

INVESTMENT MANAGER'S COMMENT

REFFA's education portfolio was at USD 36.4 million at the end of Q2 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 3.5 million.

REFFA investees were invited to take part in different webinars on crisis response measures in June. More capacity building offers are to come in a more tailor-made manner to help prepare for doing business (especially education finance) in a post Covid-19 environment.

Education Finance update

REFFA partner institutions continued to be impacted in Q2 2020 by the Covid-19 pandemic shock, with monthly education disbursements being hit the hardest. The overall education portfolio reduced in size from USD 145.1m in Q1 2020 to USD 135.7m in Q2 2020. Advans Cote d'Ivoire, Enda Tamweel and Finca Nigeria are among the REFFA investees that granted loan moratoriums to their most vulnerable education clients, with an extended loan repayment tenor ranging from 3 to 6 months. A marginal improvement of 10.54% was recorded on the volume of education finance deposits from Q1 2020, as lockdown restrictions were lifted in Q2 2020 in a majority of the REFFA countries.

Market update

The African economy has experienced a knock-back in Q2 2020 following a surge in Covid-19 infections, a catastrophic locust outbreak (in East Africa), and lockdown measures that have curtailed economic activity. Learning institutions are slowly reopening, as lockdown restrictions get lifted, with a majority of the governments prioritizing final-year students.

In **Botswana**, Moody's revised the country's outlook of A2 from stable to negative, citing risks of lower growth, higher budget deficits and an expected increase in government borrowing. In June 2020, all final-year classes in public schools within the Gaborone zone reopened as the lockdown was lifted, while remaining classes reopened across the country.

In **Eswatini**, the central bank lowered the policy rate by 50 basis points to 4% in May 2020, on the back of volatile global and regional economic developments. Public finances deteriorated owing to lower SACU (Southern African Customs Union) receipts. Schools remained closed in Q2 2020, with a surge in online learning across national TV and radio stations.

In **Ghana**, private-sector activity contracted in Q2 2020 owing to market decline, high unemployment and increasing price pressures denting household consumption. TS&P affirmed a B country rating and revised the outlook from stable to negative. Final-year students will resume classes in a phased reopening plan.

In **Ivory Coast**, a EUR 30m disbursement was signed by the French government, to combat the pandemic shocks. Ivory Coast is among the countries in WAEMU region set to officially adopt the new currency 'Eco' (formerly 'CFA Franc'). The Eco will remain pegged to the Euro and will be backed by the French Treasury. Schools opened at the end of May 2020, with high levels of hygiene measures put in place.

In **Nigeria**, the economy is on the brink of having the worst recession in four decades. The IMF approved a USD 3.4bn disbursement in emergency funding to support the health sector, shield jobs and businesses from the shock of the Covid-19 crisis. Schools remained closed, with reopening plans for the final-year class in secondary schools set for Q3 2020.

In **Tanzania**, domestic demand was shielded in H1 2020, as government opposed implementation of a state-wide lockdown. IMF approved a USD 14.3m debt-relief, covering repayments from June to October 2020. Towards the end of Q2 2020, schools reopened after a three-month closure; making Tanzania the first East African country to allow students to return to schools.

In **Tunisia**, strict containment measures reduced domestic production and tourism sector growth in April and May 2020. The economy slightly improved towards end of June 2020, following border-reopening and continued easing of lockdown restrictions. Schools remained widely closed in Q2 2020; reopening is tentatively planned for September 2020.

In **Zambia**, external debt surged to unsustainable levels (exceeding 100% of economic output). The country is undertaking a debt restructuring exercise that will hopefully unlock IMF's Rapid Credit Facility. Schools remained closed in Q2 2020.

FUND FACTS

Net Asset Value (NAV) in USD	38,157,256
Total Assets in USD	40,927,385
Average exposure per PI in USD	3,469,889
Weighted average life (years)	1.35
Number of countries	8
Number of PIs	9
Number of loans outstanding	11
Portfolio as % of Total Assets	76%

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	53,250,984
Q2 2020	0
Number of loans disbursed	
Since inception	19
Q2 2020	0

PI FINANCIAL INDICATORS*

Asset growth (last 12 months)	16.79%
Portfolio growth (last 12 months)	4.10%
Return on assets (ROA) (last 12 months)	1.64%
Return on equity (ROE) (last 12 months)	11.67%
Portfolio at risk 30 days (PAR 30)	9.97%
Write-offs (last 12 months)	1.97%
Debt/equity ratio	4.98x
Debt/equity ratio (subdebt as equity)	1.63x

