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IFC Invests in New HMC Fund to Boost Peru's Capital Markets

Lima, Peru, March 2nd, 2015—The International Finance Corporation (IFC), part of the World Bank Group, will provide as much as USD\$15 million to a new investment fund, HMC Capital High Yield Peru Fund managed by HMC Capital S.A, which will be the first investment fund in Peru dedicated to investing in bonds issued by smaller and medium sized companies in the country.

The fund invest in bond issuances of 15 to 20 firms on the Lima Stock Exchange and its Alternative Market, which is a debt and equity securities exchange platform focused on smaller and medium-sized companies (SMEs) that have annual sales below US\$70 million. The fund will also work proactively to promote new issuances. IFC will be the first foreign investor joining other local institutional investors in supporting the fund.

The fund will be a pioneer as it will be the first such fund targeting investments in bond issuances by Peruvian SMEs, which have traditionally relied on bank loans since the local capital market for bond issuances by SMEs is only starting in the country and there have been few issuers as well as buyers.

Christian Laub Benavides, the Chairman of the Lima Stock Exchange, said: “In participating in the first such dedicated fund in the high yield asset class, IFC is supporting the Alternative Market platform and the capital markets’ reforms in Peru, aimed at expanding the funding options available to companies and SMEs, in both local currency as well as US Dollars.”

Francisco Dianderas, Managing Director and Daniel Dancourt CEO of HMC Capital, said that “we are delighted that IFC has decided to support our fund with this investment. IFC’s participation with local institutional investors helps to develop a new financial vehicle in Peru with global best practice.”

This new investment by IFC also reinforces its commitment to supporting Peru’s sustainable economic growth by improving access to finance for underserved SMEs. It is also an example of the strong relationship between the World Bank Group and Peru, which will host the IMF and World Bank Group’s Annual Meetings in Lima on October 2015.

Marc Tristant, IFC’s Country Head for Peru, said: “In supporting issuances on the Alternative Market, the investment fund serves an important role in boosting both supply and demand as well as providing local pension funds - who are important participants in Peru’s capital markets - an opportunity to invest and diversify their portfolios in SMEs through local bonds.” Local capital markets are an increasingly important source of debt and equity funding for economic development in emerging markets.

IFC has invested a total of US\$3.1 billion in Peru since 1956, when Peru became a member country, including US\$1.1 billion in funding mobilized. IFC’s strategy in Peru aims to increase debt and equity financing, improve the investment climate and support key players in Peru’s private sector that can expand the country’s infrastructure as well as deliver products and services to underserved sectors, for example by expanding access to finance for micro, small, and medium enterprises (MSMEs), as well as access to housing, health and education finance.

About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. Working with private enterprises in more than 100 countries, we use our capital,

expertise, and influence to help eliminate extreme poverty and promote shared prosperity. In FY13, our investments climbed to an all-time high of nearly \$25 billion, leveraging the power of the private sector to create jobs and tackle the world's most pressing development challenges. For more information, visit www.ifc.org

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