

MEXICO FUND INC  
Form N-CSR  
December 29, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANIES**  
**Investment Company Act file number 811-02409**

**THE MEXICO FUND, INC.**  
**(Exact name of registrant as specified in charter)**

**1900 K STREET, N.W.,**  
**WASHINGTON, DC 20006**  
**(Address of principal executive offices) (Zip code)**

**Alberto Osorio**

**77 ARISTOTELES STREET, 3<sup>RD</sup> FLOOR**

**POLANCO D.F. 11560 MEXICO**

**(Name and address of agent for service)**

**Copies to: Sander M. Bieber**

**Dechert LLP**

**1900 K STREET, N.W.,**

**WASHINGTON, DC 20006**

**Registrant's telephone number, including area code: 202-261-7941**

**Date of fiscal year end: October 31, 2014**

**Date of reporting period: October 31, 2014**

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**Item 1. Reports to Stockholders.**

A copy of the Registrant's annual report to stockholders for the period ending October 31, 2014 transmitted to stockholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is provided below.

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**The Mexico Fund, Inc.**

## **Managed Distribution Plan ( MDP )**

The Board of Directors of the Fund has authorized quarterly distributions under the MDP at an annual rate of 10% of the Fund's net asset value ( NAV ) per share recorded on the last business day of the previous calendar year. With each distribution, the Fund will issue a notice to stockholders and an accompanying press release which will provide detailed information regarding the amount and composition of the distribution and other information required by the Fund's MDP exemptive order. The Fund's Board of Directors may amend or terminate the MDP at any time without prior notice to stockholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the termination of the MDP. You should not draw any conclusions about the Fund's investment performance from the amount of distributions or from the terms of the Fund's MDP.

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The Mexico Fund, Inc.

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**The Mexico Fund, Inc.**

## **The Fund's Management**

### **Directors**

Emilio Carrillo Gamboa *Chairman*

Jonathan Davis Arzac

Edward Djerejian

José Luis Gómez Pimienta

Claudio X. González

Jaime Serra Puche

Marc J. Shapiro

### **Officers**

Alberto Osorio *President and Chief Executive Officer*

Alberto Gómez Pimienta *Treasurer*

Eduardo Solano *Investor Relations Vice President*

Carlos H. Woodworth *Chief Compliance Officer*

Samuel García-Cuéllar *Secretary*

Sander M. Bieber *Assistant Secretary*

Lisa R. Price *Assistant Secretary*

### **Investment Adviser**

Impulsora del Fondo México, S.C.

### **Custodian**

BBVA Bancomer, S.A.

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Comerica Bank

### **Transfer Agent and Registrar**

American Stock Transfer & Trust Company, LLC

### **Counsel**

Dechert LLP

Creel, García-Cuellar, Aiza y Enríquez, S.C.

### **Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP

This report, including the financial statements herein, is transmitted to stockholders of The Mexico Fund, Inc. for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in the report.



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**The Mexico Fund, Inc.**

## **2014 Annual Report**

October 31, 2014

## **Highlights**

<sup>1</sup> All performance figures included here take into account the reinvestment of distributions.

The Mexico Fund, Inc. is a non-diversified closed-end management investment company with the investment objective of long-term capital appreciation through investments in securities, primarily equity, listed on the Mexican Stock Exchange. The Fund provides a vehicle to investors who wish to invest in Mexican companies through a managed non-diversified portfolio as part of their overall investment program.

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.

The Fund's fiscal year 2014 ended on October 31, 2014.

Mexico's gross domestic product (GDP) grew 1.1% during 2013 and 1.9% during the first nine months of 2014. Analysts surveyed by the Mexican Central Bank estimate that Mexican GDP growth will gradually recover to 3.7% during calendar 2015 and 4.0% during calendar 2016.

During fiscal 2014, the Fund's market price and NAV per share registered total returns of 3.99% and 5.08%, respectively. These returns registered by the Fund compare with returns of 7.25% and 7.84% over the same period registered by the Morgan Stanley Capital International (MSCI) Mexico Index and the Bolsa IPC Index, respectively. The annualized returns of the Fund's NAV and market price for the three-year period ended October 31, 2014, are 12.46% and 15.69%, respectively, compared with 9.05% and 8.94% for the MSCI Mexico Index and Bolsa IPC Index, respectively.

Fund shares traded at a premium or at a small discount during most of fiscal 2014. As of October 31, 2014, the Fund's market price and NAV per share were \$26.92 and \$26.67, respectively, reflecting a premium of 0.94%, compared with a premium of 1.80% at the end of fiscal 2013.

Since June 2013, the Fund has been issuing additional Fund shares when the Fund is trading at a premium under an Equity Shelf Program (ESP). The ESP is conducted pursuant to a shelf registration statement filed with the Securities and Exchange Commission (SEC). Under the ESP, the Fund issued 907,877 shares during fiscal 2014, resulting in additional available assets of \$25,557,969 to enable the Fund to take advantage of investment opportunities.

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The Board has ratified the continuation of the Fund's MDP during fiscal 2015 at the annual rate of 10% of NAV per share recorded on December 31, 2014. The Fund has declared the last distribution of fiscal 2014 of \$0.7326 per share to be paid on January 13, 2015 to stockholders of record on December 26, 2015.

On March 20, 2014, Fund stockholders approved a new investment advisory agreement between the Fund and Impulsora del Fondo México, S.C. ( Impulsora ). Please see the Fund's 2014 Semi Annual Report for detailed information.

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**The Mexico Fund, Inc.**

## **2014 Annual Report**

October 31, 2014

## **Highlights**

*Concluded*

On March 20, 2014, the Board of Directors of the Fund elected Mr. Alberto Osorio to succeed Mr. José Luis Gómez Pimienta as President and Chief Executive Officer ( CEO ) of the Fund. Effective April 1, 2014, Mr. Osorio also succeeded Mr. Gómez Pimienta as Chairman of the Board and CEO of Impulsora.

