



**4 FORECASTS,
3 THEMES &
3 REACTIONS FOR**

THE IRISH PRAYER

As we share this inaugural issue of The Zenith Investor, I would like to first thank Francisco “Paco Pepe” Rodríguez Castro, President & CEO of Birling Capital for his valuable contributions to the Puerto Rico Chamber of Commerce all these years, with his collaboration and leadership in various successful investor conferences. This time, we have the opportunity to collaborate in an area where our members need timely information regarding the international markets, in line with this year’s motto of taking you “Mas Allá del 100x35”, taking us well beyond the boundaries of the 100x35 miles of our beautiful island. The Chamber has some stimulating activities with regards to international efforts, and we are planning significant events for this year.

Notwithstanding the uncertainty brought about by the recent government scandals, we remain confident that Puerto Rico is a viable and attractive investment destination. We continue working with the state and municipal governments to create a framework for implementing various programs, such as Opportunity Zones, and direct investment as a result of the new Incentives Code approved on June 30.



*Jose E. Ledesma-Fuentes, CFA
President and Chairman of the Board
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As we were finishing The Zenith Advisor, the news of Governor Rossello’s “Telegram Chat” came out over the weekend. The breach of the public trust has no precedent in Puerto Rico. We thought that sharing this traditional Irish prayer would be a fitting thought for our islands troubles: **“May God give you.... For every storm, a rainbow; For every tear, a smile; For every care, a promise, and a blessing in each trial; For every problem life sends, a faithful friend to share; For every sigh, a sweet song and an answer for each prayer.**

Moving on to the markets, it is noted that most U.S. stocks ended the month in positive territory as the Dow Jones Industrial Average grew 7.19%, the S&P 500 rose 6.89%, and Nasdaq rose 7.92% closing near new highs. The culprit was not the Irish Prayer, but the main driver for this recent rally was the June 19 Federal Reserve Bank meeting that provided some signals that the Fed may be considering cutting interest rates, thus reversing its previous “patient” position, which would have kept interest rates in a holding pattern for some time. As the Federal Reserve acted, other Central Banks around the world were also shifting their monetary policy toward easing. As we have noted in the past, our recent cycle of economic growth is amid its 10th year, and while some expect the period to end, others are hoping this latest round of monetary policy keeps going.

We have seen the labor market slowing, consumer confidence

reduced, inflation softening, wage growth slowing and the impact the U.S.-China trade war has made on the U.S economy is now in the billions, all factors that may affect the continuation of the economic expansion.

Moreover, another dynamic that has entered the market is the recent missile attack on an unmanned U.S. drone, which has both the U.S. and Iran on high alert as both countries have been foes for a long time and further action for Iran may lead the U.S. to war.

Forecast 1:

U.S.-China Trade War Détente

As had been expected during the G20 meeting, President Trump and President Xi of China met to discuss the U.S-China Trade war, according to President Trump they had a good meeting and agreed to continue to negotiate. President Trump added that no additional tariffs would be imposed in efforts to make a deal with China. According to the White House, one of the initial steps would that China would begin buying large amounts of agricultural products from the U.S. from a list provided by the U.S. of items essential for U.S. farmers. President Donald Trump declared the U.S. was “winning” the trade war with China following the announced temporary truce with Chinese President Xi Jinping.

The impact on China will be higher if all its exports to the U.S. are taxed at 25 percent. The U.S. exported nearly

\$120 billion in goods to China in 2018 and China sold \$540 billion in products to the U.S. According to a recent economic poll, the overall impact of China's gross domestic product (GDP) is said to be between 1.2 percent and 1.4 percent, which will create havoc for the Chinese economy.

