

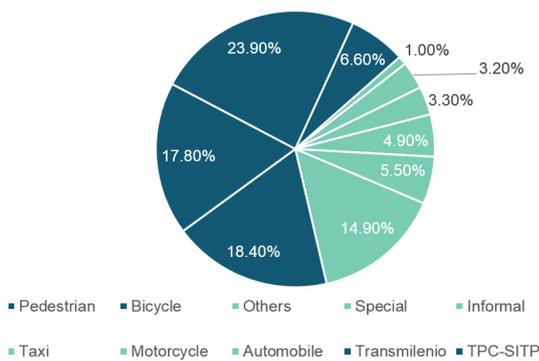
BOGOTA AS CYCLING HUB FOR PROFESSIONALS AND COMMUTERS ALIKE?

The Integra Groupe team includes a few cycling enthusiasts. As the 2020 Tour de France begins we take a look at the incredible momentum of biking in Bogota. Cycling is one of Colombia's favorite sports and the nation is renowned for developing some of the world's best riders such as Nairo Quintana currently competing in the Tour. Bogota's surrounding mountains make it an ideal location to build serious competitors while the growing urban infrastructure available to Bogotanos (or "Rolos") is accelerating adoption of bike mobility more broadly. In fact, Bogotá is the city with the most cycle paths in Latin America.

In total, Bogotá has more than 300 km of "ciclorrutas" making it the most extensive cycle path network in South America and one the largest in the world. Given President Iván Duque's administrations emphasis on further improve air quality through policy reforms, incentives and investments in sustainable transport, clean energy and green urban planning Integra Groupe identifies numerous green investment opportunities in the country.

Bogota moves mainly in a sustainable way

Bogota modal split



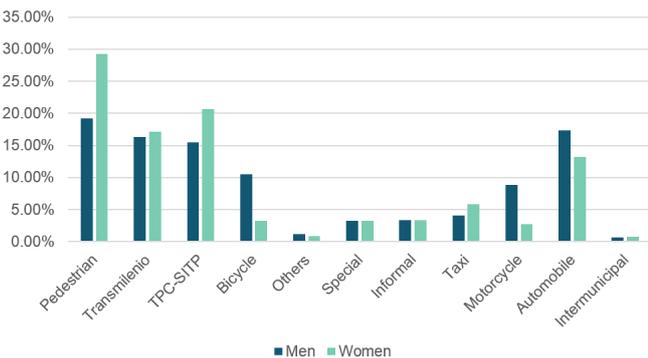
67%
OF THE TRIPS ARE MADE
IN SUSTAINABLE MODES

30%
BIKE AND ON FOOT

37%
IN PUBLIC TRANSPORT

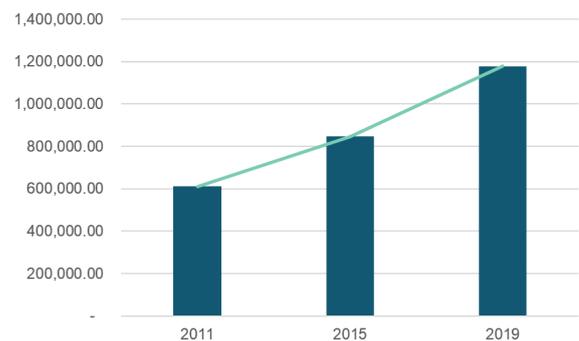
Women are the ones who move in the most sustainable ways

Modal distribution by gender in Bogotá



Evolution of bicycle travel in the region

Daily numbers of bicycle trips in the region



Source: Secretaría de Movilidad de Bogotá, Encuesta de Movilidad

DEAL PIPELINE: PANDEMIC REVEALS OPPORTUNITIES FOR LATIN AMERICAN WINE AND SPIRITS SECTOR:

Lockdown converted many homes not only into classrooms, offices and gyms but also into wine bars and pubs as consumers now enjoy cocktail hour while sheltering-in-place. This new reality has negatively impacted “on-premise” alcoholic beverage consumption however greatly benefited many regional brands that are digital natives, priced for “value” (high quality and reasonable cost) and have strong export distribution to the United States and Europe.

Bloomberg recently featured Concha y Toro, Latin America’s largest wine exporter, a brand which focuses on ‘entry-level’ premium wines. The Santiago-based company posted a 17% increase in sales in the second quarter, and 3.3% volume growth. Casillero, its flagship “value” product, accounts for 20% of total sales and posted a 36% increase in sales and 14% in volume. Concha y Toro serves as a regional example in terms of financial discipline, strong distribution and marketing footprint and potential for its e-direct business which only represents 3% of current sales.

Tequila continues to dominate the spirits category. Integra focuses on small to middle market producers however monitors the broader trends of giant, like Diageo, whose sales increased by 2% in North America last quarter. Overall, American consumers have given Tequila a huge boost this year. Figures released by Nielsen this week show that Tequila has boosted sales in the US by 64.3 percent for the week ending August 1, outdone only by Cognac, which saw sales rise by 67 percent.

