

ALTERNATIVE

QUARTERLY PRESENTATION

Q2 SECOND QUARTER 2020

AN INTRODUCTION TO MICROFINANCE

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STRUCTURE AND MISSION



MICROFINANCE: BACK TO REAL ECONOMY

Micro and Impact finance the prospects for a new profitable asset class



Combining competitive financial returns...

"Impact investments are investments that are made with the intent to generate and measure both a social and a financial return."

...and high positive impact

"In the case of international development, these investments are targeted at enterprises that benefit poor people as consumers, producers, suppliers or employees." *

* G8 definition of Impact investments



MIKRO KAPITAL GROUP

An independent boutique asset management company specialised on microfinance investing

- | | |
|-------------|---|
| 2008 | <ul style="list-style-type: none"> • Founded by Vincenzo Trani and Giorgio Parola • Launched Mikro Fund (Russia and Belarus) |
| 2010 | <ul style="list-style-type: none"> • Launched Mikro Leasing in Belarus |
| 2011 | <ul style="list-style-type: none"> • Launched Mikro Kapital in Russia |
| 2013 | <ul style="list-style-type: none"> • Launched Mikro Kapital in Moldova |
| 2015 | <ul style="list-style-type: none"> • Launched Alternative • Launched Delimobil |
| 2016 | <ul style="list-style-type: none"> • Launched Mikro Kapital in Romania • Partnership with EBRD as part of RSBF (Russian Small Business Fund) |
| 2017 | <ul style="list-style-type: none"> • EBRD and German Sovereign Fund MEF (Part of KfW Group) extended credit line for Mikro Kapital subsidiary • Launched Mikro Kapital in Italy |
| 2018 | <ul style="list-style-type: none"> • Launched Mikro Kapital in Tajikistan • Launched Mikro Kapital in Kazakhstan • Launched Mikro Kapital in Armenia |
| 2019 | <ul style="list-style-type: none"> • Launched Mikro Kapital in Uzbekistan |



Governed by the Luxembourg securitisation law



Based in Luxembourg



Issues Luxembourg law governed bonds (EMTN)

OUR INVESTMENTS

Mikro  Kapital

Mikro  Fund

MFIs and Operative
Companies carry on their
activities in Russia and
Belarus

Alternative  Fund

MFIs and Operative
Companies carry on their
activities along the Silk Road



119

Locations

17

Countries

716

AuM €M
MF+ALT

GOVERNANCE BODIES

Supervising and Management Board

Supervisory Board



Vittorio Volpi

Chairman of the Supervisory Board

He began his career with the First National City Bank in Milan, working both in the United States and Europe. In 1971 he opened the offices of the first Italian bank in Japan (Comit). He was then appointed General Manager of UBS in Zurich.



Vincenzo Trani

President of Mikro Kapital Group

He gained official recognition in Russia as the initiator of some of the most important projects for small and medium-sized businesses.



Edoardo Esercizio

He has over 40 years of combined Wealth Management, Banking and Corporate Finance experience, starting his career with Banca Commerciale Italiana in 1976. Then he moved to Banca SanPaolo Invest and UBS Wealth Management.



Kamen Zahariev

He is a seasoned non-executive director with over 25 years of experience in investment, banking and project finance in emerging markets. He joined EBRD in 1992 and since then he held various positions.



Ferdinando Pelazzo

He had an important experience of over 40 years in the main Italian banking institutions abroad. He headed a representative office in Russia of a major Italian banking and insurance group.

Management Board

Aleksandr Eryomin

Chairman of the Management Board

Dmitry Khmelidze

Pape Saliou Ndao

Dmitry Stepanov

Alberto Giuseppe Trani

Executive Committee

Aleksandr Eryomin

Chairman of the Executive Committee

Paolo Barrotta

Grigory Chorayan

Florian Dervishi

Dmitry Khmelidze

Nikolay Kozak

Olesya Luchits

Stefano Maggi

Giorgio Parola

Yaroslav Poleshchuk

Dmitry Stepanov

Alberto Giuseppe Trani

UNDERSTANDING WHERE WE COME FROM

A background of the group's top management



VINCENZO TRANI

Chairman of Management Board
of Mikro Kapital Group S.à.r.L.

Since 2008

Mr. Vincenzo Trani moved to Russia in the late 1990s, as part of the European Bank for Reconstruction and Development (EBRD).

Since, Mr. Trani has worked continuously within the microfinance segment. Mr. Trani has directed development initiatives on behalf of leading private banks and industrial groups.

Furthermore, Mr. Trani has gained official recognition in Russia as the initiator of some key projects in regard to small and medium-size businesses. Mr. Vincenzo Trani founded General Invest and Mikro Kapital in 2008. Mikro Kapital is a microfinance company to finance small businesses that has established itself as one of the most successful initiatives of its kind at the European level.



ALEKSANDR ERYOMIN

Chairman of Management Board of
Mikro Kapital Management S.A.

Since 2020

He started his career in 1995 in Russia Small Business Fund established by EBRD and more than half of his professional activity was aimed to pay attention for development and management of different banking projects for supporting of small business and entrepreneurs. He held key TOP manager positions in such banking organizations, oriented for supporting of small business, as ProCredit Bank (Ukraine), Access Bank (Azerbaijan), MFI IMON INTERNATIONAL (Tajikistan), and in different SME downscaling programs in Russia, Bulgaria, Moldova, Ukraine.

Besides he devoted a lot of time of his career for working in big universal banking groups and he held CEO positions in such banks as: Sberbank (Slovakia), VTB (Azerbaijan), TRUST (Ukraine) and received significant experience in such projects as: creating of bank institutions, management in active development phase, risk management, anti-crises management, restructuring and optimisation, as well as M&A deals.

UNDERSTANDING WHERE WE COME FROM

A background of the group's directors



GRIGORY CHORAYAN

Vice President Eastern Europe and Tajikistan
specialised in investor's relations
Since 2017

He has over 20 years of professional international banking experience. He started his activity in the largest private bank in the South of Russia, going from economist to the top management positions. Since 2012 he worked in financial consulting companies from Switzerland, Germany, and Austria. For over 4 years he was Deputy Director of the Russian Program of EBRD for Sustainable Energy Finance (RuSEFF) in Moscow. He is the author of over 30 published scientific papers, has a Degree of Master of Science in Economics (Kentucky, USA) and Ph.D. in Technology Sciences (Russia).



LUCA PELLEGRINI

Vice President International Institutional
Investors
Since 2017

Luca Pellegrini is a Vice President at Mikro Kapital Luxembourg, responsible for the development of the Company in Europe and Switzerland. He is also CEO of General Invest (Switzerland) AG, the Swiss legal entity part of Mikro Kapital Group. Prior to joining Mikro Kapital in October 2017, he worked at GAM Capital Management AG as Head of Institutional and Asset Managers Italy. Prior to GAM, he worked as a Director within the Key Client team at UBS Wealth Management. Before that, he was a client relationship manager at Merrill Lynch in California.



STEFANO MAGAGNATO

Vice President Italian speaking
institutional investors
Since 2013

Theoretical physicist specialised in Econophysics, he started his career in finance at Aletti Gestielle Alternative SGR as a risk manager, then moved to Gottardo Asset Management SGR, a firm of Banca del Gottardo specialised in hedge funds, first as Risk Manager and then as Portfolio Manager and later to BSI Bank. In 2013 he joined Mikro Kapital, where he contributed to the development of the company.



GIORGIO PAROLA

First Vice President and member of
Management board
Since 2008

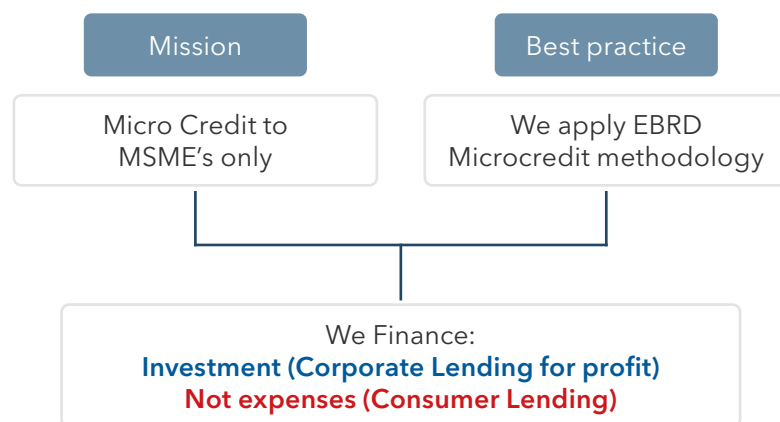
After an initial experience in Italy with Intesa Consulting, he moved to Russia in 2006 to work as a consultant for the EBRD. He then worked for one of Russian Top 100 Banks where he was responsible for starting up a division for the financing of small and medium-sized enterprises. Co-Founder of Mikro Kapital and former Director of Mikro Kapital Belarus branch, presently he is a member of the Advisory Board.

