Emerging markets, established expertise

2021 REVIEW
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 a department 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.

CONTENTS

Message from the Head of AMC .................................. 3
Our Portfolio ................................................... 5
Selected Investment Highlights ...................... 6
Case Study: UpGrad ................................. 8
Case Study: Alcazar Energy .................. 10

Continued Recovery and Resilience

In a challenging environment, the importance of platforms such as the IFC Asset Management Company in channeling equity to growth companies has been reinforced. This is particularly true in emerging markets that have been the hardest hit by the ongoing effects of COVID-19 and increasing conflict.

The global economy has entered a phase of decelerating growth with the normalization of monetary policies and higher interest rates, lapse of COVID-19 fiscal support, lingering supply bottlenecks, and persistent inflation. The Russian invasion of Ukraine has exacerbated the situation further. The fallout from conflict-related disruptions and unprecedented sanctions on Russia are having a major impact on global energy supplies, commodity prices and food security.

Despite these challenging and dramatic series of events, emerging markets growth prospects are increasingly relevant to the global economy. Growth projections of emerging markets and developing economies are expected to outpace that of advanced economies.

Critical need for private equity in emerging markets

Achieving key global development goals are now, more than ever, dependent on the ability of private capital being able to access attractive opportunities in emerging markets at scale. This was the vision behind AMC’s founding in 2009. The case for investing in emerging markets remains compelling. Strong demographics, increased urbanization and infrastructure needs, and the growth of the middle class create a range of exciting investment opportunities.

At a time when travel has been restricted, capital flows to emerging markets have been constrained, and relative valuations in many sectors and countries have fallen, the AMC platform has benefited from IFC’s experience and footprint to identify and access attractive investment opportunities.

Supporting continued recovery and resilience

Our investment teams have been active this year investing capital across our fund platform. Throughout the year, our three funds still investing have benefited from a robust pipeline that has delivered ~$409m of new commitments across 16 investments. We also achieved several exits throughout the year and made significant progress developing our new funds.

During the year we committed ~$198m in three banks - Federal Bank in India, HD Bank in Vietnam and Equity Bank in Kenya - to strengthen their balance sheets, position them for growth opportunities, and support the acceleration of their digital strategies.

In December, the IFC Emerging Asia Fund invested in Bizongo, a B2B ecommerce technology platform in India that streamlines the procurement process of mid-to-large size companies. IFC, an existing investor, also took the opportunity to invest in the Series D round. With a strong management team and a proven and scalable business model, Bizongo is well-positioned to take advantage of the large and highly fragmented market opportunity with the tailwinds from digitization of the supply chain across companies.

In a challenging environment, the importance of platforms such as the IFC Asset Management Company in channeling equity to growth companies has been reinforced. This is particularly true in emerging markets that have been the hardest hit by the ongoing effects of COVID-19 and increasing conflict.

The global economy has entered a phase of decelerating growth with the normalization of monetary policies and higher interest rates, lapse of COVID-19 fiscal support, lingering supply bottlenecks, and persistent inflation. The Russian invasion of Ukraine has exacerbated the situation further. The fallout from conflict-related disruptions and unprecedented sanctions on Russia are having a major impact on global energy supplies, commodity prices and food security.

Despite these challenging and dramatic series of events, emerging markets growth prospects are increasingly relevant to the global economy. Growth projections of emerging markets and developing economies are expected to outpace that of advanced economies.

Critical need for private equity in emerging markets

Achieving key global development goals are now, more than ever, dependent on the ability of private capital being able to access attractive opportunities in emerging markets at scale. This was the vision behind AMC’s founding in 2009. The case for investing in emerging markets remains compelling. Strong demographics, increased urbanization and infrastructure needs, and the growth of the middle class create a range of exciting investment opportunities.

At a time when travel has been restricted, capital flows to emerging markets have been constrained, and relative valuations in many sectors and countries have fallen, the AMC platform has benefited from IFC’s experience and footprint to identify and access attractive investment opportunities.

