

Microfinance and COVID-19

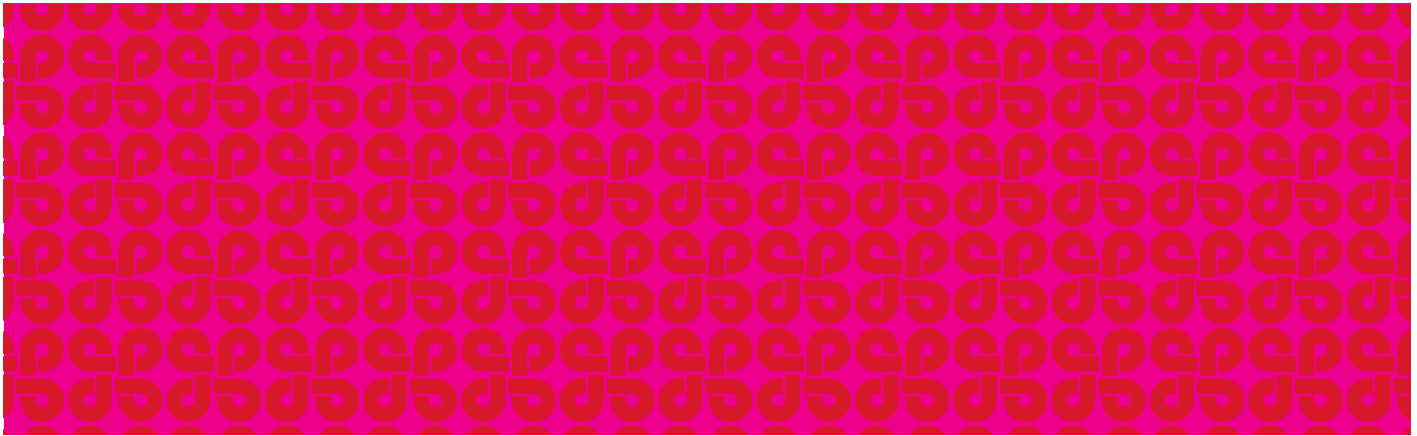
How the pandemic is changing the way MFIs operate

Audited annual report as at 31 March 2020

Rapport annuel révisé au 31 mars 2020



Luxembourg Microfinance
and Development Fund



In collaboration with



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of Finance

LUXEMBOURG
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Subscriptions for shares issued by the Fund may only be accepted on the basis of the current prospectus accompanied by the latest annual report and the latest semi-annual report, if more recent. Such documents can be obtained free of charge at the registered office of the Fund or downloaded from the website www.lmdf.lu

The information presented in this report refers only to the necessary information concerning Investing for Development SICAV and its compartment Luxembourg Microfinance and Development (LMDF), the compartment Forestry and Climate Change Fund is not included in this report.

ISIN Codes / Codes ISIN

Class C shares: LU0456967404

Class B shares: LU0456966935

LMDF obtained the:



MICROFINANCE

LMDF rated "A" by:



Principles for
Responsible
Investment

LMDF is included in:



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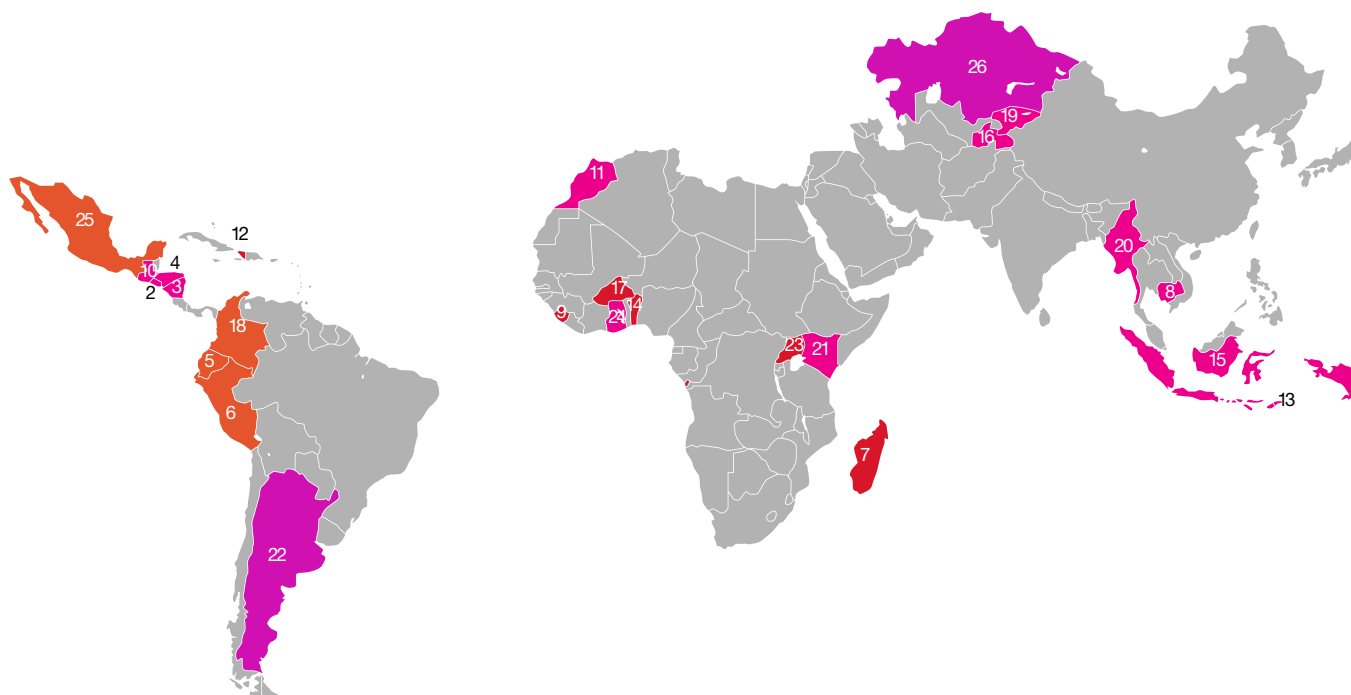
LMDF in figures // en chiffres

31 March 2020 // 31 mars 2020

EUR 34.7 million Investments in microfinance	64% Women
55 Microfinance institutions financed directly	15,659 Employees of partner MFIs
1 Regional fund	55,784 Micro-entrepreneurs financed by LMDF
26 Countries	1,171 Number of university students financed
1 Service provider	51% Micro-loans for services and small trade
46% Latin America	21% Agricultural activities
25% Southeast and Central Asia	11% Production and crafts
25% Sub-Saharan and North Africa	17% Other uses
4% Developed countries	EUR 608,749 Average exposure per MFI
74% Financing in local currency of MFI country	(1.6)% Twelve month return Class A shares
1.9 million Micro-entrepreneurs financed by partner MFIs	0.4% Twelve month return Class A _{bis} shares
EUR 963 million Total micro-loan portfolio of partner MFIs	1.0% Twelve month return Class B shares
EUR 1,549 Average disbursed micro-loan	0.8% Twelve month return Class C shares

Note: The figures stated in this section of the report relating to information received from microfinance institutions are as at 31st December 2019 and largely based on unaudited information. The calculations follow, wherever applicable, the Microfinance Investment Vehicles Disclosure Guidelines as published by CGAP in 2010.

LMDF's impact map



- | | |
|----------------|-----------------|
| 1 USA | 16 Tajikistan |
| 2 El Salvador | 17 Burkina Faso |
| 3 Nicaragua | 18 Colombia |
| 4 Honduras | 19 Kyrgyzstan |
| 5 Ecuador | 20 Myanmar |
| 6 Peru | 21 Kenya |
| 7 Madagascar | 22 Argentina |
| 8 Cambodia | 23 Uganda |
| 9 Sierra Leone | 24 Ghana |
| 10 Guatemala | 25 Mexico |
| 11 Morocco | 26 Kazakhstan |
| 12 Haiti | |
| 13 Timor Leste | |
| 14 Benin | |
| 15 Indonesia | |

Colour code Human Development Index (HDI):

Low HDI Medium HDI High HDI Very high HDI

Source: LMDF analysis, UNDP

Report of the Board of Directors to the shareholders

The tenth anniversary year of the Fund has not been as anticipated. Despite many significant milestones being reached between 1st April 2019 and 31st March 2020, the COVID epidemic has been an unprecedented setback for our partner MFIs.

The impact of COVID on the Fund has been significant, although its impact is only partially reflected in the March 2020 numbers and is expected to continue in the coming months. The situation is highly uncertain in many geographies, with lockdown measures impacting micro-entrepreneurs and business operations for MFIs. The Fund continues to work closely with its partner MFIs, to understand their needs and provide support, with safety and health of all partners a key priority. To keep our investors updated regarding the challenges institutions are facing, and the measures investors can take to support them, the Fund holds regular Voices from the Ground episodes.

This context has certainly been a setback for Fund performance. As of 30th September 2019, when our last report was written, the Fund had been showing good progress. However, the impact of COVID in the final quarter of the year has resulted in a slowdown or deterioration in many key areas.

The growth in net assets has seen a limited impact from the crisis, with steady growth continuing, allowing the Fund to reach EUR 40.9m in net assets at financial year end. Given these challenging times, we are very thankful to our investors for their confidence, which has allowed this progression in net assets. Retail investors have become structurally more significant within the Fund and we were pleased to announce the decision of Ministry

of Finance to convert its B shares to Abis shares in October 2019 and commit to further strengthening of A_{bis} shares as Class C grows.

Related to COVID, the Fund has to undertake provisions of EUR 443,863. The structure of the Fund means that the impact has been limited for Class C, Class B and Class A_{bis} shareholders which have seen positive returns of 0.8%, 1.0% and 0.4% respectively. However, the impact of the provision on Class A shares has resulted in a 1.6% reduction in value.

COVID has also had an impact on operations. Despite being nearly fully invested for much of the year, the Fund has taken the decision to increase liquidity levels which stood at 14.9% at year end. Planned disbursements have also slowed, but given the significant role that microfinance has in supporting economic recovery, we anticipate that this will recover in the year 2020-21.

Social performance continues to be a priority for the Fund. We are acutely aware of the pressures that could be placed on MFIs as a result of COVID. With this in mind, after year end, we became signatories of the COVID pledge, an initiative led by Grameen Crédit Agricole to find principles to protect microfinance institutions and their clients during this time.

Tenth anniversary celebrations may have been limited due to the crisis, but as the Fund enters its second decade, we see an increasingly significant role for the Fund, to reshape economies and support the most marginalised during this challenging period.

Corporate governance

The Board of Directors has selected and



Our partner MFIs all around the world have implemented measures to protect their staff and clients from COVID-19// Furuz, Tajikistan

retained ADA (Appui au Développement Autonome a.s.b.l.) as the investment adviser to LMDF, to provide the services of identification, evaluation and selection of investment and disinvestment opportunities as well as the review, supervision and monitoring of its microfinance investments.

The Board has established the following committees whose role is to support and make recommendations to the Board, or take decisions within certain limits determined by the Board, in their areas of activity:

- The **Investment Committee**, which currently has seven members, is authorised, within the limits of the investment policy and objectives of the sub-Fund as defined by the Board of Directors, to decide upon the acquisition or disposal of investments on the basis of a proposal by the Investment Adviser, and to take all other decisions relating to the management of the sub-Fund's portfolio.
- The **Risk Committee**, which has five members, provides direction, advice and oversight with regard to LMDF's risk management and reporting framework, including risk policies, processes and controls.
- The **Marketing Committee**, which has four members, oversees the Fund's marketing strategy including the development of the shareholder base.
- The **Employment Committee**, which has

three members, reviews the objectives, performance and remuneration of management.

- The **Appointments Committee**, which has three members, assists the Board in ensuring that its composition is aligned with the objectives of the Fund.

The Board has resolved that membership of the above Committees may be open to non-directors. The members of the Board do not receive any remuneration as directors, apart from the reimbursement of expenses incurred for Fund business and approved in advance by the Board.

Back in 2005, Kofi Annan said 'Microfinance is an idea whose time has come.' This statement has never been more true than it is now ! On the one side, the needs and entrepreneurial ideas of our existing and potential future clients are drastically increasing; on the other side, the sensibility of our existing and potential future investors to financially support such clients is experiencing an unprecedented positive development. We look forward to your continued partnership as microfinance plays an increasingly important role.

The Board of Directors
17 June 2020

Raymond Schadeck
Chairman



Vision

LMDF aims to contribute to the alleviation of poverty by supporting organisations that empower people and stimulate entrepreneurship, with a particular focus on the most excluded. The Fund facilitates access to responsible finance by building sustainable links between investors, microfinance institutions and ultimate beneficiaries.

Mission

In order to realise its Vision, LMDF

- Constitutes an attractive investment proposition by balancing stable financial returns to investors with the provision of responsible financial services to the poor.
- Specialises in facilitating the growth of promising emerging microfinance institutions which address the financial needs of marginalised communities and individuals in developing countries.
- Enables the development of micro-entrepreneurs in areas where unmet needs are largest, particularly among women, youth and rural populations.
- Is accessible to public, institutional and retail investors; is accountable for reaching both social and financial objectives; and is transparent in its reporting.

Résumé / Zusammenfassung

Le rapport annuel du LMDF couvre l'exercice 2019/2020 clôturé au 31 mars. L'année devait être une «bonne» année pour le Fonds en termes d'investissement et de performance sociale. Pourtant, la pandémie liée au COVID-19 a radicalement changé les perspectives.

Les activités des micro-entrepreneurs sont gravement affectées selon les zones. Par exemple, les taxis moto n'ont plus de revenus en Ouganda car ce sont des activités interdites. Cela entraîne des défauts de paiement dans les institutions de microfinance. D'autres domaines, tels que les activités agricoles peuvent continuer, mais malheureusement en partie à cause des restrictions de mobilité. Actuellement, notre priorité est d'écouter et de comprendre nos partenaires.

Face à l'incertitude croissante que l'avenir nous réserve, notre première réaction est d'agir avec prudence. Les prêts approuvés (non déboursés) avant la crise ont fait l'objet de vérifications supplémentaires pour évaluer l'impact possible sur les opérations des IMF. En plus, LMDF a décidé de se concentrer sur la restructuration des partenaires existants selon les besoins, en fournissant des liquidités d'urgence et en finançant la reprise des activités économique après la crise. Un des effets de cette stratégie est la constitution de liquidités substantielles dans le fonds.

La VNI a augmenté de 8%, passant de 38,0 millions d'euros à 40,9 millions d'euros. La croissance consiste en des entrées nettes de 2,6 millions d'euros, principalement des souscriptions d'actions de la classe C. Après la prise en compte des provisions de risque liés au COVID de 443 863 EUR, la VNI des actions de la classe C a augmenté de 0,8% et de 1% pour la classe B.

Pour les mois à venir, le LMDF se concentrera principalement sur la gestion de la crise actuelle. Nous pensons que cela nécessitera de la flexibilité et la capacité d'apprendre. Nous privilégions également la sécurité à la performance financière à court terme et prévoyons que le fonds disposera de liquidités substantielles pendant quelques mois.

Der Jahresbericht des LMDF berichtet über das Geschäftsjahr 2019/2020, welches am 31. März endete. Die Arbeit des Fonds während des Jahres deutete auf ein „gutes“ Jahr hinsichtlich Investitionstätigkeit und soziale Wirkung hin. Die COVID-Pandemie hat jedoch die Aussichten radikal verändert.

Die Aktivitäten von Kleinunternehmen sind je nach Bereich stark beeinträchtigt. So haben z.B. Motorradtaxi in Uganda kein Einkommen mehr da sie zu den verbotenen Aktivitäten zählen. Dies führt zu Kreditausfällen bei den Mikrofinanzinstitutionen. Andere Bereiche, wie z.B. landwirtschaftliche Aktivitäten können fortgesetzt werden, leiden aber zum Teil durch Mobilitätsbeschränkungen. Zurzeit ist es unsere Priorität, zuzuhören und zu verstehen, was unsere Partner uns sagen.

