

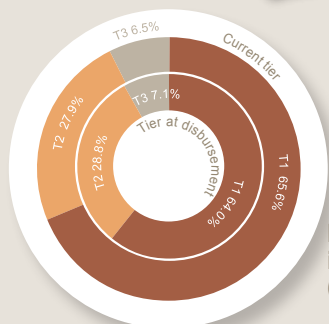
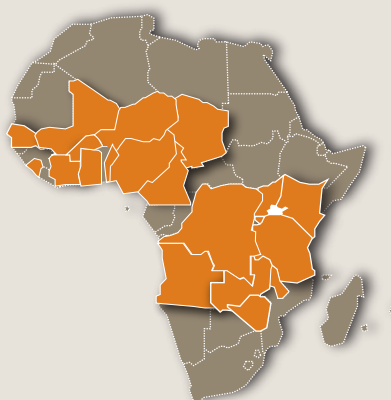


QUARTERLY REPORT

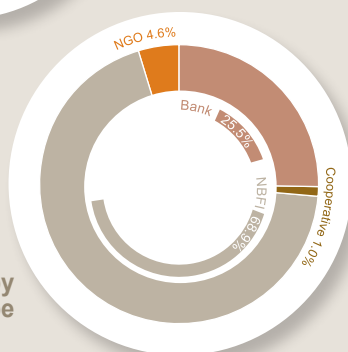
Q1/2017

GAV	130.5m
NAV	116.5m
PLI Portfolio*	116.7m
Cash	16.1m
Countries	20
PLIs	53
Investments	102
Clients	185,623

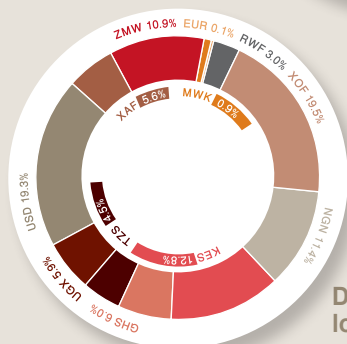
* Nominal at disbursement, hedged against currency fluctuations.



Distribution by institutional size (by invested volume)



Distribution by institutional type



Distribution of loans by currency

Investment Manager Comment

In January 2017, Côte d'Ivoire experienced acts of mutiny in the army, which led one PLI to close its branch in Bouake for two days. Calm returned quickly after the President reshuffled the military. Hedging costs remain very high in the region, and low oil prices have led to low Forex reserves. There is an increased risk of XAF devaluation, but it is unclear if it will happen, and, if so, when.

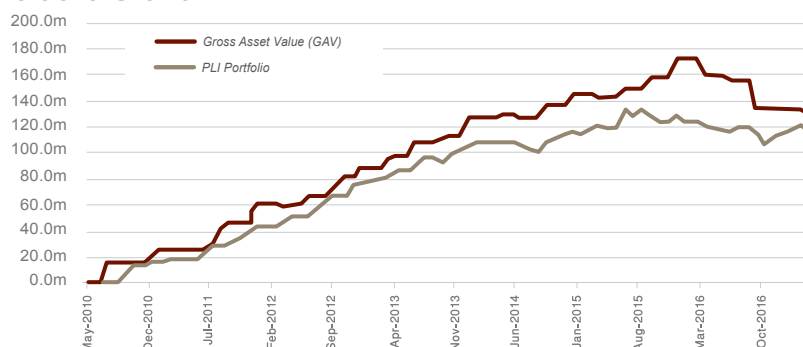
Nigeria introduced a new Forex trading window in April 2017, which, if proven functional, could improve Forex liquidity. While it is too early to draw conclusions, initial market feedback is positive, as Nigeria's banking stock index is up by 25% since the Forex window implementation. The microfinance sector remains resilient, with most PLIs expecting increasing demand in 2017.

Drought and upcoming elections in Kenya have exacerbated already challenging economic conditions, contributing to a negative outlook for the country's growth prospects for 2017. There has been no major political unrest in the DRC since Q3 2016, although the situation needs to be closely monitored.

