

The

LuxFLAG LABEL

for microfinance vehicles

*Ensuring peace of mind
for microfinance investors*



LUXFLAG
microfinance

Luxembourg Fund Labelling Agency (LuxFLAG)

LuxFLAG is an independent organ for Microfinance by awarding a d

The label you need

Thanks to the 2005 International Year of Microcredit, the award of the 2006 Nobel Peace Prize to a Microfinance practitioner and strong media coverage, awareness of Microfinance and access to financial services as tools that can alleviate poverty have taken a massive leap forward in recent years.

- microfinance Institutions (MFIs) are increasingly turning to the international capital markets in order to raise capital to increase their reach into the poor urban and rural areas which they serve;
- a growing number of Microfinance Investment Vehicles (MIVs) have been created to serve this need;
- there is increasing institutional and retail investor demand for socially responsible investment opportunities;
- as the choice of funds available to investors expands, MIVs will increasingly need to differentiate themselves.

The complexity of different structures available and similarity of investment policies make it difficult for potential investors to choose their investment in Microfinance. The LuxFLAG Microfinance Label will confirm annually that your fund is predominantly invested in Microfinance and meets an international standard recognised by experts in the field.

isation based in Luxembourg that aims
distinctive Label to eligible Microfinance

Give visibility to your fund

- A fund that has been granted the LuxFLAG Microfinance Label may use the distinctive LuxFLAG Logo in its marketing and promotional activity;
- Your fund will be identified with a specific Label in a dedicated list on the database of Finesti (a subsidiary of the Luxembourg Stock Exchange) which is made available to major international data vendor companies;
- LuxFLAG offers a forum on its website for you to publish statements relative to your MIV¹;
- The LuxFLAG Label is widely promoted by the Agency and its Members through conferences, seminars and industry related media opportunities, adding value to the brand and providing a platform from which to attract institutional investors.



¹ All such material will be subject to approval by LuxFLAG.

to promote the raising of capital Investment Vehicles (MIVs).

Enhance your profile for new investors

Your investors can be confident that:

- their money will be invested in Microfinance;
- your fund is regularly scrutinised by an expert panel and meets internationally recognised standards in the Microfinance sector;
- you are committed to going the extra mile in order to deliver confidence and a high service level to your customers.

Applying for the LuxFLAG Label

In order to obtain the LuxFLAG Microfinance Label, an MIV must comply with the criteria set-up by the agency and duly complete and return the application form (available at www.luxflag.org) to LuxFLAG together with:

- the prospectus of the investment vehicle;
- the Statutes or Articles of Incorporation;
- the latest audited financial statements;
- the unaudited semi-annual financial statements, if more recent¹;
- a full list of assets in the portfolio² (if not included in the financial statements).

² LuxFLAG will not award a Microfinance Label based on investment policy. Only the portfolio of investments will be taken into consideration. Funds that are invested but have not completed their first financial year may request derogation from the requirement to produce an Annual Report.



How long will this take?

Applicants for the LuxFLAG Microfinance Label will receive an acknowledgement by e-mail within ten (10) business days of receipt. Applications will be reviewed and any additional information solicited if necessary. When the application is complete, it is presented to the Eligibility Committee of LuxFLAG for analysis.

Based on this analysis, LuxFLAG will approve or reject the application.

If the application is complete and accurate, the process should take no longer than one month. A written notification of the decision will then be sent to the applicant.

Are there any other conditions?

Successful applicants will be required to pay a fee of EUR 3,000 per entity plus EUR 500 for the third and subsequent sub-funds up to a maximum of 5 sub-funds and to sign a set of Terms and Conditions relating to the use of the LuxFLAG Label.

**More information
on the procedure
and criteria can be found on
www.luxflag.org**



Honorary President

Her Royal Highness the Grand Duchess Maria Teresa of Luxembourg

Charter Members of LuxFLAG

- The Luxembourg Stock Exchange
- The European Investment Fund (EIF)
- The Association of the Luxembourg Fund Industry (ALFI)
- The Luxembourg Bankers' Association (ABBL)
- The Financial Technology Transfer Agency (ATTF)
- Appui au Développement Autonome (ADA)
- The Government of the Grand Duchy of Luxembourg:
 - Ministry of Finance
 - Ministry of Foreign Affairs
- Luxembourg For Finance (LFF)

Associate Members of LuxFLAG

LuxFLAG also welcomes Associate Members. Many renowned organisations have joined LuxFLAG as Associate Members, and numerous others are in the process of doing so.

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The award of a LuxFLAG Label does not constitute a recommendation to invest and does not provide a guarantee of investment performance.