



PG Impact
INVESTMENTS

Annual Impact Report 2019

For the period from 1 January 2019 to 31 December 2019



Foreword

As PG Impact Investments nears the fifth anniversary, we are excited to continue to bring together private capital, innovation and entrepreneurial talent to provide inclusive solutions to the pressing social and environmental challenges facing our society. 2019 was an eventful year for us as we grew our portfolio by over 75%, set up our Latin America coverage team, opened our Asian office in Singapore and launched an Impact & Value Creation function. In response to growing interest from private and institutional investors for impact investing in emerging markets, PG Impact Investments has now established itself as a platform managing several vehicles in addition to our inaugural fund, PG Impact Investments I L.P.

As a firm we are committed to continuously improving our impact measurement and management practices, ensuring that they evolve along with our strategy, industry practice and our lessons learned. In 2019, we decided to expand our investment universe to selectively consider investments that contribute to positive environmental outcomes, while still prioritizing social impact. In addition, we set out to map our alignment to the newly launched IFC Operating Principles for Impact Management, an emerging standard in the field of impact investing that we believe will foster more transparency and accountability.

As we grow, we have maintained a focus on deployment to extend the breadth and depth of our impact. In 2019, we increased our investment pace – executing thirteen new transactions with newly committed capital of USD 85.6 million – and broadened our impact footprint to new geographies. By the end of the year, with 33 investments and total committed capital of USD 196.2 million, we estimate that we contributed to the improvement of the lives of 3.8 million underserved people. In aggregate, our investees touched over 80.5 million lives across 27 countries – 39% higher than in 2018 due to the addition of new investments throughout the year and the growth of existing portfolio.

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 thank all of our investors, business partners and supporters for their trust and valuable contribution. We are humbly thrilled that you share our belief that innovative and inclusion-driven entrepreneurial solutions can make a real difference in people's lives and their communities. We are excited about the opportunities ahead of us and are thankful for your continued support.



Urs Wietlisbach

Co –Founder & Chairman
PG Impact Investments AG



Urs Baumann

Co –Founder & CEO
PG Impact Investments AG

Table of contents

1. Impact highlights
2. PG Impact Investments in numbers
3. Introduction
4. Impact approach
5. Portfolio insights
6. Impact sectors
7. New portfolio investments
8. Appendix

1. Impact highlights

Lives touched



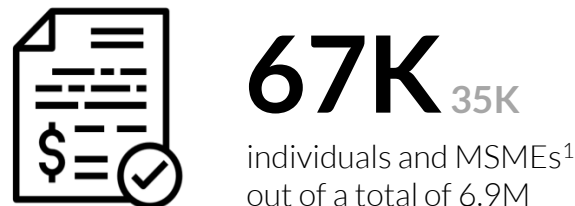
Countries served



Local jobs provided



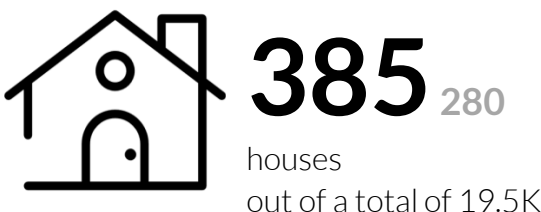
Clients financed / served



Households electrified



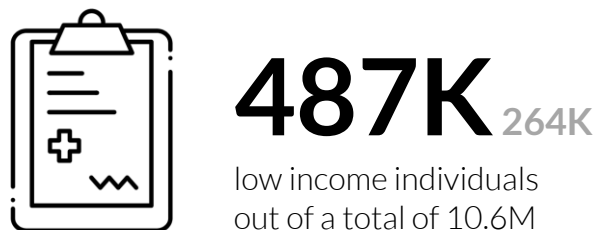
Housing units financed



Farmers supported



Healthcare services provided



2019 data 2018 data

¹ Micro, small and medium enterprises.

Note: Unless specified otherwise, the metrics throughout the report refer to the data for PGII platform (i.e. consolidated data for PG Impact Investments I L.P. and other vehicles managed by PG Impact Investments AG). 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 by PGII platform relative to each investee's total capitalization; "total" figures represent the total aggregated impact of all underlying assets. Following methodology revision in 2019, 2018 metrics are re-stated and thus do not reconcile with PGII Annual Impact Report 2018.

Source: PG Impact Investments as of 31 December 2019.

2. PG Impact Investments in numbers

Established



2015

with headquarters in
Switzerland

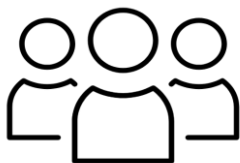
Offices



5⁴

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

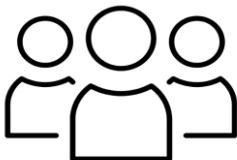
Employees



19¹²

16 full-time,
3 part-time

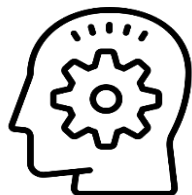
Investment committee



7⁶

members

Combined industry experience



308²⁰⁸

years

Investments reviewed



1.5K^{0.9K}

since October 2015

Investments closed¹



33²⁰

since October 2015



196M^{111M}

USD

2019 data

2018 data

¹ Includes four "top-ups" to existing portfolio investments (three direct debt, one primary).

² Based on total committed capital to date including two investments which have already been exited (direct debt) and four "top-ups" to existing portfolio investments (three direct debt, one primary).

Note: Employee and office data are as of 31 March 2020.

Source: PG Impact Investments as of 31 December 2019.

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 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.

PG Impact Investments follows a global, integrated, relative-value investment approach. We invest across a broad range of 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.

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 20 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 inclusive finance, SME growth / job creation, 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.

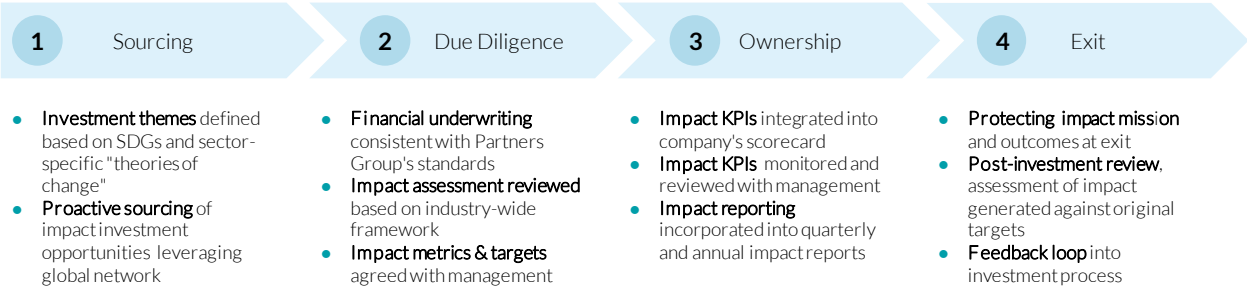
¹ Risk-adjusted returns refer to returns taking into account potential drags to performance.
Source: PG Impact Investments.

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. Our firm 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 was one of the first global impact investment firms to adopt and integrate 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:

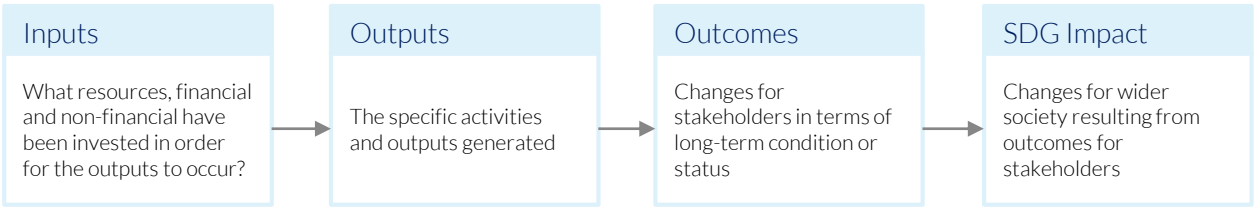


¹ Impact Management Project; Retrieved from: <http://www.impactmanagementproject.com>. Source: PG Impact Investments as of 31 December 2019.

