

Investment

Latin America: the best-kept investment secret

BY **ALEX BURKE** | THURSDAY, 7 SEP 2017 @ 10:43AM

With strong growth characteristics and increasing diversification of trade, Latin America's Pacific Alliance presents many opportunities for investors.

The alliance - comprising Colombia, Chile, Peru and Mexico - was described as a "secret well kept" by SURA Investment Management chief investment officer Juan Carlos Botero. He told delegates at the Australian Institute of Superannuation Trustees Super Investment Conference that there was generally less investor understanding of the region than the broader emerging markets universe.

However, with 224 million people, a PPP-adjusted GDP growth rate of 5.1% over the past 15 years and a 50% share of all Latin American trade, both private and public markets in the Pacific Alliance are quickly gaining exposure.

On the unlisted side, Botero highlighted major infrastructure investment (through a combination of equity and debt) over the next five years. Governments are expected to invest more than US\$300 billion during this period, with Mexico contributing the majority. A burgeoning real estate market, comprising about 14.3 million square metres, was also noted for its relatively high levels of liquidity.

Given low correlations, Botero said public markets in the region - representing 776 listed companies and US\$800 billion in market capitalisation - benefit from a selective investment approach.

"You need to work out what you want exposure to before you invest. If you want banks, for example, go to Peru," he explained.

Markets there also benefit from the Mercado Integrado Latinoamericano (MILA) which allows cross-border trades to be considered local transactions.

Of course, in discussing the attractive characteristics of the region, Botero ultimately felt he had to address the elephant in the room: President Trump. "The question pops up a lot," he said.

"The truth is we are not really concerned with Trump. After markets calmed down in the months after his election,

it hasn't been a concern. Mexico, for example, has diversified its trade and now has extensive trade with Asia. Markets will react, but they calm down."

This page was found at: **<http://www.financialstandard.com.au/news/latin-america-the-best-kept-investment-secret-103241713>**

Printed: **Wednesday, 13 September 2017 6:39am**