

## INVESTMENT MANAGER'S COMMENT

The composition of REFFA's education portfolio has increased to USD 32.73 million in Q3 2020. It mirrors the previous quarter closely both in terms of geographical presence and exposure. It covered nine investees across eight countries, while the average REFFA exposure per Partner Institution averaged approximately USD 3.6 million.

REFFA investees were invited to take part in an e-learning program on education finance, including important advice on how to manage the education related portfolio during the Covid-19 pandemic. Furthermore, the REFFA Technical Assistance Facility and Opportunity EduFinance co-funded a market study to analyze the low-cost private education market in Zambia and its associated financing needs.

### Education Finance update

In Q3, the majority of countries in which REFFA is present saw a reopening of schools and a lift of lockdown restrictions. The removal of the restrictions is positive news for the education sector, as studies have shown that students studied fewer topics and less content through distance learning. School reopening and the start of the school year in most countries have had a positive effect on education finance loan disbursements, which significantly increased from USD 1.95 million in Q2 2020 to USD 7.87 million in Q3 2020. The volume of education finance deposits marginally increased by 4.03% within the quarter. Learners from families with MSME income category recorded the highest growth in the education finance portfolio, with an increase of 97.78% from Q2 2020.

### Market update

Africa continues to weather the Covid-19 pandemic relatively well with 1.5 million reported infections in Q3 2020. Reopening of learning institutions is still on course with 13 out of 21 countries in Eastern and Southern Africa having resumed classes by the end of Q3 2020.

In **Botswana**, lawmakers approved the domestic-borrowing ceiling to USD 2.6bn to fund budget shortfalls caused by the pandemic crisis and to support the government's economic recovery plan. S&P revised the country's outlook from stable to negative premised on the expected high pressures on the economy, external and fiscal performance over the next two years.

In **Eswatini**, IMF approved an emergency financial assistance of USD 110.4mn under the Rapid Financing Instrument (RFI) to help address severe economic impact triggered by the pandemic crisis, with immediate priority being public health, vulnerable groups and businesses. Schools started to reopen from July 2020.

In **Ghana**, a USD 1.3bn syndicated loan facility for the Ghana Cocoa Board was approved by Parliament to finance cocoa beans purchase from farmers ahead of the 2020/2021 crop season; a major boost to the sector that significantly contributes to GDP, employs an estimated two million people along the value chain and remains a major source of Ghana's foreign exchange earnings.

In **Ivory Coast**, a weak international trading environment and disrupted supply chains reduced key oil, cocoa and cotton exports. Ivory Coast and Ghana governments formed the Ivory Coast-Ghana Cocoa Initiative to further collaborate on strengthening their cocoa industries internationally.

In **Nigeria**, foreign currency shortages posed a risk to the banking sector's stability, with the central bank instructing banks to freeze accounts of about 38 companies in September 2020. Small business owners impacted by the pandemic are set to be supported with grants from a USD 195.5mn Fund drawn from the country's stimulus package. Business activity gained momentum in Q3 2020 owing to easing of lockdown restrictions.

In **Tanzania**, Moody's downgraded the country's rating from B1 to B2 citing policy unpredictability, posing risks to potential growth, foreign direct investment, fiscal strength and availability of funding raising potential liquidity risks. The European Union (EU) announced plans to aid Tanzania's economy with EUR 27mn, to help cushion the economy from the pandemic shocks.

In **Tunisia**, a new government approved by Parliament was appointed in September 2020. Merchandise trade data for July-August depicted a continued fall in exports as weak external demand hit outflows of key mining products.

In **Zambia**, the government requested investors in its USD 3bn worth of US dollar bonds to suspend interest payments for six months, with their final decision still pending.

## FUND FACTS

Net Asset Value (NAV) in USD	<b>38,287,237</b>
Total Assets in USD	<b>40,732,498</b>
Average exposure per PI in USD	<b>3,643,734</b>
Weighted average life (years)	<b>1.39</b>
Number of countries	<b>8</b>
Number of PIs	<b>9</b>
Number of loans outstanding	<b>11</b>
Portfolio as % of Total Assets	<b>81%</b>

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	56,434,824
Q3 2020	3,183,840
Number of loans disbursed	
Since inception	20
Q3 2020	1

## PI FINANCIAL INDICATORS\*

Asset growth (last 12 months)	9.35%
Portfolio growth (last 12 months)	1.34%
Return on assets (ROA) (last 12 months)	1.63%
Return on equity (ROE) (last 12 months)	9.31%
Portfolio at risk 30 days (PAR 30)	12.26%
Write-offs (last 12 months)	2.91%
Debt/equity ratio	4.41x
Debt/equity ratio (subdebt as equity)	2.44x

