AlphaNews

2024.Q4

SocialAlphaFund

Investment Updates

Latin America: some exciting news from the last quarter of 2024:

- **Bankamoda, Green Initiative and AlphaMundi** kicked off their partnership for the company to integrate climate-smart operational processes with technical assistance and achieve **Climate Certification**.
- **Finaktiva** announced **its expansion to Peru** in 2025, after financing USD 2.4B in Colombia. The fintech already has a local license, funding alliances, and a technology platform adapted to Peruvian regulations.
- **Sura Asset Management and Finaktiva** launched a **credit line** exclusively designed **for women entrepreneurs**, aimed at strengthening women-led small and medium-sized businesses.

Africa: SAIF disbursed loans to **4G Capital** and **Fortune Credit** to grow their loanbooks in Kenya and support micro and small businesses in rural and peri-urban areas by providing access to credit, blended with enterprise training to unlock business growth.

A Bankamoda client workshop.

Fortune Credit CEO Janet Kuteli together with Board Member Bernard Mwonyonyo during the opening of a new branch in Nyeri County, Kenya.

AlphaMundi Update

Team

AMG keeps growing! The Africa Team plans to hire a 6-months fellow in Nairobi and the Bogotá Team, an Investment Analyst to join the team.

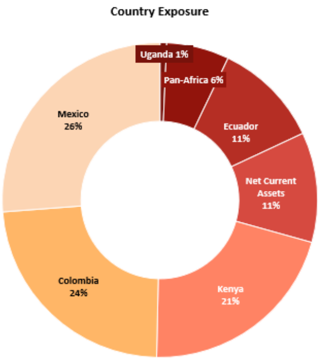
AMG is grateful for the 2024 contributions of Luz Stecca, who served as a Fellow and advisor on impact measurement until December. We wish her all the best in her new journey!

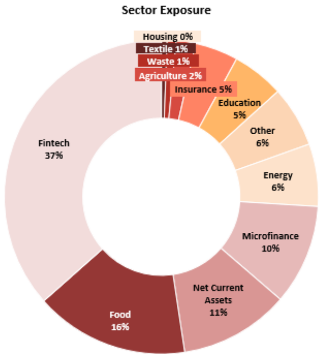
Events

The last quarter was a very busy one regarding industry events and conferences. Some of the most relevant were:

- **Roadshow in Spain:** we attended the Social Nest event in Valencia, the Spain NAB annual conference in Madrid, and the Impact Forum (Ship2B) in Barcelona.
- Africa team participated in the annual **African Venture Philanthropy Alliance (AVPA)** Conference in Nairobi and the **Africa Financial Services Investment Conference (AFSIC)** in London.
- Bogotá team participated in **Peru Venture Capital Conference** and in the 4th **Impact Investment Summit** in Mexico.
- Finally, the European team attended **Impact Europe's Impact Week** in Bilbao and the **Building Bridges Conference** in Geneva**.**

SocialAlphaFund Diversification





SAIF-Bastion's YoY positive performance in Q3 over the 12 previous months was of 2.42% for A and B share classes and 2.96% for share class C. Following its restructuring in 2023, the bulk of the fund portfolio is now collateralized and amortizing on a monthly or quarterly basis, a rare combination in the impact debt fund landscape.

Industry Updates

- **State of the Market, GIIN Report.** The report indicates that the impact investing market continues to grow, with USD 490 billion in AUM, expanding at a 14% CAGR over the past 5 years. Investors are increasingly allocating funds to private equity, real assets, and equity-like debt, while public asset classes gain traction. Challenges include impact measurement standardization, data verification, and aligning financial and impact goals. Despite economic uncertainty, investors are optimistic and committed to climate resilience, emerging markets, and sustainable sectors. The industry is evolving toward greater accountability, regulatory adaptation, and performance benchmarking.
- **The Size of Impact, by Impact Europe.** The article states that the European private impact investing market has grown to EUR 190 billion, representing 2.5% of eligible assets under management. Investments in unlisted assets have doubled in 2 years, reflecting interest in financing sustainable solutions. The UK, Netherlands, and France lead the sector, while Portugal, Turkey, and Greece show growth potential. Impact measurement and management remain fragmented, but 88% of investors now integrate these principles into their strategies.
- **The World Economic Forum's 2024 Report.** It indicates that, despite progress in energy efficiency and clean energy adoption, the global energy transition is losing momentum due to economic volatility and geopolitical tensions. 83% of countries experienced declines in at least one key area: sustainability, equity, or security. While investments in clean energy infrastructure reached USD 1.8 trillion in 2023, nearly 90% of this growth occurred in advanced economies and China, highlighting persistent disparities. The report emphasizes the need for tailored strategies to address country-specific challenges and accelerate the transition.