Supporting continued recovery and resilience

Our investment teams have been active this year investing capital across our fund platform. Throughout the year, our three funds still investing have benefited from a robust pipeline that has delivered ~$409m of new commitments across 16 investments. We also achieved several exits throughout the year and made significant progress developing our new funds.

During the year we committed ~$198m in three banks - Federal Bank in India, HD Bank in Vietnam and Equity Bank in Kenya - to strengthen their balance sheets, position them for growth opportunities, and support the acceleration of their digital strategies.

AMC continues to benefit as IFC accelerates its overall investment activity in the disruptive technology and venture capital space as drivers of growth shift from population growth to productivity gains. Opportunities have been particularly abundant in the East Asia and Pacific region where the IFC Emerging Asia Fund invested ~$60 million into earlier stage opportunities across ed-tech, e-logistics and e-commerce.

In December, the IFC Emerging Asia Fund invested in Bizongo, a B2B ecommerce technology platform in India that streamlines the procurement process of mid-to-large size companies. IFC, an existing investor, also took the opportunity to invest in the Series D round. With a strong management team and a proven and scalable business model, Bizongo is well-positioned to take advantage of the large and highly fragmented market opportunity with the tailwinds from digitization of the supply chain across companies.
A focus on portfolio management, creating value and attractive exits

Across all our funds, teams continue to focus on portfolio management, creating value and making attractive, timely exits. The timing of the COVID-19 pandemic was particularly difficult for these funds as many advanced stage exit negotiations quickly ground to a halt.

However, the overall AMC portfolio has continued to prove resilient in the face of the pandemic. In particular, our investments in the health sector and other investments focused on digital infrastructure and tech enabled business models, have accelerated their growth. In 2021, despite the macroeconomic headwinds, we successfully exited five portfolio companies.

In May 2021, the IFC Capitalization (Equity) Fund fully exited its investment in Vietinbank, the second largest bank in Vietnam, via sales on the Ho Chi Minh Stock Exchange. As a result of our investment, the state-owned bank has successfully modernized itself to become one of the most profit-driven, leading stocks of the local stock exchange, which has attracted other foreign investors.

In August 2021, the IFC Global Infrastructure Fund sold the largest investment in its portfolio, Azure Power, an independent power producer which builds, owns and operates small and medium scale solar power plants in India. Azure has increased access to clean, reliable, and affordable power in a power market with deficits and reliance on coal.

In the same month, the IFC Catalyst Fund sold its stake in another renewable energy producer, Alcazar Energy. Alcazar created the largest privately-owned portfolio of renewable energy assets in the Middle East and North Africa region. This included five solar and two wind projects in Egypt and Jordan with an operational capacity of 411 MW.

The IFC African, Latin American & Caribbean Fund made the decision to exercise its put option to the sponsors of Vix, a Brazilian logistics company. This was due to the uncertainty caused by the pandemic, the delayed path to exit through the public markets, and the timing of the fund’s life. As a minority investor, we are particularly careful to structure exit arrangements up-front to secure liquidity opportunities in a realistic time frame.

**Innovation is at the heart of AMC**

AMC was founded on an innovative idea: to raise money from institutional investors to invest alongside IFC in productive private enterprise in developing countries. This innovation continues to be at the heart of AMC as we continue to leverage the expertise and experience of the AMC platform. At a time when private capital in emerging markets is increasingly scarce, it is vital that IFC and its partners continue to provide risk capital to attractive countercyclical opportunities that will pave the way for a resilient recovery.

Our new products will enable institutional investors to access these opportunities through vehicles that mirror IFC’s equity portfolio and enable investment alongside IFC. This will provide investors broad diversification across sectors and emerging markets while rebuilding resilient and sustainable productive private enterprises.

I would like to extend my thanks to all our investors and portfolio companies for their continued support during 2021. I am also appreciative of all the hard work of the AMC team and the close support from our colleagues at IFC.

