



Pichardo Asset Management
Independent Portfolio Management Firm

Economy & Markets

30-year track record investing in Mexican equities

March 2022

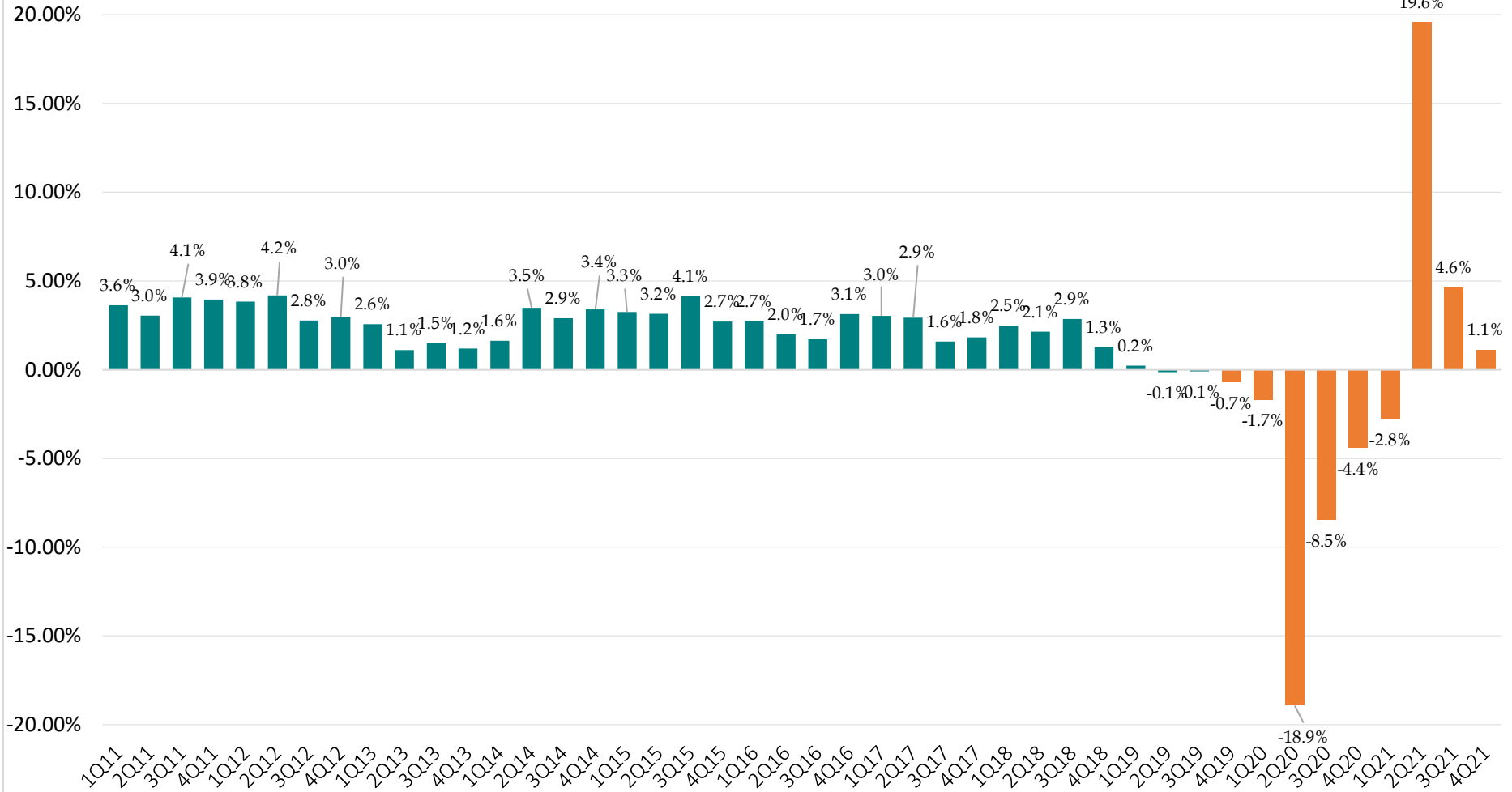
Experience

Consistency

Vision

I. Mexico Economic Strengths

Gross Domestic Product
(Year over Year %)

