MONTHLY REPORT
April 2011

Total Net Assets 04/30/2011 US$	NAV 04/30/2011 US$	Common Share Market Price 04/30/2011 US$
92,295,532.68	13.30	11.71

MXE US Dollar Returns

As of 04/30/2011	NAV %	Common Share Market Price %	Mexbol %	MSCI Mexico %
April	2.47	1.12	2.46	1.79
Y-t-d	3.74	3.35	3.39	2.41
1 YEAR	23.48	21.22	22.50	21.00
Average Annual Dollar Return with Dividends Reinvestment				
5 YEAR	11.61	14.38	13.44	10.28
10 YEAR	16.57	18.71	19.21	14.84
* Since MXE's inception in 1990	14.55	14.83	NA	13.87

* *Period: 08/31/1990-04/29/2011.*

As of March 31, 2011	MXE NAV %	MXE Price %
1 year	20.29	24.63
5 years	12.28	15.13
10 years	17.68	19.20
Since inception in 1990 as of 4/14/11	14.72	19.50

Source:
MXE's NAV and Common Share Market Price Returns:
I) Monthly, year-to-date, 1- and 5-year: US Bancorp.
II) 10-year: Bloomberg.
III) Since MXE's inception: Thomson.
Mexbol and MSCI Mexico indexes' returns: Bloomberg.

Fund's gross expense ratio = 1.55% for the six months ended January 31, 2011 (unaudited).

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.

THE MEXICO EQUITY AND INCOME FUND, INC.

EXECUTIVE SUMMARY

For the one-month period ended April 30, 2011, the MXE's net asset dollar value per share increased 2.47% (-0.99% in local currency) compared with the Mexbol Total Return Index's 2.46% gain and the MSCI Mexico Index's 1.79% gain. During the month, the Fund's performance was driven by the infrastructure and the over-the-counter/generics pharmaceutical products, industrials and retailing business niches.

Equities accounted for 94% of the Fund's total assets, while 3% was invested in debt and cash equivalents, and 3% in private equity.

Given the uncertainty related to lackluster world economic growth, we have adopted a conservative stance in our portfolio that keeps us overweight in quality-defensive companies comprising 42%of the Fund's total assets. Alfa stocks have solid free cash flow generation, a net debt to Ebitda ratio of less than 1x or negative, attractive dividend yields and orthodox managements. We are focusing on domestic Mexican consumer names mainly in the retailing and food & beverages sectors.

Following the antitrust legislation signed by the President Calderon to end monopolistic practices by companies in different industries, America Movil (the heaviest weighted Mexbol member-25%) was fined US $1 Billion for charging high interconnection fees to its competitors and is in the process of lowering mobile interconnection rates. As a consequence of the lower operating margins and stricter regulatory environment the company will face going forward, investors have aggressively sold the stock, which by end-May 17 ($29.05) had already dropped 19.68% in nominal terms from the year´s high of $36.17 (01/07/11).

As of March 31, 2011 the Mexico Equity and Income Fund, Inc held 18.60% America Movil.

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

While we expect to see additional pressures on major telecom and television operators as competition intensifies, we believe that these events are a major watershed in the industrial landscape of the Mexican economy, as it will allow smaller competitors to have a chance to gain market share in several industries. In the final balance, these events may prove beneficial to our call to gradually target small and mid cap stocks if new opportunities and market niches open up.

I. PERFORMANCE AND INVESTMENT STRATEGY

For the one-year period through end-April 30, 2011, the MXE's 23.48% net asset dollar value per share gain *(Source: USBancorp)* continued to outperform the Mexbol Index by 98 basis points (bps) and the MSCI Mexico Index by 248 bps. The MXE's common share market price increased 21.22% in dollar terms for the same period. At end-April, the discount to NAV stood at -11.95 compared to -10.79% at the end of March 2011 *(Source: Bloomberg).*

The MXE's 20-year net asset dollar value per share registered a 14.55% average annual return, with dividends reinvested, since the Fund´s inception in August 1990, through April 30, 2011. The Fund´s common share market price registered a 14.83% average annual dollar gain for the same period. *(Source: Thomson).*

As of May 11, 2011, the MXE's -1.09% year-to-date return was 76 basis points above the Mexbol Index's -1.85% loss. The MXE's outperformance can be traced to our decision to include several stocks that are not constituents of the Mexbol Index, mainly related to infrastructure (toll road concessions), our under weights in some heavily-weighted members which have registered the steepest declines (telecommunications mainly) and alternative assets such as the Private Equity instrument and the Real Estate Investment trust which have proven defensive in a volatile environment.

