

One storm, different boats

Portfolio Management Team

Timothy Heyman, CBE
President

Ramsé Gutiérrez, CFA
VP / Portfolio Manager

Luis Gonzalí, CFA
VP / Portfolio Manager

Jorge Marmolejo, CFA
Portfolio Manager

Nadia Montes de Oca, CFA
Portfolio Manager

SUMMARY

- Global. Risky assets continued their April upswing due to opening up of economies despite different stages of the pandemic and healthcare capacities.
- Mexico followed the global trend with risk assets recovering but braked by continued uncertainty over pandemic management and opaque plans to deal with the economic consequences of the lockdown.
- Global risks: failure of health, monetary and fiscal plans, geopolitics, social unrest, emerging markets.
- Local risks: governance, insecurity, private sector confidence, credit rating.
- Scenarios with probabilities: positive (25%), negative (25%), average (50%).
- Taking into account global and Mexican risks, we do not change the probabilities of each scenario. For portfolios in pesos, hold positions in short-term ILS in search of opportunities during the period of reopening of economies to increase duration and weighting in risk assets, including stocks and REITs.

Everything we do has a single focus: To deliver better client outcomes.

Through a culture that:



Powerfully links the capabilities of our specialized investment team to unlock opportunities and deliver solutions



Harnesses our best thinking.



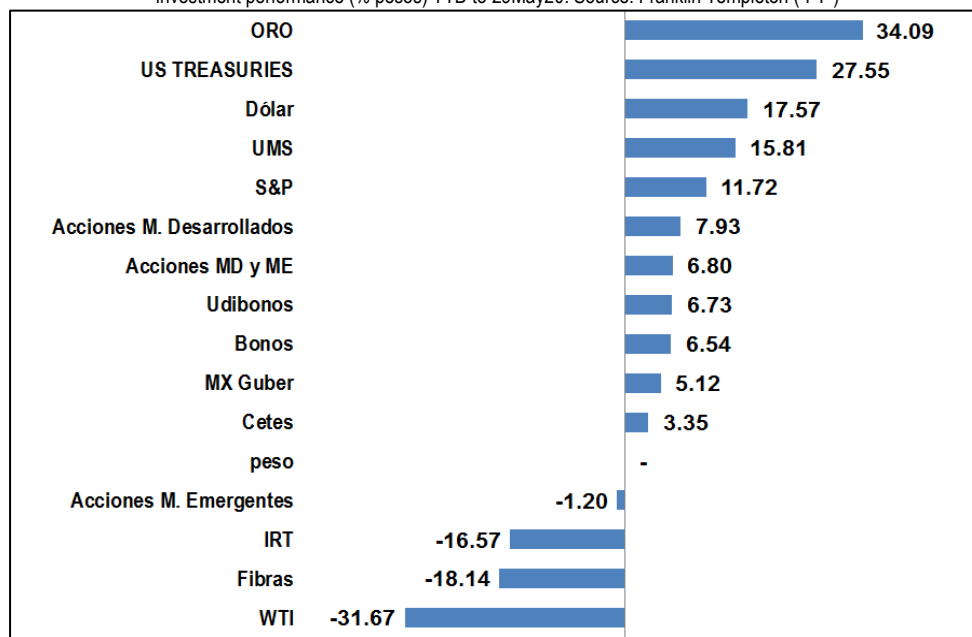
Continuously evolves, while staying true to our core values

“You learn to know a pilot in a storm.” – Lucius Annaeus Seneca

Positive May: reopening under different conditions

Positive performance of risk assets continued during May as more economies announced or executed re-opening plans, many in different stages of the pandemic and with varied healthcare capabilities. The experience gained in the last three months, the high economic/social costs of the lockdown and diminishing willingness to suffer lockdown restrictions led authorities to seek less restrictive solutions to achieve a better balance between economic reopening and pandemic containment. The reopening is not without its critics and it is impossible to rule out a second wave of infection. It is important to analyze the timing and methodology of reopening plans in each economy to find investment opportunities.

Investment performance (% pesos) YTD to 29May20. Source: Franklin Templeton ("FT")



Contact us

Franklin Templeton Asset Management México S.A. de C.V. Sociedad Operadora de Fondos de Inversión

Phone Number

55 5002 0650

Web Page

www.franklintempleton.com.mx

E-mail

mexico@franklintempleton1.com

PANDEMIC

Global

As of June 8, there were 7.1mn. cases and 407K deaths in 215 countries and territories, with the epicenter of the pandemic moving to the Americas from Europe (Figures 1 and 2). Globally social distancing has shown results: new daily cases appear to have stabilized around 100K and daily deaths have fallen from 8K in mid-April to 4.5K in early June. Countries that were first affected and took extreme action have managed to eradicate virtually all new cases. Countries that acted fast but took less extreme measures such as South Korea and Germany are experiencing some recurrences but these are limited and manageable. Countries that did not take the time to prepare and take sufficient action have experienced constant increases in cases and problems in lowering the number of new cases, notably Mexico and Brazil (Figure 2). With all their differences, many countries are beginning to reopen with little apparent regard to the evolution of the pandemic.

Figure 1. COVID19: countries ranked by case numbers (8Jun20). New daily cases/deaths in the world. Source: Worldometer

