alphamundi

Quarterly Activity Report

AlphaNews

31 March 2024

SocialAlpha Update

Investment Updates

In Latin America, SAIF-Bastion disbursed a USD 1.5M loan in February to ASPIRIA, a fintech loan company that provides short-term lines of credit for small and medium businesses in Mexico. Fashion industry fintech Bankamoda announced expansion plans from Colombia to Mexico. Waster water cleantech Zhana Solutions was listed by Forbes among the 30 most promising businesses of Colombia for 2024.

AMG completed its due diligence and secured SAIF Investment Committee approval for multiple investments, but new AML-CFT requirements from the fund administrator Société Générale in Luxembourg have created transaction delays since January for 4 companies ready to be added to the SAIF-Bastion portfolio, hampering a full asset allocation.

AMG also presented 6 co-investment opportunities to SAIF-Bastion investors, including 1 equity opportunity for the Bankamoda expansion and 5 co-lending deals.

AlphaMundi Update

Team

In February, AMG welcomed Research Fellow Luz Stecca for a 6-month fellowship in Impact Measurement. The team bid farewell to Impact Lead Pekka Halla, our impact lead, who joined a Swiss insurance group's ESG team. Senior Associate Estefanía Abello and Analyst Angelica Giraldo, who were a part of the LATAM team, also left AMG, the first to become the CFO of a waste management company, the second to work for the IFC. The company extends its heartfelt wishes of success to all.

Events

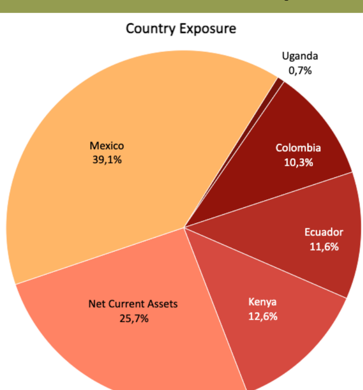
The AMG team participated in several industry events and conferences, including:

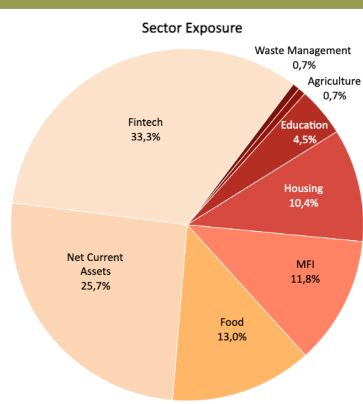
- Mission Multiplier 5th Edition - How Swiss NGOs, foundations, and philanthropists can leverage impact investing, in Zurich
- Redefining Business-As-Usual with a Gender Lens, in Nairobi
- SSF impact investing workshop to discuss plans for a Swiss NAB, in Bern

Beneficiary Highlight

Dolores Gomes is a female client of Avanza Sólido, a portfolio company based in Mexico. Dolores is a single mother who moved to Mexico City twenty years ago and decided to open a stationary shop to be autonomous and have the flexibility to take care of her kids. Dolores took a loan from Avanza Sólido to prepare her stock to fulfill the high demand for school supplies when classes started in 2024 and to buy a printer to provide printing services year-round. She learned about Avanza Sólido through a neighbor who was already a client and suggested she reach out through their very accessible WhatsApp customer service. Dolores has had a great overall experience with Avanza Sólido and through the growth she achieved in the first quarter of 2024, she is planning to expand the size of her stationary shop and hire more employees.

SocialAlpha Diversification





International Women's Day

In January, AMG updated its Gender Lens Investing policy to align it on the latest industry standards and best practices.

In March, AMG published a blog post to celebrate International Women's Day and showcase its GLI practices and 2023 impact.

The IMD also published an article by AMG on Gender Lens Investing in its alumni newsletter, I by IMD, which is distributed to 470,000 readers.

