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VENTURE
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INVEST for IMPACT

Zurich, Switzerland
24 April 2018

University of Zurich UZH

King Baudouin Foundation
Working together for a better society

SWISS PHILANTHROPY Foundation
Creating and Managing Philanthropic Funds

Ananda Ventures
Munich, Germany

Ananda IMPACT FUND

www.socialventurefund.com

Founded in 2009, **Ananda Ventures** is one of the leading venture capital investors for impact enterprises in Europe. Impact enterprises solve social challenges in sustainable, market-driven ways, tackling issues such as education, sustainable consumption, the ageing population and health. They share the entrepreneurs' passion for building outstanding companies in a professional, dynamic way.

TOTAL ASSETS UNDER MANAGEMENT
Approximately 80m EUR in three funds.

ASSET CLASS
Venture Capital.

GEOGRAPHIC FOCUS
Europe.

SECTOR FOCUS
Educational technology, impactful health, sustainable consumption, employment.

INVESTMENT THESIS
Ananda Ventures invest into impact companies where the impact is inherently built into the business model and they help them scale through capital and entrepreneurial support.

INVESTMENT OVERVIEW
Average ticket size: 2-3.5 million EUR over the lifetime of an investment. They invest in the late start-up and expansion stage.

LOOKING FORWARD
Ananda Ventures are now closing their third fund and have already achieved the fund's target size. They want to selectively bring on board additional investors.

IMPACT PERFORMANCE
Ananda Ventures have created some of the "billboard" impact businesses in Europe, such as Auticon (IT Consulting through Asperger Autists) or IESO Digital Health (Online Psychotherapy).

INVESTMENT EXAMPLE – AUTICON
1% of the world population are on the autism spectrum. Only **15 to 20%** of autistic people **work within the mainstream labor market**. Certain circumstances increase the chances of employment (e.g. parents' income, ethnicity, ability to communicate, cognitive functioning, personal character), but the strengths of individuals with autism can produce extraordinary results. Auticon is an award-winning IT and compliance consulting business. All Auticon consultants are on the autism spectrum. They are deployed in client projects that match their skills and expertise, and they work within the client's project team.

Auticon:
- Market size: 1 billion EUR.
- Maturity stage of the social business model: expansion stage.
- Ananda Venture support: financial investment and active board role.
- Holding period: 8th year.

FINANCIAL PERFORMANCE
Their first fund is well above target and the second one is on a very similar J-Curve.

IMPACT TRACKING
Impact Reporting according to highest market standards.

BlueOrchard
Zürich, Switzerland

BlueOrchard
Impact Investment Managers

www.blueorchard.com

BlueOrchard was founded in 2001, by an initiative of the UN, as the world's first commercial manager of microfinance debt investments. Today, BlueOrchard provides investors around the world with premium investment solutions, in the form of debt and equity financing to institutions in emerging and frontier markets.

TOTAL ASSETS UNDER MANAGEMENT

BlueOrchard has invested more than 4.7 billion USD across 70 emerging and frontier markets, managing the world's largest microfinance fund as well as industry-leading blended finance mandates.

ASSET CLASS

BlueOrchard offers premium impact investing solutions across multiple asset classes, including credit, private equity and sustainable infrastructure.

GEOGRAPHIC FOCUS

BlueOrchard invests where it matters most, in frontier and emerging markets, fostering inclusive and climate-smart growth.

SECTOR FOCUS

BlueOrchard's fund management mandates address a number of key global development and sustainability challenges including: financial inclusion, climate change, education, job creation and women empowerment. BlueOrchard invests in sectors with direct social and environmental impact, addressing a number of key UN Sustainable Development Goals (SDGs).

INVESTMENT THESIS

BlueOrchard provides investors with the opportunity to generate a threefold return: financial returns alongside social and environmental impact. According to the UN, additional annual investments of USD 4 trillion will be needed to achieve the SDGs by 2030. The annual investment gap in developing countries is expected to remain at around 2.5 trillion USD. Even a combination of foreign assistance and domestic resources will not suffice considering the demand in emerging and frontier markets. Addressing the funding gap requires tremendous private investments. BlueOrchard is dedicated to bringing capital to these markets, fostering sustainable development, while providing attractive returns for investors.

INVESTMENT OVERVIEW

BlueOrchard offers premium impact investing solutions across multiple asset classes:

- **Credit:** BlueOrchard funds currently provide debt financing to more than 180 financial institutions in over 50 emerging markets, covering Africa, Latin America, Central and Eastern Europe and Asia. BlueOrchard invests in institutions that share its values and that consider positive social and environmental impact essential to their mission. Theyoffers loans with a median size of 2 million USD and an average lifetime of 24 months, pursuing a long-term investment strategy with the twofold objective; ensuring broad portfolio diversification and liquidity at all times.
- **Private Equity:** BlueOrchard typically seeks to invest between 3 million USD and 15 million USD in equity capital, serving mid-sized companies that are underserved by international investors.
- **Sustainable infrastructure:** BlueOrchard's project finance investment strategy, targets investments with strong contribution towards the SDGs.They focuses on renewable energy, energy efficiency and waste management projects, investing exclusively in emerging markets. Their investments seek a range between 5 million USD and 50 million USD in debt or equity, for up to ten years. BlueOrchard works closely with local communities, cities and regional governments ("Sub-national governments") to secure the political and community support, vital to mitigate project risk and to ensure design of projects that maximize SDG impact.

LOOKING FORWARD

BlueOrchard is currently fundraising for closed investment mandates across all its asset classes (credit, private equity and sustainable infrastructure). Their cumulative fundraising target for these closed-end mandates is 750 million USD. With its fundraising and investment efforts, BlueOrchard aims at contributing its share to closing the USD 2.5 investment gap in developing markets in pursuit of the SDGs.

IMPACT PERFORMANCE

BlueOrchard has invested 4.7 billion USD in 350 institutions across 70 countries, providing access to financial and related services to over 35 million low-income individuals. Their funds directly address 13 of the 17 SDGs. By providing access and opportunity, BlueOrchard's investments directly enable people in emerging and frontier markets to emerge from poverty, adapting their lives and businesses to the effects of climate change. Businesses backed by BlueOrchard are innovative and well-run, sharing the firm's values. They consider investments that have positive social and environmental impact essential to their mission. Their aim is to help these businesses grow and succeed in the market and pursue their impact objectives. To this end, BlueOrchard works closely alongside them, focusing on strategy, products, distribution, processes and operations on a case-by-case basis and leveraging its network of stakeholders (investors, development finance institutions, strategic partners and portfolio companies).

INVESTMENT EXAMPLE – THE INSURESILIENCE INVESTMENT FUND

Overview:

- Aims to increase climate insurance coverage of the poor and vulnerable by 100m by 2020.
- Split into a Private Equity sub-fund of target size 100 million USD and Debt sub-fund of target size 200 million USD.
- 1st loss, Technical Assistance and Premium support facilities funded by the German Government.

Climate Risks and Insurance Market in India

- Ranked the 4th most vulnerable country, according to Global Climate Risk Index.
- Affordable and relevant insurance products are lacking - only 40% of farmers are insured (government targets 85% by 2020).

