

MEXICO EQUITY & INCOME FUND INC

Form N-Q

May 29, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT
COMPANY

Investment Company Act file number 811-06111

The Mexico Equity and Income Fund, Inc.
(Exact name of registrant as specified in charter)

615 East Michigan Street
Milwaukee, WI 53202
(Address of principal executive offices) (Zip code)

Mr. Gerald Hellerman
C/O U.S. Bancorp Fund Services, LLC
615 E. Michigan Street
Milwaukee, WI 53202
(Name and address of agent for service)

866-700-6104
Registrant's telephone number, including area code

Date of fiscal year end: July 31, 2008

Date of reporting period: 4/30/2008

Item 1. Schedule of Investments.

THE MEXICO EQUITY AND INCOME FUND, INC.

| Schedule of Investments (Unaudited) | | April 30, 2008 |
|--|-----------|----------------|
| MEXICO - 95.76% | Shares | Value |
| COMMON STOCKS - 94.66% | | |
| Cement - 2.01% | | |
| Corporacion Moctezuma, S.A. de C.V. | 397,213 | \$ 1,037,270 |
| Grupo Cementos de Chihuahua, S.A. de C.V. | 385,854 | 1,967,759 |
| | | 3,005,029 |
| Communications - 6.91% | | |
| America Movil, S.A. de C.V. - Class L | 1,425,000 | 4,139,650 |
| America Movil, S.A. de C.V. - Class L ADR | 55,771 | 3,232,487 |
| Axtel, S.A. de C.V. CPO (a) | 1,602,100 | 2,963,245 |
| | | 10,335,382 |
| Financial Groups - 2.49% | | |
| Corporativo GBM SAB de CV | 3,775,500 | 3,721,956 |
| Food, Beverage, and Tobacco - 5.75% | | |
| Embotelladoras Arca S.A. | 393,600 | 1,501,037 |
| Fomento Economico Mexicano, S.A. de C.V. | 1,625,700 | 7,098,754 |
| | | 8,599,791 |
| Housing - 13.12% | | |
| Corp GEO S.A. de C.V. | 713,900 | 2,666,724 |
| Consortio ARA, S.A. de C.V. | 6,140,500 | 6,433,950 |
| Desarrolladora Homex, S.A. de C.V. (a) | 535,300 | 5,327,610 |
| SARE Holding, S.A. de C.V. (a) | 2,619,711 | 3,621,576 |
| Urbi, Desarrollos Urbanos, S.A. de C.V. | 495,800 | 1,588,734 |
| | | 19,638,594 |
| Industrial Conglomerates - 13.54% | | |
| Industrias CH, S.A. - Class B (a) | 1,536,641 | 7,029,249 |
| Mexichem, S.A. de C.V. | 1,849,606 | 13,241,513 |
| | | 20,270,762 |
| Infrastructure - 22.86% | | |
| Empresas ICA Sociedad Conroladora, S.A. de C.V. (a) | 2,172,300 | 13,153,405 |
| Grupo Mexicano de Desarrollo, S.A. (a) | 1,964,600 | 5,244,552 |
| Promotora y Operadora de Infraestructura, S.A. de C.V. (a) | 4,400,283 | 15,816,057 |
| | | 34,214,014 |
| Media - 4.88% | | |
| Grupo Televisa, S.A. CPO | 1,131,064 | 5,579,430 |

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| | | |
|-------------------------------|-----------|-------------------------|
| Grupo Televisa, S.A. - ADR | 70,096 | 1,729,969 7,309,399 |
| Mining - 10.65% | | |
| Grupo Mexico, S.A. - Series B | 1,985,266 | 14,511,772 |
| Industrias Penoles, S.A. | 48,677 | 1,434,263 15,946,035 |

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Schedule of Investments (continued)

