

EDUCATION AND IMPACT

Quality Education is one of the Sustainability Development Goals (SDG 4) - to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.” (<https://sdgs.un.org/goals/goal4>). The goal is to provide access to quality education from childcare through to primary and secondary school, and university, technical and vocational training.

The SDG targets include achieving relevant and effective learning outcomes for children; access to affordable, quality tertiary education so that adults have relevant skills for employment; ensuring that all youth and a significant proportion of adults achieve literacy and numeracy; and building and upgrading facilities to provide safe, inclusive and effective learning environments.

Education is a core impact focus area for the Inspire Australian Equities Fund (IAEF).

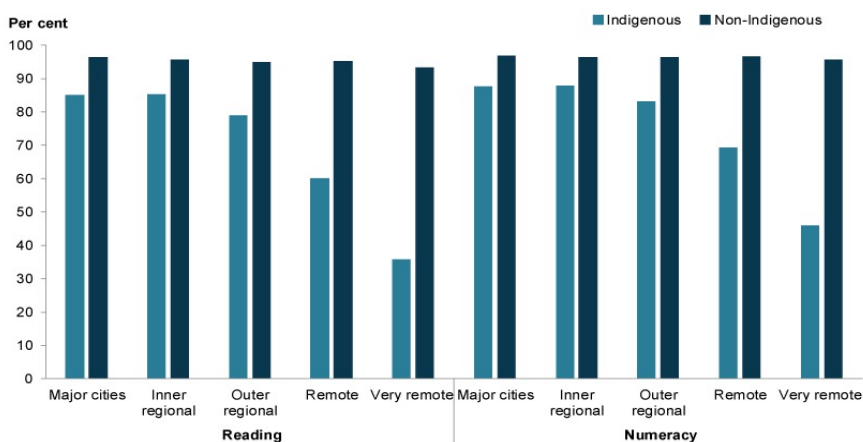
THE EDUCATION CHALLENGE

Globally 260 million school-age children do not attend school, and more than half of children and adolescents do not meet the minimum standards in reading and mathematics proficiency.

The UN estimates that 617 million youth worldwide lack basic mathematics and literacy skills and that even by 2030 over 200 million children will still be out of school. The impact of COVID-19 is likely to exacerbate the problem and, even for developed countries, raises questions as to whether students are reaching their full potential given the disruption to their learning.

In Australia, only 15% of adults read at literacy level 4 to 5 (the highest levels) with 38% of adults at level 3, and 44% at level 1 to 2 (the lowest levels). Indigenous literacy is worse, with 18% failing to reach national minimum reading and writing standard and 46% of indigenous adults deemed “functionally illiterate”. As highlighted in the chart below, this problem becomes more acute for remote and very remote communities.

Figure 5: Year 5 students achieving at or above the national minimum standards for reading and numeracy, by Indigenous status, by remoteness, 2018



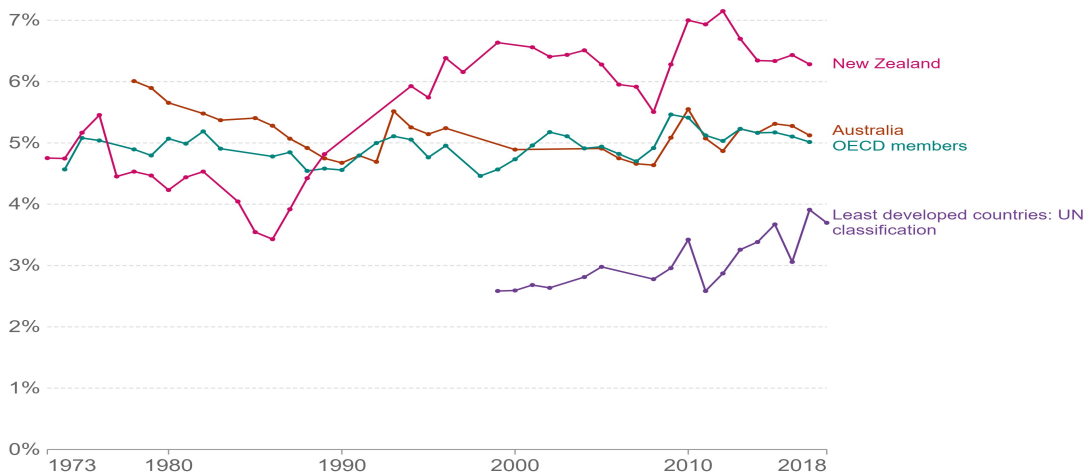
Source: Australian Centre of Health and Welfare

