

THE MEXICO EQUITY AND INCOME FUND, INC.

Semi-Annual Report
January 31, 2021



El Palacio de Bellas Artes Mexico City, Mexico. CANVA. 2021



THE MEXICO EQUITY AND INCOME FUND, INC.

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

Dear Fund Stockholders,

Introduction

We present the Fund’s semi-annual letter for the six months ended January 31, 2021, at the expected effective vaccination roll-out for the Covid-19 pandemic. The 2020 year was a particular one for the capital markets from the pandemic’s negative social and economic impact worldwide. Over 2.69 million people have died worldwide from the Covid-19 pandemic, 539,835 casualties in the U.S., and 196,606 in Mexico as of March 19, 2021. (Source: John Hopkins University).

The Fund’s performance aligned to its investment strategy showed an overperformance during the first, second, and third calendar quarters of the year 2020; and underperformed in the fourth quarter (second fiscal quarter) relative to the MSCI Mexico Index. Please find our explanation on why the Fund underperformed its benchmark in the investment strategy section. Please see Exhibits 1, 2, 3, & 4.

2020 economic growth of -8.5% supported by the external sector +5% year-over-year (“YOY”), sluggish consumption +1.7% YOY, a slight increase in investments +2.3% YOY, and no additional fiscal stimuli +1.2% YOY, prevents 2021 average growth rate estimate of +4.3% by Citibank’s consensus. The spot exchange rate appreciated +23.2% to Mx. \$20.57 from around Mx. \$25.00 for 1USD, for the one year ended January 31, 2021 with a -7.8% depreciation one-year to December 2020 local. (Source: Bloomberg).

PAM’s contingency office in South Mexico City has been vital for business continuity.

Investment Strategy & Return Attribution Analysis

The Fund had a consistent over-performance position aligned to its investment strategy from weighing the Materials +24.6%, Consumer Staples +20.3%, and Communication Services +16.4%, sectors from January 2020 to October 2020 compared to MSCI Mexico Index, as seen in Exhibit 1. Secondly, the Fund’s negative net return attribution analysis of -364 basis points in USD; in absolute terms the Fund registered -10.92% and -7.28% of its benchmark, for the one-year ended January 31, 2021. This resulted mainly from market participants’ behavioral reaction to the announcement of the approval of the Covid-19 vaccine. The MSCI Mexico Index registered a +31.13% increase in USD compared to the Fund’s +24.5% in the fourth quarter of 2020, according to Bloomberg & P.A.M. Please see Exhibits 1, 3, & 4.

The Fund’s portfolio maintained a higher percentage weight in the Materials and Telecommunications sectors with the three highest percentage weight in the following industries: **Metals & Mining** due to robust demand in copper despite U.S. \$ 4.19 per pound at the time of this writing. According to Goldman Sachs, China’s copper demand is likely to continue to improve in 2021 as grid investment speeds up. Please see <https://www.cnbc.com/2020/12/02/goldman-sachs-says-copper-prices-could-soon-test-record-highs.html>. Moreover, Chile reflects a weak production trend on the copper’s supply side, and political noise in Peru might increase

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high-risk short-term scarcity conditions. **Chemicals** in the polyester markets due to incremental demand for Polyethylene Terephthalate (“P.E.T.”) as consumption habits lean toward single-use plastics, and CH-1 PVC elements prices in North America continue with an upward trend of the limited supply blended with better demand since the Covid-19 pandemic. Please see <https://www.ptonline.com/articles/prices-still-rising-for-volume-resins>. **Building Materials**, mostly Cement on a top-down approach in an early stage of higher economic growth supported by fiscal & monetary stimuli and infrastructure projects in the years to come. Projections of an economic recovery for 2021 include a +7% to +8% estimate growth for China and +8% for the U.S., according to Goldman Sachs, and the unprecedented +25% to G.D.P. fiscal and monetary package in the U.S. An additional approved fiscal package of U.S. \$1.9trn in March 2021. Sources: <https://www.goldmansachs.com/insights/podcasts/episodes/01-08-2021-jan-hatzius.html>; <https://www.axios.com/goldman-sachs-us-economy-grow-8-per-cent-2021-eb7e1d84-b6fa-483a-9e19-37a7faddadc0.html>; and <https://www.wicz.com/story/43497534/bidens-stimulus-will-keep-americas-economy-humming-for-years-goldman-sachs-predicts>.

Final Remarks

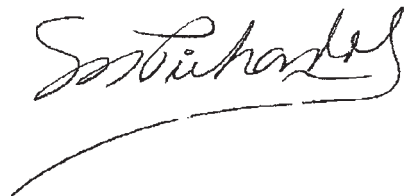
Challenging structural risks refer to PEMEX, a controlled state oil company with a total financial debt of approximately U.S. \$110bn, albeit the government’s commitment to increase its capital expenditures (“CAPEX”) to address a declining oil production is vital. (Sources: PEMEX; SHCP, and Mexico’s Treasury and Finance Department). Vaccination roll-out effectiveness, no additional fiscal stimuli +1.2% in 2020, and in particular, Mexico’s young democracy to support political checks and balances at mid-term elections this coming July 2021 are critical.

The investment thesis for Mexican equities refers to attractive equity valuations, fiscal government commitment confronting adverse economic effects from Covid-19 pandemic with only +0.70% to GDP budgetary policy, a strong currency on solid external accounts, and high correlation to the U.S. ISM Manufacturing Purchasing Managers Index (“PMI”). Moreover, an attractive equity cycle on CAPEX consolidation compared to the 10Y M Bond +5.5% 10-year yield to maturity compared with a +8.3% earnings yield. Please see Exhibits 5, 6, 7 & 8.

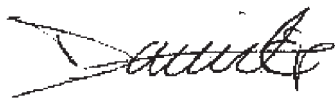
In the long term, demographics, an attractive labor market, strategic geographical position south of the U.S., a member of the United States-Mexico-Canada Agreement (“USMCA”), and plenty of natural resources places Mexico as one of the best growing re-emerging countries in the Latin American region. (Sources: PAM, Bloomberg and The National Institute of Statistics and Geography of Mexico).

PAM remains committed to servicing the Fund. We hope 2021 is a better year. To you and all, our best wishes.

Sincerely,



Maria Eugenia Pichardo
Senior Portfolio Manager



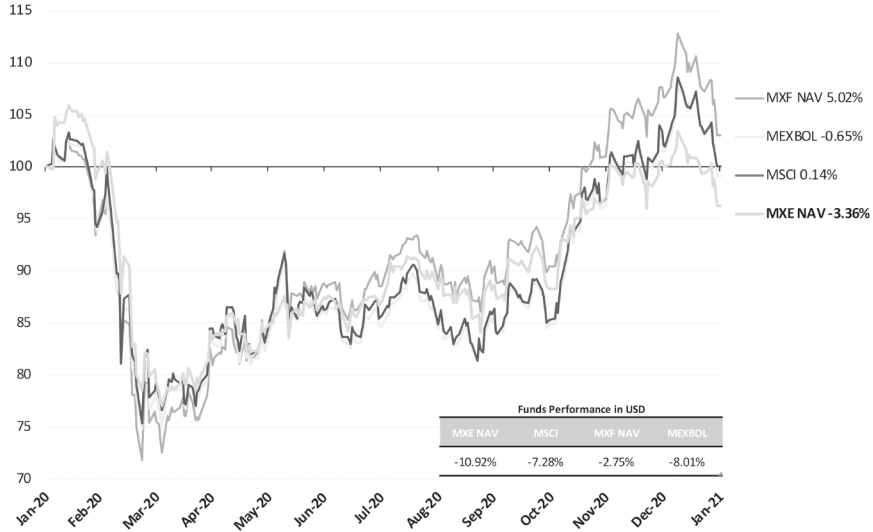
David Estevez
Portfolio Manager



Juan Elizalde
Portfolio Manager

MXE
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NYSE

MXE's NAV Mexican Peso Performance Comparison
One Year to January 31, 2021.



Source: PAM; Bloomberg

EXHIBIT 1

Sources: Bloomberg; PAM. Performance data represents past performance; past performance does not guarantee future results.

THE MEXICO EQUITY AND INCOME FUND, INC.



Performance	For the Six-Months Ended January 31, 2021 (unaudited)	Total Annual Average USD Return, dividends reinvested For the Periods Ended January 31, 2021					30-years Since Inception in 8/30/90
		1-year	3-years	5-years	10-years		
MXE NAV total return in USD	20.77% ¹	-10.92% ¹	-5.06% ¹	-1.78% ¹	1.74% ¹	9.86% ²	
MXE NAV total return in MEXICAN PESOS	11.24% ³	-3.36% ³	-1.96% ³	0.66% ³	7.15% ³	17.18% ³	
MXE total investment return based on market value, end of period	16.97% ¹	-21.34% ¹	-6.66% ¹	-2.36% ¹	1.08% ¹	9.54% ²	
Mexican Peso appreciation/depreciation vs 1 USD	8.57% ³	-7.82% ³	-3.17% ³	-2.42% ³	-5.05% ³	-6.24% ³	
MSCI -Mexico Index total return	27.60% ⁴	-7.28% ⁴	-6.41% ⁴	-0.73% ⁴	-1.66% ⁴	9.54% ⁴	
MEXBOL Index total return	28.22%	-8.01%	-5.89%	0.54%	-1.93%	8.03%	
MXE NAV positive/negative Excess Return vs. MSCI -Mexico Index (basis points)	-683	-364	135	-105	340	32	
MXE Supplemental Data/Ratios	Jan. 2021	For the Fiscal Year Ended July 31					
		2020	2019	2018	2017	2016	
Net Asset Value, end of period	10.93	9.04	11.03	13.32	13.71	12.32	
Per share market value, end of period	9.03	7.72	10.33	11.40	11.88	10.78	
Premium/Discount of common share market price to NAV	-17.38%	-14.60%	-6.35%	-14.41%	-13.35%	-12.50%	
Net Assets, end of period in USD (000's)	\$19,520	\$16,158	\$57,059	\$92,344	\$100,755	\$91,579	
Average daily assets in USD (000's)	\$18,585	\$39,082	\$73,072	\$90,223	\$87,979	\$95,820	
Ratios of expenses to average net assets ¹	4.30%	2.61%	2.09%	1.75%	1.71%	1.89%	

Source: US Bancorp ¹; Thomson ²; PAM ³; MSCI ⁴; Bloomberg.

Performance data represents past performance; past performance does not guarantee future results.

The investment return and principal value of an investment will fluctuate so that the 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, or by consulting the Fund's web page: www.mxefund.com.

The Fund's shares have traded in the market above (at a premium), at, and below (at a discount) the net asset value per share (NAV) since the commencement of the Fund's operations. Generally, shares of closed-end investment companies, including those of the Fund, trade at a discount from NAV.

EXHIBIT 2

Source: U.S. Bancorp Fund Services, LLC¹; Thomson²; PAM³; MSCI⁴; Bloomberg.

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Return Attribution Analysis in Mexican Pesos ("Mn")

One-Year to January 31, 2021

	Absolute - %		Relative - basis points
	MXE	Benchmark	
Equity			
Consumer Staples	0.51	-2.32	284
Communication Services	1.49	-1.14	264
Capital Development Certificates	1.90	0.00	190
Real Estate	0.24	-0.35	59
Naftrac ETF IPyC	-0.14	0.00	-14
Industrials	-1.33	-0.52	-81
Utilities	-0.82	0.19	-101
Financials	-2.94	-1.74	-120
Consumer Discretionary	-2.39	0.00	-239
Materials	0.78	6.03	-524
Equity	-2.69	0.14	-283
Fixed income	0.81	0.00	81
Return Attribution in "Mn"	-1.88	0.14	-202
Ratio of expenses to average net assets for the 12-months ended January 31, 2021	-4.38	0.00	-438
Forex fluctuations	2.46	0.00	246
Net Return in "Mn"	-3.80	0.14	-394
Return Attribution in USD	-8.69	-7.28	-141
Net Return in USD	-10.92	-7.28	-364

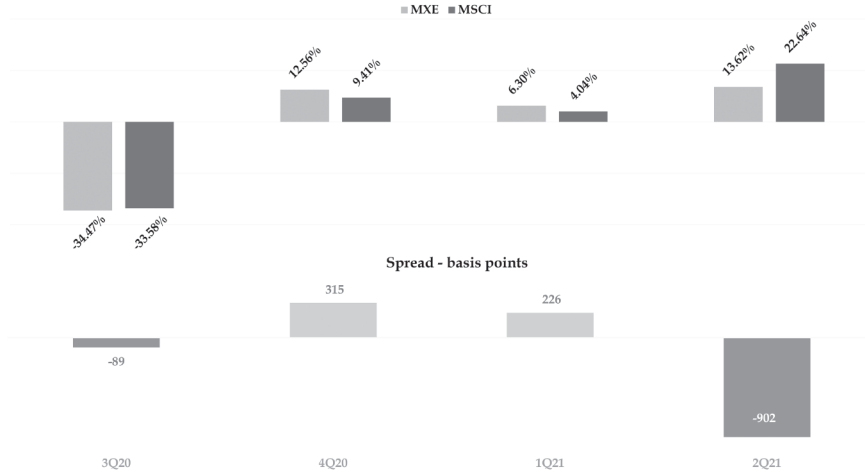
Source: PAM & Bloomberg

EXHIBIT 3

Performance data represents past performance; past performance does not guarantee future results.



