



THE MEXICO EQUITY & INCOME FUND, INC.

RETURNS

As of July 31, 2017	Total Annual Average U.S. Dollar Return through July 31, 2017 (Reinvested Dividends)						
	1 Month	Y-T-D	1 Year	3 Years	5 Years	10 Years	Since MXE Inception in 08/30/90
MXE NAV*	4.82% <sup>1</sup>	28.97% <sup>1</sup>	11.28% <sup>1</sup>	-3.15% <sup>1</sup>	6.17% <sup>1</sup>	2.48% <sup>1</sup>	12.50% <sup>2</sup>
MXE NAV (Returns in Mexican Pesos "MXN")	2.97% <sup>3</sup>	10.76% <sup>3</sup>	5.63% <sup>3</sup>	6.95% <sup>3</sup>	12.49% <sup>3</sup>	7.55% <sup>3</sup>	20.37% <sup>3</sup>
MXE Market Price	4.03% <sup>1</sup>	29.55% <sup>1</sup>	10.20% <sup>1</sup>	-4.34% <sup>1</sup>	6.11% <sup>1</sup>	0.90% <sup>1</sup>	12.81% <sup>2</sup>
MXN Appreciation/ Depreciation	1.80% <sup>3</sup>	16.44% <sup>3</sup>	5.35% <sup>3</sup>	-9.45% <sup>3</sup>	-5.62% <sup>3</sup>	-4.71% <sup>3</sup>	-6.54% <sup>3</sup>
MEXBOL Index	3.86%	30.87%	17.50%	-3.11%	0.32%	1.91%	10.36%
MXF NAV	3.88%	28.19%	13.02%	-3.43%	1.91%	1.16%	8.76%
MXF Market Price	3.28%	21.04%	11.43%	-7.82%	1.30%	2.41%	9.40%
MXE NAV Excess Return vs. MEXBOL Index	96	-190	-622	-4	585	57	214

Cumulative to July 31, 2017	YTD	1 Year	3 Years	5 Years	10 Years	(Reinvested Dividends)	
						Since MXE Inception 8/30/90	Discount to NAV, as of July 31, 2017
MXE Common Share Market Price	29.55% <sup>1</sup>	10.20% <sup>1</sup>	-12.47% <sup>1</sup>	34.49% <sup>1</sup>	9.39% <sup>1</sup>	2464.35% <sup>2</sup>	-13.35% <sup>2</sup>
MXF Common Share Market Price	21.04%	11.43%	-22.37%	6.69%	25.15%	987.29%	-12.04%

Source: U.S. Bancorp<sup>1</sup>; Thomson<sup>2</sup>; PAM<sup>3</sup>, Bloomberg.

\*The NAV accretion that resulted from share repurchases, for the 1, 3, and 5-year period ended July 31, 2017, was 0.02, 0.04, and 0.11 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=1.73% for the semi-annual period ended January 31, 2017.

MXF's ratio of expenses to average net assets=1.88% for the semi-annual ended April 30, 2017.

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.

As of June 30, 2017	Total Annual Average U.S. Dollar Return (Reinvested Dividends)				
	1 Year	3 Years	5 Years	10 Years	Since MXE Inception in 08/30/90
MXE NAV	2.91% <sup>1</sup>	-5.12% <sup>1</sup>	5.95% <sup>1</sup>	2.11% <sup>1</sup>	12.34% <sup>2</sup>
MXE NAV (Returns in Mexican Pesos "MXN")	2.01% <sup>3</sup>	6.07% <sup>3</sup>	12.61% <sup>3</sup>	7.52% <sup>3</sup>	20.31% <sup>3</sup>
MXE Market Price	4.87% <sup>1</sup>	-5.63% <sup>1</sup>	5.94% <sup>1</sup>	1.87% <sup>1</sup>	12.68% <sup>2</sup>
MEXBOL Index	12.96%	-4.09%	-0.05%	1.27%	10.25%
MXF NAV	8.27%	-4.90%	1.40%	0.76%	8.64%
MXF Market Price	8.04%	-8.09%	1.36%	2.27%	9.29%
MXE NAV Excess Return vs. MEXBOL Index in Basis Points	-1,005	-103	600	84	209

Source: U.S. Bancorp<sup>1</sup>; Thomson<sup>2</sup>; PAM<sup>3</sup>, Bloomberg.



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MXE RELEVANT DATA

	As of July 31, 2017	As of Dec 31, 2016	As of July 31, 2016
Total Net Assets USD	\$ 100,745,261	\$ 78,104,718	\$ 91,600,438
NAV per Share USD	\$13.71	\$10.63	\$12.32
Common Share Market Price USD	\$11.88	\$9.17	\$10.78
Premium/Discount to NAV	-13.35%	-13.73%	-12.50%
MXE's Shares Repurchased	0	192,577	109,636
MXE's Preferred Shares Redeemed	0	48,535	48,535
Total Outstanding Shares	7,349,716	7,349,716	7,432,657

Source: U.S. Bancorp.

As of July 31, 2017	1 Month	Y-T-D	1 Year
MXE's Shares Repurchased	0	0	109,636

Source: U.S. Bancorp

MXE Top Ten Stock Weightings, as of July 31, 2017

Issuer	%	Industry
AMX	9.24%	Wireless Telecommunication Services
GFNORTE	6.81%	Banks
CEMEX	6.71%	Construction Materials
GMEXICO	6.19%	Metals & Mining
FEMSA	4.79%	Beverages
ALFA	4.63%	Industrial Conglomerates
AC	4.31%	Beverages
MEXCHEM	3.95%	Chemicals
LIVERPOL	3.84%	Multiline Retail
GFINBUR	3.41%	Banks

Source: U.S. Bancorp

Fund holdings and sector allocations are subject to change and are not a recommendation to buy or sell any security.

I. INTRODUCTION

At the end of July, global economic growth is estimated at 3.5% for 2017 and 3.6% in 2018, as strong manufacturing indexes show global trade and industrial production to be on track, according to the International Monetary Fund (IMF). (See Exhibit A).

In this context, the rather gloomy view of Mexican risk held by many global financial groups brightened. Macro data confirmed that the risk from external oil shocks and jitters surrounding a U.S. trade policy review had been offset by monetary policy and public spending cuts. Indeed, Mexico is one of the emerging markets that has experienced the most upward revisions to its 2017 and 2018 growth estimates as it heads into the renegotiation of the North America Free Trade Agreement (NAFTA) on August 16, 2017, underscoring our positive stance on the Mexican economy mentioned in previous monthly reports this year. Economic growth was a solid 2.6% at the end of the first quarter of 2017 (1Q'17).

