IMPACT
Erste Asset Management

Social Impact Report 2024

I-AM Vision Microfinance Fund
I-AM Vision Microfinance Local Currency Fund

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

2 ZERO HUNGER

4 QUALITY EDUCATION

5 GENDER EQUALITY

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

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KEY HIGHLIGHTS

The I-AM Vision Microfinance Funds provide investors with access to impact investments and invest primarily in fixed income assets of carefully selected microfinance institutions in emerging and frontier markets.

The objective of the I-AM Vision Microfinance Funds (I-AM VMF) is to enable financial inclusion by investing in the poorest countries, thereby triggering sustainable and long-term development that enables low-income people to improve their quality of life, create access to sustainable agriculture, community development, renewable energy, healthcare and education, and subsequently stimulate entrepreneurship so that the people reached can build a livelihood and a future. The Funds contribute positively to the United Nations Sustainable Development Goals (SDGs), including SDG 1 – No Poverty, SDG 5 – Gender Equality, and SDG 8 – Decent Work and Economic Growth. The mutual funds are also categorized as Article 9 products under the Sustainable Finance Disclosure Regulation (SFDR).

Since its launch in February 2006 until December 2024, I-AM VMF distributed more than 2.6 billion US-Dollars in the form of 1422 loans to 342 different MFIs in 69 low- and middle- income countries. This report is the eighth annual social impact report for the funds.

Table 1: Contributing to the SDGs

1 NO POVERTY	Ensuring that low-income individuals have access to financial services, including microfinance and savings products
5 GENDER EQUALITY	Providing women with equal access to economic resources and opportunities
8 DECENT WORK AND ECONOMIC GROWTH	Strengthening the capacity of domestic financial institutions to expand access to banking and financial services for all and encouraging the growth of SMEs

INTRODUCTION

1. INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are crucial in today's global economy. These businesses are the backbone of many economies, especially in developing countries, contributing significantly to job creation, economic growth, and poverty reduction. However, despite their importance, MSMEs face significant challenges, especially in accessing finance. Over 65 million MSMEs across developing countries struggle with unmet financing needs.[1] These enterprises range from neighbourhood bakeries to small farms, and they all encounter barriers that hinder their growth and expansion. The lack of adequate financial resources prevents them from realizing their full potential, stifling innovation and limiting job creation.

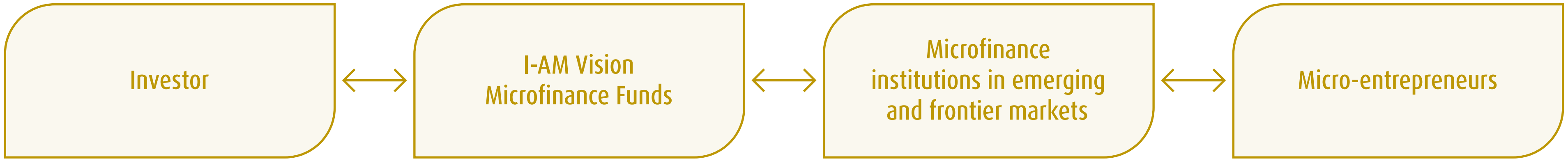
Furthermore, financial exclusion is another critical issue that persists. Approximately one-third of adults in developing countries remain unbanked, lacking access to basic financial services.[2] These services, such as savings accounts, credit facilities, and insurance, are crucial for managing household finances, planning for the future, and weathering economic shocks, ultimately enhancing their resilience.

Microcredit facilities have proved themselves to be excellent means of furthering self-development, as the lowest level of business activity is stimulated, living standards are increased and self-esteem is heightened. For these reasons, the United Nations (UN) Economic and Social Council proclaimed 2005 as the International Year of Microcredit. Inspired by this, Impact Asset Management GmbH, headquartered in Vienna, Austria, established the I-AM Vision Microfinance Fund in February 2006 with the principal objective of enabling investors to engage in the microfinance industry, directly or indirectly.[3]

The I-AM Vison Microfinance and I-AM VIsion Microfinance Local Currency Sub-Funds (henceforth "I-AM VMF") aim to contribute to economic growth and financial security by providing microfinance to low- and middle-income individuals in emerging and frontier markets.

Figure 1 below shows the path of the money invested in the I-AM funds from the investor to the end-client (micro-entrepreneur).

Figure 1: Figure 1: I-AM Vision Microfinance Fund – Path of the Money[4]



Since the inception of the I-AM VMF in 2006 until today, international development frameworks have evolved significantly, and so has the narrative of microfinance. The International Year of Microcredit followed in the wake of the UN Millennium Development Goals (MDGs).[5] One of the key objectives of this initiative was to contribute to the first MDG – reducing by half the proportion of people living on less than one dollar a day – through microfinance. This effort spurred the global growth of the microfinance industry.

1 Bruhn, M., Hommes, M., Khanna, M., Singh, S., Sorokina, A., & Wimpey, J.S. (2017). MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets. Washington, DC: International Finance Corporation.
2 Demirgüç-Kunt, A., Kalpper, L., Singer, D., Ansar, S., & Hess, J. (2018). The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. Washington, DC: The World Bank. Retrieved from: https://globalfindex.worldbank.org/
3 Direct investments refer to debt securities such as promissory notes, direct loans, term deposits, bonds, commercial paper or syndicated loans issued by microfinance institutions. Indirect investments are made through investments in vehicles such as collaterized debt obligations (CDO) or any other asset backed finance structure, or through the purchase of shares or issuance of debt to regulated or unregulated, open-ended or close-ended undertaking for collective investment (UCI).
4 Impact Asset Management GmbH. (n.d.). Vision Microfinance – Path of the Money. Retrieved from: https://www.impact-am.eu/mikrofinanz/ueber-mikrofinanz
5 The Millennium Development Goals were eight international development goals that all the world's countries and leading development institutions agreed to follow during the UN Millennium Summit in 2000. The goals ranged from halving extreme poverty rates to halting the spread of HIV/AIDS and providing universal primary education. The target was to achieve these goals by 2015. United Nations. (n.d.) United Nations Millennium Development Goals. Retrieved from: http://www.un.org/millenniumgoals/

In 2015, building on the milestone achievement of the MDGs, the UN introduced a new set of 17 international development goals, addressing a broader range of issues such as economic inequality, sustainable consumption and climate change. These Sustainable Development Goals (SDGs) aim to be achieved by 2030. With the advent of the SDGs, the focus among socially responsible investors expanded from microfinance to financial inclusion, and more broadly to 'impact investing' with the aim of contributing to the SDGs to the greatest extent possible. In light of this evolution, I-AM remains committed to expanding financial inclusion, and thereby fostering conditions conducive to achieving multiple SDGs.

Figure 2: United Nations Sustainable Development Goals

This report is the eighth annual social impact report produced for I-AM VMF by Tameo Impact Fund Solutions[6] assessing the fund's contribution to financial inclusion and to the achievement of the SDGs in emerging and frontier markets. The data provided reflects the outreach of both the I-AM Vision Microfinance and I-AM Vision Microfinance Local Currency Fund combined, and evalutes their impact on financial inclusion and contribution to the achievement of the SDGs in emerging and frontier markets. The report presents consolidated figures, with all the amounts reported in EUR.

The Local Currency Sub-fund, whose base currency is USD, has been converted accordingly.[7] The figures presented in this report are the average of quarterly figures of 2024, unless indicated otherwise.

6 Tameo Impact Fund Solutions SA is a Swiss impact investing specialist serving the financial industry with independent expert solutions. Through this report, Tameo is assessing the impact performance of the I-AM VMF as an independent third party, analyzing fund-level data collected by Symbiotics.
7 For the conversion of USD figures, we applied an exchange rate of 1 USD= 1.03545, consistent with IAM- Vision Microfinance reporting.

This report organizes the social performance of the fund into intentions, social outreach, social outcome and impact investing, thus giving insights into the investment output and impact of the fund on different levels including region, investee institutions and end-clients. The I-AM VMF's contributions to the SDGs will be highlighted through the activities of the investees in the fund's portfolio. Another important part of the impact assessment are the due diligence trips which provide a good opportunity to get a feeling for the local markets and directly get in touch with representatives of the microfinance institutions and their end-clients. The fund managers of the I-AM Vision Microfinance Funds took part in trips to Mongolia, China and Romania in 2024. The report also gives insights into the impressions gained during the due diligence trips.

Table 2: Key Figures[8]

Fund volume invested	EUR 544 million
Number of countries	37
Number of financial institutions	119
Number of end-clients financed	309,712
% female borrowers	80%[9]
% borrowers in rural areas	36%
Median credit per borrower	EUR 3,818
Number of MSME jobs supported (estimated)	625,834
GNI per capita in countries of investment	USD 6,403

The portfolio data is based on the most recently available information sources and may therefore deviate from the portfolio data indicated in the fund's accounting (legal/factual inventory).

8 The figures presented in this report represent the average quarterly figures from 1 January to 31 December 2024, unless indicated otherwise.
9 This is the percentage of the number of women borrowers among all borrowers reached by the fund, excluding legal entities. It would be 29% of the fund's portfolio in loans for women by loan amount, and 45% if the portfolio-weighted average is taken of number of women financed by the fund's investees, if including legal entities.

2 INTENTIONS

2. INTENTIONS

In the field of sustainable investments, I-AM VMF can be classified as impact investment funds with the idea of "doing good". The funds are open-ended, pursuing a double bottom-line return – functioning both as socially transformative funds and offering attractive financial returns to investors – and are committed to realizing the fund's mission through the provision of microfinance. Since the fund's inception in 2006, Symbiotics Asset Management, headquartered in Geneva, Switzerland, has been entrusted as the research house and advisor of the I-AM VMF. Symbiotics is the leading market access platform for impact investing in emerging and frontier markets and follows a threefold impact management approach along the following dimensions:

i. Emerging Economies:	Symbiotics defines its investment universe as emerging and frontier economies, targeting low-and middle- income countries and beneficiaries. Symbiotics seeks to deploy capital to sectors and countries, where it usually does not flow, generating ESG impact through its investments.
ii. Responsible Investments:	Symbiotics is a responsible investor, integrating ESG risks that might affect the value of investments. Symbiotics also conducts a screening for environmental and social (E&S) adverse impact that its activities may have on the target markets.
iii. Sustainable Objectives:	Symbiotics is an impact investor, assigning sustainable objectives to each of its investments, and defining key impact indicators, using the Sustainable Development Goals (SDGs) framework. The aim is to measure the positive development and contributions of all investment activities.

The fund management team of the I-AM VMF uses tools provided by Symbiotics in addition to in-house analysis.

2.1. Mission

The mission of the fund is to provide financial services to economically active people in emerging and frontier markets, who are excluded from the official banking sector, thereby creating a positive self-reinforcing cycle through financial security, savings and growth. By extension, micro and small employers will be able to stabilize their cash flows, create jobs and increase their standards of living.

2.2. Norms

Each investment made by the I-AM VMF needs to comply with the following criteria:

Table 3: I-AM VMF Fund Norms

Investment universe	Carefully selected microfinance institutions (MFIs): ■ With an acceptable legal status ■ Established in countries with a favourable regulatory environment for foreign investments ■ With a solid financial background ■ That are continuously active
Social incentives	■ Positive self-reinforcing cycle is afforded, i. e., financial security, savings and growth, by providing capital for people who are excluded from the official banking sector and economic development ■ Be as inclusive as possible, both horizontally through large-scale investments and vertically by funding smaller institutions/projects
Eligible instruments	Fixed-income instruments
Fixed-income instruments	General principle of risk diversification
Geography	Predominantly in Latin America, Central and Eastern Europe, Asia and Africa
Investment currencies	USD & EUR predominantly; local currency investments (max 20%)

2.3. Practices

The Sustainable Finance Disclosure Regulation (SFDR) was introduced in 2019 as part of the European Commission's Sustainable Finance agenda to increase transparency in financial markets through harmonized rules addressing sustainability risks integration and disclosure of overall sustainability-related information for financial products. In the same context, the fund integrates the risk of occurrence of Principal Adverse Impacts (PAIs)[10] in the investment decision-making process through the exclusion of companies active in sectors doing potential significant harm to environmental, social and governance (ESG) factors, and conducts a comprehensive ESG assessment with periodic monitoring at different stages of the investment.

i. Exclusion Lists

A social exclusion list was applied to all the fund's promissory notes, preventing financial institutions from investing in areas that harm the sustainable investment objectives. For the complete exclusion list please refer to Appendix 2.

ii. Social Covenants

Social covenants are included in loan or investment agreements in order to ensure that an investment is pursuing its double bottom line objective. In the context of the I-AM VMF, the following social covenants were used when disbursing loans to the financial institutions:

- Impact-related sector eligibility criteria:
  - Operating in emerging or frontier markets
  - Main investment activity is the granting of cash loans to small or micro-enterprises for their business purposes
- Obligation to provide regular outreach reporting

Every financial institution has an internal set of practices, including principles, policies, and procedures that are used to express its social responsibility. Investment analysts assess these practices pre-investment, and on a regular basis thereafter to determine the extent to which an institution is committed to its social mission, and whether it is likely to have a positive social impact.

