

INVESTMENT MANAGER'S COMMENT

The composition of REFFA's education portfolio is at 32.8 million at the end of Q3 2021. It mirrors the previous quarter closely both in terms of geographical presence and exposure. It covered thirteen investees across nine countries, while the average REFFA exposure per Partner Institution averaged approximately USD 2.5 million.

During the third quarter one more project was added to the REFFA Technical Assistance Facility (TAF) portfolio, namely an education product adaptation project with Letshego Botswana, scheduled to start early 2022. Furthermore, the technical assistance project scope for a new investment prospect in Burkina Faso was discussed. In parallel to these regular TA activities, a range of introductory calls have been implemented to start onboarding REFFA's existing investees to the EduFinance Tracker so that they can assess (and report) education quality and affordability of their education lending activities.

Education Finance update

Q3 2021 continued to see schools remaining open despite the complications from the third wave of the Covid-19 pandemic. Modalities varied across the region with some school opening to in-person teaching while a hybrid system remained in places for parts with higher infection rates. Despite these positive trends the overall education portfolio decreased to USD 111.00 million (from USD 130.47 million) mainly due to a repaid exposure of one of the REFFA partner institutions. Nonetheless, the volume of education providers grew in the last quarter by about 13.14%, attributable to a new investee in the REFFA portfolio focusing on education providers. Loans to learners from families with MSME income grew by 182% marking the beginning of the school year in francophone countries.

Market update

In **Botswana** in August 2021, the central bank monetary policy committee (MPC) maintained the policy rate at 3.75% despite elevated overall risks to inflation in the outlook. However, inflation is projected to return to within the central bank's medium-term objective range of 3-6% in Q2 2022.

Despite the political uncertainty owing to the jihadist attacks in some areas in **Burkina Faso**, real GDP is expected to increase by 4.1% in 2021 and 4.6% in 2022 due to increased mining activity (gold) and rising agriculture output as security for farmers continues to improve.

In **Eswatini**, the king has accepted the need for a national dialogue with all sectors of society. Due to political disruptions, short-term economic growth remains under pressure despite IMF projecting growth to pick up to 1.4% in 2021. Covid-19 infections remain low with 5 new infections per day.

Ghana's central bank left its key policy rate unchanged at 13.5% while the economy is expected to gain further momentum during H1 2021. The central bank approved 2020's dividend payments for 23 universal banks after having placed a moratorium on payment of dividends following the pandemic. 2 million doses of vaccine have been distributed accounting for 3.6% of the country's population.

In **Ivory Coast**, an increase in domestic demand and expectation of better performance in the agriculture and mining sectors leads to real GDP growth predictions of 5.9% in 2021 and 6.3% in 2022. Ivory Coast has showed strong economic resilience to the pandemic.

Kenya's GDP is likely to grow by 4% in 2021 unless the pandemic and slow vaccine rollout continue to place stress on the service sector—the main point of economic resilience. 4.5% of the population has been vaccinated and Covid-19 restrictions have been eased.

In August an increase of USD 3.5 billion in **Nigeria's** IMF Special Drawing Rights was approved and will likely strengthen the foreign reserve position. Higher access to external liquidity will allow the central bank to maintain the Investors' and Exporters' exchange rate at NGN410.11/USD1.00 until the end of 2021.

Real GDP growth in **Tanzania** is expected to reach 4.8% in 2021. This growth is expected to be supported by the agriculture, construction, gold exports sectors and positive spillover effects from trading partners. In August 2021, the central bank introduced new policy measures to boost private-sector credit growth.

President Kais Saied announced a partial suspension of **Tunisia's** constitution and an extension of extraordinary measures on the 22 of September. The measures include a new constitutional order. Around 122 new Covid-19 cases are reported daily but 37% of the population has been vaccinated.

FUND FACTS

Net Asset Value (NAV) in USD	46,648,105
Total Assets in USD	48,841,515
Average exposure per PI in USD	2,462,603
Weighted average life (years)	1.03
Number of countries	9
Number of PIs	13
Number of loans outstanding	16
Portfolio as % of Total Assets	66%

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	73,383,105
Q3 2021	1,000,000
Number of loans disbursed	
Since inception	29
Q3 2021	1

