

## INVESTMENT MANAGER'S COMMENT

As of Q1 2018, REFFA finances 8 investees across 7 different countries, mainly in Sub-Saharan Africa. The average exposure per institution is slightly more than USD 1.9 million. Since 2013, the REFFA Technical Assistance (TA) portfolio has evolved to 34 projects with a total budget of EUR 2.3 million across 12 countries. The TA includes capacity building projects at the investee level, innovation TA projects, market studies, as well as projects focused on quality of education. TA projects are offered to existing investees, while prospective partners may receive short preparatory TA. A TA project on quality of education and affordability will be launched by year-end. In the second quarter of 2018, several loans in the pipeline are expected to be disbursed. This would expand the portfolio to new investees in Tanzania, as well as add new countries such as Nigeria and Uganda. Provisioning for one of the Fund's investees – Chase Bank, Kenya (placed in receivership on April 6 2016 by the Central Bank of Kenya and operated by the Kenya Deposit Insurance Corporation) – was further increased to 100% during Q1 2018 as the severity of the impairment became known and REFFA has determined that there are realistically no further expectations to receive any recovery from the remnant asset.

### Education Finance update

REFFA has invested in 8 institutions across 7 different countries in Africa, with an average exposure of USD 1.9 million. During Q1-2018, the total outstanding portfolio experienced an overall decline in its volume from USD 39.2 million in Dec-17 to USD 35.4 million in Mar-18 with a total of 51,394 clients served. The 10% decline corresponds to the seasonality of education loans which are following the school cycle, resulting in a drop in demand and repayment of loans from the previous quarter. Advans Côte d'Ivoire which joined REFFA in Q3-2017, experienced the greatest growth in volume with 129% due to the disbursement of loans to 13 new education providers. The same reason accounts for the 58% increase in Advans Cameroun's loan portfolio volume. Bayport Tanzania, the newest exposure in REFFA, recorded a 4% increase in its outstanding loan portfolio. On a Y-o-Y basis, the total portfolio experienced a significant increase of 114% for the period between Mar-2017 and Mar-2018, due to the acquisition of additional exposures. Volume of school fee loans to families with salaries and MSME income recorded the greatest growth of 306% and 119% respectively, in the same period. Loans to education providers also increased by USD 4 million to stand at USD 16 million during the same period. Student loans, which were reported for the first time in Q4-2017, increased by 1% in this quarter.

### Market update

In **Ghana**, increasing oil prices continued to support growth and the Cedi remained stable. A modest fiscal consolidation is to be expected due to the upcoming IMF review that will influence Ghana's successful completion of the bailout program in December 2018. The CFA Francs (XOF and XAF) remained relatively stable against the USD mainly because of a favorable macroeconomic context in the Eurozone, to which both currencies are pegged.

In **Cameroon**, political instability continued to rise with the upcoming election in October 2018, exacerbating the unrest in the Anglophone areas. However, economic growth remained robust due to new gas production.

In **Ivory Coast**, economic growth continued to be sluggish due to persistently low cocoa prices. However, a slight upswing has been observed since February 2018 which could strengthen the overall growth if it was to persist. Additionally, the military mutiny is expected to continue, posing a threat to the country's stability.

In **Congo DRC**, the economy remained steady as the resilient mining sector continues to be the safety net preventing the economy from falling into a recession. Moreover, the previously postponed elections have a low chance to be held in 2018.

In **Tanzania**, the economic growth remained modest despite regulatory uncertainty. The Shilling started to weaken slightly owing to a ban on gold exports.

In **Kenya**, the political truce between the president and the opposition led to more stability which contributed to the strengthening of the currency.

In **Tunisia**, after a wave of protests, the government rolled back on some austerity measures, but high unemployment, elevated inflation and social instability persists. The Central Bank moderated the pace of its tightening cycle after raising the policy rate by 25 bps in March 2018.

## FUND FACTS

Net Asset Value (NAV) in USD	23,120,765
Total Assets in USD	23,671,653
Average exposure per PI in USD	1,936,037
Number of countries	7
Number of PIs	8
Number of loans outstanding	9
Portfolio as % of Total Assets	65%

PI = Partner Institution

## ACTIVITY REPORT

Total new disbursements	
Since inception	25,787,125
Q1 2018	0
Number of loans disbursed	
Since inception	10
Q1 2018	0

## PI FINANCIAL INDICATORS\*

Asset growth (last 12 months)	21.04%
Portfolio growth (last 12 months)	21.35%
Return on assets (ROA) (last 12 months)	1.31%
Return on equity (ROE) (last 12 months)	5.97%
Portfolio at risk 30 days (PAR 30)	6.97%
Write-offs (last 12 months)	1.87%
Debt/equity ratio	5.45x
Debt/equity ratio (subdebt as equity)	5.22x

