



PG Impact
INVESTMENTS

Annual Impact Report 2018

For the period from 1 January 2018 to 31 December 2018



Foreword

2018 has been a remarkable year for us: following strong client demand for our inaugural fund, PG Impact Investments I, L.P., we completed its final close with commitments totalling USD 210 million, significantly exceeding our initial target of USD 150 million. We are pleased to see the growing interest from private and institutional investors in impact investing, especially in emerging markets where innovative and inclusion-driven entrepreneurial solutions can make a real and lasting positive change in people's lives and their communities. We hope that with our institutional approach to impact investing, we will be a catalyst for unlocking additional capital needed to further our mission to improve the lives of people who live at the base of the pyramid or are underserved.

We continued to maintain a good investment pace having executed seven new transactions – with newly committed capital of USD 37.6 million, we have extended our impact footprint to new geographies. By the end of the year, with 20 investments and total committed capital of USD 98.8 million, we directly contributed to the improvement of the lives of 2.2 million underserved people. In total, our portfolio companies and assets improved more than 57.7 million lives across 25 countries – significantly higher than in 2017 due to both the growth of existing investments and the new transactions through the year.

In the following pages, you will find an overview of our impact investment approach and a detailed report on the impact created by our investments to date.

We want to take this opportunity to thank all of our investors, business partners and supporters for their trust and valuable contribution. We are very glad that you share our belief that private investment, innovation and entrepreneurial talent can provide solutions to the pressing social and environmental challenges facing our society – jointly we have been able to make a real difference in people's lives. We continue to be excited about the opportunities ahead of us and are grateful for your continued support.



Urs Wietlisbach

Co –Founder & Chairman
PG Impact Investments AG



Urs Baumann

Co –Founder & CEO
PG Impact Investments AG

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1. Impact highlights

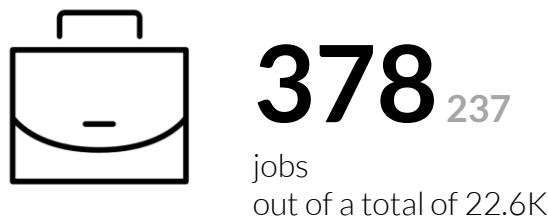
Lives touched



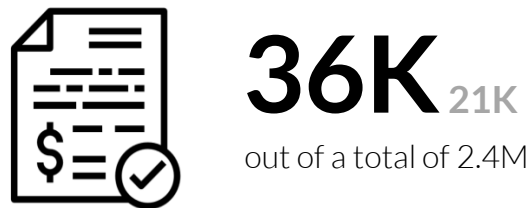
Countries served



Local jobs provided



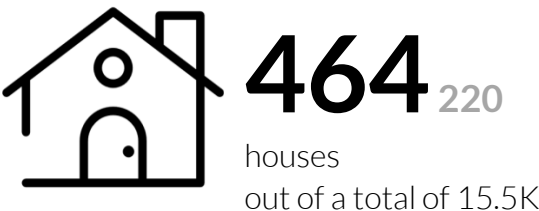
Clients financed / served



Households electrified



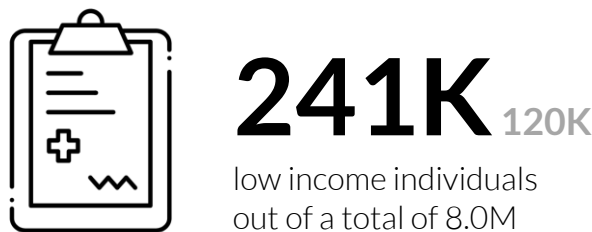
Housing units financed



Farmers supported



Healthcare services provided



2018 data 2017 data

Note: PG Impact Investments aggregates key performance indicators at sector and fund level. Reported figures in bold are attributable to PG Impact Investments' pro-rata share of capital invested relative to each investee's total capitalization; "total" figures represent the total aggregated impact of all underlying assets.
Source: PG Impact Investments as of 31 December 2018.

2. PG Impact Investments in numbers

Established



2015

with headquarters in
Switzerland

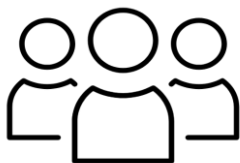
Offices



4₂

Baar, Switzerland;
New York, USA; London,
UK; Sao Paulo, Brazil

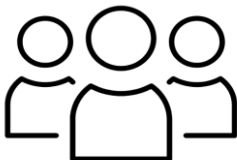
Employees



12₉

11 permanent,
1 fellow

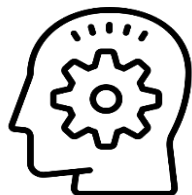
Investment committee



6₆

members

Combined industry experience



208₁₇₀

years

Investments reviewed



835₅₉₆

since October 2015

Investments closed



20₁₃

since October 2015



98.8M_{61.2M}

USD

2018 data

2017 data

3. Introduction



"We believe that private investment, innovation and entrepreneurial talent can provide solutions to the pressing societal challenges we face today"

Urs Baumann, Co-Founder & CEO

PG Impact Investments follows a global, integrated, relative-value investment approach. We invest across all impact sectors and across the entire capital structure. We have a strong focus on emerging markets with the goal to create impact where the need is highest while achieving risk-adjusted financial returns¹.

PG Impact Investments invests in opportunities where social and environmental impact goes hand-in-hand with market-rate returns. We believe that social enterprises with both a sound business model and the ability to attract institutional capital are best positioned to generate impact at the scale necessary to make a difference.

Relative value investing

PG Impact Investments proactively sources its investment opportunities globally through its network of social entrepreneurs, industry experts and platforms, impact investment managers and the local teams of Partners Group's 19 global offices. To benchmark the global impact investment opportunity set, PG Impact Investments identifies those areas with the greatest potential for financial and social return in the prevailing market environment and defines the sectors, regions and strategies likely to offer higher investment value and impact relative to other segments.

PG Impact Investments believes that this top-down view on the most attractive impact investment opportunities globally, combined with its bottom-up ability to identify and develop the most promising investments within local markets will yield the best result for our clients.

Investment strategies

Our investment approach includes two investment strategies: direct and fund investments.

- **Direct investments:** we invest in the growth of attractive social enterprises with a proven business model, high development potential and a measurable and scalable social and environmental impact. PG Impact Investments can flexibly invest through equity and debt structures. We work closely with management teams throughout the life of the investments to achieve the growth, value and impact creation targets.
- **Fund investments:** we complement our direct investments with commitments to select impact investment managers. Through a flexible combination of these investment strategies, PG Impact Investments can benefit from specialist sector and market know-how and build a more diversified, global impact investment portfolio.

Impact sectors and investment focus

PG Impact Investments invests across all impact sectors while prioritizing financial inclusion, affordable housing, energy access, food & agriculture, healthcare and education. For each priority sector, investment strategies have been defined on the basis of the long-term viability of business models, growth/value-creation opportunities, as well as scale and depth of impact. For each of the defined focus areas, a comprehensive pipeline of direct and fund investments is maintained.

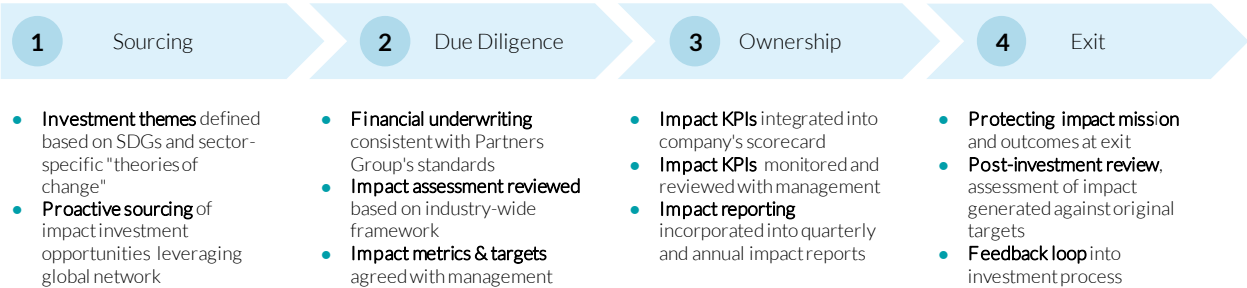
¹ Risk-adjusted returns refer to returns taking into account potential drags to performance.
Source: PG Impact Investments.

4. Impact approach

PG Impact Investments advises on and invests in funds and companies that have implemented into their core business demonstrated value-add to society. PG Impact Investments believes that for an investment to be considered impactful, the following criteria must be fulfilled:

- A societal challenge or gap must be identifiable
- A beneficiary group must be identifiable
- A clear link between the activities and outputs of the business and the intended outcomes/impact for the target beneficiary group must be established
- Impact Key Performance Indices (KPIs) must be measurable

The assessment and management of the social and environmental impact form an integral part of the investment management process. During the deal generation and pre-selection phases, PG Impact Investments selects investments where impact and financial returns go hand-in-hand. During due diligence and investment analysis phases, PG Impact Investments assesses the scale, depth and additionality of the impact generated by the investment. In addition, environmental, social and governmental (ESG) risks and opportunities are identified. Together with management, impact targets and measurements are defined and agreed upon by which the investment is closely monitored during its lifecycle. At exit, thorough consideration is given on how the impact mission can be protected under a new ownership structure.



Impact assessment framework

PG Impact Investments is actively contributing to the development of an industry-wide impact assessment framework. PG Impact Investments is one of the first global impact investment firms which has adopted and integrated the work and findings of the Impact Management Project¹ (IMP) in its Due Diligence process. In particular, the framework adopted IMP's five dimensions of impact: What, How much, Who, Contribution and Risk:

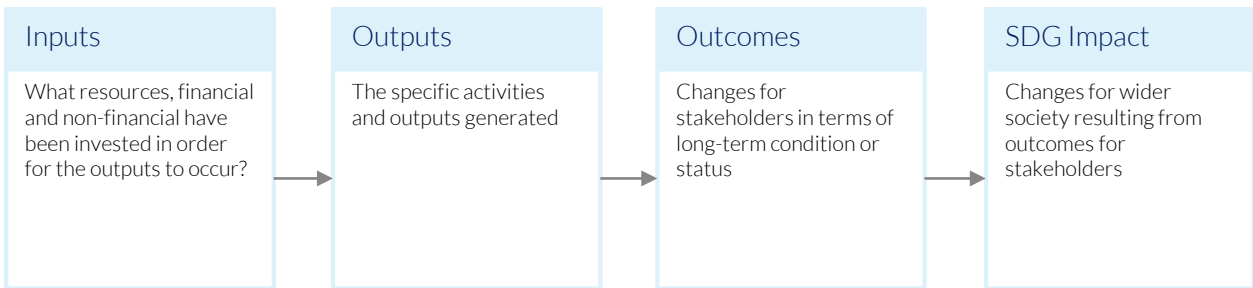


¹ Impact Management Project; Retrieved from: <http://www.impactmanagementproject.com>. Source: PG Impact Investments.

