ANNUAL REPORT

symbiotics



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FOREWORD

Dear Shareholders,

The past year has been a year of investment, in line with the objectives set in our 2018–2020 business plan.

We notably reorganized the management into a distinct general management functions and eight head of divisions (corporate, people, digital, markets, investments, portfolios, clients, impact). We put a particular emphasis in growing the resources on the digital and sales fronts, as well as on the controlling and innovation functions.

We also embarked on a number of regulatory authorization applications. Our office in Amsterdam, which served as a backup for our investment service authorization across Europe following Brexit, successfully registered itself with the Dutch financial regulator under the 'MiFId II' directives. We are also formalizing our presence in Paris, with the intent of registering with the French financial regulator under the 'AIFM' directives.

The former will allow us to market our services across the EU and serve as a light broker for the Plumseeds bond platform. The latter will allow us to launch our own management company and investment funds, either for management mandate activities or for fund distribution activities also across the EU. Beyond our current anchor clients in Scandinavian and Germanic countries, we intend to mostly grow in France, the Netherlands and the United Kingdom. We see in particular a great opportunity for Symbiotics to shine on the thematic impact bond markets, where it is uniquely positioned.

The 2018 loan origination results were slightly lower than expected, mirroring the 2017 results around USD 800 million. Overall the widening interest rate spreads between Europe and North America affected our CHF, EUR and SEK based clients, reducing their capacity to grow for some, or even reducing their assets under management with us. That being said, we kept a conservative approach to our expenditure and were able to reach a decent profitability level of 15% return on equity, overall meeting all of our key financial objectives.

Our impact results are also stable, comparable to 2017. We remain very proud and guided by the 1.7 million micro, small and medium enterprises, and the low and middle income households we finance, in 71 emerging and frontier economies through 274 financial partners. We are particularly attuned to their employment and entrepreneurship capacity, but also increasingly to the various UN Sustainable Development Goals (SDGs) 2030 that they target. Our new dedicated impact division has continued to develop our blended finance solutions, linking government funding in parallel to private investments, in order to enhance social performance and impact measurement.

We thank you again for your continued trust and interest in our business.

Ivan Pictet, Chairman

lux Pun

Roland Dominicé, CEO

Mmm

STRATEGY

Symbiotics is the leading market access platform for impact investing.

VISION

Our vision is to positively impact low- and middle-income households in emerging and frontier economies in areas such as job creation, food and agriculture, housing, and energy.

MISSION

Our mission is to contribute to sustainable development in emerging and frontier markets by providing traditionally underserved businesses 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 value chain development projects in low-income economies in Africa, Latin America, Eastern Europe and South-East and Central Asia.

VALUES

Our corporate values are focused on the principles of independence, integrity and innovation: independence towards our clients and partners with regards to our investment strategies and choices, integrity of our staff and work, and innovation in our products and services. Moreover, we pride ourselves on delivering high-quality products and services and are strongly committed to the building of solid human relationships with all our stakeholders.

SOCIAL CHARTER

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

- Targets domestic markets in emerging and frontier economies.
- Invest in the real economy, promoting the social function of finance.
- Pass a social responsibility rating, using ESG norms, and seek long term value creation.
- Positively impact low- & middle-income households and/or micro-, small and medium enterprises.
- > Foster job creation and access to primary goods, such as to homes, food and energy.

GOVERNANCE

BOARD OF DIRECTORS



IVAN PICTET
Chairman



BETH KRASNA Vice-president



DAVID LEDERMANN
Secretary



MICHEL GUILLET

Member



TINEKE RITZEMA
Member



LORE VANDEWALLE
Member

GENERAL MANAGEMENT



ROLAND DOMINICÉ Chief Executive Officer



YVAN RENAUD
Chief Operating Officer



VINCENT DUFRESNE Chief Financial Officer

CORPORATE



CHRISTOPHE FAVRE
Head of Corporate

"Endeavoring to work as a strategic, coherent and effective whole."

FINANCE & ADMINISTRATION

The Finance unit has group-wide responsibility on all financial accounting, consolidation and reporting, preparation of statutory financial statements and audit, treasury management, corporate financial risk management and asset/liability management as well as facility management at headquarters and in support of Symbiotics' affiliate offices.

In 2018, the division reincorporated the production of statutory accounts of our Symbiotics' South African affiliate. Furthermore, the unit managed the growth and renovation of our offices in Geneva, Cape Town and Mexico City..

COMMUNICATIONS

The Communications unit manages corporate communications toward external audiences (investors, investees, the media, and partners). In charge of managing external events, the website and social media platforms, it produces tools ranging from marketing collateral, the annual report to audio-visual content.

CONTROLLING

Last year was a transitional year for the Controlling unit. A specific effort was to reinforce the automated production capacity of financial information for decision-making purposes under the budget/actual/forecast (BAF) framework. To that end, the division started the rollout of a company performance management solution to better use financial data for decision making.

