CASE STUDY

MICROVEST CAPITAL MANAGEMENT: MICROVEST I, LP

November 2013

IMPACT INVESTING 2.0

ORGANIZATION HEADQUARTERS	Bethesda, Maryland, U.S.
YEAR FOUNDED / LAUNCHED	2004
LEADERSHIP	Gil Crawford, CEO
DESCRIPTION OF PRIMARY ASSET CLASS	Equity, Convertible Debt, Short Term Loans, Senior Loans; $1.4 million median investment per portfolio company
TOTAL ASSETS UNDER MANAGEMENT (POST FINAL CLOSE IN 2006)	$24 million to $48.5 million, fluctuating over the life of the fund
GEOGRAPHIC FOCUS	Global (30 countries)
SECTOR FOCUS	Low Income Financial Institutions (LIFIs), predominantly Microfinance Institutions (MFIs)
SUMMARY OF IMPACT AREAS	Provision of financial services to the poor
FINANCIAL PERFORMANCE	7.6% net IRR[1] to LP investors, within 7.5% to 8% IRR target; full interest paid to note/debt investors
SOCIAL PERFORMANCE[2]	Clients receiving financial services (at MV I's largest size): roughly 3.5 million micro-entrepreneurs Women clients for LIFIs in the MicroVest I portfolio: 52% (on average)

[1] Internal rate of return calculated on all realized cash flows including aggregate contributions and distributions from fund inception through June 30, 2013, plus remaining value of self-liquidating trust linked to scheduled payments from the final equity position divestment agreement. Individual Limited Partner's returns vary depending on the timing of their contributions.

[2] As of June 30, 2011. Average data is weighted by Fair Market Value of MicroVest I, LP portfolio exposure.

Daniel Brett, Christopher Cox, and Ben Thornley were the lead authors of this case. This case study is part of The Impact Investor, a research partnership between InSight at Pacific Community Ventures, CASE at Duke University and ImpactAssets from 2012-2013. The Impact Investor project team was co-led by Cathy Clark, Jed Emerson and Ben Thornley. More in-depth impact investing fund case studies, practitioner blogs, videos from expert convenings, as well as project reports, are available at: http://bit.ly/impinv and at the twitter hashtag #impinv2.

INTRODUCTION

MicroVest Capital Management, LLC (MVCM), headquartered in Bethesda, Maryland, U.S., is completely committed to being an institutional-quality financial manager and has the track record of success to prove it. Therefore it may come as a surprise to learn that the company was founded by one of the world's largest NGOs, the Cooperative for Assistance and Relief Everywhere (CARE).

CARE had identified the scarcity of capital as the principal barrier facing microfinance institutions and, after five years of research and planning, launched MVCM in 2003. MVCM launched its first fund, MicroVest I (MV I), in 2004, with the mission of extending capital markets to reach a greater number of developing world entrepreneurs.

> "I want the outside appearance for an investor to be as though they are invested in a Warburg Pincus fund. The back office, systems, reports, interface; everything should look and be of that same quality,"
>
> — W. BOWMAN CUTTER, CHAIRMAN, MICROVEST BOARD OF DIRECTORS; CARE BOARD OF DIRECTORS

Through the life of MV I, the firm was governed exclusively by CARE and its other nonprofit owners at the board level. Yet the management approach was completely commercial, replicating the structure and processes of an "institutional-quality" investment manager solely seeking risk-adjusted financial returns, albeit with a stringent goal of investing in the bottom economic quartile of the world's population.

This approach to balancing mission with investment discipline has won MicroVest some distinctly mainstream supporters, including the global bank JP Morgan. However this was not always the case.

MV I was considered a pilot. With no track record of prior performance, raising $15 million in equity from Limited Partners (LPs) took three years, from 2003 to 2006. This ultimately leveraged $29 million in debt finance and the fund grew to a total size of $49 million (includes growth in value of LP investor holdings).

Using a hybrid strategy of investing debt and equity, and with a mission to prove that the working poor represent an excellent credit risk, MV I deployed over $160 million to 66 low-income financial institutions (LIFIs) from 30 countries before closing in September, 2011. MV I provided an IRR of 7.6 percent to its LPs, meeting the target return.[3] As its backers had hoped, MV I was the launching pad for MVCM, which, as of 2013, manages or co-manages five funds with over $210 million in assets under management.[4]

The ownership and governance structures at MicroVest are certainly notable, and explain part of MV I's cultural and operational success, along with having big names like CARE and MEDA not just as owners but also as key limited partners and powerful advocates. Founding Chair W. Bowman Cutter's credentials have also played a big role, as he brought a wealth of cross-sector experience as former Deputy Assistant on economic policy during the Clinton Administration and Managing Director of the private equity firm Warburg Pincus.

However, it is the commercial inclinations of MVCM that stand out in MV I's performance, as embodied in the firm's three core elements of practice:

1. A nuanced fund structuring and capital raising approach that enabled MicroVest to meet the liquidity, transparency, and return requirements of a diverse set of investors;

[3] As of June 30, 2013; see footnote 1. Final fund IRR will be marginally impacted by the sale of one final asset.

[4] Includes assets management by a joint venture affiliate (MicroVest GMG Capital Management, LLC).

2. An investment strategy carefully designed to establish deep relationships with investees, and maintain the flexibility to respond to their growing needs;

3. A due diligence process that is widely recognized as a best practice in the industry, attracting other institutions to invest alongside or subsequent to MicroVest.

ORIGINS

MicroVest Capital Management was one of the first U.S.-based asset managers to invest in low-income financial institutions (LIFIs) in emerging markets. It was the brainchild of development finance experts at CARE, one of the world's largest international development NGOs. CARE co-launched the firm in 2003 with Mennonite Economic Development Associates (MEDA), Seed Capital Development Fund (SCDF) and, later, the Cordes Foundation. MV I was established in 2004 to provide capital to low-income finance institutions and build capital markets serving individuals at the Bottom of the Pyramid (BoP).

Leading the effort was W. Bowman Cutter, a former Deputy Assistant on economic policy during the Clinton Administration, Vice Chairman for Strategy at Coopers & Lybrand, Managing Director of the private equity firm Warburg Pincus, and Chairman of the Board of CARE. Cutter chaired the founding Board of MicroVest and, as of October 2013, still does. He also serves on the separate MV I General Partner Board and on the MV I Investment Committee.

Cutter's first hire was Gil Crawford, who would help design and manage MV I. Crawford, MicroVest's founding and current CEO, as of 2013, had previously founded Seed Capital Development Fund (SCDF), a U.S.-based nonprofit that created financial instruments and attracted funds to capitalize microfinance institutions. His experience at SCDF, which has since ceased active operations while remaining a small shareholder of MicroVest, gave Crawford a keen understanding of the difficulties of raising capital in this space. He knew that when potential investors heard any mention of "nonprofit," it normally brought philanthropy to the front of their minds and led to a polite but short conversation.

With this in mind, Crawford remembers the original demands he made of Cutter, which he believed were essential in making MicroVest a success:

> "The founders need to put enough capital into the holding company to give us a fighting chance to get up and running. The first fund needs to become large enough so that the management fees cover the cost of the team plus working capital to make it successful. I need to have a pro-business Board of Directors that understands the best way to have social impact is to do it commercially. I need to be able to hire financial professionals and pay them more than Peace Corps wages. I need an independent autonomous investment committee because I can't have outside influences saying 'we've known these guys for seven years, we really like them, and we want you to invest in them.' I need to align senior management's financial incentive with the results of the fund. And finally, I do not want to be beholden to one large NGO."

