



Pichardo Asset Management
Independent Portfolio Management Firm

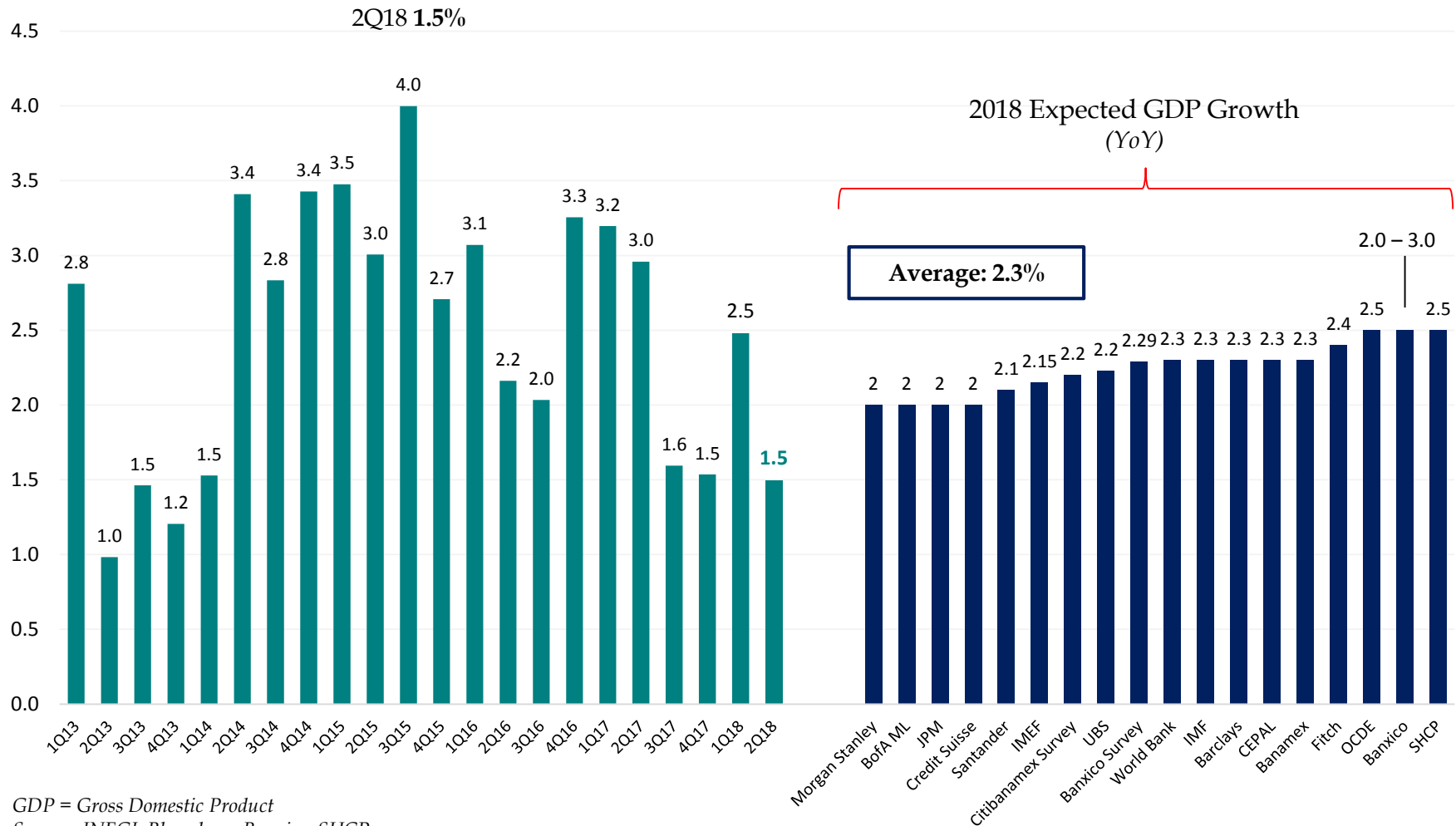
Mexico 2018: A Fine Tuned Economy

August 29, 2018

Economic Situation	3 - 4
External Accounts.....	5
Energy Reform.....	6
Trade	7
Monetary Policy	8
Public Finances & Debt Rate	9
Exchange Rate	10
Mexican Stock Market	11

