MEXICO FUND INC
Form 486BPOS
February 27, 2015
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As filed with the Securities and Exchange Commission on February 27, 2015

1933 Act File No. 333- 187869

1940 Act File No. 811- 02409

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-2

x **REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

¨ Pre-Effective Amendment No.

x Post-Effective Amendment No. 4

and

x **REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY OF 1940**

Amendment No. 60

THE MEXICO FUND, INC.

(Exact Name of Registrant as Specified in Charter)

1900 K Street, NW

Washington, DC 20006

(Address of Principal Executive Offices)

(202) 261-7941

(Registrant s Telephone Number, including Area Code)

Alberto Osorio

President and Chief Executive Officer

The Mexico Fund, Inc.

1900 K Street, NW

Washington, DC 20006

(Name and Address of Agent for Service)

Copies of Communications to:

Sander M. Bieber, Esq.

Dechert LLP

1900 K Street, NW

Washington, DC 20006

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. x

It is proposed that this filing will become effective:

¨ When declared effective pursuant to Section 8(c)

x On February 27, 2015 pursuant to Rule 486(b) as applied by no-action relief granted to Registrant on December 31, 2013.

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

TITLE OF SECURITIES BEING REGISTERED	AMOUNT BEING REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE (1)(2)
Common Shares $1.00 par value per share	4,100,000	$35.98	$147,518,000	$20,122

(1) Estimated solely for the purpose of calculating the registration fee, pursuant to Rule 457(o) under the Securities Act of 1933, as amended based on the average of the high and low sales prices of the Common Shares of beneficial interest on May 15, 2013 as reported on the NYSE. In no event will the aggregate initial offering price of all securities offered from time to time pursuant to a Prospectus Supplement and this Registration Statement exceed $150,000,000.

(2) The registration fee has been previously paid in connection with the registrant s initial shelf registration statement filed with the Securities and Exchange Commission on April 11, 2013 and amendment to such registration statement filed on May 20, 2013.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

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THE MEXICO FUND, INC.

CROSS REFERENCE SHEET

BETWEEN ITEMS OF REGISTRATION STATEMENT (FORM N-2) AND

PROSPECTUS PURSUANT TO RULE 495(A)

ITEM NO.	CAPTION	LOCATION IN PROSPECTUS OR STATEMENT OF ADDITIONAL INFORMATION (SAI)
1.	Outside Front Cover Page	Front Cover Page
2.	Cover Pages; Other Offering Information	Front Cover Page
3.	Fee Table and Synopsis	Fee Table and Prospectus Summary
4.	Financial Highlights	Financial Highlights
5.	Plan of Distribution	Front Cover Page; Prospectus Summary; The Offer
6.	Selling Stockholders	Not Applicable
7.	Use of Proceeds	Use of Proceeds
8.	General Description of the Registrant	Front Cover Page; Prospectus Summary; The Fund; Investment Objective and Policies; Risk Factors and Special Considerations
9.	Management	Prospectus Summary; Management of the Fund; Custodian and Transfer Agent
10.	Capital Stock, Long-Term Debt, and Other Securities	Front Cover Page; The Fund; Dividends and Capital Gains Distributions; Distribution Reinvestment and Stock Purchase Plan; Taxation
11.	Defaults and Arrears on Senior Securities	Not Applicable
12.	Legal Proceedings	Not Applicable
13.	Table of Contents of the Statement of Additional Information	Not Applicable
14.	Cover Page of SAI	Not Applicable
15.	Table of Contents of SAI	Not Applicable
16.	General Information and History	The Fund; Capital Stock
17.	Investment Objective and Policies	Investment Objective and Policies; Investment Restrictions
18.	Management	Management of the Fund; Advisory Agreement; Fund Services Agreements; Portfolio Transactions and Brokerage
19.	Control Persons and Principal Holders of Securities	Capital Stock Beneficial Ownership
20.	Investment Advisory and Other Services	Management of the Fund; Advisory Agreement; Fund Service Agreements; Custodian and Transfer Agent
21.	Portfolio Managers	Management of the Fund; Advisory Agreement
22.	Brokerage Allocation and Other Practices	Portfolio Transactions and Brokerage
23.	Tax Status	Taxation in Prospectus
24.	Financial Statements	Financial Statements

PART C OF REGISTRATION STATEMENT

Information required to be included in Part C is set forth under the appropriate item, so numbered in Part C to this Registration Statement.

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BASE PROSPECTUS February 27, 2015

4,100,000 Shares

The Mexico Fund, Inc.

Shares of Common Stock

The Mexico Fund, Inc., a Maryland corporation (the Fund), is a non-diversified, closed-end management investment company whose primary investment objective is long-term capital appreciation through investment in securities, primarily equity, listed on the Bolsa Mexicana de Valores, S.A. de C.V. (the Mexican Stock Exchange or Bolsa). See Investment objective and policies and Investment restrictions in th prospectus.

The net asset value (NAV) per share of the Fund s common stock at the close of business on February 26, 2015 (the last trading date prior to the date of this prospectus on which the Fund determined its NAV) was $22.78 and the last reported sale price of a Share on the New York Stock Exchange (NYSE) on that day was $22.18.

The Fund may offer, from time to time, in one or more offerings, its shares of common stock, par value $1.00 per share (Shares). Shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each, a Prospectus Supplement). You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in Shares.

Shares may be offered directly to one or more purchasers, through agents designated from time to time by the Fund, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of the Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between the Fund and its agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. The Fund may not sell any of the Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of the Shares.