To Crawford's surprise, Cutter replied that he was waiting for someone to say as much. Following the conversation, Cutter and Crawford approached Gerhard Pries, the Chief Financial Officer at MEDA, another large NGO with a 50-year history of supporting sustainable business solutions. Pries recognized the opportunity and arranged to have MEDA become a joint owner. Because CARE and MEDA did not know each other, SCDF was brought in as the balancing partner, as both CARE and MEDA knew the chair of SCDF, Damien von Stauffenberg. SCDF took a 10 percent share, MEDA and CARE each had ownership at 45 percent, and thus the investment management company was born.

GOVERNANCE: 'SOCIAL BALLAST' FOR A COMMERCIAL APPROACH

MicroVest uses a nautical analogy to describe the way in which it navigates impact investing "waters." The firm's nonprofit owners and Board of Directors provide social ballast. However the sail is clearly commercial, with a for-profit structure and focus. Too much ballast would mean the ship would not go anywhere. Too much sail would mean the ship capsizes when the seas get rough. It is a constant challenge to keep the ship steady. Crawford explains, "On any given day I can get it wrong, but the blend of our board and our staff has allowed us to often get that balance correct."

In 2011, the Cordes Foundation joined CARE, MEDA, and SCDF as an MVCM owner; as of October 2013, the Cordes Foundation had a 16 percent ownership stake. They are all active members of MicroVest's Board of Directors, led by Cutter, Pries, and Cordes, bringing a mix of Wall Street and Main Street experiences. During the life of MV I all Board members volunteer were unpaid, which was the only semblance of subsidy at MicroVest. In 2013, Crawford and three other members of the Senior Staff became 22.5 percent owners of MicroVest, further aligning the management team with the future of the company.

Although the managers are now represented on the board by Crawford, neither he nor any other manager have an executive role on the Board of Directors. During the life of MV I there was no manager participation on the board. This underscores MVCM's commitment to absolute independence. Crawford argues it is very important that management and owners respect their proper roles: "Inside MicroVest, as long as I am acting in an ethical manner and in the interest of the shareholders, I have authority. Meanwhile, the Executive Committee and the Board provides guidance and knows our social balance. For instance, if we were just a for-profit firm before 2008, we might have taken advantage of a lot of tempting high-growth initiatives that were not right for the future of MicroVest."

The commercial approach for MicroVest is embodied in its focus on financial returns commensurate with market risks and its experienced senior management team. MicroVest believes a commercial investment approach offers the most effective, scalable, and sustainable solution for generating a positive impact in the developing world, while achieving market-rate returns for its investors. The Board of Directors defines the strategic parameters for management – serving the bottom economic quartile of each country's population, while still achieving volume, profitability, and long-term sustainability – and from there the management implements an investment process they believe is indistinguishable from a mainstream investment company.

FUNDRAISING: DEFINED BY RELATIONSHIPS, REPUTATION, AND STRUCTURE

The $15 million limited partner raise for MV I proved challenging and the anchor support of MicroVest founders was essential to ultimately achieving a final close. MicroVest owners contributed $5.8 million of LP capital to the fund, while board members invested an additional $1.6 million. The remaining $8 million was raised from institutional foundations, nonprofits, impact investment funds, and high net worth individuals, outlined in Figure 1. Although many of these investors prefer to remain anonymous, the Omidyar Network, Clara Fund, and KL Felicitas Foundation were all important early LP investors. According to Cutter, raising MV I's LP equity was more difficult than his previous $1.5 billion at Warburg Pincus. The most obvious reason was that MV I was new, and managed by a firm with no track record of prior performance. In addition, it was designed as a leveraged hybrid fund, described below, without a readily available benchmark for investors. "A hybrid fund that invests both in debt and equity is traditionally tough to raise capital for," says David Wedick, MicroVest's Business Development Manager. "It does not fit into the conventional investor buckets of debt or equity. As a result it's a personal sale. You have to be directly in front of private investors with the ability to make a decision, otherwise they will fall back on, 'well, how do I benchmark this?'"

Lorene Arey, President of the Clara Fund, an investor in MV I, explains that her decision to invest in the fund came down to MicroVest's professionalism and her relationship with Crawford. "When I took MicroVest to my portfolio manager, he said this was highly risky and advised me against the investment. But I said I would invest because I believed in MicroVest's due diligence-intensive model, and ultimately because these decisions come down to people. Gil struck me as a very solid business professional who was running an investment firm as if it were [operating in] the commercial space. While the business model was commercially structured, Gil also was very excited about what MicroVest was doing in terms of benefiting the BoP and underserved sectors of the economy. It wasn't pure business - it was business with a heart."

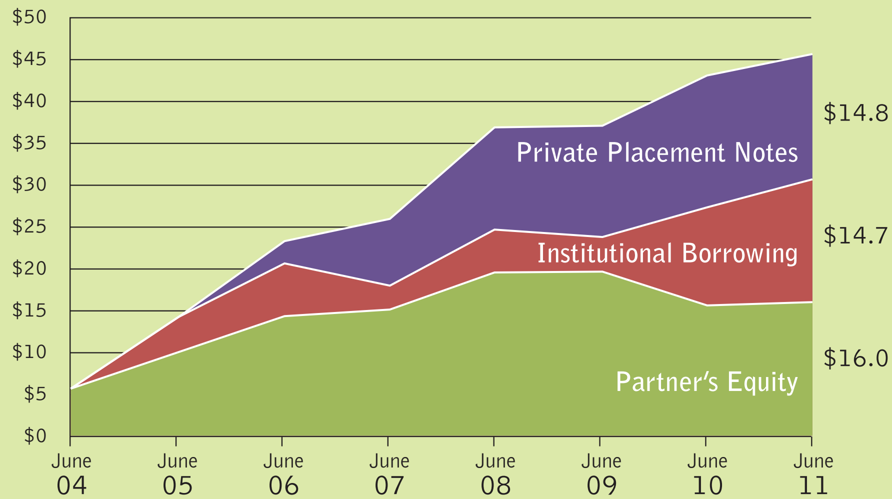
Other individuals chose to invest in MV I as a result of their relationships with MicroVest's founding team as well as the hybrid structure of the fund. "Jerry Dodson, Parnassus' founder, met Gil Crawford in the 1990s," recalls Marc Mahon, CFO of Parnassus Investments, an investment management company with $9.2 billion of assets under management, primarily in mutual funds. "So when MV I was gaining traction, and we were looking for ways to add to our impact investing initiatives, we thought not only was MicroVest an interesting opportunity, but also [it was valuable that] we knew Gil. We were excited by MV I's structure, which allowed us to invest as noteholders instead of as equity holders, so we could get the transparency and liquidity that we needed. We are a registered investment company, so a big issue for us is how we structure investments."

According to Mahon, the needs of Parnassus Investment were, and remain, very specific. Since its initial investment in MV I, Parnassus has found that most other microfinance funds do not have the capacity or appetite to meet Parnassus' requirements, preferring to "lock up" investors' capital for many years. "We want a one-year rolling maturity with a fixed interest rate, and we want to have the ability to roll over and renew that note. Some fund managers may be afraid that we'll pull our money out after one year, but we always roll our notes over," he explains.

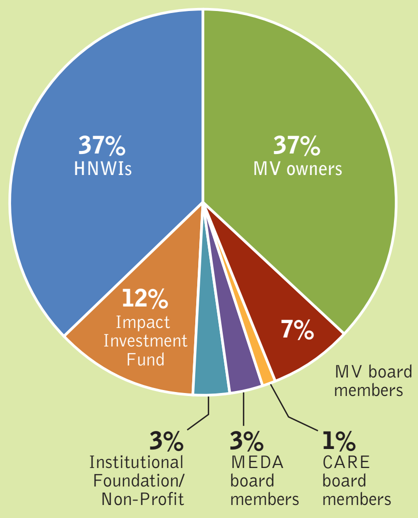
Critical to the success of the first equity raise was also the strong brand and reputation of CARE and MEDA, along with the experience and personal relationships of the Board of Directors. The fundraising focus was therefore on friends, family, and the institutions familiar with MicroVest and its founders. As Crawford recounts, "Our Chairman and Board Members were very influential in raising the capital." Cutter and Pries played an especially key role in fundraising, along with several other CARE board members who were not directly involved with MicroVest. One of these CARE board members was John Morgridge, a former CEO of Cisco, who introduced MicroVest to Lorene Arey. Additionally, several MEDA and CARE board members played key roles in the establishment of MicroVest's operational practices, namely Clair Sauder and Fred Wall of MEDA and Joe Iarocci of CARE.