Quarterly Fiscal US Dollar Performance
As of January 31, 2021



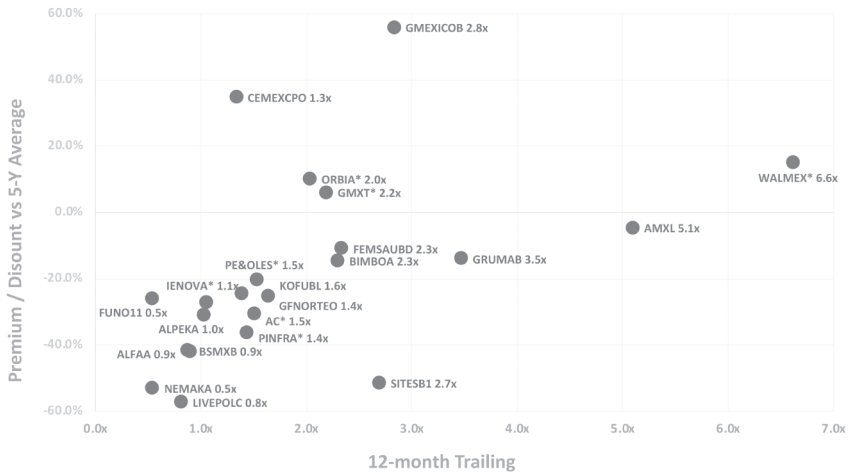
Source: PAM & Bloomberg

EXHIBIT 4

Performance data represents past performance; past performance does not guarantee future results.



Portfolio Price to Book Value
As of January 31, 2021

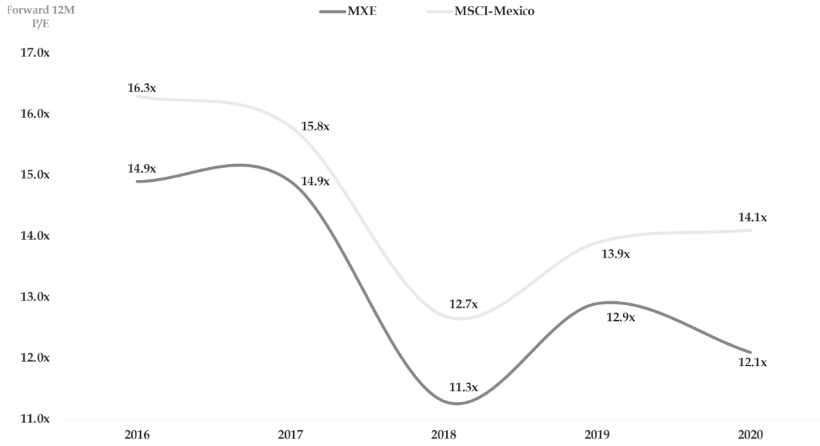


Source: PAM & Bloomberg

EXHIBIT 5

MXE
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Portfolio Forward 12-Month Price to Earnings Multiple Ex-Walmex

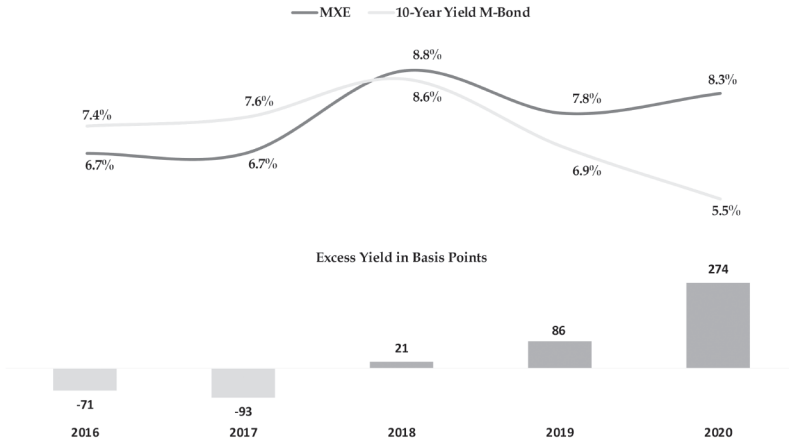


Source: PAM & Bloomberg

EXHIBIT 6

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Portfolio Historical Earnings Yield vs. 10-Year to maturity M-Bond

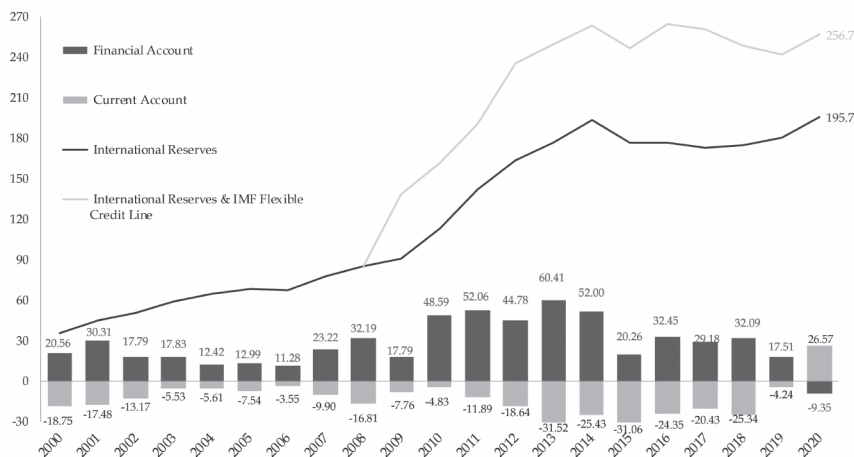


Source: PAM & Bloomberg

EXHIBIT 7

MXE
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Mexico Balance of Payments
(Yearly figures, as of 2020)



Source: "BANXICO" - Central Bank

EXHIBIT 8

The information provided herein represents the opinion of Pichardo Asset Management 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 it 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 regulations 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.

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.

The 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.

Earnings growth is not a measure of the Fund's future performance.

Definitions

- **BANXICO:** Banco de Mexico is the central bank of Mexico. By constitutional mandate, it is autonomous in both its operations and management. Its principal function is to provide domestic currency to the Mexican economy, and its main priority is to ensure the stability of the domestic currency's purchasing power.
- **MEXBOL Index** 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 MSCI Mexico Index is designed to measure the performance of the large and mid-cap segments of the Mexican market. With 25 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Mexico.
- **Basis point (bps)** is one-hundredth of a percentage point (0.01%).
- **UW:** Underweight refers to one of two situations regarding trading and finance. Underweight does not hold a sufficient amount of a particular security compared to the weight of that security held in the underlying benchmark portfolio. Underweight can also refer to an analyst's opinion regarding a security's future performance in scenarios where it is expected to underperform.
- 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 underlying securities market prices.
- 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. The common share market price 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.
- References to other funds should not be considered a recommendation to buy or sell any security.

THE MEXICO EQUITY AND INCOME FUND, INC.

- COVID-19: The disease caused by the coronavirus, a family of viruses discovered in the 60s but whose origin is still unknown. Its different types cause different diseases, from a cold to severe respiratory syndrome.
- Attribution analysis is a sophisticated method for evaluating the performance of a portfolio or fund manager. The method focuses on three factors: the manager's investment style, their specific stock picks, and those decisions' market timing. It attempts to provide a quantitative analysis of the aspects of a fund manager's investment selections and philosophy that lead to that fund's performance.
- Expense ratio is a fee charged by an investment company to manage the shareholders' funds. Investment companies such as mutual funds often incur various operating expenses when managing investors' funds, and they charge a small percentage on the funds under management to cover the expenses.
- The turnover ratio or turnover rate is the percentage of a mutual fund or other portfolio's holdings replaced in a given year (calendar year or whichever 12-month period represents the fund's fiscal year).
- Gross domestic product ("GDP") is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health.
- A value stock is a security trading at a lower price than what the company's performance may otherwise indicate. Investors in value stocks attempt to capitalize on the market's inefficiencies since the underlying equity price may not match the company's performance.
- Market capitalization refers to the total dollar market value of a company's outstanding shares of stock. Commonly referred to as "market cap," it is calculated by multiplying the total number of a company's outstanding shares by the current market price of one share.
- Petróleos Mexicanos: ("PEMEX"): Is the Mexican state-owned petroleum company, created in 1938 by nationalization or expropriation of all private, foreign, and domestic oil companies at that time.
- Capital expenditures ("CapEx") are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. CapEx is often used to undertake new projects or investments by a company. Making capital expenditures on fixed assets can include repairing a roof, purchasing a piece of equipment, or building a new factory. Companies make this type of financial outlay to increase their operations scope or add some economic benefit to the operation.
- M bond is a debt security issued by the Mexican Federal Government through the Ministry of Finance, this has different terms and values.
- Price to Book Value is the ratio of the market value of a company's shares (share price) over its book value of equity.
- Forward 12-Month Price to Earnings Multiple estimates a company's likely earnings per share for the next 12 months.
- Earnings yield is earnings per share divided by the stock price.
- Yield to maturity is the percentage rate of return for a bond assuming that the investor holds the asset until its maturity date.

