

## Pension Funds Outlook – July 2023

- **The system's yield reached 9-month lows.** The system's weighted return (rolling 36 months, excluding Additional) fell to 4.57% from 4.75% the previous month. July closed with larger optimism after the release of economic figures that strengthened the view of a 'soft landing' for the economy in the US, while central banks from developed countries continued their interest rate hikes. In this sense, the Fed hiked the fed funds to a 5.25%-5.50% range, in a unanimous decision, with a hawkish tone, leaving the door open to another hike, although with some ambiguity on their following actions. The IMF released its document World Economic Outlook where it slightly revised their global growth estimate for 2023 to 3.0% (previous: 2.8%), leaving unchanged the estimate for 2024 at 3.0%. In the US, the GDP for 2Q23 showed an expansion of 2.4% q/q annualised, above consensus; annual inflation in July increased to 3.2% from 3.0%, with the core component slightly decreased to 4.7% from 4.8%. The employment report showed the addition of 187K jobs, below expected, and the unemployment rate dropped to 3.5% from 3.6%. In Mexico, Banxico released the minutes of its June decision, in which they left the benchmark rate unchanged, with a more hawkish tone relative to the release. In economic data, the preliminary GDP for 2Q23 showed a 3.7% y/y growth, above the expected (3.3% y/y); annual inflation in July fell to 4.79% from 5.06%, and the core component to 6.64% from 6.89%. In June, 419.1K jobs were added, with unemployment rate dropping to 2.65% from 2.93%. Regarding Pemex, Fitch Ratings cut its Issuer Default Rating to 'B+' from 'BB-', placing it on Rating Watch Negative, while Moody's affirmed its rating at 'B1' and changed the outlook to Negative from Stable
- **Assets under management (AUM) reached fresh all-time highs, increasing 8.1% year-to-date.** Resources managed by Pension Investment Companies stood at MXN 5.655 trillion from MXN 5.568 trillion (+9.4% y/y). This movement was the result of gains of MXN 43.1 billion and net inflows of MXN 43.4 billion. This increase in AUM was slightly higher than the previous month of MXN 80.9 billion because of gains of MXN 86.1 billion and net outflows of MXN 5.1 billion
- **In government debt,** Afores reduced their position to 54.6% of total AUM from 54.9% the previous month, because of a decline in Other Debt (which includes repos) and Cetes' holdings
- **As for equity,** appetite for risk assets prevailed, reflecting an almost generalized advance in the benchmarks. The Siefors increased their positions in international equities
- **In the corporate debt market** (excluding banks), Afores' stake in these securities decreased by 19bps, representing 11.5% of the invested amount

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Winners of the 2023 award for best Mexico economic forecasters, granted by Focus Economics

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## Analysis by Asset Class

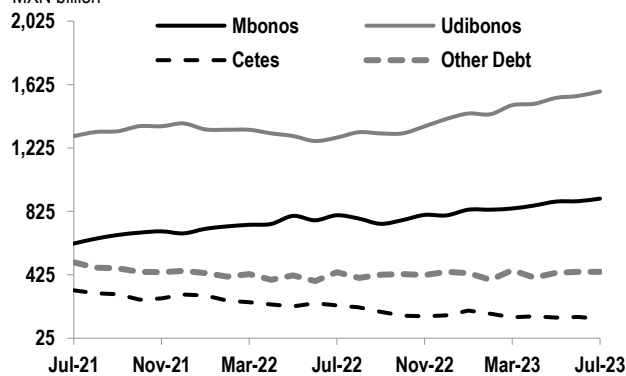
### Government Debt

Optimism prevailed in financial markets during July as fears of a global recession subsided. Even the Federal Reserve abandoned the possibility of a recession and investors reduced their bets for more interest rate hikes, favoring the scenario that the terminal rate has already been reached at 5.25%-5.50%. In this context, the Mbonos' curve recorded modest gains at the short-end and losses of up to 22bps at the belly. In contrast, short-term Udibonos averaged 15bps losses, while long-term ones closed with few changes. Meanwhile, the dynamics of the Cetes was mixed with marginal movements. In this context, Afores marginally moderated their exposure in government debt to 54.6% of total AUM (-31bps), standing at MXN 3.08 trillion. Investments in Mbonos and Udibonos remained virtually unchanged at 16.0% (+2bps) and 28.0% (+4bps), respectively. Meanwhile, holdings of Cetes and Other Debt (which includes repos) decreased to 2.6% (-24bps) and 7.9% (-12bps) in the same order.

