



INVESTMENT MANAGER'S COMMENT

At the end of September, the portfolio was at USD 148.5 million across 13 countries. During Q3, the Fund disbursed three loans for a total amount of USD 14.4 million. South Asia remained the largest region (43.48%), followed by East Asia and Pacific (43.20%) and Central Asia (13.32%). Tier 2 and Tier 3 Microfinance Institutions (MFIs) accounted for 53.27% of the loan portfolio. Local currency loans in ten currencies made up 63.97% of the MFI portfolio. The share of subordinated loans was at 14.14% of the portfolio. The weighted average life of the Fund's portfolio remains almost at the same level as in the previous quarter (1 year).

Social performance update

Hattha Bank Plc is one of Cambodia's leading microfinance providers, offering a range of financial products and services, including micro-insurance products, micro- small- and medium enterprises (MSMEs) loans, and consumer loans. In 2020, it joined the government's SME Co-Financing Scheme in which it commits to provide business loans at lower interest rates.

Its current client base consists of 83% of borrowers living in rural areas, while 20% live below the national poverty line of USD 2.50 per day. Moreover, Hattha created a dedicated offering of social loans for vulnerable women as well as persons likely more exposed to potential damages from natural disasters. The bank places a strong emphasis on social responsibility towards local communities. Its CSR strategy is built around three main pillars: 1) enhancing financial knowledge, 2) improving health and safety, and 3) preserving the environment. Amongst various CSR activities initiated by Hattha, there are projects including donations to hospital buildings for equipment, reforestation, or clean-up of public spaces. Furthermore, it launched the "Personal & Household Financial Education Program", which offers workshops to university students to increase their awareness of financial risks and opportunities. In 2019, 1'530 students participated.

Market update

Cambodia's economy continued to slow down in Q3 2020 and is expected to further contract by 2% in the FY2020 due to a decline in tourism, manufacturing and construction sectors. International tourist arrivals have fallen by 64.5% in the first six months of 2020, and garment exports have declined by 7.2%. The partial withdrawal of the EU Everything-But-Arms (EBA) agreement in August 2020 has also exerted downside pressure to Cambodia's exports. However, the concluded negotiations of the Cambodia-China Free Trade Agreement (FTA) as of August 2020 is expected to promote regional trade.

India's economy is expected to contract by 2.1% YoY in Q3 and 1.7% in the FY2020 due to a decline in private consumption, investment and exports. FDI has also fallen by 6.9% YoY as of June 2020, and the unemployment rate is expected to increase to 9.2% for the FY2020. Indonesia recently passed an omnibus law in October 2020 that aims to improve employment and business climate through adjustments to labour rules and business licensing processes.

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Kazakhstan's economy declined 2.8% YTD. Lower oil prices and production cuts are expected to decrease full-year exports by 20%. The KZT remains 15% weaker than at the year-start. The real sector improved as lockdown measures eased in August 2020. Retail sales and agricultural output increased. Households were supported by fiscal stimulus (cash benefits and infrastructure investment).

Kyrgyzstan's economy further contracted in Q3 and GDP is now 6% below 2019 levels. Rising gold prices drove export growth (up 14% YoY) and supported central bank reserves (up 30% YoY). Remittances remain depressed (-25%), although July registered positive growth (10% YoY). In the first nine months of the year, retail sales declined by 16%, and industrial production fell by 2%, supported by FDI.

Myanmar's economy has slowed in Q3 and is expected to decline to 1.8% in the FY2020 due to declines in domestic consumption, exports, and tourist arrivals. Manufacturing exports have declined by 4.4% YoY as of June 2020 and tourist arrivals have fallen by 60.7% YoY. The 2020 general elections are scheduled for November 2020. The IMF has approved USD 365.5 million in emergency assistance in June 2020.

Pakistan's economy experienced a slight recovery in the recent quarter with ADB projecting an economy recovery of 2% by June 2021. Remittances increased by 36.5% in July 2020 YoY owing to the compression of informal money markets and closure of international air travel. The current account recorded a surplus of USD 287 million for the second month in August 2020 due to a growth in exports and low oil import prices.

