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Our Edge in Emerging Markets Debt

January 21, 2020

We believe a combination of bottom-up and top-down expertise deepens our understanding of performance drivers, improving the decision-making process. Watch members of William Blair's emerging markets debt team—Marcelo Assalin, CFA, head of emerging markets debt; Marco Ruijer, CFA, portfolio manager (hard currency); and Yvette Babb, portfolio manager (hard and local currency)—explain our edge in emerging markets debt.

Watch the video or read the recap below.

Assalin: Investing in emerging market debt is about properly assessing the risks. We've seen risks playing out from different perspectives, from geopolitics to idiosyncratic factors in specific countries.

Ruijer: You have of course different investor bases across the globe, and we try to exploit that, but you need that presence in those markets.

Assalin: We have portfolio managers around the globe, which enables us to cover markets around the clock. The team has been working together for many years now.

Ruijer: Our team culture is very open. Anyone on the team has a voice because it is important to see every angle.

Babb: It is quite diverse in terms of age as well as gender, and I most certainly think in terms of perspectives.

Ruijer: From an investment perspective we really have an integrated, fundamental, disciplined approach. Our investment process is top-down, but also bottom-up. So we really look first from the global macro perspective, but also the bottom-up to really understand where the price differentials and the relative valuation is between countries, but also within countries, and which instrument you need to select.

We also distinguish the universe between high-, middle-, and low-beta countries because those countries behave differently. Low-beta countries, they have less volatility and they have more mature economic and policy framework. But with the high-beta countries, they are very volatile. You get better insights in your risks because of the different characteristics of those groups.

Assalin: We have a bias towards the higher-yielding part of the universe—frontier market debt—because that's where we believe investors will benefit in the long run. However, we like to do that in a very diversified way.

Analyzing risks—managing risks properly—is critical in our pursuit to deliver long-term returns and value to our clients. Investing in foreign denominated and/or domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks. These risks may be enhanced in emerging markets.

Investing in the bond market is subject to certain risks including market, interest rate, issuer, credit, and inflation risk. High-yield, lower-rated, securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. Diversification does not ensure against loss. Past performance is not indicative of future results.

Marco Ruijer, CFA, is a portfolio manager on William Blair's Emerging Markets Debt team. Marcelo Assalin, CFA, is a portfolio manager on and head of William Blair's Emerging Markets Debt team.

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