Motomeru Strategies

WHITE PAPER | EMERGING-MARKET NETWORKS AND CREDIT | PUBLIC EDITION

Rails and Relationship Banks

The railway and the small-town banker, rebuilt for Latin America and Asia, and hiding under the labels of fintech and e-commerce



WHAT THIS IS	A public edition of the October 2026 white paper: how I look at emerging-market platforms as the modern railway and town bank, and how I score and price them
PREPARED BY	Motomeru Strategies Inc. | Jordan Hiebert, BBA, CFA, Principal
DATE	February 2027
SAMPLE REPORTS	MercadoLibre, Inc. and Nu Holdings Ltd., published with this paper. Figures as at October 21, 2026
CLASSIFICATION	Public edition. General information; not investment advice. See disclosures.

THE IDEA IN ONE SENTENCE

The returns that once came from owning North America's railways and small-town banks are available again in emerging markets, from platforms that lend to customers they already know and collect repayment from the sales and earnings that flow through their own networks, provided you pay a price that earns your cost of capital.

THE ARGUMENT IN ONE PAGE

The best old-world franchises are being rebuilt in markets that still need them

A century ago, owning North American growth meant owning two kinds of franchise: the railway that moved the goods and the town bank that knew the borrowers. Both still exist. Both are built out, regulated toward utility returns and priced that way.

In Latin America and much of Asia those franchises are being built now. Only about a quarter of adults in developing economies borrow from a formal lender. Private credit in Mexico or Indonesia is a fifth of US levels. Stock markets are thin and full of commodity and state companies, so the growing middle of these economies cannot be bought directly. The lender that finances it can.

The lenders I care about are mostly platforms rather than banks. They sit inside a merchant's sales, a driver's earnings or a household's main account. They see what no credit bureau sees, take repayment before the borrower is paid, and can shut a defaulter out of the network that feeds them. That is the 1920s town banker's edge, at national scale and at software cost. A few also own logistics networks that behave like railways: costly to build, very hard to copy, and a toll on everything that moves.

From outside this looks like a credit sleeve, and credit sleeves have wrecked good Western companies. Credit repaid out of the platform's own receipts behaves differently, and I score every company on how close its lending stays to the flow and how much trust its owners and home country deserve.

Then the work is about price. For each company I build a required return from the risks it carries, including a trust premium for governance, and an expected return from a five-year pro forma with a stress-tested credit book. The **hurdle price** is where the two meet. It is a model output, not a recommendation. Two sample reports, on MercadoLibre and Nu Holdings, show the method applied.

INSIDE

1. The old-world playbook
2. Relationships as real assets
3. Why the lender owns the growth
4. The new town banker
5. The new railways
6. Why this credit sleeve is different
7. The scorecard
8. Likeness and lifecycle
9. The trust discount
10. The method
11. The two sample reports
12. The case

SAMPLE REPORTS

MercadoLibre, Inc.
Latin America, US$ listing

Nu Holdings Ltd.
Latin America, US$ listing

Figures as at October 21, 2026

FOREWORD

It’s a long life in a small town

The world feels like it is moving very quickly right now. It has probably always felt that way. Building the railways must have felt frantic to the people doing it, with surveys, bond issues, land grants, a new line announced every month and a wave of bankruptcies every twenty years. The savings banks and building-and-loan societies that spread through small-town America and Europe probably felt just as busy to the people opening them.

Looking back, the pattern is fairly simple. Two kinds of system did most of the work. Infrastructure let goods and people move cheaply, and credit let households and small businesses spend today against what they would earn tomorrow. Both paid for growth that hadn’t happened yet. Both were positive forces for society, and both are easy to understand. Between them they explain a good part of how the United States, Europe and the rest of the developed world raised living standards to where they are today.

The companies in this paper look different. They run on phones, software and sorting centres rather than steel and brick. But I think they are getting at the same things, in the places that still need them most.

A former boss of mine liked to say that it’s a long life in a small town. That isn’t a good thing or a bad thing in itself. It means reputation has consequences and relationships matter. The town banker built a business on that. If we know one thing in the age of AI, I think it’s that relationships matter a lot more than we assumed, and that they are far harder to copy than software.

I also like the idea of a domain you can look at slowly, almost quaintly. Sten Nadolny’s novel *The Discovery of Slowness* imagines John Franklin as a man too slow for the world he was born into, who found in Arctic exploration a place that matched the way he saw things. Infrastructure and credit are like that for me. They reward patience, and they can be worked out from first principles.

