

PRIVATE ASSET IMPACT FUND REPORT 2020

An analysis of over 150 investment funds
targeting emerging and frontier markets
with a development impact focus

October 2020



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

AUTHORS AND PUBLICATION TEAM

Brendan Mackinnon, Ramkumar Narayanan and Basile Quartier managed the impact fund survey and wrote this report. Roland Dominicé and Mariano Larena supported them with the editing and sponsorships, as did Samy Derradji and John Staehli for the overall publication coordination.

A special thanks to Gilles Bayon for the technical set up of the survey reporting and administration platforms, as well as Danielle Carpenter who proofread the publication and LaFabrique who managed its graphic design.

LEGAL DISCLAIMER

This paper contains general information only. Symbiotics is not by means of this paper rendering professional advice or services. The content of this paper is meant for research purposes, with an aim to broaden and deepen the understanding of private asset impact funds with a focus on emerging and frontier markets. This paper refers to specific figures, outcomes and performances. Such references are made for research purposes only and are not intended as a solicitation or recommendation to buy or sell any specific investment product or services. Similarly, the information and opinions expressed in the text have been obtained from sources believed to be reliable and in good faith, reflecting the view of the authors on the state of the industry, but no representation or warranty, expressed or implied, is made as to its accuracy or completeness. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. Symbiotics shall not be held responsible for any loss whatsoever sustained by any person who relies on this paper. It is also meant for distribution only under such circumstances as may be permitted by applicable law.

TABLE OF CONTENTS

FOREWORD	4
EXECUTIVE SUMMARY	6
1 / ABOUT THE PAIF SURVEY	11
1.1 Successor of the Symbiotics MIV Survey	13
1.2 Scope, market size & methodology	14
1.3 Peer group definitions	17
1.4 Sample size	20
2 / INVESTMENT MANAGERS	21
2.1 Business model	23
2.2 Market share & concentration	25
2.3 Industry initiatives	26
3 / PRIVATE ASSET IMPACT FUNDS – FINANCIAL METRICS	27
3.1 Fund profile (key terms)	29
3.2 Size & growth	33
3.3 Balance sheet structure	36
3.4 Investment instruments	40
3.5 Impact sectors	42
3.6 Investee types	44
3.7 Geography of investments	47
3.8 Investment terms	54
3.9 Risk analysis	62
3.10 Fees & costs	67
3.11 Investor composition	69
3.12 Financial performance	72
4 / PRIVATE ASSET IMPACT FUNDS – IMPACT METRICS	77
4.1 Development finance narrative	79
4.2 SDG intent	80
4.3 ESG integration	86
4.4 BOP outreach	88
5 / PANDEMIC PERIOD UPDATE	93
FEATURED SPONSORS	102
APPENDICES	115

SPONSORSHIP CONTRIBUTIONS

This report would not have been possible without the leadership and sponsorship of the State Secretariat for Economic Affairs (SECO), supporting both Symbiotics and Canopy, a new company dedicated to impact fund services, in jointly co-sponsoring this survey and report.

About Symbiotics

Symbiotics is the leading market access platform for impact investing, dedicated to financing micro- small and medium enterprises and low- and middle-income households in emerging and frontier markets. Since 2005, Symbiotics has structured and originated some 4,000 deals for over 450 companies in almost 90 emerging and frontier markets, representing more than USD 5.5 billion. These investments have been purchased by more than 25 fund mandates and more than 50 third-party specialized fund managers, forming a growing ecosystem and marketplace for such transactions.

About the State Secretariat for Economic Affairs (SECO)

Centre of expertise for economic development

The Economic Cooperation and Development division is part of SECO's economic competence. We use this expertise specifically for international cooperation, benefiting from direct access to leading economic organizations, government offices and central banks.

We focus on advanced developing and transition countries facing specific challenges in regard to development policy. Our programs are aligned with national and international development strategies. We systematically apply quality assurance, risk monitoring and results-driven management as part of our programs. This is how we make sure that our measures actually have an impact. We obtained ISO 9001 certification in 2001.

Since 2007, we have also contributed to efforts to reduce social and economic disparities in the enlarged European Union. This contribution falls under Switzerland's European policy and is not part of development cooperation.

Reducing poverty through sustainable growth

Our mission is to help achieve sustainable economic growth that reaches all segments of the population in our partner countries, using a range of economic and trade policy measures. In doing so, we aim to reduce poverty and the impact of global risks. Growth should address economic as well as social and environmental aspects, without compromising the well-being of future generations. It enables the private sector to create more jobs and the government to deliver central public services.

To achieve our objective, we have defined four target outcomes:

- Effective institutions and services
- More and better jobs
- Trade and competitiveness
- Climate-friendly growth

These form our contribution to implementing the United Nations 2030 Agenda and its 17 goals for sustainable development. We systematically take into account the cross-cutting themes of good governance and gender equality in all areas of our work.

About Canopy

Canopy Impact Fund Solutions is a new company offering independent research, impact and investment services for the impact investing ecosystem. Today, there are about 440 specialized funds and 210 specialized managers, which all require transversal market functionalities to mainstream and enhance their offering. Canopy aims at supporting them, with transparency, comparability and connectivity, amongst themselves and with investors. The firm is a spin-off from Symbiotics market intelligence and fund benchmarking activities, its impact reporting and measurement services, as well as its deal valuation and matchmaking solutions.

Co-sponsors

We would also like to thank the following impact funds and impact fund managers who have accepted to sponsor this research publication by featuring themselves in its pages. They represent a great array and diversity of the impact fund industry and this initiative would not have been possible without their support.

- ACTIAM
- AlphaMundi Group
- Caspian Advisors
- Deetken Impact
- European Solidarity Financing Fund for Africa (FEFISOL)
- Grassroots Capital Management
- Incofin Investment Management
- INOKS Capital
- Regional MSME Investment Fund for Sub-Saharan Africa (REGMIFA)
- Small Enterprise Assistance Funds (SEAF)
- Seedstars International
- Social Investment Managers and Advisors (SIMA)
- Swiss Investment Fund for Emerging Markets (SIFEM)
- TriLinc
- Triodos Investment Management
- Vox Capital
- WaterEquity

FOREWORD

The Swiss State Secretariat for Economic Affairs (SECO) and Swiss Sustainable Finance (SSF) both have worked for many years and in a variety of joint projects with the industry to identify and promote innovative solutions that contribute to financing the Sustainable Development Goals (SDGs).

We welcome this new report that provides an important update on the universe of private impact investments targeting emerging and frontier markets. The USD 22 billion reported in this publication represent a subset of the wider impact investing market (including developed countries) and the even broader global market of sustainable investments (including manifold strategies in liquid markets). It has long been argued that additional sources of capital, beyond aid, are required to close the financing gap to reach the SDGs. Private impact investing with a focus on developing countries, the topic of this publication, represents this kind of additional development finance. In light of the Covid-19 crisis, financing needs to tackle the resulting challenges in developing countries will even grow further. Alongside government responses, impact investing strategies can support people and SMEs in need, by providing capital to support their resilience and facilitate recovery.

It is great to see that this industry has grown worldwide to 435 private asset impact funds and 210 investment managers, in the last count offered by this publication. Both the current size of this market and the growth of about 10% last year bear witness of the strong dynamics and bright future of this industry. Yet, if we compare this with annual SDG investment needs, there is a massive need and opportunity for further growth and innovation in this segment. At the same time, we are facing questions around impact management processes, impact measurement and reporting. This report offers a deep dive into the diversity and innovative approaches of impact strategies and will, over time, allow for a benchmarking of the industry.

We are proud to witness that investment managers headquartered in Switzerland account for 35% of the total asset size - an impressive share, which is one of the facets of a strong market of sustainable investments in Switzerland, as illustrated in the annual SSF market study on sustainable investments. We are determined to build on this great expertise in our country and to promote Switzerland as a logical place of business for impact investing fund managers and investors. SSF and SECO have been running a national workgroup on impact investing for many years. In close cooperation with market players and other actors of the ecosystem, we are tackling questions around impact, favorable frameworks and market intelligence, as well as research and education.

Yet, we also strive towards opening a constructive dialogue with a wide array of private and public actors around the world, with a view to building expertise and supporting the appropriate framework conditions for such finance to grow to new levels. We are, therefore, very happy to see so many new funds and managers having emerged around the world and are keen to liaise with other centers to foster cooperation and use synergies in further growing the global market of development finance.

This first global private asset impact fund report was prepared by Symbiotics as a continuation of previous work reviewing microfinance investment vehicles (MIVs) and private debt impact funds (PDIFs). We believe the standardization, transparency and comparability that it brings into the market is an essential tool in the build-up of this industry, helping to crowd in further private sector investors.

We are positive the vibrant community of development finance players will continue to innovate and create impactful investment vehicles that contribute to tangible change. We wish each of them great success and are convinced that we can jointly grow development finance to the size needed to address the urgent issues the world is facing today.

Sabine Döbeli

CEO

Swiss Sustainable Finance

Liliana de Sá Kirchknopf

Head of the Private Sector

Development Section, SECO

EXECUTIVE SUMMARY

This survey is a first of its kind. It builds on the previous impact fund surveys Symbiotics has developed, on microfinance investment vehicles (MIVs) initiated in 2007 with CGAP/World Bank, and on private debt impact funds (PDIFs) initiated in 2018 with the GIIN.

The investment universe definition of **Private Asset Impact Funds (PAIFs)** includes all investment vehicles with more than 50% of their non-cash asset allocated both to private debt and/or private equity instruments and to emerging and frontier markets, with a development impact bias.

The surveyed PAIFs are **part of the wider development finance investment space**, which regroups both public sector and private sector investments. The latter is composed of both direct investments, and indirect investment through investment vehicles operated by specialized impact fund managers. This paper addresses and analyses this latter part of the market.

- **Survey coverage:** This survey compiles data on **157 funds** affiliated to 78 managers that are located in 26 countries. The survey team identified and contacted 435 PAIFs and 210 managers. In terms of assets under management, the survey covers about two-thirds of the market of private asset impact funds.
- **Market size:** The survey aggregates **USD 22.2 billion** of fund assets. The total private asset impact fund market is estimated at USD 33 billion overall.

The survey brings the most comprehensive data set to date on this investment fund universe. It also sheds light on their primary asset classes and their primary impact sectors, and analyzes their impact management and measurement approaches, inherent to development finance investments. The report also highlights microfinance funds given their historical prominence within the PAIF landscape.

ANALYTICAL DIMENSIONS

Primary Asset Class

- Fixed income funds
- Equity funds
- Mixed funds

Primary Impact Sectors

- Climate & Energy
- Food & Agriculture
- Health & Education
- Housing, Water & Communities
- Microfinance
- SME development
- Multi-sector

Impact Measurement Approaches

- Sustainable finance principles (ESG integration)
- Impact investing principles (SDG intent)
- Inclusive finance principles (BOP outreach)

KEY HIGHLIGHTS ON IMPACT METRICS

■ **Impact investing (SDG intent) measurement:**

Most PAIFs map their social and/or environmental goals against the SDGs, not only at the fund level (37%), but also at investee (29%) and transaction levels (26%). Also, most PAIFs already have dedicated SDG reporting for their investors (60%), with SDG 1, SDG 8 and SDG 5 being the most targeted. Post-investment indicators of impact performance linked to these SDG intents are also available within this report, with more mature sectors like Microfinance or Climate & Energy offering advanced measurement protocols and quantitative outputs.

■ **Sustainable finance (ESG integration) measurement:**

The majority of PAIFs integrate ESG screening into investment decisions, offer some forms of ESG reports to their investors, and include social/environmental covenants within investment agreements.

■ **Inclusive finance (BOP outreach) measurement:**

Quantitative metrics show a bias of PAIFs' portfolio exposure to lower middle income (47%) and upper middle income (43%) countries, with the average GNI per capita of PAIF portfolios amounting to USD 6,290. PAIF investees, in most part financial institutions, employ slightly more men than women (55/45 ratio) while at the level of microfinance funds, end-borrower outreach is tilted towards rural (59%) and women borrowers (69%), through loan balances of USD 1,800 at the median observation.

KEY HIGHLIGHTS ON FINANCIAL METRICS

■ **Manager location & concentration:**

As of December 2019, the combined asset size of USD 22.2 billion was mostly managed out of Switzerland (35%), followed by the Netherlands (18%), Germany (14%) and the United States (12%). The 10 largest investment managers from the sample account for 65% of the total survey size.

■ **Fund size & growth:**

The average balance sheet size of a PAIF amounts to USD 141 million. These funds witnessed a growth of 9.5% in 2019 while they forecast a negative growth (-1.5%) for 2020 due to the current global pandemic.

■ **Microfinance:**

The surveyed pool includes 157 funds, of which 86 are microfinance funds, representing 72.5% of the asset size.

PRIVATE ASSET IMPACT FUNDS

- **Balance sheet structure:** 84% of PAIFs' assets are invested in impact-related activities, while cash stands at 10%. The 49 Leveraged PAIFs have average balance sheets of USD 139 million and an average debt-to-equity ratio of 0.87.
- **Investment instruments:** Private debt is the most used financial instrument, with USD 15.1 billion (92% senior debt; 8% subordinated debt) outstanding as of December 2019. Private equity stands at USD 3.2 billion (82% common equity; 18% preferred equity), with higher exposures outstanding per investee (USD 4.2 million) compared to private debt (USD 2.3 million).
- **Impact sectors:** Microfinance accounts for the majority of PAIFs' investment portfolios, at USD 10.8 billion outstanding at year-end (58% of the total). It is followed by the SME development (21%) and Food & Agriculture (7%) sectors. Climate & Energy investees are those who attract the largest volumes on average (USD 4.4 million), and Health & Education ones the smallest (USD 1.08 million).
- **Investee types:** Financial institutions absorb the highest volumes (USD 14.4 billion outstanding; 86% of the total), making them the prime investee type of PAIFs. They are followed by SMEs (11%), whereas non-financial corporations and project finance remain uncommon within the PAIF universe.
- **Geography of investments:** Latin America & the Caribbean captures the largest share of direct investments, at 28% of the total portfolio outstanding, followed by Eastern Europe & Central Asia (25%) and South Asia (16%). The top five countries of investments are India (13%), Ecuador (5%), Cambodia (5%), Georgia (4%) and Mexico (4%).
- **Debt investment terms:** PAIF debt investments are mostly denominated in hard currency (64% vs. 36% in local currency, of which 30% remain unhedged), with a fixed coupon interest rate (66% vs. 34% with a floating rate). Portfolio yields average 7.6%, with significant differences coming in effect when segmenting the results by investee types or currency hedging strategies.
- **Risk analysis:** The bulk of PAIFs' country exposure sits within a range of B3 to A3 on Moody's long-term sovereign risk rating scale, with the median rating being Ba2. Annual provisions and write-offs amounted to 0.8% and 0.3% of average assets in 2019.
- **Fees & costs:** Management fees, which include all administration, investor relation and distribution costs, averaged 1.5% in 2019 for all PAIFs. Operating expenses amounted to 2.3%.
- **Investor composition:** PAIFs from the sample source 52% of their funding from institutional investors, followed by 27% from private retail and qualified individuals (HNWIs) and the rest (21%) from public funders.
- **Financial performance:** Impact investing strategies brought positive financial returns for investors in 2019. Unleveraged PAIFs generated net returns above the 4% mark in USD for all three asset strategies: 4.3% for Fixed Income; 4.6% for Mixed; 6.3% for Equity PAIFs. In the same currency, Leveraged PAIFs returned 2.7% on their equity tranche and 4.3% for their noteholders.

MICROFINANCE FUNDS

- **Sample size:** The sample size of Microfinance funds adds up to USD 16.1 billion, representing 93% of the total estimated market size of USD 17.3 billion.
- **Market concentration:** Concentration levels remain high, with the 10 largest investment managers accounting for 76% of the total assets of surveyed Microfinance funds as of end of 2019.
- **Fund size & growth:** Total assets of Microfinance funds have increased seven-fold between 2006 and 2019, representing a compound annual growth rate of 16.8% (10.7% in 2019). For 2020, participants expect for the first time a reduction in total assets (-2.3%).
- **Balance sheet structure:** Cash grew by 33% in 2019 for Microfinance PAIFs, the highest growth since 2009. The debt-to-equity ratio of Leveraged Microfinance PAIFs has increased from 0.38 in 2016 to 0.77 in 2019, implying that the trend might be reversing after a strong decline (from 1.05 in 2009). D-E ratio for Leveraged Microfinance funds remain low compared to other PAIFs.
- **Investment instruments:** The average debt and equity investment exposures per investee have significantly increased since 2006, signaling both an up-market move towards larger investees and the growth of microfinance institutions (MFIs) over time. Private equity (16% of outstanding investments) is more prominent than in other sectors.
- **Geography of investments:** Microfinance PAIFs still channel more than half of their funding to Eastern Europe & Central Asia (31%) and Latin America & the Caribbean (28%). In 2019, the Middle East & North Africa (+35%) and sub-Saharan Africa (+28%) witnessed the highest growth, although starting from a lower base in terms of overall volumes.
- **Debt investment terms:** The proportion of local currency loans has been growing, especially since 2015. Today, 39% of debt exposure is in the local currency and 13% is unhedged. Yields levels have been stabilizing at around 6.5% to 7.5% over the past decade.
- **Risk analysis:** With Microfinance PAIFs growing in size and outreach over the years, we clearly see a higher diversification of their portfolio for the top five countries and top five investees. Annual provisions and write-offs were quite low in 2019, at 0.16% and 0.22% of average assets.
- **Fees & costs:** Over the past 10 years, both management fees and TER have been trending downward for Microfinance funds, with the former decreasing from 1.86% to 1.40%, and the latter from 2.24% to 2.0%.
- **Investor breakdown:** Private institutional investors have constantly been the major source of capital allocation in Microfinance funds since 2006, whereas retail and HNWIs have witnessed the strongest growth in allocated volumes, with a CAGR of 22% over the period.
- **Financial performance:** Net returns bounced back in 2018-2019 for unleveraged, Fixed Income strategies. These funds outperformed the Symbiotics Microfinance Index in all three currencies in 2019: USD (4.5% vs. 4.4%), EUR (2.8% vs. 1.6%) and CHF (1.3% vs 1.1%).

1

ABOUT THE PAIF SURVEY

This chapter describes the Private Asset Impact Fund (PAIF) survey and how it expands on previous fund research initiatives focused on microfinance and private debt impact funds. It also describes the survey scope and the methodology used, including the peer group definitions and criteria for a PAIF to qualify for inclusion in the study sample. The chapter concludes with the sample size in terms of assets under management (AUM) and number of PAIFs and how this relates to the overall PAIF market universe.

- 1.1 SUCCESSOR OF THE SYMBIOTICS MIV SURVEY
- 1.2 SCOPE, MARKET SIZE & METHODOLOGY
- 1.3 PEER GROUP DEFINITIONS
- 1.4 SAMPLE SIZE

1.1 SUCCESSOR OF THE SYMBIOTICS MIV SURVEY

Symbiotics fund research activities have historically focused on offering transparency and benchmarking solutions on microfinance investment vehicles (MIVs). This research expertise was initially built in partnership with the Consultative Group to Assist the Poor (CGAP), which initiated the first MIV benchmarking report in 2007. The MIV survey has been taking place on a yearly basis ever since, with over 90% market coverage during its 13-year span.

While the MIV sector has kept growing steadily over more than a decade, it witnessed the development of impact investing solutions beyond microfinance, through both historical MIV managers offering new and innovative products for impact investors and the emergence of new fund management companies developing expertise in niche sectors using a more diverse range of instruments and approaches to address a multiplicity of topics.

Acknowledging this evolution, the Symbiotics research team started exploring return patterns in impact sectors beyond microfinance, thanks to a research

partnership with the Global Impact Investing Network (GIIN), publishing *The Financial Performance of Impact Investing Through Private Debt* in 2018. This reference study, which saw a second edition in 2019, confirmed the market need for more transparency on the broader spectrum of private asset impact funds (PAIFs), including debt and equity funds, and not only on their financial performance, but also for on their asset structure, portfolio composition, risk metrics, investor base and impact performance.

This first edition of the PAIF Survey builds on these research efforts dating back more than a decade at Symbiotics, with a vision today to provide PAIFs, their fund managers, advisers and investors with the most comprehensive benchmarking and transparency report in the sector.

Starting in 2021, the survey will be performed by Canopy, a new company spun-off from Symbiotics, providing more independence, visibility, growth and development to such research and benchmarking activities.

1.2 SCOPE, MARKET SIZE & METHODOLOGY

Scope

As a continuation of our initial work with MIVs and private debt impact funds (PDIFs), the survey was sent out to all known investment funds with an impact bias, solely targeting emerging and frontier markets and using only private asset strategies (both private debt and equity).

Market size

The private asset impact fund (PAIF) study analyzes a subsegment of the global impact fund space, which to be comprehensive would regroup both developed and advanced economies, and both listed and private asset strategies. We deliberately focus only on emerging and frontier markets and only on private asset strategies, knowing that many other transparency and benchmarking initiatives exist on listed funds and advanced markets.

The first edition of this survey regroups 157 funds run by 78 investment managers, which altogether represent USD 22 billion of assets under management. This study has further identified, as of December 2019, a total of 210 investment managers, covering 435 private asset impact funds. In terms of volume, it estimates the participating funds to represent about two-thirds of the total space of private asset impact funds with an emerging market coverage. This would bring the target investment universe to USD 33 billion.

Based on the GIIN's Annual Impact Investor Survey 2020,¹ there is USD 715 billion of assets under management in impact investing. More than 60% (or USD 443 billion) are invested through listed asset strategies. The rest, about USD 272 billion, are invested through private asset strategies.

Of those, about 60% (or USD 159 billion) are invested in emerging and frontier markets. This is what is considered as development finance, being both a subsection of sustainable finance, in the sense of integrating ESG norms into the investment value-chain, and impact investing, in the sense of positively addressing the SDGs. What differentiates it from other sustainable finance and impact investing strategies are the private markets in which it operates and its North-South development cooperation bias, as it aims to achieve inclusive growth for low-income households and small businesses in underserved and underdeveloped markets (see section 4.1 Development Finance narrative for more information).

Development finance investments regroup: (1) the public sector actors and policy investors: multilateral banks, development finance institutions and government aid agencies, as well as (2) private sector investors: investing directly and indirectly (through specialized investment funds). The GIIN estimates the private sector development finance investments volume at USD 90 billion.

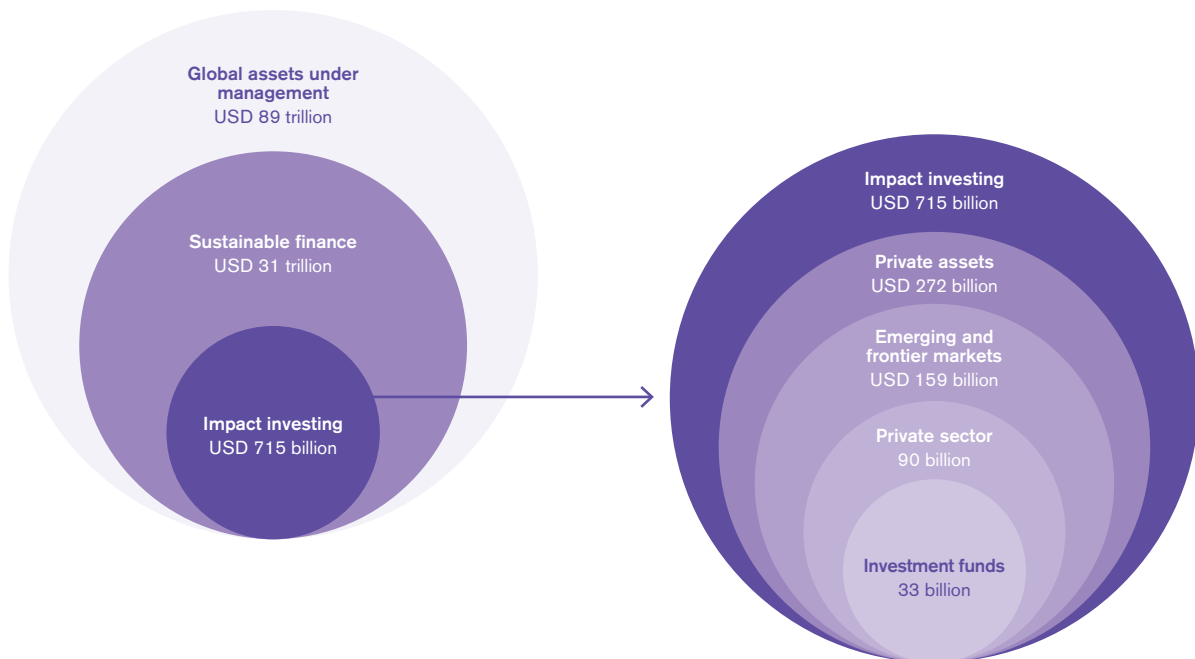
The latter portion of private sector development finance investments, which invests through specialized investment funds, is the investment universe that the PAIF report 2020 seeks to grasp in more depth and detail through this study.

¹ Global Impact Investing Network (GIIN) (2020). The Annual Impact Investor Survey 2020.

In comparison, impact investing, and its development finance investments, form only a small fraction of the global capital markets. They nevertheless enjoy very strong backwinds and attraction amongst asset management and wealth management operators. The gap and margin of progression towards becoming a significant portion of sustainable finance, let alone mainstream capital markets offers impressive growth prospects. Estimates show that

the broader sustainable finance landscape, which includes environmental, social and governance (ESG) integration strategies, stands at USD 31 trillion, according to the last biennial report from the Global Sustainable Investment Alliance². ESG strategies have taken up an important share of the overall global asset and wealth management industry in recent years, currently at about 30% of its USD 89 trillion total at the end of 2019.³

Figure 1 – Investment universe



2 Global Sustainable Investment Alliance (2019). The Global Sustainable Investment Review 2018.
 3 Boston Consulting Group (2020). Global Asset Management 2020: Protect, Adapt, and Innovate

Methodology

We have aggregated all data presented in this study by collecting it directly from individual fund information reported by survey participants themselves (the PAIFs), usually through their fund managers or investment managers. For comparability purposes, we have converted all indicators from PAIF accounting currencies to US dollars (USD) using end of 2019 exchange rates. Historical datapoints on Microfinance funds also use end of 2019 exchange rates applied to all previous years up to 2006 to remove the effects of currency movements against the USD for the calculation of growth indicators.

In terms of survey inclusion criteria, all PAIFs composing the sample need to:

- 1 Be a stand-alone investment vehicle (asset owners, funds of funds, holding companies and networks do not qualify);
- 2 Have an impact bias inscribed at the core of their strategy, defined as having a clear intention to generate social and/or environmental impact alongside a financial return, and measuring it;
- 3 Invest more than 85% of their portfolio in private assets (debt or equity);
- 4 Invest more than 85% of their portfolio in emerging and frontier markets.

Table 1 – Inclusion criteria

CRITERIA	INCLUDED	EXCLUDED
Impact intentionality	Intention/mission to generate social, and/or environmental impact alongside a financial return.	No clear intention/mission to generate social or environmental impact alongside a financial return
Asset type	Private assets	Listed assets
Prime geographical focus	Emerging and/or frontier markets	Developed markets
Vehicle type	Investment funds, investment companies, structured finance vehicles, as well as dedicated non-governmental organizations (NGOs), cooperatives or foundations	Asset owners, government agencies, development finance institution (DFIs), funds of funds, holdings/networks

1.3 PEER GROUP DEFINITIONS

In this study, we have classified PAIFs in distinct peer groups according to their asset strategy and primary impact sector of focus.

Peer group classification according to *asset strategy*:

- **Fixed Income PAIFs:** Investment vehicles of which the core activity, defined as more than 85% of their total non-cash assets, is to invest in debt instruments.
- **Equity PAIFs:** Investment vehicles of which the core activity, defined as more than 65% of their total non-cash assets, is to invest in equity instruments.
- **Mixed PAIFs:** Investment vehicles that invest in both debt and equity, with more than 15% and less than 65% of their total non-cash assets invested in equity investments.

We made this peer group classification in accordance with the CGAP MIV Disclosure Guidelines;⁴ it could result in a different classification compared to the vehicle's mission statement.

Peer group classification according to *primary impact sector of focus*:

- We define the primary impact sector of the survey participant at the 50% mark in terms of its impact portfolio. For instance, if a PAIF has 65% of investments in Climate & Energy, while it spreads the rest of its impact portfolio across other sectors, we categorize the PAIF under the peer group "Climate & Energy".
- We classify a PAIF as "Multi-sector" only in cases where not a single sector accounts for 50% or more of its impact portfolio.

We have derived the breakdown by impact sectors from the GIIN's recognized definitions and adjusted them based on PAIF business models and the overall study sample size.

⁴ Consultative Group to Assist the Poor (CGAP) (2010). Microfinance Investment Vehicles Disclosure Guidelines.

Table 2 – Impact sector classification

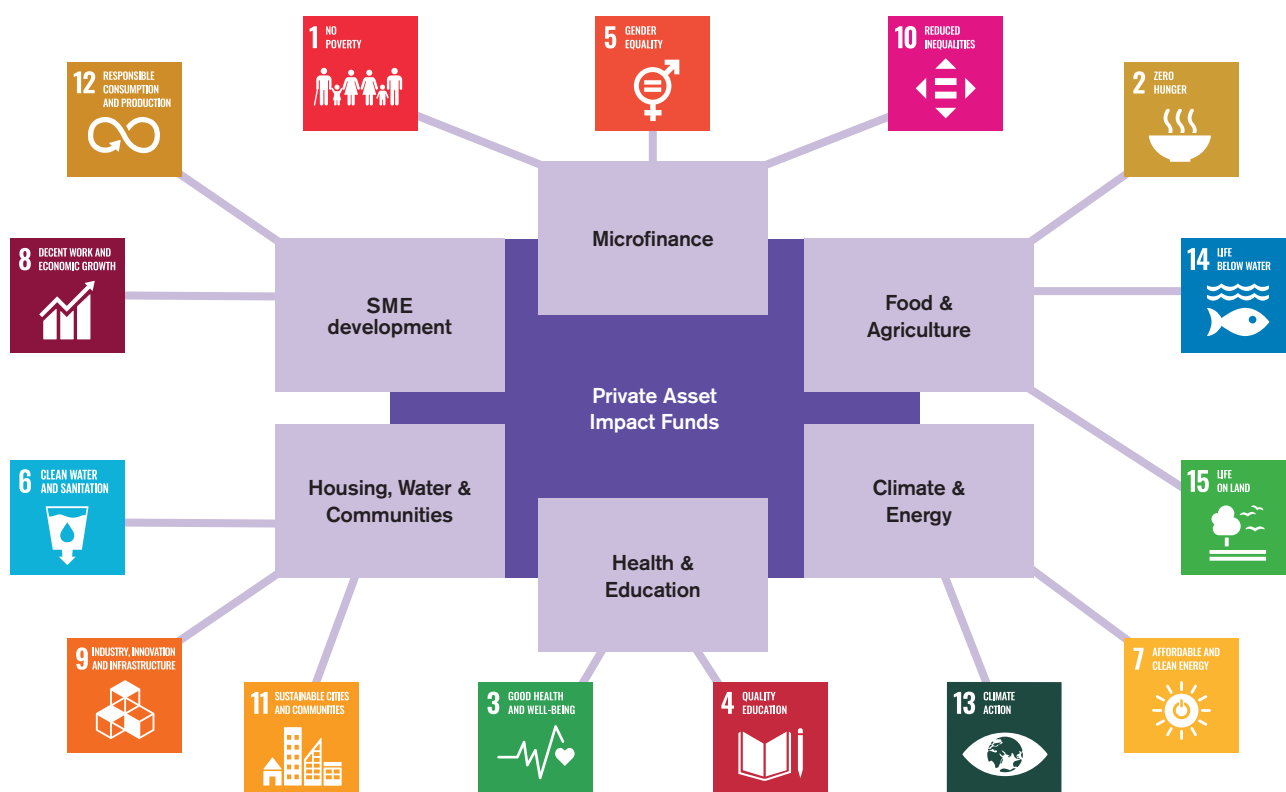
GIIN CATEGORIES	PAIF IMPACT SECTORS
Arts & Culture	Climate & Energy
Education	Food & Agriculture
Energy	Health & Education
Financial services (excl. microfinance)	Housing, Water & Communities
Food & agriculture	Microfinance
Forestry & timber	SME development
Healthcare	Multi-sector
Housing	
Information & communication technologies (ICT)	
Infrastructure	
Manufacturing	
Microfinance	
Water, sanitation & hygiene (WASH)	

Mapping SDGs to impact sector classification

- **Climate & Energy:** Energy financing with a sustainable bias includes strategies to reduce energy use and save energy in a more efficient manner and/or use renewable energy and clean technologies for alternative production and consumption schemes, or a combination of both. This category can extend to forestry, land use and conservation, as well as insurance schemes to, for instance, address climate preservation. Overall, the multiplicity of models and businesses in this segment best address SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).
- **Food & Agriculture:** Agricultural value chain financing, whether production, trade, distribution or other models, focuses on businesses that increasingly adopt a sustainable approach to the extraction and harvesting of natural products from the planet, whether crops, cattle, fisheries or other plants and animals. With a sustainability intentionality attached to it, the businesses engaged in these sectors address SDG 2 (Zero Hunger), SDG 14 (Life below Water) and SDG 15 (Life on Land).
- **Health & Education:** Providing student and school loans or financing innovative digital learning solutions or, more generally, knowledge transfer and management contribute to SDG 4 (Quality Education). Financing hospitals and clinics, healthcare plans, services and insurance, and the production and distribution of health products contribute to SDG 3 (Good Health and Well-being).
- **Housing, Water & Communities:** This category groups housing, infrastructure and utilities investments, and the industries that develop, support and construct them, with a bias towards sustainable innovation to, for instance, provide green buildings, transportation, water or waste collection and treatment systems that are accessible and affordable for the base of the pyramid. They can be linked with SDG 6 (Clean Water and Sanitation), SDG 9 (Industry, Innovation and Infrastructure) and SDG 11 (Sustainable Cities and Communities).

- Microfinance:** This category refers to the provision of and access to financial services at the base of the pyramid in underserved economies. It primarily addresses a household finance need, either in terms of financial security (credit lines, savings, insurance, payments) or in terms of household consumption (loans and targeted savings programs). It also contributes to financing small household income streams (working capital loans for small entrepreneurial or employment activities). Microfinance models tend to focus on the poorest categories of clients, are positively biased towards women, and intend, by design, to reduce gaps in income, consumption and access to finance. They are typically linked to SDG 1 (No Poverty), SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities).
- Small and medium enterprise (SME) development:** Refers to the financing of small and medium enterprises, broadly defined as employing respectively 5 to 50 and 50 to 250 employees.⁵ SME development is principally about employment and entrepreneurship as vehicles for growth and economic development. SMEs typically represent the vast majority of formalized companies in a given country, as well as both the largest share of employment and the largest contributions to its GDP. They are thus the most valuable means to addresses normative, behavioral and practical changes when it comes to responsibly producing and consuming the goods and services put forth to the public. The funds in this sector are typically linked to SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production).

Figure 2 – Primary SDGs by impact sector



⁵ The European Union defines a small enterprise as less than 50 employees, EUR 10 million in turnover or assets, and a medium enterprise as less than 250 employees, EUR 50 million in turnover or assets. Financing of SMEs might vary widely in size, for instance from EUR 10,000 to EUR 10 million. These metrics might differ significantly in emerging or frontier markets.

