



ESG in EMD: People Drive Performance

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Having lived and breathed in emerging markets has given us an understanding of emerging debt markets and keen insight into how developments are likely to unfold—including environmental, social, and governance (ESG) factors.

In this third part of a three-part series, we explain the origins of our passion for the asset class and how we work together to drive better client outcomes.

What got you interested in emerging markets debt? Was it something you were always interested in from a young age, or did you get into investing and gradually hone in on emerging markets debt?

Yvette: I am South African, born and raised in Johannesburg, so I have lived in emerging markets for most of my life. I have witnessed quite phenomenal developments in that country. As a result, I had a very strong interest in emerging markets from a very young age, and in high school I became very interested in economics and investing with the intention of trying to understand the way in which financial markets, governments, and developmental processes unfold.

Emerging markets debt is exactly that. It is at the forefront of how flows of money, government decisions, and private actors determine outcomes that can alter the paths of countries.

Luis: I really believe emerging markets debt is the last frontier of investing. You can still uncover a lot of value doing bottom-up analysis.

My analytic background was in developed markets, and what I learned through that experience, analyzing sectors like oil and gas and metals and mining, has been extremely valuable in assessing where emerging market companies are going. And frankly, the diversity of emerging markets really excites me. Coming in to work every day, seeing different cultures and different issuers, and getting to understand the world through them, really makes my day.

Your team has been working together for a while, but you cross many cultures and time zones. Can you tell me how that benefits your approach?

Yvette: Our team is unique in that it encompasses a number of nationalities. We have perspectives that derive from Latin America, emerging Europe, and Africa. Having lived and breathed in emerging markets has definitely given us insight as to how we look at these markets and how we believe developments are likely to unfold.

Not only does that give us on-the-ground experience, it also offers different perspectives. The team is also quite diverse in terms of age and gender. We are complementary.

How do you work together?

Yvette: Our team is very open, and we have direct lines of communication that allow us to offer our own perspectives and challenge each other. We embrace a very invigorating degree of debate—in the way in which we see our asset class from a historical perspective, from a regional perspective, and from an ideological perspective.

Is it difficult to communicate across multiple locations and time zones?

Luis: Of course it is a challenge to manage a global team and have everybody on the same page. But even though we are in different settings, we are constantly communicating. That is essential and what makes our team unique. We like working and interacting with each other. A failure to pass along information through the appropriate channels so the right decision can be made is a mistake we will not accept.

What are the benefits of that communication?

Luis: Good communication builds a personal relationship, which leads to trust—trust that goes both ways, from portfolio managers to analysts, and from analysts to portfolio managers. I think that just leads to a better decision-making process. At the end of the day, that is core to our job. We seek to make the right decisions with the right information.

How long has your team been doing ESG?

Luis: The drivers behind our framework have been around for a long time. I was fresh out of university in the 2000s when the Enron situation occurred, and that, to me, was the beginning of analyzing governance factors. In that sense I have been looking at ESG factors for almost 20 years. That governance focus has now evolved into understanding the risks around climate change and the risks around social factors, including how you treat your

community and how you treat your people.

How does your team relationship help drive better client outcomes?

Luis: We believe client outcomes may also be enhanced by the fact that we have had years to apply our framework, ensuring that we understand the relationship between ESG and the performance of individual credits.

ESG in Emerging Markets Debt Series

Part 1: [Analyst-Driven, Outcome-Oriented](#)

Part 2: [Fundamental, Not Fashion](#)

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