RELEVANT ECONOMIC INFORMATION for the years ended December 31

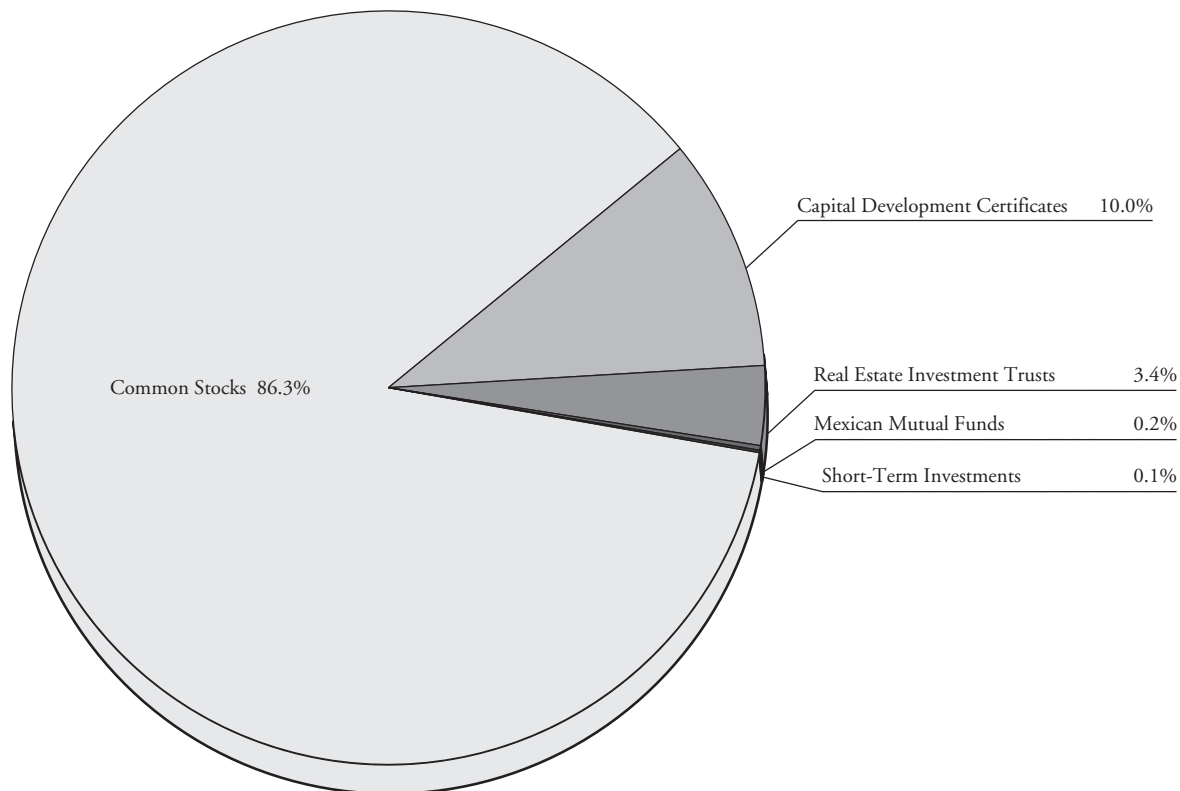
Real Activity (billion US\$)	2020	2019	2018	2017	2016
Real GDP Growth (y-o-y)	-8.30%	-0.05%	2.19%	2.11%	2.63%
Industrial Production (y-o-y)	-3.15%	-0.83%	-2.84%	0.63%	0.34%
Trade Balance (US billions)	\$34.48	\$5.41	-\$13.59	-\$10.96	-\$13.12
Exports (US billions)	\$417.67	\$460.70	\$450.71	\$409.43	\$373.95
Export growth (y-o-y)	-9.34%	2.22%	10.08%	9.49%	-1.73%
Imports (US billions)	\$383.19	\$455.30	\$464.30	\$420.40	\$387.07
Import growth (y-o-y)	-15.84%	-1.94%	10.44%	8.61%	-2.07%
Financial Variables and Prices					
28-Day CETES (T-bills)/Average	5.30%	7.85%	7.63%	6.69%	4.15%
Exchange rate (Pesos/US\$)Average	21.47	19.25	19.24	18.92	18.68
Inflation IPC, 12 month trailing	3.15%	2.83%	4.83%	6.77%	3.36%
Mexbol Index					
USD Return	-2.35%	12.05%	-13.71%	15.44%	-9.93%
Market Cap- (US billions)	\$282.91	\$285.98	\$259.58	\$298.87	\$252.77
EV/EBITDA	8.42x	7.37x	7.77x	9.25x	9.50x
Fund's NAV & Common Share					
Market Price Performance					
NAV's per share	-3.25%	8.48%	-5.65%	11.82%	-14.88%
Share Price	-16.03%	16.37%	-1.84%	12.40%	-14.78%

Sources: Banamex, Banco de Mexico, Bloomberg.

Allocation of Portfolio Assets

(Calculated as a percentage of Total Investments)

January 31, 2021
(Unaudited)



Schedule of Investments

January 31, 2021
(Unaudited)

MEXICO – 100.80%	Shares	Value
COMMON STOCKS – 87.14%		
Airlines – 2.93%		
Controladora Vuela Compania de Aviacion, S.A.B. de C.V. – Series A (a)	508,000	\$ <u>572,457</u>
Auto Parts and Equipment – 3.09%		
Controladora Nemak, S.A.B. de C.V. (a)	4,633,435	<u>603,506</u>
Beverages – 6.75%		
Arca Continental, S.A.B. de C.V.	42,520	193,051
Coca-Cola Femsa, S.A.B. de C.V.	72,700	315,356
Fomento Economico Mexicano, S.A.B. de C.V. – Series UBD	118,772	<u>809,427</u>
		<u>1,317,834</u>
Building Materials – 6.41%		
Cemex, S.A.B. de C.V. – Series CPO (a)	2,180,000	<u>1,250,637</u>
Chemical Products – 9.35%		
Alpek, S.A.B. de C.V. – Series A	1,006,379	867,001
Orbia Advance Corp., S.A.B. de C.V.	444,382	<u>957,744</u>
		<u>1,824,745</u>
Construction and Infrastructure – 0.88%		
Promotora y Operadora de Infraestructura, S.A.B. de C.V. – Series L	35,271	<u>171,193</u>
Consumer Products – 1.01%		
Kimberly-Clark de Mexico, S.A.B. de C.V. – Series A	113,000	<u>197,401</u>
Energy – 3.12%		
Infraestructura Energetica Nova, S.A.B. de C.V. (a)	166,702	<u>608,777</u>
Financial Groups – 5.87%		
Banco Santander Mexico, S.A. Institucion de Banca Multiple, Grupo Financiero Santander (a)	380,000	377,238
Grupo Financiero Banorte, S.A.B. de C.V. – Series O (a)	155,306	<u>769,522</u>
		<u>1,146,760</u>
Food – 3.85%		
Gruma, S.A.B. de C.V. – Series B	35,578	390,613
Grupo Bimbo, S.A.B. de C.V. – Series A	192,300	<u>361,354</u>
		<u>751,967</u>

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

Schedule of Investments (continued)

January 31, 2021
(Unaudited)

COMMON STOCKS (continued)	Shares	Value
Holding Companies – 4.30%		
Alfa, S.A.B. de C.V. – Series A	1,333,156	\$ 838,954
Hotels, Restaurants, and Recreation – 1.76%		
Grupe, S.A.B. de C.V. (a)(b)(c)(d)	303,242	343,198
Mining – 9.06%		
Grupo Mexico, S.A.B. de C.V. – Series B	368,209	1,577,808
Industrias Penoles, S.A.B. de C.V.	12,812	191,720
		<u>1,769,528</u>
Railroads – 1.48%		
GMexico Transportes, S.A.B. de C.V.	200,671	288,295
Retail – 10.84%		
El Puerto de Liverpool, S.A.B. de C.V. – Series C – 1	122,674	392,037
Grupo Comercial Chedraui, S.A. de C.V.	283,000	385,175
Wal-Mart de Mexico, S.A.B. de C.V.	470,084	1,338,085
		<u>2,115,297</u>
Telecommunication – 16.44%		
America Movil, S.A.B. de C.V. – Series L	3,455,082	2,304,062
Axtel, S.A.B. de C.V. – Series CPO (a)	2,541,023	705,323
Telesites, S.A.B. de C.V. (a)	199,228	200,113
		<u>3,209,498</u>
TOTAL COMMON STOCKS (Cost \$15,250,767)		<u>17,010,047</u>
CAPITAL DEVELOPMENT CERTIFICATES – 10.11%		
Atlas Discovery Trust II (b)(c)(d)	300,000	1,973,648
TOTAL CAPITAL DEVELOPMENT CERTIFICATES (Cost \$1,460,703)		<u>1,973,648</u>
MEXICAN MUTUAL FUNDS – 0.17%		
Scotiabankinverlat – Scotia Gubernamental S.A. de C.V. SIID (a)	169,860	32,805
TOTAL MEXICAN MUTUAL FUNDS (Cost \$33,701)		<u>32,805</u>

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

Schedule of Investments (concluded)

January 31, 2021
(Unaudited)

REAL ESTATE INVESTMENT TRUSTS – 3.38%	Shares	Value
Fibra Uno Administracion, S.A. de C.V.	592,000	\$ 661,051
TOTAL REAL ESTATE INVESTMENT TRUSTS (Cost \$536,936)		<u>661,051</u>
TOTAL MEXICO (Cost \$17,282,107)		<u>19,677,551</u>
UNITED STATES – 0.13%		
INVESTMENT COMPANIES – 0.13%		
Morgan Stanley Institutional Liquidity Funds – Government Portfolio – Institutional Class – 0.030% (e)	25,036	<u>25,036</u>
TOTAL INVESTMENT COMPANIES (Cost \$25,036)		<u>25,036</u>
TOTAL UNITED STATES (Cost \$25,036)		<u>25,036</u>
Total Investments (Cost \$17,307,143) – 100.93%		19,702,587
Liabilities in Excess of Other Assets – (0.93)%		(182,334)
TOTAL NET ASSETS – 100.00%		<u>\$19,520,253</u>

Percentages are stated as a percent of net assets.

^(a) Non-income producing security.

^(b) Illiquid securities. The total market value of these securities were \$2,316,846, representing 11.87% of net assets.

^(c) Fair valued securities. The total market value of these securities were \$2,316,846, representing 11.87% of net assets.

^(d) Level 3 securities. Value determined using significant unobservable inputs.

^(e) The rate shown represents the 7-day yield at January 31, 2021.

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

Statement of Assets & Liabilities

January 31, 2021
(Unaudited)**ASSETS:**

Investments, at value (cost \$17,307,143)	\$ 19,702,587
Receivable for investments sold	311,920
Foreign currency (cost \$698)	690
Other assets	13,706
Total Assets	<u>20,028,903</u>

LIABILITIES:

Payable for securities purchased	336,898
Audit fees payable	51,594
Printing and mailing fees payable	24,524
NYSE fees payable	23,916
Advisory fees payable	16,018
Administration fees payable	13,429
Legal fees payable	11,956
Fund accounting fees payable	7,732
Custody fees payable	7,461
Director fees payable	6,244
CCO fees payable	6,204
Transfer Agent fees and expenses payable	2,571
Accrued expenses and other liabilities	103
Total Liabilities	<u>508,650</u>
Net Assets	<u>19,520,253</u>
Net Asset Value Per Common Share (\$19,520,253 / 1,786,463)	<u>\$ 10.93</u>

NET ASSETS CONSIST OF:

Common stock, \$0.001 par value; 1,786,463 shares outstanding (98,144,872 shares authorized)	1,786
Paid-in capital	30,801,449
Accumulated deficit	(11,282,982)
Net Assets	<u>\$ 19,520,253</u>

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

Statement of Operations

For the Six Months Ended
January 31, 2021 (Unaudited)

INVESTMENT INCOME	
Dividends ⁽¹⁾	\$ 170,229
Interest	684
Total Investment Income	170,913
EXPENSES	
Advisory fees (Note B)	100,470
Directors' fees and expenses (Note B)	71,655
Administration fees (Note B)	38,922
Legal fees	35,705
CCO fees and expenses (Note B)	32,933
Printing and mailing fees	27,963
Fund accounting fees (Note B)	21,983
Custodian fees (Note B)	18,583
Audit fees	17,296
NYSE fees	15,640
Insurance expense	11,940
Transfer agent fees and expenses (Note B)	7,456
Miscellaneous	2,426
Total Expenses	402,972
NET INVESTMENT LOSS	(232,059)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Net realized gain from investments and foreign currency transactions	1,558,403
Net change in unrealized appreciation on investments and foreign currency transactions	2,036,249
Net gain from investments and foreign currency transactions	3,594,652
Net increase in net assets resulting from operations	\$3,362,593

(1) Net of \$7,374 in dividend withholding tax.