II. THE MEXBOL INDEX

The Mexbol Total Return Index lost -0.84% in April but rose 14.74% in nominal terms for the one-year period ending April 30, 2011. The Mexican peso closed April at $11.50 pesos per U.S. dollar, registering a 7.0% year-to-date appreciation through end-April.

The Mexbol Index's 2.46% April dollar

MXE Discount/Premium to NAV

As of April 30, 2011.	Low (1 yr) 06-11-2010	High (1 yr) 11-12-2010
-11.821	-16.507	-8.765

Source: Bloomberg

Mexbol Index Best Performing Constituents in US Dollar terms in April 2011

Company	MXE weight %	One month ending 04/30/2011 %	Year-to-date ending 04/30/2011 %	1 year 04/30/10-04/30/11 %
GCARSO	2.05	16.76	25.34	112.18
GFINBUR	0.00	16.29	21.37	56.48
ALFAA	2.10	14.97	48.69	94.81
LABB	4.58	10.39	-2.67	51.06
ICA	1.75	8.44	-10.15	-6.88
FEMSA	2.04	7.18	12.10	32.92
COMERUBC	0.00	7.18	42.37	77.03
GFNORTE	1.09	7.00	5.63	16.62
PE&OLES	4.14	5.70	6.81	78.31
ELEKTRA	0.00	5.67	7.53	-8.27

Source: Bloomberg

Stock Exchanges Performance in US Dollar terms

Ticker	One month ending 04/30/2011 %	Year-to-date ending 04/30/2011 %	1 year 04/30/10-04/30/11 %
IPSA (Chile)	8.03	-0.62	40.94
IBVC (Venezuela)	6.10	16.31	32.42
IGBC (Colombia)	5.65	0.63	29.02
INDU (Dow jones, U.S.A.)	4.12	11.47	19.52
CCMP (Nasdq, U.S.A)	3.36	8.58	17.97
MEXBOL (Mexico)	2.46	2.83	20.72
MSCI Mexico	1.79	1.81	19.22
MEXBOL Total Return Index *	2.46	3.39	22.49
MSCI Mexico 1*	1.79	2.39	21.00
MERVAL (Argentina)	0.73	-4.81	38.63
IBOV (Brazil)	-0.28	0.75	7.85
IGBVL (Peru)	-11.30	-16.53	25.09

Source: Bloomberg

*[1] *With dividends reinvested into index.*

THE MEXICO EQUITY AND INCOME FUND, INC.

gain ranked it fourth among the best performing Latam equity markets after Chile (8.04%), Venezuela (6.10%), and Colombia (5.65%). Argentina increased 0.75%, while the other markets registered falls,Brazil (-0.29%), and Peru (-11.30%).

Companies´ 1Q11 reports were mixed overall with total sales increasing 13.2% Y/Y (year-over-year), EBITDA was up 10.4%, and net earnings +23.6%, based on Citigroup's 31 companies sample (excluding America Movil).

During the month of April and early May, volatility in international markets continued due mainly to uncertainty about the strength of the U.S. economic recovery and the increasingly restrictive stance of major central banks during the second half of the year. Commodity prices are staging a strong correction due to a slowdown in global industrial production, inventory management, and fears about sovereign debt. As a result, the Mexbol Index (total return) dropped 9.04% in nominal terms year-to-date through May 17 (the year-to-date low). This was partially offset by a 5.21% appreciation of the Mexican peso against the U.S.dollar, leaving the dollar performance ofthe Mexican stock market at -4.45%, for the same period.