Alignment with global Sustainable Development Goals (SDGs)

PG Impact Investments impact objectives are fully aligned with the United Nations' Sustainable Development Goals (UN's SDGs). Priority is given to the people-oriented goals (SDG 1-10) with the aim to end poverty and hunger; ensure healthy lives and well-being; offer inclusive and equitable quality education; provide access to affordable and clean energy; promote sustained, inclusive and sustainable economic growth and decent work; build resilient infrastructure and sustainable industrialization; and to reduce inequality.

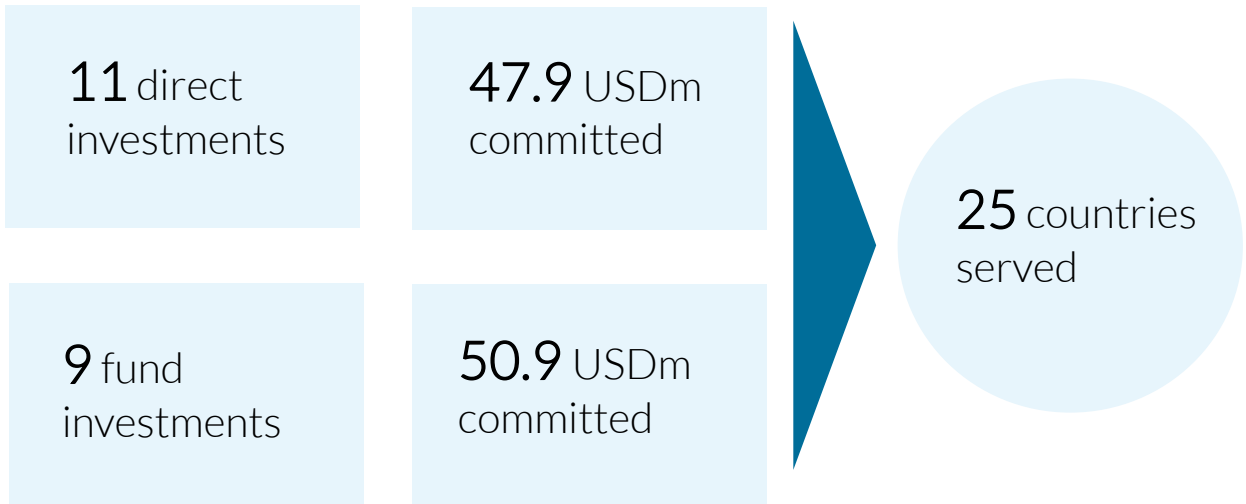
To ensure alignment with the SDGs, PG Impact Investments develops for each investment a logic model that links the investees' Outputs to Outcomes, Impact, and applicable Sustainable Development Targets (SDTs).



PG Impact Investments portfolio companies and fund investments currently support several people-oriented SDGs as shown in the chart below:



5. Portfolio overview



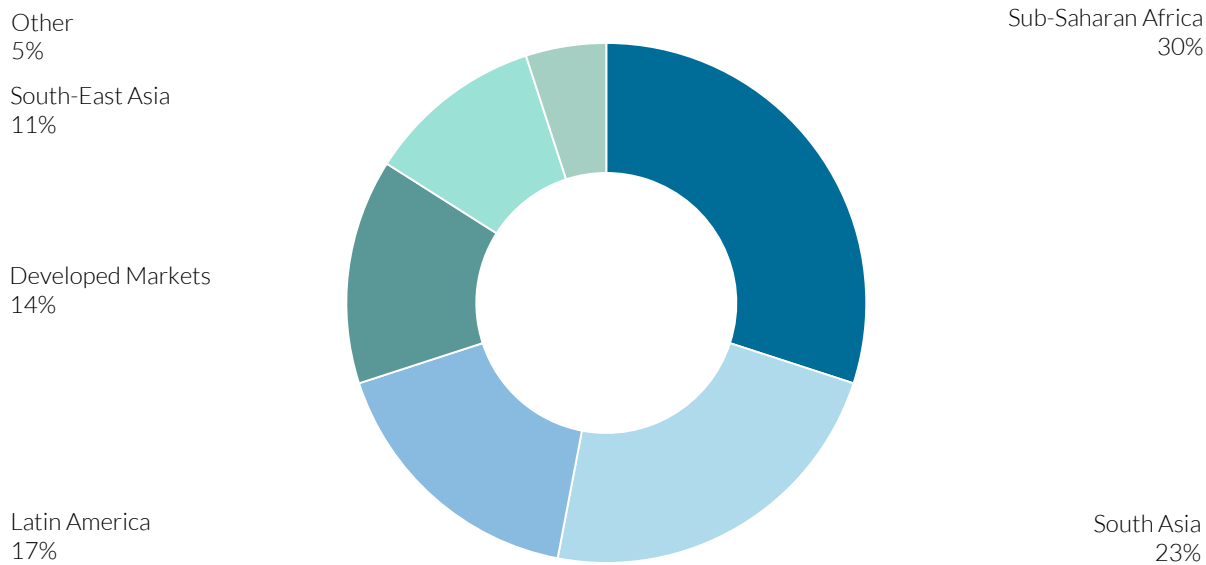
¹ For the Blue Orchard Microfinance Fund, only the top 10 countries are highlighted due to the Fund's vast global presence in over 50 countries.

Note: Figures above are presented for illustrative purposes only .

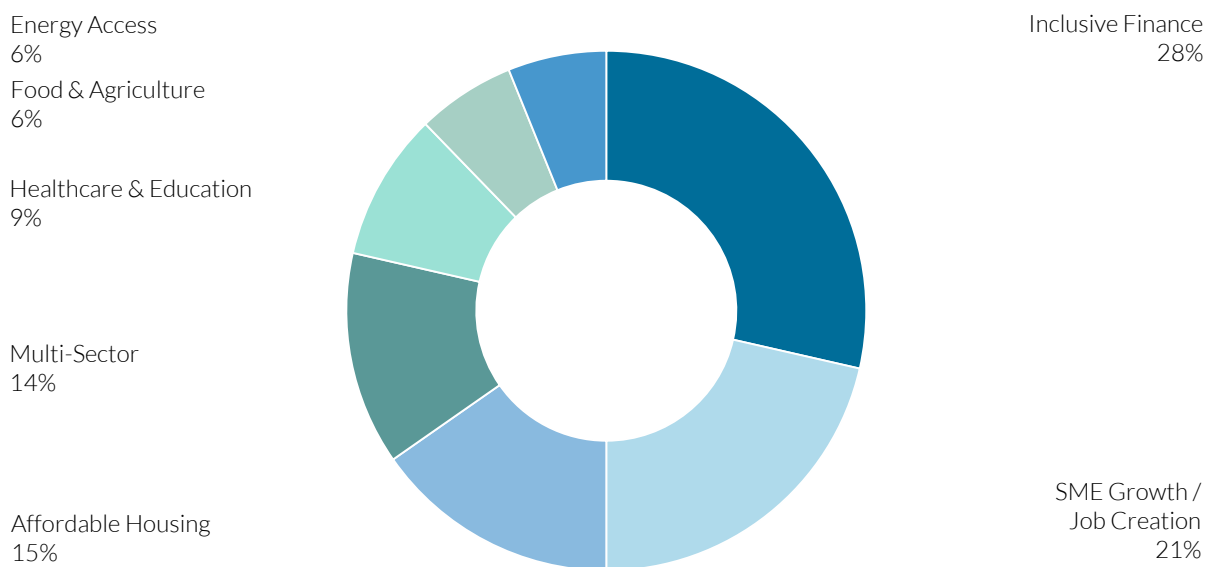
Source: PG Impact Investments as of 31 December 2018.

6. Portfolio allocation

Impact geographies (% of committed AuM)



Impact sectors (% of committed AuM)



Note: Figures above are presented for illustrative purposes only.
Source: PG Impact Investments as of 31 December 2018.

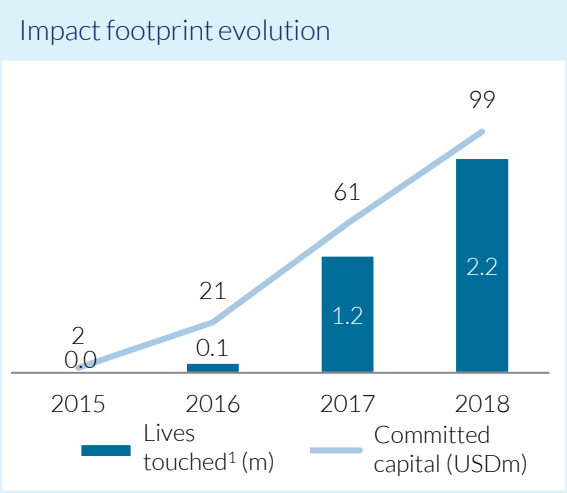
7. Impact performance

PG Impact Investments tracks social and environmental performance of its investment strategy over time. The impact assessment evolution focuses on:

- Number of lives touched and committed capital to measure the scale of impact
- Revenue growth as a top-line indicator of investee performance
- Job creation data given its close link to economic growth and social development
- Gender equality metrics to monitor gender performance
- Rural outreach to assess the breadth of impact
- Carbon footprint evaluation to review the strategy's environmental implications

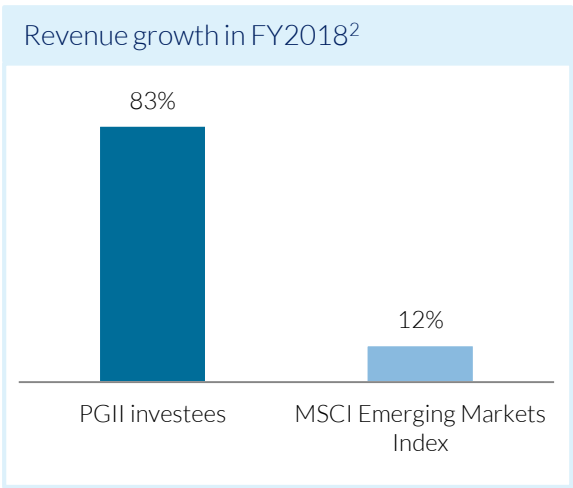
Lives touched and committed capital

Since 2015, the PG Impact Investments' impact footprint, as estimated by the number of lives touched, has grown significantly primarily due to the additional 19 investments made during this time. The growth of portfolio companies has accounted for 48% of the increase in this impact metric.