Sri Lanka's economy has slowed in Q3 and is expected to contract by 5.5% in the FY2020 due to a decline in tourism, exports and domestic consumption. Moody's has downgraded Sri Lanka's sovereign credit rating from B2 to Caa1, citing liquidity and external risks due to high near-term external debt commitments. Despite the downside pressure, the outbreak appears to be well contained, and the economy has been recovering with the manufacturing PMI at 57.9 and services PMI at 64.6 as of August 2020.

Uzbekistan is one of only two countries in Europe and Central Asia that will see positive economic growth of 0.6% this year. The Anti-Crisis Fund was created with around USD 1 billion. The So'm has lost -8.7% of its value YTD as the Central Bank remained active in preventing a sharp fall. The IMF approved USD 375 million disbursements.

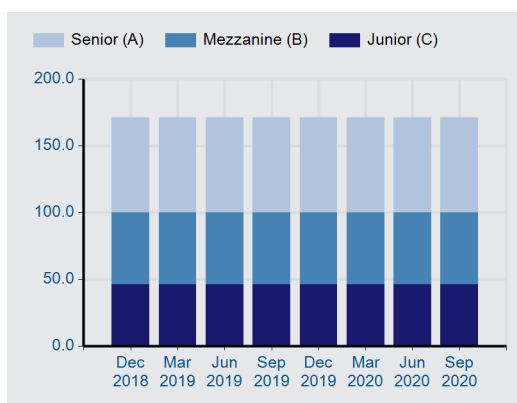
FUND FACTS

Net Asset Value (NAV) in USD	177,223,975
Total Assets in USD	187,635,346
Average exposure per MFI in USD	3,228,012
Weighted average life (years)	1.02
Number of countries	13
Number of MFIs	46
Number of loans outstanding	66
Microfinance portfolio as % of Total Assets	79%

ACTIVITY REPORT

Total new disbursements	
Since inception	429,953,812
Q3 2020	14,449,591
Number of loans disbursed	
Since inception	187
Q3 2020	3

CAPITAL DRAWN (in USD mm)



SOCIAL PERFORMANCE INDICATORS*

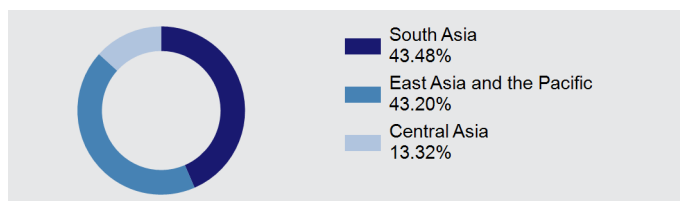
Total # of microentrepreneurs reached by MFIs in the portfolio	14,504,087
# of microentrepreneurs reached by the fund	324,521
# of employees	100,711
# of loan officers	57,719
% of rural clients*	71%
% of female clients*	73%
% of individual lending*	58%
% of group lending	42%
Average loan size to microentrepreneurs	
Simple average across MFIs in USD	1,896
Median across MFIs in USD	568

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

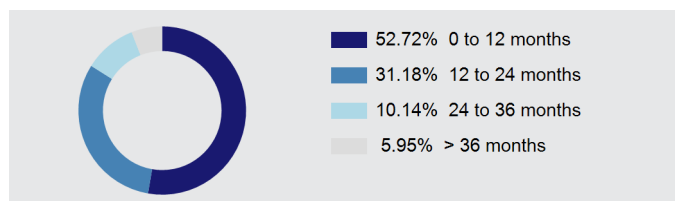


EXPOSURE

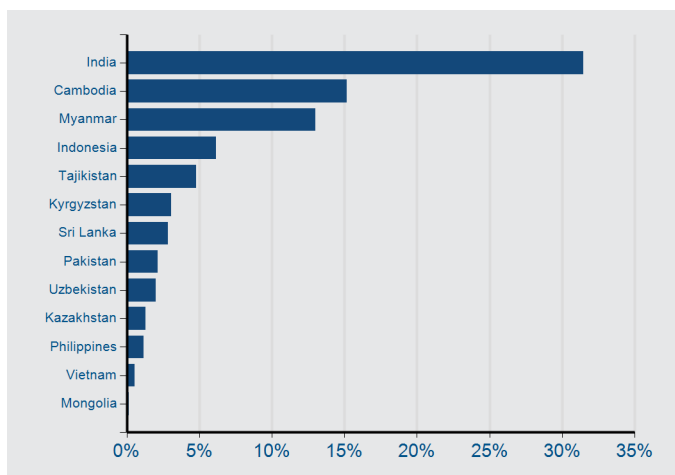
BY REGION (AS % OF MFI PORTFOLIO)