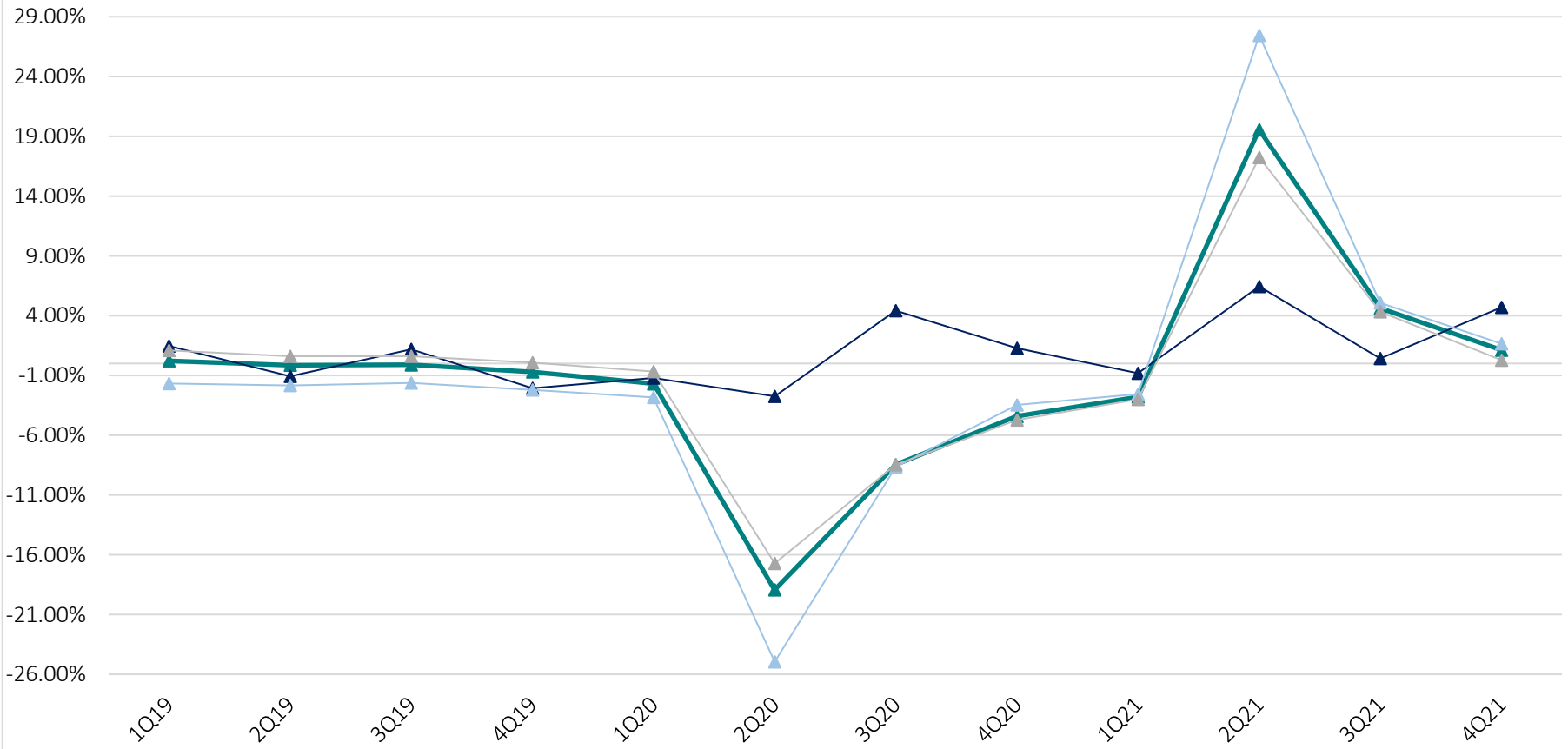


Source: INEGI

I. Mexico Economic Strengths

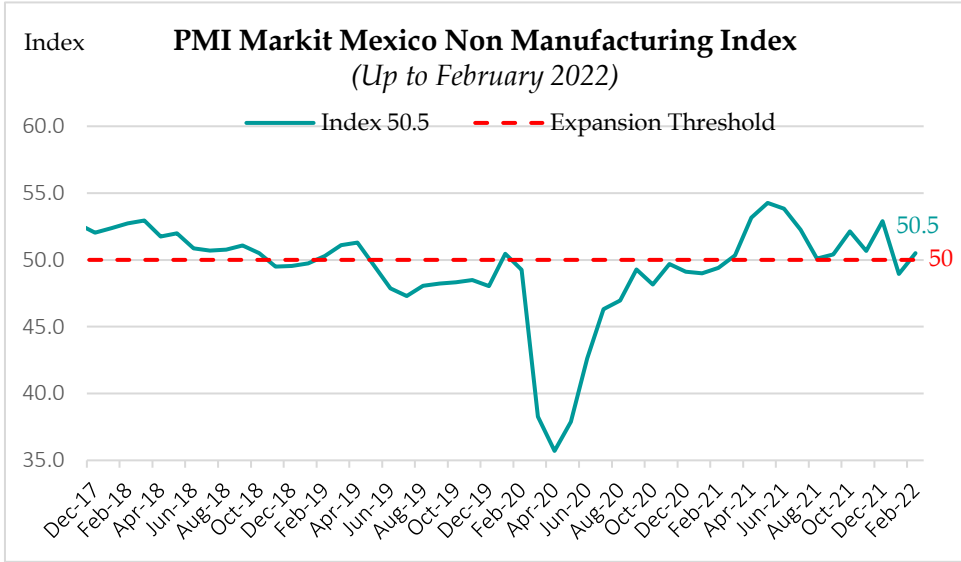
Quarterly GDP by Component
Year over Year Growth

▲ GDP
 ▲ Primary Activities
 ▲ Secondary Activities
 ▲ Tertiary Activities



Source: INEGI

I. Mexico Economic Strengths



Source: IHS Markit, Bloomberg

Experience

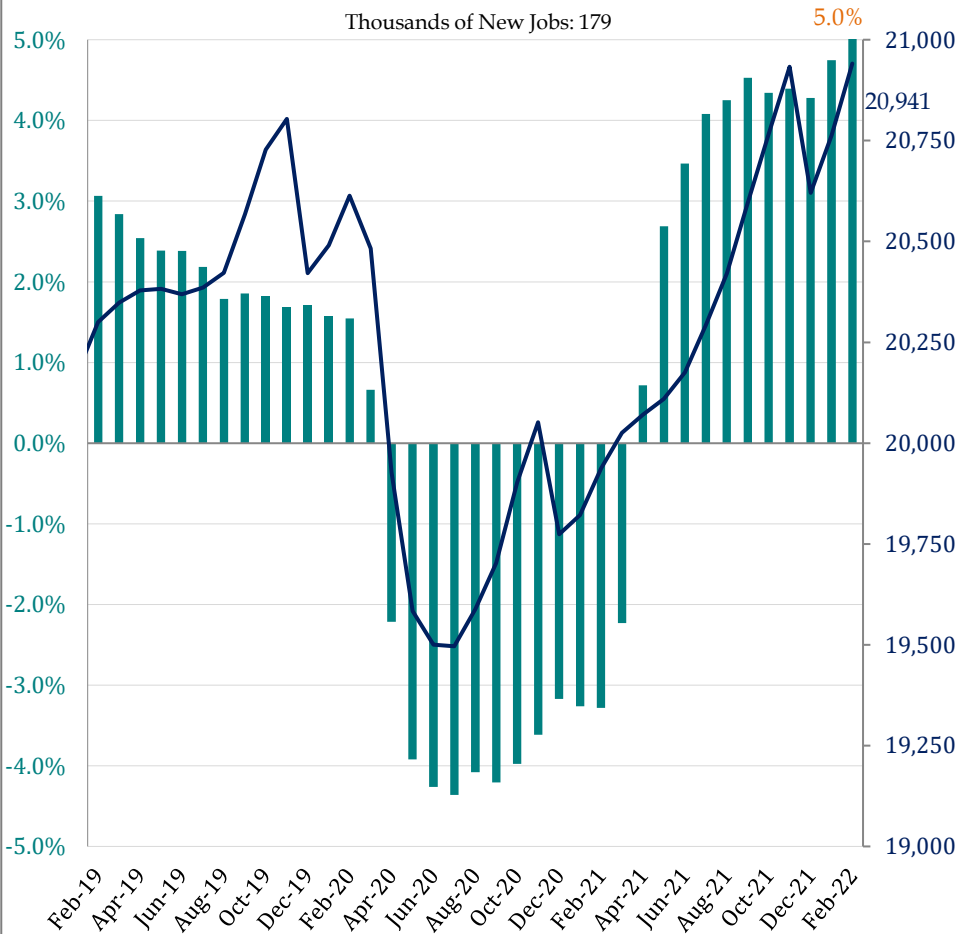
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I. Mexico Economic Strengths

