The Mexico Equity and Income Fund Inc.

September 26, 2013

Dear Fellow Stockholders:

Recent headlines indicate that the pace of structural economic change in Mexico, led by President Enrique Peña Nieto, is accelerating, albeit not without resistance from those with a vested interest in maintaining the status quo. His most significant initiatives include breaking up Mexico's telecommunications monopolies, opening up its oil and gas industry to private and foreign investment, overhauling the tax code to incentivize growth, and reforming the education system to make teachers more accountable.

Perhaps the most significant economic problem for Mexico is its stifling labor laws which make businesses reluctant to hire. A primary goal of President Peña Nieto's tax reform plan is to introduce incentives to reduce Mexico's underground economy, which employs about 60% of the country's workforce. Currently, if an employee is fired, he or she is entitled to generous severance payments. It would be fairer and more efficient to substitute a broad-based unemployment insurance program to provide a social safety net for laid off workers.

In my opinion, reforms like these could, over time, unlock Mexico's potential for economic growth and lift it out of the "emerging market" category. Of course, the devil is in the details but, it seems to me that President Peña Nieto is on the right track and that long-term investors in the Mexico Equity and Income Fund have reason to be optimistic.

Sincerely yours,

Phillip Goldstein
Chairman

The Mexico Equity and Income Fund, Inc. Report of Pichardo Asset Management ("PAM"), The Investment Adviser.

Dear Fund Stockholders:

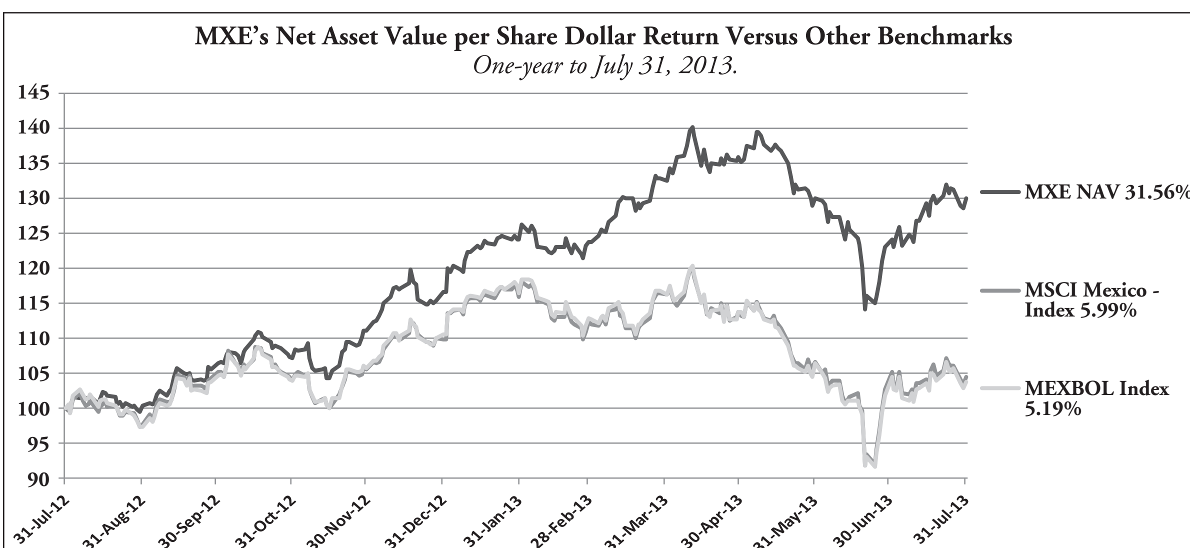
We present the Annual Report of the Mexico Equity and Income Fund, Inc. ("MXE" or the "Fund") for the year ended July 31, 2013.

MXE's PERFORMANCE

The Net Asset Value per share ("NAV") of the MXE increased by 31.56% in US Dollar terms and the closing market price of the MXE (on the New York Stock Exchange) increased by 32.55% in US Dollar terms for the one-year period ended July 31, 2013.

The closing market price of the MXE on July 31, 2013 was US$ 15.84, representing a discount of -11.61% to the NAV of 17.92. The net assets of the MXE totaled US$ 110,215,862 million. *(Source: Bloomberg and U.S. Bancorp).*

MXE granted an excess return of 2,557 basis points to its shareholders compared to the MSCI Mexico Index's return.



(Source: Bloomberg).

The reasons for the MXE's outperformance of the MSCI Mexico Index are: (1) our de-indexed and fundamental approach, and (2) our disciplined adherence to a highly diversified portfolio in accordance with the Fund's Investment Policies and Restrictions as well as the investment strategy we set up for the Fund in early 2009. *(See: www.paminversion.com/systematic factors).*

The risk-adjusted performance relative to the MSCI Mexico-Index was 25.63%. *(Source: PAM, Bloomberg).*

The Fund's returns are stated in absolute and annual average terms of its Net Asset Dollar Value per Share through July 31, 2013.

As of July 31, 2013.				Total Annual Average Dollar Return through July 31, 2013 (dividends reinvested)			
FUND	1 Month	Y-T-D	1 Year	3 Years	5 Years	10 Years	Since Inception in August 30, 1990
MXE NAV	5.66%	11.51%	31.56%	20.12%	6.07%	21.12%	14.90%
MXE Market Price	2.92%	11.16%	32.55%	20.25%	8.52%	22.75%	15.12%
MSCI Mexico - Index	1.91%	-3.98%	5.99%	10.18%	5.27%	16.90%	12.56%
Excess Return vs. MSCI Mexico Bps	375	1,549	2,557	994	80	422	234

(Source: U.S. Bancorp., Bloomberg, Thomson.)

Performance data quoted represents past performance; it does not predict or guarantee future performance. The return and value of an investment will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Performance data to the most recent month end may be obtained by calling U.S. Bancorp Fund Services, LLC, (414) 765-4255 and or by consulting the Fund's web page: www.mxefund.com.

The Fund's 179.10% turnover *(Source U.S. Bancorp)* stemmed mainly from our decision to include companies poised to benefit from structural reforms in labor, education, competition, and the energy sectors in the MXE portfolio.

Our objective was to maximize shareholder value through a higher risk-adjusted performance.

MXE'S SHARE REPURCHASES

For the fiscal year ended July 31, 2013, 215,118 shares were repurchased, which amounted to US$ 2,671,807 at a weighted average discount of 12.82%. Accretion per stock certificate was US$ 0.06406. The Fund's high and low discount rates were -17.84% and -7.87%, respectively, with an average of -12.21%. *(Source: Bloomberg and U.S. Bancorp).*

MEXICO'S STRUCTURAL REFORM AGENDA

Mexico is currently facing one of the biggest opportunities of recent times: Besides the Labor, Education and Competition reform, on August 12, 2013, President Peña Nieto submitted to Congress a bill amending articles 27 and 28 of the Federal Constitution to reform the oil, gas and electricity sectors.

The Bill was submitted within the context of "El Pacto por Mexico", signed by the leaders of the main political parties (PAN, PRI, and PRD), and has successfully continued to encapsulate political willingness to negotiate, agree to and enable Congress to pass key structural reforms. *(See note: Reforms Agenda www.paminversion.mx/publications).*

The Reform agenda consists of: (1) Labor Reform to boost productivity through promotions and remuneration and reduce the high burden of firing through more flexible labor market legislation; (2) Education Reform to overhaul the current educational system; (3) Competition (Telecom) Reform, which allows up to 100% foreign investment in the telecom and satellite communication sectors and introduces measures to curb monopolistic practices; (4) Financial Reform which seeks to boost lending to the private sector, especially to small and medium-sized enterprises "SME"; (5) Energy Reform allowing private participation in the oil sector as well as incentives for technological development and job creation. Private participation in electricity generation is noteworthy; (6) Fiscal Reform (progressive) that sustains government revenue and lowers the government's dependency on oil-related income by changing the state-owned-oil company (PEMEX)'s tax regime as well as reducing income volatility from energy prices in pursuit of social progress; (7) Electoral and Political Reform to guarantee and reorganize the political fabric of the economic reforms. *(See note: Energy and Fiscal Reform Summary and Its Ten Benefits www.paminversion.mx/publications).*

INVESTMENT STRATEGY

As a result of our bottom-up approach and de-indexed investment management, at the end of its fiscal year the Fund did not have an overweight of more than 10% in any individual stock or industry, and had approximately 95% invested in Equities, including 5% in Real Estate Investment Trusts, 2% in a Private equity Fund, and 3% in Fixed-Income, which are classified as non-equity for the purpose of our equities contribution report assessments. *(Source: PAM).*

During the Fund's fiscal year, Industrial exposure was the biggest contributor (5.82%) to the Fund's performance, followed by insurance (5.65%), commercial banks (2.99%), multiline retailing (2.97%), and hotels, restaurants and leisure (2.85%). Wireless telecommunication services was the only industry detractor registering -2.23% according to PAM's contribution report.

The three main changes in the portfolio during the Fund's fiscal year were: a reduction of (9%) in Wireless telecommunication services, (4%) in Food and staples retailing and (3.6%) in chemicals versus increases of (5%) in Gas utilities, (5%) in Hotels, restaurants & leisure and (5%) in Beverages *(Source: PAM).*

The Fund will likely continue to underweight America Movil (19.41% weight in MSCI Mexico Index) due to our de-indexed investment strategy. We believe that our stock picking and improved diversification will continue to underpin our value investing.