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

Statements of Changes in Net Assets

	For the Six Months Ended January 31, 2021 (Unaudited)	For the Year Ended July 31, 2020
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment loss	\$ (232,059)	\$ (146,816)
Net realized gain (loss) on investments and foreign currency transactions	1,558,403	(510,047)
Net change in unrealized appreciation in value of investments and foreign currency transactions	<u>2,036,249</u>	<u>1,065,962</u>
Net increase in net assets resulting from operations	<u>3,362,593</u>	<u>409,099</u>
Distributions to Common Shareholders from:		
Net dividends and distributions	<u>—</u>	<u>(621,109)</u>
Decrease in net assets resulting from distributions	<u>—</u>	<u>(621,109)</u>
Capital Share Transactions:		
Repurchase of common stock through tender offer	<u>—</u>	<u>(40,689,323)</u>
Repurchase of common stock	<u>—</u>	<u>—</u>
Decrease in net assets from capital share transactions	<u>—</u>	<u>(40,689,323)</u>
Total increase (decrease) in net assets	<u>3,362,593</u>	<u>(40,901,333)</u>
Net Assets:		
Beginning of period	<u>16,157,660</u>	<u>57,058,993</u>
End of period	<u>\$19,520,253</u>	<u>\$ 16,157,660</u>

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

Financial Highlights

For a Common Share Outstanding Throughout Each Period

	For the Six Months Ended January 31, 2021		For the Year Ended July 31,			
	(Unaudited)	2020	2019	2018	2017	2016
Per Share Operating Performance						
Net asset value, beginning of period	\$ 9.04	\$ 11.03	\$ 13.32	\$ 13.71	\$ 12.32	\$ 13.79
Net investment income (loss)	(0.13)	(0.08)	0.11	0.05	0.09	0.01
Net realized and unrealized gains (losses) on investments and foreign currency transactions . .	2.02	(2.27)	(2.45)	(0.43)	1.28	(0.92)
Net increase (decrease) from investment operations	1.89	(2.35)	(2.34)	(0.38)	1.37	(0.91)
Less: Distributions						
Dividends from net investment income	—	(0.12)	0.00 ⁽²⁾	(0.05)	—	—
Distributions from net realized gains	—	—	—	—	—	(0.56)
Total dividends and distributions	—	(0.12)	—	(0.05)	—	(0.56)
Capital Share Transactions						
Anti-dilutive effect of						
Common Share Repurchase Program	—	—	0.01	0.01	0.02	0.03
Anti-dilutive effect of Tender Offer	—	0.48	0.04	0.03	—	—
Anti-dilutive effect of						
Preferred Share Redemption	—	—	—	—	—	0.00 ⁽²⁾
Dilutive effect of Reinvestment of						
Distributions to the Fund's Stockholders	—	—	—	—	—	(0.03)
Total capital share transactions	—	0.48	0.05	0.04	0.02	—
Net Asset Value, end of period	\$ 10.93	\$ 9.04	\$ 11.03	\$ 13.32	\$ 13.71	\$ 12.32
Per share market value, end of period	\$ 9.03	\$ 7.72	\$ 10.33	\$ 11.40	\$ 11.88	\$ 10.78
Total Investment Return Based on						
Market Value, end of period ⁽¹⁾	16.97%	-24.50%	-9.38%	-3.60%	10.20%	-6.35%
Ratios/Supplemental Data						
Net assets, end of period (000's)	\$19,520	\$16,158	\$57,059	\$92,344	\$100,755	\$91,579
Ratios of expenses to average net assets:	4.30% ⁽³⁾	2.61%	2.09%	1.75%	1.71%	1.89%
Ratios of net investment income (loss)						
to average net assets:	-2.48% ⁽³⁾	-0.38%	0.79%	0.34%	0.72%	0.10%
Portfolio turnover rate	160.08%	372.66%	233.24%	187.26%	315.95%	167.08%

(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 period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at the closing market price on the dividend ex-date. Total investment does not reflect brokerage commissions.

(2) Less than 0.5 cents per share.

(3) Annualized.

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

Notes to Financial Statements

January 31, 2021
(Unaudited)

NOTE A: ORGANIZATION AND 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 Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services—Investment Companies”.

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. Listed equity securities are valued at the closing price on the exchange or market on which the security is primarily traded (the “Primary Market”) at the valuation time. If the security did not trade on the Primary Market, it shall be valued at the closing price on another comparable exchange where it trades at the valuation time. If there are no such closing prices, the security shall be valued at the mean between the most recent highest bid and lowest ask prices at the valuation time. Investments in short-term debt securities having a maturity of 60 days or less are valued at amortized cost if their term to maturity from the date of purchase was less than 60 days, or by amortizing their value on the 61st day prior to maturity if their term to maturity from the date of purchase when acquired by the Fund was more than 60 days. Other assets and securities for which no quotations are readily available will be valued in good faith at fair value using methods determined by the Board of Directors. These methods include, but are not limited to, the fundamental analytical data relating to the investment; the nature and duration of restrictions in the market in which they are traded (including the time needed to dispose of the security, methods of soliciting offers and mechanics of transfer); the evaluation of the forces which influence the market in which these securities may be purchased or sold, including the economic outlook and the condition of the industry in which the issuer participates and sum of the parts methodology. 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 January 31, 2021.

January 31, 2021
(Unaudited)

Notes to Financial Statements (continued)

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 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:

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.

Investment Objectives

The Fund's investment objective is to seek high total return through capital appreciation and current income. There can be no assurance that the Fund's objective will be achieved.

Investment Strategies

The Fund pursues its objective primarily by investing, under normal circumstances, at least 80% of the Fund's assets in equity and convertible securities issued by Mexican companies and debt securities of Mexican issuers.

The Fund invests in equity securities, convertible securities and debt securities and may also invest in other securities such as capital development certificates, real estate investment trusts, mutual funds, exchange traded funds, preferred stocks, rights and warrants. The Fund may, without limitation, hold cash or invest in assets in money market instruments, including U.S. and non-U.S. government securities, high grade commercial paper and certificates of deposit and bankers' acceptances issued by U.S. and non-U.S. banks.

The Adviser may invest the Fund's cash balances in any investments it deems appropriate, subject to the restrictions set forth in below under "Fundamental Investment Restrictions" and as permitted under the 1940 Act. Any income earned from such investments will ordinarily be reinvested by the Fund in accordance with its investment program. Many of the considerations entering into the Adviser's recommendations and decisions are subjective.

January 31, 2021
(Unaudited)

Notes to Financial Statements (continued)

The Fund may, in limited circumstances, hedge against a decline in the value of the Mexican peso.

The short-term instruments in which the Fund may invest include (a) obligations of the United States Government and the Mexican Government, including the agencies or instrumentalities of each (including repurchase agreements with respect to these securities); (b) bank obligations (including certificates of deposit, time deposits and bankers' acceptances of United States and Mexican banks denominated in U.S. dollars or pesos); (c) obligations of United States and Mexican companies that are rated no lower than A-2 by S&P or P-2 by Moody's or the equivalent from another rating service or, if unrated, deemed to be of equivalent quality by the Adviser; and (d) shares of money market funds that are authorized to invest in (a) through (c).

Among the obligations of agencies and instrumentalities of the United States Government in which the Fund may invest are securities that are supported by the "full faith and credit" of the United States Government (such as securities of the Government National Mortgage Association), by the right of the issuer to borrow from the United States Treasury (such as those of the Export-Import Bank of the United States), by the discretionary authority of the United States Government to purchase the agency's obligations (such as those of the Federal National Mortgage Association) or by the credit of the United States Government instrumentality itself (such as those of the Student Loan Marketing Association).

The Fund may, from time to time, take temporary defensive positions that are inconsistent with the Fund's principal investment strategies in attempting to respond to adverse market, economic, political or other conditions. During such times, the Fund may temporarily invest up to 100% of its assets in cash or cash equivalents, including money market instruments, prime commercial paper, repurchase agreements, Treasury bills and other short-term obligations of the U.S. Government, its agencies or instrumentalities. In these and in other cases, the Fund may not achieve its investment objective.

Portfolio Investments

Common Stocks

The Fund will invest in common stocks. Common stocks represent an ownership interest in an issuer. While offering greater potential for long-term growth, common stocks are more volatile and riskier than some other forms of investment in short-term periods. Common stock prices fluctuate for many reasons, including adverse exogenous macro and systemic events, abrupt change in companies' revenues due to commodity cycle or epidemic diseases, capital allocation, a period of disappointing financial reporting economics, fiscal, and monetary policies in the U.S.A, and Mexico.

Capital Development Certificates

Capital development certificates are hybrid instruments that may include debt and equity. Capital development certificates grant their holders the right to variable income arising from various projects and/or companies.

January 31, 2021
(Unaudited)

Notes to Financial Statements (continued)

Convertible Securities

Initially, the Fund's management anticipated that the Fund would acquire convertible debt securities in privately negotiated transactions. However, because of the extremely limited number of convertible debt securities issued by Mexican companies, the Fund has not acquired convertible debt securities of Mexican companies for the last 25 years. However, the Fund may acquire convertible debt securities in Mexican companies in the future if and when they become available. A convertible debt security is a bond, debenture or note that may be converted into or exchanged for, or may otherwise entitle the holder to purchase, a prescribed amount of common stock or other equity security of the same or a different Mexican company within a particular period of time at a specified price or formula. A convertible debt security entitles the holder to receive interest paid or accrued on debt until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible debt securities have characteristics similar to nonconvertible debt securities in that they ordinarily provide for a fixed stream of income with generally higher yields than those of stocks of the same or similar issuers. Convertible debt securities rank senior to stock in a corporation's capital structure and, therefore, generally entail less risk than the corporation's stock. Given the volatility of the Mexican securities market and the pricing of securities in Mexico, a significant portion of the value of a Mexican convertible debt security may be derived from the conversion feature rather than the fixed income feature.

The Fund defines debt securities (other than convertible debt securities) to mean bonds, notes, bills and debentures. The Fund's investments in debt securities of Mexican issuers include debt securities issued by private Mexican companies and by the Mexican Government and its agencies and instrumentalities. These debt securities may be denominated either in pesos or in U.S. dollars.

Corporate Bonds, Government Debt Securities and Other Debt Securities

The Fund may invest in corporate bonds, debentures and other debt securities or in investment companies which hold such instruments. Bonds and other debt securities generally are issued by corporations and other issuers to borrow money from investors. The issuer pays the investor a fixed rate of interest and normally must repay the amount borrowed on or before maturity. Certain debt securities are "perpetual" in that they have no maturity date.

The Fund will invest in government debt securities. These securities may be U.S. dollar-denominated or non-U.S. dollar-denominated and include: (a) debt obligations issued or guaranteed by foreign national, provincial, state, municipal or other governments with taxing authority or by their agencies or instrumentalities; and (b) debt obligations of supranational entities. Government debt securities include: debt securities issued or guaranteed by governments, government agencies or instrumentalities and political subdivisions; debt securities issued by government owned, controlled or sponsored entities; interests in entities organized and operated for the purpose of restructuring the investment characteristics issued by the above noted issuers; or debt securities issued by supranational entities such as the World Bank or the European Union.

January 31, 2021
(Unaudited)

Notes to Financial Statements (continued)

Exchange Traded Funds

The Fund may invest in Exchange Traded Funds (“ETFs”), which are investment companies that aim to track or replicate a desired index, such as a sector, market or global segment. ETFs are passively managed and their shares are traded on a national exchange. ETFs do not sell individual shares directly to investors and only issue their shares in large blocks known as “creation units.” The investor purchasing a creation unit may sell the individual shares on a secondary market. Therefore, the liquidity of ETFs depends on the adequacy of the secondary market. There can be no assurance that an ETF’s investment objective will be achieved, as ETFs based on an index may not replicate and maintain exactly the composition and relative weightings of securities in the index. ETFs are subject to the risks of investing in the underlying securities. The Fund, as a holder of the securities of the ETF, will bear its pro rata portion of the ETF’s expenses, including advisory fees. These expenses are in addition to the direct expenses of the Fund’s own operations.

Real Estate Investment Trusts

The Fund may invest in securities of Real Estate Investment Trusts (“REITs”). REITs are trusts that specialize in acquiring, holding and managing residential, commercial or industrial real estate. A REIT is not taxed at the entity level on income distributed to its shareholders or unitholders if it distributes to shareholders or unitholders at least 90% of its taxable income for each taxable year and complies with regulatory requirements relating to its organization, ownership, assets and income.

Other Securities

Although it has no current intention do so to any material extent, the Fund may determine to invest the Fund’s assets in some or all of the following securities.

Forward Currency Contracts

The Fund may, in limited circumstances, hedge against a decline in the value of the Mexican peso. On March 19, 1995, Banco de Mexico approved the establishment of over-the-counter forward and option contracts in Mexico on the new peso between banks and their clients. Also, Banco de Mexico authorized the issuance and trading of futures contracts in respect of the new peso on the Chicago Mercantile Exchange (“CME”). Trading of new peso futures contracts began on the CME on April 25, 1995.

The Fund will conduct any forward currency exchange transactions, which are considered derivative transactions, only for hedging and not speculation. The risk of future currency devaluations and fluctuations should be carefully considered by investors in determining whether to purchase shares of the Fund. Although the Fund will value its assets daily in terms of U.S. dollars, it does not intend physically to convert its holdings of pesos into U.S. dollars on a daily basis. The Fund will do so from time to time, and investors should be aware of the costs of currency conversion. Although foreign exchange dealers do not charge a fee for conversion, they do realize a profit based on the difference (the “spread”) between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire to resell that currency to the dealer.

