

# Grameen America

A HIGH IMPACT FUND



Photo courtesy of Grameen America

## HELPING ENTREPRENEURIAL WOMEN LIVING IN POVERTY BUILD BUSINESSES TO ENABLE FINANCIAL MOBILITY

Grameen America, Inc. (GAI) provides investors with a low-risk opportunity to help entrepreneurial women living in poverty to build their businesses and enable economic mobility. The organization's primary impact goal is to help close the gap in economic opportunity for low-income entrepreneurial women in the United States, where over 15.5M women live in poverty and receive only 4% of all small business loans from mainstream financial institutions.

GAI manages a loan fund that makes micro-business loans to women across the United States; all borrowers are women living below the federal poverty line, for whom the mainstream financial system is currently out of reach. GAI's members are women 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. As of 2Q23, GAI's loan portfolio totaled \$231.1MM. All loans issued amortize over 26 weeks, with initial loan sizes typically \$2,500 or less. 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.

In addition to its lending practices, GAI provides wraparound services including (1) financial literacy training, (2) asset building, and (3) credit building; in 2017, GAI launched additional educational programs around social awareness (health, benefits access, etc.) and digital training (creating email IDs, online banking, etc.).

The investment will have a 5-year term and pay investors a 2.5% interest rate. Every \$1 invested into the GAI program will be recycled 12 times over the duration of the loan. GAI has established itself as a skilled microfinance operator that has recovered over 99% of loans disbursed since 2008.

## 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 entrepreneurial women 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 32 branches across the United States and has disbursed over \$3.3 billion across 930,000 loans to more than 175,000 women living in poverty.

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



ImpactAssets		FUND SUMMARY
<b>ASSET CLASS</b>	Private Debt	
<b>FUND SIZE</b>	\$231.1MM loan portfolio	
<b>TERM</b>	Five years	
<b>TARGET RETURN</b>	2.5%	
<b>GEOGRAPHY</b>	United States	
<b>IMPACT AREAS</b>	Gender Equity, Poverty Reduction, Job Creation, Reduced Inequality	
<b>INVESTMENT FEES</b>	This recommendation will incur an additional fee of 0.40%. The fee is calculated on current asset basis.	
<b>INVESTMENT THESIS</b>	<ul style="list-style-type: none"> <li>GAI targets the large unmet need for affordable working capital by low-income women in the U.S., where over 25% of households are unbanked or underbanked.</li> <li>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</li> </ul>	
<b>IMPACT THESIS</b>	<ul style="list-style-type: none"> <li>1 in 8 American women live in poverty; women have disproportionately low levels of access to finance to improve their economic mobility.</li> <li>GAI strives to democratize access to finance for low-income women; the firm 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.</li> </ul>	
<b>ILLUSTRATIVE INVESTMENT</b>	 <p>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.</p>	
<b>STRENGTHS</b>	<ul style="list-style-type: none"> <li>Strong impact and financial track record: GAI has a 15-year track record and has disbursed more than \$3.3B across over 930,000 loans, exclusively issued to low-income women. The portfolio has created or maintained over 180,000 jobs and increased borrower average incomes by \$2,000. To-date, GAI has maintained a 99% repayment rate and has never defaulted on an investor loan.</li> <li>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 and currently co-chairs the board. 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 10-person leadership team has 250+ years of total experience and has exhibited low turnover, with an average tenure of 8 years at GAI.</li> </ul>	
<b>RISKS</b>	The economic impacts of COVID-19 elevate risk for small businesses and individual lending portfolios; however, GAI was able to put the entire portfolio back on regular payment schedules starting in October 2020, and portfolio signals to date have been very positive as evidenced by low rates of overdue payments which are more than covered by the existing loan loss reserve.	

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. LEGAL AND PROGRAM DISCLAIMER: This is not a solicitation to buy or sell securities, nor a private placement offering pursuant to any private placement memorandum that must be issued to qualified investors. 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.