Dow to lost and recovered 700+ during U.S.-China trade war below the timeline:

- March 2018
Round 1: Tariffs on steel & aluminum imports announced on multiple countries; Dow falls 491 points.
Round 2: Steel & aluminum tariffs implemented; Dow falls 1,150 points.
- June 2018
Round 3: Tariff exemptions eliminated for EU, Canada and Mexico. EU and Canada announce tariffs on commodities and consumer goods; Dow falls 973 points.
- May 2019
Round 4: New tariffs on \$200 billion in China imports were being implemented; the Dow falls 1,180 points.
- July 2019
Round 5: The markets begin the July 1 with a 100-point surge, responding to the trade détente.

The markets have been down this road before as they react to the news, with many 10 percent corrections and too many market retractions to count. These are times of investment opportunities.

Forecast 2:

Measure for Measure 29 months in office comparing President Trump versus Governor Rossello

Using financial and economic metrics to measure performance, and on that note, this issue of Think Strategically is dedicated to evaluating how the U.S. and Puerto Rico economy have performed after one and a half years under President Trump and Governor Rosselló. It is important to note that measuring a successful presidency or governorship takes much more than these metrics, but they do allow us to measure the overall direction of our economic well-being.

Measuring President Trump

On Inauguration Day on January 20, 2017, President Trump's Administration took off from the following economic benchmarks, and after 29 months and almost into the re-election mode, these way Americans perceive his work:

As compare the variables, it is evident that the economy is performing well under President Trumps as he appears to be doing a decent job by reviewing the financial metrics that are used to judge how the U.S. Economy is performing. However, there is much more than meets the eye and to properly discuss his success and failures, we must go deeper than these variables.

The Presidents significant wins have been:

- Passing the Federal Tax Reform- this is the first tax reform since 1986, or since Ronald Reagan was President. This change will have significant, long-lasting effects on the U.S. and Puerto Rico economies as we go forward.

- Corporate America Embracing his Policies- The Dow Jones Industrial Average closed above 25,000 for the first time in its 121-year history, thus establishing the first milestone of 2018.
- Reaching the New USMCA deal- agreeing to the new NAFTA deal is a big political win, although results are questionable.
- The unemployment rate dropped to the lowest since the 1960s.
- The number of unfilled job openings hit a record high.
- Economic growth spurted to a 3.2 percent annual rate in the most recent quarter.
- Median household income rose to the highest level ever recorded.
- With current economic growth, poverty has declined.

On the negative side, most experts agree that most of the President's challenges have been self-inflicted, below our top six:

- Use of his Twitter Account- He continues to overshadow his policy achievements, by tweeting over mundane and even Byzantine and divisive topics.
- The trade deficit has grown larger.
- Not Understanding his role as President- It seems to most that The President lacks an understanding as to how to approach his job and the power that comes with it. Petty issues have eroded his standing as a world leader.

President Trump recently tweeted that tariffs were "partially responsible for his enormous economic boom and stated would that the U.S. China Trade war would continue with 25% more tariffs on \$325 billion of additional Chinese imports. Signing a final trade

| U.S. Economic Benchmarks | | | |
|-----------------------------------|---------------------------------------|---------------------------------------|-----------|
| President Trumps Benchmarks | 6/28/2019 | Jan/20/17 | Change |
| Price Per Gallon Regular Gasoline | \$2.74 | \$2.44 | 12.5% |
| Dow Jones Industrial Average | 26,599.96 | 19,819 | 34.2% |
| Nasdaq | 8,006.24 | 5,561 | 44.0% |
| S & P 500 | 2,941.76 | 2,271 | 29.5% |
| Unemployment | 3.60% | 4.70% | -23.4% |
| Average GDP Growth Rate in office | 2.80% | 1.78% | 64% |
| Labor-force participation rate | 62.80% | 62.70% | 0.2% |
| Home ownership rate | 64.20% | 62.90% | 2.1% |
| Median household income | \$63,688 | \$58,221 | 9.4% |
| National debt | \$22,028,706,063,175 | \$19,962,644,407,252 | 10.3% |
| Credit Ratings | S&P (AA+), Moody's (AAA), Fitch (AAA) | S&P (AA+), Moody's (AAA), Fitch (AAA) | Unchanged |
| Access to markets | Full Access | Full Access | Unchanged |
| Approval Rating | 48 | 46 | 4.35% |

deal with China seems elusive at best. Yes, the top-line growth rate was 3.2 percent in the first quarter, but the underlying composition of growth was troubling. Hitting a household sector that is growing at a rate of 1.2 percent, with a massive tax increase is exceptionally wrongheaded. It raises the specter of the president trying the same disruptive strategy to pass

