



THE MEXICO EQUITY AND INCOME FUND, INC.

REPORT TO MEMBERS OF
THE BOARD OF DIRECTORS OF
THE MXE

November 2008

(1) MXE Average Annual Dollar Returns

As of 11-28-08	NAV	Common Share Market Price	Mexbol
1 YEAR	(52.67%)	(52.73%)	(43.82%)
3 YEAR	0.36%	3.38%	(1.26%)
5 YEAR	16.77%	17.19%	15.33%
10 YEAR	14.07%	17.38%	15.05%
Since Inception through Nov*	12.58%	10.24%	11.76%

Source: Bloomberg, reinvesting gross dividend in security.
*Thomson . Inception Date 08/30/1990

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 current to the most recent month end may be obtained by calling U.S. Bancorp Fund Services, LLC, (414) 765-4255/or visiting www.themexicoequityandincomefund.com.

(2) Share Repurchase Program

One month ending 11/28/2008	Accumulated'08
0	228,468

PERFORMANCE IN US\$

NAV per share

Ticker	One month ending 11/28/2008	11/28/07-11/28/08
MXE	(8.27%)	(52.67%)

Source: Bloomberg

Common Share Market Price

Ticker	One month ending 11/28/2008	11/28/07-11/28/08	Discount/Premium to NAV
MXE	(10.00%)	(52.73%)	(14.92%)
MEXBOL	(4.10%)	(43.82%)	

Source: Bloomberg

Beta

Ticker	11/28/07-11/28/08
MXE	1.05

Source: Bloomberg

FOR THE ONE MONTH PERIOD ENDING NOVEMBER 28, 2008, the MXE's net per share asset value decreased -8.27% in dollar terms compared with a -4.10% loss for the Mexbol Index.

FOR THE YEAR-TO-DATE PERIOD ENDING NOVEMBER 28, 2008, the MXE's net per share asset value lost -52.77% in dollar terms, compared with a -43.31% loss for the Mexbol Index.

The main reasons for the MXE's underperformance of the Mexbol Index are:

- (i) The 31.53% cash and readily available instruments in the MXE vs. no cash position in the Mexbol.
- (ii) The Mexbol's 21.93% rebound in November vs. its October 27-low, vs. the MXE 5.37% gain for the same period.
- (iii) The MXE was again affected by less liquid stocks, which registered an average loss of 29% vs. Elektra, the less liquid Mexbol's stock, posting 39.18% gain in dollar terms during November.

For the periods ended 11/28/08, Lipper ranked MXE to be the #8 fund in the Lipper Emerging Markets Closed-End funds sample for one year (out of 20 funds), #3 for the three years (out of 19 funds), and #4

for ten years (out of 19 funds) based on total fund returns*.

* Past performance is not a guarantee of future results. Lipper Analytical Services, Inc. ranking are based on total returns including reinvestment of dividends and capital gains for the stated period; this calculation does not include sales charges.

FOR THE ONE YEAR PERIOD ENDING NOVEMBER 28, 2008, the Fund's common share market price lost -52.73% and the discount ended the month at -14.92%. The MXE's total assets under management amounted to US\$ 61,081,528.84 (U.S. Bancorp source) as at end-November.

INVESTMENT STRATEGY

As at the close of December 23th, 2008, the Fund's top five sectors were: Telecommunications (24.22%), Construction and Engineering (17.43%), Homebuilding (11.72%), Lodging and Leisure (9.74%) and Metals and Mining (8.14%). Cash and equivalents amounted to US\$6,380,373, or 10.19% of the portfolio's overall allocation, as at that date.

THE MEXBOL INDEX

Stock Exchanges Performance in US\$

Ticker	One month ending 11/28/2008	12/31/07-11/28/08	11/28/07-11/28/08
MEXBOL (Mexico)	(4.10%)	(43.31%)	(43.82%)
IPSA (Chile)	(1.66%)	(40.66%)	(42.59%)
MERVAL (Argentina)	(1.31%)	(56.92%)	(58.03%)
IBOV (Brazil)	(8.37%)	(56.04%)	(55.00%)
IBVC (Venezuela)	(3.31%)	(9.09%)	(9.62%)
IGBVL (Peru)	4.68%	(59.11%)	(60.73%)
IGBC (Colombia)	3.97%	(40.68%)	(41.70%)
INDU (U.S.)	(5.32%)	(33.44%)	(33.97%)
CCMP (U.S.)	(10.77%)	(42.10%)	(42.29%)

Source: Bloomberg

THE MEXICO EQUITY AND INCOME FUND, INC.

