DPF
DEBSWANA · PENSION · FUND

DEBSWANA PENSION FUND

ANNUAL REPORT 2025

STEWARDSHIP IN MOTION

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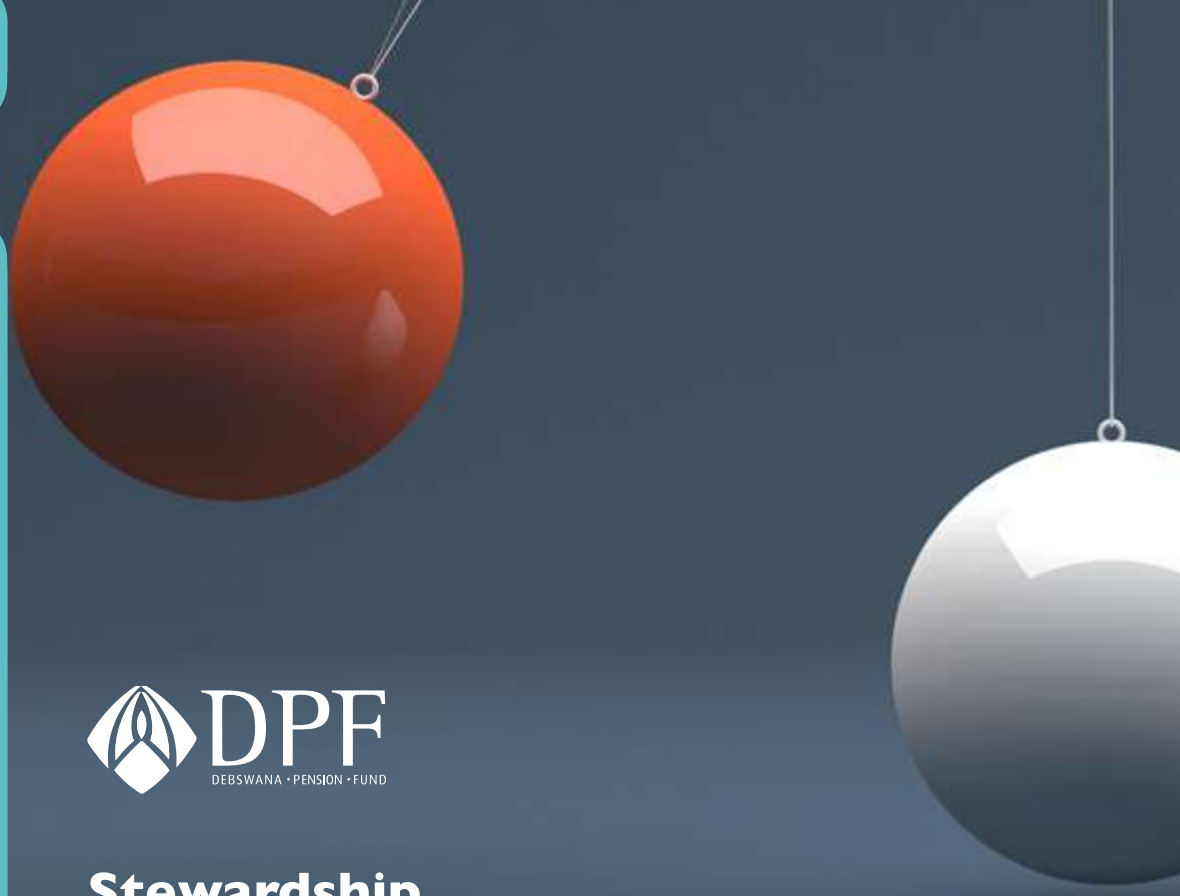

DPF
DEBSWANA • PENSION • FUND

Stewardship in Motion

"Stewardship in Motion" captures Debswana Pension Fund's commitment to responsible guardianship while embracing continuous progress. It reflects a Fund that is not static, but one that actively evolves to meet the changing needs of its members in an increasingly dynamic economic environment.

At its core, stewardship represents trust, accountability, and the prudent management of members' long term financial futures. It underscores the Fund's fiduciary responsibility to protect and grow retirement savings through sound governance, disciplined decision making, and transparency. The concept of "motion" introduces a complementary dimension of dynamism, representing growth, adaptability, and purposeful forward momentum.

This theme positions the Fund as a proactive custodian of wealth, continuously refining its investment strategies, risk management practices, and service delivery models to deliver sustainable value. It speaks to resilience amidst market volatility and economic uncertainty, and to the Fund's ability to respond with confidence and foresight. Safeguarding pensions, within this context, extends beyond preservation to include strategic and responsible advancement.

"Stewardship in Motion" also reflects the Fund's ongoing efforts to strengthen governance structures, enhance transparency, and improve operational efficiency. These efforts reassure members and stakeholders that the Fund remains committed to best practice, accountability, and long term sustainability. Members are assured that their financial futures are being actively and carefully managed, rather than passively maintained.

Visually and narratively, the theme lends itself to expressions of movement such as flows, pathways, and progress indicators symbolising the Fund's journey alongside its members toward long term financial security. Ultimately, "Stewardship in Motion" conveys a balanced narrative of stability and growth, affirming that while the Fund remains anchored in strong principles, it continues to move forward with purpose and intent.

The theme, therefore, frames the annual report as a story of deliberate action, measured progress, and future focused stewardship.

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 - Resigned 25th April 2025
Deputy Board Chairperson - Employer 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
Kago Letshabo
Employer Appointed Trustee - Diamond Trading Company Botswana
Galeboe Busang
Independent Trustee
Keitiretse Tshukudu
Member Elected Trustee- Jwaneng Constituency
Wame Mobita
Employer Appointed Trustee- Other participating Employer
Chipo Petros
Employer Appointed Trustee- Debswana Diamond Company

EXECUTIVE MANAGEMENT

Thato Norman - Chief Executive Officer
Tidimalo Poonyane - Head of Legal & Risk and Compliance
Saone Balopi - Head of Strategy and Communication
Motlatsi Mmusi - Head of Finance and IT
Mbakisi Gopolang - Chief Investment Officer (Acting)

AUDITOR

Ernst & Young Botswana

BANKERS

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

CUSTODIAN

Stanbic Bank Botswana Limited (Onshore)
Northern Trust (Offshore)

INVESTMENT CONSULTANT

RisCura Botswana (Pty) Ltd

ACTUARIES

Willis Towers 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
Kgori Capital

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 (PIMCO)
Schroders Investment Managers
State Street Global Advisors
Steyn Capital Management (Proprietary) Limited
Vantage Capital Fund Managers (Proprietary) Limited - Fund II
Vantage Capital Fund Managers (Proprietary)Limited - Fund IV
Veritas Asset Management
Walter Scott & Partners Limited

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

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Fund Background

Our Vision

To ensure superior investment returns and an informed, comfortable and sustainable retirement for our members.

Our Mission

We will provide members with competitive and sustainable retirement benefits through

- Good governance
- Visionary leadership
- Innovation.

Our Values

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

Thabiso Moanakwena

Board Chairperson
Member Elected Trustee - Gaborone Constituency

1. **Tshepo Mokgethi - Resigned April 2025**
   Deputy Board Chairperson
   Employer Appointed Trustee
   Debswana Diamond Company
2. **Lapologang Letshwenyo**
   Member Elected Trustee
   Morupule Constituency
3. **Potoko Bogopa**
   Member Elected Trustee
   Pensioner Constituency
4. **Claire Busetti**
   Independent Trustee
5. **Malebogo Ntshwabi**
   Member Elected Trustee
   Orapa, Letlhakane, Damtshaa Constituency
6. **Kago Letshabo**
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7. **Galeboe Busang**
   Independent Trustee
8. **Keitiretse Tshukudu**
   Member Elected Trustee
   Jwaneng Constituency
9. **Wame Mobita**
   Employer Appointed Other participating Employee
10. **Chipo Petros**
    Employer Appointed Trustee
    Debswana Diamond Company

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Executive Management

Thato Norman
Chief Executive Officer

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Our executive leadership team is committed to responsible stewardship of the organisation’s resources, strategy, people, and stakeholder relationships.

Ms. Tidimalo Poonyane
Head of Legal, Risk and Compliance

Saone Balopi
Head of Strategy and Communication

Motlatsi Mmusi
Head of Finance and IT

Mr. Mbakisi Gopolang
Chief Investment Officer (Acting)

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Global Market

Emerging Markets in 2025 were defined by several key themes, including the accelerating integration of Artificial Intelligence and advanced technologies

North America

United States (US) equities extended their strong performance into 2025, marking a third consecutive year of solid gains, albeit at a more moderate pace compared to the outsized returns of 2023 and 2024. The rally was supported by continued economic resilience, further disinflation progress, and sustained investor enthusiasm around technological innovation, particularly in Artificial Intelligence (AI), while also becoming increasingly broad-based rather than narrowly concentrated in a handful of AI-driven mega-cap names. While market volatility increased at various points during the year due to policy uncertainty and geopolitical risks, the underlying strength of the U.S. economy and corporate earnings growth helped anchor positive performance.

Real GDP growth moderated slightly in 2025, expanding by an estimated 2.2 percent, down from 2.4 percent in 2024, reflecting a gradual normalization following two years of above-trend growth. Economic activity remained largely driven by consumer spending, which continued to benefit from generally stable, albeit gradually softening, employment conditions, easing but still positive real wage growth, and healthy household balance sheets. Business investment remained robust, particularly in AI-related infrastructure, data centers, and digital transformation initiatives. Government spending also contributed positively, although at a slower pace relative to prior years. The U.S. economy once again outperformed many advanced economies, reinforcing the theme of U.S. economic exceptionalism despite a more mature phase of the cycle.

Monetary policy in 2025 continued along the path of gradual easing, though at a measured and cautious pace. Following the rate cuts implemented in late 2024, the Federal Reserve maintained the federal funds rate at restrictive levels through most of 2025, adopting a cautious and data-dependent stance amid persistent inflation and heightened policy uncertainty, particularly surrounding the introduction and evolution of tariff policies. As the year progressed and signs of labour market softening became more evident, the Fed initiated a gradual easing cycle in the latter part of the year, delivering rate cuts between September and December 2025, which brought the policy rate down to approximately 3.50 percent to 3.75 percent by year-end. Policymakers continued to emphasize a data-dependent approach, balancing the need to support economic expansion against the risk of reigniting inflation. Improving trade negotiations and a pause in tariff escalation helped reduce uncertainty and supported a more constructive outlook for growth and financial markets.

U.S. equity markets delivered another year of positive returns in 2025, though gains were more moderate compared to the previous two years. The S&P 500 advanced approximately 17.9 percent, performance was heavily concentrated in a small group of stocks namely, NVIDIA, Alphabet, Microsoft, Broadcom, JPMorgan Chase, Palantir Technologies, and Meta Platforms; these counters accounted for just over half of total index returns. Notably, each of these companies, including JPMorgan Chase, has some degree of exposure to the AI theme. The Nasdaq rose approximately 21 percent, supported by continued strength in technology and communication sectors. The Dow Jones Industrial Average posted a more modest gain of about 14.9 percent, reflecting a more balanced performance across various sectors. Market breadth improved relative to 2024, with a larger share of sectors contributing to overall gains as leadership broadened beyond mega-cap technology stocks.

The AI theme remained a dominant driver of equity markets, although its influence became more diffused across industries. The Magnificent Seven (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla) continued to play a significant role, though their contribution to index performance moderated as valuations became more stretched and earnings growth began to normalize. In 2025, Alphabet and NVIDIA emerged as the standout performers within the Magnificent Seven, with both being the only members to deliver returns above the S&P 500's gain for the year. Companies across sectors such as industrials, healthcare, and financials increasingly integrated AI into their operations, driving productivity gains and supporting earnings growth more broadly. Demand for semiconductors and cloud infrastructure remained strong, sustaining revenue growth for key enablers of the AI ecosystem.

Policy dynamics continued to influence market sentiment throughout the year. In 2025, ongoing infrastructure spending and sector-specific incentives, including targeted tax measures through the broader "One Big Beautiful Bill" (OBBB) Act , continued to support business investment and corporate earnings. However, trade policies and tariffs introduced some uncertainty, particularly for globally exposed sectors, and contributed to periodic volatility. Investors remained focused on the interplay between fiscal expansion and monetary policy, particularly the potential implications for inflation and interest rates.

Household consumption remained a key driver of economic growth in 2025, although momentum began to moderate. Consumer spending growth slowed to around 1.9 percent in the fourth quarter, reflecting a normalization from the strong post-pandemic

Global Market

Continued

expansion. The deceleration from the third quarter's 4.4 percent pace was largely attributable to the government shutdown, which weighed on overall activity. Personal income continued to rise in 2025, supported by ongoing wage growth, although this was increasingly tempered by a softening in labour market conditions. However, excess savings accumulated during earlier years were largely depleted, and the household saving rate stabilised at relatively low levels, standing at 3.9 percent in December 2025, slightly above the 3.8 percent average recorded in 2024. Despite these dynamics, consumer confidence remained relatively firm, supported by positive wealth effects from the sustained equity and housing market performance.

The U.S. labour market softened further in 2025, with declining job openings and easing labour demand reflecting a gradual cooling in employment conditions. The unemployment rate edged up to approximately 4.4 percent by year-end up from 4.1 percent in 2024, reflecting a continued easing in labor demand. Job creation slowed compared to prior years, with average monthly gains moderating, while wage growth cooled to around 3.3 percent year-on-year after rising by 3.8 percent in 2024. This moderation helped alleviate inflationary pressures without triggering a significant deterioration in employment conditions, supporting the Federal Reserve's objective of achieving a soft economic landing.

Fixed income markets were characterized by greater stability in 2025 relative to prior years, underpinned by the easing of monetary policy and a gradual decline in inflationary pressures. Bloomberg Global Aggregate Bond Index posted a moderate 1.38 percent return, supported by lower yields and improved investor sentiment. The 10-year U.S. Treasury yield decreased from 4.58 percent in December 2024 to 4.29 percent in December 2025.

Europe

In 2025, GDP in the euro area is estimated to have grown by approximately 1.5 percent, reflecting a modest strengthening in activity compared to 2024, supported largely by domestic demand and a gradual recovery in consumption and investment. Growth remained uneven across the region, with services continuing to drive expansion while manufacturing activity stayed subdued, particularly in core economies such as Germany and France. Industrial weakness persisted throughout the year, with the Purchasing Managers' Index (PMI), an indicator of current manufacturing conditions, remaining in negative territory. The HCOB Eurozone Manufacturing PMI, declined to 48.8 in December from 49.6 in November, marking its lowest level in nine months and underscoring the continued fragility in the sector. Inflation continued to decline through 2025, declining to 1.9 percent by year end as lower energy prices and easing supply-side pressures brought price growth closer to the European Central Bank (ECB) 2 percent inflation target. This disinflation trend allowed the European Central Bank to continue its policy easing cycle, which began in June 2024, with further rate cuts implemented during 2025 as financing conditions gradually improved.

Despite the more accommodative monetary policy stance, economic momentum remained moderate. Business activity showed improvement in services, while manufacturing lagged, reflecting weak external demand and ongoing structural challenges. Labour markets, however, remained relatively resilient. The euro area unemployment rate was 6.2 percent as at December 2025, slightly lower than the 6.3 percent recorded in 2024.

The UK economy showed only modest improvement in 2025, with growth remaining subdued following its recovery from a technical recession in late 2023. The UK economy grew by 1.3 percent in 2025, compared to 1.1 percent in 2024. While the economy initially benefited from stronger activity in early 2025, driven largely by the services sector, momentum weakened as the year progressed, with GDP growth slowing to just 0.1 percent in the fourth quarter.

The services sector continued to underpin overall economic activity, though consumer-facing segments such as retail and hospitality remained weak, reflecting still-fragile demand conditions. Meanwhile, manufacturing and construction activity remained subdued, weighing on broader output.

Inflation continued to ease during 2025 but remained above the Bank of England's 2 percent target for much of the year, averaging around the 3 percent range and declining gradually from earlier peaks. In response to moderating price pressures and weak economic activity, Bank of England continued its easing cycle, delivering approximately four interest rate cuts during 2025 and bringing the policy rate down from 4.75 percent at the start of the year to around 3.75 percent by year-end. These policy adjustments were aimed at supporting growth and easing borrowing costs, while maintaining a cautious approach given persistent inflation risks and a gradually softening labour market

Japan

Global Market

Continued

Japan's economy registered modest growth in 2025, with real GDP expanding by 1.1 percent following weak performance in 2024. Private consumption recovered only gradually, constrained by persistent inflation and weak real income growth, as rising prices continued to erode household purchasing power despite robust nominal wage gains, including some of the strongest increases in over three decades. The weak yen persisted throughout much of the year, supporting exports and tourism but raising import costs, particularly for energy and food, thereby sustaining inflationary pressures. Inflation remained above the Bank of Japan's 2 percent target for most of 2025, reinforcing the case for gradual policy normalization. Bank of Japan cautiously adjusted its monetary policy stance, gradually raising interest rates to around 0.75 percent by year-end, the highest level in three decades, while signaling the likelihood of further tightening, even as overall financial conditions remained accommodative. The labour market remained tight, with unemployment staying low at 2.6 percent by year end, supported by structural labour shortages linked to Japan's aging population. Structural challenges, including demographic decline and limited productivity growth, continued to constrain the economy's long-term potential. Equity markets showed strong performance, supported by corporate governance reforms, improved earnings expectations, and a weaker yen, even as overall economic momentum remained moderate, with the TOPIX index advancing by approximately 22 percent on expectations of improved corporate profitability and ongoing governance reforms.

Emerging Markets

Emerging Markets in 2025 were defined by several key themes, including the accelerating integration of Artificial Intelligence and advanced technologies, a reallocation of global capital toward higher-growth regions, a rebound in China's economic and equity performance, and continued progress in domestic reforms and structural transformation across select economies. Despite a challenging global environment marked by elevated global interest rates and geopolitical uncertainty, EM economies demonstrated resilience, with performance increasingly driven by the rapid expansion of Artificial Intelligence and related technology sectors, alongside support from robust domestic demand and favourable demographic trends. Artificial Intelligence became a primary driver of Emerging Market performance, as evidenced by index concentration in Taiwan, South Korea, and China, whose leadership in semiconductor and technology value chains positioned them at the core of the global AI ecosystem. Heightened geopolitical tensions, particularly escalating trade tariffs, also prompted a reorientation of investor capital toward markets viewed as strategically positioned within evolving global supply chains. At the same time, comparatively attractive valuations relative to developed markets enhanced the appeal of Emerging Market assets, reinforcing investor inflows into the asset class.

A notable shift during the year was the recovery in China, where ongoing structural transformation supported improved sentiment, contributing meaningfully to Emerging Market equity performance. Against this backdrop, Emerging Markets outperformed developed economies, supported by stronger earnings prospects and growth differentials. According to the International Monetary Fund, Emerging Markets and Developing Economies (EMDE) growth remained robust at around 4.2 percent in 2025, significantly outpacing Advanced Economies, which expanded by approximately 1.6 percent, underscoring the structural transformation underway across Emerging Markets, characterised by rapid urbanisation, favourable demographic trends, and the continued expansion of domestic demand.

China

China, the world's second-largest economy, continued to face underlying pressures from a struggling property sector and weak domestic demand in 2025, with growth initially projected by the International Monetary Fund at around 4.8 percent, slightly below its 5 percent target. However, the economy ultimately achieved its official growth target of approximately 5 percent, supported by resilient exports and proactive policy support. Inflation remained subdued throughout the year, with consumer prices broadly flat, rising by 0.8 percent in December 2025. In response, the People's Bank of China maintained an accommodative stance, aimed at stabilizing growth, supporting the property sector, and boosting domestic consumption. Economic activity showed tentative signs of stabilisation toward the end of the year, with manufacturing Purchasing Managers' Index (PMI) readings returning to expansionary territory, rising above the 50 threshold, indicating improving industrial activity and demand conditions, albeit at a modest pace. External conditions remained challenging, particularly amid escalating trade tensions and additional U.S. tariffs, which weighed on export-oriented industries and accelerated supply chain diversification. Nonetheless, China retained a central role in global manufacturing and technology ecosystems, while its ongoing structural transformation toward high-tech industries, digitalisation, and advanced manufacturing helped support investor sentiment. A key factor underpinning this transition has been China's deepening integration into the global Artificial Intelligence value chain and digital infrastructure, supported by a rapidly expanding domestic AI ecosystem. Chinese equity markets exhibited a notable recovery, supported by improving investor sentiment, attractive valuations, and expectations of continued policy support. Gains

Global Market

Continued

were particularly driven by technology-related sectors, with artificial intelligence-linked companies benefiting from increased investment and strong earnings expectations. At the same time, relatively low valuations compared to global peers and positioning for cyclical recovery attracted both domestic and foreign capital, reinforcing market performance. Against this background, the Shanghai Stock Exchange Composite Index increased by 18 percent.

Brazil

In 2025, Brazil's economy moderated following strong growth in 2024, with GDP expanding by approximately 2.3 percent, reflecting the lagged effects of tight monetary policy. Inflation remained above target but showed signs of stabilization, closing the year at approximately 4.26 percent, near the upper bound of the Central Bank's target range of 3 percent, which has a tolerance band of plus or minus 1.5 percentage points. Despite remaining above the midpoint of the target, price pressures showed signs of easing as tighter monetary conditions and softer domestic demand helped contain inflation. The Central Bank brought its tightening cycle to a pause in July after implementing cumulative rate increases of around 450 basis points, which lifted the benchmark Selic rate to roughly 15 percent, its highest level in nearly twenty years. Following the conclusion of the rate-hiking cycle in July, policymakers signalled a clear bias toward maintaining tight financial conditions, indicating that interest rates would need to remain at restrictive levels for some time to ensure inflation moves decisively back toward the 3 percent target. In this context, the Central Bank continued to prioritise price stability, using sustained policy restraint to reinforce credibility and keep inflation expectations firmly anchored despite ongoing fiscal uncertainties. Household consumption growth slowed significantly in 2025, reflecting the impact of persistently high interest rates and tighter credit conditions, which weighed on consumer spending despite a still-resilient labour market. Unemployment declined to 5.6 percent by December, the lowest level since 2012. Brazilian equity markets delivered a strong performance in the calendar year. The Ibovespa reached record highs and emerged as one of the best-performing major indices globally. The rally was mainly driven by strong foreign capital inflows as investors shifted toward Emerging Markets. At home, sentiment improved as markets expected interest rates to have peaked and to decline, supporting key sectors such as financials. Performance was further supported by lower risk perception, attractive valuations, and a stronger currency, which enhanced Brazil's appeal to global investors. During the year, Brazil's stock exchange, Ibovespa, increased 34 percent due to the aforementioned tailwinds.

South Africa

In 2025, South Africa's economy showed early signs of stabilisation following a challenging 2024, supported by improvements in energy supply and a more constructive political environment. South Africa's economy grew by 1.1 percent in 2025. Load shedding, while not fully resolved, eased significantly as increased generation capacity and improved maintenance reduced the frequency of outages, helping to support business activity. Fiscal conditions also improved, with the government recording a successive primary budget surplus, reflecting stronger revenue collection and more disciplined expenditure. At the same time, the formation of the Government of National Unity (GNU) continued to bolster investor confidence, with its reform-oriented and cooperative approach improving sentiment and lowering risk premiums. Elevated commodity prices also provided important support to the economy and financial markets, with strong gains in gold prices boosting export revenues, strengthening the external position, and supporting the performance of mining stocks and domestic listed capital markets. Consistent with these developments, the IMF notes that the economy has remained relatively resilient despite heightened global uncertainty, supported by strong institutions, credible monetary policy, and favourable natural resource endowments. Growth is expected to recover modestly to around 1.4 percent in 2026. Inflation is projected to remain well anchored and converge toward the 3 percent target over time.

Botswana

As of 2025, Botswana's economy remained under significant pressure, with weak global demand for diamonds continuing to weigh heavily on growth. Following the contraction observed in mid 2023, economic activity further declined with the economy contracting a further 0.7 percent in 2025 after declining by 2.8 percent in 2024, reflecting ongoing weakness in both diamond production and non-mineral sectors.

The downturn remains largely driven by the mining sector, particularly diamonds, where subdued global demand, rising competition from lab-grown alternatives, and inventory adjustments have led to reduced production and export earnings. Diamonds still account for more than 70 percent of export revenues and about a third of government income, leaving the economy highly exposed to sectoral shocks.
Inflation remained relatively contained in 2025, ending at 3.9 percent, within the Bank of Botswana's medium-term objective range,

Global Market

Continued

reflecting subdued domestic demand and easing imported price pressures. Monetary policy remained accommodative, although liquidity conditions tightened due to declining export receipts and increased government financing needs.

External buffers continued to weaken, foreign exchange reserves declined further to critically low levels in early 2025, with import cover estimated at around 5.2 months, well below historical norms and reflecting persistent current account deficits and reduced diamond export proceeds. Pressures on the Pula intensified, prompting policy adjustments to the exchange rate framework in mid-2025 aimed at stabilizing the currency and preserving reserves.

On the fiscal side, public finances deteriorated as mineral revenues declined sharply. The fiscal deficit widened significantly, estimated at above 8 percent of GDP, driven by falling diamond-related revenues and continued expenditure pressures. In response, the government has initiated fiscal consolidation measures alongside structural reforms, including the launch of the Botswana Economic Transformation Programme (BETP) and the 12th National Development Plan (NDP 12), aimed at diversifying the economy toward services, manufacturing, tourism, and renewable energy.

Fiscal pressures have also reduced the relative attractiveness of Botswana government debt. With widening deficits, declining fiscal buffers, and rising borrowing requirements, investors have become increasingly cautious, as the sovereign risk-return profile is no longer as compelling as in previous years. In the listed capital markets an anomaly has emerged, despite weak macroeconomic conditions and slow growth in Botswana-focused sectors, the equity market has continued to perform strongly. This resilience appears to be driven less by underlying corporate earnings fundamentals and more by regulatory-driven demand, particularly sustained inflows from pension funds and institutional investors operating under domestic asset allocation requirements. As a result, equity valuations have remained elevated even as the real economy faces headwinds, creating a growing disconnect between market performance and domestic economic activity.

