

GBM GRUPO BURSÁTIL MEXICANO



Providing investment insight into the Mexican Market

ASSET MANAGEMENT CAPABILITIES

ASSET MANAGEMENT:

- Mexico's **largest independent asset manager**
- Over **30 years of experience**
- AUM*: **6 Billion US**
- Expertise: **Mexican Investments**
- Clients: **Individuals & Institutional**

INVESTMENT PRODUCTS:

- Mexican Equity
- Mexican Fixed Income
- Hedge Funds – Mexico Focused
- Private Equity Infrastructure in Mexico

INVESTMENT VEHICLES:

- Separately Managed Accounts / Mandates
- Mutual Funds – Mexican domicile
- Hedge Funds – US, Cayman & Canadian domicile
- UCITS IV fund – Luxembourg Domicile
- CKD – Mexican Domicile



OUR CORE STRENGTH: LOCAL KNOWLEDGE

Research Driven

- **GBM's research department** with 32 analysts (the most robust team in Mexico), covering 97% of the Mexican Bolsa's market cap.
- **Experienced Portfolio Managers**, with an independent buy-side analyst team searching for investment ideas using internal and external research.
- **Investment Committee** with an average experience of 22 years investing in the Mexican market reviewing portfolios on a weekly basis.
- **Close contact with companies** at all levels (investor relations, CFOs, CEOs, Owners).

Experienced Team

Name	Position	Years in the Market	Years at GBM
Jorge Rojas Mota Velasco	Founding Partner	34	28
Alonso de Garay Gutierrez	Founding Partner	34	28
Diego Ramos González de Castilla	Chairman of the Board and CEO	33	29
Fernando Ramos González de Castilla	Chief Investment Officer	35	29
Gerardo Madrazo Gómez	Fixed Income Strategist	33	33
Raymundo Leal Vargas, CFA	Managing Director, Asset Management	19	4
Fernando Castro Tapia	Portfolio Manager- Fixed Income	26	24
José Fierro Von Mohr	Portfolio Manager- Equities	16	16
Pedro de Garay Montero	Portfolio Manager- Multi-Strategy	12	12

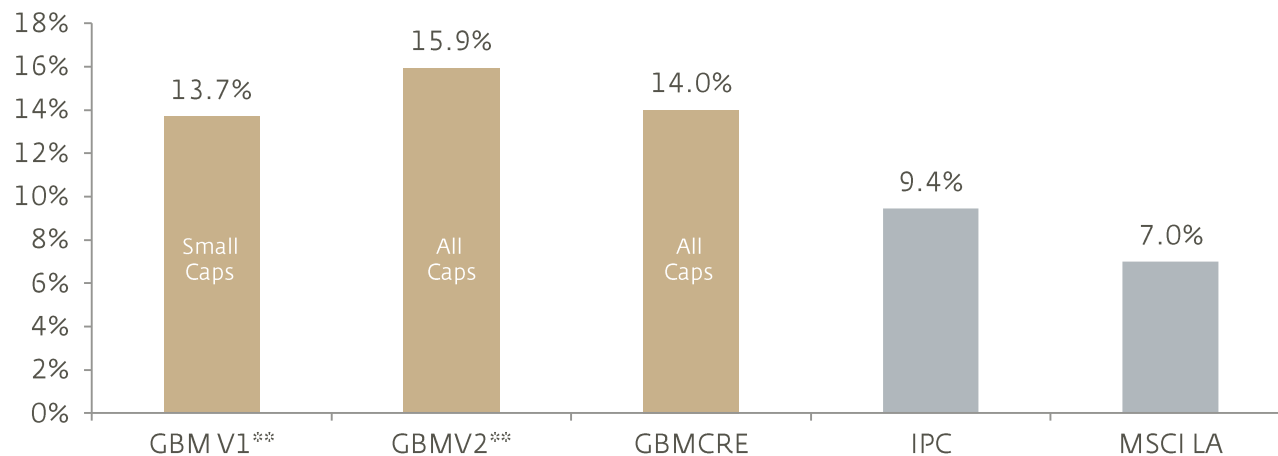
GBM FUNDS PERFORMANCE

**STRONGER
RETURNS**

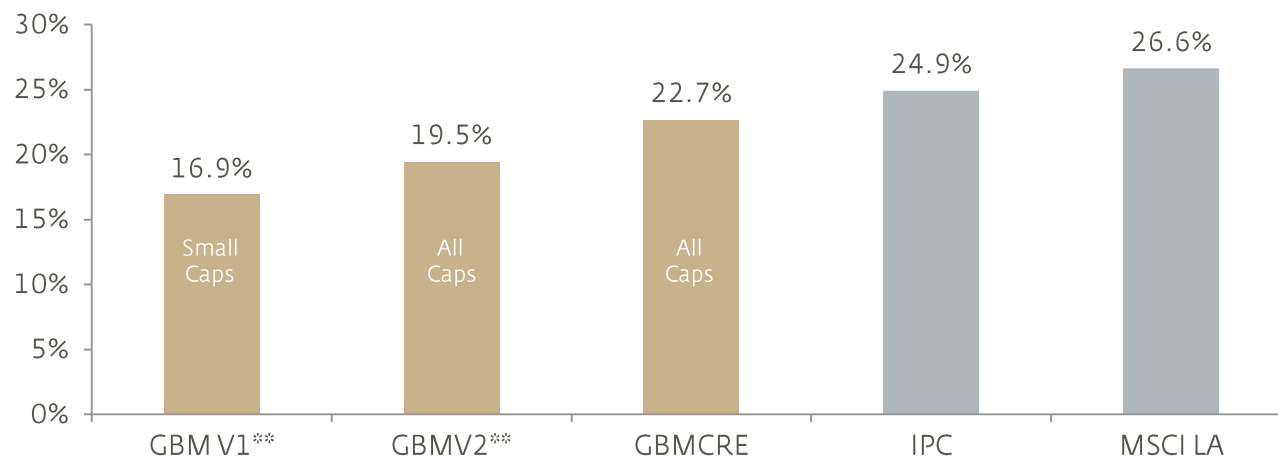
&

**LOWER
VOLATILITY**

ANNUALIZED RETURNS SINCE INCEPTION* IN USD



AVERAGE VOLATILITY SINCE INCEPTION* IN USD



CONSISTENTLY RANKED AS TOP PERFORMERS

Our funds consistently receive recognition as the best performing funds by institutions such as **Fund Pro** and **Morningstar**.

