2008 University of Florida Latin American Business Symposium and Career Workshop

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INCA Investments
INCA Investments, LLC

- Founded in 2004 to implement specialized investment strategies in the Latin American equity markets
- Assets under management of approximately US$225 million
- Clients are mainly U.S. and European based institutions and family offices
- Our investment team is comprised of a Chief Investment Officer, Director of Research and four Investment Analysts
- We are based in Miami due to the city’s strategic location for covering all of Latin America
INCA’s Assets under Management

Long Only Funds:

- **Zephyr Latin American Fund** – investment sub-advisor for US$20 million Latin American Fund launched in February 1997
- **Zephyr Aurora Fund** – Latin American sub-advisor for US$30 million invested in the Latin American portion of this Emerging Market manager-of-managers fund

Small Cap Funds/Accounts:

- **Small Cap Separate Account** – US$70 million account launched in May 2003 for a U.S. endowment
- **INCA Latin American Small Cap Fund** – US$10 million fund launched in January 2008

Long-Short Funds/Accounts:

- **Long/Short Separate Account** – US$90 million separate account managed for a European family office
INCA’s Investment Philosophy

• All investment decisions are based on our internal, bottom-up, fundamental research

• Analysts are specialized according to industries, not countries

• Invest in companies with a strong franchise and understandable business model

• Use a long term investment horizon

• Favor companies with reasonable and below average valuations
ILASC’s Investment Process

- **Latin American Equity Universe**: ≈920 Stocks
- **Latin American Frontier Markets Universe**: ≈200 Stocks
- **Latin American Non-Listed Equities**: Max=10% Fund Assets

**Liquidity Screen**
- **Latin American Equities**: Daily Vol. > US$100k ≈425 Stocks
- **Latin American Frontier Equities**: Daily Vol. > US$100k ≈20 Stocks

**Quality Screen**
- **Track**: ≈100-125 Companies

**Analysis Screen**
- **ILASC Portfolio**: 20-40 Companies
The Latin American Equity Market

MSCI Latin American Index

Source: MSCI (September 30, 2008)
Latin American markets were deeply affected by the crisis in the developed world...

Source: Bloomberg
...however, unlike their developed world counterparts, Latin American companies and individuals were not highly levered due to:

- Relatively high interest costs
- Lower availability of credit
- Conservative attitude of companies toward debt

![Credit to Private Sector (% of GDP) 2007](source: World Bank)
Latin American countries have been improving their economic posture

Source: Citi Investment Research
…which has allowed a significant lowering of External Debt

Source: Citi Investment Research
Compared to other market declines in Latin America the current one has been more severe...

<table>
<thead>
<tr>
<th>Bear Market Period</th>
<th>Emerging Market Crisis 10/21/97 to 9/10/98</th>
<th>Brazilian Devaluation 11/27/98 to 1/14/99</th>
<th>Burst of Tech Bubble 3/9/00 to 9/30/02</th>
<th>Global Credit Crisis 5/19/08 to 10/27/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Drop</td>
<td>-64.1%</td>
<td>-30.9%</td>
<td>-55.4%</td>
<td>-67.5%</td>
</tr>
<tr>
<td>Duration (months)</td>
<td>10.5</td>
<td>1.5</td>
<td>31</td>
<td>5.3</td>
</tr>
<tr>
<td>Low P/E</td>
<td>7.3</td>
<td>10.8</td>
<td>9.5</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Source: Citi Investment Research

...and valuations have reached an all time low in spite of an improved economic back drop
Our View on the Latin American Investment Environment

• The global credit crisis will moderate GDP growth, but Latin America will not enter a crisis scenario

• Given the very low valuation levels, we believe Latin American equities present an attractive investment opportunity

• We believe the best opportunities are in the domestic, consumption oriented sectors (construction, banking, consumer brands) and not the export, commodity oriented sectors (oil, iron ore, steel)