

MEXICO EQUITY & INCOME FUND INC  
Form N-Q  
June 20, 2018

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As filed with the Securities and Exchange Commission on June 20, 2018

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, 2018

Date of reporting period: April 30, 2018

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## Item 1. Schedule of Investments.

The Mexico Equity and Income Fund, Inc.  
 Schedule of Investments  
 April 30, 2018 (Unaudited)

MEXICO - 100.19%	Shares	Value
COMMON STOCKS - 96.34%		
Airports - 1.71%		
Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. - Series B	244,100	\$1,292,674
Grupo Aeroportuario del Pacifico, S.A.B. de C.V. - Series B	21,640	225,101
		1,517,775
Auto Parts and Equipment - 2.14%		
Rassini, S.A.B. de C.V.	449,998	1,899,409
Beverages - 12.52%		
Arca Continental, S.A.B. de C.V.	465,516	3,217,433
Coca-Cola Femsa, S.A.B. de C.V. - Series L	151,000	980,423
Fomento Economico Mexicano, S.A.B. de C.V. - Series UBD	715,315	6,914,464
		11,112,320
Building Materials - 8.58%		
Cemex, S.A.B. de C.V. - Series CPO (a)	7,854,449	4,913,742
Grupo Cementos de Chihuahua, S.A.B. de C.V.	463,600	2,698,253
		7,611,995
Chemical Products - 6.44%		
Mexichem, S.A.B. de C.V.	1,830,725	5,718,675
Construction and Infrastructure - 5.19%		
Promotora y Operadora de Infraestructura, S.A.B. de C.V.	311,326	3,190,159
Promotora y Operadora de Infraestructura, S.A.B. de C.V. - Series L	203,045	1,417,577
		4,607,736
Consumer Financing Services - 2.20%		
Credito Real, S.A.B. de C.V.	1,327,030	1,947,043
Energy - 7.08%		
Infraestructura Energetica Nova, S.A.B. de C.V.	1,427,392	6,283,653
Financial Groups - 16.17%		
Banco del Bajio, S.A.	1,456,212	3,105,986
Grupo Financiero Banorte, S.A.B. de C.V. - Series O	1,226,288	7,672,967
Regional S.A.B. de C.V.	559,398	3,573,773
		14,352,726
Food - 4.98%		
Gruma, S.A.B. de C.V. - Series B	362,014	4,421,700
Holding Companies - 2.63%		
Alfa, S.A.B. de C.V. - Series A	1,392,944	1,788,284
Grupo Carso, S.A.B. de C.V. - Series A - 1	151,676	545,001
		2,333,285
Hotels, Restaurants, and Recreation - 2.15%		
Alsea, S.A.B. de C.V. - Series A	151,547	563,661
Grupe, S.A.B. de C.V. - Series B (a)	552,928	1,345,212
		1,908,873
Mining - 4.90%		

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Grupo Mexico, S.A.B. de C.V. - Series B	750,991	2,496,470
Industrias Penoles, S.A.B. de C.V.	88,383	1,855,084
		4,351,554
Railroads - 3.22%		
GMexico Transportes S.A.B. de C.V.	1,787,369	2,852,787
Real Estate Services - 3.75%		
Corporacion Inmobiliaria Vesta, S.A.B. de C.V.	2,306,226	3,329,480
Retail - 5.65%		
El Puerto de Liverpool, S.A.B. de C.V. - Series C - 1	249,934	1,667,559
La Comer S.A.B. de C.V. - Series UBC (a)	140,332	147,895
Wal-Mart de Mexico, S.A.B. de C.V.	1,150,292	3,196,477
		5,011,931
Telecommunication - 7.03%		
America Movil, S.A.B. de C.V. - Series L	6,736,221	6,234,824
TOTAL COMMON STOCKS (Cost \$79,709,301)		85,495,766

