INVESTMENT MANAGER'S COMMENT

As of 31 March 2019, REFFA finances 9 investees across 8 countries across the African continent. The average exposure per institution is slightly more than USD 3 million. During the last quarter the Fund has disbursed one deal in Botswana of USD 5 million adding a new investee as well as a new country to the portfolio. Bayport Botswana increases the positive contribution of the Fund to the education sector by providing school fee loans to students and learners. REFFA's education portfolio has remained stable at around USD 170 million. Under the Technical Assistance Facility, a project has been developed with the aim of putting in place a framework through which the Fund's investees shall be enabled to take documented account of education quality and affordability levels when assessing their clients, in line with its mission. A consulting consortium has started the implementation of this TA project in close coordination with the Fund and TA Manager. Field visits to investees are planned in Q2 and the expected output is a reporting framework at investee level and according to monitoring mechanism at Fund level.

Education Finance update

On a YoY basis, the total portfolio experienced a significant increase of 479% for the period between March 2018 and March 2019, due to the additional new exposures. The growth was mainly driven by increment in loans to students and learners, where the number of beneficiaries increased from 3,641 to 35,609 over the same period for a total of USD 52 mm. Loans to learners from families with salary income also grew to USD 113 mm. The education providers loan portfolio decreased by 16% since Dec-18 but the pipeline for 2019 includes again a number of institutions financing education providers that will help balance the portfolio.

Market update

In March, **Ghana** received the last tranche of the USD 918 million three-year IMF Extended Credit Facility. The banking sector was cleaned-up with most banks having met the December 2018 deadline for minimum paid up capital.

In **Zambia**, the government announced an increase of the Mineral Royalty Tax in the 2018/2019 fiscal budget. Concerns about debt and foreign reserve levels (less than two months of import) led to the suspension of the loan negotiation with IMF and the downgrade of Standard & Poor's credit rating for Zambia in February 2019. The Kwacha remained under pressure losing 20 percentage points in March 2019 but the currency has remained more stable compared to 2018.

In **Botswana**, the economy continued on its growth trajectory of 4.2% driven by increased mining production and strong global diamond demand. However, shifts in international commodity prices are expected in the short term. The high sovereign credit rating (A-) continues to sustain the stable interest rate and local currency development.

In **Tunisia**, inflation is still on the rise and reached 7.3% in February 2019. Social discontentment continues but the Tunisian government signed an agreement that increased public sector wages in February 2019, following two general strikes in 2018.

In **Ivory Coast**, GDP growth remains on track to reach the forecasted 6.6% for 2019 largely driven by sound macroeconomic policies, investor confidence and a favorable cocoa production. Since January, the country's education system is paralyzed by teacher and lecturer strikes.

In **Tanzania**, continued threats to political freedom and human rights triggered aid cancelations and delays, such as the EUR 626 million budgetary support from the European Union. Arbitrary tax changes and regulatory fines continue to be a major concern for the mining, construction and telecommunications sectors.

In **Senegal**, the February presidential elections saw the re-election of Macky Sall, providing continuity to the current focus on public investment-led infrastructure projects. The World Bank approved a loan to support Senegal in improving tertiary education quality.

In **Cameroon**, economic growth continued at a modest rate of 4.3% driven by increased gas production and public infrastructure investments (secondary schools, hospitals etc.). Instability in the Anglophone region continues to weigh down the agriculture production and the services sector (including financial institutions).

FUND FACTS

Net Asset Value (NAV) in USD	**31,060,437**
Total Assets in USD	**32,857,624**
Average exposure per PI in USD	**3,015,831**
Number of countries	**8**
Number of PIs	**9**
Number of loans outstanding	**11**
Portfolio as % of Total Assets	**83%**

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	41,787,125
Q1 2019	5,000,000
Number of loans disbursed	
Since inception	15
Q1 2019	1