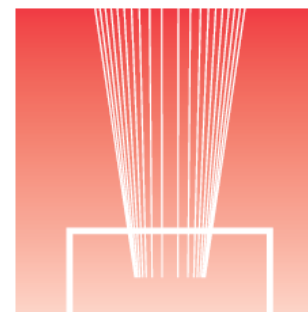
PLATINUM PERFORMANCE AWARD

***BEST ASSET MANAGER FOR
MEXICAN EQUITIES IN 2011***

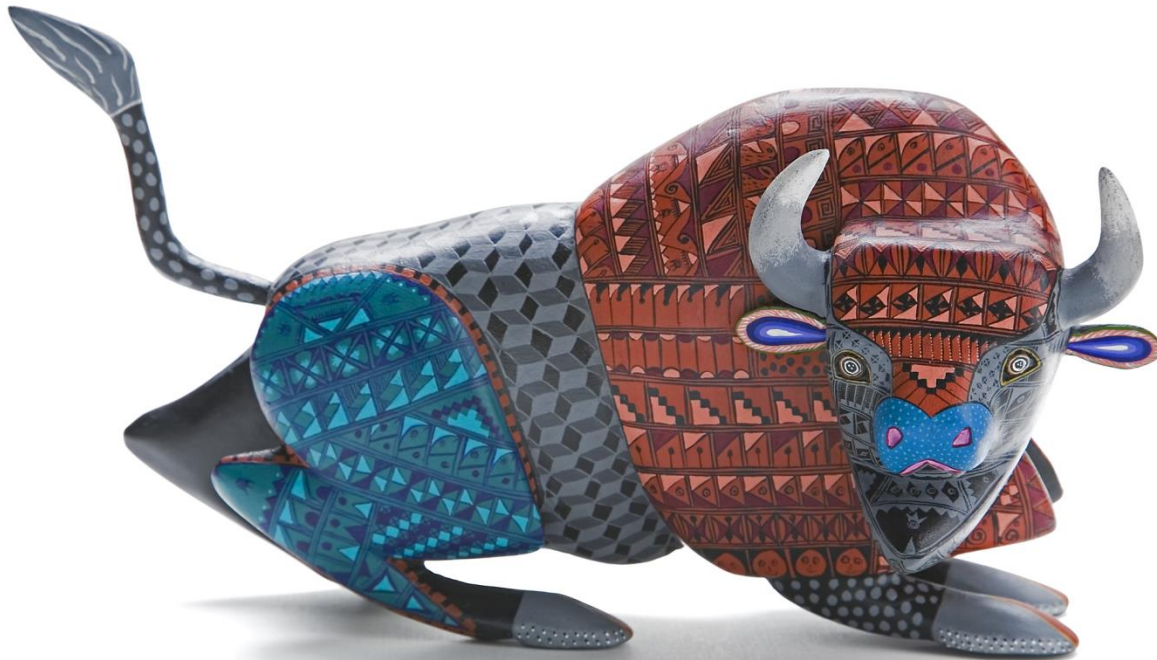


FUND PERFORMANCE AWARD

***BEST FUND FOR
MEXICAN EQUITIES IN
2013 & 2014***



**Awards
2013™**



OUR STRATEGIES

ALL-CAP MEXICAN EQUITY

GBMCRE

- **Ticker:** GBMCRE
- **Inception Date:** January 1, 2000
- **Fund Size:** US\$ 543 Million
- **Fund Type:** Long-only Mexican equity
- **Description:** The fund seeks returns by investing in Mexican companies with attractive valuations, regardless of their presence in the benchmark index.

Sector Allocation

Sector	%
Retail	15.2%
Infrastructure	10.2%
Telecommunications	9.4%
Chemicals	8.8%
Conglomerates	8.1%

Top 5 Holdings

Issuer	%
WALMEX	8.99%
AMX	8.95%
GMEXICO	7.15%
CEMEX	5.31%
MEXCHEM	4.31%

	Returns in USD														
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GBMCRE	-18.2%	17.9%	-7.1%	69.6%	51.4%	24.1%	50.0%	23.6%	-48.1%	57.6%	27.5%	-5.2%	32.3%	12.8%	-7.1%
IPC	-22.0%	18.5%	-15.1%	32.6%	47.9%	44.4%	46.2%	10.7%	-39.6%	49.9%	27.3%	-14.8%	27.8%	-3.6%	-10.7%

	Returns in USD							Average Volatility
	YTD	1M	1Y	3Y*	5Y*	10Y*	Since Inception*	
GBMCRE	0.2%	6.7%	-0.2%	8.3%	11.1%	12.0%	14.0%	22.7%
IPC	1.2%	8.4%	1.1%	0.2%	3.6%	9.1%	9.4%	24.9%

MEXICAN EQUITY UCITS IV FUND



MEXICO FUND

- **Ticker:** GBMMXI LX
- **Inception Date:** December 27, 2011
- **Fund Size:** US\$ 128 Million
- **Fund Type:** Long-only Mexican equity
- **Description:** A UCITS IV fund that seeks returns by investing in Mexican companies with attractive valuations, regardless of their presence in the benchmark index, while complying with the 5/10/40 rule.