The Botswana labour market conditions remained challenging in 2025. Unemployment was estimated at around 27 percent in 2025, remaining structurally high despite slight variations in measurement, with youth unemployment (approximately 38 percent) continuing to present a significant social and economic concern. Weak job creation in non-mining sectors and subdued economic activity have constrained improvements in employment outcomes.

Meanwhile, both fiscal and external vulnerabilities have begun to affect sovereign creditworthiness. In 2025, Botswana experienced rating pressure, with S&P lowering the sovereign rating to BBB (negative outlook), citing declining diamond revenues, persistent fiscal deficits, and weakening external balances.

Despite these headwinds, parts of the domestic economy continue to show resilience. Overall growth prospects remain subdued in the near term, with recovery dependent on a rebound in global diamond demand and the successful implementation of structural reforms to broaden Botswana's economic base.

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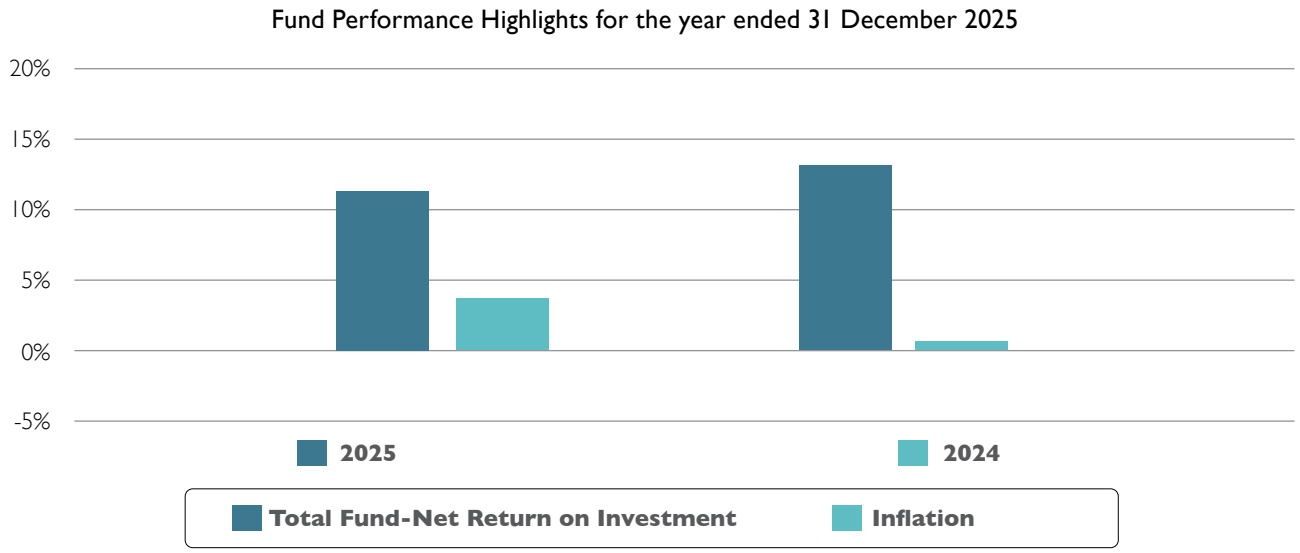
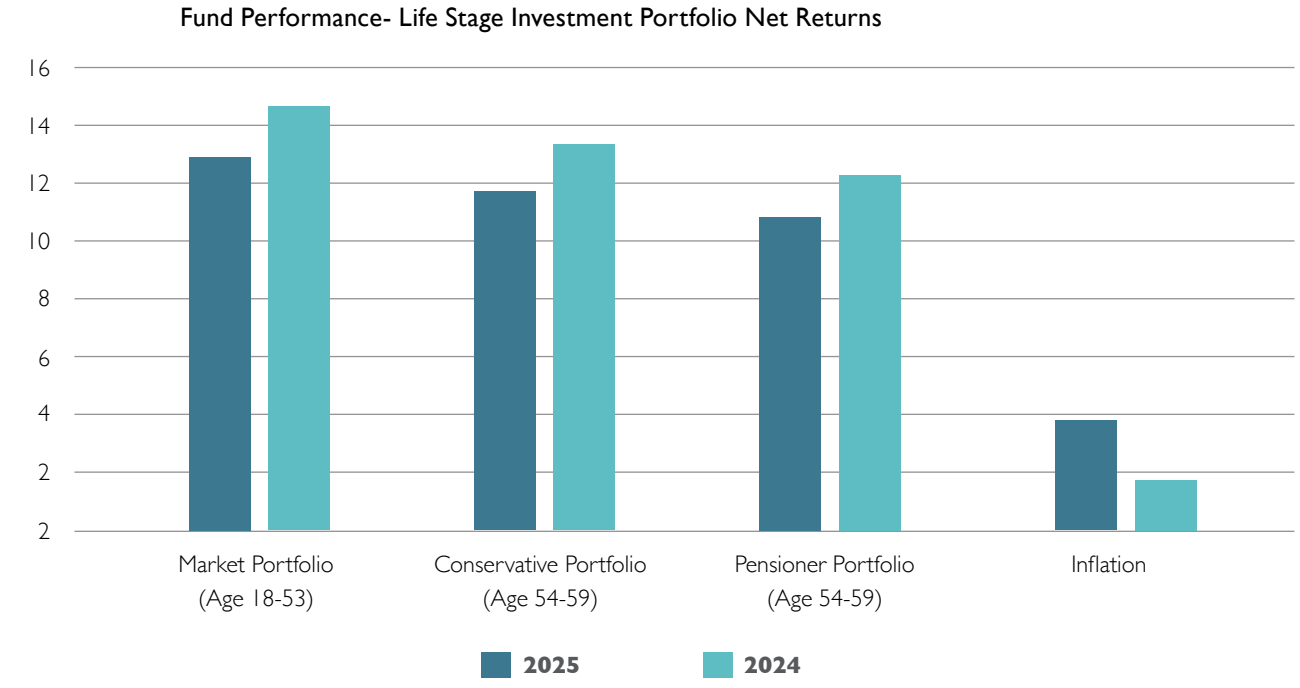
The Fund's assets at fair value grew by 1.56% during the year, increasing from BWP 11.592 billion in 2024 to BWP 11.773 billion in 2025.

Debswana Pension Fund's performance reflects its continued commitment to protecting and growing members' retirement savings. Through disciplined investment strategies, sound governance, and a long-term focus, the Fund continues to deliver sustainable value and strengthen members' financial security for the future.





Fund Performance

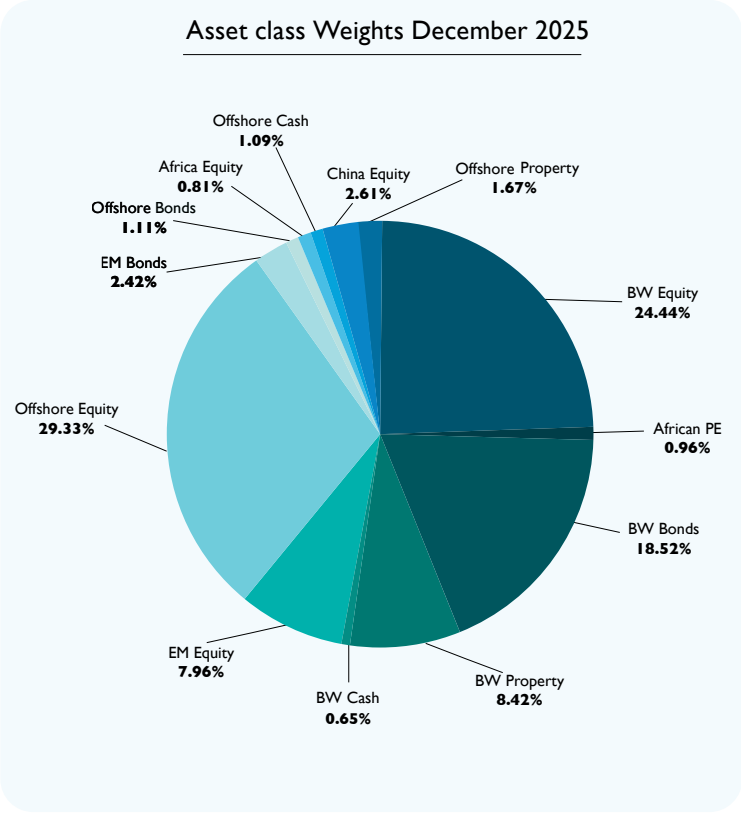
Continued

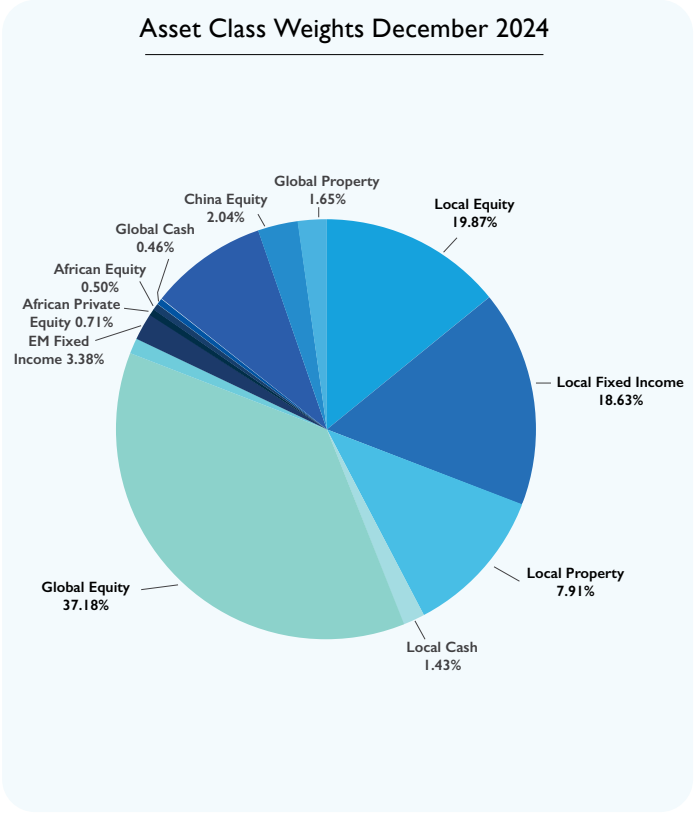
Fund Performance – Total Fund (Gross)

Channel	12 Months	36 Months	60 Months	Since Inception
Market	13.31%	15.72%	11.19%	12.45%
Conservative	11.81%	14.31%	10.18%	10.71%
Pensioner	10.83%	13.32%	9.40%	11.33%
Contingency	9.32%	13.18%	9.22%	12.72%
Fund	12.21%	14.73%	10.46%	13.16%
Inflation	3.90%			

Asset Allocation

Asset Class Weights as at 31 December 2025 in comparison to Asset Class Weights as at 31 December 2024.





Fund Performance

Continued

Revenue and Expenditure

	P'000		P'000
Fund as at 31 December 2024	11 592 437		
Opening value adjustments	(4 203)		
Contributions received	402 253	Administration and other expenses	75 825
Transfers received	7 298	Investment fees	65 074
Income from investments	177 859	Withdrawal and death benefits	121 969
Adjustments to fair value of assets	1 155 381	Retirement benefits	640 705
		Pensioner death benefits	2283
		Pensions paid	344 869
		Transfers paid	307 050
		Fund as at 31 December 2025	**11 773 250**

Member movements

Membership movements for the financial year ended 31 December 2025.

Description	Active Members	Deferred Members	Pensioners	Total
Numbers at beginning of period	**5,749**	**1,592**	**4,846**	**12,187**
Adjustments at data take on	0	0	0	0
Additions	147	210	720	1,077
Transfers in	0	15	0	15
Transfers out	-153	-151	0	-304
Withdrawals (Dismissal, Retrenchment, Resignation)	-154	0	0	-154
Retirements	-396	-144	0	-540
Beneficiary Maxi Age	0	0	-5	-5
Deaths	-8	-4	-76	-88
Numbers at end of period	**5,185**	**1,518**	**5,485**	**12,188**

Fund Performance

Continued

The Fund's total membership remained relatively flat between 2025 and 2024, with 12,188 members as at 31 December 2025 compared to 12,187 members as at 31 December 2024.

The membership statistics for 2025 compared to 2024 are as follows;

	2025	2024	Difference	Comment
Active	5,185	5,749	(564)	Decrease
Deferred	1,518	1,592	(74)	Decrease
Pensioners	5,485	4,846	639	Increase
Total	**12,188**	**12,187**	**1**	

Funding Level

	Following Transfer 31 December 2025 (000)	Prior Transfer 31 December 2025 (000)	Following Transfer 31 December 2024 (000)
Fund Combined Position			
Fair Value of assets	11 773 250	11 773 250	11 592 437
Actuarial Liabilities	11 411 124	11 411 124	11 301 688
Surplus/(deficit)	362 126	362 126	290 749
Funding Level	**103.2%**	**103.2%**	**102.6%**

The Fund's fair value of assets increased by 1.56% from BWP 11 592 437 billion in 2024 to BBWP 11 773 250 billion in 2025.

56.700

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Chairperson's Remarks

Dear Members,

On behalf of the Board of Trustees, it is my privilege to present the Debswana Pension Fund (DPF) 2025 Annual Report. This report provides an opportunity to reflect on the Fund's performance, highlight key milestones, and reaffirm the strategic direction guiding us toward long-term sustainability and value creation for our members.

Strategic Progress and Member Commitment

The Fund maintained a clear and consistent strategic focus despite a complex global economic environment. Our priorities remained centred on portfolio resilience, risk management, and delivering competitive, risk-adjusted returns. We continued to strengthen our member value proposition through targeted engagement initiatives and improved access to information, supporting improved retirement outcomes for our members.

Fund Performance

Despite heightened market volatility and challenging conditions, the Fund's Assets Under Management (AUM) decreased slightly from BWP 12.220 billion to BWP 12.086 billion, primarily due to member exits. The decline was largely driven by funding exits amounting to BWP 1.464 billion following the Debswana Voluntary Separation (VS) programme.

Notwithstanding this outflow, the Fund delivered moderate investment performance, with the underlying portfolio demonstrating resilience, supported by disciplined asset allocation and prudent risk management. Investment returns partially offset the impact of withdrawals, underscoring the strength and diversification of the Fund's strategy in a challenging market environment.

Governance and Compliance

Strong governance remains fundamental to the Fund's stability and credibility. During 2025, we continued to enhance governance and compliance frameworks to align with evolving regulatory requirements and best practice.

These efforts reinforce effective oversight, strengthen accountability, and ensure that the Fund consistently operates in the best interests of its members.

Board Transitions

The Board has continued to discharge its responsibilities in line with established governance principles, ensuring stability, continuity, and disciplined oversight of the Fund's strategic direction throughout the year under review. This has supported consistent and considered decision-making in the best interests of the Fund and its stakeholders.

During the year, the Board bid farewell to Ms Tshepo Mokgethi. We extend our sincere appreciation for her dedicated service and the valuable contributions she made during her tenure. Her commitment, insight, and professionalism have left a lasting contribution to the Fund's governance framework, and we are grateful for the role she played in strengthening the foundation upon which the Fund continues to build.

Closing Remarks

The Fund remains well-positioned to navigate uncertainty and capture emerging opportunities. Our focus will remain on disciplined execution, strategic diversification, and delivering sustainable outcomes for members.

We thank our members, partners, management, and staff for their continued trust and commitment. Together, we will continue to advance the Fund's mandate of delivering secure and dignified retirement outcomes for all members.

> "The Fund maintained a clear and consistent strategic focus despite a complex global economic environment.

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Chief Executive Officer's Remarks

1.1%
AUM Year on Year Decline

Net Outflow
BWP 1.464 Billion

Dear Members,

The calendar year 2025 marked my inaugural year as Chief Executive Officer of Debswana Pension Fund, a period defined by disciplined execution, strengthened governance, and a deliberate focus on sustainable long-term value creation. I assumed leadership with deep respect for my predecessor, Gosego January, whose stewardship positioned the Fund on a strong growth trajectory amid periods of global market volatility. Building on this foundation, my commitment has been to enhance strategic clarity, reinforce institutional resilience, and safeguard members' retirement outcomes in an increasingly complex investment environment.

Performance and Progress

The 2025 investment landscape was shaped by moderating global inflation, shifting monetary policy expectations, and persistent geopolitical instability. Despite heightened volatility, market conditions created selective opportunities across asset classes. Through disciplined portfolio management and adherence to our long-term investment philosophy, the Fund maintained a stable performance profile while protecting members' capital.

Global equities remained the strongest contributors to returns, complemented by improved performance from domestic listed entities. The Fund's Assets Under Management (AUM) experienced strong underlying growth during 2025, increasing by 11.5% and reaching an intra-year peak before being moderated by exceptional member outflows arising from voluntary separation exercises at Debswana Diamond Company. These exercises resulted in net member outflows of BWP 1.464 billion. Consequently, the Fund's AUM closed at BWP 12.086 billion as at 31 December 2025, compared to BWP 12.220 billion at 31 December 2024, representing a 1.1% decline year-on-year.

Governance

Robust governance remains central to the Fund's ability to deliver sustained value. During the year, we continued to strengthen governance systems, enhancing risk management frameworks to ensure proactive compliance with evolving regulatory and market requirements.

Our Know Your Customer (KYC) processes remain a critical operational priority. To modernise efficiency and improve data management, the Fund initiated the implementation of an electronic KYC (eKYC) platform. This transition enhances verification accuracy, reduces administrative burden, and improves member access to secure digital services.

Board effectiveness also remains a strategic priority. We continue to ensure a balanced mix of expertise, strengthening oversight and decision-making capability. The timely maintenance of beneficiary nomination forms, aligned to regulatory standards, reinforces our commitment to safeguarding member interests.

Empowering Members Beyond Retirement

Member centricity remains foundational to our institutional purpose. Throughout the year, I engaged directly with members through structured forums, stakeholder meetings, and targeted outreach initiatives. These engagements continue to inform operational enhancements and guide improvements in service delivery.

To further strengthen financial literacy and retirement preparedness, we expanded educational initiatives to support informed decision-making. The launch of the Fund's redesigned website marked an important milestone in our digital transformation journey. Equipped with enhanced functionality, including a pension calculator and integrated WhatsApp communication, the platform improves

accessibility and positions the Fund for future expansion of digital services.

Regular member surveys continue to provide valuable insights, with results consistently surpassing benchmark standards. This reflects sustained confidence in the Fund's governance, transparency, and service offering. We further expanded value-added partnerships, enabling members to access discounted services that support financial well-being.

Our People

The Fund's continued success is made possible by the dedication and capability of our people. Over the past year, we invested in fostering a cohesive and high-performing culture, strengthening internal capacity, and supporting leadership development. These initiatives ensure operational excellence and position the Fund to maintain resilience and continuity over the long term.

Outlook

Looking ahead, the Fund expects a more difficult operating environment. A key structural focus remains on repatriating assets to meet the 2027 regulatory requirement for a 50:50 domestic-to-foreign assets allocation ratio.
Global geopolitical tensions, particularly in Eastern Europe and the Middle East, are expected to continue influencing global capital flows and investor sentiment. Domestically, Botswana's economic outlook remains constrained as shifts in global consumer preference toward synthetic diamonds weigh on the diamond industry. This dynamic, coupled with elevated inflation, is expected to exert pressure on the local economic environment.

Against this backdrop, the Fund remains committed to maintaining disciplined investment strategies, strengthening risk mitigation, and prioritising long-term value creation. These principles will continue to guide our efforts to protect member assets and ensure the Fund's stability.

I look forward to continuing to advance the Fund's strategic agenda and ensuring that we remain positioned to meet the evolving needs of our members with resilience and foresight.

> "Robust governance remains central to the Fund's ability to deliver sustained value

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Compliance Report

The Board of Trustees and its Committees provide governance oversight, ensuring accountability and sound decision-making in accordance with the Fund Rules.

Board Of Trustees

The Debswana Pension Board of Trustees comprises 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 perform the oversight function of corporate governance. In accordance with the Fund Rules, the Board has delegated certain responsibilities to the four Committees to act on its behalf; however, the ultimate responsibility for the administration and management of the Fund remains with the Board of Trustees. The Board is governed by the Board Charter.

The Committees, in the performance of their advisory and oversight functions, are guided by each Committee's well-structured terms of reference.

Committee members address relevant issues and make recommendations to the Board for final approval. Board Committees function independently of each other and are provided with sufficient authority, resources, and assigned responsibilities to assist the Board. The Board appoints Trustees to serve on each Committee based on their areas of knowledge and skills, ensuring that it leverages the expertise of all Trustees. The Term of office for the Trustees is five years, and the Trustees can be re-appointed for another five-year term.

ii. KING IV DISCLOSURES

King IV Application Summary

The table below provides an at-a-glance summary of the Fund's application of all 16 King IV principles applicable to the Fund. Full disclosure for each principle follows thereafter.

#	Principle	Application Status	Key Qualifying Note
1	Ethical and effective leadership	Fully Applied	Code of Conduct; annual IoDSA assessment; PFR 10 training
2	Ethics governance and ethical culture	Fully Applied	Tip-off facility; ARC oversight of ethics matters, close monitoring of risks by ARC
3	Responsible corporate citizenship	Fully Applied	Investment Policy incorporates ESG and responsible investment
4	Strategy, risk, performance and sustainable development	Fully Applied	5-year strategy approved; quarterly Board monitoring
5	Reporting enabling informed stakeholder assessments	Partially Applied	Annual report published; integrated reporting not yet adopted, continued member engagements

Compliance Report

Continued

#	Principle	Application Status	Key Qualifying Note
6	Focal point and custodian of corporate governance	Fully Applied	Annual board assessment; quarterly governance oversight
7	Composition: knowledge, skills, experience, diversity and independence	Partially Applied	No lead independent Trustee: however the DPF Board composition is aligned to the Retirement Funds Act. The Board comprises the appropriate mix of knowledge, skills, experience, diversity and independence.
8	Delegation promoting independent judgement and balance of power	Partially Applied	ARC review on effectiveness of Head of Internal Audit and CFO pending. Meeting of ARC with internal and external auditors pending.
9	Evaluation of Board, committees, chair and individual members	Fully Applied	Annual IoDSA evaluation completed; action plan monitored quarterly
10	Appointment of and delegation to management	Fully Applied	CEO appointed by Board; Board Secretary in place; succession via NRC
11	Risk governance supporting strategic objectives	Fully Applied	Risk appetite approved annually; 11 high risks overseen by Board and ARC
12	Technology and information governance	Fully Applied	All IT policies Board-approved. Cyber security assessment conducted, findings were corrected.
13	Compliance governance	Partially Applied	Deferred member KYC challenges; controls in place. The Fund onboarded an online-KYC platform to be used in 2026.
14	Fair, responsible and transparent remuneration	Fully Applied	Remuneration Policy Board-approved; sitting allowances disclosed
15	Assurance services and effective control environment	Fully Applied	Quarterly assurance reports; licensed asset managers monitored by BIFC
16	Stakeholder-inclusive approach	Fully Applied	Pensioner conferences, webinars, newsletters, social media; pre-retirement counselling. Communication Policy is reviewed annually.

Key: Fully Applied = all commitments met; Partially Applied = specific limitations noted, with explanation and remedial focus.

Compliance Report

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Iii. Governance Structure

	Principal Trustees	Type of Appointment	Representation	Qualification	Number of Years as DPF Trustee
1	Thabiso Moanakwena	Member Appointed	Gaborone Constituency	B.Com (Statistics) Career Preparation Programme in Economics and Management Sciences	4 years 4 months
2	Tshepo Mokgethi**	Employee Appointed	Debswana Diamond Company	Bachelor of Information Technology	2 years 8 months
3	Lapologang Letshwenyo	Member Appointed	Morupule Constituency	1. BSc Computer Science, 2. Management Development Programme, MSc Strategic	9 years 1 month
4	Potoko Bogopa	Pensioner Trustee	Pensioners	Btech National Diploma in Engineering	5 years
5	Claire Busetti	Independent Trustee	Independent Trustee	1. BSc Chemistry 2. Masters of Business Administration	6 years 3 months
6	Malebogo Ntshwabi	Member Appointed	Orapa Letlhakane Damtshaa Constituency	1. Bachelor of Business Administration 2. Diploma-Health and Safety NCC- Auto Electrician	3 years 4 months
7	Kago Letshabo	Employee Appointed	Diamond Trading Company Botswana	1. Diploma in Human Rights 2. Bachelor of Laws 3. Post Graduate Certificate in Enterprise Risk Management	2 year 6 months
8	Galeboe Busang	Independent Trustee	Independent Trustee	1. Bachelor of Accountancy 2. Association of Chartered Certified Accountants	2 year 6 months

Compliance Report

Continued

	Principal Trustees	Type of Appointment	Representation	Qualification	Number of Years as DPF Trustee
9	Keitiretse Tshukudu	Member appointed	Jwaneng	1. Diploma in Health Education 2. Bachelor of Finance 3. Masters of Commerce	2 year
10	Wame Mobita	Employer appointed	Other Participating Employers*	1. Bachelor of Applied Sciences/ Statistics 2. Postgraduate Diploma- Industrial Psychology 3. Master of Science	1 year 10 months
11	Chipo Petros	Employer Appointed	Debswana	1. Bachelor of Business Administration 2. ACCA stage 2 (part qualified) 3. Certified Management Accountant	1 year 2 months

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

** Ms Tshepo Mokgethi vacated the Board on the 25th April 2025

2025 Trustees Sitting Allowances Per Sitting:

The Trustees' sitting allowance was reviewed in April 2025, with the Chairperson of the Board moving from BWP 9, 837.44 to BWP 10, 336.05, and the remaining Trustees from BWP 8, 837.44 to BWP 9, 285.45.