ADMEXCK-09 Discovery II Private Equity Fund has helped diversify the Portfolio for the Fund's fiscal year and Volaris (a low-cost carrier), one of Fund's underlying companies, recently successfully placed its initial public offering IPO. *(See note: Volaris IPO www.paminversion.mx/publications).*

MEXICAN ECONOMY

The Mexican Economy suffered a strong deceleration in 1H 2013, mainly attributable to the manufacturing sector impacted by weak external demand. The economic deceleration was also impacted by a relatively less efficient deployment of government spending in 4Q'12 and 1Q'13, in particular in the construction sector owing to the new administration's delay in kick-starting its infrastructure program as well as ongoing financial problems faced by Mexico's largest homebuilders. *(See note: Mexican economy review and housing sector www.paminversion.mx/publications).*

CLOSING REMARKS

In light of "El Pacto por Mexico", we are optimistic about Congress passing both the Energy and Fiscal bills, which aim to liberalize Pemex's fiscal regime and boost non-oil public revenues. All in all, both bills are complementary and although the Fiscal bill implies higher taxes, the Energy bill would likely transform the industrial sector and accomplish a higher rate of economic growth thereby increasing productivity in the mid to long term. It is noteworthy President Peña's emphasis on building social progress through such an ambitious structural reforms agenda. *(See note: Solid macroeconomic framework and challenges www.paminversion.mx/publications).*

Overall, we remain cautiously optimistic for the mid-to-long-term with a portfolio that is well positioned in companies poised to benefit from new business opportunities, lower electricity costs and input prices, greater competition and productivity, more credit for SMEs, and improved legal certainty and transparency.

We are grateful to our team for its ongoing dedication, which has enabled us to grant the Fund's shareholders a return exceeding the expected return of MSCI Mexico Index with lower associated risk during the Fund's fiscal year ended July 2013.

We are committed to continue enhancing the long-term value of the Fund for the benefit of MXE shareholders.

Sincerely yours,

Eugenia Pichardo
Portfolio Manager

The information provided herein represents the opinion of Pichardo Asset Management and not the Fund's Board of Directors and is not intended to be a forecast of future events, a guarantee of future results, or investment advice.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and may be obtained by calling U.S. Bancorp Fund Services, LLC, (414) 765-4255 or visiting www.themexicoequityandincomefund.com. Read it carefully before investing.

All investments involve risk. Principal loss is possible. Investing internationally involves additional risks such as currency fluctuations, currency devaluations, price volatility, social and economic instability, differing securities regulation and accounting standards, limited publicly available information, changes in taxation, periods of illiquidity and other factors. These risks are greater in the emerging markets. Stocks of small-and-mid-capitalization companies involve greater volatility and less liquidity than larger-capitalization companies.

Investing in Foreign Securities

Investment in Mexican securities involves special considerations and risks that are not normally associated with investments in U.S. securities, including (1) relatively higher price volatility, lower liquidity and the small market capitalization of Mexican securities markets; (2) currency fluctuations and the cost of converting Mexican pesos into U.S. dollars; (3) restrictions on foreign investment; (4) political, economic and social risks and uncertainties (5) higher rates of inflation and interest rates than in the United States.

Mexican Economic and Political Factors. Although Mexico's economy has strengthened in recent years and Mexico's sovereign debt was recently upgraded to "investment-grade" by the three most prominent rating agencies, Mexico continues to be classified as a developing economy and investments in developing countries are subject to certain economic risks. Nonetheless, on March 12, 2013 Standard & Poor's revised upward its sovereign foreign currency credit outlook on Mexico from stable to positive. The current rating is BBB. The agency stated that higher odds of reforms being approved, was the main reason to revise upwards.

A REIT's share price may decline because of adverse developments affecting the real estate industry. Investing in dividend-paying stocks involves the risk that such stocks may fall out favor with investors and underperform the market. In addition, there is the possibility that such companies could reduce or eliminate the payment of dividends in the future or the anticipated acceleration of dividends could not occur.

Diversification does not assure a profit or protect against a loss in a declining market.

The Portfolio Securities are denominated in pesos. As a result, the Portfolio Securities must increase in market value at a rate in excess of the rate of any decline in the value of the peso against the U.S. dollar in order to avoid a decline in their equivalent U.S. dollar value.

Fund's holdings and sector allocations are subject to change at any time, and should not be considered recommendations to buy or sell any security. Please refer to the Schedule of Investments in this report for a complete list of fund holdings. Current and future portfolio holdings are subject to risk.

The Fund may have a higher turnover rate which could result in higher transaction costs and higher tax liability which may affect returns.

Definitions

- MEXBOL or the IPC (Indice de Precios y Cotizaciones), is a capitalization-weighted index of the leading stocks traded on the Mexican Stock Exchange. The index was developed with a base level of 0.78 on October 30th, 1978.
- MSCI MEXICO: The Morgan Stanley Capital International Index Mexico is a capitalization weighted index that monitors the performance of stocks traded in Mexico. One cannot invest directly in an index.
- Basis point (bps) is one hundredth of a percentage point (0.01%).
- The net asset value per share (NAV) is calculated as the total market value of all the securities and other assets held by a fund minus total liabilities divided by the total number of common shares outstanding. The NAV of an investment company will fluctuate due to changes in the market prices of the underlying securities.
- The market price of the common share of a closed-end fund is determined in the open market by buyers and sellers, and is the price at which investors may purchase or sell the common shares of a closed-end fund, which fluctuates throughout the day. Market price of common share may differ from the Fund's Net Asset Value; shares of a closed-end fund may trade at a premium to (higher than) or a discount to (lower than) NAV. The difference between the market price and NAV is expressed as a percentage that is either a discount or a premium to NAV.
- Alpha stocks are an equity class as classified by PAM based on the following criteria: High Total Return. Dividend + share repurchase + capital increase.
- Beta stocks are an equity class as classified by PAM based on the following criteria: Infrastructure related with internal free cash flow.
- Special Situation stocks is an equity class as classified by PAM based on the following criteria: Value oversold stocks. Below its intrinsic value as determined by PAM. Less than 1 times book value.
- REIT: Real estate investment trusts, a security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, as well as a highly liquid method of investing in real estate.
- References to other funds should not be considered a recommendation to buy or sell any security.

- GDP: Gross Domestic Product. The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.
- Jensen's Alpha: A measure of the return on a portfolio over what the capital asset pricing model predicts, given the beta and market return on that portfolio. The index also adjusts for risk.
- INEGI: The National Institute of Statistics and Geography.
- SME: Small and medium enterprises or small and medium-sized enterprises.

RELEVANT ECONOMIC INFORMATION for the years ended December 31

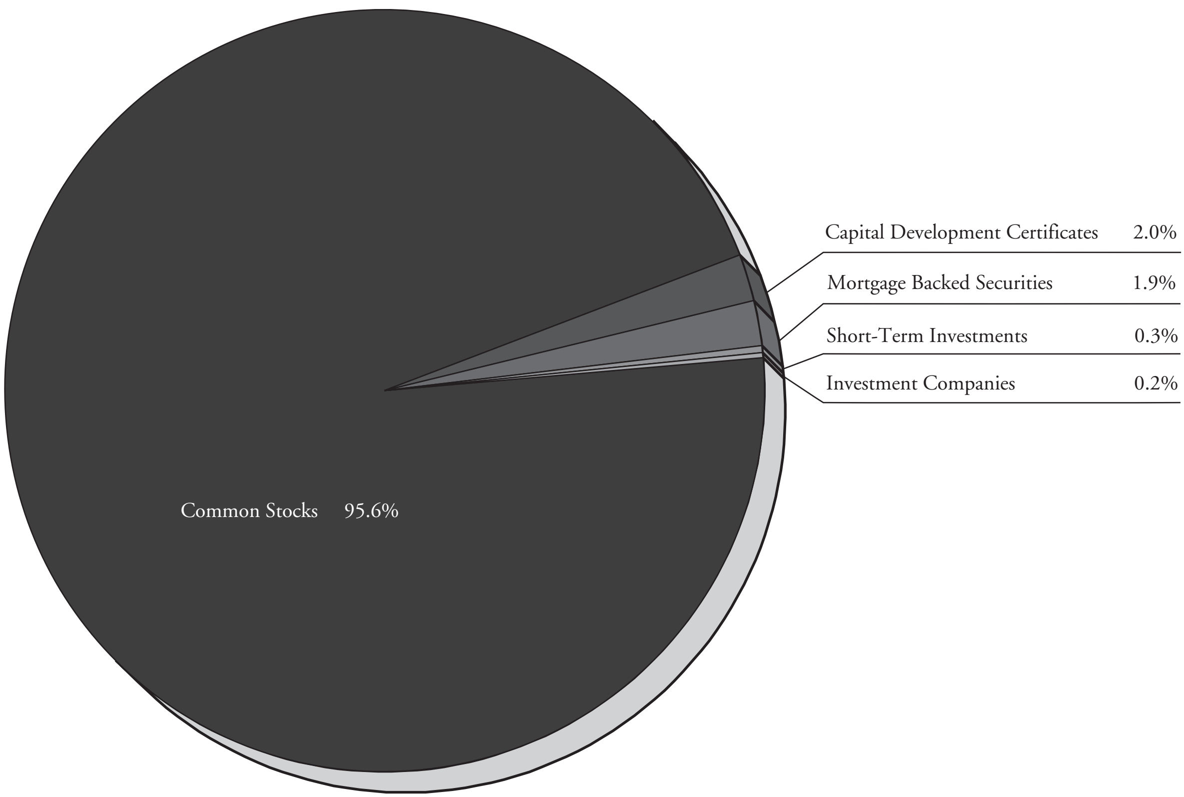
Real Activity (million US$)	**2012**	**2011**	**2010**	**2009**	**2008**
Real GDP Growth (y-o-y)	3.90%	3.90%	5.50%	-6.50%	1.30%
Industrial Production (y-o-y Average)	3.90%	3.80%	6.06%	7.29%	-0.04%
Trade Balance (US billions)	$0.20	-$1.17	-$3.12	-$4.70	$15.53
Exports	$370.90	$349.68	$298.36	$229.70	$291.81
Export growth (y-o-y)	6.20%	17.20%	28.20%	-18.10%	7.30%
Imports	$370.80	$350.84	$301.48	$234.40	$308.65
Import growth (y-o-y)	5.70%	16.40%	25.00%	-19.90%	9.50%
Financial Variables and Prices					
28-Day CETES (T-bills) Average	4.29%	4.81%	4.40%	4.51%	7.97%
Exchange rate (Pesos/US$) Average	13.15	12.60	12.63	13.50	11.16
Inflation IPC, 12 month trailing	3.60%	3.82%	4.40%	3.57%	6.53%
Mexbol Index					
USD Return	28.97%	-13.46%	28.79%	55.34%	-40.48%
Market Cap- (US billions)	$372.29	$300.00	$281.56	$257.88	$172.14
EV/EBITDA	9.21x	9.0x	9.48x	7.86x	7.4x
Fund's NAV & Common Share Market Price Performance					
NAV's per share	47.13%	-13.81%	41.91%	40.12%	-52.89%
Share Price	45.13%	-12.18%	48.41%	22.20%	-41.85%

