



MIV BENCHMARKING REPORT 2007¹

I. Background and Prospects

Microfinance is experiencing an unprecedented investment boom. The past four years have seen remarkable increases in the volume of global microfinance investments. Between 2004 and 2006, the stock of foreign capital investment – covering both debt and equity – more than tripled to reach a total of US\$4 billion.²

Approximately half of all foreign capital investment is channelled through specialized vehicles known as Microfinance Investment Vehicles (MIVs). These MIVs cover a diverse range of organizations in terms of origin, investor base, philosophy, instruments, and targeted return rates. The number and size of MIVs has grown exponentially; over 80 MIVs are now in operation, half of which were created in the last three years. MIV investment levels doubled between 2005 and 2006 to reach a total of US\$2 billion in 2006.

This inaugural MIV Benchmark Report (MIV Benchmark) summarizes the findings from the first comprehensive survey of the MIV sector, conducted by CGAP and Symbiotics in 2007 using an independent methodology for producing high-level performance benchmarks. The MIV Benchmark provides an overview of the MIV landscape and offers insights on the financial performance of the different categories of investments vehicles. Forty MIVs participated in the voluntary survey, representing 87% of assets under management as of December 2006.

¹ The author of this note is Xavier Reille, Lead Microfinance Specialist at CGAP. The author is grateful for the research assistance provided by Yannis Berthouzoz, Vincent Dufresne and Patrick Goodman from Symbiotics.

² See focus note foreign capital investment in microfinance for more detailed analysis of foreign capital flow in microfinance.

Key findings reveal that the MIV market is concentrated in many aspects. The top 10 MIVs reporting to the survey account for 66% of total MIV assets under management, while two regions – Eastern Europe and Central Asia (ECA) and Latin America and the Caribbean (LAC) – received 81% of all MIV investments. MIVs are primarily invested in fixed income instruments (77% of MIV portfolio) but equity investments (currently 21% of MIV portfolio) are on the rise. The average net return for fixed income instruments is close to money market rates (5.8% in US dollars) but there is not enough historic and comparable data on the performance of equity investments to establish credible benchmarks. Investments are also highly concentrated in large sustainable MFIs. The average top five investment exposure represents 47% of the MIV portfolio.

CGAP hopes that this MIV Benchmark will help to raise awareness of MIV investment opportunities, and increase transparency on microfinance fund manager performance

The CGAP 2007 MIV Benchmark tables are presented in Annex 1, and are also accessible on the Symbiotics website at <http://www.symbiotics.ch/miv-benchmark>

II. Survey Methodology

In 2007, CGAP contracted Symbiotics³ to carry out a market survey as a step towards improving the transparency of MIVs.⁴ Forty leading funds, representing 87% of total industry investment, participated in CGAP's survey by sharing (on a voluntary and confidential basis) performance data and audited financial statements for year-end December 2006.⁵

The information was verified by two analysts and reclassified according to the CGAP MIV disclosure guidelines to ensure comparability. Data quality was also assessed and rated based on the quality of supporting documentation. Twenty funds provided audited financial statements, six provided unaudited financial statements or management reports, and fourteen did not provide any official supporting documentation. To allow a meaningful comparison of results, CGAP and Symbiotics organized MIVs into six categories or "peer groups" based on their business model, commercial orientation, financial instruments and asset classes (equity, fixed income, etc.). All MIVs share some measure of social and developmental orientation.

The peer groups are:

- 1) **Registered mutual funds** targeting primarily retail but also institutional investors and seeking close to a money market return from primarily **fixed income** investments. These funds are generally subjected to standard compliance regulations of undertakings for collective investment. They mainly invest in debt instruments but have also some equity investments.
- 2) **Commercial fixed income investment funds** targeting public and private institutional investors and seeking close to a money market return. These structures tend to focus on subordinated and senior debt investments.
- 3) **Structured finance vehicles** offering a range of asset-backed securities with different risk and return profiles to microfinance investors. These vehicles are among the most institutionally driven vehicles offering much greater stakes.
- 4) **Blended value funds** offering below market returns to socially-focused investors and providing a mix of **debt and equity finance** to MFIs. These funds are generally managed by not-

³ Symbiotics is a research and consulting company based in Switzerland.

⁴ This research, which was conducted during the summer of 2007, was based on the CGAP MIV Disclosure Guidelines, an industry disclosure framework built on good practices for reporting by MIVs.

⁵ This information was reclassified according to CGAP's MIV Disclosure Guidelines, which provide a standardized reporting framework.

for-profit organizations.

5) **Holding companies of microfinance banks** providing mainly **equity** finance and technical assistance to start-up microfinance banks. These MIVs are generally accessible by private invitation only.

6) **Private equity funds** seeking a market return with a longer time horizon. Most funds are driven by commercial organizations with a strong development bias.

III. Global Trends Analysis

| | Fixed income | | | Mixed | Equity | |
|--|-------------------------|-----------------------------|-----------------------------|---------------------|-------------------|----------------------|
| | Registered Mutual Funds | Commercial Investment Funds | Structured Finance Vehicles | Blended Value Funds | Holding Companies | Private Equity Funds |
| Number of Funds Surveyed | 6 | 5 | 4 | 7 | 4 | 6 |
| Total Assets (US\$ million) | 391 | 437 | 279 | 146 | 62 | 84 |
| Total Microfinance Investments (US\$ million) | 293 | 280 | 268 | 111 | 44 | 70 |
| Equity as Percentage of Microfinance Portfolio | 6% | 1% | 0% | 28% | 93% | 76% |
| Debt as Percentage of Microfinance Portfolio | 93% | 93% | 100% | 67% | 7% | 24% |
| Average Fund Size (US\$ million) | 65.1 | 87.3 | 69.7 | 20.8 | 15.5 | 14 |
| Return in US\$ | 5.80% | 4.8% (euro) | 5.3% (AA) | 1.5% | NA | NA |
| Average Total Expense Ratio | 2.7% | 2.0% | 1.3% | 6.1% | 8.4% | 4.1% |

Table 1: MIV Peer Groups⁶

⁶ Eight MIVs could not be categorized and included in one of the six peer groups, due to lack of data, business model, size or track record purposes. These are Oikocredit, Calvert Social Investment Foundation, Finethic Microfinance SCA SICAR, responsAbility SICAV Microfinance Leaders Fund, Gray Ghost Microfinance Fund LLC, Unitus Equity Fund, ProCredit Holding, and BBVA Codespa Microfinanzas.

Size and growth

The 68% average increase in MIV assets from 2005 to 2006 suggests a very young industry in a phase of development. The average fund size is much larger than previous surveys had indicated and now stands at US\$66 million. However, the median fund size is still small, with US\$27 million in assets under management. Fifty percent of the MIVs have less than US\$25 million in assets under management.