The fund established an equity base of $15 million by June 2006, and leveraged this capital by issuing privately-placed notes and raising debt financing from institutions, bringing the fund to a maximum size of $48.5 million by September 2010. Given the hybrid investment strategy of MV I, the debt investments provided the necessary cash flow to lever the fund. "There were two different types of raises that took place," Crawford says. "Alongside the limited partnership, or the equity base at the fund, we could issue notes and raise debt from investors who wanted a fixed-rate of return, rather than the volatility of a variable return over eight years. These fixed-rate shorter tenor investors were willing to leverage the fund, which can ultimately increase the returns to limited partners." Notes were subscribed to under a private placement offering. Additionally, over $14 million was raised from the Overseas Private Investment Corporation (OPIC, the U.S. Federal Government's Development Finance Institution), Calvert Foundation and others, under separately negotiated debt contracts.

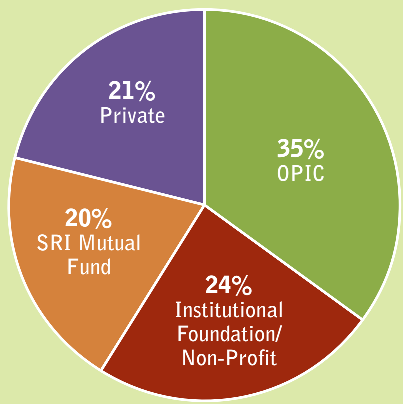
FIGURE 1. COMPOSITION OF MV 1 LPS
(in U.S. Millions)



MV I LIMITED PARTNERS
($15.5 Million Total)



DEBT PROVIDERS / NOTEHOLDERS SEPT. 2010
($28.8 Million Total)



The make-up of MV I's capital over the life of the fund is shown in Figure 1, together with the composition of key investors and investor types.

Investors' concerns were varied, and often resulted from their lack of exposure to microfinance. "There was always a concern in our mind that microfinance is dependent upon loans to individuals in sometimes unstable markets facing rapid political change," says Mahon of Parnassus Investments. "We were concerned that this could be something that would evaporate overnight. We also didn't know how this would look to our shareholders, as notes to a microfinance investor were not something that would typically appear in a mutual fund. Our funds are primarily domestic equity funds investing in well-known stocks, so we had shareholders call and ask, 'hey, what is this?'"

The large ownership stake and religious affiliations of MicroVest's owners gave pause to some investors. "We were concerned that 45 percent of MicroVest's equity financing came from a faith-based organization (MEDA), which was also on the board. We worried that MicroVest would be 'overwhelmed' by their major investors," recalls Charly Kleissner, Co-Founder of the KL Felicitas Foundation.

Lisa Kleissner, also Co-Founder and President of KL Felicitas Foundation, adds: "Our concern was based on our experience working with faith-based organizations, which were sometimes less rigorous with regards to understanding the implications of providing grant capital in situations that required a different instrument."

THE FUND

MV I launched in January 2004 as MicroVest's first global microfinance investment fund. It was structured as a hybrid fund investing in both the private debt and private equity securities of low-income financial institutions (LIFIs) in Asia, Africa, Latin America and Europe. Its mission was to prove that the working poor represent an excellent credit risk, provide investors with exposure to a diversified pool of LIFIs, countries and regions with targeted IRR of 7.5 to 8 percent to limited partners.

From the start, Cutter had always wanted MicroVest to maintain commercial investment standards whenever possible. "I want the outside appearance for an investor to be as though they are invested in a Warburg Pincus fund. The back office, systems, reports, interface; everything should look and be of that same quality," he said early on. MicroVest engaged service providers to meet these standards, and continues to engage with established professional firms, including a fund administrator (Strata Fund Services), auditor (Grant Thornton), compliance firm (Cordium), FX/Hedge advisor (Chatham Financial), and law firm (Seward & Kissel).

At the heart of MV I's investment strategy was a measured effort to establish deep relationships with investees. For example, shorter-term debt offerings allowed MicroVest to invest in and learn from LIFIs, without the risks associated with long-term loans or equity. As a LIFI grew and demonstrated its commitment to sound operations, MV I could provide more customized and longer-term capital, including convertible loans to capture upside potential. The logic was relatively straightforward. According to Wedick, in order to justify the deals that require high levels of due diligence and entail a higher risk of loss, you need to be able to share in the financial upside as those institutions grow.

The fund's impact philosophy was built off of this premise: by providing flexible and tailored financing, MicroVest could support LIFIs as they expanded their services to include savings, loan products, factoring of receivables, leasing, and other instruments, thereby increasing the financial inclusion of surrounding populations. Target investees were institutions lacking access to development finance institutions (DFIs) and in need of capital.

As an important, field-level contribution to microfinance, MicroVest's commercial approach would provide an invaluable educational resource to professional investors by translating the concept of impact investing into the language of modern portfolio theory – focusing on risk-adjusted returns, uncorrelated returns, and portfolio diversification.

This is Wedick's one-sentence pitch: "The lack of correlation displayed by our funds is driven by both the asset class we are investing in – low-income financial institutions that are linked on the informal markets in their countries – and also the fact we are providing exposure to countries where investors are not able to invest otherwise."

EXECUTION: MIRRORING RIGOROUS MAINSTREAM INVESTING

MicroVest's approach to investment results in a culture that has a uniform, disciplined feel to it, with an institutionalized due diligence strategy attentive to the character of its investees, all while balancing a relatively agnostic and financially-oriented view on social scoring.

This focus is palpable in MicroVest's Bethesda, Maryland, headquarters, where a ten-person investment team is constantly preparing for, or returning from, global site visits; the focus is also the source of some pride and buzz. "We're the due diligence guys and it's important to be in the field, that's where the real work gets done," says Doug Young, Managing Director for Investments.

"I think a centralized office has helped us in that we are uniform in what we do," explains Young. "We have the same standards across the various geographic-focused teams. And when we are presenting our transactions for approval, the other investment officers are observing and learning. You learn a lot just from the questions that get asked. Although the market can be different from one region to other, it's the same story in different shades." Overall, the investment team spends around 25 percent of their time in the field, typically sending two team members to visit LIFIs for a week.