Economic Situation

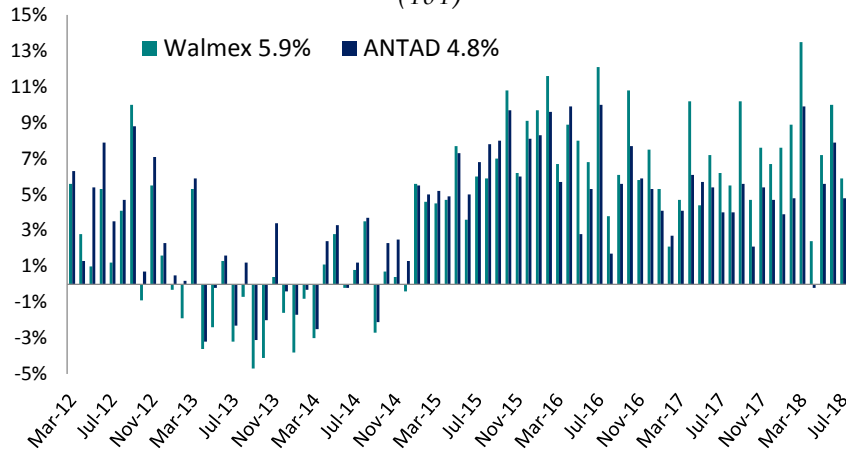
Mexico's GDP Growth (Seasonally Adjusted) (YoY)



GDP = Gross Domestic Product
Source: INEGI, Bloomberg, Banxico, SHCP

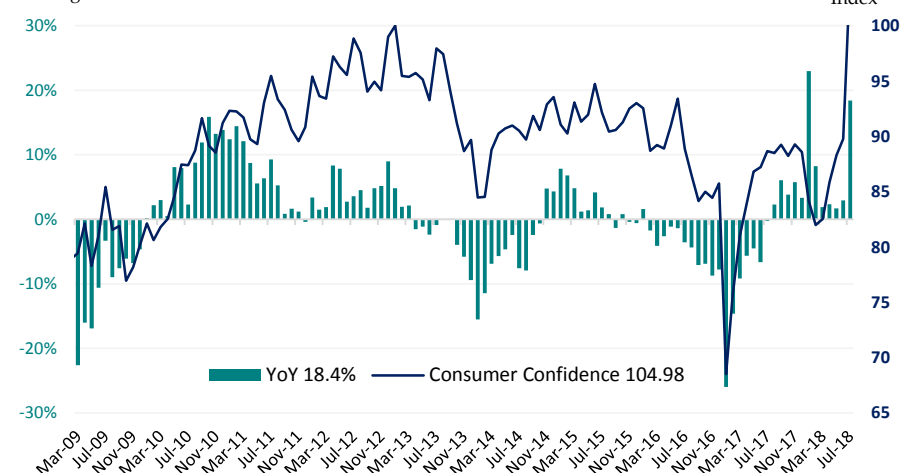
Economic Situation

Same Store Sales (YoY)



