



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

**The Three Magnifico's: FirstBank,  
Oriental & Popular**

*As we share this 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  
Puerto Rico Chamber of Commerce*

As we publish this issue of The Zenith Investor, there are two significant announcements that are impacting markets:

- The Federal Reserve announced that it cut the US interest rates by 25 basis points for the third time this year and stated that it has finished for the time being the rate reductions.
- The U.S. Bureau of Economic Analysis announced that the Real Gross Domestic Product (GDP) increased to 1.9% in the third quarter of 2019. The increase reflected increases in consumer spending, government spending, housing investment, and exports, while business investment and inventory investment decreased. Imports, which are a subtraction in the calculation of GDP, increased.

Moving on to Puerto Rico, FirstBank announced its definitive agreement to acquire the local assets of Banco Santander, and Oriental Bank revealed its accord to acquire the local holdings of Scotiabank, this marks the end of the era for global universal banks for Puerto Rico. Now it would be up to First Bancorp; OFG Bancorp; Popular Inc. to Lead Way for Progress, our Three Magnificos.

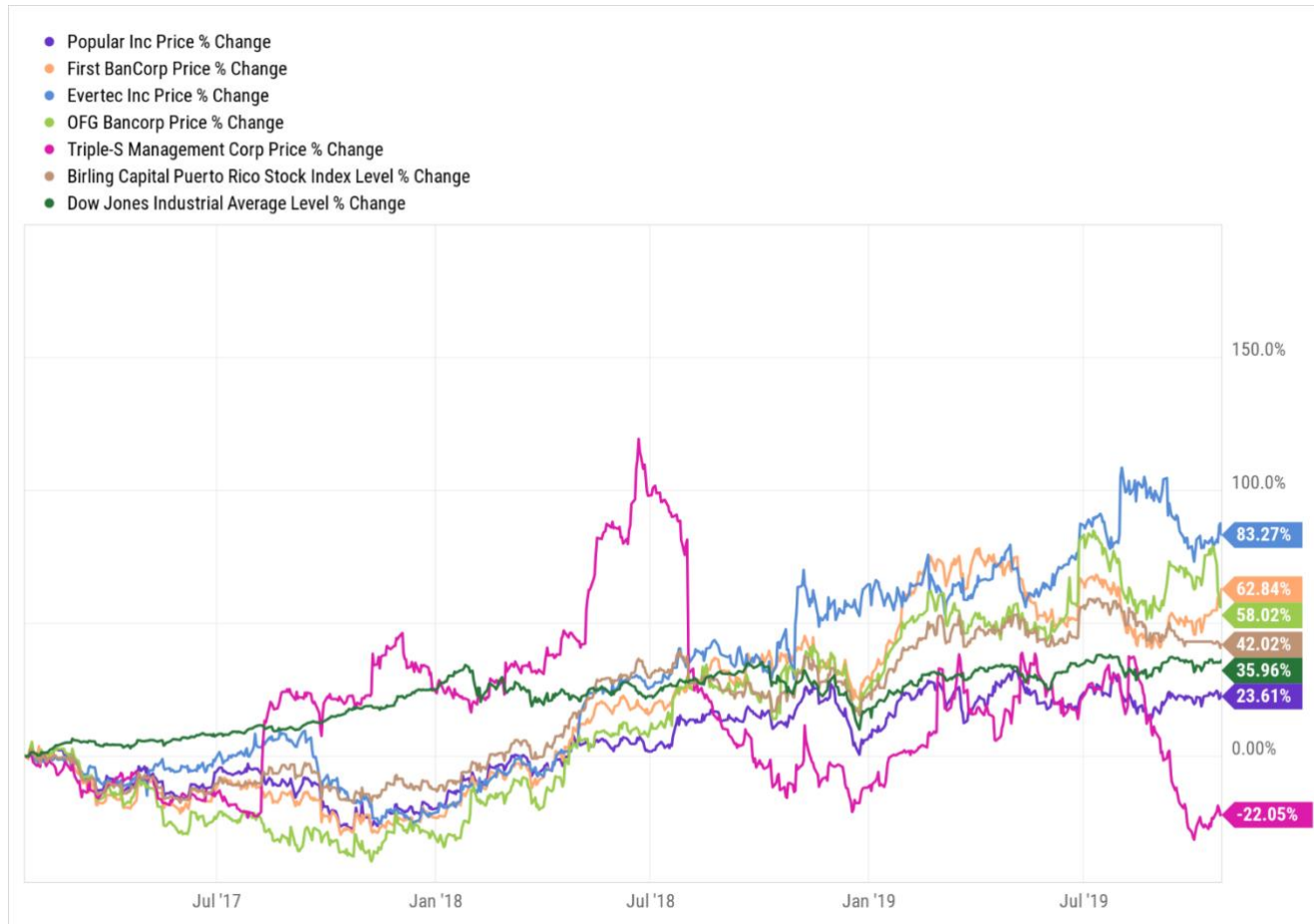
The impact of the island's great financial crisis, its bankruptcy and post-crisis regulatory-market environment have had a dramatic effect on the global banking sector. As a direct response to their new operating landscape, banks have been re-

