

MONTHLY REPORT
April 2010
THE MEXICO EQUITY AND INCOME FUND, INC.
SUMMARY

For the one month period ending April 30, 2010 the MXE's NAV per share lost -0.19% in dollar terms compared to -1.17% Mexbol Index loss. We believe that the MXE declined less than the Mexbol in April, as the so-called less liquid stocks registered the highest dollar return in the month after being laggards for the last 12 months.

For the year-to-date period, ended April 30, 2010, the MXE's 19.23% NAV per share dollar gain outperformed the Mexbol Total Return Index's 8.70% gain by 1,053 basis points, and the MSCI Mexico Index's 8.00% gain by 1,120 basis points. The MXE's NAV closed end-April at US\$ 10.79. The Peso appreciated 5.95% for the period January to April.

The Fund's common share market price increased 3.97% in dollar terms in April and 26.54% y-t-d-through April 30, 2010. The Fund's NAV discount narrowed 359 basis points as of April-end to -10.29% from -13.88% the previous month.

As of April 30, equities accounted for 94% of the Fund's assets, while 3% was invested in debt and readily available instruments, and 3% in private equity.

The Mexican economic recovery continues to be driven by an external rebound, which is boosting the manufacturing exports. April's industrial production and retail figures were supportive. Inflation continues to rise, but Banco de Mexico maintained its reference rate at 4.5%. Better employment conditions and the possibility of credit situation improving in the second half of 2010 should help underpin a gradual uptrend in domestic demand.

Global markets have experienced a strong bout of volatility in the last weeks on concerns that Europe's debt crisis will halt the global economic recovery, Chinese tightening, and financial sector regulation in the U.S. In Mexico, the pension system Afores has ended its agreement to invest only in domestic instruments.

We believe that those stocks with a greater weight in the portfolio carry a high discount relative to PAM's company valuation based on 4-year EPS Compound Annual Growth Rate (Bloomberg consensus) and/

or to company's investment edge along with a lower Beta relative to the market. Consequently, we made no changes to the portfolio during May's bout of volatility, and continue to adhere to the strategy we began implementing in December 2008.

I. PERFORMANCE AND INVESTMENT STRATEGY

The MXE's NAV per share posted an average annual dollar return of 13.67% (with dividends reinvested) for the last 19 ½ years, since the Fund's inception in August 1990, through April 30, 2010 (according to Thompson). The Fund's common share market price registered a 14.82% increase for the same period, according to Thompson.

For the 3, 5 and 10-year periods ending April 30, 2010, the MXE's NAV per share registered average annual dollar returns of -4.73%, 18.24%, and 14.84%, respectively.

For the one-year period ended April 30, 2010, the MXE's 75.73% NAV per share gain outperformed the Mexbol Total Return Index's 71.14% gain by 459 basis points and the MSCI Mexico Index's 71.63% gain by 410 basis points.

For the year-to-date period ended April 30, 2010, the Beta asset classification, as defined by PAM, added the most to the Fund's return, while Special Situation companies added the least. Beta, Alpha and Special Situations asset categories accounted for 36%, 37% and 17% on a m-o-m average basis, respectively.

II. THE MEXBOL INDEX

In April the Mexbol Total Return Index lost -1.47% in nominal terms and -1.17% in dollar terms, positioning it as the second worst performing market in the Latam region behind Brazil (-1.51%). The Mexican currency appreciated 0.40% during the month closing at 12.31 pesos/U.S. dollar (+5.95% y-t-d appreciation).

For the year-to-date period ended April 30, 2010, the Mexbol Total Return Index's 8.70% dollar gain ranks it third within the Latam region after Colombia (+13.69%) and Peru (+13.26%). Chile gained +5.23% and Argentina +1.34% while Brazil -1.02% and Venezuela lost -41.64%, for the same

Total Net Assets 04/30/10	NAV 04/30/10	Common Share Market Price 04/30/10
\$81,073,588.33	10.79	9.68