DEAL SOURCING: A MULTI-PRONGED STRATEGY

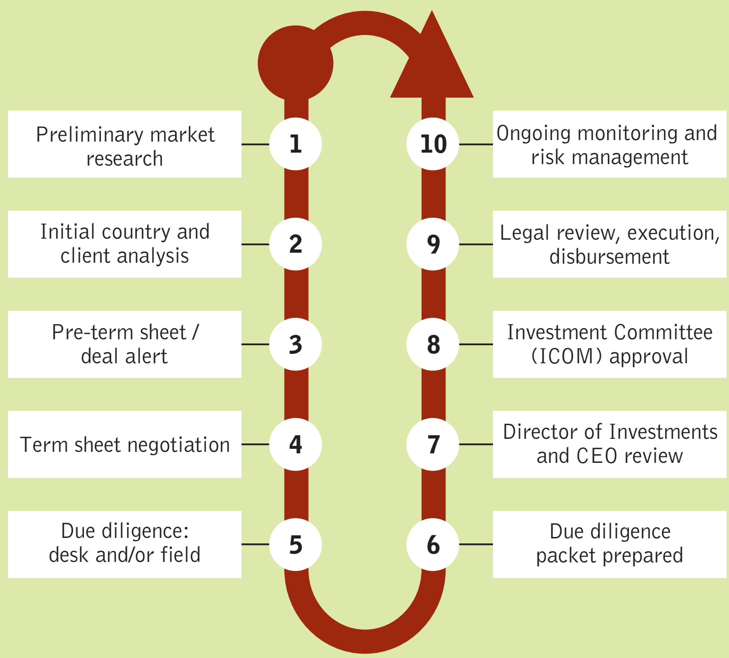
MicroVest does not use external advisors or brokers to source deals, but relies on several channels for deal flow:

- Personal networks: the team has extensive experience working in emerging markets, and the firm has established its own networks;
- Regional microfinance conferences: MicroVest has found these to be valuable venues to meet with potential investees and to keep in touch with existing pipeline companies;
- Microfinance networks such as ProCredit, World Vision, FINCA, and Accion: these link MicroVest with investment opportunities, as these groups typically represent or own multiple MFIs;
- Other microfinance investors with whom MicroVest occasionally co-invests;
- In-country pipeline development: when performing in-country due diligence or visiting existing portfolio companies, especially in countries that the MicroVest team does not regularly visit, the team often attempts to develop a pipeline. This will often involve a scan of the MIX Marketplace[5] to identify potentially attractive MFIs in the region, and setting up dinners with founders and managers during the course of the visit;
- Direct contact: as MicroVest developed a positive reputation in the microfinance and LIFI investing markets over the life of MV I, potential investees are increasingly contacting MicroVest directly.

DUE DILIGENCE: COUNTRY, CHARACTER, AND CREDIT

The conceptual backbone of MicroVest's due diligence process is what the firm calls the "three C's:" Country, Character, and Credit.

FIGURE 2. DUE DILIGENCE PROCESS



Once a potential investee has been identified, the investment team's first step is to research the country in which the LIFI operates, and perform a preliminary assessment of the credit worthiness and character of the company. MicroVest utilizes its network during this stage of due diligence to assess the character of potential investees. If the investment team does not discover significant country or company-related red flags, it then prepares a "deal alert" for MicroVest's CEO and Chief Compliance Officer, who decide whether to reject deals based on preliminary due diligence or allocate more team resources to the potential investment.

If a company passes this stage, the investment team then typically performs extensive desk due diligence and works with the institution to get a draft term sheet or indicative pricing terms. The CEO and COO decide whether or not to sign a term sheet.

[5] The MIX Market collects financial performance data on thousands of MFIs globally: http://www.mixmarket.org/

If the deal is approved, typically two members of the investment team visit the firm for one week and further assess the credit worthiness of the LIFI, along with the character and relationships between management, staff, board, and owners. Appendix I elaborates MicroVest's due diligence process.

A key element in MicroVest's site visits is the time spent with loan officers in the field, providing a sense of the underlying client base of portfolio companies. This provides insight into social impact, but also has a clear financial logic. "This is not just [to gauge a firm's level of] social responsibility," says Wedick, "but a financial risk/return gauge as well – banks that really know their clients will perform better and have fewer write offs. In our view, treating your clients with respect equals good business, and will lead to financial outperformance."

Early MicroVest investors support MicroVest managers' position: "I continue to believe that it is MicroVest's approach to due diligence that has made a difference for them," says Lorene Arey. "You are dealing with organizations in different countries, different cultures, typically remote, and so due diligence is both very difficult and especially important. I remember conversations I had with Gil early on [about the due diligence his team had performed] and I continue to be impressed with Microvest's thorough process, as well as how candid they are when things don't work out."

MicroVest claims that what may be most unique to its due diligence process, beyond the amount of time the team spends in the field, is its embedded and emphatic focus on investee character. "To really know the risk, it can't just be about the numbers. Character is such an important issue, and we need to know the principles and governance behind the institutions in which we are investing," explains Young.

MicroVest continuously attempts to triangulate its understanding of potential investees through its market research, conversations, and network connections. Even small observable details can be important, such as the type of car a manager drives or the pictures on office walls. "The triangulation process is important for us to understand who these people are and why they are in this business. And that became even more important post-2005 when people became attracted to microfinance solely for making money, lacking that social balance. MicroVest consciously strives to empower even the most junior member of the team to say when something doesn't feel right, and when there is something concerning them from a character standpoint that can't be quantified. This is a crucial piece of our investment process and is difficult to explain to stakeholders who primarily want to talk about numbers."

According to MicroVest, the potential investees with the strongest character have owners, boards, and management teams who share a deep-rooted respect for their low-income client base, resulting in the delivery of financial services in an ethical and profitable manner. As Cutter explains, "[investees] must also understand that the best way for a bank to have the maximum positive impact is to build a fiscally strong institution that will expand products and outreach, and play an active role in a community for many generations."

SOCIAL IMPACT SCORING: ENSURING BOTH MISSION ALIGNMENT AND OPERATIONAL STRENGTH

Despite this strong focus on character, MicroVest remains relatively agnostic when it comes to social scoring of potential investees. All potential investees need to be focused on the bottom 25 percent of their country's population to even be considered for investment, however beyond this initial screen, MicroVest neither deliberately seeks out LIFIs according to social

TABLE 1. OVERVIEW OF MICROVEST'S SOCIAL IMPACT SCORING APPROACH

1. SOCIAL MISSION (SCORE OF 1-5):

a. Does the LIFI have a mission statement, and does it demonstrate a commitment to this mission?

2. GOVERNANCE AND STAFFING (SCORE OF 1-5):

a. Quality and transparency with respect to the Board and governance policies

b. Does the LIFI provide training on social performance for staff?

c. Does the LIFI offer an employee ownership plan?

d. What is the quality of the LIFI's HR Policies?

e. Has the LIFI received a social rating by an external assessor?

3. CLIENT PROTECTION (SCORE OF 1-5):

a. Is the institution a signatory of the SMART campaign*, and does it integrate the campaign's principles into its corporate culture?

b. If not, MicroVest ranks LIFIs based on several questions related to or embodying the principles championed by the SMART campaign

4. OUTREACH (SCORE OF 1-5):

a. Average loan size / per capita GDP

b. Number of clients served

c. Percentage of female clients

d. Proximity of LIFI branches to clients

e. Number of financial products focused on low-income finance

f. Are savings products offered?

g. Are trainings offered to clients?

* The Smart Campaign, a coalition launched in 2008 by the Center For Financial Inclusion, serves as an umbrella for all industry-wide efforts on client protection. The principles core to the campaign are: 1) Appropriate product design and delivery; 2) Prevention of over-indebtedness; 3) Transparency; 4)Responsible pricing; 5) Fair and respectful treatment of clients; 6) Privacy of client data; 7)Mechanisms for complaint resolution

performance nor makes investment decisions based solely on their social metrics. "In theory, two equal investment opportunities with different social scores doesn't determine our decision. We then go deeper to see which is a better financial institution," says Crawford. "Otherwise we don't think that leads to the optimization of development in the country."

MicroVest's social impact scoring, developed and implemented during the life of MV I in 2009, is comprised of four categories, each of which has one or more associated metrics or questions, which determine a LIFI's score on a scale of one to five. All metrics used are compliant with the Impact Report & Investment Standards (IRIS), whose taxonomy for measuring organizations' social and environmental performance is emerging as a standard in the impact investing arena. An overview of MicroVest's social impact scoring approach is outlined in Table 1, including examples of questions that determine each category's score.