assessing their business strategies, models and markets. In this assessment, Puerto Rico banks have become low-profitability operations. If we mix in the myriad of legacy problems, it creates a perfect setting to leave the Puerto Rico market.

To frame this discussion, we analyzed how Puerto Rico banks have performed under the presidency of Donald Trump from Jan. 20, 2017 to Oct. 25, 2019.

While doing so, we created the Birling Capital Puerto Rico Stock Index (BCPRSI), a market value-weighted index, composed of five companies headquartered and/or their principal place of business in Puerto Rico. All trade in national stock markets—NYSE, AMEX or Nasdaq. We examine how each local bank holding company has performed in the selected period compared with the Dow Jones Industrial Average (DJIA) and how each has managed against the BCPRSI. When we compare the BCPRSI to the DJIA, note that the return on the BCPRSI was 42.75 percent from Jan. 20, 2017 until Oct. 25, 2019, and the DJIA return was 35.96 percent. The PRSI includes the five institutions; however, we will focus on the three that are bank holding companies, and we rank them according to the performance against the DJIA and BCPRSI:

- First Bancorp achieved a total return of 62.54 percent, which beats both the DJIA and PRSI.



- OFG Bancorp achieved a total return of 57.94 percent, which beats both the DJIA and PRSI.
- Popular Inc. achieved a return of 23.68 percent, beating the DJIA and was slightly shy of the PRSI.

**Company Snapshot:**

**First BanCorp:** Does business as FirstBank; has operated in P.R. 71 years.

- Ticker Symbol: FBP
- Stock Price (10-25-19): \$10.51
- Stock Price (1-20-17): \$6.62
- Stock Price Increase/Loss: \$3.89
- Q3 2019 Revenue: \$165.83
- Market Cap: \$2.25 Billion
- Total Employees: 2,643

**OFG Bancorp:** Does business as Oriental Bank in P.R.; has operated in P.R. 55 years.

- Ticker Symbol: OFG
- Stock Price (10-25-19): \$20.69
- Stock Price (1-20-17): \$13.10
- Stock Price Increase/Loss: \$7.59
- Q3 2019 Revenue: \$102.89
- Market Cap: \$1.052 Billion
- Total Employees: 1,447

**Popular Inc.:** Does business as Banco Popular in P.R.; has operated in P.R. for 126 years.

- Ticker Symbol: BPOP
- Stock Price (10-25-19): \$54.95
- Stock Price (9-20-17): \$44.43
- Stock Price Increase/Loss: \$10.52
- Q3 2019 Revenue: \$619.7
- Market Cap: \$5.23 Billion
- Total Employees: 8,474

As a group, the Puerto Rico bank holding companies have a total market capitalization of \$8.530 billion and create a total of 12,564 direct jobs.

Had any investor made a \$10,000 investment, these would have been the results:

Company	Total Value	Gain/Loss
FirstBank	\$16,254	\$6,254.00
Oriental	\$15,794	\$5,794.00
Popular	\$12,368	\$2,368.00

With the Puerto Rico banks in the spotlight, it is now up to these three banks to lead the way for Puerto Rico’s progress.