As of July 31<sup>st</sup>, foreign holdings in Mbonos stood at MXN 1.38 trillion (33.1% of the total issuance), increasing 0.5% m/m, but falling 1.5% year-to-date. Holdings by these investors in Cetes totaled MXN 168.1 billion (13.0% of the total), with a 7.4% monthly decrease but it remains with an increase of 19.7% during 2023. Meanwhile, positions in Mbonos owned by Afores stood at MXN 952.1 billion (22.9% of the total issuance), adjusting -0.2% m/m. As for Cetes, holdings from these institutions observed a level of MXN 170.3 billion (13.2% of the total issued), decreasing 9.6% m/m.

**Net assets in Government Debt**

MXN billion



Source: CONSAR, Banorte

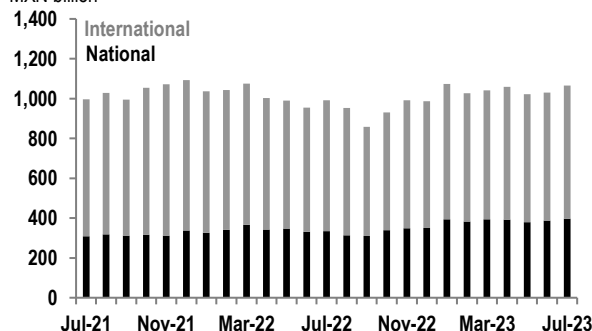
### Equity

The appetite for risk assets continued in July, boosting stock markets. Based on the above, the sample of 30 indices that we usually follow registered an average increase in dollars of 4.0% (vs +5.7% in June). Investor confidence was mainly encouraged by the expectation of a near end of the tightening cycle of some central banks in developed countries, following the interest rate hikes implemented during the month, while monetary easing has already begun in some emerging markets. In addition, solid economic data, even better than expected, underpinned the outlook for a 'soft landing' of the economy and lowered recession risks. On this occasion, the biggest advances were seen in the stock markets of Colombia (+11.4%), Russia (+6.9%), Hong Kong (+6.7%), Korea (+6.0%) and Italy (+5.9%). The Nasdaq (+4.0%) reached highs not seen since April 2022, while the Dow Jones (+3.3%) and the S&P500 (+3.1%) rose to levels not seen since February and March 2022, respectively. In Mexico, the strength of the peso continued to be a relevant factor in the dollar performance of the Mexbol Index (+4.8%), while the return in nominal terms was +2.4%. On the other hand, August starts with a risk aversion sentiment and higher volatility after the downgrade of the US credit rating by Fitch, as well as a mixed balance in corporate reports due to divergent company outlooks.

Particularly, Siefores' equities positions increased 3.4% m/m to MXN 1.1 trillion, and thus, equity investments weighting against total assets rose 31 bps m/m to 18.9%. Holdings of domestic securities jumped by 2.5% m/m while foreign assets climbed by 3.9%.

