

Precautionary Profit-Taking within stock markets

Mexican Stock Exchange

Mexbol closed June 12th operations at 37,679 points, a (-)6.63% weekly decline in dollars, ending the rally that started on May 22nd, which allowed for almost a 10.0% return; The USD year-to-date (YTD) return stands at (-)26.48%. Likewise, in the United States, the drop of the index was led by fears of a second wave of contagions worldwide, which could cause new shutdowns to economies.

Exchange rate

The spot exchange rate closed June 12th operations at MX\$22.26 per dollar, a weekly depreciation of 3.17%, and increasing the YTD depreciation to 17.59%. The increase in the risk aversion led to a higher demand of dollars switching to instruments of lower relative risk, specifically the United States Treasury bonds. Additionally, volatility reflects the recent weak data in the Mexican external accounts, namely:

1. April's trade balance deficit was US\$3.09 billion, practically eliminating the YTD surplus (US\$635 million).
2. In April, Mexico was no longer the United States' leading trading partner, although it still accumulates a YTD surplus of US\$31 billion.

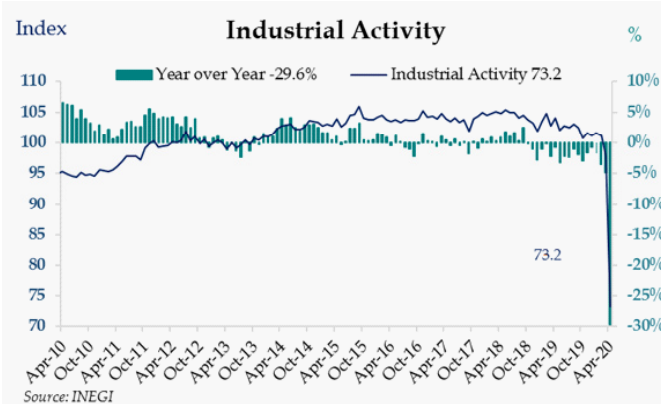
Interest Rates

The 10-year U.S. Treasury bond rate closed June 12th operations at 0.70%, a (-)19 bps weekly drop and displaying a significant increase in the first week of June, which reached a maximum of 0.95%. Relatively low-risk instruments such as the U.S. Treasury bonds had higher demand and led the 10-year M Bond to close June 12th operations at 6.00% (-23 bps). On June 6th, the 10-year M Bond reached its highest point in the last two months, reaching 6.28%, after fears of a second wave of contagions.

Economic Indicators

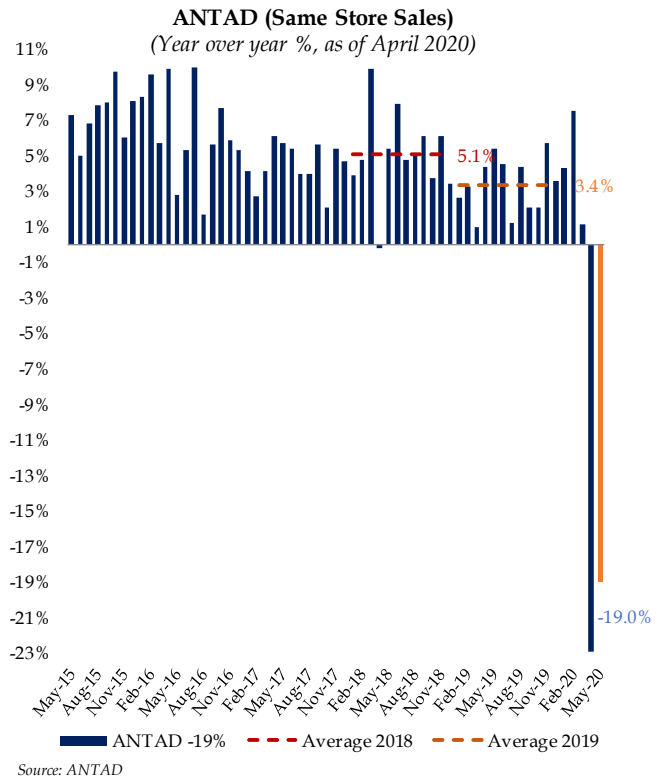
Industrial Activity

Industrial activity in Mexico decreased (-)29.6% YoY in April, the largest in history, and reaching levels of 1996. By sectors, construction fell (-)38.4%, manufacturing industries (-)35.5%, mining (-)3.6%, and commodities were lower by (-)3.5%.