WHAT DO WE DO? ...BACK TO REAL ECONOMY

A proven credit risk approach and strict due diligence guidelines

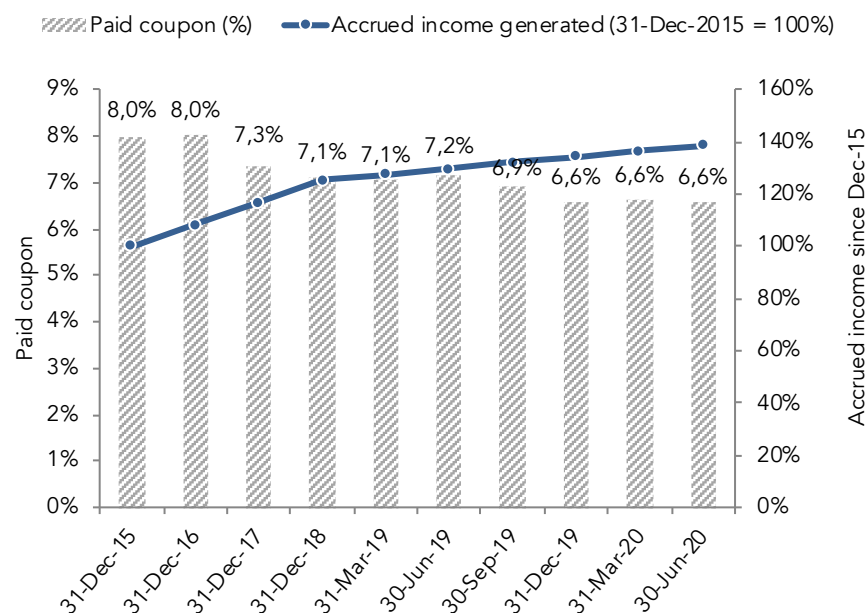
Microcredit only to small enterprises - no consumer lending

Mikro Kapital focuses its activities on microcredit to MSMEs only. Micro and Small businesses are the most dynamic segments of the economy, they are less exposed to the volatility of the global financial markets, and have the highest growth potential due to deleveraging in the banking sector.



We aim to generate income for our European Institutional and Professional Investors

We aim to provide steady income to our bondholders, by investing in EMTN bond (Private Debt) linked to microfinance activities we carry out in countries along the Silk Road.



Note: "Paid coupon (%)" corresponds to the coupon paid by the current outstanding EMTN. For reference, please refer to the Cruscotto "Average Quarterly EMTN % Rate"

ALTERNATIVE

Overview

Objective

- Seeking steady high income via Luxembourg law governed EMTN bonds investing in microfinance across selected Emerging Countries.

Philosophy

- Alternative invests in real economy providing microcredit exclusively to quality companies.
- Alternative complies with SRI global guidelines as per EBRD lending due diligence process.

Methodology

- Rigorous due diligence and credit selection process (EBRD credit process).
- Short and medium-term loans only.
- Hard currency investing: FX risk is fully hedged.
- No use of leverage.

Characteristics of the EMTN bonds

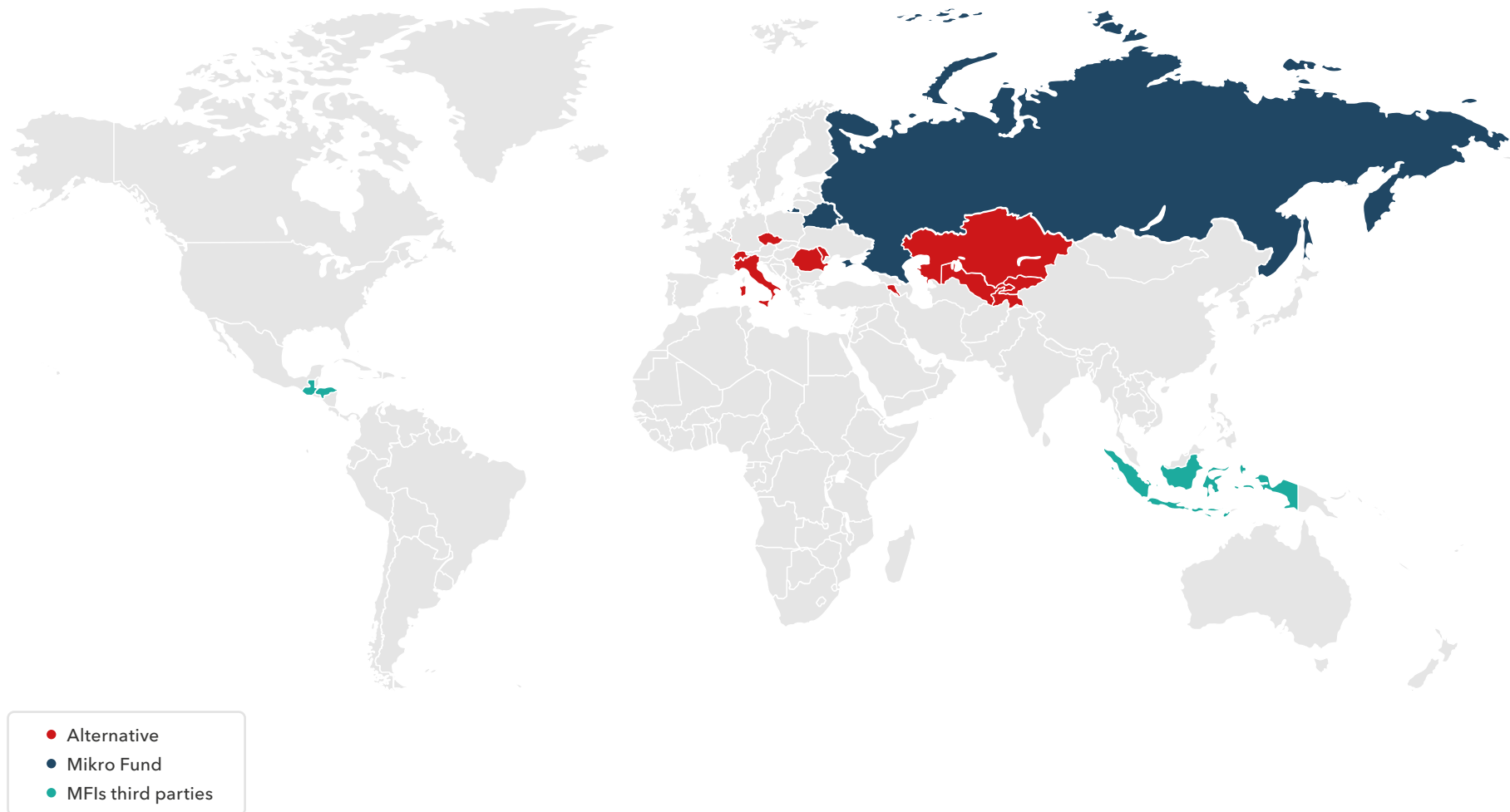
- Steady high income, we currently target 7%+ yield on average (depending on the currency).
- Coupon payments can be set upon client's need: quarterly / semi annual / annual.
- Low duration risk - EMTNs are set with 11/24/36 month expiration date.

Current parameters

	11 mos.	24 mos.	36 mos.
EUR EMTN	3%	6.5%	7.5%
CHF EMTN	2%	4%	4.5%
USD EMTN	4%	7.5%	8.5%

WHERE DO MIKRO FUND AND ALTERNATIVE INVEST?

A new asset class in high growth economies



WHY TO INVEST ALONG THE SILK ROAD?

