

alphamundi

FIMM

20

23



FRAMEWORK
FOR IMPACT
MEASUREMENT
AND MANAGEMENT

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01

Opening Remarks



T. Radjy

Managing Partner, AMG

In 2023, the AlphaMundi Group (“AMG”) delivered positive and measurable impact for more than half a million individual beneficiaries and thousands of SMEs through different channels: via its SocialAlpha and AlphaJiri funds; across co-investment mandates; by supporting the AlphaMundi Foundation’s catalytic activities; by sharing insights through speaker engagements at a dozen industry events; and through its collaboration with industry partners like Latimpacto in Latin America, 2X Global across regions, and the IMD, Impact for Breakfast and Swiss Sustainable Finance in Switzerland.

By the fall of 2023, AMG was certified as a B-Corp for the first time. We completed this process to ensure we understand this industry standard from within, to support the B-Corp movement, and to enhance our own impact strategy and footprint. We now look forward to joining the B-Corp community to learn from and forge new collaborations with its members.

By year’s end, we also decided that the European Sustainable Finance Disclosure Regulations (SFDR) Article 9 regulatory requirements were sufficiently comprehensive and demanding,

making our alignment on the Impact Principles redundant. The Principles are still very useful and relevant for any fund manager operating outside the EU, and we hope they will be embraced by an ever-growing community of stakeholders in developing countries as the industry’s balance progressively tilts towards local solutions run by local managers and funded by local investors.

SFDR compliance can be challenging when you manage a portfolio of small enterprises faced for the first time with new reporting requirements. AMG designed ESG Risk and Principal Adverse Impacts (PAI) assessments for its portfolio and pipeline companies in 2023 and aims to complete them in 2024. AMG also enhanced its Gender Lens Investing policy and worked on an online portal enabling its investors to access customized impact reporting as of 2024.

Every year brings its fair crop of rewards and challenges, and while AMG faced investment headwinds in 2023, it was still able to increase its impact, enhance its impact measurement practices, and pave the way for even greater additionality from 2024 onwards.



Luz Stecca

Research Fellow, Impact Management

As a pioneer actor in the impact investing industry, AlphaMundi considers accurate impact practices reporting to be crucial. Over the past few years, AlphaMundi has made incredible progress in this regard through effective collective efforts and by uniting junior and senior level researchers. Together, they contributed to the achievement of tangible outcomes such as the participation of AlphaMundi in co-founding the Gender Lens Initiative for Switzerland in 2021, the publication of AlphaMundi's Framework for Impact Measurement and Management ('FIMM') in 2022, and the achievement of B Corporation certification in 2023.

The principle of investor additionality is central to AlphaMundi's impact objectives. We seek to generate a catalytic impact for our portfolio companies by empowering them to measure

their impact semesterly and by contributing to their growth as businesses to access bigger market opportunities.

AlphaMundi's funds are fully aligned with Article 9 of the EU Sustainable Finance Disclosure Regulation (SFDR), which means that it is our duty to consider the Principal Adverse Impacts when formulating our investment strategies. Aligning with standards such as B Corp and the SFDR, and consistently using the FIMM methodology throughout the years, increases our level of accountability as we can check our impact progress over time. Last year's Impact Report incorporated the FIMM for the first time and served as a baseline for our impact measurement practices moving forward. This impact report is our first opportunity to reflect on the progress we can make as an impact investor over a year.

Summary

The AlphaMundi portfolio stood at 26 companies in 2023 compared to 19 in 2022. The permanent employee count of portfolio companies increased to 3,671, marking a 10.8% growth from the previous year. While the percentage of female permanent employees slightly decreased by one percentage point, efforts towards gender diversity remained steady, with 37% female representation (compared to 38% in 2022).

There was a substantial decrease in temporary employees, dropping by 58% from 2022 to 2023, resulting in a total of 3,956 portfolio company employees. This occurred due to changes in our portfolio's configuration, as the current portfolio companies operate with a smaller number of temporary employees and a moderate decrease in the number of temporary employees of pre-existing portfolio companies. As the overall amount of permanent employees increased, this decrease in temporary employees shows that our portfolio companies are transitioning towards more stable strategic models, and as they have grown in the last year, they have reduced the number of temporary employees and are instead investing in permanent staff that is more specialized and efficient. However, the proportion of female temporary employees increased to 47% (43% in 2022).

The portfolio companies experienced a notable increase in their aggregate client base, with 635,054 client individuals in 2023, reflecting a 16% growth from the previous year. Female client representation also saw a significant boost, rising to 35% (30% in 2022). The focus on supporting small entrepreneurs continued, as our portfolio for the year 2023 was composed 43% by Small and Medium Enterprises.

In 2023, 44% of portfolio companies implemented carbon emission reduction initiatives throughout the year and a total of 23,662 tCO₂e (metric tons of carbon dioxide) were avoided due to their products sold. The total revenue reached almost USD 200 million in 2023, reflecting a significant increase of approximately 70% compared with USD 115 million in 2022. This very significant growth in revenue can be explained by changes in the composition of our portfolio, as high-revenue companies have been added to it in 2023, but it's mainly due to the growth of some pre-existing portfolio companies. For example, CAPEM, a company that's been a portfolio company for a few years, experienced approximately 185% growth in revenue. In addition, Fundación Espoir experienced 111% in revenue growth over the last year. Finally, the addition of promising companies such as Zhana Solutions (that presented the fourth largest revenue growth among portfolio companies in 2023) also contributed to such impressive revenue growth.

