



EFA Dynamic Trade Finance Fund

Q4 2016

Key Investment Considerations



EFA Dynamic Trade Finance Fund

A diversified portfolio of short-term loans made to companies doing business in the global supply chain of goods, aimed at generating 4 – 5% net returns to investors

Investment Thesis

- Primarily short-term, secured, self-liquidating loans made to mid-market and large corporates.
- Generate steady returns by financing cross border trade flows globally
- Low volatility and market-neutral profile

100%

Positive returns since inception

< 1%

Volatility over 1 year of 0.14%

Low Correlation

to all other asset classes

About EFA Group



Independent Asset Manager

established in 2003, deploying capital into the real economy sector

Investment Strategies

in trade finance, private debt and bespoke solutions

Presence in Key Regional Hubs

Singapore, Geneva, Dubai, London, Istanbul

More than USD \$5 Billion Deployed

Since inception

Headquartered in Singapore

regulated by the Monetary Authority of Singapore
(Capital Market Services license)

Integration

of environmental, social & governance (ESG) criteria
in investment analysis and allocation



Doing Business with more than 200 Portfolio Companies
spanning Asia, Europe, Middle East

Section 1: Trade Finance Overview

Fundamental & Long-Term Market Drivers

The state of the banking sector provides alternative credit provider with a unique, structural and long term opportunity



Banking Regulation

- Tighter regulations have led to banks reducing their appetite for doing business with corporates



Impact on Private sector

- As a result, private businesses have been most impacted by reduced funding



Necessity

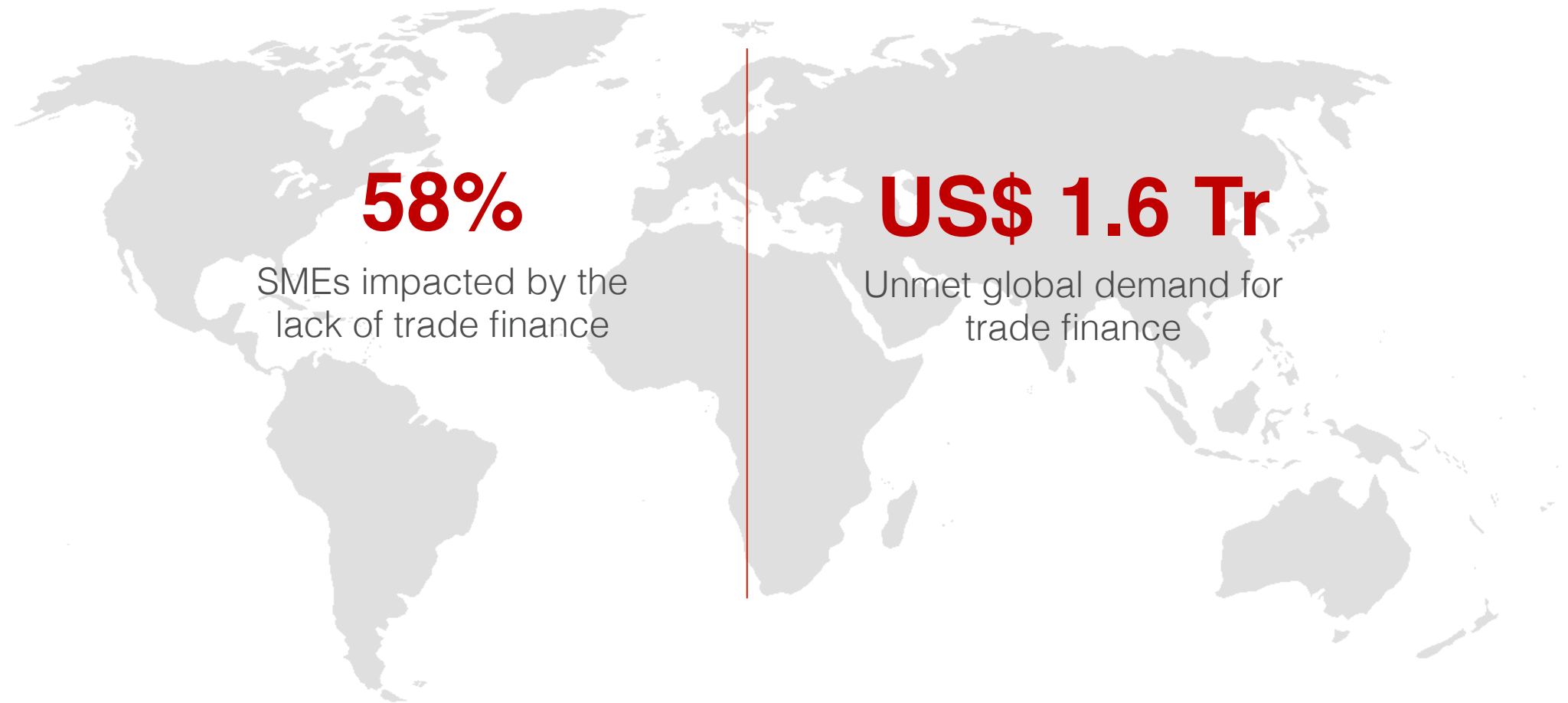
- This has driven up the demand for supplementary liquidity from alternative sources of lending



EFA Group filling the gap

- As an expert in the real-economy financing with global coverage, we are well positioned to fill this financing gap

Global Trade Overview



Trade Finance as an Asset Class

- ✓ Why invest in trade finance?
 - Market-neutral and absolute return strategy
 - Positively correlated to US Libor short term rates
 - Income-generating profile linked to cash flow based lending
 - Short term maturity profile
 - Low risk, low volatility across market cycles
 - Secured senior loans with multi-layered recourse on portfolio companies



Income-
Generating
Vehicle



Liquid
Investment



Low Risk
Assets

A Need for Alternative Financiers

Why portfolio companies work with EFA



Diversification of Capital

- Private businesses no longer feel they can rely exclusively on banks



Speed & Flexibility

- With flexibility, speed and reactivity, EFA is able to provide customized financing solutions

