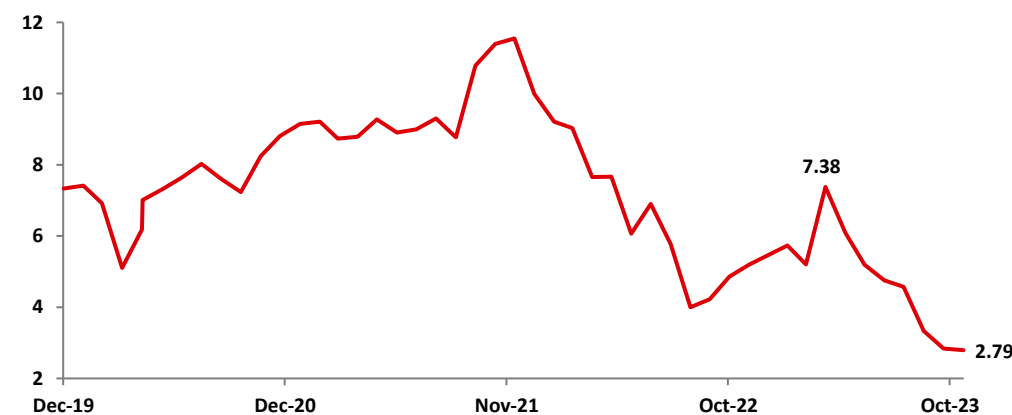


Pension Funds Outlook - October 2023

- The system's yield stood at fresh unprecedented lows.** The system's weighted return (rolling 36 months, excluding Additional) moved to 2.79%, scoring seven months with a downward trend in a row, from 7.38% in March. A risk aversion sentiment prevailed among investors during the month, following the breakout of the war in the Middle East, which triggered fears of a rebound on inflation and a decline of economic growth, keeping central banks cautious. The minutes of the Fed's September meeting showed a less-than-expected hawkish tone, as they see risks on their inflation goals and employment as more balanced. GDP for 3Q23 resulted above expectations at 4.9% q/q (previous: 2.1%). In other economic data, annual inflation decreased its growth pace to 3.2% in October from 3.7%, while the core component dropped to 4.0% from 4.1%; meanwhile, the employment report showed the addition of 150K jobs, below expectations (180K) and unemployment rate increased to 3.9% from 3.8%. In Mexico, the minutes for Banxico's September meeting showed a quite hawkish tone, even more so than in the statement, reaffirming the cautious tone about the moment when rate cuts could begin. The 3Q23 GDP grew 3.3%, slightly above market's expectations (3.2%), adding eight advancing months. In other economic figures, annual inflation declined to 4.26% from 4.45%, with core inflation also lower at 5.50% from 5.76%. In September, 92.4K jobs were lost, adding two consecutive months with losses, while unemployment rate stood at 2.88% from 2.96%
- Assets under management (AUM) recorded few changes (-0.3% m/m).** Resources managed by Pension Investment Companies stood at MXN 5.45 trillion from MXN 5.46 trillion. The monthly adjustment was the result of losses of MXN 34.7 billion that offset net inflows of MXN 15.3 billion
- In government debt,** Afores rose their position hardly noticeable to 54.7% of total AUM from 54.6% the previous month. The greater appetite for Mbonos, CPI-linked bonds (Udibonos), and Cetes was practically offset by a lower exposure to Other Debt (which includes repos)
- As for equity,** in a context of risk aversion, Siefores reduced their stock positions, especially in international assets, where falls were more pronounced
- In the corporate debt market** (excluding banks), Afores' stake in these securities increased by 13bps, representing 11.8% of the total invested amount

System's weighted return (rolling 36 months, excluding Additional)

%



Source: CONSAR, Banorte



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandropadilla@banorte.com



Manuel Jiménez Zaldívar
Director of Market Strategy
manueljimenez@banorte.com



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com



Isaías Rodríguez Sobrino
Strategist, Fixed Income, FX and Commodities
isaias.rodriguez.sobrino@banorte.com



