INVESTMENT MANAGER'S COMMENT

The composition of REFFA's education portfolio remained stable at 32.5 million in Q1 2021. It mirrors the previous quarter closely both in terms of geographical presence and exposure. It covered ten investees across eight countries, while the average REFFA exposure per Partner Institution averaged approximately USD 3.3 million.

For the REFFA Technical Assistance Facility, the year 2021 started off with the outlook to introduce a new reporting system to the Fund. Over the last two years, a data portal was developed through which REFFA investees will be able to capture and analyse data related to the quality and affordability of education which is funded through their education loans. Such reporting will increase the ability of REFFA and its investees to understand the social impact by knowing that certain minimum education quality standards are being met. Furthermore, two projects with the Bayport group have started: One to co-finance client research across five African Bayport subsidiaries including a focus on education; and another to strengthen financial wellbeing measures for Bayport's clients.

Education Finance update

In Q1 2021, schools remained opened in a majority of REFFA countries which resulted in a growth in the education portfolio by 0.71% within the quarter. The increment was also due to a new investee in the REFFA portfolio during the quarter. Education finance providers' category recorded the highest growth in the education finance portfolio, increasing by 5.07% in Q1 2021, which was closely followed by the student loans category that increased by 4.43%. The number of education providers decreased from 1,370 to 1,273 due to a matured exposure of one of the REFFA partner institutions. The pipeline for Q2 2021 includes several institutions financing nursery, primary and secondary schools which will further diversify the portfolio composition.

Market update

African countries reacted swiftly to the Covid-19 crisis allowing economies to reopen relatively quickly. In addition, the G20 Debt Service Suspension delivered valuable liquidity support, providing USD 1.8 billion in assistance from June to December 2020, and USD 4.8 billion in potential savings over January to June 2021.

Botswana's economy is expected to grow by 8.8% in 2021. However, the economy remains vulnerable to an overreliance on government revenues from diamond mining and perennial electricity supply challenges.

In **Burkina Faso**, the economy is expected to record a 4.3% surge in growth in 2021, driven by private consumption and the good performance of the agriculture sector.

In **Côte d'Ivoire**, the new government is expected to maintain focus on regulatory changes to strengthen the position of domestic cocoa farmers and producers. The Ivorian economy is expected to rebound strongly with real GDP growing 6.2% in 2021.

In **Eswatini**, the economy is expected to expand 2.7%, rebounding from the 2.4% contraction caused by the Covid-19 pandemic in 2020 with recovery anticipated in all sectors. The Central Bank of Eswatini maintained its policy rate at 3.75% in March 2021.

In **Ghana**, a March 2021 Supreme Court election petition ruling validated President Nana Akuffo-Addo's election giving impetus to the government's USD 17.5 billion post-Covid-19 2021-24 economic reform programme. Economic growth is expected to accelerate in 2021 (4.2%) and 2022 (4.1%).

In **Tanzania**, Vice President Samia Suluhu Hassan was sworn in as Tanzania's first woman president. President Suluhu has since ordered an expert committee to advise the government on its Covid-19 response, reshuffled the cabinet, and amongst others, the appointment of Tanzanian economist Mwigulu Nchemba as Finance Minister is likely to favour investor-friendly policies.

In **Tunisia**, Moody's downgraded the sovereign rating to B3 from B2 due to weakening governance characterised by differences between the President and the Prime Minister. Unemployment and austerity measures will remain potential triggers for protests. The Tunisian economy is expected to stage a recovery of 3.7% in 2021.

Zambia received some partial debt relief in February 2021 under the G20 Debt Service Suspension Initiative and from Chinese creditors. Zambia's real GDP is expected to recover by 2.1% during 2021, buoyed by strong agricultural production, high global commodity prices and resilient global trade flows.

FUND FACTS

Net Asset Value (NAV) in USD	**38,308,762**
Total Assets in USD	**41,224,151**
Average exposure per PI in USD	**3,276,355**
Weighted average life (years)	**1.28**
Number of countries	**8**
Number of PIs	**10**
Number of loans outstanding	**12**
Portfolio as % of Total Assets	**79%**

PI = Partner Institution
The figures shown reflect the Fund portfolio net of provisioning amount. To date, REFFA has one loan in Kenya fully provisioned.