Sources: Banamex, Banco de Mexico, Bloomberg, INEGI

July 31, 2013

Allocation of Portfolio Assets

(Calculated as a percentage of Total Investments)



Schedule of Investments

July 31, 2013

MEXICO – 99.44%	Shares	Value
COMMON STOCKS – 95.25%		
Airports – 3.34%		
Grupo Aeroportuario del Centro Norte, S.A.B. de C.V.	1,068,262	$ 3,680,821
Beverages – 5.83%		
Arca Continental, S.A.B. de C.V.	403,053	3,018,618
Fomento Economico Mexicano, S.A.B. de C.V.	341,257	3,403,286
		6,421,904
Building Materials – 3.94%		
Cemex, S.A.B. de C.V. CPO (a)	3,770,898	4,345,785
Cable & Satellite – 4.93%		
Megacable Holdings, S.A.B. de C.V.	1,834,246	5,429,750
Chemical Products – 2.18%		
Mexichem, S.A.B. de C.V.	513,811	2,404,375
Construction and Infrastructure – 7.83%		
Impulsora del Desarrollo y el Empleo en America Latina, S.A.B. de C.V. (a)	978,455	2,177,877
Promotora y Operadora de Infraestructura, S.A.B. de C.V. (a)	618,921	6,456,326
		8,634,203
Consumer Products – 2.31%		
Kimberly-Clark de Mexico, S.A.B. de C.V.	773,698	2,544,113
Energy – 5.16%		
Infraestructura Energetica Nova, S.A.B. de C.V. (a)	1,435,897	5,685,018
Financial Groups – 5.42%		
Banregio Grupo Financiero, S.A.B. de C.V.	649,481	3,935,709
Grupo Financiero Banorte, S.A.B. de C.V. – Class O	320,008	2,033,129
		5,968,838
Food Manufacturing – 4.04%		
Gruma, S.A.B. de C.V. (a)	840,221	4,450,831

The accompanying notes are an integral part of these financial statements.

Schedule of Investments (continued)

July 31, 2013

COMMON STOCKS (continued)	Shares	Value
Holding Companies – 8.62%		
Alfa, S.A.B. de C.V. – Class A	2,012,284	$ 5,165,903
Grupo Carso, S.A.B. de C.V.	871,351	4,338,080
		9,503,983
Hotels, Restaurants, and Recreation – 9.53%		
Alsea, S.A.B. de C.V. – Class A	1,507,511	4,119,092
Grupe, S.A.B. de C.V. (a)	2,310,027	3,157,744
Grupo Sports World, S.A.B. de C.V. (a)	2,263,079	3,231,768
		10,508,604
Insurance Services – 6.76%		
Qualitias Controladora, S.A.B. de C.V.	2,720,815	7,455,601
Real Estate Services – 5.10%		
Corporacion Inmobiliaria Vesta, S.A.B. de C.V.	2,703,995	5,622,760
Retail – 8.04%		
Corporativo Fragua, S.A.B. de C.V.	51,290	903,505
El Puerto de Liverpool, S.A.B. de C.V.	420,951	4,856,208
Wal-Mart de Mexico, S.A.B. de C.V. – Class V	1,133,332	3,101,129
		8,860,842
Mining – 5.45%		
Grupo Mexico, S.A.B. de C.V. – Series B	1,948,978	6,004,368
Telecommunication Services – 6.77%		
America Movil, S.A.B. de C.V. – Class L	7,086,542	7,456,744
TOTAL COMMON STOCKS (Cost $88,061,721)		104,978,540

CAPITAL DEVELOPMENT CERTIFICATES – 1.97%		
Atlas Discovery Trust II (b)	300,000	2,171,017
TOTAL CAPITAL DEVELOPMENT CERTIFICATES (Cost $2,317,515)		2,171,017

The accompanying notes are an integral part of these financial statements.

Schedule of Investments (concluded)

July 31, 2013

MORTGAGE BACKED SECURITIES – 1.89%	Principal Amount	Value
Nafin (Infonavit)		
4.500%, 02/20/2040	$2,202,000	$ 786,996
3.300%, 02/20/2041	$3,295,200	1,301,296
TOTAL MORTGAGE BACKED SECURITIES (Cost $1,990,343)		2,088,292
SHORT-TERM INVESTMENTS – 0.33%		
Mexican INAFIN		
0.000% Coupon, 4.138% Effective Yield, 08/02/2013 (c)	4,671,037*	365,662
TOTAL SHORT-TERM INVESTMENTS (Cost $370,675)		365,662
TOTAL MEXICO (Cost $92,740,254)		109,603,511
UNITED STATES – 0.22%	**Shares**	
INVESTMENT COMPANIES – 0.22%		
First American Treasury Obligation – Class A	240,877	240,877
TOTAL INVESTMENT COMPANIES (Cost $240,877)		240,877
TOTAL UNITED STATES (Cost $240,877)		240,877
TOTAL INVESTMENTS (COST $92,981,131) – 99.66%		**109,844,388**
OTHER ASSETS IN EXCESS OF LIABILITIES – 0.34%		371,474
TOTAL NET ASSETS – 100.00%		**$110,215,862**

Percentages are stated as a percent of net assets.

(a) Non-income producing security.

(b) The Advisor has determined these securities to be illiquid. The total value of illiquid securities at July 31, 2013 was $2,171,017 comprising 1.97% of net assets, while the remainder of the Fund's net assets 98.03% were liquid.

(c) Effective Yield based on the purchase price. The calculation assumes the security is held to maturity.

* Principal amount in Mexican Pesos.

The accompanying notes are an integral part of these financial statements.

Statement of Assets & Liabilities

July 31, 2013

ASSETS:	
Investments, at value (Cost $92,981,131)	$ 109,844,388
Foreign currency (Cost $4,819)	4,824
Receivables for investments sold	567,386
Dividends and interest receivable	20,130
Other assets	4,694
Total Assets	**110,441,422**
LIABILITIES:	
Advisory fees payable	104,692
Audit fees payable	31,423
Administration fees payable	22,579
Director fees payable	15,397
Custody fees payable	11,207
Fund accounting fees payable	9,211
Transfer Agent fees and expenses payable	4,131
CCO fees payable	4,083
Legal fees payable	192
NYSE fees payable	155
Accrued expenses and other liabilities	22,490
Total Liabilities	**225,560**
Net Assets	**$110,215,862**
Net Asset Value Per Preferred Share ($878,421 / 49,035)	**$ 17.91**
Net Asset Value Per Common Share ($109,337,441 / 6,103,408)	**$ 17.91**
NET ASSETS CONSIST OF:	
Preferred stock, $0.001 par value; 49,035 shares outstanding (1,855,128 shares authorized)	$ 49
Common stock, $0.001 par value; 6,103,408 shares outstanding (98,144,872 shares authorized)	6,103
Paid-in capital	80,871,603
Accumulated net realized gain on investments and foreign currency	12,476,625
Net unrealized appreciation on investments and foreign currency	16,861,482
Net Assets	**$110,215,862**

The accompanying notes are an integral part of these financial statements.