Integration of global Sustainable Development Goals

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 a logic model for each investment that links the investees' Outputs to Outcomes, Impact and applicable Sustainable Development Targets (SDTs).

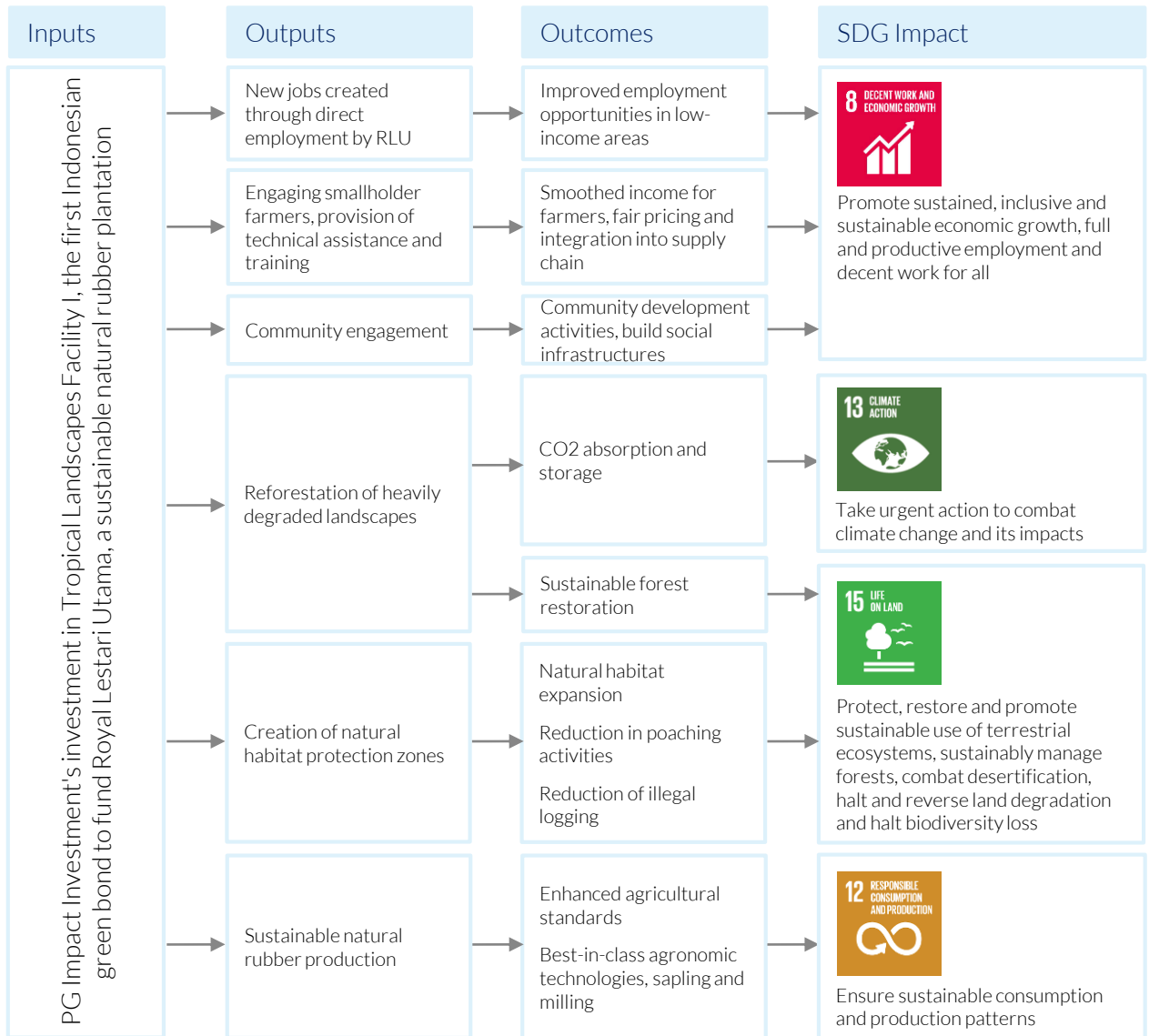


PG Impact Investments portfolio companies and fund investments may support several SDGs. As shown in the example on the right, individual investees may address multiple social- and environmental-oriented SDGs simultaneously.

The illustration below shows what SDGs our portfolio companies and fund investments currently are supporting.



¹ Size of colored areas show how many investments are supporting a specific SDG in relation to other SDGs. One investment can support different SDGs simultaneously. Size of colored area is not representative of amounts invested or depth / scale of impact generated by the investments.
Source: PG Impact Investments as of 31 December 2019.

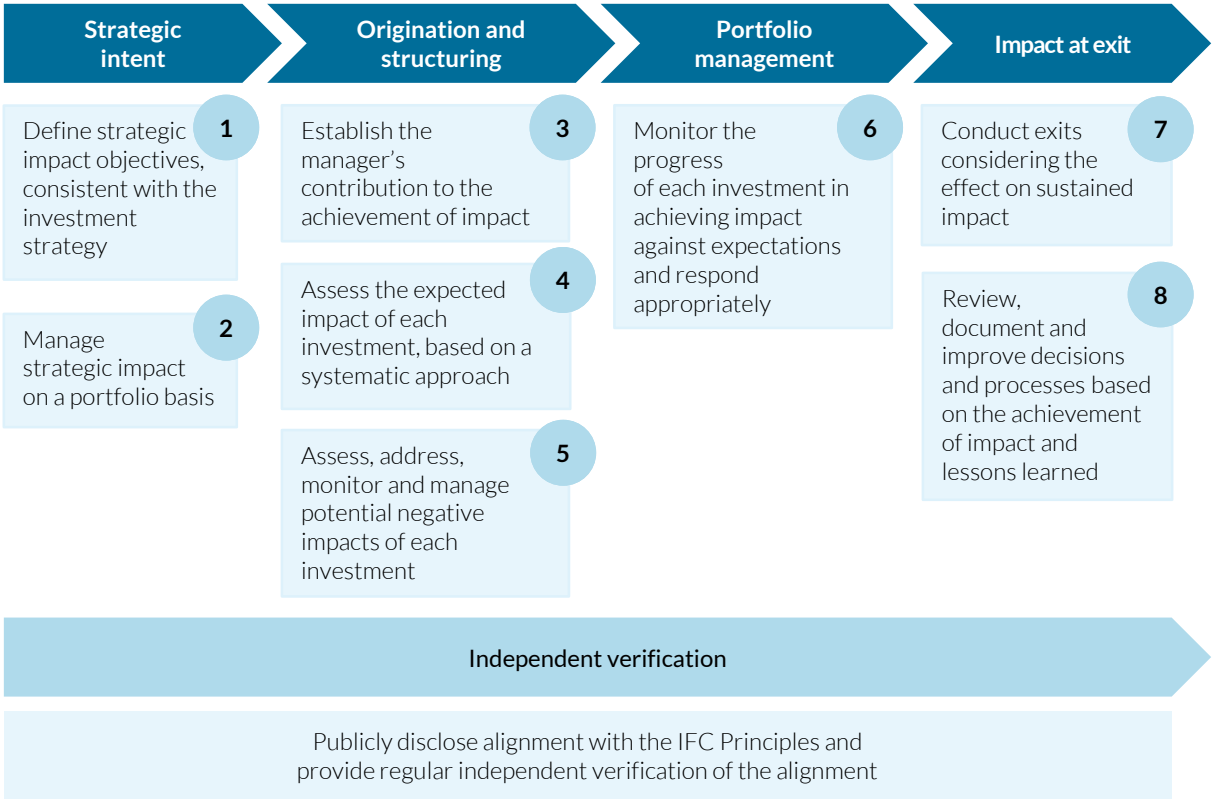


IFC Operating Principles for Impact Management

In 2019, the International Finance Corporation launched a new framework, the Operating Principles for Impact Management ("IFC Principles"), that establishes a set of best practices for impact management. The IFC Principles, which were developed in collaboration with key stakeholders from the impact investment community, require Signatories to ensure an integration of these good practices throughout the manager's full investment cycle, and more importantly, they encourage broader transparency and knowledge-sharing across the industry.

