Statement of Values

Albright Capital Management LLC ("ACM") is an investment advisory firm focused on the global emerging markets. It was founded by Madeleine K. Albright, former United States Secretary of State, the other principals at The Albright Group, LLC ("TAG") and a team of seasoned investment professionals. ACM is a continuation of the founders’ commitment to the promotion of economic development, reduction of worldwide poverty, creation of a middle class, and growth of effective democracies. (Please see the Appendix for a comprehensive list of affiliations, past and present, where we have given our time and energy to further these goals.)

ACM combines decades of international political and investment experience and creates a unique capability to understand the requirements of foreign investors, governments and business interests. ACM will bring to bear TAG’s extensive expertise, insight and research capabilities to create and evaluate investment opportunities in the emerging markets.

TAG, widely recognized for its individual members’ reputations for objectivity, fairness and good governance, represents companies in resolving market and regulatory issues around the world. TAG is expert on the full range of issues and day-to-day realities facing emerging markets and growing democracies, including corruption, corporate governance, transparency, worker protection, human rights, environmental protection and stewardship.

The integration and advancement of social goals into the various criteria employed by investors is intrinsically desirable and should be a central component of the political risk evaluation undertaken by emerging market investors. The ability to introduce and encourage, among other things, good corporate governance, can create value and play a key role in driving good investment results. Obtaining attractive returns and promoting socially responsible policies are fundamentally compatible objectives in all investment disciplines and are mutually reinforcing in the emerging markets. More particularly, companies that can demonstrate good governance not only contribute to society in meaningful ways; they typically reap premium enterprise valuations from buyers. Consequently, ACM seeks to deliver attractive returns to investors through a singular focus on the global emerging markets while holding itself to the highest standards of ethics and integrity.

ACM does not believe that social factors, in isolation, can drive investment decisions. But we do believe that an understanding and analysis of social factors must supplement more widely utilized investment criteria, including macroeconomics, fiscal and monetary conditions and security-specific fundamental research. ACM’s ability and commitment to perform both types of analysis and to understand the interplay between them in terms of the investment climate distinguishes it from other investment advisory firms focused on the emerging markets. We believe that the conscious inclusion of social goals as investment criteria will help to amplify the positive effects of such investments in terms of growth and stability in a country or region. It is for this reason, among others, that we eschew overly simplistic mechanical assessments of political risk and progress towards social goals, and prefer an in-depth, case-by-case analysis.
Our insistence on good governance begins internally. We have worked closely with our legal counsel, Wilmer Cutler Pickering Hale and Dorr LLP, to establish best practices of corporate governance, internal procedures and regulatory compliance for ACM. Investors correctly view these attributes as minimum standards for investment advisers even if they are disturbingly uncommon. We concur that the regulatory framework provides only baseline guidance and due to the obligations of having served in government and the critical importance of maintaining our collective reputations, we hold ourselves to even higher professional and ethical standards.

Much of our investment work will be in public markets. ACM will direct capital based on our assessment of the rates of return achievable. We will employ traditional investment metrics common among emerging market investment managers which, importantly, will be supplemented by our primary source research yielding superior insight and judgment about the underlying quality of the political and investment climate. More precisely, it is the interplay between the consensus perception of risk, especially political risk, among investors and market valuations that creates an opportunity set for ACM inaccessible to other investment advisory firms.

ACM will also pursue private investments in emerging markets when they are consistent with our overall approach. We believe that, once the decision to invest is made, the achievement of "social goals" requires pragmatic engagement rather than broad, unrealistic, or simplistic dictates. Unfortunately, private investors in the emerging markets must anticipate the prospect of corruption; inequitable treatment of foreign investors, particularly minority investors; irregular tender processes; inequitable tax or regulatory environments; and judicial systems skewed towards locals, among other difficulties. To be sure, events in recent years have made it abundantly clear that such problems occur in all countries, including the United States and other well developed nations. Just as occasional disappointments fail to dissuade investment in well developed markets, they should also not do so in emerging markets, irrespective that such occurrences are more frequent due to the immature or opaque conditions often found in the developing world.