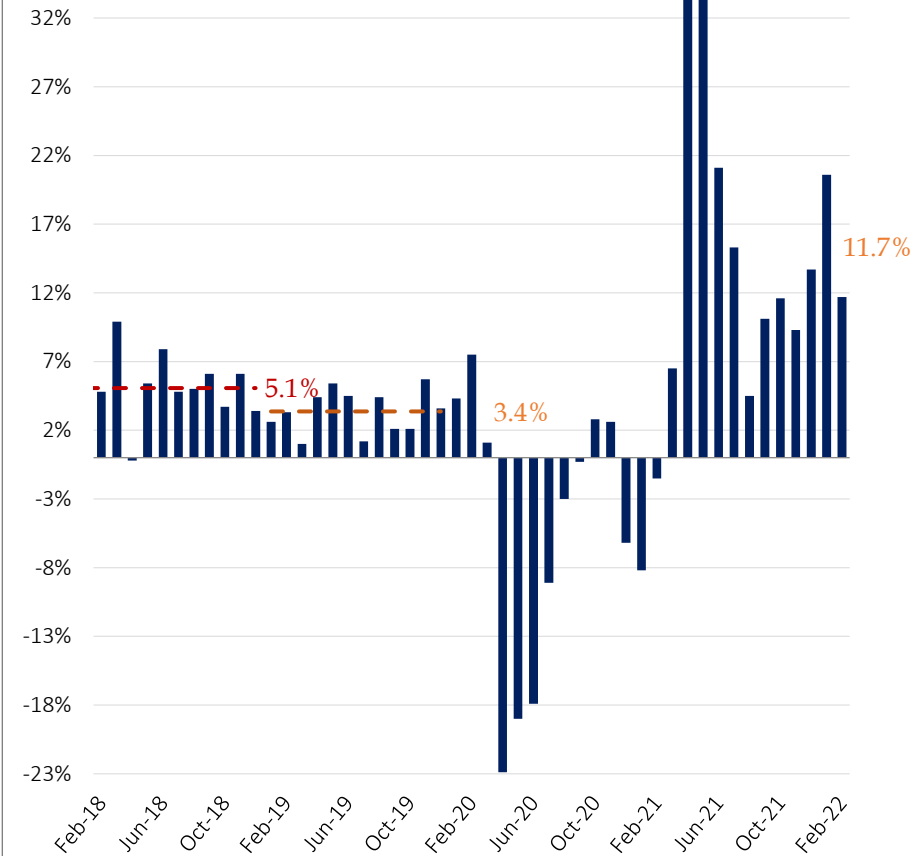
Formal Job Creation
(Figures as of February 2022)

■ Year over Year 5% — 178.9 Thousands of workers



ANTAD (Same Store Sales)
(Year over year %, as of February 2022)

■ ANTAD 11.7% - - - Average 2018 - - - Average 2019



Source: Bloomberg, ANTAD

Experience

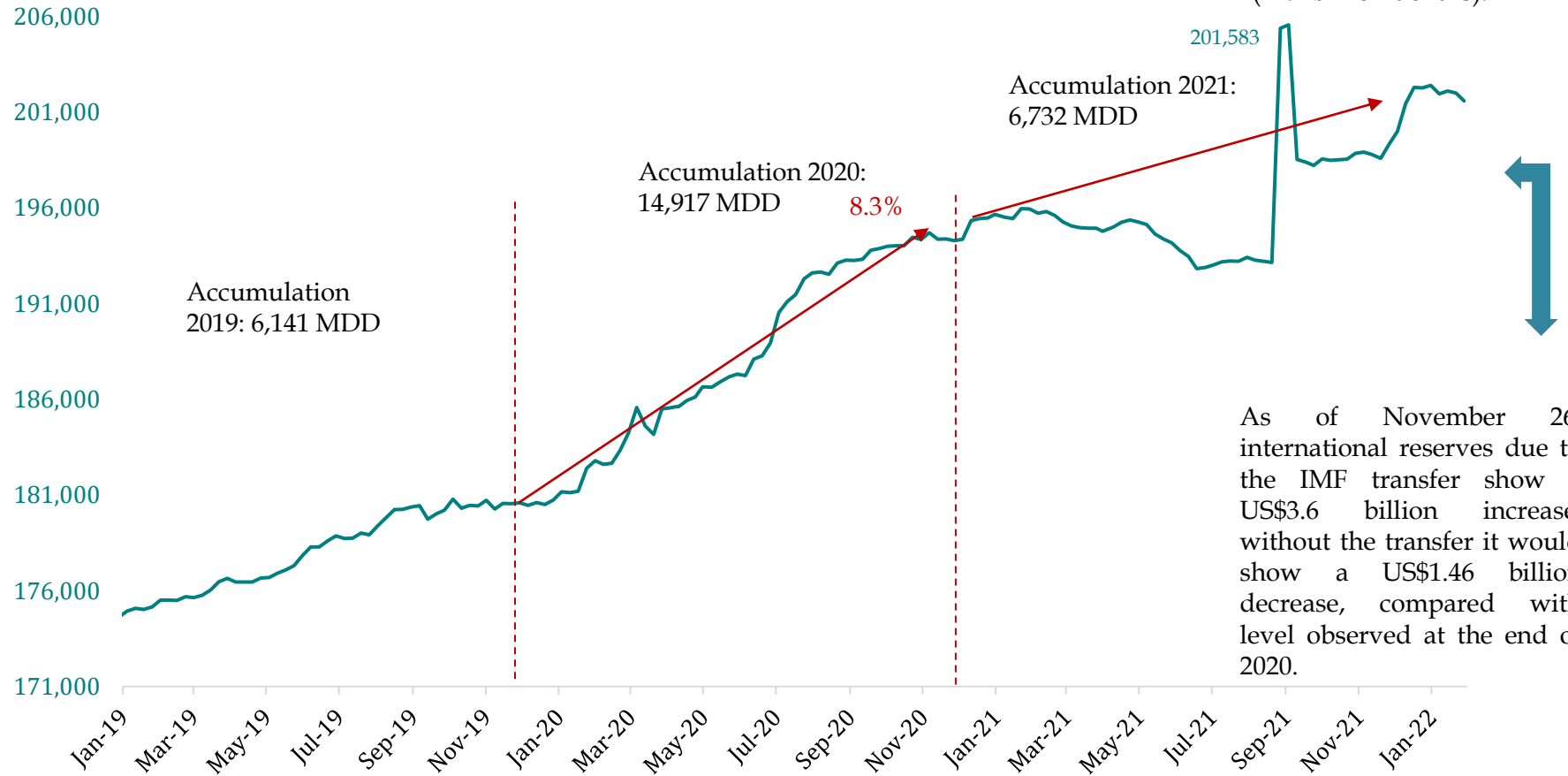
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II. External Accounts

