## **BBVA**

# BBVA Durbana Latam Fixed Income

Latam Fixed Income Fund - 29/03/2013

Launch Date 03/11/2003 The fund invest mainly in instruments issued in Latin American currencies. The portfolio will be invested in both sovereign and corporate bonds and notes through instruments denominated in local currencies. Jailwing 20% of AUM to be allocated to investments in hard currencies. The portfolio will be invested in both sovereign and corporate bonds and notes through instruments denominated in local currencies. Jailwing 20% of AUM to be allocated to investments in hard currencies for hedging or alloting purposes.   Class Launch Date Class A 03/11/2003 Performance*   Manager Class A 03/11/2003 Performance*   Manager Class A 03/11/2003 Performance*   Kath Date Bay A Bancomer Performance*   Nave Colution Class A 03/11/2003 State and formation of the currencies for hedging or alloting purposes.   Nave Solution Class A 03/11/2003 State and formation of the currencies for hedging or alloting purposes.   Nave Solution Class A 03/11/2003 State and formation of the currencies for hedging or alloting purposes.   Nave Solution Class A 03/11/2003 State and formation of the currencies for hedging or alloting purposes.   Nave Solution Class A 03/11/2003 State and formation of the currencies for hedging or alloting purposes.   Nave Solution Class A 03/11/2003 State and formatin of the currencies for hedging purposes. Currenci										
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Registered Fund Date 03/11/2003 currencies, allowing 20% of AUM to be allocated to investments in hard currencies for hedging or arbitrage purposes.   Class Launch Date Class A 03/11/2003 Class 30/07/2007 Performance*   Manager BBVA Bancome Gestion, S.A. de C.V. Performance*   Manager Banque Privée Edmonde Rothschild Europe 100% JP Morgan Performance*   NAV (sa of 29/03/2013) S13.69 MM 200 100 100 100 100 100 100 100 100 100	Launch Date	03/11/2003								
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Fund AUM (as of 29/03/2013) \$ 13,69 MM   NAV. (as of 29/03/2013) Class A 884,73   Benchmark GBIEM Broad Latin America 100% JP Morgan GBIEM Broad Latin America 100 800 % 150% 50% 50% 50% 50% 50% 50% 50% 50% 50%	Administrator	Edmond de	190 - 180 - 170 -						man	m
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America Fund Class A Fund Gross Benchmark   NAV Frequency Daily Cumulative Performance   Fund Base Currency USD 80.00% 40.00%	NAV, (as of 29/03/2013)		100 90 80 70		· · · · · · · · · · · · · · · · · · ·		 & & &			~~~~~
Frequency Daily Cumulative Performance   Fund Base Currency USD 80,00% 60,00% 90,00%	Benchmark	GBI EM Broad Latin	301220-100-201201 2011 2011 2011 2011 201	30103012					3012004208	301212
CurrencyUSD80,00% - 40,00% - 20,00% - 40,00% - 20,00% - 20,00% - 20,00% - dealing day80,00% - 40,00% - 20,00% - 20,00	NAV Frequency	Daily	Cumulative Perform	nance						
Cut Off Time16.00 (Luxembourg time) on each dealing day40,00% 	Fund Base Currency	USD								
Settlement Date D+5 Fund Class A Fund Gross benchmark   Umbrella SICAV 1 mth 3 mths YTD 12 mths 3 yrs 5 yrs Since Inception   Registered in Switzerland Spain Switzerland 0,05% 1,70% 1,70% 4,04% 15,32% 8,50% 36,70%	Cut Off Time	(Luxembourg time) on each	40,00% -							
Luxembourg Registered inLuxembourg Spain SwitzerlandFund(Class A) Fund(Gross)0,05%1,70%12 mths3 yrs5 yrsSince Inception0,05%1,70%1,70%4,04%15,32%8,50%36,70%0,19%2,13%2,13%5,87%21,52%18,39%55,17%	Settlement Date	D+5	1 mth						5 yrs Since	e Inception
Luxembourg Registered in   Luxembourg Spain Switzerland   Fund(Class A) Fund(Gross)   0,05%   1,70%   1,70%   4,04%   15,32%   8,50%   36,70%     Solution   Spain Switzerland   Spain   0,05%   1,70%   2,13%   5,87%   21,52%   18,39%   55,17%	Umbrella	SICAV								Cinco
Registered in Switzerland   Spain Fund(Gross)   0,00%   1,70%   4,04%   10,52%   0,50%   50,70%				1 mth	3 mths	YTD	12 mths	3 yrs	5 yrs	
Switzerland Fund(Gross) 0,19% 2,13% 2,13% 5,87% 21,52% 18,39% 55,17%	De sistere d'in		Fund(Class A)	0,05%	1,70%	1,70%	4,04%	15,32%	8,50%	36,70%
Benchmark 0,30% 3,52% 3,52% 9,53% 36,77% 61,45% 90,45%	Registered in		Fund(Gross)	0,19%	2,13%	2,13%	5,87%	21,52%	18,39%	55,17%
		e the change	Benchmark	0,30%	3,52%	3,52%	9,53%	36,77%	61,45%	90,45%