Angesichts der erhöhten Unsicherheit darüber was die Zukunft bringt ist unsere erste Reaktion, vorsichtig zu handeln. Vor der Krise genehmigte (noch nicht ausgezahlte) Kredite wurden zusätzlichen Prüfungen unterzogen, um die möglichen Auswirkungen auf die Institutionen zu bewerten. Darüber hinaus hat der Fonds beschlossen, sich darauf zu konzentrieren, bestehende Partner bei Bedarf durch Umstrukturierungen zu unterstützen, Notfallliquidität bereitzustellen und die Wiederaufnahme wirtschaftlichen Aktivitäten nach der Krise zu finanzieren. Ein Effekt dieser Strategie ist der Aufbau erheblicher liquider Mittel im Fonds. Der Nettoinventarwert stieg während des Jahres um 8% von 38,0 Mio. Euro auf 40,9 Mio. Euro.

Das Wachstum besteht aus Nettozuflüssen von 2,6 Mio. Euro, hauptsächlich durch Zeichnungen von Anteilen der Klasse C. Nach Berücksichtigung einer Risikovorsorge von 443.864 EUR in Bezug auf COVID, stieg der Nettoinventarwert der Anteile der Klasse C um 0,8 und der Klasse B um 1,0%.

In den kommenden Monaten wird sich den Fonds vor allem auf die Bewältigung der aktuellen Krise konzentrieren. Wir glauben, dass dies Flexibilität und Lernfähigkeit erfordert. Wir priorisieren Sicherheit über kurzfristige finanzielle Ergebnisse und erwarten, dass der Fonds für einige Monate über erhebliche Barmittel verfügt.

Management report on activities

The Luxembourg Microfinance and Development Fund (LMDF or Fund) reports on its activities during the financial year 2019/20 ended on 31 March 2020. The year was expected to be a “good” year for the Fund in terms of investment activities and social performance. Yet the coronavirus related health pandemic changed the review and outlook radically.

/ High uncertainty due to coronavirus

Many countries in which the Fund invests have adopted measures to contain the spread of the virus, including curfews and restrictions on business activities. The economic activities of micro-entrepreneurs have reduced sharply depending on the sector of activities. Motor taxi drivers in Uganda are left without any income (motor taxis are forbidden for the moment) whereas many agricultural activities continue.

In this unprecedented period, we have prioritised listening and understanding what our partners are telling us. The videocast series “Voices from the Ground” featured CEOs of microfinance institutions (MFIs) and other industry leaders describing how they and their clients face this crisis. What is clear is that many of the countries in which LMDF invests lack the budgets and public organisation required to provide a wide-spread support to the informal economy.

It has also become clear that the effects of the crisis vary significantly from country to country and even from one region to the next. At the date of writing this report, the impact in many Sub-Saharan African countries remains uncertain, whereas case numbers in Latin America are rising fast.

/ A strategy to respond to COVID-19

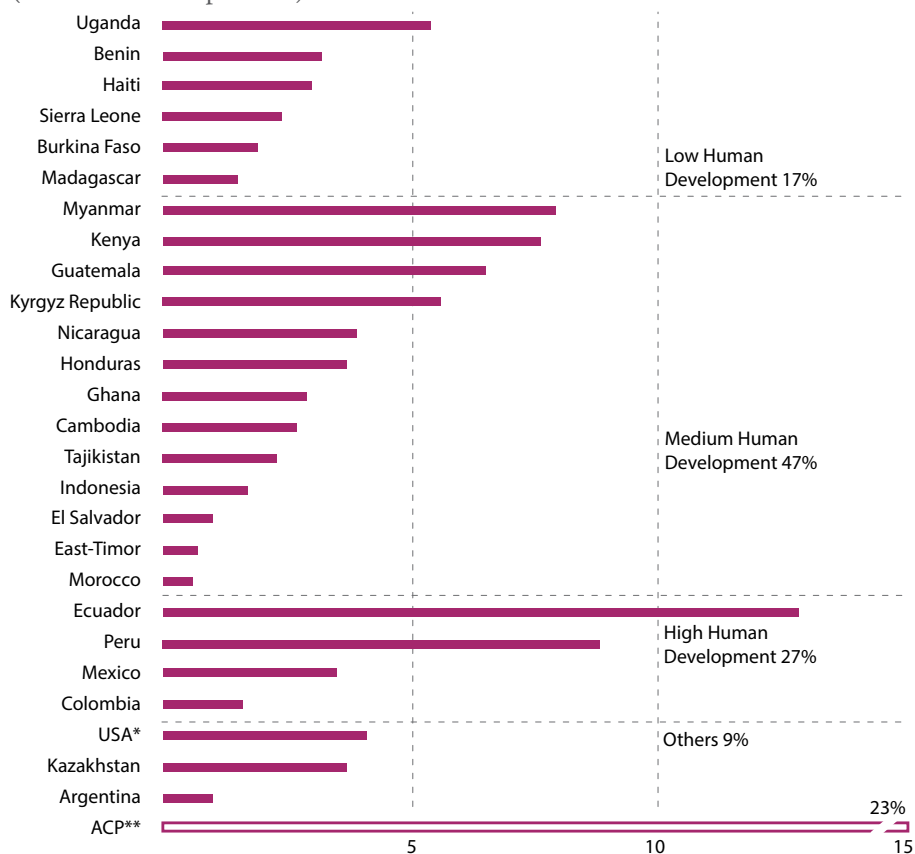
Faced with uncertainty, LMDF’s first response was to act prudently. Investments approved prior to the crisis, but not yet disbursed, have been subject to additional checks to evaluate the possible impact on the MFI’s operations. Many MFIs have reviewed their funding needs because growth in microcredit portfolios has stopped. Due diligence and monitoring visits have been suspended, reducing the number of new transactions.

The crisis has also accelerated the path towards more digitalisation and we note that MFIs in countries with a robust digital payment infrastructure seem to fare better compared to MFIs where such infrastructure is nascent.

Beyond this initial reaction, the Fund’s Management, Investment Adviser and Board agreed to focus on:

- 1. Supporting existing partners, where required, through restructuring**
In some cases, partner MFI may need to extend maturities of loans due and change covenants due to the coronavirus crisis. As a responsible lender, we support actions in the interest of all stakeholders, our shareholders, MFIs and their clients. LMDF is a signatory to the “Pledge of key principles to protect microfinance institutions and their clients in the COVID-19 crisis”.
- 2. Providing emergency liquidity**
We plan to provide short-term emergency liquidity to our MFI partners, with a particular focus on financing the agricultural production cycles as to avoid

GRAPH 1:
MICROFINANCE INVESTMENTS BY COUNTRY AND HUMAN DEVELOPMENT INDEX
(% of microfinance portfolio)

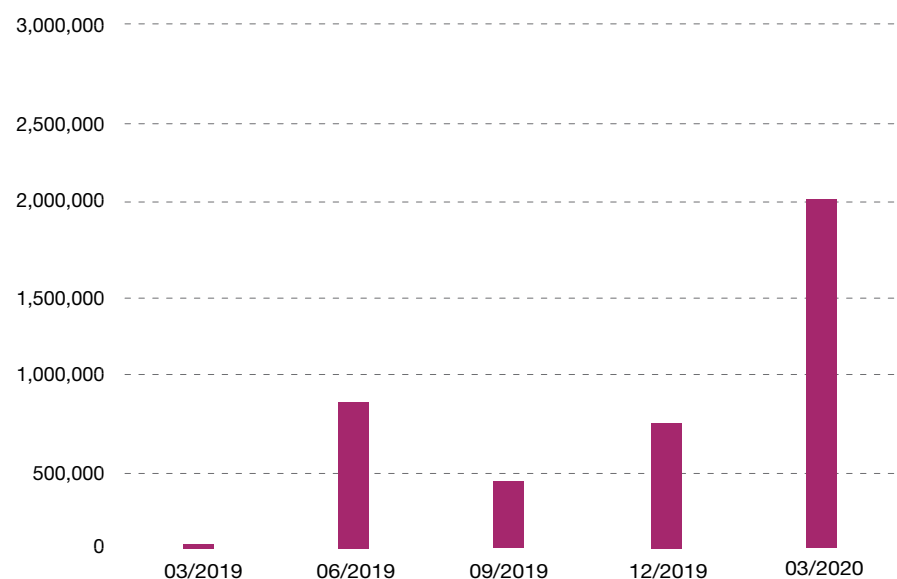


*Includes investment in regional fund investing in Latin American countries.

**ACP Countries: African, Caribbean and Pacific Group of States.

Source: LMDF analysis as at 31/03/2020. Human Development Index 2018 by UNDP.

GRAPH 2:
EXCESS LIQUIDITY (in EUR)



Source: LMDF analysis.

that the current crisis negatively impacts food security at a later date.

3. Restarting economic activities

Once countries loosen business restrictions, micro-entrepreneurs will require fresh funding to start economic activities. We are working on pre-approved lending transactions for those MFIs who emerge strongly from the crisis to provide funding.

Those are the pillars of our strategy going forward, which will certainly evolve as we learn more.

/ The financial year in review

COVID-19 impacted the Fund's operations during the last month of the financial year, traditionally a month of strong growth in the microfinance portfolio. As a consequence, liquid assets at year-end were higher than they would have normally been, with 14.9% of the Fund's total net assets held in cash at bank and term deposits (compared to 10.1% as at 31/03/2019). The total microfinance portfolio at the end of March stood at EUR

34.7m, a slight decline from EUR 34.9m end of March 2019.

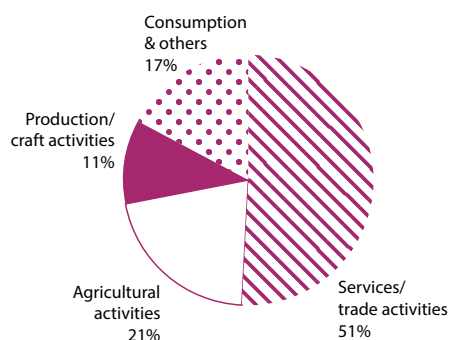
The Fund's total net assets grew by 8% from EUR 38.0m to EUR 40.9m. Growth in total net assets were mainly driven by net inflows of EUR 2.6m, mainly through Class C share subscriptions (EUR 6.2m during the previous financial year).

The Fund's financial key performance indicators saw marked improvements to the difference between Euro and US-Dollar interest rates (Graph 6), a positive contributor to the Fund's returns. Net Euro yields on its microfinance portfolio at year-end increased to 6.2% compared to 5.7% in the previous financial year.

The Fund's operating efficiency remained stable with a total expense ratio of 2.6% at year-end (compared to 2.6% during the previous financial year).

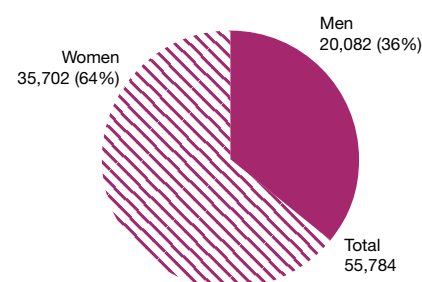
After accounting for total risk provisions mainly related to the coronavirus of EUR 443,863, the Net Asset Value (NAV) of Class C shares increased by 0.8%, Class B shares by 1% and Class A_{bis} shares by 0.4%.

GRAPH 3:
ECONOMIC PURPOSE OF MICRO-
CREDITS FINANCED BY LMDF (in %)



Source: LMDF analysis of weighted average data provided by partner MFIs as at 31/12/2019

GRAPH 4:
ACTIVE MICRO-ENTREPRENEURS
FINANCED BY LMDF



Source: LMDF analysis of weighted average data provided by partner MFIs as at 31/12/2019

Impacted by the risk protection offered to Class C shareholders, Class A share NAV reduced by 1.6%. The performance of the LMDF share classes positively compares to a 0.6% average return of microfinance Euro debt funds (measured by the Symbiotics SMX Euro Index).

/ Risk review

- Credit risks

The Fund evaluated the impact of the coronavirus pandemic on the valuation of financial instruments issued by MFIs using the data it obtained by mid-April 2020. Applying its valuation methodology (described in Note 6 of these financial statements in more detail), it made provisions in excess of EUR 400,000 for financial instruments issued by 14 MFIs. This compares to two MFIs with provisions as at the previous financial year-end.

The Fund has assumed that all MFIs which were on its watchlist before the crisis started will perform worse than expected. Furthermore, and in the absence of reliable

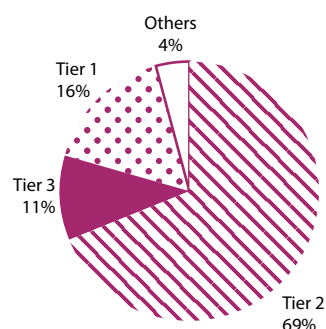
data, the Fund determined that requests received from MFIs to restructure debt obligations coming due to indicated liquidity constraints (which may also indicate solvency issues in some cases).

It should be highlighted that - as at the reporting date - the full impact of the coronavirus health pandemic remains uncertain and that valuations are likely to evolve as more data becomes available.

- Currency risk

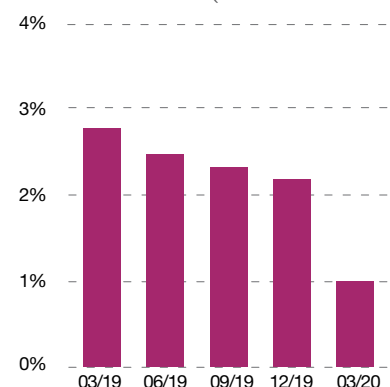
The Fund's conservative approach to currency risks paid out in times of significant market volatility. The Fund's hedging portfolio at year-end is valued at EUR 980,379 compared to EUR 115,190 as at 31 March 2019. The Fund's hedging covers a diverse portfolio of 18 currencies plus the Euro. The Fund's exposure to the US-Dollar continues to shrink. At the end of the financial year, the Fund held 27.7% of total net assets in instruments denominated in US-Dollars, a decline of 6.9% compared to March 2019.

