Dear Friends of MCE,

Despite the headwinds the global economy experienced in 2022, we saw many encouraging signs across our portfolio. Local economies are reviving, with increased demand for our capital as microentrepreneurs grow their businesses and farmers increase their productivity.

The SGBs in our portfolio grew their revenues by an impressive 46% on average in 2022. This translates into increased purchases of products like vanilla, coffee, and grains from smallholder farmers, resulting in more farmer income. This is not to underplay the challenges we’re seeing in rural communities as food insecurity increases and inflation bites into household well-being — but we’re encouraged by the growth.

At the same time, climate change disruptions threaten to reduce crop yields and increase the number of market shocks. We’re proud to see so many of our partners on the front lines of building resilience to climate change — read more about climate champions in our portfolio on page 22.

In financial inclusion, the 2022 release of the new World Bank Findex data held some good news about closing the gender gap in access to financial services. We’ve long known that access enables financial independence and furthers economic empowerment for women. After years of stalled progress, the gender gap in financial account ownership finally edged downward, from nine to six percentage points. Progress!

Within this context, we’re pleased to see our financial service providers growing their outreach to new clients, especially women. On a combined basis, our partners provide over $3 billion in loans to low-income clients, 64% of whom are women.

We’re also growing at MCE. To respond to the demand for our capital, MCE has formally launched a new impact debt fund, the MCE Empowering Sustainable Agriculture fund (MESA), which provides transformative capital to agribusinesses, either through direct lending to “missing middle” enterprises or to rural financial service providers. With our February 2023 launch at $20M, we’re halfway to our $40M target!

Finally, we were thrilled to have a group of 20 supporters join us for field visits in Costa Rica this past March. I spent the early part of my career in Indonesia, and it was grounding to be back in the field, directly seeing the impact our partners have on specialty coffee growers, guava farmers, and other rural enterprises. It was also a reminder of the truly committed, engaged, and talented MCE community — staff, board, Guarantors and investors — that I feel blessed to know.

Thank you for furthering our work.

Sincerely,

Camilla Nestor, CEO

PHOTO: MICRONVEST / MOLDOVA / FSP
2022 snapshot /

$40M+
NEW DISBURSEMENTS

50 32
PORTFOLIO COMPANIES  COUNTRIES

$64.5M+
AUM AT END OF YEAR

2M
TOTAL END BENEFICIARIES SUPPORTED

+45%
INCREASE IN FSP END BORROWERS

+8%
INCREASE IN SGB FARMERS REACHED BY PORTFOLIO COMPANIES

Financial Service Provider (FSP) portfolio countries
Small and Growing Business (SGB) portfolio countries
Active countries in both portfolios
Additional countries reached by multicountry investments

*Historical countries within portfolios shown in lighter shades
2022 highlights /

We dedicated 2022 to building the foundation for MCE’s growth over the next decade. Our finance and operations team invested in systems for scale. Meanwhile, the business development team focused on growing our pool of supporters to bolster our expansion. The investment team responded to increasing demand for our capital, closing the year with a record-breaking $40M+ in disbursements.

These disbursements stem from a rising need for our financing at the entrepreneur, microentrepreneur and smallholder level. Specifically, the FSPs in our portfolio saw a 22% average increase in gross loan portfolio across regions, and our SGB clients grew their sales by 46% on average compared to 2021—meaning more revenue for smallholder farmers.

In response to this growth, MCE started fundraising for MESA, a new blended finance vehicle providing transformative debt capital to gender-inclusive agribusinesses. Throughout 2022, staff members worked tirelessly with our partners and supporters to structure the fund and secure the right investors. This dedication resulted in a successful first close of $20M in early 2023.

Our team was excited to be back out and about in 2022, spending time with our partners and portfolio companies. Our investment staff visited a total of 23 existing or prospective portfolio companies across 17 countries.
**mission + impact thesis /**

**Our Mission**
We unlock capital to empower families living in poverty to build a better future.

**Impact Thesis**
We believe that if MCE invests flexible and appropriate capital in enterprises committed to generating **sustainable livelihoods**, with a focus on **women** and the **environment**, these enterprises can scale and better serve their customers, their employees, and their communities, generating sustainable and inclusive economic growth.
our model /

MCE Guarantors — more than 200 high-net-worth individuals and foundations — are the driving force behind our work with high-impact enterprises in emerging markets. The MCE model empowers Guarantors to leverage their excellent credit to guarantee MCE’s portfolios, which enables MCE to borrow capital from U.S. and European financial institutions and accredited investors. MCE then strategically deploys debt capital, focusing on investing in women and the environment, to two types of organizations:

**Financial service providers (FSPs)** create opportunities and improve the economic security of their micro- and small-business clients with financial products such as loans, savings, and insurance. These providers also offer ancillary services such as technical assistance and financial literacy programs to bolster their clients’ growth.

