

Optimism prevails in financial markets

Mexican Stock Exchange

Mexbol closed June 5th operations at 38,948 points. The upbeat trend seen since May 22nd, parallelly to the US stock markets, allowed for a 14.95% increase in dollars during this period; therefore, the year-to-date (YTD) return reduced to (-)21.26% in dollars. Even though macroeconomic data does not support this positive behavior, the rally was motivated by:

1. A general optimism worldwide due to the reopening of economies and the possibility of an economic recovery.
2. A new stimulus package announced by The European Central Bank (ECB) and the German government of €730 billion. Besides, a new stimulus package is under discussion in the United States' Congress.

Exchange Rate

The spot exchange rate closed June 5th operations at MX\$21.57 per dollar, a 2.69% weekly appreciation. Noteworthy, the peso began its current appreciation trend on May 14th, and since then, it has appreciated 9.59%. Derived from the above, the YTD depreciation decreased to 13.28%. The Mexican currency was favored by:

1. The increase in oil prices after the announcement of further reductions in international production that will be discussed by the members of the Organization of Petroleum Exporting Countries and their allies (OPEC +).
2. The positive figure of remittances in April (US\$2.86 billion), which allowed the year to date figure to rise to US\$12.15 billion; 12.60% higher year-over-year.

Economic Indicators

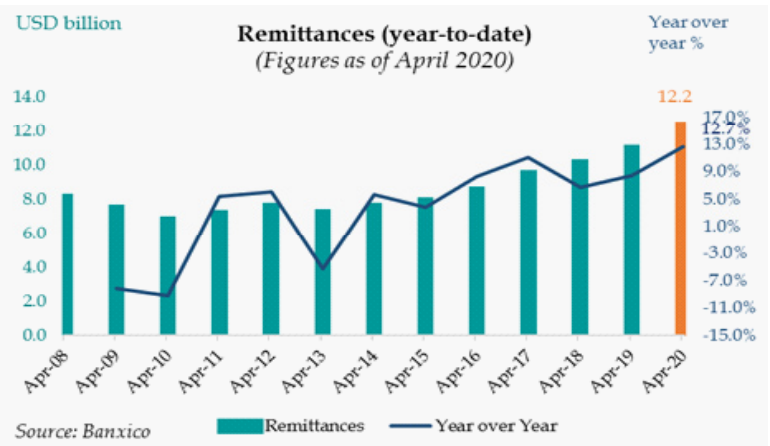
United States' International Trade

In April, and for the first time since December 2018, Mexico was not the United States' leading trading partner in terms of trade volume as both exports and imports to that country, fell at annual rates of (-)47.9% and (-)43.6%, respectively. Despite the above, in the YTD figure, to April, Mexico continues to be the leading trading partner of the United States and has a surplus balance of US\$31.5 billion.

United States International Trade (As of April 2020)					United States International Trade (As of April 2020)				
Country	Exports	Imports	Total Trade	Balance	Country	Exports	Imports	Total Trade	Balance
Mexico	73,466	104,974	178,440	-31,508	India	10,336	17,092	27,428	-6,756
% of Total	14.8%	18.9%	14.8%	14.8%	% of Total	2.1%	2.9%	2.1%	2.1%
Canada	84,928	91,134	176,062	-6,206	France	11,310	14,779	26,089	-3,469
% of Total	17.1%	12.1%	14.1%	14.1%	% of Total	2.3%	2.0%	2.1%	2.1%
China	32,304	119,904	152,208	-87,600	Italy	6,946	16,730	23,676	-9,784
% of Total	6.8%	18.9%	12.2%	12.2%	% of Total	1.4%	2.1%	1.9%	1.9%
Japan	23,725	42,817	66,542	-19,092	Brazil	13,421	7,485	21,106	5,736
% of Total	4.8%	5.7%	5.3%	5.3%	% of Total	2.7%	1.0%	1.7%	1.7%
Germany	19,473	39,861	59,334	-20,388	Singapore	10,192	10,448	20,840	-438
% of Total	3.9%	5.3%	4.7%	4.7%	% of Total	2.0%	1.4%	1.7%	1.7%
Korea South	18,912	25,090	44,002	-6,178	Hong Kong	8,337	3,043	11,380	3,294
% of Total	3.8%	3.9%	3.9%	3.9%	% of Total	1.7%	0.4%	0.9%	0.9%
United Kingdom	20,841	18,449	39,290	2,392	Saudi Arabia	4,289	3,328	7,617	761
% of Total	4.2%	2.4%	3.1%	3.1%	% of Total	0.9%	0.9%	0.6%	0.6%
Taiwan	11,280	18,539	29,783	-7,283	All other countries	147,751	219,901	367,652	-72,150
% of Total	2.3%	2.9%	2.4%	2.4%	% of Total	29.7%	29.2%	29.4%	29.4%
Source: U.S. Census Bureau					Source: U.S. Census Bureau				
Amounts in million tons of dollars					Amounts in million tons of dollars				
					TOTAL 2020 YTD 497,501 794,168 1,291,669 -296,667 TOTAL 2019 1,645,456 2,495,400 4,143,856 -852,914 TOTAL 2018 1,664,064 2,542,735 4,206,799 -878,671				

