

# Santander AM Latin American Equity Opportunities

6 / 2025

## Fund commentary

In June, international stock markets posted strong performance, with U.S. indexes reaching new all-time highs, driven by expectations of interest rate cuts by the Fed, a rally in technology stocks, and signs of easing trade tensions with China. As a result, the S&P 500 and Nasdaq posted strong gains of 4.84% and 6.36%, respectively.

Developed markets have either begun or are on the verge of initiating monetary easing cycles, which is reinforcing global risk appetite and benefiting emerging markets, particularly in Latin America. Meanwhile, tariff negotiations between major economic blocs appear to be nearing an agreement, contributing to a more stable and predictable global environment. In this context, a weaker U.S. dollar has supported EM currencies and encouraged flows into equity markets.

In Latin America, the MSCI Latam rose by 5.53%, with Brazil, Colombia, and Peru as the main highlights.

Brazilian equities outperformed their Latin American peers in June (MXBR Index rose by +7,9%). However, a significant portion of the gains can be attributed to the appreciation of the Brazilian real.

At the sector level, domestically oriented names stood out, benefitted from inflation data that came in below expectations and a decline in local interest rate curves. Still, political noise capped further upside — particularly coming from the Congress's decision to overturn the IOF tax on credit operations.

In the long term, we maintain a constructive view on the local market: valuations remain attractive, the hiking cycle appears to be over, and positioning is still light in Brazilian equities.

In terms of portfolio changes, we marginally increased our exposure to higher-beta stocks with quality characteristics, while still maintaining an overall low-risk profile. The main adjustments during the month included a partial reduction

This document has been prepared by Santander Asset Management Luxembourg S.A. in relation to one or more Luxembourg undertakings for collective investment in transferable securities ("UCITS") under its management, under and in accordance with the UCITS Directive, and is provided solely in confidence for the recipient for the specific purpose of evaluating a potential investment or an existing investment in a UCITS managed by Santander Asset Management Luxembourg S.A.

This document is a marketing communication. Please refer to the prospectus of the UCITS and to the key information document ("KID") or for UK investors the key investor information document ("KIID") before making any final investment decisions, purchasing or converting shares or redeeming investments, together with the list of countries where the UCITS is registered for sale, available at [www.santanderassetmanagement.lu](http://www.santanderassetmanagement.lu) or via authorized intermediaries in your country of residence.

This document is intended to provide information that summarizes the main characteristics of the UCITS and under no circumstances constitutes a contractual agreement or an information document required by any legislative provision. It is not a recommendation, personalized investment advice, an offer or solicitation to buy or sell any shares in the UCITS described in this document. Likewise, the distribution of this document to a client, or to a third party, should not be regarded as a provision or an offer of investment advisory services.

The UCITS described in this document may not be notified and registered for marketing in all EEA Member States under the UCITS Directive marketing passport and Santander Asset Management Luxembourg S.A. and/or the UCITS has the right to terminate the arrangements made for marketing of the UCITS in certain jurisdictions and to certain investors in accordance with applicable laws and regulations, including the UCITS Directive provisions.

It has not been proven that the data contained in this document meet marketing requirements of all countries of sale. The UCITS described in this document may not be eligible for sale or distribution in certain jurisdictions or to certain categories or types of investors. This UCITS may not be directly or indirectly offered or sold to or for the benefit of a United States Person under FATCA regulation (Foreign Account Tax Compliance Act), in line with the selling restrictions of the prospectus of the UCITS.

Past performance does not predict future returns. The returns may increase or decrease as a result of currency fluctuations relative to the respective investors' currency.

Investment in the UCITS may be subject to investment risks, including but not limited to, market risk, credit risk, issuer and counterparty risk, liquidity risk, foreign currency risk and, where applicable, risks pertaining to emerging markets. Additionally, if the funds hold investments in hedge funds, real estate funds, commodities and private equity, it should be noted that these can be subject to valuation and operational risks inherent in this type of assets and markets as well as the risk of fraud or risk derived from investing in unregulated or unsupervised markets or unlisted assets. Complete information on the risks can be found in the relevant "Risk Factors" section of the UCITS prospectus and KID (or KIID for UK investors), which should be consulted and read by the investors.

This UCITS has a prospectus (which is drafted in English), a KID (drafted in English and other languages depending on the country of registration of the UCITS) and a KIID for UK investors (drafted in English), which can be obtained from [www.santanderassetmanagement.lu](http://www.santanderassetmanagement.lu)

For product information, please contact Santander Asset Management Luxembourg S.A. (43, Avenue John F. Kennedy L-1855 Luxembourg - Grand Duchy of Luxembourg), management company of the UCITS under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The depositary and administrator of the UCITS is JP Morgan SE, Luxembourg Branch (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg).

Prior to investment in the UCITS it is advisable that the investor seeks personalized advice regarding taxation as it depends on the individual circumstances of each investor and may change in the future.

Investors can obtain a summary of investor rights in English from [www.santanderassetmanagement.lu](http://www.santanderassetmanagement.lu)

Information herein is believed to be reliable. Santander Asset Management Luxembourg S.A. assumes no responsibility for any use of the information contained herein.

© Santander Asset Management Luxembourg S.A. All Rights Reserved.

in our exposure to Utilities and a renewed increase in Malls. We also moved to an almost neutral stance in the Oil sector, given the heightened volatility in commodity prices. We maintained cash levels around 2–3% across the funds, aiming to take advantage of potential market pullbacks.

From a sector perspective, we remain overweight in Utilities and Real Estate, where we continue to see attractive risk-reward asymmetry. On the other hand, our main underweights are in Basic Materials and other more cyclical sectors such as Consumer and Healthcare.

