

July 2026

Dear Member

RE: Botswana Life Retirement Annuity Fund 2025 - Annual Member Communication

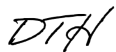
This annual member communication contains important information relating to the Botswana Life Retirement Annuity Fund ('the Fund'). Additionally, please note that your Benefit Statement and Projection Statement for the financial year ended December 2025 has already been sent to you.

It is important to understand all the information relating to your retirement annuity/personal pension contract and your membership of the Fund. We urge you to read this letter carefully and to keep it for future reference.

There are many important legislative requirements affecting retirement funds and a variety of investment options available, so we encourage you to seek the advice of a financial adviser before making any important decisions regarding your retirement savings/ investment.

Should you have any queries or need further information, please contact our **Client Service Contact Centre on 362 3700**, Mondays to Fridays between 08:00 and 17:00, or email us at clientservices@blil.co.bw.

Yours sincerely,



(Signature)

Chairman/Principal Officer

A. INVESTMENT OBJECTIVE OF THE FUND

The Board of Trustees of the Botswana Life Retirement Annuity Fund ("the Fund") is responsible for the Fund's investments and to provide investment information each year to the Members.

The Fund is an individual member retirement annuity fund so there is no information available on salaries or income. Most retirement funds aim for their members to retire with enough capital to be able to buy a pension at retirement of 75% or more, of their last month's income. So, for example, a member with a salary of P10 000 per month (pm) at retirement, should ideally have enough capital to buy a pension of P7 500 pm. To help our members build their capital, the Trustees believe that the Fund should aim for investment returns above inflation, while not taking on too much investment risk.

INVESTMENT PORTFOLIOS

Your applicable Fund Portfolio is the Mompoti Retirement Fund (Medium Equity) which has an investment return target of inflation (CPI) plus growth of 3%.

If we assume long term inflation rates at 5%, the Portfolio return target is then $(5+3) = 8\%$.

PORTFOLIO(S) PERFORMANCE

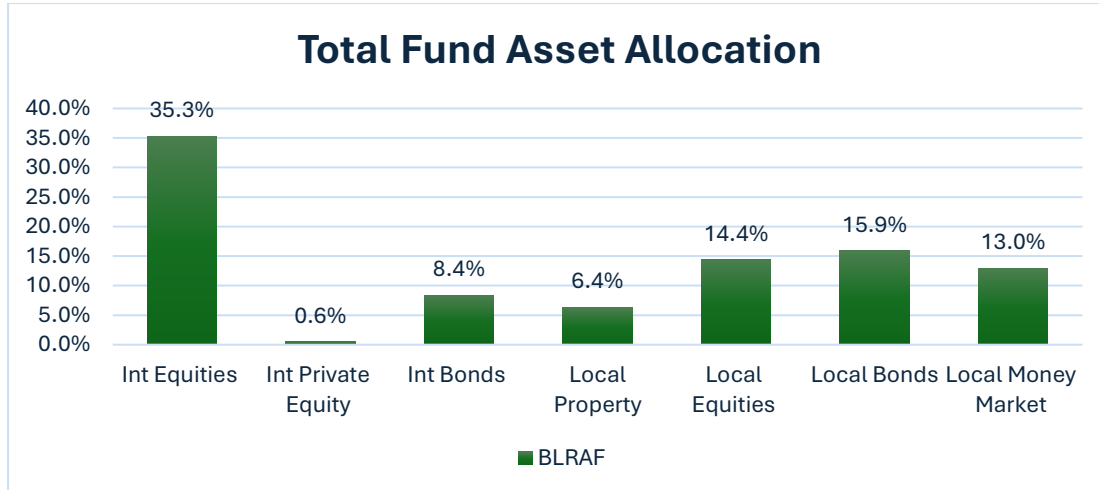
The following is the investment performance for the Fund's Portfolio as of **December 2025** for the following periods:

Portfolio	1 Year	3 Years	5 Years
Mompoti (Medium Equity) Portfolio	9.1%	12.7%	10.5%
Portfolio Benchmark	9.3%	13.8%	10.7%
Portfolio Investment Return Target CPI+3%	6.9%	6%	7.4%

The Fund's Portfolio manager, Botswana Insurance Fund Management (BIFM) aims to outperform the Portfolio's benchmark, which it has not done over the reporting periods, coming in slightly below. However, BIFM have comfortably outperformed the investment Portfolio Target.

BIFM manages roughly half of the Portfolio assets locally and invests the other half offshore using offshore asset managers.

The following table shows the asset classes and the percentage of the Portfolio invested into each.



ECONOMIC REVIEW

The economy of Botswana advanced by 8.2% year-on-year in the third quarter of 2025, recovering from a negative 5.2% in the previous three-months. This was the first period of positive growth after 6 consecutive quarters of negative performance, marking the end of a prolonged recession.

