

Portfolio Manager Commentary and Performance

Market Update

The Latam equity market continued with its positive trend in August, outperforming EM and DM. Overall, we saw positive developments across the board, with solid results and commodities price momentum, positive macro readings, and benign political events. In this context, Argentina was the main outperformer following better than expected results in the primaries elections for Congress, posting solid support to current government coalition, and fostering investment confidence. Brazil also had its positive political event, with the Lower House rejecting accusations against President Temer, the approval of the TLP interest rate and the government announcement of new measures to foster growth and an asset privatization plan.

In this context, the MSCI Small Cap Latam Index posted a 6.0% return, while our fund reached a 6.4% return during the month. The Latam Equity Market (MSCI Latin America) returned 4.65% in August.

Brazil: 2Q17 GDP growth reached 0,3%, accelerating from -0,4% from 1Q17. Growth was mainly explained by net exports (+1,3%) and private consumption (+0,7%), which posted the first positive reading since 4Q14. Among other positive dynamics, retail sales in June were +1,2% y/y, above 0,4% from expectations, while formal job creation during July was a positive surprise, reaching +35.9k (vs 5.8k from consensus). Overall, we are seeing positive trends in domestic dynamics, confirmed also by 2Q17 results. We expect further improvements during the 2H17 as a consequence of a scenario with lower SELIC, controlled inflation, real wage increases and positive dynamics in productive sectors. We remain OW in Brazil.

Mexico: NAFTA negotiations started in August and will continue at least during September. Since there is no visibility in terms of the actual advance coming from these negotiation rounds, we are not discarding any potential outcome. On the macro front, 2Q17 GDP reached +1,8% y/y, decelerating from the +2,8% observed in 1Q17. Nevertheless, we highlight growth was across the board – exc. Mining, led by Financial Services and Transportation services (+9,95% ad 3,6% y/y, respectively). We remain UW in Mexico.

Chile: The statistical agency published the 2Q National Accounts, which showed that a small pick-up in economic activity. The 2Q GDP yoy growth rate was 0.9% compared to 0.1% in the 1Q 2017. The expansion in Government Consumption (2.7%), Private Consumption (2.6%) mainly explained this rate of growth but Investment (-4.1%) and Next Export (-2.9%) subtracted from this result. We have increased our exposure to Chile to take advantage of the positive flow momentum related to a potential pro-market result from upcoming presidential elections.

Colombia: The 2Q GDP yoy growth rate was 1.3% compared to 1.2% in the 1Q 2017. The expansion in Government Consumption (4.2%), Private Consumption (1.5%) and Investment (1.4%) mainly explained this rate of growth but Net Exports (-1.2%) subtracted from this result. We remain UW in Colombia.

Argentina: activity continues to recover, reaching +1,6% during 1H17, led by manufacturing, agribusiness and construction. Imports grew +30% y/y, in line with increasing trade and growth. We highlight the positive outcome from the congress primaries during the month, which signaled increasing support for the current government and its reform agenda. We continue OW in Argentina.

EuroAmerica AM SICAV – Small Cap Latam Fund

August 31st, 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	1.09%

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.

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.

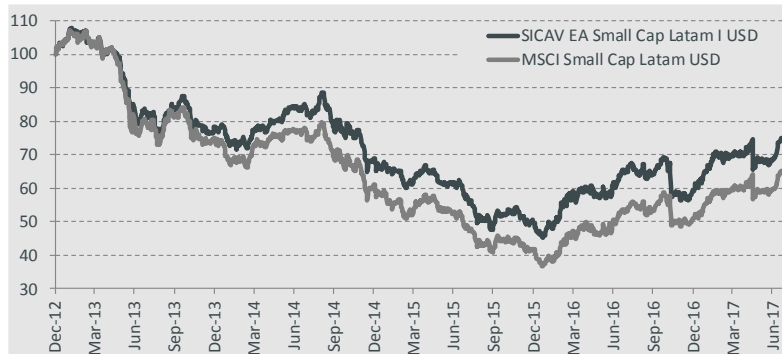


Portfolio Manager Commentary and Performance

In terms of contribution, our OW in Brazil had a positive impact on the back of our OW in MGLU, GOL and RANDON (+53.7%; 25.7% and 18.9%, respectively), and our lack of exposure to names such as WIZ (-14.5%). Also on the positive side, is our OW in Argentina, following strong performance from SUPV and TGS (+14.0% and 14.4%, respectively).

On the other side, our UW in Mexico and Chile had a negative contribution. In Chile, besides the close to 4% currency appreciation, the impact came from our UW in RIPLEY (+12.9%) and VAPORES . (+12.4%). In Mexico, the gap was mainly explained by our UW in SITES (+8,3%), HERZEZ (+9.1%), partially offset by our OW in UNIFIN (+6.2%) and BACHOCO (7.1%)

Performance for Series I



Risk Metrics*	
Volatility (Annual)	21,6%
Beta	1,03
Alpha	6,47%
Tracking Error (annual)	3,99%
Information Ratio	-1,06

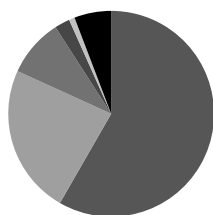
*Trailing 12 months

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%					34,8%
MSCI EM Small Cap Latam	8,9%	5,2%	1,6%	1,6%	-2,5%	1,5%	9,7%	6,0%					35,9%

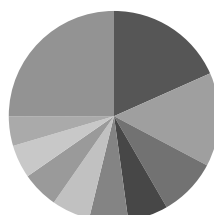
Note: Until 28 February 2015, performance data is for the EuroAmerica Small Cap LatAm D, which is a mutual fund offered in Chile; an identical strategy is employed in the Series I.
Source: Bloomberg.

Portfolio Breakdown

Portfolio Statistics: Top 5 Country and Top 10 Sector Distributions



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



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

Top Holdings

Issuer	% Fund	Sector
GOL	3,1%	TRANSPORT
BRADSPAR	3,0%	MINING
IGUATEMI	2,9%	REAL STATE
ESTACIO	2,8%	EDUCATION
PARAUACO	2,7%	REAL STATE
MAGALUZA	2,6%	CONSUMER
ALSEA	2,6%	CONSUMER
MRV	2,5%	HOME BUILDER
MET GERDAU	2,5%	STEEL
AER. CENTRO N	2,4%	INFRASTRUCTURE
OTHERS	72,9%	

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