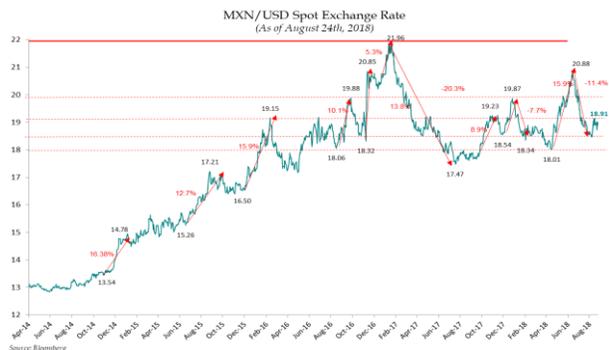


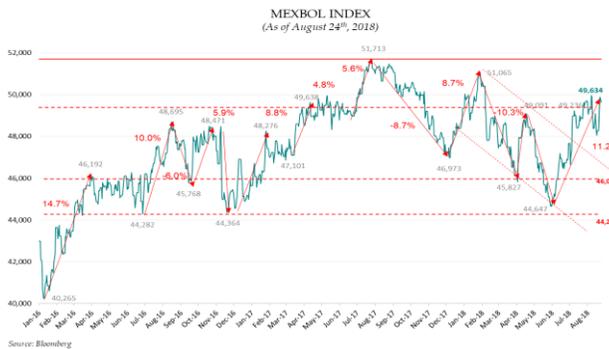
Mexico and United States Strike a Deal after Extensive Negotiations. Inflation doesn't Give In.

Last week Mexican Peso went thru a -0.11% depreciation. Spot rate closed at 18.91 MXN per Dollar, and cumulative exchange rate appreciation in 2018 amounted to 3.95%. On Monday 27th, Mexico and United States reached an agreement in which Canada could also join. Although this bilateral agreement between Mexico and the United States eliminates uncertainty and provides the possibility of peso appreciation, investors would feel more confident if Canada did get on board. Further details on the bilateral deal, which still requires revisions and approvals in Mexico and United States, presents the following takeaways:



First, the "Sunset" clause, which referred to having a NAFTA revision every five year, was removed. This clause was replaced by a 16-year agreement which could be revised every six years, to be extended 16 years more. Second, Mexico did not accept any fees, dues or quantity limits. Third, investors could expect less uncertainty regarding the energy reform in Mexico. Fourth, dispute settlements on antidumping and compensatory quotas was not included, but could be defined at a later stage. Fifth, US dropped the demand for seasonal tariffs on fruits and vegetables. Sixth, the new trade deal will see 40% of auto content manufactured by workers earning higher wages; resulting in opportunities for Mexico. Overall, proper coordination between current and new office in Mexico, allows for very optimistic expectations. Furthermore, having a trilateral agreement, which includes Canada, would highly benefit Mexico.

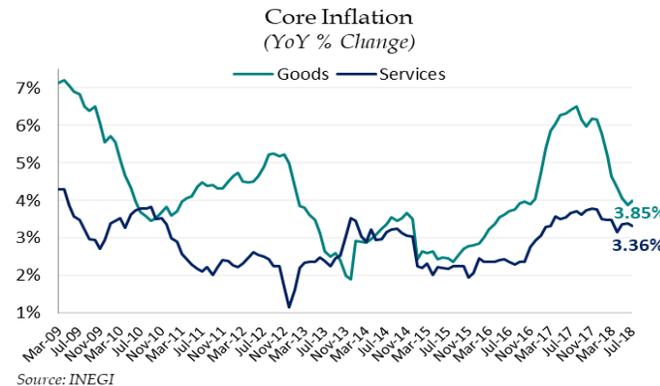
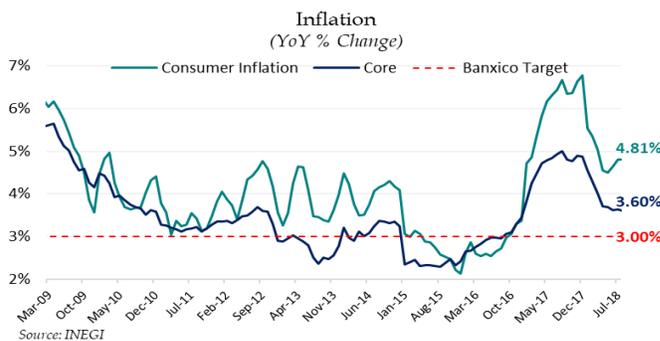
MEXBOL closed at 49,634 points, which imply 2.94% growth against last week and 2.08% growth against last year. The good performance of the market could be reinforced as a consequence of the agreement. Last week the companies that contributed the most to the index were: ELEKTRA * (9.76%), GAPB (8.37%), PEÑÓLES * (8.23%), ASURB (7.00%) and GFNORTEO (5.12%).



Relevant Economic News of the Week:

- INEGI published consumer inflation for the first half of August, which was 4.81% per annum, similar to that of July, but higher than the 4.74% expected by the market consensus. Core annual inflation was 3.60%, practically the same as July (3.63%) and non-core inflation was 8.48%, with an acceleration compared to 8.38% in July, which clearly suggests the origin of the problem in energy prices. It is important to highlight the change in methodology that the National Institute of Statistics, Geography and Informatics (INEGI) applied, since the second half of August, for the calculation of the consumer price index and that has the following characteristics:

- Change of base year to 2018 to better capture the new consumption patterns.
- Avoid bias due to age and obsolescence of the weights.
- Integration of 10 new generics, disappearance of 2, disaggregation of 19 and fusion of 7, for a total of 299.



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Compliance

Definitions

FED – The Federal Reserve System is the central bank of the United States and arguably the most powerful financial institution in the world.

INEGI - The National Institute of Statistics and Geography. It is the institution responsible for performing the population census every ten years; as well as the economic census every five years and the agricultural, livestock and forestry census of the country.

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.

North American Free Trade Agreement (NAFTA) – A regulation implemented January 1, 1994 in Mexico, Canada and the United States to eliminate most tariffs on trade between these nations. The three countries phased out numerous tariffs, (with a focus on those related to agriculture, textiles and automobiles), between the agreement's implementation and January 1, 2008. NAFTA's purpose is to encourage economic activity between the United States, Mexico and Canada.

INE: Mexico's Electoral Institute, which oversees elections.

Consumer Price Index - Is a measure of average changes in the price level of market basket of consumer goods and services purchased by households.

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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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