Strip away the hype, and the influence of large financial organisations that profit from telling you a particular story, and there are usually pretty good answers available. Getting to them means going back to the first principles underneath. That’s what I’m trying to do with this white paper.

Jordan Hiebert, Motomeru Strategies

1 | THE OLD-WORLD PLAYBOOK

Rails and the town banker made North America. Both are now priced as utilities

- **The railway.** US track peaked at about 254,000 miles around 1916; the Canadian Pacific was finished in 1885. For decades railroads were most of what traded on the New York Stock Exchange. The economics were simple: a huge fixed investment, then a toll on every ton crossing a region nobody else could serve as cheaply. The best lines compounded for a century. The worst were overbuilt on borrowed money and went bankrupt by the dozen in the 1870s and 1890s.
- **The town banker.** The US had roughly 30,000 banks in 1920, most of them single offices in small towns. The banker knew the borrower, the borrower's father, the farm and the feed store. Credit was priced on reputation and local knowledge no outsider could see, and default carried a social cost that worked better than any court. Loans were small, short and renewed often, so losses showed up early and stayed contained.

Why the edge is gone in the West

Credit bureaus, scores and securitisation turned the banker's local knowledge into a commodity. Every large lender now sees roughly the same file on a North American borrower, so lending returns compete down toward the cost of capital. The railroads became a regulated oligopoly with mature volumes. Both are fine businesses. Neither offers much runway, and the market prices them accordingly.

The question this paper asks is where the rails and the town bankers are being built now, and whether an investor can own them before they are priced as utilities.

2 | RELATIONSHIPS AS REAL ASSETS

The oldest real asset is a customer who trusts you

> *"Credit means that a certain confidence is given, and a certain trust reposed."*
>
> Walter Bagehot, *Lombard Street* (1873)

Real assets used to mean things you could touch: land, track, rolling stock, a bank's vault and its branch on Main Street. In developed markets that meaning has quietly worn out. By one widely cited estimate, intangibles now make up about 90% of the S&P 500's market value. Haskel and Westlake's *Capitalism without Capital* traces the shift: software, brands, data and know-how now earn what rails and factories once did.

I use an older and narrower definition of what is real. Beneath every brand and data set is a customer who keeps coming back. That relationship is what the town banker owned, and it is what the companies in this paper are building, by the hundred million.

- **Credit is belief.** The word comes from the Latin *credere*, "to believe." The Chinese word for credit, 信用, joins "trust" and "use." David Graeber argues in *Debt* that credit between people who knew each other came long before coins.
- **Character before collateral.** J.P. Morgan told Congress in 1912 that character, before money or property, was the first basis of credit.
- **Trust is a nation's capital.** Francis Fukuyama ranks societies by how far strangers trust each other. Much of Latin America and Southeast Asia scores low. Where trust is scarce, whoever becomes trusted owns something rare.
- **Unrecorded value is dead capital.** Hernando de Soto showed that the poor of developing countries hold vast assets they cannot borrow against because ownership is never recorded. A street vendor's reputation is the same dead capital. A platform that records years of sales, ratings and repayments brings it to life.
- **Goodwill is what endures.** Warren Buffett's 1983 letter separates accounting goodwill from economic goodwill, a lasting hold on customers that earns high returns on little capital.

A relationship counts as a real asset when it passes the same tests a railway does

"Customer relationship" is easy to claim and hard to value. I treat it as a real asset only when it passes four tests, each borrowed from the old real assets and each mapped to a pillar of the scorecard in section 7.

TEST	THE OLD REAL-ASSET VERSION	WHAT IT LOOKS LIKE ON A PLATFORM	SCORECARD PILLAR
Durable	A railway's century of useful life	Customers who stay for years and use the platform every month	Light-footprint trust
Recorded	A title deed or land registry	Transaction, rating and repayment history the platform holds and nobody else sees	Network credit quality
Enforceable	A lien, a mortgage, a court	Repayment deducted from payouts, and the network itself as the penalty	Network credit quality
Productive	Rent, or a toll on traffic	Fees and interest earned with little added capital	Owner economics

A marketing claim fails at least one of these. A loyalty programme is durable but not enforceable. A bureau score is recorded but not private. A one-off loan is enforceable but not durable. The companies I cover pass all four in at least part of their business, and the reports measure how much of the business that part is.

WHY THIS MATTERS FOR RETURNS

A relationship that passes all four tests behaves like a real asset in a downturn: customers keep paying because leaving costs them more than staying. That is what lets a lender in a volatile economy charge high yields, take its losses early and still compound, and it is exactly what a credit add-on bolted onto a sales funnel does not have.