The Board wishes to recognize and congratulate José Luis Gómez Pimienta for his invaluable contributions as President and Chief Executive Officer of the Fund, and as Chief Executive Officer of Impulsora, since the Fund's inception in June 1981. Mr. Gómez Pimienta continues to serve as a Director of the Fund and as President Emeritus of Impulsora.

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**The Mexico Fund, Inc.**

## **To Our Stockholders:**

We present to you the Fund's 2014 Annual Report for the year ended October 31, 2014. In this Report, we summarize the period's prevailing economic, political and market conditions in Mexico and outline the Fund's investment strategy and resulting performance. We hope you find this Report useful and informative.

## **Economic and Political Environment**

Under the administration of President Enrique Peña Nieto, the Mexican Congress has approved eleven Structural Reforms with the ultimate goal of boosting economic growth. Among them, the Energy Reform is the most important economic reform since the North American Free Trade Agreement (NAFTA) was signed in 1994. Several constitutional changes were implemented to allow private sector investments in areas that had been reserved exclusively to Petróleos Mexicanos (Pemex), the Mexican state-owned oil company, for the past 75 years. It is hoped that the Energy Reform will reverse eight years of declining oil production and place Mexico within the world's top five crude oil exporting countries. Other important Structural Reforms, due to their economic impact, are the Labor, Public Sector Accounting, Competitiveness Law, Telecommunications, Fiscal and Financial Reforms, which are expected to result in greater flexibility to create jobs, improved transparency, enhanced competition terms and conditions, greater competition in the telecommunications sector, and higher tax collection and credit penetration, respectively, among other benefits. Also, in an effort to strengthen and broaden the rights of the Mexican population, the Mexican Congress approved two important Legal Reforms and an Education Reform was implemented to improve the quality of teachers. The Political-Electoral Reform allows the re-election of congressmen and mayors, establishes rules for coalition governments, imposes new limits on campaign financing and spending and creates a new electoral independent entity to organize elections. Finally, a Transparency Reform was also approved to improve governmental transparency.

Mexican gross domestic product (GDP) increased 1.1% during calendar 2013 and 1.9%, 1.6% and 2.2% during the first three quarters of calendar 2014, respectively, all compared with similar periods in the prior year. We believe the slow rates of growth registered this year are mostly explained by sluggish domestic consumption due to higher tax rates and the low levels of public sector investment that prevailed in Mexico during calendar 2013. However, the U.S. economy is now showing signs of recovery and Mexico's public sector investment also grew 21% during the first nine months of calendar 2014. Within Mexico's manufacturing sector, the automobile industry continues registering maximum historical levels of vehicle production and exports, mostly to the United States, where job creation is now strong and unemployment has decreased from 10.0% in October 2009 to 5.8% in October 2014. Mexican economists surveyed by Banco de México (Central Bank) at the end of November 2014 estimate that Mexico's GDP growth will recover and will increase 2.2% during 2014, 3.5% during 2015 and 4.0% during 2016. The structural reforms mentioned above, along with other important infrastructure projects, such as the

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construction of the new Mexico City airport, with an estimated investment of \$9.2 billion, may further boost economic growth in Mexico.

On June 6, 2014, the Mexican Central Bank reduced domestic reference interest rates, from 3.50% (the level that prevailed since the end of October 2013) to 3.0%. The Central Bank mentioned that this decision was due to slower global economic growth, especially in the United States, which in turn has resulted in lower growth estimates around the globe. Because the Central Bank considers the 3% level to be congruent with its target to control inflation given recent trends and expectations, it has maintained unchanged the reference interest rate since then. Accordingly, the interest rate paid by 28-day Cetes ( Treasury Bills ) decreased from 3.40% at the end of fiscal 2013 to 2.90% at the end of October 2014, while the 10- and 30-year bonds interest rates were 6.08% and 6.74%, respectively, at the end of October 2014. Analysts believe that interest rates will begin to increase during the second half of next year and estimate that the rate of 28-day Cetes will be 3.56% at the end of 2015 and 4.44% at the end of 2016. Mexico's country risk, as measured by the spread between the yields of Mexican sovereign debt instruments denominated in dollars and traded abroad, versus U.S. Treasury bonds, decreased from 170 basis points at the end of fiscal 2013 to 166 basis points at the end of October 2014. Mexico's country risk of 166 basis points is among the lowest of Latin American countries, slightly higher than that of Chile, which is at 146, and lower than those of Colombia, Brazil and Argentina, which are at 172, 233 and 703 basis points, respectively.

Negative investor sentiment prevailed in international markets during most of fiscal 2014 as investors were concerned by the timing of potential increases to U.S. reference interest rates, the end of the economic stimulus package announced by the U.S. Federal Reserve at the end of October 2014, geo-political concerns due to the Russia Ukraine crisis and by declining oil prices, among other factors. Most emerging markets currencies devalued against the U.S. dollar, but the Mexican peso was one of the least affected, as it decreased 3.4% against the dollar during fiscal 2014, compared with 10.6% for Brazil, 11.3% for Turkey, 9.9% for South Africa and 5.3% for Peru. The exchange rate increased from Ps. 13.0217 per dollar at the end of October 2013 to Ps. 13.4813 per dollar at the end of October 2014. Mexico continues to be perceived as one of the most attractive destinations for investors looking for geographical diversification in emerging markets. The attractive spread between U.S. and Mexican interest rates continued attracting foreign investment in Mexican debt instruments as there is little perception of a significant currency risk for the Mexican peso given its fair relative valuation. Also, increased employment figures in the United States benefited remittances from Mexican citizens living abroad, which increased 7.1% to \$2.0 billion during September 2014.

