



Pichardo Asset Management

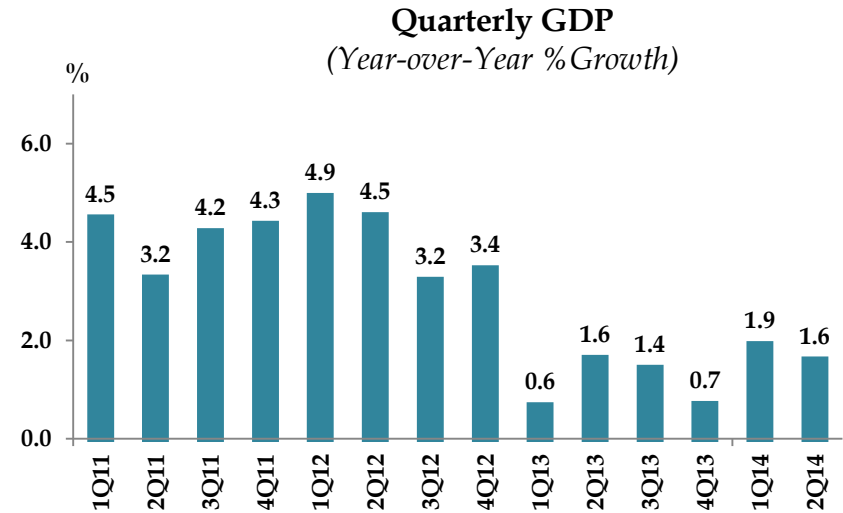
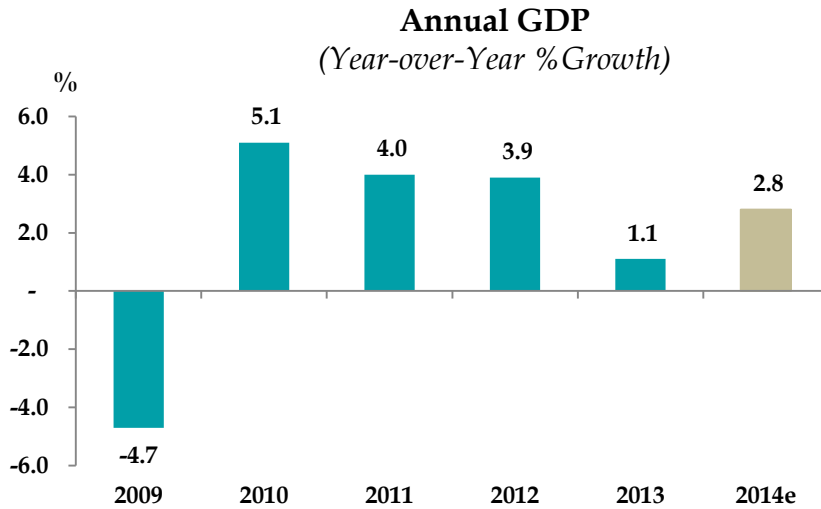
Independent Portfolio Management Firm

MXE's Annual Report Macroeconomic Charts

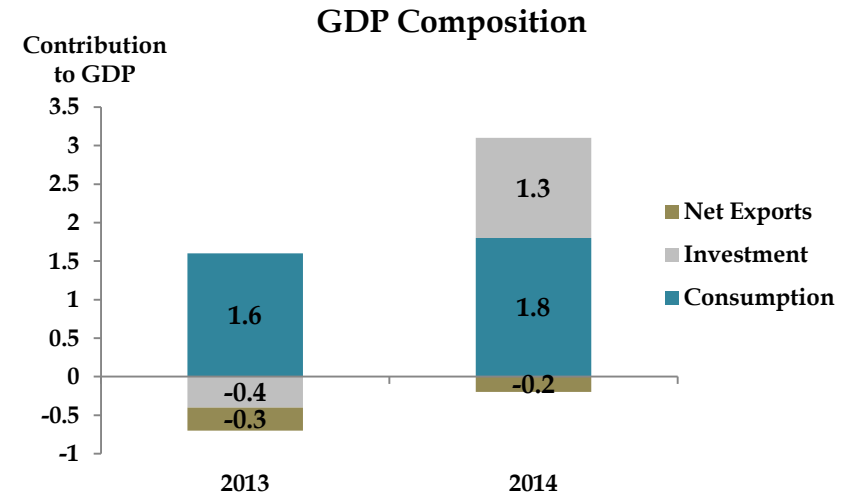
23-years of experience in Mexican equities