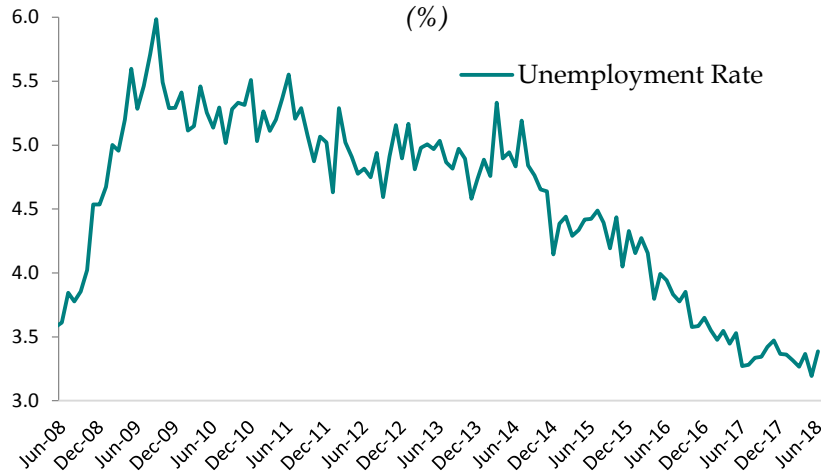
Source: ANTAD & Walmex

Consumer Confidence



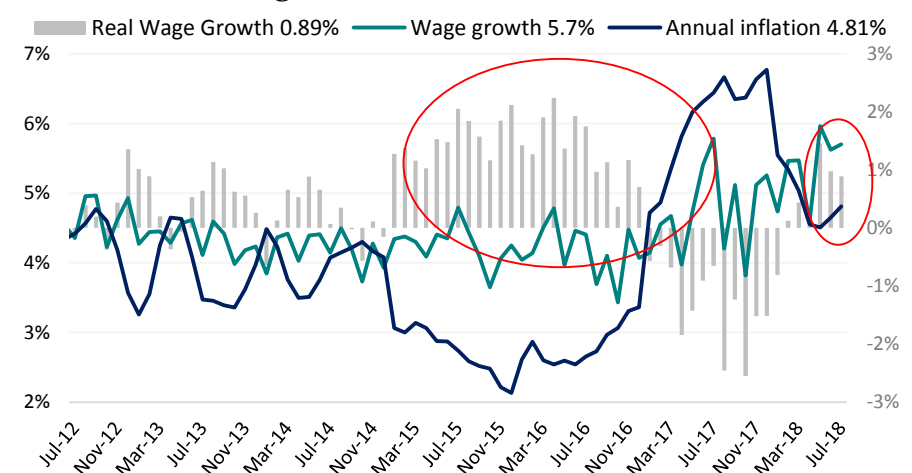
Source: INEGI and Banxico

Unemployment Rate (%)



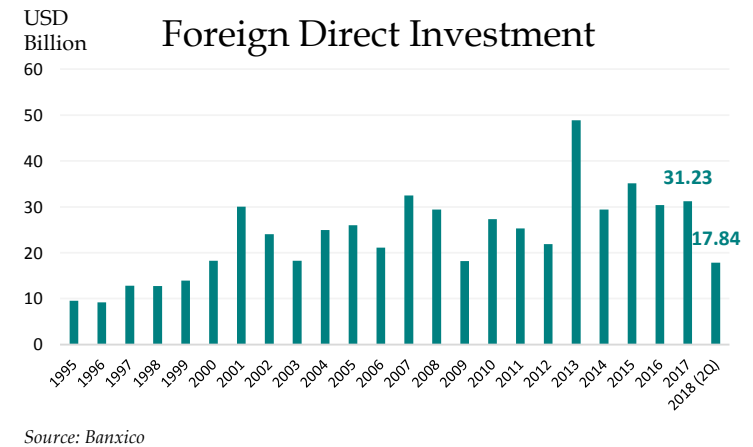
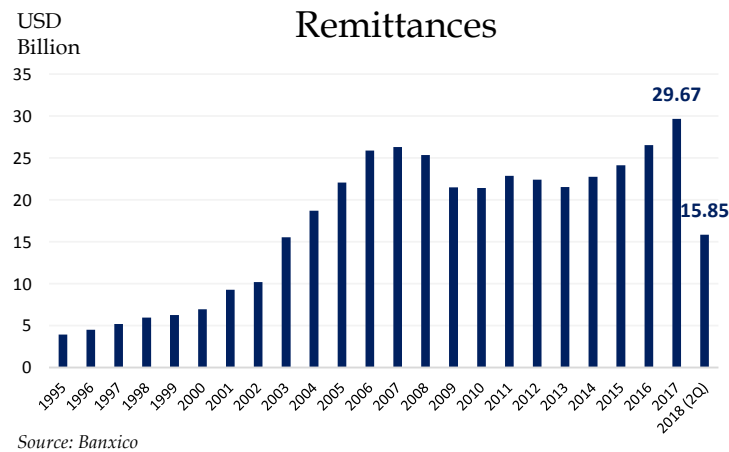
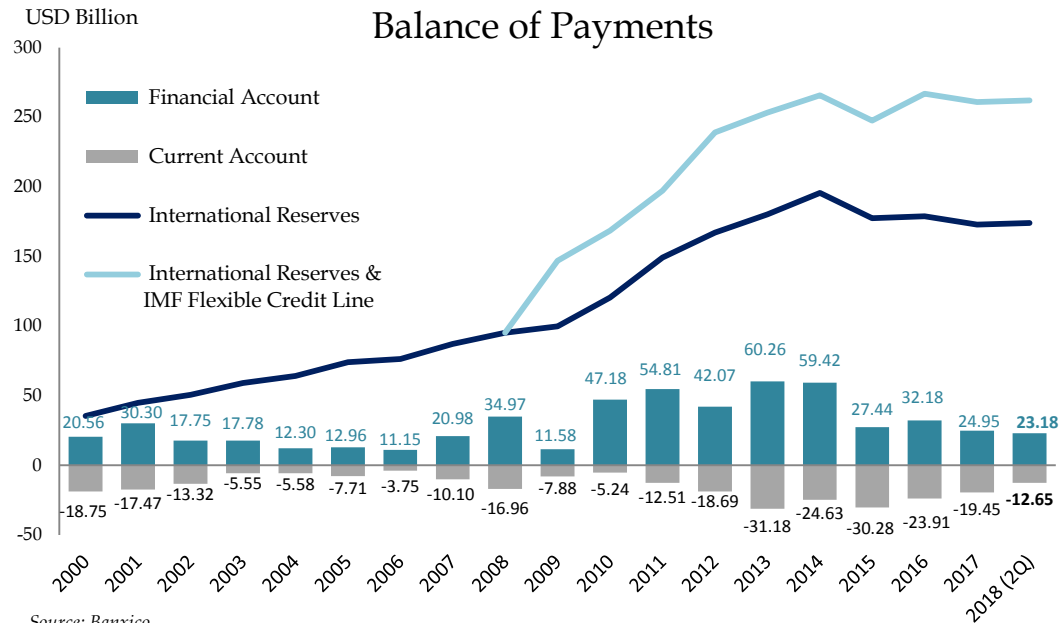
Source: INEGI