LEGAL

The European Union (EU)'s legal and regulatory requirements are becoming increasingly complex, requiring adequate responses to develop and maintain our business abroad. The Legal unit's main projects in 2018 were the application for a Markets in Financial Instruments Directive (MiFID) distribution license by Symbiotics Netherlands and the preparatory work for the setup of a Luxembourg fund fully compliant with the Alternative Investment Fund Managers Directive (AIFMD). Finally, Symbiotics USA was incorporated in November 2018.

DIGITAL



JOHN STAEHLI Head of Digital

"We embrace change and innovation to improve customer satisfaction."

OVERVIEW

Last year was a turn-around year for the Digital division, which doubled in size to 10 people to address the growing needs of the company.

On top of developing the Plumseeds website, Digital's key challenge last year was managing the evolution from a single team of software developers hosted within the corporate division to an independent division carrying out several functions and spanning four units.

Digital is in charge of Symbiotics' main digital platforms, Syminvest and Admin, designed respectively for external clients and in-house users. It thus works in close collaboration with all company divisions to clarify and specify needs before each software development.

CORE SOLUTIONS & DIGITAL PROJECTS

To give more structure, accountability and transparency to its work, Digital created two project management units tasked with triaging, organizing and planning development work: Core Solutions. Thanks to a user experience specialist, the unit is in charge of improving and supporting the development of existing internal systems, while Digital Projects, is dedicated to developing new solutions.

DIGITAL SOLUTIONS

A third unit, Digital Solutions, is made up of five developers dedicated to providing an appropriate solution to every problem raised within specific projects, through enhancements and bug fixing. The unit head is also the software architect, charged with defining the vision for the technology and systems that will be used to ensure that digital solutions remain up to date and efficient over time.

CORPORATE SOLUTIONS

A fourth unit, Corporate Solutions, covering the former IT support services for all staff, effectively joined the Digital division in December 2018.

By leveraging synergies across professionals with common mindsets and varied skillsets, this restructuring should further support Symbiotics' capacity to generate innovative solutions to clients and staff.

PEOPLE



YVONNE CACHIN
Head of People

"As drivers of our vision, Symbiotics' people work every day to make our impact bigger, better and sustainable."

OVERVIEW

The People division conducted key activities in 2018 to support the attainment of the 2018–20 business plan objectives.

The People division played a key role in supporting the implementation of Symbiotics' reorganization into eight divisions, reporting into the General Management to better align the company with its new strategic objectives. In particular through the hiring of 15 new staff members, including a strategic post, the Mexico-based Regional Manager Latin America, thus increasing the total headcount by 11% to 147.

To ensure alignment of people-related initiatives with Symbiotics' 2020 strategic objectives, it produced the Strategic Framework and Division Plan. It also developed and implemented at the human resource level a range of new standard processes and policies to improve efficiency and regulatory compliance such as the Travel Security and Safety Policy or GDPR Compliance Policy.

It analyzed the current salary structure, reviewed and implemented a new salary grid, selected a pension fund for Symbiotics Netherlands, and implemented the Management Share Purchase Plan rewarding managers' contribution to Symbiotics' success over the previous business plan biennium. With a view to boost the continuous professionalization of our staff, it launched learning opportunities in the fields of management and sustainable finance. To ensure team cohesion, it organized and/or promoted initiatives such as lunchtime mindfulness sessions, or a sponsored Symbiotics running challenge.

Finally, the People division also contributed to other cross-division projects, in particular by leading the new project management methodology designed to enhance cross-divisional efficiency in the delivery of strategic objectives.

GLOBAL STAFF

147 46% WOMEN 54% MEN

NATIONALITIES

33

AVERAGE AGE

37

SHAREHOLDERS

OF WHOM 51 ARE STAFF MEMBERS

OFFICE LOCATIONS

AMSTERDAM
CAPE TOWN
GENEVA (HQ)
LONDON
MEXICO CITY
SINGAPORE
ZURICH

As of end of December 2018

NEW STAFF





VELISSARATOU



MARA GNOS



THOMAS HOFER



ULRICH HINTERBERGER





ALEXANDRE PRAUTZSCH



BERGSTRAESSER KAZMI



AZAM YVES



GIROD



BRENDAN MACKINNON LACASA





HUMBERTO CHAVEZ

GIRARDIN



KLAUS GEYER



DEBORAH KESTENER



KATERINA ERMIDOU

MICHAEL BELPAIRE



IMANE SALLEM

PHILIPPE KALEAS



JEAN-BAPTISTE RANSON



LAURA LIGHTBODY



REEMT BEHRENS



ROMAIN MATHON



SUHAILA ISMAIL



MARION VILLANOVA

DUQUET



SERGIO COSTA PEREIRA



THIBAULT WATINE



TAKUDZWA MUNASHE



DEAL SPOTLIGHT

SME BANK | KYRGYZSTAN: KOMPANION



Kompanion was established in 2004 to take over several microcredit programs managed by Mercy Corps, a worldwide humanitarian NGO that had been operating in the Kyrgyz Republic since 1994. Initially running as a limited liability company, Kompanion morphed into a bank in January 2016. Today, thanks to its presence across all the country's regions, the company boasts one of the largest client bases in the Kyrgyz Republic.

