



CEO's UPDATE

AUGUST, 2020

Dear Members

I trust this message finds you all taking care and ensuring that we are adhering to the safety measures against Covid-19 as directed by the Botswana Ministry of Health and the Global Health Standard to minimize the spread of this virus.

Let me start off by assuring you, our Members, that despite the current environment in which we are operating in, the Board of Trustees and the Management Team of the Fund continue working around the clock to ensure that the current headwinds are sailed through with minimum impact to the overall performance of the Fund. I am happy to see to this end, that earlier impacts on the Fund's Assets Under Management (AUM) in the first quarter of the year are already starting to have early positive recoveries.

The Covid-19 pandemic and the consequent fall in the price of oil, has resulted in a steep drop in risky asset prices such as global equities. Markets have shown increased levels of vulnerability with most sectors of the global economy affected by the outbreak. Tourism, Travel, Manufacturing and Oil are some of the industries most affected by the pandemic. We saw the biggest impact in Q1, 2020 with Debswana Pension Fund's Assets Under Management dropping by 8.7 percent from BWP 8.4 Billion, to BWP 7.3 Billion. This has since been followed by a commensurate increase of 9.5 percent in the Fund's asset position to BWP 8.5 billion in Q2, 2020. This was largely driven by global asset prices that outperformed on optimism that the reopening of economies would drive economic activity. Interventions taken by countries across the world to stimulate the economy through central bank actions and coupled with fiscal stimulus actions have provided the much-needed tailwind to equities and bonds.

During this period of heightened uncertainty, it is important to remain disciplined in one's investment strategy. Against this background, Debswana Pension Fund remains a long term investor thereby allowing for sufficient time for recovery throughout the Life Stage Model. Furthermore, for the protection of Members' assets, investments across different asset managers with their respective management styles have diversified the portfolio into various asset classes.

The Fund continues to forge ahead with the 2019-2023 Strategy deliverables. The key pillars of this strategy mainly focus on product and channel diversification, and redefining the operating model. One of the earlier steps to this transformation was the formation of the Fund Administration Company Mmila. As part of expanding our channel offering, Members can now view their pension investments in the palm of their hands with the recently launched Mmila Administrator Mobile APP. I encourage all Members to make use of this APP, and ensure that you are always abreast of how your investments are performing.

Many of our Members have not yet made use of the Transfer-In product offering which allows you to move your pension funds savings with other pension funds to be managed under Debswana Pension Fund. With a Fund that continues to deliver exceptional returns for its members, it may be prudent to ensure that any other pension fund saving you have is also growing and yielding optimum returns. The Mmila Team is always available to assist in this endeavor.

The fight against this virus is far from over and we have seen markets going through second waves of the pandemic, as such it is important that we continue to adhere to the laid out protocols. As a result of our ongoing efforts to manage the crisis, the Fund will not be hosting any face-to-face Member engagements this year; the annual Deferred Member's Breakfast and the Pensioners Conference in their known formats will not take place. We will however maintain communication with you, our valued Members, to keep you updated on the activities of the Fund and your investments through alternative channels. More information about this will be shared.

I wish you and your families' good health and safety as we strive towards ensuring that your funds are managed prudently during this distressing period.

Thank you.

Gosego January, CEO

DPF Values:

Customer focused | Trust and Integrity | Innovation | Agility | Self-Driven and Motivated