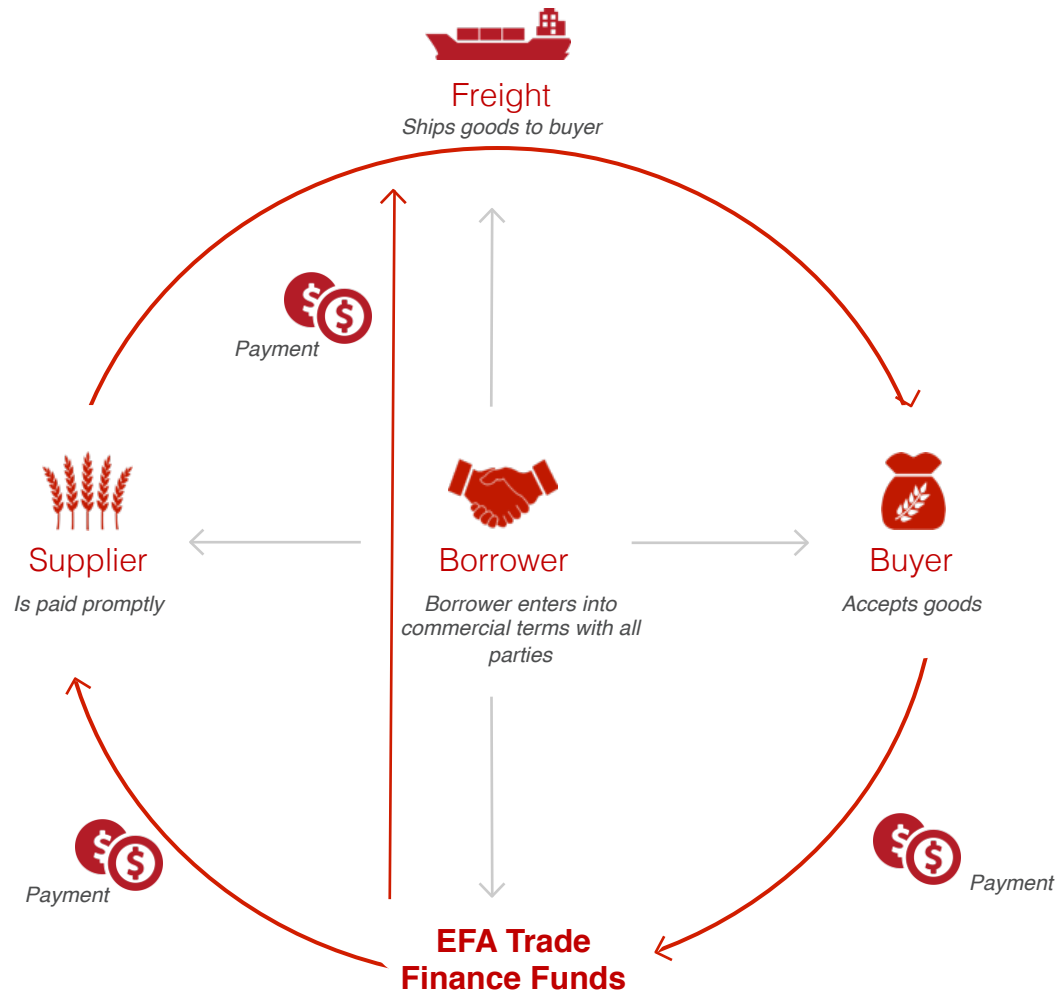


Transaction Size

- EFA is able and willing to finance transactions that are both small and large, from \$30,000 to \$30 million

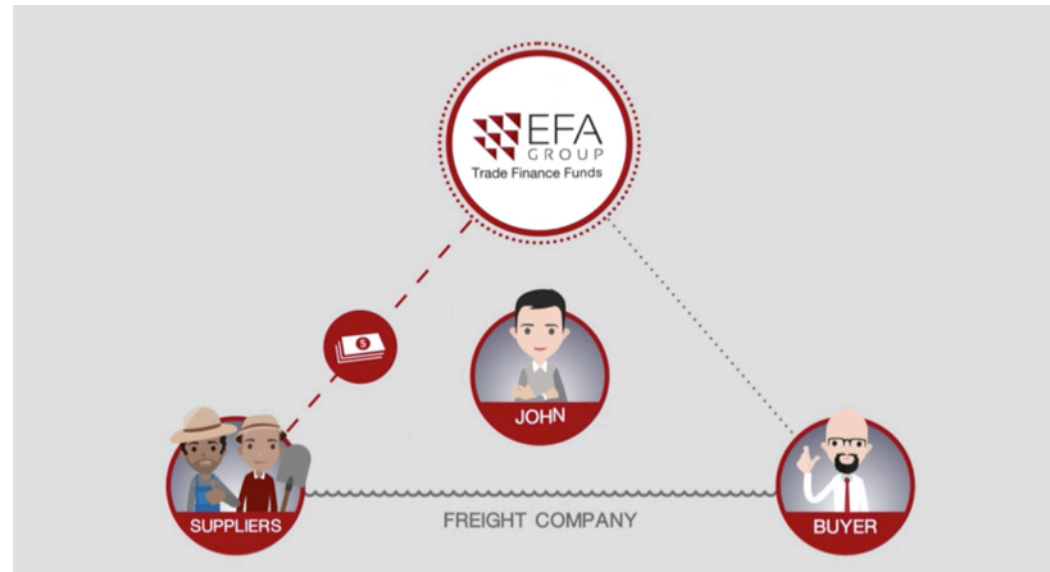
A Sample Trade Finance Flow

Trade Finance is the business of financing the supply chain for commodities, raw materials and goods



