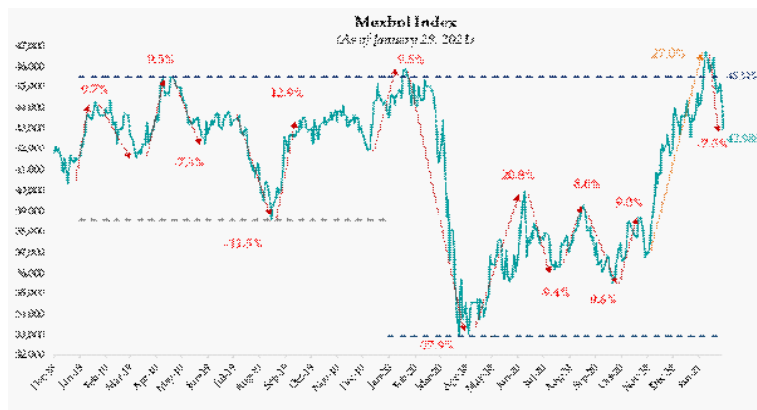


January concludes with an increase in risk factors and volatility

Mexican Stock Exchange

Mexbol closed at 42,985 points on January 29th for a (-)3.80% WoW decline that caused the YTD return to be negative (-2.43%). In dollars, the weekly fall was (-)5.69%, and the YTD is (-)4.51%. The decline of Mexbol could answer to:

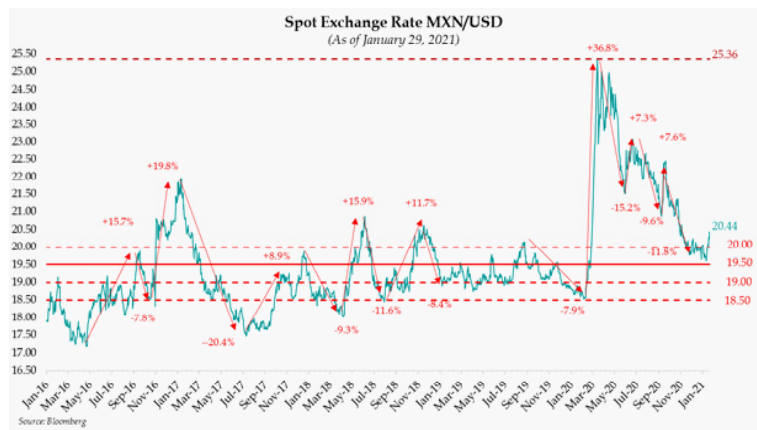
1. The substantial weekly decline in US equity markets and the investors' perception of greater systemic risk.
2. The Mexican Congress begins legislative sessions on February 1st. Although President López Obrador asked the Chamber of Deputies to "respect Banxico's autonomy," the Congress will still discuss the initiatives related to Banxico's Law, the Federal Labor Law (outsourcing), and the centralization of autonomous organizations. All of these factors increase the inherent risk inherent in local financial markets.
3. INEGI's estimate of the Gross Domestic Product (GDP) registered a (-)8.5% contraction of the Mexican economy in 2020. The data is in line with market expectations, although it is the worst annual decline since 1929.
4. January was the worst month of the COVID-19 pandemic in Mexico. A total of 399,425 new infections and 28,638 deaths, in both cases a record. There is a risk that the economic recovery will take longer than estimated considering this increase in COVID-19 cases.



Source: PAM; Bloomberg.

Exchange rate

The spot exchange rate closed on January 29th at MX\$20.57 per USD for a (-)3.0% WoW and a (-)3.31% YTD depreciation. Even though in 2020, Mexico's trade balance resulted in a US\$34.47 billion surplus, which is a record, the adjustment in the financial markets originated in a greater systemic risk weakened the Mexican peso. In this regard, the dollar index had a moderate 0.33% WoW appreciation, which could have affected the Mexican currency.



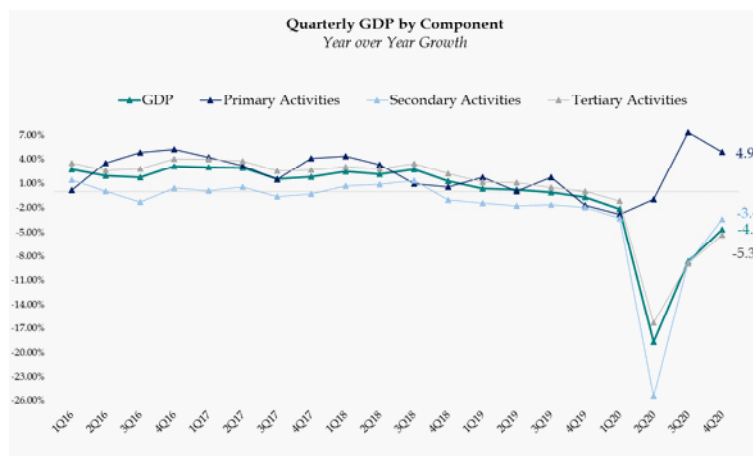
Source: PAM; Bloomberg.

Economic Indicators

Gross Domestic Products

In its timely estimate, INEGI announced that for 2020, Mexico's GDP had a (-)8.5% annual contraction. The above is the largest drop in GDP for a year since 1929. By components, the 4Q20 results were as follows:

1. Primary activities had a 4.9% annual increase, better than the decline of (-)2.6% registered QoQ.
2. Secondary activities fell (-)3.4% YoY, compared to an increase of 3.3% QoQ.
3. Tertiary activities fell (-)5.3% YoY and increase 3.0% QoQ.