The Fund's Net Asset U.S. Dollar Value per share, "NAV," 5-year total annual average U.S. Dollar return registers a 585 basis points (bps) excess return compared to the Mexican Stock Exchange Index.(See Exhibit B).

We believe that the main reasons for the Fund's -622 bps underperformance for the one-year period to July 31, 2017 are: i) Our adherence to the Fund's de-indexed investment strategy, including a maximum 10% weight in individual stocks. The Wireless Telecommunications Services and Beverages industries have the highest per stock concentrations with weights of 15% and 12%, respectively and resulted in a -291bps negative attribution; ii) Family-owned MEXBOL's Index constituents which do not comply with sound corporate governance are not included in the portfolio and resulted in approximately -150 negative attribution.

Sector Contributors

Sector Contributors as of July 31, 2017			
Sector	% One-year Contribution	% Average Weight	Benchmark's %Ow/Uw
Telecommunication Services	4.38	9.43	-74
Financials	2.91	16.32	11
Materials	1.89	17.07	-7
Consumer Staples	1.73	18.52	-52
Consumer Discretionary	0.81	13.99	42
Real Estate	0.55	2.23	-20
Utilities	0.48	3.09	45
Industrials	0.17	15.01	33

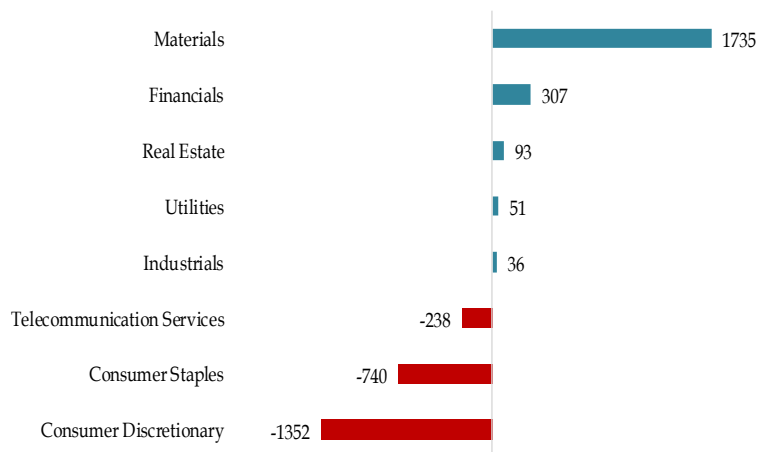
Source: PAM, Bloomberg.

Sectors Detractors

There were no sector detractors for the one-year period ended July 31, 2017.

**THE MEXICO EQUITY & INCOME FUND, INC.**

Sector Changes for the one-year period to July 31, 2017.



Source: PAM

The main exits in the portfolio were:

Issuers	% Allocation as of July 31, 2016.	% Allocation as of July 31, 2017.
Media	4.97	0
Auto Components	3.35	0
Airports	2.78	0

Source: PAM

For the year-to-date period ended July 31, 2017, the Fund's common share market price of US\$11.88 on the New York Stock Exchange increased 29.55% registering a discount of -13.35% to the Fund's NAV of US\$ 13.71, compared to a discount of -12.50% at the end of July 31, 2016.

We continue to improve our fundamental analysis and maintain disciplined stock picking based primarily on our Discounted Cash Flows (DCF), value investing models and company growth potential placing special emphasis on free cash flow, sound corporate governance and valuations with a view to providing the Fund's stockholders with long-term capital appreciation. (See Exhibit C, D & E).

**II. MXE PERFORMANCE**

The Fund's Net Asset U.S. Dollar Value per share, "NAV," registered a 11.28% return for the Fund's fiscal year ended July 31, 2017 (5.63% in local currency and a Mexican Peso appreciation of 5.35%) compared to a -6.42% return for the same period ended July 31, 2016, and a -13.15% return for the Fund's semiannual period ended January 31, 2017. The period from November 2016 to January 2017 showed the greatest volatility in the Fund's NAV for the one-year period to July 31, 2017, following a -9.45% local currency depreciation versus the U.S. Dollar in that period.

The Fund's common share market price increased 10.20% for the one-year period ended July 31, 2017, compared to a decrease of -14.78% for the one-year period ended December 2016. (Source: U.S. Bancorp).

In local currency, the return has been substantially consistent with a market rallying on better corporate quarterly financial reports, notably strong margin expansion underpinned by acquisitions and operating efficiencies in sectors such as Materials, and Utilities, due to a price recovery and higher production volumes following expansion projects in 3Q'16 through 2Q'17. (See Exhibit F).

There were no share repurchases in July. During the Fund's fiscal year ended July 31, 2017, 109,636 shares were repurchased. (Source: U.S. Bancorp).

The Fund's total net assets amounted to US\$100,745,261 as of July 31, 2017, compared to US\$91,600,438 as of July 31, 2016. (Source: U.S. Bancorp).

**III. THE MEXICAN ECONOMY**

During the Fund's fiscal year, economic growth in Mexico relied on strong private consumption supported by solid fundamentals: the jobless rate averaged 3.6%, close to its historical low, while private banking continued to expand at a double-digit rate and inflows from remittances were 7.3% higher than during the Fund's previous fiscal year.

Consumption began to slow, as annual retail sales growth dropped from an historical high of 11.6% in November 2016, to 4.1% in May 2017. This slowdown may be a result of consumer price increases, which have translated into contraction of real wages for six consecutive months.

The government's commitment to maintaining disciplined monetary and fiscal policies throughout the last 24 months of external shocks and their potential impact on public finances and the currency, has proven successful. (See Exhibit G).

The Mexican economy faces the following main challenges: i) private investment has lacked impetus, but could resume after the July 2018 presidential elections, ii) the behavior of the Mexican Peso/U.S. Dollar parity during the renegotiation of NAFTA, and iii) The persistence of a relatively high inflation rate, which is expected to converge to 3% in 2018. (See Exhibits H, I & J).

We invite you to read the long-term macro main slides included at the end of Fund's Annual Stockholders Letter.

**IV. THE MXE'S INVESTMENT STRATEGY**

During the Fund's fiscal year ended July 31, 2017, our decision-making continued to be supported by our



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quarterly fundamental analysis, making discounted free cash flow valuation and discount to net asset value, the key elements in our stock picking.

