

Portfolio Manager Commentary and Performance

Market Update

During September, the Latam Equity market continued with its positive trend, but somewhat a more modest one than the previous month mainly on weaker currencies. Argentina led the performance in the region as fundamentals remain supportive, with positive readings on the macro side and increasing confidence on the political landscape. Brazil also outperformed the region, despite new political events – mainly new investigations against President Temer and subsequent delay on reforms approval – on the back of new rate cuts, lower inflation expectations and positive macro readings signaling a recovery on domestic dynamics.

In this context, the MSCI Small Cap Latam Index posted a 1.99% return, while our fund reached a 3.81% return during the month. The Latam Equity Market (MSCI Latin America) returned 1.58% in September.

Brazil: The central bank cuts its policy rate to 8.25% from 9.25%. Monetary easing is a key ingredient in the Brazilian recovery and the Bank has been able to deliver on the back of anchored inflation expectations and diminishing current inflation rate. However, the statement showed that the Bank would moderate the pace of rate cuts in the next meetings. On politics, a new accusation against President Temer has once again put reform discussions in queue. Nevertheless, macro readings remain supportive of a macro recovery, with industrial production, vehicle production, retail sales and formal job creation positive surprising the market. We remain OW in Brazil as domestic dynamics continue to support the market despite political uncertainty.

Mexico: Banxico kept its rate unchanged at 7% but released a more hawkish tone. The balance of inflation risk deteriorated on the back of the recent earthquakes and gave no hint at all of beginning a loosening cycle. Thus, we foresee that the Bank will stay on hold until the second semester of 2018, when it might start slowly to cut its policy rate. Despite this high inflation – high rates scenario and a somewhat weaker labor market, consumer confidence keeps improving though from a very low level. Lastly, on NAFTA, the third round of negotiations ended with no significant advances. We remain UW in Mexico.

Chile: The central bank published its quarterly inflation report. The report did not change much the GDP growth and inflation forecasts but it provided a more neutral tone about the next step in the policy rate. The Bank considered the medium term risks for economic activity and inflation as balanced but the short-term inflation risk was on the downside. This left open the possibility for more rate cuts but this is definitely data dependent. We remain neutral in Chile to take advantage of the positive flow momentum related to a potential pro-market result from upcoming presidential elections.

Colombia: The central bank maintained the level of its policy rate and, thus, putting the brake on its monetary easing for now. The decision was not unanimous since two out seven members of the board voted in favor of a 25bp cut. The main reasons for staying on hold were that the rate was getting closer to its neutral level and current and expected inflation are still above the target range (2-4%). However, we foresee that monetary easing would restart in 2018 1Q. We remain UW in Colombia.

Argentina: The statistical office published the 2Q National Accounts, which showed a strong economic performance. The 2Q GDP yoy growth rate was 2.7% compared to 0.4% in the 1Q. The expansion in Investments (7.7%) and Private Consumption (3.8%) were the main drivers, which showed a very robust internal demand. We remain OW in Argentina on the back of the activity recovery, stronger support for the government and the subsequent reform agenda, which should be resumed after October’s mid-term elections.

EuroAmerica AM SICAV –
Small Cap Latam Fund

September 30th, 2017

Fund Description

The EuroAmerica AM SICAV – Small Cap Latam Fund seeks to provide long-term capital growth by investing principally in equity securities issued by Latin American companies, and American Depositary Receipts of small capitalized Latin American companies. The Fund aims to achieve diversification in terms of sectors offering a core exposure to the Latin American stock markets and to companies listed on a stock Exchange outside the Latin American region, but which generate a significant part of their income in or from Latin America and/or which have their registered office in Latin America. The investment manager seeks to add value primarily through stock selection.

Investments may be denominated in USD or in Latin American currencies. Currency risks may be hedged entirely or partially against USD through the use of financial derivative instruments including currency forwards or futures.



Giovanna Musa and Ricardo Fernandez.
Co-Portfolio Managers for the Latam Equity Strategies at EuroAmerica Investments.

Share Classes and Fees

Class	ISIN	Bloomberg Ticker	Min. Subscription Amount (USD)	Current TER
Class I	LU1061932403	EASSCL LX	1,000,000	1.09%

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.

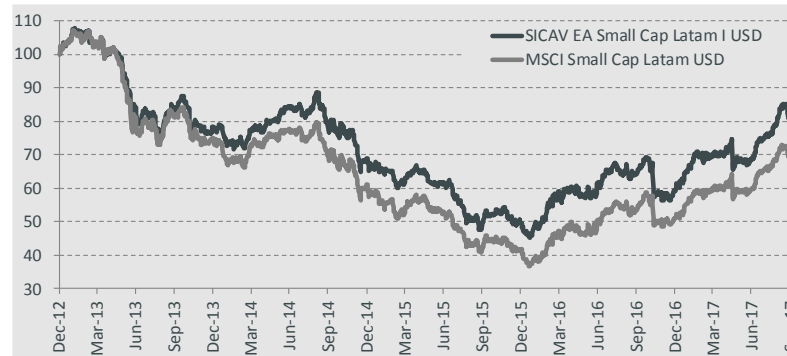
The basic documents of the Fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge at the registered office of the Swiss Representative.