Wages & Consumer Inflation



Source: Banxico, INEGI

External Accounts



Foreign Investment Linked to Energy Reform

ROUND ONE AUCTIONS, 2015 - 2016					
Date	Auctions	Contractual Area	Committed Investment (Million Dollars)	Estimated Production (Thousand barrels per day)	Assigned (%)
15-Jul-15	1.1	Shallow waters in the Gulf of Mexico	2,709	79	14%
30-Sep-15	1.2	Shallow waters in the Gulf of Mexico	3,148	124	75%
15-Dec-15	1.3	Onshore areas	1,141	70	100%
5-Dec-16	1.4	Exploration and extraction areas in deep waters	34,352	732	80%
SUBTOTAL			41,350		
ROUND TWO AUCTIONS, 2017 - 2018					
Date	Auctions	Contractual Area	Committed Investment (Million Dollars)	Estimated Production (Thousand barrels per day)	Assigned (%)
19-Jun-17	2.1	Exploration and extraction areas in shallow waters	8,193	186	67%
12-Jul-17	2.2	Onshore areas	1,100	69	70%
12-Jul-17	2.3	Onshore areas	964	102	100%
31-Jan-18	2.4	Deep Waters	92,794	1,500	66%
SUBTOTAL			103,050		
ROUND TWO AUCTIONS, 2018					
Date	Auctions	Contractual Area	Committed Investment (Million Dollars)	Estimated Production (Thousand barrels per day)	Assigned (%)
27-Mar-18	3.1	Exploration and extraction areas in shallow waters	8,626	513	46%
SUBTOTAL			8,626		
TOTAL			153,026		

Source: Ministry of Finance

United States International Trade (to June 2018)

