

Meet the manager

FEDERICO GARCÍA ZAMORA, STANDISH



Federico García Zamora is managing director and emerging markets debt team leader at Standish¹. He originally joined Standish in 2012 as senior portfolio manager of currency strategies. Prior to that, Federico was part of the global fixed-income group within American Century Investments and a currency strategist and portfolio manager at Lehman Brothers Asset Management. Born in Bahía Blanca in the province of Buenos Aires, Argentina, he went to university there to study economics at the Universidad Nacional del Sur. Federico worked at the Buenos Aires stock exchange before going to Columbia Business School in New York.

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How did you become a fund manager?

I had always been good with numbers and I had it in my mind to become an investor. I judged that an education in economics would be very helpful. My father was a director of the local stock exchange in Bahía Blanca. As my father had always managed his own money, he gave me a thousand US dollars as a gift so I could start managing my own money when I turned 18.

I have to confess the results were poor but it was a good education. I did not start investing in the stock market at a very good point. The then president Carlos Menem had initiated a privatisation programme of state-owned businesses in a radical free market reform in 1991. It taught me the influence supply and demand dynamics can have on a market regardless of fundamentals and when too much money is chasing too few assets. It proved to be a bit of a bubble: the stock market went significantly higher and then crashed.

What made you choose to go to the US?

I had always wanted to be a global investor, which is hard for an Argentine citizen sitting in Buenos Aires to do. You are usually constrained by the borders of the country, restricted to managing local assets. So I knew I needed to gain more international exposure and chose New York, which, together with London, is a major international financial centre. I applied to business school and was accepted in 2003; my wife and I moved to New York in August of that year.

Straight out of business school, I was hired by Lehman Brothers Asset Management in 2005. At the time, the asset management division was composed of two acquisitions – Neuberger Berman in New York and the Chicago-based fixed-income business of Lincoln Capital Management. I was hired into the associate programme within the investment division and went through a number of rotations with different teams before finally being placed with the global fixed-income team. I left after the default of Lehman Brothers as I had secured another job offer as a currency strategist with American Century Investments.

What made you join Standish?

Standish offered me a very attractive career opportunity (head of currencies) and it was the next step in my career to be in charge of one strategy. The aim was to help all the teams in Standish that took currency risk to do it more efficiently. After three years, I became a director of emerging markets and a portfolio manager.

What is the appeal of currency and fixed income?

Currency is a very different asset class compared to fixed income and it is mostly about macroeconomic drivers. I feel really comfortable with it – it is a good addition to a fixed-income portfolio and a different source of risk and alpha.

Bonds are mostly influenced by inflation expectations, whereas currencies are driven by growth. Inflation is also driven by growth so there is some interconnection.

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What do you like about emerging markets?

I grew up in an emerging market and I felt the swings of an emerging market economy. Having lived through political instability and wild inflation cycles helps you to understand and manage risk differently. You are less afraid of taking risks because of the experience that you have had in the past. It is more difficult to surprise me because of this background. It just puts things in perspective.

I have had experience of hyperinflation and I can recall my father buying a car for my mother in the late 1980s. Six months later the amount he paid for the car would not have paid the supermarket bill.

During the early years of my career, I focused on developed economies. However, I was always of the view that I would move into managing more emerging markets exposure.

Which elements do you particularly enjoy about emerging markets?

I enjoy the diversity. You have countries with developed-like characteristics and other that are prone to a lot of

political instability, where very strong leadership can overshadow all other institutions in the country. The diversity interests me as every day is a little bit different and these countries do not lose the ability to surprise.

Have you ever been surprised in an unpleasant way?

I have been surprised many times, especially by my own country. For instance, I was not surprised to see corruption in Brazil but what was surprising was how the justice system in Brazil went after strong political figures. The other thing that has surprised me is how inexperienced politicians in Argentina can do so much damage to institutions. For example, El Instituto Nacional de Estadística y Censos (INDEC), which publishes the national statistics for Argentina, used to have a very good reputation. Now, INDEC's statistics have been contaminated with an ideological view and lost all credibility. If you have a country with no statistics (or ones that cannot be trusted), you pay a huge price. That price is paid in terms of growth, inflation and poverty.

How would you characterise your investment style?

Emerging Market Debt Local Currency is very much a play on global macroeconomics, with the direction of the asset class largely determined by the strength or weakness of emerging market currencies against the US dollar and euro. You need to understand what the US economy is doing in terms of fiscal and monetary policy and how that is going to have an impact on inflation and growth. Then it is necessary to compare the same thing in the emerging world.

What do you like doing outside of work?

I'm a soccer fan. It's in my blood and my favourite team is Club Atlético River Plate. A highlight was watching the team's victory in the Copa Libertadores de América with my son. I also enjoy playing tennis.

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