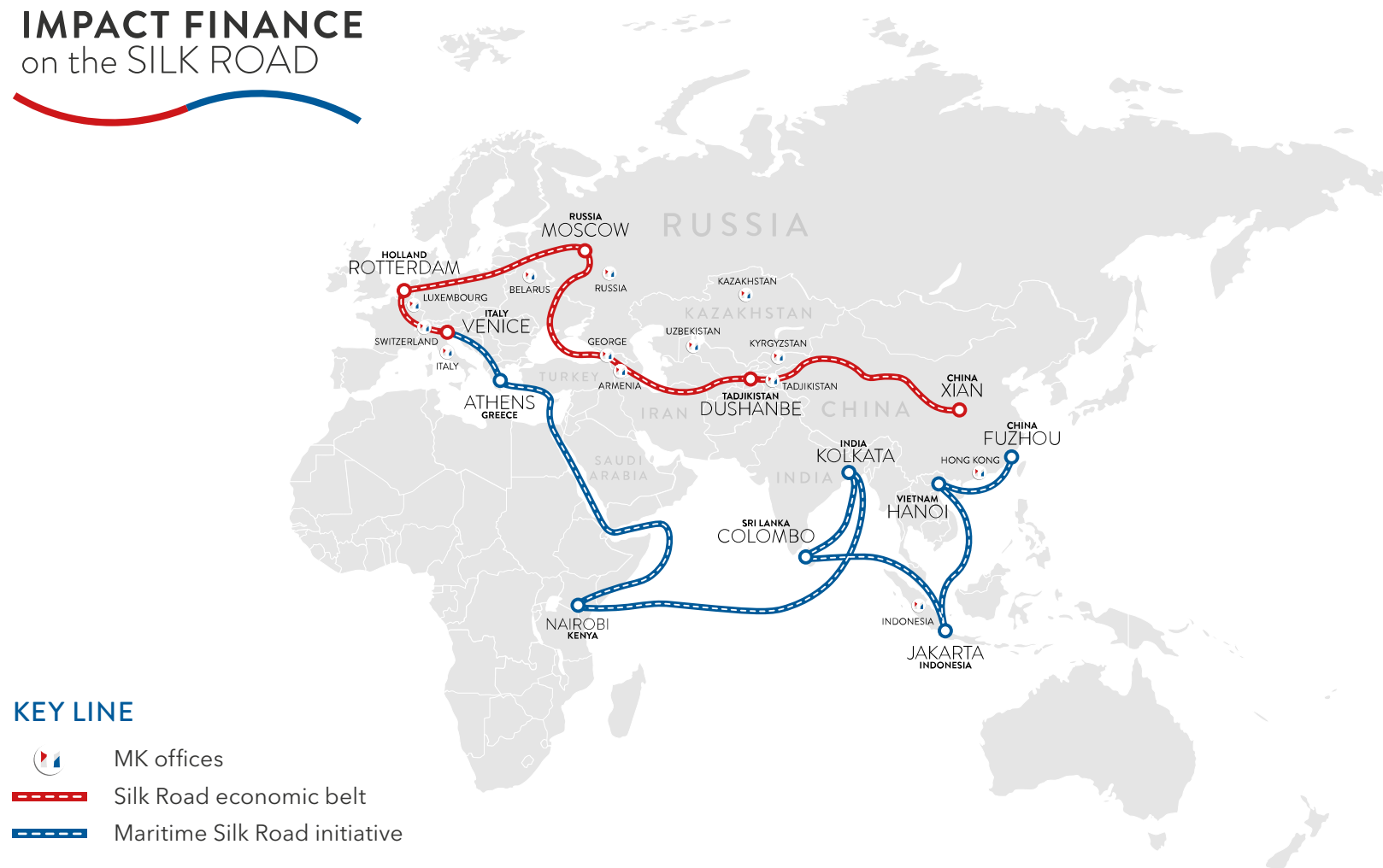
The Silk Road was the most important trade route connecting the East to the West from 114 B.C. and up to the late 1400s. It was central to cultural interaction between them for centuries. Commercial activities, cities and cultures flourished along this important trade route. The Silk Road was also the first important transcontinental road of communication that brought economic and cultural development. Trade on the Silk Road played a significant role in the development of the civilizations of Eurasia, opening long-distance political and economic relations.

Small traders and craftsmen were responsible for the development of the ancient Silk Road. The strategic importance of supporting small and medium sized enterprises in this geographical area, the heart of Eurasia, is increasingly part of Mikro Kapital's strategic vision and growth. Our Group has a large part of its focus on this area and expands its presence through a capillary network of branches ready to offer microfinance and micro-leasing services in almost all the Silk Road countries. Our activities are now focusing on this very important area of the world, linking the East with the West through Mikro Kapital's impact finance tools, from China and Hong Kong to the heart of Europe.



