

# GAM LOCAL EMERGING BOND

Marketing material for professional/institutional/accredited investors only

GAM Local Emerging Bond\* is a directional, high-conviction strategy focused on sovereign local emerging market bonds and currencies, managed by Paul McNamara and the Emerging Markets Debt team, one of the most highly-acclaimed and established teams in the industry. Their track record of delivering excess returns across a variety of cycles is a result of macro-based pronounced single country allocations, rather than top-down market timing bets.

## Reasons to invest

- **High income:** we believe absolute and excess yield levels remain elevated, both within a historical and the current cyclical context, while inflationary pressures remain contained.
- **Cheap valuations:** in our view, the asset class is oversold and under-owned, both from a fundamental, valuation and market technical perspective, offering compelling entry levels to investors.
- **External re-balancing:** EM trade and current account balances are back in positive territory, empirically a strong cyclical support to asset class returns.
- **Growth rebound:** the EM growth cycle ex-China has turned; the growth differential to developed economies is set to widen and EM assets should outperform.

## Our edge

- **Unrivalled track record:** with over 18 years under current leadership, the fund provides investors with the longest-standing, most consistently 1st quartile-ranked and top-rated approach within the sector.
- **High conviction, active approach:** alpha generation is driven by considerable divergences between countries and pronounced single country allocations, rather than aggregate market timing positioning.
- **Macro-driven, value-based:** the team actively allocates to 15-20 emerging and frontier markets, focusing on approximately 10 very liquid core markets.
- **Distinctive:** strong emphasis is placed on running a liquid, diversified portfolio, typically comprised of 100-150 sovereign local emerging market bonds and currency forwards.

## Investment team



The exceptionally stable Emerging Markets Debt team comprises 7 investment professionals with an average 18 years' active investment experience. The team is led by Paul McNamara, who has managed the fund since launch in 2000. The multi-award winning strategy has evolved into the largest local EMD UCITS fund and the team ranks amongst the largest managers of local EMD solutions globally.

The team's extensive background of navigating economic cycles of crisis and recovery in EMD forms the foundation of their process, while a collaborative working style means that each person contributes to both research and portfolio management.

The team actively leverages off the extensive investment insights and capabilities of GAM's broader global fixed income teams.

Find out more [gam.com/en/featured-funds](http://gam.com/en/featured-funds)

\* Full legal name: GAM Multibond - Local Emerging Bond

## Investment philosophy

The team’s thematic, macro-driven approach is founded on the conviction that developed economies drive emerging markets fundamentals, valuations and market technicals, and that these global themes should drive country selection and portfolio construction. At a bottom-up level, the team believes that most alpha potential can be unlocked by gearing qualitative and quantitative country research towards identifying and quantifying idiosyncrasies and turning points in economic cycles. Resulting investment views and positioning can materially deviate from market consensus and index compositions.

## Investment process

Unlike most investment processes in the industry, the team starts not by analysing emerging markets, but by establishing 3-5 “Big 3”(US,Europe and China) top-down global themes to determine country selection and specific return and risk driver preferences. Extensive bottom-up country research combined with a proprietary ‘crisis filter’ tests these views and seeks to identify potential country inflection points, which are further refined by considering valuation, technical and country specifics. This typically results in active exposure towards 15-25 emerging and frontier markets centred upon approximately 10 very liquid core markets. The diversified portfolio typically comprises 100-150 bonds and FX forwards. Active risk management is key to decision making, with independent oversight by GAM’s risk teams.

1

### Theme generation

- Establish baseline scenarios for US, Europe and China
- Develop 3-5 top down investment themes

2

### Country analysis

- ‘Crisis filter’ tests views and flags potential country cycle inflection points
- Bottom-up research sharpens single country views

3

### Portfolio construction

- Themes drive country selection and overall portfolio architecture
- High conviction portfolio of ~100-150 single positions (Rates or FX or Rates & FX)

4

### Risk management

- Active risk management at portfolio, macro, theme and single position level
- Clear focus on sovereign/ quasi-sovereign bonds and FX forwards



We seek to add value by disagreeing with the market and being right.”

**Paul McNamara**  
Investment Director, GAM

For more information, please visit [GAM.com](http://GAM.com)

Please read the legal information on the following pages.

## Fund facts

Fund type	SICAV according to Luxembourg law
Fund manager	Paul McNamara
Inception date	28 April 2000
Currency classes <sup>1</sup>	USD (base), EUR, GBP and CHF classes are available
Index for comparison	JP Morgan Government Bond Index - Emerging Markets (GBI-EM) Global Diversified
Dealing	Each business day
Investment manager and sponsor fees <sup>2</sup>	Retail shares: 1.40% Institutional shares: 0.70%

<sup>1</sup> Currency hedging may be employed to protect against exchange rate risk. Please contact your client manager for an exhaustive list of currency classes available.

<sup>2</sup> Excludes administration and custodian fee – please see Prospectus for further details on fees.

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**Interest Rate Risk:** A rise or fall in interest rates causes fluctuations in the value of fixed income securities, which may result in a decline or an increase in the value of such investments.

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**Capital at risk:** All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.

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