**(3) Top Ten Stock Weighting/US\$ Returns
 (as of November 28, 2008)**

Ticker	Weighting	One month ending 11/28/2008	12/31/07-11/28/08	11/28/07-11/28/08
PINFRA*	8.70%	(12.65%)	(62.10%)	(60.98%)
CIDMEGA*	8.08%	(29.37%)	(57.32%)	(56.95%)
AMXL	8.06%	(1.64%)	(50.30%)	(50.35%)
ICA*	5.41%	(0.49%)	(78.46%)	(75.96%)
WALMEXV	5.34%	1.36%	(20.99%)	(24.41%)
FEMSAUBD	4.64%	6.91%	(28.10%)	(14.71%)
HOMEX*	4.13%	(26.06%)	(65.13%)	(65.03%)
GMD*	3.88%	(29.52%)	(48.48%)	(44.36%)
URBI*	3.26%	4.08%	(56.61%)	(56.02%)
PASA	2.70%	(3.22%)	(72.46%)	(73.23%)

Source: Bloomberg

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

(4) NAV Performance in US\$

Ticker	12/31/07-12/19/08	Discount/Premium to NAV
MXE	(51.06%)	(5.92%)
MEXBOL	(37.39%)	

Source: Bloomberg

**(5) Mexbol Index Best Performing Members
 (Performance in US\$)**

Issuer	One month ending 11/28/2008	12/31/07-11/28/08	11/28/07-11/28/08
ELEKTRA*	39.18%	24.97%	(57.87%)
GAPB	20.94%	(50.89%)	(52.05%)
FEMSAUBD	6.91%	(28.10%)	(14.71%)
URBI*	3.92%	(56.85%)	(56.16%)
WALMEXV	1.36%	(20.99%)	(24.41%)
MEXCHEM*	(0.01%)	(25.52%)	(19.52%)
TELMEXL	(0.11%)	(20.88%)	(21.22%)
ICA*	(0.64%)	(78.58%)	(76.04%)
AMXL	(1.64%)	(50.30%)	(50.35%)
BIMBOA	(2.14%)	(21.56%)	(15.22%)

Source: Bloomberg

The Mexbol Index lost -4.10% in dollar terms in November and was the second-worst performing market in the Latam region after Brazil. The negative dollar performance was due entirely to a -4.89% depreciation of the peso to 13.45 pesos/U.S. dollar during the month. In local terms the Mexbol Index rose 0.44%, taking year-to-date performance to -43.31% in dollars and -30.48% in pesos.

THE MEXICAN ECONOMY

Until early this year the Mexican authorities were still saying that Mexico was in a better position than in the previous crisis, based on the implementation of prudent fiscal and monetary measures for the previous 15 years and the fact that the US housing crisis did not correlate to that of Mexico and manufacturing had not yet been contaminated.

But in the past two months Mexico has seen its stock market crash -32.30% in dollar terms while the peso plummeted 23.31% and credit dried up. Falling exports, and, more importantly, that the view that because of its close ties Mexico will be hit by the U.S. recession, have placed GDP growth at a 0.4% in 2009, according to a Banco de Mexico poll of private analysts with Citi expecting downward revisions.

Seasonally-adjusted Mexican GDP growth has clearly followed a declining trend since the beginning of this year, from 1.32% in 2Q08 to 1.12% in 3Q08 and an expected +0.95% in 4Q08. For the whole year private economists expected 1.8% GDP growth and zero to negative growth of -0.5% in 2009.

Lower industrial activity in Mexico has been the main driving force behind the economic slowdown this year. And industrial activity is expected to worsen in the quarters to come given the tight link between Mexico's industrial sector and the U.S. automotive industry, where approximately 15% of Mexico's total exports are sent. For 2008 industrial production in Mexico is expected register 0% growth and become negative (-0.9%) in 2009.

Regarding internal growth engines, although the services sector continues

to register positive growth rates, they are tending to become more moderate owing to lower credit growth, less job creation and remittances from the U.S. Lower remittances from the U.S. are related to construction sector layoffs. Hence, private consumption should continue to moderate as evidenced by expected retail sales growth of 2.1% in 2008 and 1.1% in 2009.

CONCLUSION

The MXE's net asset value per share return stands at an impressive average annual 12.58% (with dividends reinvested) in dollar terms for the last 18 years since inception in 1990 as at end-November. 5-year 16.77% average annual dollar return (dividend reinvested) ranks the MXE #1 compared to the Mexbol, 15.33% and the Mexico Fund, 10.27%.

