

2020 Survey Report Private Asset Impact Funds

HIGHLIGHTS AND SUMMARY PRESENTATION

October 2020

About the PAIF survey

- First global study on private debt and private equity funds target emerging and frontier markets, with an impact bias.
- Builds on previous industry surveys Symbiotics has developed on microfinance investment vehicles (MIVs) with CGAP (2007), and on private debt impact funds (PDIFs) with the GIIN (2018).
- SECO is supporting this reference transparency and benchmarking report for 2020 and 2021.
- Starting in 2021, the survey will be performed through a new company: Canopy Impact Fund Solutions.



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Co-sponsors

- Industry-wide backing
- 17 PAIFs and Impact investment managers

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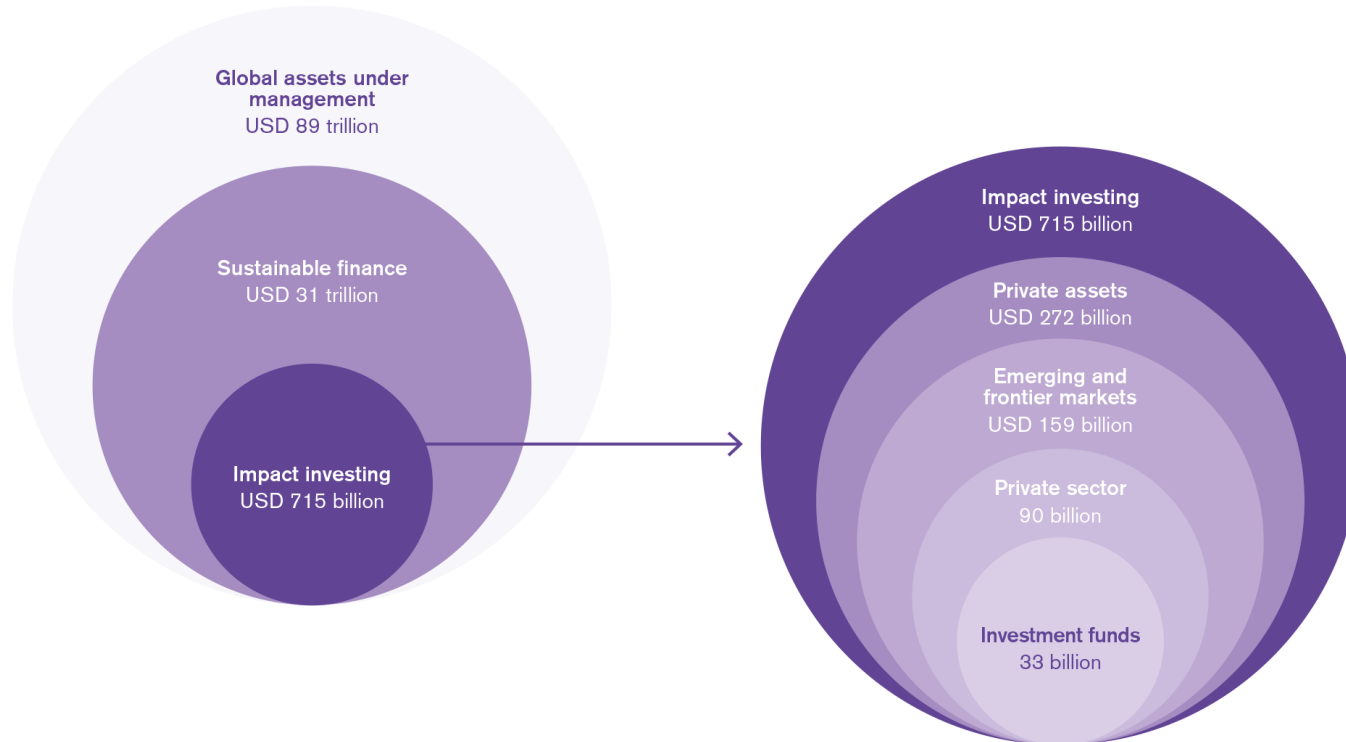
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Defining the Market Universe

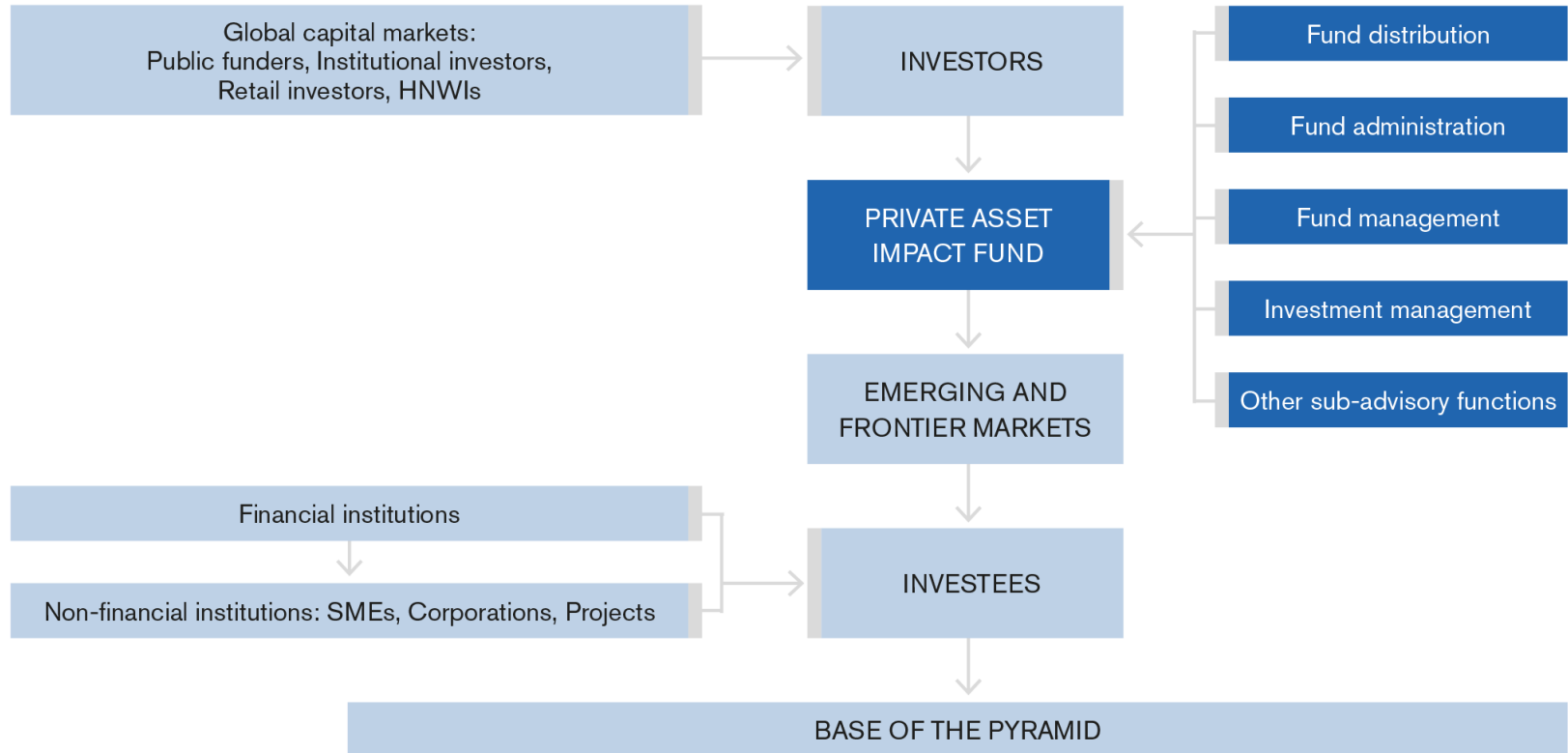


Defining the Survey Universe

CRITERIA	INCLUDED	EXCLUDED
Impact intentionality	Intention/mission to generate social, and/or environmental impact alongside a financial return.	No clear intention/mission to generate social or environmental impact alongside a financial return
Asset type	Private assets	Listed assets
Prime geographical focus	Emerging and/or frontier markets	Developed markets
Vehicle type	Investment funds, investment companies, structured finance vehicles, as well as dedicated non-governmental organizations (NGOs), cooperatives or foundations	Asset owners, government agencies, development finance institution (DFIs), funds of funds, holdings/networks



Defining the Investment Value Chain



Analytical Dimensions

By Primary Asset Class

- Fixed Income funds
- Equity funds
- Mixed funds

By Primary Impact Sector

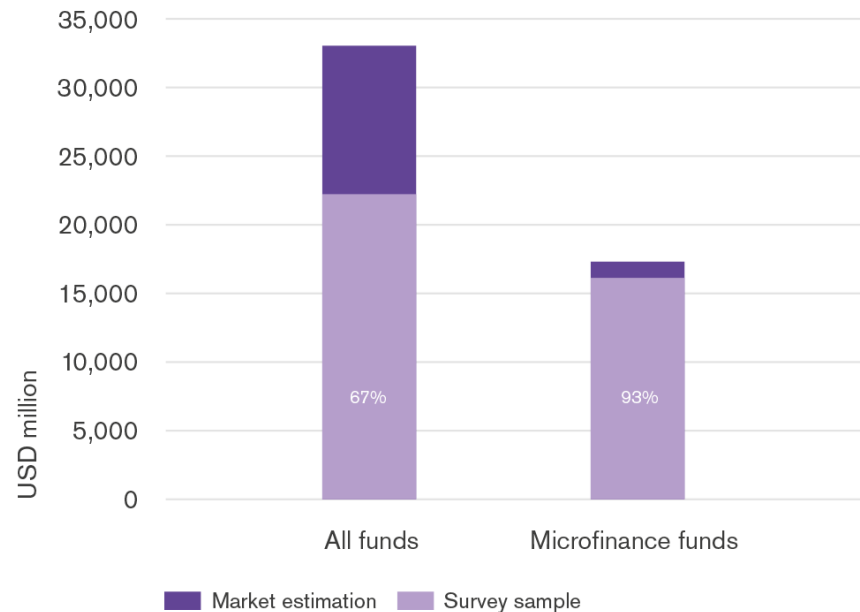
- Climate & Energy
- Food & Agriculture
- Health & Education
- Housing, Water & Communities
- Microfinance
- SME development
- Multi-sector



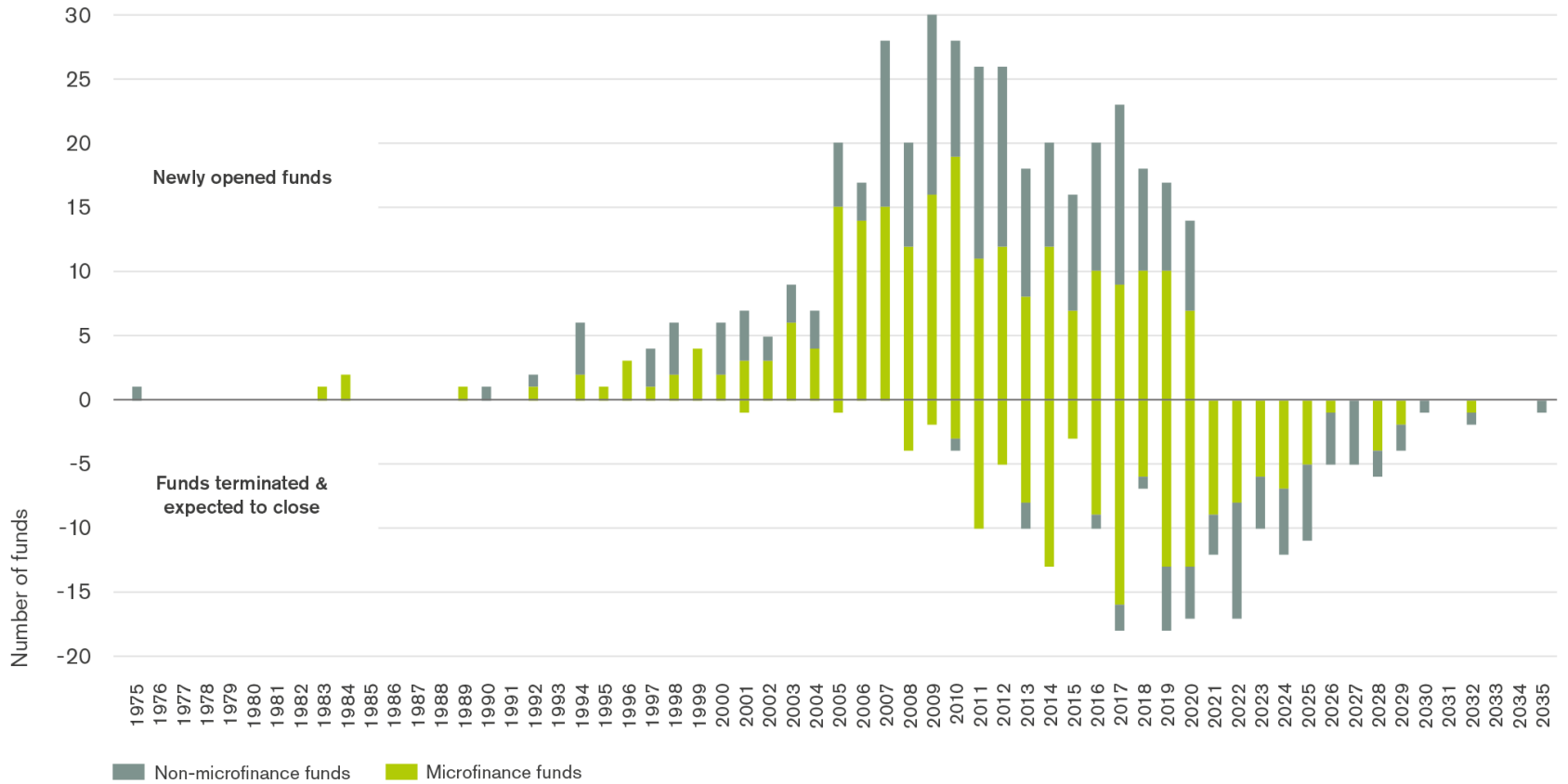
The Study Sample

Size & coverage

- 157 Private Asset Impact Funds – out of estimated 435
- USD 22.2 billion AUM – out of estimated size of USD 35 billion
- USD 16.1 billion AUM for Microfinance funds – out of estimated USD 17.3 billion



Inception and end dates



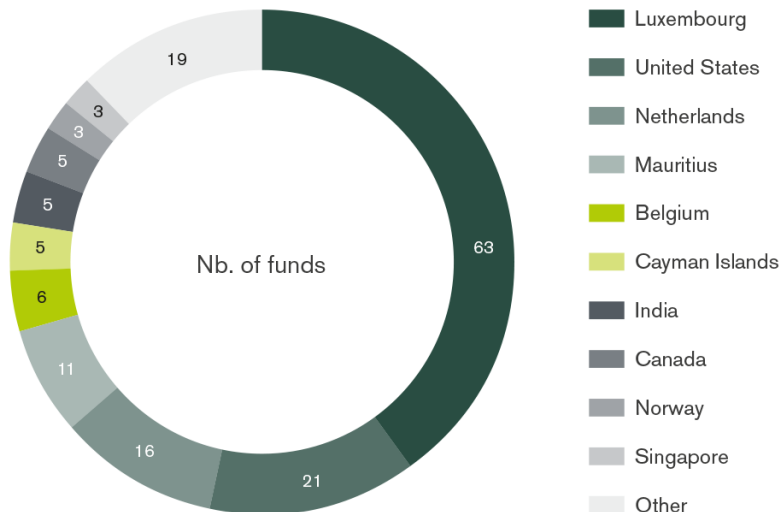
Nb. of Funds by Analytical Dimensions and Term

	Nb. of funds	Fixed income	Equity	Mixed
Climate & Energy	12	5	3	4
Food & Agriculture	10	7	2	1
Health & Education	4	3	0	1
Housing, Water & Communities	3	3	0	0
Microfinance	86	57	13	16
SME development	16	10	3	3
Multi-sector	26	11	13	2
Total	157	96	34	27
	Nb. of funds	Fixed income	Equity	Mixed
Open-ended	85	65	4	16
Closed-ended	72	31	30	11
Total	157	96	34	27

