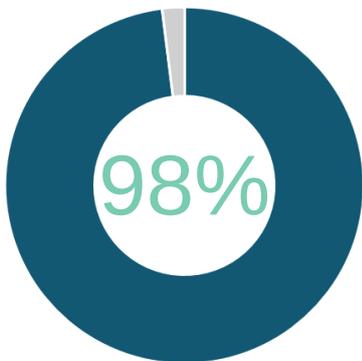


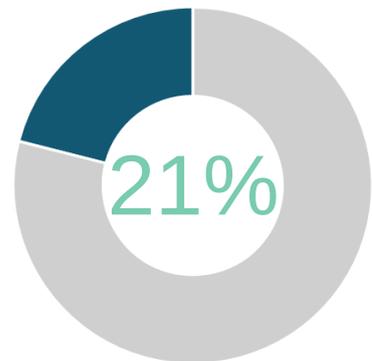
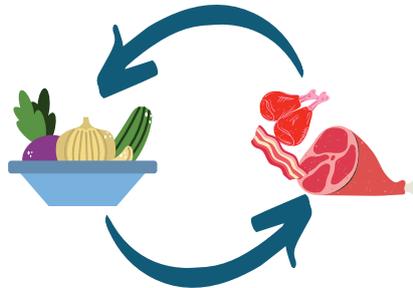
PLANT-BASED ECOSYSTEM IS THRIVING IN LATIN AMERICA

Globally plant-based diets are taking root as a result of healthier consumer habits, environmental concerns and most recently due to supply chain disruptions experienced by meat producers during COVID. Latin America’s plant-based momentum is often overshadowed by developed market peers but that’s continuing to change. According to the Vegconomist the regional average of those who identify as vegetarians in Latin America and the Caribbean is 8%, similar to the US but with twice the population. At a country level, Mexico has the highest percentage of vegetarians and vegans, with a staggering 20% in a country of 130 million people, which represents close to 2% of the total world population and has a GDP of over \$1.2 trillion. Entrepreneurs and investors are taking note with several thriving foodtechs such as NotCo closing in on a US\$85 million Series C investment round and US expansion plans.

Consumers are exploring meat and meat alternatives



98% of meat alternative buyers also purchase meats



21% of meat buyers also purchase meat alternatives

Source: Nielsen Homescan, Total U.S. 52 weeks ended March 23, 2019.

Plant-based options abound



15%

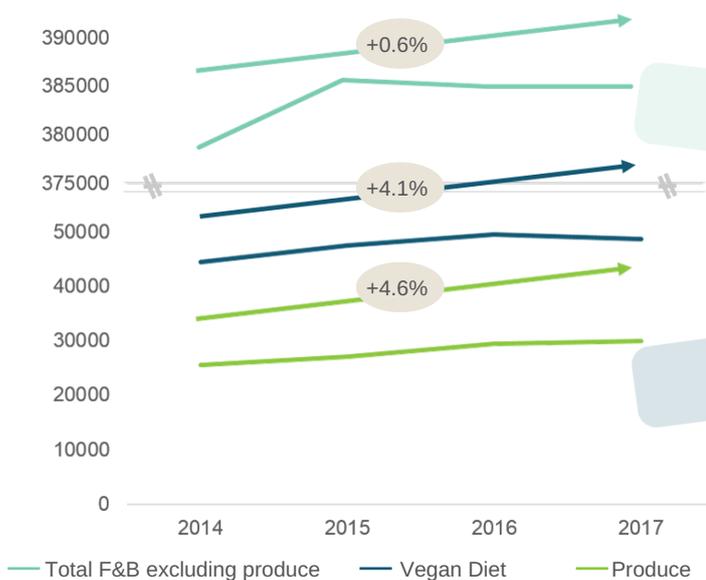
of Food & Beverage dollars come from products that meet a plant-based diet, up 1.7% from prior year

Plant based foods with alternative proteins: Dollars and Growth		
Foods with protein base of		
Spelt	Lentil	Seitan
15%	Grew 2%	15%
\$342M	\$205M	\$73M

Source: Nielsen Product Insider powered by Label Insight

Vegan and produce growth is outpacing total Food and Beverage

Dollar volume (\$ mil.)



Source: Nielsen Insights, Plant-based food options are sprouting growth for retailers

NotCo is one of the hottest plant-based names dominating the Andean VC scene. NotCo uses artificial intelligence to produce plant-based food alternatives such as milk, ice cream, and mayonnaise. The company is the leading contender in the plant-based market in Latin America with a \$250million valuation. Another startup, The Live Green Co., relies on technology to get the flavoring for its vegan products using a software program called "Charaka," to obtain plant-based product formulations. The production process of its food is designed to create zero waste and uses no plastics whatsoever. US competitors are also recognizing the plant-based appetite of Latin Americans with Beyond Meat launching its products in 19 high-end St Marché stores in Sao Paulo, Brazil.