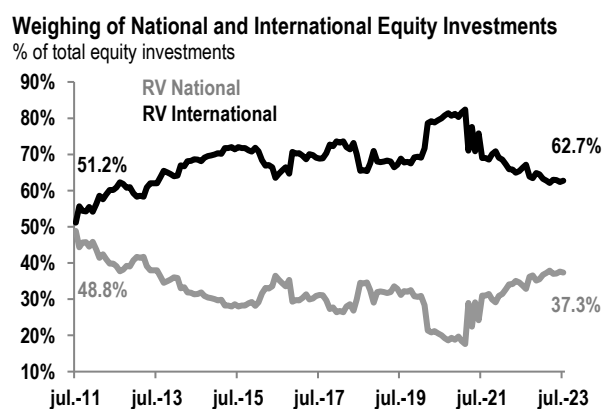
**Afores – Equity Investments**

MXN billion



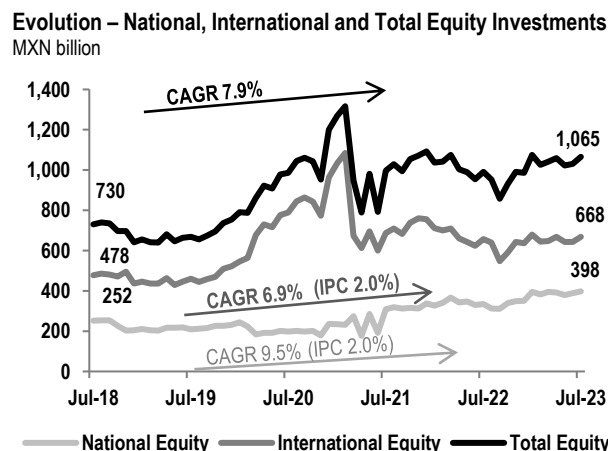
Source: CONSAR, Banorte

Assuming an indexed strategy to the S&P500 and the S&P BMV Mexbol, respectively, we observed that afores' managers decided to maintain their domestic securities weightings to stand at MXN 397.5 billion. In turn, they decided to increase their international stocks exposure by 3.1% to MXN 667.7 billion. During the period, the Mexbol jumped 2.4% nominally, while the S&P500 in pesos rose 0.8%. Thus, the weighting of domestic assets was down 0.3pp to 37.3% and the corresponding to international equities expanded by the same extent to 62.7% vs. total equity investments.



Source: CONSAR, Banorte

Regarding holding breakdown, domestic securities have grown in the last 5 years at a CAGR rate of 9.5%, which compares favorably with the Mexbol performance (+2.0%). Meanwhile, international, and total equity positions have increased over the same period at a rate of 6.9% and 7.9%, respectively.

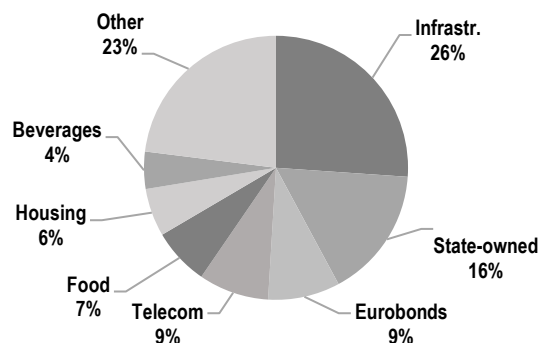


Source: CONSAR, Banorte

## Corporate Debt

In July 2023, Afores stake in corporate debt notes decreased by 19bps, accounting for 11.5% of the total invested assets. The decrease in the share of the total assets and in invested amount contradicts the dynamism observed in the month's placements. Therefore, we could explain it because of a low appetite from the Afores to marginally riskier securities (rated below 'AAA') and a fewer exposure to CFE, which was the largest issuer of the month. Ahead, we expect the dynamism to remain in the next months, so we could observe small upwards movements in Afore's participation in debt securities. Top participant sectors are Infrastructure (26.1%), State-owned Companies (16.1%), Eurobonds (8.6%), Telecom (8.2%) and Food (7.0%).

**Afores – Private Debt Distribution by Sector**  
%



Source: CONSAR, Banorte

## Corporate Debt Structure

For classification by structure, a different source of information is considered, so the total differs from our figures. \*Information available as of July 2023.

In the seven months passed of 2023, preference in placements in the market was clear for unsecured bonds, with 88.5% of the issued amount, although a larger share of structured bond was observed in July, with 41.9% of the month's issued amount. In the following months, we expect this preference to continue given that, as of now, we do not have any programmed structured issuance in the pipeline.

### Siefores investment composition by asset class

% (data as of July 2023)

