

## SPIVA<sup>®</sup> Latin America Scorecard

### Contributors

**María Sánchez, CIPM**  
Associate Director  
Global Research & Design  
[maria.sanchez@spglobal.com](mailto:maria.sanchez@spglobal.com)

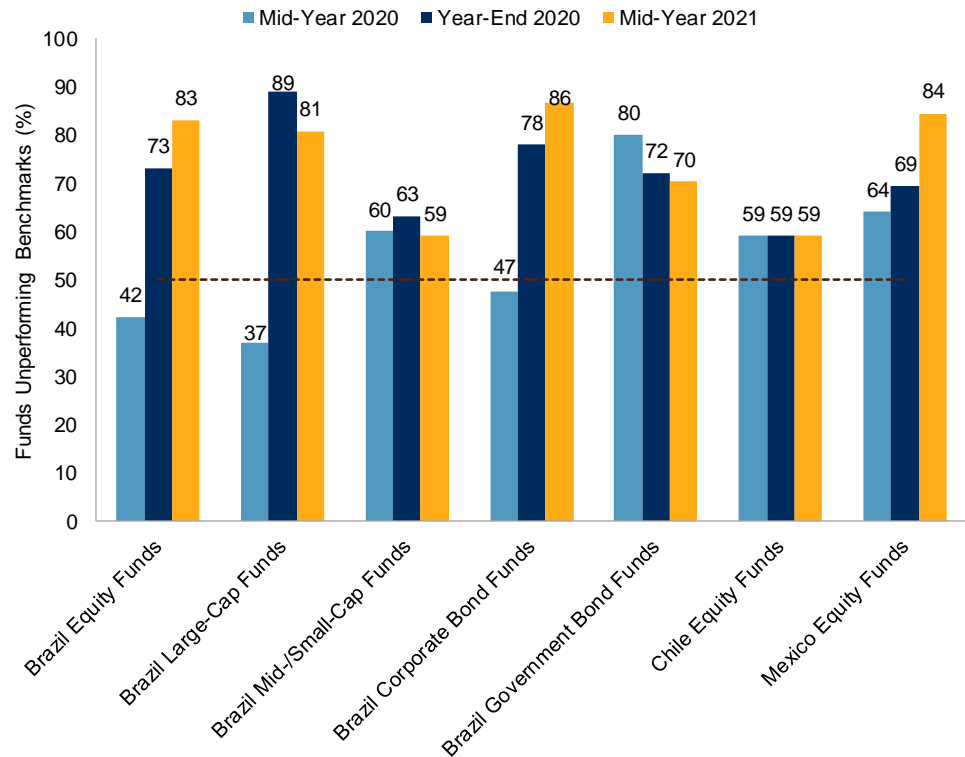
**Gaurav Sinha**  
Managing Director  
Global Research & Design  
[gaurav.sinha@spglobal.com](mailto:gaurav.sinha@spglobal.com)

### SUMMARY

The S&P Indices Versus Active (SPIVA) Latin America Scorecard compares the performance of actively managed mutual funds in Brazil, Chile, and Mexico to their benchmarks over 1-, 3-, 5-, and 10-year periods.

Markets continued recovering during the first half of 2021. The recovery was accompanied by some inflationary pressures and, in turn, central banks increasing interest rates. Although volatility has dropped from 2020's closing levels, it is still above pre-pandemic levels in the three countries covered in this report. Despite this environment, the majority of active managers across categories failed to outperform, especially over longer periods.

### Exhibit 1: Percent of Domestic Equity Funds Underperforming Benchmarks in Trailing One-Year Period



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2021. Outperformance is based on equal-weighted fund counts. Index performance based on total return in local country currency. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

