ISRAEL KGOSIDIILE** - joined DPF as a Communications Officer on the 01 February 2010. He hails from Bobonong and holds a B.A degree in Humanities & Social sciences

He is a member of the Public Relations institute of Southern Africa (PRISA)

Kgosiile has previously worked for DCEC and BPOPF.



**SOLOMON LEGWALE** - joined DPF on the 22 march 2010 as an Administration Officer; Solomon holds a National Diploma in Public relations management. He brings to DPF vast experience in customer service and public relations.

His work experience includes working for the University of Botswana and Water Utilities Corporation.

"I am much honored to join DPF and believe that the success of every organization begins with its commitment to customer service."

He hails from lentsweletau and is single.

## BABY BOOM AT THE DPF



Wangu Thipe was blessed with a baby girl named Luba on 23/09/09. She describes her as very alert and full of energy.



Dineo Mmesi - welcomed her second son Amantle on 06/10/09. She is excited to be a mother again and says she now has her hands full with two bubbly young sons at home.



Barulaganye Matome gave birth to a bouncing baby girl named Ogone on the 15 march 2010, weighing a whopping 3.8 kg! Ogone is Barulaganye's first child and like every first mum, she revels in her newfound happiness.



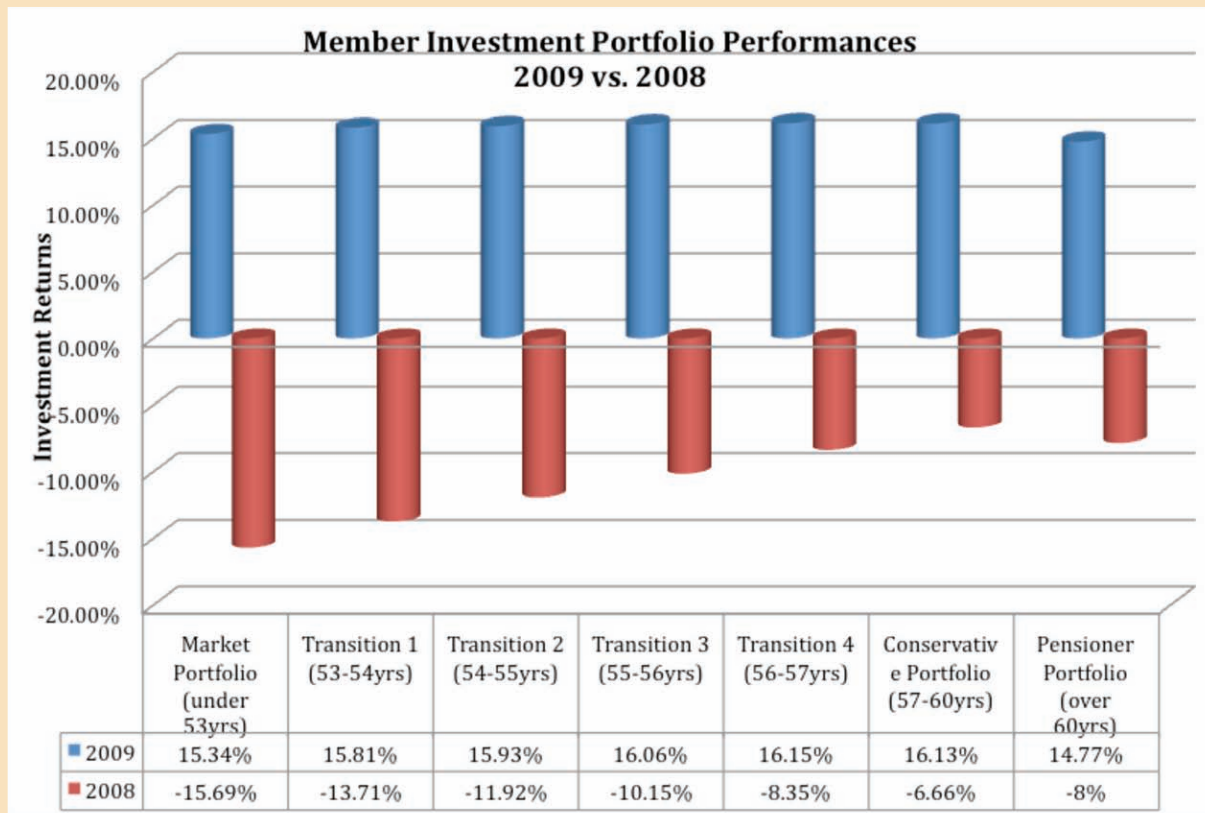
Khumo Tsomele - also is a proud new mum to her child Kutlo, a baby boy born on the 12/04/2010. Kutlo was born only 2 days apart from his mum's birthday, who is delighted with the new addition to her family.