Finally, as many of you know, after close to 13 years at AMC, I will be moving to another position within IFC. I want to reiterate my gratitude for your partnership and support throughout the years. The development of AMC is one of my greatest professional accomplishments. IFC is the only multilateral institution with a dedicated fund management business. I will always cherish the friendships I have developed with you over the years, and I know that our paths will cross again in the not-so-distant future.

Ruth E. Horowitz
Vice President, IFC and Head, IFC Asset Management Company

---

**Portfolio impact**

<table>
<thead>
<tr>
<th>940,000</th>
<th>983,886</th>
<th>628,199</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMERS REACHED WITH POWER AND GAS SERVICES</td>
<td>PEOPLE IN DIRECT EMPLOYMENT</td>
<td>NUMBER OF MICROFINANCE AND SME LOANS, TOTALING 18BN</td>
</tr>
</tbody>
</table>

| 2.8m |
| PATIENTS SERVED |

---

1 Data as of 31 December 2020
2 AMC Impact Data as of 31 December 2020
DIGITAL PAYMENT SOLUTIONS FOR UNDERSERVED SMES

In February the IFC Financial Institutions Growth Fund (‘FIG’) closed a US$7.5 million investment alongside a similar sized investment by IFC for a combined ownership stake of 11.92% in Adumo. Adumo is a leading South Africa-based payments and merchant acquiring solutions platform. Adumo was formed in 2018 through a series of acquisitions, bringing together its three core businesses: iKhokha, Sureswipe and Innervation, providing digital payment solutions for a largely unserved merchant population.

SUPPORTING CRITICAL TRANSPORTATION INFRASTRUCTURE

In May the IFC Emerging Asia Fund (‘EAF’) closed a US$62.5 million investment via a convertible bond instrument issued by Cebu Pacific, the market-leading low-cost carrier in the Philippines. IFC invested the same amount for a total IFC financing of US$125 million. The investment is part of Cebu Pacific’s comprehensive fundraising plan, which will provide CEBU with the liquidity to cope with the impact of the COVID-19 pandemic on the aviation sector and position it well to take full advantage of the recovery.

STRENGTHENING HEALTH CARE SYSTEMS

In the second half of 2021, the IFC Middle East and North Africa Fund built a stake in Integrated Diagnostic Holdings (‘IDH’). IDH is the largest fully integrated private sector diagnostics provider in Egypt. IDH holds 55% of the branded private diagnostics laboratories market in Egypt. It operates around 400 branches in the country, with a growing presence in Jordan, Nigeria and Sudan. IDH offers around 1,300 different diagnostic services, which include Hematology, Immunology and Virology.

DELIVERING AFFORDABLE EDUCATION AT SCALE

In July EAF invested US$21.9 million in Blackbuck, an existing IFC portfolio company, as part of the US$68 million Series E round, for a 2.1% ownership stake. As part of the fundraise, IFC invested alongside EAF for a total combined ownership stake post Series E round of 5.9%. Blackbuck is India’s largest digital freight platform with US$2.5 billion of Gross Merchandise Value annualized as of September 2021, 660,000+ registered truckers (44% of India’s total truckers), over 15 million monthly transactions and an extensive pan-India network.

TECH ENABLED SOLUTIONS TO REDUCE LOGISTICS COSTS

In July EAF invested US$24.9 million in upGrad, one of India’s leading education technology brands. Together with IFC we own 6.3% of the company. UpGrad is the largest player in the ‘higher ed-tech’ space comprising online ‘lifelong learning’ (25+ years old working professionals) and online higher education (students in the 18-24 years age bracket). The company has a diversified course portfolio with nearly 50 programs across data, management, technology and law and has catered to over 2 million students since its inception.

