

Our View On-The-Ground

REGIONAL MARKET VIEWS

OTG's 2025 Wrap-Up Playlist:

LATAM Hits of the Year

| Track 1: Opening Notes

Latin America closes 2025 with strong records and renewed investor confidence. The region has set a precedent for a more stable and appealing 2026, drawing global capital toward its emerging markets.

| Track 2: Chart Climbers

Most of the region's main stock indexes posted double-digit gains. On some occasions, Latin American markets even outperformed the S&P 500. Chile, Colombia, Brazil, Mexico, and Peru all delivered faster price increases than in previous years, catching global attention.

| Track 3: Top Performer Spotlight

Colombia excelled with its stock returns in 2025, as its main index (MSCI COLAP) increased around 44% in local currency, translating to approximately a 64% gain in USD terms throughout much of 2025. Mexico, Chile, Brazil, and Peru also posted strong gains, reinforcing the region's reputation for resilience and opportunity.

| Track 4: Hidden Gems

A strong performance was driven by relatively cheap stock prices in the region after difficult years. As confidence returned, investors saw LATAM as a way to diversify away from the U.S. and Europe. In response, stock prices rose, adjusting upwardly, and exchange-traded funds (ETFs) investing in the region attracted fresh inflows.

| Track 5: Macroeconomic Backbeat

Economic growth was moderate but steady, with GDP estimates approximately 2.0%–2.5% in 2025. Despite global challenges and complex trade conditions, inflation control, expected rate cuts from central banks, and greater political clarity supported local equity markets.

| Track 6: Political Remix

A recurring theme of 2025 was the rise of more conservative, pro-market governments in parts of the region. The election of José Antonio Kast in Chile, the end of left-wing dominance in Bolivia, the rightward shift in Ecuador with Daniel Noboa, and the ongoing influence of Argentina's right-wing presidency marked a shift toward policies favoring private investment and reforms, aligning with broader regional trends. This political backdrop contributed to investors' perceptions of greater stability and a friendlier environment for business.

| Track 7: Investment Vehicles

ETFs became a popular gateway to LATAM's returns in 2025. Rather than relying on a single investment, these vehicles allow investors to benefit from the expertise of regional managers who navigate diverse opportunities and provide the right exposure with informed decisions. Both regional and country-specific funds, tracking all these markets, saw increased activity and inflows. This surge highlighted investor confidence, while offering diversification and stronger liquidity compared to individual equity markets.

| Track 8: Looking Ahead to 2026

Analysts project solid but moderate growth for Latin American assets, supported by clearer economic policies and a global monetary environment with less rate pressure. Continued interest from global capital is expected, especially if pro-market reforms persist. Key sectors to watch include financials, tech, consumer, and commodities. Risks remain tied to global slowdown, external trade conditions, and potential shifts in political or macroeconomic cycles.

| Track 9: Holidays Finale

As 2025 comes to a close, OTG wishes you a Merry Christmas and a Happy New Year. We are grateful you've been part of this journey, witnessing how Latin America has delivered remarkable stories and opportunities throughout the year.

This season is not only about celebration, but also about looking ahead. LATAM continues to show its potential, whether through strong market performance, hidden gems across the region, or the potential for great returns. With our on-the-ground experience and track record, we are here to guide you toward the opportunities that matter most.

Here's to a joyful holiday season and to an even brighter 2026 filled with growth, confidence, and new possibilities in Latin America.

This opinion article was written on December 17, 2025, by the team of analysts at OTG Asset Management.

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