\* Benchmark is not affected by transaction cost and taxes such as Brazilian IOF.

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			Asset Alloca	tion						
Fund 5,25			Country Exposur	e						
Benchmark		4,11		< 12 mths	1-3 years	3-6 years	>6 years	% Mod	Dur*	% AUM
<b>Risk Analys</b>	is		Mexico		1,52	1,36	26,84	29,72	2	29,2
Years	1 year	3 years	Brazil	11,46	19,08	16,10		46,64	4	45,
Volatility	9,57	10,55	Colombia		1,85	1,82	2,44	6,11		6,
Ex-post tracking Error	8,74	10,49	Chile		2,09	4,56	10,88	17,53	3	17,
Sharpe Ratio	0,41	0,42	Cash							1,
Information	-0,63	-0,59	Total	11,46	24,54	23,84	40,16	100	1	10
Ratio	0,00	0,35	Benchmark		46,57	29,31	24,12			
Correlation	0,57	0,57								
Beta	0,59	0,50						osure as % moo Exposure as pe		
Months with Positive	9	23	Currency			Rating*				
Return Months with Negative Return	3	13	USD			AA- -		_		
Fees and Mi Investment			COP CLP			BBB+ - BBB				
Subscription up to 4% (temporally not applicable)			MXN			BBB-				
Redemption		up to 0,5%	BRL	20% 30%	40% 50%	N.I.	10% 20%	30% 4	,	
Global Fee Class A 1,75% Class I 0,5%				Fund		*Rating figures	■ Fur have been calculated by orithm between S&P, Mo	an internal metho	odology based o	on an
	Class	A 1Share				indirendee dig		soay sana nan.		
			Marke with a			10	st Positions			
Minimum Investment		000 000	Maturity			TO Large				
Investment		1.000.000	1			10 Large				
			<1 years				C	oupon	Date	<b>%</b>
Investment	Class I \$1	Class A	1			BRAZIL	<b>C</b>	0,00%	01/01/17	14,95
Investment	Class I \$1	Class A 79697817	< 1 years			BRAZIL BRAZIL	<b>C</b> 1 1	0,00%	01/01/17 01/01/14	14,9! 11,20
Investment Codes	Class I \$1 LUO1	Class A 79697817 Class I	< 1 years			BRAZIL BRAZIL CHILE	C 1 1	0,00% 0,00% 6,00%	01/01/17 01/01/14 01/03/22	14,99 11,20 10,5
Investment Codes	Class I \$1 LUO1	Class A 79697817 Class I 813423500	< 1 years			BRAZIL BRAZIL CHILE BRAZIL	C 1 1	0,00% 0,00% 6,00% 8,00%	01/01/17 01/01/14 01/03/22 15/08/16	14,9 11,24 10,5 8,9
Investment Codes ISIN Code	Class I \$1 LUO1 LUO3	Class A 79697817 Class I 813423500 Class A	< 1 years			BRAZIL BRAZIL CHILE BRAZIL MEXICO	C 1 1 1	0,00% 0,00% 6,00% 8,00% 0,00%	01/01/17 01/01/14 01/03/22 15/08/16 20/11/36	14,9 11,2 10,5 8,9 6,7
Investment Codes ISIN Code Bloomberg	Class I \$1 LUO1 LUO3	Class A 79697817 Class I 813423500 Class A 8VLTFI LX	< 1 years			BRAZIL BRAZIL CHILE BRAZIL MEXICO CHILE	C 1 1 1	0,00% 0,00% 6,00% 8,00% 0,00% 6,00%	01/01/17 01/01/14 01/03/22 15/08/16 20/11/36 01/02/21	14,9 11,2 10,5 8,9 6,7 4,4
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Investment Codes ISIN Code Bloomberg	Class I \$1 LUO1 LUO3 BE	Class A 79697817 Class I 813423500 Class A 8VLTFI LX	< 1 years			BRAZIL BRAZIL CHILE BRAZIL MEXICO CHILE MEXICO BRAZIL	C 1 1 1 1 1 1 1	0,00% 0,00% 6,00% 0,00% 6,00% 0,00% 0,00%	01/01/17 01/01/14 01/03/22 15/08/16 20/11/36 01/02/21 05/12/24 01/01/15	14,9 11,2 10,5 8,9 6,7 4,4 4,3( 3,7)
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Investment Codes ISIN Code Bloomberg Code	Class I \$1 LUO1 LUO3 BI BI	Class A 79697817 Class I 813423500 Class A BVLTFI LX Class I BVLATI LX	< 1 years 1-2 years 2-3 years 3-4 years 4-5 years > 5 years		50% 60%	BRAZIL BRAZIL CHILE BRAZIL MEXICO CHILE MEXICO BRAZIL	C 1 1 1 1 1 1 1	0,00% 0,00% 6,00% 0,00% 6,00% 0,00% 0,00% 0,00%	01/01/17 01/01/14 01/03/22 15/08/16 20/11/36 01/02/21 05/12/24 01/01/15 01/01/18	14,9 11,2 10,9 6,7 4,4 4,3 3,7 3,7

