DELIVERING THROUGH UNCERTAINTY

2019-2020 HIGHLIGHTS
AMC is IFC’s equity mobilization platform.

AMC is the largest third-party asset management business integrated within a development organization. We mobilize capital from investors, allowing them to invest alongside IFC in sustainable enterprises operating in emerging markets.

As an operating division of IFC, we offer third-party investors unique access to attractive investment opportunities in emerging markets globally, supported by IFC’s investment approach and standards. AMC’s investors represent a wide variety of institutional investors, including sovereign wealth funds, pension funds, banks and development finance institutions.

At AMC, we not only facilitate the flow of new capital into emerging markets, but we also add value to our investors through sharing our knowledge and expertise.
Economic shock of COVID-19 in emerging markets
Following 2020’s economic contraction of 3.3%, the global economy is expected to grow 6% in 2021 and 4.4% in 2022 (IMF WEO, April 2021). While the overall global economy is improving from the initial impact triggered by the COVID-19 pandemic, we have seen considerable economic consequences in emerging markets. Recovery in emerging markets will be uneven, as limiting the spread of the virus, providing relief for vulnerable populations and deploying vaccines effectively are the immediate priorities.

The pandemic has further affected long-term growth prospects through depressed investment, higher unemployment, disruptions to supply chains, declines in consumer spending and business investment. Many firms now face reduced opportunities to access finance as well as increased costs. Urgent and ambitious investment in human and physical capital is now needed.

AMC funds at different stages in their life cycles
Our funds and their investments are also navigating the challenges presented by the COVID-19 crisis. AMC funds are at different stages in their life cycles - most are in the post-investment period, where our teams are focused on portfolio management, creating value and making attractive, timely exits.

We have three funds that are still investing – our Financial Institutions Growth Fund (FIG Fund), the Emerging Asia Fund and the Middle East and North Africa Fund (MENA). The Emerging Asia Fund and the FIG Fund have found some interesting deals where the balance between risk and reward is attractive.

Dear Partners

For more than 10 years, AMC has led the way for investors interested in attractive investment opportunities in emerging markets. We have raised more than $10 billion from 58 institutional investors, including investors new to private investments in emerging markets.
Letter from Ruth Horowitz continued

Of course, in the current environment, with constraints on meetings and travel, it is much harder to complete due diligence, negotiate deal terms and close the deals, but we have adapted and continue to succeed.

In 2020, IFC and the Emerging Asia Fund invested $60 million in the Pan-Asian waste management business of the ALBA Group, allowing the company to scale up quickly to tackle the significant waste management requirements of the region. Also, the FIG Fund and the Emerging Asia Fund invested $73.5 million each in the Commercial Bank of Ceylon through a private placement, alongside $95 million from IFC, which enables the bank to grow its loan book to SMEs and continue to invest in digital technology.

During the pandemic period, we have invested $358m across 48 transactions. Our funds have also been negotiating attractive exits from our existing portfolio companies. In 2020 and 2021, our funds fully exited 34 exposures across 22 companies.

This investment activity is a result of the dedication of our teams and the entrepreneurs and management teams we are supporting. I am grateful for the flexibility, innovation and hard work from everyone in what has been a challenging period for all of us.

Adapting to the ‘new normal’

The pandemic was difficult for many of our employees who saw friends, family and, in some cases, themselves, suffer through the disease.

During the year, keeping our staff healthy from both a physical and mental health perspective has been a top priority. At the same time, we have worked hard to ensure we continue our regular client communications and interactions. We held our first ever virtual annual LP internship program and a successful virtual annual investor meeting during the year.

With the rollout of vaccines in many countries, we expect to be able to go back to the office soon. However, the pandemic has had a lasting impact on the way people do business and we expect hybrid work arrangements will be quite common. Nothing will replace face-to-face interactions, but we think that many of the technology solutions we have used during the pandemic will allow us to enhance engagements with investors, as well as current and future portfolio companies.

Looking ahead

Mobilization continues to be a core mandate of IFC. By crowding in third-party capital, AMC allows IFC to expand its impact and reach, while increasing investor interest and exposure to emerging markets.

As we move into the recovery phase of the crisis, providing long-term risk capital is vital to allow companies and economies to grow again and rebuild.

To that end, AMC continues to develop new products that will raise capital from third party investors. It is vital that we are able to provide risk capital to good companies in emerging markets that have taken an unexpected hit due to the crisis. The need is large and IFC cannot do it alone – these new products will be designed to allow investors to participate in the attractive opportunities for recovery, including the positive development impact that such investments are expected to have.