	Number of Portfolio Companies	Total Permanent Employees	% of female Client Individuals	tCO ₂ e avoided
2022	19	3,313	30%	21,030

	Number of Portfolio Companies	Total Permanent Employees	% of female Client Individuals	tCO ₂ e avoided
2023	26	3,671	35%	23,662

10,8%

growth compared to last year

12,5%

growth compared to last year

04

AMG Impact Objectives

AMG's impact thesis is based on 8 operational impact objectives, each monitored by dedicated indicators, and each mapped to corresponding SDGs. The objectives can be structured into 3 levels. The first level (Objectives 1-3) concerns the immediate effects of our operations. The second level (Objectives 4-6) refers to the operational scale and quality of our portfolio

companies. The third level (Objectives 7-8) concerns the impacts created by the portfolio companies' products and services towards their beneficiaries and stakeholders. Furthermore, the sector-specific objectives referred to by Objective 8 are defined based on our sectoral theories of change, described in the FIMM report.

Our vision



Help finance the 2030 Agenda for Sustainable Development and the global transition to an impact economy.

Our mission



Finance the growth of privately-held impact ventures in Latin America and Sub-Saharan Africa, and contribute to the mainstreaming of impact investing.

AMG's impact efforts are guided by 8 operational impact objectives, each monitored by dedicated indicators, and each mapped to corresponding SDGs. The objectives can be structured into 3 levels. The first level (Objectives 1-3) concerns the immediate effects of our operations. The second level (Objectives 4-6) refers to the operational scale and quality of our portfolio companies. The third level (Objectives 7-8) concerns the impacts created by the portfolio companies' products and services towards their beneficiaries and stakeholders. Furthermore, the sector-specific objectives referred to by Objective 8 are defined based on our sectoral theories of change, described in the FIMM report.

L1

AMG operations

Objective 1: Support the growth of impact ventures

Objective 2: Contribute to the growth of the impact investing industry

Objective 3: Ensure the social and environmental sustainability of our own operations



L2

Portfolio companies

Objective 4: Maximize lives reached through investees

Objective 5: Promote gender considerations towards investees

Objective 6: Ensure investees apply the principle of 'do no harm'



L3

Products and services of portfolio companies

Objective 7: Ensure that investees create explicit benefits to the people and planet

Objective 8: Maximize the benefits delivered by investees



0.5

AMG products

AMG currently manages two funds, the SocialAlpha Investment Fund (SAIF) and the AlphaJiri Investment Fund (AJIF), as well as co-investments for fund investors and other partners.

These investments seek to bring to scale Latin American and African impact ventures through debt, mezzanine and equity instruments.



The AlphaJiri Investment Fund (AJIF) provides debt, mezzanine and equity finance to fuel the growth of impact ventures in the **sustainable food and renewable energy** sectors, with an emphasis on **sub-Saharan Africa**.

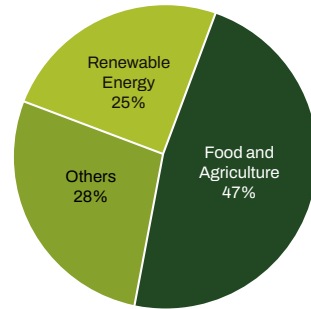
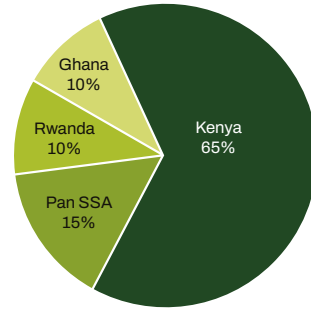


Figure 1. AlphaJiri sectoral and country exposure.

AUM

USD 13 M

Current Portfolio

9 COMPANIES

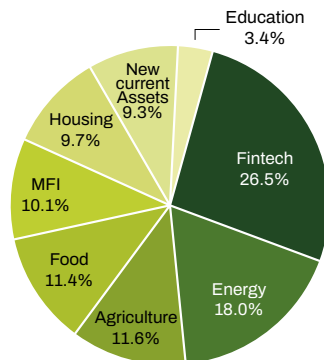
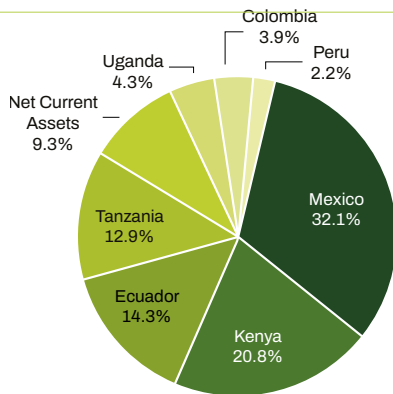


Figure 2. SocialAlpha sectoral and country exposure.

SocialAlpha Fund

The SocialAlpha Investment Fund (SAIF) aims to improve the lives of the poor by investing in sustainable impact ventures in **Latin America and in Africa**, covering sectors such as **finance, food, energy and housing**.

AUM

USD 16 M

Current Portfolio

17 COMPANIES

Co-investment portfolio

AlphaMundi facilitates **direct co-investments** by its fund investors to help them **customize their exposure** and to **increase their overall impact** and risk-adjusted returns.

AUM

USD 9 M

Current Portfolio

7 COMPANIES

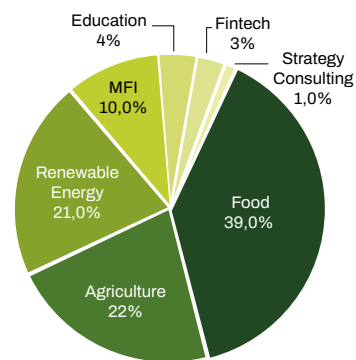
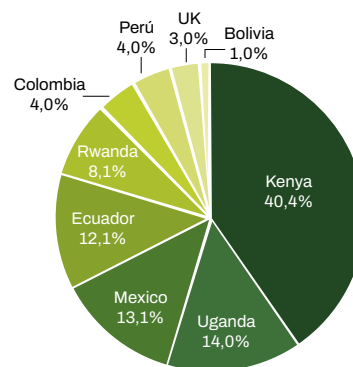


Figure 3. Co-Investment Portfolio sectoral and country exposure.

