



**OVERVIEW OF
THE VENTURE
CAPITAL
INDUSTRY
IN MEXICO**

2017

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ABOUT AMEXCAP

AMEXCAP is a non-profit association whose mission is to foster the development of the private equity industry in Mexico. The Association was created in 2003 and currently represents over **118** Private Equity, Venture Capital, Real Estate, Infrastructure and Energy funds that actively invest in Mexico and over **82** advisory service companies involved in the areas of corporate law, tax advisory, financial services, and consulting. The private equity industry in Mexico has raised a cumulative **USD\$ 51.4 bn**, over the past seventeen years. These funds invest in a broad range of sectors including consumer products, healthcare, transportation, financial services, media, telecommunications, real estate, infrastructure and energy.

Our Mission

The AMEXCAP works under the following objectives:

- Developing and strengthening the relationships with institutional investors.
- Generating the largest number and frequency of transactions.
- Developing and maintaining relations with authorities and regulators, lobbying with them to improve the competitiveness of the industry.
- Promoting and disseminating the Private Equity and Venture Capital industries at national and international levels.

To carry out these objectives, identify key challenges and propose initiatives which will encourage the development of the industry, AMEXCAP's Board of Directors is composed of a President, a Secretary and ten Committees:

- Venture Capital Committee
- Growth and Acquisitions Committee
- Real Estate Committee
- Infrastructure Committee
- Family Offices Committee
- Institutional Relations Committee
- Promotion Committee
- Research and Education Committee
- Diffusion and Communication Committee
- VC & Seed Legal Committee

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A LETTER FROM AMEXCAP

Today the industry for Private Equity in Mexico reaches USD \$51.4 Bn of committed assets with over 176 active funds investing across sectors. AMEXCAP had registered 2,000 Private Equity transactions over the last 26 years, of which 86% occurred in the past 7 years. From the total transactions accounted, 38% belonged to the Venture Capital, 20% Growth and LBO deals; 34% related to Real Estate; 5% to Infrastructure and 3% to Private Debt.

Within the VC sector, we have seen great activity and relevant development towards the attraction of foreign capital either in co-investment deals as well as on direct deals. On 2015 10 foreign VC funds started to invest on Mexican startups; 95% of their investments were in seed rounds and 5% in series A rounds. In just two years we have increased foreign participation to 50 funds investing alongside 63 domestic funds, mainly in rounds A, rounds B and later stages. Afluenta with Elevar Equity, Clip with General Atlantic, Mission OG; Cornershop with Accel and Jackson Square Ventures, Konfio with Kaszek Ventures, QED Investors and Accion Venture Lab, Apli with Social Capital, Compara Guru with Nova Founders Capital, Struck Capital and QED, Kueski with Quona Capital, QED Investors and KaszeK Ventures, are some of these investments.

Despite this dynamic activity, fundraising has experienced a decrease since its record high in 2013 with USD\$ 233 Mn to USD\$ 165 Mn in 2016. We should expect a further drop this year as well, potentially drawn by factors such as the new U.S. trade and immigration policies passed in 2017 affecting institutional investors' demand for Mexico-focused vehicles, the uncertainty of next year presidential elections, the uncertainty of the NAFTA agreement, and the fact that INADEM and other multilateral banks have decreased allocation for Mexican VC funds.

On the other hand, we are seeing little more activity from local pension funds in the industry. Three CKDs have been raised so far for Venture Capital investments with total commitments of over USD\$190mn: LIV Capital (2012), IGNIA (2015) and Dalus Capital (2016) and LIV Capital (2012). And we are expecting another two or three to come out in 2018. We hope this interest from local pension funds continue its trend and potentially attract further allocation from other foreign institutional investors to the country.

Mexico has been able to maintain its position as a major source of promising startups on top of other important LATAM economies. As a result, Mexico is now seen as one of the most favorable emerging markets to invest in and top in LATAM according to different LPs surveys (LAVCA 2014, 2015, and EMPEA 2015, 2016 and 2017). More foreign funds are now attracted to our great talent, and filling the gap of those later stages rounds, so we should expect Mexico's Venture Capital industry continue to flourish attracting new funds and investors to these great opportunities.

I would like to express my gratitude to all the GPs who contributed their valuable time, data and information to AMEXCAP to assist in the production of this report.

I would also like to thank AMEXCAP Chairman Alonso Díaz Etienne, Venture Capital Committee President, Ricardo Elizondo and the whole Board for their support and trust, and to Diego Armenta our Research Director and long-standing member of my team for the fourth year running, for his valuable input and support of our organization and the industry we represent.

Finally, we hope you enjoy this publication, as long as we tried to provide a fresh perspective on a richly diverse economy. As venture capital remains an opaque asset class, we encourage readers to review our data methodology.

Cordially,
María Ariza
CEO

AMEXCAP METHODOLOGY

This report provides an overview of trends in fundraising and investment among venture capital (VC) funds investing in Mexico (includes Family Offices and Corporate Venture Capital Funds that invest in VC). The statistics presented here are drawn from AMEXCAP'S funds and transactions database. The main data sources used were: press-releases, trade publications, crunchbase, funds' and company's websites, AMEXCAP communication with industry participants and members. This overview covers from January 2000 thru September 2017.

Reported fundraising totals reflect only official closes (interim and/or final) reported by public sources and by the firms. Capital commitments accruing prior to, or between, official closes are not included. Investment totals included in the report reflect total equity amounts for transactions in which financial details have been reported. For both fundraising and investment data, amounts have been confirmed wherever possible through information provided by the fund managers themselves. The total number of investment transactions includes both new and follow-on investments and is determined by the moment in time that the investment was initiated we consider the number of funds contributing capital.

Any discrepancies between the aggregate statistics published by AMEXCAP and the constituent data files can be attributed to confidential information that has been omitted from public reporting.

We continuously strive to gather as much information as possible to better reflect the current VC industry in Mexico, so our data may have some adjustments year over year, this is due mainly to more public information from historic investments and capital raised from funds we have not tracked before.

Disclaimer: This information is intended to provide an indication of industry activity based on best information available from public and proprietary sources. AMEXCAP has taken measures to validate the information presented herein but cannot guarantee the ultimate accuracy or completeness of the data provided. AMEXCAP is not responsible for any decision made or action taken based on information drawn from this report.

EXECUTIVE SUMMARY

Mexico's Venture Capital Industry is composed by 63 Mexico based fund managers plus another 50 foreign firms that have done at least one transaction on the past 4 years. In sum, they have committed over USD\$ 1.64Bn to be invested in the venture space, distributed over a diverse pool of VC stages and industries. As many of 46 funds are focused on seed capital, leaving the rest for later stages.

Regarding deal activity, AMEXCAP has record of 782 VC transactions for a total of USD\$834Mn invested from 2010 to September 2017. We have witnessed a year-on-year increase on the number of deals since 2010. Actually, according to LAVCA, in 2016 Mexico led the region regarding PE/VC deal activity surpassing Brazil.

The industry saw its best year in its history in 2016 with the largest number of transactions with 182, representing USD\$ 209Mn of capital invested. 55% of all deals were in the seed stage, 40% in series A and B and 5% were in later stages. This year however we have seen that 21% of transactions have been in this later stage, which accounts for the natural growth of our startups looking for further rounds of capitalization.

The fintech sector was the most active in 2016 with 66 transactions and over USD\$ 87Mn capital representing a 42% of the total invested capital. We saw 39 different funds investing in 23 different fintech startups. For 2017 the amount invested to date is USD\$ 62.9Mn in 35 transactions.

Interesting to mention that the number of startups with a woman cofounder operating in Mexico is increasing. There are 33 Mexican startups with a woman cofounder, which have been able to raise USD\$31Mn since 2011 to date. 50% of these startups belong to the consumer services sector with USD\$ 9.8Mn capital invested.

Our latest research conducted by KPMG and AMEXCAP regarding successful PE/VC backed companies in Mexico, which will be published in November 2017, demonstrates that VC funds have encouraged growth and improved the investees' performance, showing the following results:

For Venture Capital Investments (Seed Capital):

Revenue growth of 2.17X
EBITDA growth of 1.46X

For Venture Capital Investments (series A and B):

Revenue growth of 6.22X
EBITDA growth of 1.28X

Lastly, on the liquidity side, we have accounted 37 exits within the VC industry. There were 3 exits in 2016 and 4 in 2017.

Soldiers Field Angels fund (SFA) sold its stake in Now New Media

Adobe Capital sold its stake in NatGas

Accion Venture Lab, sold its stake in Clip

Enture Smart Business sold its stake in Grupo La Alegria

Enture Smart Business sold its stake in Xnax

Enture Smart Business sold its stake in Ambar seguros

MORE ALLIES FOR YOUR STARTUP IN MEXICO



RICARDO ELIZONDO
PRESIDENT, AMEXCAP'S VENTURE
CAPITAL COMMITTEE

In México, for many years, the possibility of starting your own business and growing it past friends and family (F&F) funding was close to impossible. If the business venture wasn't able to reach breakeven with F&F funding, there would be no other sources to finance growth. This led to a huge bias towards business models for entrepreneurs who'd only seek a lifestyle hedge.

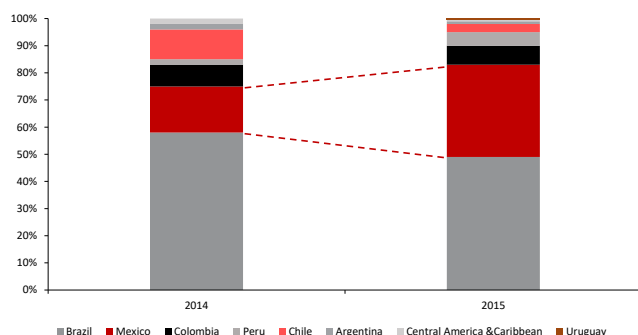
An inflection point came when in 2012 the Mexican government created the INADEM (National Institute for Entrepreneurship) in an effort to accelerate the development of the entrepreneurial ecosystem. Academic institutions established departments to train potential entrepreneurs and to channel their research to the market through the incubation of startup companies. New incubators and accelerators were launched and a new entrepreneurial culture started to permeate into the minds of society.

Mexican entrepreneurial projects in different industries became examples of success (e.g., Cinemex, Proteak, KIO Networks, City Express, Metros Cúbicos) and a new breed of entrepreneurs, tech savvy, eager to change the world, with a global vision, ready to compete, started to emerge from Universities and corporations.

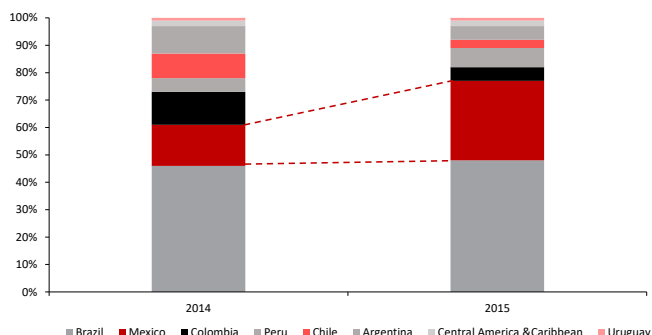
Also, new Venture Capital funds focused on early stage surged to provide much needed financing in the so called valley of death. From 2013 to 2016 more than 57 VC funds were created. These funds helped Mexico obtain a leading role in Latin America in terms of share of investments. According to LAVCA, from 2014 to 2015, Mexico grew from representing only 15% to 33% of the total amount of VC invested in the region.

Moreover, many of the institutional investors are in the process of raising more capital for subsequent funds. A clear example of the opportunities perceived in our ecosystem is the fact that Mexican pension funds backed at least three VC firms that are filling the investment needs of startups raising Series A, B and late stage.