Statement of Operations

	For the Year Ended July 31, 2013
INVESTMENT INCOME	
Dividends[1]	$ 1,011,244
Interest[2]	108,536
Total Investment Income	**1,119,780**
EXPENSES	
Advisory fees (Note B)	$ 1,024,050
Directors' fees and expenses (Note B)	161,552
Administration fees (Note B)	123,721
Custodian fees (Note B)	63,041
Fund accounting fees (Note B)	48,379
CCO fees and expenses (Note B)	41,883
Legal fees	39,369
Printing and mailing	37,737
Audit fees	31,282
NYSE fees	27,359
Insurance expense	26,611
Transfer agent fees and expenses (Note B)	15,760
Miscellaneous	4,744
Total expenses	**1,645,488**
NET INVESTMENT LOSS	**(525,708)**
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Net realized gain from investments and foreign currency transactions	15,734,390
Net change in unrealized appreciation on investments and foreign currency transactions	11,083,844
Net gain from investments and foreign currency transactions	26,818,234
Net increase in net assets resulting from operations	**$26,292,526**

(1) Net of $37,692 in dividend withholding tax.
(2) Net of $4,515 in interest withholding tax.

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets

	For the Year Ended July 31, 2013	For the Year Ended July 31, 2012
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment loss	$ (525,708)	$ (341,110)
Net realized gain on investments and foreign currency transactions	15,734,390	3,526,903
Net change in unrealized appreciation (depreciation) in value of investments and foreign currency transactions	11,083,844	(703,551)
Net increase in net assets resulting from operations	26,292,526	2,482,242
Distributions to Shareholders from:		
Net realized gains		
Common stock	(1,158,013)	—
Preferred stock	(10,951)	—
Decrease in net assets from distributions	(1,168,964)	—
Capital Share Transactions:		
Repurchase of common stock (Note D)	(2,671,807)	(4,666,313)
Decrease in net assets from capital share transactions	(2,671,807)	(4,666,313)
Total increase/(decrease) in net assets	22,451,755	(2,184,071)
Net Assets:		
Beginning of year	87,764,107	89,948,178
End of year*	$110,215,862	$87,764,107
* Including accumulated net investment loss of	$ —	$ (150,309)

The accompanying notes are an integral part of these financial statements.

Financial Highlights

For a Common Share Outstanding Throughout Each Year

	For the Year Ended July 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Per Share Operating Performance					
Net asset value, beginning of year	$ 13.78	$ 13.26	$ 10.48	$ 7.37	$ 28.29
Net investment income (loss)	(0.09)	(0.05)	(0.03)	(0.01)	0.07
Net realized and unrealized gains (losses) on investments and foreign currency transactions	4.35	0.48	2.75	3.00	(13.95)
Net increase (decrease) from investment operations	4.26	0.43	2.72	2.99	(13.88)
Less: Distributions					
Dividends from net investment income	—	—	(0.02)	—	(0.25)
Distributions from net realized gains	(0.19)	—	—	—	(6.52)
Total dividends and distributions	(0.19)	—	(0.02)	—	(6.77)
Capital Share Transactions					
Anti-dilutive effect of Common Share Repurchase Program	0.06	0.09	0.08	0.12	0.04
Anti-dilutive effect of Common Rights Offering	—	—	—	—	—
Anti-dilutive effect of Preferred In-Kind Tender Offer	—	—	—	—	—
Dilutive effect of Preferred In-Kind Tender Offer	—	—	—	(0.00)[3]	(0.02)
Dilutive effect of Reinvestment of Distributions by Common Stockholders	—	—	—	—	(0.29)
Total capital share transactions	0.06	0.09	0.08	0.12	(0.27)
Net Asset Value, end of year	$ 17.91	$ 13.78	$ 13.26	$ 10.48	$ 7.37
Per share market value, end of year	$ 15.84	$ 12.11	$ 11.64	$ 9.25	$ 6.08
Total Investment Return Based on Market Value, end of year[1]	32.55%	4.04%	26.09%	52.14%	(43.10)%

The accompanying notes are an integral part of these financial statements.

Financial Highlights (continued)

For a Common Share Outstanding Throughout Each Year

	For the Year Ended July 31,				
	2013	2012	2011	2010	2009
Ratios/Supplemental Data					
Net assets, end of year (000's)	$109,337	$ 86,970	$ 89,184	$ 74,609	$ 56,980
Ratios of expenses to average net assets	1.62%	1.57%	1.51%	1.68%	1.82%
Ratios of net investment income (loss) to average net assets	(0.52)%	(0.42)%	(0.20)%	(0.02)%	0.97%
Portfolio turnover rate[(2)]	179.10%[(2)]	277.48%[(2)]	253.20%[(2)]	365.58%[(2)]	335.64%[(2)]

(1) Total investment return is calculated assuming a purchase of common stock at the current market price on the first day and a sale at the current market price on the last day of each year reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment does not reflect brokerage commissions.

(2) Calculated on the basis of the Fund as a whole without distinguishing between shares issued.

(3) Less than 0.5 cent per share.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

For a Preferred Share Outstanding Throughout the Year

	For the Year Ended July 31,				
	2013	2012	2011	2010	2009
Per Share Operating Performance					
Net asset value, beginning of year	$ 13.78	$ 13.26	$ 10.48	$ 7.37	$ 28.29
Net investment income	(0.09)	(0.05)	(0.03)	(0.01)	0.07
Net realized and unrealized gains (losses) on investments and foreign currency transactions	4.35	0.48	2.75	3.00	(13.95)
Net increase (decrease) from investment operations	4.26	0.43	2.72	2.99	(13.88)
Less: Distributions					
Dividends from net investment income	—	—	(0.02)	—	(0.25)
Distributions from net realized gains	(0.19)	—	—	—	(6.52)
Total dividends and distributions	(0.19)	—	(0.02)	—	(6.77)
Capital Share Transactions					
Anti-dilutive effect of Common Share Repurchase Program	0.06	0.09	0.08	0.12	0.04
Anti-dilutive effect of Common Rights Offering	—	—	—	—	—
Anti-dilutive effect of Preferred In-Kind Tender Offer	—	—	—	—	—
Dilutive effect of Preferred In-Kind Tender Offer	—	—	—	(0.00)[3]	(0.02)
Dilutive effect of Reinvestment of Distributions by Common Stockholders	—	—	—	—	(0.29)
Total capital share transactions	0.06	0.09	0.08	0.12	(0.27)
Net Asset Value, end of year	$ 17.91	$ 13.78	$ 13.26	$ 10.48	$ 7.37
Per share market value, end of year	$ 14.50*	$ 16.03*	$ 11.93*	$ 9.17*	$ 6.85
Total Investment Return Based on Market Value, end of year[1]	(8.34)%*	34.37%*	30.36%*	33.87%*	(38.67)%

The accompanying notes are an integral part of these financial statements.

Financial Highlights (continued)

For a Preferred Share Outstanding Throughout Each Year

	For the Year Ended July 31,				
	2013	2012	2011	2010	2009
Ratios/Supplemental Data					
Net assets, end of year (000's)	$ 878	$ 794	$ 764	$ 739	$ 4,444
Ratios of expenses to average net assets	1.62%	1.57%	1.51%	1.68%	1.82%
Ratios of net investment income (loss) to average net assets	(0.52)%	(0.42)%	(0.20)%	(0.02)%	0.97%
Portfolio turnover rate(2)	179.10%(2)	277.48%(2)	253.20%(2)	365.58%(2)	335.64%(2)

(1) Total investment return is calculated assuming a purchase of preferred stock at the current market price on the first day and a sale at the current market price on the last day of each year reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment does not reflect brokerage commissions.

(2) Calculated on the basis of the Fund as a whole without distinguishing between shares issued.

(3) Less than 0.5 cent per share.

* Based on the mean of the bid and ask.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

July 31, 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mexico Equity and Income Fund, Inc. (the "Fund") was incorporated in Maryland on May 24, 1990, and commenced operations on August 21, 1990. The Fund is registered under the Investment Company Act of 1940, as amended, as a closed-end, non-diversified management investment company.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Significant accounting policies are as follows:

Portfolio Valuation. Investments are stated at value in the accompanying financial statements. 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 value shall be the most recent bid quotation as of the valuation time. If there is no such bid quotation, the security shall be valued at the most recent asked quotation 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.

Investment Transactions and Investment Income. The cost of investments sold is determined by use of the specific identification method for both financial reporting and income tax purposes. Interest income, including the accretion of discount and amortization of premium on investments, is recorded on an accrual basis; dividend income is recorded on the ex-dividend date or, using reasonable diligence, when known to the Fund. The collectibility of income receivable from foreign securities is evaluated periodically, and any resulting allowances for uncollectible amounts are reflected currently in the determination of investment income. There was no allowance for uncollectible amounts at July 31, 2013.

Tax Status. No provision is made for U.S. Federal income or excise taxes as it is the Fund's intention to continue to qualify as a regulated investment company and to make the requisite distributions to its

Notes to Financial Statements (continued)

shareholders that will be sufficient to relieve it from all or substantially all U.S. Federal income and excise taxes.