MXE US Dollar Returns

As of 04/30/10	NAV %	Common Share Market Price %	Mexbol %	MSCI Mexico %
April	-0.19	3.97	-1.17	.15
Y-t-d	19.23	26.54	8.70	8
1 YEAR	75.73	94.38	71.14	71.63
Average Annual Dollar Return with Dividends Reinvestment				
5 YEAR	18.24	21.03	21.26	18.75
10 YEAR	14.84	15.85	16.02	12.27
Since Inception in 1990 as of 4/14/10	13.67*	14.82*	NA	13.60

As of 03/31/10	NAV %	Common Share Market Price %	Mexbol %	MSCI Me- xico %
1 YEAR	99.45	119.06	98.17	96.39
Average Annual Dollar Return with Dividends Reinvestment				
5 YEAR	19.46	19.03	21.14	18.22
10 YEAR	13.07	14.42	14.86	11.13

Source: Bloomberg, reinvesting gross dividend in security.

* Thomson. Inception Date 08/30/1990. Not yet adjusted by Thomson on payment date due to the dilution effect on January 27, 2009. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data to the most recent month-end may be obtained by calling U.S. Bancorp Fund Services, LLC, (414) 765-4255.

MXE Discount/Premium to NAV

As of	High (1 yr)	Low (1 yr)
04/30/2010	04/30/09	05/15/10
-10.29	-19.28	-10.29

Source: Bloomberg

Mexbol Index Best Performing Constituents in US Dollar terms in April 2010

Company	MXE weight %	One month ending 04/30/2010 %	Year-to-date ending 04/30/2010 %	1 year
COMERUBC	0	18.00	14.16	158.09
CEMEX	0	16.01	.46	68.07
AUTLAN	0	12.19	5.71	85.0
BOLSA MEX	0	5.89	41.93	115.76
GAP	0	5.32	13.93	74.77
GEO	0	4.56	19.36	142.43
ICA	0	3.23	13.37	45.96
A M E R I C A MOVIL	17.16	2.50	9.78	60.54
KIMBERLY	0	2.27	29.66	60.85
ARA	2.71	2.22	-1.26	124.32

Source: Bloomberg

Stock Exchanges Performance in US Dollar terms

Ticker	One month ending 04/30/2010 %	Year-to-date ending 04/30/2010 %	1 year 04/30/09-04/30/10 %
MEXBOL (Mexico)	-1.44	8.28	67.99
MEXBOL-Total Return Index	-1.17	8.70	71.14
MSCI Mexico	-.12	7.59	67.56
MSCI Mexico*1	.15	8.0	71.63
IPSA (Chile)	3.50	5.23	61.77
MERVAL (Argentina)	1.02	1.34	82.72
IBOV (Brazil)	-1.51	-1.02	79.14
IBVC (Venezuela)	6.28	-41.64	-19.48
IGBVL (Peru)	4.41	13.26	66.86
IGBC (Colombia)	1.99	13.69	82.76
INDU*2 (U.S.)	1.53	6.42	38.69
CCMP*3 (U.S.)	2.68	8.75	44.68

*1 With dividends reinvested into index.

*2 Dow Jones, *3 Nasdaq.

Source: Bloomberg.

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period.

Companies' 1Q'10 financial results were, on average, in line with positive surprises in EBITDA growth. Mining & Metals were earnings-growth leaders, while telecommunications, cement and construction were the laggards.

Recently the Mexican Stock Exchange placed two Initial Public Offerings after a nearly two-year dearth of new listings: Chedraui, a Mexican hypermarket and supercenter company with stores in the U.S. southwest, and Actinver, a group of financial companies which ranks 5th in the Mexican financial system with approximately \$59 billion pesos in assets (approximately US \$5 Billion) through 29 in-house mutual funds (including one managed by PAM) and 40 third-party funds.

As of April 30, 2010, the Mexico Equity and Income Fund, Inc held a position in Chedraui that represents 0.12% of total Fund assets and held no shares in Actinver.

-Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security-

III. THE MEXICAN ECONOMY

According to the National Statistics Institute (INEGI), economic activity (IGAE, a Gross Domestic Product proxy) rose 3.4% year over year (YoY) and +0.46% month over month in February. By components, on a YoY basis, the industrial, services, and agricultural sectors grew 4.4%, 2.5%, and 8%, respectively.

