

Investment Manager Comment

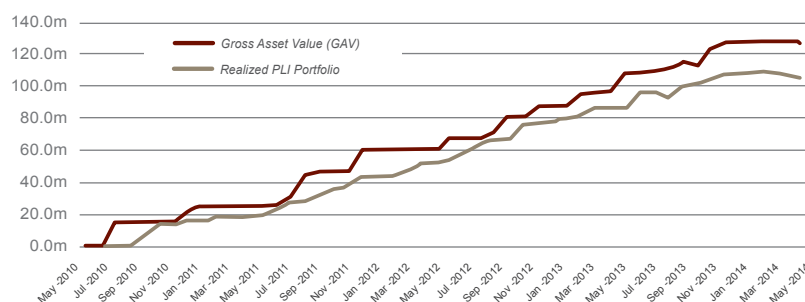
The economy in Ghana continues to struggle with rising inflation (15% in Jun-14) and a rapidly weakening currency (-15% in Q2-14). The increase in policy rate (by 100 bps to 19%) by Bank of Ghana and the weak cedi have, together, significantly impacted MFIs (local and international financing cost, operating cost) and forced the institution to adjust their pricing upwards. At the same time, average loan amounts are also increasing (+17% YTD of average loan balance). Headline inflation is likely to continue rising through Q3-14 although favorable base effects may moderate the upward trend in S2-14.

The Zambian kwacha remained under pressure and Zambia formally requested the IMF's help in June to deal with its twin deficits. The central bank raised its overnight lending rates which resulted in a rise in the cap on interest rates charged by MFIs from 42% to 64%. This second change of the cap in the last 12 months will have to be incorporated in MFI's strategies.

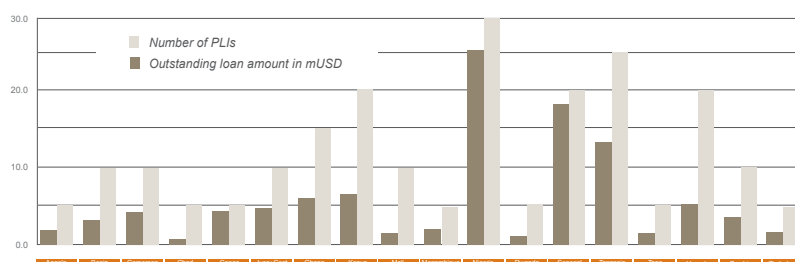
In Nigeria, the kidnapping of 250 schoolgirls from Chibok, Borno State last April by Boko Haram and continued daily attacks have adversely affected the country and continue to block the development of the north of the country. In contrast, the impact on the economy of the south and on the microfinance sector, in particular, remains limited as MFIs report solid growth in S1-14.

Despite instability linked to domestic tension and opposition with Kenya's military involvement in Somalia, rising inflation (7.4% in June), and slowing growth, Kenya managed to raise USD 2bn in Jun-14 from foreign investors (debut Eurobond). Other bond issuances of USD 5bn in Ivory Coast (only three years after the country defaulted) and USD 500m in Senegal signify strong investor appetite in east and west Africa.

Portfolio Growth

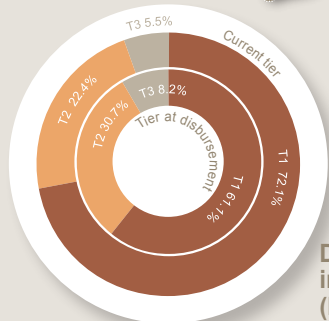
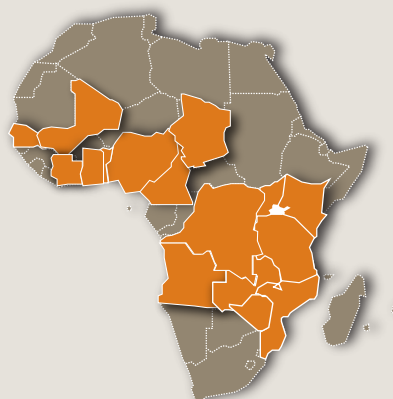


Invested Portfolio

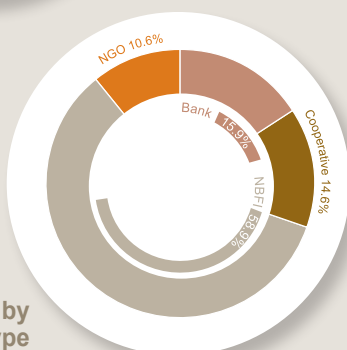


GAV	127.4m
NAV	110.2m
PLI Portfolio	105.6m
Cash	20.4m
Countries	18
PLIs	43
Investments	81
Clients	191,346

