

BlueBay Asset Management

*Le prospettive dei mercati obbligazionari emergenti  
nel 2021*

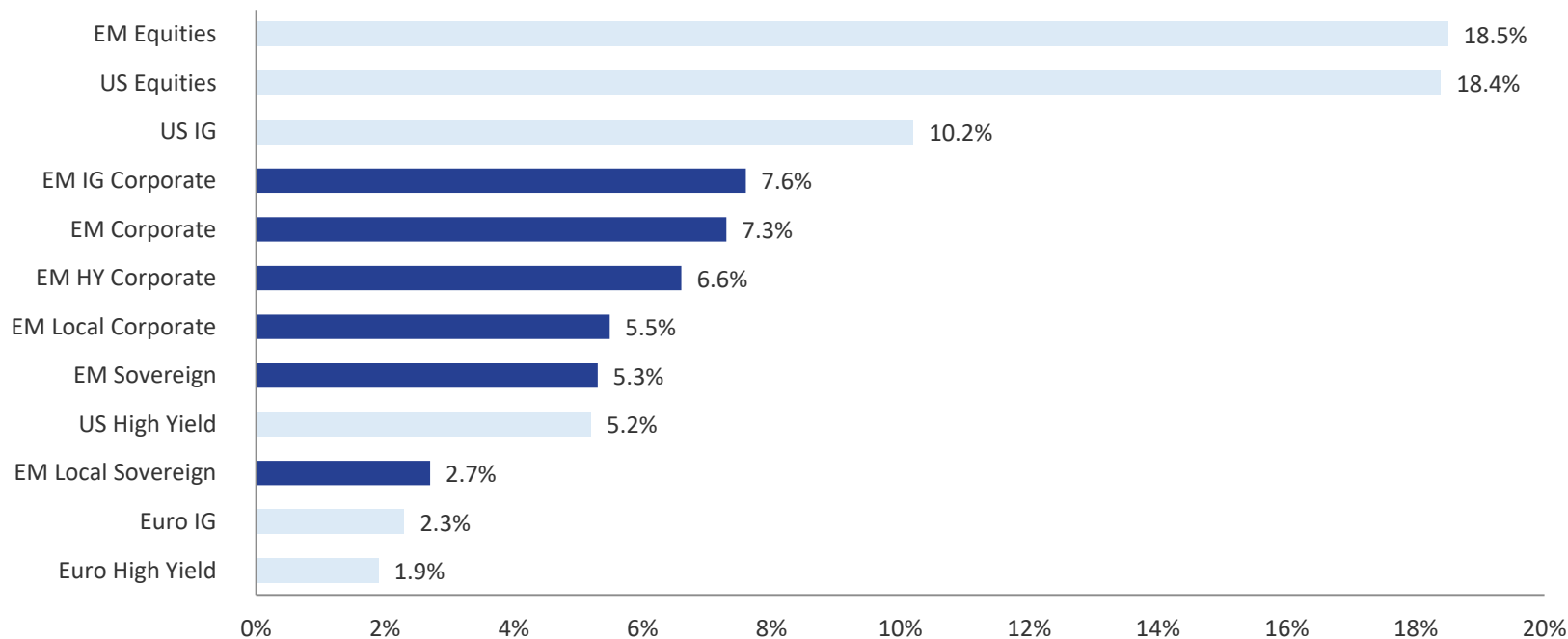
Convegno virtuale – Itinerari Previdenziali  
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**Polina Kurdyavko**

