


Fund Manager Spotlight: Brazil's Performa Investimentos to invest in 10-12 impact businesses by 2027

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Shweta Vitta

Founded in 2005, Performa Investimentos is a Brazilian private equity and venture capital fund. It has deployed two funds of cumulative R \$202 million (~USD \$75 million) in sectors such as biotechnology, information technology, cleantech, and agritech.



Team Performa Investimentos

In 2016, the company decided to create fund III – a USD \$80 million multi-sector fund focused on innovation and impact. Performa and Capria started working together during our recently concluded cohort 3 (January 23rd – March 10th, 2017). With the new fund, Performa will build on the success they have seen thus far and

leverage the many resources of the Capria Network.

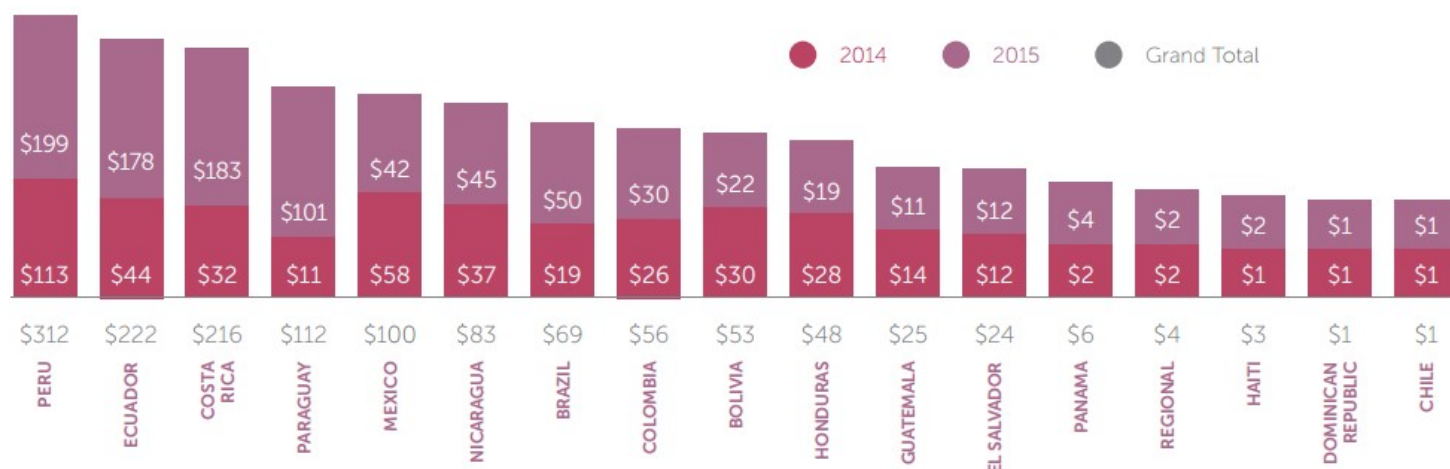
In the interview below with **Eduardo Grytz, Founder and Managing Partner**, he highlights Performa Investimentos' investment philosophy and goals, preferred sub-sectors, the larger impact investing sector in Latin America, and how Capria is helping accelerate their business.



1. How promising is impact investing in Latin America?

Over the last decade, Latin America's middle-class population grew 50%, constituting nearly 30% of the overall population. However, [one-third or ~30 million of these new middle class members are likely to slide back in to poverty](#). Traditional solutions are unable to bridge this widening gap. Thankfully, the growth of entrepreneurship has spurred new initiatives such as impact investing, which targets promising financial returns as well as scalable social impact.

Latin America has been quick to embrace and tap this new source of capital. Between 2008 – 13, impact investments rose from USD \$160 million to ~USD \$2 billion. According to Aspen Network of Development Entrepreneurs' (ANDE) ["The Impact Investing Landscape in Latin America"](#), agriculture, financial inclusion and healthcare are the most preferred sectors with nearly 56% of impact investors targeting net annual returns of over 11%. In Brazil alone, one of the top markets in Latin America, investment firms have deployed USD \$69 million between 2014 – 2015, with healthcare and agriculture comprising nearly 50% of the investments.



Impact Investing deals between 2014-15. Source – ASPEN's ["The Impact Investing Landscape in Latin America"](#)

2. What is the overall size of your Fund III? How do you plan to deploy this fund? And what is the impact you are aiming to create?