The largest sector allocation is Materials with an approximately over 20% allocation primarily due to high utilization rates that have allowed for a significant price recovery in the case of Construction Materials, while Metals & Mining has been driven by strong increases in industrial metal prices and low-cost production. (See our June 2017 Monthly Report).

The second largest sector allocation is Consumer Staples, as consumption has been resilient and we expect this trend to continue going forward, mainly driven by GDP growth, remittances, and job creation. Our underweight allocation in Consumer Staples is mainly due to MEXBOL Index constituent in the Beverages industry with a 12% weight due to its valuation and limited upside potential according to our DCF model.

The third largest sector allocation is Financials, driven by credit growth and stable credit quality, reflecting positive macro variables, such as lower unemployment rate. Hence, Mexican Financials are expected to post higher Net Interest Margins.

The MXE portfolio, excluding Financials, registered 10.6% revenue growth and 9.9% EBITDA, for the 2Q'17.

**VI. FINAL REMARKS**

We believe that positive sentiment in financial markets is likely to continue during the second half of the year albeit with several risks to the downside, mainly the uptrend in inflation, which has resulted in a contraction of real wages and it may begin to weigh on consumption. While concerns over the renegotiation of NAFTA appear to have subsided, the unpredictability of the U.S. administration remains a source of concern. We continue committed to deliver a competitive long-term capital appreciation and enhance our fundamental analysis and companies valuation models.

We include in the Fund's web page and in our pam@paminversion.com web page updated long-term and weekly macro reports, as well as the Fund's monthly reports.

We thank you for confidence to our independent portfolio management service and would be happy to meet with you to present our equities investment thesis which will be included in the Fund's Annual Stockholders Letter.

Sincerely yours,

*Eugenia Pichardo and Jose Luis Ramirez*  
*Equity Portfolio Managers*  
*Arnulfo Rodriguez*

**Debt Portfolio Manager**

*The information contained herein reflects the opinion of Pichardo Asset Management and as such does not constitute fundamental research, neither should it be construed as a solicitation of business or a buy/sell recommendation with regard to any of the securities mentioned. Furthermore, it is subject to change without prior warning and estimates cannot be guaranteed. Past returns do not guarantee future earnings.*

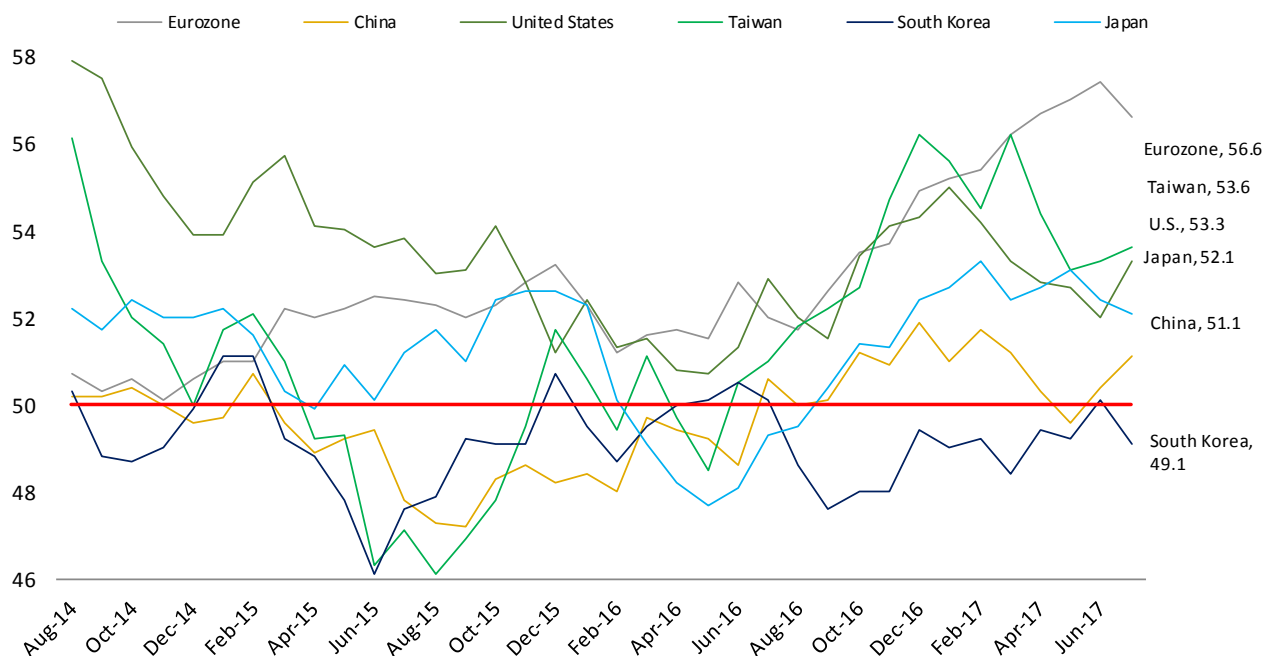
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THE MEXICO EQUITY & INCOME FUND, INC.

Exhibit A

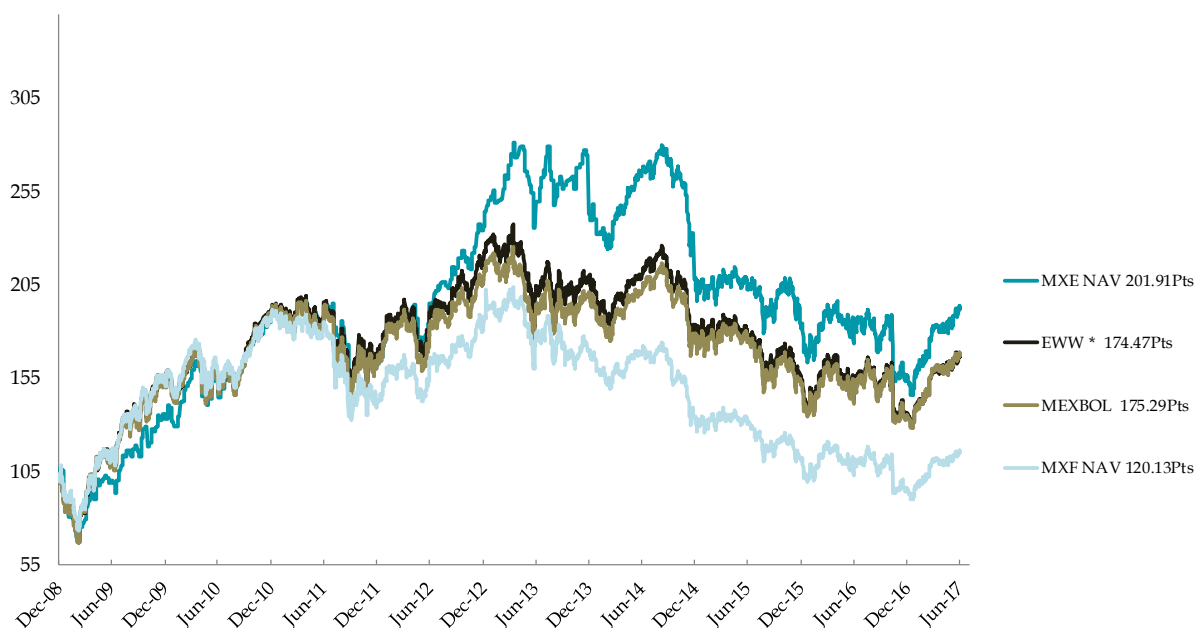
**Manufacturing PMI's  
The Economist Sample  
(As of July 31, 2017)**