Name of Trustee	NO. of sittings	Sitting Allowance per Meeting	Total paid
Mr. Thabiso Moanakwena	1	BWP 9 837.44	BWP 9, 837.44
	9	BWP 10, 336.05	BWP 93, 024.45
Mr. Potoko Bogopa	2	BWP 8 837.44	BWP 17, 674.88
	19	BWP 9, 285.45	BWP 176, 423. 55
Mr. Lapologang Letshwenyo	1	BWP 8 837.44	BWP 8, 837. 44
	17	BWP 9, 285.45	BWP 157, 852. 65
Ms. Claire Busetti	2	BWP 8 837.44	BWP 17, 674.88
	18	BWP 9, 285.45	BWP 167, 138.10

Compliance Report

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Name of Trustee	NO. of sittings	Sitting Allowance per Meeting	Total paid
Ms. Kago Letshabo	2	BWP 8 837.44	BWP 17, 674.88
	17	BWP 9, 285.45	BWP 157, 852. 65
Ms. Galeboe Busang	2	BWP 8 837.44	BWP 17, 674.88
	19	BWP 9, 285.45	BWP 176, 423. 55
Ms. Keitiretse Tshukudu	2	BWP 8 837.44	BWP 17, 674.88
	19	BWP 9, 285.45	BWP 176, 423.55
Ms. Tshepo Mokgethi*	3	BWP 8 837.44	BWP 26, 512.32
	nil	BWP 9, 285.45	N/A
Ms. Malebogo Ntshwabi	2	BWP 8 837.44	BWP 17, 674.88
	19	BWP 9, 285.45	BWP176, 423.55
Ms. Wame Mobita	3	BWP 8 837.44	BWP 26,512.32
	16	BWP 9, 285.45	BWP148, 567.20
Ms. Chipo Petros	2	BWP 8 837.44	BWP 17, 674. 88
	11	BWP 9, 285.45	BWP 102, 139.95

*Ms Tshepo Mokgethi vacated the Board on the 25th April 2025

Board and Committee Membership

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			2
Mr. Potoko Bogopa	√		√		√	2
Ms. Claire Busetti	√	Chairperson		√		2
Ms. Tshepo Mokgethi	√	√			Chairperson	2
Ms. Malebogo Ntshwabi	√		√		√	2
Ms. Kago Letshabo	√		√		√	2

Compliance Report

Continued

Trustees	Board	Investment & Finance Committee	Benefits & Communications Committee	Audit& Risk Committee	Noms & Remunerations Committee	Number Of Committees
Members						
Ms. Galeboe Busang	√	√		Chairperson		2
Ms Keitiretse Tshukudu	√		√	√		2
Ms. Wame Mobita	√			√	√	2
Ms. Chipo Petros	√	√		√		2
Total Members	Eleven	Five	Five	Five	Five	
Vacancies	None	None	None	None	None	

*Ms Tshepo Mokgethi vacated the Board on the 25th April 2025

iv. Trustee Committee and Board of Trustees Attendance:

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

1. Board Of Trustees

Board of Trustees Special Meetings

Member	07.02.2025	15.05.2025	25.07.2025	31.07.2025	26.08.2025	03.11.2025
Mr. Thabiso Moanakwena	√	√	√	√	√	
Ms. Tshepo Mokgethi	√		A			
Ms. Claire Busetti	√	√	A	√		√
Mr. Lapologang Letshwenyo	√	√	√	√	√	√
Ms. Galeboe Busang	√	√	√	√		√
Mr. Potoko Bogopa	√	√	√	√	√	√
Ms. Malebogo Ntshwabi	√	√	√	√	√	√
Ms. Kago Letshabo	√	√	A	√	√	√
Ms. Keitiretse Tshukudu	√	√	√	√	√	√
Ms. Wame Mobita	√	√	√	√		
Ms. Chipo Petros	√	√	√	√	√	√

*The meeting on 25 July 2025 was the Mmila Annual General Meeting.

Compliance Report

Continued

Board of Trustees Standard Meetings

Member	Member Attendance			
	25.04.2025	18.07.2025	26.09.2025	10.12.2025
Mr. Thabiso Moanakwena	√	√	√	√
Ms. Tshepo Mokgethi				
Ms. Claire Busetti	√	√	A	√
Mr. Lapologang Letshwenyo	√	√	√	√
Ms. Galeboe Busang	√	√	√	√
Mr. Potoko Bogopa	√	√	√	√
Ms. Malebogo Ntshwabi	√	√	√	√
Ms. Kago Letshabo	√	√	A	√
Ms. Keitiretse Tshukudu	√	√	√	√
Ms. Wame Mobita	A	√	√	√
Ms. Chipo Petros	√	√	√	√

*Ms Tshepo Mokgethi vacated the Board of Trustees on the 25th April 2025.

2. Audit And Risk Committee

Special Audit and Risk Committee Meeting

Member	Member Attendance	
	23.04.2025	30.07.2025
Ms. Galeboe Busang	√	√
Ms. Claire Busetti	√	
Ms. Keitiretse Tshukudu	√	√
Ms. Wame Mobita	√	√
Ms. Chipo Petros	A	√

Audit and Risk Committee Standard Meetings

Member	Member Attendance			
	10.03.2025	15.07.2025	12.09.2025	03.12.2025
Ms. Galeboe Busang	√	√	√	√
Ms. Claire Busetti	√	√	√	√
Ms. Keiteretse Tshukudu	√	√	A	√
Ms. Wame Mobita	A	√	√	√
MS. C. Petros	A	√	A	√

Compliance Report

Continued

3. Investment And Finance Committee

Member	Member Attendance			
	14.04.2025	27.06.2025	19.09.2025	24.11.2025
Ms. Claire Busetti	√	√	√	√
Ms. Tshepo Mokgethi	√			
Mr. Lapologang Letshwenyo	√	√	√	√
Ms. Galeboe Busang	√	√	√	√
Ms. Chipo Petros	√	√	A	√

*Ms Tshepo Mokgethi vacated the Board of Trustees on the 25th April 2025.

The Committee has the Investment Consultant, Riscura, Actuaries, (Willis Towers Watson), and the Property Manager (Khumo Properties) as standing invitees to provide specialist advice and reports.

4. Benefits And Communications Committee

Member	Status	Member Attendance			
		04.04.2025	24.06.2025	05.09.2025	18.11.2025
Mr. Lapologang Letshwenyo	Chairperson	√	√	√	√
Mr. Potoko Bogopa	Member	√	√	√	√
Ms. Malebogo Ntshwabi	Member	√	√	√	√
Ms. Keitiretse Tshukudu	Member	√	√	√	√
Ms. Kago Letshabo	Member	A	√	√	√

The Committee invites Mmila Fund Administrators to this meeting as standing invitees to report on member-related issues and administrative matters. The Committee also monitors the Fund's communication plan.

5. Nominations And Remunerations Committee

Special Nominations and Remunerations Committee Meeting

Member	Member Attendance				
	15.04.2025	02.05.2025	26.05.2025	16.09.2025	24.10.2025
Ms. Tshepo Mokgethi					
Mr. Potoko Bogopa	√	√	√	√	√
Ms. Malebogo Ntshwabi	√	√	√	√	√

Compliance Report

Continued

Special Nominations and Remunerations Committee Meeting (Continued)

Member	Member Attendance				
	15.04.2025	02.05.2025	26.05.2025	16.09.2025	24.10.2025
Ms. Wame Mobita	√	√	√	√	√
Ms. Kago Letshabo	√	A	√	√	√
Mr. Thabiso Moanakwena		√			
Ms. Keitiretse Tshukudu		√			
Ms. Galeboe Busang		√		√	
Ms. Claire Busetti		√		√	

*The last four (4) Trustees on the above list are not members of the Committee but were invited to discuss a special item.

Nominations and Remunerations Committee Standard Meetings

Member	Member Attendance		
	25.03.2025 & 15.04.2025	15.08.2025	24.10.2025 & 29.10.2025
Ms. Tshepo Mokgethi	√		
Ms. Malebogo Ntshwabi	√	√	√
Mr. Potoko Bogopa	√	√	√
Ms. Kago Letshabo	√	√	√
Ms. Wame Mobita	√	A	√

*Ms Tshepo Mokgethi vacated the Board of Trustees on the 25th April 2025.

		Planned Meetings	Special Meetings	Total	Planned Meetings	Special Meetings	Total
	Meetings	**2024**			**2025**		
1	Board of Trustees	4	8	12	4	6	10
2	Audit and Risk Committee	3	2	5	4	2	6
3	Investment and Finance Committee	4	Nil	4	4	Nil	4
4	Nominations and Remunerations Committee	3	2	5	3	4	7
5	Benefits & Communications	4	Nil	4	4	Nil	4

Compliance Report

Continued

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

V. Board Achievements In 2025

The Debswana Board of Trustees achieved the following in 2025;

1. Governance, Strategy and Policy

1.1. Reviewed and approved the 2024 Audited Annual Financial Statements
1.2. Reviewed and approved the Fund's Actuarial Report.
1.3. Approved the Funds Asset Liability Modelling Exercise.
1.4. Implemented the recommendations of the Fund's global due diligence exercise.
1.5. Approved the Fund's Policies.
1.6. Reviewed the restructuring of the Fund's Board of Trustees to comply with Circular No. 5 and Circular No.4 of the Non-Banking Financial Institutions Regulatory Authority.
1.7. Approved the pensioner salary increase
1.8. Reviewed and approved the Committees Terms of Reference.

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. Benefits Distribution Workshop
2.2. Botswana Pension Funds Annual Conference
2.3. Corporate Governance Workshop
2.4. Institute of Retirement Funds of Africa Annual Conference

3. Audits

Internal
Internal Audit conducted 2 audits on the Fund;

1. Governance and Organisational Structure Review- rated Good
2. PFR 2 Compliance Review- rated Good
3. Business Continuity Management Audit- rated weak

All findings were closed.

4. 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's performance.

I. Ethics

The Fund has engaged its tip-off facility to promote transparency and guard against fraud, corruption, and other ethical breaches. During the period under review, there were two (2) ethics calls received through the anonymous tip-off facility.

Compliance Report

Continued

1. Allegations of alleged procurement irregularities. The investigation revealed that the vendor's appointment was in line with the Fund's Procurement Policy.
2. Allegations of an unfair and irregular recruitment process. The investigations revealed that the recruitment process was fair and procedural.

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) The Board of Trustees have been trained on Corporate Governance.
e) In relation to Member engagement, the Fund undertakes to communicate extensively and effectively to all its stakeholders. The key areas of focus are the stakeholder meetings, including meetings with the Regulator and the Participating Employers. The Fund continued to engage its members through social media platforms to communicate and educate members and the general public

5. Anti- Money Laundering (AML) Compliance

1. The Fund has an AML Officer as required by the Financial Intelligence Act, who is also registered and trained on Go-AML.
2. The Fund received the Security Council Sanctions List and files the necessary returns with the Financial Intelligence Authority.

6. Risk Management

Debswana Pension Fund has adopted good practices in the identification, evaluation and monitoring of risks. The Fund ensures that cost-effective controls and mitigations are employed to manage risks. The Fund has adopted robust risk identification tools and mitigation templates to ensure that risks are eliminated where possible, reduced to an acceptable level, or appropriately managed and contained. The Fund appointed a Risk Management Consultant to review the Fund's Risk Management Framework.

In 2025 the Fund had identified 11 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 monitored in 2025 are the following:

1. Sub-optimal returns
2. Market Volatility
3. Consequences of compliance to PFR 2
4. Business risk caused by a poor selection of business partners and service providers, resulting in loss of value in the investment
5. Property Risk
6. Decreasing membership numbers due to transfer of deferred accounts to preservation fund
7. Cyber security
8. Loss of Trustee membership in the Board and compromised Board composition
9. Reputational risk caused by former DPF staff legal case against DPF
10. Poor performance of related investee companies
11. Reduction of AUM and aggregate membership

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Operational excellence is a key enabler of the Fund's ability to deliver value to its members. By maintaining efficient administrative processes, robust systems, and high standards of service, the Fund ensures the effective management of member benefits and transactions.

Membership movements for the financial year ended 31 December 2025.

Description	Active Members	Deferred Members	Pensioners	Total
Numbers at beginning of period	**5,749**	**1,592**	**4,846**	**12,187**
Adjustments at data take on	0	0	0	0
Additions	147	210	720	1,077
Transfers in	0	15	0	15
Transfers out	-153	-151	0	-304
Withdrawals (Dismissal, Retrenchment, Resignation)	-154	0	0	-154
Retirements	-396	-144	0	-540
Beneficiary Maxi Age	0	0	-5	-5
Deaths	-8	-4	-76	-88
Numbers at end of period	**5,185**	**1,518**	**5,485**	**12,188**

The Fund's total membership remained relatively flat between 2025 and 2024, with 12,188 members as at 31 December 2025 compared to 12,187 members as at 31 December 2024.

The membership statistics for 2025 compared to 2024 are as follows;

	2025	2024	Difference	Comment
Active	5,185	5,749	(564)	Decrease
Deferred	1,518	1,592	(74)	Decrease
Pensioners	5,485	4,846	639	Increase
Total	**12,188**	**12,187**	**1**	

Active Members

Active membership decreased by 564 members compared to the prior year , mainly due to the Voluntary Separation (VS) exercise undertaken by Debswana and DeBeers Global Sightholder Sales, while recruitment continued, replacement of exited employees remained conservative, resulting in a net decline in active membership.

Deferred Members

The deferred membership portfolio declined by 74 .This was largely attributed to members transferring to Mmila Preservation Fund to access retirement at the age of 45 as well as those who attain the age of 50 years opting for early retirement.

Pensioners Member

The pensioner portfolio increased (639 Members) as majority of members from the VS exercise were of retirement age.

Administration Report

Continued

i. Membership per Participating Employer (PE)

As at year end (December 2025) the active members per PE were as follows:

Participating Employer	2025	2024	Variance
Debswana Diamond Company	3,787	4,338	(551)
Diamond Trading Company Botswana	419	426	(7)
Morupule Coal Mine	756	735	21
DeBeers Global Sightholder Sales	190	215	(25)
DeBeers Botswana Holding	3	5	(2)
Debswana Pension Fund	30	30	-
Total	**5,185**	**5,749**	**(564)**

In 2025 Debswana Pension Fund active membership decreased by (564) members.

ii. Exits for the Period

In 2025, a total of BWP 640,705,247 was paid to members compared to BWP 596,094,632 in 2024. The variance emanating from the Debswana Diamond Company voluntary separation exercise and member transfers from DPF to Mmila Preservation Fund.

iii. Contributions

All Participating Employers make contributions of 20 percent of pensionable earnings on behalf of their members. Total statutory contributions received in 2025 amounted to BWP 399,715,058 versus BWP 460,846,791 received in 2024. The decrease was mainly driven by the VS exercise. In Addition, members made voluntary contributions of BWP 2,538,369 in 2025 compared to BWP 2,309,058 in 2024.

iv. Transfers-In and Transfers-Out

The table below compares Transfers-In between 2025 and 2024, as well as Transfers-Out for the same periods. There was a significant increase in Transfers-In and a notable increase in Transfers-Out between the two periods. The year-on-year increase in Transfer-Out was primarily due to members transferring to Mmila Preservation fund to access the early retirement age of 45.

Transfers	2025	2024
Transfer In	7,296,647	5,316,048
Transfer Out	307,049,619	108,197,851

Administration Expenses

Debswana Pension Fund (DPF) outsourced its pension administration services to Mmila Fund Administrators in 2019, following a change in legislation which prohibited pension funds from self-administration. However, DPF maintains a secretariat function to have the overall oversight of the activities 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.

Administration Report

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Actuarial Review

i. Statement of the Actuary

Willis 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 allows fund valuations to be performed once every three years as a maximum threshold, Debswana Pension Fund was valued by the Fund's actuaries, WTW, in 2025, as it is in the Fund's best interest to assess its financial position annually. DPF considers valuation as a reasonable risk control measure considering inherent risks in financial markets where the Fund invests members' funds, as well as for an effective management of the annuity book pensioner portfolio. This cycle has been perpetuated for the financial year 2025, and the valuation report was presented for approval to the Board of Trustees on the 23rd of April 2026, which was duly approved by the Trustees. During the valuation period, which is the period between the 2024 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 position at 31 December 2025 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 in order 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 103.2% as at end of December 2025.

	Following Transfer 31 December 2025 (000)	Prior Transfer 31 December 2025 (000)	Following Transfer 31 December 2024 (000)
Fund Combined Position			
Fair Value of assets	11 773 250	11 773 250	11 592 437
Actuarial Liabilities	11 411 124	11 411 124	11 301 688
Surplus/(deficit)	362 126	362 126	290 749
Funding Level	**103.2%**	**103.2%**	**102.6%**

The Fund's fair value of assets increased by 1.56% from BWP 11.592 437 Billion in 2024 to BWP11. 773 250 Billion in 2025.

a. Pension Increase

The Trustees awarded a 4.0% pension increase, effective 1 July 2025. This was in line with the Fund's guideline formula for granting increases.

b. Allocation of investment returns

The table below shows the 2025 gross investment returns declared per portfolio.

Net Returns	Market Channel	Conservative Channel	Pensioner Channel	Fund	Inflation
2025 Annualised	12.43%	9.77%	9.36%	10.97%	3.90%

Administration Report

Continued

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%
2024	14.60%	12.55%	12.14%	13.55%	1.70%
2025	12.43%	9.77%	9.36%	10.97%	3.90%
21-year annualised Return (2005-2025)	**12.17%**	**10.10%**	**11.09%**	**11.71%**	**5.99%**

Administration Report

Continued

iii. Funding levels

The Funding levels for the Fund with respect to Active, Deferred and Pensioners are as below:

Portfolio/Account	Following Transfer 31 December 2025	Prior to Transfer 31 December 2025	Following Transfer 31 December 2024
Active & Deferred	100.0%	100.08%	100.00%
Pensioners	102.5%	103.2%	102.5%
Contingency Reserve Accounts	2.1%	1.8%	1.6%

The Member Account recorded a surplus of BWP 5,307 million as at 31 December 2025, prior to the recommended transfer to the Processing Error Reserve Account. The Pensioner Account surplus increased from BWP 104, 384 million at 31 December 2024 to BWP 150,439 million at 31 December 2025 before the recommended transfer. Following the actuary's recommendations, BWP 5,307 million will be transferred from the Member Account to the Processing Error Reserve Account and BWP 32, 090 million from the Pensioner Account to the Solvency Reserve Account. Despite these transfers, the Pensioner Account remains well funded at the Fund's target funding level of 102.5%, while the Fund as a whole remains in a sound financial position.

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

iv. Contingency Reserve Accounts

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 2025 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	Difference Between liabilities on discontinuance matched basis and normal best-estimate basis
Maximum Reference	Liabilities	Defined Contributions Liabilities	Future Expenses	
Actual Value	Nil	0.2%	N/A	47.1% of maximum allowed
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. The Fund is in a sound financial position as at 31 December 2025 as the value of the assets within each account is equal to or exceeds the liabilities of the respective account. This position should be reviewed at the next valuation date.
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.

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Communications Report

In 2025, the Fund concentrated on improving communication to foster trust and boost member engagement. Key achievements include high participation through email and SMS, as well as insights from a major survey that have influenced future strategies.

1. Communication Activities Delivered

The Fund continued to prioritise clear, timely and relevant engagement across member segments as a foundation for building member trust and supporting informed decision-making.

Activities included:

a. **Regular Member Updates Through Digital Channels**
Email, WhatsApp messaging and SMS remained the Fund's most relied-upon channels in 2025, both for operational notifications and ongoing member education. These channels also recorded the highest member engagement and clarity ratings during the 2025 Member Awareness and Satisfaction Survey.

b. **Bokamoso Newsletter and Business e-Briefs**
The Fund continued publishing the Bokamoso Newsletter and Business e-Briefs to offer members and employers greater insights into the Fund's operations, retirement planning, and regulatory issues. Feedback showed moderate engagement but identified opportunities to enhance the presentation and the relevance of the content.

c. **Social media and Web-Based Communication**
Facebook and LinkedIn platforms were used to expand reach, though members primarily viewed these channels as supplementary rather than preferred sources for important Fund updates. The Fund's website showed lower usage levels, highlighting the need to enhance accessibility and content value; however, it has since been revamped to improve user-friendliness, navigation, and the overall member experience.

d. **Hybrid Member Engagement**
The Fund continued to expand and diversify its engagement strategies, blending virtual sessions with targeted face-to-face interactions. It utilised digital platforms alongside smaller physical gatherings to sustain meaningful dialogue with members. These initiatives improved accessibility, widened reach, and kept members informed and actively involved with their benefits.

e. **Member Portal Awareness Efforts**
Despite ongoing campaigns, overall awareness and usage of the Member Portal remain below expectations. This highlights a continued need for more targeted communication, practical demonstrations, and supportive materials to boost engagement.

2. Member Awareness and Satisfaction Survey 2025

The Fund conducted a Member Awareness and Satisfaction Survey to assess members' awareness, engagement, satisfaction and understanding of its initiatives and services, as well as those rendered by the Fund's administrator, Mmila Fund administrators.
The survey ran from 10 October to 3 November 2025. It was distributed via a SurveyMonkey link shared through email, targeting both active, deferred and pensioner members.

a. **Objectives**

i. **Assess Awareness of Fund Initiatives** - Measure how informed members are about services such as the Member Portal, newsletters, and online engagements.

ii. **Evaluate Communication Effectiveness** - Assess the clarity, frequency, and usefulness of information shared across various channels (email, social media, in-person).

iii. **Understand Digital Engagement and Skills** - Assess members' ability to use digital platforms such as the Member Portal effectively.

Communications Report

Continued

iv. **Measure Satisfaction Levels** - Assess overall satisfaction with the Fund's communication, support services, and responsiveness.

v. **Identify Preferred Communication Channels** - Find out which channels members and pensioners prefer for receiving updates and important information.

vi. **Gather Feedback for Service Improvement** - Collect suggestions on additional support, services, or initiatives that would enhance the retirement journey and member experience.

vii. **Evaluate Impact on Financial Planning** - Understand whether initiatives such as AVC campaigns and education sessions have improved members' retirement planning.

Thematic Area	Findings
Positives	The Fund holds a strong reputation, with high levels of trust and satisfaction among members and pensioners. Communication channels are effective, with WhatsApp and email becoming the preferred platforms, while administrative services are seen as responsive and reliable. Members also show adequate digital skills, providing a solid foundation for ongoing digital engagement.
Areas for Improvement	Member Portal usage remains low, and awareness and participation in key initiatives such as Transfer-In and AVCs need improvement. Gaps in members' understanding of Fund offerings and digital platforms continue, alongside the need for more structured, targeted communication and enhancements in portal usability.
Opportunities	Opportunities exist to enhance engagement through targeted education campaigns, expanded multi-channel communication, and consistent financial literacy content. Increased focus on personalised engagement and driving Member Portal adoption can further improve member experience, data accuracy, and overall efficiency.
Challenges	Key challenges include addressing the digital divide, improving participation in key programmes, and managing varying levels of member engagement. Maintaining accurate member records and balancing communication frequency without overwhelming members will be critical going forward.

3. 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 took place in 2025. 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.

Communications Report

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Summary of 2025 Communication Activities

This matrix displays the communication channels in use as of at 31 December 2025, along with their respective target audiences and communication frequency. The tools and methods we utilise for each audience are specified below.

Print & Paper-Based Communication

These remain essential for regulatory compliance and for members who prefer traditional formats.

Communication Medium	Purpose	Target Audience	Frequency
Bokamoso Newsletter	Fund updates & education	All groups	Bi-annually
Annual Report & Financial Statements	Statutory reporting	Active, Deferred, Employees	Annually
Fund Book of Rules	Member Education	All Groups	Once-off or as rules change
Member Guides (Active, Deferred, Pensioner)	Member education	Relevant member segments	On need basis
Pensioner Guide	Member Education	Pensioner member	On a need basis
Death Benefits Payment Policy & Guide	Member Education	Active, Deferred, Pensioner, PEs and Fund Employees	On a need basis
Funeral Advance Guide	Member Education	Active, Deferred, Pensioner, PEs and Fund Employees	As needed
AVC & Retirement Planning Guide	Member Education	Active, Deferred and Fund Employees	On a need basis
Fund Profile	Fund Communication	All	On a need basis
Pension Projection Statements	Fund Communication	Active, Deferred and Fund Employees	Twice a year
Annual Benefit Statements	Fund Communication	Active, Deferred and Fund Employees	Annually
Pension Annuity Pay Slips	Fund Communication	Active, Deferred and Fund Employees	Annually
Letter Correspondences	Fund Communication	Active, Deferred, Pensioner, PEs and Fund Employees	Ongoing
Newspaper Advertorials & Press Releases	Public Relations/ Reputation Management	All	Ongoing

Communications Report

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Digital/Electronic Communication

Digital channels support accessibility, immediacy, and convenience.

Channel	Purpose	Target Audience	Frequency
Fund Website	Fund Communication	All	Ongoing
Member Portal	Member self-service	Active, Deferred, Pensioners and Fund Employees	Ongoing
Bokamoso e-Newsletter (electronic)	Fund Communications & Member Education	Active, Deferred, Pension, Partners	Bi-annually
Business e-Brief (electronic)	Fund Communication	Active, Deferred, Pension, Partners	Quarterly
Email Notices	Fund Communication	All	As needed
Social media (Facebook & LinkedIn)	Stakeholder Engagement & Public Education (Financial Literacy)	All	Ongoing
SMS Communication (Notices & Updates)	Fund Communication	Active, Deferred, Pensioner and Fund Employees	Ongoing
WhatsApp Communications (Notices & Updates)	Fund Communication	Pensioner	On going

Communications Report

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Virtual & In-Person Engagement

Engagement sessions aim to deepen stakeholder understanding and strengthen relationships.