Partner, Head of Emerging Markets,  
Senior Portfolio Manager

# Performance 2020 delle principali classi di attivo

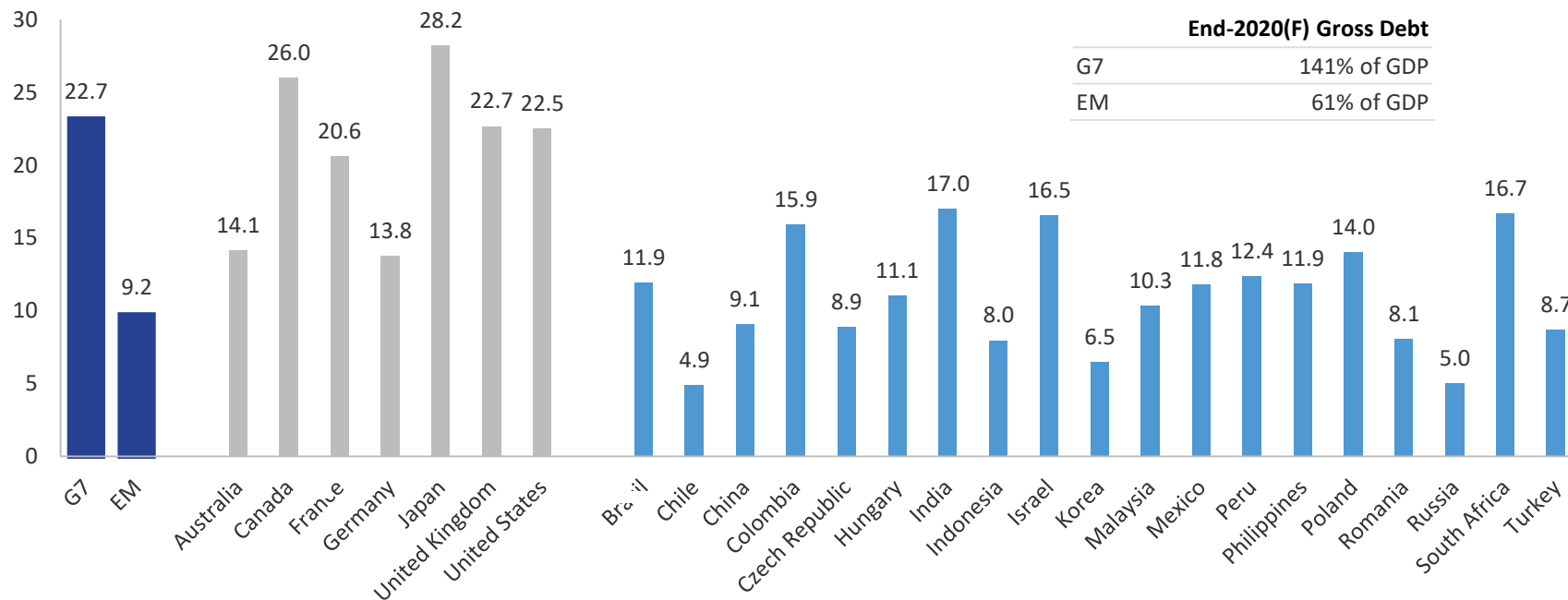
## Major asset class returns



Source: JP Morgan, MSCI, BAML, S&P and Bloomberg, as at 31 December 2020. Note: **EM Corporate:** JPM CEMBI Diversified; **EM IG Corporate:** JPM CEMBI Diversified IG; **EM HY Corporate:** JPM CEMBI Diversified HY; **EM Sovereign:** JPM EMBI Global Diversified; **EM Local Sovereign:** JPM GBI-EM Global Diversified; **US IG:** JULI ex EM (US HG); **Euro IG:** MAGGIE (Euro HG); **US High Yield:** ICE BofA US High Yield Index; **Euro High Yield:** ICE BofA European High Yield Index; **EM Local Currency Corporate:** BAML ML Diversified Local EM Non-Sovereign Index USD; **US Equities:** S&P 500; **EM Equities:** MSCI Emerging Markets Index