AMG Regional Coverage

Latin America



Africa



AMG OPERATIONS

L1

Objective 1

Support the growth of impact ventures

- 1.1. Outstanding investments
- 1.2. Portfolio company growth

Objective 2

Contribute to the growth of the impact investing industry

- 2.1. Contributions to market-building initiatives

Objective 3

Ensure the social and environmental sustainability of our own operations

- 3.1. B Impact Assessment Operations Score

PORTFOLIO COMPANIES

L2

Objective 4

Maximize lives reached through investees

- 4.1. Number of portfolio company employees
- 4.2. Number of direct beneficiaries (clients and suppliers)

Objective 5

Promote gender considerations towards investees

- 5.1. Share of female ownership
- 5.2. Business founded by a woman
- 5.3. Share of women in Senior Management
- 5.4. Share of women on the Board
- 5.5. Share of women in the workforce
- 5.6. Products/Services that specifically or disproportionately benefit women

Objective 6

Ensure that portfolio companies apply the principle of 'do no harm'

- 6.1. Attributable GHG emissions in 2022
- 6.2. Share of investments in companies active in the fossil fuel sector
- 6.3. Share of investments in companies with activities affecting biodiversity-sensitive areas
- 6.4. Share of investments in companies without carbon emission reduction initiatives
- 6.5. Share of investments in companies without compliance mechanisms towards the UNGC Principles and the OECD Guidelines for MNEs
- 6.6. Average unadjusted gender pay gap of portfolio companies
- 6.7. Average pay ratio of portfolio companies (ratio between highest and median salaries)

PRODUCTS & SERVICES OF PORTFOLIO COMPANIES

L3

Objective 7

Ensure that investees create explicit benefits to the people and planet

- 7.1. Impact narratives
- 7.2. Impact proof

Objective 8

Maximize the benefits delivered by investees

- 8.1. Clients with active loans from portfolio companies
- 8.2. Average Loan Size Disbursed to Client SMEs
- 8.3. Effective Interest Rate (EIR) to Client SMEs

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Our impact in 2023

Objective 1

Support the growth of impact ventures

Objective key:

This impact objective directly links to AMG's overall vision and mission (see page 3). Indicators of our success within this objective are the amount of financing we successfully

invest in impact ventures, the business growth experienced by our portfolio companies, and the additional support to impact ventures given by the AlphaMundi Foundation.

Principal SDG contributions



Target 8.4.
Decouple economic growth from environmental degradation

Target 8.8.
Promote labor rights and safe working environments



Target 9.2.
Promote sustainable industrialization

Target 9.3.
Increase the access of enterprises in developing countries to financial services



Target 17.3.
Mobilize financial resources for developing countries from multiple sources

Indicator 1.1
Outstanding investments

Total Portfolio

Status on 31 Dec 2023.

USD 38 M

26 COMPANIES

SocialAlpha

AlphaJiri

Co-Investments

USD **16 M**
17 companies

USD **13 M**
9 companies

USD **9 M**
7 companies

Sub-indicator
Average revenue growth in 2023

Total Portfolio

70%



Indicator 1.2
Portfolio company growth

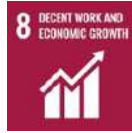
Objective 2

Contribute to the growth of the impact investing industry

Objective key:
This objective is rooted in AMG's vision of the world where impact investing has become mainstream. We track our performance on the

objective through measuring the number of industry associations, market building initiatives, and knowledge dissemination events that we participate in or organize.

Principal SDG contributions



Target 8.4.
Decouple economic growth from environmental degradation

Target 8.8.
Promote labor rights and safe working environments



Target 17.3
Mobilize financial resources for developing countries from multiple sources

Target 17.16
Enhance multi-stakeholder partnerships for the SDGs

Indicator 2.1
Contributions to market building initiatives in 2022

Sub-indicator

Industry association memberships

7

AMG was an active member of industry associations including Sustainable Finance Geneva (SFG), Swiss Sustainable Finance (SSF), Latimpacto, Toniic, and PYM. AMG is also a founding signatory to the Operating Principles for Impact Management.

Sub-indicator

Market building initiatives supported in Switzerland

3

In Switzerland, AMG collaborated with the industry association Swiss Sustainable Finance (SSF) at its first workshop on a National Advisory Board for Impact Investing in Switzerland in Bern in November, to join the international NAB network coordinated by the Global Steering Group for Impact Investing (GSG) in 2025. AMG also collaborated with Impact for Breakfast and iGravity to continue its series of Mission Multiplier webinars showcasing foundation and NGO engagement models to leverage impact investing. On Gender Lens, the leadership transfer for the Gender Lens Initiative for Switzerland (GLIS) from AMG to the Sustainable Finance Geneva (SFG) association was completed in spring.

Sub-indicator

Educational outreach

6

In 2023, AMG included three students in the organisation's operations as fellows, offering them a great opportunity to learn about and directly contribute to the impact investing industry. Our team is also very participative in surveys run by multiple actors (public, private, NGOs, academia) who seek to better understand and fill the gaps in our industry's development. Finally, in 2023, AMG collaborated with the IMD Business School in Lausanne to facilitate a Discovery trip to Bogota for 40 e-MBA students and a field research project on Africa for 5 e-MBA students in Nairobi.