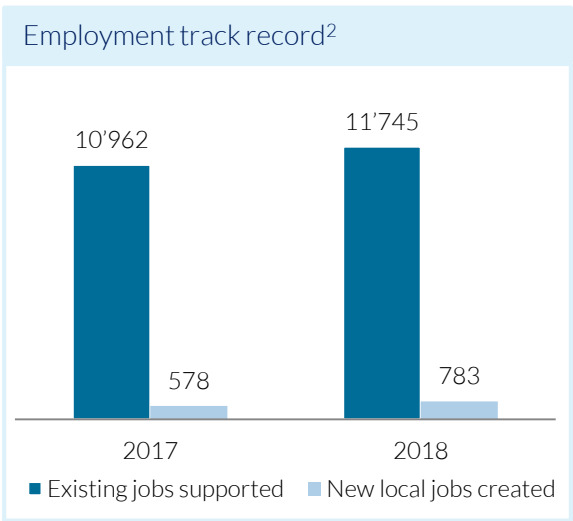
Revenue growth

It is crucial that the positive outcomes generated can be scaled over time as companies grow. Thus, PG Impact Investments values firms with a high potential to grow: its investees have delivered a solid revenue growth of 83%² having outperformed the wider market in emerging markets. PG Impact Investments' investments in financial inclusion and agricultural sectors have been key contributors to growth across the portfolio.



Job creation

PG Impact Investments' investees provide opportunities for regular, full-time employment, allowing for a stable source of income to employees and thus contributing to local economic development. PG Impact Investments supported employment of almost 12'000 individuals as of December 2018. The growth of portfolio companies has created 1'400 new local jobs. The job distribution according to regions largely reflects the geographical distribution of the investment portfolio. PG Impact Investments captures the qualitative aspects of jobs by ensuring that investees have adequate labour, occupational health and safety policies and practices, which are reviewed as part of the due diligence process.



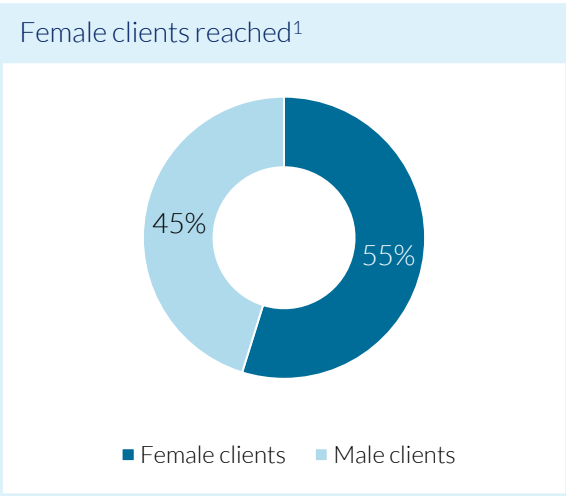
¹ Figures are attributable to PG Impact Investments' pro-rata share of capital invested relative to each investee's total capitalization.

² Figures are based on the aggregated data collected from direct investees of PG Impact Investments.

Source: PG Impact Investments as of 31 December 2018.

Gender equality

As part of work to foster women's empowerment and gender equality around the world, PG Impact Investments monitors investees' gender performance. In 2018, PG Impact Investments' investees served 367'000 female clients¹ – investments in Banco Pichincha, LOLC Cambodia and Bayport Mexico have been the key contributors to this.

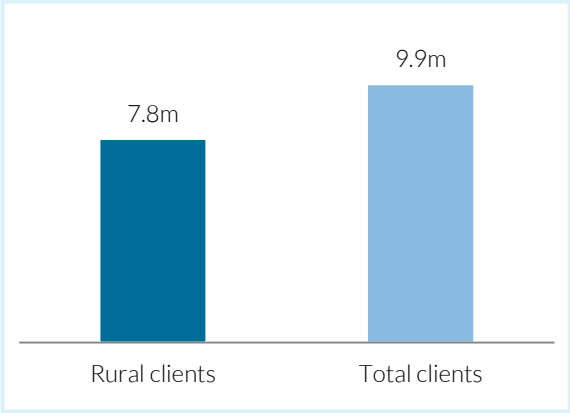


Furthermore, PG Impact Investments monitors gender dynamics within its own organization. As of May 2019, female employees accounted for 50.0% of total headcount and 33.3% of Investment Committee members were women.

Rural outreach

Looking to evaluate the breadth of impact, PG Impact Investments estimates the rural outreach of its investees. In 2018, 79.5%² of PG Impact Investments portfolio companies' clients were rural – with Greenlight Planet, LOLC Cambodia and Banco Pichincha investments accounting for a significant share in this.

Rural client coverage²



Greenhouse gas emissions

Our aim is to improve living conditions of underserved people by facilitating job creation and furthering access to goods and services to support economic and social development – we recognize that this may potentially conflict with preserving the environment as some investment activities inevitably generate greenhouse gas (GHG) emissions. By promoting affordable, clean energy solutions and agricultural activities facilitating re-forestation, we look to offset the GHG emissions generated by investees and the investment team to ensure that we ultimately have a net positive environmental impact.

In 2018, PG Impact Investments has overall facilitated the savings of GHG emissions by over 1'800'000 MT through its investment in Greenlight Planet. Other investments reducing our carbon footprint include Runa, which looks to plant 1.2 million Guayusa trees in Ecuador, and Shared-X, which oversees and supports cultivation of over 4'800 hectares of farmland with a focus on sustainable land management.

¹ Figures are based on the total aggregated data collected from direct investees of PG Impact Investments that shared gender metrics.

² Figures for rural clients are based on the total aggregated data collected from direct investees of PG Impact Investments that shared rural metrics. Figures for total clients represent the total aggregated data collected from direct investees of PG Impact Investments.

Source: PG Impact Investments as of 31 December 2018.

8. Impact sectors



Inclusive finance

31% (1.7 billion) adults across the globe have no access to formal financial services (World Bank)

Latin America
% of unbanked population
45%

Africa
% of unbanked population
57%

Asia
% of unbanked population
30%

Challenges

Globally, 1.7 billion adults are unbanked and have no access to formal financial services. As a result, they are unable to take advantage of basic economic tools such as savings, credit, money transfers or insurance. This results in them being vulnerable to shocks such as job losses or unsuccessful harvests. Access to financial services would enable them to protect their families, hedge against risks and invest in their future.

Microfinance institutions (MFIs) have tackled some of these issues since the 1970s by providing credit and increasingly deposit and saving services to c. 200 million micro entrepreneurs in emerging markets. Since then, these people have benefited from credit and financial services extended by more than 10'000 MFIs operating worldwide.

Despite the successful work of these MFIs, a large portion of the target population remains unserved. New business models are needed to broaden access and to reduce costs.

Investment themes and strategies

- **Microfinance:** support microfinance institutions in underserved areas that provide small loans to informal businesses to further penetrate underserved segments and markets.
- **Specialty financial services:** pensions, savings, investment and insurance services allow low income individuals in emerging markets to mitigate the risk of income shocks and shortfalls that could otherwise push them into extreme poverty.
- **Fintech:** application of technology to traditional business models (e.g. digitalization of MFIs, online remittances, personal finance) and development of new technologies. These new models help broaden the access to financial services and reduce transaction costs.



"A USD 300 microloan allowed me to purchase more inventory and storage for the *tamales* [Mexican street snack] I prepare and sell. My earnings grew more than three times and I was finally able to expand our family house and separate my business from the place we live in."
(entrepreneur in Guanajuato, Mexico)

Inclusive finance– portfolio overview



Banco Pichincha is an inclusive financial institution that seeks to catalyze responsible and sustainable development in Ecuador by providing affordable and appropriate financial products and services – including housing loans, micro credit and savings, remittances and micro insurance products – to underserved clientele.

355'900
microfinance
clients served
in Ecuador



Bayport Mexico aims to increase access to basic financial services for underserved populations across Mexico. The Mexico City based lender provides unsecured payroll loans to public sector employees, primarily teachers and healthcare workers.

56'000
underserved
individuals
served in
Mexico



LOLC (Cambodia) Plc. seeks to improve the lives of rural low-income Cambodians by offering a diverse suite of relevant and socially mindful financial and non-financial products including microcredit to households living in peri-urban and rural areas.

133'200
low-income
Cambodians
served



Apis Growth Fund II provides capital to companies that broaden the access to high quality affordable financial services for to MSMEs, financially excluded populations and emerging consumers across Africa and Asia.

n/a



The Blue Orchard Microfinance Fund (BOMF) targets to improve the access to financial and related services by making debt investments in socially responsible MFIs across 52 countries in emerging and frontier markets. BOMF was founded in 1998 and is the world's first private, fully commercial microfinance fund and is today the largest microfinance fund worldwide.

1'090'000
micro-
entrepreneurs
reached globally



Leapfrog Emerging Consumer Fund III invests in high-growth businesses that improve access and quality of financial services (health insurance, life insurance, general insurance, savings, credit, payments and pensions) and healthcare for emerging consumers in Asia and Africa.

95'200
consumers
served across
Africa and
Asia



Lok Growth Catalyst Fund III targets early to growth stage businesses that use entrepreneurial solutions to improve the lives of low-income households in India. These solutions include the provision of financial services, access to quality, affordable healthcare and improved livelihood opportunities through agri-business.

17'800
underserved
individuals
served in India



Quona's Accion Frontier Investment Fund and Accion Quona Inclusion Fund aim to build a diversified financial services portfolio that broaden the access and provide high quality, affordable financial services to MSMEs, financially excluded populations and emerging consumers across Africa, Asia and Latin America.

468'000
consumers
reached
globally

Note: As at 31 December 2018 Apis II had yet to make its first investment. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies. Banco Pichincha data is as of 31 December 2017.