Percent of Total Amount Invested



Percent of Total Number of Deals



The size of the deals is also growing. To date there are more than 30 Mexican startups that have raised over USD\$5 mn through venture capital. Just in our portfolios at Ideas & Capital we have Prolade, NextU, Fruitex and Pro Organic Growers which were all funded from grass roots after 2013 and now they belong to this new category of startups that have been able to scale up under the new VC environment.

In the fintech industry there are also many companies in this category. Some examples of them include: Kubo, Laudex, Kueski, Afluenta, Mimoni, Clip, Conekta, Sr. Pago, and Alkanza. The list of startups that have been strongly backed goes on in other industries like healthcare and e-commerce. Even though the VC market in Mexico is young, many startups are growing fast and are becoming great opportunities for investors seeking larger companies, and exits are starting to accumulate.

Mexico is ready for international investors eager to partner with Mexican funds. The foundations are there. Although the amount invested by VC firms presents a steady increase and is now over USD\$200 mn per year there is huge room for growth. It would only make sense to get our ecosystem at the level of VC investment as percentage of GDP that we see in other economies like Israel, India and the UK... from 0.08% to more than 0.15%.

Industry Profile and Evolution

On September 2017 Venture Capital Industry, has achieved over USD\$ 1.641 bn in capital commitments over the last seventeen years, growing at a CAGR of 12.14% for the last 7 years. And 63 funds these funds are established in Mexico or have strong attachments for the Mexican Industry.

INDUSTRY PROFILE AND EVOLUTION

By September 2017 the Mexican Venture Capital Industry has 63 active funds operating in the country that have raised over USD\$ 1.641 Bn in capital commitments growing at a CAGR of 12.14% for the last 7 years.

Accumulated Capital Commitments in VC (USD\$ Million)

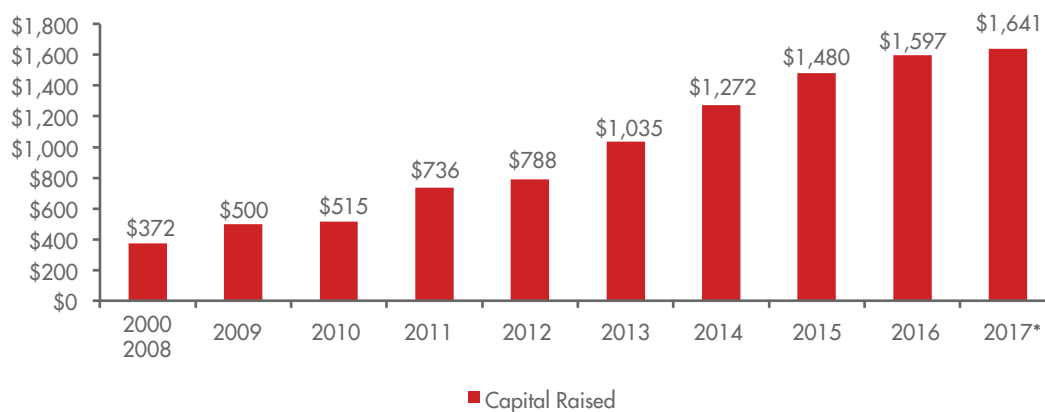


Fig. 1

Participation per Round of Financing (2000-2017*)

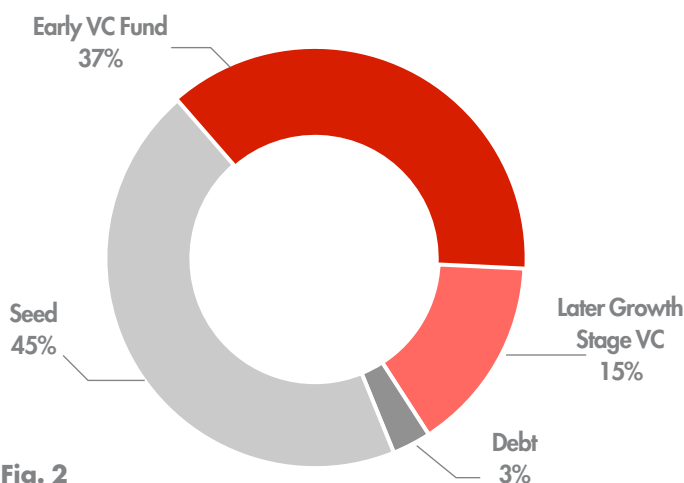


Fig. 2

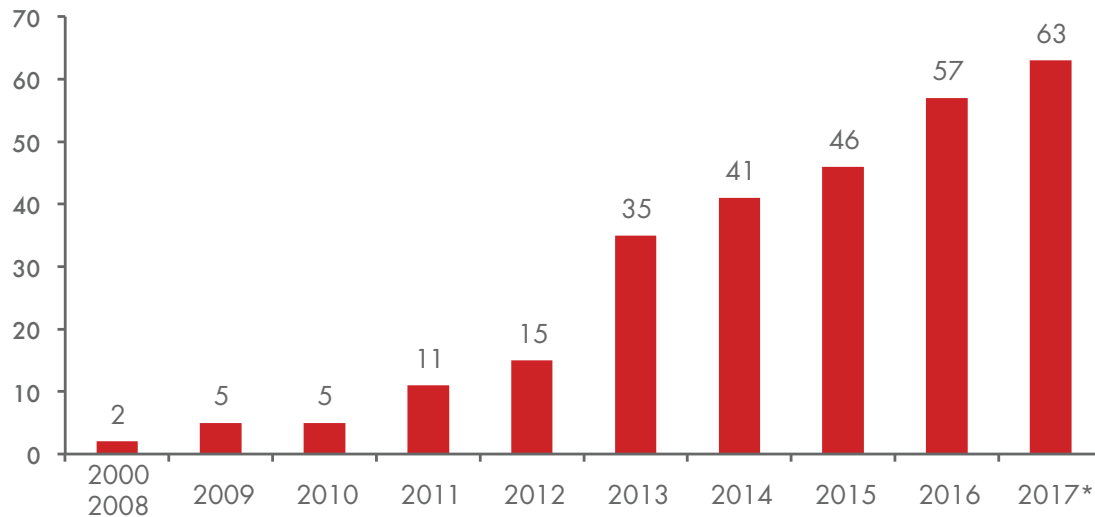
82% of all the capital raised is being invested in seed and early stage, this is a problem for a startup that is aiming to raise late VC; 82% of all the capital raised is being invested in seed and early stages. For later stages, Mexican startups are also looking and raising funds from foreign investors. i.e. Yogome closed a round with European Fund Seaya Ventures among other investors, FINAE and Kubo Financiero received capital from Bamboo Capital Partners and Cornershop got commitments from Accel.

Classification:

Seed investment less than USD\$ 0.5 Mn

Early VC: refers to round A and B investments from USD\$ 0.5 to USD\$ 5 Mn

Later growth stage: investments of more than USD\$ 5 Mn

**Active Fund Managers
(Number of GPs)****Fig. 3**

There are 63 VC funds with headquarters in Mexico of them 46 just focus on seed stage, 14 for early and 3 late stage.

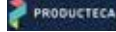
2013 was a particularly interesting year regarding the appearance of VC Funds in Mexico. Instituto Nacional del Emprendedor, INADEM started an aggressive program to launch Mexican VC capital funds committing about USD\$ 130Mn for this purpose over the following three years. It contributed with the creation and co-investment of more than 40 new funds. Some of these are

already making their firsts investments: Aleb investments on Paybook, and Gubler, E Capital in Rescata, Trebol Capital in Sellfone, XB Ventures in If Only and Just Fab, GC Capital in Rocket. la, Sky Alert, Tu Canton.

INADEM has moreover supported Mexican Firm AVM for a USD \$100Mn Pacific Alliance Fund that right now finishing its fund-raising period.

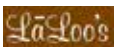
	TICKET SIZE (USD\$ MN)	Seed Stage < 0.5	Early VC 0.5 < 2 2 < 5		Later Growth Stage > 5				
Venture Capital Firms	Accumulated AUM	Seed Capital	Round A	Round B	Late VC	Min. USD	Max. USD	Sample Sectors Invested	Sample Portafolio
 500 STARTUPS	USD\$ 25 MN					USD \$0.05Mn	USD \$0.5Mn	Fintech Transportation Tourism Education Ecommerce Enterprise Civic Tech Health	     
 ALEB INVESTMENTS*	USD\$ 2MN					USD \$0.2Mn	USD \$0.3 Mn	Digital & Mobile Health Technology Disruptive business ideas Diverse high growth & innovative business	 
 AVALANCHA	USD\$ 12 MN					USD \$0.05 Mn	USD\$ 5Mn	E-Commerce Mobile	   
 BIZ RUPT	USD\$ 33 MN					USD\$ 0.05Mn	USD\$ 5 Mn	Big Data Fintech IoT SaaS Virtual Reality	   
 BlueBox Ventures	USD\$ 14.57MN					USD\$ 0.05Mn	USD\$ 0.1Mn	Consumer goods and Retail Business services Information Technology Telecommunications Entertainment Agroindustry	    
 eCAPITAL*	USD\$10 MN					USD\$ 0.05Mn	USD\$ 5Mn	Consumer Services	
 FEMSA	NA					NA	NA	Fintech	 
 FenixFund	USD\$ 5Mn					USD\$ 0.025Mn	USD\$ 0.5Mn	Utilities Consumer Services Technology	 
 PLUG AND PLAY	USD\$ 5Mn					USD\$ 0.025Mn	USD\$ 0.5Mn	IoT FinTech Retail Insurance Media Health & Wellness	    
 SIPI fund	USD\$ 5.5Mn					USD\$ 0.1Mn	USD\$ 1 Mn	Health (Pharmaceutical product) IT (Algorithms) Green Materials Entertainment (robotics)	

		TICKET SIZE (USD\$ MN)	Seed Stage	Early VC		Later Growth Stage				
			< 0.5	0.5 < 2	2 < 5	> 5				
Venture Capital Firms	Accumulated AUM	Seed Capital	Round A	Round B	Late VC	Min. USD	Max. USD	Sample Sectors Invested	Sample Portafolio	
 SFA (SOLDIERS FIELD ANGELS)	USD\$ 1.5Mn					USD\$ 0.1Mn	USD\$ 0.25Mn	Fintech Agroindustry Organics Digital Media Transport General Services IT	 	
Startblueup	USD\$ 2.5Mn					USD\$ 0.02Mn	USD\$ 0.25Mn	Technology Telecomm Software		
 Impulsa	USD\$ 5Mn					USD\$ 0.5Mn	USD\$ 1 Mn	Energy Healthcare Education Sustainability		
 investo	USD\$ 5Mn					USD\$ 0.05 Mn	USD\$ 0.1Mn	Software Mobile	   	
 TREBOL CAPITAL DISCOVERY FUND	USD\$ 5n					USD\$ 0.025Mn	USD\$ 0.35Mn	Biotech IT Health Renewable Energies		
 wayra. SOMOS PARTE DE Telefónica OPEN FUTURE.	USD\$ 3.1Mn					USD\$ 0.05Mn	USD\$ 0.125Mn	Internet and mobile applications Financial technology Digital marketing Internet of things Smart cities Education Cyber security Machine learning Big Data	      	
 Capital EMPRENDEDOR	NA					NA	NA	FinTech		
 CAPITALInvent	USD\$ 10Mn					USD\$ 0.2Mn	USD\$ 1Mn	Marketplaces Fin-Tech Ecommerce Ed-Tech Smart Cities	   	
 DILA CAPITAL	USD\$ 13Mn					USD\$ 0.25Mn	USD\$ 0.75Mn	Retail E-Commerce Innovative Transportation Marketplaces Technology Based Services Mobile	    	
 Fiinlab	NA					NA	NA	Fintech	  	

