ZCH AM SICAV – ESG Latam Fund

September 30th, 2022

MSCI ESG RATINGS AA

CCC	B	BB	BBB	A	AA	AAA

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Portfolio Manager Commentary and Performance

Market Update

September was a weak month for global stock markets, impacted by a more hawkish FED and tightening monetary policy worldwide, which increases concerns about the impact on global economic growth and therefore on corporate results. In this context, Latam posted a -3.4% return in USD, above EM and DM's. The region's performance was driven by Mexico and Peru, while Chile and Colombia were the main laggards. On average, Latam currencies depreciated by 3.8%, with the Chilean peso and the Real being the most devaluated, while the Mexican peso had the best performance.

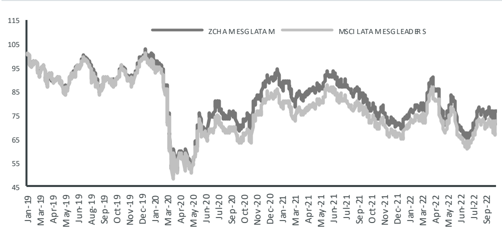
Latam's resilience is explained by (i) attractive valuations – when compared to its historical average and also on a relative basis to other markets, (ii) a stabilization in foreign flows, and mainly because the region has tightened its monetary policy ahead of developed markets and some countries are even closer to the end of the hiking cycle. Latam is trading at 7.1x P/E fwd, 2.6x standard deviations below its 10-year average. Discount is mainly explained by recurring upwards revision to earnings estimates. However, amidst a more challenging global environment and higher interest rates locally, during the last month, earnings have been corrected downwards by 6% and 10% for this and next year, mostly explained by Healthcare, Energy, and Materials. This compares to MXWO Index, which YTD revisions stand at 1.27% for 2022 and -0.89% for 2023. Despite global risks and higher political uncertainty in the region, we believe that given discounted valuation, downside risk for the region is more limited.

Brazil posted a -3.46% return in USD, with a currency depreciation of 4.3%, mostly impacted by a stronger USD on a rather aggressive FED. The index is trading at 6.4x P/E fwd, 2.2x standard deviations below its 10-year average, this discount is explained by positive YTD earnings revisions. However, during the last month, there have been downward revisions of 5% and 8% for this and next year, explained by Energy and Materials, which are being impacted by fears of a contraction in demand. One of the investors' focus is the presidential elections on October 2, where a run off is expected due the relevance of the two main candidates. On one hand, Lula is more willing to increase social pending and have a more interventionism macro, meanwhile Bolsonaro should have a more liberal agenda with privatizations and reforms as one of the main priorities. It is worth noting that the market does not have a clear preference but there is consensus that considering that none of the candidates will have a majority in Congress, to achieve changes, they will need alliances. On fiscal consolidation, both candidates agreed on improving the fiscal situation under their own terms but, there's a common agreement that the existing fiscal anchor has lost credibility and therefore should be strengthened which generates some uncertainty in the market. Nevertheless, a disruptive scenario is not expected due to Congress's composition. In the short term, there could be greater volatility considering the electoral process and a possible second round on October 30, but we maintain our positive view of Brazil, due to the expectations of a more moderate new government given the new Congress expected composition.

Mexico returned -0.46% in USD, being the region's outperformer, with a currency that remained stable, supported by one of the highest real interest rates in the world. In a global context of greater uncertainty and risk aversion, Mexico benefits from its more defensive profile, with higher exposure to Staples and Telecom. The index is trading at 11.2x P/E fwd, 2.2x standard deviations below its 10-year average, although discounted in absolute terms, it remains the most expensive market in the region. Worth noting that Mexico's premium is well supported by a higher visibility regarding political and fiscal outlook and due its lower exposure to Growth. On the macro side, growth estimates for this year have been updated upwards for 2022, but the opposite has been seen for 2023, mainly impacted by the slowdown in the USA. However, consumption remains strong in Mexico, explained by the increase in the minimum wage, remittances at historical levels, and a solid labor market, which should continue to be a support for the economy. In addition, the normalization of automobile production could boost manufacturing, so the country could better face a slowdown. Regarding monetary policy, inflation numbers are above expectations, more persistent core prices, and the FED, supported the 75bps increase in interest rate to 9.25%, and new increases are expected unlike what we are seeing in Brazil. The cuts would only start in 3Q23, which would impact the stock market. Nevertheless, we maintain our positive view on Staples and Financials, sectors that are the main beneficiaries of the current environment.

During the month our fund posted a -2.38% return in USD terms, compared to the -2.24% return from our reference benchmark the MSCI ESG LATAM Leaders. Sector- wise our performance was positively impacted by Communication Services and Healthcare, while Energy and Financials were the main laggards. Our relative performance was explained by our UW in Grupo Televisa (-20%) and our OW in Hapvida (+18,.%) and Localiza (+5.56%) which was partially offset by our UW in Bradesco (+9.4%) and CCR (+6.1%).

Performance for Serie EA

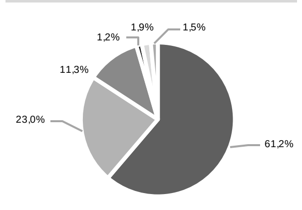


Risk Metrics	
Volatility (Annual)	19.6%
Beta	0.82
Alpha	4.59%
Tracking Error (annual)	9.73%
Information Ratio	0.62

Returns	Sept-22	Since Inception	YTD	LTM	3Y	5Y
ZCH AM SICAV ESG Latam EA	-2.38%	-16.06%	0.01%	-8.43%	-20.03%	n/a
MSCI Latam ESG Leaders	-2.24%	-13.99%	0.26%	-7.92%	-23.18%	-29.37%

Portfolio Breakdown

COUNTRY BREAKDOWN



SECTOR	SEPT-22	AUG-22
FINANCIALS	28.5%	29.4%
CONS. STAPLES	16.5%	17.4%
MATERIALS	13.5%	13.9%
INDUSTRIALS	13.6%	12.4%
COMMUNICATION	2.5%	2.6%
UTILITIES	5.7%	4.4%
CONSUMER	4.7%	4.0%
ENERGY	5.0%	5.7%
REAL ESTATE	0.0%	0.0%
IT	1.3%	1.3%
OTHERS	8.7%	8.9%

ISSUER	FUND	SECTOR
ITAU	9.9%	FINANCIALS
BRADESCO	8.3%	FINANCIALS
BANORTE	7.3%	FINANCIALS
SQM-B	7.0%	MATERIALS
FEMSA	5.2%	CONS. STAPLES
WEG	4.2%	INDUSTRIALS
HAPVIDA	3.7%	HEALTHCARE
LOCALIZA	3.6%	INDUSTRIALS
LOJAS RENNER	3.2%	DISCRETIONARY
ASUR	2.6%	INDUSTRIALS
OTHERS	45.0%	

Fund Description

The ZCH AM SICAV – ESG 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 Latin American companies. while minimizing environmental. social and governance (ESG) risks through selectivity.

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.

Share Classes and Fees

Class	ISIN	Bloomberg Ticker	Min. Subscription Amount (USD)	Current TER
Class I	LU1837199048	EAESLTI LX	1mn	2.57%

Total AUM: US$5.8mn

Giovanna Musa - Portfolio Manager

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.