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(Unaudited)

Notes to Financial Statements (continued)

A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. The Fund's dealings in forward currency contracts will be limited to hedging involving either specific transactions or portfolio positions. Transaction hedging is the purchase or sale of forward currency contracts with respect to specific receivables or payables of the Fund generally arising in connection with the purchase or sale of its portfolio securities or in anticipation of receipt of dividend or interest payments. Position hedging is the purchase or sale of forward currency contracts with respect to portfolio security positions denominated or quoted in the currency.

The Fund may not position hedge with respect to a particular currency to an extent greater than the aggregate market value (at the time of making such purchase or sale) of the securities held in its portfolio denominated or quoted in or currently convertible into that particular currency. If the Fund enters into a position hedging transaction, the custodian of the Fund's assets being hedged will place cash or readily marketable securities in a segregated account of the Fund in an amount equal to the value of the Fund's total assets committed to the consummation of the forward contract. If the value of the securities placed in the segregated account declines, additional cash or securities will be placed in the account so that the value of the account will equal the amount of the Fund's commitment with respect to the contract.

The Fund may enter into forward currency contracts in several circumstances. When the Fund enters into a contract for the purchase or sale of securities denominated in a foreign currency, or when the Fund anticipates the receipt in a foreign currency of interest or dividend payments, the Fund may desire to "lock-in" the U.S. dollar price of the security or the U.S. dollar equivalent of such interest or dividend payment, as the case may be. By entering into a forward contract for a fixed amount of U.S. dollars for the purchase or sale of the amount of foreign currency involved in the underlying transactions, the Fund will be able to protect itself against a possible loss resulting from an adverse change in the relationship between the U.S. dollar and the subject foreign currency during the period between the date on which the security is purchased or sold, or on which the dividend payment is declared, and the date on which such dividend or interest payment is to be received.

At or before the maturity of a forward currency contract, the Fund may either sell a portfolio security and make delivery of the currency, or retain the security and offset its contractual obligation to deliver the currency by purchasing a second contract pursuant to which the Fund will obtain, on the same maturity date, the same amount of the currency that it is obligated to deliver. If the Fund retains the portfolio security and engages in an offsetting transaction, the Fund, at the time of execution of the offsetting transaction, will incur a gain or a loss to the extent that movement has occurred in forward contract prices. The use of forward currency contracts does not eliminate fluctuation in the underlying prices of the securities, but it does establish a rate of exchange that can be achieved in the future. In addition, although forward currency contracts limit the risk of loss due to a decline in the value of the hedged currency, at the same time they

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Notes to Financial Statements (continued)

limit any potential gain that might result should the value of the currency increase. If a devaluation is generally anticipated, the Fund may not be able to contract to sell the currency at a price above the devaluation level it anticipates.

The cost to the Fund of engaging in currency transactions either on a spot or forward basis will vary with factors such as the currency involved, the length of the contract period and the market conditions then prevailing. Because transactions in currency exchange are usually conducted on a principal basis, no fees or commissions are involved, although the price charged in the transaction includes a dealer's markup.

Certain provisions of the Code may limit the extent to which the Fund may enter into the foreign currency transactions described above. These transactions may also affect the character and timing of income, and the amount of gain or loss recognized by the Fund and its stockholders for U.S. federal income tax purposes.

Investment Companies

The Fund may invest in the securities of other investment companies ("underlying funds"), including those that invest a substantial portion of their assets in Mexican securities, to the extent permitted by, and subject to the conditions imposed by, the 1940 Act and the rules and regulations thereof. By investing in an investment company, the Fund bears a ratable share of the investment company's expenses, as well as continuing to bear the Fund's advisory and administrative fees with respect to the amount of the investment. Investment companies are subject to the risks of investing in the underlying securities. Under the 1940 Act, banks organized outside of the United States are deemed to be investment companies, although the SEC has adopted a rule which would permit the Fund to invest in the securities of foreign commercial banks, under certain circumstances, without regard to the percentage limitations of the 1940 Act.

The Fund may be subject to the risks of the securities and other instruments described herein through its own direct investments and indirectly through investments in the underlying funds, as those recently included in the "Bolsa", named FIBRA E, (similar to a REIT in the U.S.) which corresponds to a Mexican mechanism to finance infrastructure, energy and long term projects, as well as private equity, regulated by the Comisión Nacional Bancaria y de Valores (corresponding SEC in the U.S.).

Illiquid Securities

Illiquid securities are securities that are not readily marketable. Illiquid securities include securities that have a low daily turnover or that trade on odd lots or trading-block among small and medium portfolio managers referred to as specialists but do not provide liquidity to trade at reasonable fair value. Illiquid securities usually present a high spread between the bid and ask quotes. If the Fund sells an illiquid security during a period with adverse market conditions, the Fund might obtain a less favorable price. Illiquid securities also include securities that have legal or contractual restrictions on resale, and repurchase agreements maturing in more than seven days. The Fund may invest up to 15% of the value of its net assets in illiquid securities. Restricted securities for which no market exists and other illiquid investments are valued at fair value as determined in accordance with procedures approved and periodically reviewed by the Board of Directors.

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Notes to Financial Statements (continued)

Rule 144A Securities

The Fund may invest in restricted securities that are eligible for resale pursuant to Rule 144A under the Securities Act of 1933, as amended, (the “1933 Act”). Generally, Rule 144A establishes a safe harbor from the registration requirements of the 1933 Act for resale by large institutional investors of securities that are not publicly traded. The Adviser determines the liquidity of the Rule 144A securities according to the Fund’s pricing policy and guidelines adopted by the Board of Directors. The Board of Directors monitors the application of those guidelines and procedures. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Fund’s 15% limit on investments in illiquid securities.

Preferred Stocks

The Fund may invest in preferred stocks. Preferred stock, like common stock, represents an equity ownership in an issuer. Generally, preferred stock has a priority of claim over common stock in dividend payments and upon liquidation of the issuer. Unlike common stock, preferred stock does not usually have voting rights. Preferred stock in some instances is convertible into common stock. Although they are equity securities, preferred stocks have characteristics of both debt and common stock. Like debt, their promised income is contractually fixed. Like common stock, they do not have rights to precipitate bankruptcy proceedings or collection activities in the event of missed payments. Other equity characteristics are their subordinated position in an issuer’s capital structure and that their quality and value are heavily dependent on the profitability of the issuer rather than on any legal claims to specific assets or cash flows.

Distributions on preferred stock must be declared by the board of directors and may be subject to deferral, and thus they may not be automatically payable. Income payments on preferred stocks may be cumulative, causing dividends and distributions to accrue even if not declared by the company’s board or otherwise made payable, or they may be non-cumulative, so that skipped dividends and distributions do not continue to accrue. There is no assurance that dividends on preferred stocks in which the Fund invests will be declared or otherwise made payable. The Fund may invest in non-cumulative preferred stock, although the Adviser may consider, among other factors, their non-cumulative nature in making any decision to purchase or sell such securities.

Shares of preferred stock have a liquidation value that generally equals the original purchase price at the date of issuance. The market values of preferred stock may be affected by favorable and unfavorable changes impacting the issuers’ industries or sectors, including companies in the utilities and financial services sectors, which are prominent issuers of preferred stock. They may also be affected by actual and anticipated changes or ambiguities in the tax status of the security and by actual and anticipated changes or ambiguities in tax laws, such as changes in corporate and individual income tax rates, and in the dividends received deduction for corporate taxpayers or the lower rates applicable to certain dividends.

Because the claim on an issuer’s earnings represented by preferred stock may become onerous when interest rates fall below the rate payable on the stock or for other reasons, the issuer may redeem preferred stock, generally after an initial period of call protection in which the stock is not redeemable. Thus, in declining

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interest rate environments in particular, the Fund's holdings of higher dividend -paying preferred stocks may be reduced and the Fund may be unable to acquire securities paying comparable rates with the redemption proceeds.

Warrants

The Fund may invest in equity and index warrants of domestic and international issuers. Equity warrants are securities that give the holder the right, but not the obligation, to subscribe for equity issues of the issuing company or a related company at a fixed price either on a certain date or during a set period. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss. Warrants do not entitle a holder to dividends or voting rights with respect to the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments. The sale of a warrant results in a long or short-term capital gain or loss depending on the period for which the warrant is held.

RISK FACTORS

An investment in the Fund is not guaranteed to achieve its investment objective; is not a deposit with a bank; is not insured, endorsed or guaranteed by the Federal Deposit Insurance Corporation or any other government agency; and is subject to investment risks. The value of the Fund's investments will increase or decrease based on changes in the prices of the investments it holds. You could lose money by investing in the Fund. By itself, the Fund does not constitute a balanced investment program. You should consider carefully the following principal and non-principal risks before investing in the Fund. There may be additional risks that the Fund does not currently foresee or consider material. You may wish to consult with your legal or tax advisors, before deciding whether to invest in the Fund. This section describes the risk factors associated with investment in the Fund specifically, as well as those factors generally associated with investment in an investment company with investment objectives, investment policies, capital structure or trading markets similar to the Fund's. Each risk summarized below is a risk of investing in the Fund and different risks may be more significant at different times depending upon market conditions or other factors.

The Fund may invest in securities of other investment companies ("underlying funds"). The Fund may be subject to the risks of the securities and other instruments described below through its own direct investments and indirectly through investments in the underlying funds.

Principal Risks

Investments in Foreign Securities Risks.

The Fund invests in the universe of Mexican securities market. Investing in Mexican securities presents political, regulatory and economic risks in some ways similar to those that face a re-emerging country and a developing county; and different in kind and degree from the risks presented by investing in the U.S. financial markets or any other fairly comparable emerging country in the Latin American region, pertaining

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to the emerging market risk. Some of these risks may include devaluation and/or appreciation of the exchange rate of the Mexican Peso, greater market price volatility, substantially less liquidity, controls on foreign investment, and limitations on repatriation of invested capital. Unlike U.S. issuers which are required to comply GAAP accounting policy standards, Mexican issuers comply with mandatory regulation to IFR's accounting standards and policies. Additional risks of investing in foreign securities are detailed below.

Market Illiquidity, Volatility. Although one of the largest in Latin America by market capitalization, the Bolsa Mexicana de Valores, S.A. de C.V. (the "Mexican Stock Exchange" or "Bolsa") is substantially smaller, less liquid and more volatile than the major securities markets in the United States. In addition, trading on the Mexican Stock Exchange is concentrated. Thus, the performance of the Mexican Stock Exchange, as further described below, may be highly dependent on the performance of a few issuers. Additionally, prices of equity securities traded on the Mexican Stock Exchange are generally more volatile than prices of equity securities traded on the New York Stock Exchange. The combination of price volatility and the relatively limited liquidity of the Mexican Stock Exchange may have an adverse impact on the investment performance of the Fund.

Market Corrections. Although less so in recent times, the Mexican securities market has been subject to periodic severe market corrections. A recent correction in the Bolsa's Index occurred at the cancellation of the latest state of the ongoing art construction of a new airport by the new administration in Mexico starting in 2017. Due to the high concentration of investors, issuers and intermediaries in the Mexican securities market and the generally high volatility of the Mexican economy, the Mexican securities market may be subject to severe market corrections than more broadly based markets. As is the case with investing in any securities market, there can be no assurance that market corrections will not occur again.

The Mexican Economy. The Mexican economy was adversely impacted by the COVID-19 pandemic and its after-effects. Mexico's Gross Domestic Product contracted by 8.3% year-over-year in 2020. While preliminary data indicates the economy began to recover in the second half of 2020, the increase of COVID-19 cases worldwide and in Mexico makes it difficult to forecast if the recovery pace will persist. In addition, though Mexico's vaccination process has already started, it is unclear how fast the government can acquire and distribute the vaccines. In the past, the Mexican economy has experienced peso devaluations, significant rises in inflation and domestic interest rates and other economic instability and there can be no assurance that it will not experience such instability in the future.