PG Impact Investments welcomes the establishment of the IFC Principles as they foster increased accountability for both veteran impact managers and newcomers alike. As a platform that is exclusively dedicated to impact investing, PG Impact Investments' management policies, tools and processes are fully aligned with the Principles.

PG Impact Investments has engaged Tideline – a leading US impact consulting firm – to review its impact management practices with the view to publishing an independent verification of our alignment with the Principles in 2020.



Whilst the independent verification is in progress, PG Impact Investments has undertaken a self-assessment of performance to date – please see the illustrative examples of our alignment with the Principles on the following page.

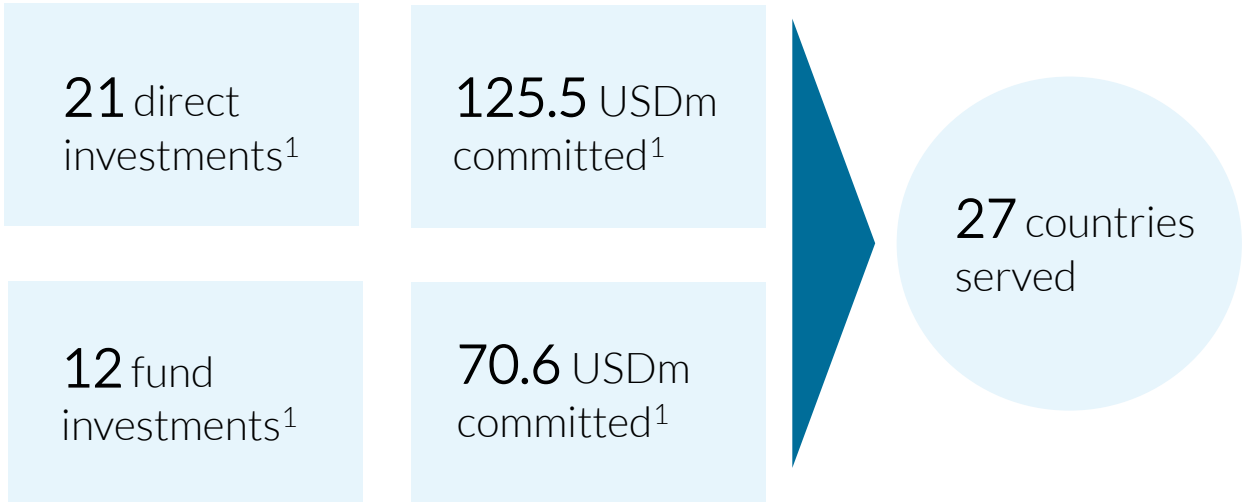
Alignment with IFC Operating Principles

	IFC Principle	PG Impact Investments' alignment (examples)
Strategic intent	1 Define strategic impact objectives	<ul style="list-style-type: none"> Investment strategies consistent with the firm's mission to "improve lives of underserved people" Explicit integration of SDGs in investment strategies via logic models Definition of clear impact objectives at portfolio- and investee-level and use of measurable impact metrics
	2 Manage impact on a portfolio basis	<ul style="list-style-type: none"> Investment process guided by clearly defined impact criteria Systematic impact assessment process based on the IMP framework Management of impact post-investment through impact and value creation initiatives and regular monitoring Alignment of staff incentive systems with the achievement of impact
Origination and structuring	3 Establish contribution	<ul style="list-style-type: none"> Provision of flexible financing to social enterprises in markets underserved by traditional investors Engagement with management on impact and value creation initiatives Manager's contribution evidenced by case studies
	4 Systematically assess expected impact	<ul style="list-style-type: none"> Clearly defined, systematic process to assess and quantify expected impact of investments, incorporating the IMP's impact dimensions, standardized metrics (e.g. IRIS) and SDG targets Proprietary scoring system to ensure standardization and comparability of impact and ESG assessments (across sectors and asset classes)
	5 Manage potential negative impacts	<ul style="list-style-type: none"> Comprehensive Impact and ESG assessments in place Clearly defined process to identify, avoid and mitigate Impact and ESG risks during screening and diligence phase Integration of ESG considerations in the IC's investment decision-making process Ongoing impact performance monitoring and ability to engage in response to unexpected risks
Portfolio management	6 Monitor progress against expectations	<ul style="list-style-type: none"> Alignment on core impact metrics and reporting requirements captured in legal documentation Predefined process to collect impact data from investees Regular review of actual vs. expected impact performance Reporting through comprehensive annual impact report
Impact at exit	7 Consider sustained impact at exit	<ul style="list-style-type: none"> Proactive sourcing based on impact themes, with priority for businesses with impact built into the business models Likelihood of impact mission preservation is assessed during due diligence process At exit, considerations given to sustainability of impact alongside financial outcomes
	8 Improve decisions and processes based on learnings	<ul style="list-style-type: none"> Clearly defined process to review and document each investee's impact performance (quarterly monitoring, impact report) Clearly defined process to improve operational, strategic and management processes based on lessons learned Global Executive Board responsible for further development of impact framework

5. Portfolio insights



Portfolio overview



● Direct investments (main impact region)

■ Fund investments²



¹ Based on total investments / total committed capital to date including investments which have already been exited (two direct debt transactions) and "top-ups" to existing portfolio investments.

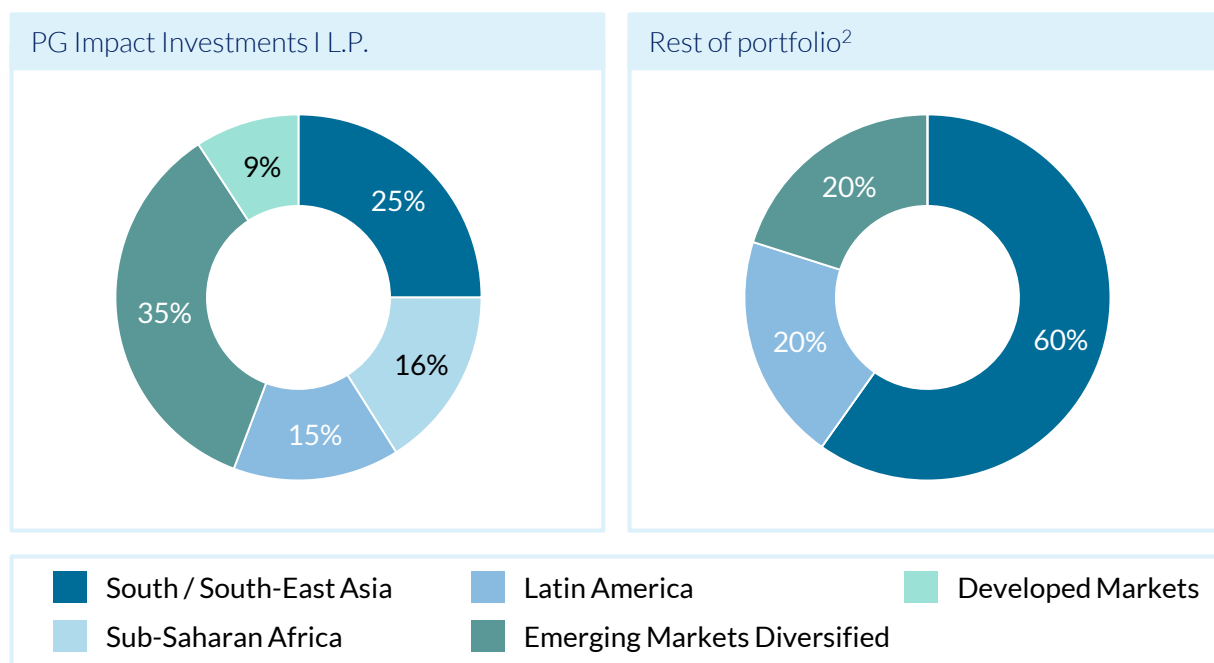
² For the Blue Orchard Microfinance Fund, only the top 10 countries are highlighted due to the Fund's vast global presence in over 50 countries. For the other funds, geographic presence is determined by the locations of the headquarters of the portfolio companies.

