

Market Update

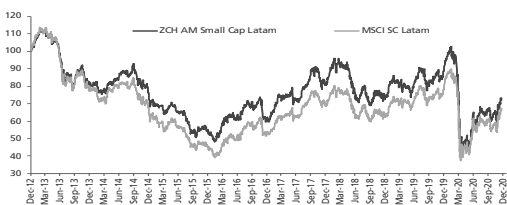
November was a positive month for global equities, driven by a more optimistic political environment after Biden won the election, and the promising news regarding the effectiveness of several vaccines against covid-19. Latam outperformed both EM and DM's, with a 21.61% return in USD terms, mainly explained by a global risk-on environment. Brazil led the performance, closely followed by Mexico and Chile, and aided by a currency appreciation across the region with the Argentinean peso being the exception. Latam should continue to benefit from: i. the increased optimism of the global economy supported by the advances of the vaccine, ii. higher commodities' prices, backed by infrastructure projects around the globe, iii. Improved liquidity and a low interest rate environment, and iv) an attractive valuation, trading at 13.7% x P/E fwd, and a 13% discount in the premium over emerging markets.

Brazil posted a 23.7% return in USD terms, partially explained by a 7.2% currency appreciation, but mainly boosted by the risk-on mood globally offsetting market concerns related to the fiscal discipline on the back of an extension of the calamity state. The extension of the emergency aid into 2021 is not the base case, but given the recent rise in the number of covid-19 cases, the scenario is not unlikely. The government has been vocal on getting back to fiscal discipline, but to improve fiscal accounts it is mandatory to resume the reform agenda. The municipal election process is over, so Congress can focus on the approval of minor reforms such as the cabotage bill, Central Bank autonomy, and the opening of the natural gas market in the short term. Meanwhile, structural reforms named the fiscal and administrative reform should be approved during next year. On the monetary front, the Central Bank decided to maintain the SELIC rate in its historical low of 2% for an additional month, observing that the pressure from food inflation should be temporary, so they might be able to maintain the stimulus for a while. We maintain our positive view in Brazil, explained by the confidence on the approval of the needed reforms, attractive valuation is given by the upwards earning revisions during the last month, and the rotation from fixed income to equities, that should give support to the market performance.

Mexico performed 19.4% in USD terms, with a 4.9% currency appreciation. One of the highest interest rates among IG countries has supported the Mexican peso. The market is trading at a 14.6x P/E fwd, a 10% premium over its 10Y average, during the last month earnings have been reviewed upward 3.3%, leaving the CAGR 19-22 at 3.9%, below Latam average. Mexico is going to be one of the economies most affected by the pandemic, given the lack of fiscal response, explained by the President's commitment to austerity in the public finances. We recognized that short-term political uncertainties are limited given the proximity of midterm elections, and we highlight the resilient corporate results during the 3Q, when 58% of companies beat market expectations. In the short term, Mexico lacks the triggers that could boost the economy, given depressed investment and a more challenging consumption environment. Mexico might benefit from the USA proximity, and a faster than expected global recovery, being the export sector the one that has led the recovery. We maintain our exposure through companies with positive fundamentals, strong balance sheets, and a lower focus on domestic dynamics.

In this context, our fund reached a 21.38% return in USD terms, while our Benchmark the MSCI Small Cap Latam performed a 22.62%. Our performance was mainly explained by OW in Mercado Libre (27.95% in USD terms), Cyrela (26.96%) and Etztec (24.75%), this was partially offset by our lack of exposure to Argentinean names such as Grupo Galicia (37.54%), Despegar (14.99%) and Banco Macro (33.86%)

Performance for Series I



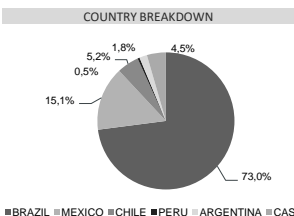
Risk Metrics	
Volatility (Annual)	20.95%
Beta	1.08
Alpha	-1.06%
Tracking Error (annual)	3.95%
Information Ratio	-0.76

	Retuns	Nov20	3M	YTD	LTM	3Y	Since Inception
ZCH AM SICAV Small Cap Latam I	21.38%	9.97%	-25.83%	-15.69%	-11.1%	-27.91%	
MSCI EM Small Cap Latam	22.62%	12.19%	-23.95%	-12.7%	-5.17%	-34.05%	

Note: Until 28 February 2015, performance data is for the Zurich 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 Holdings and Sector Distribution



SECTOR	NOV-20	OCT-20	ISSUER	FUND	SECTOR
CONSUMER DIS.	19.0%	18.3%	CYRELA	3.3%	REAL ESTATE
CONS. STAPLES	7.4%	7.6%	GERDAU	3.2%	MATERIALS
REAL ESTATE	13.8%	12.3%	LOCAMERICA	3.1%	INDUSTRIALS
INDUSTRIALS	12.0%	11.2%	ENEVA	2.8%	UTILITIES
FINANCIALS	6.1%	5.3%	TOTVS	2.6%	IT
MATERIALS	12.5%	15.5%	MARFRIG	2.6%	CONSUMER
UTILITIES	12.6%	13.0%	DURATEX	2.5%	MATERIALS
HEALTHCARE	5.1%	6.5%	TERRAFINA	2.3%	REAL ESTATE
ENERGY	0.8%	0.7%	EZTEC	2.3%	REAL ESTATE
IT	4.8%	6.9%	CAP	2.2%	MATERIALS
OTHERS	5.9%	2.7%	OTHERS	73.1%	

This mutual fund is managed by Zurich Chile Asset Management Administradora General de Fondos. Find out about the essential characteristics of each mutual fund investment, which are contained in its 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.

ZCH AM SICAV –
Small Cap Latam Fund

November 30th 2020

Fund Description

The ZCH 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
Portfolio Manager for the Latam Equity Strategies.

Share Classes and Fees

Class	ISIN	Bloomberg Ticker	Min. Subscription Amount (USD)	Current TER
Class I	LU1061932403	EASSCLI LX	1,000,000	1.12%

TOTAL AUM US\$29.9mn
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.