This prospectus, together with the Prospectus Supplement, sets forth concisely the information about the Fund that a prospective investor ought to know before investing and should be retained for future reference. Stockholders may obtain additional information about the Fund from the Fund s reports filed with the Securities and Exchange Commission (the SEC). You may obtain a copy of the Fund s reports filed with the SEC by contacting Alberto Gómez Pimienta, the Fund s Treasurer, at (+ 52 55) 5282-8900, during Mexico City business hours (10:00 a.m. to 3:00 p.m. and 5:00 to 7:00 p.m. ET) between the hours of 9:00 a.m. and 5:00 p.m. New York City time, Monday-Friday (except holidays). The Fund also makes its reports available free of charge on the Fund s website at www.themexicofund.com under Investor Reports. In addition, the reports filed with the SEC, including material incorporated by reference into this prospectus and the Prospectus Supplement, are available at the SEC s website at www.sec.gov.

Investors are advised to read this prospectus and the Prospectus Supplement and retain both for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or the Prospectus Supplement is truthful or complete. Any representation to the contrary is a criminal offense.

Unless otherwise indicated, U.S. dollar equivalent information in the prospectus and Prospectus Supplement for the peso as of a specified date is based on the open market exchange rate prevailing in Mexico City published by Bloomberg. On February 26, 2015, the exchange rate was Ps. 14.9972 Mexican pesos per one U.S. dollar, and the daily calculation of the Fund s NAV, expressed in dollar terms,

are determined by using this exchange rate.

Prospectus dated February 27, 2015

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere or incorporated by reference in this prospectus and any related Prospectus Supplement. It may not contain all of the information that is important to each stockholder. Accordingly, to understand the offer fully, stockholders are encouraged to read the entire document carefully.

THE OFFER AT A GLANCE

Purpose of the offer

The Board of Directors of the Fund (Board or Board of Directors) and Impulsora del Fondo México, S.C., the Fund s investment adviser (the Investment Adviser) have determined that it would be in the best interest of the Fund and its stockholders to increase the assets of the Fund available for investment, thereby enabling the Fund to more fully take advantage of available investment opportunities arising as a result of continued positive developments in the Mexican economy and securities market and consistent with the Fund s investment objective of long-term capital appreciation and in accordance with its efforts to seek out and invest in attractive growth oriented businesses including but not limited to small and medium capitalization companies.

The Board and the Investment Adviser also believe that an increase in the size of the Fund may result in a modest reduction in the Fund s expense ratio. There can be no assurance that the offer will be successful or that by increasing the size of the Fund, the Fund s aggregate expenses and, correspondingly, its expense ratio, will be lowered. See The offer Purpose of the offer.

The offer

The Fund may offer, from time to time, in one or more offerings, up to 4,100,000 Shares on terms to be determined at the time of the offering. The Shares may be offered at prices and on terms to be set forth in one or more Prospectus Supplements. The offering price of the Shares will not be less than the sum of the Fund s NAV at the time the Fund makes the offering plus the per share commission or underwriting discount. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in the Shares. The Shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents, underwriters or dealers involved in the sale of the Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between the Fund and its agents or underwriters, or among the Fund s underwriters, or the basis upon which such amount may be calculated. The Fund may not sell any of the Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our Shares.

Use of proceeds

The Fund intends to use the net proceeds from the sale of Shares primarily to invest in accordance with its investment objective and policies. Proceeds will be invested within approximately 60 days of receipt by the Fund, depending on market conditions and the availability of appropriate investment opportunities. See Use of proceeds.

THE FUND AT A GLANCE

The Fund

The Fund is a non-diversified, closed-end management investment company organized as a Maryland corporation. As of February 26, 2015 (the last trading date prior to the date of this prospectus on which the Fund determined its NAV), the Fund s NAV per Share was $22.78 and the last reported sale price of a Share on the NYSE was $22.18. See The Fund.

NYSE listed

As of December 31, 2014, the Fund had 15,097,256 Shares issued and outstanding. The Fund s common stock is traded on the NYSE under the symbol MXF. See The Fund Description of common stock.

Investment objective

The Fund s investment objective is to seek long-term capital appreciation through investment in securities, primarily equity, listed on the Mexican Stock Exchange.

No assurance can be given that the Fund s investment objective will be achieved. See Investment objective and policies.

Investment policies

For as long as the name of the Fund remains The Mexico Fund, Inc., it shall be the non-fundamental policy of the Fund to generally invest at least 80% of its total assets in equity securities listed on the Mexican Stock Exchange, but may reduce its holdings in equity securities listed on the Mexican Stock Exchange below 80% of its total assets for temporary defensive purposes when unusual market or economic conditions occur. This investment policy is a non-fundamental policy which may be changed by the Board of Directors upon 60 days prior written notice to stockholders.

The Fund is a non-diversified fund for purposes of the Investment Company Act of 1940, as amended (the 1940 Act). The Fund has also adopted a policy which permits the Fund to concentrate (i.e., over 25% of the Fund s total assets) in investments in a particular industry or group of industries based on the representation of that industry or group of industries on a relevant Mexican stock index.

The Fund may invest in Mexican fixed-income securities, bank time deposits of Mexican banks, and short-term repurchase agreements, all of which are peso-denominated and may be dollar-linked (i.e., paid in pesos but with repayment linked to a dollar exchange rate), in order to provide appropriate liquidity to take advantage of market opportunities and meet cash requirements. The Fund may also invest in dollar-denominated deposits and dollar-denominated investments such as U.S. Treasuries, U.S. Agency Securities, Agency Mortgage Backed Securities and Mexican Sovereign Debt. As market or other conditions require, the proportion of the Fund s assets held in fixed-income securities or bank time deposits may vary. The Fund will not realize capital gains for the sole purpose of making distributions to stockholders. See Investment objective and policies.

