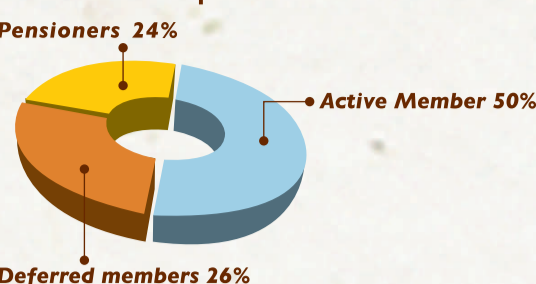


Overall Membership as at 31/12/2010

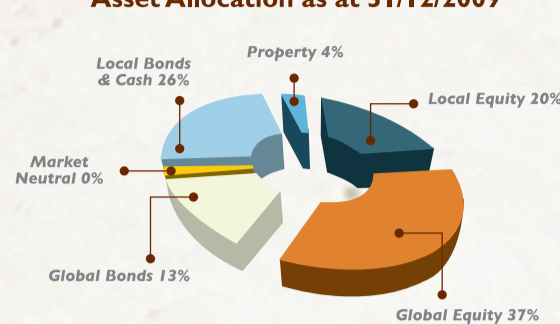
	2009	2010	change	%
Active members	5138	4727	-411	-8%
Deferred members	2354	2496	142	6%
Pensioners	2190	2336	146	7%
Totals	9682	9559	-123	-1%



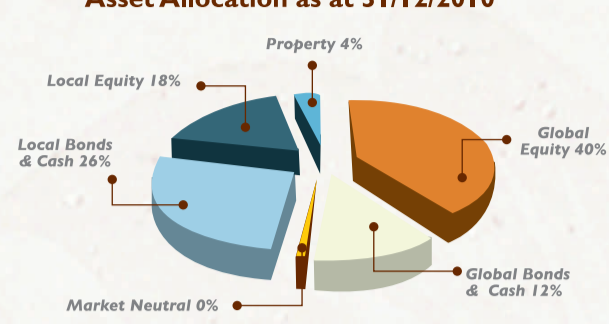
Asset Allocation

The Fund is currently invested 58% equities, 38% Bonds and Cash, and 4% property. The Fund portfolio investments were in line and within the pre-determined ranges of its strategic asset allocation and rebalancing limits as at the end of 31 December 2011.

Asset Allocation as at 31/12/2009



Asset Allocation as at 31/12/2010



STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	2010 P	2009 P
ASSETS			
Investments			
Investment in properties	5	103,598,855	103,739,417
Other financial assets	6	2,703,115,460	2,470,956,414
Cash and cash equivalents	7	445,431,715	433,021,857
Total investments		3,252,146,030	3,007,717,688
Other assets			
Plant and equipment	8	1,375,330	436,606
Intangible asset	9	4,842,448	-
Contributions and other receivables	10	13,024,064	21,470,403
Total other assets		19,241,842	21,907,009
Total assets		3,271,387,872	3,029,624,697
FUNDS, RESERVES AND LIABILITIES			
Funds and reserves			
Fund account		2,287,188,445	2,237,982,850
Pensioners' account		793,744,068	678,589,238
Contingency reserve		94,392,186	89,018,846
Total funds and reserves		3,175,324,699	3,005,590,934
Other liabilities			
Benefits payable	11	91,496,915	21,996,183
Other payables	12	4,566,258	2,319,421
Total other liabilities		96,063,173	24,315,604
Total funds, reserves and liabilities		3,271,387,872	3,029,906,538

BUSINESS PARTNERS

ACTUARIES	Fifth Quadrant Consulting
ADVERTISING, BRANDING & PR	Native Impressions
ASSET MANAGERS - LOCAL	Botswana Insurance Fund Management (BIFM) Allan Gray Botswana Investec Asset Management Botswana
ASSET MANAGERS - GLOBAL	Alliance Bernstein Marathon Investec Global Orbis PIMCO Brades
EXTERNAL AUDITORS	Deloitte & Touche
FUND ADMINISTRATION	Debswana Pension Fund Administrators
IT SUPPORT	Debswana Diamond Company - IM
INTERNAL AUDITORS	Debswana Diamond Company - Internal Auditors
PROPERTY CONSULTING	Khumo Property Consultants

HOW TO CONTACT US

VISITING THE FUND

The DPF office is currently located at Plot 50361, Block D, Carlton House, Fairgrounds. The office is open for consultations Mondays through to Fridays (except holidays) from 8.00am to 16.45pm. The DPF will update members should there be a change of address in the future.

CALLING THE FUND

We provide a toll-free telephone number for use by DPF members and beneficiaries. You may reach us at 0800 600 681 during working hours to speak to one of our administration officers.

Other direct member contact telephone numbers are 3614253, 3614267 and 3614236.

Our fax number is 3936239

WRITING TO THE FUND

When writing to the Fund, please always remember include your full name, telephone number and return address. The Fund address is as follows.

