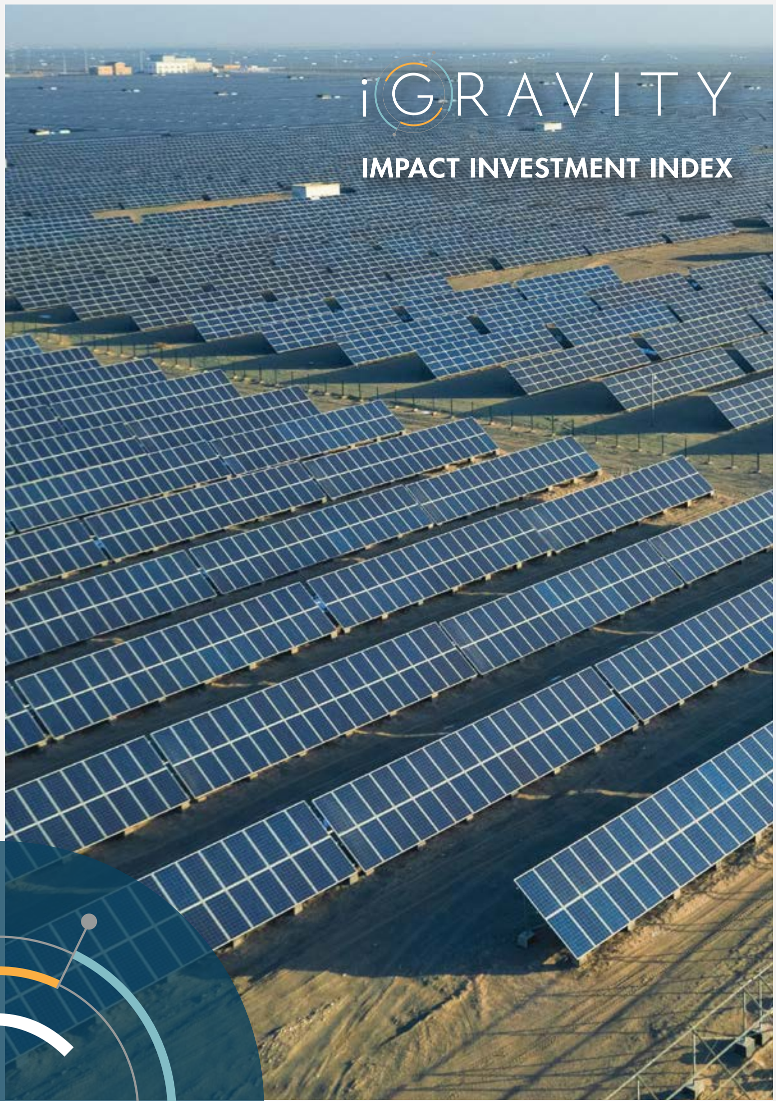
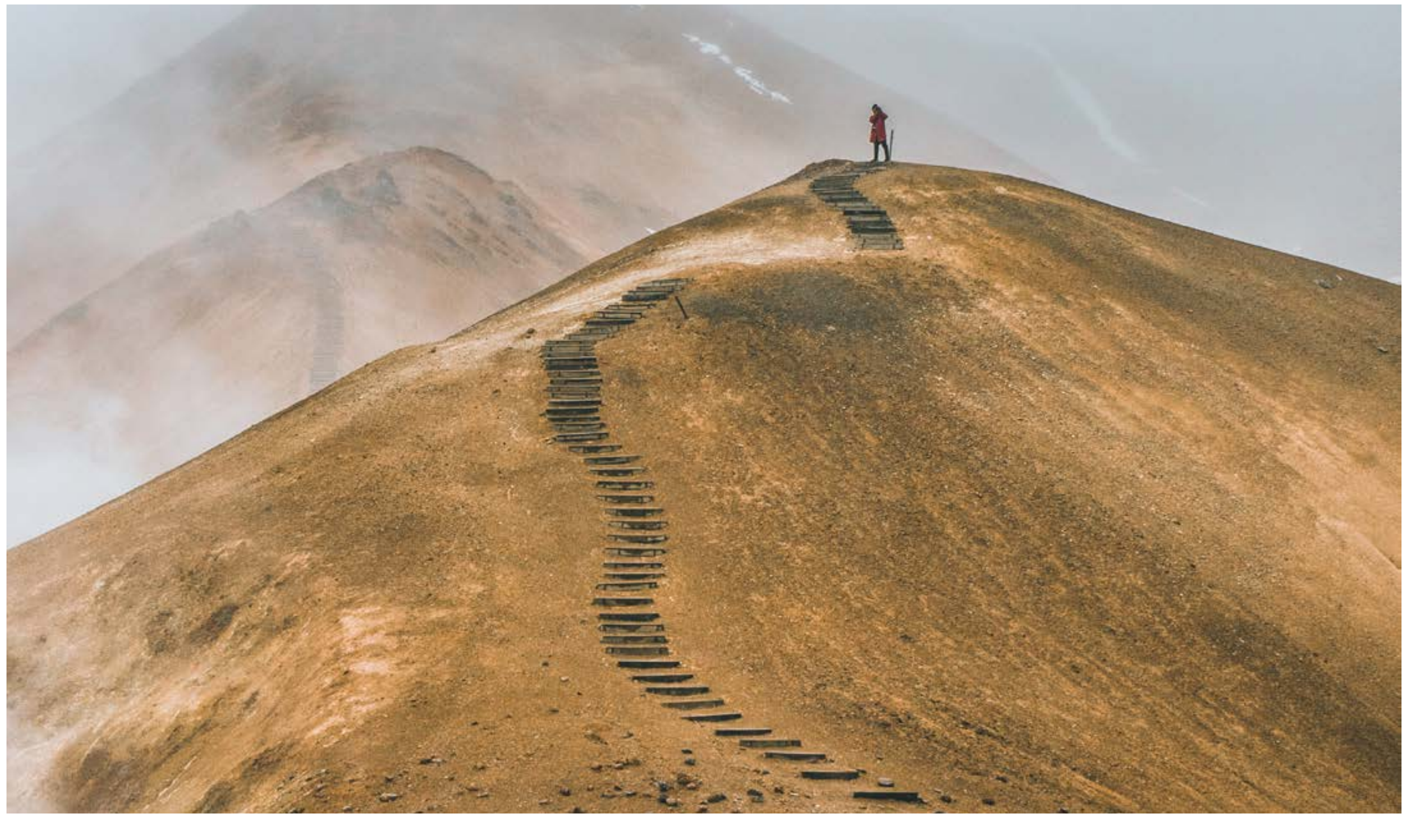


iGRAVITY

IMPACT INVESTMENT INDEX

Financial and Impact Performance Report

2022



Dear investors, partners, and readers,

Today, almost three years since the launch of the iGravity Impact Investment Index, we look back on an exciting journey with all the ups and downs that come with building something new and different. With this annual report, we take a step back from the day-to-day challenges to celebrate the significant strides we have made towards mobilizing more financial resources towards impact.

Thanks to our strong networks with international and local partners, combined with our dynamic investment opportunities database, we are proud to have built an outstanding portfolio with some of the best impact investment opportunities from a financial, impact and liquidity perspective.

We now manage over USD 20M in the semi-liquid space and have delivered about 7.0% net returns to our investors on a cumulative basis since the inception (and this in a highly challenging context for the financial industry overall!). At the same time, we have kept strengthening the impact profile and performance of the portfolio, with noticeable increases in the uniqueness and impact contribution.

Whether you are already an investor or partner or whether you are simply curious to understand how we manage an attractive portfolio from both a financial and impact perspective, we hope that the following pages will inspire you to systematically consider impact in your (investment) decision-making!

Lastly, all of this would not be possible without the amazing work of our teams in Zurich, Milan, Nairobi, and Kampala – and not least the strong ongoing support we get from our investors and partners.

