

## Jed Koenigsberg Institutional Portfolio Manager

Emerging Markets Debt Review and Outlook  
April 8, 2014  
Atlanta Society of Finance and Investment Professionals

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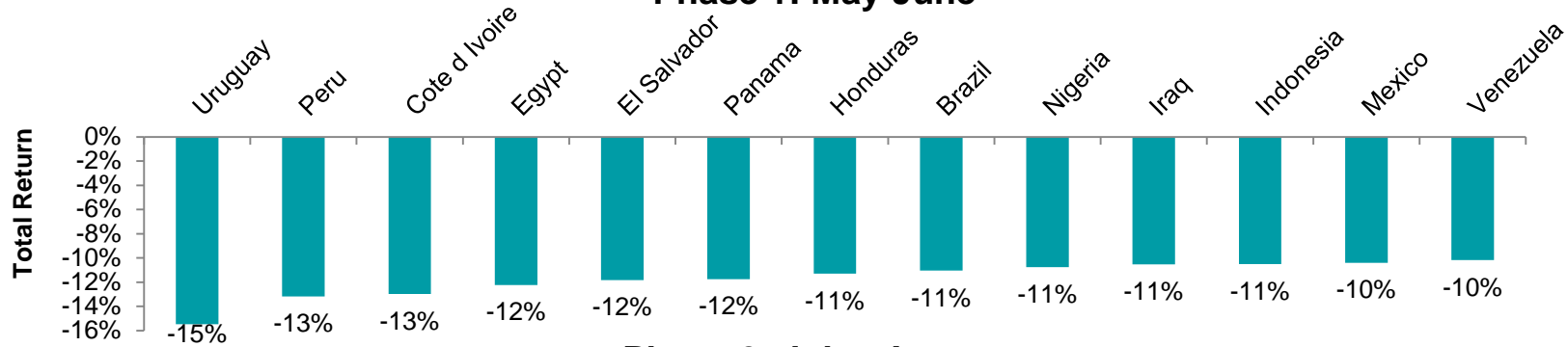
# Two-phased EM sell-off



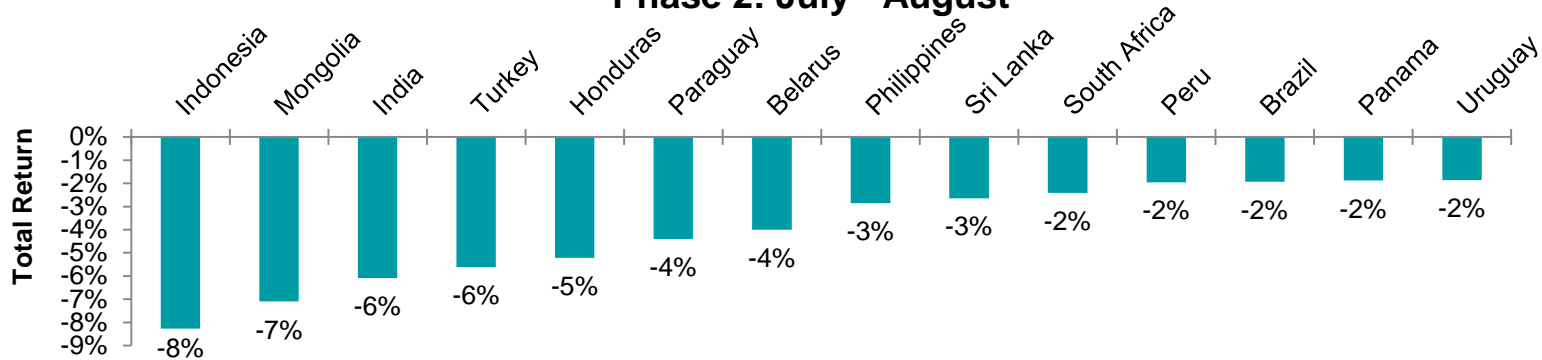
Phase 1: Long duration & crowded positioning hit hardest

