

IIV Mikrofinanzfonds

Germany's first microfinance fund

MONTHLY REPORT AS OF 31 JANUARY 2020

Performance

In January, the IIV Mikrofinanzfonds invested 5.25 million US dollar and 1.5 million Euro in microfinance institutions (MFIs) located in Ecuador, El Salvador, Georgia and Paraguay.

The month in review closed with a return in I-class and R-class of 0.15 percent and 0.11 percent, respectively. The I-class achieved a YTD return of 0.15 percent and an annualized return since inception of 2.48 percent. The R-class achieved a YTD return of 0.11 percent and an annualized return since inception of 1.99 percent.

Investment Strategy

The fund invests in loans to microfinance institutions in developing countries. The focus is on small- and medium-sized MFIs, particularly in rural areas. The MFIs are the interface between the IIV Mikrofinanzfonds and the final borrowers. Hence, the MFIs must be chosen very carefully. The selection process includes a country-, financial- and sector analysis and a visit on site. Besides the financial figures, loan-, default- and exchange risks and the management quality are evaluated, too. Only those MFIs that meet the required ethical and social criteria are considered for investment.

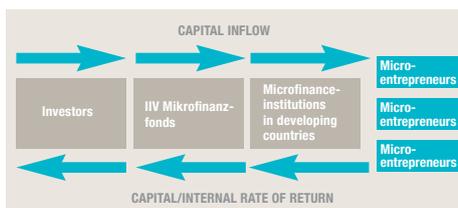


Photo: Nicole Kuhn Photography

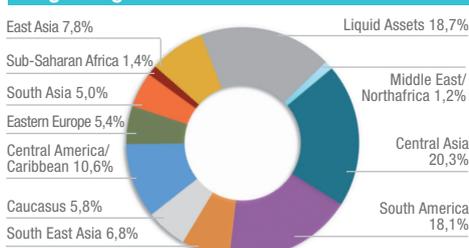
Fund facts

Fund name:	IIV Mikrofinanzfonds
Fund type:	Public Investment Fund ('special assets' as §220 German capital investment law)
Fund currency:	EUR/secured
Investment vehicle:	Non-securitized loan claims
Minimum deposit:	Private investor (R-Class): 100 EUR Institutional investor (I-Class): 30.000 EUR
Issue surcharge:	R-Class: 3% I-Class: 1%
Depository Bank fee ⁶ :	R-Class: 0,05% I-Class: 0,05%
Administration charge ⁷ :	R-Class: 1,4% p.a. I-Class: 0,9% p.a.
Total Expense Ratio (TER) ⁸ :	R-Class: 2,01% p.a. I-Class: 1,51% p.a.
Performance Fee:	none
Subscription:	Monthly, every month until the 20th calendar day before the relevant end of the month
Redemption:	The 20th of the preceding month for the relevant end of the quarter
Price calculation:	Monthly
Valuation date:	End-of-month value
Investment Trust	HANSAINVEST Hanseatische Investment-GmbH, Kapstadttring 8, 22297 Hamburg www.hansainvest.com
Depository Bank:	Donner & Reuschel Aktiengesellschaft
Fundmanager:	Invest in Visions GmbH
ISIN:	R-Class: A1H44T I-Class: A1H44S
ISIN:	R-Class: DE000A1H44T1 I-Class: DE000A1H44S3

Performance and Key Figures

	R-Class	I-Class
Equity price ¹	98,35 EUR	974,02 EUR
Fund volume in m	316,16 EUR	418,50 EUR
Fund volume total in m ²	746,65 EUR	
Month	0,11%	0,15%
Current year	0,11%	0,15%
Since launch p.a. ³	1,99%	2,48%
Revenue	distributing	
Volatility (ann.)	0,27%	0,27%
Sharpe Ratio (since inc.) ⁴	2,58	3,10
Max. Drawdown (since inc.)	-0,83%	-0,82%

Target Regions



Loan claims (incl. accrued interest)	81,3%
Cash	16,9%
Funds	1,8%

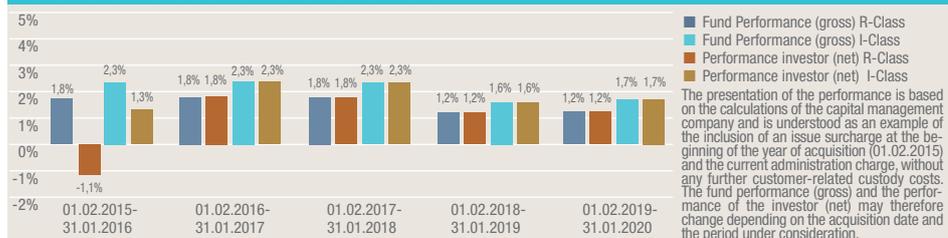
Country Weighting (TOP 5)

