

# ANNUAL REPORT

October 31, 2015



The Mexico Fund, Inc.

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

The Board of Directors (the “Board”) of The Mexico Fund, Inc. (the “Fund”) has authorized quarterly distributions under the MDP at an annual rate of 6% 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 Board 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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## Table of Contents

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The Fund's Management	1
Annual Report Highlights	2
Letter to Stockholders	3
General Information	8
Schedule of Investments	16
Statement of Assets and Liabilities	18
Statement of Operations	19
Statement of Changes in Net Assets	20
Financial Highlights	21
Notes to Financial Statements	22

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## **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*  
Samuel García-Cuéllar—*Secretary*  
Douglas P. Dick—*Assistant Secretary*

### **Investment Adviser**

Impulsora del Fondo México, S.C.

### **Custodian**

BBVA Bancomer, S.A.  
Comerica Bank

### **Transfer Agent and Registrar**

American Stock Transfer & Trust Company, LLC

### **Counsel**

Dechert LLP  
Creel, García-Cuéllar, 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.

## 2015 Annual Report

October 31, 2015

### Highlights

- The Fund's fiscal year 2015 ended on October 31, 2015.
- Mexico's gross domestic product ("GDP") grew 2.1% during 2014 and 2.5% during the first nine months of 2015, as compared with the same period of the previous year. Analysts surveyed by the Mexican Central Bank estimate that Mexican GDP growth will recover to 2.8% during calendar 2016 and 3.3% during calendar 2017.
- During fiscal 2015, the Fund's NAV per share registered a total return<sup>1</sup> of -14.49%, compared with returns of -17.93% and -17.69% over the same period registered by the Morgan Stanley Capital International ("MSCI") Mexico Index and the Bolsa IPC Index, respectively. In local currency, the NAV per share total return was 4.67%, compared with returns of 0.46% and 0.75% over the same period registered by the MSCI Mexico Index and the Bolsa IPC Index, respectively.
- During fiscal 2015, the Fund's market price per share registered a total return of -24.33%. As of October 31, 2015, the Fund's market price and NAV per share were \$18.33 and \$20.66, respectively, reflecting a discount of 11.28%, compared with a premium of 0.94% at the end of fiscal 2014.
- Under the Fund's Equity Shelf Program ("ESP"), the Fund issued 1,700 shares during fiscal 2015, resulting in additional available assets of \$45,087.
- The Fund's repurchase policy allows the Fund to repurchase its own stock in the market whenever the Fund's discount exceeds 10%. The discount reached this level towards the end of fiscal 2015, and the Fund repurchased 36,710 Fund shares in the open market.
- The Board has ratified the continuation of the Fund's MDP during fiscal 2016 at the annual rate of 6% of NAV per share recorded on December 31, 2015. The Fund has declared the last distribution of fiscal 2015 of \$0.3396 per share to be paid on January 13, 2016, to stockholders of record on December 23, 2015.

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<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, as amended (the "1940 Act"), that the Fund may purchase, from time to time, shares of its common stock in the open market.

## To Our Stockholders:

We present to you the Fund's 2015 Annual Report for the year ended October 31, 2015. 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

During the first nine months of calendar 2015, Mexico's GDP expanded 2.5%, compared with the same period of the prior year. During 2015, Mexican economic activity has remained resilient due to stronger exports to the United States and robust domestic demand, despite the difficult external environment.

During the fiscal year ended October 31, 2015, the price of West Texas Intermediate oil (used as a benchmark in oil pricing) and the Mexican oil mix declined 42% and 49%, respectively. The decline in oil prices has reduced oil revenues to the Mexican government, as compared to 2013 and 2014 when such revenues represented 35% and 31% of public sector revenues, respectively, but reduced to 20% of revenues, as of September 2015. The Mexican government hedged a significant portion of oil exports for 2015 and 2016 at \$79 and \$49 USD/bbl, respectively.

Mexico's energy reform is progressing despite the decline in oil prices. During 2015, the National Hydrocarbons Commission ("CNH") started the bidding process for oil and gas blocks to both domestic and foreign companies. Two rounds of tenders of shallow water blocks have taken place; the first was held in July 2015 and resulted in two out of fourteen fields being awarded, and the second took place in September 2015, in which three out of five blocks were awarded. A third tender for mature onshore blocks was held in December 2015, where all twenty five blocks auctioned received winning bids. It is expected that the next tender will take place in 2016.

As a consequence of lower oil revenues, Mexico's Ministry of Finance announced in January 2015 public expenditure cuts of 124 billion pesos ("Ps.") for 2015, equivalent to 0.7% of GDP. In addition, the government budget for 2016 contains further public expenditure cuts of Ps. 97 billion, or 0.4% of GDP. In the aggregate, public expenditures will be reduced by Ps. 221 billion, or 1.15% of GDP, during 2015 and 2016.

Public finances remain healthy: the public deficit in 2014 was 3.2% of GDP, and although the government estimates this deficit to increase to 4.1% of GDP in 2015 (3.7% of GDP as of June 2015), due to certain preventive measures taken by the government, such as the expenditure cuts mentioned above, the deficit is expected to decrease during 2016, signaling the government's commitment to balancing public finances. Inflation is at its lowest historical level, registering an annual rate of 2.5% as of October 2015.

On December 16, 2015, the Federal Reserve (the "Fed") increased its overnight interest rate by 25 basis points to a range of between 0.25% and 0.50%, its first interest rate hike since 2006. Correspondingly, on December 17, 2015, Mexico's Central Bank ("Banxico") followed the Fed movement by increasing its overnight interest rate by 25 basis points to 3.25%, the first interest rate increase since 2008. Analysts are expecting additional increases in both countries' interest rates during 2016.

Expectations regarding the Fed's increase in the interest rate has caused volatility in global financial markets. In addition, it has contributed to an appreciation of the U.S. dollar against almost all currencies, increasing 13% in 2014 and 7% during the first ten months of 2015, measured by the DXY Index<sup>1</sup>.

The Mexican peso has depreciated 11% against the U.S. dollar during the first ten months of 2015 to Ps. 16.50, as of October 31, 2015. We believe the peso depreciation derived from the decrease in oil and other commodity prices, expectations that the Fed will increase the interest rate and the general appreciation of the U.S. dollar. As a result of the peso depreciation and increased volatility in the currency market, since December 2014, Banxico has applied mechanisms through which it has auctioned dollars in the market. Since November 23, 2015, the following mechanisms are in place: Banxico will auction \$200 million whenever the peso depreciates 1.0% in any given day and additional auctions of \$200 million will be made when the peso depreciates 1.5% in any given day (conditioned to assigning the first \$200 million auctioned). Both mechanisms will be in place until January 29, 2016, at which time each will be reevaluated. Sales of U.S. dollars under these programs have totaled \$22.6 billion as of October 31, 2015; as a result, Mexico's international foreign reserves have decreased \$17 billion since December 31, 2014, but remain at a reasonable level of \$176 billion as of October 31, 2015.

