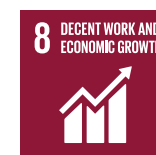




I-AM Vision Microfinance Fund
I-AM Vision Microfinance Local Currency Fund

Social Impact Report 2023



CONTENTS

- KEY HIGHLIGHTS 3
- 1. INTRODUCTION 5**
- 2. INTENTIONS 9**
 - 2.1. Mission 9
 - 2.2. Norms 10
 - 2.3. Practices 11
 - i. Exclusion Lists 11
 - ii. Social Covenants 11
 - iii. ESG Rating 12
 - iv. SDG Mapping 15
- 3. INVESTMENT OUTPUT 17**
- 4. SOCIAL OUTREACH 22**
 - 4.1. Market Outreach 22
 - 4.2. Investee Outreach 26
 - 4.3. End-Client Outreach 29
 - 4.4. Economic Activity 30
- 5. SOCIAL OUTCOME 32**
 - 5.1. Financial Security 32
 - 5.2. Employment and Entrepreneurship 33
- 6. IMPACT INVESTING 35**
 - 6.1. Contribution to the SDGs 37
 - 6.2. Other SDGs the fund contributes to 43
- 7. MAIN TAKEAWAYS 46**
- Appendices 47
- Index Figures 51
- Index Boxes 51
- Index Tables 51
- Legal disclaimer 52



KEY HIGHLIGHTS

The I-AM Vision Microfinance Fund provides investors with access to impact investments and invests primarily in fixed income assets of carefully selected microfinance institutions in emerging and frontier markets.

The objective of the I-AM Vision Microfinance Fund is to enable financial inclusion by investing in the poorest countries, thereby triggering sustainable and long-term development that enables low-income people to improve their quality of life, create access to sustainable agriculture, community development, renewable energy, healthcare and education, and subsequently stimulate entrepreneurship so that the people reached can build a livelihood and a future. In doing so, the Fund contributes positively to the United Nations Sustainable Development Goals (SDGs), including SDG 1 – No Poverty, SDG 5 – Gender Equality, and SDG 8 – Decent Work and Economic Growth. The mutual fund is also categorized as an Article 9 product under the Sustainable Finance Disclosure Regulation (SFDR).

Since its launch in February 2006 until December 2023, the I-AM VMF distributed more than 2.5 billion US-Dollars in the form of 1389 loans to 341 different MFIs in 69 low- and middle- income countries. This report is the seventh annual social impact report for the fund.

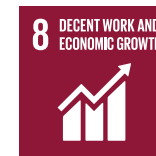
Table 1: Contributing to the SDGs



Ensuring that low-income individuals have access to financial services, including microfinance and savings products



Providing women with equal access to economic resources and opportunities



Strengthening the capacity of domestic financial institutions to expand access to banking and financial services for all and encouraging the growth of SMEs





INTRODUCTION

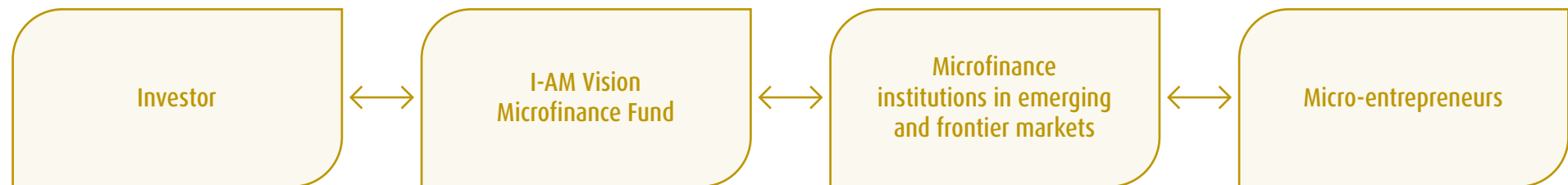
1. INTRODUCTION

Today, over 65 million micro, small and medium enterprises (MSMEs) in developing countries have unmet financing needs, which prevents economic growth and job creation.¹ Beyond that, 37% of adults in developing countries remain unbanked², lacking access to basic financial services to help them manage their household finances. Expanding access to finance among these underserved populations allows them to improve their financial resilience, capture business opportunities that would otherwise remain out of reach and create new jobs.

Microcredit facilities have proved themselves to be excellent means of furthering self-development, as the lowest level of business activity is stimulated, living standards are increased and self-esteem is heightened. For these reasons, the United Nations (UN) Economic and Social Council proclaimed 2005 as the International Year of Microcredit. Inspired by this, Impact Asset Management GmbH, headquartered in Vienna, Austria, established the I-AM Vision Microfinance Fund (formerly known as Dual Return Vision Microfinance Fund) with the principal objective of enabling investors to become involved in the microfinance industry, directly or indirectly.³ The I-AM Vision Microfinance Fund (henceforth “I-AM VMF”) is an open-ended fund that was incorporated in February 2006, and that pursues a double bottom-line return, being both a socially transformative fund and also offering an attractive financial return to investors.

Figure 1 below shows the path of the money invested in the I-AM VMF from the investor to the end-client (micro-entrepreneur).

Figure 1: I-AM VMF Path of the Money⁴



Since the inception of the I-AM VMF in 2006 until today, international development frameworks have evolved significantly, and so has the narrative of microfinance. The International Year of Microcredit followed in the wake of the UN Millennium Development Goals (MDGs).⁵ Among the key objectives of this year was to contribute to the first MDG of cutting the proportion of people living on less than one dollar a day by half, through microfinance. This propagated the growth of the microfinance industry worldwide.

¹ Bruhn, M., Hommes, M., Khanna, M., Singh, S., Sorokina, A., & Wimpey, J. S. (2017). MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets. Washington, DC: International Finance Corporation.

² Demirgüç-Kunt, A., Kalpper, L., Singer, D., Ansar, S., & Hess, J. (2018). The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. Washington, DC: The World Bank. Retrieved from: <https://globalfindex.worldbank.org/>

³ Direct investments refer to debt securities such as promissory notes, direct loans, term deposits, bonds, commercial paper or syndicated loans issued by microfinance institutions. Indirect investments are made through investments in vehicles such as collateralized debt obligations (CDO) or any other asset backed finance structure, or through the purchase of shares or issuance of debt to regulated or unregulated, open-ended or close-ended undertaking for collective investment (UCI).

⁴ Impact Asset Management GmbH. (n.d.). Vision Microfinance - Path of the Money. Retrieved from: <https://www.visionmicrofinance.com/en/about-microfinance/path-of-the-money/>

⁵ The Millennium Development Goals were eight international development goals that all the world's countries and leading development institutions agreed to follow during the UN Millennium Summit in 2000. The goals ranged from halving extreme poverty rates to halting the spread of HIV/AIDS and providing universal primary education. The target was to achieve these goals by 2015. United Nations. (n.d.) United Nations Millennium Development Goals. Retrieved from: <http://www.un.org/millenniumgoals/>

In 2015, building on the milestone achievement of the MDGs, the UN adopted a new set of 17 international development goals, including a broader range of issues such as economic inequality, sustainable consumption and climate change. These are known as the Sustainable Development Goals (SDGs) and the target is to achieve them by 2030. With the advent of the SDGs, the rhetoric among socially responsible investors shifted from microfinance to financial inclusion, and more broadly to 'impact investing' with the aim of contributing to the SDGs to the greatest extent possible. In light of this evolution, I-AM has been committed to expanding financial inclusion, and thereby creating favourable conditions for the achievement of several of the SDGs.

Figure 2: United Nations Sustainable Development Goals



This report is the seventh annual social impact report produced for I-AM VMF by Tameo Impact Fund Solutions⁶ assessing the fund's contribution to financial inclusion and to the achievement of the SDGs in emerging and frontier markets. The figures presented in this report are the average of quarterly figures of 2023, unless indicated otherwise.

⁶ Tameo Impact Fund Solutions SA is a Swiss impact investing specialist serving the financial industry with independent expert solutions. Through this report, Tameo is assessing the impact performance of the I-AM VMF as an independent third party, verifying the data collected by Symbiotics and analyzing it at a fund level.



This report organizes the social performance of the fund into intentions, social outreach, social outcome and impact investing, thus giving insights into the investment output and impact of the fund on different levels including region, investee institutions and end-clients. Also, the I-AM VMF's contributions to the SDGs will be highlighted through the activities of the investees in the fund's portfolio. Another important part of the impact assessment are the due diligence trips which provide a good opportunity to get a feeling for the local markets and directly get in touch with representatives of the microfinance institutions and their end-clients. Two fund managers of the I-AM Vision Microfinance Funds took part in trips to Indonesia and Mexico in 2023. The report also gives insights into the impressions gained during the due diligence trips.