Activity	Purpose	Target Audience	Frequency
HR Training & Workshops	Stakeholder Engagement	Employers, Partners	Quarterly
Participating Employers Senior Leadership Business Updates	Stakeholder Engagement	Employers, Partners	Annually
New Employee Inductions	Member Education	Fund Employees	As needed
Pre-Retirement Workshops	Member Education	Active & Deferred	Annually
Pensioners Meetings	Engagement & education	Pensioners	Annually

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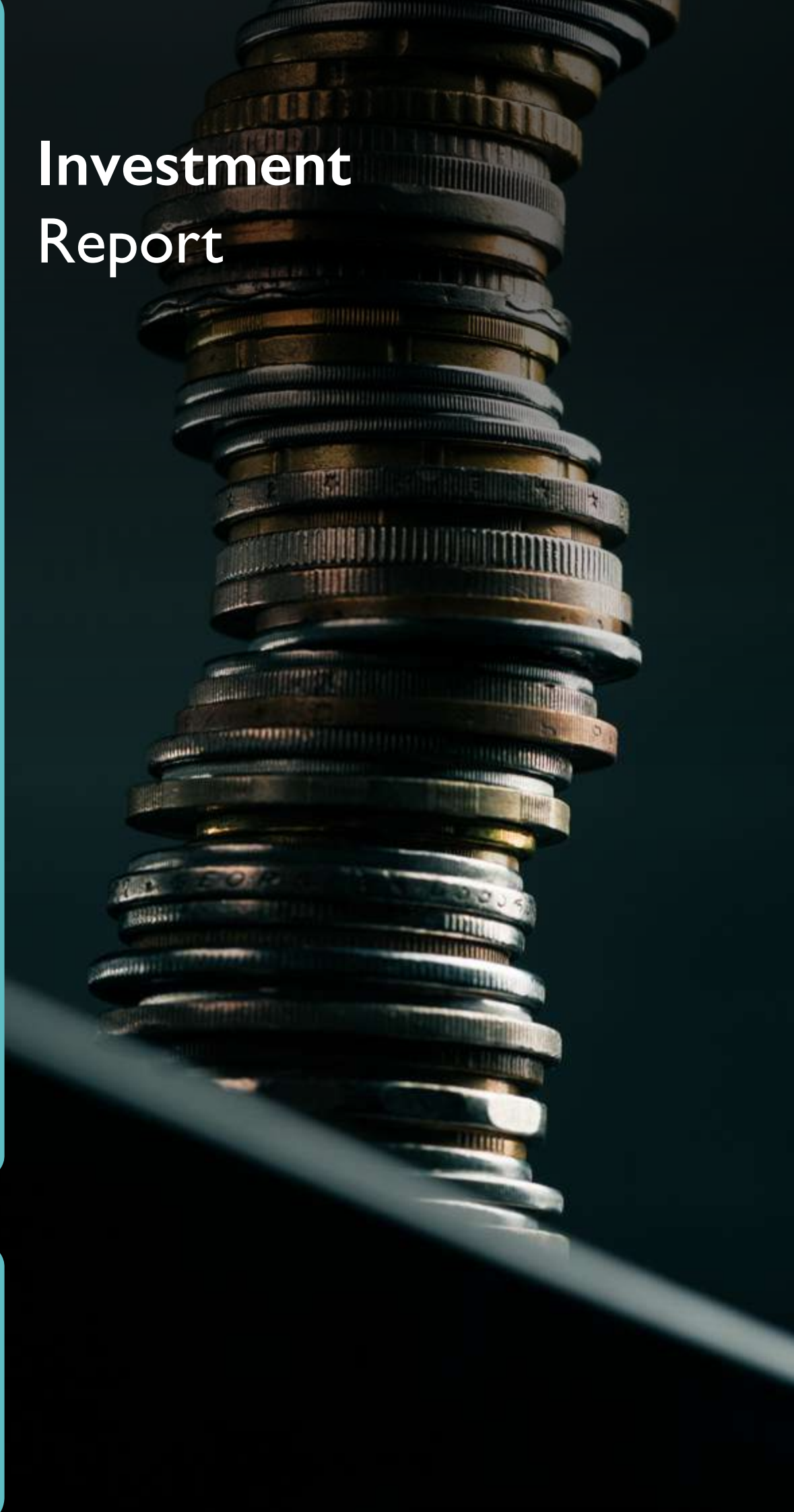

Financial markets continued their recovery in 2025, supporting positive returns across most of the Fund's asset classes despite a complex global economic environment and continued market volatility. Diversification and disciplined investment strategies contributed to the Fund's overall investment performance.

2025 DPF Investment Performance Review

During the year ended 31 December 2025, the Fund's Assets Under Management (AUM) grew by 10.97%, net of investment and administration fees, from BWP 12.219 billion as at 31 December 2024 to an intra-year peak of BWP 13.574 billion during the period under review. However, this strong performance was partially offset by significant member exits arising from the voluntary separation exercise undertaken by one of the participating employers. As a result, the Fund's assets under management (AUM) closed the year at BWP 12.086 billion.

Financial markets in 2025 continued to build on the recovery observed in 2024, with the majority of the Fund's asset classes delivering positive returns. Performance was supported by strong investor sentiment, particularly around technology and artificial intelligence, alongside moderating inflation, gradual monetary policy easing, and resilient global economic growth. Central banks, especially in developed markets, adopted a cautious approach to interest rate cuts, carefully balancing inflation risks against the need to sustain economic expansion. This environment underpinned broadly positive performance across asset classes.

Local & Global Asset Class Comparative Analysis

From a relative performance perspective, African Equities was the top-performing asset class, supported by robust economic growth, firm commodity prices, and increasing market depth driven by new listings and ongoing reforms. China-focused and Emerging Market Equities also performed strongly, benefiting from improved investor sentiment, capital in flows, policy support in key economies, a rebound in domestic demand, particularly in Asia and stronger commodity prices.

Locally, Botswana markets remained supported by institutional demand, although returns moderated as valuations adjusted following the strong gains recorded in 2024. Botswana Equities remained resilient, supported by ongoing domestic institutional demand and stable corporate performance. The Domestic Companies Index (DCI) delivered a total return of 16.10 percent for the year ended December 31, 2025, while DPF's equity portfolio outperformed with a return of 22.82 percent. Allan Gray was the Fund's top-performing equity manager, generating 28.20 percent for the year.

Equity markets delivered positive but more differentiated performance across regions and sectors. While technology and artificial intelligence-related stocks remained key drivers of global returns, performance broadened to include sectors such as industrials, healthcare, and energy. Global Equities delivered solid mid-single to low double-digit returns, supported by sustained earnings growth and continued innovation-driven investment themes. The Fund's top-performing global equity manager was Orbis, which delivered a return of 33.23 percent. Most of the Fund's global equity managers produced positive double-digit returns, including State Street (13.76%), Marathon (11.99%), and American Century (10.55%), while Veritas (3.06%) and Walter Scott (2.84%) recorded more modest gains.

Within fixed income markets, Emerging Market Bonds and Global Bonds continued to provide stable returns, benefiting from declining yields and steady income generation. Investors continued to benefit from improved income opportunities, particularly in corporate and emerging market bonds. Debswana Pension Fund's Global Fixed Income portfolio generated 4.22 percent again a benchmark return of 1.38 percent. The Fund's Emerging Market bond mandate returned 5.08 percent whilst the benchmark generated 3.35 percent.

Private equity began to show early signs of recovery as underlying investments matured and valuation pressures eased, partially offsetting the impact of the J-curve observed in earlier years. Property markets, underperformed in 2025 due to the continued impact of elevated interest rates,

The main detractors to performance were Botswana Bonds and Global Cash. Within the domestic fixed income market, investor demand for Botswana bonds remained subdued, as market participants anticipated the potential for higher yields going forward. This expectation was driven by the view that the government would continue to face economic headwinds and increased borrowing requirements, which could lead to further bond issuance and upward pressure on yields, thereby reducing the attractiveness of existing instruments. During the same period, the DPF Bond portfolio returned -0.69 percent, outperforming its benchmark, the Fleming

Investment Report

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Aggregate Bond Index, which declined by 4.09 percent on an absolute basis. On the global side, cash returns were negatively impacted by continued pressure on the US dollar. The currency weakened over the year as expectations of monetary easing in the United States narrowed interest rate differentials. Concerns around persistent fiscal deficits and elevated debt levels in the US further contributed to this view, weighing on global cash performance.

In aggregate, 2025 remained a constructive year for capital markets, with the majority of asset classes delivering positive returns, albeit at a more normalized pace compared to the strong double-digit gains observed in 2024.

Asset Class Performance 12 Month Performance 2025

Asset Class	12 Month Performance
Africa Equity	62.37%
China Funds	28.91%
Emerging Market Equities	28.54%
Botswana Equity	22.82%
Global Equity	11.64%
Botswana Cash	5.66%
Emerging Market Bonds	5.08%
Botswana Property	4.89%
Africa Private Equity	4.39%
Global Bonds	4.22%
Global Property	0.02%
Botswana Bonds	-0.69%
Global Cash	-6.27%

Strategic Asset Allocation and Manager share of Fund as at December 31, 2025.

For the year ended December 31, 2025 the Fund had an allocation of approximately BWP 6.3 Billion equivalent to 52.17 percent in Botswana domestic assets and BWP 5.811 billion equivalent to 47.83 percent invested in international assets.

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Life Stage Performance

Figure 1: illustrates the Market Channel, Conservative Channel, Pensioner Channel and Aggregate Fund returns since 2004.

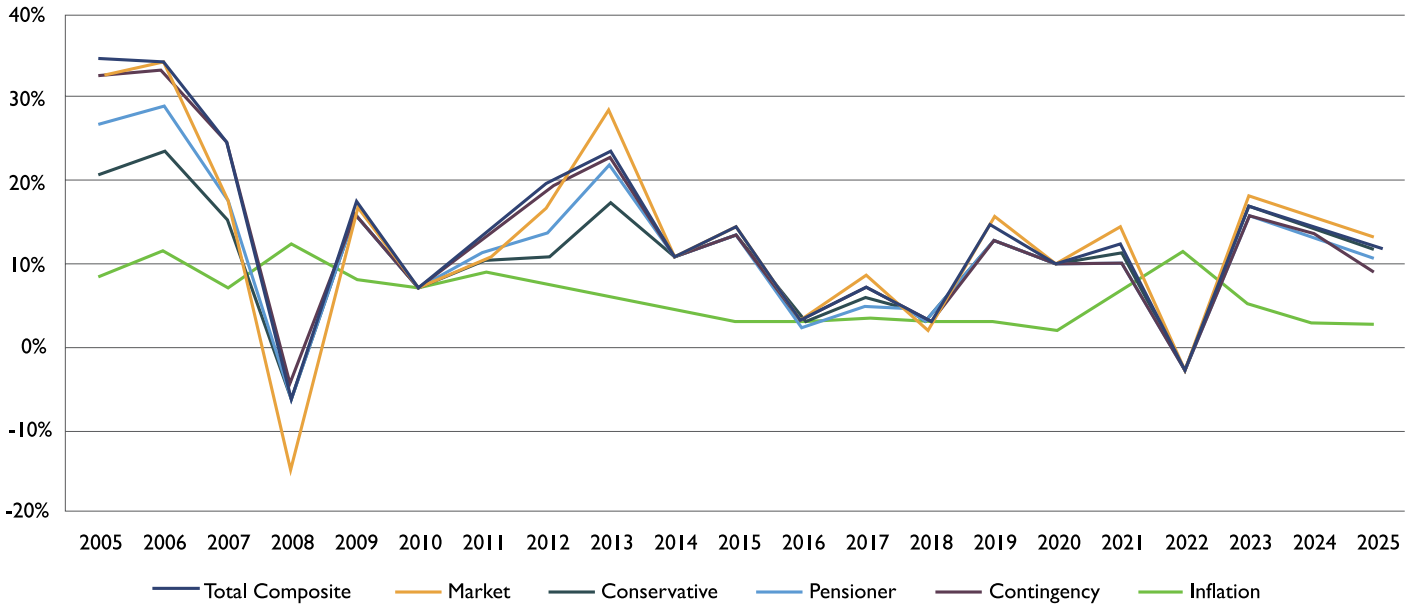

Figure 1. 2025 Investment Return History

Portfolio Net	3 Months to December 2025	6 Months to December 2025	12 Months to December 2025	36 Months to December 2025	60 Months to December 2025	Since Inception
Market	1.21%	6.66%	12.43%	15.00%	10.57%	12.17%
Conservative	0.87%	5.72%	9.77%	13.65%	9.61%	10.10%
Pensioner	0.66%	5.29%	9.36%	12.68%	8.83%	11.09%
Contingency	0.52%	4.42%	8.59%	12.56%	8.67%	12.07%
Fund	0.96%	6.04%	10.97%	14.04%	9.87%	11.71%
Inflation	-	-	3.90%	-	-	

Investment Report

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i) Market Portfolio Performance

The Market Portfolio performance for 2025 returned 12.43 percent. The Market Portfolio has achieved a return of 12.17 percent since inception of the life stage model.

ii) Conservative Portfolio Performance

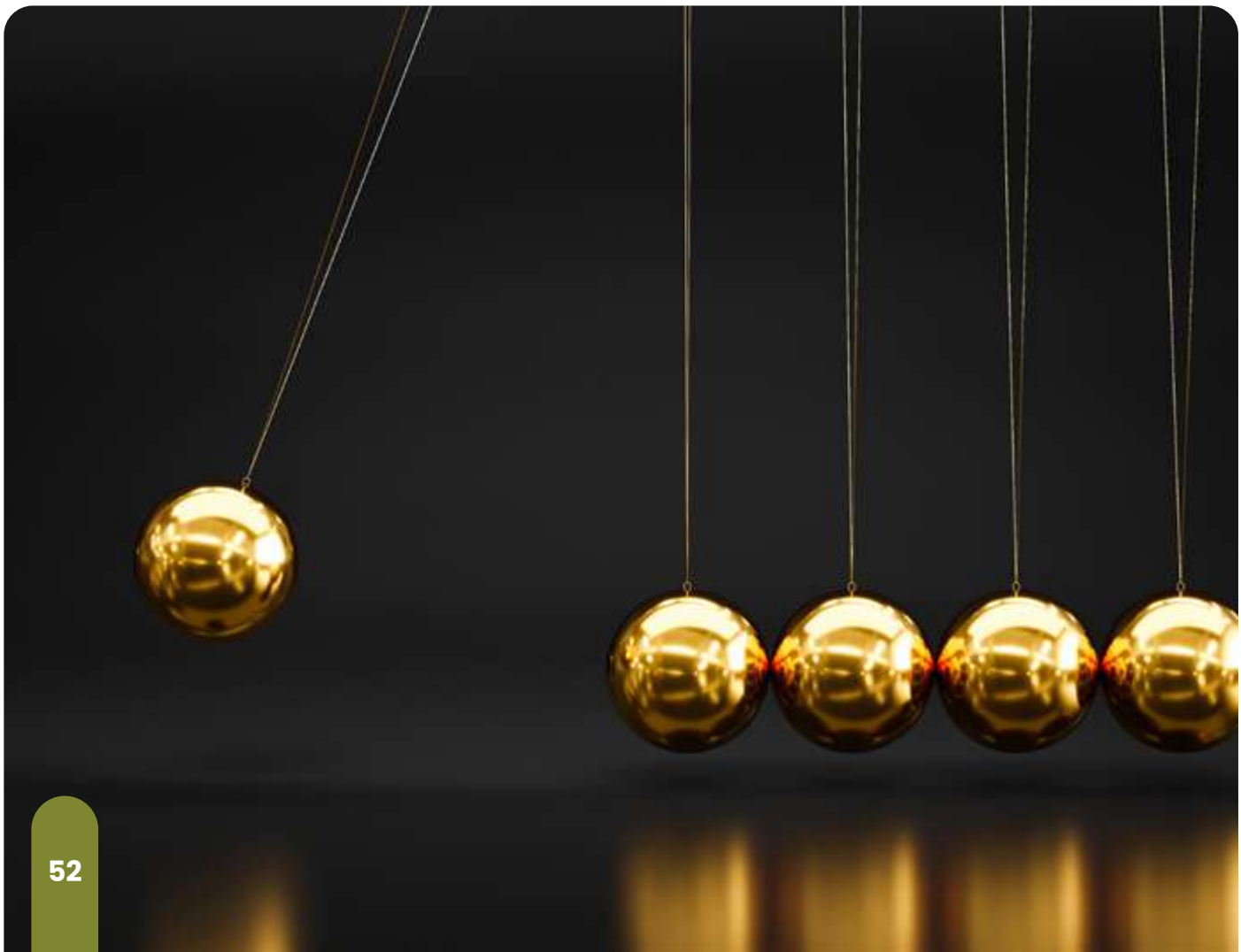
For the year ending December 31, 2025 the Conservative Portfolio had a net return 9.77 percent The Conservative Portfolio has achieved a return of 10.10 percent since inception of the life stage model.

iii) Pensioner Portfolio Performance

The Pensioner Portfolio performance for 2025 returned 9.36 percent. The Pensioner Portfolio has achieved a return of 11.09 percent since inception of the life stage model.

2025 Investment Policy Asset Allocation

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



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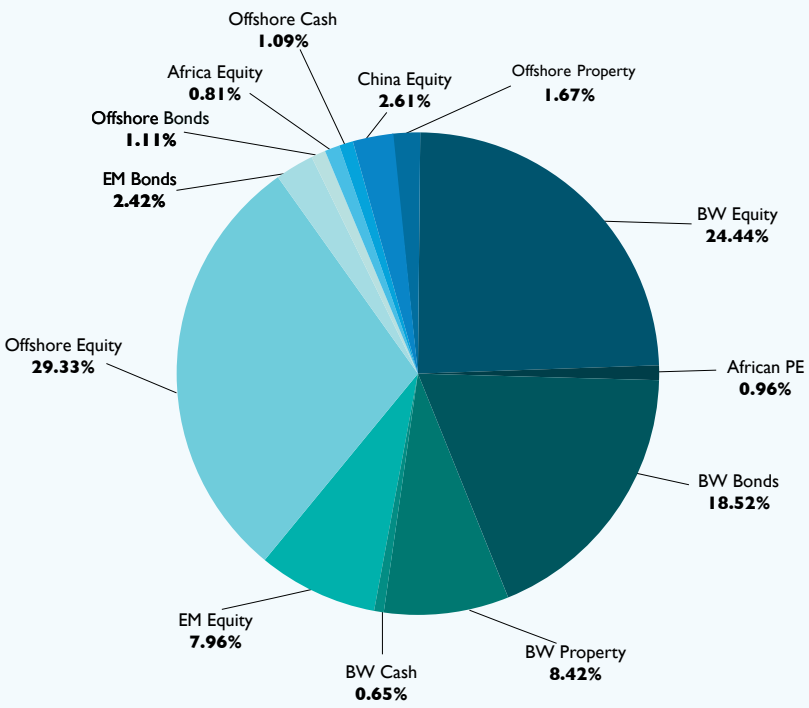
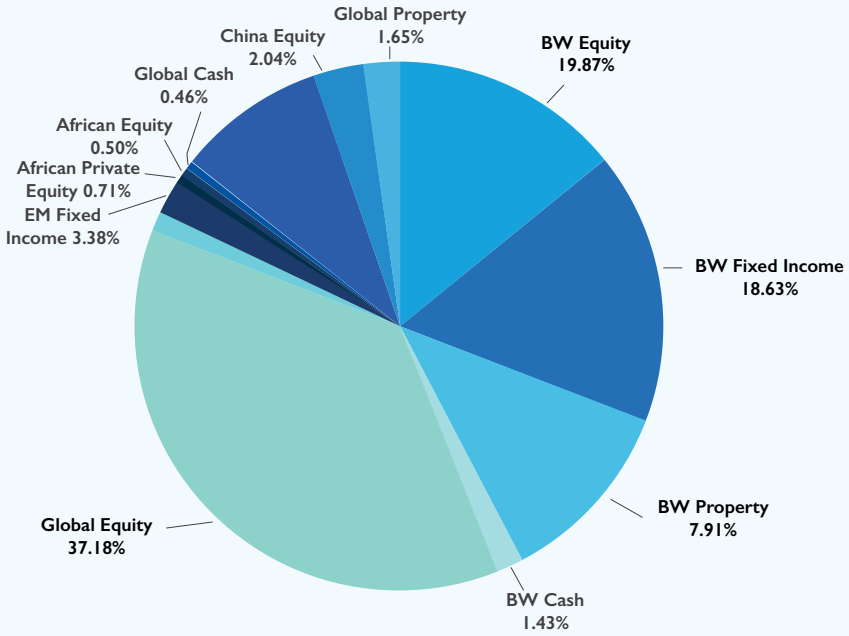
Asset class Weights December 2025



Asset Class Weights December 2024



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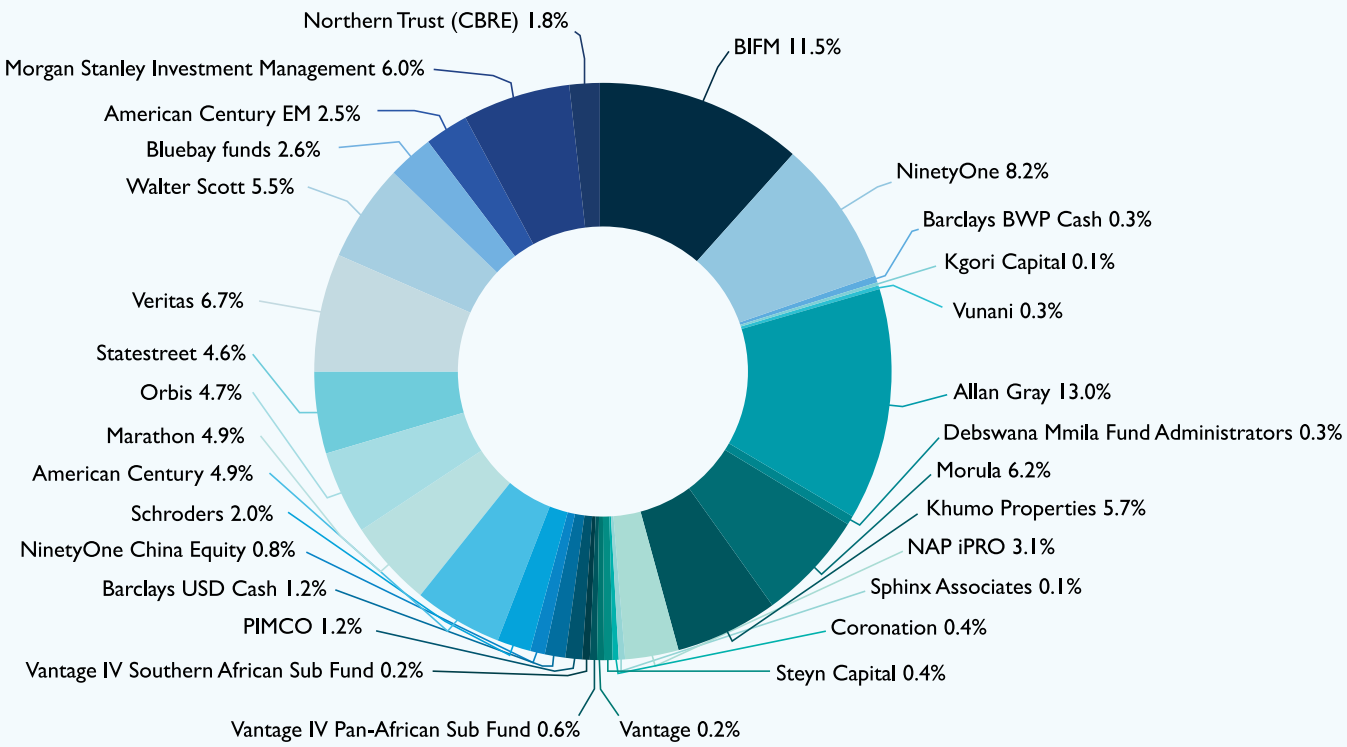
Manager weights

Asset Manager Weights : 31st December 2025



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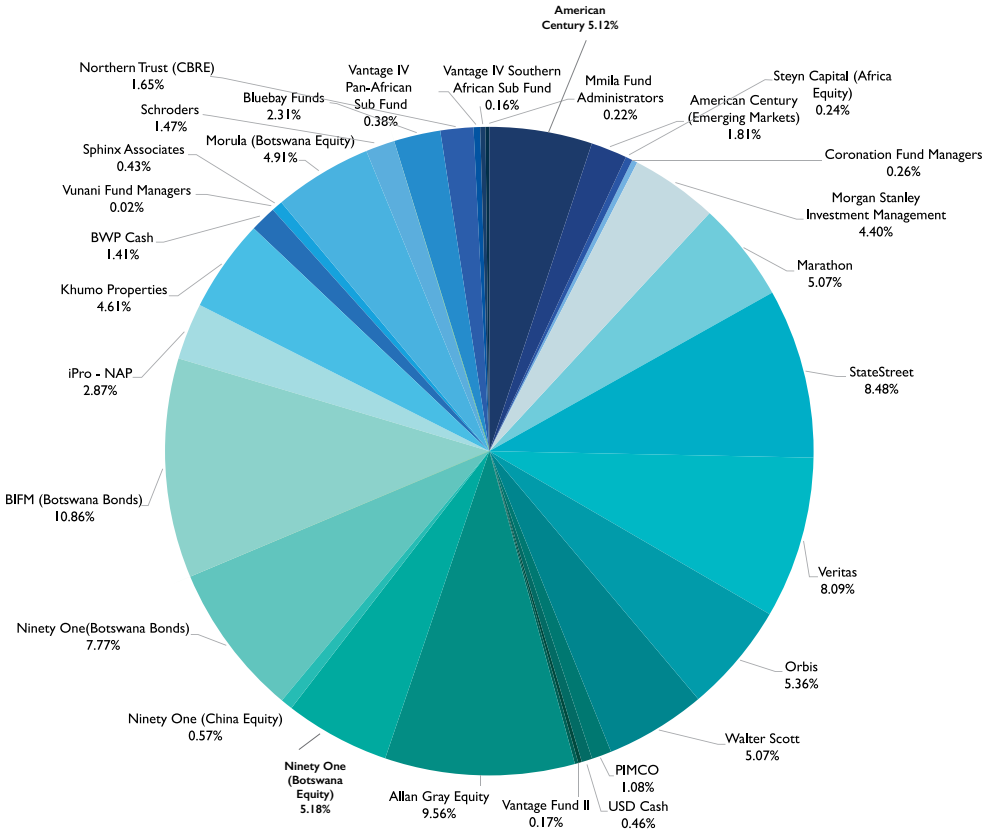
Continued