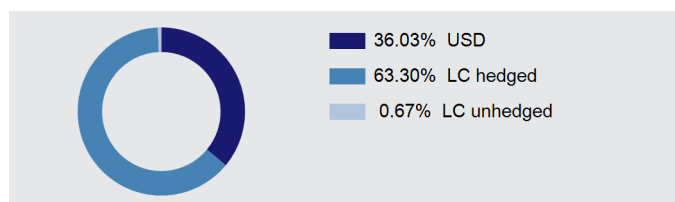
BY MATURITY (AS % OF MFI PORTFOLIO)



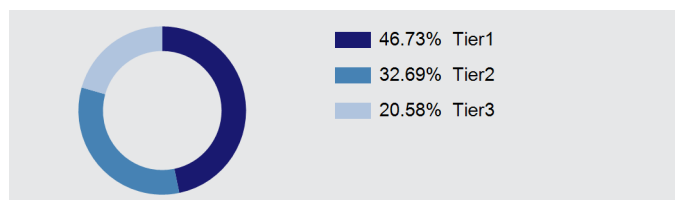
BY COUNTRY (AS % OF NAV)



BY CURRENCY (AS % OF MFI PORTFOLIO)



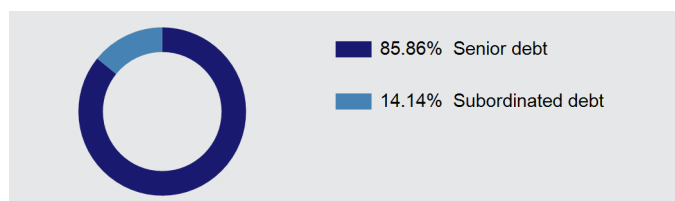
BY TYPE OF MFI (AS % OF MFI PORTFOLIO)



FIVE LARGEST OUTSTANDING POSITIONS (AS % OF NAV)

MBK VENTURA	Indonesia	6.15%
VERITAS FINANCE PVT LTD	India	5.87%
LOLC CAMBODIA	Cambodia	5.08%
AYE FINANCE	India	4.80%
PACT GLOBAL MICROFINANCE FUND (PGMF)	Myanmar	3.95%

BY ASSET CLASS (AS % OF MFI PORTFOLIO)

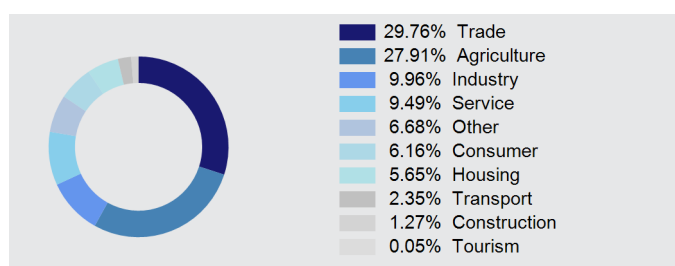


MFI FINANCIAL INDICATORS*

Asset growth (last 12 months)	26.02%
Portfolio growth (last 12 months)	21.92%
Return on assets (ROA) (last 12 months)	2.57%
Return on equity (ROE) (last 12 months)	12.76%
Portfolio at risk 30 days (PAR 30)	2.84%
Write-offs (last 12 months)	0.59%
Debt/equity ratio	3.86x
Debt/equity ratio (subdebt as equity)	3.47x

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

BY SECTORS FINANCED (AS % OF MFI PORTFOLIO)



Currency	Tranche	ISIN	NAV/share
EUR	Senior (A)	LU1006090028	100,000.00
USD	Senior (A)	LU0801844175	100,000.00
USD	Mezzanine (B)	LU0801844258	100,000.00
USD	Junior (C1)	LU0801844332	111,603.86
USD	Junior (C2)	LU0801844415	114,743.08
USD	Junior (C3)	LU0801844506	122,177.10

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