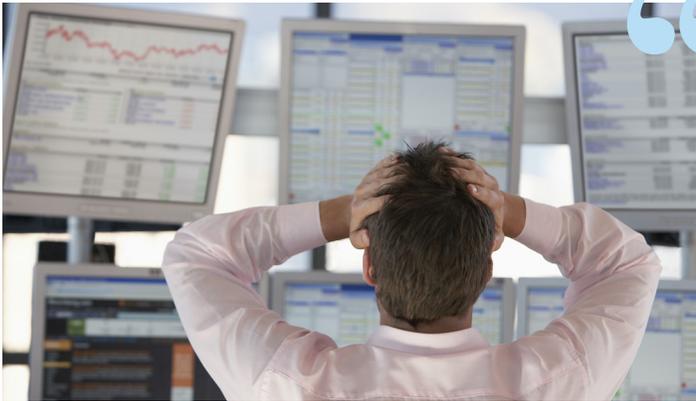


## Emerging Markets: Investing in Turbulent Times



“**Investment in emerging markets hits post crisis low.**

**China volatility adds to pressure on emerging markets.**

**Welcome to the Crisis Economy, Where Tumult Reigns.”**

As we ushered out the old year and rang in the new, the business press were ringing alarm bells with these headlines.

There is plenty to be concerned about—falling demand and prices for commodities, a high level of dollar-denominated debt issued by emerging market corporates, and slower global growth predictions by the World Bank, the International Money Fund and others. Yet, the large flows of capital out of emerging markets along with major drops in both equity and bond indices globally come after a multi-year run up in valuations which have left a small cushion to manage risk. Perhaps return expectations are also due for a correction.

### Value Remains in Discounted Invoices

Despite the challenging environment, AGC’s strategy of trade receivables financing in emerging and underserved markets remains as strong as ever.

Investment cycles have always been with us. The longer the rise in valuations, the more important diversification becomes. And the harder it is to achieve. As an alternative in the specialty finance space, discounted invoices continue to offer attractive risk-adjusted returns with low correlation to equity and bond markets. The underlying assets are residual receivables with 30 to 120 day terms. The asset value accrues every month, steadily rising.

As money moves elsewhere, opportunities exist for well informed, astute investors. Despite macro predictions of slower growth, small and medium-sized enterprises (SMEs) are still finding market opportunities both at home and abroad. And they continue to need the support of reliable providers of working capital (such as factoring companies) in order to build out their businesses and hire more people. The key is choosing the right assets to back and the right local partners to work with.

### The Local View Provides Insight

AGC benefits from a strong origination and risk management team with extensive on-the-ground experience. They have valuable insight into local economies as well as exposure to local languages and customs. Understanding the culture of a country goes a long way in explaining attitudes towards money, commerce and the acceptance of business agreements.

Collectively, AGC’s staff and board of directors speak 12 different languages and have lived, worked and transacted in 95 countries across Europe, the Americas, the Middle East, Africa, and Asia. Prior to joining AGC, CEO Nate Hartley set up collateralized asset-backed lending in Africa, the Middle East and Europe working for Barclays.



Hendrik van Deventer, Global Head of Origination, is originally from South Africa and has deep experience throughout the continent as well as South America. Gilles Sablin, Head of Origination in Africa, is a native French speaker with extensive banking experience throughout Francophone countries in Africa.

“Investing in SMEs in emerging markets can’t be done behind a Bloomberg terminal,” observes Nate Hartley AGC’s CEO and CIO. “There is an element of the unfamiliar in emerging markets that is difficult to quantify and build models around.”

“Investing in SMEs in emerging markets can’t be done behind a Bloomberg terminal.”

Nate Hartley  
CEO, CIO, Advance Global Capital, Ltd.

Steady Course Ahead

When co-founders Janet McKinley and Admir Imami set out to launch AGC in 2012, they shared a vision that continues to drive the company. They wanted to change the landscape for financing smaller

businesses in emerging and underserved markets. As CEO, Imami recruited a team enthusiastic about taking an age old financing tool—factoring—and putting it to work to create lasting social and economic impact in communities around the world.

In January 2016, Nate Hartley succeeded Imami (who remains a shareholder in AGC) as CEO of the firm. Hartley will bring his particular strengths to the strong foundation built by co-founders McKinley and Imami over the past 3 years.

The goal for 2016, according to Hartley, is prudent growth. He expects many markets to continue to experience volatility and a certain amount of political unpredictability. “In the current environment we need to deepen our footprint where we are already confidently operating, assuming good investment opportunities emerge.” As to new markets, Hartley observes, “We’re going to take the time to choose our opportunities.”



Nate Hartley, Advance Global Capital CEO & CIO

Headline Sources:

*Financial Times*, December 14, 2015 (Online headline: **Emerging market investors hold fire for Fed**)

*Financial Times*, January 10, 2016 (Online headline: **Emerging economies are coming under ‘even more pressure’**)

*The Wall Street Journal*, January 18, 2016 **Welcome to the Crisis Economy, Where Tumult Reigns**

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