<https://www.aihw.gov.au/reports/children-youth/australias-children/contents/education/literacy-numeracy>

The key challenge is to raise educational outcomes across the board to lift literacy and numeracy levels, especially for vulnerable and disadvantaged students in Australia and internationally.

Total government expenditure on education, 1973 to 2018

Total general government expenditure on education (all levels of government and all levels of education), given as a share of GDP.



Source: UNESCO (via World Bank)

OurWorldInData.org/global-rise-of-education • CC BY

Government spending on education in Australia has remained relatively stable as a percentage of GDP since the 1990s and is slightly higher than the OECD average. Between 2009 and 2018 the expenditure on education in Australia grew at 3.6% pa. The largest component of spending was for school education (51%), followed by Tertiary Education (37%) and Other education (12%).

The question that arises is how do we leverage private and Government spending on education to address the challenge to raise educational outcomes .

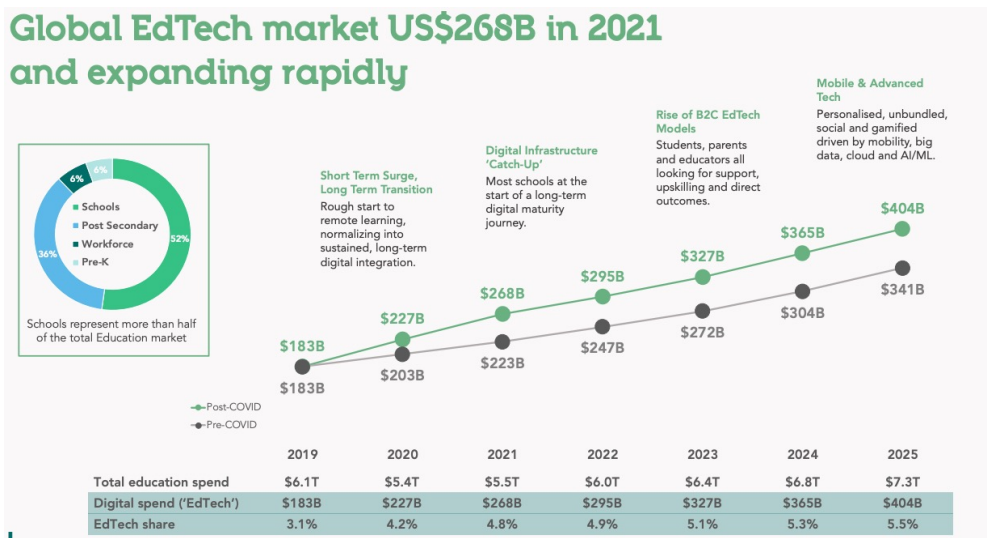
Is EdTech part of the Solution?

Education is at a fascinating inflection point as a result of digital content creation and delivery. The global education technology (“EdTech”) sector is estimated to be valued at US\$268 billion (4.8% of total global education spending) and is fast growing, with the impact of Covid-19 accelerating the trend.

Digital education tools and content have the potential to increase the access, scalability, cost, measurability, predictability and effectiveness to achieve better educational outcomes for all.

Further, artificial intelligence, machine learning and big data improve the delivery of education with the ability to tailor solutions to the specific needs of individual students. We are seeing education business models changing rapidly with traditional players evolving their models from traditional to digital. Moreover, there is the rise of EdTech new players disrupting the market.