Mexico's Foreign Direct Investment ( FDI ) is expected to continue flowing into Mexico, especially to the automotive sector, and is estimated to reach \$24.0 billion and \$28.5 billion during calendar 2014 and 2015, respectively. Mexico maintains healthy public sector finances,

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### **The Mexico Fund, Inc.**

with a modest fiscal deficit, which during calendar 2013 was equivalent to 2.3% of GDP and is expected by private sector analysts to continue being manageable at 3.5% and 3.4% of GDP for calendar 2014 and 2015, respectively. Also, Mexico's current account deficit was equivalent to 2.1% of GDP during calendar 2013 and is estimated by analysts to decrease to 1.8% and 1.9% of GDP for calendar 2014 and 2015, respectively. The Mexican financial system is in a healthy state of affairs, as levels of capital of commercial banks represented 15.8% of assets on August 31, 2014, almost twice the minimum level of 8% required by the regulator, the Mexican National Banking and Securities Commission.

Mexico's annual inflation rate increased to 4.3% at the end of this fiscal year, from 3.4% one year earlier. This level is considered by the Central Bank and private sector analysts to be of a temporary nature and is partially explained by higher tax levels that resulted from the Fiscal Reform mentioned above. The Mexican Central Bank and analysts believe that inflation in Mexico remains under control and that it will decrease to 4.1% towards the end of calendar 2014 and to 3.5% for the end of next year and to stay near this level during calendar 2016. These figures are consistent with the target set by the Central Bank to achieve annual inflation levels of 3% with a margin of error of  $\pm 1\%$ .

The Mexican Central Bank continues accumulating international reserves as the capital account surplus exceeds the current account deficit. As a result, international reserves continue to reach new maximum historical levels. During the first ten months of calendar 2014, \$15.2 billion of international reserves were accumulated, for a total amount of \$191.7 billion at the end of October 2014. Additionally, Mexico has available credit lines of \$73.0 billion from the International Monetary Fund (IMF). Together, international reserves and IMF credit lines amount to approximately \$264.7 billion, equivalent to more than 6 months of imports, and provide the Central Bank with additional flexibility to manage the monetary policy and may protect against external downside risks. Although the Fiscal Reform mentioned above is already improving tax collection, Mexico's government income continues to depend highly on oil exports. In order to protect government investment projects and public sector finances, the Mexican authorities again secured oil income by purchasing derivative products that hedged the price of the Mexican oil mix for 2015 sales at \$79 per barrel.

## **Management Discussion of Fund's Performance and Portfolio Strategy**

During fiscal 2014, the economic slowdown mentioned above, combined with overall risk aversion derived from expected changes in monetary policies around the globe, translated into a slow performance of Mexican equity securities. During fiscal 2014, the MSCI Mexico Index and the Bolsa IPC Index registered returns<sup>1</sup> of 7.25% and 7.84%, respectively, while the Fund's market price and NAV per share registered total returns of 3.99% and 5.08%, respectively. The premium between the Fund's

<sup>1</sup> Performance figures take into account the reinvestment of distributions.

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market price and NAV decreased from 1.80% at the end of fiscal 2013 to 0.94% at the end of fiscal 2014. The following table shows the annualized performance<sup>1</sup> of the Fund's market price and NAV per share as well as that of the Fund's benchmark and the Bolsa IPC Index, for periods ended October 31, 2014.

	<b>Years (annualized %)</b>			
	<b>One</b>	<b>Three</b>	<b>Five</b>	<b>Ten</b>
Fund's Market Price	3.99	15.69	17.47	16.50
Fund's NAV	5.08	12.46	13.76	13.97
MSCI Mexico Index	7.25	9.05	11.12	13.88
Bolsa IPC Index	7.84	8.94	10.78	14.84

Source: Impulsora del Fondo México, S.C.

During fiscal 2014, the Adviser continued to increase the Fund's exposure to issuers that may benefit from the implementation of structural reforms and the recovery of domestic consumption and the manufacturing industry. However, sluggish domestic consumption and economic activity affected the valuation of these companies and the Fund's NAV per share. The Adviser preferred investments in companies with manageable debt levels, including those in sectors such as infrastructure, department stores, beverages, mining, financial, steel and energy. At the same time, the Fund reduced its exposure to some companies with certain specific disadvantages in sectors including, stock market, conglomerates, self-service stores and construction. The Fund does not have exposure to the housing sector. As can be seen in the following tables, the Fund's underexposure to telecommunications companies during fiscal 2014 affected its relative performance against the benchmark.

The following table shows the top five contributors to the performance of the Fund's NAV relative to the MSCI Mexico Index during fiscal 2014. The table is sorted according to the contribution of these issuers to the Fund's outperformance relative to the MSCI Mexico Index and shows the issuers' market price returns during the period. The Fund maintained an overweight exposure to Gruma, Ienova and Oma, issuers with extraordinary double-digit positive performances, and underweight exposure to Walmex and Peñoles, which registered negative returns.

<sup>1</sup> Performance figures take into account the reinvestment of distributions.

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### Top Five Contributors to Relative Performance vs the MSCI Mexico Index

Issuer	Industry	Return	Contribution to Relative Fund Performance	Average Over/Under Weight
Gruma	Food	60.18%	1.20%	2.14%
Ienova	Infrastructure	58.48%	0.73%	1.64%
Oma	Airports	57.77%	0.68%	1.39%
Walmex	Retail	-8.37%	0.44%	-1.58%
Peñoles	Mining	-21.36%	0.43%	-1.70%

The following table shows the top five detractors to the performance of the Fund's NAV relative to the MSCI Mexico Index during fiscal 2014 and shows their respective market price returns during the period. The Fund maintained underweight or no exposure to Televisa, AMX, Gfinbur and Pinfra, which registered double-digit positive performances, and overweight exposure to Tx, a company with double-digit negative return.