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<sup>1</sup> **DXY Index** computes the value of the U.S. dollar relative to a basket of foreign currencies.

## The Mexico Fund, Inc.

Mexican economists surveyed by Banxico at the end of October 2015 estimate GDP growth for 2016 and 2017 at 2.8% and 3.3%, respectively, and inflation at the annual rate of 3.4% for each year. With respect to the short term interest rate, economists expect it to increase in 2016 and 2017 to 4.0% and 4.7%, respectively, with the fiscal deficit as a percentage of GDP to be 3.0% by 2016.

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

During fiscal 2015, the Mexican equity market had a negative performance measured in U.S. dollars due to the depreciation of the Mexican peso, as previously discussed in this report. The Fund's NAV declined 14.49% during fiscal 2015, outperforming the MSCI Mexico Index and the Bolsa IPC Index, which reported decreases of 17.93% and 17.69%, respectively. The Fund's market price declined 24.33% during fiscal 2015, resulting in a lower valuation to its NAV per share. From trading at a premium of 0.94% at the end of October 2014, the Fund traded at a discount of 11.28% at the end of fiscal 2015, based on conversion of Mexican pesos to the Fund's reporting currency, the U.S. dollar.

The following table shows the annualized performance<sup>2</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, 2015.

	Years (Annualized %) in USD			
	One	Three	Five	Ten
Fund's Market Price	-24.33	-3.42	2.86	8.40
Fund's NAV	-14.49	-0.78	3.08	7.85
MSCI Mexico Index	-17.93	-3.54	0.71	7.02
Bolsa IPC Index	-17.69	-3.72	0.35	8.24

Source: Impulsora del Fondo México, S.C.

As shown in the table above, the Fund's NAV per share has outperformed the Fund's benchmark, the MSCI Mexico Index, in all periods analyzed. The Fund's market price has also outperformed the Fund's benchmark during the last three, five and ten year periods ended October 31, 2015.

The following table shows the annualized performance<sup>2</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, measured in local currency, for the same periods. The Fund's NAV per share annualized return is positive in all periods.

	Years (Annualized %) in MXN			
	One	Three	Five	Ten
Fund's Market Price	-7.37	4.33	9.01	13.11
Fund's NAV	4.67	7.18	9.24	12.53
MSCI Mexico Index	0.46	4.20	6.73	11.67
Bolsa IPC Index	0.75	4.00	6.35	12.94

During fiscal 2015, Impulsora del Fondo México, S.C. (the "Adviser" or "Impulsora") decreased the Fund's exposure to issuers linked to oil and other commodity prices due to the steep decline in its prices, as mentioned earlier in this report. On the other hand, the Adviser increased the Fund's exposure to the construction sector due to an expected increase in government auctions of construction projects and the operation of highways to the private sector. At the same time, the Adviser increased the Fund's exposure to the industrial real estate and auto-parts sectors due to expected benefits from strong activity in the manufacturing and automotive industries. Due to the volatility in global financial markets, the Adviser increased the Fund's cash position to 4.0% as of October 31, 2015, from 1.8% as of October 31, 2014.

<sup>2</sup> Performance figures take into account the reinvestment of distributions.

## The Mexico Fund, Inc.

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The following table shows the top five contributors to the performance of the Fund's NAV relative to the MSCI Mexico Index during fiscal 2015. 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. This fiscal year, the Fund's outperformance was achieved by avoiding or maintaining an underweight exposure to some issuers with the highest declines in share prices. The Fund maintained no exposure to Fibra Uno, Grupo Financiero Inbursa and Peñoles, as well as underweight exposures in América Móvil and Grupo Televisa, each issuers that registered double-digit negative returns.

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

Issuer	Industry	Return	Contribution to Relative Fund Performance	Average Over / Under Weight
Fibra Uno	Real Estate	-33.63%	1.24%	-3.34%
Grupo Financiero Inbursa	Financial Groups	-32.16%	1.06%	-3.11%
América Móvil	Telecommunications Services	-24.01%	0.84%	-2.68%
Grupo Televisa	Media	-19.07%	0.80%	-4.17%
Peñoles	Mining	-40.30%	0.60%	-1.33%

The following table shows the top five detractors to the performance of the Fund's NAV relative to the MSCI Mexico Index during fiscal 2015 and shows their respective market price returns during the period. The Fund maintained overweight exposures in Alfa, Ternium, Mexichem and Infraestructura Energética Nova, all of which registered double-digit negative returns, as well as an underweight exposure to Grupo Aeroportuario del Pacífico, which reported a double-digit positive performance.

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

Issuer	Industry	Return	Contribution to Relative Fund Performance	Average Over / Under Weight
Alfa	Holding Company	-33.56%	-0.74%	1.13%
Ternium	Steel	-31.80%	-0.53%	1.63%
Mexichem	Chemical products	-35.92%	-0.42%	0.88%
Infraestructura Energética Nova	Utilities	-18.72%	-0.39%	0.30%
Grupo Aeroportuario del Pacífico	Airports	39.16%	-0.39%	-1.26%

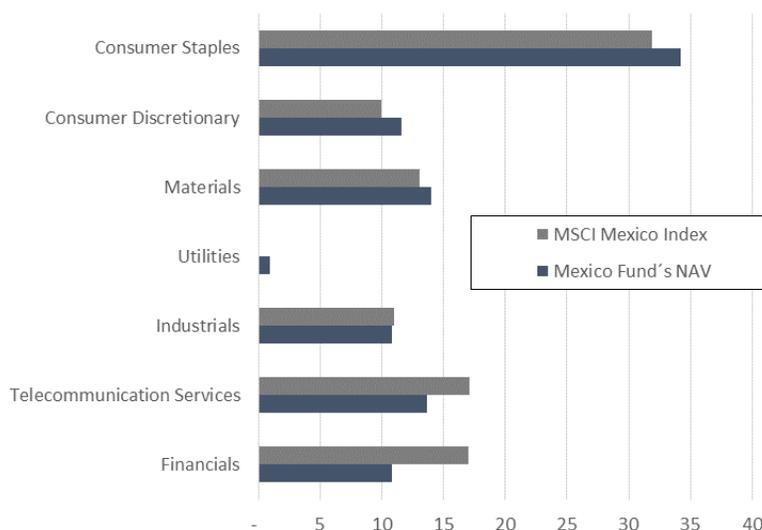
The following table shows the top five contributors to the Fund’s absolute performance during fiscal 2015.