Asset Class	SIEFORE Birth year	Pension SB	SB 55-59	SB 60-64	SB 64-69	SB 70-74	SB 75-79	SB 80-84	SB 85-89	SB 90-94	Initial SB	Additional SB	TOTAL
Equity	National	0.7%	2.5%	4.3%	5.6%	6.7%	7.5%	8.4%	9.0%	9.6%	9.6%	3.3%	7.0%
	International	1.8%	5.1%	9.6%	11.5%	12.0%	12.5%	12.6%	13.1%	13.4%	13.9%	9.8%	11.8%
Commodities		0.0%	0.0%	0.1%	0.2%	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%	1.0%	0.2%
Corporate Debt	Banks	1.5%	2.9%	3.1%	3.4%	3.3%	3.1%	2.9%	2.9%	2.9%	2.7%	2.6%	3.0%
	State-owned	0.3%	2.2%	2.1%	1.7%	1.9%	1.9%	1.9%	2.0%	2.0%	2.2%	0.6%	1.9%
	Corporate	3.1%	10.7%	10.6%	9.9%	10.1%	9.6%	9.5%	9.8%	10.3%	10.2%	5.7%	9.7%
Structured		0.0%	1.2%	7.3%	7.1%	9.0%	9.3%	9.1%	8.4%	7.0%	4.4%	0.0%	7.7%
REITs		1.3%	3.2%	3.1%	2.9%	3.1%	3.0%	3.0%	3.1%	3.0%	2.7%	1.4%	2.9%
International Debt		1.7%	2.1%	1.7%	1.5%	1.4%	1.1%	0.9%	0.8%	0.7%	0.7%	0.3%	1.2%
Gov. Debt	Mbonos	18.6%	14.9%	14.6%	13.3%	15.0%	15.4%	16.9%	17.7%	17.5%	16.0%	26.0%	16.0%
	Cetes	2.6%	1.7%	1.2%	3.7%	2.2%	2.3%	2.2%	2.2%	2.6%	3.8%	7.5%	2.6%
	Udibono	60.5%	44.6%	36.0%	31.7%	27.8%	26.1%	24.2%	22.3%	22.1%	22.3%	35.9%	28.0%
	UMS	0.5%	0.5%	0.6%	0.7%	1.0%	1.2%	1.3%	1.3%	1.3%	1.0%	0.2%	1.0%
	Repos	4.0%	3.9%	2.7%	3.4%	3.0%	3.2%	3.5%	3.9%	4.2%	7.6%	4.2%	3.6%
	Other Gov.	3.6%	4.4%	3.0%	3.4%	3.3%	3.5%	3.5%	3.3%	3.3%	2.6%	1.3%	3.3%

Source: CONSAR, Banorte

### Siefores investment composition by asset class

Millions of pesos (data as of July 2023)

Asset Class	SIEFORE Birth year	Pension SB	SB 55-59	SB 60-64	SB 64-69	SB 70-74	SB 75-79	SB 80-84	SB 85-89	SB 90-94	Initial SB	Additional SB	TOTAL
Equity	National	535	3,304	18,696	44,057	64,725	70,974	72,738	58,734	38,599	18,687	6,462	397,509
	International	1,314	6,651	41,930	90,699	115,689	118,007	108,726	84,988	53,772	26,892	19,015	667,682
Commodities		17	52	643	1,774	2,424	2,797	1,956	1,103	388	117	2,011	13,282
Corporate Debt	Banks	1,110	3,778	13,584	26,707	31,386	28,993	24,732	18,692	11,504	5,278	5,085	170,849
	State-owned	205	2,846	9,197	13,701	18,113	17,724	16,357	12,944	8,207	4,187	1,167	104,647
	Corporate	2,274	13,904	46,341	78,679	97,589	90,305	82,230	63,746	41,289	19,774	11,048	547,178
Structured		-	1,560	31,617	56,143	86,477	87,376	79,075	54,396	27,961	8,584	50	433,238
REITs		954	4,093	13,407	22,716	29,680	28,577	25,936	20,083	12,010	5,288	2,748	165,492
International Debt		1,229	2,759	7,283	12,171	13,600	10,628	7,717	5,090	3,009	1,435	637	65,556
Gov. Debt	Mbonos	13,836	19,297	63,737	104,981	145,046	145,780	146,048	114,984	70,104	31,069	50,507	905,388
	Cetes	1,923	2,270	5,396	29,375	21,251	21,879	18,803	14,394	10,347	7,437	14,564	147,640
	Udibono	45,001	57,937	156,745	250,386	267,779	246,591	209,910	145,002	88,807	43,294	69,776	1,581,229
	UMS	390	614	2,510	5,210	9,852	11,268	11,181	8,705	5,412	2,002	397	57,540
	Repos	2,957	5,068	11,880	27,282	28,996	30,115	30,346	25,002	16,776	14,685	8,162	201,269
	Other Gov.	2,657	5,750	13,037	26,951	31,368	32,870	30,301	21,213	13,434	5,053	2,500	185,135
TOTAL		74,400	129,883	436,003	790,830	963,974	943,883	866,056	649,074	401,618	193,781	194,130	5,643,634
% Siefore		1.32%	2.30%	7.73%	14.01%	17.08%	16.72%	15.35%	11.50%	7.12%	3.43%	3.44%	

