

SAIF-Bastion Update

Investment Updates

In 2019Q1, SAIF-Bastion made follow-on investments to 4 companies in the Latin America portfolio as well as a new investment of USD 200K to a sustainable agriculture company based in Bolivia. An additional USD 250K was mobilized for this same company from a co-investor. In Africa, SAIF-Bastion made a new investment of USD 500K to a Kenyan dairy processor sourcing 27k liters of milk daily from smallholder farmers.

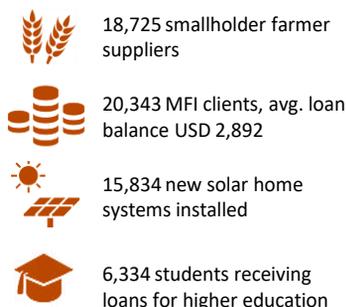
Portfolio Highlights

In Latin America, our Ecuadorian company that sells snacks produced from Andean potatoes and vegetables sourced from smallholder farmers continues to expand internationally to new markets. The firm is now selling to over 30 countries and has recently started exporting to markets in Colombia, Lebanon, Israel, and Brazil.

In Africa, an FMCG portfolio company appointed a new CEO with over 21 years of experience at Coca-Cola, who led the multinational's West and Central Africa business unit as President. He takes over from the co-founder who will retain an executive role in the organization. The new CEO will focus on institutionalizing and scaling the business, leveraging his vast experience successfully building efficient supply chains and last-mile distribution.

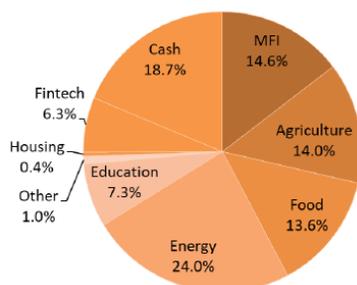
Impact Highlights

In 2018Q4, SAIF-Bastion portfolio companies served approximately 220,774 direct clients, including 105,403 women and 222,918 living in rural areas. They employed 3,235 fulltime staff, 39% of whom are women.

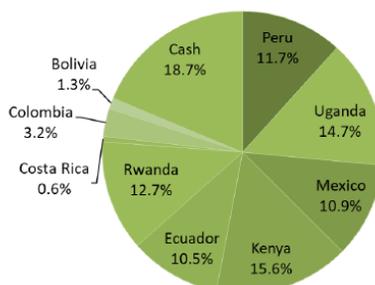


SAIF-Bastion Diversification

SECTOR ALLOCATION



COUNTRY ALLOCATION



AMG team conducts due diligence site visit in the Colombian Amazon for a company exporting açai and hearts of palm, that benefits factory workers, harvesters and farmers who used to largely depend on illicit crop production for income.

AlphaMundi Update

Welcoming New Staff

AlphaMundi welcomed May Yego to the African investment team in February. May joined as a Manager and brings over six years of experience on buy- and sell-side investment advisory, corporate finance, private equity, and impact investing.

Recent Events

- AlphaMundi partners attended the annual TONIC gathering in February in Italy.
- Our Latin American team presented at the FLII conference in Mexico and the annual ANDE metrics conference in February.
- Our African team participated in the the annual Sankalp event in Nairobi in February.
- US staff presented at USAID training sessions on how the agency can more effectively engage the private sector.
- AlphaMundi Foundation presented at 3 gender events in the US including the Getting Gender Smart course at Duke University. The Foundation also closed its RFP and selected 4 companies for technical assistance that will kick off in the second quarter.
- Please visit www.alphamundifoundation.org for our announcement on International Women's Day.

Looking ahead

- AlphaMundi Foundation will present at the Women Deliver conference in Vancouver on 3-6 June.
- AlphaMundi's new investment fund for Africa, AlphaJiri, will be registered legally in Mauritius in Q2.
- AlphaMundi plans to adopt the IFC Impact Principles, due for launch in April 2019.
- Launch in May 2019 of the inaugural nomination process for www.impactfinanceawards.org

Industry Updates

Impact Investing

- AlphaMundi was featured in a Swiss Sustainable Finance (SSF) publication released in February, *Inspiring Investment Partnerships to Achieve Global Goals*. SSF examined the role of public-private investment partnerships and included a case study on SAIF-Bastion and the utilization of a co-guarantee from USAID and Sida that applies to roughly 25% of the outstanding portfolio.
- The Dutch Good Growth Fund released a report exploring how to improve the scalability and viability of early-stage finance provision for SMEs in emerging markets. The report identified challenges and lessons learned in the field and recommendations including: 1) refining archetypes toward improved operations; 2) fostering hybrid archetypes and crossover links between them; and 3) supporting the further development of the early-stage finance ecosystem.
- TPG Growth, which is raising USD 3.5B for its second Rise Fund, is spinning out its impact measurement arm into “Y Analytics,” a separate business that could serve other investors as well. The new business is receiving a mixed welcome among industry veterans both for the methodology employed as well as the limited scope of measurement so far.

