



3Q19 Investment Advisor Report

FUND'S INVESTMENT OBJECTIVE

Profile

The Mexico Equity and Income Fund, Inc. ("the Fund") maintains an investment objective of long-term capital appreciation through investments in the Mexican universe of equities listed on the Mexican Stock Exchange.

Characteristics

The Mexico Equity and Income Fund, Inc. (MXE) incorporated in Maryland, U.S.A. is registered under the U.S. Investment Company Act of 1940, as amended, as a NYSE closed-end, non diversified management investment company.

Risk Factors

The Fund invests substantially all of its assets in securities of Mexican issuers. All investments involve risk. Principal loss is possible. Investing internationally involves additional risks such as currency fluctuations, market price volatility, social and economic instability, changes in taxation, periods of illiquidity and other factors. All Mexican companies are subject to Mandatory IFRS (International Financial Reporting Standards) accounting since the year 2011. Mexico has experienced currency devaluations, high levels of inflation and interest rates, but currently has a solid macro economic framework. (Please see PAM's most recent Report on the Economy at the Fund's website.)

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.

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.

PICHARDO ASSET MANAGEMENT, PAM'S INVESTMENT PHILOSOPHY

Investment Philosophy seeks High-Quality Growth companies at attractive and/or fair valuations, and Special Situation Investments focused on company's intrinsic value and qualitative analysis in the universe of the Mexican Stock Exchange through a bottom-up approach.

FUND'S PORTFOLIO HOLDINGS BY SECTORS

Consumer Staples	18.29%	Consumer Discretionary	5.01%
Communication Services	17.32%	Private Equity	2.72%
Financials	16.36%	Mexican Bonos de Protección al Ahorro	2.27%
Materials	14.93%	Cash & readily available instruments	0.44%
Industrials	12.69%	Morgan Stanley Institutional Liquidity Funds	0.07%
Real State	9.90%		

Source: U.S. Bancorp & PAM

FUND'S PERFORMANCE

Fund / Index	Currency	2018	1Q'19	2Q'19	3Q'19	Year to Date September 2019	Since Inception in 8/30/90
MXE Fund	MXN	-5.76%	2.20%	-0.99%	0.68%	1.88%	18.47%
	USD	-5.65%	3.31%	0.43%	-2.16%	1.52%	10.90%
MEXBOL Index	MXN	-13.81	4.23%	1.13%	0.13%	5.55%	15.95%
	USD	-13.71%	5.37%	2.58%	-2.69%	5.18%	8.54%
MXN Peso Appreciation / Depreciation		0.00%	1.14%	1.08%	-2.58%	-0.40%	-6.40%
MXE Excess Return compared to MEXBOL Index (basis points)		806	-206	-215	-53	-366	236

Source: PAM & Bloomberg

Fund	As of September 30, 2019							Total Annual Average US Dollar Return through September 30, 2019 (dividends reinvested)	
	1 Month	Y-t-D	1 Year	3 Years	5 Years	10 Years	Since Inception in		
MXE NAV	2.35% ¹	1.52% ¹	-14.73% ¹	-1.54% ¹	-6.20% ¹	6.95% ¹	10.90% ²		
MXE NAV (Return in Mexican Pesos "MXN")	0.76% ³	1.93% ³	-10.09% ³	-0.97% ³	1.30% ³	11.08% ³	18.47% ³		
MXE Market Price	3.14% ¹	4.47% ¹	-14.32% ¹	0.70% ¹	-5.33% ¹	7.91% ¹	11.45% ²		
MXN Appreciation/Depreciation vs 1 USD	1.57% ³	-0.40% ³	-5.16% ³	-0.58% ³	-7.41% ³	-3.72% ³	-6.40% ³		
MEXBOL Index	2.54%	5.18%	-15.30%	-1.58%	-6.51%	1.73%	8.54%		
MXF NAV	3.02%	2.60%	-15.82%	-1.98%	-6.25%	3.59%	7.35%		
MXF Market Price	3.44%	3.89%	-14.20%	-2.12%	-8.08%	3.39%	7.94%		
MXE NAV Excess Return vs. MEXBOL Index (basis points)	-19	-366	57	4	31	522	236		
	Cumulative to September 30, 2019	Y-t-D	1 Year	3 Years	5 Years	10 Years	Since Inception in 8/30/90	Discount to NAV	
MXE Common Share Market Price	4.47% ¹	-14.32% ¹	2.12% ¹	-23.97% ¹	114.15% ¹	2239.68% ³	-7.23%		

Source: U.S. Bancorp¹; Thomson²; PAM³, Bloomberg.

