

MEXICO EQUITY & INCOME FUND INC  
Form N-Q  
June 22, 2016

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As filed with the Securities and Exchange Commission on June 22, 2016

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. Arnulfo Rodríguez  
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: April 30, 2016

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Item 1. Schedule of Investments.

The Mexico Equity and Income Fund, Inc.  
 Schedule of Investments  
 April 30, 2016 (Unaudited)

MEXICO - 101.14%	Shares	Value
COMMON STOCKS - 97.23%		
Airlines - 2.58%		
Controladora Vuela Compania de Aviacion, S.A.B. de C.V. - Series A (a)	1,229,889	\$2,568,487
Airports - 7.49%		
Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. - Series B	589,014	3,408,511
Grupo Aeroportuario del Pacifico, S.A.B. de C.V. - Series B	428,439	4,036,697
		7,445,208
Auto Parts and Equipment - 3.47%		
Nemak, S.A.B. de C.V. - Series A	1,416,885	2,032,516
Rassini, S.A.B. de C.V.	304,954	1,418,362
		3,450,878
Beverages - 14.45%		
Arca Continental, S.A.B. de C.V.	1,109,213	7,656,659
Fomento Economico Mexicano, S.A.B. de C.V.	721,400	6,712,238
		14,368,897
Building Materials - 1.17%		
Cemex, S.A.B. de C.V. - Series CPO (a)	1,560,000	1,157,896
Cable and Satellite - 4.46%		
Megacable Holdings, S.A.B. de C.V.	960,709	4,436,494
Chemical Products - 3.76%		
Alpek, S.A.B. de C.V. - Series A	1,201,444	2,006,288
Mexichem, S.A.B. de C.V.	685,100	1,729,410
		3,735,698
Communications Equipment - 3.73%		
Telesites, S.A.B. de C.V. - Series L (a)	6,047,556	3,711,915
Construction and Infrastructure - 4.31%		
Impulsora del Desarrollo y el Empleo en America Latina, S.A.B. de C.V. (a)	547,220	753,814
Promotora y Operadora de Infraestructura, S.A.B. de C.V.	155,054	1,966,400
Promotora y Operadora de Infraestructura, S.A.B. de C.V. - Series L	149,531	1,565,219
		4,285,433
Consumer Products - 1.37%		
Kimberly-Clark de Mexico, S.A.B. de C.V. - Series A	573,069	1,356,341
Financial Groups - 13.43%		
Genera, S.A.B. de C.V.	499,358	993,222
Grupo Financiero Banorte, S.A.B. de C.V. - Series O	1,395,033	7,919,538
Grupo Financiero Interacciones, S.A.B de C.V. - Series O	214,945	1,221,232
Grupo Financiero Santander Mexico S.A.B. de C.V. - Series B	762,700	1,397,758

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Unifin Financiera, S.A.B. de C.V.

617,705

1,821,019

13,352,769

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Food - 6.52%		
Gruma, S.A.B. de C.V. - Series B	110,696	1,617,076
Grupo Bimbo, S.A.B. de C.V. - Series A	663,876	2,023,889
Grupo Lala, S.A.B. de C.V. - Series B	803,300	2,148,247
La Comer, S.A.B. de C.V. (a)	664,599	693,777
		6,482,989
Holding Companies - 4.04%		
Alfa, S.A.B. de C.V. - Series A	1,393,620	2,619,621
Grupo Carso, S.A.B. de C.V. - Series A - 1	292,878	1,400,498
		4,020,119
Hotels, Restaurants, and Recreation - 8.15%		
Alsea, S.A.B. de C.V. - Series A	1,445,473	5,535,841
Grupe, S.A.B. de C.V. (a)	964,082	2,571,498
		8,107,339
Real Estate Services - 0.69%		
Corporacion Inmobiliaria Vesta, S.A.B. de C.V.	148,763	242,453
Corpovael, S.A.B. de C.V. - Series A (a)	518,619	446,133
		688,586
Retail - 11.06%		
El Puerto de Liverpool, S.A.B. de C.V. - Series C - 1	334,005	3,796,727
Grupo Sanborns, S.A.B. de C.V. - Series B - 1	1,300,788	1,799,441
Wal-Mart de Mexico, S.A.B. de C.V.	2,181,367	5,394,888
		10,991,056
Telecommunication - 6.55%		
America Movil, S.A.B. de C.V. - Series L	9,219,001	6,515,858
TOTAL COMMON STOCKS (Cost \$88,014,664)		96,675,963
CAPITAL DEVELOPMENT CERTIFICATES - 2.55%		
Atlas Discovery Trust II (b)(c)	300,000	2,538,692
TOTAL CAPITAL DEVELOPMENT CERTIFICATES (Cost \$2,190,759)		2,538,692
	Principal	
SHORT-TERM INVESTMENTS - 1.36%		
Mexican BANOBRA		
0.000% Coupon, 3.507% Effective Yield, 05/02/2016 (d)	17,700,000 *	1,028,694
Mexican BANOBRA		
0.000% Coupon, 3.507% Effective Yield, 05/03/2016 (d)	5,500,000 *	319,651
TOTAL SHORT-TERM INVESTMENTS (Cost \$1,340,159)		1,348,345
TOTAL MEXICO (Cost \$91,545,582)		100,563,000
	Shares	Value
UNITED STATES - 0.10%		
INVESTMENT COMPANIES - 0.10%		
First American Treasury Obligation - Class A	99,401	99,401
TOTAL INVESTMENT COMPANIES (Cost \$99,401)		99,401
TOTAL UNITED STATES (Cost \$99,401)		99,401
Total Investments (Cost \$91,644,983) - 101.24%		100,662,401
Liabilities in Excess of Other Assets - (1.24)%		(1,231,274 )
TOTAL NET ASSETS - 100.00%		\$99,431,127