**Forecast 1: The DNA of a U.S. President: Trump to face Impeachment**

Since the U.S. became an independent nation, we have had as president some farmers, lawyers, generals, movie stars, engineers, and career politicians. One thing we have never had was a president who lacks a moral compass, does not distinguish between right and wrong, or lacks empathy, compassion, and honesty. As we analyze the current situation in the United States, it is noted that the greatest presidents have been those who served during great times of crisis.

In Antoine de Saint-Exupéry's book, "The Little Prince," there is a brief discussion about the importance of love and friendship, while the fox asks the little prince to domesticate him, the little prince explains what friendship entails, and a more substantial part—missing someone, needing a person. The confused fox is told—what is essential is invisible to our eyes—to describe the feelings of friendship. Presidential power and influence, in no small degree, are invisible to our eyes. It has to do with the distinct personality of each president, and for that, there is no single measurement. For example, President Washington's integrity, President Lincoln's fight for equality, President Truman's principles and courage, President Kennedy's charm and wit, President Reagan's ability to unite the U.S., or the powerful connection most felt with President Obama.

If we choose to harness presidential power with a single phrase, it has to be the potency of language and words. There is no better example than JFK's inaugural address and its famous line, "Ask not what your country can do for you; ask what you can do for your country."

These words transcend time and are as relevant today as they were in 1961.

One difference between President Kennedy is the fact that he rarely talked about himself or in the first person singular, in stark contrast to President Trump.

While we have an opportunity to watch each presidency, one thing that is quite particular in all presidencies is the fact that all the power, symbols, mantras, and actions are synthesized by one single reaction: the ability to convey a message.

In the end, the presidency is all about character, honesty, respect, confidence, passion, clarity, and caring. Qualities we can conclude are essential but invisible to our eyes.

### Forecast 2: 4Q19 market outlook, and into 2020

We forecast the stock markets and economy will finish 2019 on a high note and enter 2020 with solid footing. With all indices trading at YTD double-digit returns and the new trade deal framework, indications are that volatility may be curtailed during the fourth quarter.

- **Economic forecast:** The U.S. economy will grow between 1.3 percent and 2.1 percent during 2020. This is supported by continued job growth, low unemployment of 3.5 percent, and low-interest rates.
- **Stock markets:** We are forecasting the stock markets will continue their growth and will outperform the bond markets. However, volatility will continue until the trade deal is signed.
- **Fixed income:** With the current scenario of low-interest rates, we do not see much upside for bonds. However, every investor should maintain an adequate balance of not less than 30 percent in

relationships to support periods of increased volatility.

- **Eurozone Outlook:** With the EU economic sentiment index at 100 percent, the unemployment rate at 6.30 percent and the inflation at 1.40 percent, we note that the International Monetary Fund has slashed global forecasts because of the trade wars. However, once the trade tensions have subsided, the EU's recent quantitative easing monetary policy will allow the economy to grow faster than in 2019.
- **Global economic growth:** As a direct response to slower growth, most central banks in the world have started to ease monetary policy in an attempt to stimulate economic growth.
- **Global manufacturing:** After being impacted by much weaker global demand and trade tensions, we believe late 2019 and into 2020 will be positive for the manufacturing sector.

All investors must review their portfolios and prepare them for 2020 to appropriately capitalize on opportunities. In the end, what matters is having a trusted adviser.



### Forecast 3: President Trump's behavior and its impact on the Nation.

Evangelista Torricelli was the Scientist that invented the barometer in 1644, a device that can measure air pressure.

The Barometer has many uses but is especially crucial for weather monitoring and prediction. Oncoming storms cause fast drops in air pressure, so barometer readings provide essential warnings for ships at sea. We have at home a vintage Baromaster Barometer made in France that is 125 years old, it has served us well during the hurricane season.

We have been tempted to use it to monitor the sentiment of a nation, in this case, the United States. You see, the United States' global image has plummeted during the tenure of President Trump, and now we must add the impeachment inquiry and the widespread opposition to his erratic leadership and lack of understanding of his role as President.

The Public trust in the government is at historic lows with close to 17% of Americans today saying they can trust the government in Washington to do what is right, these results have been falling consistently since the 1960s and the results are as follows:

- President Kennedy 77%
- President Johnson 65%
- President Nixon 54%
- President Ford 36%
- President Carter 28%
- President Reagan 41%
- President Bush 42%
- President Clinton 40%
- President Bush 24%
- President Obama 22%
- President Trump 17%

As President Trump is now embroiled in an impeachment inquiry that will surely derail his presidency or even ended, The bigger picture suggests what has happened during the last 30 years or so that we have lost our faith in Government. Whether we like it or

not, the Presidency remains The Barometer of a Nation.