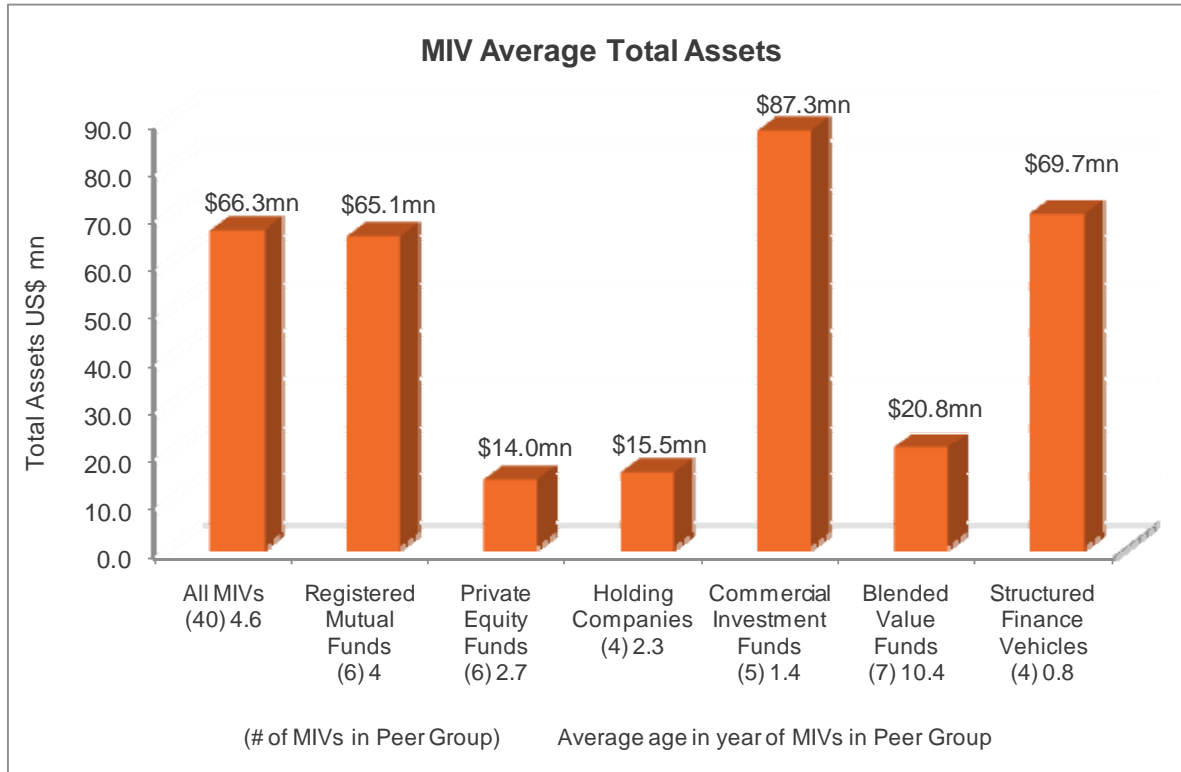


Figure 1: Size

Investment instruments and geographic distribution

MIV investments are dominated by fixed income instruments which account for 77% of microfinance assets under management. Despite a much lower share (21% of total assets), equity investments are on the rise with a growth of 250% in just one year. Loan guarantees, which were a pioneer instrument, now stand at a mere 1.5%.

Fixed income transactions have increased in size too, with the average fixed income deal size at US\$1.3 million, a 30% increase from 2005. The average equity investment is surprisingly high at

US\$2.2 million due to large equity stakes in other MIVs. The median equity deal size remains small at US\$0.4 million.

Eastern Europe and Central Asia (ECA) and Latin America, with 81% of MIV portfolio investment, capture the lion’s share of funds. Nonetheless, the share of MIV investment in Asia, now at 8%, and Sub Saharan Africa at 7%, is increasing significantly due to the entry of new funds promoted by public investors.