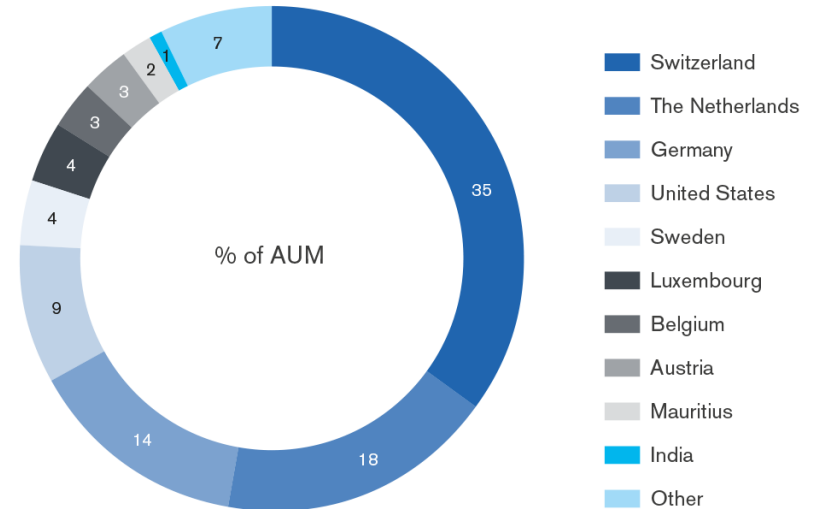


Fund Domiciles & Countries of Management

■ Fund domiciles



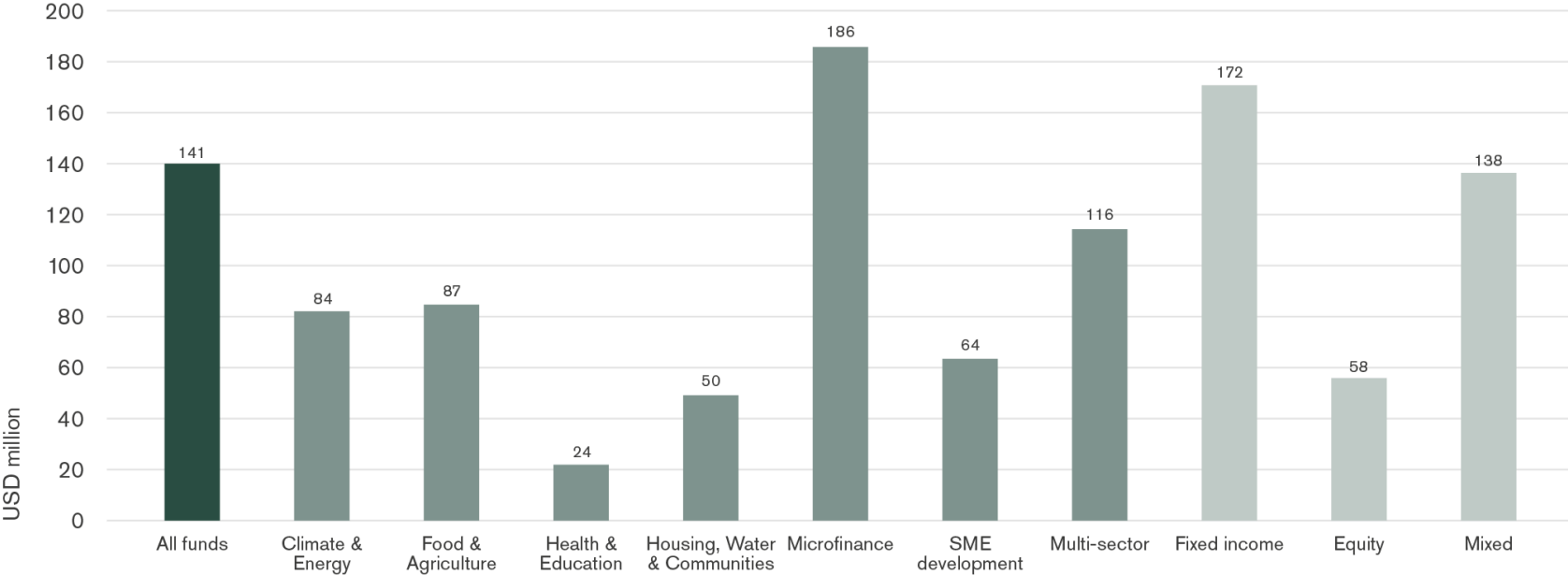
■ Countries of management



Fund Assets

Fund Assets

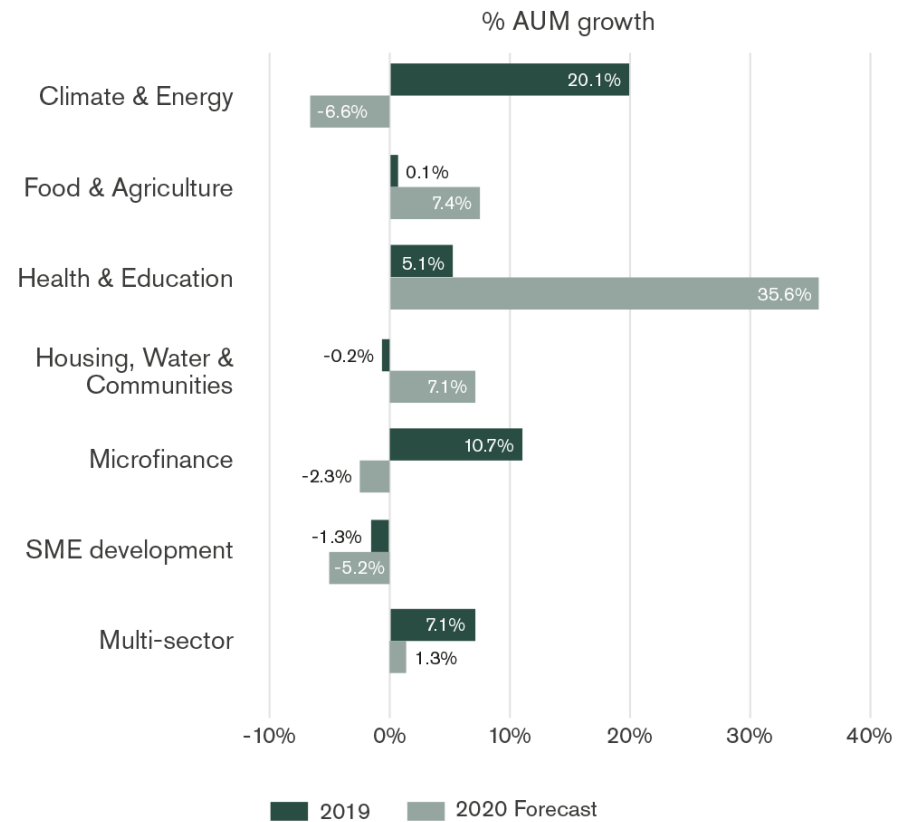
Average fund size



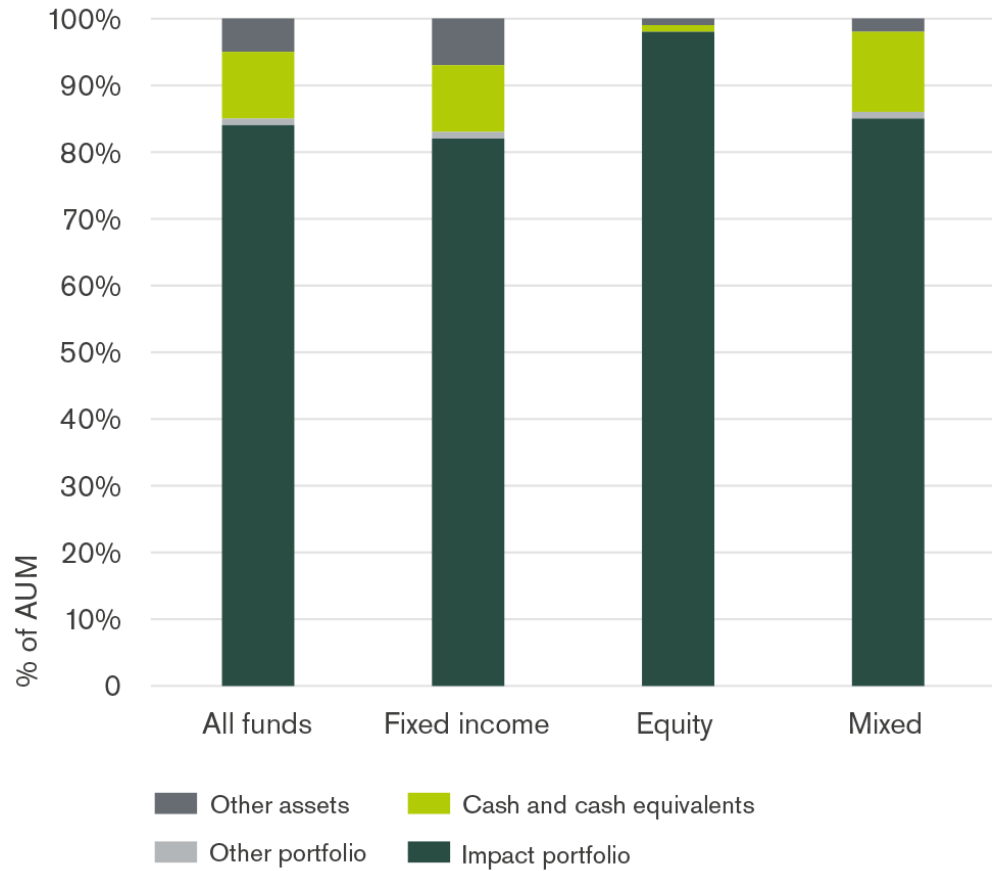
Fund Assets

Growth & forecasts

- 2019 growth all funds: 9.5%
- 2020 forecasts all funds: -1.5%



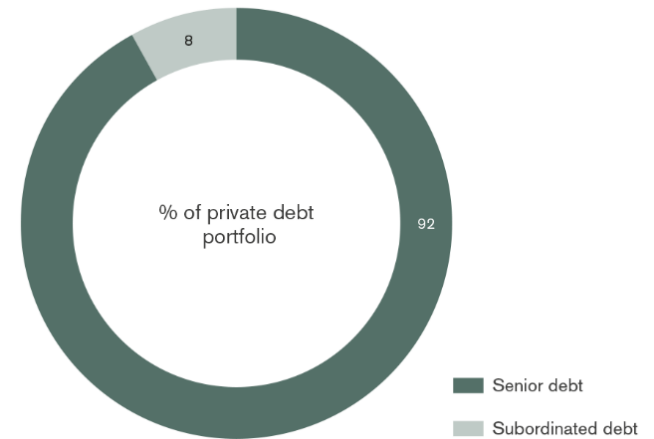
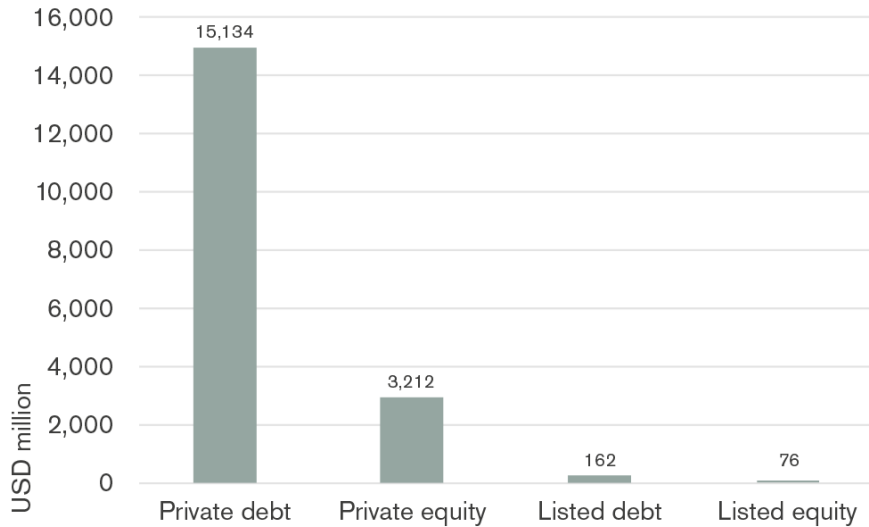
Fund Assets Structure



