



MEMORANDUM

To: OeEB

From: DWM

Date: 25 March 2020

Subj: Response to Mid-Term Review of DWM Inclusive Finance Equity Fund II

You have asked us to respond to the review.

In most part, we feel the review adhered to professional standards, but we have three major disagreements with its conclusions.

1. "Relevance." The review criticized the fund for investing in some secondary shares. But this criticism is unwarranted, since the fund's objectives nowhere call for a main focus on primary share investing.
2. "Effectiveness." The review criticized the fund for not achieving its initial target size. But it also stated that the fund is "attaining the objective established by the Fund Manager and accepted by all parties." Since the fund is attaining its objectives, the initial target size is irrelevant.
3. "Efficiency." The review predicted that the fund will not deliver above market returns to its investors. But this prediction was not backed up by forward-looking valuations of the fund's portfolio assets upon exit. Nor could the review use historical realized returns as a basis for projections, since the fund is too early in its life to establish a track record of exits and distributions to investors. Without either of these tools, the prediction lacks credibility.

Thank you for the opportunity to respond to the review.