International Reserves (Short term, as of January 31, 2022)

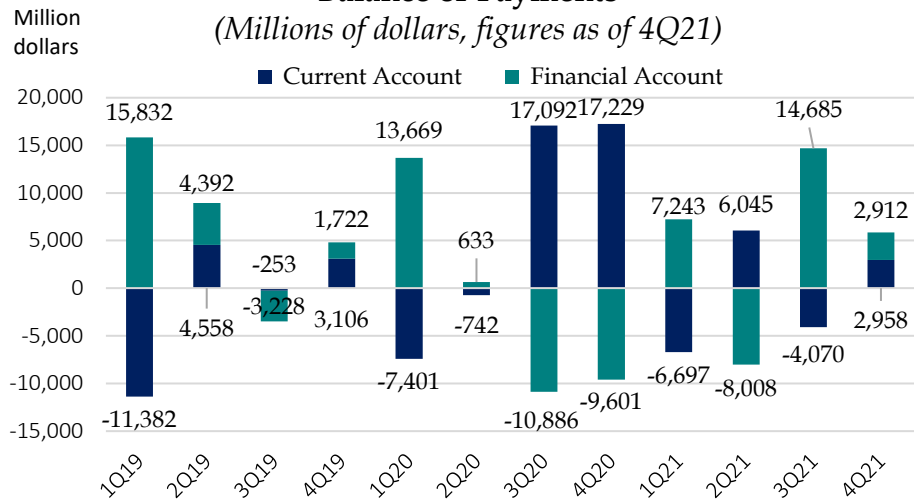
Million
Dollars



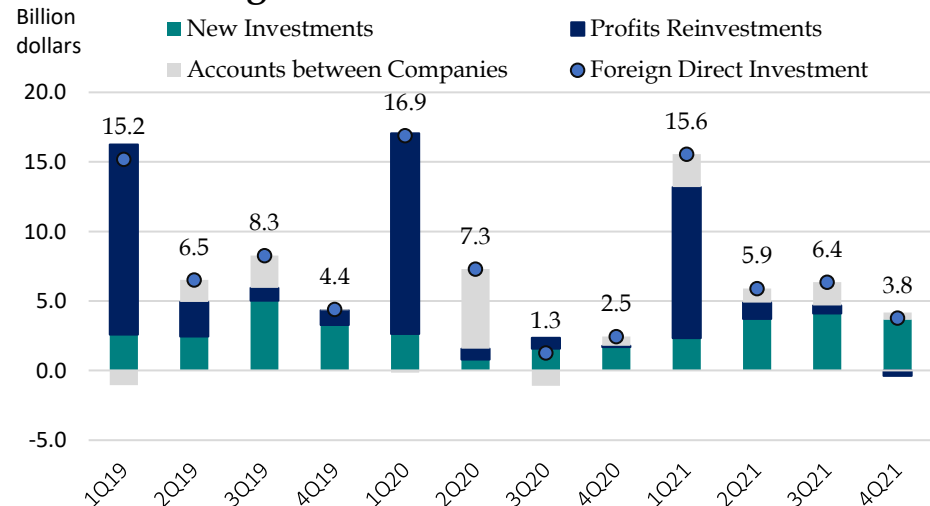
Source: Bloomberg

II. External Accounts

Balance of Payments
(Millions of dollars, figures as of 4Q21)

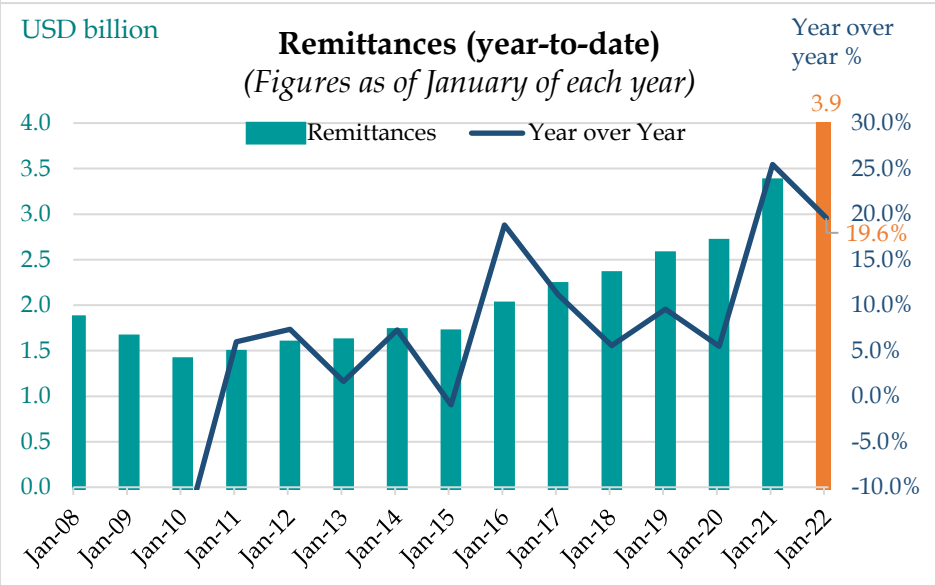
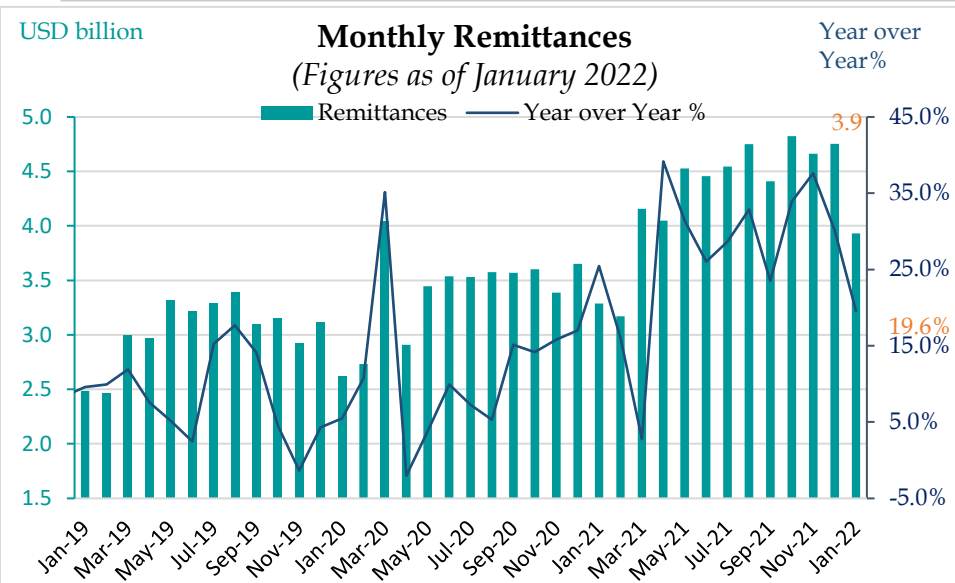