Not surprisingly, MicroVest believes that the factors that make for a financially successful LIFI investment and those that make for a socially beneficial LIFI are highly correlated. Below are examples of three questions the investment team asks during due diligence to assess practices that the firm believes have a substantial impact on an LIFIs' financial and social performance:

- Does the company treat its customers with respect?
- How are the interest rates charged to customers calculated? Is this rate fair?
- Does it communicate clearly with customers, especially with regard to its interest rates?

Banks that exhibit these traits generally grow in their markets and represent a profitable investment opportunity, in MicroVest's experience.

While it is imperative that the invested assets are serving the bottom economic quartile of the population, MicroVest's focus during due diligence comes back to the operational and financial strength of the institution. Underscoring this belief is the fact that MicroVest does not provide technical assistance (TA). It does, however, give detailed post due diligence feedback to assist investees in ensuring their finances and operations are aligned with global industry best practices. MicroVest also recommends appropriate TA providers to LIFIs seeking advisory support. Interestingly, while both CARE and MEDA provide significant amounts of TA to LIFIs worldwide, both believe that keeping TA and financing completely independent is essential to keeping a clear "feedback loop" between services provided and MicroVest's understanding of investees' perceived value of those services. "We don't want LIFIs to take a loan from us because they [expect to receive] technical assistance at below market cost," explains Young. MicroVest believes that solely providing capital allows it to more readily gauge the quality and competitiveness of its investment products.

COST AND FEES: A SLIDING SCALE AND CENTRALIZED STRUCTURE

FIGURE 3. COSTS & FEES

COSTS & FEES	
Startup Costs	$500,000
First Year Management Fee	$600,000
Second Year Management Fee	$700,000
Management Fee, Investment Period (3.50% Invested Capital, decreasing above $20MM to average of 2.11% at or above $60 MM 'Fee Base')	$700,000 - $1,200,000
Performance Fee: carried interest; hurdle rate	20%; 5%

As Figure 3 shows, MV I's cost structure was relatively unusual, with a sliding management fee based on total funds deployed. As total assets under management (post final close) ranged from $24 million to $48.5 million, the annual management fee increased from about $700,000 to $1,200,000. The fund's carried interest, or the percentage of profits shared with limited partners, was set at the venture capital industry standard of 20 percent, but only once an IRR of five percent was returned to limited partners.

While having one global office as opposed to several regional offices increased the fund's travel costs, MicroVest believed that a one-office model created greater benefits. "We have heard horror stories from some of MicroVest's competitors who have multiple overseas offices regarding issues with quality and consistency of the investment underwriting process," says Crawford. MicroVest believes that if it had cut the costs of the team's frequent trips to perform due diligence, it would have had a negative impact on fund performance.

INVESTMENTS

MV I invested a total of over $160 million in 66 LIFIs based in 30 countries, using a mix of senior debt, short term loans, convertible debt, and equity investments. Portfolio companies included Tier I and II MFIs as well as banks and financial institutions serving lower-income population groups, consistent with MicroVest's goal of investing in the bottom income quartile of each country's population. Appendix B contains anonymized details on MV I's investments.

FIGURE 4. SUMMARY OF MV I INVESTMENTS

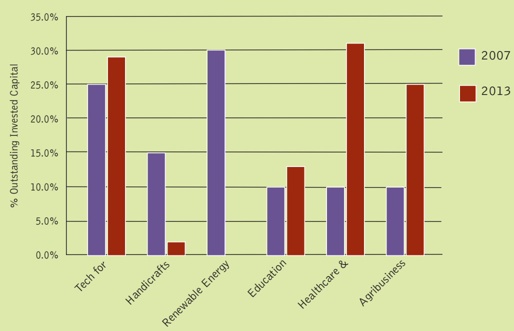
SUMMARY OF MV I INVESTMENTS	
Investees	66
Countries	30
Total Amount Deployed	$160,402,157
SENIOR DEBT	
Number of investments	111
Total Amount ($)	$85,258,349
Average capital deployed per investment	$768,093
Median capital deployed per investment	$500,000
Range (excluding reinvestment of interest)	$167,000 to $4,000,000
CERTIFICATE OF DEPOSIT AND SHORT TERM LOANS:	
Number of investments	86
Total Amount ($)	$66,320,897
Average capital deployed per investment	$771,173
Median capital deployed per investment	$500,000
Range (excluding reinvestment of interest)	$170,000 to $4,357,298
EQUITY	
Number of investments	8
Total Amount ($)	$8,822,910
Average capital deployed per LIFI	$1,102,863.75
Median capital deployed per LIFI	$992,809
Range of capital deployed per LIFI	$87,903 to $2,425,458

MV I was not the cheapest fund in terms of interest rates on loans, and was fairly demanding of its investees in terms of due diligence. However LIFIs were attracted to MV I for several reasons.

First, the team was able to get deals done quickly as a small and nimble organization, relative to other potential financiers.

Second, MV I was able to be "creative up and down the balance sheet," providing a combination of equity and debt with different terms and durations. "It was not, 'this is our offering, a three-year loan at this rate. Take it or leave it.' That level of flexibility was attractive," reflects Young.

AIMVCF 2007 INVESTMENT TARGETS VS. 2013
PORTFOLIO, BY SECTOR



Third, many LIFIs felt that having an international investor would boost their reputation, according to Young. Corroborated by researchers' interviews, some LIFIs sought what might be described as the "MicroVest Effect," or the benefit investees enjoyed from MicroVest's strong reputation in the field. Young claims that it was quite common for two or three of MicroVest's competitors to approach LIFIs that had receiving financing from MicroVest. This was primarily due to MicroVest's reputation for performing particularly in-depth due diligence. Young cites Kompanion in Kyrgyzstan, Constanta in Georgia, and Confianza in Peru as a few successful MFIs that received their first international financing from MicroVest and subsequent funding from other international investors.

INVESTMENT PROFILE: XACBANK IN MONGOLIA

MicroVest identified XacBank (pronounced "Hass-Bank") in Mongolia as a promising investment opportunity in late 2004, due to its strong financial position and innovative approaches to microfinance. At that time, XacBank had a portfolio of $14.7 million, serving approximately 26,000 borrowers through a network of 34 urban and rural branches. As evidence of its hybrid investment strategy, MV I initially extended a loan of $1.5 million in November 2004, with the option to purchase shares. Then, in May 2005, MV I invested another $750,000 in equity and later exercised its option to purchase $750,000 in additional shares in 2006, making it the second largest shareholder of the bank.

XacBank continued to grow successfully with the additional capital. MicroVest attributed this success to strong management and corporate governance, improvements in credit scoring and banking innovations. The credit scoring improvements increased the efficiency of credit officers, and innovations in mobile phone banking allowed them to deliver affordable financial products to the poor in more remote locations. In 2007, MicroVest began divesting its shareholding in XacBank in order to release funds for promoting similar ventures elsewhere. By March 2008, XacBank reached a major milestone with a loan portfolio of over $101 million reaching 62,000 borrowers, nearly 4x growth since the initial MV I investment. A timeline for MV I's investment in XacBank bank follows.

FIGURE 5. XACBANK TIMELINE

1998	**Creation: XAC LLC begins offering microfinance services under a UNDP program**
2001	**Transformation:** XacBank formed through merger of two NGOs: XAC LLC and Govin Ekhlel, a Mercy Corps microfinance program
2003	**Rapid growth:** 5x growth in loan portfolio and deposit base
2004-2005	**MV I, LP investment:** USD $1.5 million convertible loan and USD $750,000 equity investment
2005	**XacBank New Product Lines:** XacBank diversifies product lines and services
2006	**Competition and Efficiency Gains:** MV I exercises its option to purchase additional shares
2007	**Market Valuation Increases:** MicroVest sells parts of its shareholding to new investors. P/B ratio grows substantially between MV I LP, entrance and initial exit.
2008-2009	**Final Exit:** MicroVest sells final part of its shareholding

The funding from MV I also helped raise XacBank's profile among other microfinance investment vehicles. MicroVest's investment increased the number of international lenders more than four-fold by the time the fund exited its investment, illustrating the "MicroVest Effect."