Managed Distribution Plan and Other Discount Reduction Efforts

On August 12, 2008, the Fund received an exemptive order (the Order) from the Securities and Exchange Commission (SEC) under Section 19(b) of the 1940 Act, which permits the Fund to distribute long-term capital gains to stockholders more than once per year. Following receipt of the Order, the Board of Directors approved the implementation of a Managed Distribution Plan (MDP) to make quarterly cash distributions to stockholders, pursuant to which the Fund currently 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 is subject to a number of conditions under the Order, among them that the Fund may not make any public offering of the Fund s Shares other than (A) a rights offering below NAV to holders of the Fund s common stock; (B) an offering in connection with a dividend reinvestment plan, merger, consolidation, acquisition, spin-off or reorganization of the Fund; or (C) an offering other than an offering described in conditions (A) and (B) above, unless, with respect to such other offering: (1) the Fund s annual distribution rate for the six months ending on the last day of the month ended immediately prior to the declaration date of the most recent distribution is no more than one percentage point greater than the Fund s average annual total return for the five-year period ending on such date; and (2) the transmittal letter accompanying any registration statement filed with the SEC in connection with such offering discloses that the Fund has received an order under Section 19(b) to permit it to make periodic distributions of long-term capital gains with respect to its common stock as frequently as twelve times each year. As of the date of this prospectus, the Fund is in compliance with all conditions of the Order, including the aforementioned condition relating to public offerings. However, circumstances may arise in the future which would prevent this condition from being met, and which could therefore prevent the Fund from issuing Shares.

In addition to the MDP, the Fund continues to maintain and implement as part of its ongoing discount reduction efforts the following strategies: (i) an open market share repurchase policy and (ii) the monthly publication of the Fund s portfolio of investments. See Dividends and Capital Gain Distributions and Discount Reduction Efforts.

Investment Adviser

Impulsora del Fondo México, S.C. has acted as the Fund s Investment Adviser since the Fund s establishment in 1981. See Advisory Agreement.

The Investment Adviser also provides other fund services to the Fund pursuant to an Amended and Restated Fund Services Agreement, amended and restated as of December 6, 2011. See Fund Services Agreement.

Compensation of the Investment Adviser

Effective April 1, 2014, the Fund pays the Investment Adviser an advisory fee at the annual rate of 1.00% of the average daily value of the Fund s net assets up to and including $200 million, 0.90% of the average daily value of the Fund s net assets on assets in excess of $200 million and up to and including $400 million, 0.80% of the average daily value of the Fund s net assets on assets in excess of $400 million up to and including $600 million, 0.70% of the average daily value of the Fund s net assets on assets in excess of $600 million up to and including $800 million and 0.60% of the average daily value of the Fund s net assets on assets in excess of $800 million (the Base Fee), computed based upon the average daily value of the net assets of the Fund and payable within fifteen days after the end of each calendar month.

Beginning on or about April 1, 2015, the Base Fee will be adjusted proportionately upward or downward each day based upon the performance of the Fund s NAV per share calculated over a rolling 12-month performance period relative to the investment record of the Morgan Stanley Capital International Mexico Index (MSCI Mexico Index). A performance adjustment factor will be applied each day a daily fee is calculated 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. See Advisory Agreement.

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The Investment Adviser will benefit from the offer because its fees are based on the average NAV applicable to Shares of the Fund.

The Fund also pays the Investment Adviser a fee for other fund services, computed at the end of each calendar month on the basis of the average daily value of the net assets of the Fund (as translated into U.S. dollars) for such month, at the annual rate of 0.11% of average daily net assets on assets under management up to $600 million, and at the annual rate of 0.09% of average daily net assets on assets under management above $600 million. The fee will not be lower than the annual amount of $450,000. The fee is payable within fifteen days after the end of each calendar month. See Fund Services agreement.

Custodian

The Fund maintains securities listed on the Mexican Stock Exchange in the book-entry system of Indeval, the Mexican central securities depository. BBVA Bancomer, SA acts as the Fund s custodian for all Fund assets held in Mexico. Comerica Bank is the custodian for all assets held in the United States.

Transfer agent, dividend-paying agent and registrar

American Stock Transfer & Trust Company acts as the Fund s dividend-paying agent and as transfer agent and registrar for the Fund s common stock and Distribution Reinvestment and Stock Purchase Plan.

RISK FACTORS AND SPECIAL CONSIDERATIONS AT A GLANCE

Certain matters that you should consider, among others, in connection with the offer are summarized below. For a more complete discussion of the risk factors and special considerations involved in investing in the Fund s shares, see Risk factors and special considerations.

Foreign investments generally

Foreign investments may involve certain considerations and risks not typically associated with domestic investments as a result of, among other things, the possibility of political and economic developments and the level of governmental supervision and regulation of foreign securities markets. In addition, certain foreign markets may be substantially more volatile than the major markets of the United States due to, among other things, the following factors: comparatively unstable political, social and economic conditions, and limited or ineffectual judicial systems; comparatively small market sizes, making securities less liquid and securities prices more sensitive to the movements of large investors and more vulnerable to manipulation; governmental policies or actions, such as high taxes, restrictions on currency movements, trade or diplomatic disputes, creation of monopolies, and the seizure of private property through confiscatory taxation and expropriation or nationalization of company assets; incomplete, outdated, or unreliable information about securities issuers due to less stringent market regulation and accounting standards; comparatively undeveloped markets and weak banking and financial systems; regulatory policies or actions; market inefficiencies, such as higher transaction costs, and administrative difficulties, such as delays in processing transactions; and fluctuations in foreign currency exchange rates, which could reduce gains or widen losses. In addition, foreign taxes could reduce the income available to distribute to stockholders, and special U.S. tax considerations could apply to foreign investments.

