

Corporación Andina de Fomento (CAF) invests \$5m in the BBVA Codespa Microfinance hedge fund

This is the first hedge fund to be approved in Spain

- The fund generates opportunities for Latin American microfinance institutions to access local currency financing and to stimulate sustainable development in the region
- BBVA Codespa Microfinanzas makes it possible to participate in socially responsible investment, combining social benefit with economic profitability
- The fund has €23.5m of assets and its accumulated profit rate stands at 6.96%



Juan de la Cruz, president of the Codespa Foundation, Eugenio Yurrita, director of BBVA Traditional Asset Management, and German Jaramillo, director of CAF Europe

Corporación Andina de Fomento (CAF) has invested \$5m worth of assets in the BBVA Codespa Microfinanzas FIL hedge fund, aimed at generating greater opportunities for Latin American microfinance institutions. This is the first Spanish microfinance solidarity investment fund for Latin America through which microfinance institutions in the region can access financing in local currency. BBVA Codespa Microfinanzas is the first hedge fund to be approved in Spain under the new CNMV regulations, with current assets running at €23,536,302 and an accumulated profit rate of 6.96%.

The BBVA Codespa Microfinanzas FIL hedge fund was created on 30 October 2006 with a view to contributing to the development of the microfinance industry, by means of the investment in debt instruments issued by microfinance institutions that prove to be sound and viable in their progress towards sustainability and are located in Latin America.

This fund offers microfinance institutions financing in local currency, reducing risk through investment diversification in terms of periods, countries and currencies. It also operates in securities denominated in Euros or in Dollars. At present the fund is diversified throughout nine countries in Latin America and eight different currencies, and uses hedging instruments with a maximum of 30% in unhedged currencies. It finances not only large, consolidated companies but also smaller companies requiring support to help them to go on growing and expanding their activities.

BBVA Codespa Microfinanzas FIL is designed for qualified investors (in line with the nature of the fund) who wish to obtain attractive (non-guaranteed) profitability whilst investing at the same time under SRI criteria, with a minimum investment of €50,000.

The combination of BBVA's extensive experience in asset management and its presence in the region with the knowledge accumulated by Codespa, a Spanish non-profit making foundation, with more than 17 years experience in the sphere of microfinance, are a sound endorsement for an investment process geared to achieve profitability while maintaining social purpose objectives.

Corporación Andina de Fomento is currently providing support for almost 40 Latin American institutions which cater for micro businesses in 11 Latin American countries, and with total funds in excess of \$120m.

CAF is a multilateral financial institution whose mission is to support the sustainable development of its shareholder countries and regional integration. It is currently made up of 17 countries from Latin America, the Caribbean and Europe. Its shareholders are Argentina, Bolivia, Brazil, Costa Rica, Colombia, Chile, Ecuador, Spain, Jamaica, Mexico, Panama, Paraguay, Peru, the Dominican Republic, Trinidad & Tobago, Uruguay and Venezuela, as well as 15 private banks in the Andean region. CAF's central headquarters are in Caracas, Venezuela, and it has representative offices in La Paz, Brasilia, Bogota, Quito, Madrid and Lima.