The AMG team participated and spoke at a number of leading events and conferences around the globe, including:

- ✦ Latin America Impact Investing Forum, Merida, Mexico
- ✦ 10th Sankalp Africa Summit, Nairobi, Kenya
- ✦ StartCo Bogotá, Bogotá, Colombia
- ✦ Women Colombia Fintech, Bogotá, Colombia
- ✦ TONIIC Annual Gathering, Lisbon, Portugal
- ✦ Mission Multiplier, webinar, March 28
- ✦ The GIIN Impact Forum, Copenhagen, Denmark
- ✦ Building Bridges, Geneva, Switzerland
- ✦ Africa Fintech Summit, Lusaka, Zambia
- ✦ Moral Money Summit, Johannesburg, South Africa
- ✦ GLI Forum, Medellin, Colombia
- ✦ SOCAP, San Francisco, USA
- ✦ Peru Venture Capital Conference, Lima, Peru
- ✦ Latimpacto Learning Journey 2023, Geneva, Switzerland
- ✦ 19th Annual AVCA Conference, Cairo, Egypt
- ✦ Fi Gathering, Madrid, Spain
- ✦ B for Good Leaders Summit, Amsterdam, Netherlands
- ✦ Evento Financiando la Equidad de Género, Bogotá, Colombia

Objective 3

Ensure the social and environmental sustainability of our own operations

Objective key:
AMG strives to organize its operations in a socially and environmentally sustainable manner. We use the 'Operations Score of the B Impact Assessment*' as a yardstick for measuring our performance on this objective.

The B Impact Assessment evaluates companies on two aspects, the Operations Score, focusing on internal operations, and the Impact Business Model Score, based on the extent to which the company's business model is inherently impactful.

Principal SDG contributions



Target 5.5.
Ensure women's full participation and equal opportunities for leadership



Target 8.4.
Decouple economic growth from environmental degradation
Target 8.8.
Promote labor rights and safe working environments

Indicator 3.1.
B Impact Assessment Operations Score

91 Overall B Impact Score

6.8 Governance Policies and practices pertaining to the company's mission, ethics, accountability and transparency

18.9 Workers Employees' financial, physical, professional, and social well-being

18.4 Community Economic and social well-being of the communities in which the company operates

1.3 Environment The company's overall environmental stewardship

1.0 Customers The value created for the direct customers and the consumers of the company's products or services

AlphaMundi received an outstanding B Impact Score in 2023, its first year as a certified B Corp. AlphaMundi Group is paying close attention to the Governance, Workers, Community, Environment, and Customers

aspects of this evaluation and improving our performance in all of them will be a central priority in our 2024 impact strategy. More information on this topic is available in the "Outlook 2024" section of this report.

Improving AMG's operational impact

As a B Corp our responsibility is to foster sustained efforts to consistently improve our operations and impact. By closely accompanying the B Lab

Switzerland we are able to act and learn through the constantly evolving tools, methodologies and courses offered.

Objective 4

Maximize lives reached through investees

Objective key:

This objective relates to AMG's desire to achieve impact at scale through our investments. We measure this objective by the number of people

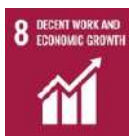
employed and the number of direct beneficiaries (clients and suppliers) served by our portfolio companies.

Principal SDG contributions



Target 1.2.
Reduce poverty in all its dimensions

Target 1.4.
Access to resources and basic services



Target 8.3.
Support job creation, entrepreneurship and SMEs

Target 8.5.
Achieve full employment and decent work for all

Indicator 4.1.
Number of portfolio company employees

Sub-indicator

Data for H2/2023

PERMANENT EMPLOYEES

3,671

Total Portfolio

(10,8% INCREASED COMPARED TO 3,313 IN 2022)

ATTRIBUTABLE TO AMG: 1,411 EMPLOYEES

SocialAlpha

AlphaJiri

Co-Investments

2,946

1,574

1,392

Sub-indicator

TEMPORARY EMPLOYEES

6,137

Total Portfolio

ATTRIBUTABLE TO AMG: 2,351 EMPLOYEES

SocialAlpha

AlphaJiri

Co-Investments

630

2,802

3,325

* See methodological notes on p. 17

Objective 4

Maximize lives reached through investees

Sub-indicator

Data for H2/2023

INDIVIDUALS

548,619

Total Portfolio

(COMPARED TO 544,000 IN 2022)

SocialAlpha	AlphaJiri	Co-Investments
488,500	68,500	65,500

Sub-indicator

MICROENTERPRISES

164,301

Total Portfolio

(162,000 IN 2022)

SocialAlpha	AlphaJiri	Co-Investments
128,000	22,000	31,000

Sub-indicator

SMEs

4,857

Total Portfolio

(3,150 IN 2022)

SocialAlpha	AlphaJiri	Co-Investments
2,407	2,407	2,450

Objective 4

Maximize lives reached through investees

JOBS SUPPORTED

12,918

Total Jobs

Direct	6,908
Induced	1,878
Supply Chain	2,613
Finance enabling	1,518
Total	12,918

Through the JIM (Joint Impact Model), we calculated 12,918 jobs supported directly or indirectly by our investments

While the percentage of female permanent employees slightly decreased by 1%, efforts towards gender diversity remained steady with 37% female representation (compared to 38% in 2022). However, the proportion of female temporary employees increased to 47% (43% in 2022). Considering that AlphaMundi

only invests in Latin America and Africa, two regions that struggle with significant gender equality challenges, this proportional increase in women receiving temporary jobs represents progress towards professional empowerment of women in these regions.