FUND INFORMATION (as of 09/30/19)

MXE Market Data	As of September 30, 2019	As of September 30, 2018
U.S. Dollar Net Asset Value per Share	\$11.34 ¹	\$13.30 ¹
Common Share Market Price in USD	\$10.52 ¹	\$12.28 ¹
Premium/Discount to NAV (%)	-7.23% ¹	-7.67% ¹
Total Net Assets (USD)*	\$58,649,358	\$91,708,820 ¹
Outstanding Shares*	5,171,598 ¹	6,895,464 ¹
One Year Share Repurchases*	1,723,866 ¹	454,252 ¹
Equity % Weight	94.49% ²	95.76% ²
Private Equity % Weight	2.72% ²	1.83% ²
Mexican Treasury Certificates, T-bills	0.0%	0.00%
Mexican Government Bonds in MXN	2.27% ²	0.0% ²
Mexican Saving Protection bonds	0.00% ²	0.0% ²
Morgan Stanley Liquidity Funds in USD	0.08% ²	2.29% ²
Scotia Gubernamental Mutual Fund in MXN	0.36% ²	0.12% ²
Cash & readily available instruments	0.08%	0.00%
Total	100%	100%

Source: U.S. Bancorp¹ & PAM².

* Includes tender offer of 1,723,866 shares of common stock at a cost of US \$19,962,368

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. For the fund's most recent performance data, please see the price and performance section on the fund's web page (www.mxefund.com).

The Fund's Portfolio securities are denominated in Mexican pesos. As a result, the portfolio return in U.S. dollars must increase in market value at a rate in excess of the rate of the decline in the value of the Mexican peso against the U.S. dollar in order to present an excess dollar return.

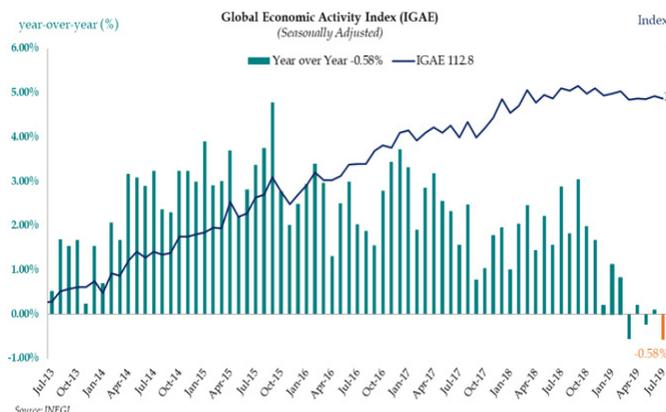
The NAV accretion that resulted from share repurchases, for the 1, 3, and 5-year period ended Sept. 30, 2019 was 0.06, 0.13 and 0.16 respectively. For the purpose of performance calculation, U.S. Bancorp assumes that MXE's dividends and distributions are reinvested at the closing market price on the dividend ex-date and takes into account the dilution effect resulting from fund's stock dividend. This calculation of MXE's performance figures may differ from other financial sources, such as Bloomberg. MXE's ratio of expenses to average net assets= 2.00% for the six months ended January 31, 2019.



3Q19 Investment Advisor Report

I. MACRO ECONOMIC VIEW

Mexico's economy has shown contagion to the global economic slowdown, the latest Global Economic Activity Index (IGAE) displays a year-over-year (YoY) contraction of 0.58%. The IGAE has decreased -0.17% YTD through July (most recent available data) compared to the 1.40% increase in July 2018. Both primary and tertiary activities increased by 1.42% and 0.36%, respectively. Secondary activities decreased by -0.60% due to the contractions in the mining and construction activities.



Aggregate demand, which equals aggregate supply, grew 0.37% year over year through June (latest available data). Within its components, both private consumption and exports increased by 0.60% and 3.17%, respectively. Public consumption and gross fixed capital formation had -1.91% and -5.23% setbacks; in both cases, the austerity measures of the federal government motivated the drops.