GRAPH 5:
DISTRIBUTION OF MFIS BY TIER IN
LMDF'S PORTFOLIO (% OF PTF)



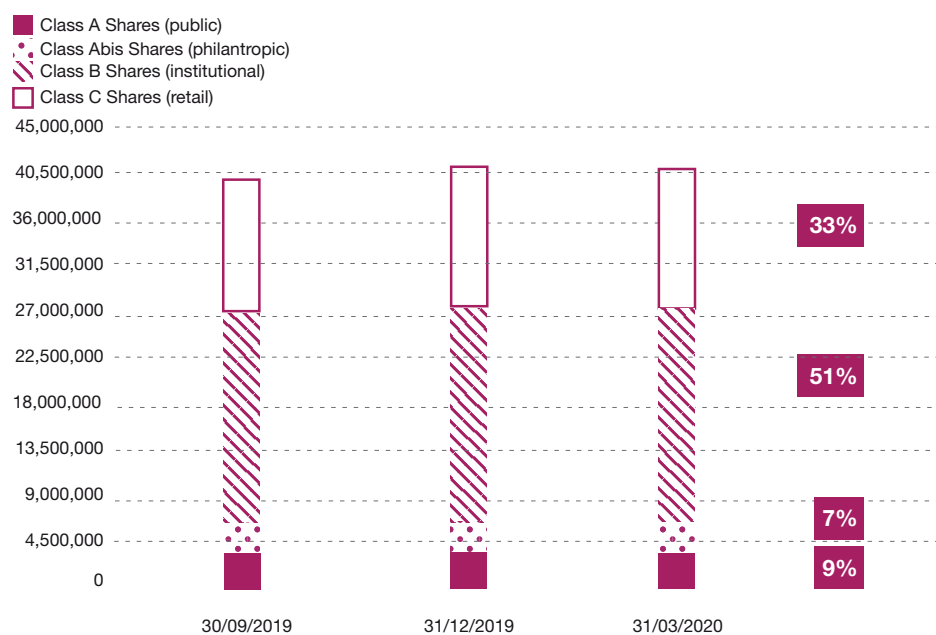
Source: LMDF analysis as at 31/03/2020

GRAPH 6:
DIFFERENCE BETWEEN EUR AND USD
INTEREST RATE (3 MONTH LIBOR)



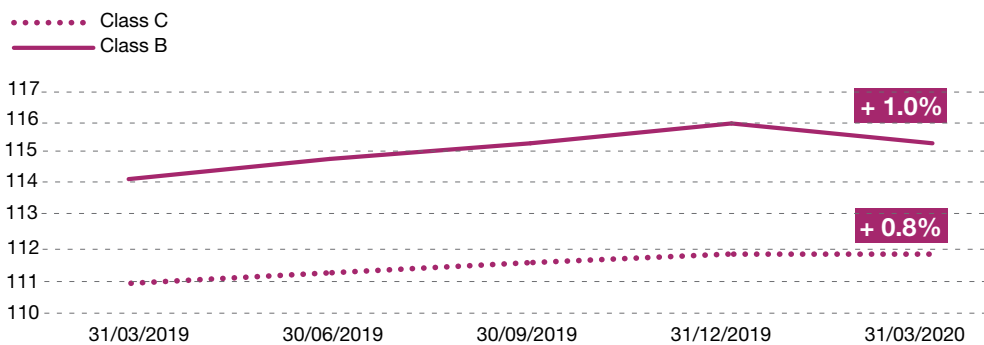
Source: US Department of the Treasury and European Central Bank

GRAPH 7:
NET ASSET VALUE BY SHARE CLASS (in EUR million)



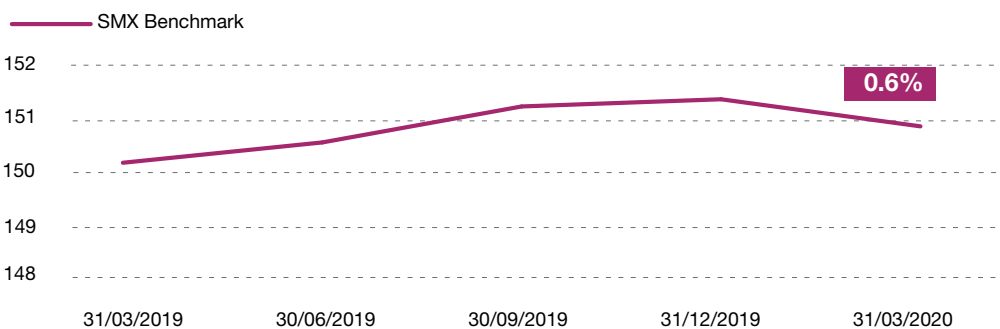
Source: LMDF analysis

GRAPH 8:
DEVELOPMENT OF NAV PER SHARE OF CLASS B AND CLASS C SHARES DURING THE LAST 12 MONTHS (in EUR)



Source: LMDF analysis

QUARTERLY PERFORMANCE OF THE SYMBIOTICS MICROFINANCE DEBT INDEX - EUROS (SMX EUR) DURING THE LAST 12 MONTHS



Source: Syminvest



Staff meeting in El Salvador: half the staff are present, while half work from home // Óptima, El Salvador

- Country risks

At the end of March, LMDF is invested in 26 countries. The exposure towards countries which are monitored by the Financial Action Task Force (the entity evaluating money laundering and terrorist financing risks) is listed for the first time in a detailed Note 11. 19.5% of total net assets are held in countries included in such lists.

Ecuador continues to be the largest portfolio country concentrating 10.7% of total net assets (11.2% at the previous financial year-end). The five most important countries concentrate 37% of the portfolio, a slight reduction from 40% in the previous year.

/ Outlook

LMDF's Management and Investment Adviser are mainly concentrating on navigating the present crisis. We think this

will require flexibility and the ability to learn. We are also privileging safety over financial returns and expect the Fund to have excess liquidity for some months to come.

Above all, we will act in the interest of those who are suffering most from this global pandemic and hope to contribute to overcoming the economic and social hardship as soon as possible.

As always, we look forward to receiving your thoughts and comments,

Yours faithfully,

Kaspar Wansleben

Executive Director
(kaspar@lmdf.lu)

1 What does COVID mean for MFIs?

An exploration of changes in the microfinance industry in these challenging times

Just as the financial year was coming to an end, Luxembourg started to see its first cases of COVID. By the 31st March 2020, there were 777,187 cases across the world, and the virus had spread across the continents and reached the majority of countries in which we work. As we write, the numbers continue to rise and the peaks have yet to be seen, notably in many poorer geographies.

Faced with such a crisis, different measures have been taken by different countries. We have seen this in Europe, with the policy adopted by Sweden being an outlier. Across our portfolio, some countries have introduced very strict lockdowns, even before the first cases had arrived in certain instances, to limit the spread. Other countries have taken more limited measures, with the hope that the economy does not also fall victim to the virus.

Taking measures such as closing borders, introducing quarantines and declaring stages of emergencies has helped to reduce the epidemiological impact of the disease, but the economic impact has been profound. We regularly hear about drops in GDP and lower levels of employment. We hear less about the impact on the informal economies, although this is a serious concern. The informal economy plays a dominant role in many of the countries in which the Fund works and its very nature means that businesses typically lack protection in times of crisis. The owners may live close to poverty lines, with limited savings, and be reliant from the day-to-day cashflows to meet their basic needs.

The suspensions in operations required to stall the spread of the virus may leave such informal business owners very vulnerable.

In this context, MFIs have a particularly significant role to play. Despite the operating challenges they themselves may be facing, they need to see what measures they can take to support their clients in this changed context. In our discussions with MFIs, one key message has come through: the importance of communications. It may be rather more difficult to communicate given that MFIs are unlikely to be able to see their clients face-to-face, and have to rely on calls, or WhatsApp. However, many partner MFIs have noted concerns about misinformation and the confusion that it has been causing among vulnerable populations. MFIs have been working to deliver clear messages to their clients and to explain how the institution is available to offer support. However, just as delivering information is important, it is also important to listen.

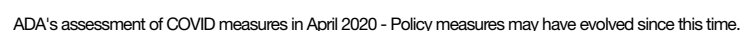
Only by listening can client needs in this difficult period be understood. Loan officers may find themselves becoming therapists rather than engaging in their typical work of disbursing new loans.

Responding to these needs, and to the new regulatory changes, MFIs have had to be more flexible in their models. The significance of digitisation has been a topic which has received considerable debate over recent years – notably the question of ‘tech and touch’ models – how the human touch which is at the heart of microfinance models

places. With this in mind, the next pages cover key lessons learnt from the Voices from the Ground series, episodes of podcasts which the Fund has aired to see what impact the Coronavirus is having in the countries in which it operates.

places. With this in mind, the next pages cover key lessons learnt from the Voices from the Ground series, episodes of podcasts which the Fund has aired to see what impact the Coronavirus is having in the countries in which it operates.

- Countries where microfinance activities are working rather normally despite some restrictions
- Countries where microfinance activities are mostly stopped





When a client enters branches of the MFIs, the necessary safety measures are in place // Oxus, Kyrgyz Republic

LMDF's COVID response

Besides its communications and regular editions of Voices from the Ground, LMDF has adopted a three pillared strategy to support microfinance institutions facing the COVID pandemic.

Support existing partners, through restructuring where required – this is the first element of the strategy. Given the complex operating environment, the recommendations of regulators, and client feedback, many institutions have organized loan extensions to support their clients. As MFIs will receive delayed payments from their clients, they are correspondingly seeking loan extensions from their creditors. LMDF seeks to support its partners where possible and is currently negotiating several restructuring agreements to continue to work with its partners during this period. It has become a signatory of the Grameen Pledge, which encourages a coordinated effort among creditors to support MFIs during this period.

Providing emergency liquidity – Institutions which are in areas particularly affected by the COVID pandemic may find that liquidity becomes a struggle, as clients have challenges repaying, but expenses must continue to be met. For institutions which

have fundamentally sound business models and solvency levels, but for which liquidity becomes a concern as a consequence of the pandemic, the Fund may offer emergency liquidity support. Given the fundamental importance of food security at this time, this facility can be used to support the growing season for MFIs with an agricultural portfolio. LMDF's partner, ADA, has also been focusing on other emergency needs and is offering COVID related technical assistance to institutions requiring additional support.

Restarting economic activities – The microfinance sector is likely to be of fundamental importance when it comes to rebuilding economies in the wake of the crisis. LMDF has been working closely with partner institutions to ascertain their needs coming out of the crisis. It has built up liquidity, and has been continuing with prospection and pipeline building, ready for the situation to stabilise and for recovery to become the new focus.

LMDF presented a series of interviews on the impact of COVID-19 in the countries where we operate. The pandemic has certainly changed the way we live here in Luxembourg, but what is happening in countries where poverty rates are higher and where the informal economy dominates?

2 Voices from the Ground

How COVID changed the day-to-day operations of MFIs worldwide

LMDF launched Voices from the Ground to see how micro-entrepreneurs and microenterprises are coping during these challenging times, and to understand what their needs are. Every episode has provided us with food for thought and below are key lessons and takeaways from each episode. Although there are considerable challenges, MFIs have been resilient and have shown innovation in providing responses which allow them to continue to meet the needs of the most vulnerable in society.

Burkina Faso

Interview: 18/04/2020. Participants: Mr Kirakoya, ACEP Burkina Faso; Ms Gyebré, Graine sarl; Ms Liziard, ADA asbl and Mr Wansleben, LMDF (moderation)

Burkina Faso registered the first case of COVID on the African continent. The government acted extremely rapidly by banning group gatherings, but not by implementing a full lockdown. In terms of fiscal measures, no penalties for those unable to pay their loans in time may be applied. Burkina Faso is already in an acute security situation, with a rise in attacks by Islamic militants. The COVID crisis has aggravated an already very challenging operating context.

Graine, a predominantly rural institution, had already been impacted by security concerns in the North and North East of the country, and COVID-19 has made its concerns more acute. Some of its offices in remote, rural areas have had to close, a particular concern given that agriculture loan cycles start in May and food security is already an issue in Burkina Faso. Although operations in larger towns are less affected, micro-entrepreneurs with restaurants and mechanical and commerce businesses are

struggling with revenues.

ACEP primarily works with SMEs in the main cities. Its clients felt the impact of the sanitary crisis before the disease reached the country, as imports from China and Turkey slowed and impacted retailers. The MFI has set up emergency credits and is organising restructuring on a case by case basis.

ACEP also provides clients with savings options and therefore a key focus has been liquidity and stress-testing to ensure that clients have access to their savings at a time when this may well be needed.

Both MFIs have found that communication is fundamental and are in contact with their clients regularly, adapting their responses based on feedback. Digital finance initiatives are also being accelerated to keep business running as smoothly as possible, in this challenging context.

Central Asia - Kyrgyz Republic and Republic of Tajikistan

Interview: 30/04/2020. Participants: Ms Abdulhafizova, MF Rating; Mr Khomyakov, OXUS Microfinance Company; Mr Jaeckle, Furuz LLC and Ms Wilson, LMDF (moderation)

With no confirmed COVID cases (when the interview was held at the end of April), business has continued as usual in Tajikistan. Only the coming of Ramadan prompted the government to close mosques, schools and non-food parts of the bazaar. In fact, it is the uncertainty rather than the lockdown measures which have an impact. Clients are now very cautious about taking out new loans, even those in the

agriculture industry, who, in theory, see limited impacts from the virus. Instead of using credit to buy fertilizer and agricultural inputs, Furuz's clients are preferring to sell their cattle to raise funds. As more measures are implemented, the CEO highlighted the need for a people centric strategy, prioritising the needs of staff and clients: "If people are put first, this will later be repaid in loyalty".

In Kyrgyzstan, more standard measures have been taken, including a strict lockdown in several regions, but the impact was felt by MFIs before this, as clients in the transport sector and import export businesses were touched when stricter measures were enforced in China. The National Bank has recommended that MFIs restructure loans impacted by COVID and stated that they do not need to be classified as "risky".

As a first step, all MFIs have been prioritising safety; while branches in some areas have had to close, others have been well-equipped with sanitisers and masks and means to maintain social distance. MFIs such as Oxus have been innovating to work out the best way to keep business running as usual in these changed circumstances, and have been using What's App for everything, from routine communications, to amending contracts.

These uncertain times also prompt a lot of questions for lenders; consumption loans have been prevalent in the region and there have been concerns about over indebtedness. Farida from MF rating highlighted that microfinance has two roles: building resilience and assets to cope with emergencies; and making opportunities. As Farida stated "Until and unless you are confident in your future and are able to provide for your food, you will not make risky investments" such as those needed to build opportunities and businesses. However, consumption loans may be needed to finance even the most basic of needs such as food, even for clients with existing loans, and

probably with onsite visits being impossible. This means that those in responsible finance are facing challenging questions on what constitutes responsible lending practices at this time.

Kenya

Interview: 4/04/2020. Participants: Ms Wanjiru Karinga, BIMAS; Dr Gathondu, BIMAS; Ms Fechner, ADA asbl and Ms Wilson, LMDf (moderation)

As a strongly integrated economy, Kenya was already impacted economically, long before the virus reached the country. As the crisis became more acute, the government quickly reacted by closing schools and airports, stopping certain flights, banning religious ceremonies and encouraging home office when possible. It also enforced a curfew and the partial ban on restaurants and street markets.

These measures heavily impacted the Kenyan economy, where most workers are employed in the informal sector and cannot work from home (i.e. taxi driver). The lack of income for such workers leads to an incapacity to meet daily needs, contributing to significant uncertainty and anxiety.

The ban on social gatherings in rural areas particularly impacted MFIs. BIMAS traditionally relies on group lending, but the COVID crisis required the MFI to change its strategy. With no groups, there is no co-guarantee mechanism and clients need to be contacted one by one. Thus, BIMAS started to use the new technologies for communication and financing. Thanks to the mobile phone and a new platform, BIMAS can ensure that its clients remain safe, reassure them, remind them of their instalments and find individual solutions according to individual needs.



In Kenya, taxi drivers suffered from restrictions on their work // BIMAS, Kenya

Southeast Asia - Cambodia and Myanmar

Interview: 9/04/2020. Participants: Mr Phal, Cambodia Microfinance Association (CMA); Ms Medrano-Lazo, ADA asbl and Ms Wilson, LMDF (moderation)

In Cambodia, there is no strict lockdown and the government has adopted a strategy between “do not panic” but “do not underestimate” the situation. With the sharp drop in tourism, the informal economy is heavily impacted. MFIs are receiving requests from their clients to postpone their payments. The CMA is working closely with the government, the banking association, and the national bank to coordinate their communication and action so that everyone may benefit. For instance, the CMA publishes videos to answer frequently asked questions by the clients on how to manage a micro-business in times of crisis.

In Myanmar, the lockdown is stricter and similar to Europe. From April, the regulator for microfinance (FDR) issued a unified response. MFIs should suspend disbursements and collections, stop accepting deposits and loan applications and stop giving financial literacy trainings, at least until end of April. MFIs are still allowed to be open with no more than five staff members and for very specific activities

such as emergency loan, voluntary payments, and savings withdrawals. These instructions have been added to the regional ones, which have created discrepancies and consequently confusion and panic for the MFIs. This means that microfinance associations have been very focused on clear communications, to assist clients during this time.