### Top Five Detractors from Relative Performance vs the MSCI Mexico Index

Issuer	Industry	Return	Contribution to Relative Fund Performance	Average Over/Under Weight
Televisa	Media	18.49%	-1.75%	-6.49%
Amx	Telecommunications	15.15%	-1.06%	-8.28%
Gfinbur	Financial	22.89%	-0.67%	-3.14%
Tx	Steel	-13.40%	-0.53%	0.95%
Pinfra	Infrastructure	34.98%	-0.51%	-0.37%

The following chart shows the composition by industry of the Fund's portfolio and the MSCI Mexico Index at the end of fiscal 2014. The Fund's net assets on such date amounted to \$402.53 million. More detailed information about the Fund's portfolio is available below in this report.



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## **Portfolio Composition by Industry**

### **Percentage of Net Assets and Weights on MSCI Mexico Index,**

October 31, 2014

Increased investor demand for Fund shares continues to result in a high volume of shares traded. During fiscal 2014, the Fund traded a total of 13,486,937 shares on all U.S. consolidated markets, resulting in a daily average value of shares traded of \$1.48 million. The Fund is one of the most liquid non-U.S. equity closed-end funds, as very few of the comparable funds trade more than one million dollars per day.

The average price-to-earnings ratio ( PER ) of the Mexican equity market at the end of October 2014 was 21.4 times, while the price-to-book value ratio was 2.8 times<sup>2</sup>. The market capitalization of the Bolsa at the end of October 2014 amounted to \$564.5 billion. During the third quarter of calendar 2014, despite the sluggish economic activity that prevailed in Mexico, sales of listed companies increased 7.3% and EBITDA<sup>3</sup> increased 7.8%. The peso depreciation and higher tax rates affected the financial performance of most listed companies and net income decreased 17.1%. The Adviser will continue to be prudent in identifying companies with strong balance sheets that include manageable debt levels, positive free cash flows, strong corporate governance policies, high-quality management teams, attractive growth potential and proven business models.

<sup>2</sup> Source: Impulsora del Fondo México, S.C. with figures provided by the Mexican Stock Exchange.

<sup>3</sup> EBITDA refers to earnings before interest, taxes, depreciation and amortization.

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### **The Mexico Fund, Inc.**

## **Equity Shelf Program**

Since June 2013, the Fund has been issuing additional Fund shares when the Fund is trading at a premium under an Equity Shelf Program ( ESP ). The ESP is conducted pursuant to a shelf registration statement filed with the Securities and Exchange Commission ( SEC ). Under the ESP, the Fund issued 907,877 shares during fiscal 2014, resulting in additional available assets of \$25,557,969 to enable the Fund to take advantage of investment opportunities.

## **Declaration of Distributions Under MDP**

Under the MDP, the Fund pays quarterly distributions at an annual rate of 10% of the Fund's NAV per share recorded on the last business day of the previous calendar year. The Fund has maintained this rate of distribution since May 2009 and all distributions paid since then have been composed of net investment income and long-term realized capital gains. The Board has ratified the continuation of the Fund's MDP during fiscal 2015 at the same annual rate of 10%, with distributions to be based on the Fund's NAV per share as of December 31, 2014. In making this determination, the Board considered all of the relevant facts and circumstances, including both the challenging global economic environment and the value to stockholders of steady cash distributions.

Pursuant to the MDP, the Board of Directors has declared a dividend distribution of \$0.7326 per share, payable in cash on January 13, 2015 to stockholders of record on December 26, 2014.

For each distribution under the MDP, the Fund will issue a notice to stockholders and an accompanying press release which will provide detailed information regarding the amount and composition of the distribution and other information. The Fund's Board of Directors may amend or terminate the MDP at any time without prior notice to stockholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the termination of the MDP. You should not draw any conclusions about the Fund's investment performance from the amount of distributions or from the terms of the Fund's MDP.

## **Security Situation in Mexico**

The Fund's Board of Directors and the Investment Adviser recognize that investors may be worried about the security situation in Mexico, particularly after recent corruption scandals within the Federal Government and the September 26, 2014 disappearance of 43 students in the southern state of Guerrero, which has raised international concerns and resulted in a wave of demonstrations and some riots across Mexico. On November 27, 2014, President Enrique Peña Nieto announced a ten-step plan aimed at improving security and the rule of law. Among the changes announced is a new bill aimed at protecting local authorities against organized crime, the reduction of 1,800 municipal police forces to 32 state police corporations and the creation of special economic areas in the states of Guerrero, Michoacán, Oaxaca and Chiapas, under which infrastructure activity will be fostered to create jobs and mitigate poverty. Fund management believes that

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**The Mexico Fund, Inc.**

winning the war against organized crime is the most important challenge that the administration of President Peña Nieto is currently facing.

Notwithstanding these short-term events, we believe that the situation of the Mexican economy remains solid, particularly given that the structural reforms have been approved and are about to be implemented, which differentiates Mexico from other emerging market countries. We are confident that there will continue to be attractive investment opportunities in the Mexican equity market. We hope you find this report useful and informative, and we thank you for your continued confidence in the Fund.