	TICKET SIZE (USD\$ MN)	Seed Stage < 0.5	Early VC 0.5 < 2 2 < 5		Later Growth Stage > 5				
Venture Capital Firms	Accumulated AUM	Seed Capital	Round A	Round B	Late VC	Min. USD	Max. USD	Sample Sectors Invested	Sample Portafolio
 GBM	NA					NA	NA	FinTech Healthcare	 
 USD\$ 5Mn						USD\$ 0.05Mn	USD\$ 1Mn	Fintech Technology Software	  ROCKET
 NA						NA	NA	Consumer Services Energy	 
 USD\$ 8.5Mn						USD\$ 0.5Mn	USD\$ 2Mn	FinTech SaaS Big Data	    
 NA						NA	NA	Fintech Saas	
 USD\$ 38.5 Mn						USD\$ 0.03Mn	USD\$ 2Mn	Software Mobile	  
 USD\$ 10Mn						USD\$ 0.25Mn	USD\$ 3Mn	Various industries IT Services	   
 USD\$ 30Mn						USD\$ 0.25Mn	USD\$ 2Mn	Education Healthcare Economic Development	   
 USD\$ 10Mn						USD\$ 0.25Mn	USD\$ 1Mn	Consumer Services and Products Healthcare IT	  
 USD\$ 25Mn						USD\$ 0.2Mn	USD\$ 2Mn	Fintech E-commerce Marketplace	   
 NA						USD\$ 0.5Mn	USD\$ 1Mn	Software E-Commerce FinTech	
 USD\$ 20Mn						USD\$ 0.1Mn	USD\$ 3Mn	Health Education Alternative Energy Waste Management Recycling Housing Financial Services Organics Sustainable consumer products	      

		Seed Stage	Early VC		Later Growth Stage					
	TICKET SIZE (USD\$ MN)	< 0.5	0.5< 2	2 < 5	> 5					
Venture Capital Firms	Accumulated AUM	Seed Capital	Round A	Round B	Late VC	Min. USD	Max. USD	Sample Sectors Invested	Sample Portfolio	
ALLVP ASISTORES LEADERES DE LA RED INVESTOR PARTNERS	USD\$ 42Mn					USD\$ 0.4Mn	USD\$ 4Mn	.Health Care Fintech Smart Cities Consumer Internet Enterprise Digital Energy	 carrot  Cornershop  Prestadero  dentalia	
ANGEL VENTURES	USD\$ 20Mn					USD\$ 0.1Mn	USD\$ 2Mn	Fintech Retail E-Commerce IT Health BoP Agro	 SaludFácil  nube  ösom  intelimétrica	
Ideas & Capital	USD\$ 23Mn					USD\$ 0.25Mn	USD\$ 5Mn	Agribusiness & Forestry IT Service Platforms Digital Media Education Shared Economy	 crowdfunder  dvdendo  econduce  nextu  SOLELY	
MITA VENTURES	USD\$ 1Mn					USD\$ 0.10Mn	USD\$ 3Mn	Tied to Mobile: AI, Machine Learning Blockchain IoT, Connected Devices Fintech Entrepridrd, Saas E-commerce Edtech / Medtech	 nuve  SUNU  parlevel  KAYAK	
 Mountain Nazca	USD\$ 40Mn					USD\$ 0.15Mn	USD\$ 2.5Mn	IoT (Internet of Things) Biotechnology Artificial Intelligence Information Technology Saas E-commerce	 bluesmart  MIROCULUS  KAYAK  creze  ALTA MOTORS  OFI  urbvan transit  human	
 AETUS	USD\$ 25Mn					USD\$ 0.1Mn	USD\$ 2Mn	Multisector Tech Real Estate E-commerce	 ATMA  The Grants  CANDELARIA	
 enture	USD\$ 40Mn					USD\$ 0.25Mn	USD\$ 10Mn	Real State Healthcare Financial Services Wellness Tourism Organics Sustainable Consumer Product Housing Leisure	 AMBAR  wellnie  atel  BRICKHOUSE  Family Care  moove  COWORKING	

	TICKET SIZE (USD\$ MN)	Seed Stage	Early VC		Later Growth Stage				
		< 0.5	0.5 < 2	2 < 5	> 5				
Venture Capital Firms	Accumulated AUM	Seed Capital	Round A	Round B	Late VC	Min. USD	Max. USD	Sample Sectors Invested	Sample Portafolio
	USD\$ 15Mn					USD\$ 0.5Mn	USD\$ 5Mn	Agribusiness Rubber plantations Shrimps hatcheries and farms Cashew nuts Tourism Energy Infrastructure	NA
	USD\$ 10Mn					USD\$ 0.5Mn	USD\$ 5Mn	Biotech IT Multimedia Videogames Software	 
	USD\$ 5Mn					NA	NA	Fintech Saas Software	
	USD\$ 155Mn					USD\$ 2Mn	USD\$ 20Mn	Technology Media Tele-communications Business Service sectors	   
	USD\$ 50Mn					USD\$ 1Mn	USD\$ 10Mn	Education Energy Health Care Finance	   
	USD\$ 50Mn					USD\$ 0.5Mn	USD\$ 5Mn	Financial Services Manufacturing Consumer goods Energy Entertainment	   
	USD\$ 80Mn					USD\$ 1Mn	USD\$ 10Mn	Software Saas Internet Fintech High-Value Service Healthcare Education EnergyTech Security	    
	USD\$ 50Mn					USD\$ 1Mn	USD\$ 20Mn	Food Retail Digital Media Software as a Services (Saas) Energy Medical Devices Fintech Real Estate	      
	USD\$ 192Mn					USD\$ 2Mn	USD\$ 10Mn	Healthcare (Retail) Housing Basic Services (water) Financial Services Consumer Goods	   

		TICKET SIZE (USD\$ MN)	Seed Stage	Early VC		Later Growth Stage				
			< 0.5	0.5 < 2	2 < 5	> 5				
Venture Capital Firms	Accumulated AUM	Seed Capital	Round A	Round B	Late VC	Min. USD	Max. USD	Sample Sectors Invested	Sample Portfolio	
	USD\$ 50Mn					USD\$ 2Mn	USD\$ 20Mn	Beverages Consumer Durables Food Products Manufacturing	 	 
	NA					USD\$ 2Mn	USD\$ 5Mn	Venture Lending	NA	
	USD\$ 5Mn					USD\$ 0.5Mn	USD\$ 5Mn	Financials	  	
	NA					USD\$ 3Mn	USD\$ 10Mn	Commercial Services Software		
	USD\$ 10Mn					USD\$ 0.5Mn	USD\$ 5Mn	Software E-Commerce	 	
	USD\$ 50Mn					USD\$ 5 Mn	USD\$ 20Mn	Healthcare Education Financial Services Telecom Food & Beverage Consumer Goods Real Estate	 	
	USD\$ 50Mn					USD\$ 5 Mn	USD\$ 20Mn	Software EdTech Mobile		

FUNDRAISING

As commented at the beginning, fundraising activity decreased from high record in 2013 at USD \$233Mn to USD \$47Mn by September of this year. First time funds are struggling to achieve their target size funds but also more seasoned funds are experiencing

difficulty. Less participation from INADEM, multilateral banks and family offices have accounted for part of this shortage, but also pension funds are not yet very active and international investors have also shown less activity.

**Annual Commitments Allocated to Mexico
(USD\$ Million)**

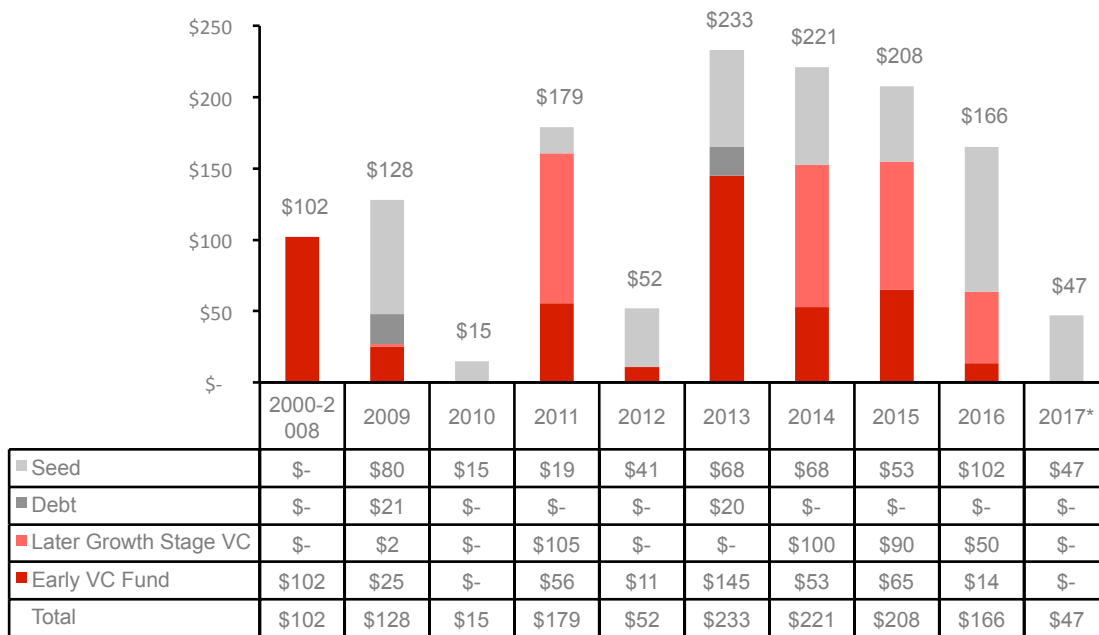


Fig. 4

We saw 6 funds raised in 2016 and 4 in 2017. Funds raised in 2016 and 2017 are mainly for seed capital stages.

Annual Participation per Round of Financing

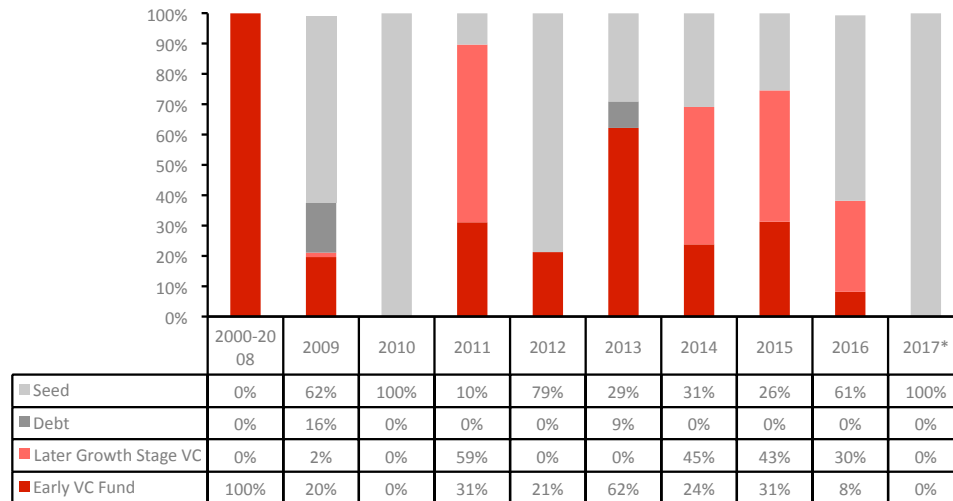


Fig.5

The average size of Mexican VC Funds is no bigger than USD\$ 20Mn due mainly to the 40 INADEM supported funds which are no bigger than USD\$ 10M

The following amounts show the actual amount that has been positioned by AFORES through structured vehicles (CKDs, FIBRAS, and CerPis) which means that the 15% and 20% that they can fully commit is not being totally invested.

