



Abstract

2017 SYMBIOTICS MIV SURVEY

A study of Global Microfinance Investment Funds

11th edition

September 2017

KEY SURVEY FACTS

■ FUND UNIVERSE

93 MIVs

Benchmark composition

USD 12.6 billion

Benchmark size

94%

MIV Market coverage

10.5%

Total asset growth in 2016

20%

Per annum growth of MIV market since 2006

40%

Market share of top 3 Asset Managers

■ INVESTMENT CHARACTERISTICS

96

Number of countries invested in

58%

Percentage invested in large microfinance investees

India, Cambodia and
Ecuador

Top country exposures of MIVs

Latin America &
the Caribbean

Top regional exposure of MIVs

>400,000

Active borrowers reached per MIV

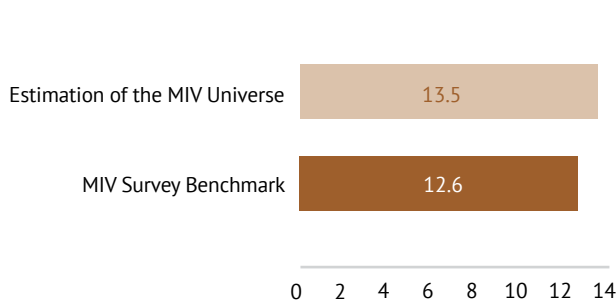
24%

Percentage of MFIs offering green loans

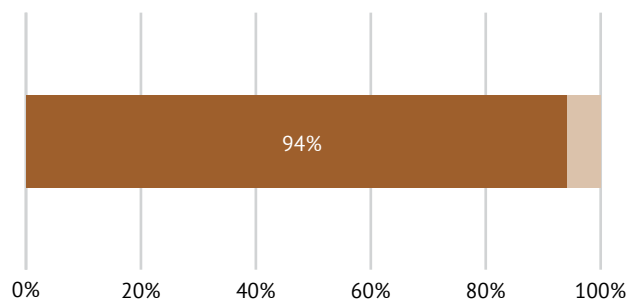
1. HIGH SURVEY COVERAGE IN EXPANDING MARKET

More than 125 identified Microfinance Investment Vehicles (MIVs) with a total estimated market size of USD 13.5 billion were invited to partake in this 11th edition of the Symbiotics MIV Survey. The participation rate continues to be significant with 93 MIVs forming the final benchmark which represents 94% of the total market size (USD 12.6 billion).

Assets under Management (USD billion)



Market Share of MIVs Participating in the Survey

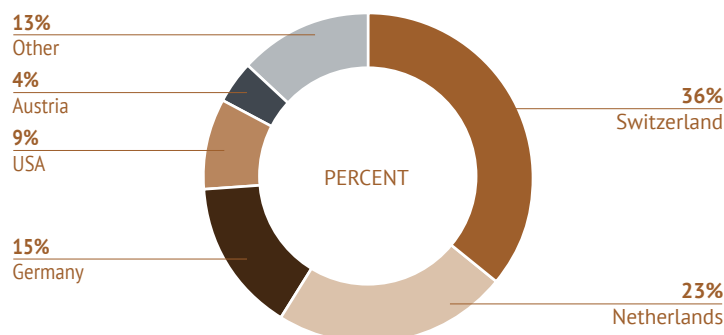


2. AUSTRIA ENTERS THE TOP 5 DOMICILES FOR MICROFINANCE ASSET MANAGEMENT

The 93 MIVs composing the benchmark are managed by 44 specialized asset management companies located in 17 different countries¹. Switzerland continues to manage the largest share of assets with a 36% market share, followed by the Netherlands (23%) and Germany (15%). The United States (9%) and Austria (4%) complete the 5 lead domiciles.

The MIV market in terms of asset managers remains highly concentrated with the 3 largest asset management companies managing 40% of the benchmark assets, a slight decrease of one percentage point compared to the situation in 2015.

Asset Managers' Domicile: Top 5 (% of Total Assets)



¹ The country classification for asset managers is determined according to management mandates only and not advisory mandates (if any).

