

# HMC nears close on Andean debt fund

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## Chilean asset management firm is targeting \$100 mln to invest mainly in Colombia and Peru

HMC Capital has almost closed a \$100 million private debt fund for the Andes, expecting to sign commitments with multilateral lenders, family offices and insurance companies in the coming weeks, according to risk manager Jeanisse Olazábal.

"Our private debt fund will mainly invest in Peru and Colombia but could also opportunistically invest in Chile. We will typically offer three- to five-year term loans and working capital, with different structures depending on the risk profile of the borrower," Olazábal told LatinFinance.

After it raises the money, the Chilean asset management firm will have two years to invest the fund with targeted returns of 8% to 10% per year, Olazábal said.

The fund will invest in various sectors, but HMC will take a careful look at the environmental, social and corporate governance standards of companies it invests in, she said.

Founded in 2009, Santiago-based HMC holds roughly \$15 billion in assets under management, including managed funds and funds distributed to other funds. It has offices in Peru, Colombia, Brazil, United States and most recently opened an office in Mexico.

HMC traditionally focused on fund distribution services, but it moved into asset management with a \$60 million high-yield

debt fund in Peru in 2015, which included commitments from the International Finance Corporation (IFC) and local pension funds.

HMC's experience with the high-yield fund in Peru led it to create the private debt fund for the Andes. The high-yield fund exceeded expected returns after helping Inversiones La Cruz become the first company to issue bonds in Peru's smaller Mercado Alternativo de Valores (MAV) and also taking the city-owned bank Caja Arequipa to the bond market.

Nevertheless, HMC faced challenges in getting some of the medium-sized companies to sell bonds, Olazábal said.

"The objective of the fund was to develop capital markets for medium-sized companies, targeting companies with local ratings spanning from BBB to A+. At that time, the market was only interested in companies rated AA- and above, which meant companies rated below that were not motivated to issue," she said.

Olazábal expects the Andean private debt fund to cater to medium-sized companies that are typically overlooked by both institutional investors and traditional banks.

HMC also plans to launch a \$50 million debt fund in Colombia early next year, looking to replicate the model of the high-yield fund in Peru, she said.



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