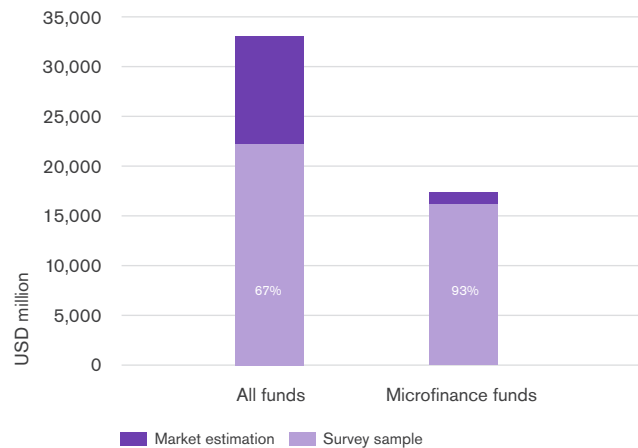
1.4 SAMPLE SIZE

For this first PAIF survey edition, past participants from the MIV Survey have continued to submit their data, thus ensuring continuity in the flow of Microfinance sector analysis. We have also seen numerous new participants active in sectors outside of microfinance, offering a diversity of profiles and investment strategies composing the overall survey sample.

The combined size of all these participants amounts to USD 22.2 billion in assets under management (AUM) as of December 2019. Compared with the sizing estimation derived on section 1.2 Scope, market size & methodology, this represents a coverage ratio of about two-thirds.

When taking only Microfinance funds into consideration – PAIFs with a primary impact sector classified as “microfinance” – their coverage ratio rises to 93% of the entire universe, estimated at USD 17.3 billion and a study sample size of USD 16.1 billion. The high coverage of the Microfinance market aligns with past MIV Survey numbers.

Figure 3
Sample size and representativeness



2

INVESTMENT MANAGERS

This chapter delves into the investment manager landscape by first providing an overview of their business model, roles and position within the impact investing value chain. It then quantifies their market share within the study sample, first in terms of their headquarters and then at a company level. Finally, the chapter describes industry initiatives of which they are signatories and/or members.

2.1 BUSINESS MODEL

2.2 MARKET SHARE & CONCENTRATION

2.3 INDUSTRY INITIATIVES

2.1 BUSINESS MODEL

PAIFs are stand-alone investment vehicles with a dedicated balance sheet; in most cases they are set up as a registered investment fund in a given jurisdiction, pooling money from multiple investors and investing it on their behalf in a diversified set of private assets, either debt or equity, or a mix of both. Their specific legal status, and the needs, rights and obligations that go with them, vary from one jurisdiction to another. The way they are managed, and their governance setup, also vary from one another.

A breakdown of their key functions will include: (1) fund management (holding the regulatory license for running the fund, overseeing other functions, and usually managing the risk and compliance requirements), (2) fund administration (running the administrative, accounting, legal, tax and audit functions), (3) fund distribution (selling the fund to investors and managing those relations), (4) investment management (portfolio construction and monitoring, either as a delegated discretionary portfolio manager, or as an adviser to the fund manager), and (5) other sub-advisory functions (market research and access, sourcing and origination, investee due diligence, credit risk analysis, impact assessments, deal structuring, deal valuations, brokerage, etc.).

Historically, most roles were merged into the same company, the fund manager vertically integrating all investment value chain functions. But over the years, and especially more recently, as well as in more mature market segments, companies are gradually spreading these functions across specialized firms and actors. The governance and management of PAIFs will thus vary greatly based on the segmentation of the roles and functions along the investment value chain. Whatever the setup, PAIFs sit at the center of the value chain, pooling investor money and injecting it with an impact bias at the base of the pyramid (BOP) in underserved emerging and frontier economies.

The base of the pyramid can be defined as low- and middle-income households and/or micro- small and medium sized businesses in low- and middle-income economies. The investees catering for the base of the pyramid can be categorized as either: (1) financial institutions, (2) small and medium enterprises (SMEs), (3) corporations, or (4) projects and project finance transactions.

Figure 4 – Investment value chain

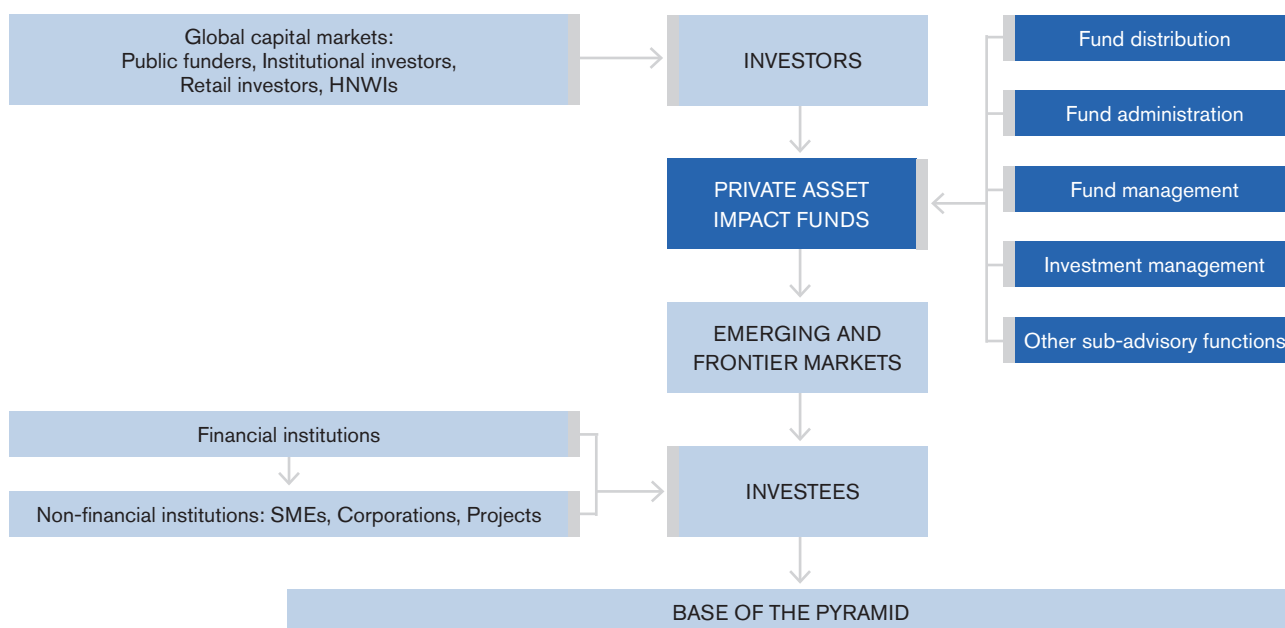


Table 3 – Defining the investment universe and value chain

DEFINING THE INVESTMENT UNIVERSE AND VALUE CHAIN	
Public funders	Including multilateral banks, development financial institutions and other government and policy investors.
Institutional investors	Pension funds, financial institutions (such as insurance companies, banks and asset management companies), treasury departments of companies, funds of funds, NGOs and foundations.
Private investors	Typically defined in the private banking world as high-net-worth individuals (HNWIs), having investable assets in excess of a certain amount of money (e.g. USD 1 million).
Retail investors	Private investors with smaller amounts of available cash to invest than HNWIs. Funds targeting retail investors typically need to register for a public distribution license with their regulators.
Private asset impact funds (PAIFs)	Investment funds with more than 50% of non-cash assets allocated to impact investments through private instruments (debt and/or equity), targeting in majority emerging and frontier markets.
Emerging and frontier markets	Upper-middle-, lower-middle- and low-income countries, as defined by the World Bank.
Financial institutions	Any type of financial institutions (banks, non-bank financial institutions, credit cooperatives, savings houses, leasing schemes, insurance plans, etc.) addressing the BOP.
Small and medium enterprises (SMEs)	Businesses which employ between 5 and 50 employees (small), and between 50 and 250 employees (medium).
Corporations	Any larger company, outside of the SME sector in relation to both number of employees and asset size, which for the purpose and context of PAIFs may typically have financing needs in excess of USD 10 million.
Projects	A project finance transaction, usually for larger infrastructure or industrial financing, outside of the balance sheet of their sponsors, in the sense of relying solely on the project's cash flows for repayment, with the project's assets held as collateral.
Base of the pyramid (BOP)	Low- and middle-income households and/or micro, small and medium-sized enterprises (MSMEs) in underserved economies.
Low- and middle-income households	Households with net disposable income that is average or below average, ranging from extremely poor to moderately poor and vulnerable non-poor levels, as defined by the World Bank.

2.2 MARKET SHARE & CONCENTRATION

Our study sample includes 78 investment managers, a number that encompasses both fund managers covering the full PAIF value chain, as well as other more specialized entities offering only investment management services or a wider array of services. Together, they are located in 26 countries.

Their headquarters are mostly located in Switzerland (35% AUM, 35 PAIFs), the Netherlands (18% AUM, 16 PAIFs), Germany (14%, 9 PAIFs) and the United States (9% AUM, 23 PAIFs). Western European companies collectively manage 85% of AUM through 101 PAIFs, ahead of North American ones, with a market share of 9% in terms of AUM (28 PAIFs).

In terms of market concentration, the top 10 investment managers account for 65% of the total sample size, signaling a relatively concentrated market on its upper segment.

Concentration levels in the Microfinance segment are even higher, with the top 10 players accounting for 76% of assets as of end of 2019.

Figure 5
Top 10 fund investment management countries

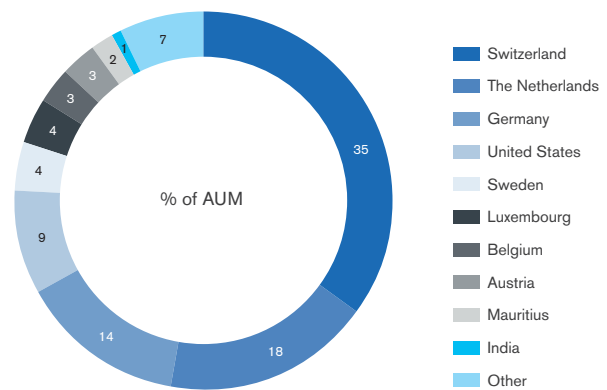
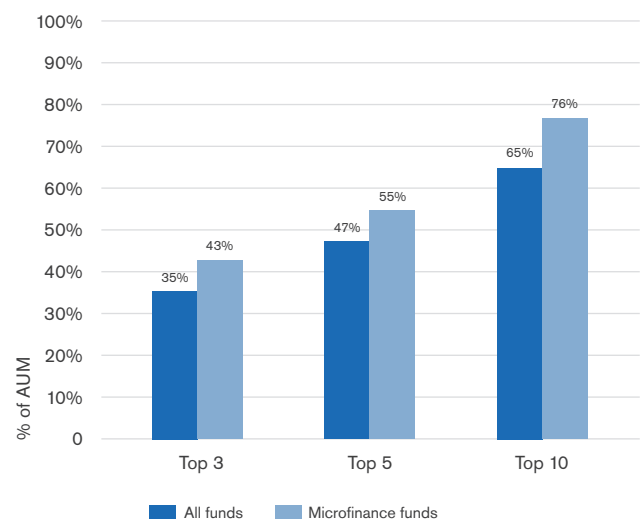


Figure 6
Top 10 fund investment managers



2.3 INDUSTRY INITIATIVES

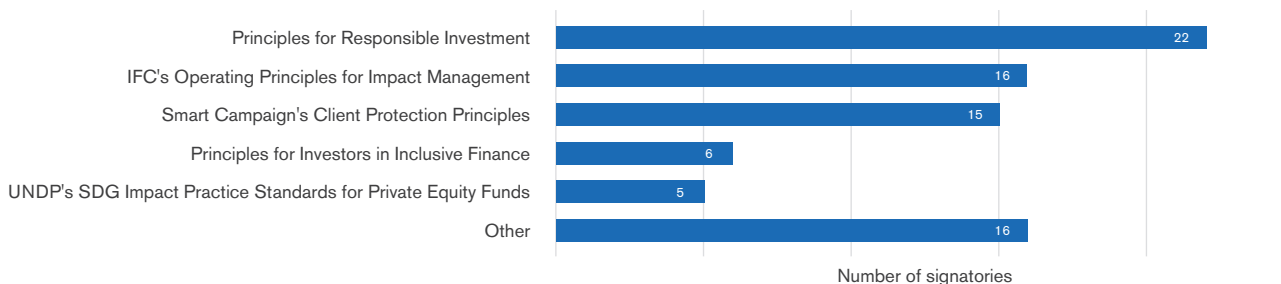
Principles/guidelines/standards

As the industry has grown and evolved from financial inclusion to impact investing, a multiplicity of principles, reporting guidelines and standards are bringing more transparency and common reporting frameworks to the sector.

According to our sample, participants adopted foremost the Principles for Responsible Investment (PRI; 22 companies), the International Finance Corporation's (IFC) Operating Principles for Impact Management

(16 companies) and the Smart Campaign's Client Protection Principles (CPP;⁶ 15 companies). Other responses from survey participants notably included the Principles for Investors in Inclusive Finance (PIIF), the United Nations Development Programme's SDG Impact Practice Standards for Private Equity Funds and the United Nations Environment Programme Finance Initiative's Principles for Positive Impact Finance.

Figure 7 – Principles, guidelines and standards

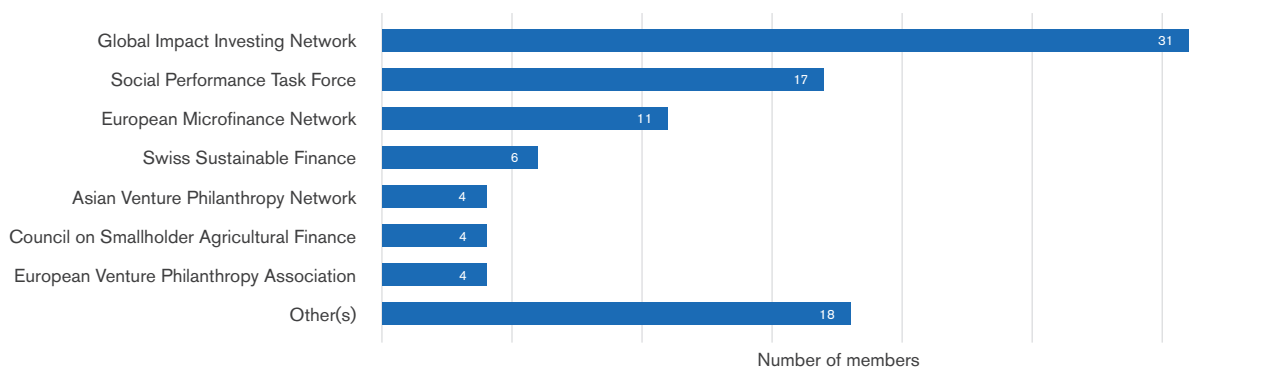


Organization memberships

Several organizations and networks now facilitate promotion, discussion and knowledge sharing between fund managers, institutional investors, NGOs and associations, as well as DFIs and other public entities.

The GIIN, the Social Performance Task Force (SPTF) and the European Microfinance Network (EMN) appear to be the organizations with the highest membership and participation rate among survey respondents, with 31, 17 and 11 companies reporting membership, respectively.

Figure 8 – Organization memberships



⁶ In July 2020, the Center for Financial Inclusion, which had housed the Smart Campaign since its inception, announced it would transfer the management of the Smart Campaign Client Protection Standards to the Social Performance Task Force and CERISE, and that the Smart Certification Program would wind down in April 2021. Read the full press release.

3

PRIVATE ASSET IMPACT FUNDS – FINANCIAL METRICS

This chapter presents aggregated metrics of our PAIF sample. For most indicators, we have disaggregated the information by main peer groups, including primary impact sector, and asset strategy. Where relevant, we have applied additional filters to contextualize the findings. In addition, we present past MIV Survey results along with 2019 datapoints complementing the 13-year data track record for Microfinance PAIFs.

The chapter starts by profiling the PAIFs within the overall sample, before delving into more operational results on the market size and growth, as well as more specifically on PAIF balance sheets, investment instruments, investees, sectors, geography, investment terms, risks, investors and financial performance.

- 3.1 FUND PROFILE (KEY TERMS)
- 3.2 SIZE & GROWTH
- 3.3 BALANCE SHEET STRUCTURE
- 3.4 INVESTMENT INSTRUMENTS
- 3.5 IMPACT SECTORS
- 3.6 INVESTEE TYPES
- 3.7 GEOGRAPHY OF INVESTMENTS
- 3.8 INVESTMENT TERMS
- 3.9 RISK ANALYSIS
- 3.10 FEES & COSTS
- 3.11 INVESTOR COMPOSITION
- 3.12 FINANCIAL PERFORMANCE

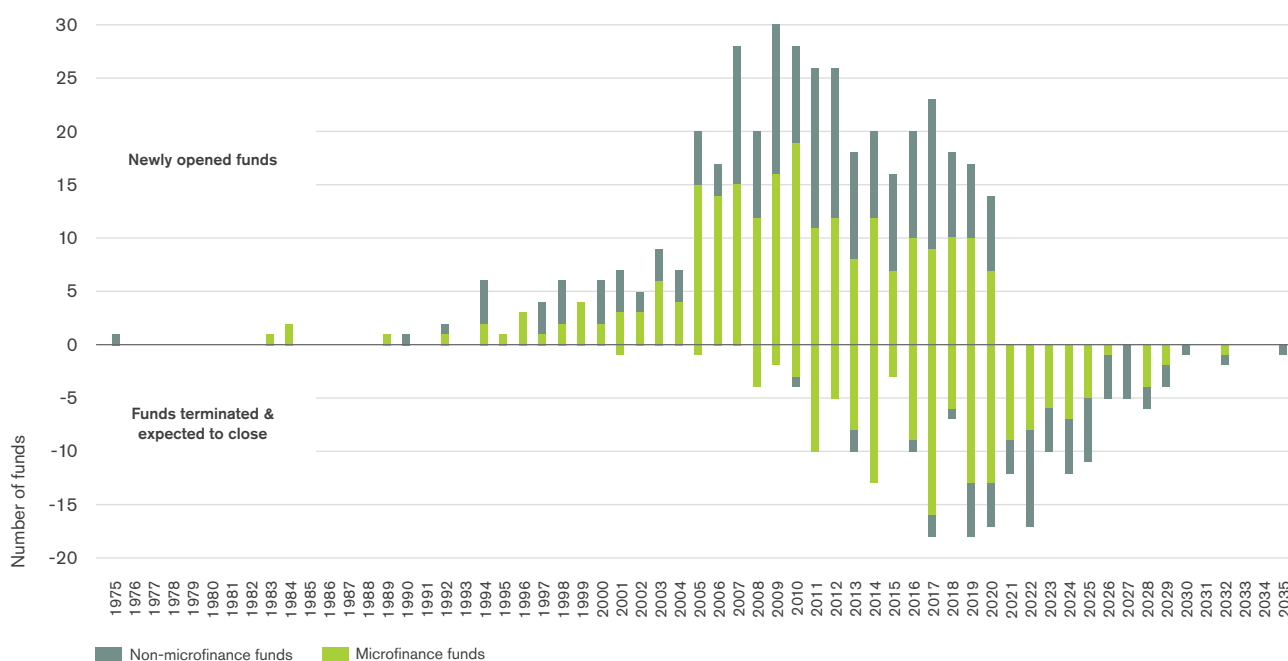
3.1 FUND PROFILE (KEY TERMS)

Inception & closing

Starting in the late 1990s, development finance emerged as a topic for private sector investments, notably through the launch of pioneering Microfinance funds. This space has evolved, initially through private debt funds and

eventually through private equity funds. It has also diversified beyond microfinance, particularly in the last decade, as shown below. In 2019 specifically, 17 new funds were launched, with 10 of them being focused on microfinance.

Figure 9 – Inception and closing dates



Open-ended PAIFs, which do not have set end dates, account for 78% of AUM. Closed-ended funds account for the rest, with defined termination dates; their median term is currently set for 2023. Whereas open-ended funds are predominantly Fixed Income funds, closed-ended

ones include both debt and equity strategies. Looking specifically at Equity funds that are still in activity, their median vintage year was 2014, with a median investment period of five years, ending in 2019.

Table 4 – Sample matrix - Primary asset class and vehicle term

	Nb. of funds	Fixed income	Equity	Mixed
Open-ended	85	65	4	16
Closed-ended	72	31	30	11
Total	157	96	34	27

Incorporation

In the same way as for mainstream investment funds, certain jurisdictions provide better conditions for registering a PAIF. Various characteristics, including the different legal structures available, the taxation regime, the licensing requirements, and the rules applicable to foreign investors, have led to their selection.

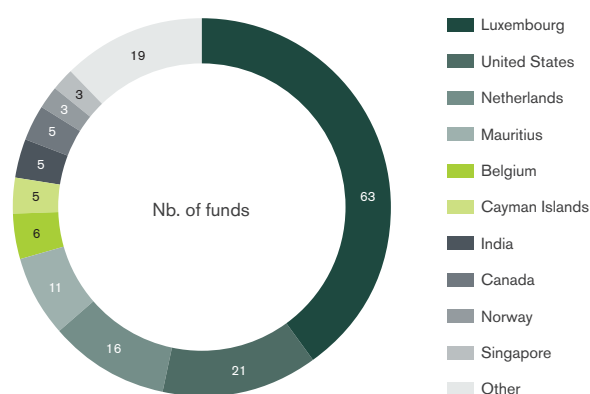
In Europe, Luxembourg has historically been and remains the top place to incorporate a fund, followed by the Netherlands and Belgium. In North America, the United States is the preferred jurisdiction. Funds registered in Mauritius have a regional bias on African and Asian markets. Funds incorporated in Luxembourg, the Netherlands and the United States collectively represent 64% of the sample in number of funds, with an even higher market share in AUM terms (82%).

Primary asset class

The majority of PAIFs from the sample are Fixed Income funds, 96 out of 157 PAIFs. This has remained constant since these surveys started; Equity and Mixed funds have nevertheless grown over the years, currently at respectively 22% in headcount for the former and 17% for the latter.

For more information on the breakdown of invested volume by asset class, see section 3.4 Investment instruments.

Figure 10 – Domicile



Primary impact sector

With respect to the primary impact sectors, 55% of impact funds focus on Microfinance, followed by SME development (10%), Climate & Energy (8%), and Food & Agriculture (6%). Multi-sector funds are also quite important (17%), while the Housing, Water & Communities (2%) and Health & Education (3%) sectors are still nascent.

For more information on the breakdown of invested volume by impact sector, see section 3.5 Impact sectors.

Table 5 – Sample matrix - Primary impact sector and asset class

	Nb. of funds	Fixed income	Equity	Mixed
Climate & Energy	12	5	3	4
Food & Agriculture	10	7	2	1
Health & Education	4	3	0	1
Housing, Water & Communities	3	3	0	0
Microfinance	86	57	13	16
SME development	16	10	3	3
Multi-sector	26	11	13	2
Total	157	96	34	27

Fund type

The sample is largely composed of investment funds, but 10% take the form of NGOs, cooperatives or foundations (15 out of 157). These non-profit legal statutes generally have a below-market rate of return philosophy.

Table 6 – Fund type

2019	Nb. of funds
Cooperative	6
Foundation	7
Investment company	5
Investment fund	134
NGO	2
Structured finance instrument	3
Total	157

Blended finance

Blended finance is the use of catalytic capital from public sector and philanthropic sources to increase private sector investment in sustainable development. Blended finance investments, and the structures that channel them, are gaining increasing traction, according to Convergence, a blended finance platform based in Canada. Their latest figures show that blended finance has mobilized USD 140 billion of investments to-date and that more than 40% of such transactions are structured through funds (the rest being through bonds, companies, projects, etc.).⁷

16% of the funds sampled in the PAIF survey mentioned receiving some form of public support. The most common types of blended finance used are the financing of technical assistance facilities and concessional (including first-loss) capital.

Among the 18 different public sponsors mentioned, the most frequent ones were the German Development Bank (KfW; 10 funds), the Dutch Development Bank (FMO) (6 funds) and IFC (5 funds).

Figure 11 – Types of public support

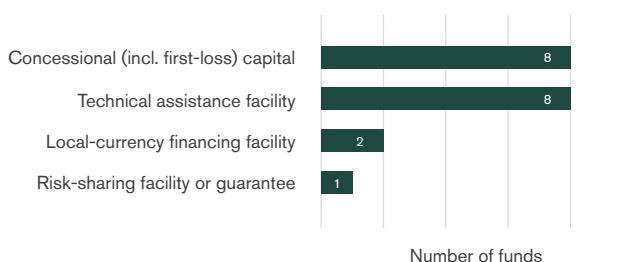
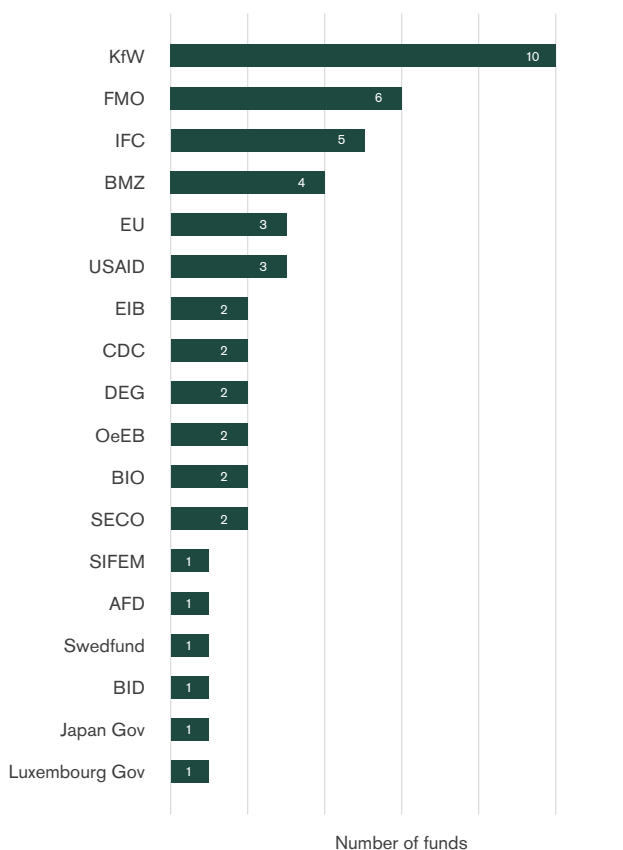


Figure 12 – Public sponsors



⁷ Convergence (2020). "Blended Finance: Market Size". Retrieved from <https://www.convergence.finance/blended-finance#market-size>.

3.2 SIZE & GROWTH

Inception & closing

A private asset impact fund's average size amounts to USD 141 million.

Fixed Income funds (USD 172 million) are typically larger than Mixed funds (USD 138 million) and Equity funds (USD 58 million). Fixed Income funds logically, given their size, but also their reach for diversification in managing their risk, have a broader outreach in number of regions, countries, sectors and investees.

The average size also varies considerably when looking at the different primary impact sectors. Specifically, Microfinance (USD 186 million) and Multi-sector (USD 116 million) funds are on average significantly larger than their counterparts. On the other end, Health & Education (USD 24 million) and Housing, Water & Communities (USD 50 million) funds are by far the smallest ones.

Focusing on Microfinance funds, we see that the average fund size has increased considerably since 2006, when it stood at USD 40 million.

Figure 13 – Average size

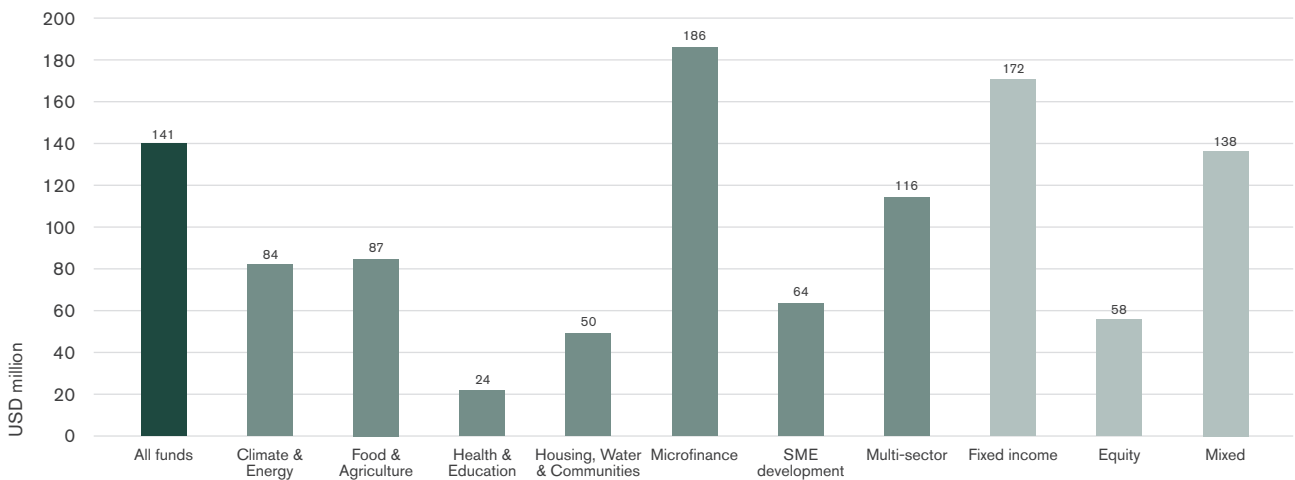
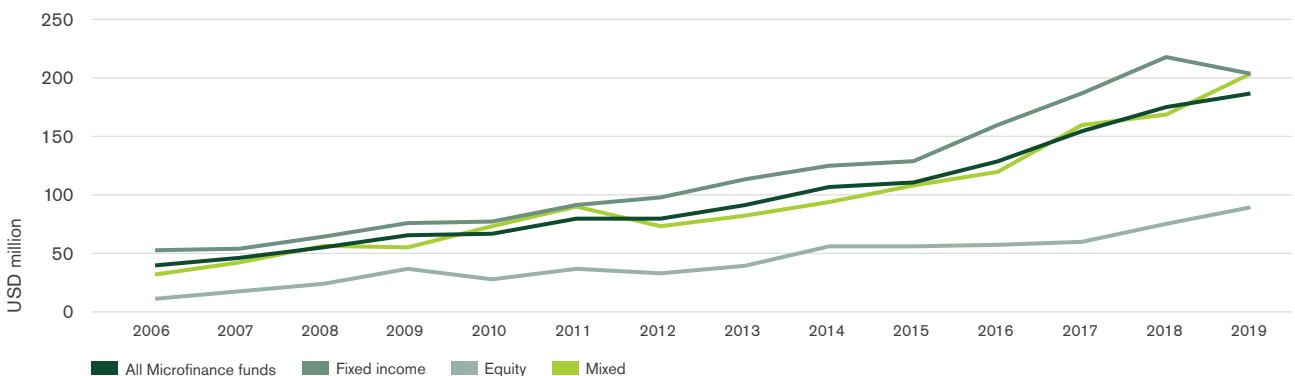


Figure 14 – Historical average size of Microfinance funds



Market growth

The total assets of PAIFs increased by 9.5% on average in 2019, calculated on a constant sample of 134 PAIFs.

Participants expect a 1.5% reduction in total assets in 2020 as a result of the economic impact of the COVID-19 pandemic (see last section "Pandemic Period Update").

The year 2019 saw an important increase in the assets of Mixed (+14.8%) and Fixed Income funds (+9.2%), particularly compared to Equity funds (+2.1%). For 2020, the latter are also those that expect the largest decrease (-8.1%), followed by Mixed funds (-4.8%), whereas Fixed Income funds expect a null growth (+0.2%).

At a sectoral level, Climate & Energy funds are those that grew the most in 2019 (+20.1%), followed by Microfinance (+10.7%) and Multi-sector (+7.1%) funds. SME development (-1.3%) and Housing, Water & Communities funds (-0.2%) witnessed slight decreases in 2019. Regarding assets as of end 2020, Climate & Energy (-6.6%) and SME development (-5.2%) funds forecast the largest reductions, whereas Health & Education (+35.6%) (starting from a lower base in terms of size) and Food & Agriculture (+7.4%) are more optimistic.

Figure 15 – Growth by primary asset class

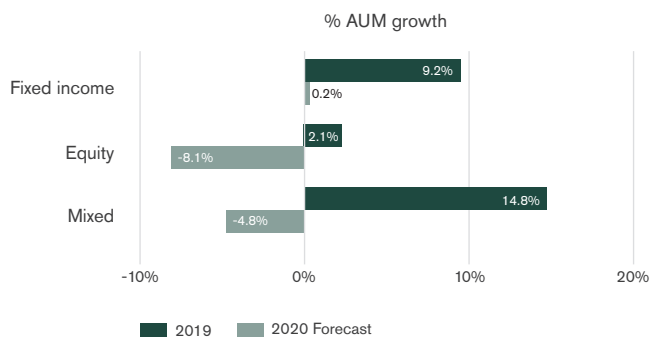


Figure 16 – Growth by primary impact sector

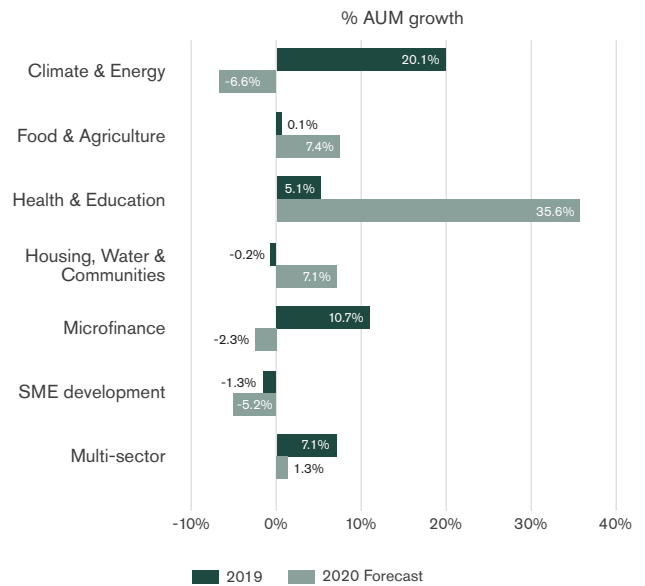
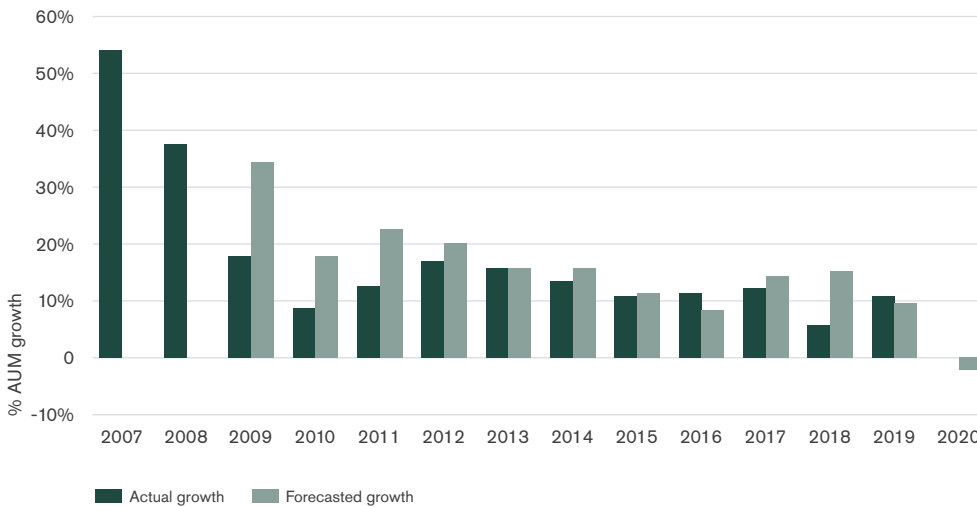


Figure 17
Historical growth of Microfinance funds



Since 2006, the size of Microfinance funds has increased seven-fold, representing a compound annual growth rate of 16.8%, a number partly driven by rapid growth in the early years when the industry was still nascent. Microfinance funds have indicated their lowest growth prospects for 2020, translating their negative

market sentiment linked to the ongoing COVID-19 pandemic. As of this writing, Luxembourg-based Microfinance funds have registered total asset growth of -6% in the period December 2019 - September 2020 according to the Symbiotics Luxembourg MIV List.⁸

⁸ The Luxembourg List provides a monthly assessment of the asset size and microfinance portfolio of Microfinance funds incorporated in Luxembourg. The list is available at <https://syminvest.com>.