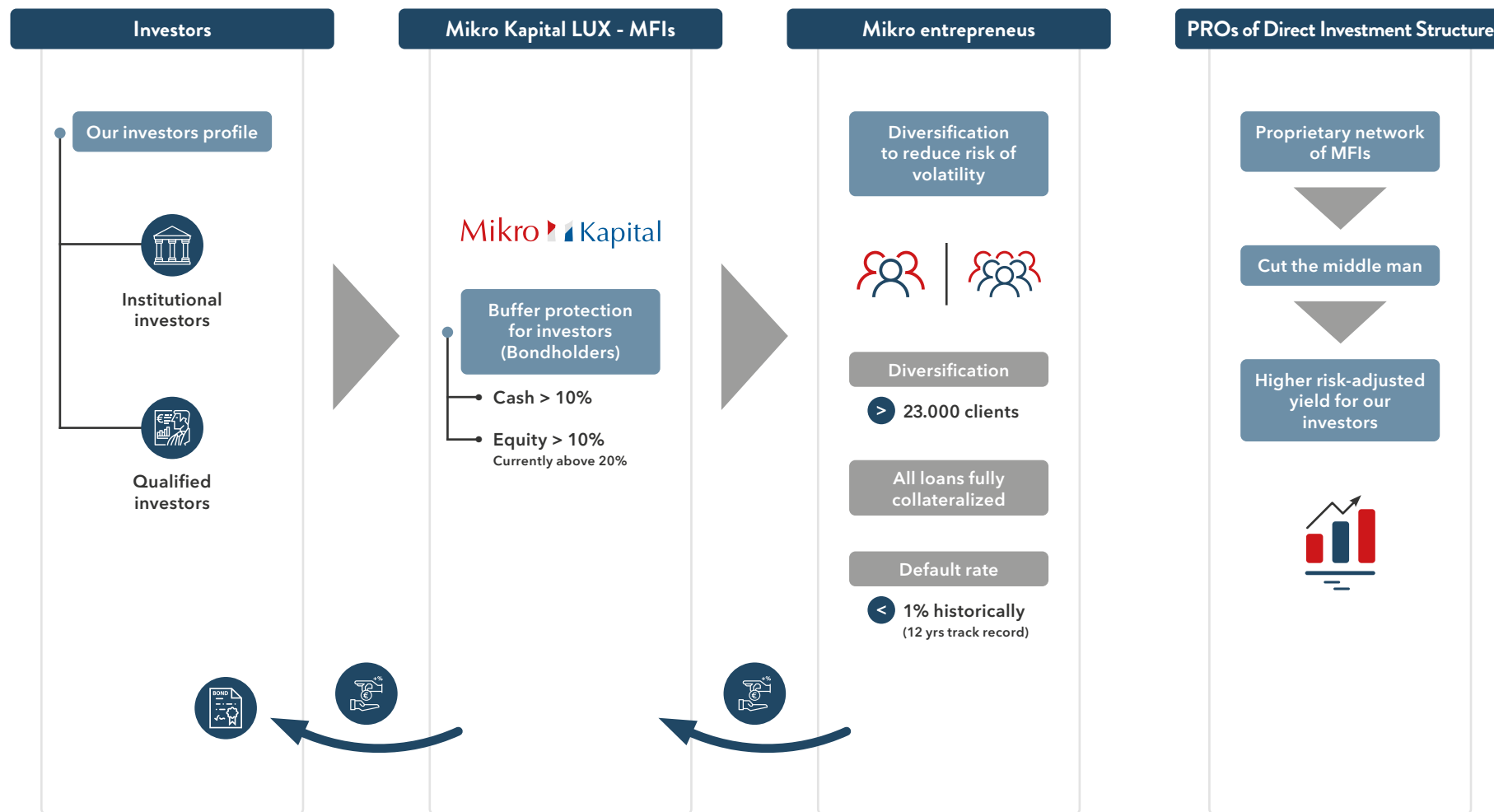
OUR PRESENCE ALONG THE SILK ROAD

IMPACT FINANCE on the SILK ROAD

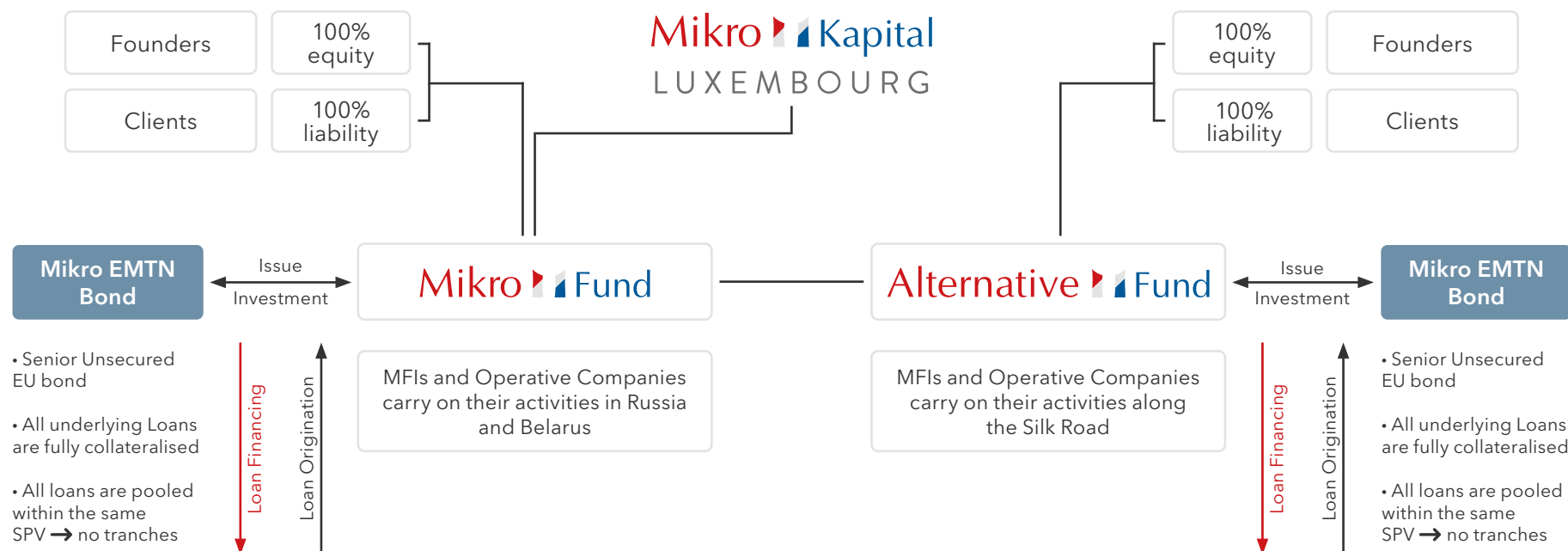


DIRECT INVESTMENT SOLUTION - OUR BUSINESS MODEL

"Cut the middle man"



HOW DO WE DO IT?



MFIs (Micro Finance Institutions)

Legal entities registered and regulated by the Central Bank of the country in which they operate → MFIs provide microloans to the end-borrowers (our final clients).

ALTERNATIVE

Alternative and EMTN highlights as of June 2020

● Issuer	● Alternative
● Management company	● Mikro Kapital Management SA, Luxembourg
● Currencies	● EUR, USD, CHF (all fully hedged)
● Subscriptions	● Bi-monthly (mid month and last business day of each month)
● Redemptions	● See prospectus
● Minimum investment	● EUR 125,000 or equivalent in EUR
● Yield (EUR)	● 3% (EMTN 11mos.); 6.5% (EMTN 24mos.), 7.5% (EMTN 36mos.)
● Yield (USD)	● 4% (EMTN 11mos.); 7.5% (EMTN 24mos.), 8.5% (EMTN 36mos.)
● Yield (CHF)	● 2% (EMTN 11mos.); 4% (EMTN 24mos.), 4.5% (EMTN 36mos.)
● Coupon frequency	● Quarterly
● Bloomberg code	● MKKALT
● AUM	● EUR 105.8M
● NAV equity	● EUR 44.4M
● Issued bonds	● EUR 59.3M
● NAV compiler	● Deloitte Luxembourg
● Paying agent	● EFG Bank (Luxembourg) / Bendura Bank (Lichtenstein) / Banca Intesa (Luxembourg)

WHAT IS ALTERNATIVE

EMTN facts

• Legal entity

- Alternative is a securitisation fund without legal personality, created on a contractual basis with co-ownership of assets.
- Alternative is subject to Luxembourg law and complies with regulatory restrictions.
- The Management company is Mikro Kapital Management SA, which is registered in Luxembourg.
- The financing of Alternative is done through the issuing of both bonds and units.
- Alternative invests in Latin America and in the countries along the Silk Road.
- Alternative invests in guaranteed debt instruments within 11-24-36-60 months.
- The Fund currency is the Euro.

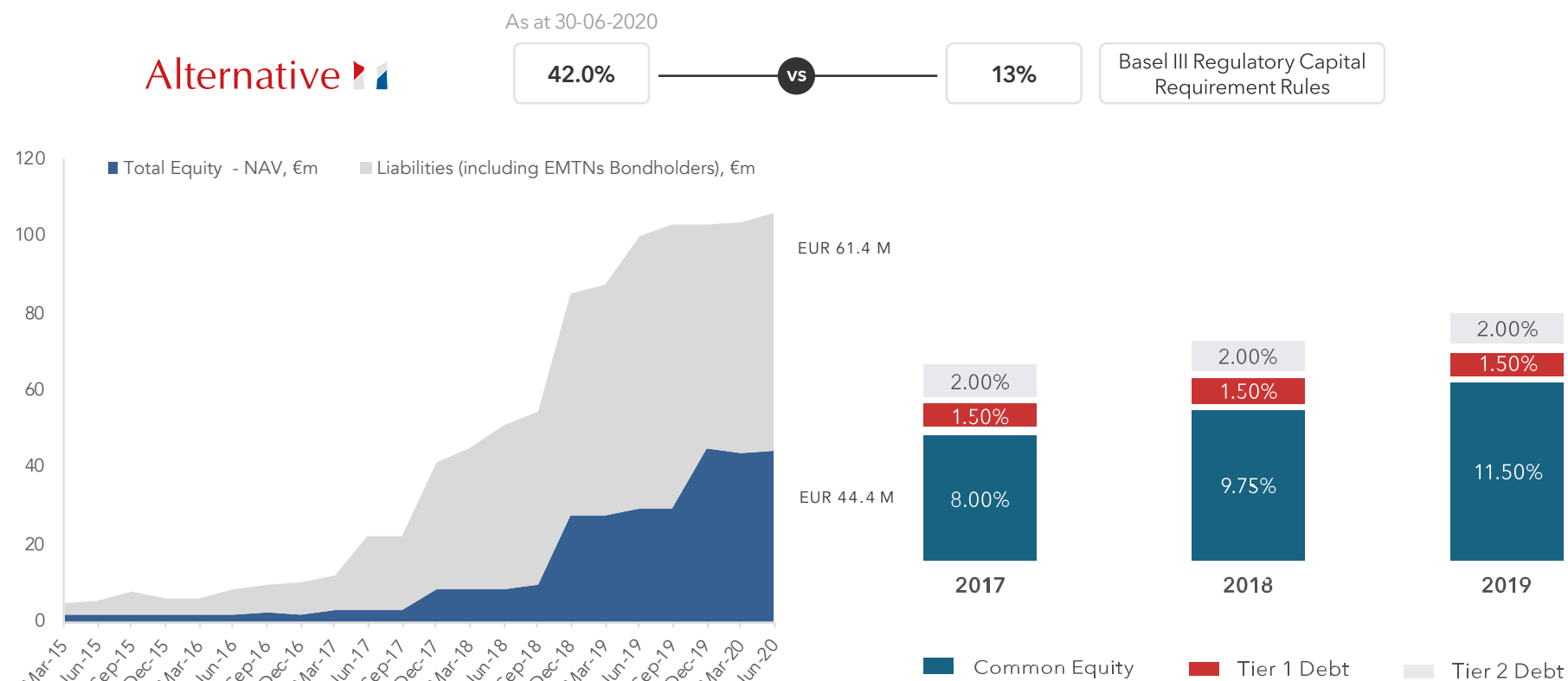
• Mission and characteristics of Alternative