Average & median VC fund size (USD\$ million)

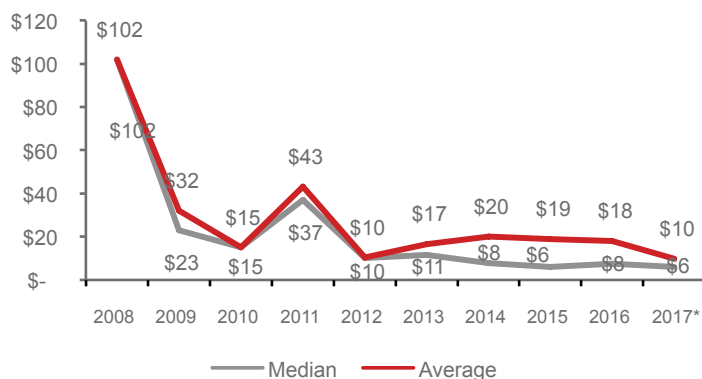


Fig. 6

Mexican Pension Fund's Venture Capital CKD (USD\$ Million)

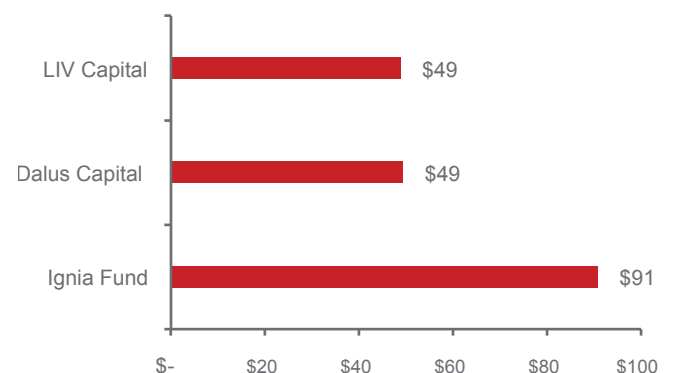


Fig. 7

INVESTMENT OUTLOOK

We have seen a very interesting upward tendency regarding transactions, with a year-on-year increase on total number of deals, surpassing each time 110 deals per year.

From 2010 to date there have been 782 VC transactions equivalent to USD \$834 Mn invested. As commented, 2016 reached a record high of 182 deals.

Seed capital investments keep being the most important sector with more than 61% of total transactions in 2017. However, we have seen a trend towards later stages, changing from a historical 8% to a 21% this year, which shows the growth of our startups.

**Mexico's Transaction Evolution
(USD\$ million)**

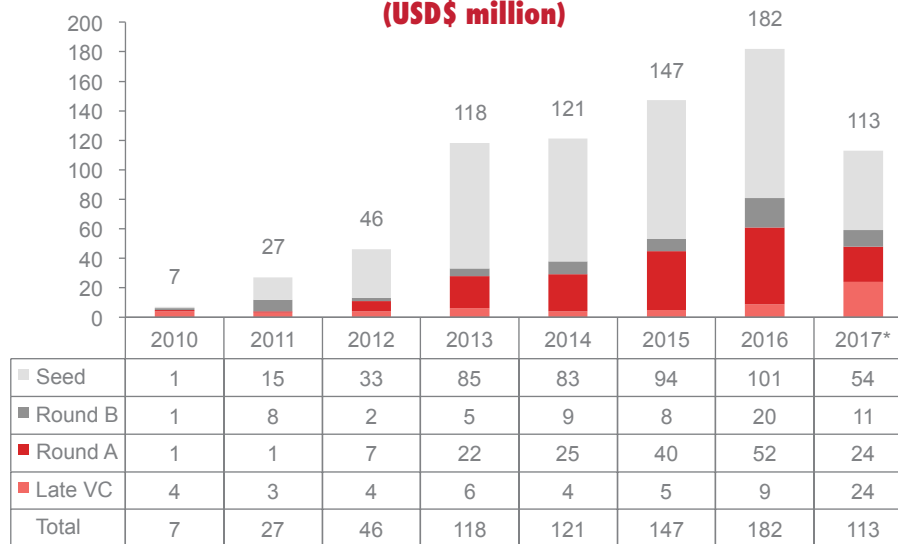


Fig. 8

2016 also reached a record high in capital invested with USD\$209Mn, an increase of 251% from the previous year, driven mostly by marketplace and fintech transactions such as Kueski, Conekta, Clip and Linio.

**Annual Invested Capital per Investment Stage
(USD Million)**

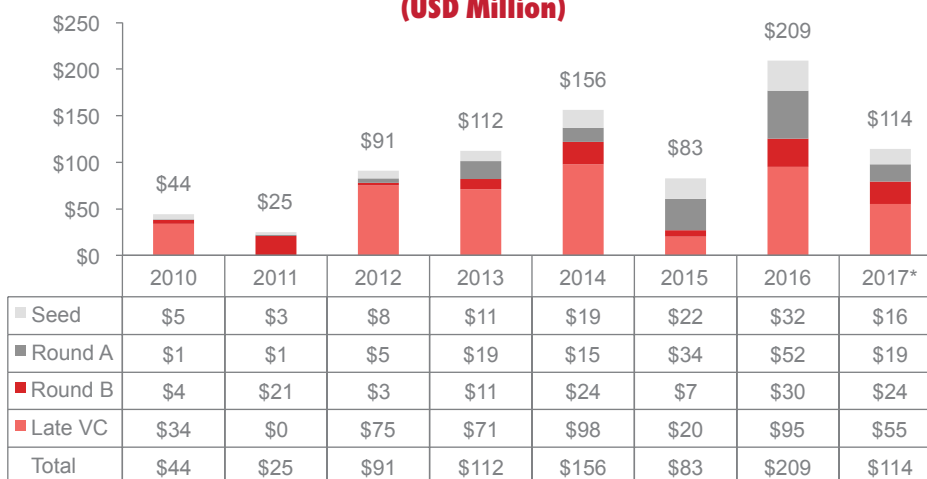


Fig. 9

INVESTMENT SECTORS

VENTURE CAPITAL INVESTMENTS BY SECTOR

The most attractive sectors for VC investments in Mexico are consumer services, fintech, technology and consumer goods. We are actually leading the LATAM region in fintech startups only behind Brazil, with more than 200 startups and \$USD 215Mn invested in this sector in 2016.

Venture Capital Investments by Sector (2008 - 2017*)

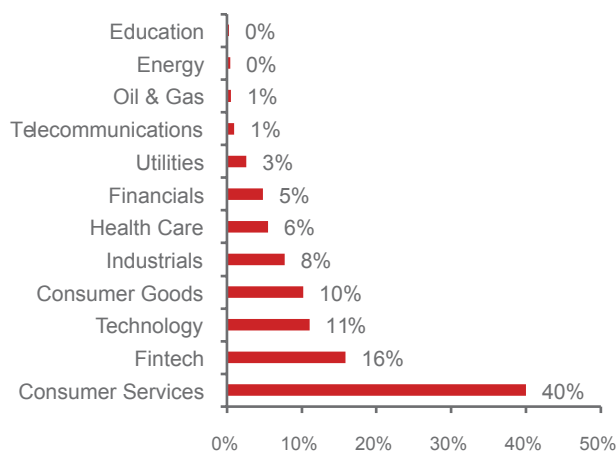


Fig. 10

SELECTED TRANSACTIONS 2016

In the fintech sector:

General Atlantic invested Clip's Series B round.
 Richmond Global Ventures, Rise Capital, Crunch Fund, Victory Park Capital, Core Ventures Group, Variv Capital, Angel Ventures Mexico, and Auria Capital invested in Kueski's Series A round.
 Quona Capital, QED Investors, KaszeK Ventures and Jaguar Ventures invested Konfio's Series A round.
 Ignia invested in Sr.Pago's Series B round.
 Variv Capital, FEMSA Comercio, Jaguar Ventures and Conconi Growth Partners invested in Conekta's Series B round.
 Variv Capital, Monex Financial Group, Funders Club, Xochi Ventures and Digital Currency Group invested in Bitso's Series B found.

In the consumer services sector:

ALLVP, Jackson Square Ventures, Accel Partners, Creandum, and Endeavor Catalyst invested in Cornershop's Series A round.
 Angel Ventures Mexico and Qualcomm Ventures invested in Iguana Fix.
 Axon Investments invested in Mercadoni.
 DILA Capital and Ideas & Capital invested in Econduce.
 Jaguar Ventures invested in Gaudena.
 In the consumer products sector:
 DILA Capital and Stella Maris Partners co-invested in Hickies.
 DILA Capital and Stella Maris Partners co-invested in Hickies;
 Capital Invent invested in Gaia Design; DILA Capital invested in

Yadatex; Ideas & Capital invested in Pro Organic Growers and; Mountain Nazca invested in Alta Motors, Human and Kavak.

In the technology, media and telecom sector:

Pedralbes Partners invested in Logan Media.

ALLVP, Capital Invent, LIV Capital and Stella Maris Partners invested in Nubity's series A round.

Pedralbes Partners invested in Logan Media.

ALLVP, Capital Invent, LIV Capital and Stella Maris Partners invested in Nubity;

Bizrupt invested in Critical Masser, Gaszen and Hoopa;

BlueBox invested in Makeuponus and Synapbox;

Ignia invested in Underdog

Wayra invested in Descifra, Interpretap and Seenapse.

SELECTED TRANSACTIONS 2017

In the fintech industry:

International Finance Corporation (IFC), QED Investors, Kaszek Ventures, Accion Frontier Inclusion Fund, Accion Venture Lab and Jaguar Ventures invested in Konfio's Series B round.

Ignia invested in Afluenta.

Ideas & Capital invested in Series A in Dvdendo.

In the consumer products sector:

ALLVP, Social Capital, Soldiers Field Angels and Ignia Partners invested in Apli's Series B round.

Antai Fund, Bonsai Venture Capital and Pedralbes Partners invested in Trendier.

Axon Partners Group and Pegasus Group invested in Mercadoni.

In the technology, media and telecom sector:

Elevor Equity, Kaszek Ventures, NXTP Labs y FJ Labs invested in Tienda Nube's Series B round.

Dalus Capital invested in Cultura Colectiva.

Ignia invested in KarmaPulse.

Ideas & Capital and ON Ventures invested in a seed capital round in Nimblr.

In the consumer services sector:

DILA Capital and Mountain Nazca invested in Urbvan.

Promotora Social México (PSM), VARIV Capital, Capital Invent, Dila Capital and Fiinlab invested in Aliada's Series B round.

Consumer services includes, among other subsectors: home improvement retailers, specialty retailers, restaurants, broadline retailers, specialized consumer services, media agencies, recreational services, broadcasting & entertainment, travel & tourism, drug retailer, airlines, food retailers & wholesalers, apparel retailers, hotels, publishing, and general retailers. Technology includes, among other subsectors, software, computer services, internet, computer hardware. Consumer goods includes: personal products, furnishings, clothing & accessories, home construction, food products, automobiles, soft drinks, distillers & vintners, toys, auto parts, recreational products.

