2016 ANNUAL REPORT

symbiotics

20
ANNUAL REPORT
16

symbiotics

CONTENTS

Dear shareholders, clients and partners,

Symbiotics had a record year in 2016, in terms of markets, investments, portfolios, clients, people, financials and impact. Following last year's global market trends, the period has nevertheless also brought its share of challenges. The firm continues to adapt, with what we believe is the right strategy and positioning for the years to come.

MARKETS

The 2016 exercise was a good year in terms of market coverage, with an increase to 60 countries – including Tunisia, Sierra Leone, Burkina Faso, Niger, Namibia, Albania and Ukraine. We grew more deeply into Latin America & the Caribbean and into South & East Asia primarily; Sub-Saharan Africa remained stable in volumes and Eastern Europe, Central Asia, Middle East & North Africa continued to contract, a trend similar to the previous year. It was also a record year in terms of institutions financed, with 48 new investees (27 in net terms), microfinance institutions (MFIs) and small and medium enterprise (SME) banks, reaching 219 in headcount overall. We continued to move upmarket, with more first tier institutions and even some large commercial banks attending to the missing middle; we also innovated by adding some specialized financial institutions (focusing on housing, education and solar energy), as well as issuing our first SME loan securitization in India – an industry first.

INVESTMENTS

This wider market coverage corresponded to a peak in new investment origination, reaching USD 595 million, up from USD 472 million in 2015 – an additional 312 new transactions issued. In terms of direct investment portfolio, this contributed to growth from USD 1.1 billion to USD 1.3 billion – or 844 outstanding deals. Most notably, our bond platform materially contributed to this success, representing this year a record 40% of new deals, or about USD 250 million. That being said, 2016 was unfortunately also a record year in terms of bad loan ratios, with a record number of workouts mostly due to the decline in oil prices and its subsequent consequences on highly dependent economies such as Azerbaijan, Ecuador and Nigeria. The pipeline and risk management teams have grown in consequence experiencing a strong learning curve, both in terms of growth and innovation and in terms of restructurings and recovery.

PORTFOLIOS

Investment portfolios nevertheless remained resilient, continuing with positive returns, despite lower than in the past. The Symbiotics Microfinance Index (debt USD) returned 1.71% in 2016, vs. 2.27% in 2015, and 3.56% on average from 2004 to 2016. Our client portfolios have higher performances than this in general in net terms. However, for one of the first times, we experienced several smaller portfolios yielding below the index, with one finishing in negative territory. Symbiotics continues to be the leader in terms of number of portfolios or funds managed or advised, growing from 19 to 20 – (the closest of our competitors in our peer group has 11 funds). Our largest client portfolio amounted to USD 345 million, while our smallest was at USD 5 million. This year was particularly difficult in terms of yields; however, we foresee an improvement in 2017 through better loan recovery and slightly increasing interest rates.

INVESTMENTS	2015	2016	Since inception
Number of microfinance fund clients	19	20	37
Outstanding microfinance portfolio	USD 1,080 m	USD 1,293 m	–
Outstanding microfinance deals	832	844	–
New deal origination	USD 472 m	USD 595 m	USD 3,286 m
Number of new deals originated	347	312	2,754

CLIENTS

Symbiotics' overall direct investment portfolio continued to be strongly pulled by the success of its largest clients, mostly through C-Quadrat in Germany and Austria, SEB in Scandinavia, as well as Fundo in Switzerland. The firm also grew its partnership with development finance institutions (DFIs), in particular KfW, by further consolidating the Regional MSME Investment Fund for Sub-Saharan Africa (REGMIFA) portfolio and securing a new mandate with the Microfinance Enhancement Facility SICAV-SIF (MEF). The firm increased its client experience with single institutional investor mandates and with a new life insurance mandate in Geneva. And, most notably, it grew its global investor reach with the UBS Loans for Growth fund, which is supported by the Swiss State Secretariat for Economic Affairs (SECO), exposing the firm to Asian investors. The firm also gained further client experience through its bond platform with smaller professional accounts, diversifying its clientele and creating somewhat of a secondary marketplace for the firm. On the down side, Symbiotics ended its partnership with Oxfam in the UK, with EMF in Liechtenstein, as well as with Gonet Bank on its fund of funds distributed directly in Switzerland.

PEOPLE

The staff headcount grew by 14% to reach 96, up 11 from 83 in 2015. Our Geneva headquarters had 63 employees in 2016; the remaining 32 were spread out over our regional offices in Cape Town, Mexico City and Singapore, as well as in our European branch offices in London and Zurich. Employee diversity remained a strong asset for the firm with 33 nationalities, 46% women and the average age remained stable at 38. We completed our reorganization into three distinct divisions in the first half of 2016: Corporate Services, Investment Advisory and Asset Management, to better cope with strategic developments on the clientele and product side.

OUTREACH	2015	2016	Since inception
Number of countries	55	60	70
Number of financial institutions worked with	192	219	330
Number of financial institutions analyzed	290	329	845
End clients reached	1,286,993	1,477,900	–
Average credit per end client	USD 838	USD 878	–
Gender	55% women	53% women	–
Location	49% rural	44% rural	–

The number of board of directors went from seven to six following the resignation of Jean-Claude Marchand in June after 11 years of invaluable support and coaching. For the first time, the board of directors achieved perfect gender equality.

FINANCIALS

An all-time high origination volume and outstanding investment portfolio, materially higher than budgeted targets, along with sound financial controlling, resulted in the best financial exercise ever achieved by the company since its inception, despite difficult times in our markets, rapid cost increases and important change management dynamics. The firm achieved all financial targets in terms of solvency ratio, prudential ratio, forex coverage, net margin and return on equity, allowing the firm to strengthen its balance sheet. Organizational development dynamics will arguably continue, and will be more observable in 2017 as we cope with this rapid client and market expansion. The general management and board of directors prepared a budget in line with such dynamics, maintaining financial targets, with a confident outlook for the strategy and positioning of the firm, both in terms of markets and clientele.

IMPACT

Symbiotics is committed to positive socio-economic development, particularly impact through its social charter. We are dedicated to serving the base of the pyramid in emerging and frontier markets, primarily benefitting underserved micro-, small and medium enterprises (MSMEs) and low and middle-income households (LMIHs), applying social responsibility ratings to each and every one of our investments. In terms of outreach, the firm continues to finance principally women (53%), in slightly more urban than rural areas (56% and 44%) and primarily in trade (29%) and agriculture (18%). The total investment portfolio of USD 1.3 billion serves 1.2 million MSMEs and LMIHs through our partner financial institutions (investees). When multiplied by employment statistics, our investment portfolio supports close to 2.9 million jobs at the base of the pyramid, in 60 emerging and frontier markets. Also in 2016, the firm developed its Social Performance Management framework, and launched an SME impact measurement initiative with a premium academic institution in Geneva, which will further reinforce its development impact profile and transparency in the years to come.

We would like to thank each one of you – shareholders, clients and partners, as well as our board, management and staff for your trust and commitment, which ensures Symbiotics' continued success.

Ivan Pictet Chairman	Roland Dominicé CEO

GOVERNANCE

Our mission is to contribute to sustainable development in emerging and frontier markets by providing traditionally underserved businesses with increased access to capital and financial services. We aim to do this by offering specialized investment solutions that connect socially responsible investors to micro-, small and medium enterprises and to value chain development projects in low-income economies.

SOCIAL CHARTER

Each investment made by Symbiotics needs to comply with the following criteria:

› Target domestic markets in emerging and frontier economies
› Invest in the real economy, promoting the social function of finance and seeking long-term value creation
› Integrate sustainability or social responsibility ratings, using environmental, social and governance (ESG) norms, in the investment process
› Benefit low- and middle-income households and micro-, small and medium enterprises
› Foster job creation and access to primary goods, such as homes, food and energy.

BOARD OF DIRECTORS

The board represents and oversees the company's various activities and areas of expertise. Jean-Claude Marchand, who was part of Symbiotics' board since inception, resigned during the June 2016 shareholders' meeting, bringing the number of board members to six. He brought the company invaluable support and mentoring over the years. Beth Krasna took over his role as vice chairwoman.

IVAN PICTET

Chairman
Former Senior Partner at Banque Pictet & Cie; President of the Pictet Foundation for Development and President of the Foundation for Geneva.

