SIFEM

Swiss Investment Fund
for Emerging Markets

Business & Financial Report 2024

www.sifem.ch

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2024 Financial Highlights and Key Figures

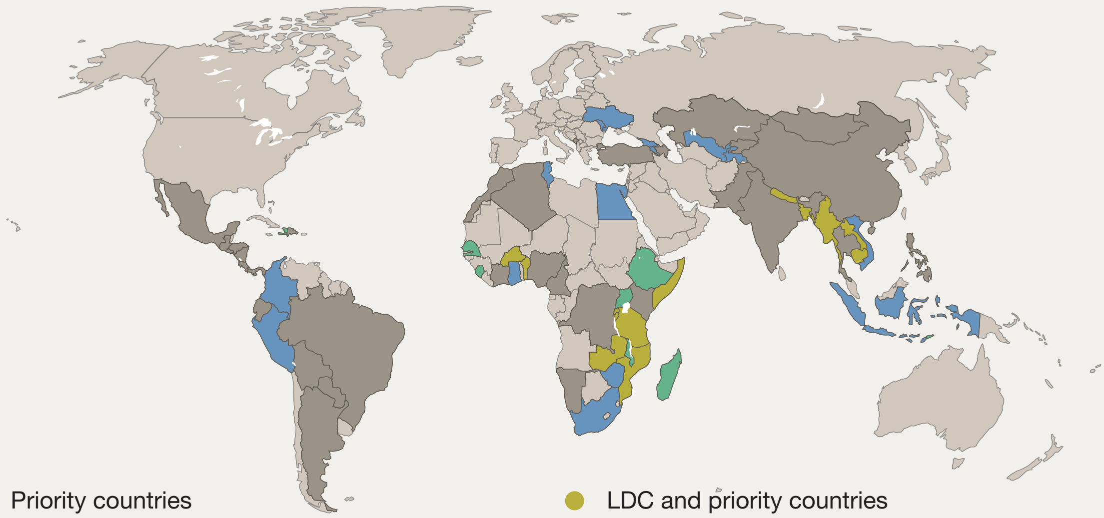
Operational highlights are presented in USD, the functional (base) currency in which SIFEM's accounts are held. The Financial Statements are translated into the presentation currency CHF for reporting purposes. Annual result and balance sheet figures per IFRS account; investment portfolio valuation based on rolled-forward data as of 30 September 2024.

Operational Highlights (in USD millions)	**2024**	**2023**
Investment portfolio		
Total commitments made to date	1 579.8	1 437.7
Active commitments	1 051.1	1 002.4
New investment commitments	173.0	143.8
Uncalled commitments	339.1	286.7
Cash flows		
Cumulative paid-in capital to date	1 247.1	1 138.3
Cumulative reflows received to date	1 031.0	931.9
Paid-in capital during the period	108.8	79.1
Reflows from investments during the period	99.1	96.6
Net cash-flow during the period	-9.7	+17.4
Investment portfolio valuation		
Residual value	484.8	453.5
Internal Rate of Return (%)	5.23%	5.23%
Total Value over Paid-in (%)	121.5%	121.7%
Financial Statement Highlights (in CHF millions)	**2024**	**2023**
Annual Results		
Investment profit/-loss	44.9	23.5
Operating result	35.7	13.1
Balance sheet		
Balance sheet total	780.2	682.6
Cash and cash equivalents	321.0	275.1
Financial assets	441.6	391.2
Shareholder's equity	763.4	656.9
Equity ratio (%)	97.9%	96.2%

2024 at a Glance

Fig. 1

SIFEM portfolio by geography
as of 30 June 2024



- Priority countries
- LDC (least developed countries)
- LDC and priority countries
- Other countries

Fig. 2

Investment focus instrument*
by volume of investment commitment

- Private equity funds: **67%**
- Current income funds: **16%**
- Other financial intermediaries: **12%**
- Microfinance investments: **4%**
- Infrastructure funds: **2%**

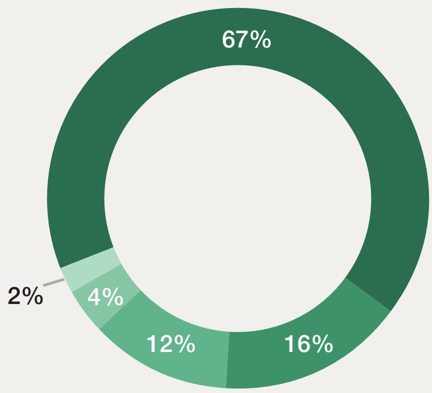
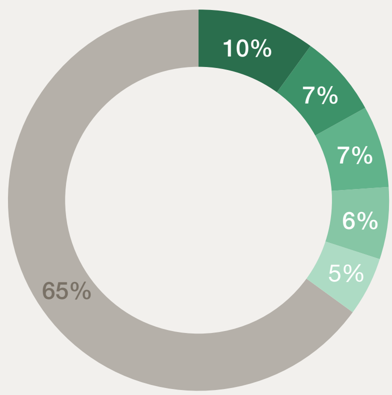


Fig. 3

Top 5 countries
by invested capital

- India: **10%**
- Vietnam: **7%**
- Kenya: **7%**
- South Africa: **6%**
- Peru: **5%**
- Other countries: **65%**



* Totals may not add up to 100% due to rounding.

2024 Annual Review

Message from the Chairman

Jörg Frieden
Chairman of the Board
of Directors

Development finance operates in an increasingly complex macroeconomic environment. Political tensions, rising protectionism, and rapid technological advancements are reshaping the global landscape, often to the disadvantage of the world's most vulnerable nations. These challenges have been further exacerbated by the negative impacts of climate change, which have hit the poorest countries hardest, undermining decades of progress.

Against this backdrop, SIFEM has remained a steadfast partner in promoting sustainable development through targeted investments. This year, we made a significant investment commitment—our highest ever—focused primarily on fostering small and medium-sized enterprises which are critical to strengthening local economies, creating jobs, and contributing to sustainable growth. The new engagements confirm our belief in the transformative power of local entrepreneurship.

We are proud to have directed a substantial share of our commitments to Sub-Saharan Africa, a region facing mounting challenges. Furthermore, a large portion of our investments were climate relevant and address the effects of climate change in less developed economies. These strong results also demonstrate the commitment and expertise of our partners, responsAbility and Tameo, to whom we extend our gratitude.

On the governance front, we've made notable strides. In 2024, the Swiss Federal Assembly unanimously approved the new SIFEM law, which came into effect on January 1, 2025. We see this as an important confirmation of SIFEM's mission and as a strong sign of confidence in our work. In this spirit, we are implementing the main recommendations made by the Swiss Federal Audit Office (SFAO) after the assessment of our organisation, conducted in 2024. I take this opportunity to acknowledge the many contributions of Geoff Burns, who stepped down from the board after 11 years. His expertise, particularly in the role of Chair of the Audit Committee and member of the Investment Committee, will be missed. We are fortunate to welcome Margarita Aleksieva to the board, whose vast experience in global energy and infrastructure will undoubtedly strengthen our governance.

With the renewed legal mandate and the growing needs in emerging markets, our commitment to transparent, effective investments remains as strong as ever. The new strategic objectives set by the Federal Council for 2025-2028 provide SIFEM with clear, actionable goals that we are determined to pursue with vigour and dedication. As the development landscape evolves, we also recognize that effective coordination between SIFEM and other programs financed by the Swiss bilateral cooperation will be critical to achieving lasting impact.

SIFEM's mission remains as relevant as ever: to support small and medium enterprises, foster sustainable development, create jobs and address the challenges posed by climate change. We are committed to pursuing these objectives while respecting the culture and the institutions of the communities we serve.

Message from the Portfolio Manager

Michael Fiebig
Chief Executive Officer
Portfolio Management
SIFEM

Ralph Keitel
Chief Investment Officer
SIFEM

Severin Fries
Chief Financial Officer
SIFEM

responsAbility Investments AG, acting as Portfolio Manager to SIFEM

In 2024, the availability of long-term growth capital to small- and to medium-sized enterprises across emerging markets faced challenges due to reduced international investor interest and ongoing macroeconomic and geopolitical headwinds. The unwavering support of development finance institutions such as SIFEM is crucial in such a challenging environment.

We are proud to report that in our second year as Portfolio Manager, we have achieved another record investment year for SIFEM, with 12 new investments totaling USD 173 million across fund investments and lending to local financial intermediaries. These new commitments were fueled by stable reflows from the existing investment portfolio, and additional capital from SIFEM's shareholder. Total active capital commitments have grown to USD 1.05 billion, highlighting SIFEM's importance within the development finance community.

Each SIFEM investment offers a unique combination of expected impacts on employment generation, climate, gender equity, and a focus on frontier markets, supported by competent partners in local and regional fund management teams and financial institutions utilising both domestic and international capital resources.

A special highlight for us has been the commitment to African Development Partners IV. This investment is appealing due to its focus on building strong medium-sized enterprises in Sub-Saharan Africa, addressing a critical long-term risk capital funding gap. The fund targets key sectors such as healthcare, agribusiness, logistics, and technology, contributing to economic growth, job creation, and sustainable development at scale. Additionally, SIFEM's partnership with the fund's manager Development Partners International, the marquee women-led private equity manager, helps mobilize capital in an underserved region, aligning with the mission to foster economic resilience and inclusion.

During the year, we have developed and tested a new Impact Rating Tool, which aligns the measurement of impact prior to an investment commitment, and its monitoring and management during the investment lifecycle with SIFEM's strategic objectives and impact priorities. This state-of-the-art, tailor-made Impact Rating Tool replaces the previous methodology starting January 2025.

In 2024, we relaunched SIFEM's technical assistance program in close collaboration with the Swiss State Secretariat for Economic Affairs, SECO. Our technical assistance team, with a dedicated manager for the SIFEM facility, is now in place to support investees in critical areas, amplifying their impact and improving their risk management capabilities.

2024 marked our second year as the Portfolio Manager of SIFEM. We would like to express our sincere gratitude for the trustful and highly effective collaboration with the SIFEM Board. We greatly appreciate the collaboration with our colleagues at Tameo, and the representatives of SIFEM's shareholder at SECO and FFA. We are also deeply appreciative of our partnership with the investee institutions and fund manager teams across the SIFEM portfolio in creating lasting positive societal impact, combined with adequate financial returns, enabling sustainable investments in line with the strategic objectives of SIFEM over the long term.

Message from the Business Services Manager

Vincent Dufresne
Mandate Lead Business Services Management for SIFEM

Tameo Impact Fund Solutions SA,
acting as Business Services Manager to SIFEM

In 2024, Tameo remained committed to supporting and advising the Board of Directors in the management of SIFEM, working in close collaboration with the Portfolio Manager across a broad range of topics.

One of our key areas of focus was the implementation of SIFEM's new governance framework, introduced in 2023. We facilitated this transition by adapting and updating corporate policies in accordance with SIFEM's Articles of Association and the newly established Organisational Regulations, which came into effect in spring 2024.

SIFEM continues to be an active member of the European Association of Development Finance Institutions (EDFI). In 2024, we were pleased to organise the EDFI E&S and Impact Networking Meeting in Geneva, providing a valuable platform for discussions on sustainable development challenges. Key topics included risk assessment in climate investments, Paris Alignment, and harmonisation in impact reporting to enhance data comparability. Furthering these efforts, SIFEM participated, among others, in EDFI's working groups on Paris Alignment and financed emissions, contributing to the ongoing development of industry-wide standards.

On the impact front, we supported the Portfolio Manager in refining SIFEM's new impact rating tool, which systematically assesses investments both ex-ante and ex-post. Our role included contributing to the definition of key dimensions and testing the tool on SIFEM's existing portfolio to enhance and validate its effectiveness. This tool will be deployed for the new Strategic Period 2025-28.

Committed to transparency and accountability, SIFEM improved its institutional visibility and accessibility by launching a new website in 2024. This platform enhances the institutional presentation of SIFEM and provides more detailed and granular information about the investments in the portfolio. While this marks a significant step forward, refined and expanded information will be made available to stakeholders in the coming months.

Furthermore, based on information provided by the Portfolio Manager, we produced the SIFEM Impact Report 2024, published for the first time in three languages, which provides key insights into how SIFEM's investments contribute to sustainable development in emerging markets.

We would like to sincerely thank the Board of Directors for their continued trust in Tameo as Business Services Manager, as well as the responsAbility team and the representatives of SIFEM's shareholder at SECO and FFA for their ongoing collaboration. We look forward to building on these strong foundations in the years to come.

1 Strategy and Impact

1.1 SIFEM's mission and objectives

The Swiss Investment Fund for Emerging Markets (SIFEM) is the Swiss Development Finance Institution (DFI). It is owned by the Swiss Government and is an integral part of the instruments of economic development cooperation. SIFEM is specialised in providing long-term debt and equity financing to small- and medium-sized enterprises (SMEs) and other fast-growing companies in developing and emerging countries, focusing on the priority countries of Switzerland's development cooperation. This helps create and secure more and better jobs and reduce poverty while also contributing towards the integration of these countries into the global economic system.

SIFEM's investment philosophy is guided by the belief that investing in commercially viable SMEs in developing and emerging countries can generate sustainable, long-term development effects in local communities, as well as provide investors with positive financial returns over time.

SIFEM invests in local or regional risk capital funds and provides credit lines to local banks and other financial institutions, often in collaboration with other DFIs and private investors. SIFEM works with fund managers and financial institutions not only to deliver relevant financing solutions, but also to add value to local businesses. In this sense, SIFEM's role goes beyond the provision of long-term finance and seeks to strengthen the capacity of local fund managers and financial institutions to manage environmental, social, and governance risks at the level of their underlying portfolios.

The Federal Council set, among others, the following strategic objectives for the period 2021-24[1]:

- SIFEM contributes to growth in developing countries and emerging markets by encouraging the flourishing of the local private sector, in addition to other economic development cooperation measures.
- SIFEM focuses on the preservation and creation of decent jobs, the observance of proper working conditions and the strengthening of professional competence. In this way, SIFEM helps combat the causes of irregular migration and contributes to Parliament's mandate to strategically link international cooperation with the issue of migration.
- SIFEM supports the establishment of sustainable and responsible companies in developing and emerging countries, on the basis of internationally recognised environmental, social and governance criteria.
- SIFEM's investments contribute to the resilience of these countries and strengthens investee companies with regard to global risks such as pandemics and the effects of climate change.
- SIFEM contributes to the achievement of international environmental goals and in particular to the mitigation of climate change and its associated negative consequences.
- SIFEM promotes gender equality through investing in strategies that advance the economic empowerment of women.
- SIFEM takes measures to limit the negative impact of the COVID-19 crisis on the financial ratios and impact results and to strive to preserve the value of the portfolio.

1 https://sifem.ch/permalinks/sifem-so-2021-24-en

In reaching these strategic objectives, SIFEM observes the following broad guiding principles:

- **Sustainability:** In its investment activity, SIFEM observes the basic principles of financial, economic, social and environmental sustainability as well as responsible corporate governance.

- **Financial additionality:** SIFEM provides finance that cannot be obtained from private capital markets (local or international) at reasonable terms or quantities and for similar developmental purposes without official support.

- **Value additionality:** In addition to investments, SIFEM provides or mobilises non-financial support to financial intermediaries and enterprises, which is intended to strengthen development effects, e.g. in the form of know- how transfer, the promotion of social and environmental standards, the improvement of corporate governance or professional skills. In this way, it should contribute its expertise, address sustainability risks and opportunities, as well as contributing to the achievements of Switzerland's development cooperation priorities.

- **Leverage effect:** SIFEM aims to mobilise additional funds directly from private and institutional investors who would otherwise not invest. In this way, it contributes additional resources to sustainable development. These co-investment resources complement the investment capital of the Swiss Confederation.

1.2 Development impact – how does SIFEM make a difference?

SIFEM is an impact investor. As such all its investments are made with the intent to generate a measurable development impact, based on specific indicators and corresponding targets, including job creation, skills development, tax payments, financial sector deepening and diversification, and implementation of international best practice regarding environmental, social, and governance (ESG) standards. SIFEM aims at maximizing the development impact of its investments. Based on SIFEM's Theory of Change (Figure 4), all investments must be economically viable and contribute to economic development (Outcomes 1 and 2), while some within the portfolio will also specifically focus on promoting social inclusion and actively supporting climate change adaptation and mitigation (Outcomes 3 and 4).

SIFEM relies on a result measurement system allowing for the monitoring and aggregation of results at the portfolio level. This framework is in line with the 2030 Agenda for Sustainable Development adopted by the United Nations in 2015 featuring 17 specific goals (Sustainable Development Goals – SDGs).

Fig. 4
SIFEM's Theory of Change

SIFEM's Development Outcomes and their links to the SDGs

Long-term development impact
Resilient economies, inclusive & low-carbon growth, poverty reduction & reduction in inequalities

Core Outcomes

1 Economic Viability & Resilience

Financial intermediaries supported by SIFEM's investments are expected to be financially viable, to comply with ESG standards—including compliance with all local laws and regulations—and be "Paris-aligned".

2 Economic Opportunities & Decent Jobs

SMEs and other fast-growing private companies are provided with increased access to long-term capital and financing through the financial intermediaries supported by SIFEM. Increased access to finance unleashes business growth opportunities and supports the maintenance and creation of decent jobs.

Outcomes

3 Social Inclusion

Underserved individuals (especially women), entrepreneurs and businesses are provided with increased access to essential goods & services and to financial services (financial inclusion), including through innovative approaches and business models, thereby contributing to the long-term reduction of inequalities and access gaps.

4 Climate Change Mitigation & Adaption

The provision of long-term capital to businesses contributes to transformative climate outcomes (e.g. acceleration of the energy transition, decarbonisation of production processes, adaptation/resilience projects), in line with the Paris Agreement on climate change.

The result measurement framework used by SIFEM is composed of three different levels: First, an internal rating tool is used to assess investments and track their development performance over time. In order to do this, a baseline is established prior to investment to reflect the expected development effects. Second, a number of quantitative indicators are collected for each investment to measure development effects, which can be aggregated at the portfolio level and reported to Parliament. Third, case studies are conducted on an annual basis to take a closer look at the effects and value-add of SIFEM's investments in specific contexts.

In 2023, the Board mandated the Portfolio Manager to develop a new Impact Rating Tool (IRT), which will be used ex-ante and ex-post. It will assess expected impacts pre-investment as well as monitor the impact performance of each investment during its life-cycle. The newly developed tool was tested and finalised with the support of the Business Services Manager and approved by the Board in Q4 2024. It will be implemented from 2025 onwards. Among the key changes are the inclusion of climate indicators and a differentiated assessment approach by sector and type of investment.

The main development highlights as well as a specific thematic analysis are published annually in a separate Impact Report, based on data from the previous year. The latest 2024 edition[2] provides an overview of the development impacts, including SIFEM's contribution to job creation, gender equality and climate change mitigation. In collaboration with the Association of EDFI, SIFEM strives to enhance the efficiency of data collection from its portfolio, while ensuring increased transparency in its reporting processes.

SIFEM defined its Climate Approach in 2023 and seeks to invest and mobilize funds for climate change mitigation and adaptation, but always within its priority to support economic resilience in developing markets, thereby facilitating a 'Just Transition'. In 2024, SIFEM launched a study with an independent consulting firm to assess its contribution to the Just Transition Agenda with special emphasis on employment effects. The study will be published in 2025 and will provide valuable insights into the achievements and challenges of SIFEM's contributions to a Just Transition.

2 https://sifem.ch/permalinks/impact-reports

In April 2024, SIFEM organized the EDFI E&S and Impact Networking Meeting in Geneva. Approximately 90 participants from all European DFIs, from US and Canadian DFIs, and some industry players (2X Global, IFC, Impact Frontiers and CGAP) attended the meeting including participants from responsAbility, SECO and Tameo. The gathering provided a valuable platform for discussions on sustainable development challenges. Key topics included risk assessment in climate investments, Paris Alignment, and harmonisation in impact reporting to enhance data comparability.

SIFEM's current impact management practice is aligned with the Operating Principles for Impact Management (Impact Principles), which were developed by the International Finance Corporation (IFC) and launched in 2019. The Impact Principles provide a common market standard to ensure that impact considerations are integrated throughout the investment lifecycle. They describe the essential features of managing investments with the intent to contribute to measurable positive social, economic, or environmental impact, alongside financial returns. Impact considerations must be integrated into all phases of the investment: strategy, origination and structuring, portfolio management, exit, and independent verification. Critically, the Impact Principles call for annual disclosure as to how signatories implement them, as well as independent verification at regular intervals. SIFEM was among the first adopters, committing to manage its impact assets in accordance with these principles.

1.3 SIFEM Technical Assistance Facility (TAF)

In 2024, SECO and SIFEM partnered to launch a new Technical Assistance Facility (TAF). It builds on the experience gained by SECO and the previous Portfolio Manager in managing the TA for SIFEM since 2008. The governance set-up is designed to allow for greater flexibility in management of technical assistance initiatives, while providing clearer incentives to promote additionality through the use of synergies. The arrangement aims to enable SECO and SIFEM to efficiently leverage market expertise and existing knowledge through SIFEM's portfolio and relationships to co-develop and manage client-centric projects that are aligned with the development outcomes.

SIFEM's Portfolio Manager has been delegated responsibility for managing the initiative, based on the recognition that it is possible to generate best synergies between SIFEM's investment program and advisory services when the TAF is integrated into the investment process.

The SIFEM TAF became fully operational in Q3 2024 with both personnel and funding in place and the first set of projects receiving approval for implementation. For the period of 2024-2026, SECO has made CHF 3.3 million available as program budget, while SIFEM covers the TAF's management fees. During the three years, the TAF will pilot high impact projects across SIFEM's diverse portfolio of fund managers and their portfolio companies, and financial institutions across a diverse range of themes that are closely aligned to SIFEM's development outcomes. A few projects were already initiated in 2024, spanning across topics such as gender and financial inclusion related capacity building, climate-related trainings, GHG emissions accounting, and cybersecurity and data risk management for fund managers.

Fig. 5

Development impacts

Employment	**Creating more jobs with decent working conditions** SIFEM promotes economic growth and the creation of formal jobs by providing long-term financing to SMEs and other fast-growing companies. Jobs can boost living standards by reducing food insecurity, improving health and wellbeing, and helping to build social cohesion.
Gender	**Creating economic opportunities for women** SIFEM promotes gender equality and equal opportunities, including through jobs. 60% of SIFEM's investments closed in 2021-2024 were either qualified or in their qualification process with respect to the “2X Challenge” which promotes gender-smart investing.
Access to Finance & Financial Inclusion	**Providing access to financial services & products** SIFEM facilitates access to finance for SMEs and fosters financial inclusion which allows them to invest in their businesses, manage their income and create a financial safety net.
Climate Change Mitigation & Adaptation	**Accelerating the energy transition** SIFEM fosters access to clean energy and more efficient energy & resources management solutions. It is committed to addressing the urgent need for climate action and supporting inclusive, low-carbon economic growth and sustainable development in emerging markets. Since 2021, and in line with its strategic objectives, SIFEM is allocating at least 25% of new investments to advance climate mitigation and adaptation, and aligning all new investments with the objectives of the Paris Agreement.
Domestic Revenue & Private Investment Mobilisation	**Broadening the local tax base** SIFEM’s investees and their underlying investees comply with tax regulations and pay taxes where they conduct business. **Reducing the financing gap** SIFEM leverages further private investment for Development.

Angela de Wolff, Chairwoman of the Performance & Impact Committee

Board's comment

“In 2024, investments span across diverse regions and focused on critical areas such as financial inclusion, climate resilience, and access to quality healthcare. By joining the revised 2X Challenge, SIFEM helps reduce the gender gap in regions where women face barriers to economic participation, investing in women’s job opportunities, and improved access to financial services.

Thanks to the development of a new Impact Rating Tool, SIFEM now has a powerful instrument in place to estimate its impact allowing for a more comprehensive evaluation of both expected and actual development outcomes and incorporating metrics to properly align with SIFEM’s Strategic Objectives.”

1.4 Performance against operationalized objectives 2021-24

In accordance with Art. 8 of the Government and Administration Organisation Act (RVOG), the Federal Council defines the strategic objectives for SIFEM AG. They are split into four thematic groups: (1) programme-related objectives with a particular focus on compliance with SIFEM's investment guiding principles; (2) company-related objectives and tasks based on SIFEM's ability to balance financial sustainability and development impact within its portfolio; (3) financial objectives related to SIFEM's long-term financial sustainability; and (4) objectives related to SIFEM's efforts to develop and sustain cooperation agreements with other DFIs.

The year 2024 marks the fourth year of implementation of the 2021-24 strategic objectives assigned to SIFEM by the Federal Council. SIFEM delivered on this ambitious strategic framework by 2024. Indeed, 21 objectives were successfully met while two objectives were not achieved by the end of 2024 (private capital mobilisation and systematic risk management). Four objectives have a descriptive character without assessment of achievement.

The performance results against the operationalized objectives for the 2021-24 period after four years are presented in Annex 1 of this report.

On 6 December 2024, the Federal Council approved the strategic objectives of SIFEM for 2025–2028. While the core essence of these objectives remains consistent with the previous cycle, the number of goals has been streamlined to improve measurability and transparency.

Notably, one adjustment made pertains to the exposure to climate-related investments, which has been increased from 25% to 30%. This revision aligns with the growing emphasis on sustainable and environmentally conscious investments in emerging markets.

1.5 SIFEM's Engagement in Industry Initiatives

SIFEM engages actively with other DFIs and International Financial Institutions (IFIs) and contributes to strengthening cooperation and synergies amongst these institutions. The main channel through which SIFEM collaborates with DFIs is the Association of European Development Finance Institutions (EDFI), an association of fifteen European bilateral institutions operating in emerging markets and developing economies. EDFI strives to strengthen the exchange of information and cooperation among its members and other bilateral, multilateral, and regional DFIs. In 2024, SIFEM participated in various EDFI initiatives, meetings and working groups on topics related to development effectiveness, environmental and social risks, and alignment to the Paris Agreement, among others.

SIFEM also aligns its practices with industry initiatives to work towards greater harmonization and transparency in the impact investing industry. The main standards to which SIFEM aligns are the Harmonized Indicators for Private Sector Operations (HIPSO), the IRIS Catalogue of Metrics (IRIS) developed by the Global Impact Investing Network (GIIN), the Joint Impact Indicators (JII) and the Operating Principles for Impact Management.

In 2024 SIFEM became a member of the Joint Impact Model to support its commitments made in its Climate approach and to harmonise financed emission calculations with other EDFI members.

Finally, SIFEM is member of 2X Global since 2019, an initiative to mobilize capital to further enhance gender equality worldwide. SIFEM actively seeks investment opportunities that strengthen the role of women and participates in 2X Global meetings. In 2024, building on its commitment to gender-lens investing, SIFEM supported the latest edition of the 2X Challenge, launched at the G7 Leaders' Summit, which aims to mobilise at least USD 20 billion over three years to advance gender equality, involving DFIs, MDBs, and private sector investors. This new challenge follows the success of the initial 2X Challenge (2018–2023), which mobilised USD 33.6 billion in capital to support gender equality, with SIFEM contributing to this achievement. The updated 2X Criteria under this challenge emphasise intentionality, improved governance and accountability, and higher targets for women's leadership and employment in specific sectors. This commitment reinforces SIFEM's focus on gender-lens investing and its efforts to finance businesses that empower women. Through 2X Global and industry-aligned practices, SIFEM continues to promote measurable impact in gender equality.