10 The full details can be found in the annual SFDR disclosures of the Fund (Annex I) at www.axxion.lu.

iii. ESG Rating

In 2022, Symbiotics updated its ESG rating methodology to assess the risk of a company of doing harm from an environmental, social and governance (ESG) perspective. It ranks companies according to their direct and indirect ESG footprint, where the direct impact is caused by the company itself, while the indirect impact can be related to its borrowers, clients or suppliers. It evaluates the company's indirect exposure to E&S risks through an assessment of its operations, as well as the systems in place aiming to mitigate such risks.

Environment (E), Social (S) and Governance (G) dimensions are assigned to similar weights in the scoring.

Symbiotics Investments' ESG Rating aims to capture "inside-out risks" i. e. the risk of doing harm. It does not aim to capture "outside-in" risks i. e. the risk of the investee being affected by E&S risks (e. g. climate risk, terrorism, etc.).

As a first step in the ESG Rating process, an E&S risk profile is assigned to every company and captures a company's indirect exposure to E&S risk activities, via the operations of its end-borrowers, clients or suppliers, taking into account the economic activities and size of operations (micro, SME or large). The E&S risk profile feeds into the ESG Rating assessment as follows: the higher the E&S risk profile, the stricter the requirements for a sophisticated "Environmental and Social Management System" or "ESMS", whilst lower E&S risk profiles will require a less stringent ESMS. The ESMS framework has been developed by the IFC, and is a continuous process that aims to measure, track, reduce and thereby manage environmental and social risks of a company's operations over time.

This methodology serves as a basis to effectively comply with the requirements as established by the SFDR.

The ESG rating is measured on a scale of 0% to 100% (the higher the figure the lower the ESG risk). The final scoring includes 54 indicators graded on a scale from 1 to 5, which are obtained by evaluating over 200 underlying metrics or data points. The indicators are qualitative, quantitative, or indirect, reflecting the exposure to indirect E&S risks. The ESG risk rating comprises nine dimensions categorized into three groups based on their impact.

Table 4: ESG Rating Methodology

Environment	
Energy and natural resources	The investee’s and its clients' use of energy and natural resources, as well as efforts to reduce, reuse, and recycle resources.
Air, water and land	Emissions into the air (including greenhouse gases), water, and land (such as waste) by the investee and its clients, and any measures taken to reduce emissions.
Ecosystems and biodiversity	The negative impact on ecosystems and biodiversity caused by the investee or its clients.
Social	
Human capital	The investee’s treatment of employees according to International Labor Organization (ILO) standards, taking into account gender balance at staff and management level.
Customers	The investee’s practices to protect clients, such as preventing over-indebtedness, ensuring transparency, protecting client data privacy, and ensuring product adequacy according to the Social Performance Task Force (SPTF) Client Protection standards.
Communities	The negative impact on communities caused by the investee or its clients through direct activities or other factors (i. e. working conditions).
Governance	
Values	The strength of the investee’s governance, its structure, values, integrity standards, and level of business ethics. It includes the gender balance at board and top management level.
Transparency	The investee’s E&S transparency towards stakeholders, its E&S measurement capacity, and the quality of processes and E&S reporting.
Environmental and Social Management System (ESMS)	The policies, processes and practices with regard to managing E&S risks; the quality of the ESMS to manage E&S risks should be commensurate to the E&S risk profile of the company.

Table 5: ESG Rating Scores for I-AM VMF portfolio (weighted average)

The I-AM VMF Fund's portfolio-weighted average ESG rating score is 67% out of 100%.
The table below displays the scores per dimension and the percentage of investees assessed using the new methodology.

ESG rating	Environment score	Social Score	Governance Score	% of Investees assessed by new methodology
67%	56%	74%	72%	91%

In line with the fund's strategy, the **Social score is the highest scoring dimension (74%)**, which evaluates investees' treatment of employees, practices to safeguard clients, and impact on the community.

Box 1: KASHF Institution

KASHF, an institution serving women at the base of Pakistan's social pyramid, is among the highest scoring institutions with regard to the social dimension. The MFI not only provides essential credit products empowering women through financial inclusion, but is also the leading provider of life and health microinsurance in the country. Its mission extends far beyond financial services, as it also offers financial literacy training, capacity-building programs, and social advocacy initiatives. KASHF has a dedicated Gender & Social Advocacy Department that has organized financial literacy training for over 61,000 participants, business accelerator programs for over 7,000 women, and reproductive health education for more than 30,000 women. Also, the MFI conducts social theatre performances, addressing issues such as child marriage, girls' education, female harassment and empowerment to foster community dialogue. The institution has even produced television series aired on national channels to challenge social norms and raise awareness about issues like gender equality, women's rights and family planning. KASHF's efforts thus extend far beyond its clients and impact the broader population, highlighting the MFI's deep commitment to social values and gender equity.

The first investment in Pakistan was with KASHF in the year 2017 and in 2025 I-AM VMF will provide funding via a Sukuk to provide Shariah-compliant microfinancing for the Islamic population.

KASHFs results on the Social score of the ESG rating:

Social	Human Capital	Customers	Communities
83.9%	84%	82%	92%

The Environmental dimension scored the lowest, receiving a score of 56%. This dimension evaluates whether the investees have a policy to protect the environment, such as practices to reduce, reuse, and recycle waste, measures taken to reduce emissions, and steps to minimize the negative impact on ecosystems and biodiversity. Investees are continuously taking steps to improve their environmental performance, such as implementing an environmental management system, reducing waste through environmental policies, and introducing green financial products.

Box 2: Transcapital Institution

An example of an institution with increasing carbon footprint awareness is Transcapital in Mongolia. Due to their efforts with regard to environmental efforts, the ESG rating shows a high E-score, one of the highest in the portfolio of the I-AM VMF. As part of its updated ESG policy, Transcapital is required to track its internal resource usage and it also engages in keeping the environment clean. The company was one of the first to invest in an electric car. It now uses this vehicle to visit customers. An exclusion list is enforced to avoid financing environmentally harmful businesses. Additionally, Transcapital engages in the annual "TreeCapital 1000" campaign and plants trees. Supported by governmental initiatives their green loan product portfolio, dedicated to supporting or expanding environmental friendly and energy efficient solutions (related to reducing air and soil pollution) is increasing.

Transcapital first received funding from I-AM VMF in 2013 and was also visited during the due diligence trip in May 2024 where the I-AM fund manager together with an ESG specialist from Symbiotics was able to convince herself of the measures implemented.

Transcapitals results on the Environmental score of the ESG rating:

Environment	Energy & Natural Resources	Air, Water & Land	Ecosystems & Biodiversity
90.9%	88%	86%	100%

iv. SDG Mapping

The aforementioned tools are used to ensure that the institutions do not cause significant harm and have proper policies in place to mitigate such risks. As required for an Article 9 fund according to SFDR, the I-AM VMF pursues sustainable investment objectives including a focus on businesses and projects targeting low-and middle-income households and MSMEs. By doing so, the fund aims to address part of the global challenges represented by a set of selected SDGs. Each transaction is assessed based on its positive contribution and assigned to an SDG.

3 INVESTMENT OUTPUT

3. INVESTMENT OUTPUT

Since its incorporation in 2006, the I-AM Vision Microfinance Funds have:

- **Originated USD 2.6 billion in loans through more than 1,422 transactions**
- **Financed 342 investees in 69 emerging and frontier markets**

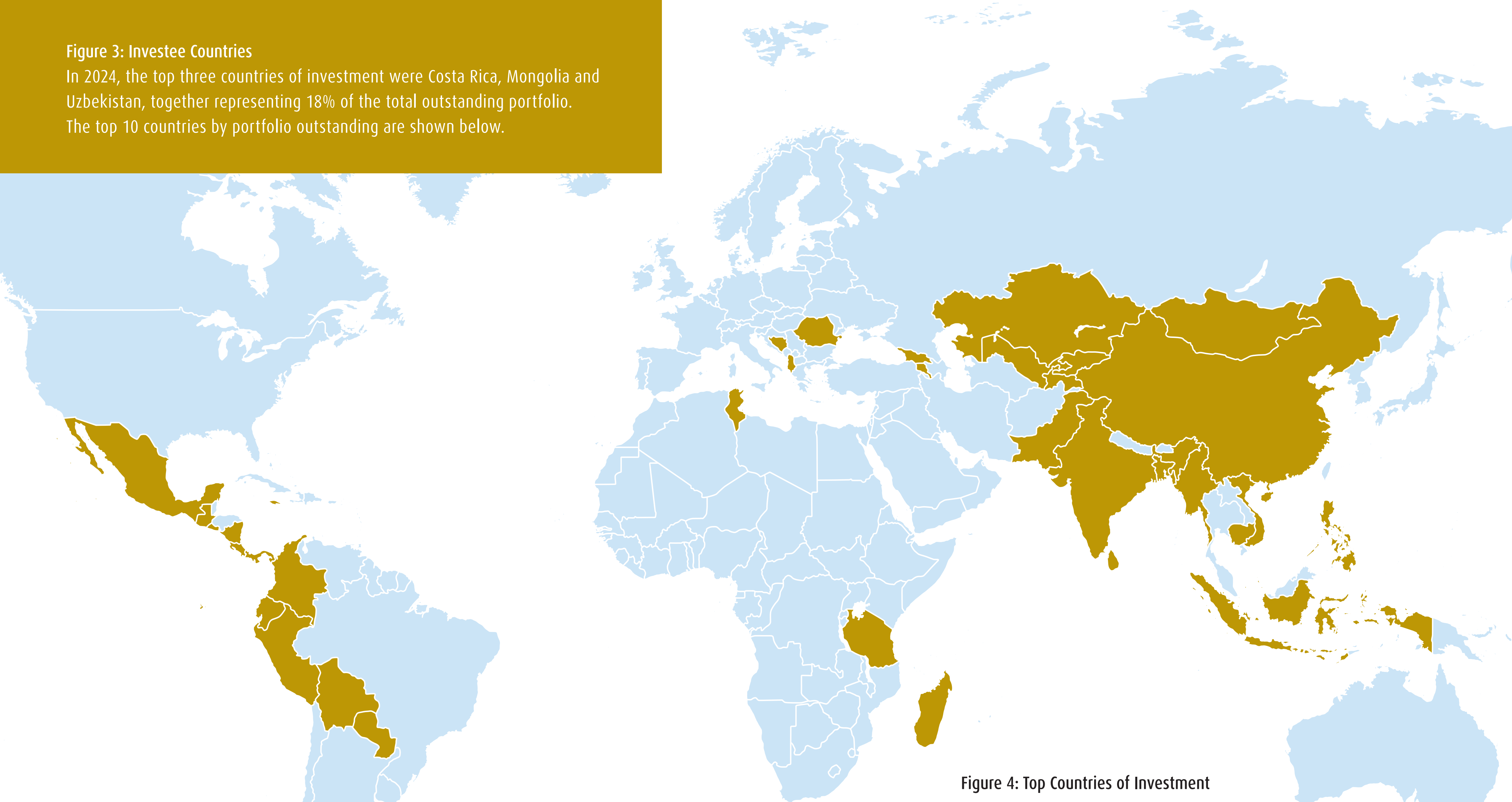
In 2024, the I-AM Vision Microfinance Fund was invested in 119 investees through 37 countries on average. The fund financed institutions located in South & East Asia (34% of total portfolio), Latin America & the Caribbean (34%) and Eastern Europe & Central Asia (29%).[11]

When making the investment decision, emphasis is placed on good diversification, which means that no country is included in the fund portfolio with a share of more than 10%.