- Gives exposure to real economy with little or no correlation to other asset classes.
- Complies with SRI principles.
- Loans are issued to quality companies that are subject to a detailed and rigorous due diligence (EBRD credit procedure) only 20 to 30% of the requests of new loans are granted.
- Each loan is fully collateralised. Collateral is in the form of property (fixed and immovable) and personal guarantees. Primarily short-to medium-term loans.
- Bondholders' interests are protected by a significant buffer in equity capital and cash.
- Income: EMTNs pay an annual coupon yielding approximately 7% pa on average (in EUR).
- Low duration risk as EMTNs expire in 11, 24 or 36 months with the first coupon payment being set 3 months after subscription date (or at client's discretion).
- Currency risk is fully hedged: EMTNs are offered in EUR, USD, CHF.
- Attractive risk premia.
- Historical low default rate of underlying loans (PAR30 less than 1% since inception).
- Company structure: the private placement structure offers the opportunity to set the yield ex-ante (as opposed to other open funds operating in this asset class).

CAPITALISATION RATIO

A comparison with Basel III current rules of regulatory capital requirement

- Bondholders's interests are protected by a significant buffer in equity capital and cash
- A comparison with BASEL III rules set for the banking system in 2019 shows the capitalisation ratios of Alternative in line with Basel III requirements for the financial sector



HOW DO WE GENERATE INCOME?

Understanding Microcredit interest rates

Recommended interest rate formula:

MFIs pursuing the goal of financial sustainability use the following equation for setting the interest rate:

$$R = \frac{AE + CF + LL + K - II}{1 - LL}$$

Where: R- represents the interest rate, AE- the expected administrative expenses, CF- the expected costs of funds, LL- the expected loan loss rate, K- the desired capitalisation rate (in the sense of targeted profits) and II the expected investment income.

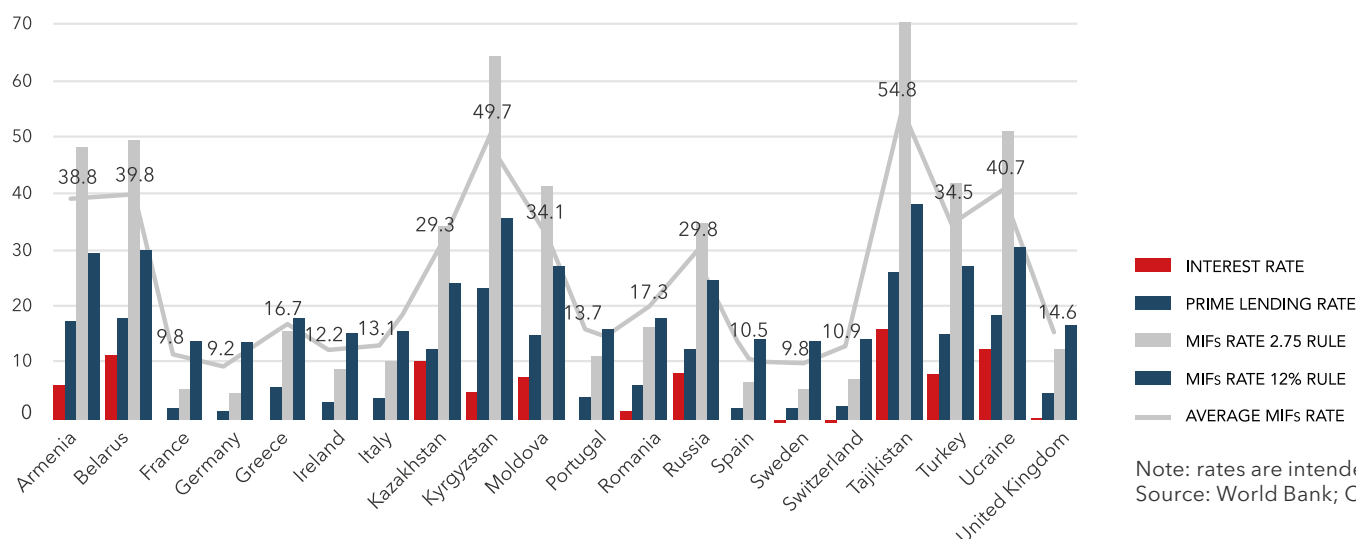
A recognised approximation:

The arithmetic mean between:

1. Cost of borrowing funds plus 12% margin (Example: if the MFI borrowed funds at 15%, it can loan the funds at 27%).
2. Average prime lending rate* 2.75 (Example: if the average prime lending rate is 9%, then the MFI can lend its funds at 24.75% (9*2,75).

Microfinance Institutions interest rates across EMs and DMs

Alternative operates in Eastern Europe, Asia and Latin America issuing microfinance loans and leases at an average rate of ~27% p.a (local currency).



Note: rates are intended in local currency
Source: World Bank; Central Banks' publicly available data

HOW MUCH IS TOO MUCH?

Factors that MFIs have to consider as they face the hard task of determining what constitutes responsible pricing

Mission and Characteristics of Alternative

A comparison between microcredit loans and traditional loans reveals several differences which affect interest rate levels. These differences are significant:

- The smaller size of the loans;
- The operational follow-up required on the borrower;
- The fact that microcredit institutions have to pay to procure their own capital.

They therefore represent two distinct economic models.

Smaller loans = higher interest rates / Higher operating costs / The cost of unpaid debts and service charges

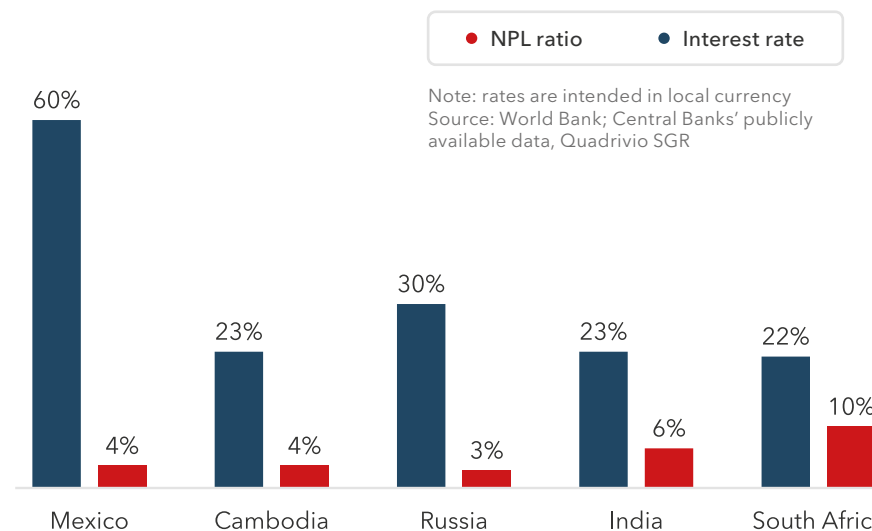
The arithmetic of tiny loans. Interest rates face an uncompromising arithmetic of several main cost elements, all context-specific. How big are the loans? What is the maximum loan officer caseload? How much are loan officers paid? What is the cost of unpaid debts?

The search for financial viability / Money costs the lender

Need for sustainability to ensure coverage and permanence. Should prices support lender sustainability? Microfinance grew to reach millions of clients worldwide by pursuing financial sustainability - and profitability - as the ticket to reaching more people permanently without heavy donor dependence. To be sustainable, MFIs must price their products high enough to cover their costs.

Still, it's fair to ask...

Can a microloan that tops out at a 30% p.a. be attractive to borrowers? At this rate, a microfinance client borrowing EUR 5,000 for three months will pay back EUR 5,375 - which many clients find to be a fair opportunity cost for equipment or stock that will boost a microenterprise's earning ability!



