

Business

e-brief

Vol. 1 | April 2018

YOUR QUARTERLY FUND PERFORMANCE UPDATE



Modest growth for 2017

Year end investment performance results show a modest outcome but nonetheless a much improved performance relative to the 2016 year end. For the 12 months ended 31 December 2017, the top performing sector was Global Emerging Markets Equities, posting a return of 26.29% (in BWP). The next top performing asset class was Global Equities, posting a return of 12.60% for the period, as measured by the MSCI World (BWP). For the Fund, Global Equities were up 16.82% for the period, outperforming the benchmark by 4.22%. Orbis was the top performer in this space, posting a net return of 19.22% for the 12 months to December, outperforming the benchmark by 6.62%. All global equities managers in the Fund outperformed the benchmark net of fees. The worst performing asset class was Local Equities, posting a return of -5.75% for 12 months to December 2017. Global Bonds returned -0.45% over the 12 months to December 2017. PIMCO outperformed the benchmark by 1.47% (net of fees).

Asset Class Returns to 31st December 2017 (Benchmarks)

Asset Class	Benchmark	1 month to Dec 2017	3 months to Dec 2017	12 months to Dec 2017	36 months Dec 2017
Botswana Cash	BOB 91 day-1	0.16%	0.25%	1.86%	1.62%
Botswana Bonds	Fleming Aggregate Bond Index (FABI)	0.56%	1.65%	5.26%	6.95%
Botswana Equities	Domestic Companies Index (DCI)Equities	-0.23%	-0.79%	-5.75%	-2.29%
Global Bonds	BarCap GABI – BWP	-4.11%	-3.21%	-0.45%	3.28%
Global Equities	MSCI World – BWP	6.43%	0.68%	12.60%	7.68%
Global Emerging Markets Equities	MSCI EM – BWP	8.78%	2.53%	26.29%	7.89%
Global Property	FTSE EPRA/ NAREIT Developed Rental Index-BWP	-3.68%	-0.68%	11.38%	12.60%
Exchange Rate	BWP/USD	-4.44%	-4.24%	-7.31%	-1.03%

Portfolio performances as at 31 December 2017

Fund Portfolio	3 months to Dec 2017	12 months to 31 Dec 2017	36 months to 31 Dec 2017	Since Inception (Aug 2004)
Market	-0.34%	8.31%	7.96%	12.68%
Conservative	-0.12%	5.67%	6.50%	10.45%
Pensioner	-0.07%	4.82%	6.34%	11.75%
Contingency	-0.16%	7.34%	7.36%	14.16%

Market Values per Manager (BWP) – 31 Dec 2017

MANAGER	31-12-17 (BWP)	30-09-17 (BWP)
American Century	455,172,075.00	454,351,523.51
Marathon	483,860,839.00	481,096,804.12
South-Eastern	483,594,226.00	494,309,946.18
State Street	165,593,712.00	163,985,718.76
Veritas	660,159,635.00	680,152,909.00
Orbis	540,890,330.00	522,352,271.03
Walter Scott	485,818,969.00	478,595,680.72
PIMCO	681,450,710.00	704,545,051.55
USD Cash	207,335,289.00	216,454,664.23
Vantage	87,732,209.00	98,009,008.75
Botswana Property	506,526,405.00	493,370,956.31
BWP Cash	133,453,574.00	107,088,794.06
Allan Gray Botswana Equity	720,282,095.00	655,439,512.98
Investec Botswana Equity	368,536,523.00	361,518,837.36
Kgori Capital Equity	236,794,735.00	238,639,323.69
Allan Gray Botswana Bonds	-	220,290,148.52
Investec Botswana Bonds	436,501,216.00	442,984,802.70
BIFM Bonds	399,644,504.00	243,288,313.27
Total Fund	7,053,347,043.00	7,056,474,266.74

Manager performances as at 31 December 2017

International Managers - BWP	1 month to Dec 2017	3 months to Dec 2017	12 months to Dec 2017	36 months to Dec 2017	YTD
American Century	-3.49%	0.12%	N/A	N/A	N/A
Marathon	-2.90%	0.58%	13.32%	11.65%	13.32%
Orbis	-1.19%	3.61%	19.22%	15.56%	19.22%
Walter Scott	-4.01%	1.50%	14.89%	10.90%	14.89%
Veritas	-4.97%	-2.93%	14.66%	N/A	14.66%
Southeastern	-0.94%	-2.05%	13.21%	N/A	13.21%
Statestreet	-3.14%	1.07%	13.58%	N/A	13.58%
Global Bond Manager	1 month to Dec 2017	3 months to Dec 2017	12 months to Dec 2017	36 months to Dec 2017	YTD
Debswana PIMCO (BWP)	-4.22%	-3.27%	1.02%	4.40%	1.02%
Local Equity Managers- BWP	1 month to Dec 2017	3 months to Dec 2017	12 months to Dec 2017	36 months to Dec 2017	YTD
Allan Gray	-0.78%	-0.86%	N/A	N/A	N/A
Investec	-0.63%	-1.77%	N/A	N/A	N/A
Kgori Capital	-0.61%	-0.77%	N/A	N/A	N/A
Local Equity Managers- BWP	1 month to Dec 2017	3 months to Dec 2017	12 months to Dec 2017	36 months to Dec 2017	YTD
BIFM	1.02%	2.10%	N/A	N/A	N/A
Investec	0.60%	1.61%	N/A	N/A	N/A