Percentages are stated as a percent of net assets.

- (a) Non-income producing security.  
Fair valued security. The total market
  - (b) value of this security was \$2,538,692,  
representing 2.55% of net assets.  
Illiquid security. The total value of
  - (c) this security was \$2,538,692,  
comprising 2.55% of net assets.  
Effective yield based on the purchase
  - (c) price. The calculation assumes the  
security is held to maturity.
  - \* Principal amount in Mexican pesos.
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The cost basis of investments for federal income tax purposes at April 30, 2016 was as follows:

Cost of investments**	\$91,644,983
Gross unrealized appreciation	10,350,130
Gross unrealized depreciation	(1,332,712 )
Net unrealized appreciation	\$9,017,418

\*\*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. Listed  
equity  
securities are  
valued at the  
closing price  
on the  
exchange or  
market on  
which the  
security is  
primarily  
traded (the  
“Primary  
Market”) at  
the valuation  
time. If the  
security did  
not trade on  
the Primary  
Market, it  
shall be  
valued at the  
closing price  
on another  
comparable  
exchange  
where it  
trades at the  
valuation

time. 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.

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 April 30, 2016:

	Level 1*	Level 2*	Level 3**	Total
Equity				
Airlines	\$ 2,568,487	\$ -	\$ -	\$ 2,568,487
Airports	7,445,208	-	-	7,445,208
Auto Parts and Equipment	3,450,878	-	-	3,450,878
Beverages	14,368,897	-	-	14,368,897
Building Materials	1,157,896	-	-	1,157,896
Capital Development Certificates	-	-	2,538,692	2,538,692
Cable and Satellite	4,436,494	-	-	4,436,494
Chemical Products	3,735,698	-	-	3,735,698
Communications Equipment	3,711,915	-	-	3,711,915
Construction and Infrastructure	4,285,433	-	-	4,285,433
Consumer Products	1,356,341	-	-	1,356,341
Financial Groups	13,352,769	-	-	13,352,769
Food	6,482,989	-	-	6,482,989
Holding Companies	4,020,119	-	-	4,020,119
Hotels, Restaurants, and Recreation	8,107,339	-	-	8,107,339
Real Estate Services	688,586	-	-	688,586
Retail	10,991,056	-	-	10,991,056
Telecommunications	6,515,858	-	-	6,515,858
Total Equity	\$ 96,675,963	\$ -	\$ 2,538,692	\$ 99,214,655
Short-Term Investments	\$ 99,401	\$ 1,348,345	\$ -	\$ 1,447,746
Total Investments in Securities	\$ 96,775,364	\$ 1,348,345	\$ 2,538,692	\$ 100,662,401

\* 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.

Disclosures  
about  
Derivative  
Instruments  
and  
Hedging  
Activities

The Fund did  
not invest in  
derivative  
securities or  
engage in  
hedging  
activities

during the period ended April 30, 2016.

Level 3 Reconciliation Disclosure

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

<u>Description</u>	Investments in Securities
Balance as of July 31, 2015	\$2,565,943
Acquisition/Purchase	-
Sales	-
Realized gain	-
Change in unrealized appreciation (depreciation)	(27,251 )
Balance as of April 30, 2016	\$2,538,692

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 April 30, 2016:

Fair Value April 30, 2016	Valuation Methodologies	Unobservable Input <sup>(1)</sup>
Capital Development \$ Certificates	2,538,692	Market Comparables/ Sum of the Parts Valuation Liquidity Discount

<sup>1</sup> In determining certain of these inputs, management evaluates a variety of factors including economic conditions, exchange rates, industry and market developments, market valuations of comparable companies and company sp

developments.

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

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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.

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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 June 10, 2016

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 June 10, 2016

By (Signature and Title)\* /s/ Arnulfo Rodríguez  
Arnulfo Rodríguez, Chief Financial Officer

Date June 10, 2016

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