### Top Five Contributors for Absolute Performance

Issuer	Industry	Return	Contribution to Absolute Fund Performance	Average NAV Weight
Wal-mart de México	Retail	19.87%	1.06%	6.89%
Gruma	Food	43.01%	0.63%	2.44%
El Puerto de Liverpool	Retail	19.11%	0.31%	2.89%
Kimberly-Clark de México	Consumer Products	9.10%	0.22%	3.38%
Grupo Aeroportuario del Centro Norte	Airports	7.63%	0.21%	2.72%

### Portfolio Composition by Industry

Percentage of Net Assets and Weights on MSCI Mexico Index, October 31, 2015



During fiscal 2015, a total of 12,105,251 Fund shares traded on all U.S. consolidated markets, resulting in a daily average value of shares traded of \$1.01 million. The Fund is one of the most liquid closed-end funds investing outside the United States, as the average of comparable funds<sup>3</sup> traded a daily average of \$0.84 million during the same period.

The average price-to-earnings ratio (“PER”) of the Mexican equity market at the end of October 2015 was 24.1 times, while the price-to-book value ratio was 2.6 times<sup>4</sup>. The market capitalization of the Bolsa at the end of October 2015 amounted to \$472.1 billion. During the third quarter of calendar 2015, financial statements of Mexican listed companies showed, in general, solid operating results, as revenues and EBITDA<sup>5</sup> increased 9.1% and 14.3%, respectively, much higher than the overall economic figures already mentioned in this report. However, net profit decreased 14.8% due to the depreciation of the peso against the U.S. dollar, as mentioned earlier in this report. The Adviser will continue to be prudent in identifying companies with strong balance sheets that

<sup>3</sup> Sample of 34 Non-U.S. equity Closed End Funds (excluding the Fund).

<sup>4</sup> Source: Impulsora del Fondo México, S.C. with figures provided by the Mexican Stock Exchange.

<sup>5</sup> EBITDA refers to earnings before interest, taxes, depreciation and amortization.

## The Mexico Fund, Inc.

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include manageable debt levels, positive free cash flows, strong corporate governance policies, high-quality management teams, attractive growth potential and proven business models.

### Equity Shelf Program

Since June 2013, the Fund has been issuing additional Fund shares when the Fund is trading at a premium under an 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 1,700 shares during fiscal 2015, resulting in additional available assets of \$45,087.

### Open Market Repurchases

The Fund’s repurchase policy allows the Fund to repurchase its own stock in the market whenever the Fund’s discount exceeds 10%. The discount reached this level towards the end of fiscal 2015, and the Fund repurchased 36,710 Fund shares in the open market.

### Declaration of Distributions Under MDP

Under the MDP, the Fund pays quarterly distributions at an annual rate of 6% of the Fund’s NAV per share recorded on the last business day of the previous calendar year. As announced on September 21, 2015, the Board approved a change in the quarterly distribution rate from an annual rate of 10% to 6%, effective with the distribution paid in October 2015. In making this determination, the Board considered that the events which occurred during fiscal 2015, such as weakening of equity markets and currencies in Mexico and emerging markets generally, the significant drop in oil and other commodity prices, uncertainty about the Chinese economy, concerns around the monetary policy in the U.S. that resulted in an interest rate increase and weaker than expected growth of the Mexican economy, have combined to result in lower than expected returns by the Fund. The Board believes that the annual rate of 6% is significant for Fund stockholders and is better aligned with the past 5 and 10 year annual rates of return in the Fund’s NAV. In addition, it considers the MDP to be effective tool for reducing the Fund’s discount. Despite the current environment, the Board maintains a positive view on long-term perspectives of the Mexican economy and the Fund; as such, it intends to maintain the Fund’s track record of quarterly distributions, in order to optimize the Fund’s long-term performance while providing periodic cash to its stockholders.

Pursuant to the MDP, the Board has declared a dividend distribution of \$0.3396 per share, payable in cash on January 13, 2016 to stockholders of record on December 23, 2015.

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 Board 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.

As mentioned in this report, the Mexican economy and equity market have faced a challenging environment; notwithstanding the above, your Fund has outperformed its benchmark. We are confident that the solid fundamentals of selected listed companies and the long-term strength of key economic variables in Mexico will continue to result in 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 21, 2015



**Emilio Carrillo Gamboa**  
Chairman of the Board

## General Information

### Directors' and Officers' Biographical Data

#### Independent Directors

Name, Address and Age	Position(s) Held With the Fund *	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Other Directorships Held by Director†
<p><b>Emilio Carrillo Gamboa+</b> Campos Eliseos 400 Piso 16 Col. Lomas de Chapultepec 11000 México, D.F. México Age: 78</p>	<p>Class III Director</p>	<p>Term expires 2017; Director 1981-1987 and since 2002.</p>	<p>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 several Mexican and U.S. companies.</p>	<p>Director, Southern Copper Corporation (copper mining).</p>
<p><b>Jonathan Davis Arzac+</b> c/o Aristóteles 77, 3rd. Floor Col. Polanco 11560 México, D.F. México Age: 63</p>	<p>Class III Director</p>	<p>Term expires 2017, Director since 2011.</p>	<p>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.</p>	<p>None.</p>
<p><b>Claudio X. González+</b> c/o Aristóteles 77, 3rd Floor Col. Polanco 11560 México, D.F. México Age: 81</p>	<p>Class II Director</p>	<p>Term expires 2016; Director since 1981.</p>	<p>Mr. González is Chairman of the Board of Kimberly-Clark de México, a consumer products company, since March 1973; he served as Chief Executive Officer of this company from March 1973 to March 2007. Mr. González was President of the Mexican Business Council and has served on the boards of directors of several prominent U.S. and Mexican companies.</p>	<p>None.</p>

## General Information

### Directors' and Officers' Biographical Data

Continued

#### Independent Directors continued

Name, Address and Age	Position(s) Held With the Fund *	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Other Directorships Held by Director†
<b>Edward P. Djerejian+</b> 2027 Sunset Boulevard Houston, TX 77005 Age: 76	Class II Director	Term expires 2016; Director since 2013.	Amb. Djerejian is the Director of the James A. Baker III Institute for Public Policy at Rice University since August, 1994. He served as Chairman of the Board of Occidental Petroleum Corporation (2013 – 2015).	Director, Occidental Petroleum Corporation (energy).
<b>Jaime Serra Puche+</b> Edificio Plaza Prolongación Paseo de la Reforma 600-103 Santa Fé Peña Blanca 01210 México, D.F. México Age: 64	Class I	Term expires 2018; 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).
<b>Marc J. Shapiro+</b> 707 Travis, 11th Floor Houston, TX 77002 Age: 68	Class I	Term expires 2018; 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.