Common Stock Risk. The Fund invests in common stocks. Common stocks represent an ownership interest in a company. The Fund may also invest in securities that can be exercised for or converted into common stocks (such as convertible preferred stock). Common stocks and similar equity securities are more volatile and riskier than some other forms of investments. Therefore, the value of your investment in the Fund may sometimes decrease instead of increase. Common stock prices fluctuate for many reasons, including adverse events such as unfavorable earnings reports, changes in investors' perceptions of the financial condition of

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an issuer, the general condition of the relevant stock market or when political or economic events affecting the issuers occur. In addition, common stock prices may be sensitive to rising interest rates, as the costs of capital rise and borrowing costs increase for issuers. Because convertible securities can be converted into equity securities, their values will normally increase or decrease as the values of the underlying equity securities increase or decrease. The common stocks in which the Fund invests are structurally subordinated to preferred securities, bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and assets and, therefore, will be subject to greater risk than the preferred securities or debt instruments of such issuers.

Convertible Securities Risk. The Fund may acquire convertible debt securities in Mexican companies. A convertible debt security is a bond, debenture or note that may be converted into or exchanged for, or may otherwise entitle the holder to purchase, a prescribed amount of common stock or other equity security of the same or a different Mexican company within a particular period of time at a specified price or formula. A convertible debt security entitles the holder to receive interest paid or accrued on debt until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible debt securities have characteristics similar to nonconvertible debt securities in that they ordinarily provide for a fixed stream of income with generally higher yields than those of stocks of the same or similar issuers. Convertible debt securities rank senior to stock in a corporation's capital structure and, therefore, generally entail less risk than the corporation's stock. Given the volatility of the Mexican securities market and the pricing of securities in Mexico, a significant portion of the value of a Mexican convertible debt security may be derived from the conversion feature rather than the fixed income feature.

The value of a convertible security, including, for example, a warrant, is a function of its investment value (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its conversion value (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. Generally, the conversion value decreases as the convertible security approaches maturity. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed income security. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer

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to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective.

Small and Medium Capitalization Company Risk. The Fund may invest in securities without regard to market capitalization. Compared to investment companies that focus only on large capitalization companies, the Fund's share price may be more volatile because it also invests in small and medium capitalization companies. Compared to large companies, small and medium capitalization companies are more likely to have (i) more limited product lines or markets and less mature businesses, (ii) fewer capital resources, (iii) more limited management depth and (iv) shorter operating histories. Further, compared to large capitalization companies, the securities of small and medium capitalization companies are more likely to experience sharper swings in market values, be harder to sell at times and at prices that the Adviser believes appropriate.

Market Risk. Overall market risk may affect the value of individual instruments in which the Fund invests. The Fund is subject to the risk that the securities markets will move down, sometimes rapidly and unpredictably, based on overall economic conditions and other factors, which may negatively affect the Fund's performance. Factors such as domestic and foreign (non-U.S.) economic growth and market conditions, real or perceived adverse economic or political conditions, inflation, changes in interest rate levels, lack of liquidity in the markets, volatility in the securities markets, adverse investor sentiment affect the securities markets and political vents affect the securities markets. Securities markets also may experience long periods of decline in value. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money.

Local, state, regional, national or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Fund and its investments and could result in decreases to the Fund's net asset value. Political, geopolitical, natural and other events, including war, terrorism, trade disputes, government shutdowns, market closures, natural and environmental disasters, epidemics, pandemics and other public health crises and related events and governments' reactions to such events have led, and in the future may lead, to economic uncertainty, decreased economic activity, increased market volatility and other disruptive effects on U.S. and global economies and markets. Such events may have significant adverse direct or indirect effects on the Fund and its investments. For example, a widespread health crisis such as a global pandemic could cause substantial market volatility, exchange trading suspensions and closures, impact the ability to complete redemptions, and affect Fund performance. A health crisis may exacerbate other pre-existing political, social and economic risks. In addition, the increasing interconnectedness of markets around the world may result in many markets being affected by events or conditions in a single country or region or events affecting a single or small number of issuers.

An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now been detected globally. On March 11, 2020, the World Health Organization announced that it had made the assessment that COVID-19 can be characterized as a

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pandemic. COVID-19 has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, business and school closings, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty. The value of the Fund and the securities in which the Fund invests may be adversely affected by impacts caused by COVID-19 and other epidemics and pandemics that may arise in the future.

Market Discount from Net Asset Value Risk. Shares of closed-end investment companies frequently trade at a discount from their net asset value (“NAV”). Because the market price of the Shares is determined by factors such as relative supply of and demand for the Shares in the market, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot predict whether the Shares will trade at, below or above net asset value.

Management Risk. The Fund is subject to management risk because it is an actively managed portfolio. The Fund’s successful pursuit of its investment objective depends upon the Adviser’s ability to find and exploit market inefficiencies with respect to undervalued securities. Such situations occur infrequently and may be difficult to predict, and may not result in a favorable pricing opportunity for the Fund. The Adviser’s sector allocation and stock selection decisions might produce losses or cause the Fund to underperform its benchmark or underperform when compared to other funds with similar investment goals. If one or more key individuals leave the employment of the Adviser, the Adviser may not be able to hire qualified replacements, or may require an extended time to do so. This could prevent the Fund from achieving its investment objective.

Real Estate Investment Trust (“REIT”) Risk. Investments in REITs will subject the Fund to various risks. The first, real estate industry risk, is the risk that REIT share prices will decline because of adverse developments affecting the real estate industry and real property values. In general, real estate values can be affected by a variety of factors, including supply and demand for properties, the economic health of the country or of different regions, and the strength of specific industries that rent properties. REITs often invest in highly leveraged properties. The second risk is the risk that returns from REITs, which typically are small or medium capitalization stocks, will trail returns from the overall stock market. The third, interest rate risk, is the risk that changes in interest rates may hurt real estate values or make REIT shares less attractive than other income producing investments. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation.

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Qualification as a REIT under the Code in any particular year is a complex analysis that depends on a number of factors. There can be no assurance that the entities in which the Fund invests with the expectation that they will be taxed as a REIT will qualify as a REIT. An entity that fails to qualify as a REIT would be subject to a corporate level tax, would not be entitled to a deduction for dividends paid to its stockholders and would not pass through to its stockholders the character of income earned by the entity. If the Fund were to invest in an entity that failed to qualify as a REIT, such failure could drastically reduce the Fund's yield on that investment.

REITs can be classified as equity REITs, mortgage REITs and hybrid REITs. Equity REITs invest primarily in real property and earn rental income from leasing those properties. They may also realize gains or losses from the sale of properties. Equity REITs will be affected by conditions in the real estate rental market and by changes in the value of the properties they own. Mortgage REITs invest primarily in mortgages and similar real estate interests and receive interest payments from the owners of the mortgaged properties. They are paid interest by the owners of the financed properties. Mortgage REITs will be affected by changes in creditworthiness of borrowers and changes in interest rates. Hybrid REITs invest both in real property and in mortgages. Equity and mortgage REITs are dependent upon management skills, may not be diversified and are subject to the risks of financing projects.

Dividends paid by REITs will not generally qualify for the reduced U.S. federal income tax rates applicable to qualified dividends under the Code.

The Fund's investment in REITs may include an additional risk to Stockholders. Some or all of a REIT's annual distributions to its investors may constitute a non-taxable return of capital. Any such return of capital will generally reduce the Fund's basis in the REIT investment, but not below zero. To the extent the distributions from a particular REIT exceed the Fund's basis in such REIT, the Fund will generally recognize gain. In part because REIT distributions often include a nontaxable return of capital, Fund distributions to Stockholders may also include a nontaxable return of capital. Stockholders that receive such a distribution will also reduce their tax basis in their shares of the Fund, but not below zero. To the extent the distribution exceeds a Stockholder's basis in the Fund shares, such Stockholder will generally recognize capital gain.

Exchange Traded Funds Risk. The Fund may invest in exchange-traded funds, which are investment companies that, in some cases, aim to track or replicate a desired index, such as a sector, market or global segment. ETFs are passively or, to a lesser extent, actively managed and their shares are traded on a national exchange. ETFs do not sell individual shares directly to investors and only issue their shares in large blocks known as "creation units." The investor purchasing a creation unit may sell the individual shares on a secondary market. Therefore, the liquidity of ETFs depends on the adequacy of the secondary market. There can be no assurance that an ETF's investment objective will be achieved, as ETFs based on an index may not replicate and maintain exactly the composition and relative weightings of securities in the index. ETFs are subject to the risks of investing in the underlying securities. The Fund, as a holder of the securities of the ETF, will bear its pro rata portion of the ETF's expenses, including advisory fees. These expenses are in addition to the direct expenses of the Fund's own operations.

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Shares of Other Investment Companies. The Fund may invest in shares of other investment companies as a means to pursue the Fund's investment objective. As a result of this policy, your cost of investing will generally be higher than the cost of investing directly in the underlying investment company shares. You will indirectly bear fees and expenses charged by the underlying investment companies in addition to the Fund's direct fees and expenses. Furthermore, the use of this strategy could affect the timing, amount and character of distributions to you and therefore may increase the amount of taxes payable by you.

Restricted or Illiquid Securities Risks. The Fund may invest up to 15% of its total assets in illiquid securities. Illiquid securities may offer a higher yield than securities which are more readily marketable, but they may not always be marketable on advantageous terms. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. A security traded in the U.S. that is not registered under the Securities Act will not be considered illiquid if Fund management determines that an adequate investment trading market exists for that security. However, there can be no assurance that a liquid market will exist for any security at a particular time. The Fund may invest in securities that are subject to restrictions on resale, such as Rule 144A securities. Rule 144A securities are securities that have been privately placed but are eligible for purchase and sale by certain qualified institutional buyers under Rule 144A under the Securities Act of 1933. Under the supervision of the Board of Directors, the Adviser will determine whether securities purchased under Rule 144A are illiquid. If it is determined that qualified institutional buyers are unwilling to purchase these securities, the percent of Fund assets invested in illiquid securities would increase.

Issuer Specific Changes Risk. Changes in the financial condition of an issuer, changes in the specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can affect the credit quality or value of an issuer's securities. Lower-quality debt securities tend to be more sensitive to these changes than higher-quality debt securities.

Non-Principal Risks

In addition to the principal risks set forth above, the following additional risks may apply to an investment in the Fund.

Anti-Takeover Provisions Risk. The Fund's Charter and Bylaws include provisions that could limit the ability of other persons or entities to acquire control of the Fund or to cause it to engage in certain transactions or to modify its structure.

Borrowing Risks. The Fund is not restricted from borrowing money from banks or other financial institutions to purchase securities, commonly referred to as "leveraging." In the event the Fund does engage in such borrowing activities, the Fund's exposure to fluctuations in the prices of these securities is increased in relation to the Fund's capital. Fund borrowing activities will exaggerate any increase or decrease in the Fund's net asset value. In addition, the interest which the Fund must pay on borrowed money, together with

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any additional fees to maintain a line of credit or any minimum average balances required to be maintained, are additional costs which will reduce or eliminate any net investment profits. Unless profits on assets acquired with borrowed funds exceed the costs of borrowing, the use of borrowing will diminish the Fund's investment performance compared with what it would have been without borrowing. Leverage, including borrowing, may cause the Fund to be more volatile than if it had not been leveraged.

Changes in Policies Risk. The Fund's Directors may change the Fund's investment objective, investment strategies and non-fundamental investment restrictions without stockholder approval, except as otherwise indicated.

Credit Risk. Debt obligations are generally subject to the risk that the issuer may be unable to make principal and interest payments when they are due. There is also the risk that the securities could lose value because of a loss of confidence in the ability of the borrower to pay back debt. Non-investment grade debt — also known as “high-yield bonds” and “junk bonds” — have a higher risk of default and tend to be less liquid than higher-rated securities. These lower rated securities have speculative characteristics and changes in economic conditions or other circumstances are more likely to lead to a weakened capacity of those issuers to make principal or interest payments, as compared to issuers of more highly rated securities.

Defensive Position Risk. During periods of adverse market or economic conditions, the Fund may temporarily invest all or a substantial portion of its net assets in cash or cash equivalents. The Fund would not be pursuing its investment objective in these circumstances and could miss favorable market developments.

