

Latin American Distribution Dynamics 2022

Radical Shifts in Demand Present Challenges for Global Managers

OVERVIEW & METHODOLOGY

This annual report is an important tool for global fund managers seeking both strategy insights and guidance on the state of asset gathering in Latin America. The report reinforces its views on major themes with hard data on asset flows, industry sizing, marketshare by client segment, asset class, and manager type, assets gathered by cross-border funds, and forward projections with a five-year outlook.

Full databanks for the following countries are featured in the report: Brazil, Mexico, Chile, Colombia, Peru, and Argentina. As well, the so-called U.S. Offshore and Latam Offshore markets are covered in one of the three thematic sections of the report and include a market sizing of Latin American high-net-worth investor uptake of global mutual funds in the Andes, the Uruguayan and Brazilian markets, and in the U.S. Offshore market, which is dominated by South Florida and Texas.

USE THIS REPORT TO

- Analyze the latest pension update in Latin America with many global asset managers offering UCITS funds and ETFs to Latin American private pension managers
- Learn what's driving demand among Latin American retail clients and especially how services have popped up locally to assist clients in setting up and managing their offshore portfolios
- Explore the global firms as their products were suddenly in demand in the face of rock-bottom yields for local fixed-income securities during the pre-COVID-19 recession

QUESTIONS ANSWERED

- Why is the U.S. Offshore market suddenly exploding?
- Does it make sense for firms to maintain a local presence in Brazil?
- What is the opportunity in Mexico now that Mexican pension funds can purchase offshore funds?
- Should firms be worried about losing the assets they have raised so far from Andean pension funds?
- What are the prospects for AUM growth in onshore mutual fund markets over the next five years?

PRODUCT DETAILS

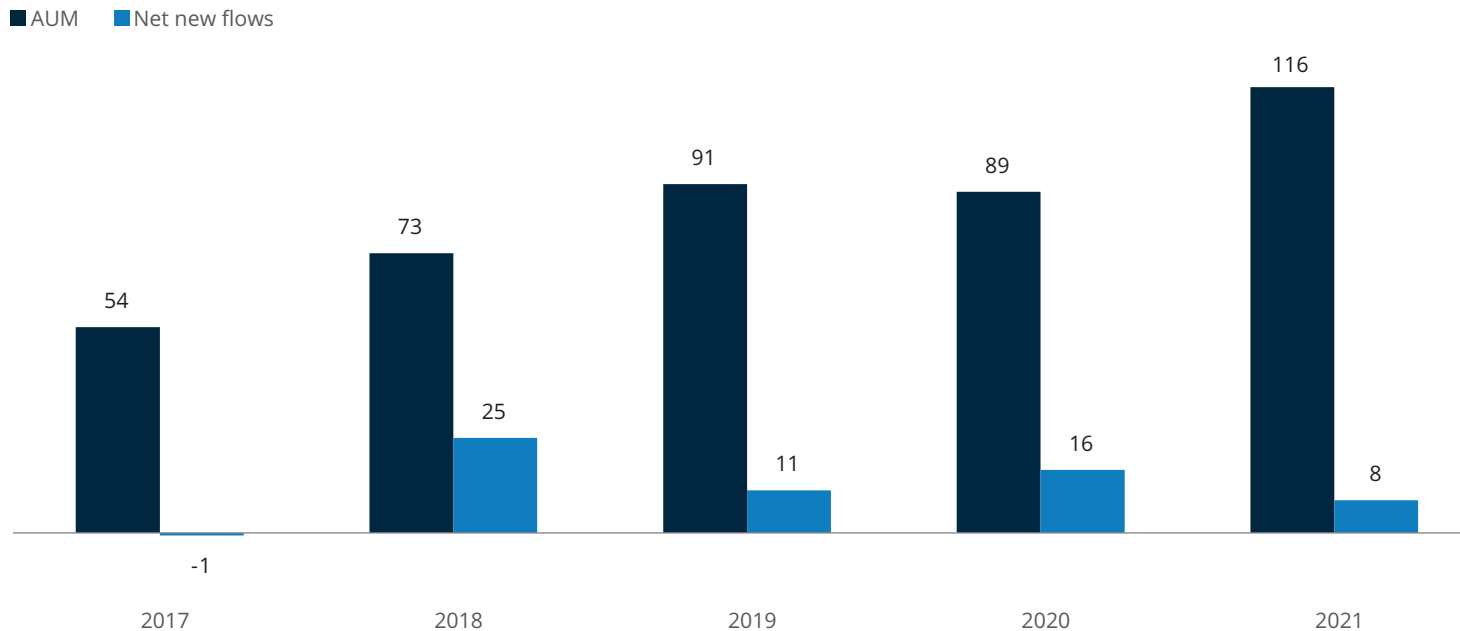
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- **Latin American Market Overview:** Explore five years of historical assets under management (AUM) and fund flows for both the pension and mutual fund markets within each major Latin American country.
- **Retail Country Profile:** Analyze the retail market's marketshare for AUM by investment objective, project mutual fund AUM separated by exposure to cross-border and domestic vehicles, and review the AUM marketshare for the top mutual fund managers on a country-by-country basis.
- **Pension Country Profile:** Evaluate the pension fund landscape in Latin American countries with private retirement systems (AFPs/Afores), as well as corporate –pension plan fund holdings by asset class, top pension management firm marketshare, and projected AUM broken out by exposure to cross-border and domestic vehicles.

Exhibit 9.15**Mexican Locally Domiciled Exchange-Traded Fund Assets Under Management and Net New Flows, 2017–2021 (MXN billions)***Sources: Latin Asset Management, Morningstar, Cerulli Associates*

- Locally domiciled ETFs in Mexico regrouped in 2021 and turned in some positive results, boosting overall AUM to MXN 116 billion. The products benefited greatly from the average 20% increase in stock prices over the course of the year, reflected by the IPC index.
- It's important to point out that there are billions of dollars allocated to global (*i.e.*, non-domestic) ETFs by both retail and institutional investors and local mutual funds (see [Exhibits 9.10 to 9.13](#)). The products mentioned here are domiciled locally and generally track local vehicles.

Key Implication: Mexican-domiciled ETFs are largely focused on the local equity markets and their fortunes are highly dependent on investor sentiment toward local issues. Industry sources attribute the negative flows to reduced flows from outside the country into the largest Mexican ETF, the NAFTRAC. Vanguard has joined BlackRock as a leading issuer of local exchange-traded funds targeting the retail and institutional segments.

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