## 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 of Time Served	Principal Occupation During Past Five Years	Other Directorships Held by Director†
<b>José Luis Gómez Pimienta**+</b> Aristóteles 77, 3rd Floor Col. Polanco 11560 México, D.F. México Age 76	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.

\* 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<sup>6</sup>

Name, Address and Age	Position(s) Held With the Fund *	Term of Office+ and Length of Time Served	Principal Occupation(s) During Past Five Years
<b>Alberto Osorio Morales</b> Aristóteles 77, 3rd Floor Col. Polanco 11560 México, D.F. México Age: 47	President and Chief Executive Officer  (formerly, Senior Vice President; Treasurer)	Since March 2014.  From 2002 to 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.

<sup>6</sup> Mr. Jorge Alamillo, pursuant to a Professional Services Agreement, serves as an independent contractor to the Fund in the role of Chief Compliance Officer.

## The Mexico Fund, Inc.

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### Officers Who Are Not Directors

Concluded

Name, Address and Age	Position(s) Held With the Fund *	Term of Office+ and Length of Time Served	Principal Occupation(s) During Past Five Years
<b>Alberto Gómez Pimienta</b> Aristóteles 77, 3rd Floor Col. Polanco 11560 México, D.F. México Age: 49	Treasurer  (formerly, Vice President of Operations)	Since March 2014.  From 2009 to 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.
<b>Samuel García-Cuéllar</b> Creel, García-Cuéllar, Aiza y Enríquez, S.C. Paseo de los Tamarindos 60 - 3rd Floor Bosques de las Lomas 05120 México, D.F. México Age: 73	Secretary	Since 1981.	Mr. García-Cuéllar is a partner of Creel, García-Cuéllar, Aiza y Enríquez, S.C., Mexican counsel to the Fund.
<b>Douglas P. Dick</b> 1900 K Street, N.W. Washington, DC 20006 Age 46	Assistant Secretary	Since 2015.	Partner of Dechert LLP, U.S. counsel to the Fund and the Independent Directors.

\* 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.

## **General Information**

*Continued*

### **Concentration Policy**

The Fund has adopted a concentration policy, as permitted by the 1940 Act, that allows it to concentrate its investments in any industry or group of industries beyond 25% of the Fund's assets 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 2015, 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. Alberto Gómez Pimienta, 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 available 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 without charge, upon request, by calling Mr. Alberto Gómez Pimienta. Mr. Gómez Pimienta can be contacted at (+52 55) 9138-3350, 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 accounts with American Stock Transfer & Trust Company, LLC ("AST") 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. Alberto Gómez Pimienta, the Fund's Treasurer, at (+52 55) 9138-3350 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.

#### **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 fiscal 2015, the Fund repurchased 36,710 Fund shares in the open market, equivalent to 0.24% of the Fund's outstanding shares at the end of fiscal 2015.

### 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 AST (the "Plan Agent"). 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 MDP 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 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 SEC 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.

## General Information

### *Concluded*

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 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 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 (the “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 the semi-annual report along with other information about the Fund. After the Fund’s 2015 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.

## Schedule of Investments

as of October 31, 2015

Shares Held		Value (Note 1)	Percent of Net Assets
	<b>COMMON STOCK - 96.03%</b>		
	<b>Airports</b>		
2,000,000	Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. Series B	\$10,296,871	3.31%
	<b>Auto Parts</b>		
4,000,000	Nemak, S.A.B. de C.V. Series A (a)	5,790,778	1.86
	<b>Beverages</b>		
1,500,000	Arca Continental, S.A.B. de C.V.	9,612,413	3.09
3,200,000	Fomento Económico Mexicano, S.A.B. de C.V. Series UBD	31,641,064	10.17
		41,253,477	13.26
	<b>Building Materials</b>		
18,500,000	Cemex, S.A.B. de C.V. Series CPO	11,737,597	3.77
2,730,000	Elementia, S.A.B. de C.V. (a)	2,928,173	0.94
		14,665,770	4.71
	<b>Chemical Products</b>		
4,800,000	Alpek, S.A.B. de C.V. Series A (b)	6,937,299	2.23
3,010,000	Mexichem, S.A.B. de C.V.	7,814,060	2.51
		14,751,359	4.74
	<b>Construction and Infrastructure</b>		
800,000	Promotora y Operadora de Infraestructura, S.A.B. de C.V. (a)	10,040,419	3.23
	<b>Consumer Products</b>		
5,000,000	Kimberly-Clark de México, S.A.B. de C.V. Series A (b)	12,077,251	3.88
	<b>Financial Groups</b>		
400,000	Banregio Grupo Financiero, S.A.B. de C.V. Series O	2,159,968	0.69
3,500,000	Grupo Financiero Banorte, S.A.B. de C.V. Series O	18,865,781	6.06
3,700,000	Grupo Financiero Santander México, S.A.B. de C.V. Series B	6,804,891	2.19
		27,830,640	8.94
	<b>Food</b>		
600,000	Gruma, S.A.B. de C.V. Series B	9,267,911	2.98
2,000,000	Grupo Bimbo, S.A.B. de C.V. Series A (a)	5,680,489	1.82
2,200,000	Grupo Lala, S.A.B. de C.V. Series B	5,627,284	1.81
1,000,000	Industrias Bachoco, S.A.B. de C.V. Series B	4,567,903	1.47
		25,143,587	8.08
	<b>Holding Companies</b>		
6,350,000	Alfa, S.A.B. de C.V. Series A (b)	13,240,951	4.26
	<b>Media</b>		
2,200,000	Grupo Televisa, S.A.B. Series CPO	12,813,036	4.12

See Notes to Financial Statements.

