



**BlueOrchard**  
Impact Investment Managers

Member of the  
Schroders Group

# BlueOrchard Private Equity Financial Inclusion Fund

January 2023

# Fund highlights

The objective of the Fund is to focus on private equity investments that contribute to financial inclusion in emerging and frontier markets.

## Direct Private Equity Strategy

Unparalleled platform for growth equity investments in financial inclusion

## Potential for attractive returns

Low correlation to developed markets

20% target return (net USD)

## Diversified portfolio

Equity investments in predominantly regulated firms

10-15 investments

## Inclusion

Empowering low-income groups and MSMEs

Targeting financial inclusion for 30m individuals

## Impact

High impact strategy & best practice impact framework

20+ years track record

## SFDR

Sustainable investment objectives

Article 9

As of September 2022. Past performance is not a guide to future performance and may not be repeated. There is no guarantee these objectives will be achieved. The fund has the objective of sustainable investment within the meaning of Article 9 of Regulation (EU) 2019/2088 on Sustainability-related Disclosures in the Financial Services Sector (the "SFDR"). Source: BlueOrchard.



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Fund terms



# Pioneering impact investment manager



**255+ million**  
people supported



**100+**  
countries invested



**USD 9.8 billion**  
invested

- Founded 2001 as private initiative supported by the UN
- Manager of the largest commercial microfinance fund
- Experts in growth markets, aiming to generate attractive market returns
- Broad network and local presence in growth markets
- Multi-asset manager: Credit, Private Equity, Sustainable Infrastructure
- Thought leader in impact and ESG management
- Institutional quality – Member of the Schroders Group since 2019





# Unparalleled investment platform in financial inclusion

## Expertise

Proven investment platform & expert knowledge across asset classes

## Growth markets

Local know-how and professional network

## Track record

20+ years of experience in impact investing



**11 transactions**

Since inception

**Clients Covered<sup>1</sup>**

8.8m clients

**Total beneficiaries<sup>1</sup>**

40.9m total beneficiaries

○ IIF PE I transactions    ○ IIF PE II transactions

As of September 2022. World map shows investment by country of BlueOrchard. Past performance provides no guarantee of future returns and may not be repeated. 1. Clients and beneficiaries figures shown include both IIF Private Equity and Debt Sub-funds given their complimentary nature. Source: BlueOrchard, Schroders.

# Unserved and underserved financial needs create impact opportunities



- 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



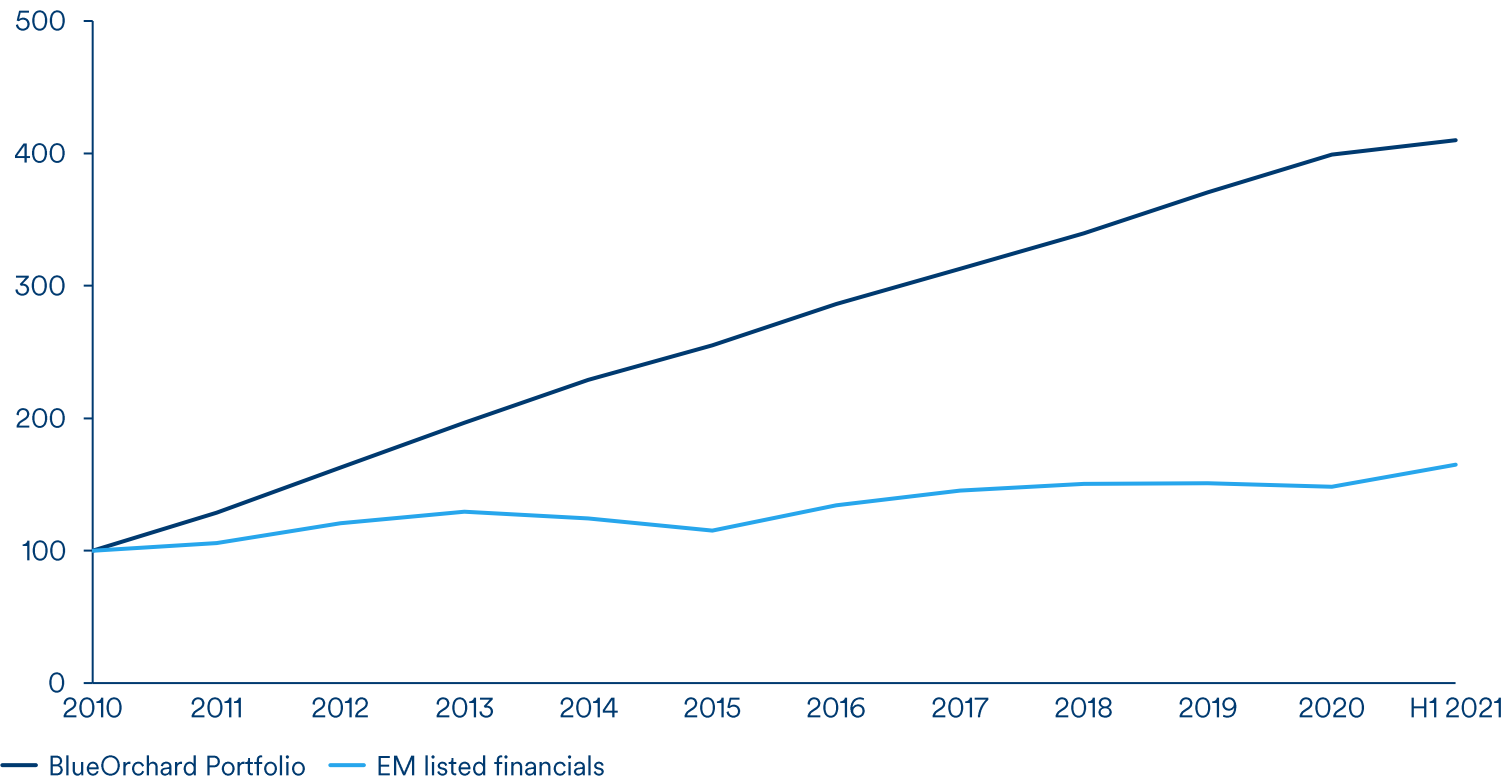
- EM account for only about 10% of the USD 5tn global insurance market but for 60% of world GDP
- 53% of global population is not covered by any insurance, leaving 4bn people unprotected



- Providing financial services to a customer in EM 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 theme

**Growth of financial-inclusion business models outpacing the market**  
(Total assets 2010 = 100)



— BlueOrchard Portfolio — EM listed financials

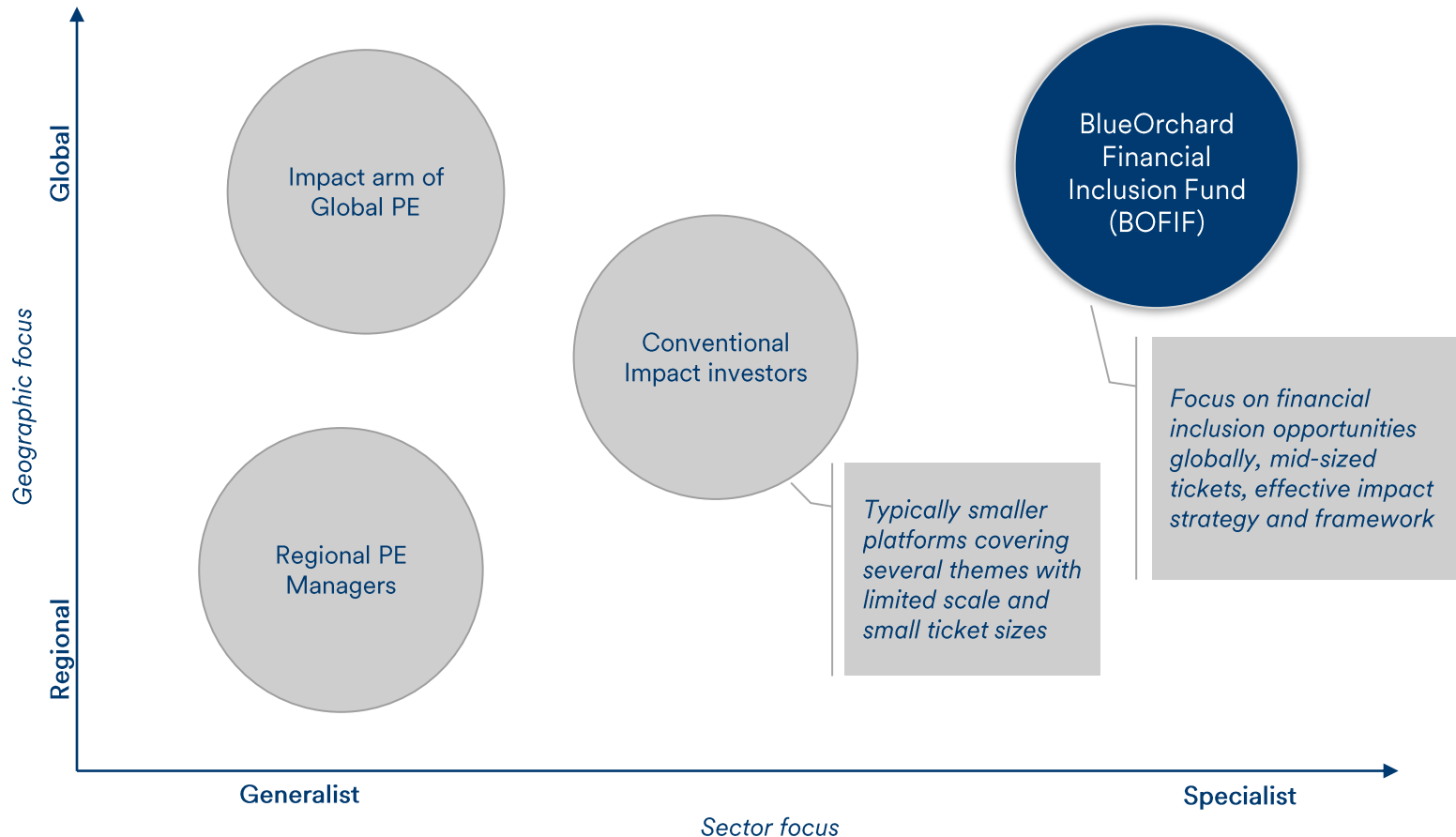
**Past performance is not a guide to future performance and may not be repeated.**