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

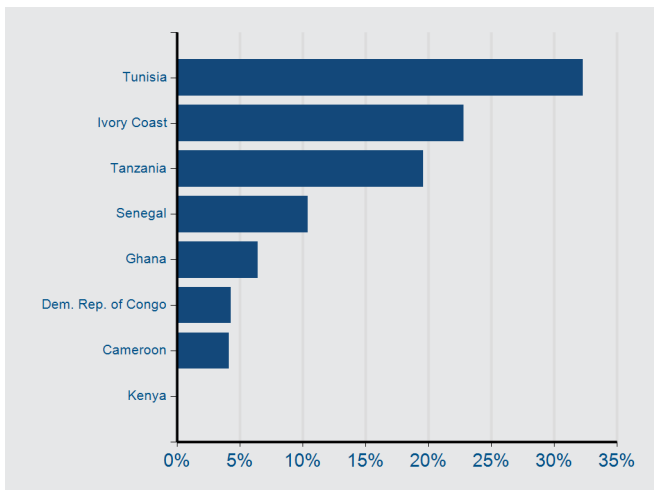
## EDUCATION PORTFOLIO INDICATORS\*

Total Education Finance Portfolio	35,389,570
Volume in % of total education portfolio	
Education Providers	46%
Learners from families with salary income	33%
Learners from families with MSME income	9%
Students	12%
Outreach	
Education Providers	687
Learners from families with salary income	25,257
Learners from families with MSME income	21,809
Students	3,641
Male borrowers (number)	22,844
Female borrowers (number)	27,863
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	743
Utilization of loans by educational providers	
Working capital	43%
Investment	55%
Overdraft	2%

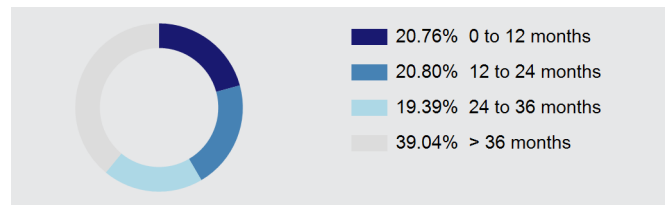
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**EXPOSURE**

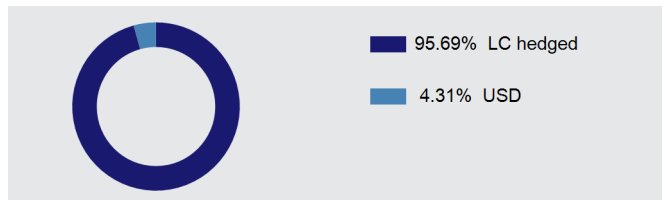
**BY COUNTRY (AS % OF PI PORTFOLIO)**



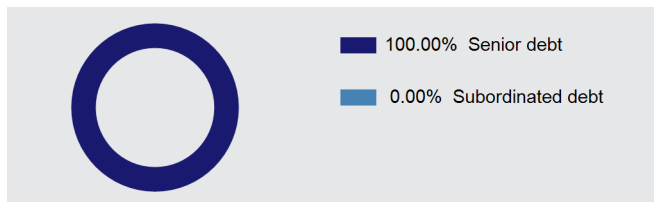
**BY MATURITY (AS % OF PI PORTFOLIO)**



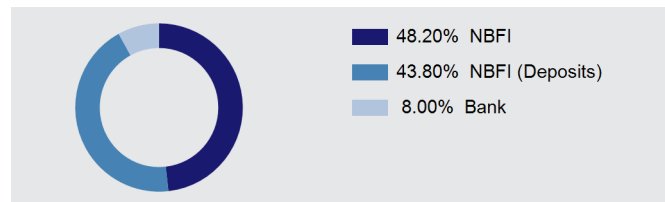
**BY CURRENCY (AS % OF PI PORTFOLIO)**



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



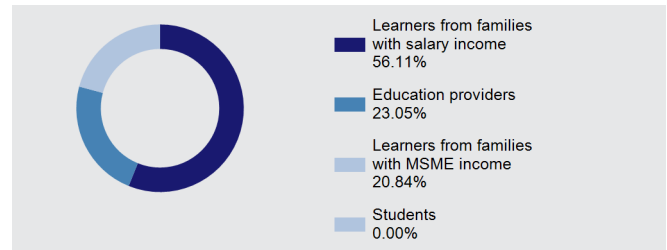
**BY TYPE OF PI (AS % OF PI PORTFOLIO)**



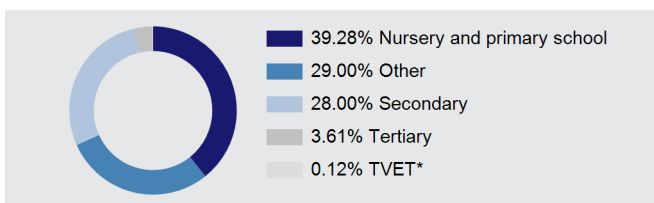
**FIVE LARGEST OUTSTANDING POSITIONS (AS % OF PI PORTFOLIO)**

Position	Country	Percentage
ENDA TAMWEEL	Tunisia	32.28%
ADVANS CI	Ivory Coast	22.82%
BAYPORT TANZANIA	Tanzania	15.92%
ACEP SENEGAL	Senegal	10.40%
ADVANS GHANA	Ghana	6.46%

**EDUCATION FINANCE SAVINGS BREAKDOWN BY CLIENTS**

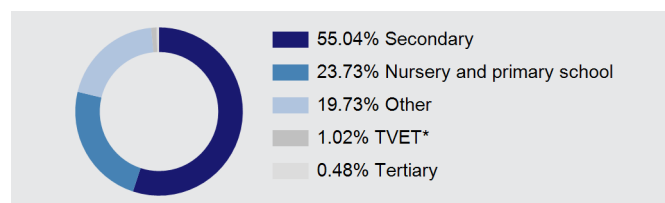


**LOAN PORTFOLIO OUTSTANDING TO FAMILIES AND STUDENTS BY LEVEL OF EDUCATION**



\*Technical Vocational Education and Training

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



Currency	Tranche	ISIN	NAV/share
EUR	Senior (A)	LU1548990651	0.00
USD	Senior (A)	LU1548990578	0.00
USD	Mezzanine (B)	LU1548990735	50,681.55
USD	Junior (C)	LU1548990818	21,423.77

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