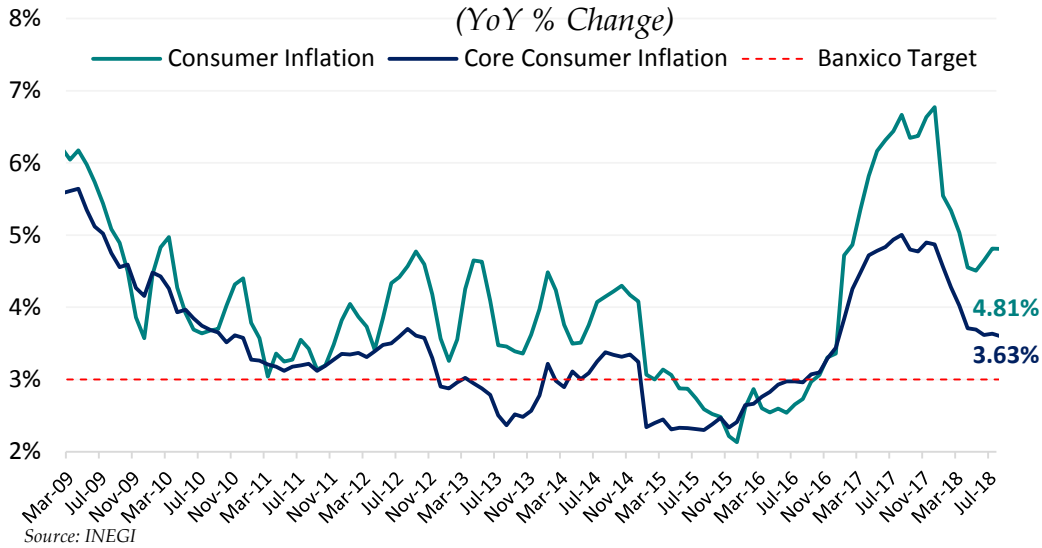
Country	Exports	Imports	Total Trade	Balance	Country	Exports	Imports	Total Trade	Balance
China	68,202	267,601	335,803	-199,399	Taiwan	13,662	22,129	35,791.0	-8,467
% of Total	8.2%	21.3%	16.1%		% of Total	1.6%	1.8%	1.7%	
Mexico	132,147	169,288	301,435	-37,141	France	18,146	26,063	44,209	-7,917
% of Total	15.8%	13.5%	14.4%		% of Total	2.2%	2.1%	2.1%	
Japan	36,061	71,359	107,420	-35,298	Saudi Arabia	7,466	10,014	17,480	-2,548
% of Total	4.3%	5.7%	5.1%		% of Total	0.9%	0.8%	0.8%	
Germany	29,298	63,914	93,212	-34,616	United Kingdom	33,640	29,601	63,241	4,039
% of Total	3.5%	5.1%	4.5%		% of Total	4.0%	2.4%	3.0%	
Italy	11,649	27,025	38,674	-15,376	Brazil	19,481	15,031	34,512	4,450
% of Total	1.4%	2.2%	1.9%		% of Total	2.3%	1.2%	1.7%	
Canada	150,992	158,765	309,757	-7,773	Singapore	17,271	13,912	31,183	3,359
% of Total	18.1%	12.6%	14.8%		% of Total	2.1%	1.1%	1.5%	
India	15,786	26,637	42,423	-10,851	Hong Kong	20,177	3,552	23,729	16,625
% of Total	1.9%	2.1%	2.0%		% of Total	2.4%	0.3%	1.1%	
Korea, South	26,982	34,643	61,625	-7,661	All other countries	233,989	315,623	549,612	-81,634
% of Total	3.2%	2.8%	2.9%		% of Total	28.0%	25.1%	26.3%	
					TOTAL June 2018	834,949	1,255,157	2,090,106	-420,208
					TOTAL 2017	1,546,654	2,342,905	3,889,559	-796,251
					TOTAL 2016	1,454,586	2,189,183	3,643,769	-734,597