BETH KRASNA

Vice chairwoman (as of June 2016)
Professional independent non-executive director; currently, on the board of directors of the Swiss Federal Institutes of Technology, COOP Group, BG Bonnard & Gardel Holding SA, Raymond Weil SA. Formerly on the Banque Cantonale Vaudoise board.

DAVID LEDERMANN

Secretary
Partner at Lenz & Staehlin since 2007; specialized in business law particularly in corporate, M&A, private equity, investments, contract and commercial law.

MICHEL GUILLET

President of Adenia Partners, an Africa-focused private equity firm; co-founder of BC Partners, one of the largest private equity firms worldwide; top management positions in the industrial and health sectors.

TINEKE RITZEMA

Senior executive in the financial sector in companies such as UBP, ABN AMRO Private Banking, as well as at the International Labour Organization and various NGOs. She is a board member of the Banque Alternative Suisse and a member of the ACTARES committee.

LORE VANDEWALLE

Assistant Professor of Economics at the Graduate Institute of International and Development Studies (IHEID) in Geneva. Specialized in development economics and microfinance.

MANAGEMENT

GENERAL MANAGERS

Symbiotics' general management is composed of three professionals who have been with the firm since its inception. The Chief Executive Officer (CEO) is supported by the Chief Financial Officer (CFO) and Chief Operating Officer (COO) in their general management responsibilities. Together they elaborate and implement the firm's strategy and manage its operations. Each chief officer is in charge of one of the company's three divisions: the CEO of Asset Management, the CFO of Corporate Services and the COO of Investment Advisory.

ROLAND DOMINICÉ

Chief Executive Officer

Co-founder, master in international relations (Geneva), master in social sciences (Chicago), asset management (UBS), management consulting (PwC), corporate finance (San Francisco) and CFO (BlueOrchard).

VINCENT DUFRESNE

Chief Financial Officer

Co-founder, master in business administration (St-Gallen), financial audit (Arthur Andersen), entrepreneurship in fintech development (including for Consultative Group to Assist the Poor (CGAP) and MixMarket).

YVAN RENAUD

Chief Operating Officer

Joined Symbiotics in 2005, master in public policy (London), banking and asset management (Capital International), development finance consulting (Africa, Latin America) and head of investment operations (BlueOrchard).

MANAGEMENT COMMITTEE

The firm is organized in 14 business units, which are regrouped in three divisions. The corporate services support all business units of the firm transversally. The general managers meet once a month with the management committee which is composed of all heads of units and coordinates the planning and control function of the firm.

CORPORATE SERVICES

LAUREN T MARMEYS
Finance & Administration

DUC NGUYEN
Human Resources

GILLES BAYON
Information Technology

MARIA PEÑA
Legal

JOHN STAEHLI
Marketing & Communication

JEAN-MARC SOMMER
Risk & Compliance

INVESTMENT ADVISORY

VINCENT LEHNER
Financial Institutions

JÉRÔME SAVELLI
Market & Credit Risk

DANIEL SCHRIBER
Investment Operations

FABIO SOFIA
Client Relationships

ASSET MANAGEMENT

DANIEL VON MOLTKE
Asset Management

CHRISTOPHE FAVRE
Fixed Income

VALÉRIE DUJARDIN
MARIANO LARENA
Business Development

CHRISTOFFER DAHLBERG
Investor Relations

GLOBAL OFFICES MANAGEMENT

In addition to its Geneva headquarters, the firm has five offices.

Cape Town
DUNCAN FRAYNE

London
PHILIPP JUNG

Mexico City
TODD FARRINGTON

Singapore
ANYA BEREZHNA

Zurich
CHRISTOFFER DAHLBERG

STAFF

"Our staff's broad skill set and expertise create a stimulating work environment, while our corporate values – innovation, independence and integrity – are of prime importance to our continued success."

Vincent Dufresne
CFO heading the
Corporate Services division

Staff members

96

WOMEN
46%

MEN
54%

Nationalities

33

Shareholders

63

OF WHICH
42 ARE
STAFF MEMBERS

Average age

38

Office locations

6

CAPE TOWN
GENEVA (HQ)
LONDON
MEXICO CITY
SINGAPORE
ZURICH










MARKETS

MARKET COVERAGE

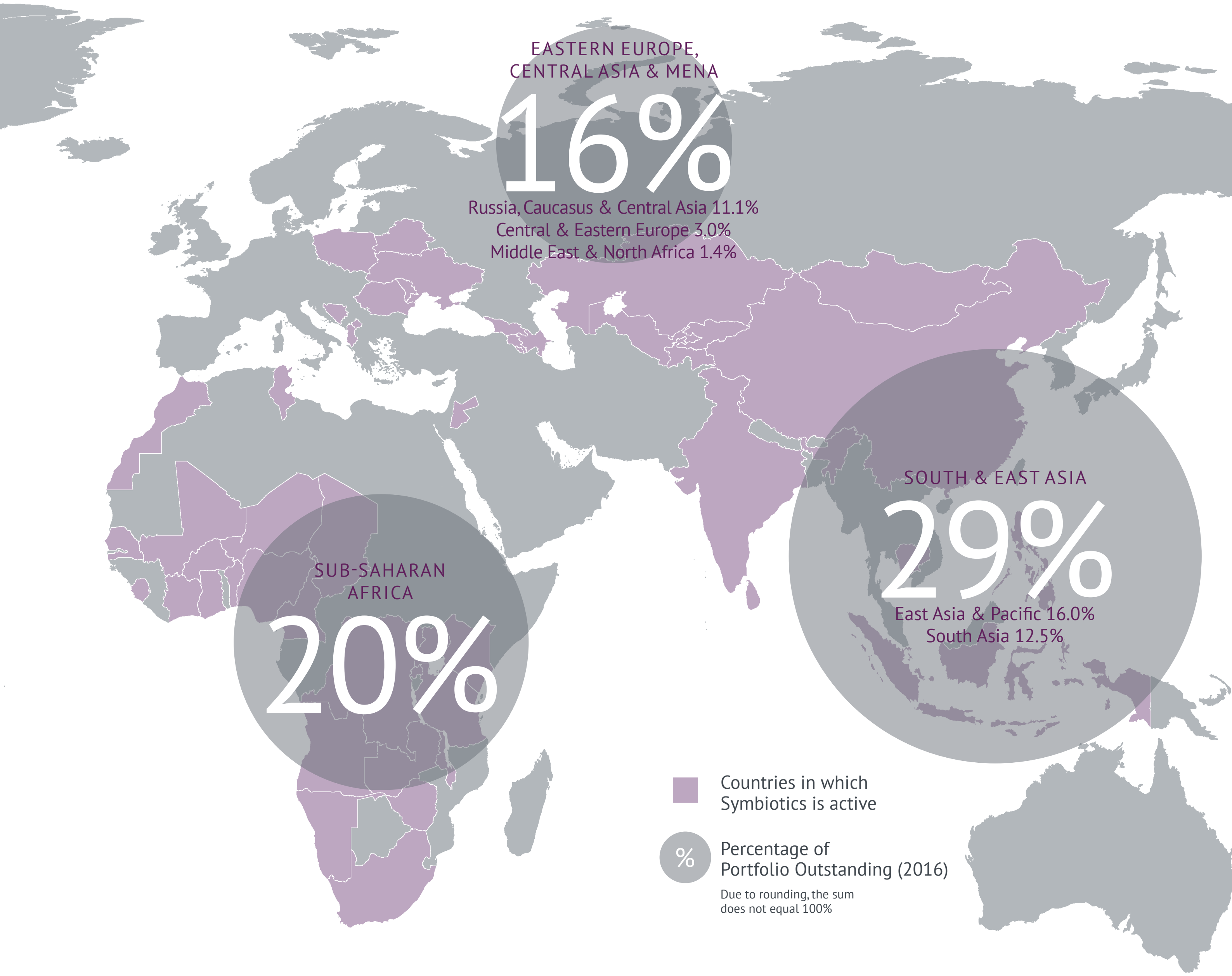
2016 was a year of contrasts for emerging and frontier markets. In general, we witnessed positive developments, notably in economies that had suffered from the fall in commodity prices and two consecutive years of recession and currency exchange instability. In particular, markets with free floating currency regimes experienced a consistent rebound and significant improvements in their national accounts. This was attributable to better output competitiveness and increased fiscal revenues. However, the year was also marked by the Brexit vote and the U.S. presidential elections, both of which shook up the global landscape. It was also marked by the U.S. Federal Reserve's ongoing tightening of its policy agenda, driving the bulk of global investment flows towards U.S. treasuries. Yet as 2016 ended with the dollar strengthening more slowly and renewed signs of recovery in emerging and frontier markets, we note that long-term investors in these markets will continue to benefit from diversification and true resilience to global turmoil.