For more information on these initiatives, please refer to the SIFEM Impact Report 2024.[3]

Margarita Aleksieva,
Member of the Audit Committee and Expert Member of the Investment Committee

Board's comment

"We are a key partner to emerging economies that are most vulnerable to the climate emergency.

Five out of twelve new investments made in 2024 are dedicated to climate protection, representing a commitment of USD 40 million to climate mitigation and adaptation, which contributes to 31% of the newly signed commitments over the strategic period 2021-24, exceeding the target of 25% for climate-related investments.

SIFEM has an innovative climate strategy that aims to future-proof economies impacted by climate change. SIFEM's investments catalyze private capital and strengthen specific underlying portfolio companies as climate impact leaders. These efforts contribute to combating climate change while fostering economic resilience.

As per the new set of strategic objectives, over the next four years, at least 30% of our total new commitments will be in climate finance underlining our strong commitment to climate action."

3 https://sifem.ch/permalinks/impact-report-2024

2 Corporate Governance

2.1 Legal framework

Following a decision by the Federal Council in 2021, the existence of SIFEM, as an autonomous entity of the decentralized administration of the Confederation has to be based on a dedicated “SIFEM law”. As with other federal entities which have become autonomous, the bill creates a legal basis in the form of a specific organisational law. It contains fundamental provisions concerning the purpose and tasks of SIFEM, the principles governing its activities, its financing and the role of the Confederation as shareholder in continuity from the previous provisions.

On 14 June 2024, the Federal Assembly unanimously adopted the SIFEM Federal Act and it entered into force on 1 January 2025. This clear result represents trust and support for SIFEM’s activities.[4]

As a limited company (Aktiengesellschaft, AG) formed under the Swiss Code of Obligations (SCO), SIFEM is subject to Swiss commercial law. It is 100% owned by the Swiss Confederation and shareholder rights are exercised by the Federal Council. Acting on behalf of the shareholder, the State Secretariat for Economic Affairs (SECO) together with the Federal Finance Administration (FFA) assume supervisory and controlling functions ensuring that investments are fully in line with their remit and that federal funds are used purposefully.

Due to its public ownership and developmental mandate, SIFEM is exempt from regular communal, cantonal and federal corporate taxes. This was confirmed by the tax administration of the Canton of Bern in their ruling dated 16 March 2010. As such, it cannot pay dividends to its shareholder. However, since 1 July 2012 SIFEM is subject to stamp duties despite its developmental mandate.

2.2 Corporate structure

The Board of SIFEM is responsible for the executive management, including, in particular, the investment decision making. In accordance with its Organisational Regulations, the Board structure includes three committees: the Investment Committee, the Audit Committee and the Performance and Impact Committee.

Investment and divestment decisions are delegated to the Investment Committee. The Audit Committee validates the valuations of SIFEM portfolio investments, reviews SIFEM’s financial statements and related matters, liaises with the auditor and proposes annual financial statements for approval. It is also responsible for the review of SIFEM’s risk management and internal controls. The Performance and Impact Committee is empowered with the monitoring of the strategic and annual objectives, the ESG and Impact methodologies, the compliance and the promotion of standards and good governance practices.

SIFEM has no operative employees, except for a part-time Board Secretary, and the Board delegates part of its operational functions to third-party service providers, notably the Portfolio Manager, the Business Services Manager, the Administration and Custodian bank and the Financial accountant.

Since 2022, SIFEM separates the investment portfolio management and operations from other business services and delegates these activities to two separate third-party service providers under two separate management agreements with clear and separated responsibilities. These two roles are performed by the Portfolio Manager responsAbility Investments AG (responsAbility), a Zurich-based and FINMA-regulated asset management company specialized in impact investing in emerging markets and Tameo Impact Fund Solutions SA (Tameo) a Geneva-based impact investing specialist serving the financial industry with independent data-driven solutions and advisory services as Business Services Manager respectively.

4 Until 2024, SIFEM was legally anchored in the following two Federal Ordinances: Ordinance on international development co-operation and humanitarian aid of 12 December 1977, SR 974.01 and Ordinance on co-operation with Eastern European countries of 6 May 1992, SR 974.11

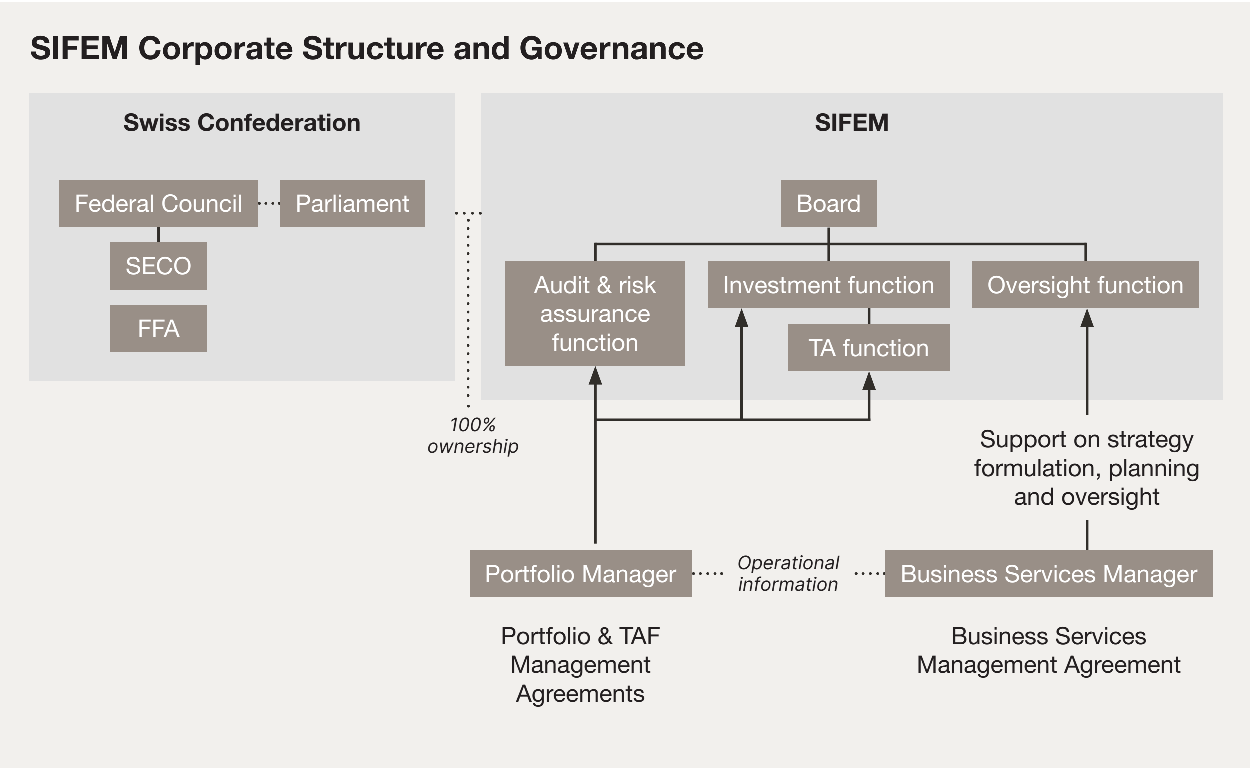
- The Portfolio Manager sources, identifies, advises and recommends on investment opportunities, conducts the investment cycle management, monitoring and reporting, performs the business and strategic planning, financial, transaction, liquidity, development impact and ESG, and risk management, as well as other day-to-day operations. The Portfolio Manager is in charge of managing formally the Technical Assistance Facility.

- The Business Services Manager performs policy-related activities in support of the Board. It is responsible for representative functions, policy-related functions, administrative functions, the financial management of the Board's administrative expenses, compliance with Swiss laws, communications and external reporting and supports the Board in its strategic, planning and oversight roles.

The Board of Directors is supported by the Business Services Manager in its supervisory function.

The corporate structure of SIFEM is consistent with the latest principles of the corporate governance report of the Federal Administration.

Fig. 6



2.3 Governance and Policy Actions

2.3.1 The Board of Directors

During 2024, the Board of Directors focused on continued development of the investment portfolio, on the deployment of the new Technical Assistance Facility and on the refinement of its risk management system following a recommendation by the Swiss Federal Audit Office (SFAO). The latter performed an audit with focus on risk in spring 2024 and advised SIFEM to strengthen the formalisation of its risk management processes. As part of the transition phase in its organisation, SIFEM now works on the enhancement of its risk framework at company level, thus enabling improved integration of the strategic elements of corporate management and control. This will complement the operational risk management framework in place for investment activities and day-to-day business operations, which the SFAO considers to be effective and appropriate.

Related to changes in SIFEM's governance, Geoff Burns stepped down from the Board of Directors after 11 years of dedicated work, having contributed significantly as a member of the Investment Committee and Chair of the Audit Committee. His technical expertise and focus on investment impact have been invaluable to SIFEM.

In May 2024, Margarita Aleksieva, a global energy and infrastructure professional with 20 years of experience in renewable energy and impact investing, joined the Board. She now serves as a member of the Audit Committee and as an expert member in the Investment Committee, advising on climate and energy-related investments.

The Board of Directors has also conducted a self-assessment to evaluate its structure and effectiveness in light of recent and future changes in its membership.

Jörg Frieden, Chairman of the Board of Directors

Board's comment

"With Margarita's arrival, we are grateful for a smooth transition and continuity in our work. The introduction of the 'expert member' role in the Investment Committee has enhanced our expertise in key areas, and Margarita's deep knowledge in climate and renewable energy will be key as we make future investment decisions."

From left to right, front row: Pascal Pierra, Margarita Aleksieva. From left to right, back row: Laurie J. Spengler, Kathryn Imboden, Jörg Frieden, Dominique Biedermann, Angela de Wolff.

2.3.2 Short Biographies of Board Members (as of December 2024)

Dr Jörg Frieden

Chairman of the Board of Directors since 2018, Chairman of the Investment Committee since 2018, Member of the Performance and Impact Committee since 2022

Jörg Frieden's career at the Federal Department of Foreign Affairs, from 1986 to 2018, covered a broad range of posts and responsibilities. He worked as country director in Mozambique, senior advisor for the Swiss Executive Director at World Bank in Washington, and as Head of the Eastern and Southern Africa Division in Bern. Between 1999 and 2003, his professional career took a sidestep to the Federal Office for Refugees where he held the position of Deputy Director. In 2003, he returned to the Swiss Agency for Development and Cooperation (SDC) where he took up the position of Resident Director of Development Programmes in Nepal. From 2008 to 2010, he was Deputy Director of the SDC and headed the Global Cooperation Department. He was also an advisor to and representative of Federal Councillor Micheline Calmy-Rey in the UN Commission on Sustainable Development. From 2011 to 2016, Jörg Frieden was Executive Director of Switzerland at the World Bank Group, and closely followed the activities of the International Finance Corporation (IFC). He was then Swiss Ambassador to Nepal until 2018. Jörg Frieden is presently a board member and international delegate of Helvetas, an NGO working in the field of development cooperation and active in different foundations oriented towards development. He was recently appointed as non-voting board member of the International Facility for Education (IFFEd).

Kathryn Imboden

Vice-Chairwoman of the Board of Directors since 2023, Member of the Investment Committee since 2014

Kathryn Imboden is the Vice-Chairwoman of SIFEM. Alongside her active involvement in the SIFEM Board, she served for 15 years as a Senior Financial Sector Specialist at the Consultative Group to Assist the Poor (CGAP), a research and policy platform on financial inclusion housed at the World Bank. In this position, she focused on the engagement of global standard-setting bodies in financial inclusion. In earlier years, she spent 20 years with the Swiss Agency for Development and Cooperation (SDC), where she led SDC's macroeconomic and financial sector work. Between the time at SDC and at the World Bank, she held financial sector policy related positions at Women's World Banking, United Nations Capital Development Fund, and the Aga Khan Foundation.

Angela de Wolff

Member of the Investment Committee from 2017 to 2022, Chairwoman of the Performance and Impact Committee since 2022

Angela de Wolff has been active in the financial sector for almost 30 years, with a focus on responsible investment since 2001. She began her career as a consultant with Andersen Consulting and then held various positions in private banks. Among other positions, she has led the sustainability team at Lombard Odier bank In 2007, she capitalised on her experience to create Conser, an independent verification firm specialised in responsible investment / ESG. She is the co-founder of Sustainable Finance Geneva, a non-profit association which aims to promote responsibility and sustainability in finance. She also sits on the Board of Directors of Société Générale Private Banking (Suisse) SA, Equitim Foundation (Lausanne) and of the Audemars-Watkins Foundation in Geneva. Angela de Wolff obtained a Master's in economics from Lausanne University in 1989. She became a Certified European Financial Analyst (CEFA) in 2000.

Dr Dominique Biedermann

Member of the Performance and Impact Committee, since 2022

For more than 25 years, Dominique Biedermann has been committed to the promotion of socially responsible investments and good governance. After receiving his PhD in economics from the University of Geneva in 1989, he joined the Pension Fund of the Canton of Geneva (CPEG) as CEO from 1994 to 1998. In that function, he was co-founder of the Ethos Foundation in 1997 and of the company Ethos Services in 2000, two institutions fully dedicated to the promotion of sustainable investments. CEO of both organisations until 2015, he was subsequently Chairman of their Boards of Directors from 2015 until June 2018. He is Chairman of the Committee of Ethics and Deontology of the University of Geneva and member of the Board of the relief and social organisation Caritas-Genève.

Laurie J. Spengler

Member of the Investment Committee since 2023

Laurie J. Spengler is an impact investment banker, board member and active contributor to the impact investing industry. Among current board engagements, Laurie serves as a non-executive director of British International Investment, Lendable, Delta40, and BRAC Uganda Bank Limited. She is an Impact Advisor to the Future Fund of private equity firm EQT and a founding partner of Mondiale Impact which puts impact at the heart of 21st century governance. Laurie serves as trustee of the Global Steering Group Impact and is a member of the Advisory Council of the UK Impact Investing Institute. She is also CEO of Courageous Capital Advisors, LLC, an impact investing advisory firm dedicated to generating outsized positive impact by providing targeted strategy, transaction and governance services. Laurie has a JD from Harvard University and an undergraduate degree from Stanford University.

Pascal Pierra

Member of the Investment Committee and the Audit Committee since 2023, Chairman of the Audit Committee since 2024

Pascal Pierra has been making and advising on impact, innovative and emerging markets investments for over 30 years with a particular focus on funds of funds and venture capital vehicles. He worked for and advised a variety of public and private institutions such as Fidelity Investments, Banque Paribas, Seventure Partners and several DFIs and launched various projects (Averroes Finance, Proparco’s private equity department). He also supported the launch and development of numerous investment managers on the ground. He sits on several Investment Committees and Boards with the aim to create synergies and build global value. Pascal holds a Master in Economic integration and Public management from University of Poitiers, a Master of Finance and Law from Emlyon Business School and an MBA from USC Marshall School of Business.

Margarita Aleksieva

Expert Member of the Investment Committee since 2024, Member of the Audit Committee since 2024

Margarita Aleksieva is a global energy and infrastructure professional with 20 years of experience, with a focus on renewable energy and impact investing. She has a strong track record in strategy development, ESG alignment, and investment management, including M&A transactions, capital structuring, and direct and indirect investments. Since 2020, Margarita has led the renewables business at BKW, overseeing P&L, operations, investments, and a multidisciplinary organisation across Europe. Previously, she was in the executive team at IST Investment Foundation, managing institutional private infrastructure equity investments in OECD countries. From 2006 to 2015, she held various strategic and leadership positions at Alpiq covering the entire energy value chain. She has held multiple board roles across Europe and North America and is active in various public and private institutions. Margarita holds an MBA from Purdue University and a dual degree in Business Administration and Political Science.

Fig. 7

Board composition with regards to gender
as of 31 December 2023 and 2024

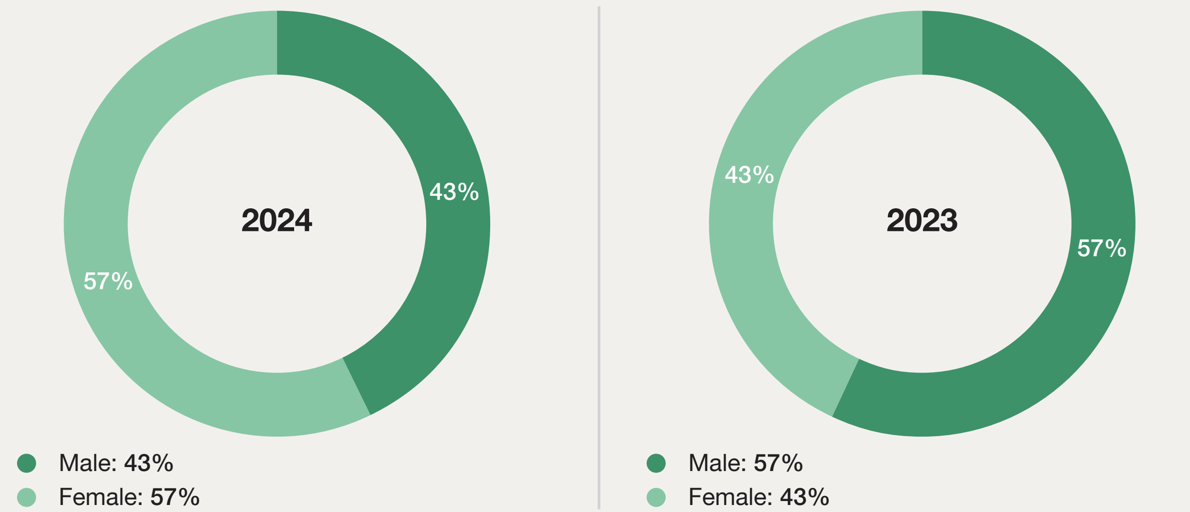


Fig. 8

Board composition with regards to native speakers
as of 31 December 2023 and 2024

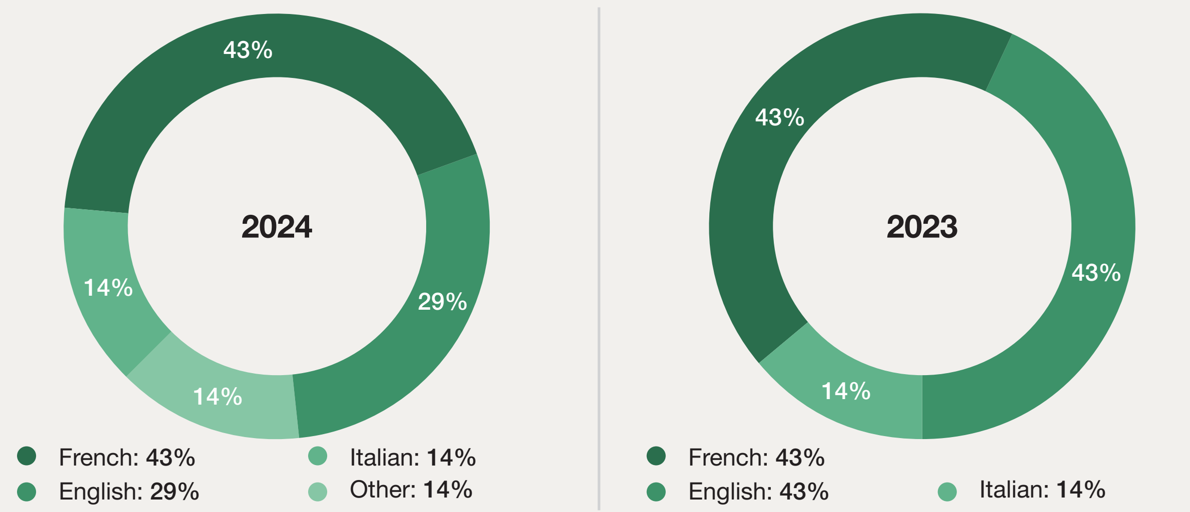
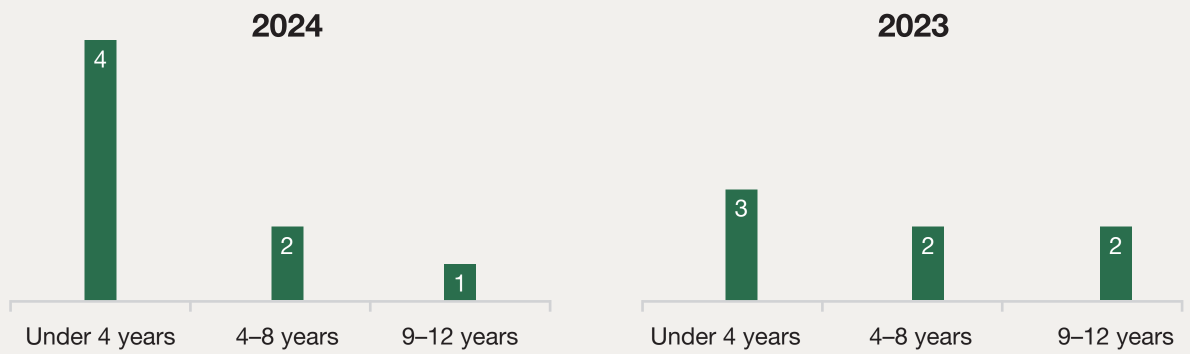


Fig. 9

Board terms of office
as of 31 December 2023 and 2024



2.3.3 The Board Committees

Board members are assigned to the following committees:

Tab. 1

	Board joined	Investment Committee	Audit Committee	Performance & Impact Committee
Jörg Frieden	2018	Chair (2018)		Member (2022)
Kathryn Imboden	2014	Member (2014)		
Angela de Wolff	2017	Member (2017–2022)		Chair (2022)
Dominique Biedermann	2021			Member (2022)
Laurie J. Spengler	2023	Member (2023)		
Pascal Pierra	2023	Member (2023)	Chair (2024)*	
Margarita Aleksieva	2024	Expert Member** (2024)	Member (2024)	

* Member of the Audit Committee since 2023.
** Expert Member focusing on decisions regarding projects with an important aspect concerning energy, infrastructure or climate.

Investment Committee

In 2024, SIFEM's Investment Committee held ten formal meetings to review investment proposals presented by the Portfolio Managers responsAbility. Concept approval was granted for fifteen new proposals, allowing the Portfolio Manager to conduct completed due diligence on the deals and to submit most of them to the Investment Committee for final approval. One new proposal was not granted concept approval. All fifteen proposals were resubmitted for final approval following due diligence and all of them received final approval from the Investment Committee. Twelve of the approvals were executed by the investment team before year end. Two investments are expected to reach a first closing in 2025. The remaining deal is planned for signing in 2025. For further details on the transactions closed during the year, see Section 3.1.

Audit Committee

The Audit Committee (AC) held five meetings in 2024 and examined a wide range of topics, from portfolio performance and valuations to financial accounts, management accounts and budget, risk management, and performance of the accountants, auditors and custodians. The Audit Committee recommended that the Board approves SIFEM's 2024 financial statements, after a thorough review process to assess the fair market value of the investment portfolio, taking into account the latest developments in the different markets where SIFEM is active and in the general macroeconomic and political environment.

The Audit Committee also took the lead to refine SIFEM's Risk Management System by implementing the recommendation of the audit performed by the SFAO. Together with the Portfolio Manager and the Business Services Manager, the committee drafted a risk policy that complements the existing regulations, which are more geared towards operational risks. With its entry into force at the end of 2024, the Audit Committee henceforth ensures that risk-related procedures at the institutional level are formally adhered to within the agenda of the Board in collaboration with the service providers and in accordance with the new policy, acting as assurance provider.

Finally, the AC finalized an open tender procedure launched in Q4 2023 for the renewal of SIFEM external auditor's mandate according to the law on public procurement. Two bids were received and appraised. In March 2024, the Board approved the recommendation of the AC to renew the mandate of the existing auditor, BDO Ltd, for a five year period, with an option to extend for two additional years.

Performance and Impact Committee

The Performance and Impact Committee (PIC) held four meetings in 2024. Main working areas were the review and assessment of the revised Impact Rating Tool to assess ex-ante and ex-post the impact of SIFEM investments. During Q3 2024, the PIC approved the terms and references of the mandate of an external consultant for an evaluation of SIFEM's impact in line with the Just Transition Agenda. The committee also reviewed SIFEM's annual Impact Report on behalf of the Board and performed preparatory work on the revision or drafting of several policies. Finally, the PIC assessed the achievement of annual objectives of the Portfolio Manager and the Business Services Manager.

2.3.4 Management of conflicts of interest

SIFEM has a comprehensive conflict of interest policy in place, which sets out how actual, potential or perceived conflicts of interest are to be identified, investigated, addressed and managed. The last revision of this policy took place in April 2024. It is available on SIFEM's website.

The members of the Board are subject to procedures to avoid any action, position or interest that conflicts with an interest of SIFEM or gives the appearance of a conflict. Each member must disclose immediately any conflict of interest relating to a matter to be discussed at Board level or in one of its committees, or as a representative of SIFEM. The conflicted member must refrain from participating in the discussion and decision-making involving the interest at stake and such announcement is recorded in the minutes. In addition, SIFEM maintains a register of conflicts of interest that documents how these were investigated and addressed to prevent any negative incidence on the operations or decisions of SIFEM. This register was reviewed and discussed by the Board in December 2024.

In accordance with the Ordinance on the Organisation of the Government and the Administration (RVOV), the members of the Board also make an annual declaration of interests directly to the shareholder via SECO. The declared interests are made public on a dedicated page of the Federal Council (available at https://www.admin.ch/ch/d/cf/ko/Gremien_interessenbindung_10240.html). The same process applies before the nomination of new Board members.

SIFEM deployed a policy on gifts and courtesies, approved in late 2024. In addition to the Board members, the Board Secretary, the Portfolio Manager and the Business Services Manager are subject to the Conflict of Interest Policy and the Policy on Gifts and Courtesies.

2.4 Compensation Report

2.4.1 Compensation of the Board of Directors

In 2024, the annual gross compensation for the entire Board amounted to CHF 343 720 (2023: CHF 353 411), excluding social security contributions. The social security contributions amounted to CHF 12 974 (2023: CHF 15 662).

The Chairman of the Board received a total gross compensation of CHF 80 000 in 2024. This consists of a base compensation of CHF 56 000 for his role as Chairman of the Board and CHF 24 000 for his role as Chairman of the Investment Committee.

Excluding the Chairman, the other six Board Members received on average CHF 43 953 gross compensation (2023: CHF 45 568), including compensation for their work in the Board Committees.

2.4.2 Compensation of the Managers

Management fees were paid to the Portfolio Manager and to the Business Services Manager for the services they rendered according to their respective SLAs.

Compensation of the Portfolio Manager

The compensation of the Portfolio Manager, responsAbility, is determined by the Portfolio Management Agreement dated 4 November 2022 and the Technical Assistance Facility Management Agreement dated 16 April 2024. It comprises a management fee corresponding to 0.65% of the active commitments, plus a lump sum fee of CHF 300 000 for the management of the Technical Assistance Facility. In 2024, the management fee of responsAbility amounted to CHF 6.20 million (2023: 6.21 million), including VAT.

