

Dear Clients and Partners,

This message follows our nine previous memos, which you can all consult here:

<https://symbioticsgroup.com/covid-19/>

We decided to move to bi-weekly updates; therefore, the next update will be sent during the week of June 8<sup>th</sup>.

The key overview elements of this eleventh week into the pandemic for us are the following:

- **Country situation:** While the situation varies a lot from one country to another, most governments across the globe have started to reduce lockdown measures (with the notable exception of some countries in Latin America). Financial support from multilateral agencies (notably the IMF) or bilateral ones remains strong, enabling most countries to stabilize their currencies, and for some, even to recover part of the depreciation that arose since March. Large stimulus packages have also been launched, some directly targeting the real economy, therefore MSMEs, for the benefit of our investees.
- **Microfinance institutions situation:** Many Central Banks have facilitated moratoriums on loan payments, accompanied by measures to relieve needs for prudential provisioning on restructured loans. Governments have implemented local or regional SME refinancing funds to ease the impact of such moratoriums on the liquidities of our investees.
- **Liquidity cases:** Thanks to the efficient and transparent coordination among impact investors active in emerging and frontier markets, the vast majority of the immediate liquidity stress situations experienced by MFIs amidst the Covid-19 crisis have already been resolved. As of today, from a total of 286 active outstanding investees in our portfolio, 79 have required close monitoring upon liquidity or solvency issues. Out of those 33 have eventually overcome difficulties without any additional support, 37 benefited from payment moratorium or agreement among international debt providers to roll-over their debt principals for 6 to 9 months. Such flexible agreements allow microfinance institutions to focus their energy on the monitoring of their loan portfolios in the coming months and to build up funding strategies for the medium term with more serenity. Meanwhile 6 investees are about to sign formal standstill agreements with relatively positive perspectives. We expect a limited number of new cases in the coming weeks, even though the stress situation arising from lockdowns and payment forbearance measures is not yet fully stabilized.
- **Solvency cases:** We have now only 3 open solvency cases (for less than 0.5 % of our AUM). No new cases arose during the last two weeks and one was closed.
- **Fundraising:** We observe that withdrawals from microfinance funds remain limited and several of our clients have continued fundraising during the past weeks. A new vintage closed-end fund will be launched by one of our key clients this week for 80m\$ of new subscriptions. We are continuing discussions with DFIs and private investors on the development of Covid-19 basket bonds, using our MSME bond platform.
- **Pipeline / New investments:** Disbursements have resumed starting early May and our funds should disburse around 50m\$ in May. We expect a slightly higher level of disbursements for June.

Please liaise directly with your relationship manager for portfolio specific situations and perspectives.

Yours sincerely,  
Symbiotics