

MEXICO EQUITY & INCOME FUND INC  
Form N-Q  
December 17, 2009

---

As filed with the Securities and Exchange Commission on December 17, 2009

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, 2010

Date of reporting period: October 31, 2009

---

## Item 1. Schedule of Investments.

## THE MEXICO EQUITY AND INCOME FUND, INC.

Schedule of Investments	Shares	October 31, 2009 (Unaudited) Value
MEXICO - 103.94%		
COMMON STOCKS - 90.55%		
Cement - 1.57%		
Cemex SAB de C.V. CPO NPV (a)	859,600	\$ 896,464
Grupo Cementos de Chihuahua, S.A. de C.V.	34,260	98,574
		995,038
Communications - 14.26%		
America Movil, S.A. de C.V. - Class L	3,380,899	7,464,031
Megacable Holdings SAB de CV (a)	747,657	1,544,719
		9,008,750
Financial Groups - 3.49%		
Corporativo GBM SAB de CV	4,582,928	1,839,592
Grupo Financiero Banorte, S.A.B. de C.V.	111,000	364,094
		2,203,686
Food, Beverage, and Tobacco - 10.20%		
Fomento Economico Mexicano, S.A. de C.V.	74,600	316,338
Grupo Bimbo, S.A.B. de C.V.	1,000,657	5,821,109
Grupo Continental, S.A.	130,000	305,216
		6,442,663
Housing - 1.38%		
Consortio ARA, S.A. de C.V. (a)	641,500	402,767
Corp GEO S.A. de C.V. (a)	175,901	466,005
		868,772
Industrial Conglomerates - 11.11%		
Alfa, S.A.B.	161,600	829,189
Industrias CH, S.A. - Class B (a)	396,238	1,245,094
Grupo Simec, S.A. de C.V. (a)	501,170	1,222,963
Kimberly-Clark de Mexico, S.A.B. de C.V.	277,927	1,096,237
Mexichem, S.A. de C.V.	1,611,959	2,624,794
		7,018,277
Infrastructure - 23.46%		
Carso Infraestructura y Construccion, S.A. (a)	2,695,868	1,486,390
Empresas ICA Sociedad Conroladora, S.A. de C.V. (a)	2,777,666	6,096,507
Grupo Mexicano de Desarrollo, S.A. (a)	1,601,052	788,173
Impulsora del Desarrollo y el Empleo en America Latina, S.A. de C.V. (a)	3,187,385	3,140,614

Edgar Filing: MEXICO EQUITY & INCOME FUND INC - Form N-Q

Promotora y Operadora de Infraestructura, S.A. de C.V. (a)	1,725,205	3,305,704 14,817,388
Insurance - 2.12% Qualitas Compania de Seguros	2,855,251	1,340,722 1,340,722
Mining - 9.88% Grupo Mexico, S.A. - Series B Industrias Penoles, S.A.	2,443,857 74,835	4,856,712 1,383,601 6,240,313
Pharmaceuticals - 2.65% Genomma Lab Internacional SA (a)	1,004,777	1,674,153 1,674,153
Real Estate Developer - 5.25% GMD Resorts SAB de CV (a) Grupe, S.A. de C.V. (a)(b)	1,375,073 3,279,986	322,842 2,993,379 3,316,221
Retailing - 3.12% Wal-Mart de Mexico, S.A. de C.V. - Class V	552,700	1,968,226 1,968,226
Waste Management - 2.06% Promotora Ambiental, S.A. de C.V. (a)	1,298,345	1,302,893 1,302,893
TOTAL COMMON STOCKS (Cost \$64,575,446)		\$ 57,197,102