Trade Finance Principles

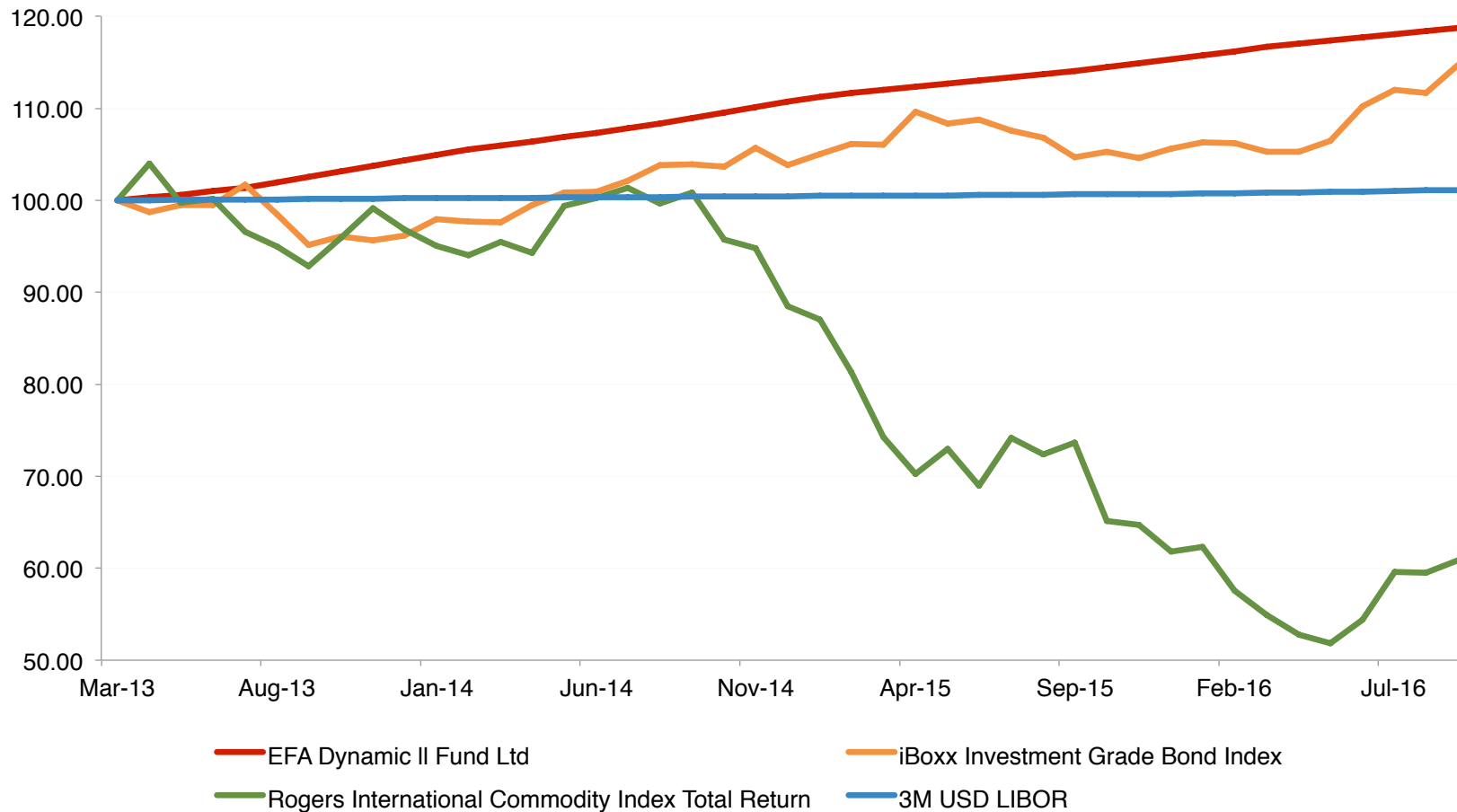
Trade Finance is the business of financing the supply chain for commodities, raw materials and goods



To find out how trade finance works, click on the above video link

Section 2: EFA Dynamic Trade Finance Fund

Fund Performance Since Inception



100%

positive returns since inception

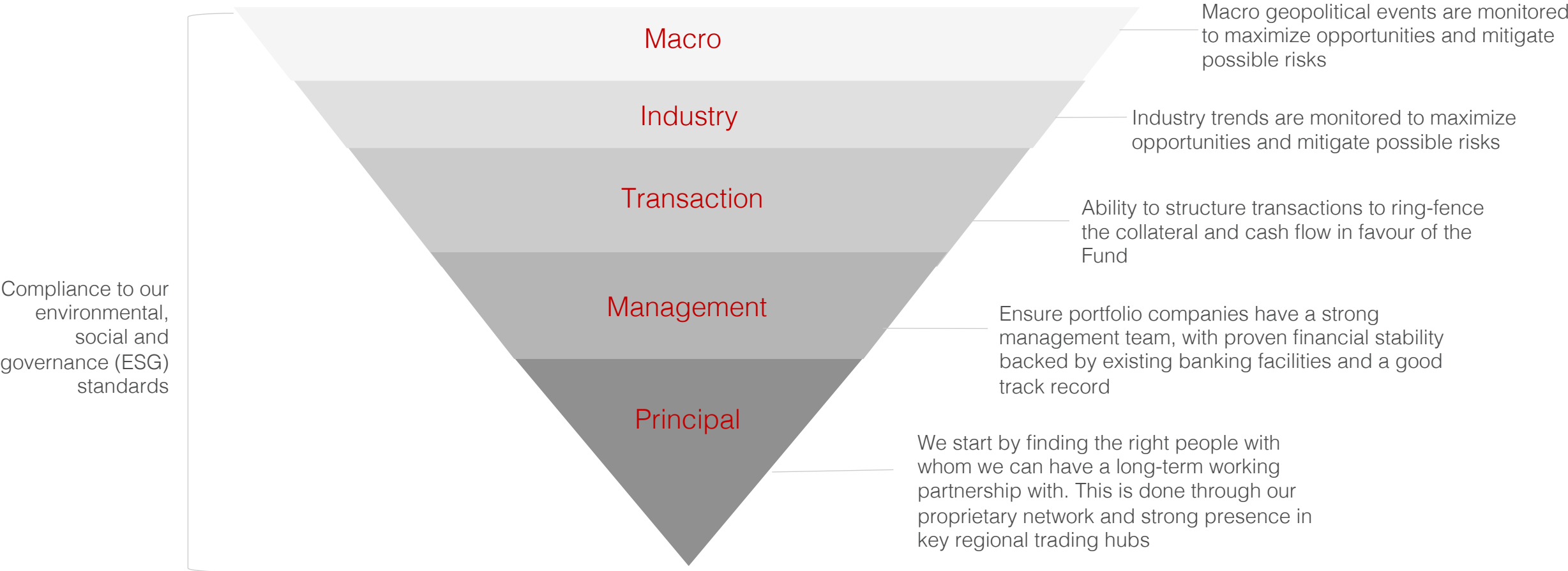
< 1%

volatility over 1 year of 0.14%

Low Correlation

to all other asset classes

A bottom-up approach to selection of portfolio companies



Typical Loan Features



Short-Term

- Loans are short-term in nature, with average transaction tenor below 180 days



Self-Liquidating

- The source of repayment of the loans are primarily generated by the sale proceeds of the underlying trade flow