Mexico is considered to be an emerging market country. Foreign investment risks typically are greater in emerging markets than in developed markets, for such reasons as social or political unrest, heavy economic dependence on agriculture or exports (particularly commodities), undeveloped or overburdened infrastructures, vulnerability to natural disasters, significant and unpredictable government intervention in markets or the economy, currency devaluations, runaway inflation, environmental problems, and business practices that depart from norms for developed countries and less developed or liquid markets for securities generally.

Reduced market liquidity, as compared to U.S. markets, may also have an adverse effect on market price and the Fund s ability to dispose of particular instruments when necessary and may make it more difficult for the Fund to obtain accurate market quotations of portfolio securities for valuing the Fund s portfolio and calculating its NAV. See Risk factors and special considerations Foreign investments generally.

Investment in Mexican securities

Investing in Mexican securities involves certain considerations not typically associated with investing in securities of U.S. issuers, including (1) less liquidity and smaller market capitalization; (2) greater 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 securities market is not as large or as active as the securities markets in the United States. As of January 31, 2015, the Mexican equity market capitalization was approximately $469 billion compared to the approximately $24 trillion equity market capitalization of NYSE-listed equity securities. Generally, the Mexican securities market is characterized by a relatively small number of actively traded issuers and high price volatility. This may affect the rate at which the Fund is able to invest in listed Mexican securities, the purchase and sale prices for such securities and the timing of conversions, purchases and sales.

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There is less publicly available information about the issuers of certain Mexican securities than is regularly published by issuers in the United States, although some Mexican companies whose shares trade in U.S. markets comply with U.S. regulations. Further, financial statements and reported earnings of Mexican companies incorporate the effects of inflation and differ from those of U.S. companies in this respect as well as others. Also, there is generally less government supervision and regulation of exchanges, brokers and issuers in Mexico than there is in the United States. Mexican corporate laws regarding fiduciary responsibility and protection of stockholders are less developed than those in the United States.

The Fund is also subject to the risk of political and economic instability with respect to its investments in Mexico. Enrique Peña Nieto took office as the President of Mexico on December 1, 2012. Shortly thereafter, Mr. Peña Nieto and leaders of the three largest political parties signed the Pact for Mexico, in which they outlined a reform agenda and strategy for the next six years. Mr. Peña Nieto, a member of the Institutional Revolutionary Party (PRI) ended a 12-year period during which the National Action Party (PAN) held presidential office. Under the new Administration, Mexican Congress has approved the Labor, Public Sector Accounting, Competitiveness Law, Education, Telecommunication, Political, Fiscal and Financial Reforms, which are expected to result in greater flexibility to create jobs, greater transparency, enhanced competition terms and conditions, higher quality teachers, greater competition in the telecommunications sector, re-election of Congress members, higher tax collection and credit penetration, respectively, among other benefits. In addition, the Mexican Congress also approved the Energy Reform, which is the most important economic reform, because of its potential growth, 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 were reserved exclusively to Petróleos Mexicanos (Pemex), the Mexican state-owned oil company, for the past 75 years. The Energy Reform is expected to reverse eight years of declining oil production and place Mexico within the world s top five crude oil exporting countries. All these structural reforms are expected to boost Mexico s economic growth in the medium- and long-term. However, the Investment Adviser cannot be assured that the Mexican political environment will be free of instability in the future. See Risk factors and special considerations Risks involved in Mexican investments.

Risk also exists in regards to the security situation in Mexico and the possibility that government expenditures required to combat the violence may divert resources away from other productive uses, such as economic development and related initiatives. The Fund s Investment Adviser believes that Mexico s prevailing stable economic environment, as well as the performance of Mexican listed companies and financial markets, are indicators that investors in Mexico are decoupling the security situation from their investment decisions, and that with the exception of the impact in a few tourist destinations, the security situation has not significantly affected the Mexican economy and financial markets. However, the Investment Adviser cannot state that this will continue to be the case in the future. See Risk factors and special considerations Security in Mexico.

Currency exchange rate fluctuations

The Fund is subject to the risk of a decline in the value of the peso against the U.S. dollar. Because almost all of the securities in the Fund s portfolio are quoted in pesos, these securities must increase in value at a rate in excess of any rate of decline of the peso against the U.S. dollar in order to avoid a decline in their equivalent U.S. dollar value. Accordingly, a future decline in the value of the peso against the U.S. dollar may result in a corresponding decline in the value of the securities held by the Fund that are denominated in pesos. Adverse developments in the political environment mentioned above could create further fluctuations in the valuation of the peso against the U.S. dollar. The peso has been subject to significant devaluations in the past, and there can be no assurance that similar devaluations will not take place in the future. The Fund does not generally hedge against a decline in the value of the peso. Thus, any decline in the value of the peso may have a direct negative impact on the valuation of the Fund s securities. See Risk factors and special considerations Currency exchange rate fluctuations.

Discount from NAV

The Fund s Shares have historically traded in the market at a price which is below the Fund s NAV. This characteristic of shares of closed-end investment companies is a risk separate and distinct from the risk that the Fund s NAV will decrease. In the 12-month period ended January 31, 2015, the Fund s Shares traded in the market at an average discount to NAV of 1.37%. Since November 12, 2014, the Fund has primarily traded at a discount. As of February 26, 2015, the discount was 2.63%. See Risk factors and special considerations NAV discount.