Source: CONSAR, Banorte

## Annex

### December 2019

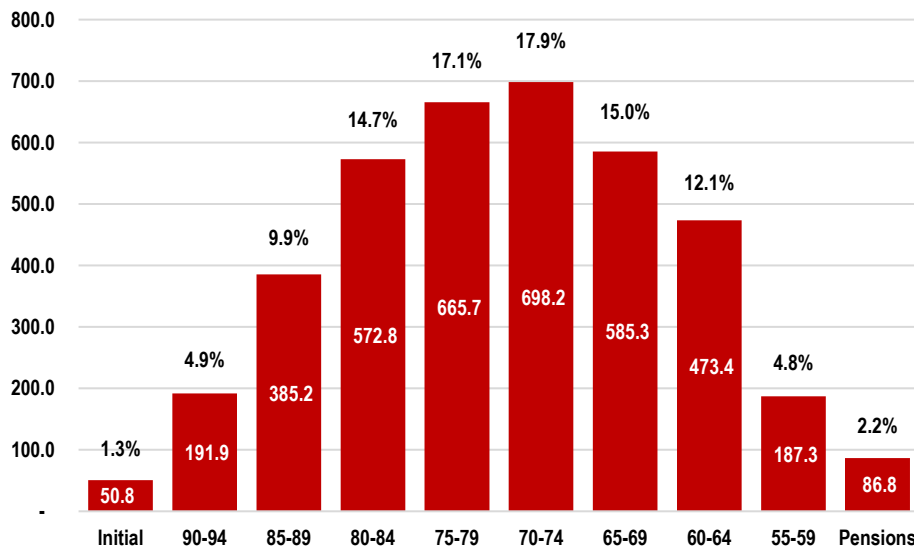
On December 13<sup>th</sup>, 2109, the migration to the new investment regime based on Target Date SIEFORES was concluded. Announced on May 31<sup>st</sup>, the main modification was the **transition to a Target Date Fund Scheme**.

Such transition transformed SIEFORE (multi pension funds) into Target Date Funds. Under this scheme, each worker's resources are assigned to the SIEFORE that is linked to his/her date of birth and are held there throughout his/her entire working life. By doing so, workers' resources do not have to be transferred from one SIEFORE to another when they turn a certain age, but rather, it is the fund's Investment Regime that which changes through time.

The new Target Date SIEFORES scheme was designed specifically to produce results in terms of revenue upon reaching retirement age. With this new scheme, the worker no longer changes SIEFORE as he/she advances to the next age group, which would allow them to make the most of long-term investment benefits, under a smoother and thereby more efficient transition in which the worker's resources are invested.

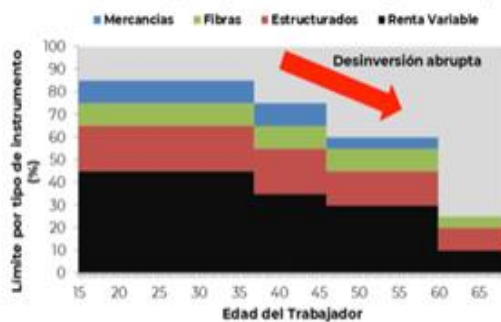
#### Assets managed by SIEFORE & percentage of total assets

MXN billions / %

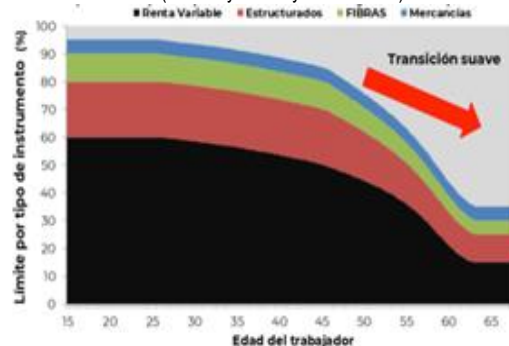


Source: CONSAR. As of December 2019, date of migration to Target Date Fund scheme

#### Current SIEFORES (Limits by security & SIEFORE)



#### Target Date SIEFORES (Limits by security & SIEFORE)



Source: CONSAR

Through this new regime, resources will be managed in 10 Target Date SIEFORES: i) 1 Initial SB; ii) 8 Target Date SIEFORES with five-year age groups; and iii) 1 Pension SB.