Objective 5

Promote gender considerations towards investees

Objective key:

AMG recognizes that empowering women is crucial not only for gender equality but also for global poverty reduction and economic development. AMG seeks to leverage its position to promote gender

considerations within its portfolio companies using leading industry standards, and tracks its portfolio performance on gender against criteria defined by the 2X Challenge gender framework.

Principal SDG contributions



Target 5.1.
End all discrimination against women

Target 5.5.
Ensure women's full participation and equal opportunities for leadership



Target 8.5.
Achieve full employment and decent work for all



Target 1.4.
Access to resources and basic services

Indicator: Portfolio Performance on Gender Against 2X Criteria

		AMG portfolio	SocialAlpha	AlphaJiri
Entrepreneurship	Indicator 5.1. Share of female ownership > 50%	5%	7.7%	0%
	Indicator 5.2. Business founded by a woman	2.5%	3.9%	0%
Leadership	Indicator 5.3. Share of women in Senior Management >30%	24.7%	40%	38%
	Indicator 5.4. Share of women on the Board >30%	18%	16%	29%
Employment	Indicator 5.5. Share of women in the workforce >40% AND Policies/initiatives in place to advance women	40%	40%	43%
Consumption	Indicator 5.6. Products/Services that specifically or disproportionately benefit women	40%	50%	29%

Objective 5

Promote gender considerations towards investees

AMG through a Gender-Lens

Performance Analysis

Based on data from 2022, **67% of AMG's Portfolio** was aligned with the 2X Criteria. As of 31 December 2023, all of our portfolio companies (100%) aligned with this criteria, which signifies a great achievement in terms of gender impact.

Measurement and Tools

AMG has developed a **comprehensive and quantitative gender assessment** tool that measures portfolio companies against the 2X criteria. Implemented in 2023, the tool serves to set the baseline to monitor portfolio companies' progress against gender outcomes. To support such progress, the AlphaMundi Foundation has worked with individual portfolio companies to help improve their approach to gender, through targeted technical assistance programs.

Looking Ahead

Gender efforts resulted in incredibly impactful performance of AlphaMundi's portfolio companies. However, there is still much room for improvement.



Objective 6

Ensure that portfolio companies apply the principle of ‘do no harm’

Objective key:

This objective relates to ensuring that our investments, while having certain positive impacts (e.g., poverty reduction), also do no significant

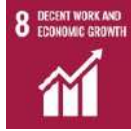
harm to any other sustainability factors (e.g., GHG emissions). We track the objective with the SFDR's Principal Adverse Impact ('PAI') indicators.

Principal SDG contributions



Target 5.1.
End all discrimination against women

Target 5.5.
Ensure women's full participation and equal opportunities for leadership



Target 8.5.
Achieve full employment and decent work for all

Total Portfolio

SAIF

Indicator 6.1

Attributable GHG emissions in 2023

Scope 1	4,329 tCO2eq	455 tCO2eq
Scope 2	226 tCO2eq	89 tCO2eq
Scope 3	9,836 tCO2eq	4,486 tCO2eq

Indicator 6.2

Share of investments in companies active in the fossil fuel sector

0%

0%

Indicator 6.3

Share of investments in companies with activities affecting biodiversity-sensitive areas

0%

0%

*Scope 1 Emissions: Direct emissions from sources that are owned or controlled by the organization, such as emissions from company-owned vehicles, on-site fuel combustion, or industrial processes.

Scope 2 Emissions: Indirect emissions associated with the generation of purchased electricity, heat, or steam consumed by the organization. They occur at the facility where the electricity is generated.

Scope 3 Emissions: Indirect emissions that occur as a result of the organization's activities but are from sources not owned or controlled by the organization. They often include emissions from the supply chain, business travel, employee commuting, waste disposal, and product use.

Objective 6

Ensure that portfolio companies apply the principle of 'do no harm'

Total Portfolio

SAIF

Indicator 6.4

Share of investments in companies without carbon emission reduction initiatives

31%

41%

Indicator 6.5

Share of investments in companies without compliance mechanisms towards the UNGC Principles and the OECD Guidelines for MNEs

32%

55%

Indicator 6.6

Average unadjusted gender pay gap of portfolio companies

23%

29%

Indicator 6.7

Average pay ratio of portfolio companies (ratio between highest and median salaries)

17.8%

9.7%

*All percentages based on data from 31 Dec 2023

AMG and the SFDR

In 2023, the European Union made compliance with Principal Adverse Impact (PAI) monitoring mandatory for funds that are classified under Article 9 of the Sustainable Finance Disclosure Regulation ('SFDR'). A Principal Adverse Impact (PAI) is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social and employee concerns,

respect for human rights, anti-corruption, and anti-bribery matters. AlphaMundi used the Joint Impact Model to calculate scope 1, 2 and 3 emissions for its funds which allows our team to collect the information needed to comply with the SFDR and ensure transparency and impact monitoring for establishing goals for the long term.

Objective 7

Ensure that investees create explicit benefits to the people and planet

Objective key:

The motivation of this objective is to ensure that all of AMG's portfolio companies credibly contribute to positive impact. For this purpose, AMG analyzes the 'Impact Case' of each portfolio company,

consisting of two interrelated parts: the qualitative 'Impact Narrative' and the quantitative 'Impact Proof'. A summarized example is shown here for one portfolio company.



