SUMMIT & INVESTOR ROUNDTABLE Highlights
KPMG is honored to have been a Lead Sponsor of the 2017 Latin American Private Equity & Venture Capital Association’s Summit & Investor Roundtable for the eighth consecutive year. The event, held at the Metropolitan Club in New York in September 2017, congregated major industry players for discussion of challenges and opportunities in Latin America, as the region continues to gain momentum and attract global capital.

The global private equity sector is constantly facing new demands and evolving challenges. In Latin America we are seeing technology disruption in sectors such as financial services. Notably, some fintech companies are starting to take on more significant regional roles.

As in previous years, investors are looking for improved returns and lower fees, as well as greater transparency. A significant consideration for private equity firms is still the devaluation of currencies, which drive lower returns while measured in USD. On the other hand, private equity keeps proving its ability to positively impact local economies by pushing forward best practices and job creation. Combined, these circumstances set a challenging stage for this industry, but to date have facilitated an active PE market with consistent growth.

KPMG was the first accountancy organization to have a dedicated multi-disciplinary Private Equity Group. Our professionals, leveraging global expertise from other areas of the firm, are ideally placed to help funds to address the challenges of these more benign market conditions, exploit opportunities in high-growth developing markets and ultimately add value for investors. To request further detail on private equity in Latin America, feel free to contact us at kpmg.com.mx.

Yours truly,
Victor L. Esquivel
Senior Partner / Private Equity Head Latam
KPMG in Mexico
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"We've seen renewed hopes for recovery in the region by the end of 2017."
"Many businesses in Latin America are family owned and want to stay family controlled, but at the same time would like to partner with a global partner."

"Mexico has a lower percentage of global PE firms competing for opportunities compared to China for instance, there are more local players active in Mexico."
Beyond the Headlines: Opportunity & Risk for Mexican Investors

Moderator: Maria Ariza, CEO, AMEXCAP
Roberta Brzezinski, Managing Principal, CDPQ
Juan Pablo Loperena, CEO, TIP Mexico
Scott McDonough, Founding Partner & Managing Director, Alta Growth Capital
Alfredo Castellanos, Managing Partner, Glisco Partners

"On the infrastructure side there’s no doubt that there are opportunities for large investors."

"Mexico continues to be a strategic exit market. We’ve seen increased interest from financial buyers, which is great because it is another exit path."
Navigating Political Headwinds: Is it the Right Time to Invest?

Moderator: Cate Ambrose, President, LAVCA
Fernando Borges, Managing Director & Co-Head South America, The Carlyle Group
Colin Curvey, Co-Head, IFC African, Latin American & Caribbean Fund, IFC AMC
Roberto Terrazas, Managing Director, Nexxus Capital
Rodolfo Spielmann, Managing Director & Head of Latin America, CPPIB

“We only see upside in this cleanup process. The way companies are doing business [in Brazil] will change.”

“You need to find dislocations, it’s part of our job. Healthcare is a sector that’s very defensive and resilient - our largest deal ever in the region [a healthcare company] was driven by political dislocation. We use political dislocation to find opportunities.”
Deal Cases & Investment Trends: Consumer Products & Services

Moderator: Jose Fernandez, Partner, COO, StepStone Group
Dirk Donath, Managing Partner, L Catterton
Gonzalo Fernández Castro, Managing Director, Head of LatAm PE, Partners Group
Saul Villa, Partner, KPMG Cardenas Dosal
Hector Martínez, Partner, The Abraaj Group

“There is declining consumer loyalty to brands, with the driving force being millennials. Customers want personalized experiences, so companies need to address that.”

“We observe consumer trends in the US and Europe to see if they will play out in Latin America in order to anticipate.”
“The fundamentals in Mexico are extremely strong. There’s a lot of wind and solar resources, combined with low penetration, there is significant opportunities.”

“Things are really changing on the financing side, BNDES [in Brazil] used to finance below market rates, you cannot do that anymore.”