In such a global context, Symbiotics continued its expansion in 2016, growing its coverage from 53 to 60 countries. With the exception of the Central Asia & Caucasus region, most of the other regions where we work saw investment volume growth.

In Latin America & the Caribbean, political issues in Brazil and Venezuela, as well as the effect of low oil prices on the Ecuadorian and Colombian economies, marked the year. Ecuador also experienced a severe earthquake but most financial institutions recovered quickly, supported by international lenders and government initiatives. Furthermore, the region was affected by strong instability following the U.S. presidential elections. However, in most markets where we are active, we noted positive developments despite relatively low economic and credit growth.

Indeed, the region remains our largest in terms of outstanding portfolio (36%), supported by a healthy microfinance sector and a push into new geographic (rural) areas and product (fintech) niches.

Meanwhile, South & East Asia showed dynamism and resilience. The demonetization process that occurred in November in India affected all sectors of the economy, but more severely those relying on cash payments such as informal businesses. However, microfinance institutions (MFIs) have been quick to adjust their business models to this new reality. Cambodia saw a slowdown in activity, notably due to a drought and a decline in the price of agricultural products, but the market eventually turned back toward growth. China's financial sector performed well and GDP growth rates were rather high despite continuing economic and trade difficulties.
Home to almost half of the world's population and with significant revenue imbalances, the region offers tremendous investment opportunities for impact investors in newly developing MSME financing markets and through innovative distribution channels. Perspectives in the region remain positive overall.



In Eastern Europe and Central Asia, the MSME financing sector showed some stabilization after two difficult years due to the movements and volatility in oil, commodity, currency and money markets. Measures taken by central banks and supervising bodies had positive effects (i.e. de-dollarization in Georgia or newly introduced free floating currency regime in Tajikistan) and many financial institutions demonstrated strong resistance to remaining difficulties despite a challenging operating environment. While our exposure in the region continued to decrease, we have seen investment activity resume since December 2016. Azerbaijan remains a difficult case, with its economy tightly linked to oil prices and open currency exposure still undermining financial institutions. This is causing continued slow activity locally and creating a lack of confidence from international investors.

Sub-Saharan Africa remains an important region for Symbiotics, with 20% of the investment portfolio spread across 23 very diverse markets. This diversity helped to compensate for some local difficulties encountered during the year. Economic development in West Africa was positive, offering new investment opportunities in Côte d'Ivoire, for example, notwithstanding the fall in cocoa prices that occurred in late 2016. In Kenya, we maintained solid exposure despite a corporate governance crisis in one of the leading institutions that affected confidence in the whole sector and despite the introduction of interest rate caps. On the down side, in Nigeria, foreign exchange controls caused huge difficulties for MSME financial institutions and prevented them from honoring their financial engagements with foreign lenders. However, we still believe that most should resist as they are supported by a quality and solid portfolio and active local demand from lower segment end clients.

FINANCIAL INSTITUTIONS

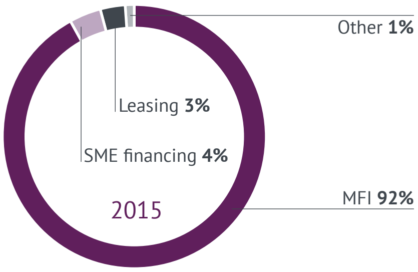
During the year under review, Symbiotics provided debt funding to 133 financial institutions, of which 48 were new financial institutions, a record high number for the second year in a row. This growth in new partnerships is the result of our continued efforts to better diversify our investments and make gains in social outreach.

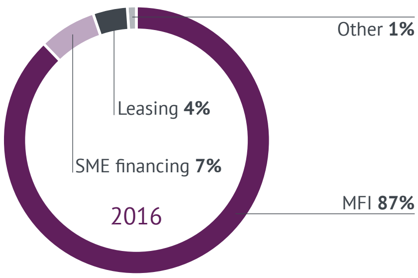
SIZE AND STATUS

While the majority of the financial institutions we partner with are microfinance institutions (87%), we have been increasingly adding SME financing institutions to our investment portfolio, thus diversifying its market segment to support the 'missing-middle' in emerging and frontier economies. This reflects a conscious gradual effort made over the past couple of years, especially if we include MFIs that attend to a growing proportion of that same SME clientele as part as their own diversification process. The pure SME financing institutions, representing 7% of our partners and 11% of our outstanding portfolio, represent different characteristics compared to MFIs with regards to their business model, risk structure, product-offering and end clientele. Nonetheless, these institutions make a significant contribution to financial inclusion, supporting and fostering employment opportunities in a segment usually excluded from traditional banking products.

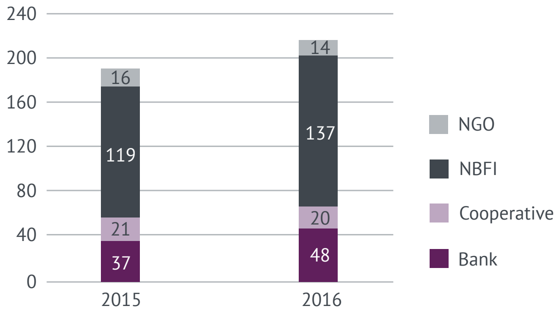
Symbiotics remains anchored in financing institutions that are structured as non-bank financial institutions (NBFI). They represent 63% of our total investees and 52% of our outstanding portfolio. These institutions are usually not entitled to offer savings products to

Financial institutions in our portfolio by type (% of headcount)

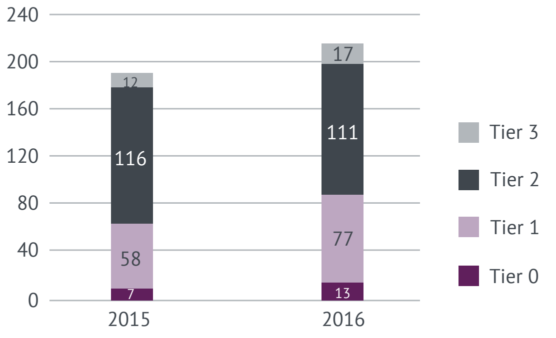




Financial institutions in our portfolio by status (headcount)



Financial institutions in our portfolio by size (headcount)



their clients, contrary to banks that supply a broader range of products, including several savings schemes and payment mechanisms that offer a means for end clients to better cope with external shocks and efficiently manage their cash flows. On average, around a fifth of financial institutions we work with have been banks since inception. Last year we saw a substantial increase in the number of those banks among our investees, reaching nearly 50 at the end of 2016 (vs. 37 in 2015 and 14 ten years ago).

In terms of investee size, our core segment remains tier 2 institutions (balance sheets comprised between USD 10 million and USD 100 million). They represent one third of our investees, measured by outstanding portfolio investment volume, and more than 50% measured by headcount. 2016 was also a year of fast-growing exposure to tier 1 and tier 0 institutions, those with balance sheets above USD 100 million and USD 1 billion respectively. Out of the 48 new financial institutions we added this year, 16 are tier 1 institutions and 6 are tier 0. Overall, at the end of 2016, there were 90 such institutions (77 tier 1 and 13 tier 0) in our portfolio, accounting together for 41% of the total number of investees and 72% of the outstanding portfolio.

GROWTH AND PRODUCT MIX

Our investees displayed an average balance sheet size of USD 576 million, including USD 401 million of gross loan portfolio (GLP) in 2016. Both averages increased significantly, pushed up by the onboarding of very large tier 0 institutions.