Source: World Bank, Convergence, PG Impact Investments as of 31 December 2018.

SME growth / job creation

40% (65 million)
MSMEs in developing
countries are
constrained by access
to finance
(IFC)

Latin America
% of MSMEs constrained by
external financing
21%

Africa
% of MSMEs constrained by
external financing
52%

Asia
% of MSMEs constrained
by external financing
43%

Challenges

In developing countries, almost 162 million formal micro, small and medium enterprises (MSMEs) exist, of which the vast majority are micro businesses, creating millions of jobs and contributing to growth. Hence, MSMEs are often seen as the engine of economies.

However, 65 million formal MSMEs in developing countries lack access to external financing, and thus are constrained in their expansion and innovation. It is estimated that the unmet financing demand of these MSMEs amounts to USD 5.2 trillion, which is equivalent to 19% of the GDP of the developing countries. This results not only in lower growth in the respective economies but also in less job creation.

Investment themes and strategies

- **Small and medium enterprise lending:** providing working capital, expansion capital and more traditional corporate lending solutions to 65 million MSMEs who are not serviced by banks.
- **Fintech:** by leveraging technology developments, financial technology institutions are able to provide solutions that are efficient and effective at a lower scale, specially if compared to traditional banking institutions.



"Thanks to NeoGrowth, we were able to expand our business and increase the levels of our inventory. The repayment structure made it easy for us to repay the loan on time because of which we received a lower rate of interest on the loan!"

(Keyuri Goshar, Partner – Beyond Toys and Gifts)

SME growth / job creation – portfolio overview



Credijusto is a technology enabled financial services company that provides affordable products to the underserved and rapidly growing SME market in Mexico. Credijusto seeks to become the leading provider of financial products to Mexican SMEs. The company currently offers secured term loans, secured credit lines and equipment leases.

510
underserved
SMEs financed
in Mexico



NeoGrowth is a non-deposit taking financial company providing unsecured, electronic point of sale (POS) working capital financing to underserved small and mid-sized retail enterprises in India. The innovative POS-enabled (daily) automated collections align better with the merchant's sales cycle and provide an attractive and flexible financial product.

7'800
SMEs reached
in India



Tugende provides lease-to-own financing for motorcycle taxi drivers and other self-employed entrepreneurs in Uganda. Drivers are typically young men with limited education or employment prospects, stuck in a poverty trap of paying significant rental fees to motorcycle landlords. Tugende helps clients move from renting to owning an income generating asset, doubling their take-home income.

16'500
MSMEs
financed in
Uganda



Apis Growth Fund II provides capital to companies that broaden the access to high quality affordable financial services for to MSMEs, financially excluded populations and emerging consumers across Africa and Asia.

n/a



Leapfrog Emerging Consumer Fund III invests in high-growth businesses that improve access and quality of financial services (health insurance, life insurance, general insurance, savings, credit, payments and pensions) and healthcare for emerging consumers in Asia and Africa.

970
underserved
SMES served
across Africa
and Asia



Lok Growth Catalyst Fund III targets early to growth stage businesses that use entrepreneurial solutions to improve the lives of low-income households in India. These solutions include the provision of financial services, access to quality, affordable healthcare and improved livelihood opportunities through agri-business.

3'360
underserved
MSMEs served
in India



Quona's Accion Frontier Investment Fund and Accion Quona Inclusion Fund aim to build a diversified financial services portfolio that broaden the access and provide high quality, affordable financial services to MSMEs, financially excluded populations and emerging consumers across Africa, Asia and Latin America.

148'150
underserved
MSMEs
financed
globally

Note: As at 31 December 2018 Apis II had yet to make its first investment. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies.
Source: World Bank, IFC, PG Impact Investments as of 31 December 2018.

Affordable housing

30% (330 million) of the world urban population live in slums - with absolute numbers continuing to grow

Latin America
% of urban residents living in slums
24%

Africa
% of urban residents living in slums
61%

Asia
% of urban residents living in slums
31%

Challenges

330 million urban households around the world live in inadequate, unsafe and / or unaffordable accommodation or forego investments for other basic needs (including food, healthcare and education) to pay for their homes.

The need for decent housing is especially strong in emerging markets, where 200 million households live in slums. In fact, the number of individuals living in slums increased from 689 million in 1990 to 880 million in 2014 and is expected to grow as urbanization continues. By some estimates 1.6 billion people will lack decent or affordable housing by 2025.

Affordable housing also remains a challenge in advanced economies: 60 million households are financially stretched by housing costs across the United States, the European Union, Japan and Australia; in the United Kingdom alone, over one million households are on waiting lists for government-subsidized housing.

Investment themes and strategies

- **Housing development:** increase the supply of affordable and quality urban housing for previously underserved market segments by building new properties (greenfield) or converting existing properties (brownfield) to decent affordable accommodation. PG Impact Investments supports sale, rental and rent-to-own schemes as well as, where available, development models that provide community infrastructure and development opportunities beyond housing.
- **Housing finance:** inclusive specialized finance institutions providing mortgages to low-income people and key workers. Affordable housing non-bank financial corporations are developing strongly in markets such as India.



"Since my arrival in Stanley Park beginning of 2016, I experienced only the best treatment from all their staff. My family and myself are living very comfortably here, especially due to the peace of mind given the 24/7 security in the residential area"

(Flora, 55 years old, Stanley Park resident, South Africa)

Affordable housing – portfolio overview



Bridge Workforce and Affordable Housing Fund LP (Bridge WF) aims to preserve and rehabilitate workforce and affordable housing assets in high growth markets throughout the US. Bridge not only provides quality affordable housing to cost burdened households but invests in social services and community spaces to further improve tenant well-being.

3'350
affordable
housing units
financed in
the USA



Cheyne Social Property Impact Fund aims to provide decent affordable housing in the UK to >5'000 households in need by building or purchasing properties and leasing them to social sector organizations that provide social housing services to disadvantaged groups (e.g. sheltered accommodation, care homes, etc.).

1'520
affordable
housing units
financed in
the UK



International Housing Solutions Fund II is a specialist real estate fund that generates affordable housing for lower and middle income families in South Africa, aiming to reduce the number of families living in slums or informal housing and improve access to employment, education, health, security and wealth.

10'034
affordable
housing units
financed in
South Africa



Energy access

13% (1.0 billion)
of the world
population are
without access to
electricity
(World Bank)

Latin America
% of population without
access to electricity
4%

Africa
% of population without
access to electricity
48%

Asia
% of population without
access to electricity
9%

Challenges

Approximately 1.0 billion people globally still lack access to affordable electricity, almost 87% of whom live in rural areas. Without energy access – one of the key drivers of development and improvement of livelihoods, – people are impeded from lifting themselves out of poverty.

Sustainable off-grid electricity providers are tackling this problem. Since 2010 c. 360 million people have gained access to off-grid solar solutions, saving around USD 5.2 billion that they would have otherwise spent on less environmentally friendly and more expensive energy sources.

By 2020, it is expected that 1 in 3 households across the globe will utilize solar energy, as technological advances and falling prices make these products available to a growing number of users.

Investment themes and strategies

- **Solar lights:** affordable clean lighting solutions, with daily financing payments below the displaced cost of kerosene, resulting in increased savings, positive health effects and improved environmental outcomes
- **Solar household systems:** affordable clean energy access solutions with low upfront costs and medium term financing
- **Mini-grids:** decentralized, off-grid community-level clean energy solutions
- **Clean cooking:** affordable clean-burning cook-stoves with significantly lower charcoal / firewood consumption, fuel and indoor pollution which ranks fourth among serious threat to health



"My ambition in life is to take care of my wife and children and be with them all my life. Sun King lamps have allowed me to continue my life after sunset and support my family financially as well as emotionally."
(Govind, a vegetable vendor in Bangalore, India)

Energy access – portfolio overview



Greenlight Planet delivers affordable energy by designing, distributing and servicing "Sun King" solar products to the world's one billion under-electrified consumers. Most of these consumers were often previously reliant on expensive fossil or biomass fuels. Switching to solar results in quantifiable cost savings, improved quality of life and clear environmental benefits.

7.6 million
households
electrified
globally



Food & Agriculture

Globally, smallholder farmers in emerging markets achieve only 20% of the theoretical yield potential of their lands (FAO)

Latin America
current maize yield as
% of potential yield
65%

Africa
current maize yield as
% of potential yield
20%

Asia
current maize yield as
% of potential yield
62%

Challenges

Agriculture accounts for 65% of employment in emerging markets while contributing to only 29% of the GDP. The sector provides incomes for a vast amount of underserved people and has the potential to create a lasting positive impact on the livelihoods of local population and the environment.

More than 80% of the world's estimated 570 million farms are small (<2 hectares) of which close to 50% are located in low and lower-middle income countries. These farmers not only face difficulties growing sufficient food to nourish their families but also lack know-how, capital, direct market access and storage facilities.

In addition, smallholder farmers in emerging markets face a significant yield gap, only realizing c. 20% of their theoretical potential yield versus 80% in the developed world. This yield gap is driven by lack of technical knowledge and financial resources leading to an adoption of inadequate farming methods.

Investment themes and strategies

- **Fair trade, supply chain & ethical consumer brands:** strengthening the value chain from smallholder farmers, through fair traders to ethical brands, driving demand for sustainable and ethically sourced food products and allowing the smallholder farmers to achieve higher prices and thus yields
- **Agri-business:** investing in inclusive agri-businesses that provide transparency and income stability to smallholder farmers and help them to collapse the yield gap through know-how transfer, education and provision of inputs such as seeds and nutrients. Efficiently run agri-businesses can lower resource-intensiveness, reduce food wastage and promote regional trade



"Being a single mother of four, without a high school education, in a small rural town where women don't easily find work, is quite hard. I had many different jobs, while taking care of my kids and staying active in the community. I used to live in a small wooden house with no doors or windows, but everything changed, when I overheard a job opportunity being advertised on the local radio. Now, after three years of working for Shared-X as a cocoa farmer, my family and I are living in a proper home and I have been able to save up enough money to go back to high school."

(Viviana 'Lida' Ramon, cocoa farmer)

Food & Agriculture – portfolio overview

RUNA

Runa owns and operates the world's only supply chain of Guayusa to then manufacture energy drinks and ready to drink teas which are sold in over 10'000 stores in the US. Runa works in close partnership with the local Kichwa people of Ecuador to source Guayusa leaves from independent farming families providing them with additional income, technical knowledge and market access.