Secured Collateral

- Loan repayments are secured by first ranking legal instrument on the goods and the cash flows financed



Loan to Value Ratio

- Loan amount granted is typically between 75% to 90% of the value of the underlying transaction amount



Recourse to Balance Sheet

- Loans are generally with recourse to the borrowers' balance sheet

Portfolio Overview



Portfolio Data (as of 31.12.2016)









Total Facilities Granted (% of AUM)	141%
Number of Borrowers	56
No. of Loans in Portfolio	277
Financing Volume Year-to-Date	US\$ 569m
Average Facility Granted	US\$ 7.4m
Average Gross Yield (excluding fees)	6.9%
Loan Maturity ¹	73% of loans are less than 90 days

Types of Trade Finance Transactions

- Receivables with recourse financing
- Pre-export financing
- Borrowing base financing
- Transit financing
- Inventory at destination financing
- Inventory at origin financing
- Factoring
- Reverse factoring
- Receivables financing
- Supply chain financing
- Asset-backed financing
- Term / amortizing facility

¹ Computed based on weighted average of outstanding loans as of 30.09.2016

Typical Risks & Mitigants

Risks		Mitigants
	Commercial Performance of Portfolio Company	<i>Extensive due diligence process, market checks, regular monitoring are conducted in order to select and ensure borrowers will perform their business obligations</i>
	Tail-Credit	<i>Loans are structured in a way that they are secured against the underlying commodity being financed, with recourse to the borrower's balance sheet</i>
	Fund Manager's Operations	<i>EFA is under the stringent regulation of the Monetary Authority of Singapore and has full insurance coverage on fidelity & professional risks</i>
	Price Risk	<i>Transactions are protected against price volatilities since trade flows are mostly pre-sold. A conservative loan to value ratio is applied, and includes a mark-to-market adjustment mechanism where applicable</i>
	FX Volatility	<i>Loans are mostly in USD</i>
	Damage & Loss on Goods	<i>Any damage or loss will be covered by general cargo insurance policies</i>
	Fraud	<i>Third party verifications are applied consistently along different points of the supply chain</i>
	Liquidity	<i>Portfolio is composed of self-liquidating loans, that matches the fund liquidity terms</i>

Fund Terms



Summary Terms of the Fund	
Fund	<i>EFA Dynamic Trade Finance Fund Ltd</i>
Status	<i>Open-ended fund</i>
Management Fee	<i>1.5% p.a. payable monthly</i>
Performance Fee	<i>15% p.a. payable quarterly</i>
Hurdle Rate	<i>Fixed at 3%</i>
Leverage	<i>Optional (0-10% credit line for cash management)</i>
Subscription	<i>Monthly with 60 days notice</i>
Redemption	<i>Quarterly (1st Business Day of January, April, July, October) with 90 days notice</i>
Management Company	<i>EuroFin Investments Pte Ltd (Singapore)</i>
Jurisdiction	<i>Cayman Islands</i>
Custodian / Administrator	<i>Standard Chartered Bank (Singapore)</i>
Auditor	<i>Ernst & Young</i>
ISIN (Share Class A) / Bloomberg Ticker	<i>KYG7857A1094 / EFADY2F KY <Equity></i>
ISIN (Share Class B)	<i>KYG7857A1177</i>

** The level is reviewed every year at the discretionary of EuroFin Investments*

Section 4:

Investment Process & Risk Management

Investment Process



1	Origination	<ul style="list-style-type: none">• Proprietary network• Conferences & industry events
2	Portfolio Company Identified	<ul style="list-style-type: none">• Pre due diligence checklist• Face-to-face meeting (Who are you? What do you do? Why do you need the money? How much money do you need? How do you manage your risk?)
3	Term Sheet	<ul style="list-style-type: none">• Indicative term sheet that includes all commercial and legal terms (forms basis of facility agreement)• Fees paid to the fund
4	Due Diligence	<ul style="list-style-type: none">• Operational, financial, KYC and on site due diligence• Credit risk model assessment• Environmental, social and governance (ESG) assessment
5	Investment Committee	<ul style="list-style-type: none">• Information memorandum presented to Investment Committee for decision to be made at unanimity on a weekly basis
6	Finance Documents	<ul style="list-style-type: none">• Finance, securities and guarantee documents to be executed

Modus Operandi

- Internal risk management and operational set up
- External modus operandi set up with the borrower, banks, logistics companies and insurance

Portfolio Management

- Loan transaction, disbursement, follow up and repayment
- Daily monitoring of drawings and outstanding loans for conformity to the terms and conditions of facility

Operational Workflow Review

- Weekly operational and commercial review of portfolio companies and positions

Yearly Renewal

- Annual credit investment review and renewal (or as and when required)

Illustration of a Typical Trade Finance Flow

May		Risk
	Borrower purchases 30,000 MT of wheat from his Supplier at US\$180/MT to be delivered in June, to one of the Black Sea ports.	X
1	Borrower simultaneously sells the same 30,000 MT of wheat to his Buyer at US\$200/MT for delivery in July, to a West Coast Malaysian port.	X
	Borrower books the freight to load 30,000 MT of wheat onto a vessel at US\$15/MT, matching the commercial sale and purchase terms.	X
June		Risk
2	Supplier loads the 30,000 MT of wheat into the vessel booked by the Borrower	X
3	Supplier presents the corresponding commercial and shipping documents to the Borrower for payment	X
4	The Borrower requests for financing by presenting the commercial and shipping documents in accordance with the credit facility sanctioned, together with its cash contribution to the Fund	X
5	Once the documents are checked and deemed satisfactory, the Fund will disburse the proceeds of the loan to the supplier and the freight company	✓