III. THE MEXICAN ECONOMY

This year manufacturing activity, especially auto production, continues to be the main engine for economic growth, while domestic demand is taking longer to fully recover. However, a moderation in manufacturing expansion is expected in the coming months on the back of the Japanese disaster, which will have a negative effect on 2Q auto production. Thus, auto production fell 10.4% YoY in April after surging 26% in March. *(Source: Banamex).*

Regarding internal demand drivers, formal employment continues to surge. According to Mexico's Social Security Institute, almost 43 thousand jobs were created in April, for a year-to-date gain of nearly 274 thousand new jobs. *(Source: JPMorgan).*

The most recent data on credit growth continues to show a gradual improvement in all sectors, from consumer credit to housing and firms. According to Banco de México, in February consumer credit increased 6.6% YoY in real terms on the back of credit for durable goods purchases (+6.6%) and personal credit provided via the payroll(+25.2%). Housing credit increased 6.7% YoY. The consensus expects commercial credit to continue to post strong growth rates for the rest of the year. *(Source: Santander).*

Regarding inflation, consumer prices decreased 0.09% in the first half of April, below consensus expectations of -0.03%, bringing yearly inflation to3.21%.*(Source: Santander).*

Banco de Mexico released its monthly survey of economic expectations, and in spite of global uncertainties there was no deterioration in the inflation outlook, while the economy is now expected to grow at a faster pace this year. In terms of monetary policy, the market does not know for sure when the central bank will begin tightening.

Going forward it is crucial that an uptrend in economic growth be sustained to support the recovery in formal employment. Hence, the key driver for a robust and sustained recovery throughout 2011 will be the services sector, closely related to domestic demand, where the rebound has been relatively modest compared to what we have observed in the manufacturing sector.

IV. CLOSING REMARKS

The recent pullback in equities has presented us with a good buying opportunity in companies that as of 1Q11 have shown strong revenue growth coupled with attractive valuations, both in the alfa and beta space. While the Mexbol index is in negative territory for the year to date, we see this pause as a long-term positive factor overall, as it helps to maintain valuations closer to historical averages and allows for the healthy rebalancing of our portfolio. The growth in internal consumption is still below pre-crisis levels, and we are re-focusing our investments on the food, beverages, and retail sectors accordingly, in anticipation of a rebound in the second half of the year.

We will continue to closely monitor the Fund's performance with a view to generating positive Alpha for MXE's stockholders.

ECONOMIC DATA

Economic Activity Index

In **February,** according to INEGI, economic activity (IGAE -a Gross Domestic Product proxy) increased 0.29% month over month (m/m). This proxy increased 4.7% y/y in the referred month. In seasonally-adjusted terms, the service sector's activities increased 0.42% and the industrial ones decreased -0.36% m/m, while the agricultural sector's activities decreased –8.08% m/m .

Industrial Activity

In **February**, industrial production decreased -0.36% m/m, and increased 5.2% y/y. Construction decreased -1.42%, Utilities 2.26%, and Mining decreased -0.41% m/m, while Manufacturing Industries remains without change.

Gross Fixed Investment

In **February**, gross fixed investment (GFI) decreased -0.26% m/m. Expenses in machinery and equipment decreased -1.18%, and the construction subcomponent decreased -0.59% m/m. GFI posted a 8.1% y/y growth.

Trade Balance

The trade balance of **March** posted a USD1,445 million surplus. Total exports increased 20.1% y/y on a 49.3% increase in oil exports and a 15.6% increase in non-oil exports. This last figure was due to an increase in exports of 13.9% to the US, and of 22.45% to the rest of the world. Imports grew in this month 16.3% y/y.

Mexican Oil Mix

As of **end-April**, the price of the Mexican oil mix was of USD$113.10 per barrel, translating into a 7.64% increase in a month, and 35.43% in one year.

Retail Sales

In **February,** retail sales registered an increase of 2.7%, compared to the same month of 2010. Retail sales recorded an increase of 0.27% in relation to the previous month.

Unemployment

In **March**, the unemployment rate came in at 5.09%. By gender, unemployment in men increased from 4.69% to 4.71% y/y, and that in women decreased from 5.02% to 4.45% y/y, in the same month.

