



PG Impact
INVESTMENTS

Annual Impact Report 2017

For the period from 1 January 2017 to 31 December 2017



Foreword

We are pleased to present you with PG Impact Investments' first Annual Impact Report.

PG Impact Investments was founded in 2015 with the belief that private investment, innovation and entrepreneurial talent can provide solutions to the pressing social and environmental challenges facing our society. Since then, impact investing has become more relevant than ever, especially in emerging markets where innovative and inclusion-driven entrepreneurial solutions can lead to real improvements in people's lives and their communities.

At PG Impact Investments, our goal is to improve the lives of people who live at the base of the pyramid or are underserved. Our portfolio companies and assets contribute to this goal by providing access to basic products and services (financial services, affordable housing, clean energy, affordable quality healthcare and education), and by enabling inclusive growth and economic development. We focus on regions where impact is needed the most. The vast majority of our capital is being invested in emerging markets with a focus on South East Asia, South Asia, Sub-Saharan Africa and Latin America.

With 13 investments and total committed capital of USD 61.5 million, we directly contribute to the improvement of the lives of 1.1 million underserved people. In total, our portfolio companies and assets improve more than 37.8 million lives across 24 countries.

In the pages that follow, you will find an overview of our impact investment approach as well as a detailed report on the impact generated by our investments made to date.

We want to take this opportunity to thank all of our investors, business partners and supporters for their trust and valuable contribution. Jointly we have been able to achieve real improvements in people's lives. We continue to be excited about the opportunities ahead of us and want to thank you for your continued support.



Urs Wietlisbach

Co-Founder & Chairman
PG Impact Investments AG



Urs Baumann

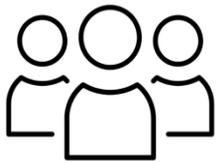
Co-Founder & CEO
PG Impact Investments AG

Table of contents

1. Impact highlights
2. PG Impact Investments in numbers
3. Introduction
4. Impact approach
5. Portfolio overview
6. Portfolio allocation
7. Impact sectors
8. Portfolio investments
9. Investment team

1. Impact highlights

Lives Touched



1.1M

underserved individuals
out of a total of 37.8M

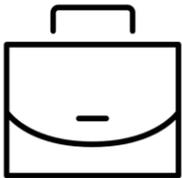
Countries served



24

countries

Local Jobs Provided



237

jobs
out of a total of 16.5K

Clients Financed/Served



21K

out of a total of 1.7M

Households Electrified



157K

households
out of a total of 5.7M

Housing Units Financed



220

houses
out of a total of 9.4K

Farmers Supported



657

Smallholder farmers
out of a total of 8K

Patients treated



120K

low income individuals
out of a total of 1.3M

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. The reported figures differ from the numbers published in the Q4 2017 report due to (i) an update of the methodology to calculate PG Impact Investments' impact share as of Q1 2018, and (ii) an update of all portfolio company level KPI's which is done during the first quarter of each year.

Source: PG Impact Investments as of 31 December 2017.

2. PG Impact Investments in numbers

Established



2015

with headquarters in
Switzerland

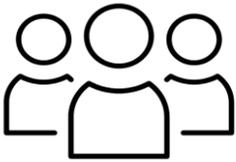
Offices



2

Baar, Switzerland;
New York, USA

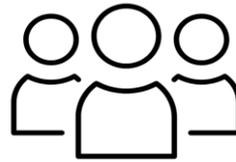
Employees



9

7 permanent, 2 fellows

Investment committee



6

members

Combined industry experience



160

years

Investments reviewed



596

since October 2015

Investments closed



13

since October 2015

Committed capital



61.5M

USD

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.

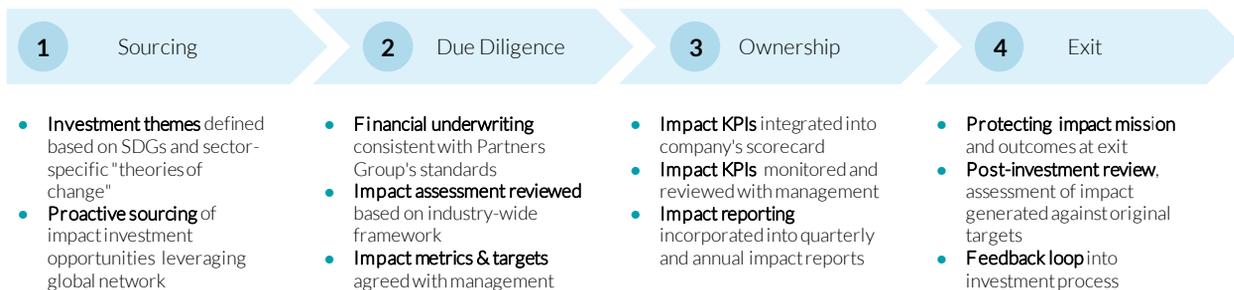
¹ Risk-adjusted returns refer to returns taking into account potential drags to performance.
Source: PG Impact Investments..

