



## 2Q19 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.

## FUND INFORMATION (as of 06/30/19)

| MXE Market Data                         | As of June 30 2019        | As of June 30, 2018       |
|---|---------------------------|---------------------------|
| U.S. Dollar Net Asset Value per Share   | \$11.59 <sup>1</sup>      | \$11.99 <sup>1</sup>      |
| Common Share Market Price in USD        | \$11.10 <sup>1</sup>      | \$10.33 <sup>1</sup>      |
| Premium/Discount to NAV (%)             | -4.23% <sup>1</sup>       | -13.84% <sup>1</sup>      |
| Total Net Assets (USD)*                 | \$59,951,713 <sup>1</sup> | \$83,580,383 <sup>1</sup> |
| Outstanding Shares*                     | 5,171,598 <sup>1</sup>    | 6,971,242 <sup>1</sup>    |
| One Year Share Repurchases*             | 1,791,785 <sup>1</sup>    | 386,333 <sup>1</sup>      |
| Equity % Weight                         | 96.32% <sup>2</sup>       | 96.40% <sup>2</sup>       |
| Private Equity % Weight                 | 2.74% <sup>2</sup>        | 1.78% <sup>2</sup>        |
| Mexican Treasury Certificates, T-bills  | 0.0%                      | 0.04%                     |
| Mexican Government Bonds in MXN         | 0.0% <sup>2</sup>         | 0.0% <sup>2</sup>         |
| Mexican Saving Protection bonds         | 0.70% <sup>2</sup>        | 0.0% <sup>2</sup>         |
| Morgan Stanley Liquidity Funds in USD   | 0.19% <sup>2</sup>        | 1.03% <sup>2</sup>        |
| Scotia Gubernamental Mutual Fund in MXN | 0.05% <sup>2</sup>        | 0.75% <sup>2</sup>        |
| Total                                   | 100%                      | 100%                      |

Source: US Bancorp<sup>1</sup> & PAM<sup>2</sup>.

\* Includes tender offer of 1,723,866 shares of common stock at a cost of US \$19,962,368 conducted in Feb.2019

## PICHARDO ASSET MANAGEMENT, PAM'S INVESTMENT PHILOSOPHY

Investment Philosophy seeks High-Quality Growth, and Special Situations Investments, understood -undervalued stocks mainly in the universe of the Mexican Stock Exchange through a bottom-up approach and a de-indexed strategy.

## FUND'S PORTFOLIO HOLDINGS BY SECTORS

|                        |        |  |       |
|------------------------|--------|--|-------|
| Consumer Staples       | 23.54% | Consumer Discretionary                       | 6.53% |
| Financials             | 20.17% | Private Equity                               | 2.74% |
| Materials              | 16.94% | Mexican Bonos de Protección al Ahorro        | 0.70% |
| Communication Services | 13.12% | Morgan Stanley Institutional Liquidity Funds | 0.19% |
| Real State             | 8.57%  | Cash & readily available instruments         | 0.05% |
| Industrials            | 7.45%  |  |       |