**Small and growing businesses (SGBs)** in agriculture, water and sanitation, and renewable energy create sustainable jobs in rural economies, raising smallholder farmers’ income and increasing climate resilience.

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### 52x

**FSP PORTFOLIO GUARANTOR MULTIPLIER EFFECT**

An FSP Guarantor who joined in 2006 has personally enabled more than $3.1M in loans to FSPs across the developing world. Compared to their total $60,013 in charitable gifts to MCE since 2006, the multiplier effect on that Guarantor’s capital is over 52x.

### 27x

**SGB PORTFOLIO GUARANTOR MULTIPLIER EFFECT**

An SGB Guarantor who joined in 2017 has personally enabled more than $922K in loans to SGBs across the developing world. Compared to their total $34,238 in charitable gifts to MCE since 2017, the multiplier effect on that Guarantor’s capital is over 27x.

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**THE POWER OF A GUARANTEE:**

**CUMULATIVE AMOUNT DISBURSED PER GUARANTEE UNIT**

- **FSP Guarantor since 2006**
- **FSP Guarantor since 2015**
- **FSP Guarantor since 2009**
- **FSP Guarantor since 2012**

- **SGB Guarantor since 2017**

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**THE LENDERS:**

- Financial Institutions
- Accredited Investors
- Foundations

**GUARANTORS:**

- Individuals
- Foundations
- Charitable Trusts

**GRANTS CO-INVESTORS:**

- MESA FUND

**GUARANTORS:**

- Small and Growing Businesses
- Financial Service Providers
- Women
- Sustained Agriculture
- Climate & Environment

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**70% WOMEN**

Since inception

Hundreds of thousands of hardworking people supporting millions of family members

**64% RURAL**

Since inception

$3.1M

$2.3M

$1.8M

$1.3M

$922K
We are deeply proud of our portfolio growth in 2022 and the caliber of our investees: high-impact companies providing financial services to low-income households and small and growing businesses promoting organic, regenerative agriculture and agroforestry while supporting the smallholder farmers they work with.”

ELENA PONS / CHIEF INVESTMENT OFFICER
LEANING IN
Imagine how far and fast we’d move without such a headwind. That’s the inspiring truth of 2022. After the Russian invasion of Ukraine in February as one early example, the year delivered a heart-wrenching, volatile and unpredictable mix of challenges following the pandemic. Still, watchwords include growth and recovery, with caveats.

We’re All Connected
- Pandemic health issues gave way to social unrest in some countries, with increasing violence and instability leading to more emigration.
- In Southeast Asia, Myanmar has remained a hot spot of economic crisis and political turmoil since the coup in early 2021.
- In Eastern Europe, neighbors to Russia and Ukraine dealt with disrupted trade, supply chains and flow of payments alongside large influxes of refugees.

Weathering the Storm
Average growth of 22% in gross loan portfolio for FSPs and impressive performance by many of our SGBs came with the stress of tighter margins, primarily related to rising interest rates, inflation and hesitant investors. Rising food prices are a double-edged sword for smallholder farmers, on the one hand offering greater income-earning potential, but on the other hand pinching household food budgets.

Making Headway
Despite formidable forces at play locally, regionally and globally, our partners made notable progress. Across our SGB portfolio, total sales increased by 46%, businesses increased the number of smallholder farmers they source product from by 8%, and the number of jobs created increased by 14%.

Climate change action increased, with more FSPs offering environmental products, services or training. At the same time, 75% of SGBs in our portfolio have an environmental certification, including Regenerative Organic and Rainforest Alliance.

Technology advanced across MCE’s clients, especially in Latin America and sub-Saharan Africa. In addition to reducing barriers to entry for entrepreneurs and making their businesses more visible and competitive, digitization increased cost savings for microfinance institutions due to less need for brick-and-mortar infrastructure.

Gender equality increased or held steady as more MCE FSPs were led or founded by women. In 2022, women made up 38% of the farmers that SGBs sourced from and 64% of FSP clients, while senior management positions held by women increased.

THE REWARDS OF RISK
Access to affordable, flexible capital makes the difference for entrepreneurs and small businesses navigating a volatile and uncertain world.

MCE Social Capital’s willingness to invest in the face of adversity (when many others choose to play it safe) puts entrepreneurs in a better position to adapt. What’s the impact of facilitating strength through hardship? We see more civil, social and environmental progress.

Here’s what happened as small and growing agricultural businesses used much-needed capital to lean into adversity and move beyond business as usual. These examples offer a case study in fostering resilience.