USMCA (secede from NAFTA) or negotiate with Europe and Japan (auto tariffs). More troubling, it raises the possibility of a mostly self-inflicted wound for an economy that is finally delivering. Of course, if the president does enough damage, the Fed will finally cut rates. Congratulations 2020 is just around the Corner, and we shall see.

Measuring Governor Ricardo Rosselló after 29 months in office.

No one can dispute that Governor Ricardo Rosselló inherited a Puerto Rico that was declared bankrupt, with a Financial Oversight and Management Board to deal with, an economy in retraction and without access to Capital Markets. To add more pressure, Puerto Rico suffered the impact of Hurricane Maria that brought the island to its knees. We have developed this measurement scorecard as an aide for achieving success and recognizing it.

We see notable improvements in unemployment with a decrease of 25.64% over the past 28 months. Also, our labor participation rate

increased by almost .010% during the same period. The median household income has improved with an increase of 6.65%, and with a GNP growth rate for 2019 3.1% or a 241% better reflect much better performance than the previously projected. Our tourism sector that suffered considerably during the aftermath of Maria is again actively growing and expanding.

Puerto Rico has what is needed to realize our potential, grow our economy and, at the same time, break with the fiscal imprudence that has hampered our economic evolution.

The disruption of our electric grid, water supply, telecommunications, roads, bridges, 250,000 houses, and paralyzing the island in some areas for almost a month, has changed every priority for the Government. This crisis has elevated the fragility of most essential services to new levels.

Some of the critical advances Governor Rosselló accomplished now have to be reworked, as the Hurricane derailed some of the initiatives incorporated in the Fiscal Plan. Even as disruptive as this event was, the whole country has seen a Governor that works hard for his people, that is

committed and has a sense of urgency and work ethic that is impressive.

In our view, his most essential advances are as follows: ▯

•**Placing Puerto Rico on the Washington agenda for hurricane relief & FEMA-** for decades Puerto Rico was absent from the Washington agenda, Governor Rossello and Maria changed this.

•**Seeking Medicare and Medicaid parity-** Puerto Ricans pay 100% of the Medicare and Medicaid insurance costs, yet we receive less than 40% of the benefits due to us, that in any book is a discriminatory practice, the Governor has taken that message to the point that parity may be in the horizon.

•**The inflow of reconstruction funds is significant:** over \$54.0 billion in Federal recovery funds and an additional \$8.0 billion from private insurance. As of August 2018, FEMA estimates that it has disbursed or approved \$8.1 billion in public and private assistance funding. The total expected over ten years is \$62.4 Billion.

•**Total employment, including the self-employed-** had been declining since 2007. This trend has reversed since hurricane Maria with total employment increasing since then. In May of 2019 Over 1,000,000 residents reported having work, the highest level since February of 2017.

•**Manufacturing:** The New Orders index has averaged over 55 Post Maria. This means that further increases in manufacturing activity are expected over the coming months.

On the negative side, most experts agree that most of the Governors challenges have been after the hurricane or bad judgement calls:

•Not working with the legislature and the Financial Oversight and Management Board as a team-

The best way to cure the financial crisis the has affected Puerto Rico is by reaching agreements with the FOMB, Legislature, and the U.S. Congress. Doing so will allow Puerto Rico to accomplish the needed five years of balanced budgets and the eventual return to the capital markets. This will imply significant budget cuts and changes to the way Puerto Rico conducts its operations.