The overall fund III size is USD \$80 million. Our preferred sectors are healthcare and financial technology – we see quality deal flow and both sectors represent a substantial portion of the Brazilian GDP, enabling significant opportunities for inclusion and innovation. Apart from these, we are also looking at education, agriculture technology and clean technology.

Over the next decade, our aim is to invest in 10-12 businesses with fund III, with an average investment of USD \$5 – \$10 million, enabling the creation of roughly 3,500 jobs and impacting at least a million lives in Brazil.

3. How hard is access to finance in Latin America? What are the key barriers and how is

Performa Investimentos addressing these?

While there is considerable density at the seed and Series A funding as well as in the PE segment, there is a significant funding gap at the Series B and C in Brazil. This gap is even more prevalent for nascent industry categories such as impact investing, where the average deal size in Latin America is ~USD \$1 million. This was the main reason why Performa Investimentos decided to create a growth VC fund, focusing on impact and innovation in Brazil. We aim to invest in series B and C opportunities emerging from the top companies at early stages of the industry, and successfully deliver high-calibre entry opportunities for the PE industry, to further scale these innovations.

4. Can you briefly tell us about your fund I and II – the total investment, the funds' performances and the impact? Also, which has been the best performing investment?

Our fund I and II cumulatively represent USD \$75 million, which we have deployed across 13 companies thus far. Both the funds are around their mid-points, around 4-5 years from their vintage years and are on track to deliver net 20% IRRs (Internal rate of return) to our shareholders.

One of our best performing investments is [Intelipost](#) – a Brazil-based freight management platform that leverages cloud technology to effectively integrate shippers (such as e-commerce, retail and industry) and carriers for deliveries. We invested USD \$4.5 million in the company in May 2016 in a series A round.






Between January 2016-17, Intellipost, the sole operator in its field, multiplied its recurring revenues by 4x and number of clients by 3x (200+ clients). Currently, it's revenues are growing 50%, quarter over quarter (QoQ). In terms of impact, in 2016, the company managed to prevent an impressive 2,000 tonnes of CO2 being thrown in the environment, due to simple and effective optimization of the freight.

5. You have been in the investing space for more than a decade now and come with in-depth expertise. Why did you decide to apply to Capria and how was your overall experience?

Capria seemed to be the right way to fully transition in to an impact investment firm. Over the seven weeks of the Intensive program, Capria seamlessly integrated fund managers from different geographies to trust each other and share best practices, tools, deal flow as well as potential LPs worldwide. In addition to Capria's holistic services – acceleration, advisory and risk capital that it provides, the network itself is transformative, both for individual funds and the impact investing industry.

Diving in to the specifics, the aspects which particularly stood out for us were –

1. Fund managers in emerging markets face numerous challenges – higher transaction costs (legal, others), lesser pipeline density, limited access to global LPs and exit markets and lack of developed tools for fund operations, impact assessment and others. Capria's Intensive program decisively helped us identify and have a clear plan to address these issues.
2. The tailor-made modules, such as the one on GP structuring, helped us identify which costs in Brazil are not

BRAZIL		47	\$68.9	\$1.5
Sector		Number of Deals	Total Invested (US\$ M)	Average Deal Size (US\$ M)
HEALTH		13	\$24.2	\$1.9
AGRICULTURE		9	\$31.4	\$3.5
EDUCATION		6	\$3.9	\$0.8
FINANCIAL INCLUSION		6	\$3.6	\$0.7
HOUSING		5	\$0.5	\$0.1
CAPACITY BUILDING		4	\$1.9	\$0.5
COMMUNITY DEVELOPMENT		2	-	-
POLLUTION PREVENTION AND WASTE MANAGEMENT		1	-	-
RENEWABLE ENERGY		1	-	-

in tune with the funds' average experience globally and the relation between different GPs related to one single firm (for instance, Performa Investimentos), and in different jurisdictions.

3. The Fund Managers Forum (FMF) was a great opportunity to share our vision for fund III with global, established investors and understand their expectations. It turned out to exceed our expectations; with follow-ups happening immediately after the event.

Capria's understanding and work towards integrating competitive financial returns along with scaled impact is at the forefront of the industry. What we are achieving and will achieve as a network that is building so rapidly will not only enhance any fund's local chances of succeeding, but will play a significant part in impacting the lives of millions.

Our applications for Investment Cycle 4 are now open. If you're an impact fund manager from an emerging market, we'd like to hear from you. Please read more about [our selection criteria](#), [our global network](#) and make an application today.

The last date to apply is May 19th, 2017 at 11:59 PM PT. [Click here to Apply >](#)