Botswana's annual inflation rate edged up to 3.9% in December 2025. For the whole of 2025, the average inflation rate was lower at 2.7%, but since the end of 2025, inflation has risen strongly given higher oil, energy and cost of transport prices.

The Central Bank of Botswana benchmark interest rate remained at 3.5% in December 2025, following a 1.6% increase in October. The interest rate has since been increased in 2026.

FUND'S ASSET MANAGER

After review, the Fund continues to use BIFM as its principal asset manager. Established in 1975, BIFM is a member of the Botswana Insurance Holdings Limited (BIHL) Group and is the largest asset manager in Botswana.

FUND'S ASSET CONSULTANT

After review, Strategic Wealth a local, independent investment advisory firm remains the Fund's asset consultant and continues to help the Fund to review its investment strategy and to manage asset managers.

CONCLUSION

The Trustees remain committed to looking after our members' best interests and to supporting the best possible financial outcomes at retirement. We trust this information shows that the Fund's investments continue to be managed in a thoughtful and prudent way. Should you have any queries or need more information, please do not hesitate to contact us.

FUND INVESTMENT SUMMARY	
Current total Fund value 31 December 2025	P3,131 billion
Medium Equity performance, last 12 months	9.1%
Medium Equity performance last 5 years	10.5%
Investment performance above 5-year Benchmark?	No, 0.20% below Benchmark
Investment performance above 5-year Target?	Yes, 3.3% above Target
Asset Manager	Botswana Insurance Fund Managers
Asset Consultant	Strategic Wealth
Fund's investment target for Members over time	Inflation Plus 3%

B. RETIREMENT FUNDS LEGISLATIVE CHANGES

RETIREMENT FUNDS ADMINISTRATIVE RULES, 2024 & CIRCULAR 3 OF 2025 – UPDATING OF NOMINATION OF BENEFICIARY FORMS

Effective December 2024, Retirement Funds Administrative Rules, 2024 (issued in terms of section 64 of the Retirement Funds Act, 2022) came into effect and in addition to updating already existing rules, some new administrative rules were introduced notably as follows:

1. Pension Funds Regulation 12 (PFR12) Rule which gives details regarding payment of benefits by Pension and Provident Funds and,
2. Pension Funds Regulation 13 (PFR13) Rule which gives details regarding rights of members of Pension Funds.

During April 2025, the Regulatory Authority issued Circular 3 of 2025 which directs all retirement funds to undertake exercises to update their members' Beneficiary Nomination

Forms to have signed forms not older than 18 months. Members are encouraged to update their Beneficiary forms.

CHANGES TO LOCAL/ ONSHORE AND OUTSIDE/ OFFSHORE INVESTMENT LIMITS

Changes are being applied each year to bring back a percentage of pension fund assets invested offshore. After December 2027, 50% of all pension assets will need to be invested in Botswana. Presently the local requirement for 2026 is a minimum of 44%. The Fund is complying with these requirements.

C. SUMMARY OF THE FUND RULES RELATING TO THE PAYMENT OF BENEFITS RETIREMENT

- You may retire from the Fund at any time after age 55, by notifying the Fund in writing.
- On retirement, you may take up to 50% of the investment value as a cash lump sum. The balance must be used to buy an annuity from an insurer of your choice – for payment of a lifetime pension.
- The Fund must apply to BURS for a tax directive before paying a lump sum or before the purchase of an annuity. Members are encouraged to keep their tax affairs in order.
- There are different annuities available from insurers of your choice (not from the Fund) such as a life annuity, which provides guaranteed income for life, or a “living annuity” where you invest the capital in a portfolio, and select a percentage draw from the capital as your pension (not guaranteed), or a combination of these two (hybrid annuity) .
- Retirement Benefit Counselling is provided to all Members when they retire, however it is still important to seek the advice of your own financial adviser on the available options.

EARLY RETIREMENT

- You may retire from the Fund before age 55, if you have medical evidence to prove that you have become permanently disabled due to illness, infirmity of mind or body, and cannot continue working in your own suited/ similar occupation.
- In the case of early retirement, the same normal retirement requirements as explained above apply.

DEATH

- In the event of your death before retirement from the Fund, the allocation of the

benefit will be made by the Trustees, who will distribute the benefit in such proportions that they consider fair and equitable based on the information provided to them.

- The Trustees have 12 months within which to decide, but a claim can be processed quicker if information is readily available, and accessible by family members in the event of death.
- Beneficiaries must select whether they wish to receive the death benefit as a cash lump sum or as an annuity of their choice.
- The cash lump sum may be subject to tax in the beneficiary's name.