Industry Updates

Sustainable Finance and Impact Investing

- **Impact Investing gains momentum with real estate investors:** The real estate sector is witnessing a transformative shift towards impact investing, focusing on sustainability and social impact. Large investors are increasingly recognizing the role of real estate in achieving net-zero goals and fostering healthier communities.
- **Preventing greenwashing in the Swiss financial sector | latest developments:** Efforts to combat greenwashing, particularly in Switzerland, have intensified with recent regulatory developments. The Federal Council's decision to regulate its strategy for combating greenwashing and the Swiss Commission for Fair Trading's guideline on green marketing aim to establish transparency and accountability in sustainable finance. While self-regulation has been in place, there are gaps, prompting a move towards binding regulations.
- **World Bank Launches USD 5 Billion 7-year Bond for Sustainable Development Goals:** The World Bank recently issued a 7-year benchmark Sustainable Development Bond maturing in January 2031, raising USD 5 billion. Investors, including bank treasuries, official institutions, and asset managers, were drawn to the bond's triple-A credit rating, high-quality liquid asset status, and the sustainable development focus aimed at achieving positive social and environmental impact in member countries.
- **S&P Forecasts USD 1 Trillion Sustainable Bond Issuance in 2024:** Modest growth in green, social, sustainability, and sustainability-linked bond (GSSSB) issuance volumes, is expected to reach USD 1 trillion in 2024. This growth, driven by increased transparency and demand for environmental and energy transition projects, marks a maturing sustainable bond market.

Energy & Environment

EU adopts New Regulation Eliminating 500 Million Tons of Greenhouse Gas Emissions: The European Council has adopted groundbreaking legislation aimed at phasing down potent greenhouse gas emissions. This marks a significant step toward implementing the new regulation with expectations to eliminate 500 million tons of CO2 emissions by 2050. The legislation is hailed as the world's most ambitious, set to drive innovation, create opportunities for EU industry, and benefit citizens through the adoption of state-of-the-art technologies.

Gender Inclusion

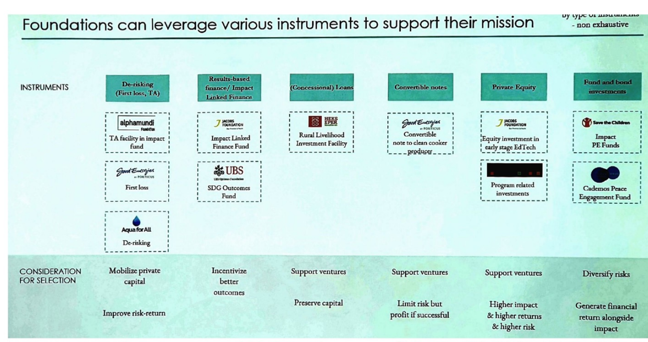
UN Women report shines light on gender lens investing market: A new UN report providing analysis of the market in gender lens investing (GLI) has been published highlighting the challenges and opportunities for incorporating gender and equality issues into investment decisions and the important role of GLI as a transformative force for positive societal change.

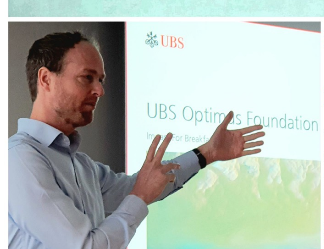
Financial Inclusion

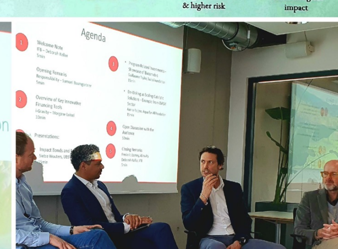
2024: the year of financial inclusion Technological developments have provided the banking sector with renewed tools to drive genuine inclusion-centric disruption. As we move into 2024, pockets of innovation across forward-thinking banks worldwide are already illustrating what is attainable.

Agriculture and Food Security

Climate Action Can Help Fight Hunger, Avoid Conflicts, Official Tells Security Council, Urging Greater Investment in Adaptation, Resilience, Clean Energy: With the accelerating climate crisis and multiplying conflicts, over 330 million people were affected by acute food insecurity in 2023. In March 2024 a UN Security Council meeting was held to reflect on the effects of climate change on food security and the strategies to be implemented to mitigate this crisis.