3 | WHY THE LENDER OWNS THE GROWTH

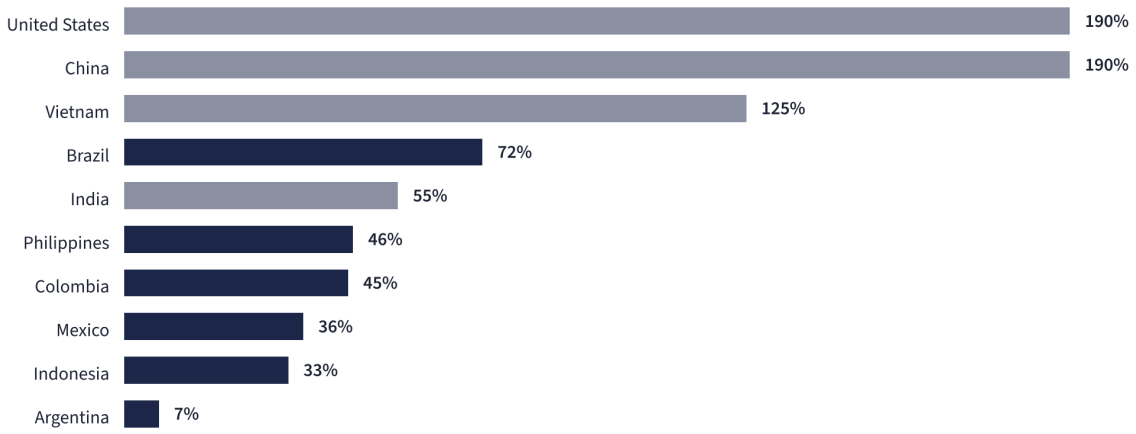
Where the stock market is thin, the lender is the claim on growth

> *"He makes possible the carrying out of new combinations, authorises people, in the name of society as it were, to form them. He is the ephor of the exchange economy."*
>
> Joseph Schumpeter on the banker, *The Theory of Economic Development* (1911). The ephors oversaw ancient Sparta; Schumpeter's point is that the banker decides which new ventures get built.

- **Credit turns savings into activity.** From Schumpeter to the World Bank the pattern is the same: deeper financial systems grow faster, and the cause runs mostly from finance to growth. A merchant who can finance stock sells more; a driver who can finance a motorbike earns more. The lender takes a cut of each step, as a railway took a cut of every ton.
- **The gap is still enormous.** The World Bank's Global Findex 2025 finds 75% of adults in developing economies now have an account, up from 42% in 2011. Only 24% borrowed from a formal lender; 35% borrowed from family and friends. Accounts arrived with phones. Credit has not caught up.

Private credit is a fraction of US levels in the markets I cover

Domestic credit to the private sector, % of GDP, latest World Bank year, approximate



Navy = markets where the covered companies earn most of their profit. Source: World Bank, domestic credit to the private sector (% of GDP); rounded and approximate. Global Findex 2025.

The equity market does not hold the growth. In Brazil, Mexico or Indonesia the listed market is a fraction of GDP and dominated by commodity exporters, state companies, utilities and banks. The fast-growing middle of the economy, small merchants, gig workers and family firms, is private and will stay private. You cannot buy it. You can buy the institution that finances it, sees its cash flows and takes a spread on them.

4 | THE NEW TOWN BANKER

Credit priced on the network and collected from the flow

The 1920s banker had two advantages no bureau could copy: private information about the borrower, and a way to make default costly without a court. The platforms I cover have rebuilt both. I call it network credit, and it has three features.

- **Information the bureau does not have.** Daily sales, order ratings, delivery punctuality, hours driven, refunds and payment habits. Risk is priced on behaviour, not on a thin or missing credit file.
- **Collection from the flow.** Repayment comes out of platform receipts before the borrower is paid: a restaurant's from its order payouts, a driver's from daily earnings, a seller's from marketplace settlements.
- **Exclusion as the penalty.** A defaulter can lose access to the network that pays them. For a merchant whose customers arrive through the platform, that is a far bigger threat than a collections letter.