Investments in U.S. dollar-denominated instruments

The Fund may invest in dollar-denominated investments such as U.S. Treasuries, U.S. Agency Securities, Agency Mortgage Backed Securities and Mexican Sovereign Debt. Regarding certain U.S. federal agency securities or government sponsored-entity securities (such as debt securities or mortgage-backed securities issued by Freddie Mac, Fannie Mae, Federal Home Loan Banks, and other government-sponsored entities), although the issuer may be chartered or sponsored by Acts of Congress, the issuer is not funded by congressional appropriations and its securities are neither issued nor guaranteed by the United States Treasury. The U.S. government may not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. See Risk factors and special considerations Dollar-denominated investments risk.

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Foreign custody

Investment companies generally hold foreign securities and cash in foreign banks and securities depositories, and regulatory oversight over such entities may be limited. The laws of certain countries may put limits on a fund s ability to recover its assets if a foreign bank, depository or issuer of a security, or any of their agents, goes bankrupt. In addition, it is often more expensive for a fund to buy, sell and hold securities in certain foreign markets than in the United States.

BBVA Bancomer, SA (Bancomer), acts as the Fund s custodian, and S.D. Indeval, S.A. de C.V. (Indeval) acts as a securities depository for securities or equivalent book-entries in Mexico. It is the Investment Adviser s view that Bancomer and Indeval are stable financial institutions unlikely to be subject to the risks described herein. In addition, the Board of Directors reviews and evaluates the Fund s foreign custody arrangements on an annual basis. See Risk factors and special considerations Foreign custody.

Non-diversified status

The Fund is classified as a non-diversified management investment company under the 1940 Act, which means that the Fund is not limited by the 1940 Act as to the proportion of its assets that may be invested in the securities of a single issuer. As a non-diversified investment company, the Fund may invest a greater proportion of its assets in common stock of a smaller number of issuers and, as a result, will be subject to greater risk with respect to its portfolio securities. Although the Fund must diversify its holdings in order to be treated as a regulated investment company under the provisions of the Internal Revenue Code of 1986, as amended (Code), the Fund may be more susceptible to any single economic, political or regulatory occurrence than would be the case if it had elected to diversify its holdings sufficiently to be classified as a diversified management investment company under the 1940 Act. See Risk factors and special considerations Non-diversified status.

Tax considerations

A portion of the Fund s net assets is comprised of unrealized capital gains due to the investment performance of many of the Fund s portfolio holdings over the last several years. Such gains, when realized and distributed, will become taxable to stockholders. Furthermore, there can be no assurance that the investment performance giving rise to such unrealized gains will continue, or that such gains will, in fact, be realized.

Value-added, withholding and/or other taxes may apply to the Fund and its investments, which will reduce the Fund s return. The Fund intends to elect, when eligible, to pass-through to the Fund s stockholders, as a deduction or credit, the amount of foreign income and similar taxes paid by the Fund. See Risk factors and special considerations Tax considerations.

Concentration risk

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 Mexican individual, Mr. Carlos Slim Helú, has a controlling interest in companies representing over 25% of the market capitalization of the Mexican Stock Exchange. 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 Mr. Slim could have negative repercussions for the issuers in which he holds a controlling interest and the Mexican Stock Exchange as a whole.

The Fund has adopted a concentration policy which permits it to concentrate its investments in any industry or group of industries of the Mexican Stock Exchange Index (or any successor or comparable index, as determined by the Board of Directors to be an appropriate measure of the Mexican market) if, at the time of investment, such industry represents 20% or more of the Index; provided, however, that the Fund will not exceed the Index concentration by more than 5%. Because the Fund s investments may be concentrated from time to time in certain industries, the value of the Fund may be subject to greater volatility than a fund with a portfolio that is less concentrated. If securities of a particular industry in which the Fund has concentrated fall out of favor, the Fund could underperform against other funds with greater industry diversification. To the extent the Fund concentrates its investments in certain industries in accordance with its concentration policy or is invested in companies which Mr. Slim controls, the Fund will be more susceptible to effects caused by changes in the economic climate, overall market volatility, or regulatory environment which impact these industries and any factors or events affecting Mr. Slim. See Risk factors and special considerations Concentration risk.

Anti-takeover provisions

The Fund has provisions in its charter (Charter) and bylaws (Bylaws) that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund. The Bylaws provide for a staggered election of Directors, with such Directors divided into three classes, each serving for a term of three years and until their successors are duly elected and qualify. Accordingly, unless removed by stockholders between annual meetings, only those Directors in one class may be changed in any one year, and it would require two years to change a majority of the Board of Directors. The Bylaws also contain certain qualifications for nominees for Director positions and

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establish certain Board and/or stockholder supermajority approval requirements for certain corporate actions. This system of electing Directors may be regarded as having an anti-takeover effect, and may have the effect of maintaining the continuity of management and thus may make it more difficult for the Fund s Stockholders to change the majority of Directors.

The Charter of the Fund contains certain provisions that limit the ability of stockholders to remove Directors, provides that the number of Directors may be fixed only by the Board, provides that certain vacancies on the Board of Directors may be filled only by the vote of the remaining Directors, and limits the ability of stockholders to call a special meeting of stockholders. See Capital stock Certain provisions of the Maryland General Corporation Law, the Charter and Bylaws.

Market disruption

Instability in the Middle East and North Africa, such as in Tunisia, Egypt, Iran and Bahrain, and terrorist attacks in the United States and around the world have had a substantial impact on the U.S. and world economies and securities markets. The nature, scope and duration of such instability and events cannot be predicted with any certainty. Terrorist attacks closed some of the U.S. securities markets in 2001, political instability closed the Cairo Stock Exchange in January 2011, and similar events in various jurisdictions cannot be ruled out in the future. War and occupation, political instability, terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. There may also be interruptions in the market beyond the Fund s control caused by natural disasters, such as weather-related emergencies. These risks may adversely affect individual issuers and securities markets, interest rates, secondary trading, ratings, investor psychology, credit risk, inflation and other factors relating to the Shares and the investments made by the Fund. See Risk factors and special considerations Market disruption.

