

The Palladium Impact Fund

Bridging the financing gap for sub-Saharan African SMEs
with a Positive Impact on rural households

Introducing: An Impact Fund that will transform the lives of more than 500,000 rural households in sub-Saharan Africa, while delivering a net Internal Rate of Return (IRR) for investors of 5%.

Palladium Impact Fund

Size: Target \$40 million

GP: Palladium Fund Managers

First Close: Q4 2019

Investment Period: 5 years

Term: 10 years, extendable for 2 successive years

Investments made by fund: Debt and quasi-equity investments in agribusiness and off-grid renewable energy in SSA.

Our Mission

Improve the lives of disadvantaged/underserved populations by addressing social challenges with a gender bias

Deliver net financial returns commensurate with local market conditions

Catalyse deployment of additional private capital from impact investors in emerging markets

About Palladium

Palladium is a global impact firm, working at the intersection of social progress and commercial growth, and the 100% owner of Palladium Impact Investments. For over 50 years, we've been helping our clients to effect lasting change – by formulating strategies, building partnerships, and implementing programs that have an enduring social and financial impact. We simply call this “Positive Impact”.

We work with corporations, governments, investors, communities, and civil society. With 3,000 employees working in over 90 countries and 75 offices worldwide, Palladium is in the business of making the world a better place.

Why Palladium?

Financial Commitment: Palladium will anchor the Palladium Impact Fund with a \$5 million equity investment from its own capital base

Value Proposition: Competitive management fee as a result of Palladium's commitment to extend financial support to Palladium Fund Managers until size of investment pool large enough to cover costs

Team Experience and Cohesion: Palladium Impact Investments' team working together for more than three years, developing strategy, pipeline and portfolio

Proprietary Pipeline: Alongside two existing investments, the team has ~10 opportunities under due diligence, having sourced over 400 deals

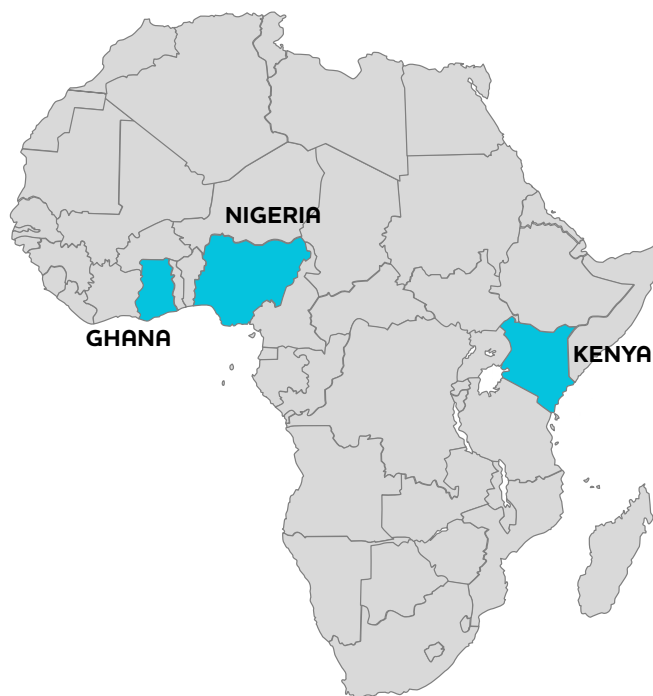
Network: The Fund will benefit from the breadth and outreach of Palladium's wider African-based consulting team that provides potential investment leads, local knowledge and access to country networks and expertise

Impact Measurement and Evaluation:

Palladium has gained extensive expertise in impact measurement and evaluation through its consulting practice, with a detailed impact thesis for the Fund

Geographic and Sector Focus

Agriculture and off-grid renewable energy cut across rural and gender impact focus of the Fund. Based on Palladium's global footprint and unique access to pipeline and support for SMEs we are focusing the fund on 3 primary target countries: Nigeria, Ghana and Kenya.



Why focus here?

- Agriculture contributes on avg. 40% of GDP in sub-Saharan Africa (SSA) and poverty is predominantly rural.
- 600 million people in SSA lack access to energy, a catalyst for economic activity, income and improved quality of life.
- African women perform the majority of agricultural activities, own a third of all firms and are key to the welfare of their families; gender equality and empowerment in the region can raise productive potential and boost the continent's development.

We leverage Palladium's SSA network.

- We target West and East Africa, where Palladium has over **800** staff across **16** countries.
- Palladium has a presence in **20** different locations across Ghana, Nigeria, and Kenya, with **34** projects that involve **2,500+** SMEs.

We Aim to Impact Rural Lives



Our investments aim at **improving the lives of rural households who are currently isolated from market and services**. We fund solutions that have the potential of improving access to productive resources, empower women as economic agents and benefit households by overcoming gender barriers and addressing economic and social issues.

The Palladium Impact Fund will:

- Alleviate poverty and empower women
- Contribute to the 2X Challenge and the UN's Sustainable Development Goal #5
- Improve the lives of at least 500,000 households in sub-Saharan Africa
- Create more than 3,500 jobs, of which at least 60% are for women

Our Service Offering

1. Expansion capital for SMEs in the missing middle \$250k - \$2M
2. Flexible financial solutions to local SMEs lacking access to finance;
3. Flexible financial terms, with repayments scheduled in line with seasonality, as well as revenue sharing options, etc.

Investment Criteria

1. Investment range from **\$0.25m to \$2m (USD)** for expansion, growth at scale, and working capital associated with growth
2. Mix of **debt** and **quasi-equity** instruments with an **average term ~6 years**
3. Target segments match current sector coverage supported by Palladium in-house expertise (**agriculture, off-grid renewable energy**)
4. Geographic **focus on Sub-Saharan Africa** (SSA) to match Palladium group-wide operational footprint
5. **Clear social and developmental impact** embedded in the business model of each investment, with a **focus on rural regions and gender inequality**
6. **Active co-investment strategy** designed to offer investors access to larger deal-sizes and to share investment management responsibilities

Palladium Impact Investments Team

Our team has worked together for over three years, closing two deals in West Africa while developing a proprietary pipeline of investment opportunities.



NUMBER OF OPPORTUNITIES SOURCED SINCE 2016

ongoing pipeline generation (both internal and third-party sourced)



INVESTMENTS TO-DATE



ANDREW TILLERY, CEO
LONDON

- >30 years' operations and investment experience in SSA and APAC
- Extensive African agribusiness experience including as CEO of CDC Group subsidiaries, Investment Director with Actis LLP and CIO of AgDevCo



BRAD MERCHANT
LONDON

- CFA with ~5 years working in the Impact Investment sector
- 10+ years in the global oil and gas industry



ROBERTA BOVE
LONDON / ACCRA

- ~10 years' experience in Impact Investing, corporate finance, and international development in EM
- Fluent in English, Italian, and Spanish



ISAAC BOATENG
ABUJA

- 9 years' experience in agricultural value chains and market development programmes for SMEs
- 5 years advising Nigerian and Ghanaian agribusiness SMEs

