

SAIF-Bastion Update

Investment Updates

SAIF-Bastion issued follow-on loans to two companies in Latin America – USD 250,000 to an FMCG company in Ecuador and USD 300,000 to a cocoa cooperative in Peru.

Portfolio Highlights

In Latin America, Terrafertil, SAIF-Bastion's largest FMCG company, announced that Nestlé intends to acquire a majority interest of the company later this year. SAIF-Bastion has invested in the company and its subsidiaries since 2010, and has supported its agricultural and manufacturing activities in Mexico, Colombia and Ecuador. The company will continue to be managed by its founders and operate as a stand-alone entity. Outstanding SAIF-Bastion debt will be repaid when the deal closes.

In Africa, our honey company secured USD 500K in convertible debt that will be used for working capital purposes. The company is still seeking USD 1M in equity for expansion, including the launch of new products. Our solar company headquartered in Tanzania launched commercial operations in Ghana with a local capital partner, after completing a successful pilot in 2017H2. The same company also plans to establish a manufacturing facility in Rwanda that will serve as a logistics hub for East Africa.

Impact Highlights

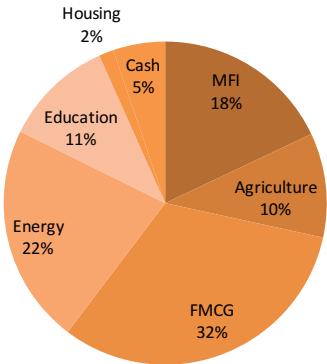
In 2017Q4, SAIF-Bastion portfolio companies served approximately 380,000 direct clients, of which 33% women & 97% living in rural areas. They employed 3,189 fulltime staff, of which 35% women.



- 11,996 smallholder farmer suppliers
- 18,299 MFI clients, avg. loan balance USD 2,633
- 49,388 new solar home systems installed
- 6,432 students receiving loans, 86% first time creditors

SAIF-Bastion Diversification

Sector



Country



AMG staff visiting the Terraferertil facility in Mexico

AlphaMundi Update

AlphaMundi

AlphaMundi released its 2017 Impact Report which can be downloaded here: www.alphamundifoundation.org

Co-investments

AlphaMundi mobilized USD 1M in co-investments for a fresh food logistics company connecting farmers to micro-vendors in Nairobi.

Events

AlphaMundi contributed to a panel on loan guarantees with the Swedish Development Agency and co-sponsored the Swiss Sustainable Finance conference in Zurich, attended the Winter Innovation summit in Salt Lake City in January, and presented at Sankalp in Nairobi in February.

Recruiting

AlphaMundi recruited an associate and a manager who will be based in Bogota, Colombia, and work on the Latin American portfolio. They will start in June 2018. The AlphaMundi Foundation is also recruiting a director and volunteers, job descriptions can be found at www.alphamundifoundation.org

Next Quarter

AlphaMundi will celebrate its 10-year corporate anniversary with a gathering of its stakeholders in Nairobi, Kenya, on 21-22 May 2018. AlphaMundi will also contribute to the UBS Visionaris Awards selection committee in Mexico, and attend the Geneva Forum for Sustainable Investment in June.

Swiss Sustainable Finance will release its annual survey of the Swiss sustainable investment market, co-sponsored by AlphaMundi.

Industry Updates

Impact Investing

- Laurence D. Fink, founder and chief executive of BlackRock, informed business leaders that their companies need to do more than make profits – they need to contribute to society as well if they want to receive the support of BlackRock.
- Morgan Stanley announced that they raised over USD 125M, for the bank's first global impact fund. PMF Integro Fund 1 will invest in private equity funds that demonstrate positive environmental and/or social impact.
- Danone announced the successful launch of a EUR 300M social bond to finance and refinance projects that include positive social impacts. The senior note will pay a 1% coupon and will mature in March 2025.
- The Nathan Cummings Foundation announced that they will align 100% of their nearly half-billion dollar endowment with their mission. The Foundation is focused on creating a more just, vibrant, sustainable and democratic society and finding solutions to the climate crisis and growing inequality.
- Sarona Asset Management, together with EMPEA, Crystalus, and USAID, published a report on currency risk mitigation for institutional investors in emerging markets. Preliminary research found that there will never be a single solution, but ideas gaining the most traction among EMPEA members included a proxy hedge and an insurance option.

Financial Inclusion

- A report by the UN Foundation and BNY Mellon Corporation found that two-thirds of Americans without bank accounts are women, and the statistics are far worse in other countries around the world with only 9% of women having bank accounts in the middle east. The report estimates that if service providers increased women's access to retail banking, they could increase annual global revenue by over USD 40 billion.

Agriculture / Environment

- Global green bond issuance is expected to increase by 30% in 2018 to USD 200B for the year.
- WeFarm, a UK-based company that built an SMS-based network for farmers to discuss problems and share advice, just raised USD 5M. The company has 660,000 users in Kenya & Uganda.

Energy

- According to the International Energy Agency, the number of people without access to electricity fell to below 1.1 billion for the first time in 2016, with nearly 1.2 billion people having gained access since 2000, 500M in India alone. In sub-Saharan Africa, electrification efforts have been outpacing population growth since 2014.
- IEA's Access to Energy report estimates that providing electricity for all citizens in SSA by 2030 would require USD 52 billion per year.

Education

- Global Steering Group for Impact Investment (GSG) plans to launch a USD 1 billion fund – the India Education Outcomes Fund – which will aim at improving the quality of K-12 education.

Spotlight: Terrafertil



Terrafertil is a FMCG company that began its activities in Ecuador in 2005. It now sells its natural, organic, plant-based foods and healthy snacks in more than 25 countries on 5 continents. Terrafer til works with 1,880 smallholder farmers in Colombia and Ecuador who mainly cultivate goldenberries. Thanks to the company's own patented process, Terrafer til can extract a juice concentrate from the fresh fruit and sell the dried goldenberry, its flagship product.

"When I was a milk producer, the price [of milk] was extremely volatile, and sometimes our production was unsold because of the lack of demand. In May 2017, I switched to the organic goldenberry production which allowed me to rely on fixed prices and a steady buyer, since Terrafer til always buys all my products. Also, since we are working only with organic products, we don't have health issues from chemical pesticides."

Delia Isabel Diaz Pugas, 60 Y.O., Ecuador

"Before January 2013, I was working in a farm 6 days per week and was earning the minimum Colombian legal salary. Since I started working for Terrafer til, I have been able to increase my income, have a more comfortable work and spend more time with my family during the weekends since I only work 5 days per week."

Floriberto Hernandez Morales, 45 Y.O., Colombia

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	Kingdom Trust
Fund Administrator	Société Générale	Essential Fund Services International
Auditors	Price Waterhouse Cooper	Price Waterhouse Cooper
Legal Counsel	Arendt & Medernach SA	Drinker Biddle & Reath
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 100K 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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