3.3 BALANCE SHEET STRUCTURE

Asset composition

On average, PAIFs invested 84% of total assets in impact-related activities. Cash stands at 10%, whereas non-impact portfolios (which include sovereign bonds, for instance) and other assets (such as accrued interests and receivables) remain low (1% and 5% respectively).

Cash levels are higher for Fixed Income (10%) and Mixed funds (12%), as explained by their higher liquidity management needs, either for portfolio replenishing or investor redemptions.

On the contrary, Equity funds that are closed-ended by nature and use capital calls and distribution policies to manage their liquidity tend to exhibit less cash (1%). For these Equity funds, the average size of their committed capital amounts to USD 93 million, about two-thirds (63%) of which are called (paid-in). However, higher levels of uncalled commitments are available for PAIFs in the Food & Agriculture as well as Climate & Energy sectors, at 78% and 65% of total committed capital respectively.

Figure 18 – Asset composition by primary asset class

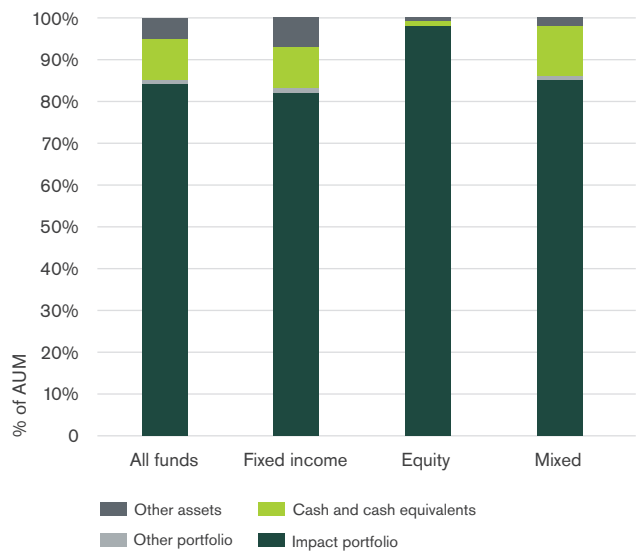
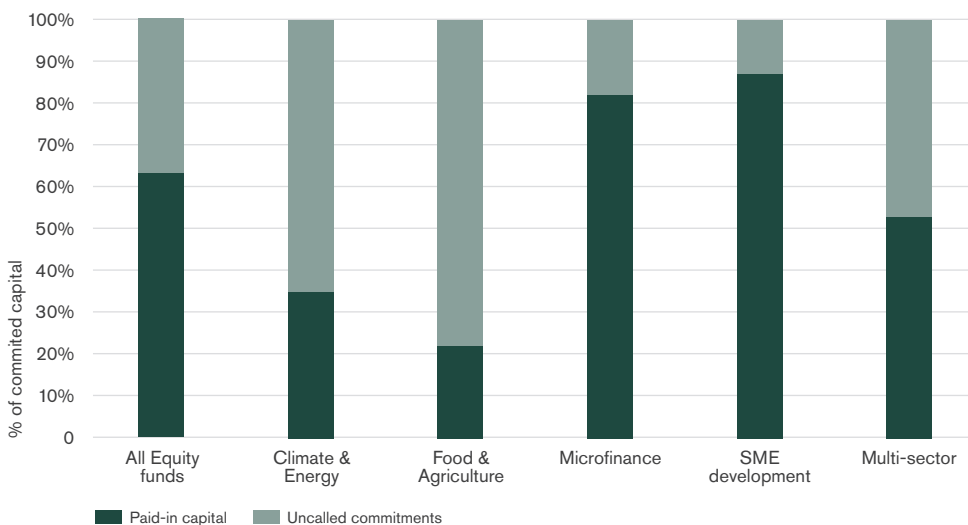


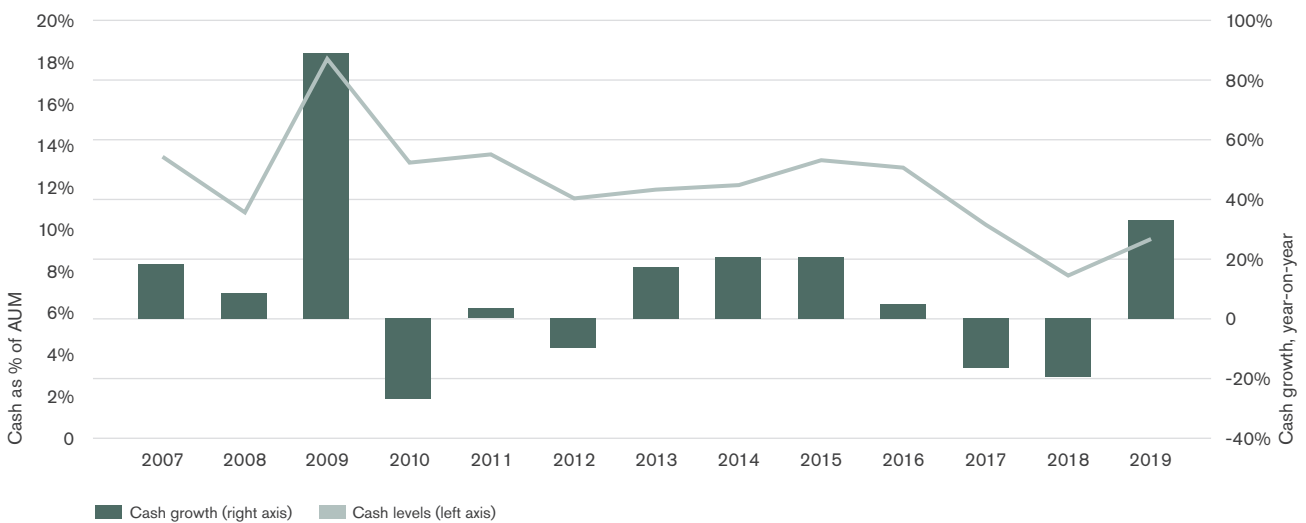
Figure 19 – Paid-in capital and uncalled commitments by primary impact sector



The asset composition appears to be quite similar across the different impact sectors. However, we have observed larger cash levels in the Health & Education sector (27%). On the other end, funds in the Climate & Energy and SME development sectors have the highest portion of assets invested in impact (91% and 87% respectively).

Over a ten-year period, Microfinance funds have seen their cash levels drop from 18% in 2009 (which was a high growth year, resulting in +89% cash levels compared to 2008) down to 9% at the end of 2019. Overall, this signals a better market outreach and absorption capacity for Microfinance funds over the years. Nonetheless, cash grew by 33% in 2019 for Microfinance funds, the highest growth since 2009.

Figure 20 – Historical cash levels of Microfinance funds



Equity & liabilities composition

Of the 153 funds in the sample that have reported on their equity and liabilities composition, 49 funds finance part of their capital structure through debt funding from investors, in addition to raising equity. We categorize such funds as Leveraged PAIFs in this study.

These Leveraged PAIFs have average balance sheets of USD 139 million, with notes and other debt securities issued representing 34%. Their average debt-to-equity ratio amounts to 0.87.

Leveraged PAIFs are found in all sectors, but proportionally more so in Climate & Energy when compared to Unleveraged funds. In addition, the Leveraged funds in the sample are almost exclusively Fixed Income (32) and Mixed (15) funds, with only 2 Equity funds using some debt mechanisms to finance their overall capital.

Table 7 – Leveraging strategy

Peer groups (nb. of funds)	Leveraged	Unleveraged	Total
All funds	49	104	153
% AuM	31%	69%	100%
Climate & Energy	7	5	12
Food & Agriculture	3	7	10
Health & Education	1	3	4
Housing, Water & Communities	2	1	3
Microfinance	26	60	86
SME development	6	6	12
Multi-sector	4	22	26
Fixed income	32	60	92
Equity	2	32	34
Mixed	15	12	27

Interestingly, Leveraged funds in the Microfinance and the SME development segments appear to have a lower debt-to-equity ratio than the average of other sectors. Climate & Energy funds are the most leveraged, with debt funding representing three times their equity base. Larger PAIFs in this sector have a blended finance structure, with DFI support offering high levels of protection for private investors, in multiple tranches of subordination.

The historical debt-to-equity ratio of Microfinance funds decreased from 1.05 in 2009 to 0.38 in 2016. It has since then continuously increased, up to 0.77 in 2019. This implies that Leveraged Microfinance funds still finance most of their capital structure through equity although the trend is reversing.

Figure 21 – D/E ratio of Leveraged funds by primary impact sector

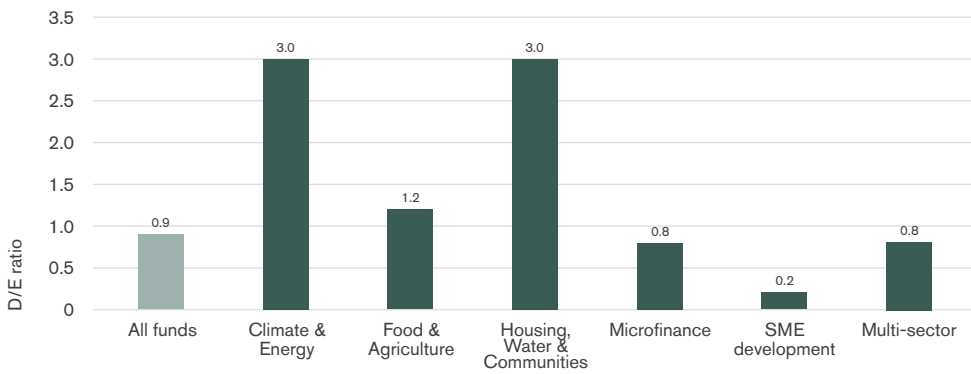
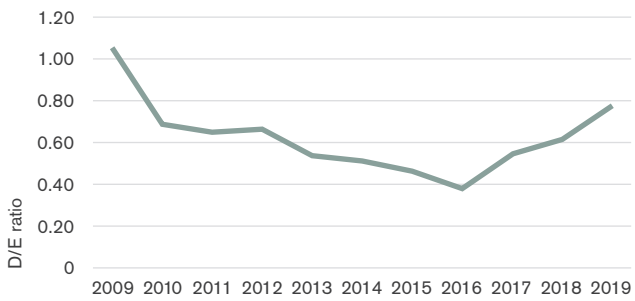


Figure 22
Historical D/E ratio of Leveraged Microfinance funds



3.4 INVESTMENT INSTRUMENTS

At an impact portfolio level, private debt is the most used financial instrument, with USD 15.1 billion, representing 81% of the impact portfolio outstanding. It is principally composed of senior debt investments, although subordinated debt investments have recently gained importance, now representing 8% of private debt volumes outstanding at end of 2019.

With regards to private equity, which stands at USD 3.2 billion – accounting for 17% of volumes outstanding – it is mostly common equity (82%) rather than preferred equity (18%).

PAIFs naturally only invested some minor volumes in listed debt and listed equity (together 1%) on average, their focus being on private market transactions.

Figure 23 – Outstanding volume by investment instrument

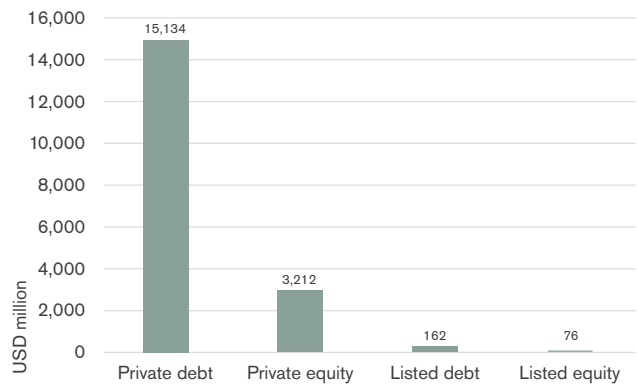


Figure 24 – Seniority level of private debt

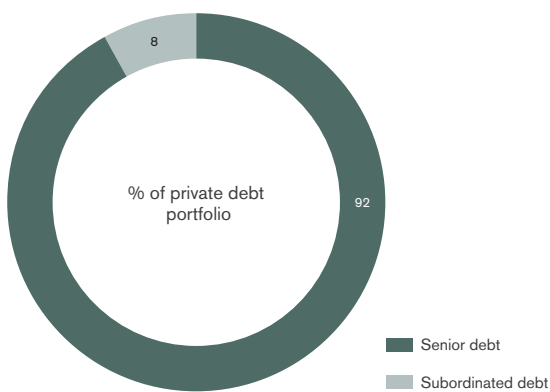
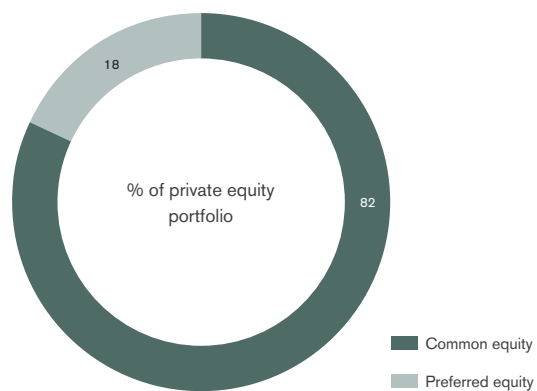


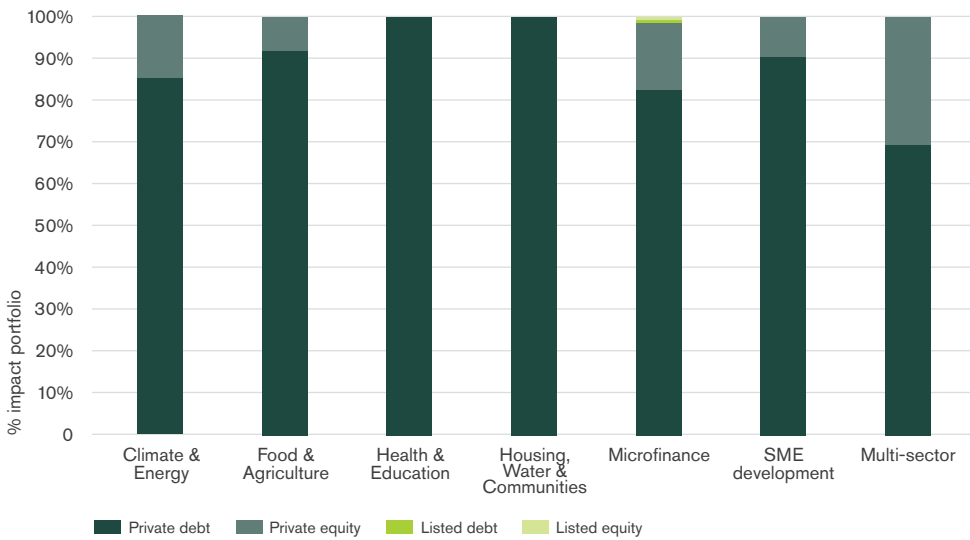
Figure 25 – Preferred and common shareholding



Whereas there are PAIFs in every sector using private debt instruments, not all PAIF sectors have experience with private equity. Those with a primary focus on Health & Education or Housing, Water & Communities have no

private equity investments in their books, for instance. Impact sectors with the most common use of private equity are Multi-sector funds (31% of their portfolio) and Microfinance funds (16%).

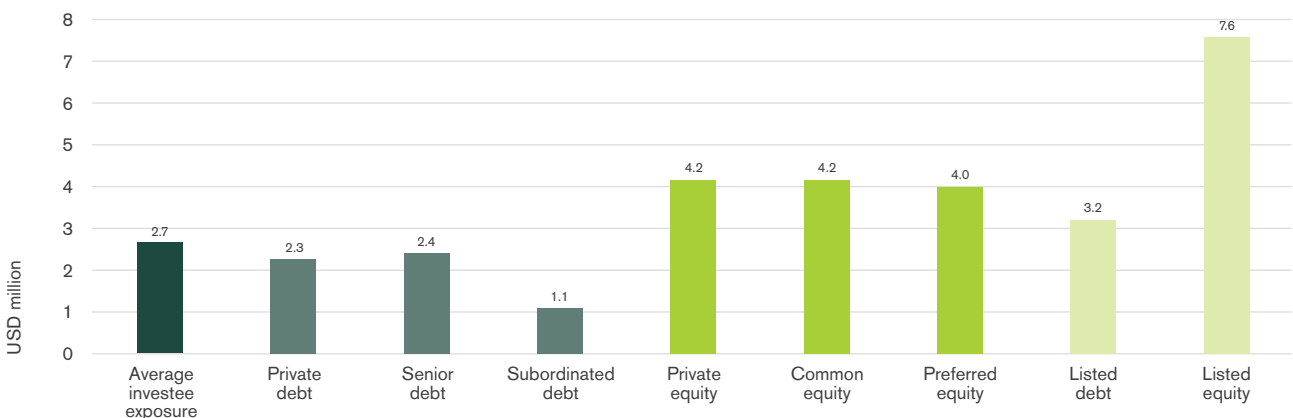
Figure 26 – Investment instruments by primary impact sector



The average exposure per investee varies considerably depending on the financial instrument used. Private equity investments typically have higher exposures (USD 4.2 million) compared to private debt (USD 2.3 million). Equity PAIFs are smaller in size, with a low number of investees on average compared to Fixed Income and Mixed funds which, by design, diversify their investments across multiple investees, sectors and/or countries.

In terms of other instruments, we see that riskier subordinated debt investments have the smallest exposure outstanding, whereas investments in listed assets, although rare within this sphere, are on average larger than for private assets, for both debt and equity instruments.

Figure 27 – Average investee exposure by investment instrument



3.5 IMPACT SECTORS

According to our sample, microfinance is still by far the principal impact sector for private asset impact funds, at USD 10.8 billion, representing 58% of the impact

portfolio outstanding as of end 2019, and with 113 PAIFs having some exposure in it.

Figure 28 – Outstanding volume by impact sector

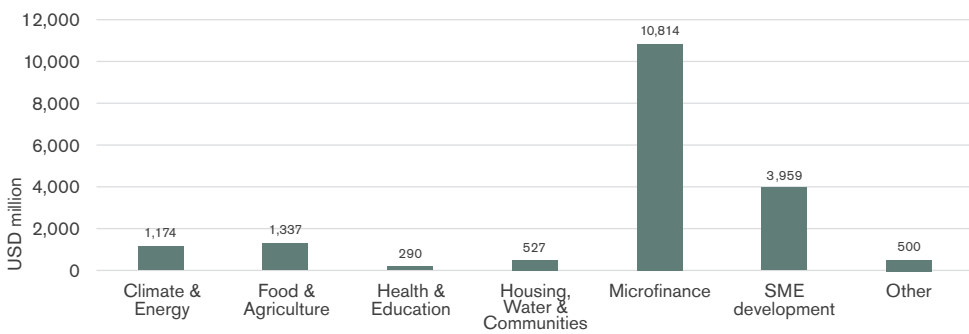
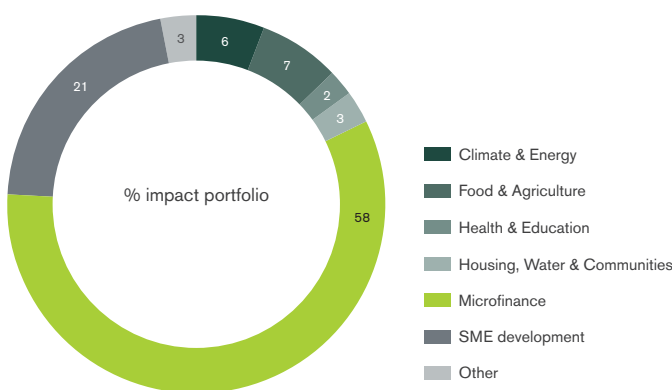


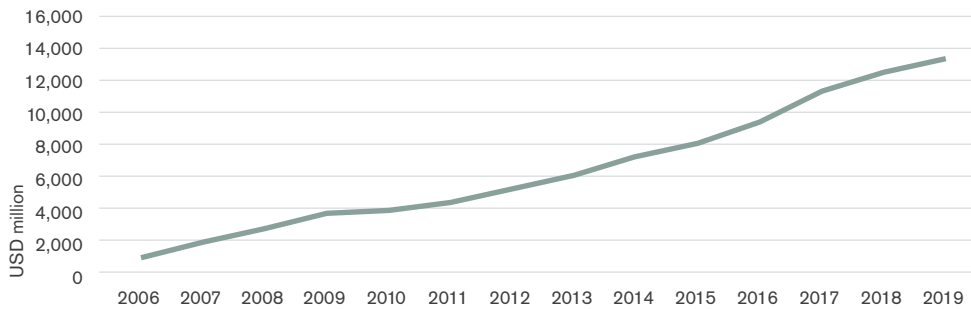
Figure 29 – Portfolio breakdown by impact sector



Looking back at historical datapoints from Microfinance funds’ portfolios, we see that their cumulative portfolio (mainly microfinance but also including their smaller exposures in other impact sectors) has increased from a level of USD 912 million in 2006 to over USD 13 billion at the end of 2019.

The SME development sector (USD 4.0 billion, 21%) ranks second in volumes, rising in the past decade as the logical next adjacent market “beyond microfinance”. Food & Agriculture (USD 1.3 billion, 7%) completes the podium, with 10 dedicated funds focusing on this sector but actually 68 funds having some investments in it, notably Microfinance funds and Multi-sector funds.

Figure 30 – Historical outstanding portfolio of Microfinance funds



The Climate & Energy sector (USD 1.1 billion, 6%) has seen an important rise in the number of new dedicated funds in past years. Overall, 48 PAIFs have some sort of exposure in Climate & Energy without necessarily dedicating the majority of their portfolios to this sector.

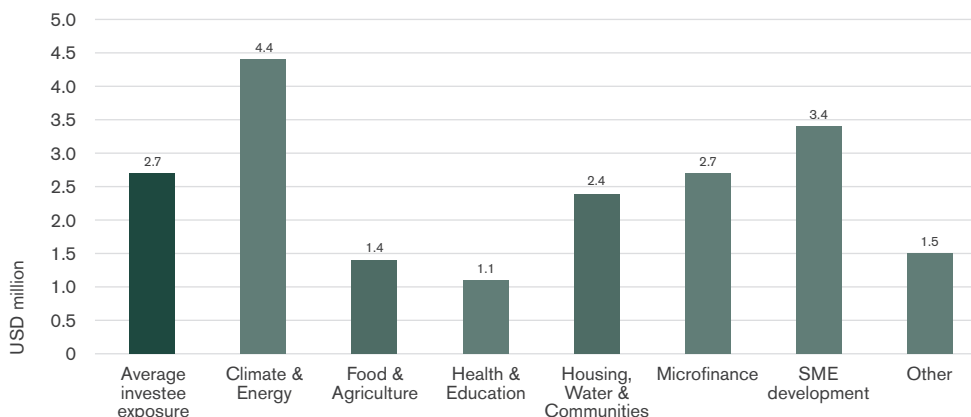
The Health & Education sector, with the biggest domestic public sector involvement by nature, has witnessed the lowest investments from PAIFs to date. It still represents USD 290 million of outstanding volume coming from 48 funds, with 4 PAIFs having their prime focus on this segment.

In terms of exposure per investee, Health & Education investees are those that receive the smallest volume

on average (USD 1.08 million), followed by Food & Agriculture investees (USD 1.44 million). This is explained by the fact that funds in these sectors: (1) invest a significant share of their portfolio in SMEs directly (rather than through local financing intermediaries, as often for other funds), which have smaller funding needs, and (2) are smaller in size and predominantly follow debt strategies requiring high diversification, both triggering smaller ticket sizes.

In contrast, Climate & Energy, SME development and Microfinance investees exhibit the largest funding volume on average. Many of the funds active in these sectors are larger in size and invest predominantly through large financial institutions that require larger funding volumes.

Figure 31 – Average investee exposure by impact sector



3.6 INVESTEE TYPES

On average, a PAIF invests in 44 investees. Fixed Income and Mixed funds that are larger in size (see section 3.2 Size & growth), have higher investee outreach by design compared to Equity PAIFs. On average, they invest in 58, 36 and 11 investees, respectively. Sector peer groups show that PAIFs focused on Multi-sector and Microfinance have the largest number of investees, around 50 per fund.

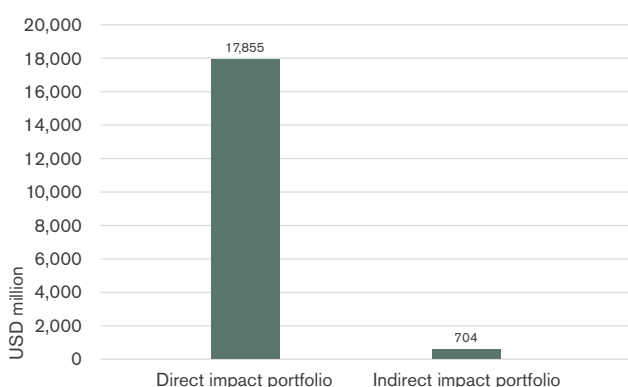
These investees can take various forms. By definition, most of the invested volume in this study is allocated to “direct” investees, as we have deliberately not surveyed pure funds of funds. Within this direct category, we see that financial institutions still attract the majority of funding, with USD 14.4 billion and 86% of PAIFs’ impact portfolio outstanding. SMEs attract 11% (USD 1.8 billion), whereas Projects and Corporations within the PAIF universe remain uncommon.

Depending on the sector, PAIFs favor different investee types. By definition, Microfinance funds focus almost exclusively on financial institutions. Funds focusing on Housing, Water & Communities have followed a similar approach up to now.

Table 8 – Number of investees

Peer group	Average number of investees
All funds	44
Climate & Energy	11
Food & Agriculture	35
Health & Education	11
Housing, Water & Communities	18
Microfinance	50
SME development	43
Multi-sector	52
Fixed income	58
Equity	11
Mixed	36

Figure 32 – Outstanding volume by investee type



Food & Agriculture funds, on the other hand, principally target SMEs, which represent 77% of their portfolio. Health & Education funds also witness some SME investments, particularly for the financing of healthcare businesses, although financial institutions principally address this sector. Regarding SME development funds, there seems to be two different approaches, with PAIFs focusing either on SME finance institutions (3 out of 16) or direct investments into SMEs (13 out of 16). Finally, Climate & Energy and Multi-sector funds are the only ones to make use of project finance.

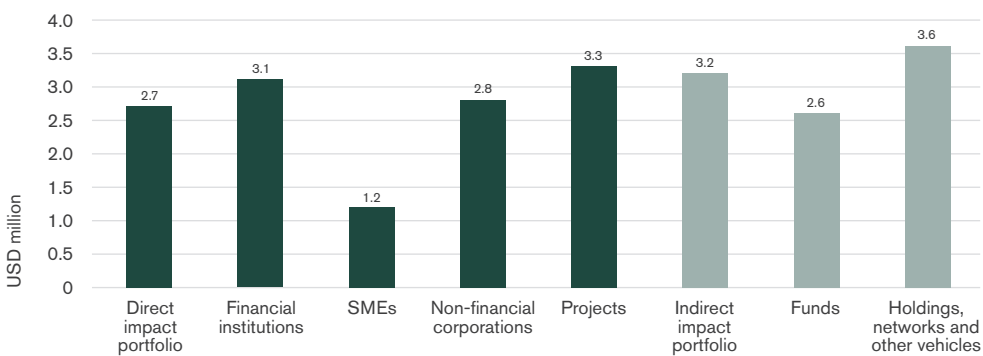
Figure 33 – Investee types by primary impact sector



Projects attract higher volumes, on average (USD 3.3 million outstanding per project), compared to other investee types, followed by financial institutions.

Logically, SMEs attract the smallest amounts, with an average of USD 1.2 million per investee.

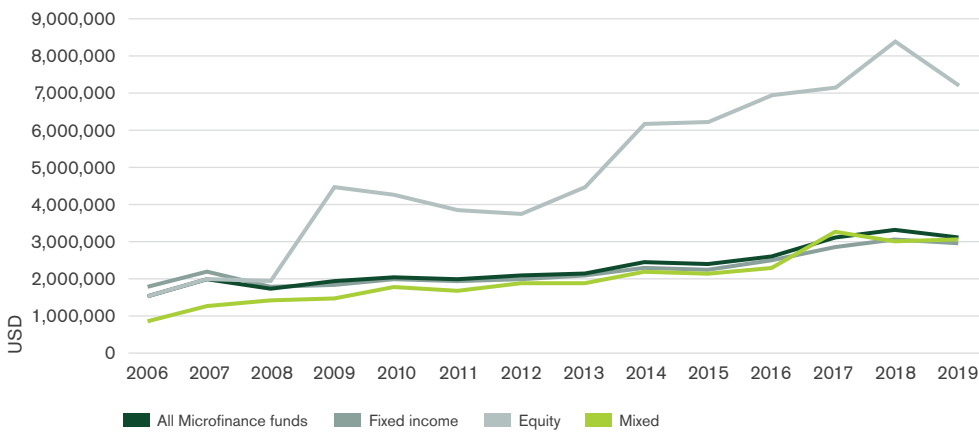
Figure 34 – Average investee exposure by investee type



Focusing on Microfinance funds, their average direct investee exposure increased from USD 1.5 million to USD 3.1 million between 2006 and 2019, regardless of the asset strategy. This reflects the fast growth of

borrowing MFIs and the integration in MIV portfolios of larger financial institutions downscaling towards the BOP clientele, both with larger financing needs.⁹

Figure 35 – Historical average investee exposure of Microfinance funds



9 For a detailed analysis of the evolution of the microfinance landscape at an investee level, see the Symbiotics white paper "Banking for Impact" published in 2018.

3.7 GEOGRAPHY OF INVESTMENTS

Regions

In line with the trends of past MIV Surveys, Latin America & the Caribbean again captured the largest share of direct outstanding investments as of end 2019, at 28% of total volume, followed by Eastern Europe & Central Asia (25%) and South Asia (16%). The Middle East & North Africa is still at a nascent phase regarding funding from PAIFs, whereas Sub-Saharan Africa, whose share stands at 14% of total volume, has seen a considerable increase in past years, particularly

outside of microfinance. In line with the scope of the survey, little volume is allocated to Western Europe and North America, as we have excluded funds focused on developed markets from the study.

Interestingly, Equity funds are most inclined towards South Asia (45% of their portfolio), whereas the first region for Mixed funds is Eastern Europe & Central Asia (35%), with investments in the Middle East & North Africa (12%) being more common than for other strategies.

Figure 36 – Outstanding volume by region

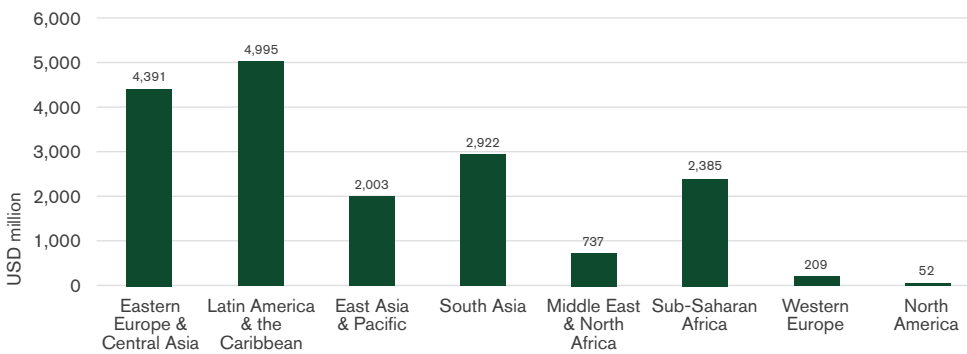
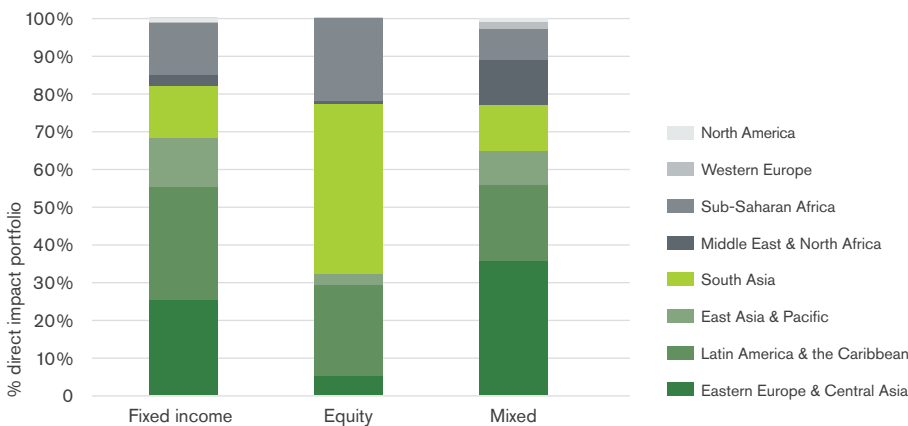


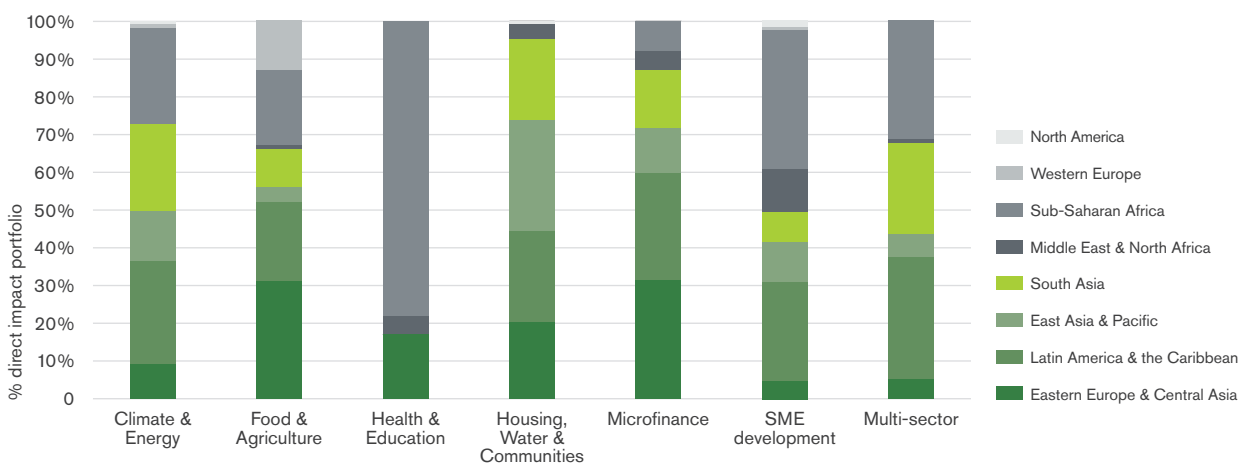
Figure 37 – Regional breakdown by primary asset class



The regional breakdown differs considerably according to the primary impact sector. Sub-Saharan Africa might soon become the leading region for Climate & Energy funding (attracting 25% of investments), mostly in the sub-sector of renewable energy production. The prime region for this sector remains Latin America & the Caribbean, with 27% of investments. Health & Education funds also

principally target Sub-Saharan Africa, where the needs for such basic services are the highest. Housing, Water & Communities funds, on the other hand, principally focus on East Asia & Pacific and South Asia (together representing more than half of portfolio), whereas the leading region for Food & Agriculture funds is Eastern Europe & Central Asia, with 31% of investments.