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:

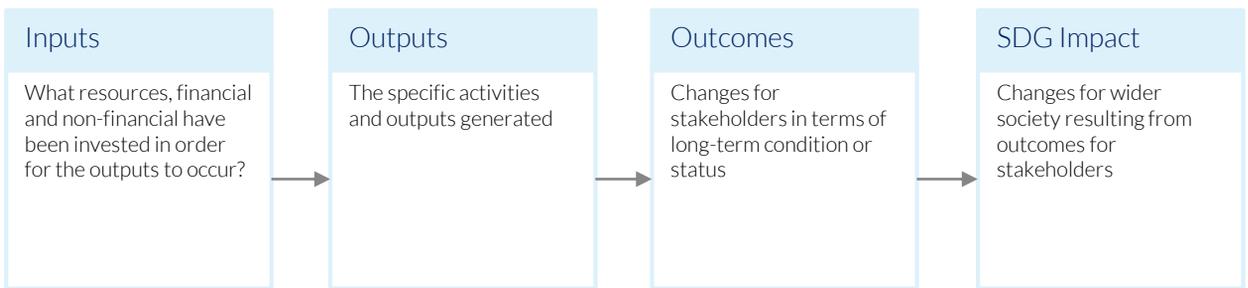


¹ Impact Management Project; Retrieved from: <http://www.impactmanagementproject.com>. Source: PG Impact Investments.

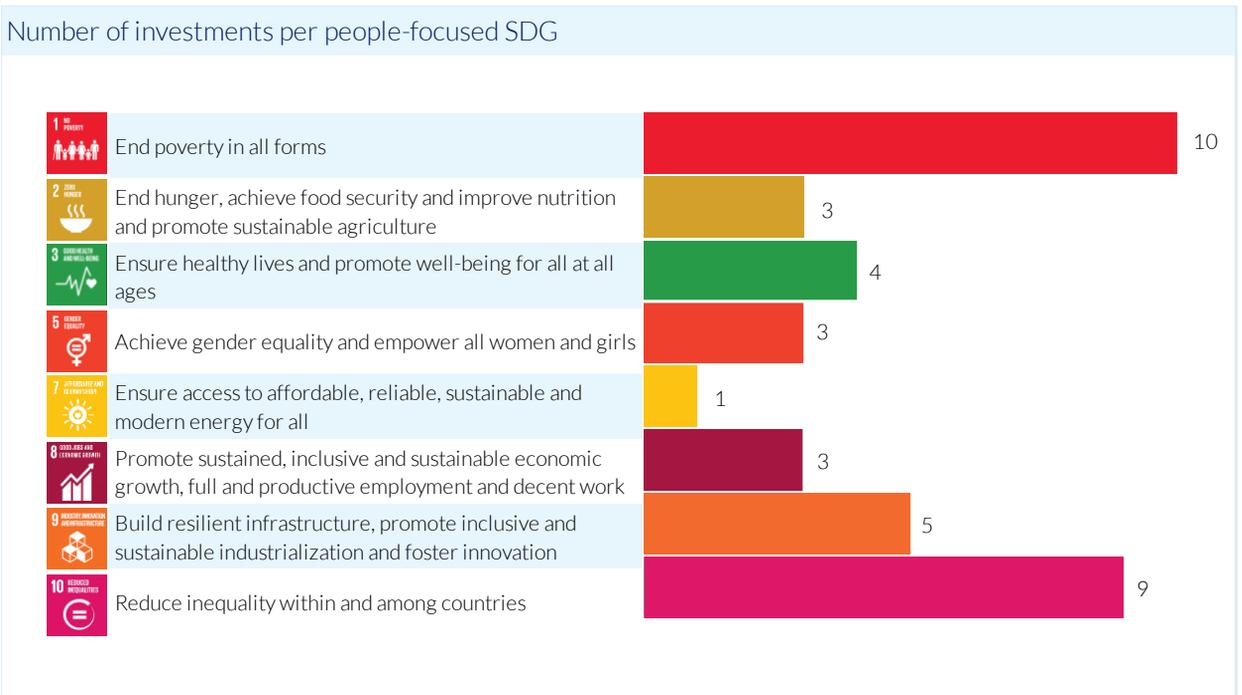
Alignment with global Sustainable Development Goals (SDGs)

