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Abstract

# 2018 SYMBIOTICS MIV SURVEY

A study of Global Microfinance Investment Funds

12<sup>th</sup> edition

September 2018

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# KEY SURVEY FACTS

## ■ FUND UNIVERSE

91 MIVs

Benchmark composition

USD 15.2 billion

Benchmark size

96%

MIV Market coverage

18.1%

Total asset growth in 2017

20%

Per annum growth of MIV market since 2006

89%

Market share of European 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

>650,000

Active borrowers reached per MIV

25%

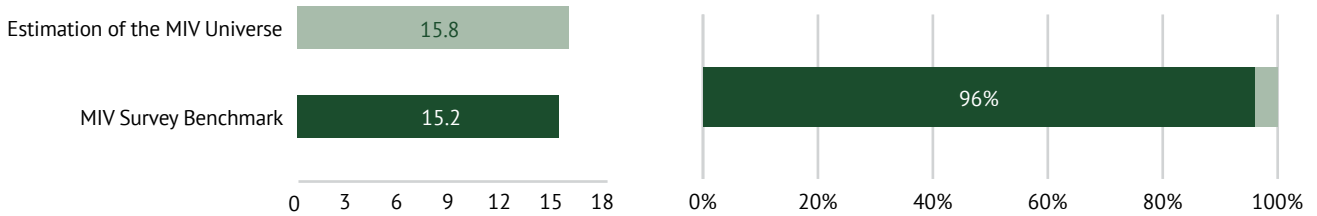
Percentage of MFIs offering green loans

# 1. INCREASING MARKET AND HIGH COVERAGE

For this 12th edition of the Symbiotics MIV Survey, 111 identified Microfinance Investment Vehicles (MIVs) with a total estimated market size of USD 15.8 billion were invited to participate. The coverage rate continues to be significant with 91 MIVs forming the final benchmark which represents 96% of the total market size (USD 15.2 billion).

**Assets under Management (USD billion)**

**Market Share of MIVs Participating in the Survey**

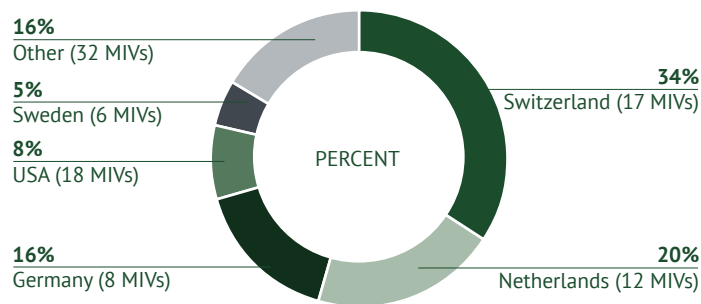


# 2. SWEDEN ENTERS THE TOP 5 DOMICILES FOR MICROFINANCE ASSET MANAGEMENT

MIVs from the benchmark were managed by specialized asset management companies located in 17 different countries.<sup>1</sup> When ranking these countries in terms of asset under management, Switzerland remains in the first place with a 34% market share, followed by the Netherlands (20%) and Germany (16%). The United States (8%) and Sweden (5%) complete the top 5, the latter making its way into the top 5 for the first time.

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 figure similar to the situation observed in 2016.

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



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

### 3. STRONG GROWTH IN 2017; SLOWER GROWTH EXPECTED IN 2018

In 2017, MIVs' total assets and microfinance portfolio grew by 18.1% and 18.3% respectively,<sup>2</sup> the strongest growth of the last 5 years. For 2018, MIVs forecast a slightly lower growth, at 12.2% in terms of assets.