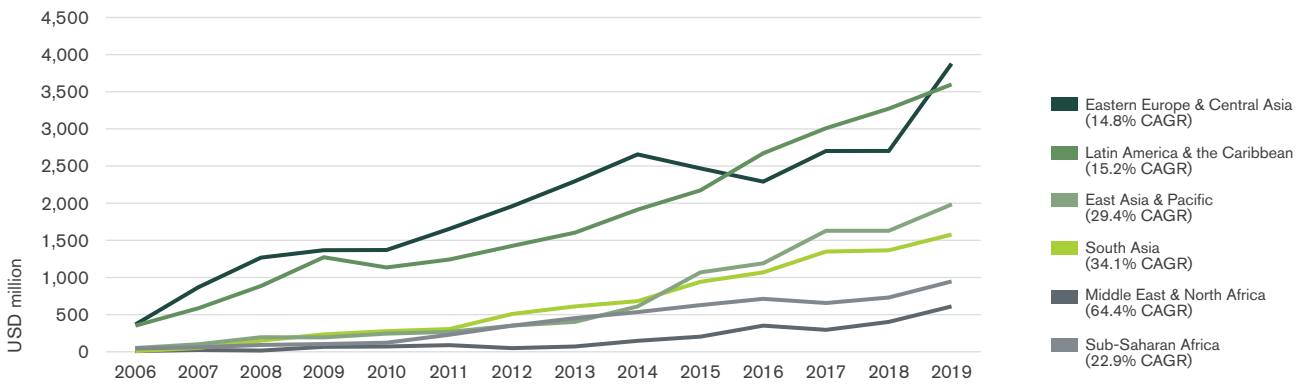
Figure 38 – Regional breakdown by primary impact sector



Finally, Microfinance funds still channel more than half of their funding to Eastern Europe & Central Asia (31%) and Latin America & the Caribbean (28%). However, since 2006, the regions seeing the highest growth are the Middle East & North Africa (+64% CAGR, starting from a very low base), South Asia (+34% CAGR), East Asia & Pacific (+29%) and Sub-Saharan Africa (+23%).

In 2019, the Middle East & North Africa witnessed the highest growth in investments from Microfinance funds (+35%), followed by Sub-Saharan Africa (+28%).

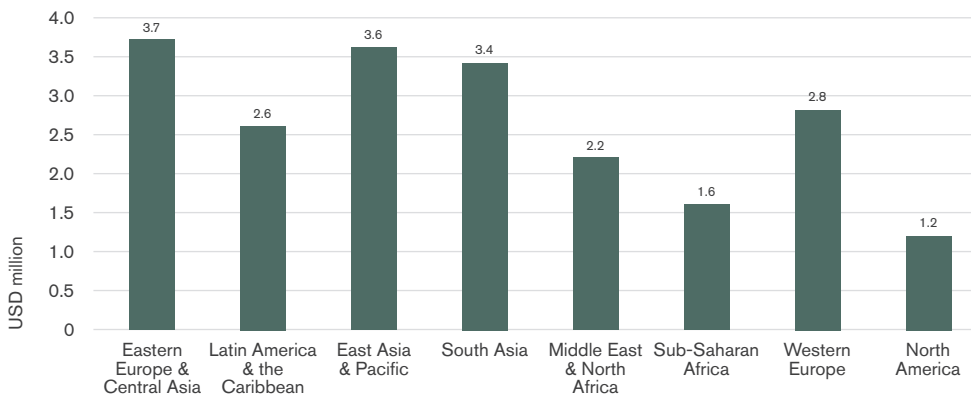
Figure 39 – Historical growth of Microfinance funds' portfolio by region



For all PAIFs, taking apart some minor investments in North America, the average exposure volume per investee is the lowest in Sub-Saharan Africa (USD 1.6 million). On the contrary, the portfolio outstanding per investee is

the highest in Eastern Europe & Central Asia, and East Asia & Pacific (USD 3.7 million and USD 3.6 million, respectively).

Figure 40 – Average investee exposure by region



Countries

At a country level, the top 10 ranking is as follows:

India (USD 2.2 billion, representing 13% of total volume), Ecuador (5%), Cambodia (5%), Georgia (4%), Mexico (4%), Peru (3%), the Russian Federation (3%), Costa Rica (3%), Kenya (2%) and Armenia (2%).

The top 10 countries for Fixed Income funds closely follow the observations for all PAIFs, at least for the first five countries. Equity funds, with many single-country or regionally focused mandates, include Brazil, Madagascar and Colombia within their top 10. India remains nonetheless in first place by a large margin (35%). Russia leads the portfolio for Mixed PAIFs, with four other countries from Eastern Europe & Central Asia in the top 10.

The rank varies even more when segmenting the analysis by principal impact sector. India, for instance, is in first position for Climate & Energy, Microfinance and Multi-sector funds, and in second for Food & Agriculture funds, but is excluded from the top 10 exposures of Health & Education and SME development funds. Similarly, Kenya is first in Health & Education, second in Climate & Energy, third for Multi-sector funds, and fourth for SME development funds, but does not appear among the top exposures of Food & Agriculture and Microfinance funds.

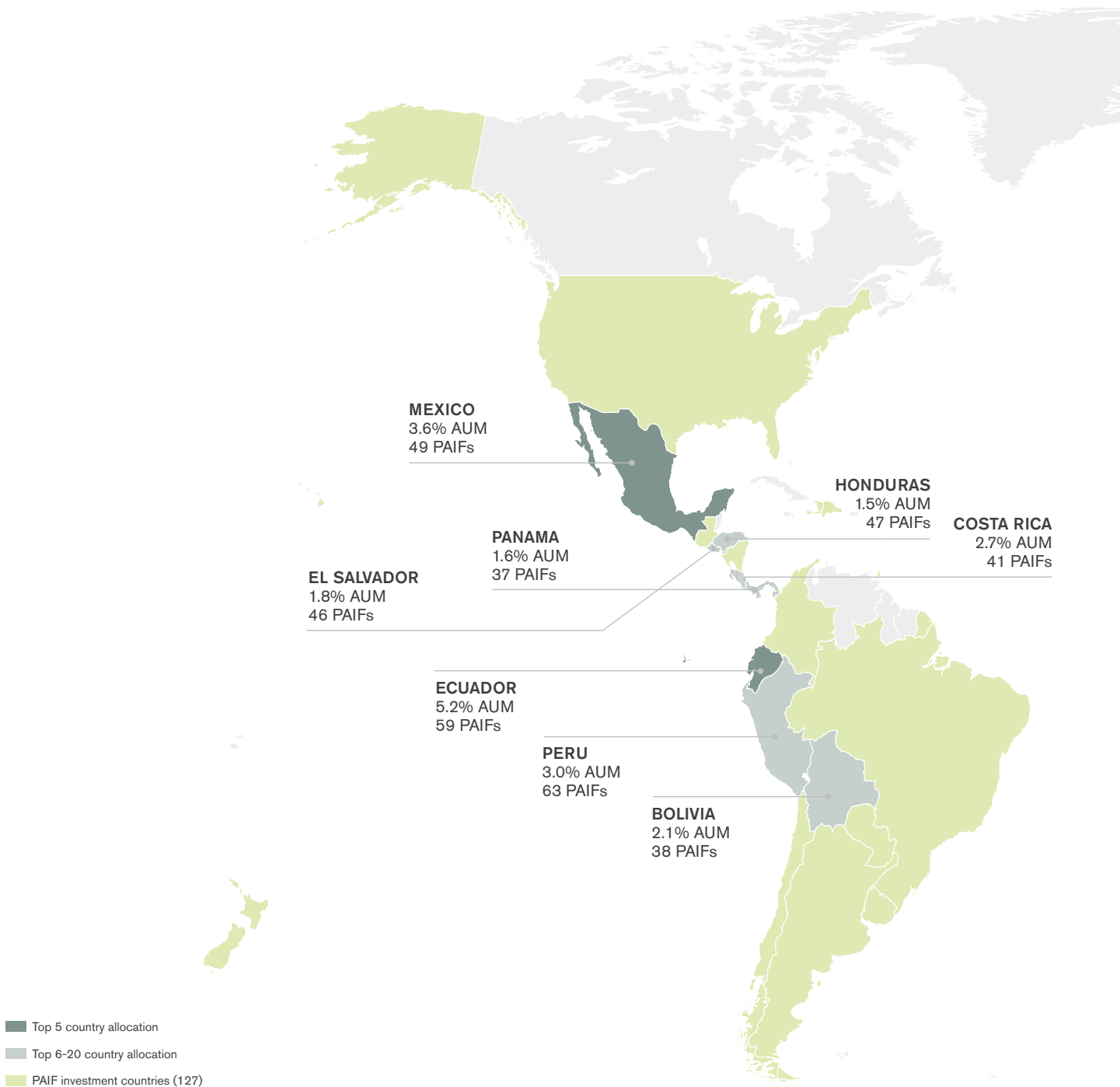
Table 9 – Top 10 country exposures by primary asset class

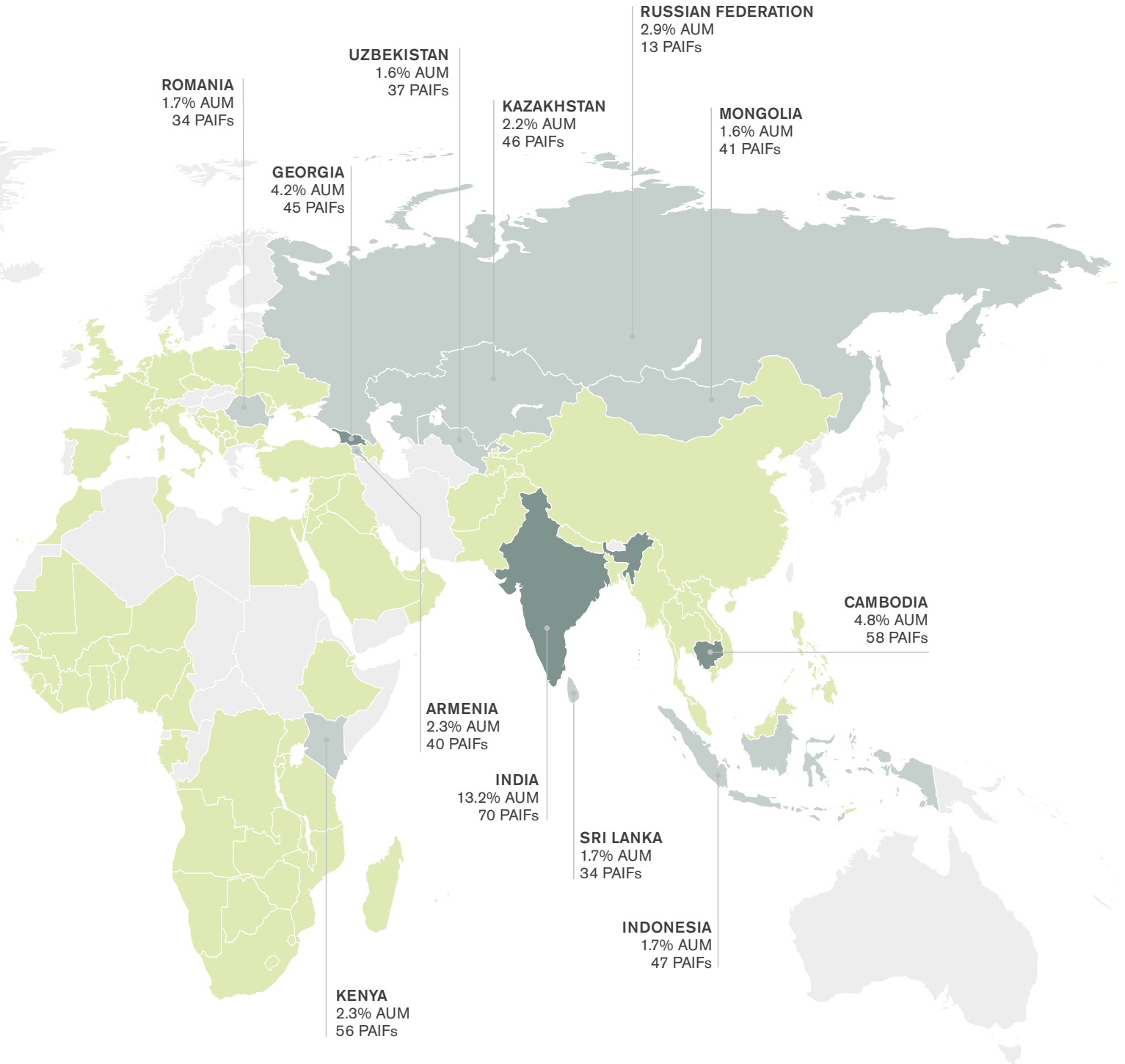
Top 10	Fixed income	Equity	Mixed
1	India	India	Russian Federation
2	Ecuador	Bolivia	India
3	Cambodia	Mexico	Cambodia
4	Georgia	Peru	Ecuador
5	Mexico	Kenya	Kazakhstan
6	Costa Rica	Georgia	Peru
7	Armenia	Brazil	Georgia
8	Peru	Madagascar	Belarus
9	Kenya	Colombia	Mexico
10	Kazakhstan	Mauritius	Uzbekistan

Table 10 – Top 10 country exposures by primary impact sector

Top 10	Climate & Energy	Food & Agriculture	Health & Education	Microfinance	SME development	Multi-sector
1	India	Ukraine	Kenya	India	Hong Kong	India
2	Kenya	India	Ghana	Ecuador	Ghana	Ecuador
3	Bangladesh	Kazakhstan	Botswana	Cambodia	Nigeria	Kenya
4	Panama	Côte d'Ivoire	Zambia	Georgia	Kenya	Cambodia
5	Ecuador	Ghana	Dominican Republic	Mexico	Oman	Bolivia
6	Sri Lanka	Poland	Nigeria	Russian Federation	Uganda	Paraguay
7	Georgia	United Kingdom	Tunisia	Peru	United Kingdom	Mexico
8	Cambodia	Colombia	Eswatini	Costa Rica	Brazil	Brazil
9	El Salvador	Ecuador	Tanzania	Armenia	Mexico	Argentina
10	Peru	Namibia	Guatemala	Kazakhstan	Colombia	Ghana

Figure 41 – World map of country exposures, All funds





3.8 INVESTMENT TERMS

PRIVATE DEBT PORTFOLIO

As seen in section 3.4 Investment instruments, PAIFs make the majority of their impact investments through private debt. Private debt will include term loans, both shorter term and longer term, both senior and subordinated, and both secured and unsecured. They can also take the form of other fixed income instruments, such as promissory notes, deposits, certificates, guarantees, letters of credit, etc. Their interest rates may be fixed or floating and their currency denomination may be in hard currency (mostly USD) or in local currency.

Currency strategy

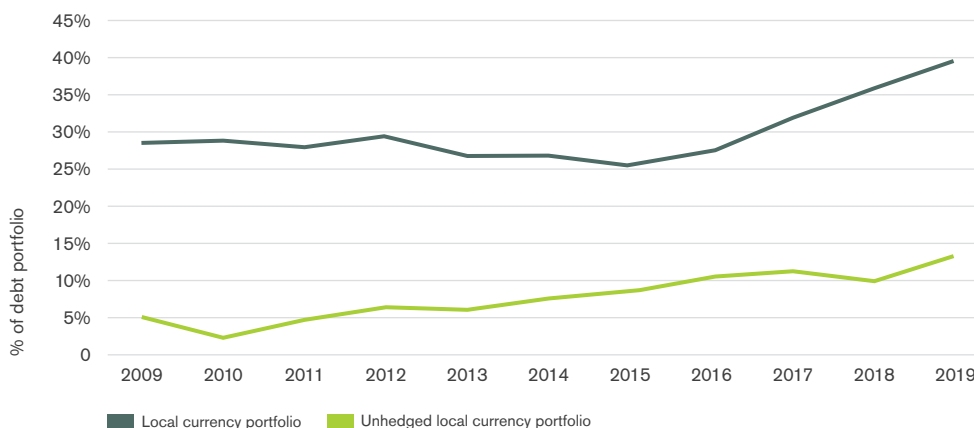
A PAIF can lend money to investees in either hard or local currency. The responsibility to hedge the currency is with the investee in the first case and with the PAIF in the second case.

In our sample, most of the debt investments by Fixed Income and Mixed PAIFs are in hard currency (64% vs 36% in local currency).

Among PAIF loans made in local currency, 30% remain unhedged against the accounting currency of the fund. The absence of currency hedging costs leads to higher gross yields on the debt portfolio for PAIFs using this strategy, the drawback being the volatility induced by currency fluctuations on the loan's principal amount and the risk that the currency depreciation will overwhelm any return in the end.

Historical data from Microfinance Funds shows that this trends towards unhedged local currency investing is increasing. Hard currency debt investments have been common practice over the years in the microfinance space, even though the proportion of local currency loans has been growing, especially since 2015, which is an encouraging sign for investees in terms of managing their foreign exchange (FX) risk exposure. Today, 39% of debt exposure is in the local currency (LC) and 13% is unhedged (up from 5% in 2009).

Figure 42 – Historical local currency portfolio of Microfinance funds



In terms of impact sectors beyond microfinance, Health & Education funds seem to offer the highest proportion of local currency lending, followed by PAIFs in Housing, Water & Communities, at 96% and 57% of local currency

loans respectively. The unhedged portion of the debt portfolio is the highest for Housing, Water & Communities (32%), ahead of Microfinance funds.

Figure 43 – Currency type of debt portfolio

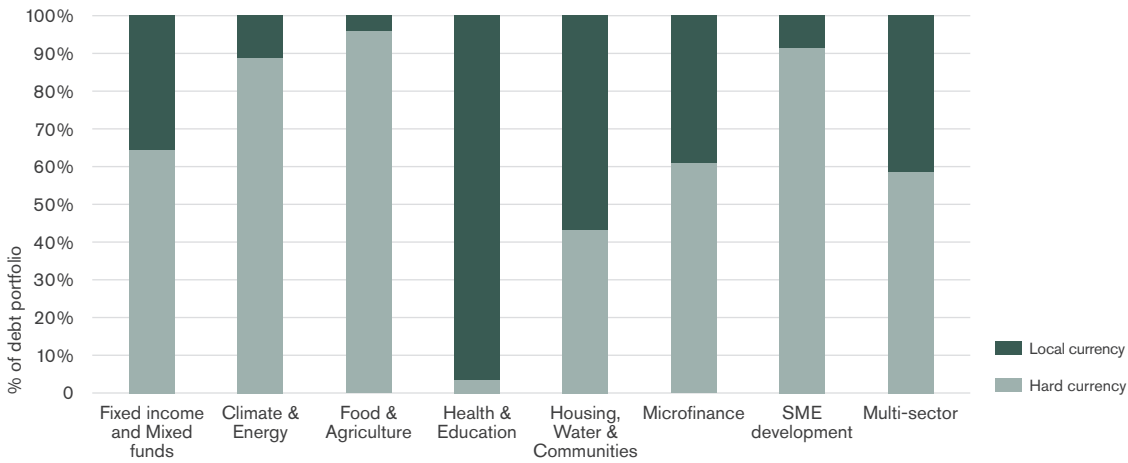
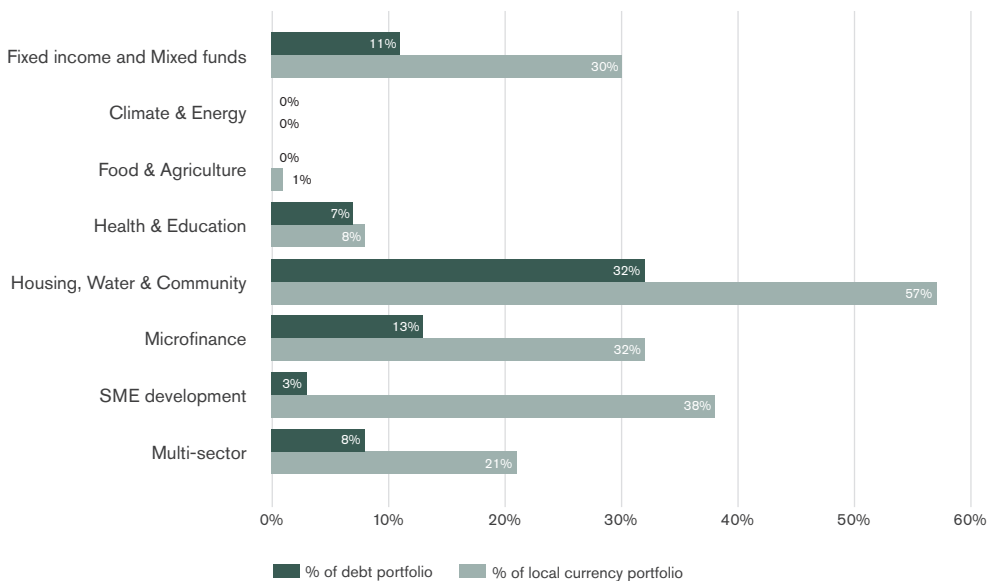


Figure 44 – Unhedged currency exposure



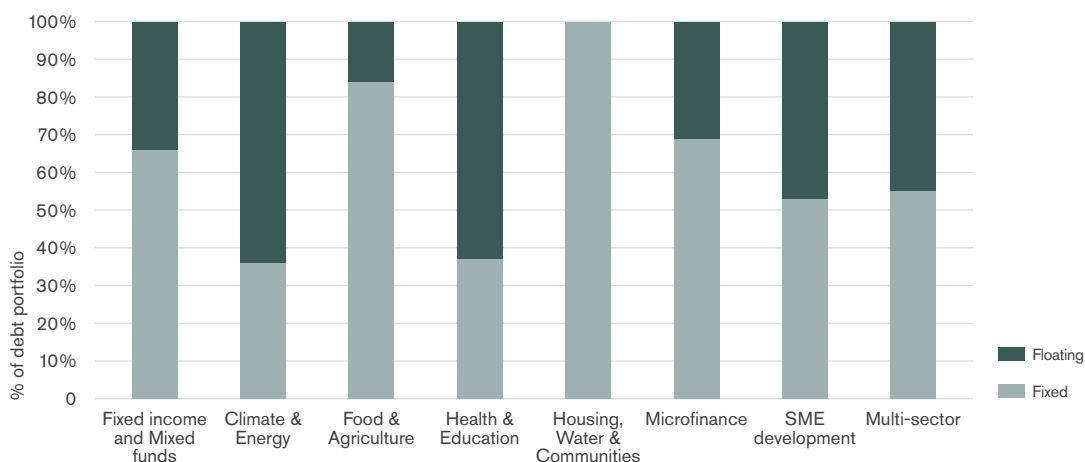
Interest rate type

A majority of PAIF loans (66%) have a fixed interest rate, which means that the same interest rate is paid out on each interest payment date. However, there is a growing trend among fund managers to negotiate floating rates with their counterparts (34% of total debt portfolio today). A floating interest rate means that the rate is re-fixed on each payment date, based on a given money market rate increased by a credit premium. Floating rates are logically

more in use when interest rate markets are volatile, although borrowers will prefer fixed rates, especially for long-term borrowing, to prevent unknown movement in money markets.

Floating rates are currently more prevalent for Climate & Energy and Health & Education funds, both around two-thirds of the debt portfolio.

Figure 45 – Interest type of debt portfolio



Portfolio yield

The portfolio yield¹⁰ varies across Fixed Income PAIFs based on their target impact sector, investee type, currency strategy, etc. Portfolio yields will logically be higher for unhedged FX strategies, for longer term loan maturities, for direct investments in SMEs, Projects or Corporations.

For the sample of all Fixed Income and Mixed PAIFs, portfolio yields amount to 7.6% on a weighted average basis and 8.7% on a simple average basis. Breaking this down by investee type, sector and currency hedging strategy offers further insights.

¹⁰ Portfolio yields are computed by dividing the interest income from the debt portfolio by the average debt portfolio of the PAIF over two years. Portfolio yields are gross of risk provisioning, currency fluctuations, cash drag costs, as well as fund expenses, and thus do not necessarily reflect an accurate net return to investors in the end.

As presented in the business model (section 2.1 Business model), investees can be classified in two buckets: financial institutions vs. non-financial institutions (SMEs, Corporations or Projects). Investments through financial institutions offer more diversification on the end-borrower side, the consequence being lower risk and lower funding costs on average. This translates into lower yields for PAIFs investing mainly through financial institutions (7.2%) when compared to those that partner mostly with non-financial institutions (10.7%). The risk premium associated with the latter is currently priced at 3.5%.

PAIFs in Health & Education (13.2%) as well as Housing, Water & Communities (9.3%), both of which channel their capital mainly through financial institutions

(see section 3.6 Investee types), generate among the highest yields with SME development (9.8%). In the former case, it most likely represents the fact that education and healthcare projects typically will need longer maturities given their underlying business needs. In the second case, it reflects the fact that most funds in this segment currently take an unhedged currency risk approach, inducing higher yields.

For Microfinance funds, historical datapoints on yield levels show a steady downward trend after the global financial crisis from 2008 to 2011 (and thereafter), roughly from a historical peak at 10% down to a stable average around 6.5% to 7.5% over the past decade.

Figure 46 – Yield of debt portfolio by primary investee type

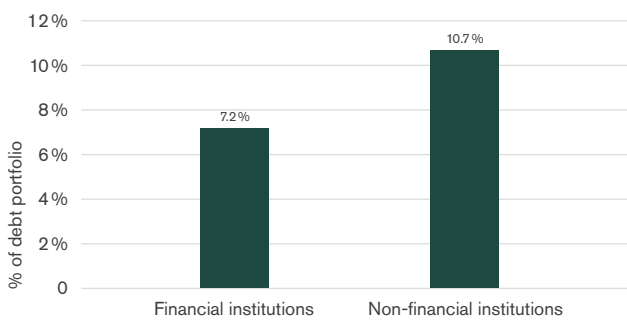
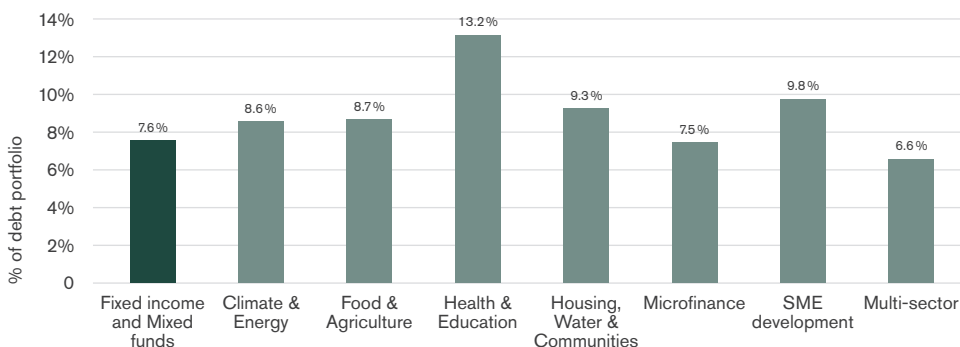


Figure 47 – Yield of debt portfolio by primary impact sector



This yield shift and then stability can be explained by declining money market rates and slightly lower credit premiums, affecting the way Microfinance funds priced their loans at the turn of the past decade. Interbank rates fell from 5% to under 1% between 2008 and 2011, then grew back to 3% between 2016 and 2018, and then dropped back again. In parallel, competition in the Microfinance funds sector, triggered by large capital inflows and rapid growth, created an upmarket move for Fixed Income Microfinance funds (as seen in section 3.4 Investment instruments) through larger loans to larger

MFIs usually associated with lower interest rates. Both phenomena explain the yield decline from 10% prior to the financial crisis to around 7% today. The relative stability of the yield in the past decade is also a signal of the lower volatility and higher maturity of both microfinance markets and Microfinance funds, adapting their portfolio to their investor narrative and yield expectation, and benefiting from breadth and depth in their markets, triggering sufficient choice in the investment universe and adequate portfolio diversification.

Figure 48 – Historical debt portfolio yield of Microfinance funds

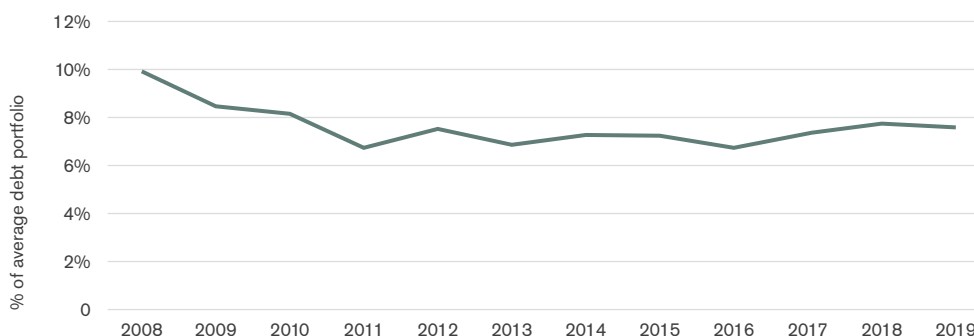
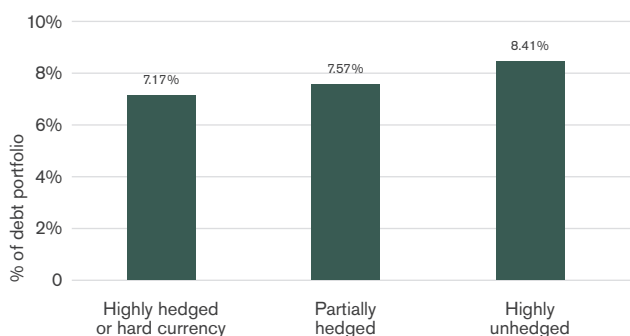


Figure 49
Yield of debt portfolio by currency hedging strategy



As mentioned earlier, there is a clear causality effect between the hedging strategy and the yield levels, with the latter varying significantly between highly hedged PAIFs (7.1%), partially hedged PAIFs (7.6%) and highly unhedged PAIFs (8.4%).¹¹

¹¹ Highly hedged PAIFs: those with an unhedged proportion of their local currency portfolio of 5% or less.
Partially hedged PAIFs: those with an unhedged proportion of their local currency portfolio of more than 5% and less than 95%.
Highly unhedged PAIFs: those with an unhedged proportion of their local currency portfolio of more than 95%.

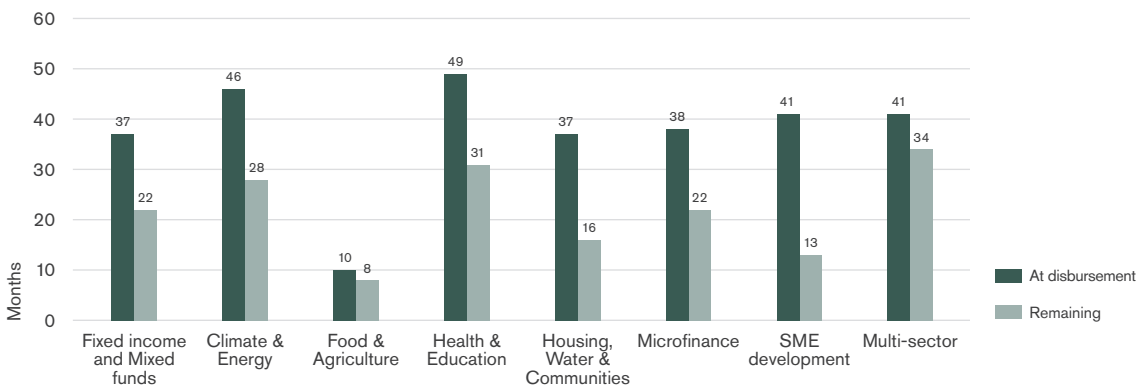
Maturity

The average maturity of private debt investments at disbursement in our sample ranged from 6 months to 152 months.

Funds investing through financial institutions have the longest maturities at disbursement (41 months), whereas

funds investing into SMEs, Corporations or Projects, such as those in Food & Agriculture, have shorter maturities on average (25 months). The longest maturities are within funds investing in Health & Education (49 months) and Climate & Energy (46 months).

Figure 50 – Maturity of debt portfolio



Considering all Fixed Income and Mixed PAIFs, the remaining maturity stands at 22 months on average.

In the microfinance space, remaining maturity dropped sharply in the early years to stabilize at around 22

months since 2010. Similar to yields, this is a reflection of the maturity of microfinance markets and fund practices, in particular in portfolio diversification and risk management policies.

Figure 51 – Historical remaining maturity of Microfinance funds



PRIVATE EQUITY PORTFOLIO

Dividend income

In 2019, Equity PAIFs had dividend yields (dividend income divided by the equity portfolio) amounting to 1.6%. Equity funds investing in Climate & Energy received slightly larger dividends on average than other sectors.

Equity portfolio valuation – price to book (P/B) ratio

Valuation of investees in private equity portfolios measured in terms of price-to-book ratios were the highest in East Asia & Pacific and South Asia at the end of 2019, at 2.3 and 2.0, respectively, whereas they were the lowest in Middle East & North Africa and Sub-Saharan Africa regions, at 1.0 and 1.1 respectively.

