



Dutch Good Growth Fund

Notice proposed transaction 20171006 Acumen Latin America Early Growth Fund LP **Date of Publication: 6 Oct 2017**

Taking into account the provisions for governing bodies that apply under the 'Freedom of Information Act' ('Wet openbaarheid van bestuur') and the 'Data Protection Act' ('Wet bescherming persoonsgegevens'), the Fund Manager of the DGGF part 'Financing local SMEs' will publish its anticipated transactions.

Views

Parties can express their views on the proposed transaction to the Fund Manager by contacting dggf@nl.pwc.com within 30 days after the publication date of the notice. After the transaction has been closed, or after it has become clear that the transaction will not take place, the Fund Manager will respond as soon as possible to these Parties concluding on the expressed views by these Parties.

Description (English)

Part of DGGF

Financing Local SMEs

Name Intermediary Fund (IF):

Acumen Latin America Early Growth Fund LP ("ALEG")

Domicile IF:

ALEG will be domiciled in Ontario, Canada.

Name of manager of the IF

Acumen Capital Markets Investment LatAm Early Growth LLC, domiciled in the US, will serve as General Partner to the fund and has its main office in Bogota, Colombia. Acumen Fund Inc, a US non-profit organisation, serves as the Sponsor of the fund manager.

Nature of the activities of the IF

ALEG will focus on early-stage investments in three subsectors; (i) agricultural value chain businesses working with smallholder farmers; (ii) education technology and workforce development companies and (iii) access to sustainable energy businesses. The team is based at Acumen's regional office in Bogota and aims to make investments in Colombia, Peru, Guatemala, and to a limited extent



in other countries in Central and South America. ALEG is an impact fund with strong social objectives that are related to the growth of SMEs impacting the lives of low-income households. Investment sizes are expected to be around USD 1-2 million.

Size of proposed investment

Approximately USD 7.5 million / EUR 6.4 million¹

With this investment DGGF is contributing to an expected first closing of a fund size of approximately USD 20 million.

Intended transaction date

The Fund Manager aims to close the agreement with ALEG in the last quarter of 2018.

Expected financial results

A positive net financial return on the investment is expected.

Expected impact

Despite a well-developed banking sector, ALEG's target markets show a lack of access to risk capital, which represents a major constraint for the growth of SMEs. ALEG focuses on investments that explicitly target the improvement of lives of smallholder farmers, people without access to energy and lower/middle class citizens seeking for better quality education. ALEG is expected to positively contribute to job creation as well as knowledge sharing through the companies it will invest in. In addition, significant impact on indirect employment is expected through ALEG's investments in the agricultural sector.

With USD 7.5 million, DGGF will be the largest investor in ALEG, thereby playing a significant role in getting the fund to a sustainable fund size.

ESG compliance

ALEG has a social impact strategy and has sufficiently integrated ESG matters into its investment process. Its ESG Policy is explicitly based on the IFC Performance Standards. ALEG will adopt the DGGF exclusion list and set up a complaints mechanism in line with the DGGF ICSR Policy. The Manager will further make sure that its team's knowledge on ESG is further increased through specialized training.

Tax compliance

ALEG is incorporated under the laws of Canada, which meets the OECD transparency requirements, and is set-up as a tax transparent entity from a Canadian tax perspective. It invests via subsidiaries into SMEs in selected

¹ Based on the exchange rate on the date of publication.



countries in Latin America, which are in principle subject to the statutory tax rates. ALEG is not making use of artificial constructions to lower its taxation or the taxation of the SMEs which it funds and DGGF's investment conditions focus on ascertaining this. ALEG requires SMEs that it finances to comply with local laws and regulations, among others those in respect of tax. DGGF will actively monitor whether ALEG and these SMEs meet their ongoing tax obligations and act in accordance with the DGGF tax criteria.