As the world's third-largest market for meat consumption, Beyond Meat believes the country offers great opportunities for plant-based protein. Beyond Burger, Beyond Sausage and Beyond Beef will be available in the meat section of the Brazilian stores.

IN MEXICO IS PERSISTENT INFLATION DAMPENING REAL YIELD PREMIUMS?

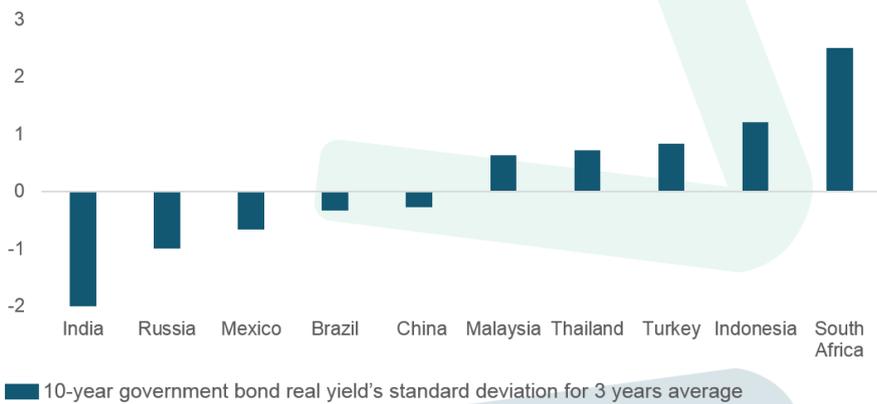
Mexican annual consumer price inflation likely accelerated above the central bank's target range in August. Estimates show inflation rose above 4% in the year through August reaching its highest level in 15 months. The main drivers were increases in the cost of goods and some agricultural produce according to Reuters and Bloomberg. Mexico's accelerated inflation remains an outlier versus regional peers where despite some price pressure inflation has been contained at 2.4% in Brazil and in Chile where inflation numbers are easing.

Inflation in this "lower for longer" environment is not making too many headlines however that's changing for some emerging markets. Goldman Sachs and Bloomberg have been focusing on the CPI spike in countries like Mexico and Russia whose real bond yields can be vulnerable to inflationary spikes. Investors are turning to emerging markets debt in this low-yield world however they must be compensated for taking on additional risk premia. As inflation ticks up in Mexico the real yield premium can be impacted making certain fixed income securities less attractive.

Mexico's central bank, Banxico, will hold its next monetary policy meeting September 24. Banxico will meet as the inflation rate creeps above the 4% ceiling having doubled during COVID. Last month Mexico's central bank cut borrowing costs to the lowest level in four years, cutting its key interest rate by 50 basis points to 4.5%. Since August the bank has cut rates by 375 basis points. During the last session there was little support for additional cuts and with accelerating inflation this might be the end of easing for now. (sources: Bloomberg)

Vulnerability Scale

India, Russia bonds look most vulnerable to surge in global inflation



Source: Bloomberg.

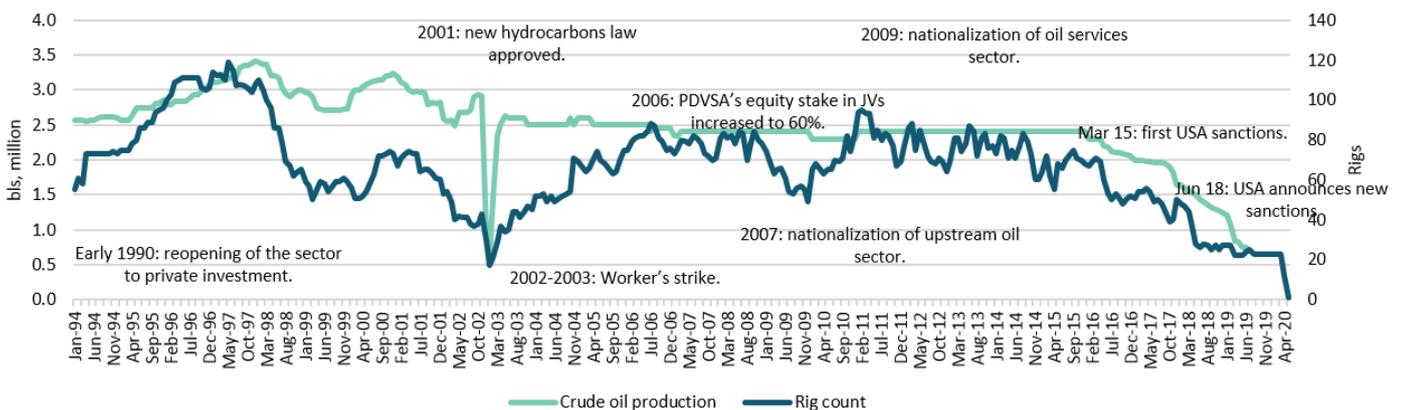
What Bloomberg Economist are saying:

"Inflation in Mexico is higher despite domestic demand and economic growth being weaker than in most of its peers. Some of the governments in the region have extended subsidies and/or reduced taxes. This is a transitory relief, but contributes to lower inflation. In Mexico, the government has been reluctant to provide any significant fiscal stimulus and there has been little or no relief on this front." --Felipe Hernández, Latin America economist, Bloomberg Economics.