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FUND EXPENSES

Stockholder transaction expenses	
Sales load (as a percentage of the subscription price)(1)	1.00%
Offering Expenses (as a percentage of offering price)	0.26%
Distribution Reinvestment and Stock Purchase Plan fees	None

	(as a percentage of net assets attributable to the common stock)(2)
Annual expenses	
Management fee(3)	0.95%
Administrative fee	0.11%
Interest payments on borrowed funds	0%
Other Expenses	0.51%
Total annual expenses	1.57%

(1) If the Shares are sold to or through underwriters, the Prospectus Supplement will set forth any applicable sales load and the estimated offering expenses (which may include offering expenses borne by third parties on the Fund s behalf).

(2) Fees payable under the Advisory Agreement and Fund Services Agreement are calculated on the basis of the Fund s average daily net assets. See Advisory Agreement and Fund Services agreement. Other expenses have been estimated for the current fiscal year.

(3) Beginning on or about April 1, 2015, the Base Fee will be adjusted proportionately upward or downward each day based upon the performance of the Fund s NAV per share calculated over a rolling 12-month performance period relative to the investment record of the MSCI Mexico Index. The annual management fee under this structure can range from 0.75% to 1.15% of average daily net assets based upon the Fund s performance relative to the MSCI Mexico Index. See Terms of the Advisory Agreement.

Hypothetical example

An investor would directly or indirectly pay the following expenses on a $1,000 investment in the Fund, assuming a 5% annual return:

1 Year	3 Years	5 Years	10 Years
$16.10	$49.96	$86.15	$187.93

This hypothetical example assumes that all dividends and other distributions are reinvested at NAV and that the percentage amounts listed under Annual expenses above remain the same in the years shown. The above tables and the assumption in the hypothetical example of a 5% annual return are required by regulation of the SEC applicable to all investment companies; the assumed 5% annual return is not a prediction of, and does not represent, the projected or actual performance of the Fund s Shares. For more complete descriptions of certain of the Fund s costs and expenses, see Management of the Fund, Advisory Agreement and Fund Services agreement.

The hypothetical example should not be considered a representation of future expenses or rate of return and actual Fund expenses may be greater or less than those shown.

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FINANCIAL HIGHLIGHTS

The financial highlights information for the years ended October 31, 2014, 2013, 2012, 2011 and 2010 have been derived from the Fund s financial statements, audited by PricewaterhouseCoopers LLP, whose report, along with the Fund s financial statements, are incorporated by reference in this prospectus. The financial highlights information for the years ended prior to October 31, 2010 are derived from the Fund s audited financial statements that are not included or incorporated by reference in this prospectus.

The Mexico Fund, Inc.

Financial Highlights

	For the Year Ended October 31,									
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Per Share Operating Performance:										
Net asset value, beginning of year	$ 28.30	$ 28.66	$ 25.37	$ 29.50	$ 22.97	$ 19.41	$ 51.23	$ 42.43	$ 31.65	$ 21.92
Net investment income *	0.09	0.08	0.12	0.24	0.17	0.06	0.15	0.54	0.30	0.23
Net gain (loss) on investments and translation of foreign currency *	1.24	2.47	5.78	(1.34)	8.48	6.71	(24.61)	15.45	13.37	10.20
Total from investment operations *	1.33	2.55	5.90	(1.10)	8.65	6.77	(24.46)	15.99	13.67	10.43
Less Dividends and Distributions:										
Dividends to stockholders from net investment income	(0.14)	(0.15)	(0.13)	(0.10)	(0.11)	(0.06)	(0.65)	(0.34)	(0.63)	(0.13)
Distributions to stockholders from net realized gain on investments	(2.87)	(2.79)	(2.48)	(2.94)	(2.24)	(3.25)	(6.52)	(3.64)	(2.28)	(0.58)
Total dividends and distributions	(3.01)	(2.94)	(2.61)	(3.04)	(2.35)	(3.31)	(7.17)	(3.98)	(2.91)	(0.71)
Capital Share Transactions:										
Effect on NAV of stock repurchased	-	-	-	0.01	0.21	0.10	0.01	0.03	0.02	0.01
Payment of short-swing profit ****	-	-	-	-	0.02	-	-	-	-	-

Anti-dilutive (dilutive) effect resulting from issuance of fund shares	0.05	0.03	-	-	-	-	(0.20)	(3.24)	-	-
Total capital share transactions	0.05	0.03	-	0.01	0.23	0.10	(0.19)	(3.21)	0.02	0.01
Net asset value, end of period	$ 26.67	$ 28.30	$ 28.66	$ 25.37	$ 29.50	$ 22.97	$ 19.41	$ 51.23	$ 42.43	$ 31.65
Market value per share, end of period	$ 26.92	$ 28.81	$ 27.59	$ 23.53	$ 26.87	$ 20.07	$ 16.56	$ 45.20	$ 36.91	$ 28.10
Total investment return based on market value per share **	3.99%	14.50%	30.08%	(1.76)%	47.13%	48.59%	(54.43)%	37.03%	44.14%	55.64%
Ratios to Average Net Assets:										
Expenses	1.57%	1.42%	1.49%	1.42%	1.47%***	1.72%	1.15%	1.07%	1.20%	1.38%
Net investment income	0.29%	0.26%	0.43%	0.83%	0.64%	0.35%	0.38%	1.26%	0.87%	0.84%
Supplemental Data:										
Net assets at end of year (in 000 s)	$ 402,529	$ 398,517	$ 382,960	$ 339,050	$ 395,337	$ 330,232	$ 351,311	$ 974,746	$ 646,971	$ 534,654
Portfolio turnover rate	39.36%	35.53%	30.94%	25.18%	29.96%	51.15%	23.91%	35.70%	14.50%	29.24%

* 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.