In addition, the Portfolio Manager is entitled to a Performance Bonus corresponding to 6% of the portfolio management fee. One third of the performance bonus (the "Immediate Bonus") is paid annually to the Portfolio Manager in its totality or partially, depending on the results achieved in the previous year in pursuing the annual objectives set by the Board and at the Board's full discretion. Two thirds of the Performance Bonus (the "Retained Bonus") is transferred to a blocked account. At the end of a strategic period, the Board will transfer, at its full discretion, all or part of the amount to the Portfolio Manager, depending on the performance of the Portfolio Manager in achieving the multi-year strategic objectives set by the Federal Council. In 2024, the accruals for the Immediate Bonus for the year 2024 amounted to CHF 0.12 million (2023: CHF 0.12 million) and the accrual for the Retained Bonus amounted to CHF 0.25 million (2023: CHF 0.25 million), including VAT.

Compensation of the Business Services Manager

Under the terms of the Business Services Management Agreement dated 18 August 2022, Tameo is compensated for the actual costs incurred, within a budget which is annually approved in advance by the Board. The business services management costs (including VAT and representation expenses) paid for the financial year 2024 amounted to CHF 0.94 million (2023: CHF 0.94 million).

2.4.3 Net operating expenses and cost efficiency

SIFEM's net operating expenses comprise administrative and management-related operating costs including the compensation of the Board, the compensation of the Portfolio Manager and the Business Services Manager, expenses for administration, custody services and accounting, as well as other administrative expenses.[5]

In 2024, the net operating expenses amounted to CHF 9.1 million (2023: 10.3 million). This corresponds to 0.96% (2023: 1.22%) of the total active commitments as of December 2024, below the ceiling of 1.5% defined by the Federal council.

5 Net operating expenses do not include operating costs which are not administrative or management-related per se, but are linked to SIFEM's investment operations, such as fees and charges. Such operating costs are recognised in the income statement under the item "other operating result."

Dominique Biedermann,
Member of the Performance and Impact Committee

Board's comment

“The year 2024 was marked by the consolidation of governance after the organisational changes of 2022 and 2023. We saw efficient operations in 2024, leading to another record year of investment commitments sourced by the Portfolio Manager responsAbility.

At the same time, the effective collaboration with the Portfolio Manager and the Business Services Manager resulted in SIFEM making progress in its impact management tools and reporting, its risk management and its representation in international development corporation bodies.

Although SIFEM is one of the smallest DFIs, we are proud of its agility and the important results achieved in 2024.”

3 Investment Portfolio[6]

3.1 2024 Investments

In 2024, SIFEM entered into new commitments with 12 investees and clients for a total of USD 173.0 million, which historically, in terms of volume and number of transactions, marks another all-time high year following 2023.

Around 66% of the commitments were made with private equity funds (seven funds), 17% to debt or mezzanine funds (two funds) and 16% as loans to three financial institutions.

The annual average new commitments since 2018 have increased from USD 88 million to USD 108 million thanks to the very successful years 2023 and 2024. The higher investment volumes from 2023 onwards were enabled by relatively higher availability of capital for new investments as a result of reflows from successful investment realisations, origination and investment efforts of the Portfolio Manager, supported by the Investment Committee and due to a reduced pace of investment activity in 2022.

Fig. 10

6 Note: All numbers related to the investment portfolio are presented in SIFEM's functional currency USD.

3.1.1 New portfolio positions 2024

The new 2024 portfolio commitments are detailed hereafter.

KMF Microfinance Organization, USD 10 million

Financial Institution | Kazakhstan | Private Debt

KMF is Kazakhstan's leading microfinance institution. It serves over 270 000 micro, small and agri-enterpreneurs through over 100 branches and outlets. Its target region is Central Asia.

Development Rationale

Kazakhstan's economy depends heavily on commodities and there is a need for economic diversification as it is expected that the fuel-heavy growth model won't be sustainable in the long run. By providing financing to micro and small enterprises, KMF helps to grow other productive businesses and creating jobs. KMF offers financing to underserved clients such as small enterprises, based in rural regions or which are female led. Furthermore, SIFEM's investment supports the growth and transformation of the institution into a deposit-taking bank.

Investment Rationale

SIFEM has a longtime relationship with KMF. This transaction is a rollover of an earlier transaction which was repaid. The MFI operates in a priority country and contributes to the regional diversification of SIFEM's portfolio. KMF is expected to contribute to SIFEM's main development goals, including job creation and gender equality.

Related SDGs

Ashmore Andean Fund III, USD 15 million

Fund | Latin-America and Caribbean | Private Equity

This Latin American growth equity fund seeks to make investments focusing on basic infrastructure and established businesses across highly impactful sectors such as renewables, transport, healthcare, education, water, waste management, telecom, and logistics primarily in the priority countries Colombia and Peru.

Development Rationale

Both Colombia and Peru present a fragile political and economic context. The fund's investments into basic infrastructure are expected to contribute to social inclusion, economic resilience, decent jobs and climate change mitigation.

Investment Rationale

The fund helps to fill a financing gap to important infrastructure projects. It is dedicated to providing a range of basic goods, financing climate projects and creating more quality jobs in SIFEM priority countries. With this commitment, SIFEM supports a long-term partner with an excellent track record alongside other DFIs and broadens its exposure to Latin America

Related SDGs

Helios Clear Fund, USD 15 million

Fund | Pan-Africa | Private Equity

This private equity fund seeks to invest in climate-focused growth businesses across Africa.

Development Rationale

Strong GDP-growth of African countries requires a low-carbon development pathway in order to align with the global net-zero targets. Furthermore, Africa is disproportionately exposed to negative climate change effects. The fund's strategy targets projects and businesses which accelerate the transition to low-carbon activities and support the resilience of local communities. The fund aspires to support and scale African climate champions focusing on five key areas: Green energy solutions, Climate-smart agriculture & food, Green mobility and logistics, Recycling and resource efficiency and Digital and financial climate enablers.

Investment Rationale

The fund's strategy is fully aligned with SIFEM’s climate strategy and helps to fill a considerable financing gap. It operates in several priority and LDC countries. SIFEM has contributed to the fund's first close.

Related SDGs

Mutual Trust Bank, USD 8 million

Financial Institution | Bangladesh, Southeast Asia | Private Debt

Mutual Trust Bank is a mid-sized corporate bank in Bangladesh's fragmented banking sector.

Development Rationale

SMEs count for 99% of the businesses in the country and 70-80% of employment outside the agricultural sector. Providing financial products to SMEs helps to strengthen and grow this important segment. The loan is partially allocated to products that support women-led MSMEs, which traditionally face significant barriers in accessing financial services. Another portion of the loan will fund climate mitigation projects in a country severely affected by climate risk and align with the objectives and timeline of SDC’s Access to Green Financing for Enterprises program, launched in November 2023. This programme promotes green financing and enhances the capacity of SMEs to develop and deliver low-carbon, climate-resilient solutions, thereby improving environmental performance.

Investment Rationale

The bank has a strategy to double its services for SMEs and the agricultural sector within two years. It operates in a priority country and an LDC. The loan is earmarked for women-led businesses and climate projects. The investment aligns with SDC's "Access to Green Financing for Enterprises" program.

Related SDGs

Ipak Yuli Bank, USD 10 million

Financial Institution | Uzbekistan, Central Asia | Private Debt

Ipak Yuli Bank ranks as the fourth largest privately-owned commercial bank in Uzbekistan mainly offering services to micro- and SME-businesses.

Development Rationale

The government has set a target to significantly reduce greenhouse gas emissions by 2030. The bank is well positioned to help finance this transition. In Uzbekistan MSMEs contribute to over 50% of GDP and provide job opportunities to a large number of young people who join the labour market every year. This investment takes place in one of the priority countries and contributes to portfolio diversification in the Asian region.

Investment Rationale

The bank is well positioned to support the growing micro- and SME businesses which is important for job creation. Furthermore, it is committed to providing financing solutions for the energy transition. It operates in a priority country and fulfils global operating standards.

Related SDGs

Jungle Ventures Fund V, USD 15 million

Venture Capital Fund | Southeast and South Asia | Private Equity

This Venture Capital fund will invest in high-growth technology companies in Southeast Asia and India.

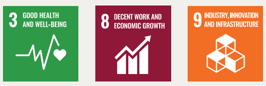
Development Rationale

Venture capital plays a pivotal role of accelerating the development and adoption of innovative solutions that have the potential to create meaningful developmental impacts. By supporting high growth companies it will create job opportunities, contribute to upskilling the labour force and bridge critical funding gaps. Jungle Ventures is one of the largest independent venture capital firms in Southeast Asia and India, having raised over USD 1 billion across five funds. The firm has supported more than 60 high-growth technology companies, enabling entrepreneurs to become national, regional, or global industry leaders. Jungle Ventures addresses critical challenges, such as market access and market inefficiencies across the region.

Investment Rationale

This commitment marks an important step in broadening the support for venture capital funds. As a first-close investor, SIFEM helps to achieve the conditions for the first close and subsequently enables the mobilization of capital from local and foreign private sector investors.

Related SDGs



Apis Growth Markets Fund III, USD 20 million

Fund | Asia and Pan-Africa | Private Equity

This closed-end emerging markets financial services fund will invest in growth markets in Africa, South Asia, and Southeast Asia.

Development Rationale

Apis Growth Markets Fund III is meant to improve access to and quality of financial services for underserved communities. By supporting tech-enabled innovative solutions it also helps to create jobs with higher qualifications and contributes to further develop reliable and quality digital connectivity.

Investment Rationale

With this commitment SIFEM supports a long-term partner with a proven track-record. In parallel to this fund, the manager raises a fund with a global strategy that is fully funded by private capital and will invest a certain share in the Apis Growth Markets Fund III thereby channelling additional private capital to emerging markets.

Related SDGs

Africa Credit Opportunities Fund III, USD 15 million

Fund | Pan-Africa | Private Debt

The fund will make growth credit investments via direct lending and bond subscriptions in mid-market companies across Africa.

Development Rationale

In most African countries mid-sized enterprises still face difficulties to access credit even when presenting robust fundamentals and a positive growth path. While the fund contributes to closing this credit gap, it demonstrates that this market segment is credit-worthy and supports the growth and job creation of these companies. By providing essential capital to medium-sized enterprises, the fund contributes to strengthening economic resilience, creating quality jobs, and supporting businesses that advance both social progress and environmental sustainability.

Investment Rationale

The fund contributes to diversifying SIFEM's loan portfolio. With this commitment, SIFEM supports an existing relationship with a manager that has proven to achieve positive results in the past. As a first-close investor, SIFEM helps to mobilize capital from local and foreign private sector investors.

Related SDGs

Navis Asia Credit Fund I, USD 15 million

Fund | Southeast-Asia, South-Asia | Mezzanine Debt

The fund is a mid-market, current income fund focused on Southeast Asia and will provide senior secured loans for medium-sized enterprises.

Development Rationale

The fund's mission is to provide credit financing to underserved, mid-market borrowers. Navis will bridge the financial gap in a region where private credit markets are still underdeveloped. In the target countries, there continues to be a mismatch between the terms and structures of traditional lending from banks and the business needs of mid-market businesses. Target sectors include consumer goods, social infrastructure, and light manufacturing, with an emphasis on SIFEM priority countries like Vietnam and Indonesia.

Investment Rationale

This is the first current income fund in Southeast Asia for SIFEM and it is expected to provide a stable, recurring income with well-structured downside protection. The fund aims to deliver strong financial and developmental returns including SIFEM priority countries Vietnam and Indonesia. The fund will also have significant exposure to climate-related portfolio investments and hence potentially contribute to SIFEM's climate targets.

Related SDGs

8 DECENT WORK AND ECONOMIC GROWTH | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

LeapFrog Climate Fund, USD 15 million

Fund | Pan-Africa, Southeast- and South-Asia | Private Equity

This private equity fund invests in high-growth, consumer-driven companies across key sectors such as financial services, consumer goods, pharmaceuticals, and agriculture across Africa.

Development Rationale

The Fund will contribute to economic viability and development as it aims to improve the quality of life and generate a significant positive impact in the target regions, where the impact of additional temperature rises is most pronounced. The agricultural sector is especially vulnerable to climate change. The Fund Manager believes that by investing in companies driving the Green Leap, it can help futureproof economies, protecting jobs and livelihoods threatened by climate change. It will particularly pursue the target to improve progressively global resource efficiency in consumption and production and endeavours to decouple economic growth from environmental degradation.

Investment Rationale

LeapFrog has a pioneering and market-leading position in impact investing. As a global emerging markets fund manager tackling a global problem, LeapFrog can leverage its global platform to transfer climate-related knowledge, business models, and products across countries and regions.

Related SDGs

7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 13 CLIMATE ACTION

African Development Partners IV, USD 20 million

Fund | Pan-Africa | Private Equity

This private equity fund invests in high-growth, consumer-driven companies across key sectors such as financial services, consumer goods, pharmaceuticals, and agriculture across Africa.

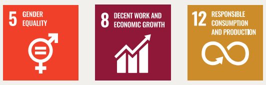
Development Rationale

The fund will contribute to economic viability & resilience and economic development through the provision of financing to high-growth companies that are expected to scale through improved operational efficiency and profitability while enhancing ESG standards. Thereby, it will also create significant employment opportunities in mid-cap companies, including jobs for women. While the fund doesn't have a specific climate mandate, the Fund Manager aims to initiate energy efficiency projects, thereby contributing to responsible consumption and production.

Investment Rationale

The manager demonstrates a solid track-record and strong capacity to mobilize capital from a broad range of investors, including domestic pension funds. The team has a hands-on approach and, thanks to its strong network of regional, functional and industry experts, provides relevant support to its portfolio companies. It's a long-term partner of SIFEM. The fund's impact focus is aligned with SIFEM's mission of fostering inclusive growth and job creation.

Related SDGs



Somerset Indus Healthcare India Fund III, USD 15 million

Fund | Southeast Asia | Private Equity

This private equity fund invests in mid-market growth companies that provide healthcare products and services to underserved segments of the population in India.

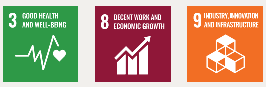
Development Rationale

This fund seeks to help close the gap in access to affordable healthcare in India by focusing on companies that provide affordable goods and services to underserved populations and regions. Its focus includes affordable primary and secondary care, pharmaceuticals, MedTech, and digital healthcare. It also contributes to job creation as it finances companies which have the potential to scale rapidly and thereby create more formal employment and jobs for women.

Investment Rationale

The manager's team is specialised in healthcare investments and has a long and solid track-record. The fund's strategy is likely not only to deliver solid financial results but also substantial developmental outputs.

Related SDGs



Kathryn Imboden,
Vice-Chairwoman of the
Board of Directors

Board's comment

"In 2024, SIFEM proudly committed USD 173 million to support small- and medium-sized enterprises in developing countries, working through local financial intermediaries.

Our investments this year have spanned diverse sectors and geographies, consistently targeting scalable businesses that generate both financial returns and significant developmental impact. Notable highlights include:

- Supporting digital transformation and impactful high-growth technology companies
- Financial inclusion to bring underserved communities into the formal economy
- Strengthening the role of MSMEs in job creation
- Filling financing gaps for important infrastructure and healthcare projects
- Partnering with innovative private equity funds to address structural barriers in financial access and contribute to the Sustainable Development Goals.
- Driving investments in climate mitigation and supporting financing solutions for energy transition efforts, enabling businesses and communities to adopt greener, more sustainable energy solutions.
- Strengthening our collaborative approach with other DFIs in view of catalysing private capital for impactful development, especially in regions facing acute financing gaps."

3.2 Evolution of Key Performance Indicators

3.2.1 Active Investment Commitments

SIFEM's portfolio has developed over a period of two decades, with the first investments by SECO dating back to 1997.[7] Since its inception, SIFEM has committed USD 1 579.8 million to more than 180 projects. As of 31 December 2024, the total active commitments amounted to USD 1 051.1 million (31 December 2023: USD 1 002.4 million).

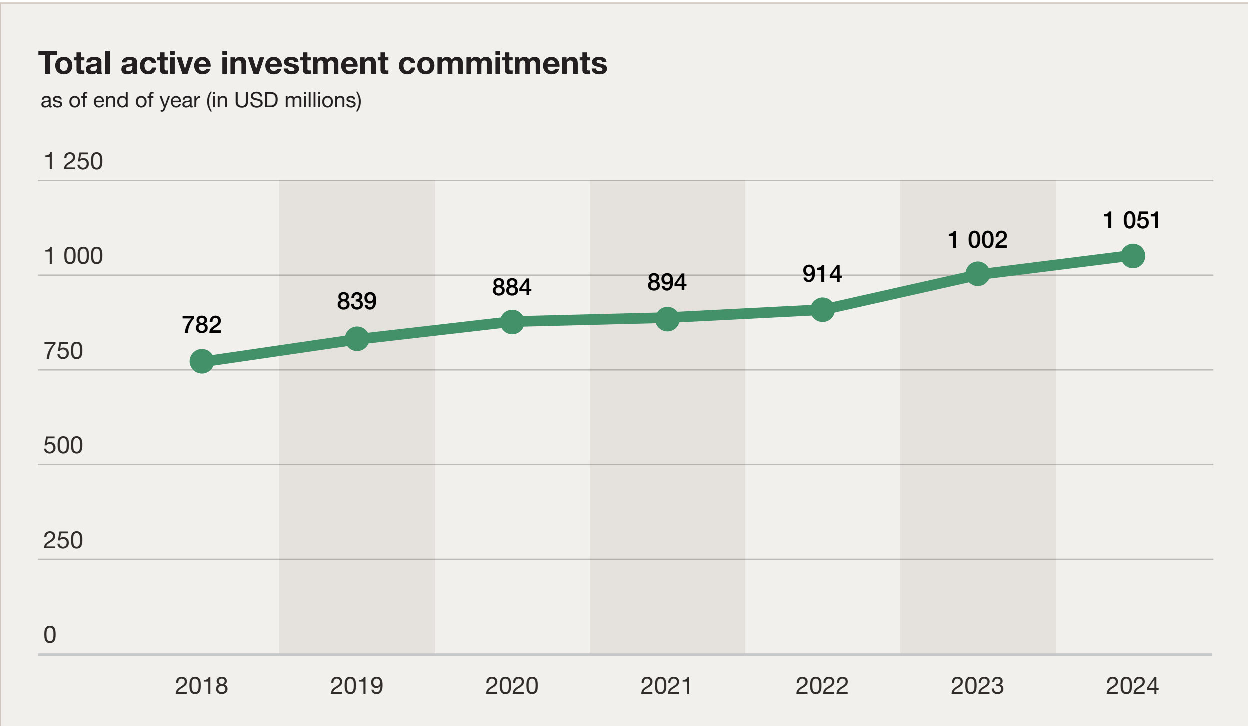
3.2.2 Portfolio Cash-Flows

Since inception, USD 1 247.1 million flowed into the investment portfolio, and the portfolio has generated reflows totalling USD 1 031.0 million. During the same period, the cumulative net cash outflow amounts to USD 216.1 million, which can be explained by a combination of an expanding portfolio and SIFEM's evergreen approach, the long-term nature of private market capital investments, and the continued slow exit environment in emerging markets.

Over 2024, a total of USD 108.8 million have been drawn down from SIFEM by existing and new investments, which is above previous years' levels as a result of the relatively higher investment volumes in 2023 and 2024. Reflows from investments amounted to USD 99.1 million during the year, a positive outcome and above the business plan and expectations at the beginning of the year. Among others, this result is also driven by the realization of a very successful investment in an Indian underlying investee company as well as due to a early repayment of a direct loan originally due in 2027.

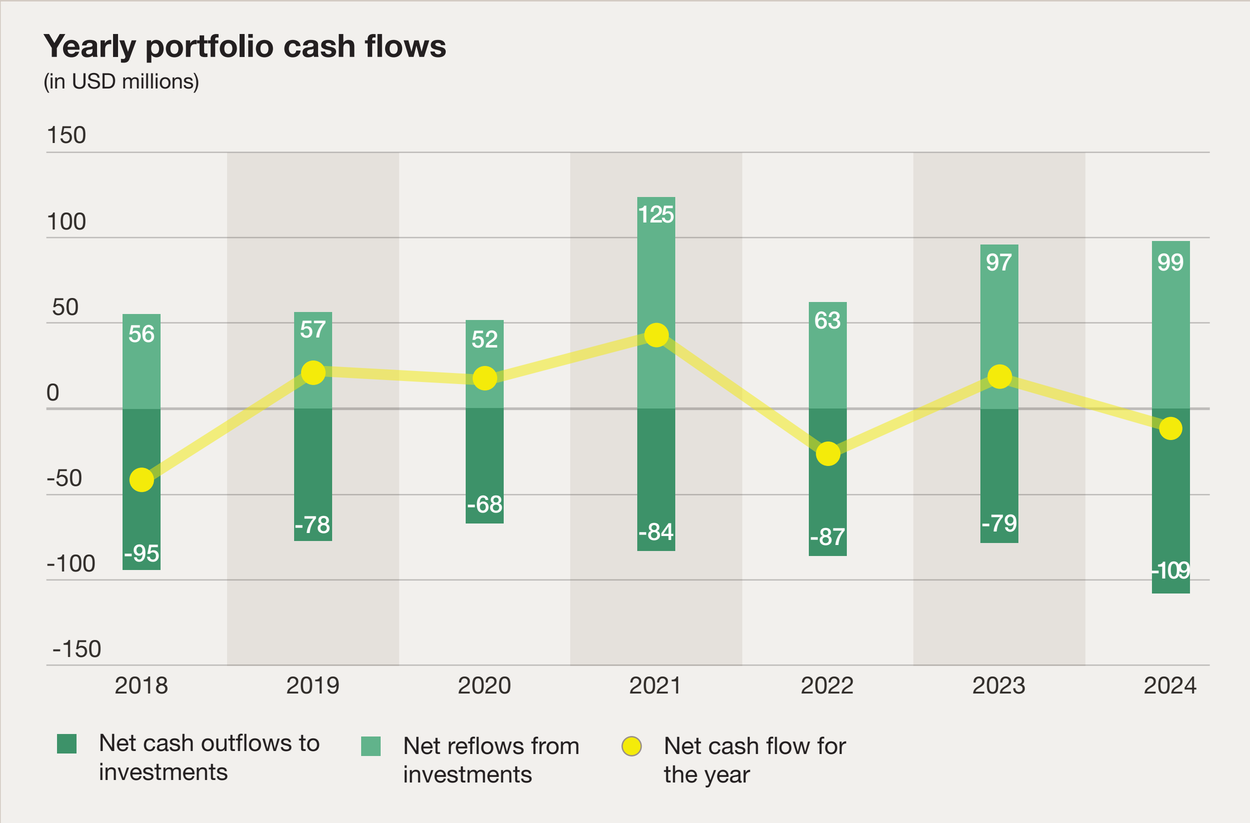
This resulted in a net cash outflow of USD 9.7 million, representative for a typical result in a growing portfolio at higher volumes, in which the returns and reflows are reinvested.

Fig. 11



7 Investments made between 1997 and 2005 were transferred to SIFEM.

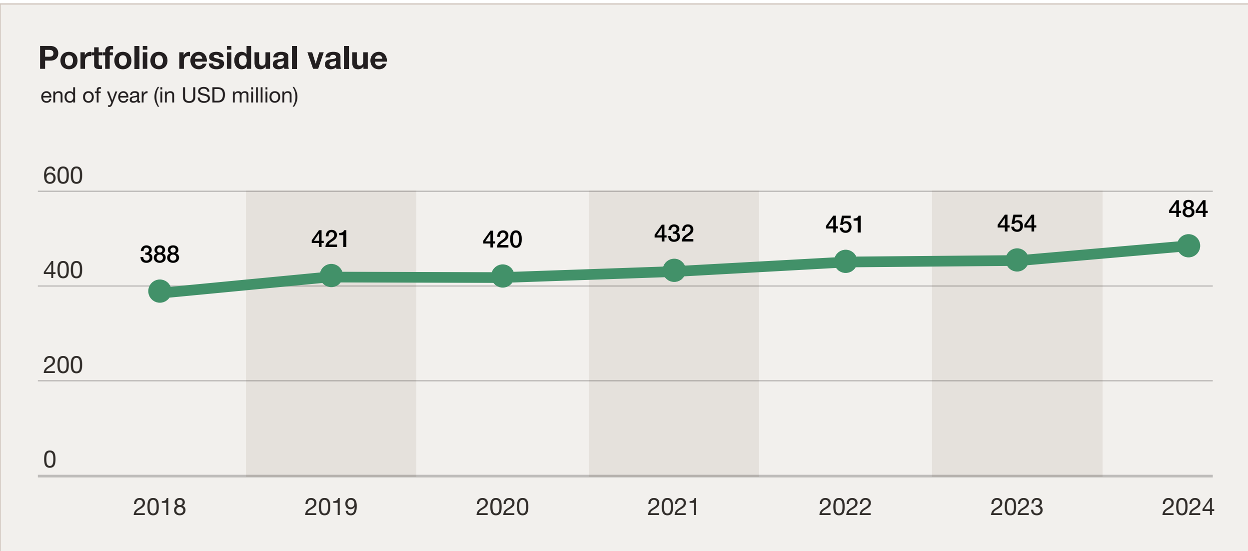
Fig. 12



3.2.3 Portfolio Residual Value[8]

The end of year residual value of the investment portfolio amounted to USD 484.8 million, a net increase of over USD 31.3 million or 7% compared to previous year. Changes in the portfolio value are driven by (i) fluctuations in the fair market value of the underlying investments, (ii) the inflows and outflows of cash generated by new investments, and (iii) realisations of investments.

Fig. 13



8 2024 financial statements were independently audited by early March 2025, in accordance with the requirements of the shareholder, so that they could be consolidated in the Swiss Confederation's accounts. However, this timeline did not allow sufficient time to obtain and integrate the audited accounts of all portfolio companies. Hence, where SIFEM has not received the necessary financial information as of 31 December 2024, the latest available valuations (as of September 2024) were used and rolled forward to the year-end. This methodology was accepted by the auditors and differences are not expected to be material, if any.

3.2.4 Portfolio Performance

The Internal Rate of Return (IRR) is a measure to show the historical profitability of investment assets. On the one hand, it refers to the current fair value of the portfolio and, on the other hand, it includes all historical cash flows in its calculation. In a growing portfolio, where new investments tend to exceed divestments, the so-called "J-curve-effect" plays an important role: typically, the upfront costs incurred with new investments added to the portfolio will only be offset by the growth valuation of these investments after several years.

As of 31 December 2024, the IRR of the portfolio was 5.23% and therefore unchanged compared to the previous year. While SIFEM's investment activity is still at a comparatively high level, this result reflects the positive performance effect of successful realised exits and a relatively stable performance of the outstanding portfolio during 2024.