Kompanion historically focused on providing solidarity group loans and technical assistance to microentrepreneurs, in particular small-scale farmers, livestock herders and shepherds operating in remote areas. Its banking license allowed it to offer deposit services as well as higher individual loans, which



explains why its share of SME and urban clients has continually increased in recent years. By December 2017, more than half (53%) of Kompanion's clients lived in urban areas (up from 18% in 2015), while individual loans are expected to become the leading product in terms of volume in the near future.

As part of the Agricultural Financing state program, and in accordance with its historical clientele, Kompanion offers preferential terms on individual loans for the development of stockbreeding, crop production and processing of agricultural products.

Its adoption of client protection principles has led Kompanion to be the first Kyrgyz company certified by the Smart Campaign, in April 2014 (a certification that was validated once again in April 2017). In November 2014, Kompanion became the first institution in Central Asia to win the European Microfinance Award. The jury recognized the innovation of its Pasture Land Management initiative, which combines tailored financial products and education programs on the preservation of pasture lands and mitigation of soil degradation risks.

Since 2006 Kompanion received 51 million USD of funding from Symbiotics and the outstanding exposure is 7.5 million USD at the end of 2018.

DEAL SPOTLIGHT

MICROFINANCE | ECUADOR: RIOBAMBA



Founded in 1986, Cooperativa de Ahorro y Crédito Riobamba (COAC Riobamba) is an Ecuadoran savings cooperative that offers financing solutions in the areas of agriculture, craft industries, consumption, housing, trading and microenterprises with a view to promote socio-economic development at the community level.

Microenterprise loans of between 200 and 20,000 USD make up its main credit product, accounting for over half of its gross loan portfolio. In addition to traditional loans and savings products, Riobamba also offers a number of services including: household consumption and housing microloans; funerary insurance; payment facilities for pension, education, utilities and health service bills, remittances; ATM cards.

The cooperative has historically focused on placement quality, which has enabled it to maintain low PAR30 values (loans affected by arrears of more than 30 days). Its highly efficient model has ensured adequate profits and growth (+17% per annum) and has been fueled by the cooperative's reliable and loyal depositors.



Riobamba is also a strong performer on the social front, maintaining its founding social values despite becoming one of Ecuador's largest cooperatives. It is also highly committed to client protection through internal policies, transparent communication and close working relationships with the local credit bureau in order to prevent over-indebtedness.

Today, Riobamba serves more than 25,000 borrowers and 85,000 savers through 12 regular service points. Symbiotics had lent it 3.5 million USD at the end of 2018.

MARKETS



VINCENT LEHNER

"Our global team gathers knowledge and develops social and financial analysis mostly on financial institutions in emerging and frontier markets."

Last year was a challenging year for emerging and frontier markets, which had to cope with rising yields in the United States, US-China trade tensions and currency crises in Turkey and Argentina that threatened to spread beyond boundaries.

In a rather uncertain global environment, Symbiotics used its global knowledge and broad geographical span to propose appropriate solutions to our clients.

OUR RESEARCH

Our research coverage continued to increase thanks to the addition of eight countries and 59 first-time investees, compared to 55 institutions added in 2017, bringing our total to 274 spread across 71 emerging and frontier markets.

As a reflection of the above global business environment, the additions in 2018 were equally spread among regions, with 16 institutions added in Africa, 14 in Latin America and South and East Asia, 10 in ECA and four in the MENA region. The only region whose growth dripped slightly last year was South East Asia with a drop of a third.

OUR INVESTMENT PARTNERS

The vast majority of our investees last year again comprised financial institutions active in financial inclusion and small business finance with a Non-Bank Financial Institution (NBFI) status. Some of these focus on specific impact themes, such as affordable housing, renewable energy or education.

Figure 1
Number of new investees brought by Symbiotics to its clients

INVESTEES ADDED IN 2018	2018	2017
Central & Eastern Europe	4	3
Russia, Caucasus & Central Asia	6	7
Middle East and North Africa	4	1
Eastern Europe, Central Asia & MENA	14	11
South America	6	3
Central America, Mexico & Caribbean	8	10
Latin America & the Caribbean	14	13
South Asia	11	14
East Asia & Pacific	3	8
South & East Asia	14	22
Sub-Saharan Africa	16	9
North America	1	0
TOTAL	59	55

Symbiotics also continued its efforts to broaden its reach into new types of impact through these investments, aligning its objectives with the SDGs. The Markets division analyzes and selects companies within the off-grid solar leasing sector, monitoring its evolution and maturing business model. It also expanded its knowledge and prospection efforts in the 'energy access' space to include rooftop solar installations for SMEs and households. Our expansion into new themes remain, however, below target for 2018.