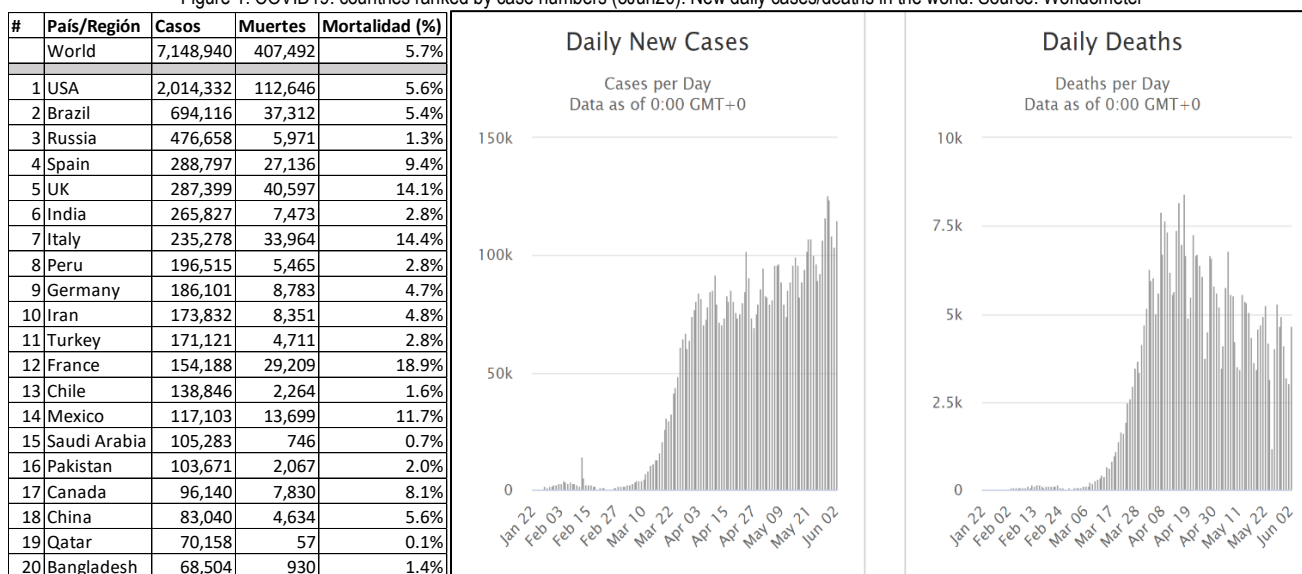
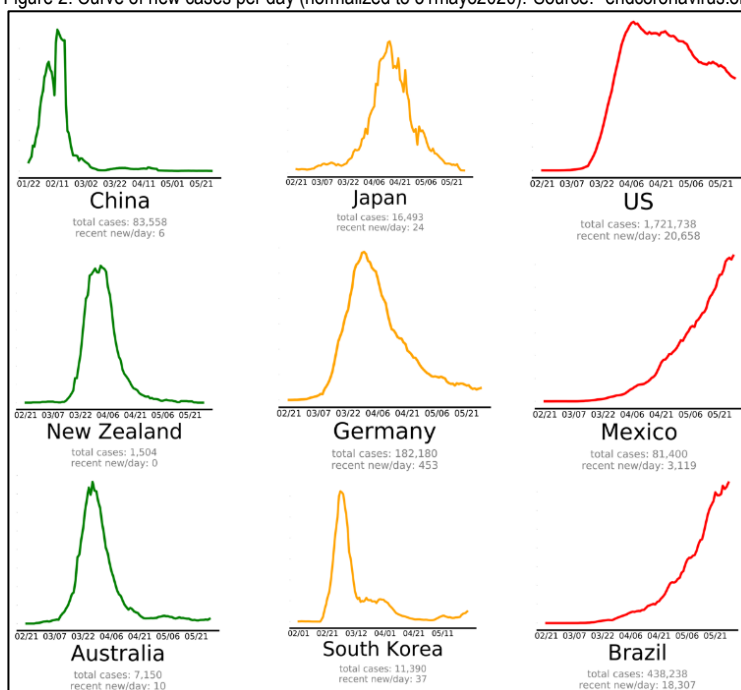


Figure 2. Curve of new cases per day (normalized to 31 mayo 2020). Source: endcoronavirus.org



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de C.V. Sociedad Operadora de Fondos de Inversión

Phone Number

55 5002 0650

Web Page

www.franklintempleton.com.mx

E-mail

mexico@franklintempleton.com

Differences in mortality rates appear to be directly related to the quality of statistics as shown by several studies analyzing mortality in a country during the pandemic against the average mortality of recent years and how much the difference ("excess mortality") can be officially explained by COVID19 (Figure 3). The more reliable statistics are closer to 100% (COVID as % of the total).

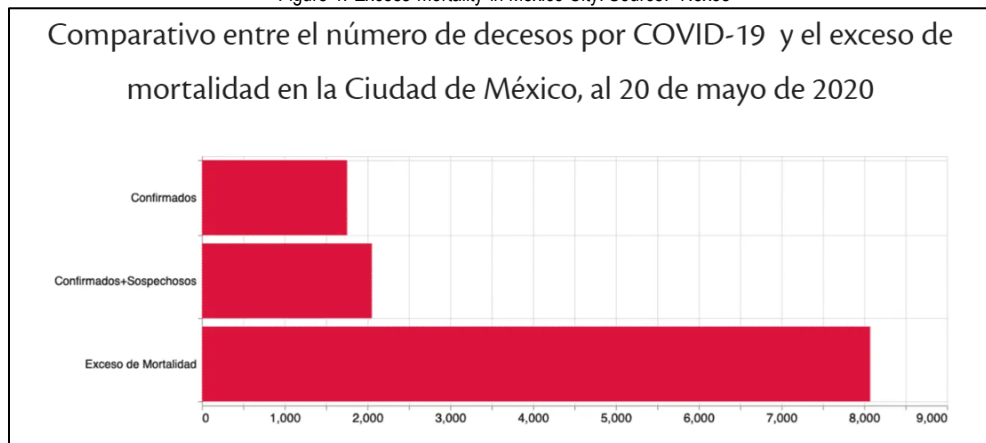
Figure 3. Excess mortality by country with available data. Source: The Economist

Excess mortality since region/country's first 50 covid deaths				
Updated on May 27th 14:01 UTC				
REGION / COUNTRY	TIME PERIOD	COVID-19 DEATHS	TOTAL EXCESS DEATHS	COVID-19 AS % OF TOTAL
Britain	Mar 13th-May 14th	45,298	59,100	77%
Spain	Mar 10th-May 18th	27,758	30,940	90%
France	Mar 10th-May 4th	25,498	26,735	95%
Italy	Feb 25th-Mar 30th	12,178	24,031	51%
New York City	Mar 14th-May 8th	20,117	23,482	86%
Netherlands	Mar 15th-May 16th	5,660	9,405	60%
Belgium	Mar 22nd-May 9th	8,258	7,814	106%
Sweden	Mar 17th-May 11th	3,708	4,030	92%
Istanbul	Mar 24th-May 11th	1,925	3,817	50%
Jakarta	Feb 29th-Apr 29th	381	2,785	14%
Austria	Mar 22nd-Apr 4th	188	330	57%

Mexico

With 117,103 cases and 13,699 deaths, Mexico now ranks seven globally in deaths and 14 in cases. At the end of May, it chose to end "days of healthy distance" with the whole country classified as "maximum risk" according to its own measurements. The government acknowledges that official figures are underestimated by the epidemiological monitoring model it has adopted, and independent studies of "excess mortality" suggest that the actual deaths directly or indirectly attributable to the pandemic could be up to 4 times higher in Mexico City alone (Figure 4). Confidence in the numbers is falling and management of the pandemic continues to be erratic. The authorities announced several times during May that the pandemic had peaked only to announce successive peaks in subsequent days. The president declared that the pandemic had been conquered but on the same day Health Undersecretary Hugo López Gatell said the opposite.

Figure 4. Excess mortality in Mexico City. Source: Nexos



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Tests, therapies and vaccines

Among all these regions and countries in differing situations the development of an effective vaccine or therapy is vital to accelerate the return to normalcy but the time horizon is still 12 to 18 months (Figure 5). Tests with Hydroxychloroquine have been suspended, although controversy about its effectiveness at different stages of the disease continues. Remdesivir disappointed in advanced clinical trials after showing encouraging results in a smaller-scale previous experiment. Moderna reported positive results in Phase 1 trials but an analysis of published data showed that they were inconclusive. The most extraordinary phenomenon has been support for a vaccine developed at the University of Oxford and adopted by AstraZeneca, which aims to produce up to 2bn. vaccines and is looking to merge with Gilead (Figure 5).