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 8 out of the 10 people-oriented SDGs as shown in the chart below¹:



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

5. Portfolio overview

7 direct
investments

29.0 USDm
committed

6 fund
investments

32.5 USDm
committed

24 countries
served



● Direct investments (main impact region)

■ Fund investments¹

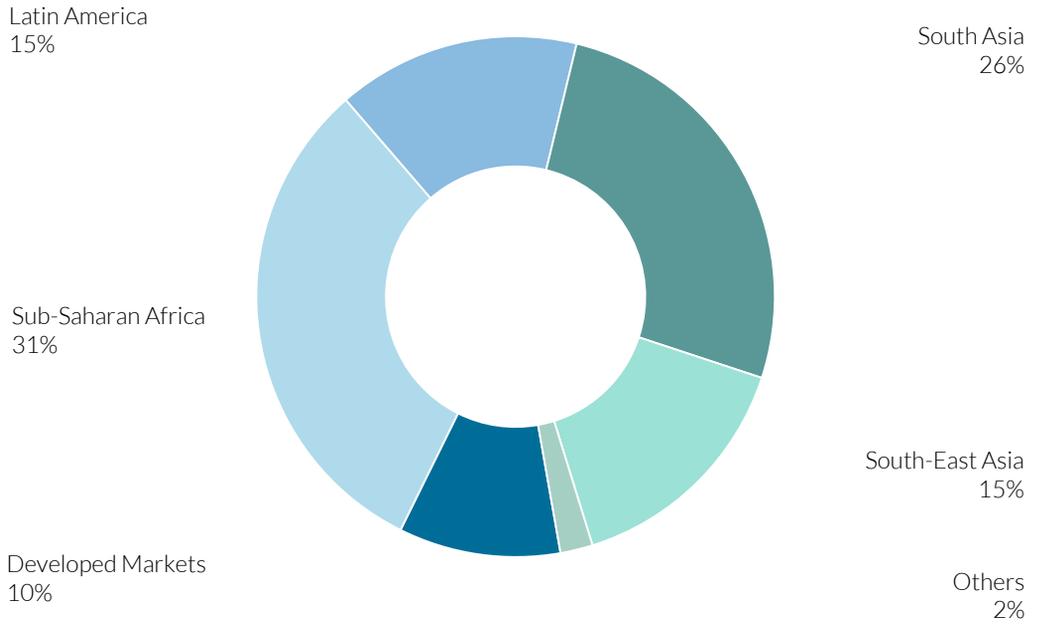


¹ For the Blue Orchard Microfinance Fund, only the top 10 countries are highlighted due to the Fund's vast global presence in over 85 countries.