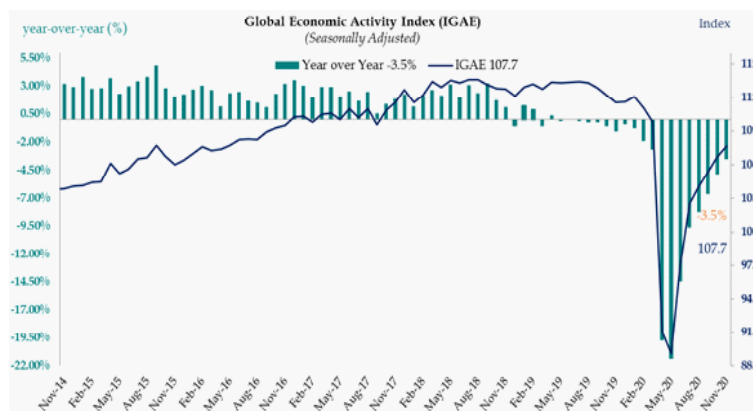


Source: INEGI.

IGAE

In November 2020, the Global Indicator of Economic Activity (IGAE) had a (-)3.51% YoY decline; however, it grew 0.87% MoM. There is already an estimate of 2020's GDP; nevertheless, IGAE shows a deceleration in the economic recovery towards the end of the year. The monthly growth of the IGAE (0.87%) is considerably low compared to the months after May 2020; specifically, the average recovery in that period was 3.72% per month. By components, these were the results:

1. Primary activities grew 8.90% YoY and increased 0.16% MoM.
2. Secondary activities fell (-)3.25% YoY and increased 1.06% MoM.
3. Tertiary activities contracted (-)4.5% YoY and rose 1.1% MoM.



Source: INEGI.

Trade Balance

In 2020, Mexico's trade balance registered a US\$34.47 surplus, more than five times higher than that observed in 2019 and, by far, an all-time high. The total volume of trade with the world was US\$800.86 billion (US\$417.67 of exports and US\$383.19 of imports), which implies a (-)12.56% YoY fall. The behavior of the components was the following:

1. Total exports had a (-)9.3% YoY decline due to:
 - a. A (-)8.9% reduction in manufacturing exports (89.6% of total). This sector had larger than 50% YoY drops after the COVID-19 crisis; its recovery was considerably good despite this.
 - b. A (-)32.6% contraction of oil exports (4.2% of total).
2. Total imports had a (-)15.8% YoY contraction due to:
 - a. A (-)33.5% YoY drop of oil imports (8.2% of total).
 - b. A (-)12.4% YoY fall of imports of intermediate-use goods (73.7% of total).
 - c. The import of consumer goods (9.0% of total) fell (-)21.3% YoY.
 - d. The import of capital goods (9.1% of total) contracted (-)16.9% YoY.

Regarding the trade balance performance in 2021, we estimate that exports will perform positively in 2021. The above, given that President Joe Biden stated that he postponed the review of the trade policy and sanctions against China until the end of the crisis of COVID-19.

Mexico's Trade Balance (As of December 2020)									
	2019			2020 YTD			Dec-20		
	% of Total	Annual Change	% of Total	Annual Change	% of Total	Annual Change	% of Total	Annual Change	
Exports									
Total Exports	460,704	100.0%	2.2%	417,670	100.0%	-9.3%	43,163	100%	11.5%
Oil	25,842	5.6%	-15.63%	17,413	4.2%	-32.6%	1,978	4.6%	-14.2%
Crude Oil	22,409	4.9%	-15.57%	14,613	3.5%	-34.8%	1,727	4.0%	-8.6%
Others	3,433	0.7%	-16.05%	2,800	0.7%	-18.4%	251	0.6%	-39.7%
Non-Oil	434,862	94.4%	3.52%	400,257	95.8%	-8.0%	41,185	95.4%	13.1%
Agricultural	17,840	3.9%	8.07%	18,683	4.5%	4.7%	1,803	4.2%	2.7%
Mining	6,189	1.3%	-0.69%	7,407	1.8%	19.7%	680	1.6%	16.0%
Manufacturing	410,834	89.2%	3.39%	374,167	89.6%	-8.9%	38,702	89.7%	13.6%
Automotive Industry	147,757	32.1%	3.92%	122,933	29.4%	-16.8%	13,203	30.6%	11.3%
Others	263,077	57.1%	3.10%	251,234	60.2%	-4.5%	25,498	59.1%	14.8%
Imports									
Total Imports	455,295	100.0%	-1.9%	383,194	100%	-15.8%	36,901	100%	3.7%
Oil	47,207	10.4%	-12.0%	31,408	8.2%	-33.5%	3,208	8.7%	-12.5%
Non-Oil	408,088	89.6%	-2.7%	351,786	91.8%	-13.8%	33,693	91.3%	5.5%
Consumption Goods	43,852	9.6%	0.5%	34,510	9.0%	-21.3%	3,684	10.0%	-6.7%
Intermediate Goods	322,449	70.8%	0.4%	282,539	73.7%	-12.4%	26,658	72.2%	6.7%
Capital Goods	41,787	9.2%	-8.9%	34,737	9.1%	-16.9%	3,351	9.1%	-4.9%
Trade Balance									
Trade Balance	5,409		N. A.	34,476		537.4%	6,262		99.8%

Source: Mexico's Ministry of Economics.
Amounts in Million of Dollars.



MONTHLY ECONOMIC REPORT

January 29, 2021.

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Definitions

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.

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.

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.

Gross Domestic Product (GDP): Is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Global Indicator of Economic Activity (IGAE): Allows to know and monitor the monthly evolution of the real sector of the economy.

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.

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.

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.

Week over Week (WoW): Refers to the mathematical process of comparing one week of data to prior week.

Month over Month (MoM): Calculation shows the change in the value of a statistic as a percentage of the previous month's value.

Year over Year (YoY): Indicates the change from the comparable amount reported in the same period one year earlier.

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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