Asset Manager Weights: 31st December 2024



Investment Report

Continued

Investment securities

Onshore equity investments

	2025			2024		
	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total
Allan Gray Botswana	1,151,630,371	260,151,237	1,411,781,608	839,251,277	260,151,237	1,099,402,514
Ninety One Botswana Proprietary Limited	543,308,848	122,732,496	666,041,344	433,835,995	134,480,547	568,316,542
Morula Capital Partners	545,355,807	123,194,900	668,550,707	440,589,809	136,574,095	577,163,904
IPRO Botswana	289,041,380	65,293,930	354,335,310	215,888,033	133,197,865	349,085,898
	2,529,336,406	**571,372,563**	**3,100,708,969**	**1,929,565,114**	**664,403,744**	**2,593,968,858**
Onshore bonds investments						
Ninety One Botswana Proprietary Limited	470,285,166	394,781,108	865,066,274	463,216,342	394,781,108	857,997,450
Botswana Insurance Fund Management Limited	645,451,088	541,824,228	1,187,275,316	684,774,284	583,606,248	1,268,380,532
	1,115,736,254	**936,605,336**	**2,052,341,590**	**1,147,990,626**	**978,387,356**	**2,126,377,982**
Offshore bonds investments						
BlueBay Asset Management	152,548,466	140,813,969	293,362,435	208,168,040	72,929,799	281,097,839
Pimco Funds	93,296,817	41,713,758	135,010,575	31,754,351	99,152,835	130,907,186
	245,845,283	**182,527,727**	**428,373,010**	**239,922,391**	**172,082,634**	**412,005,025**

Investment Report

Continued

	2025			2024		
	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total
Offshore equity investments						
American Century Emerging Markets	193,357,364	86,451,637	279,809,001	152,674,198	68,261,865	220,936,063
American Century Global Growth	382,975,869	171,231,600	554,207,469	432,779,236	190,881,416	623,660,652
CBRE Group Inc	139,338,740	62,299,474	201,638,214	201,439,478	-	201,439,478
Coronation Asset Management Proprietary Limited	33,266,284	14,873,624	48,139,908	24,933,203	6,738,505	31,671,708
Marathon Asset Management Limited	383,852,335	171,623,474	555,475,809	427,983,418	188,766,174	616,749,592
Morgan Stanley Investment Management Limited	473,116,662	211,534,275	684,650,937	370,438,541	165,626,058	536,064,599
Ninety One UK Limited	62,135,389	27,781,233	89,916,622	51,333,368	17,984,183	69,317,551
Orbis Investment Management Limited	369,503,618	165,208,047	534,711,665	452,785,129	199,705,206	652,490,335
State Street Global Advisors	359,438,640	160,707,915	520,146,555	716,286,205	315,924,872	1,032,211,077
Steyn Capital Management Proprietary Limited	34,695,964	15,512,846	50,208,810	23,450,504	6,337,787	29,788,291
Schroder Investment Management Limited	156,304,740	69,885,110	226,189,850	132,339,360	46,363,904	178,703,264
Vantage Capital Fund II	16,844,788	7,531,440	24,376,228	16,258,942	4,394,179	20,653,121
Veritas Asset Management	522,947,047	233,813,842	756,760,889	683,430,086	301,433,367	984,863,453
Walter Scott & Partners Limited	435,588,607	194,755,179	630,343,786	428,529,357	189,006,966	617,536,323
Vantage Mezzanine IV Pan African Sub Fund	45,849,657	20,499,751	66,349,408	36,769,427	9,937,390	46,706,817
Vantage Mezzanine IV Southern African Sub-Fund	18,866,858	8,435,524	27,302,382	15,395,944	4,160,943	19,556,887
	3,628,082,562	**1,622,144,971**	**5,250,227,533**	**4,166,826,396**	**1,715,522,815**	**5,882,349,210**

Investment Report

Continued

Offshore

	2025			2024		
	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total
Money market funds and money market instruments						
Morula Capital Partners	28,695,927	12,830,181	41,526,108	15,648,340	4,850,675	20,499,016
Vunani Fund Managers	22,938,527	10,256,001	33,194,528	651,567	1,975,389	2,626,956
Allan Gray Botswana	24,420,218	10,918,477	35,338,695	33,989,727	10,536,141	44,525,868
Botswana Insurance Fund Management Limited	53,492,234	23,916,811	77,409,045	25,336,361	21,593,186	46,929,547
Ninety One Botswana Proprietary Limited	77,787,571	34,779,450	112,567,021	65,545,962	55,862,251	121,408,213
Kgori Capital	6,921,212	3,094,529	10,015,741	-	-	
	214,255,689	**95,795,449**	**310,051,138**	**141,171,957**	**94,817,642**	**235,989,600**
Cash balances held with Asset Managers						
Botswana Insurance Fund Management Limited	30,422,138	13,601,983	44,024,121	3,720,714	3,171,019	6,891,733
Morula Capital Partners	(222,679)	(99,561)	(322,240)	588,874	182,539	771,413
Allan Gray Botswana	24,931,525	11,147,086	36,078,611	14,965,047	4,638,868	19,603,915
Ninety One Botswana Proprietary Limited	15,515,300	6,937,016	22,452,316	15,718,367	13,396,148	29,114,515
	70,646,284	**31,586,524**	**102,232,808**	**34,993,002**	**21,388,574**	**56,381,576**
Total Investment securities	**7,803,902,478**	**3,440,032,570**	**11,243,935,048**	**7,660,469,486**	**3,646,602,765**	**11,307,072,251**

Investment Report

Continued

2025 Strategic Developments

The 2025 Strategic Asset Allocation is expected to 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%	0.00%	0.00%	0.00%	15.00%
SA ILB LT	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	15.00%
Botswana Equity	14.00%	24.00%	35.00%	10.00%	22.00%	30.00%	5.00%	16.00%	25.00%
Botswana Cash	0.00%	0.00%	15.00%	0.00%	1.00%	15.00%	0.00%	1.00%	15.00%
Botswana Bonds	9.00%	14.00%	19.00%	16.00%	22.00%	26.00%	14.00%	26.00%	36.00%
Botswana ILB	0.00%	0.00%	5.00%	0.00%	0.00%	8.00%	0.00%	0.00%	10.00%
Botswana Property	4.00%	9.00%	14.00%	5.00%	10.00%	20.00%	2.00%	11.00%	20.00%
Foreign Equity	17.00%	32.00%	37.00%	23.00%	29.00%	35.00%	15.00%	29.00%	36.00%
EM Equity	3.00%	8.00%	11.00%	1.00%	6.00%	11.00%	2.00%	7.00%	13.00%
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%	8.00%	0.00%	2.00%	5.00%	0.00%	2.00%	5.00%
Foreign Cash	0.00%	0.00%	5.00%	0.00%	0.00%	5.00%	0.00%	0.00%	2.50%
Africa Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Frontier Market	0.00%	3.00%	5.00%	0.00%	2.00%	5.00%	0.00%	2.00%	5.00%
China	0.00%	4.00%	6.00%	0.00%	3.00%	6.00%	0.00%	3.00%	6.00%
India	0.00%	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		**100.00%**			**100.00%**			**100.00%**	

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ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

General Information

Country of Incorporation and Domicile	Botswana		
		Designation	**Resignation Date**
Board of Trustees	Thabiso Moanakwena	Chairperson	
	Tshepo Mokgethi	Deputy Chairperson	25-Apr-25
	Potoko Bogopa	Trustee	
	Claire Busetti	Independent Trustee	
	Lapologang Letshwenyo	Trustee	
	Malebogo Ntshwabi	Trustee	
	Kago Letshabo	Trustee	
	Galeboe Busang	Independent Trustee	
	Keitiretse Tshukudu	Trustee	
	Wame Mobita	Trustee	
	Chipo Petros	Trustee	
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		
Auditors	Ernst & Young Botswana Plot 22, Second Floor ,UN Place Gaborone, Botswana PO Box 41015 Gaborone		
Custodian	Stanbic Bank Botswana Limited		
Investment Consultants	Riscura Consulting Services Proprietary Limited		
Actuaries	Towers Watson Proprietary Limited		

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

General Information

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
	Kgori Capital
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
	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 2025

Trustees' Responsibilities and Approval

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 2025, 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 63 to 68.

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 69 to 139 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 23 April 2026 on its behalf by:

Thabiso Moanakwena
Board Chairperson

Galeboe Busang
Audit & Risk Committee Chairperson

Independent Auditor's Report

To the Trustees of Debswana Pension Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Debswana Pension Fund ("the Fund") set out on pages 69 to 139 which comprise the statement of net assets available for benefits as at 31 December 2025, and 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 notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Debswana Pension Fund as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Retirement Funds Act, 2022.

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 are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Botswana. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

Key Audit Matter	How the matter was addressed in the audit
Valuation of investment property The Fund has investment properties stated at P322 million as at 31 December 2025 (2024: P305 million). The properties are valued at fair value at the reporting date using the income capitalisation method, as set out in Note 15 – Investment Property. These valuations were performed by accredited independent valuers. Significant judgement is required to determine the fair value of investment property, especially with respect to the determination of unobservable inputs e.g. the capitalisation rate utilised. As a result, significant audit attention was spent on this and we consider this to be a key audit matter. Refer to Note 1.6 – Material accounting policies – Investment property and Note 15 – Investment property of the fund's annual financial statements.	The audit team, together with the support of EY valuation experts, performed the following procedures, amongst others: • We assessed the competence, capabilities, and objectivity of management's appointed external valuers. • We evaluated the appropriateness of the valuation approaches and methodologies used by management's external valuers against IFRS requirements and industry norms to confirm that the methodologies were appropriate under the circumstances. • We tested the arithmetical accuracy of the investment property valuation calculations by independently recalculating figures, cross-checking totals and subtotals and reviewing spreadsheet formulas. • Evaluated the basis for determining the capitalisation rate comparing against market trends and economic forecasts relevant to the Fund, computed the discount rates and compared the capitalisation rate used by management to independent sources. • We reviewed the underlying assumptions (the implied capitalisation rate, the growth assumptions), supporting the income capitalisation model and assessed the reasonableness against entity specific, property market circumstances and achievability and sustainability. • We assessed that the valuations were performed at the correct and appropriate date. • We assessed the adequacy of the disclosures in Note 15 – Investment Property in accordance with the requirements of IAS 40 Investment Property.
Valuation of investments in equity securities The valuation of unlisted private equity investments relies primarily on judgement and data that are not directly observable in the market. As a result, the assessment of inputs from such data can significantly affect the determination of fair value. The Fund's private equity investments are stated at fair value which has been determined based on valuations performed by accredited independent valuers, as at 31 December 2025."	We obtained an understanding, evaluated the design, implementation and tested the operating effectiveness of the key internal controls over private equity investments. The following procedures were also performed for equity investments: • We assessed the competence, capabilities and objectivity of Management's specialists involved in determining assumptions and inputs in the valuation of the unlisted securities with reference to their professional capabilities. • We evaluated the appropriateness of the valuation approaches and methodologies used by Management's specialists and fund managers/administrators against IFRS

Independent Auditor's Report

Key Audit Matter	How the matter was addressed in the audit
As at 31 December 2025, the carrying value of equity securities was P310 million (2024: P339 million) (refer to Note 14. Investments in equity securities). The complexity, judgments and assumptions over determination of the fair valuation of these equity securities, led to significant audit attention spent and we consider this to be a key audit matter. Refer to Note 14 – Investments in equity securities and note 1.7 – Unlisted Equity Securities of the fund's annual financial statements.	requirements and industry norms to confirm that methodologies were appropriate under the circumstances. • With the support of the EY specialist, we assessed the appropriateness of the indirectly observable market data input into the valuation models and tested it back to source systems and client data and assessed that the valuations were performed at the correct and appropriate date. • We assessed the adequacy of the Fund's disclosure in Note 1.7 – Unlisted Equity Securities and Note 14 – Investments in equity securities.
Valuation of Insurance Contract Liabilities (IFRS 17) As 31 December 2025, the Fund's insurance contract liability – Joint life product and Insurance contract liability – Guarantee product were valued at P546 million and P2 billion respectively. ***Appropriateness of actuarial assumptions, models and methodology*** Actuarial assumptions and methodologies reflected in insurance contract liabilities are subject to a considerable level of judgement. The operational assumptions are informed by actual experience, market experience and practice, and expectations as to future trends. The assumptions that we consider having the most significant impact on the actuarial valuations are: • Discount rate • Mortality • Expense inflation The integrity and suitability of models and methodologies are regarded as essential factors in the comprehensive assessment of insurance contract liabilities. Refer Note 20 – Insurance contract liability of the funds annual financial statements"	Our audit of the actuarial assumptions, models and methodology applied in the valuation of insurance contract liabilities, inter alia, included the following audit procedures that were executed with the assistance of our actuarial experts, across the areas which were considered material: • We reviewed management's process for setting actuarial assumptions and their control design. • We assessed key technical accounting decisions, judgments, assumptions, and elections against the standard's requirements. • We obtained and documented our understanding of the Fund's basis of valuation and assessed the methodology appropriateness based on our knowledge of the Fund along with industry standards and regulatory requirements, as well as the requirements of IFRS 17. • The discount rate was assessed based on the yield curves used for both unwinding and discounting at prevailing rates. • The mortality rates were compared against market benchmarks. • We assessed the reasonability of the inflation rate assumptions. • We agreed schedules to the general ledger and tested the completeness and accuracy of the subledgers. • We evaluated the accuracy of contract classifications for reporting under IFRS 17. • We assessed the reasonableness of the disclosures related to the application of IFRS 17 and reconciled to underlying accounting records.

Independent Auditor's Report

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the 103-Page document titled "Debswana Pension Fund Financial Statements for the year ended 31 December 2025", which includes the General Information and Trustees Responsibilities and Approval, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available at a later date. 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 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 and fair presentation of the financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Retirement Funds Act, 2022, 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting processes.

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

Independent Auditor's Report

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.

We also provide the trustees with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

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.

Ernst & Young
Firm of Chartered Auditors
Practising Member: Bakani Ndwapi (CAP 0010 2026) Gaborone
30 April 2026

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Statement of Changes in Net Assets Available for Benefits

Figures in Pula	Notes	2025	2024
Performance from membership activities			
Member contributions			
Employer statutory contributions	3	399,715,058	460,846,791
Member voluntary contributions	3	2,538,369	2,309,058
Net transfers to other funds	4	(299,752,972)	(102,881,803)
Total contributions from members		**102,500,455**	**360,274,046**
Member benefit expenses			
Benefits on withdrawal		(121,968,978)	(91,680,468)
Lump sums on retirement		(640,705,247)	(596,094,632)
Total member benefits expenses		**(762,674,225)**	**(687,775,100)**
Fund operating expenses			
Employee costs - salaries	6	(9,905,337)	(11,973,393)
Administrative expenses	6	(40,982,139)	(27,758,887)
Depreciation - property, plant and equipment	11	(252,592)	(179,139)
Movement in impairment of receivables (Expected Credit Loss)		(1,900,731)	(3,332,359)
Total fund operating expenses		**(53,040,799)**	**(43,243,778)**
Change in net assets from membership activities before insurance and investment activities		**(713,214,569)**	**(370,744,832)**
Performance from investment activities			
Investment income	29	870,107,128	1,011,903,458
Investment expenses	29	(99,215,629)	(144,685,090)
Change in net assets from investment activities (Active & Deferred)		**770,891,499**	**867,218,368**
Performance from Insurance activities (Pensioners)			
Insurance revenue	25	315,849,624	235,629,036
Insurance service expenses	26	(224,025,459)	(190,102,620)
Insurance service result		**91,824,165**	**45,526,416**
Insurance investment income	29	519,559,708	625,164,509
Insurance investment expenses	29	(8,559,468)	(9,462,367)
Insurance finance expense from contracts issued	27	136,075,811	(227,647,660)
Net insurance financial results		**647,076,051**	**388,054,482**
Change in net assets from insurance activities (Pensioners)		**738,900,216**	**433,580,898**
Increase in net assets during the year		**796,577,146**	**930,054,434**

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For the year ended 31 December 2025

Statement of Net Assets Available for Benefits

Figures in Pula	Notes	2025	2024
Non-current assets			
Property, plant and equipment	11	2,367,983	683,792
Investments in equity securities	14	309,654,039	339,437,649
Investment property	15	322,044,829	304,594,980
Investment securities	16	11,243,935,048	11,307,072,251
Operating lease asset	18	5,272,108	2,852,301
Financial assets at Amortised cost	13	236,978	298,046
		11,883,510,985	**11,954,939,019**
Current assets			
Other receivables	19	33,892,827	35,947,192
Cash and cash equivalents	17	169,134,524	229,066,207
		203,027,351	**265,013,399**
Total assets		**12,086,538,336**	**12,219,952,418**
Funds and reserves			
Contingency reserves	30	243,777,000	186,364,643
Reserve account	30	1,833,552,592	1,580,624,376
Fund account	30	6,677,198,000	7,126,338,013
Total funds and reserves		**8,754,527,592**	**8,893,327,032**
Liabilities			
Non-current liabilities			
Insurance contract liability - Joint life product	20	546,060,420	691,312,845
Insurance contract liability - Guarantee product	20	2,123,319,285	1,710,992,170
Lease liability	12	4,059,492	4,309,386
Total non-current liabilities		**2,673,439,197**	**2,406,614,401**
Current liabilities			
Benefits payable	31	195,446,565	538,912,986
Insurance contract liability - Joint life product	20	90,028,594	84,031,405
Insurance contract liability - Guarantee product	20	285,686,588	218,951,558
Other payables	32	87,327,598	78,027,819
Lease liability	12	82,202	87,217
Total current liabilities		**658,571,547**	**920,010,985**
Total liabilities		**3,332,010,744**	**3,326,625,386**
Total Funds, Reserves and Liabilities		**12,086,538,336**	**12,219,952,418**

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For the year ended 31 December 2025

Statement of Changes in Members' Funds and Reserves

Figures in Pula	Contingency reserves	Reserve account	Fund account	Total
Balance at 1 January 2024	-	1,046,253,192	7,066,228,000	8,112,481,192
Increase in net assets during the year	-	-	930,054,434	930,054,434
Transfers	186,364,643	534,371,184	(720,735,827)	-
Transfer to Insurance Contract liability - Annuity premium	-		(149,208,594)	(149,208,594)
Balance at 31 December 2024	**186,364,643**	**1,580,624,376**	**7,126,338,013**	**8,893,327,032**
Increase in net assets during the year	-	-	796,577,146	796,577,146
Transfers	57,412,357	252,928,216	(310,340,573)	-
Transfer to Insurance Contract liability - Annuity premium	-	-	(935,376,586)	(935,376,586)
Balance at 31 December 2025	**243,777,000**	**1,833,552,592**	**6,677,198,000**	**8,754,527,592**

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For the year ended 31 December 2025

Statement of Cash Flows

Figures in Pula	Notes	2025	2024
Cash generated/(used) from operations			
Increase in net assets during the year		**796,577,146**	**930,054,434**
Adjustments for:			
Investment Management: Non-cash adjustments			
Unrealised fair value gains on investment securities*	8	(1,415,457,025)	(1,030,725,701)
Unrealised foreign exchange gains on investment securities	8	385,535,535	(240,561,791)
Unrealised losses/(gains) on fair valuation of investment properties	15	10,630,000	12,716,089
Depreciation right of use asset - Barclays House	15	-	75,320
Fair value losses from investment in unlisted equities	14	29,783,610	53,887,789
Fair value losses from investment property	15	1,009,489	-
Loss on disposal of investment securities	29	3,489,650	39,042,629
Onshore investment management fees	21	25,965,024	20,621,858
Offshore investment management fees *	21	39,108,638	-
Finance cost - lease liability	12	433,739	396,166
Dividend income	9	(171,885,777)	(194,798,107)
Interest income	9	(193,586,941)	(157,348,768)
		(1,284,974,058)	**(1,496,694,516)**
Non-cash adjustments: Fund Membership and Insurance Operations			
Insurance finance expense	27	(136,075,811)	227,647,660
Insurance revenue	25	(315,849,624)	(235,629,036)
Insurance service expenses	26	224,025,459	190,102,620
Depreciation on property, plant and equipment	11	252,592	179,139
Loan interest - Barclays House	13	(21,135)	(26,149)
		(227,668,519)	**182,274,234**
Fund Membership and Insurance Operations: Changes in working capital			
Increase in operating lease asset		(2,419,807)	(1,119,436)
Decrease /(increase) in other receivable		2,054,365	(8,952,655)
(Decrease)/increase in benefits payable		(343,466,421)	474,148,619
(Decrease)/increase in other payable		9,299,778	(17,834,719)
		(334,532,085)	**446,241,809**
Insurance Operations: Benefits and operating costs			
Benefits paid to Annuitants	20	(342,922,475)	(288,476,263)
Operating expenses paid	20	(24,747,225)	(22,082,796)
		(367,669,700)	**(310,559,059)**
Net cash used in operating activities		**(1,418,267,216)**	**(248,683,099)**
Cash flows from investing activities			
Redemption of investment securities	10	1,387,401,805	489,362,535
Capital contribution on investment securities	10	(70,492,977)	(474,522,608)
Investment property movement	15	-	3,737,500
Purchase of property, plant and equipment	11	(1,936,783)	(302,989)
Additions of investment properties	15	(29,089,338)	(18,600,461)
Capital repayment on Barclays House loan	13	61,068	61,067
Loan interest received on Barclays House loan	13	21,135	26,149

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For the year ended 31 December 2025

Statement of Cash Flows Continued

Figures in Pula	Notes	2025	2024
Dividend received	9	51,246,280	48,543,119
Interest received	9	142,996	241,452
Net cash from investing activities		**1,337,354,186**	**48,545,764**
Cash flows used in financing activities			
Rental payments	13	(688,648)	(688,648)
Cash flows used in financing activities		**(688,648)**	**(688,648)**
Cash and cash equivalents movement for the year		**(81,601,678)**	**(200,825,983)**
Cash and cash equivalents at the beginning of the year		229,066,207	427,325,615
Effect of exchange rate movement on cash balances	8	21,669,995	2,566,575
Total cash and cash equivalents at the end of the year		**169,134,524**	**229,066,207**

*In the previous year, the Fund presented unrealised fair value gains on investment securities movement on a net basis, including offshore management fees amounting to P 33,250,130. (refer to Note 8). During the current year, the Fund has improved the presentation by separately disclosing offshore management fees and unrealised fair value gains, thereby enhancing clarity and providing more meaningful information to users of the financial statements.

This change in presentation has no impact on the Fund's financial position or results.

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For the year ended 31 December 2025

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 as issued by the International Accounting Standards Board (IASB) 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, and are rounded to the nearest Pula. 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 that support active and deferred members (pre-retirement members) 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.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

Valuation of plan assets (continued)

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 ceases at the earlier of the date that the asset is classified as held for sale or derecognized.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

1.5 Property, plant and equipment (continued)

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.

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

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are classified as other gains on the face of the statement of changes in net assets available for benefits.

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.

Disposals

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

1.6 Investment property (continued)

Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus or deficit in the period of the retirement or disposal.

1.7 Unlisted Equity Securities

The fair value of unlisted 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 financial statements in line with IAS 27 Separate financial statements.Gains and losses from changes in the fair value of investments in unlisted equities are included in the statement of changes in net assets available for benefits in the period in which they arise.

1.8 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 fair value or 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

Financial assets at fair value through profit or loss

All financial assets that support the pensioners/annuitants are measured at fair value through profit or loss

Amortised 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.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

1.8 Financial instruments(continued)

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 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.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

1.8 Financial instruments(continued)

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.

(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

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For the year ended 31 December 2025

Material Accounting Policies Continued

1.8 Financial instruments(continued)

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 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.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

1.8 Financial instruments(continued)

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.

1.9 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 10% 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.

1.10 Rental income

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

1.11 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.

1.12 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.

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Material Accounting Policies Continued

1.13 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.

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 2025 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.

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 unlisted equities

An investment in unlisted equities 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 unlisted equities was arrived at on the basis of a valuation carried out by KAL-ENI Consulting (Proprietary) Limited and Grant Thornton.

Actuarial assumptions

Estimates and judgements related to IFRS 17 valuations are disclosed in accounting policy 1.18.

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For the year ended 31 December 2025

Material Accounting Policies Continued

1.14 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 cash 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.

1.15 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 that 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.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

1.16 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.

Fund 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.

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.

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Material Accounting Policies Continued

1.16 Leases(Continued)

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.

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

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For the year ended 31 December 2025

Material Accounting Policies Continued

1.16 Leases(Continued)

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.

Classification

Leases are classified as either an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

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.

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Material Accounting Policies Continued

1.16 Leases(Continued)

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.

1.17 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 the 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.

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Material Accounting Policies Continued

1.17 IFRS 17 Insurance contracts(Continued)

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.

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.

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Material Accounting Policies Continued

1.17 IFRS 17 Insurance contracts(Continued)

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.

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.

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Material Accounting Policies Continued

1.17 IFRS 17 Insurance contracts(Continued)

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

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.

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For the year ended 31 December 2025

Material Accounting Policies Continued

1.17 IFRS 17 Insurance contracts(Continued)

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.

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.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

1.17 IFRS 17 Insurance contracts(Continued)

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.

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.

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Material Accounting Policies Continued

1.17 IFRS 17 Insurance contracts(Continued)

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.

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.

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For the year ended 31 December 2025

Material Accounting Policies Continued

1.17 IFRS 17 Insurance contracts(Continued)

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%.

1.18 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.

(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

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

1.18 Significant judgements in applying IFRS 17(Continued)

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	31-Dec-24	31-Dec-25
Mortality basis	PA 90 parameter adjustment factor +1.015	PA 90 parameter adjustment factor +1.015
Operating expenses per annuitant	R4,434.70	R4,402.64
Expense inflation rate	4.5% in line Expense with long-term inflation	4.5% in line with long- term inflation
Annuity increase rate	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.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

1.18 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.

2. New Accounting Standards and Interpretation

Standards and interpretation adopted during the year

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (Amendments to IAS 21)

The amendments, published in August 2023, clarify how the entity is impacted when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Standards and interpretation issued but not yet effective

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments

The amendments

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environmental social and governance targets)
- make updates to the disclosures for equity instruments designated at fair value through other comprehensive income.

The amendment is effective for annual reporting periods beginning on or after 1 January 2026.

The Fund is still assessing the impact and will adopt the amendments on 1 January 2026

IFRS 18 Presentation and Disclosure in Financial Statements

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Material Accounting Policies Continued

2. New Accounting Standards and Interpretation

IFRS 18 replaces IAS 1 Presentation of Financial Statements and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management- defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

The amendment is effective for annual reporting periods beginning on or after 1 January 2027. The Fund is still assessing the impact and will adopt the amendments on 1 January 2027.