Figure 5. Status of main vaccines/treatments. Source: CNBC

Desarrollador	Vacuna	Estado
Moderna	mRNA	Fase 2 en desarrollo
Johnson & Johnson	Adenovirus modificado	Preclínico
Inovio Pharmaceutical	INO-4800	Fase 1
Universidad Oxford	ChAdOx1 nCoV-19	Fase 1
Pfizer	BNT162	Ensayos clínicos
Sanofi y GSK	Sin nombre	Preclínico
Novavax	NVX-CoV2373	Fase 1 iniciada
Desarrollador	Tratamiento	Estado
Gilead	Remdesivir	Ensayos avanzados
Nueva York y otros	Hidroxcloroquina	Ensayos clínicos
Zhejiang Hisun	Favipiravir	Ensayos clínicos
Regeneron y Sanofi	Kevzara	Ensayos clínicos
Eli Lilly	Baricitinib	Ensayos clínicos
Eli Lilly, AstraZeneca, Regeneron	Anticuerpos	Varias fases

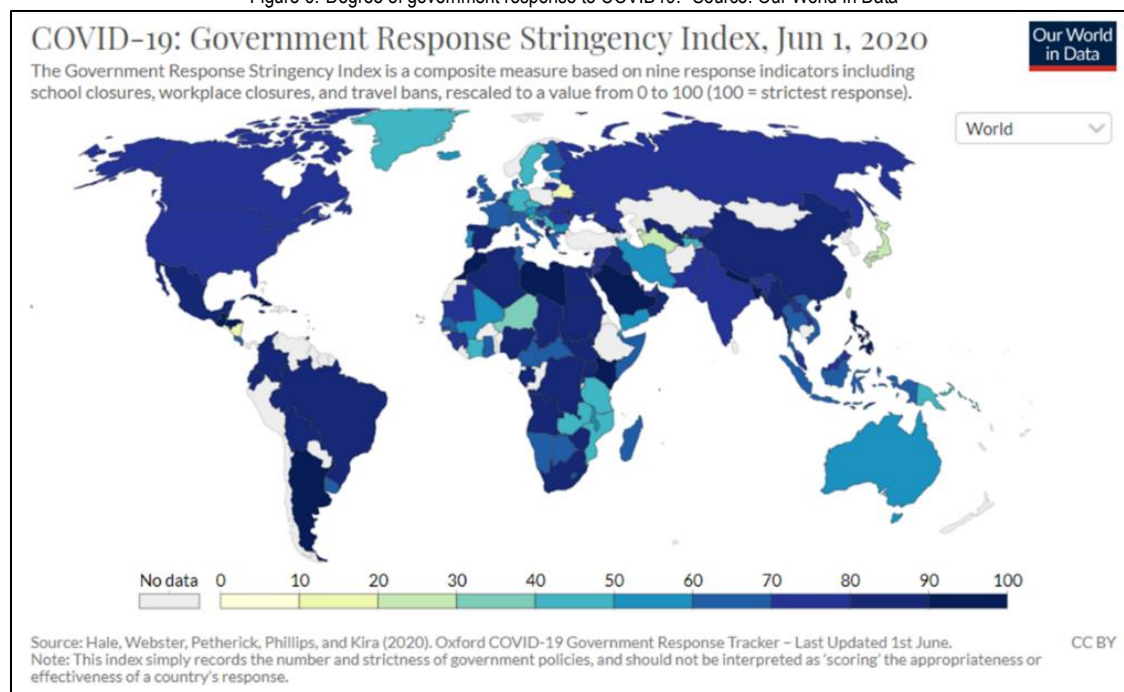
Fuente: CNBC (vía @BerkeleyJr)

REOPENING THE ECONOMY

Global

Most economies remain in strict lockdown but are announcing a transition to less restrictive measures in an effort to limit the economic damage in response to the growing rejection of the lockdown (Figure 6).

Figure 6. Degree of government response to COVID19. Source: Our World In Data



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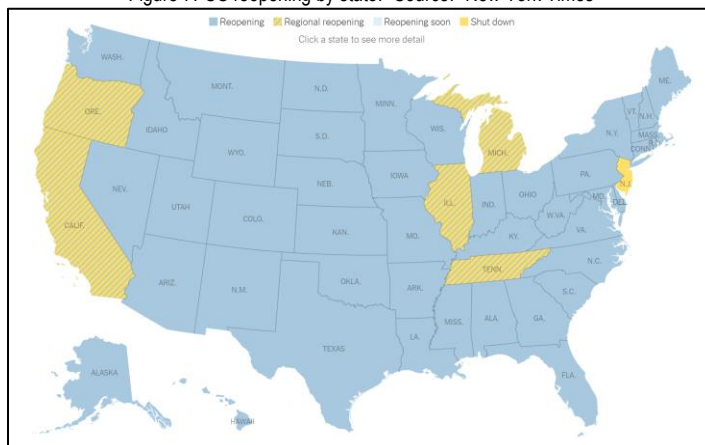
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E-mail

mexico@franklintempleton.com

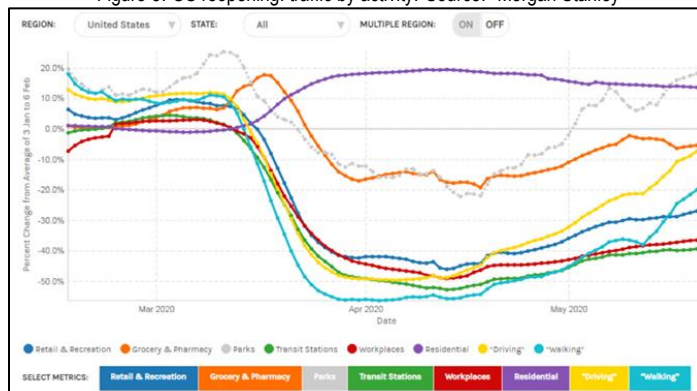
In the US even though the pandemic has not been contained, the reopening has become politicized. Most states have reopened all counties, 8 states have reopened some counties and only New Jersey remains fully closed. Mobility and economic sector restrictions vary widely by state, with some ignoring federal measures (Figure 7).

Figure 7. US reopening by state. Source: New York Times



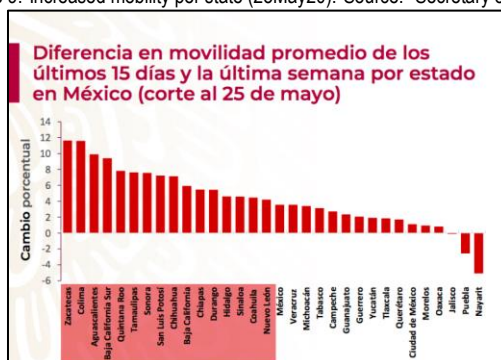
Traffic, a useful measure of economic activity, has increased sharply since mid-May, to different degrees for different activities (Figure 8)..

