

Portfolio Manager Commentary and Performance

Market Update

October was a weak month for the Latam Equity market, mainly explained by weaker currencies, especially towards the end of the month. Brazil and Mexico had a negative performance during the month, with the MXN and BRL down 4.70% and 3.73%, respectively. Both markets were impacted by political uncertainties. On one hand, Mexico continues involved in the negotiation process for NAFTA, which so far has made no clear/significant advances. In Brazil, on the other hand, accusations against President Temer were once again dismissed in congress and focus remains on the reform agenda once the congress resume its activities. Argentina was able to decouple from the Latam equity market, with positive performance following better than expected results from the mid-term congressional elections. Chile also was on the positive side, backed by increasingly better expectations on the upcoming presidential elections and strong copper price performance.

In this context, the MSCI Small Cap Latam Index posted a 4.3% decline, while our fund reached a 3.9% decrease during the month. The Latam Equity Market (MSCI Latin America) decreased by 3.6% in September.

Brazil: The central bank cut its policy rate again to 7.5% from 8.25%, as 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 its strong will to support the current economic recovery and confidence that there is no inflation issues in the near future. During the month, macro data took a breather, with some readings below estimates, but not impacting recovery expectations as both consumer and business confidence continue on the rise. 3Q17 earnings season has already started and results on the small cap side have been above expectations. We remain OW in Brazil.

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. Nevertheless, the central Bank has not discarded new rate hikes depending on NAFTA negotiations and upcoming presidential elections and its potential impact on MXN and inflation. On NAFTA, after the fourth round of negotiations, teams announced the deadline has been moved to 2018, with no significant advances on key issues. We remain UW in Mexico.

Chile: September inflation figures came out significantly below expectations at -0.2% m/m (vs. 0.3% m/m from consensus). 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 could eventually cut its policy rate. 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 cut its reference rate by 25bps to 5.0% on lower than expected inflation, while fiscal deficit target for 2018 was raised to 3.1% from 2.7% of GDP on lower collections and higher spending. Discussions on a new tax reform are gaining strength but no details have been discussed so far. We remain cautious and UW in Colombia.

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). On the macro front, the Central Bank raised its reference rate by 150bps to 27.75% reaffirming its commitment to inflation control. 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 now after the mid-term elections.

EuroAmerica AM SICAV – Small Cap Latam Fund

October 31th, 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	EASSCLI LX	1,000,000	1.07%

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.

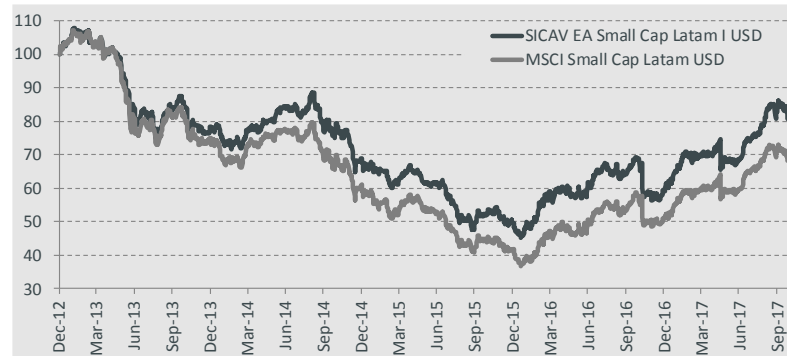
This mutual fund is managed by EuroAmerica Administradora General de Fondos. Find out about the essential characteristics of each mutual fund investment, which are contained in the rules of procedure and contract underwriting fees. Profitability or profit obtained in the past by this fund does not guarantee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



Portfolio Manager Commentary and Performance

In terms of contribution, our UW in Mexico had a positive impact, explained by our lack of exposure to INTERACCIONES (-23.4%), FIBRA HOTEL (-12.20%) and AEROMEXICO (-14.19%) and our OW in UNIFIN (1.05%). Our off-benchmark exposure to Argentina also had a positive contribution, with positive returns from SUPV and TGS (+8.59% and 4.48%, respectively). Our lack of exposure to Colombia also benefited our relative performance. Chile also explains part of the gap, highlighting the performance of BESALCO (+14,95%) and our OW in PARAUCO and RIPLEY (+4,73% and +9,85% in USD terms, respectively). On the negative side, our OW in Brazil had a negative contribution to our performance, explained by the BRL weakness and exposure to names such as MGLU(-17,12%), MRV (-11,30%), partially offset by USIM (+9,25%) and SMILES (+2,59%).

Performance for Series I



Risk Metrics*

Volatility (Annual)	20.2%
Beta	0.91
Alpha	2.42%
Tracking Error (annual)	6.1%
Information Ratio	-0.21

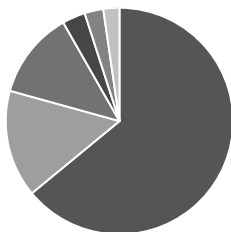
*YTD

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%	-3,9%			34,4%
MSCI EM Small Cap Latam	8,9%	5,2%	1,6%	1,6%	-2,5%	1,5%	9,7%	6,0%	2,0%	-4,3%			32,7%

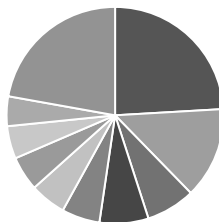
Note: Until 28 February 2015, performance data is for the EuroAmerica Small Cap LatAm D, which is a mutual fund offered in Chile; an identical strategy is employed in the Series I.
Source: Bloomberg.

Portfolio Breakdown

Portfolio Statistics: Top 5 Country and Top 10 Sector Distributions



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



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

Top Holdings

Issuer	% Fund	Sector
MAGLUIZA	3,8%	CONSUMER
GOL	3,7%	TRANSPORT
SMILES	3,6%	CONSUMER
ESTACIO	3,4%	EDUCATION
USIMINAS	3,4%	STEEL
VIA VAREJO	3,0%	CONSUMER
IGUATEMI	2,8%	REAL STATE
BRADSPAR	2,5%	MINING
PARAUCO	2,5%	REAL STATE
MET GERDAU	2,3%	STEEL
OTHERS	69,1%	

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