**Experience the active vs. passive debate on a global scale.**

## Brazil

- The Brazilian equity market's upward trend at year-end 2020 extended into the first half of 2021, although a little more moderately, with the [S&P Brazil BMI](#) gaining 6.74% YTD and 36.87% over the past 12 months (see Report 3). Large-cap and mid-/small-cap companies also recovered during the first half of 2021, returning 4.29% and 12.36%, respectively, as measured by the S&P Brazil LargeCap and S&P Brazil MidSmallCap. On the other hand, the National Monetary Council reversed the policy interest rates (Selic) trend by increasing it 225 bps, from 2.00% to 4.25%, in the first half of 2021.<sup>1</sup>
- Over the one-year period, most active fund managers underperformed their benchmarks in all categories: 83.06% of Brazil Equity Funds, 80.80% of Brazil Large-Cap Funds, and 59.09% of the Brazil Mid-/Small-Cap Funds underperformed their benchmarks. In addition, active managers from all categories fared poorly relative to their respective benchmarks over all periods observed, particularly in the mid-/small-cap category, where just 8.70% and 8.33% of managers were able to beat their benchmark over the 5- and 10-year periods, respectively (see Report 1).
- The majority of active bond fund managers underperformed their benchmarks over all the periods observed. Moreover, in this report, we observed the worst survival rate for Brazil Corporate Bond Funds over the 5- and 10-year periods in history, with 25.00% and 29.79% surviving, respectively (see Report 2).

## Chile

- The continued 3.83% recovery seen in Chilean equities over the first half of 2021 led to a 9.38% return for the 12-month period ending in June 2021, as measured by the [S&P Chile BMI](#).
- The majority of active equity fund managers underperformed the S&P Chile BMI over all periods studied but especially over the longer time periods, with 92.50% and 97.78% of active funds underperforming the benchmark over the 5- and 10-year periods, respectively (see Report 1). Funds underperformed the benchmark by medians of 1.95% and 2.24% over the 5- and 10-year periods, respectively (see Report 5).
- Smaller funds performed relatively better than larger funds over all observed periods on an equal-weighted basis (see Report 3) versus an asset-weighted basis; the greatest difference was in the 10-year period, at 104 bps, as asset-weighted funds posted 2.84% and equal-weighted funds posted -1.80% (see Report 4).

## Mexico

- The S&P/BMV IRT gained 15.46% over the first half of 2021, resulting in a 36.87% return for the past 12 months. The majority of active managers underperformed the S&P/BMV IRT over all periods observed, with the worst result over the 10-year period, with 88.89% of the funds underperforming their benchmark (see Report 1).

<sup>1</sup> <https://www.bcb.gov.br/estatisticas>

- Median fund underperformance was 6.88%, 3.30%, 3.76%, and 2.39% for the 1-, 3-, 5-, and 10-year periods, respectively (see Report 5). Not even managers in the first quartile managed to outperform the benchmark in any period.
- Despite the poor performance of the active managers in the first half of the year, the survival rates of active funds in Mexico were the highest of Latin America, at 100%, 93.62%, 90.70%, and 77.78% over the 1-, 3-, 5-, and 10-year periods, respectively (see Report 2); this marked five scorecards in a row for the three- and five-year periods.
- Smaller funds performed relatively better than larger funds over all observed periods on an equal-weighted basis, especially over the one-year period, with 244 bps of difference (see Report 3).

## A UNIQUE SCORECARD FOR THE ACTIVE VERSUS PASSIVE DEBATE

Beyond the SPIVA Scorecard's widely cited headline numbers is a rich data set that addresses issues of measurement techniques, universe composition, and fund survivorship that are less frequently discussed but are often fascinating. These data sets are rooted in the fundamental principles of the SPIVA Scorecard, with which regular readers will be familiar, including the following:

- **Survivorship Bias Correction:** Funds might be liquidated or merged during a period of study. However, for someone making an investment decision at the beginning of the period, these funds are part of the opportunity set. Unlike other commonly available comparison reports, SPIVA Scorecards account for the entire opportunity set, not just the survivors, thereby eliminating survivorship bias.
- **Asset-Weighted Returns:** Average returns for a fund group are often calculated using only equal weighting, which means the returns of a relatively large (by net assets) fund affect the category average in the same manner as the returns of a relatively small fund. An accurate representation of how market participants fared in a particular period can be found by calculating weighted average returns, in which each fund's return is weighted by net assets. SPIVA Scorecards show both equal- and asset-weighted averages.
- **Data Cleaning:** SPIVA Scorecards avoid double counting multiple share classes in all count-based calculations by using only the share class with the greatest assets. Index, leveraged, and inverse funds, along with other index-linked products, are excluded from the results, as this is meant to be a scorecard for active managers.