Sector Allocation

Sector	%
Retail	15.3%
Beverages	10.9%
Chemicals	10.3%
Telecom	8.3%
Infrastructure	8.1%

Top 5 Holdings

Issuer	%
AMX	8.3%
WALMEX	7.8%
GMEXICO	7.6%
FEMSA	5.2%
GRUMA	4.7%

	Returns in USD*			
	2011	2012	2013	2014
Mexico Fund	-0.5%	30.2%	18.5%	-2.9%
IPC	0.4%	27.6%	-3.3%	-10.7%

Share Class B*	Returns(USD)*						Vol
	YTD	1M	3M	6M	1Y	SI**	SI
Mexico Fund	0.4%	6.5%	-7.0%	-14.4%	2.5%	13.8%	16.2%
IPC	1.2%	8.4%	-6.7%	-15.1%	1.1%	3.4%	18.7%

Data as of February 27, 2015

*Returns are net of a 1.75% Management Fee. ** Annualized return.

MEXICAN MULTI-STRATEGY FUND



MEXICO FUND I

- **Inception Date:** October 2009
- **Fund Size:** US\$ 58 Million
- **Fund Type:** México Focused Multi-Strategy
- **Description:** The fund invests in Mexican equity, fixed income and MXN/USD FX. It primarily uses a value focused, bottom-up, research driven approach for creating a concentrated portfolio of long-term investments.

Currency Exposure

Currency	%
MXN	83%
USD	17%

Asset Class Exposure

Issuer	%
Equity	65%
Cash	34%
Fixed Income	1%

	Returns in USD*					
	2009	2010	2011	2012	2013	2014
Mexico Fund I	13.5%	23.3%	3.0%	39.4%	17.8%	2.8%
IPC	13.4%	27.3%	-14.8%	27.8%	-3.6%	-10.7%

	Returns(USD)*							Vol
	YTD	1M	3M	6M	1Y	3Y**	SI**	SI
Mexico Fund I	0.0%	4.0%	-3.3%	-8.5%	5.7%	15.4%	17.9%	13.7%
IPC	1.2%	8.4%	-6.7%	-15.1%	1.1%	0.2%	6.0%	20.2%



DECISION MAKING PROCESS

THE MEXICO EQUITY TEAM CONSIST OF:



Long-Only Strategies

- 6 Investment Committee members
- 1 Portfolio Manager
- 1 Trader
- 1 Economist
- 5 Analysts
- 1 back-office manager

Multi-Strategy Funds

- 6 Investment Committee members
- 1 Portfolio Manager
- 3 Analysts
- 1 Trader
- 1 back-office manager

The Investment Committee functions are:

- I. Review investments made during the week
- II. Review that investments are in accordance to the mandate
- III. Provide investment ideas to the PM

Name	Years of Investment Experience	Years at GBM	Position
Gerardo Madrazo	33	33	Fixed Income Strategist
Fernando Ramos	35	29	Chief Investment Officer
Fernando Castro	26	24	Fixed Income PM
Jose Fierro	16	16	Equity PM
Pedro de Garay	12	12	Multi-Strategy PM
Raymundo Leal , CFA	18	4	Director of Asset Management

- **ACTIVE MANAGEMENT**

At GBM we aim to add value by identifying companies with effective management and strong business models at attractive valuations. Good stock-picking is the key to our performance. We downplay benchmarks in portfolio construction in order to invest in our high conviction ideas.

- **LONG-TERM FOCUS**

We are long-term investors using a buy-and-hold strategy. Our portfolios have low turnover. We rarely pursue short-term returns in any of our equity strategies.

- **RESEARCH DRIVEN:**

Research is the core of our investment strategy. Our research team is the most robust in Mexico. To generate new investment ideas we combine GBM' s internal research with the best external research available on the market.

■ Companies we select display:

- Dominant, simple & profitable business models
- Clearly recognizable competitive advantages
- Strong prospects of cash flow generation
- Resilient business models

■ All of our decisions consider the following variables:

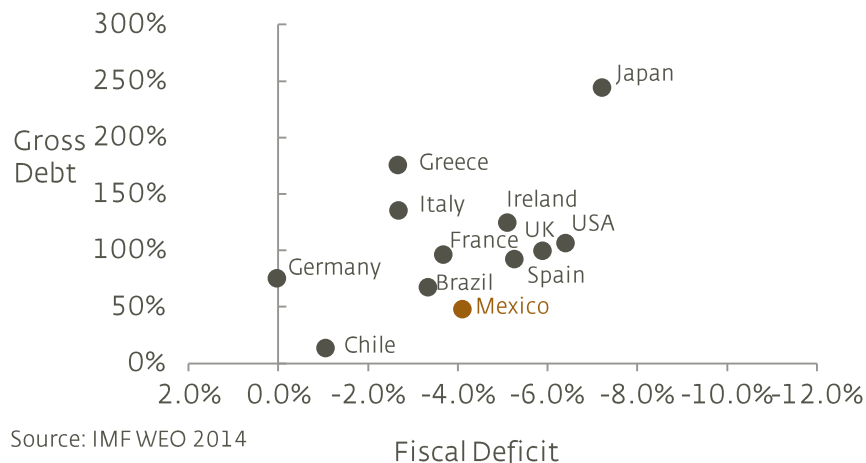
Variables	Criteria
1) Management quality	Track record, accountability, independent board members, reliable information
2) Attractive valuations	FCF Models, Multiples (EV/EBITDA, P/E etc) and SOTP (Sum of the Parts)
3) Growth of the sector and the company	Favorable current prospects, international environment, trends (defensive sectors), competition, capacity and growth.
4) Profitability	EVA, ROIC, WACC, ROE
5) Balance (financial coverage)	Liquidity, solvency, leverage and short-term debt
6) Liquidity in the market	Primarily in the high and middle range

- Fair value reached or valuations are no longer attractive
- The story or growth prospects have changed
- Sector view or macro environment changes
- Changes in management or business environment
- Market conditions (ex. change in index composition)
- Better opportunities develop