In parallel, these institutions also grew their client base, although at a much lower rate than portfolio volumes. This signals an obvious increase in the average loan balance of these institutions, evidencing in a different manner our increasing exposure to higher segment end clients than those traditionally targeted by pure MFIs. However, when limiting the analysis to that historical core target market of MFIs, the increase is not as steep, with average loan balances varying between USD 2,100 and USD 3,300 since 2011.

As we continue to grow in our core microfinance segment, we have also supported the growth trajectory of other financial inclusion enablers that focus on new market segments, such as the financing of education programs or those that innovate on the product front by offering off-grid energy or housing solutions to low-income households, thus obtaining a more balanced mix of credit products.

Micro-enterprise loans remain, however, the main product offering of the financial institutions we partner with. Looking at their loan books, this product dominates in terms of number of loans provided (53%) and in terms of portfolio volume (47%). However, due to the growth and sophistication of MFIs, coupled with the addition of new investee types in our portfolios, the share of micro-enterprise loans is decreasing. This is compensated for by an increased market share of other credit products, including SME loans, large enterprise loans, housing loans, education loans, as well as consumer loans.

Product mixes vary from one region to another. South Asia is traditionally home to pure microcredit institutions, whereas other regions, with a different financial inclusion history offer investment opportunities through other types of financial intermediaries. For instance, Central America or the Caucasus opened up possibilities for Symbiotics to support the SME segment through leasing or factoring companies.

Another example where product diversification is taking place is Africa, a conventionally MFI-focused region. Today, the share of micro-enterprise loan volumes of our African partners, which used to average 70% since 2009, has decreased to under 50%, leaving room to innovative and interesting opportunities in areas of fintech and off-grid solar systems, for example, which are at the forefront of investor requests and expectations.

KEY PERFORMANCE INDICATORS

The financial performance indicators of our investees have deteriorated overall, although they maintain positive and sustainable results. Portfolio yields also underwent downward pressure in the context of a more competitive environment and a general up-market move from Symbiotics towards those larger institutions. Return on equity reached 9% on a weighted average and portfolio quality somewhat deteriorated at the end of 2016 (PAR > 30 days of 6.2% vs. 4.3% in 2015), with considerable differences between regions.

Despite a few downturns, especially in those countries most heavily affected by the 2015 fall in oil prices, the majority of our investees performed well over the year and remained profitable and strongly positioned.

GROWTH INDICATORS	2015	2016
Total assets (USD million)	369	576
Gross loan portfolio (USD million)	269	401
Number of active borrowers	190,519	213,288
Average Loan Balance per Borrower (USD) - All Financial Institutions	4,579	7,873
Average Loan Balance per Borrower (USD) - 'MFI' Type Only	2,506	3,292

PRODUCT MIX		
Micro-enterprise Loans (% of Financial Institutions' GLP)	56%	47%
Other Loan Products (% of Financial Institutions' GLP). *Other Loan Products include SME, large enterprise, education, housing, loans for immediate household needs, and other products*	44%	53%

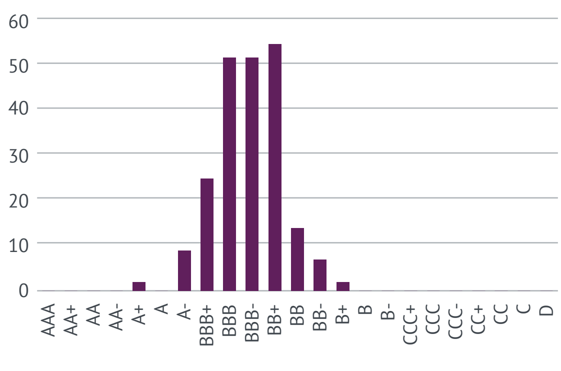
KEY PERFORMANCE INDICATORS		
Portfolio Yield (%)	28.7%	25.7%
Portfolio at Risk > 30 Days (%)	4.3%	6.2%
Return on Equity (%)	10.4%	8.8%
Debt-to-Equity Ratio	4.6	4.8
Operational Self-Sufficiency (%)	116.7%	115.1%
Portfolio Operating Expense Ratio (%)	16.7%	15.4%
Cost of Funding (%)	9.5%	9.1%

All above metrics are calculated using weighted averages based on Symbiotics' portfolio.

INVESTEE CREDIT RISK

In terms of credit risk, each financial institution we engage with is visited on site and its credit worthiness assessed by our internal investment analyst team. Using an in-house credit scoring methodology, we rated over 190 financial institutions in 2016. The median score among these institutions was BBB-.

Credit Rating

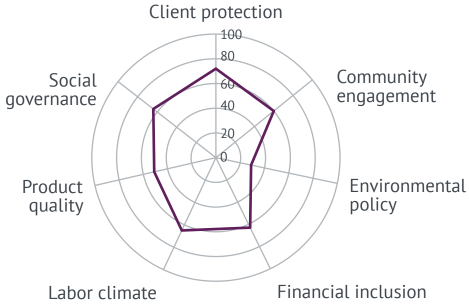


SOCIAL PERFORMANCE

SOCIAL RESPONSIBILITY

In addition to assessing the credit risk of our investees, we also perform a social responsibility rating (SRR) for each of them, which estimates their likelihood to contribute positively to sustainable development and social impact. In 2016, we produced over 190 SRRs. The average score of all our investees was 3.7 stars, out of a maximum of 5, as of December 2016, signaling the high commitment of our investees to sustainable finance practices.

Social Rating - Average Score of all Investees as of December 2016



SOCIAL OUTREACH

A yearly assessment of our investees' end-client characteristics, including activity, gender, location of business and credit methodology, enables us to track the social outreach effort of both our individual investees and our overall debt investment portfolio channeled through intermediaries.

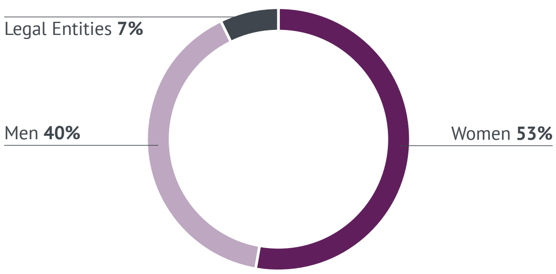
At the end of 2016, on a portfolio weighted average basis, our investments supported financial institutions that mainly serve women clients (53%). The share of legal entities grew, reaching 7% in 2016, up from 3% in 2015, paralleling our increased exposure to SME financing institutions.

Investees continued to have a slightly more urban clientele. Client location was much more balanced, however, than a decade ago, when 70% of end clients were located in urban areas. The gradual increase in rural outreach in our portfolio is in line with increased exposure in South Asia since 2013, as this region is characterized by a more rural clientele.

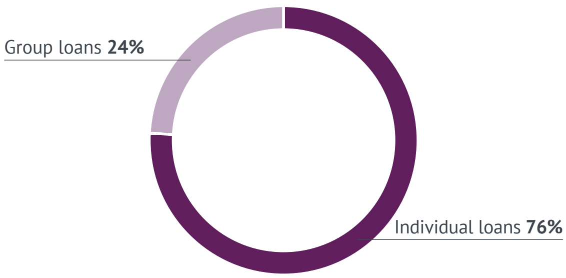
Our investees' end clients remained primarily involved in small trading activities (29%). However, here too, we note increasing diversification, notably through exposure to the services sector and to other types of clientele. Small manufacturing and production remained the least active sector of activity (5%) while agriculture dropped to under 20% at the end of 2016.

In terms of credit methodologies, the overall majority of clients received individual loans (76%) while the remainder went to groups of borrowers, usually collectively liable. This distribution has been relatively stable over the past five years.