Figure 8. US reopening: traffic by activity. Source: Morgan Stanley



In Mexico, the end of the “days of healthy distance” was announced on 30 May and a system of gradual reopening by municipality was adopted, that depends on the number of cases and available hospital capacity. In practice this means the reopening of the following sectors: construction, mining, manufacturing of transport equipment, bicycle and beer production. Some of these sectors opened earlier than expected owing to pressure by US companies to revive supply chains. Distrust in federal management has caused many state and local authorities to take their own measures ignoring federal directives. Mobility has increased in many states despite local and federal directives (Figure 9).

Figure 9. Increased mobility per state (25May20). Source: Secretary of Health



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Phone Number

55 5002 0650

Web Page

www.franklintempleton.com.mx

E-mail

mexico@franklintempleton.com

POLITICS

US

China

On 28 May the National People's Assembly of China passed a law on national security in Hong Kong in clear violation of the terms of autonomy it was granted following its return to China by the United Kingdom in July 1997. The new law prohibits any act of treason, secession, sedition, subversion against the Central Government and restricts relations and the establishment of foreign political organizations in Hong Kong, extending China's judiciary powers to Hong Kong. In response, the US revoked its exceptional treatment of Hong Kong and will now consider it to be part of China. Boris Johnson said the UK would consider a mechanism to make it easier for Hong Kong citizens to acquire British citizenship. The law could be considered part of the escalation of geopolitical tensions between China and the US, which also includes the exit from WHO owing to its lenience to China over COVID and could continue as Trump tries to divert attention from his handling of COVID and the lockdown.

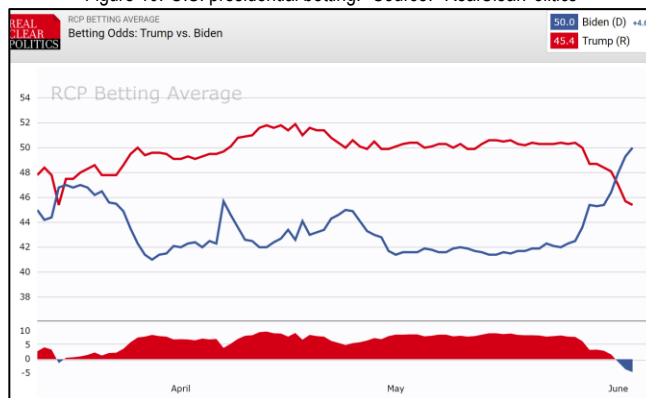
Protests and inequality

In the US the largest protests have occurred since 1968 (the assassination of Martin Luther King Jr.) spreading to 75 cities, with curfews in 40 of them and 16,000 National Guard troops deployed nationwide. The protests began on May 25 when videos went viral showing a Minneapolis policeman asphyxiating George Floyd to death for more than 8 minutes while calling for help. This incident, considered a symbol of structural racism in the US, has been aggravated by COVID's disproportionate effect on the poor and underprivileged and Trump's response, that once again has tried to divert attention from his own management. Protests are likely to be more frequent and could affect the runup to the November elections.

Elections

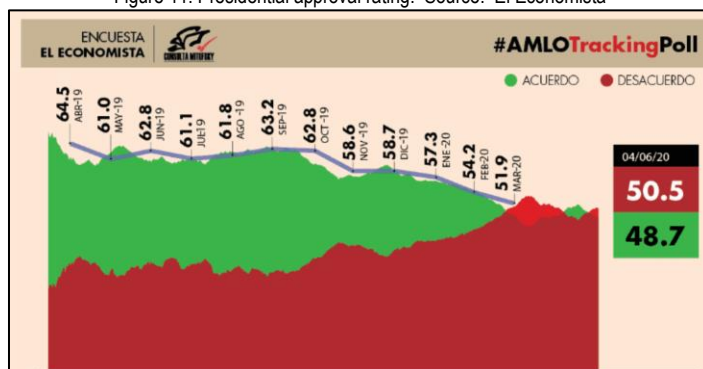
Joe Biden secured the Democratic nomination by collecting delegates in his victory in the most recent primary. Biden has taken the lead in a recent poll of polls (+7.2%) and in betting (+4.6%) on the presidential race (Figure 10). A Biden triumph may be positive for less protectionist trade policies and a less erratic and more global style of government, but it could involve a tax increase for businesses and individuals.

Figure 10. U.S. presidential betting. Source: RealClearPolitics



MEXICO

Figure 11. Presidential approval rating. Source: El Economista



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E-mail

mexico@franklintempleton.com

Presidential approval fell further due to erratic management of the pandemic, his lack of support for the productive sector, and open dismissal of current and future economic difficulties (Figure 11). AMLO has been unable to impose his narrative that Mexico is emerging from the the country, the Dos Bocas refinery and the Maya Train. With income erosion for more than 60% of Mexicans, rising unemployment, negative court judgments, calls for rebellion by some state governors, internal dissensions in his Morena party, and insistence on his iconic projects, some find it difficult to see how AMLO's usual populist discourse will be able to change this trend in the runup to the intermediate elections scheduled for June 6, 2021, when the Chamber of Deputies will be renewed, as well as 15 out of 32 governors.

ECONOMY

Economic policies in response to COVID19

Global monetary and fiscal stimulus has increased even more over the last month. It has now reached a total of US\$24.37trn. or 28.1% of global GDP, an increase of 4.5% of global GDP since the end of April (Figure 12). Meanwhile Mexico has not announced relevant revival/stimulus programs and the private sector has taken the lead in revival plans. Banxico lowered its reference rate another 50 basis points to 5.50% insinuating that it will not be the last reduction, but will follow a prudent policy.

Figure 12. Monetary and fiscal stimulus: by region (Feb-Jun2020). Source: Cornerstone Macro

Global Monetary And Fiscal Stimulus To Fight COVID-19 Impact 2020 Feb to June (CSM)						
	Potential Central Bank Liquidity Injection		Potential Fiscal Stimulus		Central Bank Liquidity Injection and Fiscal Stimulus	
	\$ Tln	% GDP	\$ Tln	% GDP	\$ Tln	% GDP
U.S.***	\$6.21	29.0%	\$3.30	15.4%	\$9.51	44.4%
Eurozone	\$1.78	13.3%	\$4.01	30.2%	\$5.79	43.5%
Japan**	\$1.03	20.0%	\$2.08	40.3%	\$3.11	60.3%
U.K.	\$0.25	9.0%	\$0.14	5.1%	\$0.39	14.1%
China****	\$1.33	9.3%	\$1.22	8.4%	\$2.54	17.7%
Others*	\$0.68		\$2.35		\$3.03	
Total	\$11.27	13.0%	\$13.10	15.1%	\$24.37	28.1%

Global growth

The World Bank published its estimates with strong downward revisions in developed and emerging markets with the largest differences in Europe and Latin America (Figure 13).

