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THE GLOBAL PERSPECTIVE

PEVC

Entrevista

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Founded in 1956, International Finance Corporation is a private equity investment firm based in Washington, District of Columbia. The firm is a member of the World Bank Group and is a global development institution that focuses on the private sector in developing countries. The firm provides investment services, advisory services, and asset management services to businesses and governments. Although part of the Bank Group, IFC is a separate legal entity with separate Articles of Agreement, share capital, financial structure, management, and staff.

inBrazil: Focusing on IFC's existing portfolio of investments in Latin America and Brazil, what type of challenges, in general terms, are your local GPs and their portfolio companies facing at this time?

Petrini: We have taken the temperature across our entire portfolio and are in close communication with our fund managers. First order feedback was on company performance, safety of employees, and assessing liquidity/cash runway. The hardest hit sectors in our portfolio are services, especially tourism, hospitality and travel. We have been impressed by how quickly GPs have moved to assess the impacts. A lot of GPs are trying to ensure their portfolio companies have access to liquidity and making a plan for the next 12-18 months. The GPs who have dry powder are in the best position right now: they will only need to play defense on a handful of portfolio companies, and can take this opportunity to be on the lookout for good companies or acquisitions at attractive pricing, but this price adjustment could take some time.

inBrazil: How has the transactional, diligence, communication and investor relations process in general changed for IFC? Do you see some of these as short-term changes or are some here for good? Has this impacted your ability and / or interest in establishing new relationships with funds?

Petrini: We are on track to set a recent record for commitments to funds, co-investments and portfolio company financings. By the end of our fiscal year, we will meet our objectives for commitments of \$500 million in global commitments to PE and VC funds. It was a busy year for our funds program in Latin America, and through a combination of re-ups and new relationships, we have committed over \$100 million to the region, \$45 million of which is specifically for Brazil. Since the onset of the pandemic, we have been undertaking remote due diligence. For re-ups it is not very complicated, but can be a bit more challenging for new relationships. IFC quickly established a framework for conducting virtual due diligence, so we have clear guidance on how to keep moving forward with our investment program. Like so many things, I imagine that we will adopt some changes permanently. Our interactions with clients are paramount so we need to adopt the most effective measures and be flexible in this period.

inBrazil: Looking at your pipeline and possible future investments, does IFC see opportunity coming from this crisis and if so, are there private capital segments or sectors that you feel are more/less attractive for the region now? (larger ticket/ middle market buyout, growth capital, VC, distressed/special sits/private credit/real estate/real assets etc.)

Petrini: While many commercial investors may be rethinking their allocations to emerging markets, these are the times when organizations like IFC are most active and trying to determine how we can support the markets in which we operate. It's hard to go in now, but times such as these have historically delivered for our portfolio. We do have some concerns on what the near term fundraising landscape will look like, so while we may not be as active in primaries due to the overall drop in activity, we will be looking to support our GPs through co-investments. Our main investment strategy for funds has not changed, and our core focus remains on mid-market/growth managers, and selectively growing our VC exposure. This is precisely what we have been doing in Brazil over the last four years.