Phase 2: Vulnerable fundamentals hit hardest

## EMD \$-Denominated Phase 1: May-June



## Phase 2: July - August

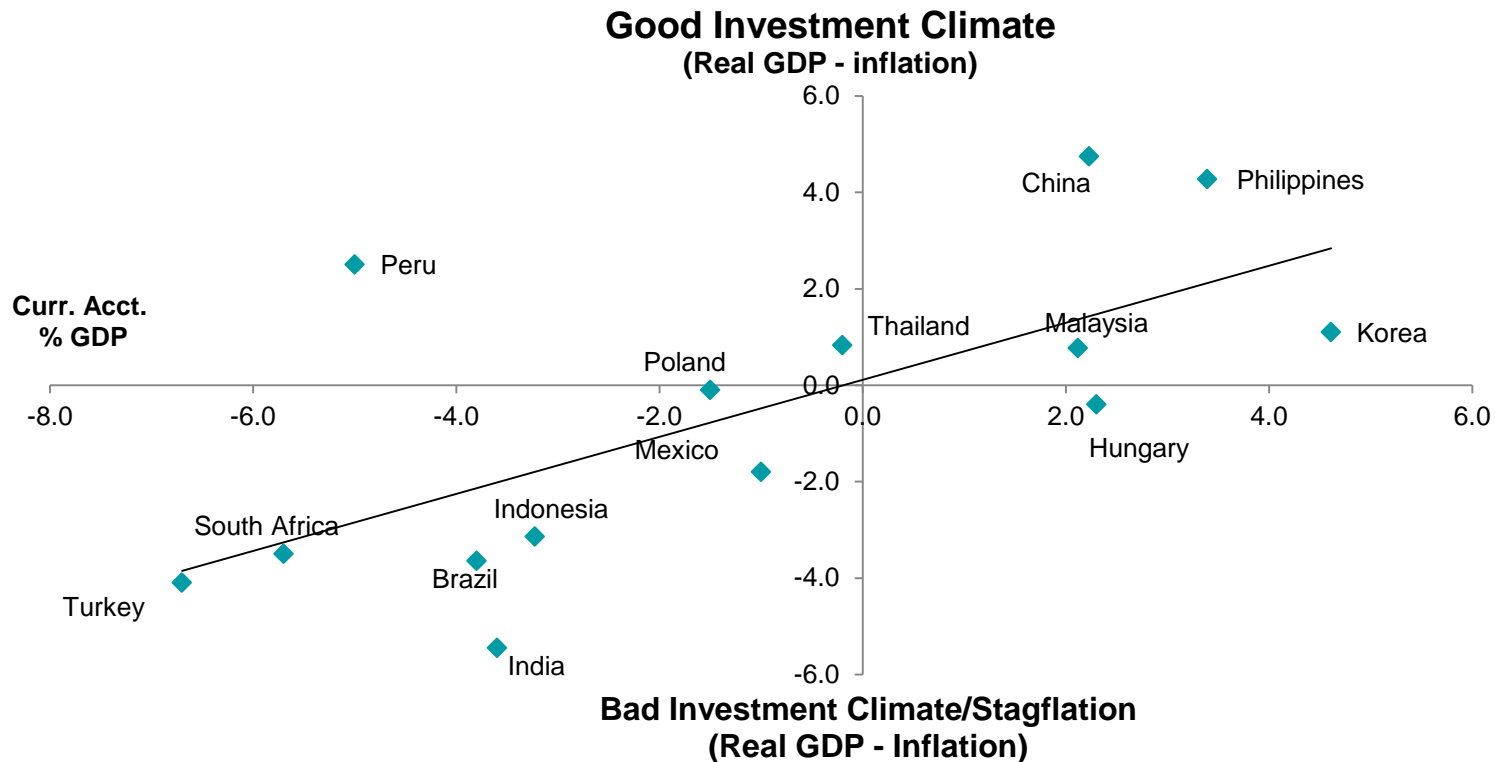


Source: JPMorgan, Returns based on JPMorgan EMBI Global Index. May & June, July & Aug 2013