In Myanmar, there is a will to use digital channels both within MFIs, to optimise their operations, but also with clients, to communicate and find adequate responses. Efforts are being made to further use what already exists, such as online payment platforms. Digital solutions appear to be at a relatively early stage but are still promising for the future development of the sector regionally.

El Salvador

Interview: 23/04/2020. Participants: Ms Canalda, REDCAMIF; Mr Siman, Óptima and Ms Wilson, LMDF (moderation)

El Salvador reacted quickly to COVID-19 and instituted one of the toughest lockdowns in Central America, with the lockdown starting even before the first cases were registered in the country. The government has been clear

and loud in its message that all instalments for bank and financial institutions loans may be extended for up to three months.

As the sanitary crisis ensued, Óptima has set up an emergency plan to ensure that its clients and staff are safe and sound. Good communication with the clients is a priority, and new technologies enable loan officers to catch up with clients weekly. Óptima has also created online surveys to categorise its clients into different categories, depending on their geographic position and on their sector of activity; based on this data, adequate and strategic responses can be developed.

To ensure that activities keep going despite lockdowns, Óptima has also launched a mobile app with videos on how micro-entrepreneurs can handle the crisis and to allow for disbursement and reimbursement. Finally, Óptima has developed a liquidity strategy, issuing bonds on the stock market, and maintaining a close relationship with its financiers.

El Salvador has a reputation for innovation in microfinance, and the quick and strategic moves taken by Óptima demonstrate how new ways to operate can be developed, even in this difficult time, and be used by the sector in the years to come.

Peru

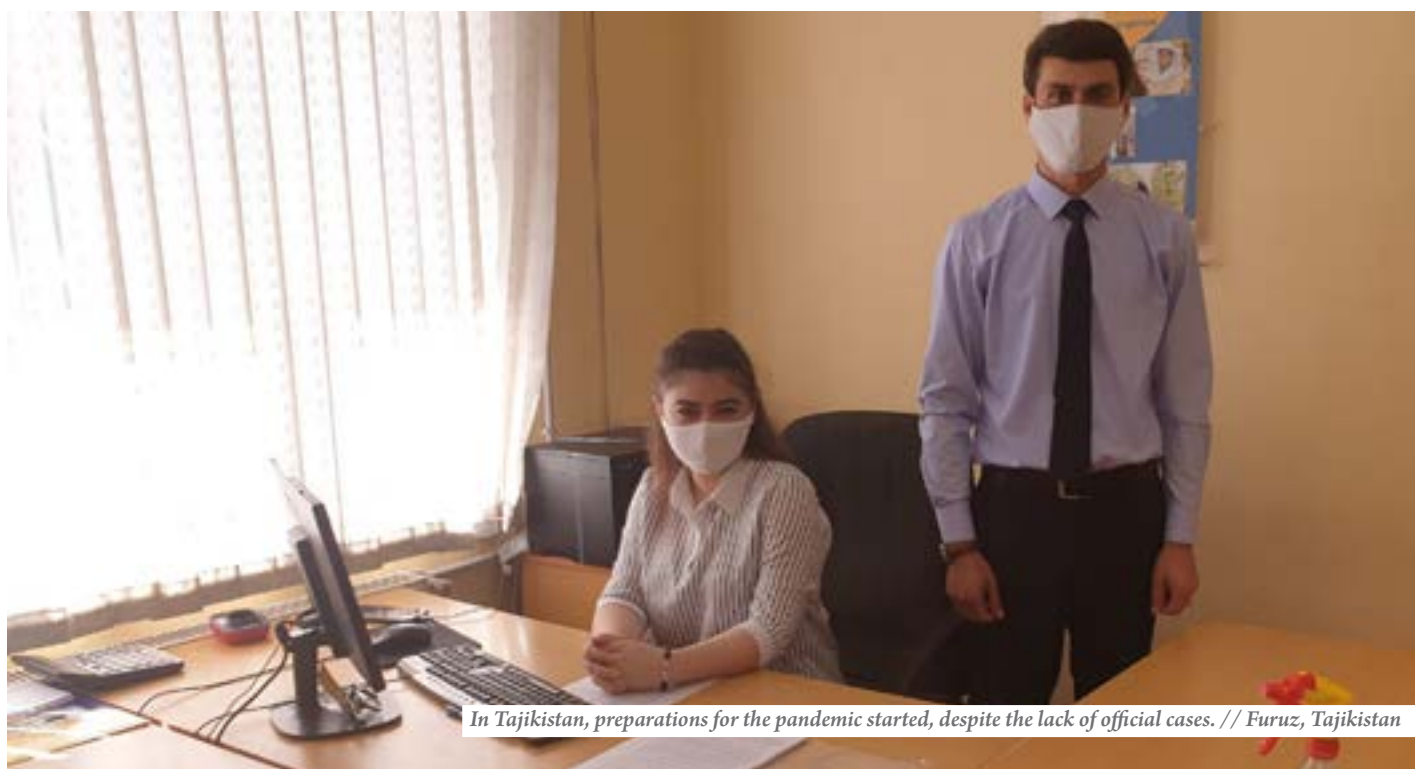
Interview: 28/05/2020. **Participants:** Ms Belén Effio, MicroRate; Mr Romani Salazar, Green Capital and Mr Stefanetti, LMDF & Banque Internationale à Luxembourg (moderation)

Latin America has become, after China and Europe, the new epicentre of COVID-19. However, the impact differs from region to region. In Peru, rural areas have notably been less hard hit, although access to labour and to markets may prove a challenge for farmers in the months to come. Green Capital is currently doing surveys to work out what needs are in these areas and to offer the best responses.

Digitisation is fundamental in the response to COVID, improving efficiency and processes and providing greater availability and transparency of information. Nonetheless, to be more effective, this shift in processes needs to be accompanied by digital literacy trainings for clients, with internet use growing rapidly, but still lagging behind neighbouring countries.

Another concern is liquidity, which is one of the key challenges for most of the MFIs. The latter need funding to be able to accompany the restructured loans that have been approved for underlying micro, small and medium enterprises. The unified response of lenders to this crisis has been a valuable support. However, beyond financial support, endeavours which also incorporate technical assistance are most valuable. Green Capital recalled that taking the right decisions now will open new opportunities as Peru comes out of this crisis, showing opportunities for microfinance models to evolve and adapt in this new context.

N.B. The information in this article reflects the situation at the time when each episode was recorded. There may have been substantial subsequent developments.



Statutory information

Organisation

Registered Office // Domicile

2, place de Metz
L-1930 Luxembourg

Trade Register Number // Registre de commerce et des sociétés

R.C.S. Luxembourg B 148.826

Board of Directors and Committees // Conseil d'administration et comités

Chair - Président

Raymond Schadeck

Independent

Members - Membres

Claude Faber (until 25/04/2019)

Michel Haas

Patrick Losch

Marie-Anne Marx (from 13/05/2019)

Michel Maquil (from 13/05/2019)

Natalia Oskian

Raoul Stefanetti

Monica Tiuba

Dzermal Tomic

Kaspar Wansleben

Development Cooperation Department,
Ministry of Foreign and European Affairs (MAEE)

Ministry of Finance

Independent

Development Cooperation Department,
Ministry of Foreign and European Affairs (MAEE)

ADA - Appui au Développement Autonome

Independent

Banque Internationale à Luxembourg (BIL)

Independent

Banque et Caisse d'Épargne de l'État (BCEE)

Executive Director

Investment Committee LMDF*

Comité d'investissement LMDF

Raoul Stefanetti - BIL, Committee Chair

Anne Contreras - Independent

Gilles Franck - ADA

Michel Haas - Ministry of Finance

Thomas Lammar - MAEE

Philippe Dardart - BGL BNP Paribas

Kaspar Wansleben - Executive Director

Risk Committee

Comité de risque

Dzermal Tomic - BCEE, Committee Chair

Raymond Schadeck - Independent

Yves Speeckaert - Independent (from 18/09/2019)

Jane Wilkinson - Independent (from 18/09/2019)

Apricot Wilson - Head of Risk (from 13/05/2019)

Employment Committee // Comité d'emploi

Michel Haas - Ministry of Finance, Committee Chair

Raymond Schadeck - Independent

Dzermal Tomic - BCEE

Marketing Committee

Comité de marketing

Natalia Oskian - Independent, Committee Chair

Viviane Clauss - BdL

Hedda Pahlson-Moller - Independent (until 21/05/2019)

Didier Richter - BIL

Patrick Bilbault - Independent

Appointments Committee

Comité de nomination

Claude Faber - MAEE, Committee Chair (until 25/04/2019)

Marie-Anne Marx - MAEE, Committee Chair (from 13/05/2019)

Michel Haas - Ministry of Finance

Raymond Schadeck - Independent

*A separate investment committee has been constituted for FCCF

Investment adviser // Conseiller en investissement

ADA - Appui au Développement Autonome asbl
39, rue Glesener
L-1631 Luxembourg

Microfinance expertise // Expertise en microfinance

General Partner of the Higher Education
Finance Fund LP
OMTRIX Inc.
Oficentro La Virgen No.2, Edificio 1, Piso 1
Zona Industrial de Pavas,
San José, Costa Rica

Depository, Paying and Domiciliation

Banque dépositaire et agent de paiement

Banque et Caisse d'Épargne de l'État
1, place de Metz
L-2954 Luxembourg

Administrative Agent, Registrar and Transfer Agent

Administration centrale et agent de transfert

European Fund Administration S.A.
2, rue d'Alsace
L-1017 Luxembourg

Auditors // Réviseur d'entreprises agréé

KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Legal Advisers // Conseiller légal

Elvinger Hoss Prussen
2, place Winston Churchill
L-1340 Luxembourg

Distributors // Distributeurs

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L-2449 Luxembourg

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4, rue Léon Laval
L-3372 Luxembourg

Fortuna Banque s.c.
130, boulevard de la Pétrusse
L-2330 Luxembourg

Listing // Listing

On the Luxembourg Stock Exchange
Securities Official List (SOL)
www.bourse.lu/green

Foreign Currency Hedging Provider // Contrepartie de couverture de risque de change

MTX Solutions, Inc.
1050 17th St. NW, Suite 550
Washington DC, 20036
United States of America

Banque et Caisse d'Épargne de l'État
1, place de Metz
L-2954 Luxembourg

Identity numbers // Code d'identité

Class B shares
ISIN: LU0456966935
Bloomberg: LMDSVCB:LX
SIX: 10633787

Class C shares
ISIN: LU0456967404
Bloomberg: LMDSVCC:LX
SIX: 10633788

Report of the réviseur d'entreprises agréé

Rapport du réviseur d'entreprises agréé



To the Shareholders of
Investing for Development SICAV
Luxembourg Microfinance and Development Fund
2, Place de Metz
L-1930 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Luxembourg Microfinance and Development Fund ("the Sub-Fund"), a sub-fund of Investing for Development SICAV ("the Fund") which comprise the statement of net assets and the statement of investments and other net assets as at 31 March 2020 and the statement of operations and the statement of changes in net assets for the year then, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Luxembourg Microfinance and Development Fund as at 31 March 2020, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of the Réviseur d'Entreprises agréé » for the Audit of the Financial Statements » section of our report. We are also independent of the Fund in accordance with the

International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the fact that the Sub-Fund does not constitute a separate legal entity.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund and Those Charged with Governance for the financial statements

The Board of Directors of the is responsible for the

preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Responsibilities of the “Réviseur d’Entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of “Réviseur d’Entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “Réviseur d’Entreprises agréé” to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “Réviseur d’Entreprises agréé”. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 17 June 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
39, Avenue J.F. Kennedy
L-1855 Luxembourg



Pia Schanz

Audited financial statements

Etats financiers révisés

// 1 Statement of net assets *État des actifs nets*

as at 31 March 2020 // au 31 mars 2020

Assets – Actif	Notes	EUR
Shares (and equity-type securities) in regional microfinance investment vehicles <i>Actions (et instruments similaires) dans des structures régionales d'investissements en microfinance</i>		922,701
Shares (and equity-type securities) in microfinance institutions and service providers <i>Actions (et instruments similaires) dans des institutions de microfinance et structures de support</i>		249,724
Loan agreements with microfinance institutions <i>Contrats de prêt avec des institutions de microfinance</i>	6, 11	31,949,321
Cash and savings at banks <i>Avoirs et épargne en banques</i>		6,085,065
Unrealised appreciation on swap contracts <i>Plus-value non réalisée sur contrat de swap</i>	5	845,386
Unrealised appreciation on forward foreign exchange contracts <i>Plus-value non réalisée sur contrats de change à terme</i>	5	134,993
Income receivable on portfolio <i>A recevoir sur le portefeuille</i>		786,162
VAT receivable <i>TVA à recevoir</i>		25,902
Other receivable and assets <i>Autres actifs</i>	7	189,101
Total assets Somme d'actifs		41,188,355



The crisis has provided some with an opportunity to improve and develop new tools // Furuz, Tajikistan

Liabilities – Passif	Notes	EUR
Accrued expenses <i>Provision pour frais à payer</i>	7	337,511
Interest payable on bank accounts and term deposits <i>Intérêts à payer sur avoirs en banque et dépôts à terme</i>		251
Total liabilities Somme des passifs		337,762
Net assets at the end of the year Actifs nets à la fin de l'année		40,850,593
A Class shares outstanding <i>Nombre d'actions en circulation de la Classe A</i>		131,347.257
Net asset value per A Class share <i>Valeur nette d'inventaire par action de la Classe A</i>		26.26
A _{bis} Class shares outstanding <i>Nombre d'actions en circulation de la Classe A_{bis}</i>		116,052.936
Net asset value per A _{bis} Class share <i>Valeur nette d'inventaire par action de la Classe A_{bis}</i>		25.67
B Class shares outstanding <i>Nombre d'actions en circulation de la Classe B</i>		179,764.308
Net asset value per B Class share <i>Valeur nette d'inventaire par action de la Classe B</i>		115.68
C Class shares outstanding <i>Nombre d'actions en circulation de la Classe C</i>		121,735.687
Net asset value per C Class share <i>Valeur nette d'inventaire par action de la Classe C</i>		111.94

// 2 Statement of operations and other changes in net assets *État des opérations et des variations des actifs nets*

from 1 April 2019 to 31 March 2020

du 1^{er} avril 2019 au 31 mars 2020

Income – Revenus	Notes	EUR
Interest on microfinance loan agreements <i>Intérêts sur contrats de prêt en microfinance</i>		4,121,721
Net interest paid on swap contracts <i>Intérêts nets payés sur contrat swaps</i>		(1,742,987)
Net interest on microfinance loan agreements <i>Intérêts nets sur contrats de prêts en microfinance</i>		2,378,734
Commissions on microfinance loan agreements <i>Commissions sur contrats de prêts microfinance</i>		84,294
Other income <i>Autres revenus</i>		3,893
Total income <i>Somme des revenus</i>		2,466,921
Expenses – Frais		
Advisory fees <i>Frais du conseiller en investissement</i>	3	450,487
Salary and wages of the fund management <i>Charges salariales de gestion du fonds</i>	3, 13	241,304
Custodian fees <i>Commission de la banque dépositaire</i>		43,058
Central administration costs <i>Frais de l'administration centrale</i>		63,943
Bank charges and other fees <i>Frais bancaires et charges liées</i>		18,672
Interest on bank accounts and term deposits <i>Intérêts bancaires et dépôts à termes</i>		33,567
Transaction fees <i>Frais de transaction</i>		(3,150)
Audit fees <i>Frais de révision</i>		26,632
Legal fees <i>Frais légaux</i>		28,430
Travel and representation fees <i>Frais de voyage et de représentation</i>		29,909
Rent & Information technology fees <i>Loyer et frais informatiques</i>		42,795
Other administrative costs <i>Autres charges administratives</i>	7	68,249
Total expenses <i>Total des frais</i>		1,043,896
Net investment income <i>Résultat net d'investissement</i>		1,423,025

The accompanying notes form an integral part of this report.

