

# Santander AM Latin American Equity Opportunities

3 / 2021

## Fund commentary

Latin American Equities (3.98% in USD) outperformed Emerging Markets equities (-1.70% in USD) and Developed Equities (3.11% in USD) during March, despite underperformance in the beginning of the year. Commodities prices, including copper, iron ore and oil gave away some of the returns gained previously, however were kept on high level. Pulp prices continued surprising to the upside, given the tight supply market environment – benefitting Latam exporters, both in Brazil and Chile.

Peruvian market underperformed the region delivering negative 10.9% returns in USD, local currency depreciated 2.53% against the USD. The market was discounting the uncertainty regarding the outcome of the Presidential and Congressional elections taking place on April, 11th. Current fragmented polls point to different scenarios.

Brazilian market (3.26% in USD) performed in line with regional index. The market was hit both by political developments and corporate news, as well as deteriorating health situation in the country. An oil giant Petrobras saw departure of its CEO and resignations of 4 key Board directors. Strategic visibility and direction of the company regarding the fuel pricing policy were placed on hold with the new appointees, and the stock sold off heavily on the news. On the positive side, credit growth was strong in February, driven by the recovery in corporates. The Central Bank started the cycle of increasing interest rates after these reached historical minimum levels.

Mexican market outperformed strongly with 8.38% returns in USD, local currency appreciated strongly 2.07% against the USD. Despite a complicated situation caused by the pandemics and lagging the region's vaccination rate situation, GDP estimates have been raised helped by the US economic recovery on back of strong fiscal stimulus.

Chilean market outperformed strongly as well, gaining 7.96% in USD in a month, and Chilean Peso gained close to 1% against the USD. The government has been implementing successfully the vaccination program, however latest developments point to a deteriorating health situation. Stock market was supported by the incremented copper prices as well.

Colombia underperformed with negative 5.53% returns in USD, as oil prices gave back some of the latest gains.

Overweight position in Materials, Financials and Industrials added positively to the relative performance, while underweight in consumer and oil & gas retracted from performance.

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