Impact Case Study Ilara Health

IMPACT NARRATIVE

Challenge

Less than half of Africa's citizens (48%) – some 615 million people – have **access to the healthcare** they need. When quality of healthcare services is considered, service coverage scores across African countries are even lower. Furthermore, access to essential services is **inequitable**, both in terms of socioeconomic factors and gender. While health outcomes in Africa are improving, the progress is slow. A major factor perpetuating the situation is the low number, quality, and capability of **healthcare workers**. The healthcare **needs** of the African population are also changing, with changes in lifestyle and a growing middle class are making noncommunicable diseases like cardiovascular disease, cancer, and diabetes big issues among populations [1,2,3, 4]. The measures to be taken to improve the situation include reorienting health sector priorities beyond curative care and to encompass **preventive and promotive care**, prioritizing and strengthening **primary healthcare**, and investing in strengthening **health system inputs**, especially in primary healthcare.

In Kenya, the primary care sector is **highly fragmented**, with most of the clinics owned by clinicians and nurses who run them. This means that the clinics face challenges that are similar to any SMEs in the African context, i.e., **lack of access to financing** that would allow them to have the resources necessary to develop their businesses, acquire essential diagnostic devices and to **hire skilled talent** to operate the devices, etc. In Kenya alone, a large number of clinics exist (> 10,000) in need of such devices, leading to a low level of quality in first line healthcare services available to the population.

Solution

Ilara's impact hinges exactly on providing solutions to this challenge. It competitively sources a range of **portable medical diagnostic devices** from original equipment manufacturers, and offers them to primary care clinics in Kenya at **accessible prices** through a lease-to-own model. The devices in Ilara's portfolio address 80% of the testing demand across these clinics and pharmacies. An advantage with the portable devices offered by Ilara is that they do **not require sophisticated diagnostics skills** training, thereby easing the challenge of finding competent workforce for these clinics. **Ilara complements this offering with various services**, including technical support and training, provision of credit, and the provision of laboratory and medical diagnostics services.

Overall, the solutions provided by Ilara are expected to help the primary healthcare clinics in Kenya to build their range of services, leading to an increase in affordable quality healthcare available to underserved communities.

Objective 7

Ensure that investees create explicit benefits to the people and planet



Impact Case example Ilara Health (continued)

IMPACT NARRATIVE (continued)

Potential for impact

The business model of Ilara is **strongly aligned with generating positive social impact**, i.e., its financial success depends on its ability to support its client clinics to strengthen their healthcare services offering and the health outcomes of the beneficiary population. The potential for Ilara to fulfill its potential for impact depends on **two crucial interlinked factors**: 1. Whether the model is economically sustainable/profitable for the clinics; 2. Whether the services enabled by Ilara’s business model respond to an existing need among the population in an accessible, affordable and satisfying manner.

Evidence collected **until now** shows **promising results** for these two factors: Ilara’s client clinics on average have grown their monthly revenues from USD 5,000 to USD 5,500-6,000. Also, default rates remain at ~5% below the average, most likely since medical practitioners have a higher credit discipline than the average borrower. Furthermore, due diligence research performed by AMG revealed that clinics supported by Ilara were able to provide a number of services at 50% of the standard market price towards their customers.

In the **long-term perspective**, Ilara also shows **promising impact potential**. The company has realized that to radically improve health outcomes requires a systemic change, and that the healthcare ecosystem is reliant on interlinked aspects of care delivery such as provider education, diagnostics, therapeutics, payer coverage, and patient education. This realization pushed Ilara Health to focus on supplementing its core diagnostics model with additional complementary service offerings and educational campaigns. Furthermore, Ilara’s impact potential is increased by their focus on clinics that serve the bottom of the pyramid population, and by helping them to provide quality health services particularly to women (e.g., pre-natal screening) who would not otherwise have access to those services.

Impact themes and goals

Theme: Access to Quality Health Care
Goal 1: Strengthen primary care ecosystem: increase capability & capacity

Theme: Access to Quality Health Care
2: Increase access to healthcare for patients (accessibility & affordability)



Objective 7

Ensure that investees create explicit benefits to the people and planet



Impact Case example Ilara Health (continued)

IMPACT PROOF (company-specific metrics)

Potential for impact

Strengthen primary care ecosystem

Access to Quality Health Care

WHAT is the addressed outcome?

Increase in:

1 Income of client clinics

1 Increase in tests provided to underserved populations

2 Jobs in client clinics

2 Lower cost of services

WHO is benefitting?

- * clinics in low-income areas
- * rural clinics
- * clinics led by women

- * Share of low-income patients
- * Share of female patients

HOW MUCH impact is occurring?

- * Outcome 1: 1,805 clinics in rural areas as of December 2023
- * Outcome 2: an average of 40% female senior management of the clinics

- * Outcome 1: 3,004 clients served by Ilara Health's services
- * Outcome 2: 745 female client individuals served, and although that is still a small portion of their total clients, this share has increased throughout the year 2023 (717 as of June 2023)



Objective 8

Maximize the benefits delivered by investees

Objective key:

The motivation behind this objective is to ensure that in each sector that AMG invests in, positive impact is being created at scale and depth for

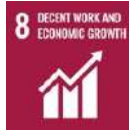
relevant beneficiaries. Tracking the objective is done by sector-specific indicators, which are identified based on sectoral theories of change.