**The Mexico Fund, Inc.**

<b>Shares Held</b>		<b>Value (Note 1)</b>	<b>Percent of Net Assets</b>
	<b>Mining</b>		
3,750,000	Grupo México, S.A.B. de C.V. Series B (b)	9,144,291	2.94
	<b>Real Estate</b>		
2,340,000	Corporación Inmobiliaria Vesta, S.A.B. de C.V.	3,845,620	1.24
	<b>Restaurants</b>		
2,600,000	Alesa, S.A.B. de C.V.	8,552,124	2.75
	<b>Retail</b>		
650,000	El Puerto de Liverpool, S.A.B. de C.V. Series C-1	9,035,426	2.90
1,600,000	Grupo Rotoplas, S.A.B. de C.V. (a)	2,927,143	0.94
10,570,000	Wal-Mart de México, S.A.B. de C.V.	27,914,059	8.97
		<u>39,876,628</u>	<u>12.81</u>
	<b>Steel</b>		
350,000	Ternium, S.A. ADR	5,029,602	1.62
	<b>Stock Exchange</b>		
1,200,000	Bolsa Mexicana de Valores, S.A.B. de C.V. Series A	2,001,927	0.64
	<b>Telecommunications Services</b>		
47,500,000	América Móvil, S.A.B. de C.V. Series L	42,456,718	13.64
	Total Common Stock (Identified cost - \$316,864,935)	<u>\$298,811,049</u>	<u>96.03%</u>
<b>Principal Amount</b>	<b>SHORT-TERM SECURITIES – 4.03%</b>		
	<b>Repurchase Agreements</b>		
\$6,529,987	BBVA Bancomer, S.A., 3.03%, dated 10/30/15, due 11/03/15 repurchase price \$6,532,185 collateralized by M BONOS (Bonds issued by the Mexican Government), interest rate 5.00%, due 12/17/15. Value of collateral \$6,596,762.	\$6,529,987	2.10%
	<b>Time Deposits</b>		
\$6,011,789	Comerica Bank, 0.06%, dated 10/30/15, due 11/02/15	6,011,789	1.93
	Total Short-Term Securities (Identified cost - \$12,541,776)	<u>\$12,541,776</u>	<u>4.03%</u>
	<b>Total Investments</b> (Identified cost - \$329,406,711)	311,352,825	100.06
	Liabilities in Excess of Other Assets	<u>(179,226)</u>	<u>(0.06)</u>
	<b>Net Assets</b> Equivalent to \$20.66 per share on 15,060,546 shares of capital stock outstanding.	<u>\$311,173,599</u>	<u>100.00%</u>

(a) Shares of these securities are currently non-income producing. Equity investments that have not paid dividends within the last twelve months are considered to be non-income producing.

(b) A member of the Board also serves as a member of the company's board of directors.  
ADR – American Depositary Receipt

## Statement of Assets and Liabilities

as of October 31, 2015

### Assets:

#### Investments:

##### Securities, at value:

Equity Securities (identified cost - \$316,864,935)	\$298,811,049
Short term securities (identified cost - \$12,541,776)	12,541,776
Total investments (identified cost - \$329,406,711)	<u>\$311,352,825</u>

Dividends receivable	213,229
Interest receivable	1,099
Prepaid expenses	254,822
Total assets	<u>311,821,975</u>

### Liabilities:

Payable to Investment Adviser (Notes 2 and 3)	290,880
Accrued expenses and other liabilities	307,711
Payables for Fund's shares repurchased	49,785
Total liabilities	<u>648,376</u>

<b>Net Assets</b> - Equivalent to \$20.66 per share on 15,060,546 shares of capital stock outstanding (Note 7)	<u>\$311,173,599</u>
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### Composition of Net Assets:

Common Stock	\$15,060,546
Additional paid-in capital	313,028,511
Accumulated net investment income	0
Accumulated net realized gain on investments	1,069,242
Unrealized (depreciation) of investments and translation of assets and liabilities denominated in foreign currency	(17,984,700)
	<u>\$311,173,599</u>

## Statement of Operations

For the Year ended October 31, 2015

### Net Investment Income:

Income:

Dividends (a)	\$6,429,399
Interest	335,962
Total income	<u>\$6,765,361</u>

### Expenses:

Investment advisory fee	3,199,077
Administrative services	459,000
Directors' fees	397,500
Legal fees	374,366
Printing, distribution and mailing of stockholder reports	207,785
Audit and tax fees	195,500
Directors' and Officers' expenses	94,232
Insurance	83,647
Stockholders' information	75,618
Custodian fees	46,348
Chief Compliance Officer fees	28,714
Transfer agent and dividend disbursement fees	28,200
Stock exchange fees	25,000
Miscellaneous	67,328
Operating expenses	<u>5,282,315</u>
Net investment income	<u>1,483,046</u>

### Net Realized and Unrealized Gain (Loss) on Investments and Foreign Currency

#### Transactions:

Net realized gain (loss) on investments and foreign currency transactions:

Net realized gain on investments	24,786,224
Net realized loss from foreign currency transactions	(2,154,162)
Net realized gain on investments and foreign currency transactions	<u>22,632,062</u>
Increase (decrease) in net unrealized appreciation on investments and translation of assets and liabilities denominated in foreign currency:	
Decrease in net unrealized appreciation on investments	(81,654,738)
Increase in net unrealized appreciation on translation of assets and liabilities denominated in foreign currency	67,748
Decrease in net unrealized appreciation on investments and translation of assets and liabilities denominated in foreign currency	<u>(81,586,990)</u>
<b>Net Decrease in Net Assets Resulting from Operations</b>	<u><u>\$(57,471,882)</u></u>

(a) Net of withholding taxes of \$5,500.

## Statement of Changes in Net Assets

	For the Year Ended October 31, 2015	For the Year Ended October 31, 2014
<b>Increase (Decrease) in Net Assets:</b>		
From Operations		
Net investment income	\$ 1,483,046	\$ 1,201,770
Net realized gain on investments and foreign currency transactions	22,632,062	43,394,855
Decrease in net unrealized appreciation on investments and translation of assets and liabilities denominated in foreign currency	(81,586,990)	(24,598,076)
Net (decrease) increase in net assets resulting from operations	(57,471,882)	19,998,549
Dividends to stockholders from net investment income	(632,575)	(2,000,582)
Distributions to stockholders from net realized gain on investments	(32,636,966)	(42,457,593)
	<u>(90,741,423)</u>	<u>(24,459,626)</u>
<b>From Capital Share Transactions:</b>		
Net increase in capital stock (Note 5)	44,961	28,471,361
Repurchase of stock (Note 7)	(659,172)	-
	<u>(614,211)</u>	<u>28,471,361</u>
Total (decrease) increase in net assets	<u>(91,355,634)</u>	<u>4,011,735</u>
<b>Net Assets:</b>		
Beginning of year	402,529,233	398,517,498
End of year (including accumulated net investment income of \$0 and \$942,700, respectively)	<u>\$ 311,173,599</u>	<u>\$ 402,529,233</u>

See Notes to Financial Statements.