We are strategically adjusting our long-term investment thesis in the infrastructure, housing, materials, and telecom sectors in order to capitalize today on potential buying opportunities.

Whether our patience and discipline is rewarded in the months and years ahead will depend on the link between the world, the U.S. and the Mexican government's ability to implement countercyclical fiscal policy to stimulate middle class consumption, among others.

At the time of writing, the Mexbol Index has rebounded 31.45% in local currency terms and 32.76% in US Dollars from its October 27-low, whereas the Peso has hit a one-year \$13.90 high and a \$9.86 low.

We can conclude that besides external growth drivers, internal drivers such as private consumption, which represents approximately 70% of Mexican GDP, are also in a slowing mode, and given the expectation of lower credit growth, lower remittances and less job creation next year, a turnaround is still difficult to predict. This means Mexico will most likely depend on a fast government response to this situation in the form of increased and timely spending on infrastructure projects.

*Yours sincerely,
 Eugenia Pichardo
 Portfolio Manager*



THE MEXICO EQUITY AND INCOME FUND, INC.

ECONOMIC DATA

Economic Activity Index

- IGAE (Mexico's monthly GDP proxy), came in at 1.9% in September, along the same lines as the market expected. INEGI revised July's IGAE to 2.96%, from 2.88% and August's to 0.03%, from -0.27%, respectively. Taking a look at the breakdown, industrial activity fell -1.8% mainly due to lower oil production and some weakness in the manufacturing sector. Production of agricultural goods increased 14.8%, and last, but not least, the services sector rose 3.1%, slightly below the year-to-date average of 3.2%.

Industrial Activity

- Industrial production declined -1.8% year-over-year in September, well below market expectations for a decline of -0.5%. Taking a look at the breakdown, while mining and construction fell -9.6% and -2.1%, respectively, utilities were up 0.5% and manufacturing production rose 0.3%.

Gross Fixed Investment

- Gross fixed investment grew 7.6% year-over-year in September, above market expectations for a rise of 6.7%. In seasonally-adjusted terms, investment declined -0.5% with respect to August 2008. Taking a look at the breakdown, investment in machinery and equipment rose 21.1%, in which expenditures in domestic and foreign capital goods increased 8.7% and 25.9%, respectively. Investment in construction was revised up to -1.6%, from -2.1% when INEGI released its industrial activity report.

Trade Balance

- Mexico's trade balance registered a deficit of -US\$2.7 bn. in October. Exports decreased -3.5% year-over-year, while imports rose 1.0%. Non-oil exports decreased -2.8%, whereas oil exports declined -7.7%. Consumption goods imports rose 0.4% year-over-year, intermediate goods decreased -0.9% and capital good increased 13.4%.

Mexican Oil Mix

- The price of the Mexican oil mix closed November at US\$40.28 per barrel translating into a -22.16% decrease in the month and -51.07% decrease in one year.

Retail Sales

- Mexico's retail sales contracted for the first time in six months as the headline index decreased -1.4% in September from a year earlier. The reading fell below market expectations of a 0.4% advance and August's unrevised 0.1% increase. As a result, retail trade averaged 2.6% growth during the first nine months of the year—a reading slightly below the 2.7% advance observed in the same period a year ago. Finally, seasonally adjusted figures reported that retail trade in September declined -1.92% from August.

Unemployment

- October unemployment rate came in at 4.11%, below market consensus of 4.3%. In seasonally adjusted terms, the jobless rate came in at 3.9%, slightly below September's 2008 level of 4%. Taking a look at the breakdown by gender, the male unemployment rate came in at 4.0%, slightly above September's 3.9% (in seasonally-adjusted terms), while women's jobless rate came down slightly to 3.7%, from 4.1% a month earlier.

Monetary Policy

- Banxico left the overnight rate unchanged at 8.25%. In its post-meeting communiqué, Banxico acknowledged that global economic conditions have deteriorated significantly. Furthermore, the Central Bank's board expressed that the Mexican economy is now 'feeling' the negative effects of the US deceleration.

Inflation

- Mexico's consumer prices rose more than analysts forecast in the first half of December on higher prices for tourist services, cigarettes, tomatoes and eggs. Inflation was 0.45% in the first 15 days of the month. Prices climbed 6.56% from the same period a year earlier.



THE MEXICO EQUITY AND INCOME FUND, INC.