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.





# Focused and differentiated strategy leveraging a global platform



- Unparalleled platform with global network, local presence, deep expertise, 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, value creation and preferred access to opportunities
- Best-practice impact framework and reporting

# 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



- 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



- 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



30m individuals and MSMEs target

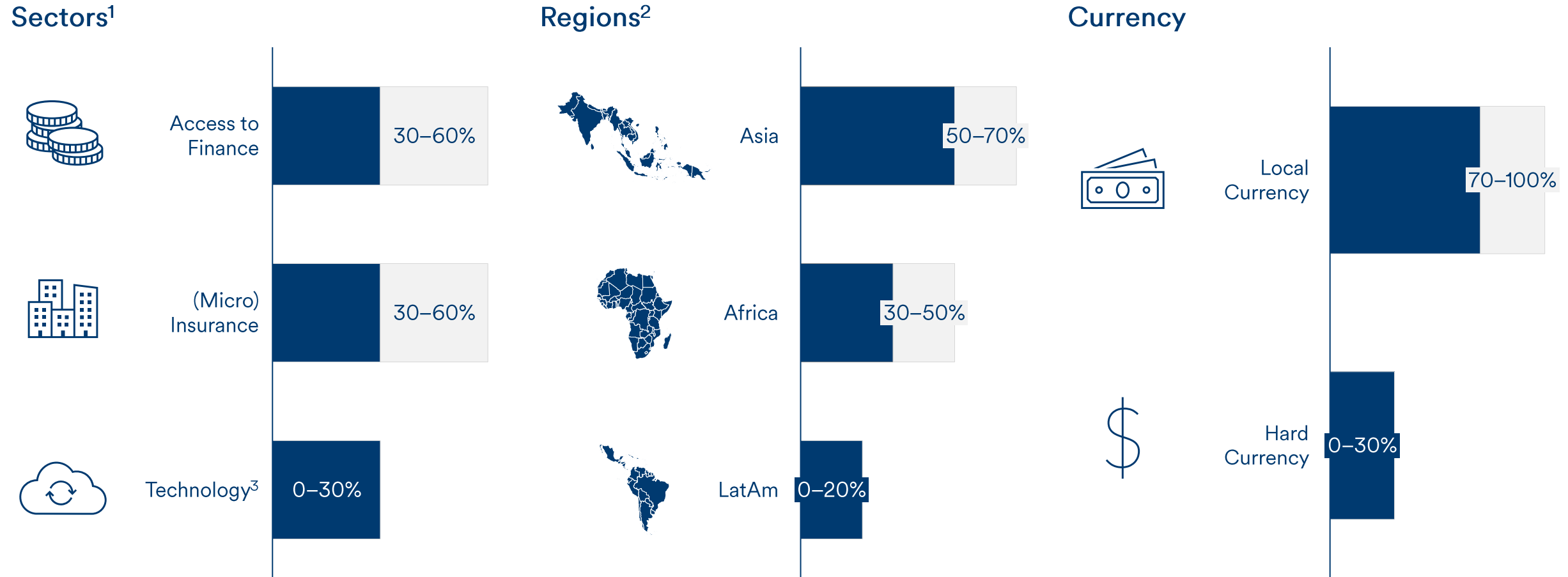


20% IRR target



20+ years experience

# Geographical & sectoral diversification for best risk-adjusted return and impact



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 by investing in financial sectors

## 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

# Case study: Fast growing rural-focused microfinance company



<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>
<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
- 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 next funding round

# Case study: Improving access to credit for the un/underbanked



<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>
<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 to date












# 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>Martin Plata, Head of PE Investments</b> 25+ years investment experience of which 20 years in Private Equity in Emerging Markets with Capital Group Private Markets	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>Ernesto Costa, Senior Investment Manager</b> 20+ years experience in Private Equity, M&A, and Structured Credit; board experience; previous positions at insurance team at Goldman Sachs and Towers Watson		 <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>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>Yvonne Gong, Analyst</b> 5+ years corporate strategy and business development experience in Southeast Asia; Former Business Development Executive and commodity trading Analyst
	 <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>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
	 <b>Richard Hardy, Investment Director Africa</b> 15+ years relevant experience, successfully closed number of deals; board experience. Core expertise in the African market; formerly Ethos Private Equity		

## 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

-  > 110 years investment
- > 65 years EM
- > 60 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 December 2022; 2. As of June 2022. Performance is net of underlying fees and carry and gross of Schroders Capital fees and carry. 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). Note: Past performance is not a guide to future performance. Team members and roles are subject to change. Source: Schroders Capital, BlueOrchard.

# BlueOrchard Private Equity for Financial Inclusion Fund team

Investment Team	 <b>Martin Plata</b> Head of Private Equity Investments	 <b>Ernesto Costa</b> Senior Investment Manager	 <b>Mahesh Joshi</b> Head of PE 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
Investment Committee	 <b>Felix Hermes</b> Chairman IC, Head of Private Equity & Sustainable Infrastruct., 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 Investments	 <b>TBA</b> Independent		
Impact Management	 <b>Veronika Giusti-Keller</b> Head of Impact Mgmt.	 <b>Nadina Stodiek</b> Senior Impact Manager	 <b>Anne Jackermeier</b> Associate Impact Manager	<b>Investment Solutions</b>	 <b>Daniel Freedman</b> Portfolio Manager				
Risk, Legal & Compliance	 <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				
Management Company	 <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				

# BlueOrchard’s proprietary impact framework

## B.Impact™ Framework



Assesses an investee’s risks and practices in relation to three categories:

-  Environment
-  Social
-  Governance







Assesses the potential impact of each investment along five dimensions:

-  What – Investment Intent
-  How Much – Impact KPIs
-  Who – End Beneficiaries
-  Contribution – Value Added
-  Risk – Impact Risks



Provides an SDG mapping and alignment at investee and fund level:

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

Aligned with



Operating Principles for Impact Management



Signatory of:



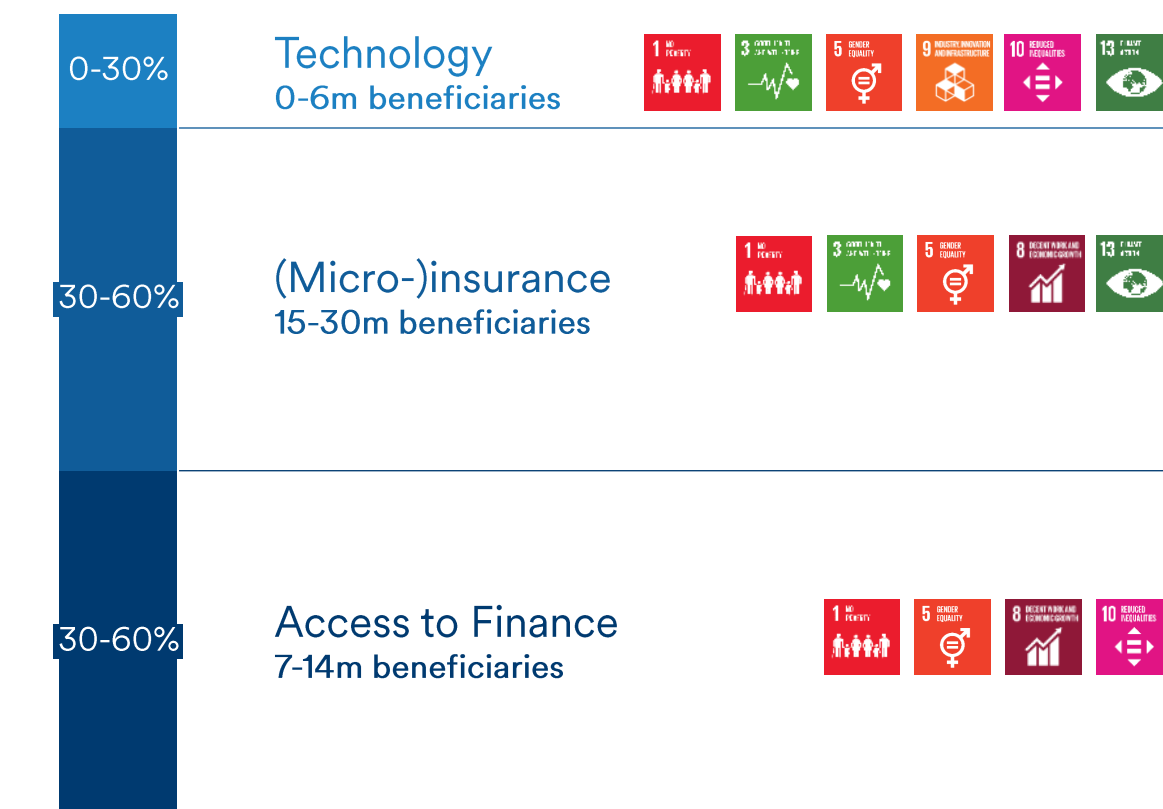
United Nations Global Compact



# More than 30m low-income individuals & MSMEs may benefit

## SDG alignment and potential beneficiaries

Based on target fund size of USD 300m



## Illustrative KPIs

### Technology

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

### (Micro-)insurance

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

### 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

## Fund characteristics and investment terms

Attribute	Investment terms
Target size	USD 300m, USD 500m cap (includes USD 15m Schroders commitment)
Target return	20% IRR (USD net)
Management fee	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
SFDR classification	Article 9, sustainable investment objective
Carried interest	20% over 8% p.a., with catch-up
Fund life	10 years from final closing, two possible one-year extensions
Investment period	4 years from final closing, two possible one-year extensions
Eligible investors	Institutional Investors
Minimum subscription	USD 2,000,000

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



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# Appendix





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# BlueOrchard's evolution in Private Equity for Financial Inclusion

## Private Debt for Financial Inclusion

- 20+ years of lending for Financial Inclusion
- Unparalleled network and access to the microfinance and Financial Inclusion sectors
- Over USD 9.8bn invested since inception, empowering more than 255m individuals

## Private Equity for Climate Resilience

- Groundbreaking mandate building insurance offerings and ecosystems for climate resilience
- Achieved climate resilience for over 20m low-income individuals and MSMEs
- Established network with insurers in emerging markets globally

## Private Equity for Financial Inclusion

- Equity strategy capturing opportunities across the full spectrum of Financial Inclusion
- Benefiting from BlueOrchard's network in the insurance and lending sectors
- Aiming to reach 30m low-income individuals and MSMEs with affordable and relevant financial products
- Applying BlueOrchard's state-of-the-art B.Impact framework

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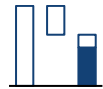
# Clear impact strategy and best-practice impact management framework

## Impact strategy of the fund

### Intent



Financial Inclusion for economic empowerment and resilience



Mobilizing the local financial sector towards the SDGs

### Transaction Additionality



Value creation focused on product innovation, relevance, affordability & access



Connecting stakeholders – Strengthening B2B value chains for Financial Inclusion



Driving ESG improvements and impact in alignment with the SDGs



Empowering women to benefit from financial inclusion, expand their social and economic choices, autonomy and status

### B.Impact Framework

ESG

ESG scorecard & dashboard



Private Equity Impact scorecard & dashboard



SDG mapping and alignment

## B.Impact

- Framework aligned with best-in-class standards



Operating Principles for Impact Management



Principles for Responsible Investment



- KPI-based quantitative targets for each investment
- Quarterly reporting of impact performance (actuals vs targets)
- Independent impact team
  - Owner of ESG/Impact methodologies and tools
  - Reviewer and approver of ESG and impact assessments at transaction level
- Impact pillar represented on the investment committee
- SFDR article 9 fund



# ESG Assessment

## ESG Scorecard

- The scorecard assesses environmental, social, and governance issues of an investee
- ESG rating is an input and requirement for origination and monitoring of investments
- The scorecard evaluates among others how an investee:

Acts to avoid harm



Benefits stakeholders



- ESG assessment is complemented by the on-site due diligence performed by the investment team.
- All ESG scorecards are approved independently by the impact team.

## Features

- The scorecard is an assessment tool build following market best practices
- It is dynamic and based on direct input from our investees



The ESG questionnaire filled in by investees

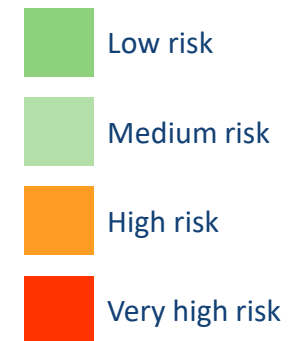
- The scorecard can be used across different products and asset classes
- Factors vary depending on the industry

Aligned with:



## BlueOrchard's Scope

### ESG Scorecard Rating Scale



**Main BO target**

**IMCO<sup>1</sup> Approval and further engagement**

**Excluded from the investment universe**

1. Impact Management Committee. As of September 2022. Source: BlueOrchard.

# Impact Assessment

## Impact Scorecard

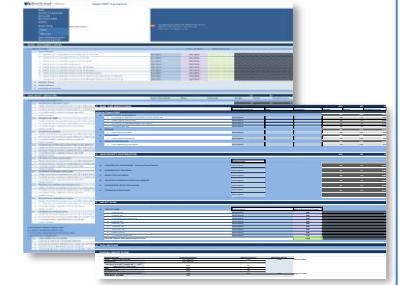
- Assesses the **potential impact** of each Fund’s investment
- Shifts the focus from practices to **achieving positive impact**
- SI SPIRIT also provides **impact metrics** necessary to perform the SDG alignment
- Impact metrics also feed monitoring to evaluate progress towards achieving positive impact projections
- Impact rating is an input and requirement for origination and monitoring of investments
- Impact scorecard **performed independently by the impact team**





## Features

- SI SPIRIT is an impact assessment tool following market best practices
- It is based on the **IMP<sup>1</sup> Framework**
- The **SPIRIT scorecard** can be adjusted for different **asset classes and impact themes**

## BlueOrchard’s Scope

### Impact Scorecard Rating Scale



-  Low risk
-  Medium risk
-  High risk
-  Very high risk

**Main BO target**

**IMCO<sup>1</sup> Approval and further engagement**

**Excluded from the investment universe**

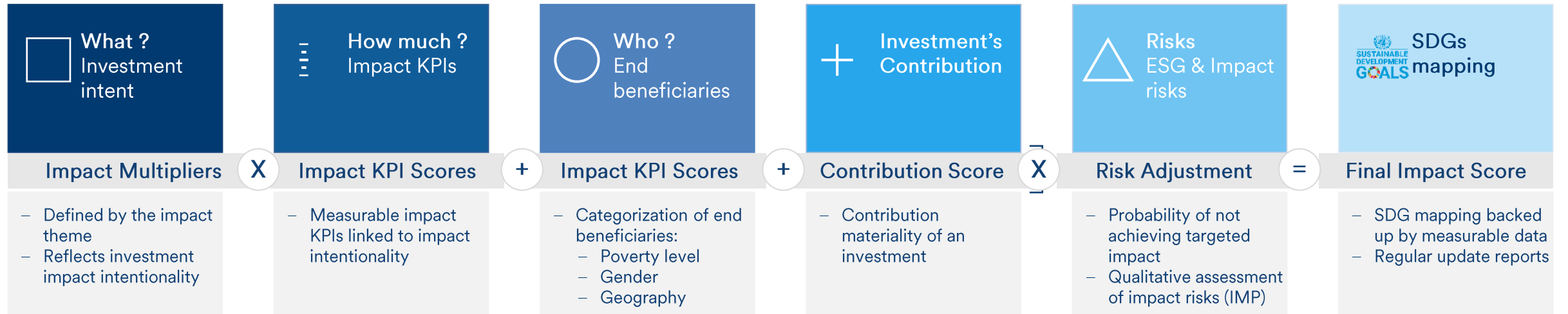
In compliance with IFC-led:



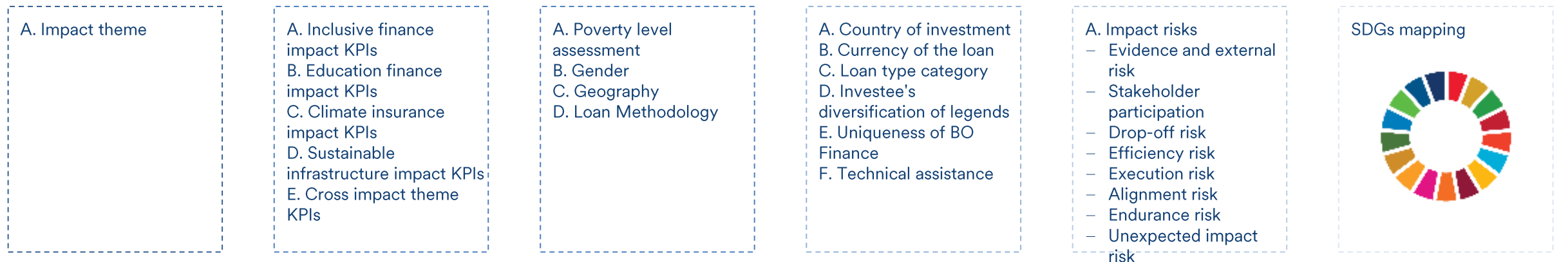
In line with:



# The Impact Scorecard assesses each investment along six dimensions



## Impact Scorecard components



# Clear intent towards contribution to the SDGs

## Core SDGs

Core SDGs are those that address the impact intent and/or sustainability investment objective of a given fund



SDGs that will be promoted by the Fund's investments, depending on the sector's focus of investments



For Impact/Sustainable Funds: the SDGs embedded in the Fund's mandate



All investments in the Fund's portfolio contribute to at least one of these SDGs



Quantitative targets and results measurement



## Aligned SDGs

Aligned SDGs are those that the fund's investees promote through responsible ESG management practices



SDGs that are key in the Fund's mandate across sectors (ESG integration)



All investments would have a view to contribute positively to these cross-sectoral SDGs



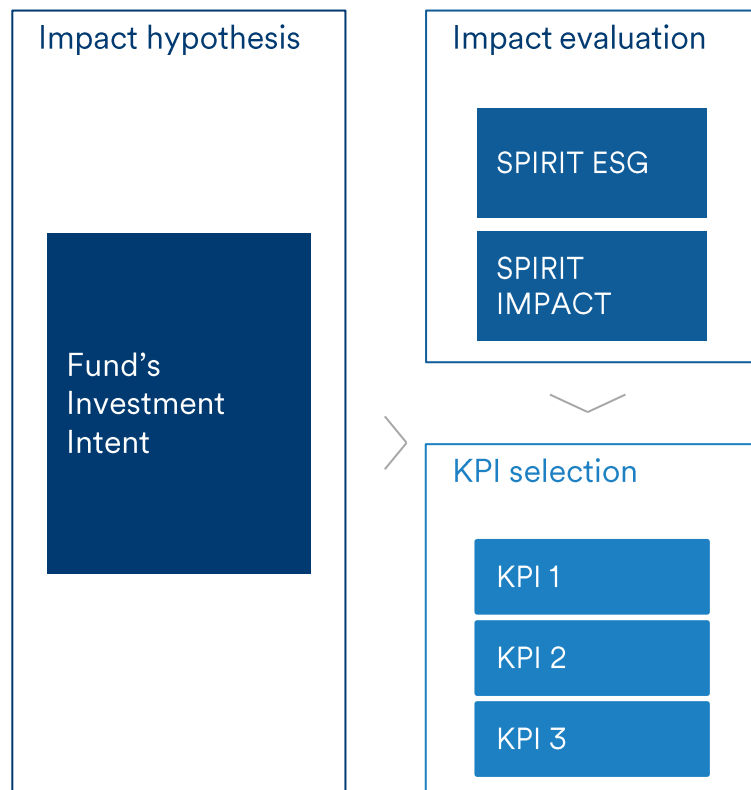
Qualitative assessment and reporting





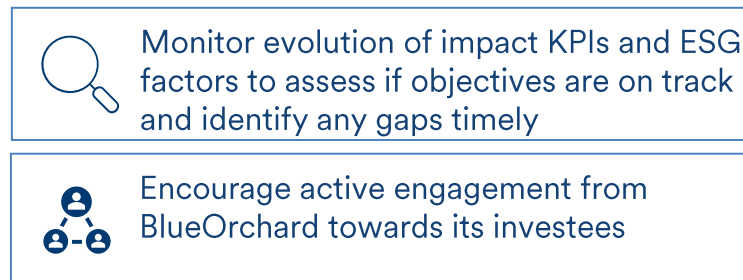
# Impact & ESG Monitoring and Evaluation Framework

## Investment start date



## During investment period

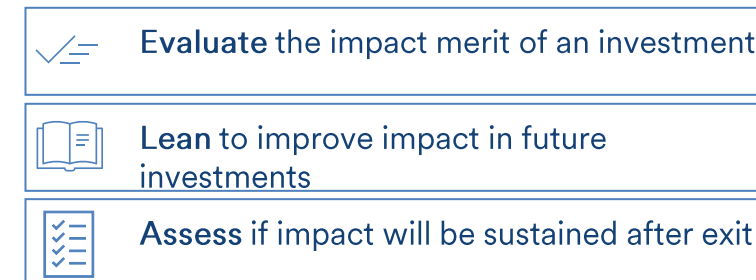
### Impact & ESG Monitoring



- **Data Collection**  
Financial & impact data: quarterly
- **Update of ESG Scorecard**  
At each onsite due diligence visit (on average bi-annually)
- **Update of Impact Scorecard**  
When original impact target becomes unlikely
- **Impact & ESG Monitoring Dashboard at portfolio level**

## At exit

### Impact Evaluation



- **Exit Questionnaire**  
Gather investee's perspective about impact achieved and assess Fund's contribution
- **Ad-hoc Impact Evaluation Studies**  
✓ Done for all Equity investments

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# Value creation for our investors both at fund- and investment-level

