



**BlueOrchard**  
Impact Investment Managers

Member of the  
Schroders Group



**BlueOrchard Private Equity  
Financial Inclusion Fund (BOFIF)**

October 2022



## BOFIF highlights

- Pioneering impact investor with +20-year track record in financial inclusion
- Direct Private Equity for Financial Inclusion
- Global emerging markets
- IRR 20% target return (net USD)
- Targeting financial inclusion for 30m individuals
- Unparalleled expertise in financial inclusion investing
- Article 9 SFDR classification





## Agenda

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## BlueOrchard is a leading global impact investment manager



- 20+ years experience in impact investing – Founded in 2001 as a private initiative supported by the UN
- Experts in emerging and frontier markets, while aiming to provide attractive market returns
- Thought leader in impact and ESG management
- Global company with local presence
- Multi-asset manager: Credit, Private Equity, Sustainable Infrastructure
- Manager of largest microfinance fund worldwide
- Sophisticated private, institutional and public sector clients



Provided access to financial and related services to over **255+mn** people<sup>1</sup>



Invested in over **100** countries<sup>2</sup>



Over USD **9.8bn** invested<sup>2</sup>

## Unparalleled platform in financial inclusion

### Select platform credentials

#### > 20 years

Investing for Financial Inclusion in emerging markets

#### > 100 countries

Currently invested by BlueOrchard's 10 funds

#### Comprehensive data

On past and current portfolio companies

#### > USD 9.8bn

Deployed since inception

#### > 450 companies

Past and current portfolio companies

#### > 120 professionals

Including >60 investment professionals in four local offices

#### > USD 1.4bn

Debt disbursed in the last twelve months

#### > 2'500 companies

In our active network

#### > 255m people

Reached with inclusive services by 2022

### Proposition for investors



Unmatched network, sourcing and access



Deep sector and country expertise



State-of-the-art monitoring and reporting

## Unserved and underserved financial needs create opportunities for impact in emerging and frontier markets

### Access to finance for economic and social empowerment

- 1.4bn adults remain unbanked, more than 56% of which are women
- More than 50% of formal SMEs are either underserved or unserved by financial institutions

### (Micro)insurance for financial and economic resilience

- Emerging markets account for only about 10% of the USD 5tn global insurance market but for 60% of world GDP
- 53% of global population is not covered by any insurance, leaving 4bn people unprotected