Source: "The World Economy Is Picking up." The Economist. N.p., 18 Mar. 2017, Bloomberg

Exhibit B

**Comparative U.S. Dollar Return: MXE, Indexes, Comparable Fund  
(Base 100)  
(12/31/2008 - 07/31/2017)**

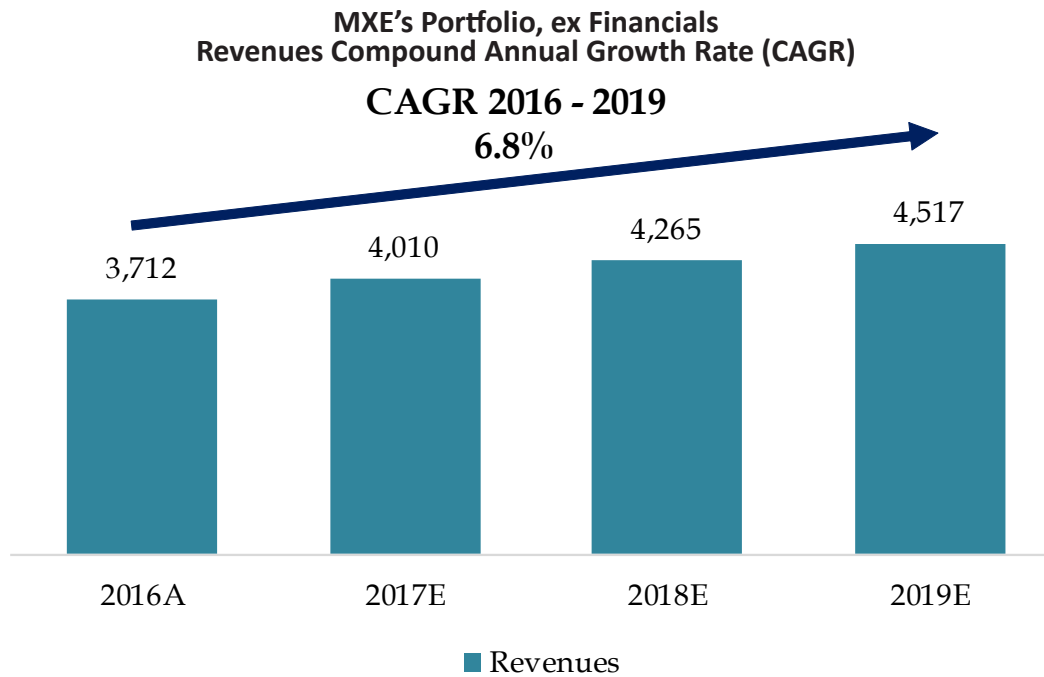


Source: PAM, Bloomberg



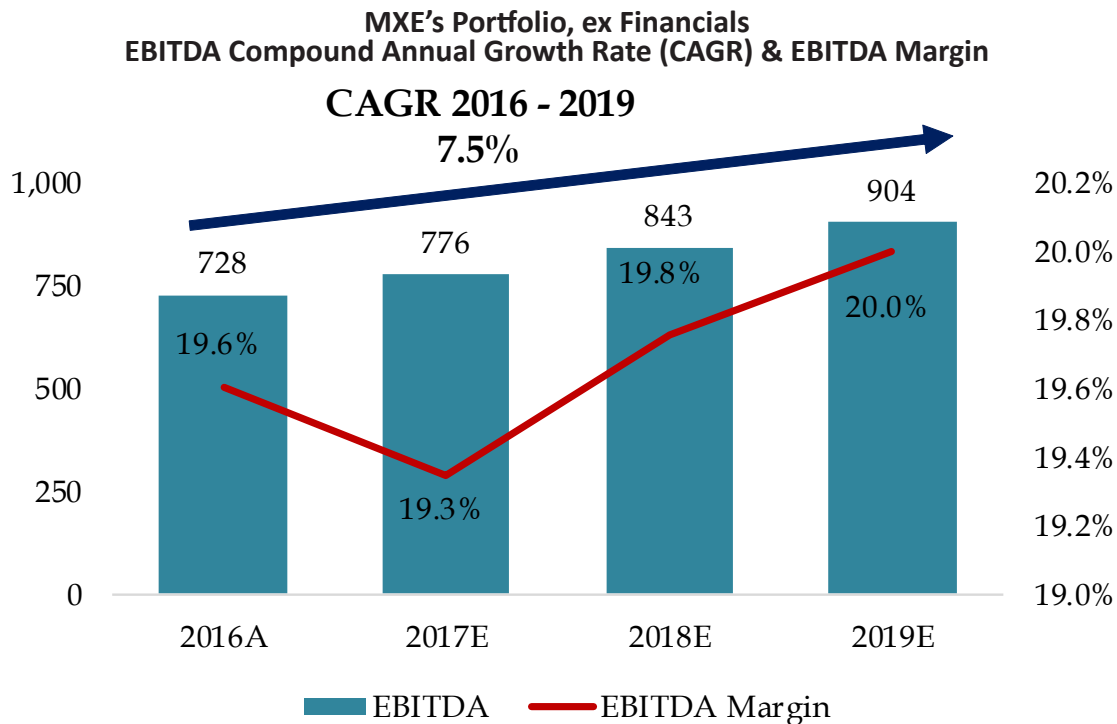
**THE MEXICO EQUITY & INCOME FUND, INC.**