Ecuador	13,47%
Uzbekistan	7,10%
Mongolia	5,93%
Kyrgyzstan	5,76%
Mexico	5,54%

Development of Fund Volume in m EUR



Fund Performance 01.02.2015 - 31.01.2020⁵



Performance History⁵

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Year
2020-R	0,11												0,11
2020-I	0,15												0,15
2019-R	0,08	0,03	0,08	0,19	0,08	0,00	0,20	0,09	0,13	0,03	0,16	0,11	1,21
2019-I	0,11	0,08	0,12	0,24	0,11	0,03	0,25	0,13	0,18	0,04	0,21	0,16	1,67
2018-R	-0,01	0,11	0,03	0,14	0,13	0,09	0,14	0,06	0,16	0,18	0,02	-0,01	1,06
2018-I	0,04	0,15	0,07	0,18	0,17	0,14	0,18	0,10	0,21	0,22	0,06	0,03	1,56

¹Without issue surcharge ²Including Share class AI ³October 2011 ⁴Sharpe Ratio, calculated by using the 3-month-Euribor as risk free interest rate ⁵Calculation based on BVI-Method. The stated performance is not a reliable indicator of future performance.

⁶Included in TER ⁷Up to 1,8% ⁸As of 30.9.2018

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Market Overview

2020 will be a decisive year for Myanmar. The national parliamentary elections take place in autumn, which are linked to the hope of finding a solution to the ongoing Rohingya conflict.

Since the political and economic liberalization, the country has grown rapidly. Gross domestic product (GDP) is expected to increase by 6.3 percent in the fiscal year 2018/19. Despite the low productivity of many domestic companies, the private sector is taking a dynamic development.

In 2018, the average annual income was just 1,325 US dollar per capita. On a positive note, the proportion of poverty has halved from 48.1 percent to 24.8 percent between 2005 and 2017. Poverty is particularly widespread in rural areas outside the urban areas.

The MFI Alliance Myanmar specializes in the promotion of female entrepreneurs and the funding of group loans. Over 80 percent of the loans are distributed to women. 50 percent of customers live in rural areas. The loan portfolio is 27.8 US dollar million. The average loan amount is less than 200 US dollar. Founded in 2016, the MFI currently lends to more than 148,000 borrowers.



Source: Alliance Myanmar

A positive example of microfinance is the small entrepreneur Cho Mar, a shoe producer from Mandalay. With her five employees, she produces 70 hand-sewn sandals every day. With the income, Cho Mar acquired a piece of land together with her husband and built her own house. The young woman was also able to save money for the education of her three children.

The IIV Mikrofinanzfonds refinanced the MFI Alliance Myanmar with a loan of 3 million US dollar.

Social Indicators		Sector Shares	
Number of microentrepreneurs	320.139	Services	45%
Share Women	58%	Agriculture	22%
Share Men	42%	Production	7%
Average loan amount	2.306 USD	Others	26%

Risk Management of the Fund

The risk management of the fund ensures a thorough and comprehensive monitoring of the general and specific risks. Our credit risk management is based on a holistic risk approach. Besides MFI- and country-specific risks, regulatory and macroeconomic aspects are considered. Currency risks are to a large extent hedged. To diversify the risks, the investments are subject to certain restrictions:

Maximum investment per MFI:	10% of the total assets of the IIV Mikrofinanzfonds
Maximum country weighting:	15% of the total assets of the IIV Mikrofinanzfonds
Selection Criteria:	Size of total assets, equity base, loan portfolio quality, profitability and social return

Chances and Risks

Chances

- Low correlation with other asset classes
- Low volatility
- Portfolio diversification
- Social return

Risks

- Country risk
- Credit and interest rate risk
- Limited liquidity
- Currency risk

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The opportunities of a financial tool are also subject to respective risks, such as currency fluctuations or the risk of loss. The previous performances are not reliable indicators for future performances. The referenced securities may rise or drop in value. Therefore, potential investors are advised to diligently research the securities and the corresponding risks prior to making an investment decision. All contents have been prepared to the best of our knowledge and based on a diligent review. Nevertheless, we cannot exclude mistakes or printing errors altogether. The validity of the information at the time this advertising information has been prepared is limited. The current political or economic market development, changes in statutory regulations or other relevant factors may result in the presented information, data and opinions being outdated as a whole or in part on a short-term basis. Therefore, we also reserve the right to amend this document.

Philosophy

Aggressive profit-seeking can do harm to microfinance. We thus look for profitable microfinance institutions with a sustainable focus – and not pure profit maximization.

Through our thorough social audit, e.g. reasonable interest rates, transparent credit consultations, coverage of rural areas or the advancement of women, we ensure the social focus of our investments.

The MFIs guarantee these social standards by signing the 'Client Protective Principles' of the SMART Campaign. These principles include the prevention of over-indebtedness or respectful treatment of clients, especially during loan sales and debt collection processes.



Signatory of:



General information

Fund domicile:	HANSAINVEST Hanseatische Investment-GmbH
Accounting Guidelines:	KABRV
Fiscal Year:	October 1st until September 30th (First fiscal year: Start: 10/10/2011 End: 30/09/2012)
Regulatory Authority:	Bundesanstalt für Finanzdienstleistungsaufsicht
Accounting firm:	KPMG AG, Tersteegenstr. 19-31, 40474 Düsseldorf, Germany