SIEFORE Date of Birth	Initial SB	SB 90-94	SB 85-89	SB 80-84	SB 75-79	SB 70-74	SB 65-69	SB 60-64	SB 55-59	Pension SB
Age of Worker	<25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	≥65
SIEFORE	New	New	SB 4	New	SB 3	New	New	SB 2	SB 1	SB 0

Source: CONSAR

In addition, new 5-year Basic Pension Investment Companies will be created for the following generations of workers and pension beneficiaries, according to the following chart:

Basic Pension Investment Company	Date of Birth	Opening Date
Basic Pension Investment Company 95-99	Workers born between 1995 and 1999	January 1 <sup>st</sup> 2025
Basic Pension Investment Company 00-04	Workers born between 2000 and 2004	January 1 <sup>st</sup> 2030
Basic Pension Investment Company 05-09	Workers born between 2005 and 2009	January 1 <sup>st</sup> 2035
Basic Pension Investment Company 10-14	Workers born between 2010 and 2014	January 1 <sup>st</sup> 2040
Basic Pension Investment Company 15-19	Workers born between 2015 and 2019	January 1 <sup>st</sup> 2045

As for the **Investment Regime**, as of this change, investment limits are now classified into five instruments and will change on a quarterly basis in relation to the quarter of the life of the SB. So far from the date of the transition (December 16, 2019), the investment companies have been registered as follows:

Basic Investment Company	Initial Investment Regime (Quarter)
Basic Pension Investment Company	161
Basic Investment Company 55-59	141
Basic Investment Company 60-64	121
Basic Investment Company 65-69	101
Basic Investment Company 70-74	81
Basic Investment Company 75-79	61
Basic Investment Company 80-84	41
Basic Investment Company 85-89	21
Basic Investment Company 90-94	1
Initial Basic Investment Company	1

SBs will be able to invest: i) Up to 100% of the Pension Investment Company's Total Asset in Debt Instruments issued or guaranteed by the Federal Government, or in Debt Instruments issued by Banco de México, or in Debt Instruments that have Investment Grade; ii) in money deposits on demand in Banks; iii) in authorized trading transactions to guarantee Derivatives which are referred to in Provisions set by Banco de Mexico; iv) up to 20% of the Pension Investment Company's Total Asset, in Foreign Securities and Senior Bond Trusts of Investment Projects that are intended for the investment in or the refinancing of activities or projects outside the national territory.

Furthermore, Investment Companies may invest in Structured Securities, Merchandise, REITS and Real Estate Investment Vehicles, Equity and securitized Debt Instruments.



## Limits by Asset Class for Siefores

%		Initial SB	SB 90-94	SB 85-89	SB 80-84	SB 75-79	SB 70-74	SB 65-69	SB 60-64	SB 55-59	Pension SB
Quarter		1	1	21	41	61	81	101	121	141	161
Market and Liquidity Risks	Value-at-Risk <sup>/2</sup>									0.89%	0.70%
	Difference of the Conditional Value-at- Risk <sup>2</sup>	1.00%	1.00%	0.98%	0.96%	0.90%	0.79%	0.60%	0.40%	0.29%	0.25%
	Liquidity coverage Ratio <sup>3</sup>						80%				
	Tracking Error <sup>4</sup>						5%				
Risk by issuer and/or counterparty <sup>5</sup>	Debt issued or endorsed by the Federal Gov.						100%				
	State-owned debt <sup>6</sup>				10% (mxBBB to mxAAA) (Foreign exchange BB to AAA)						
	Local. <sup>/6</sup> Debt			5% (mxBBB to mxAAA) (Foreign exchange BB to AAA)						5% (mxA- to mxAAA) (Foreign exchange BBB+ to AAA)	
	Subordinated Debt			1% (mxBB+ to mxBBB-) (Foreign exchange BB to AAA)						-	
	Hybrid Debt			2% (mxBB to mxBBB+) (Foreign exchange BB to BB+)						-	
	Inter. Instrument Foreign from one issuer or counterparty <sup>7</sup>				5% (BBB- a AAA)						5% (BBB+ a AAA)
	Holdings of a single issuance <sup>8</sup>				Maximum {35%, MXN500 million}						
	Mexican REITs (FIBRAS) <sup>13</sup> and REITs						2%				
	Structured securities <sup>12</sup>						3%				
	Foreign Securities <sup>5</sup>						20%				
Asset Class Limits	Equity <sup>5/10</sup>	50%	50%	50%	50%	40%	35%	30%	30%	10%	0%
	Foreign Currency <sup>5</sup>						30%				
	Securitizations <sup>5/11</sup>	40%	40%	38%	36%	33%	30%	27%	23%	21%	20%
	Structured Securities <sup>5/12</sup>	20%	20%	20%	20%	20%	20%	17%	14%	11%	10%
	Mexican REITs (FIBRAS) <sup>13</sup> and REITs	10%	10%	10%	10%	10%	10%	9%	7%	6%	5%
	Inflation protected securities <sup>14</sup>					-					Min 51%
	Commodities <sup>5</sup>						5%				
Vehicles and Derivatives	Investment Mandates						Yes				
	Derivatives						Yes				
Conflicts of interest <sup>5</sup>	Securities by related entities						15%				
	Securities by entities with patrimonial affiliation with the AFORE <sup>15</sup>						5%				