# L'incremento dell'indebitamento dei paesi emergenti è inferiore rispetto a quello dei paesi sviluppati

## Increase in gross debt to GDP from end-2019 to end-2020(F)



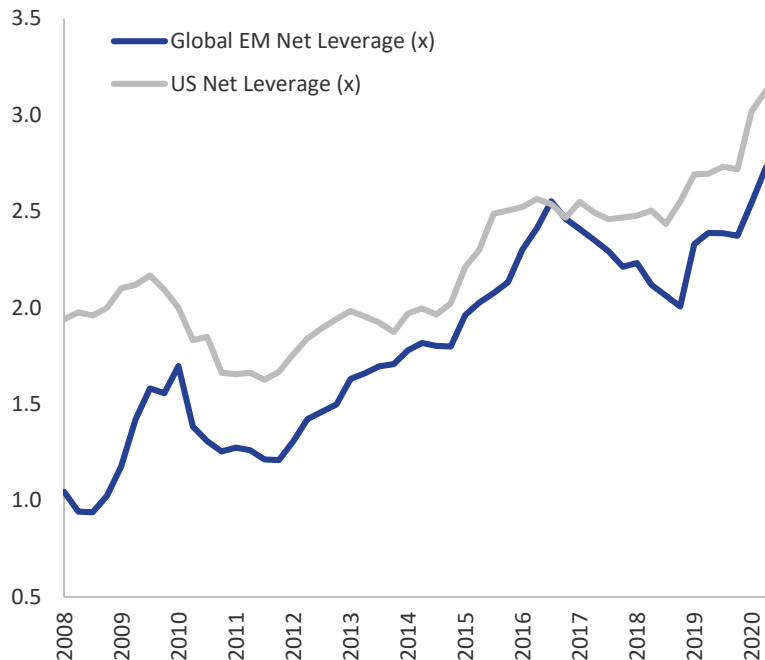
End-2020(F) Gross Debt	
G7	141% of GDP
EM	61% of GDP

Source: BlueBay Asset Management, [Data: IMF World Economic Outlook], as at 13 October 2020

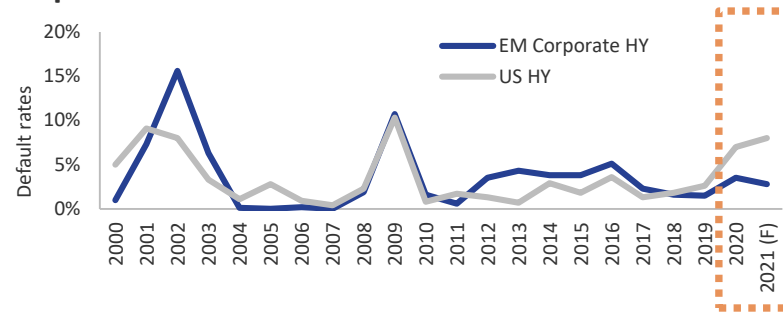
Note: End-2020(F): End of year 2020 forecasts by IMF. G7: Major advanced economies (G7), EM: Emerging market and developing economies

# Le società dei paesi emergenti sono in una posizione di forza rispetto alle società dei paesi sviluppati

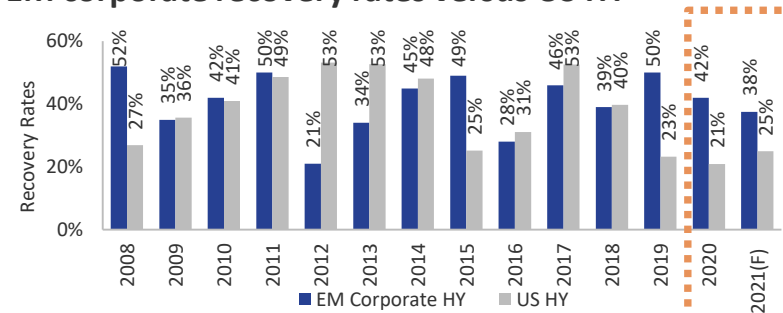
## Net EM leverage lower than US corporates<sup>1</sup>



