

Rating Status: Reviewed Rating



Rating Date: 6/20/2012

Fund Name:

Fondo de Inversión Social-FIS

FUND RATING REPORT

GIIRS ratings provide investors with rigorous, reviewed transparent, comprehensive, and comparable ratings of Fund impact. GIIRS helps investors make money while solving the world's most challenging problems. GIIRS Driving Capital to Impact.



FUND RATING

The Fund Rating is comprised of a weighted average of the fund's investment roll-up score and its fund manager assessment score.	Weighting within Rating	Total Pts (200 Pts Avail.)
FUND RATING		89.9
Investment Roll-Up	N/A	N/A
Fund Manager Assessment	N/A	98.7

INVESTMENT ROLL-UP

The Investment Roll-Up is determined by a weighted avg. of the scores of the investments in the fund's portfolio and the total amount invested in each investment	Total Pts (200 Pts Avail.)	EM Index*
INVESTMENT ROLL-UP	89.0	
N/A-Less than 25% of capital deployed		

FUND MANAGER ASSESSMENT

The Fund Manager Assessment covers topics regarding a fund's policies and practices in deploying and managing its capital	Total Pts (200 Pts Avail.)	Avg Score (by Investing Status)*
FUND MANAGER ASSESSMENT	98.7	132.8
Targeted for Investment Information about the historical performance of the fund manager and the intent of the current fund	29.6	44.4
Investment Criteria Covers information about the fund's investment policies in regards to impact	32.9	45.9
Portfolio Management Focuses on the way the fund manages its portfolio after an investment has been made	28.0	38.1
Subcategory Points (Targeted for Investment, Investment Criteria, etc) in some case may not add up to the total points if the fund has selected N/A for 1 or more questions.		

FUND DESCRIPTION

The "Fondo de Inversión Social" ("Social Investment Fund") is the first private investment fund in Chile focusing on social entrepreneurs and institutions generating sustainable social impact with a significant potential to scale.

Asset Class:

Private Equity/Venture Capital

Security Type(s):

Equity; Mezzanine; Long-Term Debt

Stage:

Growth Stage; Mezzanine Financing

Investing Status:

Actively Investing

Vintage Year:

2009

Funding Status:

Open - At least one commitment made

Primary Target Market:

Emerging

FINANCIAL INFORMATION

Total Committed Capital-Fund:

\$4,500,000.00

Target Committed Capital-Fund:

\$6,000,000.00

Target Net IRR:

Not provided

INVESTMENT MANAGER PROFILE

Fund Manager

Claro y Asociados

Certified B Corporation

No

Total Assets Under Management:

\$165,000,000.00

*As of June 30, 2012

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FUND INCENTIVE STRUCTURE

Management Fee: 2.0%	Hurdle Rate: Not provided
Investment Term (Years): 10	Target Close: Q1 2020
Target Limited Partners: Family Office/HNWI; Foundation	Current Limited Partners: Family Office/HNWI
Minimum LP Commitment (Institution): \$100,000.00	Minimum LP Commitment (Individual): \$100,000.00

INVESTMENT SIZE

Target Investment Size Minimum: \$1,000,000.00	Avg. Target Investment Size \$1,000,000 - \$5,000,000
Target Investment Size Maximum: \$1,000,000.00	

INVESTMENT STRATEGY

FIS identifies those businesses and institutions, invests in them in order to expand the social impact while seeking a moderate financial return, and leverages its investment activity with management and technical assistance. Through private investment in key areas like microfinance, education, healthcare, social housing and environmental businesses, FIS gives Chilean investors the opportunity to finance solutions to social challenges that are usually considered public responsibility.

INVESTMENT TARGETS

Primary Investment Region(s): Latin America	Primary Countries of Investment: Chile
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INDUSTRY

Industry Categories Education; Financial & insurance activities; Professional & technical services	Target Industries Description: Not provided
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IMPACT

Fund Mission:
FIS identifies those businesses and institutions, invests in them in order to expand the social impact while seeking a moderate financial return, and leverages its investment activity with management and technical assistance. Through private investment in key areas like microfinance, education, healthcare, social housing and environmental businesses, FIS gives Chilean investors the opportunity to finance solutions to social challenges that are usually considered public responsibility.

Impact Targets Socially beneficial prod/serv; Environmentally beneficial prod/serv	Impact Targets Description: Not provided
Socially Beneficial Products & Services: Access to basic services; Health; Education; Capital Flow (microfinance, equity, etc)	Environmentally Beneficial Products & Services: Not provided

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CURRENT INVESTMENTS

FUND PROFILE

INVESTMENT INFORMATION

Company Name	Country of Principle Operations	Principle Sector	Principle Industry	Revenue Range	# of Emps	Initial Investment Date	Security Type	Verification
Fe y Alegría Chile A.G.	Chile	Service	General secondary education (ISIC 8521)	\$0 - \$1,999,999	10-49		Equity; Mezzanine; Long-Term Debt	Reviewed Rated
LUMNI CHILE	Chile	Service	Other financial services (ISIC 6499)	Not Disclosed	1-9		Equity; Mezzanine; Long-Term Debt	Reviewed Rated
Total Number of Current Investments:		2						

The material on this report is for informational purposes only, and is not an offer or recommendation to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. GIIRS's opinions and analyses do not address the suitability of any security. GIIRS does not act as a fiduciary or an investment advisor. While GIIRS has obtained information from sources it believes to be reliable, GIIRS does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction.

