



Staying Investable in an Emerging Market's Stress Test Environment

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Over more than two decades working across emerging and developed markets, I have learned one simple truth: capital markets have a long memory, but investors themselves are not short-term thinkers by default. They are pragmatic. They are selective. And they are willing to engage with complexity — provided communications is honest, transparent and consistent.

Türkiye today feels very familiar to anyone who has lived through multiple emerging market cycles. High inflation, currency volatility, political pressure, regulatory uncertainty and sharp shifts in market structure and international investor presence are not new phenomena. What is different is the speed with which narratives form and spread globally — and how quickly perception can harden if it is not actively shaped.

For Turkish issuers, the challenge today is therefore not only operational performance. It is whether the company remains investable — visible, understandable and credible — while the market is effectively running a live stress test.

Türkiye as a concentrated EM case study

Türkiye has compressed many classic emerging market challenges into a short period: sharp FX depreciation, persistent inflation, unconventional policy phases followed by attempts at normalization, and a meaningful transformation of the equity market driven by increased domestic investor participation at the expense of foreign investment outflows.

From an international investor's perspective, this creates both opportunity and hesitation. Türkiye is rarely written off entirely; it is analyzed more carefully, more conditionally and with a higher demand for explanation. Investors are willing to engage with risk —

but they are far less tolerant of uncertainty they cannot model. In my opinion, this distinction is critical for investor relations.

How global investors really think about Türkiye

In conversations with global investment funds, EM specialists and crossover investors, Türkiye almost never comes up as a simple “yes or no” decision. It is contextualized, compared with other emerging markets and often framed as: what needs to go right — and what can still go wrong?

The most common questions we hear are not about quarterly results, but about structure and resilience:

- What is real operating performance versus inflation optics?
- Which risks are within management's control — and which are not?
- How sustainable is cash generation under FX volatility?
- What happens if market rules or access conditions change again?
- What differentiates one company from the others with the same problem?

What is notable is that even among the largest global asset managers, the tone has become more nuanced. Firms such as BlackRock, Capital Group, Franklin Templeton, Vanguard and Amundi have recently highlighted selective interest in Turkish assets when disinflation and policy normalization appear credible, particularly in local-currency instruments. At the same time, these institutions have been equally clear in flagging political, institutional and governance-related risks as key gating factors.

On the equity side, global banks such as JPMorgan have at times highlighted upside potential linked to macro normalization, while investors like Pimco have noted that sustained orthodoxy could materially improve Türkiye's long-term credit and investment profile. Importantly, none of these views represent unconditional endorsements but they reflect a willingness to engage — provided assumptions can be underwritten.

The conclusion we draw from these conversations is simple: international capital is not gone. It is patient, selective and highly diligent. It is waiting — and it allocates to companies it already understands and trusts when conditions allow. That is why the Turkish investor relations function and TUYID is so vital and has to be the core platform to also reiterate and educate: trust and credibility is not built in good times, it is built now. Resilience is a key phenomenon in Türkiye anyway, so it should be used to (re)-build trust as we speak. Why wait?

Inflation accounting: When compliance is not enough

Inflation accounting has added another layer of complexity. While technically correct, it often obscures economic reality for international investors unfamiliar with hyperinflationary reporting or generalists who might not be following frontier and emerging markets that closely.

Many investors struggle to compare periods, peers or margins across borders. When understanding breaks down, they default to simplification — or avoidance. Issuers that differentiate themselves are those that translate: clear bridges from reported figures to management KPIs, consistent definitions over time, and repeated explanations of what has changed — and what has not. This discipline significantly improves the quality of investor dialogue, even if valuation adjustments take time.

And this part is where good IR-teams differentiate themselves as well. These explanations which happen now are one of the main reasons why foreign investment flows usually flow back more immediately to the companies closer to international capital markets.

They do not only set a necessary engagement record, without which many international investors are not allowed to (re-) invest directly as per policy, it also builds on established credibility and trust and hence more immediate actions.

FX devaluation: Risk acknowledged is trust earned

Currency depreciation dominated most discussions about Türkiye, but experienced investors are not shocked by FX risk. What they want to understand is how the business is built around it. In meetings we participated with and for our clients over the last years, the most common follow-ups are practical:

- Where does hard-currency cash generation really come from?
- How quickly do costs reprice?
- What is structurally hedged, and what is intentionally left unhedged?
- How flexible is capital allocation under stress?

Issuers who openly discuss FX vulnerabilities — not only FX benefits — tend to have more constructive investor dialogues. Transparency builds trust, even when the message is not comforting. And most importantly, the data needs to be available, transparent to third parties and data aggregators and openly available for third-party decision makers.

