

# BBVA Durbana Latam Fixed Income

Latam Fixed Income Fund - 29/03/2013

## Fund Data

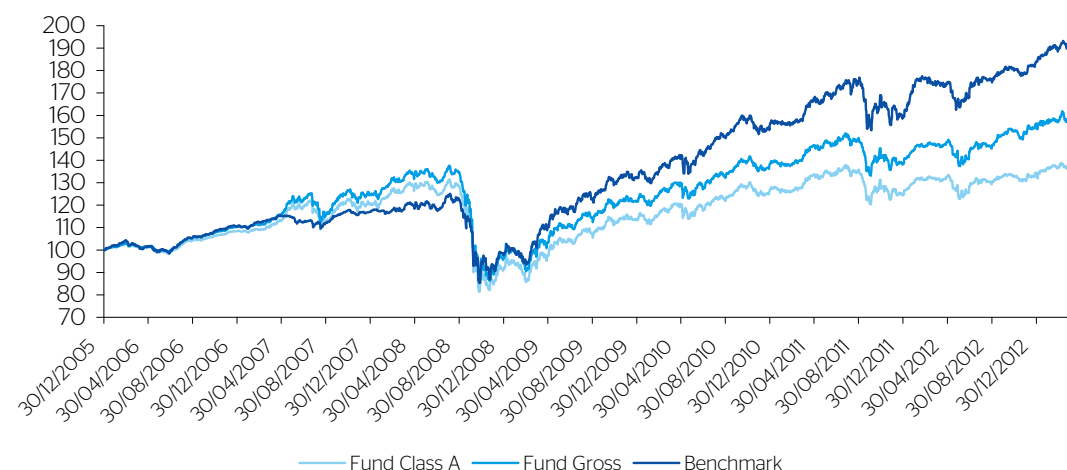
Launch Date	03/11/2003
Registered Fund Date	03/11/2003
Class Launch Date	Class A 03/11/2003 Class I 30/07/2007
Manager	BBVA Bancomer Gestion, S.A. de C.V.
Administrator	Banque Privée Edmond de Rothschild Europe
Fund AUM (as of 29/03/2013)	\$ 13,69 MM
NAV, (as of 29/03/2013)	Class A \$ 84,73
Benchmark	100% JP Morgan GBI EM Broad Latin America
NAV Frequency	Daily
Fund Base Currency	USD
Cut Off Time	16.00 (Luxembourg time) on each dealing day
Settlement Date	D+5
Umbrella	SICAV
Registered in	Luxembourg Spain Switzerland

## Investment Objective

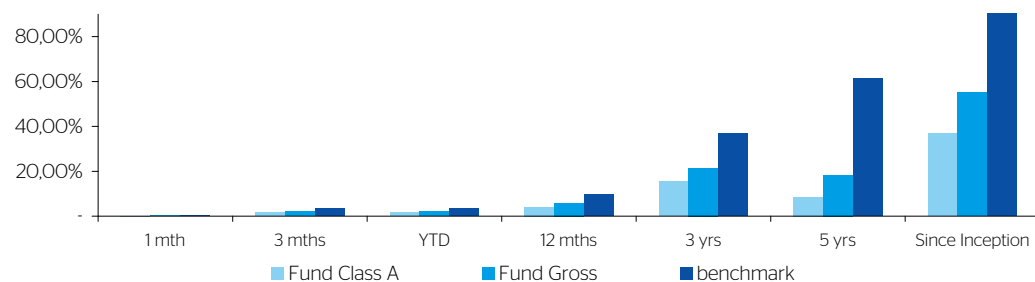
The fund invest mainly in instruments issued in Latin American currencies. The portfolio will be invested in both sovereign and corporate bonds and notes through instruments denominated in local currencies, allowing 20% of AUM to be allocated to investments in hard-currencies for hedging or arbitrage purposes.

## Performance\*

### NAV Evolution



### Cumulative Performance



	1 mth	3 mths	YTD	12 mths	3 yrs	5 yrs	Since Inception
Fund(Class A)	0,05%	1,70%	1,70%	4,04%	15,32%	8,50%	36,70%
Fund(Gross)	0,19%	2,13%	2,13%	5,87%	21,52%	18,39%	55,17%
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.