Foreign Direct Investment in Mexico



Source: Bank of Mexico,

II. External Accounts



Source: Banxico

II. External Accounts

Mexico's Trade Balance (As of January 2022)									
Exports									
	2020	% of Total	Annual Change	2021	% of Total	Annual Change	Jan-22	% of Total	Annual Change
Total Exports	416,999	100.0%	-9.5%	494,225	100.0%	18.5%	33,899	100%	3.8%
Oil	17,484	4.2%	-32.22%	28,926	5.9%	65.4%	2,422	7.1%	36.4%
Crude Oil	14,684	3.5%	-34.33%	23,984	4.9%	63.3%	1,954	5.8%	26.8%
Others	2,800	0.7%	-18.42%	4,942	1.0%	76.5%	468	1.4%	98.8%
Non-Oil	399,515	95.8%	-8.12%	465,299	94.1%	16.5%	31,477	92.9%	1.9%
Agricultural	18,285	4.4%	2.54%	19,668	4.0%	7.6%	1,780	5.3%	15.0%
Mining	7,407	1.8%	19.69%	9,555	1.9%	29.0%	598	1.8%	-13.7%
Manufacturing	373,823	89.6%	-9.00%	436,076	88.2%	16.7%	29,099	85.8%	1.6%
Automotive Industry	122,893	29.5%	-16.82%	139,842	28.3%	13.8%	8,250	24.3%	-20.5%
Others	250,930	60.2%	-4.60%	296,234	59.9%	18.1%	20,848	61.5%	14.1%
Imports									
	2020	% of Total	Annual Change	2021	% of Total	Annual Change	Jan-22	% of Total	Annual Change
Total Imports	382,986	100.0%	-15.9%	505,716	100%	32.0%	40,185	100%	18.5%
Oil	31,408	8.2%	-34.5%	53,851	10.6%	71.5%	4,601	11.5%	55.0%
Non-Oil	351,578	91.8%	-17.0%	451,864	89.4%	28.5%	35,584	88.5%	15.0%
Consumption Goods	35,350	9.2%	-19.4%	46,269	9.1%	30.9%	3,849	9.6%	32.1%
Intermediate Goods	282,955	73.9%	-12.4%	365,061	72.2%	29.0%	28,298	70.4%	16.7%
Capital Goods	33,273	8.7%	-19.3%	40,534	8.0%	21.8%	3,436	8.6%	16.5%
Trade Balance									
	2020			2021			Jan-22		Annual Change
Trade Balance	34,013		534.3%	-11,491		N.A.	-6,286		N.A.

Source: Mexico's Ministry of Economics

Amounts in Millions of Dollars

II. External Accounts

United States International Trade (As of December 2021)

Country	Exports	Imports	Total Trade	Balance	Country	Exports	Imports	Total Trade	Balance
Canada	307,611	357,160	664,771	-49,549	India	40,130	73,261	113,391	-33,131
% of Total	17.5%	12.6%	14.5%		% of Total	2.3%	2.6%	2.5%	
Mexico	276,459	384,705	661,164	-108,246	Italy	21,713	60,995	82,708	-39,282
% of Total	15.8%	13.6%	14.4%		% of Total	1.2%	2.2%	1.8%	
China	151,065	506,367	657,432	-355,302	France	29,990	50,334	80,324	-20,344
% of Total	8.6%	17.9%	14.3%		% of Total	1.7%	1.8%	1.8%	
Japan	74,970	135,133	210,103	-60,163	Brazil	46,882	31,285	78,167	15,597
% of Total	4.3%	4.8%	4.6%		% of Total	2.7%	1.1%	1.7%	
Germany	65,174	135,224	200,398	-70,050	Singapore	35,763	29,434	65,197	6,329
% of Total	3.7%	4.8%	4.4%		% of Total	2.0%	1.0%	1.4%	
Korea, South	65,772	94,955	160,727	-29,183	Hong Kong	29,958	4,125	34,083	25,833
% of Total	3.7%	3.4%	3.5%		% of Total	1.7%	0.1%	0.7%	
United Kingdom	61,463	56,369	117,832	5,094	Saudi Arabia	11,138	13,527	24,665	-2,389
% of Total	3.5%	2.0%	2.6%		% of Total	0.6%	0.5%	0.5%	
Taiwan	36,944	77,138	114,082	-40,194	All other countries	499,546	822,934	1,322,480	-323,388
% of Total	2.1%	2.7%	2.5%		% of Total	28.5%	29.0%	28.8%	
					TOTAL 2021 YTD	1,754,578	2,832,946	4,587,524	-1,078,368
					TOTAL 2020	1,431,663	2,336,580	3,768,243	-904,917
					TOTAL 2019	1,645,486	2,498,400	4,143,886	-852,914

Source: U.S. Census Bureau

Amounts in millions of dollars

Experience

Consistency

Vision

10-*

II. External Accounts

United States International Trade (As of January 2022)

Country	Exports	Imports	Total Trade	Balance	Country	Exports	Imports	Total Trade	Balance
China	11,475	47,847	59,322	-36,372	United Kingdom	5,388	4,000	9,388	1,388
<i>% of Total</i>	7.8%	19.3%	15.0%		<i>% of Total</i>	3.7%	1.6%	2.4%	
Mexico	23,678	33,257	56,935	-9,579	France	3,260	3,868	7,128	-608
<i>% of Total</i>	16.1%	13.4%	14.4%		<i>% of Total</i>	2.2%	1.6%	1.8%	
Canada	24,563	32,209	56,772	-7,646	Italy	2,054	4,851	6,905	-2,797
<i>% of Total</i>	16.7%	13.0%	14.4%		<i>% of Total</i>	1.4%	2.0%	1.7%	
Japan	5,927	12,056	17,983	-6,129	Brazil	3,939	2,883	6,822	1,056
<i>% of Total</i>	4.0%	4.9%	4.5%		<i>% of Total</i>	2.7%	1.2%	1.7%	
Germany	5,309	10,056	15,365	-4,747	Singapore	3,658	2,434	6,092	1,224
<i>% of Total</i>	3.6%	4.1%	3.9%		<i>% of Total</i>	2.5%	1.0%	1.5%	
Korea, South	5,367	8,711	14,078	-3,344	Hong Kong	2,070	363	2,433	1,707
<i>% of Total</i>	3.6%	3.5%	3.6%		<i>% of Total</i>	1.4%	0.1%	0.6%	
India	3,855	6,646	10,501	-2,791	Saudi Arabia	698	1,643	2,341	-945
<i>% of Total</i>	2.6%	2.7%	2.7%		<i>% of Total</i>	0.5%	0.7%	0.6%	
Taiwan	3,000	7,170	10,170	-4,170	All other countries	43,108	70,131	113,239	-27,023
<i>% of Total</i>	2.0%	2.9%	2.6%		<i>% of Total</i>	29.3%	28.3%	28.6%	
					TOTAL 2022 YTD	147,349	248,125	395,474	-100,776
					TOTAL 2021	1,754,578	2,832,946	4,587,524	-1,078,368
					TOTAL 2020	1,431,663	2,336,580	3,768,243	-904,917