2'300
Ecuadorian
smallholder
farmer's
lives improved¹



Shared-X produces high yields of specialty and organic crops sold directly at premium prices. Under the shared prosperity model, Shared-X is working with smallholder farmers and their families, providing them with farming know-how and market access, resulting in significantly higher incomes that can truly lift communities out of poverty.

3.9x
higher income
for smallholder
farmers in
Peru²



Lok Growth Catalyst Fund III ("Lok III") targets early to growth stage businesses that use entrepreneurial solutions to improve the lives of low-income households in India. In agriculture, Lok III is providing improved livelihood opportunities to farmers through agri-business operating in an integrated model procuring, processing and selling dairy products.

7'200
farmers
supported in
India



¹ In 2018, Runa was sold to All Market Inc., a US-based beverage company that manufactures and distributes coconut water based drink (Vita Coco) in the US and globally. As a result, PGII discontinued to monitor the impact KPIs for Runa.

² The indicated income increase was calculated for a small sample of coffee farmers (in one of the cooperatives). Average income increase across the total numbers of smallholder farmers for FY2018 amounted to c. 1.4x.

Source: Lok Capital, Runa, Shared-X, PG Impact Investments as of 31 December 2018.

Healthcare

Globally, 41 children under five per 1'000 live births died in 2016 - a decrease of 56% since 1990 (WHO)

Latin America
of deaths per 1000 live births
23

Africa
of deaths per 1000 live births
79

Asia
of deaths per 1000 live births
49

Challenges

6.3 million children under the age of five die each year – more than 75% of these lives could have been saved with simple and cost-effective care. According to the World Health Organization, access to basic healthcare remains a challenge in most countries.

Traditionally the government is the biggest healthcare provider to the poor with charities and NGOs playing a complimentary role. However, many countries suffer from scarce supply of fundamental infrastructure, facilities and trained medical staff. Access to good-quality medication, devices and supply is an additional challenge as in many markets these are provided by informal vendors that often sell inappropriate or counterfeit products.

A further challenge is the management of large scale health projects, where a lack of transparency of information leads to inefficient and ineffective allocation of funding to target initiatives where help is needed the most.

Investment themes and strategies

- **Healthcare delivery companies:** focusing on affordable care models (e.g., out-patient clinic networks, in-patient hospital networks, specialist networks)
- **Healthcare micro-insurance:** services that complete the market for affordable healthcare
- **Pharmaceuticals:** provide access to affordable and high-quality medical products
- **Healthcare sector infrastructure:** ancillary services that allow for a more efficient deployment of available resources in the healthcare sector



"Our work with BroadReach and the implementation of Vantage has changed our culture of using data for planning. It shows us where we have gaps in allocation of staff and where we are over-resourced so that we can make efficient use of the existing limited human resources that we have."
(Dr. Victoria Mubaiwa, Director of Strategic Health Programs, Kwa-Zulu Natal Department of Health, South Africa)

Healthcare – portfolio overview



BroadReach is a healthcare solution company combining consulting services with AI-powered, Vantage technology to transform health systems outcomes. The solution ensures transparency among healthcare professionals, allowing for significantly improved allocation of funding as well as increased efficiency and effectiveness to the most pressing health challenges in emerging economies.

1.4 million
incremental
patients treated
in Africa



Goodlife, East Africa's leading pharmacy chain increases access to affordable quality drugs from certified manufacturers, employs only qualified and trained staff to give medical advice to underserved consumers. Access concerns and affordability lead low-income people to informal pharmacies with unethical sales practices and often counterfeit products.

237'300
people
reached in
Africa



Lok Growth Catalyst Fund III targets early to growth stage businesses that use entrepreneurial solutions to improve the lives of low-income households in India. The fund has made one healthcare investment so far, an affordable diabetes care clinics chain that operates 34 centers and two hospitals in tier-1 and -2 cities across India.

25'900
treatments
performed in
India



Leapfrog Emerging Consumer Fund III (Leapfrog III) is a leading emerging market impact manager with an experienced private equity team investing across Asia and Sub-Saharan Africa. In healthcare, Leapfrog III invests in high-growth businesses that improve access to affordable high-quality healthcare service and health insurances in emerging markets.

6.4 million
healthcare
tools¹ provided
across Africa
and Asia



¹ Healthcare goods and services.

Source: BroadReach, Goodlife, Lok Capital, Leapfrog Investments, PG Impact Investments as of 31 December 2018.

9. Portfolio investments



Banco Pichincha

Direct, Debt



Company description

Banco Pichincha is an inclusive financial institution that seeks to catalyze responsible and sustainable development in Ecuador by providing affordable and appropriate financial products and services to an underserved clientele.

Pichincha currently serves 355'855 microfinance clients through an exhaustive 200-branch network across Ecuador.

Social challenges

Ecuador is home to over 16.6 million individuals, 21.5% of which are below the national poverty line. For the economically active population, a large share of which are small business owners and / or self-employed, exclusion from traditional financial services increases this vulnerability.

Target impact

- Increase access to financial services for Ecuador's micro entrepreneurs, specifically for female business owners, who represent 44.7% of Banco Pichincha's borrower base
- Expand the usage of other microcredit products, micro-savings and micro-insurance

Key investment data

Geography	Ecuador
Investment date	October 2017
Sector	Financial inclusion
Investment	USD 2.0m
Asset class	Direct, Debt

Impact KPIs	Initial	FY2017
# of individuals financed/served	279'000	355'855
% rural clients	5.4%	5.7%
% female clients	44.6%	44.6%
# of employees	5'360	5'386
PGII contribution	0.02%	0.02%

SDGs supported

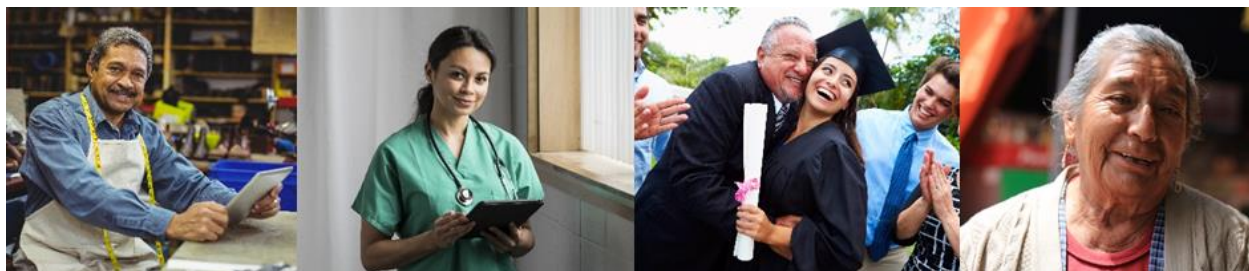


Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Banco Pichincha data is as of 31 December 2017.
Source: PG Impact Investments, Banco Pichincha.

Financiera Fortaleza (Bayport Mexico)

Direct, Debt

BAYPORT®



Company description

Financiera Fortaleza ("Bayport Mexico"), a Bayport Group subsidiary company, is a Mexico City based lender that provides unsecured credit to public sector employees, primarily teachers and healthcare workers.

Since 2014, Bayport Mexico's gross loan portfolio has grown to more than USD 100m serving over 56'000 clients. The company has 795 employees across 92 branches.

Social challenges

Despite recent economic growth, 32% of Mexican adults are still without access to financial products and 54.3 million people in Mexico are underbanked. Furthermore, income inequality in Mexico is high, with the wealthiest 40% of the population earning 75% of the country's income.

Bayport Mexico's core clients are workers who cannot access nor afford traditional banking products, yet fall outside the classic rural microfinance borrower profile – just 8.0% of this target public sector population had access to credit in Mexico.

Target impact

- Increase access to affordable and transparent credit products for underserved populations
- Increase clients' living standards by reducing their vulnerability to economic, social and environmental shocks

Key investment data

Geography	Mexico
Investment date	December 2018
Sector	Financial inclusion
Investment	USD 6.0m
Asset class	Direct, Debt

Impact KPIs	Initial	FY2018
# of individuals financed/served	46'700	56'153
% female clients	55.3%	55.3%
# of employees	800	795
PGII contribution	5.2%	5.2%

SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology.
Source: PG Impact Investments, Bayport Mexico.



Company description

BroadReach is a healthcare solution company, combining its consulting services and technology offering to improve the effectiveness of healthcare provision in emerging economies. By implementing the AI-driven Vantage platform, clinicians and managers are empowered with the necessary information and step-by-step guidance to provide high standards of care consistently and at scale. In one region, the percentage of patients receiving medication after testing positive for HIV and TB increased from 52% to 100% as a result of improvements to management capabilities and oversight enabled by the software.

Social challenges

People forming the base of the pyramid (earning less than USD 8 a day) are chronically underserved in their most basic needs, especially in healthcare. Despite increasing private investment in emerging market healthcare, public health systems struggle to adequately serve the poorest due to a lack of data, connectedness, efficiency, accountability and transparency. Without better insight into outcomes, the billions of dollars spent tackling these healthcare challenges cannot be efficiently allocated where the need is the greatest.

Target impact

- Extend health coverage to over 2.8 million additional patients by 2021 who would not have otherwise received care
- Increase effectiveness and targeting of multi-billion-dollar international health development budgets
- Contribute to health policy for hundreds of millions of people through data and insights produced by the Vantage system

Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology.

Source: IFC, The next four billion, Harvard Business Review, The Globe: Segmenting the Base of the Pyramid, PG Impact Investments, BroadReach.

Key investment data

Geography	South Africa
Investment date	September 2017
Sector	Healthcare
Investment	USD 4.0m
Asset class	Direct, Mezzanine

Impact KPIs	Initial	FY2018
# of additional HIV patients treated	80'631	436'420
# of additional Malaria patients treated	596'332	917'434
# of programs	5	6
PGII contribution	10.0%	8.4%

SDGs supported





Company description

Credijusto provides affordable asset-backed loans to Mexican SMEs. The company is very customer centric, emphasizing customer service and transparency in all its processes while leveraging technology for efficient decision-making. Credijusto currently offers three products, secured term loans, secured credit lines and equipment leases.