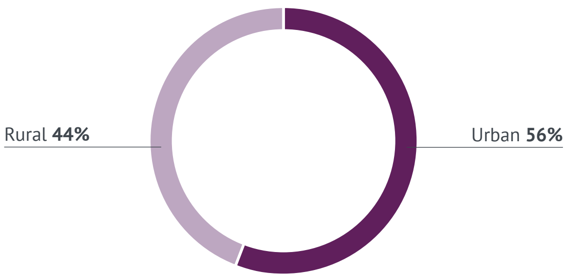
Client Gender - % of Headcount



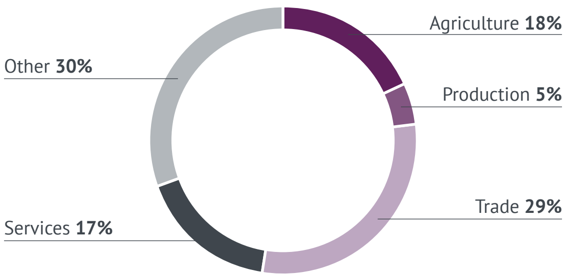
Credit Methodology - % of Headcount



Client Location – % of Headcount



Client Activity - % of Headcount

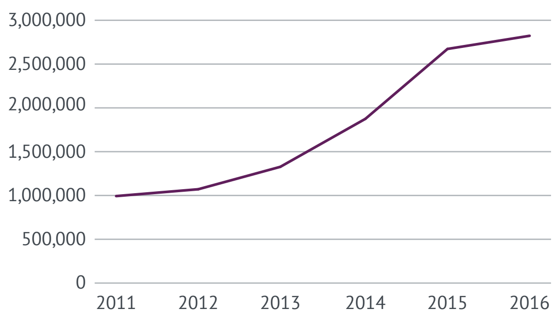


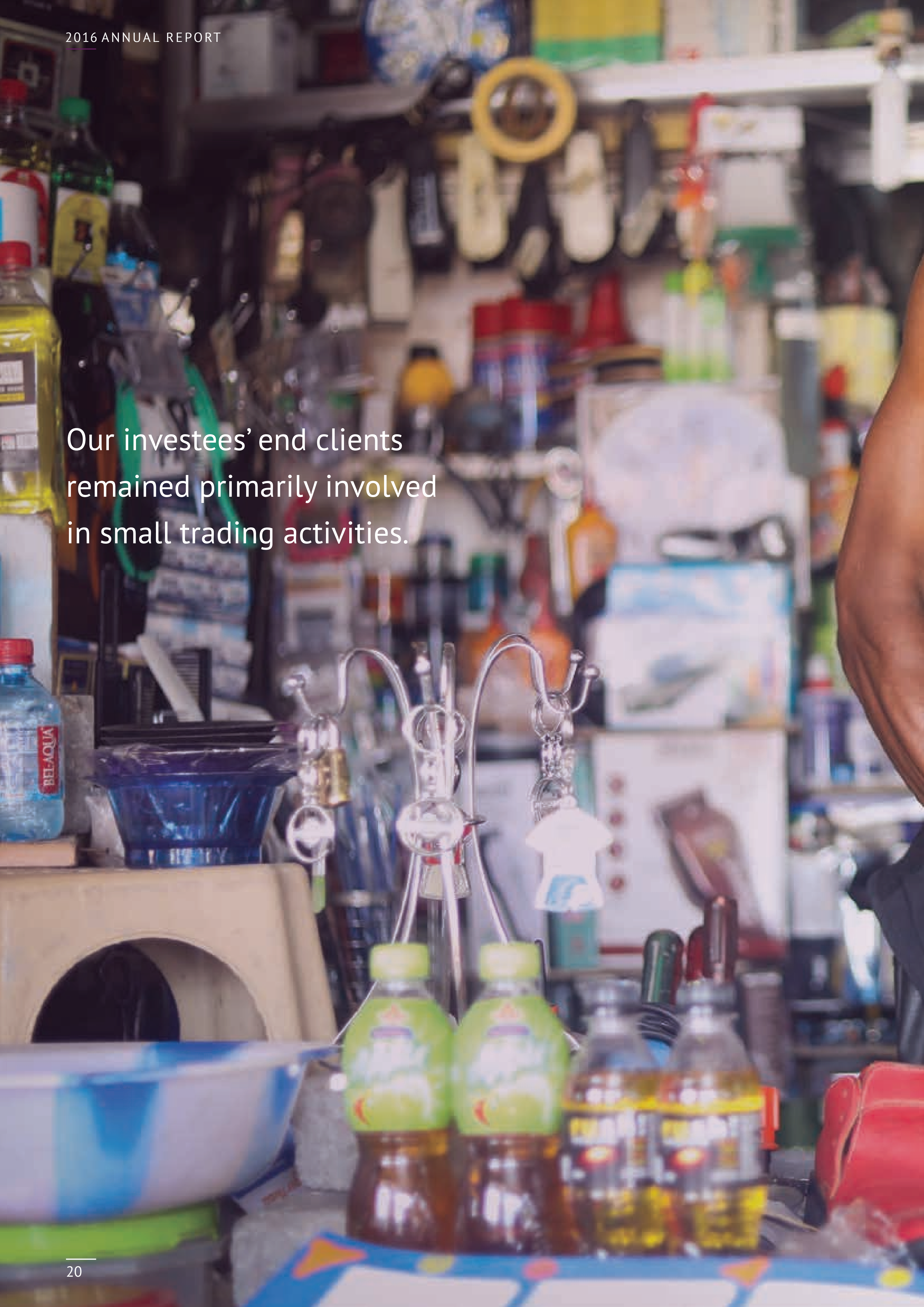
SOCIAL IMPACT

As enablers of capital flows towards MSMEs and low- and middle-income households in emerging and frontier markets, we value the importance of assessing our social outcome at the end of the investment value chain. Well aware of the difficulties that this entails, we nonetheless identify indicators relevant to this type of measurement, namely metrics related to financial security, household consumption and employment. By engaging with a broad range of MSME financing institutions that supply a heterogeneous set of credit and non-credit products, such as payment services, capital accumulation services, working capital loans, or insurance programs and policies, we indirectly support access to increased financial security. Also, by facilitating the growth of our partners that are involved in microfinance and financial inclusion more broadly, we contribute to the consumption of goods of first necessity for the household, as well as to longer term consumption commitments related to education curricula or housing improvements.

The social outcome measurement also implies the assessment of jobs supported at the MSME level. Cautiously extrapolating this metric at our portfolio level, and, assuming that micro enterprises employ on average two people and that SMEs have ten employees, we account for the financing of 1.2 million MSMEs that employed 2.8 million people at the end of 2016. Comparatively, our portfolio supported 2.9 million jobs at the end of 2015 and 197,000 jobs back in 2006.

Employment Supported in Developing Economies





Our investees' end clients remained primarily involved in small trading activities.

Convenience and reparation shop owner
Client of financial institution *Sinapi*
Accra, Ghana

MICRO-, SMALL & MEDIUM ENTERPRISES - JORDAN

Supporting micro and small enterprises through FINCA Jordan

2010
Partnering since

28,000+
Clients

USD 29.4m
Total Assets

END CLIENT STORY

Mrs. Najla Abu Oweida is 41-year-old mother of three children. Several years ago, she began working as a teacher at a local kindergarten school. Thanks to her excellent teaching ability and reputation, student enrollment heavily increased, and she was promoted to manager. After a few years, she decided to open her own school for children from a Palestinian refugee camp and obtained her first loan from Finca Jordan. Following the success of her new school, she took out another loan and expanded it to include 1st through 10th grades. Today she has 28 employees and has helped hundreds of refugee children. In parallel, Mrs. Oweida is currently obtaining a doctorate.

FINANCIAL INSTITUTION ILLUSTRATION

FINCA Jordan (F/Jo) is a subsidiary of FINCA International, the global microfinance network. Initially registered as a non-profit company in November 2007, F/Jo became a for-profit microfinance institution (MFI) two years later. F/Jo first focused on serving low-income entrepreneurs, predominantly women, using exclusively a group lending methodology. Today, a large portion of its gross loan portfolio is channeled through individual loans to rural clients. F/Jo offers 6 different loan products as well as credit life insurance and specific educational loans.

SME LEASING - MONGOLIA

Tapping the SME leasing market through Xac Leasing

2012
Partnering since

537
Clients

USD 22.6m
Total Assets

END CLIENT STORY

Mr. Nyamsuren is a 47-year old enterprising businessman from Ulaanbaatar who began his career in an upcycling company that transforms used shipping containers into affordable shelters for the local market. With many years of hard work and a knack for business, he now owns a few construction and freight businesses. Among these is a concrete manufacturing company that he runs with his family and that employs over 100 people locally. The concrete manufacturing company leases several construction vehicles from Xac Leasing, which offers a more affordable and flexible way to build up the business.