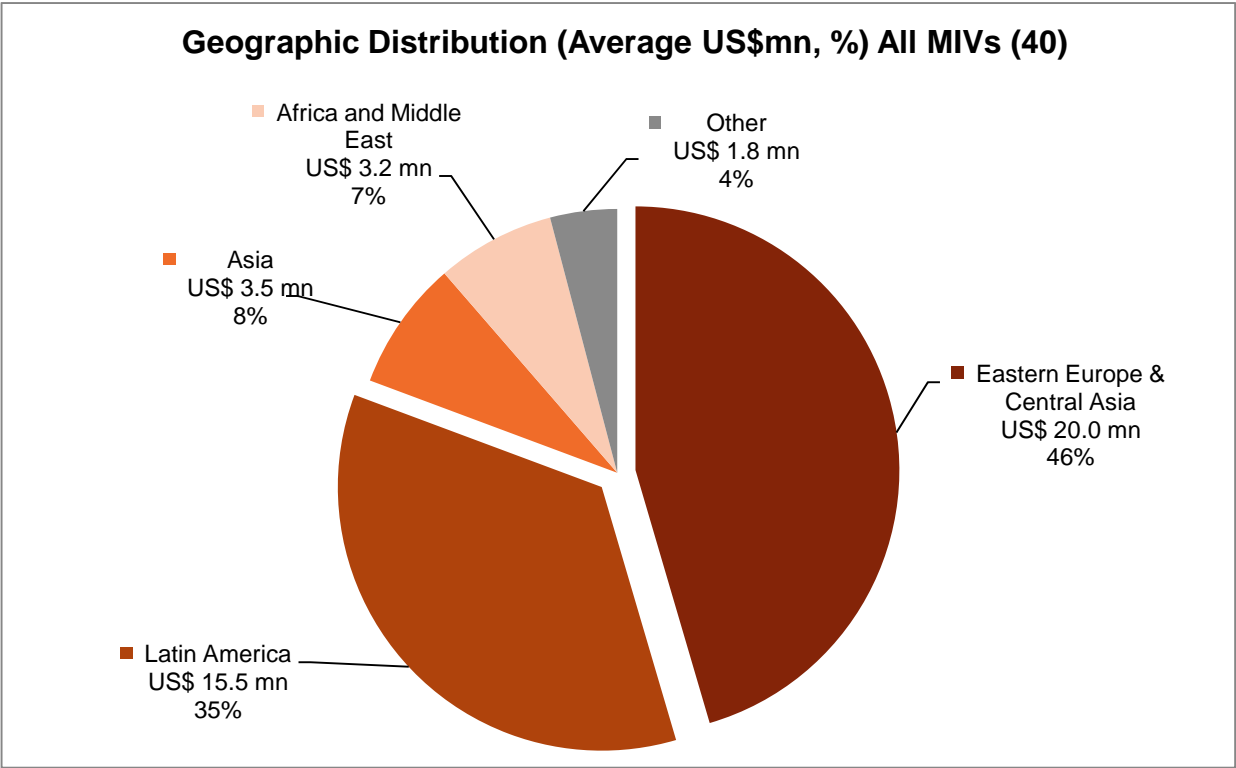


Figure 2: Geographic Distribution

Return

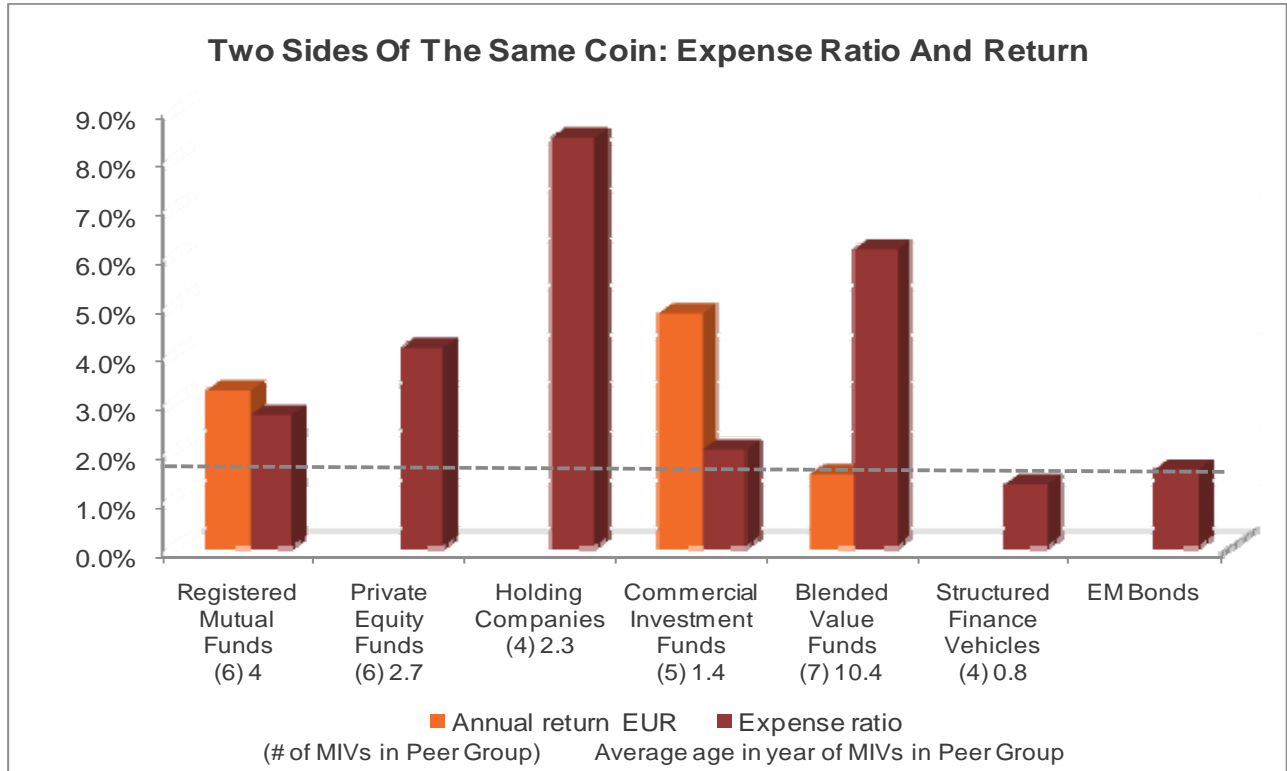


Figure 3: Expense Ratio and Return

Returns for fixed income MIVs generally reflect a reasonable performance against the Libor/Euribor rates. They generally under-perform emerging market fixed income funds but offer much less volatility. The average total net return for fixed income funds is close to money market (5.8% in US dollars). There is not enough historic and comparable data on the performance of microfinance equity vehicles to establish credible benchmarks.

Efficiency: Total Expense Ratios (TER)

On first view, MIV Total Expense Ratios (TER) including management fees, administration and custody costs (but excluding transaction costs) appear to be high compared to more conventional investment funds. However, according to one recent industry study,⁷ the average TER of Emerging Market Fixed Income Funds (EMFIF) over the period 1996 to 2005 stood at 161 basis

⁷ “Emerging Market Bond Funds: A Comprehensive Analysis”, 2006, by Sirapat Polwittoon, of *Susquehanna University*, and Oranee Tawatnuntachai of *Penn State University at Harrisburg*.

points⁸ (bps). That compares fairly well with the TER recorded by commercial investment (270 bps) and structured finance (130 bps) MIVs.

Risk concentration

Investment is highly concentrated in large sustainable MFIs. The average top five investment exposure represents 47% of the MIV portfolio. Risk concentration in countries, microfinance institutions and currencies is significant.

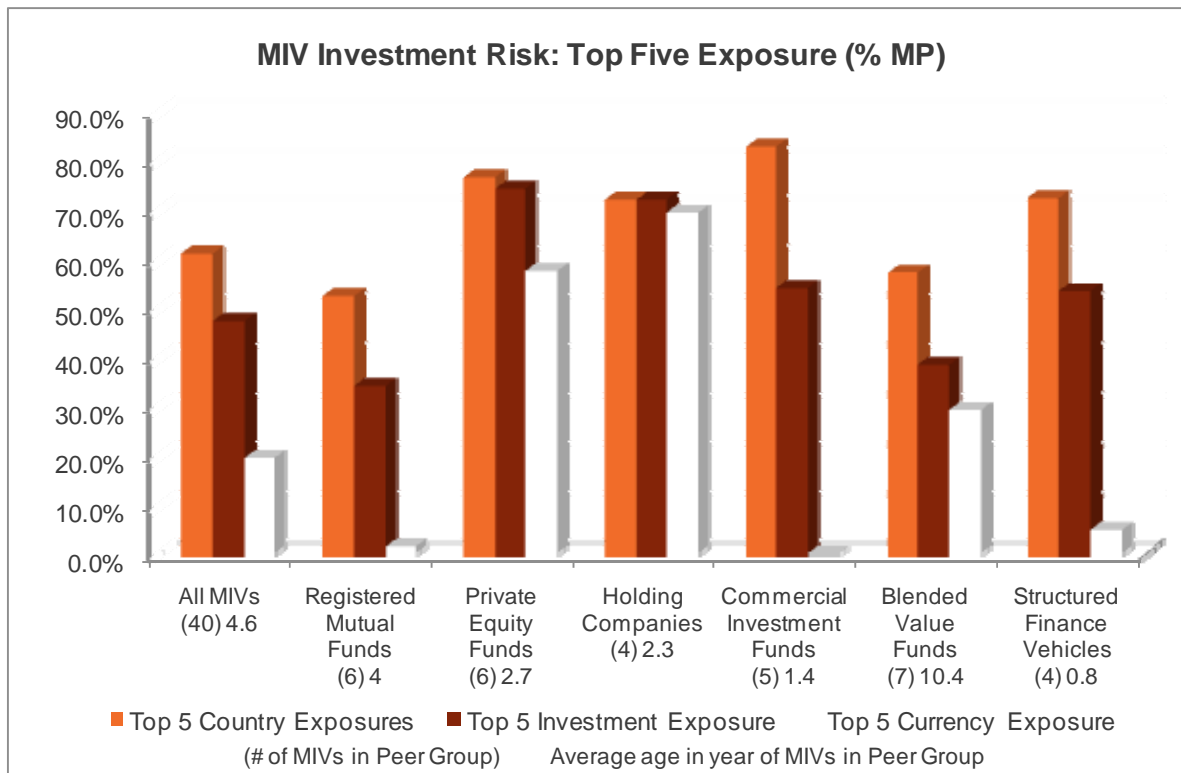


Figure 4: Top Five Exposure

⁸ One hundred basis points (“bps”) are equivalent to one percent. BPS are commonly used in fixed income portfolio management.