Note: Figures above are presented for illustrative purposes only.

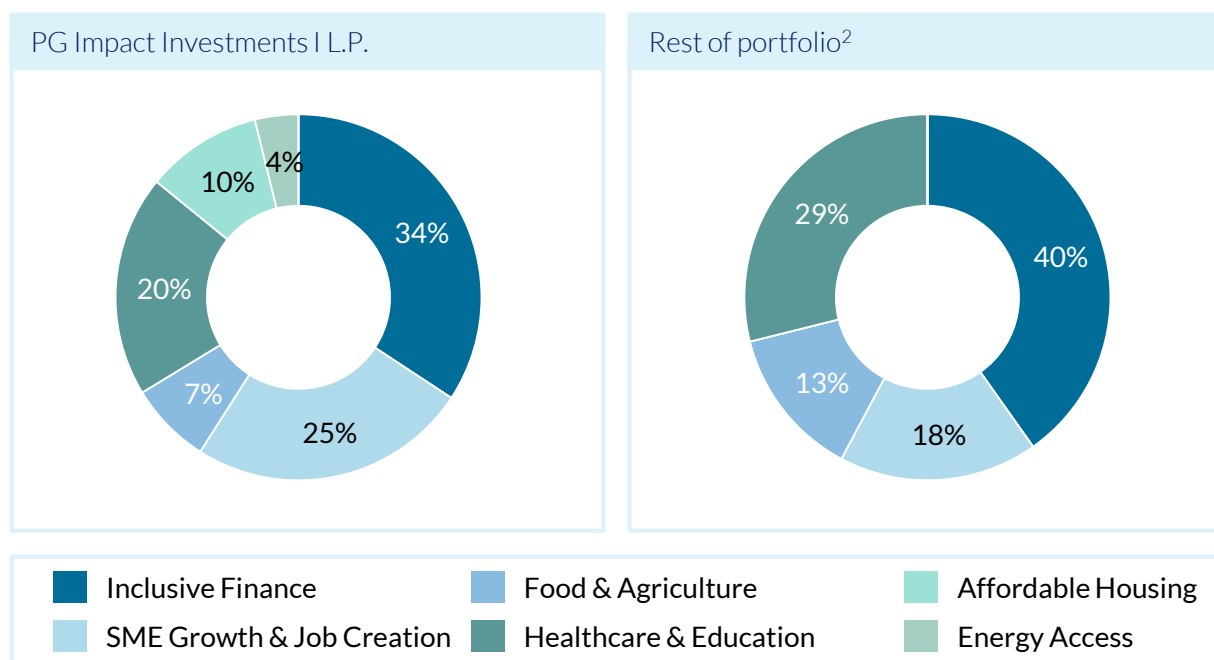
Source: PG Impact Investments as of 31 December 2019.

Portfolio allocation

Impact geographies (% of committed AuM¹)



Impact sectors (% of committed AuM)



Note: Figures above are presented for illustrative purposes only.

¹ Refers to committed assets under management including all commitments to date (including exited investments).

² Includes PG Impact Investments II (USD) S.C.A. SICAV-RAIF, PG Impact Opportunities A L.P. and PGII Access Credit 2020 L.P.

Source: PG Impact Investments as of 31 December 2019.

Impact performance

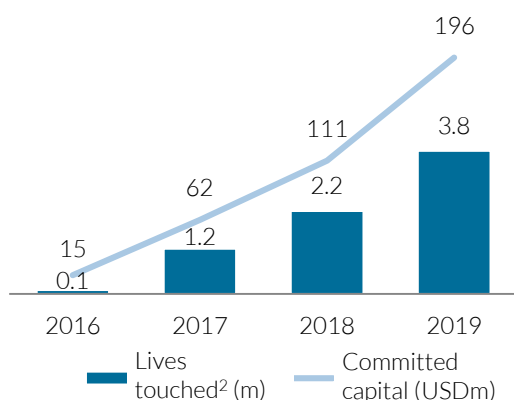
PG Impact Investments tracks social and environmental performance of its investment strategy over time. The impact assessment evolution focuses on:

- 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 2018, PG Impact Investments' impact footprint, as estimated by the number of lives touched, has grown 73.3%. While the platform has completed thirteen new investments¹, it is the growth of existing direct portfolio companies that has accounted for the majority of the increase in this impact metric.

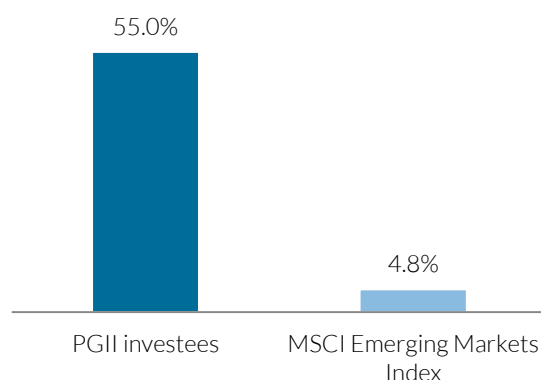
Impact footprint evolution



Revenue growth

It is vital 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 55.0%² having outperformed the wider market in emerging markets. PG Impact Investments' investments in financial inclusion and agricultural sectors have been the key contributors to growth across the portfolio.

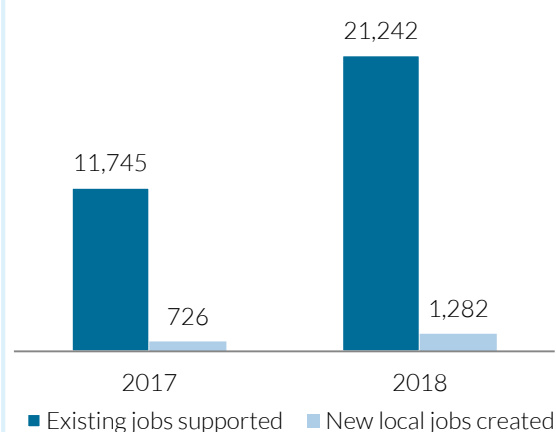
Revenue growth in 2019³



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 over 21'200 individuals as of December 2019. The growth of existing portfolio companies has created over 1'280 new local jobs. The job distribution by regions is largely aligned with the geographical breakdown 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.

Employment track record²



¹ Includes four "top-ups" to existing portfolio investments (three direct debt, one primary).

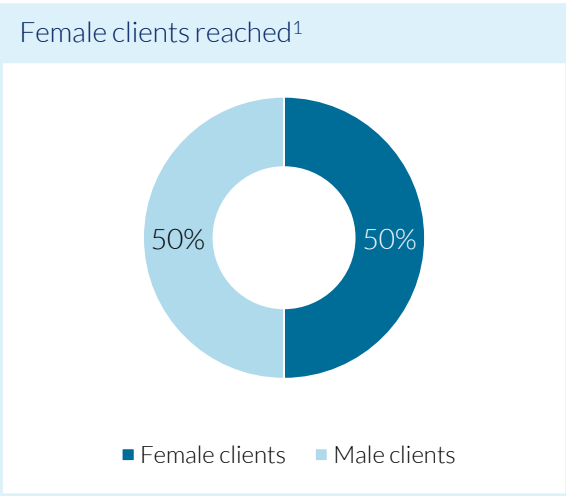
² Figures are attributable to PG Impact Investments' pro-rata share of capital invested relative to each investee's total capitalization.

³ Figures are based on the aggregated data collected from direct investees of PG Impact Investments.

Source: PG Impact Investments as of 31 December 2019.

Gender equality

As part of work to foster women's empowerment and gender equality globally, PG Impact Investments monitors investees' gender performance. In 2019, PG Impact Investments' investees served over 548'700 female clients¹ – investments in Banco Pichincha, Bayport Mexico, Cooprogreso and LOLC Cambodia have been the key contributors to this.