## Historical default rates: EM HY corporates relative to US peers<sup>2</sup>



## EM corporate recovery rates versus US HY<sup>3</sup>

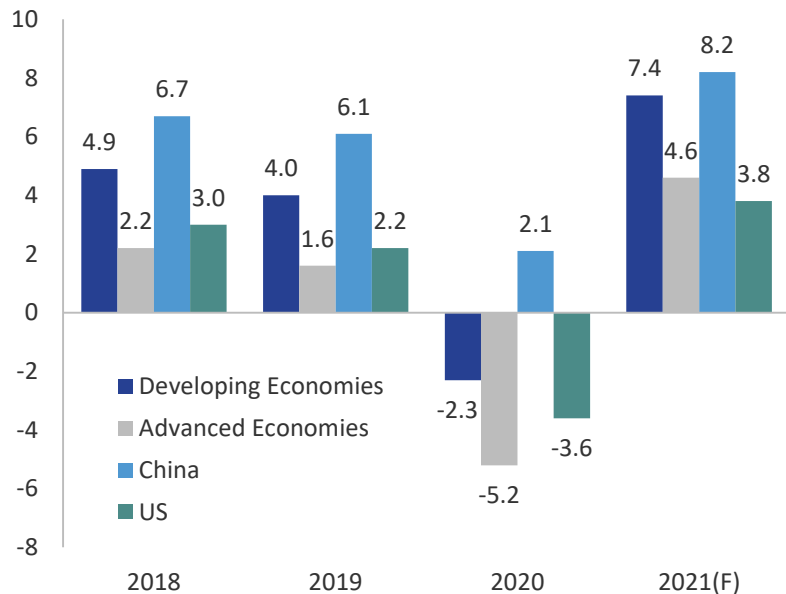


Source: BAML. Notes: **1** Latest data as at 30 June 2020; **2** Source: JP Morgan. Latest data at 31 December 2020.

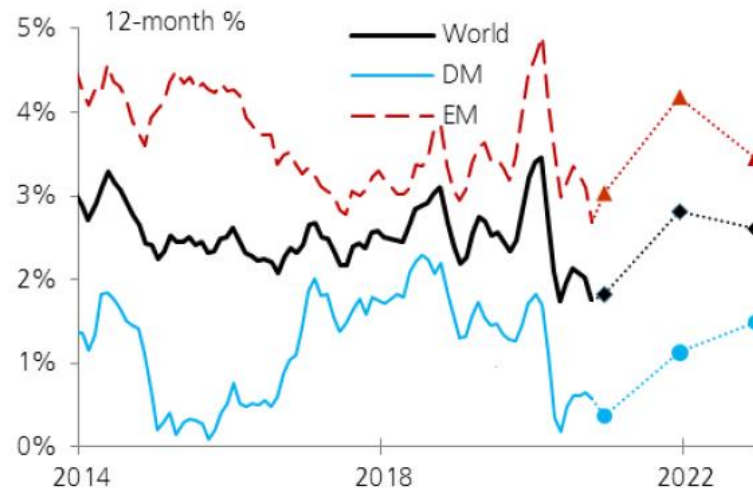
**3** Source: JP Morgan. Recovery rates are issuer-weighted and based on price 30 days after default date. 2021(F) EM corporate recovery rate expectation is 35-40%. Latest data at 31 December 2020. For illustrative purposes only. There is no assurance that any of the trends depicted or described herein will continue

