

INVESTMENT MANAGER'S COMMENT

The composition of REFFA's gross education portfolio stood at 34.1 million at the end of Q2 2022. The regional coverage remained constant with exposure in nine countries and across fifteen investees. The average REFFA exposure per partner institution (PI) averaged approximately USD 2.3 million.

On the technical assistance side, a training was held during the second quarter with relevant senior executives on the operational and IT side of Advans Ivory Coast to kick off the pilot use of the EduFinance Tracker. The team received an introduction to all the indicators to report on how the tracker is calculating the scores on education quality and affordability. Furthermore, the consultant IPC has held two workshops in Burkina Faso for whom the investee Fidelis Finance will offer an education-related factoring product to its clients.

Education Finance update

The Russia-Ukraine conflict halted the solid economic recovery of the region from the Covid-19 pandemic. However, despite rising inflation and food security concerns, resilience remains high in REFFA countries as households have substituted their consumption with cheaper local food items. The education portfolio decreased by 2.4%, from USD 149.5 million as of Q1 2022 to USD 146 million as of Q2 2022. The learners from families with MSME income category recorded a drop of 6.2%. This trend results from the cyclical nature of education finance loans, as Q1 2022 corresponded to the start of school in four REFFA countries.

Market update

Botswana's current-account deficit, which amounted to 5.8% of GDP in 2021, should decrease to 3.7% in FY-2022, driven by stronger diamond exports and recovering customs union revenue inflows. Real GDP for 2022 should remain strong at 4.4% in FY-2022.

Burkina Faso has faced political instability since the coup in January 2022. Still, in July 2022, ECOWAS (the Economic Community of West African States) accepted the two-year transition period set by the junta. This means the risk of economic sanctions on the country seems to be receding.

Cote d'Ivoire president Alassane Ouattara has taken major steps toward assuring political stability. In addition, in June 2022, a bilateral initiative with Ghana pressed international partners for a better deal for cocoa farmers, as both countries are committed to making the industry more local-content oriented.

In **Eswatini**, activity is expected to grow in FY-2022, due to improving demand from key markets, namely South Africa and the European Union. The World Bank projects 2% GDP growth in FY-2022, with continued recovery in agriculture, manufacturing and wholesale, and retail trade.

Ghana's economy is facing pressure from the global economic conditions leading to the highest inflation in 20 years, a YoY rate of 29.8% as of June 2022, driven mostly by food prices and fuel costs. The GDP growth expectation for 2022 remains unchanged at 4.2% to accommodate the impact of soaring prices, higher interest rates, and a weakening currency on economic activity.

Kenya's central bank unexpectedly raised its key interest rate in May 2022 for the first time in almost seven years, hiking the rate by 50 bps to 7.5%. The central bank commented that the decision was taken because of elevated risks to the inflation outlook. General elections will be held in August 2022.

Nigeria's Central Bank (CBN) raised its policy rate by 150 bps in May 2022 and by a further 100 bps in July 2022 to curb the rising inflation. Nigeria's headline inflation accelerated to 18.6% in June from 17.7% in May. The CBN expects GDP to increase by an estimated 3.3% in 2022.

Tanzania's economy registered lower inflation than other countries in the region, with a rate of 4.4% YoY as of June 2022. The government announced a fuel subsidy to cushion the country from rising fuel prices. The IMF approved an Extended Credit Facility of USD 1 billion for 40-months, with USD 151 million available for disbursement in July 2022.

Tunisian President Kais Saied has been consolidating executive, legislative, and judiciary power in his own hands, and a referendum in July 2022 will propose to change the political system from parliamentary to presidential. With the prospects of growing opposition and with uncertainty over securing an IMF deal, Tunisia's economy should modestly grow by 2.2% in FY-2022.

FUND FACTS

Net Asset Value (NAV) in USD	48,529,716
Total Assets in USD	52,566,467
Average exposure per PI in USD	2,271,132
Weighted average life (years)	1.04
Number of countries	9
Number of PIs	15
Number of loans outstanding	18
Portfolio as % of Total Assets	65%

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	85,533,105
Q2 2022	3,000,000
Number of loans disbursed	
Since inception	32
Q2 2022	1

PI FINANCIAL INDICATORS*

Asset growth (last 12 months)	19.58%
Portfolio growth (last 12 months)	9.03%
Return on assets (ROA) (last 12 months)	2.76%
Return on equity (ROE) (last 12 months)	18.50%
Portfolio at risk 30 days (PAR 30)	7.90%
Write-offs (last 12 months)	2.95%
Debt/equity ratio	5.75x
Debt/equity ratio (subdebt as equity)	3.86x

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

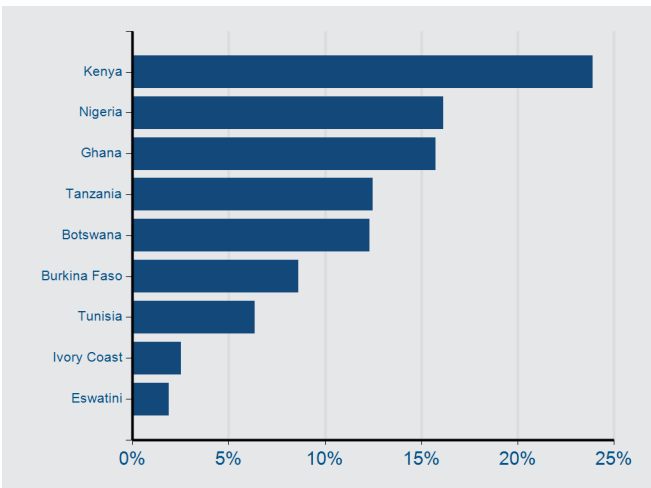
EDUCATION PORTFOLIO INDICATORS*

Total Education Finance Portfolio	145,981,260
Volume in % of total education portfolio	
Education Providers	21%
Learners from families with salary income	59%
Learners from families with MSME income	2%
Students	18%
Outreach	
Education Providers	3,048
Learners from families with salary income	86,365
Learners from families with MSME income	20,556
Students	17,999
Male borrowers (number)	71,639
Female borrowers (number)	47,756
Male borrowers in % of portfolio to learners and students (volume)	66%
Female borrowers in % of portfolio to learners and students (volume)	34%
Average # of pupils in education providers financed	236
Utilization of loans by educational providers	
Working capital	64%
Investment	34%
Overdraft	2%