Fuente: CONSAR

1. All limits represent maximum percentages, with the exception of the inflation protection limit.
2. As a percentage of SIEFORE assets under management (AUM), the limits for the Difference of the Conditional VaR may be adjusted by the Risk Analysis Committee when appropriate, which might be more rigorous than the limits established in the Investment Regimen guidelines.
3. As a percentage of the High Liquid Assets of the SIEFORE. It is defined as the ratio between the Value of the SIEFORE's reserves for derivatives exposure and the Value of High Liquid Assets.
4. Calculated in accordance with the methodology provided in the "Disposiciones de Carácter General en Materia Financiera de los Sistemas de Ahorro para el Retiro". The Tracking Error may have a range of modification determined by the Risk Analysis Committee. Being effective 180 calendar days after the creation date of the Target Date Funds.
5. As a percentage of SIEFORE AUM's, including the assets managed by Investment Mandates.
6. Rating of the medium- and long-term issuances, as well as the issuer and/or endorser, in the corresponding proportion. Repos and derivatives are computed in these limits, as well. SPE stands for State Productive Enterprises.
7. With the exception of the Basic Pension SIEFORE, investment in foreign instruments with a rating no less than BBB- are allowed, however the AFORE must comply with the "Disposiciones del Régimen de Inversión y en las Disposiciones en materia financiera".
8. 35% Applies to the asset holdings of all SIEFORE's managed by the same AFORE in Debt, Foreign Debt Securities, Securitized Instruments, ABS's and FIBRAS. In the case of Debt Instruments, Foreign Debt Securities and Securitized Instruments, Investment Companies may acquire the value that is greater between five hundred million Mexican pesos and 35% of the same issue. The investment in CKDs and CERPIs may exceed this limit, under certain conditions. The maximum amount will be updated in accordance with the "Disposiciones de Carácter General en Materia Financiera de los Sistemas de Ahorro para el Retiro".
9. With the exception of the Initial SIEFORE and the Basic Pension SIEFORE, the limits represent the Average Value of the maximum limit taken at the 10th quarter (2.5 years) of the glidepath. In case of the Initial and Basic Pension SIEFORE, this limit represents the maximum value that each asset will take throughout the glidepath.
10. Includes individual stocks, IPOs (with the exception of the Basic Pension SIEFORE), domestic and international equity indexes, and warrants.
11. Securitizations fulfilling criteria established in the Appendix R of the "Disposiciones de Carácter General en Materia Financiera de los Sistemas de Ahorro para el Retiro" are computed in these limits and are considered as being issued by an independent issuer.
12. Includes CKDs and CERPIs.
13. Includes Mexican REITs (FIBRAS) and FIBRA-E. The latter is an issuer trust whose resources will be allocated for direct or indirect investment in companies, projects or energy assets or infrastructure.
14. Minimum investment limit in securities that ensures a return equal or greater than the inflation rate in México.
15. The limits are written down in the Pension System Law, Art 48 / 10. In exceptional cases it could be increased up to 10%. In the case of financial entities with equity links, the limit is 0%.



## Analyst Certification

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalia Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Daniel Sebastián Sosa Aguilar, Jazmín Daniela Cuautencos Mora and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

## Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

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Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte Ixe and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

## Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

## Securities holdings and other disclosures.

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## Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

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For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

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