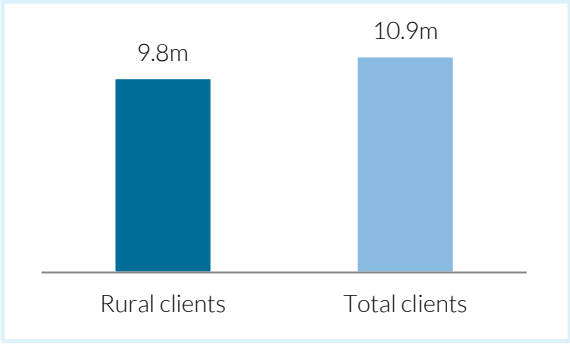


Furthermore, PG Impact Investments monitors gender dynamics within its own organization. As of March 2020, female employees accounted for 37.5% of total headcount and 28.6% of Investment Committee members were women.

Rural outreach

Looking to evaluate the breadth of impact, PG Impact Investments estimates the rural outreach of its investees, where this data is available. Among the portfolio companies who reported this data in 2019, 96.6%² of clients were living in rural areas – with Greenlight Planet, LOLC Cambodia and Cooprogreso investments accounting for a significant share in this.

Rural client coverage²



Greenhouse gas emissions

We are committed to improving living conditions of underserved people by facilitating job creation and furthering access to goods and services to support economic and social development, but we recognize that this may potentially conflict with preserving the environment as some investment activities inevitably generate CO2 emissions.

By promoting affordable, clean energy solutions and agricultural activities facilitating re-forestation, we look to offset the CO2 emissions generated by our portfolio companies. In 2019, Greenlight Planet, TLFF and Acceso Crediticio have been the key contributors to reducing PG Impact Investments' environmental impact – it is estimated that together they have facilitated the savings of over 1'220'000 tCO2e. 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.

With air travel, we are able to stay close to our clients, source new investment opportunities and work with our portfolio companies – all to achieve better results for our beneficiaries. CO2 emissions from our corporate air travel are fully offset as part of Partners Group's collaboration with Natural Capital Partners, a leading expert on carbon neutrality and climate finance. In 2019, Partners Group teamed up with Natural Capital Partners to build a global portfolio of low carbon sustainable development projects that it is financing in order to offset its CO2 emissions from corporate air travel according to the highest international standards.

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 2019.

6. 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) tackle some of these issues by providing credit and increasingly deposit and saving services to c. 140 million micro entrepreneurs in emerging markets in 2018. 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 1,700 loan allowed us to set up a small groceries store in our house. Now we can have an additional income besides our pension."
(Entrepreneur in Oaxaca, Mexico)

Inclusive finance – portfolio overview



Banco Pichincha 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.

384'600
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.

76'500
underserved
individuals
served in Mexico



Cooperativa de Ahorro y Crédito Cooprogreso Ltda. offers quality financial products and services to support economic development of its members and their communities in Ecuador. Founded 50 years ago in the village of Atahualpa, located in a small rural mountain area in central Ecuador, Cooprogreso now operates through a branch network that spans across seven provinces.

266'500
cooperative
members served
in Ecuador



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.

270'000
rural
Cambodians
served



PG Impact Investments further improves access to financial services – including insurance, savings, credit, payments and pensions – for underserved populations across emerging markets through its strategic partnerships with leading impact funds such as **Accion Frontier Inclusion Fund, L.P.**, **Accion Quona Inclusion Fund, L.P.**, **Apis Growth Fund II L.P.**, **BlueOrchard Microfinance Fund**, **Growth Catalyst Partners LLC** and **LeapFrog Emerging Consumer Fund III LP.**

2.3m
individuals
served globally



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, especially if compared to traditional banking institutions.



"NeoGrowth helped me with funds at the right time to grow my business specially when a large number of other financial institutions were turning me down."
(Nisha Chopra, Owner, Karan Overseas, Delhi, India)

SME growth / job creation – portfolio overview



Edpyme Acceso Crediticio SA is a Peru-based, regulated financial institution specialized in providing loans to self-employed taxi drivers to purchase natural gas vehicles, and more recently, has diversified into other transport activities, such as financing light utility vehicles for small and medium-sized enterprises as well as more energy efficient fleets for bus route operators.

35'600
MSMEs
financed in
Peru



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.

800
underserved
SMEs
financed in
Mexico



i-Finance Leasing Plc offers affordable and accessible leases to low-income individuals and MSMEs in Cambodia to purchase productive assets such as motorbikes, cars and appliances or equipment.

7'600
MSMEs in
financed in
Cambodia



NeoGrowth Credit is a systemically important non-deposit taking non-banking financial company – as a pioneer in SME lending based on underwriting of digital payments, it provides 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.

15'000
SMEs
reached in
India



Tugende provides lease-to-own financing for motorcycle taxi drivers and other self-employed entrepreneurs in Uganda and Kenya. 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.

30'000
MSMEs
financed in
Uganda and
Kenya



PGII supports MSMEs across Africa, Asia and Latin America through its strategic partnerships with leading impact fund managers such as **Accion Frontier Inclusion Fund LP**, **Accion Quona Inclusion Fund LP**, **Apis Growth Fund II LP**, **Ethos Mezzanine Partners 3**, **Growth Catalyst Partners LLC** and **LeapFrog Emerging Consumer Fund III LP**.

141'300
MSMEs
served
globally

Note: Impact KPIs for fund investees reflect reported aggregated available impact KPIs for the funds' underlying portfolio companies. The investee data is based on the latest available information.

Source: PG Impact Investments as of 31 December 2019.

Affordable housing

23.5% (1.0 billion) of the world urban population live in slums or informal settlements (United Nations)

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

More than one billion people around the world live in inadequate, unsafe and / or informal settlements. After years of progress from 2000 to 2014, when the proportion of the urban population living in informal settlements decreased by 20%, the figure increased again, growing from 23.0% in 2014 to 23.5% in 2018.

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 one billion in 2018. This trend is expected to continue as urbanization and population growth are outpacing the construction of new affordable housing. 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.



"I would just like to let you know how much we enjoy staying in Candlewood Crescent. We feel so safe and everyone is so friendly. The security is extremely friendly and I like that they do not just let anyone enter the complex. We have enjoyed our stay a lot these last couple of months since we have moved in."
(Riana & Conrad, Candlewood Crescent residents, South Africa)

Affordable housing – portfolio overview



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

7'067
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.).

960
affordable
housing units
financed in
the UK



IHS Fund II SA is a specialist real estate fund, managed by International Housing Solutions, 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.

10'850
affordable
housing units
financed in
South Africa



Education

Globally, 58% of all children and adolescents lack minimum proficiency in reading (United Nations)

Latin America
% of children lacking minimum proficiency in reading
36%

Africa
% of children lacking minimum proficiency in reading
88%

Asia
% of children lacking minimum proficiency in reading
68%

Challenges

More than 617 million children and adolescents of primary and lower secondary school age lacked minimum proficiency in reading and mathematics in 2015. Around 205 million (33%) of those children did not have access to education while the other 412 million children (67%) attended school but did not become proficient because they dropped out or did not learn basic skills.

Adequate infrastructure and teacher training are critical for the quality of education. However, in many developing countries, schools often lack basic resources such as consistent electricity. Across Sub-Saharan Africa, for example, less than 50% of schools have access to drinking water, electricity, computers and internet.

In the long-term these challenges do not only compromise individual's efforts to climb out of poverty but also threatens the economic prosperity of entire nations. Without skilled human resources these countries will struggle to compete in a global marketplace.

Investment themes and strategies

- **School financing:** providing financial resources to schools to offer basic resources and high-quality education to its students at affordable prices
- **Vocational training:** increasing employability of low skilled workers by teaching job-relevant skills
- **Online education:** leveraging technology to provide quality education at affordable prices to broaden access to education
- **Education financing:** Increasing access to higher education to low-income populations by providing student loans



"Our financial partnership with Varthana has helped us complete the construction of the school building and build stable classrooms. Academic support from Varthana has enhanced the development of teachers and students."
(Owner of Aakash Vidyalaya School, India)

Education – portfolio overview

—
varthana
—

Thirumeni Finance Private Limited (“Varthana”) is a leading non-bank financing company that focuses on lending specifically to affordable private schools, with a mission to improve access to quality education in low-income communities in India. School owners use the loans to expand their infrastructure, invest in teacher training and introduce new learning methods into their classrooms.