MEMBERSHIP AND PARTNERSHIP

Mikro Fund's DD guidelines comply with EBRD's standards and PRI principles



European Microfinance Network

Member since 2018

Is an organisation based in Brussels, which promotes microfinance as a tool to fight social and financial exclusion in Europe through self-employment and the creation of microenterprises.

www.european-microfinance.org



Association of European Businesses

Member since 2018

The Association of European Businesses (established in 1995) is the main representative body of foreign investors in Russia. It is an independent non-commercial organisation that represents and promotes the interests of European companies conducting business in and with the Russian Federation.

www.aebras.ru



Principles for Responsible Investment

Member since 2017

The United Nations-supported Principles for Responsible Investment (PRI) is an international network of investors working together to put the six principles into practice.

www.unpri.org



Association of the Luxembourg Fund Industry

Member since 2019

The Association of the Luxembourg Fund Industry (ALFI) represents the face and voice of the Luxembourg asset management and investment fund community. The Association is committed to the development of the Luxembourg fund industry by striving to create new business opportunities, and through the exchange of information and knowledge.

www.alfi.lu

PATRONAGES AND PARTNERSHIPS

EBRD programme and more

EBRD (European Bank for Development and Reconstruction)

In July 2016, Mikro Kapital with Alternative launched a major project of cooperation with the European Bank for Reconstruction and Development (EBRD). Together with EBRD, Mikro Kapital has been investing in financial institutions, part of the EBRD's programme for development of SME. These banks, leasing companies and micro-financial organisations are fully implementing the EBRD credit technology. In 2017 EBRD approved a three-year credit line for the Mikro Kapital Group in order to finance the acquisition of the Russian microfinance company, FINCA Russia

EIF (European Investment Fund), CDP (Cassa depositi e prestiti Spa), MCC (Microcredito Centrale)

An important cooperation initiative with the European Investment Fund (EIF), the Cassa Depositi e Prestiti (CDP), COSME (Programme for the Competitiveness of Enterprises and SME), MedioCredito Centrale and the Italian Ministry of Economy and Finance, to facilitate access to credit for enterprises. Through one of the broadest risk-sharing platforms ever created, before drawing on the resources of the European Fund for Strategic Investments (EFSI), the European Investment Fund and the Cassa Depositi e Prestiti issue guarantees to financial institutions, facilitating access to credit. Following this cooperation, and thanks to the Guarantee Fund and the Banca del Mezzogiorno Microcredito Centrale, 80% of the amount of all credit provided by Mikro Kapital S.p.A. to small and medium-sized enterprises will be covered by the CDP/EIF fund. For each amount of credit provided, Mikro Kapital S.p.A. will receive a guarantee letter certifying the coverage of almost all the credit with European funds.

Russian Small Business Fund (in partnership with EBRD)

Since 2017, Mikro Kapital, through its subsidiary Mikro Kapital Russia, has been appointed as an official partner of EBRD in the Russian Small Business Fund. Within the framework of this partnership, Mikro Kapital Russia has participated in a number of training and certification sessions together with EBRD, strengthening the know-how of its employees and the services offered in the microcredit and microfinance sector. The training was provided free of charge through online sessions and directly at Mikro Kapital offices involving over 170 employees.

ENM (Ente Nazionale Microcredito)

In 2016, Mikro Kapital has become partner of the Italian National Agency for Microcredit. Microfinance Fund to develop microfinance capacity building and Italian model: an agreement for the capitalisation of the guarantee fund plus a development fund for microcredit and microfinance in Russia. <http://www.microcredito.gov.it/comunicazione/news/735-russia-italia-microcredito.html>

MEF (Microfinance Enhancement Facility) Fund

In 2017 MEF (Microfinance Enhancement Facility) Fund, German Sovereign Fund - Part of KfW Group, conducted suitable due diligence regarding the financial stability and risk assessment systems of the Mikro Kapital Group, together with the European Bank for Reconstruction and Development (EBRD) and the Responsibility Fund. All these institutions approved a three-year credit line in favour of the Mikro Kapital Group in order to finance the acquisition of the Russian microfinance company, FINCA Russia.

Fondazione Welfare Ambrosiano

A new agreement was signed in 2017 by Mikro Kapital and the Fondazione Welfare Ambrosiano in Milan to assist micro-enterprises and self-employed workers (Facilitating Business Microcredit grant) "for a local programme in support of microcredit provision in the Metropolitan City of Milan". The aim of the agreement is to promote new start-ups, with a particular focus on micro-enterprises and small businesses creating artisan products within the metropolitan area.



IN A NUTSHELL

Alternative main features

- Investing in EMTN bonds issued by Mikro Fund give to the investors a combination of **simplicity, stable income** (determined by a set coupon), **LOW duration risk and NO FX risk**.
- **Income:** EMTNs pay to the bondholders a coupon yielding ~7% pa on average (in EUR).
- **Low duration risk** as EMTNs expire in 11, 24, 36 or 60 months with the first coupon payment being set 3 months after subscription date (or at client's discretion).
- **Historical low default** rate of the underlying loans (**less than 1% since inception**, the lowest rate of its asset class).
- **Low correlation with macroeconomic factors**.
- **Does not use leverage**.
- **Attractive risk premia**.
- **Each loan is fully collateralised**. Collateral is in the form of property (fixed and immovable) and personal guarantees, primarily short-to medium-term loans.
- **High Capitalisation ratio:** bondholders' interests are protected by a significant buffer in equity capital and cash.
- **Company structure:** the private placement structure offers the opportunity to set the yield ex ante (as opposed to other open funds, which operate in this asset class).

Why invest in Alternative?

- Complies with SRI principles: provides portfolio diversification and exposure to social investment (supporting the development of small and mid-sized companies and job creation in underdeveloped regions of Eastern Europe, Asia and Latin America).
- **EBRD Patronage:** The credit process complies with all the criteria set by EBRD.
- The team, operating since many years in Eastern Europe, has **deep local knowledge** and contact with the companies and the entrepreneurs being financed.
- **Gives exposure to real economy** with little or no correlation to other asset classes.
- Industry diversification within the Fund's loan portfolio reduces investment risk.
- Combines Emerging Market returns with the safety of a European domiciled Fund structure. **Alternative is a Luxembourg securitisation fund**, controlled by the Luxembourg authorities and subject to Luxembourg law.
- **Provides access to deep local knowledge and expertise.** The senior management team is composed by foreign nationals who have been working in Eastern Europe for many years and are experts of microfinance within the region. They are supported by a large and qualified team of local Professionals.



CREDIT PROCESS



CREDIT PROCESS

The EBRD Credit Technology

- Credit process complies with all criteria set by so called “EBRD credit technology” and staff of the Mikro Kapital was trained in credit analysis and risk management by international reputable consulting company sponsored by EBRD.
- On-site monitoring every 6 months at the borrower’s location.
- In the event of overdue payments on a loan (principal or interest amount), monitoring is carried out on a monthly basis.
- Non-performing loans are discussed weekly in a specialised NPL committee.
- Collegial bodies, multi level, for decision taking processes. Double signature on all transactions.

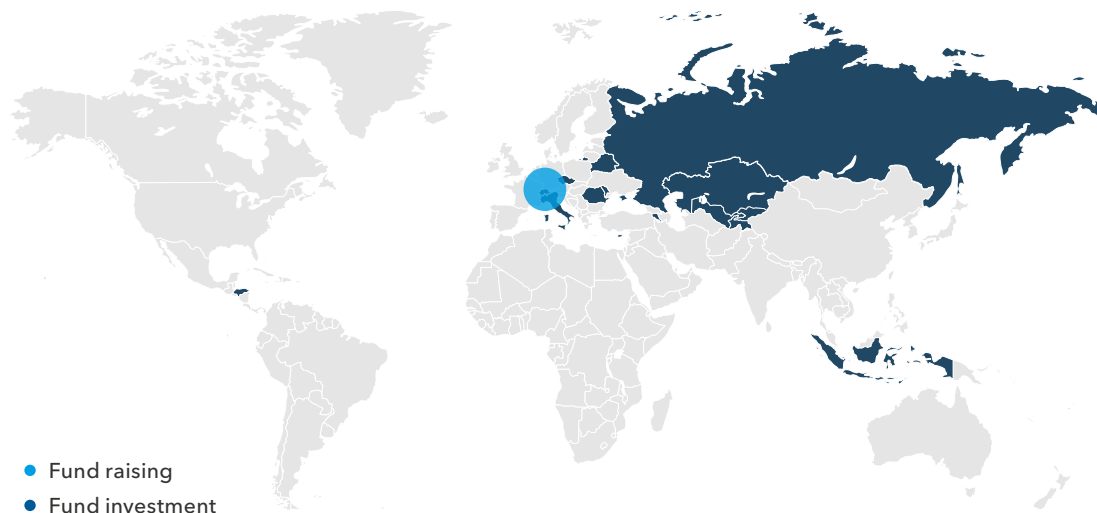
Fund Investment

From our own structures of proprietary MFIs, the funds are deployed to direct final clients (end borrowers):

- Direct clients.
- Institutional clients and then to their final clients (borrowers).