Financial Highlights

	<u>For the Year Ended October 31,</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Per Share Operating Performance:</b>					
Net asset value, beginning of year	\$ 26.67	\$ 28.30	\$ 28.66	\$ 25.37	\$ 29.50
Net investment income *	0.09	0.09	0.08	0.12	0.24
Net (loss) gain on investments and translation of foreign currency *	(3.91)	1.24	2.47	5.78	(1.34)
Total from investment operations *	(3.82)	1.33	2.55	5.90	(1.10)
<b>Less Dividends and Distributions:</b>					
Dividends to stockholders from net investment income	(0.04)	(0.14)	(0.15)	(0.13)	(0.10)
Distributions to stockholders from net realized gain on investments	(2.16)	(2.87)	(2.79)	(2.48)	(2.94)
Total dividends and distributions	(2.20)	(3.01)	(2.94)	(2.61)	(3.04)
<b>Capital Share Transactions:</b>					
Anti-dilutive effect from repurchase of Fund stock	0.01	-	-	-	0.01
Anti-dilutive effect from issuance of Fund stock	-	0.05	0.03	-	-
Total capital share transactions	0.01	0.05	0.03	-	0.01
Net asset value, end of period	\$ 20.66	\$ 26.67	\$ 28.30	\$ 28.66	\$ 25.37
Market value per share, end of period	\$ 18.33	\$ 26.92	\$ 28.81	\$ 27.59	\$ 23.53
Total investment return based on market value per share **	(24.33%)	3.99%	14.50 %	30.08%	(1.76)%
<b>Ratios to Average Net Assets:</b>					
Expenses	1.59%	1.57%	1.42%	1.49%	1.42%
Net investment income	0.45%	0.29%	0.26%	0.43%	0.83%
<b>Supplemental Data:</b>					
Net assets at end of year (in 000's)	\$ 311,174	\$ 402,529	\$ 398,517	\$ 382,960	\$ 339,050
Portfolio turnover rate	16.52%	39.36%	35.53%	30.94%	25.18%

\* Amounts were computed based on average shares outstanding during the period.

\*\* Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the last business day of each year reported. Dividends and distributions, if any, are assumed to be reinvested in accordance with the Fund's Distribution Reinvestment and Stock Purchase Plan.

See Notes to Financial Statements.

## Notes to Financial Statements

October 31, 2015

### 1. Operations and Significant Accounting Policies:

The Mexico Fund, Inc. (the “Fund”) is registered under the 1940 Act as a closed-end non-diversified management investment company. The investment objective of the Fund is to seek long-term capital appreciation through investment in securities, primarily equity, listed on the Mexican Stock Exchange.

The following is a summary of significant accounting policies followed by the Fund. The Fund is an investment company and, accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standards Codification Topic 946 — Investment Companies, which is part of U.S. generally accepted accounting principles (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

*Valuation of investments* — Investments in which the principal exchange is the Mexican Stock Exchange are valued at the closing price reported by the Mexican Stock Exchange. The closing price represents the weighted average for the last twenty minutes of operations in any business day. Investments in which the principal exchange is the NASDAQ Stock Market or the New York Stock Exchange are valued at the NASDAQ official closing price or the last sale price, respectively. Short-term securities with remaining maturities of less than 60 days at the time of purchase are carried at amortized cost, which approximates fair value. All other securities are valued in accordance with methods determined by the Board. If the Board believes that the price of a security obtained under the Fund’s valuation procedures does not represent the amount that the Fund reasonably expects to receive on a current sale of the security, the Fund will value the security based on a method that the Board believes to accurately reflect fair value.

GAAP establishes a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund’s own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund’s investments and are summarized in the following fair value hierarchy:

- Level 1 — quoted prices in active markets for identical securities
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. An investment’s level within the fair value hierarchy is based on the lowest level of any input, both individually and in the aggregate, that is significant to the fair value measurement.

The following is a summary of the inputs used as of October 31, 2015, in valuing the Fund’s investments in securities:

<u>Valuation Inputs</u>	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
ASSETS:				
Investments in Securities:				
Equity Investments (a)	\$ 298,811,049	-	-	\$ 298,811,049
Short Term Investments (b)	-	\$ 12,541,776	-	\$ 12,541,776
<b>Total Investments in Securities</b>	<b>\$ 298,811,049</b>	<b>\$ 12,541,776</b>	<b>-</b>	<b>\$ 311,352,825</b>

(a) For detailed industry descriptions, see the accompanying Schedule of Investments.

(b) These assets consist of time deposits and repurchase agreements with maturities of one business day. They are classified as Level 2 solely as a result of the Fund’s valuation technique for short-term investments, using amortized cost which approximates fair value, instead of quoted prices in active markets, and thereby may not present any higher risk than Level 1 assets.

## Notes to Financial Statements

October 31, 2015

*Continued*

During the year ended October 31, 2015, there were no transfers of investments between fair value levels.

*Security transactions and investment income* - Security transactions are recorded on the date on which the transactions are entered into (the trade date). Dividend income is recorded on the ex-dividend date and interest income is recorded as earned.

*Foreign Currency* - The market value of Mexican securities, currency holdings and other assets and liabilities denominated in Pesos was recorded in the financial statements after being translated into U.S. dollars based on the open market exchange rate prevailing in Mexico City at the end of the period. The open market exchange rate at October 31, 2015 was Ps.16.5021 to \$1.00.

The identified cost of portfolio holdings is translated at approximate rates prevailing when acquired. Income and expense amounts are translated at approximate rates prevailing when earned or incurred.

The Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of securities during the year. Accordingly, the net realized and unrealized gain on investments presented in the accompanying financial statements include the effects of both such changes.

Reported net realized foreign exchange gains or losses arise from sales of short-term securities in exchange for cash, payment of services or non-functional currency denominated assets; currency gains or losses realized between the trade and settlement dates on securities transactions; and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded by the Fund and the U.S. dollar equivalent of the amount actually received or paid.

Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in common stocks, resulting from changes in the exchange rate.

*Repurchase Agreements* - The Fund enters into repurchase agreements with approved institutions. The Fund's repurchase agreements are fully collateralized by Mexican or U.S. Government securities. The Fund takes possession of the collateral and Impulsora del Fondo México S.C., the Fund's investment adviser (the "Adviser"), monitors the credit standing of repurchase agreement counterparties. It is the Fund's policy that the fair value of the collateral be at least equal to the principal amount of the repurchase transaction, including accrued interest, at all times. If the counterparty defaults, and the fair value of the collateral declines, realization of the collateral by the Fund may be delayed or limited.