The Fund is subject to the following withholding taxes on income from Mexican sources:

Dividends distributed by Mexican companies are subject to withholding tax at an effective rate of 0.00%.

Interest income on debt issued by the Mexican federal government is generally not subject to withholding. Withholding tax on interest from other debt obligations such as publicly traded bonds and loans by banks or insurance companies is at a rate of 4.9% under the tax treaty between Mexico and the United States.

Gains realized from the sale or disposition of debt securities may be subject to a 4.9% withholding tax. Gains realized by the Fund from the sale or disposition of equity securities that are listed and traded on the Mexican Stock Exchange ("MSE") are exempt from Mexican withholding tax if sold through the stock exchange. Gains realized on transactions outside of the MSE may be subject to withholding at a rate of 25% (20% rate prior to January 1, 2002) of the value of the shares sold or, upon the election of the Fund, at 35% (40% rate prior to January 1, 2002) of the gain. If the Fund has owned less than 25% of the outstanding stock of the issuer of the equity securities within the 12 month period preceding the disposition, then such disposition will not be subject to capital gains taxes as provided for in the treaty to avoid double taxation between Mexico and the United States.

Summary of Fair Value Exposure at July 31, 2013. 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 company 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 risk, 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.

July 31, 2013

Notes to Financial Statements (continued)

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 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 to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily 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 July 31, 2013:

July 31, 2013

Notes to Financial Statements (continued)

	Level 1*	Level 2*	Level 3	Total
Equity				
Airports	$ 3,680,821	$ —	$ —	$ 3,680,821
Beverages	6,421,904	—	—	6,421,904
Building Materials	4,345,785	—	—	4,345,785
Cable & Satellite	5,429,750	—	—	5,429,750
Capital Development Certificates	—	—	2,171,017	2,171,017
Chemical Products	2,404,375	—	—	2,404,375
Construction and Infrastructure	8,634,203	—	—	8,634,203
Consumer Products	2,544,113	—	—	2,544,113
Energy	5,685,018	—	—	5,685,018
Financial Groups	5,968,838	—	—	5,968,838
Food Manufacturing	4,450,831	—	—	4,450,831
Holding Companies	9,503,983	—	—	9,503,983
Hotels, Restaurants, and Recreation	7,350,860	3,157,744	—	10,508,604
Insurance Services	7,455,601	—	—	7,455,601
Real Estate Services	5,622,760	—	—	5,622,760
Retail	8,860,842	—	—	8,860,842
Mining	6,004,368	—	—	6,004,368
Telecommunication Services	7,456,744	—	—	7,456,744
Total Equity	101,820,796	3,157,744	2,171,017	107,149,557
Mortgage Backed Securities	$ —	$2,088,292	$ —	$ 2,088,292
Short-Term Investments	$ —	$ 606,539	$ —	$ 606,539
Total Investment in Securities	$101,820,796	$5,852,575	$2,171,017	$109,844,388

* There were no significant transfers between levels 1 and 2 during the period. Transfers between levels are recognized at the end of the reporting period.

Level 3 Reconciliation Disclosure

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

July 31, 2013

Notes to Financial Statements (continued)

Description	Investments in Securities
Balance as of July 31, 2012	$1,914,447
Acquisition/Purchase	—
Sales	—
Realized gain	—
Change in unrealized appreciation (depreciation)(1)	256,570
Balance as of July 31, 2013	$2,171,017

(1) Included in the net change of unrealized appreciation (depreciation) on investments in the Statement of Operations.

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 July 31, 2013:

	Fair Value July 31, 2013	Valuation Methodologies	Unobservable Input(1)	Impact to Valuation from an increase in Input(2)
Capital Development Certificates	$2,171,017	Market Comparables/ Sum of 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 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect.

Federal Income Taxes. The Fund intends to comply with the requirements of the Internal Revenue Code necessary to qualify as a regulated investment company and to make the requisite distributions of income and capital gains to its shareholders sufficient to relieve it from all or substantially all federal income taxes. Therefore, no federal income tax provision is required. Accounting principles generally accepted in the United States of America require that permanent differences between financial reporting and tax reporting be reclassified between various components of net assets.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is "more-likely-than-not" to be sustained assuming examination by tax authorities. The Adviser has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2010-2012), or expected to be taken in the Fund's 2013 tax returns. The Fund identifies its major tax jurisdictions as U.S. Federal, New York

July 31, 2013

Notes to Financial Statements (continued)

State and foreign jurisdictions where the Fund makes significant investments; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

Reclassification of Capital Accounts. Accounting Principles generally accepted in the United States of America require certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. The permanent differences are primarily attributed to foreign currency gain reclassifications. For the year ended July 31, 2013, the Fund decreased undistributed net investment loss by $676,017, and decreased accumulated realized gain by $676,017.

Foreign Currency Translation. The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars on the following basis:

(i) market value of investment securities, assets and liabilities at the current Mexican peso exchange rate on the valuation date, and

(ii) purchases and sales of investment securities, income and expenses at the Mexican peso exchange rate prevailing on the respective dates of such transactions. Fluctuations in foreign currency rates, however, when determining the gain or loss upon the sale of foreign currency denominated debt obligations pursuant to U.S. Federal income tax regulations; such amounts are categorized as foreign exchange gain or loss for income tax reporting purposes.

The Fund reports realized foreign exchange gains and losses on all other foreign currency related transactions as components of realized gains and losses for financial reporting purposes, whereas such gains and losses are treated as ordinary income or loss for Federal income tax purposes.

Securities denominated in currencies other than U.S. dollars are subject to changes in value due to fluctuations in the foreign exchange rate. Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin as a result of, among other factors, the level of governmental supervision and regulation of foreign securities markets and the possibilities of political or economic instability.

Distribution of Income and Gains. The Fund intends to distribute to shareholders, at least annually, substantially all of its net investment income, including foreign currency gains. The Fund also intends to distribute annually any net realized capital gains in excess of net realized capital losses (including any capital loss carryovers), except in circumstances where the Directors of the Fund determine that the decrease in the size of the Fund's assets resulting from the distribution of the gains would generally not be in the interest of the Fund's shareholders. An additional distribution may be made to the extent necessary to avoid payment of a 4% U.S. Federal excise tax.

July 31, 2013

Notes to Financial Statements (continued)

Distributions to shareholders are recorded on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized gains are determined in accordance with U.S. Federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America. These "book/tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their Federal tax-basis treatment; temporary differences do not require reclassification. To the extent they exceed net investment income and net realized gains for tax purposes, they are reported as distributions from additional paid-in capital.

Distributions to Shareholders. The tax character of distributions paid to shareholders during the periods ended July 31, 2013 and July 31, 2012 were as follows:

Distributions paid from:	7/31/13	7/31/12
Ordinary Income	$ 246,098	$ —
Long-Term Capital Gain	922,866	—
Total	$1,168,964	$ —

As of July 31, 2013, the components of distributable earnings on a tax basis were as follows:

Cost of Investments for tax purposes(a)	$93,589,040
Gross tax unrealized appreciation on investments	18,315,696
Gross tax unrealized depreciation on investments	(2,060,348)
Net tax unrealized appreciation on investments	16,255,348
Undistributed ordinary income	10,150,512
Undistributed long-term capital gains	2,932,246
Total distributable earnings	13,082,758
Other accumulated gains(losses)	$ —
Total accumulated earnings(losses)	$29,338,106

(a) Represents cost for federal income tax purposes. Differences between the Fund's cost basis of investments at July 31, 2013, for book and tax purposes, relates primarily to the deferral of losses related to wash sales.

NOTE B: MANAGEMENT, INVESTMENT ADVISORY AND ADMINISTRATIVE SERVICES

Pichardo Asset Management, S.A. de C.V. serves as the Fund's Investment Adviser (the "Investment Adviser") under the terms of the Investment Advisory Agreement (the "Advisory Agreement") effective July 1, 2003. Pursuant to the Advisory Agreement, the Investment Adviser makes investment decisions for the Fund and supervises the acquisition and disposition of securities by the Fund. For its services, the

July 31, 2013

Notes to Financial Statements (continued)

Investment Adviser received a monthly fee at an annual rate of 0.80% of the Fund's average daily net assets prior to January 1, 2013. Beginning January 1, 2013, the Adviser is paid a base fee, accrued daily at the annual rate of 1.00%, subject to a performance fee adjustment which increases or decreases the fee depending upon how well the Fund has performed relative to the MSCI Mexico Index (the "Index") 12 month rolling average. The fee adjustment will be calculated using a monthly adjustment rate that is based upon the Fund's relative performance to the Index. The performance adjustment rate will be positive (resulting in an upward fee adjustment) for each percentage point, or portion thereof, that the investment performance of the Fund exceeds the investment performance of the Index for the performance period multiplied by three (3) and will be negative (resulting in a downward fee adjustment) for each percentage point, or portion thereof, that the investment performance of the Index exceeds the investment performance of the Fund for the performance period multiplied by three (3). Determinations of the performance adjustment rate (positive or negative) will be made in increments of 0.01% of differential performance. As an example, if the Fund's performance for the preceding 12 months exceeds the performance of the Index by 1.00%, the performance adjustment rate would be 3 x 0.01, which would result in a monthly fee equal to an annual rate of 1.03%. The performance adjustment rate will be limited to a 0.15% fee adjustment, positive or negative.