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CAPITAL DEVELOPMENT CERTIFICATES - 1.73%		
Atlas Discovery Trust II (b)(c)(d)	300,000	1,538,077
TOTAL CAPITAL DEVELOPMENT CERTIFICATES (Cost \$1,460,703)		1,538,077
MEXICAN MUTUAL FUNDS - 1.46%		
Scotiabankinverlat - Scotia Gubernamental S.A. de C.V. SIID (a)	7,187,237	1,292,212
TOTAL MEXICAN MUTUAL FUNDS (Cost \$1,284,770)		1,292,212
REAL ESTATE INVESTMENT TRUSTS - 0.66%		
Macquarie Mexico Real Estate Management S.A. de C.V. (a)	551,588	588,689
TOTAL REAL ESTATE INVESTMENT TRUSTS (Cost \$626,638)		588,689
TOTAL MEXICO (Cost \$83,081,412)		88,914,744
UNITED STATES - 0.16%		Value
INVESTMENT COMPANIES - 0.16%		
Morgan Stanley Institutional Liquidity Funds - Government Portfolio - Institutional Class - 1.601% (e)	144,042	144,042
TOTAL INVESTMENT COMPANIES (Cost \$144,042)		144,042
TOTAL UNITED STATES (Cost \$144,042)		144,042
Total Investments (Cost \$83,225,454) - 100.35%		89,058,786
Liabilities in Excess of Other Assets - (0.35)%		(312,941 )
TOTAL NET ASSETS - 100.00%		\$88,745,845

Percentages are stated as a percent of net assets.

- (a) Non-income producing security.
- (b) Fair valued security. The total market value of this security was \$1,538,077, representing 1.73% of net assets.
- (c) Illiquid securities. The total market value of these securities were \$2,883,289, representing 3.25% of net assets.
- (d) Level 3 security. Values determined using significant unobservable inputs.
- (e) The rate shown represents the 7-day yield at April 30, 2018.

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.

The following is a summary of the inputs used to value the Fund's investments carried at fair value as of April 30, 2018:

	Level 1*	Level 2*	Level 3**	Total***
Equity				
Airports	\$1,517,775	\$-	\$-	\$1,517,775
Auto Parts and Equipment	1,899,409	-	-	1,899,409
Beverages	11,112,320	-	-	11,112,320
Building Materials	7,611,995	-	-	7,611,995
Capital Development Certificates	-	-	1,538,077	1,538,077
Chemical Products	5,718,675	-	-	5,718,675
Construction and Infrastructure	4,607,736	-	-	4,607,736
Consumer Financing Services	1,947,043	-	-	1,947,043
Energy	6,283,653	-	-	6,283,653
Financial Groups	14,352,726	-	-	14,352,726
Food	4,421,700	-	-	4,421,700
Holding Companies	2,333,285	-	-	2,333,285
Hotels, Restaurants, and Recreation	563,661	1,345,212	-	1,908,873
Mining	4,351,554	-	-	4,351,554
Railroads	2,852,787	-	-	2,852,787
Real Estate Services	3,329,480	-	-	3,329,480
Retail	5,011,931	-	-	5,011,931
Telecommunications	6,234,824	-	-	6,234,824
Total Equity	\$84,150,554	\$1,345,212	\$1,538,077	\$87,033,843

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Mexican Mutual Funds	\$1,292,212	\$-	\$-	\$1,292,212
Real Estate Investment Trusts	\$588,689	\$-	\$-	\$588,689
Short-Term Investments	\$144,042	\$-	\$-	\$144,042
Total Investments in Securities	\$86,175,497	\$1,345,212	\$1,538,077	\$89,058,786

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\*

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.

\*\*\* There  
were no  
transfers  
between levels.  
Transfers  
between levels  
are recognized  
at the end of  
the 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, 2018.

Level  
3  
Reconciliation  
Disclosure

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

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<u>Description</u>	<u>Investments</u> <u>in</u> <u>Securities</u>
Balance as of July 31, 2017	\$2,277,007
Acquisition/Purchase	-
Sales	-
Realized gain	-
Change in unrealized appreciation (depreciation)	(738,930 )
Balance as of April 30, 2018	\$ 1,538,077

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, 2018:

	Fair Value April 30, 2018	Valuation Methodologies	Unobservable Input <sup>(1)</sup>	Impact to Valuation from an Increase in Input <sup>(2)</sup>
Capital Development Certificates	\$ 1,538,077	Market Comparables/ the Parts Valuation	Liquidity Discount	Decrease

1 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.

2 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.

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)).

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 6/18/2018

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 6/18/2018

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

Date 6/18/2018

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

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