



Portfolio Manager Commentary and Performance

Market Update

In October, the Fund returned 0.73%, and YTD 10.15%.

During the month, the main sources of volatility were the return of uncertainties related to NAFTA renegotiation and the secondly, if the next FED chairman will be a dovish or hawkish. However, inflows to Emerging Markets were again the performance main driver, offsetting all volatility factors.

Another important fact was the increase in corporate issuance in October. Latin American corporate gross issuance was approximately USD 7,700 millions. We have to consider that about USD 4,500 millions of those proceeds were used for liability management.

Comment by Country:

Brazil: The central bank cut its policy rate again but this monetary easing cycle is almost over. It took this rate to 7.5% from 8.25%, as it was widely expected. Moreover, it explicitly stated that it is planning to take the rate to 7% by the end of the year and it would slowly hike the rate 100bp during 2019. This is just an expectation given the current information and not a commitment. However, it showed a strong will of the Bank to support the current economic recovery and confidence that there is no inflation issues in the near future.

Mexico: Inflation started a downward trend. The YoY price change stood at 6.35% compared to a previous month of 6.66%, which means that inflation is coming down for the first time in Mexico since Feb 2016. This inflation downtrend is key for the Central Bank to start to ease its monetary policy, which, in our opinion, has been pushed for the next year.

Chile: September inflation figures came out significantly below expectations. The September CPI MoM change was -0.2%, which is much below the expectations (0.3%). The YoY change stood at 1.5%, which is below the tolerance range of the central bank (3% ± 1%). In the last Inflation Report, the central bank explicitly stated that it saw the short-term inflation risk on the downside. Thus, this risk had materialized and it should eventually cut its policy rate.

Colombia: The central bank surprised most economist by cutting its policy rate. It took this rate to 5% from 5.25%. The main rationale for the decision was that (1) inflation is coming down faster than expected as price supply shocks have diluted and core inflation is trending down and (2) domestic activity has continued weak and output gap has become more negative. However, the Bank warned that this cut did not mean that more a new easing cycle.

Argentina: The current administration had a strong success in the October mid-term parliamentary elections. This provided a robust background for the continuity of the current administration's policies, including an incoming new process of economic reforms (tax and capital market).

EuroAmerica AM SICAV –
Latam High Yield Bond Fund

October 31, 2017

Fund Description

EuroAmerica AM SICAV – Latam High Yield Bond Fund seeks to outperform its benchmark, the JP Morgan CEMBI Broad Latin America High Yield Index by investing in Latin America high yield corporate bonds denominated in USD and issued in the United States. The Fund has the ability to invest in out-of-benchmark positions up to 30% and can hedge the base rate up to 40%. The Fund has a maximum annual tracking error limit of between 3% and 4%.



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Diego Granados, Co-Portfolio manager*

Share Classes and Fees

Class	ISIN	Bloomberg Ticker	Min. Subscription Amount (USD)	Current TER
Class I	LU1061932742	EALHYBI	1,000,000	1,05%

Fund Returns

	October	3 Months	YTD
Class I	0.73%	2.90%	10.15%

Asset Under Management

AUM
USD 54,326,669.56

Disclosure for Switzerland: The state of origin of the Fund is Luxembourg. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Ar. 10 Para. 2, 3bis and 3ter CISA. The Representative in Switzerland is ACOLIN Fund Services AG, Stadelhoferstrasse 18, CH-8001 Zurich, whilst the Paying Agent is Neue Helvetische Bank AG, Seefeldstrasse 215, 8008 Zürich. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the Swiss representative.

The basic documents of the Fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge at the registered office of the Swiss Representative.