**Exhibit C**



Source: PAM, Bloomberg

**Exhibit D**



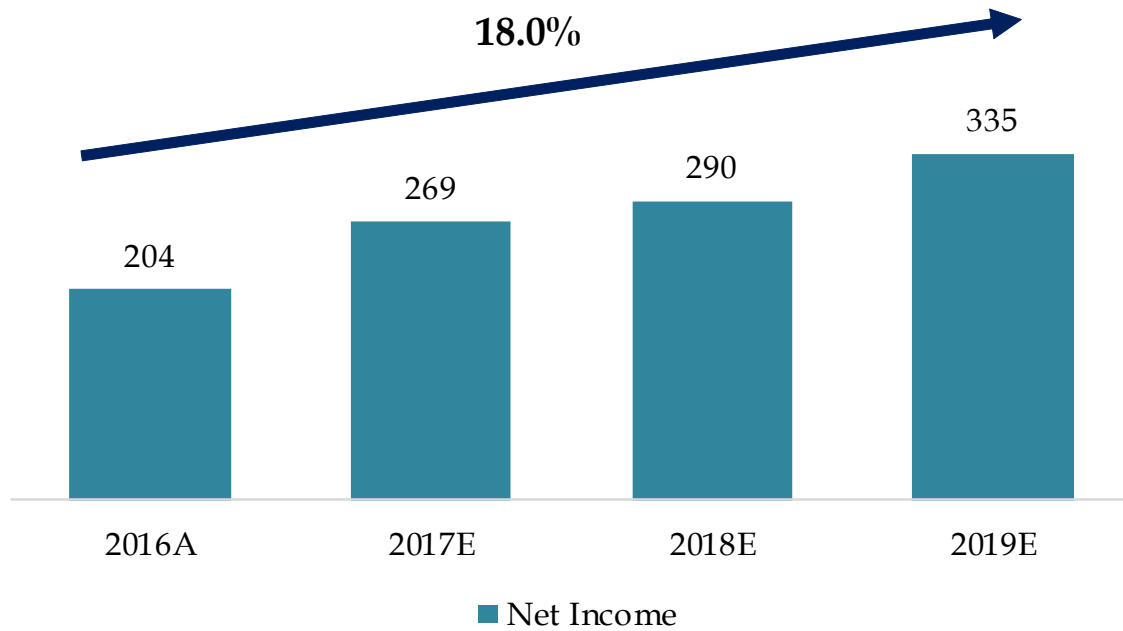
Source: PAM, Bloomberg

THE MEXICO EQUITY & INCOME FUND, INC.

Exhibit E

MXE's Portfolio, ex Financials  
Net Income Compound Annual Growth Rate (CAGR)

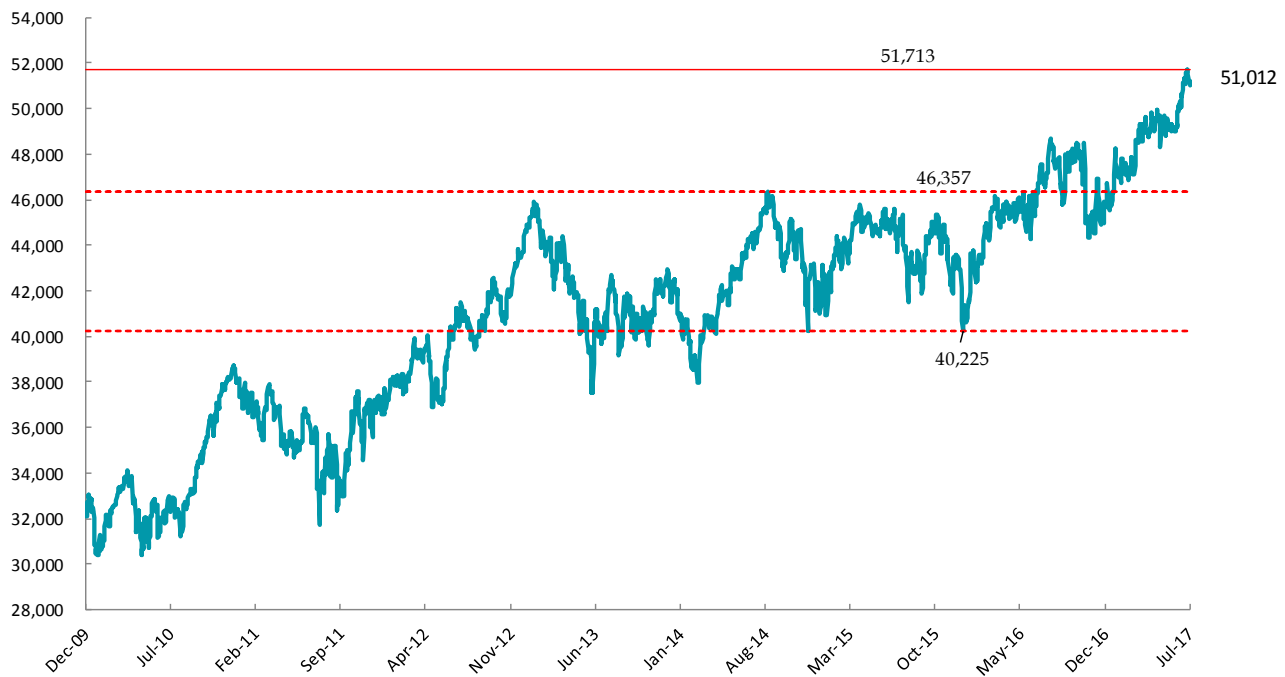
CAGR 2016 - 2019  
18.0%



Source: PAM, Bloomberg.

Exhibit F

Mexican Stock Exchange Index  
(As of July 31, 2017)