STARTUPS WITH A WOMAN

VENTURE CAPITAL INVESTMENTS BY SECTOR

**Capital Raised from Startups with a woman cofounder
(USD \$Mn)**

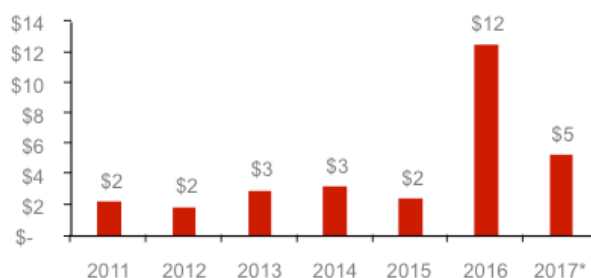


Fig. 11

According to the Global Entrepreneurship Monitor (GEM) 2016/2017 report, in the past year, 163 million women initiated businesses around the world. Mexico was the only country in Latin America where men were outnumbered by women in terms of entrepreneurship with a ratio of 1.1 to 1. Only Asian countries such as Vietnam, Indonesia and Philippines presented a similar situation. Not only that, also good news come from our Mexico's Venture Capital Funds, which have been increasing their investments in startups which have a woman in the funding team.

To date there are 40 Mexican startups with a woman cofounder which have raised USD\$31mn since 2011. 2016 saw an impressive increase in capital deployment to these gender diversity startups, which gives the ecosystem a breath and shows the determination of some of our firms to include women in their portfolios.

ALLVP, Angel Ventures, DILA Capital, Mountain Nazca, Promotora Social México, On Ventures, Variv Capital, Auria Capital, Capital Invent, IGNIA, Gerbera Capital, between others, are backing woman entrepreneurs.

50% of these startups belong to the consumer services sector with USD\$ 9.8Mn capital invested, 12.5% belong to the health care sector(USD \$4.93M), 10% belong to the technology sector (USD \$1.06M), 10% belong to the consumer goods sector (USD \$5M), 5% belong to the education sector (USD \$5.5M), 5% belong to the industrials sector (USD \$0.4M), 5% belong to the fintech sector (USD \$9.43M) and 2.5% belong to the financial sector (USD \$4M).

CAPITAL RAISED FROM STARTUPS WITH A WOMAN COFOUNDER

INDUSTRIALS							
EDUCATION							
CONSUMER GOODS							
TECHNOLOGY							
FINTECH							
FINANCIALS							
HEALTH CARE							
CONSUMER SERVICES							
	2011	2012	2013	2014	2015	2016	2017

Fig. 12

WHY IS EVERYBODY TALKING ABOUT FINTECH IN MEXICO?

The Mexican ecosystem and in particular the fintech sector ticks all the right boxes for entrepreneurs wanting to launch a company. Not surprise then, is that this is the country with the most Fintech startups in Latin America with more than 238 startups and with the most capital invested in this sector.

The 2017 scenario allows a company to solve diverse financial related problems, create meaningful impact and transform the customers experience with technology.

As firms in the fintech industry represent a massive potential growth in Mexico, this year, the government proposed a legislation that seeks to ensure financial stability and defend against money laundering and financing of extremists. The legislation recognizes the

need that a sector as dynamic as that of technological innovation needs a regulatory framework that allows authorities to mitigate risks and allow for growth in a competitive environment.

Since 2010 the Fintech Industry has received over USD \$280M that have been invested in 48 startups with 32 local and 25 foreign funds participating in these transactions. Only in 2017, a total of USD \$62.9M has been invested in 15 startups from the Fintech Industry. In 2016, USD \$87M were deployed in 23 Fintech startups by 39 funds. Examples of this, are Abra, a mobile money startup that uses the technology behind Bitcoin; Pangea Money Transfer, an app-based cash transfer service targeted at the \$25 billion Mexicans in the U.S. send home every year; and Sr. Pago, which lets even unbanked merchants accept credit cards, all of them invested by Monterrey-based Ignia.

Annual Number of Foreign and Local
Funds investing in Fintech in Mexico

YEAR	FOREIGN FUNDS	LOCAL FUNDS	TOTAL
2010	3	1	4
2011	4	4	8
2012	0	1	1
2013	15	11	26
2014	15	14	29
2015	5	13	18
2016	20	27	39
2017	15	11	26
TOTAL	77	82	159

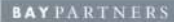
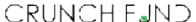
The total represents how many funds invested in Fintech Industry per year, some funds were considered for several years.

While ecosystems observers may have predicted this momentum, it is worth taking a step back to analyze the forces driving Mexico's fintech ascent in order to provide a framework for other industries and countries in the region.

FINTECH FUNDS INVESTING IN MEXICO

 500 Start-ups - Clip - Conekta - Crowdfunder - FundWise - KarmaShop - Konfia - Rocket.la	 Agave Lab Ventures Bitcoin Vigil	 ALEB Investments Paybook	 ALL VP - Alkanza - Aplázame - Prestadero - Salud Fácil - Visor	 Alta Ventures - Clip - Diverza - Finanys LLC - Kubo Financiero - Technisys
 Angel Ventures Mexico - Clip - Kueski - Rocket.la	 Avalancha Ventures - Paybook - Saldo.mx - Zoop	 Capital Emprendedor Kubo Financiero	 Capital Invent - Kiwi - Kubo Financiero	 FEMSA - Conekta - Kiwi
 Fiinlab - Finestrella (MiMoni) - Avante	 GBM Grupo Bursátil Mexicano Briq.mx	 GC Capital Rocket	 Gerbera Capital Nexu	 Ideas & Capital - Dvendo - Crowdfunder
 Ignia Partners - Finestrella (MiMoni) - Pangea - Rocket.la - Sr. Pago - ABRA - Afluenta - AirTM	 Investomex 100 ladrillos - Bit Pagos - Payit - Yotepresto.com	 Jaguar Ventures - Conekta - Konfia	 Kue Capital Kubo Financiero	 LIV Capital YellowPepper Holding Co.
 Mexico Ventures - YellowPepper Holding Co. - Clip	 MITA Ventures Rally	 Monex Grupo Financiero - Bitso - Kubo Financiero	 Mountain Nazca - Destácame - Creze - Briq.co	 Promotora Social Mexico - Lummi - Árbol Financiero
 VARIV Capital - Kueski - Conekta - Bitso - Compropago	 Wayra Mexico - Kubo Financiero - Zave App INC			

FOREIGN FUNDS INVESTING IN THE FINTECH INDUSTRY IN MEXICO
(2011-2017*)

 Accion Frontier Konfio	 Venture Lab Accion Venture Lab Konfio	 American Express Ventures Clip	 Bamboo Finance Kubo Financiero	 Bay Partners Finestrella (MiMoni)
 Core Ventures Group Kueski	 Crunchfund Kueski	 Escala VC Rocket.Ja	 Endeavor Catalyst Kubo Financiero	 Finovate Prestadero
 General Atlantic Clip	 IFC AMC - YellowPepper Holding - Konfio	 Kaszek Ventures Konfio	 Mission OG Clip	 Omidyar Networks Finestrella (MiMoni)
 QED Investors Konfio	 Quona Capital Konfio	 Richmond Global Kueski	 Rise Capital Kueski	 Seedcoin MexBT
 Sierra Ventures Clip	 Start-Up Chile Fondeadora	 Storm Ventures Finestrella (MiMoni)	 T2M Capital Rocket	 Tanant Capital Kubo Financiero
 Vander Capital Kubo Financiero	 Bridge 37 Crowdfunder.com	 Roadster Capital Bayonet		

MEXICAN STARTUPS THAT HAVE RAISED MORE THAN USD\$4 MILLION

There are 32 startups that have raised more than USD\$4 Mn, being the ones that have raised the major amount with the VC sector. Total commitments of these 32 startups reach a total of USD\$ 784 Mn.

45% of the capital is invested in customer services sector with 11 startups and the fintech sector contributes with 14 startups and the 31% of the total amount of the capital raised.

Mexican Startups that have raised more than USD\$4 million

\$50 +						
\$20 – \$50	 			 		
\$15 – \$20	 			 		
\$10 – \$15						
\$4 – \$10	    	 fun learning		    	   	 
	CONSUMER SERVICES	EDUCATION	ENERGY	FINTECH	HEALTH CARE	TECHNOLOGY MEDIA & TELECOM

Fig. 13

Startups that have raised over USD\$ 4Mn by Industry (USD\$ Mn)

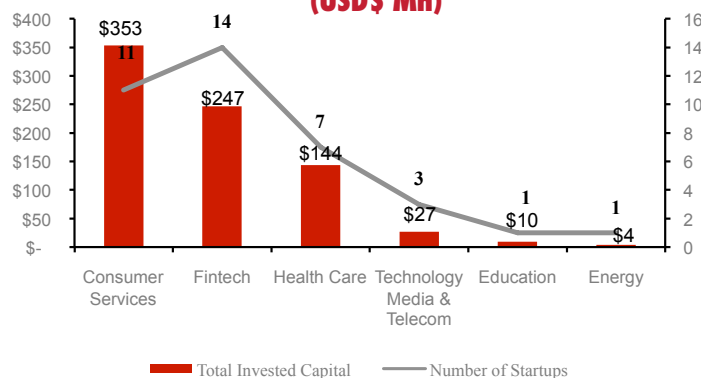


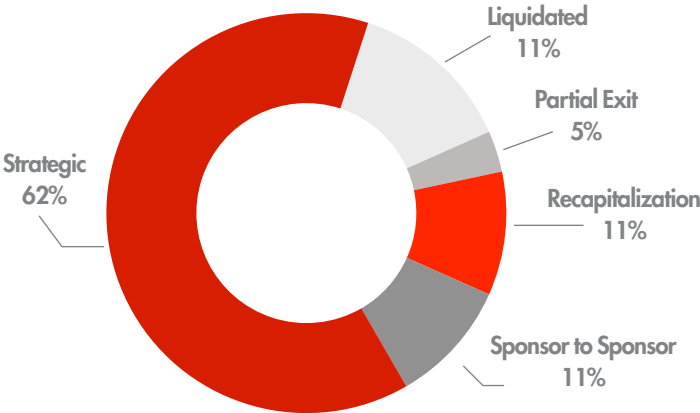
Fig. 14

EXIT TRANSACTIONS

There are 37 VC exits from 2000 to date being the most common type of exit is the strategic sale with 62%.

- Some notable exits within the VC industry for 2016 and 2017:
- Soldiers Field Angels fund (SFA) sold its stake in Now New Media an editorial holding, owner of Repsodia, Tech Cult, Holixir, Sofánimo and eldeforma. On September 19th the company’s majority stake was acquired by SDP noticias.
 - Adobe Capital sold its stake in NatGas Querétaro, a Mexican firm in the vehicular natural gas sector. The fund sold its participation to Northgate Capital.
 - Accion Venture Lab sold its stake in Clip, Mexico City-based company that provides cost-effective and efficient digital payment solutions to the often financially underserved segment of micro, small, and medium enterprises (MSMEs) in Mexico.
 - Enture Smart Business sold its stake in Grupo La Alegria to Golden Pecan. Grupo La Alegria produces walnut products.
 - Enture Smart Business sold its stake in Xnax, to Grupo Michel. Xnax produces animal food with added nutrients.
 - VARIV Capital exited part of its investment in Wallapop, a company that provides a platform for consumers to post used items for sale and to negotiate the terms offline. The company has presence in five countries (Spain, France, UK, Mexico, and the US) and recently merged its American operation with LetGo.