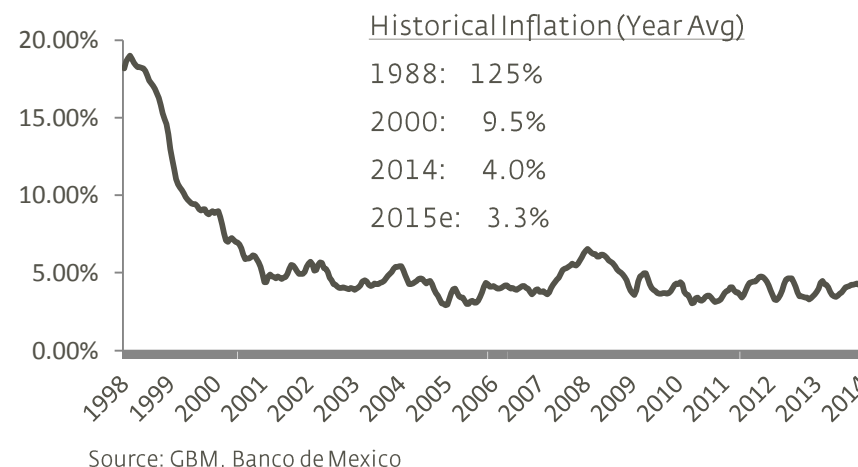


MEXICO TODAY

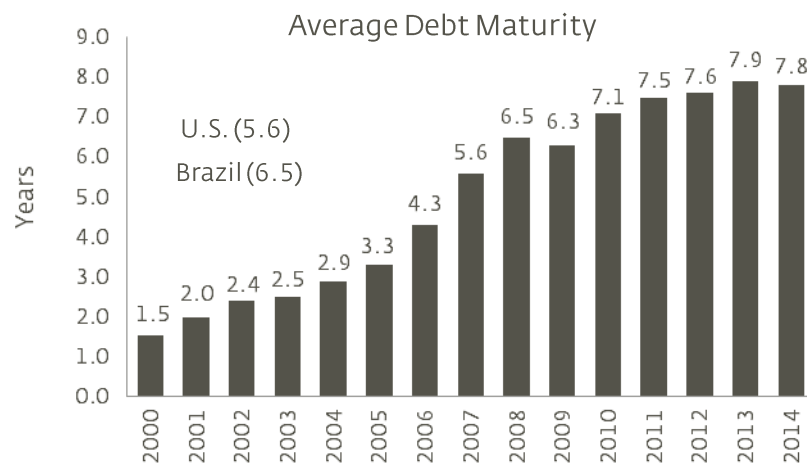
CONTROLLED FISCAL DEFICITS & LOW LEVELS OF DEBT



A STABLE INFLATIONARY OUTLOOK

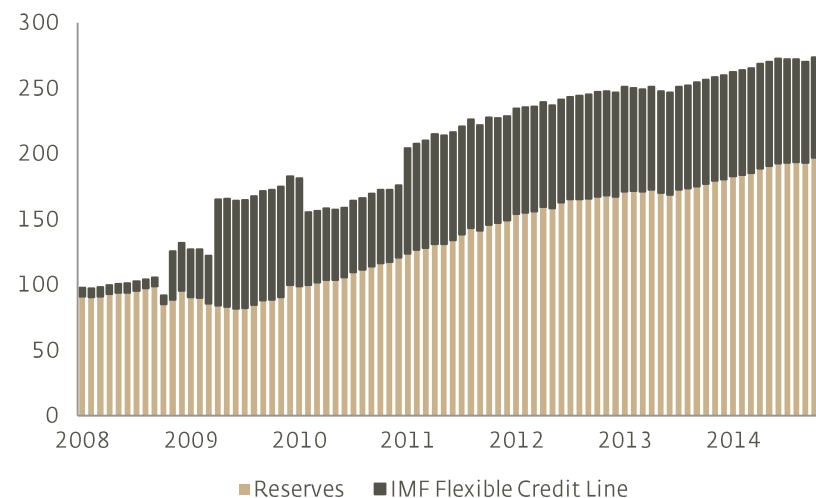


FEDERAL ACCESS TO L. T. DEBT AT LOW FIXED RATES



Source: Banco de Mexico, December 2014

INTERNATIONAL RESERVES AT ALL-TIME HIGHS



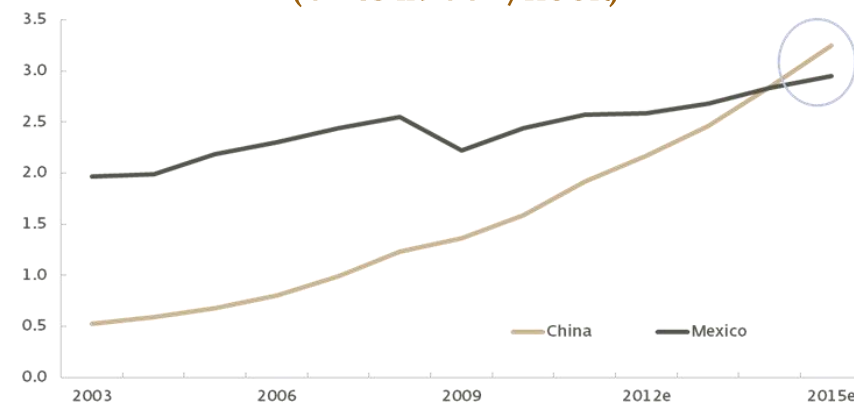
Source: Banco de Mexico

A COMPETITIVE ECONOMY

NEIGHBOR TO THE WORLD'S LARGEST MARKET

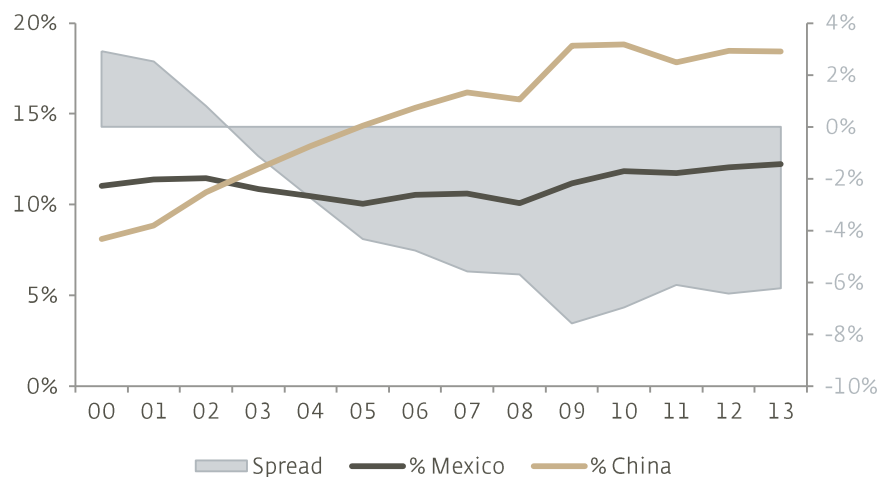


COMPETITIVE WAGES (ULCs IN USD/HOUR)



