

Slowly but steadily growing returns

Dear Reader,

Let's start with the good news. Our fund's performance keeps increasing, as new loans with higher interest rates have improved the yield of the portfolio.

While the global economic situation remains tense, with interest rates falling slower than expected, many Latin American economies entered into recession. During the past quarter, the region's agriculture sector has been hit hard by the climatological effects of El Niño, disrupting harvests and affecting crop quality and quantity - and thus, prices.

Additionally, the geopolitical troubles in the Middle East directly affect sea transportation, with an inevitable impact on the global logistical trade system. This adds to the situation in the Panama Canal, where drought caused by El Niño has considerably reduced transit.

In the different value chains we finance, we have seen continued - mostly upward - volatility of commodity prices, due to climatological circumstances. Especially cocoa prices rose spectacularly, from +61% in 2023 to +133% in the first quarter of 2024. This naturally affects our investees working with small-scale cocoa producers. Therefore, we increased their line of credit, enabling them to maintain their volumes while paying higher prices to their producers.

Also, we support businesses that help mitigate climate change by producing food in a more sustainable and regenerative way, through reducing the use of artificial inputs, land, and water. Moreover, these companies capture carbon in soil and trees, while others adapt to climate change by plant selection and innovative agricultural practices.

In sum, addressing these challenges is what our fund is here for, by turning these into opportunities. Finally, we welcome Alexandra Alvarez, who has joined the Operations Team as our new legal associate, and Henry Boada, our new member of the Investment Team. Both are part of our regional office in Cali.

Sincerely,

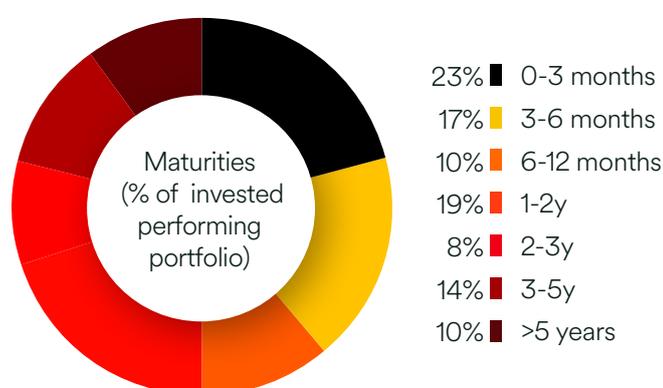


Benjamin Firmenich & Cédric Lombard
Executive Directors

	Fund Volume USD (AUM) 72,364,278		Invested Portfolio USD 61,012,531 (84% of AUM)		Junior share class USD 3,305,488 (5% of AUM)
Share class	USD-I	USD	CHF-I	CHF	EUR
Quarterly return	1.25%	1.11%	0.31%	0.09%	0.75%
Year to date 2024	1.25%	1.11%	0.31%	0.09%	0.75%
Value	1,290.77	1,263.69	1,037.27	1,011.88	1,088.84
Total expense ratio	2.26%	3.06%	2.27%	3.07%	3.07%
ISIN	LU1971694861	LU0655964822	LU1971576316	LU0655964582	LU0655964079

Financial Performance Q1 2024

Historical performance	USD-I	USD	CHF-I	CHF	EUR
Monthly returns (March 2024)	0.41%	0.36%	0.13%	0.06%	0.26%
Quarter to date	1.25%	1.11%	0.31%	0.09%	0.75%
Year to date	1.25%	1.11%	0.31%	0.09%	0.75%
1 year	4.83%	4.26%	0.97%	0.07%	2.48%
3 years	12.97%	11.44%	4.69%	2.91%	5.90%
Return since Q1 2019	20.54%	18.01%	6.96%	4.35%	7.89%
Return (p.a.) since Q1 2019	3.76%	3.32%	1.34%	0.84%	1.51%



- During Q1, the institutional share class of the Fund in the reference currency (USD-I) has returned 1.25% net. This confirms the inertia of the performance as we have been replacing old loans with new ones with higher interest rates. For the share classes in other currencies, the quarterly return of the institutional CHF (CHF-I) was 0.31%, still heavily affected by high hedging costs and volatility of currencies. The EUR standard share class performed better than the CHF standard with 0.75% and 0.09% respectively.
- A fund of funds that has joined the fund in its early days in 2015 faced important outflows and had to reduce its exposure. However, it remains a strong supporter with two-thirds of its participation still invested.
- The average weighted interest of new disbursements was 11.10%.