Table 2: Key Figures⁷

Fund volume invested	EUR 590.6 million
Number of countries	37
Number of financial institutions	115
Number of end-clients financed	371,924
% female borrowers	84%⁸
% borrowers in rural areas	38%
Median credit per borrower	EUR 4,217
Number of MSME jobs supported (estimated)	793,970
GNI per capita in countries of investment	USD 5,717

The portfolio data is based on the most recently available information sources and may therefore deviate from the portfolio data indicated in the fund's accounting (legal/factual inventory).



⁷ The figures presented in this report are the average of quarterly figures of 2023 unless indicated otherwise.
⁸ This is the percentage of the number of women borrowers among all borrowers reached by the fund, excluding legal entities. It would be 32% of the fund's portfolio in loans for women by loan amount, and 46% if the portfolio-weighted average is taken of number of women financed by the fund's investees, if including legal entities.



INTENTIONS

2. INTENTIONS

In the field of sustainable investments, the I-AM VMF can be classified as impact investment fund with the idea of “doing good”. It is committed to realizing the fund’s mission through the provision of microfinance. Since the fund’s inception in 2006, Symbiotics SA, headquartered in Geneva, Switzerland, has been entrusted as the research house and advisor of the I-AM VMF. Symbiotics is the leading market access platform for impact investing in emerging and frontier markets and follows a threefold impact management approach along the following dimensions:

i. Emerging Economies:

Symbiotics defines its investment universe as emerging and frontier economies, targeting low-and middle- income countries and beneficiaries, seeking to deploy capital to where it does not abundantly flow, via its investments.

ii. Responsible Investments:

Symbiotics is a responsible investor. Symbiotics integrates ESG risks that might affect the value of investments, by screening for environmental and social (E&S) adverse impact that its activities may have on its target markets.

iii. Sustainable Objectives:

Symbiotics is an impact investor. Symbiotics assigns sustainable objectives to each of its investments, and defines key impact indicators, using the Sustainable Development Goals (SDGs) framework. The aim is to measure the positive development and contributions of its investment activities.

The fund management team of the I-AM VMF uses tools provided by Symbiotics in addition to in-house analysis.

2.1. Mission

The mission of the fund is to provide financial services to economically active people in emerging and frontier markets, who are excluded from the official banking sector, thereby creating a positive self-reinforcing cycle through financial security, savings and growth. By extension, micro and small employers will be able to stabilize their cash flows, create jobs and increase their standards of living.



2.2. Norms

Each investment made by the I-AM VMF needs to comply with the following criteria:

Table 3: I-AM VMF Fund Norms

Investment universe	Carefully selected microfinance institutions (MFIs): <ul style="list-style-type: none">■ With an acceptable legal status■ Established in countries with a favourable regulatory environment for foreign investments■ With a solid financial background■ That are continuously active
Social incentives	<ul style="list-style-type: none">■ Positive self-reinforcing cycle is afforded, i. e., financial security, savings and growth, by providing capital for people who are excluded from the official banking sector and economic development■ Be as inclusive as possible, both horizontally through large-scale investments and vertically by funding smaller institutions/projects
Eligible instruments	Fixed-income instruments
Fixed-income instruments	General principle of risk diversification
Geography	Predominantly in Latin America, Central and Eastern Europe, Asia and Africa
Investment currencies	USD & EUR predominantly; local currency investments (max 20%)

2.3. Practices

The Sustainable Finance Disclosure Regulation (SFDR) was introduced in 2019 as part of the European Commission's Sustainable Finance agenda to increase transparency in financial markets through harmonized rules addressing sustainability risks integration and disclosure of overall sustainability-related information for financial products. In the same context, the fund integrates the risk of occurrence of Principal Adverse Impacts (PAIs)⁹ in the investment decision-making process through the exclusion of companies active in sectors doing potential significant harm to environmental, social and governance (ESG) factors, and conducts a comprehensive ESG assessment with periodic monitoring at different stages of the investment.

i. Exclusion Lists

A social exclusion list was applied to all the fund's promissory notes, preventing financial institutions from investing in areas that harm the sustainable investment objectives. For the complete exclusion list please refer to Appendix 2.

ii. Social Covenants

Social covenants are included in loan or investment agreements in order to ensure that an investment is pursuing its double bottom line objective. In the context of the I-AM VMF, the following social covenants were used when disbursing loans to the financial institutions:

- Impact-related sector eligibility criteria:
 - Operating in emerging or frontier markets
 - Main investment activity is the granting of cash loans to small or micro-enterprises for their business purposes
- Obligation to provide regular outreach reporting

⁹ The full details can be found in the annual SFDR disclosures of the Fund (Annex I) at www.axxion.lu.



Every financial institution has an internal set of practices, including principles, policies, and procedures that are used to express its social responsibility. Investment analysts assess these practices pre-investment, and on a regular basis thereafter to determine the extent to which an institution is committed to its social mission, and whether it is likely to have a positive social impact.

iii. ESG Rating

In 2022, Symbiotics updated its ESG rating methodology to evaluate the sustainability of companies from an environmental, social and governance risk perspective. While the old Social Responsibility Rating combined the assessment of both adverse and positive impacts, the new methodology assigns an E&S risk profile to each institution based on the indirect effects and also an ESG Rating which focuses on the assessment of the company's direct risk of doing harm while evaluating the systems in place aiming to mitigate such risks. This methodology serves as a basis to comply with the requirements established by the SFDR.

The ESG rating is measured on a scale of 0% to 100% (the higher the figure the lower the ESG risk). The final rating is obtained by scoring 54 indicators graded on a scale from 1 to 5 and are obtained via the evaluation of 257 underlying metrics or data points. The indicators are qualitative, quantitative, or indirect, reflecting the exposure to indirect E&S risks. The ESG risk rating comprises nine dimensions categorized into three groups based on their impact.



Table 4: ESG Rating methodology

Environment	
Energy and natural resources	The investee’s and its clients' use of energy and natural resources, as well as efforts to reduce, reuse, and recycle resources.
Air, water and land	Emissions to the air (including greenhouse gases), water, and land (such as waste) by the investee and its clients, and any measures taken to reduce emissions.
Ecosystems and biodiversity	The negative impact on ecosystems and biodiversity caused by the investee or its clients.
Social	
Human capital	The investee’s treatment of employees according to International Labor Organization (ILO) standards.
Customers	The investee’s practices to protect clients, such as preventing over-indebtedness, ensuring transparency, protecting client data privacy, and ensuring product adequacy according to the Social Performance Task Force (SPTF) Client Protection standards.
Communities	The negative impact on communities caused by the investee or its clients through direct activities or otherwise.
Governance	
Values	The strength of the investee’s governance, its structure, values, integrity standards, and level of business ethics.
Transparency	The investee’s transparency regarding its environmental and social impact to stakeholders, as well as the quality of its reporting on these matters.
Environmental and Social Management System (ESMS)	The policies, processes, and practices the investee has in place with regard to environmental and social considerations, as well as the quality of the Environmental and Social Management System (ESMS) in place to manage environmental and social risks.



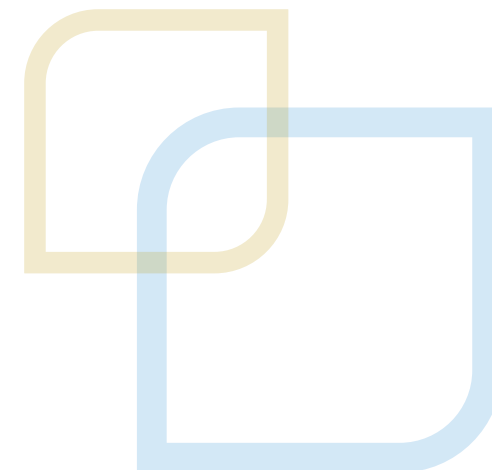
Table 5: ESG Rating scores for I-AM VMF portfolio (weighted average)

The I-AM VMF Fund’s portfolio-weighted average ESG rating score is 68% out of 100%.

Table # displays the scores per dimension and the number of investees assessed using the new methodology.

ESG rating	Environment score	Social Score	Governance Score	% of Investees assessed by new methodology
68%	56%	75%	73%	60%

In line with the fund’s strategy, the **Social score is the highest scoring dimension (75%)**, which evaluates investees’ treatment of employees, practices to safeguard clients, and impact on the community.



Box 1: FAMA institution

As an example FAMA can be mentioned, an institution based in Nicaragua, which stands out as a top scoring institution in the social dimension. It excels in several areas, including its strong social focus, a well-designed strategy, and commitment to financial inclusion. FAMA also maintains an excellent work environment, which is regularly evaluated through satisfaction surveys. To ensure client protection and prevent over-indebtedness, FAMA has implemented robust practices. It offers transparent and thoughtfully designed products and delivery channels and uses a Customer Relationship Management (CRM) tool to track and analyze client interactions. This helps identify potential issues related to discrimination or unfair treatment, ensuring equitable treatment of all clients. The institution has first been part of the portfolio of the I-AM VMF in 2008 and received fresh funding in 2023.

