

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

Dear Fund Stockholders,

At the threshold of monetary policies easing following downward economic revisions for developed and emerging markets worldwide coupled with U.S. and China trade tensions, the government of President Andres Manuel Lopez Obrador, at the end of eight months in office, has confirmed the new paradigm from his mandate with profound changes in economic, social and political policies in Mexico.

In this context, and amid considerable uncertainty in the domestic equities market and political arena, PAM’s positive narrative is the solid-gradual building of harmonious coexistence between the government and the entrepreneurial sector. There have been many joint meetings among them, as well as the first presidential press interview to Bloomberg. (<https://www.bloomberg.com/news/articles/2019-07-30/amlo-plows-forward-in-mexico-brushing-off-neoliberal-scorn>).

We believe that a good understanding of President Lopez Obrador and the private sector is a critical element for a successful distributive economic policy, albeit aligned with businesses confidence whose primary goal should be to reach a higher economic activity during the six year term of President Lopez Obrador (2018-2024) than the average 2.0% per annum over the last 15 years.

PAM has remained disciplined and continues emphasizing the review of macro data and companies quarterly financial information to make decisions on the Fund’s portfolio. Early in 2019, PAM’s investment team approved an asset rotation to have the Fund’s portfolio into a more defensive one by increasing the percentage allocation of defensive stocks tactically as classified by PAM, with stable earnings, particularly large-capitalization stocks. (Please see: Investment Strategy).

The Fund’s U.S. Dollar net asset value per share plotted a positive excess return of 83 basis points compared to the MSCI-Mexico Index performance for the one-year period ended July 31, 2019. (Please see: Exhibit A).

Regarding the Mexican economy, The National Institute of Statistics and Geography (INEGI) announced that the Gross Domestic Product (GDP) for 2Q19 grew 0.1% quarter-over-quarter (QoQ), compared to a negative figure expected by market consensus that could have triggered a technical recession. On an annual basis, GDP grew 0.4% and exhibited the stagnation of the Mexican economy. By components, primary activities (agriculture, forestry, and fishing) and services (which represent around 60% of GDP) expanded by 1.7% and 1% respectively while the industrial activity (manufacturing, construction, mining, and commodities) contracted by -1.6%. (Please see: July economic report in the Fund’s web page).

Mexico’s external accounts have positively consolidated. The balance of payments had remarkable results for the year-to-date period, through June 2019. The current account had a US\$ 3.37 billion deficit;

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significantly lower than the US\$ 13.75 billion observed in the first half of 2018 (1H'18), whereas the capital account registered a US\$ 15.46 billion surplus compared to US\$ 17.94 billion surplus in 1H'18. In contrast, Manufacturing Purchasing Managers Index (PMI) plotted a 49 level, within the contraction threshold. Manufacturing accounts for 56% of the industrial sector. (Please see: Exhibit B).

Within a framework of Mexico's role as a strategic partner in the potential economic, renewed and revamped American Free Trade Agreement between Mexico, U.S., and Canada, we inform you that Mexico has continued to plot number one as the first commercial partner (14.9% of the total U.S. trade) with the U.S., for the year-to-date period, through June, according to the U.S. Department of Commerce. U.S. Imports from China fell -12.4%, while U.S. imports from Mexico grew 6.3% in the same period. There is no evidence that higher Mexican exports have replaced Chinese exports. However, it is a plausible hypothesis. We will continue to research on this subject. (Please see: Exhibit C).

MXE's INVESTMENT STRATEGY

PAM's Team defined a more defensive portfolio, through i) companies with economic moat and good corporate governance, ii) solid-stable earnings and iii) highly liquid stocks.

Following the asset rotation, the Fund's portfolio trades at a discount of approximately 15% forward 12-month EV/EBITDA compared to the MSCI-Mexico Index, as of July 31, 2019 according to Bloomberg. (Please see: Exhibit F).

The Fund's largest sectors as of July 31, 2019, were:

Consumer Staples (21.98%) – cautious top-down approach as lower consumption remains supported by credit, real wages, and remittances that are at all-time high levels. Companies in the sector are market leaders with high operating efficiencies. Conceptually, the market continues to rate PAM's retailing stock picking as one of the industries to be benefited from the distributive policy of the new regime in Mexico.

Financials (17.54%) – appealing thesis for financial groups as loans are growing and profitability (ROEs) continue improving. Attractive P/E valuations with a 45% discount to its 5-year average and an earnings yield of approximately 12%.

Communication Services (17.28%) – high liquidity stock with quality management and geographic diversification (25 countries in LatAm, the U.S. and Central and Eastern Europe) offers a defensive profile due to growing smartphone penetration, increasing data demand, ARPU (Average Revenue Per User) improvement, operational efficiencies, and solid margin expansion. (Please see: Exhibit G).

The Fund's portfolio 10-Top Stocks accounted for 62% of total aggregate assets on July 31, 2019, compared to 62% as of December 31, 2018 and 61% at July 31, 2018. The MSCI-Mexico Index 10-Top Stocks accounted for 74%.

MXE'S PERFORMANCE

The Fund's positive 83 basis points excess return, mentioned in the introductory comment, is mainly explained by a 2.07% relative attribution resulting from the decision to start increasing defensive stocks in January – April 2018 due to projected supply shocks as mentioned in our semi-annual report and systematic risk. (Please see: Exhibits D & E).

We are pleased to confirm that the Fund's long-term investment strategy has continued to provide excess dollar return for the five-year, ten-year and since inception periods. (Please see: Exhibit A).

THE MEXICAN STOCK EXCHANGE

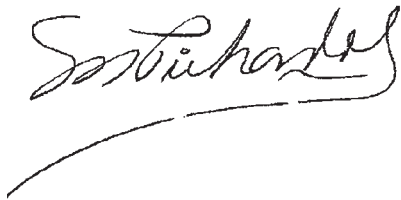
The MEXBOL Index is trading at a forward EV/EBITDA and P/E multiple of 7.7x and 12.7x, respectively, which implies a discount of 9% and 23% compared to its 10-year average. Moreover, the MEXBOL Index is trading at 2009 levels in USD, where most of the listed companies are currently consolidating ten years of M&A activity. (Please see: Exhibits H & I).

FINAL REMARKS

The 2020 budget aims to strengthen and support the foremost economic policy guidelines: i) Social welfare, ii) Security, and iii) Pemex capitalization. The macroeconomic and financial forecasts seem realistic as they are similar to the ones made by the private sector specialists, except the estimate of the oil production whose outlook diverges from the private sector one particularly regarding the government strategy to improve the Mexico oil production. (Please see: Exhibit J).

Finally, we believe the Mexican market presented an attractive entry point valuation level at the end of the Fund's fiscal year. Mexican companies have proved to be internationally competitive with 30+ years of experience operating in stressful financial conditions and carried out M&A during the last 15 years which have provided them an economic moat for the long term.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'E. Pichardo', with a long horizontal flourish underneath.

*Maria Eugenia Pichardo
Portfolio Manager*

THE MEXICO EQUITY AND INCOME FUND, INC.

Exhibit A.

The Fund's Net Asset Value per Share U.S. Dollar Return with Dividends Reinvested, compared to the MSCI Mexico Index.