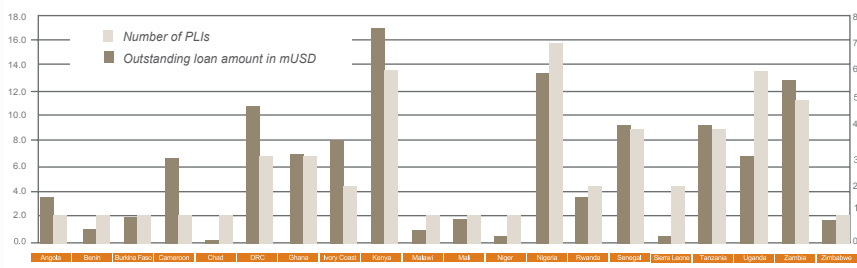
Zambia's economic situation is stabilizing after two years. In neighboring Zimbabwe, bond notes have started depreciating, and low liquidity continues to hinder USD transfers out of the country; however, officials expect strong USD inflows from the tobacco season to help offset the yawning trade deficit. Several ratings agencies have downgraded South Africa to junk status as a result of President Zuma's cabinet reshuffle in March 2017, with limited impact on the region.

After slowing since 2014, growth is predicted to pick up this year. Reduced rates of currency depreciation and lower inflation, as well as higher agricultural output, suggest a brighter economic outlook for Tanzania, Côte d'Ivoire, and even Nigeria.

Portfolio Growth



Invested Portfolio



Top 5 Country Exposures

Country	Volume USD	% of Portfolio
Kenya	17.0	14.6%
Nigeria	13.4	11.4%
Zambia	12.8	10.9%
DRC	10.8	9.2%
Tanzania	9.3	8.0%

Top 5 PLI Exposures

PLI	Volume USD	Country	% of Portfolio
KWFT	11.5	Kenya	9.9%
ACEP Cameroun	6.6	Cameroun	5.6%
FINCA DRC	6.0	DRC	5.1%
MicroCred Senegal	6.0	Senegal	5.1%
Advans CI	4.7	Ivory Coast	4.1%



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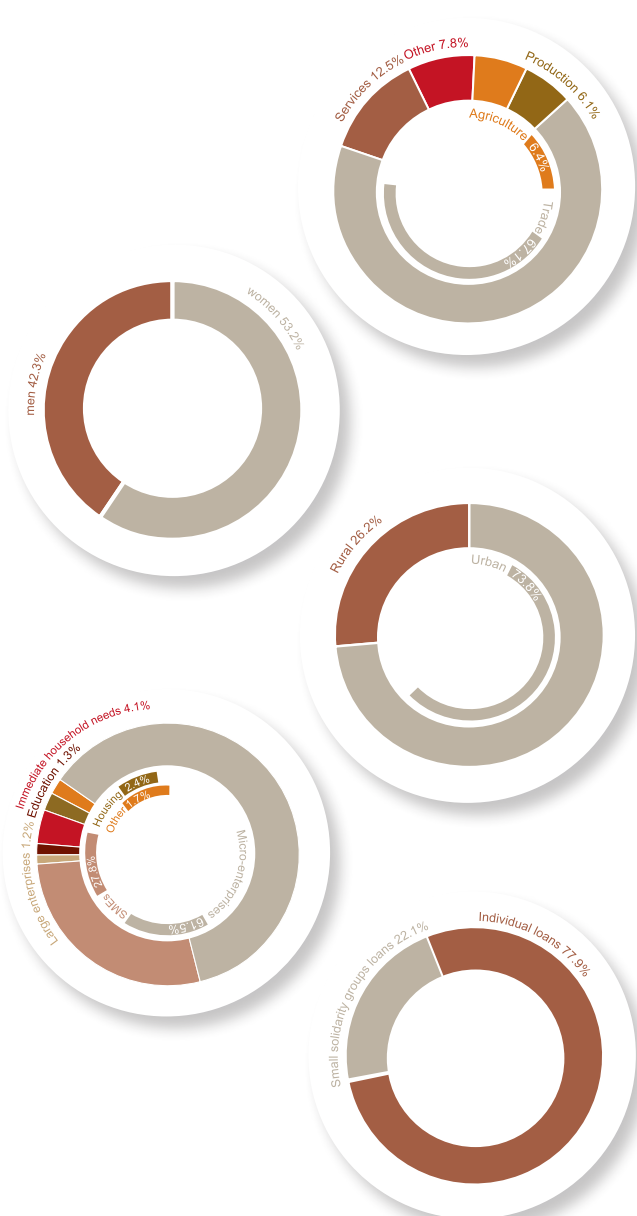
Q1/2017