INVESTMENT PROFILE: BANCO D-MIRO[6] IN ECUADOR

In 2006, MV I identified an investment opportunity when D-MIRO, a LIFI with eight branches located in the outlying slums of Guayaquil, Ecuador, where its clients live and work, was looking for capital to grow. In partnership with Calvert Social Investment Foundation and The Dignity Fund, MicroVest structured a $2 million syndicated loan, of which MV I provided $1 million. After that loan matured, another loan in the same amount was provided to D-MIRO by MV I and other lenders in the same amounts. Over the life of the investment, MV I was fully paid in interest and principal.

[6] D-MIRO's website, in Spanish: http://www.d-miro.com/portal/

"MicroVest is a very important source of funding in the microfinance sector and in 2006 demanded more from us in terms of our planning and performance monitoring, contributing to the improved efficiency of our operations. Without their funding, growth of D-MIRO probably would have slowed," reflects Eloy Molina, one of D-MIRO's financial executives. "The only current challenge has been agreeing to certain covenants, specifically solvency. Microvest sets a ceiling of five times [assets to equity], while we, as a bank, are permitted to reach 11 times by the local monitoring agency.[7] We understand that a maximum of five times applies to unregulated entities such as NGOs or foundations, but the rationale does not apply to us."

MicroVest faced challenges as D-MIRO grew too quickly, adding a village banking product that didn't work in their region. D-MIRO halted growth, let their portfolio shrink, and voluntarily pre-paid a portion of MV I's loan with excess cash, incurring a pre-payment penalty. At this point MV I let its outstanding loan expire. Once D-MIRO phased out its unsuccessful village banking product and improved incentives and training for their loan officers to ensure loans were being responsibly lent for productive purposes, MicroVest lent to them once again.

"It is a good example of a responsible management addressing problems within their institution," says Young. "Subsequently, they have continued to grow well, transformed into a deposit-taking bank, and we have continued to support them with funding with other funds launched after MV I."

"Receiving MicroVest's investment helped us attract other international investors, including Triodos and Global Partnerships Microfinance Fund," explains Molina. "The MicroVest team provided essential positive references for us, which was valuable given their reputation as having a high level of professionalism."

RESULTS

By December 31, 2011, MV I had distributed all of the $15 million of the original equity capital contributed by investors, plus an additional $6 million in profits back to investors. The fund ceased operations on September 30, 2011, but continued to liquidate a few remaining assets and distribute proceeds to investors through a self-liquidating trust. The IRR to LPs as of June 2013 was 7.6 percent, in line with the expected financial returns of between 7.5 and 8 percent.

From 2003 to 2011, 197 debt investments totaling $152 million were made by MV I. The debt portfolio included loans to 66 institutions across 30 countries, with maturities ranging from three months to three years. The debt portfolio experienced two write-offs totaling $1.1 million, representing an average annual write-off rate of 0.65 percent.

MV I also made six equity investments across five countries and participated in two regional funds for a total of $9 million. The investment holding period ranged from six months to just under six years. As of December 31, 2011, four of these transactions had been liquidated for an aggregate return on invested capital of 3.4x (including dividends). Two small equity positions were written off and the remaining two investments have been either transferred at fair market value to another fund or to a self-liquidating trust for final disposition. Returns on the aggregate portfolio, including write-offs, were 41 percent per annum.

Beyond returns, investors value the professionalism of MicroVest. "Compared to other investors, MicroVest really raised the bar high in terms of transparency and reporting," explains Lisa Kleissner. When I compare our investment in MV I to other investments we have, where we sometimes have to chase for information, where information is imperfect, and where many of

7 Ecuador's bank and insurance regulator: "Superintendencia de Bancos y Seguros del Ecuador": http://www.sbs.gob.ec/

those investments are not nearly as complicated in structure, Gil put together an incredible backbone in his organization. It is clear that whenever you need information from MicroVest, you get it. Comparatively speaking, Gil is high up there on the operational side, mimicking the rigor of the for-profit, non-social investment market. As an investor, this is a big plus."

The social impact of MV I has been reported primarily in terms of its capital deployed to and clients served LIFIs. Over the eight-year life of MV I, approximately $160 million in financing was provided to 66 LIFIs in 30 countries. When MV I was at its largest size in September 2010, these institutions provided financial services such as micro-credit, savings, and insurance to roughly 3.5 million micro-entrepreneurs. On average, 52% of the MV I's portfolio companies' clients were women.

MV I's close in late 2011 was approximately two years earlier than scheduled. MV I had exited the majority of its equity positions sooner and more successfully than expected. Given the 10-year life of the fund, there was insufficient time to re-invest this capital in new equity positions and, despite strong performance, the senior debt portfolio would not have generated enough yield by itself to enhance returns to limited partners. Hence the MV I General Partner made the decision that it was in the best interests of LP investors to close the fund down early.

The performance of MicroVest I also influenced investors' subsequent participation in impact investing and microfinance. "MicroVest informed our broad strategy for investing in microfinance, especially with regards to the right level of financial product evolution, and the right level of financial return expectations," explains Charly Kleissner. "MicroVest also informed our strategy on the PRI [program-related investment] side, because it was our first PRI and is a great example of an investment type that continues to be in our portfolio. These are debt notes with a two to four percent return."

Similarly, Parnassus Investments and the Clara Fund have increased their appetite for investing in LIFIs as a direct result of their experience with MV I. "MicroVest's first fund created the desire for us to get more exposure to the asset class," explains Mahon, citing Parnassus' increased investment in MicroVest from $250,000 to $10 million as of October 15, 2013.

While Lorene Arey's portfolio manager at a large financial institution initially advised against her investment in MicroVest, he changed his tune as of September 2013. "Today, my portfolio manager has actually recommended MicroVest to three of his other clients who were pushing for impact investing opportunities."

CONCLUSION

The success of MicroVest's first fund provides lessons that are relevant to both seasoned and aspiring investors in the microfinance and impact investing sectors, grounded in one central theme: a fund manager's commitment to investment rigor, financial returns, and transparency can create social impact by rapidly catalyzing more investment at both the fund and company level.

The breadth of financial products offered by MicroVest are evidence of this finding. MicroVest was one of the first microfinance investors to use a combination of equity, senior and short term debt to meet both the diverse financial needs of LIFIs and return requirements of limited partners. The approach has had longer term benefits for MicroVest as well; the track record of the hybrid MV I structure was invaluable in launching a series of funds that have been tailored to the more precise needs of investors, including a pure private equity play and two perpetual-life debt funds offering liquidity to investors. Critical to launching these funds was the track record that MV I had developed in making both equity and debt investments.