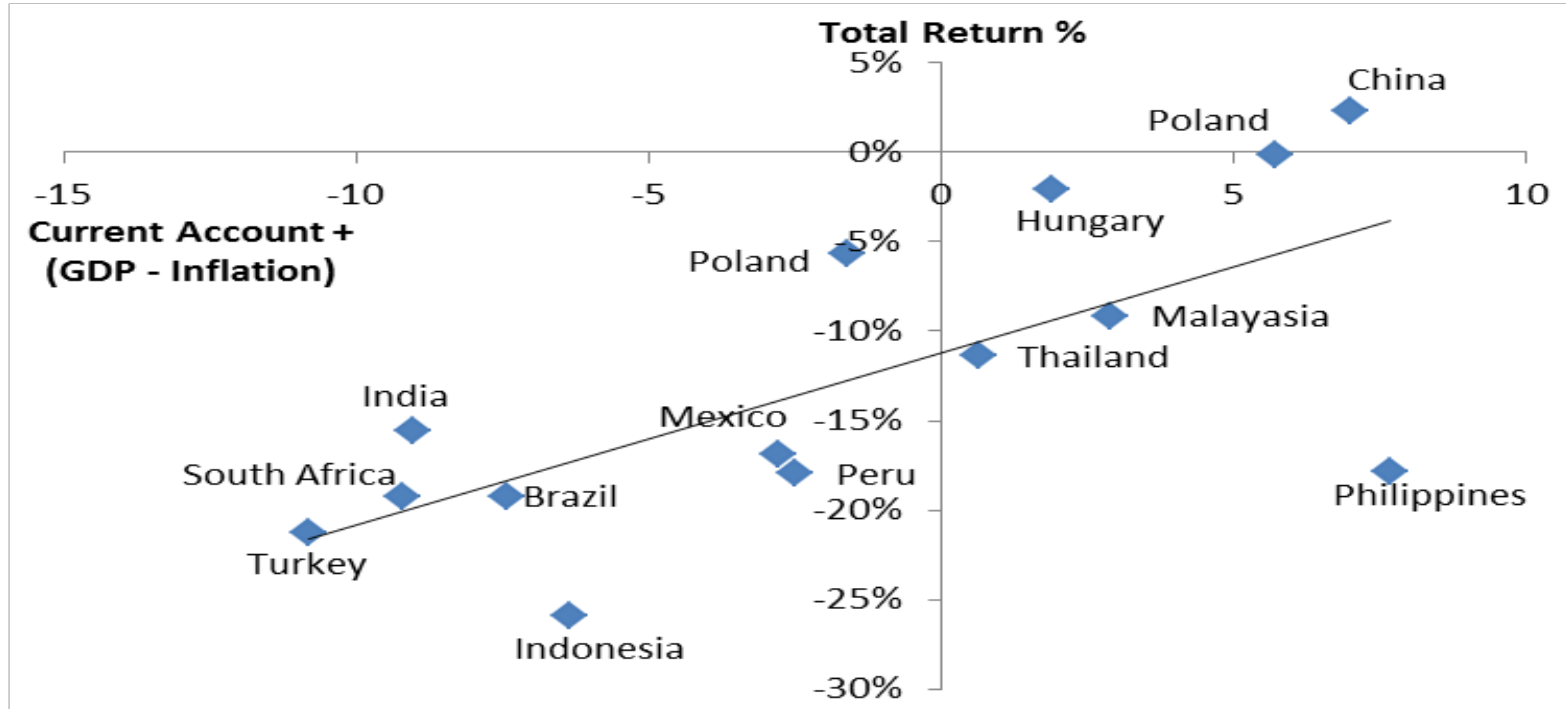
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# Where do fundamentals create largest vulnerabilities?