Deal Structure

- IIF acquiring significant minority stake.
- IIF with one of five directors on the board.
- Exit targeted via trade-sale to a technology company with big data processing capacity, sale to a financial investor or put option/sale back to the company.

Performance Goals

- Protection of 24m additional poor and vulnerable by 2020.
- Target IRR of more than 15% to IIF's investors.
- Corporate goal to consolidate position as market leader in weather and crop data to insurers, reinsurers, brokers and state governments.

FINANCIAL PERFORMANCE

Since its inception, BlueOrchard has furnished proof that there is no contradiction between impact and profitability. For instance, BlueOrchard's flagship Fund, the BlueOrchard Microfinance Fund (BOMF), is the world's largest microfinance fund with an 18-year track record and an annual return since inception of 4.30% (in USD). Currently, financing over 138 MFIs in 47 countries, BOMF has built up a well-diversified portfolio of investments. To date, 18 million micro-entrepreneurs across 50 countries have been reached by microfinance institutions funded by BOMF.

IMPACT TRACKING

BlueOrchard performs extensive social impact measurement as an integrated part of its investment process, with the help of the firm's proprietary tool, SPIRIT. Additionally, BlueOrchard publishes a social performance report annually, which enables investors to obtain more detailed information regarding the actual impact of their investments.

3RD PARTY VALIDATION

The BlueOrchard Microfinance Fund and the Microfinance Initiative for Asia have received the LuxFlag label for the last 5 and 10 years, respectively. BlueOrchard is a signatory to the UN Principles for Responsible Investment (PRI) initiative and a member of the Global Impact Investing Network (GIIN), a global network dedicated to increasing the scale and effectiveness of impact investing around the world.

BonVenture
Munich, Germany

BONVENTURE

www.bonventure.de

BonVenture was the first investment company to apply the social venture capital approach in Germany, bringing together social entrepreneurs and investors since 2003. They want to make an active contribution to the improvement of society. BonVenture does this by offering committed social entrepreneurs a partnership based on a spirit of trust, dedicating their resources to social and ecological projects.

For foundations and public investors any returns will be fully distributed; private and institutional investors are asked to commit a donation or reinvestment of at least 50% of their returns into social and impact investment funds (of their own selection).

TOTAL ASSETS UNDER MANAGEMENT

Approximately 40 million EUR in four impact funds.

ASSET CLASS

Alternative Investment Funds / Impact Investing.

GEOGRAPHIC FOCUS

Germany, Switzerland, and Austria.

SECTOR FOCUS

BonVenture focuses on companies with a social, ecological or societal purpose and a measurable social impact (measured by KPI's, based on the theory of change).

INVESTMENT THESIS

BonVenture invests with the current fund BV III in companies with a social, ecological or societal purpose. The financial support is mainly provided through loans and equity.

It is crucial for BonVenture to engage in projects that are driven by strong social entrepreneurs, solving social and ecological problems and bringing positive change for society. Success of BonVenture's funds is measured by the following two aspects ('double-bottom-line approach'):

- Realisation of the highest possible social impact ('social return').
- Realisation of a positive financial return.

BonVenture offers a professional infrastructure to select and support investments:

- Investment opportunities are subject to an intensive due diligence process.
- Financing is linked to milestones and projects are additionally supported with consulting and access to a broad network of experienced investors, lawyers and business developers.

Advantages from the investor's point of view:

- High transparency through continuous reporting on financial performance and social impact.
- Effective investments through professional selection and support of the companies by experienced social investment managers.
- Reduced risk through diversification of the invested capital on a portfolio of approx. 15 to 20 engagements.

INVESTMENT OVERVIEW

BonVenture focuses on later stage start-ups in the growth/expansion stage. The average ticket size is 1-2 million EUR.

LOOKING FORWARD

The investment period of the current fund BV III (vol. 23.3 million EUR) will end in 2019/2020. BonVenture plans to raise an additional fund BV IV with similar focus focus as BV III in 2020. They currently try to establish first contacts to new investors from 2018 on.

IMPACT PERFORMANCE

Since the foundation in 2003, BonVenture has screened over 4,000 investment opportunities and realised more than 30 projects so far. Examples from the current portfolio are: Discovering Hands, i500, Kinderzentren Kunterbunt gGmbH, Company Bike Solutions, Optimedis AG, Volunteer Vision GmbH and nearBees GmbH.

INVESTMENT EXAMPLE – AFB SOCIAL & GREEN IT

Every year, 14 million new IT devices are being sold in Germany alone. Depending on the industry, large companies replace their IT equipment every 3 or 4 years. Just a fraction of this hardware is being recycled.

AfB employees collect decommissioned IT hardware from companies and organisations, and professionally deletes all the remaining data. They then refurbish the devices for re-use or recycle their parts. AfB sells the refurbished devices in their own retail shops, online and offline, thus reintroducing them into the market. The return generated from sales is AfB's main revenue stream.

Two-fold social impact:

- Employment of people with a disability. In total, AfB created 320 jobs, of which 144 are done by people with a disability.
- Avoidance of e-waste. In 2017, the AfB group processed 318.000 IT devices, summing up to 2.400 tons. This not only reduces waste, but also saves valuable resources and reduces GHG emissions.

BonVenture support:

- BonVenture supports AfB with a financial loan, with advice and networking activities.
- Holding period: July 2013 until December 2020.
- Exit options: as financial support was granted in form of a loan, the exit will be completed with the repayment of the last instalment.

FINANCIAL PERFORMANCE

BV I (2004) and BV II (2009) aimed at capital preservation (net IRR for investors 0%); MRI-P (2014) is targeting at an IRR of 2-3%; BV III (2015) has an IRR goal of 3-5%. BV I was finished by the end of 2017 and could nearly reach the goal of capital preservation.

Capital 4 Development Partners
Utrecht, the Netherlands

www.c4dpartners.com

Capital 4 Development Partners B.V (C4D Partners) was founded in 2013 by ICCO Cooperation (leading NGO in the Netherlands).

TOTAL ASSETS UNDER MANAGEMENT

Capital 4 Development Fund (global) has approximately 11 million EUR in assets. The Asia portfolio of this fund will be transferred to the new Capital 4 Development Asia Fund (approximately 7.5 million USD) and the Africa and Latin America portfolio will be exited and transferred to the ICCO Group.

ASSET CLASS

India: equity; Indonesia/The Philippines: mezzanine/debt.

GEOGRAPHIC FOCUS

India (40%-50%), Indonesia (20%-25%), Philippines (20%-25%).

SECTOR FOCUS

This sector-agnostic fund is investing in growing small and medium-size enterprises (SMEs) which have a strong social impact on marginalised communities. Agri&Food, energy, healthcare and education are typical sectors they have invested in so far.

INVESTMENT THESIS

They are investing in growing and inclusive SMEs in Asia, which have a clear social impact on the livelihoods of marginalised communities. This impact is achieved by:

- Creating decent and sustainable jobs.
- Including small scale entrepreneurs and marginalised communities in the supply chains of the portfolio companies.
- Providing access to basic innovative products and (financial) services to small scale entrepreneurs and marginalised communities.