Figure 13. Estimates of global growth, by region and selectcountry.. Source: World Bank

TABLE 1.1 Real GDP ¹ (Percent change from previous year)						
	2017	2018	2019e	2020f	2021f	Percentage point differences from January 2020 projections
World	3.3	3.0	2.4	-5.2	4.2	-7.7
Advanced economies	2.5	2.1	1.6	-7.0	3.9	-8.4
United States	2.4	2.9	2.3	-6.1	4.0	-7.9
Euro Area	2.5	1.9	1.2	-9.1	4.5	-10.1
Japan	2.2	0.3	0.7	-6.1	2.5	-6.8
Emerging market and developing economies	4.5	4.3	3.5	-2.5	4.6	-6.6
Commodity-exporting EMDEs	2.2	2.1	1.5	-4.8	3.1	-7.4
Other EMDEs	6.1	5.7	4.8	-1.1	5.5	-6.2
Other EMDEs excluding China	5.4	4.8	3.2	-3.6	3.6	-7.6
East Asia and Pacific	6.5	6.3	5.9	0.5	6.6	-5.2
China	6.8	6.6	6.1	1.0	6.9	-4.9
Indonesia	5.1	5.2	5.0	0.0	4.8	-5.1
Thailand	4.1	4.2	2.4	-5.0	4.1	-7.7
Europe and Central Asia	4.1	3.3	2.2	-4.7	3.6	-7.3
Russia	1.8	2.5	1.3	-6.0	2.7	-7.6
Turkey	7.5	2.8	0.9	-3.8	5.0	-6.8
Poland	4.9	5.3	4.1	-4.2	2.8	-7.8
Latin America and the Caribbean	1.9	1.7	0.8	-7.2	2.8	-9.0
Brazil	1.3	1.3	1.1	-8.0	2.2	-10.0
Mexico	2.1	2.2	-0.3	-7.5	3.0	-8.7

Contact us

Franklin Templeton Asset Management México S.A.
de C.V. Sociedad Operadora de Fondos de Inversión

Phone Number

55 5002 0650

Web Page

www.franklintempleton.com.mx

E-mail

mexico@franklintempleton.com

Growth estimates of private sector economists have been adjusted downwards, but are more optimistic than the World Bank (Figure 14). Estimated global growth is -3% by 2020, with a rebound of 4.9% in 2021 driven mainly by China. Excluding China, many economies will have a smaller % increase in 2021 than the 2020 decline, which coincides with the idea of a U or W shaped recovery.

Figure 14. Economic growth by country (Jun2020). Source: Bloomberg

Developed markets				Emerging markets			
Growth(%)				Growth(%)			
	2021 E	2020 E	2019 E		2021 E	2020 E	2019 E
World	4.90	(2.95)	3.00	World	4.90	(2.95)	3.00
Developed	4.07	(5.97)	1.71	Emerging	5.19	0.02	4.32
US	3.90	(5.70)	2.30	China	8.00	1.70	6.10
Euro Area	5.00	(7.55)	1.20	India	(1.85)	4.29	5.00
Japan	2.20	(4.90)	1.00	Rusia	3.20	(4.75)	1.30
Britain	5.45	(7.80)	1.30	Brasil	3.15	(5.00)	1.10
Australia	4.00	(4.50)	1.80	México	2.00	(7.50)	-
Canada	4.90	(7.10)	1.60	Corea del sur	3.00	(0.50)	2.00
Germany	4.90	(6.20)	0.60	Indonesia	5.41	0.75	5.00
France	6.00	(9.00)	1.20	Turquia	4.30	(3.60)	0.20

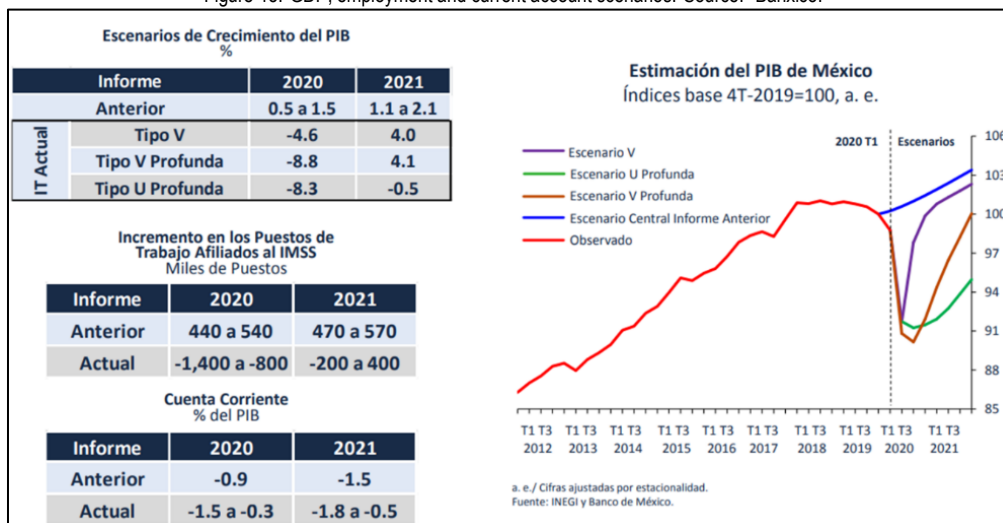
US: surprise job recovery in May

On June 5, an increase in jobs was announced in May of 2.5mn. (compared to -7.5mn. expected) and a drop in the unemployment rate from 14.7% (April) to 13.3%, reinforcing the hope that most jobs losses have been temporary and not permanent, and that the economy, at least in the short term, could recover in the form of V, not U, with positive results for risk investments.

Mexico: economic forecasts 2020-2021

Banxico published three growth scenarios of which the "deep V" is the most similar to the World Bank implying that it would take several years to recover GDP to the level of 2019. It also estimates a loss of formal jobs between 600,000 and 1,600,000 in 2020 and 2021 (Figure 15).

Figure 15. GDP, employment and current account scenarios. Source: Banxico.



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Web Page

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E-mail

mexico@franklintempleton.com

RISKS AND SCENARIOS FOR 2020

The goal is Mexico's economic growth. In the positive scenario, all risks turn out favorable to growth, in the negative scenario, unfavorable, and in the middle scenario, mixed. Economic estimates for each scenario are provided in Figure 16.