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### **Fund Manager Review**

We have experienced a lot of action surrounding Central Bank behavior at the end of the quarter, to highlighted: in Colombia, BanRep reduced the reference rate 50 bps to 3,25% on March 22th; and in Mexico the Central Bank decided to lower its reference rate from 4,50% to 4% on March 3th. In these countries the currency movement was just the opposite, Mexican peso was the strongest currency in the quarter (+4% YTD) while the Colombian peso was the weakest in the same quarter (-3% YTD).

In Brazil even though the Central Bank decided to keep the reference rate on hold at 7.25% in its last meeting, the minutes revealed an increase in its hawkish tone. Market expectation is for 50bps hike in July but there is still a lot of volatility given an IPCA inflation at the top of the Central Bank target range combined with still weak growth data.

#### **Investment Strategy**

The portfolio is invested primarily in investment grade instruments. Our top country picks are Brazil and Chile. In the first case we receive the highest interest rate in Latin America, (around 8,85% for the five year reference). And in Chile, we are expecting positive flows given its attractive carry net of taxes plus the highest rating quality.

We kept underweight positions in Peru and Colombia, in the first case because we believe that much of the curve movement is almost done, and in the second case given the weakness in its currency, something that we expect to continue.

We keep our neutral position in Mexico but positioned in the long end of the curve to receive the positive mood of the pipeline of reforms that might push the potential GDP to higher levels within an environment of lower internal rates.

#### Performance

Our positioning in Brazil has proven to be good given that we has kept an underweight in duration and our preference for inflation linkers securities. Mexico has shown an important appreciation at the front end of the curve, something that has affected our performance; however we expect this movement to translate to the long end in the following months. And our preference for Chile was neutral in the quarter.