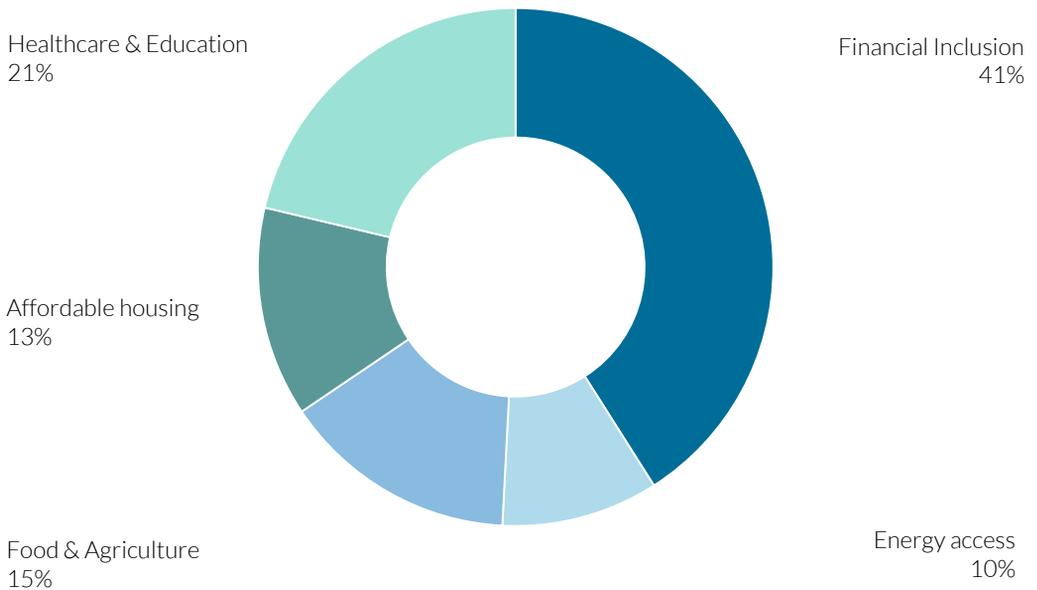
Note: Figures above are presented for illustrative purposes only.
Source: PG Impact Investments; BlueOrchard.

6. Portfolio allocation

Impact geographies (% of committed AuM)



Impact sectors (% of committed AuM)



7. Impact sectors



Financial inclusion

37% (1.7 billion) adults in emerging markets have no access to formal financial services (Global Findex Database)

Latin America
% of unbanked population
65%

Africa
% of unbanked population
80%

Asia
% of unbanked population
59%

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.
- **Micro, small and medium enterprise (MSME) lending:** providing working capital, expansion capital and more traditional corporate lending solutions to 200 million MSMEs who are not serviced by banks.
- **Fintech:** application of technology to traditional business models (e.g. digitalization of MFIs, online remittances) and development of new technologies. These new models (e.g. mobile money, insurtech) 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)

Financial inclusion – Portfolio overview



Banco Pichincha is an inclusive financial institution that provides affordable and appropriate financial products and services to underserved clientele in Ecuador. It offers SME and housing loans, micro savings, remittances and micro insurance products and provides technical assistance and financial education to its clients.

279'000
microfinance
clients 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.

110'300
low-income
Cambodians
served



The Blue Orchard Microfinance Fund (BOMF) targets to improve the access to financial services by making debt investments in socially responsible MFI's across emerging markets in 85 countries. BOMF was founded in 1998 and is the world's first private, fully commercial microfinance fund.

654'000
micro-
entrepreneurs
reached
globally



Leapfrog Investments is a leading emerging market impact manager with an experienced private equity team investing across Asia and Sub-Saharan Africa. Leapfrog Fund III invests in high-growth businesses that improve access and quality of financial services such as savings, credit, pensions and provide insurances- in health, life, property and crop.

50'500
consumers
reached
across Africa
and Asia



Quona's Accion Frontier Investment Fund II (AFIF II) aims to increase access to affordable financial services for underserved individuals and MSMEs by providing capital to innovative technology-enabled companies. The fund was launched with strong backing from an American non-profit Accion, a pioneer in microfinance and financial inclusion.

37'800
underserved
MSMEs
financed
globally



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 financial inclusion, Lok III will invest in small business finance, affordable housing finance, fintech and small finance banks.

32'000
underserved
individuals
served in India

Affordable housing

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

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 UK alone, over 1 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 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



Cheyne Social Property (SoPro) 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 (SSOs) that provide social housing services to disadvantaged groups e.g. sheltered accommodation, care homes, etc.

1'300
affordable
housing units
financed in
the UK



International Housing solutions Fund II (IHS II) is a specialist real estate fund that generates affordable housing for lower- and middle income families in South Africa, aiming that fewer families are living in slums or informal housing and have improved access to employment, education, health, security and wealth.

