

## INVESTMENT MANAGER'S COMMENT

The portfolio at the end of December 2020 was at USD 142.7 million across 12 countries. During Q4, the Fund disbursed six loans for a total amount of USD 16.7 million. East Asia and the Pacific was the largest region (45.05%), followed by South Asia (41.66%) and Central Asia (13.29%). Tier 2 and Tier 3 Microfinance Institutions (MFIs) accounted for 53.13% of the loan portfolio. Local currency loans in nine currencies made up 65.51% of the MFI portfolio. The share of subordinated loans was at 12.62% of the portfolio. The weighted average life of the Fund's portfolio remains almost at the same level as in the previous quarter (1.04 years).

### Social performance update

TYM is a Vietnamese microfinance institution established in 1992 by the Vietnam Women's Union (VWU), part of the Government's Poverty Alleviation Program. As of December 2020, it had a USD 88 million gross loan portfolio (GLP), with more than 103'000 active borrowers, 85% of whom live in rural areas. The MFI has a strong social commitment towards improving the lives of its 100% female client base and offers social and financial services and products, including micro, small, medium (SME) loans and savings products. The microloans remain below USD 2,200, while the SME loans range from USD 2,200 to USD 4,340.

TYM is a high-achieving MFI, having won prizes nearly every year since 2002. In 2021 it won the citi micro entrepreneurship award (CMA) for being an outstanding microfinance institution. Furthermore, it has had an invaluable impact on women's lives, providing 300'000 women with social services, including health checks, training and subsidised housing programs. As a result, 120'000 women escaped poverty thanks to TYM's loans, and 7'000 women found support in launching a business.

### Market update

**Cambodia's** economy is projected to contract 5.0% in 2020 but growth is expected at 3.8% in 2021 due to successful virus containment measures. Cambodia's manufacturing exports fell by 2.5% in the first nine months of 2020, while international arrivals contracted 74.1% YoY in September. While actual FDI inflows declined in 2020, there are positive signs that inflows are returning, also into non-garment manufacturing sectors.

**India's** economy is expected to contract 10.6% in FY2020 with declines in consumer spending and private investments. India has the second highest Covid-19 infections worldwide due to its large population, but cases are stabilizing. In November, the government provided the third installment of stimulus, which mainly focuses on credit growth, job creation and infrastructure and amounts to roughly 2% of GDP.

**Indonesia's** economy is expected to contract 2.4% in FY2020. Positively, the Omnibus Law which aims to encourage business and investment was passed in November 2020, and the consumer confidence index in December saw its strongest reading since March 2020 with 96.5 points. The Indonesian central bank kept its key interest rates unchanged in December after several rounds of rate cuts in 2020.

**Kazakhstan's** economy shrank by 2.4% in 2020, with a slowing pace in Q4 due to rising oil prices and production increases granted by OPEC. The second wave of Covid-19 cases began in October. Declines were somewhat mitigated by 5.6% growth in agriculture and 11.2% increase in construction, supported by infrastructure investment embedded in the government's fiscal response, including USD 1.9 billion of loan guarantees to SMEs.

**Myanmar's** economy was estimated to have grown 1.3% in FY2020 ending September 2020. For FY2021, 5.7% growth is expected. In the November elections, the National League for Democracy (NLD) party won the majority; however, the military still has veto power with 25% of the seats. The kyat appreciated to a four year high in October but may return to a depreciating path in 2021.

**Pakistan's** economy contracted 0.4% in the last fiscal year ending June 30, 2020, as the pandemic hit. According to Moody's, GDP is forecasted to return to growth in 2020-21, gaining a modest 1.5% and accelerating to 4.4% in FY 2022. Long-term credit growth potential remains strong, given the large unbanked population.

**Philippines'** economy is forecasted to contract by 8.9% in FY2020 due to Covid-19 and multiple natural disasters. The peso reached a four-year high in mid-December amid record-high reserves and a weak US dollar, but currency depreciation is expected in 2021.

**Sri Lanka's** economy grew by 1.5% YoY in Q3 but overall 2020 growth is estimated to have contracted 5.3%. S&P downgraded Sri Lanka's sovereign credit rating from B- to CCC+, following similar downgrades from Fitch and Moody's in view of concerns of Sri Lanka's debt servicing capacity. The Sri Lankan rupee is expected to depreciate due to the growing need to provide for debt.

