

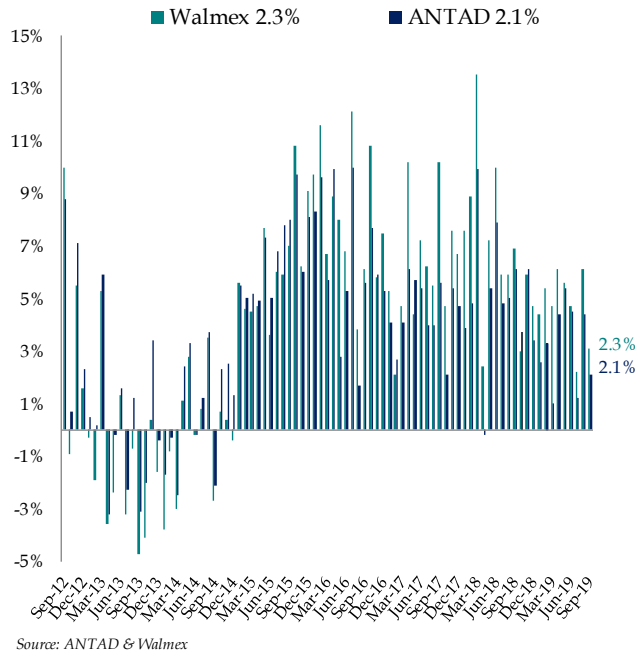
Progress in financial markets despite adverse economic data in Mexico

International stock markets had a positive week, led by U.S. and European indices following an unconfirmed announcement of a reciprocal reduction in tariffs between the United States and China as part of phase I partial agreement. In addition, the arrangement reached between the United Kingdom and the EU for an ordered Brexit, has decreased fears of a systemic risk and outlined a better economic outlook for 2020 in the international arena.

Mexican Stock Exchange

The distention of systemic risk set-up a support for the Mexbol's Index gain of 0.07% during the week ending Friday November 8, 2019 despite continued deterioration of the industrial and manufacturing macro data for the month of September. Indeed, consumption has started to present the lowest same-store sales data in departmental and retailing. Please see exhibit A. The year-to-date Dollar return stood at 10.83%, through November 8, 2019.

Exhibit A: ANTAD vs. Walmex (SSS)
 (YoY % Change)



Exchange Rate

The spot exchange rate closed the week at MX \$19.10 pesos per dollar, virtually unchanged compared to previous week. Mexico has continued ranking number 1 position as trade partner to the U.S. Its market share has increased to 14.9% showing a surplus of US\$76 billion for the nine months to September 2019, vs. a US\$80 billion surplus for the full year 2018. The Mexican Peso resumed the week with a 1.02% weekly appreciation to 1 US Dollar. The year-to-date appreciation, through November 8th is 2.84%.

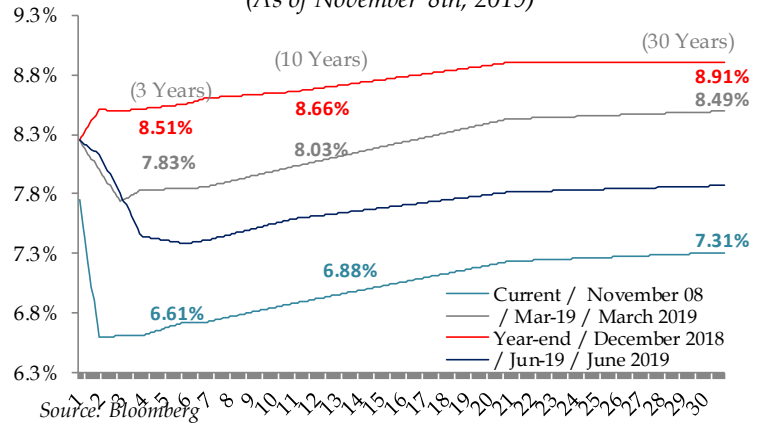
Interest Rates in Mexico

Annual headline inflation in October was 3.02 % within Banxico's target and it increases the possibility that BANXICO will cut its reference rate by 50 basis points (bps) which in turn reduces risks to the financial sector on an inverted yield curve, please see exhibit B. Recently, a gradualist approach has characterized BANXICO's monetary policy decisions; this could prevent the central bank from reducing its reference rate by 50 bps. If the reduction is not observed, then a 25 bps would take place in November 14th, and afterwards another 25 bps could take place at the December 19th meeting so that the rate closes the year at 7.25%. The yield to maturity of the 10-

year M-bond closed the week at 6.88% (+10 bps), in a move consistent with the 18-bps increase of the 10-year US Treasury Bond.

