

## **DXA Excelsior II Fund**

### **OVERVIEW**

DXA Investments is an independent asset management focused on investments in Brazil and South America. Currently manages approx. US\$ 200 million. The firm has a strong focus on finding unique opportunities in SME (Small & Medium Enterprises), either through equity or debt investments. The Private Equity team focuses on providing growth equity capital to companies with EBITDA < 5 million, participating actively on the operations on the post-deal and joining forces with the entrepreneurs on developing their businesses.

### **Opportunity**

The firm is raising its second PE fund focused on high growth companies, aiming for a 3-4x multiple over an 8 year investment horizon (3 yrs investment + 5 yrs divestment).

DXA has become a specialist in finding “under the radar” investment opportunities. The combination of a strong operational team with the partners’ global network creates the ideal partnership between entrepreneurs and the fund.

### **Portfolio**

DXA believes that a unique investment window will be present in the next years in Brazil and South America. The firm expects to invest the fund during the range of 2019-2021, taking advantage of the favorable valuations and potential economic rebound. The pipeline is opportunistic in regards to sectors, with companies in Consumer & Retail, Healthcare, Education and Financial Services.

### **MARKET OPPORTUNITY**

DXA Excelsior I has been the first fund structured with the strategy to focus on high growth SME (Small & Medium Enterprises), which are defined as companies with less than 1,000 the GDP per capita. In Excelsior II, DXA will expand its strategy to be able to participate in unique opportunities that may be cross border and allow Latin American companies to growth within the region and the world.

### **Region**

In the past 5-10 years, the Latam region was overlooked by investors; however, given the “homework” that was done by the countries and the relative opportunity set and lower risk, it is expected that investors will once again allocate capital to the region.

### **Brazil**

The country has been able to survive its worst recession in history and assets have started to recover. An economy with its lowest interest rate in history and stable inflation is posed for growth in the coming years.

The new administration is focusing on pro-market actions that should boost the country’s position in global market and increase internal consumption

## **FUND STRATEGY**

High Growth through SMEs

Using conventional definitions, SMEs in Brazil would be companies that have up to U\$ 10 million in annual revenues (approx. 1,000 times the GDP per capita). These companies, responsible for 55% of all jobs in the country, do not have access to risk capital in the form of credit or equity.

DXA Excelsior II will acquire significant stakes in high growth companies, investing U\$5- U\$10m into each company. In addition, the fund shall be able to deploy additional follow-on capital into the most successful opportunities. The fund's goal is to invest in companies that project a capital appreciation of at least 4x on invested capital.

## **TRACK RECORD HIGHLIGHTS**

All Investments done from 2012 until 2015 are considered to be part of the firm's first PE Family of funds, called DXA Excelsior I. Structured as a hybrid of Fund and co-investment, DXA has full discretionary decision over the investments. The firm deployed U\$ 50 million into 4 deals, acquiring 7 companies.

### **It Brands**

Retail holding focused on middle class

More than **70 stores**

**Recognized as "Top of Mind" baby brand boutique (BB Basico)**

### **ZeeDog**

Pet Accessories lifestyle brand

**+3000 POS**

**DXA Exited this investment in Feb 18 with a 12,4x return**

### **Modern Logistics**

First company in Brazil to offer a **fully integrated logistic service**, including air-cargo, long-haul trucking and warehousing.

### **21212 Digital Accelerator**

**First digital accelerator** in Brazil to have a relevant exit (ZeroPaper)

Has already invested in **33 companies**