For the 7 month period beginning January 1, 2013 through July 31, 2013 the Fund's investment performance ranged from 15.1% to 29.4% above the investment performance of the Index. Accordingly, for the 12 month period ended July 31, 2013 the net investment advisor fee consisted of the base fee of $940,886 and an upward performance fee adjustment of $83,164.

Effective January 1, 2013, the Fund pays each of its directors who is not a director, officer or employee of the Investment Adviser, the Administrator or any affiliate thereof an annual fee of $30,000, paid pro rata, quarterly plus a fee of $500 for each meeting held telephonically. As additional annual compensation, the Chairman of the Fund will receive $5,000, the Audit Committee Chairman and Valuation Committee Chairman will receive $3,000, and the Nomination Committee Chairman will receive $2,000. For serving the Fund as Chief Compliance Officer, in addition to the aforementioned Directors' fees, Mr. Hellerman receives annual compensation in the amount of $35,000. In addition, the Fund reimburses the directors and Chief Compliance Officer ("CCO") for travel and out-of-pocket expenses incurred in connection with Board of Directors' meetings and CCO due diligence requirements.

U.S. Bancorp Fund Services, LLC ("USBFS"), an indirect wholly-owned subsidiary of U.S. Bancorp, serves as the Fund's Administrator and, in that capacity, performs various administrative services for the Fund. USBFS also serves as the Fund's Fund Accountant (the "Fund Accountant") and Transfer Agent. U.S. Bank, N.A. serves as the Fund's custodian (the "Custodian"). The Custodian is an affiliate of the Administrator. The Administrator prepares various federal and state regulatory filings, reports and returns for the Fund; prepares reports and materials to be supplied to the directors; monitors the activities of the

July 31, 2013

Notes to Financial Statements (continued)

Fund's Custodian and Fund Accountant; coordinates the preparation and payment of the Fund's expenses and reviews the Fund's expense accruals.

For the year ended July 31, 2013, the Fund incurred Administration fees of $123,721; Fund Accounting fees and expenses of $48,379, Transfer Agent fees and expenses of $15,760 and Custody fees of $63,041.

At July 31, 2013, fees of $22,579, $9,211, $4,131 and $11,207 were owed for Fund Administration, Accounting, Transfer Agency, and Custody fees, respectively.

NOTE C: PORTFOLIO ACTIVITY

Purchases and sales of securities other than short-term obligations, aggregated $182,464,886 and $177,441,156 respectively, for the year ended July 31, 2013.

At July 31, 2013 approximately 99.4% of the Fund's net assets were invested in Mexican securities. The Mexican securities markets are substantially smaller, less liquid, and more volatile than the major securities markets in the United States. Consequently, acquisitions and dispositions of securities by the Fund may be limited.

NOTE D: CAPITAL STOCK

During the year ended July 31, 2013 the Fund purchased 215,118 shares of capital stock in the open market at a cost of $2,671,807. The weighted average discount of these purchases comparing the average purchase price to net asset value at the close of the New Stock Exchange was 12.82%.

During the year ended July 31, 2012 the Fund purchased 413,960 shares of capital stock in the open market at a cost of $4,666,313. The weighted average discount of these purchases comparing the average purchase price to net asset value at the close of the New Stock Exchange was 11.39%.

During the year ended July 31, 2013 the Fund continued to offer to convert any outstanding preferred shares to common shares on a one-for-one basis. As a result of this conversion offer, 8,604 preferred shares participated in the offer and were converted to common shares.

During the year ended July 31, 2012 the Fund offered to convert any outstanding preferred shares to common shares on a one-for-one basis. There were no conversions of preferred shares to common shares during the period.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase, from time to time, shares of its common and preferred stock in the open market.

July 31, 2013

Notes to Financial Statements (concluded)

NOTE E: PREFERRED STOCK

Shares of the Preferred Stock have identical rights, voting powers, restrictions, and qualifications of the common stock of the Fund except for repurchase and conversion preference features and the ability to elect two directors.

Subsequent event

Note to preferred shareholders. The New York Stock Exchange (“NYSE”) announced March 21, 2013 that the staff of NYSE Regulation, Inc. has determined that the Preferred Stock is no longer suitable for listing because it does not meet the minimum continued listing distribution requirement of 100,000 publicly held shares outstanding as set forth in Section 802.01 of the NYSE Listed Company Manual. Trading on the NYSE in the Fund’s Preferred Stock was suspended prior to the opening of trading on March 22, 2013.

Report Of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
The Mexico Equity and Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Mexico Equity and Income Fund, Inc. (the "Fund") as of July 31, 2013 and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of July 31, 2013, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The Mexico Equity and Income Fund, Inc. as of July 31, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
September 26, 2013

Additional Information

July 31, 2013
(Unaudited)

BOARD CONSIDERATION OF THE CONTINUATION OF THE FUND'S INVESTMENT ADVISORY AGREEMENT (Unaudited)

In March 2013, the Board of Directors of The Mexico Equity and Income Fund, Inc., (the "Fund"), including the Independent Directors, unanimously approved the renewal of the Fund's Investment Advisory Agreement (the "Agreement") with the Adviser for an additional one-year term. The information, material facts and conclusions that formed the basis for the Board's approval are described below.

INFORMATION REVIEWED

During the course of the year, Board members review a wide variety of materials relating to the nature, extent and quality of the services provided to the Fund by the Adviser, including reports on the Fund's investment results, portfolio composition, investment strategy, and other matters. In addition, in connection with its annual review of the Agreement, independent counsel on behalf of the Board requested and the Board reviewed information that included materials regarding the Fund's investment results, advisory fee and expense comparisons, financial and profitability information regarding the Adviser, descriptions of various functions such as compliance monitoring and portfolio trading practices, and information about the personnel providing investment management and administrative services to the Fund. In connection with its review, the Board received assistance and advice in the form of a written memorandum regarding legal and industry standards with respect to the renewal of an investment advisory agreement from counsel to the Fund. The Independent Directors discussed the approval of the Agreement with representatives of the Adviser and during an executive session with counsel at which no representatives of the Adviser were present. In deciding to recommend approval of the Agreement, the Board and the Independent Directors did not identify any single or particular piece of information that, in isolation, was the controlling factor. This summary describes the most important, but not all, of the factors considered by the Board and the Independent Directors.

1. NATURE, EXTENT AND QUALITY OF SERVICES PROVIDED TO THE FUND

The Directors considered the nature, extent and quality of services provided by the Adviser to the Fund and the amount of time devoted to the Fund's affairs by the Adviser's staff. The Directors considered the Adviser's specific responsibilities in all aspects of day-to-day management of the Fund, as well as the qualifications, experience and responsibilities of Maria Eugenia Pichardo, the Fund's portfolio manager, and other key personnel at the Adviser involved in the day-to-day activities of the Fund. The Directors reviewed the structure of the Adviser's compliance program and its continuing commitment to a culture of compliance. The Directors noted that during the course of the prior year they had met with the Adviser in person to discuss various performance, expense and compliance reports. The Directors discussed in detail the Adviser's performance and compliance oversight, including the reports of the Fund's chief compliance officer to the Directors on the effectiveness of the Adviser's compliance program.

Additional Information (continued)

July 31, 2013
(Unaudited)

The Directors noted that the Adviser exhibited a high level of diligence and attention to detail in carrying out its responsibilities under the Agreement. The Adviser was very responsive to the requests of the Board and had consistently kept the Board apprised of developments related to the Fund and the industry in general. The Directors concluded that the Adviser had sufficient quality and depth of personnel, resources, investment methods and compliance policies and procedures essential to performing its duties under the Agreement and that the nature, overall quality and extent of the management services provided to the Fund, as well as the Adviser's compliance program, were satisfactory and reliable.

2. INVESTMENT PERFORMANCE OF THE FUND

The Independent Directors discussed the performance of the Fund for the one-year, three-year, five-year and ten year periods ended January 31, 2013. In assessing the quality of the portfolio management services delivered by the Adviser, the Independent Directors also compared the short-term and long-term performance of the Fund on both an absolute basis and in comparison to a peer group of 27 closed end international funds constructed by data provided by Morningstar, Inc. (the "Morningstar Peer Group"). The Independent Directors noted that the one year return for the Fund ranked second amongst its peer group while the Fund ranked third, eighth and third for the three-year, five-year and ten year periods, respectively.