## Fund-level value creation

Sourcing & Due diligence

Long-term perspective

Exit planning

## Investment-level value creation

Governance enhancement

Operational improvements

Financial efficiency

Value  
creation for  
our  
investors

# Investment-level value creation rests on three key pillars

## Value creation pillars

Governance Enhancement

## Objective

Assure effective governance and management

## Key value levers

Governance & management



Control & transparency



Operational Improvements

Enhance growth and productivity of the business

Strategy



Product capabilities & distribution



Processes & efficiency



Financial Efficiency








Optimize capital structure and costs of capital

Capital structure

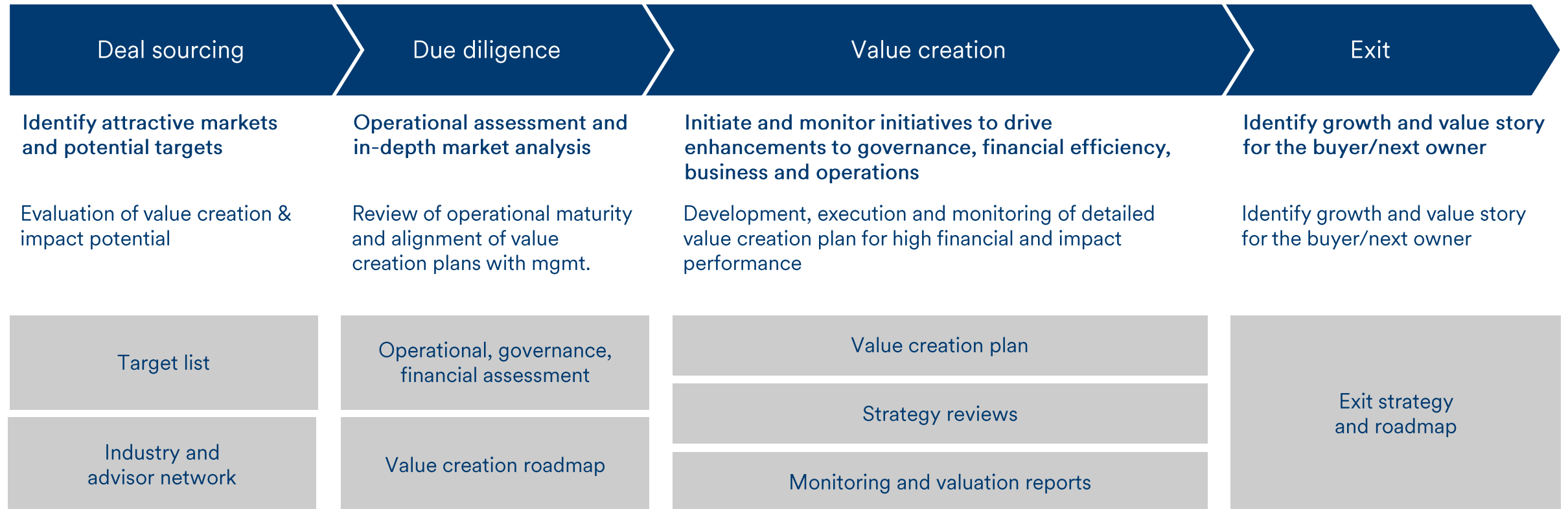




# A broad range of value drivers both prior to investment and thereafter

						ESG lens	Technology lens	
<b>Enhancing Governance and Management</b>		Professionalize board policies and composition	Enhance board committees (NED) and reporting	Change org. structure and management	Set performance-incentives for senior mgmt.	Create code of conduct, foster business integrity		
<b>Ensuring control and transparency</b>		Enhance risk management and reporting	Improve auditing and internal controls	Introduce performance measurement	Budgeting support (ALM, leverage, cash)	Increase ESG/SDG transparency and disclosure	Support access to data and information	
<b>Impact lens</b>	<b>Strengthening strategy</b>		Market strategy and expansion (who, what, where)	Transition & disposals (who, what, where)	Support strategic planning & decision making	M&A	Define ESG strategy and implications (neg./pos.)	Engage in digitalization strategy
	<b>Building product capabilities</b>		Improve product strategy (relevance, affordability)	Support product development (relevance, affordability)	Improve product design and client experience	Pricing support	Develop inclusive, fair and environmental products	Introduce and leverage new technologies
	<b>Growing distribution</b>		Introduce intermediaries (access)	Train intermediaries/clients (access)	Improve sales strategy and planning	Support marketing and networking	Enhance complaints handling and client protection	Leverage technology in distribution
	<b>Improving processes and efficiency</b>		Improve key processes (affordability, relevance)	Staff trainings and reviews (relevance)	Ensure sound policies	Outsourcing	ESG policies, procedures, grievance mechanisms	Automate manual processes
<b>Optimising the capital structure</b>		Enhance financing structure	Introduce lenders and reinsurers	Improve investment portfolio	Optimize fixed and working capital	Review assets and investments with ESG perspective		

# Systematic, institutionalized value creation along the investment process



Keep value creation simple: Focus on key value drivers

# Exit planning

## Task

Define exit objectives and timing

Develop external interest

Develop the sales story

Prepare selling documents

Prepare management

## Deliverables

- Identify potential buyer segments and associated impact trajectories
- Consider effect of timing on value & impact
- Identifying and contacting strategic industry contacts
- Identifying and contacting relevant sponsors/investor contacts
- Bankers and advisors informed
- Growth potential
- Value creation potential
- Platform/strategy
- Impact and ESG trajectory
- Pitch deck
- Confidential investment memo
- Management alignment
- Training for sales process

## Timing

Ongoing

6–12 months pre-exit

## Responsible

Deal responsible and Head of Private Equity Investments

## IC role

Approval of timing, strategy and pricing

The PE Team is driving the timely and systematic planning of the Fund's exits

# Appendix

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ESG, Impact  
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Indicative  
Pipeline, Fund  
Structure and  
Terms

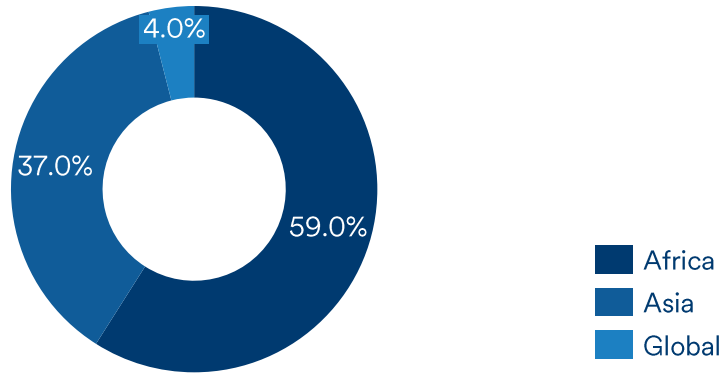
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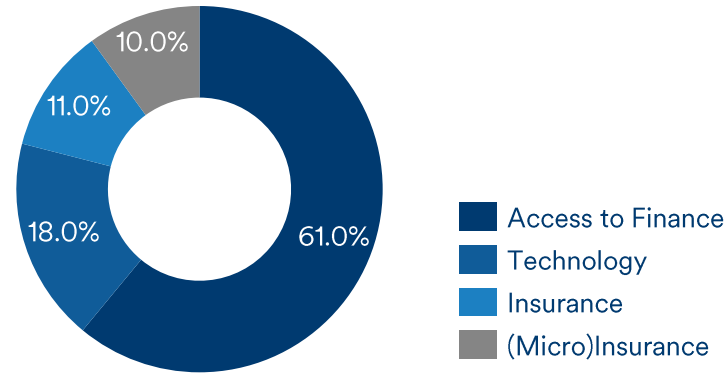
Investment  
Process,  
Committee and  
Risk  
Management

# Indicative private equity pipeline (1/2)

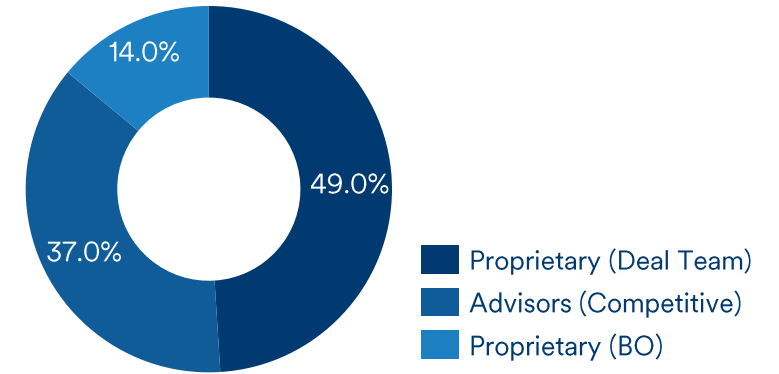
Region



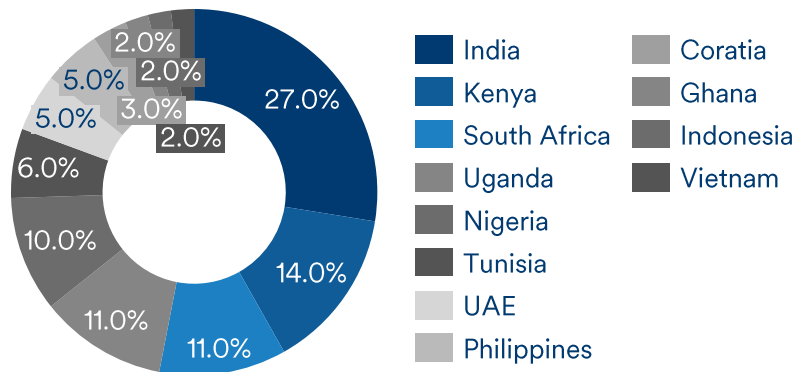
Sector



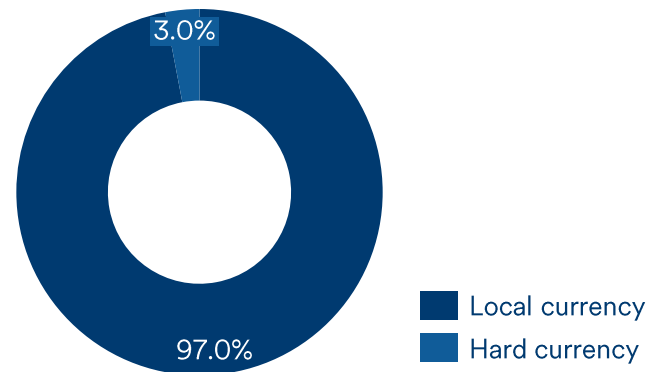
Source



Country



Currency



As of 31 October 2022. Note: By investment size; References to these assets are for illustrative purposes only and are not a recommendation to buy and/or sell. These assets are example constituents of the indicative portfolio and may not form part of the actual portfolio. The actual portfolio will evolve over time and may have different characteristics and allocations compared to what is presented above. Source: BlueOrchard.