Fund Assets

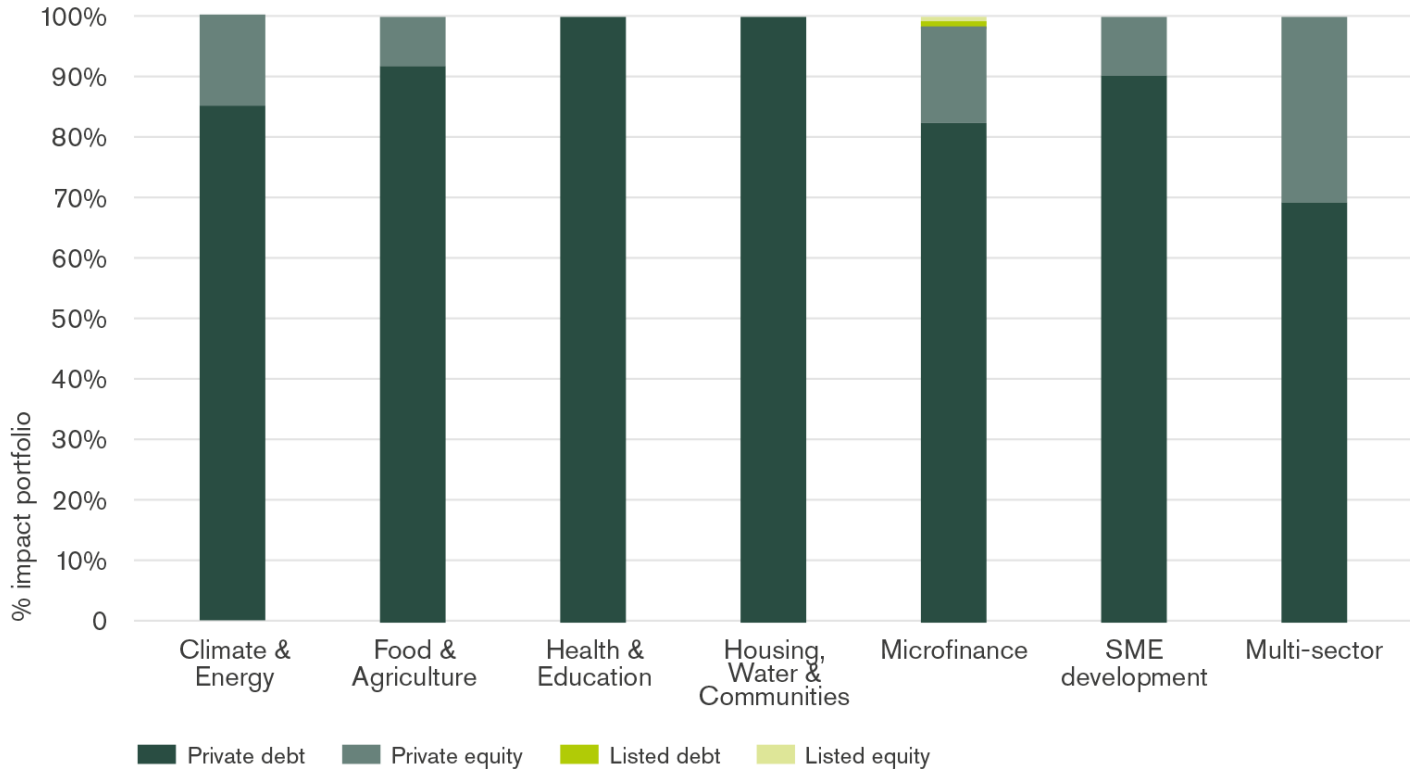
Investment instruments

- Volumes outstanding



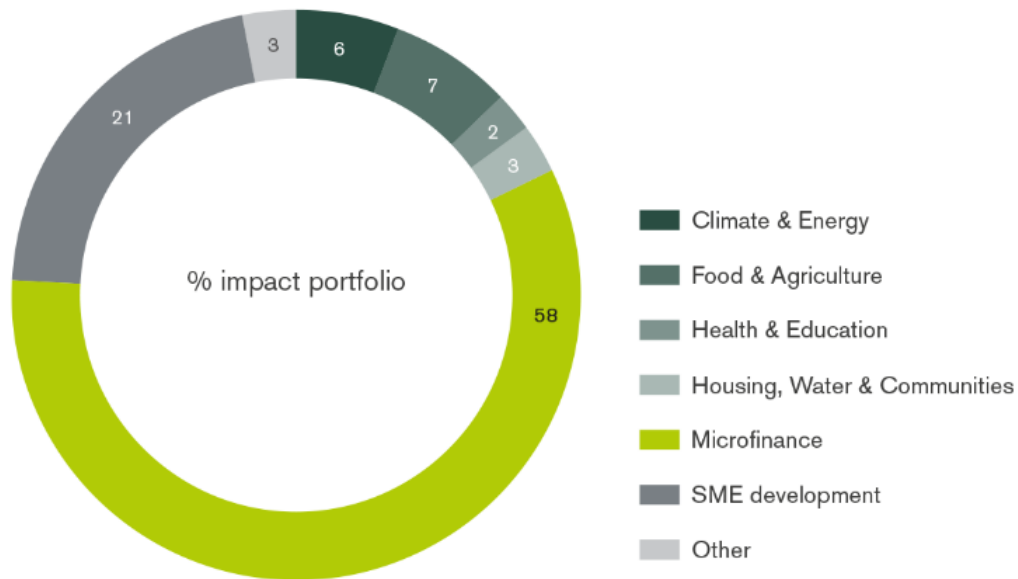
Fund Assets

Investment instruments, by sector



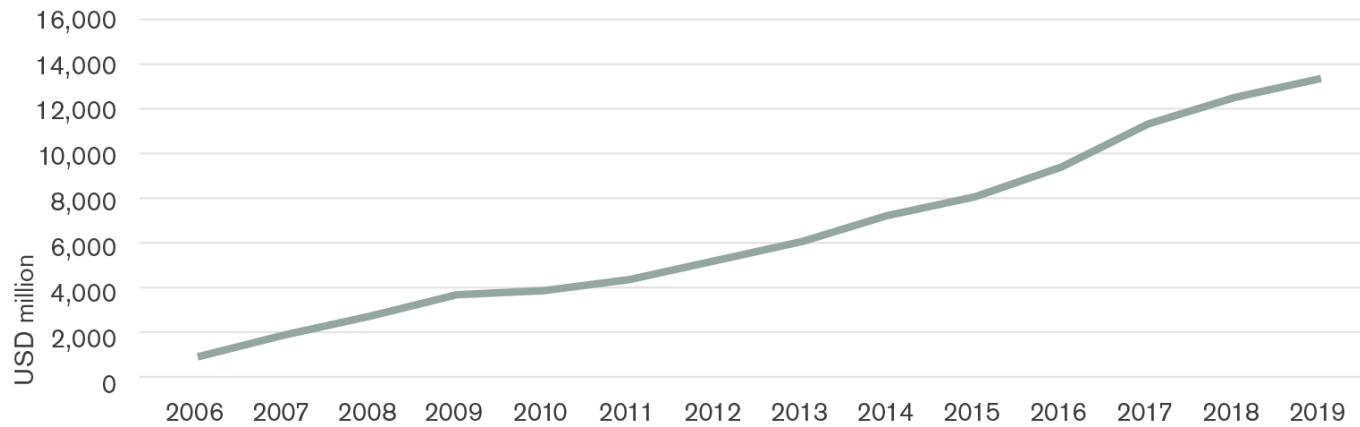
Fund Assets

Investment sectors



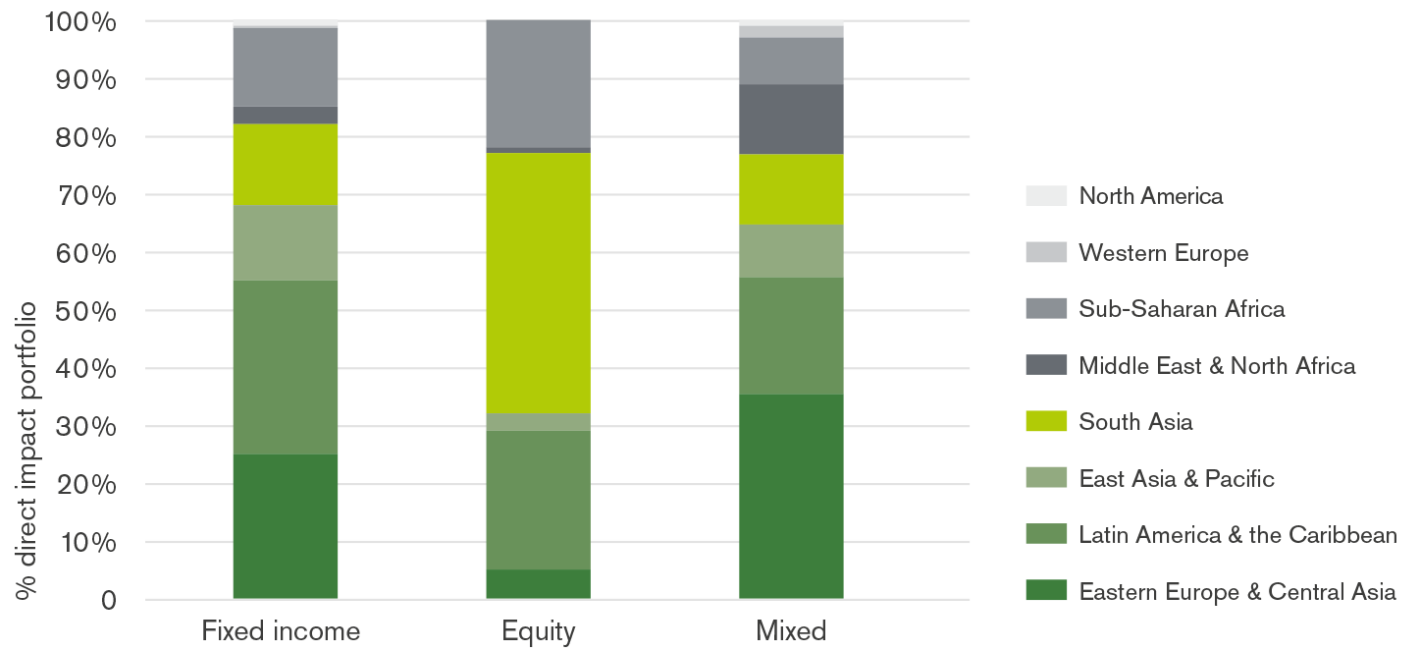
Fund Assets

Historical portfolio of microfinance funds



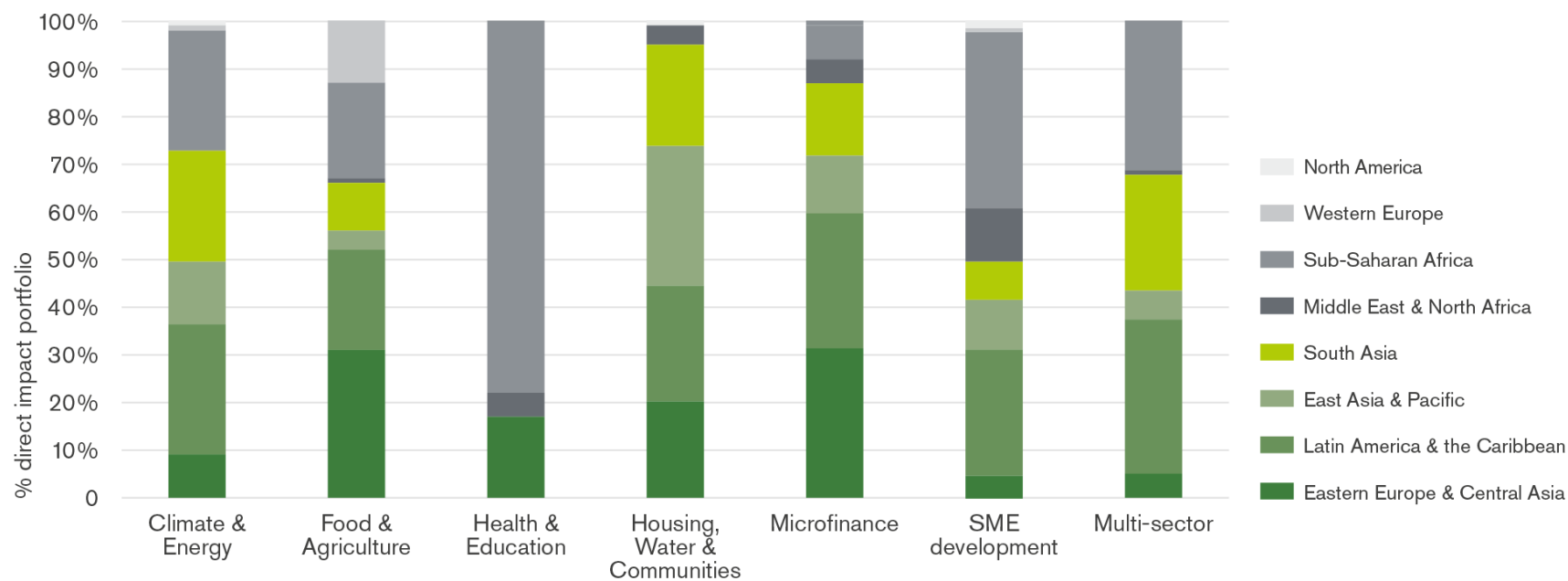
Fund Assets

Investment regions, by asset class



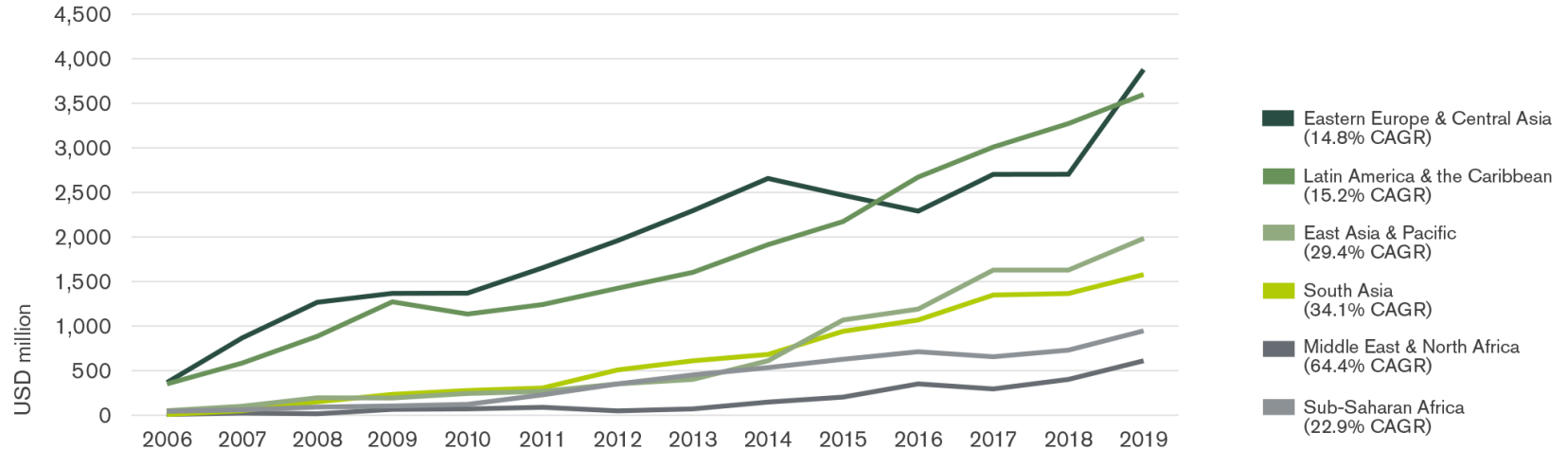
Fund Assets

Investment regions, by sector



Fund Assets

Investment regions, microfinance funds



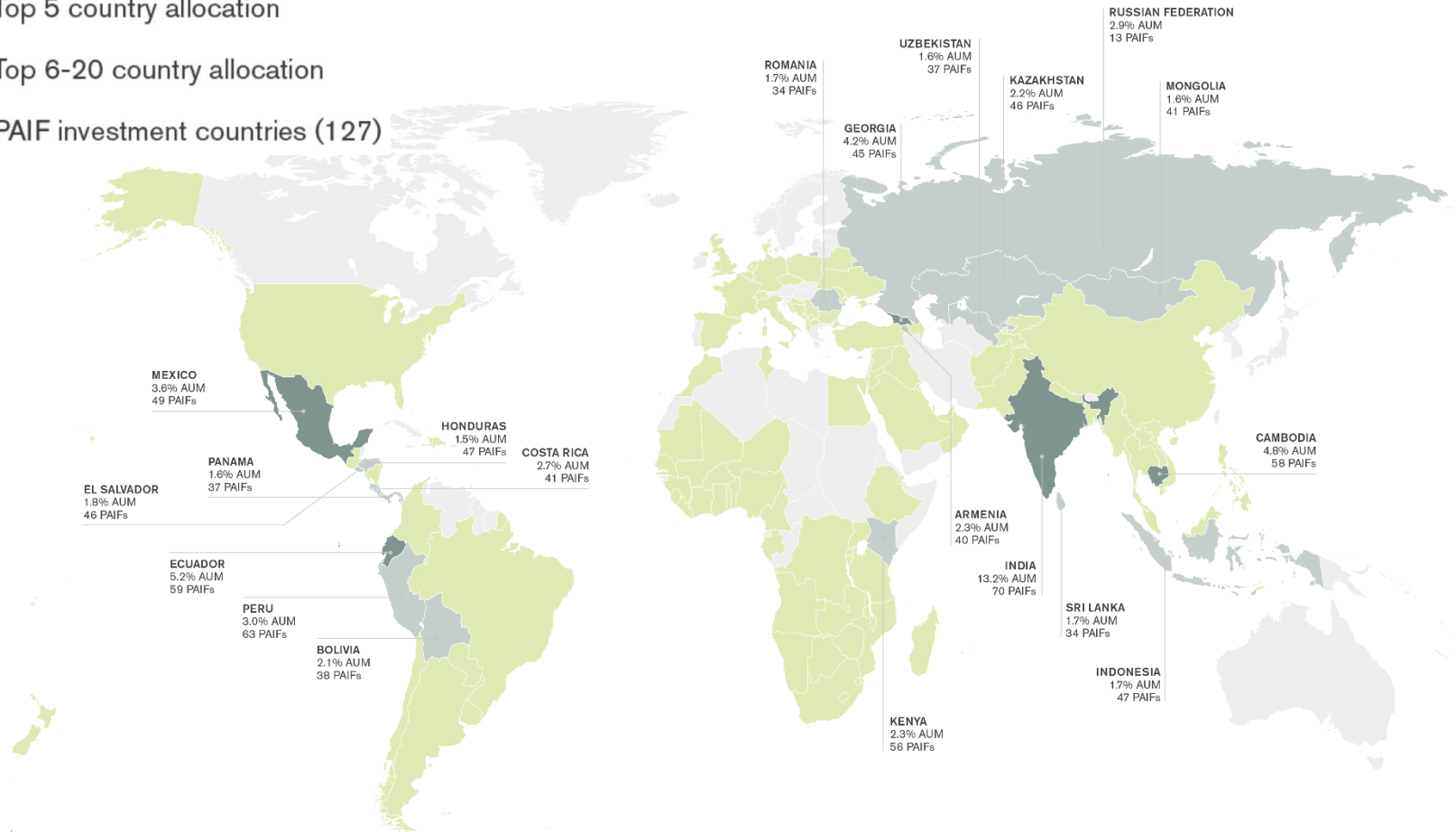
Fund Assets

Investment countries

Top 5 country allocation

Top 6-20 country allocation

PAIF investment countries (127)



Fund Investees

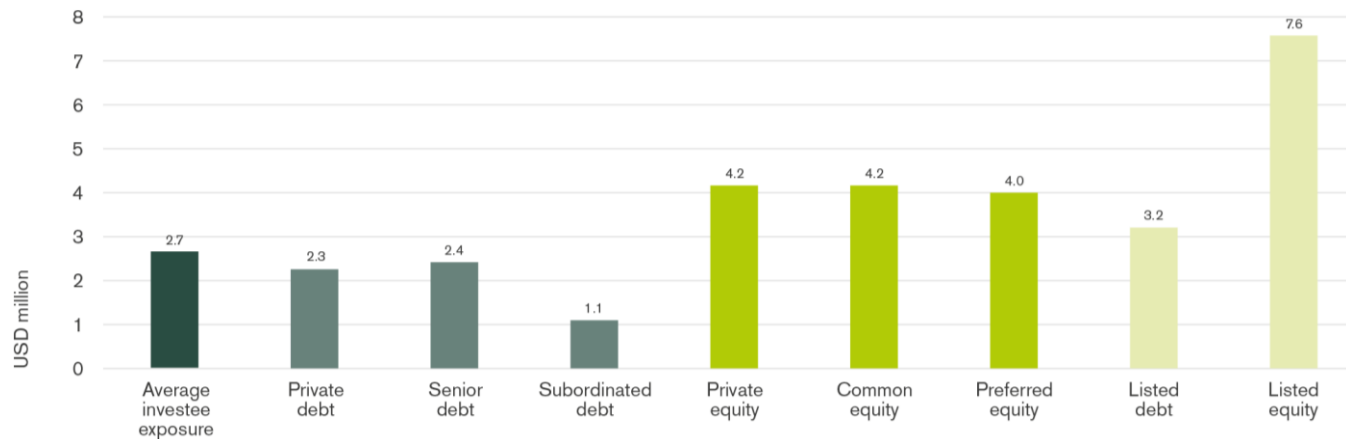
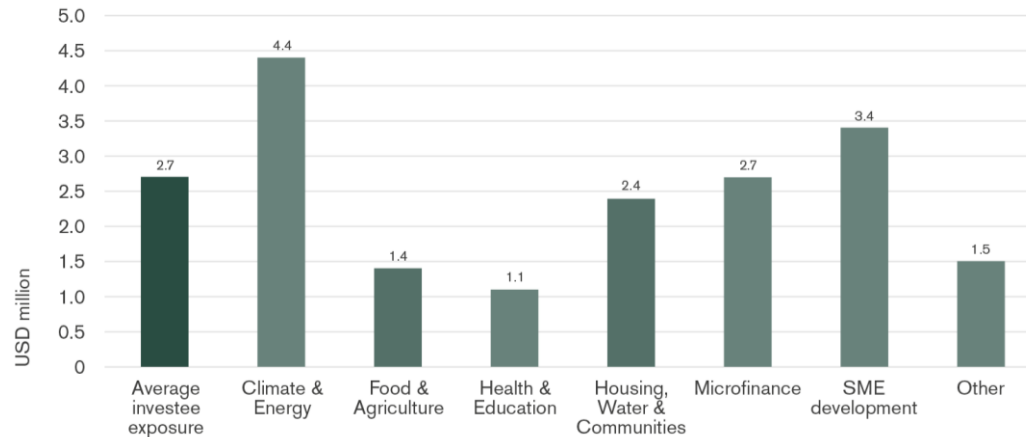
Fund Investees Number

Peer group	Average number of investees
All funds	44
Climate & Energy	11
Food & Agriculture	35
Health & Education	11
Housing, Water & Communities	18
Microfinance	50
SME development	43
Multi-sector	52
Fixed income	58
Equity	11
Mixed	36



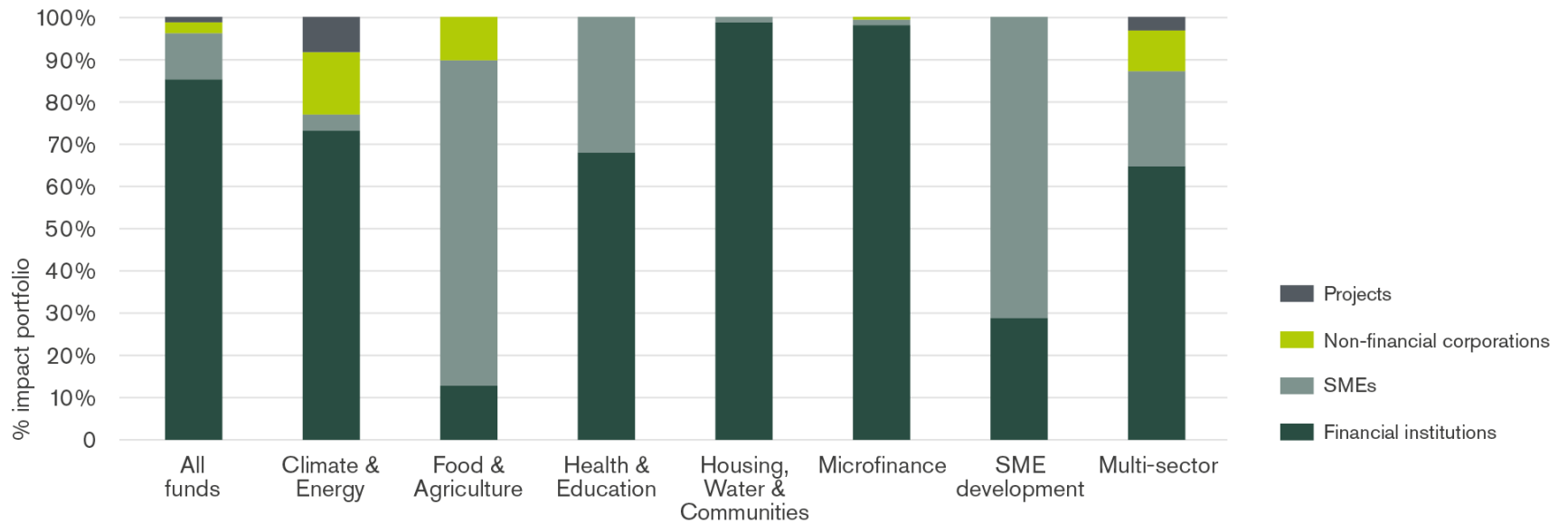
Fund Investees

Average investee exposure



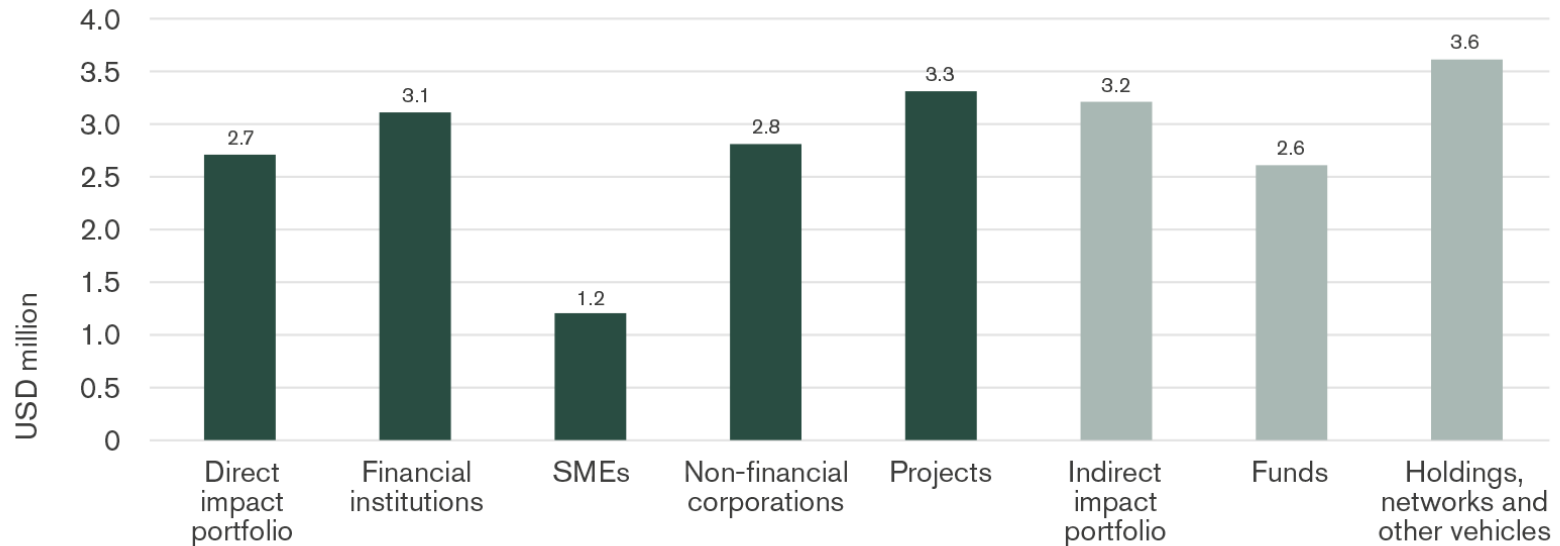
Fund Investees

Breakdown by investee type



Fund Investees

Average exposure by investee type



Fund Equity & Liabilities

Fund Equities & Liabilities

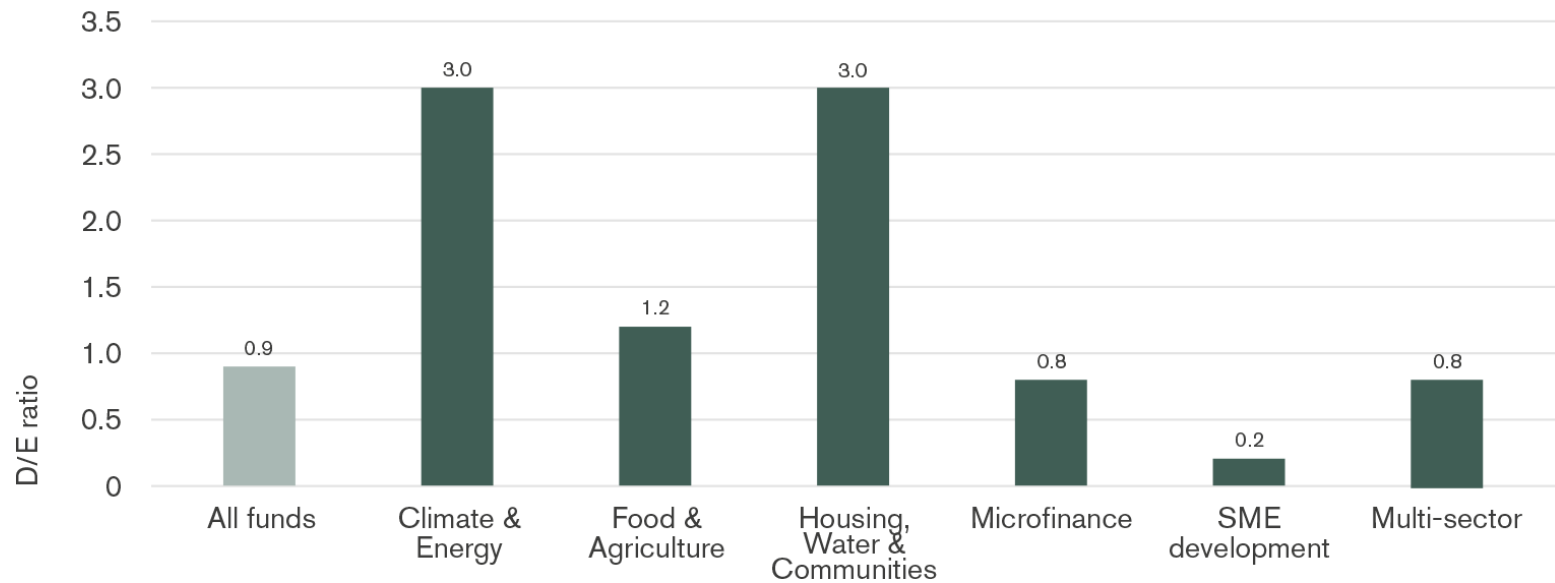
Leveraging strategy

Peer groups (nb. of funds)	Leveraged	Unleveraged	Total
All funds	49	104	153
% AuM	31%	69%	100%
Climate & Energy	7	5	12
Food & Agriculture	3	7	10
Health & Education	1	3	4
Housing, Water & Communities	2	1	3
Microfinance	26	60	86
SME development	6	6	12
Multi-sector	4	22	26
Fixed income	32	60	92
Equity	2	32	34
Mixed	15	12	27