Duration		
Fund	5,25	
Benchmark	4,11	
Risk Analysis		
Years	1 year	3 years
Volatility	9,57	10,55
Ex-post tracking Error	8,74	10,49
Sharpe Ratio	0,41	0,42
Information Ratio	-0,63	-0,59
Correlation	0,57	0,57
Beta	0,59	0,50
Months with Positive Return	9	23
Months with Negative Return	3	13
Fees and Minimum Investment		
Subscription	up to 4% (temporally not applicable)	
Redemption	up to 0,5%	
Global Fee	Class A 1,75% Class I 0,5%	
Minimum Investment	Class A 1 Share Class I \$1.000.000	
Codes		
ISIN Code	Class A LU0179697817	
	Class I LU0313423500	
Bloomberg Code	Class A BBVLTFI LX	
	Class I BBVLATI LX	
Contact Details		
BBVA Asset Management SA SGIIC		
<a href="mailto:institutional.europe@bbva.com">institutional.europe@bbva.com</a>		

## Asset Allocation

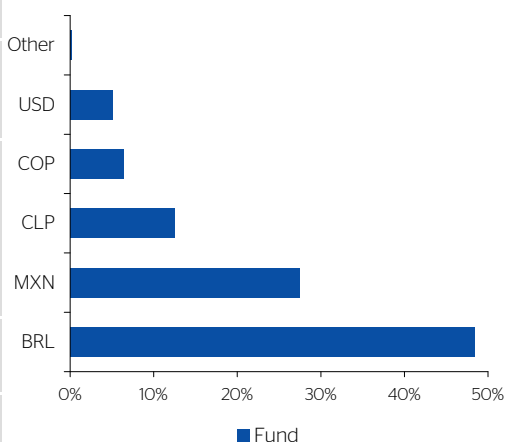
### Country Exposure

	< 12 mths	1-3 years	3-6 years	>6 years	% Mod Dur*	% AUM**
Mexico		1,52	1,36	26,84	29,72	29,20
Brazil	11,46	19,08	16,10		46,64	45,82
Colombia		1,85	1,82	2,44	6,11	6,01
Chile		2,09	4,56	10,88	17,53	17,22
Cash						1,75
<b>Total</b>	<b>11,46</b>	<b>24,54</b>	<b>23,84</b>	<b>40,16</b>	<b>100</b>	<b>100</b>
<b>Benchmark</b>		<b>46,57</b>	<b>29,31</b>	<b>24,12</b>		

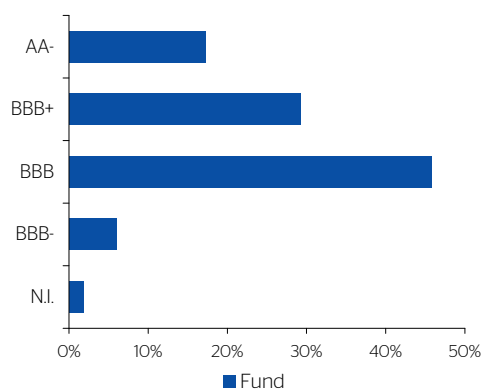
\*Country Exposure as % modified duration exposition.

\*\*Country Exposure as percentage of market value

### Currency

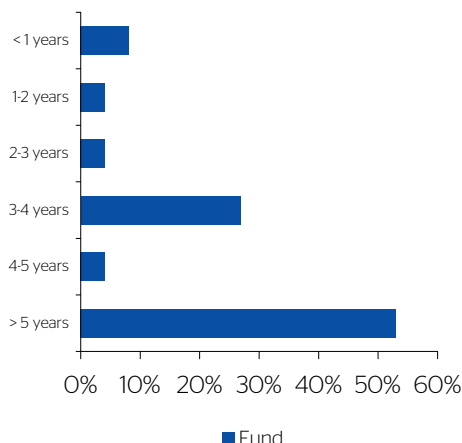


### Rating\*



\*Rating figures have been calculated by an internal methodology based on an mathematic algorithm between S&P, Moody's and Fitch.

### Maturity



### 10 Largest Positions

	Coupon	Date	%
BRAZIL	10,00%	01/01/17	14,95%
BRAZIL	10,00%	01/01/14	11,26%
CHILE	6,00%	01/03/22	10,51%
BRAZIL	8,00%	15/08/16	8,95%
MEXICO	10,00%	20/11/36	6,72%
CHILE	6,00%	01/02/21	4,47%
MEXICO	10,00%	05/12/24	4,30%
BRAZIL	10,00%	01/01/15	3,79%
BRAZIL	10,00%	01/01/18	3,79%
MEXICO	7,75%	29/05/31	3,20%

## Fund Manager Review

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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

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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

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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.