Venture Capital Exits by Strategy
(37 transactions*)



Venture Capital Exits by Year
(2008 - 2017*)

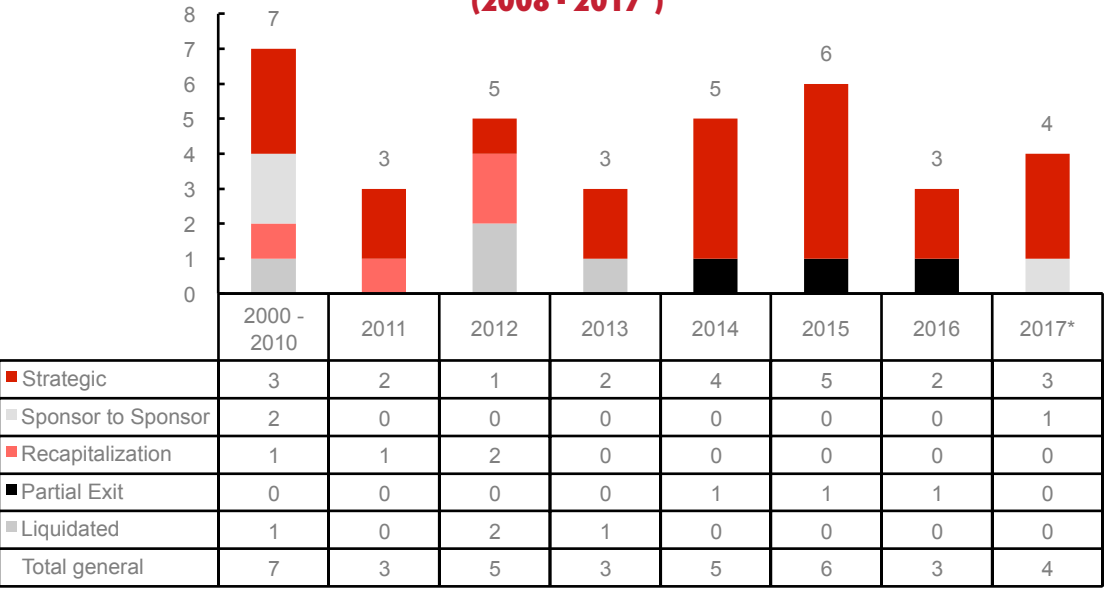


Fig. 15

INVESTMENT OUTLOOK FOR 2016

182 VENTURE CAPITAL TRANSACTIONS IN 2016			
SPONSOR	TARGET	DESCRIPTION	SECTOR
500 Startups	Yogome	Developer of online educational games for kids	Consumer Goods
Accion Frontier	Konfio	Provides working capital loans to SME	Fintech
Accion Venture Lab	Konfio	Provides working capital loans to SME	Fintech
AETUS SAPI de CV	Juganu	Lighting Technology	Consumer Goods
AETUS SAPI de CV	Publi Co	Shared Office Rental	Industrials
AETUS SAPI de CV	Tropical Organic Growers	Organic Banana Agriculturist	Consumer Goods
Aleb	Gubler	App which centralizes and orders communication between doctors and patients	Health Care
Aleb	Paybook	API for Fintech Developers	Fintech
ALLVP	Alkanza	A boutique financial mathematics consulting firm with 10 years of experience	Fintech
ALLVP	Aplázame	Consumer credit company offering check out lending	Fintech
ALLVP	API	On-demand platform to help companies deal with demand peaks	Consumer Services
ALLVP	Cornershop	On demand grocery delivery	Consumer Services
ALLVP	Dentalia	Network of dental clinics	Health Care
ALLVP	Nubity	Platform to integrate public and private cloud services	Technology
ALLVP	Visor	Loan origination system for SMBs	Fintech
ALLVP	Weex	Virtual Mobile Network to choose mobile plan	Telecommunications
Alta Ventures	Kubo Financiero	Peer-to-peer lending platform	Fintech
American Express Ventures	Clip	Mobile payments system for the Spanish speaking world	Fintech
Angel Ventures Mexico	ClickOnero	Provider of an e-commerce platform	Consumer Services
Angel Ventures Mexico	Iguana Fix	Provider of online marketplace for on-demand services	Consumer Services
Angel Ventures Mexico	Nube	Developer of a mobile app to monitor usage of natural gas	Consumer Goods
Angel Ventures Mexico	Rocket	Financing platform to control users personal finances	Fintech
Angel Ventures Mexico	Salud Facil	Personal credit services to cover surgery/medical treatment costs	Financials
Angel Ventures Mexico	Tu cantón	Online brokerage services	Financials
Angel Ventures Mexico	Vrtify	Developer of a virtual music platform	Consumer Services
Asenza Capital	Galt Energy	Provider of solar panel installation services	Utilities
Auria Ventures	Kueski	Leading micro-lending platform in Mexico.	Fintech
Avalancha Ventures	Saldo.mx	Digital wallet that allows users to pay bills to companies in Mexico using smartphones	Fintech
Avalancha Ventures	Vioozer	Enterprise crowd-sensing platform, empowering decision makers with real time location based information	Technology
Avalancha Ventures	Zoop	Mobile payment platform that enables individuals and businesses to process electronic payments remotely from any location	Fintech
Axon Investment	Mercadoni	Online marketplace for any retail store	Consumer Services
Bamboo Finance	Kubo Financiero	Peer-to-peer lending platform	Fintech
Bitcoin Capital	Bitso	Bitcoins	Fintech
Bizrupt	Critical Masser	Data science platform that analyzes social networks	Technology

182 VENTURE CAPITAL TRANSACTIONS IN 2016

SPONSOR	TARGET	DESCRIPTION	SECTOR
Bizrupt	Farrow Ventures // Pig.gi	Lockscreen mobile app	Technology
Bizrupt	Gaszen	Gas management platform	Technology
Bizrupt	Hoopa	Connect people with their favorite brands in the right place and time	Technology
Bizrupt	Joyas de Mexico	The 1st SOTA (Select Online Travel Agency) in Mexico specialized in the promotion of travel experiences in luxury destinations + hotels	Technology
Bizrupt	Lukes Brands	Data connectivity services	Technology
BlockChain Tech Limited	Bitso	Bitcoin	Fintech
BlueBox	APLI	On-demand platform to help companies deal with demand peaks	Technology
BlueBox	Makeuponus	Artificial technology development	Technology
BlueBox	Synapbox	A content testing platform that helps measure your content and get an accurate understanding of what consumers can't put into words	Technology
Capital Invent	Collective Academy	Disruptive education platform	Consumer Services
Capital Invent	Gaia Design	Furniture E-commerce Platform	Consumer Services
Capital Invent	Kubo Financiero	Peer-to-peer lending platform	Fintech
Capital Invent	Marco Polo Learning	Online education apps for kids	Consumer Services
Capital Invent	Nubity	Platform to integrate public and private cloud services	Technology
Capital Invent	Tizkka	Online & mobile fashion social media platform	Consumer Services
Coca-Cola	Weex	Virtual Mobile Network to choose mobile plan	Telecommunications
Conconi Growth Parthers	Conekta	One stop solution for online payments	Fintech
Crunchfund	Kueski	Leading micro-lending platform in Mexico	Fintech
Digitl Currency Group (DCG)	Bitso	Bitcoin	Fintech
DILA Capital	Alameda	Online Marketplace for home decoration and furniture	Consumer Services
DILA Capital	Aliada.mx	Domestic Clean services	Consumer Services
DILA Capital	Boletia	Online ticket sales platform for small and medium-sized events	Consumer Services
DILA Capital	Econduce	Electric scooter sharing service in Mexico	Consumer Services
DILA Capital	Hickies	Manufacturer and dist of footwear accessories	Consumer Goods
DILA Capital	iVoy	On-demand last mile delivery service	Industrials
DILA Capital	Le Macaron	French pastry High-end french pastry and bakery chain	Consumer Services
DILA Capital	Tu Cantón	Internet marketplace to buy a home	Financials
DILA Capital	Yadatex	Textile manufacturer	Consumer Goods
Endeavor Catalyst	Kubo Financiero	Peer-to-peer lending platform	Fintech
Enture Smart Business	Grupo La Alegria PECAN	Walnut producer. Creator of walnut products with an added value	Consumer Goods
Enture Smart Business	Salver	Sports articles and toy store	Consumer Goods
Enture Smart Business	Wellnie	Wellness products and services market place	Consumer Goods
Femsa	Conekta	One stop solution for online payments	Fintech
FundersClub	Bitso	Bitcoin	Fintech
GBM	Briq.mx	Crowdfunding platform for real estate projects	Fintech
GBM	Medica Santa Carmen	Healthcare company providing kidney disease solutions through its clinics; currently focused on hemodialysis	Health Care
GC Capital	Rocket	Financing platform to control users personal finances	Fintech
Genesis Capital Ventures	Farrow Ventures	Lockscreen mobile app	Technology
Genesis Capital Ventures	Unima	Fast and low cost diagnostics and infectious disease surveillance for limited resource settings	Health Care

182 VENTURE CAPITAL TRANSACTIONS IN 2016			
SPONSOR	TARGET	DESCRIPTION	SECTOR
Gerbera Capital	Nexu	Web site specialized in the promotion of automotive credits	Fintech
Gerbera Capital	Soccerly	Online site for Soccer content targeted to the US&MXN consumers	Consumer Services
Ideas y Capital	Econduce	Shared electric scooters service with a network of charging stations though the city	Consumer Services
Ideas y Capital	Farrow Ventures	Lockscreen mobile app	Consumer Services
Ideas y Capital	Novelistik	Online reading and publishing platform	Consumer Services
Ideas y Capital	Pro Organic Growers	Company that grows organic banana in Mexico and exports to the USA	Consumer Goods
Ignia Partners	Pangea	Money TransferA mobile-focused remittances platform that allows users to send money in 30 seconds for a fixed fee and a locked-in rate	Fintech
Ignia Partners	Sr. Pago	Electronic payments platform with a unique focus on the unbanked and banked	Fintech
Ignia Partners	Underdog	Unique platform in Mexico for video clips of sports highlights	Technology
Investomex	Rappi	Provider of on-demand delivery services that connects consumers with local stores	Consumer Services
Investomex	SimpleCitizen	Developer of an application software for immigration process	Technology
Investomex	Upgraded Technologies	Provider of an online platform to trade used electronic gadgets	Technology
Jackson Square	Cornershop	On demand grocery delivery	Industrials
Jaguar Ventures	Conekta	Fintech company that provides online payment solutions	Fintech
Jaguar Ventures	Gaudena	Leading fashion ecommerce site	Consumer Services
Jaguar Ventures	Konfio	Provides working capital loans to SME	Fintech
Jaguar Ventures	PontaMedia	Advertising technology company for monetizing captchas	Consumer Services
Jaguar Ventures	Producteca	Allows retailers to synchronize inventories across marketplaces	Industrials
Jaguar Ventures	Zolvers	Marketplace for securely hiring home cleaning/home repair tasks	Consumer Services
Kaszek Ventures	Kubo Financiero	Peer-to-peer lending platform	Fintech
Kaszek Ventures	Konfio	Provides working capital loans to SME	Fintech
Kue Capital	Kubo Financiero	Peer-to-peer lending platform	Fintech
LIV Capital	Anima Estudios	Digital Animation Studio	Consumer Services
LIV Capital	Boletia	Conferences Promotion and Tickets Sales	Consumer Services
LIV Capital	Linio	Provider of online marketplace for consumer goods	Consumer Services
LIV Capital	Logyten	Supply Chain Solutions	Industrials
LIV Capital	Nubity	Platform to integrate public and private cloud services	Technology
LIV Capital	WOBI	Business content developer	Industrials
LIV Capital	YellowPepper Holding Corporation	Mobile Banking and Payments Solutions	Fintech
Monex Grupo Financiero	Bitso	Bitcoins	Fintech
Monex Grupo Financiero	Kubo Financiero	Peer-to-peer lending platform	Fintech
Mountain Nazca	Alta Motors	Designs and manufactures the most advanced electric vehicle technology on the planet	Consumer Goods
Mountain Nazca	Bluesmart	Never seen before features in luggage such as connectivity, tracking and other safety features that give the user a new traveling experience	Consumer Goods
Mountain Nazca	Creze	Small & Medium size Businesses lender	Technology