### Technology for improved access, relevance and affordability

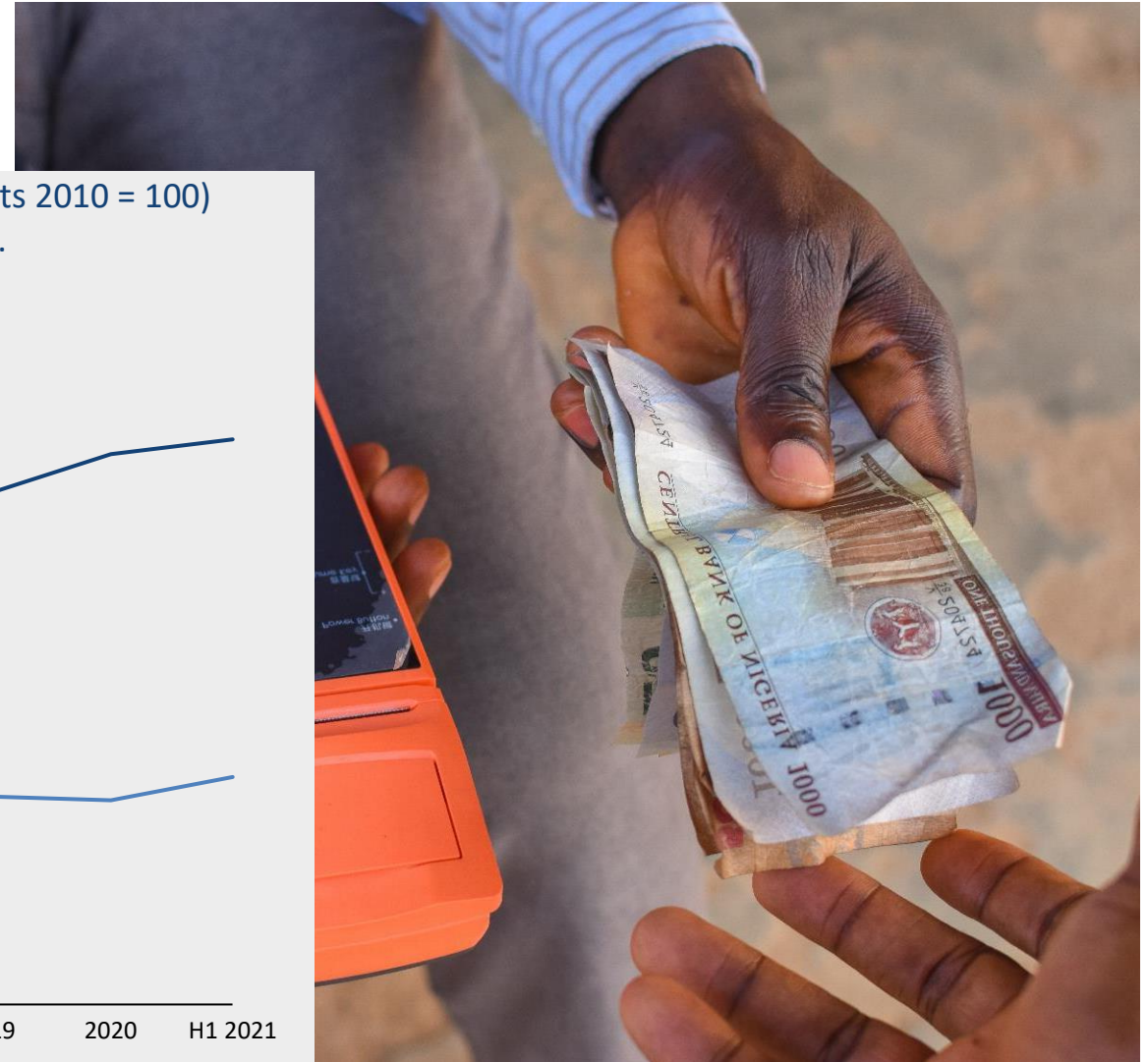
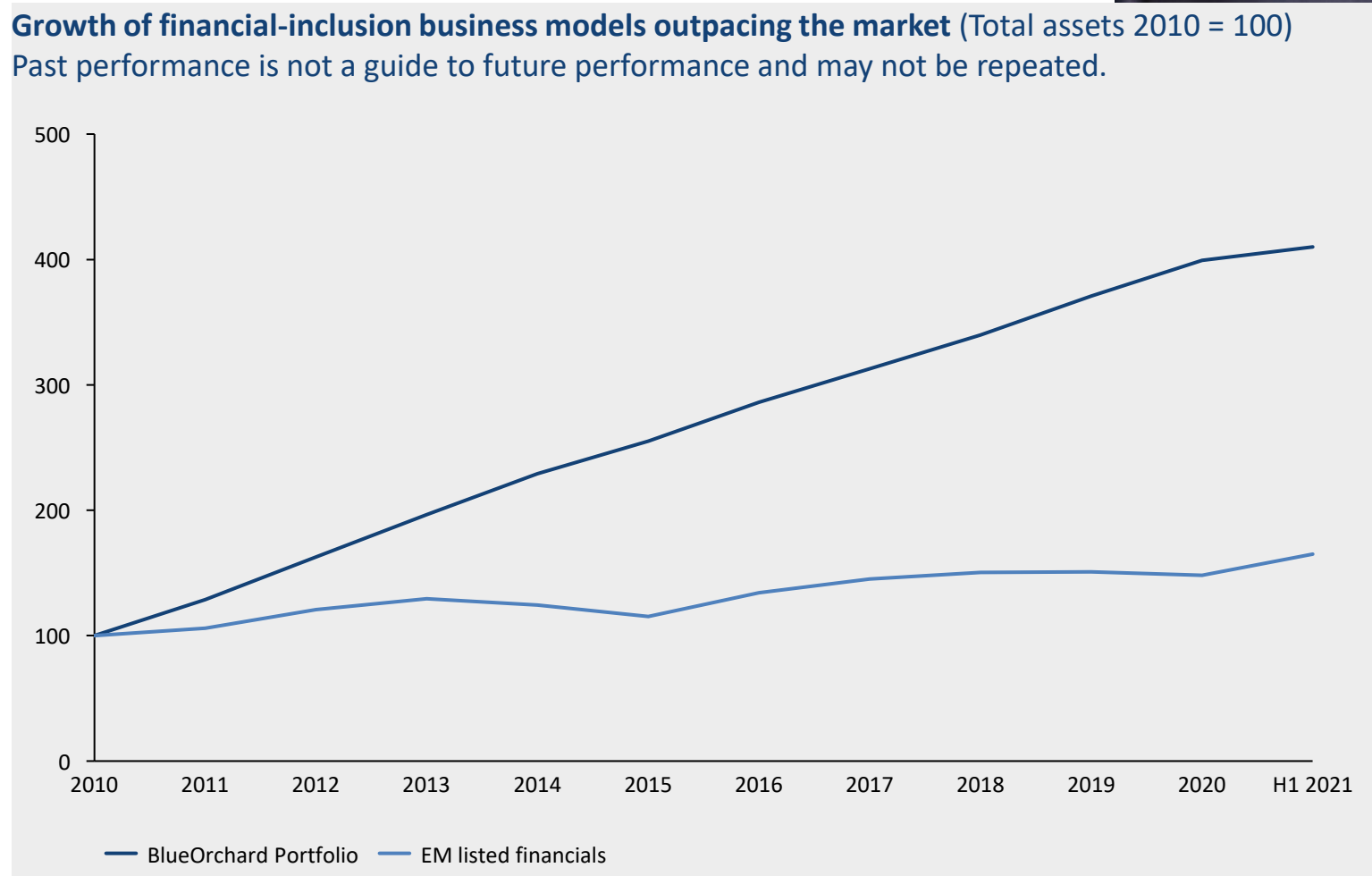
- Providing financial services to a customer in emerging markets are 7x costlier for a traditional branch vs a digital account
- Africa is a leader in mobile money, 21% of adult population have a mobile money account





