

The information contained in this release was correct as at 31 January 2025. Information on the Company's up to date net asset values can be found on the London Stock Exchange Website at <https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

BLACKROCK LATIN AMERICAN INVESTMENT TRUST PLC (LEI - UK90G500CYUDFGRX4151)

All information is at **31 January 2025** and unaudited.

Performance at month end with net income reinvested

	One month %	Three months %	One year %	Three years %	Five years %
Sterling:	£	£	£	£	£
Net asset value	11.5	-3.0	-21.4	4.3	-12.5
Share price	11.2	-0.8	-20.7	3.3	-15.4
MSCI EM Latin America (Net Return)	10.4	0.5	-13.2	17.2	3.8
US Dollars:	\$	\$	\$	\$	\$
Net asset value	10.6	-6.2	-23.3	-3.4	-17.5
Share price	10.3	-4.1	-22.6	-4.3	-20.3
MSCI EM Latin America (Net Return)	9.5	-2.8	-15.3	8.5	-2.2

cum income
The Company's performance benchmark (the MSCI EM Latin America Index) may be calculated on either a Gross or a Net return basis. Net return (NR) indices calculate the reinvestment of dividends net of withholding taxes using the tax rates applicable to non-resident institutional investors, and hence give a lower total return than indices where calculations are on a Gross basis (which assumes that no withholding tax is suffered). As the Company is subject to withholding tax rates for the majority of countries in which it invests, the NR basis is felt to be the most accurate, appropriate, consistent and fair comparison for the Company.
Sources: BlackRock, Standard & Poor's Micropal

At month end

Net asset value - capital only:	344.21p
Net asset value - including income:	346.29p
Share price:	305.00p
Total assets#:	£107.4m
Discount (share price to cum income NAV):	11.9%
Average discount* over the month to cum income:	10.8%
Net Gearing at month end**:	5.1%
Gearing range (as a % of net assets):	0-25%
Net yield##:	6.5%
Ordinary shares in issue(excluding 2,181,662 shares held in treasury):	29,448,641
Ongoing charges***:	1.13%

#Total assets include current year revenue.
##The yield of 6.5% is calculated based on total dividends declared in the last 12 months as at the date of this announcement as set out below (totalling 24.70 cents per share) and using a share price of 378.98 US cents per share (equivalent to the sterling price of 305.00 pence per share translated in to US cents at the rate prevailing at 31 January 2025 of 1.2425 dollars to £1.00).

2024 Q1 Interim dividend of 7.39 cents per share (paid on 13 May 2024)
2024 Q2 Interim dividend of 6.13 cents per share (paid on 08 August 2024)
2024 Q3 Interim dividend of 6.26 cents per share (paid 08 November 2024)
2024 Q4 Interim dividend of 4.92 cents per share (to be paid on 07 February 2025)

*The discount is calculated using the cum income NAV (expressed in sterling terms).
**Net cash/net gearing is calculated using debt at par, less cash and cash equivalents and fixed interest investments as a percentage of net assets.
*** The Company's ongoing charges are calculated as a percentage of average daily net assets and using the management fee and all other operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items for the year ended 31 December 2023.

<u>Geographic Exposure</u>	<u>% of Total Assets</u>	<u>% of Equity Portfolio *</u>	<u>MSCI EM Latin America Index</u>
Brazil	62.9	63.0	63.0
Mexico	31.2	31.3	25.2
Chile	4.1	4.1	6.2
Multi-Country	1.6	1.6	0.0
Colombia	0.0	0.0	1.6
Peru	0.0	0.0	4.0
Net current assets (inc. fixed interest)	0.2	0.0	0.0
£	-----	-----	-----
Total	100.0	100.0	100.0
£	=====	=====	=====
£	£	£	£

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Total assets for the purposes of these calculations exclude bank overdrafts, and the net current assets figure shown in the table above therefore excludes bank overdrafts equivalent to 5.3% of the Company's net asset value.