Deal Cases & Investment Trends: **Renewable Energy & Power**

Moderator: Ivonne Cuello, Director of Business Development & Strategy, LAVCA
Michael Harrington, Partner, Actis
Andrew Gunther, Managing Director, Darby Private Equity
Alfredo Marti, Managing Director, Riverstone Holdings
Technology Disruption at Portfolio Companies

Moderator: Scott Voss, Managing Director, HarbourVest Partners
Priscila Rodrigues, Partner, Bozano Investimentos
Francisco Alvarez-Demalde, Founder & Managing Partner, Riverwood Capital Partners
Alex Rossi, Co-Founder & Managing Partner, LIV Capital
Marcos Mulcahy, Partner, Southern Cross Group

“The biggest revolution is around smartphones. SaaS is the biggest revolution on the business side. Today with cloud computing and connectivity you can improve efficiency in all of these businesses.”

“The opportunity for technology disruption exists even in traditional sectors.”
The Colombia Peace Agreement: Implications for Investors

Moderator: Martín Díaz Plata, Managing Partner, Capital Group Private Markets
Mauricio Salgar, Managing Director, Advent International
Frank Pearl González, Chief Negotiator, Colombia Peace Agreement

“The impact is felt gradually...there are certain frontiers that are now opened, like retail, infrastructure, financial services. For the first time FARC is no longer the most important news in papers.”
"Infrastructure is linked with inflation, so we welcome inflation when we invest."

"We’re not an infrastructure investor but we’ve made investments in infrastructure because we’ve found opportunities with PE-like returns."
“Transformation in Argentina will take time but it’s one of the best places to find value in Latin America...At the end you’re buying at 40-50% discount for what you pay in neighboring countries. We need to improve productivity at the level of our biggest partner, Brazil.”

Deploying Capital in Argentina

Moderator: Jose Sosa del Valle, Partner, Lexington Partners
Miguel Gutiérrez, Chairman, YPF; Partner, TRG; Advisor, Telefonica Open Future
Carlos García, Co-Managing Partner & Chairman, Victoria Capital Partners
Sebastián Caronni, Partner & Country Head Argentina, LarrainVial

“The agriculture sector was the number one sector that benefited from the new government. The growth in financial services, especially in consumer finance is phenomenal.”
"The trends that are exciting to us are improvement in crop yields (we see a lot of upside), improvement in the supply chain, and the healthy nutrition trend."

Deal Cases & Investment Trends: Agribusiness & Food

Moderator: Carlos Héneiné, Co-Head, Quilvest
Irina Manea, Investment Officer, FMO
Sebastian Popik, Founder & Managing Partner, Aqua Capital
Richard Rincón, Senior Investment Advisor, UTIMCO
One Year On: What has Changed Inside Peru?
Alfredo Thorne, Former Minister of Finance, Peruvian Government
Interviewed by: Philip Von Mehren, Co-Chair, Venable

“The administration is still working on tourism, forestry, and agriculture sectors and a push on business formalization. Tourism is a sector where Peru can excel, but it needs investments.”

“I wouldn’t call Keiko an obstructionist, she and her party are just playing the game.... we’re experiencing the same populism that we saw with Brexit.”
Brazil Breakfast: Keynote Interview

Hosted by ABVCAP & Apex Brasil
Leon Black, Chairman, CEO & Co-Founder, Apollo Global Management
Paul Fribourg, Chairman & CEO, Continental Grain; Board Member, Apollo Global Management; Investment Committee Member, Arlon Latin America
Scenario Planning: Brazilian Investors & Businesses

Moderator: Cesar Collier, Managing Director, Siguler Guff & Company
Nicolas Wollak, Founder & Managing Partner, Axxon Group
Bruno Zaremba, Partner & Head Private Equity, Vinci Partners
José Albino, Partner, CRP Companhia de Participações
Diogo Castro e Silva, Brazil Chief Representative, Fosun Group

"We are finding that there’s enough to do on the consolidation front... it’s the right time to make add-on acquisitions."

"The core opportunity in Brazil is to take family owned businesses and allow them to grow."
"According to respondents, valuations have become very attractive in Latin America."

"Most LPs see the risk/return equation for Latin American PE improving."
"We have a very concentrated PE portfolio with 30 fund managers. That is by design, not because we’re reducing the number of managers. On the direct side, we love to deal with smart friends, we want to make sure we pick the best spots."