IFRS 19 Subsidiaries without Public Accountability

The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the accounting standards in its consolidated financial statements. IFRS 19 is a voluntary accounting standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

The amendment is effective for annual reporting periods beginning on or after 1 January 2027. The amendment is not expected to have an impact on the financial statements of the Fund.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements

Figures in Pula	Notes	2025	2024

3. Contributions

Contributions 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

Transfers in	7,296,647	5,316,048
Transfers out	(307,049,619)	(108,197,851)
	(299,752,972)	**(102,881,803)**

5. Rental income and expenses

Rental income		
Rental income on investment property - Other	25,690,940	28,004,514
Rental income on investment property - Mmila	638,439	608,037
Interest expense - Barclays House	21,135	26,149
	26,350,514	**28,638,700**
Rental expenses*		
Repairs and maintenance"	(1,729,095)	(2,103,817)
Electricity and water	(955,494)	(289,732)
Property rates	(356,808)	(268,809)
Security expenses	(1,096,171)	(929,880)
Operating costs	(1,920,973)	(1,598,987)
Valuation fees	(495,696)	(429,718)
Legal fees	(270,968)	(104,855)
Insurance	-	(20,395)
Management fees	(1,593,481)	(1,598,858)
Total rental expenses	**(8,418,686)**	**(7,345,051)**

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

6. Administrative expenses

	2025		
	Pensioners	Active & deferred	Total
Actuarial fees	252,081	648,280	900,361
Bank charges	94,697	243,534	338,231
Communications expenses	356,304	916,315	1,272,619
Consulting and professional fees	1,838,323	4,727,651	6,565,974
Custodial services fees	463,399	1,191,733	1,655,132
Audit Fees	1,237,689	3,182,989	4,420,678
Fidelity and other Insurance premium	303,569	780,693	1,084,262
Finance cost - lease liability	121,437	312,302	433,739
Fund administration fees (Mmila Fund Administrators)	5,332,532	13,713,778	19,046,310
Legal fees	549,158	1,412,282	1,961,440
Investment consulting fees	1,319,186	3,392,577	4,711,763
IT costs - Debswana Head Office	32,427	81,602	114,029

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

	2025		
	Pensioners	Active & deferred	Total
6. Administrative expenses(Continued)			
Legal Fees	89,391	229,889	319,280
License and maintenance fees	2,062	5,304	7,366
Other expenses	2,033,437	5,231,220	7,264,657
Regulatory fees	37,038	95,251	132,289
Stationery	9,226	23,727	32,953
Travel and entertainment	283,222	728,367	1,011,589
Unitisation fees	35,855	92,208	128,063
VAT	1,544,661	3,972,437	5,517,098
Total administrative expenses	**15,935,694**	**40,982,139**	**56,917,833**

	2024		
	Pensioners	Active & deferred	Total
Actuarial fees	398,581	709,793	1,108,374
Bank charges	98,838	176,012	274,850
Communications expenses	386,847	688,900	1,075,747
Consulting and professional fees	721,848	1,285,470	2,007,318
Custodial services fees	878,898	1,565,145	2,444,043
External audit fees - current year	1,236,603	2,202,147	3,438,750
Fidelity and other Insurance premium	220,527	392,716	613,243
Finance cost - lease liability	142,465	253,701	396,166
Fund administration fees (Mmila Fund Administrators)	6,948,194	12,373,374	19,321,568
Legal Fees	98,327	175,103	273,430
IT costs - Debswana Head Office	73,644	131,144	204,788
Trustees Fees	663,569	1,181,686	1,845,255
Internal Audit - Debswana Head Office	157,778	280,972	438,750
Other expenses	1,199,987	2,136,945	3,336,932
Regulatory fees	989,960	1,762,925	2,752,885
Travel and entertainment	90,034	160,333	250,367
Trustee sitting allowances	30,817	54,879	85,696
Unitisation fees	784,069	1,396,274	2,180,343
VAT	466,849	831,368	1,298,217
Total administrative expenses	**15,587,835**	**27,758,887**	**43,346,722**

Employee costs

As at 31 December, 2025 the Fund had 12 permanent employees (2024: 11). The total cost of employment of all employees, including the executive director, was as follows:

	2025		
	Pensioners	Active & deferred	Total
Salaries, wages, bonuses and other benefits (including key management)	8,148,539	9,160,050	17,308,589
Defined contribution expense (including key management)	662,992	745,287	1,408,279
Total	**8,811,531**	**9,905,337**	**18,716,868**

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

	2024		
	Pensioners	Active & deferred	Total
6. Administrative expenses(Continued)			
Salaries, wages, bonuses and other benefits (including key management)	5,920,028	10,949,550	16,869,578
Defined contribution expense (including key management)	574,933	1,023,843	1,598,776
Total	**6,494,961**	**11,973,393**	**18,468,354**

Additional details as required.

7. Other income	2025	2024
Sundry income	222,109	277,565
	222,109	**277,565**
8. Unrealised foreign exchange gain on investment securities		
Foreign exchange (loss)/ gain on offshore investments	(385,535,535)	240,561,791
Foreign exchange losses on foreign currency denominated Bank accounts	(21,669,995)	(2,566,575)
	(407,205,530)	**237,995,216**
Unrealised fair value gains on investment securities		
Onshore equity investment	-	399,490,233
Onshore Bonds investment	209,949,214	4,904,527
Offshore equity investment	1,205,507,811	659,581,071
Total unrealised fair value gains on investment securities	**1,415,457,025**	**1,063,975,831**
Investment management fees deducted at source	(39,108,638)	(33,250,130)
Net unrealised fair value gains on investment securities	**1,376,348,387**	**1,030,725,701**
9. Income from investment securities		
Interest income		
Interest - Bonds	156,716,437	148,381,445
Interest - operating bank accounts	142,996	241,452
Interest - fund management bank accounts	1,077,989	473,766
Interest - fixed deposit	35,649,519	8,252,105
Total interest income	**193,586,941**	**157,348,768**
Accrued interest	(15,937,669)	(42,153,811)
Interest received	**177,649,272**	**115,194,957**
Dividend income		
Onshore investments	120,639,497	146,254,988
Unlisted equities	51,246,280	48,543,119
Total dividend income	**171,885,777**	**194,798,107**
10. Investment security proceeds and purchases Redemptions and capital contributions		
Proceeds from sale of investment securities - Redemptions		
On shore equity	-	61,000,000
Off shore equity	1,387,401,805	428,362,535
Money market	10,000,000	-
	1,397,401,805	**489,362,535**

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

	2025	2024
10. Investment security proceeds and purchases Redemptions and capital contributions(Continued)		
Purchases of investment securities - capital contribution		
On shore fixed income	50,000,000	150,000,000
On shore equity	-	16,236,263
Off shore equity	20,492,977	308,286,345
	70,492,977	**474,522,608**

11. Property, plant and equipment

Original cost	**Motor vehicles** P	**Fixtures and Fittings** P	**Office equipment** P	**Total** P
Opening Balance at 1 January 2025	724,349	547,246	2,257,575	3,529,170
Additions	-	1,411,561	525,222	1,936,783
31 December, 2025	**724,349**	**1,958,807**	**2,782,797**	**5,465,953**
Accumulated depreciation				
Opening Balance at 1 January 2025	(688,139)	(447,645)	(1,709,594)	(2,845,378)
Charge for the year		(38,455)	(214,137)	(252,592)
As at 31 December, 2025	**(688,139)**	**(486,100)**	**(1,923,731)**	**(3,097,970)**
Net book Value	**36,210**	**1,472,707**	**859,066**	**2,367,983**
Opening Balance at 1 January 2024	724,349	543,246	1,958,586	3,226,181
Additions	-	4,000	298,989	302,989
Adjustments	-	-	-	-
At 31 December 2024	**724,349**	**547,246**	**2,257,575**	**3,529,170**
Accumulated depreciation				
Opening Balance at 1 January 2024	(688,139)	(430,833)	(1,547,267)	(2,666,239)
Charge for the year	-	(16,812)	(162,327)	(179,139)
As at 31 December 2024	**(688,139)**	**(447,645)**	**(1,709,594)**	**(2,845,378)**
Net book Value	**36,210**	**99,601**	**547,981**	**683,792**

No assets are pledged as security.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

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.

Amounts recognised in the statement of net assets available for benefits

	2025	2024
Lease liability		
Building	4,141,694	4,396,603
Amounts recognised in the statement of changes in net assets available for benefits		
Finance cost	433,739	396,166
lease liability		
Opening balance	4,396,603	4,689,085
Rental payments	(688,648)	(688,648)
Finance cost	433,739	396,166
Closing balance	**4,141,694**	**4,396,603**
Lease liability maturity analysis: Lessee		
Rental payments due within 1 year	661,949	661,949
Rental payments due within 2 - 5 years	2,647,796	2,647,797
Rental payments due over 5 years	2,647,796	3,274,631
Total future rental payments	**5,957,541**	**6,584,377**
Less: Total finance costs allocated to future periods	(1,815,847)	(2,187,775)
Lease liability at 31 December	**4,141,694**	**4,396,603**

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.

Opening Balance	298,046	359,113
Effective interest income	21,135	26,149
Less: Cash received	(82,203)	(87,216)
Closing balance	**236,978**	**298,046**

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;

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

	2025	2024
13. Financial assets at amortised cost (Continued)		
Rent paid	688,648	688,648
Loan interest	(21,135)	(26,149)
Capital repayments	(61,068)	(61,067)
Net rental payment	**606,445**	**601,432**

Expected Credit Loss Assessment 31 December 2025

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	236,978	0.43%	1,019

Conclusion: ECL is very negligible at P1,019 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 2024

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	298,046	0.43%	1,282

Conclusion: ECL is very negligible at P1,282. A low ECL indicates that the fair value of the loan is not materially different from the amortised cost value.

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

14. Investments in equity securities

The following is a list of all the unlisted equities of the Fund:

Name of company	Principal activity	% Ownership interest 2025	Ownership interest 2024	Fair value accounting carrying amount 2025	Fair value accounting carrying amount 2024
Healthcare Holdings (Proprietary) Limited	Medical and Real estate	58.15%	58.15%	114,301,830	124,660,000
Mmila Fund Administrators (Proprietary) Limited	Fund administration	100.00%	100.00%	30,966,319	30,697,649
Sphinx Associates (Proprietary) Limited	Real estate	25.00%	25.00%	25,314,000	22,100,000
Barclays House	Real estate	13.98%	13.98%	7,009,270	8,800,000
DBN	Real estate	66.67%	66.67%	84,961,910	100,640,000
Engen Maun	Real estate	25.00%	25.00%	9,075,690	10,020,000
Engen Palapye	Real estate	20.00%	20.00%	12,498,710	14,860,000
Francistown retail	Real estate	75.00%	75.00%	25,526,310	27,660,000
				309,654,039	**339,437,649**

	2025	2024
Balance at the beginning of the year	339,437,649	217,000,000
Mmila Fund Administrators (Proprietary) Limited - fair value gains	268,670	3,897,649
Sphinx Associates (Proprietary) Limited - fair value gain/ (loss)	3,214,000	(8,500,000)
Healthcare Holdings (Proprietary) Limited - fair value losses	(10,358,170)	(25,340,000)
Partnership Investments	-	153,180,000
Partnership Investments - fair value losses	(21,117,380)	-
Barclays House - fair value losses	(1,790,730)	(800,000)
Fair value movement for the year	(29,783,610)	122,437,649
Balance at the end of the year	**309,654,039**	**339,437,649**
Barclays House	(1,790,730)	(800,000)
Mmila Fund Administrators (Proprietary) Limited	268,670	1,897,649
Sphinx Associates (Proprietary) Limited	3,214,000	(8,500,000)
Partnership Investments	(21,117,380)	(21,145,438)
Healthcare Holdings (Proprietary) Limited	(10,358,170)	(25,340,000)
Fair value losses from unlisted equities	(29,783,610)	(53,087,789)
Total fair value(losses)/gains from unlisted equities	**(29,783,610)**	**(53,887,789)**

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

15. Investment property

	2025	2024
Investment properties at fair value		
Freehold and leasehold buildings	318,759,332	300,299,994
Leasehold land and buildings -unlisted equities	-	166,615,420
Reclassification-leasehold land and buildings -unlisted equities* (Note 14)	-	(166,615,420)
Barclays house fair value-ROU	3,285,497	4,294,986
Total investment properties	**322,044,829**	**304,594,980**

The fair value of the investment properties as at 31 December 2025 and 31 December 2024 were arrived at on the basis of valuations carried out at the respective dates by Apex properties 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	322,044,829	304,594,980
Reconciliation of fair value measurements categorised within Level 3 of fair value hierarchy		
Balance at the beginning of the year	304,594,980	469,138,848
Movement in fair valuation of investment properties	(10,630,000)	(12,716,089)
Partnership Investments	(1,009,489)	(166,615,420)
Depreciation right of use asset- Barclay House	-	-
Reclassification to other receivables - prepaid land (Letlhakane)	-	(3,737,500)
Fair value movement of right of use asset- Barclay House	-	(75,320)
Total Fair value movements	**(1,009,489)**	**(170,428,240)**
Additions	29,089,338	18,600,461
Balance at the end of the year	**322,044,829**	**304,594,980**

Gains and losses arising from fair valuation of investment properties are shown as a separate line in Note 29.

Unrealised gains on fair valuation of investment properties		
Depreciation of right of use asset- Barclay House"	(10,630,000)	(12,716,089)
Property operating costs relating to rental income are as follows;		
Direct property costs	5,784,463	4,922,416
Indirect property costs	2,634,223	2,422,635
	8,418,686	**7,345,051**

31 December, 2025

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

31 December, 2024

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

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For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

15. Investment property (Continued)

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 35 of the financial statements. There are no restrictions associated with the realisability 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.

16. Investment securities

Onshore equity investments

	2025			2024		
	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total
Allan Gray Botswana	1,151,630,371	260,151,237	1,411,781,608	839,251,277	260,151,237	1,099,402,514
Ninety One Botswana Proprietary Limited	543,308,848	122,732,496	666,041,344	433,835,995	134,480,547	568,316,542
Morula Capital Partners	545,355,807	123,194,900	668,550,707	440,589,809	136,574,095	577,163,904
IPRO Botswana	289,041,380	65,293,930	354,335,310	215,888,033	133,197,865	349,085,898
	2,529,336,406	**571,372,563**	**3,100,708,969**	**1,929,565,114**	**664,403,744**	**2,593,968,858**
Onshore bonds investments						
Ninety One Botswana Proprietary Limited	470,285,166	394,781,108	865,066,274	463,216,342	394,781,108	857,997,450
Botswana Insurance Fund Management Limited	645,451,088	541,824,228	1,187,275,316	684,774,284	583,606,248	1,268,380,532
	1,115,736,254	**936,605,336**	**2,052,341,590**	**1,147,990,626**	**978,387,356**	**2,126,377,982**
Offshore bonds investments						
BlueBay Asset Management	152,548,466	140,813,969	293,362,435	208,168,040	72,929,799	281,097,839
Pimco Funds	93,296,817	41,713,758	135,010,575	31,754,351	99,152,835	130,907,186
	245,845,283	**182,527,727**	**428,373,010**	**239,922,391**	**172,082,634**	**412,005,025**

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For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

16. Investment securities (Continued)

Offshore equity investments

	2025			2024		
	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total
American Century Emerging Markets	193,357,364	86,451,637	279,809,001	152,674,198	68,261,865	220,936,063
American Century Global Growth	382,975,869	171,231,600	554,207,469	432,779,236	190,881,416	623,660,652
CBRE Group Inc	139,338,740	62,299,474	201,638,214	201,439,478	-	201,439,478
Coronation Asset Management Proprietary Limited	33,266,284	14,873,624	48,139,908	24,933,203	6,738,505	31,671,708
Marathon Asset Management Limited	383,852,335	171,623,474	555,475,809	427,983,418	188,766,174	616,749,592
Morgan Stanley Investment Management Limited	473,116,662	211,534,275	684,650,937	370,438,541	165,626,058	536,064,599
Ninety One UK Limited	62,135,389	27,781,233	89,916,622	51,333,368	17,984,183	69,317,551
Orbis Investment Management Limited	369,503,618	165,208,047	534,711,665	452,785,129	199,705,206	652,490,335
State Street Global Advisors	359,438,640	160,707,915	520,146,555	716,286,205	315,924,872	1,032,211,077
Steyn Capital Management Proprietary Limited	34,695,964	15,512,846	50,208,810	23,450,504	6,337,787	29,788,291
Schroder Investment Management Limited	156,304,740	69,885,110	226,189,850	132,339,360	46,363,904	178,703,264
Vantage Capital Fund II	16,844,788	7,531,440	24,376,228	16,258,942	4,394,179	20,653,121
Veritas Asset Management	522,947,047	233,813,842	756,760,889	683,430,086	301,433,367	984,863,453
Walter Scott & Partners Limited	435,588,607	194,755,179	630,343,786	428,529,357	189,006,966	617,536,323
Vantage Mezzanine IV Pan African Sub Fund	45,849,657	20,499,751	66,349,408	36,769,427	9,937,390	46,706,817
Vantage Mezzanine IV Southern African Sub-Fund	18,866,858	8,435,524	27,302,382	15,395,944	4,160,943	19,556,887
	3,628,082,562	**1,622,144,971**	**5,250,227,533**	**4,166,826,396**	**1,715,522,815**	**5,882,349,211**

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Notes to the Annual Financial Statements Continued

16. Investment securities (Continued)

Offshore

	2025			2024		
	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total	Pension plan assets (IAS 26) Active & deferred	Financial assets @ FVTPL Pensioners	Total
Money market funds and money market instruments						
Morula Capital Partners	28,695,927	12,830,181	41,526,108	15,648,341	4,850,675	20,499,016
Vunani Fund Managers	22,938,527	10,256,001	33,194,528	651,567	1,975,389	2,626,956
Allan Gray Botswana	24,420,218	10,918,477	35,338,695	33,989,727	10,536,141	44,525,868
Botswana Insurance Fund Management Limited	53,492,234	23,916,811	77,409,045	25,336,361	21,593,186	46,929,547
Ninety One Botswana Proprietary Limited	77,787,571	34,779,450	112,567,021	65,545,962	55,862,251	121,408,213
Kgori Capital	6,921,212	3,094,529	10,015,741	-	-	
	214,255,689	**95,795,449**	**310,051,138**	**141,171,958**	**94,817,642**	**235,989,600**
Cash balances held with Asset Managers						
Botswana Insurance Fund Management Limited	30,422,138	13,601,983	44,024,121	3,720,714	3,171,019	6,891,733
Morula Capital Partners	(222,679)	(99,561)	(322,240)	588,874	182,539	771,413
Allan Gray Botswana	24,931,525	11,147,086	36,078,611	14,965,047	4,638,868	19,603,915
Ninety One Botswana Proprietary Limited	15,515,300	6,937,016	22,452,316	15,718,367	13,396,148	29,114,515
	70,646,284	**31,586,524**	**102,232,808**	**34,993,002**	**21,388,574**	**56,381,576**
Total Investment securities	**7,803,902,478**	**3,440,032,570**	**11,243,935,048**	**7,660,469,486**	**3,646,602,765**	**11,307,072,251**

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For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

	2025	2024
17. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances - Pula denominated	29,015,824	171,964,919
Bank balances - US Dollar denominated	132,559,195	57,082,408
Bank balances - ZAR denominated	7,559,505	18,880
	169,134,524	229,066,207
Total cash and cash equivalents	**169,134,524**	**229,066,207**
18. Operating lease asset		
Opening balance	2,852,301	1,732,865
Movement for the year	2,419,807	1,119,436
Closing balance	**5,272,108**	**2,852,301**
19. Other receivables		
Advance benefit payments	2,154,378	2,158,400
Expected credit loss (ECL) - advance benefit payments	(2,154,378)	(2,234,689)
Advance benefit payments and contributions receivables - net	-	(76,289)
Property rentals receivable	12,033,015	9,712,567
Impairment on receivables (Expected Credit Loss)	(10,808,229)	(8,093,725)
Net property rentals receivable	1,224,786	1,618,842
Interest receivable	694,398	694,398
Property partnership receivables at beginning of the period	-	7,710,016
Share of partnership profit/(losses)	-	3,332,359
Property partnership receivables at the end of the period	-	11,042,375
Sundry receivables	31,973,643	22,667,866
	33,892,827	**35,947,192**
Movement in impairment of other receivables		
Opening balance	8,093,725	4,761,366
Movement for the year	4,400,850	3,332,359
Written off during the year	(1,686,346)	-
At the end of the year	**10,808,229**	**8,093,725**

20. Insurance contract liability

Disclosure Note : Insurance contract liability (Annuity with Joint life features) as at 31 December, 2025

	Liability for remaining coverage			
	Excluding loss component	**Loss Component**	**Liability for incurred claims**	**Total insurance liability**
Opening balance at 1 January, 2025	**773,646,297**	**-**	**1,697,953**	**775,344,250**
Insurance revenue	**(105,147,528)**	**-**	**-**	**(105,147,528)**
Expected benefit claims for the period -				
Post guarantee period	(90,223,651)	-	-	(90,223,651)
Expected operating expenses for the period	(6,091,793)	-	-	(6,091,793)
CSM recognised for services provided during the period	(7,741,012)	-	-	(7,741,012)
Change in risk adjustment for non-financial risk for risk expired	(1,091,072)	-	-	(1,091,072)

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

20. Insurance contract liability (Continued)

	Liability for remaining coverage			
	Excluding loss component	Loss Component	Liability for incurred claims	Total insurance liability
Insurance Service Expenses	**-**	**-**	**90,028,594**	**90,028,594**
Expected benefit claims for the period - Post guarantee period	-	-	90,223,651	90,223,651
Experience adjustment relating to expected benefit claims post guarantee	-	-	(6,653,725)	(6,653,725)
Actual benefit claims for the period - Post guarantee period	-	-	83,569,926	83,569,926
Expected operating expenses for the period	-	-	6,091,793	6,091,793
Experience adjustment relating expected operating expenses	-	-	366,875	366,875
Actual operating expenses incurred for the period			6,458,668	6,458,668
Insurance finance expense	**(74,016,546)**	**-**	**-**	**(74,016,546)**
Accretion of interest before interest rate changes	37,996,378	-	-	37,996,378
Impact of interest rates changes & other financial assumptions	(112,012,924)	-	-	(112,012,924)
Total change in net asset available for benefits from insurance activities	**(179,164,074)**	**-**	**90,028,594**	**(89,135,480)**
Cashflow/Transfers from Fund Account				
Annuity premiums received	40,049,063	-	-	40,049,063
Benefits claims paid to annuitants	-	-	(83,710,151)	(83,710,151)
Insurance operating expenses paid	-	-	(6,458,668)	(6,458,668)
Total cashflows/transfers from Fund Account	**40,049,063**	**-**	**(90,168,819)**	**(50,119,756)**
Closing balance at 31 December, 2025	**634,531,286**	**-**	**1,557,728**	**636,089,014**
Current portion				**90,028,594**
Long term portion				**546,060,420**

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

20. Insurance contract liability (Continued)

Disclosure Note : Insurance contract liability (Annuity with Guarantee features) as at 31 December, 2025

	Liability for remaining coverage			
	Excluding loss component	**Loss Component**	**Liability for incurred claims**	**Total insurance liability**
Opening balance at 1 January, 2025	1,905,132,135	-	24,811,592	1,929,943,727
Insurance revenue	**(210,702,096)**	**-**	**-**	**(210,702,096)**
Expected benefit claims for the period - Post guarantee period	(106,342,021)	-	-	(106,342,021)
Expected operating expenses for the period	(16,079,534)	-	-	(16,079,534)
CSM recognised for services provided during the period	(86,058,367)	-	-	(86,058,367)
Change in risk adjustment for non-financial risk for risk expired				
Systematic reversal of loss component	(2,222,174)	-	-	(2,222,174)
		-	-	-
Insurance Service Expenses	**-**	**11,389,350**	**122,607,515**	**133,996,865**
Expected benefit claims for the period - Post guarantee period	-	-	106,342,021	106,342,021
Experience adjustment relating to expected benefit claims post guarantee	-	-	(2,023,063)	(2,023,063)
Actual benefit claims for the period - Post guarantee period	-	-	104,318,958	104,318,958
Expected operating expenses for the period	-	-	16,079,534	16,079,534
Experience adjustment relating expected operating expenses	-	-	2,209,023	2,209,023
Actual operating expenses incurred for the period			18,288,557	18,288,557
Systematic reversal of loss component				
Losses on onerous contracts during the year	-	11,389,350	-	11,389,350
Insurance finance expense	**(62,016,579)**	**(42,686)**	**-**	**(62,059,265)**
Accretion of interest before interest rate changes	133,491,163	461,783	-	133,952,946
Impact of interest rates changes & other financial assumptions	(195,507,742)	(504,469)	-	(196,012,211)
Total change in net asset available for benefits from insurance activitives	**(272,718,675)**	**11,346,664**	**122,607,515**	**(138,764,496)**
Investment components	**(151,718,312)**	**-**	**151,718,312**	**-**
Expected investment benefit claims during guaranteed period	(177,993,892)	-	177,993,892	-
Unexpected investment benefit claims during the guarantee	-	-	-	-
period Experience adjustment relating to investment component	26,275,580	-	(26,275,580)	-
Cashflow/Transfers from Fund Account				
Annuity premiums received	895,327,523	-	-	895,327,523
Benefits claims paid to annuitants	-	-	(259,212,324)	(259,212,324)
Insurance operating expenses paid	-	-	(18,288,557)	(18,288,557)
Total cashflows/transfers from Fund Account	**895,327,523**	**-**	**(277,500,881)**	**617,826,642**
Closing balance at 31 December, 2025	**2,376,022,671**	**11,346,664**	**21,636,538**	**2,409,005,873**
Current portion				**285,686,588**
Long term portion				**2,123,319,285**

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For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

20. Insurance contract liability (Continued)

Disclosure Note : Insurance contract liability (Annuity with Joint life features)as at 31 December, 2024

