

# LatAm Fund Manager Survey

## Less conviction on Ibov and BRL, more on selic and GDP

Investment Strategy

### Less conviction on Ibov and BRL

Expectations for Ibov and BRL are slightly down in Feb. 47% of surveyed participants expect Ibov >140k by the end of the year, down from 63% last month (Exhibit 13). BRL now expected between 4.81-5.10 (before most expected it <4.80, Exhibit 18). Now only 28% expect a weaker dollar in 2024 (down from 77% last month, Exhibit 1).

### More conviction on the selic and GDP

Two thirds already expect terminal selic at 9% or below (Exhibit 14), which coincidentally is when individuals are now expected to rotate back into equities (Exhibit 15). In light of our updated [LatAm ESG primer](#), we also asked whether inflows into ESG could pick up as rates move lower but our panel sees little traction for the theme (Exhibit 12). Panel is slightly more optimistic on Brazil GDP for 2024 (largely expected at 1-2%; now 25% of participants say >2%, vs only a fraction of 3% last month, Exhibit 17). Expectations for 2024 Mexico GDP growth are also slightly higher (expected at 2-3%, Exhibit 20)

### Cash slightly up but seemingly at neutral levels

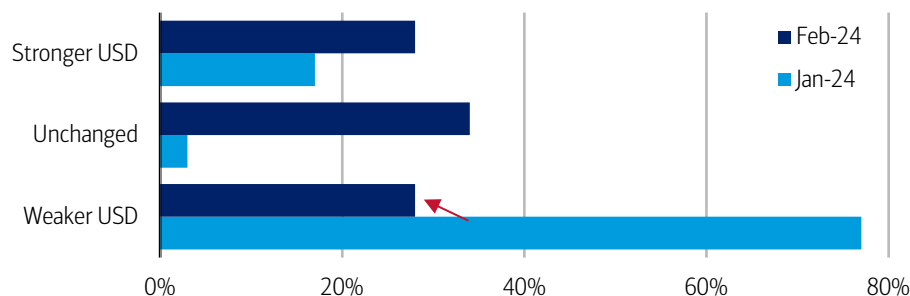
Cash levels are slightly higher at 6.5% (up from 5.7% in Jan-23, Exhibit 24), but on the other hand allocation to cash appears to be at neutral level (near 0% net overweight, Exhibit 25) and protection and risk taking are at around hist. avg. (Exhibit 27).

### China remains consensus underweight

Materials remains the biggest underweight, followed by staples and communication (Exhibit 5). 66% say stimulus in China will not be enough to drive commodity prices higher (Exhibit 8); China & commodities 2<sup>nd</sup> biggest tail risk after US rates (Exhibit 3).

#### Exhibit 1: What are your expectations for the USD in 2024?

Fewer participants expect a weaker dollar in 2024 (28%, down from 77% last month)



Source: LatAm Fund Manager Survey

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#### Notes to readers

A total of 32 panelists with approx. \$57bn AUM participated in the LatAm Fund Manager Survey.

#### How to join the FMS panel

Institutional investors/clients are encouraged to sign up to participate in the Survey. This can be done by contacting the authors of the report.

Participants in the survey will continue to receive the full set of monthly results but only for the relevant month in which they participate.

FMS = Fund Manager Survey

BZ = Brazil

MX = Mexico

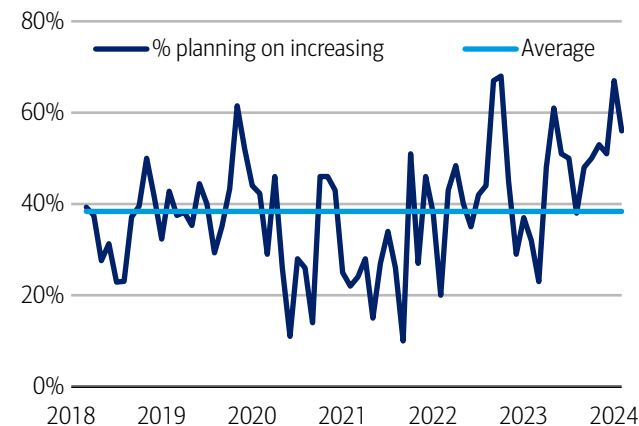
OW = Overweight

UW = Underweight

# LatAm Fund Manager Survey

## Exhibit 2: % of investors planning on increasing their equity allocation in the next 6 months (2018-2024)

56% plan on increasing equity allocation (vs 67% last month).