Monetary Policy

Banco de México left its benchmark rate unchanged at 4.5% in **April.**

Inflation

CPI of **February** came in at -0.01% month-over-month. General annual inflation came in at 3.36%. General prices registered an annual variation of 3.18% versus the previous month's print of 3.21%.

Source: UBS, INEGI, SANTANDER.

<u>A note on recent developments in the regulatory environment for monopolies in Mexico:</u>

In April, congress passed a new law that aims to strengthen the Federal Anti-Trust commission (Cofeco). The Law was recently signed by the President. Among the main changes contained in the new law we highlight:

i. Cofeco's ability to impose fines as large as 10% of revenues for monopolistic practices (depending on the severity of the offense);
ii. The possibility of criminal prosecution for offending company executives (up to 10 years, applicable only in the case of 'Absolute Monopoly Practices' and to be used as a last resort tool);
iii. Cofeco will now be able to make unannounced visits to review company documents.

We believe that the relevance of the new law is significant, as it effectively changes the rules of the game for large Mexican companies widely perceived to have engaged in monopolistic practices for several years, the most renowned case being America Movil.

ECONOMIC PROJECTIONS

	2006	2007	2008	2009	2010e	2011e
National Accounts						
Real GDP growth (y/y)	4.8%	3.2%	1.3%	-6.5%	**4.4%**	**4.0%**
GDP (US $bn.)	843.6	886.0	1,099.0	877	**1034**	**1120**
Consumption (Chg. y/y)	6.0%	4.3%	2.2%	-5.0%	**3.0%**	**3.3%**
Investment (Chg. y/y)	11.5%	7.4%	4.4%	-18.0%	**10.2%**	**8.9%**
Exports (Chg. y/y)	10.3%	6.2%	1.3%	-14.8%	**17.4%**	**8.9%**
Imports (Chg. y/y)	13.1%	7.1%	5.5%	-18.2%	**16.6%**	**10.1%**
Monetary and Exch. Rate Ind.						
CPI Inflation (Year-end)	3.8%	3.8%	6.5%	**3.6%**	**4.80%**	**3.7%**
US$ Exchange Rate (Year-End)	10.9	10.9	13.40	**13.09**	**12.80**	**12.60**
28day Cetes Int. Rate (Year-End)	7.1%	7.4%	7.9%	**NA**	**NA**	**NA**
Balance of Payments						
Trade Balance (US$bn.)	-6.1	-12.4	-16.8	**-4.3**	**-10.0**	**-20.4**
Exports (US$bn.)	253.9	270.6	291.8	**230.1**	**288.4**	**281.0**
Imports (US$bn.)	260.0	283.0	308.6	**234.4**	**298.4**	**301.4**
Transfers (US$bn.)	24.0	24.3	25.5	**21.5**	**22.1**	**23.1**
Current Account (US$bn.)	-2.4	-9.0	-15.5	**-5.2**	**-11.4**	**-23.0**
Current Account (GDP %)	-0.3	-1.0	-1.4	**-0.6**	**-1.1**	**-2.1**
Foreign Direct Inv. (US$bn.)	17.9	21.6	27.2	**12.5**	**21.0**	**20.0**
Debt Profile						
International Reserves (US$bn.)	71.5	76.5	85.4	**90.8**	**109.7**	**125.1**

Source: Banamex.

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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-weigthed 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, aslo 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.*

- *MSCI MEXICO: The Morgan Stanley Capital International Index Mexico is a capitalization weighted index that monitors the performance of stocks from Mexico.*

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 b u y e rs and sellers. This public market price is the price at which inv e s t o rs 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, b a s e d 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.

Alpha-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.

Consumer Price Index: measures monthly changes in the general level of prices of goods and services that households acquire for consumption. This index is calculated and published on a monthly basis by Banco de México, the Central Bank.

Free cash flow is revenue less operating expenses including interest expenses and maintenance capital spending. It is the discretionary cash that a company has after all expenses and is available for purposes such as dividend payments, investing back into the business or share repurchases.

As of March 31, 2011 the Mexico Equity and Income Fund, Inc held 15.03% America Movil.

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