3'680
affordable
private schools
served across
India



Energy access

11% (840million) of the world's population are without access to electricity
(World Bank)

Latin America
% of population without access to electricity
2%

Africa
% of population without access to electricity
56%

Asia
% of population without access to electricity
5%

Challenges

Approximately 840 million people globally still lack access to electricity, the vast majority 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. Over the last 10 years, 420 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 2030, it is expected that 823 million individuals across the globe will utilize off-grid solar solutions, 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



"I am now able to work even in the odd hours of the day. I love the intensity of the light and the long-lasting quality of the lamp. I am now able to devote more time to other household chores as well. With these lamps, I now plan to have multiple sewing machines and more people working under me. I aim to open a tailoring school to finally identify success."
(Shikha Dutt, a seamstress in Howli, Assam, India and owner of a Sun King Home 60)

Energy access – portfolio overview



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

10.7 million
households
electrified
globally



Food & Agriculture

22% (151 million) of all children under 5 years of age across the globe are stunted
(United Nations)

Latin America
% of children under the age of five which are stunted
10%

Africa
% of children under the age of five which are stunted
30%

Asia
% of children under the age of five which are stunted
23%

Challenges

With 151 million children under the age of five chronically undernourished globally, an efficient agriculture sector is essential for reducing hunger, improving food security as well as resilience to disasters and shocks.

However, government spending on agriculture in relation to its contribution to the economy fell by more than 38% between 2001 and 2017 increasing the need for private capital investments.

In addition, 40-85% of all food producers in Africa, Asia and Latin America are small-scale farmers compared to 10% in Europe. 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.

Also, 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.

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 helping 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 waste and promote regional trade



"The existence of partnership with RLU is very satisfying for us, especially the integrated farming program. We used to buy our own vegetable needs before having this program, but now we consume the products that we have planted and sell the remaining stock. We are grateful to have a partnership with the company. We hope that this partnership will be long-term and mutually beneficial between the community and the company."

(Hasmon Ovezar, Head of Karang Jaya Farmers Group, Indonesia)

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
farmers'
lives improved¹



Shared-X produces high yields of specialty and organic crops alongside smallholder farmers. Under this Impact Farming model, smallholders have access to modern technologies and reach premium international markets, resulting in significantly higher incomes that truly lift communities out of poverty.

298
smallholder
farmers in
market access
programs



Tropical Landscape Finance Facility provides long-term financing to PT Royal Lestari Utama ("RLU"), an operator of a sustainable rubber plantation in Indonesia. RLU provides steady income to low income farmers, at a wage over 2x higher than the regional average. The company also facilitates access to technical assistance and rubber tapping training, allowing the farmers to obtain increased pricing for their rubber and increase their incomes.

4'653
jobs created
across Indonesia



PG Impact Investments further supports low income and smallholder farmers in the Food & Agriculture value chains across Africa and Asia through commitments to leading impact funds including **Ethos Mezzanine Partners 3** and **Growth Catalyst Partners LLC**.

23'400
farmers
supported
across India and
Malawi



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 no longer receives impact KPIs for Runa.

Note: The investee data is based on the latest available information.

Source: PG Impact Investments as of 31 December 2019.

Healthcare

Globally in 2018, 3.9% of children died before reaching five years old (WHO)

Latin America
% of early childhood deaths
1.4%

Africa
% of early childhood deaths
5.3%

Asia
% of early childhood deaths
2.4%

Challenges

In 2018, 5.3 million children died before reaching the age of five. The vast majority of these lives could have been saved with simple and cost-effective care, but according to the World Health Organization, at least half of the world's population does not have access to essential healthcare services.

Traditionally, 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



BroadReach celebrates with the South African Department of Health as Ugu is announced to be the first district in the country to reach the UNAIDS 90-90-90 HIV targets towards epidemic control. They attribute this success to Vantage giving them oversight and timely data to make decisions and plot action".
(Natal Department of Health, South Africa)

Healthcare – portfolio overview



Asian Institute of Gastroenterology (AIG) is India's foremost gastroenterology hospital, offering a comprehensive suite of specialist medical and surgical services. AIG operates an inclusive and efficient business model that enables provision of world class care to underserved and low-income patients through a unique cross-subsidization model and reservation of bed capacity for low income patients.

73'665
underserved
patients
treated in
India



BroadReach is a healthcare solution company combining consulting services with proprietary, 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.

4.5m
incremental
patients
treated in
Africa



Goodlife is East Africa's leading pharmacy chain. In areas with poor healthcare provision, difficulties with availability and affordability lead low-income people to informal pharmacies with unethical sales practices and often counterfeit products. Goodlife increases access to affordable high-quality drugs from certified manufacturers and employs qualified and trained staff to give medical advice to underserved consumers.

300'153
emerging
consumers
reached in
Africa



PG Impact Investments further supports the provision of quality, affordable healthcare goods and services to underserved populations across Africa and Asia through its strategic partnerships with leading impact funds such as **LeapFrog Emerging Consumer Fund III LP**, **Growth Catalyst Partners LLC** and **Quadria Capital Fund II LP**.

5.8m
healthcare
goods and
services
provided



7. New portfolio investments



Acceso Crediticio

Direct, Debt



Company description

Edpyme Acceso Crediticio SA ("Acceso Crediticio") was founded in 1999 by experienced Peruvian entrepreneurs to provide innovative financing solutions for individuals and enterprises that are not properly served by the traditional banking system. Since 2010, Acceso Crediticio has specialized in providing loans to self-employed taxi drivers to purchase natural gas vehicles ("NGVs") and more recently has diversified into other transport activities such as financing light utility vehicles for small and medium-sized enterprises ("SMEs") as well as more energy efficient fleets for bus route operators.

Social challenges

Micro-entrepreneurs (i.e. taxi / Uber drivers) often cannot afford a vehicle; these types of borrowers are trapped renting indefinitely from an owner and unable to save up capital to purchase a productive asset.

Rapid urbanization, industrial growth and a highly contaminating public transportation system have created serious environmental problems in the country. According to the World Health Organization, Lima's air is the most polluted in Latin America.

Target impact

- Broaden access and provide high quality financial services to financially underserved individuals and micro/small entrepreneurs in Peru
- Reduce CO2 emissions in the country by financing NGVs and other energy efficient vehicles

Key investment data

Geography	Peru
Investment date	June 2019
Sector	SME Growth / Job Creation
Investment	USD 5.0m
Asset class	Direct, Debt

Impact KPIs	Initial	2019
# of clients	23'748	35'575
% of female borrowers	11.7%	14.4%
CO2 emission savings (tons)	200'260	234'976
PGII contribution	n.a.	1.60%

Key SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. Acceso Crediticio data is as of 31 December 2019.

Source: PG Impact Investments, Acceso Crediticio.

Asian Institute of Gastroenterology

Direct, Equity



Company description

Asian Institute of Gastroenterology ("AIG") is India's foremost Gastroenterology hospital, which offers comprehensive healthcare services across eight key Centers of Excellence – Medical & Surgical Gastroenterology, Liver Sciences, Organ Transplant, Pulmonary Sciences, Renal Sciences, Oncology, Cardiac Sciences and Obesity & Metabolic Therapy.

AIG enables low and middle-income populations to gain access to highest quality and affordable healthcare services by operating an inclusive and efficient business model. In addition, AIG has a strong focus on innovation, research and provides training to doctors across India and other emerging markets.

Social challenges

The public healthcare system in India provides only very limited secondary and tertiary care. More than 80% of India's population lacks significant health insurance coverage and c. 65% of healthcare spending is out of pocket. Every year more than 60 million Indians are pushed into poverty because of medical expenses.

Target impact

- Bridge the gap in supply and access to affordable, high quality healthcare services by operating an inclusive and efficient business model
- Highest efficiency in the market allowing for affordable pricing. – 30% of patients from lowest income populations
- Reserved bed capacity for underserved patients.
- Mobile programs to rural areas, which so far have reached > 10 million Indians.