Social challenges

SMEs form the backbone of the Mexican economy – making up 99% of all companies in the country, these enterprises generate most of the country's jobs, diversify the market's economic base and help deliver goods and services to the bottom of the pyramid. However, Mexican SMEs are perennially underfunded: banks reject over 80% of all loan applications from SMEs. Those few that are able to tap bank financing often need to wait an average of three months to get an answer and encounter notoriously poor customer service.

Target impact

- Increase access to high quality financial services for SMEs, which are often considered too big for microfinance institutions but too small or "risky" for traditional banks
- Provide affordable credit products, with lending rates that are among the lowest in the country

Key investment data

Geography	Mexico
Investment date	December 2018
Sector	Financial inclusion
Investment	USD 6.0m
Asset class	Direct, Debt

Impact KPIs	Initial	FY2018
# of MSME clients	355	362
% rural clients	49.4%	49.4%
% female clients	24.0%	24.0%
# of employees	78	102
PGII contribution	10.8%	10.8%

SDGs supported





Company description

Goodlife is a retail pharmacy chain in East Africa focused on increasing access to high-quality drugs and health advice for underserved consumers.

PG Impact Investments' investment will help the company expand its convenience-store network and increase penetration among low-income consumers.

Social challenges

Access to high-quality affordable pharmaceuticals and reliable, professional, patient advice at pharmacies is widely recognized as a key challenge to healthcare in Kenya and East-Africa. Consumers are often advised to buy the wrong medicine (because of staff's limited expertise or aggressive selling practices), non-certified products or even counterfeits.

In addition, the prevalence of small pharmacy outlets purchasing drugs through long supply chains and numerous middle men increases prices to consumers. In contrast, Goodlife can leverage its size as the largest pharmacy network in the region to negotiate lower pricing and cut out middle men.

Target impact

- Offer access to affordable and reliable pharmaceuticals as well as professional patient advice
- Reach one million low-income consumers by 2021
- Increase reach among emerging consumers (USD 2-10 income per day) by expanding the convenience store network

Key investment data

Geography	East Africa
Investment date	October 2016
Sector	Healthcare
Investment	USD 5.0m
Asset class	Direct, Equity

Impact KPIs	Initial	FY2018
# of emerging consumers served	159,635	237,322
# of pharmacies	23	50
# of employees	172	281
PGII contribution	14.5%	7.6%

SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology.

Source: PG Impact Investments, Goodlife.



Company description

Greenlight Planet designs, manufactures and distributes a range of affordable solar products under the “Sun King” brand with a mission to empower the people living with no or limited access to electricity. Sun Kings are known for their good quality, durable nature and strong customer support.

Social challenges

Over 1.0 billion people around the world are living off-grid, without access to modern energy infrastructure. The vast majority of these people are based in rural areas.

As population growth continues to exceed the rate of electrification, Africa’s un-electrified population is projected to increase to 645 million people by 2030; the majority (538 million) will live in rural areas. Many of these households use kerosene lamps as their primary source of light, running the risk of house fires and air quality-related health issues. Moreover, kerosene is expensive, costing around USD 2-4 a month or 5-10% of monthly expenditure.

Target impact

- Offer access to at least 100 million consumers by 2020, largely by expanding geographic footprint
- Reduce the CO2 emissions caused by kerosene by replacing traditional energy sources through solar products (since inception, an estimate of over 1.3 million metric tons of CO2 have been offset)

Key investment data

Geography	India & Sub-Saharan Africa
Investment date	May 2017
Sector	Energy access
Investment	USD 6.0m
Asset class	Direct, Debt

Impact KPIs	Initial	FY2018
# of households electrified	5'169'855	7'574'310
% of rural clients	100.0%	100.0%
savings on greenhouse gas emissions emissions (MT)	1'246'431	1'826'135
# of employees	512	1186
PGII contribution	1.8%	4.4%

SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology.

Source: World Bank, International Energy Agency's electricity database, PG Impact Investments, Greenlight Planet.

LOLC (Cambodia) Plc.

Direct, Debt



Company description

LOLC (Cambodia) Plc. ("LOLC") is a Microfinance Deposit Taking Institution that seeks to improve the lives of rural low income Cambodians by offering a diverse suite of financial and non-financial products.

LOLC has a demonstrated track record of delivering reliable financial and operating results, while constantly innovating new products and services for its customers.

Social challenges

Despite over two decades of positive economic growth, over 3 million of Cambodia's population of 15 million remains below Cambodia's national poverty line. Approximately 90% of these individuals live in a rural environment. Additionally, 79% of Cambodia's population does not have access to clean water and 58% of Cambodians does not have access to suitable sanitation services.

Target impact

- Provide entrepreneurs and families at the base of the socio-economic pyramid with the economic opportunities to transform the quality of their lives and their communities through the provision of effective and sustainable client empowering financial services
- Focus on low income families in rural and peri-urban areas, primarily lending to women (72% of total borrower base)
- Introduce new, innovative credit products that fit LOLC's customers' needs such as home improvement loans, solar power, clean water, sanitation and hygiene loans

Key investment data

Geography	Cambodia
Investment date	August 2017
Sector	Financial inclusion
Investment	USD 6.0m
Asset class	Direct, Debt

Impact KPIs	Initial	FY2018
# of individuals financed/served	110'330	133'192
% rural clients	97.8%	98.1%
% female clients	78.8%	72.1%
# of employees	2'034	2'327
PGII contribution	1.7%	1.0%

SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology.

Source: PG Impact Investments, LOLC (Cambodia) Plc.



Company description

NeoGrowth is a non-deposit taking financial company providing unsecured, electronic point of sale (POS) working capital financing to underserved small and mid-sized retail enterprises in India.

The innovative POS-enabled (daily) automated collections align better with the merchant's sales cycle and provide an attractive and flexible financial product.

Social challenges

India has over 55m MSMEs that contribute 10% to GDP and provide employment to c. 106m people. The credit underwriting methods used by the traditional lending system exclude a large portion of these MSMEs, 80% of which are currently self-financed, resulting in an estimated annual financing need for urban retailer MSMEs of INR 2.8tn.

Target impact

- Provide loans to underserved groups (c. 35% of borrowers had no access to credit before and c. 80% of borrowers were first generation entrepreneurs)
- Create new employment opportunities and help sustain existing employment, especially among the lower income groups by providing credit products to MSMEs
- Expand the impact model into Tier II and Tier III cities in India (where MSMEs still remain unbanked) and reach 100k MSME's by 2022 and 500k consumers (from c. 5k MSMEs and 64k consumers at time of investment)

Key investment data

Geography	India
Investment date	March 2018
Sector	Inclusive finance
Investment	USD 5.0m
Asset class	Direct, Equity

Impact KPIs

Impact KPIs	Initial	FY2018
# of MSMEs financed	6'227	7'865
# of indirect jobs supported	126'703	217'708
# of employees	671	749
PGII contribution	2.0%	1.8%

SDGs supported





Company description

Runa owns and operates the world's only Guayusa supply chain.

The company works in close partnership with the local Kichwa people of Ecuador to source Guayusa from independent farming families. Runa manufactures energy drinks and ready-to-drink teas, which are currently sold in over 10'000 stores in the US.

Social challenges

35% of the Ecuadorian population lives in poverty. Farmers in the Ecuadorian areas in which Runa operates have annual incomes that range from USD 1'367 to 2'116 (USD 3.7 – 5.8 per day). In these regions farmers tend to grow a range of crops such as cacao, coffee and naranjilla (a local citrus fruit) for which they receive payment only between a couple of weeks to a couple of months after sale. This can cause severe liquidity problems and impacts the farmers' daily business operations and capabilities. Runa provides a source of stable additional income for these communities.

Target impact

- Expand the impact model to 3'000 indigenous Amazonian farmers with improved livelihood
- Pay 15% social premium to support community development projects for Guayusa farmers
- Plant 1.2 million Guayusa trees in Ecuador
- Expand impact model to Peru

Key investment data

Geography	USA & Ecuador
Investment date	December 2015
Sector	Food & Agriculture
Investment	USD 2.0m
Asset class	Direct, Equity

Impact KPIs	Initial	FY2017
# of farmers supported	2'687	2'347
social premium (%)	15%	15%
# of employees	30	21
PGII contribution	6.7%	4.5%

SDGs supported



Note: In mid-2018, Runa was sold to All Market Inc., a US based beverage company that manufactures and distributes coconut water based drink (Vita Coco) in the US and globally. As a result, PGII discontinued to monitor the impact KPIs for Runa. There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Source: PG Impact Investments, Runa.

Shared-X

Direct, Equity



Company description

Shared-X produces high yields of specialty and organic crops sold directly (where feasible) at premium prices.

Under the shared prosperity model, Shared-X is working with over 1'200 independent smallholder farmers and their families, providing them with farming know-how and market access resulting in significantly higher incomes.

Social challenges

821 million people are estimated to be affected by food insecurity, a majority of whom are subsistence farmers. Growth in the agricultural sector is found to be twice as effective in reducing hunger and poverty as growth in other sectors.

Smallholder farmers suffer from insufficient technology and infrastructure, lower quality of inputs as well as adoption of inadequate farming methods and lack of access to markets. This ultimately results in low yields and high production costs, forcing sales at low prices.

Target impact

- Provide technical know-how, field inputs and market access
- Support 12'000 farmers and their families in five years and increase livelihoods by 400% in a three-year development period
- Expand impact model in Latin America and other regions

Key investment data

Geography	Peru & Dominican Republic
Investment date	September 2016
Sector	Food & Agriculture
Investment	USD 4.0m
Asset class	Direct, Equity

Impact KPIs	Initial	FY2018
# of farmers supported	525	1'263
Land directly/indirectly controlled	350	4'808
Average smallholder farmer income increase*	4.2x	3.9x
# of employees	256	767
PGII contribution	11.7%	5.1%

SDGs supported



¹The indicated income increase was calculated for a small sample of coffee farmers (in one of the cooperatives).

Average income increase across the total numbers of smallholder farmers for FY2018 amounted to c. 1.4x.

Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology.

Source: PG Impact Investments, Shared-X, United Nations.



Company description

Tugende provides lease-to-own financing, helping financially excluded motorbike taxi ("boda boda") drivers to purchase their vehicles in Uganda. Tugende's leases include training, permits and life and medical insurance. The company manages eight branches and 194 employees having financed over 16'500 leases.

Tugende sources motorbikes, educates customers and provides affordable financing. The company differentiates itself via high touch customer service, technology-driven efficiency, affordability and delivery speed. Since it began full time operations in 2012, the firm has grown rapidly to a gross loan portfolio of USD 7.1m and aims to be the leading provider of small business leasing services in East Africa.

