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Steps to take in managing a global footprint

Ruth Horowitz, deputy CEO and COO for the asset management arm of the International Finance Corporation, tells *Dominic Diongson* and *Marine Cole* how following best practice and outsourcing where needed has helped it manage growth over the last decade

When Ruth Horowitz signed on to help set up the private equity arm of the International Finance Corporation, less than a year had passed since markets bottomed in 2008.

In reaction to the global financial crisis, regulation was tightening on investment firms, and legislation was in the works that later became the Dodd-Frank Act. Soon enough, firms that managed more than \$150 million were required to reg-

ister with the Securities and Exchange Commission, which was conducting periodic examinations on fund managers.

It was against this backdrop that Horowitz – as deputy chief executive and chief operating officer of IFC Asset Management Company (AMC), which invests its private equity funds alongside the IFC in developing countries – had to ensure that all was in order. One of her first steps was to manage the operations side of the startup firm and set up new policies and

procedures at AMC, while adopting IFC's existing ones. Some policies that needed to be developed or refined to fit AMC's unique business needs included hiring, conflicts and personal trading policies.

In an interview from her office in Washington, DC, she says AMC always tries to “follow industry best practice – and even to lead the industry with best practice – in terms of how we operate day-to-day, how we report, how we work with our investors and how we fundraise.”

Another focus was on establishing the right rules and procedures to ensure that AMC always puts its limited partners first. “That’s been true from the day we set up our business in 2009 to today,” she says, adding that the firm has been rigorous in efforts to root out potential for bad actors across the business.

When it comes to the recent downfall of similarly emerging market-focused firm Abraaj, and what that says about policies and procedures there, Horowitz declines to comment. She does, however, explain that AMC maintains strict processes and controls over its finances at the company and fund levels. The asset manager follows the strongest standards in terms of who can access funds; move money into or out of funds and for what reasons; and how decisions are made, she says.

Managing growth

When it was formed in 2009, AMC first sought third-party capital at a moment when fundraising had dramatically slowed down.

“In 2007 and 2008, IFC was seeing more equity opportunities than it could invest on its own balance sheet,” Horowitz says. AMC “would be a business investing side by side with IFC in equity, and in some cases in debt transactions, in emerging markets that would produce attractive returns for investors. We set up the business as a true fiduciary.”

Today, AMC has established itself as one of the largest private equity investors in emerging markets. It has raised approximately \$10 billion across 13 investment funds covering equity, debt, and fund-of-fund products. As the only third-party asset management business housed within a multilateral organization, it offers investors the opportunity to invest in companies from IFC’s pipeline of emerging markets investments and to take advantage of the reach of IFC’s op-



Horowitz: AMC aims to lead industry best practice

“There’s value in having experts who are aware of industry trends and who see things from a lot of different points of view”

erations in more than 100 countries and almost 4,000 staff across the world.

Horowitz attributes AMC’s success in large part to its affiliation with IFC. With the backing of IFC and its strong reputation in investing in emerging markets for 60 years, AMC was able to raise \$3 billion for its first vehicle, the Bank Recapitalization Fund, which invested in the banking system in emerging markets. It was later renamed the IFC Capitalization Fund.

As the business has grown, AMC has been open to outsourcing, particularly for functions such as fund administration. “I don’t think anybody can be an expert at everything,” Horowitz says. “There’s value in having experts who are aware of industry trends and who see things from a lot of different points of view.”

Considering its global footprint through its investments – AMC has a presence in about 40 countries and covers operations in more than 70 countries – Horowitz says the firm tries to stick to consultants that also have worldwide coverage. But it often needs to rely on outsourcing to local firms that are better versed in specific jurisdictions.

Having a workforce of diverse backgrounds – from senior managers to the investment team members and assistants – is also key in meeting its investment initiatives globally. AMC now has more than 100 employees across 40 nationalities who work with other IFC staff worldwide, and so constant communication – in spite of the language barriers that might be presented – is vital. Horowitz’s schedule might include traveling to Mexico City, then returning to Washington briefly before flying to a series of meetings with staff in Singapore and elsewhere in Asia.

“The first thing you’ll recognize is the high quality of people across the entire organization. Whether it’s IFC, AMC, the entire World Bank group, it’s unbelievable. And everybody is committed to what they’re doing and in wanting to get things done in the right way,” she says.

To be successful at AMC, she says, open-mindedness is key. “You have to be willing to work in a diverse environment and hear a lot of points of view. You have to understand that people have different backgrounds and different ways of expressing things that may not always be your way. You should be willing to listen to people speak up and have a great debate. Don’t always assume you’re right.” ■

Ruth Horowitz is an advisory board member of the CFOs & COOs Forum 2019.