Funding

A major structural change is emerging among fund subscribers. NGOs, foundations and individuals continue to be the mainstay of industry financing, but their share of MIV funding has fallen from 47% in 2005 to 38% in 2006. The same downward trend applies to Development Financial Institutions (DFIs) whose contributions have declined from 36% to 30% during the same period. However institutional investors are on the rise and have doubled their share from 14% to 28%, and are playing an increasing role.

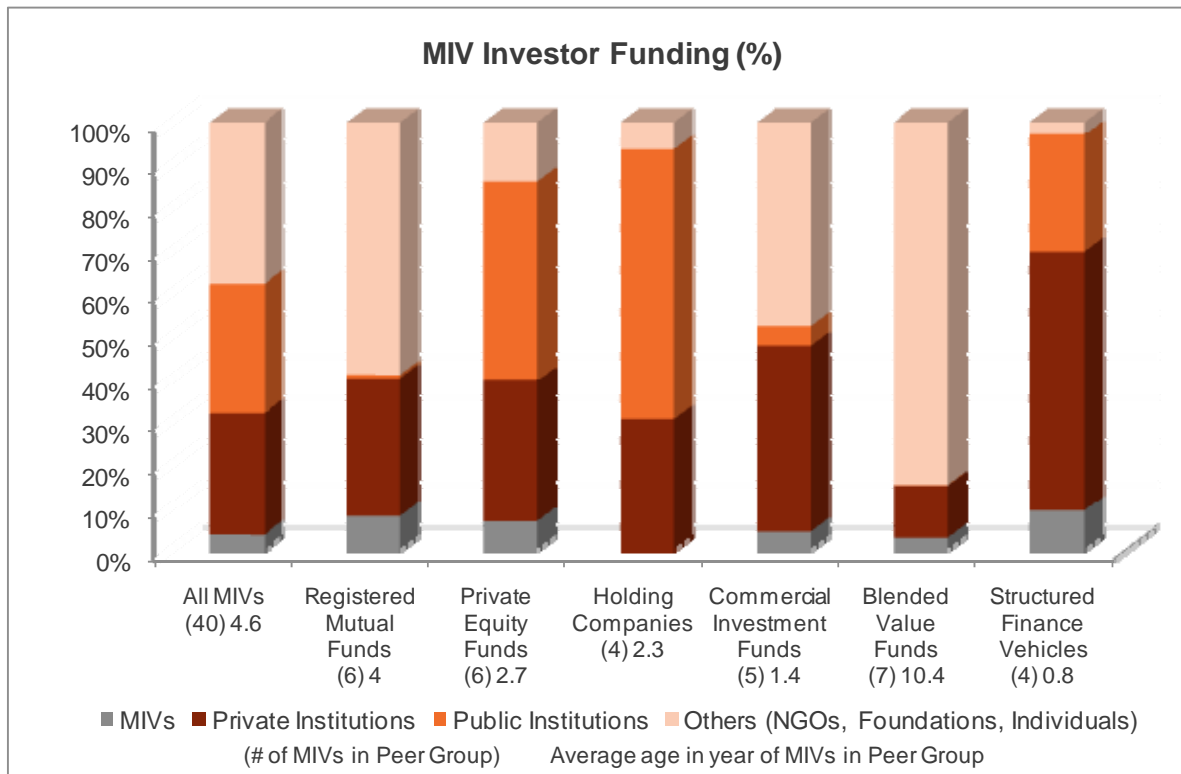


Figure 5: Investor Funding

Jurisdiction

Due to legal and regulatory advantages, two countries of Western Europe – Luxembourg and the Netherlands – account for 82% of fund jurisdiction (while only 14% of assets under management are registered in North America). MIVs registered in those countries profit from tax benefits and a favourable regulatory environment such as allowing investments in non-listed securities and debt instruments.

IV. Peer Group Results

This section presents the results of the MIV survey by peer groups.

Registered fixed income mutual funds are found in Luxembourg and Holland, which have attractive tax regimes and favourable mutual fund legislation for non-listed securities.⁹ MIVs in this category are large (US\$65 million in assets on average) and fast-growing with some funds doubling in size each year. They are distributed through bank networks such as Credit Suisse or Dexia and are offered to both institutional and retail investors on a private placement basis.¹⁰ Investors receive close to money market returns – 5.8% in US dollars or 3.2% in euros – and are generally allowed to redeem their investments on a monthly basis. These funds invest mainly directly in MFIs debts but may also have large equity or fixed income investments in other MIVs. This group complies with strict disclosure regulations and has the most reliable and standardized reporting among MIVs. BlueOrchard Finance S.A. and responsAbility Social Investment Services AG are the leading fund management companies in this group.

Registered Mutual Funds

Average asset size: US\$ 65 million

Average age: 4 years

Average deal size: US\$ 1 million

Main instruments: 93% debt

Geographic focus: 77% in LAC and ECA

Main subscribers: 59% individuals, 32% institutional investors

Commercial fixed income investment funds comprise commercially-oriented funds providing mainly senior debt but also subordinated debt to high-growth MFIs. They are mainly subscribed by high net worth and institutional investors and are not regulated and supervised by capital

⁹ European UCI (Undertaking for Collective Investment) legislation allows for mutual funds invested in unlisted and unrated securities.

¹⁰ Mutual funds registered in Luxembourg are authorized to sell to the public in Luxembourg only. The Global responsAbility fund is also authorized by the Swiss market authority to sell to the public in Switzerland.

market authorities.¹¹ They include both debt funds, such as Microvest in the US, and structured funds, such as the Global Microfinance Consortium. This group is one of the most highly leveraged, with external debt representing 30% of assets. MIVs in this group tend to make large investments (three times the mutual fund average) and have, as a result, relatively low operating cost ratios. The average net return in euros for this group is 4.8%, above that for mutual funds, although the track record remains too short (less than 2 years) to provide meaningful comparisons.