PATRICK ELMER
Founder and CEO

Three years ago, we started a journey with the mission to encourage and enable more private actors to invest in impactful products and enterprises and thereby contribute to accelerating progress towards a more sustainable and equitable future. We are doing so by offering access to unique impact investment opportunities across asset classes, sectors and geographies that offer competitive financial returns and by guaranteeing that we are not compromising on impact.

Indeed, from an impact perspective, our ultimate objective is to generate the most possible impact per dollar invested within the given risk/return and liquidity requirements of our portfolios. At first glance, this may sound relatively straightforward. However, many impact investors will agree that it is in fact (much!) easier said than done.

For example, how do you assess the impact of an investment that enables 100 young people from emerging countries to attend quality education, become resourceful leaders and potentially return to their home countries to drive economic, social, and political change? And how do you compare it with an investment that provides affordable finance to 1,000 rural MSMEs providing goods, services and livelihoods to another 10,000 people in emerging countries? How about an investment that enables agricultural companies to change their practices to sustainable or even regenerative farming practices, thereby mitigating climate change risks at the global and not least local level – possibly preventing nearby communities from displacement due to climate-related events?

And what if you factor in the different features across investment products? For example, investing in a single company to directly assist them on their impact journey as opposed to backing an impact fund manager that can generate impact at a larger scale? And finally, what if you factor in considerations around portfolio construction, liquidity and additionality?

You get the idea. Assessing – and comparing – investments from both an impact and financial perspective is highly complex. At iGravity, we do so by integrating a diverse set of skills in the investment process, and by combining impact and financial lenses as opposed to negotiating around an impact-return trade-off. We continuously work to keep our impact framework aligned with the highest international standards, which requires dedicated resources and sector specialists.

Through the present Financial and Impact Performance Report we are proud to share what we have achieved in the past year, what we have learnt along the way, and where we are heading. We are sharing how our (your) investments have positively impacted people and the planet, while preserving capital during a difficult year for financial markets.

Thank you for your continued support and interest in our work.

EUGENIA MARTINI DONATI
Head of Investment Solutions

ANNE KATRINE BUCH VEDSTESEN
Head of Impact

REALIZING A SUSTAINABLE AND EQUITABLE WORLD

The iGravity Impact Investment Index mobilises financial resources from the private sector towards enterprises and solutions that contribute to a more sustainable and equitable world. As is well-known, more financial resources are needed to achieve the sustainable development goals. As is outlined in the Theory of Change below, we believe that by offering a diverse, financially attractive, and impact credible impact investment portfolio, we can enable more private investors to allocate more financial resources towards sustainable development.

Theory of Change

THE CHALLENGE

Today, the amount of financial resources that are directed towards sustainable development is insufficient to address the global challenges as outlined in the internationally recognized Sustainable Development Goals (SDGs). In fact, there is an investment gap estimated at USD 4 trillion per year[1]. Among others, reasons for this investment gap include:

- Limited availability of attractive investment products
- High transaction costs
- Illiquidity of assets on private markets
- Different definitions of impact resulting in risks of impact washing

OUR FOCUS

Impact diligence
Ensure that impact is considered holistically, systematically and consistently throughout the investment process

Ease of access
Structure a diversified portfolio of impact investments that would otherwise be challenging to access, due to minimum ticket sizes, illiquidity and market opacity

Financial attractiveness
Build and manage impact investment portfolios with competitive risk/return and liquidity profiles

OUTPUTS

iGravity offers a diversified portfolio of impact investments with compelling financial characteristics delivering true, measurable impact

OUTCOMES

Investors of the iGravity Impact Investment Index direct resources towards effective impact investments while generating financial returns

IMPACTS

More resources are available for impact investment strategies, thereby resulting in increased reach and better quality of social and environmental outcomes

[1] UNCTAD, 2023
Click to link

Investment Strategy

The iGravity Impact Investment Index is an actively managed portfolio of impact investments diversified across asset classes, geographies and impact themes. The Index invests in solutions addressing the most pressing needs of people and the challenges facing the planet, as defined by the Sustainable Development Goals (SDGs). The Index invests in 15-20 positions, including funds, bonds and notes across both developed and emerging countries, selected on the basis of both financial performance and social impact.

- Multi-asset strategy in both public and private markets
- 6% net target return with low volatility
- Monthly liquidity
- Tracker certificate live since May 2020

BASIC NEEDS

Investments in aspects of multidimensional poverty, including: health care, access to quality education, affordable housing and clean water and sanitation.

CLIMATE CHANGE MITIGATION

Investments that focus on the transition to renewable energy, green infrastructure, energy efficiency and carbon mitigation.

INCLUSIVE ECONOMIES

Investments in financial inclusion, SMEs, and the economic empowerment of under-represented groups such as women and minorities.

NATURAL ECOSYSTEMS

Investments that conserve natural resources, such as sustainable agriculture, water management, land conservation and ecosystems services.

iGRAVITY

Impact Highlights

BASIC NEEDS

21 individuals with improved access to clean water, sanitation and hygene products and services

361 individuals with improved access to education

370 individuals with improved access to health and household finance

854 households with improved housing conditions

INCLUSIVE ECONOMIES

USD 5 million deployed towards 1,733 MSMEs of which 64% are female-owned and 62% are rural

27,496 individuals in emerging markets, of whom 50% women, have benefitted from fast, secure and affordable remittance transactions