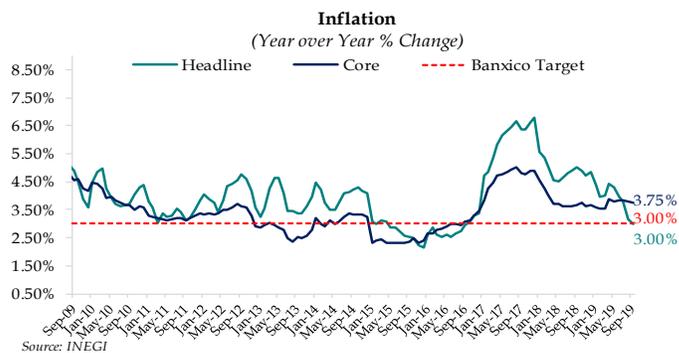
Mexican external accounts continue exhibiting a solid pace. August historical remittances (US\$3.37 billion) reinforce the possibility of closing the year with approximately US\$35 billion. The balance of trade displays a year-to-date through August surplus of US\$2.8 billion, compared to last year's deficit of US\$9.9 billion. Mexico continues availing from the trade tensions between the United States and China and for the eighth consecutive month is United States' first commercial partner.

United States International Trade (As of August 2019)									
Country	Exports	Imports	Total Trade	Balance	Country	Exports	Imports	Total Trade	Balance
Mexico	174,200	241,103	415,303	-66,903	India	23,479	38,726	62,205	-15,247
% of Total	15.8%	14.3%	14.9%		% of Total	2.1%	2.3%	2.2%	
Canada	196,821	211,554	408,375	-14,733	Taiwan	20,713	35,947	56,660	-15,234
% of Total	17.8%	12.6%	14.7%		% of Total	1.9%	2.1%	2.0%	
China	74,294	312,666	386,960	-238,372	Italy	15,657	38,288	53,945	-22,631
% of Total	6.7%	18.6%	13.9%		% of Total	1.4%	2.3%	1.9%	
Japan	50,015	98,502	148,517	-48,487	Brazil	28,443	21,139	49,582	7,304
% of Total	4.5%	5.9%	5.3%		% of Total	2.6%	1.3%	1.8%	
Germany	39,744	86,293	126,037	-46,549	Singapore	20,594	18,029	38,623	2,565
% of Total	3.6%	5.1%	4.5%		% of Total	1.9%	1.1%	1.4%	
Korea, South	37,451	52,294	89,745	-14,843	Hong Kong	21,586	3,014	24,600	18,572
% of Total	3.4%	3.1%	3.2%		% of Total	2.0%	0.2%	0.9%	
United Kingdom	45,144	42,331	87,475	2,813	Saudi Arabia	9,396	9,829	19,225	-433
% of Total	4.1%	2.5%	3.1%		% of Total	0.9%	0.6%	0.7%	
France	25,119	39,664	64,783	-14,545	All other countries	321,411	432,433	753,844	-111,022
% of Total	2.3%	2.4%	2.3%		% of Total	29.1%	25.7%	27.1%	
					TOTAL 2019 YTD	1,104,067	1,681,812	2,785,879	-577,745
					TOTAL 2018	1,664,064	2,542,735	4,206,799	-878,671
					TOTAL 2017	1,546,654	2,342,905	3,889,559	-796,251

Source: U.S. Census Bureau
 Amounts in millions of dollars

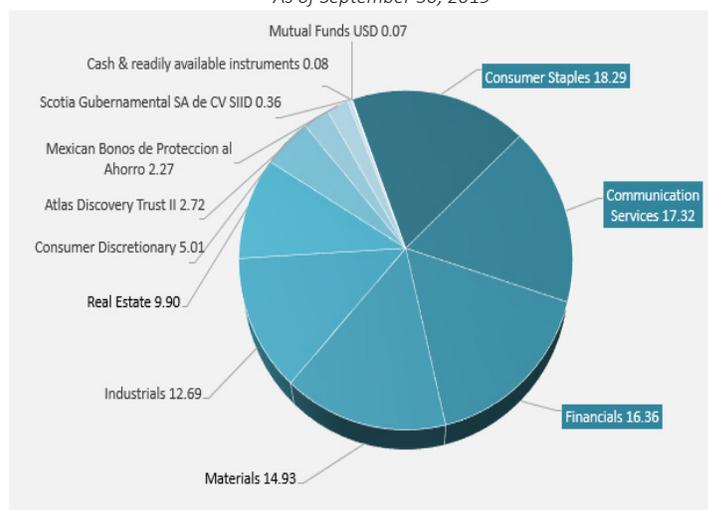
The previously mentioned strength of the Mexican external accounts allowed the peso to oscillate within the MX\$19.50-MX\$20.00 per dollar for most of the year. Even though the peso has depreciated 0.40% year to date through September, the currency's performance against the United States Dollar ranks third amongst significant currencies.