On top of the traditional financial institutions, our other prospection efforts extended to Fintech companies, particularly digital lenders and mobile

Figure 2 Symbiotics' financial partners' key

performance indicators

payment companies that are using technology first and foremost to offer new types of financial inclusion.

The profitability of the institutions we worked with improved in 2018 (with an ROE of 13%, up 45% from last year) even though they were charging less to end clients (portfolio yield to end clients 22% vs. 23% in 2017). This can be explained by improved operational performance together with controlled costs of funding and cost of risk.

Our partnering financial institutions saw their balance sheet size grow by almost 20% to USD 793 million last year, including 20% gross loan portfolio (GLP) growth to USD 546 million. This trend is due, on the one hand, to the organic growth of our institutions in countries where the population is rising and significantly under-banked, and on the other, to the onboarding of larger banks.

KEY PERFORMANCE INDICATORS		2018
Return on equity (%)	8.9%	13.1%
Portfolio yield (%)	23.4%	22.8%
Portfolio at risk > 30 days (%)	5.7%	5.7%
Portfolio Operating Expense ratio (%)	14.6%	12.5%
Cost of funding (%)	8.9%	8.7%

OUR REGIONAL COVERAGE



KLAUS GEYER Regional Director Latin America and the Caribbean



DUNCAN FRAYNE Regional Director Sub-Saharan Africa



PATRICK D'HUART Regional Manager South and East Asia



ALEXANDR FANDO Co-Regional Manager Eastern Europe, Central Asia and MENA



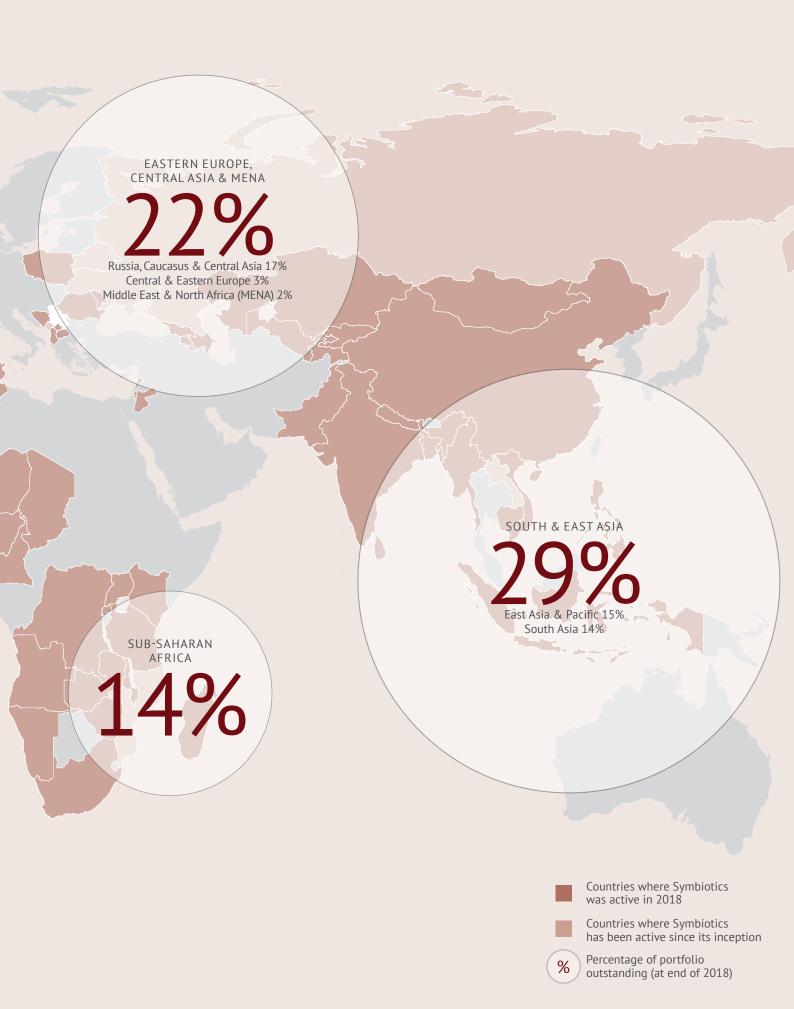
SOFIA TULUPOVA Co-Regional Manager Eastern Europe, Central Asia and MENA

LATIN AMERICA & THE CARIBBEAN

550

South America 17%

Central America, Mexico & the Caribbean 17%



INVESTMENTS



DANIEL SCHRIBER
Head of Investments

"We are the marketplace where funding offer meets funding demand. We identify, negotiate, close and service investment opportunities in emerging and frontier markets."

MARKET OVERVIEW

With USD 797 million disbursed, 2018 was generally in line with 2017's loan origination volume (USD 809 million) but clearly short of the original plan of USD 950 million.

Regional diversification remained relatively stable last year compared with 2017, which saw considerable portfolio reallocation.