INVESTMENT OVERVIEW

C4D Partners is currently raising its second fund and they will invest aproximately 30% of total commitments in portfolio companies owned and/or led by women. They will also stimulate companies to include women in their supply chains and staffing. The fund has a two-fold strategy in two distinct Asian markets, thereby supporting inclusive and growing SMEs. In India, the fund invests through equity and mezzanine instruments in high growth SMEs, with the average ticket sizes (including follow-on rounds) ranging around 1 million USD. Through board participation and unlocking the existing Indian impact investment ecosystem, C4D Partners adds value to the companies. The India portfolio aims to provide investors in the fund with a significant potential upside. In Indonesia and the Philippines, where the impact investment industry is not as mature as in India, the fund will invest through debt and mezzanine structures. The fund invests in SMEs requiring growth capital / finance. The Indonesia/Philippines portfolio aims to provide investors with a down-side protection as instruments are more liquid and have some forms of securitisation.

LOOKING FORWARD

C4D Partners is now raising its second fund (C4D Asia Fund) with a first closing of 30 million USD and final target closing of 50m USD investing in India, Indonesia and Philippines. Their goal is to invest in 30 - 40 inclusive & growing SMEs in Asia over the next four years, scaling their businesses and impact in the marginalised communities. They expect to have their first closing of 30 million USD by June 2018 with 4 investors. They are raising an additional 20 million USD to get to a final close of 50 million USD. The fund has put in place a de-risking facility by offering a first loss facility provided by the Sponsor Investor (ICOO Cooperation) for up to 10 million USD. Thus, the fund is able to offer a preferred minimum return of 2% to investors, creating an opportunity for investors with modest risk appetites to invest in the SME market space and contribute to the development of local inclusive economies.

IMPACT PERFORMANCE

Since its establishment in 2013 until the end of 2016, Capital 4 Development (C4D) Fund has invested 11.4 millon USD in 17 SMEs, achieving the following impact: creating 1,396 jobs, 59,000 small holder farmers supplying high-quality agri-products and provided 265,000 households with access to basic products and services. 30% of the invested SMEs were women-owned or women led and 24% of the SMEs had direct economic-impact on women by including them in their supply chain or through job creation.

INVESTMENT EXAMPLE – VIVO HEALTHCARE

Vivo Healthcare is India's largest healthcare training and education company focused on creating a skilled workforce for the healthcare industry.

Vivo Healthcare:

- VIVO identified the demand for trained technicians **but lack of awareness** about available solutions was a major obstacle.
- With over 80 centers across India, VIVO has **demonstrated to be a viable business model**.
- VIVO encourages students to make an investment in their careers through a **self-paid model**, making them responsible for their careers.
- Partnered with **banks to provide loans** at favorable terms.
- 80% of students are self-paid, 20% are funded through government programs and corporate CSR.
- Woman-owned (partially) and led enterprise, 70% of the students come from the BoP population, 85% of the students gets placed through VIVO.

C4D Partners support:

- C4D Partners made a 625k USD investment in **VIVO through equity**.
- Providing **strategic support** to the company through **board participation**.
- Invested in Jan 2017, with a holding period of 14 months.
- **Revenue growth of 5x since its investment decision**.
- Alternative opportunities available for it to grow VIVO could also be listed through an **IPO**.

FINANCIAL PERFORMANCE

Between 2013 and 2017, they have invested in 30 SMEs with a total amount of 16 million USD. **Capital 4 Development Partners** received 1.85 million USD in interest and 3.3 million in dividend payments in principal repayments and exits. Over those years they have wrote-off one company.

IMPACT TRACKING

Impact Report 2016 of the current C4D Global Fund:
https://tinyurl.com/y9dejvyw

EspeRare Foundation

Geneva, Switzerland

www.esperare.org

EspeRare is fast-forwarding the development of treatments for children with rare diseases through a unique business model. The model combines big data technology, pharmaceutical expertise and a philanthropic venture approach.

VISION

A world in which patient engagement, good science, pharmaceutical excellence and health authorities come together to address the medical needs of children affected by rare diseases, alleviating the healthcare burden related to their conditions.

MISSION

EspeRare addresses the translational gap in pediatric rare diseases by uncovering the potential of existing therapeutic interventions and tackling unmet life-threatening medical needs. They achieve this through a collaborative approach, centered on patient engagement with the aim of giving people universal access to these therapies.

SOCIAL CHALLENGE

Most needs of patients affected by rare diseases are left underserved because of the lack of financial incentives for commercial drug developers. Worldwide, 30% of children mortality arises from untreated diseases. Populations affected by a given rare disease are small and underserved by pharmaceutical companies who are unwilling to invest time and money in these small markets with limited financial returns. Otherwise a “high innovation-premium price” approach is used, which yields very costly drugs (averaging 137.782 EUR per year per patient). Consequently, only 5% of rare diseases have an approved treatment today, posing challenges for access to treatments both in the developing and in the developed parts of the world.

EspeRare MODEL

EspeRare’s novel business model is shifting the rare diseases drug development paradigm, making the development of life-saving treatments for these neglected patients commercially viable and accessible; to children both in the developing and developed countries. To achieve its mission, EspeRare selects high-potential therapeutic candidates that have been deprioritised by pharmaceutical partners for strategic reasons. They reposition and develop them up to a clinical proof of concept, as innovative treatments for selected pediatric rare diseases. These candidates are selected for their “de-risked” properties; having already been tested for other diseases. EspeRare can therefore base further development work on a solid package of toxicological, pharmacological and safety data. Their venture philanthropic model allows them to fully reinvest revenues generated by R&D activities into new R&D programmes and efforts, fostering access to medicine.

CURRENT PORTOFOLIO

EspeRare counts 6 therapeutic programmes under development, with the potential to transform the lives of over 2 million children. EspeRare’s first R&D programme started in 2013 with a treatment for boys suffering from Duchenne Muscular Dystrophy (DMD) using a dormant drug from Merck Serono drug, Rimeporide. In 2015, EspeRare validated the therapeutic potential of this drug and subsequently obtained Rare Drug Designation from the FDA and the European Regulatory agencies. This drug is currently undergoing clinical testing on boys affected by DMD, while a commercial partnership is under negotiation. This first success with Rimeporide in DMD underscores the validity of EspeRare’s model of giving ways forward to untapped therapeutic opportunities for rare diseases.

In 2017 & 2018, EspeRare is also gearing up to commercialise FloWatch, a medical device with proven therapeutic benefits in protecting the heart and lungs of babies born with severe congenital heart defects, a deadly condition predominantly in Africa and Asia.

LOOKING FORWARD

EspeRare is making progress towards self-sustainability and scale through the following stages: associating private and public support, philanthropic grants, R&D and patient grants. In the seeding phase (2013) EspeRare secured an 2.4 million EUR initial start-up endowment as well as a drug development asset (Rimeporide) from a pharmaceutical partner.

In the proof of concept phase (2014-2017), EspeRare has raised additional resources amounting to 7 million EUR from philanthropic donations and R&D grants. They have also secured new drug development assets from multiple drug development partners.

Currently, EspeRare is entering scale-up territory towards sustainability and growth. They are now in advanced discussions with commercial and philanthropic partners to mature their portfolio of programmes and organisation.

INVESTMENT EXAMPLE – ER-004

X-Linked Hypohidrotic Ectodermal Dysplasia (XLHED) is a disabling & life-threatening genetic disease, with no treatment.

