

## **AGF LATIN AMERICA FUND**

In times of rapid expanding population, low interest rates, and inflation, investors are searching for assets that will grow in value, produce a regular income, and retain value in the event of a crash. New opportunities are leading many investors towards the agricultural sector as 75 million new mouths to feed every year and a changing diet in developing economies supports the theory that agribusiness will do well in the mid to long term. Latin America is projected to be the fastest-growing agriculture producing region globally over the next seven years. By 2018, agricultural production is expected to be 75% higher than in 2000, compared with a 12 per cent increase in the industrialized countries.

Despite the ongoing work by governments, multilaterals and other actors, there is still an unmet demand for investment in SMEs in the Southern Cone countries. An average 33% of small companies and 38% of medium companies in the target countries identified access to finance as a major constraint. The Venture Capital (VC) industry, which invests long-term capital in SMEs, helps to meet this demand, and the MIF seeks to make a contribution to this problem by investing in a regional VC fund "AGF Latin America Fund" operating in the Southern Cone region.

Through its "AGF Latin America Fund" project, in partnership with Aqua Capital Partners, the MIF aims to contribute to SME development in the Southern Cone region by expanding access to Venture Capital financing. The AGF Latin America Fund will have Argentina, Brazil, Chile, Paraguay and Uruguay as its geographic target. The fund will play a critical role in fostering the development of the agricultural sector in the countries above mentioned, since it contributes to growth, productivity increases, poverty reduction and hence sustainable development.

In addition to being an attractive investment, the Fund will be a vehicle for making a developmental impact in the agribusiness and food sectors in the Southern Cone. Up to 8 companies will receive investment and hands-on guidance from the management company team offering the possibility to create a common portfolio of investments in agriculture and food industries, to achieve both financial returns and development impact.

If successful, the demonstration effect may help attract more investments for these sectors. The fund and the management expertise that accompanies the investment will bring benefits not only to the investors and the investee companies in which they invest, but also to the local economy.