August 2014

Chart A. Mexico's Gross Domestic Product (GDP)



Economic Indicators	2013	2014e	2015e
GDP(%)	1.1%	2.6%	3.9%
US Manufacturing (%)	2.3%	3.2%	4.3%
Fiscal Balance (% of GDP)	-3.0%	-4.2%	-3.6%
Current Account (% of GDP)	-2.0%	-1.7%	-1.7%

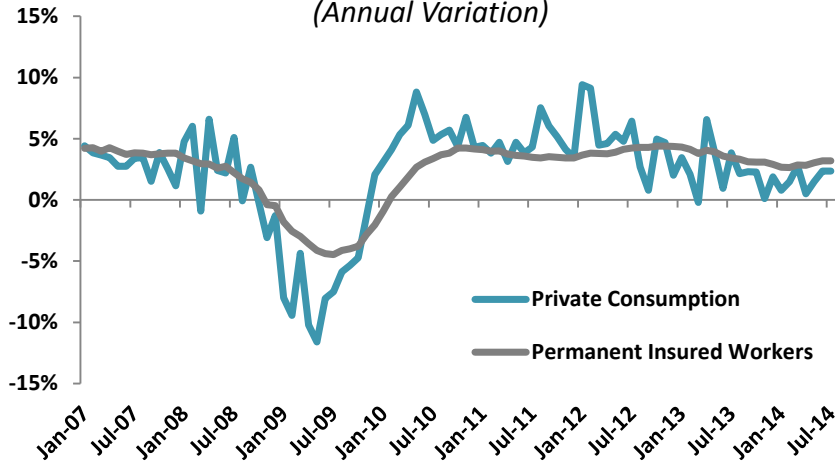


The projections on this page are based on industry estimates and are no guarantee of future outcomes.

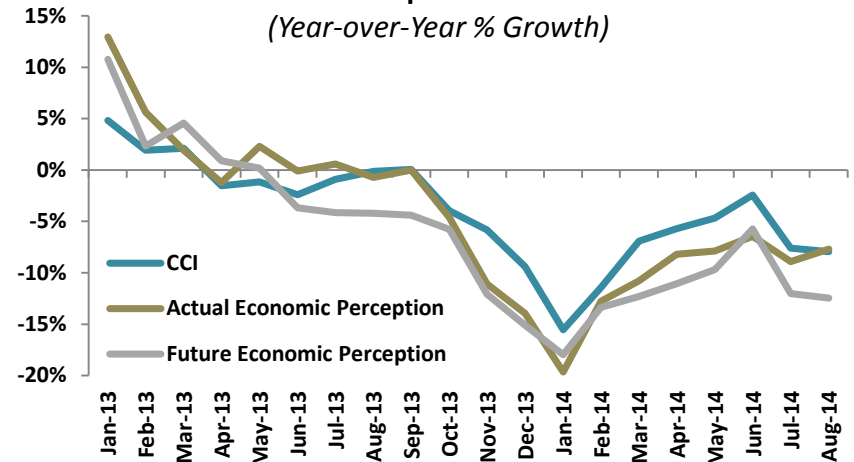
Source: INEGI, Banxico, PAM

Chart B. Consumption

Private Consumption and Permanent Insured Workers
(Annual Variation)