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FUND MANAGEMENT ASSESSMENT DETAILS

	Points Earned (200 Pts Avail.)	Avg Score (by Investing Status)*
OVERALL RATING	98.7	132.8
Targeted for Investment	29.6	44.4
Fund Manager	6.3	17.9
Current Fund	23.3	26.5
Investment Criteria	32.9	45.9
Positive Impact	32.9	45.9
Portfolio Management	28.0	38.1
Mission Lock	0.0	4.6
Mission-Aligned Exit	0.0	1.8
Capacity Building	10.0	15.7
Portfolio Reporting	18.0	16.0

TARGETED FOR INVESTMENT

What % of the fund management company or parent financial institution's total assets under management are impact investments?	1-24%
What % of your total fund targets impact investments?	> 75%

INVESTMENT CRITERIA

Does your fund's investment agreements with portfolio companies set an expectation for certain practices?	No
Does this process set a minimum bar for investment in terms of social and environmental performance?	Yes - All companies are required to create positive social and environmental value to be considered
Does your fund have a due diligence process to review potential investments according to social and environmental criteria?	Yes
Does your fund's Private Placement Memorandum (PPM) include specific language?	Requires fund managers to consider environmental issues, employment/labor practices, and community engagement when making investments,

PORTFOLIO MANAGEMENT

Which of the following types of capacity building assistance do a majority of your portfolio companies receive as a result of investment?	Social and Environmental Reporting
Which of the following types of financial capacity building assistance do a majority of your portfolio companies receive as a result of investment?	Capital Raising, Business Strategy, Financial/Operational Strategy
Is the managing partners' compensation and incentive structure at least partially determined by the social and environmental performance of the portfolio?	No

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CONTACT DETAILS

Contact Name: María José Montero Y.
Address: Calle Cerro el Plomo 5630 of. 1601, Las Condes Santiago, Chile
Contact Title: Fund Manager
Website Address: www.claroyasociados.cl
Contact Email: mjmontero@claroyasociados.cl
Contact Phone: (562) 499-7623

FROM THE MANAGEMENT

MANAGEMENT

Name:	Title:	Year Joined Firm	Years of Experience
María José Montero Y.	Fund Manager	2009	3
Pablo Armas	Partner	2008	10
Javier Contreras	Partner	2009	20
Jose Mujica	Partner	2008	10

*The Management Letter on this page is provided directly by the Fund and has not been validated by GIIRS.

Understanding the Global Impact Investing Rating System (GIIRS)

GIIRS provides an independent judgment of social and environmental impact for both companies and investment funds using a ratings scale of 1 to 5 stars. Through a broad spectrum of questions regarding impact models, practices, policies and achievements, the system is designed to be applicable to a wide range of industries and business models. Also, like impact investing, GIIRS sets itself apart from socially responsible investment ratings, which typically focus on negative screens, as GIIRS ratings recognize only positive impact generated by a Fund or fund.

Ratings System Overview

The GIIRS assessment and ratings are:

Transparent:

Criteria and weightings for each impact area, subcategory and individual question within the assessment are fully transparent.

Independently Governed:

Overseen by independent Standards Advisory Council of experts, practitioners, investors and thought leaders.

Dynamic:

A new version of the survey is developed every two years.

Unique characteristics:

Comprehensive:

Recognizing multiple social impact models as well as >100 multi-stakeholder practices and policies of a sustainable enterprise.

Comparable:

Allow investors to compare and aggregate ratings of various Fund geographies, sectors, and sizes in the same portfolio. Specifically tailored questions and weightings applied in a consistent framework ensure both relevancy and comparability. There are twelve Fund tracks in domestic markets and sixteen tracks in emerging markets.

Adaptable:

Incorporate industry addenda focused on products and services of companies within specific industries. Based on market demand, currently offer financial services addenda for both developed and emerging markets and a building addendum for developed markets. Additional addenda for other industries will be added over time.

Positive Impact Focus:

GIIRS ratings focus on the performance generated by a Fund or fund, rather than on negative screens

Appropriate for Private Companies:

Questions tailored for small and medium sized enterprises

For Assessment & Improvement:

Companies can use the GIIRS Assessment to both get a GIIRS rating and as a tool to manage their performance overtime

GIIRS

ASSESSMENT STRUCTURE

I. Social Enterprise Models

Specific models designed to create social and/ or environmental impact through Fund products or services, target customers, value chain, ownership or operations.

II. Practices

Impactful practices, policies and achievements.

- a. Governance
- b. Workers
- c. Community Products
- d. Community Practices
- e. Environment Products
- f. Environment Practices

III. Disclosure Questionnaire

Unweighted disclosures to investors of potentially sensitive issues.

The Verification Process

GIIRS utilizes a three level verification process to ensure accuracy and validity of ratings information. All ratings and reports will be classified according to the level of review undertaken.

Step 1: Assessment Review

Companies engage in a 1-2 hour call with GIIRS staff to review answers, clarify questions and definitions, and ensure proper inputs for calculations.

Ratings Classification: **Preliminary**

Step 2: Documentation Review

Companies are required to provide randomly selected documents for third-party review in order to validate Fund responses to material and highly material questions.

Ratings Classification: **Reviewed**

Step 3: On-Site Review

Each year, 10% of the prior year's GIIRS-rated companies will be randomly selected for on site review where a third party will verify the Fund's practices, tour facilities, and conduct employee interviews.

Ratings Classification: **On-Site Reviewed**