Finally, inflation has not only converged to Banxico's 3.0% ± 1.0% range, but it is now in the 3.0% objective. September's annual inflation (latest available data) was 2.99%, mostly due to a considerable decrease in non-core inflation. The above, plus the decision of most of the leading central banks to easing their monetary policies, the Federal Reserve is included, gave Banxico room to reduce its reference rate twice in the quarter. Both movements have been 25 basis points (bps) reductions. The votes of two of the five members of Banxico's governing board for a 50-bps reduction widens the possibility of furthermore decreases.

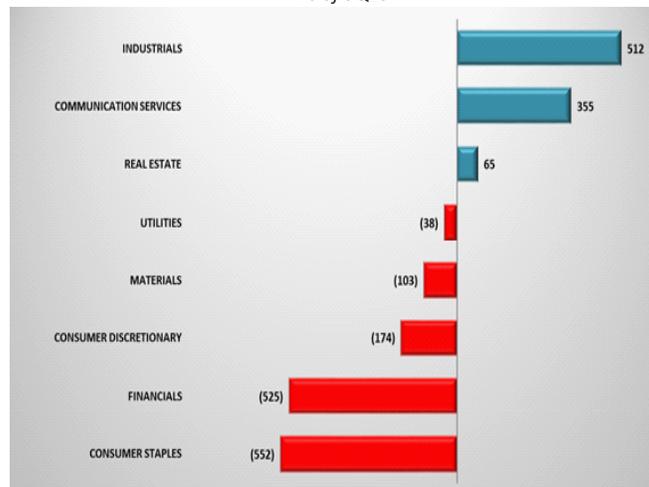


II. INVESTMENT STRATEGY

MXE's Portfolio Holdings by Sector
 As of September 30, 2019



MXE's Portfolio Major Changes by Industry
 As of 3Q19





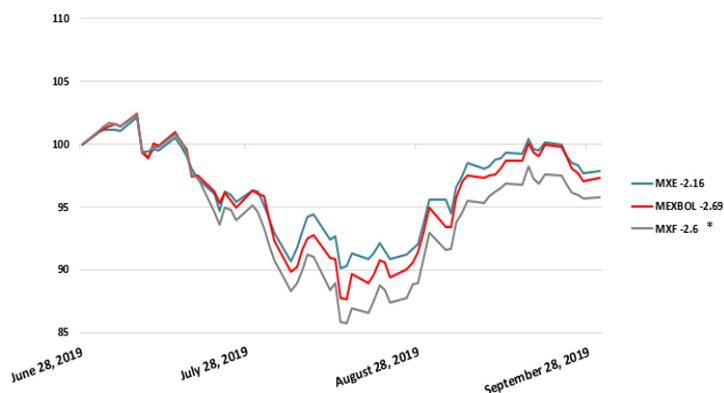
3Q19 Investment Advisor Report

III. MXE's 3Q'19 PERFORMANCE

The Fund's net per share certificate U.S. Dollar asset value registered a return of -2.16%, plotting a +53 basis points excess return for the third quarter of 2019 (3Q'19) compared to the MEXBOL's Index negative return of 2.69%, according to Bloomberg. Accounting currency fluctuations registered a negative contribution of approximately 69 basis points for the 3Q'19, according to PAM's assessment reports and Bloomberg

MXE's 3Q'19 U.S. Dollar Performance compared to Benchmarks & Peers

From June 28 through September 30, 2019



* Regarding MXF please see disclaimer on page 4
 Past performance does not guarantee future results.
 Source: Bloomberg & PAM

MXE's 3Q19 Relative and Absolute Performance compared to MEXBOL Index

From June 28 through September 30, 2019

Performance	Absolute		Relative
	MXE a	MEXBOL b	a-b
Sectors			
Real Estate	0.65%	0.00%	0.65%
Communication Services	0.43%	0.73%	-0.30%
Consumer Discretionary	0.11%	0.12%	-0.01%
Utilities	0.01%	0.01%	0.00%
Health Care	0.00%	0.02%	-0.02%
Industrials	-0.02%	-0.96%	0.94%
Consumer Staples	-0.13%	0.08%	-0.21%
Materials	-0.54%	-1.13%	0.59%
Financials	-1.91%	-1.56%	-0.35%
Total Sectors	-1.40%	-2.69%	1.29%
Cash & Readily Available Instruments	0.36%		
MXN Peso Appreciation / Depreciation*	-0.69%		
Expenses cumulative	-0.44%		
Total	-2.16%	-2.69%	0.53%

* Currency fluctuation effect on cash flows and valuation on the period.