11 The I-AM VMF indirectly invests 3% of total exposure in emerging and frontier economies through institutions located in Germany, France and the Netherlands.

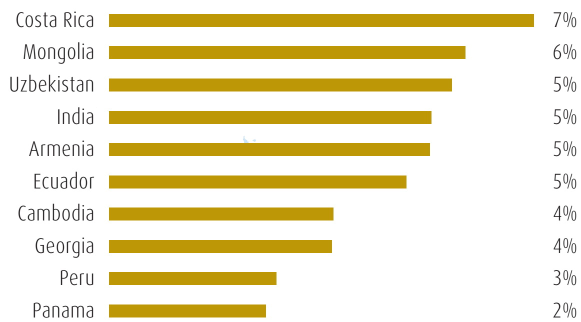
Figure 3: Investee Countries

In 2024, the top three countries of investment were Costa Rica, Mongolia and Uzbekistan, together representing 18% of the total outstanding portfolio. The top 10 countries by portfolio outstanding are shown below.



There is no allocation in Russia and the portfolio data is based on the most recently available information sources and may therefore deviate from the portfolio data indicated in the fund's accounting (legal/factual inventory).

Figure 4: Top Countries of Investment



The due diligence trips during 2024 took our fund managers to Mongolia, China and Romania.

Box 3: Country Profile: Mongolia

Country	First investment in the year	I-AM VMF loan amount[12]	Number of supported institutions	SDGs supported
Mongolia	2008	EUR 105 million	6	1, 5, 8

A landlocked country in eastern Central Asia, nestled between Russia and China, with an area over 1.5 million km² and an average altitude of 1,528m, Mongolia is one of the largest countries in Asia and one of the highest countries in the world. The country is mainly characterized by the steppe landscape although for example the Orkhon Valley is very green and offers mild temperatures throughout the year. Although known as nomadic people, around half of the Mongolian population lives in the capital Ulaanbaatar, leaving the rest of the country correspondingly deserted. Only a quarter of the Mongolian population still live as nomads, herding livestock for a living.

Agricultural activity also extends to hardly any other areas leaving Mongolia with around 20 times as many livestock as people. Nomads are free to graze their animals anywhere and do not need to own land. This consequently has a significant impact on the sparse vegetation. Sustainable agriculture is a key focus in Mongolia. Microfinance institutions are playing an instrumental role as intermediaries, offering incentives to herders to reduce livestock numbers and thereby prevent further destruction of grasslands, while at the same time encouraging the adoption of sustainable practices. During the due diligence (DD) trip a few agricultural clients were visited. One particularly noteworthy concept was the example of a female chicken farmer who utilises the chicken feathers as fertilizer for her greenhouse plants (like cucumber).

Mongolia belongs to the upper middle income countries and is considered "free"[13]. When it comes to female empowerment – an important topic for I-AM VMF – it became apparent on site that women mostly feel treated fairly, but there is still room for improvement. As a World Bank report reveals[14], women of working age are 15 percent less likely to have a job and earn on average 25 percent less than men. This is in spite of women now outnumbering men in terms of working-age adults with a university education. Another area of where barriers to equal representation persist is in leadership and decision-making. While women are employed in high rates in public administration, they do not yet have a strong voice in political or policy-making processes: women only constitute 30 percent of mid-level managers, for instance, and 15 percent of managers in high-level positions.

12 Since inception
13 https://freedomhouse.org/country/scores
14 World Bank. Mongolia – Gender Assessment (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/099091624130033350

Box 4: Country Profile: China

Country	First investment in the year	I-AM VMF loan amount[15]	Number of supported institutions	SDGs supported
China	2016	EUR 67 million	5	1, 5, 8

Known as the world's workshop, China's economy is one of the largest in the world. Agriculture still contributes 8% to economic growth, industry 40% and services already 52%.

China has made very good progress in fighting absolute poverty and is considered a middle-income country. However, there is still a part of the population living below the poverty line for middle-income countries. Also when disbursing to Chinese microfinance institutions, the fund management of the I-AM Vision Microfinance Funds pursues an approach of supporting financial inclusion and examines the institutions closely before a disbursement is made.

China has also made significant progress in the field of e-mobility which was also a topic during the DD trip in May 2024. We visited an end customer who has set up his own business selling electric vans after a long period of employment in this sector. The Chinese government is promoting e-mobility also with regard to public transport. The program is centred on buses and is intended to improve air quality within cities. The AQI (Air Quality Index) for Chinese cities is typically displayed at the top of weather applications, and during the DD trip, it was in the very good to good range in Beijing and Jinan.

15 Since inception

Box 5: Country Profile: Romania

Country	First investment in the year	I-AM VMF loan amount[16]	Number of supported institutions	SDGs supported
Romania	2015	EUR 20 million	3	1, 2, 8

Romania is located in south-eastern Europe and borders Bulgaria, Moldova, Serbia, Hungary and Ukraine as well as the Black Sea. Around 57% of the country's approximately 238,000 km^2 is used for agricultural purposes and one in five workers is employed in this sector. Furthermore, one in five people are affected by poverty and a further third are at risk of poverty. This in particular explains the high demand for financial resources to create jobs.

Romanian farmers have been suffering from the consequences of climate change since 2019. Persistent heatwaves and extreme weather events in particular are reducing agricultural yields. Temperatures of >40 degrees Celsius, weeks of drought and hailstorms are not uncommon. Accordingly, a large proportion of our disbursements to the institutions Agricover Credit and Vitas Romania are used to finance micro and small farmers in central and western Romania. This enables irrigation systems to be installed, but also covers the costs of fertilizer and materials, some of which are incurred months before the harvest. Europe has been dependent on Romania's agricultural exports, particularly since the start of the war in Ukraine. The third institution in the portfolio, RoCredit, primarily serves manufacturing and trading companies in the northwest of the country with short and medium-term working capital loans. These companies generally supply global companies (e.g. Ikea, DACIA-Renault,...), but have difficulty in accessing funds due to the low market supply of loans.

16 Since inception

4 SOCIAL OUTREACH

4. SOCIAL OUTREACH

The social outreach of the I-AM VMF Fund can be measured at the level of the markets in which the fund is invested, the financial institutions (investees), and the end-clients of those institutions.

4.1. Market Outreach

Committed to deploying capital to where it does not abundantly flow, the I-AM VMF portfolio is almost fully invested in low- and middle-income countries.[17] 34% of the portfolio is invested in low- and lower-middle income countries, whereas 58% serves upper-middle income countries. Overall, the GNI per capita in these countries (USD 6,403) is considerably lower than the world average (USD 12,869), and similar to the average of low- and middle-income economies (USD 5,682).

Investments in high-income countries, which account for 8% of the portfolio, include direct and indirect[18] investments in Panama and Romania. Despite being categorized as high-income economies, these countries still encounter issues regarding income inequality and social infrastructure. Based on the World Economic Outlook framework, these countries are classified as emerging and developing economies.[19]

Figure 5: Income Level Classification, % I-AM VMF Portfolio

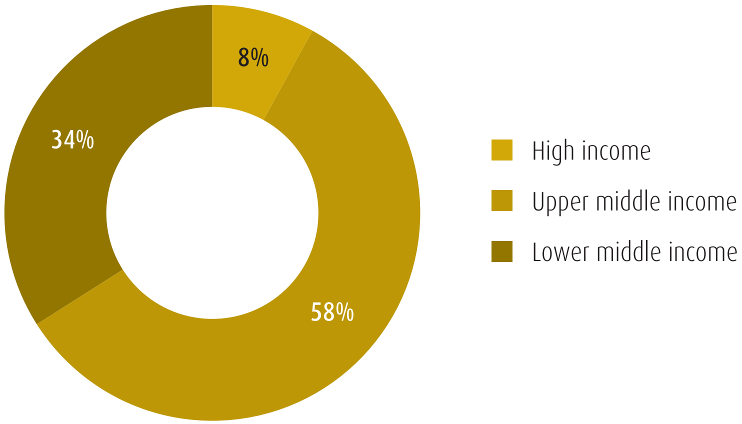
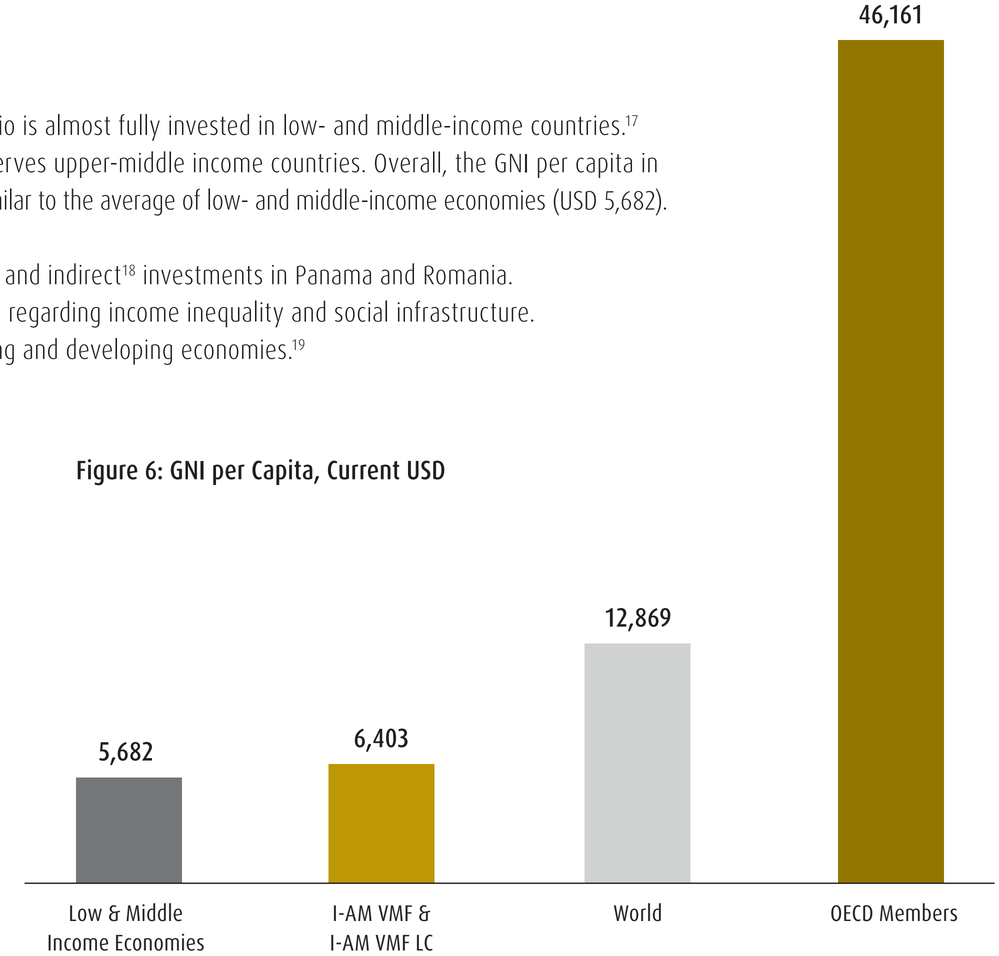


Figure 6: GNI per Capita, Current USD



17 Countries' income levels are defined by the World Bank according to gross national income (GNI) per capita as follows:
- Low-income: USD 1,145 or less
- Lower-middle-income: USD 1,146 to USD 4,515
- Upper-middle-income: USD 4,516 to USD 14,005
- High-income: above USD 14,005

18 An investment is categorized as indirect when funds are directed towards institutions situated in developed economies, even though these institutions extend loans to clients in emerging and developing markets.