Sector: Financial Services

Principal SDG contributions



Target 1.4.
Equal access to economic resources and basic services



Target 8.3.
Support job creation, entrepreneurship and SMEs



Target 9.3.
Access of small-scale enterprises to financial services, value chains and markets

Indicator 8.1.
Clients with active loans from portfolio companies

Sector-specific indicators Status on 31 Dec 2023

Sub-indicator

SocialAlpha

Average loan

INDIVIDUALS

72,962

USD 4116

Compared to 24,000 individual and USD 3320 average loan size in 2022

Sub-indicator

SocialAlpha

Average loan

MICROENTERPRISES

64,957

USD 40,045

Compared to 96,700 microenterprises and USD 39600 average loan size in 2022

Sub-indicator

SocialAlpha

SMEs

261

Compared to 228 in SocialAlpha 2022

Indicator 8.2.
Average Loan Size Disbursed to Client SMEs

USD 11,633

Indicator 8.3.
Effective Interest Rate (EIR)

36%

Since its inception, AMG has consistently emphasized the theme of financial inclusion. Presently, the SAIF portfolio, particularly in Latin America, includes numerous microfinance and fintech companies. These entities play a crucial role in expanding access to financial services for women, microenterprises, and SMEs. This, in turn, fosters economic development and aids in

alleviating poverty in urban as well as rural areas. Part of the additional impact provided by our Portfolio Companies in the Financial Services sector is their non-financial contribution, with 23% of the loans provided in 2023 being bundled with technical assistance and other forms of non-financial support.



Gender

Company spotlight Fundación Espoir (Equador)

Fundación Espoir is an Ecuadorian microcredit company focused on serving microentrepreneurs with limited access to financing.

Espoir reached a very impressive gender mark in 2023, having supported 34,577 women in acquiring credit. In addition, women compose 60% of their board and 28% of senior management.

In addition, Espoir offers products that are directed specifically at women beneficiaries and has initiatives in place to advance women empowerment in the workplace.

Objective 8

Maximize the benefits delivered by investees

Objective key:
The motivation behind this objective is to ensure that in each sector that AMG invests in, positive impact is being created at scale and depth for

relevant beneficiaries. Tracking the objective is done by sector-specific indicators, which are identified based on sectoral theories of change.

Sector: Housing

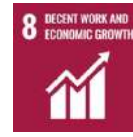
Principal SDG contributions



Target 1.2.
Reduce poverty in all its dimensions



Target 2.3.
Enhance incomes of small-scaled producers
Target 2.4.
Ensure sustainable food production



Target 8.3.
Support job creation, entrepreneurship and SMEs

Indicator 8.4.
Emissions Avoided

Sector-specific indicators

Total Portfolio

* See methodological notes on p. 17

13,869 tCO₂e

Indicator 8.5.
Number of Housing Units Sold

226

Indicator 8.6.
Share of Low-Income Clients

48,67%

Our commitment to investing in sustainable and affordable housing lies at the heart of our strategic approach aimed at generating both environmental and social impacts.

By prioritizing this initiative, we not only address the pressing need for housing but also contribute to mitigating environmental challenges and fostering community well-being. Through our investments, we aim

to create long-lasting positive effects by promoting eco-friendly construction practices with a focus on climate change mitigation, enhancing access to quality housing for underserved populations, and catalyzing economic development in the regions we operate.

Climate

Company spotlight Comvive (Mexico)

Comvive is a Mexican sustainable housing company that achieved impressive impact objectives in the year 2023. They were climate protagonists of AlphaMundi's portfolio, with 13,869 tCO2e of greenhouse gas emissions

avoided due to products sold. Comvive provides affordable housing and has a client base composed of 48% low-income individuals.



Objective 8

Maximize the benefits delivered by investees

Objective key:
The motivation behind this objective is to ensure that in each sector that AMG invests in, positive impact is being created at scale and depth for

relevant beneficiaries. Tracking the objective is done by sector-specific indicators, which are identified based on sectoral theories of change.

Sector: Food and Agriculture

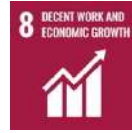
Principal SDG contributions



Target 1.2.
Reduce poverty in all its dimensions



Target 2.3.
Enhance incomes of small-scale producers
Target 2.4.
Ensure sustainable food production



Target 8.3.
Support job creation, entrepreneurship and SMEs

Indicator 8.1.
Sector-specific indicators
Number of Direct Beneficiaries - Smallholder Farmers

Total Portfolio

201,457

SocialAlpha
196,885

AlphaJiri
201,457

Indicator 8.2.
Share of direct beneficiaries experiencing an increase in income and productivity

Total Portfolio

37,15%

* See methodological notes on p. 17

AlphaMundi invests in sustainable agriculture in Africa due to the immense potential it holds for both financial returns and positive social impact. By supporting sustainable agriculture practices, AlphaMundi aims to address pressing issues such as food security, poverty alleviation, and environmental sustainability. Investing in African agriculture not only generates

economic opportunities for local communities but also contributes to long-term resilience against climate change and other global challenges. Moreover, by promoting sustainable practices, AlphaMundi seeks to foster inclusive growth and empower smallholder farmers, ultimately driving sustainable development across the continent.



Stakeholder Empowerment

Company spotlight Complete Farmer (Ghana)

The Complete Farmer platform is conceived as an end-to-end solution for the agricultural value chain, catering to food growers, buyers, and enthusiasts alike. With a vision to foster global unity through shared sustenance, it aims to facilitate collaboration and innovation. The platform's relentless pursuit of pushing boundaries reflects its dedication to redefining possibilities in agriculture.

Key facts:

- ✦ 4572 farmer clients who are smallholders
- ✦ 10.3% of clients report an increase in productivity and income
- ✦ 40% female senior managers

George Glenn Frimpong is a local grower who was positively and directly impacted by Complete Farmer's services. According to his testimony, George received invaluable business advice, secured reliable buyers for his produce and received technical assistance from experts in pest and disease control.



