

# KEEP CALM AND CARRY ON:

## *Why We Believe GMO's Emerging Debt Is Still Winning After 30 Years*

Carl Ross and Tina Vandersteel | April 24, 2024

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### OVERVIEW

In this webcast, Head of Emerging Country Debt, Tina Vandersteel, and Senior Sovereign Analyst, Carl Ross, reflect and discuss as GMO celebrates 30 years of emerging market debt investing. Tina and Carl share invaluable insights, anecdotes, and lessons learned over the years and address today's most compelling opportunities in the asset class.

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### KEY POINTS

- **GMO Emerging Debt has a differentiated approach to emerging debt.** While most managers have both top-down and bottom-up elements in their investment process, GMO is differentiated from its peers in that such a large portion of its expected alpha comes from the bottom-up security selection rather than the top-down country selection - around 75% in of our hard currency Emerging Country Debt Strategy and 50% in our Emerging Country Local Debt Strategy.
- **GMO Emerging Debt continues to evolve as client needs evolve.** The GMO Emerging Debt team is committed to meeting the changing needs of our clients. Whether it is establishing separately managed accounts to factor in client-specific ESG or country restrictions, or launching new strategies that focus on areas such as distressed emerging debt, sovereigns with strong freedom and democracy characteristics, or structured finance projects that capitalize on countries transitioning off of fossil fuels, the GMO Emerging Debt team continues to adapt and evolve to meet client's investment challenges.
- **The GMO Emerging Country Debt Strategy has consistently outperformed its benchmark over every time period since its inception 30 years ago.** There never seems to be a dull moment in emerging markets investing. However, if you can "keep calm and carry on," emerging debt has been an asset class that has rewarded investors with a higher return and higher alpha relative to U.S. investment grade and high yield over the past 30 years – with the GMO Emerging Debt Strategy outperforming all 5<sup>th</sup> percentile managers in its investment universe over this period.<sup>1</sup>



**Carl Ross**

Dr. Ross is engaged in research for GMO's Emerging Country Debt team and a partner of the firm. He leads the team's research in fundamental sovereign

credit, with a primary emphasis on Asia, Emerging Europe, Middle East, and Africa. Prior to joining GMO in 2014, he was a managing director at Oppenheimer & Co. Inc. where he covered emerging debt markets. Previously, he was the Senior Managing Director and Head of Emerging Markets Fixed Income Research at Bear Stearns & Co. Dr. Ross earned his bachelor's degree in Economics from Mount Allison University, as well as his MA and PhD in Economics from Georgetown University.



**Tina Vandersteel**

Ms. Vandersteel is the head of GMO's Emerging Country Debt team, the lead portfolio manager for its strategies, and a partner of the firm. In her

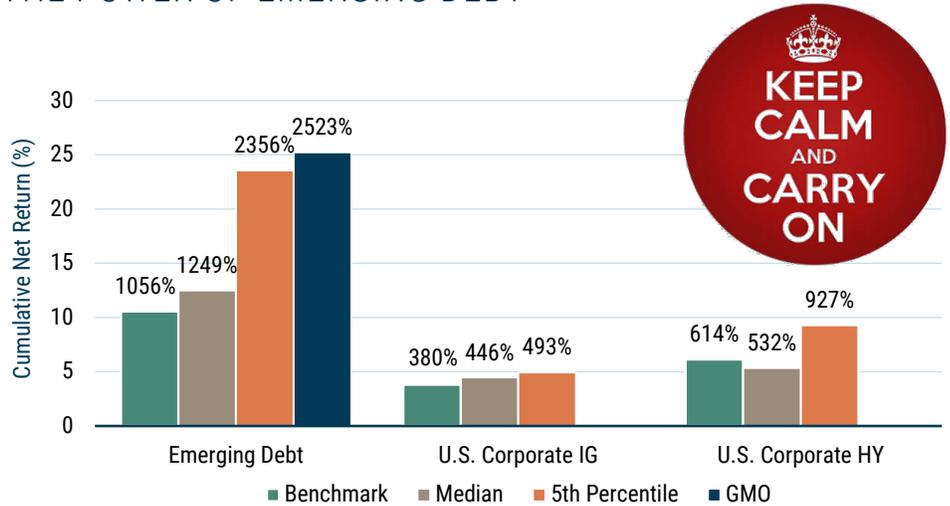
role as portfolio manager, she focuses on security selection and portfolio construction. Prior to joining GMO in 2004, she worked at J.P. Morgan in fixed income research developing quantitative arbitrage strategies for emerging debt and high yield bonds. She began her career at Morgan Guaranty Trust, attending Morgan Finance Program #18, before establishing her career in emerging debt. Ms. Vandersteel earned her bachelor's degree in Economics from Washington & Lee University. She is a CFA charterholder. Computer Science from Harvard University.

**Disclaimer**

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THE POWER OF EMERGING DEBT



Data from 4/30/1994 (inception of the GMO Emerging Country Debt Strategy) to 12/31/2023  
Source: eVestment

Benchmarks are the J.P. Morgan EMBIG Diversified (Emerging Debt), Bloomberg U.S. Corporate Investment Grade, and the ICE/BAML U.S. High Yield.

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