Ruth Horowitz,
Head of AMC

“While the pandemic made it a difficult year, I am very excited to have become the head of the AMC business and a Vice President of IFC in 2020”.

Relief, Restructure and Recover

The pandemic has made the work of IFC and AMC all the more important. Right from the beginning, the World Bank Group, including IFC, mounted a strong response to the crisis. IFC’s response has been structured around three different anticipated phases of the crisis, namely:

- **Relief**
  - IFC initially focused on providing liquidity, working capital and trade finance for emerging market companies to minimize disruptions to their operations.

- **Restructure**
  - We are now moving to the later phases which focus on restructuring and longer-term financing opportunities to help companies thrive and grow in their respective markets.

- **Recover**
  - The recovery phase involves helping countries and businesses build a more sustainable, inclusive, and resilient future in a world transformed by the pandemic.

IN MEMORIAM

We would like to acknowledge and remember Marcos Brujis who sadly passed away in January 2021.
Despite the challenges posed by the pandemic, we are proud of our achievements during this period.

Working environment
All AMC staff started to work from home from March of 2020. Our technology platform is strong and our people are adaptable. With regular team and staff meetings, we managed to ensure our work culture stayed intact and we have fostered a sense of belonging by ensuring our teams are always in the loop about all matters which impact them. We have all become experts at using Webex, Zoom and Microsoft Teams. We miss seeing each other in person, but hope and expect for a return to normality later in 2021.

Investments
The overall AMC portfolio proved resilient in the face of COVID’s implications on economies and, of course, people’s health. In most cases, portfolio investments that faced obstacles and took early hits from the COVID fallout have been able to regain their operational momentum and recover well. Some businesses have done even better as trends and developments in their sectors were actually accelerated by the COVID crisis.

Merger into IFC
As of February 1, 2020, AMC successfully merged into IFC. Being integrated into IFC has had a positive impact on the way we work. For example, it has allowed us to provide our clients proactive access to a broader range of thematic insights.

Partner focus maintained
Lastly, we were able to continue our Limited Partner communications and interactions. Many formerly quarterly audio calls became more user-friendly video interactions. Our first virtual annual LP internship program and virtual 2020 annual investor meeting were very well attended and received good feedback. We greatly appreciate all of our limited partners’ robust engagement and knowledge-sharing.

Chart 1. Capital commitments to underlying investments were $279 million in 2019 and $98 million during a challenging year in 2020. This brings total AMC commitments to $6.9 billion since inception.

Chart 2. AMC returned $1.5 billion of capital in 2019 and $556 million in 2020 bringing the total returned to LPs to $4.5 billion since inception. AMC managed funds fully exited 22 exposures in 2019 and 16 exposures in 2020.

* Data in charts is calendar year

Investment highlights

REDUCING FUEL WASTE AND CARBON EMISSIONS
In late 2020, we agreed to sell a piece of our investment in Full Truck Alliance (FTA), the world’s largest e-logistics marketplace connecting 10 million truck drivers and 6 million SME shippers in China. By increasing matching efficiency between drivers and shippers, FTA reduces fuel waste worth $14 billion per annum, equivalent to 9.3 million tons of carbon emission. Both our Catalyst and GEM funds will realize an IRR above 30% and a multiple of cost above 2.5x on this sale.

INVESTING IN WASTE MANAGEMENT IN ASIA
In August 2020, IFC and the Emerging Asia Fund together invested $60 million in the Pan-Asian business of ALBA Group, a worldwide leader in waste management. ALBA Asia has 17 operating and pipeline projects in Mainland China, Hong Kong SAR, China, Singapore and Japan. Our investment was structured as a high yield income participating loan to support eight hazardous and bio waste projects in mostly frontier regions of China.

SUPPORTING SME CLIENTS ENABLED BY DIGITAL TECHNOLOGY IN SRI LANKA
The FIG and Emerging Asia Funds each invested $75 million in the Commercial Bank of Ceylon (CBC) in October 2020, through a private placement, alongside $15 million from IFC. CBC is the largest private sector bank in Sri Lanka, with approximately an 11% market share. It has a strong focus on its SME client services and digital offerings. The investment will support CBC’s plans to continue to invest in digital technology, including data analytics to better understand customer trends and optimize segmentation to deliver personalized offerings.
Responding to COVID-19

There is no question that 2020 was a challenging year for everyone. The COVID-19 economic shock has been immense and pushed the global economy into a deep recession. In particular, the COVID-19 pandemic has dealt a massive blow to the poor and vulnerable around the world.

Poorest countries hit hardest
It is expected that up to 150 million people may be pushed back into extreme poverty by the end of 2021, undoing years of development progress. What does not help is the fact that the economic recovery and vaccine rollout is expected to be slower in many emerging economies.