**Forecast 4: Puerto Rico’s Economic Progress and Benchmarks to continue growing:**

We have measured the administration since the mandate began 32 months ago. No one can dispute that the Governors inherited a Puerto Rico that was declared bankrupt, with a cabinet in shambles and a Financial Oversight and Management Board to deal with, and economy in retraction and without access to Capital Markets. We see notable improvements in:

- Unemployment at 7.60% shows a decrease of 35.04% over the past 32 months.
- Also, our labor participation rate increased to 40.80%.
- There are 1,084 mm total employees.
- The median household income rose to \$20,078 an increase of 6.65%.
- GNP growth rate for 2019 1.70% a 136% increase during the period.
- The General Fund Revenues increased to \$11.3 Billion for fiscal 2019 an increase of 21.51%.

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

**Theme 1: “How has the Top U.S. Bank Stocks Performed under President Trump 1/20/17-10/25/19”**

Some in Corporate America have claimed that President Donald Trump has been the best thing that happened to them, other elite business people believe that his presidency is hurting the country, with budgets out our control and borrowing at increased levels. For these reasons, we decided to embark on an analytical study of the Top U.S. Banking Sector. This report examines the top 7 U.S. Bank holding companies, and we have created the Birling Capital U.S. Bank Index (BCUSBI), which is a market value-weighted index composed of the top (7) Bank holding companies headquartered and/or with their principal place of business in the United States. All companies are traded on national stock markets NYSE, AMEX, or NASDAQ.

We examined how each of the bank holding companies' stock has fared under the Presidency of Donald Trump from 1/20/17 to 10/25/19 when compared with the Dow Jones Industrial Average and how each of them has managed against the Birling Capital U.S. Bank Stock Index. When we compare the Birling Capital U.S. Bank Stock Index (BCUSBI) to the Dow Jones Industrial Average, you will note that the return on the BCUSBI was 20.73% from 1/20/17 until 10/25/19 and the Dow Jones

Benchmarks for Puerto Rico			
Governor Vazquez	Oct/30/2019	Jan/02/17	Change
Price Per Liter Regular Gasoline	\$0.737	\$0.65	13.56%
Cement Sales	1,019,700	848,700	20.15%
Unemployment	7.60%	11.70%	-35.04%
Birling Puerto Rico Stock Index	1659.97	1131.21	46.74%
General Fund Revenue	\$11,300,000.00	\$9,300,000.00	21.51%
Real Terms GNP Growth Rate	1.70%	-4.70%	136%
Labor-force participation rate	40.80%	40.60%	0.49%
Home ownership rate	63.90%	62.90%	1.59%
Median household income	\$20,078.00	\$18,826.00	6.65%
National debt	\$69 Billion + Interest	\$69 Billion+Interest	Unchanged
Credit Ratings	D	D	Default
Access to markets	No access	No Access	Unchanged

Industrial Average return was 35.31%. The Birling Capital U.S. Bank Index includes the following institutions, ranked according to their performance against the Dow Jones Industrial Average and the Birling Capital U.S. Bank Stock Index:

- **JP Morgan Chase & Co. (JPM)** Operating as JPMorgan Chase, achieved a total return of 50.63% that beats both the BCUSBI and the Dow Jones Industrial Average.
- **Bank of America Corporation (BAC)** operating as Bank of America, achieved a total return of 40.11% that beats BCUSBI, but slightly below the Dow Jones Industrial Average.
- **Citigroup Inc. (C)** operating as Citi, achieved a total return of 30.40% that beats the BCUSBI and nominally below the Dow Jones Industrial Average.
- **U.S. Bancorp. (USB)** operating as US Bank, achieved a total return of 10.82% that underperformed both the BCUSBI and Dow Jones Industrial Average.
- **Morgan Stanley (MS)** operating as Morgan Stanley, achieved a total return of 8.88% that underperformed both the BCUSBI and Dow Jones Industrial Average.
- **Wells Fargo & Co (WFC)** operating as Wells Fargo, achieved a total return of -6.36% that underperformed both the BCUSBI and Dow Jones Industrial Average.
- **Goldman Sachs Group (GS)** operating as Goldman Sachs achieved a total return of -7.74% that underperformed both the BCUSBI and Dow Jones Industrial Average.