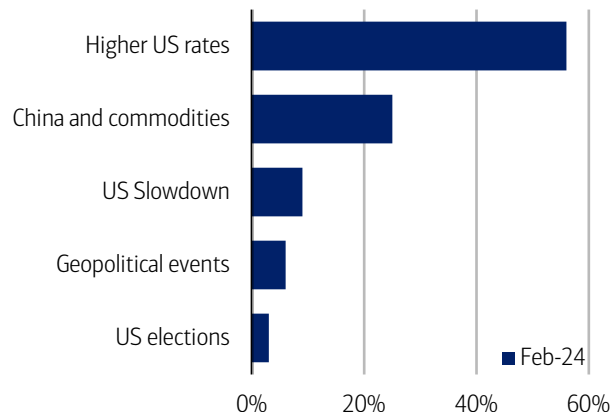


Source: LatAm Fund Manager Survey

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## Exhibit 3: What do you consider the biggest external tail risk for LatAm markets?

Higher US rates is considered the biggest tail risk for the region, followed by China & commodities.

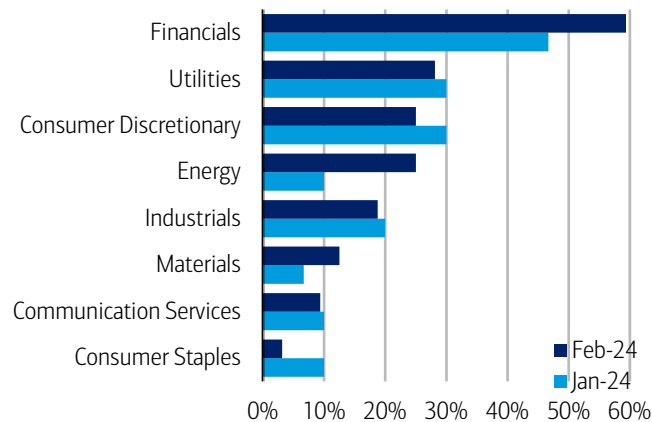


Source: LatAm Fund Manager Survey

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## Exhibit 4: Which sectors within equities are you most overweight?

Participants are most overweight Financials, Utilities and C. Discretionary.

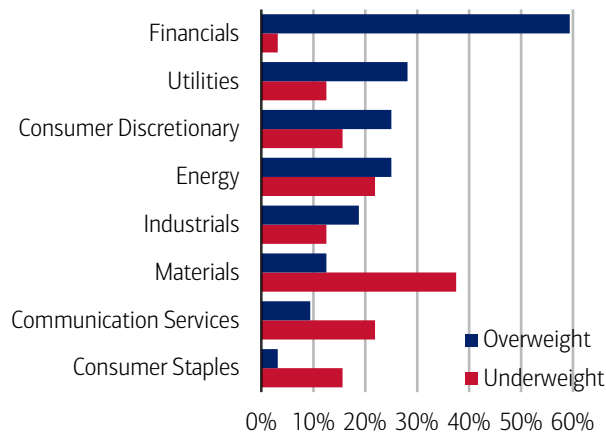


Source: LatAm Fund Manager Survey

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## Exhibit 5: Which sectors among equities are you most underweight?

Participants are more underweight Materials, Communication Services, C. Staples than they are overweight.

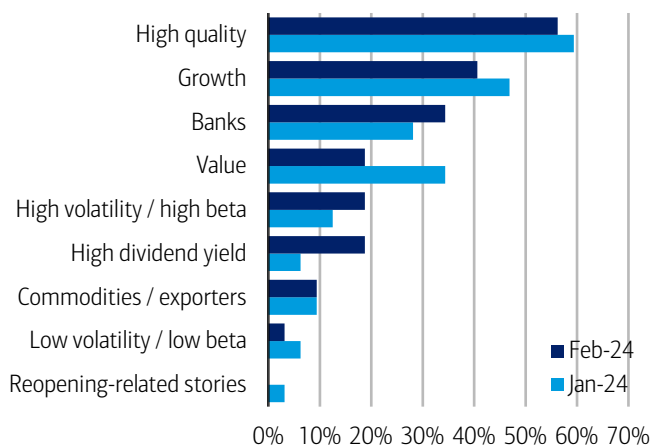


Source: LatAm Fund Manager Survey

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### Exhibit 6: Which strategies do you believe could outperform over the next 6 months?