8'000
affordable
housing units
financed in
South Africa



Energy access

25% (1.3 billion) of the world population are without access to electricity (Worldbank)

Latin America
% of population without access to electricity
65%

Africa
% of population without access to electricity
57%

Asia
% of population without access to electricity
17%

Challenges

Approximately 1.3 billion people globally still lack access to affordable electricity and c. 600 million are without reliable access to electricity. 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 2008 c. 66 million people have gained access to off-grid solar solutions, saving around USD 3 billion that they would have otherwise spent on less environmentally friendly and more expensive 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 cookstoves with significantly lower charcoal/firewood consumption, fuel and indoor pollution which ranks 4th among serious threat to health



"Without source of electricity, I had no choice than to shut my store by sunset, being unable to serve customers after 6pm. When I saw my neighbor with his new Sun King 2 device, I knew this is the solution to my problems. Now my shop is open until 10pm, allowing me to increase my revenue and income." (May Zin Oo, grocery owner in Kyi Kone village of Letpadan township, Kenya)

Energy access – Portfolio overview



Greenlight Planet (GLP) delivers affordable energy by designing, distributing and servicing "Sun King" solar products to the world's two billion under-electrified consumers. The majority 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.

5.7 million
households
electrified
globally



Food & Agriculture

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

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 (<2ha) 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 the provision of inputs such as seeds and nutrients. Efficiently run agri-businesses can lower resource-intensiveness, reduce food wastage and promote regional trade



"Thanks to Shared-X, I gained technical knowledge, access to international markets, and the confidence to create a better organization. I see that my associates have a renewed spirit and hope for a better future. Because of my involvement with Shared-X, my income has increased, which has provided a better life for my family, and I have begun to take courses at a local technical college. I see the light at the end of the tunnel."
(David Vivanco, 43 years old, cooperative owner in Peru)

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 +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 improved

Shared X
an impact farming company

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 providing them with farming know-how and market access, resulting in significantly higher incomes that can truly lift communities out of poverty.

4x
higher income
for smallholder
farmers in
Peru¹

 **LOK CAPITAL**

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.

4'500
farmers
supported in
India



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 FY2017 amounted to c. 1.3x. Source: PG Impact Investments.

Healthcare

Globally, 41 children under-five per 1000 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 (WHO), 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



“Utilizing BroadReach Vantage, we have effectively prioritized resources, identifying the facilities with the greatest negative impact on overall district performance. Optimization of resources together, with focused interventions, have resulted in significant improvements in viral load completion rates for Anti-Retroviral Therapy patients at a clinical level, from 32% to 92% in one year.” (Nurse Kgomotso Nyandwi)

Healthcare – Portfolio overview



Broadreach is a software and consulting firm whose systems ensure transparency among healthcare professionals, which allows for significantly improved allocation of funding as well as increased efficiency and effectiveness to the most pressing health challenges across Africa.

1.1 million
incremental
patients treated
in Africa



Goodlife, East Africa's leading pharmacy chain increases access to affordable quality drugs from certified manufacturers. Goodlife 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.

215'500
people
reached in
Africa



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. The fund has made one healthcare investment so far, an affordable diabetes care clinics chain that operates 34 centers and 2 hospitals in tier-1 and -2 cities across India.

23'300
treatments
performed in
India



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

143'500
patients
treated in
East Africa



8. 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 16.3 million individuals, 23% of which are below the national poverty line (as of 2016). 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:

- Increased access to financial services for Ecuador's SMEs, specifically for female business owners, who represent 44.7% of Pichincha's borrower base
- Increased access to financial services for Ecuador's micro business owners
- Expansion 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 the PG Impact Investments' impact methodology.
Source: PG Impact Investments.



Company description:

BroadReach is a consulting and software firm that aims to improve the effectiveness of healthcare provision in Africa.

The company's software system ensures that clinicians and managers have the necessary information to provide high standards of care. 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 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:

- Aims to extend health coverage to more than 2.8 million additional patients by 2021 who would not have otherwise received care
- Increased effectiveness and targeting of multi-billion-dollar international health development budgets
- Contributing to the health policy for hundreds of millions of people through data and insights produced by the BroadReach system

Key investment data

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

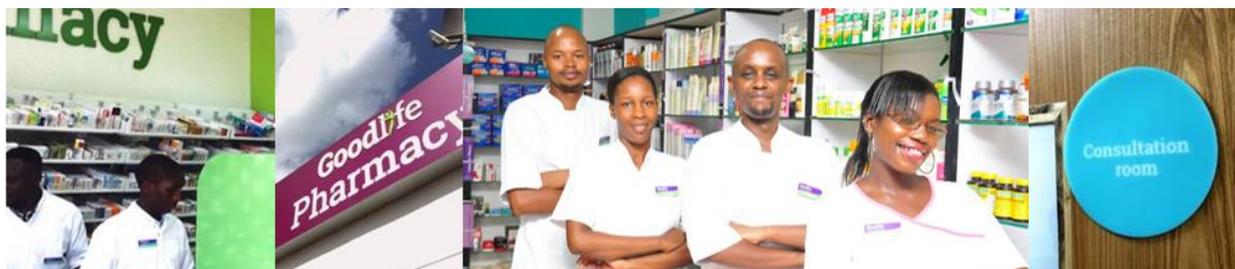
Impact KPIs	Initial	FY2017
# of additional HIV patients treated	80'631	187'117
# of additional Malaria patients treated	596'332	917'434
# of programs	5	5
PGII contribution	10.0%	9.0%