182 VENTURE CAPITAL TRANSACTIONS IN 2016			
SPONSOR	TARGET	DESCRIPTION	SECTOR
Mountain Nazca	Human	Developer of consumer electronics. Introducing an innovative product that will fundamentally transform the way people experience their world through sound	Consumer Goods
Mountain Nazca	Kavak	Transform the experience of buying and selling cars without leaving home	Consumer Goods
Mountain Nazca	Luuna	Premium online/offline mattresses at a very affordable price	Consumer Goods
Mountain Nazca	Miora	Online marketplace and booking platform for beauty treatments	Consumer Services
Mountain Nazca	Miroculus	Device to detect every type of cancer even in early stages	Health Care
Mountain Nazca	Nubleer	Subscription platform for magazines, comics and books	Consumer Services
Mountain Nazca	Tapptime	Mass marketing platform through gaming	Consumer Services
Mountain Nazca	Urbvan	Daily commute transportation system with top of the line executive vans, aiming to make daily commuting more efficient, accessible, secure and comfortable	Technology
On Ventures	Gestionix	Cloud ERP for small and medium enterprises	Technology
PC Capital	Little Caesar's	Operator of Pizza restaurant chain	Consumer Services
PC Capital	Te creemos	Loans to low income	Financials
PC Capital	Universidad Internacional	Provider of education and training services	Consumer Services
Pedralbes Capital Partners	Logan media	Marketing solutions smartphones	Consumer Goods
Plug and Play MX	Bochito	A mobile application provide solution for finding destination, traffics, and places around the world	Technology
Plug and Play US	Bayonet	Enables companies to feed and consult a global database about online consumers' reputation, based on historic payments	Fintech
Plug and Play US	Dogsi	A web community in Latin America where pet parents can find a catalogue of certified pet sitters	Consumer Services
Plug and Play US	Grill on Box	An online file sharing and cloud content management service offering unlimited storage, custom branding, and administrative controls	Technology
Promotora Social Mexico	Árbol Financiero	Credit compare services	Fintech
Promotora Social Mexico	Granta	Dental prosthesis design and manufacture	Health Care
Promotora Social Mexico	Medica Santa Carmen	Healthcare company providing kidney disease solutions through its clinics; currently focused on hemodialysis	Health Care
Promotora Social Mexico	Onko Solutions	Healthcare company focused on developing, manufacturing and distributing a device for early cervical cancer detection	Health Care
Promotora Social Mexico	Someone Somewhere	Apparel company manufacturing a wide arrange of products using Mexican artisans to incorporate their art into their products	Consumer Services
QED Investors	Konfio	Provides working capital loans to SME	Fintech
Qualcomm Ventures	Homie	Operator of an online platform created to connect tenants to apartment owners	Technology
Qualcomm Ventures	Iguana Fix	Provider of online marketplace for on-demand services	Consumer Services
Quona Capital	Konfio	Provides working capital loans to SME	Fintech
Richmond Global Ventures	Kueski	Leading micro-lending platform in Mexico.	Fintech
Rise Capital	Gaia Design	Furniture E-commerce Platform	Consumer Goods
Rise Capital	Kueski	Leading micro-lending platform in Mexico.	Fintech
Roadster Capital	Bayonet	Enables companies to feed and consult a global database about online consumers' reputation, based on historic payments	Fintech

182 VENTURE CAPITAL TRANSACTIONS IN 2016			
SPONSOR	TARGET	DESCRIPTION	SECTOR
Sierra Ventures	Clip	Mobile payments system for the Spanish speaking world	Fintech
Startblueup	Ride safe app	Drive routes for motorcycles and auto-alert system	Consumer Services
Stella Maris Partners	Hickies	Manufacturer and dist of footwear accessories	Consumer Goods
Stella Maris Partners	iVoy	Online express courier and logistics services	Consumer Services
Stella Maris Partners	Lentesplus	Leader Contact Lens Online retailer for LATAM	Health Care
Stella Maris Partners	Ilollo	Parking and Car Rental mobility solutions	Consumer Services
Stella Maris Partners	Nubity	Platform to integrate public and private cloud services	Technology
Stella Maris Partners	Vnova	Offers advanced solutions for video compressing and software solutions	Technology
Tanant Capital	Kubo Financiero	Peer-to-peer lending platform	Fintech
Topaz Capital	Yogome	Developer of online educational games for kids	Consumer Goods
Trebol Capital	Sellfone	Online store for buying/selling used cell phones	Telecommunications
Vander Capital	Kubo Financiero	Peer-to-peer lending platform	Fintech
Variv Capital	Bitso	Bitcoins	Fintech
Variv Capital	Conekta	One stop solution for online payments	Fintech
Variv Capital	Kueski	Leading micro-lending platform in Mexico.	Fintech
Variv Capital	Mpower	A US student lending platform	Fintech
Variv Capital	Yogome	Developer of online educational games for kids	Consumer Goods
Victory Park Capital	Kueski	Leading micro-lending platform in Mexico.	Fintech
Wayra Mexico	5Analytics	Developer of a software platform designed to enable automation of important commercial decisions and implementation of digital business models	Technology
Wayra Mexico	Billage	Developer of a cloud-based business management platform designed to help operate businesses	Technology
Wayra Mexico	ComunidadFeliz.cl	Developer of buildings and condominium management platform.	Technology
Wayra Mexico	CounterCraft	Developer of counter-intelligence campaign monitoring software	Technology
Wayra Mexico	Descifra	Using Big Data Geographic to help companies and Governors make better decisions or expansion, investment and public policy	Technology
Wayra Mexico	Dunforce	Provider of an intelligent receivables platform intended to help companies to better manage their invoice workflow	Technology
Wayra Mexico	E-bot7	Developer of AI-based chatbots created to improve the customer service experience	Technology
Wayra Mexico	ePayco	Specializes in creating transactional and e-commerce solutions for individuals and companies, facilitating processes, collections, shipments, transaction assurance, inventory control, and other critical processes in digital business	Technology
Wayra Mexico	Incubapps Ltd	Provider of a customer engagement mobile marketing platform	Technology
Wayra Mexico	Interpretap	App based on demand remote professional language interpreting services	Technology
Wayra Mexico	Kubo Financiero	Peer-to-peer lending platform	Fintech
Wayra Mexico	Luxelare	Air Systems Advanced Analysis developed by precision agriculture	Technology
Wayra Mexico	Nazar	Developer of a cloud based application designed to help in database performance monitoring	Technology

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SPONSOR	TARGET	DESCRIPTION	SECTOR
Wayra Mexico	people.io	Provider of an online data licensing platform created to help users license their data	Technology
Wayra Mexico	Pollstr	Pollstr open text classifies reducing time and costs for the user, classified into 6 languages and can be as accurate as a human	Technology
Wayra Mexico	Producteca	Developer of an inventory and ordering system designed to manage inventory, purchases and sales	Consumer Services
Wayra Mexico	Recorrido.cl	Developer of an online ticket search and booking platform	Consumer Services
Wayra Mexico	Seenapse	Seenapse is a search engine that lets you find inspiration through non-linear, non-obvious results, powered by the mental associations from people all over the world	Technology
Wayra Mexico	Skore	Provider of a platform for an easy-to-use digital hub to organize and publish knowledge content	Technology
Wayra Mexico	Somos Fut	Somosfut is a platform for managing and communicating statistics tournaments, teams and soccer players	Consumer Services
Wayra Mexico	Store Level	Local visibility of a National-Level Consumer goods companies using a network of crowdsourcing	Technology
Wayra Mexico	Switchee	Developer of a smart thermostat	Technology
Wayra Mexico	Toky Inc	WebRTC technology for customer service. Toky is a voice communication tool to allow businesses communicate with its customers in a more efficient way	Technology
Wayra Mexico	Wefarm	Provider of a knowledge-sharing platform for small-scale farmers designed to connect farmers around the world to the information they require	Consumer Services
Wayra Mexico	Zave App Inc	An app that allows users to save and send money to a savings or investment e-wallet account by automatically rounding up the user's credit and debit card payments	Fintech
XB Ventures	If Only	Online marketplace where brands offer one-of-a-kind experiences with ever-expanding categories	Consumer Services
Xochi Ventures	Bitso	Bitcoins	Fintech

113 VENTURE CAPITAL TRANSACTIONS IN 2017*

SPONSOR	TARGET	DESCRIPTION	SECTOR
Accel	Cornershop	On demand grocery delivery	Consumer Services
Accion Ventures Lab	Konfio	Provides working capital loans to SME	Fintech
ALLVP	Aplázame	Consumer credit company offering check out lending	Fintech
ALLVP	APLI	On-demand platform to help companies deal with demand peaks	Consumer Services
ALLVP	Cornershop	On demand grocery delivery	Consumer Services
ALLVP	Enlight	Leading solar electricity solution provider	Utilities
ALLVP	Weex	Virtual Mobile Network to choose mobile plan	Telecommunications
Angel Ventures Mexico	Nube	Developer of a mobile app to monitor usage of natural gas	Consumer Goods
Angel Ventures Mexico	Onko Solutions	Detection device of cervical cancer in underserved populations	Health Care
Avalancha Ventures	ContratosApp	App where freelancers can create simple legal agreements and organize legal agenda	Consumer Services
Avalancha Ventures	GoLive	Multi-screen platform that provides streaming HD service to multiple screens	Consumer Services
Avalancha Ventures	Topic Flower	Innovative platform to manage Social Networks, oriented to Conversation Strategies and Content Marketin	Consumer Services
Axon Investment	Mercadoni	Online marketplace for any retail store	Consumer Services
Axon Investment	Neumarket	Online marketplace for tires replacements	Consumer Services
Axon Investment	Simpati Mobile	Offers state-of-the-art mobile telephony services in Mexico	Consumer Services
Axon Investment	Trendier	Online marketplace for pre owned clothes	Consumer Goods
Bonsai Venture C	Trendier	Online marketplace for pre owned clothes	Consumer Goods
Capital Invent	Aliada.mx	Domestic Clean services	Consumer Services
Capital Invent	Rescata	Digital platform used to fix, buy and sell smartphones	Consumer Services
CITO Ventures	Yogome	Developer of online educational games for kids	Consumer Goods
Coca-Cola	Weex	Virtual Mobile Network to choose mobile plan	Telecommunications
Creandum	Cornershop	On demand grocery delivery	Consumer Services
Da Vinci Capital	Catusa	Metallic parts manufacturer	Industrials
Dalus Capital	Cultura Colectiva	Operator of a digital media platform created to provide digital media for Spanish-speaking millennials	Consumer Services
DILA Capital	Alameda	Online Marketplace for home decoration and furniture	Consumer Services
DILA Capital	Aliada.mx	Domestic Clean services	Consumer Services
DILA Capital	Camino Financial	A community-based lender to Latino - owned businesses with unmet credit demand	Financials
DILA Capital	Creze	Financial services company that provides unsecured loans to Mexican companies seeking to grow and improve the management of their working capital	Financials
DILA Capital	Econduce	Electric scooter sharing service in Mexico	Consumer Services
DILA Capital	iVoy	On-demand last mile delivery service	Industrials
DILA Capital	Kinedu	Kinedu leverages technology to distribute content and tools for parents wishing to improve their children's development	Consumer Services
DILA Capital	Reservamos	Multi-modal travel booking engine for Mexico and USA Online bus ticketing platform	Consumer Services
DILA Capital	Tu Cantón	Internet marketplace to buy a home	Financials
DILA Capital	Urbvan	Daily commute transportation system with top of the line executive vans, aiming to make daily commuting more efficient, accessible, secure and comfortable	Consumer Services
E Capital	Rescata	Digital platform used to fix, buy and sell smartphones	Consumer Services
Elevar Equity	Tienda Nube	Online market place for market places	Consumer Services
Endeavor Catalyst	Cornershop	On demand grocery delivery	Consumer Services
Endeavor Catalyst	Yogome	Developer of online educational games for kids	Consumer Goods