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

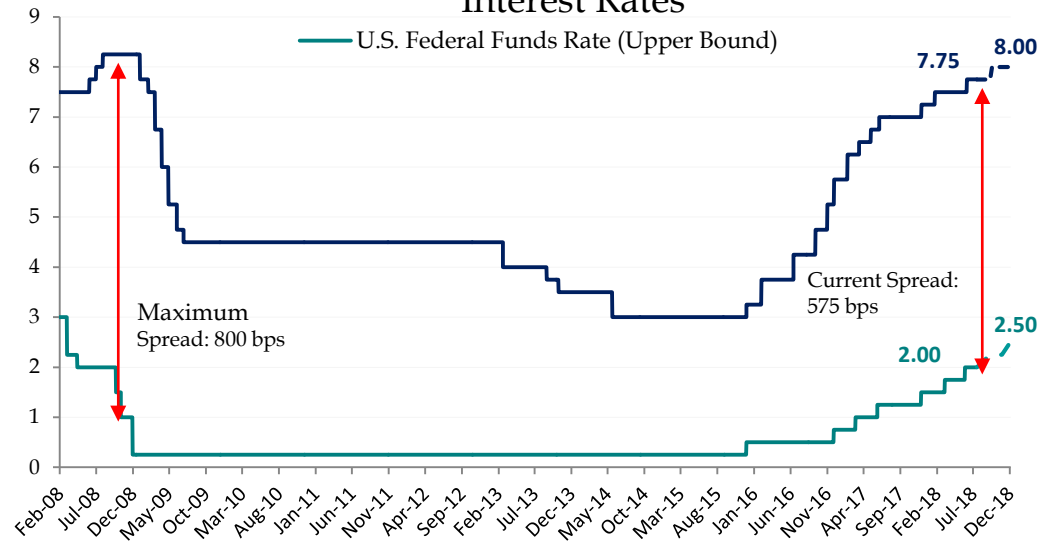
Monetary Policy

Inflation

(YoY % Change)



Interest Rates



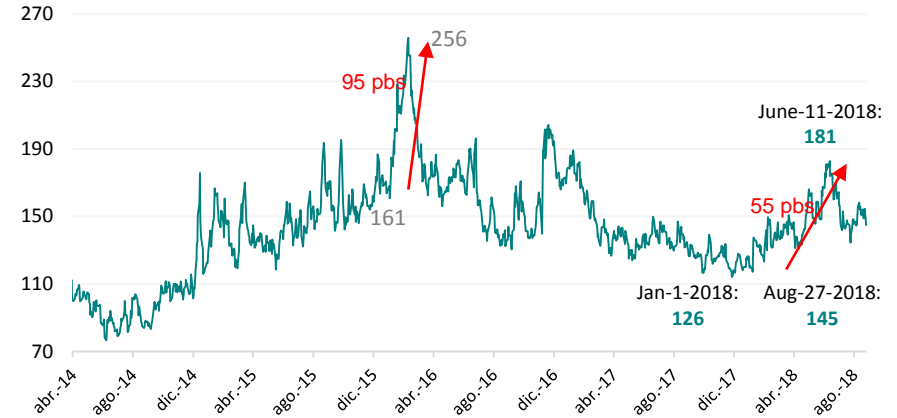
Public Finances & Sovereign Debt Rate

Mexico's Credit Ratings

Date	Standard & Poor's		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
11-Apr-18			A3	STABLE		
3-Aug-17					BBB+	STABLE
18-Jul-17	BBB+	STABLE				
9-Dec-16					BBB+	NEGATIVE
23-Aug-16	BBB+	NEGATIVE				
31-Mar-16			A3	NEGATIVE		
5-Feb-14			A3	STABLE		

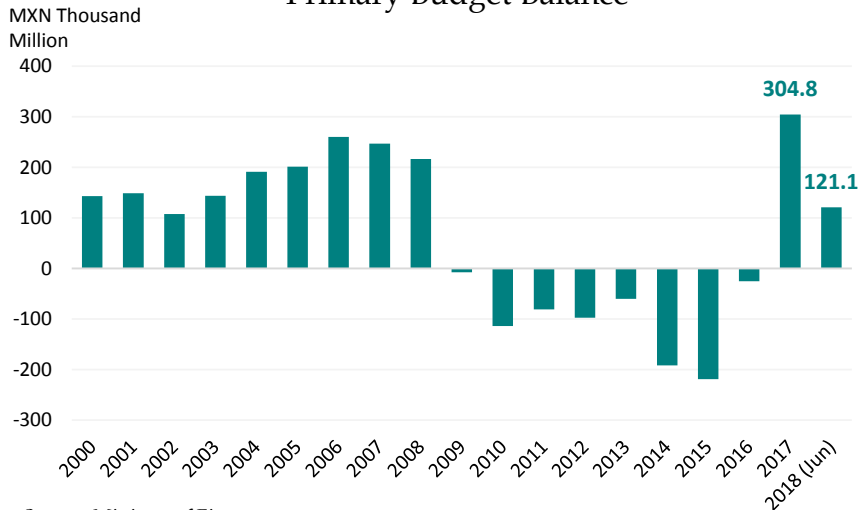
Source: Bloomberg, El Financiero

UMS Bond vs Treasury U.S. Bond Spread (10 Years)