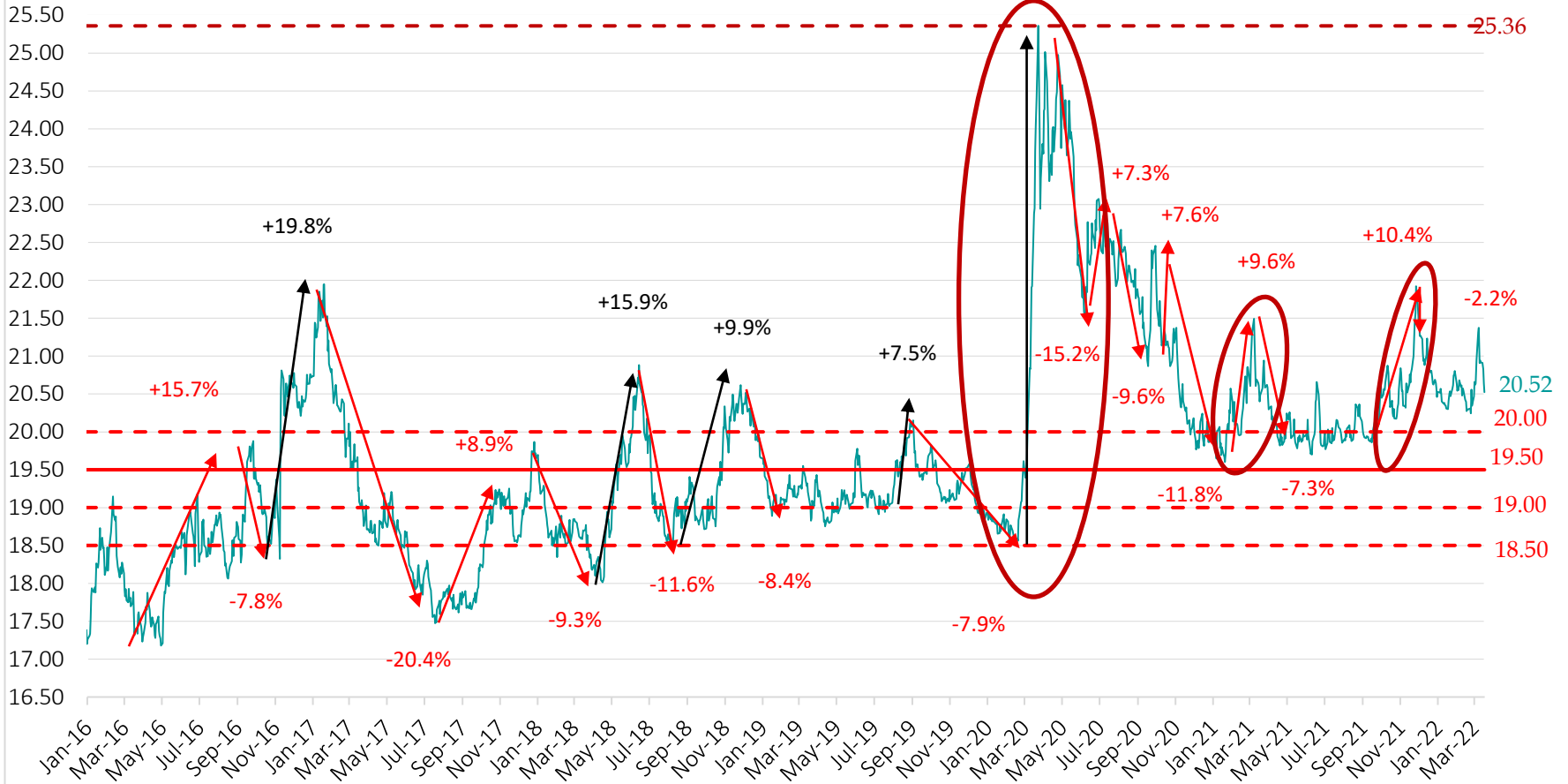
Source: U.S. Census Bureau

Amounts in millions of dollars

III. Spot Exchange Rate

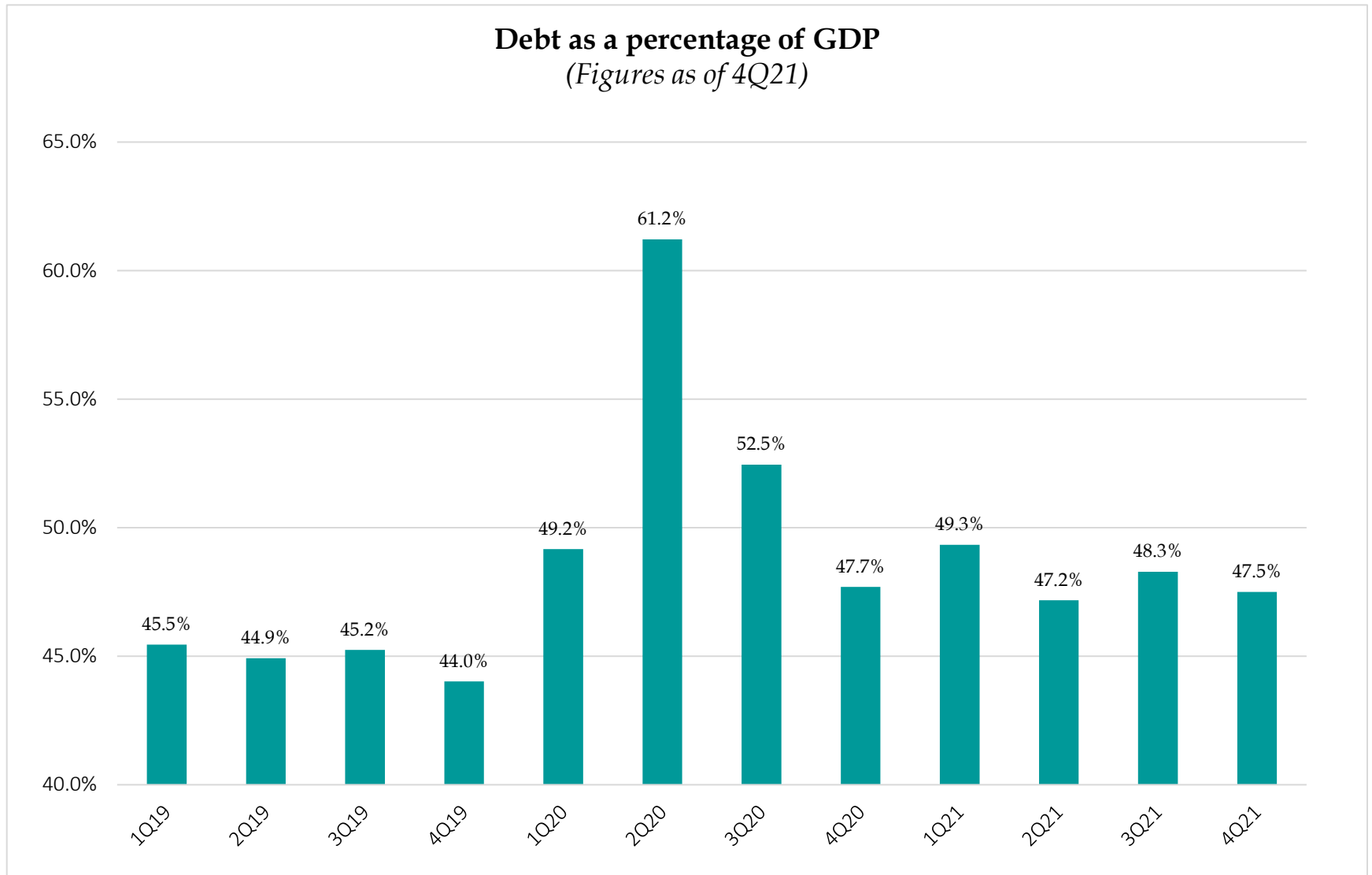
Spot Exchange Rate MXN/USD

(As of March 17, 2022)



Source: Bloomberg

IV. Financial Strengths

