

responsAbility Micro & SME Debt Fund

A HIGH IMPACT FUND



Photos courtesy of responsAbility Investments AG

FINANCIAL INCLUSION FOR MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES IN EMERGING MARKETS

responsAbility's Micro and SME Finance Debt Fund provides private debt to financial institutions in emerging markets that are providing financial services to micro, small, and medium-sized enterprises (MSMEs). Through these loans, responsAbility seeks to extend financing to the more than 1.4 billion adults and millions of small businesses that remain unbanked or underbanked. Financial inclusion is critical to economic development in several key ways, including expanding businesses, supporting long-term household investment in home improvement, health and education, and building resilience to economic shocks such as job loss, crop failure or illness. Access to finance is also a critical tool for women's empowerment, giving women greater control over household financial decisions, which has been proven to lead to increased spending on basic needs such as nutrition, health and children's education.

The Fund's investment strategy seeks to deliver stable returns of SOFR + 370-450 bps, alongside portfolio diversification, low interest-rate sensitivity, and low correlation to global markets. The Fund is best for an investor comfortable with the risks inherent to emerging markets who is looking to minimize additional risks by working with an established manager with over two decades of emerging markets microfinance experience. Since its inception in 2007, the Fund has invested more than \$2.3B in financial institutions and has achieved an average annualized return of 4.2%.

responsAbility's microlending portfolio currently supports nearly 40 million borrowers, supporting 48 million indirect jobs, and more than 2 million SMEs.

On average, an investment in financial inclusion of **\$1M** over **5 years** will finance **9,570 low-income people** in developing countries:

37%

located in rural areas.

73%

female entrepreneurs.

ABOUT RESPONSABILITY INVESTMENTS AG

responsAbility Investments AG is an impact asset manager specializing in private market investments across three investment themes: Financial Inclusion, Climate Finance, and Sustainable Food. All responsAbility investment solutions target specific measurable impact alongside market returns. Since its inception in 2003, responsAbility has deployed over USD 14 billion in impact investments. With over 270 employees collaborating across eight offices, the company manages USD 4.7 billion in assets. Since 2022 responsAbility is part of M&G plc, benefitting from expanded international presence and enhanced impact investing capabilities.

ABOUT THE VENTURE IMPACT PROGRAM (VIP)

VIP is an innovative way for MCF donors to engage in impact investing through philanthropy. Via a partnership with ImpactAssets — a market leader in impact investing — VIP enables philanthropic dollars to be directed towards both non-profit and for-profit companies that are seeking to make positive social or environmental impact.

For further information, contact Safia Kryger-Nelson at MCF, 415.464.2515 or skryger-nelson@marincf.org.



1 NO POVERTY



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



17 PARTNERSHIPS FOR THE GOALS



ImpactAssets		RISK RETURN MATRIX		
RISK LEVEL	HIGH RISK			
	MODERATE RISK			X
	LOW RISK			
		NON-MARKET RATE	NEAR-MARKET RATE	MARKET RATE
RELATIVE RETURN				



ImpactAssets		FUND SUMMARY
ASSET CLASS	Private Debt	
FUND AUM	\$508MM (as of 12/31/23)	
LIQUIDITY	Monthly, at the end of each month, subject to 90 days' notice	
TARGET RETURN	SOFR + 370-450 bps	
GEOGRAPHY	Emerging Markets	
IMPACT AREAS	Microloans and small business loans for low-income, female and/or rural borrowers in emerging economies	
INVESTMENT FEES	This recommendation will incur an additional fee of 0.40%. The fee is calculated on current asset basis.	
FUND MANAGER FEES	<ul style="list-style-type: none"> Management Fee: 1.0% Total Expense Ratio: 1.2% per annum 	
INVESTMENT THESIS	<ul style="list-style-type: none"> responsAbility seeks to deliver stable financial returns, portfolio diversification, low interest-rate sensitivity, and low correlation to global markets through private debt investments in local financial institutions that extend financing to micro-entrepreneurs and small and medium-sized enterprises (SMEs) responsAbility believes the deepening of the financial sector in emerging markets provides attractive growth financing opportunities, boosted by regulatory evolution, new technology, and the availability of mobile payment solutions. 	
IMPACT THESIS	<ul style="list-style-type: none"> Access to financial services – such as loans, deposits, insurance, and payments/remittances – for low-income households is essential to boost development and reduce poverty. Financial inclusion helps to grow small businesses, support long-term household investment in home improvement, health and education, and build resilience to economic shocks such as job loss, crop failures, or sickness that could push households further into poverty. Financial inclusion is also a critical tool for women's economic empowerment, giving women greater control over financial decisions within the household, a shift that often leads to increased spending on basic needs such as nutrition, health, and children's education. 	
ILLUSTRATIVE INVESTMENT	Established in 1985, Family Bank Limited is a midsized bank in Kenya serving the financial needs of SMEs, farmers, teachers and micro-entrepreneurs – segments that large and more established banks often overlook in Kenya. Family Bank aims to develop a universal banking model, positioning itself as a “one-stop shop” for its diverse clientele by providing retail banking products, as well as MSME and agribusiness finance, corporate banking and insurance.	
STRENGTHS	<ul style="list-style-type: none"> Fund has achieved an average annualized return of 4.2% since its inception in 2007 and an average annualized return of 3.88% over the past five years. Diversified portfolio by both company and geography with an average portfolio company exposure of just 0.7%. Portfolio is currently invested in 152 loans to financial institutions in 54 countries. Rigorous and high-caliber risk management function with sophisticated and well-documented processes. 	
RISKS	Elevated operational, legal, and political risk associated with investing in emerging economies, mitigated by responsAbility's expertise and 20-year track record	

Financial data as of 12/31/2023

There is no guarantee that any projection, forecast or opinion around any given investment will be realized with respect to impact, performance or liquidity. Past performance does not guarantee future results.

ImpactAssets Legal and Program Disclaimer: This is not a solicitation to buy or sell securities, nor a private placement offering. It is an informational description of charitably oriented, social purpose investment options that have been approved by ImpactAssets only for use in its donor advised fund asset base. It is only for use by its donors. Any allocation to private debt and equity investment options may result in losses and illiquidity that will be borne solely by each donor advised fund account with investment in these options, as well associated program fees. Investment minimums apply. Grant making from the principal value will not be possible until distributions are returned to The ImpactAssets Donor Advised Fund. There is no guarantee of any recovery of capital. The Fund Manager has not approved the information contained in this Fund profile, including the assignment of risk ratings contained herein. The Units may be offered solely to, and subscriptions will be accepted only from "Accredited Investors," as defined in Rule 501(a) of Regulation D promulgated under the authority of the Act, who are also "Qualified Clients," as defined in Rule 205-3 of the United States Investment Advisers Act of 1940, as amended.