INNOVATION IN ACTION
Disruptions in suppliers, buyers, trade routes or transport methods can change a successful business to a failing one overnight. Fortunately, entrepreneurs in MCE’s portfolio had the resources to pivot.

1) Adaptable Supply Chains
When world events made water routes to the Netherlands impassable, one company adapted its infrastructure to ship smaller quantities of grain more frequently over land. Another company selling nonperishable spices created systems to hold more inventory until markets could receive the product, an alternative to just-in-time supply models.

2) Robust Domestic Sales Channels
We saw businesses find success by selling more of their product domestically. MCE portfolio company East Africa Fruits operates with a diversified domestic sales base, collecting produce from nearly 5,000 smallholder farmers and delivering to wholesaler customers in Dar Es Salaam. This regional model offers insulation from some of the larger geopolitical forces.

3) Digital Innovation
A digitized business becomes exponentially more responsive and visible than an analog one in marketing, sales, communications, data analytics and financial insights. Taking digitization to the next level, MCE portfolio company Good Nature Agro in Zambia has been scaling up to provide 11,000 smallholder farmers with technical assistance for nearly a decade. Their next move involves building a digital fintech platform to provide credit services as part of a larger vision to use digitization to lift farmers out of extreme poverty.

In 2022 SGBs entered a chapter filled with new challenges — war, inflation, volatility and increasing energy costs. With strong risk management in the upcoming year, we’ll continue supporting those entities that create tremendous impact in the communities they serve.

MARIA RAURELL / DIRECTOR OF INVESTMENTS AND RISK
MCE’s Financial Service Provider (FSP) portfolio provides capital to institutions in emerging markets that focus on sustainable livelihoods, investing in women, and, increasingly, climate resilience. These providers create opportunities and improve the economic security of their micro- and small-business clients with financial products such as loans, savings, and insurance. These providers also offer ancillary services such as technical assistance and financial literacy programs to bolster their clients’ growth.

MCE carefully selects financial service providers committed to creating a positive impact for women, smallholder farmers, and entrepreneurs in low-income communities.

As of December 31, 2022, our FSP portfolio consisted of $54.6 million outstanding in 37 FSPs operating across 26 countries. The FSP portfolio is backed by over $130 million in loan guarantees.
SGBs often lack access to sufficient, appropriately structured growth capital, despite their importance in driving job creation and entrepreneurial activity in emerging markets. Over 70% of the financing demand from smallholder farmers and agriculture SGBs remains unmet. MCE is a small group of organizations that provide patient debt capital—often with a gender lens and always an impact focus. Respecting the dignity of its borrowers, MCE fills a vital role in financing small to medium-size businesses in low-income countries. The flourishing and growth of its partners is an overarching goal.

MCE’s Small and Growing Business (SGB) portfolio addresses this market gap by serving SGBs in the “missing middle”—those that are too big for microfinance and yet too small for commercial lending. With a focus on investing in women and the environment, our SGB portfolio provides catalytic and flexible debt capital to SGBs in the agriculture, water and sanitation, and clean energy sectors. Our portfolio companies create economic opportunities in rural economies, raise smallholder farmers’ incomes, and facilitate access to basic needs in underserved areas.

MCE is committed to ongoing partnership with these enterprises as they grow and scale to better serve their customers, employees, and communities, generating sustainable and inclusive economic growth. As of December 31, 2022, our SGB portfolio consisted of $9.9 million outstanding in 13 SGBs operating across 19 countries. The SGB portfolio is backed by $26.5 million in loan guarantees.

Our disbursements to SGBs in 2022 remained consistent with 2021 MCE averages, but we condensed our portfolio to include fewer companies as our average loan size increased.
We seek out partners that build resilience, preserve natural resources, and enhance smallholders’ ability to adapt to the effects of climate change.

A large share of MCE’s end borrowers are smallholder farmers, a particularly vulnerable but vital group. Smallholder farming provides livelihoods for 2.5 billion people¹ and is responsible for producing 30-34% of the global food supply.² Unfortunately, these farmers represent a significant share of people living in poverty and have been facing increasing challenges due to climate change impacts. These impacts, like weather variability, invasive species, and soil degradation, have reduced crop yield, nutrient density, and livestock productivity. For smallholder farmers to thrive, they must adapt, using more resilient, efficient, and sustainable farming techniques.

With MCE’s focus on investing in a thriving environment, we seek to address the interlinked challenges of environmental degradation, climate change, and food security. One impactful tool in this mission is regenerative agriculture. This term describes farming and grazing practices that reverse climate change by rebuilding organic matter and restoring degraded biodiversity in soils, resulting in carbon sequestration and water cycle purification. Regenerative practices like cover crops, crop rotation, and reduced tillage ultimately lead to an overall improvement in soil nutrient density and crop resilience during times of extreme weather.