# HEALTHY RESULTS FOR 2009

By the end of December 2009, the fund had earned a cumulative return of 15.72% against a targeted 10.80%. Year end Fund valuations show fund recovery with total

value stood at 3 billion. All investment portfolios exceeded targeted performance.

## Portfolio performances



By Setho Thibelang

Working for Debswana Pension Fund has been quite an enjoyable experience. The few weeks that I was attached to the Fund under the Communications department were a reflection of what I have been learning as a Mass Communication student the past four years at Limkokwing

## INTERN EXPERIENCE

University of Creative Technology, Malaysia. The family of this Fund gave me a warm welcome and throughout my stay I have been engaged with numerous activities contributing to the overall input on the running of the Fund.

The experience I gained during my six weeks attachment was an eye opener to the corporate world and the communication itself in relation to dealing with the clientele and other stakeholders. I believe that I now have the confidence, and the enthusiasm in me will help me to be part of an organization with knowledge I gained. All in all I would like to extend my gratitude to this Multi Award winning Fund for giving me an opportunity to be part of them.





# Unit trusts are a sound investment

In these difficult financial times, if you are one of the lucky ones who has extra cash left over at the end of the month that you are saving for your child's education, a holiday or to buy a home, unit trusts are worth considering as a sound and practical way to help you grow your savings.

Unit trusts offer you, as an individual investor, convenient access to the financial markets and expert investment management. Simply put, your money is pooled with that of other investors and the fund manager uses his or her expertise to invest in the best underlying assets - whether equities, bonds, property or money markets.

This pool is then divided into equal units and investors then share in the fund's gains, losses, income and expenses. Units can be bought and sold freely.

There are many types of unit trusts designed to meet a range of investment needs - from conservative, income-generating funds to those that have aggressive long-term growth targets.

**Money market unit trusts** are the lowest-risk unit trusts available and aim to offer relatively high interest income. Essentially they are the same as investing in cash, but offer higher interest rates than a bank savings account.

**Fixed interest unit trusts** invest in interest-

bearing investments such as bonds, and are generally lower-risk than equities. Largely affected by interest rate cycles, they will be actively managed according to the fund manager's view of the economic climate.

They are great investments if you want to draw a regular income, and some will even offer the potential for capital growth.

**Property unit trusts** give investors affordable access to the returns from commercial property and property developers. These funds offer growth potential, but can be as risky as equities since their value can move in line with both the equity market and property cycles in the wider economy.

**Equity unit trusts** invest in shares of companies listed on the stock market. The companies selected by the fund manager can be from any industry or sector; this means that they offer the benefit of sector diversification. They are regarded as higher-risk funds as the equity market can be volatile. Although they can generate good returns, they can also perform negatively for long periods.

**Specialist equity unit trusts** are probably the riskiest funds on the market, as they invest only in one sector and offer very little diversification. The upside is that they have the potential to deliver high returns. When structuring an investment portfolio,

these are generally used as "satellite" funds to offer exposure to potential strong growth in the sector in question. Generally, it is not wise to make these a core component of your investments.

**Investment solutions: Asset allocation funds** (also called balanced funds) can include all the asset classes in one unit trust, and therefore offer true diversification. These funds are often called "solution funds" as they are structured according to a specific risk rating and are designed to meet the investment needs of investors that match that risk profile. Their fund managers usually have the freedom to move between asset classes to take advantage of market opportunities or to avoid losses.

Unit trusts might not be for everyone, but they do offer a range of choices that, when selected with the help of a financial adviser, can provide most investors with a solution that will help you grow your savings with the appropriate amount of risk and return over time.

*Source: IRF News Bulletin*



Maipelo Motshwane

We had an interview with the chairperson of DPF Pension Benefits Review Committee Mrs Maipelo Motshwane on various issues including her role as the chairperson, the mandate of the committee with regard to benefit distribution to members.