•Puerto Rico’s growth in GNP may be temporary. Favorable growth rates of real GNP for fiscal years 2019 and 2020. Nevertheless, with current and expected growth rates, according to Estudios Técnicos, Inc.

•Puerto Rico Must reach a sustainable rate of economic growth- Hurricane María struck at a point in time when our economy had been in contraction since the fiscal year 2007. As a result of the significant inflows of reconstruction funds, economic activity was generated although this stimulus may very well be temporary.

•Puerto Rico Debt Burden- the still mostly unresolved issues related to the Government’s debt will affect the government's advances in other areas.

•Puerto Rico Systemic Risk in Healthcare-the challenges facing

Puerto Rico hospitals and even those in the U.S. is the fact that they are being forced to either reduce costs at the expense of creating potentially devastating impacts on the communities served. This scenario to this indubitable Hobsons Choice has developed through profound public policy and market moves that transfer financial risk into local healthcare systems. With little or no financing available in Puerto Rico, we have considerable similarity to the systemic risk crisis of 2008.

•Demographic Changes and loss of Population. - Although the recent data suggests that it will not be as severe as expected, there is a consensus that by 2025 our population will be near 3.1million. This will place additional pressure on scarce government resources.

•The Telegram Chat- As Puerto Rico read the "Telegram Chat", we learned the lack of moral compass of the Governor and his inner circle. Once thing is for sure it has allowed all Puerto Ricans to examine what a so-called elected leader can do when placed in a discussion without filter and assuming that all conversation were to remain private. Once the Governor took off his mask, he revealed a despot. The strong preference to demean and insult women, a bias towards the LGBTT community, a lack of empathy even to those that died both in the hurricane and other leaders. As the very worst of human interactions was revealed, the country has learned how power in the hands of insecure, immature, and

unscrupulous people, can cause enormous devastation. We have seen how ignorance and prejudice turned to political propaganda directed at anyone that might seem contrary to their views. A Governor without a moral compass is not capable of leading a nation, incapable of protecting the poor, the weak, the children, the sick, or those less fortunate.

A Governor without a moral compass have no place in our society, and his actions have the be penalized by calling for his resignation or by impeachment.

We provide a roadmap for regulating the government through evaluation of significant economic benchmarks. We must find ways to strengthen the way the government is managed, and this is done if we have the appropriate metrics.

More than any time in recent history, Puerto Rico's destiny is in the balance and what direction we take is our choice. There are dangers related to our freedom, our democracy, and our way of life.

We chose for decades to ignore the signs of impending doom brought on by our wrongful ways, always with the hope that somehow a fix would be found.

An accurate measure of the people's strength is how they rise to accept their circumstances and change their ways.

| Benchmarks for Puerto Rico | | | |
|-----------------------------------|--|-----------------------|-----------|
| Governor Rossello | Jun-19 | Jan/02/17 | Change |
| Price Per Liter Regular Gasoline | \$0.73 | \$0.65 | 12.48% |
| Cement Sales | 10,230 | 8,567 | 19.41% |
| Unemployment | 8.70% | 11.70% | -25.64% |
| Average GNP Growth Rate in office | 3.10% | -2.20% | 241% |
| Labor-force participation rate | 40.70% | 40.60% | 0.25% |
| Home ownership rate | 62.90% | 62.90% | 0.00% |
| Median household income | \$20,078 | \$18,826 | 6.65% |
| National debt | \$69 Billion + Interest | \$69 Billion+Interest | Unchanged |
| Credit Ratings | (D), Moody’s (D) and Fit’ (D), Moody’s (Caa3) and Fitc | | Default |
| Access to markets | No access | No Access | Unchanged |

Forecast 3: The Market Volatility Continues, what does it mean to investors?