COMPANY	CREDIT BOOK	GROWTH	ASSET QUALITY	HOW IT LENDS AND COLLECTS
Nu Holdings	About $40bn	High 30s % a year	About 5% of loans 15–90 days late; about 7% over 90 days	Cards, personal and payroll loans; deposits exceed loans; return on equity above 30%
MercadoLibre	Over $15bn	About 75% a year	About 7% of loans 15–90 days late	Merchant loans repaid from sales flow, beside a fast-growing card book now about half the total
A Southeast Asian ride-hailing and delivery platform	Over $2bn	Roughly doubling	Not disclosed	Driver and merchant loans deducted from earnings; three digital banks
A Brazilian food-delivery platform	Over R$1bn	Fast	Single-digit default by management's account, against about 25% for local small-business loans	Loans against future sales averaging about 18 months; most borrowers turned down by banks

Rounded, as of mid-2026 or the latest disclosure. Sources: company results and filings, cited in full in each report.

Some lend inside the flow, some beside it. The difference is most of the risk

- **The purest town bankers sit between the merchant and its customers.** MercadoLibre's merchant book and the food-delivery lender see the sales and take repayment before the merchant does. The food-delivery lender prices partly on order ratings and delivery punctuality, which no bank can see.
- **MercadoLibre's card book is the stretch.** It has grown from about 43% to about 47% of the portfolio in a year, and new cohorts are provisioned up front, pushing card margins below zero for now. That is the most bank-like risk in the group.

- **Some marketplaces lend mostly beside the flow.** At one company in the coverage, over 95% of the book is consumer credit and none of it is repaid from marketplace payouts. The marketplace finds and screens the borrowers; it does not collect from them.
- **Nu Holdings is the outlier.** It sits inside no commerce flow. Its edge is the town banker's trust without the town banker's cost: a single-digit-dollar acquisition cost, about 80% of customers arriving by word of mouth, and roughly a dollar a month to serve each one. Its 90-day loss rate is a reminder that unsecured credit is still unsecured.

> **THE SHARE THAT MATTERS**
>
> For every company I estimate how much of the book is repaid from the platform's own flow. It is the single best predictor of how the book behaves in a recession, and almost nobody reports it.

5 | THE NEW RAILWAYS

Logistics networks that are filed under retail and behave like railways

> *"We do not ride on the railroad; it rides upon us."*
>
> Henry David Thoreau, *Walden* (1854)

What made a railway a moat was four things: a right-of-way nobody else could assemble, fixed costs spread over rising volume, a captive regional customer base, and decades of useful life. Two companies in the coverage have built the modern version. One is MercadoLibre.

RAILWAY TRAIT	MERCADOLIBRE	A CHINESE LOGISTICS NETWORK, FOR COMPARISON
Hard-to-copy right-of-way	Fulfillment, cross-dock and last-mile across Latin America's largest economies, where geography, tax rules and informal addresses defeat outsiders. Its largest Mexican hub moves over half a million parcels a day	Over 1,600 owned warehouses and coverage of nearly every county in China
Heavy, front-loaded capital	2026 investment plans in the tens of billions of dollars across its two largest markets	Over half a million in-house delivery and operations staff
Others pay the toll	Shipping for millions of independent sellers; free shipping now profitable across about half its core price range	About 63% of logistics revenue from customers outside the group
Long useful life	Hubs, sorting automation and fleet that earn more with each extra parcel	Automated warehouses, drones and routing models

Rounded. Sources: company results and filings, 2025 and first half of 2026, cited in each report.

Density wins

Amazon has competed in MercadoLibre's two biggest markets for over a decade without displacing it. In difficult terrain the first dense network gets the lowest cost per parcel, which pays for faster delivery, which brings more volume. Wrap payments and credit around the same sellers and a merchant becomes very expensive to lose.

THE TEST, AND HOW I MEASURE IT

A network is only infrastructure if the volume shows up. I track the share of volume through owned warehouses and last mile, cost per parcel against volume, the third-party share of logistics revenue, and capital spending against depreciation, which shows whether a company is still laying track or collecting tolls.

6 | WHY THIS CREDIT SLEEVE IS DIFFERENT

Western credit add-ons failed because they lent to strangers. Network credit does not

> *"Is that trust justified? and is that confidence wise? These are the cardinal questions."*
>
> Walter Bagehot, *Lombard Street* (1873)

The fear is fair. GE Capital needed federal support in 2008 and was wound down after 2015. Conseco's manufactured-housing loans took it into bankruptcy in 2002. Retailers from Sears onward found their card arm was carrying the business until it wasn't. The common thread was credit extended to people the parent did not know, funded with wholesale money, to support sales growth.