	Liability for remaining coverage			
	Excluding loss component	Loss Component	Liability for incurred claims	Total insurance liability
Opening balance at 1 January, 2024	**809,826,107**	**-**	**1,584,534**	**811,410,641**
Insurance revenue	**(96,150,395)**	**-**	**-**	**(96,150,395)**
Expected benefit claims for the period - Post guarantee period	(77,889,253)	-	-	(77,889,253)
Expected operating expenses for the period	(5,960,865)	-	-	(5,960,865)
CSM recognised for services provided during the period	(11,350,272)	-	-	(11,350,272)
Change in risk adjustment for non-financial risk for risk expired	(950,005)	-	-	(950,005)
Insurance Service Expenses	**-**	**-**	**84,031,404**	**84,031,404**
Expected benefit claims for the period - Post guarantee period	-	-	77,889,253	77,889,253
Experience adjustment relating to expected benefit claims post guarantee	-	-	(190,259)	(190,259)
Actual benefit claims for the period - Post guarantee period	-	-	77,698,994	77,698,994
Expected operating expenses for the period	-	-	5,960,865	5,960,865
Experience adjustment relating expected operating expenses	-	-	371,546	371,546
Actual operating expenses incurred for the period	-	-	6,332,411	6,332,411
Insurance finance expense	**43,031,299**	**-**	**-**	**43,031,299**
Accretion of interest before interest rate changes	23,503,706	-	-	23,503,706
Impact of interest rates changes & other financial assumptions	19,527,593	-	-	19,527,593
Total change in net asset available for benefits from insurance activities	**(53,119,096)**	**-**	**84,031,404**	**30,912,308**
Cashflow/Transfers from Fund Account				
Annuity premiums received	16,939,286	-	-	16,939,286
Benefits claims paid to annuitants	-	-	(77,585,575)	(77,585,575)
Insurance operating expenses paid	-	-	(6,332,411)	(6,332,411)
Total cashflows/transfers from Fund Account	**16,939,286**	**-**	**(83,917,986)**	**(66,978,700)**
Closing balance at 31 December, 2024	**773,646,297**	**-**	**1,697,953**	**775,344,250**
Current portion				**84,031,405**
Long term portion				**691,312,845**

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

20. Insurance contract liability (Continued)

Disclosure Note : Insurance contract liability (Annuity with Guarantee features)as at 31 December, 2024

	Liability for remaining coverage			
	Excluding loss component	Loss Component	Liability for incurred claims	Total insurance liability
Opening balance at 1 January, 2024	**1,854,321,453**	**-**	**18,785,103**	**1,873,106,556**
Insurance revenue	**(139,478,641)**	**-**	**-**	**(139,478,641)**
Expected benefit claims for the period - Post guarantee period	(89,737,253)	-	-	(89,737,253)
Expected operating expenses for the period	(14,269,910)	-	-	(14,269,910)
CSM recognised for services provided during the period	(33,746,339)	-	-	(33,746,339)
Change in risk adjustment for non-financial risk for risk expired	(1,725,139)	--		(1,725,139)
Insurance Service Expenses	**-**	**-**	**106,071,216**	**106,071,216**
Expected benefit claims for the period - Post guarantee period	-	-	89,737,253	89,737,253
Experience adjustment relating to expected benefit claims post guarantee	-	-	583,577	583,577
Actual benefit claims for the period - Post guarantee period	-	-	90,320,830	90,320,830
Expected operating expenses for the period	-	-	14,269,910	14,269,910
Experience adjustment relating expected operating expenses	-	-	1,480,475	1,480,475
Actual operating expenses incurred for the period			15,750,385	15,750,385
Insurance finance expense	**184,616,361**	**-**	**-**	**184,616,361**
Accretion of interest before interest rate changes	54,113,434	-	-	54,113,434
Impact of interest rates changes & other financial assumptions	130,502,927	-	-	130,502,927
Total change in net asset available for benefits from insurance activities	**45,137,720**	**-**	**106,071,216**	**151,208,936**
Investment components	**(126,596,346)**	**-**	**126,596,346**	**-**
Expected investment benefit claims during guaranteed period	**(129,214,305)**	**-**	**129,214,305**	**-**
Experience adjustment relating to investment component	**2,617,959**	**-**	**(2,617,959)**	**-**
Cashflow/Transfers from Fund Account				
Annuity premiums received	132,269,308	-	-	132,269,308
Benefits claims paid to annuitants	-	-	(210,890,688)	(210,890,688)
Insurance operating expenses paid	-	-	(15,750,385)	(15,750,385)
Total cashflows/transfers from Fund Account	**132,269,308**	**-**	**(226,641,073)**	**(94,371,765)**
Closing balance at 31 December, 2024	**1,905,132,135**	**-**	**24,811,592**	**1,929,943,727**
Current portion				**218,951,557**
Long term portion				**1,710,992,170**

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For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

20. Insurance contract liability (Continued)

Disclosure Note : Insurance contract liability (Annuity with Joint life features)as at 31 December, 2025

	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, 2025	**737,815,402**	**5,887,460**	**31,641,388**	**775,344,250**
Changes that relate to current services	**(6,286,850)**	**(1,091,072)**	**(7,741,012)**	**(15,118,934)**
Contractual service margin recognised for services provided	-	-	(7,741,012)	(7,741,012)
Risk adjustment recognised for the risk expired	-	(1,091,072)		(1,091,072)
Experience adjustment relating to expected benefit claims post guarantee	(6,653,725)	-	-	(6,653,725)
Experience adjustment relating to expected operating expenses	366,875	-	-	366,875
Changes that relate to future services	**3,857,667**	**2,930,707**	**(6,788,374)**	**-**
Contracts initially recognised in the period	(11,861,191)	319,397	11,541,794	-
Changes in estimates that adjust the contractual service margin	15,718,858	2,611,310	(18,330,168)	-
Insurance finance expense	**(74,524,365)**	**(844,712)**	**1,352,531**	**(74,016,546)**
Accretion of interest before interest rate changes	36,233,287	410,560	1,352,531	37,996,378
Impact of interest rates changes & other financial assumptions	(110,757,652)	(1,255,272)	-	(112,012,924)
Total change in net asset available for benefits from insurance activities	**(76,953,548)**	**994,923**	**(13,176,855)**	**(89,135,480)**
Cashflow/transfers from Fund Account	**(50,119,756)**	**-**	**-**	**(50,119,756)**
Annuity premiums received	40,049,063	-	-	40,049,063
Benefits claims paid to annuitants	(83,710,151)	-	-	(83,710,151)
Insurance operating expenses paid	(6,458,668)	-	-	(6,458,668)
Closing balance at 31 December, 2025	**610,742,098**	**6,882,383**	**18,464,533**	**636,089,014**
Current portion				**90,028,594**
Long term portion				**546,060,420**

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

20. Insurance contract liability (Continued)

Disclosure Note : Insurance contract liability (Annuity with Guarantee features)as at 31 December, 2025

	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, 2025	**1,750,465,877**	**10,500,131**	**168,977,719**	**1,929,943,727**
Changes that relate to current services	**(6,286,850)**	**(1,091,072)**	**(7,741,012)**	**(15,118,934)**
Contractual service margin recognised for services provided	-	-	(7,741,012)	(7,741,012)
Risk adjustment recognised for the risk expired	-	(1,091,072)	-	(1,091,072)
Experience adjustment relating to expected benefit claims post guarantee	(6,653,725)	-	-	(6,653,725)
Experience adjustment relating to expected operating expenses	366,875	-	-	366,875
Changes that relate to future services	**(181,481,858)**	**3,214,992**	**189,656,216**	11,389,350
Contracts initially recognised in the period	(168,092,276)	5,379,359	162,712,917	-
Changes in estimates that adjust the contractual service margin	(24,778,932)	(2,164,367)	26,943,299	-
Changes in estimates that do not adjust the contractual service margin	11,389,350			11,389,350
Insurance finance expense	**(82,832,540)**	**(615,949)**	**21,389,224**	**(62,059,265)**
Accretion of interest before interest rate changes	111,737,203	826,519	21,389,224	133,952,946
Impact of interest rates changes & other financial assumptions	(194,569,743)	(1,442,468)	-	(196,012,211)
Total change in net asset available for benefits from insurance activities	**(270,601,248)**	**1,507,971**	**203,304,428**	**(65,788,849)**
Cashflow/transfers from Fund Account	**(50,119,756)**	**-**	**-**	**(50,119,756)**
Annuity premiums received	40,049,063	-	-	40,049,063
Benefits claims paid to annuitants	(83,710,151)	-	-	(83,710,151)
Insurance operating expenses paid	(6,458,668)	-	-	(6,458,668)
Closing balance at 31 December, 2025	**1,429,744,873**	**12,008,102**	**372,282,147**	**1,814,035,122**

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Notes to the Annual Financial Statements Continued

20. Insurance contract liability (Continued)

Disclosure Note : Insurance contract liability (Annuity with Joint life features)as at 31 December, 2024

	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, 2024	**697,605,486**	**7,878,397**	**105,926,758**	**811,410,641**
Changes that relate to current services	**181,286**	**(950,005)**	**(11,350,272)**	**(12,118,991)**
Contractual service margin recognised for services provided	-	-	(11,350,272)	(11,350,272)
Risk adjustment recognised for the risk expired	-	(950,005)		(950,005)
Experience adjustment relating to expected benefit claims post guarantee	(190,259)	-	-	(190,259)
Experience adjustment relating to expected operating expenses	371,546	-	-	371,546
Changes that relate to future services	**65,213,132**	**939,086**	**(66,152,218)**	**-**
Contracts initially recognised in the period	(6,529,466)	117,954	6,411,512	-
Changes in estimates that adjust the contractual service margin	71,742,598	821,132	(72,563,730)	-
Insurance finance expense	**41,794,197**	**(1,980,018)**	**3,217,120**	**43,031,299**
Accretion of interest before interest rate changes	20,059,294	227,292	3,217,120	23,503,706
Impact of interest rates changes & other financial assumptions	21,734,903	(2,207,310)	-	19,527,593
Total change in net asset available for benefits from insurance activities	**107,188,615**	**(1,990,937)**	**(74,285,370)**	**30,912,308**
Cashflow/transfers from Fund Account	**(66,978,700)**	**-**	**-**	**(66,978,700)**
Annuity premiums received	16,939,286	-	-	16,939,286
Benefits claims paid to annuitants	(77,585,575)	-	-	(77,585,575)
Insurance operating expenses paid	(6,332,411)	-	-	(6,332,411)
Closing balance at 31 December 2024	**737,815,402**	**5,887,4603**	**1,641,388**	**775,344,250**

Disclosure Note : Insurance contract liability (Annuity with Guarantee features)as at 31 December, 2024

Opening balance at 1 January, 2024	**1,635,354,984**	**11,957,769**	**225,793,806**	**1,873,106,559**
Changes that relate to current services	**2,064,053**	**(1,725,139)**	**(33,746,339)**	**(33,407,425)**
Contractual service margin recognised for services provided	-	-	(33,746,339)	(33,746,339)
Risk adjustment recognised for the risk expired	-	(1,725,139)		(1,725,139)
Experience adjustment relating to expected benefit claims post guarantee	583,577	-	-	583,577
Experience adjustment relating to expected operating expenses	1,480,475	-	-	1,480,475
Changes that relate to future services	**29,884,246**	**1,157,960**	**(31,042,206)**	**-**
Contracts initially recognised in the period	(10,918,094)	897,635	10,020,459	-
Changes in estimates that adjust the contractual service margin	40,802,340	260,325	(41,062,665)	-
Insurance finance expense	**177,534,359**	**(890,459)**	**7,972,458**	**184,616,358**
Accretion of interest before interest rate changes	45,802,174	338,799	7,972,458	54,113,431
Impact of interest rates changes & other financial assumptions	131,732,185	(1,229,258)	-	130,502,927
Total change in net asset available for benefits from insurance activities	**209,482,658**	**(1,457,638)**	**(56,816,087)**	**151,208,933**
Cashflow/transfers from Fund Account	**(94,371,765)**	**-**	**-**	**(94,371,765)**
Annuity premiums received	132,269,308	-	-	132,269,308
Benefits claims paid to annuitants	(210,890,688)	-	-	(210,890,688)
Insurance operating expenses paid	(15,750,385)	-	-	(15,750,385)
Closing balance at 31 December 2024	**1,750,465,876**	**10,500,131**	**168,977,719**	**1,929,943,727**

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21. Management fees

	2025			2024		
	Active & deferred	Pensioners	Total	Active & deferred	Pensioners	Total
Onshore asset management fees						
Allan Gray	6,887,152	355,216	7,242,368	5,774,069	297,807	6,071,876
Ninety-One	7,662,187	395,191	8,057,378	5,732,525	295,664	6,028,189
Morula Capital	4,396,459	226,754	4,623,213	2,643,631	136,350	2,779,981
Botswana Insurance Fund Management Limited	5,743,634	296,237	6,039,871	5,460,194	281,618	5,741,812
Kgori	2,086	108	2,194	-	-	-
Total onshore asset management fees	**24,691,518**	**1,273,506**	**25,965,024**	**19,610,419**	**1,011,439**	**20,621,858**
Offshore asset management fees						
BlueBay Asset Management	1,675,322	86,407	1,761,729	1,388,623	71,620	1,460,243
Pimco Funds	625,382	32,255	657,637	533,790	27,531	561,321
American Century Emerging Markets	1,943,635	100,245	2,043,880	1,496,189	77,168	1,573,357
American Century Global Growth	4,591,547	236,815	4,828,362	4,651,750	239,922	4,891,672
CBRE	411,142	21,205	432,347	834,636	43,048	877,684
Coronation Asset Management Proprietary Limited	566,894	29,238	596,132	366,711	18,914	385,625
Marathon Asset Management Limited	1,530,461	78,936	1,609,397	1,587,247	81,864	1,669,111
Morgan Stanley Investment Management Limited	5,150,262	265,631	5,415,893	4,032,068	207,960	4,240,028
Ninety One China Equity	575,276	29,671	604,947	274,362	14,151	288,513
Orbis Investment Management Limited	5,356,282	276,257	5,632,539	2,537,158	130,858	2,668,016
State Street Global Advisors	808,185	41,683	849,868	1,036,469	53,458	1,089,927
Vantage IV Pan African Sub Fund	-	-	-	393,352	20,288	413,640

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Notes to the Annual Financial Statements Continued

21.Management fees (Continued)

	2025			2024		
	Active & deferred	Pensioners	Total	Active & deferred	Pensioners	Total
Vantage IV Southern African Sub Fund	-	-	-	423,548	21,845	445,393
Steyn Capital Management Proprietary Limited	561,913	28,981	590,894	323,291	16,674	339,965
Schroder Investment Management Limited	2,417,093	124,665	2,541,758	1,799,935	92,835	1,892,770
Veritas Asset Management	6,589,268	339,850	6,929,118	5,916,812	305,169	6,221,981
Walter Scott & Partners Limited	4,387,829	226,308	4,614,137	4,023,372	207,512	4,230,884
Total offshore asset management fees	**37,190,491**	**1,918,147**	**39,108,638**	**31,619,313**	**1,630,817**	**33,250,130**

22. Losses on disposal of investment securities

	2025			2024		
	Active & deferred	Pensioners	Total	Active & deferred	Pensioners	Total
Bonds						
BBS Bank	320,676	16,539	337,215	-	-	-
Botswana Government	3,356,394	173,112	3,529,506	16,611,239	856,751	17,467,990
First National Bank of Botswana	17,599	908	18,507	3,364	174	3,538
Letshego Holdings Limited	3,697	191	3,888	-	-	-
Standard Chartered Bank Botswana Ltd 02 Jun	6,954	359	7,313	-	-	-
Prime time property	-	-	-	2,746	141	2,887
Debt Participation Capital Fun	266,088	13,724	279,812	-	-	-
Botswana Housing Corporation	48,529	2,503	51,032	-	-	-
	4,019,937	**207,336**	**4,227,273**	**16,617,349**	**857,066**	**17,474,415**

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Notes to the Annual Financial Statements Continued

22. Losses on disposal of investment securities (Continued)

	2025			2024		
	Active & deferred	Pensioners	Total	Active & deferred	Pensioners	Total
Equities						
CA Sales	733,292	37,821	771,113	-	-	-
First National Bank of Botswana	-	-	-	2,085	108	2,193
Ninety One Ltd	-	-	-	5,475,644	282,416	5,758,060
New African property	42,625	2,198	44,823	-	-	-
Sechaba Breweries Holdings Ltd	740	15,130	15,870	-	-	-
The Far Property Co Ltd	-	-	-	9,102	470	9,572
Turnstar	-	-	-	386,149	19,917	406,066
Engen	37,605	1,939	39,544	2,971	153	3,124
Letlole la rona	-	-	-	1,074	56	1,130
Stanbic Bank Botswana	-	-	-	15,315	790	16,105
Lucara Diamond Corp	-	-	-	8,965,495	462,410	9,427,905
Sefalana Holding Co Ltd	-	-	-	1,506	78	1,584
Anglo American plc	-	-	-	5,649,006	291,357	5,940,363
BIHL	-	-	-	2,009	103	2,112
Botswana PLC Diamond	257	13	270	-	-	-
	814,519	**57,101**	**871,620**	**20,510,356**	**1,057,858**	**21,568,214**
Total losses on disposal of investment securities	**4,834,456**	**264,437**	**5,098,893**	**37,127,705**	**1,914,924**	**39,042,629**

23. 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.

Discount rates

Years	1	2	3	4	5	6	7	8	9	10
31 Dec 2025	9.73%	10.19%	10.45%	10.64%	10.80%	10.93%	11.03%	11.12%	11.20%	11.26%
31 Dec 2024	4.99%	5.99%	6.67%	6.98%	7.31%	7.58%	7.80%	7.99%	8.16%	8.31%

Years	11	12	13	14	15	16	17	18	19	20
31 Dec 2025	11.32%	11.38%	11.44%	11.49%	11.53%	11.58%	11.62%	11.65%	11.69%	11.73%
31 Dec 2024	8.45%	8.58%	8.69%	8.80%	8.99%	8.99%	9.08%	8.58%	9.24%	9.32%

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For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

23. Discount rates (Continued)

Liquidity Premium		
Liquidity premium - single rate	0.00%	2025
Liquidity premium - single rate	0.00%	2024

24. Projected CSM Release

31 December, 2025	< 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	18,464,533	18,005,804	16,585,647	14,120,066	10,660,258
CSM Unwind	1,511,366	4,780,195	7,593,137	9,014,583	18,624,297
CSM Release	(1,970,095)	(6,200,352)	(10,058,716)	(12,474,391)	(29,284,555)
Closing.CSM joint life product	**18,005,804**	**16,585,647**	**14,120,068**	**10,660,258**	**-**
CSM expected to be recognised to the SCNAAFB - Guarantee product					
Opening CSM	282,575,443	282,049,292	249,669,761	189,624,795	122,414,085
CSM Unwind	24,013,982	73,897,869	109,106,215	111,087,803	188,868,586
CSM Release	(24,540,133)	(106,277,400)	(169,151,181)	(178,298,513)	(311,282,671)
Closing.CSM guarantee product	**282,049,292**	**249,669,761**	**189,624,795**	**122,414,085**	**-**
31 December, 2024					
CSM expected to be recognised to the SCNAAFB - Joint life product	31,641,389	29,846,093	24,991,242	18,259,050	11,040,258
Opening CSM	1,898,275	6,379,833	9,360,120	9,539,044	12,707,227
CSM Unwind	(3,693,571)	(11,234,684)	(16,092,312)	(16,757,836)	(23,747,484)
CSM Release	29,846,093	24,991,242	18,259,050	11,040,258	-
Closing.CSM joint life product	**59,692,186**	**49,982,484**	**36,518,100**	**22,080,516**	**-**
CSM expected to be recognised to the SCNAAFB - Guarantee product	168,977,720	158,948,766	135,595,321	98,468,293	62,075,062
Opening CSM	11,356,980	34,502,415	50,535,670	51,793,064	78,808,501
CSM Unwind	(21,394,934)	(57,855,860)	(87,662,699)	(88,186,294)	(140,883,563)
CSM Release	158,948,766	135,595,321	98,468,293	62,075,062	-
Closing.CSM guarantee product	**317,888,532**	**271,190,642**	**196,936,585**	**124,150,125**	**-**

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Notes to the Annual Financial Statements Continued

25. Insurance Revenue Disclosure

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

	Insurance revenue - 2025						
	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	83,029,094	7,194,557	**90,223,651**	106,342,021	-	**106,342,021**	**196,565,672**
Expected operating expenses for the period	5,766,341	325,452	**6,091,793**	12,043,729	4,035,805	**16,079,534**	**22,171,327**
CSM recognised for services provided during the period	3,870,240	3,870,772	**7,741,012**	19,420,246	66,638,121	**86,058,367**	**93,799,379**
Change in risk adjustment for non-financial risk for risk expired	1,005,863	85,209	**1,091,072**	1,486,567	735,607	**2,222,174**	**3,313,246**
Total Insurance Revenue	**93,671,538**	**11,475,990**	**105,147,528**	**139,292,563**	**71,409,533**	**210,702,096**	**315,849,624**

	Insurance revenue - 2024						
	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"	73,266,852	4,622,401	**77,889,253**	89,737,253	-	**89,737,253**	**167,626,506**
Expected operating expenses for the period	5,716,806	244,059	**5,960,865**	12,097,279	2,172,631	**14,269,910**	**20,230,775**
CSM recognised for services provided during the period"	9,972,566	1,377,706	**11,350,272**	27,030,018	6,716,321	**33,746,339**	**45,096,611**
"Change in risk adjustment for non-financial risk for risk expired"	894,863	55,142	**950,005**	1,364,456	360,683	**1,725,139**	**2,675,144**
Total Insurance Revenue	**89,851,087**	**6,299,308**	**96,150,395**	**130,229,006**	**9,249,635**	**139,478,641**	**235,629,036**

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Notes to the Annual Financial Statements Continued

26. Insurance service expenses

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

	Insurance services expenses - 2025						
Product type	**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	77,271,720	6,298,206	**83,569,926**	104,318,958	-	**104,318,958**	**187,888,884**
Actual operating expenses incurred for the period	6,049,224	409,444	**6,458,668**	13,119,860	5,168,697	**18,288,557**	**24,747,225**
Systematic reversal of loss component	-	-	**-**	-	-	**-**	**-**
Losses on onerous contracts recognised during the year	-	-	**-**	-	11,389,350	**11,389,350**	**11,389,350**
Changes to liabilities for incurred claims	-	-	**-**	-	-	**-**	**-**
Total insurance service expense	**83,320,944**	**6,707,650**	**90,028,594**	**117,438,818**	**16,558,047**	**133,996,865**	**224,025,459**

	Insurance services expenses - 2024						
Product type	**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	73,141,574	4,557,420	**77,698,994**	90,320,830	-	**90,320,830**	**168,019,824**
Actual operating expenses incurred for the period	6,065,024	267,387	**6,332,411**	13,318,434	2,431,951	**15,750,385**	**22,082,796**
Total insurance service expense	**79,206,598**	**4,824,807**	**84,031,405**	**103,639,264**	**2,431,951**	**106,071,215**	**190,102,620**

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Notes to the Annual Financial Statements Continued

27. Insurance finance expense

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

	Insurance finance expense - 2025						
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	(32,460,272)	(3,773,015)	**(36,233,287)**	(57,728,177)	(54,009,026)	**(111,737,203)**	**(147,970,490)**
Risk adjustment	(367,807)	(42,753)	**(410,560)**	(427,015)	(399,504)	**(826,519)**	**(1,237,079)**
Contractual service margin	(399,468)	(953,063)	**(1,352,531)**	(1,815,486)	(19,573,738)	**(21,389,224)**	**(22,741,755)**
Sub total - accretion of interest	**(33,227,547)**	**(4,768,831)**	**(37,996,378)**	**(59,970,678)**	**(73,982,268)**	**(133,952,946)**	**(171,949,324)**
Effects of changes in interest rates and other financial assumptions							
Interest rate changes	161,509,402	23,052,569	**184,561,971**	244,201,025	176,123,977	**420,325,002**	**604,886,973**
Changes in other financial assumptions	(62,061,361)	(10,487,686)	**(72,549,047)**	(173,444,640)	(50,868,151)	**(224,312,791)**	**(296,861,838)**
Sub total - effects of changes in interest rates and other financial assumptions	**99,448,041**	**12,564,883**	**112,012,924**	**70,756,385**	**125,255,826**	**196,012,211**	**308,025,135**
Total insurance finance expense	**66,220,494**	**7,796,052**	**74,016,546**	**10,785,707**	**51,273,558**	**62,059,265**	**136,075,811**

	Insurance finance expense - 2024						
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	(18,620,390)	(1,438,904)	(20,059,294)	(31,825,448)	(13,976,729)	(45,802,177)	(65,861,471)
Risk adjustment	(210,988)	(16,304)	(227,292)	(235,413)	(103,386)	(338,799)	(566,091)
Contractual service margin	(2,762,048)	(455,072)	(3,217,120)	(5,520,333)	(2,452,125)	(7,972,458)	(11,189,578)
Sub total - accretion of interest	**(21,593,426)**	**(1,910,280)**	**(23,503,706)**	**(37,581,194)**	**(16,532,240)**	**(54,113,434)**	**(77,617,140)**
Effects of changes in interest rates and other financial assumptions							
Interest rate changes	21,020,872	2,579,554	23,600,426	4,702,709	(2,326,880)	2,375,829	25,976,255
Changes in other financial assumptions	(39,318,079)	(3,809,940)	(43,128,019)	(106,443,797)	(26,434,959)	(132,878,756)	(176,006,775)
Sub total - effects of changes in interest rates and other financial assumptions	**(18,297,207)**	**(1,230,386)**	**(19,527,593)**	**(101,741,088)**	**(28,761,839)**	**(130,502,927)**	**(150,030,520)**
Total insurance finance expense	**(39,890,633)**	**(3,140,666)**	**(43,031,299)**	**(139,322,282)**	**(45,294,079)**	**(184,616,361)**	**(227,647,660)**

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28. 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	2025			2024		
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	109,107,539	410,452,169	**519,559,708**	179,119,319	445,853,834	**624,973,153**
Investment expenses	(1,797,488)	(6,761,980)	**(8,559,468)**	(2,138,738)	(5,323,628)	**(7,462,366)**
Total net investment income/(loss)	**107,310,051**	**403,690,190**	**511,000,240**	**176,980,581**	**440,530,206**	**617,510,787**
Insurance finance income/(expenses) from annuity contracts issued						
Interest accretion	37,996,378	133,952,946	**171,949,324**	(23,503,706)	(77,617,140)	**(101,120,846)**
Due to interest rate changes and other financial assumptions	(112,012,924)	(196,012,211)	**(308,025,135)**	(19,527,593)	(150,030,520)	**(169,558,113)**
Total insurance service expense	**(74,016,546)**	**(62,059,265)**	**(136,075,811)**	**(43,031,299)**	**(227,647,660)**	**(270,678,959)**

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.