**Sincerely yours,**

**Alberto Osorio**  
President and Chief Executive Officer  
December 16, 2014

**Emilio Carrillo Gamboa**  
Chairman of the Board

**Table of Contents****The Mexico Fund, Inc.****General Information****Directors and Officers Biographical Data****Independent Directors**

<b>Name, Address and Age</b>	<b>Position(s) Held With the Fund*</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation During Past Five Years</b>	<b>Other Directorships Held by Director</b>
<p>Emilio Carrillo</p> <p>Gamboa+</p> <p>Campos Eliseos 400</p> <p>Piso 16</p> <p>Col. Lomas De Chapultepec</p> <p>11000 México, D.F.</p> <p>México</p> <p>Age: 77</p>	Class III Director	Term expires 2017; Director 1981-1987 and since 2002.	Mr. Carrillo Gamboa is a prominent lawyer in Mexico with extensive business experience as partner of Bufete Carrillo Gamboa, S.C. since 1989. He was Mexico's Ambassador to Canada and has also served or currently serves on the boards of many Mexican and U.S. companies.	Director, Southern Copper Corporation (copper mining).
<p>Jonathan Davis Arzac+</p> <p>c/o Aristóteles 77,</p> <p>3rd Floor</p> <p>Col. Polanco 11560 México, D.F.</p> <p>México</p> <p>Age: 62</p>	Class III Director	Term expires 2017, Director since 2011.	Mr. Davis serves as Chairman of the Macquarie Mexican Infrastructure Fund and as Financial Expert to the Audit Committee of Vitro, S.A.B. de C.V. (glassmaker). From December 2000 to December 2006, Mr. Davis served as President of Mexico's National Banking and Securities Commission. He has also served or currently serves on the boards of several Mexican companies.	None.



**Table of Contents****The Mexico Fund, Inc.****General Information****Directors and Officers Biographical Data***Continued***Independent Directors continued**

<b>Name, Address and Age</b>	<b>Position(s) Held With the Fund*</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation During Past Five Years</b>	<b>Other Directorships Held by Director</b>
Claudio X. González+  c/o Aristóteles 77,  3rd Floor  Col. Polanco  11560 México, D.F.  México   Age: 80	Class II Director	Term expires 2016; Director since 1981.	Mr. González is President of the Mexican Business Council. He has served as Chairman of the Board (from March 1973 to the present) and Chief Executive Officer (from March 1973 to March 2007) of Kimberly-Clark de México S.A. de C.V., a consumer products company. Mr. González has served on the boards of directors of several prominent U.S. and Mexican companies.	None.
Edward P. Djerejian+  2027 Sunset Boulevard  Houston, Texas 77005   Age: 75	Class II Director	Term expires 2016; Director since 2013.	Amb. Djerejian is a Founding Director of the James A. Baker III Institute for Public Policy at Rice University since August, 1994. He currently serves as Chairman of the Board of Occidental Petroleum Corporation.	Director, Occidental Petroleum Corporation (energy).



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<b>Name, Address and Age</b>	<b>Position(s) Held With the Fund*</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation During Past Five Years</b>	<b>Other Directorships Held by Director</b>
Jaime Serra Puche+ Edificio Plaza Prolongación Paseo de la Reforma 600-103 Santa Fe Peña Blanca 01210 México, D.F. México  Age: 63	Class I Director	Term expires 2015; Director since 1997.	Dr. Serra is a Senior Partner of the law and economics consulting firm SAI Consultores, S.C.  Dr. Serra is a former Secretary of Trade and Industry as well as former Secretary of Finance for Mexico. He was the minister in charge of negotiations for NAFTA and five other trade agreements.  Dr. Serra has a Ph.D. in economics from Yale University and also serves as Co-Chairman of the President's Council on International Activities of Yale University.	Director, Tenaris (tube producer).
Marc J. Shapiro+ 707 Travis, 11th Floor Houston, TX 77002  Age: 67	Class I Director	Term expires 2015; Director since 2006.	Since 2003, Mr. Shapiro has served as Non-Executive Chairman of Chase Bank of Texas. Prior to that time, he was Vice Chairman of JPMorgan Chase (banking and financial services).	Director, Kimberly-Clark Corporation (consumer goods); Director, Weingarten Realty Investors (real estate investment).

\* There are no other funds in the Fund Complex.

+ Audit Committee, Contract Review Committee, and Nominating and Corporate Governance Committee member. Member or alternate member of the Valuation Committee.

The directorships required to be reported under this column are those held in a company with a class of securities (1) registered pursuant to Section 12 of the Exchange Act, (2) subject to the reporting requirements of Section 15(d) of the Exchange Act, or (3) registered as an investment company under the 1940 Act.





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The Mexico Fund, Inc.

**General Information****Directors and Officers Biographical Data***Concluded***Interested Director**

Name, Address and Age	Position(s) Held With the Fund*	Term of Office and Length		Principal Occupation During Past Five Years	Other Directorships Held by Director
		of Time Served			
José Luis Gómez Pimienta**+	President of the Fund; Class II Director	Term expires 2016; Director since 1989.		Mr. Gómez Pimienta is currently President Emeritus of the Fund's investment adviser, Impulsora del Fondo México, S.C. He was the President of the Fund since its inception in June 1981 until March 2014 and served as a Director since 1989. Mr. Gómez Pimienta was also Chairman of the Board of the Fund's investment adviser from 1987 until March 2014 and Chief Executive Officer from the Fund's inception until March 2014.	None.
Aristóteles 77, 3rd Floor					
Col. Polanco					
11560 México, D.F.					
México					
Age: 75					

\* There are no other funds in the Fund Complex.

\*\* Director is an interested person (as defined in the 1940 Act). Mr. Gómez Pimienta is deemed to be an interested director by reason of his affiliation with the Investment Adviser.

+ Member or alternate member of the Valuation Committee.

The directorships required to be reported under this column are those held in a company with a class of securities (1) registered pursuant to Section 12 of the Exchange Act, (2) subject to the reporting requirements of Section 15(d) of the Exchange Act, or (3) registered as an investment company under the 1940 Act.