# La ripresa economica prevista nei paesi emergenti supera quella dei paesi sviluppati

## GDP Growth

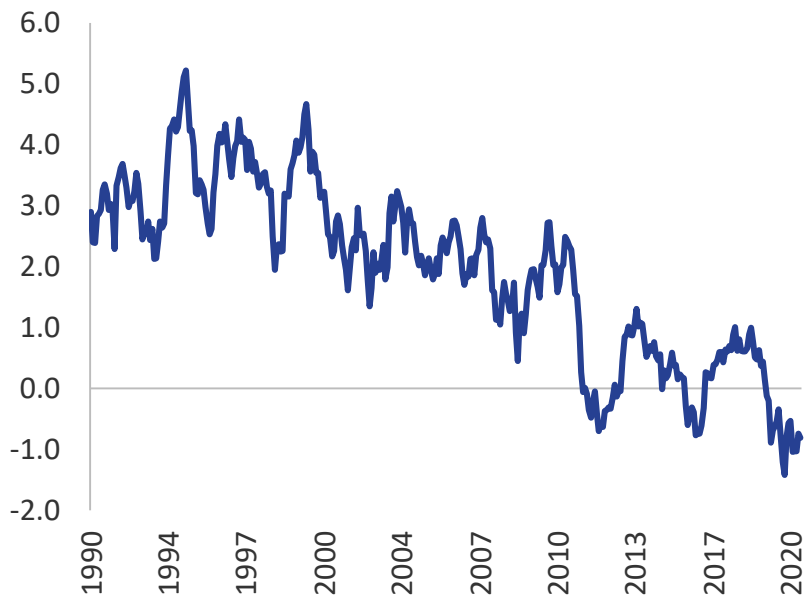


## Global Inflation

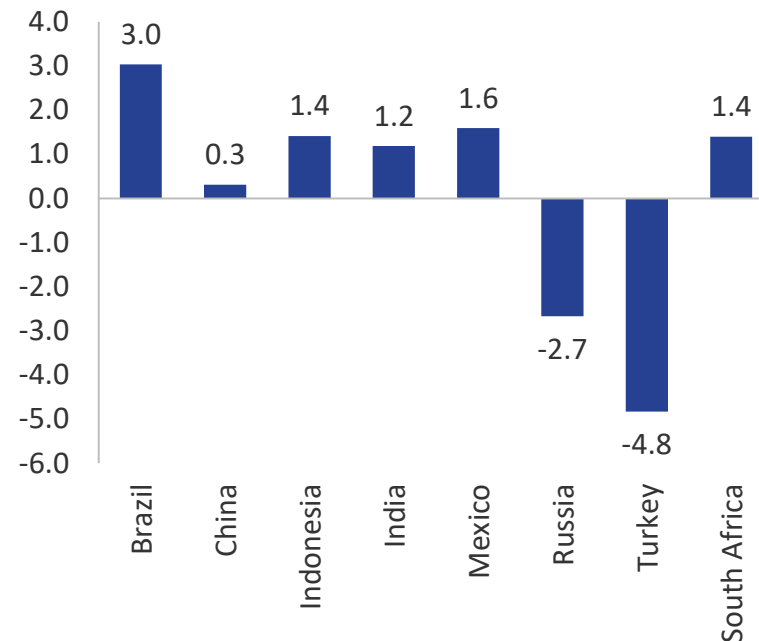


# Tassi reali USA negativi e miglioramento della bilancia commerciale dei paesi emergenti sosterranno gli attivi in valuta locale nel 2021

## 10 year US real rates<sup>1</sup>



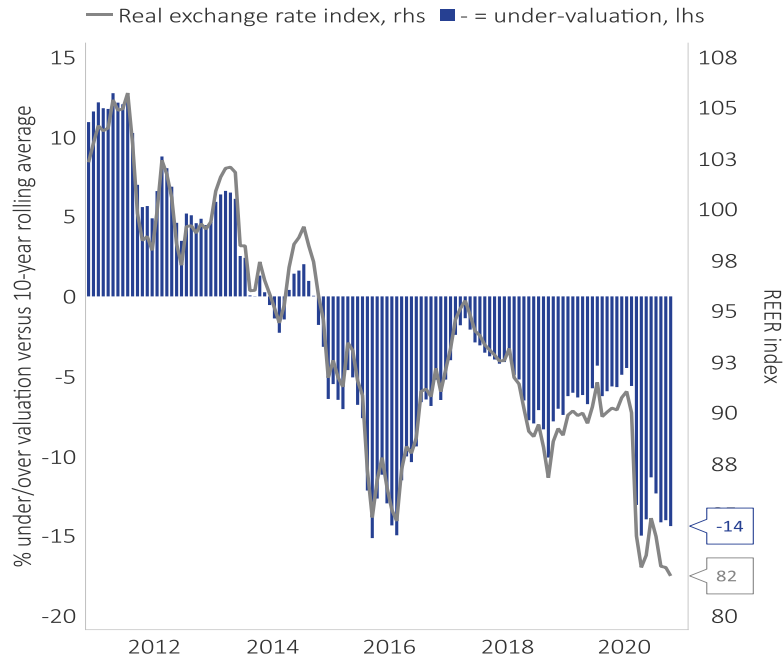
## Change in current account balance as % of GDP 2019–2020<sup>2</sup>