FEATURE	WESTERN CREDIT ADD-ON THAT FAILED	NETWORK CREDIT AT ITS BEST
Who borrows	Anyone the sales funnel brings in	Merchants, drivers and users with months of observed behaviour
Information	A bureau score every rival also sees	Private transaction, rating and earnings data
Collection	Courts, collectors, repossession	Netted from payouts before the borrower is paid
Penalty	Credit-score damage	Loss of the income channel itself
Duration	Years: mortgages, auto loans, leases	Weeks to months for driver and seller advances; up to about 18 months for some merchant loans
Funding	Commercial paper and securitisation	Retail deposits and float where there is a bank licence; credit funds where there is not
Pricing headroom	Thin spreads, competed away	High yields in under-banked markets; risk-adjusted margins of 20% or more
Why lend	To sell the product	Credit is a product in its own right and deepens the network

Short duration matters most. A loan repaid from three months of sales lets the lender spot a bad batch and stop it within a quarter. That is the town banker's renewable 90-day note, not a 30-year mortgage.

The argument holds only while the credit stays close to the flow

RISK	WHAT IT LOOKS LIKE	HOW THE METHOD HANDLES IT
Drift from the flow	Consumer cards and personal loans become the fastest-growing part of the book	The share repaid from the flow is scored and tracked; the likeness score falls as it shrinks
Growth hides losses	A book growing 40–75% a year is mostly young loans that have not had time to default	Losses judged by vintage where disclosed; assumed where not, and labelled as estimates
Macro and currency	A Brazilian recession like 2015–16, a peso crisis, another Argentine devaluation	Base, recession and severe cases for every book; returns measured in US dollars after currency assumptions

RISK	WHAT IT LOOKS LIKE	HOW THE METHOD HANDLES IT
Regulation	Brazil capped total card interest at 100% of principal in 2024; China halted a major fintech listing in 2020	Country risk premium in the required return; regulatory case in the stress test
Competition for the borrower	Several platforms and the banks court the same merchant, and pricing falls toward bank levels	Incumbent comparison in every report
Funding and fraud	Mexico's Crédito Real collapsed on wholesale funding in 2022	Deposit funding scored; wholesale-funded books stressed harder
My estimates are wrong	Several companies do not disclose default rates or loan mix	Assumptions are labelled as estimates and set out in each report

THE STRESS TEST, STATED PLAINLY

Each report runs the company's book through a base case, a recession and a severe case modelled on the worst local downturn of the last 25 years, and shows what each does to earnings, capital and expected return. A franchise that cannot survive the severe case without raising equity earns a higher required return.

7 | THE SCORECARD

Five pillars: is it a town banker, is it a railway, is there runway, and does the owner get paid

Every company is scored on the same five pillars. A company does not need to score well on all of them, but the scorecard makes the trade-off explicit.

PILLAR	WHAT I MEASURE	GOOD LOOKS LIKE
1. Network credit quality	Share of the book repaid from the flow; credit book against platform volume; late-payment ratios by product; vintage losses; risk-adjusted margin; deposits against loans	Over half repaid from the flow; flat late-payment ratios through growth; deposits above loans
2. Infrastructure moat	Share of volume on owned network; cost per parcel; third-party logistics revenue; delivery coverage; capital spending against returns	Unit cost falling as volume grows; others paying the toll
3. Runway	Private credit to GDP in core markets; borrowers as a share of users; main-account share; market share	Credit below 60% of GDP; first or second in each market
4. Owner economics	Return on equity or invested capital; cost to serve against incumbents; price to book against sustainable returns	Returns above 20%; costs well below banks running at 40% or more of income
5. Light-footprint trust	Cost to acquire a customer; share arriving by referral; net promoter score against banks; revenue against cost to serve per customer; monthly activity	Single-digit-dollar acquisition, mostly organic; revenue above ten times cost to serve; over 80% active monthly

PILLAR 5 IS THE ONE THE OLD WORLD COULD NOT PASS

The town banker's trust was expensive: a brick branch, local staff, years in the community before a stranger got a loan. The best of these platforms earn the same trust through a phone, across a whole country, which is why acquisition cost and referral share sit in the scorecard at all.

8 | LIKENESS AND LIFECYCLE

Most of the coverage beats the town banker. Only two rival a railroad

I score nine traits from 0 to 3. Three come from the railway (right-of-way, fixed-cost leverage, third-party toll) and six from the town bank (private information, flow collection, network primacy, low acquisition cost, customer trust and low cost to serve). Each benchmark is scored only on its own traits, and each company is compared with each benchmark separately.

