



- MIF I portfolio on track to be fully realized in 1H16
- MIF II continues to build value with strong portfolio performance

WAMEX NEWS

WAMEX is expecting positive results for 2015 year-end, with solid performance in the MIF II portfolio companies and the sale of the last remaining company in MIF I, MediAccess (MAC), which was recently sold to a Mexican strategic buyer with broad expertise in pharmaceutical distribution. As a result, MIF I is expected to wind down during 1H16.

MIF II portfolio companies have delivered excellent results throughout the year. Hoteles City Express continued to enhance the high-value relationship with its guests through an optimized frequent traveler program, while expanding the chain of over 100 hotels and creating value for its shareholders. Productos Medix results also showed above-budget growth in 2015 as the Company continues to expand its clinic footprint across the country. Less than a year after its latest capital round, KUA has secured new equity from value-adding investors to be invested in its robust proprietary pipeline. Bodesa reached its 75 *El Bodegón* milestone during 2015 and opened a new *La Marina* store in Manzanillo.

In summary, after an exciting year WAMEX has built considerable positive momentum for 2016.

THE ECONOMIC ENVIRONMENT

Mexico's economy outperformed expectations in 3Q15, accelerating due to growth in industrials, services and agricultural production. GDP increased 0.8% compared to 2Q15, and 2.6% when compared to the same quarter last year. This expansion represents the ninth consecutive quarter of growth.

Furthermore, Mexico stands out among emerging economies in having no meaningful inflation threat, a proactive fiscal rebalancing with rising GDP, strong domestic consumption and foreign exchange resilience against the USD.

Real GDP is expected to grow 2.3% by the end of 2015, with projections of 3.0% growth in both 2016 and 2017. The economy will benefit from the peso depreciation, a stronger US economy, and a stronger housing construction sector. The implementation of important structural reforms, including the Financial, Fiscal, Energy, Political, and Labor Reforms, has

also improved the business climate. Consequently, investment is picking up with accelerating FDI (3.5% of GDP in 2015E) and strong US industrial production bolstering domestic consumption and manufacturing activity, improving the formal job market, and boosting household incomes and consumption.

While monetary policy remains supportive, interest rates will need to be adjusted once the Fed raises its own rates in order to preempt capital outflows.

THE POLITICAL LANDSCAPE

Throughout the year, President Peña Nieto has continued to implement key reforms, particularly in energy and education. Both reforms are making progress: oil and energy auctions are underway – during September's auction three (out of five) shallow-water development contracts were placed, eliciting significant competition among 15 bidders. Education reforms are also advancing, with evaluation exams for primary and secondary school teachers and continuing education certifications being performed nationwide, including the more difficult states of Oaxaca and Guerrero.

In parallel, the President has kept an active international presence to elevate Mexico's profile as an investment destination and export platform. As a result, foreign direct investment has increased to new levels and will further elevate economic growth across many industrial sectors, fostering domestic consumption and international trade.

As Peña Nieto begins the second half of his six-year term, the new Congress has begun discussions for a refreshed agenda, focused on pending legislation.

In general, the political arena is stable throughout Mexican constituencies, with some internal political party faction adjustments in preparation for next year's additional state government elections, and various politicians maneuvering to develop independent platforms in advance of the 2018 presidential elections.

