

MEXICO EQUITY & INCOME FUND INC
Form N-Q
December 15, 2015

As filed with the Securities and Exchange Commission on December 15, 2015

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 & 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. Mario Alberto Gonzalez
C/O U.S. Bancorp Fund Services, LLC
615 E. Michigan Street
Milwaukee, WI 53202
(Name and address of agent for service)

877-785-0367
Registrant's telephone number, including area code

Date of fiscal year end: July 31, 2016

Date of reporting period: October 31, 2015

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Item 1. Schedule of Investments.

The Mexico Equity and Income Fund, Inc.
 Schedule of Investments
 October 31, 2015 (Unaudited)

MEXICO - 101.16%	Shares	Value
COMMON STOCKS - 97.45%		
Airports - 5.56%		
Grupo Aeroportuario del Centro Norte, S.A.B. de C.V.	563,416	\$ 2,897,954
Grupo Aeroportuario del Pacifico, S.A.B. de C.V. - Series B	321,649	2,896,979
		5,794,933
Auto Parts and Equipment - 6.07%		
Nemak, S.A.B. de C.V. (a)	2,486,043	3,595,610
Rassini, S.A.B. de C.V.	707,748	2,735,819
		6,331,429
Beverages - 10.18%		
Arca Continental, S.A.B. de C.V.	1,057,522	6,770,451
Fomento Economico Mexicano, S.A.B. de C.V.	389,680	3,849,428
		10,619,879
Cable and Satellite - 5.53%		
Megacable Holdings, S.A.B. de C.V. - Series L	1,512,603	5,764,591
Chemical Products - 3.70%		
Alpek, S.A.B. de C.V.	1,942,772	2,805,162
Mexichem, S.A.B. de C.V.	406,500	1,054,285
		3,859,447
Construction and Infrastructure - 5.18%		
Promotora y Operadora de Infraestructura, S.A.B. de C.V. (a)	300,454	3,767,271
Promotora y Operadora de Infraestructura, S.A.B. de C.V. - Series L (a)	149,400	1,629,690
		5,396,961
Consumer Products - 3.24%		
Kimberly-Clark de Mexico, S.A.B. de C.V.	1,400,000	3,378,416
Energy - 2.54%		
Infraestructura Energetica Nova, S.A.B. de C.V.	549,527	2,649,858
Financial Groups - 8.07%		
Banregio Grupo Financiero, S.A.B. de C.V.	689,919	3,721,965
Grupo Financiero Banorte, S.A.B. de C.V. - Series O	872,233	4,697,062
		8,419,027
Food - 7.20%		
Gruma, S.A.B. de C.V.	273,538	4,221,194
Grupo Bimbo, S.A.B. de C.V. (a)	1,050,949	2,982,115
Grupo Lala, S.A.B. de C.V.	120,333	307,502
		7,510,811
Holding Companies - 7.81%		
Alfa, S.A.B. de C.V. - Series A	2,393,528	4,986,215

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Grupo Carso, S.A.B. de C.V.	707,603	3,154,650
Home Builders - 0.14%		8,140,865
Consorcio ARA, S.A.B. de C.V.	400,005	149,901