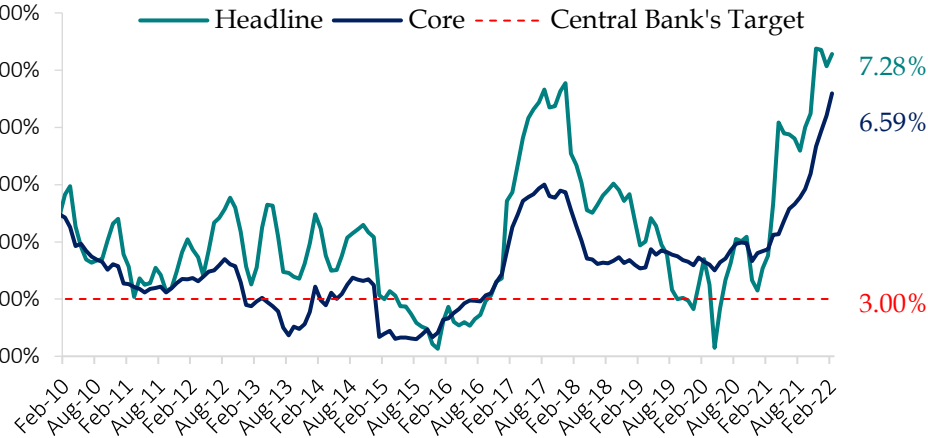


Source: Bloomberg, Ministry of Finance

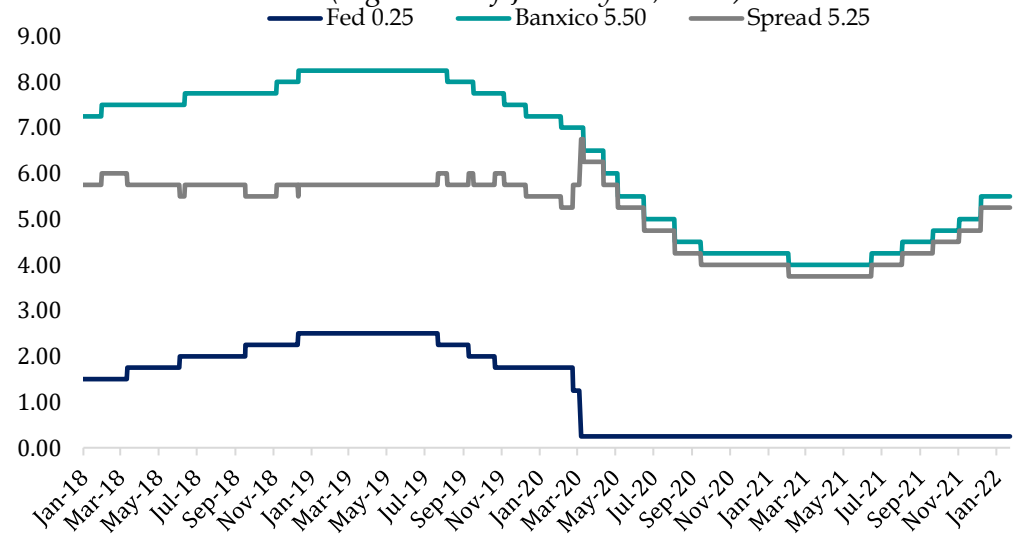
V. Mexico Risks



Inflation
(Year over Year % Change)



Banxico vs. Federal Reserve Reference Rate
(Figures as of January 31, 2022)



