

Dear Clients and Partners,

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

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

Contrary to the trend in developed markets, the number of Covid-19 cases in most emerging and frontier markets is stable. Asia and Africa are the least hit and although infection levels are higher in Latin America and North Africa, they remain far from the levels seen in Europe or the US. In November, the first vaccines were approved, and initial vaccination programs were launched in December. Markets rallied on this news, and emerging market debt is up +4.5% year-to-date<sup>1</sup>. However, it will take well into 2022 for the vaccine to reach all emerging and frontier countries. So, we end the year with optimism for 2021, although cautiously.

- **Microfinance institutions portfolio quality:** MFI portfolios have started to grow again since September and have globally reached pre-COVID levels. The number of clients has decreased as MFIs maintained their focus on portfolio quality. PAR30 increased slightly over the year: 4.65% at the end of October versus 2.65% end of 2019. Loans rescheduled due to the pandemic continue to decline but remain high at a global median of 29%.
- **Currencies:** Most emerging currencies rebounded, and the MSCI EM Currency Index is now up almost 3% over the year. The main exceptions in November were in Central Asia (Tajikistan, Kyrgyzstan, Armenia, Georgia) and to a lesser extent Africa (Zambia, Nigeria).
- **Liquidity & solvency cases:** Although liquidity and equity levels remain generally solid among our investees, rescheduled loans could negatively impact MFIs in 2021. In November, we saw six new liquidity cases, with investees from Myanmar, Jordan, Indonesia, Georgia and India. Overall, we still have 20 open Covid-19 cases, corresponding to 5.2% of total assets. In a minority of cases (eight, or 1% of assets) the solvability of investees is impacted.
- **Demand:** The fourth quarter is usually high season for impact debt disbursements, and 2020 has been no exception notwithstanding the pandemic. The positive trend that set in over summer continued, and in November we disbursed USD 109 million, bringing year-to-date totals to USD 740 million. If our estimate of around USD 170 million for December is accurate, we will end the year above USD 900 million, slightly higher than previous years. The outlook for 2021 remains uncertain due to Covid-19, but we aim to disburse more than USD 1 billion in the year ahead.
- **Fundraising:** The positive trend in new assets continued. Early December, we launched another new mandate for a Swiss client, with an initial funding of USD 55 million.

You can contact your relationship manager for portfolio specific questions and perspectives. We wish you and your loved ones a happy holiday season and all the best for 2021.

Sincerely,

Symbiotics

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<sup>1</sup> JPM EMBI Global TR, as at 10/12/2020