

Dear Clients and Partners,

Your investment update for March 2022 is provided below. If you have missed any previous updates, you can access them via symbioticsgroup.com/monthly-update.

The ongoing war between Ukraine and Russia is pushing global inflation higher and contributing to increased market uncertainty. Whilst this environment has resulted in lower returns for listed bond and equity markets, we have seen positive performance across our portfolios this quarter. Our continued monitoring and stress testing show that our institutions remain largely stable and demonstrate resilience in uncertain times.

Our monthly update:

- **Macroeconomic update:** Broadly, we have seen inflationary pressure with rising commodity prices. Central banks in Brazil, Chile, Colombia, Mexico and Peru raised referential interest rates and despite increasing inflation, restrictive monetary and fiscal policies, Latin America benefited from an overall stable economic situation in Q1 22. We saw instability in Asia, the lockdown in China caused disruption, the economic debt crisis led Sri Lanka to default on external debt payments and volatility in Pakistan with leadership change and upcoming parliamentary elections. Nonetheless, there was high credit demand in Asia, especially in India and Nepal.
- **Currencies & interest rates:** The Russian Central Bank imposed capital controls to protect the Ruble following its sharp depreciation in February, this enabled recovery to pre-crisis levels and had a positive effect on currencies in surrounding markets such as Georgia and Armenia. EE countries continue to demonstrate relative resilience to the spill-over effects from the war, although higher energy prices will likely translate into a faster pace of inflation growth. We observed key rate increases in Romania, Albania and Moldova. Latin American currencies generally performed well over the period.
- **Borrower/portfolio performance:** The ratio of loans under moratorium continues to fall, with only a slight increase in the Middle East and North Africa, East Asia and the Russia, Caucasus and Central Asia region in December 2021 data. Overall PAR90+R has been stable since Q4 20, except in Asia, with deterioration in Myanmar, Sri Lanka and certain eastern India-focused microfinance institutions. Profitability level has been rising in Symbiotics portfolio, except in Asia, with a decline due to increased provisioning levels. Our investees have proven to be robust and undeterred by current market turmoil. On the portfolio side, we posted relative positive performance across most hedged mandates. Unhedged local currency mandates show solid quarterly performance thanks to strong diversification and positive performance of emerging market currencies, notably COP and ZAR.
- **Demand:** Symbiotics disbursed USD 66.5 million to 18 institutions in March 2022, compared to 44.5 million in March 2021. We witnessed the strongest origination in Latin America (43% of all loans), Europe and Central Asia (22%), followed by Asia (19%) and Africa (17%). We are seeing increasing demand for new sectors and currently concentrating on origination in financial innovation.

We are pleased to announce winning a second consecutive innovation green bond award from Environmental Finance; a 100% agriculture green bond structured for Samunnati Financial Intermediation & Services India, supporting smallholder farmers to develop sustainable agricultural practices.

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

Sincerely,

Symbiotics