3. DOUBLE-DIGIT MARKET GROWTH IN 2016; FASTER GROWTH EXPECTED IN 2017

In 2016, MIVs' total assets and microfinance portfolio grew by 10.5% and 9.9% respectively.² For 2017, MIVs forecast their growth to be even higher, at 14.5% in terms of assets.

10.5%

Growth Total Assets in 2016

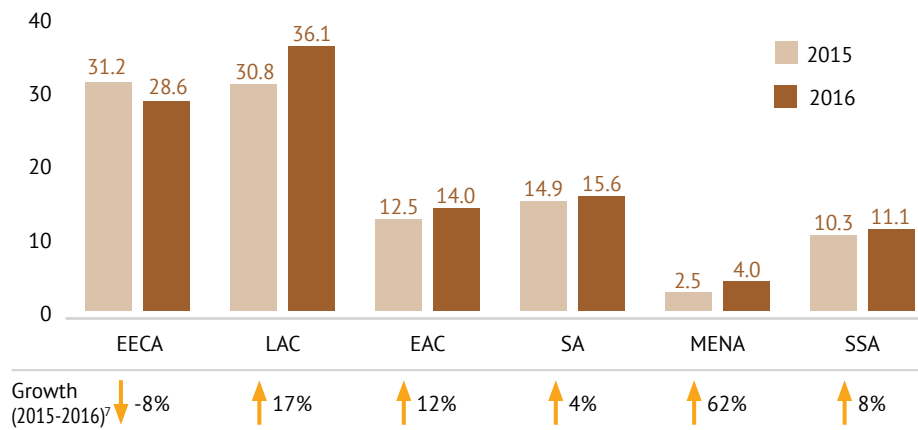
14.5%

Forecast Growth Total Assets in 2017

4. INVESTMENT VOLUMES SPIKE IN LATIN AMERICA & CARIBBEAN REGION

All regions continued to enjoy increased investment volumes in 2016, with the exception of Eastern Europe & Central Asia which continued its decline, though at a reduced rate (a decrease of 8% in 2016 vs. 17% in 2015). Latin America & the Caribbean (LAC) witnessed a high increase in volumes of 17% and became the lead region, capturing 34% of MIVs' direct microfinance portfolio. Other notable growth took place in East Asia and the Pacific (12%) and the Middle East & North Africa (62%).

Average Volume of Regional Exposure (USD million)



² For the period 2015-2016, this growth rate is calculated on a constant sample of 79 MIVs, applying similar exchange rates over the 2 observation points.

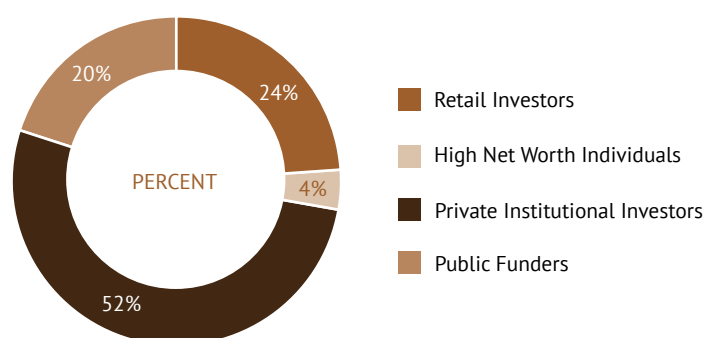
5. TOP 3 COUNTRIES OF INVESTMENTS REMAIN UNCHANGED

India continues to top the overall list with 10.0% of the direct microfinance portfolio of all MIVs.³ Cambodia and Ecuador continue to complete the podium of top country exposures with 9.0% and 6.6% respectively. Turkey has significantly increased its market share, capturing 4.5% of Fixed Income Funds' direct microfinance portfolio and the 7th rank when looking at all MIV strategies combined. Azerbaijan in contrast has dropped out of the top 10 in light of a continued challenging environment for microfinance investments.