The impact of the COVID-19 pandemic varies across emerging market regions, with some regions recovering faster than others. For instance, we have seen a relatively fast recovery in parts of Asia Pacific, driven by China, but there are bigger economic impacts in both Latin America and South Asia. At the country level, those with high exposure to commodity exports, trade, tourism and remittances have been particularly vulnerable.

The pandemic is affecting women differently than men and exacerbating existing gender inequalities. For instance, female workers tend to be more represented in some of the harder-hit sectors including food services, agriculture and hospitality.

Financing the recovery
Governments in the poorest countries have used what resources they had to help cushion the blow at the height of the crisis, but this has left limited public resources to finance the recovery. The private sector will therefore have a critical role to play in reigniting economic growth – and, ultimately, paving the way for a more resilient and sustainable future.

“The pandemic led to an extremely difficult year personally for many colleagues who saw friends, family and, in some cases, themselves suffer through the disease. We have all been working from home since March 2020, but the good news is that our technology platform is strong, and our people are adaptable.”

Ruth Horowitz, Head of AMC

That means providing much needed long-term financing, including equity, to viable businesses that need to strengthen their balance sheets. For example, financial institutions can use various capital relief instruments to allow them to resume a healthy level of lending, especially – but not exclusively – to the SMEs that form the backbone of economies across emerging markets.

With various technology trends accelerated, it is also important that the private sector continues to financially support fast growing tech start-ups and disruptive business ideas. For some investors, the best way to lend such support, at the right scale, is to invest via intermediaries, such as venture capital and private equity funds. IFC and AMC also invest into third-party managed funds which support this key area.

Changing the way we work
As a result of the pandemic, both AMC and most of our investee companies began to work from home. We all had concerns about the sustainability of this way of doing business, but, thankfully, those worries were unwarranted. In fact, we believe that many of the tools that we use to do business virtually will allow us to enhance our engagements with investors and portfolio companies.
AMC PRIORITIES for 2021 and beyond

AMC’s strategic priorities encompass managing our existing portfolio of funds – including making new investments as well as timely and attractive exits – and rolling out new funds.

Existing funds
Three existing AMC funds are still in investment mode: IFC Financial Institutions Growth Fund, IFC Emerging Asia Fund and IFC Middle East and North Africa Fund. These fund teams are working closely with their IFC counterparts on pipeline generation.

For all funds, we are focused on timely and successful exits while maintaining strong investor reporting and relationships.

Launching new funds
AMC’s approach to new funds is fully aligned with IFC’s equity approach and takes into account the positive reputation we have built in the market as a vehicle to mobilize capital. IFC and AMC will continue to explore ways to mobilize third party capital so as to provide investors with opportunities to invest alongside IFC and to support the recovery phase from the crisis through investments with impact.
AMC has raised more than $10 billion across sector funds, regional funds and funds of funds that reflect the broad reach of IFC’s investment platform.

Our 58 investors include some of the top sovereign wealth and pension funds, along with several major development finance institutions.

Our funds

### Sector funds

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Capitalization</th>
<th>Impact</th>
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<tbody>
<tr>
<td>IFC Capitalization (Equity) Fund</td>
<td>$1.275 billion</td>
<td>Invested in equity and equity-related investments in systemic banks in emerging markets</td>
</tr>
<tr>
<td>IFC Capitalization (Sub Debt) Fund</td>
<td>$1.25 billion</td>
<td>Invested in subordinated loans to systemic banks in emerging markets</td>
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<tr>
<td>IFC Financial Institutions Growth Fund</td>
<td>$505 million</td>
<td>Invests in financial institutions across global emerging markets</td>
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<tr>
<td>IFC Global Infrastructure Fund</td>
<td>$1.2 billion</td>
<td>Invested in companies focused on infrastructure in emerging markets</td>
</tr>
<tr>
<td>Women Entrepreneurs Debt Fund</td>
<td>$115 million</td>
<td>Extended senior loans to commercial banks for on-lending to women-owned small and medium-sized enterprises in emerging markets</td>
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### Regional funds

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<tr>
<th>Fund Name</th>
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<th>Impact</th>
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<tbody>
<tr>
<td>IFC China-Mexico Fund</td>
<td>$1.2 billion</td>
<td>Invested in privately held companies in Mexico</td>
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<tr>
<td>IFC African, Latin American and Caribbean Fund</td>
<td>$1 billion</td>
<td>Invested in companies across Sub-Saharan Africa, Latin America and the Caribbean</td>
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<tr>
<td>IFC Middle East and North Africa Fund</td>
<td>$120 million</td>
<td>Invests in companies across the Middle East and North Africa region</td>
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<tr>
<td>IFC Emerging Asia Fund</td>
<td>$550 million</td>
<td>Invests in companies across all sectors in the emerging markets of Asia</td>
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### Funds of funds