19 International Monetary Fund (2023).

One low income country was part of the portfolio of the I-AM VMF during 2024: Madagascar with an GNI per capita of USD 510. Madagascar is the world's fifth-largest island and renowned for its unique natural heritage and unparalleled biodiversity, attracting international attention for its environmental and tourism potential. Nevertheless, the country remains one of the ten poorest countries on the planet with more than 80% of the population living in poverty. I-AM VMF supports ACEP Madagascar in its mission of actively supporting the Malagasy economy by offering simple and accessible financial services.

Box 6: Institutional Profile: ACEP Madagascar, Madagascar

Supporting micro, small and medium-sized enterprises

ACEP
La réussite à portée de main

Established in 1999, ACEP Madagascar is a dynamic microfinance institution dedicated to supporting micro, small and medium-sized enterprises across both urban and peri-urban regions of Madagascar, with an increasing presence in rural areas, particularly in agriculture.

With a network of over 50 strategically located branches across 15 of the country's 23 provinces, ACEP serves as a catalyst for economic growth, providing tailored financial solutions to entrepreneurs at various stages of development. Notably, women consistently represent more than 50% of ACEP's clients, both in terms of volume and number.

Madagascar faces challenges like natural disasters, food insecurity, housing shortages and restricted access to permanent employment resulting in economic insecurity. The MFI addresses some by offering microenterprise, agriculture, education, housing and SME loans but remains focused on the trade and services sectors. ACEP also provides basic deposit products and health insurance. Indeed, in collaboration with ADéFi Santé, its founder and shareholder, ACEP also offers health coverage to clients, employees and their families, recognizing that "health is the first wealth".

Through its comprehensive approach, ACEP Madagascar continues to play a pivotal role in strengthening local economies, creating job opportunities, and fostering community development throughout the country.

When it comes to measuring the fund's market outreach in terms of financial inclusion, the fund management monitors the indicator account ownership in the countries invested. Having access to financing, savings products and financial services equips people with tools to withstand financial shocks. People with such access can increase their household spending in areas such as food, housing, health and education, and thereby improve their quality of life. The Global Findex Database[20], created in 2011, provides relevant information on access to finance and the overall use of financial services worldwide. Data from 2021 revealed a significant rise in global account ownership, with 76% of adults owning an account, a substantial increase from 51% ten years earlier in 2011. This upward trend was also observed in low- and middle-income countries, where account ownership grew from 63% in 2011 to 71% in 2021. However, despite this growth, there are still challenges to be overcome, and the benefits of such growth have not been evenly distributed. Specifically, women, as well as poor, young and unemployed individuals remain underserved by the traditional financial system. Following its mission of financial inclusion and facilitating provision of financial services in countries where access to these services is less common than it is worldwide, the I-AM VMF targets countries where on average 59% of the population have access to a bank account. By doing so, the fund contributes to SDG 8 whose tenth target is access to banking for all.

8 DECENT WORK AND ECONOMIC GROWTH

8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Table 6: Banking Penetration

Percentage of adults with a bank account[21]	
I-AM VMF Funds (weighted average)	59%
World	76%

20 The Global Findex Database 2021, Die Weltbank.
21 Demirgüç-Kunt, A., Kalpper, L., Singer, D., Ansar, S. (2021). The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. Retrieved from: https://globalfindex.worldbank.org/

El Salvador still falls behind this figure with just over a third of the population having access to a bank account, which limits their ability to save, invest, and build resilience. By supporting institutions like Banco Promerica El Salvador, the Sub-funds contribute to expanding financial inclusion, strengthening economic resilience, and promoting sustainable business growth. Through a combination of financial and educational initiatives, Banco Promerica ensures that underserved individuals and businesses gain the tools and resources necessary to achieve long-term financial stability and success.

Box 7: Institutional Profile: Banco Promerica, El Salvador

Banco Promerica El Salvador is the sixth-largest bank in the country

Banco Promerica El Salvador was founded in 1996 as part of the Promerica Group, a financial institution with over 30 years of experience in Latin America.

Operating in nine countries, the group has expanded significantly within El Salvador, establishing 55 service points and ranking as the sixth-largest bank in the country. Banco Promerica has built a strong presence in the market by focusing on relationship banking and offering tailored financial services to individuals and businesses.

At the core of its mission, Banco Promerica is dedicated to financial inclusion, helping individuals and businesses overcome cultural, economic, personal, and geographical barriers. This commitment is particularly evident in its strong support for small and medium-sized enterprises (SMEs), recognizing their crucial role in driving economic growth. SMEs account for 24% of the bank's portfolio, ensuring they have access to the essential capital needed for expansion and success. Additionally, Banco Promerica El Salvador offers a diverse range of financial products, including credit cards, consumer and housing loans, and corporate lending.

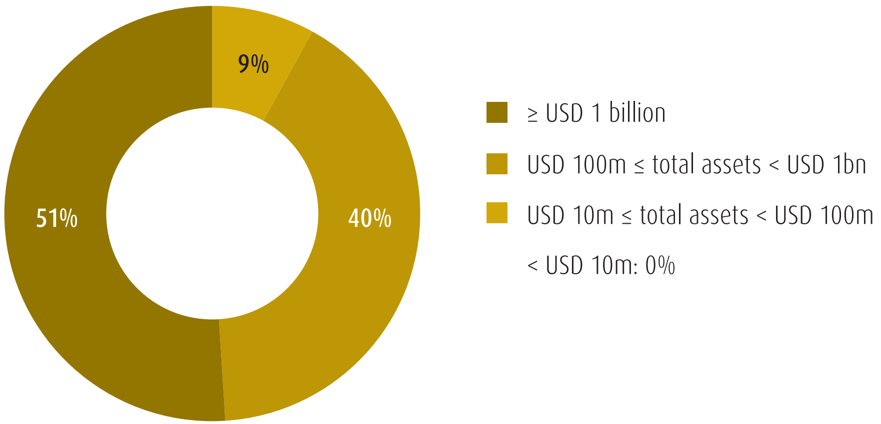
Beyond traditional banking, the institution actively invests in social and financial education initiatives. Through the "Actuar es Vivir" Foundation, it provides essential breast cancer diagnostics and healthcare services. Additionally, its "Forever" Foundation promotes financial literacy by offering training programs for children and teenagers, fostering a culture of informed financial decision-making from an early age on.

4.2. Investee Outreach

The I-AM Vision Microfinance Funds invest in a diverse range of financial institutions, in terms of both their legal status and size, thereby reaching different segments of the financially excluded population in emerging and frontier markets.

In terms of investee size, microfinance institutions are categorised into tiers. In this context, 'tier' is used to denote the capitalisation of the institution. Most investees of the I-AM VMF fall into the category Tier 0 (with total assets of above 1 billion USD). This is partially due to the fund's mission towards SDG 8, which is to provide funding to Small and Medium Enterprises (SMEs) in emerging markets, and these enterprises are typically served by medium-sized and larger financial institutions. Another reason is that many of I-AM VMF's long-standing investees grew in size over the life of the fund, in terms of both asset size and institutional capacity. These institutions remain committed to their social mission and offer among the lowest average credit balances, displaying a strong commitment to serve end-clients at the bottom of the pyramid.[22]

Figure 7: Size of Financial Institutions, % of I-AM VMF Portfolio Weighted



MFIs are organised in different legal forms, such as non-governmental organisations (NGOs), credit cooperatives, financial institutions without a banking licence or banks. In the case of banks, the difference with local commercial banks is largely in the business model, as commercial banks specialise in financing large clients (e.g. loans over USD 100,000) and do not have the expertise or interest in the small loan business. Cooperatives and NGOs make up only a small part of the I-AM VMF portfolio. The cooperatives in the portfolio are mainly active in Ecuador and the NGOs in Kosovo. On average, there were 12 cooperatives and 8 NGOs in the portfolio.

22 Due to the fund volume and the risk limits in relation to the maximum possible loan amount depending on the size of the financed institution, Tier 3 institutions (< USD 10 million) are not to be found in the portfolio.

MSME finance makes up the largest proportion of the product offering (83%). In addition to this form of financing, a portion is also attributable to private household consumption in the form of loans for immediate household needs and housing, as well as education. These products collectively contribute to raising end-clients' living standards. It is also the case that small loans to microentrepreneurs often contribute to increasing household consumption indirectly when they are able to maintain a successful business. While micro-loans still reach the majority of clients (70% of end borrowers), their share with regard to the total volume is lower (43%) which is mainly explained by the lower average loan size of a micro-loan (EUR 2,352) compared with an SME loan (EUR 22,272).

Figure 8: Product Offer, % of Gross Loan Portfolio

Product Offer in % of Gross Loan Portfolio Distribution in number and volume by product (NAV weighted average)	**% End borrowers (headcount)**	**% - Volume (GLP)**
Micro-loans	70%	43%
SME	13%	40%
Education	1%	0%
Housing	3%	9%
Other	13%	8%
Total	**100%**	**100%**

The portfolio data is based on the most recently available information sources and may therefore deviate from the portfolio data indicated in the fund's accounting (legal/factual inventory).

4.3. End-Client Outreach

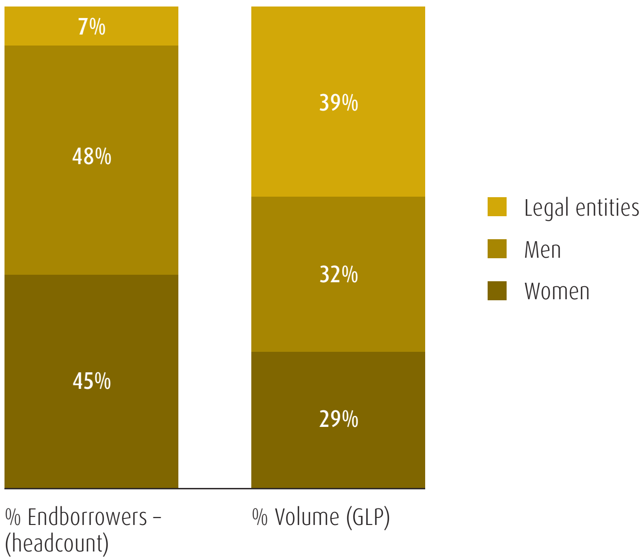
The final level of assessment of the fund's social outreach is dedicated to the end-clients. Indicators such as the number of end customers and the average loan size as well as the segmentation of customers by gender, location, activity and credit method are reviewed in order to evaluate the extent to which the fund fulfills its mission.

In 2024, the I-AM VMF's investees together granted loans to 22.9 million end-borrowers and the fund's investments in these institutions (as a share of the investees' activities) reached 309,712 end-clients.

The average size of loans is an indicator used to understand the depth of the impact of the fund in terms of financial inclusion as it indicates the end-borrowers' income level. The median average loan balance of the I-AM VMF is EUR 3,818.

I-AM VMF primarily served end-clients through individual loans in urban areas. The rural-urban gap in financial inclusion is also well-documented in emerging markets, with urban residents being more likely to have an account at a financial institution. Even though the size of the gap globally is difficult to estimate, I-AM VMF has clearly contributed to providing equal access to financial services for rural and urban clients alike.

Figure 9: Client Gender
Distribution in number and volume by activity
(NAV weighted average)



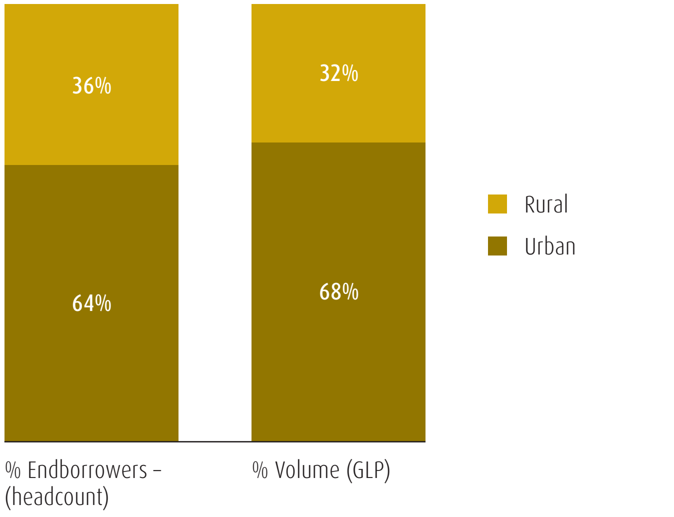
The distribution of end-borrowers benefiting from a loan show that 48% are men, 45% are women, and 7% are legal entities. While men represent a slightly larger proportion of individual borrowers, a near equal amount of loans support women, highlighting a significant focus on gender-inclusive financing.