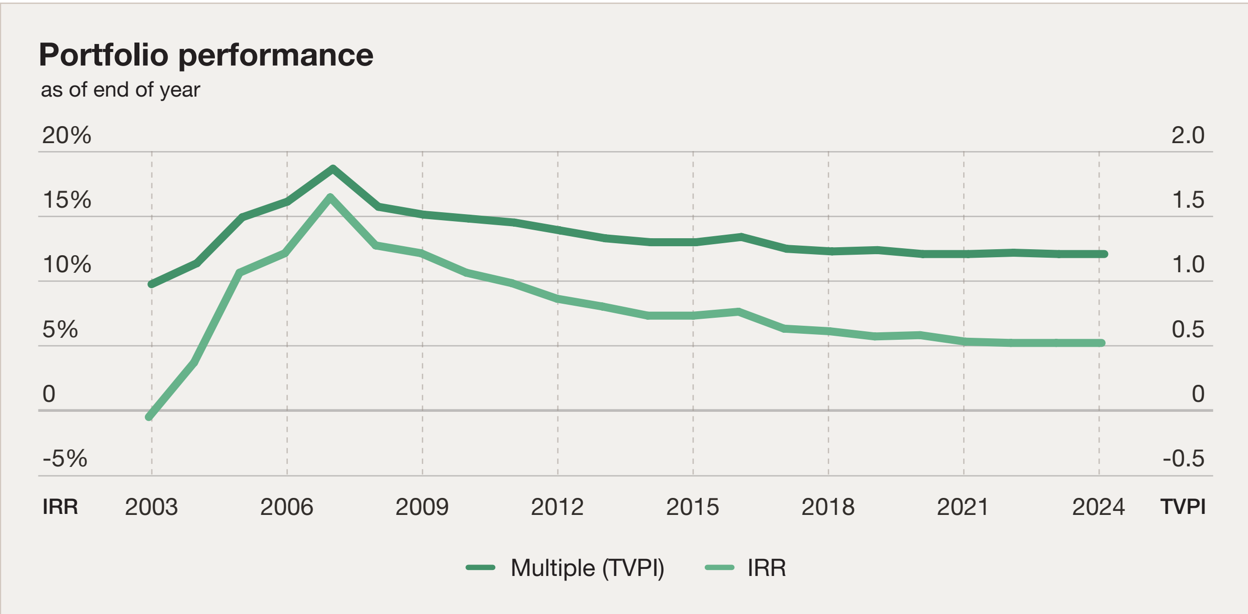
The Total Value over Paid-in Capital (TVPI) multiple measures performance by relating the total value of a fund, i.e. the residual value plus all historical investment reflows, to the total amount paid into the fund to date. The same effect can be observed in the TVPI which remained on 2023 levels: as of 31 December 2024, the TVPI equalled 121.5% (2023: 121.7%).

3.3 Portfolio Construction

Together with the investments added in the course of 2024, the following geographical allocation emerges based on the active commitments as at the end of 2024: Africa 39% (+1% compared to end of 2023), Asia 33%, Latin America 14%, CEE & CIS 6%, and Global projects account for 8% (-1%).

The portfolio consists primarily of private equity funds investing in growth companies and SMEs 67% (+4% compared to end of 2023), current income funds 16%, other financial intermediaries such as banks 12%, microfinance investments 4% (-3%) and infrastructure 2% (-1%).

Fig. 14



Tab. 2

Portfolio commitments by geography and investment focus instrument*

as of end of year (by volume of investment commitment†)

By region	2024	2023
Africa	39%	38%
Asia	33%	33%
Latin America	14%	14%
CEE & CIS	6%	6%
Global	8%	9%
	100%	100%

Investment focus instrument	2024	2023
Private equity funds	67%	63%
Current income funds	16%	16%
Other financial instruments	12%	12%
Microfinance investments	4%	7%
Infrastructure funds	2%	3%
	100%	100%

* The CEE & CIS region includes Southern & Eastern European countries as well as the Ukraine.
† Totals may not add up to 100% due to rounding.

Across these different investment focus instruments, 17% (-4% compared to end of 2023) of the total portfolio consists of debt instruments held, while the remaining 83% (+4%) consists of equity and quasi-equity instrument holdings in the investee.

The largest country exposure in terms of capital invested was India with 10% (+2% compared to 2023), before Vietnam and Kenya with 7% each.

Fig. 15

Largest sector exposures by invested capital

as of June 2024 and 2023

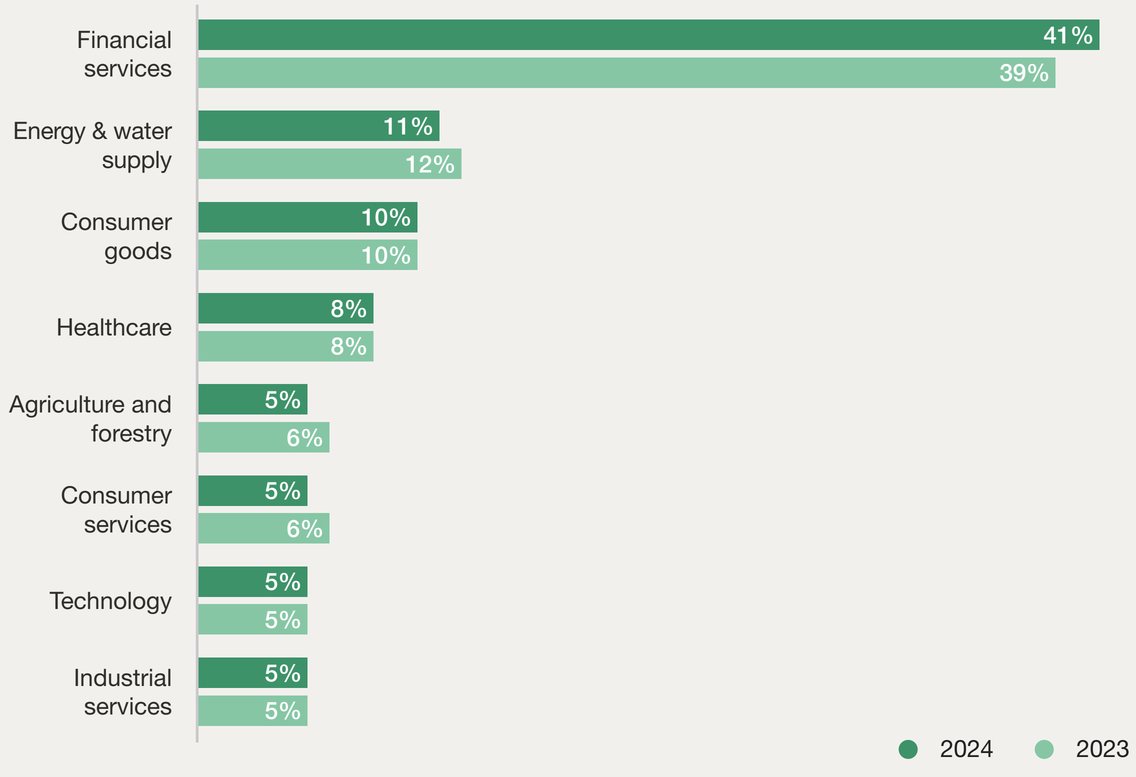
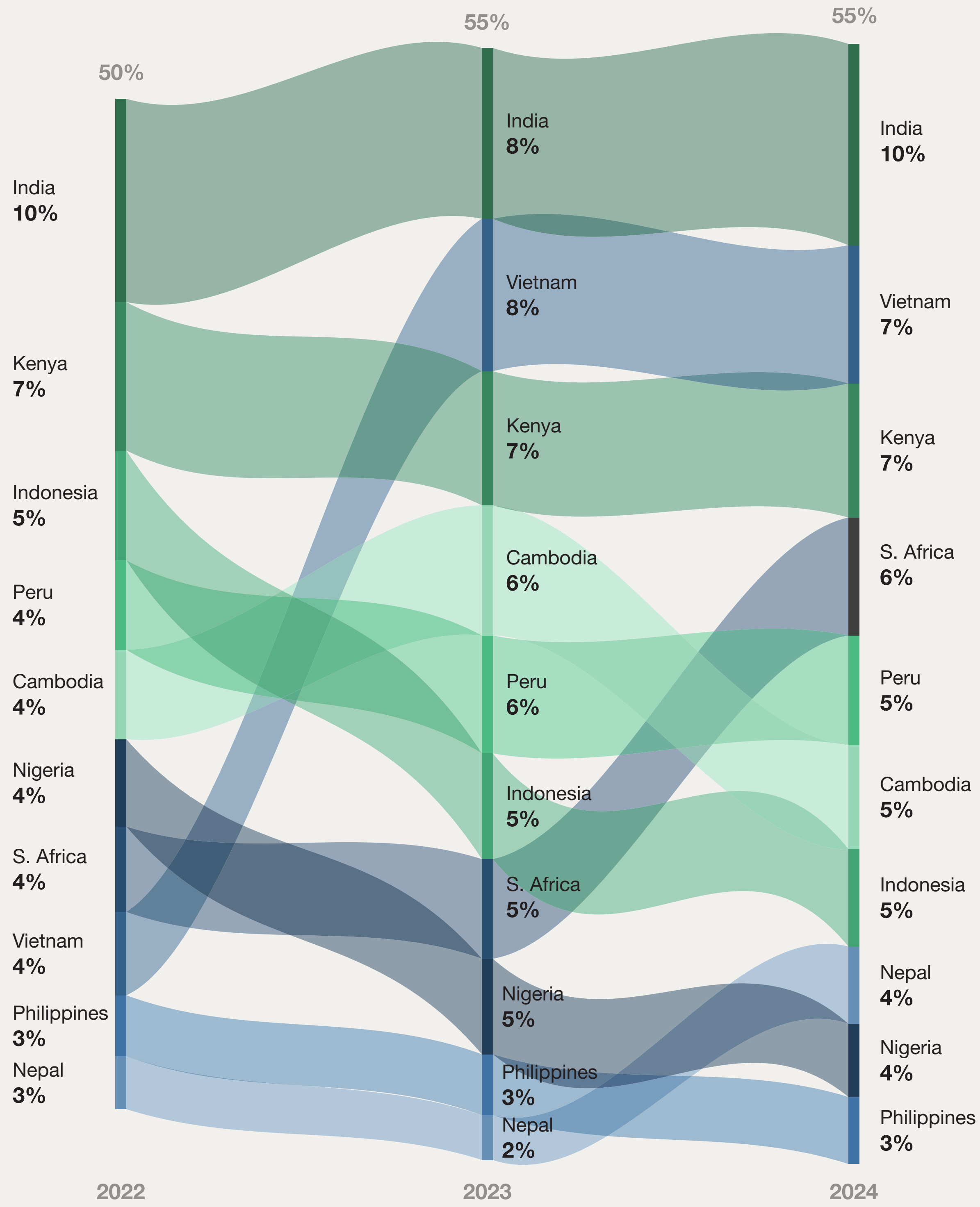


Fig. 16

Largest country exposures by invested capital
as of 30 June 2022–2024



The eight sectors with the largest investment exposure account for around 90% of the funds invested. Thereof, around 41% (+2% compared to 2023) went to the financial sector and around 170 financial service providers in SIFEM's target markets. Around 12% of the capital invested is directed to microfinance (-1% compared to 2023).

As of 30 June 2024, SIFEM had directly and via funds indirectly invested in over 600 companies in over 75 countries. The ten countries with the largest financial exposures account for 55% of the total capital invested in companies in 2023 and 2024.

Refer to Annex 3 for more information about the investment value chain.

Laurie J. Spengler, Member of the Investment Committee

Board's comment

“Despite the challenging macroeconomic context, SIFEM has maintained a diverse portfolio and has made meaningful impactful investments in underserved markets with new and existing partners. The total active commitments exceed USD 1 billion for the second time after 2023 with Africa remaining the region with the largest exposure.

Uncertainty in the global macroeconomic and geopolitical situation has a continued impact on the investment portfolio development. Nevertheless, SIFEM was able to implement an ambitious investment programme and the existing investment engagements have performed solidly.

SIFEM was also able to achieve successful divestments. Profits realised from exits of equity investments amounted to CHF 34.4 million for the year.

SIFEM remains keen to bring its patient capital and its development commitment to help drive effective economic and social change during challenging times.”


Bed No 5
FEMALE
NNS

4 Risk Management

4.1 Risk management framework

Identifying, mitigating, monitoring, and managing operational and investment risks is one of SIFEM's core duties, as these risks could potentially affect SIFEM's financial health and sustainability, its ability to generate development impact, and its reputation. Reputational risk is of particular importance to SIFEM for two main reasons: (a) due to its public ownership, SIFEM is under close scrutiny by its shareholder as well as stakeholders and is held to the highest standards; and (b) SIFEM operates in an emerging market and developing economy environment, where corporate governance is of variable strength, and the risk of adverse events is comparatively high.

Risk management constitutes an aspect of corporate governance for SIFEM. The Board is responsible for the risk management of SIFEM. For the purpose of ensuring all aspects of risk management, the Board has delegated the supervisory role to the Audit Committee, which supports and advises the Board in carrying out its responsibility. In accordance with the Organisational Regulations, the Board has delegated the day-to-day operational management to the Portfolio Manager and the Business Services Manager, including responsibilities within the scope of risk management, which according to the law and the Organisational Regulations do not fall under non-transferable tasks or responsibilities.

Therefore, SIFEM distinguishes between risks at level of SIFEM as an institution (strategic, corporate governance risks, together "institutional risks") and the level of operations ("business operations risks"), delegated, including investment and business management and other operations managed and/or advised by the service providers. The monitoring of risk at each level follows specific procedures and processes applied throughout SIFEM's operations, which ensure that risk is identified and mitigated to the maximum extent possible and that the regulatory requirements are fulfilled.

To carry out its development mandate, to provide sustainable development financing, achieve its strategic objectives, managing and mitigating the risks taken associated with its activities, SIFEM relies on a comprehensive risk management framework, including a Board-approved manual of procedures, which encompasses all the relevant policies, procedures, and guidelines for operations. The manual details the ways in which the Portfolio Manager implements the Portfolio Management Agreement, and in particular how risks are identified, mitigated, monitored, and managed.[9]

4.2 Risk management on institutional level

To maintain risk management on an institutional level and its organisation, good risk governance, segregation of duties and delegation of responsibilities, SIFEM relies on formalised and documented processes with regular reviews to assess these factors, combined with good transparency and communication between stakeholders, including the public shareholder, who sets the strategic objectives, the Portfolio Manager and the Business Services Manager.

The SIFEM Board has established committees to delegate certain tasks related to institutional risk management. These committees make recommendations for the Board to discuss and approve. The Performance and Impact Committee advises the Board on ESG and good governance matters, while the Audit Committee supports the Board's supervisory function by providing insight, assurance, and systematically improving risk management processes.

9 In 2024, the Swiss Federal Audit Office (SFAO) conducted an audit on SIFEM's risk management system. Operational risk management was assessed as fully effective and efficient. At the same time, SIFEM's processes at the institutional risk level were evaluated as requiring improvement. In response, SIFEM has reviewed its risk management system in terms of governance and organisation, in particular to refine its approach of managing institutional risks and formally consolidate institutional risks into the risk management system at the company level. This process has been formalised by the adoption of a new risk management policy, to complement the risk management framework, which was approved by SIFEM's Board of Directors at its meeting on 28 November 2024 and came into effect on the same day.

Identified risks on institutional level are regularly assessed monitored and addressed. Risk management is a standard item on the agenda of every Board meeting and regular reporting and meetings with the shareholder on corporate strategy and strategic objectives, as well as corporate and operational risks, take place three times a year. Once per strategic period, SIFEM is mandated to conduct an external audit of risk management by an independent audit firm on behalf of the Board.

Corporate risk management related to operational and investment risk is delegated to the Portfolio Manager, a licensed asset manager which is subject to FINMA regulation. The business operations risk management of the Company is set forth in detail in the operational and investment risk management framework as part of the SIFEM manual of procedures. The manual of procedures and the respective guidelines of the risk framework provide the basis for the Internal Control System (ICS) of SIFEM. It covers all of the operational processes and controls in depth. The Portfolio Manager reports to the Audit Committee and Board of SIFEM at least on a quarterly basis.

The Business Services Manager supports the Board in its supervisory function for certain tasks, namely ensures corporate compliance with Swiss law, and reputational risk management on institutional level, reporting regularly and as required to the Risk Management Function and Audit Committee and Board on compliance and reputational risks of the Company.

4.3 Business operations risks and Internal Control System

SIFEM's mandate, via its Portfolio Manager, includes identifying investment opportunities, managing the investment cycle, monitoring and reporting on the investment portfolio, among others. SIFEM's portfolio reflects the Company's developmental mandate, as it consists primarily of investments in countries and projects with a structurally high risk which is why it is essential to have an adequate risk management system to safeguard SIFEM's ability to maintain and expand its investment capabilities. The cornerstones of these efforts, in addition to the policies and guidelines in place and the management of an inclusive, comprehensive Internal Control System, are proper portfolio, ESG and impact risk management and financial risk management.

The risk and controlling team of the Portfolio Manager ensures the day-to-day implementation of SIFEM's comprehensive ICS, in accordance with the Risk Management Framework, conducts regular controls and analyses business operations risks, and reports the results and mitigation proposals to the SIFEM Board quarterly.

4.3.1 Investment and portfolio risk management

The investment cycle management by the Portfolio Manager includes the identification, evaluation, selection and recommendation of investment opportunities for SIFEM, as well as the monitoring of SIFEM's investments. At each of these stages, the Portfolio Manager applies specific tools and follows pre-defined procedures and in compliance with the various applicable policies and guidelines. Violations of applicable policies or guidelines are reported to the SIFEM Board, together with proposed actions to rectify the situation.

Portfolio allocation risk and risk profile is mainly mitigated by the mix of investment instruments that SIFEM selects to implement its business plan and strategy, as well by portfolio diversification across geography in target markets and client strategies at the time of investment. Alongside a multi-stage investment process, during which the key risk indicators for an investment are identified and systematically addressed by the SIFEM Investment Committee, the Portfolio Manager conducts a thorough due diligence process including the screening of fund or client management, governance, infrastructure, deal flow, macro and investment specific risks, business plan, compliance and KYC review, among others.

4.3.2 ESG Risk and impact risk management

As a responsible investor, SIFEM is committed to investing in accordance with international best-practice environmental and social (ESG) standards, in order to minimise ESG-related and reputational risks, and to contribute to sustainable development in its target markets.

ESG risk is addressed, and internal ratings are applied to all prospective investments prior to investment decisions. All investments are subject to annual ESG reviews, including reviews of ESG internal risk ratings. Investments that are not in compliance and those that have had serious incidents (e.g., financial crime, loss of life, material environmental damage, etc.) are subject to more frequent review. In such cases, the Portfolio Manager, often in collaboration with other DFI investors, drafts Environmental and Social Action Plans (ESAPs) and Corporate Governance Action Plans (CGAPs). These plans govern the remediation of non-compliance within acceptable timeframes. Complementary, investees may seek technical assistance via the Portfolio Manager and the SIFEM Technical Assistance Facility to support remedial efforts and improvements above and beyond compliance.

ESG internal risk ratings and other key information (including compliance status and serious incidents) are documented systematically. Watch lists are periodically generated to track and monitor risks. The ESG risk profile of SIFEM's entire portfolio is generated and reviewed annually.

Impact risk is related to the probability that an investment's development impact performance, or the ability to report development impact, will deviate from expectations due to failure of generating development impact, inadequacy or lack of development impact data, failure of development impact reporting processes and systems, or from other external events related to market and investment risk. To measure impact and to support the investment decision-making (ex-ante) and impact risk monitoring process (ex-post), the Portfolio Manager therefore uses a SIFEM-internal impact rating tool (IRT). During the holding period the Portfolio Manager collects and assesses on an annual basis information on the developmental impact of the client, in line with the thesis and strategy of the portfolio investment.

4.3.3 Portfolio risk monitoring

SIFEM's counterparty and investment risk profile is actively monitored as follows: ongoing relationship and regular exchange with client, participation in advisory board (LPAC) for fund investments; collection and processing of qualitative and quantitative information and performance indicators; monitoring of and reporting on material changes with respect to the counterparty or changes within the counterparty; regular compliance reviews and ongoing involvement of legal team over the entire cycle of an investment.

In addition, to monitor the investment portfolio risk, the Portfolio Manager employs an internal portfolio risk monitoring system to assess each investment at least annually which allows to compare and consolidate the risk the profile of its portfolio, based on qualitative and quantitative performance indicators, encompassing multiple asset classes and investment instruments, namely: equity and debt investments to private equity and private debt funds, direct loans to financial intermediaries, and others. (see 'Portfolio risk monitoring system' in Annex 2.)

4.3.4 Financial risk management

The Portfolio Manager in its control function runs the operational budget of SIFEM, manages cash reserves and conducts strategic liquidity planning in line with the risk management framework and according to the SIFEM business plan, monitors performance and valuation, coordinates services and service providers involved.

The calculation of liquidity ratios and review of compliance with the limits are carried out by the custodian bank under the supervision of the Portfolio Manager. Periodic cash flow forecasts are prepared to ensure liquidity and a sustainable implementation of the business plan. Cash reserves not needed in the short term for investment operations are held with the Federal Finance Administration and the Swiss National Bank, providing an important layer of security. Unfunded commitments may be backed by cash reserves in the same currency in order to mitigate currency risk.

Pascal Pierra, Chairman of the Audit Committee

Board's comment

“In 2024, with the strong implication and contribution of all parties involved, SIFEM has built a new and stable architecture regarding its risk management. Following the audit recommendations of the Swiss Federal Audit Office in 2024, SIFEM adjusted its formalised risk management framework to address corporate/institutional risk management, on top of the existing management of operational and investment risk delegated to the Portfolio Manager. After enhancing the quality and robustness of the risk management framework, we are confident that the improvements made in 2024 will result in a better integrated and comprehensive risk management system, which will support SIFEM in executing its strategy and achieving the set objectives within the defined risk appetite.”

5 Financial Results

5.1 Comments on 2024 results

Although portfolio performance and the financial accounts are measured and recorded in USD for the reasons mentioned below in section 5.2, the financial statements are translated and disclosed in CHF for presentation purposes.

Uncertainty in the global macroeconomic and geopolitical situation has had a continued impact on investment portfolio development in 2024. Nevertheless, SIFEM was able to implement an ambitious investment programme and the existing investment engagements have performed solidly.

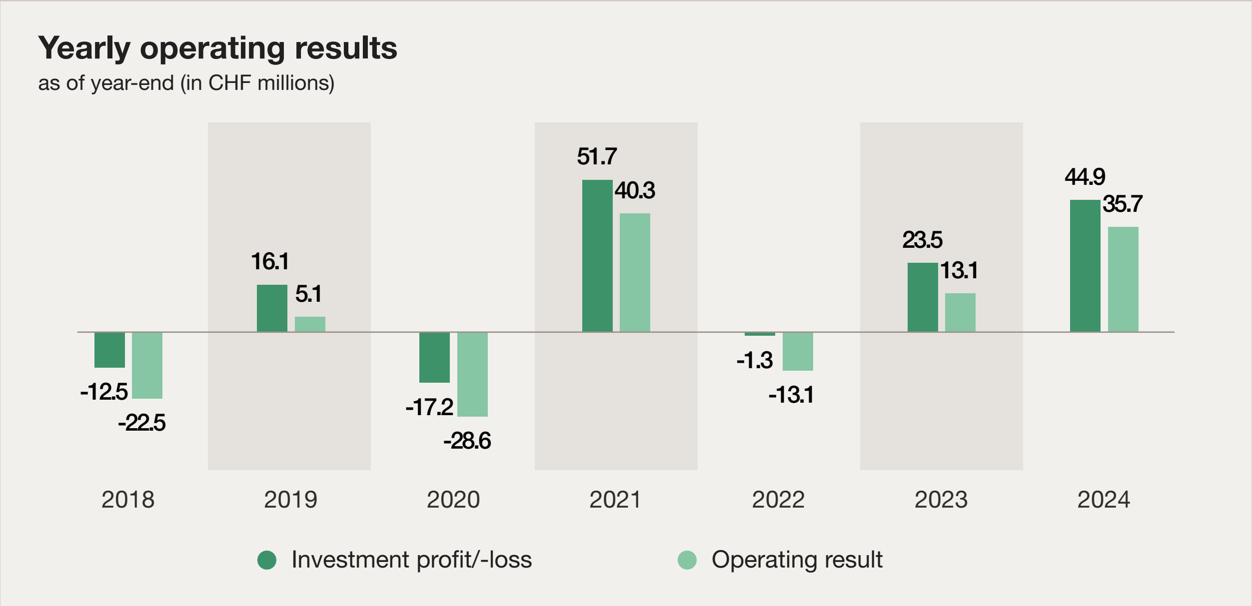
While the fair market value of the outstanding portfolio decreased by CHF 6.3 million, SIFEM was able to achieve successful divestments. Profits realised from exits of equity investments amounted to CHF 34.4 million for the year. Interest income on loans totalled CHF 7.4 million. The total interest income amounted to CHF 22.9 million, including interest payments of over CHF 15.5 million on the reserves for unfunded commitments, most of which are held in a deposit at the Swiss National Bank.

SIFEM thus recorded a net gain from investment activities of CHF 44.9 million, or a weighted return on investments of 7% for the year 2024. This compares to a net gain from investment activities of CHF 23.5 million in the previous year (or 2.5% return on investments).

Total operating costs and other operating expenses[10] amounted to CHF 9.3 million versus CHF 10.4 million in the previous year. This results in a net operating gain of CHF 35.7 million compared to a net operating gain of CHF 13.1 million in 2023.

The financial income and expenses remain an insignificant part of SIFEM's results since the company has no corporate debt to serve and is not exposed to currency effects on its balance sheet (outside its investment portfolio). Hence, the total profit of the year is only marginally different from the operating gain at CHF 35.6 million.

Fig. 17



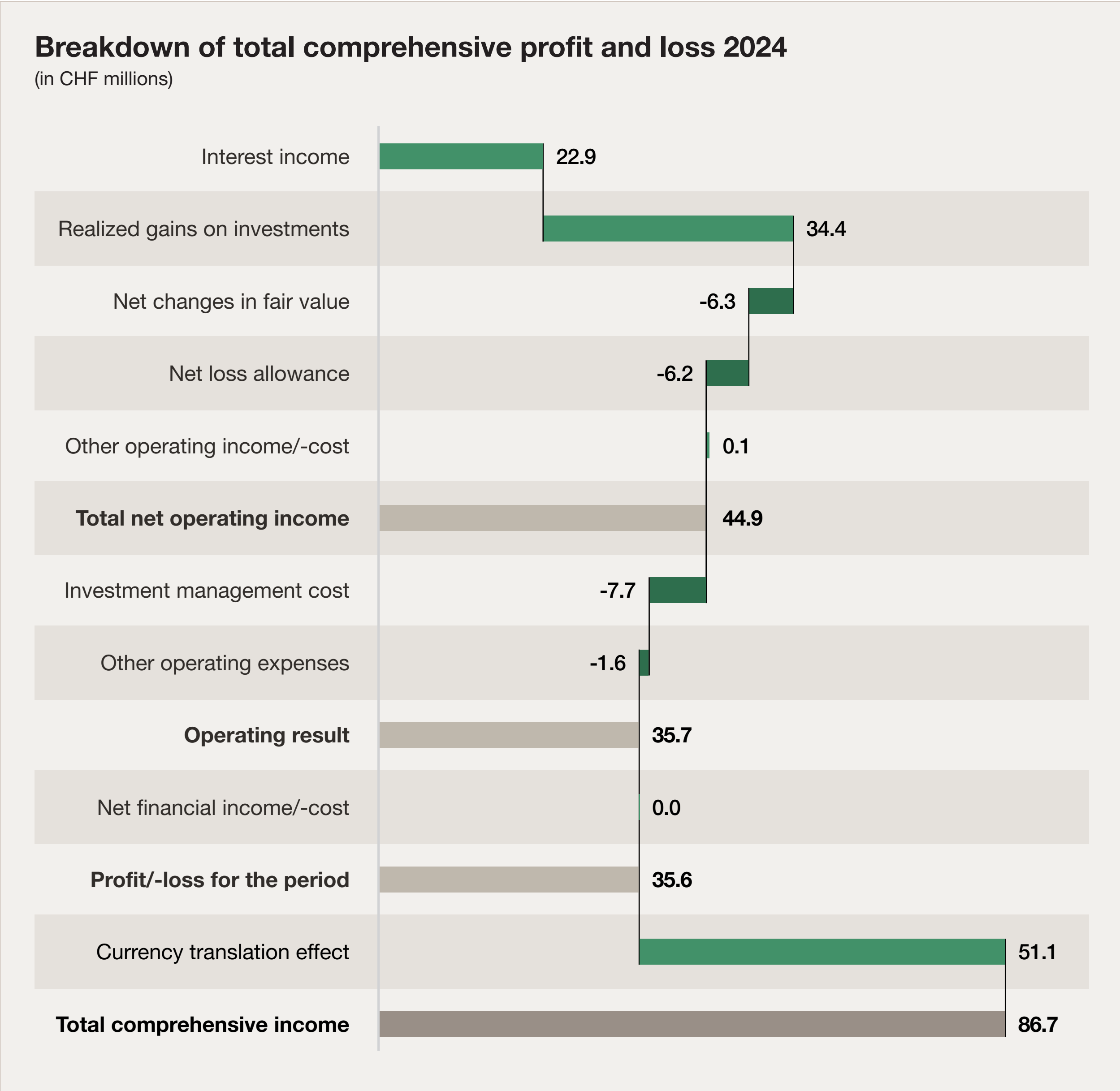
10 Predominantly composed of fees and interest costs linked to investments (subsequent closings) and stamp duties.