FRANCHISE	AGAINST A 1900S US RAILROAD	AGAINST A 1920S TOWN BANK	LIKENESS SCORE, OUT OF 27
1900s US railroad	100%	—	—
1920s town bank	—	100%	—
MercadoLibre	89%	125%	23
Nu Holdings	44%	125%	19

Percentages are each company's total against the benchmark's own score. Motomeru estimates; first-pass scores, revised in each report.

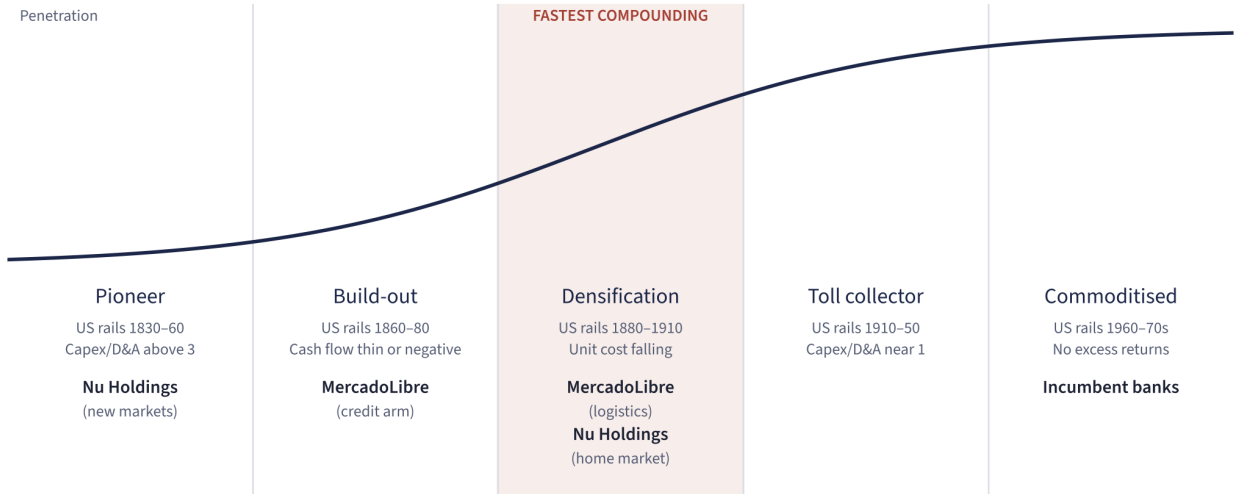
Read across a row to see what kind of franchise a company is. Across the coverage, almost every platform matches the town banker on information and enforcement and beats it on acquisition cost and cost to serve. Only two are real railways, and MercadoLibre is one of them. Nu Holdings is the clearest case of a town bank without the railway.

Railways and town banks compounded fastest once the main lines were in

Railways and relationship banks went through the same five stages. Three numbers place a company: capital spending against depreciation (above 3, still laying track; near 1, collecting tolls), cost per unit falling as volume grows, and credit as a share of platform volume or GDP.

The lifecycle, with the sample companies placed on it

First-pass placements, confirmed or moved in each report



READING THE CURVE

US railroads compounded fastest from about 1880 to 1910, when the main lines were in and every extra ton fell to profit. Town banks did the same from the 1900s to the 1920s. Pioneers carry more runway and more risk; toll collectors are a question of price, not growth.

9 | THE TRUST DISCOUNT

Trust ran both ways in the small town. I price it the same way for every company

> *"A nation's well-being, as well as its ability to compete, is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in the society."*
>
> Francis Fukuyama, *Trust* (1995)

The banker trusted the borrower, and the town trusted the banker. A platform whose owners, home country or conduct are in question should rank lower and carry a higher required return, however good its economics. Every company gets the same three-part governance score, from 0 to 9.

- **Jurisdiction, 0 to 3.** Rule of law and corruption in the home and main markets, from Transparency International and the World Bank.
- **Ownership and disclosure, 0 to 3.** Voting control, related-party dealings, holding structures, audit and listing venue.
- **Conduct record, 0 to 3.** 3: no material allegations. 2: past issues resolved. 1: credible allegations still unresolved. 0: a regulatory finding, sanctions or proven fraud.

Each missing point takes a point off the likeness score and adds to the required return: 0.5 percentage points for each of the first three, then 1.0 point for each after that. Doubts about governance compound, so the premium rises faster as they pile up.

COMPANY	LIKENESS /27	GOVERNANCE /9	TRUST-ADJUSTED	TRUST PREMIUM	MAIN GOVERNANCE FACTOR
MercadoLibre	23	8	22	+0.5 pp	Widely held; volatile currencies
Nu Holdings	19	7	17	+1.0 pp	Founder super-voting shares
Range across the rest of the coverage	15–23	3–7	11–17	+1.0 to +4.5 pp	Founder control, holding structures, state-intervention risk, weak home rule of law

Motomeru estimates, October 2026.