Participants like high quality, growth and banks

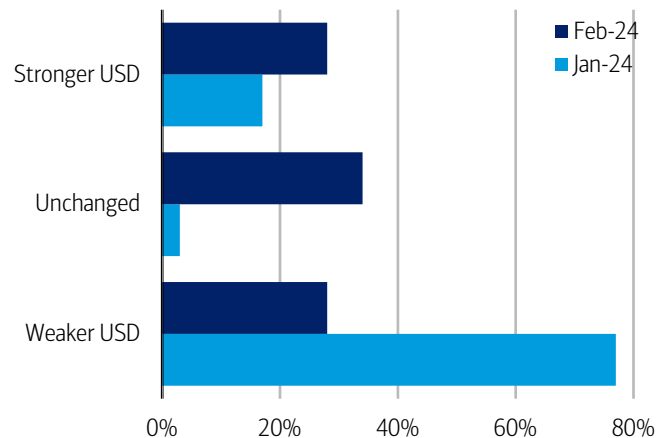


Source: LatAm Fund Manager Survey

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### Exhibit 7: What are your expectations for the USD in 2024?

Fewer participants expect a weaker dollar in 2024 (28%, down from 77% last month)

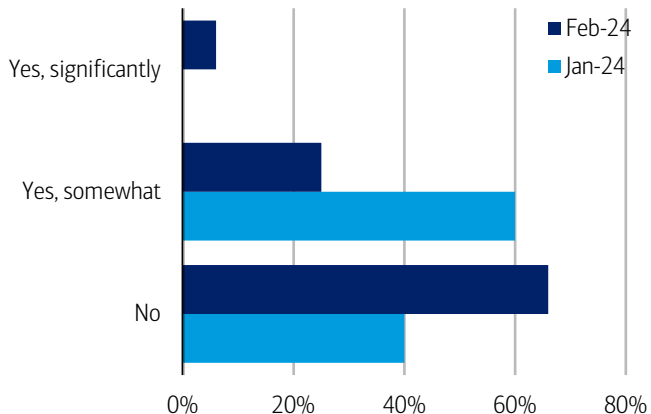


Source: LatAm Fund Manager Survey

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### Exhibit 8: Do you believe that stimulus in China will be enough to drive commodity prices higher in the next 6 months?

66% don't believe stimulus in China will be enough to drive commodity prices higher in next 6M.

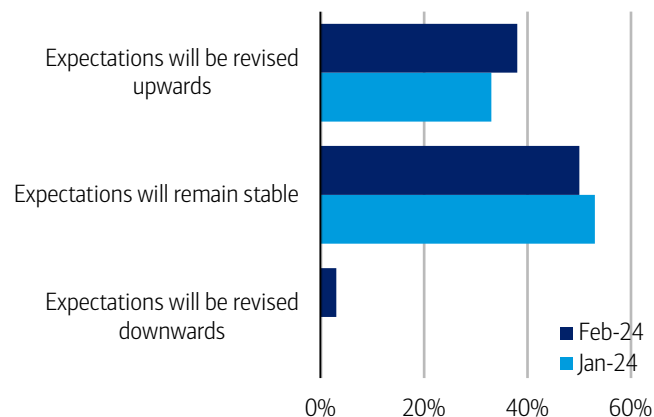


Source: LatAm Fund Manager Survey

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### Exhibit 9: For domestic industries in Brazil, how do you see earnings revisions in 2024?

Only 3% expect downward earnings revisions within domestic industries



Source: LatAm Fund Manager Survey

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**Exhibit 10: Do you consider ESG factors for making investment decisions?**

56% don't currently use ESG factors for making investment decisions.