Exhibit B: M Bond Yield Curve

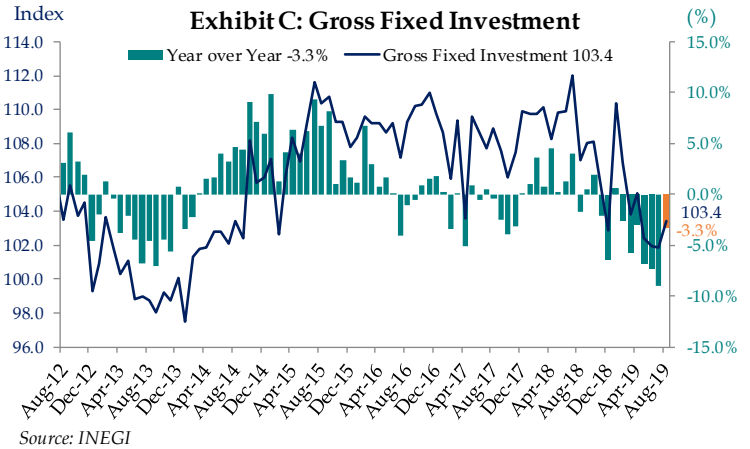
(As of November 8th, 2019)



Economic Indicators

Gross Fixed Investment

INEGI published August's Gross Fixed Investment (IFB) data. It had a year over year fall of -3.3%. By components, expenses in machinery and total equipment fell (-) 7.8%, while those made in construction advanced 0.2% regarding those of the same month of 2018. The above represents seven consecutive months with falls in the IFB. Please see exhibit C.



Inflation

INEGI reported that in October, the Consumer Price Index (INPC) rose 0.54%, which left annual inflation at 3.02%, very close to the Banxico's specific target. In contrast, annual core inflation fell for the fourth consecutive month and amounted to 3.68%; additionally, annual non-core inflation had a slight increase, and it registered to 1.01%. The products with the highest weighting in the INPC, which had the most significant price drops, were avocado, chicken, and orange, with decreases of 14.93% 2.08% and 11.98%, respectively.

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Definitions

Mexbol: The S&P/BMV IPC 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.

Basis points (bps): Refers to a common unit of measure for interest rates and other percentages in finance.

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.

Year over Year (YoY): Calculation that compares a statistic for one period to the same period the previous year.

Gross Fixed Investment (IFB in Spanish): This indicator shows how a large part of the new gross value added in the economy is invested, instead of being consumed.

Banco de México (Banxico): Is the central bank of Mexico. Its main function is to provide domestic currency to the Mexican economy and its main priority is to ensure the stability of the domestic currency's purchasing power.

European Union (EU): Is a political and economic union of 28 member states that are located primarily in Europe.

Same Store Sales (SSS): Are also referred to as comparable-store sales, SSS or identical-store sales. Same-store sales figures are expressed as a percentage that indicates the relative amount of revenue increase or decrease.

Walmart: Retail company. As of October 31, 2019 the security represents 8.81% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html

Buen Fin: Is an annual nationwide shopping event in Mexico in which major retailers extend their store hours and offer special promotions, including extended credit terms and price promotions.

Consumer Price Index (INPC in Spanish): Is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

Inflation: Is a quantitative measure of the rate at which the average price level of a basket of selected goods and services in an economy increases over a period of time.

Brexit: Is an abbreviation for "British exit," referring to the U.K.'s decision in a June 23, 2016 referendum to leave the European Union.

The National Institute of Statistics and Geography (INEGI): Is an autonomous agency of the Mexican Government dedicated to coordinate the National System of Statistical and Geographical Information of the country.

Bureau of Economic Analysis (BEA): Is a U.S. government agency that provides official macroeconomic and industry statistics, most notably reports about the gross domestic product (GDP) of the United States and its various units.

Yield to maturity (YTM): Is the total return anticipated on a bond if the bond is held until it matures. Yield to maturity is considered a long-term bond yield but it is expressed as an annual rate.

M-Bond: Mexico Federal Government fixed-rate development bonds that are issued and placed at terms of over one year, pay interest every six months and their interest rate is determined at issue date and remains fixed all along the life of the bond.

Disclosures

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund's portfolio and there is no assurance that the fund will achieve its investment objective.

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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