More than 413 Full-Time Employee (FTE) positions supported

NATURAL ECOSYSTEMS

56 agricultural MSMEs reached per year

213 ha of protected, restored or sustainably managed land

14 tonnes of waste materials recycled or recovered

7.5 million litres of water treated

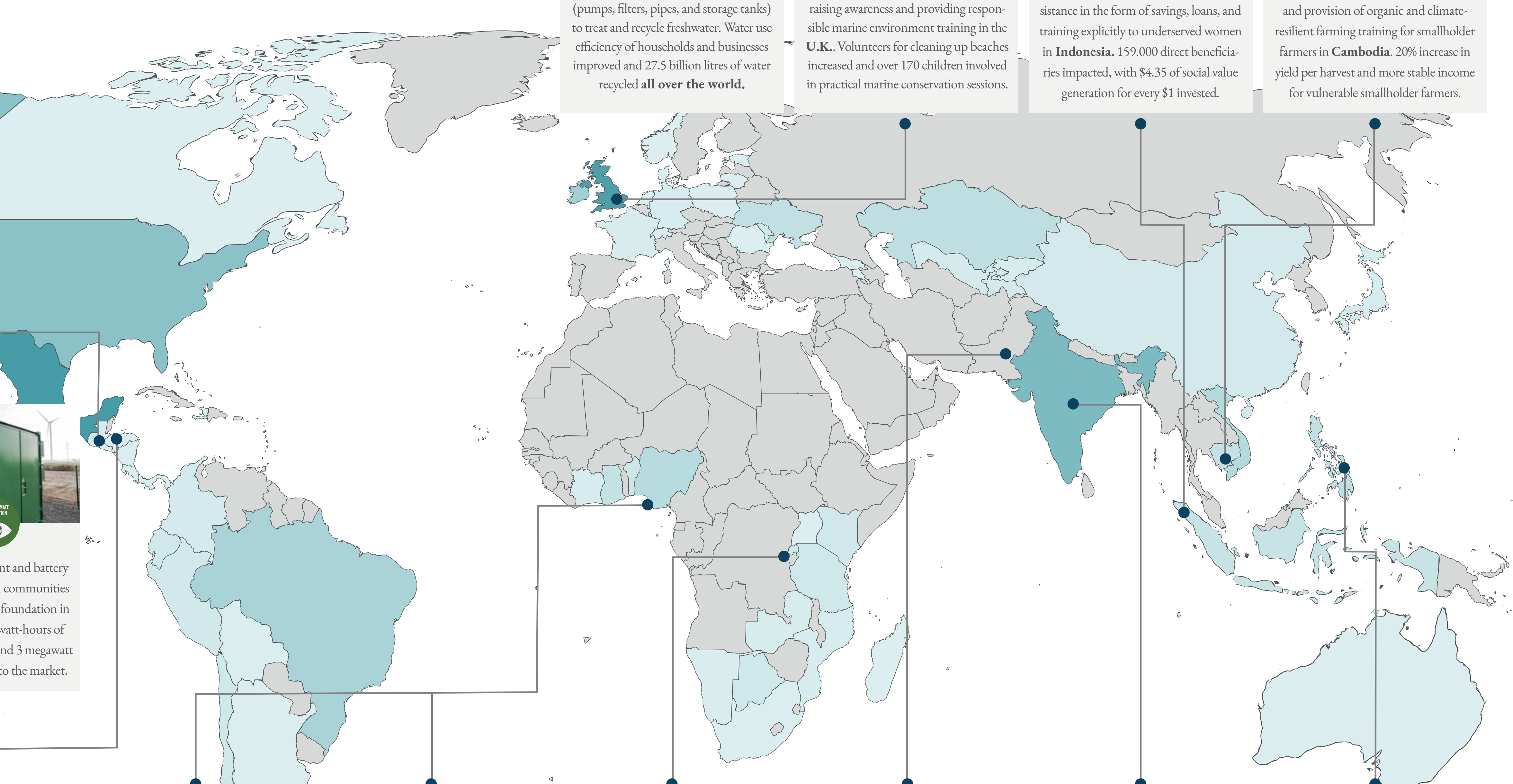
CLIMATE CHANGE

4,474 tons of CO2 emission avoided

1,737 MWh energy saved or renewable energy generated

3,288 individuals with improved access to clean energy products and sevices

Investees' Impact Examples



Provision of water-related equipment (pumps, filters, pipes, and storage tanks) to treat and recycle freshwater. Water use efficiency of households and businesses improved and 27.5 billion litres of water recycled **all over the world.**

Conservation of marine biodiversity by raising awareness and providing responsible marine environment training in the **U.K.**. Volunteers for cleaning up beaches increased and over 170 children involved in practical marine conservation sessions.

Access to financial and non-financial assistance in the form of savings, loans, and training explicitly to underserved women in **Indonesia.** 159.000 direct beneficiaries impacted, with $4.35 of social value generation for every $1 invested.

Boosetd access to local farming market and provision of organic and climate-resilient farming training for smallholder farmers in **Cambodia**. 20% increase in yield per harvest and more stable income for vulnerable smallholder farmers.

Construction of a solar plant and battery system and support of local communities by sponsoring a non-profit foundation in **El Salvador.** 49.55 megawatt-hours of affordable energy supplied and 3 megawatt of storage battery added into the market.

Access to credit and assistance aiming to uncover hidden gender biases and promote gender-smart energy solutions in **Honduras.** Resources used efficiently to achieve high impact initiatives focused on supporting women entrepreneurs.

Development and production of solar-powered refrigeration solutions providing continuous cooling for the **Nigerian** market. Increased units of solar-powered freezers manufactured with up to 74% less annual energy expenditure.

Supply of affordable and clean cookstoves that monitor real-time savings of CO2 and electricity generation in the **Nigerian** market. Clean electricity generated and stored, Black Carbon avoided, and up to 70% of cooking fuel saved.

Production of locally made pellet fuel from biomass waste materials and supply of a clean cooking alternative in **Rwanda.** Creation of green jobs and reduction of CO2 emissions with more than 1'200 clean stoves distributed.

Debt financing to a women-focused microfinance institution which supports women entrepreneurs in Sharaqpur, **Pakistan.** Financial difficulties overcome thanks to access to finance as well as dedicated training to boost entrepreneurial skills.

Access to micro savings solutions and afforadable micro insurance products for low-income **Indian** women. Better contingency planning and responses to adverse events for more than 100'000 low-income individuals.

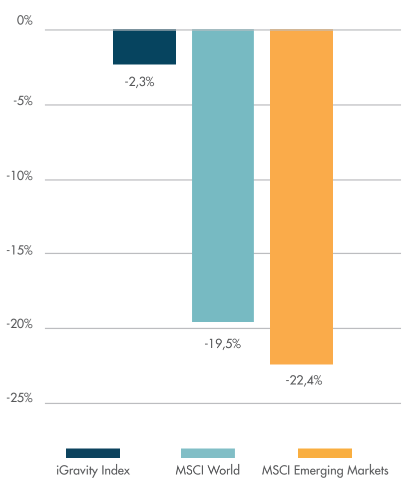
Access to online education platforms aiming to empower students across various socioeconomic segments in the **Philippines.** More than 20 million Filipino Gen Z youth empowered through supplementary education.

FINANCIAL PERFORMANCE REVIEW

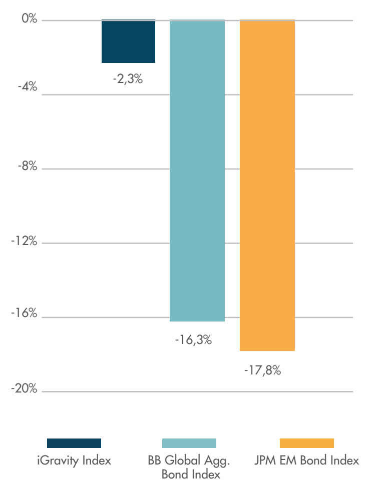
2022 will be remembered as one of the worst years for financial markets, with equities and bonds losing 20% and 16%, respectively, causing losses to traditional allocation portfolios that have been unseen in the past 50 years. Rising global inflation, higher interest rates and fears of a global recession were only a few of the drivers of market turmoil, not to mention the energy crisis and Russia's invasion of Ukraine. Growth oriented strategies underperformed as discount factors for long dated assets increased sharply, causing liquid ESG investments to underperform traditional allocations.

In this context, impact investments proved to be a resilient asset class and a portfolio diversifier at times of market turmoil. The iGravity Impact Investment Index returned -2% for the year, outperforming both equity and bond markets. The multi-strategy approach positively contributed to stabilizing portfolio performance, with Alternatives being negatively correlated to the rest of the allocation and benefitting from higher energy prices. In Fixed Income, the overweight of short maturities protected the portfolio from rising interest rates, as well as the focus on private debt strategies (including SME financing and microfinance) that are not marked-to-market.