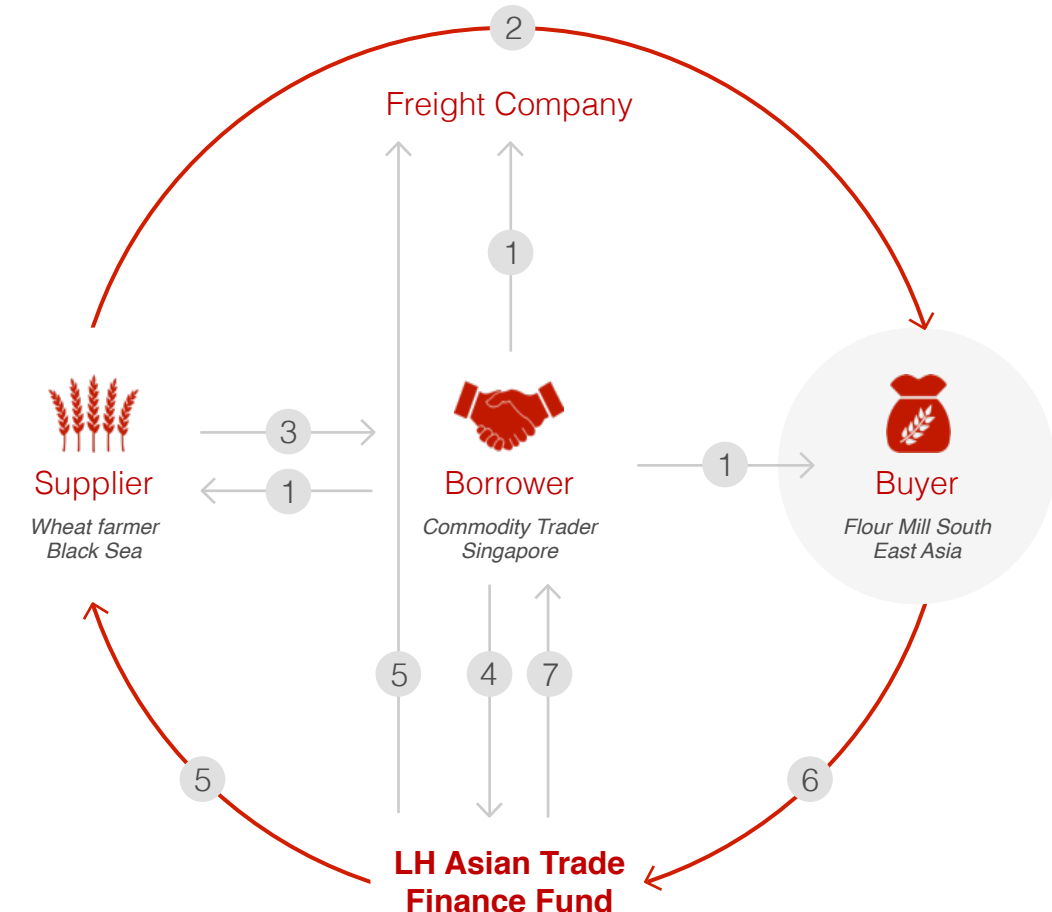
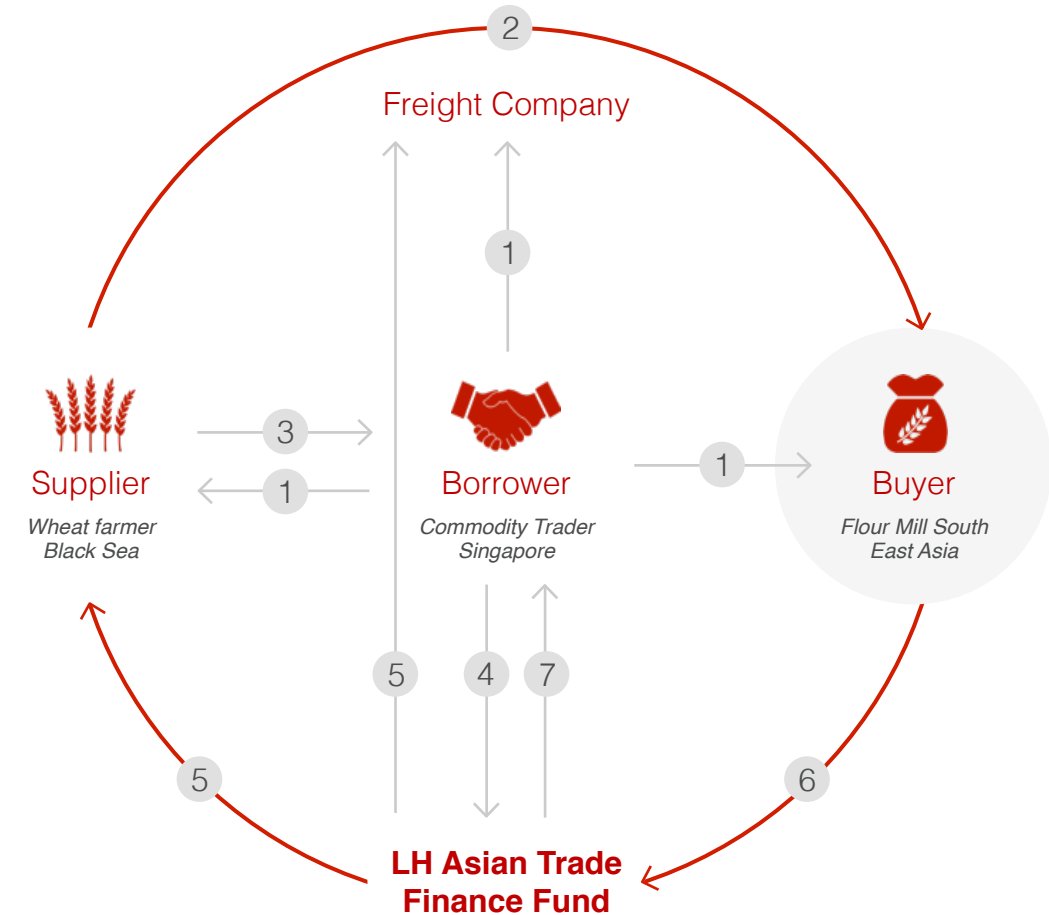


Illustration of a Typical Trade Finance Flow

July	Risk
<p>6 Before the arrival of the vessel at the destination port, the Buyer remits the corresponding sales price to the Fund in exchange for the commercial and shipping documents</p>	✓
<p>7 Upon receipt of the proceeds, the Fund retains its loan principal amount plus interest and remits the cash contribution and commercial margin back to the Borrower</p>	✗



Economics of Illustrated Trade Finance Flow



Transaction Details

15%

Cash margin contribution
by the Borrower

7% p.a.

