

## IIV Mikrofinanzfonds

Germany's first microfinance fund

MONTHLY REPORT AS OF 29 FEBRUARY 2020

### Performance

In February, the IIV Mikrofinanzfonds invested 26 million US dollar in non-securitized loan claims. As a result, microfinance institutions (MFIs) in Ecuador, Georgia and Cambodia were refinanced last month.

The month in review closed with a return in I-class and R-class of 0.08 percent and 0.04 percent, respectively. The I-class achieved a YTD return of 0.23 percent and an annualized return since inception of 2.46 percent. The R-class achieved a YTD return of 0.15 percent and an annualized return since inception of 1.97 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.

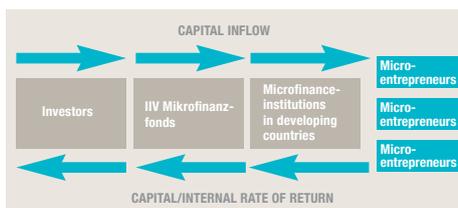


Photo: Nicole Kuhn Photography

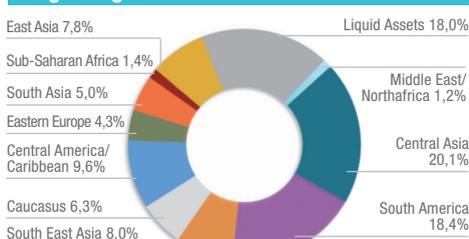
### Fund facts

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 <sup>6</sup> :	R-Class: 0,05% I-Class: 0,05%
Administration charge <sup>7</sup> :	R-Class: 1,4% p.a. I-Class: 0,9% p.a.
Total Expense Ratio (TER) <sup>8</sup> :	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 <sup>1</sup>	98,39 EUR	974,78 EUR
Fund volume in m	319,82 EUR	423,16 EUR
Fund volume total in m <sup>2</sup>	754,99 EUR	
Month	0,04%	0,08%
Current year	0,15%	0,23%
Since launch p.a. <sup>3</sup>	1,97%	2,46%
Revenue	distributing	
Volatility (ann.)	0,30%	0,30%
Sharpe Ratio (since inc.) <sup>4</sup>	2,61	3,13
Max. Drawdown (since inc.)	-0,83%	-0,82%

### Target Regions



Loan claims (incl. accrued interest)	82%
Cash	16,2%
Funds	1,8%

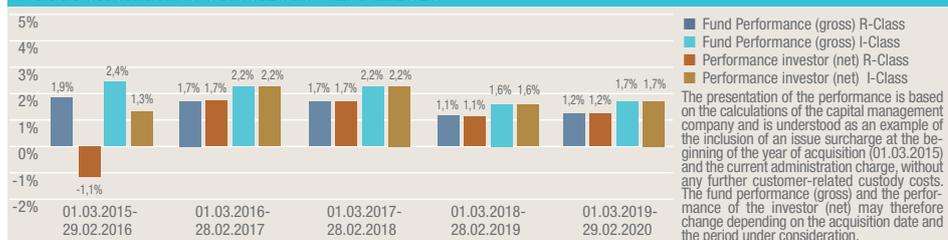
### Country Weighting (TOP 5)

Ecuador	13,73%
Usbekistan	7,02%
Mongolei	5,89%
Kirgisistan	5,73%
Mexiko	5,48%

### Development of Fund Volume in m EUR



### Fund Performance 01.03.2015 - 29.02.2020<sup>5</sup>



### Performance History<sup>5</sup>

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Year
2020-R	0,11	0,04											0,15
2020-I	0,15	0,08											0,23
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

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

<sup>6</sup>Included in TER <sup>7</sup>Up to 1,8% <sup>8</sup>As of 30.9.2018

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### Market Overview

Ecuador has been suffering from the low oil price since 2014. The decline in export earnings and structural problems are putting increasing pressure on the country's national budget. At the same time, reform pressure from external funds is increasing.

In February 2019, the resource-dependent Andean country received a loan commitment from the International Monetary Fund (IMF) for US dollar 4.2 billion. The IMF ties the credit line to concrete reform measures to reduce the debt burden and promote private sector development.

Last autumn there were nationwide protests against a controversial austerity decree that would abolish fuel subsidies and put money into the national budget. In the meantime, the government has passed a socially acceptable tax package. The IMF announced earlier this year that it would continue to support the Ecuadorian government in its reform efforts.

Microfinance remains an important source of finance for small business owners in Ecuador. MFIs remain a cornerstone of the local economy. Banco Solidario is one of the largest MFIs in the country and a long-term partnering institution of Invest in Visions. The MFI is characterized by its social focus and financial stability.

The average loan amount is US dollar 1,680. Founded in 1996, the MFI currently lends to more than 292,566 borrowers.



Source: Banco Solidario

A positive example of microfinance is Victoria Chávez, a restaurant owner from Quito. She received her first loan from Banco Solidario over eleven years ago. With the money, she managed to build her own restaurant. In the past, it had only a simple street stall, but today its restaurant can accommodate up to 50 guests. Victoria Chávez has several full-time employees.

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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### 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