## REPORTS

Report 1: Percentage of Funds Outperformed by the Benchmark					
FUND CATEGORY	COMPARISON INDEX	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	10-YEAR (%)
Brazil Equity Funds	S&P Brazil BMI	83.06	65.86	82.89	86.04
Brazil Large-Cap Funds	S&P Brazil LargeCap	80.80	70.59	64.10	80.95
Brazil Mid-/Small-Cap Funds	S&P Brazil MidSmallCap	59.09	81.25	91.30	91.67
Brazil Corporate Bond Funds	Anbima Debentures Index (IDA)	86.49	91.30	95.31	93.62
Brazil Government Bond Funds	Anbima Market Index (IMA)	70.26	79.51	83.28	85.64
Chile Equity Funds	S&P Chile BMI	58.97	68.18	92.50	97.78
Mexico Equity Funds	S&P/BMV IRT	84.44	87.23	83.72	88.89

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2021. Outperformance is based on equal-weighted fund counts. Index performance based on total return in local country currency. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

<b>Report 2: Fund Survivorship</b>		
<b>FUND CATEGORY</b>	<b>NO. OF FUNDS AT START</b>	<b>SURVIVORSHIP (%)</b>
<b>1-YEAR</b>		
Brazil Equity Funds	301	98.34
Brazil Large-Cap Funds	125	96.00
Brazil Mid-/Small-Cap Funds	88	94.32
Brazil Corporate Bond Funds	111	90.99
Brazil Government Bond Funds	306	96.08
Chile Equity Funds	39	92.31
Mexico Equity Funds	45	100.00
<b>3-YEAR</b>		
Brazil Equity Funds	249	85.54
Brazil Large-Cap Funds	85	88.24
Brazil Mid-/Small-Cap Funds	64	84.38
Brazil Corporate Bond Funds	138	48.55
Brazil Government Bond Funds	283	84.81
Chile Equity Funds	44	72.73
Mexico Equity Funds	47	93.62
<b>5-YEAR</b>		
Brazil Equity Funds	298	60.40
Brazil Large-Cap Funds	78	76.92
Brazil Mid-/Small-Cap Funds	69	63.77
Brazil Corporate Bond Funds	192	25.00
Brazil Government Bond Funds	287	71.43
Chile Equity Funds	40	50.00
Mexico Equity Funds	43	90.70
<b>10-YEAR</b>		
Brazil Equity Funds	308	38.96
Brazil Large-Cap Funds	84	58.33
Brazil Mid-/Small-Cap Funds	60	48.33
Brazil Corporate Bond Funds	47	29.79
Brazil Government Bond Funds	195	68.72
Chile Equity Funds	45	40.00
Mexico Equity Funds	36	77.78

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2021. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

**Report 3: Average Fund Performance (Equal-Weighted)**

CATEGORY	1-YEAR (%)	3-YEAR (ANNUALIZED %)	5-YEAR (ANNUALIZED %)	10-YEAR (ANNUALIZED %)
S&P Brazil BMI	35.45	23.29	21.72	10.44
Brazil Equity Funds	29.14	22.69	19.09	8.63
S&P Brazil LargeCap	34.52	20.27	19.51	9.01
Brazil Large-Cap Funds	30.11	20.05	19.01	7.82
S&P Brazil MidSmallCap	36.73	29.76	26.38	13.49
Brazil Mid-/Small-Cap Funds	35.44	30.09	24.21	10.68
Anbima Debentures Index (IDA)	9.21	7.48	9.17	10.43
Brazil Corporate Bond Funds	6.81	4.50	4.94	8.32
Anbima Market Index (IMA)	3.55	8.53	9.63	10.68
Brazil Government Bond Funds	1.91	5.37	6.92	8.30
S&P Chile BMI	9.38	-6.42	1.72	-0.39
Chile Equity Funds	8.21	-6.58	1.03	-1.80
S&P/BMV IRT	36.87	4.40	4.27	5.35
Mexico Equity Funds	24.65	0.45	1.03	3.67

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2021. Index performance based on total return in local country currency. Funds are equal weighted, but indices are not. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

**Report 4: Average Fund Performance (Asset-Weighted)**

CATEGORY	1-YEAR (%)	3-YEAR (ANNUALIZED %)	5-YEAR (ANNUALIZED %)	10-YEAR (ANNUALIZED %)
S&P Brazil BMI	35.45	23.29	21.72	10.44
Brazil Equity Funds	30.01	22.29	18.98	10.36
S&P Brazil LargeCap	34.52	20.27	19.51	9.01
Brazil Large-Cap Funds	29.37	20.64	20.32	8.57
S&P Brazil MidSmallCap	36.73	29.76	26.38	13.49
Brazil Mid-/Small-Cap Funds	34.16	25.60	21.07	11.05
Anbima Debentures Index (IDA)	9.21	7.48	9.17	10.43
Brazil Corporate Bond Funds	6.12	5.24	7.17	8.98
Anbima Market Index (IMA)	3.55	8.53	9.63	10.68
Brazil Government Bond Funds	2.17	4.70	6.55	8.31
S&P Chile BMI	9.38	-6.42	1.72	-0.39
Chile Equity Funds	7.98	-7.23	0.35	-2.84
S&P/BMV IRT	36.87	4.40	4.27	5.35
Mexico Equity Funds	22.21	-0.89	0.06	3.60