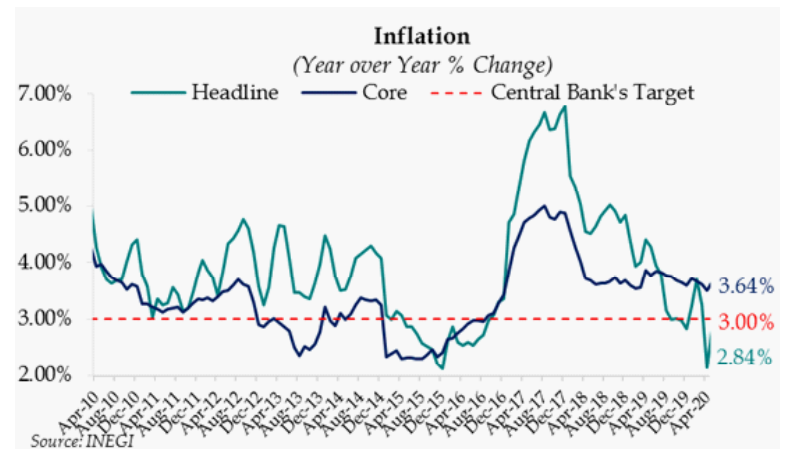
Same Stores Sales ANTAD

The National Association of Self-Service and Department Stores (ANTAD) announced that in May, its Same Store Sales (SSS) had a (-)19.0% YoY contraction. Although the figure is negative, the slight recovery from the drop in April (-22.9%) is attributable to the increase in sales due to the "Hot Sale" campaign. ANTAD estimates that for the next month, the drop in sales will begin to be lower since, in some states of the country, businesses will start to reopen starting June 15.



Inflation

Annual inflation in May was 2.84%; within Banxico's target range (3.0% +/- 1.0%). The subjacent index displayed a 3.64% inflation, while the non-subjacent index increased at a rate of 0.35% annually. Even though low octane gasoline had an 8.11% monthly increase in its price, the sharp drop in the prices of products such as electric power (-21.28%), eggs (-10.21%) and chicken (- 3.05%) allowed the INPC to remain at low levels.



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Definitions

Banco de México (Banxico): Is the central bank of Mexico. Its main function is to provide domestic currency to the Mexican economy and its main priority is to ensure the stability of the domestic currency's purchasing power.

Basis points (bps): Refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001.

Consumer Price Index (INPC): Is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

Hot Sale: It is the largest online sales campaign in the country that brings together the best online sales and services companies, for the seventh edition.

M-Bond: Mexico Federal Government fixed-rate development bonds that are issued and placed at terms of over one year, pay interest every six months and their interest rate is determined at issue date and remains fixed all along the life of the bond.

Mexbol: The S&P/BMV IPyC seeks to measure the performance of the largest and most liquid stocks listed on the Bolsa Mexicana de Valores. It is not possible to invest in an index.

Mexican Stock Exchange: The Mexican Stock Exchange headquartered in Mexico City, is the full-service securities exchange of the country, dealing in cash equities, derivatives and fixed income products.

National Association of Self-Service and Departmental Stores (ANTAD): Entity responsible of promoting the development of retail and its suppliers within the Mexican market.

Same Store Sales (SSS): Are also referred to as comparable-store sales or identical-store sales, measures the sales of a company's existing stores that have operated for more than one year, excluding sales of new stores.

Year over Year (YoY): Indicates the change from the comparable amount reported in the same period one year earlier.

Year to Date: (YTD): Refers to the period of time beginning the first day of the current calendar year or fiscal year up to the current date.

Disclosures

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Past performance is not a guarantee of future results. Index performance is not illustrative of fund performance. One cannot invest directly in an index. Please call (414) 765-4255 for fund performance.

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