Net realised gain/(loss) <i>Bénéfice/(perte) net(te)</i>	Notes	EUR
On investments <i>Sur investissements</i>	6	(12,386)
On forward foreign exchange contracts <i>Sur contrats de change à terme</i>		(966,272)
Realised result <i>Bénéfice/(perte) net(te) réalisé(e)</i>		(978,658)
Net variation of the unrealised gain/(loss) <i>Variation de la plus-value/(moins-value) nette non réalisée</i>		
On investment portfolio / <i>Sur portefeuille d'investissements</i>		
Variation of impairment on microfinance loans <i>Variation de provisions sur prêts microfinance</i>	6	(443,863)
Variation of valuation of equity investments <i>Variation de la valorisation des investissements en capital</i>		6,611
Variation due to changes in the foreign exchange rate <i>Variation due à l'évolution du taux de change</i>		(592,603)
Total variation on investment portfolio <i>Variation totale sur portefeuille d'investissements</i>		(1,029,855)
On forward foreign exchange contracts <i>Sur contrats de change à terme</i>		518,720
On cross-currency swap contracts <i>Sur contrats de swap de taux et change à terme</i>		346,469
On foreign exchange transactions <i>Sur transactions en devises</i>		4,111
Unrealised result <i>Bénéfice/(perte) net(te) non réalisé(e)</i>		(160,555)
Result of operations <i>Résultat net des opérations</i>		283,812
Subscriptions <i>Souscriptions</i>		5,427,669
Redemptions <i>Rachats</i>		(2,829,954)
Total changes in net assets <i>Variation globale de la valeur nette d'inventaire</i>		2,881,527
Total net assets at the beginning of the year <i>Valeur nette d'inventaire au début de l'année</i>		37,969,066
Total net assets at the end of the year <i>Valeur nette d'inventaire à la fin de l'année</i>		40,850,593

// 3 Statistical information Informations statistiques

as at 31 March 2020 // au 31 mars 2020

Total net assets – Actifs nets EUR

As at 31/03/2020	40,850,593
<i>Au 31/03/2020</i>	

Number of A Class shares – Nombre d'actions de la Classe A en circulation

Outstanding at the beginning of the year	131,347.257
<i>Au début de l'année</i>	
Issued during the year	-
<i>Émises durant l'année</i>	
Redeemed during the year	-
<i>Rachetées durant l'année</i>	
Outstanding at the end of the year	131,347.257
<i>À la fin de l'année</i>	

Net asset value per A Class share Valeur nette d'inventaire par action de la Classe A

As at 31/03/2020	26.26
<i>Au 31/03/2020</i>	

Number of A_{bis} Class shares – Nombre d'actions de la Classe A_{bis} en circulation

Outstanding at the beginning of the year	38,322.661
<i>Au début de l'année</i>	
Issued during the year	77,730.275
<i>Émises durant l'année</i>	
Redeemed during the year	-
<i>Rachetées durant l'année</i>	
Outstanding at the end of the year	116,052.936
<i>À la fin de l'année</i>	

Net asset value per A_{bis} Class share Valeur nette d'inventaire par action de la Classe A_{bis}

As at 31/03/2020	25.67
<i>Au 31/03/2020</i>	

Number of B Class shares – Nombre d'actions de la Classe B en circulation

Outstanding at the beginning of the year <i>Au début de l'année</i>	191,890.163
Issued during the year <i>Émises durant l'année</i>	5,163.218
Redeemed during the year <i>Rachetées durant l'année</i>	(17,289.073)
Outstanding at the end of the year <i>À la fin de l'année</i>	179,764.308

Net asset value per B Class share *Valeur nette d'inventaire par action de la Classe B*

As at 31/03/2020 <i>Au 31/03/2020</i>	115.68
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Number of C Class shares – Nombre d'actions de la Classe C en circulation

Outstanding at the beginning of the year <i>Au début de l'année</i>	103,607.555
Issued during the year <i>Émises durant l'année</i>	25,560.291
Redeemed during the year <i>Rachetées durant l'année</i>	(7,432.159)
Outstanding at the end of the year <i>À la fin de l'année</i>	121,735.687

Net asset value per C Class share *Valeur nette d'inventaire par action de la Classe C*

As at 31/03/2020 <i>Au 31/03/2020</i>	111.94
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// 4 Statement of investments and other net assets *État du portefeuille-titres et autres actifs nets*

as at 31 March 2020 // au 31 mars 2020

Instrument // Microfinance institution	Note	Country	Maturity	Currency	Quantity // Nominal value	Total value (in EUR)	% of NAV
Financial instruments not admitted to an official stock-exchange listing nor dealt in on another regulated market							
Investments in regional microfinance funds or similar entities							
Higher Education Finance Fund LP		USA	N/A	USD	1,095,129	922,701	2.3%
Shares (and equity-type securities) in microfinance institutions and service providers							
MFX Solutions LLC		USA	N/A	USD	187,090	249,724	0.6%
Loan agreements with microfinance institutions							
Alliance for Microfinance in Myanmar Limited	11	MYANMAR	10/01/2022	MMK	2,500,000,000	1,716,479	4.2%
LETSHEGO Kenya LTD		KENYA	10/04/2020	KES	180,000,000	1,697,683	4.2%
EDPYME Alternativa S.A.		PERU	10/04/2020	PEN	5,900,000	1,634,609	4.0%
Cooperativa de Ahorro y Crédito 4 de Octubre		ECUADOR	11/04/2022	USD	1,500,000	1,421,669	3.5%
Microfinance Company Salym Finance		KIRGYZSTAN	10/10/2022	USD	1,200,000	1,122,002	2.8%
Advans MFI Myanmar Company Limited	11	MYANMAR	10/01/2023	EUR	1,000,000	1,009,583	2.5%
Maxima Microfinance Plc	11	CAMBODIA	10/04/2020	USD	1,000,000	950,411	2.3%
EFC Uganda Limited MDI	11	UGANDA	11/04/2022	UGX	3,400,000,000	894,931	2.2%
Cooperativa de Ahorro y Crédito Norandino LTDA		PERU	10/01/2022	PEN	3,300,000	894,796	2.2%
Fundación de Apoyo Comunitario y Social del Ecuador "FACES"	6	ECUADOR	11/10/2021	USD	1,000,000	838,811	2.1%
L'association pour la promotion de l'épargne crédit à base communautaire - BETHESDA		BENIN	10/04/2021	XOF	500,000,000	808,090	2.0%
El Instituto de Investigaciones Socio-económicas y Tecnológicas INSOTEC		ECUADOR	09/07/2021	USD	833,334	773,612	1.9%
Sinapi ABA Savings & Loans Limited	11	GHANA	10/07/2021	GHS	4,600,000	767,894	1.9%
MFO "Arnur Credit" LLP		KAZAKHSTAN	11/04/2022	KZT	320,000,000	705,636	1.7%
Cooperativa Integral de Ahorro y Crédito "Red de Fondos Comunitarios"		GUATEMALA	10/04/2021	GTQ	5,550,000	696,227	1.7%
Action pour la coopération avec la microentreprise S.A. ACME	6	HAITI	10/04/2022	HTG	64,000,000	645,109	1.6%
Avanza Sólido, S.A. de C.V. SOFOM E.N.R		MEXICO	11/07/2022	MXN	16,000,000	641,033	1.6%
LLC Micro Credit Organization "OXUS"		TAJIKISTAN	12/04/2021	TJS	6,400,000	630,348	1.5%
Asociación de desarrollo integral Cuenca del Lago de Atitlan - ADICLA		GUATEMALA	11/04/2022	GTQ	5,000,000	627,160	1.5%
Koperasi Mitra Dhuafa - KOMIDA		INDONESIA	10/04/2021	IDR	10,000,000,000	596,274	1.5%
Instituto para el Desarrollo Hondureño	6	HONDURAS	10/10/2020	HNL	15,000,000	572,440	1.4%
SOFIPA Corporation, a S.A.P.I. de C.V. SOFOM E.N.R.		MEXICO	12/07/2021	MXN	14,000,000	562,003	1.4%
Asociación para el Desarrollo Integral de San Antonio Ilotenango		GUATEMALA	12/07/2021	GTQ	4,400,000	535,161	1.3%
Bimas Kenya Limited		KENYA	10/10/2022	KES	55,000,000	511,257	1.3%
Société d'investissement pour la promotion des entreprises à Madagascar - SIPEM Banque		MADAGASCAR	12/07/2021	EUR	500,000	506,188	1.2%
ACTB Savings and Loans LTD		SIERRA LEONE	11/01/2021	SLL	5,100,000,000	502,873	1.2%
Bimas Kenya Limited		KENYA	11/07/2022	KES	55,000,000	494,409	1.2%
Proyectos y Iniciativas Locales para el Autodesarrollo Regional de Honduras OPDF		HONDURAS	10/07/2020	USD	525,000	486,568	1.2%
El Instituto de Investigaciones Socio-económicas y Tecnológicas INSOTEC		ECUADOR	11/10/2021	USD	500,000	474,110	1.2%
El Instituto de Investigaciones Socio-económicas y Tecnológicas INSOTEC		ECUADOR	10/01/2023	USD	500,000	459,945	1.1%
Empresa para el apoyo y desarrollo de la micro y pequeña empresa urbana y rural (MICREDITO) S.A.	6, 11	NICARAGUA	10/04/2021	USD	500,000	459,302	1.1%
Financiera Fundeser S.A.	6, 11	NICARAGUA	12/06/2021	USD	600,000	424,106	1.0%
Fundación de Apoyo Comunitario y Social del Ecuador "FACES"	6	ECUADOR	12/07/2021	USD	500,000	418,878	1.0%
Tugende Limited	6, 11	UGANDA	18/05/2020	EUR	400,000	396,189	1.0%

The accompanying notes form an integral part of this report.

Instrument // Microfinance institution	Note	Country	Maturity	Currency	Quantity // Nominal value	Total value (in EUR)	% of NAV
OXUS Micro-Credit Company		KIRGYZSTAN	11/07/2022	USD	400,000	379,646	0.9%
EBO Co-operative Savings & Credit Society LTD	11	UGANDA	10/10/2021	UGX	1,420,666,667	375,538	0.9%
Financiación Amiga S.A.S.		COLOMBIA	11/04/2022	COP	1,440,000,000	342,766	0.8%
LAPO Microfinance Company Limited		SIERRA LEONE	11/10/2021	USD	360,000	342,135	0.8%
La Sociedad Cooperativa PADECOMSMCREDITO de RL de CV		EL SALVADOR	10/01/2022	USD	360,000	333,831	0.8%
ACEP-Burkina SA		BURKINA FASO	31/01/2023	XOF	200,000,000	317,997	0.8%
ACEP-Burkina SA		BURKINA FASO	10/01/2021	XOF	200,000,000	315,437	0.8%
Cooperative des Membres Unis Bethel Actions (COMUBA)	6	BENIN	10/04/2020	XOF	200,000,000	308,241	0.8%
LLP Microfinance Organization "BEREKE"	6	KAZAKHSTAN	10/01/2022	KZT	160,000,000	303,756	0.7%
LLP Microfinance Organization "BEREKE"	6	KAZAKHSTAN	11/07/2022	KZT	160,000,000	299,045	0.7%
Microcredit Company Bailyk Finance	6	KIRGYZSTAN	10/01/2021	KGS	25,500,000	291,147	0.7%
Asociación Arariwa para la Promocion Técnico Cultural Andina	6	PERU	11/10/2021	PEN	1,100,000	279,879	0.7%
Cooperativa Integral de Ahorro y Crédito "Red de Fondos Comunitarios"		GUATEMALA	11/04/2022	USD	280,000	266,120	0.7%
Uganda Microcredit Foundation Limited	11	UGANDA	11/10/2021	UGX	1,000,000,000	265,756	0.7%
Baobab Microfinance Company Limited	11	GHANA	11/10/2021	GHS	1,400,000	250,449	0.6%
FINCA Haïti S.A.		HAITI	09/10/2020	HTG	23,000,000	243,198	0.6%
Adel Microcréditos S.A. de C.V.		HONDURAS	11/01/2021	HNL	6,150,000	234,055	0.6%
Moris Rasik Foundation		TIMOR LESTE	12/07/2021	USD	250,000	231,571	0.6%
Fundenuse, S.A.	6, 11	NICARAGUA	10/04/2021	USD	250,000	229,651	0.6%
Fundenuse, S.A.	6, 11	NICARAGUA	10/10/2021	USD	250,000	222,819	0.6%
Microcredit Organization "FURUZ"		TAJIKISTAN	11/04/2022	EUR	200,000	206,279	0.5%
Attadamoune Micro-Finance		MOROCCO	11/01/2021	EUR	200,000	202,925	0.5%
FINCA Haïti S.A.		HAITI	10/07/2020	HTG	20,000,000	201,033	0.5%
Alternativa, Centro de Investigacion social y Educacion popular		PERU	10/01/2023	PEN	675,000	185,890	0.5%
"Trust-Union" Micro-credit Company		KIRGYZSTAN	08/10/2021	USD	150,000	142,546	0.4%
Cooperativa Integral de Ahorro y Crédito "Red de Fondos Comunitarios"		GUATEMALA	12/07/2021	USD	150,000	139,158	0.3%
ECLOF Colombia SAS	6	COLOMBIA	10/04/2020	COP	547,500,000	130,206	0.3%
MFO "Arnur Credit" LLP		KAZAKHSTAN	10/01/2023	KZT	50,000,000	103,803	0.3%
ECLOF Colombia SAS	6	COLOMBIA	10/10/2020	COP	435,000,000	101,499	0.3%
Illumina S.A.	6	ARGENTINA	10/07/2020	ARS	7,275,000	97,965	0.2%
Fundación Pro Mujer Argentina		ARGENTINA	10/04/2021	ARS	6,000,000	96,128	0.2%
Fundación Pro Mujer Argentina		ARGENTINA	10/10/2020	ARS	4,600,000	73,362	0.2%
Illumina S.A.	6	ARGENTINA	10/10/2020	ARS	3,300,000	48,739	0.1%
Oportunidad Microfinanciera Latinoamericana OMLA, S.A.	6	ARGENTINA	10/07/2020	ARS	3,900,000	47,687	0.1%
Cooperativa de Ahorro y Crédito Microfinanzas Prisma		PERU	10/07/2020	USD	43,334	40,251	0.1%
Sub-total						34,698,719	84.9%
Net accrued interest on swap contract						(697,019)	(1.7)%
Sub-total						34,001,700	83.2%
Cash at banks, term deposits and savings accounts						6,085,065	14.9%
Other net assets / liabilities						763,888	1.9%
Total net assets						40,850,653	100.0%

// 5 Breakdown of microfinance investments and evolution of NAV Répartition des investissements en microfinance et évolution de la VNI

/ Total exposure per counterparty as at 31 March 2020 /
Exposition agrégée par contrepartie au 31 mars 2020