Key investment data

Geography	India
Investment date	December 2019
Sector	Healthcare
Investment	USD 11.5m
Asset class	Direct, Equity

Impact KPIs

	Initial	2019
# of underserved patients treated	73'665	73'665
Price discount to the market	20-30%	20-30%
# of local jobs provided	3'163	3'163
PGII contribution	n.a.	3.01%

Key SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on the PG Impact Investments' impact methodology. Impact KPIs at entry and as of December 2019 reconcile as the investment was made in December 2019.
Source: AIG, PG Impact Investments, as of 31 December 2019.

Coopprogreso

Direct, Debt



Company description

Coopprogreso was founded 50 years ago by a group of 32 visionaries in Atahualpa, a small rural area of Quito, the capital of Ecuador, to foster the economic development of its community. Over time, it has become one of the main regulated credit unions in Ecuador, serving more than 266,467 beneficiaries through 28 offices in seven provinces of the country.

Social challenges

Ecuador's population is 16.6 million, of whom 23.2 per cent are in a state of poverty. A large part of the economically active population, are small business owners and/or self-employed workers who are generally excluded from traditional financial services, leading to increased vulnerability and financial complications.

Target impact

- Extend financial inclusion to small and medium-sized enterprises and vulnerable people in Ecuador
- Increase the standard of living of clients by reducing their vulnerability to economic, social and environmental shocks

Key investment data

Geography	Ecuador
Investment date	December 2019
Sector	Financial Inclusion
Investment	USD 10.0m
Asset class	Direct, Debt

Impact KPIs	Initial	2019
# of members	266'467	266'467
% female members	46.7%	46.7%
# employees	405	405
PGII contribution	n.a.	5.8%

Key SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on the PG Impact Investments' impact methodology. Impact KPIs at entry and as of December 2019 reconcile as the investment was made in December 2019.
Source: Coopprogreso, PG Impact Investments as of 31 December 2019.

i-Finance Leasing

Direct, Mezzanine



Company description

Founded in 2014, i-Finance Leasing Plc ("i-Finance") works to improve livelihoods by offering affordable and accessible leases. These leases target low-income individuals and micro-small and medium enterprises ("MSMEs") in Cambodia to purchase productive assets such as motorbikes, cars and appliances or equipment.

While most Cambodian financial institutions, including microfinance institutions, tend to require land collateral to advance loans, i-Finance provides leases solely secured by the asset itself. This allows the company to reach more underserved and lower income clients beyond the scope of traditional lenders as demonstrated by its customer base: over 50% of i-Finance's customers are first-time borrowers and the average household income of its clients is USD 4'800, lower than that of top Cambodian microfinance institutions.

Social challenges

Despite over two decades of positive economic growth, over three million of Cambodia's population of 15 million remains below the national poverty line – approximately 90% of these individuals live in a rural environment with limited access to traditional financial services. MSMEs employ 70% of Cambodia's workforce and produce 60% of GDP, yet just 27% of these have access to formal financing.

Target impact

- Offer access to over 25'000 clients by 2022, largely by expanding geographic footprint
- Focus on first-time borrowers, primarily targeting low-income individuals

Key investment data

Geography	Cambodia
Investment date	May 2019
Sector	SME Growth / Job Creation
Investment	USD 5.0m
Asset class	Direct, Mezzanine

Impact KPIs	Initial	2019
# of clients	4'940	7'597
% first-time borrowers	38.8%	46.3%
% female clients	40.3%	41.0%
PGII contribution	n.a.	35.8%

Key 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: i-Finance, PG Impact Investments as of 31 December 2019.

Tropical Landscapes Finance Facility I

Direct, Debt



Company description

The Tropical Landscapes Finance Facility ("TLFF") is an initiative created by the UN Environment Program, World Agroforestry Centre, ADM Capital and BNP Paribas in alignment with the Indonesian government. TLFF seeks to bring long-term finance to projects and companies that stimulate green growth and improve rural livelihoods. TLFF's first green bond, TLFF I provides much needed growth capital to a sustainable natural rubber plantation in the Jambi and East Kalimantan provinces of Indonesia.

Social and environmental challenges

Indonesia represents the world's third largest area of tropical forests, however, in part due to its alarming deforestation rate the country is also one of the largest greenhouse gas emitters on the planet. Host to significant volume of endangered species and underserved, indigenous peoples living in these regions, Indonesia remains in need of rural jobs and habitat protection.

Target impact

- Create upwards of 16'000 fair wage jobs
- Provide training for 24'000 smallholder farmers
- 34'000 hectares of degraded landscapes to be reforested with rubber trees
- Offset 8.3MT CO2 emissions
- Provide a buffer zone to protect a national park and its endangered wildlife

Key investment data

Geography	Indonesia
Investment date	September 2019
Sector	Food & Agriculture
Investment	USD 9.3m
Asset class	Direct, Debt

Impact KPIs	Initial	2019
# of farmers receiving training	266	804
# of jobs created	3'662	4'653
Greenhouse gas emissions absorbed (TCO2e)	488'395	628'846
Area reforested (ha)	18'646	20'970
PGII contribution	n.a.	9.8%

Key SDGs supported



Note: There is no assurance that target impacts will be achieved. The KPI calculation is based on PG Impact Investments' impact methodology. TLFF data is as of 31 December 2019.
Source: TLFF, PG Impact Investments as of 31 December 2019.



Company description

Founded in 2012, Thirumeni Finance Private Limited ("Varthana") is a leading non-bank financing company that lends specifically to affordable private schools. The firm's mission is to improve access to quality education in low-income communities in India.

To date, Varthana's loans have assisted c. 3'680 schools teaching c. 3.8 million students and employing over 125'000 teachers.

Social challenges

India has experienced a tremendous social and economic growth over the past few decades. However, the public school system has struggled to keep pace with that development and with the demand for education among the largest school-aged population in the world. An emerging sector of private schools delivering high quality education at affordable prices now helps to meet the growing needs of over 270 million students. These schools often face difficulties in accessing financing to scale their operations.

Target impact

- Increase access to quality education in low-income communities in India
- Increase the capacity and resources at high-quality affordable schools – Varthana's financing solutions tailored specifically for these institutions provide the capital to invest in technology, new classrooms and even transport systems to help students reach their schools

Key investment data

Geography	India
Investment date	December 2019
Sector	Education
Investment	USD 8.0m
Asset class	Direct, Debt

Impact KPIs	Initial	2019
# of schools served	3'694	3'680
# of students served	3'648'185	3'755'258
# of teachers employed	122'336	125'936
Additional student capacity created	710'810	731'804
PGII contribution	n.a.	4.3%

Key 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: Varthana, PG Impact Investments, as of 31 December 2019.

Ethos Mezzanine Partners 3

Primary, Mezzanine



Company description

Ethos Mezzanine Partners 3 provides mezzanine capital to mature medium-sized businesses in Sub Saharan Africa, across a variety of sectors ranging from manufacturing and agriculture to healthcare and telecommunications.

Social challenges

SMEs are a major driver of economic development and poverty alleviation in Sub Saharan Africa. They tend to employ a large share of vulnerable sectors of the workforce and can sometimes be the only source of employment in rural areas. Access to finance is considered to be a key challenge for SME growth: only 10% of SMEs in Sub Saharan Africa are estimated to have access to a loan. There is an underserved segment of mature SMEs that are large actual or potential employers and thus too large for microfinance, but too small or perceived as too risky for bank financing, and whose founders do not wish to cede control to equity investors.

Target impact

- Provide financing to underserved mature SMEs in Sub Saharan Africa with potential for significant job creation
- Help maintain and create jobs, particularly for underserved populations at or near the base of the economic pyramid, women, youth and those in rural areas – targeting a 25% increase across the portfolio
- Through a robust ESG framework, help ensure that jobs created are good quality and equitable and that investees improve sustainability and contribute to climate change mitigation

Key investment data

Geography	Sub Saharan Africa
Investment date	June 2019
Sector	SME Growth / Job Creation
Investment	USD 8.0m
Asset class	Primary, Mezzanine

Impact KPIs	Initial	2019
# full-time jobs	n.a.	295
% rural full-time jobs	n.a.	100%
# indirect jobs supported	n.a.	16,195
% female indirect jobs	n.a.	60%
PGII contribution	n.a.	6.5%

Key SDGs supported



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

Source: Ethos Mezzanine Partners 3, PG Impact Investments as of 31 December 2019.