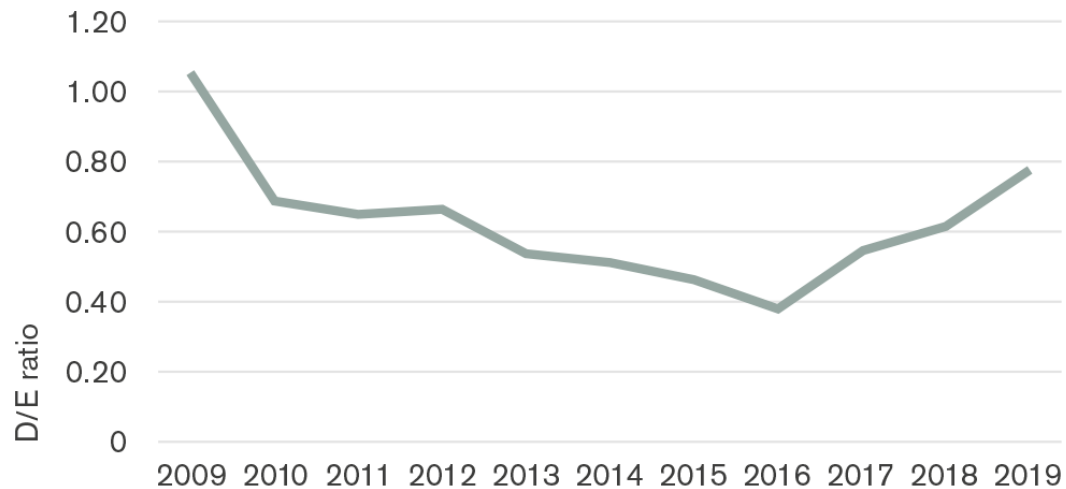
Fund Equities & Liabilities

D/E ratio



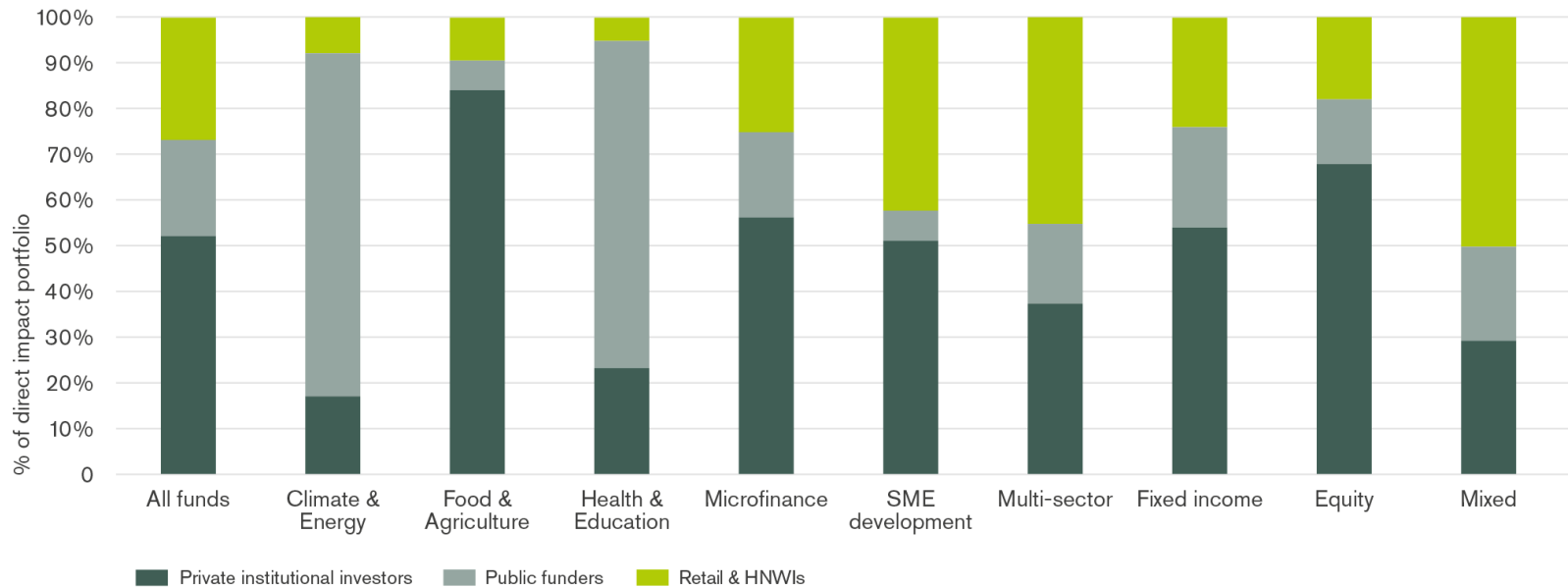
Fund Equities & Liabilities

Historical D/E ratio, microfinance funds



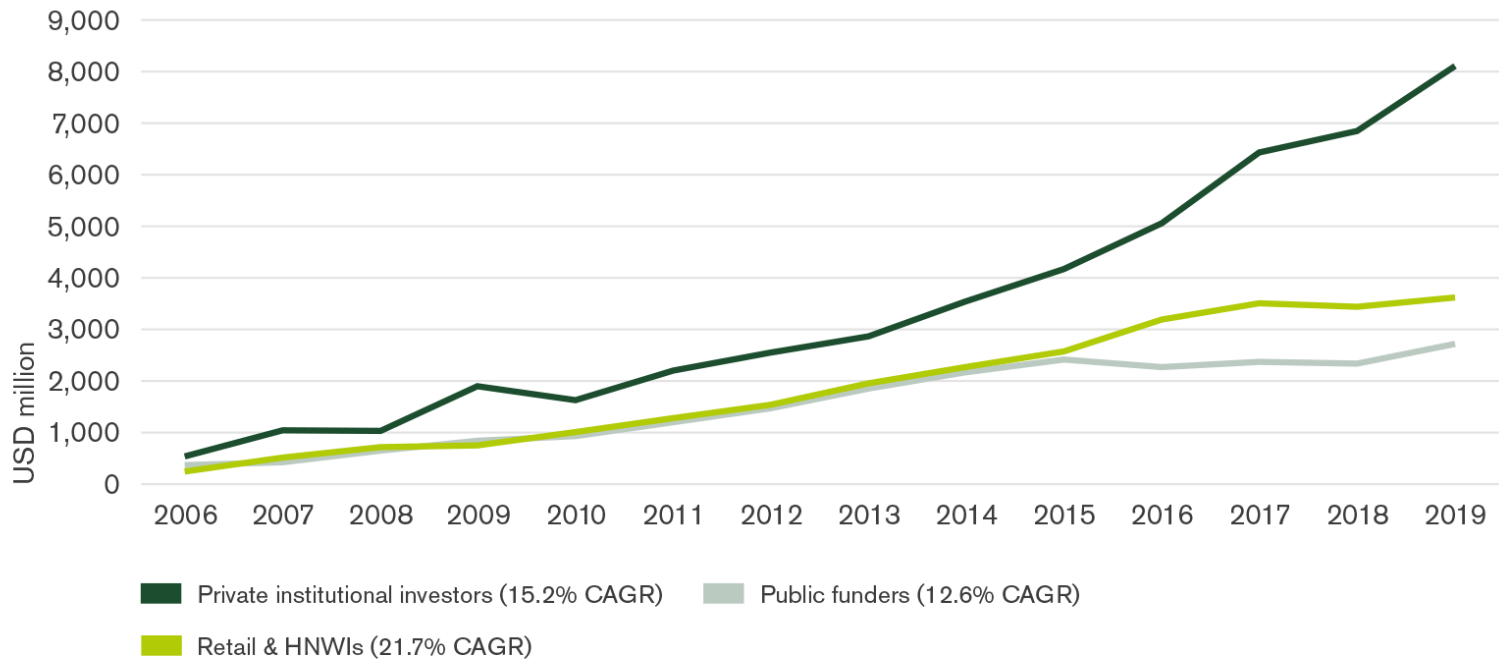
Fund Equities & Liabilities

Investor composition



Fund Equities & Liabilities

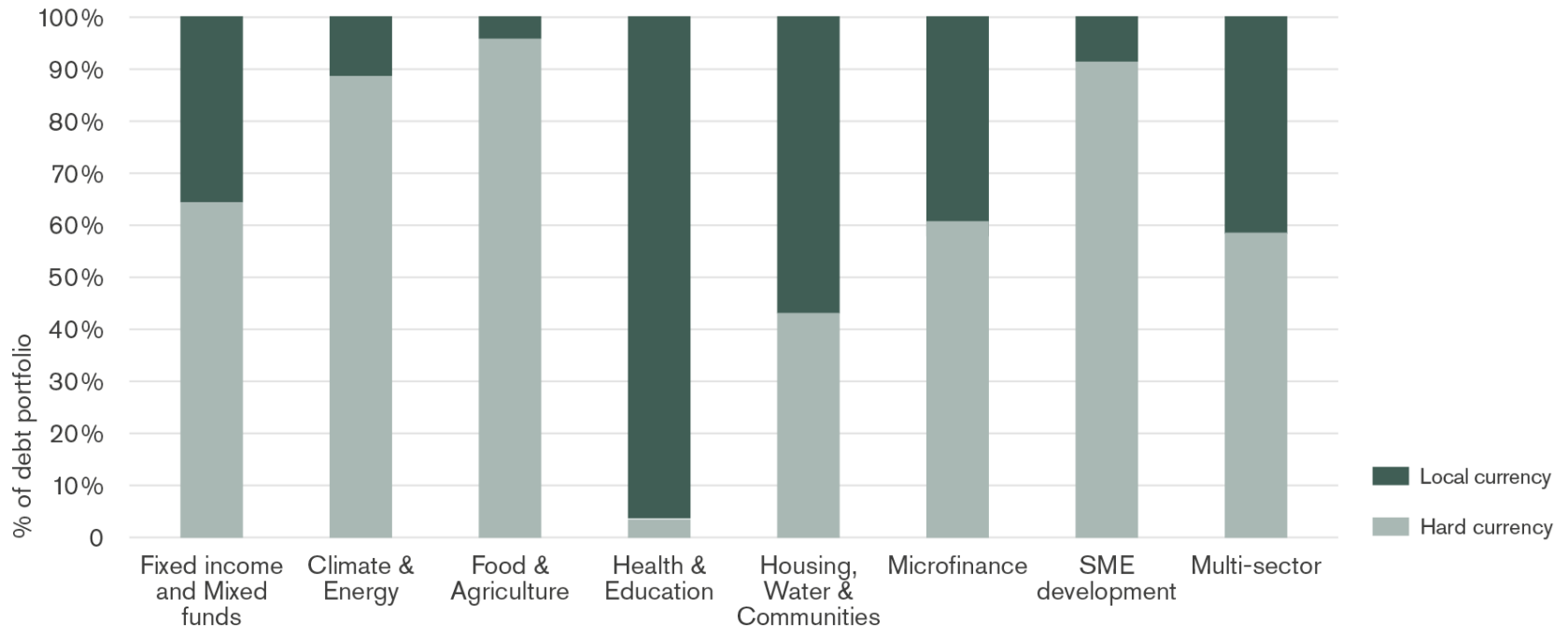
Investor composition, microfinance funds



