

## PROJECT SUMMARY

This project aligns with IDB Lab's investment strategy for venture capital (VC) funds, focusing on one of its key verticals: "Regional Funds". Under this vertical, IDB Lab seeks VC funds with a regional strategy that include making investments beyond the more developed startup ecosystems, to foster regional integration and knowledge transfer.

Valor Venture Fund V LP (the "Fund" or "VVF V") was selected among the applicants to IDB Lab's Call for Proposals for VC Funds in 4Q24. Valor Venture Management, LLC ("Valor" or "Fund Manager") is a top-tier VC firm in the region, that invest in extraordinary founders in different stages. Valor has a team of 8 investment partners complemented by a multidisciplinary team of 20+ professionals based in São Paulo, New York, México City and Silicon Valley, and it has invested in 120 companies through 6 funds, comprising 4 early-stage funds (Valor Venture Funds -VVF) and 2 opportunity funds (Valor Opportunity Funds -VOF). To date, Valor's portfolio companies, including startups as early as seed stage, were able raise follow-on capital from third-party investors after Valor's investments. Furthermore, Valor has had 15 full, and several partial exits (including 22 unicorns). The firm has recently increased the number of investments in the broader Latin America region, including Argentina, Mexico, Chile and Colombia.

In terms of impact, Valor's portfolio companies have generated significant societal impact, including close to 60,000 direct jobs, over 1 GW of energy capacity, healthcare services for more than 6 million (M) patients, education for 5 M students, and support for 2 M SMEs across Latin America.

VVF V will invest in around 30 tech-based startups addressing market inefficiencies through technological solutions with potential for regional scalability and impact. The Fund will follow a sector-agnostic approach, with a particular interest in two key sectors—Fintech and Software—and two transformative technologies: Blockchain and Artificial Intelligence (AI). Furthermore, the Fund will seek opportunities in PropTech, HealthTech, EdTech, AgTech, Marketplace, Mobility & Logistics and ClimaTech. The selected startups will receive capital and support in key aspects such as talent acquisition, business strategy, expansion to other countries, E&S and in fundraising.

The proposed investment in VVF V is strategic and innovative for the following main reasons. First, the Fund Manager has a clear alignment in their mission and track record with IDB Lab's portfolio approach. Second, Valor's investment strategy has resulted in market-leading performance and impact indicators (KPIs) by their portfolio companies. Third, access to co-investment opportunities for IDB Lab and IDB Invest, in fund portfolio companies with clear evidence of traction, potential for scale and impact. Finally, the ability of a regional fund manager to foster knowledge transfers to nascent/emerging ecosystem actors, and to promote greater regional integration.

IDB Lab will provide additionality for VVF V in the following areas: 1) supporting the management team to improve its impact measurement capabilities, including the analysis and reporting of the social inclusion, economic development, and environmental benefits generated by the Fund's companies. Also, Valor V will be one of the first funds to participate in the pilot phase of an advisory services program for IDB Lab's portfolio funds focused on impact KPIs measurement; 2) supporting the Fund Manager to further advance and consolidate the work initiated with IDB Invest and Value for Women; 3) supporting the Fund's regionalization strategy by connecting it with deal-flow from nascent and emerging ecosystems; 4) providing access to platforms such as fAIr LAC (ethical and responsible use of AI by investees and in the Fund's due diligence process), LACChain (global blockchain alliance), WeXchange (connection with investment opportunities co-led by women), among others.

IDB Lab made prior investments in Valor Venture Fund III (US\$4 M) and Valor Venture Fund IV (US\$5 M), developing a fruitful and mutually value-adding relationship with Valor. Considering the points highlighted above, the project team considers it highly strategic for IDB Lab to increase its exposure in the new venture fund, supporting the Fund Manager to scale its impact in the region through an IDB Lab investment of up to US\$3 M in VVF V.