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



Company description:

Goodlife is a retail pharmacy chain in East Africa focused on increasing access to over-the-counter and prescription drugs and advice to underserved consumers.

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

Social challenges:

Access to high-quality affordable pharmaceuticals and quality 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 (either by unqualified staff or by "pill-pushers") and medicines that may not be certified or that even may be counterfeit. They also pay higher prices for certified medicines because of inefficient free-standing stores which currently dominate the market.

Target impact:

- Quality: only purchases from certified manufacturers and wholesalers; only employs qualified pharmacists; strong focus on customer care
- Access: growing convenience store network to increase reach among emerging consumers (USD 2-10 income per day)
- Affordability: competitive offering due to efficient supply chain
- Aiming to reach one million low-income consumers by 2021

Key investment data

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

Impact KPIs	Initial	FY2017
# of patients treated	159'635	215'521
# of pharmacies	23	36
# of employees	172	243
PGII contribution	14.5%	8.5%

SDGs supported





Company description:

Greenlight planet is on a mission to design, produce and distribute transformative solar energy solutions with the aim of empowering the world's 1.3 billion off-grid individuals that live without access to the electric grid or with power cuts so long and frequent that they are forced to use less adequate technology like kerosene, candles or battery torches as their primary sources of light.

Under-electrified households in Asia, Sub-Saharan Africa and Central America spend upwards of 15% of their income to repeatedly purchase methods of lighting that literally burn out within hours of use. They also travel long distances to pay small businesses to charge their mobile phones.

Social challenges:

Over 1.3 billion people around the world are presently living off-grid, without access to modern energy infrastructure. Another 1 billion people are considered "under-electrified," connected to unstable grids and experience regular power outages.

As population growth continues to exceed the rate of electrification, Africa's un-electrified population is projected to grow 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:

- Seeks to offer access to at least 100 million consumers by 2020, largely by expanding geographic footprint
- Reduce the CO₂ emission caused by kerosene by replacing traditional energy sources through solar products. Since inception, an estimate of over 1.1 million metric tons of CO₂ have been offset

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

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

Key investment data

Geography	India & Kenya
Investment date	May 2017
Sector	Energy access
Investment	USD 6.0m
Asset class	Direct, Debt

Impact KPIs

	Initial	FY2017
# of households electrified	5'169'855	5'742'954
% of rural clients	100%	100%
savings on greenhouse gas emissions (MT)	1'246'431	1'384'602
# of employees	512	843
PGII contribution	confidential	confidential

SDGs supported



LOLC (Cambodia) Plc.

Direct, Debt



Company description:

LOLC (Cambodia) Plc. ("LOLC") is a Microfinance Deposit Taking Institution ("MDI") 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:

- The company's main focus is on low income families in rural and peri-urban areas, primarily lending to women (78% of total borrower base)
- Piloting and introducing new, innovative credit products that fit to LOLC's existing 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	FY2017
# of individuals financed/served	110'330	112'716
% rural clients	97.8%	97.7%
% female clients	78.8%	77.8%
# of employees	2'034	2'065
PGII contribution	1.7%	1.6%

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: PG Impact Investments; LOLC (Cambodia) Plc.



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
- 15% social premium paid to support community development projects for Guayusa farmers
- 1.2 million Guayusa trees planted 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





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 1,000 independent smallholder farmers providing them with farming know-how and market access resulting in significantly higher incomes.

Social challenges:

800 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:

- Providing technical know-how, field inputs, and market access
- Planned support for 12'000 farmers in 5 years and a 400% increase in livelihoods in a 3-year development period prior to inception
- Expanding 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	FY2017
# of farmers supported	525	1'185
controlled	350	4'563
Average smallholder farmer income increase ¹	4.2x	4.0x
# of employees	256	678
PGII contribution	11.7%	10.2%

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 FY2017 amounted to c. 1.3x. 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; Shared-X.