MCE contributes to improvements in labor and land productivity by investing in small and growing businesses that offer a combination of technical assistance, high-quality inputs, regenerative agriculture training, and market access. Productivity issues are at the heart of economic development challenges in the regions we serve.

Even so, the expansion of farmland threatens biodiversity. With growing populations, particularly in sub-Saharan Africa, conservation requires increasing yield per hectare, reducing food waste and losses, and optimizing trade and logistics. By providing debt financing solutions to small and growing businesses that offer innovative products and services addressing these areas, MCE contributes to positive financial and environmental outcomes for smallholder farmers and their communities.

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spotlight on climate champions /

Many of MCE’s portfolio companies are leaders in their industries for climate-forward solutions and practices. Below are some of the innovative companies championing this movement.

Aldea Global is a Nicaraguan association whose key activity is the sourcing and exporting of premium coffee from 14,000+ small-scale farmers to buyers in Europe and North America. In addition, Aldea Global provides microfinance services, access to high-quality inputs, technical assistance and certification support to its associates. Their foundation Fundación Aldea promotes initiatives that uplift rural communities, primarily through financial and environmental education, regenerative agricultural practices, and climate change adaptation and mitigation.

Sol Organica is a certified B-Corporation in Nicaragua that works to improve the livelihoods of tropical fruit farmers by maximizing their agricultural potential and promoting the use of sustainable and organic farming practices. The organization has a strong track record of increasing crop yields and farmer income through technical assistance and offering price premiums for certified produce. A team of agronomists meets with each producer at least three times per year to provide training on farming and environmental practices and certification requirements. Sol Organica itself holds four environmentally friendly certifications, FSA (Farm Sustainability Assessment), Organic, Non-GMO, and ROC (Regenerative Organic Certification), and 82% of their 1,000+ smallholder farmers are certified organic.

Amazonas is a Brazil nut company that sources nuts from over 1,500 rural farmers in Bolivia, processes them, and ships them to U.S. and European buyers. Amazonas has strong gender and environmental impacts — women account for the majority of company leadership, and Brazil nut production creates an alternative to unsustainable and illegal economic activities such as mining and logging. Due to the conditions it requires to thrive, the Brazil nut is inherently organic, and the sector strongly promotes responsible practices by increasingly adopting organic and fair-trade certifications. By uplifting the value of this sustainable crop in rural areas, Amazonas helps discourage deforestation in the region. They also have reforestation programs in place to actively restore land in regions experiencing environmental degradation.

Community Markets for Conservation (COMACO) is a pioneering social enterprise engaged in developing communities and managing environmental protection projects across Zambia’s Luangwa Valley. Formed to offer an alternative source of income for communities engaging in harmful practices like poaching or unsustainable agriculture, COMACO provides training, resources, and enhanced market access in a way that incentivizes forest and wildlife conservation, promotes household income and food security, and increases climate resilience for 250,000+ small-scale farmers. Promoting practices like agroforestry, regenerative agriculture and energy efficiency resulted in 883,000 tons of CO2 sequestered and 93 million trees planted in 2022 alone.
**our impact**

“It’s simple: MCE provides funds that otherwise may not be available for entrepreneurs, and, in doing so, supports women, smallholder farmers and business owners who create jobs that improve lives, families and communities.

**MCE is more than just an organization;** it’s a diverse community that cares — with people from all ages, backgrounds and career paths committed to catalytic financing.”

JANET HEALY & DENNIS HOUGHTON / MCE Guarantors
MCE makes selective investments in financial service providers and small and growing businesses that create a positive social and environmental impact for end beneficiaries across five continents.

**EXTERNAL ALIGNMENT**

MCE’s investment strategy most closely aligns with five of the UN Sustainable Development Goals (SDGs), including SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 12 (Sustainable Consumption and Production Patterns), and SDG 13 (Climate Action). MCE gender lens investment targets were developed in line with the categories established by the 2X Challenge Criteria: Entrepreneurship, Leadership, Employment, and Consumption. MCE environmental impact targets were established with reference to all standard metrics developed by the Council on Smallholder Agricultural Finance (CSAF).

**FINANCIAL SERVICE PROVIDER PORTFOLIO**

- $259M+ disbursed to 114 financial service providers across 41 countries.

**SMALL AND GROWING BUSINESS PORTFOLIO**

- $32M+ disbursed to 32 small and growing businesses across 31 countries.

**TOTAL PORTFOLIO**

- $291M+ disbursed to 146 portfolio companies across 65 countries.

**End Beneficiaries (cumulative since inception)**

- 11,028,980 cumulative people impacted since inception.
- 8,287,055 cumulative women impacted since inception.
- 54,627,986 cumulative women actively impacted since inception.
- 2,026,732 people impacted in 2022.
- 1,264,913 women impacted in 2022.

