

Finethic SCA, SICAV-SIF,
 Microfinance D1 – USD
 LU1107642198
 NAV: USD 1,024.68

Legal Form	SICAV-SIF subject to Luxembourg Law
Creation Date	09/30/2014
Minimum Investment	USD 200,000
Trading Frequency	Monthly
Issue Price	USD 1,000.00
Management Fee	0.5%
Management Company	Fundo SA Lausanne Switzerland
Investment Adviser	Symbiotics SA Geneva Switzerland
Administrative Agent	European Fund Administration (EFA) Luxembourg
Depository Bank	Banque de Luxembourg
Auditor	Ernst & Young, Luxembourg
Contact	Jacques Grivel Tel. +41 (0)21 340 65 65 Fax +41 (0)21 340 65 60 grivel@finethic.org
Representative in Switzerland	Fundo SA
Paying agent	Credit Suisse
Last distribution	USD 6.00 (Pay date: 06/30/2017)

Fund's Strategy

Finethic Microfinance invests in microfinance institutions (MFIs). Investments are either direct or indirect. Direct investments are devoted to debt financing, chiefly through promissory notes or bonds issued by MFIs. Indirect investments are executed through various investment vehicles dedicated to microfinance, for instance funding vehicles like collateralized debt obligations (CDOs) or shares of funds specialized in microfinance. Special consideration is applied to the selection of investments and the solvency of loan recipients.

Loans to MFIs are only made in currencies which can be hedged against the base currency of the fund (USD). Currency risks are systematically hedged, the only exception is where a currency is officially pegged to the USD. The aim is to have a hedging ratio of 100%. Nevertheless, this ratio may vary on account of cash management and accrued interest.

Fundo SA Institutional Management has prepared this documentation exclusively for illustrative purposes. It has been developed on the basis of information received from carefully selected contributors. Nevertheless in no event does it constitute a part of the official fund prospectus or the marketing documentation issued by the fund's promoter. This document constitutes neither a sales document nor a solicitation in regard to the subscription of fund shares. Past performance is no guarantee of future results. The relevant risk factors attached to the investment policy and its implementation through specific financial instruments are described in the official fund prospectus.

Monthly commentary

January 2018

With the data on financial institutions available in the industry benchmark index SYM50, we have looked back at the trends in the MSME financing industry during 2017. By doing so, we saw that the MSME market experienced its strongest growth since 2013, with total assets growing on average by 21% (as compared to 10% in 2016). Portfolio quality remained very stable with PAR30 at 5.2% in 2017 vs 5.0% in 2016. At the same time, overall profitability improved, with RoA of 2.2% (vs 1.9% in 2016) and RoE of 11.4% (vs 9%), signs of both an increased average loan size and improved productivity. Despite significant regional disparity, we note that the industry continued to do well in 2017.

The Fund generated a return of 0.31% in its USD share class. Two new loans were disbursed in Mexico and Palestine, totaling USD 1 million. Two potential investments are currently either approved, or already disbursed for February 2018, for a combined notional principal of USD 1 million. The Fund's portfolio risk concentration level has decreased, with concentration in top-5 invested countries reaching 39.9% of the portfolio invested in microfinance.

Monthly Returns

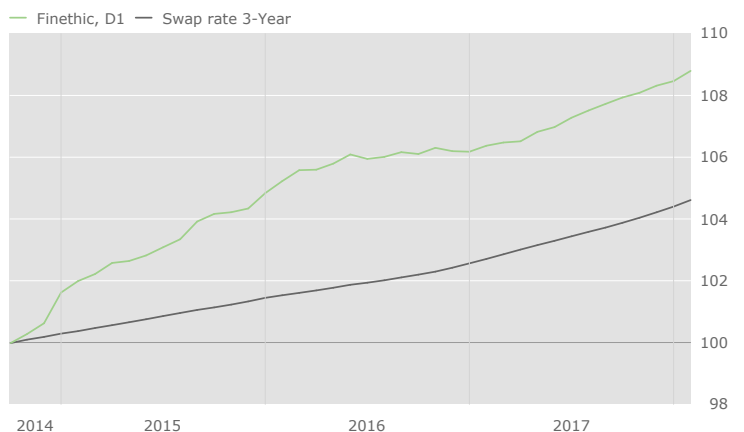
2014–2018

Annual Returns [%]		Monthly Returns [%]												
*Swap rate 3-Y		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
0.29	1.62										0.27	0.35	0.99	2014
1.15	3.17	0.37	0.22	0.35	0.06	0.17	0.26	0.25	0.56	0.24	0.05	0.12	0.48	2015
1.10	1.28	0.37	0.34	0.01	0.19	0.28	-0.14	0.06	0.14	-0.06	0.19	-0.10	-0.02	2016
1.79	2.15	0.18	0.10	0.04	0.29	0.14	0.28	0.22	0.20	0.19	0.14	0.21	0.14	2017
0.20	0.31	0.31												2018