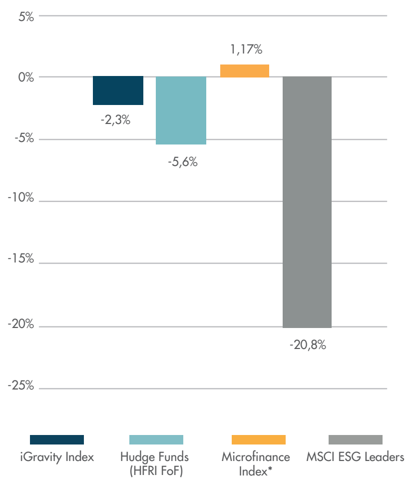
iGravity Index vs Equity Markets



iGravity Index vs Bond Markets



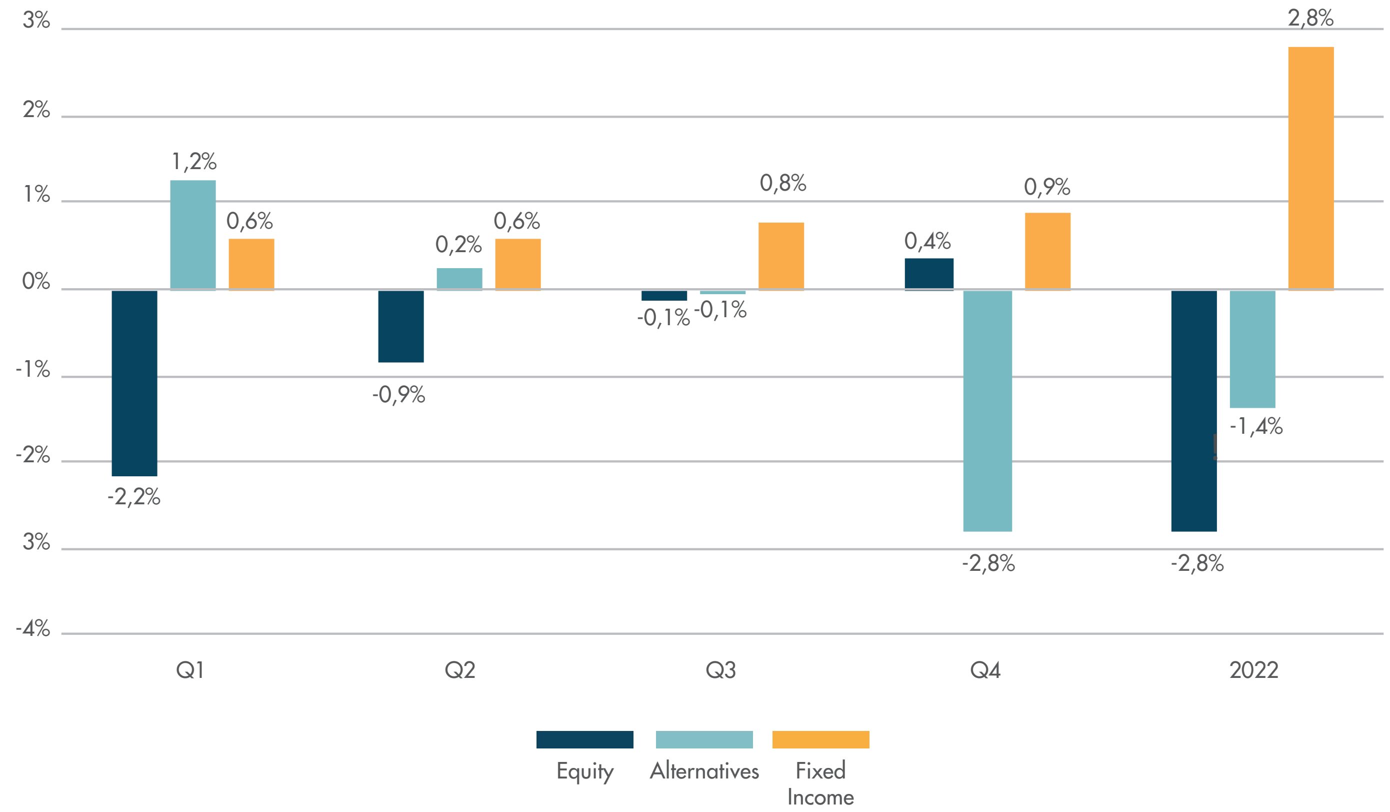
iGravity Index vs Alternatives



*MIV Index as of 9/30/22

With regards to return attribution, despite the exposure reduction at the beginning of the year, equities were the main detractor to portfolio performance in 2022. Most equity losses occurred in January 2022, with growth-oriented strategies losing over 10% while broader equity markets lost 5%. Alternatives were also a detractor overall, with one investment in a social housing listed REIT more than offsetting the positive performance of the renewable energy allocation, that contributed over 300bps to the portfolio. Finally, the Fixed Income allocation positively contributed to performance throughout the year despite the rising rates, providing a consistent carry cushion and low volatility.

Gross Return Attribution



IMPACT PERFORMANCE REVIEW

When reviewing the impact performance of an impact investment portfolio, it is essential to look beyond the impact generated at the end beneficiary level (such as number of lives improved).
In the world map on page 6-7, we outlined the absolute impact figures of the portfolio. Now, we review the impact performance of the Index from three complementary perspectives:

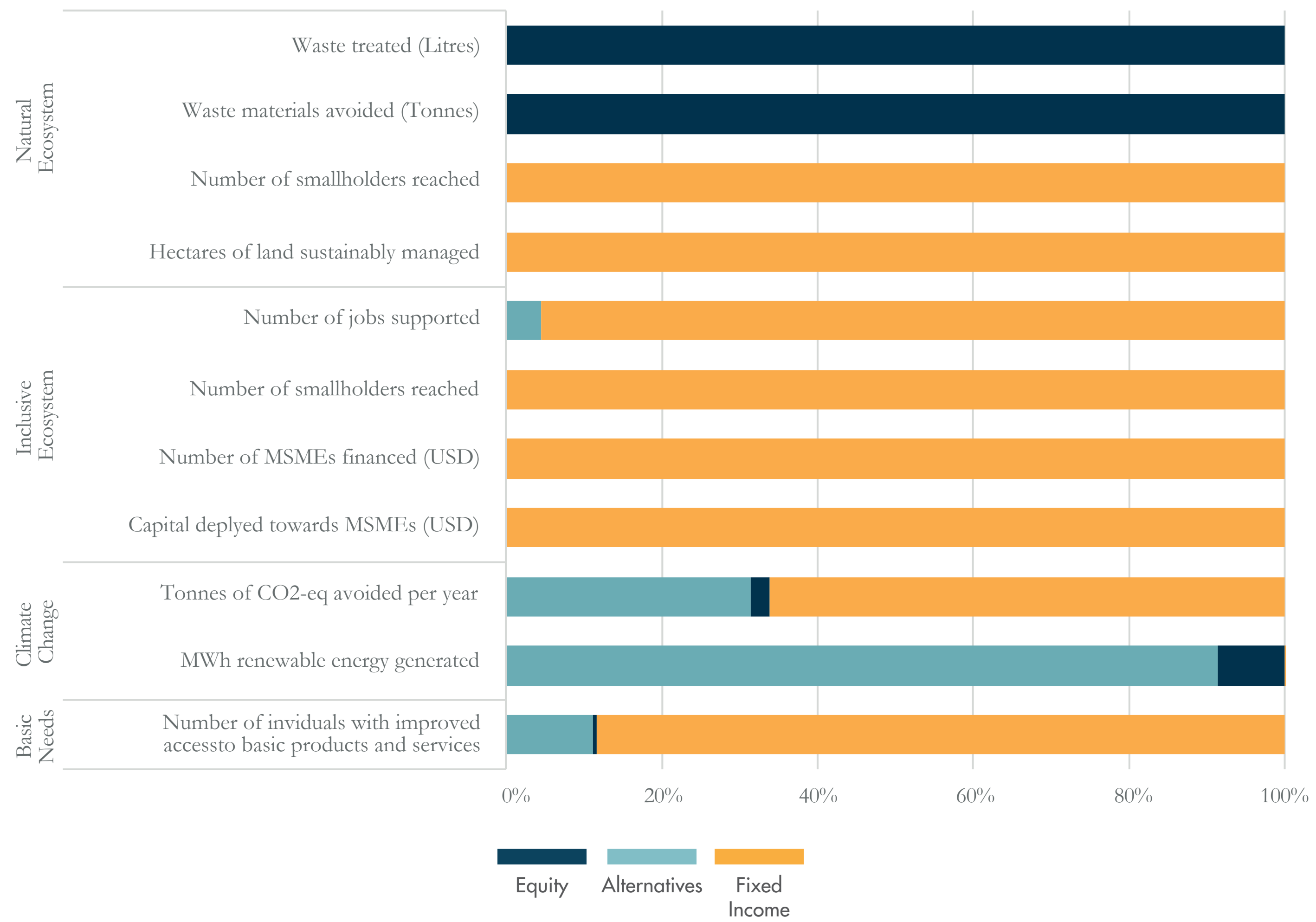
- **Impact attribution by asset class:** how is each asset class attributing to the portfolio impact KPIs
- **Impact contribution at investor and asset/company levels:** to what degree is the portfolio contributing to the portfolio impact KPIs
- **Impact profile:** how has the average portfolio impact rating across key impact dimensions changed since inception

Trends in impact attribution by asset class

In general, we see that the different asset classes are associated with different impact themes (our building blocks). As illustrated below, Fixed Income assets tend to address issues of access to finance (for individuals and households as well as MSMEs), while Alternatives mostly contribute to the generation of renewable energy (and thereby also CO2 avoidance), and Equities mainly contribute to improved waste and resource management.