**People Impacted**

A note on counting end beneficiaries: Using a combination of historic monitoring data and annual survey data, we are able to share these data-driven estimates for the number of people our portfolio companies have impacted. These estimates count only direct beneficiaries of our portfolio companies. In reality, these loans support many more family members.

**A note on counting end beneficiaries:** Using a combination of historic monitoring data and annual survey data, we are able to share these data-driven estimates for the number of people our portfolio companies have impacted. These estimates count only direct beneficiaries of our portfolio companies. In reality, these loans support many more family members.
financial service providers / by the numbers

FSP PORTFOLIO IMPACT
as of Q4 2022:

$3B+
IN MICROLOANS OUTSTANDING

1.9M+
ACTIVE BORROWERS

598K+
NEW BORROWERS REACHED IN 2022

$1.6K
AVERAGE LOAN SIZE

1M+
PEOPLE WITH VOLUNTARY SAVINGS ACCOUNTS

END BORROWERS
as of Q4 2022:

Women represented 64% of total end borrowers in our FSP portfolio, compared to 63% in 2021.

64%
WOMEN

Rural borrowers represented 68% of total end borrowers in our FSP portfolio, compared to 62% in 2021.

68%
RURAL

Agricultural borrowers represented 25% of total end borrowers in our FSP portfolio.

25%
AGRICULTURE

ADDITIONAL SERVICES

383K+
PEOPLE RECEIVED BUSINESS EDUCATION OR FINANCIAL LITERACY TRAINING IN 2022

59K+
PEOPLE RECEIVED HEALTH EDUCATION OR MEDICAL SERVICES IN 2022

3K+
PEOPLE RECEIVED AGRICULTURAL TECHNICAL ASSISTANCE IN 2022

EMPLOYMENT

17K+
EMPLOYEES OF FINANCIAL SERVICE PROVIDERS

42%
FEMALE EMPLOYEES

33%
WOMEN IN LEADERSHIP POSITIONS

DIGITIZATION
The pandemic accelerated the digital revolution already underway. Financial service providers quickly adapted by implementing low-touch financial services. The trend continued in 2022, resulting in reduced costs, improved client experiences, and safely and effectively delivered products and services to underserved communities. For the past two years, we surveyed our portfolio companies to understand the current state of digitization across our portfolio:

- **Client UX**
- **Products and Services**
- **Operations**
- **Partnerships**

<table>
<thead>
<tr>
<th>Operations</th>
<th>Partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of FSP portfolio companies 2022</td>
<td></td>
</tr>
<tr>
<td>% of FSP portfolio companies 2022</td>
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</tbody>
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Companies that employ more women reach more women clients. The chart to the left illustrates this positive correlation between the percentage of women employees and the percentage of women end beneficiaries within MCE’s FSP portfolio. For every investment, MCE considers women’s role in entrepreneurship, leadership, employment, and consumption of products and services.

WOMEN SUPPORTING WOMEN

- Latin America
- Africa
- East and Southeast Asia
- Eastern Europe
- Central Asia and the Caucasus

Size denotes total # of women reached
small & growing businesses / by the numbers

SGB PORTFOLIO IMPACT
as of Q4 2022:

89K+
FARMERS WHO SUPPLIED SGBS

31K+
FARMERS TRAINED IN BEST PRACTICES

286K+
FARMERS RECEIVED HIGH-QUALITY INPUTS

90K+
FARMERS RECEIVED FINANCING OR CREDIT

$19M+
IN FARMER REVENUE (PAID BY SGBs)

EMPLOYMENT

4.7K+
EMPLOYEES OF SMALL AND GROWING BUSINESS PORTFOLIO COMPANIES

2.3K+
PERMANENT EMPLOYEES

2.4K+
TEMPORARY EMPLOYEES

SMALLHOLDER FARMERS
as of Q4 2022:

Supplied crops

Received training

38% WOMEN

59% WOMEN

Received inputs

Received financing

49% WOMEN

44% WOMEN

WOMEN IN LEADERSHIP

16%
FEMALE FOUNDERS OR CO-FOUNDERS OF CURRENT PORTFOLIO COMPANIES

34%
WOMEN IN MANAGEMENT POSITIONS

33%
WOMEN ON BOARD OF DIRECTORS

SMALLHOLDER SUPPLIERS
Smallholder farmers who sold crops to our portfolio companies

Total Men Women

89K 34K 55K

SMALLHOLDERS WHO RECEIVED FINANCING
Smallholder farmers who received financing or inputs on credit from our portfolio companies

Jobs Supported - Gender Breakdown (2017 - 2020)

JOBS SUPPORTED

Total Male Total Female

4,730 Total

2,977 Men 1,753 Women

TOTAL MEN WOMEN

2017 2018 2019 2020 2021 2022

TECHNICAL ASSISTANCE

SGB portfolio companies provided technical assistance to 31,930 individuals in 2022.

