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# Brazil's Back on Track

Based in Brazil, Prudent Group are a highly renowned investment firm who provide working capital to SMEs across the country. It is a company that has a broad range of experience and expertise. The team has gradually come together over an extensive time period; in some cases the team members have worked together for more than two decades.

We initially set up in 2010, and today have offices in both Porto Alegre and Sao Paulo. The firm's Brazilian headquarters are in Sao Paulo, and we conduct most of our collateralized lending activities in the southern part of Brazil, which is the economic powerhouse of the country. In fact, something like 80% of Brazil's GDP is generated in the regions where we are located.

Throughout the years, Prudent has financed a high volume of short-term secured commercial transactions with the typical receivable maturing in 60 days. We participate in the supply chain financing of businesses through receivable transactions with recourse (recourse means we have personal guarantees by the owners of the company). We firmly believe that our non-banking financial industry, is playing a vital role in the recovery of the Brazilian economy, whereas the banking sector continues to shrink their loan books.

A continuing trend in our economy is that the demand for working capital is increasing as suppliers who have survived the great recession look to fill a growing order book. However, the banking sector is reluctant to increase their credit exposure to small and medium sized companies, and therefore this has provided the big opportunity for Prudent to grow and generate superior returns.

As such, the volume of commercial transactions that we can finance is growing. At Prudent, we provide a variety of entry points for global capital to participate. For equity investors, we have the Prudent Investment Fund domiciled in Luxembourg. For alternative fixed income and private equity investors, we have the Prudent Enhanced Yield Note Program also domiciled in Luxembourg. By providing an alternative to the traditional banking sectors support of working capital, Prudent provides a chance for the clients we work with to add more employees, increase velocity of capital, and simply take in and fill more orders.

As CEO, I split my time between our office in Porto Alegre and our main office in Sao Paulo. I am also a director of the fund vehicles domiciled in Luxembourg. The challenge that I face every day, is to run the business in a way that meets global standards, while at the same time is consistent with how Brazilian employees are used to working effectively. Our local staff in Brazil is almost exclusively Brazilian, except for our chief investment officer. Furthermore, there are capital controls and a myriad of administrative rules which complicate some aspects of our business.

At the same time, I am very excited about our opportunities and our operation's growth potential. With Brazilian banks pulling back and cutting credit lines, the field is open for us to expand the volume of commercial financing that we are doing. Furthermore, we have recently initiated an insured business, where the receivables that we work with are insured by one of Europe's leading insurance companies. This is a validation of our operation and provides additional protection for our investors.

Looking to the future, we are confident that we will continue to expand our current client portfolio. We offer many different products to different type of investors from high net worth, family offices to smaller and larger institutional investors. This includes open funds, separate mandates, uninsured or insured products and separate note programs. Our analysis concludes that supporting the entrepreneurial spirit of the economy, the growth engine of tomorrow, and to partake in the prosperity of these companies is not only a safe, predictable but also a profitable strategy.

With this in mind, we will continue to introduce products that meet the increasing regulatory requirements, while at the same time be allowed to offer enough flexibility to maintain their attractiveness. Generally, the issue boils down to finding an attractive trade-off between liquidity and return on one hand and enough regulatory structure and visibility on the other.

On a final note, I would just like to say that we sincerely appreciate this award by Wealth & Finance International. For any of your readers that are interested in investing with us, feel free to enquire about more information at: [info@prudentgroup.us](mailto:info@prudentgroup.us).

Please note that we do not offer any products directly to retail investors and only offer our services through regulated products and distribution channels. We currently operate through a Luxembourg Fund Structure and have local registration in Sweden and Germany. Over time this will change as we are pursuing a wider range of market opportunities in different continents. Watch this space!



Company: Prudent Investment Fund  
Name: Giovanni Cataldi, CEO  
Email: [Info@prudentgroup.us](mailto:Info@prudentgroup.us)  
Web: [www.prudentgroup.us](http://www.prudentgroup.us)

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