Source: GBM Research, ILO, INEGI

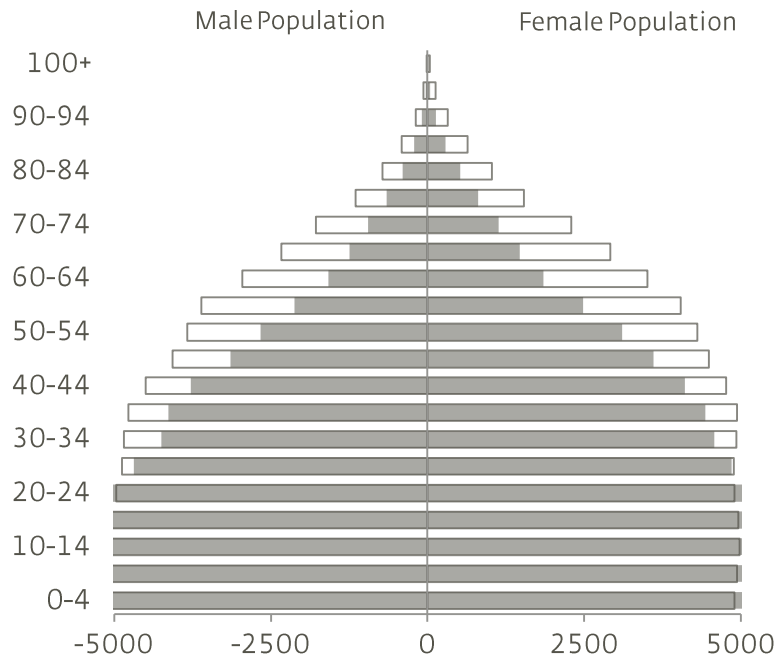
REGAINING MARKET SHARE OF US IMPORTS



Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade

GROWING MIDDLE CLASS

GROWING POPULATION

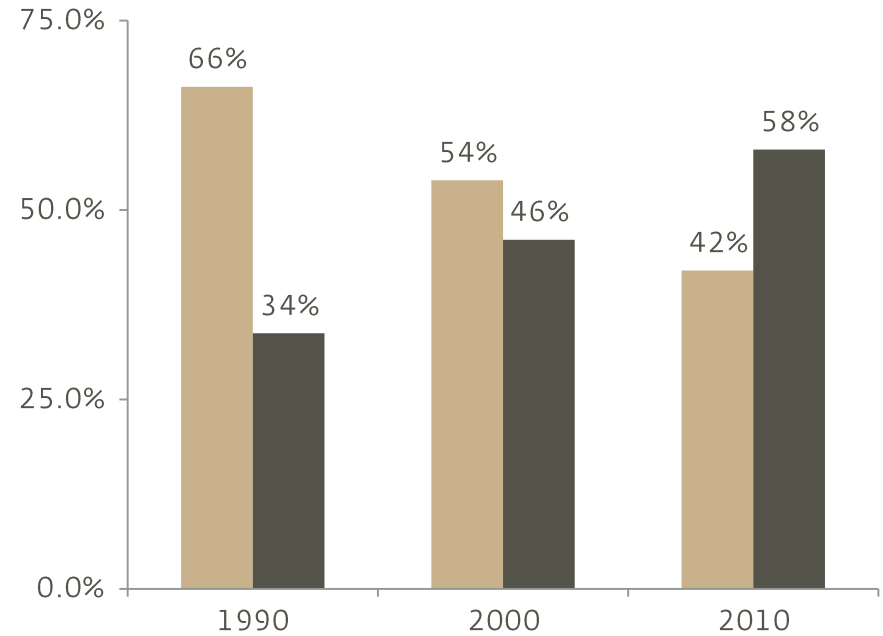


FIGURES IN THOUSANDS

 CURRENT, 115 MILLION

 2030e, 135 MILLION

GROWING MIDDLE CLASS