Industrial production posted positive YoY growth of 7.6% in March. By components, on a YoY basis, manufacturing, mining and utilities increased 13.1%, 4.1% and 1.1%, respectively. Construction decreased -1.8% YoY.

In February 2010, gross fixed investment (GFI) decreased -2.3 % YoY. On a YoY basis, machinery and equipment slid -3.7%, while the construction subcomponent slipped -1.5%.

Family remittances came in at US\$ 1.9 billion in March increasing 25.9% m/m (still -7.3% YoY) on the back of an ongoing recovery in employment in the US construction sector.

Retail sales increased 2.3% YoY in February compared to January's -1.8% y/y decrease.

The March unemployment rate was 4.81% compared to 5.43% in February. According to the IMSS, 67,886 jobs were created in April, confirming the past eleven months' uptrend.

March's trade balance posted a surplus of US\$237 m. Exports increased 39% on a 71.7% increase in oil exports and 35.2% increase in non-oil exports.

The Consumer Price Index registered a reduction of -0.32% in April 2010. 12-month headline inflation was 4.27%, slightly above last month's 4.97% print.

IV. CONCLUSION

Latin America's fiscal situation is comparatively strong relative to both developed country averages, as well as PIGS (Portugal, Ireland, Greece and Spain). For Latam, Public Sector Borrowing Requirements/GDP is -2.92% on average, not that far of the best countries: Norway, Korea, Australia, with -2% on average, and compares very favorably with the developed countries and PIGS averages of -8.58% and -9.58%, respectively. On a country basis, the average PSBR/GDP for Peru, Chile, Mexico, Colombia, and Brazil is -1.2%, -2.4%, -3.1%, -3.8% and -4.1%, respectively. For Portugal, Ireland, Greece and Spain, it is -7.6%, -12.2%, -9.8%, and -8.5% respectively. (Source: Scotia Capital).

We believe that the MXE's outperformance vis-à-vis the Mexbol and the MSCI Mexico Indexes is the result of a well diversified portfolio.

*Yours sincerely,
Eugenia Pichardo,
Portfolio Manager*



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ECONOMIC DATA

Economic Activity Index

- According to INEGI, economic activity (IGAE -a Gross Domestic Product proxy) increased 3.4% y/y in **February**. In seasonally-adjusted terms, the agricultural and industrial sectors' activities increased 3.17% and 0.59%, respectively, while the service sector's activity contracted -0.33%.

Industrial Activity

- Industrial production posted positive 7.6% y/y growth in **March**. Manufacturing, mining and utilities increased 13.1%, 4.1%, 1.1%. Construction decreased -1.8% yoy.

Gross Fixed Investment

- In **February 2010**, gross fixed investment decreased -2.3% y/y. Investment in machinery and equipment registered a decrease of -3.7%, while construction decreased -1.5% y/y.

Trade Balance

- **March's** trade balance posted a surplus of US237 m. Exports increased 39% on a 71.7% increase in oil exports and 35.2% increase in non-oil exports. This last figure was due to an increase of 32.4% in non-oil exports to the US market, and 47.8% to the rest of the world. Imports rose 38.6% on a month-over-month basis.

Mexican Oil Mix

- The price of the Mexican oil mix closed **April** at US\$77.02 per barrel, translating into a 4.59% increase in a month, and a 61.91% increase in one year.

Retail Sales

- Retail sales increased 2.3% in **February**, compared to the same month in 2009.

Unemployment

- The unemployment rate came in at 4.85% in **March**. Taking a look at the breakdown by gender, unemployment in men decreased from 4.86% to 4.69% y/y in March, while that in women increased from 4.59% to 5.02%.

Monetary Policy

- Banco de México left its benchmark rate unchanged at 4.5%. The Bank will monitor the course of medium and long-term inflation expectations, as well as other inflation factors that could alert on unexpected pressures on prices. The previous, in order to adjust the monetary position towards an inflation goal of 3% for the end of 2011.

Inflation

- The Consumer Price Index registered a reduction of -0.32% in **April 2010**. 12-month headline inflation was 4.27%, slightly above last month's 4.97% print.