Fund raising

Funds, raised in Europe through EMTNs issued in Luxembourg.





PORTFOLIO ANALYSIS



SOURCES OF ASSETS & PORTFOLIO BREAKDOWN

Structure and investment

• Structure of the sources: € 105,806,910

- **Equity**
€ 44,443,460 (42,0%)
- **Total Liabilities**
€ 61,373,449
- **Bonds**
€ 59,301,185 (56,0%)
- **Bondholders**
68
- **Shareholders**
1
- **Other**
€ 2,072,264 (2,0%)
- **Average bond amount purchase by one bondholder**
€ 872,076

Investments

Investments in Armenia

In total: € 5,870,908
Clients: 770

Investments in Italy

In total: € 6,137,991
Clients: 193

Investments in Czech Republic

In total: € 638,959
(Car sharing)

Investments in Moldova

In total: € 18,716,101
Clients: 1,544

Investments in Romania

In total: € 29,019,895
Clients: 1,644

Investments in Uzbekistan

In total: € 8,915,651
Clients: 376

Investments in Kyrgyzstan

In total: € 1,931,036

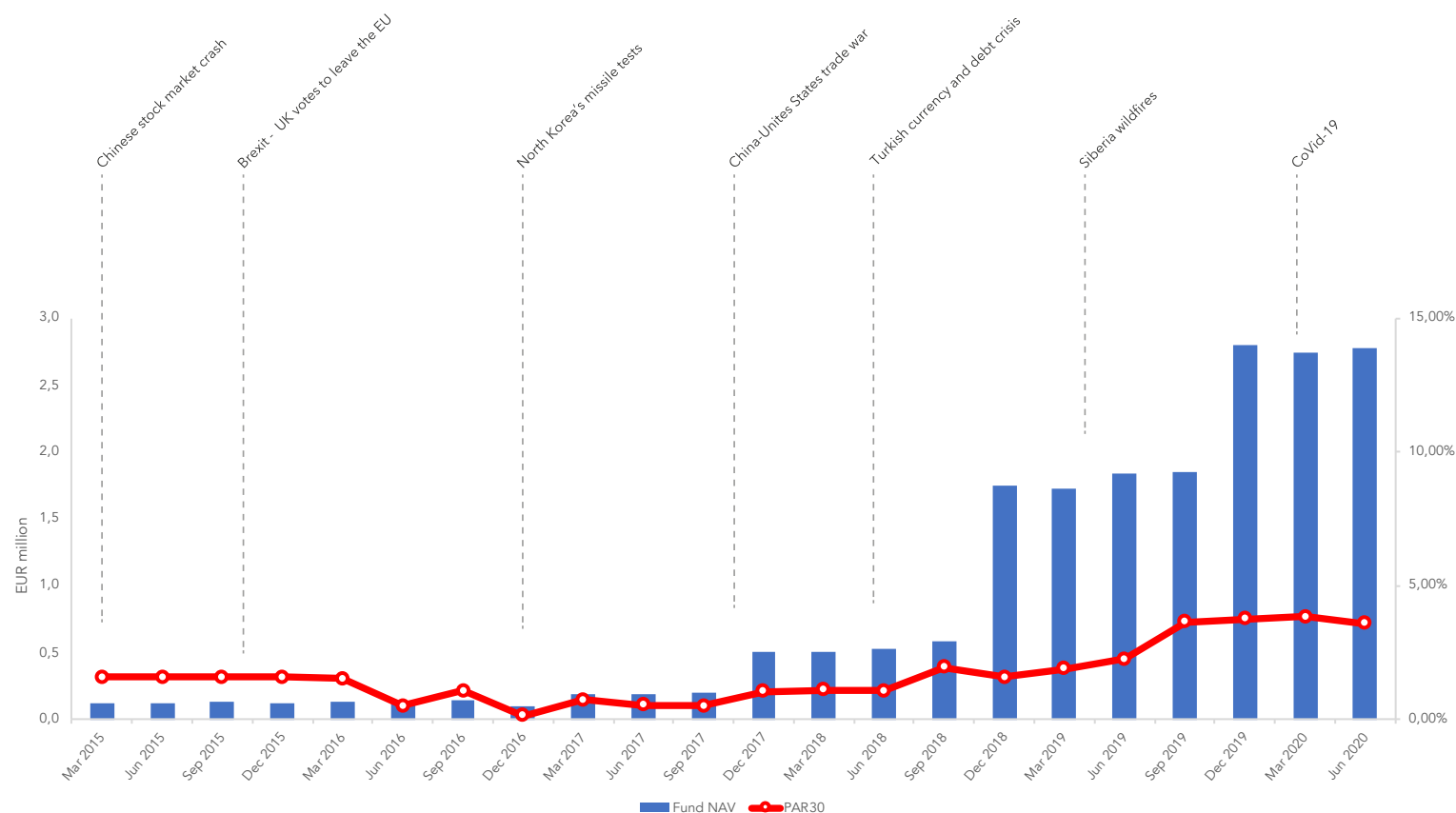
Investments in Tajikistan

In total: € 1,995,904

BENCHMARK OF PORTFOLIO QUALITY VS FUND'S NAV

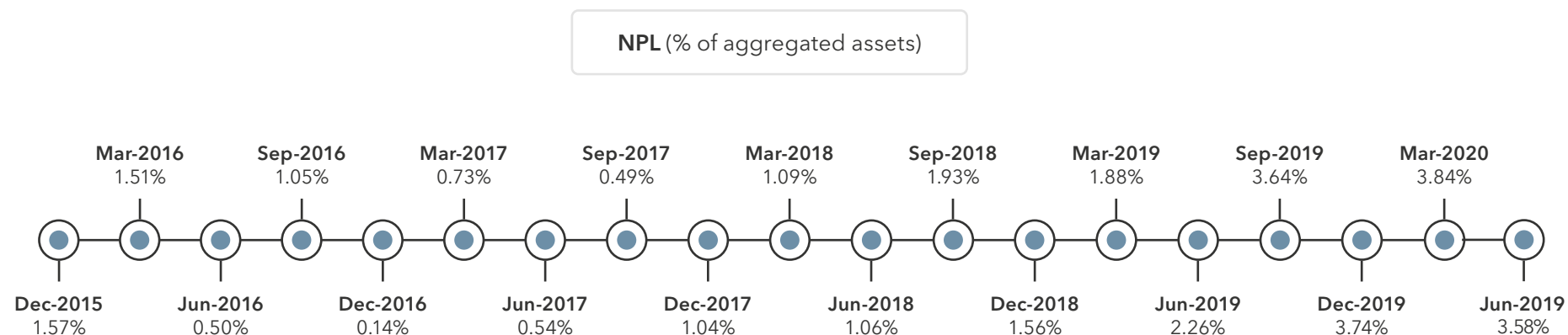
Analyzing Mikro Kapital's track record over the last 12 years we can see how the performance of our fund is decorrelated by global financial turmoil.

Portfolio At Risk (PAR) is the percentage of total loan portfolio that is at risk. So, PAR 30 is the principal amount (net after repayments) of open loans overdue by 30 days or open loans where no repayment has been made for 30 days.



PAR 30

Quarterly Analysis



- The fund has recorded only a low number of PAR30+, achieving 3.58% as of June 2020.
- When giving a loan for the first time, only those potential borrowers who pass a thorough Due Diligence are considered.