The Impact for Breakfast event "Mission Multiplier" in Zurich included UBS Optimus Foundation insights on impact investing.

AlphaNews

AlphaJiri Update

AlphaJiri

The AlphaJiri Investment Fund LP (Mauritius) provides debt, mezzanine and equity finance to fuel the resilience and growth of impact ventures in the Sustainable Food and Renewable Energy sectors, using a value chain approach, with a climate-smart and gender-lens orientation in Sub-Saharan Africa. AJIF was registered in 2019Q4 with USD 21M in seed capital and a 3-year seed phase starting in January 2020. Since its launch in January 2020, AJIF completed **21 transactions across 10 portfolio companies.**

AlphaJiri's seed phase ended in January 2023, with full divestment and fund liquidation expected by 2027.

Cleantech Ampersand was the first in Africa to roll out green motorcycles and secured new funding of USD 19.5M to expand its fleet of 1,000 vehicles by more than half in Kenya, Uganda and Rwanda in 2024.

Cleantech Mr. Green Africa was the first plastic recycling company to be certified as a B-Corp in Africa. With gender-smart support from AMF, women account for 39% of MGA suppliers, up from 24% a year ago.

AlphaMundi Foundation Update

alphamundi FOUNDATION

In January, AMF welcomed Sawa Nakagawa to the team as the new Executive Director in the Nairobi Office. Sawa has over 20 years of experience in social innovation, impact investing, and commercial banking. She founded ThreeArrows Impact Partner, a specialized advisory firm focused on impact investing, social innovation, and sustainability. Sawa holds an MBA from Columbia Business School and a Certificate in ESG Investing.

In February, AMF co-hosted an event in partnership with DEG and Value for Women on "Redefining Business-As-Usual with a Gender Lens" as a part of the Sankalp Africa Summit 2024 held in Nairobi. The event shed light on how businesses can successfully bring a gender lens into their work and explore the support, tools, and deep gender-smart technical assistance needed to make this a reality. The session had Sonia Orwa, the Country CEO of portfolio company Ms. Green Africa as a speaker.

In March, AMF conducted field visits to LONO, a biotechnology company in Cote d'Ivoire converting organic waste into electricity and fertilizer, and AgriCentric, a circular company in Ghana that recycles agricultural waste into fertilizer and dietary supplements for livestock. Finally, an article on "Revitalizing Agriculture: The Role of Organic Fertilizers in Empowering Smallholder Farmers in Africa" written by AMF Investment Associate Nora von Wintersdorff was published on Medium.

AlphaMundi Impact Report 2023

During the first quarter of 2024, AMG's impact team focused its efforts in collecting and analyzing 2023 impact data from our African and Latin America portfolio companies to present the Annual Impact Report 2023 using the 'Framework for Impact Measurement and Management (FIMM)' for the second year in a row. Based on industry standards and best practices, the FIMM was developed by former Impact Lead Pekka Halla and implemented for the first time in 2022, establishing a baseline for our 2023 impact evaluation.

The FIMM allows AMG to to comply with the European Sustainable Finance Disclosure Regulations (SFDR) via IRIS+ sector-specific indicators aligned on the SDGs and 2X criteria. AMG uses the Joint Impact Model (JIM) to calculate scopes 1, 2 and 3 carbon emissions as well as emissions avoided by AMG portfolio. Investors can customize their impact assessments on our dedicated online portal. The 2023 impact report will be published in June 2024.

Impact Highlights 2023

Summary

AlphaMundi Group added one company to its portfolio in 2023 for a total of 20 portfolio SMEs. The permanent employee count of portfolio companies increased to 3,671, marking a 10.8% growth from the previous year. While the percentage of female permanent employees slightly decreased by 1%, efforts towards gender diversity remained steady with women accounting for 37% of permanent staff. Meanwhile, the proportion of female temporary employees increased by 4% to 47% in 2023.