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2021. Index performance based on total return in local country currency. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

<b>Report 5: Quartile Breakpoints of Funds</b>			
<b>FUND CATEGORY</b>	<b>THIRD QUARTILE</b>	<b>SECOND QUARTILE</b>	<b>FIRST QUARTILE</b>
<b>1-YEAR</b>			
Brazil Equity Funds	24.70	28.35	33.54
Brazil Large-Cap Funds	26.78	31.96	33.69
Brazil Mid-/Small-Cap Funds	27.85	31.70	40.76
Brazil Corporate Bond Funds	4.37	5.80	8.23
Brazil Government Bond Funds	0.99	1.82	4.96
Chile Equity Funds	4.64	8.90	12.15
Mexico Equity Funds	11.45	29.99	35.50
<b>3-YEAR</b>			
Brazil Equity Funds	17.76	21.29	25.81
Brazil Large-Cap Funds	17.97	19.26	21.11
Brazil Mid-/Small-Cap Funds	24.53	26.06	27.70
Brazil Corporate Bond Funds	4.09	5.09	6.39
Brazil Government Bond Funds	3.71	4.27	8.12
Chile Equity Funds	-8.47	-6.74	-5.39
Mexico Equity Funds	-5.48	1.10	3.89
<b>5-YEAR</b>			
Brazil Equity Funds	16.67	19.18	22.43
Brazil Large-Cap Funds	17.89	19.41	20.33
Brazil Mid-/Small-Cap Funds	19.71	21.72	25.08
Brazil Corporate Bond Funds	6.71	7.27	8.85
Brazil Government Bond Funds	5.60	6.52	9.57
Chile Equity Funds	-1.56	-0.23	0.49
Mexico Equity Funds	-4.10	0.51	3.60
<b>10-YEAR</b>			
Brazil Equity Funds	6.23	8.59	12.10
Brazil Large-Cap Funds	6.41	7.74	9.23
Brazil Mid-/Small-Cap Funds	8.32	11.09	12.70
Brazil Corporate Bond Funds	8.98	9.25	9.75
Brazil Government Bond Funds	7.55	8.46	10.13
Chile Equity Funds	-3.27	-2.62	-1.73
Mexico Equity Funds	1.70	2.96	3.95

Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2021. Index performance based on total return in local country currency. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

## APPENDIX A

### SPIVA Styles and Morningstar Fund Classifications

Data are obtained from Morningstar for all managed funds for which month-end data are available during the performance period. The SPIVA Latin America Scorecard covers country-specific funds for Brazil, Chile, and Mexico that are domiciled in the respective country markets and denominated in each country's local currency. The Morningstar classification system produces narrow, style-based classifications for funds.

Morningstar categories have been mapped to SPIVA peer groups as follows:

Exhibit 1: Fund Category Mapping	
MORNINGSTAR CATEGORY	SPIVA CATEGORY
<b>BRAZIL</b>	
Brazil Fund Brazil All-Cap Equity	Brazil Equity Funds
Brazil Fund Brazil Large-Cap Equity	Brazil Large-Cap Funds
Brazil Fund Brazil Small-/Mid-Cap Equity	Brazil Mid-/Small-Cap Funds
Brazil Fund BRL Corporate Bond	Brazil Corporate Bond Funds
Brazil Fund BRL Government Bond	Brazil Government Bond Funds
<b>CHILE</b>	
Chile Fund Chile Equity	Chile Equity Funds
<b>MEXICO</b>	
Mexico Fund Mexico Equity	Mexico Equity Funds

Source: S&P Dow Jones Indices LLC, Morningstar. Table is provided for illustrative purposes only.

## APPENDIX B

### Glossary – Reports

#### PERCENTAGE OF FUNDS OUTPERFORMED BY THE INDEX

We use funds with returns available for the entire period as the denominator. We determine the count of funds that have survived and beat the index and then report the index outperformance percentage.