## Financial inclusion is a high-growth profitable theme

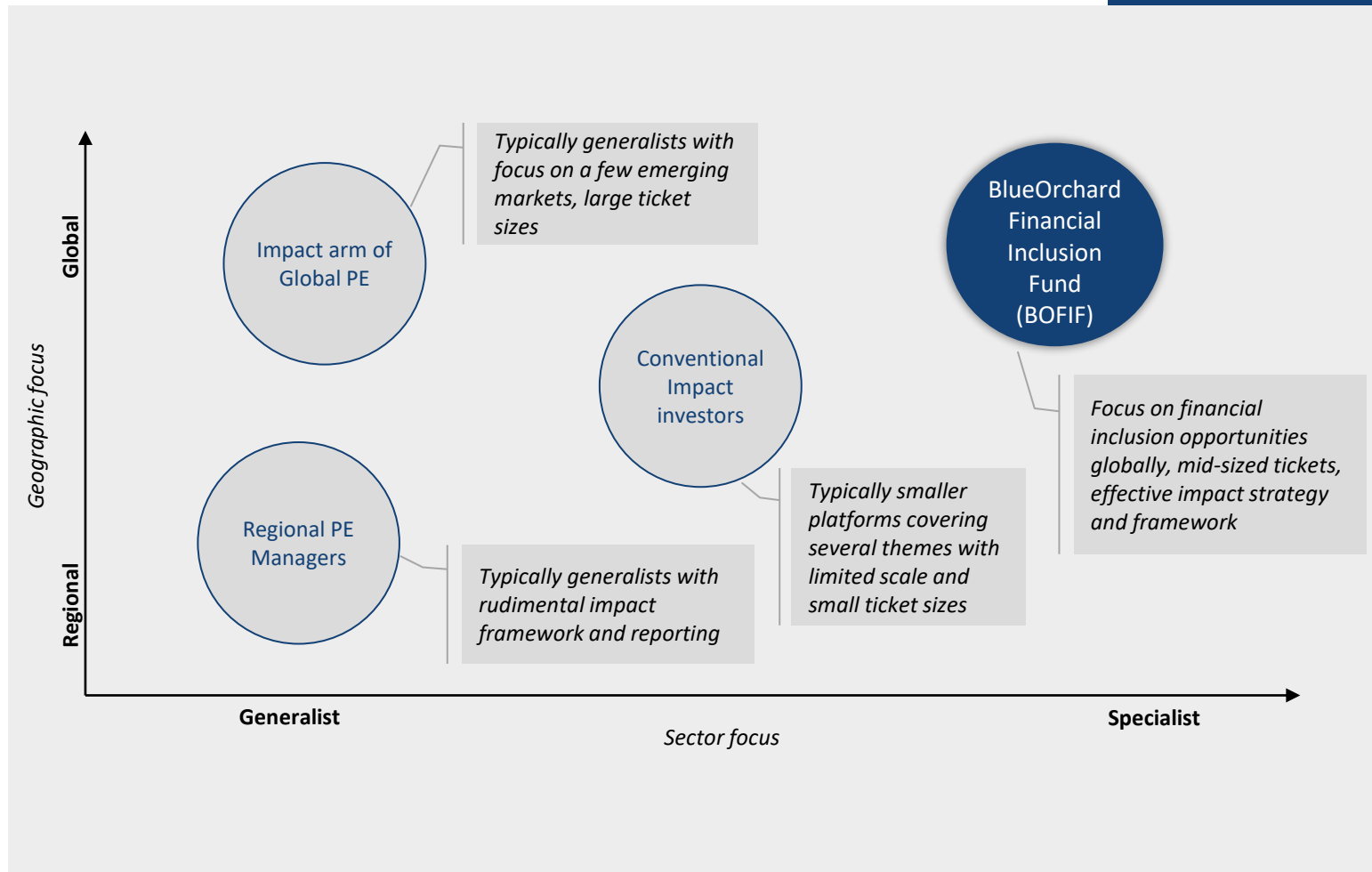
**Growth of financial-inclusion business models outpacing the market (Total assets 2010 = 100)**  
Past performance is not a guide to future performance and may not be repeated.



**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.** Exchange rate changes may cause the value of investments to fall as well as rise. Performance data does not take into account any commissions and costs, if any, charged when units or shares of the fund are issued and redeemed. As of September 2022.