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

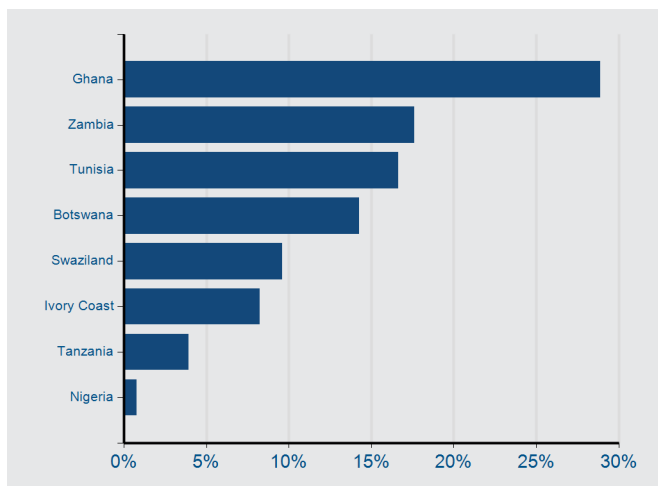
EDUCATION PORTFOLIO INDICATORS*

Total Education Finance Portfolio	135,672,392
Volume in % of total education portfolio	
Education Providers	1%
Learners from families with salary income	66%
Learners from families with MSME income	2%
Students	23%
Outreach	
Education Providers	1,185
Learners from families with salary income	111,196
Learners from families with MSME income	19,607
Students	24,592
Male borrowers (number)	95,965
Female borrowers (number)	59,430
Male borrowers in % of portfolio to learners and students (volume)	67%
Female borrowers in % of portfolio to learners and students (volume)	33%
Average # of pupils in education providers financed	8
Utilization of loans by educational providers	
Working capital	47%
Investment	53%
Overdraft	0%

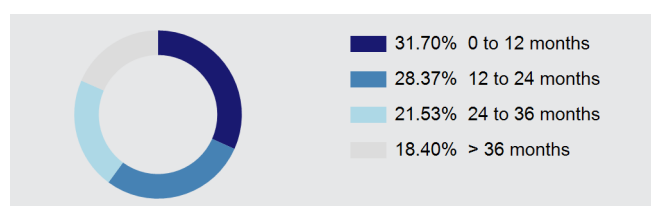
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EXPOSURE

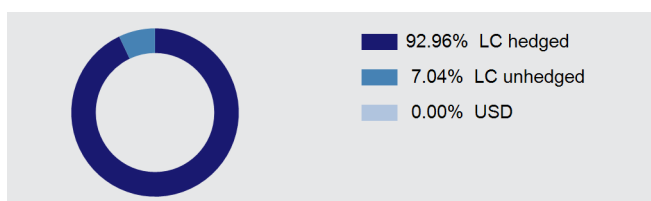
BY COUNTRY (AS % OF PI PORTFOLIO)



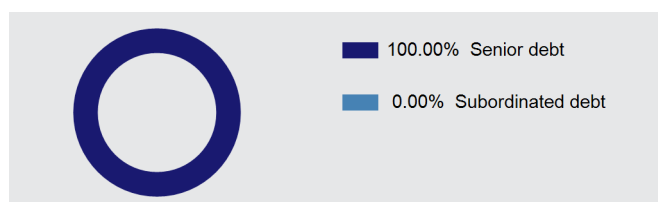
BY MATURITY (AS % OF PI PORTFOLIO)



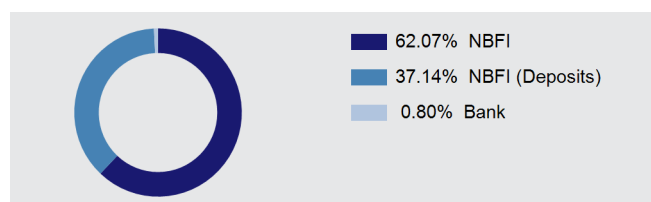
BY CURRENCY (AS % OF PI PORTFOLIO)



BY ASSET CLASS (AS % OF PI PORTFOLIO)



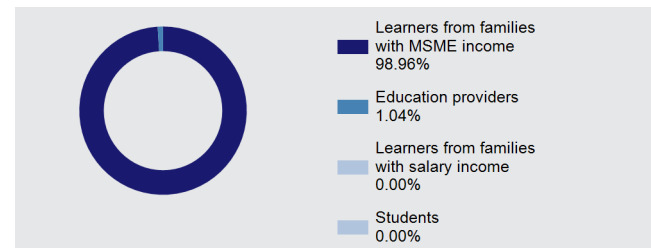
BY TYPE OF PI (AS % OF PI PORTFOLIO)



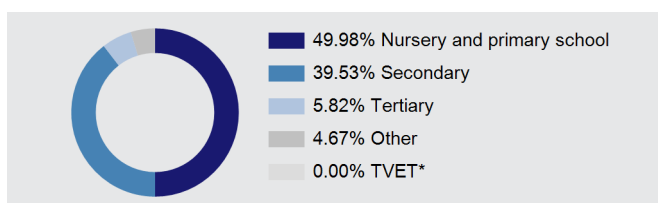
FIVE LARGEST OUTSTANDING POSITIONS (AS % OF PI PORTFOLIO)

Position	Country	Exposure (%)
BAYPORT ZAMBIA	Zambia	17.61%
ENDA TAMWEEL	Tunisia	16.65%
IZWE GHANA	Ghana	16.01%
BAYPORT BOTSWANA	Botswana	14.25%
BAYPORT GHANA	Ghana	12.87%

EDUCATION FINANCE SAVINGS BREAKDOWN BY CLIENTS

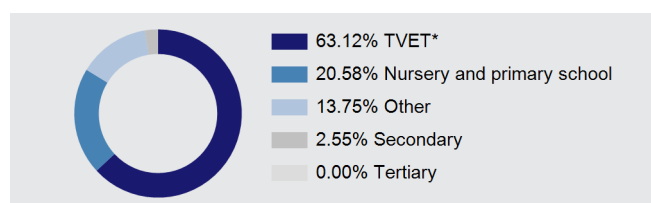


LOAN PORTFOLIO OUTSTANDING TO FAMILIES AND STUDENTS BY LEVEL OF EDUCATION



*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	20,285.11

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