



# STILL CONSTRUCTIVE ON THE RECOVERY

We have identified two key drivers which we believe will determine the recovery of the Region:

## 1. The strength of external demand:

- The U.S. stimulus package (USD1,9+ trillion) should help the Region somehow, especially those countries with the closest ties to the U.S. primarily Mexico. It will also help Colombia because of its close trade relationship with the U.S. as well. A global reflation trade in 2022 supported by USD30+ trillion in global stimulus should also be an incentive for the Region.
- The continued economic growth of China will increase the demand for commodities and is where the Region relies on for most of its exports. It is a main driver for the recovery of countries such as Brazil, Peru and Chile.

## 2. The speed of domestic economic reopening:

- This largely depends on the vaccination process and how fast the majority of the population will have access to the vaccine.

## *Sectors that we like.....*

**Materials, consumer discretionary and financials.**

We believe that the local equity markets should continue to benefit from a global reflation trade and a rotation from growth to value stocks in 2021. Higher energy prices resulting from this global reflation trade should support economic activity and limit the further use of public sector fiscal policy.

## **Our preferred stocks to watch given the factors mentioned are:**

- **Brazil: Vale, Petrobras, Gerdau, Itau, Bradesco, Banco Santander Brasil.**
- **Mexico: Gentera y Femsa.**
- **Colombia: Bancolombia.**
- **Peru: Credicorp, Cementos Pacasmayo.**
- **Chile: Sociedad Química y Minera.**

Historically, Latin America outperforms in terms of growth when commodity prices rise. We generally have a different economic situation with several factors which can have a different impact. Nevertheless, persistently high commodity prices should at the very least relax budgetary constraints around the Region.



This opinion article was written by: Mauricio Alvarez, Portfolio Manager of OTG Latin America Fund as of April 2022.

As of 3/31/2022, the fund's top ten holdings were:

Security Description	Percent Portfolio ex cash
Petroleo Brasileiro SA	8.94
BANCO BRADESCO S.A. ADR	8.29
ITAU UNIBANCO HOLDING S.A. ADR	7.11
Gerdau SA	6.28
Vale SA	5.87
BRF SA ADR	4.09
CREDITCORP LTD	3.07
AMBEV SA ADR	2.99
SENDAS DISTRIBUIDORA S/A	2.66
CIA BRASILEIRA DE DISTRIBUICAO ADR	2.64

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

#### Important Information

*Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. This and other information is contained in the Fund's [prospectus](#) which may be obtained by calling 888.716.7116. Please read the prospectus carefully before investing.*

Mutual fund investing involves risk, including possible loss of principal.

The risks of investing in foreign companies, including those located in emerging market countries, can increase the potential for losses in the Fund and may include currency fluctuations, political and economic instability, less government regulation, less publicly available information, limited trading markets, differences in financial reporting standards, including recordkeeping standards, less stringent regulation of securities markets and differences in accounting methods.

Small- and mid-cap investing involve greater risk not associated with investing in more established companies, such as greater price volatility, business risk, less liquidity and increased competitive threat.

The Fund is actively managed. An investment in the Fund is subject to the risk that the investment techniques and risk analyses applied by the Adviser will not produce the desired results.

Diversification does not eliminate the risk of experiencing investment loss.

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