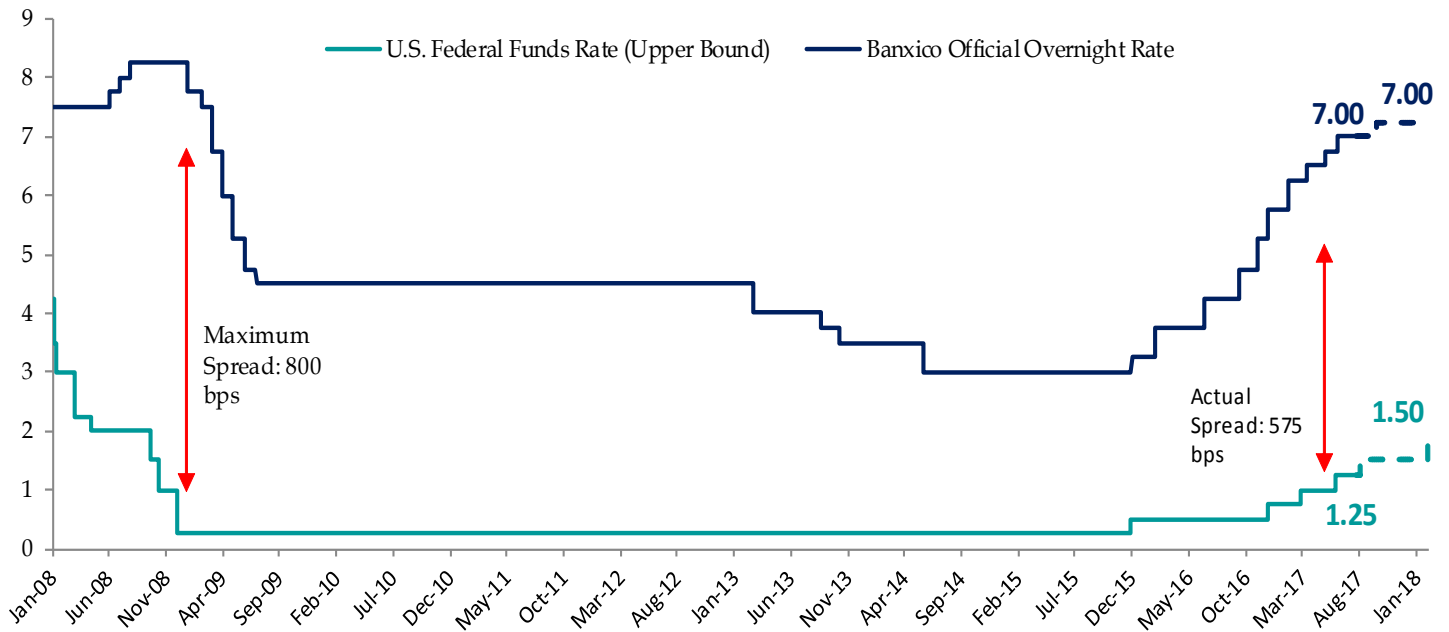


Source: PAM, Bloomberg.

THE MEXICO EQUITY & INCOME FUND, INC.

Exhibit G

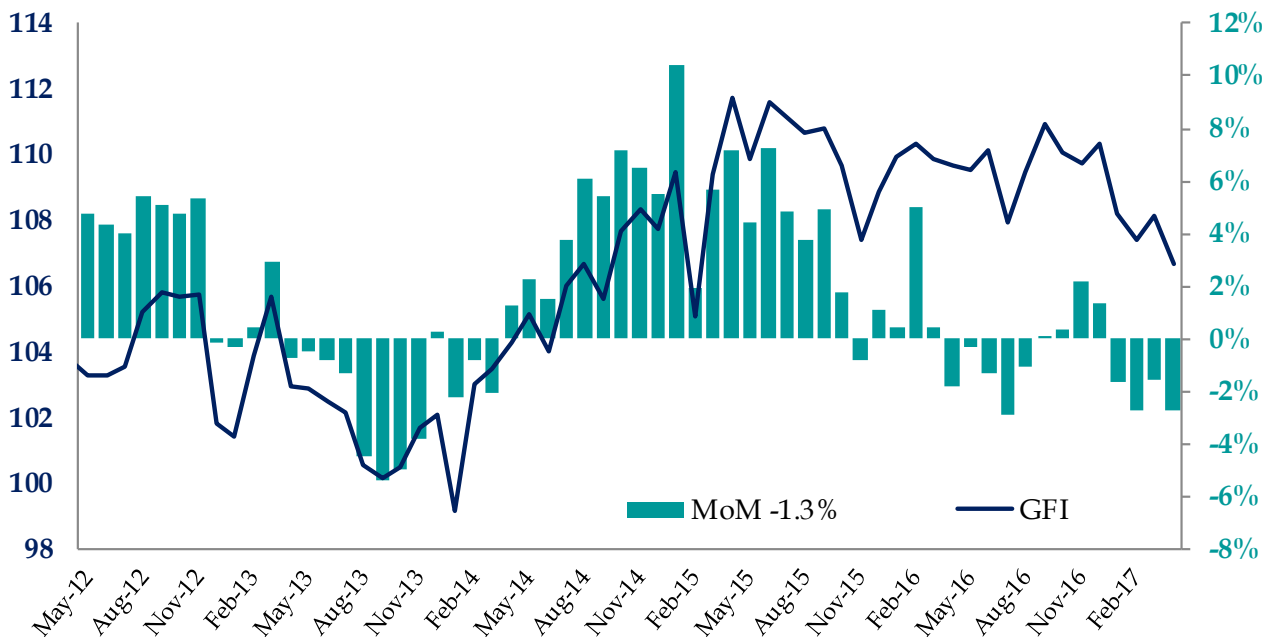
BANXICO and U.S. Federal Reserve Reference Rates



Source: Bloomberg, Banxico Survey of Expectations.

Exhibit H

Gross Fixed Investment  
(As of July 31, 2017)



Source: INEGI



THE MEXICO EQUITY & INCOME FUND, INC.

Exhibit I

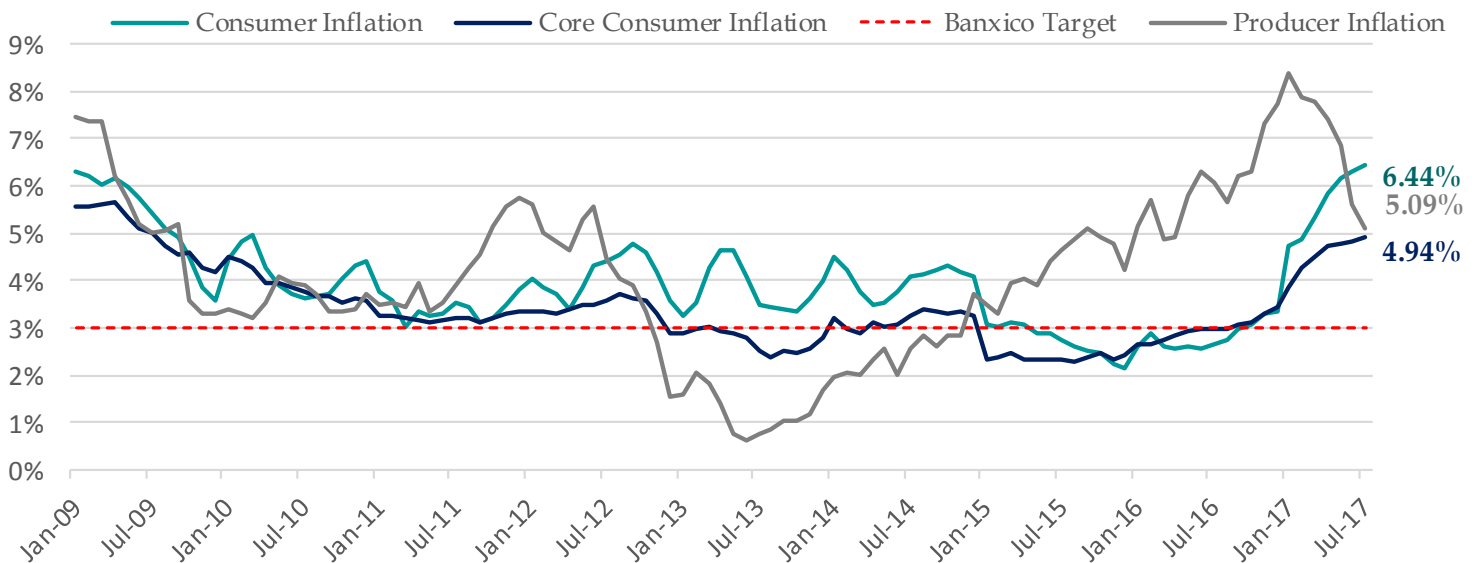
MXN/USD Spot Exchange Rate  
(As of July 31, 2017)