FINANCIAL INSTITUTION ILLUSTRATION

Xac Leasing is a 100% owned subsidiary of Tenger Financial Group and was created in 2007 to provide leasing services to the untapped SME market. Today it's the largest independent leasing company in Mongolia. It offers a range of products, including vehicles and equipment. It plays an important role in sustaining and creating jobs in urban areas, especially in areas that banks do not often serve, like construction. All of Xac's leases allow clients to receive full ownership of the leased assets at the end of the leasing term.

MSMEs WITH WOMEN MICRO ENTREPRENEURS - INDONESIA

Financing women-led micro enterprises on the island of Java through MBK Ventura

Partnering since
2010

Clients
820,000

Total Assets
USD 133.2m

END CLIENT STORY

Mrs. Romilah lives in a rural community outside of Jakarta with her husband and four children. She began her first micro-business next to her home with the help of a loan from MBK, a microfinance institution catering exclusively to women, that has been supporting and serving Mrs. Romilah and her business for over a decade. Today she offers vegetables and food items at her stall and plans to open a larger shop to sell rice to the local community. With the income she has generated, she was able to make substantial improvements to her home.

FINANCIAL INSTITUTION ILLUSTRATION

Mitra Bisnis Keluarga (MBK) , which translates as Family Business Partners, is a non-banking financial company (NBFC) established in 2003 and is the 2nd largest microfinance institution in Indonesia. It offers working capital exclusively to low-income women in Java, where 60% of the population resides. MBK focuses exclusively on group lending and operates on a profit-sharing basis where clients do not pay interest on the capital they receive but where a pre-agreed amount is determined prior to their receiving the capital.

SME- BELARUS

Financing small & medium businesses through Belarusky Narodny Bank

Partnering since
2015

3,000+
Clients

USD 27m
Total Assets

END CLIENT STORY

Mr. Dosta is a former professional footballer and the founder and owner of a medium-sized sports shop, Hadber, that he opened in 2011. He became a client of Belarusky Narodny Bank (BNB) upon the opening of his shop and has received several loans denominated in Belarusian Rubles since then. This financial support from BNB has helped his business grow six-fold in size, significantly increasing its revenues. Today, the company has over 100 employees and sells a broad range of high-quality sports products and equipment, both manufactured locally and imported from Russia.

FINANCIAL INSTITUTION ILLUSTRATION

Belarusky Narodny Bank (BNB) was created in Minsk in 1991 by local entrepreneurs and was purchased by the Bank of Georgia, its majority shareholder, in 2008. One year later, BNB identified the SME segment in Belarus as an unattended niche and began prioritizing the market. Today it offers a full set of banking services largely catering to SMEs and corporate clients and, to a lesser extent, retail services to business owners and their employees. It has a well-established e-banking channel and ATM services across the country.

INVESTMENTS

Robust investment origination through increasing diversification

As described in the Markets section of this report, economic and credit growth was initially quite sluggish throughout frontier and emerging markets, with continuing instabilities in currency exchange markets, but with clear signs of improvement overall. Despite this, our investment origination remained robust, nearly reaching the USD 600 million bar, or 25% over the previous year. Moreover, we were able to add a total of 48 investees and expand our presence both in terms of geographies and market segments. This amount was channelled through 312 transactions to 133 financial institutions, of which 48 are new, in 50 countries, of which 7 were new, thus expanding our presence both in terms of geographies and market segments.

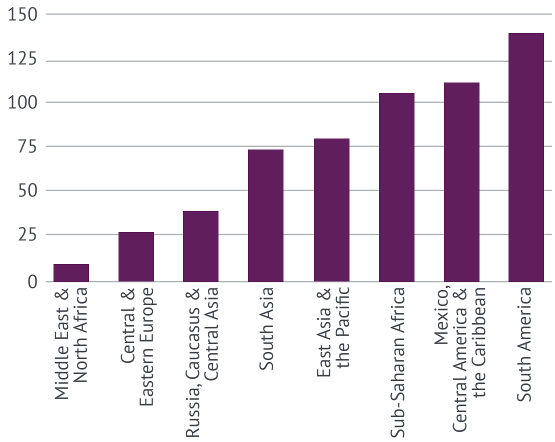
The regional breakdown of our investment origination was comparable to 2015 and allowed for stable origination across the board. Latin America (43%) remained the uncontested leading driver of our investment activities, partly through a substantial increase in the average deal size, as large banking institutions sought to diversify their funding sources. South & East Asia (26%) also continued to have high potential in both the micro and the SME segments, albeit materializing to a lower extent than expected. Sub-Saharan Africa (18%) and Caucasus & Central Asia (13%) found it a bit more difficult than other regions to attract investments as a results of the aftermath of the 2014-2015 oil crisis; but activity ultimately picked up by the end of the year.

In the near future, we see South & East Asia as our highest growth spot both through identified strongholds (i.e. India) and nascent opportunities in markets that are in early stages of development (Pakistan, Bangladesh, Myanmar, Vietnam). Latin America will continue as a reliable source of investments under the current pattern. Finally, the more fragilized regions appear to be on the mend, with stable activity in Sub-Saharan Africa and viable signs of recovery in Caucasus & Central Asia. And last but not least, the Middle East and Maghreb, which despite being promising in terms of the number of microfinance institutions and good regulatory frameworks, remain slightly more difficult to tap into due to very competitive funding alternatives for target investees.

In terms of market segments, we focused on investing larger volumes to serve growing inflows from our clients, which incidentally accelerated our efforts to develop the pipeline of first tier institutions (assets above USD 100 million). The first tier institutions in which we invested in 2016 were a mix of historical partnerships that grew with us over years and a good number of more recently identified institutions. We expect to continue increasing investments in first tier institutions but we remain committed to developing our exposure to lower tier institutions represent our historic core market segment.

Diversification is key for our clients. Looking back at the close to 100 new investees that we took on board in the last two years, we are confident that we can continue on the same trend, as we are seeing a very lively market worldwide with a variety of financial institutions and entities.

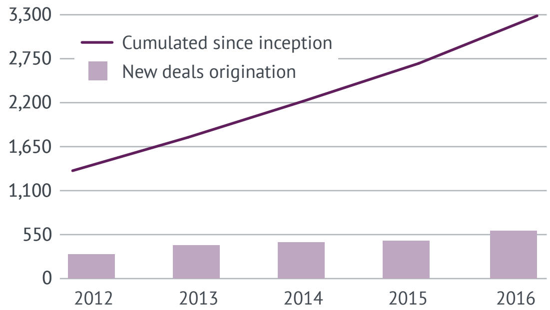
Origination per Region (USD million)



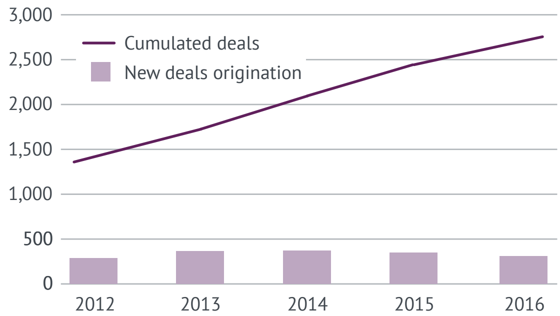
IMPACT BONDS

Transactions amounting to USD 250m, 40% of this year's investment origination, were financed through bonds issued by MSME Bonds – our syndication platform – a 250% increase in volume compared to 2015. This represents 29 bond issues, whose proceeds were channelled to financial institutions in 20 frontier and emerging countries. One of these bonds financed the portfolio of Banco Improsa, the third largest financing institution dedicated to SMEs in Costa Rica. The bank has been seeking to diversify its funding sources over the last years. Similar transactions were structured for Trustco Finance, a Namibian institution focusing on education loans, and for ACBA, an Armenian bank with a unique positioning as a rural development bank targeting needs in agriculture. Another bond was issued to finance a pool of Indian SMEs identified by a local partner, Intellegrow, an NBFC licensed by the Reserve Bank of India. We expect that an increasing number of transactions will be structured as bonds in the coming years, offering an efficient solution to link investors with medium to large impact financial institutions in emerging and frontier countries.