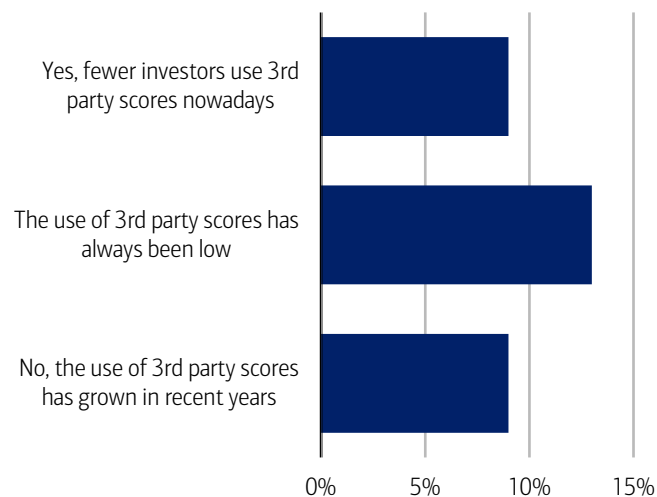


Source: LatAm Fund Manager Survey

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**Exhibit 11: Do you believe ESG investing is moving away from the use of 3rd party scores in recent years?**

Only 9% believe ESG investing is not moving away from 3<sup>rd</sup> party scores.

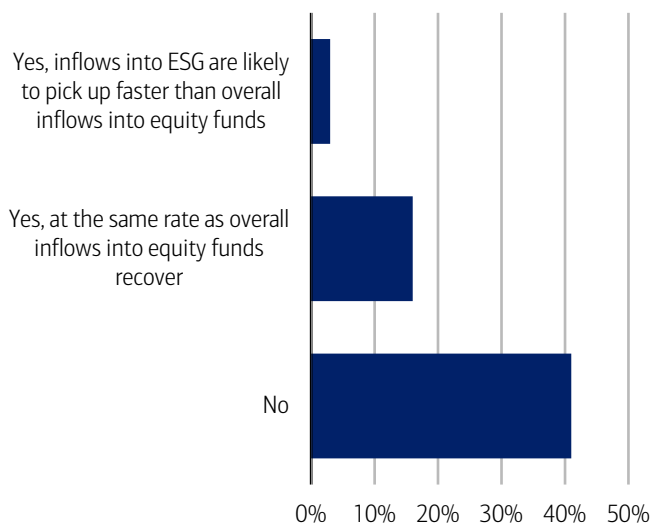


Source: LatAm Fund Manager Survey

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**Exhibit 12: Do you believe inflows into ESG dedicated equity funds will increase in the next 12 months?**

Participants don't expect more inflows into ESG equity funds in the short term.

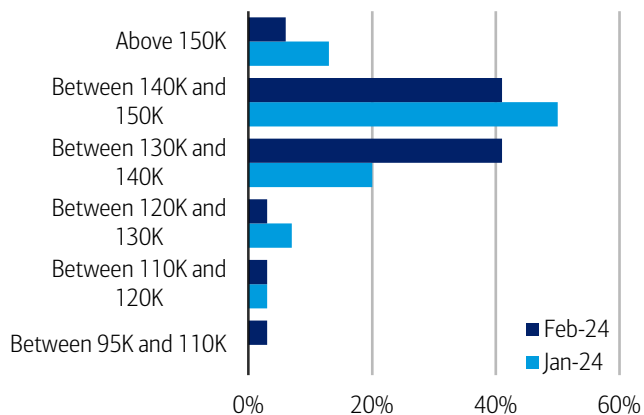


Source: LatAm Fund Manager Survey

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**Exhibit 13: Where do you see the Ibovespa at the end of 2024?**

47% expect Ibov >140k by the end of 2024 (down from 63% last month).

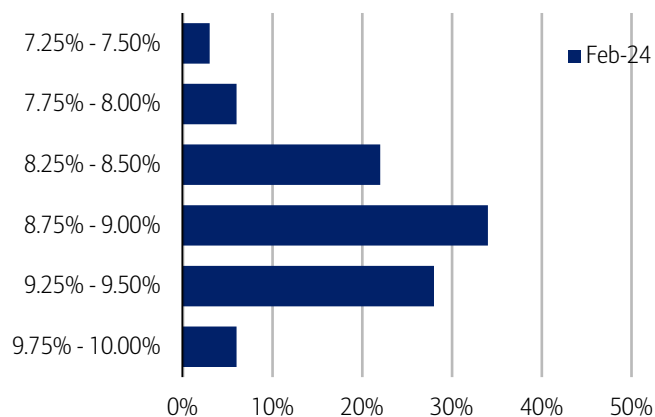


Source: LatAm Fund Manager Survey

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**Exhibit 14: Where do you see Brazil's terminal Selic by the end of this easing cycle?**

68% expect selic ≤9% by the end of this easing cycle.