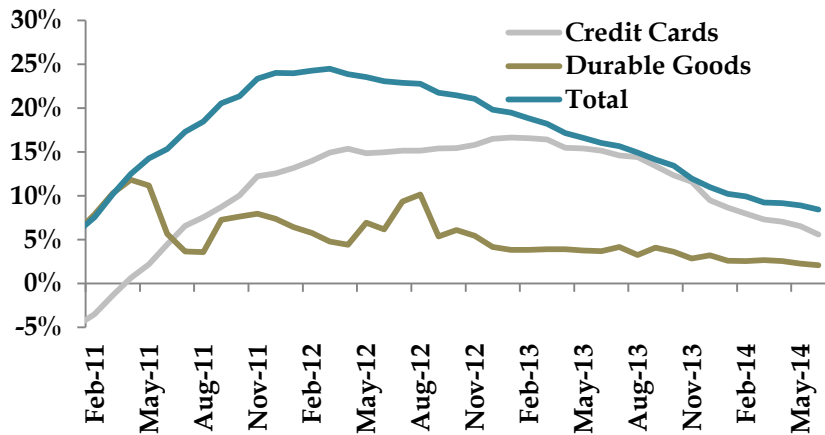


Consumer Confidence Index (CCI) and Components*
(Year-over-Year % Growth)

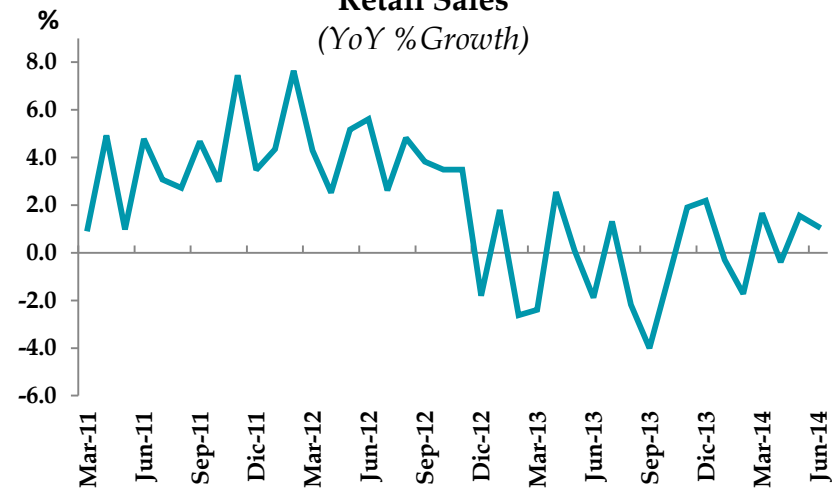