According to recent Nielsen industrywide: Wine dollar sales are at +35.8% year over year (-0.1% vs. prior week). Spirits, yet again, led growth in Nielsen U.S. measured off-premise channels, at +38.6% (and +4.7% vs. the prior week), with beer/FMB/cider at +28.1% (+6.3% vs. prior week). Beer specifically is +18.6% (+5.7% vs. prior week).

Consumers Gravitate to larger pack sizes

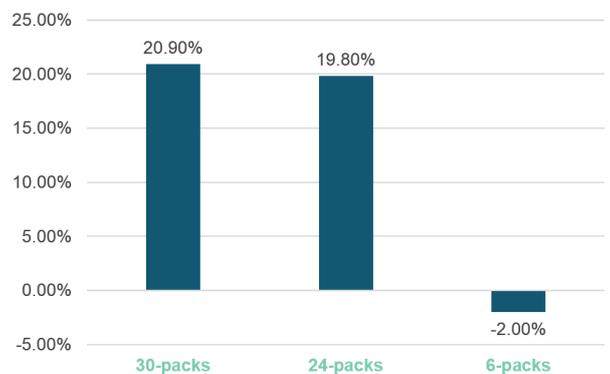
Pack size trend for "off premise"

\$% Growth	Pre Covid-19 1 Year to Feb. 29	During Covid-19 7 Weeks to Apr. 18
Boxed Wine	+5%	+44%
1.75L Spirits	+2%	+47%

Source: Source: Nielsen Retail Measurements Services, Total US All Outlets Combined (xAOC) including Convenience and Liquor Stores, Latest period ended Apr. 18, 2020 versus year-ago. FMB = Flavored Malt Beverages, "Off premise" refers to locations that are able to legally sell alcohol for personal consumption.

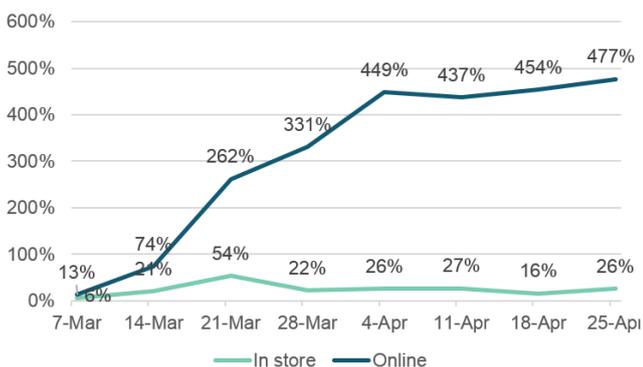
Beer / Cider / FMB

1 Week \$% Growth



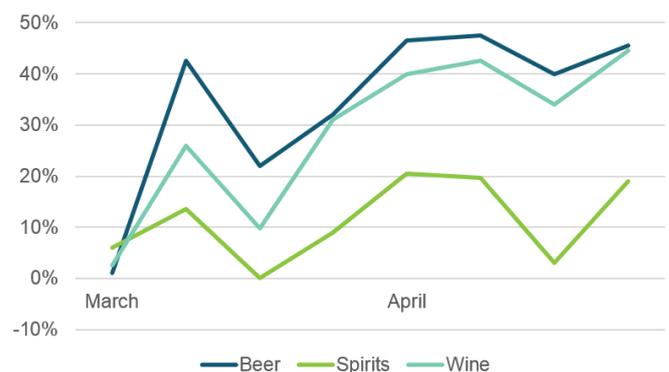
Alcoholic Beverages boom online during Covid-19

Alcohol weekly sales growth vs. year ago



Similar upward trend for off premise alcohol growth in Spain following restaurant closures

Spain weekly sales growth vs. year ago



Source: Nielsen Company, Nielsen Retail Measurements Services, Spain



INDUSTRY TAILWINDS:

- For Chilean wines, agriculture, like mining, is an essential industry allowing harvest to proceed as usual.
- Despite recent rally currency fluctuations continue to benefit exporters.
- Consumers in the United States and Europe, major South American wine export markets, are growing consumption in the "quality" segment a potential sweet spot for Chilean and Argentine producers.
- US consumers are accelerating tequila and mezcal consumption.
- Beer sales are waning as wine and spirits continue upward trends.

INDUSTRY LEADER LESSONS FOR SMALL AND MIDDLE MARKET:

- Disciplined cash positions as uncertainty continues.
- Partner will experienced capital partner.
- Accelerate effective channel marketing strategies.
- Double down where sales growth is highest.