Figure 52 – Dividend income of equity portfolio

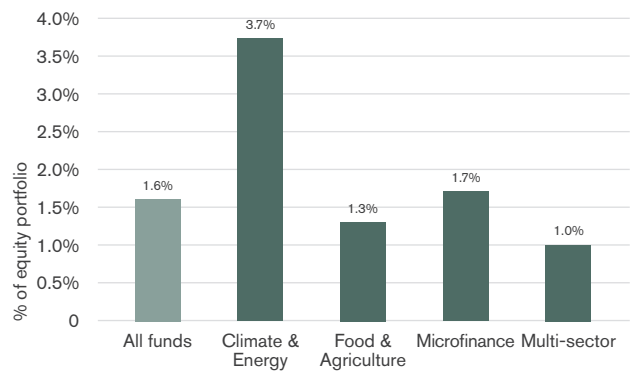
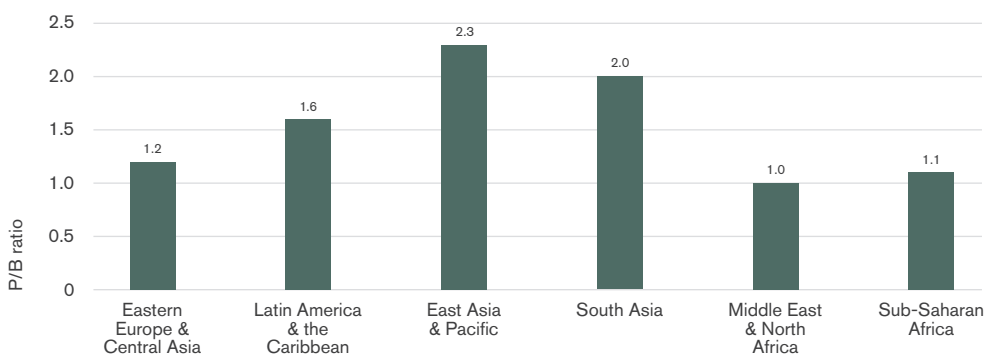


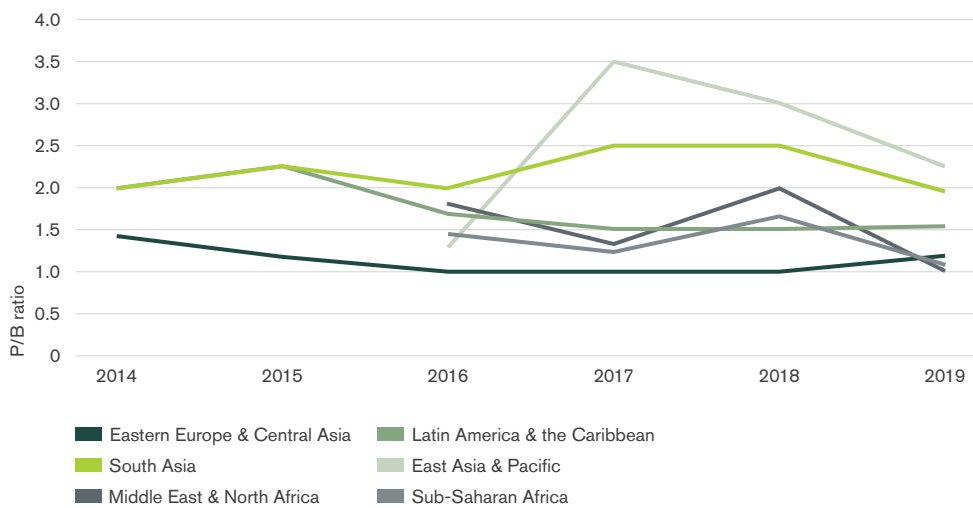
Figure 53 – Median price-to-book ratio of portfolio by region



Historical numbers from Microfinance funds show that investee valuation levels varied across regions in 2019 when compared to previous exercises. The portfolio investees that have gained in terms of higher valuation for 2019 include those in Eastern Europe & Central Asia, today valued at twice their book value, whereas

these figures were under 1.0x following the economic downturn the region witnessed back in 2015, affecting the valuation in 2016-2017. Investees in East Asia & Pacific, Middle East & North Africa, and Sub-Saharan Africa have all been valued lower than in 2018.

Figure 54 – Historical average price-to-book ratio of portfolio by region of Microfinance funds



3.9 RISK ANALYSIS

Country risk

The funds in our report invest predominantly in emerging and frontier markets. These countries are largely perceived as riskier than more advanced economies. Nevertheless, they are remarkably diverse, showing little homogeneity from a sovereign risk perspective.

By mapping the country portfolio of the PAIF sample to Moody's long-term sovereign risk ratings for foreign currency denominated issues, the bulk of the AUM sits

within a range from B3 to A3. Only 38% of PAIFs' investments outstanding are considered investment-grade.

This is particularly true for PAIFs highly biased towards Sub-Saharan Africa, such as those currently in the Climate & Energy or the Health & Education sectors. In contrast, Housing, Water & Communities PAIFs are invested mostly in investment-grade buckets.

Figure 55 – Country risk (measured using Moody's long-term credit rating)

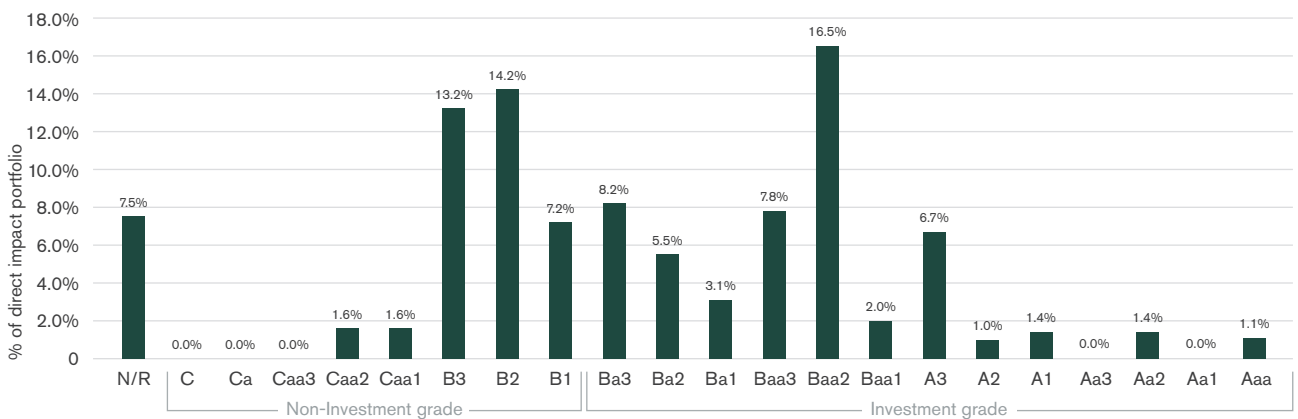


Figure 56 – Country investment and non-investment grades



Assigning a sovereign risk rating to the PAIF sector based on country exposures shows that the median portfolio sovereign risk is Ba2 on Moody's scale.¹²

The rating varies according to PAIF peer group, as presented in the following table.

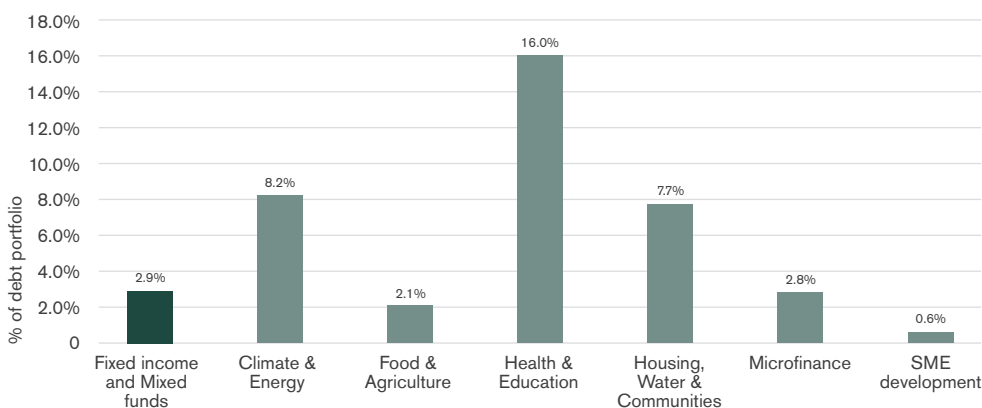
Table 11 – Median sovereign rating

All funds	Climate & Energy	Food & Agriculture	Health & Education
Ba2	B1	Ba1	B2
Housing, Water & Communities	Microfinance	SME development	Multi-sector
Baa2	Ba2	Ba3	Ba3
Fixed income	Equity	Mixed	
Ba3	Baa2	Baa3	

While this table offers a view on how PAIFs in each impact sector are positioned in terms of their sovereign risk ratings given their current country allocation, it does not infer about the actual riskiness of a given impact sector. It, nevertheless, helps understand the overall

aggregate sovereign risk ratings of such portfolios. Also, sovereign risk is not necessarily correlated to investee credit risk. Loan-loss reserves in the survey show rather disparate levels by impact sectors.

Figure 57 – Default risk (measured using outstanding provisioning level)



12 A rating for all PAIFs and the respective peer groups is assigned by looking at where the 50% mark falls in Moody's rating scale when summing PAIF country percentages in each grade, without considering N/R countries.

Portfolio concentrations

Concentration indicators related to the top five countries and top five investees are much higher for Equity funds than for Fixed Income funds. For all PAIFs, these values average 52% and 29%, respectively.

Breaking this down by impact sector, Health & Education and Housing, Water & Communities funds have the highest portfolio concentration levels, while Microfinance and SME development funds have the lowest. The smallest average fund size (as described in section 3.2 Size & growth) for the former sectors partly explains the higher concentration levels observed.

Figure 58 – Concentration indicators by primary asset class

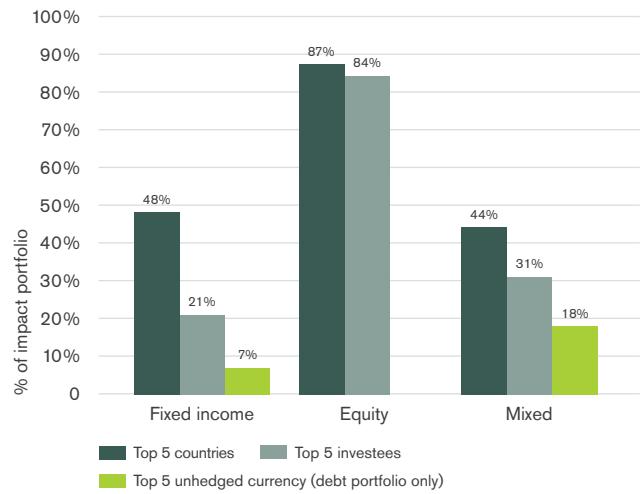
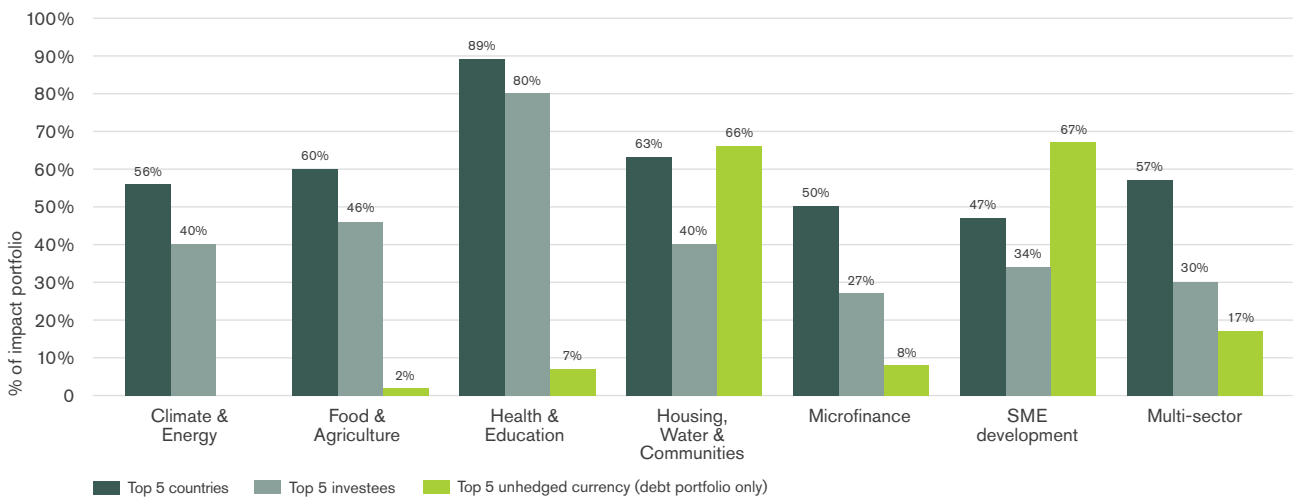
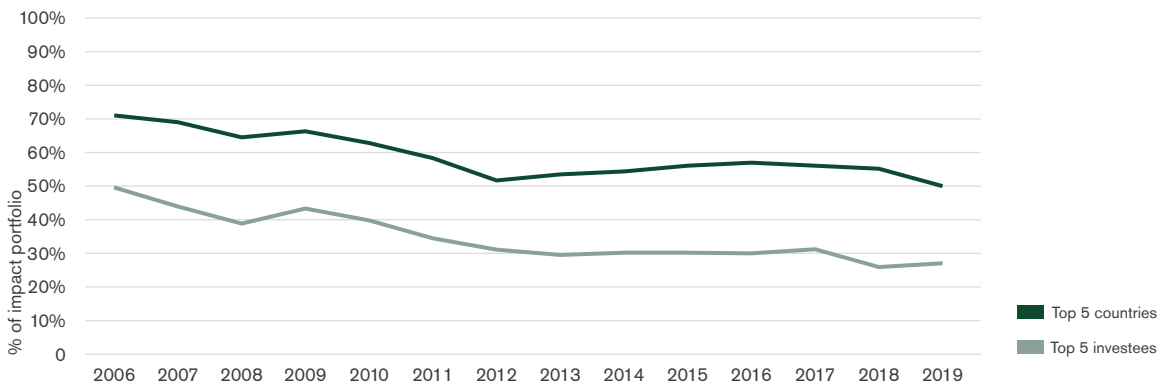


Figure 59 – Concentration indicators by primary impact sector



The rapid growth in size and outreach of Microfinance funds over the years has enabled a higher diversification of their portfolio for the top five countries and top five investees.

Figure 60 – Historical concentration indicators of Microfinance funds



Loan-loss provisions and write-offs

Loan-loss reserves outstanding as a percentage of the credit portfolio of Fixed Income and Mixed PAIFs amounts to 2.9%.

Annual loan-loss provisions and loan write-offs during 2019 amounted to 0.8% and 0.3% of average assets. We observe large differences across the different sectors and investee types. Multi-sector and Climate & Energy funds recorded more loan-loss provisions

compared to funds investing in Microfinance and SME development sectors. Write-offs were generally scarce in 2019, but highest for PAIFs in Food & Agriculture.

Provisions in 2019 were higher for PAIFs investing primarily through financial institutions, while loan write-offs were more prevalent for PAIFs partnering with SMEs, Corporations or Projects.

Figure 61 – Annual loan loss provisioning and write-offs by primary impact sector

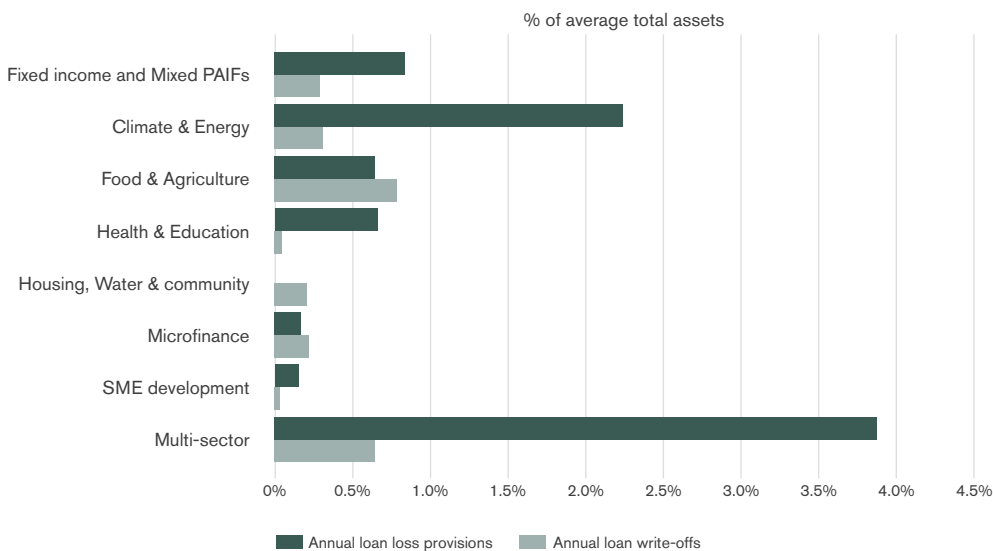
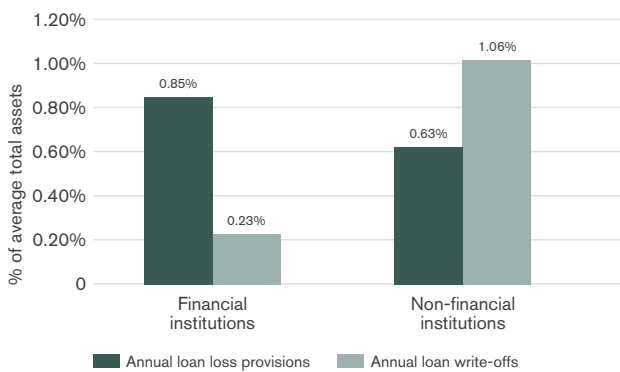
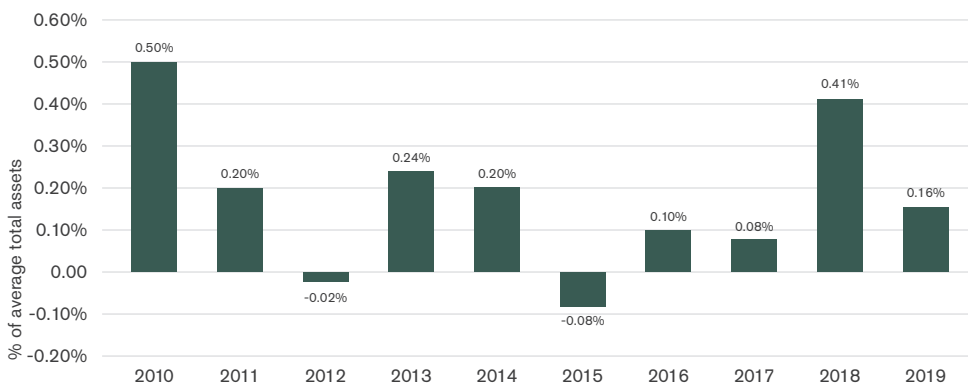


Figure 62 – Annual loan loss provisioning and write-offs by investee type



Finally, looking at historical patterns for Microfinance funds, and proxying the change in loan-loss reserves outstanding from one year to the other, we see that 2010 and 2018 were years with the highest increase in provisioning. The former is linked to specific country-level microfinance crises in 2010, pursuant to the global financial crisis (e.g., India, Nicaragua, etc.). The latter is linked to a challenging environment across emerging markets in 2018.¹³

Figure 63 – Historical annual loan loss provisions of Microfinance funds



13 Emerging market stocks and government bonds dropped by 14.6% and 5.2% respectively in 2018.

3.10 FEES & COSTS

Management fees incurred by PAIFs will vary depending on the type of product sold to investors, with retail investment products generally costing more to administer compared to institutional share classes that cost marginally less due to their larger subscription volumes per investor.

For the purposes of this study, management fees and overall operating expenses are calculated at the fund level, without disaggregating between retail or institutional investment products.¹⁴

Management fees, which include all management, investor relation and distribution costs, averaged 1.5% in 2019 for all PAIFs. Their total expense ratio (TER), which includes management fees, as well as accounting, audit, custodian, transfer agent and legal fees, and marketing and general administration costs, amounts to 2.3% of average assets for all PAIFs.

Performance fees, which can be added to the above to derive the total costs for an investor, are generally associated with private equity practices but do, nonetheless, exist in some other instances. These fees

average 0.7% and can be linked to the median level of carried interest and hurdle rates observed for Equity PAIFs of 20% and 8%, respectively.

These overall costs vary by impact sector and, naturally, by asset class, with Equity funds generally charging fees on the level of committed capital rather than actual asset size of the vehicle. In terms of impact sector, Microfinance funds witness the lowest costs and PAIFs focused on Food & Agriculture the highest.

Figure 64 – Fees and costs

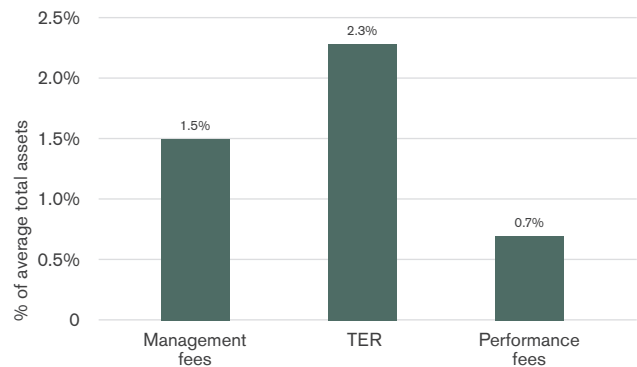
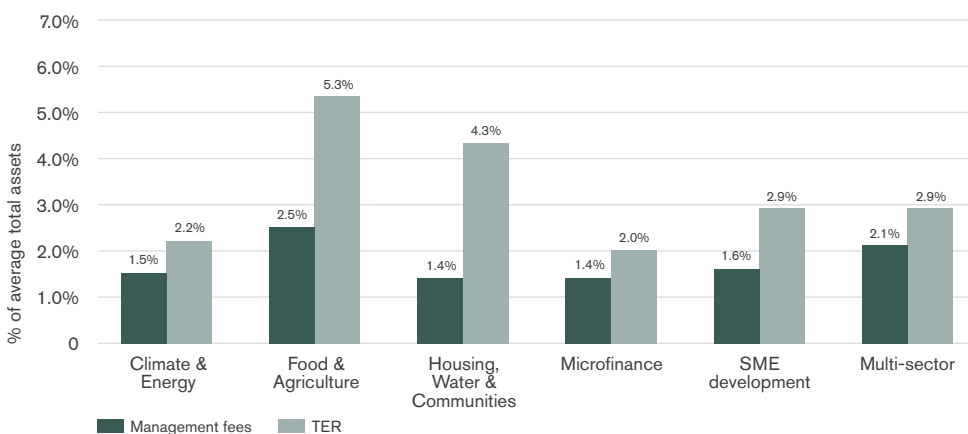
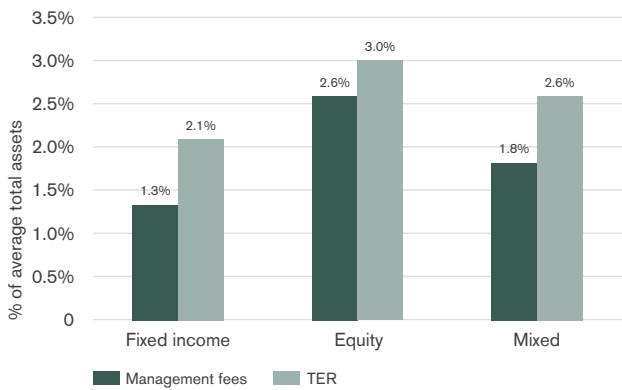


Figure 65 – Fees and costs by primary impact sector



14 Proxy ratios of management fees and operating expenses are calculated by dividing the yearly amount of management fees and operating expenses incurred by the PAIF as a percentage of its average assets over two years.

Figure 66 – Fees and costs by primary asset class

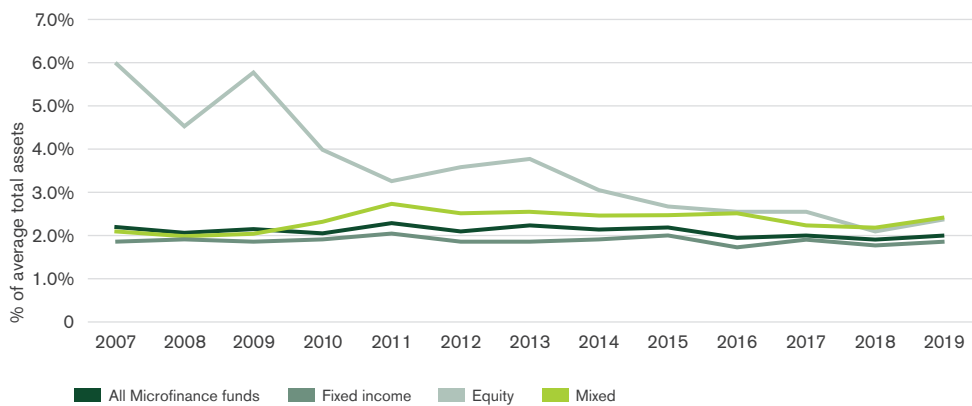


Costs for Microfinance funds

Over the past 10 years, both management fees and TER have been trending downward in the Microfinance funds sector, with the former decreasing by approximately 45 basis points, from an initial level of 1.9% to 1.4%

today, and the latter by 25 basis points, from 2.2% a decade ago to 2.0% today. The relatively linear drop, especially for Fixed Income funds, reflects the growth, maturity and rivalry in the Microfinance funds sector.

Figure 67 – Historical TER of Microfinance funds



3.11 INVESTOR COMPOSITION

Geography

Retail and professional investors who fund the capital structure of PAIFs are mostly located in Western Europe and North America, the prime geographies where PAIFs target investors. Some of these countries possess more conducive regulations than others when it comes to the distribution of impact products.

According to survey responses, when available, PAIFs mostly target retail investors in Germany, the Netherlands and the United States. They mostly market their products to professional investors in the United States, Switzerland and Luxembourg.

Liquidity

In contrast to traditional investment products that offer high liquidity for investors, private assets are illiquid products, some even more than others. Closed-ended

funds and Equity funds are by definition the most illiquid, with investors committing to patient capital across multiple years.

Open-ended fund structures in the impact space offer different frequencies for investors to enter (subscription) and exit (redemption) PAIFs. Monthly subscriptions are the norm according to our study sample (41% of observations), followed by quarterly subscriptions (13%). These periodicities also seem to be common practice (49% of PAIFs on aggregate) in terms of redemption, associated with a median notice period of 60 days.

Some PAIFs do offer daily or weekly subscription and redemption possibilities (also with shorter redemption notice periods), bringing such PAIFs closer to the liquid mutual fund markets.

Table 12 – Subscription and redemption frequencies for open-ended funds

	Subscription (% of funds)*	Redemption (% of funds)
Daily	10%	6%
Weekly	1%	2%
Biweekly	4%	0%
Monthly	58%	38%
Quarterly	18%	39%
Triannual	0%	2%
Semestrial	0%	9%
Annually	8%	5%

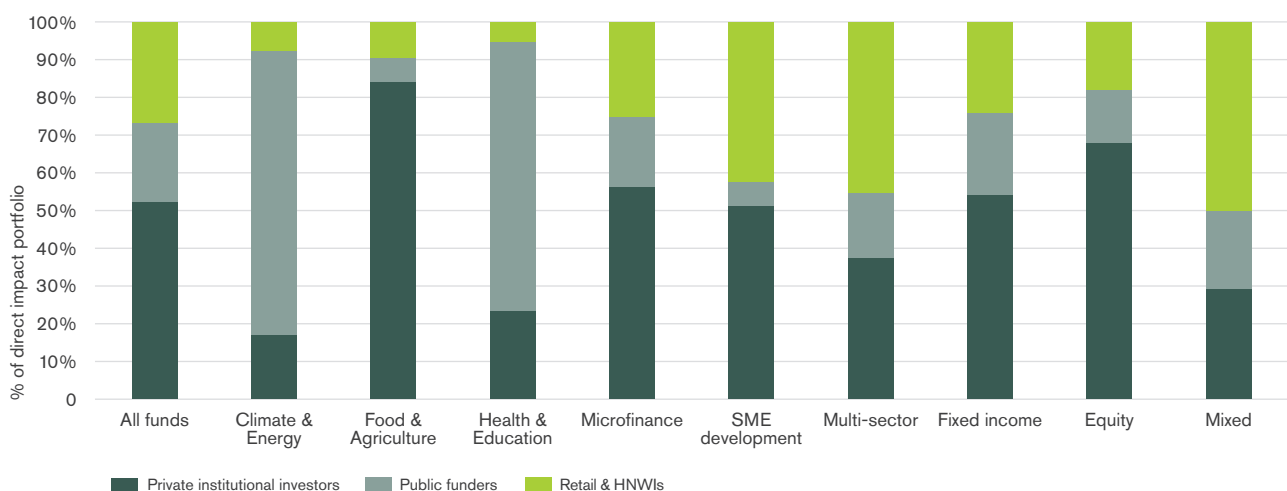
* These percentages are relative to the number of responses and may not fully reflect the market's liquidity.

Investor breakdown

In terms of volume, PAIFs from the sample source 52% of their funding from institutional investors, followed by 27% from private retail and qualified individuals (HNWIs) and the rest (21%) from public funders.¹⁵ Collectively, PAIFs source USD 10.3 billion through private institutional investors, USD 5.3 billion through retail and HNWIs and USD 4.2 billion through public funders.

Breaking this down by primary impact sector, we observe that Climate & Energy and Health & Education vehicles generate more public funding (75% and 72%, respectively). Private institutional investors mostly finance Food & Agriculture and Microfinance funds, at 84% and 56%, respectively. These investors are also the prime source of capital for Equity PAIFs, whereas Mixed funds source 50% of their money from retail and HNWIs.

Figure 68 – Investor composition



For Microfinance funds, private institutional investors have constantly been the major source of financing since 2006. Their share of the pie has kept increasing, especially since 2015, with public sector funding witnessing the opposite trend, dropping from one-third of total funding in 2006 to accounting for 19% of Microfinance PAIF capital at the end of 2019.

In terms of investor growth within the Microfinance funds sector, retail and HNWIs have witnessed the strongest growth, with a CAGR of 22% since 2006, albeit starting from a lower base in terms of allocated volumes. For 2019, growth was strongest for public funders (+17%) within Microfinance Funds, followed by private institutional investors and finally retail and HNWIs, growing by, respectively, 14% and 5%.

¹⁵ For definitions of the different types of investors, refer to section 2.1 Business model.

Figure 69 – Historical investor composition of Microfinance funds

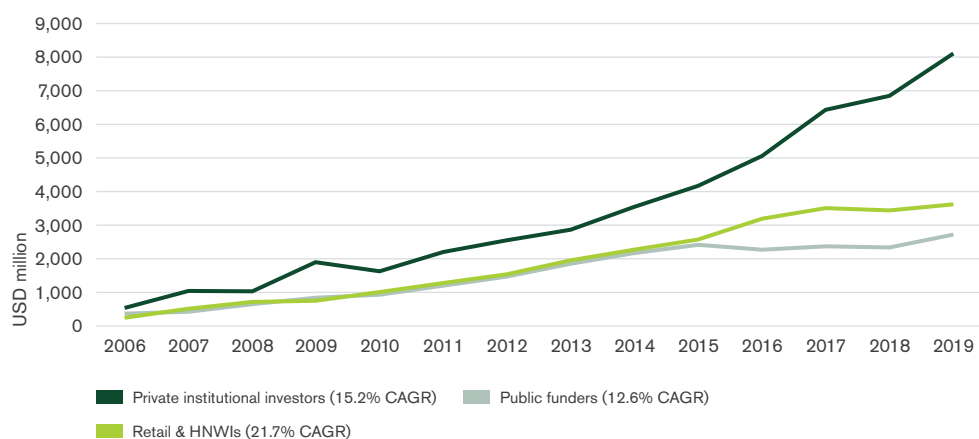


Table 13 – Yearly funding growth by investor type in Microfinance funds

Yearly growth	2015	2016	2017	2018	2019
Private institutional investors	11.4%	13.1%	25.7%	4.2%	13.8%
Public funders	11.7%	-6.9%	2.6%	-1.1%	17.1%
Retail & HNWI	15.4%	21.5%	-3.5%	7.0%	5.1%

3.12 FINANCIAL PERFORMANCE

Investors who fund the capital structure of PAIFs can either be shareholders, benefitting from the periodic distribution of dividends and capital appreciation of their fund units, or noteholders who have provided credit to the PAIFs in return for fixed or floating interest.

There are multiple drivers of net returns for PAIF investors. For Fixed Income funds, the net return will depend mostly on the portfolio yield or interest income from which the management fees, operational expenses and provisioning expenses will be deducted, together interlinked with liquidity management and cash drag dynamics, as well as international money market fluctuations. As seen before, cash levels average 10% of total assets, portfolio yields average 7.6% of portfolio levels, total expenses average 2.3% of total assets and provisioning levels reached 0.8% in 2019. For Equity funds, dividend levels and exit valuations, minus total expenses and performance fees, will drive the net return for investors. As seen in previous sections, all these inputs vary according to each PAIF's primary impact sector of focus and overall investment strategy (currency, investee type, country allocation, etc.).

For the purposes of this study, we present the net returns by separating unleveraged and leveraged PAIFs, enabling us to disaggregate note interests and equity tranche returns for leveraged funds, and net shareholder returns in the case of unleveraged funds, by presenting the

information by strategy (Fixed Income funds, Mixed funds, Equity funds).

2019 – a strong year for financial returns

As financial markets witnessed a comparatively strong year in 2019 across stocks and bonds, impact investing strategies also brought positive financial returns for investors.

For unleveraged funds, 2019 saw returns in USD of 4.3% for Fixed Income, 4.6% for Mixed and 6.3 % for Equity PAIFs. Returns were lower in EUR and CHF, at 2.7% and 1.3%, respectively for Fixed Income and 2.9% in EUR for Mixed funds.

For leveraged funds, the equity tranche returns amounted to 2.7% in USD and 4.0% in EUR. Noteholders received on average 4.3% on their loaned capital in USD.

For unleveraged Fixed Income funds, Health & Education and Microfinance sectors drove returns, at 9.8% and 4.5%, respectively. High portfolio yields along with relatively low annual loan loss provisions in the first sector partly explain the high returns. PAIFs with a prime focus on Food & Agriculture had a negative return in USD (-3.5%) and a low but positive one in EUR (1.1%).

Table 14 – Financial returns

Unleveraged funds	USD	EUR	CHF
Fixed income	4.3%	2.7%	1.3%
Equity	6.3%		
Mixed	4.6%	2.9%	
Leveraged funds	USD	EUR	CHF
Coupon returns	4.3%		
Equity tranche (ROE)	2.7%	4.0%	

Figure 70 – Leveraged funds - Equity Tranche (USD)

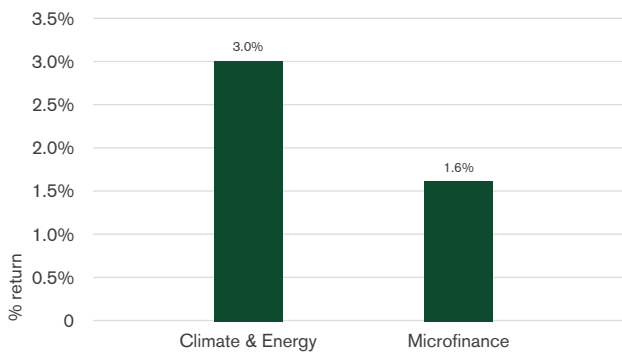
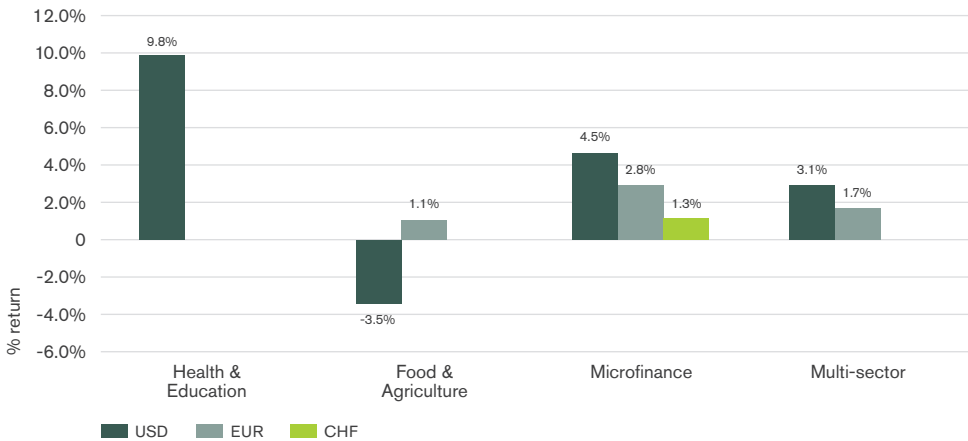


Figure 71 – Unleveraged, Fixed income funds



Maximum drawdown

Looking at maximum drawdown figures¹⁶ helps contextualize how stable the PAIF market is. Across all sectors, and considering only funds with a monthly NAV valuation frequency, maximum drawdowns over the last five years have amounted to -2.31% for USD, -2.09% for EUR and -2.61% for CHF share classes. These values

decrease to -1.85%, -0.98% and -1.55%, respectively when focusing on highly hedged fund.