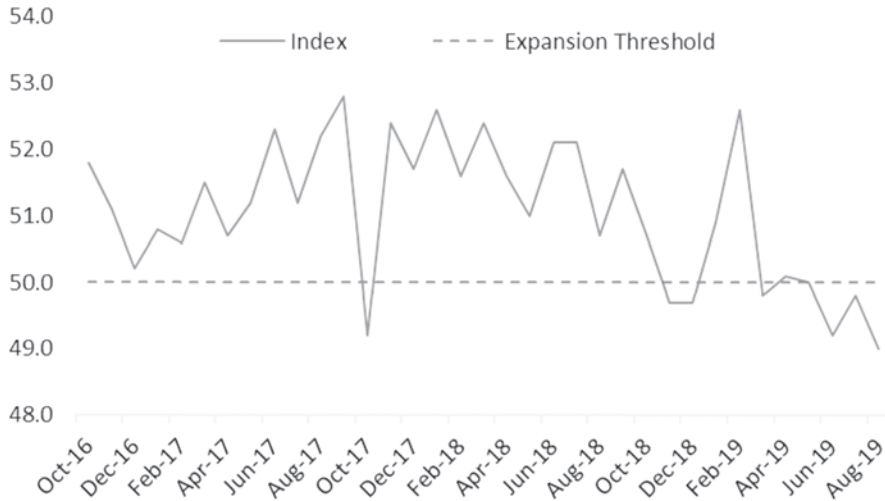
Fund	As of July 31, 2019		Total Annual Average US Dollar Return through July 31, 2019 (dividends reinvested)					Since Inception in 8/30/90
	1 Month	Y-T-D	1 Year	3 Years	5 Years	10 Years		
MXENAV	-4.83%¹	-1.25%¹	-17.18%¹	-3.49%¹	-6.00%¹	7.39%¹	10.90%²	
MXENAV (Return in Mexican Pesos "MXN")	-4.98% ³	-3.71% ³	-14.85% ³	-2.78% ³	1.24% ³	11.48% ³	18.41% ³	
MXE Market Price	-6.94% ¹	2.58% ¹	-9.38% ¹	-1.26% ¹	-5.23% ¹	8.90% ¹	11.44% ²	
MXN Appreciation/ Depreciation vs 1 USD	0.16% ³	2.55% ³	-2.74% ³	-0.72% ³	-7.16% ³	-3.66% ³	-6.34% ³	
MSCI Mexico Index	-3.83%⁴	2.60%⁴	-18.01%⁴	-3.19%⁴	-7.15%⁴	2.24%⁴	9.98%²	
MEXBOL Index	-4.24%	3.70%	-16.87%	-2.43%	-6.52%	2.19%	8.54%	
MXENAV Excess Return vs. MSCI Mexico Index (basis points)	-100	-385	83	-30	115	515	92	
Cumulative to July 31, 2019	Y-T-D	1 Year	3 Years	5 Years	10 Years	Since Inception in Discount to NAV 8/30/90		
MXE Common Share Market Price	2.58% ¹	-9.38% ¹	-3.72% ¹	-23.53% ¹	134.49% ¹	2191.75% ³	-6.35%	
MXF Common Share Market Price	2.38%	-17.13%	-10.44%	-37.17%	54.90%	808.81%	-12.53%	

Source: U.S. Bancorp¹; Thomson²; PAM³; MSCI⁴; 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 B.
PMI Markit Mexico Manufacturing Index
As of August 31, 2019



Source: IHS Markit, Bloomberg

Exhibit C.
United States International Trade
USD millions

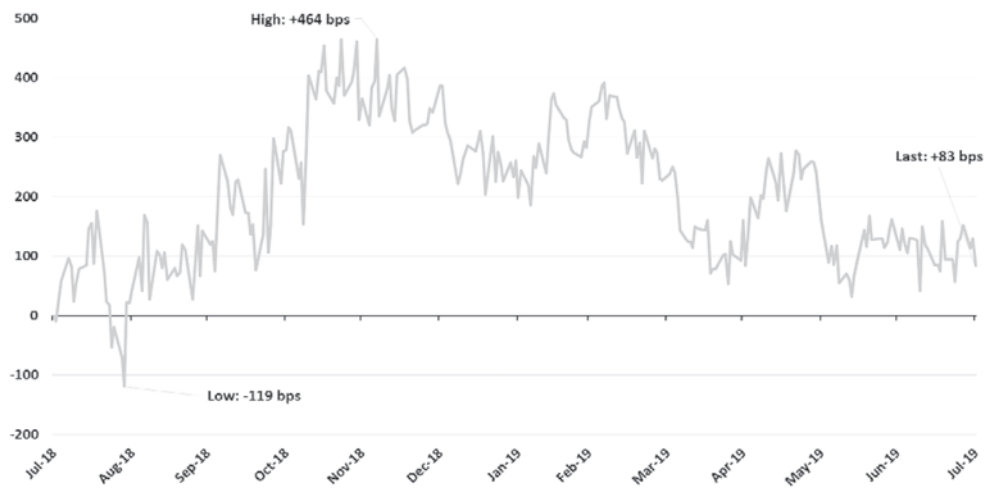
United States International Trade (As of June 2019)									
Country	Exports	Imports	Total Trade	Balance	Country	Exports	Imports	Total Trade	Balance
Mexico	130,930	180,531	311,461	-49,601	India	18,624	29,453	48,077	-10,829
% of Total	15.8%	14.3%	14.9%		% of Total	2.2%	2.3%	2.3%	
Canada	147,746	157,837	305,583	-10,091	Taiwan	15,744	26,676	42,420	-10,932
% of Total	17.8%	12.5%	14.6%		% of Total	1.9%	2.1%	2.0%	
China	54,937	234,751	289,688	-179,814	Italy	11,607	28,491	40,098	-16,884
% of Total	6.6%	18.6%	13.9%		% of Total	1.4%	2.3%	1.9%	
Japan	37,320	73,840	111,160	-36,520	Brazil	21,509	16,225	37,734	5,284
% of Total	4.5%	5.9%	5.3%		% of Total	2.6%	1.3%	1.8%	
Germany	30,028	63,450	93,478	-33,422	Singapore	15,364	13,599	28,963	1,765
% of Total	3.6%	5.0%	4.5%		% of Total	1.9%	1.1%	1.4%	
Korea, South	27,949	39,210	67,159	-11,261	Hong Kong	16,132	2,200	18,332	13,932
% of Total	3.4%	3.1%	3.2%		% of Total	1.9%	0.2%	0.9%	
United Kingdom	33,368	31,423	64,791	1,945	Saudi Arabia	7,166	7,829	14,995	-663
% of Total	4.0%	2.5%	3.1%		% of Total	0.9%	0.6%	0.7%	
France	19,318	30,416	49,734	-11,098	All other countries	240,814	323,171	563,985	-82,357
% of Total	2.3%	2.4%	2.4%		% of Total	29.1%	25.7%	27.0%	
Source: U.S. Census Bureau					TOTAL 2019 YTD 828,556 1,259,102 2,087,658 -430,546				
Amounts in millions of dollars					TOTAL 2018 1,664,064 2,542,735 4,206,799 -878,671				
					TOTAL 2017 1,546,654 2,342,905 3,889,559 -796,251				

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Exhibit D.

MXE's Spread Performance vs. MSCI Mexico Index (basis points)

One Year through July 31, 2019



Source: PAM; Bloomberg.

Exhibit E.

