



GUEST BLOGGERS

# Meet My Team: Carlos Hardenberg

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I may be the most visible member of the Templeton Emerging Market Group, but behind the scenes (and often in front of them!) are many outstanding colleagues who I have great pleasure working with and learning from every day. We have a tremendous team of professionals at Templeton Emerging Markets Group, including 50 analysts and portfolio managers who span 18 markets and speak 17 languages. Here, I chat with Carlos Hardenberg, who has been based in Turkey for many years but will soon be moving to London and taking on some new responsibilities within the team. Learn about his early days on the team, and why he's excited about cultivating potential investment opportunities—in more ways than one!

**Mark Mobius:** Do you recall your first day on the job as part of the Templeton Emerging Markets Group? Walk us back to that time and your first impressions.

**Carlos Hardenberg:** I had first joined the team in January 1999 via a nine-month research internship in Singapore. The most memorable things I recall during my early days on the team were the spirited debates between two of my colleagues from Vietnam and the United States about accounting treatments. They could argue a full day about whether an item had to be classified as “extraordinary” or “exceptional.” That level of focus and intensity on the details was a good learning lesson for me. I also remember you came by my desk one day and asked if I would mind travelling a bit. The very next day I left Singapore for a five-month trip. That was pretty unexpected!

**Mark Mobius:** The first of many trips with the team! We truly are always on the move. Speaking of moves, you'll soon be taking a more expanded role within the Templeton Emerging Markets team and relocating to London. What does this change mean to you?

**Carlos Hardenberg:** Yes, I will be taking on a new lead portfolio management role and relocating my family, so a new perspective at work and at home. I earned my master's degree in investment management from the London City University's Business School so it is exciting to be back and to bring my family so that they can experience something different from our life in Turkey. London is a good hub. One of the big advantages is that many key people in the emerging markets world come through London on a regular basis, so it will allow me to meet with the management teams of portfolio companies pretty easily. It is also a good time zone to be in when you are working with team members that sit around the globe. We continue to refine our research and investment process and communication among the team is critical.

**Mark Mobius:** Is there anything you will miss about living in Turkey?

**Carlos Hardenberg:** London clearly has a lot to offer, although after 10 years in Istanbul, I will miss it dearly.

Turkey is by far the most hospitable country I have lived in so far. My family has learned the language and we have always felt welcome there. The dynamic development we have witnessed over the past decade in such an important, historic setting has enriched my perspective and that of my wife and four children.

**Mark Mobius:** How do you feel your change of location will affect your market perspective or focus, if at all?

**Carlos Hardenberg:** As I will continue to travel a lot to emerging market countries, I do not think my relocation will change too much when it comes to my focus or strategy. However, being closer to the professional investment community in London can bring about certain advantages as well. Hundreds of emerging market corporations engage in meetings with investors in London every year; there are various emerging market sector and macro specialists based out of London and there is a lot of corporate merger and acquisition as well as financing activity is coordinated out of London. Being in London will allow me to be closer to the action. So the combination of a local presence in the most important markets, coupled with the information loop in London, should be an advantage.

We have a strong and experienced team including members of many different nationalities and I look forward to playing my part in this orchestra. The key is to focus on the best investment ideas in every region and to ensure we have a high degree of communication within the team. We keep on improving our research and investment process and I look forward to the opportunities we have in front of us.

**Mark Mobius:** Frontier markets have been your focus on the team. What is exciting to you about frontier markets today?

**Carlos Hardenberg:** Frontier markets remain the most vibrant economies we are investing in today. Technology is the dominant factor behind the rapid developments in Africa, Asia, and other frontier regions. The level of entrepreneurialism is astonishing, and the large and young consumer societies are increasingly demanding the same lifestyle as people in the Western world. What excites us is that we are still at a fairly early stage of the overall development cycle in most of these markets such as Kenya, Nigeria, Tanzania, Vietnam and Bangladesh, just to name a few. The opportunity to participate in very fast-growing businesses and potentially benefit from higher consumer spending and infrastructure investments is very appealing.

**Mark Mobius:** What would you tell investors who may be rattled by the volatility these markets (and really any market) can face at times?

**Carlos Hardenberg:** The most recent period of high market volatility is a reflection of uncertainty and conditions in markets, namely the United States and China. We are swinging constantly from risk-on to risk-off and should not lose sight of the underlying fundamentals. But often we observe that volatility creates opportunities—just like Warren Buffett once said—the stock market serves as a relocation center at which money is moved from the active to the patient! We try to assess if companies are sold for the wrong reasons and whether “short-termism” is the driving force of the volatility, which could present us with decent buying opportunities.

**Mark Mobius:** What is the most challenging part of your job, and what is the most rewarding?

**Carlos Hardenberg:** In this job, you need to be able to manage stress. But I believe that this is probably true for most jobs. Managing time efficiently and preventing yourself from being distracted is also very important. It is very rewarding if you deliver results to your clients, and hugely rewarding if our bottom-up stock ideas turn out to perform as we expect. It is also very rewarding to cooperate so closely with colleagues from around the world and jointly generate and develop investment ideas.

**Mark Mobius:** Is there anything people would be surprised to know about you?

**Carlos Hardenberg:** I am really interested a lot in nature; I just planted over 30 apple trees. I will have to compete with imported apples from China though—so China is an important factor even in my personal life!

**Mark Mobius:** How do you like to spend your free time outside of work?

**Carlos Hardenberg:** Of course I enjoy spending time with my family. My wife, four children (age 5,7,9 and 12) and I went on a cycling trip in northern Italy this summer which was a great experience. I also enjoy reading history books, running, and skiing in the winter.

*Mark Mobius's and Carlos Hardenberg's comments, opinions and analyses are personal views and are intended to be for informational purposes and general interest only and should not be construed as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice. The information provided in this material is rendered as at publication date and may change without notice, and it is not intended as a complete analysis of every material fact regarding any country, region, market or investment.*

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## **What Are the Risks?**

**All investments involve risks, including possible loss of principal.** Foreign securities involve special risks, including currency fluctuations and economic and political uncertainties. Investments in emerging markets, of which frontier markets are a subset, involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets. Because these frameworks are typically even less developed in frontier markets, as well as various factors including the increased potential for extreme price volatility, illiquidity, trade barriers and exchange controls, the risks associated with emerging markets are magnified in frontier markets.