FAMAs results on the Social score of the ESG rating:

Social	86.1%	Human Capital	85%	Customers	85%	Communities	94%
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The Environmental dimension scored the lowest, receiving a score of 56%. This dimension evaluates whether the investees have a policy to protect the environment, such as practices to reduce, reuse, and recycle waste, measures taken to reduce emissions, and steps to minimize the negative impact on ecosystems and biodiversity. Investees are continuously taking steps to improve their environmental performance, such as implementing an environmental management system, reducing waste through environmental policies, and introducing green financial products.

Box 2: Coopenae institution

One example of such an institution is Coopenae, a cooperative based in Costa Rica. It has implemented several environmental programs that generate employment for women in communities. The initiative also raises awareness about reducing consumption and has a recycling program in place. Furthermore, the cooperative started monitoring its carbon footprint in 2023. The relationship with Coopenae already dates back more than ten years and the institution is currently supported via a loan in local currency.

Coopenaes results on the Environmental score of the ESG rating:



iv. SDG Mapping

The aforementioned tools are used to ensure that the institutions do not cause significant harm and have proper policies in place to mitigate such risks. As per Article 9 of the SFDR, the I-AM VMF pursues sustainable investment objectives including a focus on businesses and projects targeting low-and middle-income households and MSMEs. By doing so, the fund aims to address part of the global challenges represented by a set of selected SDGs. Each transaction is assessed based on its positive contribution and assigned to an SDG.





INVESTMENT OUTPUT

3. INVESTMENT OUTPUT

Since its incorporation in 2006, the I-AM Vision Microfinance Funds have:

- Originated USD 2.5 billion in loans through more than 1,380 transactions
- Financed 341 investees in 69 emerging and frontier markets

In 2023, the I-AM Vision Microfinance Fund was invested in 115 investees through 37 countries on average. The fund financed institutions located in South & East Asia (37% of total portfolio) followed by Latin America & the Caribbean (36%) and Eastern Europe & Central Asia (24%).¹⁰

When making the investment decision, emphasis is placed on good diversification, which means that no country is included in the fund portfolio with a share of more than 10%.



¹⁰ The I-AM VMF indirectly invests 3% of total exposure in emerging and frontier economies through institutions located in Germany, France and the Netherlands.

Figure 3: Investee Countries

In 2023, the top three countries of investment were Ecuador, Costa Rica and India, together representing 25% of the total outstanding portfolio. The top 10 countries by portfolio outstanding are shown below.

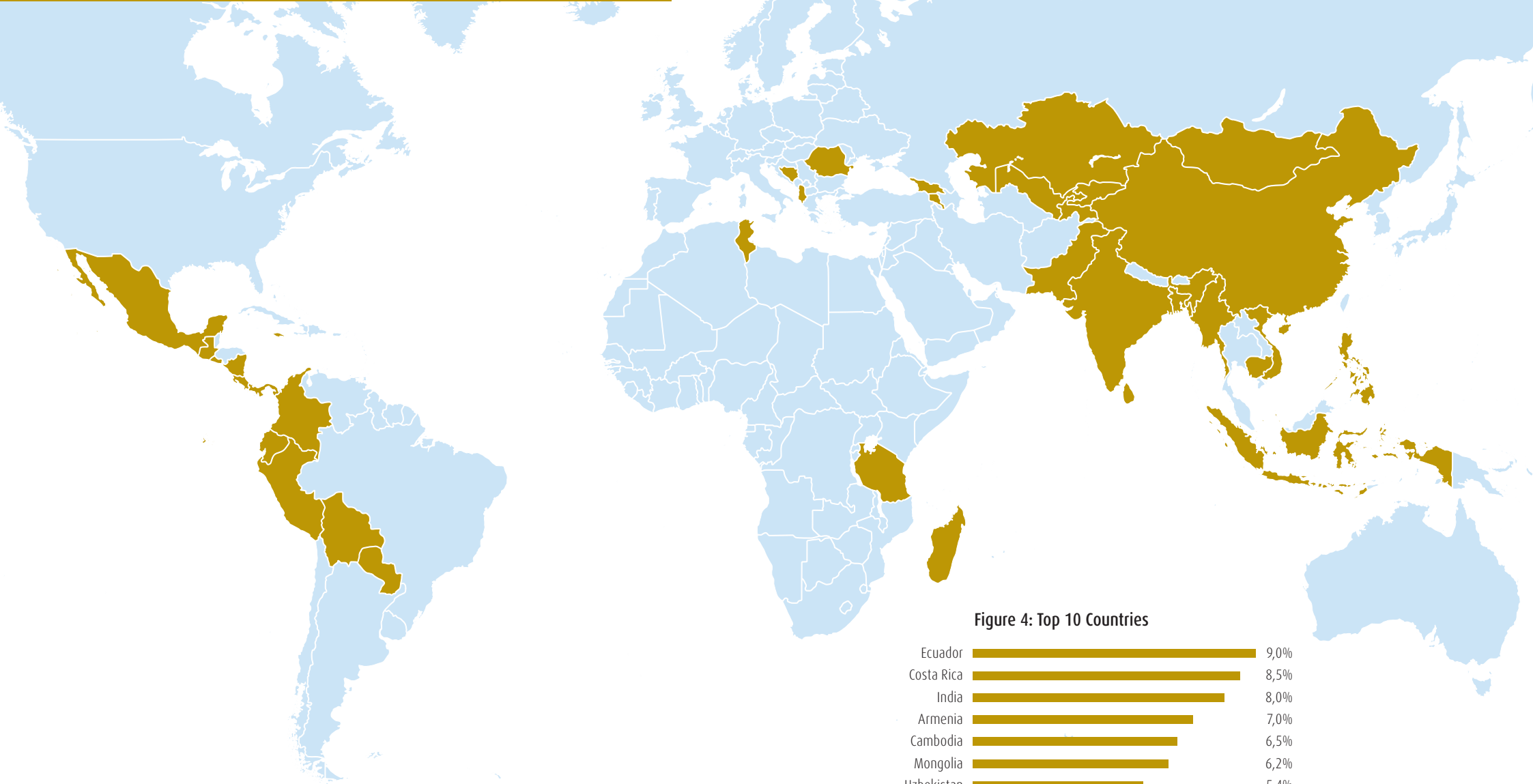
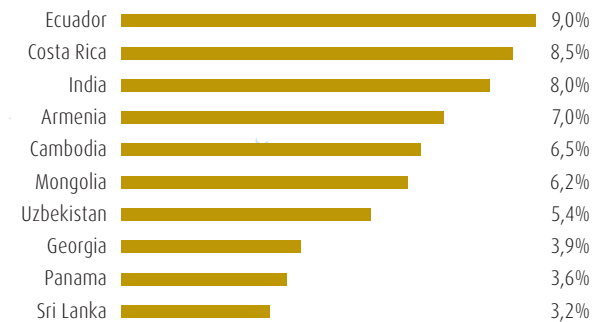


Figure 4: Top 10 Countries



There is no allocation in Russia and the portfolio data is based on the most recently available information sources (more specific on the average of quarterly figures of 2023) and may therefore deviate from the portfolio data indicated in the fund's accounting (legal/factual inventory).

The due diligence trips for 2023 took our fund managers to Indonesia and Mexico.

Box 3: Country Profile: Indonesia

Country Indonesia	First investment in the year 2011	I-AM VMF loan amount EUR 11 million	Number of supported institutions 2	SDGs supported 5, 8
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Indonesia is among the fastest growing countries in South-East Asia and has been part of the I-AM Vision Microfinance portfolio for a little longer than ten years. The Fund's investments in the country are focused on microfinance for business women including credit, savings, insurance and further education.

The investments in the country are intended to foster employment in rural areas and give female entrepreneurs their first access to financial services. The loan sizes are globally among the smallest and in the area of about 200 to 300 US Dollars. The lending model is group, village or "grameen" and is mostly based on the model made prominent by Muhammad Yunus in Bangladesh in the 1970s – although some Indonesians say he got inspired by an older Indonesian model developed in the 1950s.

Indonesia is home to 165 million people under the age of 30 (out of a total of 280 million inhabitants) making it the largest young population in the world. A view interesting facts: seven hundred different languages are spoken in the country, the highest island peak globally with 4,884 meters above sea level is in Papua, the overall archipelago comprises more than 17,500 islands and finally, it is impossible to tell the Indonesian flag from that of Monaco.



Box 4: Country Profile: Mexico

Country Mexico	First investment in the year 2009	I-AM VMF loan amount EUR 5 million	Number of supported institutions 5	SDGs supported 4, 5, 8
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Mexico – surrounded by the Gulf of Mexico and the Caribbean Sea to the east and the Pacific Ocean to the west – is divided into 31 states and the capital Mexico City. The emerging country has a population of almost 130 million in an area almost six times the size of Germany.