The low drawdown numbers are testament to the stability of the private asset impact investing strategy, even during stress periods for financial markets.

¹⁶ Maximum drawdown should be understood as the maximum observed loss from a peak to a trough of a fund share class net asset value (NAV) per unit, before a new peak is reached.

Looking back at Microfinance funds' returns

In microfinance, net returns have varied over the years since initial observations dating back to 2006. Following a challenging 2014-2017 period, Microfinance PAIF returns bounced back in 2018-2019 for Unleveraged Fixed Income strategies in USD. For these specific PAIFs, the 2019 values outperformed the Symbiotics Microfinance Index (SMX)¹⁷ in USD (4.5% vs. 4.4%), EUR (2.8% vs. 1.6%) and CHF (1.3% vs 1.1%).

Leveraged PAIFs seem to generate more stable returns on their equity tranche, at least in EUR, over the years in comparison to Unleveraged PAIFs.

For Equity Microfinance funds, returns averaged 9.0% in USD in the period under review, with high volatility linked to this business model.

Figure 72 – Historical USD returns of Fixed income Microfinance funds

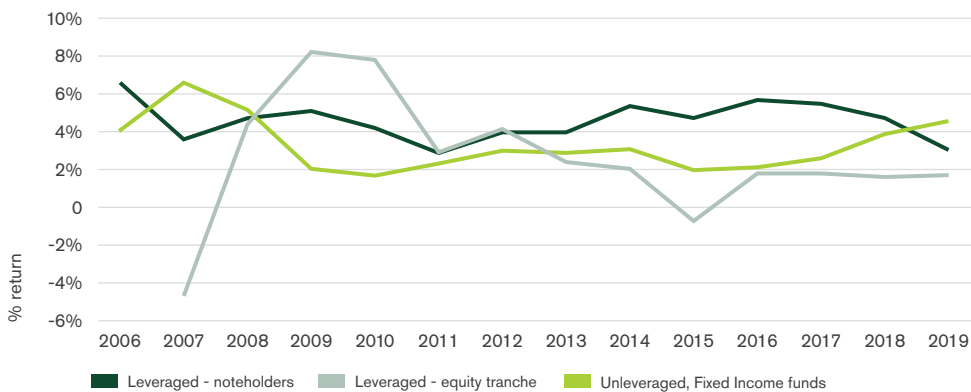
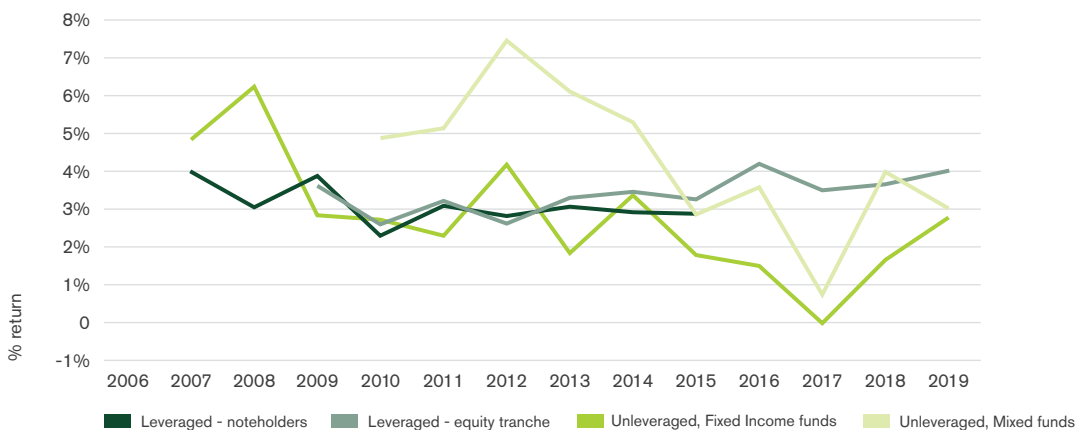
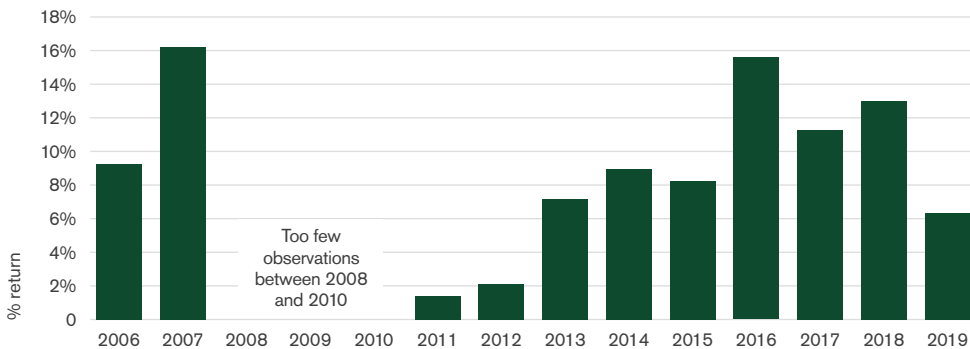


Figure 73 – Historical EUR returns of Fixed income and Mixed Microfinance funds



17 The SMX - MIV Debt USD, EUR and CHF indexes are in-house Symbiotics indexes that track, on a monthly basis, the NAV of a selection of Microfinance funds with a majority of assets invested in Fixed Income instruments. The funds are equally weighted. The index has been available on syminvest.com in USD, EUR and CHF since 2004.

Figure 74 – Historical USD returns of Equity Microfinance funds



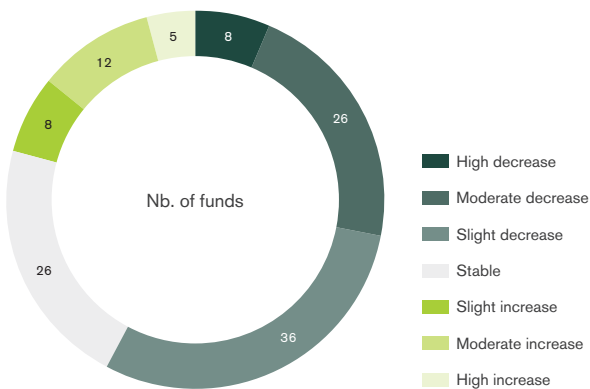
Return forecasts

While the full effects of the COVID-19 pandemic on PAIF performance remain uncertain as of writing, most PAIFs expect a slight to moderate decrease in their performance in 2020. Eight respondents expect a high decrease, of which 7 are Mixed and Fixed Income funds (4 and 3, respectively).

One-fifth appear to indicate stable returns for 2020 while only another fifth expect any sort of increase in returns, be it slight, moderate or high.

PAIFs in Climate & Energy, Health & Education and SME development are more optimistic (50% of funds expect a return increase) compared to Microfinance funds (75% expect a decrease). Equity PAIFs, although they forecast a decrease in size for 2020 (see section 3.2 Size & growth), are more optimistic than Mixed and Fixed income funds (44%, 27% and 10% of them expect an increase in returns, respectively).

Figure 75 – Return forecasts



4

PRIVATE ASSET IMPACT FUNDS – IMPACT METRICS

This chapter looks at PAIF impact measurement and management practices. We have divided the chapter into three distinct sections, looking at impact management and measurement from three distinct lenses, altogether defining the **development finance narrative**.

We first look at their investment strategy, in terms of **SDG intent**, using impact investing principles, and seeing how they are put into practice in investment documentation and reporting.

We then look at the investment process, in terms of **ESG integration**, using broader sustainable finance principles and seeing how they filter, screen and rate each of the investments.

Finally, we look at the investment output in terms of **BOP outreach**, using more specific inclusive finance principles, and seeing how they actually deploy their capital at the base of the pyramid to maximize outreach and inclusion, as far out as possible in low- and middle-income countries and as deeply as possible into low- and middle-income households.

4.1 DEVELOPMENT FINANCE NARRATIVE

4.2 SDG INTENT

4.2 ESG INTEGRATION

4.3 BOP OUTREACH

4.1 DEVELOPMENT FINANCE NARRATIVE

Private sector development finance is inherent to the business model of PAIFs and their investment managers, seeking to pursue an investment philosophy geared towards sustainable finance, impact investing and inclusive finance in emerging and frontier markets.

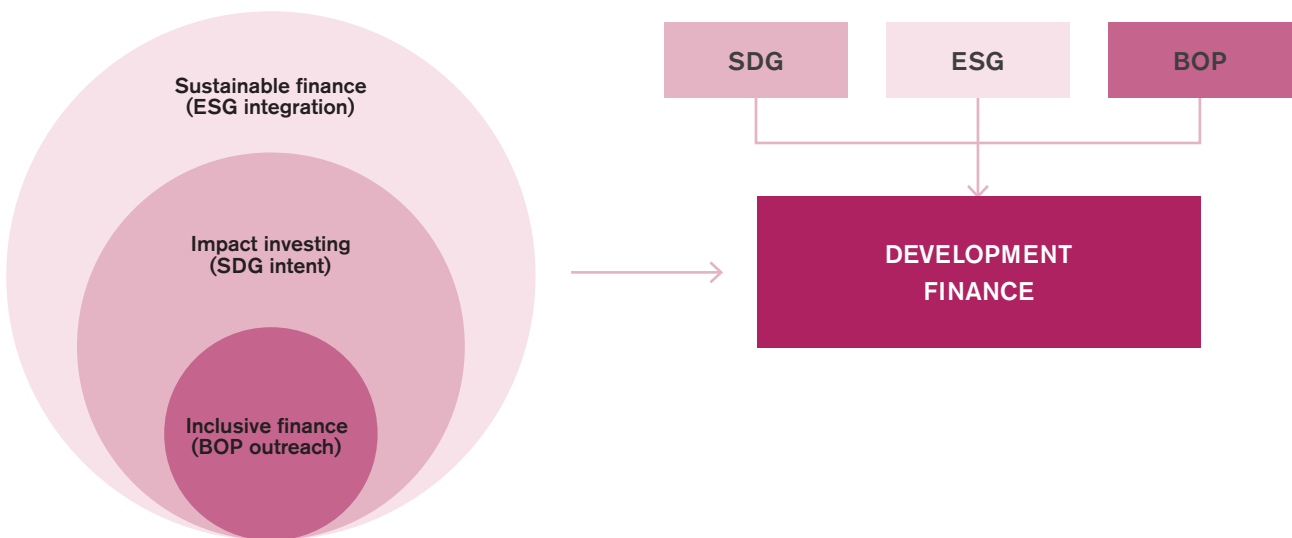
The development finance narrative integrates thus a triple promise or commitment, alongside the other risk, return, regulatory and cost elements built into their practice.

From a market size and investment universe standpoint, development finance is part of inclusive finance, in the sense of following an investment strategy with a view to create inclusive growth for the benefit of low- and middle-income economies in underserved markets, in a North-South dynamic. Inclusive finance is part of impact

investing, in the sense of positively addressing a range of global challenges, as currently illustrated by the SDGs. Finally, impact investing is part of sustainable finance, in the sense of integrating environmental, social and governance norms into the investment value chain and decision-making process.

As a result, development finance investments stand out from mainstream investments because they integrate these filters and drivers in their decision-making process, added value and monitoring work. Development finance funds have a theory of change built on what impact goals they address, how they filter the investment universe and how far and how deep they reach out with their investments.

Figure 76 – Development finance narrative



4.2 SDG INTENT

Integrating SDGs in the investment narrative and mapping them to specific strategies or transactions has become an important topic for the impact investment community. Ever since the 2030 Agenda for Sustainable Development put forward the common goals adopted in 2015, a variety of investment products revolving around one or multiple SDGs have come to light. For PAIFs, their impact intentionality at the onset guides their operational impact narrative. Many have even started implementing SDG considerations at the core of their impact investment activities.

As a result, PAIFs increasingly map their social and/or environmental goals against the SDGs. Some do it at the fund level (52 funds), others map it at the investee level (42), while yet others more granularly at the transaction level (37). Most PAIFs (80) have dedicated SDG reporting for their investors, and among those which do not have it, 32 are planning to do so soon.

We refer to this exercise upstream in the investment strategy as “SDG intent” using impact investing principles to tie the strategy of the fund to explicit goals and objectives, which then trickle down in the fund and transaction documentation and can be measured thereafter in the fund reporting.

Figure 77 – Mapping of funds’ social/environmental goals against the SDGs

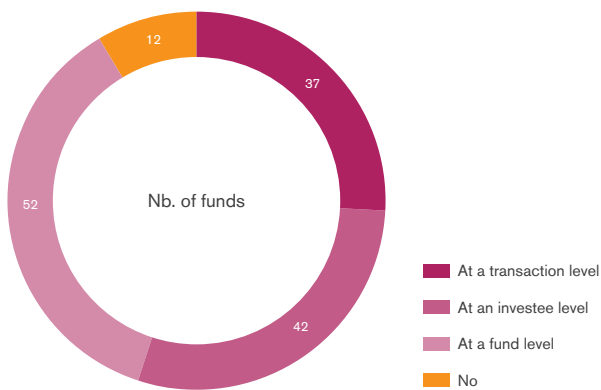
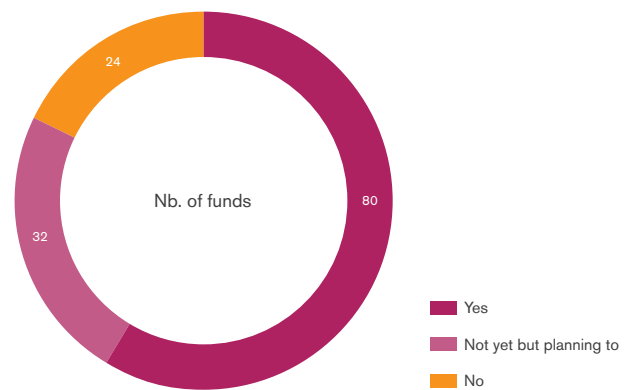


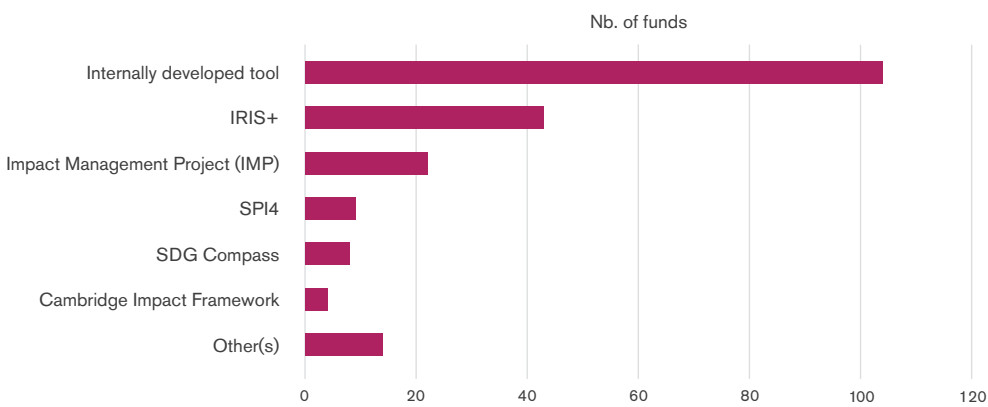
Figure 78 – SDG reporting to investors



When looking at the tools used to map the SDGs, most PAIFs use internally developed tools, generally put forward by their specialized investment management companies. Many PAIFs responded that they are using

GIIN’s IRIS+ tool, while they also frequently cite the Impact Management Project, CERISE SPI4 and the SDG Compass as mapping tools that they use.

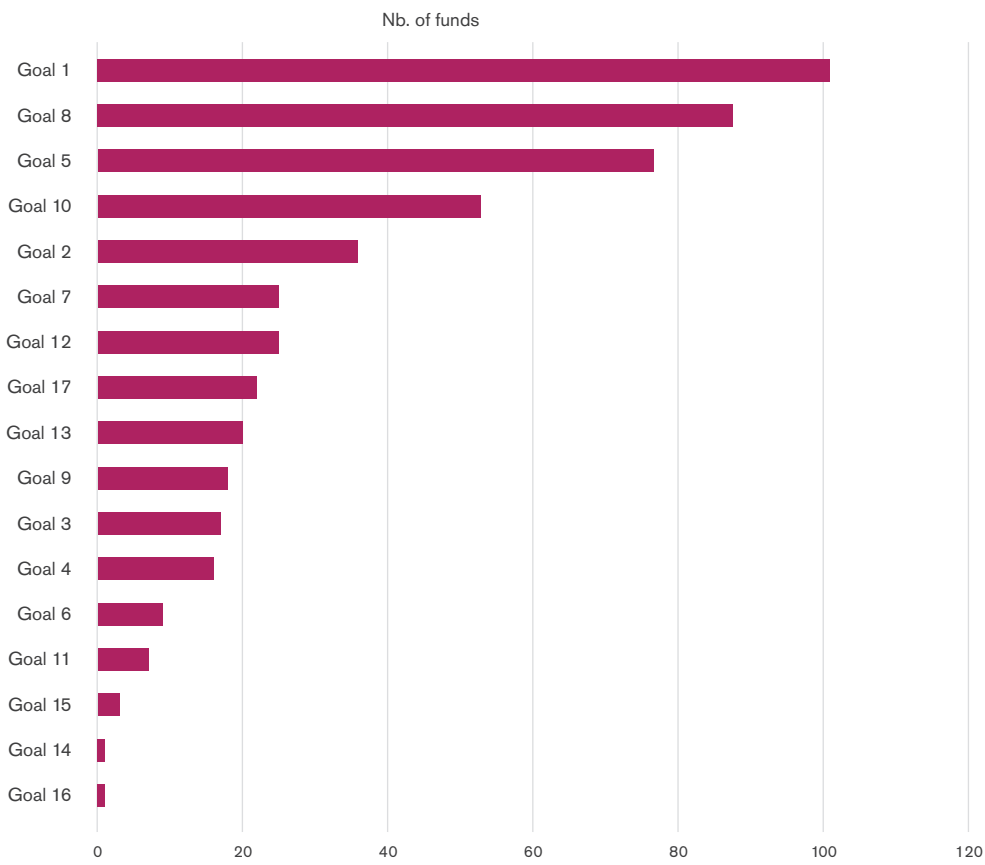
Figure 79 – Impact measurement/assessment tools used for SDG mapping



When asked about the different SDGs targeted, the top five SDGs mentioned by survey participants were SDG 1 (101 PAIFs), SDG 8, SDG 5, SDG 10 and SDG 2. When comparing this to the SDG rationale presented

in the methodology section (1.2 Scope, market size & methodology), these numbers fit with the sample of funds active in each impact sector (3.5 Impact sectors). SDG 14, SDG 15 and SDG 16 are mentioned less as targets.

Figure 80 – Targeted SDGs



Each SDG has its own targets and indicators in terms of specification, implementation and measurement. For each PAIF category, we can subsegment the strategy and intent

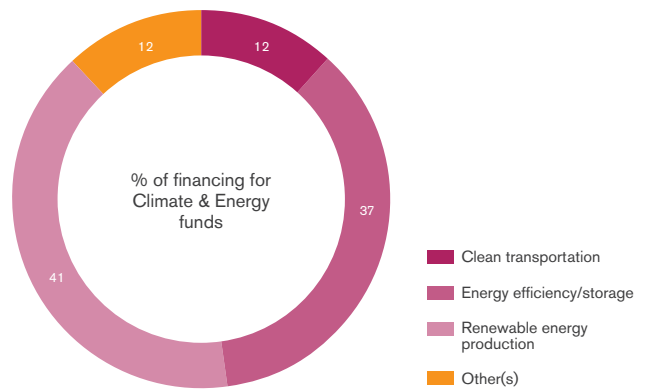
into specific categories, with some measurement protocols sufficiently evolved to propose ex-post indicators of impact performance.

Climate & Energy

PAIFs in Climate & Energy allocate most of their portfolio between energy efficiency and storage, renewable energy production, and other segments, including climate insurance.

Reporting frameworks and measurement protocols for Climate & Energy PAIFs are much more advanced than most other categories, even than Microfinance funds. Most companies and projects have clear guidelines to capture either energy savings, CO₂ emission reductions or renewable production, for instance. From the data collected in the PAIF sample, the annual renewable energy production from projects funded is 544,746 megawatt hours per year (MWH/year) at a fund level. The annual energy savings from projects funded is 176,074 MWh per year. The annual CO₂ emissions reductions/avoidance/capture achieved from projects funded amount on average to 828,323 tons of CO₂ per year.

Figure 81 – Climate & Energy subsectors financed

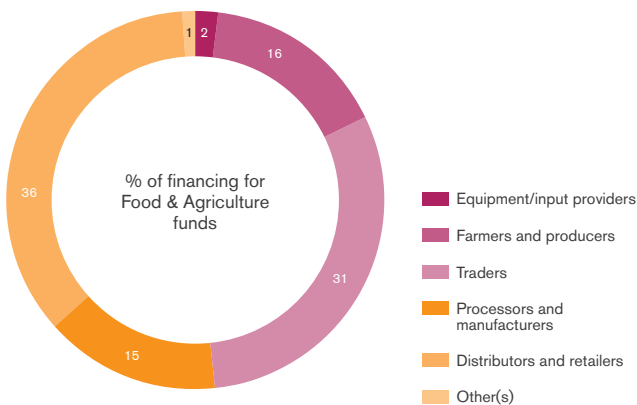


Food & Agriculture

The portfolio of Food & Agriculture funds can typically be split in terms of their strategy and target objectives between equipment and input providers (2%), farmers and producers (16%), traders (31%), processors and manufacturers (15%) and distributors and retailers (36%).

In terms of ex-post outcome measurement, one key indicator is the area under sustainable management, which stands, on average, at 331,326 hectares per fund.

Figure 82 – Agriculture value chain actors financed



Health & Education

The portfolio of Health & Education funds overwhelmingly addresses students rather than school needs (99% vs 1% of financing). Respondents were not yet able to report on their portfolio breakdown by type of healthcare service providers or beneficiaries, which can include clinics, health insurers, healthcare equipment suppliers and households, among others.

Figure 83 – Education actors financed

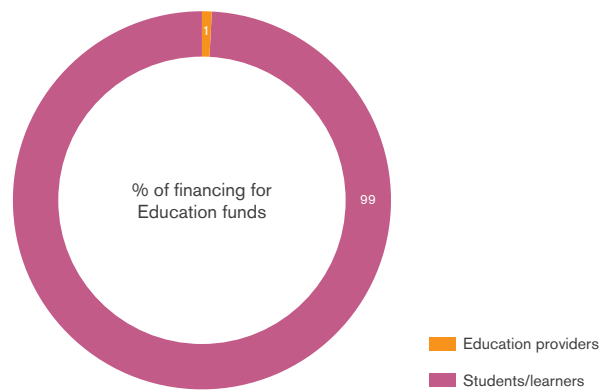
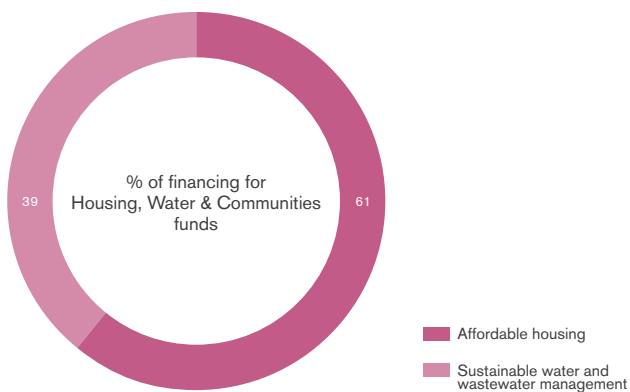


Figure 84 – Housing, Water & Communities subsectors financed



Housing, Water & Communities

Housing, Water & Communities sector funds typically channel their portfolio between affordable housing (61%) and sustainable water management (39%) strategies and objectives.

Microfinance

The impact of microfinance is best described in terms of three targets: (1) financial security, (2) household consumption and (3) employment and entrepreneurship dynamics. These can then be measured through a variety of indicators, in terms of (1) savings accounts, insurance policies, other non-credit products, and short-term liquidity loans, (2) household need loans, housing loans and

consumer loans, and (3) number of credit clients, average loans, and number of employees thereof, respectively.

In this survey, we were able to capture the breakdown of the gross loan portfolio of investees, in majority MFIs financed by Microfinance funds. This breakdown relates to the sectors of activity of end-clients and consumption patterns.

Results indicate that investees allocate 54% of their gross loan portfolio (GLP) to microenterprise loans, 16% to SME loans and 15% to loans for household consumption needs, most of which is for housing loans. Investees typically allocate the rest to corporations and other consumer products. Regarding the sector of activity of their MSME end-clients, about a fifth of GLP is allocated to end-clients in agriculture and production, while 25% is for clients in small trading activities. In terms of number of micro- and small enterprise clients and their average financing, figures show that they have remained very stable, corroborating the impact deep at the base of the pyramid over the past decade (see section 4.4 BOP outreach).

Finally, in terms of investee product offering beyond credit, 34% of investees offer green loans to their end-clients (a number that has been rising continuously since 2015, when it stood at 14%) while about half

of them offer savings (48%), insurance (57%), other financial (49%) and non-financial services (62%). These products ultimately serve to fulfil the financial security of households, making them resilient in facing any shocks to their cash flows.

Overall, as one expression of the ex-post measurement of the main targeted impact by Microfinance funds, the number of active borrowers financed is 135,000 per fund at the median, a figure that has been stable in the last three years, prior to which it increased significantly due to a methodology change in the computation process for Equity funds. It evolved in a bandwidth of between 40,000 and 60,000 prior to the increase.

SME development

As mentioned previously, SME development portfolios flow to SMEs either directly or through financial institutions (3.6 Investee types). For the latter, the

study sample indicates that SMEs active in production, services and trade sectors receive most of the financing (74%).

Figure 85 – Activity sector of MSMEs financed by Microfinance funds

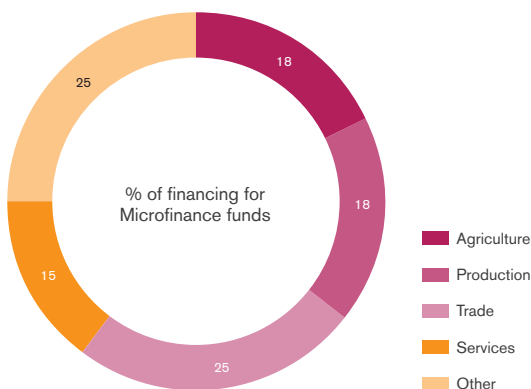
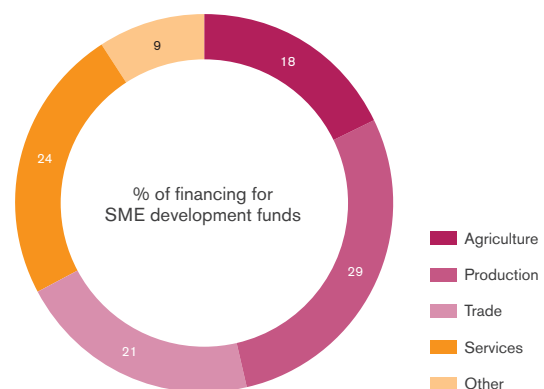


Figure 86 – Activity sector of SMEs financed by SME development PAIFs



4.3 ESG INTEGRATION

The second step in assessing the impact management and measurement practice of PAIFs applies broader sustainable finance principles, using ESG integration practices in terms of screening, filtering and rating the investments and investees as part of their decision-making process and reporting thereof.

Most of the PAIFs (133 of them) in the study sample integrate ESG screening into investment decision processes, with only a handful that are not yet doing so or not doing it at all. In terms of reporting, a significant majority of PAIFs do some form of ESG reporting for their investors (118 of them) while eight mentioned they plan to do so.

Figure 87 – Integration of ESG screening into investment decision process

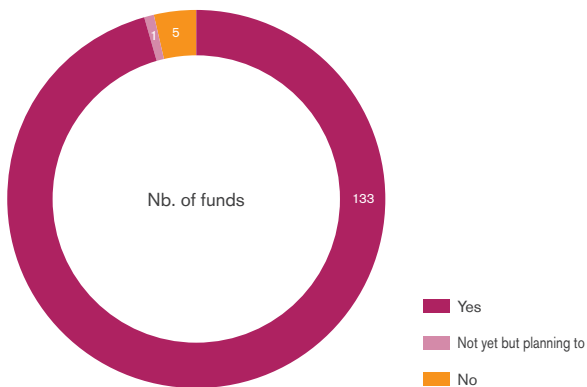
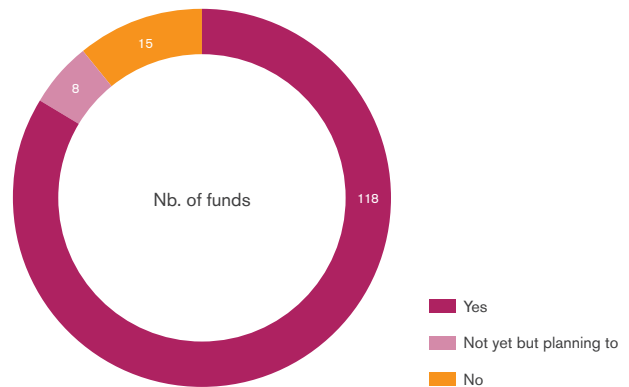


Figure 88 – ESG reporting to investors



While PAIFs account for ESG factors, the majority do not – or do not yet – offer preferential treatment for their investees that demonstrate strong ESG commitment. A few PAIFs do, however, systematically offer preferential treatment (25 of them). For those that do it always, often or sometimes, the most frequent type of preferential treatment mentioned is “lower interest rates” on the credit side and “accepting lower dividends” on the equity side. More lenient financial covenants and other types of preferential treatment include flexible repayment schedules, less collateral, technical assistance and higher risk-taking willingness.

Figure 89 – Use of preferential terms for investees demonstrating strong ESG commitment

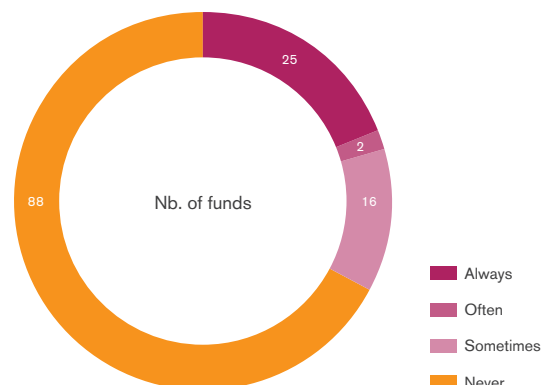
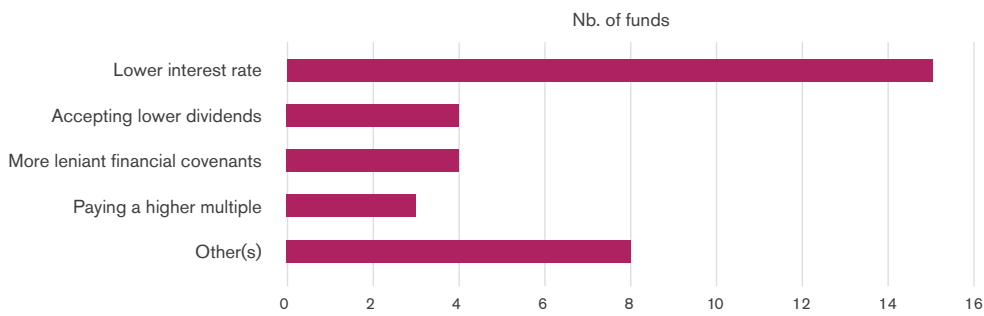


Figure 90 – Types of preferential terms



In terms of social or environmental covenants included within the investment agreement between a PAIF and its investee, a majority of PAIFs from the sample report that they always or often include such covenants (114 and 7 of them, respectively). These generally include social or environmental performance reporting from investees to the PAIF, exclusion lists, use of proceeds, earmarking, caps and floors on financial ratios, social performance milestones, the establishment of social performance management units, etc.

Figure 91 – Inclusion of social or environmental covenants / undertakings within investment agreements

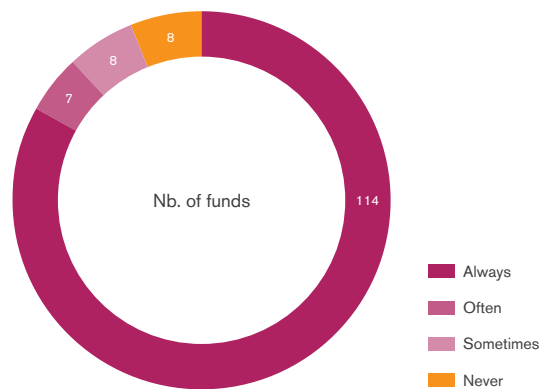
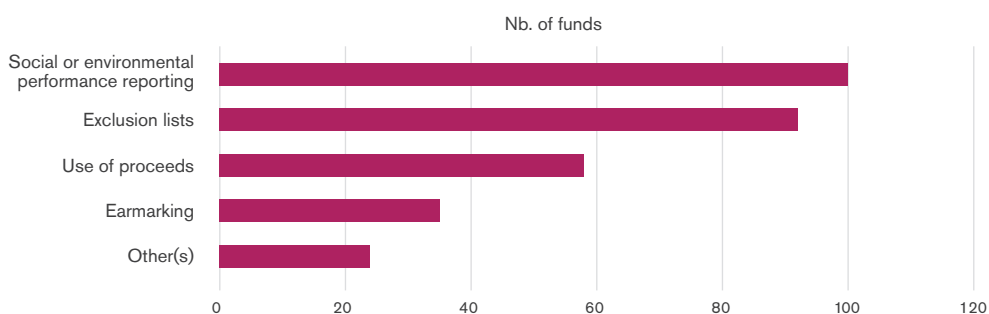


Figure 92 – Types of social or environmental covenants / undertakings



4.4 BOP OUTREACH

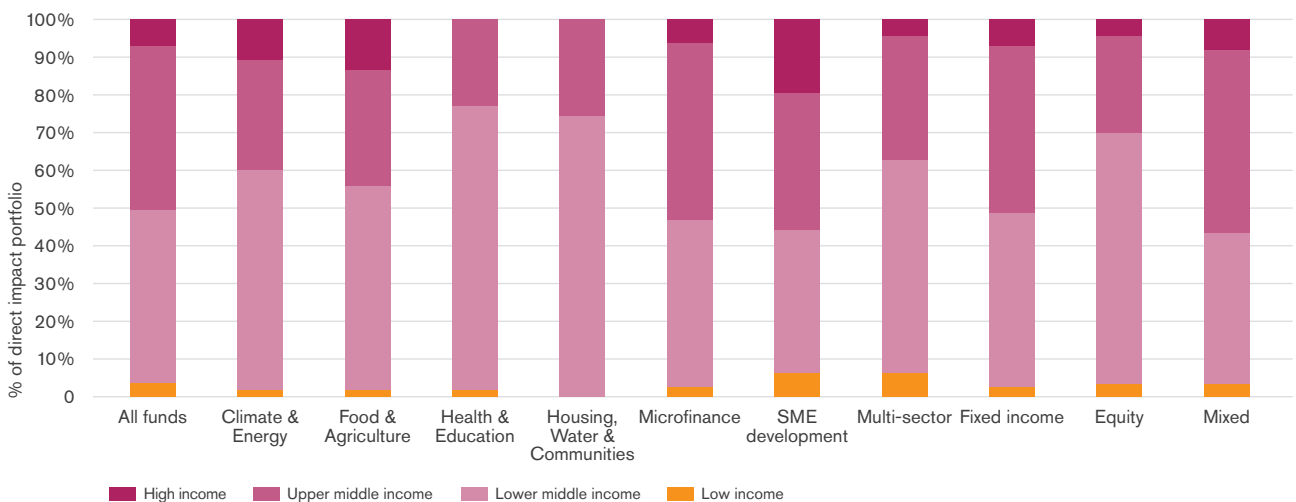
The third and last step in assessing the impact management and measurement practices of PAIFs is to use specific inclusive finance principles, anchored in development finance, looking at investment output in terms of BOP outreach, and seeing how they actually deploy their capital at the base of the pyramid to maximize outreach and inclusion, as far out as possible in low- and middle-income countries (country level) and as deeply as possible into low- and middle-income households (end-beneficiary level).