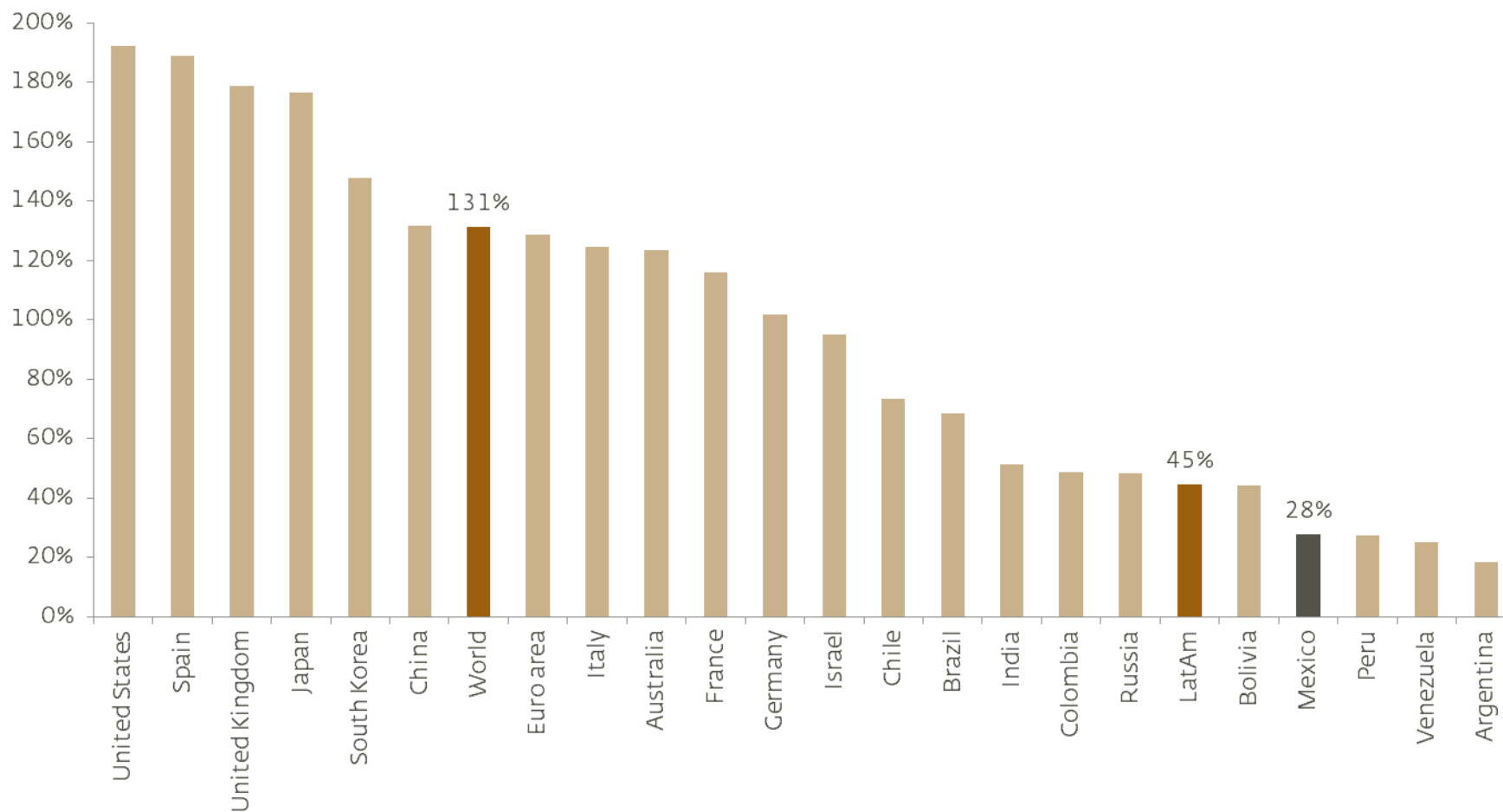


 POPULATION EARNING UNDER 2X MINIMUM WAGE

 POPULATION EARNING OVER 2X MINIMUM WAGE

5 YEAR AVG. UNEMPLOYMENT RATE: 5.05%

DOMESTIC CREDIT TO THE PRIVATE SECTOR AS % OF GDP



INCREASING CAPITAL FLOWS INTO MEXICAN MARKETS

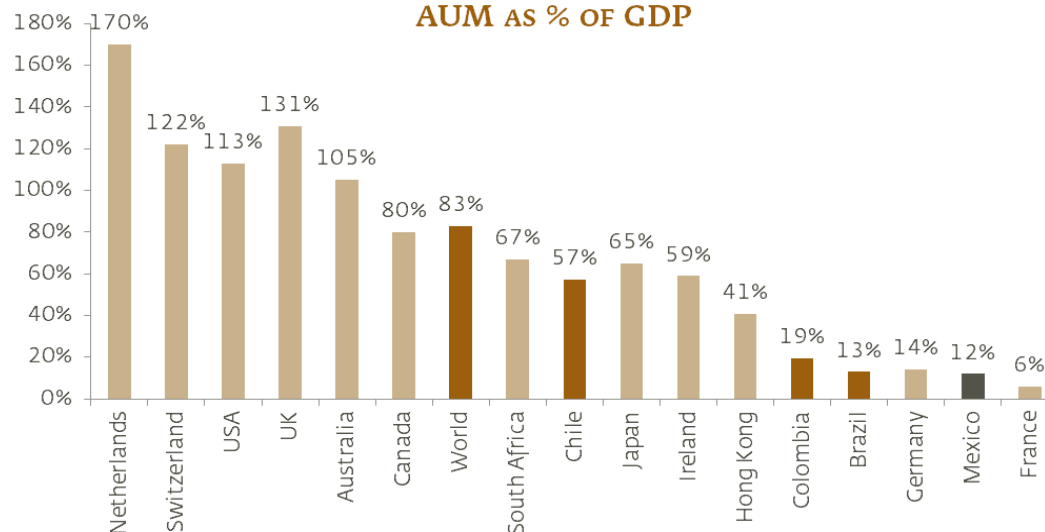
GROWING MANDATORY PENSION FUND ASSETS...