ER-004 is the only current therapeutic hope for XLHED patients**:**

- A synthetic molecule developed by Edimer Pharmaceuticals.
- A “single course” treatment: only one course of injections needed.
- Well-tolerated: tested in multiple animal studies and through 2 clinical trials.

ER-004 aims to:

- Mimic the missing EDA protein and assume its role during development.
- Correct one of the most severe defects: the inability to sweat.
- Provide permanent corrections that last throughout the patients’ lifetime.
- Cut costs linked to the disease: hospitalisations, hyperthermia, dental health.

EspeRare was approached to take on the program to bring ER004 to market by 2023. Next steps:

- **Program transfer to EspeRare & Trial set-up** (9 months).
- **Antenatal clinical study in EU** (3-4 years):
  - Manufacture drug product.
  - Regulatory approvals.
  - Clinical study (15 patients).
- **Initiation of US study** (by 2020).
- **Diagnosis development**.

FASE
Munich, Germany

www.fa-se.de/en/

FINANCING AGENCY FOR Social ENTREPRENEURSHIP

The **Financing Agency for Social Entrepreneurship (FASE)** supports social enterprises in raising hybrid growth capital. They build bridges between social enterprises and investors to scale-up proven business models with social impact. FASE was initiated by Ashoka - the world's first and leading organisation, supporting and connecting social entrepreneurs.

VISION

FASE's vision is to build an open pan-European pipeline of investment-ready social enterprises.

MISSION

FASE's mission is to assist social enterprises with outstanding concepts by structuring and finding appropriate financing. They offer comprehensive corporate finance advisory services spanning from investment readiness advice to transaction management support. FASE positions itself as a trusted advisor for social enterprises. Their vision is to enable social enterprises to finance significant growth steps across the often rigid boundaries between investors, the public sector and donors.

Accordingly, FASE identifies and approaches investors and financiers from a variety of sectors, including private investors, family offices, foundations, social investors and banks. FASE advocates combinations of several impact investors with different financing components in order to develop innovative financing approaches, that can serve as role models for the social finance sector.

For investors
They offer investors:
- Access to an open pipeline of outstanding, investment-ready social enterprises.
- Impact investing opportunities tailored to specific needs.
- Clearly structured investment processes.

For social enterprises
They offer social enterprises:
- Support in developing the business model towards investment-readiness.
- Identify potential investors and recommendations for ideal financing solution.
- Comprehensive consulting, coordination and guidance throughout the entire investment and transaction process.

MAJOR ACHIEVEMENTS IN RECENT YEARS

Initiated by Ashoka, FASE started its activities in Germany in 2013. In the last five years, they have become a leading financial intermediary for early-stage social enterprises.
They supported more than 30 early-stage social enterprises with outstanding societal impact, raising more than 14 million EUR in growth capital. The supported social enterprises are mainly focused on education, health, energy supply and social and economic development in Germany, Austria and the Benelux.

On the investor side, FASE has built up an active network of more than 800 philanthropic and impact-oriented investors across Europe. Most of them are private investors and business angels. Furthermore, foundations, banks and family offices play an increasingly important role.

EARLY-STAGE CO-INVESTMENT FUND FOR SOCIAL ENTERPRISES

Currently, FASE is raising a co-investment fund with a target volume of 20 million EUR, which will be an important pillar in providing more growth capital to social enterprises in Europe.

Investment objective:
- The co-investment fund will invest alongside individual direct investors on a deal-by-deal basis in social enterprises originated by FASE (with focus on financing rounds between 100-500k EUR, essentially 1:1 matching of the financings).
- Within the next 5 years the fund will invest in approximately 60 social enterprises located in Europe (initial focus on Germany, Austria and Benelux) in all relevant social sectors. The fund aims to create a high social impact combined with commensurate cash returns.
- General risk reduction through EU first loss guarantees.
- Different risk-return-profiles for different investor needs.

INVESTMENT EXAMPLE – DISCOVERING HANDS

Discovering Hands is a social enterprise training blind women to use their proven superior sense of touch to detect breast cancer.

Social problem:
- >1.5 million women worldwide diagnosed with breast cancer p.a.
- Death rates at >500.000 women p.a.
- Approximately 80% of visually impaired women unemployed and/or extremely poor.
- Untouched potential of hypersensitive skills.

Business model:
- A fee per examination generated by selling patented orientation.
- Stripes to physicians in the core market.
- Revenues from franchises in other countries.
- The examinations itself paid by insurance companies or patients.

Expansion plan:
- Operating in Germany and Austria.
- Transition of pilots in Colombia and India.
- Market entry for adding new countries.

Hivos Impact Investments
The Hague, Netherlands

Hivos Food & Lifestyle Fund

www.hivosimpactinvestments.com

Hivos Impact Investments is an impact investment management company, that runs two private equity impact funds to create both positive impact and financial return. Hivos Food & Lifestyle Fund is aimed at food companies in Southern Africa and Hivos Mideast Creatives Fund is aimed at the creative industries in the Middle East & North Africa (MENA).

Hivos Impact Investments is an independent company, owned by Hivos Foundation. They are guided by humanist principles and create open, green and fair societies through investing in early-stage companies that are scalable on both finance and impact.

TOTAL ASSETS UNDER MANAGEMENT

EUR 22.500.000 (target)/ 2 funds. 15 million EUR for the Hivos Food & Lifestyle Fund.

ASSET CLASS

Impact Fund.

GEOGRAPHIC FOCUS

Southern Africa, with a focus on Malawi, South Africa, Zambia and Zimbabwe.

SECTOR FOCUS

Food and lifestyle from farm to fork.

INVESTMENT THESIS

The Hivos Food & Lifestyle Fund invests in innovative, early-stage companies that with their core activities support a better, more sustainable and local food systems, from farm to fork in Southern Africa. They aim to:

- More sustainable, efficient and local food value chains, through supporting innovative technologies and local brands.
- Boost the innovative, scalable early stage company ecosystem, closing the finance gap between microfinance and later stage financing opportunities.

They invest in companies that with their core activities support a better, more sustainable and local food system in the following sectors:

- **Local production:** Reinvented local traditional food products, urban farming, biopesticides and organic fertilizers, geodata.
- **Smart distribution:** Innovative solutions for food handling & transport, track and trace, waste reduction.
- **Responsible consumption:** Retail of organic food & beverages, nature-based cosmetics and (food related) media & marketing.

INVESTMENT OVERVIEW

Their portfolio companies live the brand, have loyal customers, are high-impact, have a strong and dedicated team and are scalable on both finance and impact. This results in the portfolio companies creating measurable impact with an aim of an 8% annual ROI. Hivos food & Lifestyle Fund invests per deal between 50.000 EUR and 500.000 EUR. Follow-up rounds can lead to investments of a maximum of 1 million EUR per company.

SUSTAINABILITY AND IMPACT

They actively measure and manage their investments along the lines of the Sustainable Development Goals (SDG's). They aim for impact on:

- **Food and Health**, touching on SDG 2, 3 and 12.
- **Soil Degradation**, touching on SDG 13 and 12.
- **Food Loss Prevention**, touching on SDG 2 and 12
- **Financing the Missing Middle**, touching on SDG 8, 5, 10 and 1.