Risks	
<i>Global</i>	<ul style="list-style-type: none"> • Pandemic • Global: monetary and fiscal policies • US elections. • Geopolitics: Saudi Arabia, Europe, Middle East, Russia, China, North Korea, Latin America • Social unrest • Emerging Markets (EM).
<i>Mexican</i>	<ul style="list-style-type: none"> • Governance • Security • Corruption • Credit rating
Scenarios	
<i>Positive (25%)</i>	<ul style="list-style-type: none"> • Pandemic controlled in 2Q20, V shaped recovery. • Global: well-executed monetary and fiscal policies. • USA: positive elections. • Geopolitical risks do not materialize. • Social unrest contained. • EM: crisis overcome. • Mexico: improved governance, security, private sector confidence improves, credit upgrade.
<i>Negative (25%)</i>	<ul style="list-style-type: none"> • Pandemic controlled after 4Q20. L shaped recovery. • Global: poorly executed monetary and fiscal policies. • USA: negative outcome. • Geopolitical risks materialize. • Social unrest explodes. • EM: crisis. • Mexico: worse governance, insecurity, private sector confidence worse, credit downgrade.
<i>Medium (50%)</i>	<ul style="list-style-type: none"> • Pandemic controlled in 3Q20, U or W shaped recovery. • Global: partially well-executed monetary and fiscal policies. • USA: mixed election outcome. • Geopolitical risks partially materialize. • Social unrest sporadic. • ME: partial crisis. • Mexico: governance ambivalent, insecurity, private sector confidence unchanged, credit rating unchanged.

Figure 16. Estimates for 2020 scenarios. Source: FT

Escenarios para 2020					2019
Probabilidad	25%	Bajo 25%	Base 50%	Observados	
EU					
Crecimiento PIB	> -5.70%	< -5.70%	-5.70%	2.30%	
Inflación	> 0.80%	< 0.80%	0.80%	1.80%	
Déficit fiscal	< 16.80%	> 16.80%	16.80%	4.70%	
Déficit cuenta corriente	< 2.10%	> 2.10%	2.10%	2.30%	
Tasa T-Bills	> 0.40%	< 0.40%	0.40%	1.75%	
TNote 10 US	> 0.88%	< 0.88%	0.88%	1.92%	
Petróleo (WTI)	> \$41.14	< \$41.14	41.14	61.06	
México					
Crecimiento PIB	> -8.16%	< -8.16%	-8.16%	-0.10%	
Inflación	> 3.04%	< 3.04%	3.04%	2.83%	
Déficit fiscal	< -4.80%	> -4.80%	-4.80%	1.60%	
Déficit cuenta corriente	< -0.40%	> -0.40%	-0.40%	0.50%	
Cetes28 (fin de año)	> 4.58%	< 4.58%	4.58%	7.30%	
Peso/US\$ (fin de año)	< \$23.3	> \$23.3	23.30	18.86	

Fuentes Franklin Templeton, SHCP, Bloomberg y Encuesta Banxico (publicada el 1 de junio de 2020).

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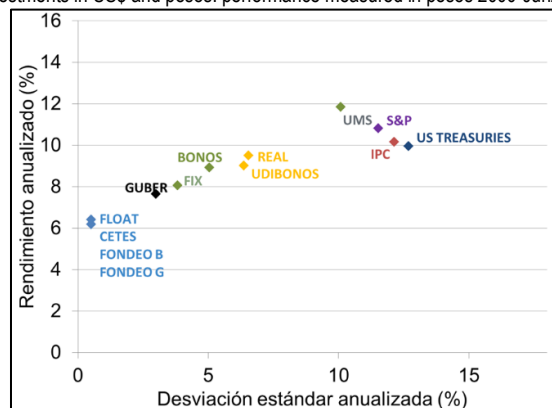
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MARKETS

Investments in US\$ and pesos: comparative performance

With the depreciation of the peso due to the pandemic, over the long term (2000-2020) investments in US\$ continue to yield more (converted to pesos) than those denominated in pesos, for the first time since 2015, but lower than in the previous two months, due to the appreciation of the peso in May (Figure 17).

Figure 17. Investments in US\$ and pesos: performance measured in pesos 2000-Jun2020. Source: FT



US\$ and peso

During May most currencies recovered against the US\$ although they still remain below their level at the beginning of 2020 (Figures 18 and 19). Sentiment surveyed by Banxico recovered from its worst historical level: optimism rose to 8% (previous 3%), unchanged rose to 14% (6%), and pessimism dropped to 78% (92% - Figure 20).

Figure 18. Peso vs. US\$: 1980-5Jun2020. Source: FT

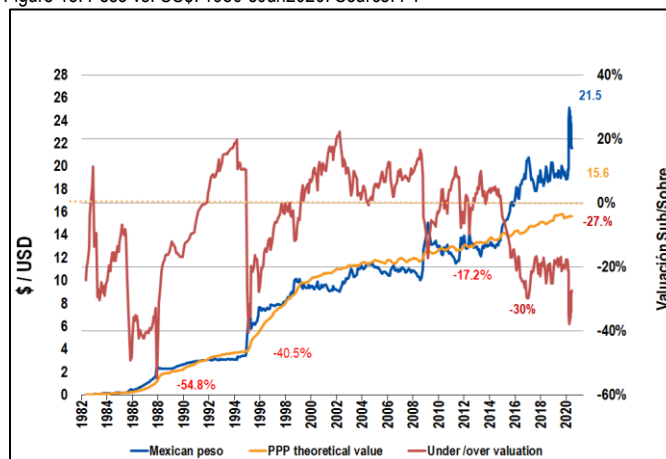


Figure 19 Emerging currencies vs. US\$ 5Jun20 Source: Bloomberg.

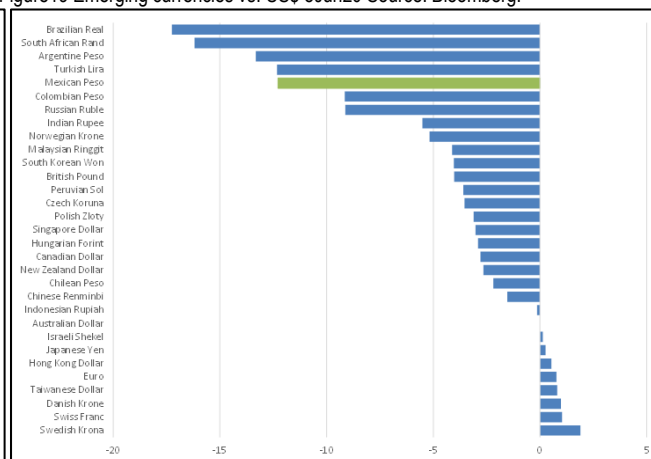
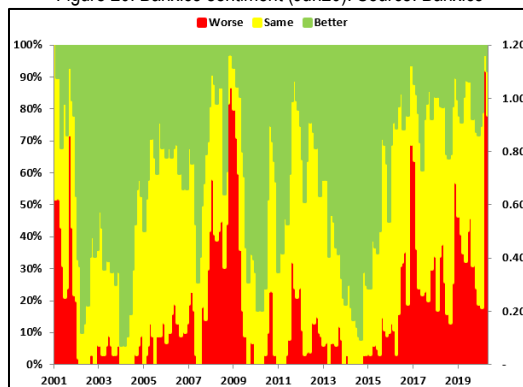


Figure 20. Banxico sentiment (Jun20). Source: Banxico



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E-mail

mexico@franklintempleton.com

Debt

Rates in Mexico fell significantly in May. The market expects rates to rise by year-end. In the rest of the world, rates are expected to rise in most DM, and estimates for EM are mixed (Figure 21).