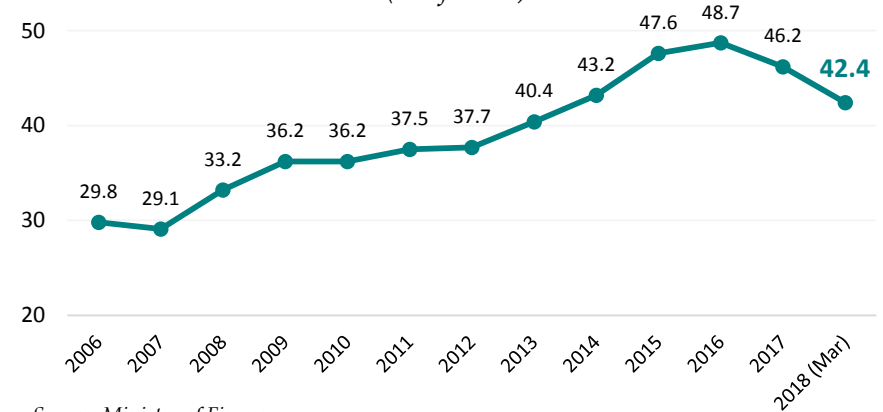
Source: Bloomberg

Primary Budget Balance



Source: Ministry of Finance

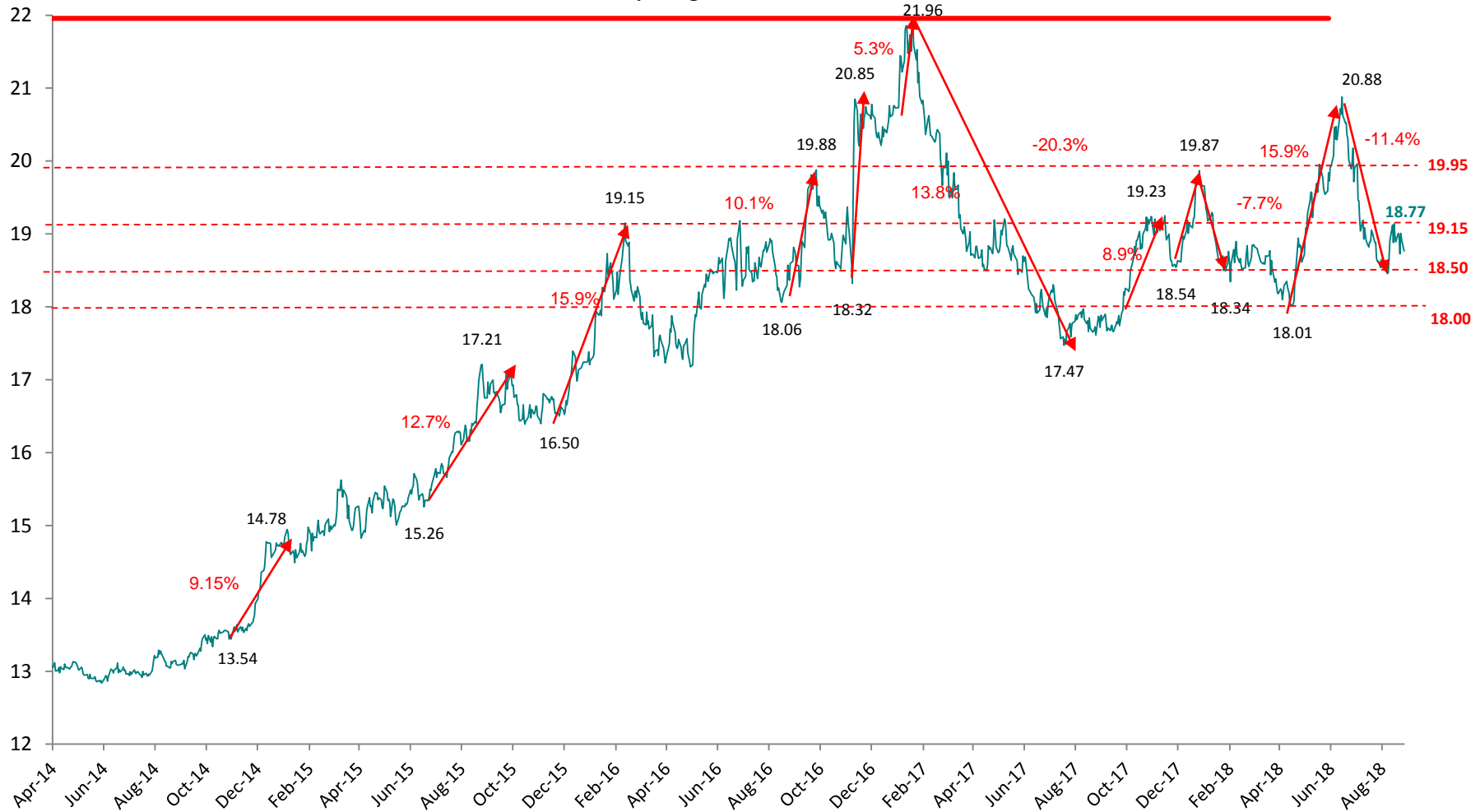
Historical Balance of Public Sector Financial Requirements (% of GDP)