A considerable proportion of the population lives in poverty and is active in the informal sector. This results in major inequalities in the distribution of wealth and problems such as inadequate access to education or health. The disbursements in Mexico are spread across a wide range of customer segments and regions. In the south of the country in the poorest region Chiapas, institutions focus on bottom-of-the-pyramid entrepreneurs. In the area around Mexico City, the institutions cover small and medium-sized enterprises. Laudex, on the other hand, specialized in providing student loans and Podemos Progresar primarily targets female informal entrepreneurs and adapts products specifically to their needs, thereby not only helping to reduce poverty, but also improving the position of women in society.





SOCIAL OUTREACH

4. SOCIAL OUTREACH

The social outreach of the I-AM VMF Fund can be measured at the level of the markets in which the fund is invested, the financial institutions (investees), and the end-clients of those institutions.

4.1. Market Outreach

Committed to deploying capital to where it does not abundantly flow, the I-AM VMF portfolio is almost fully invested in low- and middle-income countries.¹¹ 44% of the portfolio is invested in low- and lower-middle income countries, whereas 49% serves upper-middle income countries. Overall, the GNI per capita in these countries (USD 5,717) is considerably lower than the world average (USD 12,869), and similar to the average of low- and middle-income economies (USD 5,298).

Furthermore, four out of the 37 investee countries are categorized as Least Developed Countries (LDCs) by the United Nations Conference on Trade and Development (UNCTAD).¹² This categorization not only considers a countries' per capita income, but also their "human assets" and economic vulnerability. Investments in LDCs account for 10% of the portfolio.

¹¹ Countries' income levels are defined by the World Bank according to gross national income (GNI) per capita as follows:

- Low-income: USD 1,135 or less
- Lower-middle-income: USD 1,136 to USD 4,465
- Upper-middle-income: USD 4,466 to USD 13,845
- High-income: USD 13,846 or more

¹² These countries are Bangladesh, Cambodia, Myanmar and Nepal.



Figure 5: GNI per capita, (Current USD)

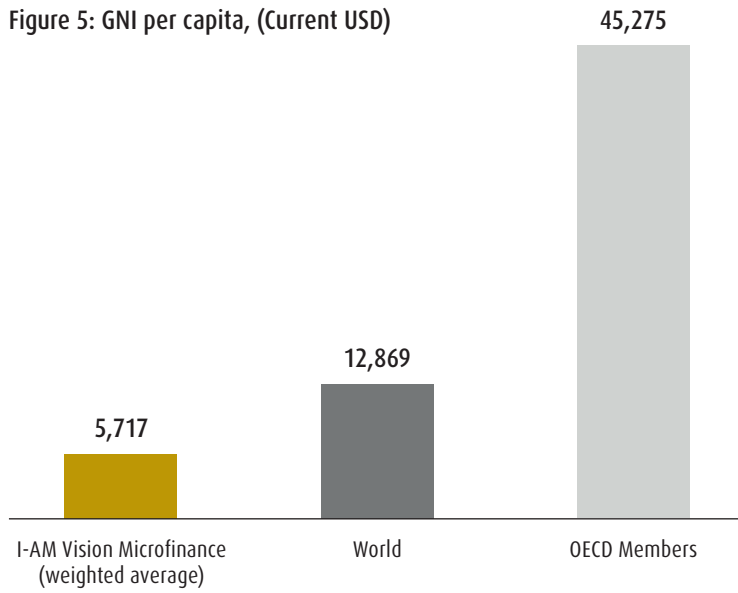
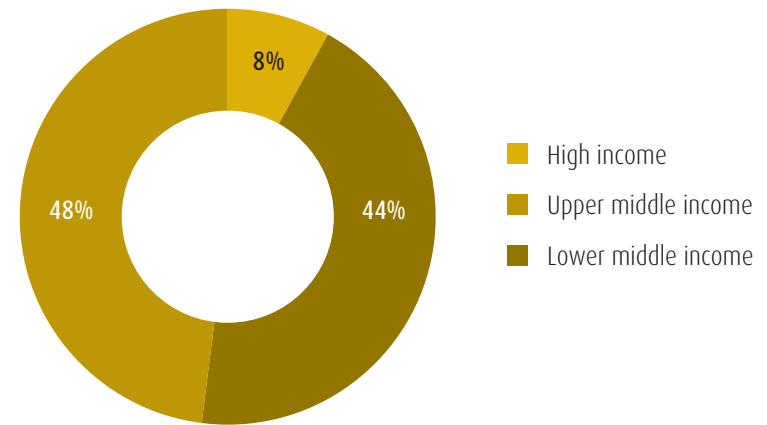


Figure 6: Income Levels, % I-AM VMF Portfolio



Vision Microfinance supports end-borrowers in Tanzania, where the GNI per capita is USD 1,200, by partnering with institutions like ASA Tanzania. The institution, known for its focus on women's empowerment, has extended its reach across ten regions in the country.

Box 5: Institutional Profile: ASA Tanzania, Tanzania

Supporting women in local trade



Established in 2014, ASA Tanzania began operations as a non-deposit-taking microfinance institution and has been regulated by the Bank of Tanzania since 2021.

The institution aims to provide reliable and affordable financial services, with a particular focus on women empowerment. It operates in 10 regions out of 33 in Tanzania, with promising prospects for further expansion.

ASA Tanzania primarily offers microloans tailored to women traders organized in groups, which make up 97% of their gross loan portfolio. Clients borrow and repay individually but are organized in groups that meet weekly for loan application and repayment. Moreover, the institution provides larger SME loans for established businesses. The average loan balance per client amounts to 258 USD.

ASA Tanzania is firmly dedicated to client protection. This dedication is reflected in the institution's proactive measures to prevent client over-indebtedness. ASA achieves this by imposing limits on loan sizes and refraining from granting new loans until existing ones are fully repaid. Furthermore, ASA has established a committee to facilitate client feedback and handle complaints regarding any inappropriate behavior or treatment by the institution's staff.



When it comes to measuring the fund’s market outreach in terms of financial inclusion, the fund management monitors the indicator account ownership in the countries invested. Having access to financing and financial services equips people with tools to withstand financial shocks, increase their household spending in areas such as health and education, and improve their quality of life. The Global Findex Database¹³, created in 2011, provides relevant information on access to finance and the overall use of financial services worldwide. In 2021, results showed an increase in account ownership globally, reaching 76% of adults versus 51% in 2011. Similarly, in low-and middle-income countries, it increased from 63% in 2011 to 71% in 2021.

However, challenges remain, and growth has not been equally distributed. Notably, women, as well as poor, young and unemployed individuals remain largely underserved by the traditional financial system. The I-AM VMF is invested in countries where 60% of the adult population have a bank account at a financial institution, which is lower than the world average of 76%. This indicated that the fund is facilitating the provision of financial services in countries where access to these services is less common than it is worldwide.

Table 6: Banking Penetration

Percentage of adults with a bank account ¹³	
I-AM VMF Funds (weighted average)	60%
World	76%

By doing so, the fund contributes to SDG 8 whose tenth target is access to banking for all.



8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

¹³ The Global Findex Database 2021, Die Weltbank.

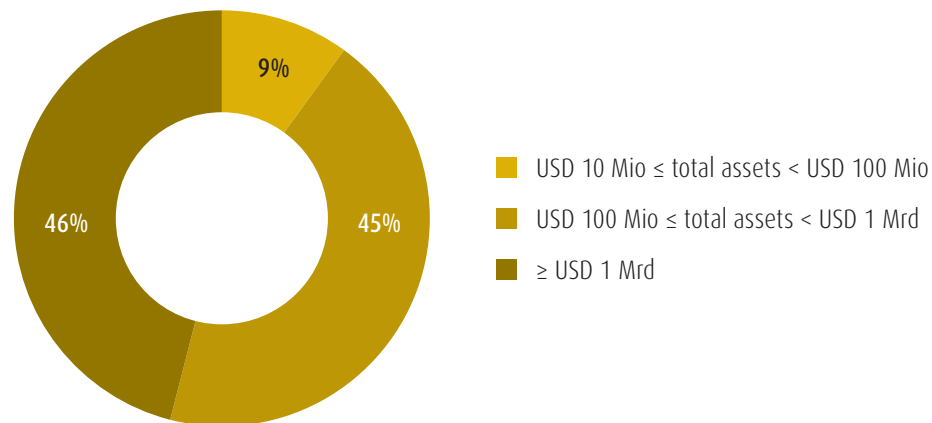


4.2. Investee Outreach

The I-AM Vision Microfinance Fund is invested in a diverse range of financial institutions, in terms of both their legal status and size, thereby reaching different segments of the financially excluded population in emerging and frontier markets.

In terms of investee size, most institutions reached by the fund (48 out of 115) fall into the medium-sized category with total assets between USD 100 million and USD 1 billion (Tier 1). When considering the allocation of volume, approximately 45% is towards Tier 1 institutions and 46% to Tier 0 institutions, with total assets exceeding 1 billion USD. This is partially due to the fund's mission via SDG 8, which is to provide funding to Small and Medium Enterprises (SMEs) in emerging markets, and these enterprises are typically served by medium-sized and larger financial institutions. Among the reasons for this trend, another reason is that many of I-AM VMF's long-standing investees grew in size over the life of the fund, in terms of both asset size and institutional capacity. Nevertheless, these invested institutions often offer among the lowest average credit balances, displaying a strong commitment to serve end-clients at the bottom of the pyramid.