Commercial Fixed Income Funds

Average asset size: US\$ 87 million

Average age: 1.4 years

Average deal size: US\$ 2.5 million

Main instruments: 93% debt

Geographic focus: 96% LAC and ECA

Main subscribers: 48% individuals and foundations, 44% institutional investors

Structured finance vehicles represent one of the newest forms of financing in microfinance. Most structured finance instruments pool and repackage microfinance loan assets as marketable securities. The majority of structured finance vehicles are collateralized debt obligations (CDOs)¹². The first formal CDO, Blue Orchard Microfinance Securities I (BOMS), was structured in 2004-2005 by Blue Orchard in partnership with OPIC and Developing World Markets. Since then, seven CDOs have been structured and over US\$ 525 million of microfinance securities have been issued.

¹¹ With the exception of EFSE, which is registered as a SICAV and regulated by CSSF the Luxembourg market authority.

¹² Microfinance CDOs (a.k.a CLO or Collateralized Loan Obligations) are fixed-term vehicles that pool and repackage loans to MFIs and divide the **credit risk** among different **tranches according to relative risk and return**: senior tranches, mezzanine tranches, and equity tranches.. Repayments to investors follow a “waterfall” structure. Holders of senior tranches are paid first, followed by mezzanine tranches and then junior tranches. Thus senior “note” holders receive the lowest returns to reflect a high “certainty of payment”. Equity investors are only paid on maturity if there is residual cash left after all other investors have been paid. CDOs serve as an important funding vehicle for portfolio investments in credit-risky fixed-income assets.

Structured Finance Vehicles

Average asset size: US\$70 million

Average age: 0.8 year

Average deal size: US\$4.1 million

Main instruments: 100% debt

Geographic focus: 93% LAC and ECA

Main subscribers: 61% institutional investors, 27% DFIs

Four CDOs participated in the CGAP survey. The vehicles are invested in leading MFIs in mostly two regions – Latin America and the Caribbean (LAC) and Eastern Europe and Central Asia (ECA). This group provides MFIs with larger loans (three times MIV average) and longer maturity (one and a half times MIV average).

Total expense ratios are relatively low (half) compared to other funds as deals are large and the portfolio is not actively managed. However, CDOs are costly to set up and involve expensive due diligence processes and legal fees that are not always priced in at full cost.

Because of their credit ratings and the well-covered default risk, senior tranches of structured finance vehicles offer the most viable investment opportunities for commercial investors. The BOLD 2 two senior tranches, for example, were rated AA and BBB by Standard & Poor's and offered to private investors at a premium of up to 40 basis points and 95 basis points respectively.

So far junior and equity tranches have been purchased by public investors and MIVs.¹³ Junior tranches are attractive investment opportunities for knowledgeable investors, with an average yield in U.S. dollars close to 8 percent in 2006.

Blended value fixed income and equity funds include some of the first MIVs that provide both debt and equity investment to MFIs. They include long-established funds, such as Triodos Doen Foundation, and newer funds such as Micro-Credit Enterprises. Blended value funds are the most

¹³ Structured finance vehicles is the group with the largest amount of funding coming from other MIVs.

heavily mission-driven and offer a mix of social and financial returns, with target financial returns typically below market rates. Their average return is 1.5%. Eighty five percent of investments come from individuals, foundations or NGOs. These MIVs have significant investments in underserved regions such as Africa and East Asia, and tend to invest in small and medium-size MFIs. Not surprisingly, this category has one of the highest total expense ratios for debt funds explained by the small average deal size (one third MIV average) and the high cost of due diligence and legal work for such small deals.

Blended Value Investment Funds

Average asset size: US\$ 20.8 million

Average age: 10.4 years

Average deal size: US\$ 0.6 million

Main instruments: 67% debt

Geographic focus: 39% LAC and 26% Sub Saharan Africa, and 18% Asia

Main subscribers: 85% individuals and foundations

Holding companies of microfinance banks established by leading microfinance consulting companies and DFIs provide equity finance to start-up, “greenfield” microfinance banks, replicating the successful model developed by ProCredit Holding.¹⁴ With the exception of ProCredit, the track record of holding companies is too short to assess their performance. Holding companies receive the highest share of public investment, and benefit from additional public subsidies through DFI-supported technical assistance. This group effectively serves as the investment arm of DFIs set up to create new microfinance institutions in underserved markets. Together, they have a pipeline of more than 25 new microfinance banks in frontier markets such as Congo, Yemen and Algeria. This group has by far the highest share of investment in Sub Saharan Africa (31%).

¹⁴ ProCredit Holding is a holding of microfinance banks. ProCredit Holding did participate to the MIV survey but is not included in the holding companies peer group because of its larger size and track record.

Holding Companies

Average asset size: US\$ 15.5 million

Average age: 2.3 years

Average deal size: US\$ 1.8 million

Main instruments: 93% equity

Geographic focus: 48% ECA and 31% Sub Saharan Africa

Main subscribers: 63% DFIs, 30% institutional investors

Equity funds comprise equity firms and venture capital companies offering a blend of equity and convertible debt to high-growth MFIs in emerging markets. MIVs in this category include first generation venture capital funds (set up by DFIs or networks such as ACCION) and second generation equity funds with a more commercial or regional focus, with private backers (e.g. Bellwether in India). This group of MIVs has the highest share of investments in Asia and large commitments in Sub Saharan Africa. While DFIs are the major investors in equity funds, their share is decreasing as private institutional investors, foreign and local, raise their commitments. This is the peer group with the smallest asset size but the highest growth rate. Results are challenging to analyze given the different accounting practices, notably portfolio valuation principles. Due to the absence of historic data, there is also insufficient evidence to develop relevant performance benchmarks. Private equity funds are quite expensive to operate with total expense ratios ranging from 3% to 6%, and have similar cost ratios to blended value funds.

Private Equity Funds

Average asset size: US\$14 million

Average age: 2.7 years

Average deal size: US\$ 1.5 million

Main instruments: 76% Equity

Geographic focus: 39% LAC and 27% Sub Saharan Africa

Main subscribers: 47% DFI, 33% institutional investors

Conclusions

This MIV Benchmark Report provides a snapshot of the quickly changing universe of Microfinance Investment Vehicles. It helps to categorize the different type of funds and define the landscape of microfinance investment opportunities.

But it is still a work in progress. Improved MIV disclosure standards, more complete and better quality data, and a greater number of participating funds are all necessary to provide a better representation of the risk and return profile of this emerging assets class. Information on social performance of funds is also in high demand, particularly from socially responsible investors, and should be added to future surveys to complement the financial benchmarks.

Better information on social and financial performance of MIVs is needed to allow for the most effective allocation of financing. A more efficient capital market that integrates social and financial decision-making can help develop a robust microfinance industry that achieves the overall goal of sustainable and responsible financial services for all.