With Fixed Income representing the majority of the portfolio, it is no surprise that the asset class represents the greatest attribution to the annual impact figures. Furthermore, being skewed towards the impact themes of basic services and financial inclusion for MSMEs, these are also the impact themes achieving the greatest absolute results.

Impact attribution by Asset Class



Portfolio impact contribution

Analyzing the portfolio's impact contribution both at the asset/company and investor levels, we see that the Index is heavily skewed towards the higher impact contributions of the "finance first" spectrum. The table below illustrates the portfolio weights at each investor and asset/company impact contribution level. E.g. 21% of the portfolio is allocated in investments that signal that impact matters and grow new/undersupplied markets while contributing to new solutions (see IMP definitions of company and investor impact contributions on page 13).

Asset/Company impact contribution

Investor impact contribution			Act to avoid harm	Benefit Stakeholders	Contribute to Solutions
FINANANCE-FIRST	1	**Signal that impact matters** Engage actively Grow new/undersupplied markets Provide flexibility on risk-adjusted financial return	7%		
FINANANCE-FIRST	2	**Signal that impact matters** **Engage actively** Grow new/undersupplied markets Provide flexibility on risk-adjusted financial return		6%	13%
FINANANCE-FIRST	3	**Signal that impact matters** Engage actively **Grow new/undersupplied markets** Provide flexibility on risk-adjusted financial return		17%	21%
FINANANCE-FIRST	4	**Signal that impact matters** **Engage actively** **Grow new/undersupplied markets** Provide flexibility on risk-adjusted financial return		15%	13%
IMPACT-FIRST	5	**Signal that impact matters** Engage actively **Grow new/undersupplied markets** **Provide flexibility on risk-adjusted financial return**			
IMPACT-FIRST	6	**Signal that impact matters** **Engage actively** **Grow new/undersupplied markets** **Provide flexibility on risk-adjusted financial return**			5%

Similarly to the KPI attribution, we see that different asset classes are generally associated with different levels of impact contribution both at the asset/company and investor levels. Generally, we see that Equities represent the lowest levels of impact contributions whereas alternatives represent medium levels of impact contributions and Fixed Income, generally, represent the highest levels of impact contributions.

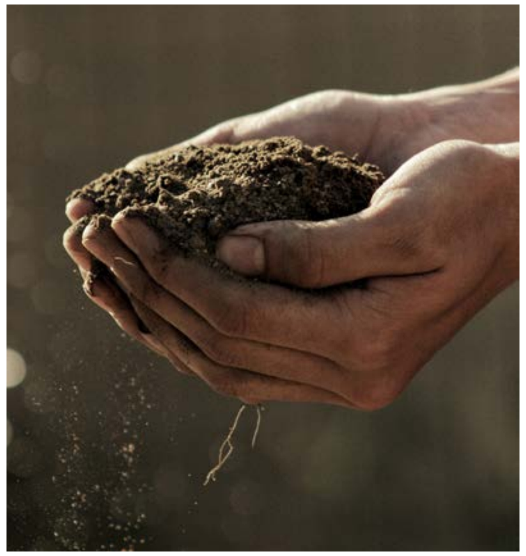
The overall heavier allocation towards impactful solutions is not a coincidence. The past year has indeed been characterized by our efforts to increase the impact contribution of the portfolio. This primarily means two things: a) we have prioritized investments generating greater depth and duration of impact (over pure scale) and b) we have proactively structured investable products in new/undersupplied markets (See for example an investee of the Charm Impact Bond on page 20-21). Both results are also visible in the impact profile as outlined in the following page.

Portfolio Impact profile

With the continued focus on designing and identifying impact investment products that contribute to impact across several dimensions (first and foremost, critical outcomes for people and the planet but also prioritizing companies and investment managers with credible impact commitments, and backing unique and additional products), the impact profile of the Index has evolved over time.

		Portfolio 2022	Portfolio 2021	Portfolio 2020	Change (from inception)
Average	Overall	3,4	3,4	3,3	3%
Performance level	Impact Extent	3,7	3,6	3,5	5%
	Impact growth	3,3	3,3	3,2	3%
	Efficiency growth	3,0	3,0	2,7	9%
Manager level	Impact Strategy	4,0	3,9	3,8	5%
	Impact Commitment	3,8	3,9	3,7	2%
	Impact Management	3,3	3,4	3,4	-2%
	Impact Monitoring	3,2	3,3	3,2	-1%
Product level	Additionality	3,2	3,0	3,0	7%
	Uniqueness	3,3	2,8	2,8	16%
Risks	Social and Environemntal Risks	3,6	3,6	3,6	0%
	Impact Risks	3,3	3,5	3,5	-6%

As the development of the impact ratings reveals, the Index is in general composed of positions that reach more underserved population groups with more critical products and services compared to 2020. At the same time, the positions generally demonstrate an increase in efficiency growth (an indicator of the impact achieved per dollar, such as jobs created per dollar).
Most significantly, the portfolio is comprised of more additional and unique positions compared to three years ago – an indicator of the portfolio's contribution to growing new (impact) markets for example in the shape of underrepresented impact themes or undersupplied financial markets. On the other hand, this focus has resulted in generally less mature impact measurement and management systems (IMMS) of our investees and higher impact risks (i.e., not higher risks of negative impacts but higher risk that the positive impact may not materialize as intended). Looking ahead, we will increase our efforts to assist our investees in maturing their IMMS and actively manage impact risks.



Impact vocabulary

Impact KPI: The metrics used to describe and measure social and environmental outcomes achieved.
Absolute impact: The total indicator value of the impact achieved by a single asset or portfolio.
Relative impact: The total indicator value of the impact achieved per dollar invested (for example, Number of MSMEs financed through a microfinance fund divided by the AuM of that fund).
Impact extent: The assessed depth, scale and duration of the impact achieved (on a scale from 1 to 5).
Impact contribution of single assets: The IMP definition and classification of how enterprises can contribute to generating impact as either N/A (i.e. may cause harm), **A**voiding harm, **B**enefiting stakeholders, or **C**ontributing to solutions.
Impact contribution of investors: The IMP definition and classification of how investors can contribute to impact as either signal that measurable impact matters, engage actively, grow new or undersupplied capital markets, provide flexible capital – often in combination. The contribution is categorised from 1-6 (1 being the least significant form of contribution and 6 being the highest form of contribution).

2022 PORTFOLIO ACTIVITY

Active portfolio management

The iGravity Impact Investment Index is an actively managed portfolio. Within the investment guidelines, we aim to create value by strategically adjusting asset class exposure and tactically trading the most liquid positions to exploit short term mispricings.

• Strategic: reduced equity exposure in January and February reflecting a risk-off market environment.

• Tactical: increased the Alternatives exposure through renewable energy trusts across Europe in February and September at cheaper valuations, then reduced after rebound.

Aligning portfolio yield in a rising rate environment

The portfolio exposure to Fixed Income assets has historically been 60%, on average. Hence, focus on carry generation is key. On the back of rising rates globally, in 2022 we started shifting the portfolio towards higher yielding strategies:

- We redeemed from two private debt funds with unattractive liquidity/return ratios.
- We invested in bonds with attractive coupons (high single digit) across sectors and geographies.
- We structured and seeded an SME financing note (including a first loss feature) providing loans to renewable energy enterprises in sub-Saharan Africa.

Focus on primary issuances

We continue to favor primary market transactions, which provide strong impact additionality (i.e. disbursement of new capital to be deployed towards impact generation activities), and, for listed trusts, attractive entry points from a financial point of view.

- We subscribed two new bonds at issuance (a bond issued by a global fintech focused on remittance payments; a bond financing sustainable agriculture in Africa) and the structured SME financing note.
- We participated in new shares issuances for two renewable energy listed trusts and one social housing REIT.

