

RESPONSABILITY MICRO & SME FINANCE DEBT FUND

A Private Debt Fund Available Through the Venture Impact Program



Photos courtesy of responsAbility Investments AG

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

There are more than 1.4 billion adults and millions of small businesses worldwide that remain unbanked or underbanked.¹ Creating a more inclusive financial system that increases access to capital is critical to economic development in several key ways, including expanding businesses, supporting long-term household investment in home improvement, improving health and education access, 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.

ResponsAbility's Micro and SME Finance Debt Fund (the Fund) provides private debt to financial institutions in emerging markets that are providing financial services to micro, small and medium-sized enterprises (MSMEs). The fund currently supports 41.4 million borrowers, 1.7 million SMEs and 41 million jobs at portfolio SMEs.

The Fund's investment strategy seeks to deliver stable returns 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 more than two decades of emerging markets microfinance experience. Since its inception in 2007, the Fund has invested more than \$2.5B in financial institutions.

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 \$15.7 billion in impact investments. With over 270 employees collaborating across seven offices, the company manages \$5.5 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.

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

40%

located in rural areas.

68%

female entrepreneurs.

INVESTMENT SPOTLIGHT

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.



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



¹ The World Bank's Global Findex Database

RISK RETURN MATRIX

The Risk Return Matrix is a risk calculation determined solely by ImpactAssets.

RISK LEVEL	HIGH			
	MODERATE			✓
	LOW			
		NON-MARKET RATE	NEAR-MARKET RATE	MARKET RATE
RELATIVE RETURN				

SUMMARY OF TERMS²

ASSET CLASS	Private Debt
FUND AUM	\$503MM (as of 9/30/24)
LIQUIDITY	Monthly, at the end of each month, subject to 90 calendar days' notice
TARGET RETURN	8.7-9.5%, which is based on achieving a return that is 3.7-4.5% higher than the Secured Overnight Financing Rate (SOFR) as determined by the New York Fed. The recent 180-day SOFR has averaged around 5.0%.
GEOGRAPHY	Emerging Markets
IMPACT AREAS	Financial Inclusion; Gender Equality
FUND MANAGER FEES	<ul style="list-style-type: none"> Management Fee: 1.0% Total Expense Ratio: 1.21% per annum
INVESTMENT FEES	This investment recommendation will incur an additional fee of 0.40%.
INVESTMENT THESIS	<ul style="list-style-type: none"> responsAbility makes private debt investments in local financial institutions that extend financing to micro-entrepreneurs and small and medium-sized enterprises (SMEs), and seeks to deliver stable financial returns, portfolio diversification, low interest-rate sensitivity and low correlation to global markets 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 in emerging economies – 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.
STRENGTHS	<ul style="list-style-type: none"> Fund has achieved an average annualized return of 4.36% since its inception in 2007. Diversified portfolio by both company and geography with an average portfolio company exposure of just 0.6%. Currently invested in 171 portfolio companies in 58 countries. Rigorous and high-caliber risk management function with sophisticated and well-documented processes.
RISKS	<ul style="list-style-type: none"> Elevated operational, legal, and political risk associated with investing in emerging economies, mitigated by responsAbility's expertise and 20+ year track record.

² Financial data as of 12/31/2024

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.

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