GAS SHORTAGES AND MILE-LONG LINES PERSIST IN CARACAS

The volatility and complication of accessing petrol in Venezuela is one of many economic absurdities currently plaguing the country. Despite incredible hydrocarbon wealth the country is now "petrol poor" a result of decades of economic mismanagement and negligent deterioration of Petroleos de Venezuela SA's, PDVSA's, refining capabilities. Most refineries are shut down or at low capacity and the importation of petrol is greatly complicated by lack of hard currency and significant U.S. sanctions targeting the oil sector. Venezuelans throughout the country suffer from chronic fuel shortages. Until recently free petrol was by many considered a birth right and certainly a standard established for decades throughout Venezuela. This is no longer the case as some Venezuelans now pay as much as \$10 a gallon on the black market.

Crude oil production and rig count



Source: Baker Hughes

The current government has found common ground with Iran who is providing intermittent gasoline in exchange for gold. Three tankers carrying around 820,000 barrels are currently on route to Caracas. The vessels turned their transponders off before setting sail and have not passed the Suez Canal, according to Refinitiv Eikon. If and when this relief arrives its estimated the country requires 50,000-70,000 barrels per day during the lockdown allowing the tankers to provide some relief however we calculate transitory supplies lasting only two weeks.

Some of the "industries" impacted by the scarcity of gasoline and increase in prices may be surprising for those not familiar with Venezuela. For decades, starting in the 1970s, there existed a thriving petrol smuggling business resulting from the carry captured by pumping in Venezuela and filling in Colombia. The practice took off as a result of the Arab oil embargo which created attractive profit margins between free gas in Western Venezuela and expensive fuel in neighboring Colombia. The sizable market for this "carry trade" has been another casualty of the current economic and humanitarian crisis as the scarcity of gas and new much higher prices often make it unprofitable. In fact, the flow of gasoline has now shifted with some actually finding petrol in Colombian border towns selling it on the black market back in Venezuela.

STANFORD REBUILD – HIGHLIGHTS LATAM TALENT

This week the Stanford GSB Rebuild program concluded. Stanford Rebuild is a global innovation sprint to develop solutions for the wide range of challenges and opportunities we will face as we emerge from the COVID-19 pandemic. This is a program organized by the GSB bringing together innovators and problem solvers to tackle the challenges and opportunities created by COVID. The intention of the program which officially began in mid-June is to significantly accelerate recovery and contribute to a better and more equitable outcome. With friends from ALLVP judging the competition and latam dear friends as finalists it was terrific to see the region's top talent on both the mentoring and startup side of the pitch sessions.

We spoke with our friend, Sebastian Cao, founder of Celcius and one of 11 finalists about the journey. "Rebuild was an incredible experience where our startup was guided by Stanford faculty and venture creation platforms. Celcius competed with teams from around the world while ideating products and services that could help society in a post-covid world. We are bullish on our new venture, Celsius, which combines low cost nonintrusive sensors with a SaaS platform to measure occupancy and distancing in the workplace. Our team sees a massive addressable market and need as employees return to offices environments. Rebuild was a great experience and we cannot wait to scale our model and help reactivate the economy by having employees collaborating sooner but safely."

FAKE NEWS IN BRAZIL – NOT ONLY A BRAZILIAN CHALLENGE

As technology continues to evolve topics such as misinformation are creating mounting challenges for many governments. Brazil is no exception with accusations of disinformation against the government and journalists. In the past Brazil has proved itself a leader in digital governance. As an example recently highlighted by MIT technology review, Brazil pioneered the notion of digital rights when it approved the Brazilian Civil Rights Framework for the Internet (Marco Civil da Internet) in 2014, creating a broad guarantee of freedom of expression online. However, the new "fake news" bill could bypass this progressive framework, allowing legislators to create a mechanism that could be used to restrict certain internet freedoms. The bill recently passed the Senate and will be discussed in the National Congress's lower chamber. As investors we are keeping a close watch on regional digital laws as they evolve and potentially put more responsibility on internet platforms.

DID YOU
KNOW?

SEPTEMBER 11, 1973

GENERAL AUGUSTO PINOCHET LED A COUP D'ÉTAT, OVERTHROWING THE GOVERNMENT OF PRESIDENT SALVADOR ALLENDE OF CHILE.