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Contact:

Maria Bustamante, LAVCA

mbustamante@lavca.org

1.646.315.6737

Mexico Rises, Joins Chile and Brazil as Top Environments for Private Equity and Venture Capital in Latin America

LAVCA Releases Annual Ranking in 2010 Scorecard

New York, April 21, 2010 – Mexico posted significant gains in the 2010 Scorecard on the Private Equity and Venture Capital Environment in Latin America, released today by the Latin American Venture Capital Association (LAVCA). The country moved into third place in this year's ranking, directly behind Chile and Brazil.

While Chile and Brazil continued to dominate the rankings, placing first and second respectively, half of the countries monitored in the report posted improved private equity and venture capital (PE/VC) environments this year, consolidating a five-year trend of overall gains. The annual Scorecard ranks 12 countries based on indicators including taxation, minority shareholder rights, restrictions on institutional investors and capital markets development.

"The Scorecard has been a valuable tool in monitoring and encouraging progress in the regulatory environment in the region over the past five years. We've seen improvements in all the major markets in the region, which serves as incentive to increase efforts and raise awareness of the PE/VC industry throughout the region," noted Eduardo Elejalde, Founding Partner, Latin America Enterprise Fund Managers and Chairman of LAVCA.

Mexico benefited from a new measure that will enable the state pension funds to invest in local PE/VC funds for the first time, gaining access through a new vehicle known as Development Capital Certificates (CKD). This development led to an increased score in restrictions on institutional investors, a double-weighted indicator. In addition, the country moved up one point in bankruptcy procedures, also double-weighted.

"Mexico's improved scores are a sign of the positive changes happening within the country's private equity industry," commented Arturo Saval, Managing Director of Nexus Capital and LAVCA board member. "The creation of the CKD opens the door for investment by the Mexican pension funds, and we hope it will act as a catalyst for future improvements in the industry as local fund managers begin to leverage this new vehicle."

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Rounding out the top five countries were Colombia and Uruguay, with overall improved scores of three points each. Colombia's score for capital markets development returned to its 2008 levels after a dip in 2009.

This year's Scorecard also saw the region's top markets tightening the gap with developed markets used to benchmark the Latin American countries. Chile's overall score is now tied with Spain, with Brazil just one point behind. Both Brazil and Mexico rank above Taiwan, with Colombia just one point behind the country.

Cate Ambrose, President and Executive Director of LAVCA, noted "We are encouraged by the momentum in the PE/VC markets in Latin America that we've seen since the first Scorecard was published in 2006. Local fund managers and regulators continue to work aggressively to improve the legal framework, particularly in countries like Chile, Brazil, Mexico, Colombia, Uruguay and Peru."

Global investors have made Latin American PE a priority in 2010, as demonstrated by Advent International's success in raising \$1.65 billion for the region, the largest to date. Many global GPs are moving to develop a Latin America strategy.

The 2010 Scorecard was produced in collaboration with the Economic Intelligence Unit, the Multilateral Investment Fund and the Andean Development Corporation. It is available for download on the LAVCA website: www.lavca.org

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About the Latin American Venture Capital Association

The Latin American Venture Capital Association (LAVCA) is a not-for-profit membership organization dedicated to supporting the growth of the private equity and venture capital in Latin America. LAVCA's membership is comprised of over 60 firms, from leading global investment firms active in the region to local fund managers from Mexico to Argentina. Member firms control assets in excess of 20 billion dollars, directed at capitalizing and growing Latin American businesses. In addition to the support of its member firms, LAVCA research and programs are made possible thanks to an ongoing core commitment from the Multilateral Investment Fund (MIF/FOMIN) and the Andean Development Bank (CAF). LAVCA is opening a regional office in Buenos Aires in early 2010. Visit www.lavca.org for more information.

About MIF

The Multilateral Investment Fund (MIF) has as one of its primary goals the promotion of inclusive growth through private sector development. An independent trust fund administered by the Inter-American Development Bank, MIF has been a pioneer in the Region for seed and venture capital investments. Through the funds in which MIF invested, over 300 small businesses and start-ups have received long-term equity financing and this has been translated into job creation and direct benefits to the countries' economies. Learn more at www.iadb.org/mif

About CAF

The Andean Development Corporation (Corporación Andina de Fomento, CAF) is a multilateral financial institution that mobilizes resources from international markets to Latin America, in order to provide multiple banking services to both public and private clients of its shareholder countries. The Institution is committed to sustainable development and regional integration. CAF is the main source of multilateral financing of the Andean region. Likewise, during the last five years, the Institution has strengthened its presence in Latin America, particularly in projects that contribute to regional integration. Learn more at www.caf.com

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