**18.1%**

Growth Total Assets in 2017

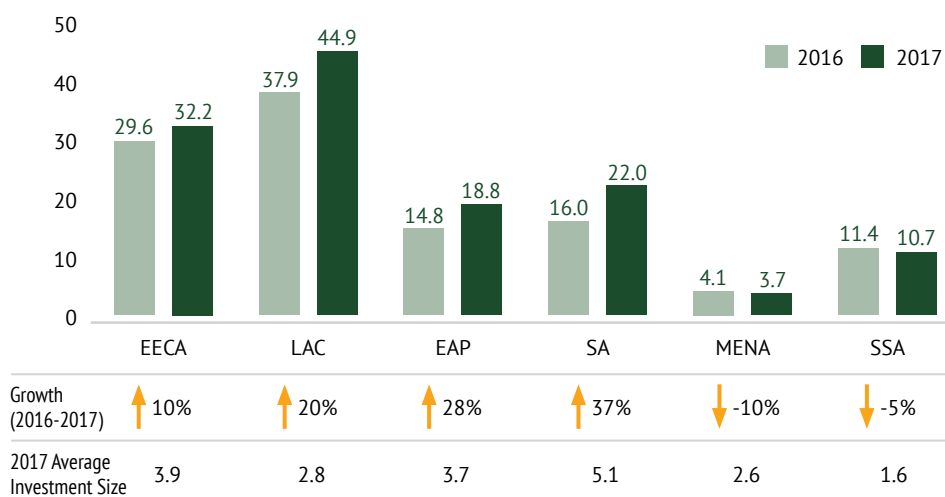
**12.2%**

Forecast Growth Total Assets in 2018

### 4. INVESTMENT VOLUMES REBOUND IN EASTERN EUROPE & CENTRAL ASIA

At the end of 2017, Latin America & the Caribbean (LAC) remained the prime regional exposure of all MIVs in terms of their direct microfinance portfolio (32%) despite losing two percentage points compared to 2016. Eastern Europe & Central Asia (EECA) started to grow again after two consecutive years of decline. Elsewhere, volumes continued to grow fastest in South Asia (+37% yearly growth) and East Asia & the Pacific (+28% yearly growth). Sub-Saharan Africa (SSA) and Middle East and North Africa (MENA) were the least attended regions and both regions saw a one-year decline in MIV exposure of 5% for SSA and 10% for MENA.

#### Average Volume of Regional Exposure (USD million)



<sup>2</sup> For the period 2016-2017, this growth rate is calculated on a constant sample of 78 MIVs, applying similar exchange rates over the 2 observation points.

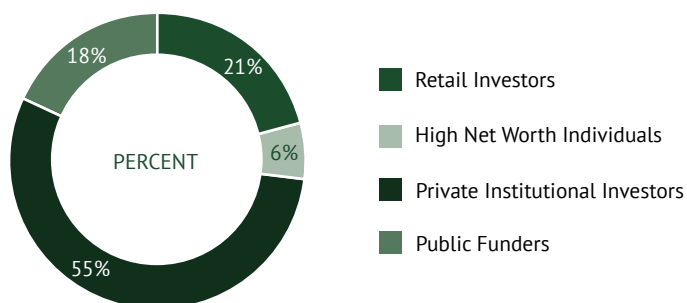
## 5. TOP 3 COUNTRIES OF INVESTMENTS REMAIN UNCHANGED

India, Cambodia and Ecuador remained the top 3 countries for MIV investments, together representing 26% of all MIVs' direct microfinance portfolio. While their combined market share did not change compared to 2016, India represented 12% (vs. 10% in 2016) whereas Cambodia and Ecuador both dropped to respectively 8.4% and 5.7% (vs. 9% and 6.6% in 2016).

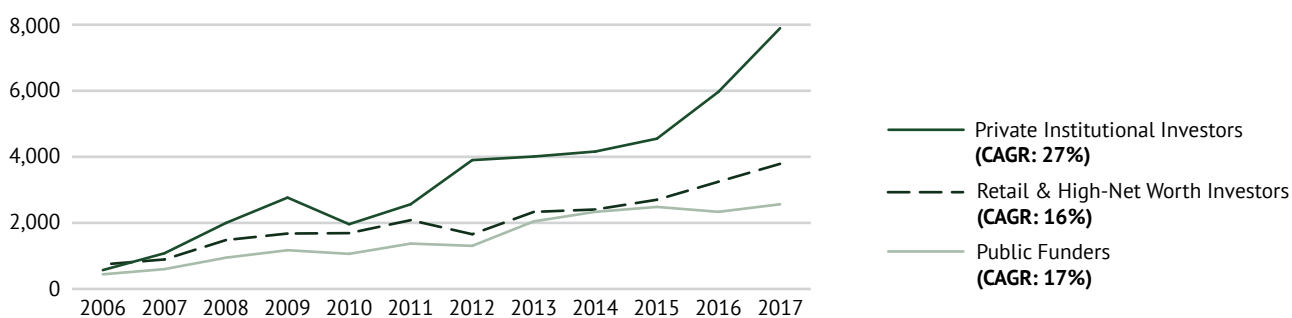
## 6. PRIVATE SECTOR FUNDERS INCREASE AGAIN THEIR SHARE OF OVERALL MIV FINANCING

At the end of 2017, more than half of the volumes of MIVs' investor base was composed of private institutional investors (55%). Retail investors contribute nearly a fourth of MIV funding (27%) and the share of public sector funders is still decreasing (18%). In terms of historical growth over the period 2006-2017, private institutional investors have continued to record the fastest growth (27% per annum) relative to the other investor groups.<sup>3</sup>

**Funding Sources in 2017** (% of Total Investors)



**Funding Sources 2006-2017 Trends** (USD million)



<sup>3</sup> This growth rate is calculated on a moving sample across the period 2006-2017.