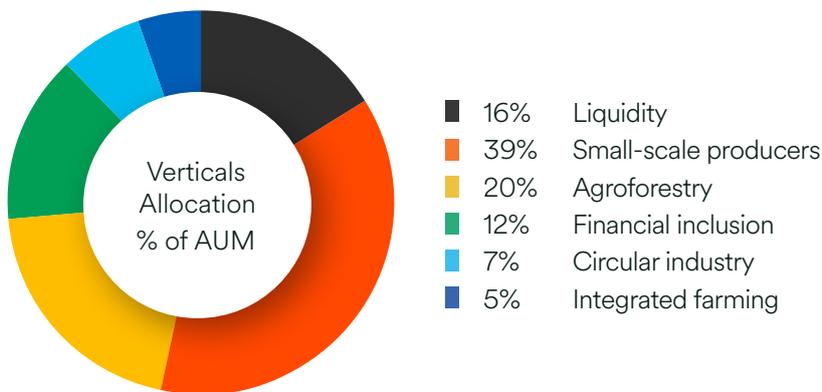
Key Economic Data	Q4 2023	Q1 2024
Invested portfolio (USD million)	62	61
Number of outstanding investees	29	29
Amount disbursed during the period (USD million)	16.2	12.7
Amount repaid during the period (USD million)	17.5	13.5

Key Facts Q1 2024

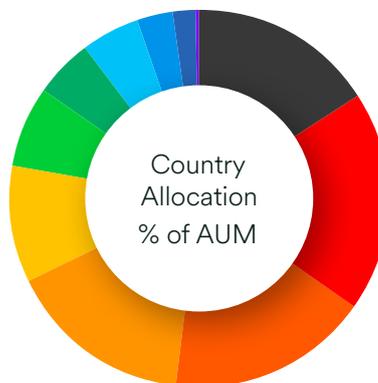
During the quarter, the fund disbursed 30 loans to 7 companies, totaling 12.7M. We renewed the financing of Vides in Guatemala, a company focused on specialty coffee, and of Hierbapar in Paraguay, a processor and exporter of sesame and herbal teas working with smallholder farmers.

Hugo Restrepo, a processor of chili pepper paste supplied by small-scale producers from the Colombian Cauca Valley and mostly sold to McIlhenny as the main ingredient for its famous Tabasco Sauce, fully repaid its loan. Also, we finished transferring our loan from Villa Andina in Peru to the newly created Camino Andino company, which successfully recuperated part of the former's production.

We have 8 new promising companies in the pipeline, for a cumulated amount of USD 30M. During the second quarter, we plan to grow the portfolio from USD 72M to 76M, to reach a portfolio of USD 88M by the end of September 2024.



Country	Percentage
Liquidity	16%
Colombia	18%
Peru	17%
Mexico	14%
Chile	10%
Nicaragua	7%
Costa Rica	6%
Paraguay	5%
Bolivia	3%
Guatemala	3%
Netherlands	2%





Investee Snapshot

Combining sustainable avocado growing with forest preservation: Meet Arba Colombia

Healthy, versatile, and delicious: can you imagine life without avocados? In the past decades, avocados gained worldwide popularity as a superfood, famed for their highly nutritional properties. Unfortunately, the exponential growth of the avocado industry has also led to unsustainable practices, with negative impacts on both the environment and society.

The avocado's most pressing issue is the amount of water it consumes. When cultivated in dry areas, avocado plantations can put pressure on water systems, and consume large amounts of energy through irrigation. Does that mean we should stop eating guacamole or avo-toast? Not at all. With sustainable agroforestry practices, avocados can be grown with minimum environmental impact, while protecting biodiversity.

That is the mission of Arba Colombia, a grower, buyer, and exporter of sustainably cultivated avocados in Colombia. The company was founded in 2019 as the Colombian project of Danper, Peru's third-biggest agricultural exporter company. Arba Colombia not only provides a decent livelihood to the small- and medium-scale avocado producers it sources from but also established its own sustainably operated plantations, using agroforestry practices.

Since its foundation, Arba Colombia planted more than 110,000 avocado trees on previously deforested land. Moreover, the company contributes to conserving biodiversity by preserving 223 hectares of biodiversity-rich forests on their farms.

Thanks to Colombia's natural conditions – with plenty of rainfall and slopes that ensure natural irrigation of the trees – the company consumes more than ten times less water than the average in the industry. “Irrigation methods are not necessary in Colombia. Even in the dry period, at the most, we passed 30 days without rain,” says Segundo Mostacero, Arba Colombia's general director.