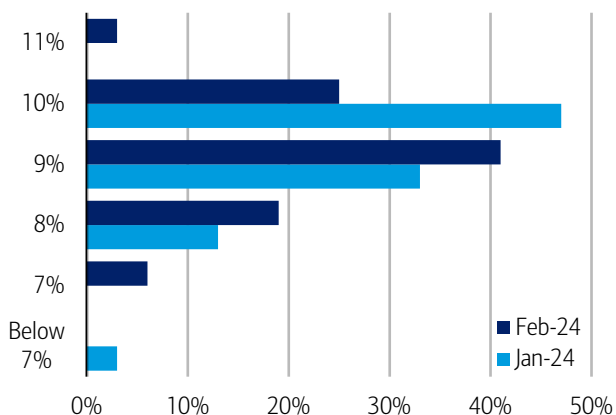


Source: LatAm Fund Manager Survey

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**Exhibit 15: At what Selic level do you expect individuals to rotate back into equities?**

Individuals are expected to rotate into equities when selic reaches 9%.

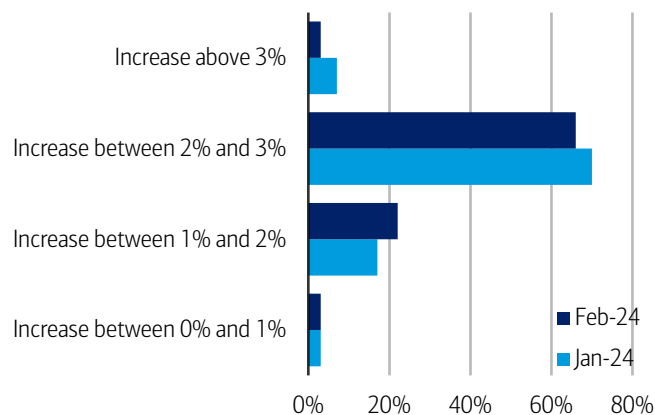


Source: LatAm Fund Manager Survey

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**Exhibit 16: In Brazil, what do you expect for real GDP growth in 2023?**

69% expect GDP growth above 2% in 2023 (vs 77% last month)

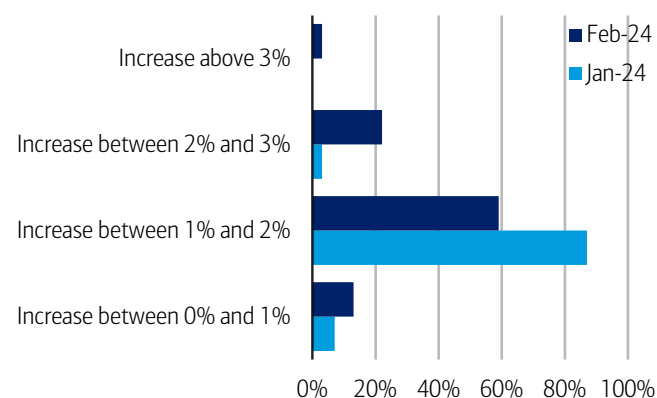


Source: LatAm Fund Manager Survey

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**Exhibit 17: And what do you expect for Brazil's real GDP growth in 2024?**

Participants expect GDP growth between 1-2% in 2024

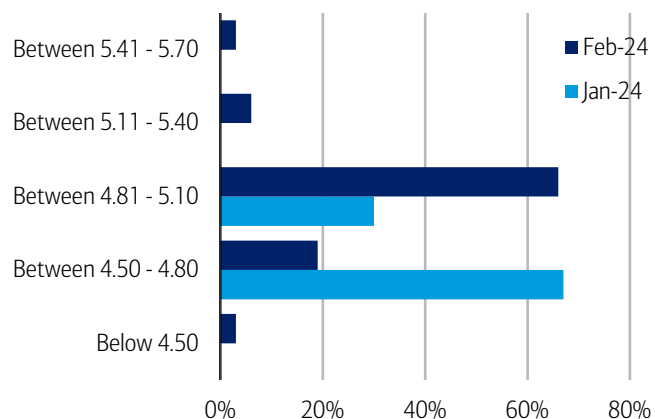


Source: LatAm Fund Manager Survey

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**Exhibit 18: Where do you see the BRL at the end of 2024?**

Most participants expect the BRL between 4.81 - 5.10 next year (last month most expected it between 4.50 – 4.80).