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Hotels, Restaurants, and Recreation - 6.47%			
Alsa, S.A.B. de C.V. - Series A	1,194,909		3,926,653
Grupe, S.A.B. de C.V. (a)	1,071,520		2,821,872
			6,748,525
Mining - 0.92%			
Grupo Mexico, S.A.B. de C.V. - Series B	395,766		964,149
Publishing and Broadcasting - 2.43%			
Grupo Televisa, S.A.B. de C.V. - Series CPO	435,200		2,532,242
Real Estate Services - 1.83%			
Corporacion Inmobiliaria Vesta, S.A.B. de C.V.	1,160,894		1,906,032
Retail - 6.36%			
Corporativo Fragua, S.A.B. de C.V.	67,235		956,598
El Puerto de Liverpool, S.A.B. de C.V.	205,998		2,860,785
Wal-Mart de Mexico, S.A.B. de C.V.	1,068,000		2,817,775
			6,635,158
Telecommunication - 14.22%			
America Movil, S.A.B. de C.V. - Series L	16,603,079		14,826,152
TOTAL COMMON STOCKS (Cost \$94,422,677)			101,628,376
CAPITAL DEVELOPMENT CERTIFICATES - 2.39%			
Atlas Discovery Trust II (b)	300,000		2,497,461
TOTAL CAPITAL DEVELOPMENT CERTIFICATES (Cost \$2,190,759)			2,497,461
	Principal		
	Amount		
SHORT-TERM INVESTMENTS - 1.32%			
Mexican BANOBRA	1,600,000	*	96,851
0.00% Coupon, 2.775% Effective Yield, 11/03/2015 (c)			
Mexican INAFIN	3,600,000	*	217,930
0.00% Coupon, 2.733% Effective Yield, 11/04/2015 (c)			
Mexican INAFIN	17,500,000	*	1,059,306
0.00% Coupon, 2.734% Effective Yield, 11/05/2015 (c)			
TOTAL SHORT-TERM INVESTMENTS (Cost \$1,368,687)			1,374,087
TOTAL MEXICO (Cost \$97,982,123)			105,499,924
UNITED STATES - 0.20%			
INVESTMENT COMPANIES - 0.20%			
First American Treasury Obligation - Class A	208,539		208,539
TOTAL INVESTMENT COMPANIES (Cost \$208,539)			208,539
TOTAL UNITED STATES (Cost \$208,539)			208,539

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Total Investments (Cost \$98,190,662) - 101.36%	105,708,463
Liabilities in Excess of Other Assets - (1.36)%	(1,418,491)
TOTAL NET ASSETS - 100.00%	\$ 104,289,972

Percentages are stated as a percent of net assets.

(a) Non-income producing security.

The Adviser has determined this security to be illiquid. The total value of illiquid securities at

(b) October 31, 2015 was \$2,497,461,

comprising 2.39% of net assets, while the remainder of the Fund's net assets 97.61% were liquid.

Effective yield based on the purchase price. The calculation assumes

(c) the security is held to maturity.

* Principal amount in Mexican pesos.

The cost basis of investments for federal income tax purposes at October 31, 2015 was as follows:

Cost of investments**	\$ 98,190,662
Gross unrealized appreciation	9,988,152
Gross unrealized depreciation	(2,470,351)
Net unrealized appreciation	\$ 7,517,801

**Because tax adjustments are calculated annually, the above table does not reflect tax adjustments.

For the previous fiscal year's federal income tax information, please refer to the Notes to Financial Statements section of the Fund's most recent semi-annual or annual report.

Significant accounting policies are as follows:

Portfolio Valuation: Investments are stated at value. All securities for which market quotations are readily available are valued at the last sales price prior to the time of determination of net asset value, or, if no sales price is available at that time, at the closing price last quoted for the securities. If there are no such closing prices, the security shall be valued at the mean between the most recent highest bid and lowest ask prices at the valuation time.

Securities that are traded over-the-counter are valued, if bid and asked quotations are available, at the mean between the current bid and asked prices.

Investments in short-term debt securities having a maturity of 60 days or less are valued at amortized cost if their term to maturity from the date of purchase was less than 60 days, or by amortizing their value on the 61st day prior to maturity if their term to maturity from the date of purchase when

acquired by the Fund was more than 60 days. Other assets and securities for which no quotations are readily available will be valued in good faith at fair

value using methods determined by the Board of Directors. These methods include, but are not limited to, the fundamental analytical data relating to

the investment; the nature and duration of restrictions in the market in which they are traded (including the time needed to dispose of the security,

methods of soliciting offers and mechanics of transfer); the evaluation of the forces which influence the market in which these securities may be purchased or sold, including the economic outlook and the condition of the industry in which the issuer participates. The Fund has a Valuation

Committee comprised of independent directors which oversees the valuation of portfolio securities.

The Valuation Committee of the Fund shall meet to consider any fair valuations. This consideration includes reviewing various factors set forth in the pricing procedures adopted by the Board of Directors and other factors as warranted. In considering a fair value determination, factors that may be considered, among others include; the type and structure of the security; unusual events or circumstances relating to the security's issuer; general market conditions; prior day's valuation; fundamental analytical data; size of the holding; cost of the security on the date of purchase; trading activity and prices of similar securities or financial instruments.