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com



www.banorte.com/analisis-economico
@analisis_fundam

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



Document for distribution among public

Analysis by Asset Class

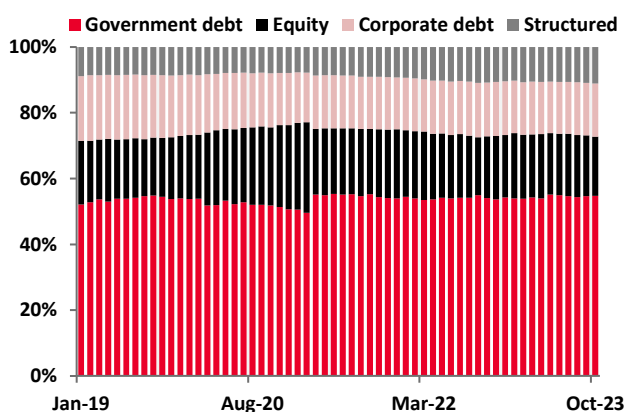
Government Debt

Sovereign bonds closed October with a negative balance. Yield curves registered a bear steepening cause by long-term rates increasing at a faster pace than short-term rates. The yields on 10- and 30-year Treasuries reached highs not seen since 2007, surpassing 5.00% after an adjustment of +38bps. Locally, longer-dated Mbonos lost 23bps as they traded at highs not seen since the 2008 financial crisis, with the 10-year benchmark at 10.24%. The Udibonos lost 17bps, on average, and the Cetes' real rates reached unprecedented high levels given the disinflationary process. In this context, Afores increased marginally their exposure in government debt to 54.7% of total AUM (+7bps), reaching MXN 2.98 trillion. Within the portfolio, an increase of 41bps in the holding of Mbonos stood out to, reaching 7-year highs of 16.7%. In similar fashion, appetite for Udibonos and Cetes rose, although at a slower pace, to 28.8% (+13bps) and 2.3% (+5bps), respectively. However, investments in Other Debt plummeted to 6.8% (-51bps), lows not seen since late 2018, almost fully overshadowing positive movements in other assets.

As of October 31st, foreign holdings in Mbonos stood at MXN 1.34 trillion (31.6% of the total issuance), virtually unchanging vs the previous month, but falling 4.2% year-to-date. Holdings by these investors in Cetes totaled MXN 197.2 billion (14.3% of the total), with an 3.6% monthly increase and a 40.4% rally so far this year. Meanwhile, positions in Mbonos owned by Afores stood at MXN 973.8 billion (23.0% of the total issuance), adjusting -0.8% m/m and +16.2% during 2023. As for Cetes, holdings from these institutions rose 3.8% during the month to MXN 155.6 billion (11.3% of the total issued); however, they accumulate a 18.5% drop this year.