10 | THE METHOD

A great franchise is a good investment only at a price that earns its cost of capital

Every report ends with two numbers and the gap between them.

Required return

The return the risks demand, in US dollars: the risk-free rate, plus a mature-market equity risk premium, plus a country risk premium for the markets where the company earns its profit, plus the trust premium from section 9.

Expected return

What I expect to earn from today's price over five years, from a full pro forma: customers, revenue, the credit book, funding cost, credit losses, operating cost, capital needs and share count, then a value at the end of the period at a conservative exit multiple. The stress test feeds both sides: bad cases cut the expected return, and a book that cannot survive the severe case without new equity earns a higher required return.

Hurdle price

The price at which the two are equal. On my assumptions, a price below it should earn more than the required return and a price above it less, though the shares may still do fine. It is a model output that moves with the assumptions, not a price target or a recommendation.

A WORKED EXAMPLE, USING A HYPOTHETICAL COMPANY

Platform X trades at 40, or 20 times earnings of 2.00 a share. Its pro forma grows earnings 20% a year for five years, and I assume the multiple falls to 15 times. It pays no dividend. It earns mostly in Brazil and scores 7 of 9 on governance.

FIVE-YEAR VIEW	VALUE
Required return: 5.1% risk-free + 4.5% equity + 3.0% country + 1.0% trust	13.6% a year
Earnings in year 5, and price at 15 times	4.98 / 74.6
Expected return from a price of 40	13.3% a year
Hurdle price at a 13.6% required return	**about 39.50**
Expected return if a recession cuts growth to 12% and the multiple to 12	1.1% a year

Illustrative only. Platform X is not a real company; the figures show the mechanics.

Platform X fails, but only just: 40 is slightly above its hurdle, and a recession would wipe out most of the return. The gap between price and hurdle price is the margin of safety, and it's only as good as the assumptions.

Where judgment comes in

A scorecard and a pro forma don't run themselves. Margins, growth rates, exit multiples and the weight given to factors the numbers capture badly, such as how a founder allocates capital or how a credit book behaves through its first real downturn, are judgments. When I change one, I change it across the whole coverage rather than for a single company, and the reports say which assumptions moved and why. A method that lets judgment in for one name at a time is not a method.

11 | THE TWO SAMPLE REPORTS

The railway with a bank attached, and the town bank without a branch

Two full initiation reports are published with this paper, so readers can see the scorecard, the stress test and the method applied end to end. They sit at different points on the same map: one is a railway and a lender in a single share; the other is the purest town banker in the coverage, with no railway at all.

COMPANY	HOME, LISTING	WHAT IT GIVES YOU	OLD-WORLD ANALOGUE
MercadoLibre, Inc.	Latin America; Nasdaq, US$	The region's densest logistics network, with payments and lending to its sellers	A railway that owns the town bank
Nu Holdings Ltd.	Latin America; NYSE, US$	Primary-account relationships with well over 100 million people	The town bank, without the branch

MercadoLibre: the continental railway

Founded in Buenos Aires in 1999, MercadoLibre runs Latin America's largest marketplace, its own logistics network across Brazil, Mexico and Argentina, and Mercado Pago, a payments business with a credit book of more than US$15 billion. It scores closest to the railroad of any company I cover. The report tests the two things the case rests on: whether operating margins, which roughly halved during the 2024–26 push on shipping, credit and marketing, can widen again, and whether the card book, now close to half the portfolio and outside the marketplace flow, behaves like a bank's or a town banker's.

Nu Holdings: the digital town bank

Founded in São Paulo in 2013 and still run by its founder, Nu serves about 139 million customers in Brazil, Mexico and Colombia from one app, with no branches, and is the primary bank for most of its Brazilian customers. It acquires a customer for about US$7 and serves one for about a dollar a month. The report weighs that cost advantage against what the price already assumes, an unsecured credit book, the Brazilian real, founder voting control and a new Mexican bank that has only just gone live.

> **WHAT EACH REPORT INCLUDES**
>
> The company's history, the relationship it owns, the network and its unit economics, five years of financials, a credit stress test, a comparison with the incumbents, the full scorecard, the required-return build, the expected return and the hurdle price, with a pro forma. Figures and prices are as at October 21, 2026 and have not been updated. The views and hurdle prices in each are model outputs at that date, not recommendations.