#### Banks Snapshot:

- **JP Morgan Chase & Co.**
  - Ticker Symbol: JPM
  - Stock Price 10.25.19: \$126.03
  - Stock Price on 1.20.17: \$86.70

- Stock Price Increase or Loss: \$39.33
- Q3 2019 Revenue: \$113.40 Billion
- Q3 2019 Net Income: \$34.98 Billion
- Market Cap: \$397.77 Billion
- Total Employees: 254,983

- **Bank of America**

- Ticker Symbol: BAC
- Stock Price 10.25.19: \$31.72
- Stock Price on 1.20.17: \$22.64
- Stock Price Increase or Loss: \$9.08
- Q3 2019 Revenue: \$91.63 Billion
- Q3 2019 Net Income: \$27.71
- Market Cap: \$288.90 Billion
- Total Employees: 209,000

- **Citigroup Inc.**

- Ticker Symbol: C
- Stock Price 10.25.19: \$73.17
- Stock Price on 1.20.17: \$56.11
- Stock Price Increase or Loss: \$17.06
- Q3 2019 Revenue: \$73.03 Billion
- Q3 2019 Net Income: \$18.74 Billion
- Market Cap: \$161.62 Billion
- Total Employees: 204,000

- **U.S. Bancorp.**

- Ticker Symbol: USB
- Stock Price 10.25.19: \$56.74
- Stock Price on 1.20.17: \$51.20
- Stock Price Increase or Loss: \$5.54
- Q3 2019 Revenue: \$23.04 Billion
- Q3 2019 Net Income: \$7.28 Billion
- Market Cap: \$89.92 Billion
- Total Employees: 73,333

- **Morgan Stanley**

- Ticker Symbol: MS
- Stock Price 10.25.19: \$46.37
- Stock Price on 1.20.17: \$42.59

- Stock Price Increase or Loss: \$3.78
- Q3 2019 Revenue: \$36.65 Billion
- Q3 2019 Net Income: \$8.33 Billion
- Market Cap: \$76.39 Billion
- Total Employees: 59,513

- **Wells Fargo & Co.**

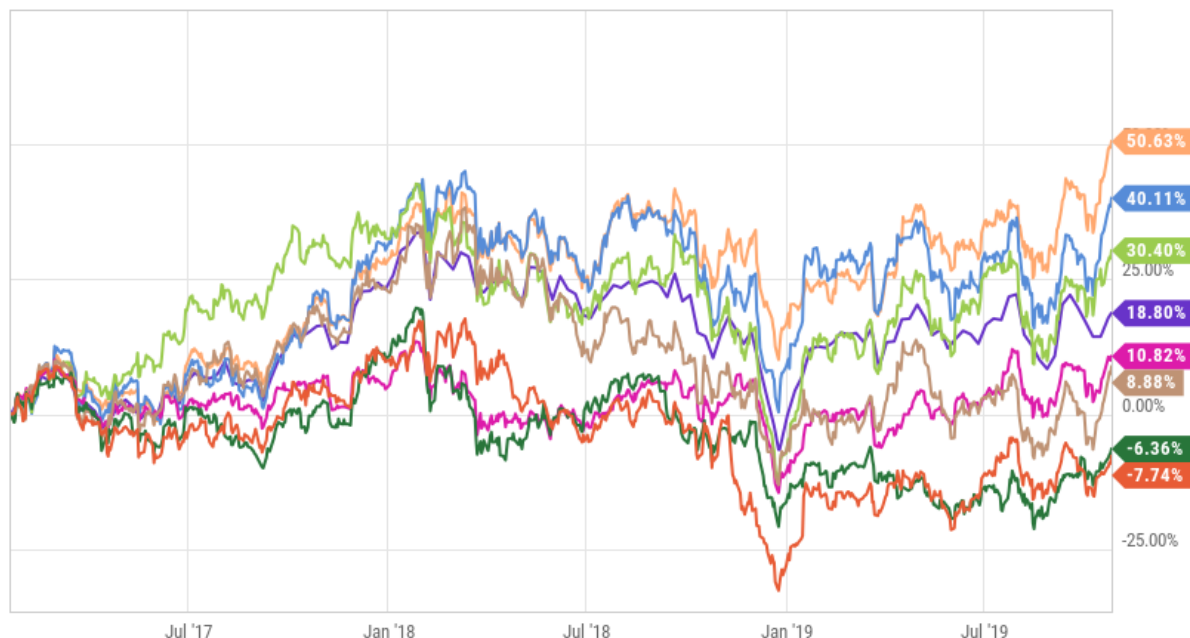
- Ticker Symbol: WFC
- Stock Price 10.25.19: \$51.57
- Stock Price on 1.20.17: \$55.07
- Stock Price Increase or Loss: (\$3.50)
- Q3 2019 Revenue: \$87.11 Billion
- Q3 2019 Net Income: \$22.74 Billion
- Market Cap: \$220.80 Billion
- Total Employees: 261,700