SFDR PAI

The EU's **SFDR Principal Adverse Impacts (PAI)** are a significant step towards greater accountability and transparency by highly impactful funds (Article 9) such as the **SocialAlpha Investment Fund (SAIF).** 2024 was the 2nd fiscal year of compliance, and SAIF performed impressively. Here are some of the main KPIs:

🎯 Objective 1: Support the Growth of Portfolio Companies

- **USD 16M** invested in **17** companies
- **USD 2.8M** annual disbursements
- **28%** annual avg. revenue growth

🌎 Objective 2: Maximize Lives Reached Through Portfolio Companies

- Employees: **2,663** Permanent | **3,906** Temporary
- Direct Beneficiaries: **595,600** Individuals | **151,100** Microenterprises, **339** SMEs

🚺 Objective 3: Promote Gender Considerations

- Female Employment: **46%** Permanent | **42%** Temporary
- Female Leadership: **8%** Board Members | **25%** Senior Managers
- Female beneficiaries: **38%** individuals, **40%** women-led SMEs

🏙 Objective 4: Maximize the Benefits Delivered by Portfolio Companies (sectorial)

Fintech and Microfinance:

- Clients with active loans: **5,905** Individuals | **94,956** Microenterprises | **228** SMEs

Energy access:

- Renewable energy products sold: **31,700**
- Greenhouse gas emissions avoided: **35,400 tCO2e**

Education:

- Students with active student loans: **1,806**
- Share of female students: **53%**

Housing;

- Greenhouse gas emissions avoided: **21,100 tCO2e**

AlphaJiri Update

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 in Sub-Saharan Africa, using a value chain approach, with a climate-smart and gender-lens orientation.

AlphaJiri was registered in 2019Q4 with USD 21M in seed capital and a 3-year seed phase starting in January 2020.

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

Portfolio Company Update

- **Complete Farmer** fully repaid their loan after achieving 70% annual revenue growth and maintaining profitability.
- **Amped**'s CEO, Andi Kleisner, was recognized by the US Department of Energy for her outstanding contributions to Clean Energy through the 2024 C3E Women in Clean Energy, Education and Empowerment Awards.
- **Mr Green Africa** was awarded the Climate Ambassador Award at the Nairobi Climate Network 2024.

AlphaMundi Foundation

Under [Daraja Impact], we finalized a USD 100K SIINC to Kazi Yetu to help scale ethical tea production in Tanzania, empowering smallholder women farmers through fair pricing, training & sustainable sourcing.

Our Program Manager Claire Njoki joined the impact investing course in Kenya as a guest speaker. It was hosted by the Bertha Centre for Social Innovation and Entrepreneurship and University of Cape Town.

Also, Claire and Nora von Wintersdorff took part in the **East Africa Private Equity & Venture Capital Association (EAVCA)** 4th Private Capital Conference in Tanzania, which offered valuable insights into the evolving regulatory landscape and the growing opportunities in Tanzania's business ecosystem.

Claire Njoki and Nora with the Tulinge Women's Group in Mtwara, Tanzania, as part of their monitoring visit to one of the Daraja Impact portfolio companies.

In November, AMF held an **intimate gathering of impact investors** to showcase our Daraja Impact portfolio, highlighting their strong business potential and the impact they are creating within their communities. This event was a valuable opportunity to network, share knowledge, and exchange insights with like-minded peers dedicated to driving positive change.

Our Executive Director Sawa Nakagawa moderated a panel **"Failing Forward: Lessons in Implementing Innovative Finance Models" at the AVPA Conference**. The session delved into innovative finance instruments like hashtag#SIINCs, Impact-Linked Loans, and Social Impact Bonds, which have seen limited uptake across hashtag#Africa but hold immense potential to bridge financing gaps left by traditional methods.

The AMF team conducted a monitoring visit to one of our Daraja Impact portfolio companies, YYTZ Agro-Processing. They visited the company's sourcing center in Mtwara and engaged with the Tulinge Women's Group who've been working with YYTZ since 2019.

For World Soil Day in December, we published a blog post: **Empowering Africa's Future: Organic Fertilizer Solutions in East and West Africa**.

SocialAlphaFund Investment Terms

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 positioning 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, subject to Article 9 of the European Sustainable Finance Disclosure Regulations (SFDR) and the European Taxonomy, and guided by AlphaMundi Group's UNPRI membership and B-Corp certification requirements.

	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)

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