**Officers Who Are Not Directors**

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Name, Address and Age	Term of Office+		
	Position(s) Held	and Length	Principal Occupation(s)
	With the Fund*	of Time Served	During Past Five Years
Alberto Osorio Morales	President and Chief Executive Officer	Since March 2014.	Mr. Osorio currently serves as Director General and Chairman of the Board of the Fund's investment adviser, Impulsora del Fondo México, S.C. He has been an employee of the Adviser since 1991.
Aristóteles 77, 3rd Floor	(formerly, Senior Vice President;	From 2002 to March 2014.	
Col. Polanco	Treasurer)		
11560 México, D.F.			
México			
Age: 46			

**Table of Contents****The Mexico Fund, Inc.****Officers Who Are Not Directors concluded**

<b>Name, Address and Age</b>	<b>Position(s) Held</b>	<b>Term of Office+</b>	<b>Principal Occupation(s)</b>
		<b>and Length</b>	
<b>With the Fund*</b>	<b>of Time Served</b>	<b>During Past Five Years</b>	
Carlos H. Woodworth Ortiz	Chief Compliance Officer	Since 2002.	Mr. Woodworth served on the Board of Directors of the Fund's investment adviser, Impulsora del Fondo México, S.C., as well as Deputy Director of the Adviser, from 1981 to 2008.
Aristóteles 77, 3rd Floor	(formerly, Vice President of Corporate Governance)		
Col. Polanco	(formerly, Treasurer)	From 2002 to 2008.	
11560 México, D.F.			
México		From 1992 to 2002.	
Age: 71			
Eduardo Solano Arroyo	Vice President of Investor Relations	Since 1997.	Mr. Solano has served as Director of Economic Research of the Fund's investment adviser, Impulsora del Fondo México, S.C. since 1997 and has been an employee of the Adviser since 1991.
Aristóteles 77, 3rd Floor			
Col. Polanco			
11560 México, D.F.			
México			
Age: 46			
Alberto Gómez Pimienta	Treasurer	Since March 2014.	Mr. Alberto Gómez Pimienta has served as Finance Director of the Fund's investment adviser, Impulsora del Fondo México, S.C. since March 2014 and has been an employee of the Adviser since 2009.
Aristóteles 77, 3rd Floor	(formerly, Vice President of Operations)		
Col. Polanco		From 2009 to March 2014.	
11560 México, D.F.			

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México

Age: 48

Samuel García-Cuellar

Secretary

Since 1981.

Mr. García-Cuellar is a partner of Creel, García-Cuellar, Aiza y Enriquez, S.C., Mexican counsel to the Fund.

Creel, García-Cuellar, Aiza y Enriquez, S.C.

Paseo de los Tamarindos 60 3er piso

Bosques de las Lomas

05120 México, D.F.

México

Age: 72

Sander M. Bieber

Assistant Secretary

Since 1989.

Partner of Dechert LLP, U.S. counsel to the Fund and the Independent Directors.

1900 K Street, N.W.

Washington, DC 20006

Age: 64

Lisa R. Price

Assistant Secretary

Since 2014.

Associate of Dechert LLP, U.S. counsel to the Fund and the Independent Directors.

1095 Avenue of the Americas

New York, NY 10018

Age: 35

\* There are no other funds in the Fund Complex.

+ Officers of the Fund are appointed by the directors and serve at the pleasure of the Board.

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**The Mexico Fund, Inc.**

## **General Information**

*Continued*

### **Concentration Policy**

The Fund has a concentration policy that permits it to concentrate its investments in any industry or group of industries in the IPC Index (or any successor or comparable index as determined by the Board to be an appropriate measure of the Mexican market) if, at the time of investment, such industry represents 20% or more of the IPC Index; provided, however, that the Fund will not exceed the IPC Index concentration by more than 5%. At the end of October 2014, no industry group represented 20% or more of the value of the securities included in the IPC Index.

### **Proxy Voting**

Information about how the Fund voted proxies during the twelve-month period ended June 30 will be available, without charge, upon request by calling collect Mr. Eduardo Solano, the Fund's Investor Relations Vice President, or on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's and its Investment Adviser's proxy voting policies and procedures are on the Fund's website, [www.themexicofund.com](http://www.themexicofund.com) under the heading "Corporate Governance", on the SEC's website at [www.sec.gov](http://www.sec.gov), or are available without charge, upon request, by calling Mr. Eduardo Solano. Mr. Solano can be contacted at (+52 55) 5282-8900, during Mexico City business hours (10:00 am to 3:00 pm and 5:00 to 7:00 pm ET).

### **How to Obtain More Information About the Fund**

The Fund's semi-annual and annual reports and proxy statements are published on the Fund's website, [www.themexicofund.com](http://www.themexicofund.com), under the section captioned "Investor Reports."

Stockholders will receive printed versions of these documents unless they have consented to receiving them electronically (see below). Stockholders who are recordholders of Fund shares and who wish to receive public reports and press releases regarding the Fund by e-mail should log in to their AST accounts at [www.amstock.com](http://www.amstock.com) and consent to electronic delivery.

The Fund publishes a Monthly Summary Report containing information about the Fund's performance and portfolio composition. The Monthly Summary Reports are distributed via e-mail to interested investors, made available on the Fund's website, and filed with the SEC on Form 8-K.

Stockholders that have questions about the Fund may contact Mr. Eduardo Solano, the Fund's Investor Relations Vice President, at (+52 55) 5282-8900 between 10:00 am and 3:00 pm ET, and between 5:00 pm and 7:00 pm ET. If you prefer to contact the Fund via e-mail, please direct your e-mail inquiries to [investor-relations@themexicofund.com](mailto:investor-relations@themexicofund.com).

Please visit our website for daily information on the Fund's NAV and market price per share. The Fund's NYSE trading symbol is MXF.

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### The Mexico Fund, Inc.

