

WEEKLY ECONOMIC REPORT

November 6, 2020.

Markets welcome Biden's victory

Recognized Agencies such as The New York Times, Associated Press or, Bloomberg, affirmed that the candidate Joe Biden reached 270 required to win the presidency. Four states defined the entire electoral process: Nevada (6 votes), Pennsylvania (20 votes), North Carolina (15 votes), and Georgia (16 votes). The above implies that democrat Joe Biden will be the next president of the United States. In this context, the following scenarios are projected:

The 3Q20 earnings season concluded as follows:

1. President Trump does not recognize Biden's victory. The current US president has affirmed within the electoral process that he has been the victim of fraud, precisely due to votes by mail. The actions that Trump's legal team proposes to use in order not to recognize the result of the election are diverse:
 - a. Request that all votes that were sent by postal service that are yet to arrive are not counted. Furthermore, in some states, this possibility has already been ruled out by the courts.
 - b. Request a new counting of the votes in those states where the difference is less than 1.0%. Currently, entities such as Wisconsin (10 electoral votes), Nevada (6 votes) or Georgia (16 votes) could qualify for this count.
 - c. File lawsuits in the courts of the states in dispute to ignore the outcome of the election.
2. Biden's recognized victory. If Trump's legal team recourse to prevent Biden's victory fails, the progress of the financial markets would be confirmed and projected forward due to the following reasons:
 - a. There would be hopes for a new fiscal stimulus package.
 - b. The new government's priority will be to contain the COVID-19 pandemic that has taken the highest bill in the United States (9.54 million infections and 234 thousand deaths). Therefore, abrupt changes in public policies that could affect the recovery of the economy can be ruled out in the short and medium-term.
 - c. The probability that the majority of the Senate will remain Republican is high, reducing the chances of an eventual aggressive reform of the tax system or abrupt changes in legislation regarding environmental matters.

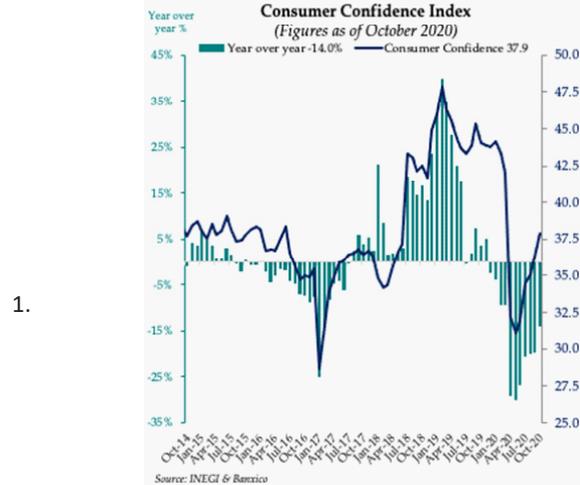
Global investors seem to welcome the United States president as an individual who has cultivated an image of prudence and seriousness in a much more institutional trajectory (36 years in the Senate and 8 years in the vice presidency). Therefore, the main results for the week were the following:

1. The Mexican Stock Exchange had a significant weekly gain of 4.49% in Mexican pesos, that reduced the Year-To-Date ("YTD") losses to (-) 10.06%. The advance in dollars was 7.65%, leaving the YTD decline at (-) 17.73%.
2. The spot exchange rate closed November 6th at MX\$20.60 for a 2.72% weekly appreciation that reduced the YTD depreciation to (-)8.81%.

Economic Indicators

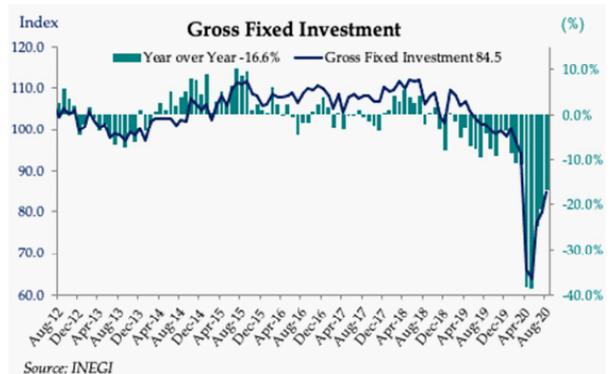
Consumer Confidence

The Consumer Confidence Indicator (ICC) had a monthly increase in October, for the fourth consecutive month, amounting to 3.87%. Noteworthy, all the components that constitute the index showed an improvement compared to September. Despite the monthly advance, the ICC shows a (-)14.16% annual fall due to the consumer's pessimism when asked about the country's current situation compared to 12 months ago.



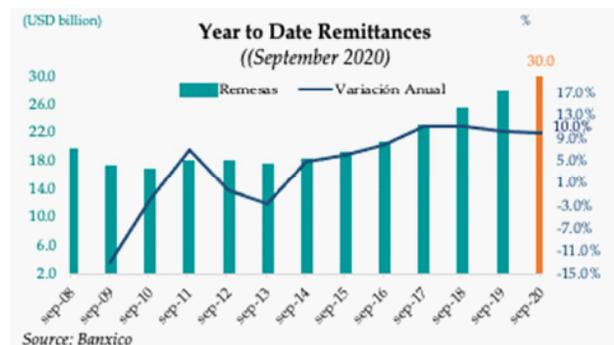
Gross Fixed Investment

In August and for the third consecutive month, the Gross Fixed Investment (IFB) indicator had a monthly increase. On this occasion, it was 5.7% and by components investment in construction grew 10.3% and that made in machinery rose 0.2%. Despite the positive data, this is one indicator that shows a lower recovery regarding the fall that the partial blockage of activities to contain COVID-19 caused. Specifically, before the decline, the IFB stood at 94.15 points, so the August data (84.53 points) still needs a 10.21% recovery to reach levels prior to COVID-19.



Remittances

In September, the flow of remittances that arrived in Mexico totaled US\$3.56 billion, which leaves the YTD flow at US\$29.96 billion. This is the highest YTD flow since Banxico keeps records (1993). According to our estimations, by the end of 2020, remittances could total approximately US \$ 40 billion.



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Definitions

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.

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.

COVID-19: The disease caused by the coronavirus, a family of viruses that were discovered in the 60s but whose origin is still unknown. Its different types cause different diseases, from a cold to a severe respiratory syndrome.

Gross Fixed Investment Indicator (IIFB): Describes the net capital accumulation during an accounting period for a country. The term refers to additions of capital stock, such as equipment, tools, transportation assets and electricity.

The National Institute of Statistics and Geography (INEGI): Is a public body with technical and managerial autonomy, its own legal personality and assets, responsible for regulating and coordinating the National System of Statistical and Geographic Information.

National Consumer Price Index (INPC): It is an economic indicator whose purpose is to measure, over time, the variation in the prices of a basket of goods and services representative of the consumption of households in the country.

The Ministry of Finance and Public Credit (SHCP): Is the government entity responsible for proposing and controlling the economic policy of the Mexican Federal Government regarding the financial, fiscal, expenditure, income and public debt sector.

Spot Exchange Rate: Is the current price level in the market to directly exchange one currency for another, for delivery on the earliest possible value date.

The National Institute of Statistics and Geography (INEGI): Is a public body with technical and managerial autonomy, its own legal personality and assets, responsible for regulating and coordinating the National System of Statistical and Geographic Information.

Consumer Confidence Index: Is defined as the degree of optimism about the state of the economy that consumers are expressing through their activities of saving and spending.

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

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund's portfolio and there is no assurance that the fund will achieve its investment objective.

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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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