

## Investing for Change: AGC Makes an Impact

Impact investment is all about delivering a targeted rate of return to investors while aligning with their values. For some it means 'do no harm', for others it means 'do some good'.

Advance Global Capital (AGC) is committed to greater financial inclusion. We have chosen to focus on Small and Medium-Sized Enterprises (SMEs), which often struggle to manage their cash flow due to timing differences between when these suppliers deliver their products and when the buyers eventually pay. Cash sooner than money can be invested back into the business; financing from local banks is not available. AGC addresses that gap by providing Supply Chain Finance to suppliers selling to a single corporate buyer. Earlier payment enables these SMEs to grow and create more stable jobs - along with the benefits this brings to the broader community.



### Our impact goals are focused:

1. More short-term financing for SMEs, particularly women-owned businesses
2. More jobs
3. Stronger local financial 'eco-systems' - particularly in emerging markets

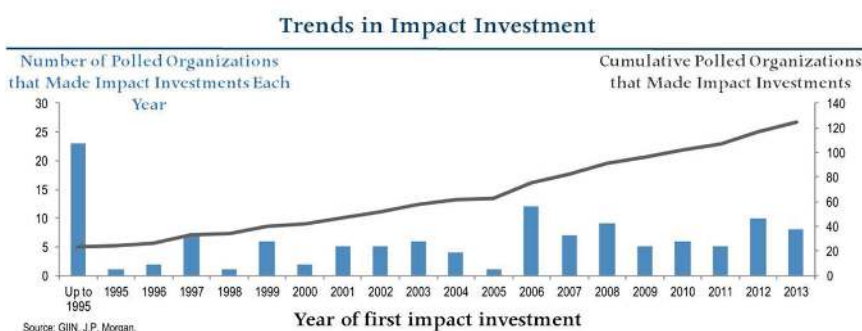
Reliable, fairly priced working capital financing helps small businesses find the confidence to hire staff and invest for growth. By doing so, SMEs will create tens of thousands of jobs, with benefits that impact the lives of many more.\* Working with local financial partners, we provide access to funding and expertise to diversify the financial services they can offer and strengthen relationships between suppliers and buyers in emerging markets.

With the support of our local partners, the SMEs we provide financing to and their customers, AGC aims to track the performance of those SMEs using metrics developed by the Global Impact Investment Network. This will be part of our ongoing due diligence process. Measuring impact is not easy but it is essential.

AGC is introducing many in the investment community to an 'asset class' which has been around since the Roman Empire, with its extensive trade routes across the world. The term 'factor' comes from the ancient word meaning 'agent' - the one who advanced cash to sellers while they waited to be repaid. Whether it's called 'factoring' or 'trade receivables finance' or 'discounting of invoices', this tool remains as needed today as it was centuries ago. Together with our partners, affiliates and investors we are working to be agents for change.

\* Based on a survey of similar investments conducted by the ODI, for every \$1m we invest we expect to create 106 jobs.

## Impact Investing Gains Momentum



The level of impact investing grew in 2014 and shows further signs of breaking into the mainstream. A GIIN/J.P. Morgan survey reported \$46bn in impact investments in 2014, up nearly 20% from the previous year. Impressively, 91% reported that their impact investments were in line with or outperformed expected financial performance.



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The growth in impact investing is not limited to management firms, it is also being driven by young investors and family offices. Many millennials are taking a different approach to investing, insisting on social responsibility and demonstrable impact along with positive financial returns. Priorities are shifting for many high-net-worth individuals, family offices and private foundations as well. Some are adopting a “100% impact” strategy and placing their entire portfolios into impact investments.

At Advance Global Capital, we believe that the importance of impact investing will continue to grow. That is why all the investment initiatives launched by AGC will reflect a ‘double bottom line’ strategy that seeks reasonable financial returns coupled with positive socio-economic impact — particularly in emerging markets. We have focused our investment strategy on an innovative asset class of trade receivables financing that is based on the years of experience of our staff in the world of trade finance.

As part of an impact investment strategy, the World Economic Forum (WEF) recommends that Family Offices target opportunities to provide seed financing in underserved and high-impact markets and those where capital is deployed to build a sector’s infrastructure. AGC invests in Supply Chain Finance in markets with low financial inclusion to maximize the impact of our investments and contribute to the development of the financial sector and to stimulate the growth in SME businesses in emerging markets. Our approach is meant to ensure long-term, holistic growth in local communities.