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ECONOMIC PROJECTIONS

Structure of GDP:

70%
24%
29%
(32%)

	2005	2006	2007	2008	2009e	2010e
National Accounts						
Real GDP growth (y/y)	3.0%	4.8%	3.2%	1.3%	-7.1%	3.6
GDP (US \$bn.)	769.4	843.6	886.0	1,099.0	865	967
Consumption (Chg. y/y)	5.4%	6.0%	4.3%	2.2%	-6.1%	3.4%
Investment (Chg. y/y)	7.6%	11.5%	7.4%	4.4%	-15.1%	22.5%
Exports (Chg. y/y)	6.9%	10.3%	6.2%	1.3%	-18.2%	7.2%
Imports (Chg. y/y)	8.7%	13.1%	7.1%	5.5%	-20.1%	8.7%
Monetary and Exch. Rate Ind.						
CPI Inflation (Year-end)	3.3%	3.8%	3.8%	6.5%	4.10%	4.80%
US\$ Exchange Rate (Year-End)	10.6	10.9	10.9	13.40	12.80	13.10
28day Cetes Int. Rate (Year-End)	8.2%	7.1%	7.4%	7.9%	4.51%	NA
Balance of Payments						
Trade Balance (US\$bn.)	-7.6	-6.1	-12.4	-16.8	-10.9	-12.7
Exports (US\$bn.)	214.2	253.9	270.6	291.8	223.6	247.2
Imports (US\$bn.)	221.8	260.0	283.0	308.6	234.6	260.0
Transfers (US\$bn.)	20.5	24.0	24.3	25.5	22.0	22.9
Current Account (US\$bn.)	-4.6	-2.4	-9.0	-15.5	-7.8	-11.60
Current Account (%GDP)	-0.7	-0.3	-1.0	-1.4	-0.9	-1.2
Foreign Direct Inv. (US\$bn.)	18.8	17.9	21.6	27.2	17.0	18.0
Debt Profile						
International Reserves (US\$bn.)	68.7	71.5	76.5	85.4	85.0	91.9

Source: Banamex.

PAM's investment team

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Disclosures and Definitions

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. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible.

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, lesser liquidity and small market capitalization of the Mexican securities markets; (2) currency fluctuations and the cost of converting Mexican pesos into U.S. dollars; (3) restrictions on foreign investment and potential restrictions on repatriation of capital invested in Mexico and remittance of profits and dividends accruing thereon; (4) political, economic and social risks and uncertainties, including risks of confiscatory taxation and expropriation or nationalization of assets; (5) higher rates of inflation, unemployment and interest rates than in the United States; and (6) less stringent disclosure requirements, less available information regarding Mexican public companies and less active regulatory oversight of Mexican public companies.

Mexican Economic and Political Factors. Although Mexico's economy has strengthened in recent years and Mexico's sovereign debt was recently upgraded to an "investment-grade" rating by the three most prominent rating agencies, including Standard and Poor's, Mexico continues to be characterized as a developing economy and investments in developing countries are subject to certain economic risks. Mexico has experienced widespread bank failures, currency devaluations, high levels of inflation and interest rates. Mexico is also dependent on certain industries and exports for the health of its economy. 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.

Mexican Securities Laws and Accounting Rules. There is less publicly available information about the issuers of Mexican securities, such as the Portfolio Securities, than is regularly published by issuers in the United States. Information provided by Mexican public companies may not be current, accurate or easily obtainable and, to the extent available, is likely to be in Spanish. Also, there is generally less governmental supervision and regulation of exchanges, brokers and issuers in Mexico than there is in the United States. U.S. holders of Portfolio Securities may also experience difficulties enforcing U.S. laws or obtaining service of process against the issuers of the Portfolio Securities.