They have recently implemented their impact management framework, including online measurement software by Sinzer, a GRI certified Software and Tools Program.

INVESTMENT EXAMPLE – GREEN FINGERS MOBILE

Their current portfolio consists of three companies:

- **GreenFingers Mobile** offers a mobile platform that allows for large companies to source their products with smallholder farmers. One of their current largest companies is Nando's. Nando's sources its chilli from smallholder farmers in Zambia and Malawi.
- **Lady Bonin** produces tea, using organic wild rooibos, picked by and sourced from smallholder farmer cooperations. It managed to create a high-class brand that has the opportunity to scale both in South Africa and elsewhere allowing for more value sharing throughout the whole value chain.
- **Atelier du Miel** sells high-quality honey that can be produced year round. They move bee colonies to the best fit location, with that process they also create different flavours of the honey.

Greenfingers Mobile

Theory of change: To manage and measure ethical supply chains supporting 1 million farmers in 5 years.

- 2016: 1200 smallholders supported.
- 2017: 5000 smallholders supported.

Greenfingers Mobile is based in Cape Town and works with smallholders in Zimbabwe and Malawi. They help solve two of the challenges targeted by the fund:

- 37% of all produced food in Southern Africa gets lost before it reaches the end consumer.
- Africa suffers a double missing middle:
  - There are relatively few SMEs, that tend to drive economic growth and employment. This negatively impacts economic growth and employment, especially for youth and women.
  - There is also a 'missing middle' in SME finance.

Support from Hivos:

- Investment: 70.000 EUR.
- Investment type: convertible loan.
- % held: right to 20% of issued shares.
- Valuation on time of investment: 280.000 EUR pre-money, 350.000 EUR post.
- Co-investors: Mobenzi, Earth Capital Partners.

Kampani
Brussels, Belgium

KAMPANI
Investing in family farming

www.kampani.org

Kampani was founded in 2015 by a consortium of the King Baudouin Foundation, Boerenbond, high net-worth individuals, social investors and NGOs.

TOTAL ASSETS UNDER MANAGEMENT

Kampani NV has raised 3 million EUR. They expect to be fully invested by Q3 2018 and to further increase capital for a target fund size of 8 million EUR. They have made four investments, accumulating approximately 1.2 million EUR.

ASSET CLASS

Equity or quasi equity (subordinated debt).

GEOGRAPHIC FOCUS

Kampani is flexible in terms of geography. They want to have half their portfolio in sub-Saharan Africa, the remainder in Latin-America and Asia. They have deals in Burundi, Kenya, Guatemala and Costa Rica and they are working on deals in Indonesia, Rwanda, Tanzania, Honduras etc.

SECTOR FOCUS

Agriculture.

INVESTMENT THESIS

Some farmer cooperatives have made impressive social and economic progress, but they tend to remain undercapitalised. The profits are not set aside, but are streamed up to the cooperative's members. With a weak balance sheet and little collateral to offer, their growth is stalled. So they require access to patient capital that does not ask for collateral. Kampani is one of few social investors prepared and equipped to provide this type of financing.

INVESTMENT OVERVIEW

Kampani provides growth capital with an average ticket size of 300k EUR. Kampani stands out from other social investors thanks to an audacious combination of strategic choices:

- Investing directly and strengthening the balance sheet of the investee through the use of equity or quasi-equity.
- A long investment horizon of up to 10 years.
- Only into the agro-food value chain.
- Active involvement in the governance of the investee and access to Kampani's network.
- Small investment amounts (100k to 500k EUR).

LOOKING FORWARD

Kampani wants to grow to 8 million EUR, i.e. raising an additional 5 million EUR. Given the small ticket size and the type of financing Kampani provides, they want to remain a niche fund, providing a type of financing that other social investors choose not to offer.

IMPACT PERFORMANCE AND INVESTMENT EXAMPLE

Having been founded only in 2015, the track record in terms of the social impact that Kampani can offer is still relatively limited. The social impact on smallholder farmers of their first investment is already visible: COCOCA, a coffee cooperative representing 30.000 farmers in Burundi, acquired a coffee hulling factory. In large part thanks to this acquisition, it increased the volume sold at a premium price, representing also a significant increase in the farmer income. COCOCA produces now 10% of all the Burundi coffee.

- Kampani is actively involved in the Board of COCOCA.
- A Kampani NGO shareholder continues to provide technical assistance.
- The King Baudouin Foundation guarantees the required OPEX financing and pays the premium of the political risk insurance.
- Together with a Belgian retailer (and buyer of COCOCA coffee), one of the shareholders provides support to value chain development projects.
- Kampani secured a 200k EUR grant from the Belgian government to increase the number of fairtrade-certified base cooperatives and to exploit the specific taste offered by regional variation.

FINANCIAL PERFORMANCE: PRIMARY IMPACT OUTCOMES

Just like any other PE fund, Kampani's financial forecast foresees a J-curve. They expect to reach the operational breakeven point in 2020. The fund level breakeven point is expected by 2026. Net for investors, Kampani targets a return equal to inflation.

IMPACT TRACKING – IMPACT MONITORING

Kampani's shareholders accept the high risk and low financial return in exchange for the significant social impact on smallholder farmers. For each deal, the target needs to report on a set of social KPIs. While some social objectives, for instance empowerment of the smallholder farmer in the value chain, are hard to quantify, others are not. Increases in price, margin and volume are obvious metrics to follow. Kampani relies mainly on the investee itself and the involved NGO shareholder to track & monitor these metrics, which are a mix of output and outcome indicators, but not impact indicators.

Media Development Investment Fund – MDIF

New York, USA

www.mdif.org

MDIF invests in independent media around the world providing the news, information and debate that people need to build free, thriving societies.

ASSET CLASS

Debt and equity.

TOTAL ASSETS UNDER MANAGEMENT

$60.8 million.

From 1996 to end of 2017, MDIF has provided **$164.7 million** in affordable financing, including:

- **$148.2 million** in loans and equity investments.
- **$17.9 million** in technical assistance and other grants.
- **$41.8 million** in interest, dividends and capital gains.
- **$70.4 million** in recovered principal invested.

In total, MDIF has invested in **114 clients** and **351 projects** across **39 countries**, writing off 12.1% of the total loaned and invested. It has returned **$47.6 million** to investors.

INVESTMENT THESIS

MDIF invests in independent media around the world, providing the news, information and debates that people need to build free, thriving societies. In many countries, independent news companies are starved of capital; financing comes with editorial strings attached. MDIF provides debt and equity investment, supported by technical assistance, that enhances independent news companies' ability to compete with state and oligarch media, build robust businesses and defend editorial independence.

INVESTMENT OVERVIEW

MDIF invests in early-stage to growth-stage companies. It provides loan and equity for established media companies to grow revenues, expand into new geographies, and develop new products. MDIF also provides early-stage equity for digital news businesses seeking to establish themselves on the market. Typical investments range from 100.000 USD to 1 million USD.

CAPITAL NEEDS

MDIF is raising several funds to provide loan and equity capital to independent media companies in select emerging and frontier markets. This includes a $6m debt fund, MDIF Media Finance II, providing 4% p.a. interest and benefitting from 55% first-loss protection by the Swedish International Development Cooperation Agency (Sida) and MDIF.