However, when examining the allocation of total loan volume by investees, 29% of the portfolio is directed towards women, compared to 32% for men and 39% for legal entities, demonstrating a strong focus of the fund on supporting SMEs and job creation. While women make up a substantial share of borrowers, in some countries they receive a smaller proportion of total loan funding, potentially due to differences in their social or economic situation, business types, or borrowing needs.

The average loan size further illustrates this discrepancy. On average, loans extended to women (EUR 2,517) are approximately 1.5 times smaller than those provided to men (EUR 3,671). This disparity may reflect structural barriers such as women's access to collateral, differences in business sectors, or more conservative borrowing patterns, statistics the fund aims to improve.

The portfolio data is based on the most recently available information sources and may therefore deviate from the portfolio data indicated in the fund's accounting (legal/factual inventory).

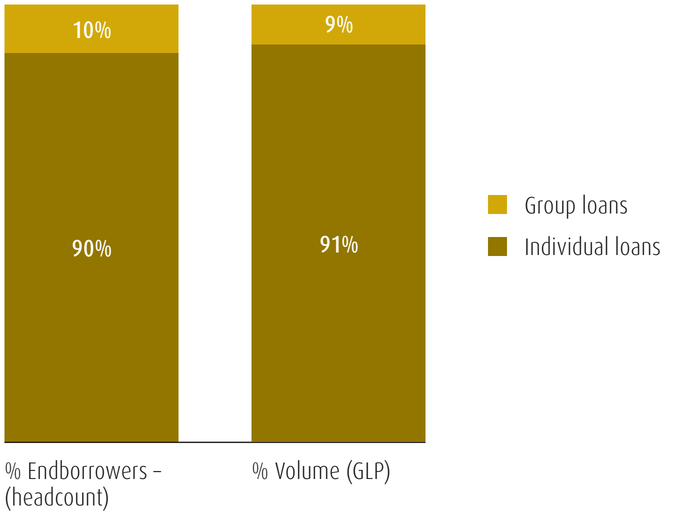
Figure 10: Client Location
Distribution in number and volume by activity
(NAV weighted average)



Nearly two-thirds of end-borrowers supported by the Sub-funds are in urban areas, while 36% are in rural areas. However, the loan volume allocated to rural borrowers is lower, as loans in these areas tend to be smaller than those in urban areas.

On average, urban borrowers receive loans that are **1.4 times larger** than those in rural areas. This may be due to higher lending costs and risks in rural areas, lower income levels, and fewer business opportunities, which can limit borrowing capacity and access to larger financing facilities, or the prevalence of small farms in those areas.

Figure 11: Credit Methodology
Distribution in number and volume by activity
(NAV weighted average)



In terms of the lending methodology 90% of borrowers received individual loans while 10% received group loans, a metric that varies greatly across countries and their economic development.

In terms of loan size, the loans provided to each member within a group is approximately ten times smaller than the average loan size granted to individuals.

Group loans are smaller as they combine the repayment capacity of multiple borrowers. By distributing risk across the group, these smaller loans reduce the likelihood of default, ensuring that the group can collectively manage repayment, and lowering the pressure on one single individual during adverse business cycles.
The regular meetings of the group offer support to the members with regard to questions or challenges they may face which they can then overcome collectively. When it comes to individual loans, lenders tailor the loan amount based on the borrower's ability to repay and their specific business requirements.

In Georgia, one of the top 10 countries of investment, I-AM VMF support Lazika Capital. The institution is dedicated to expanding financial access in Georgia's underserved rural regions.

Box 8: Institutional Profile: Lazika Capital, Georgia

Financial services to underserved communities in Georgia

LAZIKA CAPITAL
MICROFINANCE ORGANIZATION

Lazika Capital is a small microfinance institution (with around USD 25mln assets) founded in 2000 by Oxfam Great Britain to support low- and middle-income entrepreneurs with tailored financial services.

Initially operating as part of Oxfam, Lazika became an independent non-bank financial institution in 2007. Based in Georgia, the institution focuses on rural areas, particularly in western Georgia, where it provides financial services to underserved communities.

Lazika Capital's mission is to foster financial inclusion, reduce poverty, and combat unemployment. Through its strong emphasis on micro and small business financing, the institution supports economic development and entrepreneurship, particularly in rural regions where informal income-generating activities are prevalent. Beyond financial support, Lazika actively encourages business legalization and institutionalization, helping entrepreneurs transition into the formal economy.

Lazika Capital offers a range of financial products, mainly business and agricultural loans. It also provides consumer loans, remittance services, utility payments, and foreign exchange services. The institution focuses on microfinance solutions that fit the needs of rural entrepreneurs, particularly those in agriculture. Half of its loan portfolio supports small-scale farming, with a focus on livestock and crop production. Lazika prioritizes sound financial practices by carefully assessing risks and using agricultural experts to provide training to the front office loan officers and risk management unit. The loan officers then provide the necessary information and support to the farmers during their monitoring visits or when requested by the clients.

Lazika is a front-runner in digitalization efforts (with online and mobile lending), further increasing financial inclusion of rural populations, and providing sound controls to prevent over-indebtedness.

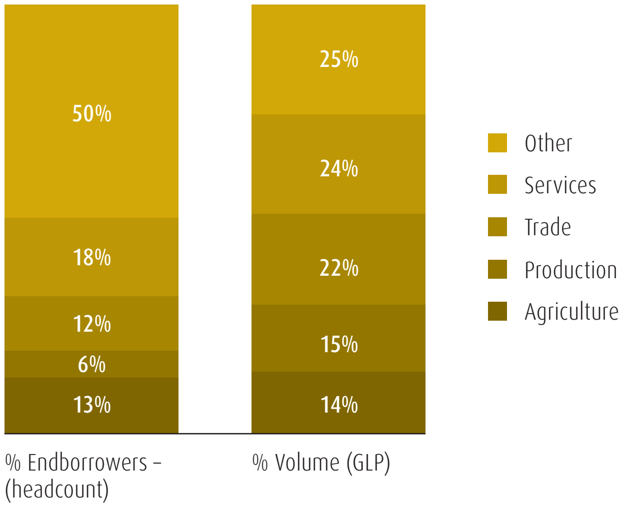
4.4. Economic Activity

Loans were disbursed to borrowers involved in diverse activities. Research shows that the end-borrowers' choice of economic activity is primarily determined by their socioeconomic status, gender, access to assets and entrepreneurial motivation. Typically, end-borrowers with a greater economic advantage have a higher degree of flexibility to enter activities characterized as being asset-intensive, including transport and manufacturing. On the other hand, less advantaged end-borrowers will engage in sectors such as retail due to the reduced costs of initial investment and time.

Specifically, 13% of the loans supported small trading ventures, 18% were directed toward the service sector, 13% were allocated for agricultural purposes, 6% for production-related endeavors, and the remaining 50% were utilized for various other activities, including transportation, construction, education, housing, renewable energy, and household finance.

The volume of loans allocated to each activity is influenced by the capital requirements of the activity, with production and services being more capital-intensive. Loans granted for production activities were twice as large as those granted for agriculture among the investees.

Figure 12: Economic Activity
Distribution in number and volume by activity
(NAV weighted average)



The category "other" contains non-productive loans like loans for housing, consumer, education or alike.

These loans are typically disbursed to productive clients with a good credit rating and credit history to support them in areas besides their main business.

I-AM VMF supports farmers in countries like Romania with 57% of the surface area being agricultural land.

Box 9: Client Story: Daniel, Agricover Credit, Romania

Supporting farmers in Romania

In 2015, farmer Daniel decided to no longer pursue his law degree and to work on his grandparents' 42-hectare farm together with his father. This makes him one of Agricover Credit's micro customers. He taught himself the necessary know-how through videos and books.

If he ever has a question, he goes to the local farm stores for advice, where he can also buy fertilizer and pesticides with his Agricover Credit credit card. He uses this card to cover his running costs until he sells his harvest to local buyers. He grows corn, soy and sunflowers on his field, although the harvest is affected by rising temperatures. In recent years, Romanian farmers have been particularly hard hit by changing climatic conditions and periods of drought. Many farmers decide to equip their fields with irrigation systems – and so did Mr. Daniel.

The irrigation system is in place for 25% of his farm and costs amount to EUR 7.000 per hectare which were financed with the support of Agricover Credit. Daniel states that an irrigated field yields around 10 times the harvest compared to a non-irrigated field thus covering the costs. Agricover Credit's purpose is to promote sustainable agricultural solutions by providing farmers with access to high-performance technologies, specialized financing and digital solutions. In over 10 years, Agricover Credit has become the industry leader in Romania.

This is thanks to its ability to continuously adapt to farmers' needs, as demonstrated by using technology to optimize resources, especially in the context of climate change, global food insecurity and stricter EU regulations. Furthermore, annual summits held by the institution provide farmers with access to new know-how and best practices on crop protection, plot efficiency and resource management.

SOCIAL OUTCOME

5. SOCIAL OUTCOME

A challenging dimension of social performance measurement is outcome measurement. The social outcomes of an investment are changes occurring to a client which are plausibly linked to the investment (e. g., client savings, jobs created). Therefore, measures of social outcomes are used to assess whether the intentions of the fund are realized. Due to the heterogeneity of the clients reached by the fund, and the occurrence of many exogenous factors affecting them, it is difficult to accurately measure social outcomes or attribute changes to the investments made by that fund. Therefore, a set of carefully selected proxies are used as metrics to form an opinion on social outcome results.[23] Within the scope of microfinance investments made by the I-AM VMF, two elements of the social outcome are considered: financial security and employment and entrepreneurship. In a further step it will be shown how these outcomes can be linked to the positive impact initiated by the fund.

5.1. Financial Security

Financial and non-financial services offered by investees play a very important role in how end-borrowers seize opportunities brought forward by loans. Part of the mission of the I-AM VMF is to enable MSMEs to stabilize their cash flows, thereby making them more financially secure. Among the ways that individuals can cope with managing their cash flows is through financial and non-financial services such as:

- **Savings** (e. g., deposits, checking accounts)
- **Insurance** (e. g., credit insurance, life insurance)
- **Payment services** (e. g., cash transfers, electronic payments, remittances)
- **Other non-financial services** (e. g., business development services, education)

Most people in emerging markets tend to rely on informal means for saving, which are usually accompanied by higher risks. The savings services offered by financial institutions create an option for end-borrowers to keep their money secured. This can decrease their vulnerability to external shocks and allow them to invest in long-term opportunities. Similarly, insurance for small-holder farmers has proven effective in enhancing farmers' risk tolerance and financial resilience during adverse climatic conditions, affecting their harvests. It also encourages increased investment in agricultural inputs, expanded cultivation areas, and the hiring of labor, ultimately strengthening farmers' resilience.[24]

Of the investees in the I-AM VMF portfolio, 57% offer savings services, 70% offer insurance products, 67% offer different means of payment, and 73% offer a type of non-financial service including trainings. Overall, 98% of investees offer one or more of these non-credit products to their clients.

23 Symbiotics SA. (2017). Managing & Measuring Social Performance: Insights on Definitions, Practices and Solutions.
24 Karlan, Dean, Robert Osei, Isaac Osei-Akoto, and Christopher Udry. 2014. “Agricultural Decisions after Relaxing Credit and Risk Constraints.” The Quarterly Journal of Economics 129(2): 597-652.