- AUM: US\$ 161bn
- eAUM for 2030 US\$ 1,050 bn

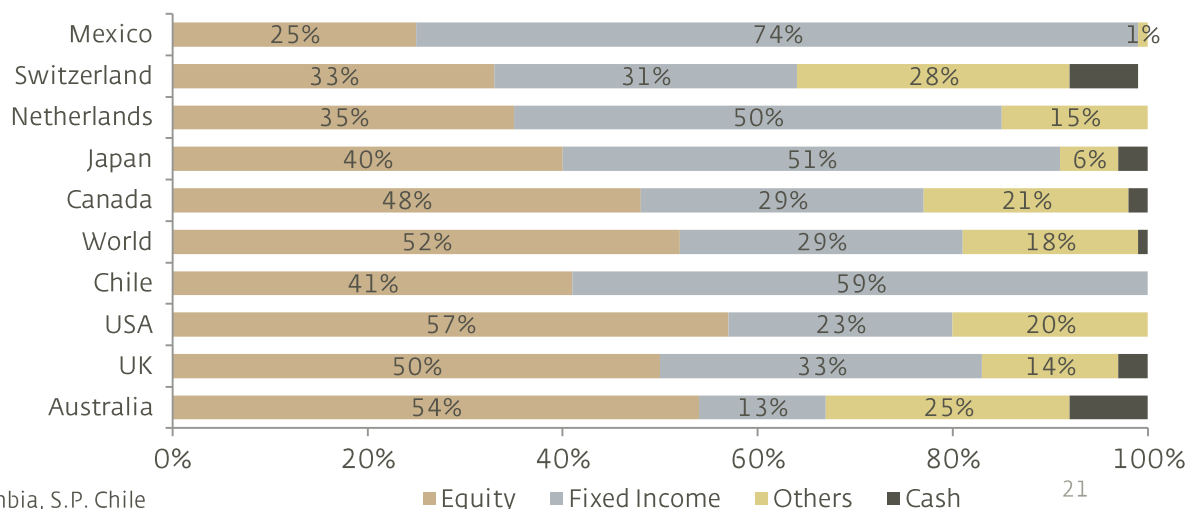
...CONTINUOUSLY INCREASING INVESTMENTS IN THE MARKETS

- Equity Allocation Limit: 30%
- Current Allocation: 24.5%
 - Local: 7.4%
 - Intl.: 17.1%

AUM AS % OF GDP



DISTRIBUTION OF PENSION FUND ASSETS



Structural Reforms

LABOR REFORM

- Status: Approved
- Goals: Increase flexibility of hiring and firing and allow short-term contracts.

EDUCATION REFORM

- Status: Approved
- Goals: Reduce the power of the teacher's union. Improve the educational system.

TELECOM, MEDIA AND COMPETITION REFORM

- Status: Approved
- Goals: Fight monopolies and improve competitiveness.

FINANCIAL REFORM

- Status: Approved
- Goals: Encourage lending activity and introduce guarantees for lenders the collection process.

ENERGY REFORM

- Status: Approved
- Goals: Improve the competitiveness of Mexico's energy sector.

FISCAL REFORM

- Status: Approved.
- Goals: Increase government revenues.

POLITICAL REFORM

- Status: Approved
- Goals: Campaign finance reform. Restructuring rules for political alliances. Allow reelection of certain government officials.

WHAT ARE THE CONCERNS?

The Concerns

I. Oil prices have fallen creating a budget problem

- Oil as a percentage of government revenues: 33%

II. Lower oil prices will reduce the effects of the energy reform

- Only a fraction of energy related investments will remain viable

THE COUNTER-WEIGHTS

I. Oil prices have fallen creating a budget problem

- The 2015 budget contemplated \$79/ barrel and production was fully hedged at \$76.4/barrel
- For 2016 and onward, the impact on GDP will be partly offset by:
 - Reduced cost of imported petroleum products
 - Added profits from gasoline sales (fixed prices convert a subsidy into a tax)
 - The net effect is estimated at between -0.7% (Mexican CB) and 1.4% (high end of GBM est.) of GDP.
- However, said deficit can be reduced by several other new revenue streams:
 - Auctioning off of two new television stations
 - Mexico City's new airport
 - Round I of the energy reform bidding process
 - Licensing of infrastructure projects

THE COUNTER WEIGHTS

II. Lower oil prices will reduce the effects of the energy reform

- Many oil projects remain viable at current price levels; deep water fields and non-conventional projects are the only ones affected.
- The energy reform is not all about increasing oil production. The most immediate effects will come from a reduction in energy costs for companies.
 - The energy reform opens the door to private competition for CFE in electricity generation
 - 40% of energy is still generated with fuel oil. This will be migrated to gas (40% cheaper).
 - Infrastructure is being built to bring cheap gas from the US to the interior of Mexico.

THEMES WE ARE WATCHING

- **Consumption Story**

- Demographic bonus
- Improving middle class
- Low credit penetration

- **Manufacturing**

- Strategic location
- Competitive wages
- Increasing exports to the US

- **Infrastructure**

- Large deficit
- Strong government initiative

- **Energy reform**

- Cheaper energy for industrial and manufacturing sector



MEXICAN EQUITY MARKET

Providing investment insight into the Mexican Market

THE MEXICAN EQUITY MARKET

- Publicly listed companies **143**
- Mexbol Market Cap **553 billion USD**
- Float **37.8%**
- Main country index **Indice de precios y cotizaciones (IPC)**
- Investible companies* **100**
- Holdings in the index **35**
- Market Cap Distribution

Range (Market Cap USD)	Number of Companies	%	Market Cap	%
Above \$10,000 mn	17	15%	387,090,067,388	70.1%
Above \$1,000 mn below \$10,000 mn	46	41%	144,862,331,011	26.2%
Below \$1,000 mn	50	44%	20,564,514,776	3.7%
Total	113		552,516,913,175	

- Liquidity Distribution

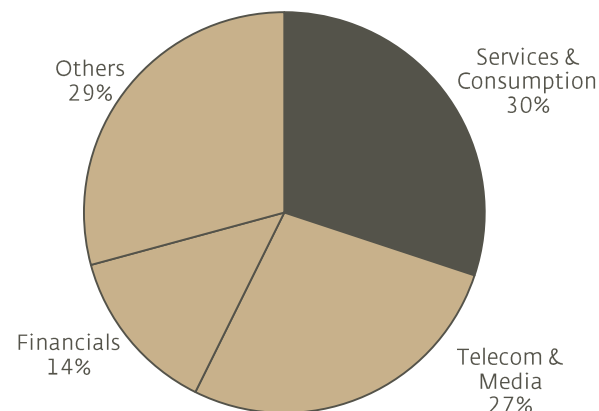
Range (Average Traded Volume USD)	Number of Companies	%
5,000,000+	29	25.7%
5,000,000–1,000,000	22	19.5%
Below 1,000,000	62	54.9%
Total	113	