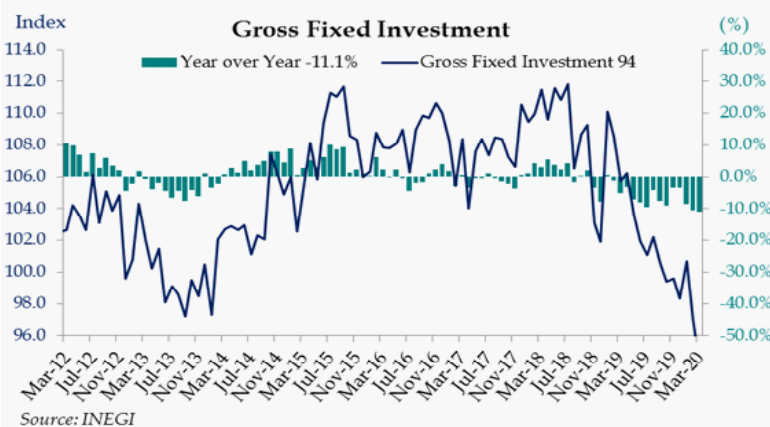
Remittances

Total remittances in April totaled US\$2.86, the largest figure in a month in history while the YTD figure totals US\$12.15 billion, a 12.69% YoY increase. There were estimations that the significant loss of jobs in the United States could decline the amount of remittances sent to Mexico. However, recent data from the Non-Farm Payroll displayed a generation of jobs, so there is a possibility of a higher arrival of remittances to Mexico.



Gross Fixed Investment

The Gross Fixed Investment Index (GFII) had the worst annual decline in March, with sixteen months of consecutive declines. The fall was (-)11.1%, and in terms of magnitude, it is comparable to the worst moment of the 2008-2009 financial crisis, since, on that occasion, the steepest fall occurred in June 2009 when the Index decreased (-)14.35% at an annual rate. By components, investment in machinery and equipment displayed the worst performance in this downward cycle. This time it was not the exception since it contracted (-)17.95%; Additionally, investment in construction fell (-)6.94% at the annual rate.



Mexican Automotive Industry Data

Sales to the public displayed a (-)58.96% annual contraction; the least affected brand was Toyota as its sales fell (-)35.6% on a yearly basis. Moreover, the total production of vehicles decreased (-)93.68%, cases such as those of the Audi and Volkswagen factories located in the State of Puebla stand out as they did not produce a single car. Finally, the export of vehicles decreased by (-)95.05%. Noteworthy, the BMW group, only had a (-)9.0% decrease in its exports.

Indicator of Consumption in the Internal Market

March's Monthly Indicator of Private Consumption in the Internal Market (IMCPMI) registered a (-)2.8% annual fall. By components, expenses in imported goods decreased (-)8.6% and in national products and services (-)2.3% on a yearly basis. The data adds to the sharp falls that ANTAD same-store sales (SSS) displayed in April (-22.9%) and to the consumption of cars in the national market. The figure is especially relevant since the contraction in consumption could delay the recovery of the national economy.

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Definitions

Audi: Automotive Industry. As of May 31, 2020 the security represents 0.00% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html.

BMW: Automotive Industry. As of May 31, 2020 the security represents 0.00% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html.

European Central Bank (ECB): Is the central bank responsible for monetary policy of those European Union member countries which have adopted the euro currency.

Gross Fixed Investment Index (GFII): Describes the net capital accumulation during an accounting period for a country. The term refers to additions of capital stock, such as equipment, tools, transportation assets and electricity.

Mexbol: The S&P/BMV IPyC seeks to measure the performance of the largest and most liquid stocks listed on the Bolsa Mexicana de Valores. It is not possible to invest in an index.

Mexican Stock Exchange: The Mexican Stock Exchange headquartered in Mexico City, is the full-service securities exchange of the country, dealing in cash equities, derivatives and fixed income products.

Monthly Indicator of Private Consumption in the Internal Market (IMCPMI): Measures the evolution of household spending on consumer goods and services, both national and imported, thereby allowing monthly monitoring of the most significant component of the product, on the demand side.

National Association of Self-Service and Departmental Stores (ANTAD): Entity responsible of promoting the development of retail and its suppliers within the Mexican market.

Non-Farm Payroll: Measures the change in the number of people employed during the previous month, excluding the farming industry.

Remittances: Funds an expatriate sends to his/her country of origin via wire, mail, or online transfer. These peer-to-peer transfers of funds across borders are economically significant for many of the countries that receive them.

Same Store Sales (SSS): Are also referred to as comparable-store sales or identical-store sales, measures the sales of a company's existing stores that have operated for more than one year, excluding sales of new stores.

The Organization of the Petroleum Exporting Countries (OPEC): A group consisting of 14 of the world's major oil-exporting nations, founded in 1960 to coordinate the petroleum policies of its members and to provide member states with technical and economic aid.

Toyota: Automotive Industry. As of May 31, 2020 the security represents 0.00% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html.

Volkswagen: Automotive Industry. As of May 31, 2020 the security represents 0.00% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html.

Year over Year (YoY): Indicates the change from the comparable amount reported in the same period one year earlier.

Year to Date (YTD): Refers to the period of time beginning the first day of the current calendar year or fiscal year up to the current date.

Disclosures

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To read about The Mexico Equity and Income Fund, Inc, please access the Annual Report by calling (414) 765-4255 to receive a copy, or access the Annual Report on the Fund's website, "www.mxefund.com", under the section captioned investor reports. Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. An investment in the Fund should not constitute a complete investment program.

Past performance is not a guarantee of future results. Index performance is not illustrative of fund performance. One cannot invest directly in an index. Please call (414) 765-4255 for fund performance.

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