Debt Investment Terms

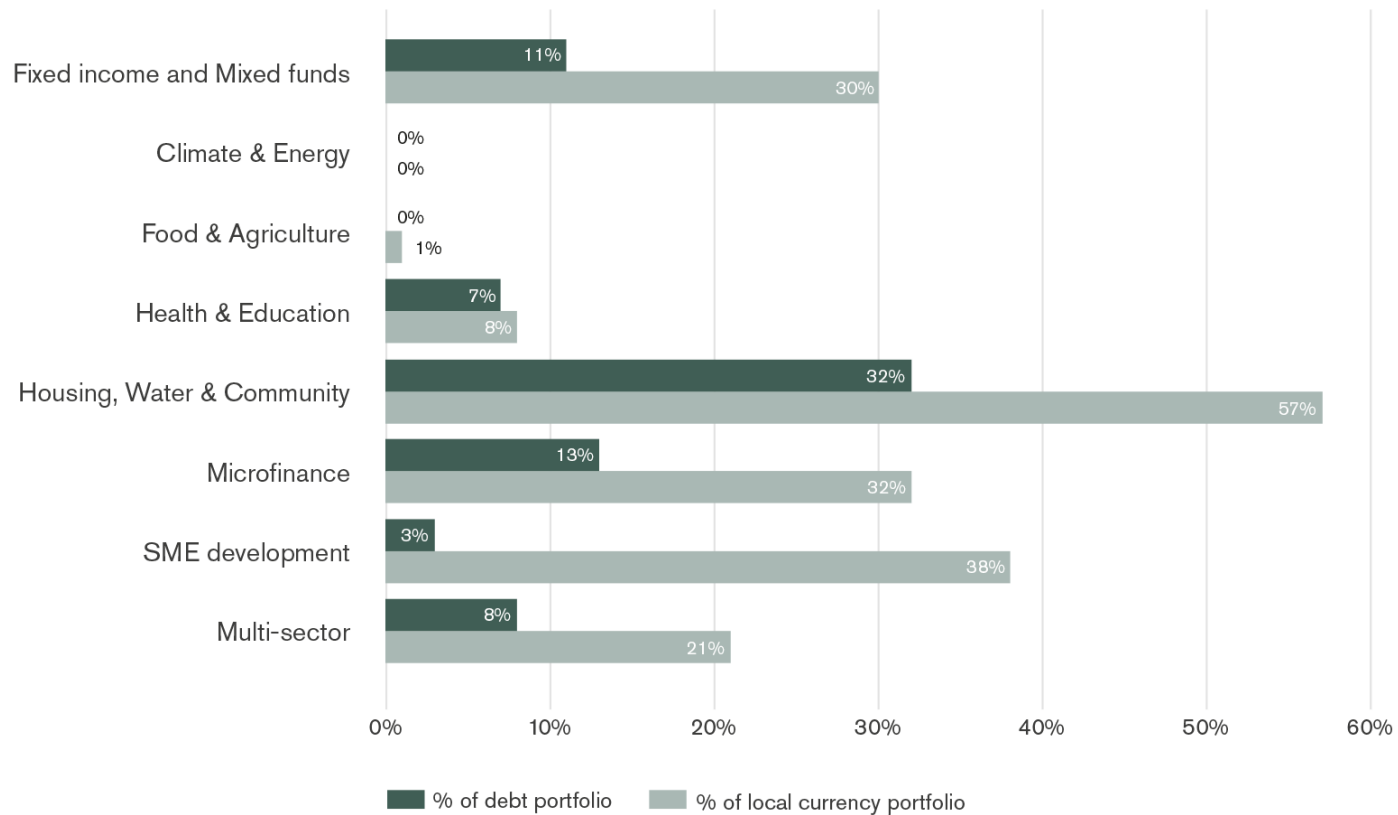
Debt investment terms

Currency of investments



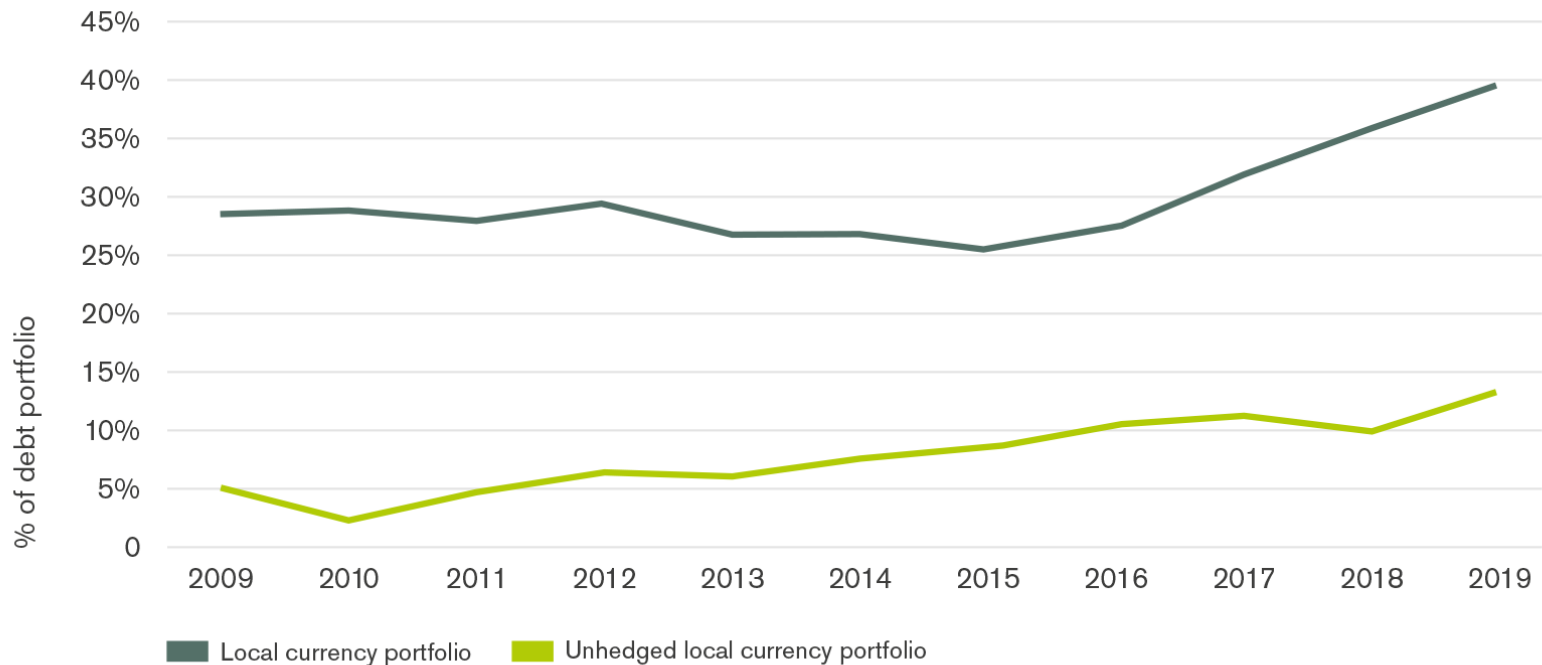
Debt investment terms

Currency of investments



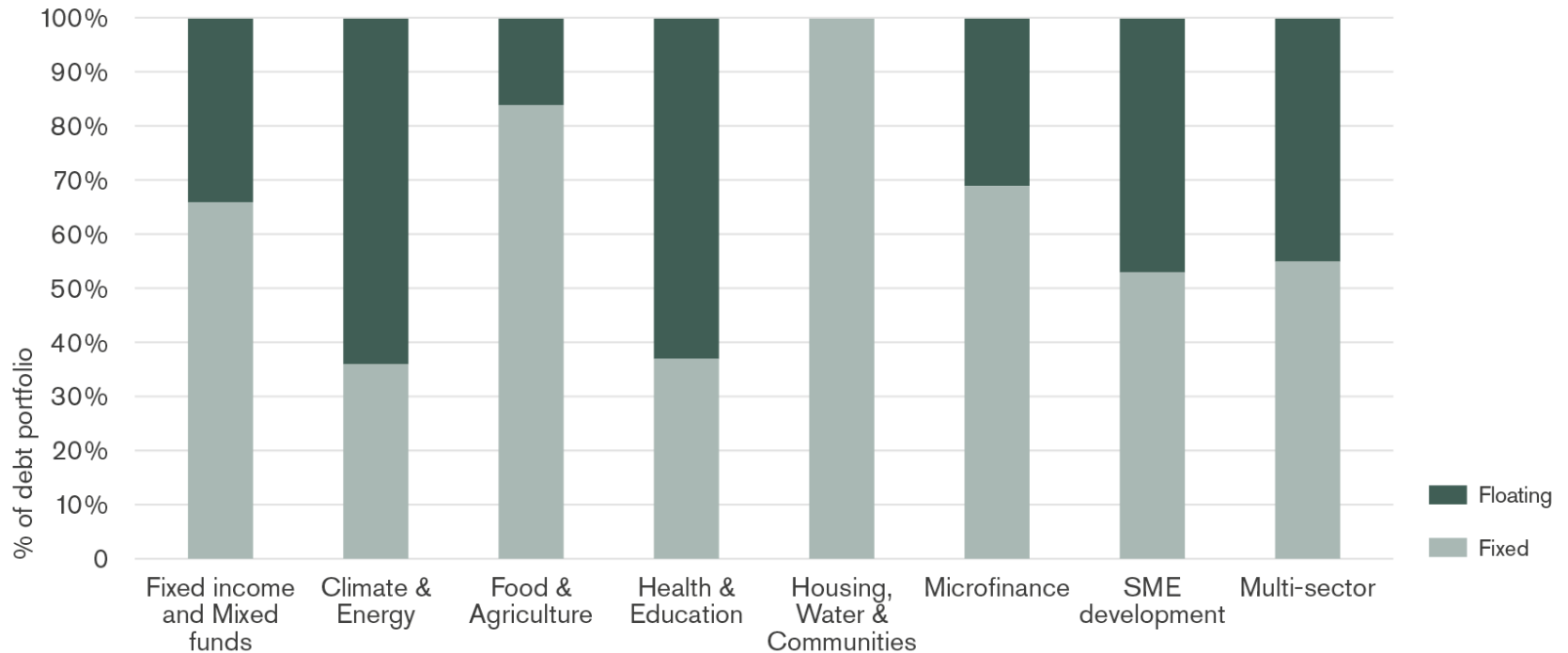
Debt investment terms

Currency of investments, microfinance funds



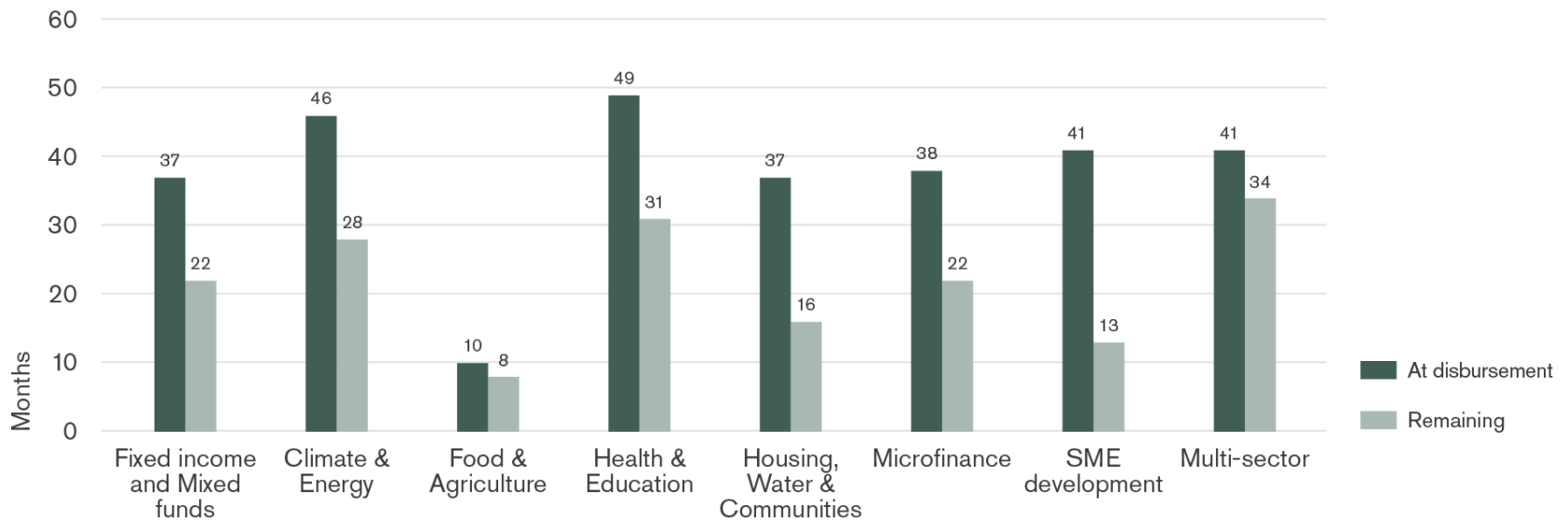
Debt investment terms

Interest rate type



Debt investment terms

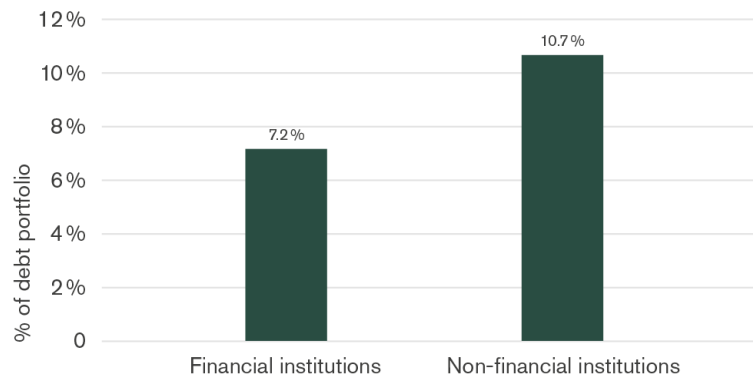
Maturity



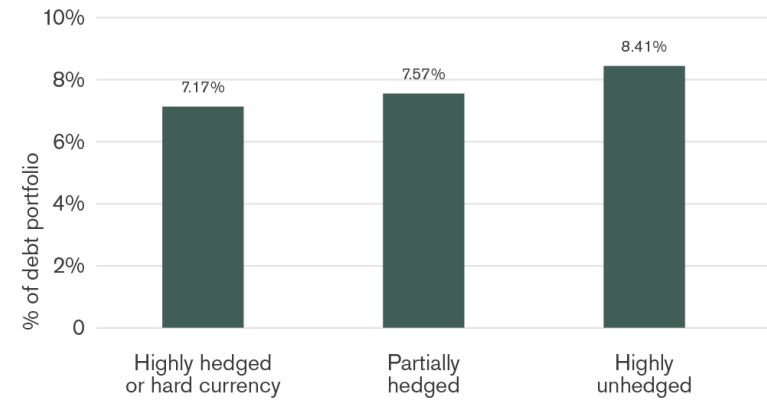
Debt investment terms

Yields

By investee type



By currency hedging strategy



Risk Analysis

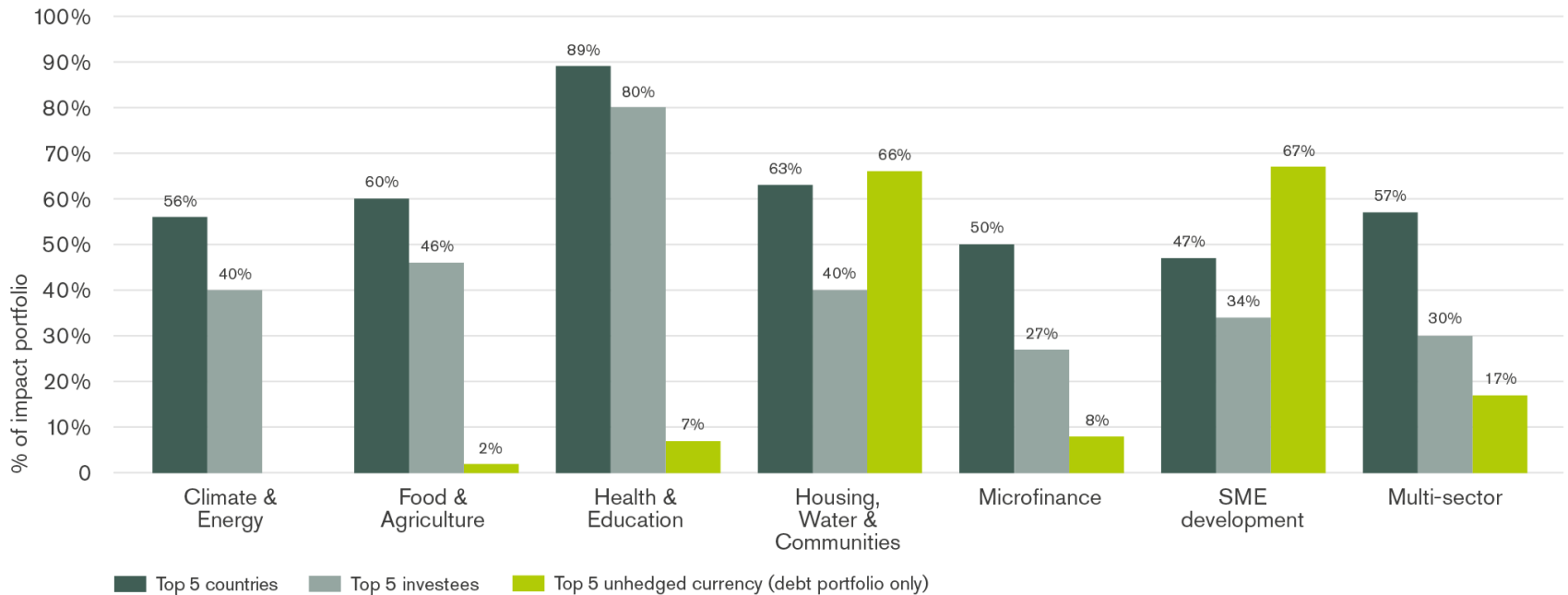
Risk Analysis

Portfolio concentration, by asset class



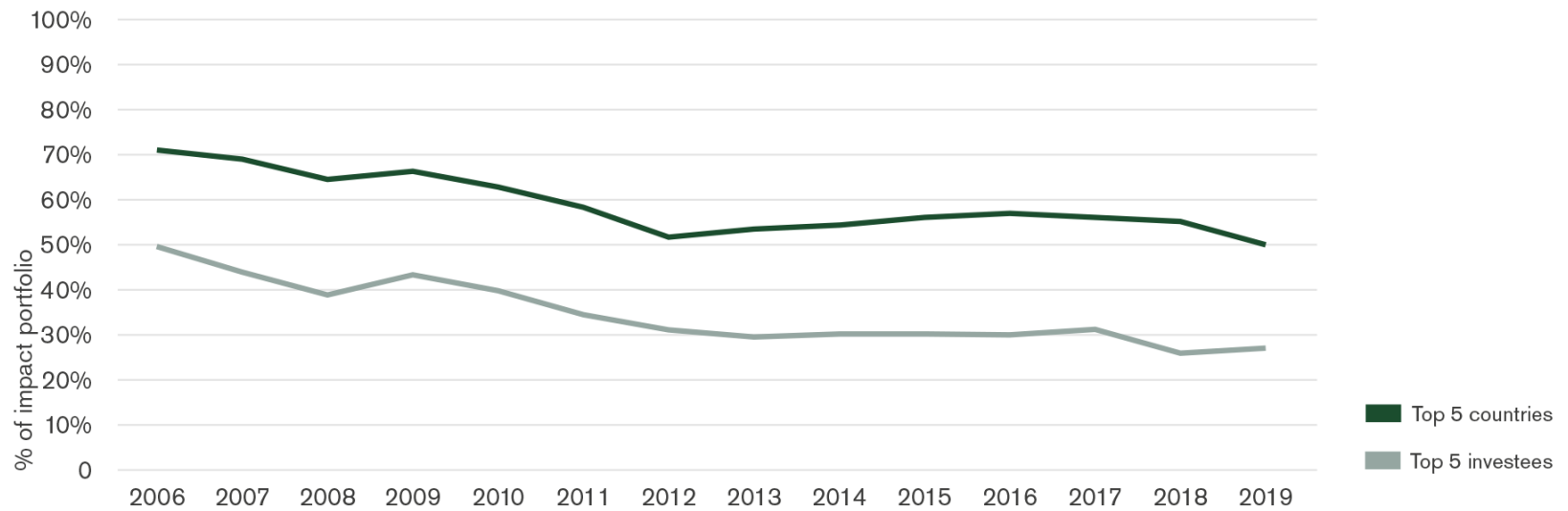
Risk Analysis

Portfolio concentration, by sector



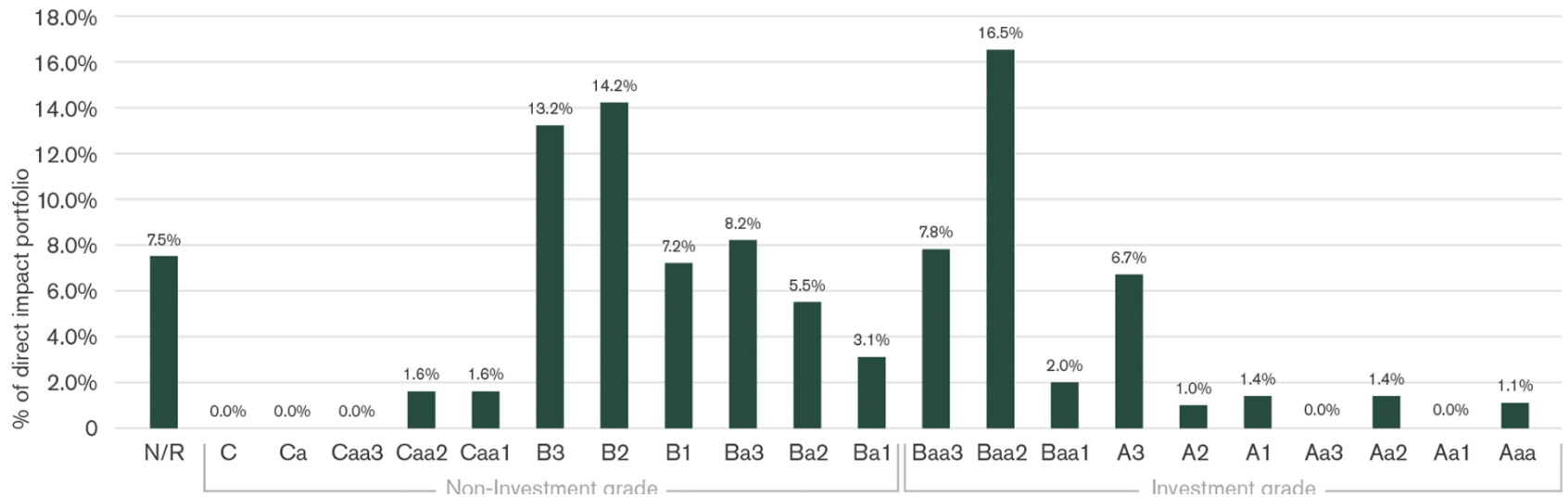
Risk Analysis

Portfolio concentration, microfinance funds



