



Abstract

2016 SYMBIOTICS MIV SURVEY

A study of Global Microfinance Investment Funds

10th edition

September 2016

KEY SURVEY FACTS

FUND UNIVERSE

93 MIVs

Number of participants

95%

Market coverage

USD 11 billion

Market size

+12% USD constant
+6% USD spot

Total asset growth in 2015

24%

Annual growth of microfinance portfolio
in the last decade

41%

Market share of top 3 asset managers

INVESTMENT UNIVERSE

99

Number of countries invested in

10.7%

India Top 1 exposure

South Asia: +62%

Largest regional investment growth in 2015

58%

Percentage of investment in large portfolio investees

>300,000

Active borrowers reached

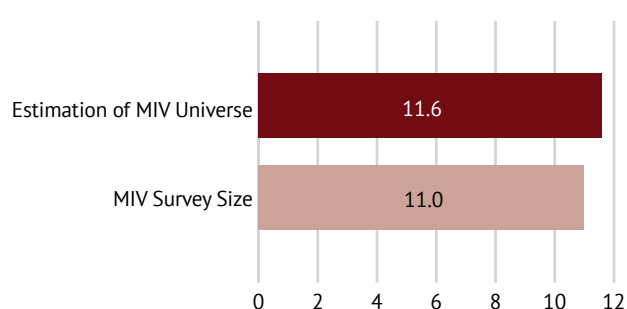
**Increased access to
financial services**

Top social goal of MIVs

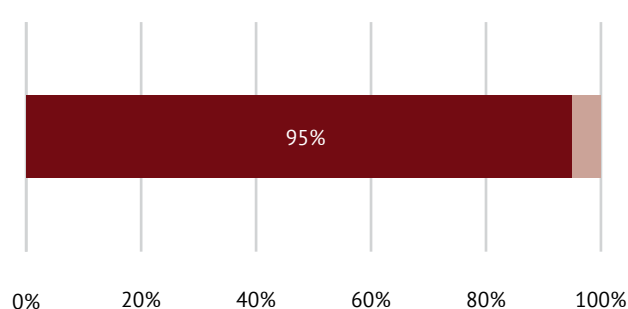
1. HIGH MARKET COVERAGE

The 10th edition of the Symbiotics MIV Survey gathered a record participation rate with 93 out of 113 identified Microfinance Investment Vehicles (MIVs) submitting data on key financial and social performance indicators. The combined market size of these 93 MIVs is USD 11 billion as of December 2015, representing 95% of the total MIV universe which is estimated at USD 11.6 billion.

Assets under Management (USD billion)



Market Share of MIVs Participating in the Survey



2. TOP 3 ASSET MANAGERS WITH 41% MARKET SHARE

In total, 46 specialized asset management companies based in 16 countries are represented in the survey¹. A large proportion of MIV investments, 90%, is managed by asset managers located in Europe. Among the European countries, Switzerland remains the leader with one third of microfinance assets, followed by the Netherlands (22%) and Germany (16%).

	Total Assets (USDm)		Microfinance Portfolio (USDm)		No. of MIVs per Asset Manager Location
	2014	2015	2014	2015	
	2014	2015	2014	2015	93
Switzerland	30%	30%	32%	32%	17
Netherlands	25%	23%	24%	22%	12
Germany	17%	17%	17%	16%	9
Luxembourg	7%	9%	8%	9%	6
USA	8%	8%	7%	8%	20

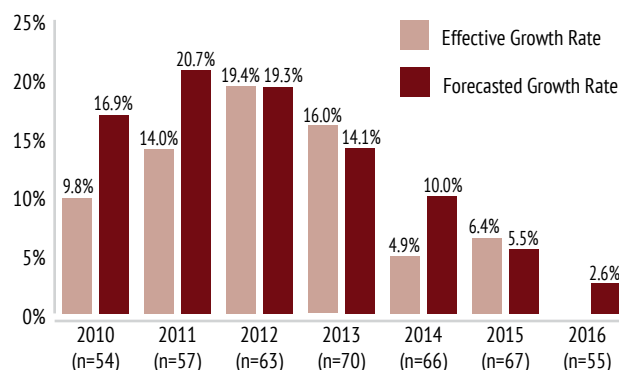
Overall, the asset managers' universe remains highly concentrated with the top 3 entities managing 41% of the benchmark volume. In terms of MIVs, the market is also concentrated with the 5 largest funds representing 41% of the total microfinance assets and the top 50 respectively 94%.

¹ Only Asset Managers' management mandates (and not advisory) are included in the sample's calculations in order to avoid double counting.