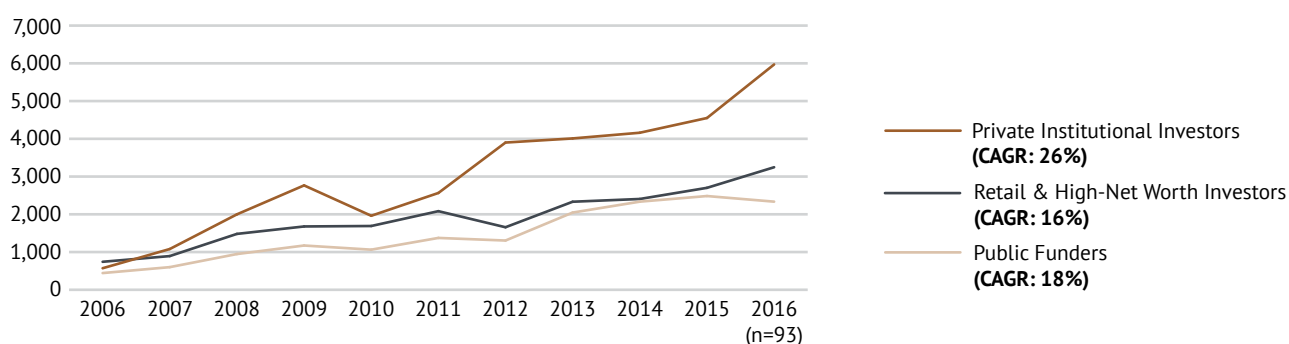
6. PUBLIC SECTOR FUNDERS DECREASE THEIR SHARE OF OVERALL MIV FINANCING

At the end of 2016, more than half of the volumes of MIVs' investor base was composed of private institutional investors (52%). Retail investors contribute nearly a fourth of MIV funding (24%), overtaking public sector funders (20%). The drop in public funding represents 7% on an analysis of a constant sample of 76 MIVs over the period 2015-2016, a trend driven by a general decrease in size of MIVs that are sponsored by public money. In terms of historical growth over the period 2006-2016, private institutional investors have continued to record the fastest growth (26% per annum) relative to the other investor groups.⁴

Funding Sources in 2016 (% of Total Investors)



Funding Sources 2006-2016 Trends (USD million)



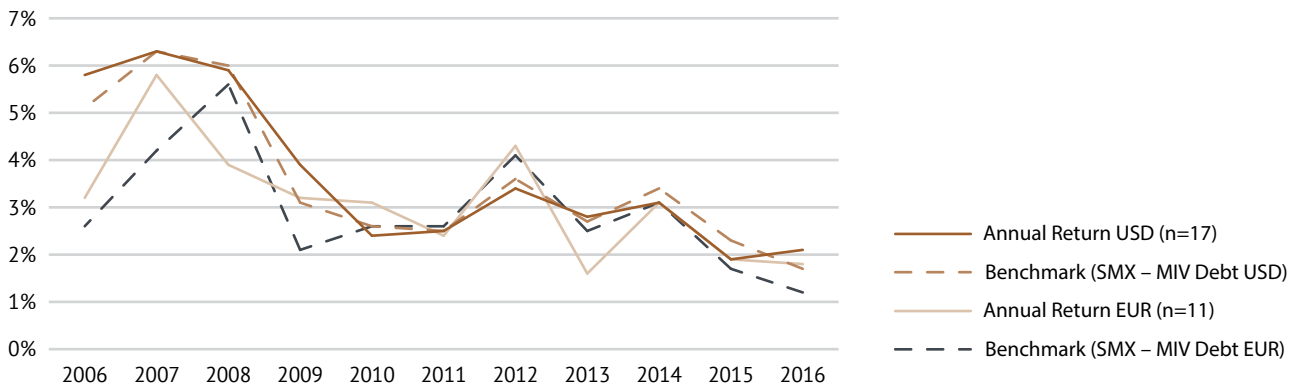
³ Country exposures and regional exposures might not always match as some MIV survey respondents only reported on their regional exposure but not on their country exposure.

⁴ This growth rate is calculated on a moving sample across the period 2006-2016.

7. ANNUAL RETURNS FOR FIXED-INCOME FUNDS REMAINED LOW

Fixed Income Funds' USD and EUR share classes returned respectively 2.1% and 1.8% in terms of share price performance. The USD yearly return was higher than in 2015, and also higher than the industry benchmark for the rate of returns of Fixed Income Funds, the SMX-MIV Debt Index USD.