Source:PAM, Bloomberg

Exhibit J

Inflation  
(YoY % Change)



Source:PAM, Bloomberg

## THE MEXICO EQUITY & INCOME FUND, INC.

### DISCLOSURES

To read about the Mexico Equity and Income Fund please access the Annual Report by calling (414) 765-4255 to receive a copy. To read about the Mexico Fund, Inc. please access the Annual Report on the phone's website [www.mexicofund.com](http://www.mexicofund.com), under the section caption 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.

**All investments involve risk. Principal loss is possible. Investing internationally involves additional risks such as currency fluctuations, currency devaluations, price volatility, social and economic instability, differing securities regulation and accounting standards, limited publicly available information, changes in taxation, periods of illiquidity and other factors. These risks are greater in the emerging markets. Stocks of small-and-mid-capitalization companies involve greater volatility and less liquidity than larger-capitalization companies.**

#### Considerations and risks involved in investing in Mexican securities

1. Market volatility in a global context.
2. The Mexican economy continues to be classified as an emerging economy. Mexican industrial production is highly correlated to that of the U.S.
3. Mandatory IFRS (International Financial Reporting Standards) accounting since the year 2011. All Mexican companies reporting IFRS in 2012 with 2011 financials adjusted accordingly (Source: Mexican Stock Exchange).
4. The portfolio securities are denominated in Mexican pesos. As a result, the portfolio return in U.S. Dollars securities 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.
5. Mexico has experienced widespread bank failures, currency devaluations, high levels of inflation and interest rates. Nevertheless, inflation has been contained at below 4% as of December 31, 2013, for more than a decade and interest rates are currently at all-time lows (2.92% 3 month Treasury Bills "CETES") (Source: Bloomberg)
6. There is generally less governmental supervision and regulation of exchanges, brokers and issuers in Mexico than there is in the United States.
7. U.S. holders of portfolio securities may also experience difficulties enforcing U.S. laws or obtaining service of process against the issuers of the portfolio securities.

#### 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: 1.74% (For the annual period ended October 31, 2016)
3. Portfolio Turnover rate: 19% (For the year ended October 31, 2016)
4. Outstanding shares: 15,027,810 (As of October 31, 2016)
5. Repurchase of stocks: US \$32,736 (For the annual period ended October 31, 2016)
6. Total net assets: US \$279,019,795 (As of October 31, 2016)
7. Dividends distribution of 0.1415 per share payable in cash on January 17, 2017. (For the annual period ended October 31, 2016)
8. Tax Status: No provision has been made for U.S. income or excise taxes for the year ended October 31, 2015 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.

GAAP prescribes the minimum recognition threshold a tax position must meet before being recognized in the financial statements. An assessment of the Fund's tax positions has been made and it has been determined that there is no impact to the Fund's financial statements.

**Diversification does not ensure profit or protect against losses in a declining market.**

**Earnings growth is not representative of the Fund's future performance.**

## THE MEXICO EQUITY & INCOME FUND, INC.

### ECONOMIC DATA

- **Gross Domestic Product (GDP):** According to INEGI, the demand side of GDP grew 3.0% in 2Q'17 compared to the previous year. By components, primary activities increased by 1.0%, secondary activities 0.6%, and tertiary activities 4.1%.
- **Economic Activity Index.** According to INEGI, economic activity (IGAE, a Gross Domestic Product proxy) increased by 0.2% month over month (m/m) in May. In seasonally-adjusted terms, primary activities increased by 0.3%, secondary activities by 0.1% and tertiary activities by 3.5%.
- **Industrial Activity.** In **June**, industrial production increased by 0.1% m/m. Seasonally-adjusted data showed that mining was down 7.6% and utilities 0.9%; construction showed no variation and manufacturing activities increased by 2.7%.
- **Gross Fixed Investment.** In **May**, gross fixed investment (GFI) increased by 2.9%, m/m. Expenses related to construction increased by 1.9% and those related to machinery and equipment by 2.5%, m/m. GFI posted a 1.1% increase y/y.
- **Trade Balance.** The **June** trade balance registered a US\$61.5 million surplus. Total exports increased by 11.5% y/y, driven by advances in oil and non-oil exports. Imports increased by 9.5% y/y driven by a 19.6% jump in non-oil imports.
- **Mexican Oil Mix.** As of the end of **July**, the price of the Mexican oil mix was USD\$46.80 per barrel, translating into a 9.7% monthly increase and an 14.9% decrease in one year.
- **Retail Sales.** Retail increased 3.4% in **May** compared to the same month of 2016. Retail sales decreased 0.1% in relation to the previous month.
- **Unemployment.** The **June** unemployment rate came in at a seasonally-adjusted 3.3%, lower than the previous month. By gender, male unemployment was 3.3% while unemployment in women was 3.3%
- **Monetary Policy.** On August 10, 2017, Banco de Mexico left its benchmark interest rate unchanged at 7.00%.
- **Inflation.** The **July** Consumer Price Index (CPI) increased by +0.38% month-over-month. Annual headline inflation came in at 6.44% and core inflation 4.94%.
- **Public Finances:**
  - o During the first half of 2017, the government reported a fiscal surplus (including Pemex and the Federal Electricity Commission) of MXN \$142 billion, which compares favorably to the MXN \$117 billion deficit observed in the first half of 2016. During the first half of 2017, income increased by 13.5% y/y taking into account Banxico's transfer. During the same period, expenses increased by 2.7% y/y.
  - o At the end of the second quarter of 2017, the Public Sector's Financial Requirements showed a surplus that represented 1.3% of GDP, which compares favorably to the 0.3% GDP deficit in the second quarter of 2016. The Ministry of Finance expects to lower debt from 50.2% of GDP at the end of 2016 to 48.0 by the end of 2017.
- *Source: SHCP, BANXICO, INEGI.*

THE MEXICO EQUITY & INCOME FUND, INC.