ECONOMIC PROJECTIONS

Structure of GDP:
70%
24%
29%
(32%)

	2003	2004	2005	2006	2007	2008e not revised down
National Accounts						
Real GDP growth (y/y)	1.4%	4.4%	3.0%	4.8%	3.2%	3.4%
GDP (US \$bn.)	639.0	676.5	769.4	843.6	886.0	930.8
Consumption (Chg. y/y)	2.3%	5.5%	5.4%	6.0%	4.3%	4.5%
Investment (Chg. y/y)	0.4%	7.5%	7.6%	11.5%	7.4%	10.2%
Exports (Chg. y/y)	2.7%	11.5%	6.9%	10.3%	6.2%	5.5%
Imports (Chg. y/y)	0.7%	10.2%	8.7%	13.1%	7.1%	6.1%
Monetary and Exch. Rate Ind.						
CPI Inflation (Dec. cumulative)	4.0%	5.2%	3.3%	3.8%	3.8%	3.7%
US\$ Exchange Rate (Year-End)	11.2	11.1	10.6	10.9	10.9	11.2
28day Cetes Int. Rate (Year-End)	6.0%	8.5%	8.2%	7.1%	7.4%	7.5%
Balance of Payments						
Trade Balance (US\$bn.)	(5.8)	(8.8)	(7.6)	(6.1)	(12.4)	(15.4)
Exports (US\$bn.)	164.8	188.0	214.2	253.9	270.6	289.2
Imports (US\$bn.)	170.5	196.8	221.8	260.0	283.0	304.6
Transfers (US\$bn.)	13.9	17.0	20.5	24.0	24.3	24.8
Current Account (US\$bn.)	(8.6)	(7.3)	(4.6)	(2.4)	(9.0)	(13.2)
Current Account (%GDP)	(1.3)	(1.1)	(0.7)	(0.3)	(1.0)	(1.4)
Foreign Direct Inv. (US\$bn.)	12.3	17.9	18.8	17.9	21.6	22.0
Debt Profile						
International Reserves (US\$bn.)	56.1	61.5	68.7	71.5	76.5	78.0

Source: Santander Investment.

MAIN MARKET STATISTICS

Global Value Traded (28 November 2008)	
Index	Volume (U.S. \$ Million)
Mexico Stock Exchange	229.43
Brazil-Bovespa	1,971.39
Chile-Santiago Stock Exchange	90.86
Argentina Stock Exchange	55.69
Peru-Lima Stock Exchange	25.08
US-NYSE	13,877.20
US-NASDAQ	5,949.01

Source: Bloomberg

Commodities (28 November 2008)				
US\$, %	Last	1M	3M	Y-T-D
Silver	10.30	4.6	(24.3)	(30.4)
Gold	818.05	12.9	(1.6)	(1.9)
Copper	3,595.00	(12.3)	(52.4)	(45.9)
Crude (WTI)	54.43	(19.7)	(52.9)	(43.3)
Crude (MIX)	40.28	(22.2)	(62.5)	(51.1)

Source: UBS Pactual

Debt Securities (28 November 2008)	
	Last
28-day Cetes	7.93%
M10Y Bond	9.117%
M20Y Bond	9.177%
30Y Treasury Bond	3.438%

Source: Bloomberg

Currencies (28 November 2008)				
(per US\$ %)	Last	1M	3M	Y-T-D
MXN (Mexico)	13.45	(4.7)	(23.5)	(18.9)
ARS (Argentina)	3.37	0.4	(10.1)	(6.6)
BRL (Brazil)	2.33	(7.2)	(30.0)	(23.6)
EUR (European Union)	0.79	(0.3)	(13.5)	(13.0)
JPY (Japan)	95.52	3.1	13.9	16.9

Source: UBS Pactual

PAM's investment team
Eugenia Pichardo: CEO
 epichardo@paminversion.com
Francisco Lopez: Managing Director Sales & Research
 flopez@paminversion.com
Laura Garcia: Trading Director
 lgarcia@paminversion.com
Luis Calzada: Compliance Director
 lcalzada@paminversion.com
Kathia Reynoso: Analyst
 kreynoso@paminversion.com

The information contained herein reflects the opinion of Pichardo Asset Management and as such does not constitute fundamental research. Nor should it be construed as a solicitation of business or a buy/sell recommendation with regard to any of the securities mentioned. Furthermore, it is subject to change without prior warning and estimates cannot be guaranteed. Past returns are no guarantee of future earnings.