MXE U.S. Dollar Relative Performance vs MSCI Mexico Index

One Year through July 31, 2019

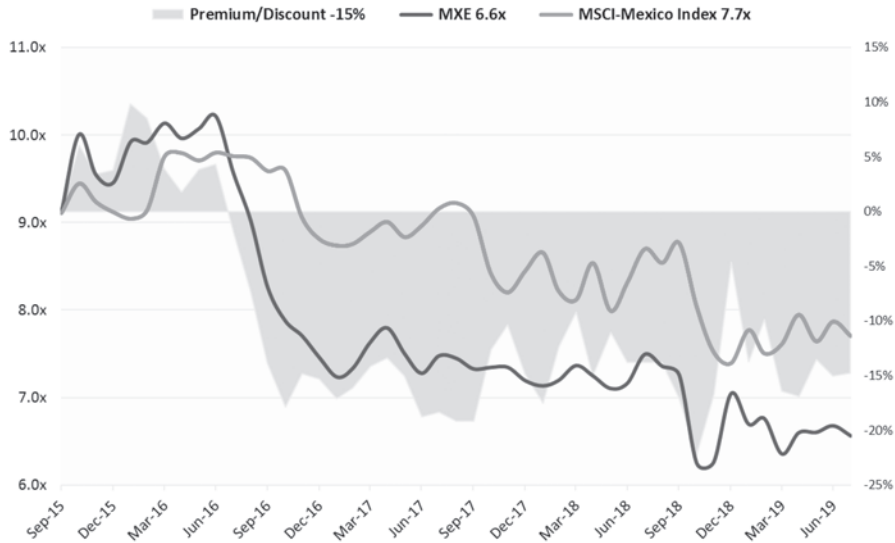
Performance	Absolute		Relative
	MXE a	MSCI b	a-b
Sectors			
Real Estate	0.11%	0.22%	-0.11%
Utilities	-0.16%	-0.27%	0.11%
Industrials	-0.25%	-1.32%	1.07%
Consumer Staples	-1.64%	0.07%	-1.71%
Communication Services	-1.94%	-5.65%	3.71%
Financials	-2.05%	-3.57%	1.52%
Consumer Discretionary	-2.10%	-0.68%	-1.42%
Materials	-7.91%	-6.81%	-1.10%
Total Sectors	-15.94%	-18.01%	2.07%
Readily Available Instruments	-0.54%		
Currency Fluctuations	1.33%		
Total Expenses (Cumulative)	-2.25%		
Total	-17.18%	-18.01%	0.83%

Source: PAM, Bloomberg.

Exhibit F.

MXE Fund Forward EV/EBITDA Ratio compared to MSCI-Mexico Index

From September 2015 through July 2019

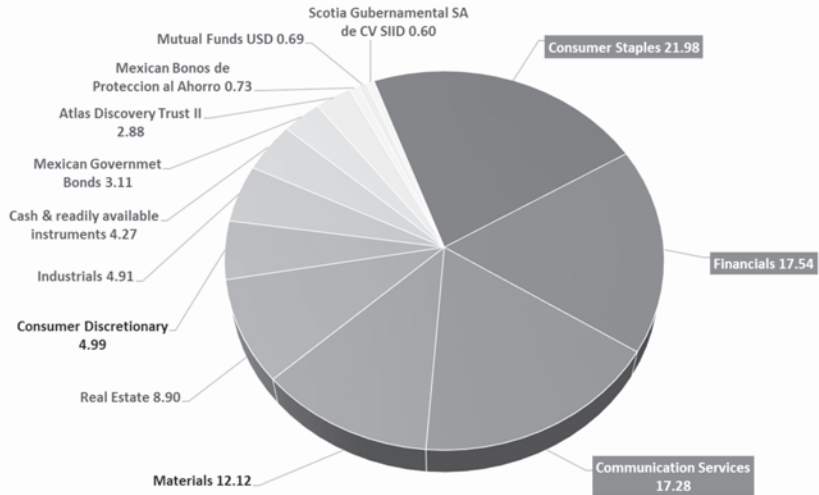


Source: Bloomberg

Exhibit G.

MXE Portfolio Holdings by Sector

As of July 31, 2019



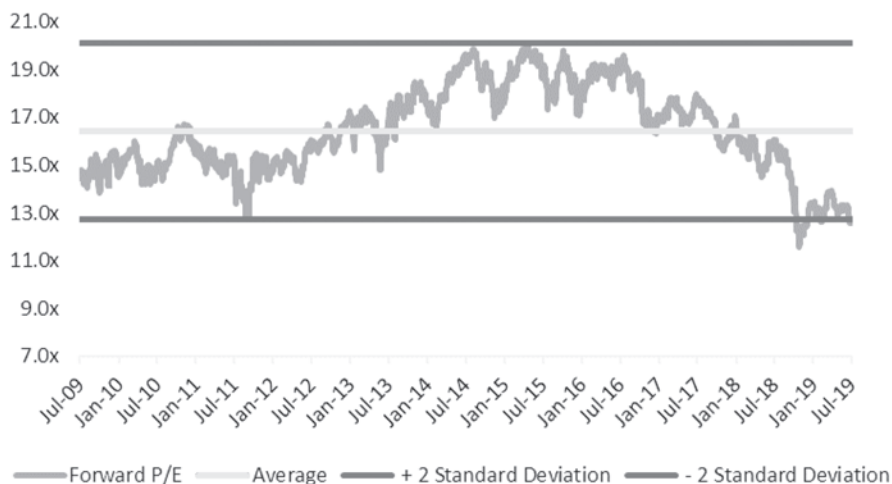
Source: PAM; Bloomberg.

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Exhibit H.

MEXBOL Index Forward P/E

From July 2009 through July 2019

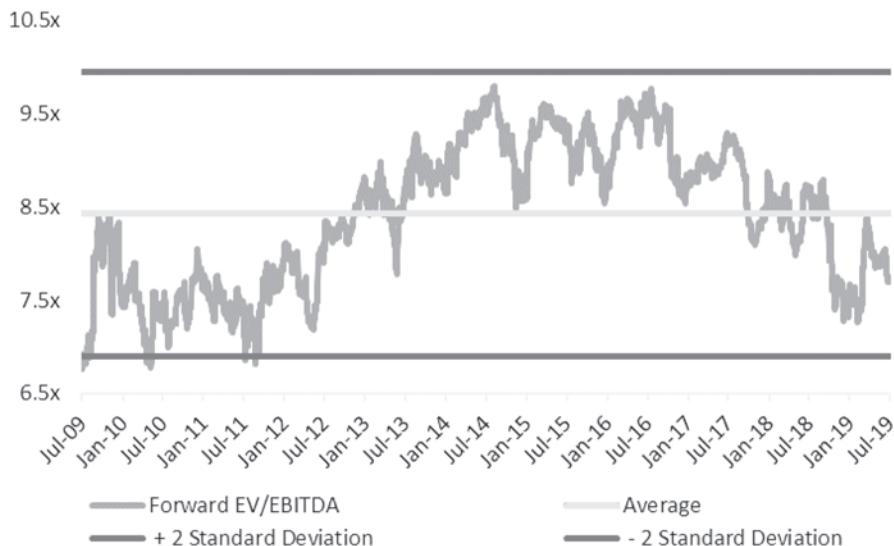


Source: Bloomberg.

Exhibit I.

MEXBOL Index Forward EV/EBITDA

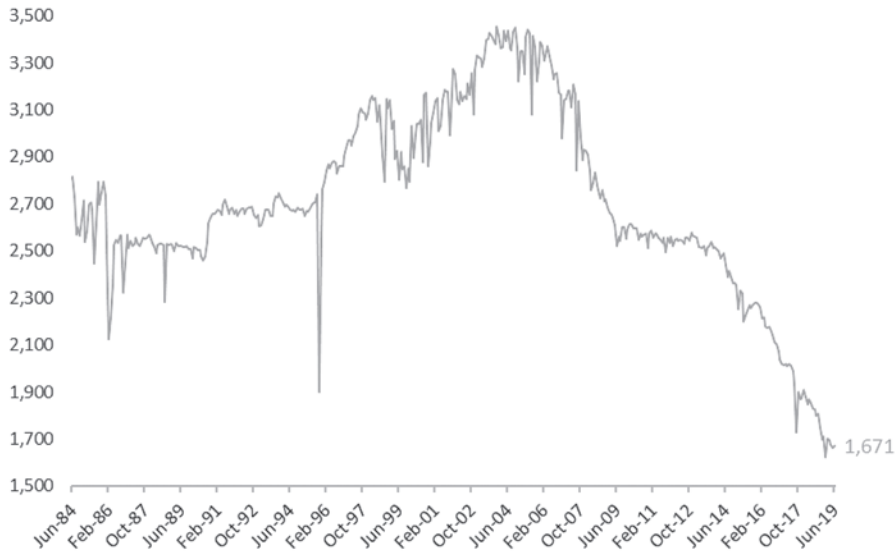
From July 2009 through July 2019



Source: Bloomberg.