Taking into account the translation effects from the conversion of SIFEM's functional currency USD to the presentation currency CHF (amounting to CHF 51.1 million), a total comprehensive gain of CHF 86.7 million is resulting. The reason for the high conversion effect stems from the fact that the US Dollar strengthened against the Swiss Franc over the course of the year. As a reminder, towards the end of 2023, the US Dollar had depreciated significantly against the Swiss Franc. Consequently, the conversion effect in 2024 represents a recovery of the US Dollar against the Swiss Franc over the same period.

It should be noted, however, that this is a pure translation effect, which does neither reflect the actual operational nor the actual financial performance of SIFEM.

SIFEM holds significant cash reserves, which are required to cover its contractually committed, unfunded investment obligations. Cash holdings for unfunded commitments of CHF 307.3 million as of 31 December 2024 amounted to CHF 321.0 million and remained 1.4% below reserves (2023: 4.0% under cash holdings)[11]. Hence, SIFEM is not over-committed at year-end.

Fig. 18



11 For the purpose of countercyclical deployment, the Federal Council has authorised SIFEM to enter into investment commitments not covered by cash reserves up to a maximum of 15% of the total active investment commitments. By end of 2024, the ceiling set by the Board for overcommitment was 6%.

5.2 Notes on results under IFRS accounting

Since the vast majority of SIFEM investments are denominated in USD, the US Dollar plays a prominent role in measuring SIFEM's investment performance and in preparing its accounts. In compliance with the requirements of IFRS, the US Dollar was therefore determined to be SIFEM's functional currency for both its accounting and its performance measurement. All CHF figures provided in this report and in the accounts are translated from the underlying US Dollar accounts.

IFRS specifies the use of fair market valuation of the investment portfolio. Thereby, IFRS mirrors the movements in the unrealised value of SIFEM's portfolio investments more transparently than the reporting under the Swiss Code of Obligations (SCO), and the operating result reflects well the performance of SIFEM's investment activities.

No significant changes in accounting standards occurred since the last reporting period.

5.3 Notes on results under SCO accounting

Although SIFEM has adopted IFRS, reporting under SCO accounting standards continues in parallel, primarily for compliance and statutory purposes. Indeed, as a public company operating under Swiss private law, SIFEM is required to report under SCO accounting standards. Under SCO accounting rules, SIFEM recorded a profit of CHF 20.6 million in 2024, before translation from SIFEM's operating currency USD to CHF.

The SCO accounting standards require SIFEM to hold the investment portfolio at values considerably below fair market valuations, which is more conservative but also less accurate. Since the appreciation of investments is recognised only at the time of realisation, a temporary understatement of the performance of SIFEM's investment assets typically is reflected in the SCO statements.

6 Outlook for 2025

As SIFEM enters 2025, it is confronted with a continuously evolving environment as it embarks on its new strategic period. The changing macroeconomic landscape, together with geopolitical developments including the approach to international development of the new US administration, pose critical factors which may influence the new year and the years to come. In the spirit of continuity and in view of the long-term nature of SIFEM's investments, the Company is proactively taking steps to consistently implement the strategic objectives set by the Federal Council for 2025-2028, and hence to achieving additionality, financial, economic, social and environmental sustainability as well as the mobilisation of private capital.

While government and development aid budgets worldwide are coming under pressure, SIFEM benefits from a clear political mandate provided by the recently adopted SIFEM law. SIFEM remains committed to its mission and continues to provide funding to promote economic growth, jobs and to contribute to addressing the climate challenge in emerging and developing economies.

At the operational level, the implementation of these strategic objectives go alongside with the implementation of an adapted business plan, which expresses the same continuity to SIFEM's business model. SIFEM continues to have capacity reserves for new investments and is expecting reflows from successful existing portfolio investments, through which it is seeking to achieve a balanced portfolio mix and sustainable growth in a changing environment.

2024 Audited Financial Statements:
IFRS Financial Statements

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STATUTORY AUDITOR'S REPORT

To the Board of Directors of SIFEM AG, Berne

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SIFEM AG (the Company), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Code of Ethics for Professional Accountants *(including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The board of directors is responsible for the preparation of the financial statements, which give a true and fair view in accordance with IFRS Accounting Standards the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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8031 Zurich

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

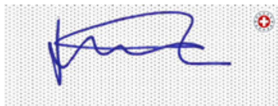
A further description of the auditor’s responsibilities for the audit of the financial statements is located at EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms part of our auditor’s report.

Zurich, 6 March 2025

BDO Ltd

Tobias Schüle

Licensed Audit Expert



Jelena Miljkovic

Auditor in Charge
Licensed Audit Expert

Enclosures:
Financial statements

Statement of financial position

(in '000 CHF)	Note	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	6	321 005	275 056
Derivative financial assets held for risk management	7	10 679	11 837
Other receivables, prepayments and accrued income	8	6 898	4 480
Total current assets		**338 582**	**291 373**
Equity instruments	9	364 164	297 072
Debt instruments	9	75 238	84 638
Derivative financial assets held for risk management	7	2 212	9 483
Total non-current assets		**441 614**	**391 193**
Total assets		**780 196**	**682 566**
Liabilities and equity			
Derivative financial liabilities held for risk management	7	10 639	14 372
Other liabilities and accrued expenses		3 709	3 071
Total current liabilities		**14 348**	**17 443**
Derivative financial liabilities held for risk management	7	2 398	8 198
Total non-current liabilities		**2 398**	**8 198**
Total liabilities		**16 746**	**25 641**
Share capital		714 444	694 444
Capital reserves (additionally paid-in capital)		84 701	84 701
Legal reserves		1 096	1 096
Translation reserve	*3*	*-33 494*	*-84 583*
Retained earnings		-3 297	-38 733
Total equity	**10**	**763 450**	**656 925**
Total liabilities and equity		**780 196**	**682 566**

Statement of comprehensive income

(in '000 CHF)	Note	2024	2023
Interest income	11	22 912	22 602
Dividend income		229	0
Income from realised gains on investments	19	34 372	16 932
Other direct investment related costs		-1 892	-810
Revenue from advisory services		0	3
Net income from derivative financial instruments held for risk management	14	2 502	-3 415
Net foreign exchange gain/-loss on cash and cash equivalents and direct debt investments	15	-789	354
Net changes in fair value of investments at fair value through profit or loss	16	-6 267	-10 187
Loss allowance on financial instruments	18	-6 168	-1 960
Total net operating income/-loss		**44 899**	**23 519**
Management costs	12, 20	-7 672	-8 835
Administration and custodian fees	13	-393	-442
Personnel expenses		-454	-472
Administration expenses		-496	-440
Advertising expenses		-127	-114
Other operating result		-105	-85
Operating result		**35 652**	**13 131**
Financial income	17	36	19
Financial expense	17	-52	-2
Profit/-loss for the period		**35 636**	**13 148**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Currency translation effect from translation to presentation currency	*3*	*51 089*	*-64 353*
Total comprehensive income for the period		**86 725**	**-51 205**

Statement of changes in equity

(in '000 CHF)	Share Capital	Capital reserves	Legal reserves	Translation reserve	Retained earnings	Total equity
Balance at 31 December 2022	**674 444**	**84 701**	**1 096**	**-20 230**	**-51 681**	**688 330**
Total comprehensive income for the period						
Profit/-loss for the period					13 148	13 148
Currency translation effect from translation to presentation currency				-64 353		-64 353
Total comprehensive income for the period	**0**	**0**	**0**	**-64 353**	**13 148**	**-51 205**
Transactions with owners of the Company, recognised directly in equity						
Issue of ordinary shares	20 000					20 000
Transaction costs in connection with transactions with owners of the Company					-200	-200
Other capital contributions						
Total transactions with owners of the Company	**20 000**	**0**	**0**	**0**	**-200**	**19 800**
Balance at 31 December 2023	**694 444**	**84 701**	**1 096**	**-84 583**	**-38 733**	**656 925**
Total comprehensive income for the period						
Profit/-loss for the period					35 636	35 636
Currency translation effect from translation to presentation currency				51 089		51 089
Total comprehensive income for the period	**0**	**0**	**0**	**51 089**	**35 636**	**86 725**
Transactions with owners of the Company, recognised directly in equity						
Issue of ordinary shares	20 000					20 000
Transaction costs in connection with transactions with owners of the Company					-200	-200
Other capital contributions						
Total transactions with owners of the Company	**20 000**	**0**	**0**	**0**	**-200**	**19 800**
Balance at 31 December 2024	**714 444**	**84 701**	**1 096**	**-33 494**	**-3 297**	**763 450**

Statement of cash flows

(in '000 CHF)	Note	2024	2023
Cash flows from operating activities			
Profit/-loss for the period		35 636	13 148
Adjustments for:			
Interest income	11	-22 912	-22 602
Dividend		-229	0
Income from realised gains on investments		-34 372	-16 932
Other direct investment related costs		1 892	810
Net foreign exchange gain/-loss		804	-372
Net income from derivative financial instruments held for risk management		-1 327	351
Changes in fair value of investments at fair value through profit or loss		12 435	12 147
Changes in:			
Derivative financial instruments held for risk management		-1 175	3 064
Other receivables, prepayments & accrued income		-2 030	-1 393
Other liabilities and accrued expenses		393	523
Purchase of investments		-96 523	-70 683
Proceeds from sale of investments		54 320	55 979
Interest received		22 316	21 899
Dividends received		229	0
Income from realised gains on Investments received		34 068	16 896
Proceeds from sale of derivative financial instruments		1 923	351
Net cash flow from operating activities		**5 448**	**13 186**
Net cash flow from investing activities		**0**	**0**
Proceeds from issue of share capital		19 800	19 800
Net cash from financing activities		**19 800**	**19 800**
Net increase/-decrease in cash and cash equivalents		**25 248**	**32 986**
Cash and cash equivalents at 1 January	6	275 056	268 498
Effect of movements in exchange rates on cash and cash equivalents		20 701	-26 428
Cash and cash equivalents at 31 December	**6**	**321 005**	**275 056**

Notes to the financial statements

1. Reporting entity

SIFEM AG – Swiss Investment Fund for Emerging Markets ("SIFEM" or the "Company") – is a company domiciled in Switzerland. The address of the entity's registered office is at c/o Schwarz + Neuenschwander Notariat und Steuerpraxis, Neuengasse 25, 3011 Bern. The Company's shares are fully owned by the Swiss Government.

SIFEM is the Development Finance Institution (DFI) of Switzerland. It provides financing to small- and medium-sized enterprises (SMEs), primarily through private equity or debt and mezzanine funds, but also direct debt investments in financial intermediaries and loans to pooled investment vehicles, with the objective of generating development impact in line with best practise Environmental, Social and Governance (ESG) principles.

The investment activities and day-to-day operations of the Company are delegated to responsAbility Investments AG ("responsAbility" or the "Portfolio Manager"), a specialised and regulated emerging market investment management company incorporated in Switzerland, acting as Portfolio Manager. Certain business administration tasks of the Company have been outsourced by SIFEM to Tameo Impact Fund Solutions SA ("Tameo" or the "Business Services Manager"), a company incorporated in Switzerland.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared for the year ended 31 December 2024 in accordance with IFRS Accounting Standards - in addition to the statutory financial statements which are prepared in accordance with the Swiss Code of Obligation (CO).

These financial statements were authorised for the issue by the Board of Directors on the 5th of March 2025.

Basis of measurement

These financial statements have been prepared on the basis of historical cost except for financial instruments (equity- and debt instruments as well as derivative financial assets and liabilities held for risk management), which are measured at fair value.

Functional and presentation currency

These financial statements are presented in Swiss Francs (CHF). The functional currency of the Company is US Dollar (USD). All amounts presented in Swiss Francs were rounded to the nearest thousand.

3. Significant accounting policies

SIFEM has consistently applied the accounting policies as set out below in periods presented in these financial statements.

Foreign currency

Transactions in foreign currencies are translated into USD at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into USD at the exchange rate at the reporting date. Non-monetary assets and liabilities in foreign currencies that are measured at fair value are translated into USD at the exchange rate at the date when the fair value was determined.

Foreign currency differences arising on translation are recognised in profit or loss as net foreign exchange gain / loss, except for those arising on financial instruments at fair value through profit or loss, which are recognised as a component of Net changes in fair value of investments at fair value through profit or loss.

For the translation to the presentation currency all assets and liabilities are translated at the exchange rate at the balance sheet date. All equity items other than the profit or loss for the year are translated to the presentation currency at the historical exchange rate. Income, expenses and cash flows are translated using the average exchange rate of the respective reporting period. The exchange differences on translating balance sheets and income statements are recognized as a separate line item in the Statement of profit or loss. Exchange differences on translating cash, cash equivalents and related cash flows are separately disclosed in the cash flow statement as exchange effect on cash and cash equivalents.

The following exchange rates were applied:

	2024		2023	
	Balance sheet rate	Average rate	Balance sheet rate	Average rate
USD/CHF	1.103415	1.127671	1.188179	1.093806
USD/EUR	1.035500		1.104650	
USD/ZAR	0.052994		0.054682	
CHF/USD	0.906277	0.886783	0.841624	0.914239

Cash and cash equivalents

Cash and cash equivalents comprise non-restricted cash deposits with maturities of three months or less from the acquisition date. Cash and cash equivalents are subject to an insignificant risk of changes in the fair value and are used to cover the Company's short-term commitments.

Derivative financial instruments held for risk management

Derivative financial instruments held for risk management comprise foreign exchange forward contracts and are initially recognised at fair value, with any directly attributable transaction costs recognised directly in profit or loss. Subsequent to initial recognition, derivative financial instruments held for risk management are measured at fair value, with changes in fair value generally recognised in profit or loss.

SIFEM uses derivative financial instruments solely to economically hedge its exposure to foreign exchange rate risks arising from operating activities. SIFEM does not hold or issue derivative financial instruments for trading purposes.

Financial instruments

On initial recognition, a financial asset is classified as measured at either "fair value through profit or loss" (FVTPL), "fair value through other comprehensive income" (FVOCI) or at "amortised cost".

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

The Portfolio Manager determines the classification of financial assets at the time of acquisition. Trade date accounting is applied for routine purchases and sales of financial assets. Financial assets at FVTPL are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition. The Company meets the criteria for an investment entity in accordance with IFRS 10 Consolidated Financial Statements. As per 1 January 2013, the Company therefore applied the exception to consolidation for investment entities included in IFRS 10, as amended, and continues measuring its investments at fair value through profit or loss.

Financial assets not at FVTPL are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets are partially or fully derecognised if SIFEM's contractual rights to the cash flows from the financial assets have either expired or were transferred and SIFEM is neither exposed to any risks arising from these assets nor has any entitlement to income from them.

a) Debt instruments

This position includes loans and debt notes granted to funds and other pooled investment vehicles, banks and other financial intermediaries. Debt instruments are managed within "hold to collect" business model and their contractual cash flows are SPPI. Therefore, the debt instruments are accounted for at amortised cost. For some debt instruments the fair-value-option is exercised and these investments are accounted for at FVTPL. Necessary expected credit loss allowances are accounted for as such through profit or loss.

b) Equity instruments

This position consists of investments in funds and other pooled investment vehicles as well as direct investments in banks and other financial intermediaries to finance SMEs. These investments refer to indirect exposures to final beneficiaries through such funds, pooled investment vehicles or any other structured financial instruments and are not SPPI. Therefore, they are accounted for as at FVTPL.

c) Subsequent measurement – financial assets at amortised cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, adjusted for any expected credit loss allowance.

d) Subsequent measurement – financial assets at FVTPL

Subsequent to initial measurement, all financial assets at FVTPL are measured at fair value. All changes in fair value, other than interest and dividend income and expense, are recognised in profit or loss as part of net changes in fair value of investments at fair value through profit or loss.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which SIFEM has access at that date. The fair value of a liability reflects its non-performance risk. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only observable inputs. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any differences between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss.

When available, SIFEM measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis unless there are restrictions.

If the market for a financial instrument is not active, then SIFEM establishes fair value using a valuation technique appropriate for the circumstances. Valuation techniques include comparison to similar instruments for which observable prices exist and other valuation models in accordance with International Private Equity Valuation (IPEV) Guidelines. The chosen valuation technique makes maximum use of relevant observable inputs, relies as little as possible on unobservable inputs and estimates specific to SIFEM, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. Refer also to note 9.

e) Fair value hierarchy

SIFEM measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement:

Level 1: Quoted price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation technique based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

Net income from derivative financial instruments held for risk management

Net income from derivative financial instruments held for risk management relates to non-trading derivatives held for risk management purposes. It includes all realised and unrealised changes of derivative instruments related to foreign exchange differences.

Interest income, dividend income and income from realised gains on investments

Interest income is recognised in profit or loss, using the effective interest method. It includes interest income from cash and cash equivalents and from debt securities.

Income from realised gains on investments is the cumulative income resulting mainly from exits in funds at a price higher than the paid in price. Realised gains occur when exits are disbursed at a level that exceed its cost of book value or other gains are paid out by the fund to the investors.

Dividend income is recognised in profit or loss on the date that the right to receive payment is established.

Fees and commission expense

Fees and commission expenses are recognised in profit or loss in the period when the related services are received.

Income tax

Due to its public ownership and developmental mandate, SIFEM is exempt from regular communal, cantonal and federal income taxes as well as capital tax.

However, some dividend and interest income received by SIFEM is subject to withholding tax imposed in certain countries of origin. Such income is recognised net of taxes through profit and loss.

New and revised standards and interpretations

The following new, revised and amended standards and interpretations became effective for the first time, but they have no, or no significant, impact on the financial statements of SIFEM.

	Date effective
Newly effective requirements	
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

New and revised standards and interpretations not adopted

The following new, revised and amended standards and interpretations have been issued before the date of approval of the 2024 financial statements, but are not yet effective or applied in these financial statements. The expected effects as disclosed below the table reflect only a tentative first assessment.

	Expected effect	Effective date	Planned application by SIFEM
Forthcoming requirements			
Lack of Exchangeability (Amendments to IAS 21)	*	1 January 2025	2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	*	1 January 2026	2026
Annual Improvements to IFRS Accounting Standards (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	*	1 January 2026	2026
IFRS 18 Presentation and Disclosure in Financial Statements	**	1 January 2027	2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	*	1 January 2027	2027

* No, or no significant, impact is expected on the financial statements of SIFEM.

** Mainly additional disclosures or changes in presentation are expected in the financial statements of SIFEM.

4. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are reviewed and in any future periods affected.

The following estimates used, and assumptions made in applying the accounting policies could result in a material adjustment in the financial statements:

Determination of fair values

The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risk affecting the specific instrument. Refer also to notes 3(d) and 9.

Determination of functional currency

Functional currency is the currency of the primary economic environment in which SIFEM operates. When indicators or the primary economic environments are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management has determined that the functional currency of SIFEM is the US Dollar.

Since globally active private equity funds-of-funds like SIFEM tend to be highly diversified, this factor does not give a clear indicator of SIFEM's functional currency. However, the US Dollar is the single most important currency affecting the pricing of transactions, not only for SIFEM but for the entire emerging markets private equity industry. Furthermore, SIFEM reports its investment performance to its investor in US Dollar only.

5. Risk management

Risk management framework

Risk management constitutes an aspect of corporate governance for SIFEM. SIFEM risk management relies on a comprehensive Risk Management Framework which describes how corporate, operational and investment risks are identified, mitigated, monitored and managed. The Board of Directors is responsible for the development, monitoring and enhancement of the entire framework and setting and defining the level of risk appetite, whereas the Portfolio Manager is in charge of the continuous implementation thereof. For the purpose of ensuring all aspects of risk management, the Board of Directors has delegated the supervisory role to the Audit Committee, which supports and advises the Board in carrying out its responsibility.

Business operations risk management

Apart of risks stemming from SIFEM as an institution (strategic, corporate governance, together ‘Institutional Risks’), the Company is particularly exposed to Business and Operational Risks resulting from the day-to-day operations and investment activities in emerging markets.

In addition, SIFEM receives investment management support through financial expertise.

SIFEM receives investment management support through financial expertise. The Portfolio Manager, responsible for the identification, evaluation and selection of investment opportunities, as well as for the monitoring of SIFEM’s portfolio asset positions, follows the pre-defined procedures relevant for the investment risk management at each stage of the investment process. The framework also contains an internal risk rating system which is applied at least once a year to revalue each of the portfolio’s investment instruments.

The following integral pillars of its operational and business risk management form the basis for SIFEM's investment risk management:

- Portfolio risk management, including the implementation of risk resistant investment cycle management processes and the management of risks related to SIFEM investment portfolio and the Company's day-to-day operations
- Environmental, Social and Governance (ESG) risk management, including application of international best practice ESG standards to minimise ESG and sustainability-related risks in context of SIFEM's impact development mandate
- Liquidity and treasury risk management, including financial strategic planning risks as well as liquidity and currency risk management, to ensure financial sustainability

Financial risk management

SIFEM has exposure to the following risks from financial instruments and its investment operations activities:

- Credit risk,
- Liquidity risk,
- Market risk,
- Operational risk and
- Counterparty risk.

a) Credit risk

All assets of SIFEM entail the risk that a counterparty becomes insolvent (credit risk). This would result in a financial loss for SIFEM. Principally, the credit risk arises from debt securities held, other receivables as well as cash and cash equivalents.

The table below provides a reconciliation of the line items in SIFEM's statement of financial position to the categories of financial instruments.

(in '000 CHF)	Mandatorily measured at FVTPL	Optionally measured at FVTPL	Amortised cost	Total carrying amount
31 December 2024				
Cash and cash equivalents			321 005	**321 005**
Derivative financial assets held for risk management	10 679	2 212		**12 891**
Other receivables, prepayments and accrued income			6 147	**6 147**
Debt investments				**75 238**
• Banks and other financial intermediaries		2 357	53 009	
• Funds and other pooled investment vehicles		6 207	13 665	
Equity investments				**364 164**
• Banks and other financial intermediaries	7 399			
• Funds and other pooled investment vehicles	356 765			
Total	**374 843**	**10 776**	**393 826**	**779 445**
Derivative financial liabilities held for risk management	-13 037			**-13 037**
Other liabilities and accrued expenses			-3 680	**-3 680**
Total	**-13 037**	**0**	**-3 680**	**-16 717**
31 December 2023				
Cash and cash equivalents			275 056	**275 056**
Derivative financial assets held for risk management	11 837	9 483		**21 320**
Other receivables, prepayments and accrued income			4 288	**4 288**
Debt investments				**84 638**
• Banks and other financial intermediaries		5 830	57 568	
• Funds and other pooled investment vehicles		8 409	12 831	
Equity investments				**297 072**
• Banks and other financial intermediaries	12 697			
• Funds and other pooled investment vehicles	284 375			
Total	**308 909**	**23 722**	**349 743**	**682 374**
Derivative financial liabilities held for risk management	-22 570			**-22 570**
Other liabilities and accrued expenses			-3 032	**-3 032**
Total	**-22 570**	**0**	**-3 032**	**-25 602**

The tables above only include financial instruments. Other receivables, prepayments and accrued income do not include tax receivables and prepaid costs TCHF 751 (2023: TCHF 192). Other liabilities and accrued expenses do not include tax payables and advances received TCHF 29 (2023: TCHF 39).

Management of credit risk

The approach to credit risk management is determined by the expected credit loss allowances for financial instruments carried at amortised cost in accordance with IFRS 9. The Portfolio Manager monitors on an ongoing basis the ability and willingness of an issuer to fulfil its financial obligations in full and on a timely basis using internal, forward-looking rating methods. In case of a major event ratings are adjusted to reflect the current inherent risk of the given investment. A significant shift in the credit risk is reported to the Board of Directors. A yearly risk report is issued to the shareholder.

Significant increase in credit risk

In the model all financial assets in SIFEM's portfolio in scope with the new impairment model are classified as "performing" (Stage 1) at initial recognition. If circumstances change and risk increases, an asset eventually moves from Stage 1 to Stage 2 which indicates "significantly increased risk since initial recognition" (Stage 2).

SIFEM's approach for defining the boundaries between Stage 1 and 2 is based on qualitative and quantitative factors which are considered to be causes for a significant increase in credit risk associated with a financial asset since its initial recognition. Qualitative aspects, as assessed by the Audit Committee, include specific knowledge provided by the Portfolio Manager or acquired by external parties about internal issues at a borrower or progress on plans to solve such issues (e.g. knowledge from co-investing peers of SIFEM or other trustworthy sources about materiality and timing of scheduled capital increases, awareness about lenders' group arrangement for avoiding cross-default, or other factors that support an expert's judgement on the riskiness of a financial asset).

An asset moves from Stage 2 back to Stage 1 if the reason for its move from Stage 1 to 2 ceases to apply.

Credit impaired financial assets

The threshold at which a financial asset becomes "credit impaired" (i.e. is moved from Stage 2 to Stage 3) is triggered if any of the following causes for a significant increase in credit risk associated with a financial asset are observed:

i. Arrears in interest or principal payments larger than 90 days
ii. Material covenant breaches
iii. Distressed restructuring with material NPV loss
iv. Principal or interest write-off realised or imminent
v. Bankruptcy filed for or imminent for the borrower
vi. Qualitative aspects as assessed by the Audit Committee such as specific knowledge about internal issues at a borrower or progress on plans to solve such issues

If one or more of the six factors is triggered, an asset may be considered defaulted. In this case, the Audit Committee of SIFEM would decide to move the financial asset under concern to Stage 3 unless there are good reasons that justify the rebuttal of this presumption in accordance with IFRS 9.

An asset is moved back from Stage 3 to Stage 2 if none of the six factors as defined above continues to indicate potential default.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. For financial assets in Stage 2 and 3, SIFEM calculates a "Lifetime Expected Credit Loss", which is based on the PD over the remaining lifetime of each individual financial asset and then discounted at the appropriate discount rate, which is the asset's original effective interest rate.