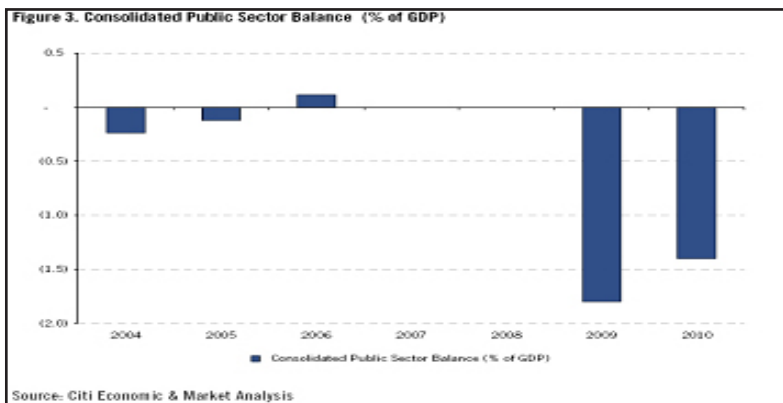
CEO Conferences hosted by Citigroup⁽¹⁾

The 2009 Budget

The 2009 budget includes a 15% increase in real government spending with a large increase in the amount allocated to security (+35%), infrastructure and energy. While this is a “major fiscal stimulus” (in the words of Finance Minister Carstens), such an expansionary program is possible because:

- In 2008 public sector revenues have grown in line with the government’s program despite much weaker-than-expected economic growth; and
- The hedging of oil exports (oil revenues account for 35% of total fiscal revenues) at the assumed budget price of \$70/barrel (for the Mexican basket) has also protected public sector revenues.

Mexico will run a consolidated public sector deficit next year for the first time since 2005. Citi economists forecast a deficit of 1.8% of GDP in 2009 and 1.5% of GDP in 2010.



Comments on Pemex State-Run Oil company and the Transport and Communication Ministry.

PETROLEOS MEXICANOS (PEMEX).Energy Reform. Mr. Jesús Reyes Heróles, CEO.

- Mr. Reyes-Heróles argued that Pemex is the main beneficiary of the recently passed energy reform.
- Under the reform, Pemex gained flexibility in many aspects, including government bidding process exemptions and the facility to award contracts.
- The company’s investment budget (which represents 2/3 of Pemex’s total budget) was removed from the federal government budget process.
- Piridegas (off-balance sheet debt) will not be used by Pemex any more;
- The company will be able to issue debt freely;
- Pemex will use the equivalent of US\$ 1.3bn to build new refinery capacity and;
- The company will issue “citizens’ bonds”.

- Under the reform, Pemex will have a 5-year business plan.
- Mr. Reyes-Heróles said that this was the first integrated energy reform that includes solutions to almost all the company’s problems. Although an exception to this conclusion is a lack of clarity on private investment in refineries and in oil transport and storage.
- Nonetheless, as it stands the reform ends the myth that the reform of the Mexican energy sector, and specifically Pemex, is taboo in Mexico, as it forced the PRD and other left-wing parties to define a view/position on the issue.
- Longer term, Mr. Reyes-Heróles argued that oil production should reach the 3 million bpd mark in 2017, compared to 2.7 million bpd in the near term. Of this, 1.2 million would be available for exports in the short term.
- Pemex will sign the first exploration contract under the new law in 3Q09, given the new pace of exploration.
- Mr. Reyes-Heróles expects the oil reserves replenishment rate to hit 100% compared with 60% this year and 21% in 2005.

SCT Transportation and Communications Update. Oscar de Buen, Deputy Secretary for Infrastructure at the Ministry of Communications and Transport.

Oscar de Buen highlighted highways, railways, ports, airports and telecommunications infrastructure as the major line-items:

- Roughly 2/3rds of funding should come from the private sector.
- 2,213 km-worth of highways are currently under construction, driving US\$1.5 billion in spending for this year, and an additional US\$1.2 billion for 2009E.
- For 2009E-2010E, the SCT expects an additional 2,121.1 km of new road projects, to come up for bid.
- Mexico plans to move forward with a suburban train (Mexico City metro area), Punta Colonet (a deep water port facility/ Mexico-USA railway system, etc.), and (of course) airports.
- The Mexico City/ Toluca airports would be expanded. There are still plans in place to launch new airports, including Mayan Riviera, the Sea of Cortes, Ensenada, and (possibly) Chiapas.

(1) “The Mood in Mexico II. 2008 CEO Conference Takeaways.” 15 December, 2008. Citigroup.

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/or visiting www.themexicoequityandincomefund.com. 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.*
- *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.*

THE MEXICO EQUITY AND INCOME FUND, INC.

- *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.*

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 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.