GROWING UNDER PENETRATED INSURANCE MARKETS

In August EAF and FIG each invested US$7.5 million in the common equity of PVI Holdings, the largest non-life insurer in Vietnam, by acquiring shares from majority shareholder HDI Global. IFC also invested US$6.4 million alongside the AMC-managed funds, for a total investment of US$24 million and a combined 6% stake. This transaction is the first part of an envisaged larger investment in PVI, as the company grows its business and further expands.
Changing the way we think about education

Education is fundamental to economic development

Education is fundamental to improving human lives and living standards, boosting economic competitiveness, and achieving inclusion and social mobility. Yet in emerging markets, higher education remains out of reach for many. This is particularly true for women who, limited by access to finance and savings, are held back from pursuing multi-course, career-building online credentials. By increasing access to post-secondary education and training, particularly among those underrepresented, countries can drive economic development, raise standards of equality, and create resilience in the face of accelerating digital transformation.

Supporting the Digital Transformation of Higher Education

Education technology (“EdTech”) has emerged over the last ten years as a potential solution to the learning crisis in the developing world. EdTech was initially developed as a niche product to supplement traditional educational methods. However, as internet and mobile connectivity has expanded, it has evolved quickly as a disruptive force that can provide affordable, skill-specific, location-neutral learning in mainstream education.

The pandemic and automation are rapidly displacing workers and worsening social inequities worldwide. We have entered a new and ever-evolving era of work, accelerated by these forces, that consistently requires new skills. Technology is creating new career opportunities, but students and workers need access to flexible, affordable, and fast-tracked learning and career pathways to transition into well-paying jobs of the future.

Predictions on the future of work highlight the need for quality education that is accessible, affordable, and linked with market demand. Longer working lives, changes in high-demand skill sets, and job shifts caused by automation mean that to remain relevant in the workplace, adult learners will increasingly need to educate themselves many times over during their careers.

The Company

Founded in 2015, upGrad is reimagining the way online education is delivered to become one of India’s largest online higher education platforms with certificate, diploma and degree offerings. It is focused on creating an alternative digital platform for college students and working professionals by providing industry relevant certifications and degree courses in partnership with universities and corporates. The Company has a diversified course portfolio with nearly 50 programs across data, management, technology and law and has catered to over 2 million students since its inception. Over 40% of its new enrollments are from student referrals and repeats, which demonstrates the value proposition of its course offerings. upGrad closed FY22 (ending Mar 31, 2022) with gross revenues of ~US$156 million, more than 126% YoY growth.

The Transaction

On July 30, 2021, IFC Emerging Asia Fund (“EAF”) invested US$24.9 million in upGrad as part of a US$158.7 million financing round. Temasek was the lead investor in the round with an investment of $118m. IFC and EAF’s combined shareholding enabled IFC and EAF to jointly have a board seat and a board observer seat. Shortly after this investment, the Company also raised an additional US$50 million from IIFL, a local institutional investor in India. The Investment Transaction significantly increases the Company’s valuation to more than US$2 billion, translating to a ~63% premium to IFC/EAF’s entry price. The Transaction also made the Company one of the highest-funded EdTech companies in the world. The Company has a well-established track record and is poised to scale its offerings in India and internationally.

The Impact

We are excited by the strong opportunity for development impact, derived from increased access to online upskilling services by scaling up an online education platform that provides customized, long-term and industry-relevant courses, directly to individuals and indirectly through corporate trainings and partnerships in India. Particularly given the background of increased youth unemployment induced by the COVID-19 pandemic, and upGrad’s potential to improve employability and incomes for workers and enhance productivity growth for businesses, upGrad has a completion rate for paid online programs of over 80 percent, significantly higher than the average completion rate of similar platforms.

Despite the relatively developed venture capital ecosystem in India, funding for education technology ventures in the higher education segment is limited. Through this investment we expect to increase the competitiveness of the higher education and upskilling sectors by inducing a market-wide adoption of online higher education via demonstration and replication, as well as competition and innovation channels. A successful scaling up of upGrad is expected to demonstrate the commercial viability of this business model and trigger replication by other online providers.