*See full definition.

Consumer Credit
(YoY % Growth)

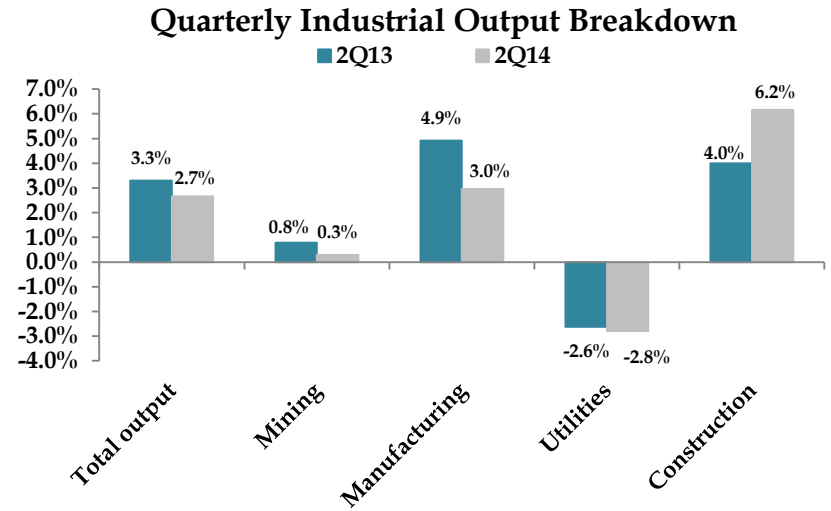
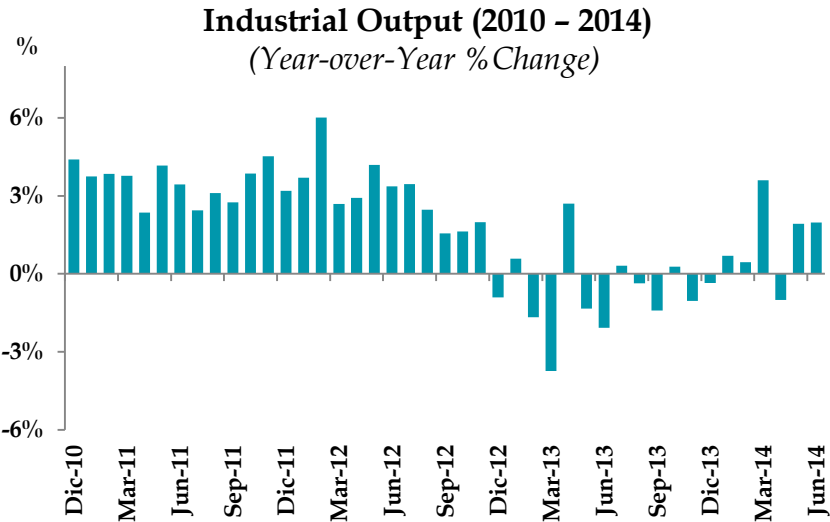


