



MICROVEST
PURPOSEFUL INVESTING

SOCIAL IMPACT REPORT 2015

MESSAGE FROM THE CEO

At MicroVest we remain committed to the well-being of the institutions that we invest in and the communities that they serve. We believe that by doing so we continue to bring opportunity to the productive poor and the rising middle class around the globe by enabling our portfolio companies to offer fair and transparent financial services.

A recent study by the GIIN¹ and interest from large institutional investors has shown that our financial returns are in line with market rates and that impact investing has finally grown out of its infancy. At MicroVest we believe that we are able to generate risk-adjusted returns not despite our social lens, but because of it. The diligent selection of our portfolio companies with regards to their social mission and financial resilience proved to be a successful combination.

At the core of MicroVest's social impact assessments remains our Social Impact Score. Created as a rating model similar to a credit score, our Social Impact Score applies a quantitative assessment to an institution's social mission, transparent governance, client protection policies and procedures, and outreach practices. The score is established before an investment is disbursed and it is revised on a regular basis for existing portfolio companies when our investment team members are on monitoring visits.

Apart from our internal impact measurement we are also working with external rating agencies such as the GIIRS (Global Impact Investing Rating System). Two funds were rated in 2014 and will be re-certified this fall to ensure investors get an unbiased third-party opinion about our work.

In addition to the quarterly and annual impact reports that are distributed to all investors we continue our work with industry partners to find new ways of meaningful impact reporting without increasing the burden for portfolio companies and their clients. Balancing the desire to provide investors with a transparent measurement of their investment dollar's impact with the consequent reporting toll on portfolio companies remains at the center of our efforts.

At MicroVest we remain focused on providing our investors with social and financial returns and our portfolio companies with financing to scale their ethical business. We have been able to do so thanks to all the investors who have joined us over the last ten years.

Gil Crawford
CEO MicroVest Capital Management, LLC

SOCIAL PERFORMANCE

We follow the Impact Reporting & Investment Standards (IRIS) to ensure a consistent description of social performance. Some of the most commonly reported social performance metrics include:

- the number of clients reached - as a measure of sustainable scale and financial inclusion outreach,
 - the percentage of those clients that are women - as numerous studies have shown that economic empowerment of women is correlated with family well-being, community development and progress in overcoming poverty,
- and
- the percentage of loans that are allocated towards manufacturing, agriculture, trade services, and other business related activities, indicating a direct link to productive economic activity.

The companies in our portfolio at the end of 2014 provided financing to 8 million clients. Our outreach has grown with our assets under management allowing us to fund more LIFIs. On a weighted average basis, each portfolio company reaches nearly 200,000 clients as of the end of December 2014. For three of the past four years women have made up more than half of our client base.

MicroVest's growth in assets under management enabled us to disburse nearly \$120 million in funding to LIFIs during the year. The percentage of MFIs and SME financiers at the end of the year was 67% MFIs and 20% SMEs, with the remainder of the portfolio falling under "Other," such as an agricultural value chain financier and an agent payment network.

¹ <http://www.thegiin.org/cgi-bin/iowa/resources/research/674.html>

MICROVEST PORTFOLIO: AGGREGATE

The MicroVest aggregate portfolio includes direct investments across all funds under management and from advisory activities. 2014 closed with 89 institutions across 39 countries. We are pleased with the steady improvement in the outreach metrics fueled by the great work that is done at our portfolio companies.

	Dec. 2012	Dec. 2013	Dec. 2014	Y/Y Change
Total Number of Institutions Financed (at year end)	64	71	89	25%
Number of Direct Countries (at year end)	33	38	39	3%

LIFI Portfolio Metrics - Weighted				
# of institutions reporting*	54	68	78	
Gross Portfolio* **	201,777,146	297,217,662	241,422,301	-19%
Annual Port. Growth	28.0%	32.2%	26.5%	-18%
PAR>30 /Gross Loan Portfolio	4.7%	4.0%	4.5%	13%
Portfolio Yield (YTD annualized)	31.9%	28.0%	25.1%	-10%
Op. Exp./ Avg. Port.	20.6%	18.0%	16.2%	-10%
Write-offs/Average Gross Loan Portfolio (TTM)	1.5%	1.5%	1.3%	-17%
Deposit taking	63.7%	62.1%	53.3%	-14%

Outreach Indicators- Weighted				
# Active Borrowers	160,721	188,901	198,775	5%
Avg. Loan Size (US\$)	10,017	9,720	10,351	6%
Avg. Loan Size as % of Per Cap GDP	211.8%	221.4%	233.6%	6%
% Women Clients	43.5%	52.3%	55.3%	6%
% Productive Loans	77.4%	79.1%	75.2%	-5%

The tables below break out social outreach indicators between MFIs and SMEs in the portfolio.

MFIs	Dec. 2012	Dec. 2013	Dec. 2014	Y/Y Change
# of institutions	43	56	60	7%
# Active Borrowers	133,489	192,954	221,441	15%
Avg. Loan Size (US\$)	1,926	2,019	1,746	-14%
Avg. Loan Size as % of Per Cap GDP	62.4%	57.7%	52.4%	-9%
% Women Clients	50.6%	57.9%	60.5%	4%
% Productive Loans	85.6%	83.8%	79.3%	-5%

SMEs	Dec. 2012	Dec. 2013	Dec. 2014	Y/Y Change
# of institutions	11	12	18	50%
# Active Borrowers	209,792	186,351	153,087	-18%
Avg. Loan Size (US\$)	24,727	27,590	31,201	13%
Avg. Loan Size as % of Per Cap GDP	717.7%	466.1%	1039.3%	123%
% Women Clients	29.8%	11.6%	24.6%	113%
% Productive Loans	64.5%	46.6%	68.5%	47%

* Excludes institutions designated as "Other" that do not fall into the MFI or SME categories

**Excludes investments made in holding companies

Disclosure Information

The portfolio company figures presented within this document have been provided by the respective companies to MicroVest or to the MIX as of December 31, 2014. This information is not independently verified, is subject to change and includes estimates. The statistics are calculated in local currency terms before being converted to USD. Statistics are weighted by portfolio exposure and exclude any company that did not report that metric.

Fund level statistics in this report may vary slightly from quarterly investor reports as the December 31, 2014 company financials are used with December 31, 2014 portfolio exposure.

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To avoid skewing calculations, one of the holding companies that provides financing for small and very small businesses around the world, is excluded from the weighted average calculations of certain performance metrics.