Figure 7: Size of Financial Institutions,
% of I-AM VMF Portfolio Weighted



Credit cooperatives and non-governmental organizations (NGOs) represent a smaller proportion of the portfolio in terms of both number of institutions (11 and 8, respectively) and volumes (7% and 1%, respectively).

Those actors have historically been pioneer enablers of financial inclusion in regions where banks and NBFIs were not ready or not willing to operate.



Assisting the local population in Indonesia

During the DD trip to Indonesia, the cooperative Komida was one of the institutions visited by our fund manager. The name Komida is actually the short form for Koperasi Mitra Dhuafa, which means literally translated cooperative friend.

It was formally founded in 2009, however its roots go back even longer – to 2005, when a foundation was set up in West Java to assist the local population and aid the recovery in the aftermath of the 2004 tsunami. Komida currently works with its branches in Sumatra, Java and South-Sulawesi in order to cater exclusively to poor women in Indonesia. The entrepreneurs focus on trade or agriculture as their business activities and work mostly in rural areas like Klapanunggal. These rural areas are more challenging to access and hence there is still need for financial services.

One loan segment of Komida is the provision of sanitation credits, in order for the clients to be able to install a toilet and improve hygiene at the family and the village level. Komida made a survey on the need for this product in the community Cabang Klapanunggal about ten years ago and finally started offering sanitation loans in 2014. As of February 2023, they could decrease the households without toilet by half in comparison to 2014.



MSME finance makes up the largest proportion of the product offering (86%). In addition to this form of financing, a portion is also attributable to private household consumption in the form of loans for immediate household needs and housing, as well as education. These products collectively contribute to raising end-clients' living standards. It is also the case that small loans to microentrepreneurs often contribute to increasing household consumption indirectly when they are able to maintain a successful business.

Figure 8: Product Offer in % of Gross Loan Portfolio

Product Offer in % of Gross Loan Portfolio Proportion of loans from all institutions in the fund classified by product, weighted by fund volume	Quarterly average (weighted)
Micro-loans	45%
SME	41%
Education	0%
Housing	9%
Other	5%
Total	100%

The portfolio data is based on the most recently available information sources and may therefore deviate from the portfolio data indicated in the fund's accounting (legal/factual inventory).



4.3. End-Client Outreach

The final level of assessment of the fund’s social outreach is dedicated to the end-clients. Indicators such as the number of end customers and the average loan size as well as the segmentation of customers by gender, location, activity and credit method are reviewed in order to evaluate the extent to which the fund fulfills its mission.

The investees in the I-AM VMF portfolio reached more than 18 million end-borrowers and the fund’s investments in these institutions (as a share of the investees’ activities) reached 371,924 end-clients.¹⁴

The average size of loans is an indicator used to understand the depth of the impact of the fund in terms of financial inclusion as it indicates the end-borrowers’ income level. The median average loan balance of the I-AM VMF is EUR 4,217.

I-AM VMF primarily served end-clients through individual loans (87%) in urban areas (62%). The rural-urban gap in financial inclusion is also well-documented in emerging markets, with urban residents being more likely to have an account at a financial institution. Even though the size of the gap globally is difficult to estimate, I-AM VMF has clearly contributed to providing equal access to financial services for rural and urban clients alike.

Figure 9: Client Gender, % of Headcount

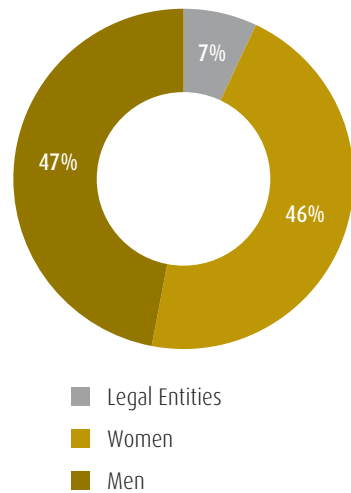


Figure 10: Client Location, % of Headcount

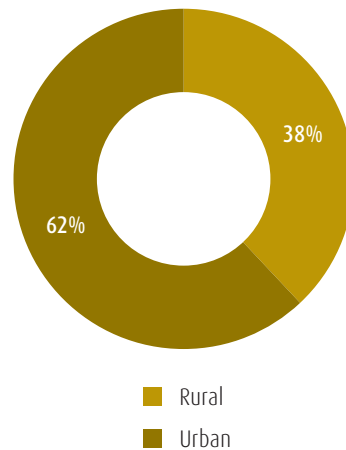
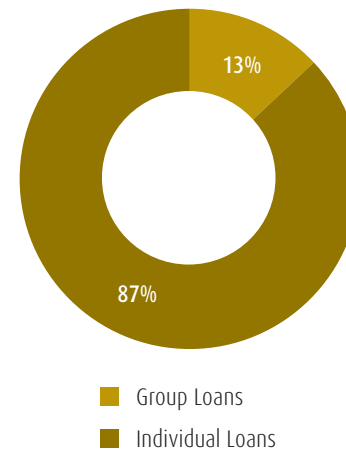


Figure 11: Credit Methodology, % of Headcount



The portfolio data is based on the most recently available information sources and may therefore deviate from the portfolio data indicated in the fund’s accounting (legal/factual inventory).

¹⁴ Rosenberg, R. (2009). Measuring results of Microfinance Institutions. Minimum indicators that donors and investors should track. A technical guide. Washington, DC: Consultative Group to Assist the Poor/The World Bank



4.4. Economic Activity

Research shows that the end-borrowers' choice of economic activity is primarily determined by their socioeconomic status, gender, access to assets and entrepreneurial motivation. Typically, end-borrowers with a greater economic advantage have a higher degree of flexibility to enter activities characterized as being asset-intensive, including transport and manufacturing. On the other hand, less advantaged end-borrowers will engage in sectors such as retail due to the reduced costs of initial investment and time. Of the loans provided through the I-AM VMF, 14.3% target borrowers actively involved in agriculture, 12.9% support small trading activities, and 14% are distributed among end-borrowers engaged in financial services, construction, and manufacturing. Non-productive loans, including housing, consumer, and education loans, constitute 47% of the fund's average investees' portfolio.

Asliddin, a small business owner from Tajikistan, is among the agricultural end-borrowers supported by the fund. Together with his brother in Dushanbe, they expanded their chicken farm using a loan from Arvand, enhancing production by adding chambers.

Box 7: Client story: Asliddin, Arvand, Tajikistan

Supporting agricultural business clients in Tajikistan

Asliddin and his brother are small business owners from Dushanbe who run a chicken farm that specializes in egg production. Initially faced with limited financial resources, they strategically leased one of their barns to generate capital for expansion. With the accumulated funds, they built a chick-raising chamber and subsequently added a second chamber for egg-laying chickens. As their enterprise thrived, they were able to employ 20 staff members.

Asliddin and his brother decided to secure a loan from Arvand to expand their business. They evaluated various options and chose Arvand due to its competitive interest rates and valuable business consultation service. The loan helped them to build a third chamber and purchase additional chicken feed, to increase production to harbour 100,000 animals. With the support of Arvand, the two brothers were able to build a resilient business. For instance, during challenging times, the family business remained stable, thanks to the high-quality equipment they could afford and the dedication and guidance of Arvand's employees.



SOCIAL OUTCOME



5. SOCIAL OUTCOME

A challenging dimension of social performance measurement is outcome measurement. The social outcomes of an investment are changes occurring to a client which are plausibly linked to the investment (e.g., client savings, jobs created). Therefore, measures of social outcomes are used to assess whether the intentions of the fund are realized. Due to the heterogeneity of the clients reached by the fund, and the occurrence of many exogenous factors affecting them, it is difficult to accurately measure social outcomes or attribute changes to the investments made by that fund. Therefore, a set of carefully selected proxies are used as metrics to form an opinion on social outcome results.¹⁵ Within the scope of microfinance investments made by the I-AM VMF, two elements of the social outcome are considered: financial security and employment and entrepreneurship. In a further step it will be shown how these outcomes can be linked to the positive impact initiated by the fund.