Annex 1.

| CGAP MIV benchmarks Peer group table powered by Symbiotics | MIVs Balance Sheet | | | | | | | | | | Survey | | Nbre of MIVs | | Total Assets | | Assets Microfinance | | | | |
|--|---|---|---|---|--|--|--|-----|--------|---------------------------|--------------------------------------|--------|-------------------------------------|------|--------------|-----------------------------|---------------------|--------|-------------------------------------|-----|--------|
| | | | | | | | | | | | Universe (active MIVs 2006, CGAP) | | 64 | | 3'049 | | 1'987 | | | | |
| | | | | | | | | | | | Sample | | 40 | | 62.5% | | 2'651 | | 86.9% | | 1'758 |
| | All MIVs, N=40 | | | Registered Mutual Funds, N=6 | | | Private Equity Funds, N=6 | | | Holding Companies, N=4 | | | Commercial Investment Funds, N=5 | | | Blended Value Funds, N=7 | | | Structured Finance Vehicles, N=4 | | |
| %TA | | | %TA | | | %TA | | | %TA | | | %TA | | | %TA | | | | | | |
| MIV average Balance sheet (\$ million) | | | | | | | | | | | | | | | | | | | | | |
| Total Assets (TA) | 66.3 | (40) | 100.0% | 65.1 | (6) | 100.0% | 14.0 | (6) | 100.0% | 15.5 | (4) | 100.0% | 87.3 | (5) | 100.0% | 20.8 | (7) | 100.0% | 69.7 | (4) | 100.0% |
| Net Asset value | 51.8 | (40) | 78.1% | 63.3 | (6) | 97.3% | 13.4 | (6) | 95.9% | 11.9 | (4) | 77.0% | 67.0 | (5) | 76.7% | 11.7 | (7) | 55.9% | 68.9 | (4) | 98.8% |
| Microfinance Investments | 43.9 | (40) | 66.3% | 48.9 | (6) | 75.1% | 11.7 | (6) | 83.5% | 11.0 | (4) | 70.8% | 56.0 | (5) | 64.1% | 15.8 | (7) | 75.9% | 67.0 | (4) | 96.1% |
| Total Liquid Assets | 8.9 | (40) | 13.4% | 8.0 | (6) | 12.3% | 1.7 | (6) | 11.8% | 4.3 | (4) | 27.7% | 5.9 | (5) | 6.8% | 3.8 | (7) | 18.5% | 2.0 | (4) | 2.9% |
| Microfinance Investments (MP) (\$ Million) | | | | | | | | | | | | | | | | | | | | | |
| Microfinance Investments | 43.9 | (40) | | 48.9 | (6) | | 11.7 | (6) | | 11.0 | (4) | | 56.0 | (5) | | 15.8 | (7) | | 67.0 | (4) | |
| Microfinance Portfolio in Equity | 9.3 | (40) | 21.1% | 3.1 | (6) | 6.4% | 8.8 | (6) | 75.6% | 10.2 | (4) | 92.8% | 0.6 | (5) | 1.0% | 4.4 | (7) | 28.1% | - | (4) | |
| Microfinance Portfolio in Debt | 34.0 | (40) | 77.4% | 45.5 | (6) | 93.1% | 2.9 | (6) | 24.4% | 0.8 | (4) | 7.2% | 52.0 | (5) | 92.8% | 10.6 | (7) | 66.8% | 67.0 | (4) | 100.0% |
| Microfinance Portfolio in Guarantees | 0.7 | (40) | 1.5% | 0.3 | (6) | 0.5% | - | (6) | | - | (4) | | 3.4 | (5) | 6.1% | 0.8 | (7) | 5.0% | - | (4) | |
| Maturities of Direct Debt Investments (Months) | 38 | (17) | | 19 | (4) | | 44 | (3) | | - | | | 44 | (4) | | 21 | (1) | | 50 | (2) | |
| Direct Investments in MFIs | 41.5 | (40) | 94.4% | 43.6 | (6) | 89.2% | 11.6 | (6) | 99.3% | 11.0 | (4) | 99.8% | 54.9 | (5) | 98.1% | 14.8 | (7) | 93.4% | 67.0 | (4) | 100.0% |
| Investments in other MIVs | 2.5 | (40) | 5.6% | 5.3 | (6) | 10.8% | 0.1 | (6) | 0.7% | 0.02 | (4) | 0.2% | 1.1 | (5) | 1.9% | 1.0 | (7) | 6.6% | - | (4) | |
| Geographic Distribution | | | | | | | | | | | | | | | | | | | | | |
| Eastern Europe and Central Asia | 20.0 | (40) | 45.4% | 16.1 | (6) | 32.9% | 0.6 | (6) | 4.8% | 5.2 | (4) | 47.8% | 44.8 | (5) | 79.9% | 2.4 | (7) | 15.3% | 25.6 | (4) | 38.2% |
| Latin America | 15.5 | (40) | 35.3% | 21.6 | (6) | 44.1% | 4.5 | (6) | 38.8% | 1.3 | (4) | 11.4% | 9.0 | (5) | 16.1% | 6.1 | (7) | 38.5% | 36.8 | (4) | 54.9% |
| East Asia & Pacific | 2.3 | (40) | 5.3% | 1.6 | (6) | 3.3% | 1.7 | (6) | 14.3% | 0.3 | (4) | 2.5% | 1.0 | (5) | 1.7% | 2.0 | (7) | 12.7% | 2.5 | (4) | 3.7% |
| South Asia | 1.2 | (40) | 2.7% | 1.9 | (6) | 3.8% | 1.8 | (6) | 15.7% | 0.1 | (4) | 0.6% | 0.2 | (5) | 0.3% | 0.8 | (7) | 5.1% | 1.0 | (4) | 1.5% |
| Middle East and North Africa | 0.1 | (40) | 0.2% | 0.1 | (6) | 0.2% | - | (6) | | - | (4) | | - | (5) | | 0.2 | (7) | 1.1% | 0.3 | (4) | 0.4% |
| Sub-Saharan Africa | 3.1 | (40) | 6.9% | 1.9 | (6) | 3.8% | 3.1 | (6) | 26.5% | 3.4 | (4) | 31.1% | 0.8 | (5) | 1.5% | 4.1 | (7) | 25.9% | - | (4) | |
| Other | 1.8 | (40) | 4.2% | 5.9 | (6) | 12.0% | - | (6) | | 0.7 | (4) | 6.5% | 0.2 | (5) | 0.4% | 0.2 | (7) | 1.5% | 0.9 | (4) | 1.3% |
| Risk Indicators, concentration and currency | | | | | | | | | | | | | | | | | | | | | |
| Top One Country Exposure | 8.3 | (40) | 18.8% | 8.0 | (6) | 16.3% | 4.2 | (6) | 36.0% | 3.6 | (4) | 33.2% | 15.4 | (5) | 27.6% | 2.5 | (7) | 16.0% | 12.0 | (4) | 17.8% |
| Total Top Five Country Exposure | 26.9 | (40) | 61.3% | 25.6 | (6) | 52.4% | 9.0 | (6) | 76.6% | 7.9 | (4) | 72.1% | 46.6 | (5) | 83.1% | 9.1 | (7) | 57.4% | 48.5 | (4) | 72.4% |
| Top One Microfinance Investment Exposure | 7.1 | (40) | 16.2% | 5.6 | (6) | 11.4% | 3.5 | (6) | 30.3% | 3.6 | (4) | 33.2% | 13.6 | (5) | 24.3% | 2.0 | (7) | 12.4% | 9.5 | (4) | 14.1% |
| Total Top Five Microfinance Investment Exposure | 20.8 | (40) | 47.4% | 16.8 | (6) | 34.4% | 8.7 | (6) | 74.3% | 7.9 | (4) | 72.1% | 30.2 | (5) | 54.0% | 6.1 | (7) | 38.6% | 35.8 | (4) | 53.4% |
| Top One Unhedged Currency Exposure | 3.9 | (39) | 11.2% | 0.3 | (6) | 0.5% | 3.1 | (6) | 26.7% | 3.4 | (4) | 30.6% | 0.1 | (5) | 0.1% | 1.7 | (7) | 10.5% | 2.6 | (4) | 3.8% |
| Total Top Five Unhedged Currency Exposure | 6.8 | (39) | 19.6% | 0.7 | (6) | 1.5% | 6.8 | (6) | 57.8% | 7.6 | (4) | 69.5% | 0.1 | (5) | 0.1% | 4.6 | (7) | 29.2% | 3.2 | (4) | 4.8% |
| Investor Type (IT) | | | | | | | | | | | | | | | | | | | | | |
| Public Institutions | 20.2 | (33) | 30.1% | 0.5 | (6) | 0.8% | 10.6 | (4) | 46.5% | 5.8 | (3) | 63.2% | 1.4 | (4)* | 4.4% | 0.02 | (6) | 0.1% | 12.8 | (2) | 27.2% |
| Private Institutions | 19.0 | (33) | 28.4% | 20.7 | (6) | 32.4% | 7.5 | (4) | 32.8% | 2.8 | (3) | 30.4% | 13.5 | (4)* | 43.5% | 1.8 | (6) | 12.5% | 28.6 | (2) | 60.7% |
| MIVs | 2.3 | (33) | 3.4% | 5.0 | (6) | 7.8% | 1.5 | (4) | 6.6% | - | (3) | | 1.3 | (4)* | 4.3% | 0.4 | (6) | 2.9% | 4.3 | (2) | 9.1% |
| Other (NGOs, Foundations, Individuals) | 25.5 | (33) | 38.1% | 37.7 | (6) | 59.0% | 3.2 | (4) | 14.1% | 0.6 | (3) | 6.4% | 14.8 | (4)* | 47.8% | 12.4 | (6) | 84.5% | 1.4 | (2) | 3.0% |
| Name of MIVs | | | | | | | | | | | | | | | | | | | | | |
| | All peer groups' MIVs and BBVA, Calvert Social Investment Foundation, Finethic Microfinance SCA SICAR, Gray Ghost Microfinance Fund LLC, Oikocredit, Procredit Holding, responsAbility SICAV Microfinance Leaders Fund, Unitus Equity Fund. | ASN-Novib Fonds, Dexia Microcredit Fund, Dual Return Fund SICAV, responsAbility Global Microfinance Fund, St. Honoré Microfinance, Triodos Fair Share Fund. | ACCION Investments in Microfinance SPC, Africap Microfinance Fund Ltd, Bellwether Microfinance Fund, Balkan Financial Sector Equity Fund C.V., Investisseur et Partenaire pour le Développement (I&P), ShoreCap International, Ltd. | Global Microfinance Group SA, Advans, MicroCred, Opportunity Transformation Investments, Inc. | Global Microfinance Consortium, The Dignity Fund, L.P., European Fund for South East Europe, Impulse Microfinance Investment Fund NV, MicroVest I, LP. | Fonds International de Garantie, Hivos-Triodos Fund Foundation, Incofin cvso, MicroCredit Enterprises, Opportunity Loan Guarantee Fund I, LLC, International Solidarity For Development and Investment, Triodos-Doen Foundation. | BlueOrchard Loans for Development 2006-1, BlueOrchard Microfinance Securities-1 (BOMS1), Microfinance Loan Obligations SA - Compartment Opportunity Eastern Europe 2005-1, Microfinance Securities XXEB. | | | | | | | | | | | | | | |
| Average Peer Group Data Rating | | | | | | | | | | | | | | | | | | | | | |
| 1= data provided by MIV and validated with audited financial statements, 2= data provided by MIV and validated with unaudited financial statements, 3= data provided by MIV without financial statements | 1.9 | | | 1.5 | | | 2.0 | | | 2.0 | | | 1.6 | | | 1.0 | | | 2.8 | | |