#### SURVIVORSHIP (%)

The survivorship metric represents the percentage of funds in existence at the beginning of the time period that are still active at the end of the time period.

#### EQUAL-WEIGHTED FUND PERFORMANCE

Equal-weighted returns for a particular style category are determined by calculating a simple average return of all active funds in that category in a particular month.



## ASSET-WEIGHTED FUND PERFORMANCE

Asset-weighted returns for a particular style category are determined by calculating a weighted average return of all funds in that category in a particular month, with each fund's return weighted by its total net assets. Asset-weighted returns are a better indicator of fund category performance because they reflect the returns of the total money invested in that particular style category with more accuracy.

## QUARTILE BREAKPOINTS

The  $p^{\text{th}}$  percentile for a set of data is the value that is greater than or equal to  $p\%$  of the data but is less than or equal to  $(100-p)\%$  of the data. In other words, it is a value that divides the data into two parts: the lower  $p\%$  of the values and the upper  $(100-p)\%$  of the values. The first quartile border is the 75<sup>th</sup> percentile, which is the value separating the elements of a population into the lower 75% and the upper 25%. The second quartile border is the 50<sup>th</sup> percentile, and the third quartile border is the 25<sup>th</sup> percentile. For fund category quartiles in a particular time period, the data used are the return of the largest share class of the fund net of fees, excluding loads.

## SURVIVORSHIP BIAS

Some funds liquidate or merge during a period of study. This usually occurs due to continued poor performance by the fund. Therefore, if index returns were compared to fund returns using only surviving funds, the comparison would be biased in favor of the fund category. The SPIVA reports remove this bias in three ways. The first method to remove the bias is to use the entire investment opportunity set, made up of all funds in that particular category at the outset of the period, as the denominator for outperformance calculations. The second is to show explicitly the survivorship rate in each category. The final way is to construct a peer average return series for each category based on all available funds at the outset of the period.

## FEES

The fund returns used are net of fees, excluding loads.

## Indices

A benchmark index provides an investment reference against which fund performance can be measured.

### S&P BRAZIL BMI

The S&P Brazil BMI, a subset of the [S&P Global BMI](#), is designed to represent the Brazilian stock market.

### S&P BRAZIL LARGE CAP

The S&P Brazil LargeCap, a subset of the S&P Global BMI, is designed to represent large-cap stocks in the Brazilian market.

### S&P BRAZIL MIDSMALLCAP

The S&P Brazil MidSmallCap, a subset of the S&P Global BMI, is designed to represent mid- and small-cap stocks in the Brazilian market.

### S&P CHILE BMI

The S&P Chile BMI, a subset of the S&P Global BMI, is designed to represent the Chilean stock market.

### S&P/BMV IRT

The S&P/BMV IRT, the total return version of [S&P/BMV IPC](#), measures the performance of the largest and most liquid stocks listed on the Bolsa Mexicana de Valores.

### ANBIMA DEBENTURES INDEX (IDA)

The IDA represents a portfolio of debentures at market prices and serves as a benchmark for the segment. The index consists of all debentures priced by the Association.

### ANBIMA MARKET INDEX (IMA)

The IMA represents a portfolio of government securities at market prices, with an approximate range of 97% of the market segment.

## GENERAL DISCLAIMER

© 2021 S&P Dow Jones Indices. All rights reserved. S&P, S&P 500, S&P 500 LOW VOLATILITY INDEX, S&P 100, S&P COMPOSITE 1500, S&P 400, S&P MIDCAP 400, S&P 600, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, S&P TARGET DATE INDICES, S&P PRISM, S&P STRIDE, GICS, SPIVA, SPDR and INDEXOLOGY are registered trademarks of S&P Global, Inc. ("S&P Global") or its affiliates. DOW JONES, DJ, DJIA, THE DOW and DOW JONES INDUSTRIAL AVERAGE are registered trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, S&P Global, Dow Jones or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor, and S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other investment product or vehicle. S&P Dow Jones Indices LLC is not a tax advisor. A tax advisor should be consulted to evaluate the impact of any tax-exempt securities on portfolios and the tax consequences of making any particular investment decision. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

BMV is a trademark of Bolsa Mexicana de Valores, S.A.B. de C.V. and has been licensed for use by S&P Dow Jones Indices.