ECONOMIC PROJECTIONS

Economic Projections	2012	2013	2014	2015	2016
<b>National Accounts</b>					
Real GDP growth (y/y)	3.9%	1.4%	2.3%	2.5%	2.3%
GDP (US \$bn.)	1.184	1.261	1.288	1.139	1.157
Consumption (Chg. y/y)	4.7%	2.5%	2.0%	3.3%	3.4%
Investment (Chg. y/y)	4.6%	-1.6%	2.3%	4.5%	0.4%
Exports (Chg. y/y)	5.9%	2.2%	7.3%	9.4%	-1.8%
Imports (Chg. y/y)	5.4%	2.5%	5.7%	6.1%	-2.0%
<b>Monetary and Exchange Rate Ind.</b>					
CPI Inflation (year-end)	3.6%	3.9%	4.1%	2.1%	3.36%
US\$ Exchange Rate (year-end)	13.0	13.1	14.7	17.2	20.7
28Day Cetes Int. Rate (year-end)	4.50%	3.50%	3.00%	3.25%	5.69%
<b>Balance of Payments</b>					
Trade Balance (US\$ bn.)	0.2	-1.2	-2.8	-14.5	-13.1
Exports (US\$ bn.)	370.7	380.2	397.5	380.8	373.9
Imports (US\$ bn.)	370.8	381.2	400.0	395.2	387.06
Transfers (US\$ bn.)	22.4	22.3	23.6	24.8	26.7
Current Account (US\$ bn.)	-15.4	-26.5	-24.8	-32.4	-27.9
Foreign Direct Inv. (US\$ bn.)	19.0	45.7	25.6	28.4	26.7
<b>Debt Profile</b>					
International Reserves (US\$ bn.)	163.5	176.5	193.2	176.7	176.5
Public Debt (gross % of GDP)	34.5%	36.9%	41.0%	42.5%	49.0%
External Debt (gross % of GDP)	9.8%	10.2%	11.9%	19.7%	15.5%

Source: SHCP, BANXICO, INEGI, Santander.

The projections on this page are based on industry estimates and are no guarantee of future outcomes.

\* World Bank's estimated GDP growth for Mexico; published on the Global Economic Prospects dated June 2016.

## THE MEXICO EQUITY & INCOME FUND, INC.

### DEFINITIONS

- **BANXICO:** Banco de Mexico is the Central Bank of Mexico.
- **Basis points:** One basis point (bps) is one hundredth of a percentage point (0.01%).
- **Cash Flow:** the net amount of cash and cash-equivalents moving into and out of a business.
- **Consumer Price Index (CPI):** 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 pre-determined basket of goods and averaging them.
- **Correlation:** a relation existing between phenomena or things or between mathematical or statistical variables which tend to vary, be associated, or occur together in a way not expected on the basis of chance alone
- **DCF:** Discounted Cash Flow DCF analysis uses future free cash flow (FCF) projections and discounts them to estimate the present value, which is then used to evaluate the investment potential.
- **EBITDA:** Earnings before interests, depreciation and amortization.
- **EV/EBITDA:** The value of the metric is determined by dividing a company's enterprise value (EV) by its earnings before interest, taxes, depreciation and amortization (EBITDA). The numerator of the formula, the EV, is calculated as the company's total market capitalization and preferred shares and debt, minus total cash.
- **Federal Reserve (FED):** U.S. Central Bank, bank of the U.S. government and, as such, it regulates the nation's financial institutions.
- **Free Cash Flow (FCF):** is a measure of a company's financial performance, calculated as operating cash flow minus capital expenditures.
- **GDP:** Gross Domestic Product proxy. The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.
- **IMF:** is an international organization created for the purpose of standardizing global financial relations and exchange rates.
- **INEGI:** Mexican National Institute of Statistics and Geography.
- **MBonds:** Mexican Sovereign Bonds.
- **MEXBOL-Mexican Stock Exchange:** The Mexican Bolsa Index, or the IPyC (Indice de Precios y Cotizaciones), is a capitalization-weighted index of the leading stocks traded on the Mexican Stock Exchange. The index was developed with a base level of 0.78 on October 30, 1978.
- **Mexbol-Total Return Index:** The Mexican Bolsa index calculates the performance of constituents assuming that all dividends and distributions are reinvested.
- **NAFTA:** (North American Free Trade Agreement): A regulation implemented January 1, 1994 in Mexico, Canada and the United States to eliminate most tariffs on trade between these nations. The three countries phased out numerous tariffs, (with a focus on those related to agriculture, textiles and automobiles), between the agreement's implementation and January 1, 2008. NAFTA's purpose is to encourage economic activity between the United States, Mexico and Canada.
- **The Net Asset Value per Share (NAV)** is calculated as the total market value of all the securities and other assets held by a fund minus the total liabilities, divided by the total number of common shares outstanding. The NAV of an investment company will fluctuate with changes in the market prices of the underlying securities. However, the market price of a closed-end fund is determined in the open market by buyers and sellers. This public market price is the price at which investors may purchase or sell shares of a closed-end fund. The market price of a closed-end fund fluctuates throughout the day and may differ from its underlying NAV, based on the supply and demand for a fund's shares on the open market. Shares of a closed-end fund may trade at a premium to (higher than) or a discount to (lower than) NAV. The difference between the market price and the NAV is expressed as a percentage that is either a discount or a premium to the NAV, or underlying value.
- **Net Interest Margins:** a performance metric that examines how successful a firm's investment decisions are compared to its debt situations.
- **P/E Ratio:** The price-earnings ratio (P/E Ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings.
- **Purchasing Managers' Index (PMI):** an indicator of the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.
- **Risk Free Rate of Return:** is the theoretical rate of return of an investment with zero risk.
- **Spot Exchange Rate:** is the price to exchange one currency for another for immediate delivery.
- **Spread:** The difference between two related interest rates.