High Portfolio Turnover Rate Risk. The Fund's portfolio management may result in high turnover rates which may increase short-term capital appreciation and increase brokerage commission costs. If the Fund has a higher portfolio turnover rate, then the Fund's performance could be negatively impacted due to the increased expenses incurred as a result of the higher brokerage commissions. Rapid portfolio turnover also exposes stockholders to a higher current realization of capital gains and this could cause stockholders to pay higher taxes. For the Fund's most recent fiscal year ended July 31, 2020, the portfolio turnover rate was 372.66%.

Initial Public Offerings Risks. The Fund may purchase securities of companies in initial public offerings. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Fund to buy or sell significant amounts of shares without unfavorable impact on prevailing market prices. Some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies without revenues or operating income, or the near-term prospects of achieving them.

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Interest Rate Risk. Fixed income securities are subject to the risk that the securities could lose value because of interest rate changes. In general, the price of a debt security can fall when interest rates rise and can rise when interest rates fall. Debt obligations with longer maturities sometimes offer higher yields, but are subject to greater price shifts as a result of interest rate changes than debt obligations with shorter maturities. The longer the maturity of the security, the greater the impact a change in interest rates could have on the security's price. In addition, short-term and long-term interest rates do not necessarily move in the same amount or the same direction. Short-term securities tend to react to changes in short-term interest rates and long-term securities tend to react to changes in long-term interest rates.

Preferred Stock Risk. The Fund may invest in preferred stocks. Preferred stock, like common stock, represents an equity ownership in an issuer. Generally, preferred stock has a priority of claim over common stock in dividend payments and upon liquidation of the issuer. Unlike common stock, preferred stock does not usually have voting rights. Preferred stock in some instances is convertible into common stock. Although they are equity securities, preferred stocks have characteristics of both debt and common stock. Like debt, their promised income is contractually fixed. Like common stock, they do not have rights to precipitate bankruptcy proceedings or collection activities in the event of missed payments. Other equity characteristics are their subordinated position in an issuer's capital structure and that their quality and value are heavily dependent on the profitability of the issuer rather than on any legal claims to specific assets or cash flows.

Investment in preferred stocks carries risks, including credit risk, deferral risk, redemption risk, limited voting rights, risk of subordination and lack of liquidity. Fully taxable or hybrid preferred securities typically contain provisions that allow an issuer, at its discretion, to defer distributions for up to 20 consecutive quarters. Distributions on preferred stock must be declared by the board of directors and may be subject to deferral, and thus they may not be automatically payable. Income payments on preferred stocks may be cumulative, causing dividends and distributions to accrue even if not declared by the company's board or otherwise made payable, or they may be non-cumulative, so that skipped dividends and distributions do not continue to accrue. There is no assurance that dividends on preferred stocks in which the Fund invests will be declared or otherwise made payable. The Fund may invest in non-cumulative preferred stock, although the Fund's Adviser would consider, among other factors, their non-cumulative nature in making any decision to purchase or sell such securities.

Shares of preferred stock have a liquidation value that generally equals the original purchase price at the date of issuance. The market values of preferred stock may be affected by favorable and unfavorable changes impacting the issuers' industries or sectors, including companies in the utilities and financial services sectors, which are prominent issuers of preferred stock. They may also be affected by actual and anticipated changes or ambiguities in the tax status of the security and by actual and anticipated changes or ambiguities in tax laws, such as changes in corporate and individual income tax rates, and in the dividends received deduction for corporate taxpayers or the lower rates applicable to certain dividends.

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Because the claim on an issuer's earnings represented by preferred stock may become onerous when interest rates fall below the rate payable on the stock or for other reasons, the issuer may redeem preferred stock, generally after an initial period of call protection in which the stock is not redeemable. Thus, in declining interest rate environments in particular, the Fund's holdings of higher dividend paying preferred stocks may be reduced and the Fund may be unable to acquire securities paying comparable rates with the redemption proceeds. In the event of a redemption, the Fund may not be able to reinvest the proceeds at comparable rates of return.

Summary of Fair Value Exposure at January 31, 2021. 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.

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.

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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 January 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3*</u>	<u>Total</u>
Equity				
Airlines	\$ 572,457	\$ —	\$ —	\$ 572,457
Auto Parts and Equipment	603,506	—	—	603,506
Beverages	1,317,834	—	—	1,317,834
Building Materials	1,250,637	—	—	1,250,637
Capital Development Certificates	—	—	1,973,648	1,973,648
Chemical Products	1,824,745	—	—	1,824,745
Construction and Infrastructure	—	171,193	—	171,193
Consumer Products	197,401	—	—	197,401
Energy	608,777	—	—	608,777
Financial Groups	1,146,760	—	—	1,146,760
Food	751,967	—	—	751,967
Holding Companies	838,954	—	—	838,954
Hotels, Restaurants, and Recreation	—	—	343,198	343,198
Mining	1,769,528	—	—	1,769,528
Railroads	288,295	—	—	288,295
Retail	2,115,297	—	—	2,115,297
Telecommunication	3,209,498	—	—	3,209,498
Total Equity	<u>\$16,495,656</u>	<u>\$171,193</u>	<u>\$2,316,846</u>	<u>\$18,983,695</u>
Mexican Mutual Funds	<u>\$ 32,805</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 32,805</u>
Real Estate Investment Trusts	<u>\$ 661,051</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 661,051</u>
Short-Term Investments	<u>\$ 25,036</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25,036</u>
Total Investments in Securities	<u><u>\$17,214,548</u></u>	<u><u>\$171,193</u></u>	<u><u>\$2,316,846</u></u>	<u><u>\$19,702,587</u></u>

* The Fund measures Level 3 activity as of the beginning and end of each financial reporting period.

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(Unaudited)**Level 3 Reconciliation Disclosure**

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

<u>Category</u>	<u>Common Stock</u>	<u>Capital Development Certificates</u>
Balance as of July 31, 2020	\$ 343,058	\$1,315,011
Acquisitions	—	—
Dispositions	(43,244)	—
Realized gain	5,537	—
Change in unrealized appreciation	<u>37,847</u>	<u>658,637</u>
Balance as of January 31, 2021	<u>\$ 343,198</u>	<u>\$1,973,648</u>
Change in unrealized appreciation (depreciation) during the period for Level 3 investments held at January 31, 2021	\$ 37,847	\$ 658,637

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 January 31, 2021:

	<u>Fair Value January 31, 2021</u>	<u>Valuation Methodologies</u>	<u>Unobservable Input⁽¹⁾</u>	<u>Impact to valuation from an increase to input</u>	<u>Range</u>
Common Stock	\$ 343,198	Market Comparables	Liquidity Discount	Significant changes in the liquidity discount would have resulted in direct and proportional changes in the fair value of the security	\$1.020 – \$1.184
Capital Development Certificates	\$1,973,648	Market Comparables/ Sum of the Parts Valuation ⁽²⁾	Liquidity Discount	Significant changes in the liquidity discount would have resulted in direct and proportional changes in the fair value of the security	\$4.302 – \$6.709

(1) In determining 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) For the Sum of the Parts valuation, the valuation provides a range of values for a company's equity by aggregating each of its business units (private and public) and arriving at a single total enterprise value.

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Notes to Financial Statements (continued)

Disclosures about Derivative Instruments and Hedging Activities

The Fund did not invest in derivative securities or engage in hedging activities during the period ended January 31, 2021.

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 (2017-2019), or expected to be taken in the Fund’s 2020 tax returns. The Fund identifies its major tax jurisdictions as U.S. Federal, New York 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 loss reclassifications. For the year ended July 31, 2020, the following reclassifications were made for permanent tax differences on the Statement of Assets and Liabilities.

Accumulated deficit	\$ 102,935
Paid-in Capital	(102,935)

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.

January 31, 2021
(Unaudited)

Notes to Financial Statements (continued)

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.

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, 2020 and July 31, 2019 were as follows:

<u>Distributions paid from:</u>	<u>7/31/20</u>	<u>7/31/19</u>
Ordinary Income	\$621,109	\$8,274
Long-Term Capital Gain	—	—
Total	<u>\$621,109</u>	<u>\$8,274</u>

Notes to Financial Statements (continued)

January 31, 2021
(Unaudited)

As of July 31, 2020, the components of distributable earnings on a tax basis were as follows:

Cost of Investments for tax purposes(a)	\$ 18,338,726
Gross tax unrealized appreciation on investments	992,180
Gross tax unrealized depreciation on investments	<u>(3,122,721)</u>
Net tax unrealized appreciation on investments	<u>(2,130,541)</u>
Undistributed ordinary income	—
Undistributed long-term capital gains	<u>—</u>
Total distributable earnings	<u>—</u>
Other accumulated losses	\$ (12,515,034)
Total accumulated losses	<u>\$ (14,645,575)</u>

- (a) Represents cost for federal income tax purposes. Differences between the Fund's cost basis of investments at July 31, 2020, for book and tax purposes, relates primarily to the deferral of losses related to wash sales and PFIC's.

At July 31, 2020, the Fund had tax basis capital losses which may be carried forward to offset future short term and long term capital gains indefinitely in the amount of \$3,634,678 and \$8,323,616, respectively. To the extent that the Fund may realize future net capital gains, those gains will be offset by any of the unused capital loss carryforward.

At July 31, 2020, the Fund deferred, on a tax basis, post October loss of \$556,371.

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 Investment 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 base fee and performance fee adjustment are calculated on net assets and are calculated and paid monthly. 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

Notes to Financial Statements (continued)

January 31, 2021
(Unaudited)

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 3×0.01 , 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 six months ended January 31, 2021, the Fund's investment performance ranged from 4.1% to (3.7)% above (below) the investment performance of the Index. Accordingly, for the six months ended January 31, 2021 the net investment advisor fee consisted of the base fee of \$93,690 and a net upward performance fee adjustment of \$6,780.

Effective January 1, 2020, 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 \$25,000, paid pro rata, quarterly plus a fee of \$375 for each meeting held telephonically. As additional annual compensation, the Chairman of the Fund will receive \$3,750, the Audit Committee Chairman and Valuation Committee Chairman will receive \$2,250, and the Nomination Committee Chairman will receive \$1,500. Effective April 1, 2020, Ms. Stephanie Darling receives annual compensation in the amount of \$60,000 for serving the Fund as Chief Compliance Officer ("CCO"). In addition, the Fund reimburses the directors and 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 doing business as U.S. Bank Global Fund Services ("Fund Services" or the "Administrator"), serves as the Fund's Administrator and, in that capacity, performs various administrative services for the Fund. Fund Services 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 Fund's Custodian and Fund Accountant; coordinates the preparation and payment of the Fund's expenses and reviews the Fund's expense accruals.

NOTE C: PORTFOLIO ACTIVITY

Purchases and sales of securities other than short-term obligations, aggregated \$29,051,691 and \$29,043,968 respectively, for the six months ended January 31, 2021.

At January 31, 2021 approximately 100.8% 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.

January 31, 2021
(Unaudited)

Notes to Financial Statements (continued)

NOTE D: CAPITAL STOCK

During the six months ended January 31, 2021, there were no shares of common stock repurchased under the guidelines set forth in the Fund's stock repurchase program.

The Fund announced on December 12, 2019 that it was offering to purchase up to 65% of common shares outstanding of the Fund at 98% of the net asset value NAV per common share as determined at the close of business on January 31, 2020. At the expiration of the offer on January 31, 2020, a total of 3,385,135 shares or approximately 65.46% of the Fund's outstanding common shares were validly tendered. As the total number of shares tendered exceeded the number of shares the Fund offered to purchase and in accordance with rules of the Securities and Exchange Commission allowing the Fund to purchase additional shares not to exceed 2% of the Fund's outstanding shares (approximately 103,432 shares) without amending or extending the offer, the Fund elected to purchase all 3,385,135 shares validly tendered at a price of \$12.02 per share (98% of NAV of \$12.27) or \$40,689,323.

During the year ended July 31, 2019, the Fund purchased 38,364 shares of capital stock in the open market at a cost of \$434,544. The weighted average discount of these purchases comparing the average purchase price to net asset value at the close of the New York Stock Exchange was 13.79%.

