

Santander AM Latin American Equity Opportunities

10 / 2025

Fund commentary

Emerging Markets continued to outperform in October, with the MSCI EM ETF (EEM) rising +3.5%, supported by strong flows into ETFs and AI-related momentum. The Fed cut rates by 25bps, as expected, while signaling caution on further easing. Despite an initial escalation in trade tensions, the US and China agreed to a one-year tariff truce, helping stabilize sentiment. Commodities were mixed: gold rallied, oil fell, and the US dollar strengthened, weighing modestly on EMFX.

Latin America lagged other EM regions in October, with the MSCI LatAm ETF (MXLA) up +0.8% in USD and is up 32.9% YTD. Colombia (+8.9%), Chile (+6.9%), and Peru (+2.1%) posted strong returns, while heavier markets like Brazil EWZ (+0.6%) and Mexico EWW (-2.5%) dragged regional performance. The standout was Latin America off index Argentina Merval up 61.5% in USD, while its ETF, ARGTE, was up +30.2%, as markets reacted sharply to the election results, where Javier Milei's party performed strongly in the legislative mid-terms, reshaping expectations for the upcoming presidential runoff.

Brazilian equities posted modest gains in October, with the MSCI Brazil Index rising +0.6% in USD, underperforming both the broader EM complex and several regional peers. Year to date, the MSCI Brazil index is up 34.4% on strong foreign inflow given the positive global macro backdrop. Despite a relatively stable BRL, investor sentiment remained cautious amid mixed domestic data. From a local macro perspective, signals were somewhat contradictory. Industrial production and services activity came in slightly above expectations, offering some resilience, but retail sales and GDP growth continued to lag forecasts. Inflation is gradually slowing, particularly in core components, giving the Central Bank room to eventually ease, although monetary policy remains conservative. We expect BCB to lower rates in the first quarter of 2026. Earnings season began late September, and we expect a slowdown on earnings growth YoY. Within the Fund, Brazil continues to be a core allocation. We maintained exposure to domestic financials like Bradesco and Itau, and rate-sensitive sectors, with utility companies, like Copel, Energisa and Sabesp, still being our top holdings.

Mexican equities underperformed regional and global benchmarks, with the MSCI Mexico ETF dropping -2.5% in US. In local macro, the preliminary 3Q25 GDP print was -0.2% YoY but stood marginally above projections. The CPI now stands below 4% YoY, but core inflation remains above that threshold. We expect Banxico to cut rates in both November and December — from 7.5% currently to 7.0% by YE25— and end the easing cycle with a 6.50% terminal rate. After appreciating roughly 10% YTD, the MXN has been relatively stable since September. USCMA negotiations are

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 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

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

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.

increasingly garnering attention; Mexican exports have proved resilient given the country's low average tariff rate (4.7%). Looking ahead, the combination of lower rates and reduced fiscal tightening should drive GDP higher next year. We estimate 2025-2026e GDP growth of 0.8% and 1.85%, respectively.

In corporate news, the 3Q25 earnings season has virtually concluded; GFNORTE is the only company that has yet to publish results. At the aggregate level, the index showed slower but still resilient 3Q results (MXN): Sales +4% YoY, EBITDA +5% YoY, and Earnings +12% YoY — the latter lifted by non-cash FX gains. A wide dispersion was observed, with violent stock price reactions following earnings beats and misses.

Within the Fund, our largest overweight position in Mexico remains Grupo Aeroportuario del Pacífico (GAP), a large cap airport operator that combines solid growth, a strong balance sheet, and a well-balanced exposure to business and leisure travel. Further, within cyclicals we keep our overweights in Banorte (GFNORTE) in Financials and Grupo Mexico (GMEXICO) in Materials, while staying neutral in defensive telco América Móvil (AMX).

The Andean region delivered a strong performance in October. Within the Fund, we maintained our exposure in Peru to high-quality financials and added modestly to Southern Copper, a USD-linked mining name aligned with our constructive view on copper demand. In Chile, we continued to trim our position in the country through Parque Arauco. We maintain exposure to BCI, where we see more valuation upside and stronger capital discipline. In Argentina, we continued to add to TGS (Transportadora de Gas del Sur) — a defensive infrastructure play with over 60% market share in natural gas transport and strong upside from the Vaca Muerta midstream buildout.

During October, we executed several rotations across the region to rebalance cyclical exposure and improve portfolio asymmetry. In Mexico, we continued to add to América Móvil (AMX) and increased our position in Gentera, a high-quality microlender benefiting from rate cuts and improving asset quality. We also trimmed our stake in Grupo México, reallocating into Southern Copper, which offers a more direct copper exposure. In Argentina, we added to TGS, reinforcing our positive view on Vaca Muerta investment case. These moves reflect our ongoing effort to balance cyclical recovery exposure with structural defensiveness, while maintaining a high-conviction, bottom-up approach across Latin America's most liquid equity markets.

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 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

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 Sennengerberg - 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

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.