Portfolio Key Metrics Evolution

	2020	2021	2022
Number of positions	15	19	21
Direct lines / funds	5/10	8/11	11/10
EM focussed / DM focussed	9/6	12/7	13/8
Concentration (top 5 positions)	50%	42%	44%
Liquidity (avg. trading frequency, days)	28	28	30
Average impact assessment score (1-5)	3.2	3.3	3.4
Number of individuals with improved access to basic services	664	4,790	4,894
Number of MSMEs financed	731	1,192	1,733
Number of jobs sustained or created	792	1,916	413
Hectares of land or marine area protected, or sustainably managed	3,141	3,055	213
Tonnes of CO2-eq emissions avoided per year	2,465	4,170	4,474

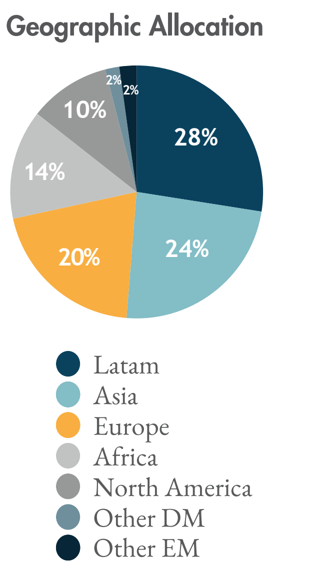
The changes observed in the 2022 impact figures are primarily a result of two factors; 1) in response to advances in industry practices related to impact measurement and management, investees have adjusted their reporting practices resulting in changes in reported figures (now better aligned with international standards). 2) changes in portfolio construction, such as investment exits, have led to a decrease in some of the impact KPIs, for example, the Number of jobs sustained or created KPI.

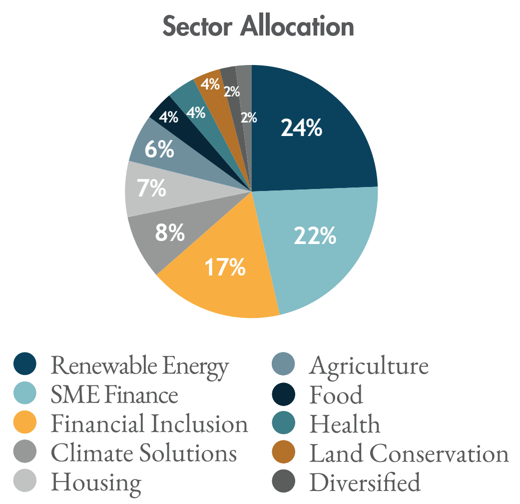
LOOKING AHEAD

Seeking impact additionality

As impact investing is growing, the geographical and local aspects of where the impact is generated are becoming predominant factors for ensuring high additional impact. iGravity and many impact investors want to ensure that the impact benefits the people who need it the most and that the revenues linked to the impact solutions also benefit the local populations, at least to a high degree. “Locally owned impactful companies for local benefits” is the “motto”. This is also apparent in leading industry guidelines such as the Impact Management Framework (IMP). These guidelines consider the intent to actively engage (by proactively supporting or advocating for assets to reduce the negative and increase positive impacts), as well as the intent to grow undersupplied markets (including locally owned and managed enterprises and projects). To put efforts in practice, through our offices in Nairobi and Kampala, we are able to follow new local initiatives on the ground in key sectors of sustainable farming and local renewable energy solutions.

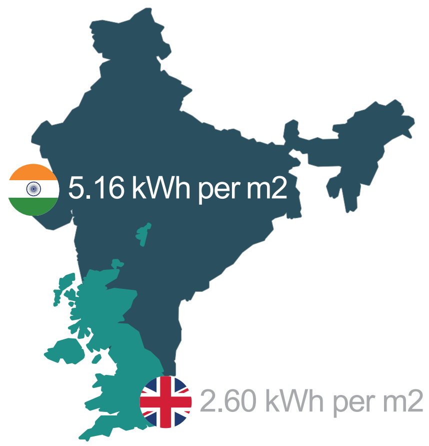
Looking at the asset allocation of our portfolio, the exposure to emerging markets has slightly increased over the last year and amounts to 66% showing increasing attractive opportunities in multiple regions. Latin America (28%) and Asia (23%) are leading before Africa (14%). The impact themes are somewhat still concentrated in the renewable energy (24%) and SME finance (22%) sectors, in line with the opportunity set of available impact investing solutions.





Renewable energy in focus

In the renewable energy sector, while the solar energy has become one of the cheapest energies on the planet, we see increased opportunities in Emerging Markets. The solar and wind energy transition is in full scale and in many instances these investments do not require any subsidies anymore. On the other side, the relative impact created by such renewable energies in developed markets becomes less and less additional and no longer an innovative solution. This makes a great case for developing markets where solar energy is of much higher need - and therefore stronger impact. The comparison with DM is striking as it is most of the time more efficient (more hours of sunshine), cheaper to install (lower labor cost) and most importantly of higher relative impact as it is often replacing higher polluting energy complexes or even providing access to energy for new population groups. This leaves a compelling story for investing in emerging market renewable energy solutions from both an impact and financial perspective.



Source: Thomas Lloyd

iGravity Impact Investment Index
2022 Financial and Impact Performance Report

Leveraging new impact sectors growth

Taking a step back and reverting to sector opportunities, we also see multiple developments in relatively new impactful solutions.
One new hot aspect of the renewable energy sector is the storage of energy. We see multiple developments in the building and operation of battery parks (or farms). Such new installations are becoming a fundamental element in the energy mix that could allow 100% of renewable energy production in the future. While storage capacity and duration are limited today, both solutions are becoming financially sound and of very high impact and will be included in our portfolios very soon.

To complete the picture around renewable energy, the development of carbon credit markets is creating a new source of impactful investments solutions. Some can be controversial and some very attractive (see excerpt below). Finally, the blue economy is becoming a key impact topic. With 1.5 trillion dollars per year, the blue economy is considered as the 7th largest economy in the world and encompasses multiples sectors. We are pleased to be able to add exposure to this sector in 2023 through a dedicated blue bond in Latin America. We will certainly follow up with further initiatives in this growing sector.

Source: Gore Energy

Carbon Credit – The new green commodity?

The carbon credit market is exploding, with 34 registered markets covering more than 23% of global emissions of Co2 world-wide.
Most developed countries have launched an emission trading scheme with the aim to limit Co2 emissions over a certain period, and the regulated market now amounts to USD 172bn growing from USD 83bn in 2019. It is expected to further grow more than 5 folds until 2030. While such markets are welcome and certainly a way towards a net zero society, they are not being created everywhere, not speedy enough, and some segments of the industry are exempt. In parallel, this has given birth to the voluntary market where private companies will still commit to a net zero emission target and will engage in emission reducing schemes. Voluntary markets are linked to projects that will sequester or reduce CO2 emissions. The size of the voluntary market represents USD 1bn in 2021 growing from 320mio in 2019 and is expected to grow towards 50bn in 2030[2].
While the mandatory market is not something we will invest in with iGravity products, as we consider this impact to be indirect, we are identifying some direct high impact voluntary market schemes as great opportunities. It is important to note that some of the voluntary emission reduction schemes are also controversial and that the impact verification requires extensive and expert due diligence. Nevertheless, this creates some very powerful solutions where the credits verified by the carbon emission reduction allow some underserved and sometimes very poor populations to be able to increase their standard of living. While this market is expected to grow 50 folds until 2030, we feel very well positioned at iGravity to ensure optimal selection.

[2] *Source: Lombard Odier, 2023*

MANAGING IMPACT

Driven by our ambition to mobilize resources towards impact, we continue to develop our impact framework to allow for more extensive and nuanced identification, assessment, and mapping of impact, ensuring that we align with industry best practices and standards - and go beyond where possible.
During the past year, the main updates include an earlier screening of sustainability risks (i.e. risks that an opportunity may contribute negatively to social or environmental factors while generating impact in other areas) and an increased focus on explicitly aligning monitoring and reporting expectations with investees.
As voiced by various actors in the impact investing space, a common challenge in executing impact measurement and management is balancing the dichotomy between international alignment and relevant applicability internally. To address this, we intend to continuously improve our framework to capture clarity and completeness and to assist our investees in progressing on their internal impact measurement and management systems.
Building on a toolbox of international best practices and standards, our impact measurement and management methodology and process carefully considers impact throughout the investment process.