Inderbir Singh Dhingra
Principal, IFC Emerging Asia Fund
Delivering reliable and affordable clean energy

Sustainably meeting the power demand challenge
Access to clean, reliable, and affordable energy is the “the golden thread” of development, connecting economic growth, social equity, and environmental sustainability. Delivery of reliable and affordable clean energy contributes to poverty reduction and shared prosperity — indirectly through its contribution to economic growth, and directly by enriching the lives of the beneficiaries of such services. Electrification is critical to achieving the UN’s Sustainable Development Goals in health and education, as well as creating employment in poor communities. Moreover, clean energy sources help reduce local air and soil pollution and decrease the land degradation associated with fossil fuel extraction.

Population growth, urbanization, rising living standards, and increasing digitalization continue to increase energy demand and strain existing infrastructure. According to IEA World Energy Outlook 2019 global demand is expected to grow 56% by 2040, with over 85% of this growth coming from developing countries. With a share of 25% of total emissions, the power sector is the largest emitter of CO2. Curbing CO2 emissions while meeting increasing power demand will be a challenge that, if addressed sustainably, can promote growth, create jobs, and accelerate the transition to low-carbon development.

IFC leadership in emerging market renewable energy
IFC has been at the forefront of delivering renewable energy to emerging markets through comprehensive financing and advisory solutions, involving IFC’s Infrastructure, Venture Capital, and cross-cutting advisory groups. Alongside the World Bank, IFC seeks to create markets by supporting governments in the design of incentive and regulatory schemes.

The IFC Catalyst Fund (“Catalyst”) was designed as part of this approach. The fund invests in private equity funds, platform companies, and co-investments focused on providing capital to renewable energy projects and companies that develop resource-efficient, low-carbon products and services in emerging markets.

The Transaction
In 2015, Catalyst initially committed US$25 million to Alcazar Energy (“Alcazar”), a renewable energy project development platform focused on the Middle East & North Africa (“MENA”) region. IFC also invested US$25 million from its own balance sheet. Both investments were part of a wider financing round that raised US$160 million with the goal of developing 600MW or more of renewable energy projects and raising additional capital in future rounds over a five-year period – Catalyst went on to invest a total of $39.9 in subsequent rounds. By investing in this initial round of funding, IFC and AMC provided significant input into Alcazar’s investment strategy, project selection, corporate governance, fundraising and operations.

The Investment Thesis
Countries throughout the MENA region have attractive renewable resources that enable energy generation significantly below the cost of using imported fossil fuels. This price advantage, in combination with unmet demand, steady economic expansion and a need for energy security in an ever-changing region, has led many governments to set ambitious renewable energy targets which in turn would help drive Alcazar’s rapid growth. Furthermore, Alcazar’s mid-sized projects required US$10 million to US$45 million of equity, a size which is too small to involve direct competition with either government-owned entities or the larger infrastructure investors active in the region.

At the time of AMC’s initial investment, one of the company’s most compelling aspects was the quality of its two co-sponsors. IFC had previously worked closely with one of them and the other was a highly regarded, well-known and successful entrepreneur in the energy sector. The co-sponsors’ experience and reputation in the region, including deep expertise in the energy sector, added substantial credibility to Alcazar as a fledgling company, providing access to both projects and the sponsors’ personal networks across the target region.

The Result
In August 2021, together with IFC, Catalyst successful sold its 14.2% equity stake in Alcazar Energy Partners to a consortium led by China Three Gorges South Asia Investment. The exit marked a dollar return of a MOIC of 1.9x and an IRR of 21.2% on this investment over a 6-year holding period.

Alain Berdugo
Head, Fund of Funds

CASE STUDY: Alcazar Energy

As a founding investor, the IFC Catalyst Fund helped establish Alcazar in 2015 and went on to commit a total of $39.9 million. Alcazar’s onshore wind and solar PV projects provide clean, reliable energy while generating robust returns for investors.”
Emerging markets, established expertise

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.

Global Footprint
As part of IFC, we have access to a pipeline of opportunities generated by IFC’s 4,283-strong team representing more than 150 nationalities 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 Impact And Returns
Our investors draw confidence from the fact that the capital we invest does a lot more than simply generate financial returns. It also improves the lives of millions of people who live and work in emerging market countries.