Interest charged
by the Fund

45 days

Financing
(transit time)

Borrower

Sales Price	\$6,000,000 (30,000 MT x \$200/MT)
Less: Cost of Goods Sold	\$5,400,000 (30,000 MT x \$180/MT)
Cost of Freight	\$450,000 (30,000 MT x \$15/MT)
Financing Cost	\$43,510 (30,000 MT x \$(180+15) x 85% x 7% x 45/360)
Gross Profit	\$106,000

The Fund

Loan Amount (Goods)	\$5,400,000
Loan Amount (Freight)	\$450,000
Total Loan	\$4,972,500 (5,850,000 x 85%)
Interest Earned	\$43,510 (7% p.a. for 45 days)

Frequently Asked Questions (1/2)



- | | | |
|---|--|--|
| 1 | What is the usual maximum exposure of your investment to 1 borrower? | • Up to 10% of AUM |
| 2 | What is the usual maximum exposure of your investment to 1 loan/transaction? | • Up to 5% of AUM |
| 3 | What is the usual maximum exposure of your investment to one sector? | • Up to 15% of AUM |
| 4 | Do you use leverage? | • No |
| 5 | Do you have any currency risk exposure? | • No |
| 6 | Do you use derivatives and futures? | • No |
| 7 | What is the geographical focus of the underlying portfolio companies? | • Most of the portfolio companies are domiciled in Europe and Middle East |
| 8 | How to you determine the risk pricing? | • Mix of transactional risk profile, credit worthiness and local liquidity |

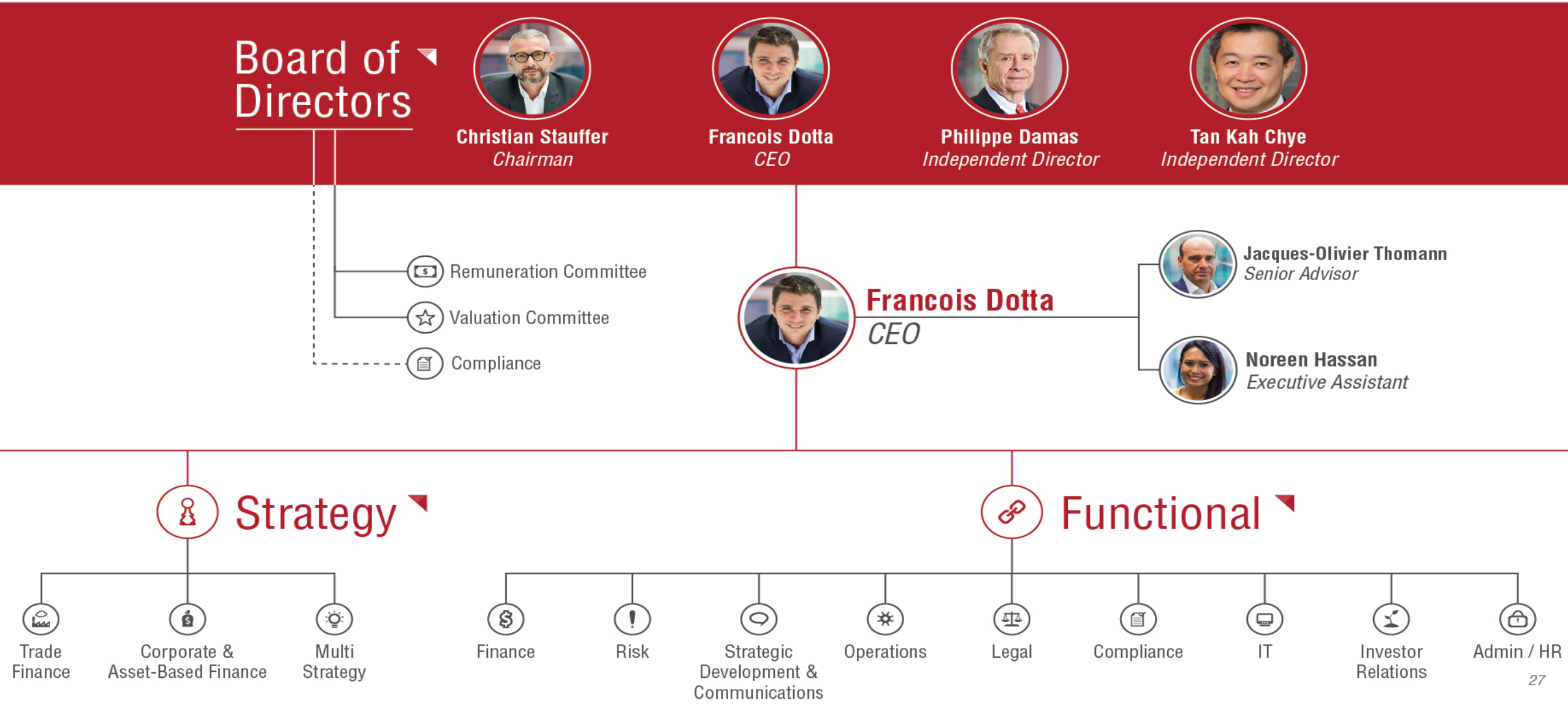
Frequently Asked Questions (2/2)



