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Bloomberg News

MEXICO CITY - Billionaire Carlos Slim is taking advantage of Bill Gross's fervor for the Mexican bond market to sell more peso debt than ever.

Inmuebles Carso SAB, the property company, plans to offer as much as 5 billion pesos (\$370 million) of five-year bonds on Wednesday, pushing sales by Slim's companies to a record pace of 18.4 billion pesos this year. The surge comes as yields on government peso bonds due in 2017, the benchmark for companies, fell 1 percentage point this year to 4.84 percent. That's more than double the average decline in yields for local-currency emerging-market debt.

Slim, who has a net worth of \$74.9 billion based on the Bloomberg Billionaires Index, is benefiting from a rally in Mexican government bonds as investors including Gross's Pacific Investment Management Co. seek alternatives to record-low yields on U.S. and European debt. Slim's companies, which have accounted for 16 percent of all local debt sales this year, have the highest credit ratings in the country, allowing them to tap into demand for the safest assets amid Europe's debt crisis.

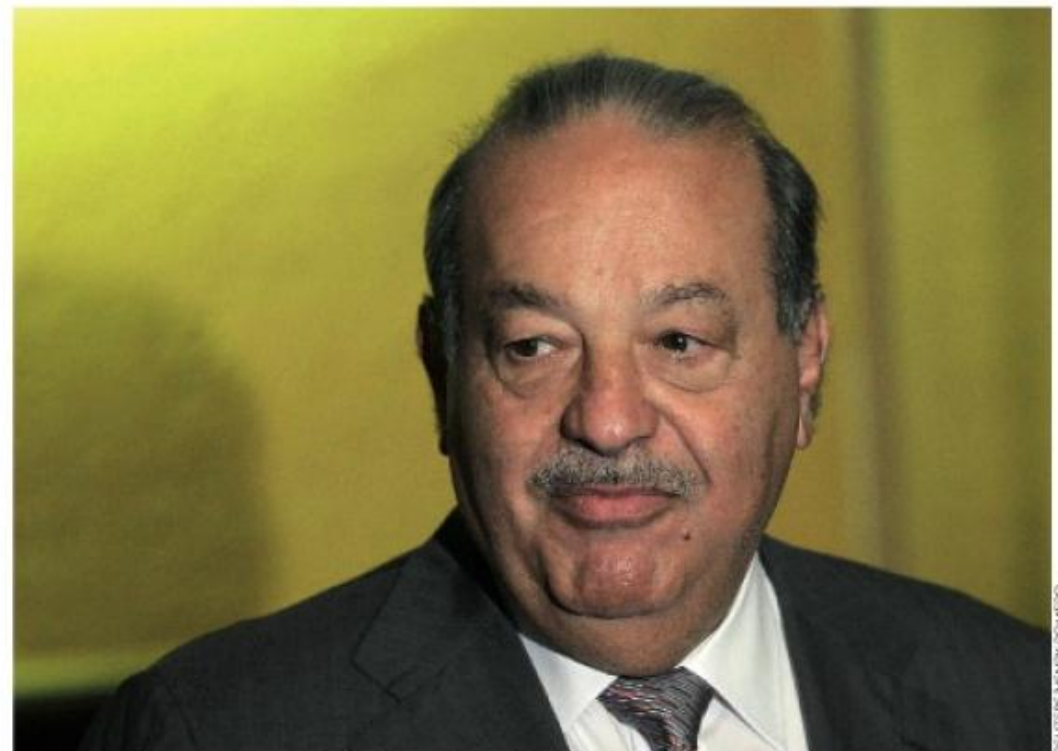
"It's the ideal scenario to issue long-term debt," Guillermo Rodríguez, who helps manage \$5.5 billion of debt at Corp. Actinver, said in Mexico City. Mexican government bond yields "are at historic lows, so it's good for companies. It makes all the more sense."

Slim's companies bonds are "some of the best debt that exists" in Mexico, he said.

While Grupo Carso, Slim's holding company, and Inmuebles Carso are refinancing debt maturing in less than a year, construction company Impulsora del Desarrollo y el Empleo en América Latina is financing projects such as toll roads in western Mexico, according to Luis Frias Humphrey, managing director of corporate banking for Slim's Grupo Financiero Inbursa.

Slim cashes in on bond frenzy

Investors look to Mexican higher-yield debt



A file photo of Mexican tycoon Carlos Slim taken in Mexico City, July 27, 2012

Inmuebles Carso, which has more than 7 billion pesos in bank loans, is seeking to extend the maturity of its debt to match the time horizon of its real-estate investments, he said.

"The local market has been growing and maturing more and more," Frias said in Mexico City. "Right now its capacity to offer funding to issuers is attractive in terms of amount, duration and costs, and you have a great depth of investors."

Mexico City-based Inmuebles Carso's bonds will yield at least 50 basis points more than the 90-day

Mexican interbank rate, known as TIIE.

Yields on Mexico's benchmark bonds due in 2024 have declined 38 basis points to 5.42 percent since Gross, who runs the world's largest mutual fund at Newport Beach, Calif.-based Pimco, said on June 19 that he favors the country's debt over German bunds.

Yields on two-year German, Austrian and Dutch bonds fell below zero last month, while those on benchmark 10-year Treasuries touched an all-time low of 1.379 percent.

Fitch Ratings assigned

Inmuebles Carso's bonds a long-term national-scale grade of AA, the third-highest investment grade. Ideal, as the construction company is known, is rated Baa3, the lowest investment grade level, on a global scale by Moody's Investors Service. Fitch rates Grupo Carso AA+ on a national scale.

Slim-controlled companies are attracting buyers such as pension funds, Mexico's largest institutional investors, which are boosting holdings of debt from the most creditworthy borrowers, according to Sergio Rodríguez, an analyst at Fitch.