PI FINANCIAL INDICATORS*

Asset growth (last 12 months)	22.88%
Portfolio growth (last 12 months)	23.30%
Return on assets (ROA) (last 12 months)	3.02%
Return on equity (ROE) (last 12 months)	6.32%
Portfolio at risk 30 days (PAR 30)	9.80%
Write-offs (last 12 months)	2.10%
Debt/equity ratio	4.64x
Debt/equity ratio (subdebt as equity)	2.94x

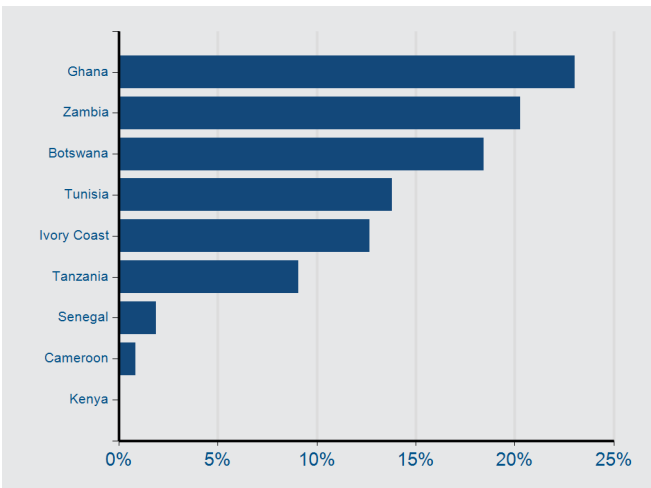*Data based on the latest available data from MFIs in the portfolio - includes some estimates by BlueOrchard

EDUCATION PORTFOLIO INDICATORS*

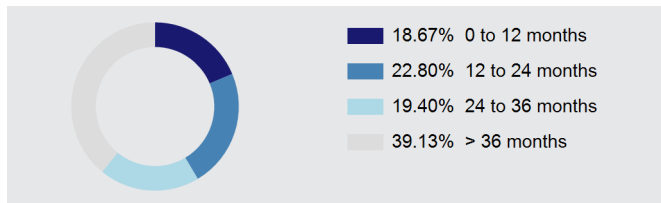|	
Total Education Finance Portfolio	169,344,751
Volume in % of total education portfolio	
Education Providers	1%
Learners from families with salary income	67%
Learners from families with MSME income	1%
Students	31%
Outreach	
Education Providers	558
Learners from families with salary income	107,440
Learners from families with MSME income	18,114
Students	35,609
Male borrowers (number)	102,993
Female borrowers (number)	58,170
Male borrowers in % of portfolio to learners and students (volume)	68%
Female borrowers in % of portfolio to learners and students (volume)	32%
Average # of pupils in education providers financed	336
Utilization of loans by educational providers	
Working capital	4%
Investment	95%
Overdraft	1%

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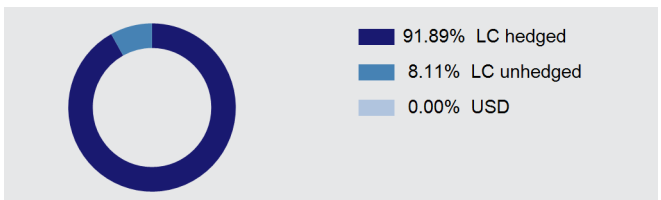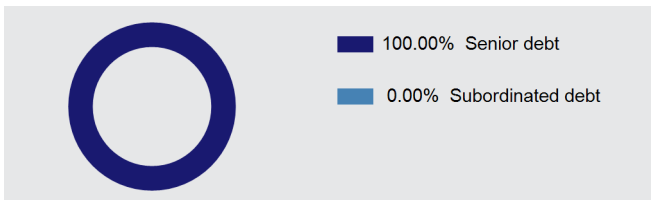
EXPOSURE

BY COUNTRY (AS % OF PI PORTFOLIO)
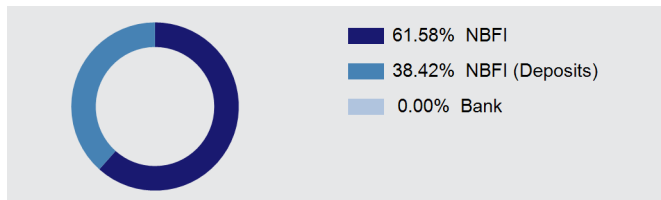

BY MATURITY (AS % OF PI PORTFOLIO)