IMPACT PERFORMANCE

MDIF clients provide independent news and information to more than **77 million** people in over **30 countries** where access to free and independent media is under threat. Working with MDIF significantly helps news companies grow audiences and revenues. **After five years** of MDIF investment, client **audiences grew** by a median of **32%**, while **sales grew** by a median of **109%**. Clients experienced a median **annual growth rate of 20%** (CAGR) during their first five years of working with MDIF.

SOCIAL IMPACT

MDIF clients have a profound effect on their societies by exposing corruption and holding governments to account, encouraging democratic participation during elections, and covering important social issues. In 2016, **76%** of MDIF clients reported on corruption scandals in their country and **82%** of MDIF clients held their governments accountable for their policy promises.

INVESTMENT EXAMPLE – SCROLL.IN

Scroll.in is an independent news venture started by an award-winning team of journalists. They offer a newsfeed that brings into sharp focus the most important political and cultural stories that are shaping contemporary India. The problem they address is the scarcity of reliable and diverse voices caused by corrupt mainstream media trading editorial for political and financial patronage.

Revenue model includes advertising and subscriptions.

Future growth:

- Anticipating profitability by end of 2018.
- Expects to increase its audience to 30 million unique monthly users across its platforms and verticals by 2020.
- Achieve growth by increasing traffic on current sites and offering new sites.
- Sophisticated tech platform to keep costs low and enable targeted content and premium-priced advertising.
- Diversified revenue stream.

IMPACT TRACKING

Each year MDIF publishes the **Media Development Impact Dashboard**. The Media Impact Dashboard is a longitudinal analysis of changes in client reach, sales and other indicators of business performance. It has been created to better understand how working with MDIF helps clients develop news businesses that are viable over the long-term. They also assess the impact our clients have on the societies in which they operate.

Mustard Seed and Maze

United Kingdom, Portugal

www.mustardseed.vc

www.maze-impact.com

The **MSLF Fund** is a Portugal-based VC impact fund built through a partnership between two organisations: Mustard Seed (UK) and Maze (PT). It is currently fundraising the last 33% and aiming for a first-close in Q3 2018.

Mustard Seed is a 2-year-old venture capital UK-based team focusing on high-growth, high-impact, tech-based ventures.

Maze (former Laboratório de Investimento Social) is a 5-year-old social finance intermediary building the Portuguese impact investing market through social impact bonds, acceleration programmes and raising capital for impact ventures.

MSLF Venture Fund

GEOGRAPHIC FOCUS, AUM, ASSET CLASS, SECTOR FOCUS

Both parties decided to launch a venture capital fund to invest in Portugal-based tech ventures looking to expand into Europe. While the fund is currently being raised, the target size is 40 million EUR. The fund will be fully deployed (after accounting for management fees) into direct equity investments for early-stage start-ups (pre-seed, seed, pre-series A, series A/B). It will be sector-agnostic but likely skew towards edtech, cleantech, and social inclusion.

INVESTMENT THESIS AND OVERVIEW, LOOKING FORWARD

MSLF Venture Fund aims to invest in about 35 companies, allocating roughly 3-5% into pre-seeds (25-50K), 30% into seeds and pre-series A (150-300K), and the final two-thirds into series A/B (500k-1.5M). MSLF seeks to focus on companies which are at the early stage. The goal is to deliver a 20% IRR or 3x MOIC to investors while maximising impact by investing in lock-step ventures. These are ventures where it is clear that impact delivery drives revenue and vice-versa.

INVESTMENT EXAMPLE

Speak is a B2C crowdsourcing language and culture exchange between migrants, refugees, and locals that breaks language barriers, promotes multilingualism, equality and democratises language learning. The company operates on an online-2-offline basis: class logistics, enrolments, attendance management and payments, which are easily managed online, while teaching, learning, and sharing experiences that happened offline.

SPEAKs distinctive advantage is in their online algorithm. Their O2O model allows low-cost scaling, making SPEAK attractive while delivering impact and solid financials. Revenue generation is simple: Participants pay a 25 EUR fee to enrol in each course, but enter free-of-charge when announcing that they are facing financial challenges.

SPEAKs next steps will focus on the rollout across Europe. Having successfully incubated their business across Portugal and Turin (Italy), SPEAK is now launching in Berlin, Germany and Madrid, Spain. Until mid-2018, SPEAK wants to move into 6 other European countries. Potential exit routes for investors are future VC rounds or an acquisition from a top global language firm.

In previous financing rounds, the MSLF team raised 500K Euro for SPEAK from an impact VC as well as grants from top international foundations. In future funding rounds, SPEAK will be looking for Series-A investments of up to 1.5 million EUR.

IMPACT AND FINANCIAL PERFORMANCE, IMPACT REPORTING AND 3RD PARTIES

The fund is still being raised, and most deals that their teams have executed are still in their early years. Presenting results at this time would be premature; they hope to present results more accurately two years from now. The team is planning to use its own growth-sprinting framework to manage the fund's portfolio. While it is very familiar with the IRIS framework, GIIRS and several impact measurement methodologies, it will negotiate impact metrics for each venture and set annual impact milestones against which it will assess the risk of mission drift or impact sub-optimisation.

Oltre Venture
Milan, Italy

www.oltreventure.com

Oltre Venture uses the Venture Capital operating model, channelling economic resources towards the most innovative and efficient projects; offering managerial and financial skills to entrepreneurs. The organisation was founded 12 years ago.

TOTAL ASSETS UNDER MANAGEMENT
43 million EUR.

ASSET CLASS
Impact Investing / Social Venture Capital.

GEOGRAPHIC FOCUS
Mainly Italy with some co-investments in continental Europe.

SECTOR FOCUS
Mainly healthcare, education, agriculture, local economic development.

INVESTMENT THESIS
Oltre Venture adds value to values, investing in enterprises which pursue innovation and social impact. The purpose of Oltre Venture's investments is to develop new and better solutions to social and collective needs. They seek to create added value for customers and the entire community, other than only for their shareholders.

INVESTMENT OVERVIEW
- Start-up, early stage and expansion.
- Ticket size: 500.000 EUR to 2 million EUR.
- Strong experience in building up internal projects.
- Strong hands-on approach; both minority and majority positions.

SOCIAL PERFORMANCE
Oltre Venture's social impact goals are defined at the time of investment. These goals are monitored every year. They do not use either a predefined scoreboard or a third party evaluation. Instead, they compare the models of their companies to those of companies which tackle similar social problems.

INVESTMENT EXAMPLE – CENTRO MEDICO SANTAGOSTINO
Founded in late 2009, Centro Medico Santagostino is a group of medical centres providing medical services.

The medical centres operate:
- In areas only partially covered by the national health system.
- In over 40 specialist areas, offering high-quality services at prices much lower than the private sector and slightly higher than the national health system.
- Innovative model: taking charge of the patient for the entire diagnostic and care cycle, reducing costs and increasing patient satisfaction.
- The model reached economic sustainability by the end of 2014.

Impact:
- 15 medical centres (14 in Milan and 1 in Bologna).
- 125 clinics rooms in 57 specialist areas.
- 1/10 person in Milan tried the service.
- +170.000 patients from 2009 to today.
- 60 EUR/ visit: stable price since 2009.
- 469 health professionals.
- 100+ employees, average age of 35-year-old, 99% open-ended contracts.
- 300 partner companies.