Exhibit J.
Pemex's Crude Oil Production

thousand barrels per day



Source: Bloomberg.

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

- MEXBOL, or the IPC (Indice de Precios y Cotizaciones), is a capitalization-weighted index of the leading stocks traded on the Mexican Stock Exchange. The index was developed with a base level of 0.78 on October 30th, 1978.
- MSCI-MEXICO: The Morgan Stanley Capital International Index Mexico is a capitalization weighted index that monitors the performance of stocks traded in Mexico. One cannot invest directly in an index.
- Basis point (bps) is one hundredth of a percentage point (0.01%).
- UW: Underweight refers to one of two situations in regard to trading and finance. An underweight portfolio does not hold a sufficient amount of a particular security when compared to the weight of that security held in the underlying benchmark portfolio. Underweight can also refer to an analyst's opinion regarding the future performance of a security 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 market prices of the underlying securities.
- The market price of the common share of a closed-end fund is determined in the open market by buyers and sellers and is the price at which investors may purchase or sell the common shares of a closed-end fund, which fluctuates throughout the day. 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.
- **BANXICO:** Banco de Mexico is the central bank of Mexico. By constitutional mandate, it is autonomous in both its operations and management. Its main 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.
- **SHCP:** Secretaria de Hacienda y Credito Publico, is the Ministry of Finance.
- **INEGI:** The National Institute of Statistics and Geography.
- **GDP:** Gross Domestic Product proxy. The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.
- **Average forex depreciation:** The average currency depreciation is the loss of value of a country's currency with respect to one or more foreign reference currencies, typically in a floating exchange rate system in which no official currency value is maintained.
- **USMCA:** The United States–Mexico–Canada Agreement is a pending free trade agreement between Canada, Mexico, and the United States, intended to replace the current North American Free Trade Agreement (NAFTA). It is the result of the 2017–2018 renegotiation of NAFTA by its member states, which informally agreed to the terms on September 30, 2018, and formally on October 1. Final ratification and implementation is pending.
- **EBITDA:** Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA), is one indicator of a company's financial performance, and is used as a proxy for the earnings potential of a business, although doing so has its drawbacks. EBITDA strips out the cost of debt capital and its tax effects by adding back interest and taxes to earnings.
- **EV/EBITDA:** Enterprise value/EBITDA (more commonly referred to by the acronym EV/EBITDA) is a popular valuation multiple used in the finance industry to measure the value of a company. It is the most widely used valuation multiple based on enterprise value and is often used in conjunction with, or as an alternative to, the P/E ratio (Price/Earnings ratio) to determine the fair market value of a company. An advantage of this multiple is that it is capital structure-neutral, and, therefore, this multiple can be used to directly compare companies with different levels of debt.
- **ROE:** Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE could be thought of as the return on net assets. ROE is considered a measure of how effectively management is using a company's assets to create profits.

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- Price to Earnings Ratio P/E: A valuation ratio of a company's current share price compared to its per-share earnings (EPS).
- Earnings per Share EPS: The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.
- M&A: Mergers and acquisitions (M&A) is a general term that refers to the consolidation of companies or assets through various types of financial transactions. M&A can include a number of different transactions, such as mergers, acquisitions, consolidations, tender offers, purchase of assets and management acquisitions. In all cases, two companies are involved.
- Small & Mid-Caps: Small & Mid-Capitalization companies are companies with a market capitalization of less than U.S. \$ 1.0 billion for Small Cap companies, and between U.S. \$1.0 and U.S. \$5.0 billion for Mid-Cap companies, as defined by PAM.
- 10-Year US T-Bond: A Treasury bond (T-Bond) is a marketable, fixed-interest U.S. government debt security with a maturity of more than 10 years.
- M-Bond: Mexico Federal Government fixed-rate development bonds that are issued and placed at terms of over one year, pay interest every six months and their interest rate is determined at issue date and remains fixed all along the life of the bond.
- Spread: A spread can have several meanings in finance. Basically, however, they all refer to the difference between two prices, rates or yields. In fixed income securities, spread refers to the yield difference between two different securities with the same maturity date, or two similar securities with different maturity dates.
- Turnover: Portfolio turnover is a measure of how frequently assets within a fund are bought and sold by the managers. Portfolio turnover is calculated by taking either the total amount of new securities purchased, or the amount of securities sold (whichever is less) over a period, divided by the total net asset value (NAV) of the fund. The measurement is usually reported for a 12-month time period.
- Purchasing Managers' Index (PMI): Index of the prevailing direction of economic trends in the manufacturing and service sectors.

RELEVANT ECONOMIC INFORMATION for the years ended December 31

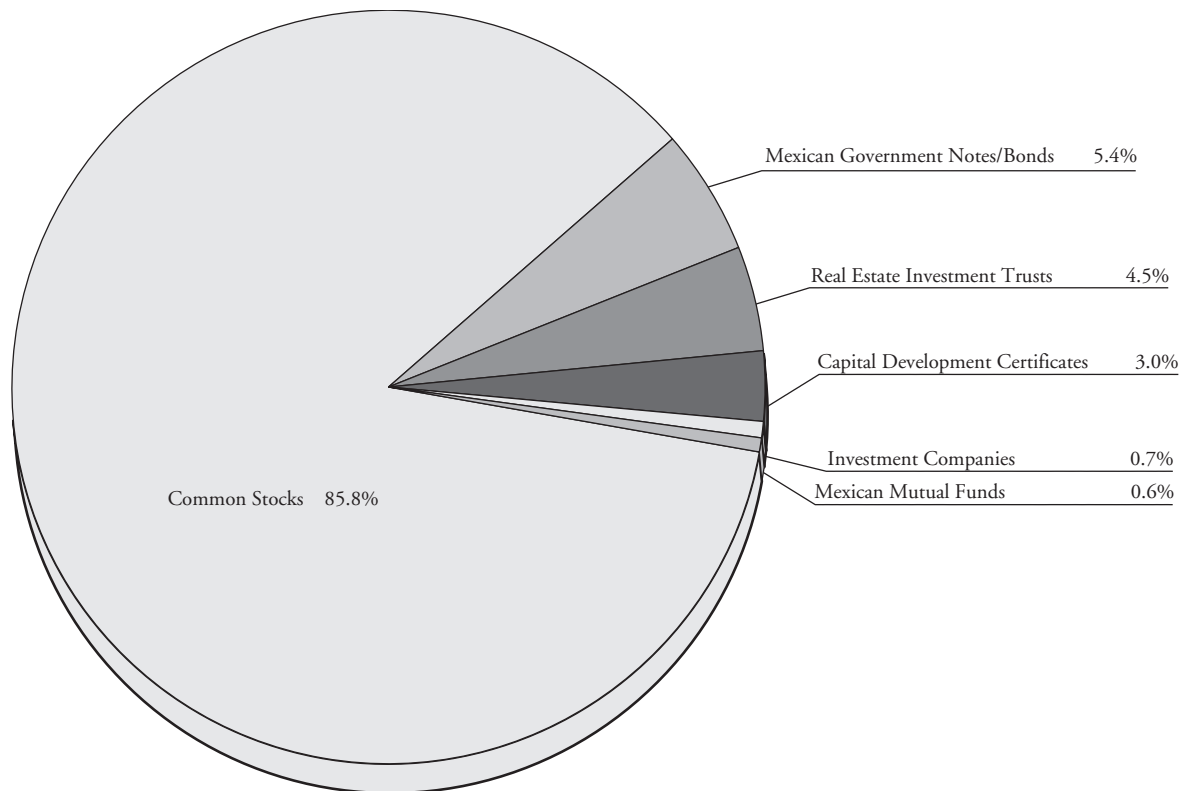
Real Activity (million US\$)	2018	2017	2016	2015	2014
Real GDP Growth (y-o-y)	2.00%	2.00%	2.36%	2.46%	2.25%
Industrial Production (y-o-y)	0.20%	0.10%	0.00%	0.95%	2.65%
Trade Balance (US billions)	-\$13.70	-\$10.80	-\$13.14	-\$14.60	-\$3.06
Exports	\$450.57	\$409.49	\$373.93	\$380.62	\$396.91
Export growth (y-o-y)	10.10%	9.50%	-1.80%	-4.12%	4.40%
Imports	\$464.28	\$420.37	\$387.06	\$395.23	\$399.98
Import growth (y-o-y)	10.40%	8.60%	-2.10%	-1.20%	4.90%
Financial Variables and Prices					
28-Day CETES (T-bills)/Average	7.64%	6.69%	4.16%	2.98%	2.99%
Exchange rate (Pesos/US\$)Average	19.23	18.91	18.68	15.88	13.31
Inflation IPC, 12 month trailing	4.83%	6.77%	3.36%	2.13%	4.08%
Mexbol Index					
USD Return	-13.80%	15.44%	-9.74%	-13.15%	-9.43%
Market Cap (US billions)	\$259.58	\$298.87	\$252.77	\$279.00	\$326.32
	7.39x	9.27x	9.57x	9.93x	9.92x
Fund's NAV & Common Share					
Market Price Performance					
NAV	-5.65%	11.82%	-14.88%	-6.90%	-3.45%
Market Price	-1.84%	12.40%	-14.78%	-10.23%	-4.57%