Accion Frontier Inclusion Fund

Fund (Primary), Equity



Company description:

Managed by Quona Capital with strong support by leading American non-profit Accion, Accion Frontier Investment Fund I ("AFIF I") provides capital to technology-enabled companies that increase access to affordable financial services for underserved individuals and SMEs.

The fund focuses on eight priority countries leveraging the team's on-the-ground presence and provides value add through its extensive network in global financial inclusion and West-Coast USA tech communities.

Social challenges:

Despite decades of microfinance growth and success bringing financial services to over 200 million people, 1.7 billion adults around the world still have no access to financial services.

Target impact:

- Improve the quality of life of >500'000 underserved individuals by providing them with access to suitable and affordable financial services and products
- Provide or improve access to affordable financing for >200'000 micro/small enterprises
- Increase and promote the accountability of financial services companies to social performance targets

Key investment data

Geography	Asia, LatAm, Sub-Saharan Africa
Investment date	August 2016
Sector	Financial inclusion
Investment	USD 5.0m
Asset class	Fund, Equity

Impact KPIs	Initial	FY2017
# of clients financed/served	56'666	243'999
# of MSMEs financed	29'809	37'789
# of employees	167	335
PGII contribution	3.6%	3.6%

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: PG Impact Investments; Quona Capital.



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 years track record. BOMF makes debt investments in socially responsible microfinance institutions (MFIs) across emerging markets. To date, BOMF's funding has reached over 900'000 micro entrepreneurs, 46% of whom live in rural regions and 54% 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.

MFIs 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	FY2017
# of individuals financed/served	654'024	818'113
% rural clients	48.0%	46.0%
% female clients	56.0%	53.0%
# of employees	5'402	6'361
PGII contribution	0.6%	0.5%

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: PG Impact Investments; BlueOrchard.



Company description:

Social Property Impact Fund (SoPro) builds or purchases properties and leases them to social sector organizations (SSOs) 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 resulted in c. 1.8 million households being on social housing waiting lists. SoPro estimates 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	FY2017
Total units financed	1'244	1'281
# of units under construction	906	796
# of units completed	338	485
% affordable housing	100%	100%
PGII contribution	1.4%	1.4%

SDGs supported



International Housing Solutions

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 27'000 affordable housing units with its debut fund, the first dedicated affordable housing fund in South Africa.

Social challenges:

Globally, 330 million families live in crowded, inadequate, or unsafe housing, or are financially stretched by housing costs. 40% of Africa's 1 billion people already live in towns and rapid urbanization is increasing the demand for housing. People living in slums and substandard housing are more often victims of crime and poor health.

IHS's investments primarily serve the approximately 5 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:

- Construction of 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
- Introduction of 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	FY2017
# of units in deals closed	3'438	6'875
# of units completed	668	1'199
% affordable housing	0.88	1
PGII contribution	3%	3%

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: PG Impact Investments; International Housing Solutions.

Leapfrog Investments

Fund (Primary), Equity



Company description:

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

LeapFrog III (LFIII) 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 Asia and Africa.

The fund supports the growth of companies that provide innovative financial and healthcare products and services to low income populations in emerging markets with capital as well as strategic and technical assistance.

Social challenges:

LF III represents the manager'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:

- Provide 60 million "emerging consumers" (USD 2-10 income per day) with life-changing financial and healthcare products and services across all LeapFrog Funds' portfolio companies
- Improve the health and quality of life of >50 million underserved individuals by providing them access with suitable and affordable financial and health services and products

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	FY2017
# of individuals financed/served	n/a	50'533
# of patients treated	78'920	143'537
# of employees	81	181
PGII contribution	4.7%	3.6%

SDGs supported





Company description:

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.

