

INVESTMENT MANAGER'S COMMENT

REFFA's education portfolio has increased to USD 34.2 million at the end of Q4 2021. The portfolio composition is similar to the third quarter in terms of geographical outreach. The Fund was invested across fourteen investees in nine countries, while the average REFFA exposure per Partner Institution slightly decreased to USD 2.4 million.

During the last quarter of the year, a new technical assistance project with Letshego in Botswana was kicked-off with the consultant company ADG. Additionally, the client research which the REFFA Technical Assistance Facility co-funded for the Bayport Group was finalised, yielding interesting insights into profiles and decision making of its clients when taking out a loan to fund education related costs. For the EduFinance Tracker, one investee's IT team started working on the MIS system alignment with the new reporting tool.

Education Finance update

Despite the higher infection rates towards the end of Q4 due to Omicron, most schools in the region remained open with in-person learning along stronger health and safety prevention measures. This was reflected in the education portfolio which has shown growth of 13% from USD 110.9 million as of Q3 2021 to USD 125.5 million as of Q4 2021. The education providers' category recorded a 229% growth within the quarter, mostly attributable to the addition of a new investee in the portfolio. Overall, the stable growth reflects a rebound in school performance and continued resilience to challenges of the Covid-19 pandemic.

Market update

In **Botswana** in December 2021, the central bank monetary policy committee maintained a bank rate of 3.75% despite a continued rise in inflation (~ 8.8% in Q4 2021). However, this spike is expected to return to the medium-term objective range of 3.0% to 6.0% during Q2 2022. Real GDP increased 7.9% in 2021 and the country maintained a strong level of political stability.

In January 2022, **Burkina Faso's** president was ousted in a military coup. Prior to the coup, the government had made efforts to improve the agricultural sector and boost foreign investment in the mining sector, which led to GDP growth of 5.3% in 2021 and expected growth of 4.9% in 2022.

In December 2021, **Eswatini's** reported Covid-19 cases have fallen dramatically to less than 40 cases, now that 20.1% of the population has been vaccinated. Despite anti-monarchical protests in October last year, the economy continued to recover with GDP growth of 1.5% in 2021 and a 1.8% projection for 2022.

Ghana has continued to improve its economic recovery with 4.0% growth in 2021 and 4.8% growth expected in 2022. As part of this recovery the government has implemented a USD 17.5 billion CARE recovery package to improve growth across various sectors.

Ivory Coast maintained a strong level of economic resilience in 2021, with real GDP growth of 5.9% and expected growth of 6.3% in 2022. The vaccination rate has reached 14.8% with daily infection rates dropping from a peak of around 300 cases a day to around 74.

Kenya continues to recover from the Covid-19 pandemic. Up to 95.0% of Covid-19 moratorium loans were repaid on time. The overall economy grew by 4.0% in 2021 and is expected to continue growing by about 4.5% in 2022 despite it being an election year.

In August, the **Nigerian** parliament proposed a substitution of a long-term fuel subsidy with cash payments as part of the Petroleum Industry Act. This change is likely to double oil prices and faces strong public opposition. However, real GDP growth in 2021 was 2.1% and is expected to grow to 2.5% in 2022.

Tanzania's real GDP growth for 2021 was 4.9%, which was 0.7% higher than expected, with around 5.5% growth projections for 2022. Credit to private sector exhibited recovery particularly to small and medium-sized enterprises, followed by trade and manufacturing.

In **Tunisia** the real GDP growth was at 3.0% for 2021. A vaccination rate of between 60.0% and 70.0% means that Covid-19 restrictions are unlikely to continue slowing down economic recovery. The Central Bank of Tunisia continues to focus on inflation, which is currently at 7.1% owing to high commodity prices from supply chain constraints.

FUND FACTS

Net Asset Value (NAV) in USD	46,958,658
Total Assets in USD	48,440,951
Average exposure per PI in USD	2,447,584
Weighted average life (years)	1.09
Number of countries	9
Number of PIs	14
Number of loans outstanding	16
Portfolio as % of Total Assets	71%

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	78,033,105
Q4 2021	4,650,000
Number of loans disbursed	
Since inception	30
Q4 2021	1

PI FINANCIAL INDICATORS*

Asset growth (last 12 months)	17.49%
Portfolio growth (last 12 months)	8.05%
Return on assets (ROA) (last 12 months)	3.07%
Return on equity (ROE) (last 12 months)	15.30%
Portfolio at risk 30 days (PAR 30)	7.46%
Write-offs (last 12 months)	3.34%
Debt/equity ratio	5.12x
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

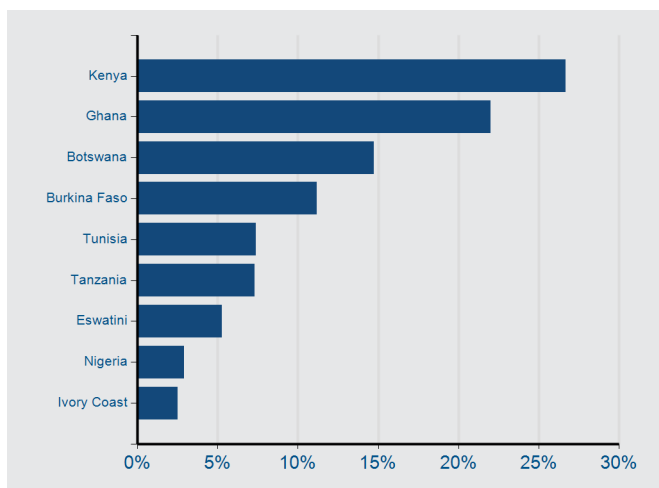
EDUCATION PORTFOLIO INDICATORS*

Total Education Finance Portfolio	125,455,712
Volume in % of total education portfolio	
Education Providers	17%
Learners from families with salary income	65%
Learners from families with MSME income	5%
Students	13%
Outreach	
Education Providers	2,137
Learners from families with salary income	86,055
Learners from families with MSME income	26,410
Students	13,043
Male borrowers (number)	72,456
Female borrowers (number)	48,413
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	39
Utilization of loans by educational providers	
Working capital	28%
Investment	63%
Overdraft	10%