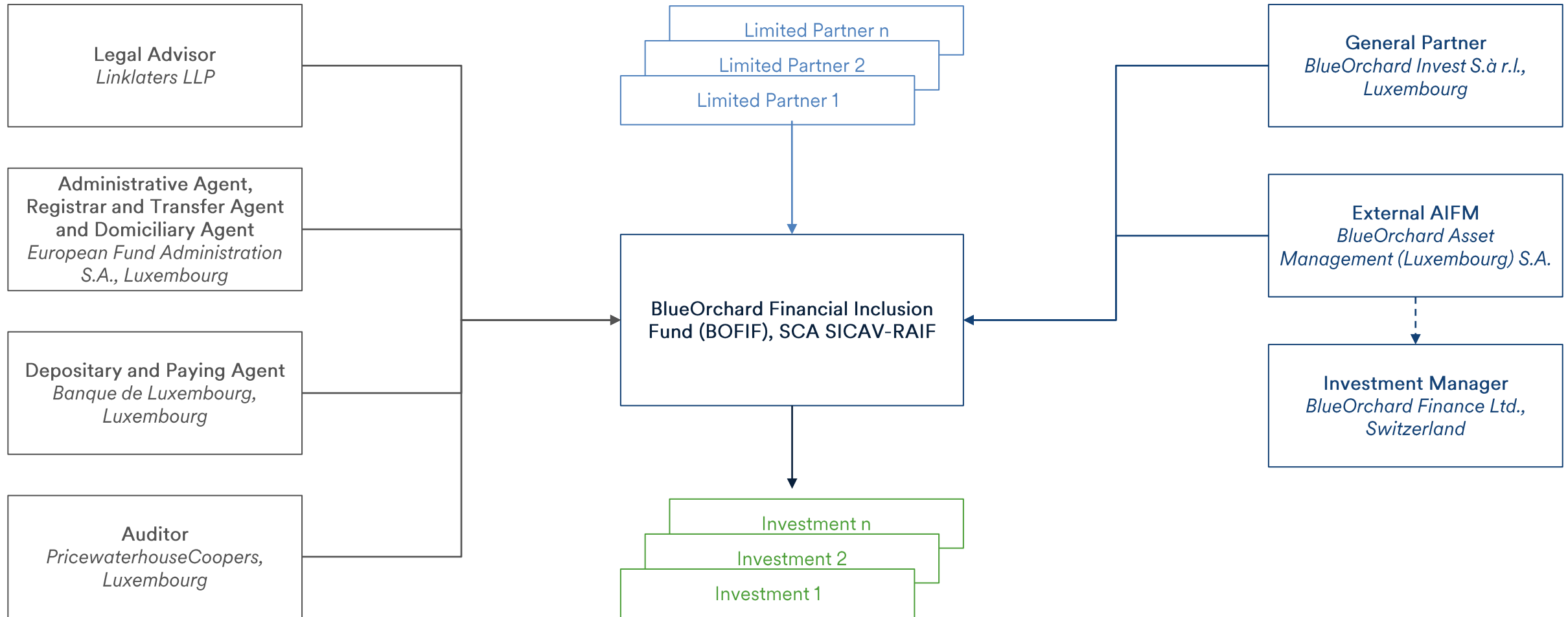
# Indicative private equity pipeline (2/2)

#	Country	Project name	Sector	Source	Investment Size (\$m)	Currency	Company description	Status
1	Kenya	Karura	Access to Finance	Proprietary (Deal Team)	10.0	Local	Leading provider of small scale agriculture insurance in Africa	Pre-IC Completed
2	Vietnam	Umbrella	(Micro)insurance	Advisors (competitive)	5.0	Local	The largest insurance broker in Vietnam	Internal Screening Completed
3	South Africa	Sprint	Access to Finance	Advisors (competitive)	20.0	Local	A leading taxi finance company in South Africa	NDA Signed
4	Tunisia	Amethyst	Access to Finance	Proprietary (Deal Team)	20.0	Local	Market leading MFI	NDA Signed
5	UAE	Palm	Access to Finance	Proprietary (BO)	20.0	Local	Payment super-app expanding in the Middle East and Africa	NDA Signed
6	India	Fast	Technology	Advisors (competitive)	15.0	Local	SME distribution network to offer financial/non-financial services in India	NDA Signed
7	India	Life	Technology	Proprietary (Deal Team)	10.0	Local	Backed by Olam; Build farmers ecosystem to facilitate access to advice, products and trade services	NDA Signed
8	Philippines	Project M	Insurance	Proprietary (Deal Team)	10.0	Local	Top-10 general insurer in the Philippines with positive underwriting profit 100%	NDA Signed
9	Uganda	Velo	Access to Finance	Proprietary (Deal Team)	10.0	Local	Motorbike financing company based in Kampala	NDA Signed
10	Uganda	Bike	Access to Finance	Proprietary (Deal Team)	10.0	Local	Leading provider of boda-boda (taxi) financing in Uganda	NDA Signed
11	Uganda	Jinja	Access to Finance	Proprietary (Deal Team)	10.0	Local	Ugandan MFI with the focus on Agri	NDA Signed
12	Uganda	Perch	Access to Finance	Advisors (competitive)	10.0	Local	Commercial Bank in Uganda with a focused on microfinance	NDA Signed
13	Indonesia	Joy	Technology	Proprietary (Deal Team)	6.0	Local	A developer of a peer-to-peer lending platform to assist farmers to raise working capital	NDA Signed
14	India	Ruby	Access to Finance	Advisors (competitive)	30.0	Local	Comprehensive infrastructure platform focused on MSME lending, with products range across API solutions	Initial Contact
15	Nigeria	Diamond	Technology	Proprietary (Deal Team)	15.0	Local	Fintech software provider enabling digital financial services	Initial Contact
16	Croatia	Ares	Technology	Proprietary (BO)	10.0	Hard	Fintech which provides software solutions to MFIs to serve the unbanked population. Active in 11 countries	Initial Contact
17	Ghana	Baku	Access to Finance	Advisors (competitive)	10.0	Local	A leading bank in Ghana	Initial Contact
18	India	Embed	(Micro)insurance	Proprietary (Deal Team)	10.0	Local	Embed insurtech API Infra platform	Initial Contact
19	India	Ghar	Access to Finance	Proprietary (Deal Team)	10.0	Local	House Financing Fintech company	Initial Contact
20	India	Hype	(Micro)insurance	Proprietary (Deal Team)	10.0	Local	Phygital insurance distribution channel	Initial Contact
21	India	Durga	Insurance	Proprietary (Deal Team)	10.0	Local	Newly set-up general insurer focused on rural and agriculture	Initial Contact
22	Kenya	Force	Access to Finance	Proprietary (BO)	10.0	Local	Operating system for informal merchants in Africa	Initial Contact
23	Kenya	Karan	(Micro)insurance	Proprietary (Deal Team)	10.0	Local	Leading distributor of seed and agri chemicals in East Africa	Initial Contact
24	Kenya	Watamu	Insurance	Proprietary (Deal Team)	10.0	Local	Multi-line insurance company operating in Kenya	Initial Contact
25	Kenya	Riverside	Access to Finance	Advisors (competitive)	10.0	Local	B2B for SMEs in East Africa	Initial Contact
26	Nigeria	Neo	Access to Finance	Advisors (competitive)	10.0	Local	Digital bank with presence in Nigeria and Kenya	Initial Contact
27	Philippines	One	Technology	Advisors (competitive)	10.0	Local	South and Southeast Asia based fintech company with an outright digital banking license in the Philippines	Initial Contact
28	South Africa	Kirstenbosch	Insurance	Proprietary (BO)	10.0	Local	Multi line insurer raising solvency capital. c.USD130m of GWP. Microinsurance agreement with # 3 telco in SA.	Initial Contact
29	South Africa	Simon	Access to Finance	Proprietary (Deal Team)	10.0	Local	Microfinance provider with presence in South Africa, Zambia and Tanzania	Initial Contact
30	Bangladesh	Path	Access to Finance	Advisors (competitive)	5.0	Local	Market leader in Ride Hailing, Food Delivery, and E-Commerce Logistics building financial services	Initial Contact
31	Global	Balkan	Access to Finance	Advisors (competitive)	5.0	Local	First credit-led digital bank focused on the Balkans region	Initial Contact
32	India	Mile	Access to Finance	Advisors (competitive)	5.0	Local	Fintech bridging credit gap for micro-businesses	Initial Contact
33	Nigeria	Abijan	Access to Finance	Proprietary (Deal Team)	5.0	Local	Nigerian payments platform	Initial Contact
34	Nigeria	Lagos	Access to Finance	Proprietary (Deal Team)	5.0	Local	Digital tech infrastructure provider to pharmacies	Initial Contact
<b>Total</b>					<b>366</b>			

1) Investment size currently capped at USD 20m per project until BOFIF reaches aggregate commitments of USD 130m or above.