Aggregated exposure to	Notes	Amount (EUR)	% of total net assets
Alliance for Microfinance in Myanmar Limited	11	1,716,479	4.2%
El Instituto de Investigaciones Socio-económicas y Tecnológicas INSOTEC		1,707,667	4.2%
LETSHEGO Kenya LTD		1,697,683	4.2%
EDPYME Alternativa S.A.		1,634,609	4.0%
Cooperativa de Ahorro y Crédito 4 de Octubre		1,421,669	3.5%
Fundación de Apoyo Comunitario y Social del Ecuador "FACES"	6	1,257,689	3.1%
Microfinance Company Salym Finance		1,122,002	2.7%
Cooperativa Integral de Ahorro y Crédito "Red de Fondos Comunitarios"		1,101,505	2.7%
Advans MFI Myanmar Company Limited	11	1,009,583	2.5%
Bimas Kenya Limited		1,005,666	2.5%
Maxima Microfinance Plc	11	950,411	2.3%
Higher Education Finance Fund LP		922,701	2.3%
EFC Uganda Limited MDI	11	894,931	2.2%
Cooperativa de Ahorro y Crédito Norandino LTDA		894,796	2.2%
MFO "Amur Credit" LLP		809,439	2.0%
L'association pour la promotion de l'épargne crédit à base communautaire - BETHESDA		808,090	2.0%
Sinapi ABA Savings & Loans Limited	11	767,894	1.9%
Action pour la coopération avec la microentreprise S.A. ACME	6	645,109	1.6%
Avanza Sólido, S.A. de C.V. SOFOM E.N.R.		641,033	1.6%
ACEP-Burkina SA		633,434	1.6%
LLC Micro Credit Organization "OXUS"		630,348	1.5%
Asociación de desarrollo integral Cuenca del Lago de Atitlan - ADICLA		627,160	1.5%
LLP Microfinance Organization "BEREKE"	6	602,801	1.5%
Koperasi Mitra Dhuafa - KOMIDA		596,274	1.5%
Instituto para el Desarrollo Hondureño	6	572,440	1.4%
SOFIPA Corporation, a S.A.P.I. de C.V. SOFOM E.N.R.		562,003	1.4%
Asociación para el Desarrollo Integral de San Antonio Ilontenango		535,161	1.3%
Société d'investissement pour la promotion des entreprises à Madagascar - SIPEM Banque		506,188	1.2%
ACTB Savings and Loans LTD		502,873	1.2%
Proyectos y Iniciativas Locales para el Autodesarrollo Regional de Honduras OPDF		486,568	1.2%
Empresa para el apoyo y desarrollo de la micro y pequeña empresa urbana y rural (MICREDITO) S.A.	6, 11	459,302	1.1%
Fundenuse, S.A.	6, 11	452,470	1.1%
FINCA Haiti S.A.		444,231	1.1%
Financiera Fundeser S.A.	6, 11	424,106	1.0%
Tugende Limited	6, 11	396,189	1.0%
OXUS Micro-Credit Company		379,646	0.9%
EBO Co-operative Savings & Credit Society LTD	11	375,538	0.9%
Financiación Amiga S.A.S.		342,766	0.8%
LAPO Microfinance Company Limited		342,135	0.8%
La Sociedad Cooperativa PADECOMSMCREDITO de RL de CV		333,831	0.8%
Cooperative des Membres Unis Bethel Actions (COMUBA)	6	308,241	0.8%
Microcredit Company Bailyk Finance	6	291,147	0.7%
Asociación Arariwa para la Promoción Técnico Cultural Andina	6	279,879	0.7%
Uganda Microcredit Foundation Limited	11	265,756	0.7%
Baobab Microfinance Company Limited	11	250,449	0.6%

The accompanying notes form an integral part of this report.

Aggregated exposure to	Notes	Amount EUR	% of total net assets
MFX Solutions LLC		249,724	0.6%
Adel Microcréditos S.A. de C.V.		234,055	0.6%
ECLOF Colombia SAS	6	231,705	0.6%
Moris Rasik Foundation		231,571	0.6%
Microcredit Organization "FURUZ"		206,279	0.5%
Attadamoune Micro-Finance		202,925	0.5%
Alternativa, Centro de Investigación social y Educación popular		185,890	0.5%
Fundación Pro Mujer Argentina		169,490	0.4%
Ilumina S.A.	6	146,704	0.4%
"Trust-Union" Micro-credit Company		142,546	0.3%
Oportunidad Microfinanciera Latinoamericana OMLA, S.A.	6	47,687	0.1%
Cooperativa de Ahorro y Crédito Microfinanzas Prisma		40,251	0.1%
Total Portfolio		34,698,718	84.9%
Average exposure by microfinance institution		608,749	1.5%

/ Geographical breakdown of microfinance investments as at 31 March 2020
Répartition géographique des investissements en microfinance au 31 mars 2020

Geographical classification	Notes	Amount (EUR)	% of total net assets
ECUADOR		4,387,024	10.7%
PERU		3,035,424	7.4%
MYANMAR	11	2,726,063	6.7%
KENYA		2,703,349	6.6%
GUATEMALA		2,263,826	5.5%
KIRGYZSTAN		1,935,340	4.7%
UGANDA	11	1,932,415	4.7%
KAZAKHSTAN		1,412,240	3.5%
NICARAGUA	11	1,335,879	3.3%
HONDURAS		1,293,063	3.2%
MEXICO		1,203,035	3.0%
USA		1,172,425	2.9%
BENIN		1,116,331	2.7%
HAITI		1,089,339	2.7%
GHANA	11	1,018,342	2.5%
CAMBODIA	11	950,411	2.3%
SIERRA LEONE		845,008	2.1%
TAJIKISTAN		836,627	2.0%
BURKINA FASO		633,434	1.6%
INDONESIA		596,274	1.5%
COLOMBIA		574,472	1.4%
MADAGASCAR		506,188	1.2%
ARGENTINA		363,882	0.9%
EL SALVADOR		333,831	0.8%
TIMOR LESTE		231,571	0.6%
MOROCCO		202,925	0.5%
Total Portfolio		34,698,718	85.0%
Average exposure by country		1,334,566	3.3%



Technology has enabled the MFI to adapt to the new challenges // Bimas, Kenya

/Breakdown of microfinance investments by currency as at 31 March 2020
Répartition des investissements en microfinance par devise au 31 mars 2020

Geographical classification	Amount (EUR)	% of total net assets
United States Dollar	11,329,568	27.7%
Peruvian Sol	2,995,173	7.3%
Kenyan Shilling	2,703,349	6.6%
Euro	2,321,163	5.7%
Guatemalan Quetzal	1,858,548	4.5%
West African CFA Franc	1,749,765	4.3%
Myanmar Kyat	1,716,479	4.2%
Ugandan Shilling	1,536,226	3.8%
Kazakhstani tenge	1,412,240	3.5%
Mexican Peso	1,203,035	2.9%
Haitian gourde	1,089,339	2.7%
Ghanaian Cedi	1,018,342	2.5%
Honduras Lempira	806,495	2.0%
Tajikistani Somoni	630,348	1.5%
Indonesian Rupiah	596,274	1.5%
Colombian Peso	574,472	1.4%
Sierra Leonean Leone	502,873	1.2%
Argentine Peso	363,882	0.9%
Kyrgyzstani som	291,147	0.7%
Total Portfolio	34,689,718	84.9%
Average exposure by currency	1,826,248	4.5%

/Evolution of the net asset value per share
Évolution de la valeur nette d'inventaire par action

in EUR <i>en EUR</i>	NAV/share as at 31/03/2020 <i>VNI/action au 31/03/2020</i>	NAV/share as at 31/03/2019 <i>VNI/action au 31/03/2019</i>	NAV/share as at 31/03/2018 <i>VNI/action au 31/03/2018</i>	Initial subscription price <i>Prix de souscription initial</i>
Class A shares <i>Actions de la Classe A</i>	26.26	26.68	26.29	25.00
Class A _{bis} shares* <i>Actions de la Classe A_{bis}*</i>	25.67	25.58	25.29	25.00
Class B shares <i>Actions de la Classe B</i>	115.68	114.56	112.27	100.00
Class C shares <i>Actions de la Classe C</i>	111.94	111.02	109.88	100.00

	Performance financial year 2019 - 20 <i>Rendement de l'année 2019 - 20</i>	Performance financial year 2018 - 19 <i>Rendement de l'année 2018 - 19</i>	Performance financial year 2017 - 18 <i>Rendement de l'année 2017 - 18</i>	Performance since inception <i>Rendement depuis lancement</i>
Class A shares <i>Actions de la Classe A</i>	(1.6)%	1.5%	1.5%	5.0%
Class A _{bis} shares* <i>Actions de la Classe A_{bis}*</i>	0.4%	1.1%	1.2%	2.7%
Class B shares <i>Actions de la Classe B</i>	1.0%	2.0%	2.2%	15.7%
Class C shares <i>Actions de la Classe C</i>	0.8%	1.0%	1.4%	11.9%

Total net assets (EUR) <i>Actifs nets</i>	40,850,593	37,969,067	31,225,560	
Growth in total net assets <i>Croissance des actifs nets</i>	7.6%	21.6%	14.4%	

*Class A_{bis} shares have been issued for the first time on 30 June 2017.

// 6 Notes to the audited financial statements *Notes aux états financiers révisés*

as at 31 March 2020 // au 31 mars 2020

GENERAL INFORMATION

/ A Structure of the SICAV

The Luxembourg Microfinance and Development Fund (the "LMDF" or "Fund") is a compartment of the Investing for Development SICAV (the "SICAV").

The SICAV is an investment company organised as a public limited company (société anonyme) under the laws of the Grand Duchy of Luxembourg and qualified as a "société d'investissement à capital variable" (SICAV). The SICAV is internally managed and has been registered on 31 January 2014 by the CSSF as an Alternative Investment Fund Manager ("AIFM") falling under the de minimis rule of Article 3 of the Luxembourg law of 12 July 2013 ("AIFM Law").

The SICAV was incorporated in Luxembourg on 7 October 2009 with an initial capital of EUR 31,000 divided into 1,240 fully paid-up shares with no par value. The capital of the SICAV is equal at all times to its net assets. The Articles were published in the Mémorial on 2 November 2009 and the SICAV is registered under trade register number R.C.S B 148826. The SICAV is incorporated for an unlimited period.

The SICAV is an umbrella fund and as such may operate separate Sub-Funds, each of which is represented by one or more classes of shares (each, a "Class"). The Sub-Funds are distinguished by their specific investment policy or any other specific features. As at 31 March 2020, the SICAV had two Sub-Funds, the Forestry and Climate Change Fund and the Luxembourg Microfinance and Development Fund.

On 16 May 2017, the SICAV held an extraordinary general meeting of shareholders ("EGM"). The EGM adopted a number of amendments to the Articles of Incorporation, among them to change the name of the SICAV from Luxembourg Microfinance and Development Fund SICAV to Investing for Development SICAV and the name of the Sub-Fund from Social Venture Capital Sub-Fund to Luxembourg Microfinance and Development Fund.

/ B Structure of the LMDF

The Fund is authorised as an undertaking for collective investment ("UCI") under Part II of the law of 17 December 2010 relating to undertakings for collective investment (the "Law"). The Fund is an open-ended fund. Accordingly, the Fund is authorised to issue an unlimited number of shares, all of which are without par value.

The Fund may issue four classes of shares, namely

Class A shares, Class A_{bis} shares, Class B shares and Class C shares, each targeting different types of investors, evidencing a different level of risk, offering a target return and evidencing a different level of involvement in the Fund's governance. The initial subscription period for Class A and Class B shares ended on 18 December 2009. The initial subscription period for Class C shares ended on 31 March 2010. The initial subscription period for Class A_{bis} shares ended on 30 June 2017.

The base currency of the Fund is the Euro and the financial statements of the Fund are presented in Euro. The financial year of the Fund ends on 31 March of each year.

Copies of the Articles, the latest financial reports and the latest annual report may be obtained without cost on request from the Fund.

Copies of the material agreements mentioned in the Prospectus may be reviewed during normal business hours on any business day at the registered office of the Fund.

/ C Investment Objective

The Fund aims at contributing to the alleviation of poverty in developing countries through the provision of permanent and adapted financial services to marginalised communities and individuals. The Fund invests in promising microfinance institutions ("MFIs") that have a positive social impact so that these institutions reach financial autonomy. In pursuance of its objectives, the Fund may invest in MFIs, in networks or associations of MFIs, in regional funds, in microfinance investment vehicles ("MIVs") and in other microfinance-related products.

The Fund has two principal objectives, social and financial: (1) help socially-oriented MFIs to become long-term viable enterprises that reach more poor people and offer better services, and (2) generate sufficient income to sustain its own operations and give its shareholders a financial return that at least compensates for inflation.

The Fund invests primarily in various credit products such as senior loans, term deposits, promissory notes, bonds or other interest-bearing instruments. The Fund may invest up to 10% of its net assets in equity instruments.

The Fund invests in developing countries in Africa, Asia and Latin America.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

/ A Presentation of Financial Statements

The Fund invests a significant part of its assets in financial instruments denominated in currencies other than the Euro. Often, the Fund contracts cross-currency interest rate swaps or forward foreign exchange contracts to limit the exposure of the Fund to the movements of the foreign currency in relation to the Euro. In the case of debt instruments, the cost of hedging such exposure strongly influences the interest rate the Fund charges to microfinance institutions.

The interest income on microfinance loan agreements in the statement of operations and other changes in net assets includes the interest charges to microfinance institutions to cover the hedging costs of the respective currency. The impact of the valuation of the hedging instruments is presented in the net realised gain/loss and the variation of the unrealised gain/loss.

/ B Valuation of Financial Instruments

Debt instruments not listed or dealt in on any stock exchange or any other regulated market that operates regularly, is recognised and open to the public, will be valued at the nominal value. Accrued interest from microfinance loan agreements is presented separately. Such value will be adjusted, if appropriate, to reflect, for instance, major fluctuations in interest rates in the relevant markets or the appraisal by the Board of Directors of the credit worthiness of the relevant debt instrument.

Capital participations not listed or dealt in on any stock exchange or any other regulated market that operates regularly, is recognised and open to the public, will be valued at their reasonably foreseeable sales price, determined prudently and in good faith, pursuant to procedures established by the Board of Directors. Such procedures include, in order of preference:

- Up to the first year following the Sub-Fund's acquisition, the capital participations will be valued at cost;
- After the first year of holding, the value of the capital participation will be estimated with reference to prices of equity transactions or issues of new shares involving the same MFI within a reasonable period of the valuation date. Such a period is determined by an assessment of the Board of Directors of whether material changes within the MFI or in its operating environment have occurred since the date such transactions took place;
- If such transactions are not available or deemed not representative of fair value, the value of the capital participation should be estimated with reference to the price-to-book ratio at which the Sub-Fund

acquired the capital participation;

- If the Sub-Fund has entered negotiations to sell a capital participation to a third party, the capital participation may be valued at its expected sales price if the disclosure is judged appropriate by the Board of Directors in view of the ongoing negotiations. The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received is deemed to be the full amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discounts as may be considered appropriate in such a case to reflect the true value thereof.

The value of securities that are listed on any stock exchange or dealt in on any regulated, recognised, open to the public and regularly functioning market is based on the last available price.

The value of units or shares in UCIs is based on their last-stated net asset value. Other valuation methods may be used to adjust the price of these units or shares if, in the opinion of the Fund, there have been changes in the value since the net asset value had been calculated or the valuation method used by the UCIs is not appropriate to reflect the fair value thereof.

Cross-currency swaps or foreign forward exchange contracts that are materially linked to any underlying loan instrument are valued using the spot exchange rate for the notional. The difference between the spot and forward rates is amortised until the maturity of the instrument. Such valuation approach is changed if a credit risk materialises in the form of an impairment. The part of the SWAP or forward foreign exchange contract notional then exceeding the valuation of the underlying loan is valued using a mark to market approach, if the position cannot be closed.

The value of all assets and liabilities not denominated in the reference currency of a Sub-Fund will be translated into the reference currency of such Sub-Fund at the rate of exchange ruling in Luxembourg as at the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, at its discretion, may permit some other methods of valuation to be used, if it considers that such valuation better reflects the fair value of any asset of the Fund.

/ C Allocation of Net Asset Value Among Share Classes

The preferential return to Class B shares is allocated if and only if the Sub-Fund's result of operations since the last valuation day, both with and without

impairment risk on microfinance, shows a profit.