3. COSTS OF SERVICES PROVIDED AND PROFITS REALIZED BY THE ADVISER

The Directors considered the cost of services and the structure of the Adviser's fees, including a review of the expense analyses and other pertinent material with respect to the Fund. In addition, the Independent Directors reviewed information comparing the Fund's contractual advisory fees with the Morningstar Peer Group. The Directors discussed the potential effect of the Fund's new fulcrum fee on Fund expenses either increasing or decreasing the base fee by 0.15%. The Directors noted the new fee calculation which begins January 1, 2013 pays the Adviser a base fee, accrued daily at the annual rate of 1.00%, subject to a performance fee adjustment which increases or decrease the advisory fee depending upon how well the Fund has performed relative to the MSCI Mexico Index (the "Index"). The fee adjustment will be calculated using a monthly adjustment rate that is based upon the Fund's relative performance to the Index and that the performance adjustment rate is limited to a 0.15% fee adjustment, positive or negative. The Directors noted that the Fund's contractual management base fee of 1.00% fell within the third quartile and ranked slightly above the Morningstar Peer Group average of 0.93%, which fell within the second quartile and that Fund's current expense ratio of 1.44% was reasonable when compared to funds with similar asset size and complexity. The Directors also considered the overall profitability of the Adviser, after reviewing the Adviser's financial information. The Directors examined the level of profits that could be expected to accrue to the Adviser from the fees payable under the Agreement, as well as the Fund's brokerage arrangements, noting that the Adviser makes no effort to seek soft dollar arrangements. These considerations were based on materials requested by the Directors and the Fund's administrator specifically for the March 2013 meeting at which the Agreement was formally considered, as well as the presentations made by the Adviser over the course of the year.

Additional Information (continued)

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(Unaudited)

The Directors concluded that the Fund's expenses and the management fees paid to the Adviser were fair and reasonable in light of the comparative performance, expense and management fee information. The Directors further concluded that the Adviser's profit from advising the Fund had not been, and currently was not, excessive and that the Adviser had maintained adequate profit levels to support its services to the Fund from the revenues of its overall investment advisory business.

4. EXTENT OF ECONOMIES OF SCALE AS THE FUND GROWS

The Directors considered the extent to which economies of scale were or should be reflected in the Fund's advisory fee, and concluded that in view of the Fund's investment results, the Fund's reasonable level of total expenses and overall size of the net assets in the Fund that the investment advisory fees were reasonable and that there were no economies of scale available at this time that should be passed along to the Fund.

5. BENEFITS DERIVED FROM THE RELATIONSHIP WITH THE FUND

The Directors considered the direct and indirect benefits that could be realized by the Adviser from its association with the Fund. The Directors examined the brokerage and commissions of the Adviser with respect to the Fund, noting that the Adviser receives no soft dollar benefits from its relationship with the Fund and has no affiliated entities that provide services to the Fund. The Directors concluded that any such benefits were difficult to quantify and likely not significant.

CONCLUSIONS

Based on their review, including consideration of each of the factors referred to above, the Board and the Independent Directors concluded that the terms of the Agreement are fair and reasonable to the Fund and its stockholders, that the Fund's stockholders receive reasonable value in return for the advisory fees paid to the Adviser by the Fund and that renewal of the Agreement was in the best interests of the Fund and its stockholders.

NOTE 1: INFORMATION ABOUT PROXY VOTING

Information regarding how the Fund votes proxies relating to portfolio securities is available without charge upon request by calling toll-free at 1-877-785-0376 and the SEC's website at www.sec.gov. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve month period ended June 30 is available on the SEC's website at www.sec.gov or by calling the toll-free number listed above.

NOTE 2: AVAILABILITY OF QUARTERLY PORTFOLIO SCHEDULE

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The filing will be available, upon request, by calling 1-877-785-0376.

Additional Information (concluded)

July 31, 2013
(Unaudited)

Furthermore, you will be able to obtain a copy of the filing on the SEC's website at http://www.sec.gov beginning with the filing for the period ended October 31, 2004. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

NOTE 3: INFORMATION ABOUT CERTIFICATIONS

In December 2012, the Fund submitted a CEO annual certification to the NYSE in which the Fund's principal executive officer certified that she was not aware, as of the date of the certification, of any violation by the Fund of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Fund's principal executive and principal financial officers have made quarterly certifications, included in the filing with the SEC on Forms N-CSR and N-Q, relating to, among other things, the Fund's disclosure controls and procedures and internal control over financial reporting.

NOTE 4: INFORMATION ON FORWARD LOOKING STATEMENTS

Except for historical information contained in this report for the Fund, the matters discussed in this report may constitute forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These include any adviser or portfolio manager predictions, assessments, analyses or outlooks for individual securities, industries, market sectors and/or markets. These statements involve risks and uncertainties. In addition to the general risks described for the Fund in the most recent Prospectus, other factors bearing on this report include the accuracy of the adviser's or portfolio manager's data, forecasts and predictions, and the appropriateness of the investment programs designed by the adviser or portfolio manager to implement their strategies efficiently and effectively. Any one or more of these factors, as well as other risks affecting the securities markets and investment instruments generally, could cause the actual results of the Fund to differ materially as compared to benchmarks associated with the Fund.

ADDITIONAL INFORMATION APPLICABLE TO FOREIGN SHAREHOLDERS ONLY

The percent of ordinary income distributions designated as interest related dividends for the fiscal year ended July 31, 2013 was 0%. (unaudited)

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Internal Revenue Section 871(k)(2)(C) was 100%. (unaudited)

The Fund designates 0% of dividends declared for the fiscal year July 31, 2013 from net investment income as qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003. (unaudited)

Dividends and Distributions

July 31, 2013
(Unaudited)

DIVIDEND REINVESTMENT PLAN

The Fund intends to distribute to shareholders substantially all of its net investment company taxable income at least annually. Investment company taxable income, as defined in section 852 of the Internal Revenue Service Code of 1986, includes all of the Fund's taxable income minus the excess, if any, of its net realized long-term capital gains over its net realized short-term capital losses (including any capital loss carryovers), plus or minus certain other required adjustments. The Fund also expects to distribute annually substantially all of its net realized long-term capital gains in excess of net realized short-term capital losses (including any capital loss carryovers), except in circumstances where the Fund realizes very large capital gains and where the Directors of the Fund determine that the decrease in the size of the Fund's assets resulting from the distribution of the gains would not be in the interest of the Fund's shareholders generally.

Pursuant to the Fund's Dividend Reinvestment Plan (the "Plan"), each shareholder will be deemed to have elected, unless the Plan Agent (as defined below) is otherwise instructed by the shareholder in writing, to have all distributions, net of any applicable U.S. withholding tax, automatically reinvested in additional shares of the Fund by U.S. Bancorp Fund Services, LLC, the Fund's transfer agent, as the Plan Agent (the "Plan Agent"). Shareholders who do not participate in the Plan will receive all dividends and distributions in cash, net of any applicable U.S. withholding tax, paid in U.S. dollars by check mailed directly to the shareholder by the Plan Agent, as dividend-paying agent. Shareholders who do not wish to have dividends and distributions automatically reinvested should notify the Plan Agent for The Mexico Equity and Income Fund, Inc., c/o U.S. Bancorp Fund Services, ATTN: Ms. Casey Sauer, 615 East Michigan Street, Milwaukee, WI 53202. Dividends and distributions with respect to shares of the Fund's Common Stock and Preferred Stock registered in the name of a broker-dealer or other nominee (i.e., in "street name") will be reinvested under the Plan unless the service is not provided by the broker or nominee or the shareholder elects to receive dividends and distributions in cash. A shareholder whose shares are held by a broker or nominee that does not provide a dividend reinvestment program may be required to have his shares registered in his own name to participate in the Plan. Investors who own shares of the Fund's Common Stock and Preferred Stock registered in street name should contact the broker or nominee for details.

The Plan Agent serves as agent for the shareholders in administering the Plan. If the Directors of the Fund declare an income dividend or a capital gains distribution payable either in the Fund's Common Stock, Preferred Stock, or in cash, as shareholders may have elected, nonparticipants in the Plan will receive cash and participants in the Plan will receive Common Stock or Preferred Stock, respectively, to be issued by the Fund. If the market price per share on the valuation date equals or exceeds net asset value per share on that date, the Fund will issue new shares to participants at net asset value; or, if the net asset value is less than 95% of the market price on the valuation date, then such shares will be issued at 95% of the market price.

If net asset value per share on the valuation date exceeds the market price per share on that date, participants in the Plan will receive shares of Common Stock or Preferred Stock from the Fund valued at

Dividends and Distributions (concluded)

July 31, 2013
(Unaudited)

market price. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange trading day, the next preceding trading day. If the Fund should declare an income dividend or capital gains distribution payable only in cash, the Plan Agent will, as agent for the participants, buy Fund shares in the open market on the New York Stock Exchange or elsewhere, for the participants' accounts on, or shortly after, the payment date.

The Plan Agent maintains all shareholder accounts in the Plan and furnishes written confirmations of all transactions in an account, including information needed by shareholders for personal and tax records. Shares in the account of each Plan participant will be held by the Plan Agent in noncertified form in the name of the participant, and each shareholder's proxy will include those shares purchased pursuant to the Plan.

In the case of shareholders such as banks, brokers or nominees that hold shares for others who are beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the shareholders as representing the total amount registered in the shareholder's name and held for the account of beneficial owners who participate in the Plan.

There is no charge to participants for reinvesting dividends or capital gains distributions payable in either Common Stock, Preferred Stock or cash. The Plan Agent's fees for the handling or reinvestment of such dividends and capital gains distributions will be paid by the Fund. There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or capital gains distributions payable either in stock or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends or capital gains distributions payable in cash.

Brokerage charges for purchasing small amounts of Common Stock and Preferred Stock for individual accounts through the Plan are expected to be less than usual brokerage charges for such transactions because the Plan Agent will be purchasing stock for all participants in blocks and prorating the lower commissions thus attainable. Brokerage commissions will vary based on, among other things, the broker selected to effect a particular purchase and the number of participants on whose behalf such purchase is being made.

