

MICROFIX

The local currency hedging fund for the Microfinance Sector

USD 100.000.000 mln fund

corporate connect

independent finance + strategy + common sense consultancy



PLANIS
PLANET INVESTMENT SERVICES

The assessment

1. Microfinance community unable to manage FX risk
 - MFIs unable to manage FX risks of their funding.
 - Investors unable to manage FX risks of their investments.

1. Lack of hedging products available in the market, because:
 - Local currencies
 - Tenors
 - Rating (credit risk)
 - Volume

3. **Result:**
a significant limitation in the development of the MF industry which will increase over time.



TCX: The beginning of a solution

- TCX established in September 2007, initiated by FMO.
- TCX is a hedging vehicle providing long term local currency and interest rate derivatives in emerging market currencies.
- Current fund size: \$ 491 mln.

Limited by:

- Services exclusively accessible for TCX investors.
- Minimum investment amount of TCX is USD 5 mln.
- Minimum investment grade rating requirement.
- Complex collateral management framework.



The solution: MICROFIX

1. An initiative backed by prestigious sponsors: FMO, BNP Paribas, TCX and Planet Finance.
2. An USD 100 mln Fund devoted to Fx/hedge in Microfinance.
1. Accessible to MF actors as an investment providing capability to transact up to 10 times their investment (minimum 250.000 USD).
2. 50% of the capacity of non-transacting investors allocated to non-investing MFIs.
3. Benefiting from TCX market risk research and PlaNIS credit risk experience.



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Appendix 1: PlaNIS

Investment manager of MICROFIX

- An investment services unit of the planet finance group.
- A bridge linking capital markets to microfinance entities.
- Three products: debt, equity, Fx/hedge.
- Currently advising / managing 6 debt funds for an amount of more than USD 130 mln reaching more than 60 institutions in 28 countries.



Appendix 2: Corporate Connect Fund Advisor

- Initiator of MICROFIX.
- A financial advisory firm with strong focus on emerging markets and investment funds.
- Well-established position in fund/investment advisory as well as arranging capital.
- Investment advisor to FMO for the set up of TCX.
- Placement agent to TCX; First close: USD 365 mln, current size: USD 491 mln, fund raising ongoing.