Annuity product type	2025		2024	
	Amount	**Concentration**	**Amount**	**Concentration**
Annuity with joint life features	100	21%	100	29%
Annuity with guarantee features	200	79%	200	71%
Total	300	100%	300	100%

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

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Notes to the Annual Financial Statements Continued

28. Total investment income and net insurance finance result (Continued)

Insurance contracts issued during the year	2025						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 cash inflows(Premium is received upfront)	-	-	-	-	-	-	-
Estimate of present value future cash outflows (Claims & related expenses)	28,187,872	-	28,187,872	727,235,247	-	727,235,247	755,423,119
Risk adjustment for non-financial risk	319,397	-	319,397	5,379,359	-	5,379,359	5,698,756
Contractual service margin	11,541,794	-	11,541,794	162,712,917	-	162,712,917	174,254,711
Losses on initial recognition during the year	**40,049,063**	**-**	**40,049,063**	**895,327,523**	**-**	**895,327,523**	**935,376,586**

	2024						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 cash inflows(Premium is received upfront)	(16,939,286)	-	(16,939,286)	(132,269,308)	-	(132,269,308)	(149,208,594)
Estimate of present value future cash outflows (Claims & related expenses)	10,409,820	-	10,409,820	121,351,214	-	121,351,214	131,761,034
Risk adjustment for non-financial risk	117,954	-	117,954	897,635	-	897,635	1,015,589
Contractual service margin	6,411,512	-	6,411,512	10,020,459	-	10,020,459	16,431,971
Increase in insurance contract liability from contracts recognised in the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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Notes to the Annual Financial Statements Continued

29. Net Investment income/(loss)

Allocation of investment returns

2025		Pensioners	Active & Deferred	Total
Interest income	9	73,050,954	120,535,987	193,586,941
Dividend income	9	64,861,916	107,023,861	171,885,777
Other income	7	83,814	138,295	222,109
Rental income	5	9,943,492	16,407,022	26,350,514
Unrealised fair value gains on investment securities	8	534,129,446	881,327,579	1,415,457,025
Unrealised foreign exchange gains on investment securities	8	(153,660,945)	(253,544,585)	(407,205,530)
Net unrealised gains on fair valuation of investment properties	15	(8,848,969)	(1,781,031)	(10,630,000)
Total investment income		**519,559,708**	**870,107,128**	**1,389,666,836**
Onshore investment management fees	21	(2,101,823)	(23,863,201)	(25,965,024)
Offshore investment management fees	21	(3,165,775)	(35,942,863)	(39,108,638)
Fair value losses from investment in unlisted equities	14	(2,327,912)	(28,465,187)	(30,793,099)
Losses on disposal of investment securities	22	(412,746)	(4,686,147)	(5,098,893)
Surplus on disposal of investment securities		130,265	1,478,978	1,609,243
Net losses on disposal of investment securities		(282,481)	(3,207,169)	(3,489,650)
Rental expenses	5	(681,477)	(7,737,209)	(8,418,686)
Total investment expenses		**(8,559,468)**	**(99,215,629)**	**(107,775,097)**
Net investment income		**511,000,240**	**770,891,499**	**1,281,891,739**
2024				
Interest income	9	60,102,474	97,246,293	157,348,767
Dividend income	9	74,260,974	120,537,133	194,798,107
Other income	7	106,021	171,544	277,565
Rental income	5	10,939,118	17,699,582	28,638,700
Unrealised fair value losses on investment securities	8	393,706,073	637,019,628	1,030,725,701
Unrealised foreign exchange gains on investment securities	8	90,906,981	147,088,235	237,995,216
Net unrealised gains on fair valuation of investment properties	15	(4,857,132)	(7,858,957)	(12,716,089)
Depreciation on right-of-use asset - Barclays House	15	-	-	-
Total investment income		625,164,509	1,011,903,458	1,637,067,967
Onshore investment management fees	21	(1,011,439)	(19,610,419)	(20,621,858)
Offshore investment management fees	21	(1,630,817)	(31,619,313)	(33,250,130)
Fair value losses from unlisted equities	14	(4,544,937)	(49,342,852)	(53,887,789)
Losses on disposal of investment securities	22	(1,914,922)	(37,127,707)	(39,042,629)
Rental expenses	5	(360,252)	(6,984,799)	(7,345,051)
Total investment expenses		**(9,462,367)**	**(144,685,090)**	**(154,147,457)**
Net investment income		**615,702,14**	**867,218,368**	**1,482,920,510**

30. 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		
Processing error reserve	1.5%	16,505,000	10,111,277
Solvency reserve	482,924,000	227,272,000	176,253,366
		243,777,000	**186,364,643**

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30. Contingency reserves (Continued)	2025	2024

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.

Solvency reserve

The solvency reserve is meant to introduce a level of prudence into the valuation and it is influenced by 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.

Fund account	6,677,198,000	7,126,338,013

Reserve account

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

Reserve account	1,833,552,592	1,580,624,376

31.Benefits payable

Retirement	125,006,760	446,031,002
Withdrawal	64,776,424	81,276,537
Death	4,804,111	10,640,493
Unclaimed benefits	859,270	964,954
Total benefits payable	**195,446,565**	**538,912,986**

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.

32. Other payables

Financial instruments:		
Sundry creditors	56,583,489	35,635,562
Security deposits (Rental)	813,151	813,151
	57,396,640	36,448,713
Non-financial instruments:		
Value added tax (VAT)	4,419,753	16,067,901
Pay as you earn (PAYE)	25,511,205	25,511,205
	29,930,958	41,579,106
	87,327,598	**78,027,819**

33. Related parties

Related party transactions

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33. Related parties (Continued)

	Relationship	2025	2024
Contributions income from participating employers		399,715,058	460,846,791
Internal audit fees charged by Debswana Head Office - Note 6	Participating employer	648,696	438,750
Fund administration fees charged by Mmila Fund Administrators - Note 6	Unlisted equity	19,046,310	19,321,567
IT costs charged by Debswana Head Office - Note 6	Participating employer	114,029	214,490
Rent charged to Mmila Fund Administrators - Note 5	Unlisted equity	638,439	608,037
Share of partnership profits - Note 19	Unlisted equity	-	2,212,923
Dividends received from Sphinx Associates	Unlisted equity	2,587,500	1,912,500
Fair value losses - Barclays House - Note 14	Unlisted equity	(1,790,730)	(800,000)
Fair value gain/(loss) from (Sphinx Associates) - Note 14	Unlisted equity	3,214,000	(8,500,000)
Fair value losses from unlisted equity (Healthcare Holdings) - Note 14	Unlisted equity	(10,358,170)	(25,340,000)
Fair value gains/(losses) from unlisted equity (Mmila) - Note 14	Unlisted equity	268,670	1,897,649
Fair value losses from unlisted equity - Note 14	Unlisted equity	(21,117,380)	(31,942,351)
		(6,748,636)	**(8,034,084)**
Trustees fees			
Trustees Sitting allowance - Note 6		**1,961,440**	**1,845,255**

Remuneration of key management personnel

Key management personnel comprises the Chief Executive Officer		
Short-term employee benefits	3,180,398	3,472,486
Post-employment benefits - Pension - Defined contribution plan	264,058	326,776
Long term incentive plan (LTIP)	-	-
	3,444,456	**3,799,262**

34. Impairment of bank balances

Balances with other Banks: General Model: IFRS 9 provision as at 31 December, 2025	Status	IFRS 9 Staging	Rating Agency	Proxy Rating	Economic	Credit Quality	12 Month PD*	LGD**	EAD	ECL
Absa Bank Botswana Limited	Botswana	Corporate Level 1	Moodys	Bal	Stable	Investment Grade	60%	6,196,483	-	0%
First National Bank Botswana Limited	Botswana	Corporate Level 1	Moodys	Bal	Stable	Investment Grade	60%	17,267,513	-	0%
Standard Chartered Bank Botswana Limited	Botswana	Corporate Level 1	Moodys	Bal	Stable	Investment Grade	60%	131,947,896	-	0%
Stanbic Bank Botswana	Botswana	Corporate Level 1	Moodys	Bal	Stable	Investment Grade	60%	13,722,632	-	0%
								169,134,524		

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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Notes to the Annual Financial Statements Continued

34. Impairment of bank balances (Continued)

Balances with other Banks: General Model: IFRS 9 provision as at 31 December, 2025	Status	IFRS 9 Staging	Rating Agency	Proxy Rating	Economic	Credit Quality	12 Month PD*	LGD**	EAD	ECL
Absa Bank Botswana Limited	Botswana	Corporate Level 1	Moodys	Bal	Stable	Investment Grade	60%	76,472,859	-	0%
First National Bank Botswana Limited	Botswana	Corporate Level 1	Moodys	Bal	Stable	Investment Grade	60%	95,615,833	-	0%
Standard Chartered Bank Botswana Limited	Botswana	Corporate Level 1	Moodys	Bal	Stable	Investment Grade	60%	56,759,518	-	0%
Stanbic Bank Botswana	Botswana	Corporate Level 1	Moodys	Bal	Stable	Investment Grade	60%	217,997	-	0%
								229,066,207		

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.

35. 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.

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Notes to the Annual Financial Statements Continued

35. Financial risk management (Continued)

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.

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 2025	Prior to transfer 31 December 2025	Following transfer 31 December 2024
Fair value of assets	11,773,250,000	11,773,250,000	11,592,436,726
Actuarial liabilities, member funds and reserves	11,411,124,000	11,411,124,000	11,301,688,325
Surplus	362,126,000	362,126,000	290,748,401
Funding level	**103%**	**103%**	**103%**

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 d

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Notes to the Annual Financial Statements Continued

35. Financial risk management (Continued)	2025	2024
Offshore bonds		
USD denominated - Note16.	428,373,010	412,005,025
Offshore equity		
USD denominated - Note16.	5,183,878,126	5,842,139,202
ZAR denominated - Note16.	66,349,407	40,210,008
	5,250,227,533	5,882,349,210
Bank balances - Foreign currency denominated		
USD denominated - Note17.	124,999,690	57,063,528
ZAR denominated - Note17.	7,559,505	18,880
	132,559,195	57,082,408
	5,811,159,738	**6,351,436,644**

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

Investments in onshore bonds and term loans - Note16.	2,052,341,590	2,126,377,982
Investments in offshore bonds - Note16.	428,373,010	412,005,025
Investments in money markets - Note16.	310,051,138	235,989,600
Cash and cash equivalents - Note17.	169,134,524	229,066,207
	2,959,900,262	**3,003,438,814**

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 2025 for offshore equities and offshore unitised funds is shown below.

Onshore equity investments - Note16.	3,100,708,969	2,593,968,858
Offshore equity investments - Note16.	5,250,227,533	5,882,349,210
	8,350,936,502	**8,476,318,068**

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.

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).

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Notes to the Annual Financial Statements Continued

35. 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
		2025 P	2024 P				
Onshore listed equity investments	16	3,100,708,969	2,593,968,858	Level 1	Quoted last traded prices in an active market.	N/A	N/A
Onshore listed bonds investments	16	2,052,341,590	2,126,377,982	Level 2	Valued based on the aggregate published bond index	N/A	N/A
Offshore bonds investments	16	428,373,010	412,005,025	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
Offshore equity investments	16	5,250,227,533	5,882,349,210	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	114,301,830	124,660,000	Level 3	Capitalisation rate and Income capitalisation approach used as the primary methodology	Discount rates (2025: 10.76% | 2024:8.7%)	Inverse
Associate - Sphinx (Proprietary) Limited	14	25,314,000	22,100,000	Level 3	Capitalisation rate and income capitalisation approach used as the primary methodology	Discount rates (2025: 10.76% | 2024:8.7%)	Inverse

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Notes to the Annual Financial Statements Continued

35. Financial risk management (Continued)

	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
		2025 P	2024 P				
Mmila Fund Administrators	14	30,966,319	30,697,649	Level 3	Capitalisation rate and Income capitalisation approach used as the primary methodology	Discount rates (2025: 4.50% | 2024: 6.3%)	Inverse
Partnership Investments	14	139,423,000	153,180,000	Level 3	Capitalisation rate and Income capitalisation approach used as the primary methodology	Discount rates (2025: 10.76% | 2024:8.7%)	Inverse
Barclays House	14	7,009,270	8,800,000	Level 3	Capitalisation rate and Income capitalisation approach used as the primary methodology	Discount rates (2025: 10.76% | 2024:10.8%)	Inverse
Associate - Sphinx (Proprietary) Limited	14	25,314,000	22,100,000	Level 3	Capitalisation rate and income capitalisation approach used as the primary methodology	Discount rates (2025: 10.76% | 2024:8.7%)	Inverse

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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Notes to the Annual Financial Statements Continued

35. Financial risk management (Continued)

Figures in Pula	Notes	2025	2024
Financial assets at Amortised cost			
Cash and cash equivalents	17	169,134,524	229,066,207
Other receivables	19	33,892,827	18,060,757
Financial assets at amortised cost (Barclays House Loan)	13	236,978	298,046
Financial liabilities at Amortised cost			
Benefits payable	31	195,446,565	538,912,986
Other payables	32	87,327,598	36,448,713
Lease liability	12	4,141,694	4,396,603

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 2025 is determined and disclosed in note 19.

The fund holds financial assets at Amortised 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 Amortised 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 Amortised cost is considered low.

Sensitivity Analysis to key valuation Variables

31 December, 2025	Sensitivity Analysis					
	Joint life product			Guarantee product		
	FCF	CSM	Equity	FCF	CSM	Equity
Annuity Product			-			-
Non Financial Risks						
Longevity +1%	9,084	(13,409)	4,325	31,772	(43,885)	12,113
Longevity -1%	(9,205)	13,219	(4,014)	(36,885)	49,178	(12,293)
Benefit Inflation +1%	33,836	(48,104)	14,268	113,003	(137,489)	24,485
Benefit Inflation -1%	(30,636)	43,211	(12,576)	(110,539)	133,560	(23,021)
Expenses Inflation +0.5%	4,216	(5,184)	968	11,974	(13,724)	1,750
Expenses Inflation -0.5%	(4,216)	5,184	(968)	(11,974)	13,724	(1,750)
Expenses Inflation +10%	1,098	(2,290)	1,192	3,650	(4,971)	1,320
Expenses Inflation -10%	(1,093)	1,521	(429)	(4,341)	3,762	579
Financial Risks						
Interest +0.5%	(15,709)	-	15,709	(56,448)	-	56,448
Interest -0.5%	16,470	-	(16,470)	51,467	-	(51,467)
						-

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Notes to the Annual Financial Statements Continued

35. Financial risk management (Continued)

31 December, 2024	Sensitivity Analysis					
	Joint life product			Guarantee product		
	FCF	CSM	Equity	FCF	CSM	Equity
Annuity Product	743,702,861	31,641,389	-	1,760,966,007	168,997,720	-
Non Financial Risks						
Longevity +1%"	28,528	(30,209)	(1,682)	37,268	(39,791)	(2,523)
Longevity -1%	(26,189)	27,688	1,499	(41,756)	44,230	2,474
Benefit Inflation +1%	27,871	(29,688)	(1,817)	70,640	(73,548)	(2,909)
Benefit Inflation -1%	(25,455)	27,066	1,611	(73,604)	76,517	2,913
Expenses Inflation +0.5%	3,971	(4,119)	(148)	33,532	(34,628)	1,095
Expenses Inflation -0.5%	(3,971)	4,119	148	(31,574)	32,513	(939)
Expenses Inflation +10%	963	(1,641)	(678)	3,377	(5,204)	4,752
Expenses Inflation -10%	(1,050)	1,046	(4)	(4,320)	4,343	3,582
Financial Risks						-
Interest +0.5%	(13,056)	-	(13,056)	(39,180)	-	39,180
Interest -0.5%	13,559	-	13,559	33,356	-	(33,356)

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.

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 P235,989,598 (2024: P176,022,728) 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 17) 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.

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For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

35. Financial risk management (Continued)

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.

Insurance Liability by Age Bracket (Concentration by Absolute Figures) - 2025

Age bracket	< 55	55 - 60	60 - 65	65 - 70	70 - 80	> 80	Total
Joint Life	51,908,247	120,379,160	167,725,073	173,667,215	115,957,578	6,451,741	636,089,014
Guaranteed Life	541,093,294	834,644,530	476,888,916	333,801,448	208,302,498	14,275,187	2,409,005,873
Total	**593,001,541**	**955,023,690**	**644,613,989**	**507,468,663**	**324,260,076**	**20,726,928**	**3,045,094,887**

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

Age bracket	< 55	55 - 60	60 - 65	65 - 70	70 - 80	> 80	Total
Joint Life	1.70%	3.95%	5.51%	5.70%	3.81%	0.21%	20.89%
Guaranteed Life	17.77%	27.41%	15.66%	10.96%	6.84%	0.47%	79.11%
Total	**19.47%**	**31.36%**	**21.17%**	**16.66%**	**10.65%**	**0.68%**	**100.00%**

Insurance Liability by Age Bracket (Concentration by Absolute Figures) - 2024

Age bracket	< 55	55 - 60	60 - 65	65 - 70	70 - 80	> 80	Total
Joint Life	63,665,876	156,544,779	231,916,626	204,355,047	112,386,920	6,485,002	775,354,250
Guaranteed Life	327,276,458	579,127,136	484,932,670	338,940,726	186,423,207	13,243,530	1,929,943,727
Total	**390,942,334**	**735,671,915**	**716,849,296**	**543,295,773**	**298,810,127**	**19,728,532**	**2,705,297,977**

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

Age bracket	< 55	55 - 60	60 - 65	65 - 70	70 - 80	> 80	Total
Joint Life	2.35%	5.79%	8.57%	7.55%	4.15%	0.24%	28.66%
Guaranteed Life	12.10%	21.41%	17.93%	12.53%	6.89%	0.49%	71.34%
Total	**14.45%**	**27.20%**	**26.50%**	**20.08%**	**11.04%**	**0.73%**	**100.00%**

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

35. 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 2025							
Non-derivatives							
Benefits payable	-	195,446,565	-	-	-	**195,446,565**	**195,446,565**
Other financial liabilities group A	-	57,396,640	-	-	-	**57,396,640**	**57,396,640**
Lease liability (Note 12)	330,975	330,975	661,949	2,647,797	2,656,724	**6,628,420**	**4,141,694**
Total non-derivatives	**330,975**	**253,174,180**	**661,949**	**2,647,797**	**2,656,724**	**259,471,625**	**256,984,899**
31 Dec 2024							
Non-derivatives							
Benefits payable	-	538,912,986	-	-	-	**538,912,986**	**538,912,986**
Other financial liabilities group A	-	36,448,713	-	-	-	**36,448,713**	**36,448,713**
Lease liability (Note 12)	330,975	330,975	661,949	2,647,797	2,656,724	**6,628,420**	**4,396,603**
Intercompany payable from subsidiary (Note 33.)	-	204,788	-	-	-	**204,788**	**204,788**
Total non-derivatives	**330,975**	**575,897,462**	**661,949**	**2,647,797**	**2,656,724**	**582,194,907**	**579,963,090**

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

35. 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	Adverse market change			Beneficial market change		
	Scenario	Effect on statement of Changes in Net Assets Available for Benefits		Scenario	Effect on statement of Changes in Net Assets Available for Benefits	
		2025	2024		2025	2024
Currency risk	Strengthening of the Pula vs ZAR (2025: -6% |(2024: -2%)	(4,224,620)	(1,285,870)	Weakening of the Pula vs ZAR (2025: -6% |(2024: -2%	4,224,620	1,285,870
	Strengthening of the Pula vs USD (2025: 7% 2024: -4%)	(384,083,737)	(234,207,294)	Weakening of the Pula vs USD (2025: 7% 2024: -4%)	384,083,737	234,207,294
Global Equity Risk	Decline in global equity prices by 1%	(52,502,275)	(41,668,264)	Increase in global equity prices by 1%	52,502,275	41,668,264
Local Equity Risk	Decline in local equity prices by 1%	(31,007,090)	(19,295,651)	Increase in local equity prices by 1%	31,007,090	19,295,651
Interest Rate Risk	Increase in interest yield by 1%	(28,929,985)	(28,307,542)	Decline in interest yield by 1%	28,929,985	28,307,542
Investment property	Increase in capitalisation by 1%	(3,082,666)	(4,729,345)	Decline in capitalisation by 1%	3,082,666	4,729,345
Investment in unlisted equities	Increase in capitalisation by 1%	(3,116,891)	(1,882,576)	Decline in capitalisation by 1%	3,116,891	1,882,576

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For the year ended 31 December 2025

Notes to the Annual Financial Statements Continued

36. Membership statistics

Members comprise:

	2025	2024
Active	5,185	5,749
Deferred	1,518	1,592
Pensioners	5,485	4,846
	12,188	**12,187**

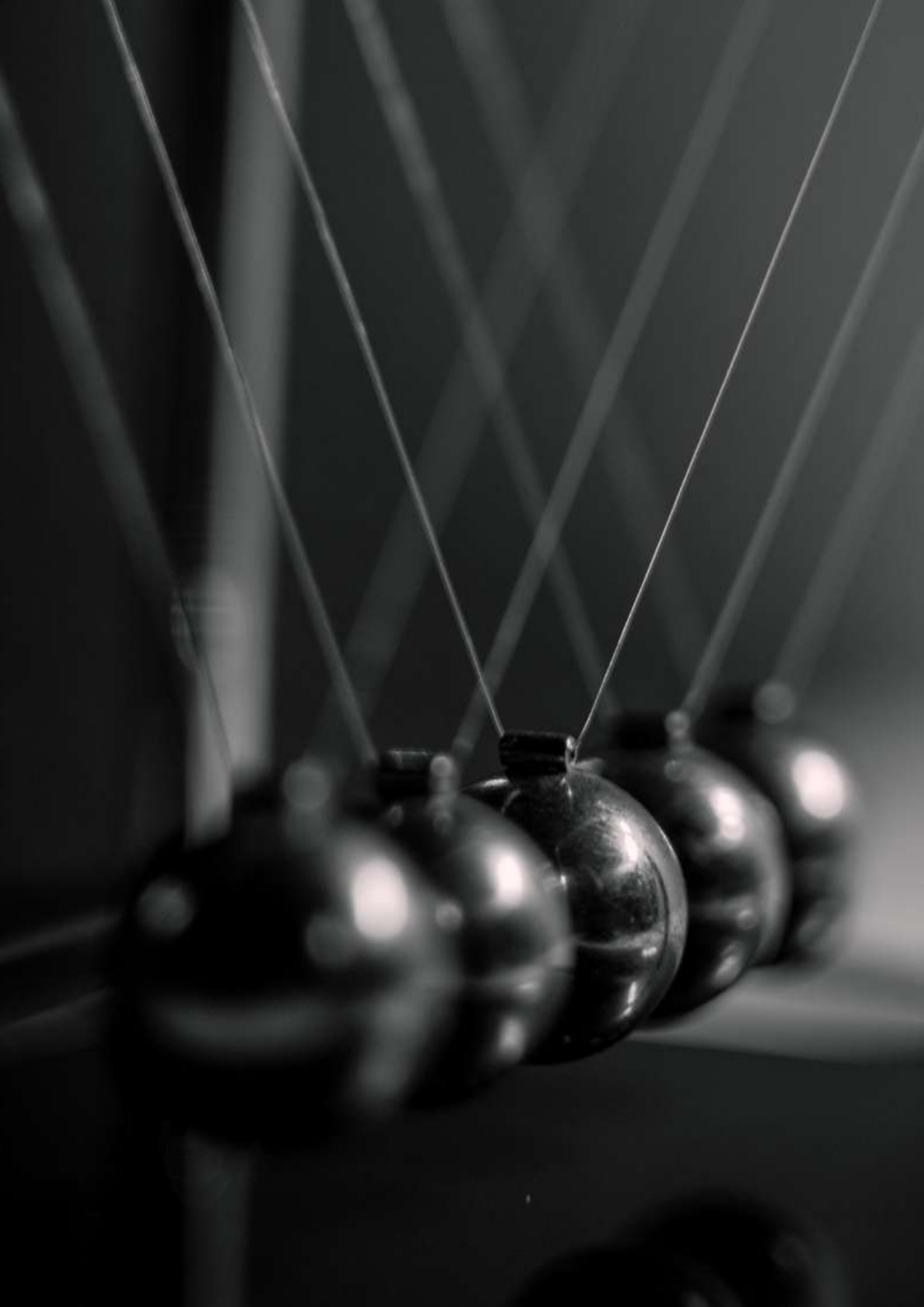
37. Taxation

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

38. Events after the reporting date

Subsequent to the reporting date, there has been an escalation in geopolitical conflict in the Middle East, which has contributed to increased volatility in global financial markets, including fluctuations in equity prices, foreign exchange rates, interest rates and commodity prices, particularly oil and gas.

The Fund assessed its global holdings and determined that it has limited investments in the Middle East. That notwithstanding, the impacts of market volatility, changes in asset valuations, and heightened uncertainty in the global economic environment are closely monitored across the Fund's global asset managers with direct exposures to the Middle East.

Management has assessed the implications of these developments and determined that the conflict represents a non adjusting event, as it relates to conditions that arose after the reporting date and does not provide evidence of conditions that existed at that date. Accordingly, no adjustments have been made to the amounts recognised in these financial statements.

The ultimate financial impact of the conflict remains uncertain at the date of authorisation of these financial statements. Management continues to monitor the developments closely and will consider the implications for the Fund's investment strategy, risk management and future financial reporting periods as the situation evolves.