Inputs, assumptions and estimation techniques

Since data on Probability of Default is difficult to obtain for certain regions of SIFEM's operations, input information for PDs must be estimated in many cases.

To derive the PD, first SIFEM's internal view on the credit quality of the respective instrument was determined using the Portfolio Manager's rating methodology (developed based on the Moody's methodology and based on best practice). Second, the PD was estimated based on the Portfolio Manager's idealized cumulative expected default rates table. The idealized table is based on the latest available default study performed by Moody's and published in its Annual Default Study: "Corporate Default and Recover Rates", a study which is both accessible and transparent. The idealized table was designed because historical data show inconsistencies and by smoothening Moody's default data, using statistical analysis.

For financial assets in Stage 1, a 12-months PD is estimated using the idealized table. The same procedure applies to financial assets in Stage 2. However, the PD in those cases is an estimate for the remaining lifetime of the financial asset. Finally, the PD for financial assets in Stage 3 is assumed to be 100%.

Similar to the procedure for estimating the Probabilities of Default, the Loss Given Default is derived from historic data, based on an assessment of each transaction according to certain parameters defined by the Risk Management team of the Portfolio Manager. whereby in this case most appropriate data -points from the latest available information as provided by Moody's Recovery Database is are used.

SIFEM's maximum credit exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets and amounts to TCHF 416 032 as of 31 December 2024 (31 December 2023: TCHF 385 494).

Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when SIFEM determines that the borrower does not have assets or sources of income that could generate sufficient cashflows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to enforcement activities in order to comply with SIFEM's procedures for recovery of amounts due.

Credit quality analysis

i. Cash & cash equivalents

Cash holdings at UBS and the Swiss National Bank have S&P (long-term) ratings of A and AAA, respectively, and hence are considered to be Stage 1 assets with no material ECL.

ii. Debt instruments – loss allowance

	2024				
(in '000 CHF)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**2023 Total**
Balance at 1 January	**58 381**	**10 709**	**1 309**	**70 399**	**87 396**
Transfer to Stage 1	0	0	0	0	0
Transfer to Stage 2	0	0	0	0	0
Transfer to Stage 3	0	-7 707	7 707	0	0
Net remeasurement of loss allowance	-561	58	-5 665	-6 168	-1 960
New financial assets recognised (acquired)	25 376	0	0	25 376	15 894
Financial assets derecognised	-22 378	-3 884	-320	-26 582	-22 480
Write-offs	0	0	-1 623	-1 623	-712
Effects of movements in exchange rates	4 472	824	-24	5 272	-7 739
Balance at 31 December	**65 290**	**0**	**1 384**	**66 674**	**70 399**

iii. Other Receivables – loss allowance

Other Receivables are considered to be Stage 1 assets with no material ECL.

iv. Significant changes in gross carrying amounts

The following table provides an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in loss allowance.

	2024 Impact increase / decrease				
(in '000 CHF)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**2023 Total**
Cash and cash equivalents	0	0	0	**0**	**0**
Debt instruments	2 998	-3 884	-320	**-1 206**	**-6 586**
Other receivables	0	0	0	**0**	**0**
Increase /-decrease in loss allowance	-25	-40	4 867	**4 802**	**-1 867**

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

SIFEM provided a collateral in the form of cash in respect of derivative transactions.

The tables below provide a reconciliation of financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

i. Financial assets

(in '000 CHF)	Gross amounts of recognised financial assets	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		
				Financial instruments (including non-cash collateral)	**Collateral pledged used for netting**	**Net amount**
31 December 2024						
Derivative financial assets held for risk management (current)	10 679	0	10 679	10 679	**4 540**	**4 540**
Derivative financial assets held for risk management (non-current)	2 212	0	2 212	2 212	**490**	**490**
Total	**12 891**	**0**	**12 891**	**12 891**	**5 030**	**5 030**
31 December 2023						
Derivative financial assets held for risk management (current)	11 837	0	11 837	11 837	**4 216**	**4 216**
Derivative financial assets held for risk management (non-current)	9 483	0	9 483	9 483	**-766**	**-766**
Total	**21 320**	**0**	**21 320**	**21 320**	**3 450**	**3 450**

ii. Financial liabilities

(in '000 CHF)	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position: Financial instruments (including non-cash collateral)	**Collateral pledged used for netting**	**Net amount**
31 December 2024						
Derivative financial liabilities held for risk management (current)	-10 639	0	-10 639	-10 679	**0**	**40**
Derivative financial liabilities held for risk management (non-current)	-2 398	0	-2 398	-2 212	**0**	**-186**
Total	**-13 037**	**0**	**-13 037**	**-12 891**	0	**-146**
31 December 2023						
Derivative financial liabilities held for risk management (current)	-14 372	0	-14 372	-11 837	**0**	**-2 535**
Derivative financial liabilities held for risk management (non-current)	-8 198	0	-8 198	-9 483	**0**	**1 285**
Total	**-22 570**	**0**	**-22 570**	**-21 320**	0	**-1 250**

Concentration of credit risk

The Portfolio Manager reviews credit concentration of debt instruments held based on geographical and counterparty allocations. There was no significant concentration in this portfolio of credit risk to any individual issuer or group of issuers at 31 December 2024.

	Debt instruments	
(in '000 CHF)	**2024**	**2023**
Carrying amount		
Concentration by sector		
Banks and other financial intermediaries	55 366	63 398
Mezzanine funds	2 925	2 857
Debt funds	16 947	18 383
Total	**75 238**	**84 638**
Concentration by location		
Latin America	10 576	18 753
Asia	32 757	29 812
Central Eastern Europe (CEE) / Commonwealth of Independent States (CIS)	20 328	21 529
Africa	0	1 148
Global / supranational	11 577	13 396
Total	**75 238**	**84 638**

b) Liquidity risk

Liquidity risk is the risk that SIFEM will fail to meet its financial obligations. The most important factors for determining the necessary liquidity are the expected settlement dates for the investment commitments of SIFEM, as well as the maturity dates of the loans in compliance with the loan conditions and the expected due dates for further contractual obligations.

Management of liquidity risk

SIFEM's liquidity risk is managed on a quarterly basis by the Portfolio Manager's finance department and the custodian bank in accordance with policies and procedures in place. A detailed Cash Management policy is part of the Portfolio Manager's procedure manual.

The funds in which SIFEM invests do not typically call the total amount of committed capital at once and in particular not all the funds are likely to call the maximum of committed capital at the same time. The business plan for new investments is based on the capital contributions foreseen and on the availability of existing reserves and reflows from maturing investments. The volatility and relatively high unpredictability of reflows from historic investments require a frequent adjustment of the business plan for new investments. To maintain enough uncommitted capital in form of cash and cash equivalents, to meet the business plan targets, is a key aspect of the Cash Management policy.

The investment policy of SIFEM allows over-commitments only with a formal approval of the Board of Directors. The Board of Directors approved an over-commitment ratio of up to 6% of total active commitments. As of 31 December 2024, SIFEM reached an over-commitment ratio of -1.44% (31 December 2023: -4.00%).

The Cash Management result is reviewed by the SIFEM Audit Committee on a regular basis.

Maturity analysis for financial liabilities

(in '000 CHF)	**Carry amount**	**Gross nominal inflow/outflow**	up to 1 year	1 to 5 years	later
31 December 2024					
Derivative financial liabilities held for risk management	13 037	-13 037	13 037	0	0
Other liabilities and accrued expenses	3 680	-3 680	3 680	0	0
Total	**16 717**	**-16 717**	**16 717**	**0**	**0**
31 December 2023					
Derivative financial liabilities held for risk management	22 570	-22 570	18 116	4 454	0
Other liabilities and accrued expenses	3 032	-3 032	3 032	0	0
Total	**25 602**	**-25 602**	**21 148**	**4 454**	**0**

This table outlines the undiscounted cash flows of SIFEM's financial liabilities on the basis of their earliest possible contractual maturity. The gross amount includes interest payable when appropriate.

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's credit standing) will affect SIFEM's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risk

SIFEM's market risk management strategy is being driven by the investment objectives of promoting sustainable growth in the private sector of developing and emerging countries.

In order to manage the market risk the Portfolio Manager constantly monitors the financial markets globally and in the relevant target markets, although its investments are private and rather illiquid, and verifies if actual movements in the financial markets would influence the risk of the underlying investments consequently shifting the overall risk of the portfolio.

All investment positions are monitored quarterly by the Portfolio Manager based on the financial reporting provided by the underlying investments. As a part of the market risk management approach a yearly risk assessment is performed using the risk rating system. In case of a major event, the risk rating will be adjusted to reflect the current inherent risk of the given investment.

A performance report is sent to the Board of Directors on a quarterly basis and a yearly risk report is issued to the shareholders.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

As of the balance sheet date SIFEM's interest rate profile was as follows (interest-bearing financial instruments):

(in '000 CHF)	31 December 2024	31 December 2023
Debt instruments	40 694	58 776
Derivative financial assets held for risk management	0	2 405
Fixed-rate instruments (assets)	**40 694**	**61 181**
Cash and cash equivalents	321 005	275 056
Debt instruments	34 544	25 862
Derivative financial assets held for risk management	2 115	6 621
Variable rate instruments (assets)	**357 664**	**307 539**
Derivative financial liabilities held for risk management	-2 398	-8 198
Fixed-rate instruments (liabilities)	**-2 398**	**-8 198**

A change of 100 basis points in interest rates at the reporting date would increase (decrease) profit or loss by TCHF 3 577 (31 December 2023: TCHF 3 075). This analysis considers only floating-rate instruments and assumes that all other variables, in particular the foreign exchange rates, remain constant.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

SIFEM invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in Euro (EUR), Swiss Franc (CHF), and South African Rand (ZAR). Consequently, SIFEM is exposed to the risk that the exchange rate of its functional currency relative to other foreign currency may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of SIFEM's financial assets or liabilities denominated in currencies other than the US Dollar.

SIFEM's currency position and exposures are monitored on a quarterly basis by the Portfolio Manager's finance department and SIFEM's Board of Directors. At the reporting date the carrying amount of SIFEM's net financial assets and liabilities in individual foreign currencies expressed in CHF were as follows:

(in '000 CHF)	31 December 2024	31 December 2023
EUR	3 997	8 205
CHF	-2 145	-2 323
Total net exposure	**1 852**	**5 882**

The following sensitivity analysis shows the impact on the income statement should CHF/USD, or EUR/USD exchange rates change by 5% in comparison to the actual exchange rate at 31 December 2024 and 31 December 2023, with all other variables held constant:

(in '000 CHF)	31 December 2024	31 December 2023
Income impact on balance sheet items		
EUR (sensitivity to USD changes)	+/- 200	+/- 410
CHF (sensitivity to USD changes)	+/- 107	+/- 116

Strengthening of US Dollar against the above currencies would have resulted in an equal, but opposite effect to the amounts above.

In addition, the portfolio is subject to the risk from currency effects resulting from the local currencies of markets in which direct or indirect beneficiaries of SIFEM investments are operationally active. However, in contrast to transactions denominated in the above-mentioned currencies, such currency effects manifest themselves in the market price of the underlying assets.

Other market price risk

At the reporting date the carrying amount of SIFEM's equity instruments in CHF were as follows:

(in '000 CHF)	**31 December 2024**	**31 December 2023**
Equity instruments to banks and other financial intermediaries	7 399	12 697
Equity instruments to funds and other pooled investments	356 765	284 375
Total exposure in equity instruments	**364 164**	**297 072**

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk and currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

Price risk is managed by the Portfolio Manager by diversifying the portfolio considering geography, type of investment instruments, currency, etc.

d) Operational risk

SIFEM bears operational risks which are inherent in the type of operations in which it is involved as part of its development mandate. A systematic review of operational risks and mitigations are presented in the Risk Management Framework including the manual of procedures. It identifies the type of risks SIFEM is exposed to and the actions to be taken to mitigate and manage them. Among the most pertinent risks are the general portfolio risk due to the inherently high risks of private capital investments in emerging and frontier markets, the ESG and impact risks and the related reputational risks which are typically high in those markets.

e) Counterparty risk

The counterparty risk is the risk that a counterparty to a financial transaction or contract of the Company is unable or unwilling to fulfil its contractual obligations. In particular, SIFEM is exposed to counterparty risk on investments, credit transactions and contracts for derivative financial instruments held for risk management.

6. Cash and cash equivalents

(in '000 CHF)	31 December 2024	31 December 2023
Cash at bank	321 005	275 056
Total cash and cash equivalents	**321 005**	**275 056**

Cash and cash equivalents are denominated in CHF (0.2%), in USD (99.5%) and in EUR (0.3%) as of 31 December 2024 (31 December 2023: CHF (0.2%), in USD (97.3%), in EUR (2.5%)). TCHF 287 670 (31 December 2023: TCHF 247 164) of Cash at bank is placed at the Swiss National Bank.

Given the nature of SIFEM's business model the cash balance available is reserved to cover undrawn commitments.

7. Derivative financial instruments held for risk management

(in '000 CHF)	31 December 2024		31 December 2023	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange contracts	10 679	-10 639	11 837	-14 372
Cross-currency interest rate swap	2 115	-2 398	9 026	-8 198
Guarantee by SDC	97	0	457	0
Total derivative financial instruments	**12 891**	**-13 037**	**21 320**	**-22 570**

SIFEM uses forward foreign exchange contracts to hedge the foreign currency risk on future foreign exchange currency cash flows. In addition, as part of the cooperation between SIFEM and the Federal Department of Foreign Affairs (FDFA), represented by the Swiss Agency for Development and Cooperation (SDC), a framework agreement has been in place since August 2021, under which SIFEM is guaranteed against the risk of default of investments made by SIFEM, upon joint agreement with SDC, up to a defined coverage ratio. This guarantee covers the first loss.

8. Other receivables, prepayments and accrued income

At 31 December 2024, Other receivables, prepayments and accrued income mainly include collaterals (TCHF 5 030) and accrued interest receivables (TCHF 1 117). At 31 December 2023, Other receivables, prepayments and accrued income mainly included collaterals (TCHF 3 450) and accrued interest receivables (TCHF 838).

9. Financial investments

(in '000 CHF)	31 December 2024	31 December 2023
Equity instruments to banks and other financial intermediaries	7 399	12 697
Equity instruments to funds and other pooled investment vehicles	356 765	284 375
Total Equity investments	**364 164**	**297 072**
Debt instruments to banks and other financial intermediaries	55 366	63 398
Debt instruments to funds and other pooled investment vehicles	19 872	21 240
Total Debt investments	**75 238**	**84 638**
Total Financial investments	**439 402**	**381 710**

Valuation of financial instruments

SIFEM's accounting policy on fair value measurement is disclosed in the accounting policies (note 3).

SIFEM measures fair value using a fair value hierarchy as described in note 3(d).

SIFEM has an established control framework with respect to the measurement of fair values. This framework is based on the critical analysis (by SIFEM's representatives on the advisory committees or similar governing bodies of the portfolio investment vehicles) of the fair value determination, verification of observable pricing inputs and performance of model valuations, a review and approval process for new models and changes to such models, calibration and back testing of models against observable market transactions, analysis and investigation of significant valuation movements, review of unobservable inputs and valuation adjustments, and reporting of significant valuation issues to the Board of Directors.

The table below categorizes financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy:

(in '000 CHF)	Level 1	Level 2	Level 3	Total
31 December 2024				
Derivative financial assets for risk management	0	12 891	0	12 891
Derivative financial liabilities for risk management	0	-13 037	0	-13 037
Debt instruments to banks & other financial intermediaries	0	2 357	0	2 357
Debt instruments to funds & other pooled investment vehicles	0	6 207	0	6 207
Equity instruments to banks & other financial intermediaries	0	0	7 399	7 399
Equity instruments to funds & other pooled investment vehicles	0	0	356 765	356 765
Total	**0**	**8 418**	**364 164**	**372 582**
31 December 2023				
Derivative financial assets for risk management	0	21 320	0	21 320
Derivative financial liabilities for risk management	0	-22 570	0	-22 570
Debt instruments to banks & other financial intermediaries	0	5 830	0	5 830
Debt instruments to funds & other pooled investment vehicles	0	8 409	0	8 409
Equity instruments to banks & other financial intermediaries	0	0	12 697	12 697
Equity instruments to funds & other pooled investment vehicles	0	0	284 375	284 375
Total	**0**	**12 990**	**297 072**	**310 061**

The following table shows a reconciliation from the beginning balances to the ending balances for the financial instruments categorised as Level 3 in the fair value hierarchy, which is applied for equity investments only:

(in '000 CHF)	Equity investments to Banks and other financial intermediaries	Equity investments to funds and other pooled investment vehicles	Total
Balance as at 1 January 2024	**12 697**	**284 375**	**297 072**
Total gains/-losses recognised in profit or loss	1 371	-8 171	-6 800
Purchases	0	75 861	75 861
Sales	-7 674	-16 966	-24 640
Foreign currency exchange differences	1 005	21 666	22 671
Balance as at 31 December 2024	**7 399**	**356 765**	**364 164**
Total gains/-losses for the year included in profit or loss relating to assets and liabilities held at the end of the reporting period	1 371	-8 171	-6 800
Balance as at 1 January 2023	**12 418**	**294 818**	**307 236**
Total gains/-losses recognised in profit or loss	1 004	-10 254	-9 250
Purchases	566	48 542	49 108
Sales	-89	-22 914	-23 003
Foreign currency exchange differences	-1 202	-25 817	-27 019
Balance as at 31 December 2023	**12 697**	**284 375**	**297 072**
Total gains/-losses for the year included in profit or loss relating to assets and liabilities held at the end of the reporting period	1 004	-10 254	-9 250

Although SIFEM believes that its estimates of the fair values are appropriate, the use of different methodologies or assumptions could have led to different measurements of fair value. We refer to note 5 - Risk management, where we performed a quantitative sensitivity analysis.

Valuation technique used to Level 2 and 3 fair values for equity investments

The Portfolio Manager undertakes a detailed process of multiple reviews before any fund value is accepted by the Board of Directors.

All investments held by SIFEM's underlying funds report fair value using guidance compliant with IPEV Guidelines, which provide the underlying fund managers a framework upon which they exercise judgment in selecting and applying the appropriate valuation methodology for each investment. This Framework covers the valuations for:

i. Quoted Equity investments: In respect to actively publicly traded investments, the fair value is determined by the bid price on the reporting date of such investment as is readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency. Discounts may be applied in case of enforceable restrictions attributable to the security that would impact the price a market participant would pay at the time of measurement.

ii. Unquoted Equity investments: In respect to unquoted investments, the fair value is determined using the most appropriate of the following methodologies or combination thereof: (a) Price of Recent Investment, (b) Earnings Multiple, (c) Net Assets, and (d) Discounted Cash Flow.

The valuation of a fund is generally based on the latest available Net Asset Value (NAV) reported by the corresponding fund manager, provided that the NAV was determined by using fair value principles in accordance with IFRS 13. The funds advisory boards, which is comprised of investor representatives, including the Portfolio Manager acting as SIFEM's investment adviser, reviews and approves the NAV provided by the fund manager.

Valuations are included into the fund accounts and presented to the fund's auditors for audit, once they are approved by the advisory board.

In general, the NAV reported to SIFEM is adjusted by capital calls and distributions falling between the date of the latest NAV of the fund and the reporting date. In addition, valuations of listed underlying investee companies, which are valued at mark-to-market by the fund manager, are adjusted to reflect the current share price on their primary stock exchange as of the reporting date. Other reasons could also lead to adjustments to the NAV of a fund (special features of an investment agreement, subsequent events, changing economic or market conditions, NAV not determined in accordance with IFRS 13, etc.).

Furthermore, SIFEM has various control procedures in place to ensure that the NAV of the underlying fund investments is calculated in a manner consistent with IFRS 13 (thorough due diligence and ongoing monitoring procedures, backtesting, qualifications in the fund auditor's report, etc.).

Before any of the valuations are entered into SIFEM's accounts, the CFO of the Portfolio Manager reviews and approves the fund's adjusted NAV. These are then submitted to the SIFEM Audit Committee, which is comprised of experienced investment professionals who review and challenge the Portfolio Manager on the valuations. This includes a review of the valuation material and methodology, as well as discussions with the Portfolio Manager, where needed. Based on this review, the adjusted NAV could be revised if needed. Once approved by the Audit Committee, the valuations are presented to the SIFEM Board of Directors for final confirmation and included in SIFEM's accounts.

Sensitivity analysis Level 3 fair values

SIFEM applies a methodology that uses NAV as key input (adjusted net asset method). Thus, the key "unobservable input" would be NAV itself. No reasonably possible change in the inputs used in determining the fair value would cause the fair value of Level 3 financial instruments to change significantly.

10. Equity

Share capital

On 31 December 2024, the number of outstanding shares amounted to 71 444 401 with a nominal value of CHF 10 each (31 December 2023: 69 444 401 with a nominal value of CHF 10 each). As per 31 December 2024 and as per 31 December 2023 SIFEM did not hold any treasury shares. All shares issued by the Company were fully paid in.

During 2024 SIFEM has again received capital contributions from its shareholder, as it had frequently in the past few financial years. In 2023, the share capital was raised by TCHF 20 000 to the total share capital of TCHF 694 444. In 2024, the share capital was raised by TCHF 20 000 to the total share capital of TCHF 714 444.

Dividends

SIFEM is not permitted to distribute dividends under its articles of incorporation.

Capital reserve

The capital reserve mainly relates to capital contributions which arose from granting and the extension of interest free shareholder loans and from the sale of the investment portfolio from the shareholder to the Company below fair value.

Retained Earnings

1% emission tax in the amount of CHF 200 000 (2023: CHF 200 000) in connection with the increase in share capital was deducted as transaction costs from retained earnings according to IAS 32.39.

Translation reserve

The translation reserve comprises all foreign currency translation differences arising from the translation of the Company's financial statements from its functional currency (USD) into the presentation currency (CHF).

11. Interest income

(in '000 CHF)	2024	2023
Interest income from cash and cash equivalents	15 522	13 071
Interest income from investments	7 390	9 531
Total interest income	**22 912**	**22 602**

At 31 December 2024, an amount of TCHF 1 117 (2023: TCHF 838) had not been received yet in cash and is included in Other receivables, prepayments and accrued income. The amounts reported have been calculated using the effective interest method.

12. Management costs

Management costs contain:

i. Investment management fees for portfolio management, bonus accruals and VAT on those charges,
ii. Business services management fees and representation expenses for business services management and VAT on these costs.

13. Administration and custodian fees

Administration and custodian fees mainly consist of expenses paid for administration and custodian services to the custodian bank. Administration fees for the financial year 2024 amounted to TCHF 221 (2023: TCHF 255) and custodian fees for the financial year 2024 amounted to TCHF 172 (2023: TCHF 187).

14. Net income from derivative financial instruments held for risk management

(in '000 CHF)	2024	2023
Net interest income from derivative financial instruments	-596	-703
Realised gain from derivative financial instruments	2 615	802
Realised loss from derivative financial instruments	-692	-450
Increase/-decrease in fair value from derivative financial instruments	1 175	-3 064
Net income from derivative financial instruments	**2 502**	**-3 415**

15. Net foreign exchange gains / losses

(in '000 CHF)	2024	2023
Net foreign exchange gain/-loss from cash and cash equivalents	-367	-14
Net foreign exchange gain/-loss from debt instruments	-422	368
Total net foreign exchange gains/-losses	**-789**	**354**

16. Net changes in fair value of investments at fair value through profit or loss

(in '000 CHF)	2024	2023
Increase in fair value of equity instruments	18 896	11 240
Increase in fair value of debt instruments	1 813	279
Decrease in fair value of equity instruments	-25 696	-20 490
Decrease in fair value of debt instruments	-1 280	-1 216
Net changes in fair value of financial assets at fair value through profit or loss	**-6 267**	**-10 187**

17. Financial income / expense

(in '000 CHF)	2024	2023
Foreign exchange gain	36	19
Financial income	**36**	**19**
Foreign exchange loss	-52	-2
Financial expense	**-52**	**-2**

Foreign exchange gains and losses in 2024 and 2023 arise from exchange differences applying the exchange rate as of the balance sheet date.

18. Loss allowance on financial instruments

Loss allowance on financial instruments measures the net effect on profit and loss of the provision made on debt investments and the release of such provision. In 2024 the provision increased by TCHF 6 168 whereas, in 2023 there was an increase of TCHF 1 960.

19. Income from realised gains on investments

(in '000 CHF)	2024	2023
Income from realised gains on equity instruments	34 248	16 593
Income from realised gains on debt instruments	124	339
Total income from realised gains on investments	**34 372**	**16 932**

20 Related party transactions

Shareholder

SIFEM is fully owned by the Swiss Confederation. The Swiss Confederation comprises various departments and administrative bodies of the Swiss Confederation, governmental agencies and other companies controlled by the Swiss Confederation.

SIFEM holds a deposit account with the Swiss National Bank (refer to note 6). The interest rate is at arm's length.

As part of the cooperation between SIFEM and the Federal Department of Foreign Affairs (FDFA), represented by the Swiss Agency for Development and Cooperation (SDC), a framework agreement has been in place since August 2021, under which SIFEM is guaranteed against the risk of default of investments made by SIFEM (refer to note 7).

All other transactions with the government, governmental agencies and companies controlled by the Swiss Confederation are conducted on the basis of normal relationships with customers and suppliers and on conditions applicable to unrelated third parties, in particular, the interest payment on the deposit account SIFEM holds with the Swiss Federal Finance Administration at the Swiss National Bank.

Portfolio Manager and Business Services Manager

SIFEM appointed responsAbility by a Portfolio Management Agreement as its Portfolio Manager starting 1 March 2023 as result of a public tender. responsAbility is remunerated for the services provided on the basis of a fixed rate fee on active commitments.

SIFEM appointed Tameo as Business Services Manager starting on 1 September 2022. Tameo is compensated for the actual costs incurred, within a budget which is approved annually in advance by the Board of Directors.

The portfolio management costs for the financial year 2024 amounted to TCHF 7 672 (2023: TCHF 8 835).

Total administrative expenses (portfolio management costs, business services management costs, administration and custodian fees, personnel expenses, administration expenses and advertising expenses) in 2024 amounts to 0.96% (2023: 1.22%) of SIFEM's total active commitments as of 31 December. The threshold for total administrative expenses set by the Federal Council is 1.5% of SIFEM's total active commitments.

Key management personnel compensation

The Chairman of the Board received total compensation of CHF 80 000 in 2024 (2023: CHF 80 000). This consists of a base compensation of CHF 56 000 (2023: 56 000) for his role as Chairman of the Board and CHF 24 000 (2023: 24 000) for his role as Chairman of the Investment Committee.

The Vice Chairman and Board members received a base compensation of CHF 22 100 (2023: CHF 22 100). Members of the Investment Committee received an additional compensation of CHF 20 400 (2023: CHF 20 400), Members of the Audit Committee received an additional compensation of CHF 13 600 (2023: CHF 13 600) and Members of the Performance and Impact Committee received an additional compensation of CHF 17 000 (2023: 17 000).

21 Capital commitments

As of 31 December 2024, the Company had capital commitments with debt- and equity instruments which were not yet called by the relevant fund managers in the amount of TCHF 307 254 (31 December 2023: TCHF 247 886).

22 Subsequent events

No events occurred between 31 December 2024 and 5th March 2025 that would require adjustments to the amounts recognised in these financial statements or would need to be disclosed under this heading.