Past performance does not guarantee future results.
 Source: Bloomberg & PAM

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3Q19 Investment Advisor Report

Definitions

MEXBOL Index: The S&P/BMV IPC seeks to measure the performance of the largest and most liquid stocks listed on the Bolsa Mexicana de Valores. The index is designed to provide a broad, representative, yet easily replicable index covering the Mexican equities market. The constituents are weighted by modified market cap subject to diversification requirements. It is not possible to invest directly in an index.

Spread: Measure of the value added by the portfolio or investment manager in excess of a particular benchmark, or index with similar level of risk.

Active Management: Active management is the use of a human element, such as a single manager, co-managers or a team of managers, to actively manage a fund's portfolio. Active managers rely on analytical research, forecasts, and their own judgment and experience in making investment decisions on what securities to buy, hold and sell.

Overweight: Overweight is a situation where an investment portfolio holds an excess amount of a particular security when compared to the security's weight in the underlying benchmark portfolio. Actively managed portfolios will make a security overweight when doing so allows the portfolio to achieve excess returns.

Underweight: Underweight refers to one of two situations in regard to trading and finance. An underweight portfolio does not hold a sufficient amount of a particular security when compared to the weight of that security held in the underlying benchmark portfolio. Underweight can also refer to an analyst's opinion regarding the future performance of a security in scenarios where it is expected to underperform.

PEMEX: Petróleos Mexicanos, which translates to Mexican Petroleum, is the Mexican state-owned petroleum company, created in 1938 by nationalization or expropriation of all private, foreign, and domestic oil companies at that time. The Fund maintains 0.0% investment in the security, at the close of June 30, 2019. For a list of full securities please visit: www.mxefund.com.

EPS: Earnings per share, is the portion of a company's profit that is allocated to each outstanding share of common stock, serving as an indicator of the company's financial health

Basis point (BPS) Refers to a common unit of measure for interest rates and other percentages in finance.

FED – The Federal Reserve System is the central bank of the United States and arguably the most powerful financial institution in the world.

EV/EBITDA: Enterprise value/EBITDA is a popular valuation multiple used in the finance industry to measure the value of a company. It is the most widely used valuation multiple based on enterprise value and is often used in conjunction with, or as an alternative to, the P/E ratio (Price/Earnings ratio) to determine the fair market value of a company.

An advantage of this multiple is that it is capital structure-neutral, and, therefore, this multiple can be used to directly compare companies with different levels of debt.

P/E Ratio: Price to Earnings Ratio is a valuation ratio of a company's current share price compared to its per-share earnings (EPS).

(AMLO): Mexico's President Andrés Manuel López Obrador.

Return on equity (ROE): is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE could be thought of as the return on net assets.

Banxico: Banco de México is the central bank of Mexico. By constitutional mandate, it is autonomous in both its operations and management. Its main

Disclosure

THE MEXICO FUND, INC. (MXF)

Closed-End Fund listed in the New York Stock Exchange in 1981

1. Investment Objective: Long-term capital appreciation through investments in securities, primarily equity, listed on the Mexican Stock Exchange.
2. Expense ratio: 1.62%
3. Portfolio Turnover rate: 31.30%
4. Outstanding shares: 15,005,224
5. Repurchase : During the year ended October 31, 2018 the Fund repurchase US \$328,336 of its common shares.
6. Total net assets: US \$233,069,647
7. Distributions paid: (3,235,627) Return of capital (6,969,001)
8. Tax Status: No provision has been made for U.S. income or excise taxes for the year ended October 31, 2012 on net investment company taxable income or net long-term capital gains as defined by the Internal Revenue Code (the "Code"), since the Fund intends to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of such income to its stockholders.

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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.

The information contained herein reflects the opinion of "Pichardo Asset Management" and as such should not be taken to be fundamental analysis or a decision-making model. Neither should the information be interpreted as a solicitation, offer or recommendation to buy or sell financial securities. It is also subject to changes without prior notification and estimates cannot be guaranteed, past performance does not guarantee future performance. The registry maintained by PAM as an Independent Advisor to the securities supervisory authorities, both in Mexico and the United States, do not imply their recognition and / or approval of the information contained in this document.