## 7. INCREASING SHARE OF INVESTMENTS BEYOND MICROFINANCE

MIVs' asset composition remained dominated by the microfinance portfolio, still representing more than three-fourth of total assets. Other portfolio (including investments in Agriculture, Housing, Energy, SMEs, and other activities) increased to 11% in 2017, from 9% in 2016 and 7% in 2015, within which investment towards the energy sector has witnessed sharp growth in the past few years (9% of other impact themes as of December 2017, compared to 6% in 2016). Other activities (mainly SME Financing, 62%) and agriculture (18%) continue to be relevant sectors of impact investments for MIVs.

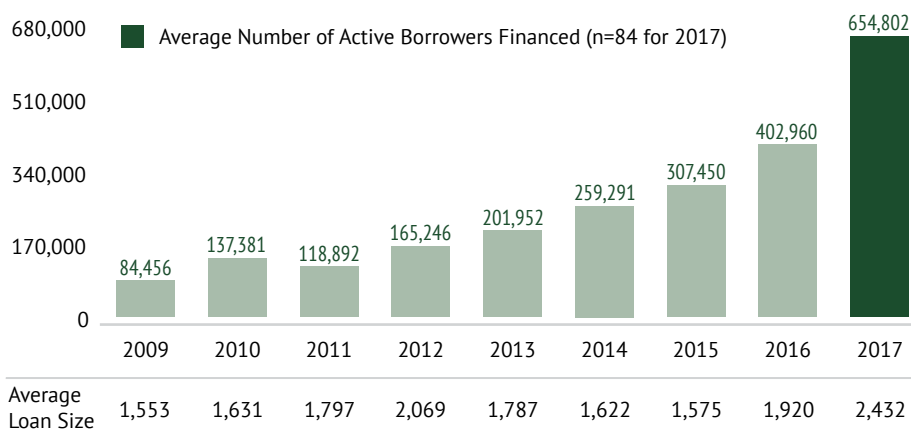
**MIV Asset Composition** (% of Total Assets)



## 8. IMPROVING SOCIAL OUTREACH, FOCUS ON FEMALE AND RURAL CLIENTS

At the level of microfinance institutions (MFIs), women borrowers represented 69% and rural clients 55% of all active borrowers. At the level of MIVs, the average number of active borrowers financed per MIV was over 650,000. This relatively high figure was driven by Equity Funds whose methodology of calculation differs from the Fixed Income Funds or Mixed Funds. When removing the top and bottom five percent of observations from the sample, the outreach per MIV was 494,176 active borrowers.

**MIV Outreach**



**69%**

Female Borrowers

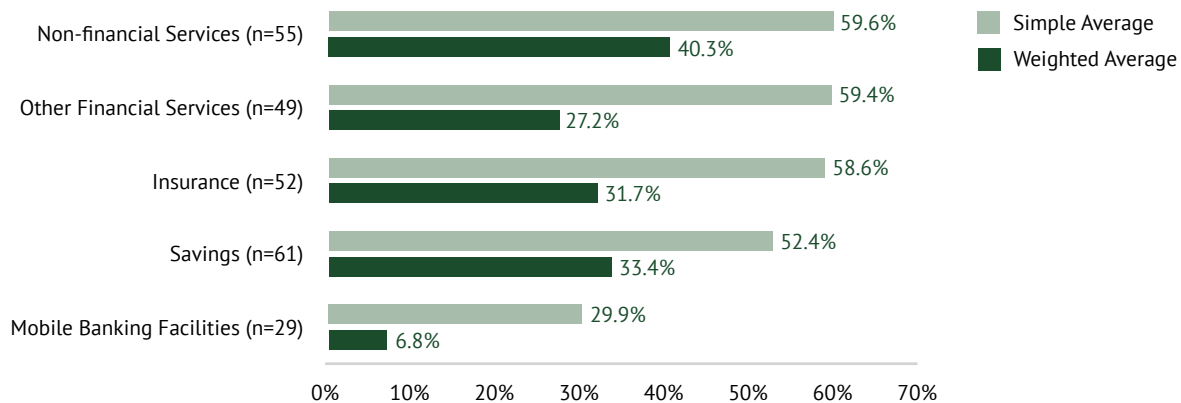
**55%**

Rural Borrowers

## 9. INCREASED PRESENCE OF MFIs OFFERING NON-FINANCIAL SERVICES IN MIVs' PORTFOLIO

On a weighted average basis, the share of microfinance investees offering non-financial services has increased from 34% to 40%. Those include enterprise services, adult education, health services, agricultural extension and training, and women's empowerment. Savings products (from 28% to 33%) and insurance products (from 27% to 32%) have shown similar growth, and complete the podium in terms of non-credit product offers.