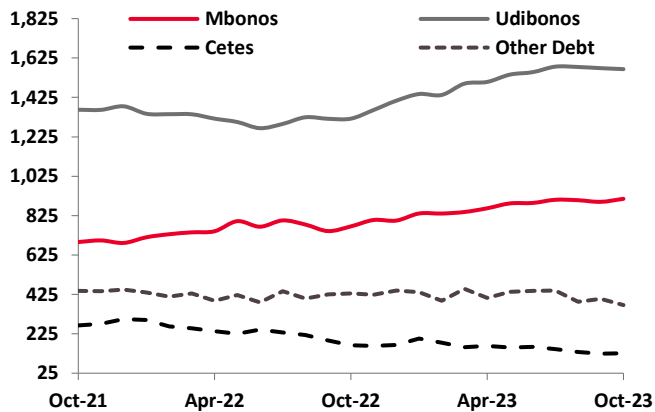
Investment weighting by asset class

% of total investments



Net assets in Government Debt

MXN billion



Equity

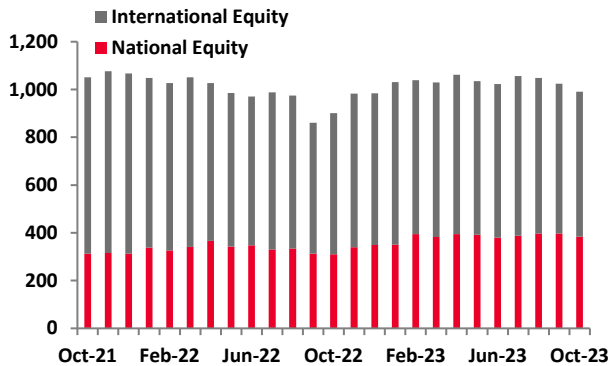
Profit-taking was practically widespread in the stock markets during October given the uncertainty generated by the impact that high interest rates will have on economic growth for a prolonged period. In addition, geopolitical risks were added, including the Middle East conflict. The above had more weight than the US corporate earnings season with a positive bias. By the end of the month, around 50% of the S&P500 companies had already released their results, with a positive surprise rate of ~79%. Meanwhile, at the close of this edition, we are in the final stretch with 94% of the results accumulating a 2.6% y/y rise in earnings vs -1.1%e (positive surprise rate of 82.1%). In the case of Mexico, the 3Q23 balance was neutral, in line with expectations, with a 0.9% y/y decline in sales vs -1.5%e, while EBITDA rose slightly 0.3% y/y vs 1.2%e (after four quarters of declines), reaffirming the recovery in profitability.

In this context, where aversion to risk assets prevailed, the sample of 30 indices that we usually follow registered an average decline in dollars of 3.3%, slightly lower than September's 4.0% contraction. Based on the above, the largest declines were observed in Chile (-8.3%), Korea (-7.2%), and Mexico (-7.0%). In the US, the Nasdaq fell by 2.8%, the S&P500 by 2.2% and the Dow by 1.4%. In contrast, the only benchmarks that increased were Russia (+6.1%), Argentina (+2.9%), and Portugal (+2.7%). Finally, the Mexbol Index fell 3.6% in nominal terms, ending the month at 49,062 points.

Particularly, Siefores' equities positions decreased 3.0% m/m to MXN 981.0 billion, and thus, equity investments weighting against total assets fell 42bps m/m to 18.0%. Holdings of domestic securities slid by 2.7% m/m while foreign assets were down to 3.2%.

Equity Investments

MXN billion



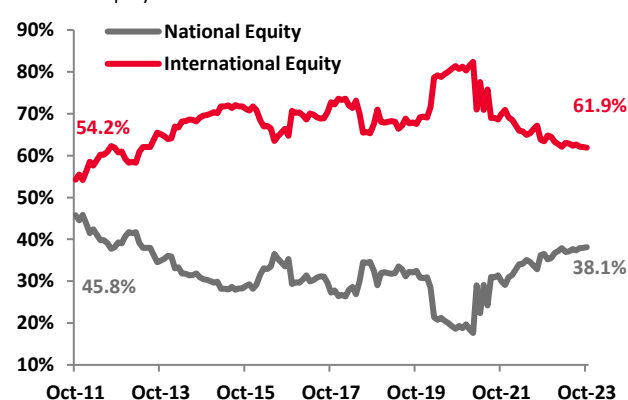
Source: CONSAR, Banorte

Assuming an indexed strategy to the S&P500 and the S&P BMV Mexbol, respectively, we observed that afores' managers decided to increase their domestic securities weightings by 0.9% m/m to stand at MXN 373.8 billion. In turn, they decided to reduce their international stocks exposure by 4.5% to MXN 607.2 billion. During the period, the Mexbol fell 3.6% nominally, while the S&P500 in pesos climbed 1.4%. Thus, the weighting of domestic assets was up 0.1pp to 38.1% and the corresponding to international equities slipped by the same extent to 61.9% vs. total equity investments.