- | | | |
|----|--|--|
| 9 | What is the default and recovery rate? | <ul style="list-style-type: none">• On average, the default rate is 3-4% before recovery• Average recovery rate is 70% |
| 10 | How is the fund performance calculated? | <ul style="list-style-type: none">• Fund performance equals to the sum of accrued interests of the outstanding loans + fee income + various balance sheet movement |
| 11 | What is the capacity of the fund? | <ul style="list-style-type: none">• US\$ 400-500 Mn |
| 12 | Is the fund already been gated or suspended? | <ul style="list-style-type: none">• No |
| 13 | What do you do with the cash that is not being utilized? | <ul style="list-style-type: none">• Cash seats in a deposit account with Standard Chartered Bank• No investment in external funds, money market funds or listed securities. |
| 14 | What is the total expense ratio (TER) of the fund? | <ul style="list-style-type: none">• 1.66% (01 January 2015 to 31 December 2015) |
| 15 | What is the competitive advantage of EFA? | <ul style="list-style-type: none">• Been in the trade finance business for more than 10 years• Relationship-based approach, understanding and close working ties with investors and portfolio companies |

Section 3: Appendix

EFA Group Organizational Chart



EFA Founding Partners



Christian Stauffer
Chairman

- Over 25 years of experience in structured finance, trade finance, physical trading and direct investments
- Previously worked for Noble Group, Andre Group and Finco Asia



Craig Dimmick

- Over 30 years of experience in trade finance, corporate finance, risk management and compliance
- Previously worked for Rabobank, Bank of Hawaii and Texas Instruments



Francois Dotta
Chief Executive Officer

- Over 10 years of experience in trade finance, corporate finance and direct investments in Asia, Middle East and Europe
- Previously from Pricewaterhouse Coopers

Key Investment & Operations Team



Nicolas Sanchez
Co-head of origination

- 28 years of experience in international trade finance
- Previously with Kofisa SA, Andre & Cie SA, Banque de Promotion Commerciale & Industrielle SA, UBS



Kamran Yousuf
Co-head of origination

- Over 8 years of experience in banking and corporate sector
- Previously worked with Standard Chartered Bank, BASF



Clement Schappler
Chief Risk Officer

- Over 11 years of operations and risk management experience in structure commodity trade-finance, corporate finance
- Previously with UBS, Credit Suisse



April Raimundo
Chief Legal Officer

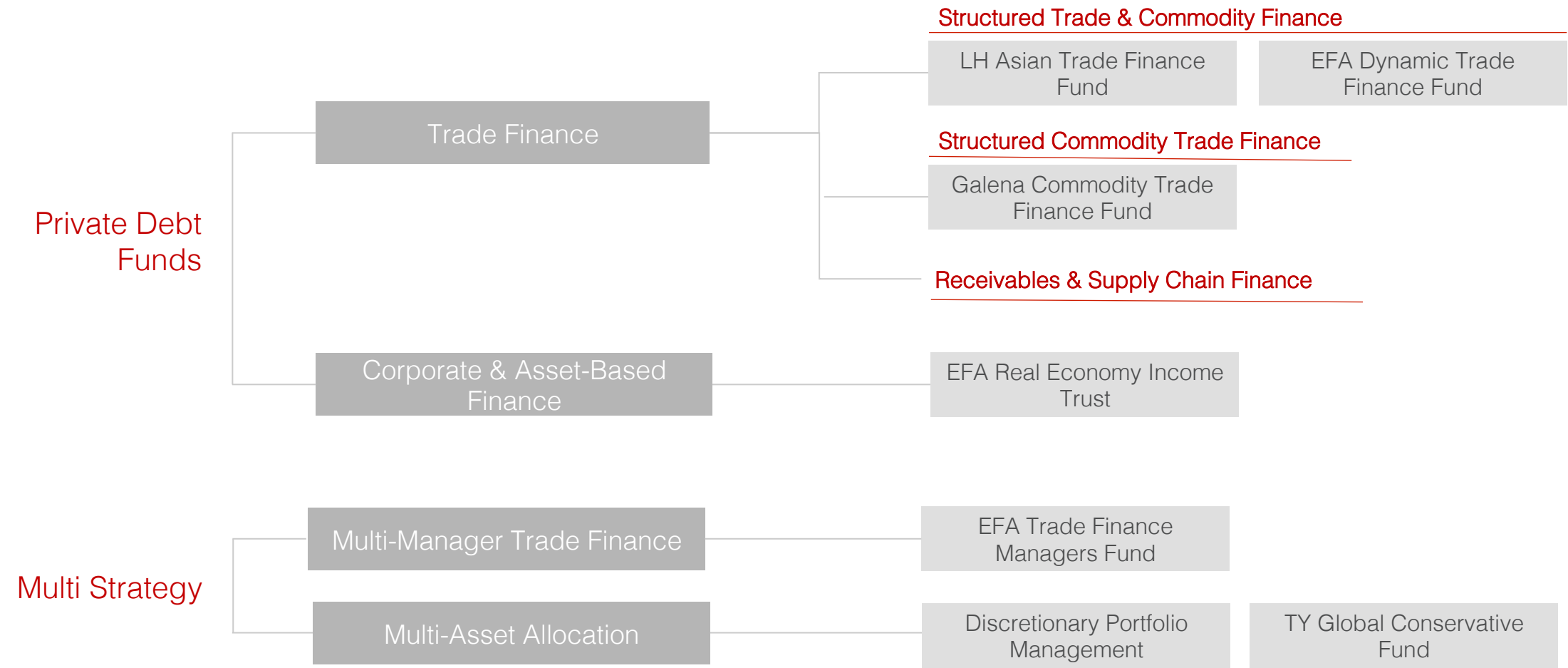
- Previously worked at Associate in the Manila office of Baker & McKenzie International