<u>Sector</u>	<u>% of Equity Portfolio*</u>	<u>% of Benchmark*</u>
Materials	22.4	16.6
Financials	22.0	33.0
Consumer Staples	14.8	13.2
Consumer Discretionary	14.1	1.6
Industrials	8.0	10.6
Energy	7.6	11.7
Health Care	7.0	1.3
Real Estate	2.6	1.1
Utilities	1.5	6.8
Communication Services	0.0	3.5
Information Technology	0.0	0.6
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Total	100.0	100.0
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***excluding** net current assets & fixed interest

<u>Company</u>	<u>Country of Risk</u>	<u>% of Equity Portfolio</u>	<u>% of Benchmark</u>
Vale:	Brazil	Â	Â
Â Â ADS	Â	7.6	Â
Â Â Equity	Â	1.2	5.7
Petrobr�s:	Brazil	Â	Â
Â Â Equity	Â	1.3	Â
Â Â Equity ADR	Â	3.6	4.8
Â Â Preference Shares ADR	Â	2.7	5.2
Walmart de M�xico y Centroam�rica	Mexico	5.3	2.5
Grupo Financiero Banorte	Mexico	5.0	3.2
Grupo M�xico	Mexico	4.9	2.8
FEMSA:	Mexico	Â	Â
Â Â ADR	Â	0.9	Â
Â Â Equity	Â	3.4	2.7
B3	Brazil	4.2	1.9
Rede D'or Sao Luiz	Brazil	4.1	0.7
XP	Brazil	3.9	0.9
Cyrela Brazil Realty	Brazil	3.7	0.0
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Commenting on the markets, Sam Vecht and Christoph Brinkmann, representing the Investment Manager noted;

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The Company's NAV rose +11.5% in January, outperforming the benchmark, MSCI Emerging Markets Latin America Index, which returned +10.4% on a net basis over the same period. All performance figures are in sterling terms with dividends reinvested.¹

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Emerging Markets (+1.8%) posted moderate gains in January, but still underperformed Developed Markets which rose +3.6%. Latin America recorded a strong recovery in January at +9.5%, led by Colombia (+21.2%). Chile also performed well, rising by 8.8%. In Chile, the pension reform was approved by the Chamber of Deputies with 110 votes in favour and 38 against, thereby bypassing a mixed commission. The proposal now advances to the Constitutional Court for review before it can be enacted into law. Brazil also saw a welcome reversal after a tough 2024, outperforming both Latin America and broader Emerging Markets by posting gains of +12.4% over the month.

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At the portfolio level, stock selection in Brazil and an underweight to Peru were the key positive contributors to performance. On the other hand, an overweight to Mexico and an underweight to Colombia hurt.

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From a security lens, a collection of domestic Brazilian names did well. The biggest contributor to returns over the month was an overweight to Cyrela, the Brazilian real estate developer. The company rose on the back of strong fourth quarter 2024 operating data that showed a +90% increase in sales year-on-year. Another stock that did well was Azzas 2154, the Brazilian footwear retailer, rising with the Brazilian stock market. Not owning Mexican telecom company Am rica M vil was also additive, as the stock declined following broker downgrades. An overweight position in EZ Tec, a Brazilian homebuilder, also helped as the stock bounced back following a weak December.

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On the flipside, an overweight position in Becle, a Mexican tequila producer, was the largest detractor on the back of disappointing sales volumes in the US and poor fourth quarter 2024 guidance from the company. Our underweight to NU Holdings, a Brazilian digital banking platform provider, was another detractor. While the underweight has been additive to returns over the past months, the stock rebounded somewhat along with the Brazilian market. An overweight to Walmart Mexico also hurt returns in January, as the consumption outlook in Mexico remains lacklustre.

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We made few changes to the portfolio in January. In Mexico, we rotated some exposure from Banorte to convenience store operator FEMSA. FEMSA has underperformed, but is a defensive position with a sizeable USD cash position on its balance sheet. We initiated a position in Ero Copper, which is a Canadian copper miner with their main operations in Brazil, reflecting the team's positive view on the commodity. We also exited IRB, the Brazilian reinsurance company, after the stock reached our target price.