Many investors avoid private investments in the emerging markets altogether due to the incorrect perception that the foregoing difficulties are inevitable. Valuations reflect this widespread incorrect binary view, creating fertile ground for patient and selective investors like ACM equipped with greater awareness as well as the negotiating skills to manage those problems that do occur. We believe that investors who simply factor such exigencies into their plans, preconceive a mechanism for resolution, and ally themselves with an investment adviser that can protect their interests will be amply rewarded.

We believe that our experience makes us adept at identifying potentially controversial situations and avoiding them. Avoiding these circumstances is a central part of our own good governance pursuant to which we seek to reduce risk and enhance returns for our investors. However, when we do confront inequities, we will engage, at all levels, to protect the interests of our investors and in so doing, we hope, advance the circumstances of all constituents in that locale. Our experience tells us that quiet persuasion is the most effective form of engagement, highlighting to entrenched interests that investors’ faith in their business or country will grow as the conditions for investment become more transparent and equitable. On rare occasions, we may be confronted with intractable inequities or corruption and more vigorous intervention may be necessary. In such instances, we will use internationally established and accepted avenues, including legal recourse, to achieve resolution.
There are circumstances when difficulties prove to be so intractable that investors should simply disinvest. Nonetheless, disinvestment can involve financial cost, and from a social perspective can have the unintended consequence of reversing important progress already achieved. TAG’s practice in the emerging markets, which will continue in an investment context through ACM, is heavily nuanced and relies on constant dialogue. Ongoing interaction of this kind is unachievable by most enterprises, especially investment advisory firms which are notoriously poor at evaluating or managing such dynamics.

Due to our reputation for objectivity and fairness, TAG is frequently engaged to adjudicate the inevitable aftermath when others have made investments based on biased decision-making, pressure, false information, or, worst of all, corruption. This experience makes us especially conscious of the need for open and transparent business practices. The exertion of undue influence would be antithetical to the achievement of the goals incorporated into this statement and, more importantly, to everything we have accomplished in our careers.

We believe that it is a very positive development that investors increasingly seek to be socially responsible and/or to incorporate sustainability into their investment priorities. Inevitably, investors have widely varying definitions or perceptions of what it means to be socially responsible or sustainable in their investment activities and, as yet, no uniform definition has evolved. We make no representations that we comply with any definition of investing responsibly other than our own, such as it is today and evolves over time. This statement is intended to clarify our intention to utilize our insights and access, however limited or robust, to seek good investment results for our investors and promote social goals. In the emerging markets these two objectives are interdependent rather than mutually exclusive.
ACM Statement of Values-Appendix

The National Democratic Institute for International Affairs
The PEW Global Attitudes Project
Truman Scholarship Foundation
Eisenhower Fellowships
Aspen Institute
Center for American Progress
Council on Foreign Relations
UN High Level Commission on Legal Empowerment of the Poor
American Friends of the Yitzhak Rabin Center
James A. Baker III Institute for Public Policy-Rice University
Culture and Civilization of China
Program of Atlantic Security Studies
Security and Peace Institute
US Global Leadership Campaign
United States Association for the United Nations
High Commissioner for Refugees (USA-for UNHCR)
The White House Project, Security Initiative
American Academy of Arts and Sciences
Association for Diplomatic Studies and Training
American Academy of Diplomacy
American Foreign Service Senior Living Foundation
Foreign Affairs Museum Council
The Academy of Political Science
Bretton Woods Committee
The Karski Institute for Tolerance and Dialogue
Security and Peace Institute Advisory Board
University of Denver –
   Advisory Board for Center of China-US Cooperation
Chairman
Chair
President
Board of Trustees
Board Member
Board of Trustees
Board Member
Co-Chair
Advisory Board
Member of the Advisory Board
Member of Advisory Council
Advisory Board Member
Co-Chair, Advisory Board
Advisory Board Member
Advisory Board Member
Advisory Board Member
Fellowship
Honorary Director
Member
Honorary Chair
Honorary Director
Honorary Member
Member
Honorary Committee Member
Co-Chair
Honorary Co-Chair
University Philosophical Society, Trinity College Dublin  
Honorary Patron

University of Winnipeg  
Global Advisor

Center for American Progress  
Board Member

National Audubon Society  
Chair

Community of Bosnia  
Advisory Board Member

Oxfam America  
Board Member

Leadership Council for Liberal Education and America's Promise (LEAP), Association of American Colleges and Universities  
Member

International Advisory Committee for  
American Jewish Committee (AJC)  
Member