

Friday, 03 July 2015 13:46

Luxembourg Microfinance and Development Fund Reports Significant Increase in Micro-Entrepreneurs Financed

Written by Chronicle.lu



The General Assembly of the Luxembourg Microfinance and Development Fund (LMDF) was held yesterday afternoon, during which the fund presented its results for 2014/2015 and a balance sheet over the past 5 years, as well as reviewing the fund's activities over the past year.

In summary, the Fund's investment portfolio grew 39% in promising microfinance institutions reaching €17.9 million. Throughout the world, the capital of the fund provides funding for 32 microfinance institutions (MFIs) in 17 different emerging countries, and the number of micro-entrepreneurs financed has experienced impressive growth, rising from 5,700 in 2010 to about 30,000 in 2015.

The fiscal year ending on 31 March 2015 was characterised by increased investment activities: 11 additional credits have been allocated, including 6 existing partner funding increases and 5 for new MFIs. These new investments helped to provide more homogeneity in the Fund's portfolio with 62% of investments in Latin America, 13% in Africa, 23% in Asia and 2% in developed countries. 90% of assets of the Fund are invested in microfinance (the maximum allowed as per the Prospectus).

As for investors, a considerable improvement was noticed. The total NAV amounted to €20 million against €5.4 million in 2010. The fund achieved an annual return of 3.0% for private investors and 4.1% for institutional investors. The main reasons are the additional investments in MFIs and the increase of the dollar against the euro.

The LMDF allows the development of micro-entrepreneurs in segments where needs are greatest, particularly for women, youth and rural populations. At the end of the operating year, 76% of 29,965 microentrepreneurs financed by the Fund were women. In addition, thanks to an innovative investment in a microfinance institution specialised in financing studies for children of micro-entrepreneurs, the LMDF was able to support 139 students in university.

Committed against inequality in the world since its creation, the fund celebrated its fifth anniversary. Its mission: to have a social impact by providing responsible financial services to the poor while being an attractive investment opportunity for investors. Private individuals wishing to invest in the fund as such benefit from a guarantee of coverage of certain risks by the class action subscribed by the Luxembourg government and ADA.

Over the last five years the financial and social results, the growing reach in the poorest countries and the growth of the fund, have shown that the LMDF is now a mature financial instrument. In this context, it is clear that a strong social vision can be perfectly coupled with stable income. The Fund is proud to successfully achieve both goals at once.

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