Exclusive: Advance Global Capital to launch social impact fund

by *Jasmin Leitner* - 23 March, 2015

Keywords: Emerging Markets, Financial markets, UK, Europe,

London-based investment manager Advance Global Capital (AGC) is preparing to launch its trade receivables-focused social impact hedge fund to external investors.

The Advance Trade Growth Fund (ATGF), which provides receivables financing to small and medium-sized enterprises in Latin America, sub-Saharan Africa and Eastern Europe, will launch in May.

Receivables financing includes buying some or all of a firm's invoices at a discount, to either assume responsibility for collecting money owed from customers, or take on the risk of default, as well as supply chain financing – working with a large buyer to provide capital to their SME suppliers.

"There is a big desire for new asset classes, especially ones that are social and in the current environment interest rates are quite low, so there's lots of competition for yield," said CIO/CFO Nate Hartley, explaining the rationale for the launch.

"The rates of return on trade receivables in countries that we're targeting will probably offer somewhere between 6% to 8% net to investors, with maturities of between 60 and 90 days for the assets themselves, so that's a pretty good yield on a dollar basis and pretty attractive," he added.

The firm has incorporated the World Bank's International Finance Corporation environmental and social sustainability standards into its credit and investment policy, and aims to work with emerging market SMEs to provide business development support and job creation.

AGC was co-founded in 2012 by Raiffeisen International MD Admir Imami, CEO, and Janet McKinley, a former Oxfam America board chair.

Hartley previously established and ran an asset-based lending business for Barclays, providing working capital to financial institutions and business in emerging markets.

The firm has been managing capital internally since 2014, with the backing of a US family office, which will retain a stake in the management company and fund going forward.

Total assets have not been disclosed but the firm has an initial fund-raising target of $100m, according to its marketing documents . The firm hopes to grow the fund to £400m ($596.5m) to £500m (745.6m) within three years, Hartley told *HFMWeek* .

AGC is an appointed representative of UK-based platform Mirabella and has

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ATGF uses a Cayman Master-Feeder structure, including a Cayman feeder for non-US and US tax-exempt investors, and a Delaware feeder for taxable US investors.

The fund will have different share classes with varying fees. AGC plans to provide investors with quarterly liquidity, although the founders' share class will have a four-year lock-up, charging 1.25%/15%, available until the fund reaches $100m or 28 February 2016.

AGC has permission to market in the UK and will also target Benelux and Scandinavian investors.

Citco is providing admin and custody services, EY is the auditor and Akin Gump is acting as legal advisor. The fund doesn't require prime brokerage services.

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