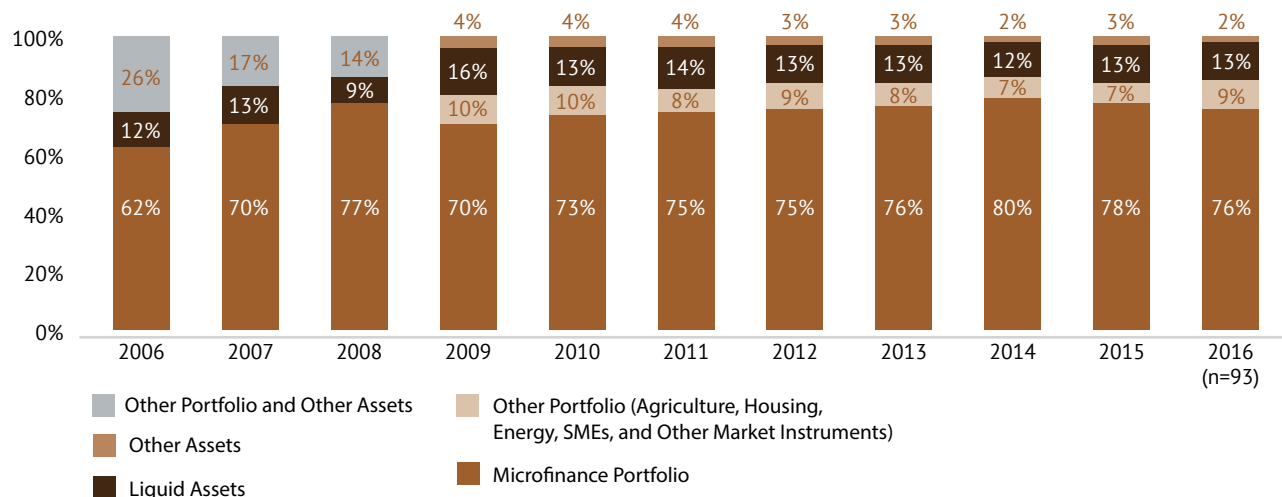
Fixed-Income MIVs: NAV Share Price Performance



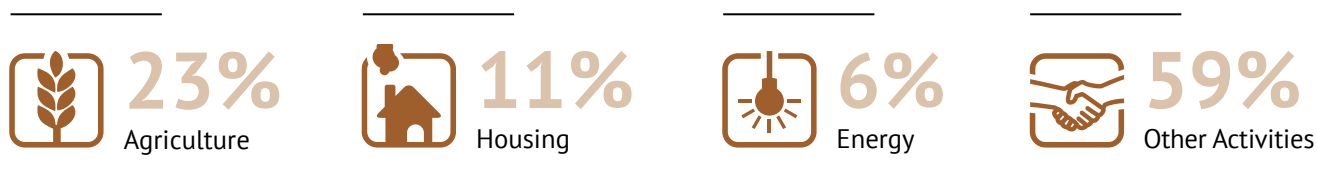
8. STABLE ASSET COMPOSITION WITH INCREASED EXPOSURE TO THE ENERGY SECTOR

MIVs' asset composition as compared to 2015 was relatively stable, with the microfinance portfolio accounting for 76%. Investments in impact themes beyond microfinance represent nearly 10% of total assets, within which investment towards the energy sector has witnessed sharp growth in the past few years (6% of other impact themes as of December 2016). SME financing (59%) and agriculture (23%) continue to be relevant sectors of impact investments for MIVs.