PHOTO CREDIT: GOOD NATURE AGRO / ZAMBIA / SGB

OF SGB CLIENTS ASSIST SUPPLIERS IN ADOPTING SUSTAINABLE AGRICULTURAL PRACTICES

67%
Impact first /

Impact is central to MCE’s work, serving as a foundational measure of our success. In 2022, we went deeper in our cooperation with industry peers, interviewed more than 1,332 microborrowers with the support of 60 Decibels, and the IA50 2022 Manager list recognized us for our work.

We evaluate impact at each stage of the investment process:

1. INITIAL ASSESSMENT
2. DUE DILIGENCE
3. INVESTMENT MEMORANDUM
4. CONTINUOUS MONITORING
5. ANNUAL IMPACT SURVEY

RECOGNITION OF IMPACT
MCE was selected for the Impact Assets IA50 2022 list. The IA50 recognizes a diverse group of impact investment fund managers committed to generating positive social, environmental, and financial impact.

INDUSTRY COOPERATION
CSAF regularly convenes leading agriculture investors to share key learnings and address barriers to market growth. MCE has been a proud global affiliate since 2020.

IMPACT MEASUREMENT PARTNERSHIP
In 2022, MCE financed or co-financed the participation of three FSP portfolio companies in the annual 60 Decibels Microfinance Index, and two SGB portfolio companies undertook in-depth studies with MCE’s support.

EXTERNAL IMPACT VERIFICATION
MCE is a signatory to the Operating Principles for Impact Management. The Impact Principles, launched in April 2013, provide a framework for investors to ensure that impact considerations are purposefully integrated throughout the investment life cycle.

spotlight on impact /

East Africa Fruits (EAF) was formed in 2015 with a vision to eliminate food waste in East Africa with efficient food distribution systems while ensuring that smallholder farmers have a stable and growing source of income.

Faustine Wilfred Kilumile is a potato farmer in the Njombe region of Tanzania. Since working with EAF, he has expanded production, increased yields, set up a shop to sell inputs to fellow farmers, and opened his first bank account.

A recent study by 60 Decibels found just how impactful East Africa Fruits’ work is in the lives of smallholder farmers. Their survey of EAF participants found that 90% of farmers report improved quality of life, one saying, “My income has increased due to their price offers so I have been able to provide for my family, and I have started to build our house.” As a result of EAF’s training in sustainable farming techniques, 91% of farmers reported an improvement in their farming practices. By promoting sustainable farming, EAF is not only protecting the environment, but also enhancing the livelihoods of the farmers they work with.

I applied everything [EAF] taught — how to prepare land, irrigate and use fertilizer. My yield increased from 80 bags per acre to over 100.”

East Africa Fruits / TANZANIA / SGB

External Impact Verification
MCE is a signatory to the Operating Principles for Impact Management. The Impact Principles, launched in April 2013, provide a framework for investors to ensure that impact considerations are purposefully integrated throughout the investment life cycle.
There are passionate and talented entrepreneurs all over the world, and many are outside established investment networks. MCE Social Capital’s Guarantor model enables me to use my assets to fuel these entrepreneurs’ efforts in frontier markets in Latin America, Asia and Africa, where they are making an enormous positive impact. And I can do this without moving or reshaping a penny of my portfolio! It’s a win-win!“

KAREN KEATING ANSARA / Founder/Chair NEID Global, MCE Board Member, and MCE Guarantor since 2010
our guarantors/

Our Guarantor community consists of accomplished global citizens and organizations committed to generating sustainable livelihoods in emerging markets. Their partnership with MCE powers our innovative model and allows us to work in some of the world’s most challenging regions, where other lenders often won’t go.

FSP Guarantors

2005
Dan Brunner **
Eric McCallum & Robin Smith
Janet A. McKinley **

2006
Arthur Rock
Tom & Meg Stallard
Swift Foundation**
Bill & Mary Way

2007
Kevin & Laurie Carnahan
The Clara Fund
James Davidson **
Kevin Dolan
Gary Ford & Nancy Ebb **
Cary Hart
Alan & Teri Hoops
Estate of Greg Ledford**
Meyer Family Enterprises
Sangeeth & Sindhu Peruri
Thomas R. & Maria E. Williams

2008
Joseph Brescia
Maggie Kaplan**
Linked Foundation
Sarah Marie Martin & Nicholas Brophy

2009
Jonathan C. Lewis
Peggy Rawls

2010
Karen Ansara
David & Gay Campbell
Sky Curver
Lori & Aaron Contrer
Benito and Frances C.
Gaguine Foundation**
David Hills & Catherine
McLaughlin-Hills
Jonathan Rubini
Carolyn Workman & Kurt Wacker