12 | THE CASE

The old-world franchise, in the markets that still need it, at a price you choose

1. **The lender owns the growth.** Where credit is scarce, the lender is the most direct claim on the economy.
2. **The relationship is the real asset.** A customer who trusts you is as real as a rail line.
3. **Network credit behaves differently from a credit sleeve.** It is the town banker's edge, rebuilt at national scale.
4. **Some logistics networks are railways.** Dense, costly and hard to copy, with others paying the toll.
5. **Trust is priced, not assumed.** Governance moves every score and required return the same way.
6. **The credit book is stress-tested.** Base, recession and severe cases, before any conclusion.
7. **Price decides, and risk still counts.** A great franchise at the wrong price is a poor investment.

> **CLEARING THE HURDLE IS NOT THE SAME AS BEING SAFE**
>
> The required return is the price of risk. A company that clears an 18% hurdle carries more risk than one that clears at 13%, with a deeper drawdown in a recession, more exposure to currency and politics and more ways for the trust discount to widen.

If you have an interest in private credit or infrastructure, or have ever wished you could have owned the railways in 1880 or the bank on Main Street in 1910, I think these companies are worth exploring. Their customers already trust them. The question is what to pay, and how much risk comes with that price.

Jordan Hiebert, Motomeru Strategies

DISCLOSURES AND SOURCES

Important information

ABOUT THE AUTHOR

Jordan Hiebert, CFA, analyzes private real estate and credit vehicles for investment dealers and has worked extensively with lower-middle-market companies focused on real assets. Motomeru Strategies Inc. is the author's independent research practice; the views here are not those of any employer.

DISCLOSURE OF INTERESTS, AS OF OCTOBER 21, 2026

The author personally holds shares of MercadoLibre, Inc. and Nu Holdings Ltd.; readers should assume the author may benefit from a rise in their share prices. The author also holds shares in three other companies in the coverage described in this paper; each is named, with the holding disclosed, in its own report. Motomeru Strategies Inc. holds no position in any company in the coverage. Neither the author nor Motomeru Strategies Inc. receives compensation from any company discussed.

HURDLE PRICES, SCORES AND VIEWS ARE NOT RECOMMENDATIONS

The hurdle prices, scores and views in Motomeru research come from a valuation model and scorecard applied the same way to every company. They highlight companies whose prices, on the author's assumptions, meet or fall short of an estimated required return. They are not recommendations to buy, sell or hold any security, do not consider any reader's circumstances, and change with the assumptions. Motomeru research is not personalized. Neither the author nor Motomeru Strategies Inc. is registered with any securities regulator as an adviser or dealer.

This paper is general information about emerging-market platform companies and how the author analyzes them. It sets out views as of its date, is not tailored to the circumstances of any reader, and is not investment, tax, accounting or legal advice, or an offer or solicitation to buy or sell any security. Investing in foreign and emerging-market securities involves currency, political, regulatory, liquidity, tax and governance risks. Companies other than the two sample companies are described but not named. Figures are rounded from public filings and other public sources believed reliable, and from the author's estimates, which may be wrong. The worked example in section 10 uses a hypothetical company. Past performance, including that of the railways and banks described here, is no guide to future returns. Readers should do their own research or consult a registered adviser before making investment decisions.

Sources

- Company figures: results releases and annual filings of the covered companies through the second quarter of 2026, rounded here and cited in full in each report.
- Financial inclusion: World Bank, Global Findex Database 2025. Private credit: World Bank, domestic credit to the private sector (% of GDP), latest year; approximate.
- Intangibles: Ocean Tomo, intangible asset market value study; Jonathan Haskel and Stian Westlake, *Capitalism without Capital* (2017).
- History: US railroad mileage and bank counts, approximate; GE Capital, Conseco and Crédito Real from contemporaneous press and filings.
- Thought: Walter Bagehot, *Lombard Street* (1873); Joseph Schumpeter, *The Theory of Economic Development* (1911); J.P. Morgan, testimony to the Pujo Committee (1912); Francis Fukuyama, *Trust* (1995); Hernando de Soto, *The Mystery of Capital* (2000); David Graeber, *Debt: The First 5,000 Years* (2011); Warren Buffett, Berkshire Hathaway letter to shareholders (1983); Henry David Thoreau, *Walden* (1854); Sten Nadolny, *The Discovery of Slowness* (1983).
- Governance: Transparency International, Corruption Perceptions Index; World Bank, Worldwide Governance Indicators.
- Scores, placements, required and expected returns: Motomeru Strategies reports (October 2026).