#### Electronic Delivery of Fund Materials

We encourage our stockholders to receive Fund materials via e-mail in order to save on printing expenses and contribute to saving the environment. Please inform your broker about your preference for electronic delivery (if you are holding your shares in street name) or if you are a recordholder of Fund shares, by logging in to your AST account at [www.amstock.com](http://www.amstock.com) and consenting to electronically receive Fund materials.

#### Open Market Repurchases

Under the Fund's open market share repurchase policy, the Fund may repurchase up to 10% of the Fund's outstanding common stock in open market transactions during any 12-month period if and when Fund shares trade at a price which is at a discount of at least 10% to NAV. During the first half of fiscal 2014 the discount did not exceed 10% and therefore the Fund did not repurchase Fund shares in open market transactions.

#### Distribution Reinvestment and Stock Purchase Plan

The Fund's Distribution Reinvestment and Stock Purchase Plan (the Plan) provides a convenient way to increase your holdings in the common stock of the Fund through the reinvestment of distributions paid by the Fund. The Plan includes the following:

- (1) **Voluntary Stock Purchase Option.** All registered stockholders (regardless of whether they are Plan participants) can make monthly voluntary cash investments in Fund shares through the Plan Agent, American Stock Transfer & Trust Company, LLC (AST). The minimum investment for a voluntary cash investment is \$25.00; you may vary the amount of your investment as long as it equals or exceeds this \$25.00 minimum. There is a fixed transaction fee of \$2.50 and a \$0.10 per share commission for this service. Optional cash payments can be made online or by mail, as described further in the enclosed brochure. Stockholders can also authorize AST to make automatic withdrawals from a bank account.
- (2) **Clarification Regarding Reinvestment of Distributions.** Distributions received through the Fund's Managed Distribution Plan can be reinvested directly in additional Fund shares, regardless of the character of such distributions for accounting and tax reporting purposes.
- (3) **Online Enrollment in the Plan.** As an alternative to mailing an authorization card to AST, stockholders may enroll in the Plan through AST's website at [www.amstock.com](http://www.amstock.com). To have distributions reinvested, stockholder authorization must be received by AST by the record date for a given distribution.
- (4) **Withdrawal from the Plan.** Stockholders may withdraw from the Plan by notifying AST. If a request for withdrawal is received by





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The Mexico Fund, Inc.

## General Information

*Concluded*

AST more than three (3) business days before a distribution payment date that distribution will be paid out in cash.

- (5) **Amendment of Plan.** The Fund reserves the right to amend or supplement the Plan at any time, but only by mailing to participants appropriate written notice at least thirty (30) days prior to the effective date thereof, except when necessary to comply with applicable laws or the rules or policies of the Securities and Exchange Commission or other regulatory authority.

The Plan brochure can be accessed through AST's or the Fund's website, at [www.amstock.com](http://www.amstock.com) or [www.themexicofund.com](http://www.themexicofund.com). If you have any questions, please contact AST at 1-877-573-4007 or 1-718-921-8124. You may also contact AST via mail at:

### American Stock Transfer & Trust Company, LLC

Attention: Plan Administration Department

PO Box 922

Wall Street Station

New York, NY 10269-0560

If you are a Fund shareholder of record, you may enroll in the Plan by mail or online at [www.amstock.com](http://www.amstock.com). Please contact AST for further information or to request an authorization card for enrollment. If your shares are held in nominee or street name through a broker, bank or other nominee who does not provide an automatic reinvestment service and you wish to have distributions reinvested in shares of the Fund, you must notify such nominee and request that the change be made on your behalf or that your shares be re-registered in your own name.

You may withdraw from the Plan without penalty at any time by notice to AST. If your request to withdraw from the Plan is received more than three business days before any distribution payment date, then that distribution will be paid out in cash. If your request to withdraw from the Plan is received less than three business days prior to any distribution payment date, then that distribution will be reinvested. However, all subsequent distributions would be paid out in cash on all balances.

Should you choose to withdraw any shares from the Plan or discontinue your participation in the Plan, you will receive a certificate or certificates for the appropriate number of full shares, along with a check in payment for any fractional share interest you may have. The payment for the fractional shares will be valued at the market price of the Fund's shares on the date your termination is effective. In lieu of receiving a certificate, you may request the Plan Agent to sell part or all of your shares at market price and remit the proceeds to you, net of any brokerage commissions.

Under the terms of the Plan, whenever the Fund declares a distribution, Plan participants will receive their distribution entirely in shares of common stock purchased either in the open market or from the Fund. If, on the date a distribution becomes payable or such other date as may be specified by the Fund's Board (the valuation date), the market price of the common stock plus estimated brokerage commissions is equal to or exceeds the NAV per share of common stock, the Plan Agent will invest the distribution in newly issued shares of common stock, which will be valued at the greater of the NAV per share or the current market price.



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### **The Mexico Fund, Inc.**

on the valuation date. If on the valuation date, the market price of the common stock plus estimated brokerage commissions is lower than the NAV per share, the Plan Agent will buy common stock in the open market. Although stockholders in the Plan may receive no cash distributions, participation in the Plan will not relieve participants of any income tax that may be payable on such dividends or distributions. As a participant in the Plan, you will be charged a *pro-rata* portion of brokerage commissions on all open market purchases.

If you have any questions concerning the Plan, or would like a hard copy of the Plan brochure, please contact AST using the contact information listed above.

### **New York Stock Exchange Certifications**

The Fund is listed on the New York Stock Exchange ( NYSE ). As a result, it is subject to certain corporate governance rules and related interpretations issued by the NYSE. Pursuant to those requirements, the Fund must include information in this report regarding certain certifications. The Fund's President and Treasurer have filed certifications with the SEC regarding the quality of the Fund's public disclosure. Those certifications were made pursuant to Section 302 of the Sarbanes-Oxley Act ( Section 302 Certifications ). The Section 302 Certifications were filed as exhibits to the Fund's semi-annual report on Form N-CSR, which included a copy of this semi-annual report along with other information about the Fund. After the Fund's 2014 annual meeting of stockholders, it filed an annual certification with the NYSE stating that its President was unaware of any violation of the NYSE's Corporate Governance listing standards.