In sum, growing avocados in Colombia saves water and money: a win-win situation. Also, Colombia has the advantage of year-round avocado production - contrary to Peru, Segundo explains. Yet, the humid climate is also an obstacle, as it is more susceptible to plagues. Where possible, the company uses biological pest control, avoiding the use of pesticides.

Currently, Arba Colombia sources 95% of its exports from small- and medium producers, while the remaining 5% are produced on its plantations. Our financing is part of a plan for expanding its plantation size to 40% of its exports.

In addition to its positive environmental impact, Arba Colombia also contributes to a better life for small- and medium-scale avocado producers in Colombia. These farmers receive technical assistance to improve farming practices and enhance their production. Additionally, they get help to obtain certifications such as Global Gap and Rain Forest Certification. “Also, we formalize their operations, as the market in Colombia is still highly informal, and many farmers have no access to the banking system,” Segundo adds.

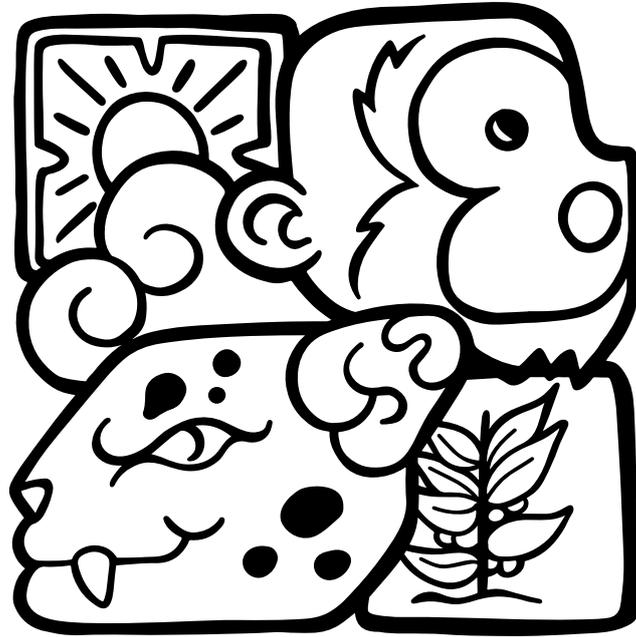
Finally, Arba Colombia employs 93 people. All have formal contracts – contrary to most agricultural workers in Colombia. The loan of Impact Finance has permitted to establish 267 hectares of plantations on newly bought land. As a result, 39 more permanent jobs will be generated.

“Irrigation methods are not necessary in Colombia. Even in the dry period, at the most, we passed 30 days without rain.”



Segundo Mostacero León
General Director

Agroforestry



What

Companies combining agriculture and forestry to create sustainable and productive land-use practices, with a focus on the regeneration of ecosystems.

Specific impact thesis of Arba Colombia

Arbacol's economic activities both protect rich areas of biodiversity on their land and grow new trees on previously deforested areas. Additionally, its outstanding agricultural practices and location allow for year-round production without the need for irrigation.

Who

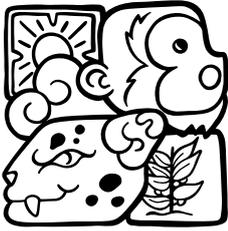
Biosphere

How Much

Not applicable

Risk Rating: BB

Based on the proprietary risk rating of Impact Finance the company has an average capacity to reach the impact objectives aimed.



Arba Colombia

Contribution 2023



SDG 8 Decent work and economic growth

Contribution

Target after investment (2024)

93 jobs maintained in 2024

direct employees (permanent and temporary)

93

132

net direct jobs created

4

39



SDG 13 Reduced inequalities

Contribution

Target after investment (2024)

11% growth in sequestered carbon in 2024

tons of CO₂ sequestered in the protected portions of forest and in the plantation

142,054

157,792

tons of CO₂ sequestered during the period

10,440

15,737



SDG 15 Life on land

Contribution

Target after investment (2024)

89% of plantation growth in 2024

ha of plantations

143

271

ha of protected forest

223

223

IMPACT FINANCE

Name of the fund: Impact Finance Fund
Managing General Partner: Impact Finance Investment, Luxembourg
Investment Advisor: Impact Finance Management, Switzerland
Custodian: Caceis Bank, Luxembourg Branch
Administration Agent: Caceis Bank, Luxembourg Branch
Auditors: Deloitte
Legal Counsel: Arendt & Medernach

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