07

The AlphaMundi Foundation

Created in 2016, the AlphaMundi Foundation (AMF) is AMG's sister organization which is dedicated to fostering the long-term success of Small and Medium Enterprises (SMEs) in Africa and Latin America, with a particular focus on gender and climate challenges. They offer a unique combination of catalytic funding and technical assistance to help SMEs overcome barriers to growth. AMF also

actively contributes to the development of the field of Gender Lens Investing for Climate (GLIC) through leadership and research. AMF has successfully partnered with organizations like USAID, GIZ, SDC and DEG to implement various programs that drive economic transformation and promote sustainable and inclusive development in these regions.

Water and Energy for Food (WE4F) Organic Fertilizer project

In 2023, AMF launched the Water and Energy for Food (WE4F) Organic Fertilizer project with support from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The project supports eight gender-forward SMEs—women-owned/led or at least 30% female representation in the leadership team and/or across the workforce—in scaling the production of organic fertilizers in East and West Africa.

The Organic Fertilizer Program generates direct impacts on three different fronts:

Enhances Resilience: Organic fertilizers help African smallholder farmers reduce dependence on volatile global supply chains by providing locally sourced alternatives to synthetic fertilizers, thus ensuring a more reliable and sustainable food supply.

Promotes Environmental Sustainability: Organic fertilizers, derived from plant and animal residues, improve soil and water quality, unlike synthetic fertilizers, which can cause environmental harm. This contributes to a more sustainable agricultural model and safeguards natural resources.

Drives Economic Growth: The production and use of organic fertilizers create new income opportunities for local farmers and producers, foster rural development, and support the growth of African SMEs and cooperatives, leading to a more prosperous and resilient agricultural sector.





Gender-Smart Technical Assistance

AlphaMundi's gender-smart technical assistance projects, with collaborations with Moko, Mr. Green Africa, and Asili Agriculture, focused on improving gender inclusivity within these businesses. Outcomes included increased female representation in management and suppliers, financial growth and business development, and enhanced access to resources for women farmers.

The Gender-Smart Technical Assistance Programs generate direct impacts on three different fronts:

Enhances Employee Satisfaction and Safety

Applying gender-smart strategies within companies can significantly improve women employee's satisfaction and create a safer working environment for all employees.

Transforms Supplier Relationships

These strategies can also lead to a substantial shift in supplier relationships, with a greater focus on female suppliers and a resulting increase in their income.

Boosts Business Growth and Resilience

By implementing gender-inclusive strategies, companies can access a wider talent pool, increase innovation, and build stronger relationships with suppliers and stakeholders, ultimately leading to enhanced business growth and resilience.

Outlook for 2024

In AlphaMundi Group's quest for additionality, we established a global Impact Committee (IMCO) in 2023 that will meet twice a year. The AMG Impact Committee is composed of three external advisors who have years of relevant experience in the impact space and can support our company with unbiased, constructive, and critical feedback to elevate our impact strategy and practices.

Vanina Farber is an experienced Professor of Social Innovation and currently holds the position of Dean of the Executive MBA at IMD Lausanne. **Luciana Aguiar** has a PhD in Visual Anthropology from Cornell University and serves as Sustainable Finance Program Manager at UNDP's New York office. Our third IMCO member, **Ulrich Grabenwarter** is the Director of Equity Investments at the European Investment Fund in Luxembourg and has worked as a Visiting Professor and Impact Investing Researcher at IESE Business School. Their diverse backgrounds offer a unique perspective to advance AlphaMundi's impact agenda.

In 2023, the Impact Committee defined long-term goals for AlphaMundi's impact strategy by enhancing its impact thesis and developing in **2024** specific impact objectives that are attainable, measurable, and customized to each fund and portfolio company, with contractual benefits and drawbacks for companies who achieve them or fail to do so. AMG will also expand impact considerations in the performance assessment framework of its staff, linking the prospects of promotions, salary increases, and bonuses to portfolio company compliance with impact reporting requirements and their achievement of impact objectives.

According to our IMCO, the next big step for the industry would be to move from accounting to accountability. This is an aspect in which AMG has been actively engaged by participating in a variety of market-building initiatives in Switzerland and abroad, and by constantly improving its impact management practices. In addition, impact investors are pursuing climate solutions across their portfolios to foster a green transition. This opportunity holds significant promise, especially in developing countries, with a particular focus on gender equality for a just transition, and these are the central aspects that will be prioritized in our impact strategy in 2024 and beyond.

Methodological notes

- The aggregated indicator values are calculated either by summing or by taking the average of data from the respective portfolio companies.
- To better measure the employment provided by AMG portfolio companies, we now ask the companies to provide data on both permanent and temporary employees.
- The data for metrics referring to “GHG emissions avoided” is calculated by the estimated future lifetime emissions avoided due to products sold in the reporting period; the exception is companies that lease their products, for which the calculation is based on emissions avoided during the reporting period due to the leased products.
- For some indicators, an estimated AMG contribution is given; this value is calculated by multiplying data from each company by the percentage that AMG’s outstanding investment represents of said company’s total balance sheet value.
- Imputed values have not been used; in case of missing data points, the company in question has simply been excluded from the respective calculations.
- AlphaMundi utilizes the Joint Impact Model (JIM) to acquire local and sectoral level data on our portfolio companies’ impact

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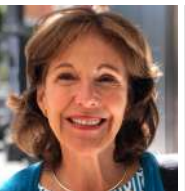
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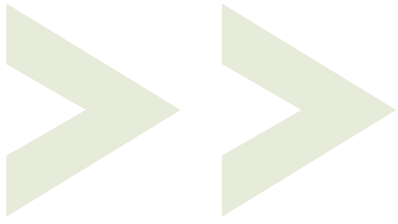
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