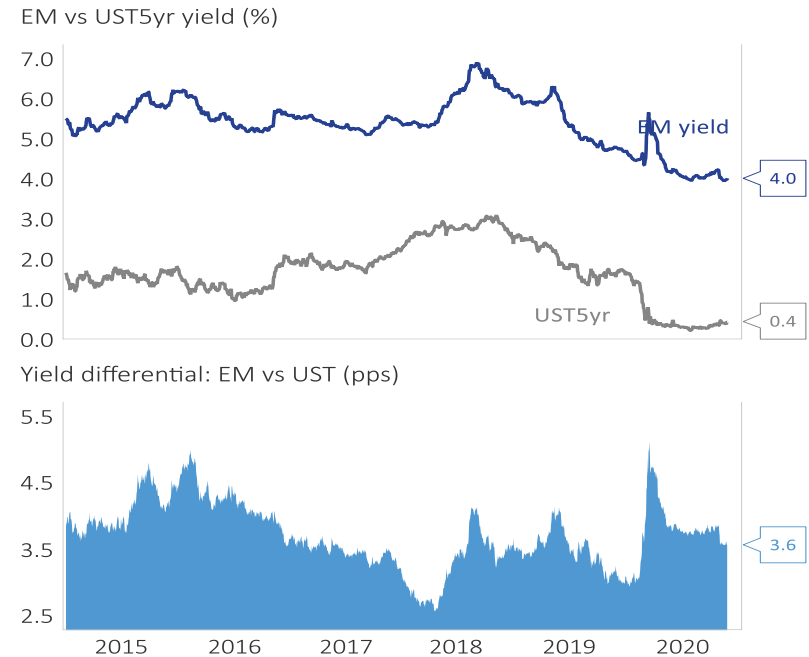
Source: Bloomberg, BlueBay Asset Management. Notes: **1** Real 10 year yield based on core CPI. **2** IMF World Economic Outlook, as at 13 October 2020. For illustrative purposes only. There is no assurance that any of the trends depicted or described herein will continue

# Debito EM in valuta locale: valute attraenti & rendimenti interessanti

## Average EM effective real exchange rate<sup>1</sup>



## Selected EM local yields versus UST5yr<sup>2</sup>



**1** Note: Average emerging market real (inflation-adjusted) effective exchange rate and deviation from rolling 10-year average. Source: BIS and BlueBay estimates; latest monthly data for July 2020 **2** Note: Simple average of Brazil and South Africa 10yr and 5yr rates for Chile, Colombia, Czech, Hungary, Indonesia, Malaysia, Mexico, Peru, Poland, Romania, Russia, Thailand and Turkey. 5yr US Treasury yield. Source: Bloomberg and BlueBay estimates; latest data at 14 January, 2021. For illustrative purposes only. There is no assurance that any of the trends depicted or described herein will continue

# Debito EM in valuta forte: spreads HY ancora interessanti, riteniamo che la differenziazione relativa tra gli emittenti sarà cruciale nel 2021