*Realized gains and losses on investments* - Realized gains and losses on investments are determined on the identified cost basis.

*Foreign Taxes* - The Fund may be subject to foreign taxes on income, gains on investments or currency purchases/repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries, as applicable, based on its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Under the Mexican tax reform law, which became effective January 1, 2014, gains realized on sales of securities listed on the Mexican Stock Exchange are subject to a 10% income tax payment for non-residents of Mexico. However, non-resident sellers that reside in a country with which Mexico has in effect a tax treaty (such as the United States), and that are eligible for the benefits of such tax treaty, are generally exempt from such tax. The Fund, as an investment company organized in the United States, is claiming eligibility for the benefits of such tax treaty. Therefore, the Fund believes that it should be exempt from such tax on realized gains, and no such tax is being recognized or paid by the Fund.

The Mexican tax reform law also included a 10% income tax withholding on dividends distributed by companies to non-residents of Mexico, which applies to profits generated since 2014. As a result, the Fund expects that the amount of taxes withheld on dividends the Fund earns will continue to increase as investee companies pay dividends from profits generated since 2014. During the year ended October 31, 2015, the amount of such tax withholding was \$5,500 as disclosed on the Statement of Operations.

*Income Taxes* - No provision has been made for U.S. income or excise taxes for the year ended October 31, 2015 on net investment company taxable income or net long-term capital gains as defined by the Internal Revenue Code (the "Code"), since the Fund intends to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of such income to its stockholders.

## Notes to Financial Statements

October 31, 2015

*Continued*

GAAP prescribes the minimum recognition threshold a tax position must meet before being recognized in the financial statements. The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained, assuming examination by the Internal Revenue Service. An assessment of the Fund's tax positions has been made and it has been determined that there is no liability for unrecognized tax benefits that should be recorded relating to uncertain tax positions taken on returns filed for open tax years.

Each of the Fund's federal income tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefit will change materially in the next 12 months.

*Dividends to stockholders* - Cash dividends are recorded by the Fund on the ex-dividend date.

*Risks of Investment in Mexican Securities* - Investing in Mexican securities involves certain considerations not typically associated with investing in securities of U.S. issuers, including (1) lesser liquidity and smaller market capitalization of the Mexican securities markets, (2) currency fluctuations, (3) higher rates of inflation and domestic interest rates and (4) less stringent disclosure requirements, less available information regarding Mexican public companies and less active regulatory oversight of Mexican public companies.

The Mexican Stock Exchange is a concentrated market. A large percentage of the value of the Mexican securities market is currently represented by certain industry sectors, in particular, the communications industry. Also, a certain individual has a controlling interest in companies representing approximately 20% of the market capitalization of the Mexican Stock Exchange. As of October 31, 2015, the Fund held investments representing 13.64% of its net assets in one of these companies (América Móvil). The value of the Mexican Stock Exchange may be subject to greater volatility than markets that are less concentrated. Any factors or events which impact this individual could have negative repercussions for the issuers in which he holds a controlling interest, including certain Fund investments and the Mexican Stock Exchange as a whole.

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## 2. Investment Advisory Agreement:

The Fund has a management contract (the "Agreement") with the Adviser, a Mexican company registered under the U.S. Investment Advisers Act of 1940. The Adviser furnishes investment research and portfolio management services consistent with the Fund's stated investment policies. Under the terms of the Agreement, the Fund pays the Adviser a monthly fee (the "Base Fee") at the annual rate of 1.00% on the first \$200 million of average daily net assets, 0.90% on the excess over \$200 million up to \$400 million, 0.80% on the excess over \$400 million up to \$600 million, 0.70% on the excess over \$600 million up to \$800 million and 0.60% on the excess over \$800 million.

Under the terms of the Agreement, a performance component of the Advisory fee was implemented effective on April 1, 2015. The performance component is based on the performance of the Fund relative to the MSCI Mexico Index. A performance adjustment factor will be applied to the Base Fee that will either increase or decrease the Base Fee, depending on how the Fund's NAV performs relative to the MSCI Mexico Index over a trailing 12-month period. The performance adjustment factor is to be applied each day and a daily fee is calculated; it is applied to the average net assets of the Fund over the trailing 12-month period. The resulting dollar figure will be added to or subtracted from the Base Fee depending on whether the Fund experienced better or worse performance than the MSCI Mexico Index. If the investment performance of the Fund exceeds the investment record of the MSCI Mexico Index by 2 percentage points or more, the performance adjustment will increase the Base Fee by 0.025% for every percentage point of outperformance. If the investment performance of the Fund trails the investment record of the MSCI Mexico Index by 2 percentage points or more, the performance adjustment will decrease the Base Fee by 0.025% for every percentage point of underperformance. The maximum amount of the performance adjustment in either direction is 0.20%, if the difference between the investment performance of the Fund and the investment record of the MSCI Mexico Index is 10 percentage points or more.

## Notes to Financial Statements

October 31, 2015

*Continued*

Performance adjustments began on April 1, 2015. In fiscal 2015, the accumulated Base Fee of \$3,201,461 was decreased by \$2,384, resulting in a net advisory fee of \$3,199,077.

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### 3. Fund Services Agreement:

The Fund has entered into a Fund Services Agreement with the Adviser, which provides for certain services to be performed by the Adviser, including among other activities, the determination and publication of the NAV of the Fund, the maintenance of the Fund's books and records in accordance with applicable U.S. and Mexican Laws and assistance in the preparation and filing of annual reports and tax returns. The Fund pays the Adviser a monthly fee at the annual rate of 0.11% on the first \$600 million of average daily net assets, and 0.09% on the excess over \$600 million, with a minimum amount of \$450,000 per year. For the fiscal year ended October 31, 2015, the Adviser received \$450,000 under the Fund Services Agreement.

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### 4. Purchases and Sales of Investments:

Purchases and sales of investments, excluding short-term securities, for the year ended October 31, 2015 were as follows:

Purchases	
Common Stock	\$52,962,677
Total Purchases	<u>\$52,962,677</u>
Proceeds from Investments Sold	
Common Stock	\$92,528,443
Total Sales	<u>\$92,528,443</u>

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### 5. Capital Stock:

At October 31, 2015, there were 150,000,000 shares of \$1.00 par value common stock authorized, of which 15,060,546 shares were outstanding.