Latin America and the Caribbean continued to grow dynamically despite political and economic crises in several countries. Origination there remained steady at USD 261 million (vs. 259 million in 2017)

In Eastern Europe, Central Asia & MENA, the overall landscape remained stable, supported by favorable commodity prices and in some cases positive political shifts, notably including Armenia and a continued positive momentum in Uzbekistan. Several countries improved in terms of ease of doing business and accommodated the launch of sizeable infrastructure projects, which should support the region's growth in the long term. As a result, the number of new investments increased moderately (+14% at USD 181 million), bringing this region from third- to second-biggest contributor to our investments origination.

Figure 3 Investment origination by region USD million 300 250 200 150 100 50 Eastern Europe, Latin America South & Sub-Saharan Central Asia & the East Asia Africa & MENA Caribbean 2017 2018

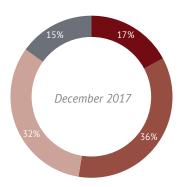
As for the **South and East Asian region**, China and India enjoyed political continuity, which helped drive the region's growth. India got its growth momentum back after slowing in 2017 mostly because of the demonetization.

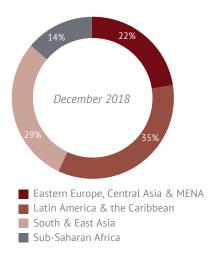
The region, which had been our fastest-growing and largest contributor to total origination in 2017, saw its disbursement level cut by over a third to USD 192 million, dropping to second place behind Latin America.

This can be explained by various exogenous factors. First, regulatory changes occurred in India and Sri Lanka, putting a number of transactions on hold for several months and in many instances cancelling them altogether. Second, increasing US dollar rates and volatility in hedging costs prevented Symbiotics from disbursing well-priced transactions in a number of other countries such as the Philippines, Nepal, Indonesia, and Bangladesh. Third, many funds decreased their exposure in Cambodia in the face of general elections and rising fear of overheating in this small and fast-growing country.

In contrast, after two extremely challenging years, **Sub-Saharan Africa** benefitted from increased and more stable commodity prices. Origination therefore doubled to 119 million from USD 60 million as the region rebounded with a positive growth outlook, supported by improved commodity prices. Overall the financial sector remained resilient, seeing a slow but steady improvement in business conditions across the continent.

Figure 4
Portfolio outstanding by region, 2017 and 2018





Overall, the outstanding portfolio regional diversification remained fairly stable in 2018, with the top five countries representing 33% in 2018 vs 35% in 2017; the top five investees remaining stable at 10%; the average outstanding loans per investee increasing slightly to USD 7.3 million in 2018 from USD 6.9 million in 2017; and overall outreach increasing thanks to the addition of 62 new investees and eight new countries – Vietnam, Chile, Serbia, Nepal, Togo, Lebanon, Palestine and the US (investment through a US-based off-grid

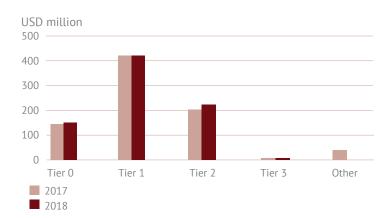
Figure 5
Investment origination by tier

holding company).

In total, 36 institutions dropped out of the portfolio, mostly for risk considerations (for instance, not performing well) or because we were not able to match the institution's funding request (funding conditions not attractive to our investors).

In terms of the size of microfinance institutions (MFIs) in our pipeline, no significant changes were observed last year. The only category to have displayed an evolution were tier 2 companies, whose share rose by 12% to USD 224 million, remaining Symbiotics' second-largest source of transaction origination.

Our main source of transaction origination, tier 1 companies, still made up more than half of total transaction origination, while the largest MFIs (tier 0) institutions remained Symbiotics' third, and tier 3 and other ones remained insignificant.



INVESTMENT INSTRUMENTS

Altogether, Symbiotics disbursed 469 transactions to 163 financial institutions in 59 countries. We handled 404 of these transactions through direct promissory notes or loan agreements between funds and financial institutions (FIs) and 20 were secondary trades (loans transferred from one fund to another). We disbursed the remaining 45 transactions, as impact bond issuances, syndicating discretionary mandates, advisory mandates and external investors.

Bond issuances amounted to USD 314 million (vs. 340 million in 2017), representing 39% of origination in terms of volume, including six development finance institution participations for a total of USD 49 million.

RISK AND RECOVERY

After two years in a row at 24, the number of ongoing workout cases decreased to 19 by end of 2018. This is the outcome of the closing of 10 cases and the opening of five new ones. In line with the declining number of cases, Symbiotics' exposure at risk decreased both in absolute (USD) and relative (% of portfolio) terms to reach respectively USD 75.5 million (–16% YoY) and 3.9% (–1.23 percentage points YoY). Under the impulse of recoveries, USD 4.6 million in write-offs and portfolio growth, it is the first time since 2015 that the latter metric drops below 4%.

From a geographic perspective, the decrease was most important in Sub-Saharan Africa and Central Asia, where exposure at risk decreased by 5.4 pp and 1.2 pp to reach 14.4% and 1.86% respectively.

