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**Gerben Lagerwaard**  
Managing Director  
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# Meet the Team

## In conversation with Gerben Lagerwaard

Gerben Lagerwaard joined State Street Global Advisors in 2012 and is the Head of our Dutch Branch and Head of the Benelux Institutional Client Group. In his key client relationship role, he has been heavily involved in discussions with clients and potential clients about the merits of emerging market debt and what kind of exposure can work for them.

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**Q. With interest rates in developed markets anchored at ultra-low levels, are the higher yields on offer from emerging market debt the primary part of your conversations with potential investors?**

There's never just one reason for any investment decision. The search for yield is clearly one motive attracting investors to this asset class though. Return is a hot topic given low rates, but EM assets come with higher risk, so both sides of the story are central to those discussions.

One aspect of the conversation that has changed, and continues to evolve, focuses on how indexing is working in Emerging Market Debt. For a long time, many investors have believed that EMD should or can only be approached actively. But the relatively disappointing performance of active EMD managers has upended such assumptions. Other investors just prefer index exposure, or are changing to a core-satellite approach whereby index exposure is a dominant building block.

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**Q. So indexing is now a central element of the EMD investment discussion?**

Exactly. Indexing is a very efficient tool to gain fixed income exposure, especially in EMD. We have interesting conversations on how important the portfolio management process and market insights are. EMD in its entire set-up is complex, from trading to portfolio management to operations, and we have subject matter experts on each level. Some examples to bear in mind include: FX, liquidity, account openings for China which came into the benchmark earlier this year. Our experts add a lot of value to the process, which allows us to provide our clients with cost-effective index exposures.

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**Q. For investors considering their first dip into EMD, is there still some nervousness about investing in assets that have in the past been prone to higher volatility?**

There is, and that's normal. Emerging Markets have a higher risk/return profile for a variety of reasons and volatility is simply a given. But what we do seek to do is give them comfort, to explain and discuss the underlying dynamics, risks and opportunities so investors can make a well-informed decision.

In recent years, the exposure of institutional investors to EMD has been rising. The COVID-19 disruption has had an impact, although my expectation is that we will see continuous interest and allocations towards EMD over the longer term.

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**Q. Has the COVID-19 sell-off drawn additional EMD interest from more opportunistic investors seeking greater returns?**

In various regions in EMEA, we have found a risk-off stance to be more common, with some investors rebalancing out of risky assets (including EMD). On the other hand, there have been regions like, for example, the Netherlands, where we have hardly seen any risk rebalancing. This is mainly due to the fact that pension plans are long-term investors and have gone through multiple market downturns — what has likely helped is the sharp market improvement of risk assets as well. Putting market volatility aside, we continue to see a healthy appetite for all things EM, both equity and debt. Together with ESG, it's probably the most discussed topic over the last six months. Reasons range from taking the opportunity to build first-time exposure, switch from active to indexing, to portfolio diversification.

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**Q. Speaking of COVID-19, has the extended working from home exercise changed how you work?**

My day-to-day work has changed quite a lot. Being active in distribution implies a lot of external meetings with clients and potential clients — these can be with or without subject matter experts, in and outside the Netherlands. Obviously, these came to an abrupt halt in early March. This has changed the interaction between the various internal teams and our clients. Virtual meetings are now the New Normal, and this is something that is clearly here to stay. We have had multiple virtual due diligence meetings, which normally take place onsite in our London offices. This is working well and is very efficient. In time, I expect a balanced mix between virtual and onsite meetings, resulting in improved efficiency, overall.

Personally, I don't miss the travelling all that much — what I do miss is the direct contact. This 'freed up' travelling time is used more effectively though and I am also exercising more in the early morning or between meetings. As well as running, I'm a bit of a cycling fiend so I love to jump on my racing or mountain bike to get fresh air. I find that I regularly solve problems or come up with new ideas during these times.

And talking about risks, I've found that sports are not without their risks, particularly when it comes to mountain-biking...

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- Start with rigour
- Build from breadth
- Invest as stewards
- Invent the future

For four decades, these principles have helped us be the quiet power in a tumultuous investing world. Helping millions of people secure their financial futures. This takes each of our employees in 27 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's third-largest asset manager with US \$2.69 trillion\* under our care.

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\* This figure is presented as of March 31, 2020 and includes approximately \$51.62 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

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