Source: BlueOrchard.

## The Fund pursues a focused and differentiated strategy leveraging BlueOrchard’s global platform



- Unparalleled platform with global network, local presence, deep expertise, unique access and track record in financial inclusion
- Differentiated strategy with focus on financial inclusion and mid-sized opportunities in emerging markets globally
- Sector focus and expertise allowing for effective sourcing, selection, value creation and preferred access to opportunities
- Best-practice impact framework and reporting

As of January 2022.  
Note: Simplified, indicative typology of emerging market PE investors only.  
Source: BlueOrchard.



## Accessing opportunities for impact and financial return



- Access to affordable & relevant financial services for individuals and MSMEs
- Social and economic development (SDGs)
- Targeted and measurable additionality



30m individuals and MSMEs target



- Access to the fast and profitable growth of businesses active in financial inclusion
- Geographical and sectoral diversification
- Complexity premium for active investors in emerging markets



20% IRR target



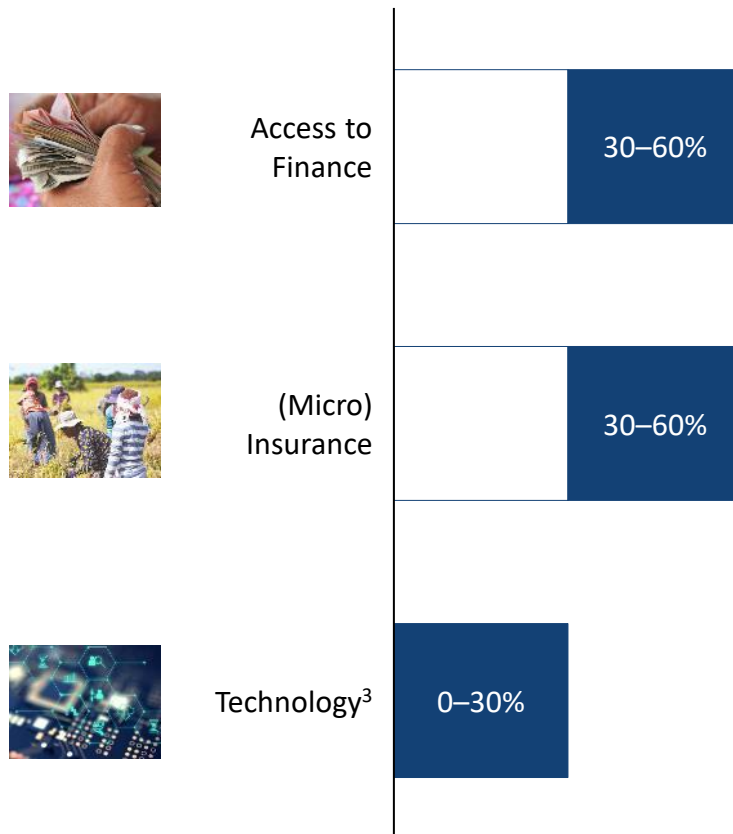
- EM private markets platform built on vast experience and disbursement volumes
- Strong presence across emerging markets
- Pioneers in impact and financial inclusion with best-practice impact management



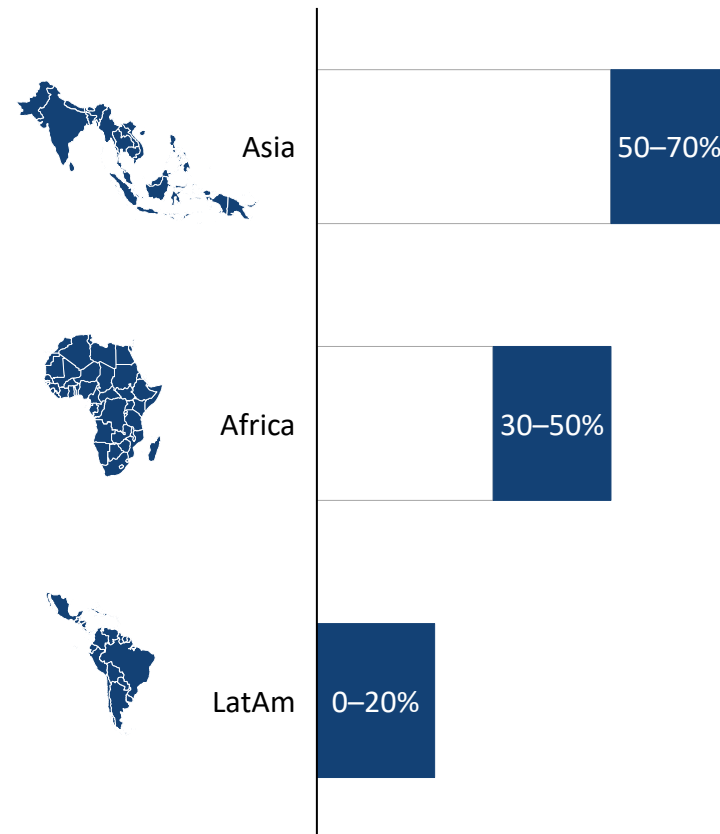
20+ years experience  
9.8bn+ USD disbursements  
100+ EM countries