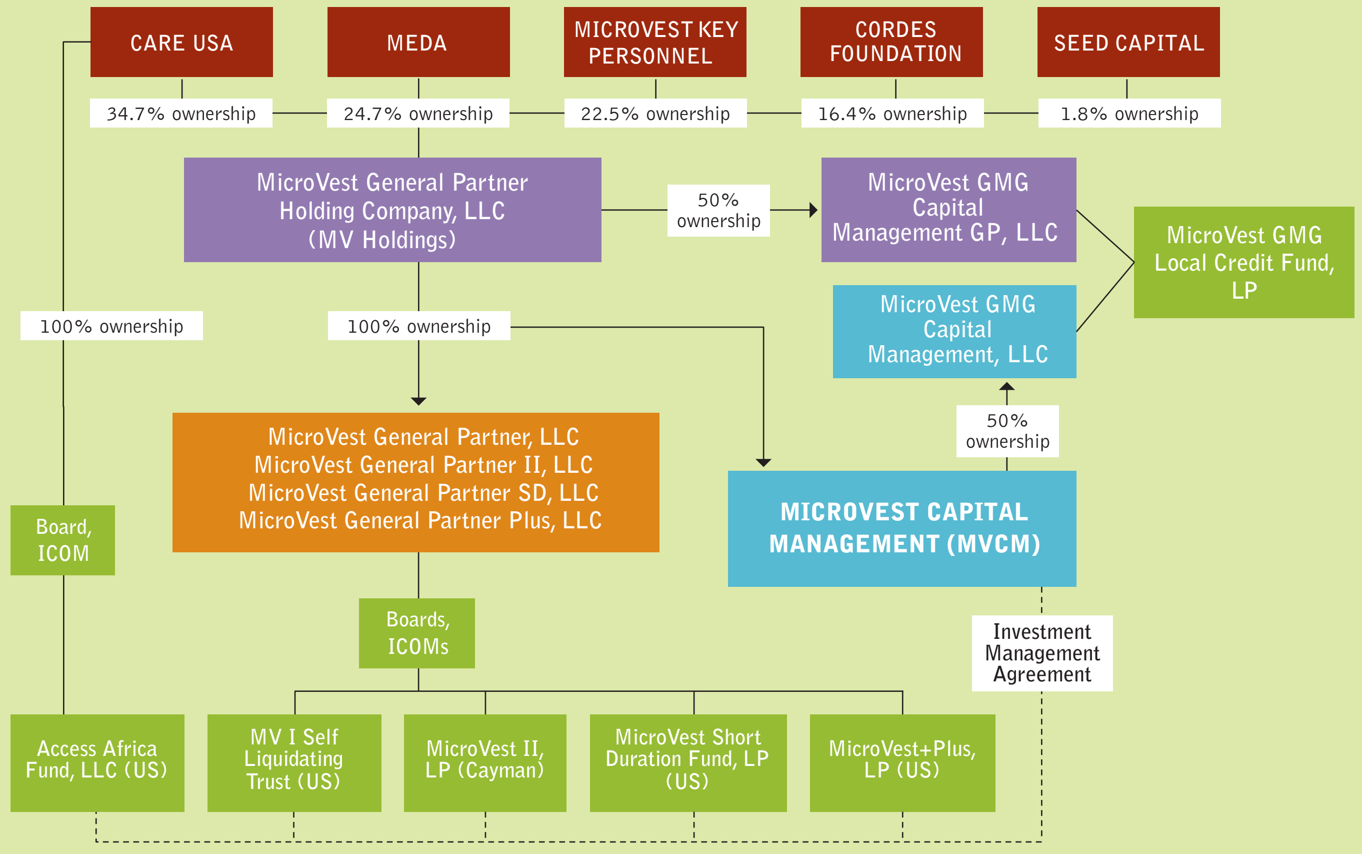
Clever structuring and capital raising tactics were also critical to MV I's existence. By leveraging its equity fund through loans and issuing debt notes, MicroVest was able to boost returns to equity investors while providing fixed rate debt products that met the requirements of more risk-averse investors such as mutual funds.

Strong investment acumen has enabled MicroVest to not only attract additional capital to its funds, but also to the low income financial institutions that it supports. While the firm's rigorous approach to due diligence increased initial fund management costs, contributing to higher capital costs for borrowers, many LIFIs in MV I's portfolio received investments from other microfinance investment vehicles that trusted MicroVest's intensive, financial-oriented due diligence. MV I demonstrates that financial and investment rigor has both direct and indirect positive social implications.

POSTSCRIPT

As of October 2013, MicroVest is managing or co-managing five funds with over $210 million in assets under management. The firm's long-term ambitions are underscored by the July 2011 investment in MicroVest Holding Company by the Cordes Foundation. As Ron Cordes stated at the time of his investment, "I think we can build MicroVest into a billion dollar company, going far beyond microfinance." The structure of MicroVest is shown in Figure 6.

FIGURE 6. MICROVEST ORGANIZATIONAL STRUCTURE



To accommodate this rapid growth, MicroVest is considering expanding its global presence by opening a regional office within the next few years, potentially in Africa. This region is a high priority for MicroVest because the firm currently manages an Africa-focused fund. Additionally, senior management recognize that close proximity to African portfolio companies is particularly valuable due to the challenges associated with doing business in this region.

As subsequent MicroVest funds have been larger, the firm has achieved economies of scale and, as of 2013, offers its services at lower costs than MV I. In addition, MicroVest can offer lower fees and stay competitive because: a) data collection from LIFIs is easier and more efficient as of 2013 due to standardization in microfinance and more readily available technologies, and b) investors are less willing to pay 3.5 percent than they may have been in 2004, when the microfinance and LIFI field was unfamiliar terrain for commercial investors.

FIGURE 7. MICROVEST OWNERSHIP STRUCTURE

MICROVEST OWNERS	FY 04 -11	FY 12	FY 13
CARE	45%	39.6%	34.7%
MEDA	45%	39.6%	24.7%
SCDF	10%	2.0%	1.8%
Cordes Foundation		18.8%	16.4%
MV staff			22.5%

As shown in Figure 6, the ownership structure of MicroVest has changed since the close of MV I, beginning with the Cordes Foundation's investment in June 2011 (the start of FY12). MicroVest's senior staff became partial owners as of January 2013 through two mechanisms: cash paid by staff to buy 10 percent of shares from MEDA, and b) granting of 12.5 percent of new shares in exchange for the elimination of the firm's existing phantom equity plan, creating an overall senior staff ownership of 22.5 percent.8 Gil Crawford now sits on the board.

MicroVest has also attracted new investors as it has grown, including global investment banks, pension funds, insurance companies, high net-worth individuals, foundations, and international development organizations. A key part of the growth since 2010 has been the engagement and subsequent approval of MicroVest's perpetual life debt funds by independent wealth managers, registered investment advisors (RIAs), and consultants, resulting in a steady flow of new client capital. The firm's commitment to commercial clients was reinforced when MicroVest registered as an Investment Advisor with the U.S. Securities and Exchange Commission in 2010. Candace Smith, MicroVest's Chief Operating and Compliance Officer, explains the significance of the step:

"SEC registration and regulatory oversight does imply a burden in terms of reporting, resources and cost, but the benefit was to put us on a playing field that is understood by other RIAs that represent large institutional investors or family offices. It enables us to speak their language, and to organize ourselves in a way that is more easily understood. Rather than cultivating investors by lunches, dinners, and one-on-one presentations, it gives us much broader access."

MicroVest is also active in the impact investing community. It is a founding member of the GIIN's Network Membership, its recent funds are listed on GIIN's ImpactBase, and the firm has been selected for the past two years as part of the ImpactAssets 50, a database of top-performing private debt and equity impact investment fund managers.

Microvest has also stepped up its game on social impact reporting. Beyond further developing its own Social Impact Scoring model, two MicroVest funds have undergone the ratings process for GIIRS, which seeks to apply the same comprehensive and transparent system for assessing impact investing funds as Morningstar applies to conventional mutual funds. MicroVest also uses the PULSE Impact Metric Repository tool, which contains the complete IRIS taxonomy of

8 Phantom stock is a promise to pay a bonus in the form of the equivalent of either the value of company shares or the increase in that value over a period of time. http://www.nceo.org/articles/phantom-stock-appreciation-rights-sars

impact metrics, helping MicroVest keep track of metrics such as the percentage of female clients, deposit-taking institutions, and productive use loans.

Specific to the microfinance field, MicroVest is a signatory to the Principles for Investors in Inclusive Finance and a member of the Social Performance Task Force. It also assisted in the creation of, and has endorsed, the Client Protection Principles advocated by the Smart Campaign, and endorses the MFTransparency principles.