The Benefit Review Committee is amongst the various sub-committees under the DPF Board of trustees. Top in its agenda is distribution of benefits to DPF members and their beneficiaries. It reviews and distributes benefits for deaths, ill health, voluntary separations, retrenchments and normal exits. As the chairperson of the committee Motshwane's role is to guide the committee in regular review meetings, making sure that the members of the committee come up with appropriate decisions to ensure that benefits are fairly distributed to members and their beneficiaries. "The chairperson's position carries huge responsibility as decisions made touch lives of mainstream Batswana, the reason why decisions are made by all the committee members," Motshwane said.

Information to assist in making appropriate decisions is lacking. Members hardly update nominations forms timeously. For example, children born are not added in to records in time and members do not indicate how the benefits should be distributed amongst their dependants.

"We have to do thorough investigations on the deceased's family

# Challenges in Benefits Distribution

## *A look at the role of the Pension Benefits Review Committee*

to get information. This causes delay in distributing benefits and also lots of valuable time is wasted in investigations," Motshwane said.

The DPF secretariat has an ongoing communication program that seeks to encourage and remind members time and again to update information and educate them about the relevance of updating the nomination forms. This is done through journals, bulletins, regular meetings and through the official newsletter. The nominations forms have been redesigned to capture detailed information. "We are also working on a Pension benefit administration system with the aim of gathering information electronically to allow information updates to be done in real time. The information will also be available anytime and from one source. This project will be completed sometime end of this year," she said.

"The Pension Fund Board of Trustees have also identified as a threat the negative impact on fund revenue of withdrawals due to HIV/AIDS' deaths, retrenchments and voluntary separations, but we can not stop them because these are uncontrollable factors. At least deaths through HIV/AIDS have significantly come down because of free distribution of ARVs to the infected. As you are already aware, Debswana was the very first company to distribute free ARVs to its employees, even before the government started doing so to the general public" says Motshwane.

Most withdrawals are due to retrenchments and voluntary separations. Another problem is that employees working under contracts, prefer earning a gratuity at the end of the contract even though pension fund rules allow them to continue with pension contribution.

Through member education, members are made aware of the long term benefits of making withdrawals at retirement age rather than when you are retrenched or taking voluntary separation if you are still under retirement age.

*Motshwane is an accomplished chartered management accountant. She has been working for Debswana since 1985 working under various managerial positions in accounting. She is currently Finance Manager - Projects. She has been the chairperson of the DPF benefit review committee since 2008...*

## About the DPF Pension Benefits Review Committee

It is a sub-committee of the Board of Trustees and consists of seven (7) members who are mainly responsible for members welfare from the date of joining the Fund up to when members withdraw from the Fund, which may be due to resignations, retirements resulting from old age or ill health and retrenchments. It is also responsible for the proper distribution and disposal of death benefits. The Committee is responsible for the Fund's communication strategy and its implementation and to ensure effective member communication.



Value  
Your  
Time

## DPF MOVES TOWARDS SELF ADMINISTRATION

In a first for the local pension fund industry, the DPF will begin to administer member records wholly in-house. This comes as a result of a 5-year strategy mapped out by the DPF Board since the Fund began operating independently from under Debswana in 2007. The DPF has procured a benefits administration system to ensure a more efficient and highly governed environment.

Recently, there were futile attempts made by ill-informed elements through the media to discredit this initiative, and the Fund wishes to re-assure DPF members that all strategic efforts on the part of the Fund made so far, or planned for the future will be made with due consideration of, firstly, the interests of the member, and secondly within the confines of the regulatory environment

through ongoing consultation with the regulator.

With the above considered, it is imperative that the Fund be dynamic and visionary to ensure its long term sustainability. There are countless challenges that pension funds face on an ongoing basis which threaten their sustainability, one of them being escalating costs, and it is only through proactive implementation of feasible counteractive measures that Trustees can assure members of good custody over their retirement savings and truly exercise their fiduciary duty.

Data integrity, or the lack of it, is what makes or breaks pension funds due to its pivotal function on the accuracy of benefits payments.

It is incumbent upon every pension fund to constantly strive towards maintaining the best security and efficiencies around their data management processes and the DPF takes that responsibility very seriously.

We pride ourselves as one of the key industry benchmarks, and as the industry dynamics and the regulatory framework evolves, we plan to be right there at the forefront with the necessary innovative ideas that will contribute positively to the lives of our members and the general economy.

Hereunder is an overview of why the End-to-End solution was procured;

## IMPLEMENTATION OF THE END TO END SOLUTION

### Objective

The Debswana Pension Fund is implementing an End-to-End Benefits Administration solution, with the aim to fully manage its operation in-house.