Political, regulatory and governance considerations: credibility matters

Political uncertainty and regulatory intervention are difficult topics, particularly for listed companies many of which even with ties or at least large contracts with organizations affiliated politically. Investors, however, are not asking management to comment on politics. They are asking how strategy and governance hold up under different scenarios. The most credible management and IR teams we have encountered focus on the below consistently:

- They acknowledge uncertainty without dramatizing it
- They explain decision-making guardrails clearly, also within their own organization in line with transparent governance frameworks and policies
- They demonstrate adaptability and report on change openly

Silence, by contrast, is often interpreted as fragility — even when that is not the intention. Hence, proactive investor relations and communication through stakeholder engagement is key, also in difficult market cycles.

In this context, high standards of disclosure, corporate governance and ESG processes matter greatly. For international investors, robust governance frameworks, independent boards, transparent capital allocation policies and credible sustainability processes are not “nice to have” — they are essential risk mitigants.

In my experience, companies that demonstrate disciplined disclosure practices, consistent governance behavior and a structured approach to ESG — grounded in operations rather than marketing — are better positioned to retain investor trust during periods of stress. These standards help investors separate company-specific quality from country-level noise.

Why proactive engagement is the real differentiator?

One of the strongest convictions I have developed over the years is this: no convincing equity story is built from behind a desk. Investor and stakeholder perception almost always differs from internal perception. Without first-hand feedback, companies often overestimate what investors understand — and underestimate what truly concerns them.

Embera’s own expert team understands the power of first-hand, often anonymous, structured market feedback to questions around equity story, strategy, communication and positioning and specifically “what it would take the investor specifically from the company and IR, that would make them re-enter the stock”, or “what the drivers would be that would have them sell”. This information is gold for IR and should be collected for scenarios that help the IR and management prepare for the next phase of the cycle. Embera tracks this internally and sees positive signals for companies that prepare early and use a structured approach to market sentiment in a strategy way.

This is where Turkish IR teams have a structural advantage. Years of operating in volatile environments have built resilience, adaptability and credibility. When used proactively, this becomes a differentiator.

Roadshows and investor meetings are not only marketing exercises. They are intelligence-gathering sessions. They allow companies to:

- understand what investors really think
- identify true buy and sell catalysts
- distinguish structural concerns from temporary noise
- test whether the equity story resonates — or needs refinement

Crucially, they also build an engagement record. When conditions improve, investors allocate to companies they already know.

Investor targeting and access: Not all capital is the right capital

Another recurring mistake I see is indiscriminate investor outreach. In stressed emerging markets, trying to appeal to everyone often results in appealing to no one. I understand completely that this is a fine line, as most small-and mid-cap companies lost most of their international sell-side coverage and corporate access to conference, so broad investor roadshows are currently mostly limited to the large-caps and index-weights while small-companies have to rebuild their own investor roadshow and engagement calendars. This is not only a fact in Türkiye or emerging markets, this is a key problem statement in most developed markets too. Here is — again — where proactive IR, associations as TUYID or stock exchanges come in — but in the end it is proactive IR with the use of an empirically tested (!), data-driven approach.

Successful issuers focus on a fact-based and measurable approach to finding the right investors who actually can buy the stock (at the current valuation, liquidity levels, country and macro-drivers) while building out the next-layer of targets in relation to the identified scenarios. Mostly, they will focus on:

- investors with EM experience
- funds aligned with the company’s liquidity and volatility profile
- capital that understands cyclical and uncertainty
- funds (not firms) with a high fundamental fit to the company fundamentals and exposure to Türkiye and similar float cap.

Good targeting improves meeting quality, investor confidence and internal alignment. It also makes IR teams more effective under pressure and, for example with our internal model, increase the likelihood of conversion between 16-30-times compared to the regular approach. This is huge!

What is truly in management's and IR control?

Management and IR-teams cannot control macro outcomes, politics or global risk appetite. But they can control:

- clarity and consistency of messaging
- transparency around risks
- quality of disclosure
- governance discipline and capital allocation
- willingness to engage, even when conditions are difficult

These factors increasingly determine which companies attract capital when markets turn more constructive again. When looking at the Turkish market, an outside-in view shows that the quality of IR and disclosure has significantly improved over the last years. It still shows though that the bottom 40-60% do still have significant upside to reach international market practice with some of the low-hanging fruits and things that are in internal control. It would be too bad to not focus on these in times as now.

Final reflections

Türkiye has many companies that are operationally strong, internationally competitive and resilient by design. But resilience alone does not attract capital. It must be communicated, tested and reinforced through continuous dialogue, credible governance and transparent disclosure.

After more than 20 years in capital markets, I am convinced that investors are willing to listen. The question is whether companies are prepared to tackle the low-hanging fruits and engage early, proactively and honestly — long before the environment improves.

Those who do will not need to introduce themselves when the cycle turns. They will already be known.