The Fund announced on January 11, 2019 that it was offering to purchase up to 25% of common shares outstanding of the Fund at 99% of the net asset value ("NAV") per common share on February 15, 2019. At the expiration of the offer on February 15, 2019, a total of 4,892,653 shares or approximately 70.95% of the Fund's outstanding common shares were validly tendered. As the total number of shares tendered exceeded the number of shares the Fund offered to purchase pursuant to the Offer, on a pro-rated basis, approximately 35.23% of the Fund's shares tendered by each tendering shareholder were accepted for payment. There were 1,723,866 shares accepted for payment at a price of \$11.58 per share (99% of the NAV per common share of \$11.70) or \$19,962,368.

During the year ended July 31, 2018, the Fund purchased 48,714 shares of capital stock in the open market at a cost of \$522,027. The weighted average discount of these purchases comparing the average purchase price to net asset value at the close of the New York Stock Exchange was 14.01%.

The Fund announced on January 19, 2018 that it was offering to purchase up to 5% of common shares outstanding of the Fund at 95% of the NAV per common share on February 23, 2018. At the expiration of the offer on February 23, 2018, a total of 1,961,143 shares or approximately 26.71% of the Fund's outstanding common shares were validly tendered. As the total number of shares tendered exceeded the number of shares the Fund offered to purchase pursuant to the Offer, on a pro-rated basis, approximately 18.72% of the Fund's shares tendered by each tendering shareholder were accepted for payment. There were 367,174 shares accepted for payment at a price of \$12.15 per share (95% of the NAV per common share of \$12.79) or \$4,461,164.

January 31, 2021
(Unaudited)

Notes to Financial Statements (concluded)

During the year ended July 31, 2017, the Fund purchased 82,941 shares of capital stock in the open market at a cost of \$882,728. The weighted average discount of these purchases comparing the average purchase price to net asset value at the close of the New York Stock Exchange was 13.74%.

During the year ended July 31, 2016, the Fund purchased 109,636 shares of capital stock in the open market at a cost of \$1,207,197. The weighted average discount of these purchases comparing the average purchase price to net asset value at the close of the New York Stock Exchange was 13.68%.

On December 8, 2015, the Board of Directors declared a stock dividend of \$0.56 per share. This dividend was paid in shares of common stock of the Fund, or in cash by specific election of the stockholders. The Fund issued 113,378 shares of common stock to stockholders that did not elect the cash option, which amounted to \$1,089,584.

On December 17, 2015 at the Annual Meeting of Stockholders of the Fund, the preferred stockholders, voting as a separate class, and the common and preferred stockholders, voting together as a single class, each approved an amendment to the Fund's Articles Supplementary authorizing the elimination of the preferred stock. Consequently, the Fund redeemed all 48,535 preferred shares outstanding at 98% of the Fund's net asset value per common share as of the close of business on Friday, January 8, 2016. Since such net asset value was \$11.50, the Fund paid each preferred stockholder \$11.27 per share on or about February 10, 2016. The total amount of the redemption payment was \$546,989. The net asset value per share of the Fund's stockholders was increased by approximately \$0.001 per share as a result of this redemption.

Share Repurchase

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 stock in the open market.

NOTE E: SUBSEQUENT EVENTS

U.S. and international markets have experienced significant periods of volatility in recent years due to a number of economic, political and global macro factors including the impact of the novel coronavirus ("COVID-19") as a global pandemic; which has resulted in related public health issues, growth concerns in the U.S. and overseas, temporary and permanent layoffs in the private sector, rising unemployment claims, and reduced consumer spending, all of which may lead to a substantial economic downturn or recession in the U.S. and global economies. The recovery from the effects of COVID-19 is uncertain and may last for an extended period of time. These developments as well as other events, could result in further market volatility and negatively affect financial asset prices, the liquidity of certain securities and the normal operations of securities exchanges and other markets. As a result, the risk environment remains elevated. The Fund's investment adviser will monitor developments and seek to manage the Fund in a manner consistent with achieving the Fund's investment objective, but there can be no assurance that it will be successful in doing so.

Additional Information

January 31, 2021
(Unaudited)

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 Part F of Form N-PORT. The filing will be available, upon request, by calling 1-877-785-0376. Furthermore, you will be able to obtain a copy of the filing on the SEC's website at <http://www.sec.gov>.

NOTE 3: INFORMATION ABOUT CERTIFICATIONS

In December 2020, 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 (concluded)

January 31, 2021
(Unaudited)

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, 2020 was 0.00%. (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 0.00%. (unaudited)

The Fund designates 100.00% of dividends declared for the fiscal year July 31, 2020 from net investment income as qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003. (unaudited)

Dividends and Distributions

January 31, 2021
(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 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 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 in the Fund's Common 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 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 from the Fund valued at 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

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(Unaudited)

Dividends and Distributions (concluded)

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 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 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 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

January 31, 2021
(Unaudited)

The Fund's Annual Stockholders meeting was held on December 17, 2020, at the offices of Bulldog Investors, Park 80 West, 250 Pehle Avenue, Suite 708, Saddle Brook, NJ 07663. As of October 20, 2020, the record date, outstanding shares of common stock were 1,786,463. Holders of 1,303,664 common 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 one proposal. The stockholders elected one Director to the Fund's Board of Directors. The following table provides information concerning the matters voted on at the meeting:

I. Election of Directors

	<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Withheld</u>
(A) Phillip Goldstein	925,793	251,341	126,530

Privacy Policy

January 31, 2021
(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: <ul style="list-style-type: none"> • Social Security number • account balances • account transactions • transaction history • wire transfer instructions • checking account information When you are <i>no longer</i> 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
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Privacy Policy (concluded)

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?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> • open an account • provide account information • give us your contact information • make a wire transfer <p>We also collect your information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can’t I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> • 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 <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>None</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>The Fund does not share with nonaffiliates so they can market to you.</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • <i>The Fund does not jointly market.</i>

Management of the Fund

January 31, 2021
(Unaudited)

Board of Directors. The management and affairs of the Fund are supervised by the Board of Directors. The Board consists of five individuals, 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.

Additional information about the Directors and Officers of the Fund is included in the Fund’s most recent Proxy Statement.

<u>Name and Address</u>	<u>Year Born</u>	<u>Position(s) with the Fund</u>	<u>Term of Office/Length of Time Served</u>	<u>Principal Occupation During the Past Five Years</u>	<u>Other Directorships Held by Director</u>
Gerald Hellerman 615 E. Michigan Street Milwaukee, WI 53202	1937	Director	2022* / Since 2001	Managing Director of Hellerman Associates (a financial and corporate consulting firm) since 1993 (which terminated activities as of December 31, 2013).	Trustee, High Income Securities Fund; Director, Swiss Helvetia Fund, Inc.; Director, Special Opportunities Fund, Inc.; Trustee, Fiera Capital Series Trust; Director, Ironsides Partners Opportunity Offshore Fund Ltd. (until 2016); Director, Emergent Capital, Inc. (until 2017); Trustee, Crossroads Liquidating Trust (until 2020); Director, MVC Capital, Inc. (until 2020).

Management of the Fund (continued)

January 31, 2021
(Unaudited)

<u>Name and Address</u>	<u>Year Born</u>	<u>Position(s) with the Fund</u>	<u>Term of Office/Length of Time Served</u>	<u>Principal Occupation During the Past Five Years</u>	<u>Other Directorships Held by Director</u>
Phillip Goldstein 615 E. Michigan Street Milwaukee, WI 53202	1945	Chairman	2023* / Since 2000	Since its inception in 2009, Mr. Goldstein has been a member of Bulldog Investors, LLP, the investment advisor of Special Opportunities Fund, Inc. and separately-managed accounts. Mr. Goldstein is a member of Bulldog Holdings, LLC, the owner of several entities previously serving as the general partner of several private funds in the Bulldog Investors group of funds, and the owner of Kimball & Winthrop, LLC, the managing general partner of Bulldog Investors General Partnership, since 2012.	Chairman, High Income Securities Fund; Director, Swiss Helvetia Fund, Inc.; Director, Brookfield DTLA Fund Office Trust Investor; Chairman, Special Opportunities Fund, Inc.; Chairman, Emergent Capital, Inc. (until 2017); Trustee, Crossroads Liquidating Trust (until 2020); Director, MVC Capital, Inc. (until 2020).
Glenn Goodstein 615 E. Michigan Street Milwaukee, WI 53202	1963	Director	2022* / Since 2001	Investment Advisor Representative, The Investment House, LLC; held numerous executive positions with Automatic Data Processing until 1996.	None

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(Unaudited)

Management of the Fund (continued)

<u>Name and Address</u>	<u>Year Born</u>	<u>Position(s) with the Fund</u>	<u>Term of Office/Length of Time Served</u>	<u>Principal Occupation During the Past Five Years</u>	<u>Other Directorships Held by Director</u>
Rajeev Das 615 E. Michigan Street Milwaukee, WI 53202	1968	Director	2021* / Since 2001	Since 2004, Mr. Das has been a Principal of the entities previously serving as the general partner of the private investment partnerships in the Bulldog Investors group of investment funds. Head Trader of Bulldog Investors, LLP, the investment adviser to the Special Opportunities Fund, Inc., since its inception in 2009. Secretary of the Swiss Helvetia Fund. Vice President of Special Opportunities Fund, Inc.	Trustee, High Income Securities Fund.
Richard Abraham 615 E. Michigan Street Milwaukee, WI 53202	1955	Director	2021* / Since 2015	Since 1998, Mr. Abraham has been self employed as a securities trader.	None
Stephanie Darling 615 E. Michigan Street Milwaukee, WI 53202	1970	Chief Compliance Officer	Indefinite / Since 2020	General Counsel and Chief Compliance Officer of Bulldog Investors, LLP; Chief Compliance Officer of Swiss Helvetia Fund, Inc., High Income Securities Fund, and Special Opportunities Fund, Inc.; Principal, the Law Office of Stephanie Darling; Editor-in-Chief, the Investment Lawyer.	None
Maria Eugenia Pichardo . . Andres Bello No. 45 – 22 Floor Col. Chapultepec Polanco Del. Miguel Hidalgo Mexico, CDMX (D.F.), C.P. 11560	1950	President	Indefinite / Since 2004	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 1979-2002.	None

January 31, 2021
(Unaudited)

Management of the Fund (concluded)

<u>Name and Address</u>	<u>Year Born</u>	<u>Position(s) with the Fund</u>	<u>Term of Office/Length of Time Served</u>	<u>Principal Occupation During the Past Five Years</u>	<u>Other Directorships Held by Director</u>
Juan Elizalde Andres Bello No. 45 – 22 Floor Col. Chapultepec Polanco Mexico, CDMX (D.F.), C.P. 11560	1990	Secretary	Indefinite / Since 2020	Administrative and Compliance Director, Pichardo Asset Management S.A. de C.V.	None
Arnulfo Rodriguez Andres Bello No. 45 – 22 Floor Col. Chapultepec Polanco Mexico, CDMX (D.F.), C.P. 11560	1962	Chief Financial Officer	Indefinite / Since 2016	Strategist and Debt Portfolio Manager, Pichardo Asset Management, S.A. de C.V. from January 2016-present; Local Fixed Income Research Vice President, Acciones y Valores Banamex from July 2011-January 2016.	None

* In accordance with the Fund’s Articles of Incorporation, the terms of the Fund’s Board of Directors are staggered. The Board of Director’s are divided into three classes: Class I, Class II and Class III, each having a term of three years. Each year the term of office of one Class expires. The effect of these staggered terms is to limit the ability of other entities or persons to acquire control of the Fund by delaying the replacement of a majority of the Board of Directors.

**THE MEXICO EQUITY
AND INCOME FUND, INC.**

Investment Adviser:

Pichardo Asset Management, S.A. de C.V.
Andres Bello No. 45 – 22 Floor
Col. Chapultepec Polanco
Del. Miguel Hidalgo
Mexico, CDMX (D.F.), C.P. 11560

**Independent Registered Public
Accounting Firm:**

Tait, Weller & Baker LLP
Two Liberty Place
50 South 16th Street, Suite 2900
Philadelphia, PA 19102

**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:

Richard Abraham
Rajeev Das
Phillip Goldstein
Glenn Goodstein
Gerald Hellerman

THE MEXICO EQUITY AND INCOME FUND, INC.



Monumento a La Independencia Mexico City, Mexico. CANVA, 2021

<http://www.mxefund.com>