From: Traditional	To: Digitally based
Face-to-face (classroom)	Blended face-2-face & online and pure online
Book-based learning	Electronic, remote/home
Spreadsheet & paper-based data	Big-data, in the cloud, AI & machine learning



Source: Janison Education Group

INSPIRE STRATEGY & PORTFOLIO

IAE Impact Strategy

The IAE Fund currently has around 12% invested across a range of companies in the education sector, in addition to the exposures to the early learning centres.

These companies include:

- 3P Learning – educational software, such as Mathletics and Reading Eggs
- Academies Australasia – vocational colleges in Australia and Singapore
- iCollege – vocational colleges
- IDP Education – Provides access to university courses for international students and English language testing
- Janison Education Group – digital assessment provider
- Kip McGrath – face-to-face and online tutoring, primarily for remediation
- Schrole – online recruitment and teacher management system for international schools
- UCW – vocational training

Below we provide more detail on the business activities of 3P Learning and Kip McGrath as we believe that these companies are good examples of how digital education tools and services have the potential to be scaled to address the key challenges. As impact investors, we would like to see greater access for students in vulnerable and disadvantaged communities. This could occur through target programs funded by the Government or private capital. The opportunity exists for a blended finance solution using philanthropic or public funds to scale for profit products and services.



3PL's purpose is to inspire a love of learning and their mission is to create the teaching moments that inspire learning. They acknowledge that children all learn differently and therefore focus on the 3P's: Practice, Play & Progress.

Their main software products include Mathletics, Mathseeds, and Reading Eggs. These products are used in over 100 countries by 5.2 million students in 18,000 schools. Via their globally used software and by hosting the world's largest online maths competition, they are creating a global maths community. On World Maths Day, 3PL hosts a free event for children aged 5-8 to compete against students across the globe in a worldwide celebration of mathematics.

Their online tools help to improve maths and English knowledge at scale, improving a student's ability to become highly capable and perform well in later school years, thereby helping to reduce illiteracy and innumeracy in Australia and internationally.

3PL's vision: "3P Learning is a global leader in online education and we truly love learning. Our suite of learning resources is designed for schools and families, covering mathematics, spelling and literacy".

The scalability and reach of 3PL's learning tools contribute to meeting the SDG education goal to ensure inclusive and equitable quality education.

Kip McGrath



Kip McGrath was established over 40 years ago and currently has over 560 centres globally and 140 locations across Australia. With networks in the UK, Europe, Africa, Middle East and Australasia, Kip McGrath provides affordable remedial tutoring to students globally.

"Kip McGrath's mission is to provide quality educational opportunities to children around the world, to help them reach their full learning potential."

Tutoring for students falling behind can help with long term learning outcomes and help attain higher levels of education.

The philosophy of Kip McGrath is that:

'Everybody has the right to read, write and calculate, they just need to be taught properly; Resolved gaps in foundational learning can have lifelong impacts on your child. In building confidence, self-esteem and providing results for your child. All children can succeed if given the right support.'

The initial assessment for a child is free and tutoring sessions are around A\$60. It is estimated that 70% of the children tutored by Kip McGrath tutors are at least 1 year behind at school. Their programs allow the child to catch up on 1 year of traditional school in 9 weeks of tutoring. The focus is on going back to basics with the aim of getting the children to be 'the best human they can be'. It challenges the traditional notion of industrialised education (>20 children: 1 teacher) and fosters an understanding that children have different learning needs.

In the first half of 2021, Kip McGrath delivered 280,000 online lessons out of 660,000 total lessons. Their investment into online delivery included learning management systems, centre management software, and an online tutoring platform..

Kip McGrath shift to online tutoring creates the potential to achieve true global scale and contribute to meeting a key UN Education SDG target that all youth achieve literacy and numeracy.

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The Fund's Target Market Determination is available here <https://www.eqt.com.au/insto>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.