We derived the results presented below from common reporting metrics used by PAIFs in their disclosure of impact performance to investors, with more tracking and granularity for Microfinance funds given the sector’s historical track record and higher level of industry maturity.

Country outreach

In terms of volume, a PAIF’s direct impact portfolio is allocated mostly in lower middle-income countries (47%), followed by upper middle-income countries (43%), with only 4% to low-income countries. Arguably, grant funding and concessional investments probably best serve least developed countries (LDCs), given the sovereign risk management dynamics inherent to private sector investors and their fund managers. Health & Education as well as Housing, Water & Communities PAIFs are the most inclusive, country-wise, allocating three quarters of their impact portfolio to lower middle-income economies. Mixed funds seem to be the ones allocating the most to upper middle-income and high-income countries.

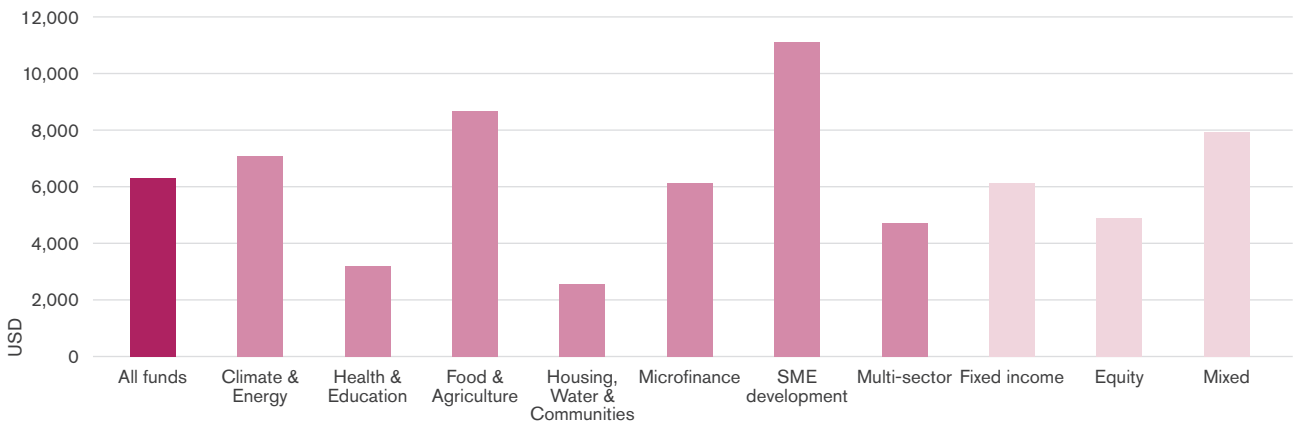
Figure 93 – Country exposure by income level



Across all these markets, the gross national income (GNI) per capita averages USD 6,290. Comparing this to the world average (USD 11,570) demonstrates the ability of PAIFs to channel capital to where the population and households have lower than average income levels.

SME development and Food & Agriculture PAIFs have the highest GNI per capita recorded for their country portfolios, while Housing, Water & Communities and Health & Education the lowest.

Figure 94 – GNI per capita



Investee outreach

Investees are a prime link for PAIFs to the BOP. As observed, PAIFs mostly finance financial institutions and SMEs (section 3.6 Investee types). It is relevant to point to some social metrics at the investee level, especially since those are major drivers of employment in emerging and frontier markets. For this first survey edition, we have aimed to gather data on the number of employees of investees and the gender breakdown, looking at whether gender parity exists in PAIF impact portfolio investees. On average, investees have 40,000 employees, while

the median stands at less than 14,000. Slightly more than half of employees are men, but contrasts exist when looking at primary sectors of focus. Education PAIFs seem to finance investees with more women staff (at 80% of total employees), for instance, whereas Food & Agriculture investees have the highest share of men staff (65%). In terms of number of employees, Microfinance funds have the largest headcount at the investee level (average of 60,000 employees, median of 32,000), MFIs being known as labor-intensive employers.

Figure 95 – Number of people employed by funds' investees

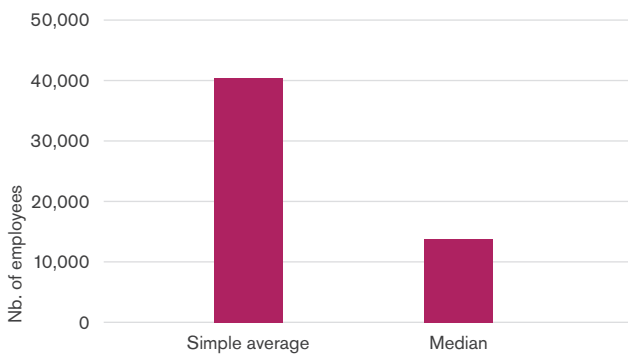
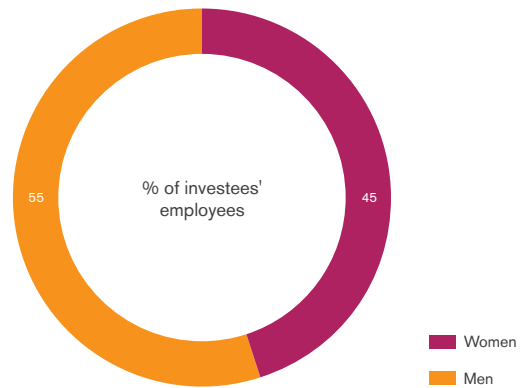


Figure 96 – Gender profile of investees' employees



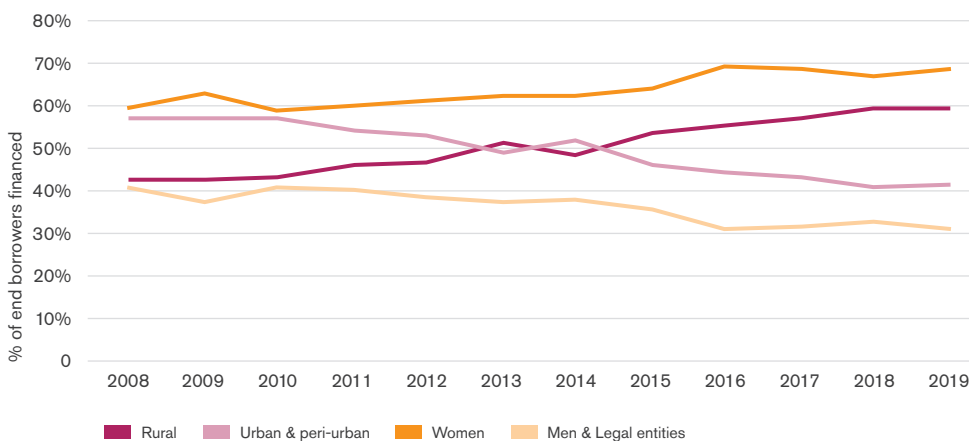
End-client outreach

For all PAIFs, we attempted to retrieve the number of end-clients financed and assess where these clients were located and their gender. Results show that a PAIF finances on average 1.2 million end-clients, whereas the median observation stands at 204,000 end-clients, signaling the presence of high values that stem from Equity PAIFs (average of 4.3 million end-clients financed), with their higher outreach ability given their ownership stakes and capacity to drive decision-making in their investees (compared to Fixed Income and Mixed PAIFs which only

report the pro rata segment of the clientele they finance, with averages of 304,000 and 569,000 end-clients respectively).

In terms of location and gender, 58% of end-clients are in rural areas and two-thirds are women. Outreach to women seems to be particularly prevalent for Housing, Water & Communities (86%) and Microfinance (69%) funds. In terms of historical trends for Microfinance funds, they do show a bias in working with MFIs that have had a higher number of rural and women borrowers over the years.

Figure 97 – Historical profile of Microfinance funds' end borrowers

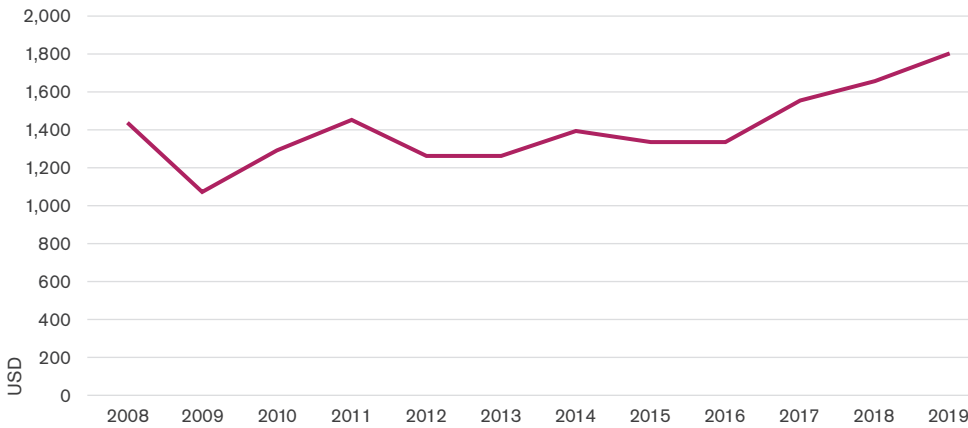


Microfinance and SME development funds

In the specific cases of Microfinance and SME development funds, we consider the average financing size as a measure of depth in the market, and the number of businesses financed as a measure of breadth in the market. We find that the median financing sizes for Microfinance and SME development funds is USD 1,800 and USD 48,778, respectively, whereas the average number of businesses financed is 135,000 micro- and small businesses for the former, and 4,155 SMEs for the latter. For Microfinance funds, the average loan size has remained stable at

between USD 1,250 and USD 1,500 over the decade prior to 2017, and has only slightly increased in recent years, showing overall that these funds remain well-anchored in their markets and focused on ultimately serving the bottom end of their markets. Similarly, SME funds investing through financial institutions show a positioning rather towards the lower end of the market segment, which can easily move into the millions for more established SME investments.

Figure 98 – Historical average loan size



5

PANDEMIC PERIOD UPDATE

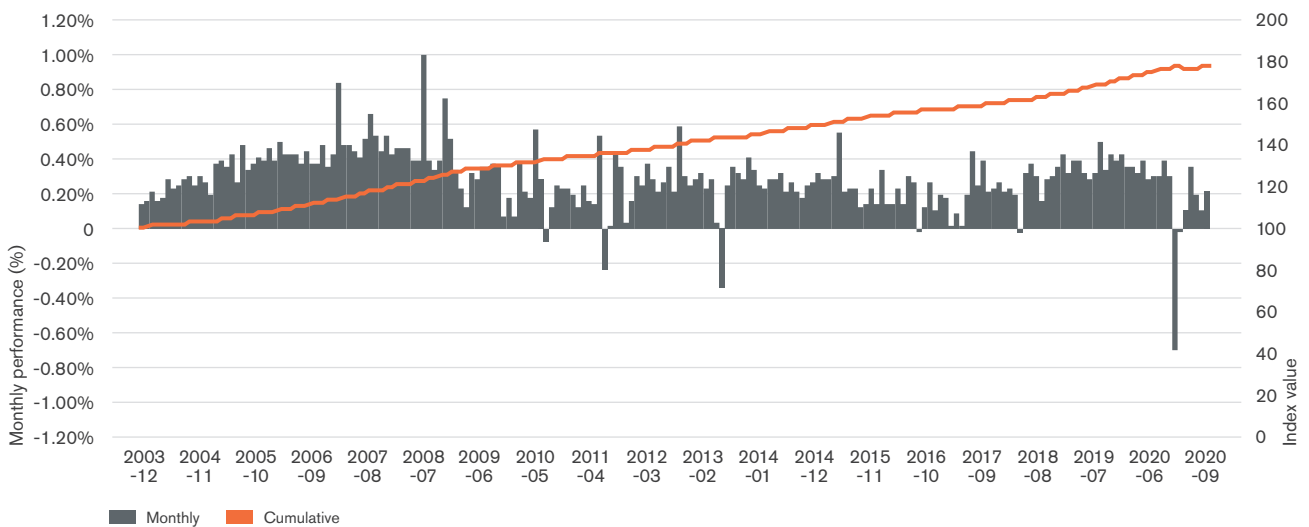
This short chapter analyzes the effects of the COVID-19 pandemic on the financial performance of microfinance funds in 2020. It uses the reference index for fixed income microfinance funds to quantify the repercussions of the current crisis while putting in perspective the resilience of microfinance during stress periods for financial markets. Other mainstream indices are used to contextualize overall findings.

The COVID-19 pandemic, which has swept across PAIF markets in 2020, has had distressing socio-economic repercussions. The lower-income population in the more affected regions has in many cases been more affected than their higher-income peers. Also, the lockdown, confinement and quarantine measures have stalled usual business flows and daily exchanges, affecting the financial sustainability of many microenterprises, small businesses, and larger projects and companies alike.

The full consequences of the pandemic are still to be understood as it continues to unfold and grow or return in certain regions. That being said, as a proxy of current understanding on risk and return consequences for PAIFs, the more mature Microfinance fund segment can shed some light on understanding the immediate consequence of the pandemic on the impact investing sector.

Fund performance in 2020

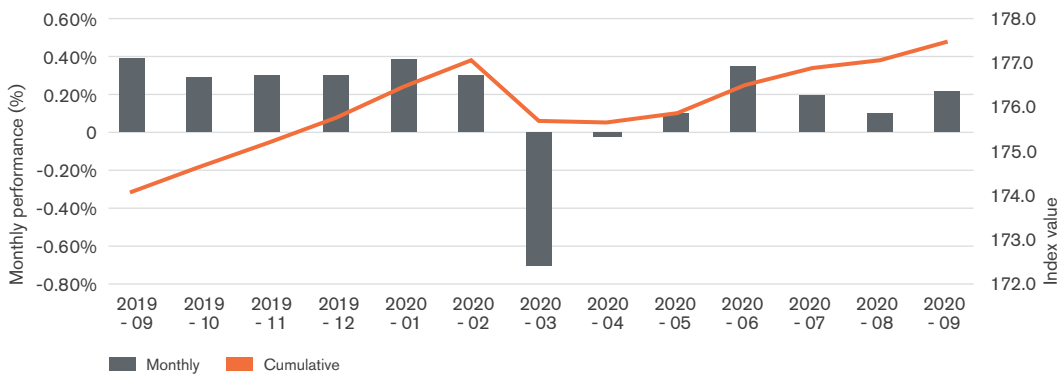
Figure 99 – Historical performance of the SMX-MIV USD Debt Index since inception



The main microfinance fund index in private debt, the SMX-MIV USD debt index, currently has a market coverage of about 52% of all Microfinance Fixed Income fund volumes, and of 61% of all open-ended ones.

It regroups the leading Microfinance Fixed Income funds, with USD hedged FX strategies, which can offer an independent monthly valuation.

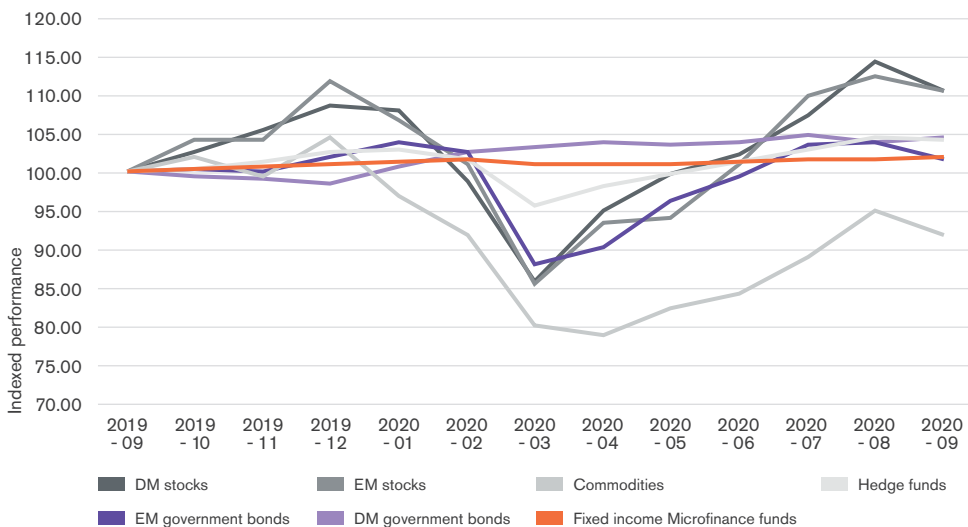
Figure 100 – One year performance of the SMX-MIV USD Debt Index



Since its launch in December 2003, and as of September 2020, this index has provided a cumulative return of 77.52%, which represents a compound monthly net return of 28.59 basis points or a compound annual net return of 3.49%. So far in 2020, the index has a year-to-date net return of 0.91%, which when annualized amounts to

1.21% or 1.79% when considering the past 12-months. In both cases, the Microfinance funds industry has taken its hardest hit since inception; but it has also remained afloat and shown much less performance volatility than other asset classes.

Figure 101 – Contextualizing the economic impact of the pandemic on Fixed income Microfinance funds



Risk as a measure of volatility

The SMX MIV Debt USD index has seen extremely low volatility since inception, which stood at 0.22% in terms of monthly standard deviation of net returns in 2019, close to values observed in 2004 (0.17%) and 2006 (0.20%). It peaked in 2008, 2011 and 2013 (respectively at 0.68%, 0.75% and 0.69%) as a measure of market events in those years. In 2020, the volatility currently stands at 0.92%. Over the past decade, the cumulative volatility since inception has remained between 0.54% and 0.61%; it currently stands at 0.60%.

These very low numbers are, of course, a measure of the valuation methodology of unlisted private debt instruments, measured at nominal value, plus accrued

interest, minus loss provisioning. Until the beginning of 2020, there had been only five negative months over 192 periods, with three of them being smaller than a 0.07% monthly drawdown. This is a reflection of the very little loss provisioning expense ratio experience by Microfinance funds over the past decade and a half, arguably moving, on average, between 0.50% and 1.0% per annum, with in addition little cumulative write-offs due to relatively high bad loan recovery scores (reportedly of 50% to 75% on average). In the current PAIF pool surveyed (as disclosed in section 3.9 Risk analysis) the loan loss expenses and write-off ratios over 2019 are 0.16% and 0.22% respectively in microfinance.

Table 15 – Comparing the performance and volatility of Fixed income Microfinance funds to mainstream asset classes

Asset type	Volatility		Annualized returns		Sharpe Ratio	
	15-years	2020 (YTD)	15-years	2020 (YTD)	15-years	2020 (YTD)
DM stocks	15.62%	21.78%	6.61%	1.70%	0.32	0.05
EM stocks	21.78%	22.63%	5.81%	-1.16%	0.19	-0.08
DM government bonds	3.15%	2.82%	4.38%	6.03%	0.87	1.95
EM government bonds	9.27%	16.84%	6.68%	-0.32%	0.54	-0.05
Commodities	16.49%	18.60%	-4.82%	-12.08%	-0.39	-0.68
Hedge funds	5.65%	7.36%	0.87%	1.62%	-0.13	0.15
Fixed income Microfinance funds	0.62%	0.92%	3.50%	0.91%	3.03	0.38

In 2020, the index will have experienced its highest single month decrease, at -0.70%, and most probably one of its highest annual volatility scores and lowest annual net return as well. Other financial market instruments, like developed market stocks, were significantly more affected, losing 20.57% over the months of February

and March. Staying in developed markets, government bonds gained 2.30% during the same period. In emerging markets, stocks and government bonds lost 19.86% and 15.06% respectively. As for alternative investment products such as commodities or hedge funds, these lost respectively 17.20% and 7.23% in those two months.

Overall, Microfinance funds remain attractive in terms of additional risk for additional performance brought to multi-asset strategies and mainstream investment portfolios, when comparing Microfinance funds to stocks, bonds and alternatives in developed or emerging markets.¹⁷ Sharpe ratios from the different asset classes (using the 3-Month LIBOR in USD as the risk-free rate and despite the divergent liquidity nature of each asset class) clearly signal an interesting coupling of risk and return. This remains true in 2020 as well.

Underlying risk management policies

These figures are, of course, not a measure of prediction for the coming months, as the full effect of the pandemic is not fully built into mainstream or impact markets yet. However, they are also a reflection of the important work done by domestic policymakers, development finance policy-makers and impact financing fund managers.

To support their economies, policy-makers have responded with a wave of interest rate cuts and stimulus packages in larger volumes than those seen during the global financial crisis. Development banks and foreign government aid agencies have also stepped in to inject much needed liquidity aimed at the financially underserved through large and rapid debt relief programs. Microfinance fund managers have also put significant coordinated efforts into ensuring that liquidity needs are met with coordinated intelligence and commitment, for the benefit of investors, microfinance institutions and their end clients.

In April 2020 for instance, nine leading Microfinance investment managers (BlueOrchard, DWM, Incofin, Microvest, Oikocredit, responsAbility, Triodos, Triple Jump and Symbiotics) signed a memorandum of understanding to coordinate their response to the COVID-19 impacts in terms of managing liquidity and solvency cases in the market. Also, in May 2020, a consortium of public and private

players in inclusive finance (among which Grameen Crédit Agricole Foundation, Alterfin, Pamiga, Cordaid Investment Management, FS Impact Finance, Inpulse, Investing for Development, MCE Social Capital, SIDI and SIMA) signed a common pledge to coordinate policies, technical assistance and lending activities to protect microfinance institutions and their end-clients. Finally, prominent impact investing networks supported by several foundations created the R3 Coalition, managed by the GIIN, to fill financing gaps and share insights with the investment community in response to the COVID-19 pandemic.

In terms of data points, CGAP launched the Global Pulse Survey of Microfinance Institutions, which provides up-to-date data on Microfinance fund borrowers. Symbiotics also runs MFI benchmarks, such as the SYM50, which tracks key performance indicators. Both show that the MFI landscape is quite stable and resilient as of now. For the SYM50, comparing end 2019 and end of August 2020 figures, profitability has indeed come down over the year, but it remains positive (returns on equity have moved on average from 10% to 5% over the year). Portfolio at risk levels have roughly doubled, but are still under control, moving from 5% to 10%, on average. Cash levels are stable, at around 10% of assets, even slightly increasing recently. Capital adequacy ratios are stable at 29%. Liquidity coverage ratios are stable at 175%. Risk coverage ratios are similarly stable at 107%. And both cash collection rates and cash disbursement rates, despite dropping to unseen levels in Q2, are gradually returning closer to 100%. From these figures we should not conclude that things are returning to a back-to-normal situation; they are different from one country to another. More importantly they require the benefit of time to be able to understand where they are headed over the last quarter and into 2021. But they explain quite well the current performance of the SMX MIV Debt USD index.

¹⁷ We used and sourced the following market indices from Bloomberg

Stocks – Developed markets: MSCI World Net Total Return USD Index; Emerging markets: MSCI Emerging Net Total Return USD Index

Government bonds – Developed markets: JPM Hedged USD GBI Global Index; Emerging markets: JPM EMBI Global Core Index

Alternatives – Commodities: Bloomberg Commodity Index Total Return; Hedge funds: HFRX Global Hedge Fund Index

We would like to thank the following impact fund managers and PAIFs for their generous financial support and collaboration on this first edition of the PAIF survey.

In the following pages, our sponsors showcase their product offerings, business models and track records in the impact investing sector.

actiam

alphamundi

caspian
debt

Deetken
Impact

FEFISOL

grassroots
capital management

incofin
INVESTMENT MANAGEMENT

INOKS
CAPITAL

regmifa

SEAF

seedstars

SIFEM
SWISS INVESTMENT FUND
FOR EMERGING MARKETS

SIMA
SOCIAL INVESTMENT
MANAGERS &
ADVISORS

TRI LINC GLOBAL
INVEST WITH IMPACT

Triodos
Investment
Management

VOX
CAPITAL

WATEREQUITYSM

alphamundi

*Investment Solutions
For People and Planet*

AlphaMundi Group was created in 2008 as a Swiss advisory group dedicated to impact investing. Its mission is to provide market-based solutions to the world's most pressing challenges, currently best defined by the Sustainable Development Goals. Since 2009, AlphaMundi has profitably invested USD 64M in 47 impact ventures in Latin America and Africa, primarily through the firm's SocialAlpha impact fund and related co-investments, across 120 venture debt and equity transactions, with an impact on more than 5 million beneficiaries, the vast majority in rural areas and some 40% of women.

ABOUT THE SOCIALALPHA INVESTMENT FUND (SAIF-BASTION)

SocialAlpha is an open-ended, Gender Lens, Multi-sector, private debt SICAV-SIF fund scaling up SMEs in Latin America & Africa since 2009, across Sustainable Food, Financial Inclusion and Renewable Energy.

The open-ended Fund provides short-duration loans of 12-24 months, allowing for a quarterly liquidity, with the occasional use of mezzanine instruments, convertibles and warrants.

SocialAlpha's most appealing features

include a first-loss guarantee facility by USAID covering about 25% of the Fund's AUM, and its resilience, with low volatility and market correlation since inception, delivering a net USD IRR of 2.7%.

SocialAlpha also provides co-investment rights that allow Fund investors to co-invest directly in select portfolio companies, through debt or equity, and thereby enhance their risk-adjusted returns, with a net USD IRR of 6.72% since co-investment inception in 2014.

As for the Fund's impact, its portfolio companies currently serve more than 350k low-income clients, 79% living in rural areas. In fact, SocialAlpha's agriculture companies are a key source of income for 44k supplier farmers. Women represent 43% of portfolio company staff and 54% of direct clients.

ALPHAMUNDI GROUP KPIs

Incorporation year: 2009

Headquarters: Geneva, Switzerland

Nb. of offices: 4

Nb. of staff (FTE): 13

AuM (USD): 59 million

Nb. of PAIFs: 2

Nb. of investees: 24

Main geography of investment:

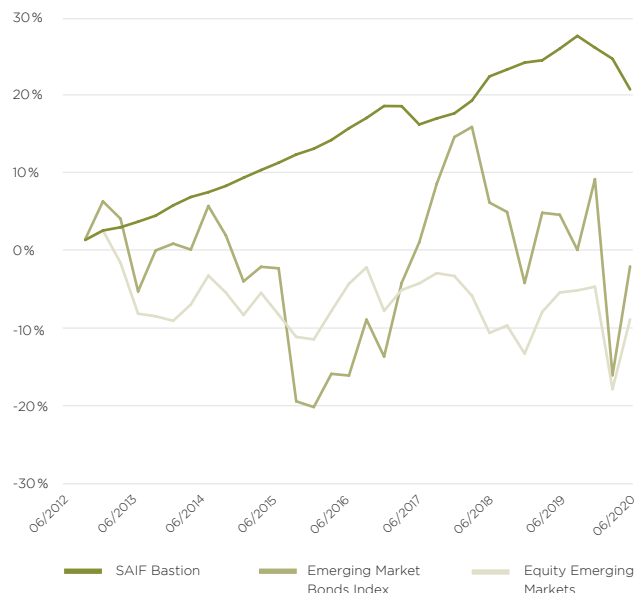
Africa & Latin America

Main impact sector: Poverty alleviation

Main asset class: Private debt

Since inception, the Fund has impacted 5M+ beneficiaries. It has helped 7,000 low-income students access university, including 98% of first-time borrowers. More than 700k solar home systems have been installed by the Fund's solar companies, giving clean energy access to 2M+ African households. The Fund Manager, AlphaMundi, has staff in Geneva, Bogota, Nairobi, and a corporate foundation in Washington, D.C.

CUMULATIVE RETURNS



Caspian Debt is the third fund promoted by Caspian Advisors a leading impact fund manager in India. Caspian Debt's mission is to enable the growth of companies that can achieve in a responsible, sustainable, and transparent manner positive social & environmental impact. We are a certified B Corporation, which means we take into account the impact of our decisions on our employees, customers, community and environment. We have served over 140 companies in the last 7 years responsibly & profitability.

Our Strategy

Focusing on critical and transformational sectors and business models.

Identifying transparent, ethically run, professionally managed organizations that require early stage funding.

Providing collateral free customised loans to these organizations & closely monitoring impact through the loan cycles.

Impact

13
SDGs served

38%
women impact businesses

40%
companies led by women

83%
active companies that showed positive CAGR post receiving support from Caspian Debt.

58%
of companies have taken at least 4 loans

USD 300Mn
Amount disbursed till date

FOCUS SECTORS


Food & Agriculture


Healthcare


Small Finance Bank


Clean Energy


Microfinance


Education

About Grassroots and Caspian: Since they began collaborating in 2005, Grassroots and Caspian have mobilized USD 350 million in impact capital to date, of which USD 150 million has been invested in India. We have built a solid track record of investment performance and hands on-value creation. Our expertise lies in working with early stage companies and transforming them into robust high growth businesses.

Since 2000, Grassroots has pioneered private investment in impact companies, starting with microfinance and evolving to include SMEs, sustainable agriculture, affordable education, and other sectors. Grassroots mobilizes the "first mover" capital that develops innovative, scalable business models to alleviate the challenges of poverty, food and health insecurity, climate and gender vulnerability, and build resilient communities. Grassroots funds target a financial return consistent with fidelity to their social objectives.

Milestones

2001

Early private equity investments in South Asian micro & SME finance companies

2003

Launch first private microfinance fund of funds

2005

Anchor investments in Bellwether, Microvest, ASA International, Locfund

2008

Partner to launch equity funds in India & Latin America targeting microfinance, SME & affordable housing with over USD 100Mn capital

2010

Support pilot & launch of B Corp & GIIRS ratings

2013

First Delaware Public Benefit Corporation

2015

Rated best for the World by B Lab for Governance, Customers

2017

Anchor investor in first impact company to successfully IPO on London Stock Exchange

2018

Supported USD 30 million in OPIC / DFC financing for Caspian Debt

Key Indicators



USD 350 million invested across Latin America, Africa and Asia



Managed and / or anchored eight impact funds



All funds exceeded return of capital



Targeted seven SDGs: poverty, hunger, gender equality, work and economic growth, responsible consumption, climate action and partnerships

Committed beyond Investment

About Incofin Investment Management:

Incofin is an AIFM-licensed, leading emerging markets focused impact investment management company specialized in financial inclusion and in the agri-food value chain. It manages and advises investment funds seeking financial returns and measurable impact.

Driven by a strong interest for business solutions that promote inclusive progress, Incofin aims to improve the lives of the more vulnerable or less privileged people. By doing so, Incofin is committed to delivering positive social impact, in addition to attractive financial returns to its investors.

As a “glocal” entity, Incofin built a team of 68 members spread over its headquarters in Belgium and local investment teams in India, Colombia, Kenya and Cambodia. That allows Incofin to maintain and grow an extensive and in-depth local market knowledge.

Fund manager KPIs (as of 31 Dec 2019)

Incorporation year:
2001

Headquarters:
Antwerp

Nb. of offices:
5

Nb. of staff (FTE):
68

AuM (USD):
1.2 billion

Nb. of investees:
180

Main impact sector:
financial inclusion, agriculture

Main asset class:
private debt and private equity











Number of end beneficiaries:
42 million people

Female borrowers:
61%

Geography of investment:



Current funds:

					
€ FINANCIAL SERVICES AGRI-FOOD	€ 	€ 	€ 	€ 	€ 
INVESTMENT PRODUCT	Debt, Equity and TA	Debt & Equity	Debt & TA	Debt, Equity and TA	Debt
MATURITY	Open-ended	2010-2020	Open-ended	2015-2025	Open-ended
AUM (USD)	109 million	50 million	69 million	153 million	22 million

New investment themes:



IN PARTNERSHIP WITH

IMPACT INVESTING IN THE FOOD SECTOR

INOKS Capital (thereafter “INOKS”) is a Swiss asset manager prudentially regulated by FINMA, providing customized financing solutions, via collective investment schemes or segregated mandates, to companies active non-speculatively in mainly the Agriculture/Food sector. INOKS aims to be the market leader in capital access in the real economy, by (i) focusing in fast developing geographies like Sub-Sahara African or Eastern European markets and (ii) by applying its proprietary ESG/Impact framework.

IMPACT INVESTMENT AND POSITIVE HOLISTIC RETURN

INOKS believes that Impact Investing has a powerful leverage to channel capital towards the companies that contribute to a sustainable inclusive future and address the immediate needs of the real economy. For INOKS, Impact Investing is an engaged financial act that goes beyond exclusion and/or compliance with international standards and steers towards increased engagement with counterparties to unlock and scale their impact.

To achieve this, INOKS deploys a two-fold investment strategy implemented through clear principles, standards and tools (please see ‘Theory of Change’ chart below). This strategy consists of investing its capital (i) responsibly by mitigating negative effects according to ESG criteria and (ii) impactfully by contributing to address specific sustainability challenges and generating positive impact according to INOKS’s four Impact Themes:

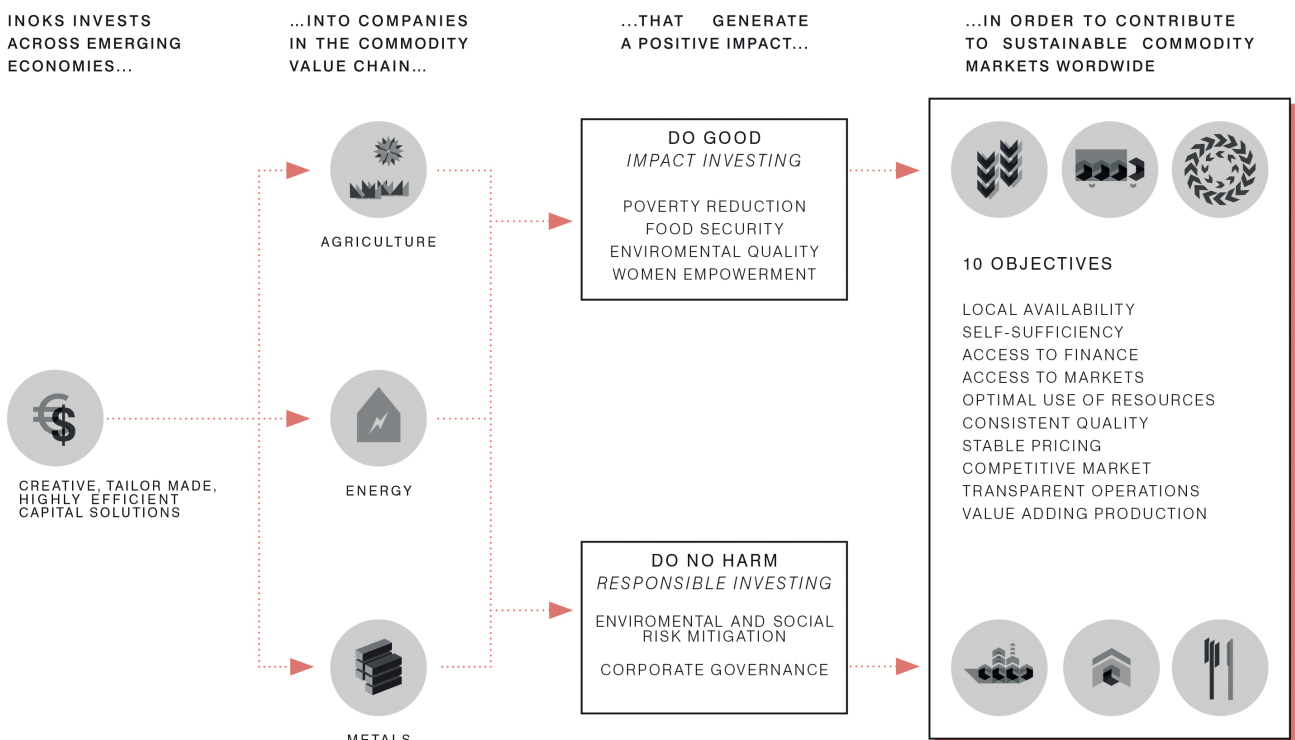
INOKS CAPITAL KPIS

- Incorporation year:** 2004
- Headquarters:** Geneva, Switzerland
- Nb. of offices:** 4
- Nb. of staff (FTE):** 28
- AuM (USD):** 560 million
- Nb. of PAIFs:** 3
- Nb. of investees:** 39
- Main geography of investment:** Global with EM bias
- Main impact sectors:** Food Security, Poverty Reduction, Environmental Quality, Women Empowerment
- Main asset class:** Alternative Credit - Loans

Poverty Reduction, Food Security, Environmental Quality and Women Empowerment.