*Interest swap rate, 3-Year (USD). Past performance is no guarantee of future results.

Cumulative Returns

2014–2018, 09/30/2014=100



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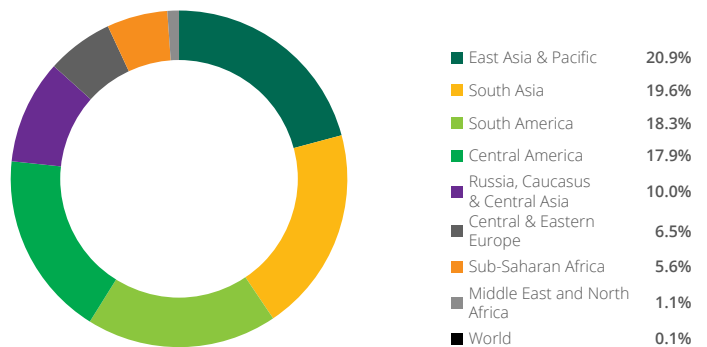
Comparative Analysis
 09/30/2014 – 01/31/2018

	Cumulative Returns	Arithm. Mean	Geom. mean	Average Ann. Return	Best Month	Positive Months	Skewness
Finethic, D1	8.79%	0.21%	0.21%	2.56%	0.99%	90.00%	1.55
Swap rate 3-Year	4.61%	0.11%	0.11%	1.36%	0.20%	100.00%	0.84

	Worst Month	Max Drawdown	Profits v. Losses Ratio	Standard Deviation	Annualized Volatility	Annualized Semi-Vol.	Ratio de Sharpe ann.*
Finethic, D1	-0.14%	-0.14%	9.00	0.19%	0.67%	0.56%	2.14
Swap rate 3-Year	0.07%	0.00%		0.03%	0.11%	0.09%	4.24

	Correl.*	R-Squared*	Ann. Jensen Alpha*	Beta*	Ann. Tracking Err.	Ann. Info. ratio
Swap rate 3-Year	0.55	0.31	-0.0015	4.52	0.68%	1.73

*Risk-free Rate: Libor 3M

Breakdown
 Geographic Zone

Country Breakdown (loan portfolio)
 As of 01/31/2018

1 INDIA	13.19%	21 KYRGYZSTAN	1.57%
2 CAMBODIA	7.51%	22 BANGLADESH	1.36%
3 ECUADOR	6.97%	23 MEXICO	1.29%
4 COSTA RICA	6.58%	24 MAURITIUS	1.26%
5 PERU	6.53%	25 SINGAPORE	1.25%
6 NICARAGUA	4.13%	26 KENYA	1.12%
7 CHINA	3.73%	27 COLOMBIA	0.95%
8 GEORGIA	3.49%	28 MOLDOVA, REPUBLIC OF	0.91%
9 BOLIVIA	3.27%	29 HONDURAS	0.87%
10 INDONESIA	3.14%	30 COTE D'IVOIRE	0.78%
11 PANAMA	2.89%	31 UZBEKISTAN	0.63%
12 SRI LANKA	2.83%	32 PARAGUAY	0.62%
13 MONGOLIA	2.62%	33 BELARUS	0.50%
14 BOSNIA AND HERZEGOVINA	2.35%	34 JORDAN	0.48%
15 PAKISTAN	2.22%	35 TAJIKISTAN	0.47%
16 MYANMAR	2.13%	36 TANZANIA, UNITED REPUBLIC OF	0.42%
17 ARMENIA	2.06%	37 GHANA	0.42%
18 EL SALVADOR	1.89%	38 ROMANIA	0.39%
19 KAZAKHSTAN	1.77%	39 POLAND	0.39%
20 KOSOVO	1.76%	40 Others	3.28%

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