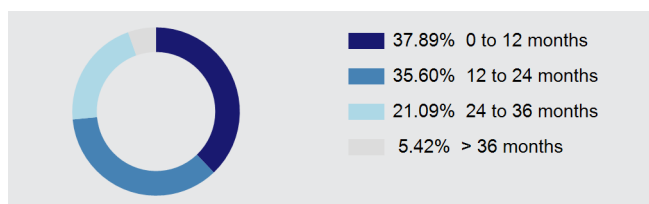
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EXPOSURE

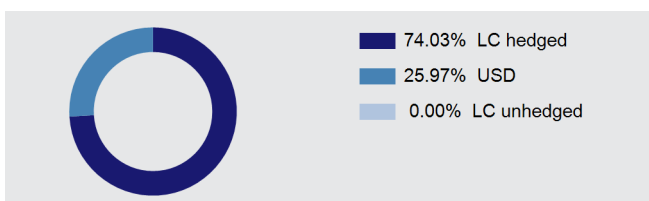
BY COUNTRY (AS % OF PI PORTFOLIO)



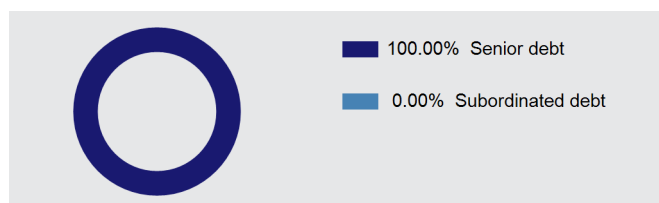
BY MATURITY (AS % OF PI PORTFOLIO)



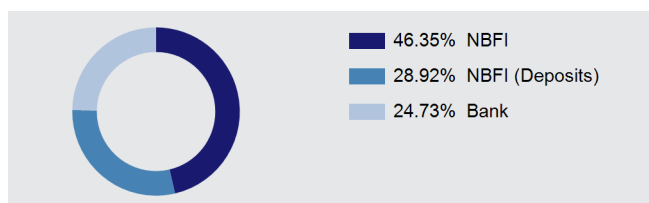
BY CURRENCY (AS % OF PI PORTFOLIO)



BY ASSET CLASS (AS % OF PI PORTFOLIO)



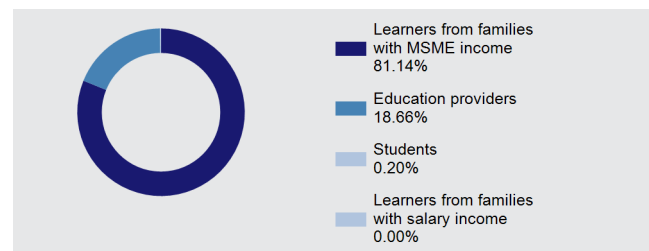
BY TYPE OF PI (AS % OF PI PORTFOLIO)



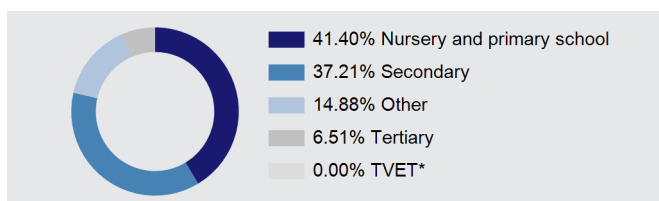
FIVE LARGEST OUTSTANDING POSITIONS (AS % OF PI PORTFOLIO)

Company	Country	Exposure (%)
FAMILY BANK (K) LIMITED	Kenya	13.57%
BAYPORT BOTSWANA	Botswana	12.55%
LETSHEGO KENYA LIMITED	Kenya	11.67%
FIDELIS FINANCE	Burkina Faso	11.16%
IZWE GHANA	Ghana	10.94%

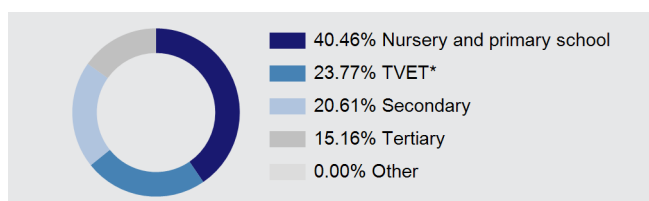
EDUCATION FINANCE SAVINGS BREAKDOWN BY CLIENTS



LOAN PORTFOLIO OUTSTANDING TO FAMILIES AND STUDENTS BY LEVEL OF EDUCATION



LOAN PORTFOLIO OUTSTANDING TO EDUCATION PROVIDERS BY LEVEL OF EDUCATION



*Technical Vocational Education and Training

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	Senior (A4)	LU0000164940	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	21,189.73

The fund has the objective of sustainable investment within the meaning of Article 9 of Regulation (EU) 2019/2088 on Sustainability-related Disclosures in the Financial Services Sector (the "SFDR").

For additional information, please contact:

BlueOrchard Finance Ltd.

✉ investor@blueorchard.com



+41 44 441 55 51