Sources: Banamex, Banco de Mexico, Bloomberg.

Allocation of Portfolio Assets

(Calculated as a percentage of Total Investments)

July 31, 2019
(Unaudited)



July 31, 2019

Schedule of Investments

MEXICO – 96.45%	Shares	Value
COMMON STOCKS – 83.40%		
Beverages – 13.43%		
Arca Continental, S.A.B. de C.V.	417,217	\$ 2,219,134
Coca-Cola Femsa SAB de CV	97,500	599,131
Fomento Economico Mexicano, S.A.B. de C.V. – Series UBD	534,360	4,843,433
		<u>7,661,698</u>
Building Materials – 4.41%		
Grupo Cementos de Chihuahua, S.A.B. de C.V.	468,880	2,516,923
Chemical Products – 3.68%		
Alpek, S.A.B. de C.V. – Series A	1,303,859	1,405,660
Mexichem, S.A.B. de C.V.	379,696	695,643
		<u>2,101,303</u>
Construction and Infrastructure – 3.85%		
Promotora y Operadora de Infraestructura, S.A.B. de C.V.	106,219	956,782
Promotora y Operadora de Infraestructura, S.A.B. de C.V. – Series L	203,045	1,239,540
		<u>2,196,322</u>
Consumer Financing Services – 1.92%		
Credito Real, S.A.B. de C.V.	948,110	1,096,842
Financial Groups – 15.62%		
Banco del Bajío, S.A.	929,464	1,748,467
Grupo Financiero Banorte, S.A.B. de C.V. – Series O	1,069,148	5,382,631
Regional, S.A.B. de C.V.	372,185	1,782,487
		<u>8,913,585</u>
Food – 1.87%		
Grupo Bimbo, S.A.B. de C.V. – Series A	561,486	1,069,427
Hotels, Restaurants, and Recreation – 3.34%		
Alsea, S.A.B. de C.V. – Series A	444,861	906,958
Grupe, S.A.B. de C.V. – Series B (a)(b)(c)(d)	429,507	997,355
		<u>1,904,313</u>
Mining – 4.03%		
Grupo Mexico, S.A.B. de C.V. – Series B	939,500	2,298,775

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

July 31, 2019

Schedule of Investments (continued)

COMMON STOCKS (continued)	Shares	Value
Railroads – 1.06%		
GMexico Transportes, S.A.B. de C.V.	525,438	\$ 602,655
Real Estate Services – 4.58%		
Corporacion Inmobiliaria Vesta, S.A.B. de C.V.	1,772,501	2,610,135
Retail – 8.33%		
El Puerto de Liverpool, S.A.B. de C.V. – Series C – 1	193,813	941,367
Grupo Comercial Chedraui, S.A. de C.V.	252,931	381,170
Wal-Mart de Mexico, S.A.B. de C.V.	1,162,577	3,430,023
		<u>4,752,560</u>
Telecommunication – 17.28%		
America Movil, S.A.B. de C.V. – Series L	12,431,815	8,744,680
Telesites S.A.B. de C.V. (a)	1,871,027	1,114,977
		<u>9,859,657</u>
TOTAL COMMON STOCKS (Cost \$48,519,015)		<u>47,584,195</u>
CAPITAL DEVELOPMENT CERTIFICATES – 2.88%		
Atlas Discovery Trust II (b)(c)(d)	300,000	1,641,479
TOTAL CAPITAL DEVELOPMENT CERTIFICATES (Cost \$1,460,703)		<u>1,641,479</u>
MEXICAN GOVERNMENT NOTES/BONDS – 5.24%		
Bonos de Desarrollo del Gobierno Federal		
8.310%, 01/16/2020	492,947	2,571,903
Mexican Bonos de Proteccion al Ahorro		
8.300%, 12/24/2020	80,379	419,051
		<u>2,990,954</u>
TOTAL MEXICAN GOVERNMENT NOTES/BONDS (Cost \$2,996,903)		<u>2,990,954</u>
MEXICAN MUTUAL FUNDS – 0.60%		
Scotiabankinverlat – Scotia Gubernamental S.A. de C.V. SIID (a)	1,800,069	344,476
TOTAL MEXICAN MUTUAL FUNDS (Cost \$346,100)		<u>344,476</u>

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

July 31, 2019

Schedule of Investments (concluded)

REAL ESTATE INVESTMENT TRUSTS – 4.33%	Shares	Value
Concentradora Fibra Danhos, S.A. de C.V.	934,436	\$ 1,268,263
Fibra Uno Administracion, S.A. de C.V.	935,000	1,201,699
		<u>2,469,962</u>
TOTAL REAL ESTATE INVESTMENT TRUSTS (Cost \$2,397,393)		<u>2,469,962</u>
TOTAL MEXICO (Cost \$55,720,114)		<u>55,031,066</u>
<hr/>		
UNITED STATES – 0.69%		
<hr/>		
INVESTMENT COMPANIES – 0.69%		
<hr/>		
Morgan Stanley Institutional Liquidity Funds – Government Portfolio – Institutional Class – 2.208% (e)	394,275	394,275
TOTAL INVESTMENT COMPANIES (Cost \$394,275)		<u>394,275</u>
TOTAL UNITED STATES (Cost \$394,275)		<u>394,275</u>
Total Investments (Cost \$56,114,389) – 97.14%		55,425,341
Other Assets in Excess of Liabilities – 2.86%		<u>1,633,652</u>
TOTAL NET ASSETS – 100.00%		<u>\$57,058,993</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 \$2,638,834, representing 4.62% of net assets.

^(c) Fair valued securities. The total market value of these securities were \$2,638,834, representing 4.62% of net assets.

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

^(e) The rate shown represents the 7-day yield at July 31, 2019.