In such a case, the net profit generated by the Sub-Fund since the last valuation day is first allocated to Class B shares until the first of the following is attained:

- The remuneration reaches the total net profit since last valuation;
- The equivalent of 1% p.a. interest on Class B shares' NAV.

The release of excess impairment provisions is not included in net profits allocated to Class B shares on a preferential basis.

The remaining profit, if any, is allocated among the three share Classes according to their respective proportions in the Sub-Fund's total NAV.

Microfinance Impairment Risk

Class A shares and Class A_{bis} shares shall cover the net loss allocated to Class C shares since the last valuation day, if such loss arises from the impairment of microfinance related investments, until Class A share capital is nil and Class A_{bis} capital is nil. Only a reduction in the Fund's microfinance investments resulting from the deterioration of the financial conditions of the counterparty is considered as a microfinance impairment.

The Fund reserves the right to suspend subscriptions in Class C shares within the Fund, if the NAV allocated to Class A shares plus Class A_{bis} shares is less than 20% of the combined NAV of Class C, Class A and Class A_{bis} shares.

/ D Dividends

The primary investment objective of the Fund is to achieve long-term growth. The Fund's operating plan in general does not contemplate payment of dividends to shareholders.

NOTE 2 SHARES

The Board is authorised, without limitation, to issue an unlimited number of fully paid-up shares at any time without reserving a preferential right to subscribe for the shares to be issued to the existing shareholders. The following share Classes are available for subscription, each targeting different types of investors evidencing a different level of risk, offering a different target return and involvement in the Fund's governance.

Class A shares:

Class A shares are reserved for subscription by the Luxembourg Government and such other investors as may be approved by the existing Class A shareholders. Class A shares entitle their holders to propose a common list of proposed directors for appointment to the Board by the General Meeting of shareholders. Class A shares are not redeemable.

- Risk profile: Junior
- Target return: Above inflation rate targeted by the ECB over the medium term

Class A_{bis} shares:

Class A_{bis} shares are open for subscription by philanthropic or other investors seeking a financial leverage on an investment with developmental impact. Class A_{bis} shares are junior and cover risks for Class C shares, yet senior to Class A shares. Class A_{bis} shares are redeemable subject to an 18 month notice period and the condition that after such redemption, the combined Net Asset Value of Class A and Class A_{bis} shares amounts to at least 25% of the sum of the Net Asset Values of Class A, A_{bis} and C Shares.

- Risk profile: Junior
- Target return: Above inflation rate targeted by the ECB over the medium term

Class B shares:

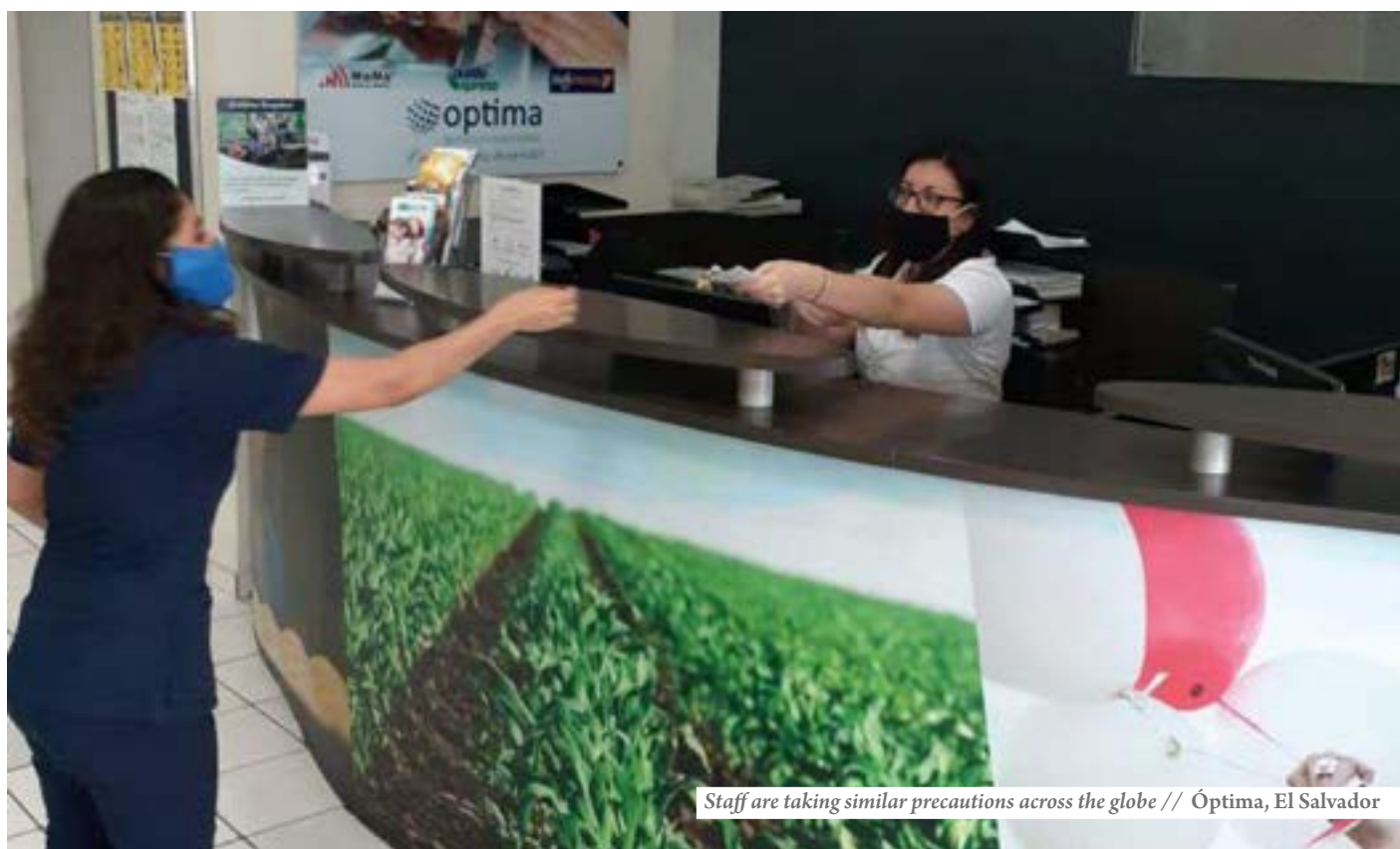
No restrictions for investors in Class B shares exist. Class B shares entitle their holders to earn a 1 percent p.a. higher return than Class A shares, Class A_{bis} shares and Class C shares to the extent possible.

- Risk profile: Mezzanine
- Target return: Above inflation rate targeted by the ECB over the medium term plus 1 percentage point p.a.

Class C shares:

Class C shares are reserved for subscription for private individuals and private non-profit organisations. Class C shares entitle their holders to avoid under certain conditions risks emanating from impairment of the microfinance investments of the Sub-Fund which will be covered by Class A shares and Class A_{bis} shares.

- Risk profile: Senior
- Target return: Above inflation rate targeted by the ECB over the medium term



Staff are taking similar precautions across the globe // Óptima, El Salvador

NOTE 3 ADVISORY FEES AND MANAGEMENT / TEAM REMUNERATION

/ A Advisory fees

On 15 December 2009, the Fund concluded an investment advisory agreement with ADA - Appui au Développement Autonome a.s.b.l., amended on 1 October 2015.

Per the agreement the investment adviser is entitled to receive, out of the assets of the Fund, a yearly fee of:

- 1.5% p.a. of the Sub-Fund's average microfinance assets under advice plus 0.25% p.a. remuneration linked to the performance of the microfinance assets of the Fund if the assets managed by the adviser are below EUR 25 million and;
- 1.35% of the Sub-Fund's average microfinance assets under advice plus 0.25% p.a. remuneration linked to the performance of the microfinance assets of the Fund if the assets managed by the adviser exceed EUR 25 million.

Total investment advisory and portfolio related fees amount, for the year ended on 31 March 2020, to EUR 450,487 or 1.1% of the average net asset value of the SICAV. Of the total investment advisory fees, EUR 24,054 are linked to the performance of the microfinance assets.

/ B Management/team remuneration

In consideration of the services rendered to the Fund, the Management and Support Team are entitled to receive remuneration that, together with the fee paid to the investment adviser(s), is at maximum 3% of the Sub-Fund's average net asset value per year.

From 1 April 2019 until 31 March 2020, the remuneration of the Management and Support Team amounted to 0.6%. Total remuneration paid to the investment adviser(s), and the Management and Support Team amounted to 1.7% of the average net asset value of the SICAV.

NOTE 4 SUBSCRIPTION DUTY / "TAXE D'ABONNEMENT"

The Fund is governed by Luxembourg tax law. Article 20 of the law of 18 December 2009 on the 2010 budget of the Luxembourg State and a Grand Ducal decree of 14 July 2010 abolished the "Taxe d'Abonnement" for funds investing in microfinance with effect on 1 January 2010. On 15 October 2010, the Commission de Surveillance du Secteur Financier ("CSSF") informed the Fund of their decision to include the Fund in the list of investment funds in compliance with such decree.

FORWARD FOREIGN EXCHANGE AND SWAP CONTRACTS

The Fund aims to provide, whenever feasible, loans to microfinance institutions in local currency. During the reporting period, the Fund hedged loan instruments using cross-currency swaps, which allow the Fund to significantly reduce the foreign currency risk associated with assets held in foreign currencies. The sole counterparty to all Swap contracts is MFX Solutions Inc ("MFX").

SWAP contracts								
In relation to loan agreement with	Notional	Paying currency	Receiving currency	Paying Leg	Receiving Leg	Maturity Date	Counter-party	Unrealised app-re. / (depre.), (in EUR)
Ilumina S.A.	7,275,000	ARS	EUR	27.10% p.a.	6.75% p.a.	10/07/20	MFx	301,930
Oportunidad Microfinanciera Latinoamericana OMLA, S.A.	3,900,000	ARS	EUR	27.80% p.a.	7.30% p.a.	10/07/20	MFx	161,859
Financiación Amiga S.A.S.	1,440,000,000	COP	EUR	12.50% p.a	5.70% p.a.	11/04/22	MFx	85,419
Sinapi ABA Savings & Loans Limited	4,600,000	GHS	EUR	24.70% p.a.	4.68% p.a.	10/07/21	MFx	99,922
Baobab Microfinance Company Limited	1,400,000	GHS	EUR	27.30% p.a.	5.38% p.a.	11/10/21	MFx	22,806
Cooperativa integral de Ahorro y crédito "Red de Fondos Comunitarios"	5,500,000	GTQ	EUR	12.50% p.a.	6.01% p.a.	10/04/21	MFx	52,381
Asociación para el Desarrollo Integral de San Antonio Ilontenango	4,400,000	GTQ	EUR	12.50% p.a.	5.90% p.a.	10/07/21	MFx	(14,390)
Asociación de desarrollo integral Cuenca del Lago de Atitlán - ADICLA	5,000,000	GTQ	EUR	12.50% p.a.	5.50% p.a.	11/04/22	MFx	(18,902)
Instituto para el Desarrollo Hondureño	15,000,000	HNL	EUR	14.00% p.a.	5.45% p.a.	10/10/20	MFx	(17,228)
Adel Microcréditos S.A. de C.V.	10,150,000	HNL	EUR	15.30% p.a.	6.15% p.a.	11/01/21	MFx	(3,888)
ACME	64,000,000	HTG	EUR	18.90% p.a.	6.01% p.a.	10/04/22	MFx	186,056
FINCA Haïti S.A.	23,000,000	HTG	EUR	21.40% p.a.	5.61% p.a.	09/10/20	MFx	66,864
Koperasi Mitra Dhuafa - KOMIDA	10,000,000,000	IDR	EUR	14.00% p.a.	5.96% p.a.	10/04/21	MFx	30,834
LETSHEGO Holdings LTD	180,000,000	KES	EUR	18.10% p.a.	4.79% p.a.	10/04/20	MFx	(113,063)
Bimas Kenya Limited	55,000,000	KES	EUR	16.30% p.a.	6.25% p.a.	11/07/22	MFx	2,977
Bimas Kenya Limited	55,000,000	KES	EUR	16.10% p.a.	6.05% p.a.	10/10/22	MFx	(432)
Microcredit Company Bailyk Finance	25,500,000	KGS	EUR	17.50% p.a.	6.36% p.a.	10/01/21	MFx	12,639
LLP Microfinance Organization "BEREKE"	160,000,000	KZT	EUR	20,00% p.a.	7.35% p.a.	10/01/22	MFx	53,469
MFO "Arnur Credit" LLP	320,000,000	KZT	EUR	17.90% p.a.	6.20% p.a.	11/04/22	MFx	101,446
LLP Microfinance Organization "BEREKE"	160,000,000	KZT	EUR	28.00% p.a.	5.80% p.a.	11/07/22	MFx	46,590
Alliance for Microfinance in Myanmar Limited	2,500,000,000	MMK	EUR	16.00% p.a.	3.47% P.A.	10/01/22	MFx	(143,442)
Alternativa, Centro de Investigación social y Educacion popular	675,000	PEN	EUR	11.35% p.a.	6.05% p.a.	10/01/23	MFx	1,868
Asociación Arariwa para la Promoción Tecnico Cultural Andina	1,100,000	PEN	EUR	11.25% p.a.	6.06% p.a.	11/10/21	MFx	2,358
Cooperativa de Ahorro y Crédito Norandino LTDA	3,300,000	PEN	EUR	10.40% p.a.	5.36% p.a.	10/01/22	MFx	(35,495)
EDPYME Alternativa S.A.	5,900,000	PEN	EUR	9.55% p.a.	4.45% p.a.	10/04/20	MFx	1,868
ACTB Savings and Loans LTD	5,100,000,000	SLL	EUR	24.00% p.a.	5.86% p.a.	11/01/21	MFx	(81,205)
LLC Micro Credit Organization "OXUS"	6,400,000	TJS	EUR	21.40% p.a.	5.92% p.a.	12/04/21	MFx	23,814
Uganda Microcredit Foundation Limited	1,000,000,000	UGX	EUR	22.00% p.a.	5.90% p.a.	11/10/21	MFx	(12,426)
EBO Co-operative Savings & Credit Society LTD	1,420,666,667	UGX	EUR	20.40% p.a.	5.86% p.a.	11/10/21	MFx	(9,035)
EFC Uganda Limited MDI	3,400,000,000	UGX	EUR	19.80% p.a.	6.03% p.a.	11/04/22	MFx	(1,932)
ACEP	200,000,000	XOF	EUR	11.40% p.a.	6.00% p.a.	10/01/21	MFx	(2,583)
BETHESDA	500,000,000	XOF	EUR	10.60% p.a.	5.86% p.a.	10/04/21	MFx	(6,458)
Total								845,386

/ B Forward foreign exchange contracts

The Fund has also contracted foreign currency forwards to hedge currency exposures of the movements of the respective currencies in relation to EUR. The counterparties for trades in relation to such hedges are the Banque et Caisse d'Épargne de l'État and MFX.