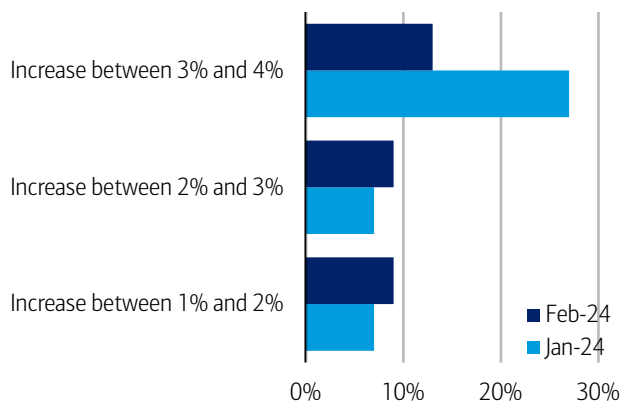


Source: LatAm Fund Manager Survey

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**Exhibit 19: Where do you see Mexico's real GDP growth in 2023?**

Mexico GDP expected between 3%- 4% in 2023.

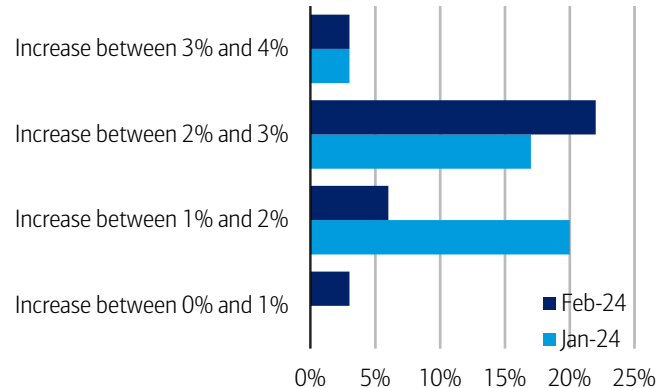


Source: LatAm Fund Manager Survey

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**Exhibit 20: And where do you see Mexico's real GDP growth in 2024?**

Mexico GDP growth expected between 2%-3% in 2024.

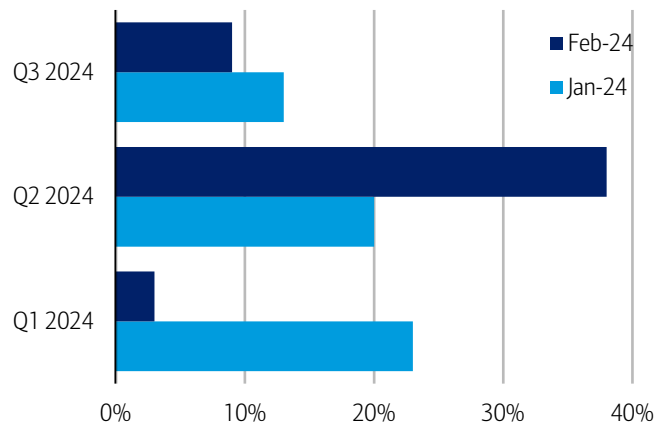


Source: LatAm Fund Manager Survey

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**Exhibit 21: When do you expect Banxico to deliver the first rate cut?**

Participants expect first rate cut in Q224.

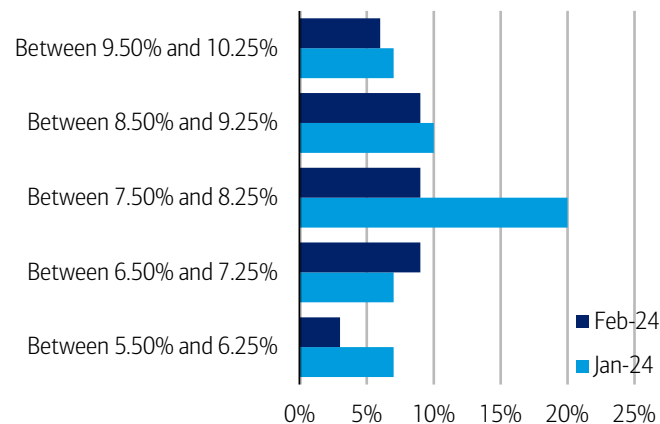


Source: LatAm Fund Manager Survey

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**Exhibit 22: After Banxico starts cutting, where do you see Banxico's terminal rate at the end of the easing cycle?**

Participants are divided on Banxico's terminal rate.