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

Statement of Assets & Liabilities

July 31, 2019

ASSETS:

Investments, at value (cost \$56,114,389)	\$ 55,425,341
Receivable for investments sold	2,543,656
Interest receivable	15,353
Foreign currency (cost \$18,030)	17,933
Other assets	5,850
Total Assets	<u>58,008,133</u>

LIABILITIES:

Payable for securities purchased	796,817
Advisory fees payable	51,507
Audit fees payable	34,308
Administration fees payable	13,832
Printing and mailing fees payable	10,599
NYSE fees payable	10,117
Fund accounting fees payable	7,723
Custody fees payable	7,524
Director fees payable	5,160
CCO fees payable	4,745
Legal fees payable	2,854
Transfer Agent fees and expenses payable	2,460
Due to custodian	1,259
Accrued expenses and other liabilities	235
Total Liabilities	<u>949,140</u>
Net Assets	<u>\$57,058,993</u>
Net Asset Value Per Common Share (\$57,058,993 / 5,171,598)	<u>\$ 11.03</u>

NET ASSETS CONSIST OF:

Common stock, \$0.001 par value; 5,171,598 shares outstanding (98,144,872 shares authorized)	5,172
Paid-in capital	71,590,321
Accumulated deficit	(14,536,500)
Net Assets	<u>\$57,058,993</u>

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

Statement of Operations

For the Year Ended
July 31, 2019

INVESTMENT INCOME

Dividends ⁽¹⁾	\$ 1,900,736
Interest	<u>204,353</u>
Total Investment Income	<u>2,105,089</u>

EXPENSES

Advisory fees (Note B)	829,593
Directors' fees and expenses (Note B)	206,763
Administration fees (Note B)	96,783
Printing and mailing fees	71,156
Legal fees	58,943
CCO fees and expenses (Note B)	50,815
Custodian fees (Note B)	47,377
Fund accounting fees (Note B)	45,901
Insurance expense	35,770
Audit fees	34,303
NYSE fees	27,580
Transfer agent fees and expenses (Note B)	14,660
Miscellaneous	<u>9,205</u>
Total Expenses	<u>1,528,849</u>

NET INVESTMENT INCOME	<u>576,240</u>
------------------------------------	-----------------------

NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS

Net realized loss from investments and foreign currency transactions	(4,015,235)
Net change in unrealized depreciation on investments and foreign currency transactions	<u>(11,440,385)</u>
Net loss from investments and foreign currency transactions	<u>(15,455,620)</u>
Net decrease in net assets resulting from operations	<u><u>\$(14,879,380)</u></u>

(1) Net of \$62,833 in dividend withholding tax.

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

Statements of Changes in Net Assets

	<u>For the Year Ended July 31, 2019</u>	<u>For the Year Ended July 31, 2018</u>
DECREASE IN NET ASSETS		
Operations:		
Net investment income	\$ 576,240	\$ 306,262
Net realized gain (loss) on investments and foreign currency transactions	(4,015,235)	39,148
Net change in unrealized depreciation in value of investments and foreign currency transactions	<u>(11,440,385)</u>	<u>(3,421,225)</u>
Net decrease in net assets resulting from operations	<u>(14,879,380)</u>	<u>(3,075,815)</u>
Distributions to Common Shareholders from:		
Net dividends and distributions	<u>(8,274)</u>	<u>(352,484)⁽¹⁾</u>
Decrease in net assets resulting from distributions	<u>(8,274)</u>	<u>(352,484)</u>
Capital Share Transactions:		
Repurchase of common stock through tender offer	(19,962,368)	(4,461,164)
Repurchase of common stock	<u>(434,544)</u>	<u>(522,027)</u>
Decrease in net assets from capital share transactions	<u>(20,396,912)</u>	<u>(4,983,191)</u>
Total decrease in net assets	(35,284,566)	(8,411,490)
Net Assets:		
Beginning of year	<u>92,343,559</u>	<u>100,755,049</u>
End of year	<u>\$ 57,058,993</u>	<u>\$ 92,343,559⁽²⁾</u>

(1) Includes net investment income distributions of \$352,484.

(2) Includes accumulated undistributed net investment income of \$111.

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

Financial Highlights

For a Common Share Outstanding Throughout Each Year

	For the Year Ended July 31,				
	2019	2018	2017	2016	2015
Per Share Operating Performance					
Net asset value, beginning of year	\$ 13.32	\$ 13.71	\$ 12.32	\$ 13.79	\$ 17.77
Net investment income (loss)	0.11	0.05	0.09	0.01	(0.09)
Net realized and unrealized gains (losses) on investments and foreign currency transactions	(2.45)	(0.43)	1.28	(0.92)	(2.14)
Net increase (decrease) from investment operations	(2.34)	(0.38)	1.37	(0.91)	(2.23)
Less: Distributions					
Dividends from net investment income	(0.00) ⁽²⁾	(0.05)	—	—	(0.01)
Distributions from net realized gains	—	—	—	(0.56)	(1.61)
Total dividends and distributions	—	(0.05)	—	(0.56)	(1.62)
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	0.04	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)	(0.13)
Total capital share transactions	0.05	0.04	0.02	—	(0.13)
Net Asset Value, end of year	\$ 11.03	\$ 13.32	\$ 13.71	\$ 12.32	\$ 13.79
Per share market value, end of year	\$ 10.33	\$ 11.40	\$ 11.88	\$ 10.78	\$ 12.11
Total Investment Return Based on Market Value, end of year ⁽¹⁾	-9.38%	-3.60%	10.20%	-6.35%	-15.19%
Ratios/Supplemental Data					
Net assets, end of year (000's)	\$57,059	\$92,344	\$100,755	\$91,579	\$102,448
Ratios of expenses to average net assets:	2.09%	1.75%	1.71%	1.89%	1.76%
Ratios of net investment income (loss) to average net assets:	0.79%	0.34%	0.72%	0.10%	(0.58)%
Portfolio turnover rate	233.24%	187.26%	315.95%	167.08%	175.19%

(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.

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

Notes to Financial Statements

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. The Fund has a Valuation Committee comprised of independent directors which oversees the valuation of portfolio securities.

Investment Transactions and Investment Income. The cost of investments sold is determined by use of the specific identification method for both financial reporting and income tax purposes. Interest income, including the accretion of discount and amortization of premium on investments, is recorded on an accrual basis; dividend income is recorded on the ex-dividend date or, using reasonable diligence, when known to the Fund. The collectibility of income receivable from foreign securities is evaluated periodically, and any resulting allowances for uncollectible amounts are reflected currently in the determination of investment income. There was no allowance for uncollectible amounts at July 31, 2019.

July 31, 2019

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.

Summary of Fair Value Exposure at July 31, 2019. 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

July 31, 2019

Notes to Financial Statements (continued)

determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund's investments carried at fair value as of July 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3*</u>	<u>Total</u>
Equity				
Beverages	\$ 7,661,698	\$ —	\$ —	\$ 7,661,698
Building Materials	2,516,923	—	—	2,516,923
Capital Development Certificates	—	—	1,641,479	1,641,479
Chemical Products	2,101,303	—	—	2,101,303
Construction and Infrastructure	2,196,322	—	—	2,196,322
Consumer Financing Services	1,096,842	—	—	1,096,842
Financial Groups	8,913,585	—	—	8,913,585
Food	1,069,427	—	—	1,069,427
Hotels, Restaurants, and Recreation	906,958	—	997,355	1,904,313
Mining	2,298,775	—	—	2,298,775
Railroads	602,655	—	—	602,655
Real Estate Services	2,610,135	—	—	2,610,135
Retail	4,752,560	—	—	4,752,560
Telecommunication	9,859,657	—	—	9,859,657
Total Equity	<u>\$46,586,840</u>	<u>\$ —</u>	<u>\$2,638,834</u>	<u>\$49,225,674</u>
Mexican Government Notes/Bonds	<u>\$ —</u>	<u>\$2,990,954</u>	<u>\$ —</u>	<u>\$ 2,990,954</u>
Mexican Mutual Funds	<u>\$ 344,476</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 344,476</u>
Real Estate Investment Trusts	<u>\$ 2,469,962</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,469,962</u>
Short-Term Investments	<u>\$ 394,275</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 394,275</u>
Total Investments in Securities	<u>\$49,795,553</u>	<u>\$2,990,954</u>	<u>\$2,638,834</u>	<u>\$55,425,341</u>

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

July 31, 2019

Notes to Financial Statements (continued)

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, 2018	\$ 1,065,217	\$1,695,905
Acquisitions	—	—
Dispositions	(747)	—
Realized gain	295	—
Change in unrealized depreciation ⁽¹⁾	(67,410)	(54,426)
Balance as of July 31, 2019	<u>\$ 997,355</u>	<u>\$1,641,479</u>
Change in unrealized depreciation ⁽¹⁾ during the period for Level 3 investments held at July 31, 2019	\$ (67,410)	\$ (54,426)

(1) Included in the net unrealized depreciation on investments and foreign currency on the Statement of Assets & Liabilities.