*Countries with large imbalances, poor policies, and unfriendly investment climate*



# Vulnerable fundamentals lead to underperformance

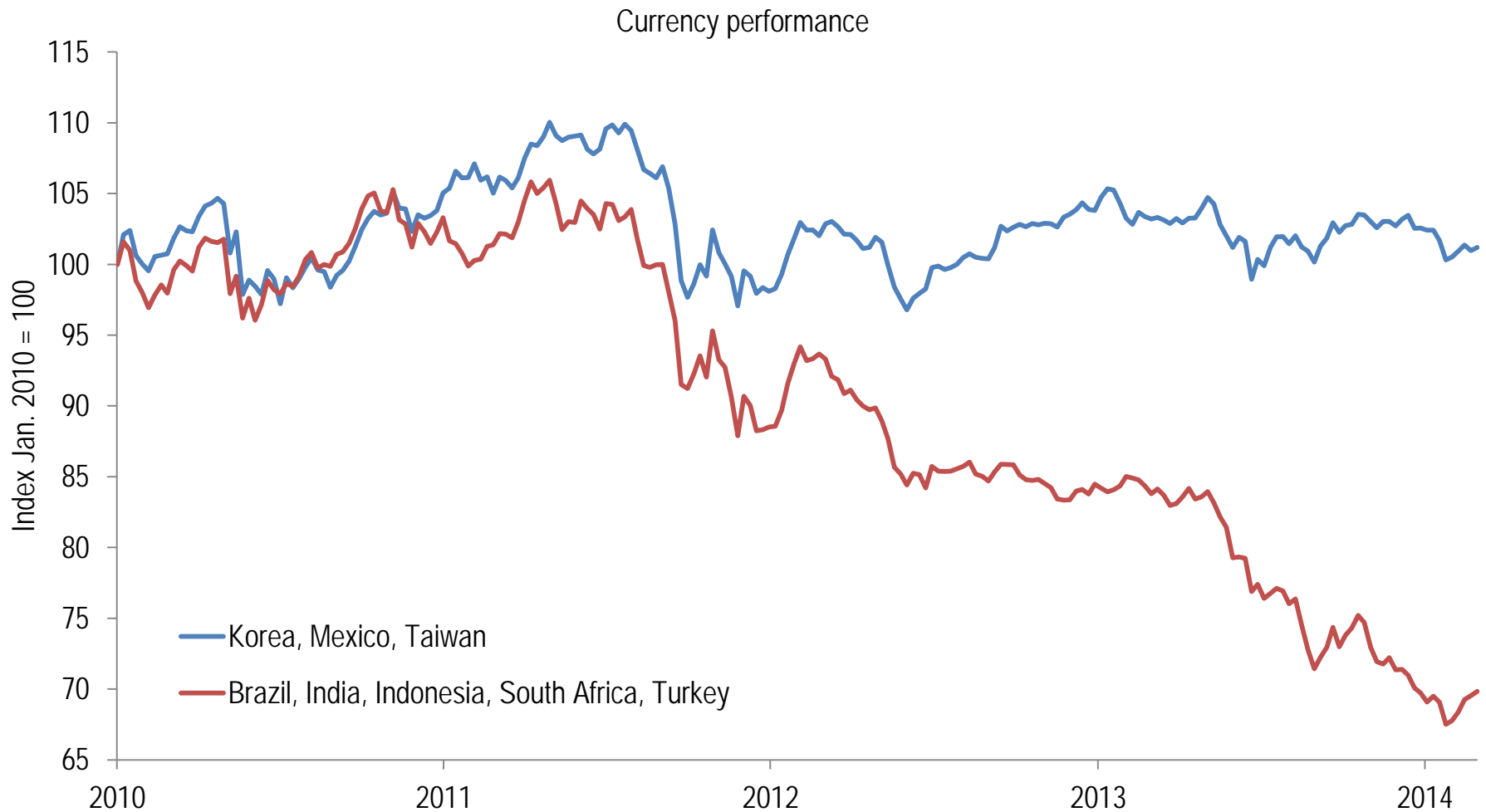


Source: JPMorgan, report as of 30-Sept-13 May-Aug 2013 total returns based on JP Morgan GBI-EM Global Diversified Index