Africa remained, however, the region where most of the stress cases took place last year (53% of principal in workout), owing to a mix of institution specific factors and persisting currency crises in Zimbabwe and Angola. Total recoveries for 2018 stand at USD 26.25 million. A substantial portion of the amount paid out by institutions already in workout at year start came from Nigerian cases for an amount corresponding to 29% of total recoveries following the resuming of outbound USD payments enabled by the opening of an alternative payment platform (NiFEX). Another 40% came from workout cases that started during the year, notably prepayment from FIs in Mexico and Ghana.

As the worsening economic situation in Nicaragua has so far only translated into one new stress case, and no other macro event significantly affected the portfolio in 2018, a more diversified in terms of geography and more 'mature' (i.e. either fully restructured or in a deadlock) population of workout cases emerges at year-end.

DEAL SPOTLIGHT

RENEWABLE ENERGY: SOLAR HOME SYSTEMS

We closed two transactions in 2018 with off-grid solar companies.

greenlight

Founded in 2007, **Greenlight Planet (GLP)** is a leading global provider of solar energy products to over 27 million off-grid consumers. Its mission is to expand access to energy to low-income households in emerging economies, in an effort to help eliminate one of the major hurdles for social and economic development for households at the bottom of the pyramid. For example, access to energy allows businesses to open longer hours, households to rely on a clean source of energy for cooking, or school children to do their homework after sunset. To date, GLP has sold 7.25 million products and developed a network of over 300 partners selling 100,000 units per month. The company operates principally in India, East Africa and Nigeria.



Man reading a newspaper in India thanks to a solar lamp commercialized by Greenlight Planet



Installing off-grid solar panels through
Zola Electric Tanzania



Zola Electric Tanzania, our other partner in the off-grid solar space, pursues a similar approach. The company electrified an estimated half a million households in the East African country and is planning to expand to other countries in the region. Similar to GLP, the off-grid solar panels are distributed via financial leasing – customers must make monthly payments for 36 months, thereby making the product accessible to low-income households who would not have the financial capacity to pay for the product upfront.

DEAL SPOTLIGHT

SUSTAINABLE AGRICULTURE: ORGANIC TEA



Founded in 1986, Ambootia is buying sick tea estates and converts them into fully certified organic estates. It is exporting 90% of its production to Europe, Japan and Northern America. It is a pioneer and now leading organic and biodynamic tea producer of the Darjeeling region in India. Ambootia has a holistic approach to its social responsibility, producing an excellent product by respecting the environment and even recreating a healthy and sound biotope in the estate; providing adequate wages, housing, schooling, health services and job security to employees and their families; advocating in India about the benefit of organic agriculture.

We issued a bond of EUR 9 million which was bought by specific investors and not our usual investor base given the atypical investment theme.



Women plucking organic tea at the Ambootia tea estate in Darjeeling, India

oto: Ambooti

PORTFOLIOS



"Our team implements investment strategies by applying its fiduciary duty and enhancing financial and impact return for the end investors."

OVERVIEW

The 20+ mandates covered in 2018 included third-party and dedicated single investor funds, evergreen and closed-end funds, but also multi-layer blended funds.

The range was also wide in terms of investment strategies: although the core of the portfolios focuses on private debt instruments, some funds have a global emerging market universe, while others have a more regional focus. Other differentiating factors lay in the approach towards currency hedging and the impact themes covered from financial inclusion via microfinance and SME lending to a wider scope of direct corporate impact lending.

During 2018, the division launched two new unhedged local currency funds with Skandinaviska Enskilda Banken AB (SEB) Wealth Management: one closed-end unhedged local currency fund focusing on MSME lending and another open-end fund with a larger investment universe targeting the SDGs via corporate, project finance and financial intermediation lending.

After the strong recovery of emerging and frontier markets in 2017, the dynamics retreated in 2018, hit by capital outflows from emerging market (EM) toward the USD denominated assets with rising US rates, US-China trade tensions and bursts of currency crises in Turkey and Argentina over macroeconomic concerns. The broad EM debt market indices also confirmed 2018 as a gloomy year, as the JPM EMBI tracking USD-denominated bonds and its equivalent tracking local currency denominated debt lost 4.6% and 6.9% respectively.

Figure 6

Annual performance of Symbiotics – hedged managed funds

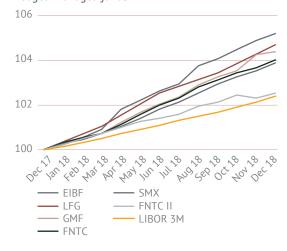
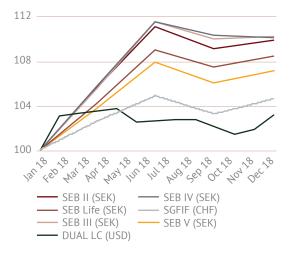


Figure 7
Figure 7 Annual performance of Symbiotics – unhedged managed funds



Despite this bleak economic environment, all managed funds performed above target and benchmark thanks to higher returns on the USD floating portfolio, strong portfolio quality and low cash levels, with USD equivalent returns above 4.0%. Symbiotics also grew its assets under advisory and management to a new all time high of USD 2.1 billion at the end of 2018, up almost 17% from USD 1.8 billion the previous year, confirming the continued attractiveness of the asset class and strong track record of Symbiotics.