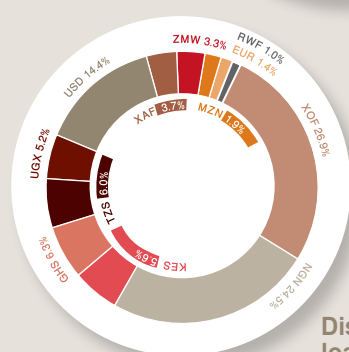
* As per Symbiotics reporting system exchange rates



Distribution by institutional size (by invested volume)



Distribution by institutional type



Distribution of loans by currency



QUARTERLY REPORT

Q2/2014

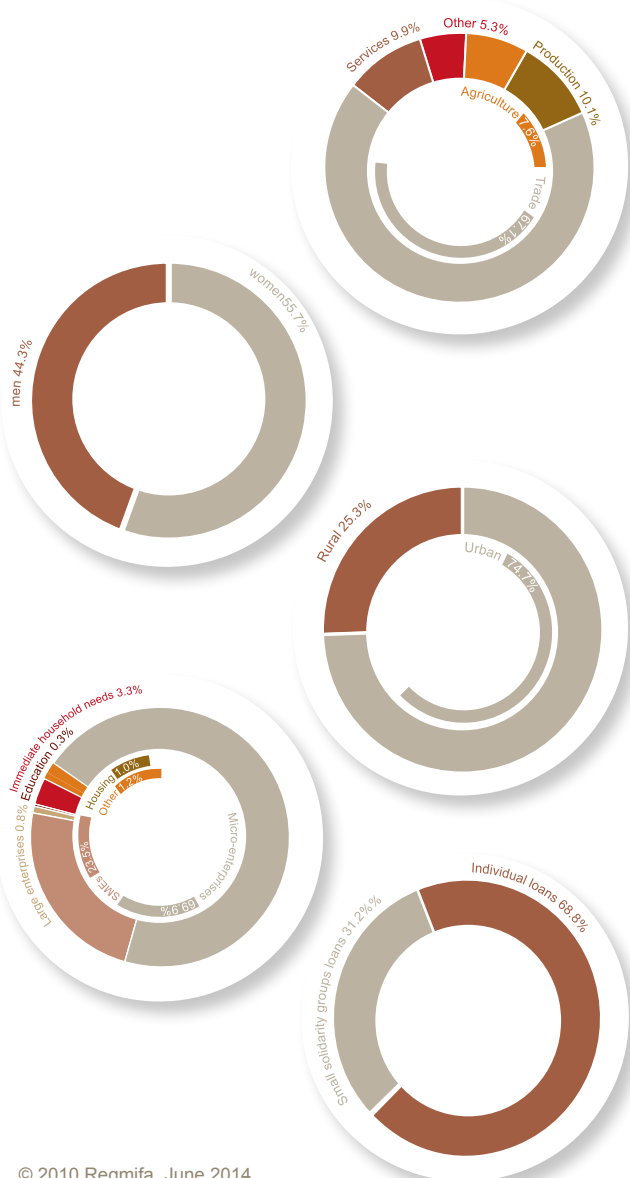
Average Social Rating



Invested PLIs	Top 5 rating
KWFT	★★★★★
ACEP Cameroun	★★★★★
FINCA DRC	★★★★★
FINCA Tanzania	★★★★★
FINCA Uganda	★★★★★

Score	Social Value	PLI social rating
100-90	Extremely strong	★★★★★
89-80	Very strong	★★★★
79-70	Strong	★★★
69-60	Moderate	★★
59-50	Poor	★
50-0	None	-

The Investment Manager uses a social rating tool containing 100 qualitative and quantitative indicators which are split into 7 dimensions: social governance, labor climate, financial inclusion, client protection, product quality and diversity, social responsibility to the community, and environmental policy.