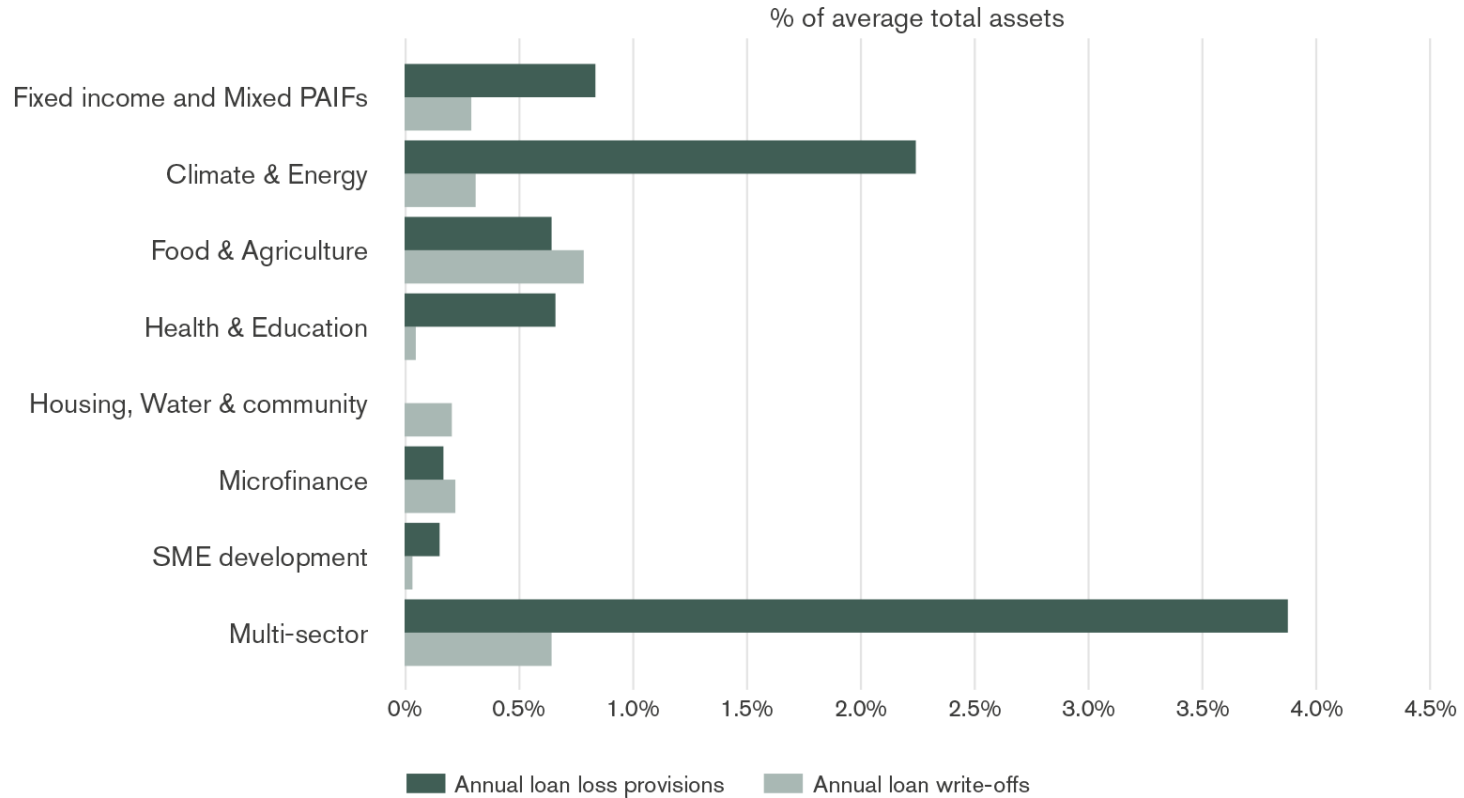
Risk Analysis

Sovereign risk



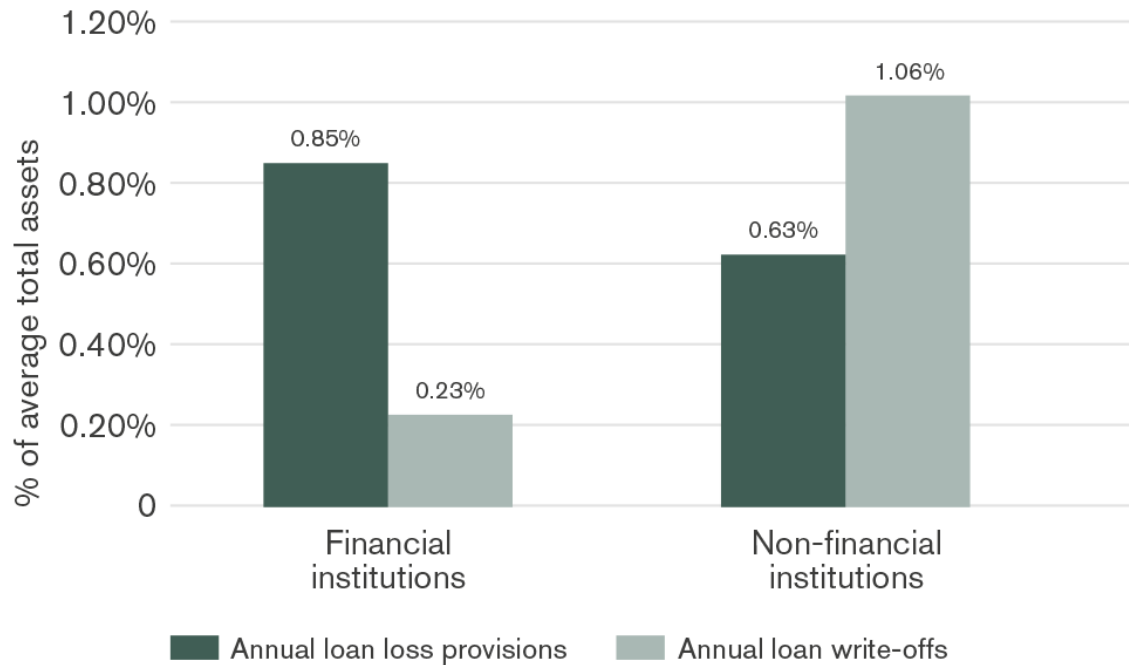
Risk Analysis

Loan provisions & Write-offs in 2019



Risk Analysis

Loan provisions & Write-offs in 2019 (cont.)



Fees & Returns

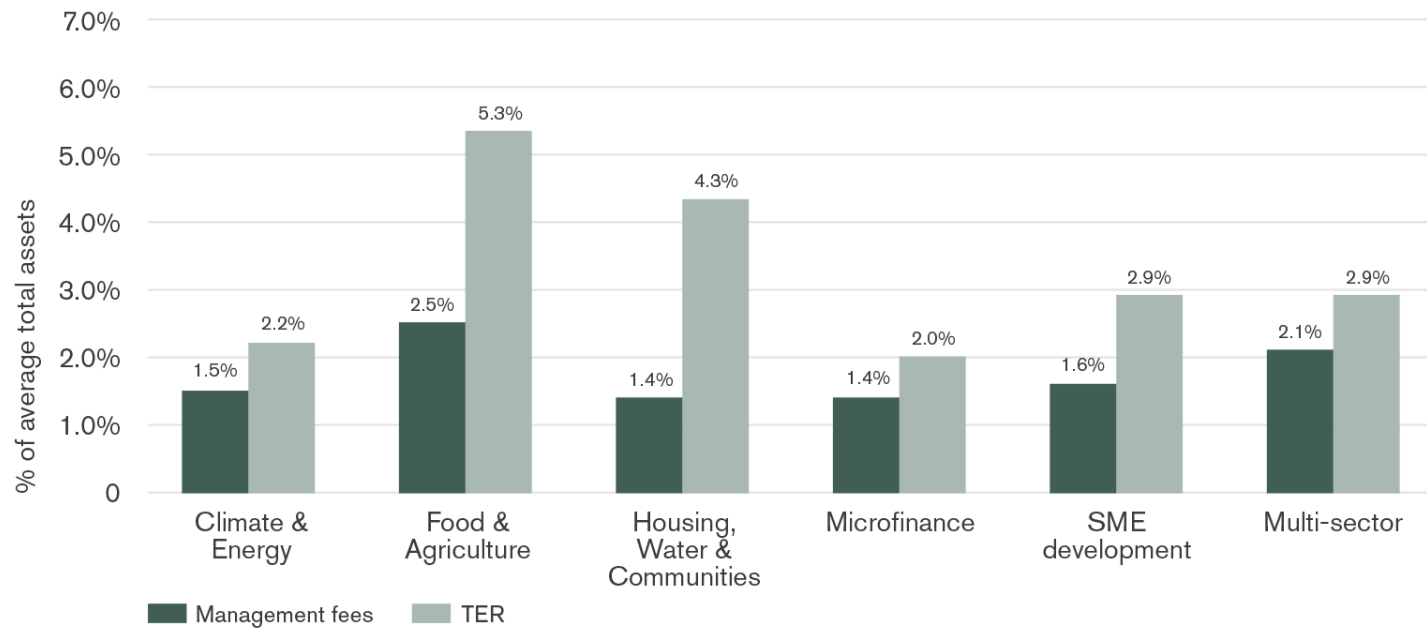
Fee Levels

Management fees & TER, by asset class



Fee Levels

Management fees & TER, by sector



Net returns

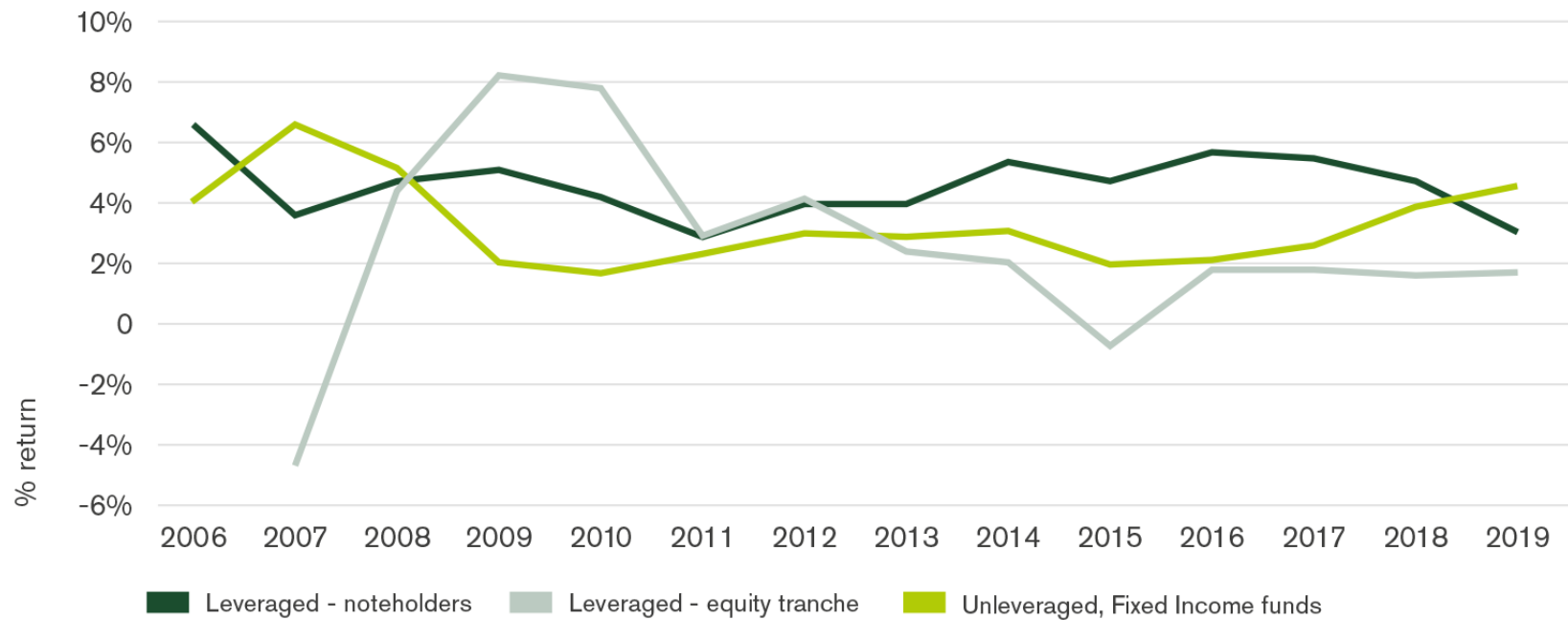
Leveraging strategy

Unleveraged funds	USD	EUR	CHF
Fixed income	4.3%	2.7%	1.3%
Equity	6.3%		
Mixed	4.6%	2.9%	
Leveraged funds	USD	EUR	CHF
Coupon returns	4.3%		
Equity tranche (ROE)	2.7%	4.0%	



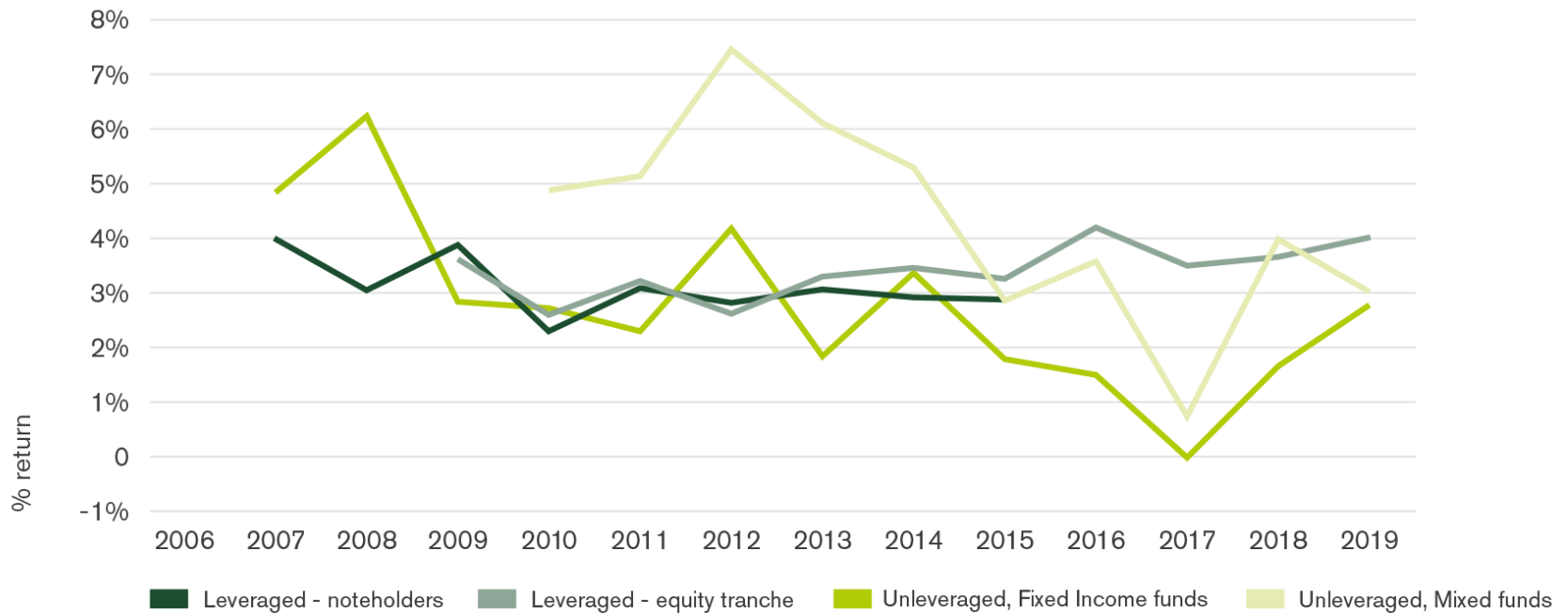
Net returns

Microfinance funds (USD)



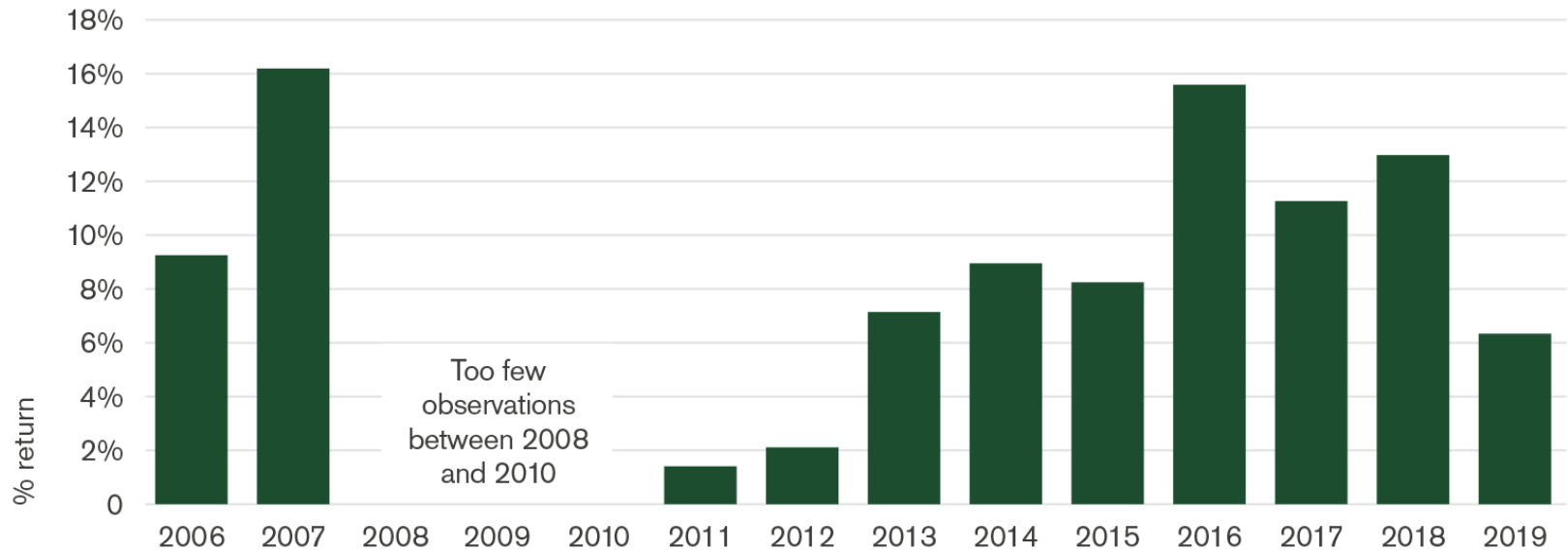
Net returns

Microfinance funds (EUR)



Net returns

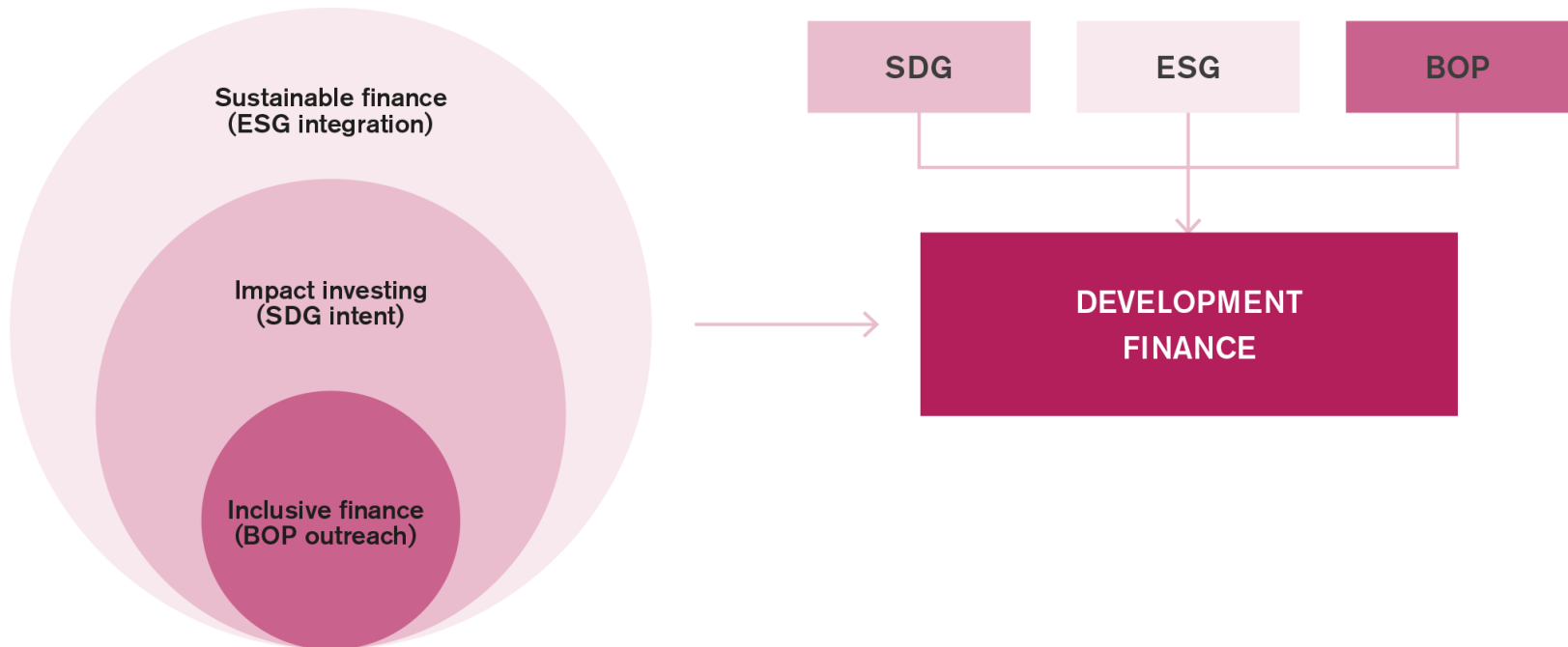
Microfinance equity funds (USD)