*** Net of expense reimbursement representing 0.02%.

**** Represents payment made to the Fund by a Fund Director for profits realized by the Fund Director on sales of the Fund s Shares made within a period of less than six months from purchase.

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Note: Contained above is operating performance for a Share of common stock outstanding, total investment return, ratios to average net assets of stockholders and other supplemental data for each of the years indicated. This information has been determined based upon financial information provided in the financial statements and market value data for the Fund s Shares.

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THE OFFER

Purpose of the offer

The Board of Directors and the Investment Adviser have determined that it would be in the best interest of the Fund and its stockholders to increase the assets of the Fund available for investment. In connection with the Board s consideration of any potential offer, the Investment Adviser will present information regarding recent and future developments in the Mexican securities market. Proceeds from any potential offer would allow the Fund to capitalize further on the continued expansion and positive returns of the Mexican Stock Exchange without the disposition of current favorable investments.

An increase in the assets of the Fund available for investment would enable the Fund to more fully take advantage of available investment opportunities arising as a result of any continuing positive developments in Mexico and the Mexican securities market. Due to what the Investment Adviser believes to be a combination of recently approved reforms and positive economic, regulatory and securities market developments in an environment of prolonged economic stability, the Fund s Board and the Investment Adviser believe that the next several years may present an opportune time to raise assets for investment in companies listed on the Mexican Stock Exchange.

In recent years, inflation, interest rates and foreign exchange rates in Mexico have remained comparatively stable while Mexico has at the same time experienced modest gross domestic product (GDP) growth. Moreover, the investment grade rating on Mexican government securities appears to reflect an increase in the perceived creditworthiness of the Mexican government. The Investment Adviser believes that this stabilization of the Mexican economy, along with expected positive results from the approved reforms of the current administration and the significant international expansion of several Mexican companies have been important drivers of economic and investment performance in Mexico.

Furthermore, the Investment Adviser believes that stock valuations remain at high levels relative to developed U.S., European and Asian economies. As a consequence of improved political, economic and structural market dynamics, global assets invested in Latin America have continued to increase as a percentage of overall equity investment. Moreover, in recent months international investors have perceived Mexico as an attractive and safe destination for investments, given its solid macroeconomic environment, which includes, among other factors, controlled inflation, healthy public sector finances, steady economic growth near 3% per year, a freely floating currency and balanced external accounts. These factors contrast with the difficult economic environment currently prevailing in Europe and other Latin American countries. The valuation of Mexican listed companies presenting attractive growth rates, low leverage levels and strong corporate governance practices have been favored by investors. In 2014, Mexican corporations and Real Estate Investment Trusts (REITs) raised approximately $6.6 billion in five IPOs and eight follow-on offerings.

The Fund s Board of Directors and the Investment Adviser believe that increasing Fund assets available for investment should result in a modest lowering of the Fund s expenses as a percentage of average net assets because fixed costs of the Fund can be spread over a larger asset base, although such expense reductions cannot be guaranteed.

USE OF PROCEEDS

The Fund anticipates that it will be able to invest substantially all of the net proceeds of an offering in accordance with its investment objectives and policies within approximately 60 days after receipt by the Fund, depending on market conditions and the availability of appropriate securities. Pending such investment, the Fund anticipates investing the proceeds in high-quality, short-term repurchase agreements collateralized with obligations of the Mexican federal government. The Fund invests in an emerging market whose liquidity may delay the investment of the proceeds in a manner consistent with the Fund s investment objective. See The offer Purpose of the offer, Investment objective and policies and Investment restrictions.

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THE FUND

The Fund is a non-diversified, closed-end management investment company registered under the 1940 Act. The Fund was incorporated under the laws of the State of Maryland on January 13, 1981 and was the first publicly offered United States registered investment company organized to invest primarily in Mexican equity securities listed on the Bolsa. The Fund s investment objective is long-term capital appreciation through investment in securities, primarily equity, listed on the Mexican Stock Exchange. No assurance can be given that the Fund s investment objective will be achieved.

Description of common stock

The Fund is authorized to issue 150,000,000 Shares. Each Share has equal voting, dividend, distribution and liquidation rights. The Shares outstanding are, and the Shares offered hereby, when issued will be, fully paid and non-assessable. Shares are not redeemable and have no preemptive rights, conversion rights, cumulative voting rights, or (except with respect to appraisal rights arising in connection with the Maryland Control Share Acquisition Act discussed below), appraisal rights.

The number of Shares outstanding as of January 31, 2015 was 15,097,256.

The Fund s Shares are publicly held and are listed and traded on the NYSE. The following table sets forth, for the quarters indicated, the highest and lowest daily closing prices per Share of common stock on the NYSE and other U.S. consolidated markets, and the NAV per Share and the premium to or discount from NAV on the date of each of the high and low market prices. The table also sets forth the number of shares of common stock traded on the NYSE and other U.S. consolidated markets during the respective quarters.