Figure 21. MD and ME: nominal 10-year rates expected by the end of 2020 (31May20). Source: Bloomberg, FT

Developed				Emerging			
local 10y yields (%)				local 10y yields (%)			
	4Q20e	Actual	(bps)		4Q20e	Actual	(bps)
US	0.88	0.69	19	China	2.46	2.69	-23.2
Euro Area	(0.40)	(0.42)	1.9	India	5.88	5.75	13
Japan	(0.05)	(0.01)	-4.5	Rusia	5.36	5.58	-22.2
Britain	0.43	0.21	22	Brasil	6.08	7.19	-111
Australia	0.88	0.88	0	México	7.16	6.19	97
Canada	0.82	0.56	25.8	Corea del sur	1.41	1.35	6
Germany	(0.40)	(0.42)	1.9	Indonesia	7.51	7.37	13.9
France	0.03	(0.06)	8.9	Turquia	11.11	13.21	-210

Mexico sovereign rating

Some analysts forecast that Mexico and Colombia are on track to lose investment grade as soon as 2021 in the case of Colombia and early 2022 in the case of Mexico. In Mexico, the cause would be its governance and lack of growth (Figure 22). Loss of investment grade could result in outflows of more than \$30bn. of passive funds without counting outflows from active funds that could occur earlier (Figure 23).

Figure 22. Mexico and Colombia (May2020). Source: Morgan Stanley

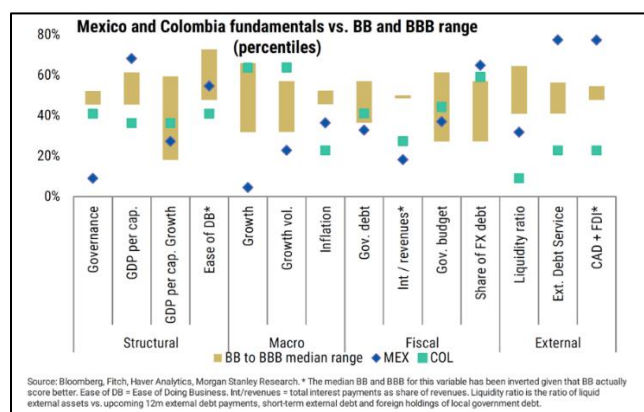


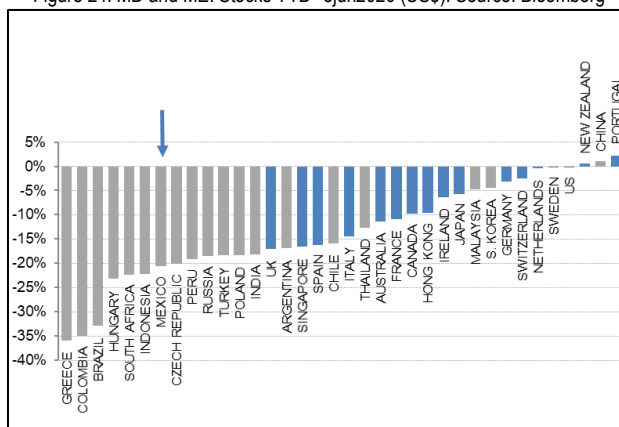
Figure 23. Mexico: amount invested by debt passive funds. Source: FT

Indicadores más usados globalmente	México en pesos (USD)	México en moneda extranjera (USD)
• Bloomberg Barclays Global Aggregate Index	\$5,950 millones	\$3,195 millones
• FTSE World Government Bond Index (WGBI y WorldBIG)	\$14,705 millones	\$3,840 millones
• JPM Investment Grade Benchmarks	\$5,016 millones	\$1,335 millones
• TOTAL	\$25,671 millones	\$8,370 millones

Stocks

Markets have recovered from their March lows but most are still negative YTD (Figure 24), with a clear difference between DM and EM. P/E and P/Bk multiples of U.S. shares recovered from historically low levels (Figures 25 and 26).

Figure 24. MD and ME: Stocks YTD 5jun2020 (US\$). Source: Bloomberg



Contact us

Franklin Templeton Asset Management México S.A.
de C.V. Sociedad Operadora de Fondos de Inversión

Phone Number

55 5002 0650

Web Page

www.franklintempleton.com.mx

E-mail

mexico@franklintempleton.com

Figure 25. IPC and S&P500: PE multiples 5jun2020

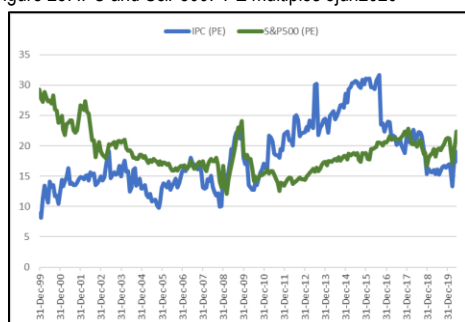
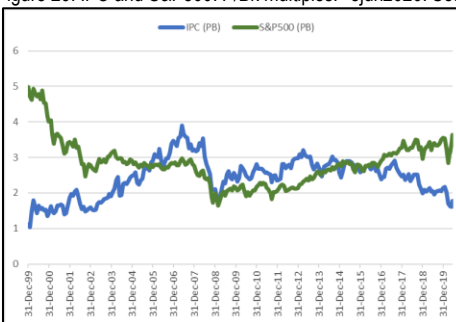


Figure 26. IPC and S&P500: P/Bk multiples. 5jun2020. Source: FT



REITs (Fibras)

REITs have outperformed stocks since 2011 but not in 2020 (Figure 27). Meanwhile, with the economic reopening, especially of REIT linked to US supply chains, there could be interesting opportunities (Figure 28).