## EM sovereign HY spread are still wider than pre-Covid levels, unlike IG which has seen rapid tightening



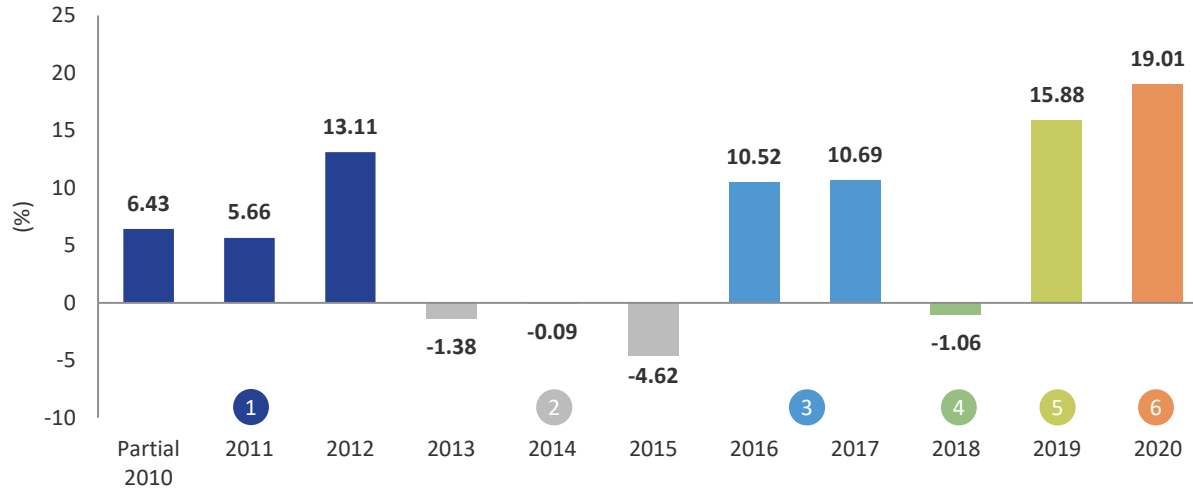
## Top and bottom performers in Calendar Year 2020

EM HC Sovereign	% return	EM HC Corporate	% return
Uruguay	17.2	Paraguay	15.0
Tajikistan	14.9	Azerbaijan	14.1
Dominican Rep	13.8	Egypt	13.8
Guatemala	13.7	Ukraine	13.3
Nigeria	13.6	Mexico	12.7
Ivory Coast	13.5	Zambia	12.2
Senegal	12.8	Israel	11.2
Chile	12.8	Colombia	9.7
Paraguay	12.5	Brazil	9.6
Jordan	12.4	Turkey	9.0
Costa Rica	-1.5	Philippines	5.4
El Salvador	-8.3	South Africa	5.4
Suriname	-9.3	Poland	5.1
Zambia	-17.6	Bahrain	5.0
Belize	-17.9	Argentina	3.6
Argentina	-23.8	Chile	0.3
Sri Lanka	-31.3	Ghana	-2.7
Venezuela	-31.6	Jamaica	-3.0
Ecuador	-50.0	Kazakhstan	-15.3
Lebanon	-74.6	Tanzania	-19



# Un approccio flessibile che mira a catturare i rialzi di mercato e a proteggere dai ribassi

## Emerging Market Unconstrained Bond Fund: annual performance (gross of fees) (%) <sup>1</sup>



- 1** QE driven EM bull market 2010–2012
- 2** EM bear market since Taper Tantrum 2013–2015
- 3** EM recovery 2016–2017
- 4** EM external funding crisis 2018
- 5** EM recovery driven by global central bank easing 2019
- 6** EM twin shock from covid-19/oil price crisis 2020 YTD

## Performance analysis (gross of fees) <sup>2</sup>

	Fund (Gross) <sup>1</sup>	50/50 sovereign market <sup>3</sup>
Annualised return (%)	6.84	4.37
Annualised volatility(%)	7.34	9.34
<b>Return/volatility</b>	<b>0.93</b>	<b>0.46</b>