Investors already in the market and have exposure to both bonds and stock should consider the following:

- Remain invested in stocks and perform periodic portfolio reviews to achieve long-term goals.
- Review bond maturities to ensure to include bonds with short-term maturities and protect the portfolio from rising volatility. The Fed: The economy is healthy, but its growth pace is slower.
- Economic growth was a solid 3.1 percent. However, there are signs of weakness as consumer spending, jobs growth and wage gains have all slowed.
- Investors should consider increasing diversification through stocks with attractive valuations that will benefit from lower interest rates.
- Be vigilant for market downturns because they provide substantial investment opportunities and invest in stocks at attractive prices.
- The forecast calls for international equity returns that are much higher than those in the U.S.

All data reviewed points toward the end of this economic expansion cycle; prepare your portfolios for this change in sequence. Finally, the Federal Reserve Bank also noted that even though **the** economy may be growing, the uncertainty following the trade tensions have had an impact on global growth because of trade impacts more than 60 percent of the world's gross domestic product (GDP).

The key words are “diversify, stay invested, and stick to your long-term goals.”

Forecast 4: Who is winning the U.S./China trade war?

Have you ever realized that “every storm runs out of rain” and, while the tempest between the U.S. and China is still going on, it will eventually run out of rain? Many are wondering which country is winning the trade war between the U.S. and China, and the answer is Vietnam. The growth of China's industrial production slowed dramatically, to the lowest since 2002 or more than 17 years ago, to a dismal 5 percent in May 2019, and this is down from the 5.4 percent gain reported in April. The reduction points to declines in automotive manufacturing, mining, and textiles. The export-manufacturing industry is also expected to continue low demand in the near term, with a bleak outlook for production. U.S. industrial production, however, increased 0.4 percent in May, after having fallen 0.4 percent in April. The manufacturing and mining index gained 0.2 percent and 0.1 percent, respectively.

Nonetheless, neither side can claim a clear victory. However, when reviewing data from other countries, some significant winners in the trading scene are noted, including the following countries:

- Argentina: Soybean trade
- Chile: Copper, soybeans
- Malaysia: Semiconductors, electronics
- Taiwan: Phone parts, office machines
- Vietnam: Phone parts, automatic data processors, furniture.

Among these countries, the biggest winner has been Vietnam, which increased its trade and gained more than 7.9 percent of its gross domestic product (GDP) from it. With its economy rising at 7 percent so far in 2019, you might think it is the right

time to invest there. Well, not so fast. Vietnam still has limitations on foreign ownership of 25 percent and many other restrictions on investment. Also, Taiwan's Foxconn, one of Apple's principal iPhone manufacturers, has stated it is ready to absorb all of iPhone's China production and move to Taiwan. The global trade is making the best of the situation with Vietnam the clear winner.

Theme 1: The House of Freedom in the DMZ: President Trump visits North Korea



What began with one of President Trump's usual tweets, asking North Korean Leader Kim Jong Un to meet in the demilitarized zone or DMZ for short, the world was quite amazed to see it unfolding in live television as President Trump becomes the first sitting U.S. president to visit North Korea. While there for a brief moment, President Trump crossed over to the North Korean side to greet Mr. Kim in a somewhat symbolic gesture by President Trump. President Trump, a showman by nature, relished on the opportunity to create history by crossing over to North Korea. After exchanging pleasantries, they were South Korean president Moon Jae-in met them and then Mr. Trump and Mr. Kim then went to Freedom House to meet behind closed doors for their first meeting since their summit in Vietnam in February ended as they failed to reach an agreement. After the meeting, both agreed to resume their talks and mentioned that in two to three weeks, their negotiations would continue, upon

begin. Asked about the results Mr. Trump summed up stating "We are not looking for speed, we are looking to get it right," While Presidents Bill Clinton, George W. Bush, and Barak Obama visited the DMZ, none were greeted by the North Korea leader.