Social Outreach Aggregate Fund Portfolio

Portfolio Outstanding (USD)	105.6m
Number of Partner Lending Institutions	43
Number of PLI branches (avg)	45
Client retention rate	95.64%
Average Loan to Micro Clients (USD)	552
Estimated Total Micro Clients	191,346

Invested PLI Portfolio

Invested PLI profile	Simple Average	Median
Total Assets (USD)	51,271,403	33,388,354
Gross loan portfolio (USD)	34,734,176	20,500,647
Number of active borrowers	59,243	17,607
Average loan size (USD)	1,454	974
Debt/Equity ratio	3.36	3.15
Portfolio yield	42.83%	44.90%
Operating expense ratio	34.31%	30.40%
Operational self-sufficiency	108.91%	106.68%
Return on Equity	1.69%	7.20%
Return on Assets	0.28%	1.19%
PAR > 30 days	5.34%	4.88%
Write off ratio	0.72%	0.30%

Social Outreach

Client and Product Information	%Total	Clients
Distribution by Activity		
Agriculture	7.6%	14,466
Production	10.1%	19,386
Trade	67.1%	128,443
Service	9.9%	18,936
Other	5.3%	10,114
Distribution by Gender		
Women	55.7%	106,589
Men	44.3%	84,757
Distribution by Location		
Urban borrowers	74.7%	142,951
Rural borrowers	25.3%	48,395
Distribution by Lending Methodology		
Individual loans	68.8%	131,722
Small solidarity group loans	31.2%	59,624
Distribution by Product Type		
Micro-enterprises	69.9%	133,821
Small and medium enterprises	23.5%	45,048
Large enterprises	0.8%	1,521
Education	0.3%	505
Immediate household needs	3.3%	6,250
Housing	1.0%	1,955
Other loan portfolio	1.2%	2,246

Investee Country Profile - Togo

Population	7.3 million
Pop. living in poverty	58.7%
Human dev. rank	159/187
GDP per capita	USD 1,100
Real GDP growth (2010e)	5.5%
Inflation rate	2.2%
Forex hedging costs (36m)	3.45%
Private credit (% of GDP)	30.1%
Foreign aid	USD 241.5 million
Remittances	USD 336.6 billion

REGMIFA Investors



Country - Togo

Togo is one of the world's poorest countries as Togolese economy depends heavily on both commercial and subsistence agriculture. Cocoa, coffee, and cotton generate about 40% of export earnings with cotton being the most important cash crop. Togo is among the world's largest producers of phosphate. The country made considerable progress during the past few years, but significant institutional and economic challenges remain. Poverty has declined, but it remains high. More than half of Togolese population of 7.3 million are living in poverty. The microfinance sector plays a critical role in Togo, with more than 85,000 groups or associations and over a million individuals not members of any group benefiting from microfinance services. Due to its relevance and complexity, microfinance has a well-developed legal framework in the country. In 2011, the government put in place the PARMEC law which regulates the activities of all active microfinance institutions in the Togo.

MFI story – WAGES

WAGES started operating in 1994 as a project of CARE International, primarily to support female entrepreneurs. Despite its NGO status, WAGES has been supervised by the regional Central Bank (BCEAO) under PARMEC law. Via a network of 19 branches, the MFI disburses both group and individual loans to MSMEs. Also, WAGES offers sight and term deposits, remittances services, credit insurance and business training. WAGES' GLP is mostly urban (94%) and allocated to women (47%) involved in trade. WAGES has not performed well lately. After attaining growth rates of 35% in 2011 and 17% in 2012, the MFI grew less than 10% in 2013. The deceleration is due to the economic recession in Togo and the focus on loan recovery following serious portfolio quality issues. WAGES expects portfolio growth of only 10% in 2014-2015 and 18% in 2016, with its new focus on agro-loans. It forecasts 15% deposits growth over the coming two years (25% in 2016), with borrowings set to decrease by 4% per year (9% in 2016). WAGES intends to improve revenue launching different lending products.

Client Story – Mrs. Evelyn Maman

Mrs. Maman is a trader as her mother was, in one of Lomé busiest market places. Evelyn sells wigs and locks. She has been in business for five years, during that time she has been a regular customer of WAGES. Evelyn had a stock of around 15 million FCFA (USD 30k) plus some cash in her assigned store within Lomé biggest market place building, but everything got burnt during the destroying fire of January 2013. On a case-by-case approach WAGES has refinanced the victims of the fire in order for them to purchase some stock and start again, and Evelyn received a second loan of XOF 900k (USD 1,800) in addition to her previous outstanding amount of XOF 600k (USD 1,200). As her business was reallocated by the government near-by and thanks to this re-finance, she has been able to sell merchandise again; however, the rent is much more expensive, and overall sales have decreased sharply as the new place visibility is much worse than before. Evelyn thus struggles to repay her debt and presents arrears towards WAGES. Her situation is expected go back to normal as soon as the new market place is built again.

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