APPENDIX A. CREDIT ASSESSMENT AND DETAILED CREDIT RISK ANALYSIS

The Investment team assesses potential investees on a non-traditional "3 C's" methodology: Country, Character and Credit. This philosophy creates a structured system for identifying probable opportunities and risks of each and every potential deal.

1. **COUNTRY** – each country receives a Sovereign Score, a weighted average rating comprised of four risk categories (Political, Economic, Financial, and Business environment-related Risk) and 22 specific risk factors.

These categories measure factors that are important to create a conducive environment for low-income finance institutions to operate and scale.

2. **CHARACTER** – the character of the client is appraised by reviewing issues such as the Management's vision, goals and objectives, as well as cross-checking the reputation and character references of management with the extensive MV network.

3. **CREDIT** – the organization's governance policies and practices and financial performance are closely scrutinized and a preliminary credit assessment is conducted to determine the potential client's Credit Score. The Credit Score is comprised of five risk categories (CAMEL analysis: Capital adequacy, Asset quality, Management / Institution, Earnings, Liquidity) and 35 specific factors.

If the scores in each category meet internal approval, then a full due diligence process is initiated, firstly by negotiating a preliminary term sheet. Term sheet development and negotiations are a critical step in the investment process.

DETAILED CREDIT RISK ANALYSIS

Through careful analysis of financial and operational documents and interviews with a variety of staff members, MV learns the finest details of the LIFI's operations and can mitigate underlying risks that are often unnoticed by other creditors. MV assess LIFIs on thirteen risk areas which are further divided into thirty-one subcategories. The risk areas covered are:

1. Credit Policies	8. Management and Governance
2. Loan Portfolio	9. Other Activities
3. Accounting and Loan tracking Procedures	10. Transformation
4. Auditing and Fraud Protection	11. Legal and Regulatory Framework
5. Markets, Client and Strategic Positioning	12. Political and Economic Environment
6. HR policies	13. Branch Offices Review
7. Business Planning and Review	

APPENDIX B: MV I INVESTMENTS

COUNTRY	REGION*	TOTAL EQUITY	TOTAL SENIOR DEBT	TOTAL CERTIFICATE OF DEPOSIT / SHORT TERM LOANS	TOTAL INVESTMENTS	INVESTMENT DATE(S)
Regional	SAM	$87,903			$87,903	2004
Nicaragua	MCAC		$1,250,000		$1,250,000	2004, 2006
Peru	SAM	$253,273	$2,000,000		$2,253,273	2004, 2006, 2007
Nicaragua	MCAC	$485,618	$1,000,000		$1,485,618	2004, 2007-2009
Bosnia	EE		$999,984		$999,984	2004-2005
Mongolia	SEAP	$1,500,000	$1,500,000		$3,000,000	2004-2006
Bosnia	EE		$2,231,566		$2,231,566	2004-2006
Peru	SAM		$3,500,000		$3,500,000	2004-2006, 2008
Peru	SAM	$2,425,458	$1,250,000		$3,675,458	2004-2009
Ecuador	SAM			$16,788,333	$16,788,333	2004-2011
Romania	EE		$500,000		$500,000	2005
Bosnia	EE		$733,200		$733,200	2005
Romania	EE		$750,000		$750,000	2005
Nicaragua	MCAC		$1,000,000		$1,000,000	2005
Georgia	CA		$1,400,000		$1,400,000	2005
Russia	EE		$2,000,000		$2,000,000	2005
Regional	EE		$3,340,704		$3,340,704	2005
El Salvador	MCAC		$2,000,000		$2,000,000	2005 - 2007
Mexico	MCAC		$500,000		$500,000	2005-2006
Regional	EE		$802,904		$802,904	2005-2006
Kazakhstan	CA		$2,500,000		$2,500,000	2006
El Salvador	MCAC		$2,000,000		$2,000,000	2006 - 2007
US	USA	$2,100,000	$1,500,000		$3,600,000	2006-2007
Kyrgyzstan	CA		$2,000,000		$2,000,000	2006-2007
Ecuador	SAM		$4,000,000		$4,000,000	2006-2008, 2011
Georgia	CA		$999,992	$11,961,986	$12,961,978	2006-2011
Regional	EE	$1,670,658			$1,670,658	2006-2011
Bolivia	SAM		$500,000		$500,000	2007
Nicaragua	MCAC		$500,000		$500,000	2007
Nicaragua	MCAC		$750,000		$750,000	2007
Ghana	SSA		$1,000,000		$1,000,000	2007
Peru	SAM		$1,750,000		$1,750,000	2007, 2009
Mexico	MCAC		$3,500,000		$3,500,000	2007, 2010, 2011
Georgia	CA			$2,150,000	$2,150,000	2007-2008
Azerbaijan	CA		$750,000		$750,000	2008
Peru	SAM		$1,500,000		$1,500,000	2008
Azerbaijan	CA		$3,000,000		$3,000,000	2008

***MCAC** = Mexico, Central America & Caribbean; **SAM** = South America; **EE** = Eastern Europe; **CA** = Central Asia; **SEAP** = South East Asia Pacific; **SAS** = South Asia

APPENDIX 2: MV I INVESTMENTS CONTINUED

COUNTRY	REGION*	TOTAL EQUITY	TOTAL SENIOR DEBT	TOTAL CERTIFICATE OF DEPOSIT / SHORT TERM LOANS	TOTAL INVESTMENTS	INVESTMENT DATE(S)
Azerbaijan	CA		$2,000,000		$2,000,000	2008, 2010-11
Azerbaijan	CA			$3,000,000	$3,000,000	2008-2009
Cambodia	SEAP		$1,000,000		$1,000,000	2009
Philippines	SEAP		$1,000,000		$1,000,000	2009
Colombia	SAM		$4,000,000		$4,000,000	2009
India	SAS			$4,301,075	$4,301,075	2009
Mexico	MCAC	$300,000	$1,500,000		$1,800,000	2009-2010
Guatemala	MCAC		$1,500,000		$1,500,000	2009-2010
Mexico	MCAC		$4,000,000	$3,000,000	$7,000,000	2009-2010
Georgia	CA			$8,925,205	$8,925,205	2009-2011
Georgia	CA		$250,000		$250,000	2010
Kazakhstan	CA		$500,000		$500,000	2010
Uruguay	SAM		$500,000		$500,000	2010
Uganda	SSA		$1,250,000		$1,250,000	2010
Guatemala	MCAC		$2,000,000		$2,000,000	2010
Brazil	SAM		$3,000,000		$3,000,000	2010
Uruguay	SAM		$3,000,000		$3,000,000	2010
Namibia	SSA			$1,000,000	$1,000,000	2010
Kosovo	EE			$1,337,000	$1,337,000	2010
Ecuador	SAM			$1,500,000	$1,500,000	2010
Honduras	MCAC			$3,000,000	$3,000,000	2010
India	SAS			$4,357,298	$4,357,298	2010
Azerbaijan	CA		$500,000		$500,000	2011
Peru	SAM		$1,000,000		$1,000,000	2011
Azerbaijan	CA		$1,250,000		$1,250,000	2011
Georgia	CA		$2,000,000	$2,000,000	$4,000,000	2011
Georgia	CA		$2,000,000		$2,000,000	2011
Azerbaijan	CA			$1,500,000	$1,500,000	2011
Azerbaijan	CA			$1,500,000	$1,500,000	2011
Total		**$8,822,910**	**$85,258,349**	**$66,320,897**	**$160,402,157**	

***MCAC** = Mexico, Central America & Caribbean; **SAM** = South America; **EE** = Eastern Europe; **CA** = Central Asia; **SEAP** = South East Asia Pacific; **SAS** = South Asia