Tugende's mission is to help self-employed people own income-generating assets. To date, the company's financing products have proven highly effective: the average customer increases daily earnings by 100% to USD 10 as they no longer have to pay expensive daily rents to boda boda owners.

Social challenges

In 2012, 37.8% of the population in Uganda lived on less than USD 1.25 a day. Exclusion from traditional financial services for the majority of low-income individuals compounds vulnerability and a lack of opportunity for wealth creation.

Target impact

- Increase access to affordable financial products for low income individuals in Uganda through transparent financial products, including life and medical insurance
- Increase earning potential and net worth of customers through providing access to asset ownership and entrepreneurship

Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on the PG Impact Investments' impact methodology.

Source: PG Impact Investments, Tugende.

Key investment data

Geography	Uganda
Investment date	December 2018
Sector	Financial inclusion
Investment	USD 5.0m
Asset class	Direct, Debt

Impact KPIs	Initial	FY2018
# of active leases	8'232	9'553
# of employees	187	194
PGII contribution	20.4%	20.4%

SDGs supported



Accion Frontier Inclusion Fund & Accion Quona Inclusion Fund Fund (Primary), Equity



Company description

Accion Frontier Investment Fund ("AFIF") and Accion Quona Inclusion Fund ("AQF") are private equity vehicles managed by Quona Capital and legally controlled by Accion International, a global non-profit organization and pioneer in microfinance.

Both, AFIF and AQF, will make minority investments in early-stage financial technology companies – including business finance, consumer finance, payments, personal financial management, insurance, and challenger banking – with the objective to broaden access and provide high quality, affordable financial services to MSMEs, financially excluded populations and emerging consumers across Africa, Asia and Latin America.

Social challenges

Despite the recent build-out of digital infrastructure across emerging markets, which is connecting populations to formal financial services and reducing distribution costs for financial services providers, a vast share of the world's population (1.7 billion people in emerging markets) and companies (65 million MSMEs in developing countries) remain financially excluded.

Target impact

- Improve the quality of life of underserved individuals by providing them with access to suitable and affordable financial services and products
- Provide or improve access to affordable financing for micro / small enterprises across emerging markets
- Increase and promote the accountability of financial services companies to social performance targets

Key investment data

Geography	Asia, LatAm, Sub-Saharan Africa
Investment date	January 2017
Sector	Financial inclusion
Investment	USD 5.0m
Asset class	Fund, Equity

Impact KPIs (AFIF)	Initial	FY2018
# of clients financed/served	56'666	467'944
# of MSMEs financed	29'809	146'876
# of local jobs provided	167	420
PGII contribution	3.5%	3.5%

Impact KPIs (AQF)	Initial	FY2018
# of clients financed/served	n/a	n/a
# of MSMEs financed	n/a	1'270
# of local jobs provided	n/a	18
PGII contribution	3.4%	3.4%

SDGs supported

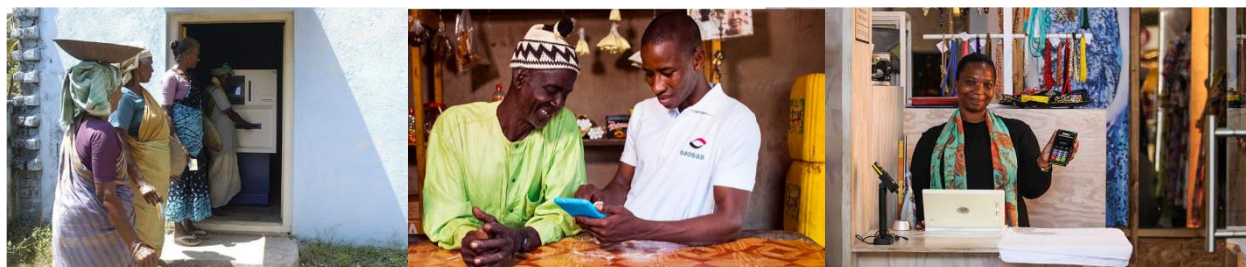


Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies.

Source: PG Impact Investments, Quona Capital, World Bank, SME Finance Forum.

Apis Growth Fund II

Fund (Primary), Equity



Company description

Apis Growth Fund II, L.P. (Apis II) is an emerging market-focused private equity vehicle managed by Apis Partners LLP (Apis Partners). Apis II invests in growth-stage companies engaged in financial services and related business services, specifically in the sectors of payments, credit, savings, insurance, financial technology and capital markets.

Apis II aims to deliver strong financial returns and positive social impact by building a diversified financial services portfolio that increases access, quality and affordability of financial services for MSMEs and financially excluded populations and emerging consumers in Africa and Asia.

Social challenges

Despite the strong development of digital infrastructure across emerging markets, an estimated 1.7bn people lack access to regulated financial services such as insurance, savings, credit and debit cards.

Additionally, 65 million or 40% of MSMEs in developing countries struggle to gain access to capital, with this being frequently identified as a critical barrier to growth.

Target impact

- Increase access to financial services and related business services for financially excluded populations and emerging consumers across Africa and Asia
- Create good quality employment across its target markets by encouraging portfolio companies to adhere to strong ESG principles

Key investment data

Geography	Africa & Asia
Investment date	July 2018
Sector	Financial inclusion
Investment	USD 8.0m
Asset class	Fund, Equity

Impact KPIs	Initial	FY2018
# of MSMEs financed	-	n/a ¹
# of individuals financed/served	-	n/a ¹
% female clients	-	n/a ¹
# of local jobs provided	-	n/a ¹
PGII contribution	4.5%	4.5%

SDGs supported



¹No investments made as of 31 December 2018.

Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies. As at 31 December 2018 Apis II had yet to make its first investment.

Source: PG Impact Investments, Apis Partners.

BlueOrchard Microfinance Fund

Fund (Primary), Debt



Company description

BlueOrchard is a leading global impact investment manager. Founded in 2001 as the world's first commercial manager of microfinance debt investments, BlueOrchard is dedicated to fostering inclusive and climate-smart growth.

The BlueOrchard Microfinance Fund (BOMF) is the world's first and largest fully commercial microfinance fund with a 20 year track record. BOMF makes debt investments in socially responsible MFLs across emerging and frontier markets. To date, BOMF's funding has reached over 1 million micro entrepreneurs, 47% of whom live in rural regions and 53% of whom are female.

Social challenges

Globally, 1.7 billion people remain unbanked or underbanked. Most of these people are concentrated in emerging and frontier economies. As a result, they are unable to take advantage of basic economic tools such as savings, credit, money transfer or insurance. Access to financial services would enable them to protect their families, hedge against risks and invest into their future.

MFLs have tackled some of these issues by providing credit and increasingly deposit and saving services to approximately 200 million micro entrepreneurs in emerging markets, but the unserved population remains vast.

Target impact

- Improve access to financial services
- Foster inclusive growth and development by providing micro entrepreneurs with capital and other services to support income-generating activities

Key investment data

Geography	Global emerging markets
Investment date	October 2016
Sector	Financial inclusion
Investment	USD 6.0m
Asset class	Fund, Debt

Impact KPIs	Initial	FY2018
# of individuals financed/served	532'957	1'089'763
% rural clients	51.0%	47.0%
% female clients	57.0%	53.0%
# of local jobs provided	4'642	8'562
PGII contribution	0.9%	0.3%

SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies.

Source: PG Impact Investments, BlueOrchard.

Bridge Workforce and Affordable Housing

Fund (Primary), Real Estate



Company description

Bridge Workforce and Affordable Housing ("Bridge WF") is a specialized vehicle managed by Bridge Investment Group ("Bridge"), an experienced, vertically integrated real estate fund manager with over 20 years of expertise in multifamily housing. Bridge WF's value-add strategy focuses on providing quality affordable housing to the "missing middle" of households that do not qualify for government subsidies, as well as investing in community level initiatives and social services.

Social challenges

Twelve million households in the US pay over 50% of their income to housing related expenses and the number of low-income renters in the US increases by an estimated 150-200k every year. However, the US housing stock for naturally affordable units has declined by 9% since 2000 and is characterized by malfeasance, low quality tenant experiences and non-professional property management.

Target impact

- Provide affordable, good quality accommodation to lower middle income households (earning <80% average median income) that are also housing cost burdened (spending >30% adjusted income on rent and related expenses)
- Ensure access to housing in high growth markets for key workers
- Improve the lives of tenants and their communities through investment in community spaces and educational and vocational programming

Key investment data

Geography	United States
Investment date	September 2018
Sector	Affordable housing
Investment	USD 8.0m
Asset class	Fund, Real Estate

Impact KPIs	Initial	FY2018
# of housing units financed	3'351	3'351
% affordable housing	100.0%	100.0%
PGII contribution	4.0%	4.0%

SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies.

Source: PG Impact Investments, Bridge Investment Group.

Social Property Impact Fund

Fund (Primary), Real Estate



Company description

Social Property Impact Fund ("SoPro") is an affordable housing fund managed by Cheyne Capital ("Cheyne") a London-based alternative asset manager established in 1991. SoPro builds or purchases properties and leases them to social sector organizations and local authorities that provide social housing services to disadvantaged groups (e.g. affordable housing, sheltered accommodation, care homes, etc.).

Social challenges

Historically, affordable housing in the UK has been provided by local councils and housing associations who received grants from the government for the acquisition or construction of properties to be let at below-market prices. However, benefit reductions and forced rent reductions have left housing associations short of income, decreasing their ability to sponsor affordable housing projects with their own capital.

This has resulted in over one million households being on social housing waiting lists. SoPro estimates the backlog in the supply of social housing to be 21 years.

Target impact

- Provide affordable, good quality accommodation to those with the greatest housing need
- Provide accommodation for people with learning disabilities to live independent lives

Key investment data

Geography	United Kingdom
Investment date	May 2016
Sector	Affordable housing
Investment	USD 4.0m
Asset class	Fund, Real Estate

Impact KPIs	Initial	FY2018
# of housing units financed	906	1'522
# of housing units available	338	557
% affordable housing	100.0%	100.0%
PGII contribution	1.4%	1.4%

SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies.

Source: PG Impact Investments, Cheyne Capital.