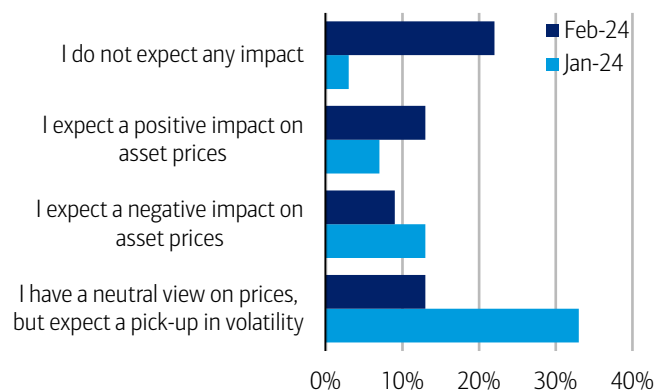


Source: LatAm Fund Manager Survey

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**Exhibit 23: Do you expect the elections in Mexico to impact Mexican asset prices?**

Participants are divided on elections impacts to MX asset prices.



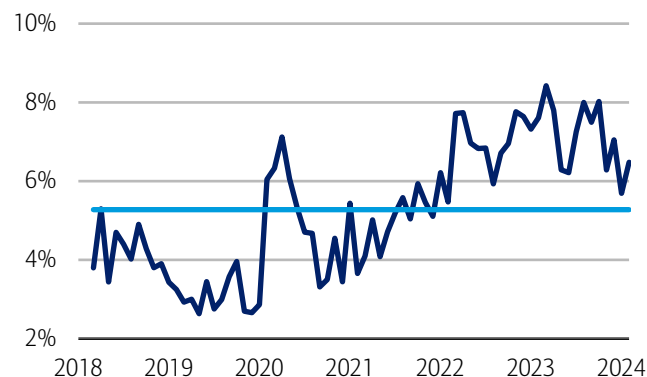
Source: LatAm Fund Manager Survey

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# Portfolio allocation

## Exhibit 24: Average cash position (2018-2024)

Cash levels increased to 6.5% in Feb-24, vs 5.7% last month

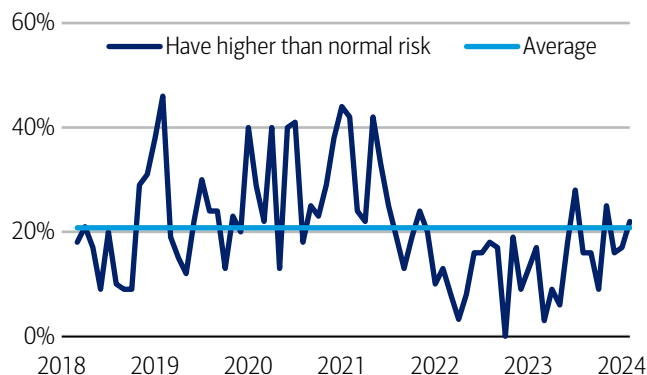


Source: LatAm Fund Manager Survey

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## Exhibit 26: % of investors with higher than normal risk in their portfolio (2018-2024)

22% of investors are taking higher risk than the normal, close to historical avg of the survey.

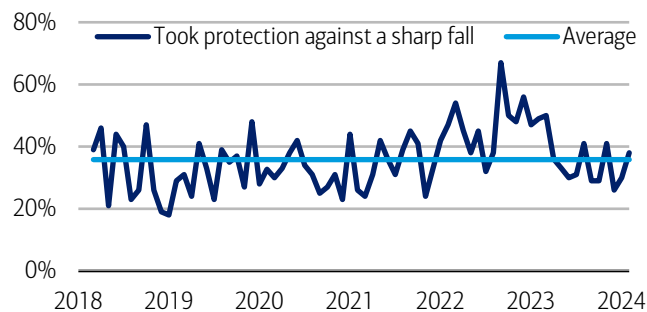


Source: LatAm Fund Manager Survey

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## Exhibit 28: % of investors that took protection against a sharp fall in equity markets in the next three months

38% of investors are taking protections against a sharp fall in equity markets, close to the historical average of the survey.

