

SI RESEARCH: LATIN AMERICA CROSS-BORDER 1Q 2016

THIS QUARTER:

- *Regional Overview—Retail and Pension*
- *Retail Focus*
- *Pension Focus*

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ABOUT THIS REPORT

This report is the product of a partnership between Strategic Insight (SI) and Latin Asset Management (LAM), capitalizing on SI's global asset manager database and LAM's qualitative coverage of fund distribution in Latin American offshore and onshore markets.

The universe of assets under management (AUMs) covered in this report (the SI-LAM Universe) includes all (1) cross-border-fund holdings of pension fund managers (Administradoras de Fondos de Pensiones (AFP)) in Chile, Colombia and Peru, as tracked by Latin Asset Management, and (2) investments of affluent-individual and institutional Latin clients of cross-border funds belonging to a consortium of 39 global asset managers sharing data with SI. All figures are reported in U.S. dollars and figures may not always total due to rounding.

The first cohort of AFP investments the SI-LAM AFP Universe consists of allocations made by private pension managers of the three countries. Assets flowing to the AFPs consist predominantly of compulsory social-security contributions made by workers and their employers. A very small percentage comes from voluntary contributions to the AFPs. The investment policies of AFPs in each country are subject to limits on overall exposure to equities and cross-border instruments.

The second cohort (the SI-LAM Retail Universe) consists of affluent Latin individuals purchasing cross-border funds via a broker-dealer, private bank, multi-family office or other intermediary. Also included in this cohort are cross-border fund purchases by locally domiciled mutual funds, such as onshore Chilean, Brazilian and Mexican mutual funds. These funds are targeted overwhelmingly to affluent individuals with onshore savings, who also want international exposure.

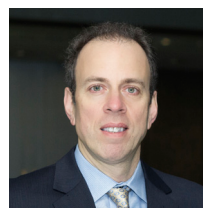
The market breakdowns of Andean, Caribbean, Mercosur and U.S. refer to the region and country in which the end investor's adviser is based. It reflects neither on the investor's country of residence

nor the country in which those assets are eventually booked or domiciled. We believe this is the most useful way to apportion cross-border fund AUM, given that global fund sponsors' sales infrastructure must be aligned with competitive and demand trends occurring at the adviser level.

The subsets per market are broken down as follows:

- a) Andean: Chile, Colombia, Peru, Bolivia and Ecuador
- b) Caribbean: Panama, Venezuela, Mexico, Central America and islands such as Cayman, Bahamas and Bermuda
- c) Mercosur: Brazil, Argentina, Uruguay and Paraguay
- d) U.S.: Offshore booking centers of South Florida, New York, Texas, West Coast, Southwest, Puerto Rico and Canada

ABOUT THE AUTHOR



Thomas V. Ciampi is the founder and director of Latin Asset Management and the website Fund Pro Latin America, which provide global asset managers with vital insights and analysis on the onshore and offshore markets of Latin America.

LAM's quantitative team, led by research manager Guillermo Mazzoni, supports the writing and analysis of this report. The quant team maintains and updates a robust institutional holdings database that is accessible via the Fund Pro website (www.fundpro.com). LAM's close contact with Latin-based distributors in the region helps it identify key emerging trends and opportunities for global asset managers. In addition to its proprietary consulting and research business, LAM maintains several key partnerships with global consultants such as SI.

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