ACTIVITY REPORT

Total new disbursements	
Since inception	62,923,089
Q1 2021	2,500,000
Number of loans disbursed	
Since inception	23
Q1 2021	1

PI FINANCIAL INDICATORS*

Asset growth (last 12 months)	3.36%
Portfolio growth (last 12 months)	-0.84%
Return on assets (ROA) (last 12 months)	2.53%
Return on equity (ROE) (last 12 months)	15.85%
Portfolio at risk 30 days (PAR 30)	6.41%
Write-offs (last 12 months)	4.31%
Debt/equity ratio	4.26x
Debt/equity ratio (subdebt as equity)	3.34x

*Data based on the latest available data from MFIs in the portfolio
- includes some estimates by BlueOrchard
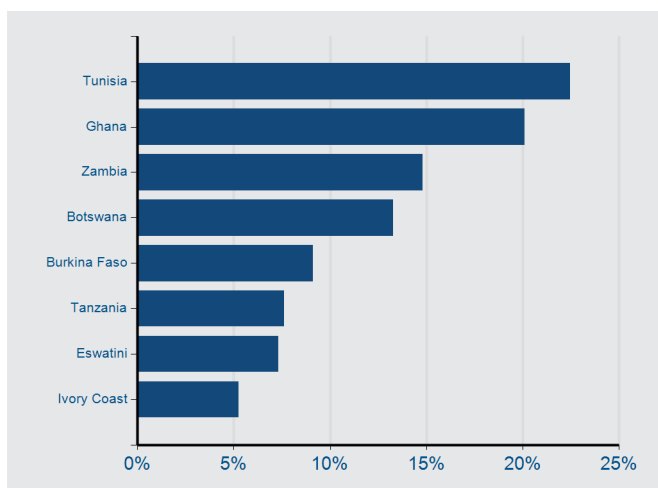
EDUCATION PORTFOLIO INDICATORS*

Total Education Finance Portfolio	131,067,733
Volume in % of total education portfolio	
Education Providers	2%
Learners from families with salary income	64%
Learners from families with MSME income	3%
Students	18%
Outreach	
Education Providers	1,273
Learners from families with salary income	96,168
Learners from families with MSME income	19,244
Students	21,395
Male borrowers (number)	82,864
Female borrowers (number)	53,943
Male borrowers in % of portfolio to learners and students (volume)	63%
Female borrowers in % of portfolio to learners and students (volume)	37%
Average # of pupils in education providers financed	0
Utilization of loans by educational providers	
Working capital	11%
Investment	89%
Overdraft	0%

*Data based on the latest available data from MFIs in the portfolio
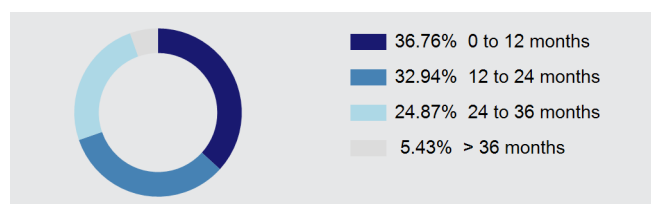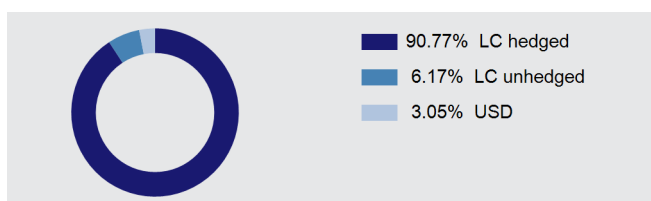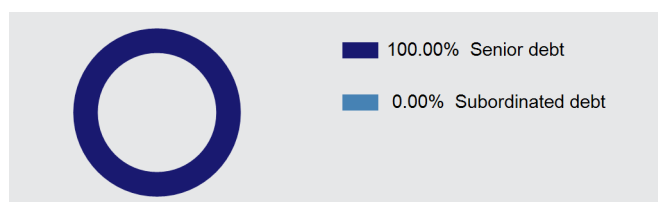- includes some estimates by BlueOrchard

REFFA Fund

BMZ — Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung

KfW

BlueOrchard | Member of the Schroders Group
Impact Investment Managers

BlueOrchard — Impact Investment Managers | Member of the Schroders Group

EXPOSURE

BY COUNTRY (AS % OF PI PORTFOLIO)

(Bar chart: Tunisia, Ghana, Zambia, Botswana, Burkina Faso, Tanzania, Eswatini, Ivory Coast — axis 0% to 25%)

BY MATURITY (AS % OF PI PORTFOLIO)