- 18.67% 0 to 12 months
- 22.80% 12 to 24 months
- 19.40% 24 to 36 months
- 39.13% > 36 months

BY CURRENCY (AS % OF PI PORTFOLIO)

- 91.89% LC hedged
- 8.11% LC unhedged
- 0.00% USD

BY ASSET CLASS (AS % OF PI PORTFOLIO)

- 100.00% Senior debt
- 0.00% Subordinated debt

BY TYPE OF PI (AS % OF PI PORTFOLIO)

- 61.58% NBFI
- 38.42% NBFI (Deposits)
- 0.00% Bank

FIVE LARGEST OUTSTANDING POSITIONS (AS % OF PI PORTFOLIO)

BAYPORT GHANA	Ghana	20.26%
BAYPORT ZAMBIA	Zambia	20.26%
BAYPORT BOTSWANA	Botswana	18.42%
ENDA TAMWEEL	Tunisia	13.82%
ADVANS CI	Ivory Coast	12.66%

EDUCATION FINANCE SAVINGS BREAKDOWN BY CLIENTS

- Learners from families with MSME income 77.69%
- Education providers 21.96%
- Learners from families with salary income 0.35%
- Students 0.00%
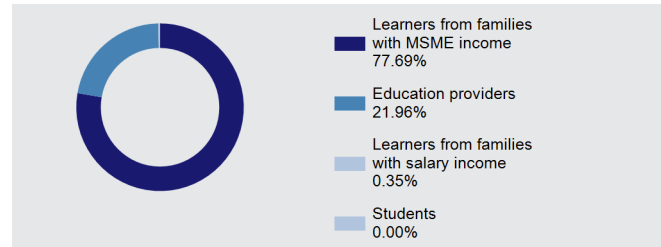
LOAN PORTFOLIO OUTSTANDING TO FAMILIES AND STUDENTS BY LEVEL OF EDUCATION

- 48.45% Nursery and primary school
- 39.20% Secondary
- 7.14% Other
- 5.21% Tertiary
- 0.00% TVET*
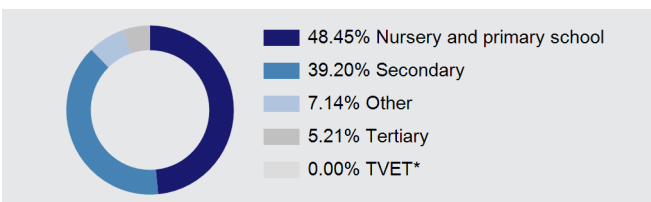
*Technical Vocational Education and Training

LOAN PORTFOLIO OUTSTANDING TO EDUCATION PROVIDERS BY LEVEL OF EDUCATION

- 63.53% Nursery and primary school
- 32.46% Secondary
- 2.41% TVET*
- 1.61% Tertiary
- 0.00% Other
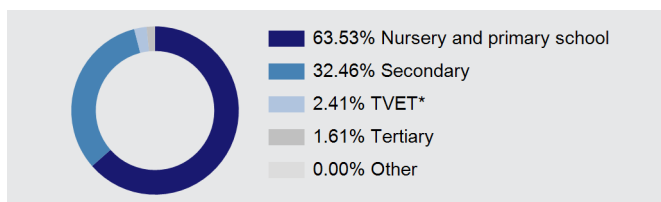
Currency	Tranche	ISIN	NAV/share
USD	Senior (A1)	LU1548990578	100,000.00
USD	Senior (A2)	LU1828991866	100,000.00
USD	Senior (A3)	na	0.00
USD	Mezzanine (B1)	LU1548990735	50,000.00
USD	Mezzanine (B2)	LU1829076188	50,000.00
USD	Mezzanine (B3)	LU1829076774	50,000.00
USD	Junior (C)	LU1548990818	21,374.14

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