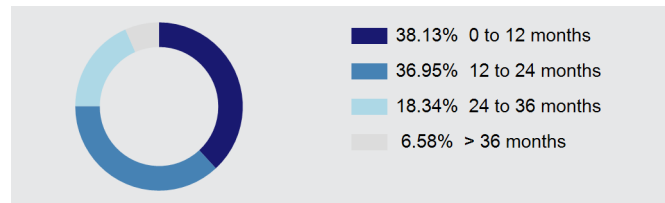
*Data based on the latest available data from MFIs in the portfolio
 - includes some estimates by BlueOrchard

EXPOSURE

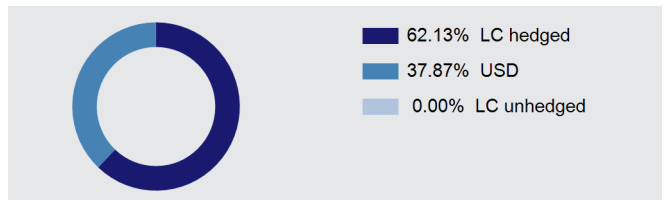
BY COUNTRY (AS % OF PI PORTFOLIO)



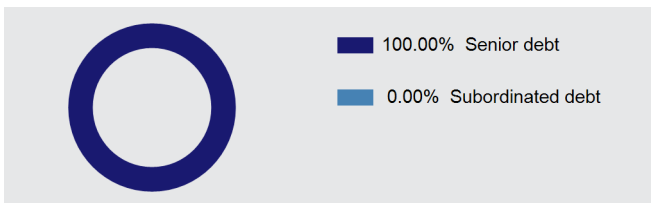
BY MATURITY (AS % OF PI PORTFOLIO)



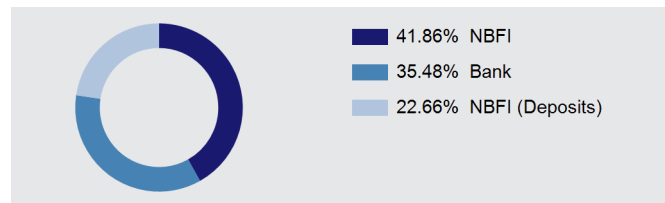
BY CURRENCY (AS % OF PI PORTFOLIO)



BY ASSET CLASS (AS % OF PI PORTFOLIO)



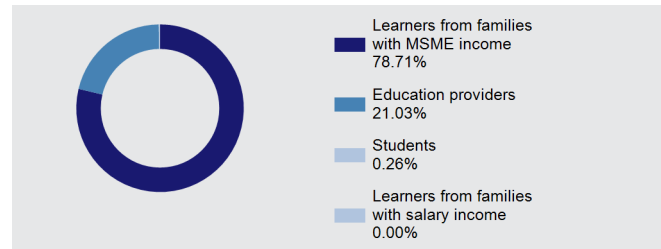
BY TYPE OF PI (AS % OF PI PORTFOLIO)



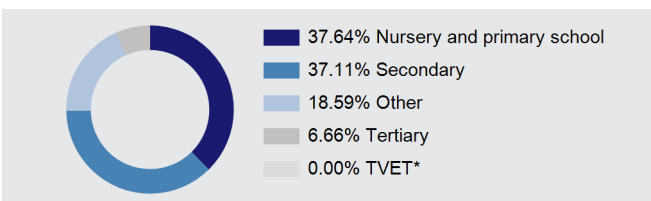
FIVE LARGEST OUTSTANDING POSITIONS (AS % OF PI PORTFOLIO)

Company	Country	Percentage
FAMILY BANK (K) LIMITED	Kenya	13.65%
STERLING BANK PLC	Nigeria	13.21%
BAYPORT TANZANIA	Tanzania	12.48%
BAYPORT BOTSWANA	Botswana	10.13%
LETSHEGO KENYA LIMITED	Kenya	8.81%

EDUCATION FINANCE SAVINGS BREAKDOWN BY CLIENTS

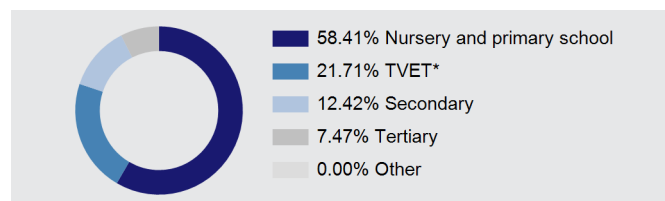


LOAN PORTFOLIO OUTSTANDING TO FAMILIES AND STUDENTS BY LEVEL OF EDUCATION



*Technical Vocational Education and Training

LOAN PORTFOLIO OUTSTANDING TO EDUCATION PROVIDERS BY LEVEL OF EDUCATION



Currency	Tranche	ISIN	NAV/share
USD	Senior (A2)	LU1828991866	100,000.00
USD	Senior (A3)	LU1829058525	100,000.00
USD	Senior (A4)	LU2374570211	100,000.00
USD	Senior (A6)	LU2517088519	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	21,733.17

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