WITHDRAWAL

- No withdrawal benefit is available before retirement from the Fund, except for **DEFERRED MEMBERS**, and then only:
 - to pay for personal or mortgage loans – Deferred Members may withdraw the full amount, or
 - to pay for medical expenses relating to a critical illness/ condition – a partial withdrawal of up to 50% of the fund benefit.
- Allowable withdrawals may be subject to income tax deductions.

TRANSFER TO AND FROM ANOTHER RETIREMENT FUND

- You may transfer your benefit from your employer pension fund to this Fund, if your employment has terminated. If you have retired from employment, and your employer fund rules allow for this, you may transfer your retirement benefit to this Fund without having to take a retirement benefit from the employer fund. Such a transfer is tax free.
- You may transfer your benefit in this Fund to another retirement annuity fund, should you so wish. Such a transfer will be tax free, although the Fund is still required to apply to BURS for a tax directive.

D. IMPORTANT MATTERS THAT NEED YOUR REGULAR ATTENTION

1. REVIEW YOUR BENEFICIARY NOMINATION

- a. The payment of death benefits from a retirement fund is governed by the Retirement Funds Act. The Trustees are required to determine who your dependents and nominees are, and based on their individual circumstances, pay out benefits to them in fair and equitable proportions.
- b. Beneficiary nominations are not binding on the Trustees, although they can take

them into account when determining a fair and equitable distribution. Your personal and financial circumstances may have changed over the last year, so it is important to regularly review your beneficiary nomination. You can do this on our secure site at www.botswanalifeecustomerportal.co.bw or you may contact our Client Service Contact Centre.

- c. Nominated beneficiary(ies) must be a natural person(s), although you may nominate a trust to receive and hold benefits for a person(s), but this is not binding on the Trustees. Please do not nominate your estate as beneficiary, as the Trustees may only pay out to an estate if there are no dependents or other nominees at all, and then only after a 12-month waiting period.
- d. To find out more about protecting your beneficiaries and bequeathing your assets and funds, please consider contacting **Botswana Life Fiduciary Services (Pty) Ltd (BLFS)** an estate planning company that offers estate liquidity analysis and will and trusts drafting. You may contact them via telephone 371 4975/5201 or by email fiduciaryservices@blil.co.bw.

2. REVIEW OF YOUR RETIREMENT SAVINGS GOAL

- a. With the assistance of your financial adviser, you should regularly review whether you are saving enough to meet your retirement needs.
- b. Contributions to retirement funds such as the Fund are tax deductible for up to 15% or 20% of your own taxable income or employer remuneration respectively, and is a powerful way of saving towards your retirement while reducing your effective tax pay away. Investment growth inside the Fund is not taxed and there are significant tax concessions on retirement.

3. REVIEW YOUR PLANNED RETIREMENT DATE

- a. You may elect to retire from the Fund at any time after the age of 55 years. The longer your retirement capital remains invested in the Fund, the more it can grow.
- b. Investments within the Fund are exempt from income tax, capital gains tax and dividend withholding tax and as such a retirement fund is one of the most tax efficient ways to save.

4. REVIEW YOUR INVESTMENT OPTIONS

- a. With the assistance of your financial adviser, you should regularly review whether your selected investment options are appropriate for your age and personal financial circumstances.

- b. Younger members can tolerate the risks in a more aggressive portfolio over a longer term of investment, whilst older members approaching retirement may consider a strategy that minimizes the potential for capital loss.

E. IMPORTANT INFORMATION ABOUT THE FUND

Regulatory Information	Details
Registered name	Botswana Life Retirement Annuity Fund
Sponsor	Botswana Life Insurance Limited
Registration date	13 th September 2019
Registration number	10/1/2/6 (018)
Funding model	Defined Contribution Fund
The Fund's Reporting Period	1 st January to 31 st December
The Fund's Postal Address	Private Bag 00296 Gaborone
The Fund's Physical Address	1 st Floor, North Wing, Block A, Fairgrounds Office Park, Plot 66458, Gaborone, Botswana
Website	www.retirementannuityfund.co.bw

Fund Rules and Amendments

The Fund's rules are registered with the Non-Bank Financial Institutions Regulatory Authority (NBFIRA or the Regulatory Authority) and govern your membership of the Fund, as well as the Fund's management and operation. A copy may be viewed on the Fund's webpage.

F. COMPLAINTS PROCEDURE

If you are not satisfied with the service from the Fund, you may submit a written complaint to the Principal Officer using the contact details given. The Fund must respond within a specific number of days. If you are not satisfied with the Fund's response, you have the right to lodge a written complaint with the Regulatory Authority.

If you have a complaint about any advice given by your financial adviser, you have the right to address your complaint in writing to the Botswana Life Insurance Limited.