Quadria Capital II

Primary, Equity

QUADRIA
CAPITAL



Company description

Quadria Capital II ("Quadria") provides growth equity capital to healthcare companies in South and South East Asia, across a range of subsectors, including healthcare delivery, life sciences, healthcare services and medical devices. In addition, Quadria leverages the wealth of specialized healthcare expertise of its investment and operational teams to provide value creation and strategic support to its portfolio companies.

Social challenges

Countries in South and South East Asia account for c. 30% of the world's population, but c. 40% of the global disease burden. Further, the often ageing, under-developed and over-stretched healthcare systems in the region command only 5% of global public healthcare spending, resulting in only 0.5 hospital beds per 1'000 people (vs. the WHO recommendation of five) and 0.3 physicians per 1'000 people (vs. four in developed economies). This challenge is particularly acute in non-metro locations and for low-income groups.

Target impact

- Provide growth financing to healthcare companies in South and South East Asia helping to ensure greater access, affordability, awareness and quality of healthcare goods and services to underserved populations
- Leverage Quadria's in-house expertise to enable portfolio companies to achieve impact at scale, including increasing access to specialist care across portfolio companies
- Reach underserved populations by adding new hospital beds in non-metro locations and treating low-income patients

Key investment data

Geography	Asia
Investment date	March 2019
Sector	Healthcare
Investment	USD 10m
Asset class	Primary, Equity

Impact KPIs	Initial	2019
# patients treated	n.a.	3,241
# affordable SKUs produced	n.a.	1,839
# full-time jobs	n.a.	1,793
PGII contribution	n.a.	1.7%

Key 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: Quadria, PG Impact Investments as of 31 December 2019.

8. Appendix



Appendix: Impact track record

	2016	2017	2018	2019
PG Impact Investments I L.P.				
Lives Touched	78'562	1'171'858	2'193'190	3'777'686
Local Jobs Provided	131	223	300	1'299
Clients Financed / Served	4'782	19'924	34'254	61'376
Farmers Supported	308	657	894	898
Households Electrified	n.a.	157'126	318'994	500'553
Housing Units Financed	17	195	280	385
Healthcare Services Provided	24'378	137'005	263'651	487'111

Rest of platform¹

Lives Touched	n.a.	n.a.	4'256	23'665
Local Jobs Provided	n.a.	n.a.	16	342
Clients Financed / Served	n.a.	n.a.	902	5'559
Farmers Supported	n.a.	n.a.	n.a.	19
Households Electrified	n.a.	n.a.	n.a.	n.a.
Housing Units Financed	n.a.	n.a.	n.a.	n.a.
Healthcare Services Provided	n.a.	n.a.	n.a.	n.a.

PGII platform

Lives Touched	78'562	1'171'858	2'197'445	3'801'351
Local Jobs Provided	131	223	316	1'641
Clients Financed / Served	4'782	19'924	35'156	66'935
Farmers Supported	308	657	894	917
Households Electrified	n.a.	157'126	318'994	500'553
Housing Units Financed	17	195	280	385
Healthcare Services Provided	24'378	137'005	263'651	487'111



Note: Figures above are presented for illustrative purposes only.

¹ Includes investees of vehicles managed by PG Impact Investments AG other than PG Impact Investments I L.P.

Source: PG Impact Investments as of 31 December 2019.

Appendix: Impact measurement methodology

Data sources

PG Impact Investments leverages internal and external data sources to measure the impact reported in the Annual Impact Report. Investee impact metrics included within the Annual Impact Report are based on information provided by the portfolio companies or calculated using reasonable internal estimates by PG Impact Investments.

Most investee data is self-reported, through custom or standard reporting required by the legal documentation. Portfolio companies utilize estimation techniques and proxy indicators where appropriate and in accordance with best practices.

As output metrics aim to reflect performance in the investees' calendar year 2019, the majority of the data is as of 31 December 2019. However, some metrics presented are based on the latest information available at the time of publication or reasonable extrapolations by PG Impact Investments.

Portfolio impact

Although the contribution approach (e.g. an investor holds 10% stake in an SME lender that makes financial services accessible for 10'000 SMEs – therefore, the investor states that through its intervention it supports 10'000 SMEs) is a common practice in impact investing, PG Impact Investments believes that this methodology does not fairly reflect the actual impact generated by the investor's capital and it leads to overstating of the results. Therefore, PG Impact Investments calculates the pro-rata impact that is attributable to its share of capital invested relative to each investee's total capitalization. Of note, for fund investments, PG Impact Investments calculates its attribution on a "look-through" basis (i.e. tracking impact KPIs on a portfolio company basis).

While the funding provided by PG Impact Investments represents a crucial portion of the portfolio companies' financing, it is important to note that this impact was not financed solely by PG Impact Investments' capital and PG Impact Investments does not "take credit" for the full impact reported in this report.

Data presentation

Unless specified otherwise throughout the report, the impact metrics attributable to PG Impact Investments refer to the data for PG Impact Investments platform (i.e. consolidated data for PG Impact Investments I L.P. and other vehicles managed by PG Impact Investments AG).

Following methodology revision in 2019, 2018 metrics are re-stated and thus do not reconcile with the Annual Impact Report 2018.

Limitations

The majority of impact KPIs are presented at a given point in time – this approach is not fully reflective of the impact generated over time.

The impact reported on behalf of PG Impact Investments' portfolio companies is not a full picture of the impact they had on the environment, in the communities they serve and the markets they operate in.

Appendix: Our investment team



Investment team

- Amy Wang, Investment Manager
- Sara Scaramella, Investment Manager
- Clara Sanchez, Investment Manager
- Shanaz Rauff, Investment Manager
- Alexander Roe, Investment Manager
- Daniel Ekpe, Investment Manager
- Leszek Wójtowicz, Investment Manager
- Andoni Piña Sigg, Associate
- Nadya Menshikova, Associate
- Sohnä Jawara, Associate
- Michael Gaemperli, Analyst
- Rory Shepard, Analyst

Investment committee

- Urs Baumann, Co-founder & CEO
- Tilman Trommsdorff, external
- Melissa Cheong, external
- Baylor Miller, PG secondment
- Joel Liebi, PG secondment
- Henri Lusa, PG secondment
- Dimitar Tschawow, PG secondment

Impact & Value Creation

- Athos Staub, Head of IVC

Client Solutions

- David Keel, Head of CSOL

Operations

- Claudia Hunter, Assistant
- Joelle Niederberger, Assistant
- Lena Kulac, Assistant

PGII ML board of directors¹

- John Hallam
- Justin Sykes
- Rupert Dorey
- Urs Baumann

PGII (Lux) board of directors²

- Claude Noesen
- Robert Brimeyer
- Urs Baumann

¹ PG Impact Investment Management Ltd. (General Partner of Guernsey-based funds and mandates).

² PG Impact Investments (Lux) GP SARL (General Partner of Luxembourg-based funds and mandates).

Note: The pictures show only members of the Investment Team, Investment Committee and Impact & Value Creation.

Source: PG Impact Investments as of March 2020.

This document was produced by PG Impact Investments AG. It has been prepared solely for information purposes and for the use of the recipient. It does not constitute an offer or an invitation by or on behalf of PG Impact Investments AG to any person to buy or sell any security or to enter into any transaction. PG Impact Investments AG does not make any representation as to the accuracy or completeness of any information provided herein and does not accept liability for any loss, expense, costs or damage whatsoever arising from the use hereof. The information contained herein may change at any time and PG Impact Investments AG assumes no obligation to update this document or to inform you of any changes.



PG Impact Investments AG
Zugerstrasse 57
CH-6341 Baar-Zug
Switzerland
www.pg-impact.com

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.