2024 Audited Financial Statements: Swiss Code of Obligations

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STATUTORY AUDITOR'S REPORT

To the general meeting of SIFEM AG, Berne

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SIFEM AG (the Company), which comprise the balance sheet as at 31 December 2024, and the income statement for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The board of directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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8031 Zurich

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the board of directors complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 6 March 2025

BDO Ltd

Tobias Schüle

Licensed Audit Expert

Jelena Miljkovic

Auditor in Charge
Licensed Audit Expert

Enclosures:
Financial statements

Balance sheet as of 31 December

in CHF	Note	2024		2023	
Assets			%		%
Current assets					
Cash and cash equivalents	1	321 004 550	46.5	275 056 199	45.5
Other current receivables	2	5 733 706	0.8	3 596 201	0.6
Accrued income and prepaid expenses	3	1 164 635	0.2	883 791	0.1
Total current assets		**327 902 891**	**47.5**	**279 536 191**	**46.2**
Non-current assets					
Financial assets	4	361 423 199	52.4	324 808 485	53.7
Shareholdings	5	356 453	0.1	756 164	0.1
Total non-current assets		**361 779 652**	**52.5**	**325 564 649**	**53.8**
Total assets		**689 682 543**	**100.0**	**605 100 840**	**100.0**

Liabilities and shareholder's equity					
Liabilities					
Short-term liabilities					
Other current liabilities	6	79 249	0.0	2 777 546	0.5
Deferred income and accrued expenses	7	3 629 762	0.5	2 773 102	0.4
Total short-term liabilities		**3 709 011**	**0.5**	**5 550 648**	**0.9**
Long-term liabilities					
Provisions and similar items required by law	8	283 185	0.1	775 463	0.1
Total long-term liabilities		**283 185**	**0.1**	**775 463**	**0.1**
Total Liabilities		**3 992 196**	**0.6**	**6 326 111**	**1.0**
Shareholders' equity					
Share capital	9	714 444 010	103.6	694 444 010	114.8
General legal retained earnings		1 096 430	0.2	1 096 430	0.2
Voluntary retained earnings					
• Results carried forward		-96 765 711	-14.0	-45 811 754	-7.6
Gain / -Loss for the year		66 915 618	9.6	-50 953 957	-8.4
Total shareholders' equity		**685 690 347**	**99.4**	**598 774 729**	**99.0**
Total liabilities and shareholders' equity		**689 682 543**	**100.0**	**605 100 840**	**100.0**

Income statement for the year

in CHF	Note	2024	2023
Net proceeds from sales of services	**10**	**0**	**3 292**
Costs for third party services		-7 672 185	-8 835 487
Staff costs	11	-453 863	-471 699
Other operational costs	12	-919 228	-834 232
Earnings before interests and taxes		**-9 045 276**	**-10 138 126**
Financial result general	13	14 740 655	12 623 801
Financial result from financial assets and shareholdings	14	10 651 013	7 106 038
Financial result from derivative financial instruments	15	4 275 564	-1 906 623
Earnings before currency translation and taxes		**20 621 956**	**7 685 090**
Result from currency translation from functional currency (USD) to reporting currency		46 293 662	-58 639 047
Gain / -Loss for the year		**66 915 618**	**-50 953 957**

Notes to the financial statements

Basis of preparation

General

These statutory financial statements have been prepared in accordance with the Swiss Code of Obligations (32th title). The significant accounting policies, that are not required by law, are described below. It was considered and applied in these statutory financial statements that the law provides the possibility to build and dissolve hidden reserves.

Information to items of the balance sheet and the profit and loss account

1 - Cash and cash equivalents	31/12/2024	31/12/2023
Cash at Banks	321 004 550	275 056 199
Total	**321 004 550**	**275 056 199**

2 - Other current receivables	31/12/2024	31/12/2023
Collaterals	5 029 515	3 450 358
Withholding tax receivables	701 835	137 143
Other current receivables	2 356	8 700
Total	**5 733 706**	**3 596 201**

3 - Accrued income and prepaid expenses	31/12/2024	31/12/2023
Prepaid expenses	47 524	46 178
Accrued income	1 117 111	837 613
Total	**1 164 635**	**883 791**

4 - Financial assets	31/12/2024	31/12/2023
Equity instruments	286 961 618	242 075 535
Debt instruments	74 461 581	82 732 950
Total	**361 423 199**	**324 808 485**

As of balance sheet date equity instruments considering a foreign exchange gain of CHF 0 (2023: CHF 192 918; see note 6 other current liabilities).

5 - Shareholdings	31/12/2024		31/12/2023		31/12/2024	31/12/2023	31/12/2024	31/12/2023
Company	Share capital in local currency				Holding of capital and votings in %		Book value in CHF	
SEAF South Balkan Fund	EUR	65 007	EUR	65 007	30.52%	30.52%	-	-
Colony Latin America Fund	USD	-	USD	37 327 095	0.00%	28.29%	-	209 137
Altra Private Equity Fund I	USD	1 000	USD	1 000	43.11%	43.11%	26 568	24 673
Kaizen Private Equity	USD	15 505 758	USD	15 505 758	22.81%	22.81%	329 885	522 354
Total							**356 453**	**756 164**

6 - Other current liabilities	31/12/2024	31/12/2023
Other current liabilities	59 565	39 003
Social insurances liabilities	785	-
Liabilities due to pension scheme	1 154	1 985
Liabilities due to authorities	17 745	8 717
Provision for foreign exchange forward contracts	-	2 534 923
Provision for unrealised foreign exchange gains	-	192 918
Total	**79 249**	**2 777 546**

7 - Deferred income and accrued expenses	31/12/2024	31/12/2023
Accrued expenses	3 629 762	2 773 102
Total	**3 629 762**	**2 773 102**

8 - Provisions and similar items required by law	31/12/2024	31/12/2023
Provision for foreign exchange forward contracts	283 185	526 876
Other provision	-	248 587
Total	**283 185**	**775 463**

9 - Share capital

The share capital consists of 71 444 401 shares with a nominal value of CHF 10 each (31.12.2023 69 444 401 shares with a nominal value of CHF 10 each).

10 - Net proceeds from sales services	2024	2023
Income from fund retrocessions	-	3 292
Total	**-**	**3 292**

11 - Staff costs	2024	2023
Salaries and wages	-38 048	-41 099
Board compensation	-342 474	-356 892
Social security and pension costs	-24 116	-26 482
Other personnel costs	-49 225	-47 226
Total	**-453 863**	**-471 699**

12 - Other operational costs	2024	2023
Insurance premiums	-21 838	-19 812
Accounting and payroll expenses	-186 115	-191 331
Audit expenses	-116 463	-77 883
Other administration expenses	-369 504	-354 949
Stamp duty	-98 183	-75 910
Sponsorship and membership contributions	-127 125	-114 347
Total	**-919 228**	**-834 232**

Other administration expenses include the emission duty of CHF 200 000 on the capital increase of 2 May 2024 (2023: CHF 200 000).

13 - Financial result general	2024	2023
Interest income	15 545 480	13 142 051
Interest expenses	-22 908	-71 112
Bank charges	-399 783	-450 348
Foreign exchange gains	12 999	303 922
Foreign exchange losses	-395 133	-300 712
Total	**14 740 655**	**12 623 801**

14 - Financial result from financial assets and shareholdings	2024	2023
Interest income from financial assets	7 389 921	9 530 994
Distributions and dividends	34 600 768	16 932 410
Expenses	-303 678	-36 857
Capital gains	2 312 644	2 765 256
Capital losses	-30 084 468	-23 396 083
Foreign exchange gains	37 134	1 353 470
Foreign exchange losses	-3 301 308	-43 152
Total	**10 651 013**	**7 106 038**

15 - Financial result from derivative financial instruments	2024	2023
Interest income	-	486 658
Interest expenses	-596 333	-1 189 606
Capital gains	5 563 828	801 851
Capital losses	-691 931	-2 005 526
Total	**4 275 564**	**-1 906 623**

Further information

16 - Fulltime employees

The annual average number of fulltime employees during the reporting year and previous year was less than 10.

17 - Disclosure of derivative financial instruments	**2024**	**2023**
Foreign exchange forward contracts (long)	10 679 244	11 837 285
Foreign exchange forward contracts (short)	-10 679 244	-14 372 208
Cross-currency interest rate SWAPS (long)	2 114 647	9 025 416
Cross-currency interest rate SWAPS (short)	-2 397 832	-9 552 292
Total (included in other current liabilities - s. Note 6 & provision and similar items - s. Note 8)	**-283 185**	**-3 061 799**

18 - Collaterals	**2024**	**2023**
UBS, Margin Account Derivative Instruments	4 540 125	4 216 236
TCX, Margin Account Derivative Instruments	489 390	-765 878
Total assets pledged to secure own losses on derivative financial instruments	**5 029 515**	**3 450 358**

19 - Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

20 - Outstanding capital commitments		31/12/2024		31/12/2023
Debt investments				
European Financing Partners SA Phase VI	EUR	147 233	EUR	5 227 904
Global IME Bank	USD	-	USD	10 000 000
Interact Climate Change Facility	EUR	306 396	EUR	19 306 396
Microfinance Organization KMF II	USD	10 000 000	USD	-
Equity investments				
Aavishkaar India Fund VI	USD	8 387 214	USD	11 805 808
Abraaj North Africa II	USD	18 054	USD	21 769
Adenia Capital IV	EUR	500 586	EUR	593 848
Adenia Capital V	USD	11 986 215	USD	14 381 222
Africa Forestry Fund II	USD	1 003 848	USD	1 298 039
African Development Partners III	USD	1 491 844	USD	4 353 789
African Development Partners IV	USD	20 000 000	USD	-
AfricInvest Fund II	EUR	194 000	EUR	194 000
AfricInvest Fund III	EUR	71 630	EUR	175 947
African Rivers Fund IV	USD	6 389 495	USD	10 000 000
Agricultural Rural Impulse Fund	USD	523 665	USD	523 665
Alcazar Energy Partners II	USD	13 701 035	USD	14 374 881
Amethis Maghreb Fund I	EUR	364 047	EUR	364 047
Apis Growth Fund I	USD	6 800 120	USD	5 836 921
Apis Growth Markets Fund III	USD	16 656 115	USD	-
Armstrong SEA Clean Energy Fund	USD	-	USD	98 786
Ashmore Andean Fund II	USD	536 198	USD	536 198
Ashmore Andean Fund III	USD	3 450 237	USD	-
BioVeda China Fund III	USD	148 704	USD	148 704
BioVeda Realization Fund	USD	375 017	USD	375 017
BTS India Private Equity Fund	USD	1 881 635	USD	1 881 635
Cambodia-Laos Development Fund	USD	-	USD	73 837
Cambodia-Laos-Myanmar Development Fund II	USD	102 698	USD	186 582
CAMIF II	USD	492	USD	492
Capital North Africa Venture Fund	EUR	767 545	EUR	767 545

Capsquare Asia Partners Fund II	USD	21 906	USD	605 715
Catalyst Fund I	USD	83	USD	83
Catalyst Fund II	USD	549 378	USD	633 258
Cathay Africinvest Innovation Fund	EUR	2 534 629	EUR	2 746 571
Central American Small Enterprise Investment Fund II	USD	529 495	USD	529 495
Central American Small Enterprise Investment Fund III	USD	61 853	USD	465 196
Central American Small Enterprise Investment Fund IV	USD	4 121 431	USD	4 468 838
Convergence Partners Digital Infrastructure Fund	USD	8 404 688	USD	10 698 711
CoreCo Central America Fund I	USD	190 062	USD	211 107
Darby Latin American Private Debt Fund III	USD	4 342 018	USD	4 396 776
DIC Latin American Fund IV	USD	13 701 484	USD	15 000 000
EV Amadeus Asian Clean Energy Fund	USD	5 375 914	USD	5 375 914
Evolution II	USD	982 898	USD	1 157 146
Evolution III	USD	15 868 766	USD	16 301 785
Evolution One	USD	18 684	USD	20 219
Excelsior Capital Vietnam Partners	USD	2 656 521	USD	3 077 240
Falcon House Partners Indonesia Fund I	USD	-	USD	1
Fidelity Equity Fund II	USD	883 820	USD	883 820
Frontier Energy II	USD	455 302	USD	1 344 731
GEF Africa Sustainable Forestry Fund	USD	82 870	USD	197 285
Growth Capital Partners (Lok III)	USD	164 763	USD	164 763
Growth Catalyst Partners	USD	28 381	USD	37 618
Helios CLEAR Fund	USD	14 629 590	USD	-
Horizon Capital Growth Fund IV	USD	9 969 529	USD	11 933 652
IFHA-II	USD	1 329 425	USD	1 656 342
Jungle Ventures V	USD	15 000 000	USD	-
Kaizen Private Equity Fund II	USD	-	USD	84 628
Latin Renewables Infrastructure Fund	USD	244 763	USD	386 186
LeapFrog Climate Fund	USD	15 000 000	USD	-
Lendable Fintech Credit Fund I	USD	-66 409	USD	-
Maghreb Private Equity Fund II	EUR	15 709	EUR	15 709
Maghreb Private Equity Fund III	EUR	437 739	EUR	437 739
Maghreb Private Equity Fund IV	EUR	1 209 510	EUR	498 813
Medu III Interenational Partnership	USD	710 878	USD	710 878

Metier Capital Growth International Fund III	USD	11 960 479	USD	13 620 633
Metier Sustainable Capital Fund II	USD	1 735 999	USD	4 419 002
Navegar II	USD	4 410 132	USD	5 760 906
Navis Asia Credit Fund	USD	15 000 000	USD	-
Navis CLMV Co-Investment Fund	USD	236 090	USD	236 090
ACOF III	USD	15 000 000	USD	-
Novastar Ventrures Africa Fund II	USD	930 620	USD	1 492 615
Omnivore Fund II	USD	806 926	USD	1 151 354
Omnivore Fund III	USD	9 387 552	USD	13 627 699
Progression Eastern African Microfinance Equity Fund	USD	39 635	USD	952 422
rABOP	USD	510 917	USD	510 917
Renewable Energy Asia Fund II	USD	48 660	USD	130 702
Somerset Indus Healthcare Fund III	USD	15 000 000	USD	-
South Asia Growth Fund II	USD	108 536	USD	574 128
South Asia Growth Fund III	USD	11 508 073	USD	19 633 230
SPE AIF I	USD	751 147	USD	2 754 189
SPE PEF III	USD	10 215 491	USD	15 000 000
Synergy Private Equity Fund	USD	-	USD	20 200
Synergy Private Equity Fund II	USD	-	USD	394 235
TRG Africa Mezzanine Partners III	USD	1 981 226	USD	3 403 883
Uhuru Growth Fund I	USD	3 189 494	USD	5 768 885
Vantage IV Pan African Fund	USD	4 806 327	USD	8 720 071
Vantage IV Southern African Fund	ZAR	50 100 312	ZAR	51 241 859
Vantage Mezzanine Fund III	USD	459 421	USD	550 243
Vantage Mezzanine Fund III	ZAR	38 235 437	ZAR	38 599 596
VenturEast Proactive Fund II	USD	193 093	USD	375 093
VI (Vietnam Investments) Fund I	USD	1	USD	1
VI (Vietnam Investments) Fund II	USD	92 073	USD	257 355

Shareholdings				
Altra Private Equity Fund I	USD	1	USD	1
Colony Latin America Fund	USD	-	USD	9 500
SEAF South Balkan Fund	EUR	467 079	EUR	467 079

Proposed appropriation of accumulated losses

in CHF	2024	2023
Retained earnings / -loss brought forward	-96 765 711	-45 811 754
Gain/-Loss for the year	66 915 618	-50 953 957
Accumulated losses	**-29 850 093**	**-96 765 711**

The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of accumulated losses:

Transfer to the general legal retained earnings	0	0
Offsetting against general legal retained earnings	0	0
To be carried forward	-29 850 093	-96 765 711
Total	**-29 850 093**	**-96 765 711**

7 Annexes

Annex 1: Performance results against operationalised objectives for the strategic period 2021-2024

Part 1. Programmatic priorities

Target fields	Objective	Performance
Sustainability	• SIFEM commits all financial intermediaries to observe its Responsible Investment Policy and requires those intermediaries to ensure compliance with that policy at the level of their respective investees and clients. • Portfolio companies adhere to national regulations and work towards the adoption of the relevant international standards defined in the Responsible Investment Policy. • All investments must be in line with the Paris Climate Agreement on climate protection.	**Achieved:** All investments made in 2021-2024 complied with this formal requirement. An exemption from compliance with SIFEM's Approach to Responsible Investment was granted for one investment. All new SIFEM transactions carried out in 2021-24 have been assessed as being aligned with the objectives of the Paris Agreement and are not in contradiction with the Nationally Determined Contributions (NDC) of the countries concerned.
Sustainability financial additionality	• At least 50% of the number of SIFEM's fund investments serve to reach the first closing of the target funds.	**Achieved:** • 65% of SIFEM's fund investments between 2021 and 2024 served to reach the first closing of the target funds.
Value additionality	• SIFEM is an active fund investor and, whenever possible, takes a seat on the funds' supervisory bodies.	**Descriptive reporting (no target level):** • SIFEM has secured a seat on the supervisory bodies of all the funds in which it has invested between 2021 and 2024.
	SIFEM provides guidance to financial intermediaries and facilitates access to technical assistance for financial intermediaries and portfolio companies on a case by case basis with a view to: • Promote responsible management of the economic and social impact of the COVID-19 crisis and resilience measures. • Improve strategic and management capacities at the level of financial intermediaries in areas such as environmental and social standards and good governance (ESG), gender equality and working conditions.	**Descriptive reporting (no target level):** • Guidance and support were provided to financial intermediaries on E&S matters on a regular basis in 2021-2024. • Direct support was provided to several financial intermediaries on environmental and social management issues, notably through the development of Environmental and Social Action Plans (ESAPs), in ESG subcommittees and in exchange with partners on implementation of 2X - and "Paris Alignment" between 2021 and 2024.

	• Improvement of the management of the portfolio companies, especially with regard to ESG, climate protection, gender equality, and the digitisation of business processes.	**Descriptive reporting (no target level):** Between 2021 and 2024, SECO supported 31 technical assistance interventions in SIFEM portfolio companies. With the reorganisation of SIFEM, technical assistance has also been reoriented and its implementation was transferred to SIFEM in 2024. SIFEM is now responsible for the management of the technical assistance facility (TAF), and finances the management costs, while SECO provides the project financing. This new TAF became fully operational in the third quarter of 2024, with staff and funding in place and a first series of projects approved. For the period 2024-2026, SECO has made available a programmatic budget of CHF 3.3 million to finance high-impact projects for SIFEM-invested fund managers and their portfolio companies, as well as for financial institutions. The themes covered by these interventions are varied and closely aligned with SIFEM's development objectives. Projects launched in 2024 cover topics such as capacity building related to gender and financial inclusion, climate-related trainings, greenhouse gas emissions accounting, cybersecurity and data risk management for fund managers.
Leverage/ mobilisation	• SIFEM mobilises at least CHF 60 million from private and/or institutional co-investors.	**Not achieved:** The change of Portfolio Manager had an impact on SIFEM's fund-raising activities so that the initial target could not be met.
Geographical concentration	• At least 60% of SIFEM's investments are made in priority countries or regions covered by Swiss development cooperation.	**Achieved:** 89% of SIFEM's investments closed between 2021 and 2024 were made in SIFEM priority countries.

Part 2. Tasks and company-related objectives

Target fields	Objective	Performance
Coping with the COVID-19 crisis	• At the portfolio level, the total net number of jobs at the companies that survive the crisis remains at least equal to that of the previous year.	**Achieved:** Despite the severity of the economic crisis and the disruption of supply chains in several regions in 2020-21 (e.g., Latin America and South Asia), the aggregated number of jobs in the SIFEM portfolio reported in 2021 has not decreased compared to the data reported in 2020. On the contrary, the number of jobs increased by 11% from 2020 to 2021, equivalent to over 20 000 additional jobs. This suggests that SIFEM portfolio companies have been more resilient than expected.
Development effects	**Impact on employment** **"More jobs"** • SIFEM creates or maintains at least 10 000 jobs (pro rata) between 2022 and 2024 • The number of jobs in the SIFEM portfolio companies increases by at least 6% on average during the 2022-24 period.	**Achieved:** • The average number of jobs created and maintained by SIFEM in the reporting years 2022, 2023 and 2024, calculated on a pro rata basis, is **12 109**. • The number of jobs in portfolio companies increased by **17.3%** on average, between 2021 to 2024.
	"Better jobs" • All portfolio companies take the necessary steps to comply with labor regulations, in line with ILO core labor standards and environmental, health and safety principles.	**Achieved:** All portfolio funds added in 2021-24 and companies that have received investments from SIFEM during this period have committed to SIFEM's Approach to Responsible Investment (which refers to ILO core labor standards and other applicable E&S standards, including occupational health and safety) and ensure that their respective investment recipients and clients comply with this policy.
	• Portfolio companies document their progress in achieving workplace safety objectives beyond minimum legal requirements and in ensuring working conditions that allow women and men to live and develop in dignity.	**Achieved:** The SIFEM Portfolio Manager has asked the new fund managers with whom he started working in 2021-24 to submit action plans concerning compliance with international standards linked to IFC Performance Standard 2- Labor and Working Conditions. This standard covers human resources policy, working and employment conditions, labor protection (including occupational health and safety), organisational rights, non-discrimination and equal opportunities, dismissal rules and grievance mechanisms.

	Climate: mitigation and adaptation SIFEM actively contributes to the implementation of the objectives of the Paris Climate Convention. All investments are compatible with these objectives as well as with countries' nationally determined climate targets. • At least 25% of new investments are fully dedicated to climate protection.	**Achieved:** All of SIFEM's new transactions in 2021-2024 have been assessed as being aligned with the objectives of the Paris Agreement and are not in contradiction with the NDCs of the countries concerned. In 2021, SIFEM made one climate investment: in a fund in sub-Saharan Africa. In 2022, SIFEM made three climate investments: two in funds active in Latin America and Asia, as well as a credit line in Asia. By 2023, SIFEM has made four climate investments: four funds active in Africa, the Middle East and North Africa, Asia, and Latin America (USD 70 million, corresponding to 49% of investment commitments in 2023). In 2024, five out of twelve investments (42%), representing an amount of USD 40 million out of USD 173 million (23%) were entirely dedicated to climate protection. 31% of the cumulative volume of new investments made by SIFEM between 2021 and 2024 actively contributed to climate protection.
	Basic goods and services, innovation • At least 30% of investment commitments target subsidiary provision and filling gaps in essential goods (health, education, supply infrastructure) as well as financial inclusion and innovative business models (e.g. Fintech).	**Achieved:** 47% of investments between 2021 and 2024 contributed to the provision of essential goods and services or to the financial inclusion of underserved segments of the population.
	Gender equality • At least 20% of investment commitments are eligible for the 2xChallenge initiative aimed at strengthening the role of women in creating and managing businesses and as employees or consumers of products and services that improve their economic participation.	**Achieved:** 60% of SIFEM's investments closed in 2021-2024 were qualified or in the process of qualifying under the "2X Challenge" initiative, helping to strengthen the role and participation of women in the markets concerned. By the end of 2024, of the investments closed in 2021-2024, 16 had achieved "qualified" status, representing 46% of transactions; 4 investments (11%) were in the process of qualifying.

Investment scope	**Least developed countries (LDCs)** • The LDC exposure in the SIFEM portfolio should be at least 12% of active commitments.	**Achieved:** The estimated average share of LDCs in the portfolio over the 2021-24 period is 12.8%
Overall impact on development	• At least 75% of portfolio investments must be rated good or very good by SIFEM's development monitoring system.	**Achieved:** 81% of investments in the total portfolio received an ex-post development impact score of "good" or "very good" according to the latest assessment in 2024.
Message on development cooperation 2021-24	**Reporting requirements** SIFEM's contribution to the following goals and objectives of the Message: **A "Economic development"**	**Key figures (without defined objective) :**
	Sub-goal 1: • Local tax revenues in dollars	• USD 1 555 million
	Sub-goal 2: • Number of jobs created or maintained	• Total number of jobs supported in the active portfolio at the end of the reporting year: 522 981
	• Private funds mobilised in US dollars, according to OECD DAC reporting guidelines	• Private investments mobilised in the fund portfolio in 2024: USD 62 million
	B "Environment" Sub-goal 3: • CO2 emissions saved or avoided in tCO2e	• 9.3 million tCO_2e
	• Additional KWh from renewable energies	• 3 981 GWh
	C. "Gender equality" Sub-goal 9: • % of female employees in the SIFEM portfolio companies	• 40%

	• Synergies with the economic and private sector activities of SECO and SDC in their priority countries, which increase the impact of SIFEM investments	**Descriptive reporting (no target level):** Regular interactions took place with local SECO and SDC field offices as part of due diligence and monitoring missions. Two projects relating to technical assistance and the strengthening of financing in LDCs are currently under advanced discussion. The SDC actively supported SIFEM's collaboration with other DFIs in Nepal, by funding and actively supporting the "Impact Investment Nepal" project, a joint platform established by BII, FMO and SIFEM/SDC which identifies and proposes solutions to legal challenges and obstacles to the promotion of private investment. Coordinated exchanges with local authorities took place. A memorandum of understanding was signed in June 2023 between the Ministry of Finance and the DFIs, represented by the Chairman of SIFEM. A similar initiative has been launched in Ghana, with the active participation of SECO.
UN Sustainable Development Goals (SDGs)	Reporting requirements to the SDGs SIFEM's contribution to the following UN goals and sub-goals: **SDG 5: Gender equality** • % of female employees in the SIFEM portfolio companies	**Key figures (no target level) :** • 40%
	SDG 7: Affordable and clean energy • CO2 emissions saved or avoided in tCO2e • Additional KWh from renewable energies	• 9.3 million tCO_2e • 3 981 GWh
	SDG 8: Decent jobs and economic growth • Number of jobs created or maintained • Local tax revenues in US dollars	• Total number of jobs supported in the active portfolio at the end of the reporting year: 522 981 • USD 1 555 million
	SDG 13: Measures for climate protection USD value of private investments directly mobilised by SIFEM through the SIFEM Manager for climate protection in 2024:	• USD 13.7 million

	SDG 17: Partnerships Ratio of SIFEM investments to mobilised private co-investments at the target fund level.	• 4.9x
General objective	• SIFEM applies systematic risk management adapted to the type of activity and the size of the company (balance sheet total, workforce). The management system contributes to sustainable operating results and helps the management body to achieve strategic objectives. • SIFEM is based on the ISO 31000: 2018 and ISO 19600 standards. • The guidelines for risk management and compliance management also apply to SIFEM and its management body.	**Not achieved:** SIFEM is implementing the recommendations made by the Swiss Federal Audit Office (SFAO) following its audit of SIFEM's risk management in 2024. The shareholder's representatives acknowledge the significant progress that has been made since the new organisation was put in place at the beginning of 2023 compared with the situation that prevailed previously.
Risk tolerance margin	The proportion of investments considered as high or very high risk projects is • less than 45% for funds • less than 20% for debt instruments	**Achieved:** • Fund investments: 10% • Debt instruments: 6%

Part 3: Financial objectives

Target fields	Objective	Performance
Operating efficiency	Operating costs are capped at 1.5% net of active commitments.	**Achieved:** Total operating costs reached 1.23% on average between 2021 and 2024, i.e. below the ceiling of 1.5%.
Financing	SIFEM's operating costs and new commitments can be fully covered over the target period by reflows from successfully concluded investments, uncommitted cash reserves and through overcommitment headroom (under the terms defined by the Federal Council on May 14, 2014).	**Achieved:** The sum of operating costs (USD 10.4 million) and new commitments made during 2024 (USD 173 million) is equal to **USD 183 million**. This is less than the reflows received in 2024 (USD 99.1 million), the uncommitted cash reserves (USD 40 million) and the overcommitment headroom (USD 60 million), which totals **USD 199 million**.
	Average annual reflows recorded after 2021 increase by at least 10% compared with average annual flows between 2018-2020.	**Achieved:** Investment flows averaged USD 95.7 million in 2021-24, ahead of expectations. This is more than 75% higher than average flows in the previous strategic period (USD 54.7 million).
Final results	Positive operating result under IFRS (cumulative over the period 2022-2024).	**Achieved:** The accumulated operating result amounts to CHF 35.7 million for the years 2022–2024.
Portfolio development	• Internal rate of return exceeding 3% • Value multiplier (Total Value over Paid-in) greater than 1.15.	**Achieved:** • IRR: 5.23% • TVPI: 1.22

Networks	SIFEM is active in umbrella organisations (notably EDFI and its working groups) to increase harmonisation and to progress in impact measurement and -reporting as well as key indicators related to the Decent Work Agenda.	**Achieved:** SIFEM contributed actively to the various working groups in 2021-2024, in particular within the EDFI working groups, and also within the 2X Challenge. In April 2024, SIFEM organised a forum bringing together over 90 ESG and impact specialists from all European DFIs, as well as other organisations such as 2X Global, IFC, Impact Frontiers and CGAP.
	SIFEM shares the experience gained from operational cooperation with multilateral actors, in particular the International Finance Corporation (IFC), with the relevant federal agencies and thus contributes to the steering of these multilateral development banks.	**Achieved:** The Chairman of the Board is involved in the "DFIs in fragile states" initiative, coordinating DFI activities in Nepal, a pilot country. SIFEM also participated with other European DFIs in the dialogue with the International Finance Corporation (IFC), in particular at the annual meetings of the WB Group. SIFEM also took part in technical consultations on OECD-DAC reporting with the OECD.