Regarding holding breakdown, domestic securities have grown in the last 5 years at a CAGR rate of 10.6%, which compares favorably with the Mexbol performance (+2.2%). Meanwhile, international, and total equity positions have increased over the same period at a rate of 5.2% and 7.1%, respectively.

Weighing of National and International Equity Investments

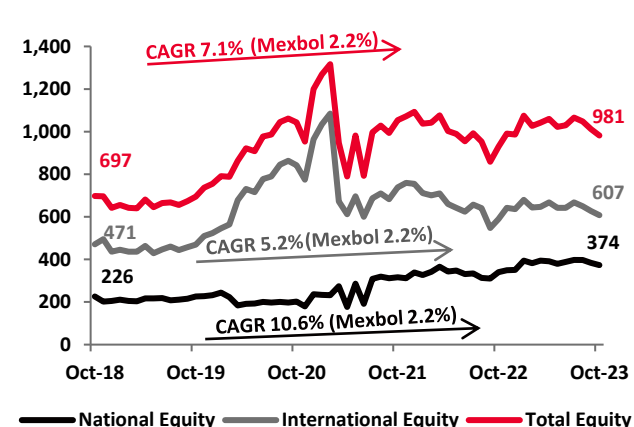
% of total equity investments



Source: CONSAR, Banorte

National, International and Total Equity Investments

MXN billion



Source: CONSAR, Banorte

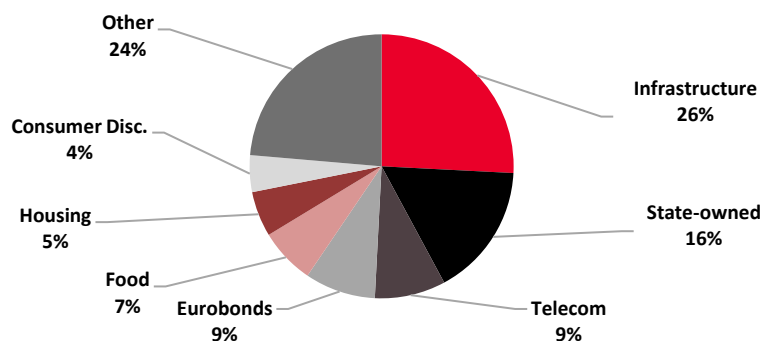
Corporate Debt

In October 2023, Afores' stake in corporate debt notes increased by 13bps, accounting for 11.8% of the total invested assets. We attribute the increase to a larger dynamism in the month's placements, with seven long-term bonds were issued for MXN 15.8 billion (-39.6% y/y).

Ahead, in the rest of 4Q23, we expect the auction activity to increase, with companies interested in bringing forward their offerings ahead of the electoral year, both for their upcoming maturities, and refinancings. Thus, we could observe small upwards movements in Afore's participation in debt securities, considering that a share of the proceeds will be used to refinance existing debt. Top participant sectors are Infrastructure (25.8%), State-owned Companies (16.3%), Telecom (8.7%), Eurobonds (8.7%), and Food (6.8%).

Afores – Private Debt Distribution by Sector

%



Source: CONSAR, Banorte

In the ten months passed of 2023, preference in placements in the market was clear for unsecured bonds, with 90.0% of the issued amount and, with the small share of these securities in the pipeline, we expect this ratio to continue for the rest of the year. The lower appetite for risk debt assets, as well as the difficulty to find financing sources by Non-Bank Financial Institutions, and the lack of placements from Fovissste since 2021, have hurdled the growth of structured bonds.