AMG portfolio companies experienced a notable increase in their aggregate client base, with 635,054 client individuals in 2023, reflecting a 16% growth over 2022. Female client representation saw a significant boost, rising by 5% to 35%. AMG portfolio companies also benefited 164,301 microenterprises (under 10 employees), a 14% increase over 2022, and 4,857 SMEs (10-300 staff), a 54% increase over 2022, as suppliers or clients.

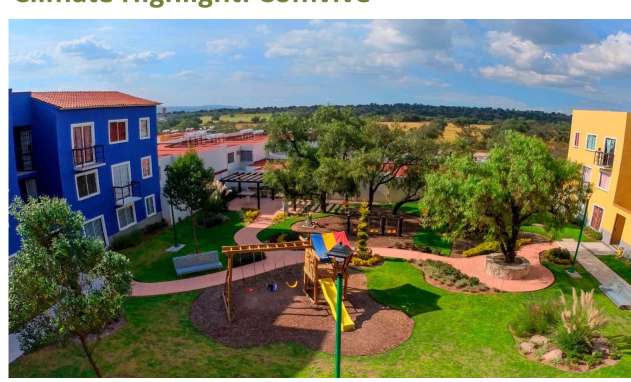
Total revenue reached USD 197M in 2023, reflecting a significant increase of 71% over USD 115M in 2022.

23,662 tCO_2e were avoided in 2023 due to products sold by portfolio companies, while 44% of AMG portfolio companies implemented carbon emission reduction initiatives throughout the year.

Gender Highlight: Espoir

Fundación Espoir is an Ecuadorian microcredit company focused on serving microentrepreneurs with limited access to financing. Espoir reached a very impressive gender mark in 2023, having supported 34,577 women in acquiring credit. In addition, women represent 60% of their board of directors and 28% of senior managers. In addition, Espoir offers products that are directed specifically at women beneficiaries and has initiatives in place to advance women's empowerment in the workplace.

Climate Highlight: Comvive



Comvive is a Mexican sustainable housing company and a climate protagonist of the SocialAlpha Investment Fund portfolio, with 13,869 tCO_2e of greenhouse gas emissions avoided due to products sold in 2023, with client base composed 48% of low-income individuals.

SocialAlpha Investment Fund (SAIF)

	European Investors	**US Investors**
Fund Name	SocialAlpha Investment Fund (SAIF)	SocialAlpha Investment Fund US - LP
Fund domicile and type	Luxembourg, SICAV – SIF, AIF	Delaware Limited Partnership
Fund Custodian	Société Générale	Banked by Tristate Capital Bank
Fund Administrator	Société Générale	Essential Fund Services International
Auditors	Ernst & Young	Berkower LLC
Legal Counsel	Arendt & Medernach SA	Nelson Mullins
Fund Currency	USD	USD
Target net return	2%-4%	2%-4%
Management Fee / Carry Hurdle / High Water Mark	2% / 20% / 3% / 3 years	2% / 20% / 3% / 3 years
NAV Calculation	Quarterly	Quarterly
Subscription of units	Quarterly	Quarterly
Redemption of units	Quarterly	Quarterly
Minimum initial subscription	USD 150,000 (Target USD 1M)	USD 150,000 (Target USD 1M)

Our investment strategy focuses on Latin America and Sub-Saharan Africa. We identify emerging and established market leaders with annual sales of USD 1M to USD 30M and build up fund exposure progressively as they achieve financial and impact milestones, with investments ranging from USD 200K to USD 2M per company. Portfolio companies are typically at an inflection point where AlphaMundi's support on governance and incentives alignment, operational and financial risk management, impact measurement and value chain consistency can deliver substantial added value to them and the fund.

Our impact strategy is framed by the Sustainable Development Goals and the 2030 agenda, measured along IRIS+ indicators and 2X criteria, verified by the AlphaMundi Foundation according to the IFC Operating Principles for Impact Management, and subject to Article 9 of the European Sustainable Finance Disclosure Regulations (SFDR) and the European Taxonomy.

SocialAlpha Fund Impact Solutions For Emerging Markets

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