Source: PAM

## FUND'S PERFORMANCE

| Fund  | Total Annual Average US Dollar Return through June 30, 2019<br>(dividends reinvested) |                     |                     |                     |                      |                      |                            |
|---|---|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------------|
|   | 1 Month   | Y-T-D               | 1 Year              | 3 Years             | 5 Years              | 10 Years             | Since Inception in 8/30/90 |
| MXE NAV   | 3.39% <sup>1</sup>  | 3.76% <sup>1</sup>  | -3.33% <sup>1</sup> | -2.90% <sup>1</sup> | -5.34% <sup>1</sup>  | 8.75% <sup>1</sup>   | 11.08% <sup>2</sup>        |
| MXE NAV (Return in Mexican Pesos "MXN")               | 1.25% <sup>3</sup>  | 1.34% <sup>3</sup>  | -6.57% <sup>3</sup> | -1.31% <sup>3</sup> | 2.37% <sup>3</sup>   | 12.91% <sup>3</sup>  | 18.63% <sup>3</sup>        |
| MXE Market Price                                      | 8.50% <sup>1</sup>  | 10.23% <sup>1</sup> | 7.47% <sup>1</sup>  | 0.80% <sup>1</sup>  | -3.88% <sup>1</sup>  | 10.53% <sup>1</sup>  | 11.76% <sup>2</sup>        |
| MXN Appreciation/Depreciation vs 1 USD                | 2.11% <sup>3</sup>  | 2.39% <sup>3</sup>  | 3.47% <sup>3</sup>  | -1.61% <sup>3</sup> | -7.53% <sup>3</sup>  | -3.69% <sup>3</sup>  | -6.36% <sup>3</sup>        |
| MEXBOL Index  | 4.17%   | 8.30%               | -3.69%              | -1.07%              | -5.57%               | 3.71%                | 8.74%                      |
| MXF NAV   | 3.36%   | 5.33%               | -5.82%              | -2.04%              | -5.68%               | 5.81%                | 7.52%                      |
| MXF Market Price                                      | 3.70%   | 7.40%               | -3.62%              | -2.02%              | -7.57%               | 6.24%                | 8.14%                      |
| MXE NAV Excess Return vs. Mexbol Index (basis points) | -78   | -454                | 36                  | -183                | 23                   | 504                  | 234                        |
|   | Cumulative to June 30, 2019   | Y-T-D               | 1 Year              | 3 Years             | 5 Years              | 10 Years             | Since Inception in 8/30/90 |
| MXE Common Share Market Price                         |   | 10.23% <sup>1</sup> | 7.47% <sup>1</sup>  | 2.41% <sup>1</sup>  | -17.94% <sup>1</sup> | 172.11% <sup>1</sup> | 2366.47% <sup>1</sup>      |
| MXF Common Share Market Price                         |   | 7.40%               | -3.62%              | -5.94%              | -32.54%              | 83.17%               | 853.71%                    |
|   |   |                     |                     |                     |                      |                      | Discount to NAV            |
|   |   |                     |                     |                     |                      |                      | -4.23%                     |
|   |   |                     |                     |                     |                      |                      | -12.53%                    |

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

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 June 30, 2019 was 0.08, 0.14 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.



## 2Q19 Investment Advisor Report

### INTRODUCTION

PAM forecasts a 1.2% GDP growth in 2019, following a -0.2% quarter-over-quarter decrease in 1Q'19, which confirms a decelerating economy. Recent political developments such as the resignation of the Ministry of Finance, and adverse economic indicators, increase the fears of a technical recession -defined as two consecutive quarters with negative growth. However, the fiscal discipline that the government has exhibited through its firm commitment of achieving a 1% of the GDP fiscal surplus, the positive external accounts, and the stability of the exchange rate, counteract the real sector figures.

Mexico's external accounts have been remarkably positive. Until May, the trade balance accumulates a US\$ 584 million surplus –positive when compared to last year's US\$3.6 billion deficit. Remittances amounted to an all-time high of US\$13.7 billion at end-May (US\$35 billion estimated for the full 2019 year). These two-figures completely offset the US\$5.63 deficit of the current account in 1Q'19, and so does the prudent forecasts for the end of the year. Besides, in May, Mexico continued being United States' first commercial partner with 14.9% of the total US trade done with Mexican companies. The above represents a year-to-date surplus of US\$40.4 billion, almost half of the 2018 surplus.