<table>
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<tr>
<th>Fund Name</th>
<th>Capitalization</th>
<th>Impact</th>
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<tbody>
<tr>
<td>IFC Catalyst Fund</td>
<td>$418 million</td>
<td>Invested in funds and companies focused on renewable energy and resource efficiency across global emerging markets</td>
</tr>
<tr>
<td>IFC Global Emerging Markets Fund of Funds</td>
<td>$800 million</td>
<td>Invested in private equity funds, secondaries, and co-investments in emerging markets</td>
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1. Data as of 31 December 2020
2. Data as of 31 December 2019 but applied to December 2020 AMC holdings.
3. Key facts
   - $10.1bn: Total funds raised
   - $6.9bn: Investment commitments by AMC funds
   - 125+: Investments in unique companies and funds by AMC funds
   - 70+: Countries invested in
   - $4.5bn: Cumulative capital returned to investors since inception

The impact of our investments

- 4.5m Power: 1.3m Gas: 3.2m
- Female: 75,229 People in direct employment
- $1.2bn Contribution to government revenues
- 875,145 Female: 507,584
- 636,078 Number of microfinance and SME loans, totalling $31.5bn
- 3.0m Patients served

Data as of 31 December 2020. Data as of 31 December 2019 is used to December 2020 AMC holdings.
CASE STUDY

The case for investing in FINANCIAL INCLUSION

AMC funds are helping Commercial Bank of Ceylon (CBC) expand the availability of financial services to the micro, small and medium enterprises (MSMEs) that form the backbone of the Sri Lankan economy.

2/3 of MSMEs in Sri Lanka lack access to formal financial services

CBC is the largest private sector bank in Sri Lanka, serving over 3.5 million customers; however, an estimated two-thirds of MSMEs still lack access to formal financial services.

The equity investment by the IFC Financial Institutions Growth Fund and IFC Emerging Asia Fund, alongside IFC, strengthens the bank’s capital base and supports its growth. It has helped to scale up the number of units serving MSMEs, encourage more women entrepreneurs and develop digital solutions to deliver banking services more efficiently.

It means CBC can provide improved financial support to people like floriculturist, Mrs. Jayasinghe; her business was identified by the bank’s Agriculture and Microfinance Unit and was offered a loan to help expand. What started as a small self-employed initiative has grown significantly over the last few years—her business now cultivates over 60,000 rose plants across 45,000 sq ft and provides work for seven full-time employees.

Mrs. Jayasinghe has also benefited from a number of the educational programs run by the bank, including business development workshops for women in MSMEs.

CBC becomes Sri Lanka’s first carbon-neutral bank

CBC Mobile Cash Service reaches customers at over 650 locations

CBC supported Vocational Training Authority graduates find gainful employment

CBC to establish smart STEM classes in 100 schools as centenary year project

CBC conducts knowledge sharing event exclusively for women entrepreneurs
Working with IFC’s global teams in 100 locations across the developing world enables us to mobilize and invest capital in companies in emerging markets to generate returns and impact.

**UNIQUE ACCESS**
AMC invests alongside IFC (part of the World Bank Group), in high potential companies and infrastructure projects across Latin America and the Caribbean, Africa, the Middle East, Eastern Europe and Asia.

**ON-THE-GROUND**
As part of IFC, we have access to a pipeline of opportunities generated by IFC’s 3,940-strong team and its unparalleled global footprint of 100 offices across the developing world.

**HIGH-QUALITY INVESTORS**
We invest via a range of regional, sector-focused and funds-of-funds on behalf of our investors, who include leading sovereign wealth funds, pension funds and development finance institutions.

**A DISCIPLINED PROCESS**
We have a disciplined and rigorous process for making investment and portfolio decisions. Each of our funds has a stand-alone investment team with fiduciary responsibility to our investors.

**STRONG RETURNS AND IMPACT**
Our investors draw confidence from the fact that the capital we invest does a lot more than simply generate strong financial returns. It also improves the lives of millions of people who live and work in emerging market countries.
AMC is led by a diverse team of professionals with many decades of emerging markets experience, extensive investment expertise, and deep industry knowledge. They are committed not just to achieving a financial return for investors, but also to generate positive impact.

The senior team members came from the private sector and from IFC to form a unique group that benefits from IFC’s knowledge, relationships, and track record to meet the expectations of investors.