| CGAP MIV benchmarks Peer group table powered by Symbiotics | MIV P&L and Performance | | | | | | | Survey | Nbre of MIVs | Total Assets | Assets Microfinance |
|--|---|---|---|---|--|--|--|--------------------------------------|--------------|--------------|---------------------|
| | | | | | | | | Universe (active MIVs 2006, CGAP) | 64 | 3'049 | 1'987 |
| | | | | | | | | Sample | 40 62.5% | 2'651 86.9% | 1'758 88.5% |
| All currency figures are population's average in million US Dollars as of 2006-12-31. The number in bracket indicates the sample size. | All MIVs, N=40 | Registered Mutual Funds | Private Equity Funds | Holding Companies | Commercial Investment Funds | Blended Value Funds | Structured Finance Vehicles | | | | |
| Size | | | | | | | | | | | |
| Total Assets (TA) (\$ million) | 66.3 (40) | 65.1 (6) | 14.0 (6) | 15.5 (4) | 87.3 (5) | 20.8 (7) | 69.7 (4) | | | | |
| Annual TA growth (for MIVs existing in 2005) | 68.4% (28) | 60.7% (5) | 76.0% (5) | 45.0% (3) | 139.8% (3) | 25.0% (6) | 130.4% (2) | | | | |
| Age | | | | | | | | | | | |
| Nbre of years since registration | 4.6 (40) | 4.0 (6) | 2.7 (6) | 2.3 (4) | 1.4 (5) | 10.4 (7) | 0.8 (4) | | | | |
| Average Deal size (\$ million) | | | | | | | | | | | |
| Average Equity Investment Size | 2.2 (40) | 3.1 (6) | 1.5 (6) | 1.9 (4) | 0.7 (5) | 0.6 (7) | - (4) | | | | |
| Average Fixed Income Investment Size | 1.3 (40) | 0.9 (6) | 0.6 (6) | 0.5 (4) | 2.6 (5) | 0.5 (7) | 4.1 (4) | | | | |
| Average Size of Direct Investments in MFIs | 1.5 (40) | 1.0 (6) | 1.5 (6) | 1.8 (4) | 2.5 (5) | 0.6 (7) | 4.1 (4) | | | | |
| Average Size of Investments in other MIVs | 1.0 (40) | 1.7 (6) | 0.5 (6) | 0.1 (4) | 1.4 (5) | 0.3 (7) | - (4) | | | | |
| Return | | | | | | | | | | | |
| Class Valuation Currency | - | EUR USD | - | - | EUR | EUR | - | | | | |
| Net Asset value | - | 38.0 (4) 48.7 (2) | - | - | - | 7.4 (3) | - | | | | |
| Annual Total Return | - | 3.2% (5) 5.8% (2) | - | - | 4.8% (2) | 1.5% (2) | - | | | | |
| Spread above Euribor/Libor 3 Months | - | 10 BPS (5) 60 BPS (2) | - | - | - | - | - | | | | |
| Annualized Average Return since Inception | - | 2.3% (5) 4.1% (2) | - | - | - | - | - | | | | |
| Class Risk (senior, mezzanine, junior, ...) | - | - | - | - | - | - | Senior Junior | | | | |
| % of interest subordinated | - | - | - | - | - | - | 0.0% (4) 81.4% (4) | | | | |
| % of interest to which senior | - | - | - | - | - | - | 40.1% (4) 3.3% (3) | | | | |
| Spread above reference rate | - | - | - | - | - | - | 20 BPS (4) 400 BPS (4) | | | | |
| Average Life, Years | - | - | - | - | - | - | 5.4 (4) 5.4 (4) | | | | |
| Efficiency and Cost Structure | | | | | | | | | | | |
| Total Expense Ratio | - | 2.7% (5) | 4.1% (4) | 8.4% (3) | 2.0% (5) | 6.1% (7) | 1.3% (3) | | | | |
| Equity Leverage | | | | | | | | | | | |
| Debt/Equity | 45.0% (38) | 2.8% (6) | 4.3% (6) | 29.9% (4) | 30.4% (5) | 18.3% (5) | - (4) | | | | |
| MIV Jurisdiction (by TA) | | | | | | | | | | | |
| | | %TA | %TA | %TA | %TA | %TA | %TA | %TA | | | |
| Western Europe | 86.4 (25) | 81.5% | 65.1 (6) 100.0% | 0.2 (1) 0.2% | 4.5 (3) 21.8% | 175.1 (2) 80.2% | 25.8 (5) 88.5% | 65.0 (3) 69.9% | | | |
| North America | 41.9 (9) | 14.2% | - | 27.1 (1) 32.2% | 48.5 (1) 78.2% | 15.4 (2) 7.0% | 8.4 (2) 11.5% | 84.0 (1) 30.1% | | | |
| Central America, Mexico & Caribbean | 25.9 (3) | 2.9% | - | 19.9 (1) 23.7% | - | 55.8 (1) 12.8% | - | - | | | |
| Africa | 15.4 (2) | 1.2% | - | 15.4 (2) 36.8% | - | - | - | - | | | |
| South Asia | 6.0 (1) | 0.2% | - | 6.0 (1) 7.2% | - | - | - | - | | | |
| Name of MIVs | | | | | | | | | | | |
| | All peer groups' MIVs and BBVA, Calvert Social Investment Foundation, Finethic Microfinance SCA SICAR, Gray Ghost Microfinance Fund LLC, Oikocredit, Procredit Holding, responsAbility SICAV Microfinance Leaders Fund, Unitus Equity Fund. | ASN-Novib Fonds, Dexia Microcredit Fund, Dual Return Fund SICAV, responsAbility Global Microfinance Fund, St. Honoré Microfinance, Triodos Fair Share Fund. | ACCION Investments in Microfinance SPC, Africap Microfinance Fund Ltd, Bellwether Microfinance Fund, Balkan Financial Sector Equity Fund C.V., Investisseur et Partenaire pour le Développement (I&P), ShoreCap International, Ltd. | Global Microfinance Group SA, Advans, MicroCred, Opportunity Transformation Investments, Inc. | Global Microfinance Consortium, The Dignity Fund, L.P., European Fund for South East Europe, Impulse Microfinance Investment Fund NV, MicroVest I, LP. | Fonds International de Garantie, Hivos-Triodos Fund Foundation, Incofin cvso, MicroCredit Enterprises, Opportunity Loan Guarantee Fund I, LLC, International Solidarity For Development and Investment, Triodos-Doen Foundation. | BlueOrchard Loans for Development 2006-1, BlueOrchard Microfinance Securities-1 (BOMS1), Microfinance Loan Obligations SA - Compartment Opportunity Eastern Europe 2005-1, Microfinance Securities XXEB. | | | | |
| Average Peer Group Data Rating | | | | | | | | | | | |
| 1= data provided by MIV and validated with audited financial statements, 2= data provided by MIV and validated with unaudited financial statements, 3= data provided by MIV without financial statements | 1.9 | 1.5 | 2.0 | 2.0 | 1.6 | 1.0 | 2.8 | | | | |