Support through Oltre Venture:
- The Company has been created and developed internally by Oltre's team in collaboration with a pool of doctors and experienced professionals.
- The company was incorporated 8 years ago. Since then, Oltre has always been the majority shareholder, while searching for new minority private investors over the years.
- Oltre played a key role in the development of the company by defining its vision and expansion strategy together with the management of the company.
- The business model entirely relies on revenues generated by users who pay for medical examinations. The price is very similar to the co-payment of the national public health system but with an considerably higher quality of the service. Moreover, the company provides free or almost free services to vulnerable social groups in areas where the public system is not operating anymore, such as mental assistance and odontology.
- The company reached 30 million EUR in revenues in 2017 and is now planning a national expansion among others through an IPO.

FINANCIAL PERFORMANCE
3-5% IRR.

Purpose Ventures
Berlin, Germany

PURPOSE

Purpose Ventures makes evergreen investments in steward-owned companies. For them, steward-ownership is any form of ownership that makes a binding commitment to keep the company independent and mission driven. Purpose Entrepreneurs adhere to the following principles:

- Profits are means to an end and not an end in itself.
- Ownership = Entrepreneurship and control rights that can only be held by those who take responsibility within the company.

TOTAL ASSETS UNDER MANAGEMENT

35 million EUR at inception, with a goal to grow to 100 million in the next 3 years. The fund is currently in its foundation. A 3 million deal with Purpose Ventures was done in December 2017.

ASSET CLASS

Equity and mezzanine capital (subordinated debt).

GEOGRAPHIC FOCUS

Western Europe and USA.

SECTOR FOCUS

Transforming mission-oriented companies towards steward-ownership in any sector, with a focus on areas where steward-ownership can be particularly transformative: organic food, impact technology, healthcare, sustainable production & agriculture.

INVESTMENT THESIS

They are operating as a transformer - enabling impact companies to transform their ownership structure to a new paradigm. They seek to transform companies with a proven strong social and environmental impact into steward-owned companies, in order to protect them from mission-drift in the long term. Steward-ownership is a proven concept: guaranteeing that control of the company (majority of the voting shares) is held by a charitable foundation, a perpetual purpose trust or in hands of stewards. Provisions are set in place so that voting shares cannot be sold freely, dividends cannot be extracted or passed on to the shareholders children.

They help to buy-out not-aligned investors and gives some liquidity to early investors or founders. Portfolio companies are profitable, and mature to make at minimum 7.5 million EUR in revenues. The fund invests between 2 million and 20 million per company. The strategic goal is to create a number of lighthouse companies that can inspire a whole sector of mission-oriented companies, that choose non-exit, non-IPO ownership structures. In an age in which many of the best mission-oriented organic food brands risk being bought up by multinational companies, they focus on helping an entire sector to stay independent and mission-oriented.

IMPACT PERFORMANCE

Milestones achieved:

- Setup and operation of Purpose Ventures Fund 1 for startups, 8 investments made.
- Purpose Ventures completed two “Responsible Exit” transactions in which they transformed companies to steward-ownership with medium sized companies generating approximatley 10-100 million revenue.

INVESTMENT EXAMPLE – WASCHBÄR

Founded in 1987, Waschbär (Triaz GmbH) is an e-commerce company and it has been Europe’s largest supplier of sustainable and eco-friendly products for almost 30 years. It focuses on fashion, shoes, textiles, household products, cosmetics, furniture, toys, and garden equipment.

The investment of Purpose Evergreen Capital helps to fund the conversion of Waschbär to steward-ownership. This ensures that the mission of the company is protected for the long term and that Waschbär stays independent. Waschbär is a lighthouse company, which inspires many other mission-driven founders not to sell out and to make their company self.owned.

- **Revenues:** 85 million EUR.
- **Post-tax earnings:** 3 million EUR.
- **Growth rate:** 5-8%.
- **Financial instrument:** subordinate loan.
- **Holding period:** 10 years.

FINANCIAL PERFORMANCE

Purpose Ventures expects returns 3,5% starting in year one then increasing to 5% per year.

PRIMARY IMPACT OUTCOMES

Purpose Ventures helps impact companies to stay mission-driven and independent for the long term. Protecting these companies against takeovers and non-aligned investors increases their lifetime impact and leads to better outcomes for society. They create a more decentralised economy by preventing big multinationals from eating up small mission-oriented companies.

IMPACT TRACKING

Every company Purpose Ventures invests in does impact monitoring, some with B.Lab, others with other 3rd party impact assessment organisations.

responsAbility
Zurich, Switzerland

www.responsability.com

With over 250 employees, the company is headquartered in Zurich and has local offices in Lima, Mumbai, and Nairobi, as well as some locations in Europe. responsAbility is the sponsor of a fund dedicated to access to clean energy in underserved emerging markets.

TOTAL ASSETS UNDER MANAGEMENT

responsAbility has over 3 billion USD of assets under management invested in around 550 companies, in 100 countries, all in emerging markets. It has a great presence in the Asian Pacific, Latin American and Sub-Saharan African regions.

ASSET CLASS

The fund invests in debt and expects to do selectively mezzanine financing.

GEOGRAPHIC FOCUS

The energy access primarily focuses on Sub-Saharan Africa and South East Asia.

SECTOR FOCUS

The responsAbility-managed funds target three sectors: finance (over 2 billion USD), energy (over 550 million USD) and agriculture (over 250 million USD).

INVESTMENT THESIS

The overall mission of the fund is to bridge the financing gap, so that there can be universal access to clean and affordable modern energy in underserved markets. In order to achieve this, the fund has been focusing on providing debt to energy access companies, most of which have been funded through equity. These companies show strong growth in sales and have increasing debt needs, in particular of working capital.

INVESTMENT OVERVIEW

In 3 years the fund has built a diversified portfolio with a great track record. The fund is composed of early to mid-stage companies that are balanced between risk profiles and transaction sizes. These companies have typically been operating between 7-10 years, although there are also companies operating since 3 to 7 years.

responsAbility has also focused on providing well-structured and adequately sized financing so that these structures can be scaled up. With an increased fund size, the average ticket will range from 500k to 8 million USD; with the potential to disburse in tranches and/or with an amortisation schedule.

LOOKING FORWARD

Given the track record and the strong market demand, responsAbility is preparing to scale up its energy fund to 150 million USD. The Fund aims to follow a blended finance approach by attracting high-risk, subordinated catalytic capital (min. 15 million USD) in order to unlock funding mainly from private sector investors and development finance institutions which are the target for the senior tranche (135 m USD).

IMPACT PERFORMANCE

From inception of the fund until the Q2 2017, six companies were financed. They sold together over 2.5 million products, providing more than 11 million people with improved access to energy. The CO_2 savings enabled by the investments have reached almost 1.5 million tons.

The range of positive social benefits have improved energy access, created a reliable electricity supply to SMEs and communities, whilst going beyond the above numbers which include:

- Poverty reduction by increasing income generated.
- Improvements in education.
- Other benefits, such as increased security and increased community empowerment, including for women.

INVESTMENT EXAMPLE – SOLARNOW

SolarNow sells high-quality solar home systems (SHS) to low-income households and entrepreneurs in rural areas:

- Over 90 % of clients lack access to reliable grid electricity.
- Offers a credit facility to increase affordability.

