

MEXICO EQUITY & INCOME FUND INC  
Form N-Q  
December 28, 2018

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As filed with the Securities and Exchange Commission on December 28, 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, 2019

Date of reporting period: October 31, 2018

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## Item 1. Schedule of Investments.

The Mexico Equity  
and Income Fund,  
Inc.  
Schedule of  
Investments  
October 31, 2018  
(Unaudited)

MEXICO - 88.69% Shares		Value
COMMON STOCKS - 81.46%		
Auto Parts and Equipment - 2.33%		
Rassini, S.A.B. de C.V.	529,998	\$1,797,165
Beverages - 9.73%		
Arca Continental, S.A.B. de C.V.	600,116	3,017,826
Coca-Cola Femsa, S.A.B. de C.V. - Series L	119,000	678,736
Fomento Economico Mexicano, S.A.B. de C.V. - Series UBD	450,215	3,827,434 7,523,996
Building Materials - 12.70%		
Cemex, S.A.B. de C.V. - Series CPO (a)	7,269,615	3,628,858
Grupo Cementos de Chihuahua, S.A.B. de C.V.	1,147,866	6,185,957 9,814,815
Chemical Products - 7.97%		
Alpek, S.A.B. de C.V. - Series A (a)	2,216,700	2,918,024
Mexichem, S.A.B. de C.V.	1,229,225	3,247,152 6,165,176
Construction and Infrastructure - 3.88%		
Promotora y Operadora de Infraestructura,	176,734	1,608,361

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S.A.B. de C.V. Promotora y Operadora de Infraestructura, S.A.B. de C.V. - Series L	203,045	1,394,399 3,002,760
Consumer Financing Services - 1.40%		
Credito Real, S.A.B. de C.V.	948,460	1,085,115
Consumer Products - 0.03%		
Kimberly-Clark de Mexico, S.A.B. de C.V. - Series A	17,389	25,065
Energy - 0.96%		
Infraestructura Energetica Nova, S.A.B. de C.V.	189,771	743,922
Financial Groups - 8.23%		
Banco del Bajio, S.A.	871,167	1,712,464
Grupo Financiero Banorte, S.A.B. de C.V. - Series O	556,988	3,064,452
Regional, S.A.B. de C.V.	325,733	1,586,391 6,363,307
Food - 1.51%		
Gruma, S.A.B. de C.V. - Series B	111,664	1,165,386
Hotels, Restaurants, and Recreation - 3.33%		
Alsea, S.A.B. de C.V. - Series A	627,000	1,603,208
Grupe, S.A.B. de C.V. - Series B (a)(c)	429,707	970,970 2,574,178
Mining - 5.51%		
Grupo Mexico, S.A.B. de C.V. - Series B	1,420,572	3,277,773
Industrias Penoles, S.A.B. de C.V.	69,383	977,901 4,255,674

Real Estate Services - 3.14% Corporacion Inmobiliaria Vesta, S.A.B. de C.V.	1,988,124	2,427,257
Telecommunication - 20.74% America Movil, S.A.B. de C.V. - Series L	20,552,694	14,883,395
Telesites S.A.B. de C.V. (a)	1,871,027	1,154,122 16,037,517
TOTAL COMMON STOCKS (Cost \$68,052,142)		62,981,333
CAPITAL DEVELOPMENT CERTIFICATES - 2.03% Atlas Discovery Trust II (b)(c)(d)	300,000	1,569,590
TOTAL CAPITAL DEVELOPMENT CERTIFICATES (Cost \$1,460,703)		1,569,590
MEXICAN MUTUAL FUNDS - 0.65% Scotiabankinverlat - Scotia Gubernamental S.A. de C.V. SIID (a)	2,953,896	505,567
TOTAL MEXICAN MUTUAL FUNDS (Cost \$528,903)		505,567
SHORT-TERM INVESTMENTS - 4.55% Mexican CETES 0.000% Coupon, 8.020% Effective Yield, 11/08/2018 (e)	71,661,730*	3,515,873 3,515,873

TOTAL SHORT-TERM INVESTMENTS (Cost \$3,647,607)	
TOTAL MEXICO (Cost \$73,689,355)	68,572,363

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UNITED STATES - 6.85%		Value
INVESTMENT COMPANIES - 6.85%		
Fidelity Investments Money Market Funds - Government Portfolio - Institutional Class - 2.060% (f)	1,500,000	1,500,000
Morgan Stanley Institutional Liquidity Funds - Government Portfolio - Institutional Class - 2.047% (f)	3,799,298	3,799,298
TOTAL INVESTMENT COMPANIES (Cost \$5,299,298)		5,299,298
TOTAL UNITED STATES (Cost \$5,299,298)		
Total Investments (Cost \$78,988,653) - 95.54%		73,871,661
Other Assets in Excess of Liabilities - 4.46%		3,438,042
TOTAL NET ASSETS - 100.00%		77,309,703

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 \$1,569,590, representing 2.03% of net assets. Illiquid securities. The total market value of these securities were \$2,540,560, representing 3.29% of net
  - (c) assets.
  - (d) Level 3 security. Value determined using significant unobservable inputs.
  - (e) Effective yield based on the purchase price. The calculation assumes the security is held to maturity.
  - (f) The rate shown represents the 7-day yield at October 31, 2018.
- \* Principal amount in Mexican pesos.
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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 October 31, 2018:

	Level 1	Level 2	Level 3	Total
Equity				
Auto Parts and Equipment	\$1,797,165	\$-	\$-	\$1,797,165
Beverages	7,523,996	-	-	7,523,996
Building Materials	9,814,815	-	-	9,814,815
Capital Development Certificates	-	-	1,569,590	1,569,590
Chemical Products	6,165,176	-	-	6,165,176
Construction and Infrastructure	3,002,760	-	-	3,002,760
Consumer Financing Services	1,085,115	-	-	1,085,115
Consumer Products	25,065	-	-	25,065
Energy	743,922	-	-	743,922
Financial Groups	6,363,307	-	-	6,363,307
Food	1,165,386	-	-	1,165,386
Hotels, Restaurants, and Recreation	2,574,178	-	-	2,574,178
Mining	4,255,674	-	-	4,255,674
Real Estate Services	2,427,257	-	-	2,427,257
Telecommunications	16,037,517	-	-	16,037,517
Total Equity	\$62,981,333	\$-	\$1,569,590	\$64,550,923
Mexican Mutual Funds	\$505,567	\$-	\$-	\$505,567
Short-Term Investments	\$5,299,298	\$3,515,873	\$-	\$8,815,171
Total Investments in Securities	\$68,786,198	\$3,515,873	\$1,569,590	\$73,871,661

#### 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, 2018.

#### 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, 2018	\$1,695,905
Acquisition/Purchase	-
Sales	-
Realized gain	-
Change in unrealized appreciation (depreciation)	(126,315 )



Balance as of October 31, 2018 \$1,569,590

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, 2018:

	Fair Value	Valuation	Unobservable	Impact to
	October	Methodologies	Input <sup>(1)</sup>	Valuation
	31, 2018	Market	Input <sup>(1)</sup>	from
		Comparables/ Sum	Liquidity	an Increase
Capital Development		of the Parts	Discount	in Input <sup>(2)</sup>
Certificates	\$1,569,590	Valuation	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 December 14, 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 December 14, 2018

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

Date December 14, 2018

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