Siefores investment composition by asset class

% (data as of October 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%	4.1%	5.4%	6.6%	7.4%	8.2%	8.8%	9.3%	9.0%	3.2%	6.9%
	International	1.7%	4.9%	9.1%	10.7%	11.2%	11.8%	11.8%	12.3%	12.6%	13.7%	9.3%	11.2%
Commodities		0.0%	0.0%	0.1%	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.8%	0.2%
Corporate Debt	Banks	1.4%	3.0%	3.2%	3.5%	3.4%	3.2%	3.0%	3.0%	3.0%	2.7%	2.6%	3.1%
	State-owned	0.3%	2.3%	2.2%	1.8%	2.0%	2.0%	2.0%	2.1%	2.1%	2.0%	0.6%	1.9%
	Corporate	3.1%	10.7%	11.0%	10.1%	10.4%	9.8%	9.8%	10.1%	10.5%	9.8%	5.6%	9.9%
Structured		0.0%	1.2%	7.7%	7.6%	9.4%	9.8%	9.7%	8.9%	7.4%	4.4%	0.0%	8.1%
REITs		1.3%	3.3%	3.2%	2.9%	3.1%	3.0%	3.0%	3.1%	2.9%	2.5%	1.5%	2.9%
International Debt		2.0%	2.4%	1.9%	1.7%	1.5%	1.2%	0.9%	0.7%	0.6%	0.4%	0.3%	1.2%
	Mbonos	19.6%	14.8%	14.4%	13.3%	15.5%	15.9%	17.5%	18.4%	18.3%	16.6%	32.7%	16.7%
	Cetes	2.2%	1.2%	1.0%	3.1%	1.7%	1.5%	1.9%	2.3%	3.1%	6.3%	5.5%	2.3%
Gov. Debt	Udibono	60.7%	45.5%	36.2%	32.8%	28.6%	27.3%	25.2%	23.4%	23.2%	23.0%	33.4%	28.8%
	UMS	0.4%	0.5%	0.5%	0.6%	1.0%	1.1%	1.2%	1.3%	1.3%	0.9%	0.2%	1.0%
	Repos	2.9%	4.0%	2.7%	3.2%	2.2%	2.5%	2.5%	2.4%	2.4%	6.2%	3.1%	2.7%
	Other Gov	3.5%	3.9%	2.8%	3.2%	3.2%	3.3%	3.3%	3.2%	3.2%	2.3%	1.1%	3.1%

Source: Consar

Siefores investment composition by asset class

Millions of pesos (data as of October 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	497	3,021	16,440	41,016	60,962	66,814	68,364	55,224	36,604	18,655	6,174	373,769
	International	1,214	5,983	36,573	81,760	103,937	106,910	97,828	76,931	49,664	28,387	18,026	607,214
Commodities		9	20	336	1,093	1,515	1,751	1,390	825	305	115	1,468	8,825
Corporate Debt	Banks	1,038	3,634	12,795	26,834	31,628	29,079	24,643	18,624	11,846	5,529	5,114	170,764
	State-owned	203	2,784	8,742	13,991	18,493	17,961	16,463	12,888	8,235	4,201	1,162	105,125
	Corporate	2,239	13,176	44,453	77,383	96,080	88,860	81,011	63,117	41,385	20,281	10,876	538,861
Structured		-	1,503	31,175	58,300	87,223	88,700	80,626	56,011	29,104	9,162	49	441,854
REITs		929	4,007	13,021	21,856	28,421	27,285	24,737	19,164	11,452	5,183	2,902	158,956
International Debt		1,473	2,942	7,525	12,744	14,097	10,416	7,198	4,478	2,395	892	656	64,816
	Mbonos	14,066	18,142	58,320	101,371	143,890	144,082	145,431	115,183	72,234	34,327	63,230	910,274
	Cetes	1,607	1,467	4,087	23,783	15,769	13,401	15,515	14,465	12,155	13,034	10,563	125,846
Gov. Debt	Udibono	43,630	55,839	146,341	250,959	264,645	247,193	209,487	146,470	91,673	47,638	64,700	1,568,576
	UMS	313	555	1,980	4,289	8,799	10,285	10,188	8,201	5,223	1,890	376	52,098
	Repos	2,105	4,917	10,730	24,277	20,430	22,582	20,450	15,199	9,481	12,867	6,061	149,099
	Other Gov	2,525	4,741	11,402	24,746	29,806	29,556	27,438	19,751	12,664	4,767	2,175	169,570
	TOTAL	71,846	122,732	403,918	764,402	925,697	904,875	830,767	626,531	394,421	206,927	193,533	5,445,648
	% Siefore	1.3%	2.3%	7.4%	14.0%	17.0%	16.6%	15.3%	11.5%	7.2%	3.8%	3.6%	