They operate in Uganda and Kenya.

Development impact:

- **Climate:** households using the system have reduced emissions by 1.2 tonnes CO_2 equivalent on average.
  - Approx. 70 % of customers eliminated regular kerosene usage.
- **Health:** 50% of customers who reduced kerosene usage reported an improvement in health.
- **Income generation:** 91% of business customers increased their income related to using the SHS.
- **Broader social benefits:** children can spend nearly an hour per day more on homework.

FINANCIAL PERFORMANCE

Given the track record, the fund is expected to provide returns north of 5% p.a. to investors.

IMPACT TRACKING

To effectively monitor the Fund's impact, responsAbility currently uses a number of development impact indicators, most of which are aligned to the IRIS taxonomy. These indicators are monitored under different impact themes linked to the below UN Sustainable Development Goals (SDGs).

3RD PARTY VALIDATIONS

responsAbility is signatory to international charters, including the United Nations Principles for Responsible Investment (PRI) and is a founding signatory to PRI's Principles for Investors in Inclusive Finance (PIIF) where it also serves as a member of the Steering Committees. It is a signatory of the Smart Campaign and plays an active role in the Financial Inclusion Equity Council, Swiss Sustainable Finance; and the Global Impact Investing Network (GIIN), as a member of its Investors' Council.

SI²Fund
Brussels, Belgium

www.si2fund.com

SI² FUND
Investing for Sustainable Societal Impact

SI²Fund is a European impact investment fund focusing on scaling up innovative social businesses. The SI² Fund was founded in 2012 and it is currently managed by Shaerpa Fund Management NV with Pieter Oostlander as its Fund Manager.

TOTAL COMMITTED CAPITAL
17 milion EUR.

TERM
Fixed, to 2024 with an option for extension.

ASSET CLASS
Equity and quasi-equity.

GEOGRAPHIC FOCUS
Europe, with at least 50% of the invested capital invested in Benelux.

SECTOR FOCUS
Sector agnostic – the fund covers most thematic areas of the UN Sustainable Development Goals.

INVESTMENT THESIS
SI²Fund aims to generate significant social impact and a fair financial return by investing in innovative social businesses. They are searching for businesses that are mission-driven, whose primary goal is to generate social value (impact) by mitigating a social problem or a market failure and/or meeting a social need or challenge.

INVESTMENT OVERVIEW
As part of SI²Funds investment criteria, investee businesses must have social impact generation as an integrated and measurable part of its business model. The fund targets both early stage (but non-seed) and growth companies, with aim to have a balance between the two stages in the portfolio. Typical initial investment is 250k-500k EUR, with a cap of 10% of the fund size through follow-on investments.

LOOKING FORWARD
In the short term, the team's focus is to support the current portfolio to profitability, while seeking high quality opportunities with growth stage companies. Mid-to long-term, the aim is to achieve investee growth by exiting through partnering with additional capital sources as necessary, either through their own new fund offerings or through like-minded impact funds.

IMPACT PERFORMANCE
SI²Fund investees are required to adopt the Social Return on Investment (SROI) methodology, and the fund has an internal target for a portfolio SROI average above 2.0. With some investees in the process of completing their first assessment, current SROI performance ranges between 2.0 to 3.5.

INVESTMENT EXAMPLE – ACTIVE MINDS
Active Minds develops human-centred research led products and experiences, for people with reduced cognitive function, such as those with dementia or brain injuries. These products and experiences improve the quality of life of people with reduced cognitive function, their families and/or their carers. This may include, but is not limited to a reduction in depression, boredom, isolation and/or an improvement in communications and engagement.

- **Stage of investment:** Early stage growth company, Active Minds has grown 70% year on year since 2013 and had recently developed a full suite of activity products.
- **Financial support:** £500k equity investment, with adjustment mechanism for performance on exit.
- **Non-financial support:** Seat at the board of director level, support with SROI analysis, ongoing mentorship of CEO and team.
- **Holding period:** At least 5 years, with possible additional round sought to faciliate faster international expansion.
- **Exit:** Likely trade sale - large distributor or to a medical or care home supply manufacturer.

FINANCIAL PERFORMANCE
The Fund targets a financial return (IRR) on its invested capital in the single digit range.

IMPACT TRACKING
The investment team helps all investees to incorporate SROI into their impact management approaches, and tracks SROI with regard to each investee and on the portfolio. For investees that have not yet completed their SROI key impact indicators are tracked.

Swiss Philanthropy Foundation

Geneva, Switzerland

SWISS PHILANTHROPY
Foundation
Creating and Managing Philanthropic Funds

www.swissphilanthropy.ch

Swiss Philanthropy Foundation is a non-profit independent hosting foundation established in 2006 and based in Geneva, Switzerland. Their mission is to encourage charitable giving by creating, hosting, and managing philanthropic funds. They make philanthropy easier by offering donors a cost-efficient and flexible solution that maximises the impact of their donations, while minimising the administrative burden.

Swiss Philanthropy Foundation hosts 4 thematic funds managed by its Board. They allow philanthropists **to join forces and create leverage by pooling their resources to contribute to a specific topic**. They also benefit from a professional project management at a lower cost, while ensuring a rigorous selection of high-quality projects. Donors are then rewarded by the **scale and efficiency** of a cohesive number of projects and a **maximised impact**.

THE EDUCATION & EMPLOYMENT FUND

Created in 2015, this fund aims at supporting the access to training and employment for underprivileged youth worldwide. It currently supports over 10 projects in Latin America, Africa, and Asia for a total commitment of over 3 million USD.

Over 75 million young people under 25 do not have access to jobs, and over 200 million earn less than 2 USD a day. Given this worrisome situation, The Education & Employment Fund represents a unique collaborative opportunity, enabling private donors to identify and encourage the development of innovative and entrepreneurial models within the next four years.

LOOKING FORWARD

The goal is to raise 5 million USD from private donors and foundations that will constitute a “collaborative learning circle”, which will facilitate collaboration and learning among donors.

GOAL

- To help youth that live under precarious conditions become employable.
- To place this youth into jobs.
- Increasing the financing of efficient and proven models, and share the lessons learnt.

STRATEGY

- Training and job placement, especially in urban areas with more job opportunities.
- Self-employment, particularly in rural areas.
- Supporting youth to complete secondary education, preparing them to graduation and assisting them thereafter to enter the job market.

METHOD

They focus on the most promising projects to maximise the impact of dedicated resources. This allows capitalisation and sharing of best practices among leaders in traditional charities or social enterprises. These collaborations improve the strategies in place, and help build a foundation for bringing models to scale.

Common and specific indicators can measure results and assess comparatively the progress and impact of each project:

- Targeted focus on excellent operating partners in Asia, Latin America and Africa.
- Collaboration among philanthropists who bring their resources, skills and networks.
- Cost sharing.
- Common and integrated measuring tools to assess the results and the impact of supported projects.
- Capitalisation and sharing of experiences.

SOCIAL IMPACT (MID-TERM REPORT)

- 13.085 youth enrolled.
- 3.214 youth in employment.
- 48 USD to 250 USD/month range of average income.
- 1 workshop on vocational training.