Theme 2: The Perils of the Chief Financial Officer of Puerto Rico and Governor Rossello

If we needed another example of how "Every Storm Runs Out of Rain," One of the most daunting developments to happen during this past month was ousting of former Treasury Secretary & CFO Raul Maldonado, Esq., Governor Rossello asked for the immediate resignation of Secretary Maldonado just

Treasury Department composed of officers within Treasury that have worked there for decades. To have such a high-ranking officer of the Government of Puerto Rico to make such a revelation is quite disconcerting.

As the FBI continues to investigate potential corruption and favoritism in awarding contracts to several areas of the Government and some contracts with accounting and consulting firm BDO were canceled. The situation has engulfed the Government in a credibility issue with the federal government as it assigns billions of dollars in federal relief money that was assigned by Congress after Hurricane Maria.

S&P 500 closed the month at 2,941.76 for a gain of 189.70, or 6.89 percent and a year to date return of 17.30%, The Nasdaq closed the month at 8,006.24, for a gain of 553.09, or 7.42 percent and a year to date return of 20.70%. Meanwhile, the U.S. Treasury's 10-year note was impacted during the month, reaching 2.00% and losing -6.98%. The stock ended the month with substantial gains; however, for the past week, the markets were quite mixed because it was expecting news from the G20 meeting in Japan would provide the much-discussed truce between the U.S. and China. As we have seen during the most recent quarter, the market is experiencing increased volatility. Although the results for the month have been quite

| Market Close Comparison | 6/28/19 | 5/30/19 | Change | YTD |
|------------------------------|-----------|-----------|--------|---------|
| Dow Jones Industrial Average | 26,599.96 | 24,815.04 | 7.19% | 14.00% |
| Standard & Poor's 500 | 2,941.76 | 2,752.06 | 6.89% | 17.30% |
| Nasdaq | 8,006.24 | 7,453.15 | 7.42% | 20.70% |
| U.S. Treasury 10-Year Note | 2.00% | 2.15% | -6.98% | -0.068% |

hours after the Secretary informed the public during a WKAQ-580 Radio interview with Ruben Sanchez that the department for treasury which he headed was being investigated by the FBI for acts of corruption and that he was collaborating with the FBI investigation. Former CFO Maldonado stated that there was and "Institutional Mafia" at the

Theme 3: The Month in markets: The Month of June 2019 rewarded investors well

The Dow Jones Industrial Average closed the month of June at 26,599.96 for a gain of 1,784.92 or 7.19 percent and a year to date return of 14%. The

favorable, investors that remain true to their goals and risk/return profile have been rewarded. The investors must consider a broader view of their timeframe to properly assess their prospects.

What does the rest of 2019 await Investors?

- We believe that 2019 will provide continued positive returns, using the last three years that the market indices were at 15% return or higher in the first semester the market ended with record highs in 1995 was closed at 38% return, 1997 at 34% return and 1998 at 29% return.
- Staying invested has paid off.
- Unresolved trade tensions cause volatility and may continue during the rest of the year.
- The Federal Reserve Bank plays a pivotal role in determining how the market ends in 2019.

- Although every investor is different, we suggest allocating the right mix of stocks at 60% and bonds, ETF's, mutual funds at 40%, will reward investors in the latter part of 2019.
Key actions: Stay invested and Diversify your portfolio.

What is driving the markets?

- As investors continue to expect that central bank around the world, including the Federal Reserve Bank, will implement a monetary easing policy of reduced interest rates- that expectation will continue to drive markets to a new highs.
- The European Union which has been suffering from a sluggish economy some policymakers like David Lipton, the current acting International Monetary Fund CEO has stated the need for a stimulus be the worlds central bank systems to prop up the economy.
- The European Central Bank- has been considering reducing its interest rates and also some form of quantitative easing.
- Now is the appropriate time to rebalance your portfolios to position them to face the lower interest rate environment.
- While we believe that the rest of 2019, the market will continue to grow, it is advisable to review all portfolios making sure that they are well diversified.
- As the economic cycle continues its momentum, we must note that consumer spending remains at a healthy pace.
- Unemployment is at 50-year lows, with employment and wages rising.