|                      | 2018    |            |               | 2019 YTD |            |               | May-19 |            |               |
|----------------------|---------|------------|---------------|----------|------------|---------------|--------|------------|---------------|
|                      | Value   | % of Total | Annual Change | Value    | % of Total | Annual Change | Value  | % of Total | Annual Change |
| <b>Exports</b>       |         |            |               |          |            |               |        |            |               |
| Total Exports        | 450,685 | 100.0%     | 10.1%         | 189,324  | 100.0%     | 4.2%          | 41,825 | 100%       | 6.7%          |
| Oil                  | 30,601  | 6.8%       | 28.98%        | 11,884   | 6.3%       | -7.3%         | 2,632  | 6.3%       | -6.9%         |
| Crude Oil            | 26,512  | 5.9%       | 32.25%        | 10,398   | 5.5%       | -5.3%         | 2,314  | 5.5%       | -2.6%         |
| Others               | 4,089   | 0.9%       | 11.18%        | 1,486    | 0.8%       | -19.2%        | 317    | 0.8%       | -29.7%        |
| Non-Oil              | 420,083 | 93.2%      | 8.91%         | 177,441  | 93.7%      | 5.1%          | 39,194 | 93.7%      | 7.7%          |
| Agricultural         | 16,508  | 3.7%       | 3.17%         | 8,401    | 4.4%       | 4.1%          | 1,832  | 3.9%       | 2.7%          |
| Mining               | 6,232   | 1.4%       | 14.83%        | 2,517    | 1.3%       | -8.5%         | 587    | 1.4%       | 7.5%          |
| Manufacturing        | 397,344 | 88.2%      | 9.08%         | 166,522  | 88.0%      | 5.4%          | 36,975 | 88.4%      | 8.0%          |
| Automotive Industry  | 142,178 | 31.5%      | 12.24%        | 59,994   | 31.7%      | 6.6%          | 13,162 | 31.5%      | 16.0%         |
| Others               | 255,165 | 56.6%      | 7.39%         | 106,528  | 56.3%      | 4.7%          | 23,813 | 56.9%      | 4.0%          |
| <b>Imports</b>       |         |            |               |          |            |               |        |            |               |
| Total Imports        | 464,302 | 100.0%     | 10.4%         | 188,740  | 100%       | 1.9%          | 40,795 | 100%       | 0.1%          |
| Oil                  | 53,762  | 11.6%      | 28.4%         | 20,638   | 10.9%      | -0.8%         | 4,566  | 11.2%      | 2.4%          |
| Non-Oil              | 410,541 | 88.4%      | 7.9%          | 168,102  | 89.1%      | 2.2%          | 36,228 | 88.8%      | -0.2%         |
| Consumption Goods    | 43,616  | 9.4%       | 3.1%          | 17,175   | 9.1%       | -0.9%         | 3,576  | 8.8%       | -2.2%         |
| Intermediate Goods   | 321,037 | 69.1%      | 8.8%          | 133,430  | 70.7%      | 3.3%          | 28,974 | 71.0%      | 0.4%          |
| Capital Goods        | 45,887  | 9.9%       | 11.9%         | 17,498   | 9.3%       | -2.5%         | 3,679  | 9.0%       | -3.0%         |
| <b>Trade Balance</b> |         |            |               |          |            |               |        |            |               |
| Trade Balance        | -13,618 |            | -17.1%        | 584      |            | 116.4%        | 1,031  |            | 41.9%         |

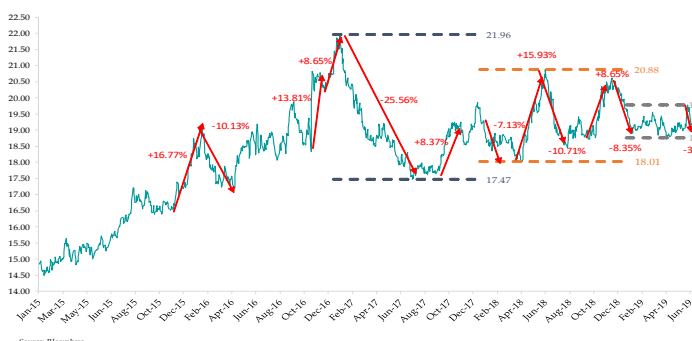
Source: Mexico's Ministry of Economics  
 Amounts in Millions of Dollars

One of the main drivers of the economic deceleration is the continuous decrease that the industrial production has exhibit. The index's (-) 2.0% average decline in the 2Q'19 is a consequence of the fall that sectors as mining (-7.95%) and construction (-5.57%) have experienced. While the utilities and manufacture sector grew in the 2Q'19, 0.26% and 0.91%, respectively, their progress is not enough to counteract the considerable decline in mining and construction.

Nominal wages had an average increase of 5.87% in 2Q'19, this represents the highest growth in 10 years, and because of the relatively contained inflation (3.95% in June), real wages had a 1.59% increase in 2Q'19 -the highest since 2016-. This situation strengthens the private consumption sector, which represents 67.1% of the economy, and is a direct consequence of the 16.21% increase in the minimum wage. These figures contrast with the year-to-date formal jobs creation, which amounts to 304,000 new jobs, 42.06% less than last year; despite that, the unemployment rate has decreased eight basis points in 2Q'19.

In the threshold of majors central banks dovish, following trade war tensions, Mexico's Central Bank (Banxico) decided to leave the interest rate unchanged at 8.25% on June 27th maintaining the 575 basis-points spread between the U.S. 10-year Treasury Bill and the 10-year M Bond.