Agriculture / Environment

- Yara International, a global crop nutrition firm, created a new initiative called Generation Africa. The initiative aims to inspire African youth to leverage the power of technology and innovate across the agriculture value chain to pursue entrepreneurship in the agri-food sector – which offers an estimated USD 1T opportunity for entrepreneurs. The report notes that 10M young Africans join the labor force each year but 60% are unemployed. Moreover, Africa’s annual food import bill is USD 35B projected to reach 110B by 2025. A new set of innovative, high-growth companies would energize the sector while creating jobs.

Energy & Environment

- Student strikes for climate action that began in 4Q2018 continued to spread in 2019 with students in countries including Germany and the UK asking for a change in law to reduce the voting age down to 16 so youth could have a greater influence in public elections.

Financial Inclusion

- The IADB and Finnovista released a report on the state of Fintech in Latin America. Notable findings include: 66% increase in Fintech companies in 2018 (total of 1,166 identified); activity has expanded to 18 countries with Brazil, Mexico, and Colombia hosting the most startups; 33% have expanded internationally; and 35% of the companies identified were founded or co-founded by women, well above the global average estimated at 7%.

Gender Inclusion

- In February, the US government launched the Women’s Global Development and Prosperity (W-GDP) initiative aimed at helping 50M women by 2025. A memorandum was signed committing the first USD 50M in funding for the initiative from USAID. W-GDP will focus on increasing education and skills training, promoting women entrepreneurs, and creating enabling environments.

Spotlight: Sempli



With operations spanning three cities across Colombia, Sempli is an online lending platform servicing small and medium size businesses with loans ranging from USD 10-100K. The Colombian Fintech company can underwrite loans within 72 hours; most loans have collateral in the form of invoices, inventory, and accounts receivable. Co-founded by Ana María Badillo and Gloria Muñoz (pictured above), A y G Ingenieria S.A.S. provides architectural design and engineering services to private individuals and medium-size real estate developers in Medellín, Colombia. A y G Ingenieria has seven full-time employees, all of whom are women. According to Ana María, “it was very ironic to see that, while the [formal] banks offered me unlimited personal loans, they closed the door to me as an entrepreneur.” For many years, Ana María was forced to secure personal loans to pay salaries and incorporate the company. “With Sempli, the process was completely different. They analyzed our company cash flows, took the time to understand our business [model] and granted us a loan at a very crucial time.” The working capital loan provided by Sempli has allowed the company to keep growing and secure new contracts. Sempli financing has also enabled A y G Ingenieria to keep all seven employees on payroll, at a time when the co-founder was concerned that downsizing might be needed if additional financing couldn’t have been secured.

SocialAlpha Investment Fund – Bastion

	European Investors	US Investors
Fund Name	SocialAlpha Investment Fund - Bastion	SocialAlpha Investment Fund US - LP
Fund domicile and type	Luxembourg, SICAV - SIF	Delaware Limited Partnership
Fund Custodian	Société Générale	Banked by Tristate Capital Bank
Fund Administrator	Société Générale	Essential Fund Services International
Auditors	Price Waterhouse Cooper	Berkower LLC
Legal Counsel	Arendt & Medernach SA	Nelson Mullins
Swiss Representation Agent	Montfort Funds AG	Not applicable
Swiss Paying Agent	Banque Cantonale de Genève	Not applicable
Fund Currency	USD	USD
Target net return	3-5%	Class A: 3-5% Class B: 5-7%
Management Fee / Performance Fee / Hurdle	2% / 20% / 3%	Class A: 2% / 20% / 3% Class B: 1.5% / 15% / 4.5%
NAV Calculation	Quarterly	Quarterly
Subscription of units	Quarterly	Quarterly
Redemption of units	Class A: Quarterly Class B: 25% every 6 months	25% every 6 months with 6 months notice
Minimum initial subscription	USD equivalent to EUR 125,000	USD 150,000

Our investment strategy focuses on Latin America and East Africa. We identify emerging and established market leaders with annual sales of USD 300K to USD 10M, 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 information/reporting systems, operational and financial risk management, and value chain consistency can deliver substantial added value to them and the fund.

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