Source: Consar

Annex

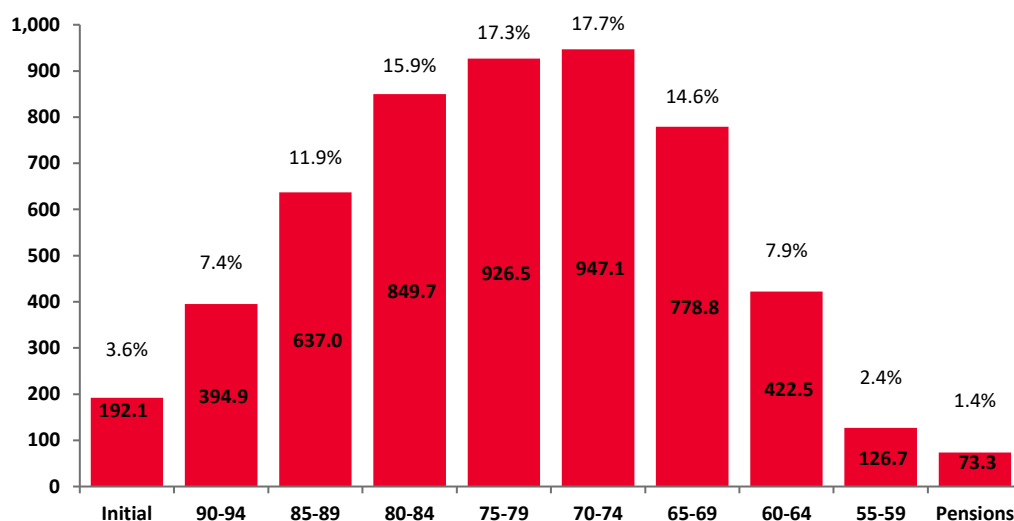
December 2019. On December 13th, 2109, the migration to the new investment regime based on Target Date SIEFORES was concluded. Announced on May 31st, the main modification was the **transition to a Target Date Fund Scheme**.

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 and percentage of total assets

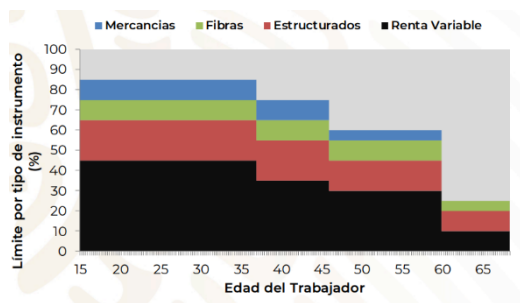
MXN billions / %



Source: CONSAR. As of August 2023

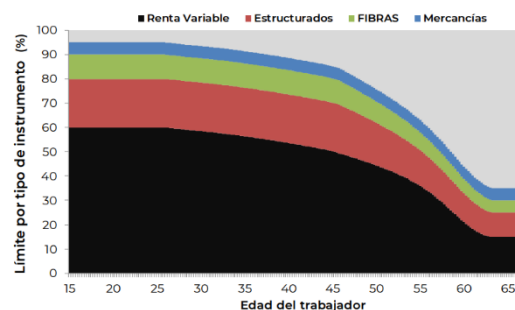
Previous SIEFORES

(Limits by security & SIEFORE)