- *MEXBOL-Mexico Bolsa Index: The Mexican Bolsa Index, 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 as of October 30, 1978.*
- *Mexbol-total return index. The Mexican Bolsa index that calculates the performance of their constituents assuming that all dividends and distributions are reinvested.*
- *IPSA-Chile Stock Market Select: The IPSA Index (Indice de Precios Selectivo de Acciones) is composed of the 40 stocks with the highest average annual trading volume in the Santiago Stock Exchange (Bolsa de Comercio de Santiago). On the last trading day of the year, the index is re-based back to 1000. The index has been calculated since 1977 and is revised on a quarterly basis.*
- *MERVAL-Argentina Merval Index: The Argentin Merval Index, a basket weighted index, is the market value of a stock portfolio, selected according to participation in the Buenos Aires Stock Exchange, number of transactions and trading value. The index has a base value of \$0.01 as of June 30, 1986. The index is revised every 3 months, taking into account trading volumes over the past 6 months.*
- *IBOV-Brazil Bovespa Stock Exchange Index: The Bovespa Index is a total return index weighted by traded volume and is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange. The Bovespa Index has been divided 10 times by a factor of 10 since January 1, 1985, those dates are: 12/02/85, 04/14/89, 05/28/91, 01/26/93, 02/10/94, 08/29/88, 01/12/90, 01/21/92, 08/27/93, 03/03/97.*
- *IBVC-Venezuela Stock Market Index: The IBC Index from the Caracas Stock Exchange (Venezuela), also known as the General Index, is a capitalization-weighted index of the 15 most liquid and highest capitalized stocks traded on the Caracas Stock Exchange (Bolsa de Valores de Caracas). The index was modified from a previous existing index on August 28, 1997, but essentially continues to be the same.*
- *IGBVL-Peru Lima General Index: The IGBVL Index is a value weighted index that tracks the performance of the largest and most actively traded stocks on the Lima Exchange. The index was developed with a base value of 100 as of December 31, 1981.*
- *IGBC-IGBC General Index: The IGBC Index from the Colombia Stock Exchange, also known as the General Index, is Price-weighted index of the liquid and highest capitalized stocks traded on the Colombia Stock Exchange (Bolsa de Valores de Colombia). This index was merged with Medellin and Occidente since 7/3/01.*
- *INDU-Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.*
- *CCMP-Nasdaq Composite Index: The Nasdaq Composite Index is a broad-based capitalization-weighted index of stocks in all three Nasdaq tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.*

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- *MSCI MEXICO: The Morgan Stanley Capital International Index Mexico is a capitalization weighted index that monitors the performance of stocks from Mexico.*
- *WGBI (Citigroup World Government Bond Index) is a market-capitalization-weighted benchmark that tracks the performance of 23 government bond markets. The index was started Jan. 1, 1985. It's tracked in US dollars and converted to Canadian dollars.*

You cannot invest directly in an index.

Beta measures the volatility of the fund, as compared to that of the overall market. The Market's beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile.

Basis point (bps) is one hundredth of a percentage point (0.01%).

The net asset value per share (NAV) is calculated as the total market value of all the securities and other assets held by a fund minus the total liabilities, divided by the total number of common shares outstanding. The NAV of an investment company will fluctuate with the changes in the market prices of the underlying securities. However, the market price of a closed-end fund is determined in the open market by buyers and sellers. This public market price is the price at which investors may purchase or sell shares of a closed-end fund. The market price of a closed-end fund fluctuates throughout the day and may differ from its underlying NAV, based on the supply and demand for a fund's shares on the open market. 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 the NAV is expressed as a percentage that is either a discount or a premium to the NAV, or underlying value.

Alfa-defensive companies: is an asset classification created by PAM and is based on the following criteria: high total annual yield, clean balance sheet, market share dominance and pricing power.

Beta-growth companies: is an asset classification created by PAM and is based on the following criteria: oversold stocks with consistent sales and EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) growth, especially in the infrastructure and housing sectors.

Special Situation companies: is an asset classification created by PAM and is based on the following criteria: High discount to companies' valuation.

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

Growth stocks typically are more volatile than value stocks; however, value stocks have a lower than expected growth rate in earnings and sales.

Earnings before interest, taxes, depreciation and Amortization (EBITDA): an indicator of a company's financial performance and it is essentially Net Income with interest, taxes, depreciation, and amortization added back to it. EBITDA can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions. However, this is a non-GAAP measure that allows a greater amount of discretion as to what is (and is not) included in the calculation.

Earnings per share (EPS) is calculated by taking the total earnings divided by the number of shares outstanding.