Components of the Impact Management framework

Framework / Standard	Description	Appliance
Sustainable Development Goals	The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations. Each Goal includes a set of related targets and indicators.	Setting and aligning investment priorities as well as indicating level of contribution (benchmarked against targets)
Operating Principles for Impact Management	The Impact Principles (The Operating Principles for Impact Management from IFC) is a set of guidelines for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle.	Guiding the focus and features of our IMM framework
Impact Management Project (IMP)	IMP provides a consensus-based set of Impact Management Norms suggesting how organisations can understand, measure, and manage their impact. IMP provides implementation guidance for the integration of impact considerations into investment or business management decisions.	Covering all five measurable dimensions of impact and assessing the impact contribution of each investment
IRIS+	IRIS+ provide a taxonomy of specific indicators to help enterprises and investors alike articulate and report the impact of their investments. While there are numerous such metric databases, IRIS+ is the generally-accepted standard of performance metrics used by many impact investors.	Selecting and aligning KPIs with international standards
Sector specific principles, certifications and standards	The Smart Campaign, SAFA, Climate Bonds Standard Certification, Multidimensional Poverty Index, Human Development Index etc.	Selecting KPIs and/or integrating external audits, evaluations and verifications
Future-Fit Business Benchmark	The Benchmark identifies a set of goals all companies must strive to reach, to play their part in society's transition to future-fitness. Benchmark can be used to screen for negative effects as well as assess positive contribution.	Screening top 10 positions in listed equity funds to understand positive and negative contribution.

Impact Management Through the Investment Process

OPIM*

1 2 3 STRATEGY

Define and manage strategic impact
- Defining the impact thesis and theory of change
- Manage impact at the portfolio level

4 5 PRE-INVESTMENT → INVESTMENT

Screen and assess expected impact, including impact contribution
- Screening based on minimum criteria and analysis of sustainability risks
- Assessment, grading, and peer comparison of impact across three levels and nine dimensions
- Engaging with investees to set expectations impact related to management

6 7 PORTFOLIO MANAGEMENT

Map, monitor, report, and manage impact
- Detailed mapping of impact identified to the IMP five dimensions of impact and specific SDG targets and indicators.
- Manager engagement in parallel with monitoring the impact outputs per dollar invested over time
- Monthly, Quarterly and Annual Integrated Reporting at the portfolio level

8 EXIT

Impact Exit Assessment
- Analysis on effects of impact guided by the operating principles of Impact management

9 10 IMMS

This report
- Disclosure of learnings and alignment with OPIM in reporting

* IFC's Operating Principles for Impact Management

iGravity Impact Funnel

As the impact investing industry grows, the universe of investable opportunities becomes larger. During 2022, we have added over 110 investments across asset classes and sectors to our investment database. Of these, 30 were shortlisted and 16 went through our first impact screening step. 12 passed the screening and went to the assessment stage for an extensive impact due diligence process. Of these, 11 qualified for investment from an impact perspective, and ultimately 5 were approved by the Investment Committee and became active investments.

115	30	16	12	5
new opportunities added to the DB	pipeline investments	opportunities screened	opportunities assessed and compared	opportunities added to the portfolio

IN CONVERSATION WITH OUR BENEFICIARIES – **BIOMASSTERS**

Country of operations: Rwanda

Sector: Clean Cooking

Name of Interviewee: Claudia Muench

Position: CEO and Co-Founder

iGravity Index sub-holding since: April 2022

1. Please introduce yourself and the enterprise you work for.

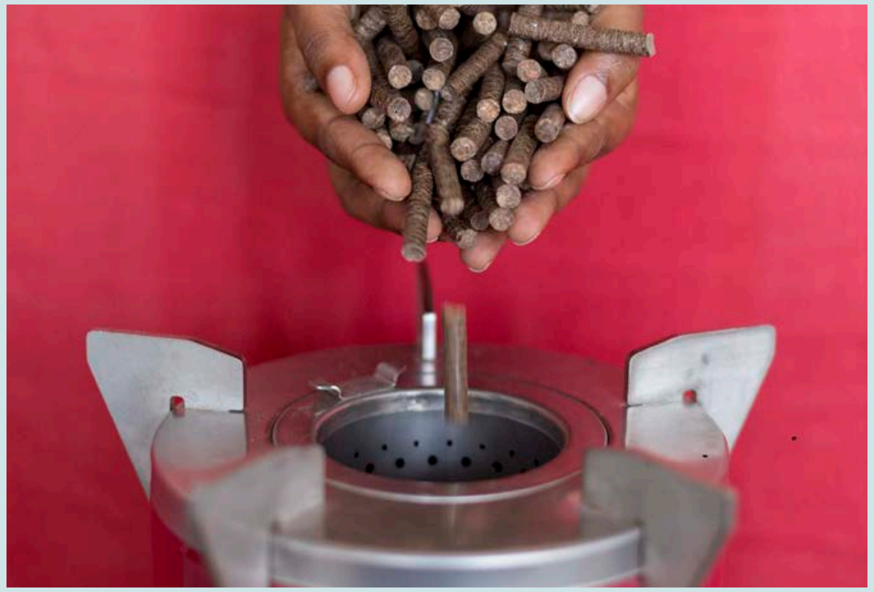
My name is Claudia Muench, CEO of BioMassters, a pellet cooking company in Rwanda. We aim to provide modern, affordable and low-carbon cooking to the majority of urban households in Rwanda. The company was founded in April 2020 by 6 co-founders from both Rwanda and Europe who previously worked together at a clean cooking venture in the country that had to close. We all saw the lack of clean and locally produced cooking fuel that is affordable to people and the need for high quality stoves that ensure a real improvement in people's cooking smoke exposure. We aim to serve urban households and small businesses that are using charcoal for their cooking today. Our business model not only sells the stove to customers outright but allows for the payment of the stove over time which reduces the risk and upfront cost for lower income households. The pellets are produced in Rwanda from wood waste.

2. How has the enterprise developed over time?

In 2020, we received some support from angel investors, bought some old equipment and second hand stoves and finally started running a small pilot operation with 200 customers in 2021. Customers responded well to the product and the solution. We also kept operational costs to a minimum with a very geographically concentrated and lean operation and a very small team. However, we constantly struggled with managing funds for spare parts for the pellet production and financing the purchase of additional stoves for more potential customers. We ended up with a long list of customers waiting to sign up as soon as new stoves were available.

3. What challenges have you encountered?

At the time, we faced many challenges with fundraising - a start-up with only 200 customers, covering supply and demand creation for its solution and investment needs into capex that are more than what many investors were prepared to provide over



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2022 Financial and Impact Performance Report

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the medium to long-term. Back then, we were preparing plan B and C to be able to structure the company in a way that it could break even at this pilot stage and sustain our employees in case no further funding would come our way. It was a pretty intense time, but finally we received a capital grant for investment into our production plant, which started the ball rolling for us.

4. How has Charm enabled you to grow/be more impactful?

Since early on in our journey, BioMassters was part of the Get.Invest finance catalyst programme that supports start-up companies with their fundraising. Get.Invest connected us to CHARM as a potential debt provider. Right from the start the CHARM team demonstrated professionalism and passion for making an impact. They really understand that time is money for founders and that the fundraising process is generally a stressful task for young entrepreneurs. The due diligence process was well structured and lean, and the CHARM team managed expectations very well at every stage. I want to stress this point in particular: Funders sometimes get founders' hopes up by not communicating clearly or by being tacit with their 'no'. The CHARM team was always clear about where requirements are and what needs to be achieved before funding can be provided. They supported where needed and challenged where required. They really understood our business model and sector quickly, and once we decided to take funding from CHARM, they made the money available within weeks. The first small loan from CHARM allowed us to close the funding gap on our first container of 1,200 stoves that arrived in Rwanda in May 2022. We started the distribution at the end of June and had an empty warehouse by end of September. Today, we are at over 2,000 customers. Furthermore, with the help of CHARM (a second loan), we leveraged funds to get to over 5,000 customers by mid-2023.