The following table presents additional information about valuation methodologies and inputs used for investments that are measured at fair value and categorized within Level 3 as of July 31, 2019:

	<u>Fair Value July 31, 2019</u>	<u>Valuation Methodologies</u>	<u>Unobservable Input⁽¹⁾</u>	<u>Range</u>
Common Stock	\$ 997,355	Market Comparables	Liquidity Discount	\$2.187 – \$2.501
Capital Development Certificates	\$1,641,479	Market Comparables/ Sum of the Parts Valuation	Liquidity Discount	\$4.911 – \$5.667

(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.

July 31, 2019

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 July 31, 2019.

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 (2016-2018), or expected to be taken in the Fund’s 2019 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, 2019, the following reclassifications were made for permanent tax differences on the Statement of Assets and Liabilities.

Accumulated deficit	\$	—
Paid-in Capital		—

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.

July 31, 2019

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, 2019 and July 31, 2018 were as follows:

<u>Distributions paid from:</u>	<u>7/31/19</u>	<u>7/31/18</u>
Ordinary Income	\$8,274	\$352,484
Long-Term Capital Gain	—	—
Total	<u>\$8,274</u>	<u>\$352,484</u>

July 31, 2019

Notes to Financial Statements (continued)

As of July 31, 2019, the components of distributable earnings on a tax basis were as follows:

Cost of Investments for tax purposes(a)	\$ 59,118,849
Gross tax unrealized appreciation on investments	2,877,420
Gross tax unrealized depreciation on investments	<u>(6,570,928)</u>
Net tax unrealized appreciation on investments	<u>(3,693,508)</u>
Undistributed ordinary income	621,054
Undistributed long-term capital gains	<u>—</u>
Total distributable earnings	621,054
Other accumulated losses	<u>\$ (11,464,046)</u>
Total accumulated losses	<u>\$ (14,536,500)</u>

- (a) Represents cost for federal income tax purposes. Differences between the Fund's cost basis of investments at July 31, 2019, for book and tax purposes, relates primarily to the deferral of losses related to wash sales and PFIC's.

At July 31, 2019, 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 \$4,561,286 and \$6,888,805, 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.

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 performance adjustment rate will be positive (resulting in an upward fee adjustment) for each percentage point, or portion thereof, that the investment performance of the Fund exceeds the investment performance of the Index for the performance period multiplied by three (3) and will be negative (resulting in a downward fee adjustment) for each percentage point, or portion thereof, that the investment performance of the Index exceeds the investment performance of the Fund for the performance period multiplied by three (3). Determinations of the performance adjustment rate (positive or negative) will be made in increments of 0.01% of differential performance. As an example, if the Fund's performance for the preceding 12 months exceeds the performance of the Index by 1.00%, the performance adjustment

July 31, 2019

Notes to Financial Statements (continued)

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 year ended July 31, 2019, the Fund's investment performance ranged from 0.7% to 9.7% above the investment performance of the Index. Accordingly, for the year ended July 31, 2019 the net investment advisor fee consisted of the base fee of \$730,725 and an upward performance fee adjustment of \$98,868.

Effective January 1, 2015, 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 \$35,000, paid pro rata, quarterly plus a fee of \$500 for each meeting held telephonically. As additional annual compensation, the Chairman of the Fund will receive \$5,000, the Audit Committee Chairman and Valuation Committee Chairman will receive \$3,000, and the Nomination Committee Chairman will receive \$2,000. For serving the Fund as Chief Compliance Officer, in addition to the aforementioned Directors' fees, Mr. Hellerman receives annual compensation in the amount of \$45,000. In addition, the Fund reimburses the directors and Chief Compliance Officer ("CCO") for travel and out-of-pocket expenses incurred in connection with Board of Directors' meetings and CCO due diligence requirements.

U.S. Bancorp Fund Services, LLC 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 \$158,059,395 and \$182,328,438 respectively, for the year ended July 31, 2019.

At July 31, 2019 approximately 96.5% of the Fund's net assets were invested in Mexican securities. The Mexican securities markets are substantially smaller, less liquid, and more volatile than the major securities markets in the United States. Consequently, acquisitions and dispositions of securities by the Fund may be limited.

NOTE D: CAPITAL STOCK

During the year ended July 31, 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%.

July 31, 2019

Notes to Financial Statements (continued)

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 net asset value (“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.

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

July 31, 2019

Notes to Financial Statements (concluded)

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: RECENT ACCOUNTING PRONOUNCEMENTS

In August 2018, FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). The primary focus of ASU 2018-13 is to improve the effectiveness of the disclosure requirements for fair value measurements. The changes affect all companies that are required to include fair value measurement disclosures. In general, the amendments in ASU 2018-13 are effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt the removed or modified disclosures upon the issuance of ASU 2018-13 and may delay adoption of the additional disclosures, which are required for public companies only, until their effective date. Management has chosen to early adopt the eliminated or modified disclosures for the year ended July 31, 2019.

NOTE F: SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure resulting from subsequent events through the date the financial statements were available to be issued. The Fund has determined that there were no subsequent events that would need to be disclosed in the Fund's financial statements.

Report Of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of The Mexico Equity and Income Fund, Inc., (the “Fund”), including the schedule of investments, as of July 31, 2019, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of July 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We have served as the Fund’s auditor since 2002.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of July 31, 2019 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

TAIT, WELLER & BAKER LLP

**Philadelphia, Pennsylvania
September 20, 2019**

Additional Information

July 31, 2019
(Unaudited)

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

In March 2019, the Board of Directors of The Mexico Equity and Income Fund, Inc., (the "Fund"), including the Independent Directors, unanimously approved the renewal of the Fund's Investment Advisory Agreement (the "Agreement") with the Adviser for an additional one-year term. The information, material facts and conclusions that formed the basis for the Independent Directors approval are described below.

INFORMATION REVIEWED

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

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

The Independent Directors considered the nature, extent and quality of services provided by the Adviser to the Fund and the amount of time devoted to the Fund's affairs by the Adviser's staff. The Independent Directors considered the Adviser's specific responsibilities in all aspects of daily management of the Fund, as well as the qualifications, experience and responsibilities of Ms. Maria Eugenia Pichardo, the Fund's portfolio manager, and other key personnel at the Adviser involved in the day-to-day activities of the Fund. The Independent Directors also considered the operational strength of the Adviser. The Independent Directors discussed in detail the Adviser's performance and compliance oversight, including the reports of the Fund's chief compliance officer to the Independent Directors on the effectiveness of the Adviser's compliance program. The Independent Directors noted that the Adviser exhibited a high level of diligence and attention to detail in carrying out its responsibilities under the Agreement and that the nature, overall quality, and extent of the management services were satisfactory and the Adviser continued to be reliable.

July 31, 2019
(Unaudited)

Additional Information (continued)

The Independent Directors reviewed the personnel responsible for providing services to the Fund and concluded, based on their experience and interaction with the Adviser, that (a) the Adviser was able to retain quality personnel, (b) the Adviser exhibited a high level of diligence and attention to detail in carrying out its responsibilities under the Investment Advisory Agreement, (c) the Adviser was sufficiently responsive to the requests of the Independent Directors, and (d) the Adviser had consistently kept the Independent Directors apprised of developments related to the Fund and the Mexican economy in general.