- **Goldman Sachs Group**

- Ticker Symbol: GS
- Stock Price 10.25.19: \$214.23
- Stock Price on 1.20.17: \$232.20
- Stock Price Increase or Loss: (\$20.88)
- Q3 2019 Revenue: \$31.86 Billion
- Q3 2019 Net Income: \$9.08 Billion
- Market Cap: \$78.37 Billion
- Total Employees: 35,600

As a Group, the Birling Capital U.S. Bank Stock Index companies have a total market capitalization of \$1,313,770 Trillion and creates a total of 1,098,129 direct employees.

- Birling Capital U.S. Bank Index Level % Change
- JPMorgan Chase & Co Price % Change
- Bank of America Corporation Price % Change
- Citigroup Inc Price % Change
- U.S. Bancorp Price % Change
- Morgan Stanley Price % Change
- Wells Fargo & Co Price % Change
- Goldman Sachs Group Inc Price % Change



**Theme 2: U.S. stock market in the rally; striking distance of record highs**

Had any investor made an investment of \$10,000 on January 20, 2017, the day of the swearing-in President Trump to October 25, 2019, these would have been the results:

**Company Total Value Gain/Loss**

JPM	\$15,063.00	\$5,063.00
BAC	\$14,011.00	\$4,011.00
C	\$13,040.00	\$3,040.00
USB.	\$11,082.00	\$1,082.00
MS	\$10,880.00	\$ 880.00
WFC	\$ 9,364.00	( \$636.00)
GS	\$ 9,226	(\$774.00)

The U.S. stock market ended the a volatile month with mixed results even as it rose for the three consecutive week and closed within striking distance of record highs. Corporate earnings have been stimulating the markets higher, but were unable to curtail a 140.46 point drop of the Dow Jones in the last day of the month. So far, 40 percent of the companies in the S&P 500 have reported 3Q 2019 results, with 80 percent of them have

reported better-than-expected earnings. As it turns out, this figure is above the average of the previous five years. If measured as a group, companies are reporting earnings that are in the range of 3.5 percent to 3.8 percent above consensus estimates. If we use revenues as another metric, 64 percent of the companies reported total sales above consensus estimates; this figure is above the five-year average. If measured as a group, companies are reporting sales between 1.0 percent to

Monthly Market Close Comparison	10/31/2019	9/30/2019	Change	YTD
Dow Jones Industrial Average	27,046.23	26,916.83	0.48%	15.60%
Standard & Poor's 500	3,037.56	2,976.74	2.04%	20.60%
Nasdaq	8,292.36	7,999.34	3.66%	24.20%
Birling U.S. Bank Index	1486.69	1500.27	-0.91%	19.74%
Birling Puerto Rico Stock Index	1,615.76	1,605.37	0.65%	16.56%
U.S. Treasury 10-Year Note	1.78%	1.67%	6.71%	16.56%
U.S. Treasury 2-Year Note	1.52%	1.61%	-5.59%	-1.000%