Following the trend initiated in 2012, unhedged local currency portfolios advised and managed by Symbiotics continued to grow during the year, to USD 643 million in 2018 from USD 501 million in 2017.

In terms of origination, the spread of advisory versus fund management services has evolved as follows since last year:

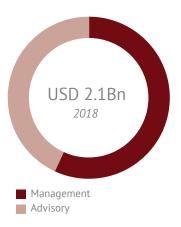
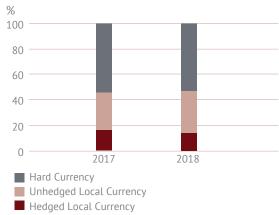


Figure 8

Spread of advisory vs. fund management services offered to Symbiotics clients in 2018

Figure 9
Portfolio by currency exposure



CLIENTS



ALEXANDRE PRAUTZSCH

Head of Clients

"Private debt funds in frontier markets are defensive vehicles offering global investors the double advantage of good returns and high diversification."

OVERVIEW

Last year marked a key transition in Symbiotics' business development, as the firm kicked off its efforts to implement its new 2020 client strategy, in a more elaborate and structured way, with a dedicated client division.

The first step was to regroup the sales team, the blended finance team (in charge of government and development bank relationships), the product development team and the marketing team under a single division, and gradually grow its resource and capacity, in-line with the ambition of the firm.

We focused on improving the client experience and customer satisfaction on the existing clientele. This included: streamlining our client reporting and periodic meetings and reviews; beefing up our customer relationship management database, knowledge management and compliance tools; running quality control and satisfaction survey initiatives; offering systematic sales support and training to our partners in the distribution efforts; and generally engaging with more relationship, feedback and listening time.

In parallel, we worked on streamlining our newproduct development process and better aligning it with our marketing efforts (research, collaterals, events and lead acquisition).

CLIENT SEGMENTATION

The sales and client development process is geared towards three client segments:

1. Portfolio mandates: Key clients

We target primarily global banks and large asset managers for which we customize portfolio advisory or discretionary mandates, starting at USD 50 million.

2. Fund distribution: Qualified investors

We seek to distribute our innovation funds (which focus on listed bonds, unhedged forex, venture capital or infrastructure investments), in targeted jurisdictions where we have an office presence and regulatory clearance.

3. Deal brokerage: Specialized fund managers

We approach specialized fund managers focusing on private debt, emerging debt or sustainable debt through Plumseeds: our brokerage platform offering deal-by-deal access to thematic impact bonds, either through primary issuances or secondary trades.

CLIENT GEOGRAPHY

The increasing complexity of the regulatory environment, in particular within the EU, has lengthened the decision and onboarding process of new mandates and has slowed down some lead acquisition in 2018. We were still able to broaden the range of European countries we target to France, the Netherlands and the United Kingdom from our current main markets of Austria, Germany, Scandinavia and Switzerland, with a view to effectively onboard these new clients in 2019.

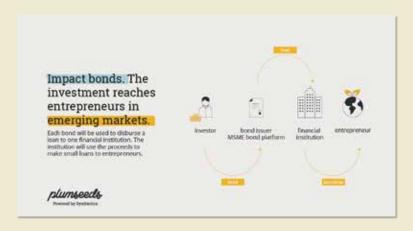




"Impact bonds: Deal-by-deal brokerage for specialized fund managers."

Our Plumseeds platform went live on 5 March 2018 with seven existing investors. Its objective is to provide information about a selection of Symbiotics' impact bonds, which were previously only available to clients as part of fund management services. It thus allows accredited professional investors to invest smaller amounts alongside these institutions, broadening their investment universe. The platform provides information about the underlying institution, the indicative terms of the impact bond and the expected impact measured against certain SDGs.

By the end of 2018, Plumseeds presented 27 bonds on its website, surpassing the 20 targeted for the year. It opened 32 accounts to accredited professional investors, 10 of whom invested a total of USD 16 million euros, falling short of last year's USD 20 million target assets under management. For 2019, the plan is for the platform to double its volume to 50 million euros in bonds over 75 accounts.



IMPACT

OVERVIEW

To guide investment decisions, Symbiotics measures, manages and reports on the social impact of its investments.

Born out of the July 2018 restructuring, the Impact division embodies the company's mission to generate positive social and environmental impact throughout its activities.

SOCIAL PERFORMANCE & IMPACT MEASUREMENT

The Social Performance & Impact Measurement unit monitors the social outreach of the company's investments.

Last year, Symbiotics' portfolio financed more than 1.7 million MSMEs in emerging and frontier markets, providing a total of 3.1 million jobs. About half (48%) of borrowers were women, based in urban areas (58%), working mostly in small trading activities (23%), agriculture (17%) and services (16%). Small manufacturing was the least represented sector (6%).