THE INDEX MAKES CONCENTRATED BETS

IPC Index Stock Concentration

	Company	Sector	Weight	
1.	AMX	Telecom	18.2%	
2.	FEMSA	Beverages/Consumption	10.5%	
3.	TLEVISA	Media	9.0%	
4.	GFNORTE	Financials	7.3%	
5.	CEMEX	Construction Materials	7.0%	44.7%
6.	GMEXICO	Metals & Mining	6.8%	
7.	WALMEX	Retail	5.9%	
8.	ALFA	Conglomerates	4.6%	
9.	GFINBUR	Financials	2.5%	
10.	KOF	Beverages	2.5%	70.1%

IPC Index Industry Concentration



5 YEAR EV/EBITDA

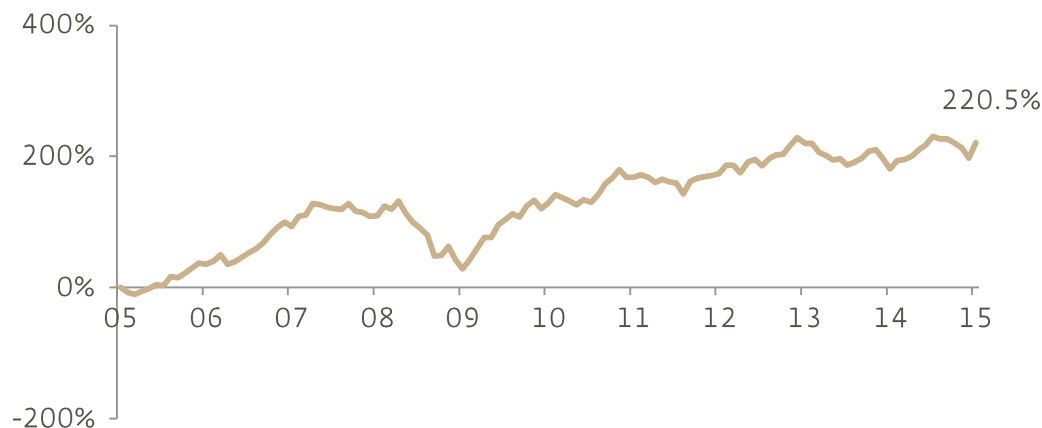


5 YEAR P/E

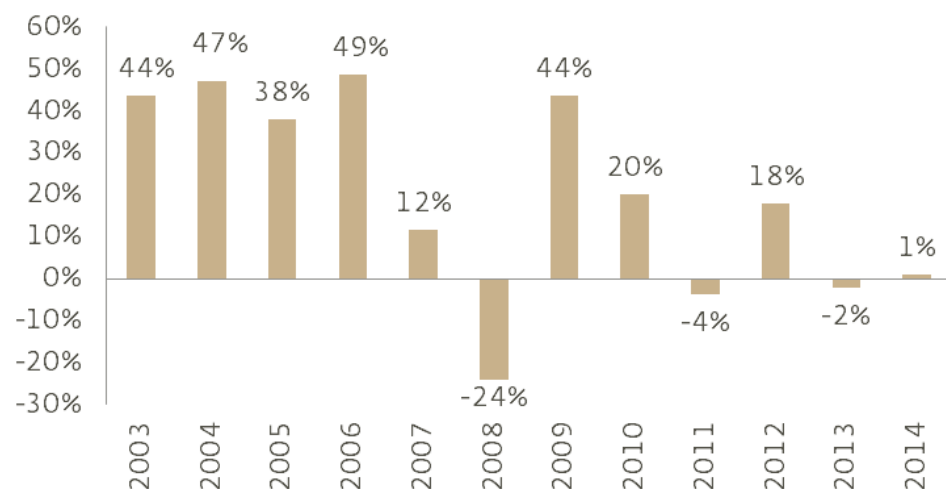


VARIABILITY OF MARKET RETURNS

10 Year Growth of the IPC Index



IPC Index Annual Returns Since 2003



	2013		2014
GRUMA	151.72%	GRUMA	59.55%
PINFRA	81.00%	IENOVA	41.19%
ALSEA	58.22%	GAP	32.84%
IENOVA	53.74%	TLEVISA	27.81%
LAB	37.72%	ELEKTRA	26.93%
ALFA	33.75%	GENTERA	21.42%
GENTERA	32.93%	ASUR	19.48%
GFREGIO	31.53%	AC	14.32%
COMERCI	23.45%	PINFRA	13.70%
CEMEX	20.79%	AMX	7.75%
BIMBO	20.11%	GCARSO	4.52%
GSANBOR	20.09%	FEMSA	3.54%
OHLMEX	17.71%	GFINBUR	3.11%
TLEVISA	15.31%	BIMBO	1.24%
KIMBER	12.50%	IPC	0.98%
ASUR	11.51%	NAFTRAC	0.87%
LIVEPOL	10.01%	ALSEA	-0.05%
CHDRAUI	9.86%	LIVEPOL	-0.82%
GFNORTE	9.48%	GMEXICO	-0.95%
AMX	2.15%	LALA	-1.73%
IPC	-2.24%	CEMEX	-1.96%
FEMSA	-2.25%	GFREGIO	-4.34%
NAFTRAC	-2.33%	COMERCI	-6.65%
GAP	-5.12%	WALMEX	-7.25%
GFINBUR	-5.81%	ALFA	-10.05%
GMEXICO	-7.53%	BOLSA	-10.73%
BOLSA	-8.16%	PE&OLES	-11.00%
ICH	-9.78%	GFNORTE	-11.12%
ALPEK	-15.02%	SANMEX	-13.13%
AC	-15.03%	KIMBER	-13.46%
SANMEX	-15.11%	MEXCHEM	-16.65%
ICA	-16.28%	OHLMEX	-18.19%
KOF	-17.47%	ICH	-19.20%
WALMEX	-19.21%	KOF	-19.81%
ELEKTRA	-19.41%	LAB	-23.38%
MEXCHEM	-25.45%	ICA	-33.17%
PE&OLES	-50.20%	ALPEK	-36.22%

CONTACT INFORMATION



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