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# EM NAVIGATING A ROUGH LANDING

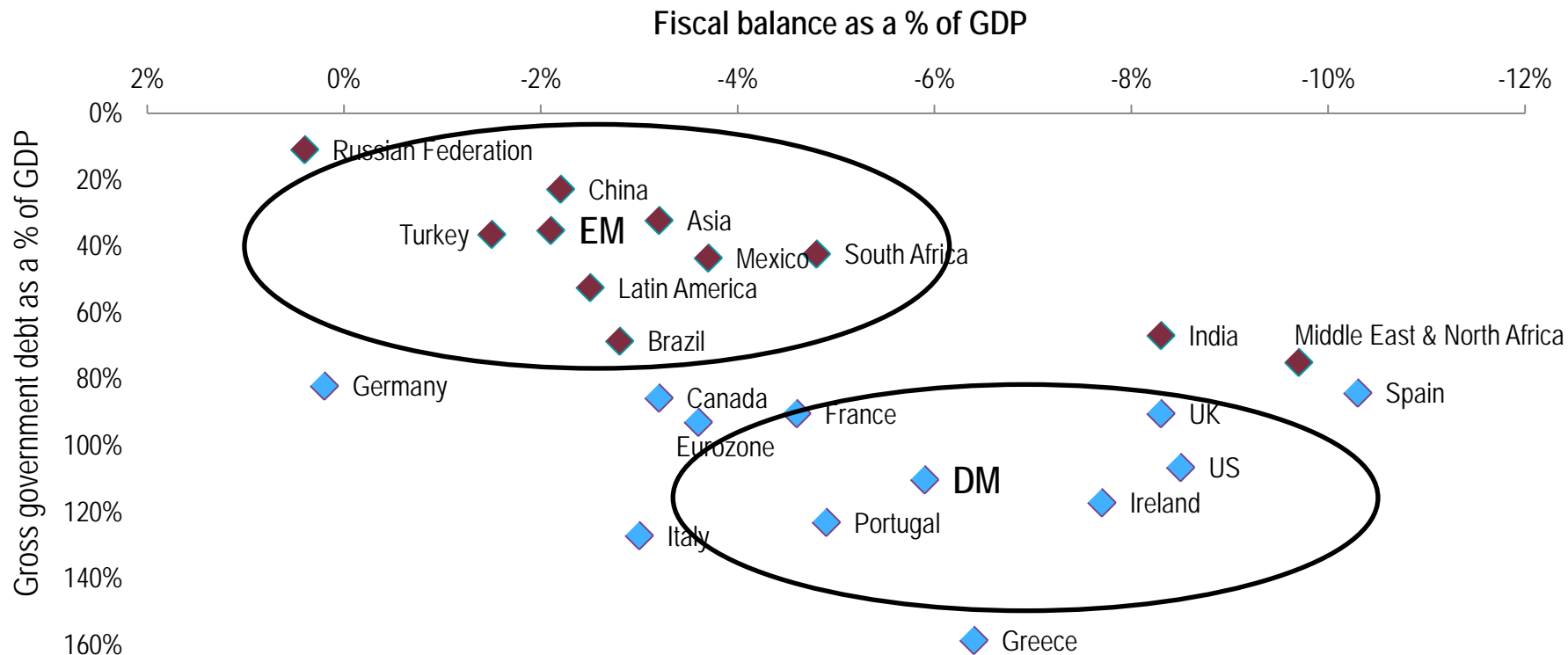
Not fair to classify all emerging markets the same



Source: Bloomberg. Data as of 2/28/14. Indices represent a simple average performance of the selected countries' spot currency rates.