5.1. Financial Security

Financial and non-financial services offered by investees play a very important role in how end-borrowers seize opportunities brought forward by loans. Part of the mission of the I-AM VMF is to enable MSMEs to stabilize their cash flows, thereby making them more financially secure. Among the ways that individuals can cope with managing their cash flows is through financial and non-financial services such as:

- **Savings** (e.g., deposits, checking accounts)
- **Insurance** (e.g., credit insurance, life insurance)
- **Payment services** (e.g., cash transfers, electronic payments, remittances)
- **Other non-financial services** (e.g., business development services, education)

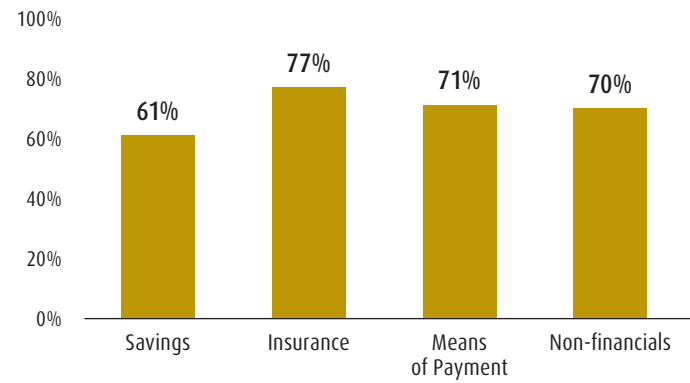
Most people in emerging markets tend to rely on informal means for saving, which are usually accompanied by higher risks. The savings services offered by financial institutions create an option for end-borrowers to keep their money secured. This can decrease their vulnerability to external shocks and allow them to invest in long-term opportunities. Similarly, insurance for small-holder farmers has proven to enhance farmers' risk tolerance and incentivize them to increase agricultural input investment, area cultivated and hire labor, ultimately improving farmers' resilience.

Of the investees in the I-AM VMF portfolio, 61% offer savings services, 77% offer insurance products, 71% offer different means of payment, and 70% offer a type of non-financial service including trainings. Overall, 98% of investees offer one or more of these non-credit products to their clients.

¹⁵ Symbiotics SA. (2017). *Managing & Measuring Social Performance: Insights on Definitions, Practices and Solutions.*



Figure 12: Financial Security – non-credit Product Offering



The portfolio data is based on the most recently available information sources and may therefore deviate from the portfolio data indicated in the fund's accounting (legal/factual inventory).

5.2. Employment and Entrepreneurship

When measuring social performance, employment and entrepreneurship are also taken into account as an additional element. MSME finance, offered through the I-AM VMF, contributes to bridging the large financing gap that MSMEs face in emerging and frontier markets. By doing so, the fund contributes to job creation and economic growth in these markets.

The estimated contribution of the fund amounts to 371,924 end-clients financed and 793,970 MSME jobs created on average in 2023. The next chapter provides an insight into how the contribution of the fund's investments is distributed across the various sectors.





IMPACT INVESTING

6. IMPACT INVESTING






The I-AM VMF has defined its sustainable investment objectives using the United Nations Sustainable Development Goals (SDGs) through its investments. As such, the fund management identifies the key SDG contribution for each new transaction based on the main area of investment (Table 4).

Through its investments, the fund primarily contributes to the **SDGs 1 (No Poverty), 5 (Gender Equality) and 8 (Decent Work and Economic Growth)** but may also contribute to a lesser extent to **SDGs 2 (Zero Hunger), 4 (Quality Education), 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), as well as 14 (Life below Water)**.¹⁶



¹⁶ For more details on the SDGs and on how the I-AM VMF Fund contributes to their targets, please refer to Appendix 1.

Table 7: I-AM VMF
Key SDG Contribution

Theme		How does the I-AM VMF contribute?	% of total portfolio outstanding ¹⁷	Number of investees
Small business finance		<ul style="list-style-type: none"> Strengthening the capacity of domestic financial institutions to expand access to banking and financial services for all and encouraging the growth of SMEs 	48%	43
Microfinance		<ul style="list-style-type: none"> Providing women with equal access to economic resources and opportunities 	19%	27
Microfinance		<ul style="list-style-type: none"> Providing women with equal access to economic resources and opportunities 	15%	36
Climate and energy		<ul style="list-style-type: none"> Ensuring that low-income individuals have access to financial services, including microfinance and savings products 	3%	3
Food and agriculture		<ul style="list-style-type: none"> Providing small-scale food producers access to productive resources through financial services and products 	1%	5
Housing and Infrastructure		<ul style="list-style-type: none"> Ensuring access to adequate, safe and affordable housing and basic services 	0.8%	2
Healthcare and education		<ul style="list-style-type: none"> Ensuring equal access for all women and men to affordable and quality education 	0.1%	2
Food and agriculture		<ul style="list-style-type: none"> Providing small-scale and/or internationally certified fishing and aquaculture producers' access to productive resources through financial services and products 	0.1%	1

¹⁷ The share of socially sustainable investments is calculated as the weighted average portfolio composition at the end of each quarter. The sum of the portfolio allocation to SDGs is 87%, the rest (13%) is considered as a non-sustainable investment. This proportion includes cash, and hedging instruments, as well as other assets.

6.1. Contribution to the SDGs



Microfinance

Financial access to greater economic resources allows households to seize previously unavailable economic opportunities, foster entrepreneurship and invest in long-term activities. Similarly, MSMEs and self-employed individuals are provided with the support to increase their working capital to make long-term investments, decrease costs on input prices, increasing their revenue and business opportunities. Adequate financial products and services have the potential to enhance households' resilience to economic shocks and reduce financial stress, freeing up economic and cognitive resources to be directed towards more beneficial activities for the family such as children's education.¹⁸

How does the fund contribute to SDG 1?¹⁹

In 2022, the fund's investees financed 16 million micro-entrepreneurs in developing countries. Out of these microentrepreneurs, the fund financed 341,293 with its investments. Throughout 2022, 36 of the I-AM VMF investees contributed to SDG 1 through their investments in microfinance. The proportion of borrowers reached with a microloan was 85%. Institutions focused on microfinance can reach a larger number of end-borrowers due to the smaller loan sizes. The average loan size for microloans is EUR 1,511.

% total of assets allocated to SDG 1

15.1%

Number of investees

36

Outreach and sustainability indicators

85%
of borrowers reached with microloans by the fund

EUR 1,511
average MSME loan size

Outreach	Total number of customers financed by all investees	Outreach per 1 million EUR invested in the fund	Fund contribution weighted by investment size
# end-borrowers reached with micro loans	16.2 million	503	341,293
Estimated jobs supported by micro-enterprises	32.4 million	1,006	682,585

¹⁸ Chiapa, C., Prina, S., & Parker, A. (2016). The effects of financial inclusion on children's schooling, and parental aspirations and expectations. *Journal of International Development*, 28(5), 683-696.

¹⁹ The metrics provided are all calculated as the weighted average of each specific indicator based on the portfolio composition at the end of each quarter of the reporting period. The four quarterly figures are then averaged to calculate the annual figure.

- Total outreach of the investees financed by the Fund: this indicator represents the number of end-borrowers reached by the investee for each category of product that is considered as contributing to the SIOs of the Fund, and/or more broadly to the mission of the Sub-Fund.

- Fund contribution: this indicator estimates the contribution of the Fund to the outreach of its investees. It represents the number of end borrowers of this category divided by the total gross loan portfolio of the investee and multiplied by the amount of the loan.

- Outreach per 1 M USD invested: this indicator measures the investors' contribution to the activity of the Fund, while investing 1M USD into it. It approximates the contribution of each million US Dollar on each of the categories of products offered by the investees of the Fund.

The fund supports micro enterprises in Guatemala through its investment in institutions such as Fundación Génesis. The majority of Fundación Génesis' loan portfolio is dedicated to micro entrepreneurs, which are in major part led by women. Beyond financial support, Fundación Génesis provides customized training, technical assistance, and promotes inclusive digital financial services.

Box 8: Institutional Profile: Fundación Génesis, Guatemala

Supporting micro-entrepreneurs in Guatemala



Fundación Génesis Empresarial (“Genesis”) is a non-profit foundation with 33 years of impactful operations. It primarily focuses on providing financial services, including microfinance loans, to vulnerable communities, with a strong presence in and focus on rural areas. Genesis has a presence in 22 states, operating through 108 branches and 4,000 branchless agents. It serves over 140,000 customers, constituting approximately 2.5% of the Guatemalan population.

In addition to financial services, Genesis offers entrepreneurs tailored training and technical assistance to boost business productivity. This support helps improve their microbusiness activities, and ultimately improve quality of life by enabling them to better meet the needs of their families and communities. While individual loans remain a primary product, Genesis is redefining its group loan approach to expand financing accessibility.

Genesis is also dedicated to promoting inclusive digital financial services by establishing a digital ecosystem that facilitates transactions. Their mobile applications, such as Genesis App, Genesis Cash, and Supply Genesis, were instrumental during the COVID-19 pandemic and gained popularity among customers. Additionally, Genesis has introduced educational programs accessible via smartphones, offered in both Spanish and Mayan languages.