The Secretariat
Debswana Pension Fund
Private Bag 00512
Gaborone
Botswana
Website and email

Our website is an excellent resource for any member or member of the public wishing to know more about the Fund and its activities. Register on line to receive our regular e-newsletter.

Visit us at: www.dpf.co.bw or email your enquiries to bokamoso@dpf.co.bw

A brief history of the Debswana Pension Fund

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

The DPF vision statement

To be the preferred provider of retirement fund services in Botswana

The DPF mission statement

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

The DPF Values

- * Innovation
- * Trust and Integrity
- * Value Oriented
- * Quality focused
- * Member Focused

CHAIRMAN

T Kobedi

PRINCIPAL TRUSTEES

C Chijoro (Resigned 21 April 2011)
N Mmolawa
A Malapela (Resigned 15 July 2010)
R Moroka
K Namoshie
E Kgaboetsile (Appointed 15 July 2011)
G Gakenaope (Appointed 30 June 2011)

ALTERNATE TRUSTEES

M Mtshwane
E Moutlakwa
V Garekwe
E Shabane (Resigned 21 April 2011)
O Tsetso
P Montshioa (Re-appointed alternate 15 July 2010)

PRINCIPAL OFFICER

G January (Appointed 1 February 2011)
T Kgatlwane (Resigned 15 July 2010)

AUDITORS

Deloitte & Touche

REGISTERED OFFICE

Block D
Plot 50361
Carlton Centre
Fairgrounds

BANKERS

Barclays Bank of Botswana Limited
Standard Chartered Botswana Limited

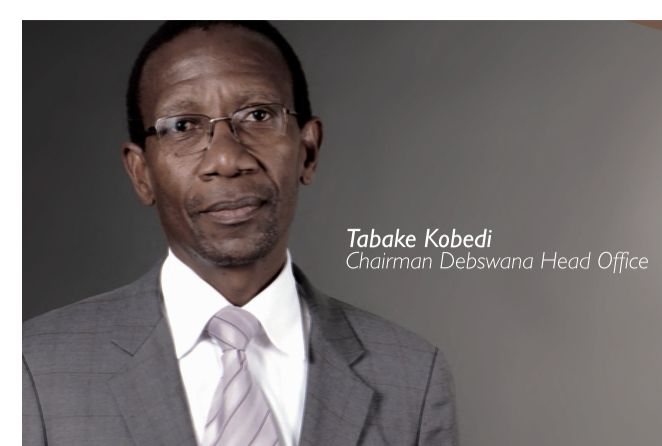
ACTUARIES

Fifth Quadrant Actuaries and Consultants (Proprietary) Limited

CUSTODIANS

Standard Chartered Botswana Limited

Chairman's Report



Tabake Kobedi
Chairman Debswana Head Office

I am proud to present the 2010 Annual Report of the Debswana Pension Fund.

Accordingly this report presents a detailed review of our mandate as a Fund, our goals for the year and further reflection on the performance outcome on the Fund investment for the 2010 financial year.

In the ongoing application of our duties as a board, and applying the lessons learnt from 2008's global financial crisis whilst positioning the fund for long term recovery, fund sustainability will continue to be a part of our core focus, and as a result your Trustees have made a commitment to address all issues that will ensure that the Fund goals are achieved. Some of those that we have identified and prioritized for attention in the immediate future include the following:

1. Ensuring sustained financial soundness of the Fund amidst an unstable global economy by maintaining sufficient, sustainable funding levels, so that the Fund is able to meet its future liabilities.
2. Finding ways to actively help our members improve their financial literacy and to save better for their retirement years for a decent retirement annuity.
3. Addressing the challenges brought about by changing Fund Demographics head-on i.e. declining active membership and contribution inflows etc.
4. Optimizing the current operational environment
5. Enhancing our investment strategy for higher returns, Promoting increased future contribution inflows & creating new revenue streams
6. Ensuring Stronger risk management and a robust governance environment

7. Looking after our People for a productive workforce
 8. Developing & Reinforcing our skills base as the Board of Trustees
- The 2008 financial crisis has raised concerns about the viability of retirement systems around the world, and as your Trustees, our key response to this challenging environment is to work for the benefit of our members and pensioners, and in this regard, we will be actively monitoring and reviewing our investment strategy to address all emerging issues, of which the following two key concerns are current:

Aggressive member education and promotion of Additional voluntary contributions (AVC), stringent cost containment and improving efficiency of our internal processes will amongst others be on the top of our agenda going forward.

Finally, on behalf of all board members, I would like to express our appreciation for unwavering support and understanding of our members, particular in 2010 during our transition from our former administrator to bringing our records in-house. Business was disrupted as we migrated data from the old into the new system and subsequently conducted data verification audits, and throughout the implementation process some members may have experienced delays with their claims and queries. We thank you for your patience and will ensure that we continue to deliver on all our standing promises for service excellence in this regard.

My further gratitude is to the Management and staff of DPF for their endurance, patience and hard-work during what was a major transformation year during their tenure with the Fund.