Asset Composition – All MIVs (% of Total Assets)



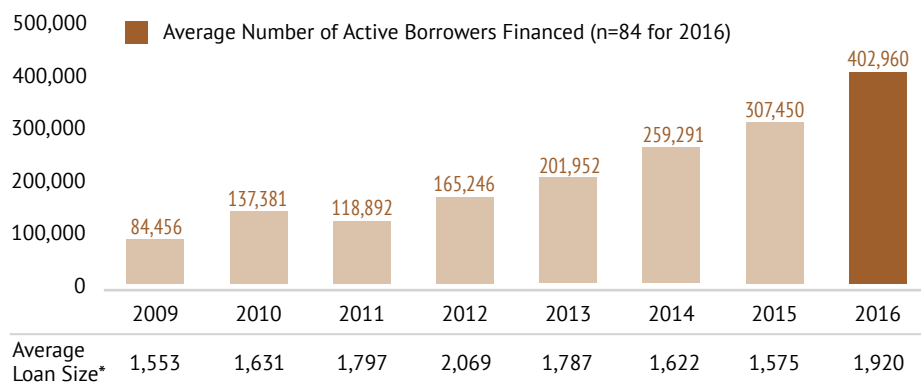
Other Portfolio Themes (n=49) (Weighted Averages)



9. IMPROVING SOCIAL OUTREACH

Women borrowers account for 70% of MFI clients while rural borrowers represent 55%. Both segments have increased by 2 percentage points compared to the situation at the end of 2015. At the level of MIVs, the average number of active borrowers financed has increased to over 400,000 active borrowers in 2016.

MIV Outreach



* Average Loan Size of MFIs to Active Borrowers (in USD) (n=84 for 2016)

70%

Female Borrowers

55%

Rural Borrowers

10. MIVs PRIORITIZING INCREASED ACCESS TO FINANCIAL SERVICES FOR END CLIENTS

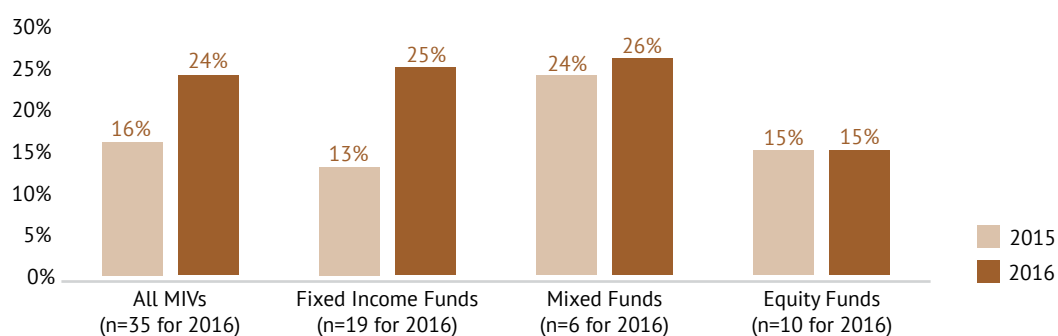
Results show that the prime social goal of MIVs continues to be “increased access to financial services,” followed by “improving livelihoods of clients” (up from 3rd place in 2015) and “employment generation.” With respect to financial and social returns, most MIVs (76 out of 85) seek market rate financial returns and positive social returns, while only 6 MIVs, all Fixed Income Funds, focus on social returns and accept “below market” financial returns.



11. INCREASED NUMBER OF MFIS OFFERING GREEN LOANS

Nearly 25% of microfinance investees offer “green loans,” i.e. loan products specifically designed to finance the purchase of energy efficient or environmentally friendly products, such as solar panels, home insulation, biodigesters, clean cookstoves, etc. This percentage has increased significantly from 2015, when 16% of MFIs from MIV portfolios were offering such loans to their clients.

% of Microfinance Investees in the MIV Direct Portfolio that offer Green Loans (Weighted Average)



About Symbiotics Microfinance Investment Vehicles (MIV) Survey:

The 2017 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 11th edition, is based on December 2016 financial and social performance indicators reported by a large number of microfinance investment vehicles (MIVs). Since 2015, it has included Microfinance Investment Funds that are not open to multiple investors. Participating MIVs report their data based on the [CGAP MIV Disclosure Guidelines \(2010\)](#) and the [Microfinance Investment Vehicles Disclosure Guidelines: Additional Indicators \(2015\)](#) developed by Symbiotics in collaboration with other microfinance asset managers.

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 hundred professionals. Since 2004, Symbiotics has invested over USD 3.8 billion in more than 350 microfinance institutions in over 70 emerging countries, working with more than 30 investment funds and many institutional investors.