- 36.76% 0 to 12 months
- 32.94% 12 to 24 months
- 24.87% 24 to 36 months
- 5.43% > 36 months

BY CURRENCY (AS % OF PI PORTFOLIO)

- 90.77% LC hedged
- 6.17% LC unhedged
- 3.05% USD

BY ASSET CLASS (AS % OF PI PORTFOLIO)

- 100.00% Senior debt
- 0.00% Subordinated debt

BY TYPE OF PI (AS % OF PI PORTFOLIO)

- 65.52% NBFI
- 25.36% NBFI (Deposits)
- 9.12% Bank
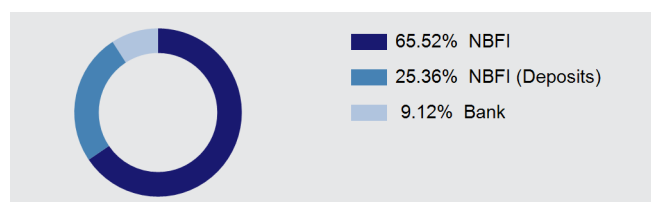
FIVE LARGEST OUTSTANDING POSITIONS (AS % OF PI PORTFOLIO)

ENDA TAMWEEL	Tunisia	22.48%
BAYPORT ZAMBIA	Zambia	14.81%
IZWE GHANA	Ghana	11.45%
BAYPORT BOTSWANA	Botswana	10.22%
FIDELIS FINANCE	Burkina Faso	9.12%

## EDUCATION FINANCE SAVINGS BREAKDOWN BY CLIENTS

- Learners from families with MSME income 98.12%
- Education providers 1.88%
- Learners from families with salary income 0.00%
- Students 0.00%
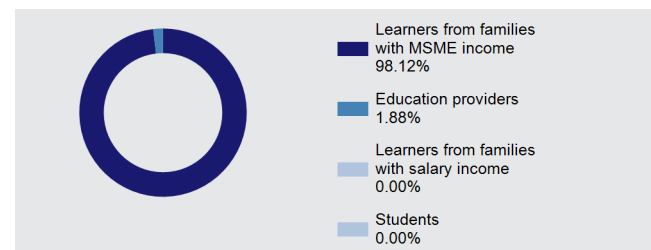
LOAN PORTFOLIO OUTSTANDING TO FAMILIES AND STUDENTS BY LEVEL OF EDUCATION

- 41.83% Nursery and primary school
- 38.78% Secondary
- 13.58% Other
- 5.81% Tertiary
- 0.00% TVET*
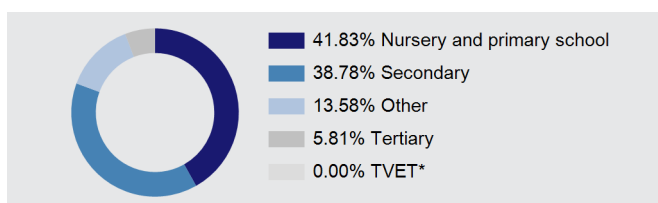
*Technical Vocational Education and Training

LOAN PORTFOLIO OUTSTANDING TO EDUCATION PROVIDERS BY LEVEL OF EDUCATION

- 78.39% TVET*
- 10.17% Nursery and primary school
- 9.50% Secondary
- 1.94% Tertiary
- 0.00% Other
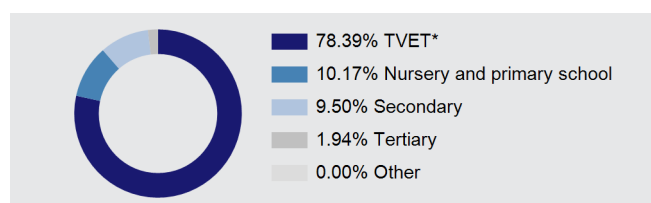
Currency	Tranche	ISIN	NAV/share
USD	Senior (A1)	LU1548990578	100,000.00
USD	Senior (A2)	LU1828991866	100,000.00
USD	Senior (A3)	LU1829058525	100,000.00
USD	Mezzanine (B1)	LU1548990735	50,000.00
USD	Mezzanine (B2)	LU1829076188	50,000.00
USD	Mezzanine (B3)	LU1829076774	50,000.00
USD	Junior (C)	LU1548990818	20,429.28

Regulation (EU) 2019/2088: Article 9 Product

For additional information, please contact:

BlueOrchard Finance Ltd.   ✉ investor@blueorchard.com   📞 +41 44 441 55 51