2011
104 Foundation/1st Unit
John & Cathy Ayliffe
104 Foundation/2nd Unit
104 Foundation/3rd Unit
Ron & Marys Boehm
Darlene Daggett
G.D.S. Legacy Foundation**
KL Felicitas Foundation
Anonymous

2012
Ellen & Karl Breyer
The Eucalyptus Foundation
Katharine Thompson
Anonymous
Anonymous

2013
104 Foundation/4th Unit
Armeane Choksi
Eileen Fisher
Mike & Diane Moxness
Angela & Anthony Ocone
Douglas Spencer
Levi Strauss Foundation
Adam J. Weissman
Foundation
Anonymous

2014
John Coleman
Justin & Lindsay Morales

2015
104 Foundation/5th Unit
Kenneth Carson & Sally Foster
Neal & Florence Cohen
Cordes Foundation
Dennis Houghton & Janet Healy
Clark Mitchell
Jeff Perlis
Anonymous

2016
Tom & Betsy Balderston
Rick & Cathy Osgood
Theodore Petroulas
Scott Satterwhite

2017
104 Foundation/6th Unit
James J. Chu
Jon Freeman
Elizabeth Funk
Galloway Family Foundation Trust
Matthew W. Patksy
David Sonnenberg
Sunrise Foundation
Tara Health Foundation**
SJ Wilson Enterprises

2018
Beall Family Foundation
Amy M. Brakeman
Scott & Lisa Halsted
Mary Hedahl
Highlands Associates

2019
Christine A. Brown
Dunn Family Charitable Foundation
Isenberg Family Charitable Foundation
Nancy K. Lawrence
The Libra Foundation**
John T Swift
1990 Trust**
Anonymous

2020
Adrianus Kuiper
Construct Invest BV
Kevin & Ann Henrikson
Jonathan Louis & Suzanne Hidekawa Lane
Emanuel & Marilyn Sturman
Antoon van den Berg & Monique Jansen
Anonymous**
Anonymous

2021
Beall Family Foundation
Ed Brakeman
Sayuri Sharper**
Anonymous

2022
Anonymous
Sayuri Sharper**
Ed Brakeman
Alan Ledford

SGB Guarantors

2017
John & Cathy Ayliffe
Ron & Marys Boehm**
Kevin & Laurie Carnahan
Darlene Daggett
James Davidson**
Gary Ford & Nancy Ebb
Elizabeth Funk
Alan & Teri Hoops
Estate of Greg Ledford
Linked Foundation
Eric McCallum & Robin Smith**
Scott Satterwhite**
Antonius Schwarz********
Bill & Mary Way

2018
Beall Family Foundation
Ed Brakeman
Sayuri Sharper**
Anonymous

2019
James J. Chu**
Dunn Family Charitable Foundation**
The Eric T. & Elizabeth C.
Jacobsen Foundation**

2022
Anonymous

I signed on to be a Guarantor because I believe in MCE’s mission. The unique model allows me to make an impact with a powerful multiplier effect on capital provided. And I’ve become even more invested after interacting with the incredibly smart, driven, and passionate team members supporting amazing organizations all around the world making a huge difference for their communities.

ALAN LEDFORD,
Guarantor since 2022

NOTE:
Guarantors listed by year in which they originally signed.
** Indicates the number of units a Guarantor has signed for as of December 31, 2021.
† Indicates the number of units a Guarantor has signed for as of December 31, 2021.
‡ Indicates the number of units a Guarantor has signed for as of December 31, 2021.
§ Indicates the number of units a Guarantor has signed for as of December 31, 2021.
***** Indicates the number of units a Guarantor has signed for as of December 31, 2021.

2005 Guarantor for the 104 Foundation
2006 Guarantor for the 104 Foundation
2007 Guarantor for the 104 Foundation
2008 Guarantor for the 104 Foundation
2009 Guarantor for the 104 Foundation
2010 Guarantor for the 104 Foundation
2011 Guarantor for the 104 Foundation
2012 Guarantor for the 104 Foundation
2013 Guarantor for the 104 Foundation
2014 Guarantor for the 104 Foundation
2015 Guarantor for the 104 Foundation
2016 Guarantor for the 104 Foundation
2017 Guarantor for the 104 Foundation
2018 Guarantor for the 104 Foundation
2019 Guarantor for the 104 Foundation
2020 Guarantor for the 104 Foundation
2021 Guarantor for the 104 Foundation
2022 Guarantor for the 104 Foundation

(continued on the next page)
our team /

75% HAVE TRAVELED TO 15 OR MORE COUNTRIES
39% BORN OUTSIDE THE U.S.
65% HAVE WORKED OR HAVE FAMILY THAT WORK IN AGRICULTURE
78% HAVE LIVED IN A COUNTRY OTHER THAN WHERE THEY WERE BORN

Our staff collectively speaks English, Spanish, Catalan, Portuguese, German, French, Italian, Mandarin, Swahili, Cantonese, Hebrew, Russian, Tagalog, and American Sign Language.