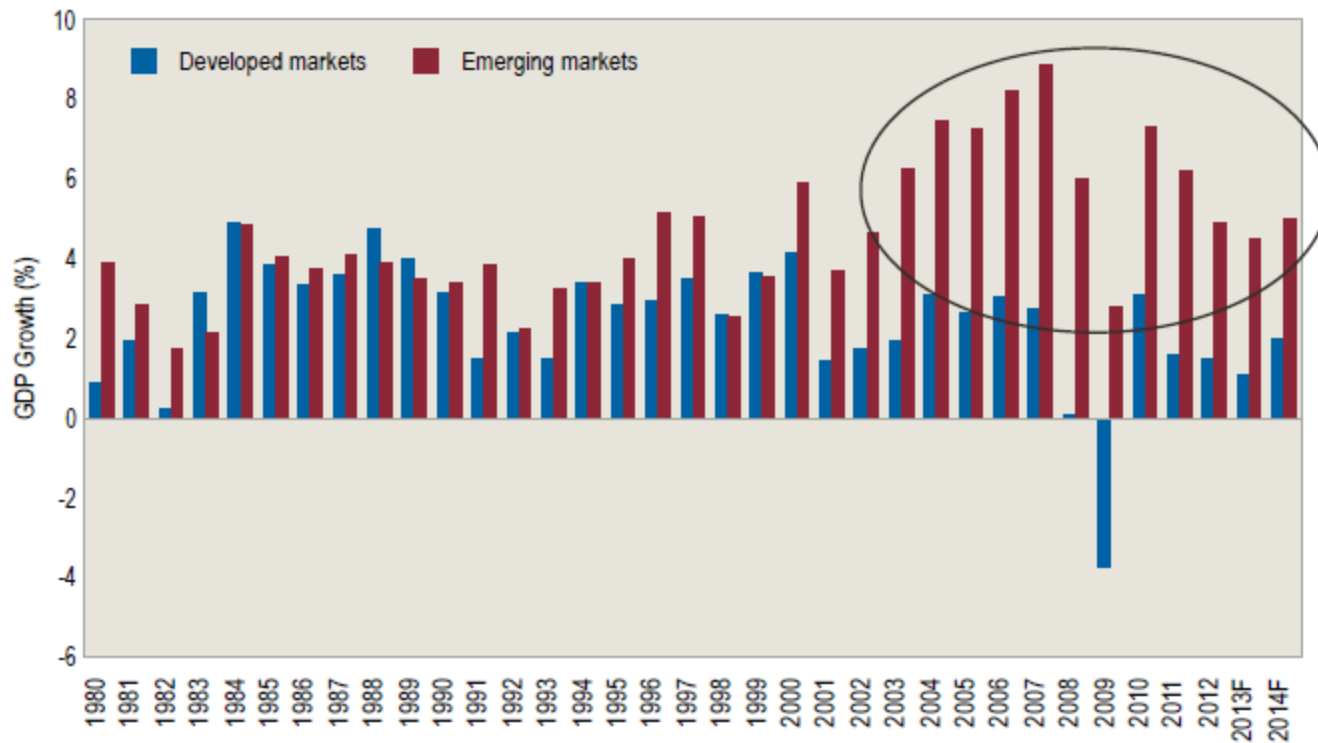
# EM faces challenges, not a crisis

*EM credit metrics still generally strong, superior to DM*



## Why consider allocating to EM

The EM debt story – GDP growth stronger than developed markets



Sources: IMF, WEO Database. Report (E) estimates and (F) forecasts as of April 2013.