Microfinance

Poverty disproportionately affects women, and women have a significantly lower global labor force participation rate. These disparities result partly from social, economic, legal, and regulatory barriers constantly limiting women’s opportunities. Research shows that while some women entrepreneurs are driven to start their business to provide for their families, a significant number do so to attain economic empowerment and independence. Therefore, they often seek external funding to maintain their autonomy.²⁰

Facilitating access to financial products and services can potentially allow women to have greater control over their financial resources, enhance their bargaining power within their household and ultimately increase women’s autonomy.²¹ As a result, this can lead to an increase in household spending in areas such as health, food and education.²² Likewise, targeted financial literacy training is fundamental for women to acquire the necessary skills and tools to take full advantage of financial products.²³

How does the fund contribute to SDG 5?

The fund contributes to SDG 5 by investing in institutions that continuously work to facilitate access to finance for women and empower them through financial products and services tailor-made for them. On average, 46% of end-borrowers served by the fund were women and it achieved this through 27 investees that are women-focused. The average loan size for women was EUR 1,611 which is lower than the average loan size for men (EUR 2,760).

% total of assets allocated to SDG 5	Number of investees
19.1%	27

Indikatoren für Reichweite und Nachhaltigkeit

46%	84%
% of number of women financed by the fund’s investees (portfolio weighted average, including legal persons)	% of number of women financed by the fund’s portfolio investees (average, excluding legal persons)

32%	EUR 1,611
% of fund’s portfolio in loans for women (by volume)	average loan size for women

Outreach	Total number of customers financed by all investees	Outreach per 1 million EUR invested in the fund	Fund contribution weighted by investment size
# of women borrowers reached	14.8 million	460	312,076

²⁰ CGAP (2022). No small business: A segmented approach to better Finance for Micro and Small Enterprises.

²¹ The Essential Role of Finance in Education, Housing and Health Care (cgap.org)

²² Mabali, A., Kinda, S. R., & Mallaye, D. (2022). Women’s Empowerment and Social Household Spending in Fragile States: Evidence from Chad. African Economic Research Consortium

²³ <https://www.cgap.org/research/publication/addressing-gender-norms-increase-financial-inclusion-designing-impact>

One way the fund supports SDG 5 is through a collaboration between I-AM VMF, Symbiotics, and Khan Bank. Together, they issued a USD 10 million gender-focused bond via the I-AM Vision Microfinance Fund. This bond aims to promote gender equality through an innovative financial solution.

Box 9: Institutional Profile: Khan Bank, Mongolia

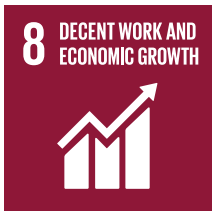
Facilitating financial access for women in Mongolia



In 2023, Vision Microfinance marked its 15th anniversary of investment in Mongolia. This milestone was achieved through a collaborative effort involving Symbiotics and Khan Bank. Together, they issued a USD 10 million gender-focused bond via the I-AM Vision Microfinance Fund. The bond, aligned with Sustainable Development Goal 5, aims to promote gender equality.

This initiative introduces new loan products specifically designed to boost the productivity, competitiveness, and financial access of women entrepreneurs. It significantly contributes to the bank's broader support for Micro, Small, and Medium Enterprises (MSMEs) and reflects its commitment to sustainable development over the past decade.

Khan Bank, boasting 545 branches nationwide and digital channels serving over 82 percent of Mongolia's population, holds a pivotal role in economic growth. This bond marks a significant milestone in addressing gender disparities, being Mongolia's first bond dedicated to supporting SDGs through a gender lens. The financial instrument seeks to generate social impact by focusing on employment generation and financing programs notably benefiting female only borrowers and women-owned or managed SMEs. Proceeds from the bond will address gender-related challenges, reducing gender disparities and fostering enduring positive change in the communities the bank operates in.



Decent work and economic growth

Lack of access to finance is one of the main impediments for SMEs' economic growth. Providing adequate financial products and services can boost their capability to foster job creation and entrepreneurship considering SMEs are a major contributor to employment in developing and emerging markets.²⁴ They fulfil this role by hiring mostly local and low-skilled labor, ultimately supporting low-income households achieve sustainable means of living.²⁵ In addition, products designed to target women-owned businesses can lead to improved entrepreneurship and overall business practices.²⁶ Providing SMEs with customized financial products (credit, savings) and non-financial services (training) can have positive results on safety and health in the workplace, reduce average daily working hours, and increase productivity.

How does the fund contribute to SDG 8?

In 2022, the fund's investees financed over 791,887 SMEs. Out of these SMEs, the fund financed 12,376 through its investments, which are estimated to have supported more than 111,385 jobs in developing countries. Through 43 investees, the fund supported SMEs providing loans with an average loan size of EUR 17,847.

% total of assets allocated to SDG 8	Number of investees
48.2%	43

Relevant outreach and sustainability indicators

	4% of borrowers reached with SME loans	EUR 27,792 average loan size for SMEs	
Outreach	Total number of customers financed by all investees	Outreach per 1 million EUR invested in the fund	Fund contribution weighted by investment size
Number of end-borrowers reached with SME loans	791,887	18	12,376
Estimated jobs supported by SMEs	7.1 million	164	111,385

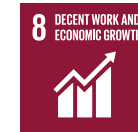
²⁴ International Labour Organization (2019). Small matters: Global evidence on the contribution to employment by the self-employed, micro-enterprises and SMEs.
²⁵ CGAP (2022). No small business: A segmented approach to better Finance for Micro and Small Enterprises.
²⁶ International Labour Organization (2015). Microfinance for Decent Work - Enhancing the impact of microfinance: Evidence from an action research programme



An illustration of the fund's contribution to SDG 8 is its investment in Abaco. With a loan from the institution, Gladys Huaman diversified her business' product portfolio, facilitating growth and the introduction of new products.

Box 10: Client story: Gladys Huaman, Cooperativa Abaco, Peru

Boosting business growth in Peru



Gladys Huaman is an entrepreneur from Peru who founded GV Logística. This company specializes in importing packaging products for agribusiness. In 2012, she launched her business by importing polyethylene foam nets to protect exported mangoes. The success of this venture led to the expansion of the enterprise into additional products for safeguarding fruits and vegetables during transportation, such as ginger, avocado, and garlic.

Since 2014, GV Logística has been receiving financial support from Cooperativa Abaco. This includes a 6-month working capital loan, a 1-year machinery loan, and a 2-year vehicle loan. Thanks to this assistance, Gladys diversified the product portfolio, leading to an impressive 80% growth in 2021 compared to the previous year.

Moving forward, Gladys intends to expand the branch office and introduce a new product: aluminized foam for exporting air-conditioned products. This product has already attracted interest from Chilean companies. The future vision involves transitioning from importing to manufacturing, requiring a capital injection for larger machines.



6.2. Other SDGs the fund contributes to

To a lesser extent, the fund also contributed to **SDG 2 (Zero Hunger)**, **SDG 4 (Quality of Education)**, **SDG 7 (Affordable and Clean Energy)**, **SDG 11 (Sustainable Cities and Communities)** and **SDG 14 (Life below Water)** through its investment in institutions that provide a specific product or service that supports the attainment of these goals.

Examples of these contributions include:

2 ZERO HUNGER



The Fund supports **SDG 2: Zero Hunger** by investing in **CIDRE** an institution based in Bolivia that concentrates on rural areas and offers customized financial services and products. It actively finances various agricultural activities and imposes internal exposure limits to manage the environmental risks inherent to the sector.

4 QUALITY EDUCATION



The Fund also contributes to **SDG 4: Quality Education** by investing in **Laudex**, a Mexican non-banking financial institution specializing in loans for students coming from low and middle-income households wanting to pursue higher education. Financing education is an essential contribution to improving future prospects. Through their higher level of education, graduates will hopefully also contribute to the further development of Mexico and an increase in the standard of living in the country in the future.

7 AFFORDABLE AND CLEAN ENERGY



Another investment of the fund is in **EVN**, a Vietnamese institution that finances the country's energy infrastructure. EVN plays a key role in facilitating Vietnam's transition to renewable energy sources, especially solar power. In recent years, EVN has focused on providing loans to small and medium-sized project developers who install solar rooftops across the country. This supports **SDG 7: Affordable and Clean Energy** by increasing the share of clean energy in the national grid and reducing greenhouse gas emissions.

11 SUSTAINABLE CITIES AND COMMUNITIES








Crediguate, a cooperative in Guatemala, is mainly active in rural areas in the southwest of the country. The Coop's cultural proximity and strong community roots have been key to developing a strong sense of fidelity among members. As a local and mainly indigenous Coop, Crediguate's mission and values are aligned with improving the quality of life of coop-members. This can be encouraged by granting loans for housing and immediate household need. With Crediguate the segment of micro and household loans amounts to 55% of the portfolio, which indicates a contribution to **SDG 11: Sustainable Cities and Communities**.

14 LIFE BELOW WATER



Banco Internacional (the leading bank for the fishing industry in Ecuador) issued a Blue Bond with the main goal of financing investments in the value chain of the sustainable fisheries and aquaculture sectors, contributing to **SDG 14: Life below Water**. Through the bond, the institution promotes the implementation of sustainable production practices as well as job creation due to these high importance of the sectors in the country.