April 30, 2008

| COMMON STOCKS (continued) | Shares | | Value |
|---|-----------|----|-------------|
| Real Estate Developer - 8.52% | | | |
| GMD Resorts SAB de CV | 1,663,600 | \$ | 1,808,132 |
| Grupe, S.A. de C.V. (a)(b) | 4,071,100 | | 10,945,539 |
| | | | 12,753,671 |
| Shipping - 0.15% | | | |
| Grupo TMM S.A. - ADR | 120,535 | | 229,017 |
| Waste Management - 3.78% | | | |
| Promotora Ambiental, S.A. de C.V. (a) | 1,944,125 | | 5,653,277 |
| TOTAL COMMON STOCKS (Cost \$99,770,777) | | \$ | 141,676,927 |
| INVESTMENT COMPANIES - 0.82% | Shares | | |
| GBM Fondo de Mercado de Dinero S.A. de C.V., SIID(a) | 472,619 | \$ | 1,221,657 |
| TOTAL INVESTMENT COMPANIES (Cost \$1,220,290) | | | 1,221,657 |
| SHORT-TERM INVESTMENTS - 0.28% | | | |
| Mexican CETES | 4,594,580 | \$ | 412,353 |
| 0.000% Coupon, 7.345% Effective Yield, 02/19/2009 (c) | | | |
| TOTAL SHORT-TERM INVESTMENTS (Cost \$401,922) | | | 412,353 |
| TOTAL MEXICO (Cost \$101,392,989) | | \$ | 143,310,937 |
| UNITED STATES - 0.69% | Shares | | |
| INVESTMENT COMPANIES - 0.69% | | | |
| First American Treasury Obligation - Class A, 1.252% | 1,039,965 | \$ | 1,039,965 |
| TOTAL INVESTMENT COMPANIES (Cost \$1,039,965) | | | 1,039,965 |
| TOTAL UNITED STATES (Cost \$1,039,965) | | | 1,039,965 |
| TOTAL INVESTMENTS - 96.45% (Cost \$102,432,954) | | | 144,350,902 |
| OTHER ASSETS IN EXCESS OF LIABILITIES - 3.55% | | | 5,308,481 |
| TOTAL NET ASSETS - 100.00% | | \$ | 149,659,383 |

Footnotes and Abbreviations

ADR - American Depositary Receipts.

(a) Non-income producing security.

(b) Affiliated company.

(c) Effective yield based on the purchase price. The calculation assumes the security is held to maturity.

The cost basis of investments for federal income tax purposes at April 30, 2008 was as follows:

| | | |
|-------------------------------|----|-------------|
| Cost of investments* | \$ | 102,432,954 |
| Gross unrealized appreciation | | 42,610,314 |
| Gross unrealized depreciation | | (692,365) |
| Net unrealized appreciation | \$ | 41,917,948 |

*Because tax adjustments are calculated annually, the above table reflects the tax adjustments outstanding at the Fund's previous fiscal year end. For the previous fiscal year's federal income tax information, please refer to the Notes to Financial Statements section in the Fund's most recent semi-annual or annual report.

TRANSACTIONS WITH AFFILIATES

The following issuer is affiliated with the Fund; that is, the Fund held 5% or more of the outstanding voting shares during the period from August 1, 2007 through April 30, 2008. As defined in Section (2)(a)(3) of the Investment Company Act of 1940, such issuers are:

| Issuer Name | | Grupe, S.A.de C.V. |
|----------------------|----|--------------------|
| August 1, 2007 | | |
| Shares | | 4,071,300 |
| Cost | \$ | 5,548,588 |
| Gross Additions | | |
| Shares | | — |
| Cost | \$ | — |
| Gross Deductions | | |
| Shares | | 200 |
| Cost | \$ | 158 |
| February 29, 2008 | | |
| Shares | | 4,071,100 |
| Cost | \$ | 5,548,430 |
| Market Value | \$ | 10,945,539 |
| Realized gain (loss) | \$ | 441 |
| Investment income | \$ | — |

* As a result of the Fund's beneficial ownership of this common stock, regulators require that the Fund state that it may be deemed an affiliate of the respective issuer.

Item 2. Controls and Procedures.

- (a) The Registrant's President/Chief Executive Officer and Treasurer/Chief Financial Officer have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "1940 Act")) are effective as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rules 15d-15(b) under the Securities Exchange Act of 1934, as amended.
- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

Separate certifications for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)). Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) The Mexico Equity and Income Fund, Inc.

By (Signature and Title) /s/ Maria Eugenia Pichardo
Maria Eugenia Pichardo, President

Date May 26, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Maria Eugenia Pichardo
Maria Eugenia Pichardo, President

Date May 26, 2008

By (Signature and Title) /s/ Gerald Hellerman
Gerald Hellerman, Chief Financial Officer

Date May 27, 2008