### Other Product Offerings (% of Direct Microfinance Investees)



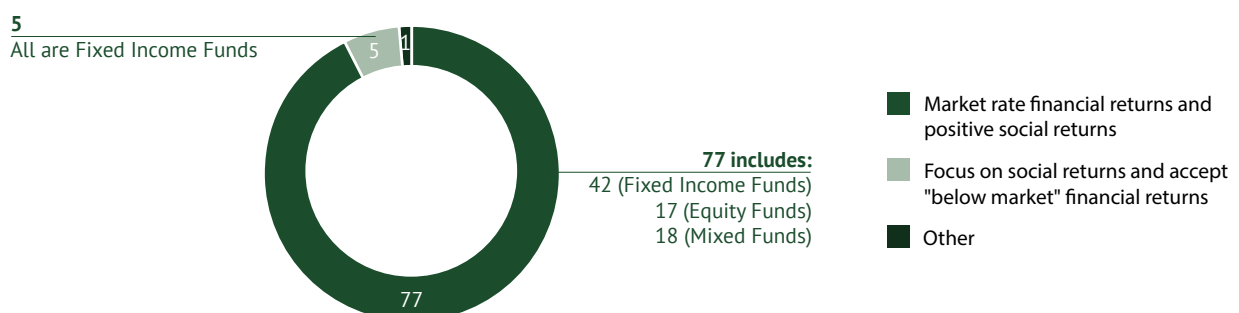
## 10. INCREASED ACCESS TO FINANCIAL SERVICES FOR END CLIENTS REMAINS THE FIRST SOCIAL GOAL OF MIVs

As for 2016, the prime social goal of MIVs continues to be “increased access to financial services”, followed by “improving livelihoods of clients” and “employment generation.”



With respect to financial and social returns, most MIVs (77 out of 83) seek market rate financial returns and positive social returns, while only 5 MIVs, all Fixed Income Funds, focus on social returns and accept “below market” financial returns. One MIV has a zero-return target for investors.

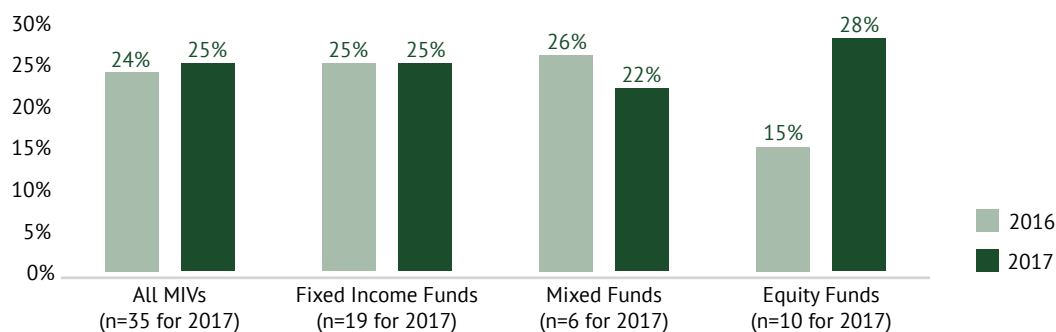
### Investment Strategy with Respect to Returns (n=83)



## 11. INCREASED NUMBER OF MFIs OFFERING GREEN LOANS

Green Loans are defined as loan products specifically designed to finance the purchase of energy efficient or environmentally friendly products, such as solar panels, home insulation, bio digesters, clean cook stoves, etc. Compared to 2016, the percentage of microfinance investees that offer such green loans in MIV portfolios remained stable, with a slight increase from 24% in 2016 to 25% in 2017.

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



### About Symbiotics Microfinance Investment Vehicles (MIV) Survey:

The 2018 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 12th edition, is based on December 2017 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 4.2 billion in more than 390 microfinance institutions in over 79 emerging countries, working with more than 30 investment funds and many institutional investors.

The full survey is available under [www.symbioticsgroup.com/publications](http://www.symbioticsgroup.com/publications)

Contact: [miv.survey@symbioticsgroup.com](mailto:miv.survey@symbioticsgroup.com)