

**Monthly Client Memo**

21 May 2021

Dear Clients and Partners,

This message follows our last memos, which you can all consult here: <https://symbioticsgroup.com/covid-19/>

The COVID-19 pandemic and political tensions continue to stress the economic environment. However, institutions are responding to mitigate the disruptive effects and prepare for recovery as vaccine rollout picks up. Colombia's President withdrew the tax bill that had elicited deadly protests, and the country is determined to retain its investment-grade rating. Facing a surging number of COVID-19 infections, the Reserve Bank of India has announced to extend the loan restructuring scheme and to introduce a liquidity facility. Globally, reopening economies see a jump in economic activity due to increased household consumption and investment activity. Signs of recovery also show in our markets. Twelve months after the first signs of the COVID-19 pandemic, year-on-year portfolio growth received a further boost in March. In Myanmar, however, the challenging political situation continues to put pressure on the financial system, with Symbiotics' investees reporting difficulties to source hard currency from local banks.

- **Microfinance institutions portfolio quality:** Positive portfolio growth and an increase in borrowers since April 2020 are encouraging signs of recovery. Portfolio-at-risk was at higher levels in Africa and Asia during the first quarter, however with decreasing levels in Africa. In India, the lockdown remains limited and local compared to previous responses and the portfolio quality of our partners remains good. The portfolio quality remains stable in Europe, Central Asia and Latin America.
- **Currencies & interest rates:** Emerging market currencies drew support from a weaker dollar and lower U.S. Treasury yields after the March peak, and the MSCI EM Currencies Index is up 0.55% since the beginning of May. Both EM local and hard currency debt rebounded after a difficult first quarter, but year-to-date performance is still in the red.
- **Liquidity & solvency cases:** One workout case opened in Paraguay in April due to tight liquidity levels and adverse impact of the COVID-19 pandemic on the repayment capacity of its clients. In Myanmar, only one formal workout case is currently open, but many of our partners have difficulties meeting payment deadlines due to hard currency shortage. Overall, COVID-19-related cases (10 cases) are further declining compared to the beginning of the year (19 cases). Open COVID cases represent solely 2.6% of total assets, thereof only a small number (USD 11 million, or 0.5% of assets) is related to the solvency of the firm.
- **Demand:** Symbiotics disbursed USD 76 million to 22 institutions in April 2021. A comparison to April 2020 origination of close to USD 11 million indicates that markets are recovering from the pandemic's disruption. Demand was strongest in Europe and Central Asia (41% of loans disbursed, USD 31 million), followed by Latin America (26%) and Asia (19%). We expect the positive trend to continue with projected disbursements exceeding USD 110 million for May 2021.
- **Fundraising:** April saw continuing subscriptions in our funds, notably USD 20 million from an Austrian client, as well as a further USD 12 million from the Netherlands.

You can contact your relationship manager for portfolio specific questions and perspectives. We will send you the next Monthly Client Memo in June.

Sincerely,

Symbiotics