True caring is at the core of MCE. We care about our clients, colleagues and peers, the environment, and about generating a positive impact in what we do.”

MONICA FURUYA / SR. INVESTMENT ANALYST

My favorite thing about my job is the field visits, where I get an opportunity to see and learn about the real impact of our funding from end-user beneficiaries of the loans.”

NEWTON NTHIGA / REGIONAL MANAGER, AFRICA

I am thankful for the opportunity to work with such a wide array of people committed to improving the lives of others — there is a common desire amongst all stakeholders to see transformation in the communities MCE serves.”

ANDREW WOODWARD / IMPACT ANALYST

our investors + partners /

Our Investors, Lenders, and Co-investing Partners

Combined with the power of our guarantee pools, our private investors, institutional lenders, and co-investing partners are critical to our success, enabling us to deploy catalytic debt capital to meet the financing needs of high-impact financial service providers and small and growing businesses. They include:

I decided to invest with MCE because the team shares my family’s values. The groups that MCE funds deserve the same opportunities that helped us succeed. I can feel confident that my investments are helping create a more equitable and sustainable world.”

JOHN A. SOBRATO

MONICA FURUYA / SR. INVESTMENT ANALYST

TEAM RETREAT IN BARCELONA, JUNE 2022
our financials /

“MCE regained momentum in 2022. With a renewed demand for capital, drastic interest rate increases in the U.S. presented challenges to MCE’s borrowing costs. However, our Global Economic Opportunity Notes program continues to bolster us and kept our blended cost of capital below 3% — enabling us to continue to deploy fairly priced capital to our borrowers when they need it most.”

MARCIA MYERS / CHIEF FINANCIAL OFFICER
In 2022, MCE’s net revenues were $2,673,326, a 14% increase from 2021. MCE’s operating expense ratio was 5.13%, compared to the average portfolio, an increase over 2021 as we lay the foundation for further growth.

### Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 Audited</th>
<th>2022 Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending Revenue</td>
<td>$2,340,961</td>
<td>$2,673,326</td>
</tr>
<tr>
<td>Grants and Donations</td>
<td>$845,751</td>
<td>$744,999</td>
</tr>
<tr>
<td>Contributed Services</td>
<td>$193,065</td>
<td>$190,842</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$3,179,777</td>
<td>$3,609,167</td>
</tr>
<tr>
<td>Before Guarantor Call†</td>
<td>$575,500</td>
<td>$1,520,000</td>
</tr>
</tbody>
</table>

†All Guarantor calls cover default amounts and are shared pro rata across the responsible guarantee units.

### Sources of Funding

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 Audited</th>
<th>2022 Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Notes</td>
<td>$34,800,000</td>
<td>$41,655,000</td>
</tr>
<tr>
<td>Development Financial Institutions</td>
<td>$7,000,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Commercial Finance Institutions</td>
<td>$6,625,000</td>
<td>$13,000,000</td>
</tr>
<tr>
<td>Foundations</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Total Funding</td>
<td>$50,425,000</td>
<td>$66,650,000</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2021 Audited</th>
<th>2022 Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Services and Operations</td>
<td>$2,016,254</td>
<td>$2,698,549</td>
</tr>
<tr>
<td>Management and General</td>
<td>$444,717</td>
<td>$808,821</td>
</tr>
<tr>
<td>Fundraising</td>
<td>$186,897</td>
<td>$250,824</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$2,647,868</td>
<td>$3,558,194</td>
</tr>
</tbody>
</table>

### Key Financial Ratios

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Yield</td>
<td>7.52%</td>
<td>7.42%</td>
</tr>
<tr>
<td>Cost of Funds</td>
<td>2.90%</td>
<td>2.86%</td>
</tr>
<tr>
<td>Gross Portfolio Margin</td>
<td>4.62%</td>
<td>4.56%</td>
</tr>
<tr>
<td>Operating Expense Ratio</td>
<td>4.30%</td>
<td>5.13%</td>
</tr>
<tr>
<td>Net Margin</td>
<td>0.33%</td>
<td>-0.68%</td>
</tr>
</tbody>
</table>

END NOTES

impact. guaranteed.

Visit our website, www.mcesocap.org, or contact us at info@mcesocap.org for more information.