DPF Values

Customer Focused Trust & Integrity Innovation Agility Self driven & Motivated

Continues on page 2

Business

e-brief

Vol. 1 | April 2018

YOUR QUARTERLY FUND PERFORMANCE UPDATE

Continues from page 1

Changes in Local Asset Management Mandates

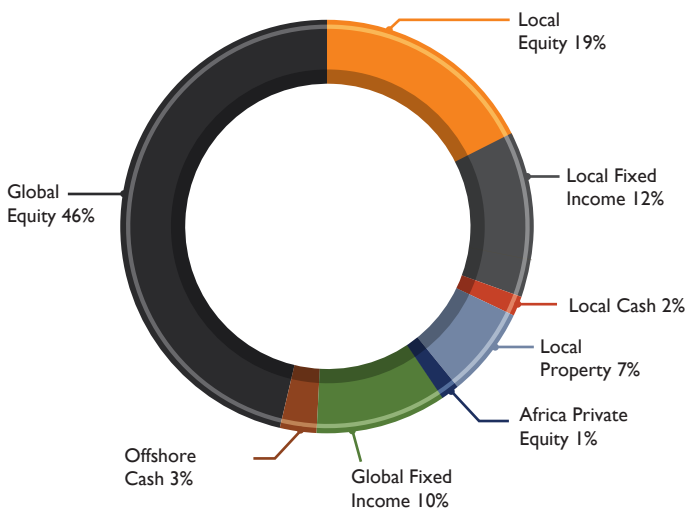
Notable from above manager performance charts, the local managers' historical performance data for the 12 months period ended 31 December 2017 and older has not been reported due to changes in asset manager mandates that were implemented during the year. Historically, the Fund's approach towards local asset manager mandates has been to award balanced or generalized mandates, however given the growing DPF asset base, the DPF Board of Trustees has since found it prudent to change from that tradition and re-issue specialist mandates for the local market going forward. This is mainly for the purpose of ensuring focused and optimal performance by the local managers. A request for proposals was issued in 2016 and the new specialist manager appointments were finalized in Q1 of 2017 as follows.

EQUITY MANDATE	FIXED INCOME MANDATE
Allan Gray Botswana	Allan Gray Botswana
Investec Botswana	Investec Botswana
Kgori Capital	BIFM

Disinvestments – Kgori Capital & Aberdeen

As part of the ongoing implementation of the Fund's investment policy and manager service level agreements, the DPF Board of Trustees resolved in the Board sittings of Q2 and Q4 2017 to disinvest from Aberdeen and Kgori Capital respectively.

Asset Class Weights as at December 2017



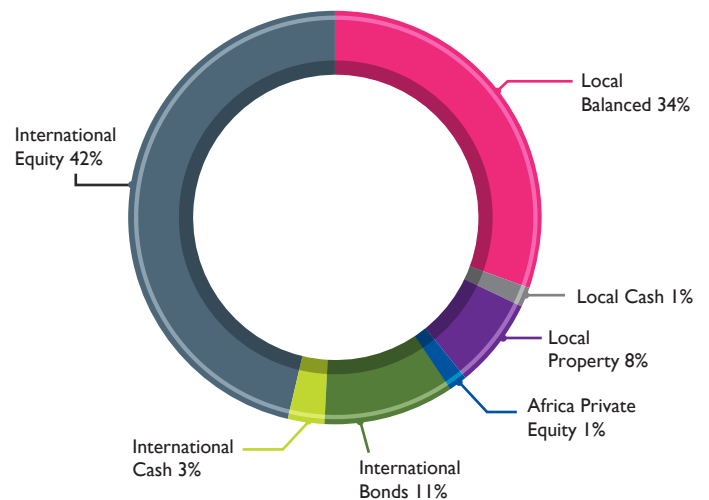
Fund Valuation as at 31 Dec 2017

TOTAL FUND	31/12/17	31/12/16
	P'000	P'000
Fair value of assets	7,036,478.00	6,518,118.00
Actuarial Liabilities	6,726,596.00	6,191,443.00
Surplus/Deficit	309,882.00	326,675.00
Funding Level	104.6%	105.3%

Membership movements Jan-Dec 2017

DESCRIPTION	IN-SERVICE MEMBERS	DEFERRED MEMBERS	PENSIONERS	TOTAL
Numbers at beginning of period	5790	2402	3682	11874
Additions	299	87	193	579
Withdrawals (Dismissals, resignations, retrenchments)	37	0	0	37
Transfers out	3	0	0	3
Retirements	85	139	0	224
Deaths	18	11	52	81
Other Exits (Client Transfer & Beneficiary Maximum Age)	29	9	4	42
Numbers at end of period	5917	2330	3819	12066

Asset Class Weights as at December 2016



DPF Values

Customer Focused Trust & Integrity Innovation Agility Self driven & Motivated