# Geographical scope and sectoral diversification, providing flexibility to capture best risk-adjusted return and impact

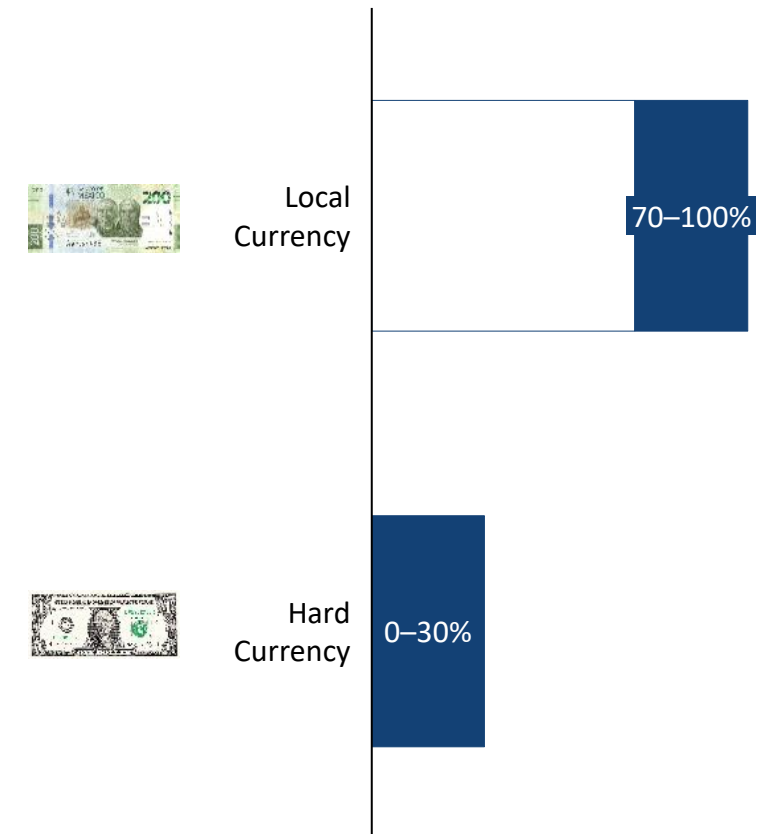
## Sectors<sup>1</sup>



## Regions<sup>2</sup>



## Currency



1. 20% target sector agnostic investments, 15% single investment limit upon completion of investment period; 2. No regional limits, 20% country limit upon completion of investment period. 3. Series B or later As of January 2022. Note: References to these portfolio allocations are for illustrative purposes only and are not a recommendation to buy and/or sell. These portfolio allocations are examples and may be different to the actual portfolio of any fund launched. The actual portfolio allocations will only be determined upon inception of the fund and may have different characteristics and allocations compared to what is presented above. Source: BlueOrchard.

## Driving growth and inclusion through investments across financial sectors and business models

### Target sectors



#### ACCESS TO FINANCE

- Microfinance and MSME lending
- Savings (bank and non-bank) and investment products
- Payments and money transfers



#### (MICRO)INSURANCE

- Life Insurance (life, credit life, invest.)
- General insurance (property & casualty, agri., health)
- Insurance brokerage



#### TECHNOLOGY

- Payments, digital wallets, remittances and savings
- Digital lending
- Digital insurance and brokerage

### Investment selection criteria

- Active along the value chain of Financial Inclusion and aligned on impact ambition (selective other inclusion opportunities)
- Sound governance, professional management and aligned shareholders (incl. ESG & Impact practices)
- Sustainable competitive advantage and strong operating capabilities, or ability to disrupt and scale
- Several growth avenues, clear digital strategy, attractive valuation and high (current or potential) earnings and ROE
- Low exposure to cyclical sectors and political interference
- Match with BlueOrchard's sector experience, value creation abilities, and investment proposition



# A holistic approach on Impact Management: B. Impact Framework

## SPiRiT ESG Assessment

## SPiRiT Impact Assessment

## SDG Mapping & Alignment

### ESG Scorecard






Assesses an investee's risks and practices in relation to:

-  **Environment**
-  **Social**
-  **Governance**

The ESG rating is used as an input for origination and monitoring of investments

### Impact Scorecard

Assesses the potential impact of each investment along five dimensions:

-  **What**  
Investment Intent
-  **How Much**  
Impact KPIs
-  **Who**  
End Beneficiaries
-  **Contribution**  
BlueOrchard's Value Added
-  **Risk**  
Impact Risks

### SDG Mapping

Provides an SDG mapping at investee and fund level:

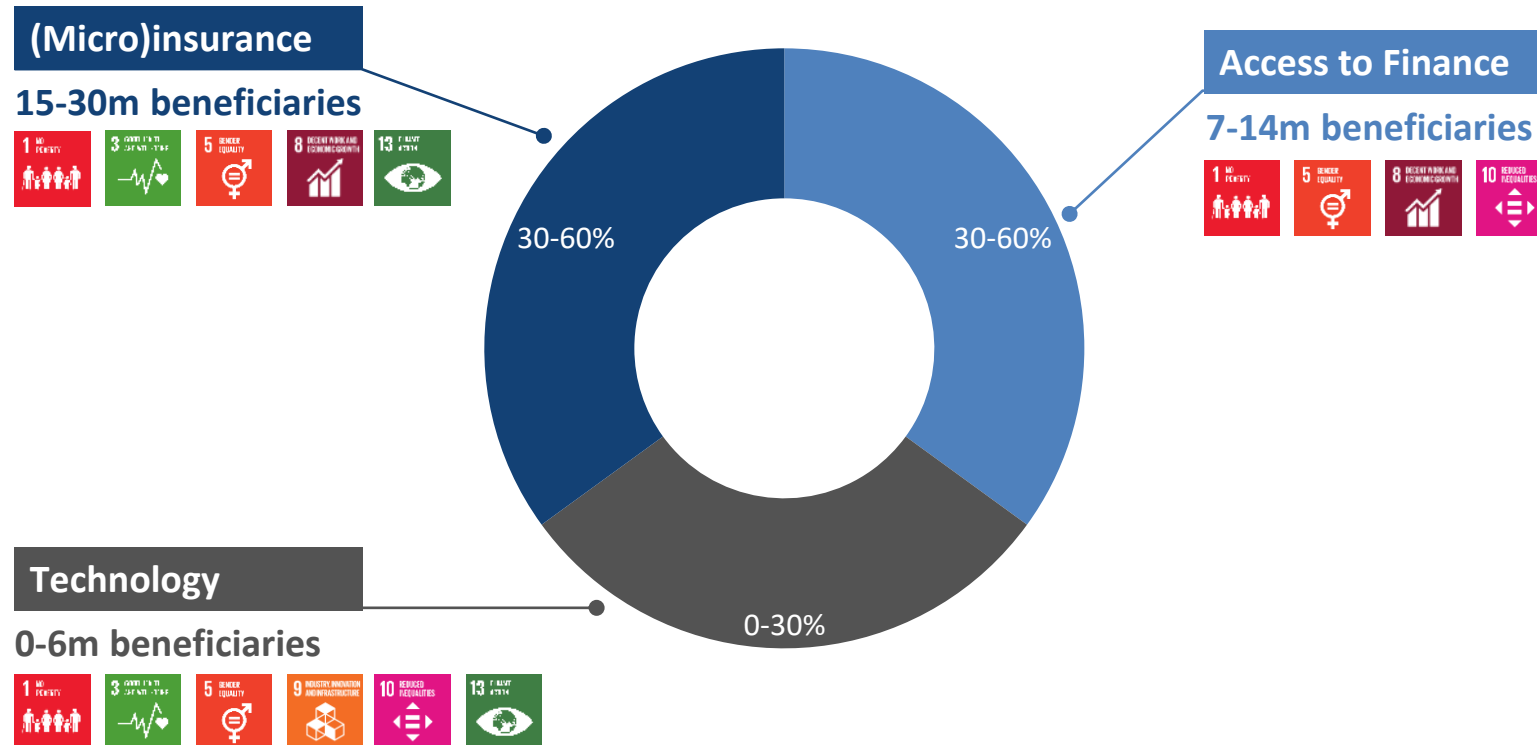


-  SDG Universe
-  SDG Material Assessment
-  SDG Impact KPI's Matrix
-  SDG Reporting

The Fund is targeting to extend and enhance financial services to up to more than 30m low-income individuals and MSMEs – 1m for each USD 10m invested

### SDG alignment and potential beneficiaries

Based on target fund size of USD 300m



### Illustrative KPIs

#### Access to Finance

- Beneficiaries having access to affordable financial services
- Jobs created (direct and indirect, permanent and temporary)
- Volume of investments intermediated to least developed economies

#### (Micro)insurance

- Beneficiaries reached with affordable health/life insurance
- Beneficiaries reached with affordable climate insurance
- Women beneficiaries that have access to affordable insurance services

#### Technology

- Small-scale enterprises financed
- Total number of digital lending/insurance beneficiaries
- Estimated digital lending/insurance YoY growth

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# Private Equity Core Team – Part of a broad and proven platform

## BlueOrchard Team<sup>1</sup>

-  135+ strong team
-  20+ years of impact investing
-  Invested in 100+ emerging markets
-  Regional teams with local insight
-  Best practice tools and processes


