

Dear Clients and Partners,

Your Monthly Client Memo for January 2022 is available below. If you have missed any of the previous Memos, you can access them via this link: symbioticsgroup.com/covid-19/.

We would like to start by expressing our shock and sadness over Russia's invasion of Ukraine. And whilst it is too early to determine the long-term effects of it to investments, we would like to stress that we have no exposure to Ukraine in our portfolios. We do have one investee in Russia representing 0.5% of our total loan portfolio. We don't believe the investee will be materially impacted as it has no exposure to financial assets such as Russian T-bills or corporate debt and its branches are located relatively far from military actions. As the situation evolves, we will continue to inform you on the impact of the conflict on the countries themselves and the surrounding region. In line with our mission of "pushing money where it doesn't flow" we hope that we'll be able to continue financing institutions from both countries, supporting small enterprises where it's needed most. But for the moment, we will abstain from further investments. For more information, please contact your Relationship Manager.

In January, markets remained weak due to rising inflation and fears of rising interest rates. This uncertainty coupled with some optimism on the back of positive employment and earnings data makes it hard to determine for sure how the remainder of the year will pan out. That said, central banks in emerging and frontier markets have been more advanced in the rate hike process, putting their states in a more favorable position.

We remain reassured by the private debt asset class as it continues to deliver stable returns, in contrast to major asset classes, especially equity and also bonds, that recorded negative performance upon the start of 2022 and were further impacted by an escalation of the Ukraine – Russia conflict.

Our monthly update:

- **Macroeconomic & sustainability update:** Some good news came from countries across Emerging and Frontier Markets in January. Fitch upgraded Angola's credit risk rating to B- and kept the rating outlook at 'stable', on the back of rising oil prices and sound macroeconomic policies. The Philippine economy expanded more than expected in Q4 2021 with GDP increase of 7.7% year-on-year, compared to 6.9% in Q3 2021. Azerbaijan's credit rating remained at BB+. The outlook was revised to stable from negative amid expectations that the ceasefire agreement with Armenia will hold. Mexico's monthly index of economic activity went up but the outlook remains clouded by high security, operational, and policy risks. China's central bank gave banks window guidance to boost lending to both households and companies. A further cut in the reserve requirement ratio is expected in Q1 2022.

A group of investors, including Allianz and Calpers, have set new targets for reducing greenhouse gas emissions on concerns that time is running out to prevent the planet from overheating. Additionally, Europe began imposing new requirements on how banks report environmental risks and carbon targets to enable investors to see a clearer picture of the threats of climate change to the industry.

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- **Currencies & interest rates:** In the last week of January, Colombia's central bank surprised economists with the largest interest rate rise in almost two decades by lifting it by 1% to 4%. Central banks that followed suit included Sri Lanka, Kazakhstan, Costa Rica (up 50 basis points) and South Africa (up 25 bps to 4% but signaling a less aggressive rate-hike path over the next three years). Pakistan, Kenya and Nigeria left their interest rates unchanged.
- **Demand:** Symbiotics disbursed USD 27.4 million to 9 institutions in January 2022, bringing the total for the year to USD 27.4 million YTD, compared to USD 54.3 million in 2021. Subtle start is typical for the first quarter of the year. We witnessed the strongest origination in Asia (56% of all loans), Europe and Central Asia (22%), followed by Africa (15%) and Latin America (7%).

Should you have any questions or feedback, please contact your relationship manager.

Sincerely,
Symbiotics