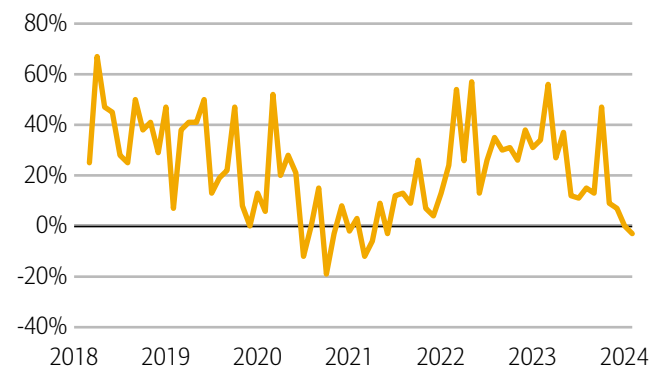


Source: LatAm Fund Manager Survey

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## Exhibit 25: Net % say they are overweight (Cash)

Net % Overweight cash positions declined to -3% in Feb-24.

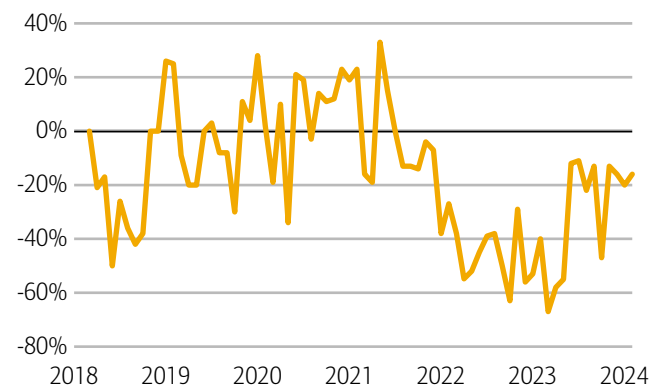


Source: LatAm Fund Manager Survey

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## Exhibit 27: Net % say they have higher than normal risk in their portfolio

Net% risk taking at -16% in Feb-24.

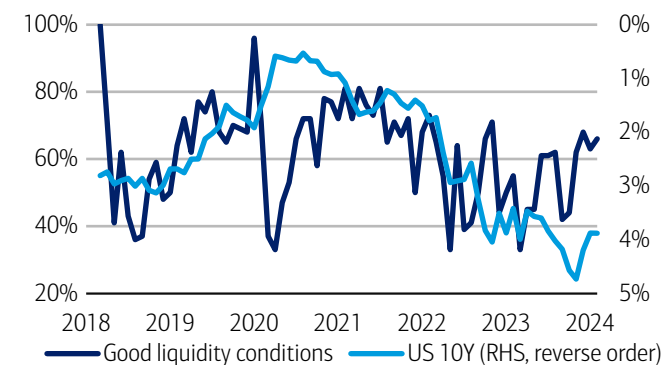


Source: LatAm Fund Manager Survey

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## Exhibit 29: % that rate liquidity conditions as good and US 10Y rates

66% of investors surveyed rate liquidity conditions as good or very good.



Source: LatAm Fund Manager Survey

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# LatAm survey demographics data

## Exhibit 30: LatAm survey demographics data

32 panelists with approx. \$57bn AUM participated in the LatAm Fund Manager Survey in Feb-24

### LatAm survey demographics data

Month	Jan-24	Feb-24
Participants	30	32
<b>Structure of panel - by position</b>		
Chief Investment Officer	19%	13%
Asset Allocator / Strategist / Economist	13%	6%
Portfolio Manager	58%	65%
Other	6%	19%
<b>Are you involved in global asset allocation?</b>		
Yes	48%	52%
No	48%	52%
<b>Which one of the following best describes the type of money you are running?</b>		
Institutional funds (e.g. pension funds / insurance companies)	16%	16%
Hedge funds / proprietary trading desks	32%	58%
Mutual funds / unit trusts / investment trusts	35%	29%
None of the above	13%	0%
<b>What do you estimate to be the total current value of assets under your direct control (US\$)?</b>		
No funds under my direct control	6%	3%
Up to \$250mn	23%	32%
Around \$500mn	10%	29%
Around \$1bn	26%	16%
Around \$2.5bn	6%	6%
Around \$5bn	6%	0%
Around \$7.5bn	3%	13%
Around \$10bn or more	16%	3%
<b>What best describes your investment time horizon at this moment?</b>		
3 months or less	19%	32%
6 months	29%	29%
9 months	16%	13%
12 months or more	32%	29%
Don't know	0%	0%
<b>Source:</b> BofA Global Research		

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