2. INVESTMENT PERFORMANCE OF THE FUND

The Independent Directors discussed the performance of the Fund for the one-year, three-year, five-year and ten year periods ended January 31, 2019. In assessing the quality of the portfolio management services delivered by the Adviser, the Independent Directors also compared the short-term and long-term performance of the Fund on both an absolute basis and in comparison to a peer group of closed end international funds constructed by data provided by Morningstar, Inc. (the “Morningstar Peer Group”) and assembled by Fund Services independently from the Adviser. The Independent Directors noted that the one year return for the Fund ranked fourth amongst its peer group while the Fund ranked fifteenth, fifteenth and fourth for the three-year, five-year and ten year periods, respectively. The Independent Directors further noted that Fund’s performance was above the Morningstar Peer Group median for the one-year and ten-year periods ended January 31, 2019, and below the Morningstar Peer Group median for the three-year and five-year periods ended January 31, 2019, though still satisfactory. The Independent Directors noted that they had reviewed the investment performance of the Fund at each quarterly Meeting over the course of the year. The Independent Directors concluded that the Fund’s performance was satisfactory under current market conditions. Although past performance is not a guarantee or indication of future results, the Independent Directors determined that the Fund and its shareholders were likely to benefit from the Adviser’s continued management.

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

The Independent Directors considered the cost of services and the structure of the Adviser’s fees, including a review of the expense analyses and other pertinent material with respect to the Fund. In addition, the Independent Directors reviewed information comparing the Fund’s contractual advisory fees with the Morningstar Peer Group. The Independent Directors noted that the Fund’s contractual management base fee of 1.00% fell within the third quartile and was slightly above the Morningstar Peer Group average of 0.94%, which fell within the third quartile and that the contractual investment advisory fee adjusted for the downward performance adjustment under the fulcrum fee for performance was two basis points higher than the Morningstar Peer Group average. The Independent Directors then noted that the then current expense ratio of 1.75% for the Fund was higher than the Morningstar Peer Group average of 1.38%. The Independent Directors noted that the higher expense ratio was in part due to the Fund’s asset size being smaller than the average size of the Morningstar Peer Group. The Independent Directors further noted that the expense ratio had since increased to 2.00%, largely due to an increase in

July 31, 2019
(Unaudited)

Additional Information (continued)

advisory fees paid resulting from the positive fulcrum fee adjustments. The Independent Directors concluded that the Fund's expenses and advisory fees paid to the Adviser were fair and not unreasonable in light of the comparative performance, expense and advisory fee information. The Independent Directors also considered the overall profitability of the Adviser, after reviewing the Adviser's financial information. The Independent Directors examined the level of profits that could be expected to accrue to the Adviser from the fees payable under the Agreement, as well as the Fund's brokerage arrangements, noting that the Adviser makes no effort to seek soft dollar arrangements. These considerations were based on materials requested by the Independent Directors and the Fund's administrator specifically for the March 2019 meeting at which the Agreement was formally considered, as well as the presentations made by the Adviser over the course of the year.

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

4. EXTENT OF ECONOMIES OF SCALE AS THE FUND GROWS

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

5. BENEFITS DERIVED FROM THE RELATIONSHIP WITH THE FUND

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

CONCLUSIONS

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

July 31, 2019
(Unaudited)

Additional Information (continued)

NOTE 1: INFORMATION ABOUT PROXY VOTING

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

NOTE 2: AVAILABILITY OF QUARTERLY PORTFOLIO SCHEDULE

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The filing will be available, upon request, by calling 1-877-785-0376. Furthermore, you will be able to obtain a copy of the filing on the SEC's website at <http://www.sec.gov> beginning with the filing for the period ended October 31, 2004. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

NOTE 3: INFORMATION ABOUT CERTIFICATIONS

In December 2018, 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)

July 31, 2019
(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, 2019 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% of dividends declared for the fiscal year July 31, 2019 from net investment income as qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003. (unaudited)

Dividends and Distributions

July 31, 2019
(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

July 31, 2019
(Unaudited)

Dividends and Distributions (concluded)

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

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

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

There is no charge to participants for reinvesting dividends or capital gains distributions payable in either Common Stock 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

July 31, 2019
(Unaudited)

The Fund's Annual Stockholders meeting was held on December 13, 2018, at the offices of U.S. Bancorp Fund Services LLC, 777 E. Wisconsin Avenue, Milwaukee, WI 53202. As of October 18, 2018, the record date, outstanding shares of common stock were 6,895,464. Holders of 6,400,296 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 two Directors to the 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) Richard Abraham	3,322,192	2,984,501	93,603
(B) Rajeev Das	3,346,278	2,960,415	93,603

Privacy Policy

July 31, 2019
(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

July 31, 2019
(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, Chief Compliance Officer	Since 2016 / 18 years	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.; Trustee, Crossroads Liquidating Trust; Director, MVC Capital, 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).

Management of the Fund (continued)

July 31, 2019
(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 Park 80 West, Plaza Two, 250 Pehle Avenue, Suite 708 Saddle Brook, NJ 07663	1945	Chairman	Since 2017 / 19 years	Since its inception in 2009, Mr. Goldstein has been a member of Bulldog Investors, LLC, the investment advisor of Special Opportunities Fund, Inc. and the Bulldog Investors group of funds. He also is a member of Kimball & Winthrop, LLC, the managing general partner of Bulldog Investors General Partnership, since 2012. From 1992-2012, Mr. Goldstein was a member of the general partners of several private funds in the Bulldog Investors group of funds and in 2012 became a member of Bulldog Holdings, LLC, which became the sole owner of such general partners.	Chairman, High Income Securities Fund; Director, Swiss Helvetia Fund, Inc.; Trustee, Crossroads Liquidating Trust; Director, Brookfield DTLA Fund Office Trust Investor; Director, MVC Capital, Inc.; Chairman, Special Opportunities Fund, Inc.; Chairman, Emergent Capital, Inc. (until 2017).
Glenn Goodstein 5650 El Camino Real, Suite 155 Carlsbad, CA 92008	1963	Director	Since 2016 / 18 years	Registered Investment Advisor; held numerous executive positions with Automatic Data Processing until 1996.	None

July 31, 2019
(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>
Rajeev Das 68 Lafayette Avenue Dumont, NJ 07628	1968	Director	Since 2018 / 18 years	Since 2004, Mr. Das has been a Principal of the entities serving as the general partner of the private investment partnerships in the Bulldog Investors group of investment funds. Head Trader of Bulldog Investors, LLC, the investment adviser to the Special Opportunities Fund, Inc., since its inception in 2009. Secretary of the Swiss Helvetia Fund. Treasurer of Special Opportunities Fund, Inc., from 2009-2014.	Trustee, High Income Securities Fund.
Richard Abraham 143 Colfax Rd Havertown, PA 19083	1955	Director	Since 2018 / 4 years	Since 1998, Mr. Abraham has been self employed as a securities trader.	None
Maria Eugenia Pichardo . . Andres Bello No. 45 – 22 Floor Col. Chapultepec Polanco Del. Miguel Hidalgo Mexico, CDMX (D.F.), C.P. 11560	1950	Officer, President	Indefinite / 15 years	Portfolio Manager of the Fund since the Fund's Inception; President and General Partner, Pichardo Asset Management, S.A. de C.V. since 2003; Managing Director, Acciones y Valores de Mexico, S.A. de C.V. from 1979-2002.	None
Luis Calzada Andres Bello No. 45 – 22 Floor Col. Chapultepec Polanco Mexico, CDMX (D.F.), C.P. 11560	1965	Secretary	Indefinite / 8 years	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	Since 2016 / 3 years	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

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**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.

Annual Report

July 31, 2019

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the shareholder reports for The Mexico Equity and Income Fund, Inc. will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary (such as a broker-dealer or bank). Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by calling the Fund's Transfer Agent, U.S. Bancorp Fund Services, LLC, at 1-877-785-0376.

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports; if you invest directly with the Fund, you can call the Fund's Transfer Agent, U.S. Bancorp Fund Services, LLC, at 1-877-785-0376. Your election to receive reports in paper form will apply to all funds held in your account with your financial intermediary.