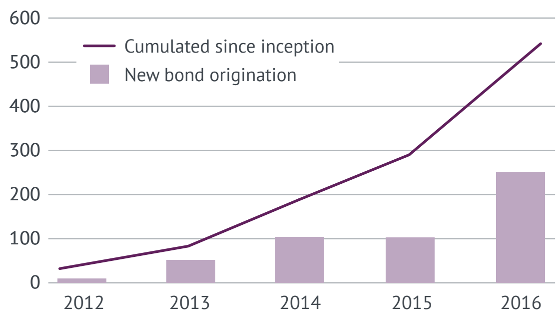
Investment Portfolio (USD million)



Number of Deals



Bond Investment Portfolio (USD million)



PORTFOLIOS

Portfolio management tailored to impact investors

Symbiotics manages and advises a number of funds as well as tailor-made investment solutions that are offered to partners and clients, including both third-party funds and dedicated single investor mandates.

At the end of 2016, our advisory and discretionary management mandates included:

› 4 global microfinance fixed income funds/ mandates (USD hedged)
› 6 global microfinance fixed income funds/ mandates (unhedged local currency)
› 1 African microfinance fixed income fund
› 2 global SME finance debt funds
› 3 global impact investing fixed income funds
› 1 global impact investing fund of fund
› 1 African sustainable equity fund.

During 2016, we launched three new fund mandates. Besides a further global unhedged local currency fund with SEB Wealth Management, the fourth of its kind, this included the *Loans for Growth Fund*, developed in collaboration with UBS and supported by the Swiss State Secretariat for Economic Affairs (SECO) via a first loss risk protection co-funded jointly with UBS. The final new mandate, the *Global Financial Inclusion Fund* (GFIF), is a single investor fund implementing a global unhedged local currency mandate.

In an environment marked by continued pressure on yields and significant variability in hedging costs, the unhedged local currency strategy not only corresponds well to the evolving funding needs of many emerging market financial institutions, it is at the same time increasingly attractive to a number of investors, particularly those with a longer term investment horizon. Indeed, unhedged, local currency portfolios advised and managed by Symbiotics have grown over the past years, from USD 35.5 million (representing 6.7% of all outstanding portfolios) in 2012 to USD 313.5 million (representing 24.2% of our outstanding portfolio in 2016.

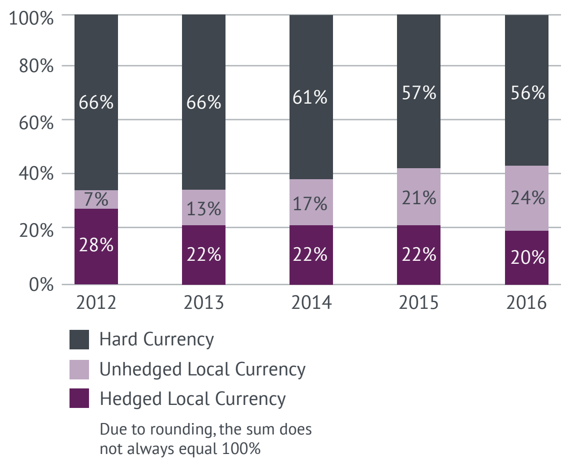
SYMBIOTICS FUNDS

Symbiotics Sicav (Lux.) was set up in 2011 and holds both branded funds and several client mandates. That same year saw the launch of a first fund: *Emerging Sustainable Funds*, a global impact investing fund of funds, with a mixed debt and equity strategy and listed and private investments. In 2014, Symbiotics tailored the *Emerging Sustainable Africa Fund*, an innovative African multi-sector listed equity fund, to benchmark its financial performance to the S&P Sub-Saharan Africa ex-South Africa index. Finally, in 2015, two more funds were created: *High Yield Frontier Impact Fund* – a global impact investing, high yield fund, made up of private debt, primarily from financial institutions, including local currency exposure and subordinated instruments – and the *Emerging Impact Bond Fund*, a global impact investing, fixed income fund, made up of a mix of microfinance bonds, SME finance bonds, development finance bonds and other emerging market bonds.

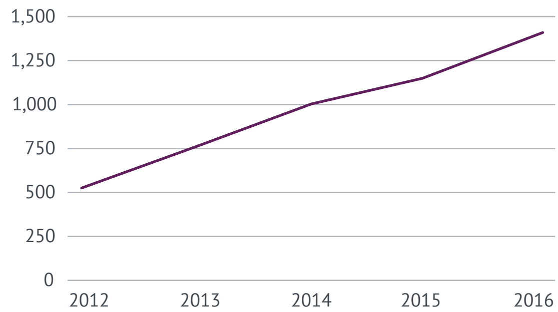
Given the difficult general market context, a number of smaller funds faced challenges with respect to reaching sufficient economies of scale and delivering on investor expectations in 2016. This resulted in the restructuring of smaller mandates and a decision to end our relationship with both Oxfam in Great Britain as well as Enabling Microfinance AG in Liechtenstein during the first quarter of 2017. We thank both of these long-standing partners for the excellent collaboration we had with them over the past years. In this context, the decision was made to clarify and streamline our overall fund offering, a project that will be realized during 2017.

Overall, and despite the challenging year in emerging market investments, Symbiotics grew its assets under advisory and management from USD 1.15 billion at the end of 2015 to again an all-time high of USD 1.41 billion at the end of 2016. We continue to be well placed to offer a range of products and services to investors, from bond accounts for those seeking specific deal exposure to advisory mandates, partnership funds, single investor mandates and development finance funds.

Portfolio by Currency Exposure (%)



Assets under Advisory & Management (USD million)



CLIENTS

BANQUE DE LUXEMBOURG INVESTMENTS

Client since 2009

Product Three in-house dedicated microfinance or impact funds

Strategy Global microfinance/impact fixed income (bonds, loans, promissory notes), predominantly in USD or hedged to the USD

C-QUADRAT ASSET MANAGEMENT

Client since 2006

Product Two Sub-Funds of Dual Return Sicav / Vision Microfinance (EUR & local currency)

Strategy Open ended funds, Global microfinance fixed income (bonds, loans, promissory notes), fully hedged against the USD and unhedged local currency

FUNDO

Client since 2006

Product Two Sub-Funds of Finethic Microfinance Sicav-Sif

Strategy Open ended funds, Global microfinance and SME fixed income (bonds, loans, promissory notes), and both fully hedged to USD

REGMIFA

Client since 2010

Product Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF (REGMIFA), promoted by KfW and invested in by 10 development finance institutions

Strategy Open ended layered fund, Sub-Saharan Africa microfinance fixed income (bonds, loans, promissory notes), fully hedged to USD

SEB WEALTH MANAGEMENT

Client since 2012

Product Four Sub-Funds of Symbiotics Sicav (Lux.), SEB microfinance funds 1, 2, 3 and 4

Strategy Closed ended funds, Global microfinance fixed income (bonds, loans, promissory notes), unhedged local currency

UBS

Client since 2016

Product One Sub-Fund of Symbiotics SICAV (Lux.), SME Loans for Growth

Strategy Closed ended fund, Global SME fixed income (bonds, loans, promissory notes), fully hedged to USD

INSTITUTIONAL MANDATES

Symbiotics has been onboarding single investor mandates or managed accounts since 2013, to cater to the needs of very large institutional investors, either in the terms of historical USD microfinance portfolios or for a wider definition of inclusive finance over a spectrum, including unhedged local currency strategies.

CPEG

Client since 2013

Product One Sub Fund of Symbiotics Sicav (Lux.), Global Microfinance Fund

Strategy Single investor fund, Global microfinance fixed income (bonds, loans, promissory notes), fully hedged to USD

RENTES GENEVOISES

Client since 2016

Product One Sub Fund of Symbiotics Sicav (Lux.), Global Financial Inclusion Fund

Strategy Single investor fund, Global microfinance fixed income (bonds, loans, promissory notes), unhedged local currency

BOND ACCOUNTS

Symbiotics began onboarding professional investors to its syndicated bond platform in 2015, as a way to offer smaller clients the opportunity to purchase bond transactions by the deal rather than through larger portfolio mandates in order to syndicate with larger clients on a small portion of their assets.

TECHNICAL ASSISTANCE

Technical assistance (TA) aims to maximize the impact of investments and strengthen the institutional capacity, efficiency and performance of financial and non-financial partner companies in areas including governance enhancement, capacity building, social impact measurement, and financial education and management.