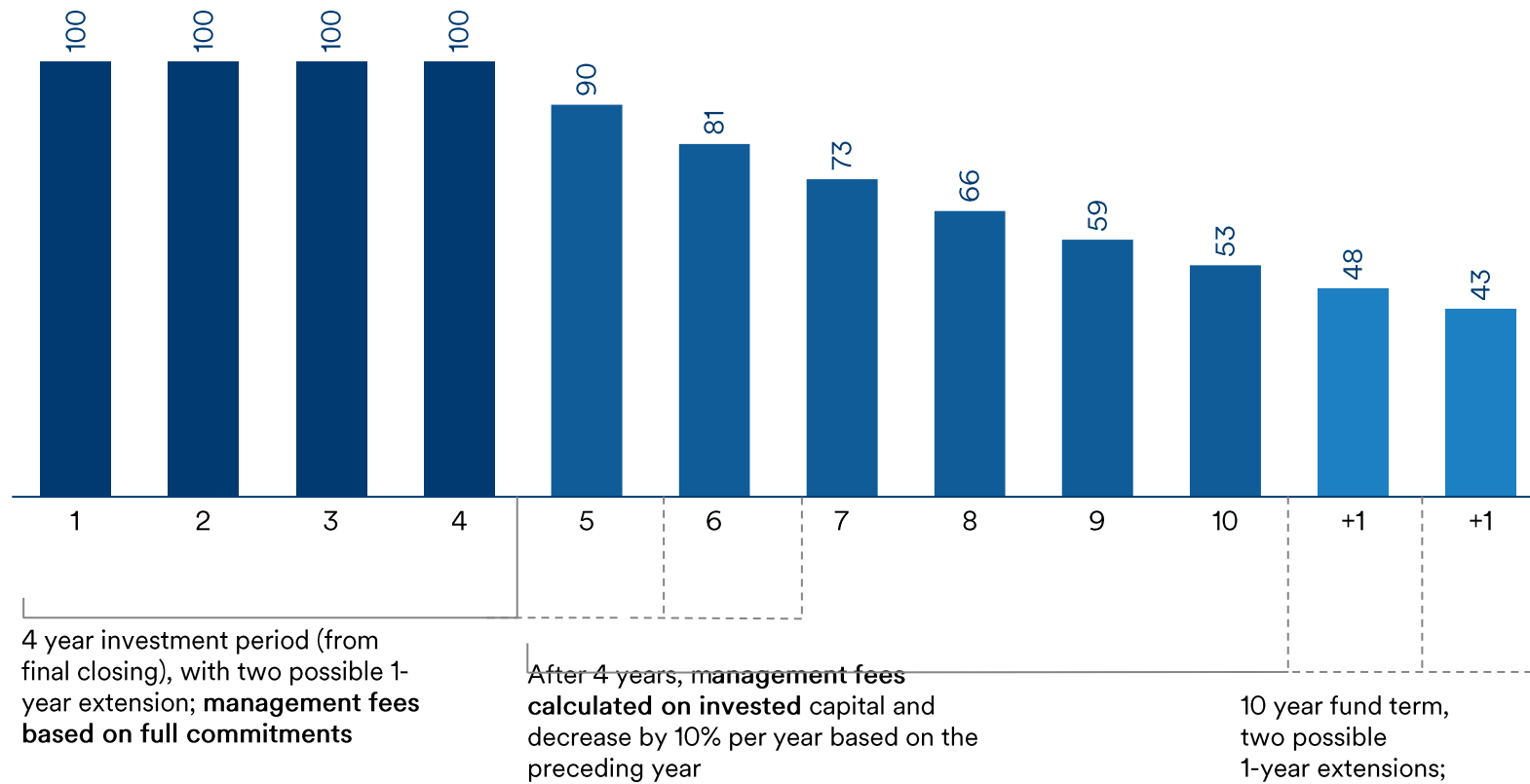
As of 30 November 2022. Note: References to these assets are for illustrative purposes only and are not a recommendation to buy and/or sell. These assets are example constituents of the indicative portfolio and may not form part of the actual portfolio. The actual portfolio will evolve over time and may have different characteristics and allocations compared to what is presented above. Source: BlueOrchard.

# Fund Governance – BlueOrchard Financial Inclusion Fund (BOFIF)



# Management fee model

## Basis for the calculation of management fees

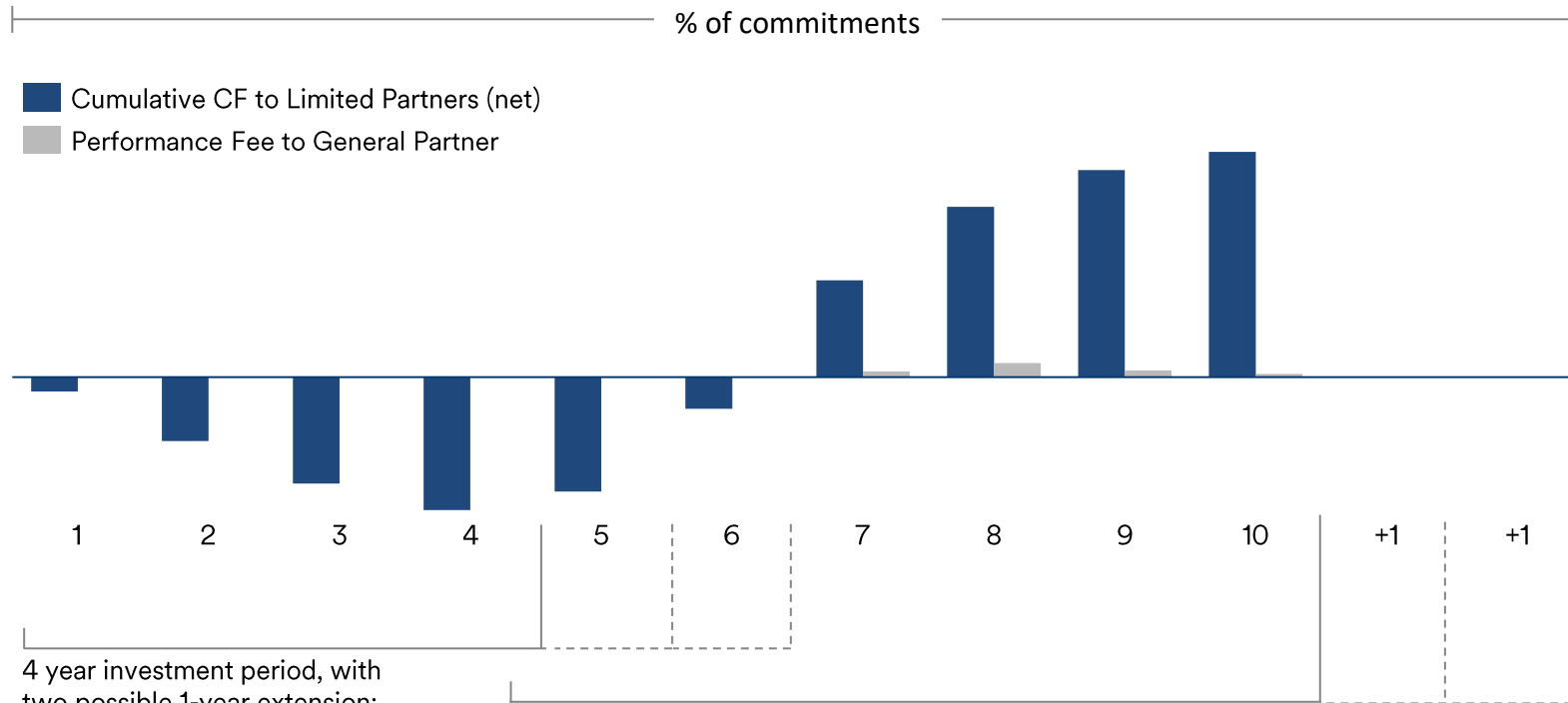


## Benefits of the fee model

- Tail-down based on invested capital; results in effective management fees of ca. 76% of stated nominal
- No fee-incentive to accelerate investments
- No fee-incentive to hold on to portfolio companies