Annex 2. MIVs that participated in the CGAP and Symbiotic survey

Structured Finance Vehicles

BlueOrchard Loans for Development 2006-1
BlueOrchard Microfinance Securities-1 (BOMS1)
Microfinance Loan Obligations SA, Compartment
Opportunity Eastern Europe 2005-1
Microfinance Securities XXEB

Registered Mutual Funds

ASN-Novib Fonds
Dexia Microcredit Fund
Dual Return Fund SICAV
responsAbility Global Microfinance Fund
St. Honoré Microfinance
Triodos Fair Share Fund

Commercial Investment Funds

Global Microfinance Consortium
European Fund for South East Europe
Impulse Microfinance Investment Fund NV
MicroVest I, LP
The Dignity Fund, L.P.

Blended Value Funds

Fonds International de Garantie
Hivos-Triodos Fund Foundation
Incofin cvso
MicroCredit Enterprises
Opportunity Loan Guarantee Fund I, LLC
International Solidarity For Development and
Investment
Triodos-Doen Foundation

Holding Companies of Microfinance Banks

Global Microfinance Group SA
Advans
MicroCred
Opportunity Transformation Investments, Inc.

Private Equity Funds

ACCION Investments in Microfinance SPC
Africap Microfinance Fund Ltd
Bellwether Microfinance Fund
Balkan Financial Sector Equity Fund C.V.
Investisseur et Partenaire pour le Développement
ShoreCap International, Ltd.

Funds not categorized

Calvert Social Investment Foundation
Finethic Microfinance SCA SICAR
Gray Ghost Microfinance Fund LLC
Oikocredit
Procredit Holding
responsAbility SICAV Microfinance Leaders Fund
Unitus Equity Fund

Annex 3. Abbreviations and Acronyms

| | |
|------|---|
| BOLD | Blue Orchard Loans for Development I and II |
| BOMS | Blue Orchard Microfinance Securities LLC |
| CDO | collateralized debt obligation |
| CLO | collateralized loan obligation |
| CGAP | Consultative Group to Assist the Poor |
| DFI | development finance institutions |
| EFSE | European Fund for Southeast Europe |
| IFC | International Finance Corporation |
| MFI | microfinance institution |
| MIV | microfinance investment vehicle |
| NGO | nongovernmental organization |
| SRI | socially responsible investment |
| S&P | Standard and Poor's |