**Spot Exchange Rate MXN/USD**  
 (As of June 30th, 2019)



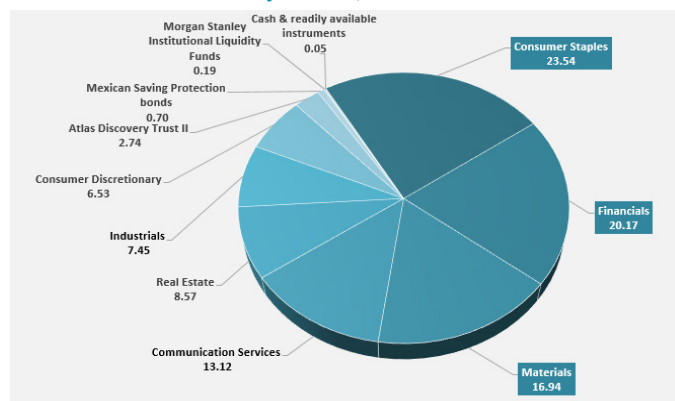
The unexpected resignation of Ph.D. Carlos Urzúa as Secretary of Finance on July 9th -while Mexican financial and forex markets were open- registered a relatively contained movement for the Mexican currency. However, Dr. Urzúa resignation effects were aggravated by the surprise of the announcement and by his statements of improvisation and lack of consistency in the definition of public policies, and conflict of interest within the influential officials related to the government, as listed in his resignation letter. Mr. Urzúa also resigned to President Lopez Obrador while he was in the staff of the President in his position as governor of Mexico City 15+ years ago, Arturo Herrera also relieved Urzúa's office on that time. The above is a clear example of what most of the rating agencies have pinpointed as one of Mexico's main risks: the unpredictable formulation of public policies by the Mexican Government. Investors dislike the fact that every president's morning conference might introduce a new regulation or a backlash to established business plans.

The significant impact on Mexican and forex markets were avoided by the timely response of President Lopez Obrador, appointing former Deputy Finance Secretary Arturo Herrera as Secretary of Finance. The new Secretary's statements on his first press conference confirm his commitment to prudent and responsible management of public finances - including a 2019e primary fiscal surplus of 1% of the GDP-, his respect to the autonomy of Mexico's Central Bank, and the recognition of Pemex's business plan as the immediate challenge for his office.

Finally, uncertainty remains, mainly on Pemex's development plan-released in July, the 2020 budget; and, on several projects proposed by the new administration (Refinery de Dos Bocas, among others). The market is not expecting a plan that offers a background solution, instead of a program that allows PEMEX to dodge a downgrade from the rating agencies, at least this year.

### INVESTMENT STRATEGY

**MXE Fund Portfolio Holdings by Sector.**  
 As of June 30, 2019



Source: PAM; Bloomberg.

The Fund's portfolio overweight's three sectors as of June 30, 2019:

**Consumer Staples** - cautious top-down approach as consumption remains resilient supported by credit, real wages, and remittances that are at all-time high levels. Companies in the sector are market leaders with high operating efficiencies, and that will benefit from the distributive policy of the new regime in Mexico.

**Financials** - appealing thesis for financial groups as loans are growing and profitability (ROEs) continue improving. Attractive P/E valuations with a 45% discount to its 5-year average and an earnings yield of approximately 12%.

**Materials** - consolidating 15-year period of substantial capital investment with high cash flow generation and attractive dividend yields, in addition to geographic diversity in terms of their operations in which they are market leaders with high efficiencies and improvements in their profitability.

## 2Q19 Investment Advisor Report

### MXE FUND PERFORMANCE

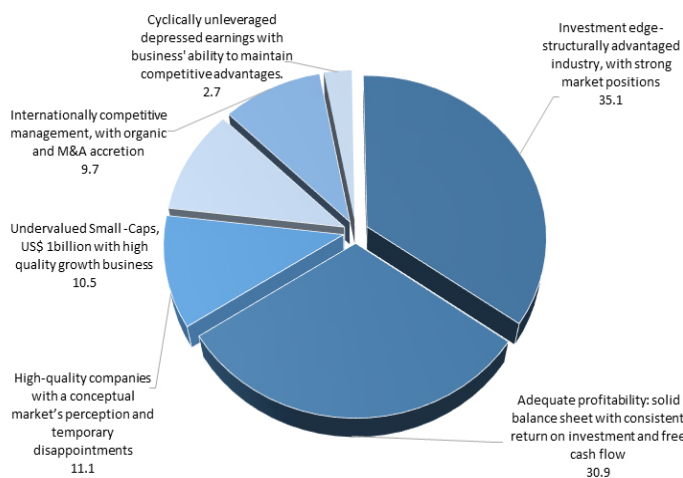
**MXE FUND Portfolio Major Changes by Industry**  
 As of 2Q19



Source: PAM

MXE Fund investment strategy has called for a more defensive portfolio increasing the percentage allocation in companies.