# Management fee model

## Illustrative J-curve and performance fees



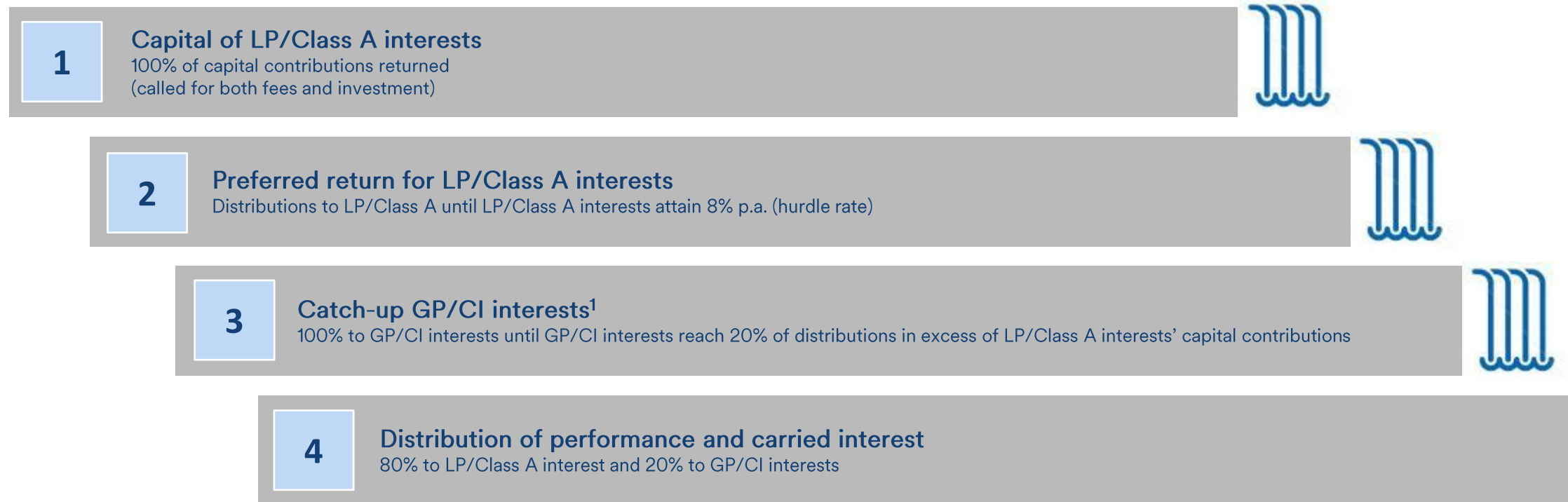
4 year investment period, with two possible 1-year extension; with typical holding periods of 4–8 years; **first distributions to investors may start towards the end of the investment period**

**Once all drawn commitments and the hurdle rate have been returned to investors in cash, the investment manager starts earning performance fees; catch-up clauses applied vary by mandate**

## Benefits of the fee model

- Performance fees align the interest of investors and investment manager
- Fund-as-a-whole performance fee fairly reflects value creation for investor
- Cash-based performance fee minimizes the need for escrow accounts/claw-backs

# Distribution waterfall of the Fund (simplified)



Note: Simplified schematic, distribution waterfall governed in its entirety by the Fund documentation.  
 1. GP/CI interests are the interests subscribed by the External AIFM and/or the Investment Manager.  
 As of August 2022. Source: BlueOrchard.



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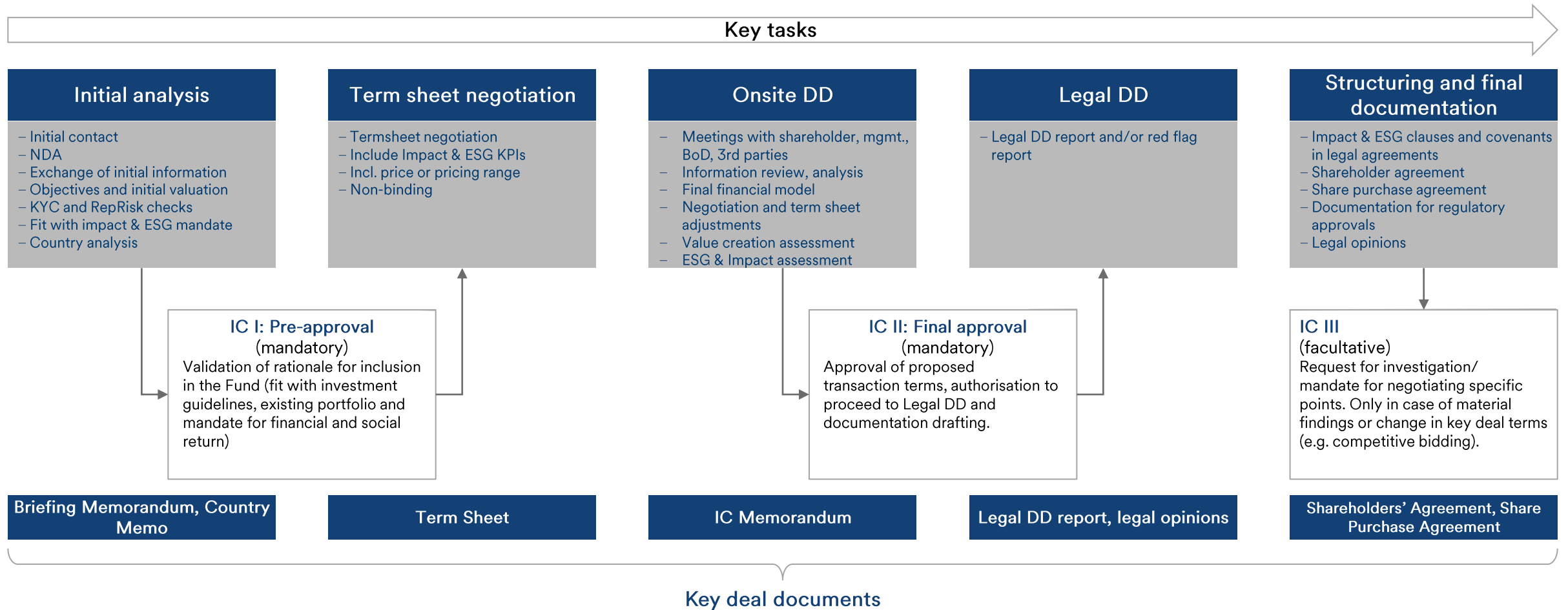
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Management

# Private equity investment process and committees



(\*) BlueOrchard onsite DD is usually preceded by a financial DD from a big four. As of August 2022. Source: BlueOrchard.

# Private Equity fund investment committee

## Chair



### **Felix Hermes**, Head of Private Equity & Sustainable Infrastructure, BlueOrchard

- Responsible for the development of BlueOrchard's Private Equity and Sustainable Infrastructure activities
- Executive with a strong track record of shaping asset managers and financial services organisations
- Over 15 years' experience in investing, finance and consulting

## BlueOrchard Members



### **Philipp Müller**, CEO

- Leads the executive and extended management team and has executive oversight of the firm's client and business areas, including strategy and resource management
- Prior to that, held the position of Head Investment Solutions
- Joined BlueOrchard in 2018 from Partners Group, where he worked for ten years in Switzerland and the UK, most recently as Senior Vice President of Investment Solutions



### **Maria Teresa Zappia**, Chief Impact & Blended Finance Officer, Deputy CEO, BlueOrchard

- Leads BlueOrchard's Blended Finance Impact Management team and is responsible for the PPP funds under BlueOrchard's management
- Extensive experience in the emerging markets finance sector
- Prior to BlueOrchard, held senior positions with several Development Banks and Financial Institutions (EBRD, ADB and ODI)



### **Matthew Sparkes**, General Counsel and Head of Risk, BlueOrchard

- Oversees RLC at BlueOrchard, previously principal transactions counsel for the investment team
- Serves as Chairman of the BlueOrchard Risk Committee, voting member of the Credit Committee and Impact Committee
- Previously General Counsel at a leading impact investment organization, Special Counsel to the US SEC and Congressional adviser in Washington, DC.

## External Members



### **Douglas Lacey**, Independent senior advisor, previously partner at LeapFrog Investments and senior insurance executive in Africa

- Serves as external member on the PE Investment Committee
- Acts as a Senior Advisor to LeapFrog Strategic Africa Investments and advises the USD 350m account on investment targets, valuation, deal structuring and subsequent management of investments



### **Viswanathan Parameswar (Param)**, Head of Investments Asia, Schroder Adveq

- Heads Schroder Adveq's Asian investment program
- Prior to joining Schroder Adveq in 2009, he was part of the Financial Advisory Group at Deloitte where he focused on M&A and corporate finance
- Manages global portfolios at Adveq having been involved in Adveq's investment activities across US, Europe and Asia

# Effective management and mitigation of key risks in Emerging Markets

## Multi-layered risk Management



Investment strategy



Portfolio construction



Investment process



Deal structuring



Platform capabilities

[local presence, network, expertise]

## Key emerging market risks

### Political and economic risk

- Investments in regulated sectors, no turnarounds
- Political and economic risk assessment
- Geographical portfolio diversification, country limits
- Due diligence and KYC checks on political exposure for each investment
- On the ground presence and market proximity

### Legal, tax and regulatory risks

- Due diligence (reputation of sponsor and partners, legal due diligence by local counsel, financial and tax DD by big 4)
- Transaction structuring (representations and warranties, majority-like governance rights)

### Currency risk (transferability & inconvertibility)

- Analysis of currency FX volatility and outlook
- Analysis of convertibility and transfer risks
- Geographic portfolio diversification, country limits
- Due diligence on underlying currency risks for each investment, currency depreciation embedded in return target
- Transaction structuring (e.g. jurisdiction, domiciles, staggered disbursement)

### Operational and security risks

- Due diligence (systems/infrastructure, cyber security, policies, procedures, key man risk, depth of local talent pool)
- Transaction structuring (representations and warranties, majority-like governance rights, local partner / co-investors)
- 100 day plans

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