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## **New index puts focus on Hispanic growth Investment bank tracks nation's 10-largest Latino-related firms.**

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Looking for a Wall Street play off the Hispanic demographic tsunami?

Take a peek at the Ramirez & Co. Hispanic Index that made its debut this month - the creation of New York investment bank **Samuel A. Ramirez & Co.**

It tracks the 10 largest Hispanic companies in the United States and Puerto Rico, based on market value and trading volume.

The bellwether stock of this weighted index is Los Angeles-based Univision Communications Inc., which acquired Hispanic Broadcasting Corp. of Dallas earlier this year and is expected to close the year with about \$1.4 billion in annual revenue.

The index's purpose is to track the stocks as an asset class, against other indices, such as the Standard & Poor's 500. All of the publicly traded companies are either headed by Hispanics or aimed at the nearly 40 million person-strong U.S. Hispanic market.

The performance?

If one had invested in a fund made up of companies in the Hispanic stock index on Aug. 1, 2000, that investment would have returned 125 percent, says Jay C. Garcia, research director for Ramirez.

If one had invested in a fund calibrated to the Standard & Poor's 500 on Aug. 1, 2000, that investment would have lost about 24 percent.

And that date was well after the market began to dive in March 2000.

"It was not trivial; it was not marginal," says Mr. Garcia of the performance. "I am a true believer in that the only thing that will happen is that the market grows."

## Upward trajectory

Comparing a 10-stock index to a 500-stock index is, of course, a bit like comparing a cherry to a watermelon. And portfolio diversification is considered a must. But demographers project only an upward trajectory for Latinos.

By the year 2050, fully a quarter of the U.S. population is expected to be Hispanic, up from 14 percent.

And as a consumer bloc, it already wields about \$653 billion in purchasing power, according to the Selig Center for Economic Research at the University of Georgia. That's a sum larger than the gross national product of Mexico, a country of 100 million.

Thus, Ramirez treats it as an "emerging market." And because it resides within the United States, it's one without the vagaries of currency devaluations, rigged political elections or oligopolies with questionable accounting practices.

Or as Mr. Garcia notes in his research report, "The domestic Hispanic emerging market lacks the political, regulatory and currency risk inherent in other emerging markets."

## The downside?

There are the lagging educational rates, the report notes. More than two in five Hispanics age 25 years and older have not graduated from high school.

"But U.S.-born Hispanics have higher levels of education than their immigrant parents. This generational change will significantly affect the educational profile of the Hispanic population," the report says.

## Financial basket

### The next product?

The 32-year-old investment banking house hopes to offer a financial basket of the companies in the Hispanic index to investors. The investment house, founded by Puerto Rican Samuel A. Ramirez, offers services that range from portfolio management for individuals to municipal bond underwriting.

In addition to Univision, the index includes fellow Spanish-language broadcasters Entravision Communications Corp. of Santa Monica, Calif., and Spanish Broadcasting System Inc. of Coconut Grove, Fla.

Other firms include Molina Healthcare Inc. of Long Beach, Calif., and the telecommunications firm MasTec Inc. of Coral Gables, Fla.

Five Puerto Rican-based financial companies round out the rest of the index: Popular Inc., with the second-largest market capitalization; Doral Financial CP; W Holding Co.; R&G Financial Corp.; and First BanCorp.

