

GRAMEEN AMERICA

A Private Debt Fund Available through the VIP program.

Nearly 25 million households¹ remain unbanked or underbanked in the U.S. – and small businesses in financially underserved communities are more likely to be excluded from the financial mainstream and are less likely to have a credit score. Inequitable access to financing and credit history creates significant barriers for entrepreneurs to build their businesses and generate income, perpetuating this cycle of poverty.

helping ENTREPRENEURS living in
UNDERSERVED COMMUNITIES build businesses to
enable FINANCIAL MOBILITY

Grameen America, Inc. (GAI) is a non-profit microfinance institution focused on helping small business owners in underserved communities boost their income, build assets, access the mainstream financial system and create jobs in their communities. GAI provides investors with an opportunity to help these entrepreneurs build their businesses and increase economic mobility. GAI manages a loan fund that makes micro-business loans to small businesses across the United States; all members are entrepreneurs living below the federal poverty line, for whom the mainstream financial system is currently out of reach. GAI's members are entrepreneurs running small businesses – such as a hair salon, a cleaning business, or a small restaurant – who have previously had few options for accessing capital, with most lacking bank accounts and credit scores. Unlike mainstream lenders, GAI does not require collateral or a credit history, and instead relies on the “social capital” baked into the group lending model, where cohorts of members meet with GAI staff on a regular basis to make payments and receive training.

In addition to its lending practices, GAI provides wraparound services including financial literacy training, asset building, and credit building. GAI also operates educational programs around social awareness (health, benefits access, etc.) and digital training (creating email IDs, online banking, etc.).

Every \$1 loaned to the GAI program will be recycled 12 times over the duration of its term. GAI has established itself as a skilled microfinance operator that has recovered over 99% of loans disbursed since 2008. This investment is a compelling fit for investors seeking to support U.S. populations that have been historically excluded from the financial mainstream by other lenders due to lack of credit and financial history.

¹2024 FDIC Survey

ABOUT GRAMEEN AMERICA, INC.

Founded in 2008 by Nobel Peace Prize Laureate Muhammad Yunus, Grameen America, Inc. (GAI) is a U.S.-focused microfinance organization dedicated to helping entrepreneurs who live in poverty build small businesses to create better lives for themselves and their families. Grameen America also reports microloan repayments to credit agencies to help its borrowers establish credit histories.

GAI operates in 29 cities across the United States and has disbursed over \$6 billion across 1,400,000 loans to more than 250,000 entrepreneurs living in poverty.

RISK RETURN MATRIX			
The Risk Return Matrix is a risk calculation determined solely by ImpactAssets.			
RISK LEVEL	HIGH	MEDIUM	
MEDIUM			
LOW		<input checked="" type="checkbox"/>	
	NON-MARKET RATE	NEAR-MARKET RATE	MARKET RATE
	RELATIVE RETURN		

INVESTMENT SPOTLIGHT

Fifteen years ago, Matilde was struggling to support her five children through her small shoe-shining business. The bulk of her financial issues related to loans she took from payday lenders. Due to their high interest rates, she saw little of her shop's profits herself. In order to make ends meet, Matilde started selling homemade quesadillas from a stall outside her store. The high demand for her food spurred Matilde to refocus her shoe business towards opening a restaurant. After a friend introduced Matilde to Grameen America, she used her first loan of \$1,500 to invest in setting up her restaurant. Without the burden of payday loans, Matilde was able to increase her income and was no longer impacted by the stress of paying back high interest loans.



STRATEGY SUMMARY

ASSET CLASS	Private Debt
FUND SIZE	\$316MM loan portfolio (as of September 2024)
TERM	Three years
TARGET RETURN	4.50%, paid quarterly
GEOGRAPHY	United States
IMPACT AREAS	Poverty Reduction, Job Creation, Reduced Inequality
INVESTMENT FEES	<ul style="list-style-type: none"> This investment recommendation will incur an additional fee of 0.40%.
INVESTMENT THESIS	<ul style="list-style-type: none"> GAI targets the large unmet need for affordable working capital by under-resourced entrepreneurs in the U.S., where 14.2% of US households are underbanked and 4.2% are unbanked. Microfinance investment vehicles are a proven asset class with low correlation to other asset classes, historic average default rates of around 1% and the potential to generate significant social impact and financial returns.
IMPACT THESIS	<ul style="list-style-type: none"> Small businesses in underserved communities have disproportionately low levels of access to finance to improve their economic mobility. GAI strives to democratize access to financing for all entrepreneurs; the organization does not require a traditional credit score or require collateral from new borrowers. Loans from GAI help members build their business, establish a credit history, and increase their income.
STRENGTHS	<ul style="list-style-type: none"> Strong impact and financial track record: GAI has a 15-year track record and has disbursed more than \$6B across over 1.4 million loans. The portfolio has created or maintained over 334,000 jobs and boosted annual business income by nearly \$2,500. To-date, GAI borrowers have maintained a 99% repayment rate and GAI has never defaulted on a loan from investors. GAI's management team and board bring unique microfinance and corporate leadership credentials. GAI builds on the 35+ year track record and lending model established by Grameen Bank founder and Nobel Peace Prize Laureate Muhammad Yunus, who originally founded GAI. CEO Andrea Jung has extensive leadership experience, overseeing 40,000 employees as CEO of Avon Products – where she was the longest serving female CEO in the Fortune 500. Andrea is a member of the Board of Directors of Apple Inc., Unilever, Rockefeller Capital Management and Wayfair Inc. She previously served on the boards of General Electric and Daimler AG. The 13-person leadership team has 300+ years of total experience and has exhibited low turnover with an average tenure of 8 years at GAI.
RISKS	<p>Economic uncertainty remains a concern, as it could lead to borrowers failing to meet debt obligations, potentially deteriorating loan portfolio quality. Additionally, overall changes in interest rates pose a risk, as fluctuations could impact financing costs for GAI.</p>

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.

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 will 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.