## Private Equity Core Team<sup>1</sup>

Global	 <b>Ernesto Costa, Head of PE investments</b> 20+ years experience in Private Equity, M&A, and Structured Credit; board experience; previous positions at the insurance team at Goldman Sachs and Towers Watson	Asia	 <b>Mahesh Joshi, Head of PE investments Asia</b> 17+ years experience including 12+ years in Private Equity; board experience; closed 10 deals in Asia; former Director of Investments at Leapfrog Investments
	 <b>Lara Mengarelli, Investment Manager</b> 12+ years of M&A advisory & corporate finance experience in financial services; former M&A FIG manager at KPMG and senior professional at Allianz		 <b>Thibaud Ponchon, Investment Director Asia</b> 15+ years experience in Private Equity and Private Debt investments; board experience; core expertise in the Asian market; previously at M&G Investments
	 <b>Greta Martinelli, Analyst</b> 5+ years experience in corporate strategy, M&A and business development in financial services & technology; INSEAD MBA; former strategy consultant at Accenture		 <b>Yvonne Gong, Analyst</b> 5+ years corporate strategy and business development experience in Southeast Asia; Former Business Development Executive and commodity trading Analyst
Africa	 <b>Richard Hardy, Investment Director Africa</b> 15+ years experience in Private Equity, successfully closed number of deals; board experience. Core expertise in the African market; formerly Ethos Private Equity		 <b>Anushree Gandhi, Analyst</b> 3+ years experience in financial services industry; experience in Private Equity, deal screening, commercial & financial due diligence; Former senior analyst at TresVista


## Schroders Capital PE Team<sup>2</sup>


-  214 direct/co-investments
-  50 exits
-  Investment focus on five industry sectors
-  27% net IRR for realized investments
-  2.8x net realized multiple


### Team expertise


-  > 75 years investment
- > 45 years EM
- > 40 years financial sector

### Investment Committee

-  > 55 years PE experience
- > 90 years EM experience

 Expertise in insurance, banking/ finance, Asia, Africa, early-stage/VC
















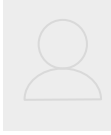












 Two independent members

 Commercial, RLC and Impact pillars

1. As of September 2022, 2. As of June 2022. Note: Past performance is not a guide to future performance. The number of investments closed is as of Q2 2022. Performance is net of underlying fees and carry and gross of Schroders Capital fees and carry. Overall performance as of Q3 2021 in €. Realized IRR and multiple is based on full realizations, partially realizations and IPOs as of 30 June 2022 (IPOs valued at last quarter end date). Source: Schroders Capital, BlueOrchard.



## BlueOrchard Private Equity for Financial Inclusion Fund team

<b>Management</b>	 <b>Felix Hermes</b> Head of Private Equity & Sustainable Infrastructure	 <b>Ernesto Costa</b> Head of Private Equity Investments							
<b>Investment Team</b>	 <b>Mahesh Joshi</b> Head of Private Equity Investments, Asia	 <b>Thibaud Ponchon</b> Investment Director, Asia	 <b>Richard Hardy</b> Investment Director, Africa	 <b>Lara Mengarelli</b> Investment Manager	 <b>Yvonne Gong</b> Analyst	 <b>Greta Martinelli</b> Analyst	 <b>Anushree Gandhi</b> Analyst		
<b>Investment Committee</b>	 <b>Felix Hermes</b> Chairman, Head of Private Equity & Sustainable Infrastructure, BlueOrchard	 <b>Philipp Müller</b> CEO, BlueOrchard	 <b>Maria Teresa Zappia</b> Chief Impact & Blended Finance Officer, Deputy CEO, BlueOrchard	 <b>Matthew Sparkes</b> CRO and General Counsel, BlueOrchard	 <b>Parameswar Viswanathan</b> Head of Private Equity Asia, Schroders	 <b>Douglas Lacey</b> Independent advisor, former founding partner LeapFrog Invest, senior insurance executive	 <b>TBA</b> Independent		
<b>Impact Management</b>	 <b>Veronika Giusti-Keller</b> Head of Impact Management	 <b>Nadina Stodiek</b> Senior Impact Manager	 <b>Anne Jackermeier</b> Associate Impact Manager	<b>Investment Solutions</b>		 <b>Daniel Freedman</b> Portfolio Manager			
<b>Risk, Legal &amp; Compliance</b>	 <b>Adi Singh</b> Head of Investment Legal	 <b>Maria Kaneva-Jacobs</b> Head of Credit Risk Monitoring	<b>Investor Relations and Communications</b>		 <b>Ebony Satti</b> Head of Investor Relations	 <b>Tahmina Theis</b> Head of Communications			
<b>Management Company</b>	 <b>Tsira Zhorzholiani</b> Conducting Officer	 <b>Vakho Nasaridze</b> Deputy Conducting Officer	 <b>Fabien Pietroforte</b> Conducting Officer	<b>Operations</b>		 <b>Nino Sheradze</b> Team Leader Operations			