Schedule of Investments (continued)		October 31, 2009
CORPORATE BONDS - 4.31%		
Housing - 4.31% Urbi, Desarrollos Urbanos, S.A. de C.V. 8.500%, 04/19/2016	2,726,000	\$ 2,726,000
TOTAL CORPORATE BONDS (Cost \$2,243,658)		2,726,000
SHORT-TERM INVESTMENTS - 9.08%	Principal	Value
Mexican BACMEXT 0.000% Coupon, 0.917% Effective Yield, 11/04/2009 (c)	37,370,501 *	\$ 2,829,941
Mexican INAFIN 0.000% Coupon, 2.965% Effective Yield, 11/10/2009 (c)	34,414,266 *	2,604,435
Mexican INAFIN 0.000% Coupon, 4.099% Effective Yield, 11/06/2009 (c)	3,988,225 *	301,862

Edgar Filing: MEXICO EQUITY & INCOME FUND INC - Form N-Q

TOTAL SHORT-TERM INVESTMENTS (Cost \$5,748,137)		5,736,238
TOTAL MEXICO (Cost \$72,567,241)		\$ 65,659,340
UNITED STATES - 0.29%	Shares	
INVESTMENT COMPANIES - 0.29%		
First American Treasury Obligation - Class A, 2.132%	181,499	\$ 181,499
TOTAL INVESTMENT COMPANIES (Cost \$181,499)		181,499
TOTAL UNITED STATES (Cost \$181,499)		181,499
TOTAL INVESTMENTS - 104.23% (Cost \$72,748,740)		65,840,839
LIABILITIES IN EXCESS OF OTHER ASSETS - (4.23)%		(2,671,754 )
TOTAL NET ASSETS - 100.00%		\$ 63,169,085

Footnotes and Abbreviations

ADR - American Depository 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.

\* Principal Amount in Mexican Pesos

The cost basis of investments for federal income tax purposes at October 31, 2009 was as follows:

Cost of investments**	\$72,748,740
Gross unrealized appreciation	4,061,989
Gross unrealized depreciation	(10,969,890)
Net unrealized depreciation	\$(6,907,901 )

\*\*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 (Unaudited)

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, 2009 through October 31, 2009, as defined in Section (2)(a)(3) of the Investment Company Act of 1940.

Issuer Name

Grupe,  
S.A.de C.V.

August 1, 2009	
Shares	3,467,818
Cost	\$4,994,372
Gross Additions	
Shares	—
Cost	\$—
Gross Deductions	
Shares	187,832
Cost	\$242,523
April 30, 2009	
Shares	3,279,986
Cost	\$4,751,849
Market Value	\$2,993,379
Realized gain (loss)	\$27,275
Investment income	\$—

## FAS 157 – Summary of Fair Value Exposure at October 31, 2009

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

- Level 1 - Quoted prices in active markets for identical securities.
- Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 - Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments.)

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, as of October 31, 2009, in valuing the Fund's investments carried at fair value:

	Level 1	Level 2	Level 3	Total
Equity				
Cement	\$995,038	\$—	\$—	\$995,038
Communications	9,008,750	—	—	9,008,750
Financial Groups	2,203,687	—	—	2,203,687
Food, Beverage, and Tobacco	6,442,663	—	—	6,442,663
Housing	868,772	—	—	868,772
Industrial Conglomerates	7,018,277	—	—	7,018,277

Edgar Filing: MEXICO EQUITY & INCOME FUND INC - Form N-Q

Infrastructure	14,817,388	—	—	14,817,388
Insurance	1,340,722	—	—	1,340,722
Mining	6,240,313	—	—	6,240,313
Pharmaceuticals	1,674,153	—	—	1,674,153
Real Estate Developer	3,316,221	—	—	3,316,221
Retailing	1,968,225	—	—	1,968,225
Waste Management	1,302,893	—	—	1,302,893
Total Equity	57,197,102	—	—	57,197,102
Corporate Bonds				
Housing	—	2,726,000	—	2,726,000
Short-Term Investments	181,499	5,736,238	—	5,917,737
Total Investments in Securities	\$57,378,601	\$8,462,238	\$—	# \$65,840,839

FAS 161 – Disclosures about Derivative Instruments and Hedging Activities

The fund was not invested in derivative securities or engaged in hedging activities as of October 31, 2009.

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 December 10th, 2009

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 10th, 2009

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

Date December 10th, 2009

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