3. STABLE ANNUAL GROWTH

In 2015, total assets of MIVs grew by 6.4% when applying end-of year exchange rates for MIVs' respective accounting currencies against the USD. However, when ignoring the effects of currency variations, annual growth was 12.4%², in line but slightly lower than in 2014 (13%). Growth was nonetheless higher than predicted by MIVs, respectively 5.5% for the year 2015. Looking ahead, MIVs that are expected to remain active at the end of 2016 forecast a growth of 8.2%³. In terms of microfinance portfolio, growth was 9.3%, ignoring FX rate effects.

MIV Total Assets Growth

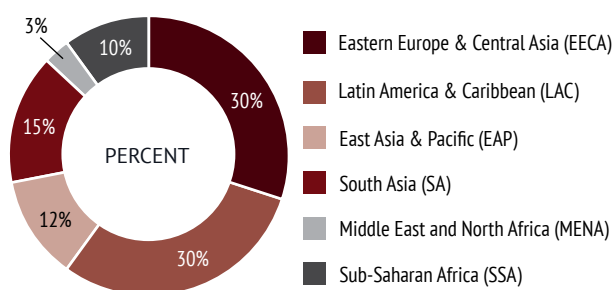


4. DECREASE IN INVESTMENT VOLUMES IN EASTERN EUROPE & CENTRAL ASIA

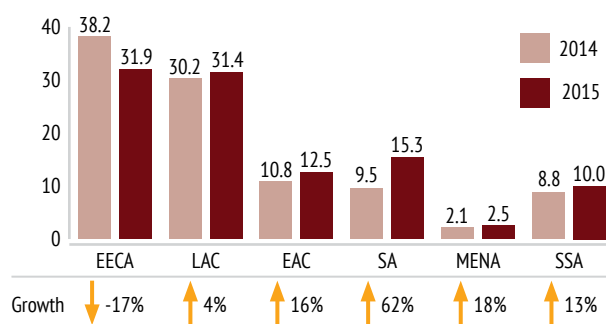
2015 witnessed a shift in the regional allocation of MIV investments. The exposition in Eastern Europe & Central Asia reduced from 38% in 2014 to 30% in 2015 while South Asia's relative proportion increased from 9% in 2014 to 15% in 2015. The effects of the economic downturn in Russia spread to neighboring regions, implying a challenging market environment for countries that were historically prime targets for microfinance investments. During the year, volumes decreased by 17% in Eastern Europe & Central Asia whereas investments grew the fastest in South Asia, at 62% in 2015.

In terms of country exposures, while Cambodia is the preferred destination of MIVs that have a fixed-income or hybrid strategy, India tops the overall list by receiving 10.7% of the direct microfinance portfolio of all MIVs. India's ranking is not only driven by Fixed Income Funds or Mixed Funds, but also by regional Equity Funds that solely invest in this market which has benefitted from improved regulatory environment following the crisis witnessed a couple of years ago. Cambodia and Ecuador complete the podium with respectively 9.7% and 6.3%.

MIV Portfolio Regional Breakdown as % of Direct Microfinance Portfolio (n=93)



Growth (in %) and Average Volume of Regional Exposure (in USDm) 2014-2015



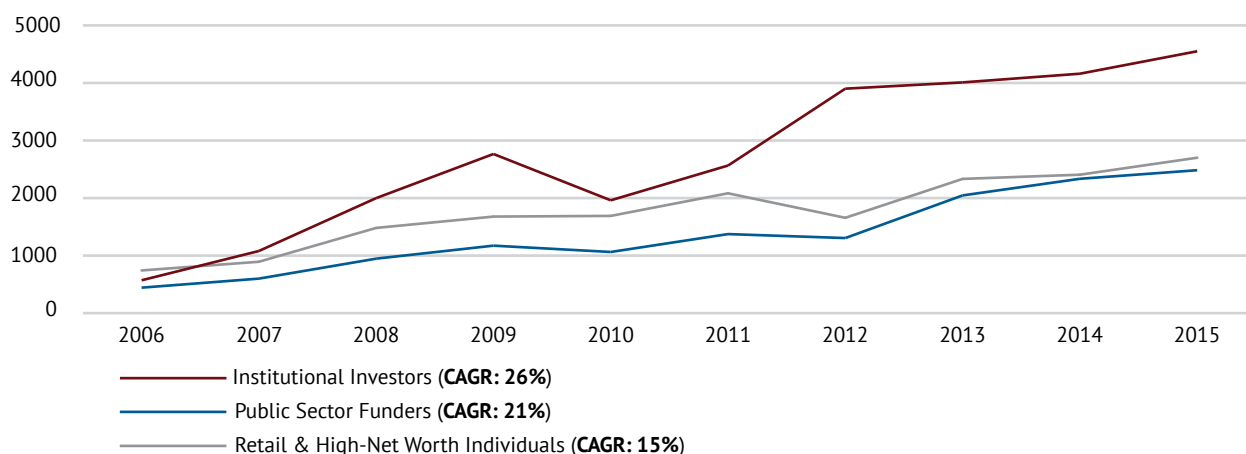
² For the period 2014-2015, this growth rate is calculated on a constant sample of 78 MIVs, applying similar exchange rates over the 2 observation points.

