**Facts**

**IIV Mikrofinanzfonds**

**MONTHLY REPORT AS OF 31 MARCH 2020**

**Performance**

In March, the IIV Mikrofinanzfonds invested 7.76 million US dollar and 28 million Euro in non-securitized loan claims. As a result, microfinance institutions (MFIs) in Bosnia-Herzegovina, Georgia, India, Panama, Tajikistan and Uzbekistan were refinanced last month. The month in review closed with a return in I-class and R-class of -0.46 percent and -0.47 percent, respectively. The I-class achieved a YTD return of -0.23 percent and an annualized return since inception of 1.97 percent. The R-class achieved a YTD return of -0.32 percent and an annualized return since inception of 2.46 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 funds 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. Only those MFIs that meet the required ethical and social criteria are considered for investment.

**Performance and Key Figures**

<table>
<thead>
<tr>
<th>Country Weighting (TOP 5)</th>
<th>Development of Fund Volume in m EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecuador</td>
<td>12.15%</td>
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<tr>
<td>Uzbekistan</td>
<td>5.88%</td>
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<tr>
<td>Cambodia</td>
<td>4.57%</td>
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<table>
<thead>
<tr>
<th>Fund Performance 01.04.2015 - 31.03.2020</th>
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<tbody>
<tr>
<td>5%</td>
</tr>
<tr>
<td>4%</td>
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<tr>
<td>3%</td>
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<td>2%</td>
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<td>1%</td>
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<td>0%</td>
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<td>-1%</td>
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<td>-2%</td>
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<thead>
<tr>
<th>Performance History*</th>
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<tbody>
<tr>
<td>Annual return</td>
</tr>
<tr>
<td>2020-R</td>
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<tr>
<td>2020-I</td>
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<td>2019-R</td>
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</tbody>
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*Without issue surcharge *Including Share class AI *October 2011 *Sharpe Ratio, calculated by using the 3-month-Euribor as risk free interest rate *Calculation based on BII Method: The stated performance is not a reliable indicator of future performance.

**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%
- **Administration charge:** R-Class: 1.4% p.a. I-Class: 0.9% p.a.
- **Total Expense Ratio (TER):** R-Class: 2.03% p.a. I-Class: 1.55% 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, Kapstadtring 8, 22297 Hamburg www.hansainvest.com

**Depository Bank:** Donner & Reuschel Aktiengesellschaft

**Fundmanager:** Invest in Visions GmbH

**ISIN:** R-Class: DE000A1H44T4 I-Class: DE000A1H44S2

*Included in TER *Up to 1.8% *As of 30.9.2019

**Country Weighting (TOP 5)**

- **East Asia:** 7.1%
- **Sub-Saharan Africa:** 1.1%
- **South Asia:** 4.8%
- **Central America/Caribbean:** 8.2%
- **South East Asia:** 6.9%

**Capital/Internal Rate of Return**

- **Funds:** 1.6%
- **Cash:** 25.7%
- **Loan claims (incl. accrued interest):** 72.7%

**Performances and Key Figures**

- **R-Class**: 97.93 EUR 970.30 EUR
- **I-Class**: 463.14 EUR
- **Fund volume total in m²**: 799.46 EUR
- **Month**: -0.47% -0.46%
- **Current year**: -0.32% -0.23%
- **Repayment claims**: 463.14 EUR
- **Volatility (ann.)**: 0.49% 0.49%
- **Sharpe Ratio (since inc.)**: 2.44 2.96
- **Max. Drawdown (since inc.)**: -0.83% -0.82%

**Country Weighting (TOP 5)**

- **Ecuador**: 12.15%
- **Uzbekistan**: 5.88%
- **Kyrgyzstan**: 5.39%
- **Mongolia**: 5.35%
- **Cambodia**: 4.57%

**Target Regions**

- **East Asia**: 7.1%
- **Sub-Saharan Africa**: 1.1%
- **South Asia**: 4.8%
- **Central America/Caribbean**: 8.2%
- **South East Asia**: 6.9%

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**Performance History**

- **Annual return**
  - **2020-R**: 0.11
  - **2020-I**: 0.15
  - **2019-R**: 0.08
  - **2019-I**: 0.11
  - **2018-R**: -0.01
  - **2018-I**: 0.04

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

**Market Overview**

The economy of Cambodia has developed very positively over the past two decades. Since 1998, the average growth in the economy has been eight percent annually. Still, with a per capita income of 1,510 US dollar, the country remains one of the poorest in Southeast Asia.

In addition to tourism, the main industries include the garment industry. As part of the coronavirus pandemic, the country is expected to face significant economic and social challenges. The government has promised up to 2 billion US dollar to promote and support businesses and people. Moreover, the central bank is also taking far-reaching measures to stabilize the financial system and provide liquidity.

The microfinance sector is an essential source of finance for small business owners in Cambodia. AMK has a strong social focus and attaches great importance to transparent lending. The average loan amount is 732 US dollar. Founded in 2008, the MFI currently lends to more than 355,920 borrowers.

A positive example of microfinance is Heang Saranh, a trader and businesswoman from Sonikum Province. She received the first loan from AMK over ten years ago. Initially, she and her husband sold kitchen utensils and fish at the local market. With the help of AMK, she developed a financial plan and bought her own truck in 2017. The income from renting the truck has significantly improved the family’s situation.

The IV Microfinanzfonds is currently refinancing the MFI AMK with a loan of 137 million Thai Baht.

**Social Indicators**

- Number of microentrepreneurs: 320,139
- Share Women: 58%
- Share Men: 42%
- Average loan amount: 2,306 USD

**Sector Shares**

- Services: 45%
- Agriculture: 21%
- Production: 7%
- 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 extend hedged. To diversify the risks, the investments are subject to certain restrictions:

- Maximum investment per MFI: 10% of the total assets of the IV Microfinanzfonds
- Maximum country weighting: 15% of the total assets of the IV Microfinanzfonds
- 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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**General Information**

- Fund domicile: HANSAINVEST Hanseatische Investment-GmbH
- Accounting Guidelines: German Investment Code
- 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, 4047 Düsseldorf, Germany

**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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