



# Results analysis: BlackRock Latin American

**BRLA is benefitting from booming LatAm markets.**

Update  
08 April 2026

- BlackRock Latin American (BRLA) delivered a USD NAV total return of 54.8% in the year ending 31/12/2025, or 44.1% in sterling, a year in which Latin America was the top performing major region. The MSCI EM Latin American Index also recorded a USD 54.8% total return. Share price returns were even higher at 65.1% in USD (53.7% in sterling).
- The two key markets of Mexico and Brazil both saw excellent returns, indices up 56.1% and 49.7% respectively in USD. Some smaller markets rich in commodities, such as Peru and Chile, delivered even better returns.
- As well as rising commodity prices, the region benefitted from a weak dollar and some election results seen as market friendly. Brazil's strong performance came despite rate hikes, and Mexico's despite a brief dip into recession. Despite the strong performance, valuations in the region remain cheap versus broad emerging market and global indices.
- BRLA's exposure to domestic Brazil was the largest source of absolute and relative performance. In particular, stocks in the country's real estate sector, healthcare and retail were top performers. Mining stocks were also major winners, including those in Brazil, Peru and Mexico; both copper and gold were strong thematic performers. Detractors included Globant, although the managers added to this on weakness. Penoles and Cemex of Mexico were underweight positions which detracted in relative terms.
- Brazil remained the largest country overweight at the end of the year, and the largest underweight Chile.
- Revenue return was up by 23.3%, boosted by higher ordinary and special dividends. The dividend policy is to pay 1.25% of end-quarter dollar NAV as a dividend, from capital if necessary, equivalent to an annualized yield of 5% of NAV.
- Due to underperformance of the benchmark over the four years to 31/12/2025, the board has decided to offer a 25% tender offer, the closing date for votes being 27/05/2026. The OCF of the company will be capped at 1.3% following the tender, no matter what the takeup. The board has proposed to offer a 100% tender offer if the trust underperforms over the next four-year period.

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- Board chair, Carolan Dobson, who is set to step down at this year's AGM, said: "Latin America is a region with its own attractive growth drivers, is less directly exposed to the tensions re-shaping the rest of the world and is cheaply rated relative to the rest of the world. As always this market is volatile but it currently has a lot going for it."

## Kepler View

If you want to outperform, you have to do something different, and if you had invested in LatAm last year, you would certainly have been doing something different. The region is an afterthought for most investors, making up a tiny allocation in the emerging market indices and an even smaller one in global indices – 0.1% of the MSCI ACWI. Yet it is responsible for 7.1% of global GDP, is a critical source of many commodities and has a large and growing middle class creating a wave of demand for goods and services higher and higher up the value chain.



The region can certainly be volatile, but there are good reasons to think it's strong run can continue. Brazil looks well set up for the coming year, with exceptionally high real interest rates. Rate cuts should be positive for equity valuations and economic activity. Meanwhile, October will see Presidential elections, with incumbent Lula trailing a more business-friendly candidate in the polls. Valuations are also still extremely low in relative terms, even after such a good 2025. And in a world seeing heightened geopolitical tensions, Latin American countries can generally trade with both the US and China, and are rich in the commodities required by reshoring of production, the renewables build out and AI data centre construction.

**BlackRock Latin American's (BRLA)** position in domestic Brazil looks particularly interesting to us. Rate cuts and political change could be a powerful combination for an exceptionally cheap market, and could encourage domestic investors to come back into their home equity market, providing strong technical pressure. We also think the team's reach as regional specialists places them well to take advantage of opportunities in the smaller countries in the region, which are even less likely to be covered by broad emerging markets funds. Commodities can be particularly important for these markets, and we note that they have in some cases been surprise beneficiaries of the AI trade, given demand for raw materials needed to build the infrastructure.

BRLA's board has committed to a 100% tender offer in four years' time which removes one of the risks of investing in a closed-ended vehicle while retaining the advantages of reduced cash drag, the ability to take on gearing, and being able to pay a dividend from capital – this last factor used to full effect by the trust. Investors can invest with confidence that they won't be forced to sell at a discount if the region falls out of favour in four years' time. We think there is a powerful case to overweight the region at this moment, and BRLA stands out as a way to do this.

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