WOULD YOU INVEST IN THE AMAZON? BRAZIL WOULD APPRECIATE YOUR SUPPORT:

This week the region confronts two major environmental challenges. The first a major oil spill impacting the beautiful beaches of Morrocoy National Park 300 kilometers north of Caracas Venezuela. This will undoubtedly devastate what is left of the local tourist industry as well as local fisheries. This in addition to data from Reuters supporting evidence of thousands of fires currently surging across Brazil's Amazon region. It's believed that more than 10,000 fires have been recorded in the first 10 days of August, up 17% from the same period a year ago, according to data from the country's national space research agency Inpe.

In response to global concerns over the preservation of the Amazon Brazil recently announced the Adote um Parque (Adopt a Park) program structured for funds to invest directly in the Amazon's welfare. As mentioned by the Financial Times, Ricardo Salles, the country's environment minister, announced the program would give major investment funds a way to channel criticism of Brazil into concrete action. Institutional investors, especially in Europe, are skeptical first requesting track record on issues such as deforestation. There is also limited evidence of potential for attractive risk-adjusted returns which run contrary to the fiduciary nature of many investors. This is however an interesting approach that has potential to spur private-public engagement and identify opportunities, such as carbon credits, that may provide attractive financial returns and impact. No adopt a beach opportunity from Caracas yet although as active investors in Venezuela we are always open to exploring vehicles to support environmental and economic recovery.

KEY ECONOMIC DATA SURPRISES IN BRAZIL:

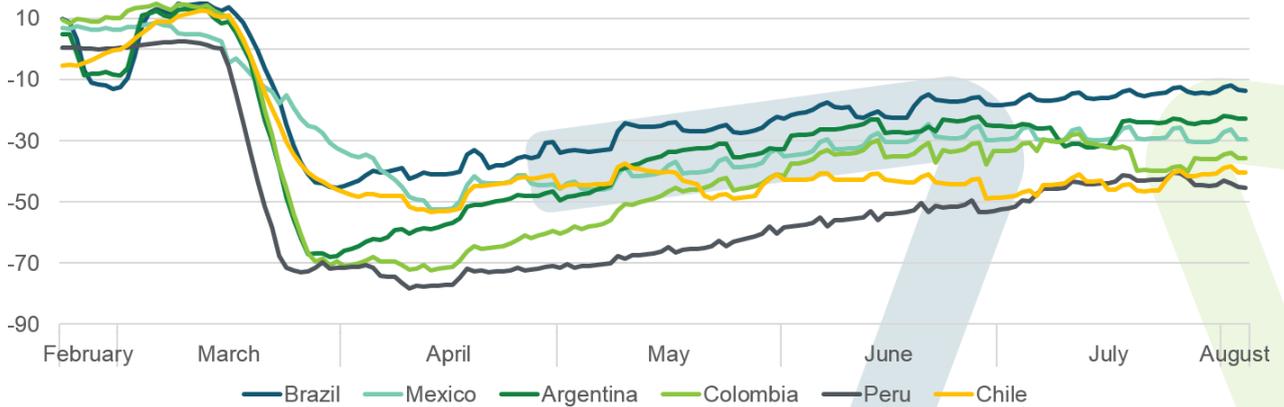
As Integra managing partners discussed during our Q2 webinar recent economic data in Brazil has been stronger than forecast. The IMF outlook for -9.1 contraction of the region's largest economy in 2020 seems deeper than recent data supports.

As highlighted by Bloomberg, Brazilians are returning to work more quickly than peers which coincides with expiration of over \$50 billion in stimulus to informal workers. Brazilian retail sales ended the first half of the year on a strong footing surging back to pre-crisis levels as the easing of lockdown measures to combat the coronavirus pandemic continued across the country. The recent data has led Brazil's central bank chief Roberto Campos Neto to call his own institution's forecast, of a 6.4% economic contraction, too pessimistic.

While still the epicenter of virus, inflation remains low allowing monetary and fiscal policy to remain accommodating and the economy is showing signs of life. We are not out of the woods in Brazil as departures from finance minister Paulo Guedes economic team and staggered balance of payments challenges continue. Despite rising risk premia, uncertainty and challenge is broadly priced into the public markets and deep-value opportunities persist across private asset classes.

Brazilians are returning to work faster than their peers

20% change from baseline



Source: Bloomberg calculations

STANFORD GSB TO LATIN AMERICA: APPLY TO OUR MBA PROGRAM FOR FREE?

August 11 Stanford GSB announced its intent to suspend application fees for Latin American MBA applicants making less than \$40,000 per year. The “Sí Se Puede” Latin America Fee Waiver means residents from Puerto Rico to Peru can apply for free to Stanford’s No. 1-ranked program – a big deal for a part of the world where per capita income is under \$40,000.

DID YOU KNOW?

AUGUST 15, 1914 THE WATERWAY ACROSS THE ISTHMUS OF PANAMA, THE PANAMA CANAL, CONNECTING THE ATLANTIC AND PACIFIC OCEANS, IS INAUGURATED WITH THE PASSAGE OF THE U.S. VESSEL ANCON, A CARGO AND PASSENGER SHIP.

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