Supporting farmers with non-financial products

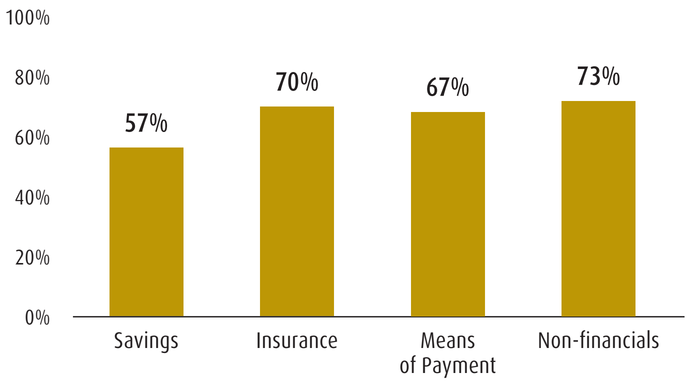
A wide range of non-financial services is particularly important to achieve the social impact intended by the microfinance institutions and the I-AM VMF. An example of a holistic approach for microfinance clients is the product range of the integrated service provider Chongho Bridge. The institution has set up agricultural service stations and brings agricultural experts and technologies to towns and villages to help solve practical issues farmers face during the farming process.

The first point of contact is weather forecasts, which are posted in local shops. They then offer services such as crop protection project management and monitoring and protection of soil ecology and environment, and introduce precision agriculture monitoring equipment to create a green agro-ecological environment. Other services include online guidance for farmers, Q&A and communication on technology-related issues, a seed wholesale service, agricultural training and crop health monitoring. Farmers interested in these services are not required to be active credit clients nor to have had a credit line with Chongho in the past. They can choose any of the above services and buy the product that best suits their needs. The advantage of non-financial services is that there are no monthly payments, no membership. The fees depend on the precise farming work that the client wants.

Farmer Nong for example is already 72 years old and takes care of his 6,700 m^2 land together with his wife. Throughout his life, the farmer has never taken a loan from a financial institution and even could not take any loan any more as the maximum age is set to 60 years. He uses Chongho's non-financial services for the cultivation of his two crops wheat and corn. Specifically, he joins other neighbouring farmers to rent agricultural machines and uses the health monitoring services of Chongho's farming expert who checks the crops regularly for any diseases. The farmer's couple is in good health and thanks to Chongho's services farming is not a big burden even at their age.

Chongho's efforts have also been recognised internationally with the FT/IFC Sustainable Finance Awards for "Achievement in Financing the Base of the Pyramid" back in 2011, and more recently with the ADB Inclusive Finance Award 2022 for the "expanding access to finance for farmers and mciroentrepreneurs project", the GoldenKey – Champion SDG Solutions 2022 and the "IFF (International Finance Forum) Global Green Finance Award – Innovation Award 2023".

Figure 13: Financial Security – non-credit Product Offering
% of MFIs in the I-AM VMF Portfolio



The portfolio data is based on the most recently available information sources and may therefore deviate from the portfolio data indicated in the fund's accounting (legal/factual inventory).

5.2. Employment and Entrepreneurship

When measuring social performance, employment and entrepreneurship are also taken into account as an additional element. MSME finance, offered through the I-AM VMF, contributes to bridging the large financing gap that MSMEs face in emerging and frontier markets. By doing so, the fund contributes to job creation and economic growth in these markets.

The estimated contribution of the fund amounts to 309,712 end-clients financed and 625,834 MSME jobs created on average in 2024. More detail on how these employment and entrepreneurship developments have been initiated will be given in the next chapter.

IMPACT INVESTING

6

6. IMPACT INVESTING

The I-AM VMF has defined its sustainable investment objectives using the United Nations Sustainable Development Goals (SDGs) through its investments. As such, the fund management identifies the key SDG contribution for each new transaction based on the main area of investment (Table 7).

Through its investments, the fund primarily contributes to the **SDGs 1 (No Poverty), 5 (Gender Equality)** and **8 (Decent Work and Economic Growth)** but may also contribute to a lesser extent to **SDGs 2 (Zero Hunger), 4 (Quality Education), 7 (Affordable and Clean Energy) and 11 (Sustainable Cities and Communities)**.[25]

25 For more details on the SDGs and on how the I-AM VMF Fund contributes to their targets, please refer to Appendix 1.

Table 7: I-AM VMF
Key SDG Contribution

Theme	Sustainable Development Goals	How do the I-AM VMF contribute	% of total portfolio outstanding[26]	Number of investees
Small business finance	8 Decent work and economic growth	▪ Strengthening the capacity of domestic financial institutions to expand access to banking and financial services for all and encouraging the growth of SMEs	49%	38
Microfinance	1 No poverty	▪ Ensuring that low-income individuals have access to financial services, including microfinance and savings products	17%	43
Microfinance	5 Gender equality	▪ Providing women with equal access to economic resources and opportunities	15%	30
Climate and energy	7 Affordable and clean energy	▪ Ensuring universal access to affordable, reliable and modern energy services and increasing the share of renewable energy	3%	3
Food and agriculture	2 Zero hunger	▪ Providing small-scale food producers access to productive resources through financial services and products	1%	7
Housing and Infrastructure	11 Sustainable cities and communities	▪ Ensuring access to adequate, safe and affordable housing and basic services	0,5%	2
Healthcare and education	4 Quality education	▪ Ensuring equal access for all women and men to affordable and quality education	0,1%	2

26 The share of socially sustainable investments is calculated as the weighted average portfolio composition at the end of each quarter. The sum of the portfolio allocation to SDGs is 87%, the rest (13%) is considered as a non-sustainable investment. This proportion includes cash, and hedging instruments, as well as other assets.

6.1. Contribution to main SDGs

SDG 1: No Poverty

Microfinance

People in poverty have a higher risk of experiencing health issues, weather-related events, and societal marginalization. These problems are especially critical given that many individuals in poverty-stricken areas lack formal employment, steady incomes, and have limited safeguards. The impact of climate change exacerbates their vulnerability, as those living in poverty typically have limited access to resilience mechanisms that enable them to avoid, absorb, or adapt to such shocks.

Growing evidence shows that financial services can improve individuals' ability to withstand various shocks and stresses. Moreover, financial inclusion lays the groundwork for a more inclusive and sustainable economy. For example, it can empower individuals to save and invest in their children's education with the help of financial tools, thereby improving their future living conditions, or by incentivizing micro-entrepreneurs to channel investments into their businesses, fostering growth and eventually enhancing household income, and job creation.[28]

Micro-enterprises are pivotal to the economies of developing countries, contributing significantly to economic growth and employment.[29] However, a notable obstacle to their growth and development is the lack of access to finance. The finance gap for formal MSMEs in developing economies is estimated at a staggering USD 5.2 trillion, with 50% to 60% of MSMEs being underserved or entirely unserved.[30] Financial institutions face considerable challenges in serving MSMEs, including low revenue per client and high risks of credit losses.[31]

Microfinance plays a crucial role in advancing SDG 1 by providing the poor with the financial tools necessary to build resilience against various risks and pursue sustainable economic growth if practiced in a responsible and ethical manner that aims at protecting end clients from overindebtedness. Addressing the finance gap remains a critical step towards empowering micro-enterprises and fostering an environment where sustainable livelihoods can thrive.

% of total assets allocated to SDG 1
16.8%
Number of investees
43

Outreach and sustainability indicators

Average loan size for microentrepreneurs
EUR 2,352

	# of end-borrowers reached with micro loans	Estimated jobs supported[27]
Financed by investees	**20.5M**	**40.9M**
Per 1M EUR invested	**457**	**915**
Fund contribution	**291,801**	**583,602**

27 To calculate this estimate, we assume that each Micro enterprise employs two workers.
28 CGAP (2021). Let's talk about resilience.
29 CGAP (2022). No small business: a segmented approach to better finance for micro and small enterprises.
30 World Bank Group (2017). MSME Finance Gap
31 McKinsey&Company (2012). Micro-small and medium-size enterprises in emerging markets.

How do the Sub-funds contribute to SDG 1?[32]

In 2024, the Sub-funds' investees financed 18 million micro-entrepreneurs in developing countries. Out of these microentrepreneurs, the fund financed 291,801 with its share of investments. Throughout 2024, 43 investees primarily contributed to SDG 1 through their investments in microfinance. Institutions focused on microfinance can reach a larger number of end-borrowers due to the smaller loan sizes they provide. The average loan size for microloans among the fund's investees is EUR 2,352.

To showcase the impact of microfinance, we turn to Kosovo, and the Sub-Funds investment in Kreditimi Rural i Kosovës ("KRK"). KRK's work aligns with SDG 1 by ensuring that financial services are accessible to low-income and rural populations, who are often excluded from traditional banking systems. By financing institutions like KRK, the Sub-funds help expand financial inclusion to rural communities where poverty rates tend to be higher. Moreover, providing micro and small business loans fosters entrepreneurship and job creation, key drivers of poverty alleviation. As rural enterprises grow, they create employment opportunities within local communities, allowing more families to achieve financial security.

Box 11: Institutional Profile: KRK, Kosovo

Kreditimi Rural i Kosovës (KRK) was established as a project in 2000 by ADIE International under the name Rural Finance Program of Kosovo (RFPK). In 2003, following new financial regulations in Kosovo, it transitioned into a microfinance institution (MFI) and has since operated under the authorization of the Central Bank of the Republic of Kosovo (CBK). Today, KRK has built a strong presence across the country, with a network of 29 branches and a team of over 250 employees dedicated to delivering financial services, particularly in rural areas.

KRK
Kreditimi Rural i Kosovës

KRK's mission is to provide financial services to low-income clients, with a strong focus on micro, small, and agricultural businesses. The institution aims to support rural development by offering specialized loans that help modernize agriculture. It also focuses on financial, social, and environmental sustainability in its operations. Over the years, KRK has expanded its services to include other small enterprises in urban areas, but agriculture remains its key target market.

The institution offers a range of loan products designed for farmers, traders, and small businesses in rural communities. Agricultural loans make up 60% of its portfolio, enabling clients to purchase machinery, livestock, and seeds-key investments that drive productivity and growth. Loan amounts range from EUR 200 to EUR 25,000, with flexible repayment terms of up to 60 months and grace periods of up to 9 months, allowing borrowers to adapt financing to their specific needs and harvesting cycles.

Beyond agriculture, KRK has diversified its offerings to meet evolving financial needs. Since 2018, it has introduced energy-efficiency loans for housing and consumer loans aimed at improving living conditions. With 25,969 active clients and an active loan portfolio exceeding EUR 90 million, KRK continues to expand its reach, strengthening rural economies and empowering communities through accessible financial solutions.

32 The metrics provided are all calculated as the weighted average of each specific indicator based on the portfolio composition at end of each quarter of the reporting period. The four quarterly figures are then averaged to calculate the annual figure.
Total outreach of the investees financed by the Fund: this indicator represents the number of end-borrowers reached by the investee for each category of product that is considered as contributing to the SIOs of the Fund, and/or more broadly to the mission of the Fund.
Fund contribution: this indicator estimates the contribution of the Fund to the outreach of its investees. It represents the number of end borrowers of this category divided by the total gross loan portfolio of the investee and multiplied by the amount of the loan.
Outreach per 1 M EUR invested: this indicator measures the investors' contribution to the activity of the Fund's, while investing 1M EUR into it. It approximates the contribution of each million EUR on each of the categories of products offered by the investees of the Fund.