Table 8: The I-AM VMF's contribution to other SDGs

SDG	% Total assets	# Investees	% Borrowers	# End borrowers		
				Total number of customers financed by all investees	Outreach per per 1 million EUR invested in the fund	Fund contribution weighted by investment
 2 ZERO HUNGER	0.9%	5	35% ²⁷	6 million	167	112,934
 4 QUALITY EDUCATION	0.1%	2	1%	125,865	3	2,128
 7 AFFORDABLE AND CLEAN ENERGY	2.9%	3	< 1%	648	0	7
 11 SUSTAINABLE CITIES AND COMMUNITIES	0.8%	2	2% ²⁸	388,791	6	4,224
 14 LIFE BELOW WATER	0.1%	1	n. c. ²⁹	n. c.	n. c.	n. c.

²⁷ End borrowers reached with loans for agricultural activity

²⁸ End borrowers reached with Housing loans

²⁹ In 2023, a new indicator was introduced for SDG 14 to assess the fund's impact: number of end-borrowers who receive loans for sustainable fishery and aquaculture. Data collection will begin in 2023 from institutions actively supporting this SDG.

MAIN TAKEAWAYS



7. MAIN TAKEAWAYS

In line with its mission to enable financial inclusion through investments in the poorest countries and thereby initiate sustainable and long-term development that gives low-income people the opportunity to improve their quality of life, the I-AM Vision Microfinance Funds invested an average fund volume of 590 million EUR in 2023 to reach over 371,000 end-borrowers in 37 emerging markets.

The fund primarily addressed SDG 1 (No poverty), SDG 5 (Gender equality) and SDG 8 (Decent work and economic growth). It has done so by providing low-income households and MSMEs with access to financial services, while ensuring that women borrowers have equal access to services to manage their finances.

The fund has targeted a diverse range of low- and middle-income countries worldwide, with a focus on countries with low levels of banking penetration (60%). It has placed a regional focus on South and East Asia, and Latin American and the Caribbean (37% and 36% of portfolio outstanding, respectively). Overall, I-AM VMF invested in 115 financial institutions, supporting them to grow and build their institutional capacity, with the goal of providing services to those that the financial system underserves or excludes.

Disbursements in 2023 supported more than 680,000 jobs in micro-enterprises and more than 110,000 jobs in small businesses. This way, I-AM VMF has a significant impact on employment in its target markets. These loans also allow MSMEs to capture business opportunities, such as investing in new equipment, growing their inventory or expanding their business.

Finally, investees have also helped end-borrowers to improve their financial resilience, both through microloans and non-credit products, such as savings and insurance. These services typically allow end-borrowers to control their household consumption and recover faster from economic shocks.

The on-site visits by the fund managers also give them the opportunity to convince themselves directly of the impact of the investments.



Appendices



Appendix 1: Contribution to the SDGs and Targets

How did the Sub-Fund contribute to the main SDGs targeted?



1 NO POVERTY



Ensuring that low-income individuals have access to financial services, including microfinance and savings products while investing in investees whose funds are mostly serving small loans for microenterprises, household needs, housing or education.

This contributed to SDG Target 1.4: “By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.”

5 GENDER EQUALITY



Providing women with equal access to economic resources and opportunities, while investing in investees whose funds go in their vast majority to a loan portfolio of women borrowers (i.e., showing that the investee is making significant efforts to ensure women are not discriminated against).

This contributed to SDG Target 5.1: “End all forms of discrimination against all women and girls everywhere.”

8 DECENT WORK AND ECONOMIC GROWTH



Strengthening the capacity of domestic financial institutions to expand access to banking and financial services for all and encouraging the growth of SMEs, while investing in investees whose Funds go in majority to a loan portfolio of MSME loans.

This contributed to SDG Target 8.3: “Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.”
and SDG Target 8.10: “Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.”



How did the Sub-Fund contribute to the other SDGs reached?

2
ZERO
HUNGER



Providing small-scale food producers access to productive resources through financial services and products, while investing in investees whose funds go in majority to a small-scale agriculture loan portfolio, or to a non-financial investee active mainly in small-scale agriculture.

This contributed to SDG Target 2.3: “By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.”

Contributing to ensure sustainable food production systems by investing in Financial Institutions or companies specialized in agriculture production, and whose funds are mostly financing larger farming/food producing organizations using sustainable practices.

SDG Target 2.4: “By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.”

4
QUALITY
EDUCATION



Ensuring equal access for all women and men to affordable and quality education, while investing in investees whose funds go in majority to an education loan portfolio (i.e. loans dedicated to finance school tuition fees) or when the funds go to an investee that offers or supports the development of education services.

This contributed to SDG Target 4.6: “By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.”

7 AFFORDABLE AND
CLEAN ENERGY



Ensuring universal access to affordable, reliable and modern energy service while investing in investees whose funds in majority finance access to clean energy to low-income households. **This contributed to SDG Target 7.1:** “By 2030, ensure universal access to affordable, reliable and modern energy services.”

Increasing the share of renewable energy while investing in companies active in the sustainable energy space in emerging markets.

This contributed to SDG Target 7.2: “Increasing the share of renewable energy.”

11 SUSTAINABLE CITIES
AND COMMUNITIES



Ensuring access to adequate, safe and affordable housing and basic services, while investing, usually through Green, Social and Sustainability Bonds, in a majority of assets that are either green buildings, affordable housing, public transportation systems, green vehicles or while directly financing a company that is active in one of these sectors.

This contributed to SDG Target 11.1: “By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.”

14 LIFE BELOW
WATER



Providing small-scale and/or internationally certified (e.g. ESGE, BREEAM Excellent and outstanding, LEED Platinum or Gold, or equivalent) fishing and aquaculture producers’ access to productive resources through financial services and products, when investing in companies whose funds go in majority to small-scale or internationally certified fishing or aquaculture loan portfolio, or to a non-financial investee active mainly in small-scale fishing and aquaculture.

This contributed to SDG Target 14.7: “By 2030, increase the economic benefits to small island developing States and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism”.



Appendix 2: Exclusion Lists

Environmental and Social Exclusion List

- Production of or trade in any product or activity deemed illegal under applicable laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs (a), wildlife or products regulated under CITES (b);
- Production or trade in weapons and munitions;
- Production or trade in alcoholic beverages (excluding beer and wine);
- Production or trade in tobacco;
- Gambling, casinos and equivalent enterprises;
- Pornography and/or prostitution;
- Activities involving or relating to racist and/or anti-democratic media;
- Activities leading to the destruction of High Conservation Value Areas (c);
- Production or trade in radioactive materials; this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the Note Holder considers the radioactive source to be trivial and/or adequately shielded;
- Production or trade in unbounded asbestos fibers; this does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
- Production or activities involving harmful or exploitative forms of forced labor (d) /harmful child labor (e) or any form of human trafficking;
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals; “hazardous chemicals” include gasoline, kerosene, and other petroleum products;

a) Polychlorinated biphenyls – a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950–1985.
b) CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora.
c) An area designated on the basis of High Conservation Values (HCVs) which are biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level.
d) Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
e) Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child’s education, or to be harmful to the child’s health, or physical, mental, spiritual, moral, or social development.



Index Figures

Figure 1: I-AM Path of the Money (change name to I-AM Vision Microfinance Fund)	5
Figure 2: United Nations Sustainable Development Goals	6
Figure 3: Investee Countries	18
Figure 4: Top 10 Countries	18
Figure 5: GNI per capita, (Current USD)	23
Figure 6: Income Levels, % I-AM VMF Portfolio	23
Figure 7: Size of Financial Institutions, % of I-AM VMF Portfolio Weighted	26
Figure 8: Product Offer in % of Gross Loan Portfolio	28
Figure 9: Client Gender, % of Headcount	29
Figure 10: Client Location, % of Headcount	29
Figure 11: Credit Methodology, % of Headcount	29
Figure 12: Financial Security – non-credit Product Offering	33

Index Boxes

Box 1: FAMA institution	14
Box 2: Coopenae institution	15
Box 3: Country Profile: Indonesia	19
Box 4: Country Profile: Mexico	20
Box 5: Institutional Profile: ASA Tanzania, Tanzania	24
Box 6: Institutional Profile: Komida, Indonesia	27
Box 7: Client story: Asliddin, Arvand, Tajikistan	30
Box 8: Institutional Profile: Fundación Génesis, Guatemala	38
Box 9: Institutional Profile: Khan Bank, Mongolia	40
Box 10: Client story: Gladys Huaman, Cooperativa Abaco, Peru	42

Index Tables

Table 1: Contributing to the SDGs	3
Table 2: Key Figures	7
Table 3: I-AM VMF Fund Norms	10
Table 4: ESG Rating methodology	13
Table 5: ESG Rating scores for I-AM VMF portfolio (weighted average)	14
Table 6: Banking Penetration	25
Table 7: I-AM VMF Key SDG Contribution	36
Table 8: The I-AM VMF's contribution to other SDGs	44



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