Average Social Rating



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)	116.7m
Number of Partner Lending Institutions	53
Number of PLI branches (avg.)	42
Client retention rate	95.95%
Portfolio Loan Average (USD)	1,576
Estimated Total Micro Clients	185,623

Invested PLI Portfolio

Invested PLI profile	Simple Average	Median
Total Assets (USD)	42,107,159	22,656,717
Gross loan portfolio (USD)	31,222,778	14,429,052
Number of active borrowers	57,212	19,159
Average loan size (USD)	1,576	873
Debt/Equity ratio	4.15	4.48
Portfolio yield	42.11%	42.70%
Portfolio operating expense ratio	32.35%	28.33%
Operational self-sufficiency	99.92%	102.24%
Return on Equity	-16.58%	5.12%
Return on Assets	-3.31%	0.79%
PAR > 30 days	8.22%	7.45%
Write off ratio	0.40%	0.00%

Social Outreach

Client and Product Information	%Total	Clients
Distribution by Activity		
Agriculture	6.4%	11,949
Production	6.1%	11,296
Trade	67.1%	124,630
Service	12.5%	23,257
Other	7.8%	14,491
Distribution by Gender		
Women	53.2%	98,821
Men	42.3%	78,458
Distribution by Location		
Urban borrowers	73.8%	137,021
Rural borrowers	26.2%	48,602
Distribution by Lending Methodology		
Individual loans	77.9%	144,635
Small solidarity group loans	22.1%	40,988
Distribution by Product Type		
Micro-enterprises	61.5%	114,220
Small and medium enterprises	27.8%	51,572
Large enterprises	1.2%	2,161
Education	1.3%	2,432
Immediate household needs	4.1%	7,643
Housing	2.4%	4,430
Other loan portfolio	1.7%	3,165

Country Profile - Rwanda

Population	13 million
Pop. living in poverty	39.1%
Human dev. rank	159/187
GDP per capita	USD 1,900
Real GDP growth	6.0%
Inflation rate	4.6%
Forex hedging costs (36m)	5.5%
Private credit (% of GDP)	21.6%
Foreign aid	USD 1.1 billion
Remittances	USD 161.4 million

*or latest available

REGMIFA Investors



Mr. Cyriaque Habarurema

Country: Rwanda

Rwanda is a predominantly rural economy with coffee and tea as its main export products. The civil war and genocide of the 1990s devastated the country. Rwanda has been rebuilding its economy ever since, making remarkable progress in terms of poverty and inequality reduction. GDP growth averaged 8% a year during 2001-2015, and is expected to continue its stride as Rwanda seeks middle-income status by 2020 as part of its long-term development strategy. Microfinance in Rwanda initially appeared in the form of tontines in the mid-1960s and was later reinforced by the establishment of the “Banque Populaire” network in 1975, which provided services to low-income people. However, microfinance really took off after the genocide with donor funding for relief orientated initiatives. Fast growth in the mid-2000s led to repayment issues, triggering government intervention in the form of a national microfinance policy. Today, several institutions form the microfinance landscape in Rwanda, including banks, limited companies, and many savings and credit cooperatives.

PLI: AB Bank Rwanda

AB Bank Rwanda (ABR) opened for business in early 2014 soon after receiving its microfinance banking license from the National Bank of Rwanda. ABR is the 8th microfinance bank set up by the Access Holding Group and the 6th in Africa. It targets the upper-micro / lower-SME segment of the market, also known as the underserved “missing-middle” between conventional banks and microfinance institutions. ABR offers two main credit products, micro and SME loans, as well as a number of deposit options and other banking services, including national and international money transfers.

Client Story: Mr. Cyriaque Habarurema

Mr. Cyriaque Habarurema, 52 years old, is an accomplished micro-entrepreneur living in Kigali with his wife and four children. In 2004, together with his spouse, he started a grocery retail business in the capital city. Over the following ten years, while the family business was sustainable, it did not provide enough revenue to meet the household’s increasing expenses, related in part to the children’s education. In order to maintain the family’s living standards, Mr. Habarurema realized that he needed to grow his business. He became a client of ABR in March 2014, benefitting from a small initial loan of less than a thousand dollars that helped him buy additional stock. Following timely repayment, he subsequently took out additional micro-loans, one in November 2014 and another one a year later. In the past 3 years, his business has grown four times its total assets, a success that has enabled him to build a new two-bedroom house in his compound. Today, Mr. Habarurema is the proud owner of a wholesale business and aims to undertake other ventures in the future.

Contacts

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