The receipt of dividends and distributions in Common Stock or Preferred Stock under the Plan will not relieve participants of any income tax (including withholding tax) that may be payable on such dividends or distributions.

Experience under the Plan may indicate that changes in the Plan are desirable. Accordingly, the Fund and the Plan Agent reserve the right to terminate the Plan as applied to any dividend or distribution paid subsequent to notice of the termination sent to participants at least 30 days before the record date for such dividend or distribution. The Plan also may be amended by the Fund or the Plan Agent, but (except when necessary or appropriate to comply with applicable law, or rules or policies of a regulatory authority) only upon at least 30 days' written notice to participants. All correspondence concerning the Plan should be directed to the Plan Agent at the address above.

Results of Annual Stockholders Meeting

July 31, 2013
(Unaudited)

The Fund's Annual Stockholders meeting was held on December 4, 2012, at the offices of U.S. Bancorp Fund Services, 777 E. Wisconsin Avenue, Milwaukee, WI 53202. As of October 17, 2012, the record date, outstanding shares of common and preferred stock were 6,230,817 and 57,639 respectively. Holders of 5,545,932 shares of the Fund were present at the meeting either in person or by proxy. These holders, as being holders of a majority of the outstanding shares of the Fund, constituted a quorum. The stockholders voted on two proposals. The stockholders elected two Directors to the Board of Directors by each share class. The following table provides information concerning the matters voted on at the meeting:

I. (A) Election of Directors – Common and Preferred

	Votes For	Votes Against
Andrew Dakos	3,326,776	2,219,156

I. (B) Election of Directors – Preferred

	Votes For	Votes Against
Rajeev Das	31,965	21,358

Privacy Policy

July 31, 2013
(Unaudited)

FACTS	**WHAT DOES THE MEXICO EQUITY AND INCOME FUND, INC. (THE "FUND"), AND SERVICE PROVIDERS TO THE FUND, ON THE FUND'S BEHALF, DO WITH YOUR PERSONAL INFORMATION?**
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we, and our service providers, on our behalf, collect and share depends on the product or service you have with us. This information can include: • Social Security number • account balances • account transactions • transaction history • wire transfer instructions • checking account information When you are *no longer* our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons the Fund, and our service providers, on our behalf, choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	**Does the Fund share?**	**Can you limit this sharing?**
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?	Call (877) 785-0376

Privacy Policy (concluded)

July 31, 2013
(Unaudited)

What we do	
Who is providing this notice?	The Mexico Equity and Income Fund, Inc. (the "Fund")
How does the Fund, and the Fund's service providers, on the Fund's behalf, protect my personal information?	To protect your personal information from unauthorized access and use, we and our service providers use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does the Fund, and the Fund's service providers, on the Fund's behalf, collect my personal information?	We collect your personal information, for example, when you: • open an account • provide account information • give us your contact information • make a wire transfer We also collect your information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only • sharing for affiliates' everyday business purposes – information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • *None*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. • *The Fund does not share with nonaffiliates so they can market to you.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. • *The Fund does not jointly market.*

Management of the Fund

July 31, 2013
(Unaudited)

Board of Directors. The management and affairs of the Fund are supervised by the Board of Directors. The Board consists of six individuals, five of whom are not "interested persons" of the Fund as the term is defined in the Investment Company Act of 1940, as amended (the "1940 Act"). The Directors are fiduciaries for the Fund's shareholders and are governed by the laws of the State of Maryland in this regard. The Board establishes policies for the operation of the Fund and appoints the officers who conduct the daily business of the Fund. The Directors and Interested Officers of the Fund are listed below with their addresses, present position(s) with the Fund, length of time served, principal occupations over at least the last five years, and any other Directorships held. Please note that the Fund is not part of a fund complex.

Name and Address	Year Born	Position(s) with the Fund	Term of Office/Length of Time Served	Principal Occupation During the Past Five Years	Other Directorships Held by Director
Gerald Hellerman . . . . 615 E. Michigan Street Milwaukee, WI 53202	1937	Director, Chief Financial Officer and Chief Compliance Officer	Since 2010 / 12 years	Managing Director, Hellerman Associates	Director, Brantley Capital Corporation; Director, Ironsides Partners Opportunity Offshore Fund Ltd.; Director, MVC Capital, Inc.; Director, Old Mutual Absolute Return and Emerging managers Fund Complex (consisting of six funds); Director, Special Opportunities Fund Inc.; Director, TM Entertainment and Media, Inc.; Director, Imperial Holdings, Inc.

Management of the Fund (continued)

July 31, 2013
(Unaudited)

Name and Address	Year Born	Position(s) with the Fund	Term of Office/Length of Time Served	Principal Occupation During the Past Five Years	Other Directorships Held by Director
Phillip Goldstein . . . . Park 80 West, Plaza Two, 250 Pehle Avenue, Suite 708 Saddle Brook, NJ 07663	1945	Chairman	Since 2011 / 13 years	Since its inception in 2009, Mr. Goldstein has been a member of Bulldog Investors, LLC, the investment advisor of Special Opportunities Fund, Inc. and the Bulldog Investors group of funds. He also is a member of Kimball & Winthrop, LLC, the managing general partner of Bulldog Investors General Partnership, since 2012. From 1992-2012, Mr. Goldstein was a member of the general partners of several private funds in the Bulldog Investors group of funds and in 2012 became a member of Bulldog Holdings, LLC which became the sole owner of such general partners.	Director, ASA Ltd.; Director, MVC Capital Inc.; Chairman, Imperial Holdings, Inc.; Chairman, Special Opportunities Fund, Inc.; Chairman, Brantley Capital Corporation.
Glenn Goodstein . . . . 5650 El Camino Real, Suite 155 Carlsbad, CA 92008	1963	Director	Since 2010 / 12 years	Registered Investment Advisor; held numerous executive positions with Automatic Data Processing until 1996.	None
Rajeev Das . . . . 68 Lafayette Avenue Dumont, NJ 07628	1968	Director	Since 2012 / 12 years	Since 2004, Mr. Das has been a Principal of the entities serving as the general partner of the private investment partnerships in the Bulldog Investors group of investment funds. Head Trader of the investment advisor to the Special Opportunities Fund, Inc. since 2009. Treasurer of Special Opportunities Fund, Inc. since 2009.	None

Management of the Fund (concluded)

July 31, 2013
(Unaudited)

Name and Address	Year Born	Position(s) with the Fund	Term of Office/Length of Time Served	Principal Occupation During the Past Five Years	Other Directorships Held by Director
Andrew Dakos . . . . Park 80 West, Plaza Two 250 Pehle Avenue, Suite 708 Saddle Brook, NJ 07663	1966	Director	Since 2012 / 12 years	Since its inception in 2009, Mr. Dakos has been a member of Bulldog Investors, LLC, the investment advisor of Special Opportunities Fund, Inc. and the Bulldog Investors group of funds. He also is a member of Kimball & Winthrop, LLC, the managing general partner of Bulldog Investors General Partnership, since 2012. From 1992-2012, Mr. Dakos was a member of the general partners of several private funds in the Bulldog Investors group of funds and in 2012 became a member of Bulldog Holdings, LLC which became the sole owner of such general partners. Chief Compliance Officer of Bulldog Investors, LLC from 2009-2012.	Director, Special Opportunities Fund Inc.; Director, Brantley Capital Corporation; Director, Imperial Holdings, Inc.
Maria Eugenia Pichardo . . Paseo de Tamarindos 45-201 Bosques de las Lomas Mexico DF 05120	1950	Interested Director, Officer, President	Since 2011 / 3 years Indefinite / 8 years	Portfolio Manager of the Fund since the Fund's Inception; President and General Partner, Pichardo Asset Management, S.A. de C.V. since 2003; Managing Director, Acciones y Valores de Mexico, S.A. de C.V. from 1979 to 2002.	None
Luis Calzada . . . . Paseo de Tamarindos 45-201 Bosques de las Lomas Mexico DF 05120	1965	Secretary	Indefinite / 2 years	Administrative and Compliance Director, Pichardo Asset Management S.A. de C.V.	None

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THE MEXICO EQUITY AND INCOME FUND, INC.

Investment Adviser:
Pichardo Asset Management, S.A. de C.V.
Paseo de Tamarindos 45-201
Bosques de las Lomas
Delegación Cuajimalpa
Mexico DF 05120

Independent Registered Public Accounting Firm:
Tait, Weller & Baker LLP
1818 Market Street, Suite 2400
Philadelphia, PA 19103

Transfer Agent and Registrar, Fund Administrator and Fund Accountant:
U.S. Bancorp Fund Services, LLC
615 East Michigan Street
Milwaukee, WI 53202

Custodian:
U.S. Bank, N.A.
Custody Operations
1555 Rivercenter Drive, Suite 302
Milwaukee, WI 53212

Board of Directors:
Andrew Dakos
Rajeev Das
Phillip Goldstein
Glenn Goodstein
Gerald Hellerman
Eugenia Pichardo

The Mexico Equity and Income Fund, Inc.

Annual Report

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