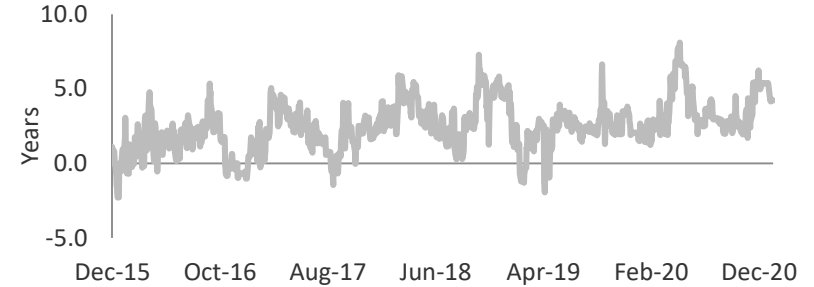
Source: BlueBay Asset Management, as at 31 December 2020. Note: 1 Fund inception date: 20 July 2010. 2 Risk statistics are annualized and calculated using weekly data points since inception. Risk statistics will be produced once there are 12 complete months of data available; for meaningful results, a minimum sample of 36 data points is recommended and where history is less than 3 years caution should be taken with the interpretation and representation of this data. Returns for periods of less than 1 year have not been annualized in accordance with current industry standard reporting practices. 3 50/50 blended sovereign market is: 50% JPM EMBI Global Div, 50% JPM GBI – EM Global Div USD unhedged Past performance is not indicative of future results. Performance based on gross returns. **Please refer to the Disclaimer located at the back of this presentation for important information regarding the past, gross performance shown above**

# Tassi d'interesse locali, rischio sovrano e valute attivamente gestiti

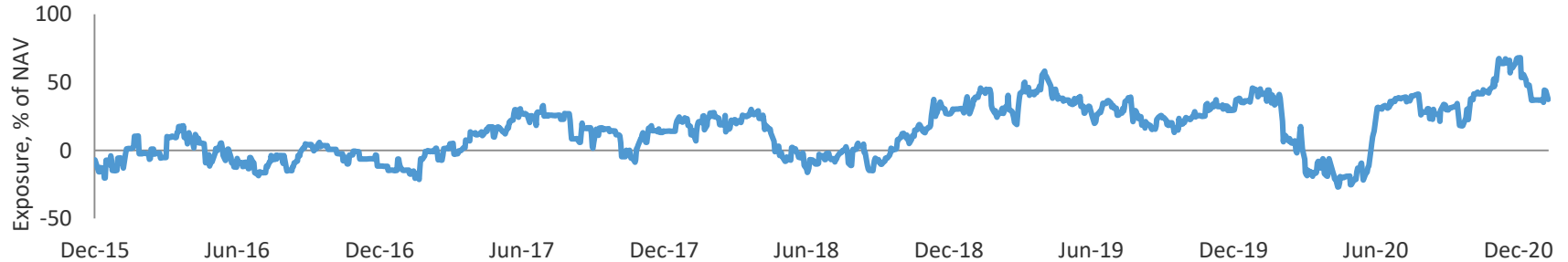
## Local interest rate duration (years)



## Total spread duration (years)



## FX delta (+1%) (exposure, % of NAV)



Source: BlueBay Asset Management, 31 December 2015 to 31 December 2020. For illustrative purposes only. There is no assurance that any of the trends depicted or described herein will continue

# Conclusioni per gli investitori EM nel 2021

## Crescita economica

- Recovery in growth likely to remain key focus for investors in 2021
- The roll out of the vaccines will play a key role in this regard
- It is likely that there would be some differentiation driven by the speed of the rollout and resulting growth recovery

## Differenziazione della performance tra gli emittenti

- With beta return likely to be muted in 2021 relative to last year, the sources of alpha generation will, in our view, be driven by bottom up differentiation
- We see many areas of opportunity in EM corporate sector as well as Sovereign HY sector

## Inflazione

- After a period of unprecedented monetary and fiscal easing we would be cautiously watching the signs of inflation picking up
- Higher energy prices in 2021 relative to 2020 also likely to play a role

## Opportunità nelle ristrutturazioni del debito

- Stressed issuers who are looking to possibly restructure their debt stock could be a source of strong return
- We would be focussed on names such as Sri Lanka, Zambia as well as corporates in Argentina for possible opportunities

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