

Portfolio Manager Commentary and Performance

Market Update

November was a tough month for Latam Equities, mainly on Trump’s “surprise” victory, ensuing emerging market rout. While few enjoy the volatility, we believe it could create very interesting opportunities, although this volatility is likely to remain with us well into Mr. Trump’s first 100 days. In this context, Brazil’s equity decline was larger than Mexico’s in local currency, which in our view should recover as the nation comes out of its three-year long financial and political turmoil. Chile and Peru seem to have received a boost in Cooper prices and while some may attribute this to Trump’s infrastructure ideas we believe improved China demand dynamics is the root cause. Finally on Mexico, time will tell if Trump’s anti globalization rhetoric will lead to a decline on Mexico’s trade and GDP. What is evident today is a sharp decline in consumer and business sentiment, which may have a repercussion in 1H17. Nonetheless we have identified a few stocks thrown out with the bath water. Our final food for thought, if the USA can boost GDP growth this will feed back into Mexico barring an end to NAFTA.

In this context, the Fund performed -14,53% during the month, reaching a 18,8% return on a YTD basis. This compares to 12,70% decrease for the MSCI Small Cap Latam Index, with a YTD return of 20,85%.

Brazil: The national statistics office published the 3Q National Accounts. The economy fell less than the previous quarter (-2.9% in 3Q versus -3.6% in 2Q yoy growth rate). This shows that the Brazilian economy slowly but surely is recovering from its worst recession since the Great Depression. Both Private Consumption and Investment decreased less (-3.4% and -8.4% in 3Q versus -4.8% and -8.6% in 2Q yoy growth rate, respectively) and Net Exports was a positive factor. We believe we are close to the bottom both in terms of macro and companies results, supporting our OW in Brazil. Moreover, given the sharp and indiscriminate correction this market posted during the month, we believe several names appear as attractive alternatives.

Mexico: The national statistics office published the 3Q National Accounts. The domestic activity grew less than in the previous quarter. Almost all sectors decelerated, with the exception of Services (the largest sector), which accelerated its growth (5.3% in 3Q versus 5% in 2Q y/y growth rate), paying some support to private consumption resilience. Even after the adjustment following the US elections, we believe the Mexican market continues expensive in terms of valuation, while the macro front offers little room for improvements, specially when compared to other countries in the region. We remain UW in Mexico, with a cautious view and selective stance.

Chile: The Central Bank published the 3Q National Accounts. The economy grew at a similar pace than in the 2Q (1.6% yoy growth rate). However, growth mix was slightly different, with Private Consumption accelerating while investments fell -1.2% in 3Q from 2.9% growth in 2Q. We remain cautious on political developments in the country, as there is still low visibility on upcoming presidential elections (2017). Additionally, lack of significant drivers at companies levels, lead us to remain UW in Chile.

Colombia: The national statistics office published the 3Q Balance of Payment Accounts. This shows that the current account balance went down sharply from the previous quarter (-6% in 3Q versus -3.7% in 2Q yoy growth rate). This a benign economic development that shows the Colombian economy is moving toward a more balanced equilibrium. We remain Neutral in Colombia.

Peru: continues to surprise on the upside on the macro front, with higher than expected GDP growth and inflation coming down slowly but still above the Bank’s target, meaning the Central Bank could maintain its policy rate for the near future. After the first 100 days of Pedro Pablo Kuczynski’s government, several pro-investment measures have been approved, which lead us to believe 2017 should be a positive year in terms of execution and internal dynamics in the country. We remain OW in off-benchmark Peru.

EuroAmerica AM SICAV – Small Cap Latam Fund

30 November 2016

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 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	0,95%

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.

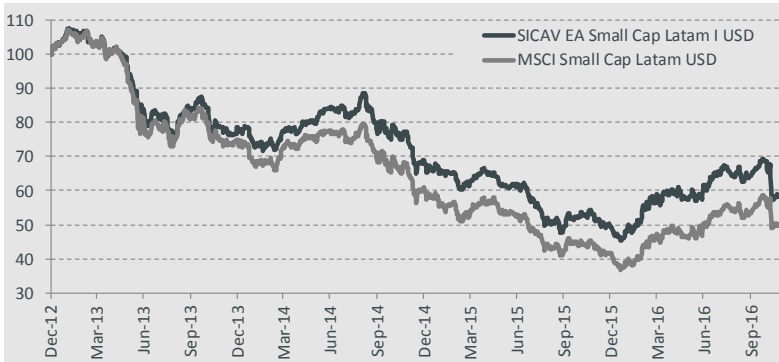
The basic documents of the Fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge at the registered office of the Swiss representative.

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

During November, our OW in Brazil had a negative contribution vs. the benchmark, further impacted by a 7% BRL depreciation. On the equity side, weakness is mainly explained by Randon, down over 30% during the month, Iochpe and Smiles, down over 23% in USD in the same period. On the positive side, our UW in Mexico positively contributed to our performance, especially our lack of exposure to names such as Interacciones, GICSA (over 20% down in USD) or Aeromexico and Genomma Lab (both down over 10% in USD during November). Unfortunately, this impact was not enough to compensate for Brazil's underperformance.

Performance for Series I



Risk Metrics*

Volatility (Annual)	24,1%
Beta	0,93
Alpha	-1,71%
Tracking Error (annual)	6,12%
Information Ratio	-0,39
*Trailing 12 months	

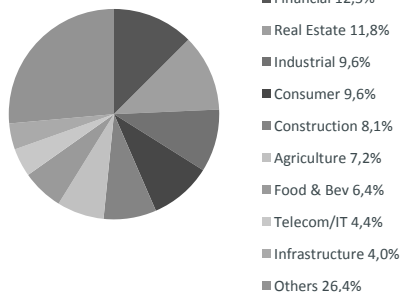
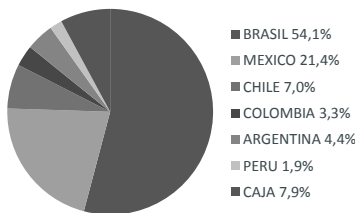
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013													
EA Small Cap Latam D	6,1%	0,2%	-2,7%	-2,5%	-6,6%	-10,8%	-3,5%	-6,1%	9,3%	1,2%	-6,6%	-0,2%	-21,5%
MSCI EM Small Cap Latam	5,7%	-0,3%	-1,5%	-2,6%	-9,2%	-11,6%	-3,9%	-4,1%	8,2%	-0,8%	-6,7%	-0,3%	-25,2%
2014													
EA Small Cap Latam 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%		18,8%
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%		20,8%

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



Top Holdings

Issuer	% Fund	Sector
Sao Martinho	4,25%	Agriculture
Banregio	3,59%	Financial
Iguatemi	3,21%	Real Estate
Met Gerday	3,17%	Materials
Estacio	3,04%	Education
Alesa	2,90%	Food & Bev
Banco ABC	2,90%	Financial
Vesta	2,58%	Real Estate
Iochpe Maxion	2,42%	Industrial
MRV	2,42%	Homebuilder
Others	69,50%	

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