I look forward to 2011 with the faith and optimism for the continued prosperity of our Fund. Even more so considering the current socio-economic climate, whereby ordinary members of society continue to grapple with a dramatic rise in cost of living, thus making it increasingly difficult for them to grow their savings. The Fund is more obligated than ever to ensure that whilst members face their financial limitations, those assets that they have secured in the Fund already will continue to receive optimal care in the form of robust management strategies that will ultimately make them worthwhile investments.

Sincerely,

Tabake Kobedi
Board Chairman

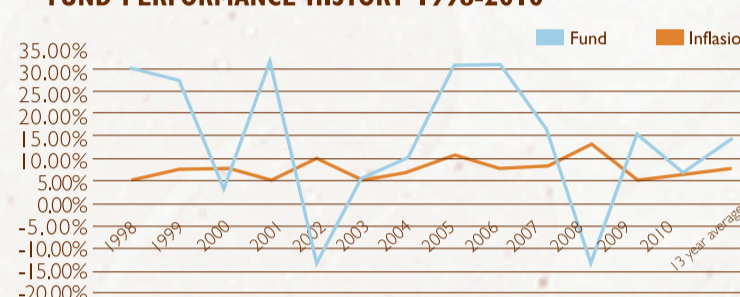
FUND PERFORMANCE HIGHLIGHTS

TOTAL FUND

At 31 December 2010, the Fund recorded a cumulative 7.4% real return, at part with an annual inflation of 7.4%. Largely attributable to upward inflation and sluggish market performance, this was a modest outcome compared previous year's performance of 15.7% against 5.8% inflation.

The Fund's long-term performance however as depicted below has registered a healthy net real return (above inflation) of 6.15% over the thirteen year period from 1998 to 2010.

FUND PERFORMANCE HISTORY 1998-2010



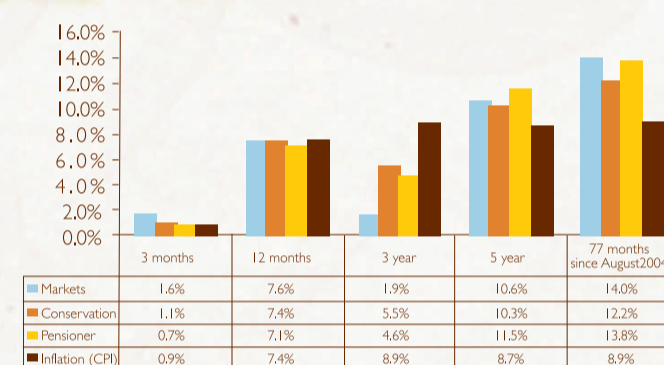
PORTFOLIO PERFORMANCE

The chart below shows the performance of the Fund's investment channels relative to consumer price inflation (CPI), over various measurement periods to 31 December 2010. The Fund has been operating a life-stage model since August 2004. Prior to this the Fund declared bonuses which applied to all members in the Fund. The numbers are shown before any deduction for administration fees.

Over the 2010 financial period the Market Portfolios registered lower returns compared to the previous period registering returns marginal to inflation for the same period. This is largely attributed to sluggish markets and rising inflation during the year. Nevertheless the long term performance remain satisfactory and sufficiently within targets.

Year ending	Market Channel	Conservative Channel	Pensioner Channel	Fund	Inflation
2009	15.90%	16.50%	15.20%	15.70%	5.80%
2010	7.50%	7.40%	7.10%	7.40%	7.40%
7 year average (2004 - 2010)	13.40%	11.80%	13.30%	13.40%	9.10%

Over the period since inception, the Market Channel has achieved its objective (CPI + 5%) and the Conservative and the Pensioner Channels are ahead of their objectives (CPI + 3% and CPI + 4% respectively).



FUND MOVEMENTS

At 31 December 2010, the Fund value was P32 billion, up by P200 million from previous year's valuation of P3 billion. The following are the movements in the Fund during the year. The high value of withdrawal and retirement benefits, as explained in the financial statements, is largely attributable to staff rationalizations arising the organizational review process initiated by one of the employer companies Debswana Diamond Company.

FUND REVENUE ACCOUNT

	P	P
Fund as at 31 December 2009	3,005,590,934	
Contributions received	145,581,231	Administration expenses 13,235,700
Transfers received	2,339,925	Investment Management fees 9,240,990
Income from investments	100,085,831	Depreciation 288,534
Adjustment to fair value of assets	113,267,158	Withdrawal benefits 25,707,207
		Retirement benefits 79,977,583
		Death benefits 14,721,010
		Interest on exit benefits 759,003
		Pensioner death benefits 522,034
		Pensions paid 46,656,196
		432,122
		Transfers paid
		Fund as at 31 December 2010
	3,366,865,079	3,175,324,699
		3,366,865,079

Membership Movements

Total membership has declined by 1% from the previous period. A significant movement is on the Active member portfolio which saw an 8% decline, again due to the retrenchments and voluntary separations approved at Debswana Diamond Company during the year, over and above normal exits.