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

## EDUCATION PORTFOLIO INDICATORS\*

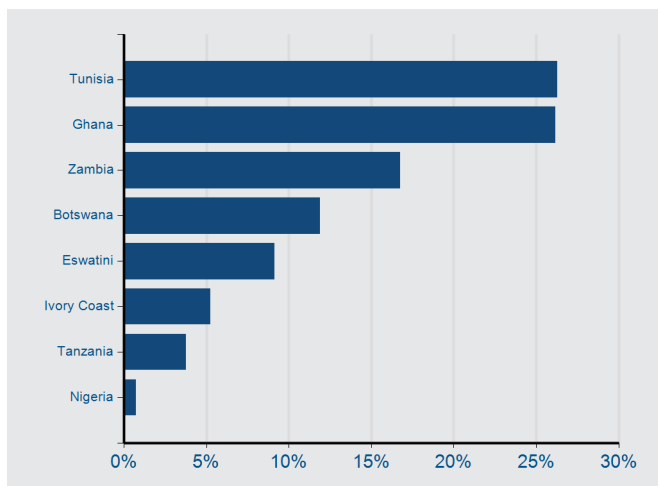
Total Education Finance Portfolio	124,841,377
Volume in % of total education portfolio	
Education Providers	1%
Learners from families with salary income	65%
Learners from families with MSME income	4%
Students	22%
Outreach	
Education Providers	1,252
Learners from families with salary income	104,534
Learners from families with MSME income	23,775
Students	23,173
Male borrowers (number)	90,728
Female borrowers (number)	60,754
Male borrowers in % of portfolio to learners and students (volume)	65%
Female borrowers in % of portfolio to learners and students (volume)	35%
Average # of pupils in education providers financed	8
Utilization of loans by educational providers	
Working capital	34%
Investment	66%
Overdraft	0%

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

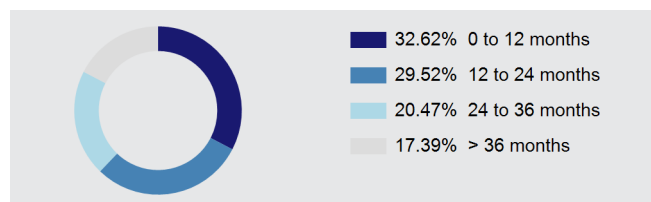


## EXPOSURE

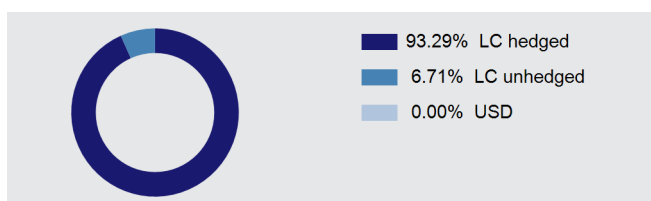
### BY COUNTRY (AS % OF PI PORTFOLIO)



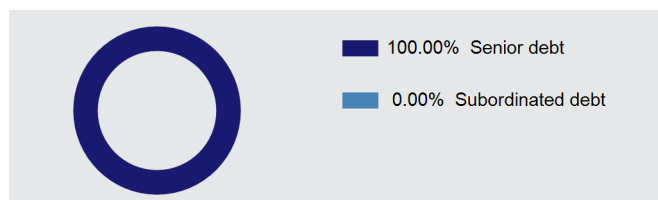
### BY MATURITY (AS % OF PI PORTFOLIO)



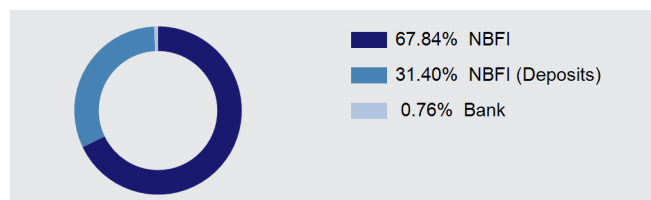
### BY CURRENCY (AS % OF PI PORTFOLIO)



### BY ASSET CLASS (AS % OF PI PORTFOLIO)



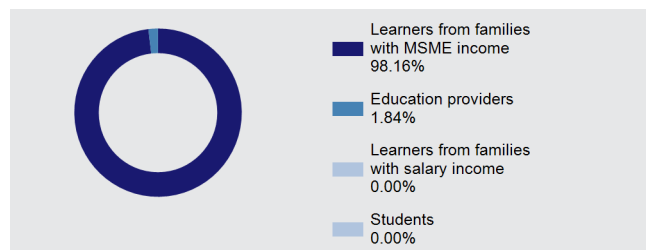
### BY TYPE OF PI (AS % OF PI PORTFOLIO)



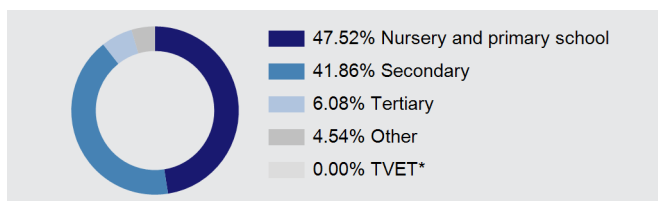
### FIVE LARGEST OUTSTANDING POSITIONS (AS % OF PI PORTFOLIO)

ENDA TAMWEEL	Tunisia	26.27%
BAYPORT ZAMBIA	Zambia	16.77%
IZWE GHANA	Ghana	15.25%
BAYPORT BOTSWANA	Botswana	11.89%
BAYPORT GHANA	Ghana	10.92%

### EDUCATION FINANCE SAVINGS BREAKDOWN BY CLIENTS

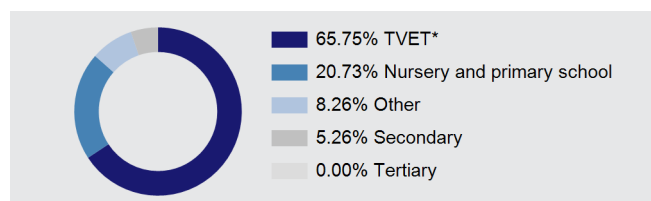


### LOAN PORTFOLIO OUTSTANDING TO FAMILIES AND STUDENTS BY LEVEL OF EDUCATION



\*Technical Vocational Education and Training

### LOAN PORTFOLIO OUTSTANDING TO EDUCATION PROVIDERS BY LEVEL OF EDUCATION



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	20,408.80

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