Annex 2 : Risk management

1 Risk governance

Relevant tasks and responsibilities related to risk management, as outlined by the Organisational Regulations, are as follows:

Shareholder/ General Assembly	• Appoints the SIFEM Board and Board committees members • Defines strategic objectives of SIFEM
Board of Directors	• Sets out corporate strategy and implements SIFEM's strategic objectives set by the shareholder • Establishes and implements a corporate policy framework required for the management of the Company • Establishes, reviews, monitors, and adapts an appropriate risk management and internal control system (ICS) and sets the risk tolerance of the Company • Defines organisation, the accounting standards, the financial controlling, and the financial planning of the Company • Appoints and oversees the activities of the Portfolio Manager, the Business Services Manager as well as other service providers
Audit Committee	• Makes recommendations to the SIFEM Board • Reviews financial statements, valuations, cash management, and budget of the Company • Reviews internal controls and risk management of the Company, including its adequacy and effectiveness • Reviews and makes recommendations on audit plans; reviews audit findings and monitors the implementation of auditors' recommendations to the Company • Recommends annual financial statement for approval to the SIFEM Board
Investment Committee	• Takes investment decisions • Implements investment strategy in accordance with the strategic objectives set by the shareholder, including management of the investment risk profile, based on origination, assessment and recommendations of the Portfolio Manager
Performance and Impact Committee	• Makes recommendations to the Board • Assists the Board in matters that pertain to Impact, ESG and good corporate governance, including the evaluation of annual and strategic objectives, the performance of the Portfolio Manager and Business Services Manager, and public reporting quality and consistency
Portfolio Manager	• Implements and maintains risk and operational compliance management and ICS • Implements and maintains manual of procedures for all operational activities • Reports regularly and as required to the Audit Committee, Board, and auditors on business operations risks of the Company and the control activities conducted, including specifically all activities relating to the origination, assessment, recommendations and monitoring of individual investments made, the overall portfolio and business and operations management tasks
Business Services Manager	• Supports the Board in its supervisory function for certain tasks • Ensures corporate compliance with Swiss law, and reputational risk management on institutional level; reports regularly and as required to the Board on compliance and reputational risks of the Company

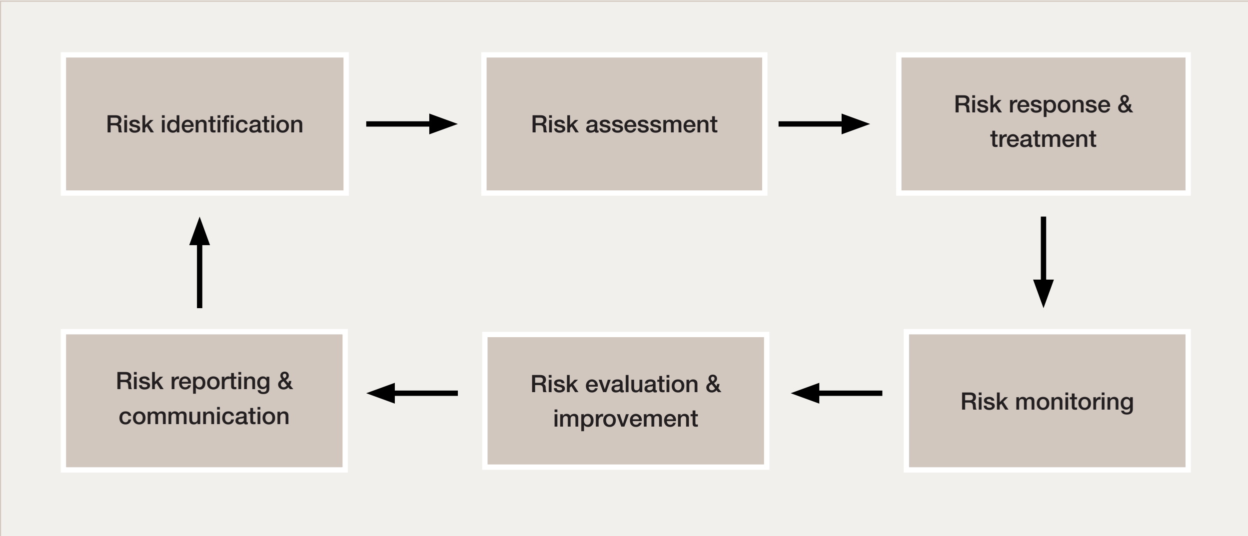
The three lines of defence for managing business operations risks are as follows:

First line	• The first line of defence consists of the business process owners of SIFEM. • The first line of defence is supported by the Portfolio Manager's investment management function, including impact and ESG team, transaction management team, and other service providers involved (Business Services Manager, Custodian and Administrator, and Accountant). • The first line of defence establishes and maintains controls to manage risks in its respective areas of responsibility in line with the risk tolerance approved by the Board and shareholder and includes the implementation of processes and policies, hierarchical controls, monitoring, and reporting.
Second line	• The second line of defence consists of the Risk Management Function of SIFEM. • The second line of defence is provided by the responsible risk function of the Portfolio Manager within the scope of applicable policies, which coordinates and oversees SIFEM's controlling and risk management activities and reports directly to the Audit Committee and Board, as well as the external auditors. For the management of institutional risks, the Risk Management Function is supported by the Business Services Manager. • The Risk Management Function provides risk oversight, guidelines, tools, and support to enable risk and compliance to be managed in the first line, ensuring consistency of definitions and measurement of risk of the Company.
Third line	• The third line of defence consists of the Risk Assurance Function of SIFEM. • The third line of defence is provided by the Audit Committee, constituting objective and independent assurance to the Board on the effectiveness of risk management, controls and control culture by ensuring that the applicable policies and guidelines are adhered to. • The third line of defence may not direct or implement processes but provides advice and recommendations regarding processes and may consider seeking additional assurance from other internal and external providers.

A fourth line of defence consists of external audits performed in accordance with regulatory requirements or other requirements arising from the nature of SIFEM's business.

2 Risk management process

SIFEM's risk management process is conducted in the following steps: (i) risk identification, (ii) risk assessment, (iii) risk response and treatment, (vi) risk monitoring, (v) risk evaluation and improvement, and (vi) risk reporting and communication. The risk management process is designed to support effective risk management and to ensure that risks are regularly monitored and followed-up, in line with internal policies, instructions, manuals and guidelines. This includes controls to ensure that risk exposures remain within approved risk appetite thresholds, limits, and mandates.



2.1 Risk appetite

In pursuit of its mandate, investment principles and the strategic direction within the framework of the strategic objectives set by the shareholder, SIFEM is willing to accept risks with a certain tolerance that are inherent in the provision of development finance to developing countries.

Given the relatively high risk related to its investment operations in challenging target markets as set by the mandate, investment guidelines and strategic objectives, SIFEM seeks to adequately diversify its investment portfolio, and a very strong enterprise risk profile, primarily by: i) clear governance structure, formalized and at high governance standards with experienced and strong management; ii) the application of best practices in risk management and ICS, adjusted according to its strategy and objectives over time; and iii) maintaining strong and stable relationship with experienced and qualified service providers.

For the purpose of incorporating the degree of tolerance for risk-taking into its decision-making processes, SIFEM determines its willingness to take risks and sets out (quantitative and qualitative) parameters for risk appetite, in conjunction with the applicable policies and guidelines of the Company.

2.2 Types of risk

Risk management principles reflect the nature, scope and complexity of the SIFEM's business and the business environment of its operations and includes procedures for assessing and mitigating the following types of risk:

Governance risk	• Governance risk is related to risks and the pursuit of good governance of the Company. Governance risks are associated with SIFEM's fund governance structure, the strategic and operational involvement or representation by external stakeholders, the Company's ethical management, conflicts of interest and transparency.
Strategy risk	• Strategy risk involves both internal and external factors that may affect the Company's ability to follow its strategic direction, involving the environment in which the Company operates and including risks in connection with economic cycles, industry developments, regulatory and technological change, or may evolve due to a change of strategic direction.
Financial risk	• Financial risk is related to the financial performance of the Company, specifically to the risk of losing money, and may include funding, liquidity, credit and valuation risks which may endanger the Company's financial sustainability (but exclude market, operational, investment and counterparty risks which are presented as a separate risk category).
Market risk	• Market risk is a financial risk arising either from the investment policy of the Company or is not directly foreseen by the investment policy, including the risk that macro movements in target markets, fluctuations of market prices, interest rates, equity prices, exchange rates and credit spreads that lead to unexpected changes to the net asset value of the Company.
Investment and counterparty risk	• Investment risk refers to probability of incurring losses resulting from investment decisions or risks related to adverse selection and appraisal of investment opportunities. This includes consideration of environmental and social risks as well as impact risks, and whether an investment does not perform in accordance with ex ante expectations.
Operational risk	• Operational risk is the risk of financial loss resulting from the inadequacy or failure of internal processes, people, or systems or from external events, and may include risks related to lack of resources, directives, or processes for the sustainable management of the Company.
Compliance and legal risk	• Compliance risk is related to failure of acting in accordance with the Company's mandate, industry standards, regulatory requirements, internal regulations and prescribed best practices, including those related to ESG standards set, or the law.
Reputational risk	• Reputational risk is the risk of damage of the Company's reputation and relates possible events that could deteriorate the public reputation of SIFEM and may lead to reduced business activity and reduced income and stakeholder trust.

Internal risk	• Internal risks are business risks typically originating from internal factors, such as internal regulations, tools and procedures, personnel, resources, and internal management of the Company, and may be related to corporate governance, or the implementation of the corporate strategic direction.
External risk	• External risks are business risks typically originating from external factors outside the corporate structure, such as economic, macroeconomic, or natural factors, but also risks arising from within the Company's ecosystem and/or involve external stakeholders, such as service providers, policy providers and other external stakeholders, or political factors.

3 Portfolio risk monitoring system

The risk scoring system applied for SIFEM is based on the assessment of qualitative and quantitative indicators. The risk score of an investment or counterparty results from the sum product of the weighted, aggregated sub-factors (i.e. funds or other structured products, 11 qualitative and quantitative indicators), for other financial intermediaries (FI, e.g. bank, MFI, etc., 8 qualitative and quantitative indicators). To account for the investment instrument specific risks or the performance adjustment factors are or may be applied on the calculated risk score, namely for:

- Private equity funds: performance risk indicators of investments (already executed)
- Debt or mezzanine funds: investment instrument risk and seniority of the underlying portfolio
- Other financial intermediaries or direct investments: investment instrument seniority risk, currency and/or interest rate risks

Overview of risk indicators

Risk score of PE fund investments	Risk score debt fund investments	Risk score FI Investments	
PE fund performance adjustment	Debt funds investment instrument adjustment	FI investment instrument adjustment	
		FI currency risk adjustment	
	Debt funds underlying instrument adjustment	FI interest rate risk adjustment	
Basic risk score fund investments	100.0%	Basic risk score FI investments	100.0%
Fund operation risk	30.0%	FI operational risk	32.5%
Fund specific risk	25.0%	FI financial risk	32.5%
Market & infrastructure risk	32.5%	Market & infrastructure risk	30.0%
E&S risk	12.5%	E&S risk	5.0%

4 Portfolio risk profile 31 December 2024

As of December 2024, the risk distribution of the SIFEM portfolio in terms of investments, as determined by the new Portfolio Manager's risk monitoring system, is as follows for each risk category. Exposures are reported according to active commitments (COMM), net outstanding cost (COST) and fair market value (FMV).

The most significant concentration of investments is classified in the middle risk categories (i.e. over 70% of the SIFEM portfolio is in the low-to-moderate risk category). Most of these investments reflect the expectations in line the inherent risk profile, are performing as expected or are simply too early to show a significant deviation from their initial risk assessment (which is usually "moderate risk" to “low risk” for private equity funds and debt funds respectively). On the other side, projects in the higher risk categories are either not performing as expected or have a risk score affected by an increased counterparty risk or higher macroeconomic and market risk arising from SIFEM's development mandate. This is reflected also in the TVPI, illustrating very clearly a deterioration of the underlying market value of such investments. Investments in the low or very low risk categories are mainly projects that exceed the expected performance in terms of value and investment returns.

This becomes increasingly more distinct when investments are weighted by their net asset value. However, this is not surprising, as high-risk projects are generally discounted more heavily or have lost value in the past compared to the original investment costs.

4.1 Portfolio risk profile by risk category

SIFEM portfolio risk profile

as of December 2023 and 2024

	Number of SIFEM investments by risk category											
SIFEM portfolio	No.		COMM		COST		FMV		TVPI		DPI	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Very low risk	5	7	4%	5%	3%	5%	8%	7%	2.31	1.56	1.46	1.06
Low risk	40	24	44%	29%	37%	25%	43%	29%	1.22	1.27	0.52	0.56
Moderate risk	37	43	34%	43%	36%	36%	37%	40%	1.11	1.15	0.42	0.52
High risk	15	20	11%	17%	16%	27%	10%	22%	0.80	0.89	0.43	0.38
Very high risk	9	10	6%	6%	8%	8%	2%	2%	0.57	0.59	0.45	0.45

Comparing the risk profile of SIFEM's portfolio with 2023, it stands out that the overall risk profile has improved. This is mainly due to the following factors: The existing portfolio positions have on average performed very positively in 2024, leading to an increase in value and a positive development in the risk profile, while some of the non-performing and riskier investments have been exited during the year (or written down at a significant discount). This is contrasted by a busy investment activity.

Since the beginning of 2023, 22 new investments have been made, which corresponds to nearly a quarter of the portfolio. As mentioned above, at the time of investment, the risk profile of an investment is typically lower. Moreover, investment sourcing constitutes the most important instrument of portfolio construction and risk diversification, as SIFEM is not active in the secondary markets.

By way of example, in the direct debt portfolio, where the risk profile to some degree has normalised as a result of new investments, write-downs and a material, successful exit of an investment classified as "high-risk".

The diversification across asset classes further illustrates the importance of the continuous rebalancing between debt and equity instruments as part of the overall risk mitigation in the portfolio. As illustrated in the table below, debt fund investments offer a significant lower risk profile, which suggests that the higher risk of equity investments can be partially mitigated.

The application of the different weighting approaches (net cost vs. fair market value), differentiated by type of investment instrument, provides an in-depth look at the risk allocation within the portfolio. Fund investments overall exhibit an increased concentration in the medium risk categories. However, the assessed risk of debt and mezzanine funds is significantly lower than that of private equity funds, where the proportion of higher risk investments is evident.

4.2 Portfolio risk profile by investment instrument

Portfolio risk profile by investment instrument

as of December 2024

Private equity funds

	No.	COMM	COST	FMV	PF FMV	TVPI	DPI
Very low risk	4	4%	5%	11%	8%	2.64	1.51
Low risk	26	42%	35%	40%	30%	1.24	0.50
Moderate risk	26	37%	35%	35%	26%	1.11	0.40
High risk	13	13%	20%	11%	8%	0.67	0.25
Very high risk	5	3%	5%	2%	1%	0.49	0.19

Debt funds

	No.	COMM	COST	FMV	PF FMV	TVPI	DPI
Very low risk	1	7%	0%	0%	0%	1.33	1.32
Low risk	10	68%	59%	65%	8%	1.20	0.63
Moderate risk	6	24%	41%	35%	4%	0.95	0.37
High risk	-	-	-	-	-	-	-
Very high risk	-	-	-	-	-	-	-

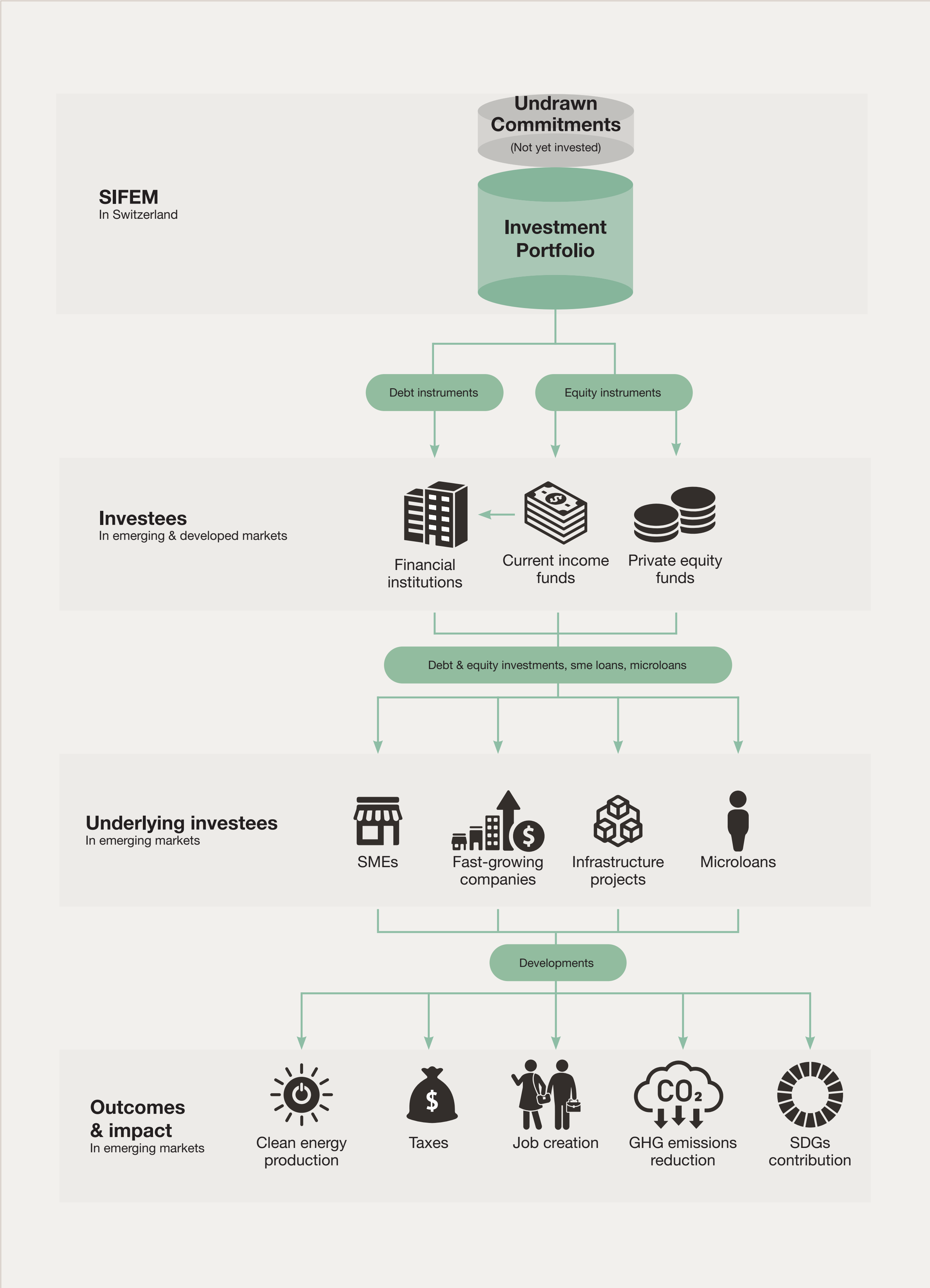
FI Investments

	No.	COMM	COST	FMV	PF FMV	TVPI	DPI
Very low risk	-	-	-	-	-	-	-
Low risk	4	27%	26%	36%	5%	1.13	0.49
Moderate risk	5	33%	37%	52%	7%	1.23	0.51
High risk	2	14%	12%	10%	1%	1.21	1.01
Very high risk	4	26%	26%	2%	0%	0.61	0.58

The picture is very different for debt instruments such as debt funds and other pooled debt instruments: the risk concentration strongly tends to lower risk. Such vehicles provide a lower level of underlying investment risk, as the exposure consists of debt or subordinated debt instruments that are senior to equity investments. Furthermore, pooled vehicles offer a degree of diversification, which generally makes them less risky than direct debt transactions.

The risk rating of SIFEM's direct debt transactions typically lies between the risk rating of the private equity funds and that of pooled debt instruments with a concentration in the moderate risk category. The risk profile here, based on the number of projects, also shows that better diversification is still needed here due to the relatively small sample and the proportion of riskier deals. This will be one of the key elements of portfolio construction in the coming year and new strategic period, in the implementation of the business plan.

Annex 3 : Investment value chain



Annex 4 : Glossary

Active Commitments

The current active commitments (total commitments since inception less terminated commitments) by SIFEM to funds and Financial Institutions.

Association of European Development Finance Institutions (EDFI)

The association of 15 European based, bilateral Development Finance Institutions whereby SIFEM is a member.

Current Income Investments

Investments which regularly pay out fixed or variable amounts of interest or dividends.

Custodian

A regulated, specialized financial institution responsible for safeguarding SIFEM's financial assets such as stocks, bonds, and currencies.

Development Finance Institution (DFI)

A term used to refer to the range of bilateral and multilateral institutions that provide risk capital to the private sector of developing countries.

Internal Rate of Return (IRR)

The annualized effective compounded rate of return for an investment and is commonly used to evaluate the desirability of investment projects. It is the standard measure of financial return used in the Private Equity Industry.

International Financial Reporting Standards (IFRS)

A set of accounting standards developed by the Intentional Accounting Standards Board (IASB) for the preparation of public company financial statements.

International Private Equity and Valuation Guidelines (IPEV)

A set of internationally recognized guidelines that set out the best practice where private equity investments are reported at fair value and have been adopted by the leading global Private Equity associations.

Invested Capital

Contributions transferred to the investee, including out-of-commitment contributions (such as late entry fees, penalties, and other charges).

Investees

Funds or Financial Institutions that have received financing from SIFEM.

Legacy Position

The portfolio of investments that were made on behalf of the Swiss Confederation prior to the establishment of SIFEM in 2011.

Mezzanine Fund

A close-ended, collective investment platform which aggregates capital from multiple sources to then invest in debt and quasi debt securities of primarily private companies.

Net Asset Value (NAV)

The amount attributable to the investors of a portfolio on the basis of the fair value of its Assets less its liabilities.

Net Income

In SIFEM's IFRS financial statements, net income refers to the result from investment activities. It combines interest income, dividend income, investment-related services income, foreign exchange gains/losses on investments, changes in NAV of investments, and impairment losses on debt investments.

Operating Result

In SIFEM's IFRS financial statements, the operating result is calculated by subtracting administrative and operating costs from the net income.

Private Equity Fund

A close-ended, collective investment platform that aggregates capital from multiple investors to then invest in private equity securities.

Private Equity

Medium to long-term finance provided in return for an equity stake in growing companies, which are usually not listed on a public exchange.

Reflows

Any type of payments received in return from SIFEM's investment portfolio, including capital repayments, realized capital gains, dividends, interest.

Residual Value

The remaining equity that SIFEM has in a fund on a fair value basis. For direct and debt investments: carried at cost; for fund and equity investments: as a percentage of fund Net Asset Value (NAV); for debt fund investments exceptions may apply.

Total Comprehensive Income

In SIFEM's IFRS financial statements, total comprehensive income is calculated by adding the financial result and currency translation effects to the operating result.

Total Value to Paid-In (TVPI)

A metric in private equity measuring performance by relating the total investment value (residual value plus all historical investment reflows) to the invested capital to date.

Underlying Investees

Companies or individuals that receive capital from a fund or a Financial Institution in which SIFEM has invested.

Annex 5 : List of abbreviations

AG	Swiss public limited company (Aktiengesellschaft)
Art.	Article
BII	British International Investment
CEE	Central and Eastern Europe
CGDF	Corporate Governance Development Framework
CHF	Swiss Franc
CIS	Commonwealth of Independent States
DE	Development Effectiveness/Effects
DEG	German DFI
DFI	Development Finance Institution
EAD	Exposure at default
EC	European Commission
ECL	Expected credit loss
EDFI	Association of European Development Finance Institutions
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESG	Environmental, social and governance
EU	European Union
EUR	Euro
FDFA	Federal Department of Foreign Affairs
FI	Financial institution
FMO	Dutch DFI
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GDP	Gross domestic product
GPR	Corporate policy project rating tool (developed by DEG)
ICS	Internal Control System
ICT	Information and communication technology
IFC	International Finance Corporation
IFI	International Financial Institution
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IPEV	International Private Equity Valuation Guidelines
IRR	Internal Rate of Return

IRT	Impact Rating Tool
LATAM	Latin America
LDC	Least developed countries
LGD	Loss given default
LIC	Lower income countries
MDB	Multilateral development banks
MENA	Middle East and North Africa
MFI	Microfinance institution
MSME	Micro small and medium-sized enterprise
NAV	Net asset value
No.	Number
NPV	Net present value
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
PD	Probability of default
PE	Private equity
PEF	Private equity fund
SCO	Swiss Code of Obligations
SDC	Swiss Agency for Development and Cooperation
SDGs	Sustainable Development Goals
SECO	Swiss State Secretariat for Economic Affairs
SIFEM	Swiss Investment Fund for Emerging Markets
SME	Small and medium-sized enterprise
SNB	Swiss National Bank
SR	Classified Compilation of Swiss Federal Legislation
SSA	Sub-Saharan Africa
SSPI	Solely payment of principal and interest
TA	Technical assistance
TVPI	Total value over paid-in capital
UN	United Nations
USD	United States Dollar
WTO	World Trade Organisation
ZAR	South African Rand

Design

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SIFEM

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