In June, Mexican equities rose +2.2% (MXMX Index total return in USD), underperforming the S&P500 (+5.1%) and Emerging Markets (+6.1%). However, on a YTD basis Mexico maintains an ample lead with +34.2% vs. the SPX (+6.6%) and EM (+16.3%). Hence, the strong YTD performance is a reminder that an under-owned but resilient stock market like Mexico can rally quickly and unexpectedly.

In local macro, Banxico cut its reference rate by 50bp to 8.0%, in line with expectations. In the same vein, both the May CPI (4.42% YoY) and core CPI (4.06% YoY) stood a bit above expectation but remain relatively close to Banxico's inflation target (3% +/- 1%). In our view, recent datapoints continue supporting our thesis that Banxico has room to continue cutting rates regardless of the Fed's next move – a key macro tenet that can drive further re-rating and/or provide support during times of market stress. Gross Fixed Investment remains in the red (-0.2% YoY in March) but topped forecasts and will face easy comps in 2H. The National Retail Association (ANTAD) published May Same-Store Sales of +10.3% YoY, an encouraging improvement vs. prior month's +2.4% YoY. Overall, the Mexican consumer remains resilient, although recent data keeps showing signs of moderation.

We continue favoring stocks with foreign revenue exposure, such as mining exporters that are benefitting from a weaker MXN as well as stronger commodity prices. Further, we remain constructive on names that benefit from the rates easing cycle, mainly via microlender Gentera but have trimmed positions after a strong rally. Moreover, we have tempered our positive stance in Airports, after recent prints showing sluggish traffic, coupled with strong YTD performance. In banks, we remain concentrated in large cap names with stronger client profiles, diversified revenue streams and lower sensitivity to falling rates. Lastly, we remain very selective in consumer names ahead of 2Q25 results, as some stocks will face negative volume growth (YoY) while others will suffer from negative margin surprises.

This document has been prepared by Santander Asset Management Luxembourg S.A. in relation to one or more Luxembourg undertakings for collective investment in transferable securities ("UCITS") under its management, under and in accordance with the UCITS Directive, and is provided solely in confidence for the recipient for the specific purpose of evaluating a potential investment or an existing investment in a UCITS managed by Santander Asset Management Luxembourg S.A.

This document is a marketing communication. Please refer to the prospectus of the UCITS and to the key information document ("KID") or for UK investors the key investor information document ("KIID") before making any final investment decisions, purchasing or converting shares or redeeming investments, together with the list of countries where the UCITS is registered for sale, available at [www.santanderassetmanagement.lu](http://www.santanderassetmanagement.lu) or via authorized intermediaries in your country of residence.

This document is intended to provide information that summarizes the main characteristics of the UCITS and under no circumstances constitutes a contractual agreement or an information document required by any legislative provision. It is not a recommendation, personalized investment advice, an offer or solicitation to buy or sell any shares in the UCITS described in this document. Likewise, the distribution of this document to a client, or to a third party, should not be regarded as a provision or an offer of investment advisory services.

The UCITS described in this document may not be notified and registered for marketing in all EEA Member States under the UCITS Directive marketing passport and Santander Asset Management Luxembourg S.A. and/or the UCITS has the right to terminate the arrangements made for marketing of the UCITS in certain jurisdictions and to certain investors in accordance with applicable laws and regulations, including the UCITS Directive provisions.

It has not been proven that the data contained in this document meet marketing requirements of all countries of sale. The UCITS described in this document may not be eligible for sale or distribution in certain jurisdictions or to certain categories or types of investors. This UCITS may not be directly or indirectly offered or sold to or for the benefit of a United States Person under FATCA regulation (Foreign Account Tax Compliance Act), in line with the selling restrictions of the prospectus of the UCITS.

Past performance does not predict future returns. The returns may increase or decrease as a result of currency fluctuations relative to the respective investors' currency.

Investment in the UCITS may be subject to investment risks, including but not limited to, market risk, credit risk, issuer and counterparty risk, liquidity risk, foreign currency risk and, where applicable, risks pertaining to emerging markets. Additionally, if the funds hold investments in hedge funds, real estate funds, commodities and private equity, it should be noted that these can be subject to valuation and operational risks inherent in this type of assets and markets as well as the risk of fraud or risk derived from investing in unregulated or unsupervised markets or unlisted assets. Complete information on the risks can be found in the relevant "Risk Factors" section of the UCITS prospectus and KID (or KIID for UK investors), which should be consulted and read by the investors.

This UCITS has a prospectus (which is drafted in English), a KID (drafted in English and other languages depending on the country of registration of the UCITS) and a KIID for UK investors (drafted in English), which can be obtained from [www.santanderassetmanagement.lu](http://www.santanderassetmanagement.lu)

For product information, please contact Santander Asset Management Luxembourg S.A. (43, Avenue John F. Kennedy L-1855 Luxembourg - Grand Duchy of Luxembourg), management company of the UCITS under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The depositary and administrator of the UCITS is JP Morgan SE, Luxembourg Branch (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg).

Prior to investment in the UCITS it is advisable that the investor seeks personalized advice regarding taxation as it depends on the individual circumstances of each investor and may change in the future.

Investors can obtain a summary of investor rights in English from [www.santanderassetmanagement.lu](http://www.santanderassetmanagement.lu)

Information herein is believed to be reliable. Santander Asset Management Luxembourg S.A. assumes no responsibility for any use of the information contained herein.

© Santander Asset Management Luxembourg S.A. All Rights Reserved.