### **Cost Basis Information**

Beginning with the 2012 calendar year, the Fund is required to report to shareholders of record and the Internal Revenue Service, annually on Form 1099-B, not only the gross proceeds of Fund shares sold, but also their cost basis, for shares purchased or acquired on or after January 1, 2012. Cost basis will be reported using the Fund's default method of first-in-first-out ( FIFO ), unless the shareholder of record instructs the Fund to use an average cost method for their shares purchased or acquired on or after January 1, 2012. Alternatively, a shareholder can generally supply instructions for specific lot identification for a given transaction.

If your Fund shares are registered in your name and you wish to elect an average cost method rather than the default method of FIFO, you may do so by downloading a form that is available on the Fund's website, [www.themexicofund.com](http://www.themexicofund.com), under the section Services , and mailing it to the Fund's Transfer Agent at the address indicated on the form. If you hold Fund shares through a financial intermediary, please contact that financial intermediary for instructions on how to make your election. If you wish to supply instructions for specific lot identification for shares purchased or acquired on or after January 1, 2012, please contact the Fund's Transfer Agent at (800) 937-5449.



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The Mexico Fund, Inc.

**Schedule of Investments**

as of October 31, 2014

Shares Held		Value (Note 1)	Percent of Net Assets
<b>COMMON STOCK - 98.19%</b>			
<b>Airports</b>			
485,000	Grupo Aeroportuario del Sureste, S.A.B. de C.V. Series B	\$ 6,476,356	1.61%
1,500,000	Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. Series B	7,464,785	1.85
		13,941,141	3.46
<b>Beverages</b>			
1,500,000	Arca Continental, S.A.B. de C.V.	9,648,921	2.40
4,085,000	Fomento Económico Mexicano, S.A.B. de C.V. Series UBD	39,246,156	9.75
		48,895,077	12.15
<b>Building Materials</b>			
29,217,000	Cemex, S.A.B. de C.V. Series CPO	35,954,250	8.93
<b>Chemical Products</b>			
4,800,000	Alpek, S.A.B. de C.V. Series A (b)	8,481,081	2.11
3,970,000	Mexichem, S.A.B. de C.V.	16,223,013	4.03
		24,704,094	6.14
<b>Construction and Infrastructure</b>			
708,000	Promotora y Operadora de Infraestructura, S.A.B. de C.V. (a)	9,715,155	2.41
<b>Consumer Products</b>			
6,200,000	Kimberly-Clark de México, S.A.B. de C.V. Series A (b)	14,334,968	3.56
<b>Energy</b>			
1,240,000	Infraestructura Energética Nova, S.A.B de C.V.	7,580,931	1.88
<b>Financial Groups</b>			
800,000	Banregio Grupo Financiero, S.A.B. de C.V. Series O	4,621,513	1.15
3,000,000	Grupo Financiero Banorte, S.A.B. de C.V. Series O	19,224,407	4.78
2,500,000	Grupo Financiero Santander México, S.A.B de C.V. Series B	6,653,661	1.65
		30,499,581	7.58

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<b>Food</b>				
1,071,000	Gruma, S.A.B. de C.V. Series B (a)	11,780,658	2.92	
2,310,000	Grupo Bimbo, S.A.B. de C.V. Series A	6,749,416	1.68	
2,700,000	Grupo Lala, S.A.B. de C.V. Series B	6,188,572	1.54	
1,000,000	Industrias Bachoco, S.A.B. de C.V. Series B	5,081,112	1.26	
		29,799,758	7.40	
<b>Holding Companies</b>				
8,075,000	Alfa, S.A.B. de C.V. Series A (b)	25,702,139	6.39	
790,000	Grupo Carso, S.A.B. de C.V. Series A1 (b)	4,508,660	1.12	
		30,210,799	7.51	

See Notes to Financial Statements.

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Shares Held		Value (Note 1)	Percent of Net Assets
<b>COMMON STOCK - concluded</b>			
<b>Media</b>			
3,050,000	Grupo Televisa, S.A.B. Series CPO	\$ 22,017,610	5.47%
<b>Mining</b>			
4,750,000	Grupo México, S.A.B. de C.V. Series B (b)	16,302,768	4.05
<b>Restaurants</b>			
3,100,000	Alsea, S.A.B. de C.V. (a)	9,671,619	2.40
<b>Retail</b>			
1,100,000	El Puerto de Liverpool, S.A.B. de C.V. Series C-1	12,891,116	3.21
7,745,000	Wal-Mart de México, S.A.B. de C.V. Series V	17,884,169	4.44
		30,775,285	7.65
<b>Steel</b>			
305,000	Ternium, S.A.	6,712,973	1.67
<b>Telecommunications Services</b>			
52,620,000	América Móvil, S.A.B. de C.V. Series L	64,129,320	15.93
	Total Common Stock (Identified cost - \$331,644,477)	\$ 395,245,329	98.19%
<b>Principal</b>			
<b>SHORT-TERM SECURITIES - 1.85%</b>			
<b>Amount</b>			
<b>Repurchase Agreements</b>			
\$5,706,215	BBVA Bancomer, S.A., 2.95%, dated 10/31/14, due 11/03/14 repurchase price \$5,707,618 collateralized by LD Bondes (Bonds issued by the Mexican Government), interest rate 3.00%, due 11/20/14. Value of collateral \$5,751,404.	\$ 5,706,215	1.42%
<b>Time Deposits</b>			
1,758,100			