Retail Sales
(YoY % Growth)



Source: INEGI, PAM.

Chart C. Industrial Activity and External Sector

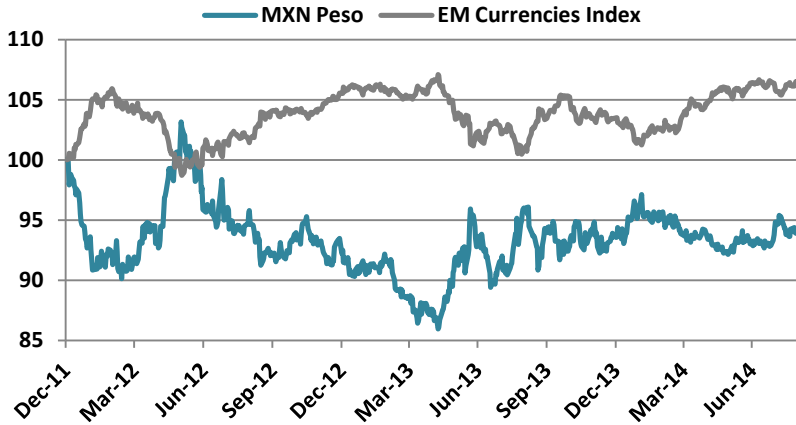


Source: INEGI, PAM

Chart D. Exchange Rate and Inflation

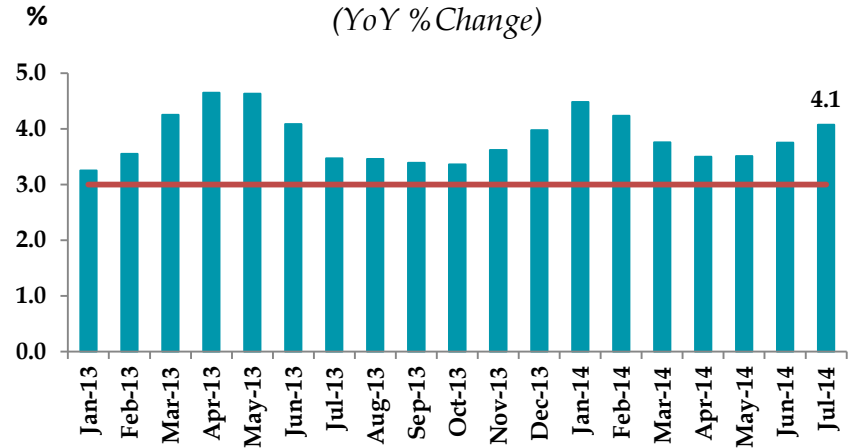
Exchange Rate Performance

Dec. 2011=100

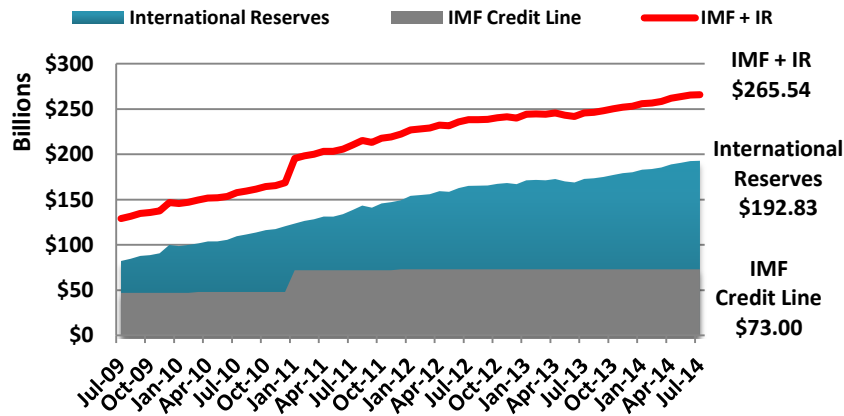


Consumer Price Index

(YoY % Change)

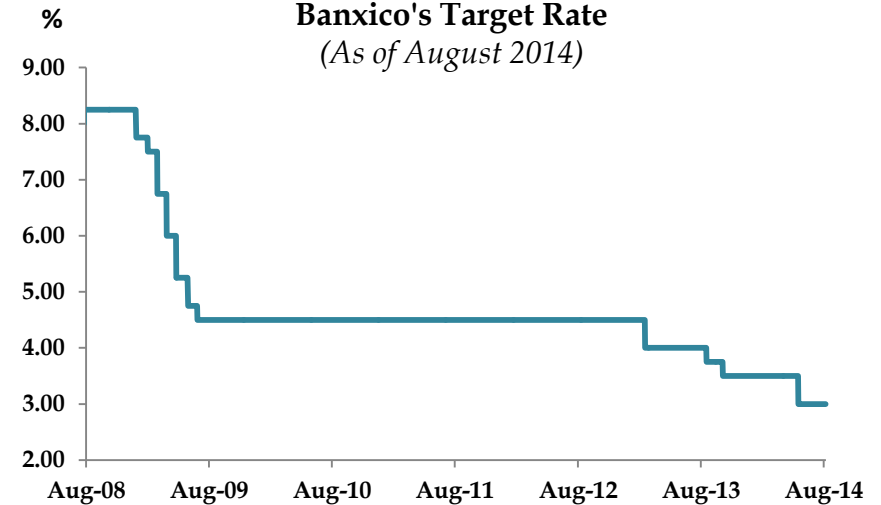


Mexico's International Reserves (IR) and International Monetary Fund (IMF) Credit Line



Banxico's Target Rate

(As of August 2014)