Portfolio Manager Commentary and Performance

In terms of contribution, our OW in Brazil had a positive impact on the back of our OW in GOL, USIMINAS and VIA VAREJO, which were +17,2%, +12,3% and +39,3% during the month in USD terms, respectively, and our lack of exposure to ELETROPAULO, which was 21% down during the month. Our off-benchmark position in Argentina also had a positive contribution, with strong returns from SUPERVIELLE and TGS, which were +20,8% and 16,8% in September, respectively. Our UW in Mexico also supported our relative returns, mainly on a 2% currency depreciation and lack of exposure to names such as RASSINI, AEROMEXICO and CREDITO REAL, which were down in the range of 7%-8,6% in local currency during the month. Lastly, on the negative side, our UW in Colombia and Peru had a negative impact, mainly on COP appreciation and strong performance from VOLCAN (+24,8% during the month).

Performance for Series I



Risk Metrics*	
Volatility (Annual)	20.3%
Beta	0.91
Alpha	2.71%
Tracking Error (annual)	6.1%
Information Ratio	-0.32

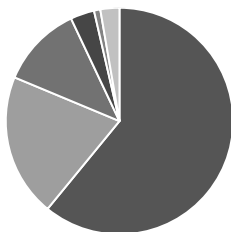
*YTD

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013													
EA Small Cap Latam D	6,1%	0,2%	-2,7%	-2,5%	-6,6%	-10,8%	-3,5%	-6,1%	9,3%	1,2%	-6,6%	-0,2%	-21,5%
MSCI EM Small Cap Latam	5,7%	-0,3%	-1,5%	-2,6%	-9,2%	-11,6%	-3,9%	-4,1%	8,2%	-0,8%	-6,7%	-0,3%	-25,2%
2014													
EA Small Cap Latam D	-6,1%	0,3%	4,9%	-0,3%	4,0%	4,7%	-2,9%	6,9%	-10,3%	1,4%	-4,4%	-9,0%	-12,0%
MSCI EM Small Cap Latam	-8,6%	0,5%	6,1%	0,4%	2,6%	3,3%	-4,0%	5,8%	-11,4%	0,1%	-4,4%	-8,5%	-18,4%
2015													
SICAV EA Small Cap Latam I	-5,9%	0,3%	-5,0%	6,0%	-6,1%	-0,7%	-5,8%	-10,6%	-5,0%	6,5%	-1,9%	-3,4%	-28,3%
MSCI EM Small Cap Latam	-9,4%	2,6%	-7,4%	7,3%	-5,3%	-1,7%	-6,8%	-10,5%	-4,3%	5,4%	-2,9%	-2,6%	-31,6%
2016													
SICAV EA Small Cap Latam I	-3,0%	7,2%	14,8%	2,2%	-4,8%	7,0%	6,5%	-2,2%	0,2%	7,1%	-14,5%	0,8%	19,8%
MSCI EM Small Cap Latam	-7,0%	4,6%	16,1%	5,5%	-7,1%	8,7%	6,9%	0,2%	-1,3%	8,7%	-12,7%	1,2%	22,2%
2017													
SICAV EA Small Cap Latam I	10,2%	6,3%	0,0%	1,4%	-3,4%	1,0%	9,2%	6,4%	3,8%				39,9%
MSCI EM Small Cap Latam	8,9%	5,2%	1,6%	1,6%	-2,5%	1,5%	9,7%	6,0%	2,0%				38,6%

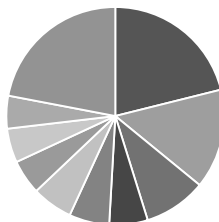
Note: Until 28 February 2015, performance data is for the EuroAmerica Small Cap LatAm D, which is a mutual fund offered in Chile; an identical strategy is employed in the Series I.
Source: Bloomberg.

Portfolio Breakdown

Portfolio Statistics: Top 5 Country and Top 10 Sector Distributions



- BRAZIL
- MEXICO
- CHILE
- ARGENTINA
- PERU
- CASH



- Consumer
- Real Estate
- Financial
- Industrial
- Construction
- Transportation
- Utilities
- Food & Bev
- Steel
- Others

Top Holdings

Issuer	% Fund	Sector
ESTACIO	3,9%	EDUCATION
GOL	3,4%	TRANSPORT
SMILES	3,2%	CONSUMER
IGUATEMI	2,9%	REAL ESTATE
USIMINAS	2,8%	FINANCIALS
PARAUACO	2,7%	REAL ESTATE
BRADSPAR	2,6%	MINING
ALSEA	2,5%	FOOD & BEVERAGES
MAGALUIZA	2,5%	CONSUMER
VIA VAREJO	2,2%	CONSUMER
OTHERS	71,3%	

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 the 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.