IN CONVERSATION WITH OUR BENEFICIARIES – **FINKARGO**

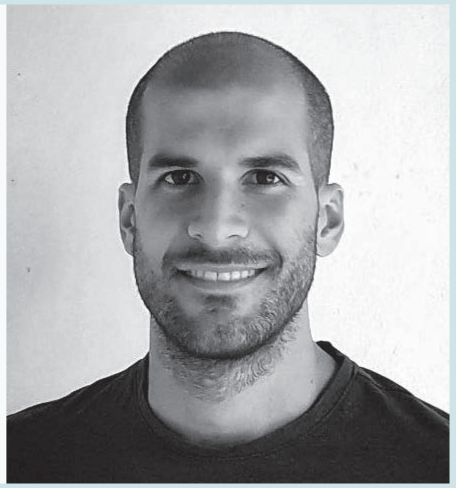
Countries of operations: Colombia and Mexico

Sector: Trade Finance

Name of Interviewee: Santiago Molina

Position: CEO

iGravity Index sub-holding since: September 2021



1. Please introduce yourself and the enterprise you work for

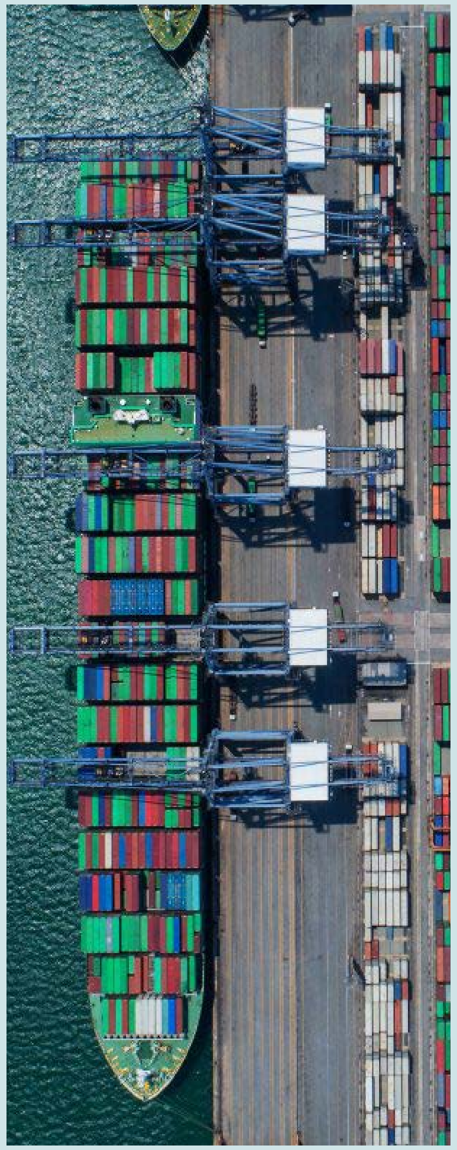
Finkargo was founded in 2021 in Colombia, by Tomas Shuk, Andres Ferrer, and I, but the seed of the idea goes back to 2019. Back then, I worked for my first venture Finamiga-Uni2, a microfinance institution in Colombia, when I received a call from Shuk, asking if I knew of a product that could help his SMB importer clients access capital locked up in their freight shipments. I understood the challenges SMBs face in securing financing and reached out to everyone I knew in the financial sector, but no one seemed to understand how to serve this market. After a year of knocking doors and coming up empty-handed, we decided to build the solution ourselves.

2. What was the motivation behind starting the enterprise? What challenge/gap were you aiming to address?

Global trade is an engine of economic development. However, Latin America hasn't harnessed the benefits of global trade, as the region's participation in global and regional trade remains stagnant, as well as the number of firms in the region that engage in international trade. On average, only 1% of existing firms in Latin America export and less than 4% import, which means less than 5% participate in global supply chains.

When analyzing why Latin America's internationalization is weak and underdeveloped, we find that even though SMBs are the backbone of our economies and the largest employers, they are not able to seize global trade opportunities. Among factors that impede SMBs internationalization, access to trade finance appears within the top 3 of most cited obstacles by SMBs in emerging markets.

According to the Asian Development Bank, currently 90% of foreign trade transactions require financing, however, more than 50% of SMB trade finance loan applications are rejected. In this regard, Finkargo is a trade finance fintech, committed to closing the 350 billion trade finance gap limiting Latin American SMBs competitiveness in international markets. This scenario is reconciled with the reality we found as founders, where we couldn't find financial products that meet the needs and realities of SMBs that want to participate in global trade.



3. How has the enterprise developed over time? And what milestones have you achieved?

Our clients are all micro, small and medium enterprises that want to participate or grow their participation in international markets. Over 80% are micro and small companies according to their revenues. In addition, more than 40% of our client base are women-led companies, which is an important milestone, as trade finance rejection rates of SMBs led by women reaches 70%. Currently, we are operating in Colombia and Mexico providing import financing, international freight financing and cross border payments. In addition, we facilitate foreign exchange hedge and merchandise insurance. Our goal is to support SMBs financially and with related value-added services every step of the way as they participate in global value chains.

In over 18 months of operations, Finkargo has financed more than 1.000 transactions worth over 70 million USD, connecting Colombia and Mexico with more than 230 suppliers in 37 countries.

On average, Finkargo's clients have increased the value of their operations by 69% YoY, and have diversified their supply chain, increasing by 35% the number of suppliers they work with. Today, more than 25% of clients are already enhancing global value chains thanks to Finkargo; they are increasing their competitiveness by importing inputs and raw materials necessary to produce value-added goods that re-enter the global market through exports.

4. How has CIM enabled you to grow/be more impactful?

Our experience with CIM has been rewarding and interesting. We share a philosophy and a thesis on impact investment, financial inclusion and enhancing technology to enable financial solutions that generate real and scalable impact in underserved sectors. Moreover, CIM's expertise in emerging markets allowed them to understand the needs and realities of our clients.

The credit facility is allowing us to fuel our growth and impact among SMBs that want to strengthen their participation and benefit from international markets. With CIM's support, our goal is to finance and impact more than 400 SMBs this year, which means multiplying our growth 4 times our current scope.

iGRAVITY - 100% DEDICATED TO IMPACT

At iGravity we combine expert consultancy with investment management to deliver enhanced finance solutions that create tangible impact for people and nature. We do so by investing directly in companies or funds, and by designing initiatives that mobilize resources for the 2030 agenda with state-of-the-art impact measurement frameworks.

Within our investment solutions activities, we design and manage impact investment portfolios that provide attractive financial returns and high measurable impact. Investing across public and private markets, we build diversified portfolios tailored around our clients' risk/return and liquidity preferences, as well as impact objectives.

OUR VISION

Utilize finance to build a more equitable and sustainable world

OUR PURPOSE

Make international development more effective

Be a catalytic investor in high-impact enterprises

Ease access to impact investments

OUR SERVICES

CONSULTING		INVESTMENTS	
Innovative finance for development	Impact measuremant and managment	Direct investments in SMEs	Public and private markets solutions
Design **innovative financial** mechanisms and partnerships that mobilize financing for sustainable development	Develop **impact measurement** and **management systems** that enable actors to monitor and manage their impact	Blend grant and investment capital to **invest in private companies** in underserved markets	Advise financial investors on **diversified portfolios** that generate measurable impact and competitive financial returns

IMPACT-LINKED FINANCE FUND

iGRAVITY Roots of Impact

iGravity Impact Yield

Rural Livelihoods Investment Facility

iGRAVITY HEKS EPER

Refugee Investment Facility (RIF)

iGRAVITY DANISH REFUGEE COUNCIL

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impact@igravity.net
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