### Background

- **2000:** Alexander Forbes Financial Services was contracted to administer DPF records, benefit payments and Pensioner Payroll
- **2007:** Debswana Diamond Company outsources Debswana Pension Fund to operate as a Secretariat.
- **2008:** DPF Board of Trustees mapped out a 5-year strategic plan that identified need to acquire a business intelligence solution that will improve operational efficiencies
- **2009:** Metropolitan Retirement Administrators (MRA) awarded tender to supply their Benchmark system and customise it to the DPF and local regulatory environment
- **2010** is the System Implementation period for the solution and this process was rolled out on 1st January 2010.

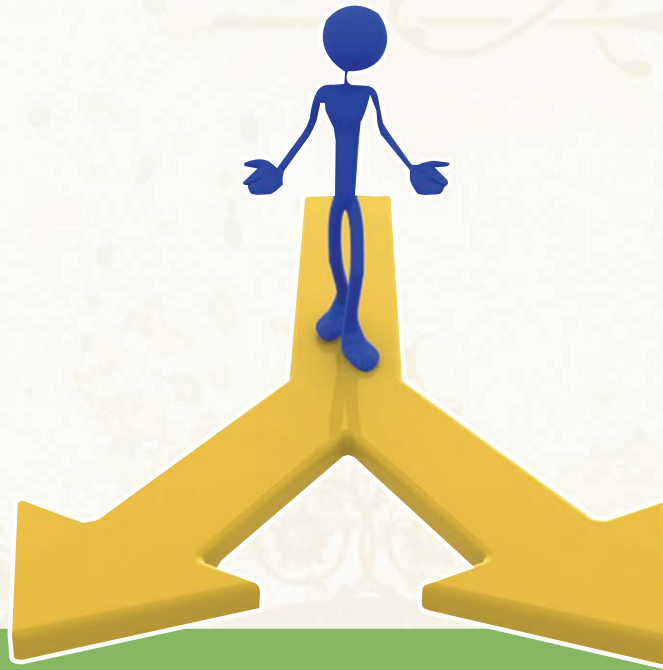
### Why we decided to automate

1. To address the gaps around the issue of data integrity & security such as ;
  - a) Poor document management & non-compliance e.g. document loss, back-up, Unnecessary Pensioner suspensions
  - b) Poor system controls - Data capturing errors & other
  - c) Incomplete documentation
2. To consolidated scattered functions within the DPF operation
3. To address customer service shortfalls such as;
  - a) Delayed submissions due to high manual input
  - b) High turnaround times for
    - i) Benefits payments
    - ii) Retirement quotations
    - iii) Records updates

### What the expected benefits are from this solution:

1. A high governance environment
  - a) i.e. Fully translate fund rules & regulations (tax act, pension funds act, NBFIRA act etc) on to the system
2. High degree of flexibility
3. Absolute ownership of data by DPF
4. Automated archive systems
5. Flow of processes
6. Reduced administration burden on employer

**DPF Go-live date is expected on 1st August 2010 and the DPF contract with Alexander Forbes will cease on 30th September 2010. Members will be kept informed of the development.**



## PENSION VS GRATUITY - The Pros and Cons

### Converting from Pensionable to Contract: Can one continue pension contributions?

- Rules have been amended to allow both pensionable and contract employees to contribute to pension
- Contract employees must be engaged for more than 1 year to continue with pension Fund
- Members converting cannot split contributions between the two - it's either or.
- When converting from Pension to Gratuity, all previous pension contributions are deferred till retirement - they cannot be transferred to gratuity
- Members converting to fixed term contract cannot withdraw lump sums while they are still employed by the same employer
- Lump sum withdrawal only possible if member exits employment

### Why you should opt for Pension;

- Pension provides security in retirement due to a forced saving
- Your pension contributions are invested and yields returns, hence growth - gratuity does not yield any growth

### Why you should not opt for gratuity;

- reduced security on retirement
- To use your gratuity money wisely, you require knowledge of investments
- Upon cashing gratuity, there are no investment returns because your employer only provides for it without any investment backing.
- Your gratuity is taxable but your pension lump sum is tax-free upon retirement

## 8.4% Salary Increase for Pensioners:

The DPF Board of Trustees has approved an 8.4% Increase on pensioner salaries for 2010. This follows a review of investment performance and fund valuation outcome, particularly the funding levels of pensioner liabilities. Although the possible increase stood at 5.8% in line with inflationary adjustments, the Board resolved to approve a higher amount considering that there was no increase in 2009. Pensioner salary increments are effective July 2010.