Source: Ministry of Finance

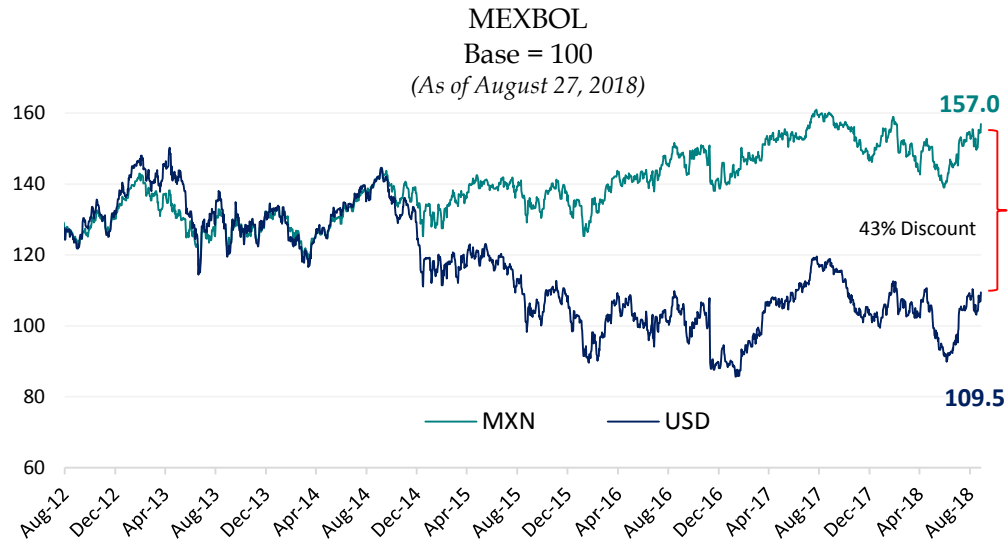
Exchange Rate

MXN/USD Spot Exchange Rate
(As of August 27, 2018)



Source: Bloomberg

Mexican Stock Market



Source: Bloomberg
Mexbol = Mexican Stock Exchange Index

MEXBOL P/E Ratio
(As of August 27, 2018)



Source: Bloomberg
Mexbol = Mexican Stock Exchange Index

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Compliance

Definitions

- **GDP:** *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. Though GDP is usually calculated on an annual basis, it can be calculated on a quarterly basis as well (in the United States, for example, the government releases an annualized GDP estimate for each quarter and also for an entire year).*
- **MEXBOL:** *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.*
- **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. The price-earnings ratio is also sometimes known as the price multiple or the earnings multiple.*
- **INEGI:** *The National Institute of Statistics and Geography.*
- **BANXICO:** *Banco de Mexico is the Central Bank of Mexico.*
- **SHCP:** *Secretaria de Hacienda y Credito Publico, is the Ministry of Finance.*

Disclaimer

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Disclaimer

Risk Factors:

The Mexico Equity and Income Fund, Inc 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. 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.