FAIR VALUE MEASUREMENTS

The Fund follows the FASB ASC Topic 820 hierarchy, under which various inputs are used in determining the value of the Fund's investments. The basis of the hierarchy is dependent upon various "inputs" used to determine the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 – Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risks, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the company's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of the markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

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The following is a summary of the inputs used to value the Fund's investments carried at fair value as of October 31, 2015:

	Level 1*	Level 2*	Level 3**	Total
Equity				
Airports	\$5,794,933	\$-	\$-	\$5,794,933
Auto Parts and Equipment	6,331,429	-	-	6,331,429
Beverages	10,619,879	-	-	10,619,879
Capital Development Certificates	-	-	2,497,461	2,497,461
Cable and Satellite	5,764,591	-	-	5,764,591
Chemical Products	3,859,447	-	-	3,859,447
Construction and Infrastructure	5,396,961	-	-	5,396,961
Consumer Products	3,378,416	-	-	3,378,416
Energy	2,649,858	-	-	2,649,858
Financial Groups	8,419,027	-	-	8,419,027
Food	7,510,811	-	-	7,510,811
Holding Companies	8,140,865	-	-	8,140,865
Home Builders	149,901	-	-	149,901
Hotels, Restaurants, and Recreation	3,926,653	2,821,872	-	6,748,525
Mining	964,149	-	-	964,149
Publishing and Broadcasting	2,532,242	-	-	2,532,242
Real Estate Services	1,906,032	-	-	1,906,032
Retail	6,635,158	-	-	6,635,158
Telecommunications	14,826,152	-	-	14,826,152
Total Equity	\$98,806,504	\$2,821,872	\$2,497,461	\$104,125,837
Short-Term Investments	\$208,539	\$1,374,087	\$-	\$1,582,626
Total Investments in Securities	\$99,015,043	\$4,195,959	\$2,497,461	\$105,708,463

* Transfers between Levels are recognized at the end of the reporting period.

** The Fund measures Level 3 activity as of the beginning and end of each reporting period.

Transfers between Level 1 and Level 2 securities as of October 31, 2015 resulted from securities priced previously with an official close price (Level 1 securities) or on days where there is not an official close price the securities are valued at the mean between the most recent bid and asked prices (Level 2 securities). Transfers as of October 31, 2015 are summarized in the table below:

Transfers into Level 1	\$1,037,760
Transfers out of Level 1	(2,821,872)
Net transfers in and/or out of Level 1	\$(1,784,112)
Transfers into Level 2	\$2,821,872
Transfers out of Level 2	(1,037,760)
Net transfers in and/or out of Level 2	\$1,784,112

Disclosures about Derivative Instruments and Hedging Activities

The Fund did not invest in derivative securities or engage in hedging activities during the period ended October 31, 2015.

Level 3 Reconciliation Disclosure

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value.

Description	Investments in Securities
Balance as of July 31, 2015	\$2,565,943
Acquisition/Purchase	-
Sales	-
Realized gain	-
Change in unrealized appreciation (depreciation)	(68,482)
Balance as of October 31, 2015	\$2,497,461

The following table presents additional information about valuation methodologies and inputs used for investments that are measured at fair value and categorized within Level 3 as of October 31, 2015:

	Fair Value October 31, 2015	Valuation Methodologies Market Comparables/ Sum of the Parts Valuation	Unobservable Input (1) Liquidity Discount	Impact to Valuation from an Increase in Input (2) Decrease
Capital Development Certificates	\$ 2,497,461			

In determining certain of these inputs, management evaluates a variety of factors including economic conditions, foreign exchange rates, industry and market developments, market valuations of comparable companies and company specific developments.

This column represents the directional change in the fair value of the Level 3 investment that would result from increases to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect.

Item 2. Controls and Procedures.

- (a) The Registrant's President and 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")) (17 CFR 270.30a-3(c)) 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 (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(d)).
- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that have materially affected, or are 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 1940 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 & Income Fund, Inc.

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

Date December 9, 2015

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 December 9, 2015

By (Signature and Title)* /s/ Mario Alberto Gonzalez
Mario Alberto Gonzalez, Chief Financial Officer

Date December 9, 2015

* Print the name and title of each signing officer under his or her signature.