

## **Impact of COVID-19 on Triodos Fair Share Fund**

Plunging global equity markets as a result of concerns over the wide spread of the corona virus have put a strain on listed investments. The recently published [research by Ortec Finance](#) showed that our alternative investment funds demonstrate a low or even negative correlation to important risk drivers, such as strongly declining stock markets. The main reason for this is the fact that these funds operate in the real economy. However, in light of the severe measures that are taken by governments to slow down the spread of the COVID-19 virus, real economic activities are heavily disrupted in an increasing number of countries.

Although much more moderate than the effects on equity markets, the impact of these disruptions are now slowly becoming visible for investment funds that invest in the real economy.

### **Downward adjustment NAV Triodos Fair Share Fund**

As per today, 23 March 2020, the NAV of Triodos Fair Share Fund has been adjusted downwards by 2.3%. Triodos Fair Share Fund has a portfolio of debt and equity. 28% of the fund's assets under management is invested microfinance institutions through equity participations. These equity participations are valued based on their fair value, or in other words, an estimate of the value Triodos Fair Share Fund would receive if these equity participations would need to be sold today. The fair value is determined based on multiple indicators, such as macro-economic developments, the solidity and outlook of an organisation, but also the market circumstances in the organisation's country and region.

In the past days we have assessed the impact of local government measures related to the COVID-19 virus and declining oil prices on the fund's largest equity participations. This has resulted in a lower valuation of some of the portfolio organisations considering lower growth projections for the medium-short term. This in turn has led to a downward adjustment of the fund's NAV with 2.3% as per 23 March 2020. For the debt portfolio no provisions are currently needed as there are no indications of deterioration in credit worthiness at the moment.

We are in close contact with the investment companies to fully understand the local situation and are alert to act on risks that would emerge in our portfolio. At the same time, we should also remember that, especially in these times, our investments are making a difference to people in challenging circumstances.

Although this downward adjustment is currently in place only for Triodos Fair Share Fund, it is to be expected that Triodos Microfinance Fund, who's portfolio is comparable, will also be faced with a downward adjustment. However, this fund has a monthly NAV. The NAV of Triodos Microfinance Fund will be published on 7 April 2020.