Impact Analysis

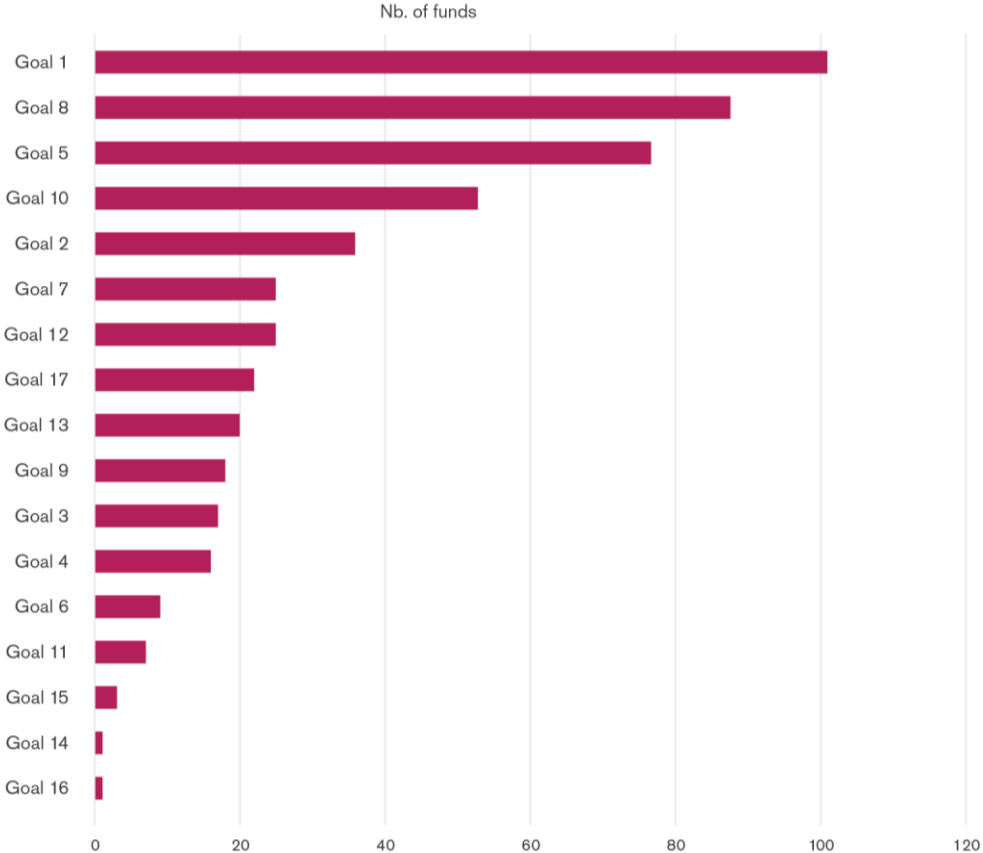
Impact Analysis

Development finance narrative



Impact Analysis

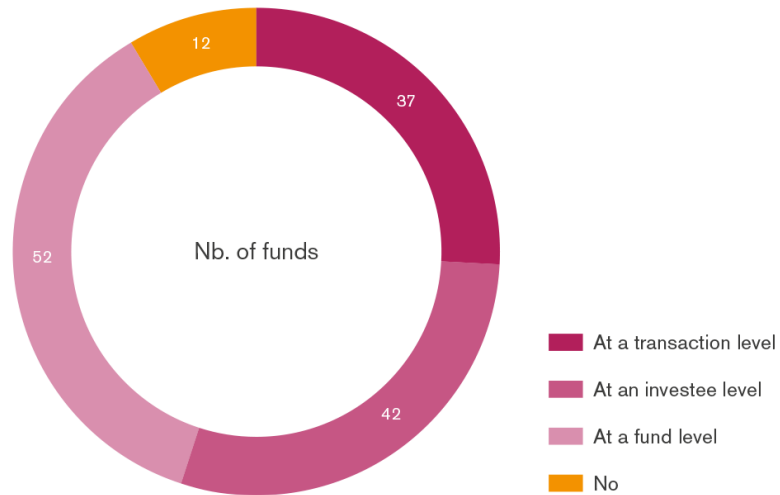
SDG intent



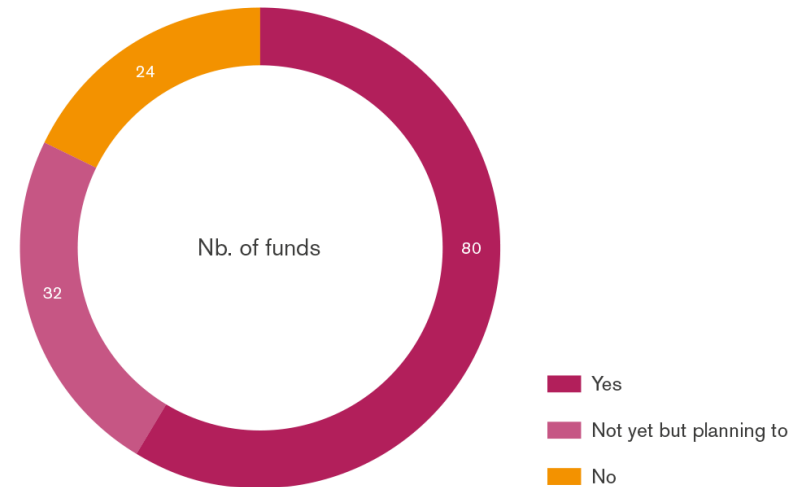
Impact Analysis

SDG intent (cont.)

- Mapping of funds' social/environmental goals against the SDGs

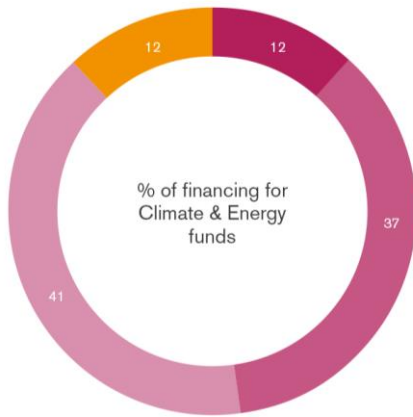


- SDG reporting to investors



Impact Analysis

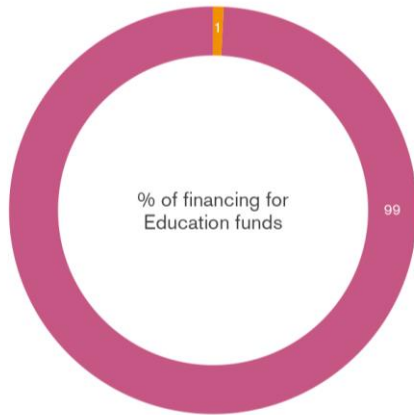
SDG intent, measurement by sector



- Clean transportation
- Energy efficiency/storage
- Renewable energy production
- Other(s)



- Equipment/input providers
- Farmers and producers
- Traders
- Processors and manufacturers
- Distributors and retailers
- Other(s)



- Education providers
- Students/learners

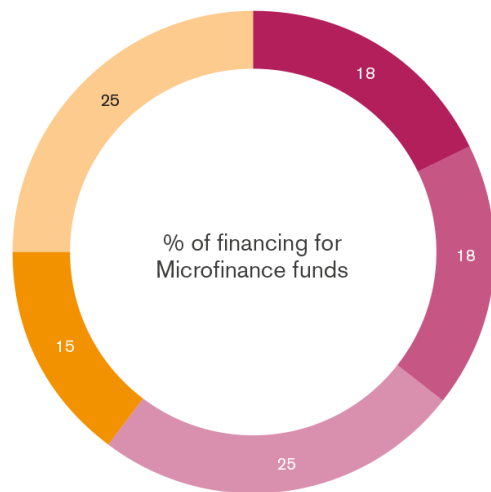


- Affordable housing
- Sustainable water and wastewater management

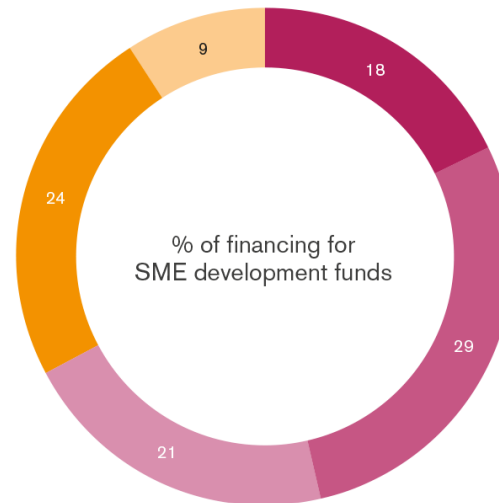


Impact Analysis

SDG intent, measurement by sector (cont.)



- Agriculture
- Production
- Trade
- Services
- Other



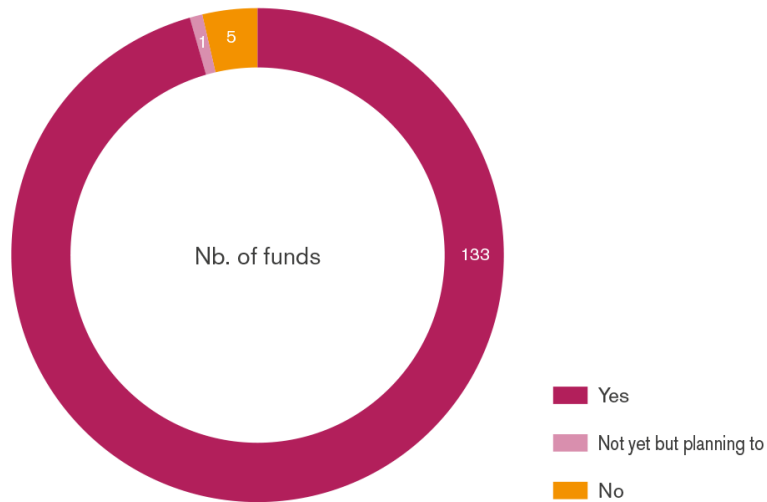
- Agriculture
- Production
- Trade
- Services
- Other



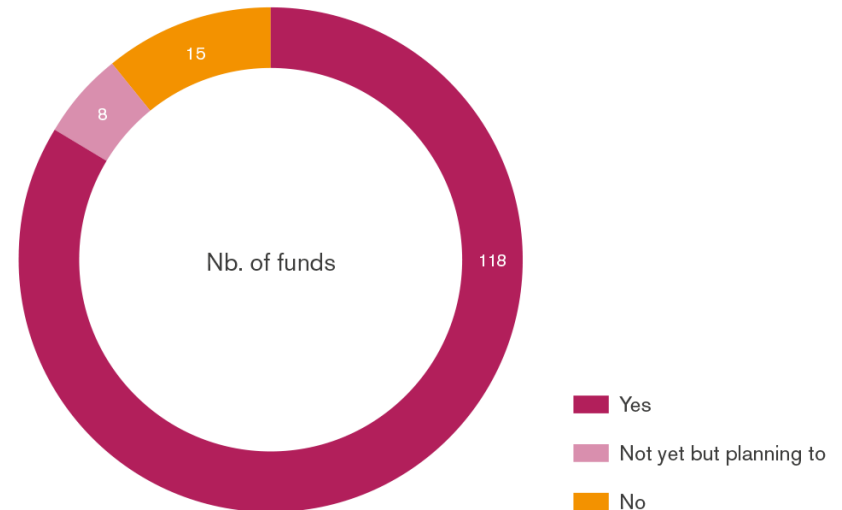
Impact Analysis

ESG integration

- Integration of ESG screening into investment decision process



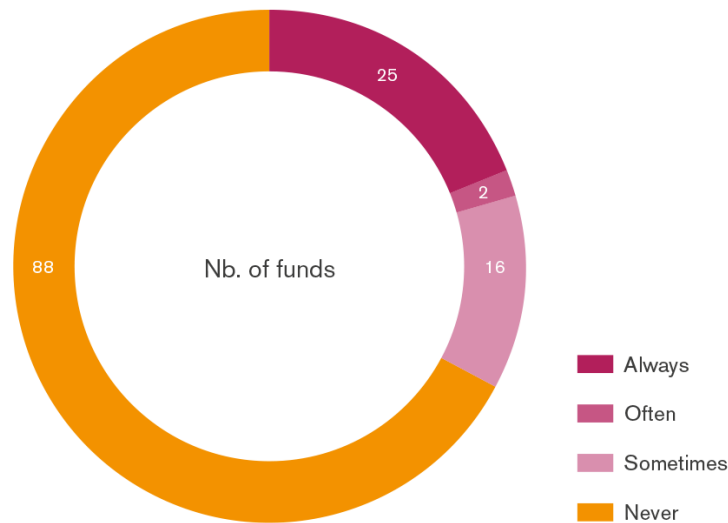
- ESG reporting to investors



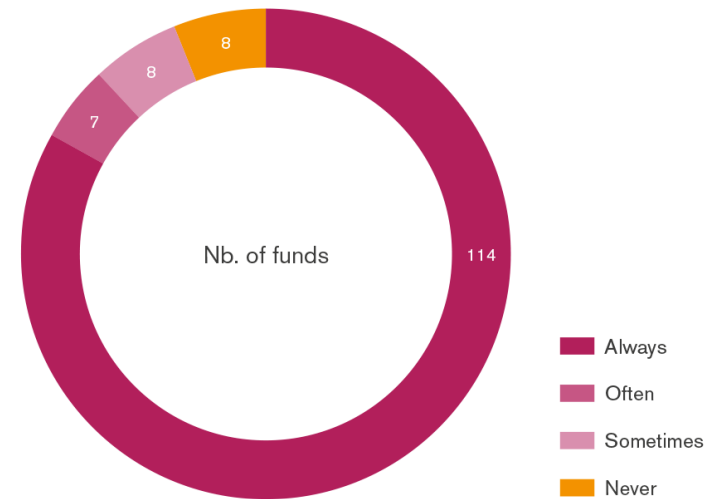
Impact Analysis

ESG integration (cont.)

- Use of preferential terms for investees demonstrating strong ESG commitment

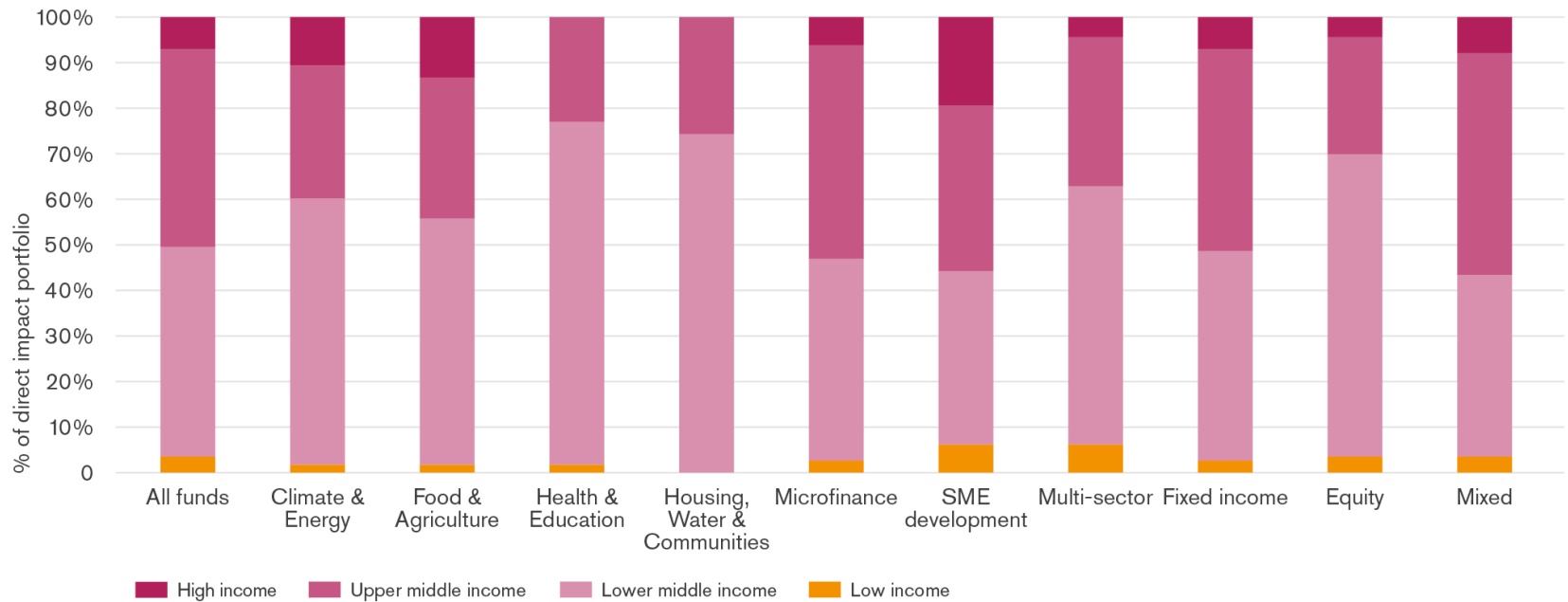


- Inclusion of social or environmental covenants / undertakings within investment agreements