Calistas Chijoro

## Investing in Turbulent Times *A balancing act for Trustees*

The chairman of the Investment committee Calistas Chijoro explains his role as chairman and how the committee manages to successfully invest the Fund during turbulent times. He also explains how they managed to pull through during the global economic recession with minimum losses.

As the committee chairman he not only oversees the investment committee but also makes sure that deliberations are followed to the core. He also ensures that there are clear directions on what is to be done and committee members play their part. "Apart from chairing the meetings I give my opinions as well as making value adding contributions to proceedings," he said. The committee has been working on various initiatives including updating the statement of Investment Principle (SIP) to make sure it is relevant. The SIP is a strategic document for the Fund which provides a guiding framework for the committee and the Fund as a whole with regard to how the fund is invested.

The entire committee undergoes training regularly to ensure that it has the necessary skills required as the investment industry is complex requiring specialized skills. "In my opinion it is crucial to get an investment specialist with relevant experience to be in the committee to assist and augment," Chijoro said

The committee and other committees including the board of trustees are working on listing the DPF property portfolio at the Botswana Stock Exchange to benefit mainstream Batswana. This is a very welcome development for members as they will gain better returns on their investments while the rest of Batswana also benefit from investing in it. The investment industry is very complex and vulnerable to global market fluctuations. The global economic melt down which started two years ago is a typical example. The recession unexpectedly changed the trends which called for new thinking. For example banks were asking for loans from companies instead!

There was too much uncertainty and no one could plan for a week, as things could change in a matter of hours. Almost every industry was hit hard including the fund. "The landscape became very rough and we had to make decisions. We frequently met and made decisions based on what we knew. The most important issue was how to position ourselves after the recession is over and that's why we spent a lot of time in meetings planning," Chijoro said. The SIP became very handy at times like this though once in a while the committee had to operate outside its framework as these were desperate times.

"Types of decisions changed but roles remained the same. We were always researching and always in touch with our fund managers. One of the factors contributing to our survival is that we have a well diversified investment strategy. Our risk is spread by investing in different asset classes. This is the multi manager model where we use different asset managers with different investment philosophies and asset portfolios to manage our Fund," said Chijoro.

"Although the crisis is almost over the committee have other challenges which are being addressed according to Chijoro. Necessary skills are needed to be able to make meaningful decisions as the investment industry is very complex. The other challenge is the tenure system where every two years new leaders are elected. People should stay a little longer to be allowed to accomplish what they started. Also after elections, the new leadership takes some time to come to speed understandably so, as it takes time to familiarise, but this eats away from total tenure period leaving very little time to accomplish anything before one steps down. Lack of local investment opportunities is a problem to the industry and one wishes Botswana could develop its investment market to world standards. A bigger portion of the local Fund (70%) is invested internationally where markets are very volatile and vulnerable to all sorts of problems."

*Chijoro is a Treasury Manager for Debswana. The Treasury Department at Debswana is a support function serving as a risk management unit dealing with interest and exchange rates' risks. Before Debswana he worked for Barclays' Treasury department for five years. He holds a Bachelor of commerce from university of Botswana with a double major in Accounting and Economics. He is currently training to be an Associate of Corporate Treasurer.*

## About the DPF Investment Committee

This is one of the sub-committees of the Board of Trustees, and their mandate is to keep under review the appropriateness and recommend changes to the overall investment strategy of the Fund; investigating and reporting the use of new financial instruments; overseeing the investment consultants and investment managers as well as custodians. The Committee has developed a tool called a Statement of Investment Principles which guides the committee in carrying out its mandate.



# EVENTS IN PICTURES

## Morupule Colliery retirement function



## Trustees Education Workshop - Rules and Regulations 18/03/2010





# EVENTS IN PICTURES

DPF Member Education tour in pictures - March - April 2010



## MEMBER EDUCATION TOUR 2010

The DPF Communications department kicked off its first leg of the member education tour in March at Morupule Colliery, proceeding to Orapa, Letlhane and Damtshaa Mines, Gaborone Campus and ending in Jwaneng. The topics covered included financial update for 2009, Additional Voluntary Contribution, Pension versus Gratuity options and an update on operational activities, including the procurement of a benefits administration system that will see the Fund beginning to administer itself.