"I don’t walk into an invest committee without being prepared on the firm’s approach to ESG."
Institutional Investor Perspectives

Moderator: Fabiana Andrade, Principal, First Avenue; Senior Advisor, LAVCA
Vicente Tuesta, CEO, Profuturo AFP
Mariana Bárcena, Head of Equity & Mezzanine Latin America, DEG
Paul Ward, Managing Partner, Pantheon
Adele Tilebalieva, Managing Director, Obviam
“Retail is under-penetrated in Brazil compared to the US, more than 10x on a per-capita basis. Only 600 malls exist in Brazil. E-commerce will play a big role, but retailers won't get hurt like they did in the US.... The problem is logistics and getting things delivered.”
"Our for-sale residential projects [in Mexico] in planned community context tend to really outperform. Multi-family is an emerging asset but we think it is a long opportunity. You have to be more creative when thinking about opportunities for that asset class."

**Residential Real Estate: Multi & Single Family**

Moderator: Francisco Andragnes, CEO, Metro Buildings
Josef Preschel, Managing Director, Peninsula Investments Group
Pablo Sala, Managing Director, Avenida Capital
Bob Batting, Managing Director, Black Creek Group
Randall Loker, Managing Director & Chief Investment Officer, Paladin Realty Partners
"We like to invest in luxury hotels. We think that has a particularly strong exit potential despite the cycle."

"We see a trend of local pension funds getting more sophisticated – more in private strategies – and new regulations have allowed them to increase allocations. This will become a local capital play and a challenge for international investors."
"We think there are great opportunities in smaller countries, but it is a return on human effort issue. The path to deploying a billion dollars is a decade long project, but even if it produces outside returns y-o-y for 5-6 years, it still has no impact on our portfolio."

Directs vs. Funds: How Are Institutional Investors Accessing Latin American Real Estate?

Moderator: Juan Savino, Founding Partner, Altment Capital Partners; Senior Advisor, LAVCA
Adam Gallistel, Regional Head of Americas, GIC Real Estate
Santiago Porta, Global Sector Leader for Commercial Property, IFC
Aniceto Huertas, Chief Risk Manager, CitiBanamex Afore
“There is a lot of upside in Latin America after many years of low investment rates. The region needs utilities, retail, banking, etc. They might materialize at a slower rate, but the opportunities are there.”

“We don’t perceive that there is a popular negative reaction to reforms in Mexico. Globalization plays some role but I don’t think you see that in Latin America. You don’t see politicians embracing Donald Trump and wanting to leave NAFTA.”
About LAVCA

The Latin American Private Equity & Venture Capital Association (LAVCA) is a not-for-profit membership organization dedicated to supporting the growth of private capital in Latin America and the Caribbean. LAVCA’s membership is comprised of over 180 firms, from leading global investment firms active in the region to local fund managers from Mexico to Argentina. Member firms control assets in excess of US$65b, directed at capitalizing and growing Latin American businesses. LAVCA’s mission – to spur regional economic growth by advancing private capital investment – is accomplished through programs of research, networking, education, and advocacy of sound public policy. More information at www.lavca.org

LAVCA Membership

LAVCA Members are active players in the Latin America private capital community including direct and institutional investors: private equity, venture capital, and real estate fund managers, development banks, fund of funds, and secondaries, as well as pension funds, sovereign wealth funds, family offices, and corporate investors.

LAVCA Members gain a competitive edge through:

- An unparalleled platform linking managers, institutional investors, and other industry players
- Access to proprietary industry data, information, and analysis
- Opportunities to raise their profile among local, regional, and global audiences
- Representation and participation in LAVCA’s regional agenda for advocacy of sound public policy
- Privileged knowledge through access to LAVCA’s board, membership, and staff

For more information on Member benefits, please visit the Membership section of our website (www.lavca.org) or call +1 (646) 315-6735

Stay Connected

In addition to membership, LAVCA offers the following ways to stay up-to-date on developments in Latin American PE/VC:

Latin America Private Capital Update, is a bi-weekly email featuring industry news, research, events, and updates on investors from private equity, venture capital, real estate, infrastructure, and family offices in Latin America.

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