# Case study: Project First




## Fast growing rural-focused microfinance company in India



### Business

<b>Sector</b>	Microfinance / Agriculture financing
<b>Country</b>	India
<b>Description</b>	<ul style="list-style-type: none"> <li>One of the fastest growing microfinance companies in India (+26% LTM) with a loan book of USD 110m</li> <li>Serving 360k mostly female micro-entrepreneurs and targets 1m in 4-5 years</li> <li>Plans to raise USD 20m in 6-9 months</li> <li>Strategy to (i) expand geographically from 8 to 12 states, (ii) diversify into SME, livestock, water sanitation and Electric Vehicle loans</li> </ul>

### Transaction

<b>Amount</b>	USD 10-20m
<b>Stake</b>	Significant minority
<b>Timeline</b>	Q4 22 – Q1 23
<b>Sourcing</b>	Proprietary
<b>Value creation</b>	<ul style="list-style-type: none"> <li>New product design and digitization</li> <li>Debt and equity financing sourcing</li> </ul>
<b>Impact</b>	  

### Deal highlights

- Focus on high growth under penetrated Northern states and rural areas
- Opportunity driven by new microfinance regulation allowing microfinance institutions to diversify into new products and better price credit risk
- Strong management driving growth despite COVID and maintaining good portfolio quality
- Leveraging technology to improve credit access to micro-entrepreneurs, farmers and SMEs
- Full social mission alignment with existing shareholders being impact investors and willing to participate in the next funding round

# Case study: Project One




## Digital Bank in Philippines improving access to credit for unbanked and underbanked population



**Business**

<b>Sector</b>	Digital Bank / Access to Finance
<b>Country</b>	Philippines
<b>Description</b>	<ul style="list-style-type: none"> <li>One of the six digital banks in Philippines</li> <li>Focused on improving the access to credit among unbanked and underbanked population</li> <li>Offers loans, deposits and savings products. Will gradually expand to insurance &amp; investments and address payments with credit cards and wallets</li> <li>Planning to raise USD 30-50 million towards end of the year to finance acquisitions</li> </ul>

**Transaction**

<b>Amount</b>	USD 30-50m
<b>Stake</b>	Significant minority
<b>Timeline</b>	End 2022
<b>Sourcing</b>	Proprietary
<b>Value creation</b>	<ul style="list-style-type: none"> <li>Synergies with BO debt portfolio</li> <li>Assistance in hiring senior profiles through BO network</li> </ul>
<b>Impact</b>	  

### Deal highlights

- High growth economy (6.4% average GDP growth) with high mobile and internet penetration
- Large addressable market – 50% of the population borrow from unorganised sector at high interest rates
- High quality tech platform offering a one stop solution to consumers
- Founders with significant experience in consumer lending across firms such as Citibank and FE Credit
- Backed by one of the reputed Private Equity firms in Asia, which has committed USD 26 million out of USD 40 million raised till date



## Fund characteristics and investment terms

Attribute	Investment terms
<b>Target size</b>	USD 300m, USD 500m cap (includes USD 15m Schroders commitment)
<b>Target return</b>	20% IRR (USD net)
<b>Management fee</b>	2.0% p.a. on commitments 1.5% p.a. for investors participating in the 1 <sup>st</sup> closing Tail-down on invested capital after 4 years of final closing
<b>SFDR classification</b>	Article 9, sustainable investment objective
<b>Carried interest</b>	20% over 8% p.a., with catch-up
<b>Fund life</b>	10 years from final closing, two possible one-year extensions
<b>Investment period</b>	4 years from final closing, two possible one-year extensions
<b>Eligible investors</b>	Institutional Investors
<b>Minimum subscription</b>	USD 2,000,000

Attribute	Investment terms
<b>Currency</b>	USD
<b>Reporting</b>	Quarterly, annually audited
<b>Alternative Investment Fund Manager (AIFM)</b>	BlueOrchard Asset Management (Luxembourg) S.A.
<b>Investment manager</b>	BlueOrchard Finance Ltd
<b>Fund structure</b>	SCA-RAIF; Luxembourg limited partnership
<b>Legal advisor</b>	Linklaters LLP
<b>Depository</b>	Banque de Luxembourg
<b>Administrator</b>	European Fund Administration S.A.
<b>Auditor</b>	PricewaterhouseCoopers, Luxembourg

## Fund value proposition

### Investment objective

Aim to provide an **IRR of 20% in USD** from an underlying portfolio of private equity investments in companies along the value chain for financial inclusion, contributing to the provision of affordable and relevant financial solutions to **up to 30mn previously unserved and underserved individuals and MSMEs**.

### Portfolio benefits



Potential for attractive returns with low correlation to developed markets



Diversified portfolio of equity investments in predominantly regulated firms



High impact strategy with best practice impact management framework



Unparalleled platform for sourcing, assessing, investing, and managing financial inclusion opportunities

### Investment characteristics in brief



Private equity in emerging market financial inclusion



10-15 investments diversified across countries and sectors



Target return of 20% IRR in USD



Investments in regulated sectors



No leverage at fund level



SFDR article 9 fund

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