BEST PRACTICES

Mongolia - Indonesia

Ochir Undra Omz Nbf LLC

- MFO
- Established in 2008
- Located in Ulaanbaatar, Mongolia
- 18 employees

-
- Amount disbursed: 393,600,000 MNT
 - 18 month loan
 - Prepayment fee: 1%
 - Interest rate: 17.7% per annum
 - Interest payment: monthly
 - Principal repayment: monthly

Koperasi Mitra Dhuafa (Komida)

- MFO
- Established in 2004
- Located in Jakarta, Indonesia
- 1373 employees

-
- Amount disbursed: 5,537,600,000 IDR
 - 18 month loan
 - Prepayment fee: 1.5%
 - Interest rate: 14% per annum
 - Interest payment: monthly
 - Principal repayment: monthly

MONGOLIA



INDONESIA





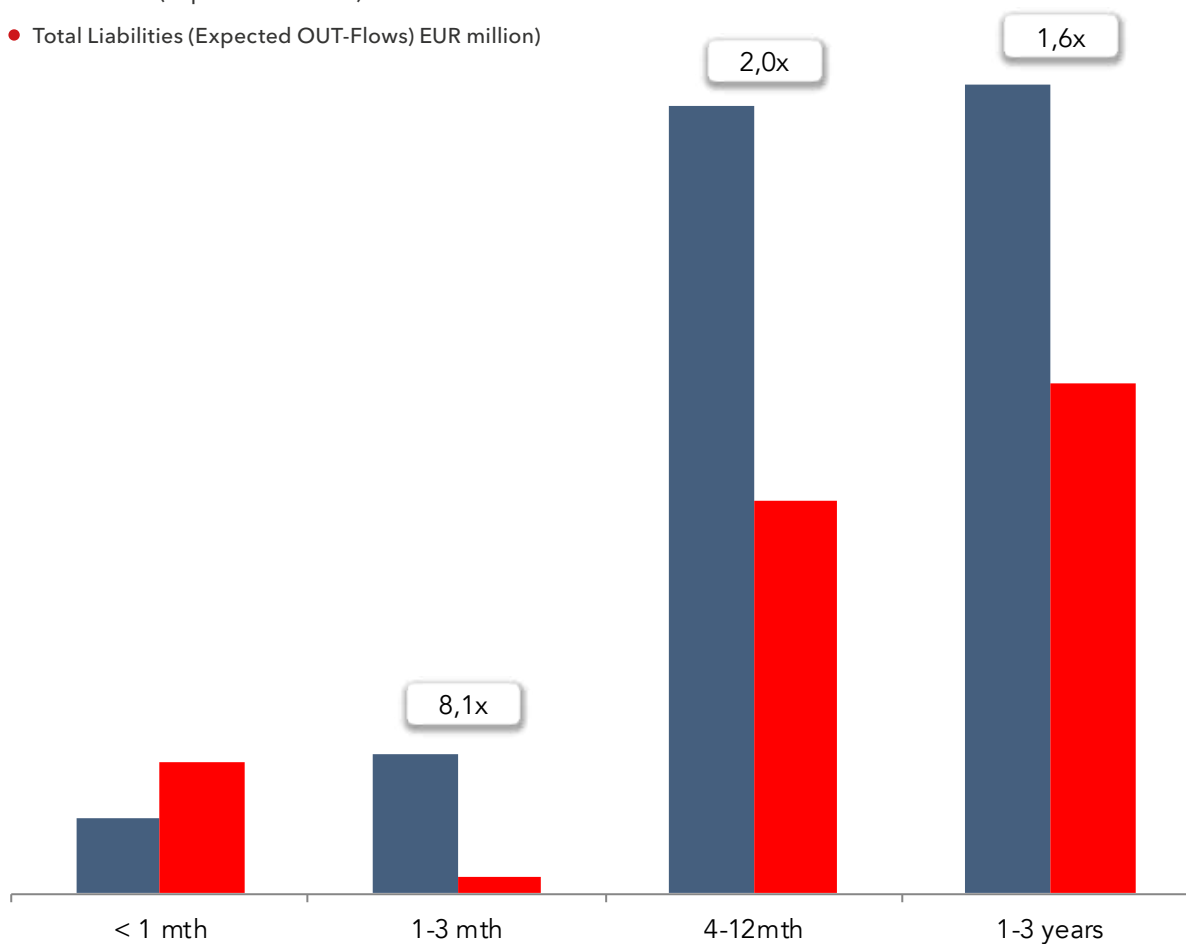
FINANCIAL ANALYSIS

ASSETS AND LIABILITIES MODEL (€)

Ratio as of 30 June 2020

Coverage Ratio

- Total Assets (Expected IN-Flows) EUR million
- Total Liabilities (Expected OUT-Flows) EUR million)



- Alternative provides an updated assets-and-liabilities model to its investors on a quarterly basis
- This model ensures the balance between the expected outflow (in general of interests and bonds paid to investors) and inflow (in general the loans)
- Coverage rate is between 1.6x - 8.1x
- A repaid loan may be extended



ALTERNATIVE BOND ISSUES

BOND ISSUES

From 2015 to 2020

<p>6 month 2015</p> <p>EUR 2,375,000</p> <p>Average rate: 8% Maturity: 24 months Nominal value: EUR 125,000</p>	<p>6 month 2015</p> <p>USD 1,116,000</p> <p>Average rate: 8.5% Maturity: 24 months Nominal value: USD 139,500</p>	<p>Q3 2015</p> <p>EUR 2,125,000</p> <p>Average rate: 8% Maturity: 24 months Nominal value: EUR 125,000</p>	<p>Q2 2016</p> <p>EUR 3,375,000</p> <p>Average rate: 8% Maturity: 24 months Nominal value: EUR 125,000</p>	<p>Q4 2016</p> <p>EUR 625,000</p> <p>Average rate: 2% Maturity: 24 months Nominal value: EUR 125,000</p>
<p>Q1 2017</p> <p>EUR 4,125,000</p> <p>Average rate: 6.9% Maturity: 30 months Nominal value: EUR 125,000</p>	<p>Q2 2017</p> <p>EUR 1,000,000</p> <p>Average rate: 5%; 8% Maturity: 24;36 months Nominal value: EUR 125,000</p>	<p>Q3 2017</p> <p>USD 7,830,000</p> <p>Average rate: n/a Maturity: 36 months</p>	<p>Q4 2017</p> <p>EUR 2,500,000</p> <p>Average rate: 8.5% Maturity: 39 months Nominal value: EUR 125,000</p>	<p>Q1 2018</p> <p>EUR 1,000,000</p> <p>Average rate: 6.5% Maturity: 24 months Nominal value: EUR 125,000</p>
<p>Q2 2018</p> <p>EUR 2,625,000</p> <p>Average rate: 7%; 7.5% Maturity: 24;36 months Nominal value: EUR 125,000</p>	<p>Q3 2018</p> <p>EUR 3,125,000</p> <p>Average rate: 7% Maturity: 24 months Nominal value: EUR 125,000</p>	<p>Q4 2018</p> <p>EUR 6,500,000</p> <p>Average rate: 8% Maturity: 11;24;36 months Nominal value: EUR 125,000</p>	<p>Q1 2019</p> <p>EUR 4,125,000</p> <p>Average rate: 7% Maturity: 24 months Nominal value: EUR 125,000</p>	<p>Q2 2019</p> <p>EUR 3,500,000</p> <p>Average rate: 7% Maturity: 24 months Nominal value: EUR 125,000</p>
<p>Q2 2019</p> <p>USD 1,265,100</p> <p>Average rate: 7.75% Maturity: 30 months Nominal value: USD 125,000</p>	<p>Q3 2019</p> <p>EUR 2,875,000</p> <p>Average rate: 7% Maturity: 24 months Nominal value: EUR 125,000</p>	<p>Q4 2019</p> <p>EUR 15,500,000</p> <p>Average rate: 5.4% Maturity: 31 months Nominal value: EUR 125,000</p>	<p>Q1 2020</p> <p>EUR 2,125,00</p> <p>Average rate: 6.5% Maturity: 24 months Nominal value: EUR 125,000</p>	<p>Q1 2020</p> <p>USD 1,120,000</p> <p>Average rate: 7.75% Maturity: 24 months Nominal value: € 125,000</p>
<p>Q2 2020</p> <p>EUR 3,375,000</p> <p>Average rate: 6.5% Maturity: 24 months Nominal value: EUR 125,000</p>				

HOW TO KEEP TRACK OF YOUR INVESTMENTS



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Mikro Kapital

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Mikro Kapital Management SA
10, rue C. M. Spoo, Luxembourg
Grand Duchy of Luxembourg
+352 2697 6304

info@mikrokapital.com
www.mikrokapital.com