1.1 percent above estimates, which is above the five-year average. As we review the international market numbers, we note their expectations are quite pessimistic, which from our vantage point creates a once-in-a-generation opportunity for investors with a long-term view of the market. The Dow Jones Industrial Average closed the month of October at 27,046.23 a gain of 129.40 or 0.48 % and a year to date return of 15.60%. The S&P 500 closed the month at 3,037.56 for a gain of 60.82 or 2.04%, and a year to date return of 20.60%; The Nasdaq closed the month at 8,292.36, a gain of 293.02, or 3.66%, and a year to date return of 24.20%; The Birling U.S. Bank Index closed the month at 1,486.69, a loss of -0.91% and a year to date return of 19.74%, The Birling Puerto Rico Stock Index closed the month at 1,615.76 a gain of 10.39 or 0.65% and a year to date return of 16.56%, meanwhile, the U.S. Treasury's 10-year note rose during the month reaching 1.78% and gaining 6.71% and the U.S. Treasury's 2-year note lost during the month reaching 1.52% and losing -5.59%.

**Theme 3: Immigration President Trump's Achilles Heel**

President Donald Trump's words and actions on immigration, from the outset of his presidential run to his policies as the commander in chief, continue to outrage Americans. Scenes

under his administration include border patrol agents separating families, placing children in cages, as well as attempting to ban Muslim visitors, changing most asylum rules, and imposing all kinds of new wealth tests for legal migration. It has been reported that President Trump even considers that the inscription on the Statue of Liberty should apply only to those who can "stand on their own two feet," which is very offensive to our nation's character, moral compass, and a U.S. history of open borders. Most people do not know what the



inscription on the Statue of Liberty says or how it came to be.

You see, once France had given Lady Liberty to the U.S., funds were needed to erect the pedestal on which the statue now sits.

Newspaper publisher Joseph Pulitzer, for whom the Pulitzer price is named, who was the publisher of the New York World Newspaper, took up the cause for the statue's pedestal in the 1880s. He mounted an energetic

funding drive, promising to print the name of each donor, no matter how small the contribution. Poet Emma Lazarus submitted the poem "The New Colossus" to help raise funds for the statue. The poem is immortalized in a bronze casting at the base of the statue and reads:

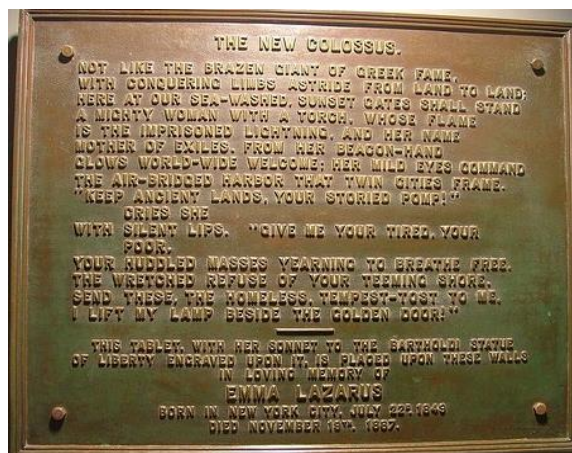
'The New Colossus' by Emma Lazarus  
Not like the brazen giant of Greek fame,  
With conquering limbs astride from land to land;

Here at our sea-washed, sunset gates shall stand,  
A mighty woman with a torch, whose flame  
Is the imprisoned lightning, and her name  
Mother of Exiles. From her beacon-hand

Glow's world-wide welcome; her mild eyes command  
The air-bridged harbor that twin cities frame.

"Keep, ancient lands, your storied pomp!"  
cries she With silent lips.  
"Give me your tired, your poor,  
Your huddled masses yearning to breathe free,  
The wretched refuse of your teeming shore.  
Send these, the homeless, tempest-tost to me;  
I lift my lamp beside the golden door!"

As we watch the U.S.' current dismal immigration policy, we should be reminded about what the statue of liberty stands for, with so many citizens of the world dreaming of entering the golden door of the United States.





## A Certain Uncertainty: Budget Preparation

by CPA Cesar Hernández-Monagas, Principal Birling Capital

A “Certain Uncertainty” by physicist Mark Silverman proposes the use of statistical reasoning, or the science of applying qualitative, statistical and probability methods in a technical context to analyze everything from an electric bill to fluctuations in the stock market. Silverman introduces relevant physical, statistical and mathematical principles step-by-step, helping to develop practical proficiency in the use of probability and analytical reasoning.