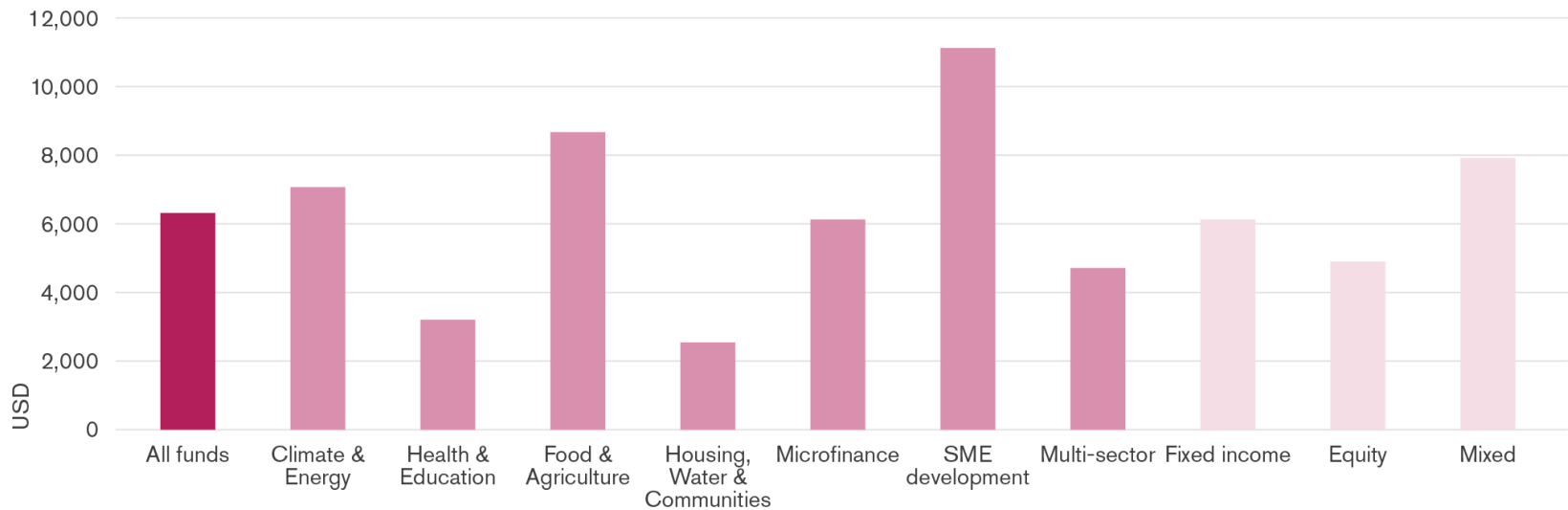
Impact Analysis

BOP Outreach, by country income levels



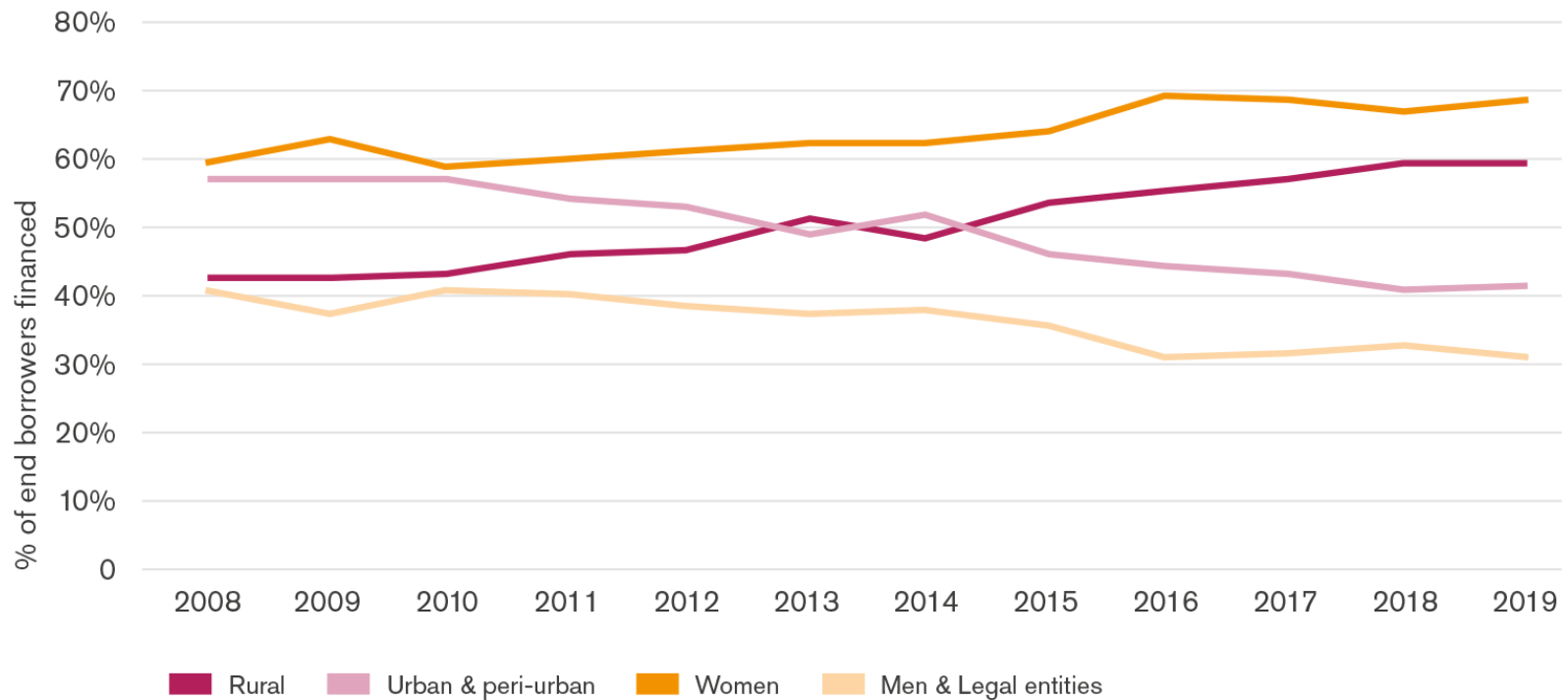
Impact Analysis

BOP Outreach, by GNI per capita



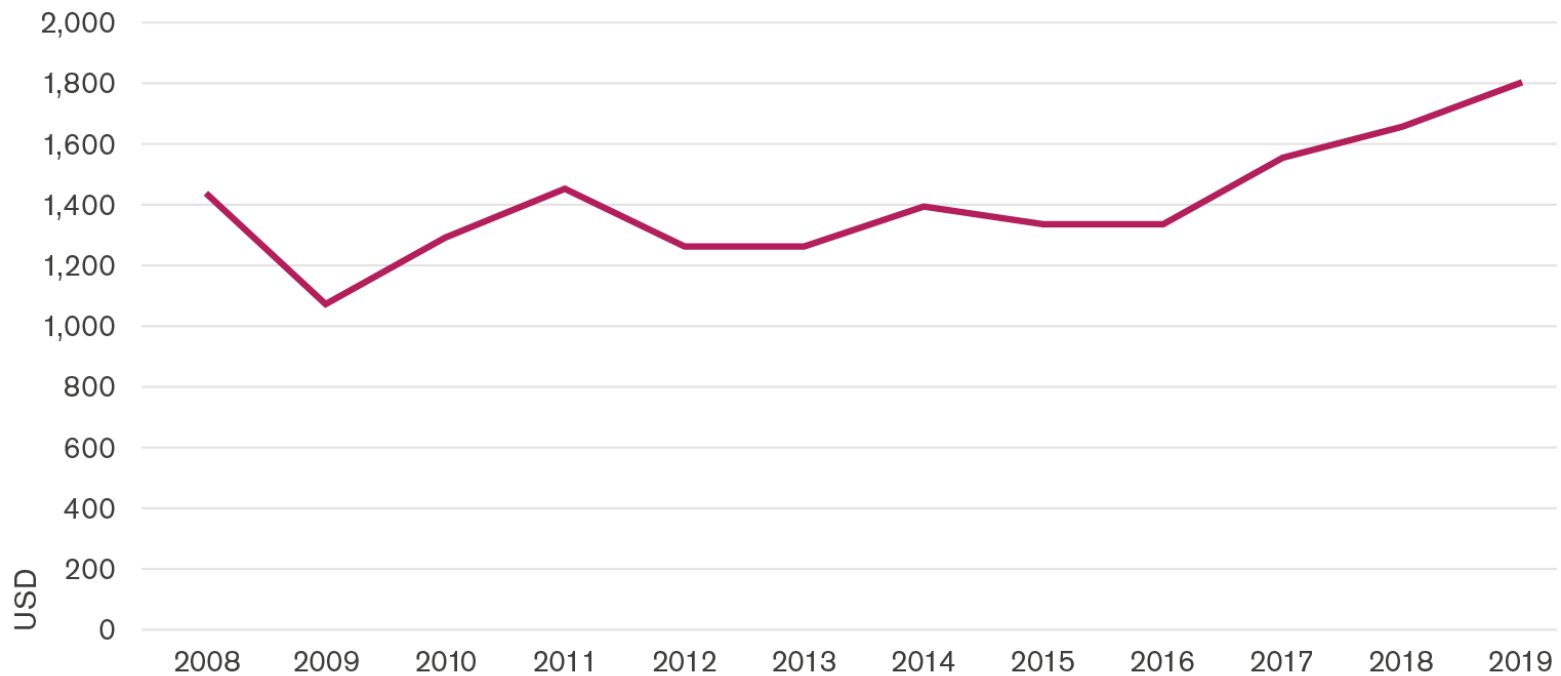
Impact Analysis

BOP Outreach, end-borrowers of microfinance funds



Impact Analysis

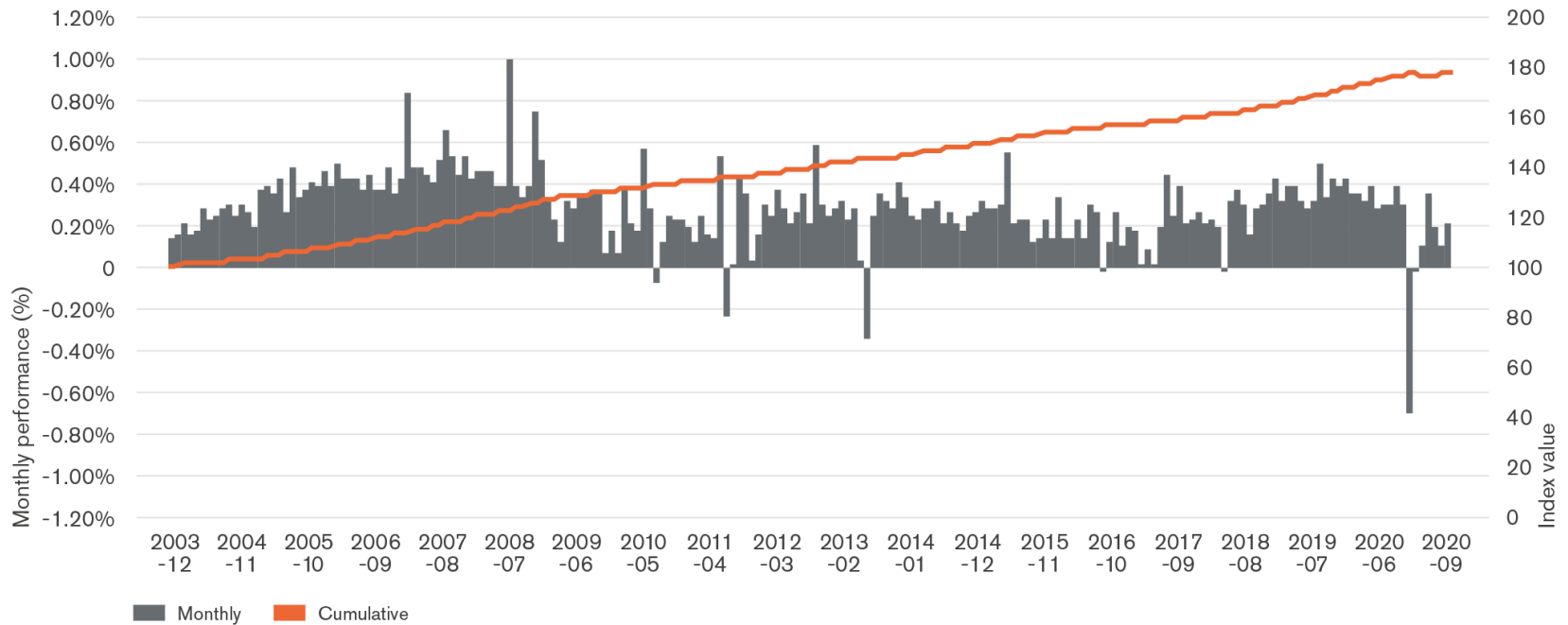
BOP Outreach, average loan size in microfinance



Pandemic period update

Pandemic period update

Historical stability



Pandemic period update

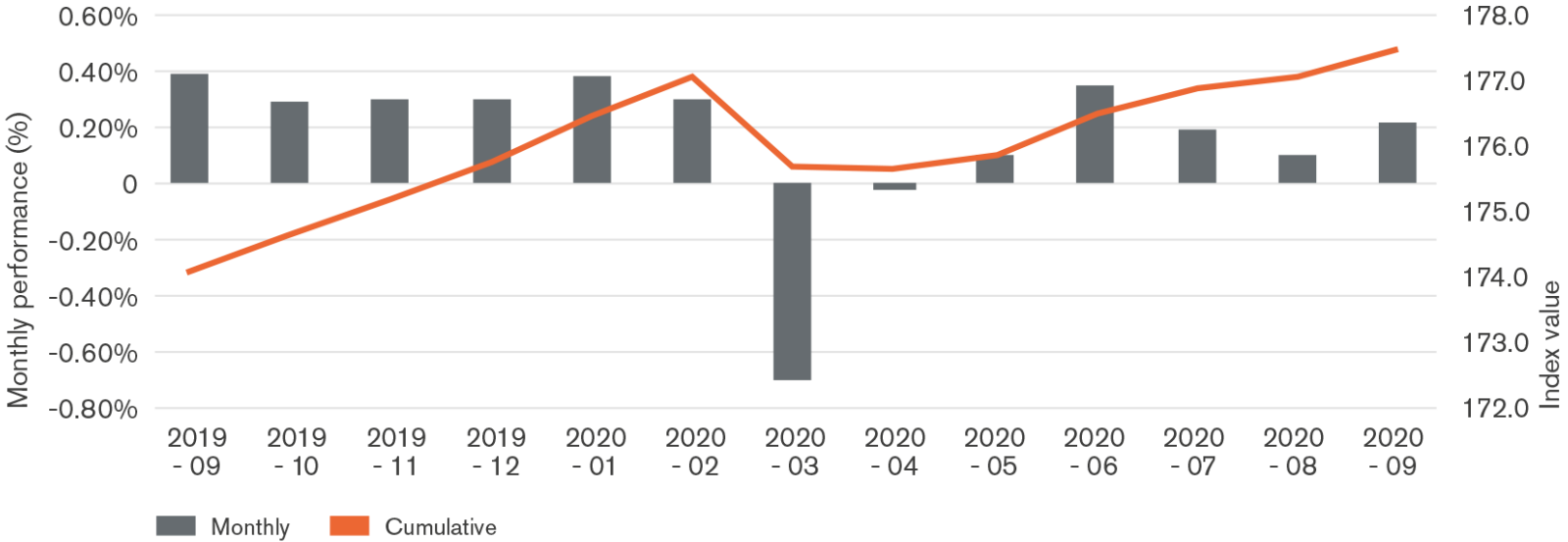
Risk-return analysis

Asset type	Volatility		Annualized returns		Sharpe Ratio	
	15-years	2020 (YTD)	15-years	2020 (YTD)	15-years	2020 (YTD)
DM stocks	15.62%	21.78%	6.61%	1.70%	0.32	0.05
EM stocks	21.78%	22.63%	5.81%	-1.16%	0.19	-0.08
DM government bonds	3.15%	2.82%	4.38%	6.03%	0.87	1.95
EM government bonds	9.27%	16.84%	6.68%	-0.32%	0.54	-0.05
Commodities	16.49%	18.60%	-4.82%	-12.08%	-0.39	-0.68
Hedge funds	5.65%	7.36%	0.87%	1.62%	-0.13	0.15
Fixed income Microfinance funds	0.62%	0.92%	3.50%	0.91%	3.03	0.38



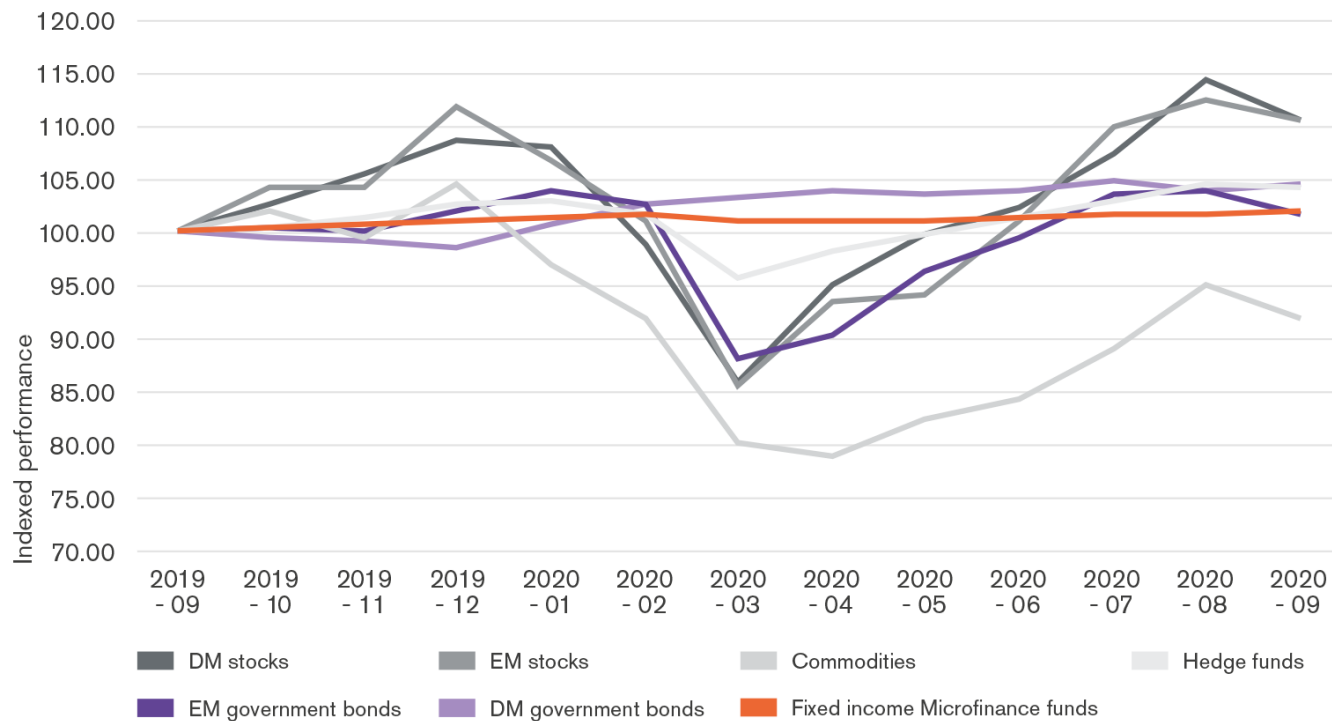
Pandemic period update

12-Month Analysis



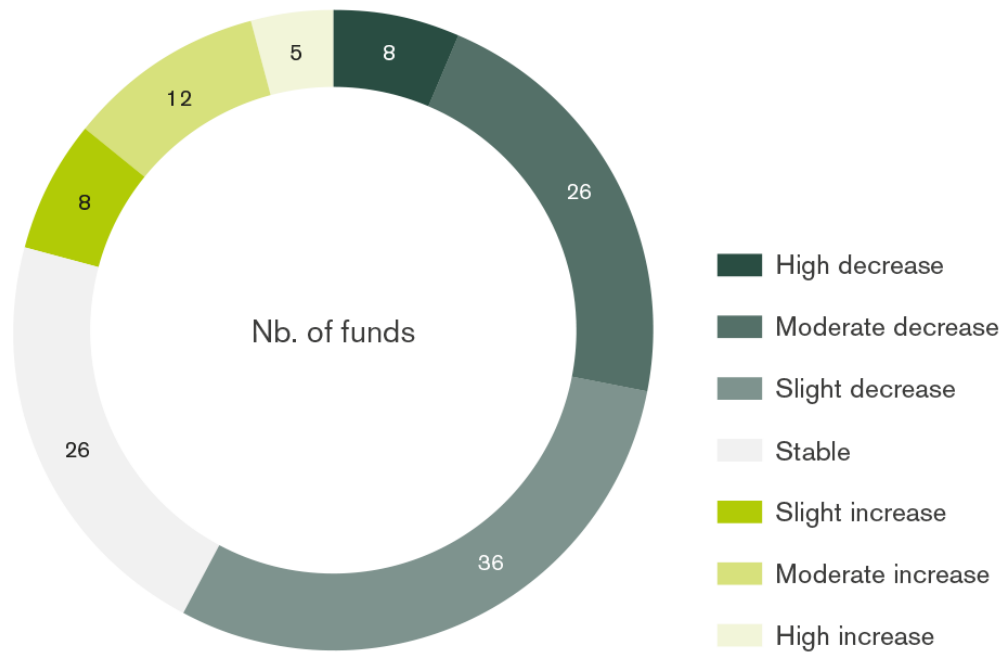
Pandemic period update

12-Month Analysis (cont.)



Pandemic period update

Return expectations for 2020



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