Figure 27. REITs vs. IRT from inception (mar2011-8Jun2020) Source: Bloomberg

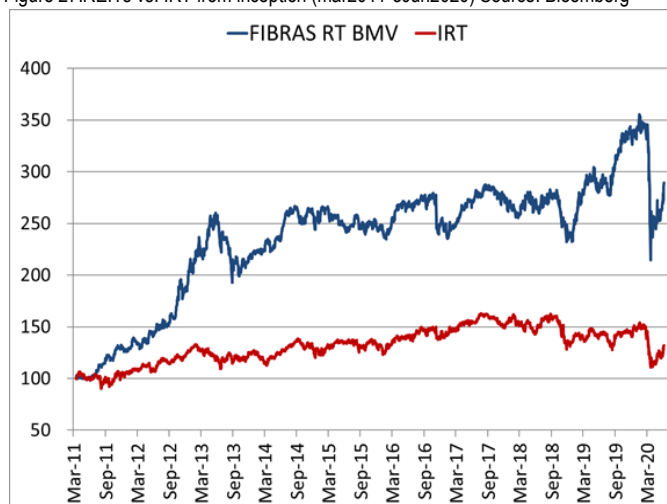


Figure 28. REITs: important indicators (Jun2020). Source: BTG

	Market Cap	Dividend Yield %		Price / NAV
	(US\$mm)	Current	2019	2020E
Mexican FIBRAs				
Fibra Uno	2,995	6.9%	13.8%	0.46
Fibra MQ	813	8.0%	7.4%	0.58
Fibra Shop	150	0.0%	13.2%	0.28
Fibra Terrafina	988	9.1%	9.2%	0.79
Fibra Danhos	1,322	0.0%	11.8%	0.46
Fibra Prologis	1,615	5.6%	5.6%	0.79
Fibra Hotelera	145	0.0%	19.7%	0.26
Fibra Inn	104	0.0%	8.4%	0.33
Fibra Monterrey	437	10.3%	10.4%	0.74
Average		4.4%	11.0%	0.52

Conclusion

Taking into account global and Mexican risks, our probabilities for each scenario remain unchanged. For peso portfolios, retain positions in short-term ILS while remaining open to opportunities as economies reopen to increase duration and weighting in risk assets, including stocks and REITs.

Jorge Marmolejo
 Ramsé Gutierrez
 Luis Gonzalí
 Nadia Montes de Oca
 Editor: Timothy Heyman
 June 9, 2020

Contact us

Franklin Templeton Asset Management México S.A.
 de C.V. Sociedad Operadora de Fondos de Inversión

Phone Number

55 5002 0650

Web Page

www.franklintempleton.com.mx

E-mail

mexico@franklintempleton.com

Key financial indicators: performance as of May 29, 2020

During May, in Mexico, IRT fell 0.77% and RT FIBRAS rose 4.93%. Nominal and real rates fell over all terms. The US\$ weakened 7.32% against the peso. In the US: Nasdaq, DJ and S&P500 rose. Nominal rates rose, except for 5 years. Real rates fell except for those with a 30 year term. The price of WTI rose 88.38%. According to the Bank of Mexico' measure of business sentiment, optimism rose to 8% (previous 3%), the unchanged outlook rose to 14% (6%), and pessimism dropped to 78% (92%).

Mexico						
Stock market and oil						
	29-May-20	30-Apr-20	Month	YTD	2019	
IRT	51,113.88	51,508.65	-0.77%	-18.57%	7.92%	
BIVA RT	788.87	798.15	-0.91%	-18.62%	8.97%	
FIBRAS BMV RT	271.57	258.81	4.93%	-18.14%	42.34%	
Local currency (USD/MXN)	22.18	23.93	-7.32%	17.57%	-4.00%	
Mexican oil mix (USD/bbl)	31.14	12.5	149.12%	-44.53%	25.62%	
Nominal rates						
	29-May-20	30-Apr-20	Month	YTD	2019	
CETES 28	5.33%	5.66%	-33 bps	-197 bps	-112 bps	
CETES 360	5.13%	5.27%	-14 bps	-157 bps	-179 bps	
M5	5.47%	5.60%	-13 bps	-128 bps	-177 bps	
M10	6.22%	6.69%	-47 bps	-83 bps	-180 bps	
M30	7.06%	7.69%	-63 bps	-14 bps	-170 bps	
Real rates						
	29-May-20	30-Apr-20	Month	YTD	2019	
UDIBONO 10	2.37%	3.32%	-95 bps	-102 bps	-72 bps	
UDIBONO 30	3.22%	3.74%	-52 bps	-23 bps	-67 bps	
Commodities						
	29-May-20	30-Apr-20	Month	YTD	2019	
Gold	1,733.88	1,681.81	3.10%	14.06%	18.70%	
WTI (USD/bbl)	35.49	18.84	88.38%	-41.88%	38.63%	
UMS						
	29-May-20	30-Apr-20	Month	YTD	2019	
UMS 10 years	3.71%	4.53%	-81 bps	52 bps	-173 bps	
UMS 20 years	4.67%	5.93%	-125 bps	55 bps	-166 bps	
UMS 30 years	4.63%	4.88%	-24 bps	3 bps	-123 bps	
Stock markets (US\$)						
	29-May-20	30-Apr-20	Month	YTD	2019	
MSCI Developed	9,185.25	8,756.46	4.90%	-7.96%	28.40%	
MSCI Emerging	2,162.44	2,145.50	0.79%	-15.90%	18.90%	
MSCI Mexico	6,383.85	5,994.78	6.49%	-28.27%	11.77%	
MSCI Brazil	4,563.95	4,205.48	8.52%	-43.03%	26.68%	

US						
Stock market						
	29-May-20	30-Apr-20	Month	YTD	2019	
DJ	25,383.11	24,345.72	4.26%	-11.06%	22.34%	
S&P	3,044.31	2,912.43	4.53%	-5.77%	28.88%	
Nasdaq	9,489.87	8,889.55	6.75%	5.76%	35.23%	
Nominal rates						
	29-May-20	30-Apr-20	Month	YTD	2019	
Tbill 90	0.14%	0.09%	5 bps	-141 bps	-60 bps	
Tnote 5	0.30%	0.36%	-6 bps	-139 bps	-62 bps	
Tnote 10	0.65%	0.64%	1 bps	-127 bps	-77 bps	
Tbond 30	1.41%	1.28%	13 bps	-98 bps	-69 bps	
Real rates						
	29-May-20	30-Apr-20	Month	YTD	2019	
Tip 5	-0.53%	-0.36%	-17 bps	-54 bps	-99 bps	
Tip 10	-0.50%	-0.43%	-7 bps	-85 bps	-83 bps	
Tip 30	-0.07%	-0.12%	5 bps	-85 bps	-63 bps	

Bank of Mexico survey		
Indicator	2020	2020 anterior
PIB	-8.16%	-7.27%
Inflation	3.04%	2.83%
Cetes 28	4.58%	4.95%
Local currency	23.00	23.38
Business conditions		
	29-May-20	30-Apr-20
Optimism	8%	3%
No change	14%	6%
Pessimism	78%	92%

Source: Bloomberg, Bank of Mexico

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Phone Number

55 5002 0650

Web Page

www.franklintempleton.com.mx

E-mail

mexico@franklintempleton.com

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Contact us

Franklin Templeton Asset Management México S.A.
de C.V. Sociedad Operadora de Fondos de Inversión

Phone Number

55 5002 0650

Web Page

www.franklintempleton.com.mx

E-mail

mexico@franklintempleton.com