**Total Value of the Portfolio by Investment Themes**  
 As of June 30, 2019



Source: PAM

Our top five stocks are in the investment themes of i) investment edge and ii) adequate profitability and totalled 42% of the portfolio mainly because the fund can't have issuers with a weight higher than 10%.

**Comparative Quarterly NAV Returns in U.S. Dollar**

| Fund  | June 2019 | 2Q'19 | 1Q'19 | Year to date through June 2019 |
|---|-----------|-------|-------|--------------------------------|
| MXE Fund  | 3.39%     | 0.43% | 3.31% | 3.76%                          |
| MEXBOL Index  | 4.17%     | 2.76% | 5.39% | 8.30%                          |
| EWV ETF   | 3.13%     | 1.55% | 5.85% | 7.49%                          |
| MXE US Dollar Excess Return compared to MEXBOL Index (basis points) | -78       | -233  | -208  | -454                           |

Source: Bloomberg.

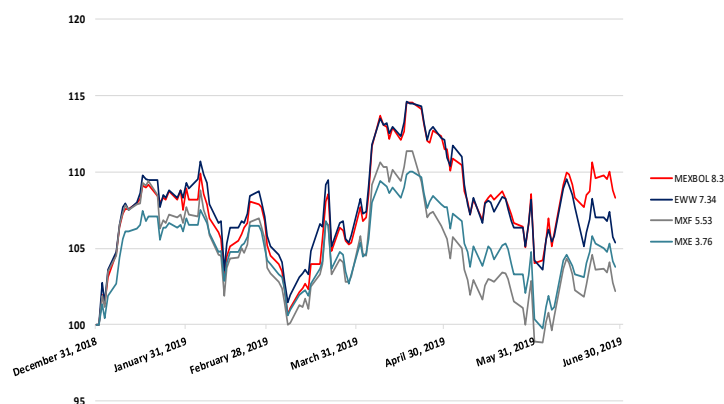
**Comparative Quarterly NAV Returns in Mexican Peso**

| Fund   | June 2019 | 2Q'19  | 1Q'19 | Year to date through June 2019 |
|--|-----------|--------|-------|--------------------------------|
| MXE Fund   | 1.25%     | -0.99% | 2.20% | 1.19%                          |
| MEXBOL Index   | 1.70%     | 1.30%  | 4.26% | 5.62%                          |
| EWV ETF  | 0.69%     | 0.11%  | 4.71% | 4.83%                          |
| MXE MXN Peso Excess Return compared to MEXBOL Index (basis points) | -45       | -229   | -206  | -443                           |

Source: Bloomberg.

Effective Returns include reinvested dividends and are not annualized. Past performance does not guarantee future results.

**MXE US Dollar performance compared to MEXBOL Index & fully comparable peer. Year to Date, through June 30, 2019.**



Source: PAM, Bloomberg.



## 2Q19 Investment Advisor Report

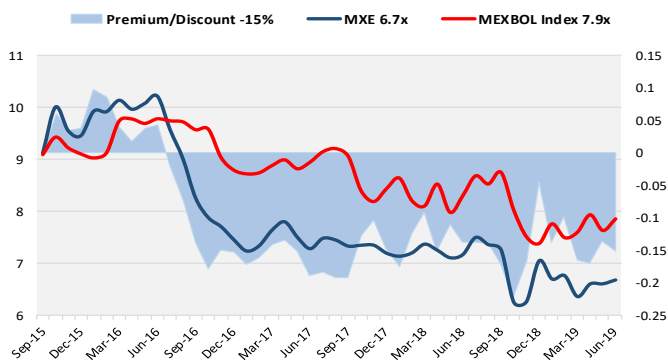
### Absolute and Relative Performance compared to Mexbol Index year to date, through June 30, 2019

| Performance Sectors                  | Absolute      |              | Relative      |
|--------------------------------------|---------------|--------------|---------------|
|                                      | MXE a         | MEXBOL b     | a-b           |
| Financials                           | 1.46%         | 2.50%        | -1.04%        |
| Real Estate                          | 0.05%         | 0.00%        | 0.05%         |
| Utilities                            | 0.00%         | -0.03%       | 0.03%         |
| Health Care                          | 0.00%         | 0.09%        | -0.09%        |
| Communication Services               | -0.03%        | -0.60%       | 0.57%         |
| Consumer Staples                     | -0.05%        | 1.11%        | -1.16%        |
| Materials                            | -0.16%        | -0.68%       | 0.52%         |
| Industrials                          | -0.18%        | 0.50%        | -0.68%        |
| Consumer Discretionary               | -0.43%        | -0.15%       | -0.28%        |
| <b>Total Sectors</b>                 | <b>0.66%</b>  | <b>2.74%</b> | <b>-2.08%</b> |
| <b>Readily Available Instruments</b> | <b>0.35%</b>  |              |               |
| <b>Currency fluctuations</b>         | <b>-0.02%</b> |              |               |
| <b>Total Expenses Cumulative</b>     | <b>-0.55%</b> |              |               |
| <b>Total</b>                         | <b>0.44%</b>  | <b>2.74%</b> | <b>-2.30%</b> |

