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.

Performance and Key Figures

<table>
<thead>
<tr>
<th>R-Class</th>
<th>I-Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity price¹</td>
<td>98.35 EUR</td>
</tr>
<tr>
<td>Fund volume in m</td>
<td>316,16 EUR</td>
</tr>
<tr>
<td>Fund volume total in m²</td>
<td>746,65 EUR</td>
</tr>
<tr>
<td>Month</td>
<td>0.11%</td>
</tr>
<tr>
<td>Current year</td>
<td>0.11%</td>
</tr>
<tr>
<td>Since launch p.a.³</td>
<td>1.99%</td>
</tr>
<tr>
<td>Revenue - distributing</td>
<td></td>
</tr>
<tr>
<td>Volatility (ann.)</td>
<td>0.27%</td>
</tr>
<tr>
<td>Sharpe Ratio (since inc.)⁴</td>
<td>2.58</td>
</tr>
<tr>
<td>Max. Drawdown (since inc.)</td>
<td>-0.83%</td>
</tr>
</tbody>
</table>

Country Weighting (TOP 5)

- Ecuador 13.47%
- Uzbekistan 7.10%
- Mongolia 5.93%
- Kyrgyzstan 5.76%
- Mexico 5.54%

Target Regions

- East Asia 7.6%
- Sub-Saharan Africa 1.4%
- South Asia 5.0%
- Eastern Europe 5.4%
- Central America/Caribbean 10.6%
- Caucasus 5.8%
- South East Asia 6.8%
- Middle East/North Africa 1.2%
- Central Asia 20.3%
- South America 18.1%
- Liquid Assets 18.7%

Loan claims (incl. accrued interest) 81.3%
Cash 16.9%
Funds 1.8%

Development of Fund Volume in m EUR

- 2015-2020: 800
- 2000-2010: 600
- 2000: 400
- 2000-2010: 100
- 2000: 200
- 2000-2010: 10
- 2000: 5

Performance History⁵

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020-R</td>
<td>0.11</td>
<td>0.11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020-I</td>
<td>0.15</td>
<td>0.15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019-R</td>
<td>0.08</td>
<td>0.03</td>
<td>0.08</td>
<td>0.08</td>
<td>0.00</td>
<td>0.20</td>
<td>0.09</td>
<td>0.13</td>
<td>0.03</td>
<td>0.16</td>
<td>0.11</td>
<td>1.21</td>
<td></td>
</tr>
<tr>
<td>2019-I</td>
<td>0.11</td>
<td>0.08</td>
<td>0.12</td>
<td>0.24</td>
<td>0.11</td>
<td>0.03</td>
<td>0.25</td>
<td>0.13</td>
<td>0.18</td>
<td>0.04</td>
<td>0.21</td>
<td>0.16</td>
<td>1.67</td>
</tr>
<tr>
<td>2018-R</td>
<td>-0.01</td>
<td>0.11</td>
<td>0.03</td>
<td>0.14</td>
<td>0.13</td>
<td>0.09</td>
<td>0.14</td>
<td>0.06</td>
<td>0.16</td>
<td>0.18</td>
<td>0.02</td>
<td>-0.01</td>
<td>1.06</td>
</tr>
<tr>
<td>2018-I</td>
<td>0.04</td>
<td>0.15</td>
<td>0.07</td>
<td>0.18</td>
<td>0.17</td>
<td>0.14</td>
<td>0.18</td>
<td>0.10</td>
<td>0.21</td>
<td>0.22</td>
<td>0.06</td>
<td>0.03</td>
<td>1.56</td>
</tr>
</tbody>
</table>

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.

Performance investor (net)  I-Class

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: R-Class: 0.05% I-Class: 0.05%
- Bank fee: R-Class: 1.4% I-Class: 0.9%
- Administration charge: R-Class: 2.01% I-Class: 1.51%
- 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, Kapstadtring 8, 22297 Hamburg www.hansainvest.com
- Depository Bank: Donner & Reuschel Aktiengesellschaft
- Fundmanager: Invest in Visions GmbH
- ISIN: R-Class: A1H44T I-Class: A1H44S
- ISIN: DE000A1H44T1 I-Class: DE000A1H44S3

¹Included in TER ²Up to 1.8% ³As of 30.9.2018
Facts

**IIV Mikrofinanzfonds**

**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.

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.

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**Social Indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of microentrepreneurs</td>
<td>320,139</td>
</tr>
<tr>
<td>Share Women</td>
<td>58%</td>
</tr>
<tr>
<td>Share Men</td>
<td>42%</td>
</tr>
<tr>
<td>Average loan amount</td>
<td>2,306 USD</td>
</tr>
</tbody>
</table>

**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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**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.

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**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 Finanzdienstleistungs-aufsicht
- **Accounting firm**: KPMG AG, Tersteegenstr. 19-31, 40474 Düsseldorf, Germany

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