**Tajikistan's** President secured a fifth consecutive presidential term in October. According to the IMF, the economy is expected to grow by 1% in 2020 and bounce-back to 6% in 2021. Tajikistan and the ADB signed four grant agreements totalling USD237.5 million in December 2020.

**Uzbekistan** is one of only two countries in Europe and Central Asia that will see positive economic growth of 0.5% this year and rebound strongly to 6.5% in 2021. The Anti-Crisis fund was created with around USD 1 billion.

**Vietnam's** economy grew 4.48% YoY in Q4 and growth for 2020 is estimated at 2.91%. The growth was driven by the government's success in containing Covid-19. Vietnam's industrial production rose by 9.5% YoY in December 2020. Retail sales increased 9.4% YoY in December 2020 amid improving consumer demand.

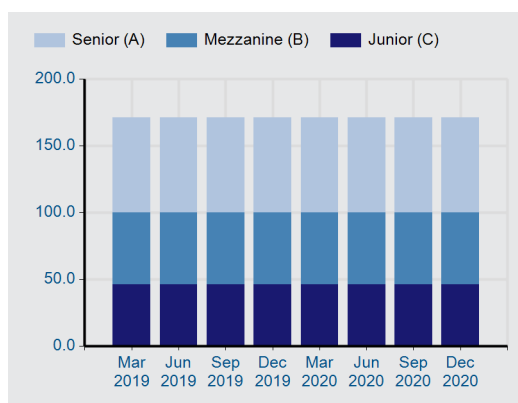
## FUND FACTS

Net Asset Value (NAV) in USD	178,137,706
Total Assets in USD	182,961,920
Average exposure per MFI in USD	3,169,368
Weighted average life (years)	1.04
Number of countries	12
Number of MFIs	45
Number of loans outstanding	67
Microfinance portfolio as % of Total Assets	78%

## ACTIVITY REPORT

Total new disbursements	
Since inception	446,694,130
Q4 2020	16,740,318
Number of loans disbursed	
Since inception	193
Q4 2020	6

## CAPITAL DRAWN (in USD mm)



## SOCIAL PERFORMANCE INDICATORS\*

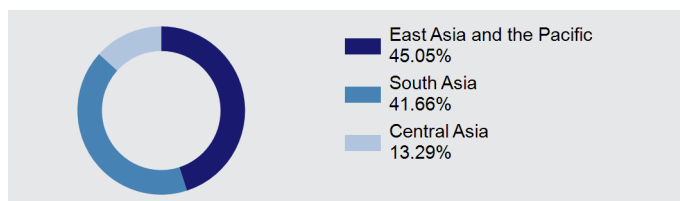
Total # of microentrepreneurs reached by MFIs in the portfolio	14,360,619
# of microentrepreneurs reached by the fund	310,143
# of employees	95,577
# of loan officers	54,024
% of rural clients*	73%
% of female clients*	75%
% of individual lending*	57%
% of group lending	43%
Average loan size to microentrepreneurs	
Simple average across MFIs in USD	1,881
Median across MFIs in USD	498

