

Market Update

May was another positive month for global equities, with Latam outperforming both EM and DM's. The region rose 7.8% in USD terms, led by Peru and Brazil, meanwhile, Chile and Colombia were the main laggards, both impacted by domestic dynamics. Latam is trading at 10.8x P/E fwd, 14% discount to its 10Y average, positive compared with the 25% premium for Emerging Markets. This attractive valuation is mainly explained by the 30% upward 21E earnings revisions YTD. We maintain our positive view on the region due to: i) higher risk on mode globally, ii) increasing commodities prices; and iii) attractive valuation that has been supported by stronger than expected corporate earnings results.

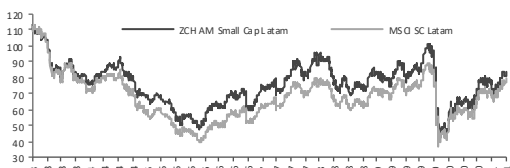
Brazil was up 9.41% in USD terms, partially explained by a 4.2% currency appreciation, being one of the best performers in the region. BRL strength has been supported by higher commodities prices, lower fiscal uncertainty after the final agreement on 2021 budget, a more stabilized sanitary situation, and a higher interest rate. Brazil is trading at 9.6x P/E fwd, below its 10Y average, with positive earnings revisions for 2021 and 2022. On the macro front, 1Q GDP was above expectations, reflecting the lower impact of mobility restrictions, which coupled with the advance in the vaccination process, have triggered upward revisions for 21 GDP, to 3.96% from 3.52% in one week. As a consequence of lower than expected reduction in mobility, in the last weeks, we have been seeing higher contagion numbers, which have increased pressures for an emergency aid extension, arising concerns about the fiscal consolidation. However, at the same time, the reform and privatization agenda are advancing in Congress, which can support fiscal accounts in the medium term. On the monetary front, higher than expected inflation, coupled with better economic growth led to a 75bps increase on the reference rate to 3.5%. Higher electricity prices due to the delicate hydro situation that the country faces could pressure inflation numbers in the mid-term, thus market expectations are at 5.75% Selic rate by year-end. We maintain our exposure to Brazil, sustained by stronger currency; the advance in the vaccination process with 10.5% of the population fully vaccinated, and the advances in the reform and privatization agenda.

Mexico posted 7.7% in USD terms with a 1.5% currency appreciation, posting one of the strongest performance YTD. In terms of valuation, the index is trading at 14.8x, 8% discount to its 10Y average, but 12% above if we consider multiples since AMLO took office. The positive performance for Mexican equities has been supported by faster than expected recovery in USA, advances in the vaccination process, and currency strength. Mexico is the country that benefits the most from US recovery through higher manufacturing activity due to exports and higher remittances (based on better employment figures and fiscal stimulus in USA). US tailwinds have allowed upward revisions for GDP, not only for 2021 but also for 2022, given the 8-year deployment of the last Infrastructure Bill announced by Joe Biden. Short-term trigger for the market is going to be mid-term elections, where latest polls suggest, that MORENA; the government party, and its allies are going to retain simple majority in the Lower house. This may limit the government's ability to pass constitutional reforms or approve new regulations that seek to strengthen state companies, which can boost a more positive market sentiment. We maintain our exposure to Mexico through companies with strong balance sheets, attractive valuation and solid fundamentals.

Finally, in Perú, Presidential elections are going to take place on June 6th. The first polls for the run-off showed Pedro Castillo (leftist candidate) as the clear favorite, but the gap has been closed and the last published poll shows a statistical tie with Keiko Fujimori (center right). Both candidates face high rejection rates with 41% for Castillo and 45% for Fujimori. Among the main proposals, Castillo seeks to write a new constitution and increase public sector expenditure, being financing by an important increase in the tax burden of natural resources exporters, particularly the mining sector. Meanwhile, Fujimori can be seen as the candidate for the continuing of the main macroeconomic policies.

During the month, our fund posted a 6.12% return in USD terms, compared to the 8.31% from our reference benchmark, the MSCI Latam Small Cap index. Relative performance is explained by our OW in Usiminas (-8.56% in USD terms) and Duratex (-10.26%), and our lack of exposure to Unipar (+37.66%) and Gelo (+27.28%). This was partially compensated by our OW in Vamos (+31.66%), Simpar (24.12%) and Petro Rio (+11.32%).

Performance for Series I

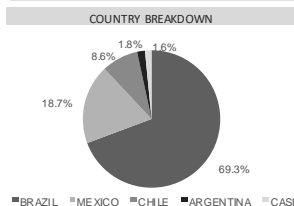


Risk Metrics	
Volatility (Annual)	19.54%
Beta	1.03
Alpha	-1.09%
Tracking Error (annual)	3.23%
Information Ratio	0.16

Returns	May/21	3M	YTD	LTM	3Y	Since Inception
ZCH AM SICAV Small Cap Latam I	6.12%	14.70%	6.10%	57.24%	8.48%	-16.00%
MSCI EM Small Cap Latam	8.26%	19.22%	10.28%	62.04%	21.40%	-19.95%

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

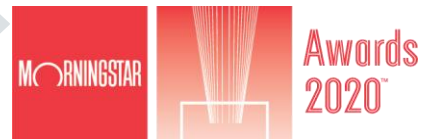
Portfolio Breakdown



SECTOR	MAY-21	APR-21	ISSUER	FUND	SECTOR
CONSUMER DIS.	10.9%	9.5%	PETRO RIO	4.1%	ENERGY
CONS. STAPLES	13.7%	12.6%	SENDAS	3.7%	CONS. STAPLES
REAL ESTATE	9.1%	9.4%	GERDAU	3.5%	MATERIALS
INDUSTRIALS	23.4%	23.6%	LOCABEW	2.9%	IT
FINANCIALS	8.8%	8.0%	DURATEX	2.5%	MATERIALS
MATERIALS	13.3%	16.0%	GRUPO CEMENTOS	2.5%	MATERIALS
UTILITIES	5.4%	5.8%	LOCAMERICA	2.4%	INDUSTRIALS
HEALTHCARE	5.2%	4.5%	EMBRAER	2.2%	INDUSTRIALS
ENERGY	4.1%	3.9%	ENEVA	2.2%	UTILITIES
IT	3.8%	4.3%	VAPORES	2.2%	INDUSTRIALS
OTHERS	2.3%	2.4%	OTHERS	71.8%	

ZCH AM SICAV –
Small Cap Latam Fund

May 31st, 2021



Best Latam Equity Fund - Morningstar Chile

Fund Description

The ZCH 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 Depository 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 -
Portfolio
Manager

Share Classes and Fees

Class	ISIN	Bloomberg Ticker	Min. Subscription Amount (USD)	Current TER
Class I	LU1061932403	EASSLX LI	1,000,000	1.09%
TOTAL AUM			US\$34.8mm	

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 Art. 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 Zurich. 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.

This mutual fund is managed by Zurich Chile Asset Management 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.