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Mexico is the largest portfolio overweight as at the end of January. Brazil is our second largest overweight. On the other hand, the largest underweight is Peru. The second largest portfolio underweight is Chile.Â

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Outlook

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We remain optimistic about the outlook for Latin America. While 2024 has been a difficult year for the region, we are now entering 2025 with many asset prices trading at attractive levels. Robust growth in the US paired with the election of Donald Trump has catapulted bond yields in the US higher over the recent months, despite the reduction in rates by the US central bank. This has been a headwind for asset prices outside the US.

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However, as contrarian investors, we always like to ask ourselves the question, how much is already priced in?

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We believe the answer to that question is: a lot. In Brazil, many stocks trade on single-digit multiples while paying double-digit dividend yields. For instance, Cyrela, the Brazilian real estate developer and a big holding of ours, trades on 4x price-to-earnings and pays an 11% dividend yield (consensus estimates). 5-year inflation-protected bonds in Brazil now offer a yield north of 7% and two year sovereign bonds have a nominal yield of circa 15%. The Brazilian Real alsoÂ declined by 23% in 2024, making Brazilian exports much more competitive.

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However, there is a reason why Brazilian assets trade at these cheap multiples. In Brazil, it is all about fiscal. While one can argue that the primary deficit that the Brazilian government has achieved in 2024 is not that bad relative to initial expectations, the quality of the result is questionable. This outcome was largely driven by significant pressure from financial markets and includes numerous one-off revenues. As a result, the Brazilian government has lost credibility and local and foreign investors now require a much higher return to keep lending to the government.

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We remain firm believers in our macro process. In line with our process, we believe that these elevated rates will lead to a decline in economic activity, less pressure on inflation and thus lower interest rates down the line. This in turn should lift the multiples of equities. At the same time, the currency is supported by competitive exports and lower economic activity will keep a lid on imports. Any improvement on the fiscal side would jumpstart a recovery in asset prices and we think it is in the governmentâ€™s interest to bring rates down. However, as a result of these elevated rates, we have reduced our exposure to levered companies within the country which we believe will fare better in 2025.Â

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Mexico is another country that struggled in 2024 in terms of asset price performance, albeit for different reasons than Brazil. While in Brazil it is all about fiscal, in Mexico the government has hurt asset price performance by announcing a highly controversial judicial reform that raises question marks about future judicial independence and the rule of law. Trump's election victory and his vocal criticism of Mexico exacerbated the challenges later in the year. However, similar to Brazil, we believe that much of this is already reflected in the pricing of Mexican assets.

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Due to the volatility that Mexico has faced in 2024, the Mexican central bank has been relatively more cautious in reducing rates, finishing the year with its benchmark rate still at 10%, even though inflation has receded to around 4%. We therefore see scope for rate cuts to accelerate in 2025 and support asset price performance. Meanwhile, Banorte, one of Mexicoâ€™s largest lenders and a key holding of ours, trades on 7x price-to-earnings and pays an 8% dividend (consensus estimates). Furthermore, despite all the noise from the northern border, we do not see a change in the secular trend of nearshoring of supply chains, even if Trump applies tariffs as a negotiation tactic. Mexico therefore remains our biggest overweight in the portfolio.

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The portfolio is underweight the rest of Latin America to fund these high conviction positions in Brazil and Mexico. Peru, Chile and Colombia have all seen the benefits of lower interest rates in 2024. In our view, Mexico is bound to catch up to that and Brazil is so cheap that any minor improvement could result in a market rally. We are also firm believers that investing in Latin America demands patience and the ability to hold and increase portfolio positions when others in the market are retreating.

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Regarding Argentina, we are happy to see that the country is back on a path towards economic orthodoxy, which we believe will significantly benefit society in the medium term. We also acknowledge that we have been too sceptical regarding what Milei will achieve in his first year in power. However, part of the government's strategy involves tolerating an overvalued exchange rate to achieve the primary goal of keeping inflation low. This approach comes at the expense of accumulating much-needed US dollar reserves. The fact that Argentinians are traveling to neighbouring countries such as Chile, Uruguay, and Brazil for holidays is a classic sign that the exchange rate may be misaligned. The government is aware of this and is pursuing their policy for a reason, but we believe the situation is very delicate, and we are uncertain whether all foreign investors are fully aware of the risks involved.

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¹Source: BlackRock, as of 31 January 2025.

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14 February 2025

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