SDG 5: Gender equality

Microfinance

Societal norms still limit women's representation in terms of access to certain jobs and business financing, and thus being a powerful yet untapped force to drive economic growth. Integrating women into the formal financial system would yield obvious and substantial benefits, both for individuals and the global economy. Currently, approximately 740 million women lack access to formal bank accounts, making them the largest underserved group in financial services. This gender gap presents a compelling opportunity for financial institutions to create inclusive solutions. Bridging this gap is crucial for women entrepreneurs, whose finance needs amount to a staggering USD 1.7 trillion.[35]

When women have equal access to financial services, they gain greater control over their economic lives. This empowerment extends beyond individual women to their families and communities. Access to credit, savings accounts, and insurance allows women to invest in income-generating activities, start businesses, and build financial resilience. As a result, they may become financially independent and active contributors to economic growth. Moreover, children of women who participate in microfinance programs benefit from increased educational opportunities and better health practices.[36]

Prioritizing investments that support women's economic empowerment can have a profound impact. By 2030, such investments could contribute an additional USD 10 trillion to the global economy.[37] In Africa, where women engage in around 70% of informal cross-border trade, their potential to boost economic growth remains largely untapped.[38] By empowering these women financially, we can drive sustainable prosperity and societal equity. Thus, supporting gender equality in finance not only benefits women individually but also creates a ripple effect that positively impacts families, communities, and the global economy.

5 GENDER EQUALITY

% of total assets allocated to SDG 5

15.3%

Number of investees

30

Outreach and sustainability indicators

80%
% of number of women financed by the fund's portfolio investees (average, excluding legal persons)[33]

45%
% of number of women financed by the fund's investees (portfolio weighted average, including legal persons)[34]

29%
% of fund's portfolio in loans for women (by volume)

Average loan size for women

EUR 2,517

	# of women borrowers reached
Financed by investees	**18M**
Per 1M EUR invested	**392**
Fund contribution	**7,999**

33 This is the proportion of women benefitting from loans considering all investees in the portfolio.
34 The absolute share or headcount of loans benefiting women is 45% while the fund's portfolio share is 29% in loans for women, 32% for men and 39% in legal entities. Both figures are weighted averages considering the proportion of the fund invested in each institution.
35 The finance gap for women entrepreneurs is $1.7 trillion. Here's how to close it | World Economic Forum (weforum.org)
36 ILO (2006). Small changes, big changes: Women and Microfinance
37 The finance gap for women entrepreneurs is $1.7 trillion. Here's how to close it | World Economic Forum (weforum.org)
38 https://africa.unwomen.org/en/what-we-do/womens-economic-empowerment/empowering-women-in-trade

How do the Sub-funds contribute to SDG 5?

The fund contributes to SDG 5 by investing in institutions that continuously work to facilitate access to finance for women and empower them through financial products and services tailor-made for them. A transaction falls under SDG 5 if the investee gives loans to a majority of female borrowers or if the bond's proceeds will primarily benefit women. The absolute share or headcount of loans benefiting women is 45%, while the fund's portfolio share is 29% in loans for women, 32% for men, and 39% in legal entities. The Sub-funds achieved this through 30 investees that are almost exclusively women-focused. As a result, 80% of the number of women financed by the fund's investees (portfolio-weighted average, including legal persons) benefited from these efforts. The average loan size for women was USD 2,517 which is smaller compared to men's average loan size (USD 3,672).

An example is Lia's journey, which exemplifies how access to finance can empower women economically, aligning with SDG 5: to achieve gender equality and empower all women and girls. The fund plays a critical role in advancing gender equality by increasing financial access for women entrepreneurs, particularly in rural and underserved communities. Many women, like Lia, face barriers to traditional financial services due to lack of collateral, limited credit history, or restrictive social norms. By supporting financial institutions that prioritize gender-inclusive lending, the fund helps women gain financial independence, start and grow businesses, and improve their families' well-being.

Box 12: Client Story: Lia, Komida, Indonesia

Empowering women through financial inclusion

Lia, a 34-year-old woman, resides in Jatinunggal, a village in West Java, Indonesia. She lives there with her husband and two children. In 2015, she applied for a USD 134 loan from Komida to support her family's rice farm. Traditional banks could not help her due to her lack of collateral, but Komida's loan, that does not require collateral, allowed her to continue working on the farm.

Lia faced recurring harvest failures due to pest attacks, making her rice farm's income unpredictable. To create a more stable livelihood, she took a second loan of USD 673 from Komida and started a small shop at home, selling vegetables and snacks. She used the funds to set up the shop and now buys her inventory from the local market each morning. She opens her shop at 6 AM and earns an average daily income of USD 33, with a daily profit of up to USD 6. With Komida's support, Lia and her husband have not only built a successful small side business to diversify and stabilize their income sources, which ultimately allowed them to save enough to buy a home, securing a better, safer and more comfortable future for their family.

Despite the initial setbacks with her rice farm, Lia found a solution by diversifying her income through the shop. Her current loan repayments are on track, and she plans to apply for another loan to renovate and expand her shop. She aims to add products like water gallons and cooking gas to increase her income. Lia is grateful for Komida's support, which has enabled her to overcome her challenges with her income stream and plan for a brighter future.

SDG 8: Decent work and economic growth

Small business finance

SMEs represent almost 90% of all businesses and account for more than 50% of global employment. These enterprises, whether formal or informal, are the backbone of economies worldwide. According to the World Bank, around 600 million jobs will be needed to absorb the growing global workforce by 2030.[40]

Formal SMEs have a significant impact on economies and contribute up to 40% of national income (GDP) in emerging economies. When we consider informal SMEs, this contribution becomes even more significant.[41] Informal SMEs, often deeply rooted in local communities, contribute to economic activities that, while not always captured in official statistics, substantially affect employment, income generation, and the overall economic fabric of these regions.

However, SMEs face a variety of barriers that hinder their growth and sustainability, and often struggle to access adequate financing, particularly in developing countries. They are often too large for microfinance and too small to qualify for loans from commercial banks. This gap in financing options is commonly referred to as the "missing middle".[42]

For financial institutions, lending to SMEs involves high costs associated with transactions and due diligence. In addition, financial institutions in emerging markets often navigate complex legal frameworks and inadequate financial infrastructure such as weak credit bureaus, collateral registries, and payment systems, when conducting client screening and assessing credit information. On the SMEs' side, many creditworthy ventures lack the collateral required by traditional lenders as well as the financial capabilities needed to access diverse funding sources.[43]

I-AM VMF Sub-funds willingly take on the risks involved in investing in SME lending within emerging markets, despite the challenges it presents such as political volatility, currency fluctuations, and the need for tailored guidance and support.[44] The Sub-funds aim to support and strengthen SMEs operating in these dynamic yet unpredictable environments. Considering the vital role SMEs play in driving economic growth and job creation, it is crucial to ensure that they have access to sufficient financing to contribute to the achievement of SDG 8.

8 DECENT WORK AND ECONOMIC GROWTH

% of total assets allocated to SDG 8

49.1%

Number of investees

38

Outreach and sustainability indicators

Average SME loan size

EUR 22,272

	# of end-borrowers reached with micro loans	Estimated jobs supported[39]
Financed by investees	**613,783**	**5.5M**
Per 1M EUR invested	**8**	**68**
Fund contribution	**4,803**	**42,232**

39 To calculate this estimate, we assume that each SME employs nine workers.
40 World Bank (n.a.) Small and Medium Enterprises (SMEs) Finance.
41 World Bank (n.a.) Small and Medium Enterprises (SMEs) Finance.
42 Boston College. Center for Corporate Citizenship (2006) Investing in the Backbone of Emerging Markets.
43 Innovations for Poverty Action (2019). Access to Finance for Small and Medium Enterprises.
44 Boston College. Center for Corporate Citizenship (2006) Investing in the Backbone of Emerging Markets.

How do the Sub-funds contribute to SDG 8?

In 2024, the fund's investees financed over 613,783 SMEs. Out of these SMEs, the fund financed 4,803 through its investments, which are estimated to have supported more than 42,232 jobs in developing countries. Through 38 investees, the fund supported SMEs providing loans with an average loan size of EUR 22,272.

The following client story highlights the vital role of access to finance in supporting entrepreneurship and SDG 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. The fund contributes to SDG 8 by facilitating financing for small and medium-sized enterprises (SMEs), which are essential drivers of job creation and economic development.

Box 13: Client Story: Shakhriyor Rakhmatov, HamkorBank, Uzbekistan

Supporting an entrepreneur's success story

At 33, Shakhriyor Rakhmatov, a native of Bukhara, Uzbekistan, realized that his bank job in Tashkent could not fully support his family. Determined to change his situation, he took a bold step and launched his own business, a small factory in Tashkent, pursuing financial independence and a better future. Now, at 39, he reflects on the challenges he overcame to build a more stable life.

Thanks to a USD 60,000 loan from Hamkorbank, Shakhriyor started his entrepreneurial journey. His factory specializes in producing various adhesive tapes for sealing boxes. With another loan of USD 100,000, he was able to expand his production capacity by acquiring additional machines. Now, his factory efficiently handles large orders, ensuring steady growth and profitability.

Despite the success, Shakhriyor's business encountered challenges. For instance, during the COVID-19 lockdown, the factory halted operations for eight months, resulting in significant revenue loss. However, Shakhriyor and his family managed to sustain themselves using their savings generated through their business. Presently, the ongoing war in Ukraine has also disrupted orders from a major customer, but the company's production remains unaffected as he looked for clients elsewhere. Looking ahead, Shakhriyor remains optimistic about his business prospects. Having hired support via eight employees, he has created jobs, and aims to enhance the company's visibility and attract new clients, focusing on sustained growth and stability amidst external challenges with the support from Hamkorbank.

6.2. Contribution to other SDGs

The Sub-funds also contributed to SDGs 2 (Zero hunger), 4 (Quality education), 7 (Affordable and clean energy) and 11 (Sustainable cities and communities) through investment in institutions that provide a specific product or service that supports the attainment of these goals.

SDG	% Total assets	# Investees	financed by investees	per 1m EUR invested	Fund's contribution
			End-borrowers reached with a loan for agricultural activity		
2 ZERO HUNGER	1.1%	7	8.1M	150	95,760
			End-borrowers reached with education loans		
4 QUALITY EDUCATION	0.1%	2	70,565	1	615
			End-borrowers reached with renewable energy supply loans		
7 AFFORDABLE AND CLEAN ENERGY	2.6%	3	4,927	0	35
			End-borrowers reached with housing loans		
11 SUSTAINABLE CITIES AND COMMUNITIES	0.5%	2	375,533	5	3,484

The box below highlights how financial access can improve agricultural productivity and food security, aligning with SDG 2: end hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

Smallholder farmers play a crucial role in global food production, yet many lack access to the capital needed to invest in technology, infrastructure, and sustainable practices. The fund supports SDG 2 by financing agricultural institutions like FACES, which provide tailored financial products to help farmers increase yields, manage climate risks, and sustain their livelihoods.

Box 14: Client Story: Jipson Ontano, FACES, Ecuador

Strengthening food security through agricultural finance

Jipson Ontano, a 48-year-old farmer from Naranjal, Ecuador, lives with his wife and three daughters. His family has cultivated cacao for generations, but limited resources made it difficult to expand. Cacao production in the region depends on the rainy season, which runs from October to February, providing ideal conditions for growth. However, outside these months, lower rainfall reduces yields, affecting income stability. In a typical week, Jipson earns between USD 200 and USD 300 from his cacao farm, though during good weeks, this amount can rise to USD 500. To improve production and ensure a more stable income, he sought financial support.

In October 2023, he applied for a loan from FACES, attracted by their excellent service and proactive support. By November, he secured an 18-month loan, which he repays in monthly installments. Jipson has used the Sub-funds to expand his farm. He invested in a power generator to maintain uninterrupted farm operations and increased cacao cultivation. The additional investment allowed him to hire two temporary workers every 15 days for short-term tasks, helping with maintenance and harvesting. These improvements have contributed to higher productivity and a more stable business.

Despite these gains, Jipson remains focused on reducing his farm's reliance on seasonal rainfall. His next goal is to install an irrigation system to ensure a consistent water supply throughout the year. With the support of FACES, he hopes to secure the necessary funding to implement this system, stabilize production, and further increase his income. Jipson is working to modernize his farm, hoping to build a more sustainable business and secure a stable financial future for his family.

MAIN TAKEAWAYS

7. MAIN TAKEAWAYS

In line with its mission to enable financial inclusion through investments in the poorest countries and thereby to initiate sustainable and long-term development that gives low-income people the opportunity to improve their quality of life, the I-AM Vision Microfinance Funds invested an average fund volume of 544 million EUR in 2024 to reach over 300,000 end-borrowers in 37 emerging markets.