³ However, when considering all MIVs, including those that are going to close down in 2016, the forecasted growth is 2.6%.

5. INSTITUTIONAL INVESTORS' VOLUMES RECORDED THE HIGHEST ANNUAL GROWTH IN 10 YEARS

As of December 2015, 47% of MIVs' capital is financed by institutional investors while public funders contribute 26%. Retail investors and High-Net Worth individuals cover the remaining portion with respectively 24% and 4% of MIV capital. Institutional investors are the ones who also recorded the strongest growth over the last decade, increasing their volumes at a rate of 26% per annum⁴.

Funding Sources



6. NEW ESG INDICATORS IN COOPERATION WITH THE SOCIAL PERFORMANCE TASK FORCE

This 10th edition of the MIV Survey included a section in which Symbiotics cooperated with the Social Performance Task Force (SPTF)⁵ in order to track how MIVs incorporate various aspects of social performance into their activities. Among others, results show that MIVs' prime social goal is "increased access to financial services", followed by "employment generation" and "improving livelihood of clients". Looking at the investment strategy of MIVs with respect to financial and social returns, most MIVs seek market rate financial returns and positive social returns, while only a few accept «below market» financial returns.

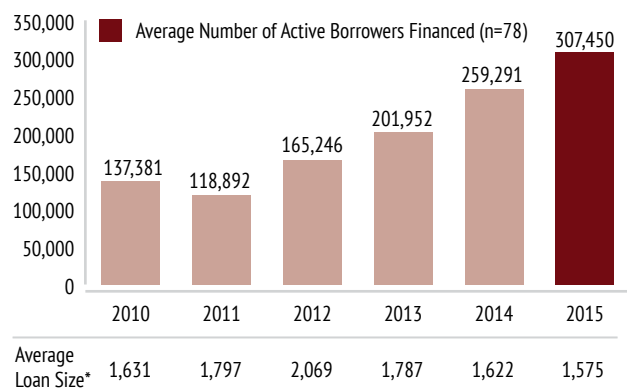


⁴ This growth rate is calculated on a moving sample across the period 2006-2015.

⁵ The SPTF is a non-profit membership organization that engages to develop and promote standards and good practices for social performance management (SPM). For more information, please visit www.sptf.info.

In terms of social outreach, MIVs continue to increase the number of active borrowers financed which reached close to 310,000 on average per MIV. The average loan size of microfinance investees financed by MIVs has been decreasing since 2012 and stands at USD 1,575 as of December 2015. MIVs' portfolio investees mainly target women borrowers (68%) while more than half of the clients are located in rural areas.

MIV Outreach



* Average Loan Size of MFIs to Active Borrowers (in USD) (n=85)

68%
Female Borrowers

About Symbiotics Microfinance Investment Vehicles (MIV) Survey:

The 2016 Symbiotics MIV Survey is an annual survey which aims to provide comprehensive market trends and peer group analysis on microfinance off-shore investments. The survey, in its 10th edition, is based on December 2015 financial and social performance indicators reported by a large number of microfinance investment vehicles (MIVs). Since last year, it included Microfinance Investment Funds that are not open to multiple investors. In addition, participants also followed new guidelines, developed in 2015 by Symbiotics in collaboration with other microfinance asset managers, which track a set of additional key financial and social performance indicators. Participants report their data based on the CGAP MIV Disclosure Guidelines (2010) that serve as the industry standards for MIV reporting.

About Symbiotics:

Symbiotics, incorporated in 2004 in Geneva, is an investment company specialized in emerging, sustainable and inclusive finance which offers market research, investment advisory and asset management services. It is an asset manager of collective investment schemes regulated by FINMA, the Swiss Financial Market Supervisory Authority and has an advisory license from the FCA, the Financial Conduct Authority, through its subsidiary in the UK. The company is headquartered in Geneva, with offices in Cape Town, London, Zurich, Mexico City and Singapore with a staff of over eighty professionals. Since 2004, Symbiotics has invested over USD 2.9 billion in more than 250 microfinance institutions in 50 emerging countries, working with more than 28 investment funds and many institutional investors.