Forward foreign exchange contracts							
In relation to loan with MFI	Currency purchased	Amount purchased	Currency sold	Amount sold	Maturity date	Unrealised appreciation / (depreciation), (in EUR)	Remaining amortisation of notional until maturity (in EUR)
COMUBA	EUR	251,572	XOF	200,000,000	10/04/2020	(55,909)	474
ECLOF Colombia SAS	EUR	103,346	COP	435,000,000	13/10/2020	5,721	3,946
Ilumina S.A.	EUR	91,197	ARS	3,300,000	13/10/2020	44,512	12,550
Fundación Pro Mujer Argentina	EUR	138,481	ARS	4,600,000	13/10/2020	73,406	15,187
ACEP-Burkina SA	EUR	286,328	XOF	200,000,000	11/01/2021	(21,153)	14,432
Fundación Pro Mujer Argentina	EUR	138,118	ARS	6,000,000	09/04/2021	53,237	32,852
SOFIPA Corporation, a S.A.P.I. de C.V. SOFOM E.N.R. - Interests 11/01/21	EUR	31,489	MXN	842,567	11/01/2021	440	N/A
FINCA Haïti S.A.	EUR	190,749	HTG	20,000,000	10/07/2020	(1,008)	9,042
SOFIPA Corporation, a S.A.P.I. de C.V. SOFOM E.N.R. - Interests 10/07/20	EUR	43,250	MXN	1,111,211	10/07/2020	981	N/A
SOFIPA Corporation, a S.A.P.I. de C.V. SOFOM E.N.R.	EUR	136,224	MXN	3,500,000	10/07/2020	518	3,575
SOFIPA Corporation, a S.A.P.I. de C.V. SOFOM E.N.R. - Interests 12/07/21	EUR	30,263	MXN	837,988	12/07/2021	346	N/A
SOFIPA Corporation, a S.A.P.I. de C.V. SOFOM E.N.R.	EUR	379,193	MXN	10,500,000	12/07/2021	(27,928)	45,580
ECLOF Colombia SAS	EUR	144,688	COP	547,500,000	08/04/2020	21,815	722
Loans in USD	EUR	11,527,032	USD	12,900,000	14/04/2020	(219,509)	N/A
Avanza Sólido, S.A. de C.V. SOFOM E.N.R	EUR	441,719	MXN	12,000,000	11/07/2022	(23,562)	85,300
Avanza Sólido, S.A. de C.V. SOFOM E.N.R - Interests 11/07/22	EUR	33,052	MXN	897,900	11/07/2022	3,246	N/A
Avanza Sólido, S.A. de C.V. SOFOM E.N.R	EUR	157,451	MXN	4,000,000	12/07/2021	2,358	17,421
Avanza Sólido, S.A. de C.V. SOFOM E.N.R - Interests 12/07/21	EUR	46,865	MXN	1,190,600	12/07/2021	4,689	N/A
Avanza Sólido, S.A. de C.V. SOFOM E.N.R - Interests 10/07/20	EUR	50,762	MXN	1,197,200	10/07/2020	5,301	N/A
Avanza Sólido, S.A. de C.V. SOFOM E.N.R - Interests 11/01/21	EUR	49,448	MXN	1,210,300	11/01/2021	5,064	N/A
Avanza Sólido, S.A. de C.V. SOFOM E.N.R - Interests 10/01/22	EUR	34,424	MXN	907,700	10/01/2022	3,302	N/A
ArnurCr 17.9 220411	EUR	87,869	KZT	50,000,000	10/01/2023	(13,654)	31,700
Sub-total						(137,788)	272,781
Total							134,993

NOTE 6

IMPAIRMENTS AND WRITE-OFFS OF MICROFINANCE LOANS

General approach

The Fund has a standard methodology to indicate whether there is evidence that an impairment might have occurred. Criteria include any default or cross-default, breach of covenants, deterioration of KPIs, inability to refinance, debt restructuring and local laws and regulation preventing the Fund from receiving any payments. This impairment test constitutes the first stage of the valuation process.

In case the test indicates that any financial instrument is impaired the Fund then determines the amount of impairment applicable. Given that the Fund invests in financial instruments not admitted to an official stock exchange nor dealt on another regulated market, (i.e. the Fund cannot derive the amount of impairments from observable market data) the Fund has adopted a process to calculate the impairment based on a discounted cashflow methodology estimating future cash-flows, and a country risk premium and a counterparty risk premium to determine a discount rate. It should be noted that this valuation methodology assumes that the MFI is a going concern. In case of doubts over the going concern assumption, the Fund needs to prudently determine liquidation proceeds related to the financial instrument it holds.

The economic impact of the coronavirus health pandemic is likely to materially effect many microfinance institutions. The valuation methodology has been applied using latest available data related to the situation of MFI as at 31 March 2020. In some cases, the Fund had to apply judgement in estimating the situation of MFIs in the absence of timely and reliable data. Such assessment may evolve as the Fund obtains more data in the coming months.

Treatment of accrued interest on impaired loans

The list of MFIs for which an impairment is indicated includes MFIs with different levels of financial strength. Therefore, the Fund has reviewed on a case by case basis the MFIs and the financial instruments issued in order to determine for which financial instruments it considers appropriate to write-off accrued interest.

Specific cases

The financial instrument issued by ASUSU S.A. is no longer considered part of the portfolio following the activation of a country risk insurance on 18th April 2019 (Note 8). The activation of such insurance is reflected in the EUR 12,386 realised loss on the instrument.

The table details the variation of unrealised gains and losses related to impaired financial instruments.

Variation of impairments on microfinance loans		Unrealised gain/loss	
Microfinance institution	Accrued interest written-off	31/03/2020	31/03/2019
Asusu SA		-	(12,396)
ECLOF Colombia SAS		(4,157)	-
Microcredit Company Bailyk Finance		(8,653)	-
Oportunidad Microfinanciera Latinoamericana OMLA, S.A.	yes	(9,931)	-
Tugende Limited	yes	(12,000)	-
Empresa para el apoyo y desarrollo de la micro y pequeña empresa urbana y rural (MICREDITO) S.A.		(13,664)	-
Illumina S.A.	yes	(15,523)	-
Instituto para el Desarrollo Hondureño	yes	(16,556)	-
Cooperative des Membres Unis Bethel Actions (COMUBA)	yes	(18,449)	-
Fundenuse, S.A.		(20,496)	-
Action pour la coopération avec la microentreprise S.A. ACME		(24,545)	-

Variation of impairments on microfinance loans		Unrealised gain/loss	
Microfinance institution	Accrued interest written-off	31/03/2020	31/03/2019
Asociación Arariwa para la Promoción Técnico Cultural Andina		(26,230)	-
LLP Microfinance Organization "BEREKE"		(74,721)	-
Financiera Fundeser S.A.		(136,637)	(80,157)
Fundación de Apoyo Comunitario y Social del Ecuador "FACES"		(154,855)	-
Total		(536,416)	(92,553)
Net variation of impairments		(443,863)	

Written-off Microfinance loans		Realised gain/loss	
Microfinance institution	Accrued interest written-off	31/03/2020	31/03/2019
Asusu SA		(12,396)	-
Total Written-off		(12,396)	-

NOTE 7

DETAILS OF EXPENSES, ACCRUED CHARGES AND OTHER ASSETS

As at the reporting date, accrued and payable expenses consisted of the following (in EUR):

Investment related fees to the investment adviser	123,389
Investment advisory fees	106,057
Audit fees	24,943
Administration fees	24,642
Legal fees	15,700
Custodian fees	8,429
Other fees	8,175
Transfer agency fees	7,911
VAT services fees	4,423
Custodian fees on forward	3,458
Transaction related fees due to the administrator	3,150
Domiciliation fees	2,965
Wages and salaries	1,870
Information technology expenses	1,593
Representation fees	807
Total	337,511

For the reporting year, other administrative costs consisted of the following (in EUR):

Rent fees	28,102
Fees on forward	14,675
Post & Communication	12,079
Membership fees	8,173
CSSF annual fee	4,200
VAT services	1,020
Total	68,249

As at the reporting date, other assets consisted in the following (in EUR):

MFX Access Fee	182,182
CSSF fees	3,600
Other receivables	3,319
Total	189,101



NOTE 8

COUNTRY RISK INSURANCE

In view of reducing the exposure to risks inherent in certain countries, the Fund may contract “Assurances des Investissements” insurance policies from the Luxembourg Office du Ducroire. Such insurance was contracted in the case of ASUSU S.A., Niger to cover the risks of war and “effet du prince”. Following the difficulties in Niger, the insurance became active on 18th April 2019 and LMDF received a 90% repayment on the outstanding position, which, as of the date of the activation of the insurance, is no longer considered to be part of the portfolio.

NOTE 9

ASSET – LIABILITY RISK MITIGATION

The Fund grants loans with maturities from 2 – 5 years to microfinance institutions. On 19th February 2016 the Fund has contracted a EUR 500,000 stand-by credit line with the Banque et Caisse d’Epargne de l’Etat to manage the asset-liability mismatch between assets and potential quarterly liquidity requirements for share redemptions. The Board of Directors decided that the sole purpose of the credit line is to honour redemption requests which may exceed the minimum 10% liquid asset threshold the Fund’s Prospectus foresees. The credit line may not be used to finance investments in microfinance institutions. The Fund’s investment portfolio is pledged as a guarantee for this credit line.

NOTE 10

TOTAL EXPENSE RATIO

Average net asset value during the year (in EUR)	39,630,176
Total expenses for the year (in EUR)	1,043,896
Debit interests on bank account	(33,567)
VAT receivable	2,768
Total expenses for the TER calculations net of negative interest and VAT	1,013,097
Total expense ratio	2.6%

NOTE 11

POSITIONS IN MONITORED JURISDICTIONS

The Fund's portfolio includes financial instruments issued by MFIs operating in Nicaragua, Cambodia, Ghana, Myanmar and Uganda. All these countries are currently listed as Monitored Jurisdictions by the Financial Action Task Force ("FATF"). These financial instruments are therefore considered as high-risk instruments from a money laundering and terrorist financing perspective by the Fund, with additional measures taken accordingly. All financial instruments were issued and acquired by the Fund before FATF's decision to consider these territories as Monitored Jurisdictions. Generally, the Fund does not invest in jurisdictions which are either Monitored or Subject to a Call for Action by FATF.

The below table lists the geographical exposure to such countries.

Geographical classification	Amount (in EUR)	% of total net assets
Myanmar	2,726,063	6.7%
Uganda	1,932,415	4.7%
Nicaragua	1,335,879	3.3%
Ghana	1,018,342	2.5%
Cambodia	950,411	2.3%
Total	7,963,110	19.5%

NOTE 12

FOREIGN EXCHANGE RATES

The principal exchange rates rounded to two decimals applied at the reporting date are as follows:

1 EUR =	70.69	ARS	Argentine Peso
1 EUR =	4,455.81	COP	Colombian Peso
1 EUR =	6.32	GHS	Ghanaian Cedi
1 EUR =	8.45	GTQ	Guatemalan Quetzal
1 EUR =	27.18	HNL	Honduran Lempira
1 EUR =	104.30	HTG	Haitian Gourde
1 EUR =	17,905.14	IDR	Indonesian Rupiah
1 EUR =	115.32	KES	Kenya Shilling
1 EUR =	88.41	KGS	Kyrgyzstan Som
1 EUR =	492.50	KZT	Kazakhstani Tenge
1 EUR =	1,528.69	MMK	Myanmar Kyat
1 EUR =	25.79	MXN	Mexican Peso
1 EUR =	37.03	NIO	Nicaragua Cordoba
1 EUR =	3.77	PEN	Peru Sol
1 EUR =	55.87	PHP	Philippines Piso
1 EUR =	10,689.39	SLL	Sierra Leonean Leone
1 EUR =	36.00	THB	Thai Baht
1 EUR =	11.20	TJS	Tajikistani Somoni
1 EUR =	4,160.67	UGX	Ugandan Shilling
1 EUR =	1.10	USD	United States Dollar
1 EUR =	650.45	XOF	West African CFA Franc
1 EUR =	19.61	ZAR	South Africa Rand

NOTE 13

STAFF

During the reporting year ended on 31 March 2019, the SICAV employed five full-time staff. The Fund's Board of Directors adopted a Remuneration Policy for the fixed and variable remuneration of the Fund's staff, and which is available for public consultation on the website www.lmdf.lu or at the registered office of the Fund.

During the reporting year, the Board of Directors decided on a target time allocation of 60% of the working time of staff to the Luxembourg Microfinance and Development Fund.

The table only considers the bonus allocated to the Luxembourg Microfinance and Development Fund. In accordance with CSSF Circular 10/437 some employees are considered as key employees. Key employees receive at least 50% of their bonus in shares blocked during a three-year vesting period.

The share-based bonus relates to Class B Shares only.

	Performance period	
	2017/18	2018/19
Share-based bonus (number of shares)	182.640	205.347
Shares blocked until	30/06/2021	30/06/2022
Cash-based bonus	8,485	7,397

NOTE 14

COMMITMENTS

/ A Commitments of shareholders to subscribe shares

As at the reporting date, the Fund has no outstanding commitments from shareholders to invest in the Fund.

/ B Commitments of the Fund to invest

As at the reporting date, the Fund has no outstanding commitments to invest in financial instruments.

NOTE 15

RELATED PARTY TRANSACTIONS

The Fund considers each shareholder controlling 20% or more of total voting rights or any entity forming part of the key management of the Fund, including its directors, as a related party. During the reporting year, the Fund conducted the following material transactions with related parties, excluding subscription of shares and commitments to subscribe for shares in the future:

- The Fund has concluded an investment advisory agreement with ADA with the remuneration structure disclosed in Note 3.

- The Fund also sub-leases an office and certain services in the "Maison de la Microfinance", a building leased by ADA at 39, rue Glesener, Luxembourg. The Board of Directors of the Fund estimate the rent to correspond to a rent agreed in an arm's length transaction with an unrelated party.

NOTE 16

SHARE TRANSACTIONS OF DIRECTORS

One Director of the Fund has acquired 205.347 Class B shares with the June 2019 net asset value as disclosed in Note 13.

One Director of the Fund has acquired 135 Class C shares with the September 2019 net asset value.

NOTE 17

SUBSEQUENT EVENTS BETWEEN THE YEAR END UNTIL 17 JUNE 2020

In view of the worsening global pandemic after financial year end, the Fund has received restructuring requests from seventeen of its partner microfinance institutions. The total value of these positions noted in the financial statements as of 31/03/2020 was EUR 6.8m, although repayments have subsequently been received from several of the MFIs concerned. The requests range from full restructurings, to partial restructurings; in many cases, partial restructurings only require a commitment not to accelerate repayments based on covenant breaches for those lenders which do not have near-term maturities. These negotiations are ongoing and may change based on the prevailing economic and health environment.

The consequences of the pandemic have also resulted in four institutions defaulting on a scheduled repayment of principal or interest between financial year end and the 17th June. These institutions are Cooperative des Membres Unis Bethel Actions (COMUBA), Benin; Tugende Limited, Uganda; Illumina S.A., Argentina; ECLOF Colombia SAS, Colombia and as of 31st March 2020, the exposure to these institutions stood at EUR 1.0m. Restructuring processes are ongoing with these four MFIs and the EUR 1.0m is incorporated within the EUR 6.8m restructuring figure provided above.

Three restructuring arrangements have been finalised and these are not included in the above list. These arrangements are as follows:

- Fundación de Apoyo Comunitario y Social del Ecuador "FACES", Ecuador (EUR 1.2m) – Partial restructuring arrangement, which required a non-acceleration commitment only from the Fund.
- LLP Microfinance Organization "BEREKE", Kazakhstan (EUR 0.6m) – Restructuring agreement requiring non-acceleration commitments and commitments to roll-over loans if required.
- OXUS MicroCredit Company, Kyrgyzstan (EUR 0.4m) – Partial restructuring arrangement, which required a non-acceleration commitment only from the Fund.

On 11 May 2020, the Fund received the visa from the Commission de Surveillance du Secteur Financier ("CSSF") to amend certain provisions of the Prospectus including the Sub-Fund particulars related to the Luxembourg Microfinance and Development Fund with effective date March 2020. The changes concern a modification to the investment strategy which allows the Fund to invest in models beyond the credit institutions which it has typically financed, including leasing models.

To date, the Fund has not noted any patterns in subscription and redemption requests related to COVID and does not anticipate that substantially increased redemptions will result from the present situation. Nonetheless, the higher levels of liquidity maintained by the Fund at this time enable the Fund to cater for such an event.

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