# BOKAMOSO COMPETITION WINNERS

Patiko Mothei  
P O Box 265  
Tonota

Kabelo Motloltle  
P O Box 28  
Letlhakane

Metlha B Mokgatle  
P O Box 97  
Shoshong

Shatani Chya  
P O Box 32  
Sebina

Taetso Moshe  
P O box 72  
Tutume

Philip Keetloetsile  
P O Box 237  
Digawana

L Melaetsa  
P O Box 428  
Kang

A Kebabile  
P O Box 925  
Kasane

Tsabatho Raditloko  
P O Box 749  
Molepolole

Bontle Tlhako  
P O Box 3474  
Serowe

Segametsi G Modisaotsile  
P O Box 2036  
Gaborone

B Selelo  
P O Box 601444  
Gaborone

Lebogang Tshidi  
P O Box 68  
Lokgwabe

## DPF Unclaimed Benefits

The following people are requested to contact DPF office in connection with their unclaimed benefits from the Fund.

### Name/Initial.

GAONAKALA  
MOGAETSHO  
ANTONY  
JOHANE MAPHOLISA  
ELLEN  
K  
B  
M M  
R  
B H  
G  
M  
M  
B  
T  
D  
K  
K K  
D  
G  
B  
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### Surname

OLEBILE  
MOGAETSHO  
JOSEPH  
JOHANE  
MASHABELA  
TSHWENE  
KHUDU  
SEROKE  
BAGWASI  
BIMBO  
CHITAPA  
GAEDUPE  
KAISARA  
KENAAPE  
KETSITLILE  
KEWAGAMANG  
KWENENG  
KOMME  
LEKAUNYANE  
MADING  
MAGANO  
MASIME  
MASUKU  
MATAKELA  
MERWALO  
METSEYABANGWE  
MMELESI  
MODISE  
MOKOPANI  
MOGOTSI  
MOLETI  
MOLOI  
MONAMISI  
MOTHIBEDI  
MOTHIBI  
MOTSEKO  
MOTSEKE  
NDABA  
NDLOVU  
RANTSHONYANA  
SEAROMENG  
SEGWAGWE  
SEKGWA  
SENYEREGO  
SENYEREGO  
SENYEREGO  
SEOROMENG  
SESINA  
SISINA  
TIRELO  
TIRELO  
TLHAPING  
TUMELO  
WANLISS

## BOKAMOSO COMPETITION QUESTIONS

1. When is the DPF GO live date for the end to end Business Solution?
2. Give two reasons why DPF introduced the end to end business solution
3. What was the declared interest for DPF in 2009 financial year?
4. State the increment in percentage for pensioners

### FUND CONTACT DETAILS

The Principal Officer, Debswana Pension Fund, Ground Floor Visible Edge (BP Building)

The Mall P/Bag 00512 Gaborone, Botswana

### FUND OFFICES

Tel: 361 4267  
Fax: 393 6239  
Toll-free (landline): 0 800 600 681  
Email: bokamoso@debswana.bw

### FUND CONSULTATION HOURS

Monday - Friday  
0800hrs - 1645hrs (Including lunch hour)

### Our Vision

To be the preferred provider of retirement fund services in Botswana

### Our Mission

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

- Prudent management of member funds
- Efficient administration of member records
- Provision of focused communication

### Our Values

1. Innovation
2. Trust and Integrity
3. Value Oriented
4. Member focused
5. Quality focused

# ISAGO & LETLOLE

## WHAT'S THE LATEST AT THE DPF?



ISAGO: Hello Letlole, did you hear? DPF is now going to start looking after our records. I guess we will have to start getting used to not calling Alexander Forbes for help.



LETLOLE: Really, why did they decide to do that? Do they have the capability to do it?

ISAGO: Yes they have now bought an end to end system that is designed for benefits administration, and through this system, everything will now be done in-house. I hear the system will integrate all their functions and make their processes much easier and faster. They will be getting the necessary skill to administer the system as well.



LETLOLE: Well that is really good news, any efforts to improve the quality of service that we get is welcome. They have my full support. Are they allowed to do it as a pension Fund though?



ISAGO: Of course, there are no laws barring pension funds from looking after their own records. I am also happy that DPF will now be a one stop shop - having more than one source of information for the same thing can be confusing! I wish them all the best with this new system.