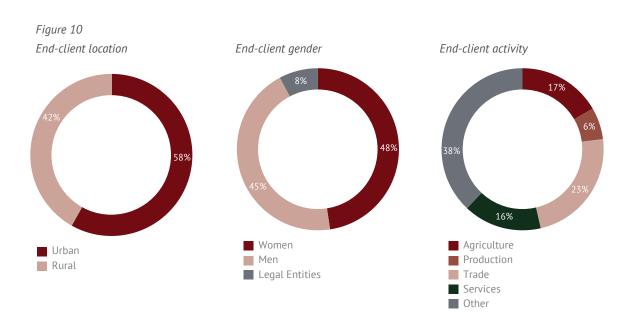


"Managing impact involves showing the ultimate beneficiaries of our investments and the progress made in achieving the SDGs."

The unit also produces *Social Performance Reports* for four of the funds that Symbiotics manages or for which it provides advisory services. These reports allow Symbiotics' clients to communicate on their funds' contribution to socio-economic development and advancement towards the SDGs.

Last year saw the birth of Symbiotics' flagship series on the social impact of SME financing, with the publication of the first *SME Finance: Loans for Growth Impact Report*.

This unique four-year study assesses whether, by enabling SME lending, Symbiotics designed and managed Loans for Growth (LFG) impact fund fosters



job creation, employment and entrepreneurship, ultimately helping to advance SDGs in emerging and frontier markets. The study, conducted over four years until 2020, collects data from a total of 500 SMEs through in-depth field surveys. It tracks a set of outcomes, including gender of employees, type of employment, wage levels, sources of SME financing, and type of assets.

CAPACITY BUILDING

Contributing to strengthening the expertise of financial intermediaries in frontier and emerging market is a significant foothold in Symbiotics' impact investing approach. In 2018, a total of EUR 274k of funding was dedicated to capacity building through scholarship grants and technical assistance programs provided to 20 investees in 14 countries mostly located in Sub-Saharan Africa. Digital transformation and digital financial services (DFS) were one of the focus areas of the year. Other topics were SME lending, savings mobilization, new product development, human resources, business strategy and governance.

MARKET RESEARCH

In 2018, the Impact division continued to disseminate market intelligence on Symbiotics impact investments.

Apart from the publication of the results of our 12th Annual Survey on Microfinance Investment Vehicles (MIVs), 2018 brought an additional layer to our fund analysis ecosystem thanks to an innovative research partnership with the Global Impact Investing Network (GIIN). Titled 'The Financial Performance of Impact Investing through Private Debt', this new research has been an important milestone for the industry as it brought increased transparency about the return patterns of private debt funds investing in themes such as affordable housing, education, or agriculture, to name a few. Symbiotics will continue to update this benchmark on an annual basis.

A white paper entitled 'Banking for Impact' reviewed the key developments that shaped inclusive finance markets. Using the lens of our pool of past and present investees, the report provides insights about their business models, describing their diversity, depth, success and sense of purpose since 2006.









CORPORATE SOCIAL RESPONSIBILITY

ART IN HOSPITALS

Last year again, many headquarter staff members ran the Escalade race in Geneva in support of the *Paint a Smile Foundation*, a non-governmental organization whose mission is to liven up pediatric wards and elderly homes with colorful paintings made by professional artists.

Since its inception in 2000, Paint a Smile has been dedicated to hospitalized children, people with disabilities, and retirement home residents.

To date, Paint a Smile has decorated 181 healthcare institutions in 18 countries around the world.

In 2018, Symbiotics also donated 5,000 CHF towards the decoration of a pediatric ward in Onex, the Maison de santé Cité Générations.

CARBON OFFSETTING

Working across more than 80 emerging markets, Symbiotics staff spend much of their time traveling by air. The company thus decided to partner with the *Climate Neutral Group* (CNG) in order to begin offsetting its carbon emissions footprint. CNG, based in Cape Town, allows companies to manage and reduce their climate impact by reinvesting their carbon credits in 'offset projects' that reduce greenhouse gas emissions and positively impact communities that are threatened by climate change. CNG complies with the three most internationally recognized carbon credit standards: the Gold Standard, Verified Carbon Standard and the Clean Development Mechanism.

In 2018, Symbiotics offset 563 tons of ${\rm CO_2}$ equivalent of its flight emissions. Its carbon credits allowed us to fund 45 wonder bags of the Wonderbag Project South Africa and six biogas installations of the National Bio Digester Progam Tanzania.



Wall decoration of a pediatric ward of the Maison de santé Cité Générations.

VENTURE PHILANTHROPY

Symbiotics is a proud partner of *1to4*, a venture philanthropy foundation based in Switzerland. Through 1to4's GiftVest program, early stage social businesses receive seed investment donations to start out on their journey to create jobs and/or provide access to products and services for lowincome families in developing countries. Last year we again disbursed 10,000 CHF to 1to4.

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