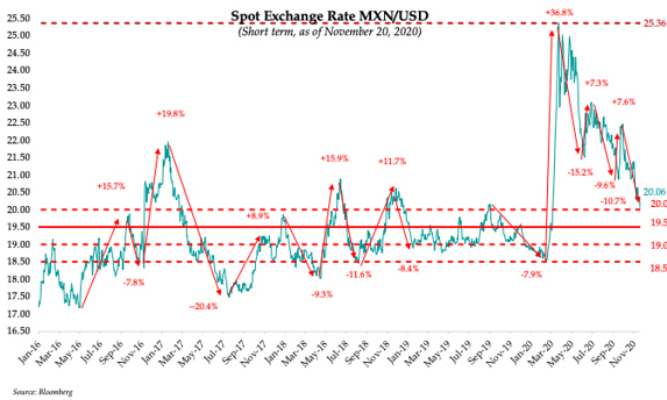


**Remarkable Mexbol Performance**

**Exchange Rate**

The spot exchange rate closed November 20th operations at MX\$20.10 per dollar and continued with the appreciation trend that began on November 3rd. The Mexican peso accumulates a 4.76% advance, decreasing the Year-to-Date ("YTD") depreciation to (-)6.10%, and has benefited due to some recent factors:

1. Fitch Ratings ratified Mexico's credit rating as "BBB-", with a stable outlook, which indicates that the rating remains in the investment grade category.
2. The Government of Mexico announced the renewal of the flexible credit line of the International Monetary Fund (IMF), amounting to US\$61 billion. The above marks the suspension of the reductions that the government had been requesting for the last four years, indicating caution in the current uncertain panorama. In the previous renewal of the line in 2019, the IMF said that the government intended to use the revision to cut the line by 20% down to US\$50.7 billion, conditional on a reduction in external risks.

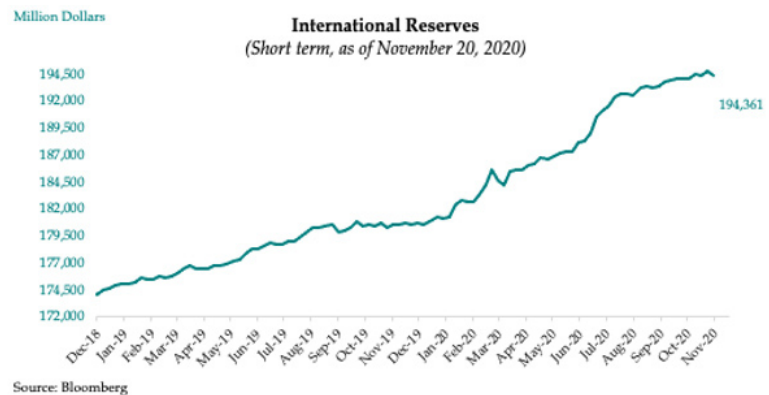


In December 2019, international reserves amounted to US\$180.74 billion, therefore in eleven months, Banxico accumulated US\$13.62 billion, a 7.53% increase or a US\$1.23 billion per month average. Noteworthy, investments made using international reserves must have the following characteristics:

1. They must be invested in financial instruments of the highest credit quality.
2. That type of assets in which they are invested must be liquid.
3. The investments should not be linked to Mexico's country risk.

International reserves cannot be considered resources available to finance government spending or reduce government debt. In this regard, journalistic versions have indicated that at June's meeting of Pemex Board of Directors, there was a proposal to study the possibility of Banxico investing US\$31 billion of international reserves in Pemex debt bonds.

The news is worrying since it displays a lack of knowledge of the international reserves' purpose by senior officials of the current federal administration. It would also send an adverse signal that could unleash a speculative attack against the Mexican peso. In this regard, one of the members of Banxico's Governing Board, the deputy governor, Gerardo Esquivel, pointed out that using the reserves to purchase Pemex debt is neither legal nor viable following articles 19 and 20 of the Law of the Bank of Mexico.



**Mexican Stock Exchange**

Mexbol has gained 13.65% in pesos and 20.19% in dollars since October 30th, reducing the YTD decline to only (-)2.19% in pesos and (-)8.15% in US Dollars driven by:

1. The recovery of the market value of companies that were lagging their US peers. Mexbol's forward price/earnings (PE) multiple stands at 15.6x; in contrast, the P/E of the S&P is at 21.8x, the Dow Jones' at 20.5x, and Nasdaq's at 31.2x.
2. As previously mentioned, the ratification of Mexico's sovereign debt grade by Fitch Ratings generates certainty around the peso-dollar exchange rate. The above allows foreign investors to acquire positions in Mexbol with greater confidence in the stability of the exchange rate.
3. The optimism prompted by Biden's electoral victory and the recent progress of the laboratories producing COVID-19 vaccines continues. The above has allowed a reconfiguration of the portfolios benefiting the Mexican index, among other riskier assets.

**Economic Indicators**

**International Reserves**

Banxico announced that, as of November 13, international reserves amounted to US\$194.36 billion. In addition to this substantial amount, Mexico's government also announced that it renewed the flexible credit line granted by the International Monetary Fund (IMF) for US\$61 billion. Therefore, Mexico has a US\$251 billion capacity to answer to macroeconomic and financial shocks.



WEEKLY ECONOMIC REPORT

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**Definitions**

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

**Basis points (bps):** Refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001.

**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.

**COVID-19:** The disease caused by the coronavirus, a family of viruses that were discovered in the 60s but whose origin is still unknown. Its different types cause different diseases, from a cold to a severe respiratory syndrome.

**Fitch Ratings:** A leading provider of credit ratings, commentary and research. Offers global perspectives shaped by strong local market experience and credit market expertise.

**Forward PE Ratio:** The regular P/E ratio is a current stock price over its earnings per share. The forward P/E ratio is a current stock's price over its "predicted" earnings per share. If the forward P/E ratio is higher than the current P/E ratio, it indicates decreased expected earnings.

**The International Monetary Fund (IMF):** is an international organization, headquartered in Washington, D.C., consisting of 190 countries working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world while periodically depending on the World Bank for its resources.

**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.

**International reserves** (or reserve assets in the balance of payments) are those external assets that are readily available to and controlled by a country's monetary authorities.

**Spot Exchange Rate:** Is the current price level in the market to directly exchange one currency for another, for delivery on the earliest possible value date.

**The National Institute of Statistics and Geography (INEGI):** Is a public body with technical and managerial autonomy, its own legal personality and assets, responsible for regulating and coordinating the National System of Statistical and Geographic Information.

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**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**

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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