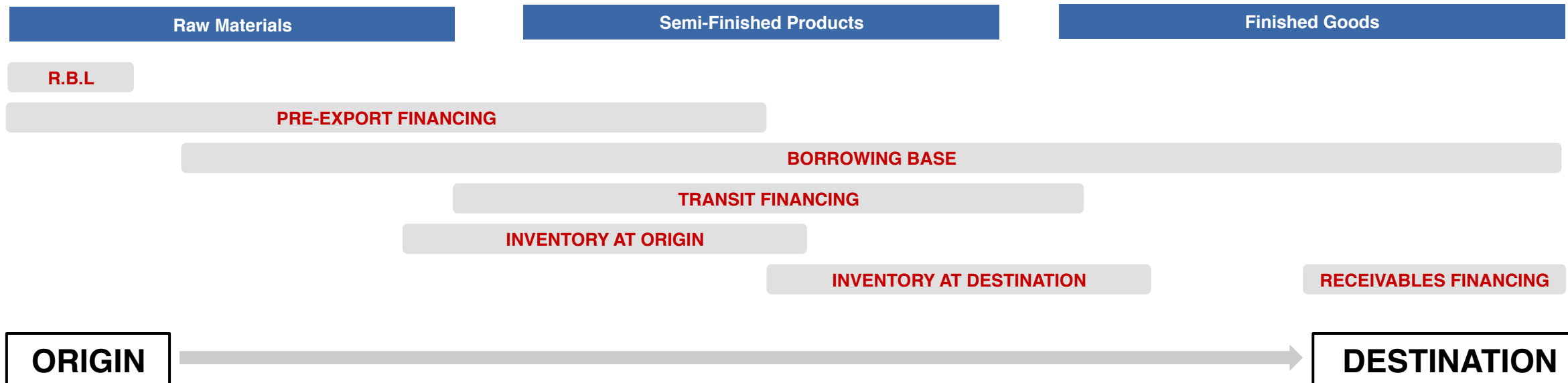
Ronald Choo
Head of Operations

- Over 15 years of experience in corporate banking and structured trade finance with various wholesale banks, covering credit, marketing and trade operations

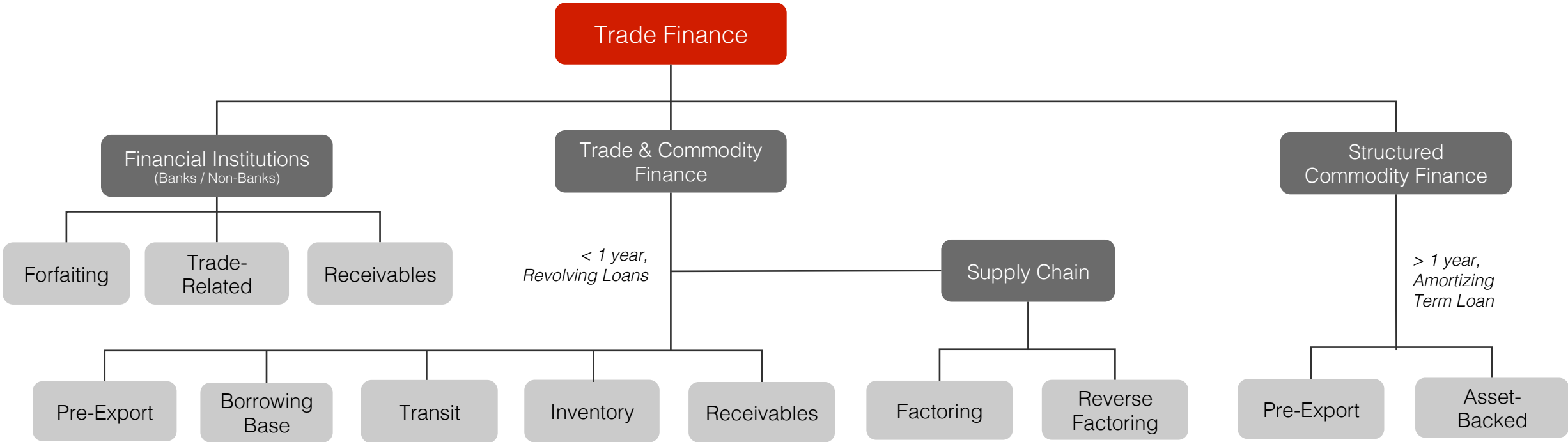
Our Business Lines



Value Chain of Trade & Commodity Finance



Overview of Trade Finance



EFA integrates ESG criteria in its investment analysis and allocation



- The implementation of ESG factors into our portfolio construction & investment strategy helps us measuring the sustainability and ethical impact of our borrowers and identify companies with superior business models
- We assign a questionnaire to each borrower during the due diligence process and renewal facility, to ensure that they meet our ESG scoring

EFA is a signatory to the Principles for Responsible Investment (PRI)



- The Principles aim recognizing the materiality of environmental, social and corporate governance issues
- In implementing the Principles, EFA contributes to the development of a more sustainable global financial system

Trade Finance



WINNER 2016: EFA Group
Best Alternative Credit Specialist, South East Asia
Global Banking and Finance Review Awards, 2016



WINNER 2015: EFA Group
Best Trade Finance Boutique, Asia Pacific
Trade Finance Magazine, June 2015



WINNER 2014: EuroFin Asia
Best Alternative Trade Financier, Asia Pacific
GTR Magazine Awards, July 2014



WINNER 2014: EuroFin Asia
Best Trade Finance Boutique, Asia Pacific
No. 2 Trade Finance Boutique, Global
Trade Finance Magazine, June 2014



WINNER 2013: EuroFin Asia
Best Trade Finance Boutique, Asia Pacific
Trade Finance Magazine, June 2013

Asset Management



WINNER 2015: LH Asian Trade Finance Fund
Most Consistent Asia-based Fund
Eurekahedge Asian Hedge Fund Awards, May 2015



WINNER 2015: EuroFin Asia
Boutique Investment Manager of the Year, Asia
Best Niche Income Strategy, Asia
2015 International Fund Awards, May 2015



FINALIST 2015: EuroFin Asia
Credit Fund of 2014, Credit Fund – Long Term Performance
Investors Choice Awards, Mar. 2015



NOMINATED 2015: EuroFin Asia
Independent Wealth Manager, Alternative Investment Manager
WealthBriefing Singapore Awards, Mar. 2015



WINNER 2014: EuroFin Asia
Most Innovative Product - Singapore
Asia Asset Management BoB Awards, Jan. 2014

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