Since 2011 and starting with the launch of the TA Facility of the *Regional MSME Investment Fund for Sub-Saharan Africa* (REGMIFA), Symbiotics has been developing expertise in technical assistance. An experienced team based at the Symbiotics headquarters in Geneva and at the Cape Town office is fully dedicated to offering specialized, customized and fully-fledged TA management services. Over the years, Symbiotics TA has built up a proprietary consultant database to screen the market to find the best resources for any given project. To date, over 350 individual consultants and 200 consulting firms have been registered.

KEY ACCOMPLISHMENTS

In 2016, 18 projects were evaluated at EUR 1.2 million. Since its launch in 2011, the TA Facility has approved 107 projects, totalling a volume of EUR 6.9 million. As institutions in sub Saharan Africa have grown and matured alongside the rapid surge in digital and mobile technologies, there has been increased demand for technical assistance support in areas such as SME lending and methodology, digital finance services, credit scoring, rural and agri-finance products and services, improvements in risk management frameworks, systems and savings and deposit mobilization business models, and capacity building in governance.

The TA Team continued to successfully develop several TA packages in 2016. In order to extend its services to a multitude of microfinance institutions in various countries so as to address common capacity building and technical assistance needs. These packages[1] typically serve a diverse set of microfinance institutions which vary in size, level of development, legal form, business model, etc. While the same methodology is applied to each MFI, the content is tailored to the particular MFI using regional or local expertise, where possible, coupled with international skill sets, altogether achieving the highest value for money.

1 Three TA Packages have been successfully designed and implemented by Symbiotics for the REGMIFA TA Facility; a fourth one on risk management was approved in 2016 to assist 13 Sub-Saharan African microfinance institutions.

REGMIFA TA FACILITY

Partnership since 2010

The REGMIFA Technical Assistance Facility was set up as an entity independent from the REGMIFA Fund in 2011. It provides capacity building support to investees in areas such as governance, risk management, product design, and social performance management. Symbiotics is in charge of the management of the Technical Assistance Facility, identifying needs, preparing the terms of all mandates, selecting implementation consultants, monitoring their work and evaluating results ex-post. During 2016, the following donors increased their contributions to the TA Facility with new commitments: European Investment Bank (EIB), Oesterreichische Entwicklungsbank AG (OeEB) and the Government of the Grand Duchy of Luxembourg - Ministry of Finance.

THE SWISS CAPACITY BUILDING FACILITY

Partnership since 2015

The Swiss Capacity Building Facility (SCBF) is a public-private development partnership (PPDP) established in April 2011 to assist financial institutions, such as insurance companies, microfinance banks, and savings and commercial banks, in significantly scaling up their outreach to poor people in developing countries. The SCBF focuses on interventions with a clear social mission to serve women and rural areas, smallholder farmers, microenterprises and small enterprises (SMEs). Symbiotics became a member in 2015 and looks forward to offering capacity building support to some of its partners through SCBF.

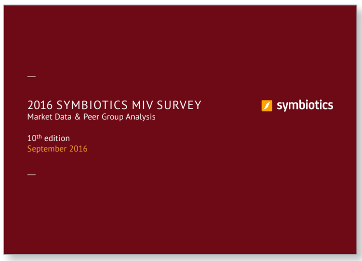
MARKET RESEARCH

A growing range of research & publications for the impact investing & microfinance industry

Symbiotics remains positioned as a main reference in terms of industry benchmarks, indices, surveys and research in the microfinance space and in impact investing more generally. Syminvest, the company's online platform for microfinance and impact investments, offers a range of best-in-class information, data and news for nearly 3,000 online registered users. In September 2016, Syminvest published, a special 10-year edition of the annual global microfinance funds survey. A follow-up study of the findings of a full decade of data, co-authored with the Consultative Group to Assist the Poor (CGAP), was presented for the first time at the *Swiss Microfinance Platform* annual meeting in Geneva, at the *European Microfinance Week* in Luxembourg in November, and at the *Global Impact Investing Network Investor Forum* in Amsterdam in December in the presence of many research counterparts and industry actors.

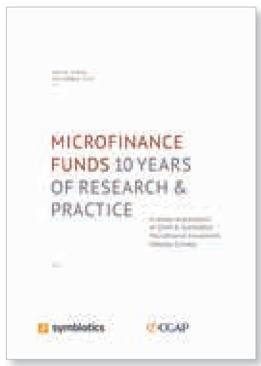
As the demand from investors to evaluate and measure their impact investments intensifies, the market research team has begun to shape and work on several projects, including: an upcoming paper destined for investors that provides perspectives on how investments in microfinance can be a solution to long-term challenges; a field work pilot project to measure the growth and impact of a selection of our partner financial institutions' small and medium enterprises in emerging markets: and finally, a third upcoming publication introducing for the first time Symbiotics' internal framework for the measurement and management of social performance, in view of advancing ongoing industry discussions in terms of social outreach and outcome measurement practices.

Moving forward, Symbiotics will continue its research and analysis efforts in the areas of impact investing and social performance measurement in collaboration with clients and peers, and through various partnerships with industry stakeholders.



Annual survey: Symbiotics 2016 MIV survey 10-year edition
This report provides asset managers, investors and academia alike with the latest information on most of the world's microfinance fund activity in emerging markets. The 10th edition of the survey saw record participation rate, with 93 out of 113 identified microfinance investment vehicles (MIVs) participating. Their combined market size was USD 11 billion as of December 2015, representing 95% of the total MIV universe, which is estimated at USD 11.6 billion.

Anniversary report: Microfinance Funds 10 years of research & practice – A review and analysis of CGAP & Symbiotics' Microfinance Investment Vehicles Surveys.
This 10-year analysis of the landscape of offshore microfinance investments is based on data collected through annual CGAP/Symbiotics surveys of MIVs conducted between 2007 and 2016. The study serves as a landmark publication in understanding the role of microfinance funds as incubators for foreign investments in emerging microfinance markets, and contextualizes their future outlook in contributing to a greater degree of financial inclusion in the developing world.



CORPORATE SOCIAL RESPONSIBILITY

Reinforcing the company's mission and values by supporting annex projects

ENVIRONMENT

We are pursuing a carbon offsetting program that we put into place in 2015 in order to compensate for the airplane flights our staff take over the year. Our carbon credits were reinvested in several 'environmental offset projects' in Africa. This year we contributed to a biogas project in Tanzania that provides rural families with clean fuel for cooking, helping to reduce toxic fumes and the use of wood. And a second project called *Wonderbag* supplying families in South Africa with non-electric, heat retention cookers to allow them to reduce their fuel costs and water consumption.

Our partner is the Climate Neutral Group (CNG), located in Cape Town, which helps companies manage and reduce their climate impact by reinvesting their carbon credits in offset projects. CNG complies with the three most widely recognized international carbon credit standards: *the Gold Standard*, *Verified Carbon Standard* and the *Clean Development Mechanism*.

Climate Neutral Group
for better business

1to4
TALENT-BASED ECONOMY

VENTURE PHILANTHROPY

Neuchâtel, Switzerland

Symbiotics is partnering with 1to4, a venture philanthropy foundation based in Switzerland. Through 1to4's *GiftVest* program, early stage social businesses are provided with seed investment capital to start out on their journey to create jobs and/or provide access to products and services for low-income families in developing countries.

CONTACTS

SWITZERLAND

Symbiotics SA
Rue de la Synagogue 31
1204 Geneva
t +41 22 338 15 40

Symbiotics SA
Forchstrasse 280
8008 Zurich
t +41 43 499 87 89

MEXICO

Symbiotics Mexico S de RL de CV
Diagonal Patriotismo 12–602
Colonia Hipódromo
06100 México D. F.
t +52 55 55 84 78 72

SINGAPORE

Symbiotics (Singapore) Pte. Ltd.
134 Amoy Street #03-01
049963
Singapore
t +65 3163 7180

SOUTH AFRICA

Symbiotics I, C & S South Africa Ltd.
4 Loop Street, Studio 502
Cape Town 8001
t +27 21 425 51 19

UNITED KINGDOM

Symbiotics UK Limited
6 Bevis Marks
London EC3A 7BA
t +44 203 786 1186

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