

Second Chances

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A SECOND ACADEMIC STAGE

In 2025, Diego, an industrial engineer who graduated five years ago in Mexico, works at a large automotive manufacturing plant located in the same country. For his work at the factory, Diego earns a net monthly income of 42,000 pesos¹. A year ago, he moved out of his parents' house in the south of the city because the company he works for is located in the north. In his new home, Diego pays a monthly rent of 9,000 pesos, and his landlord specified in the contract an annual increase of 5 percent.

Despite doing well at work, Diego has known since his university days that he wants to pursue a master's degree in Data Science and Artificial Intelligence at King's College London.

To make an informed decision, the engineer seeks help from a consultant to build a financing and savings plan that will allow him to cover tuition and living expenses in London.

¹ 1 MXN = \$0.0534 USD (X-RATES).

The course in London lasts 12 months.

Image: rawpixel.com in Frepik, 2025.



FIRST STEPS

Diego's expenses and income are stable, which will help the consultant estimate a budget so Diego can see the final amount available for savings, and thus have enough to cover part of the cost of the master's program or his living expenses during the course.

An important aspect: the current cost of the master's program in British pounds (GBP) must be converted to Mexican pesos using the indicated exchange rate and adjusted for inflation when applicable. Additionally, for savings over these three years, various financial instruments must be researched and compared to determine which are best for Diego, so he can be provided with sufficient resources for partial or full payment of the master's program. These instruments may

include investment funds, CETES (Mexican government bonds), or promissory notes, among others. The consultant can present Diego with an analysis in a table documenting and comparing rates based on return and security.

Once the possible savings amount is obtained using the selected instrument, Diego

decides to use it as a "down payment" or "installment" to cover part of the master's program or living expenses; the rest will require financing. At this point, he must identify the best financing option (rate, term, and monthly payment) and analyze the amortization table. Based on the selected option, the total interest to be paid must be determined, considering a five-year debt term.

Imagen. Mego-studio in Freepik, 2025.



A SECOND PROFESSIONAL STAGE

After completing the postgraduate program, Diego, with his professional experience and now a master's graduate, returns to Mexico to work and secures a managerial position due to a director's retirement. He then assumes this new executive role, which allows him to save some money again.

During this second stage, Diego wants to open an AI consulting firm to automate tasks, improve decision-making, and increase productivity for potential clients. Once again, Diego seeks support from the professional who helped him with the previous decision to evaluate the feasibility of establishing this consulting firm. He estimates that the initial investment

needed (specialized hardware, licenses, cloud computing, marketing, and working capital) amounts to one million pesos. Based on the consultant's suggestions, Diego would request financing for that amount.

To assist him in this second stage, the project's feasibility is evaluated with a five-year estimate (net cash flows are also shown in the downloadable file); in addition to using metrics such as NPV and IRR.

Diego expects a proposal comparing the project under three capital structures: 70% debt/ 30% equity; 80% debt/ 20% equity; and 100% debt

Image. Mindandi in Freepik, 2025.

Available information for Mexico that can be used to evaluate the project:

10% annually
RISK-FREE RATE (RF)

16% annually
MARKET RETURN (RM)

1.8
BETA

Please find the attachments **HERE.**

REFERENCES

X-RATES. (7 de septiembre de 2025): "Exchange rate mexican peso to us dollar":
<https://www.x-rates.com/calculator/?from=MXN&to=USD&amount=1>

