

Global Equities

Q4 2025 review



Liontrust Latin America Fund



Thomas Smith
Fund Manager



Ewan Thompson
Fund Manager

Key highlights

- Latin America outperformed both emerging and developed markets in 2025
- Commodity price strength and political developments lead to impressive regional gains, led by Argentina and Chile.
- Recent strong performance has not erased a decade of relative underperformance, leaving Latin American equities looking attractive on 11x forward earnings, a 20% discount to the broader emerging markets.

Performance

The Liontrust Latin America Fund returned 4.1%* in sterling terms during the quarter, compared with a return of 8.3% for the MSCI EM Latin America Index and 5.7% for the IA Latin America sector (both comparator benchmarks).

Commentary

The outperformance of Latin American equities continued into year end, returning a further 8.3% in the final quarter and extending the gains over both emerging (+4.8%) and developed (+3.1%) markets.

The global backdrop remained supportive, with synchronised central bank easing and a clear pivot in the Fed's reaction function toward downside employment risks. The Fed cut rates twice during the quarter and, with continued benign inflation readings, further easing is expected through 2026. While China's economic data improved at the margin into year end, with December's manufacturing PMI moving back above 50 for the first time since March, Q3 GDP growth of 4.8% reinforced the view that policy support was stabilising activity rather than reaccelerating it. Fiscal policy is expected to be more proactive in 2026 with emphasis on domestic demand, innovation and the safety net.

There were a number of notable political developments in Latin America during the quarter, and markets were also supported by the strength in metals prices. In October, Argentina's Javier Milei performed far better than had been feared in the mid-term elections – with his LLA party now having much greater representation in Congress he is able to continue with his reform agenda and the vote share bodes well for re-election in 2027; in November, Chileans voted right-wing Jose Antonio Kast to be the country's next president, continuing the shift to the right that we are seeing across the region and ushering in a period of orthodox, and far more business-friendly, economic policies aimed at rejuvenating investment and raising productivity; finally, in Brazil, Jair Bolsonaro endorsed his son Flavio to be the presidential candidate for the right, ahead of more popular and market-friendly options like Sao Paulo Governor Tarcisio de Freitas.

There were strong gains in metals linked to the energy transition, and gold continued its impressive run. Silver (+53%) has many of the same macro drivers as gold but is also seeing strong industrial demand leading to a very tight market – particularly for solar and EV-related applications. The copper market continues to battle supply constraints while seeing strong demand coming from the transmission grid capex required to connect new sources of renewable power and handle rising data centre demand. Lithium is emerging from a multi-year downcycle with supply rationalisation helping to tighten the market after a period of significant oversupply. While the West eases EV legislation and pushes back targets, China in particular continues to drive demand in new energy vehicles, and energy storage is accounting for a greater share of lithium consumption.

Political developments along with strong commodity prices led to impressive gains across the region, with Argentina (+65%) and Chile (+25%) leading the way, followed by Colombia (+18%) in anticipation of political change following the country's presidential election in May. Brazil and Mexico (+4%) lagged but still performed well in a global context, with more caution being taken ahead of Brazil's presidential election in October and while Mexico navigates the review of the USMCA trade agreement with the US and Canada.

Within the Fund, notable positive contributions came from Chilean lithium producer **SQM** (+60%), banking group **Banco Itau Chile** (+44%) and Brazilian waste management solutions company **Orizon Valorizacao de Residuos** (+22%). This was offset by weakness in Brazilian consumer and industrials companies as domestic cyclical sold off following the endorsement of Flavio Bolsonaro to be the candidate for the right.

Latin American equities are trading at 11x forward earnings, a 20% discount to the broader emerging markets. The 2025 rally has not erased a decade of relative underperformance, leaving an attractive starting valuation as the region's shift to the political right continues and the earnings outlook improves with economic recovery and a return to policy orthodoxy.

Discrete years' performance (%) to previous quarter-end:

	Dec-25	Dec-24	Dec-23	Dec-22	Dec-21
Liontrust Latin America C Acc GBP	35.1%	-19.9%	17.8%	15.2%	-16.1%
MSCI EM Latin America	44.1%	-25.1%	25.2%	22.6%	-7.2%
IA Latin America	38.7%	-25.0%	23.2%	16.4%	-11.5%
Quartile	4	1	4	4	4

*Source: FE Analytics, as at 31.12.25, primary share class, total return, net of fees and income reinvested.

For a comprehensive list of common financial words and terms, see our glossary at:

<https://www.liontrust.com/benefits-of-investing/guide-financial-words-terms>

Key Risks

Past performance does not predict future returns. You may get back less than you originally invested. We recommend any fund is held long term (minimum period of 5 years). We recommend that you hold funds as part of a diversified portfolio of investments.

Overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund.

This Fund may have a concentrated portfolio, i.e. hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.

The Fund may encounter liquidity constraints from time to time. The spread between the price you buy and sell shares will reflect the less liquid nature of the underlying holdings.

Investments in emerging markets may involve a higher element of risk due to less well-regulated markets and political and economic instability. This may result in higher volatility and larger drops in the value of the fund over the short term.

Outside of normal conditions, the Fund may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

Disclaimer

This document is issued by Liontrust Investment Partners LLP (2 Savoy Court, London WC2R 0EZ), authorised and regulated in the UK by the Financial Conduct Authority (FRN 518552) to undertake regulated investment business.

It should not be construed as advice for investment in any product or security mentioned, an offer to buy or sell units/shares of Funds mentioned, or a solicitation to purchase securities in any company or investment product. Examples of stocks are provided for general information only to demonstrate our investment philosophy. The investment being promoted is for units in a fund, not directly in the underlying assets.

The document contains information and analysis that is believed to be accurate at the time of publication, but is subject to change without notice. Whilst care has been taken in compiling the content of this document, no representation or warranty is given, whether express or implied, by Liontrust as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified.

This is a marketing communication. Before making an investment, you should read the relevant Prospectus and the Key Investor Information Document (KIID) and/or PRIIP/KID, which provide full product details including investment charges and risks. These documents can be obtained, free of charge, from www.liontrust.co.uk or direct from Liontrust. If you are not a professional investor please consult a regulated financial adviser regarding the suitability of such an investment for you and your personal circumstances. All use of company logos, images or trademarks in this document are for reference purposes only.