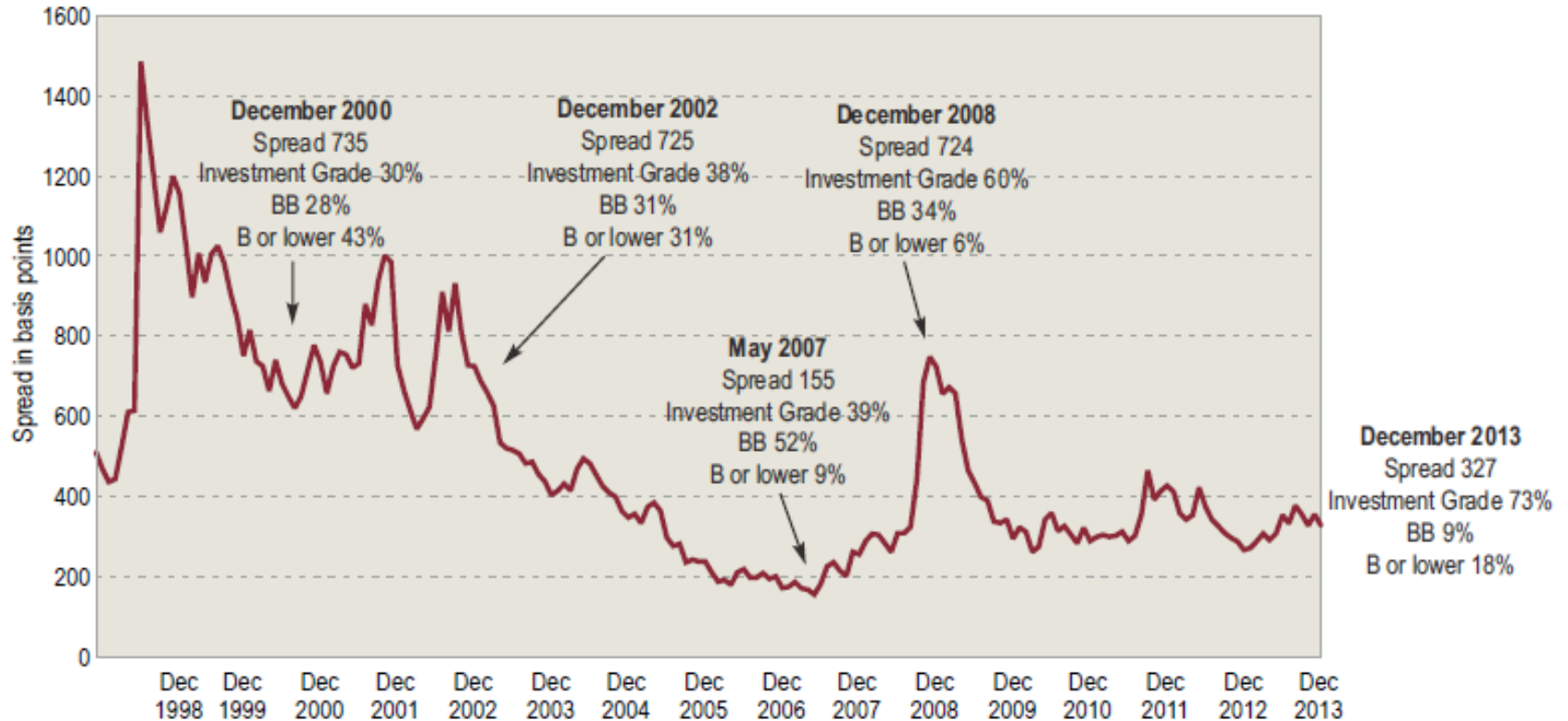
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# Why consider allocating to EM

## The EM debt story – positive trends intact



The ratings refer to the percentage of the JPMorgan EMBI Global Index rated investment grade and B or lower.

Sources: Bloomberg, JPMorgan EMBI Global Index, as of 31-Dec-13. Principal and interest of U.S. Treasury securities are guaranteed by the U.S. government if held to maturity. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.**

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