International Housing Solutions II

Fund (Primary), Real Estate



Company description

International Housing Solutions II (IHS II) is a specialist real estate fund dedicated to affordable housing for lower-middle income families in South Africa.

The manager, International Housing Solutions, is a pioneer in affordable housing and created approximately 25'000 affordable housing units and serviced stands with its debut fund, the first dedicated affordable housing fund in South Africa.

Globally, 330 million families live in crowded, inadequate, or unsafe housing, or are financially stretched by housing costs. 40% of Africa's one billion people already live in towns and rapid urbanization is increasing the demand for housing. People living in slums and substandard housing are more likely to be victims of crime and suffer from poor health.

IHS's investments primarily serve the approximately five million South African households (26% of the total population) whose income is too high to qualify for public housing programs yet too low to afford most market-rate housing.

Target impact

- Construct affordable family homes for sale or for rent – many residents have moved from slums and tenements and now benefit from proximity to services and employment
- Introduce high-end real estate players to the affordable housing sector, creating a viable ecosystem for the sector and attracting additional funding
- Concession-funded green tech initiatives that promote the use of environmentally responsible technology at no additional cost to residents

Key investment data

Geography	South Africa
Investment date	January 2017
Sector	Affordable housing
Investment	ZAR 41m (USD 3.3m)
Asset class	Fund, Real Estate

Impact KPIs	Initial	FY2018
# of housing units financed	3'438	10'034
# of inhabited projects	668	2'865
% affordable housing	88.0%	82.0%
PGII contribution	2.5%	2.5%

SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies.

Source: PG Impact Investments, International Housing Solutions.

Leapfrog Emerging Consumer Fund III

Fund (Primary), Equity



Company description

Leapfrog Investments ("Leapfrog") is a leading emerging market impact manager with a team of experienced private equity professionals.

LeapFrog Emerging Consumer Fund III (LF III) invests in high-growth businesses that improve access and quality of financial (health, life, property and crop insurance, savings, credit and pensions) and healthcare services for "emerging consumers" in Africa and Asia.

LF III supports the growth of companies that provide innovative financial and healthcare products and services to low income populations in emerging markets, providing strategic and technical assistance as well as capital.

Social challenges

LF III represents Leapfrog's most recent effort to bring essential services and products to low income people in emerging markets. Having witnessed significant supply-side constraints in the healthcare sector through its investments in health insurance, Leapfrog decided to expand into this sector.

Target impact

- Serve 60 million "emerging consumers" (USD 2-10 income per day) with life-changing financial and healthcare products and services
- Improve the health and quality of life of underserved individuals by providing them with access to suitable and affordable financial and health services and products, targeting 10 different essential services across the portfolio
- Invest in businesses to create or support 40'000 jobs

¹ Healthcare goods and services.

Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies.

Source: PG Impact Investments, Leapfrog Investments.

Key investment data

Geography	Asia & Sub-Saharan Africa
Investment date	September 2017
Sector	Financial inclusion & Healthcare
Investment	USD 6.0m
Asset class	Fund, Equity

Impact KPIs	Initial	FY2018
# of MSMEs financed	n/a	971
# of individuals financed/served	n/a	95'167
# of healthcare tools ¹ provided	63'854	6'365'934
# of local jobs provided	69	1'316
PGII contribution	4.7%	1.7%

SDGs supported



LOK Growth Catalyst Fund III

Fund (Primary), Equity



Company description

Lok Growth Catalyst Fund III ("Lok III") is a private equity fund managed by Lok Capital ("Lok"), an experienced Indian impact manager. Lok III targets early to growth stage businesses that use entrepreneurial solutions to improve the lives of low-income households in India. These solutions include the provision of financial services, access to quality, affordable healthcare and improved livelihood opportunities for rural populations through agriculture investments.

Social challenges

60% of India's growing population struggles with annual incomes below USD 3'900. With approximately 85% of households' wealth held in the form of non-financial assets, individuals continuously face liquidity problems and face challenges in satisfying basic needs such as healthcare and education.

Target impact

- Fund businesses that support better sources of income for rural populations (agriculture and rural livelihoods)
- Improve supply of high quality healthcare and financial services
- Ameliorate lives of urban households with annual income under INR 300'000 (<USD ~4'700) and rural households with annual income under <INR 18'000 (USD ~2'800)

Key investment data

Geography	India
Investment date	June 2017
Sector	FI, Healthcare, Agriculture
Investment	USD 8.0m
Asset class	Fund, Equity

Impact KPIs	Initial	FY2018
# of MSMEs financed	n/a	3'366
# of individuals financed/served	11'305	17'809
# of patients treated	7'290	25'920
# of farmers supported	4'480	7'199
PGII contribution	9.6%	9.6%

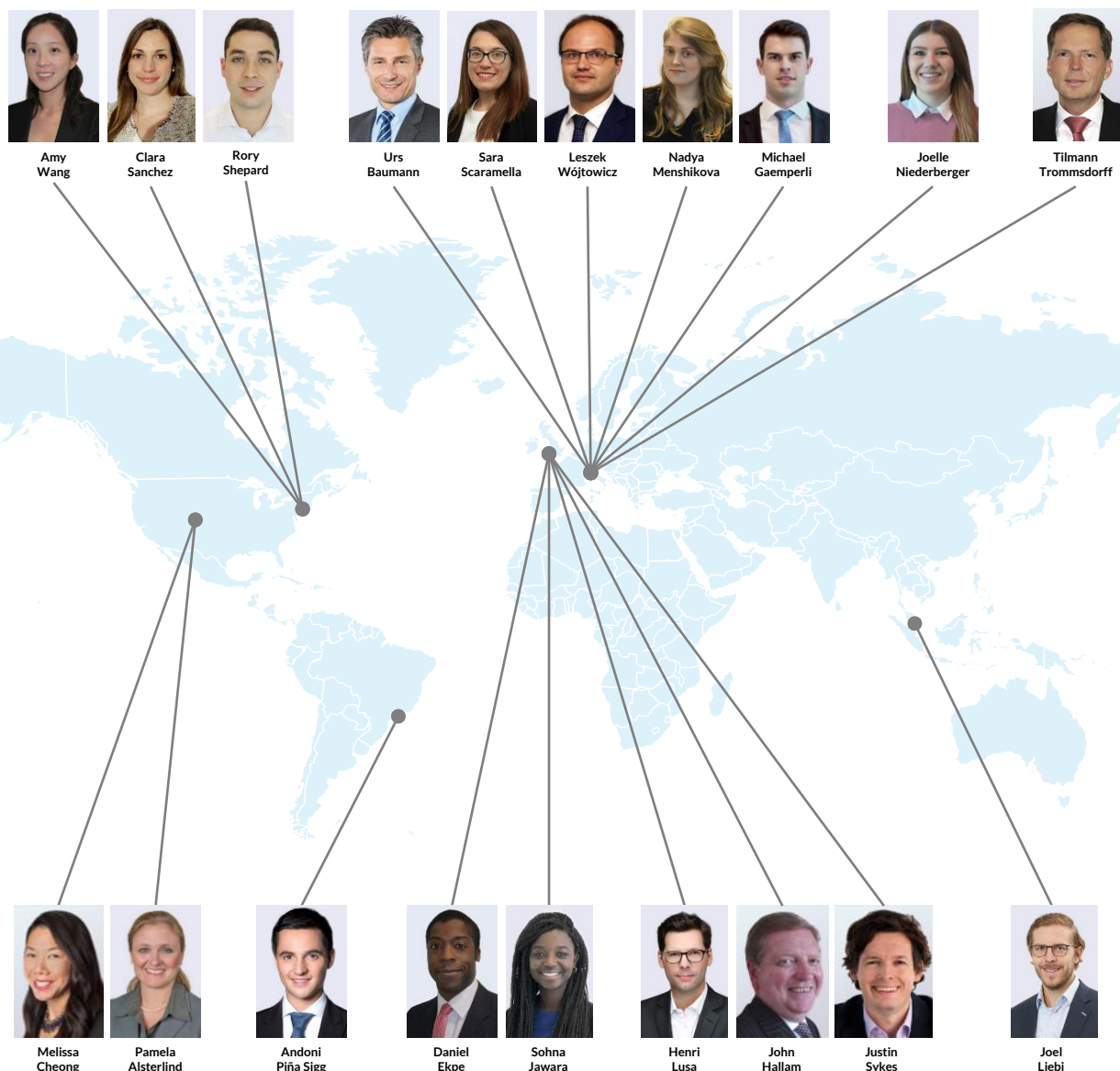
SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Fund impact KPIs reflect reported aggregated impact KPIs for the fund's underlying portfolio companies, multiplied by the fund's percentage stake in the respective companies.

Source: PG Impact Investments, Lok Capital.

10. Our team



Investment team

- Amy Wang, Investment Manager
- Sara Scaramella, Investment Manager
- Leszek Wójtowicz, Investment Manager
- Daniel Ekpe, Investment Manager
- Clara Sanchez, Investment Manager
- Andoni Piña Sigg, Associate
- Nadya Menshikova, Associate
- Sohna Jawara, Financial Analyst
- Michael Gaemperli, Financial Analyst
- Rory Shepard, Investment Fellow

Investment committee

- Urs Baumann, CEO
- Tilmann Trommsdorff
- Melissa Cheong
- Pamela Alsterlind
- Joel Liebi
- Henri Lusa

Operations

- Joelle Niederberger, Assistant

PGII ML board of directors¹

- John Hallam
- Justin Sykes
- Urs Baumann

¹ PG Impact Investment Management Ltd. ("General Partner").
Source: PG Impact Investments as of May 2019.

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We are a global impact investment firm backed by Partners Group, one of the largest private markets investment managers in the world. PG Impact Investments was founded in 2015 with the vision that private investment, innovation and entrepreneurial talent can bring sustainable growth and provide solutions to the challenges facing our society. We serve an international clientele of professional investors who seek investment solutions that offer financial returns, while also helping to address pressing social or environmental challenges. Our origin dates back to 2006, when Partners Group established its employee-backed foundation PG Impact in the wake of the 2004 Asian Tsunami. Since then, Partners Group has conducted many impact investments through this foundation and, in 2015, decided to institutionalize its impact investing practice through the creation of PG Impact Investments.

While remaining independent from Partners Group, PG Impact Investments entities have full access to the global infrastructure, investment know-how and specialist resources of Partners Group. All profits from our business activities are transferred to our PG Impact Investments Foundation to support philanthropic activities.