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

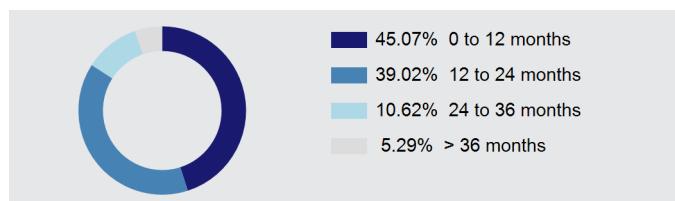


## EXPOSURE

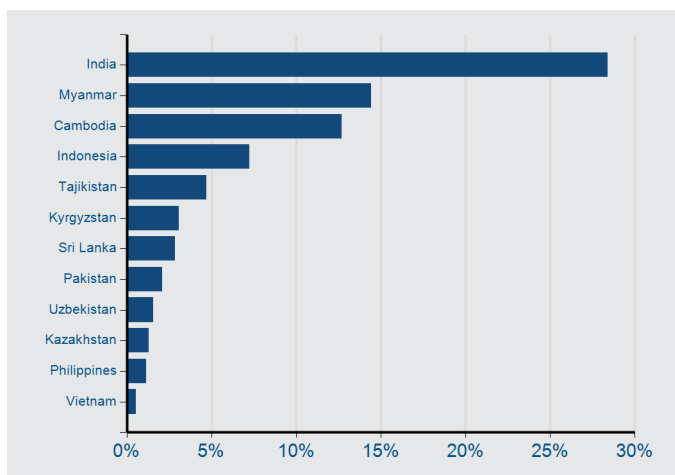
### BY REGION (AS % OF MFI PORTFOLIO)



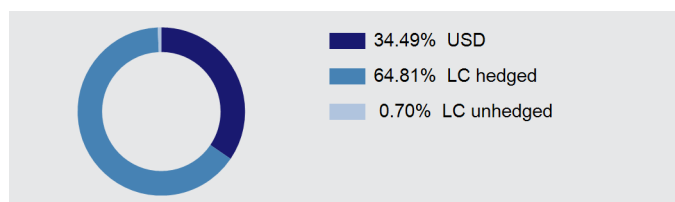
### BY MATURITY (AS % OF MFI PORTFOLIO)



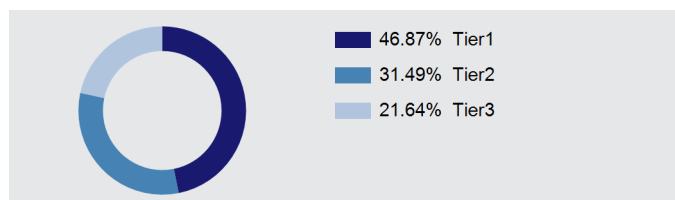
### BY COUNTRY (AS % OF NAV)



### BY CURRENCY (AS % OF MFI PORTFOLIO)



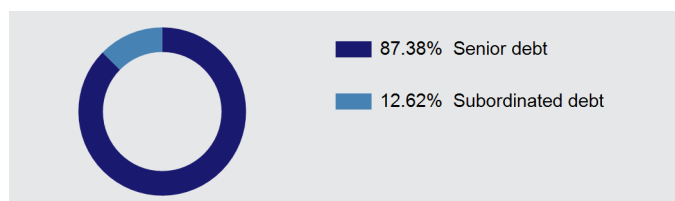
### BY TYPE OF MFI (AS % OF MFI PORTFOLIO)



### FIVE LARGEST OUTSTANDING POSITIONS (AS % OF NAV)

MBK VENTURA	Indonesia	6.12%
VERITAS FINANCE PVT LTD	India	5.84%
AYE FINANCE	India	4.73%
PACT GLOBAL MICROFINANCE FUND (PGMF)	Myanmar	3.93%
LOLC CAMBODIA	Cambodia	3.93%

### BY ASSET CLASS (AS % OF MFI PORTFOLIO)

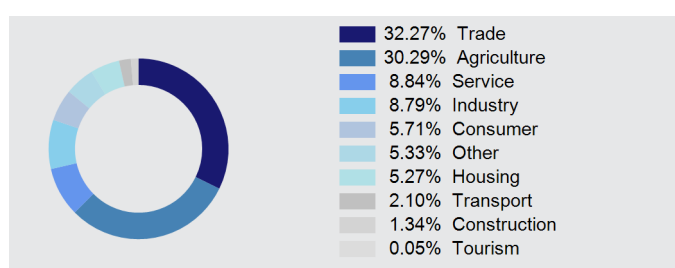


### MFI FINANCIAL INDICATORS\*

Asset growth (last 12 months)	22.08%
Portfolio growth (last 12 months)	16.47%
Return on assets (ROA) (last 12 months)	2.26%
Return on equity (ROE) (last 12 months)	9.14%
Portfolio at risk 30 days (PAR 30)	2.78%
Write-offs (last 12 months)	0.47%
Debt/equity ratio	3.90x
Debt/equity ratio (subdebt as equity)	3.59x

\*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	111,104.79
USD	Junior (C2)	LU0801844415	113,454.61
USD	Junior (C3)	LU0801844506	122,941.09

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