The Fund offers a Distribution Reinvestment and Stock Purchase Plan (the "Plan") to its stockholders. Fund stockholders are automatically enrolled as participants in the Plan unless they notify the Fund's transfer agent otherwise. During the year ended October 31, 2015, the Fund did not issue shares under the Plan. In accordance with the terms of the Plan, for the year ended October 31, 2014, the Fund issued 103,592 shares, resulting in net proceeds to the Fund of \$2,913,392.

On June 7, 2013 the Fund filed a Registration Statement with the SEC in order to be able to offer, from time to time and subject to market conditions, its shares of common stock at a price equal to or greater than the Fund's NAV per share at the time of the offer, exclusive of any underwriting commissions and other expenses related to the offer. In accordance with the terms of the Registration Statement, for the years ended October 31, 2015 and October 31, 2014, the Fund issued 1,700 and 907,877 shares, respectively, at market prices above NAV, resulting in net proceeds to the Fund of \$44,961 and \$25,557,969, respectively. Offering costs of approximately \$580 and \$326,000, respectively, related to the issuance of these shares were charged against the Fund's additional paid in capital during the years ended October 31, 2015 and October 31, 2014.

## Notes to Financial Statements

October 31, 2015

*Continued*

### 6. Distributions to Stockholders and Income Taxes:

The amount and characterization of certain income and capital gains to be distributed are determined in accordance with U.S. federal income tax regulations, which may differ from GAAP. These differences are primarily due to differing book and tax treatments in the timing of the recognition of net investment income or gains and losses, including losses deferred due to wash sales and foreign currency gains and losses.

The Fund may periodically make reclassifications among its capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations, without impacting the Fund's NAV. For the year ended October 31, 2015, amounts were reclassified within the capital accounts to increase Accumulated Net Realized Gain on Investments by \$2,464,840, decrease Accumulated Net Investment Loss by \$1,793,171, and decrease Additional Paid-in Capital by \$671,669. The reclassifications relate primarily to foreign currency gains or losses and net operating loss. Any such reclassifications are not reflected in the financial highlights.

On August 12, 2008, the Fund received authorization from the SEC that permits the Fund to distribute long-term capital gains to stockholders more than once per year. Accordingly, the Board approved the implementation of a MDP to make quarterly cash distributions to stockholders. Under the MDP, distributions will be made from current income, supplemented by realized capital gains and, to the extent necessary, paid in capital.

The Board authorized quarterly distributions under its MDP at an annual rate of 10% of NAV as of the last dividend payment on July 23, 2015. On September 18, 2015, the Board approved a change in the quarterly distribution payable under the Fund's MDP, effective with the distribution to be paid in October 2015, adjusting the rate of the MDP from 10% to 6% of NAV as of the last business day of the previous calendar year.

The tax character of distributions paid during the fiscal years ended October 31, 2015 and October 31, 2014 were as follows:

	2015	2014
Distributions paid from:		
Ordinary income	\$2,909,241	\$6,023,135
Long term capital gains	30,360,300	38,435,040
Total distributions paid	<u>\$33,269,541</u>	<u>\$44,458,175</u>

As of October 31, 2015, the components of accumulated earnings (deficit) on a tax basis were as follows:

Net long term capital gains	\$ 2,700,796
Undistributed ordinary income	0
Unrealized depreciation	<u>(19,616,807)</u>
Total accumulated earnings	<u><u>\$(16,916,011)</u></u>

As of October 31, 2015, the cost of investments for federal income tax purposes was \$331,038,807. Gross unrealized appreciation of investments was \$24,819,236 and gross unrealized depreciation of investments was \$44,505,218 resulting in net unrealized depreciation on investments of \$19,685,982, excluding foreign currency transactions. The difference between book basis and tax basis unrealized appreciation/(depreciation) is attributable primarily to wash sale loss deferrals.

## **Notes to Financial Statements**

October 31, 2015

*Concluded*

### **7. Stock Repurchases:**

In June 2009, the Board authorized the Fund to 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 year ended October 31, 2014, the Fund did not repurchase shares in the open market. During the year ended October 31, 2015, the Fund repurchased 36,710 shares at a cost of \$659,172. These shares were repurchased at an average price of \$17.96 per share, which represented an average discount of 10.17%.

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### **8. Commitments and Contingencies:**

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties or provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

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### **9. Subsequent Events:**

Subsequent to October 31, 2015, the Fund declared a distribution of \$0.3396 per share payable on January 13, 2016 to stockholders of record on December 23, 2015.

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## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of  
The Mexico Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Mexico Fund, Inc. (the “Fund”) at October 31, 2015, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2015 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

### **PricewaterhouseCoopers LLP**

New York, New York  
December 21, 2015

## **Tax Information**

(Unaudited)

In order to meet certain requirements of the Code, we are advising you that the Fund designates \$30,360,300 as long term capital gain distributions made during the fiscal year ended October 31, 2015, subject to the maximum tax rate of 15%. Of this amount, \$8,150,509 was attributable to gains from the fiscal year ended October 31, 2014.

Under Section 854(b)(2) of the Code, the Fund designates 100% of the ordinary income dividends as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Code for the fiscal year ended October 31, 2015. The information reported herein may differ from the information and distributions taxable to the stockholders for the calendar year ending December 31, 2015. The information necessary to complete your income tax returns will be included with your form 1099-DIV to be received under separate cover in January 2016.

## **Privacy Policy**

*This privacy notice is not a part of the shareholder report.*

The Mexico Fund, Inc. appreciates the privacy concerns and expectations of our customers. We are committed to maintaining a high level of privacy and confidentiality when it comes to your personal information and we use that information only where permitted by law.

We provide this privacy notice to you so that you may understand our policy with regard to the collection and disclosure of nonpublic personal information (“Information”) pertaining to you.

### *Collection of Information*

We collect Information about you from the following sources:

Information we receive from you on applications or other forms;  
Information about your transactions with us; and  
Information, if any, we receive from a consumer reporting agency.

### *Disclosure of Information*

We do not disclose any Information about our customers or former customers to third parties, except as permitted by law. We may disclose all of the Information we collect, as described above, to companies that perform Fund accounting and/or marketing services on our behalf or to other financial institutions with whom we have joint marketing arrangements.

### *Access to Information*

We restrict access to your Information except to the extent necessary to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal regulations to guard your Information.

Our privacy policy applies only to those individual investors who have a direct customer relationship with us. If you are an individual stockholder of record of the Fund, we consider you to be a customer of the Fund. Stockholders purchasing or owning shares of the Fund through their bank, broker or other financial institution should consult that financial institution’s privacy policy. If you own shares or receive investment services through a relationship with a third-party broker, bank, investment adviser or other financial service provider, that third-party’s privacy policy may apply to you and the Fund’s may not.

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