Achieving attractive returns while at the same time contributing to positive impact? It is not only possible but also something that usually goes hand in hand... Indeed, INOKS’s managed funds have been achieving positive returns for more than ten years now with a low correlation to traditional asset classes and low levels of volatility.

As an example, INOKS is supporting a local Ivorian rice processor, aiming at improving food security through increased local rice availability and more stable market prices at country level. To do so, the company works at local level to develop and improve local milling facilities and strengthen agricultural productivity and efficiencies of local farmers’ cooperative. Whilst enabling a better resilience of local actors, which is key even more so in COVID19 times, it also leads to higher and more sustainable returns for the company.





A UNIQUE BLENDED FINANCE STRUCTURE FOR MSMEs IN SUB-SAHARAN AFRICA

REGMIFA aims to foster economic development, employment creation and poverty alleviation in Sub-Saharan Africa (SSA). The Fund provides innovative financial products and technical assistance (TA) support to Partner Lending Institutions (PLIs, mostly microfinance institutions and SME banks), which serve MSMEs and low- and middle-income households. The Fund is a unique public-private partnership between development finance institutions, private investors and African stakeholders.

TRACK-RECORD SINCE 2010:

USD 422M invested	24 countries	320,000 jobs supported per year
56% women borrowers	74% urban borrowers	153,000 end-borrowers per year

Technical assistance facility:

69 PLIs supported	EUR 9.1M donors' commitments	23 countries in SSA
----------------------	---------------------------------	------------------------

REGMIFA 10 YEARS OF IMPACT:

On the 10th anniversary of its launch, REGMIFA is releasing a landmark study on the Fund's footprint in three key markets, and how its financial services supported MSMEs in terms of:

- financial inclusion
- changes in income
- quality of life
- employment generation

Key takeaways:

657 MSMEs interviewed	63% end-borrowers did not have access to similar loans in the past
92% of end-borrowers run micro-enterprises with less than five employees	90% of end-borrowers experienced an increase in overall quality of life

REGMIFA IN A NUTSHELL

Launched: 2010

Asset class: Fixed-income

Impact sector: Microfinance and SME finance

Regional focus: Sub-Saharan Africa

KPIs (JUNE 2020)

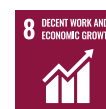
Total assets (USD): 144.6 million

Nb. of investees: 51

Currency strategy: LC, fully hedged

Investor-type: Public, Professional

ACTIVE CONTRIBUTION TO THE SDGs



IMPACT OF COVID-19 ON END-BORROWERS:

REGMIFA's key role in promoting sustainable development is even more decisive in pandemic and crisis times. To offer PLIs actionable insights to better serve their MSME clients, REGMIFA is participating in a leading industry initiative, launched in May 2020, to assess the impact of the pandemic at the level of end-borrowers.

The data collection is currently in its final round, with more than 2,000 end-borrowers from Ghana, Kenya, Nigeria, Senegal and Madagascar reached so far. The results from this data collection, are available on a live public dashboard, co-sponsored by REGMIFA, for benefit of all actors in the microfinance industry. The dashboard currently includes data from 10 financial institutions in 8 countries (including REGMIFA's PLIs), and will continue to be updated as new data is collected.

Interim results:

92% are in a worse financial situation because of the pandemic.	88% have seen their income decrease
53% describe their loan repayments as a burden	48% have seen their food consumption decrease



SIFEM

SWISS INVESTMENT FUND
FOR EMERGING MARKETS

INVESTING FOR IMPACT

The Swiss Investment Fund for Emerging Markets (SIFEM) is the Development Finance Institution (DFI) of the Swiss Confederation. SIFEM promotes long-term, sustainable, and broad-based economic growth in developing countries and emerging markets by providing financial support to commercially viable small and medium-sized companies (SMEs) as well as fast-growing enterprises. This helps create and secure more and better jobs and reduce poverty while also contributing towards the integration of these countries into the global economic system.

SIFEM invests through nearly 100 financial intermediaries by investing indirectly in local or regional risk capital funds and by providing credit lines to local banks and other financial institutions, often in collaboration with other

IT'S ABOUT MORE THAN PROVIDING FINANCING

As an impact investor, SIFEM commits to maximising the development effects linked to its investment decisions. SIFEM selects each investment based on a bottom-up impact thesis and customises the measurement of indicators and the monitoring to match that thesis. Its result measurement system is in line with the 2030 Agenda for Sustainable Development adopted by the United Nations in 2015.

SIFEM's investments have supported the creation and maintenance of over 830,000 jobs worldwide. SIFEM also targets investments that contribute to climate change mitigation and to fostering women's economic empowerment. To date, SIFEM has invested around 135 million francs in climate finance projects, including renewable energies and energy-efficiency solutions for SMEs. Also, around 40 per cent of the employees in SIFEM portfolio companies are women.

In addition, SIFEM's investments contribute to broadening the local tax base – with USD 1.860 bn in corporate and other taxes paid by underlying portfolio companies (2018) – and help leverage private investments for development. For each dollar invested by SIFEM, there were USD 6 by private investments (2018).

FUND MANAGER KPIs

Incorporation year: 2011
Headquarters: Bern, Switzerland
Nb. of offices: 1
Nb. of employees: 28 (obviam AG)
Total Active Commitments (USD): 839 million
Total Assets (CHF): 643 million
Total Investments to date (USD): 1.059 billion
Nb. of active projects: 97 (80 funds and 17 financial institutions)
Nb. of investees: 500+
Geography: 70+ countries
Impact sectors: Broadly diversified portfolio, including industry & manufacturing, infrastructure, financial services, energy, and agriculture
Internal Rate of Return: 6.0% (31 Dec 2019)
Total Value over Paid-In: 124 %

DFIs and private investors. In contrast to other DFIs, SIFEM has a stronger exposure to private equity as 66.5 per cent (31 Dec 2019) of its portfolio are equity and quasi-equity instruments, and around 33.5 per cent (31 Dec 2019) are current income earning assets.

SIFEM works with financial intermediaries not only to deliver relevant financing solutions, but also to add value to local businesses. Its role goes beyond the provision of long-term finance. SIFEM seeks to strengthen the capacity of financial intermediaries to manage environmental, social, and governance risks (ESG) at the level of their underlying portfolios.



2010
Investment
year



USD 7 MIO
Fund
investment



376
Employees
(Ruta)



432
Employees
(Sperco)

EXAMPLE: INVESTING IN UKRAINE

Among SIFEM's more than 500 investee companies are two companies in the Ukraine: Ruta, a manufacturer of tissue products, and Sperco, a pharmaceutical producer of mainly cold and cough medicines. The Europe Virgin Fund (EVF), to which SIFEM contributed USD 7 m in 2010, supported Ruta and Sperco with growth capital. EVP is managed by 4i Capital Partners, a Ukraine-based private equity investment company.

For further information - www.sifem.ch

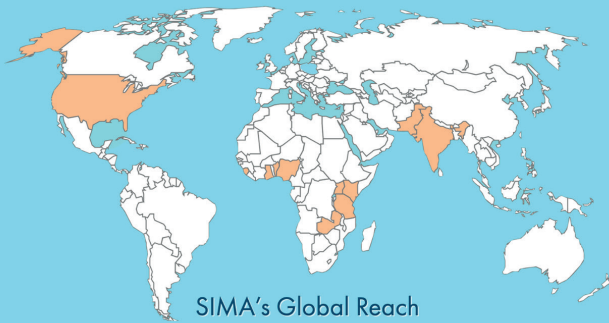


SIMA
SOCIAL INVESTMENT
MANAGERS &
ADVISORS

*Developing Collaborative Relationships
to Change the World*

SIMA is an employee owned, next generation impact fund manager and advisor with a unique and transparent culture. We've invested over 100 million dollars in over 15 developing countries using our local teams in South Asia and sub-Saharan Africa.

SIMA's Managing Partners are some of the longest serving in the impact investment space with more than 40 years direct experience.



SIMA's Global Reach

**MORE THAN AN INVESTOR
BUSINESS LINES INCLUDE**

**FUND
MANAGEMENT
ADVISORY
SOCIAL BUSINESS CREATION**

GET IN TOUCH!

invest@simafunds.com : www.simafunds.com

INVEST IN IMPACT

SECTORS INCLUDE

**OFF-GRID SOLAR
FINANCIAL INCLUSION
AFFORDABLE HOUSING, EDUCATION**



SIMA's Funds

Off-Grid Solar and Financial Access Senior Debt Fund

One of the first and largest off-grid solar funds for Africa and South Asia

Energy Access Relief Fund

Industry-wide effort to meet the liquidity needs of the companies affected by Covid-19

SIMA Angaza Distributor Finance Fund

First data-driven fund dedicated to small and locally owned solar distributors; gender lens investing

Commercial & Industrial Solar Fund

Targeting the poorest countries in the world to develop commercial and industrial solar operators

First Pakistan Microfinance Consortium

'For Pakistanis, by Pakistanis' - first exchange traded, rated fund, funded by local capital markets

Triodos Investment Management

HOW WE INVEST DEFINES THE WORLD WE WANT TO LIVE IN

Triodos Investment Management is a globally recognised leader in impact investing. As an impact investor we serve as a catalyst in sectors that are key in the transition to a world that is fairer, more sustainable and humane.

We have built up in-depth knowledge in sectors such as Energy & Climate, Financial Inclusion and Sustainable Food & Agriculture. We also invest in listed companies that materially contribute to the transition toward a sustainable society.

Triodos Investment Management is a wholly owned subsidiary of Triodos Bank NV, a leading expert in sustainable banking.

THE TRUE PURPOSE OF INVESTING IS TO SERVE THE REAL NEEDS OF SOCIETY

We believe how we invest defines the world we want to live in, recognising the instrumental role and creative power of capital when used consciously. As a financial institution, we use money as a driving force towards a society that is humane, ecologically balanced and works for the benefit of all.

For more than 30 years, we have offered impact investment solutions that connect investors who want to make money work for positive change with innovative entrepreneurs and sustainable businesses doing just that.

FUND MANAGER KPIs

Headquarters: Zeist, the Netherlands
Nb. of staff (FTE): 185
AuM (USD): 5.8 billion (30 June 2020)
Nb. of direct investments: 750+
Main geography of investment: global
Impact strategies: energy transition, food transition and an inclusive society
Main asset classes: debt, mezzanine finance and (senior) debt

Our Financial Inclusion strategy

Through our Financial Inclusion strategy, we finance values-driven organisations that use financial services to deliver sustainable development. We are active in over 50 countries in Asia, Africa, Latin America, Eastern and Central Europe, and the Caucasus, financing 100+ institutions.

Our investment focus ranges from microfinance institutions and SME banks to Fintech companies and financial institutions that address specific basic needs, such as affordable housing and education. We also look for opportunities that tie together financial services, renewable energy and sustainable agriculture.

Our financial instruments are tailored to the long-term needs of the institutions and based on their business model and the stage of development. They range from equity and mezzanine finance to (senior) debt.

Impact highlights

We manage 4 financial inclusion funds with close to EUR 1 billion AUM, offering investment opportunities for private and institutional investors. The impact created by our investment portfolio include the following:

19.1M borrowers reached	75% female borrowers
63% rural borrowers	19.2M savers reached
20 equity investments with active board membership.	
109 financial institution	45 countries



FINANCIAL INCLUSION THROUGH A CLIENT-CENTRIC APPROACH

ACTIAM is a trendsetter when it comes to impact investing, making investment opportunities scalable in high-impact themes like financial inclusion and energy transition. With a track record of over 12 years in impact investing, initially built through institutional microfinance funds in 2007 & 2008, its team of eight professionals demonstrates a sound performance. ACTIAM manages approximately € 60 billion in assets for insurance companies, pension funds, banks and intermediaries.

Investment Strategy

The Strategy provides finance to micro, small and medium enterprises in developing and emerging economies by providing senior debt and sub-debt capital to Financial Institutions. By combining the sourcing capabilities and track record of the Strategy Manager and the Investment Advisor, the Strategy aims to improve access to finance for low-income people and potentially realize above-average returns in an inefficient market. The Strategy measures and reports on several key indicators on an annual basis, tracking the social and environmental performance of investees. Indicators used are in line with market standards. The realized annualized net return since its 2014 inception is 3.7 % (as of 30 June 2020).

The team, get in touch!

- Sinisa Vukic, Senior Portfolio Manager
sinisa.vukic@actiam.nl
- Nikkie Pelzer, Senior Investment Analyst
nikkie.pelzer@actiam.nl

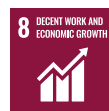
ACTIAM FINANCIAL INCLUSION STRATEGY

Inception Date: 2014

Asset Class: Private Debt

AuM of Strategy (EUR): 130 million

Region(s) of Investment: Global



Investment Highlights & Differentiation

- A globally diversified fixed income portfolio with a buy-and-hold strategy in private loans to financial inclusion institutions with an objective to contribute to the access of finance and sustainable economic growth while providing market-based returns.
- A governance structure whereby the Investment Advisor, Developing World Markets (DWM), is responsible for the deal sourcing and ACTIAM is responsible for the portfolio management of the Strategy. This prevents deal blindness, builds on the local presence of the investment advisor, addresses conflict of interests, and adds a layer of 'top-down' appraisals uncommon in the microfinance sector.
- Measurable positive impact through enhanced credit strength of financial inclusion institutions.
- Focus on cost control and limiting the number and the size of defaults.
- Limited liquidity, monthly on a best effort basis

Deetken Impact

Make an Impact with your Investment

Ilu Women's Empowerment Fund

Debt investments that advance gender equality & women's economic empowerment

Joint Venture with Pro Mujer, a mission-driven women's development organization

\$26MM committed AUM

Caribbean Basin Sustainable Energy Fund (CABEF)

Equity and mezzanine investments in renewable energy and energy efficiency

Emphasis on the Caribbean

Co-invests with H-REFF

\$27MM committed AUM

Honduras Renewable Energy Financing Facility (H-REFF)

Equity and mezzanine investments in renewable energy and energy efficiency

Emphasis on Central America and Honduras

Co-invests with CABEF

\$33MM committed AUM

Deetken Impact supports the Sustainable Development Goals. Specifically, we evaluate our investment opportunities and our portfolio companies based on their contribution to these goals.





FEFISOL is a social investor targeting small MFIs and agricultural entities (AEs) across the African continent. It was launched by SIDI & Alterfin in 2011, with the support of European DFIs and other committed shareholders. By offering adapted financial services and tailored technical assistance, FEFISOL aims at supporting microentrepreneurs in rural areas; contributing to the development of sustainable agricultural practices and fighting against socio-economic inequalities.

Results

After 9 years of activities, the fund was able to finance over 90 clients in 25 countries. 93% of the portfolio was invested in Sub-Saharan Africa and 60% in countries with a low ranking on the Human Development Index (HDI). FEFISOL disbursed 85M EUR in loans, of which 50% were dedicated to AEs, almost all certified either organic and/or fairtrade. At the end of year 9, FEFISOL indirectly reached 1.7M rural end beneficiaries.

Added value

With an average loan for MFIs at 509K EUR and an average loan for AEs at 220K EUR, FEFISOL really

FEFISOL KPIs

Impact sector: Microfinance & Agriculture

Regional focus: Africa

Total assets (USD): 34 million

Nb. of investees: 90

Investor-type: DFIs, Social Banks, NGOs, Foundations

Average loan to MFIs (EUR): 509,000

Average loan to AEs (EUR): 220,000

Percentage of AE financed that are certified either organic and/or fairtrade: 93%

Average loan to end beneficiary from MFIs financed (EUR): 500

Women end beneficiaries: 54%

targets the missing middle. As to reply to its clients' needs, the fund was able to invest 70% of its loan portfolio in local currencies and provide technical assistance to 49 clients for a total committed budget of 2.2M EUR.

FEFISOL coming to liquidation in 2021, SIDI and Alterfin are very enthusiastic in renewing this fund, with a stronger social and environmental focus!



For more than thirty years, SEAF has been a leader in the impact investing space in emerging and frontier markets. Our mission - *To Impact Lives and Communities in Underserved Markets Through Entrepreneur-Focused Investment* - is exemplified through the cumulative efforts of our teams across the globe.

SEAF has launched and managed forty investment funds with US\$ 1.2 billion, all focused on providing entrepreneurs with the growth capital and capacity building resources needed to bring positive change to their communities. SEAF has managed a diverse range of funds with varied performance objectives and risks, largely through single-country funds with individual mandates spanning the spectrum from predominantly return-focused to mission-driven developmental impact focused. Through these funds, more than US\$ 560 million has been invested in small and medium-sized enterprises (SMEs), catalyzing economic growth, job creation and community development across more than thirty countries.

SEAF KPIs

Asset class: Private Equity

Impact sector: SDGs, Gender Lens, ESG

Regional focus: Global

AUM (USD): 300 million

Nb. of investees: 40

Currency strategy: Non-hedge

Investor-type: Diverse

Impact is at the core of our work at SEAF. SEAF is a signatory to the Operating Principles for Impact Management, indicative of the intentional impact SEAF seeks to create through its investments. Quality jobs, community growth and Gender Equality are central to SEAF's mission as they have been for thirty years.

52k Jobs
Created and
Sustained



3x Growth
Portfolio
Company
Revenues



5,000+
Local
Suppliers
Engaged





Seedstars International is an emerging market VC fund focused on impactful seed stage tech companies. The Fund has invested in 59 entities in 28 countries covering key sectors such as financial services, health, education and agriculture. The team invests in batches of 10-15 ventures that are supported through an intense three month program focused on growth and fundraising. 54% of portfolio companies have already gone on to raise follow-on capital from later stage investors including Omidyar, Sequoia and YCombinator. As one of the few reputable institutional names available to early stage founders in emerging markets, Seedstars will continue to strengthen this positioning in order to support more high growth ventures that drive economic, social and environmental change.

Leveraging the Seedstars Community

The Fund is part of the Seedstars group, founded in 2012 in Switzerland. The group has been running the largest startup competition in emerging markets since 2013, the Seedstars World Competition, that thanks to its strong brand presence and access to local communities of venture partners and alumni, gathers over 7,000 deals in over 85 countries each year, Seedstars group has also invested in a

SEEDSTARS GROUP

Headquartered in Switzerland
 Operating since 2012
 13 offices and 81 team members
 85+ emerging markets covered

SEEDSTARS INTERNATIONAL

Fund 1 operating since 2017
 Global emerging markets
 59 portfolio companies
 97% active or acquired
 54% raised follow-on capital

strong local presence with 13 offices and a team of 81 people actively participating in the local entrepreneurial ecosystems and connecting with 700+ active mentors and 1200+ active co-investors. Additionally, Seedstars has developed over 130 training programs to educate its founder on topics from growth and revenue, fundraising, international expansion, talent and management.



TO LEARN MORE
 VISIT WWW.TRILINCGLOBAL.COM

TriLinc believes that the key to economic growth and environmental sustainability is a thriving middle class, which is driven by successful "responsible" small and medium-sized businesses. By investing in "responsible" companies which are willing to be held accountable, those companies can create jobs, pay fair and increasing wages, and raise the tax base for the community, resulting in the potential to improve local infrastructure, education, and healthcare systems, among others.

TriLinc's Private Debt Plus® investment strategy, has provided more than \$1.3 billion in trade finance, term loan, and short-term financing to 95 small and mid-sized businesses in 38 different developing economies supporting more than 42,000 permanent jobs while delivering consistent returns to our investors.



INVESTMENT & IMPACT STRATEGY

Target Geography – Latin America, Southeast Asia, Sub-Saharan Africa, Emerging Europe, and United States
Target Companies – Private, Middle Market Growth Stage Businesses
Fund Level Impact Focus – Economic development through providing access to finance for underserved SMEs
Borrower Level Impact Focus – Sustainable companies with an intent to create positive, measurable impact in their communities and willingness to track and report on that impact. Generally, borrower impact is focused on Building Sustainable Communities, Strengthening the Workforce and Enhancing Global Competitiveness.

All data as of 6/30 2020 unless otherwise indicated. This information is for general purposes only and does not represent a recommendation or offer of any particular security, strategy, or investment. Such an offer may only be made by means of a private placement memorandum. TriLinc Global LLC ("TLG") is a holding company and an impact fund sponsor founded in 2008. TriLinc Advisers, LLC ("TLA") and TriLinc Global Advisors, LLC ("TLGA") are wholly-owned subsidiaries of TLG and are SEC registered investment advisors. Unless otherwise noted, TLG, TLA and TLGA are collectively referred throughout this document as "TriLinc." Securities offered through CommonGood Securities, LLC, Member FINRA/SIPC. Regulation and membership do not indicate a certain level of skill, training, or endorsement by the SEC, FINRA, or SIPC.



Vox was founded in 2009, with the purpose of creating a world where businesses can generate positive social transformations.

We are a pioneer investment management firm, offering market-competitive financial solutions that improve the human experience and nurture the planet, by integrating impact to risk and return in all our investment decisions. We believe the entire flow of money has the potential to generate abundance, equality, and positive socio-environmental transformations, ultimately improving our human experience while nurturing the planet.

We invest in businesses that improve current ways of providing basic services in order to reduce social inequalities

Since 2009, we invested in 27 companies from different industries, focusing on startups that help improve the access of the Brazilian population to basic needs, such as education, healthcare, and financial services.



Realize untapped opportunity.

WaterEquity is the first asset manager to provide investors competitive market returns by exclusively focusing on solving the most urgent issue of our time - the global water and climate crisis. Led by Dr. Paul O'Connell who brings 20 years of institutional asset management experience, the success of WaterEquity is built on decades of experience investing in water and sanitation in emerging markets, delivering proven social and financial returns.

**Fund management excellence.
Proven capability in emerging markets.**

WaterEquity identifies private lending opportunities in water and sanitation that offer attractive returns, low to moderate credit risk, verifiable social impact, and true ESG investments. WaterEquity funds provide opportunities for investors to make responsible and sustainable investment choices that will reduce the impacts of climate change and gender inequality.

VOX CAPITAL KPIs

Asset class: Venture Capital
Impact sector: Health, Education, Financial Services, Agriculture, Environmental
Regional focus: Brazil (main focus) and Latin America
AUM (USD): 40 million
Nb. of investees: 10 actives
Investor-type: HNWI, family offices, foundations, government

Money is a powerful instrument for change

Through our active portfolio companies, we:

- **Impacted 13,7 million people** in 2019 only in practically all +5000 municipalities in Brazil
- Provided **financial inclusion** to +11 million people in Brazil
- **Equipped** 166 hospitals, 281 clinics and 1,2 thousand ambulances caring for 6,1 million patients
- **Trained** 117 thousand medical students.
- **Together, our companies have grown 378% from June to August in 2020 versus same period last year.**

WATEREQUITY FUNDS

Asset class: Private Debt
Impact sector: Water and Sanitation
Regional focus: Emerging Markets
Total assets (USD): 60 million
Nb. of investees: 30
Currency strategy: Both hedged and unhedged
Investor-type: Accredited

Creating Positive Social Impact.

WaterEquity funds have deployed \$68M through 30 debt investments across three countries (India, Indonesia, and Cambodia).

- **Accelerating Safe Water and Sanitation Access:** 1.6M people reached with safe water or sanitation.
- **Building Climate Change Resilience:** Our investments enable emerging consumers to access water at times of scarcity and reduce water contamination during floods.
- **Promoting Gender Equality:** 93% of the people directly impacted by our investments are women.

We invite accredited investors to learn more by visiting our website at **WaterEquity.org**.

ACRONYMS

AUM	assets under management	LAC	Latin America & the Caribbean
BOP	base of the pyramid	LC	local currency
CAGR	compound annual growth rate	MENA	Middle East & North Africa
CEO	chief executive officer	MFI	microfinance institution
CGAP	Consultative Group to Assist the Poor	MIV	microfinance investment vehicle
D/E	debt-to-equity	MSCI	Morgan Stanley Capital International
CPP	Smart Campaign's Client Protection Principles	MSME	micro, small and medium-sized enterprise
DFI	development finance institution	NAV	net asset value
EAP	East Asia & Pacific	NGO	non-governmental organization
EECA	Eastern Europe & Central Asia	P/B	price-to-book
EM	emerging markets	PAIF	private asset impact fund
EMN	European Microfinance Network	PDIF	private debt impact fund
ESG	environmental, social and corporate governance	SAS	South Asia
EUR	euros	PIIF	Principles for Investors in Inclusive Finance
FMO	The Dutch Development Bank	SDG	Sustainable Development Goal
FTE	full-time equivalent	SECO	Swiss State Secretariat for Economic Affairs
FX	foreign exchange	SME	small and medium enterprise
GIIN	Global Impact Investing Network	SMX	Symbiotics Microfinance Index
GLP	gross loan portfolio	SSA	sub-Saharan Africa
GNI	gross national income	TA	total assets
HNWI	high net worth individuals	SPTF	Social Performance Task Force
IFC	International Finance Corporation	TCX	The Currency Exchange Fund
IRR	internal rate of return	TER	total expense ratio
JPM	J.P. Morgan	USD	U.S. dollars
KfW	The German Development Bank	VC	venture capital

INDEX OF FIGURES

Figure 1	Investment universe	p. 15
Figure 2	Primary SDGs by impact sector	p. 19
Figure 3	Sample size and representativeness	p. 20
Figure 4	Investment value chain	p. 23
Figure 5	Top 10 fund investment management/advisory countries	p. 25
Figure 6	Top 10 fund investment managers	p. 25
Figure 7	Principles, guidelines and standards	p. 26
Figure 8	Organization memberships	p. 26
Figure 9	Inception and closing dates	p. 29
Figure 10	Domicile	p. 30
Figure 11	Types of public support	p. 32
Figure 12	Public sponsors	p. 32
Figure 13	Average size	p. 33
Figure 14	Historical average size of Microfinance funds	p. 33
Figure 15	Growth by primary asset class	p. 34
Figure 16	Growth by primary impact sector	p. 34
Figure 17	Historical growth of Microfinance funds	p. 35
Figure 18	Asset composition by primary asset class	p. 36
Figure 19	Paid-in capital and uncalled commitments by primary impact sector	p. 36
Figure 20	Historical cash levels of Microfinance funds	p. 37
Figure 21	D/E ratio of Leveraged funds by primary impact sector	p. 39
Figure 22	Historical D/E ratio of Leveraged Microfinance funds	p. 39
Figure 23	Outstanding volume by investment instrument	p. 40
Figure 24	Seniority level of private debt	p. 40
Figure 25	Preferred and common shareholding	p. 40
Figure 26	Investment instruments by primary impact sector	p. 41
Figure 27	Average investee exposure by investment instrument	p. 41
Figure 28	Outstanding volume by impact sector	p. 42
Figure 29	Portfolio breakdown by impact sector	p. 42
Figure 30	Historical outstanding portfolio of Microfinance funds	p. 43
Figure 31	Average investee exposure by impact sector	p. 43
Figure 32	Outstanding volume by investee type	p. 44
Figure 33	Investee types by primary impact sector	p. 45
Figure 34	Average investee exposure by investee type	p. 45
Figure 35	Historical average investee exposure of Microfinance funds	p. 46
Figure 36	Outstanding volume by region	p. 47
Figure 37	Regional breakdown by primary asset class	p. 47
Figure 38	Regional breakdown by primary impact sector	p. 48

Figure 39	Historical growth of Microfinance funds' portfolio by region	p. 49
Figure 40	Average investee exposure by region	p. 49
Figure 41	World map of country exposures	p. 52
Figure 42	Historical local currency portfolio of Microfinance funds	p. 54
Figure 43	Currency type of debt portfolio	p. 55
Figure 44	Unhedged currency exposure	p. 55
Figure 45	Interest type of debt portfolio	p. 56
Figure 46	Yield of debt portfolio by investee type	p. 57
Figure 47	Yield of debt portfolio by primary impact sector	p. 57
Figure 48	Historical debt portfolio yield of Microfinance funds	p. 58
Figure 49	Yield of debt portfolio by currency hedging strategy	p. 58
Figure 50	Maturity of debt portfolio	p. 59
Figure 51	Historical remaining maturity of Microfinance funds	p. 59
Figure 52	Dividend income of equity portfolio	p. 60
Figure 53	Median price-to-book ratio of portfolio by region	p. 60
Figure 54	Historical average price-to-book ratio of portfolio by region of Microfinance funds	p. 61
Figure 55	Country risk (measured using Moody's long-term credit rating)	p. 62
Figure 56	Country investment and non-investment grades	p. 62
Figure 57	Default risk (measured using outstanding provisioning level)	p. 63
Figure 58	Concentration indicators by primary asset class	p. 64
Figure 59	Concentration indicators by primary impact sector	p. 64
Figure 60	Historical concentration indicators of Microfinance funds	p. 65
Figure 61	Annual loan loss provisioning and write-offs by primary impact sector	p. 65
Figure 62	Annual loan loss provisioning and write-offs by investee type	p. 66
Figure 63	Historical annual loan loss provisions of Microfinance funds	p. 66
Figure 64	Fees and costs	p. 67
Figure 65	Fees and costs by primary investment sector	p. 67
Figure 66	Fees and costs by primary asset class	p. 68
Figure 67	Historical operating costs of Microfinance funds	p. 68
Figure 68	Investor composition	p. 70
Figure 69	Historical investor composition of Microfinance funds	p. 71
Figure 70	Leveraged PAIFs - Equity Tranche (USD)	p. 73
Figure 71	Unleveraged, Fixed income funds	p. 73
Figure 72	Historical USD returns of Fixed income Microfinance funds	p. 74
Figure 73	Historical EUR returns of Fixed income and Mixed Microfinance funds	p. 74
Figure 74	Historical USD returns of Equity Microfinance funds	p. 75
Figure 75	Return forecasts	p. 75
Figure 76	Development finance narrative	p. 79

Figure 77	Mapping of funds' social/environmental goals against the SDGs	p. 80
Figure 78	SDG reporting to investors	p. 80
Figure 79	Impact measurement/assessment tools used for SDG mapping	p. 81
Figure 80	Targeted SDGs	p. 82
Figure 81	Climate & Energy subsectors financed	p. 83
Figure 82	Agriculture value chain actors financed	p. 83
Figure 83	Education actors financed	p. 84
Figure 84	Housing, Water & Communities subsectors financed	p. 84
Figure 85	Activity sector of MSMEs financed by Microfinance funds	p. 85
Figure 86	Activity sector of SMEs financed by SME development funds	p. 85
Figure 87	Integration of ESG screening into investment decision process	p. 86
Figure 88	ESG reporting to investors	p. 86
Figure 89	Use of preferential terms for investees demonstrating strong ESG commitment	p. 86
Figure 90	Types of preferential terms	p. 87
Figure 91	Inclusion of social or environmental covenants / undertakings within investment agreements	p. 87
Figure 92	Types of social or environmental covenants / undertakings	p. 87
Figure 93	Country exposure by income level	p. 88
Figure 94	GNI per capita	p. 89
Figure 95	Number of people employed by investees	p. 90
Figure 96	Gender profile of investees' employees	p. 90
Figure 97	Historical profile of Microfinance funds' end borrowers	p. 90
Figure 98	Historical number of end borrowers and average loan size	p. 91
Figure 99	Historical performance of the SMX-MIV USD Debt Index since inception	p. 95
Figure 100	One-year performance of the SMX-MIV USD Debt Index	p. 96
Figure 101	Contextualizing the economic impact of the pandemic on Fixed income Microfinance funds	p. 96

INDEX OF TABLES

Table 1	Inclusion criteria	p. 16
Table 2	Impact sector classification	p. 18
Table 3	Defining the investment universe and value chain	p. 24
Table 4	Sample matrix - Primary asset class and vehicle term	p. 29
Table 5	Sample matrix - Primary investment sector and asset class	p. 31
Table 6	Fund type	p. 31
Table 7	Leveraging strategy	p. 38
Table 8	Number of investees	p. 44
Table 9	Top 10 country exposures by primary asset class	p. 51
Table 10	Top 10 country exposures by primary impact sector	p. 51
Table 11	Median sovereign rating	p. 63
Table 12	Subscription and redemption frequencies for open-ended funds	p. 69
Table 13	Yearly funding growth by investor type	p. 71
Table 14	Financial returns	p. 72
Table 15	Comparing the performance and volatility of Fixed income Microfinance funds to mainstream asset classes	p. 97

LIST OF PARTICIPANTS

4IP Group
Aavishkaar Capital
Accion
ACTIAM Impact Investing
Adenia Partners
AlphaMundi Group
Alterfin
Asia Africa Investment & Consulting
Bamboo Capital Partners
Bank Im Bistum Essen
BIM Investments
BlueOrchard
BOPA Investments
Caspian Advisors
Cordaid Investment Management
C-Quadrat Asset Management
Creation Investments Capital Management
Deetken Impact
Développement International Desjardins (DID)
DWS
Elevor Equity
Enabling Capital
Finance in Motion
FOUNT
FS Impact Finance
Fundo
Garden Impact
GAWA Capital
Grameen Credit Agricole Foundation
GroFin Capital
Impact Finance Management S.A.
Incofin IM
Innpact
INOKS Capital
Inpulse
Inspired Evolution
Invest in Visions GmbH
Investing for Development
Investisseurs & Partenaires (I&P)
iungo capital
Maj Invest
Match Maker Fund Management
MicroVest
Netri Fundación Privada
NMI
NN Investment Partners
Norsad Finance
Oikocredit
Omnivore Capital Management Advisors
Omtrix
Open Road Alliance
Philea
Privium Fund Management
responsAbility Investments AG
SEAF
SEB Investment Management AB
Seedstars
SIDI
SIMA Funds
Symbiotics
TriLinc Global, LLC
Triodos Investment Management
Triple Jump B.V.
Vox Capital
WaterEquity
Working Capital for Community Needs, Inc.
WWB Asset Management