The fund primarily addressed SDG 1 (No poverty), SDG 5 (Gender equality) and SDG 8 (Decent work and economic growth). It has done so by providing low-income households and MSMEs with access to financial services, while ensuring that women borrowers have equal access to services to manage their finances.

The fund has targeted a diverse range of low- and middle-income countries worldwide, with a focus on countries with low levels of banking penetration (59%). It has placed a regional focus on South and East Asia and Latin America and the Caribbean (both 34% of portfolio). Overall, I-AM VMF invested in 119 financial institutions, supporting them to grow and build their institutional capacity, with the goal of providing services to those that the financial system underserves or excludes.

Disbursements in 2024 supported more than 580,000 jobs in micro-enterprises and more than 40,000 jobs in small businesses. This way, I-AM VMF has a significant impact on employment in its target markets. These loans also allow MSMEs to capture business opportunities, such as investing in new equipment, growing their inventory or expanding their business.

Finally, investees have also helped end-borrowers to improve their financial resilience, both through microloans and non-credit products, such as savings and insurance.
These services typically allow end-borrowers to control their household consumption and recover faster from economic shocks.

The on-site visits by the fund managers also give them the opportunity to convince themselves directly of the impact of the investments.

Appendices

Appendix 1: Indicators by Sub-fund

The I-AM VMF Sub-funds share a common goal—expanding financial inclusion and supporting underserved communities. While both funds follow the same impact-driven approach, their strategies differ in scale, geographic focus, and investment priorities.

Different approaches to its market outreach

The I-AM Vision Microfinance Fund (I-AM VMF), denominated in EUR, operates on a larger scale, managing a NAV of EUR 556.5M across 32 countries and 95 investees as of December 2024. Its investments are spread across South & East Asia (35%), Latin America & the Caribbean (33%), and Eastern Europe, Central Asia & MENA (29%).

The I-AM Vision Microfinance Local Currency Fund (I-AM VMF LC), denominated in USD, takes a more targeted approach with NAV USD 29.6M reaching 20 countries and 43 investees as of year-end 2024. It has a stronger presence in Latin America & the Caribbean (44%) and a small but notable allocation to Sub-Saharan Africa (4%), an area the EUR fund does not cover.

Reaching underserved communities

Both funds aim to improve financial access, but their focus areas differ. While both the I-AM VMF LC Fund and the I-AM VMF Fund allocate 80% of their portfolios to loans for women, the I-AM VMF LC Fund places a greater emphasis on rural borrowers, with 47% of its clients from rural areas and 45% of its portfolio dedicated to rural loans, compared to 36% and 31% in the EUR Fund. The average loan size reflects this distinction, with EUR 4,818 per borrower in the EUR fund and USD 2,257 per borrower in the Local Currency Fund, suggesting that the Local Currency Fund has a greater focus on microfinance clients.

Despite these differences, the EUR-denominated fund reaches a much larger borrower base, supporting 283,004 borrowers, whereas the Local Currency Fund serves 25,564 borrowers.

ESG and environmental considerations

Both funds integrate ESG principles, but the Local Currency Fund has a slightly higher average ESG rating (72.5% vs. 66.9%). However, it also has a higher unadjusted gender pay gap (21.2% vs. 16.6%) and a larger proportion of investees (3.4%) lacking formal compliance mechanisms with UN Global Compact principles, compared to 0.2% in the EUR-denominated fund. On environmental impact, the larger EUR-denominated fund has higher total GHG emissions (237,639 vs. 21,796 in the Local Currency Fund) due to its size.

Rather than competing, the I-AM VMF Sub-funds complement each other. The EUR-denominated fund provides scale and broad diversification, reaching more borrowers and investees across multiple regions. Meanwhile, the Local Currency Fund takes a more concentrated approach, focusing on specific markets and increasing access to finance in local currencies. Together, they contribute to financial inclusion and economic development, each playing a unique role in the microfinance landscape.

Table 8: Indicators by Sub-fund

	I-AM VMF Sub-funds	
Indicators	**I-AM VMF**	**I-AM VMF LC**
Fund currency	EUR	USD
NAV as of 31/12/2024	**556.5M**	**29.6M**
Market outreach		
Countries	32	20
Number of investees	95	43
GNI per capita in countries of investment	USD 7,052	USD 6,364
% of fund exposure in low and lower middle income	34%	31%
Geographical distribution (% of portfolio)		
Eastern Europe, Central Asia & MENA	29%	29%
Latin America & the Caribbean	33%	44%
South & East Asia	35%	21%
Sub-Saharan Africa	0%	4%[45]
Outreach to underserved market segments		
Number of borrowers reached by the fund	283,004	25,564
% of number of women financed by the fund's portfolio investees (average, excluding legal persons)	80%	81%
% of number of women financed by the fund's investees (portfolio weighted average, including legal persons)	45%	48%
% volume allocated to loans for women	28%	40%
% of rural borrowers	36%	47%
% volume allocated to loans for rural borrowers	31%	45%
Average (median) credit per borrower	4,818	2,257
Account ownership (%)	60%	53%
Responsible investments		
ESG rating score	66.9%	72.5%
PAI Indicators		
Total GHG Emissions	237,639	21,796
Carbon Footprint (EUR)	496.1	617.3
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	0.2%	3.4%
Unadjusted gender pay gap	16.6%	21.2%
Board gender diversity	21.9%	24.5%

45 1.8% of the total portfolio (based on the quarterly average) corresponds to two transactions – international bonds originated outside of the Investment Advisor's portfolio in December 2024. One transaction was made to the International Development Bank's ESG Bond, which supports the institution's mission to fight poverty by directing proceeds toward this purpose. The second transaction was made to the Inter-American Development Bank, which is actively involved in microcredit initiatives across Latin America and the Caribbean and is committed to combating inequality and poverty.

SDG Allocation

Stronger focus on poverty reduction and gender equality

The I-AM Vision Microfinance Local Currency Fund places a stronger emphasis on SDG 1 (No Poverty), with 30.6% of its portfolio linked to this goal, nearly double the 15.9% allocation in the EUR-denominated fund. Similarly, it has a higher focus on SDG 5 (Gender Equality), dedicating 20.2% of its portfolio compared to 15.0% in the EUR fund.

This aligns with the I-AM VMF LC fund broader focus on financing underserved communities, particularly women and rural borrowers, which is reflected in its higher percentage of loans directed toward these groups.

A broader economic development strategy

In contrast, the EUR-denominated fund has a much stronger focus on SDG 8 (Decent Work and Economic Growth), with 50.6% of its portfolio supporting this goal, compared to 27.0% in the Local Currency Fund. This suggests that the EUR fund prioritizes investments in businesses and institutions that drive broader economic activity and job creation.

Additionally, the EUR fund supports a more diverse range of SDGs, including SDG 7 (Affordable and Clean Energy), SDG 11 (Sustainable Cities and Communities), and SDG 14 (Life Below Water) areas where the Local Currency Fund does not currently have exposure. These allocations reflect investments in infrastructure, sustainable urban development, and environmental conservation.

While both I-AM VMF Sub-funds contribute to financial inclusion, they approach impact differently. The EUR-denominated fund has a broader economic development strategy, supporting job creation, gender equality and financial inclusion, while the Local Currency Fund takes a more targeted approach, prioritizing poverty reduction, gender equality, and financial inclusion. Together, they address a wide range of SDGs, ensuring that capital is deployed effectively across different impact areas.

Table 9: SDG Allocation by Sub-fund

		I-AM VMF Sub-funds	
SDG		**I-AM VMF**	**I-AM VMF LC**
1	No Poverty	15.9%	30.6%
2	Zero Hunger	1.1%	1.5%
4	Quality Education	0.0%	2.4%
5	Gender Equality	15.0%	20.2%
7	Affordable and Clean Energy	2.8%	–
8	Decent Work and Economic Growth	50.6%	27.0%
11	Sustainable Cities and Communities	0.5%	–
14	Life Below Water	0.1%	–

Appendix 2: Contribution to the SDGs and Targets

How did the Sub-Fund contribute to the main SDGs targeted?

1 NO POVERTY

Ensuring that low-income individuals have access to financial services, including microfinance and savings products while investing in investees whose funds are mostly serving small loans for microenterprises, household needs, housing or education.

This contributed to SDG Target 1.4: "By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance."

5 GENDER EQUALITY

Providing women with equal access to economic resources and opportunities, while investing in investees whose funds go in their vast majority to a loan portfolio of women borrowers (i.e., showing that the investee is making significant efforts to ensure women are not discriminated against).

This contributed to SDG Target 5.1: "End all forms of discrimination against all women and girls everywhere."

8 DECENT WORK AND ECONOMIC GROWTH

Strengthening the capacity of domestic financial institutions to expand access to banking and financial services for all and encouraging the growth of SMEs, while investing in investees whose Funds go in majority to a loan portfolio of MSME loans.

This contributed to SDG Target 8.3: "Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services."
and SDG Target 8.10: "Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all."

How did the Sub-Fund contribute to the other SDGs reached?

2 ZERO HUNGER

Providing small-scale food producers access to productive resources through financial services and products, while investing in investees whose funds go in majority to a small-scale agriculture loan portfolio, or to a non-financial investee active mainly in small-scale agriculture.

This contributed to SDG Target 2.3: "By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment."

Contributing to ensure sustainable food production systems by investing in Financial Institutions or companies specialized in agriculture production, and whose funds are mostly financing larger farming/food producing organizations using sustainable practices.

SDG Target 2.4: "By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality."

4 QUALITY EDUCATION

Ensuring equal access for all women and men to affordable and quality education, while investing in investees whose funds go in majority to an education loan portfolio (i.e. loans dedicated to finance school tuition fees) or when the funds go to an investee that offers or supports the development of education services.

This contributed to SDG Target 4.6: "By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy."

7 AFFORDABLE AND CLEAN ENERGY

Ensuring universal access to affordable, reliable and modern energy service while investing in investees whose funds in majority finance access to clean energy to low-income households. **This contributed to SDG** Target 7.1: "By 2030, ensure universal access to affordable, reliable and modern energy services."

Increasing the share of renewable energy while investing in companies active in the sustainable energy space in emerging markets.
This contributed to SDG Target 7.2: "Increasing the share of renewable energy."

11 SUSTAINABLE CITIES AND COMMUNITIES

Ensuring access to adequate, safe and affordable housing and basic services, while investing, usually through Green, Social and Sustainability Bonds, in a majority of assets that are either green buildings, affordable housing, public transportation systems, green vehicles or while directly financing a company that is active in one of these sectors.

This contributed to SDG Target 11.1: "By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums."

Ensuring access to safe, affordable and sustainable transport systems for all.

This contributed to SDG Target 11.2: "By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons."

Appendix 3: Exclusion Lists

Environmental and Social Exclusion List

- Production of or trade in any product or activity deemed illegal under applicable laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs (a), wildlife or products regulated under CITES (b);
- Production or trade in weapons and munitions;
- Production or trade in alcoholic beverages (excluding beer and wine);
- Production or trade in tobacco;
- Gambling, casinos and equivalent enterprises;
- Pornography and/or prostitution;
- Activities involving or relating to racist and/or anti-democratic media;
- Activities leading to the destruction of High Conservation Value Areas (c);
- Production or trade in radioactive materials; this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the Note Holder considers the radioactive source to be trivial and/or adequately shielded;
- Production or trade in unbounded asbestos fibers; this does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
- Production or activities involving harmful or exploitative forms of forced labor (d) /harmful child labor (e) or any form of human trafficking;
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals; “hazardous chemicals” include gasoline, kerosene, and other petroleum products;

a) Polychlorinated biphenyls – a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950–1985.
b) CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora.
c) An area designated on the basis of High Conservation Values (HCVs) which are biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level.
d) Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
e) Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child’s education, or to be harmful to the child’s health, or physical, mental, spiritual, moral, or social development.

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For better readability, this report does not use gender. Unless otherwise indicated, all references to persons in this report refer to all genders.