And why is this book relevant to the budget preparation process? Given the political and economic uncertainty surrounding Puerto Rico, particularly the challenges in accurately anticipating labor costs, utility costs, and even the difficulties in accessing those materials needed to run our businesses, makes this type of reasoning all the more relevant for owners and investors. In this article, we will highlight methods to use when preparing and discussing budgets to assist in reducing these uncertainties.

In general, it cannot be emphasized enough the importance of preparing a reasonable budget. Without the guidelines for generating income and appropriate controls over spending, most businesses will flounder. A realistic and well-planned budget is an essential step in creating a successful work plan. Successful companies spend time creating and managing budgets, preparing and reviewing business plans, and regularly monitoring the financial situation and business performance.

The most commonly used types or methods of budgeting are as follows:

**1. Incremental:** Previous year results are established as the base, and a pre-determined percentage is then added or subtracted from that base to reach budget. Considered the method most commonly used for its simplicity and recommended when costs do not vary year over year. However, this method is not without its deficiencies as it may ignore inefficiencies if management does not challenge or identify areas where expenses can be reduced in comparison to prior year. This method may also ignore external factors or issues affecting the marketplace.

**2. Activity-based budgeting:** Also known as the Top-Down Approach focuses on determining the amount of revenue anticipated and, subsequently, the number of units that need to be sold.

**3. Zero-based budgeting:** The assumption is that all expenses must be justified relevant to each of their key drivers. It is a control method focused on including only those expenses that are essential to the success of the business. Also known as Bottom-Up, it can be beneficial when drastic measures are needed in the operation of the business, such as during restructuring projects or when anticipating an adverse change in the economy. The most significant disadvantage of this method is that the process may be more time consuming than the other purposes already mentioned

Most importantly, when preparing a budget is the commitment of the team. Getting the entire organization to support a budget will depend on the utilization of the following budget implementation methods:

**1. Imposed budgeting:** Most commonly used during a time of restructuring or when the economy takes a downturn, it is driven by the company's investors/owners who determine the results it takes for the company to continue operating and requires its managers to meet those results.

**2. Negotiated budgeting:** The Company's investors/owners determine part of the goals to be achieved, and the operational team is responsible for determining the rest. The primary purpose is for the two groups to work together to make the goals reasonable and easy to achieve. By all participating in the process, the level of commitment to achieve the proposed objectives is higher.

**3. Participative budgeting:** The operational team is free to create the budget within a framework already approved by investors/owners, who provide only the primary goals.

Regardless of the method used in preparing the budget or the level of management's involvement, the focus should be the same: maximize profits and minimize risk.

At Birling Capital, we have the experience and expertise in budget preparation and are ready to work with your team to achieve the goals needed for your company's success.



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## The Final Word: Last of the Mohicans

The “Last of the Mohicans” is a book by James Fenimore Cooper, written in 1826, and is set in 1757 during the French and Indian war when France and Great Britain battled for control of North America. In popular culture, “The Last of the Mohicans” is often referenced as the last of its breed or lifestyle.

As mentioned at the start of this column, the global universal banks are leaving Puerto Rico, and that impact and effect will be felt for decades. We are seeing a scenario with international players exiting the Puerto Rico market that began with Chase, Bank of Boston, Verizon, Texaco, Exxon, Wells Fargo, Banco Bilbao Vizcaya Argentaria, Reliable, CIT, Scotiabank, AT&T and now Santander among others. A bad omen for Puerto Rico.

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](mailto:frc@birlingcapital.com) or 787-247-2500



Francisco Rodríguez-Castro  
President & CEO

### About Birling Capital

Birling Capital is a boutique corporate advisory & consulting firm that offers broad corporate finance & advisory services to institutional, government, corporate, middle-market companies, family corporations and their owners, in identifying and resolving organizational finance-related issues. We use a holistic approach both assets and liabilities sides with integrated business, personal, family needs and objectives. Over the past two decades, our firm’s principals have advised on more than hundreds of transactions in the corporate, healthcare, retail, education, insurance, banking and government markets.

**Doing the right thing at the right time.**

#### Mission

Our mission is providing insight to our clients in making decisive, enduring, and sustainable improvements to their financial performance.

#### Vision

Constant movement and change while maintaining balance. The foundation of both our approach and principles.



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