Previous 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
Worker's Age	<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

Fuente: Consar. (2019)

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, 2025
Basic Pension Investment Company 00-04	Workers born between 2000 and 2004	January 1, 2030
Basic Pension Investment Company 05-09	Workers born between 2005 and 2009	January 1, 2035
Basic Pension Investment Company 10-14	Workers born between 2010 and 2014	January 1, 2040
Basic Pension Investment Company 15-19	Workers born between 2015 and 2019	January 1, 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 were 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 securitised Debt Investments.

Limits by Asset Class by 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	15	35	55	75	95	115	135	155	161
Market and Liquidity Risks	Value-at-Risk ^{/2}								1.03%	0.70%	0.70%
	Difference of the Conditional Value Risk ^{/2}	1.00%	0.99%	0.97%	0.92%	0.83%	0.67%	0.46%	0.31%	0.25%	0.25%
	Liquidity coverage ratio ^{/3}						80%				
	Tracking Error ^{/4}						5%				
Risk by issuer/ counterparty or concentration ^{/5}	Debt issued or endorsed by the Federal Government						100%				
	SPE ^{/6} Debt						10% (mxBBB to mxAAA) (Foreign exchange BB to AAA)				
	Local ^{/6} Debt						5% (mxBBB to mxAAA) (Foreign exchange BB to AAA)				5% (mxA- to mxAAA) (Foreign exchange BBB+ a AAA)
	Subordinated Debt						1% (mxBB+ to mxBBB-) (Foreign exchange BB to AAA)				-
	Hybrid Debt						2% (mxBBB to mxBBB+) (Foreign exchange BB to BB+)				-
	Inter. Foreign instrument from one issuer or counterparty ^{/7}						5% (BBB- to AAA)				5% (BBB+ to AAA)
	Holdings of a single issue ^{/8}						---Maximum {35%, MXN 500 million}---				
	Mexican REITs (FIBRAS) ^{/13} and REITs						2%				
	Structured securities ^{/12}						3%				
	Foreign Securities ^{/5}						20%				
Asset Class limits ^{/9}	Equity ^{/5/10}	60%	59%	57%	54%	51%	45%	38%	23%	15%	15%
	Foreign Currency ^{/5}						30%				
	Securitizations ^{/5/11}	40%	39%	37%	34%	31%	28%	24%	21%	20%	20%
	Structured securities ^{/5/12}	20%	20%	20%	20%	20%	18%	15%	12%	10%	10%
	Mexican REITs (FIBRAS) ^{/13} and REITs	10%	10%	10%	10%	10%	9%	8%	6%	5%	5%
	Inflation protected securities ^{/14}						-				Minimum 51%
	Commodities ^{/5}						5%				
	Investment Mandates						Yes				
Vehicles and Derivatives	Derivatives						Yes				
Conflicts of interest ^{/5}	Securities by related entities						15%				
	Securities by entities with patrimonial affiliation with the AFORE ^{/15}						5%				

Source: Consar as of July 2023

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.
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. 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, Mutual Funds, Vehicles 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. The limits represent the maximum limit that each asset will take during the trajectory.
10. Includes individual stocks, IPOs, domestic and international equity indexes, and warrants. The Basic Pension SIEFORE's must comply with the provisions of the Investment System Provisions and the Financial Provisions.
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, Paula Lozoya Valadez, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cautencos 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.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte 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.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

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.

Determination of Target Prices

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.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Manuel Jiménez Zaldívar
Director of Market Strategy
manuel.jimenez@banorte.com
(55) 5268 - 1671



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas Executive
Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com (55) 1670 - 2250



Isaías Rodríguez Sobrino
Analyst, Fixed Income, FX and Commodities
isaias.rodriguez.sobrino@banorte.com
(55) 1670 - 2144



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global Internacional
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000