PI FINANCIAL INDICATORS*

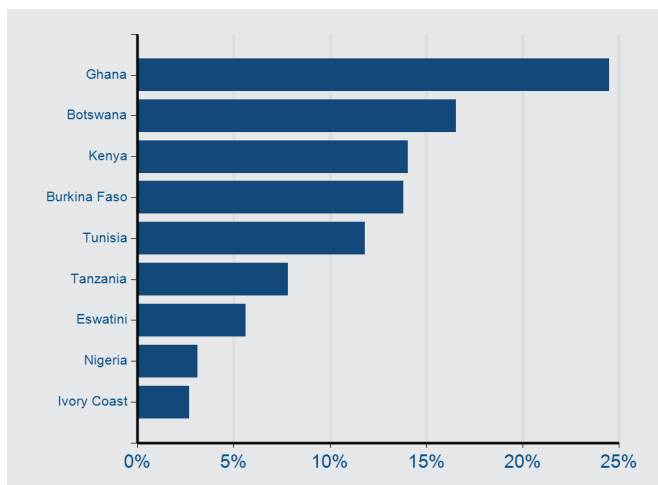
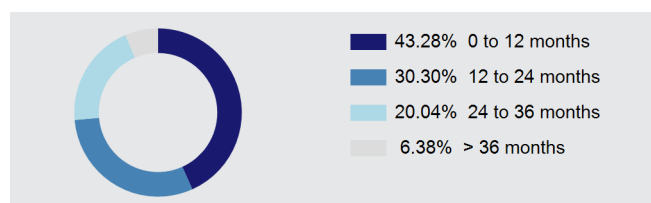
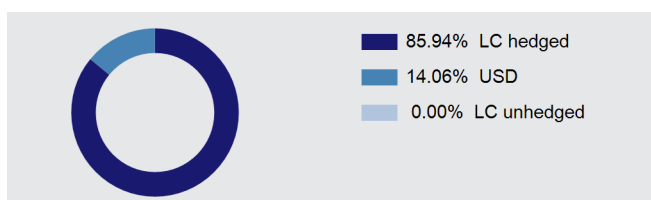
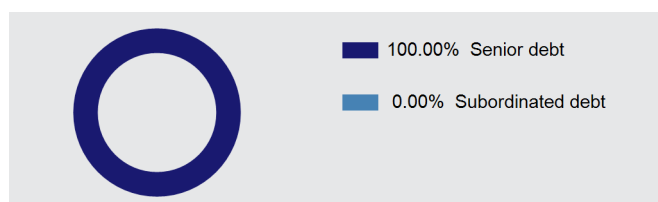
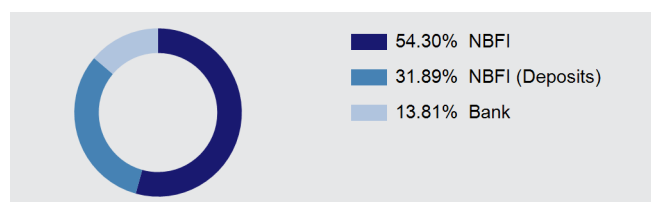
Asset growth (last 12 months)	19.42%
Portfolio growth (last 12 months)	6.10%
Return on assets (ROA) (last 12 months)	2.56%
Return on equity (ROE) (last 12 months)	15.90%
Portfolio at risk 30 days (PAR 30)	5.93%
Write-offs (last 12 months)	3.95%
Debt/equity ratio	4.03x
Debt/equity ratio (subdebt as equity)	3.32x

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

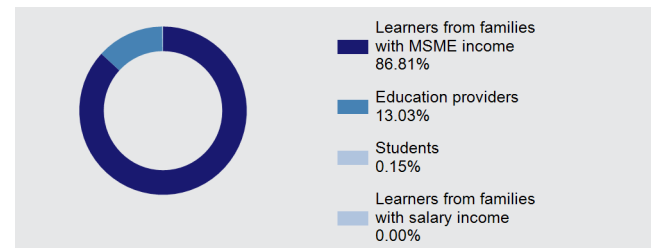
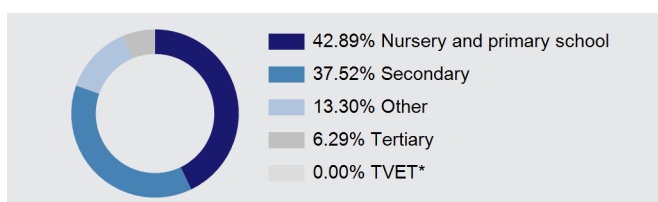
EDUCATION PORTFOLIO INDICATORS*

Total Education Finance Portfolio	110,941,261
Volume in % of total education portfolio	
Education Providers	6%
Learners from families with salary income	75%
Learners from families with MSME income	6%
Students	13%
Outreach	
Education Providers	1,808
Learners from families with salary income	86,008
Learners from families with MSME income	26,356
Students	12,447
Male borrowers (number)	71,374
Female borrowers (number)	48,542
Male borrowers in % of portfolio to learners and students (volume)	64%
Female borrowers in % of portfolio to learners and students (volume)	36%
Average # of pupils in education providers financed	7
Utilization of loans by educational providers	
Working capital	34%
Investment	66%
Overdraft	0%

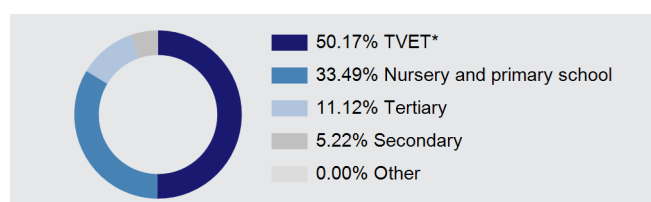
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EXPOSURE
BY COUNTRY (AS % OF PI PORTFOLIO)

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)

Company	Country	Percentage
FIDELIS FINANCE	Burkina Faso	13.81%
BAYPORT BOTSWANA	Botswana	13.43%
LETSHEGO KENYA LIMITED	Kenya	12.49%
ENDA TAMWEEL	Tunisia	11.81%
IZWE GHANA	Ghana	11.71%

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	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	20,894.20

Regulation (EU) 2019/2088: Article 9 Product

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