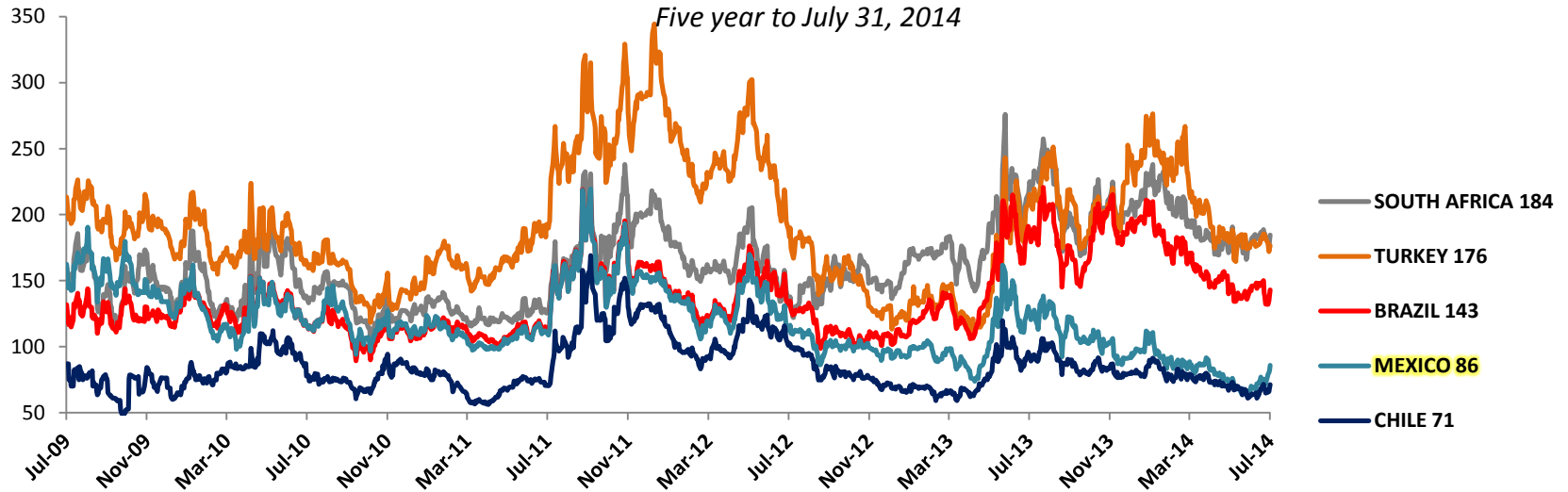


Source: BANXICO, INEGI, Bloomberg, PAM

Chart E. Mexico's Risk Profile

5-Year Credit Default Swaps: Mexico vs. Selected Emerging Markets

Five year to July 31, 2014



Mexico's Risk Profile (Basis Points)

From July 2009 to July 2014



Source: Bloomberg, PAM

Chart F. Structural Reforms

	Constitutional Amendment	Lower House Approval	Senate Approval	Local Congressional Approval	Secondary Laws (If constitutional amendment)
Labor Market Reform	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Election Reform	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Telecomm and Competition Reform	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	March-April 2014 (Competition laws: under discussion)
Financial Reform	No	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N.A.	
Local Debt Reform	Yes	<input checked="" type="checkbox"/>	Under discussion		
Energy Reform	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Political Reform	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Deadline: April 30, 2014
Fiscal Reform	No	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N.A.	

Source: Citi, Accival.

Definitions

- **INEGI:** The National Institute of Statistics and Geography.
- **BANXICO:** Banco de Mexico, is the central bank of Mexico.
- **Gross Domestic Product (GDP):** Gross Domestic Product. The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index comes from the National Survey of Consumer Confidence (ENCO) jointly developed by INEGI and Banco de Mexico, and reflects the perception that urban households in Mexico have on the current status and situation expected of own household economy and the country in general.
- **EM Currencies Index:** The MSCI Emerging Markets Currency Index sets the weights of each currency equal to the relevant country weight in the MSCI Emerging Markets Index. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.
- **Consumer Price Index:** CPI A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.
- **Credit Default Swaps (CDS):** A swap designed to transfer the credit exposure of fixed income products between parties. A credit default swap is also referred to as a credit derivative contract, where the purchaser of the swap makes payments up until the maturity date of a contract. Payments are made to the seller of the swap. In return, the seller agrees to pay off a third party debt if this party defaults on the loan. A CDS is considered insurance against non-payment. A buyer of a CDS might be speculating on the possibility that the third party will indeed default.
- **EMBI EM+:** The Emerging Markets Bond Index tracks total returns for traded external debt instruments (external meaning foreign currency denominated fixed income) in the emerging markets. The regular EMBI index covers U.S. dollar-denominated Brady bonds, loans and Eurobonds. The EMBI EM+ expands upon J.P. Morgan's original Emerging Markets Bond Index (EMBI), which was introduced in 1992 and covered only Brady bonds. An external debt version, the EMBI+ is the JPMorgan EMBI Global Index. In addition to serving as a benchmark, the EMBI+ provides investors with a definition of the market for emerging markets external-currency debt, a list of the instruments traded, and a compilation of their terms.

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The returns mentioned herein represent past gains. Past returns do not guarantee future gains. The investment yield and principal value of an investment will fluctuate such that when stock is redeemed the value may be higher or lower than the original cost. The current return of the funds may be higher or lower than the yield mentioned herein.