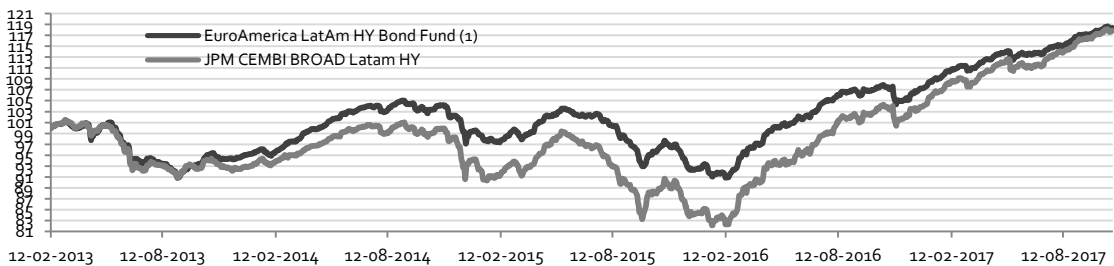
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During October, the Fund returned 0.73%, and YTD 10.15%. The month driver was the continuous inflows to EM fixed Income.

Rates volatility increased during the last week, part of this can be explained by the uncertainty related with the FED chairman successor, once Jerome Powell was nominated, the treasury rates come down as the market read that Powell will continue in the same normalization path than Yellen. In this sense, we don't expect any abrupt change in the risk on mode due FED policy expectation, until Mr. Powell is ratified by Congress.

For now, the rates movement will depend on economic data.

Performance

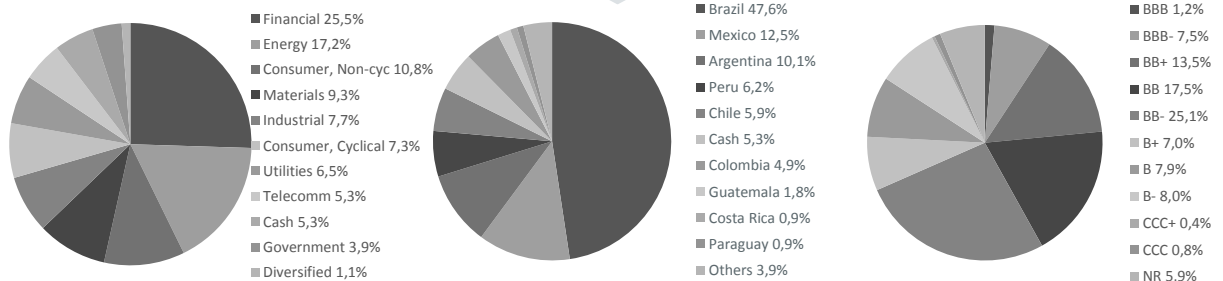


(1) Performance is net of fees. SICAV Series I performance is shown as of January 1, 2015; prior to that, the performance shown is that of the Chilean-domiciled Series D, which has an identical strategy. Fees can be up to 1.15% on an annual basis.

Source: Bloomberg, J.P. Morgan

Portfolio Positioning and Outlook

Portfolio Allocations: Sector, Country, and Rating



Outlook

- Latin American companies will remain in good credit standing with fundamentals remaining unchanged. Brazilian political and economic instability have faded away in some extent.
- Hike in FED rates have diluted in the way. Although, any intention of increasing them before actual market expectations, can be well cushioned by high current spreads of around 420 bps.

Top Holdings

Issuer	% Weight	Sector
1 BEEFBZ 6.5 26	2,69%	Consumer
2 BUEAIR 7.5 27	2,10%	Govt
3 BANBRA 9 PERP	2,08%	Financial
4 PETBRA 5.299 25	1,97%	Oil & Gas
5 PETBRA 4.375 23	1,86%	Oil & Gas
6 BRAZIL 4.625 28	1,83%	Govt
7 ITAU 5.125 23	1,75%	Financial
8 YPF DAR 8.75 24	1,72%	Oil & Gas
9 PETBRA 7.375 27	1,66%	Oil & Gas
10 PETBRA 5.999 28	1,59%	Oil & Gas

Detailed Risk Metrics*

Yield to Maturity	5.1%
Duration (years)	4.7
Volatility (annual)	3.5%
Sharpe Ratio (annual)	1.1
Beta	0.59
Alpha	1.53%
Tracking Error (annual)	2.77%
Information Ratio	0,03

*Statistics from 12 February 2013

This mutual fund is managed by EuroAmerica Administradora General de Fondos. Find out about the essential characteristics of each mutual fund investment, which are contained in its rules of procedure and contract underwriting fees. Profitability or profit obtained in the past by this fund does not guarantee that it will be repeated in the future. The values of the shares of the mutual funds are variable.