113 VENTURE CAPITAL TRANSACTIONS IN 2017*			
SPONSOR	TARGET	DESCRIPTION	SECTOR
Engie	Enlight	Leading solar electricity solution provider	Utilities
Engie	Ilum México	Solar panels for people without access to energy	Energy
Enture Smart Business	BrickAir	Construction materials company. (Aerated concrete blocks)	Industrials
Enture Smart Business	Frisk Naturlige	High value cosmetics	Consumer Goods
Fiinlab	Aflore	Innovative distribution channel for financial services	Consumer Services
Fiinlab	Aliada.mx	Domestic Clean services	Consumer Services
Fiinlab	ePesos	Domestic Clean services	Consumer Services
FJ Labs	Tienda Nube	Online market place for market places	Consumer Services
Fondo Antai	Trendier	Online marketplace for pre owned clothes	Consumer Goods
GC Capital	Rocket	Financing platform to control users personal finances	Fintech
GC Capital	Sky Alert	Technology that allows the seismic alert to reach 120 seconds before the impact of an earthquake	Technology
GC Capital	Tu Cantón	Online brokerage services	Financials
Gentera	Aflore	Innovative distribution channel for financial services	Consumer Services
Gentera	Aliada.mx	Domestic Clean services	Consumer Services
Gentera	Avante	Provider of an online financial platform for small and medium enterprises	Fintech
Gerbera Capital	Green Gold Farms	Agriculture and the application of technologies in agriculture	Consumer Goods
Grupo MIA	Ecofiltro	Water filter sales to urban populations to subsidize deliveries to rural families	Consumer Services
Grupo MIA	Vitaluz	Instalation of prepaid electricity systems generated by solar energy	Energy
Ideas y Capital	Crowdfunder	Equity Crowdfunding Platform	Fintech
Ideas y Capital	Dvdendo (robo advisor)	Micro-investing app that encourages individuals to make investing a part of their daily routine	Fintech
Ideas y Capital	Econduce	Shared electric scooters service with a network of charging stations though the city	Consumer Services
Ideas y Capital	Farrow Ventures	Lockscreen mobile app	Consumer Services
Ideas y Capital	Nimblr	Artificial Intelligence assistant that manages healthcare appointments	Consumer Services
IFC Asset Management Company	Konfio	Provides working capital loans to SME	Fintech
Ignia Partners	Abra	Digital platform that makes P2P and P2B payments as easy as sending an SMS for banked and unbanked users	Fintech
Ignia Partners	Afluenta	Financial network for consumer loans in Latin America	Fintech
Ignia Partners	AirTM	Online money platform that provides customers with a USD account and related basic financial services	Fintech
Ignia Partners	APLI	On-demand platform to help companies deal with demand peaks	Consumer Services
Ignia Partners	KarmaPulse	Helps brands, companies, agencies and entrepreneurs in the Spanish speaking market to translate social data in to human experiences	Consumer Services
Ignia Partners	Lentesplus	Leader Contact Lens Online retailer for LATAM	Health Care
Ignia Partners	Rocket.la	Connecting the right millennial with the best credit card	Fintech
Ignia Partners	Tienda Nube	Online market place for market places	Consumer Services
InQlab	Lentesplus	Leader Contact Lens Online retailer for LATAM	Health Care
Investomex	100 Ladrillos	Marketplace for Real Estate fractions traded 100% online	Fintech
Investomex	Beek	Provider of a social networking platform designed to discover, recommend and comment on books	Technology
Investomex	Payit	Provider of a mobile payment platform intended to facilitate digital and cashless transactions	Fintech
Jackson Square	Cornershop	On demand grocery delivery	Consumer Services

113 VENTURE CAPITAL TRANSACTIONS IN 2017*

SPONSOR	TARGET	DESCRIPTION	SECTOR
Jaguar Ventures	Konfio	Provides working capital loans to SME	Fintech
Kaszek Ventures	Konfio	Provides working capital loans to SME	Fintech
Kaszek Ventures	Tienda Nube	Online market place for market places	Consumer Services
Mission OG	Clip	Mobile payments system for the Spanish speaking world	Fintech
Mountain Nazca	Alta Motors	Designs and manufactures the most advanced electric vehicle technology on the planet	Consumer Goods
Mountain Nazca	Bluesmart	Features in luggage such as connectivity, tracking and other safety features that give the user a new traveling experience	Consumer Goods
Mountain Nazca	Human	Developer of consumer electronics	Consumer Goods
Mountain Nazca	Luuna	Premium online/offline mattresses at a very affordable price	Consumer Goods
Mountain Nazca	Petsy	Pet-care e-commerce	Consumer Services
Mountain Nazca	Urbvan	Daily commute transportation system with top of the line executive vans, aiming to make daily commuting more efficient, accessible, secure and comfortable	Technology
Northgate Capital	Natgas	NatGas is an operator of natural gas stations	Oil & Gas
Nova Founders Capital	Comparaguru	Helps consumers to save time and money through the comparison of financial services	Consumer Services
NXTP Labs	Tienda Nube	Online market place for market places	Consumer Services
Oikocredit	Velifin	Financing solutions provider for NBFIs whose clients are SMEs	Financials
On Ventures	Nimblr	Artificial Intelligence assistant that manages healthcare appointments	Health Care
Pedralbes	Trendier	Online marketplace for pre owned clothes	Consumer Goods
Promotora Social Mexico	Aliada.mx	Domestic Clean services	Consumer Services
Promotora Social Mexico	Hipocampus	Education toddlers and kids	Education
Promotora Social Mexico	Ilumexico	Solar panels for people without access to energy	Energy
Promotora Social Mexico	Kinedu	Online platform assisting parents on activities to do with their kids to track their progress on different key areas	EdTech
QED Investors	Comparaguru	Helps consumers to save time and money through the comparison of financial services	Consumer Services
QED Investors	Konfio	Provides working capital loans to SME	Fintech
Quona Capital	Konfio	Provides working capital loans to SME	Fintech
Seaya Ventures	Comparaguru	Helps consumers to save time and money through the comparison of financial services	Consumer Services
Seaya Ventures	Yogome	Developer of online educational games for kids	Consumer Goods
Social Capital	APLI	On-demand platform to help companies deal with demand peaks	Consumer Services
Soldier Field Angels	APLI	On-demand platform to help companies deal with demand peaks	Consumer Services
Struck Capital	Comparaguru	Helps consumers to save time and money through the comparison of financial services	Consumer Services
Variv Capital	Aliada.mx	Domestic Clean services	Consumer Services
Variv Capital	Yogome	Developer of online educational games for kids	Consumer Goods
Wayra Mexico	Aerial	Developer of a cloud-based home automation system intended to perform complete home monitoring	Consumer Services
Wayra Mexico	Back4app	Developer of an open source hub for back-end web utilities	Consumer Services
Wayra Mexico	Crehana	Provider of an online platform to learn practical skills	Consumer Services
Wayra Mexico	E-bot7	Developer of AI-based chatbots created to improve the customer service experience	Technology
Wayra Mexico	Hitmap Inc.	Developer of an online service for sales prediction	Technology
Wayra Mexico	Incubapps Limited	Provider of a customer engagement mobile marketing platform	Consumer Services
Wayra Mexico	NFWare	Developer of virtualized network software (NFV) designed to commoditize core networks routing market dominated by traditional hardware vendors	Technology
XB Ventures	JustFab	Lifestyle fashion company that offers an engaging and personalized shopping experience to its millions of members worldwide	Consumer Goods

EVOLUTION OF THE LEGAL SYSTEM FOR VC INVESTMENTS



**ALVARO SARMIENTO,
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The Mexican government has implemented policies to allow VC investment to expand. In recent years, the Mexican government acknowledged the importance of fostering a VC industry and has taken important steps towards that end.

In 2006 the country's corporate legal framework was modernised to allow Mexican companies to effectively contemplate essential features of VC investment, the corporate legal system allows the implementation of all the common features traditionally seen in VC transactions in a simpler and more reliable manner. Under this legal framework, Mexican corporations may better regulate: (I) options and other types of buy or sell agreements and rights of first refusal, tag-along rights and drag-along rights; (II) the exercise of pre-emptive rights; (III) the right of shareholders to withdraw from the company or give them the right to redeem shares establishing either a specific price or the basis to determine a price; (IV) restrictions on the transfer of shares or on the transfer of certain rights over shares; (V) the issuance of special classes or series of shares, for example, non-voting or limited voting rights, non-economic rights other than voting rights, or shares that grant veto rights or with special voting rights; and (VI) deadlock solution mechanisms. The corporate legal system which has been in force since 2006 (revised and amended ever since) allows the implementation of all the common features traditionally seen in VC transactions in a simpler and more reliable manner.

The government created institutions specifically intended to favour entrepreneurship through education and incentives, and the creation of private equity (PE) and VC funds, particularly the National Institute of Entrepreneurship (INADEM). In 2006, a fund of funds was created with capital from the Mexican development banks and other sources. The fund of funds manages commitments of USD\$700mn, and its stated goal is to encourage and develop the PE and VC markets by providing long-term financial resources to Mexican companies, in order to boost their competitiveness and increase their business opportunities.

The overhaul of the legal system and the institutional efforts to create a solid VC industry appears to be creating results.

Mexican entrepreneurs are increasingly assigning value to the experience, knowledge, discipline and better corporate governance that come with VC investment, and are less wary of VC funding.

Implementing VC investment in Mexico

The way to implement a VC transaction may vary depending on the nature of the investment, the value of the proposed business and the complexity of the business arrangement. The documents usually executed in the process of a VC investment in Mexico include, much like other jurisdictions: (I) a letter of intent; (II) a confidentiality agreement; (III) a shareholders' agreement; and (IV) new by-laws of the company.

Letters of intent are used as a start in the early process of negotiations. They usually contain an enunciation of the major agreements of the parties in connection with the investment. In some cases, a term sheet for the preparation of the final documentation is also executed. These documents are very useful in making clear from the outset the parties' expectations and a basic framework of the rules that will apply.

Together with the execution of letters of intent, parties execute confidentiality agreements. In some cases these agreements also include some exclusivity provisions.

Once the above documents are signed, the investors conduct a due diligence process on the business. During this process it is not uncommon to detect deficiencies in day to day housekeeping and general corporate compliance; after all, entrepreneurs are focused on developing a business and do not necessarily have the means or the time to invest in these aspects of their business where they do not perceive immediate added value.

At a point when the due diligence process is advanced and there is more visibility regarding the contingencies associated with the company, the parties will start drafting a shareholders' agreement.

Shareholders' agreements generally contain a number of provisions regarding management and control, ownership transfers, financial forecasts and milestones and the parties agree to carry the business of the company, following business plans that have been prepared and approved periodically. It is also common that shareholders' agreements include certain mechanisms for solving possible controversies among the parties.

From a practical standpoint, it is important to approach this process in a sensible and constructive manner. The owners of a business may not have been exposed to a transaction of this type before and may have taken great financial risk in starting a business. Obviously, the company is extremely close to their heart; the owner's philosophy and values may shape, to a large degree, the company's own culture, and at the outset management and employees may not always be completely open to the structural changes and accountability that come with a VC investment. The right balance must be found.





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