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:

- Seeks to fund businesses that support better sources of income for rural populations (agriculture and rural livelihoods)
- Strive to 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

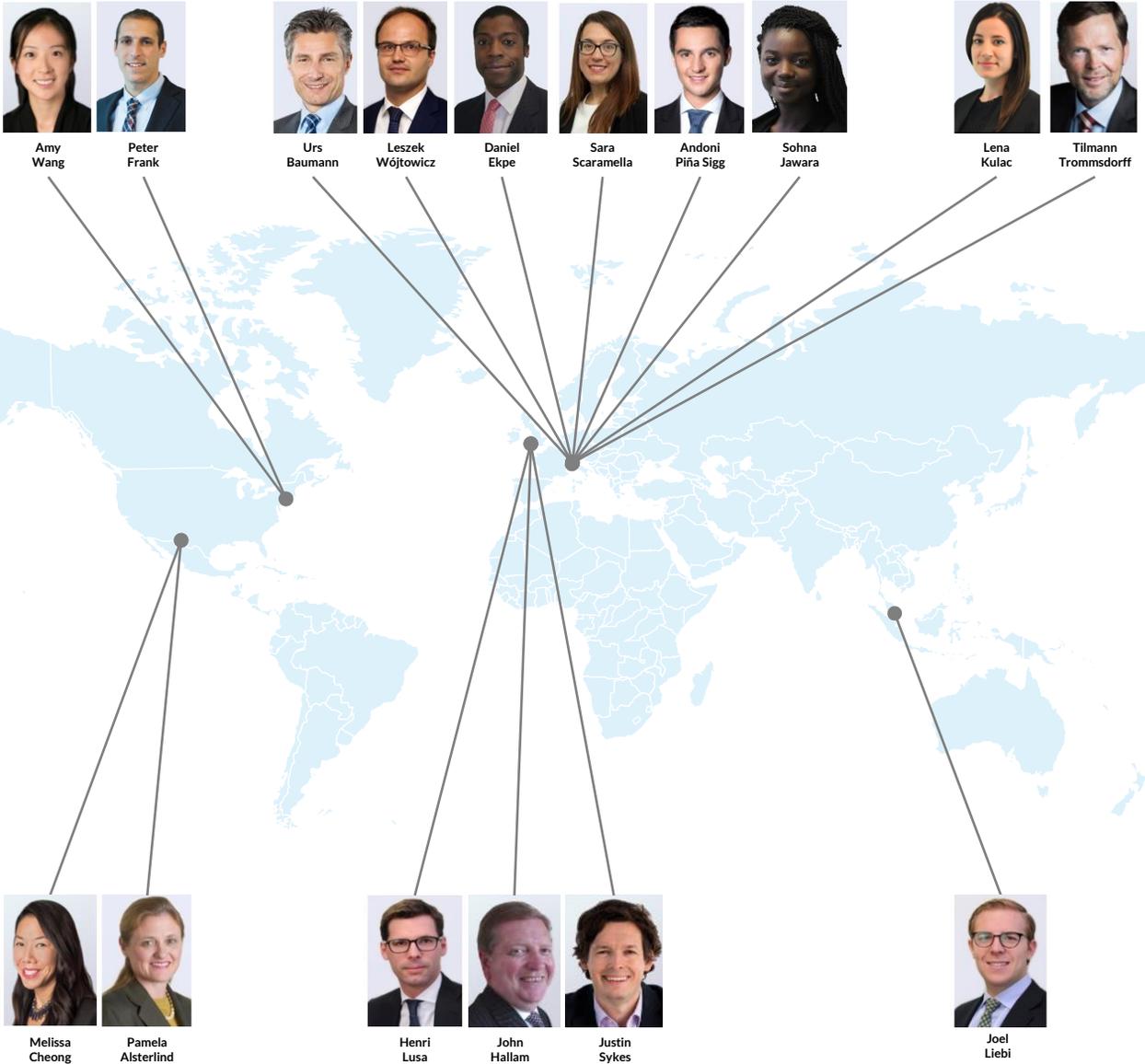
	Initial	FY2017
# of MSMEs financed	n/a	1'894
# of individuals financed/served	28'167	32'082
# of patients treated	7'290	23'363
# of farmers supported	4'480	4'480
PGII contribution	9.6%	9.6%

SDGs supported



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

9. Investment team



Investment team

- Amy Wang, Investment Manager
- Leszek Wójtowicz, Investment Manager
- Sara Scaramella, Investment Manager
- Daniel Ekpe, Investment Manager
- Andoni Piña Sigg, Financial Analyst
- Sohna Jawara, Investment Fellow
- Peter Frank, Investment Fellow
- Lena Kulac, Operational Assistant

Investment committee

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

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 31 December 2017.

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

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.