Source: INEGI, Bloomberg

Experience

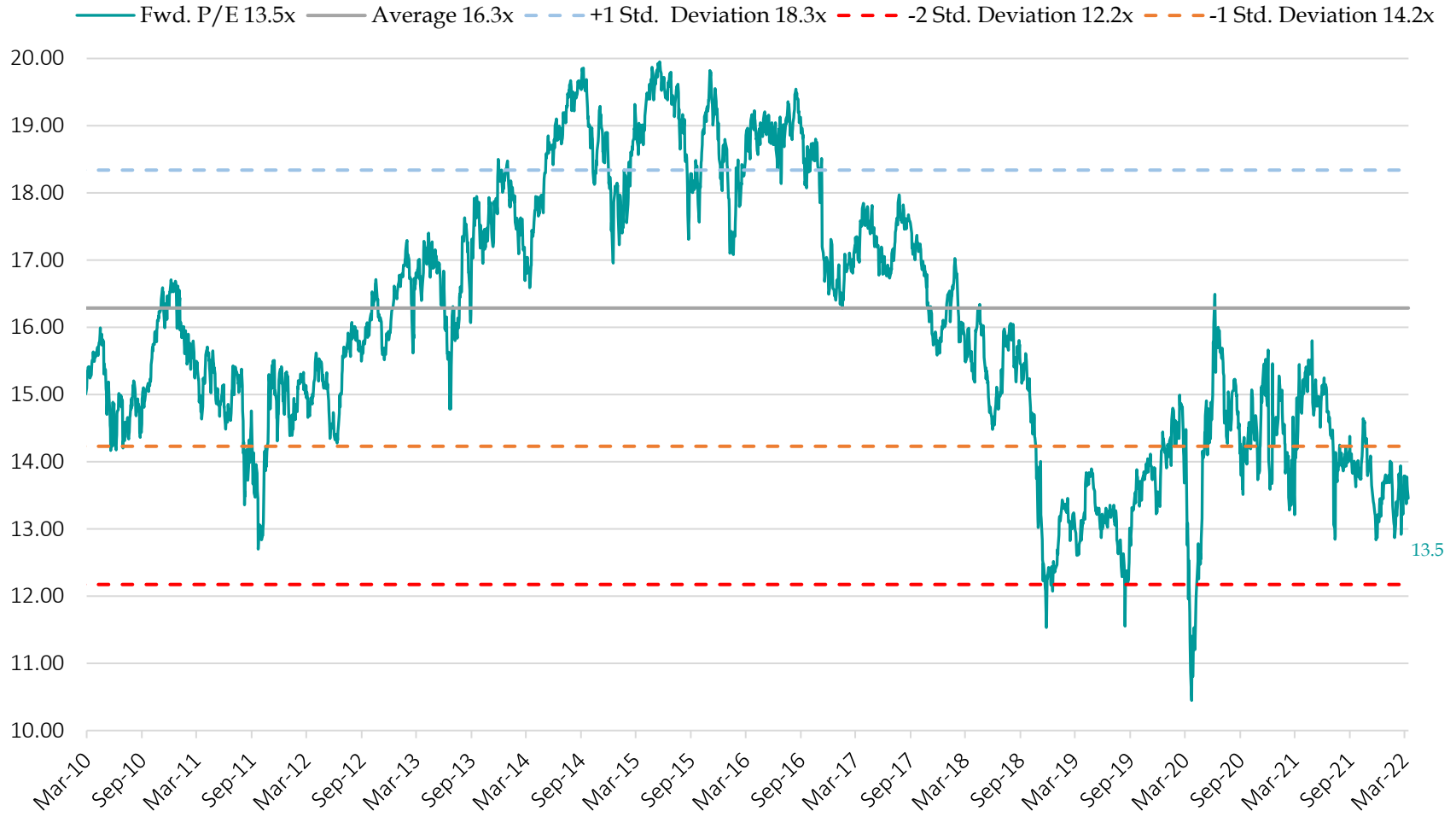
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VI. Equity Markets



Mexbol Index Fwd P/E Multiple (Long term, as of March 14, 2022)



Source: INEGI, Bloomberg

Experience

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DEFINITIONS:

Primary Activities: *These are deeply connected to the earth's natural resources and occurs where people stay close or are in touch with any of the earth's natural resources such as land or water. E.g., Agriculture, fishing, mining, etc.*

Secondary Activities: *All activities involved in the conversion of raw materials extracted from the primary activities into finished products to be used by consumers are secondary economic activities. E.g., Production and manufacturing.*

Tertiary Activities: *All activities involved in the transfer and distribution of tangible and intangible goods are tertiary economic activities. E.g., Services.*

PMI Markit Mexico Manufacturing Index: *Each national PMI dataset is compiled from questionnaire responses from a survey panel of senior purchasing executives (or similar) at around 400 companies. The survey panels are carefully recruited to accurately represent the true structure of the monitored sector: manufacturing, services, construction or the entire private sector economy. The survey questionnaire covers the following economic variables for manufacturing: Output, New orders, New export orders, Backlogs of work, Output prices, Input prices, Suppliers' delivery times, Stocks of finished goods, Quantity of purchases, among others.*

PMI Mexico Non-Manufacturing Index: *Each national PMI dataset is compiled from questionnaire responses from a survey panel of senior purchasing executives (or similar) at around 400 companies. The survey panels are carefully recruited to accurately represent the true structure of the monitored sector: manufacturing, services, construction or the entire private sector economy. The survey questionnaire covers the following economic variables for services: Business activity, New business, New export business, Outstanding business, Prices charged, Input prices, Employment, Future activity.*

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

MEXBOL Index: *or the IPC (Indice de Precios y Cotizaciones), is a capitalization-weighted index of the Mexican stock exchange's leading stocks.*

Price-to-earnings ratio (P/E ratio): *The ratio for valuing a company, measuring its current share price relative to its earnings per share (EPS). The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple.*

Standard Deviation: *A statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. The standard deviation is calculated as the square root of variance by determining each data point's deviation relative to the mean.*

DISCLAIMER

The Mexico Equity and Income Fund, Inc. ("the Fund") maintains a long-term capital appreciation investment objective through investments in securities, primarily equity, listed on the Mexican Stock Exchange. The Fund provides a vehicle to investors who wish to invest in Mexican companies through a managed non-diversified portfolio as part of their overall investment program.

Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Please see the Schedule of Investments in this report for a complete list of fund holdings. The information and views provided herein represent the opinion of Pichardo Asset Management, not the Fund's Board of Directors, and it does not intend to be a forecast of future events, a guarantee of future results, or investment advice. This report contains certain forward-looking statements about factors that may affect the performance of the Fund in the future.

Management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict.

Investors must carefully consider the Fund's investment objectives, risks, charges, expenses and restrictions. The prospectus contains this and other important information about the investment company, which may be obtained by calling U.S. Bancorp Fund Services, LLC, (414) 765-4255. Read it carefully before investing.

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

Investing in Foreign Securities

Investment in Mexican securities involves special considerations and risks that are not generally associated with investments in U.S. securities, including (1) relatively higher price volatility, lower liquidity, and the small market capitalization of Mexican securities markets; (2) currency fluctuations and the cost of converting Mexican pesos into U.S. dollars; (3) restrictions on foreign investment; (4) political, economic and social risks and uncertainties (5) higher rates of inflation and interest rates than in the United States. In addition, Mexican equity investments are in Mexican pesos. As a result, the Portfolio Securities must increase in market value at a rate over the rate of any decline in the peso's value against the U.S. dollar to avoid a reduction in their equivalent U.S. dollar value.

The Fund may have a higher turnover rate, resulting in higher transaction costs and higher tax liability, which may affect returns.