What could stop momentum and impact the markets?

- **Inflation that is too low**- usually if inflation is too little or too high is bad for the economy; however, in our specific case deflation may impact the current bull market. Deflation happens as demand for goods and services stalls, making prices to fall when prices fall business invest less.
- **Continued trade Tension between the U.S. and China**- the impact on global growth by decreasing business investment and disrupting overall trade. The world trade growth has fallen from 3.9% in 2018 to 2.1% in 2019. Even China's economic growth has slowed to 6.2% in the second quarter, its slowest pace since the 1990s.
- **Global growth rates reduced**- the impact that Brexit, trade tensions, and other political risks have created the basis for a less vigorous economic growth.

Puerto Rico Credit: Overview of FY20 Certified Budget for Puerto Rico

As established in the PROMESA, the FOMB set a schedule for preparing the fiscal year 2020 budget by June 30, 2019, and the FOMB shall issue a compliance certification to the Governor and the Legislature for the fiscal year 2020 Budget. According to the FOMB, since both the legislature and the Government did not comply with the parameters it was forced to develop a revised, compliant budget for Puerto Rico.

Critical Take-Aways of the 2020 Puerto Rico Budget:

- Total Consolidated Spending \$27.0 billion, divided by central government 67%, Instrumentalities 25%, and PayGo Pension 9%.
- FY20 General Fund budget is \$9.1 billion, divided personnel expenses 30%, non-personnel 48%, and PayGo Pensions 22%.
- Key components of the budget include:
 - Health \$4.3 billion
 - K-12 & Higher Education \$3.5 billion
 - PayGo Pensions \$2.6 billion
 - Families & Children \$2.4 billion

- Public Safety \$1.1 billion
- Housing \$1 billion
- Supports the government's priorities of public safety, education, and healthcare services, and includes a higher level of capital expenditures.
- Funds social security for eligible police, teachers, and judges as well as increases in salaries for teachers, police officers, and firefighters.
- Allocates sufficient funds to cover Pay-As-You-Go ("PayGo) pension obligations.
- Increases local budget funding of Medicaid program.
- Includes a University of Puerto Rico ("UPR") scholarship fund to supplement UPR's existing scholarships.
- The budget includes additional controls in the use of capital spending and allows for specific appropriations to be used over a multi-year period.
- Agency expenses cannot exceed their budget appropriation.
- Implement controls on disbursements of appropriations such that is set aside until the 4th quarter.
- The government must prepare quarterly budgets and provide monthly & quarterly actual v. budget reports by agency, public corporations.

As Puerto Rico marks its 3rd anniversary with the FOMB, it is quite a contrast to see how the administration of Governor Rossello is challenging the FOMB with several actions that have often being solved in Judge Taylor Swain's courtroom, the budget is one example and law 29 that all 78 municipalities from paying their share of pension and health reform. It might seem obvious that if our Government does not comply with PROMESA, our bankruptcy will be extended longer than anyone would have expected and it shows that under Puerto Rico's worst fiscal crisis we lack a political class incapable of rising above the politics to do the right thing. Our road to recovery will long and stormy, As we said, it takes a lifetime to build Character.

The Final Word: Governor Rossello Breaching the Public Trust

Governor Rossello is not the only senior politician who has mislaid his moral compass. However, he may be the first Governor in Puerto Rico's history to be brought down by not protecting the people he swore to protect and serve. Both The Moral Compass and Karma work in unison to allow every morally correct individual to conduct life, in the case of Governor Rossello the lack of a Moral Compass has destroyed his political career. Karma... Caught up to him

We hope that you have enjoyed this issue of The Zenith Investor © and we very much welcome your comments, thoughts, and ideas; you may reach us at frc@birlingcapital.com or 787-247-2500.



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