Source: PAM

### FORWARD LOOKING YEAR-END 2019

- i. MXE portfolio has an approximately 15% forward 12-month EV/EBITDA discount when compared to the Mexbol Index, to June 30, 2019, according to Bloomberg market's consensus.



Source: PAM; Bloomberg

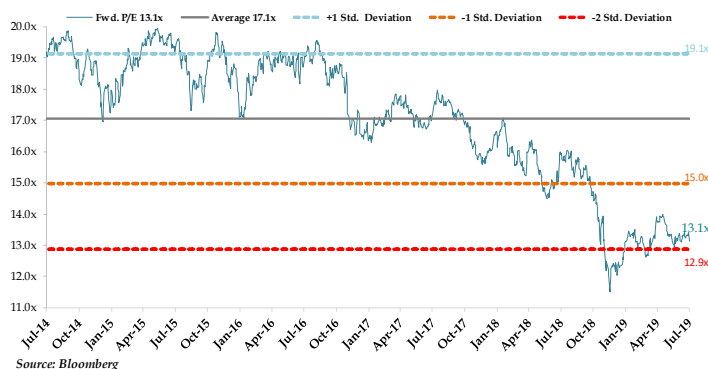
- ii. MXE has a 12-month forward earnings per share (EPS) growth of 9% and 11% in 2019 and 2020 respectively. At 2Q'19 financial results, we will have a better view of 12-month forward EPS, in particular from companies in the portfolio with EBITDA contribution from abroad.
- iii. MXE remains adhered to a high-quality growth investment strategy including stocks with discounted valuations vs. their five-year average but, which continue to have an economic moat besides disappointing short-term results.

- iv. The portfolio's underweight in large caps versus an active fundamental approach remains to be one of the main challenging issues of the Fund. (Cell telephony issuer weights 12.3% in the Mexbol Index versus MXE's regulation of 10% maximum in one single issuer)
- v. The sub-fund's active fundamental strategy in the first year of a regimen with a distributive economic plan is our key focus to continue to increase defensive stocks at any opportunity the market presents.

### Investment thesis:

- Balanced macro-economic conditions and solid institutions,
- strategic manufacturing geographic position at a trade war tensions period,
- USMCA Agreement ratification
- experienced-internationally competitive companies' management.
- The Mexbol Index is currently at attractive multiple valuations for the long-term investor

### Mexbol Index Fwd P/E Multiple (Five years, as of June 30, 2019)



Source: Bloomberg

**Eugenia Pichardo & Arnulfo Rodríguez**  
 Equity Portfolio Manager & Macro and Debt Strategist

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## 2Q19 Investment Advisor Report

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### 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](http://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 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. Its other functions are to promote both the sound development of the financial system and the optimal functioning of the payment systems.

**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.

**Trade Balance:** The balance of trade (BOT) is the difference between the value of a country's imports and its exports for a given period.

**Current Account:** The current account records a nation's transactions with the rest of the world – specifically its net trade in goods and services, its net earnings on crossborder investments, and its net transfer payments – over a defined period of time, such as a year or a quarter.

**Remittances:** A remittance is the 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.

**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

### Disclosure

**EWV ETF:** iShares MSCI Mexico ETF is an exchange-traded fund incorporated in the USA. The ETF's objective seeks to provide investment results that correspond to the performance of the MSCI Mexico IMI25/50 Index.

Fund type: ETF

Asset Class: Equity

Market Cap: Broad Market

Geo. Focus: Mexico

Market Cap: USD 1.03B

Shares Out: 23.4M

Total Assets: USD 1.05B

ISIN: US4642868222

Distributor: BlackRock Investment LLC/NY

"Any comparison in retail communications between investments or services must disclose all material differences between them, including (as applicable) investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features."

### 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 \$523,069,647

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.

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](http://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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