	NAV per Share on Date of Market Price High and Low (1)		Market Price per Share (2)		%Premium/ (Discount) on Date of Market Price High and Low (3)		Trading Volume (4)
During Quarter Ended	High	Low	High	Low	High	Low	
January 31, 2013	$32.38	$28.04	$32.81	$25.35	1.33	(9.59)	2,684,171
April 30, 2013	$34.05	$31.35	$38.23	$30.50	12.28	(2.71)	6,413,196
July 31, 2013	$33.16	$26.97	$36.55	$27.49	10.22	1.93	3,386,379
October 31, 2013	$31.72	$27.42	$32.40	$27.23	2.14	(0.69)	2,826,114
January 31, 2014	$28.63	$26.96	$31.29	$27.31	9.29	1.30	3,621,785
April 30, 2014	$27.32	$25.17	$27.76	$24.78	1.61	(1.55)	3,619,088
July 31, 2014	$28.79	$26.75	$28.93	$26.44	0.49	(1.16)	2,566,111
October 31, 2014	$28.30	$25.41	$28.36	$25.08	0.21	(1.30)	3,679,953
January 31, 2015	$26.54	$21.30	$26.75	$19.97	0.79	(6.24)	4,558,681

(1) **Source:** Impulsora del Fondo México, S.C. Represents the highest and the lowest NAV per Share for the respective quarter based on the NAV calculated at the end of the business day.

(2) **Source:** Impulsora del Fondo México, S.C. with figures obtained from the NYSE and other U.S. consolidated markets.

(3) **Source:** Impulsora del Fondo México, S.C. Represents the high/low premium or discount from NAV of the Shares for the respective quarter based on the Share price and NAV at the end of the business day.

(4) **Source:** Impulsora del Fondo México, S.C. with figures obtained from the NYSE and other U.S. consolidated markets.

At the close of business on February 26, 2015, the NAV per Share was $22.78 and the last reported sale price of a Share on the NYSE was $22.18, representing a 2.63% discount from such NAV.

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INVESTMENT OBJECTIVE AND POLICIES

Investment objective

The Fund s investment objective is long-term capital appreciation through investment in securities, primarily equity, listed on the Mexican Stock Exchange. The Fund s investment objective may not be changed without the approval of the holders of a majority of the outstanding Shares. A majority vote, as defined by the 1940 Act, means the affirmative vote of the lesser of (i) 67% of the relevant Shares represented at a meeting at which more than 50% of such Shares are represented or (ii) more than 50% of the relevant Shares.

Investment policies

Generally

To achieve its investment objective, the Fund will generally invest at least 80% of its total assets in equity securities listed on the Mexican Stock Exchange, but may reduce its holdings in equity securities listed on the Mexican Stock Exchange below 80% of its total assets for temporary defensive purposes when unusual market or economic conditions occur. This investment policy is a non-fundamental policy which may be changed by the Board of Directors upon 60 days prior written notice to stockholders.

The Fund may also invest in fixed-income securities and bank time deposits of Mexican banks, all of which are peso-denominated and may be dollar-linked (i.e., paid in pesos but with repayment linked to a dollar exchange rate), in order to provide appropriate liquidity to take advantage of market opportunities and meet cash requirements. The Fund may also invest in dollar-denominated deposits and dollar-denominated investments such as U.S. Treasuries, U.S. Agency securities, Agency Mortgage-Backed Securities and Mexican Sovereign Debt. As market or other conditions require, the proportion of the Fund s assets held in fixed-income securities or bank time deposits may vary. The Fund will not realize capital gains for the sole purpose of making distributions to stockholders.

The Fund s assets are spread over a broad spectrum of the Mexican economy. Industries in which the Fund currently invests include building materials, communications, construction and infrastructure, financial groups, food and beverages, mining, consumer products, retail stores, chemical and petrochemical products, and services, among others.

Concentration policy

The Fund has adopted a fundamental policy which permits it to concentrate its investments in any industry or group of industries of the Mexican Stock Exchange Index (or any successor or comparable index as determined by the Board of Directors to be an appropriate measure of the Mexican market) if, at the time of investment, such industry represents 20% or more of the Index; provided, however, that the Fund will not exceed the Index concentration by more than 5%. As of January 31, 2015, no industry group represents 20% or more of the value of the securities included in the Mexican Stock Exchange Index. The Investment Adviser continually evaluates the Fund s concentration and may choose to concentrate in any industry group in the future subject to this concentration policy.

Repurchase agreements, securities lending and borrowing

The Fund may enter into repurchase agreements with banks and broker-dealers pursuant to which the Fund may acquire a security for a relatively short period (usually no more than a week) subject to the obligations of the seller to repurchase and the Fund to resell such security at a fixed time and price. The Investment Adviser monitors the value of such securities daily to determine that the value equals or exceeds the repurchase price. Under the 1940 Act, repurchase agreements are considered to be loans made by the Fund which are collateralized by the securities subject to repurchase. Repurchase agreements may involve risks in the event of default or insolvency of the seller, including possible delays or restrictions upon the Fund s ability to dispose of the underlying securities. The Fund will enter into repurchase agreements only with parties who meet creditworthiness standards approved by the Fund s Board of Directors, i.e., banks or broker-dealers which have been determined by the Investment Adviser to present no serious risk of becoming involved in bankruptcy proceedings within the time frame contemplated by the repurchase transaction.

To generate income, the Fund may also lend portfolio securities to borrowers, although it has not done so since 1999 and has no present intention to enter into any securities lending arrangement. Any such loans must be secured by collateral (consisting of any combination of cash, U.S. Government securities, irrevocable letters of credit and other high-quality debt securities) in an amount at least equal (on a daily marked-to-market basis) to the current market value of the securities loaned. The Fund may terminate the loans at any time and obtain the return of the securities. The Fund will continue to receive any interest or dividends paid on the loaned securities and will continue to have voting rights with respect to the securities. In connection with the lending of its portfolio securities, the Fund is exposed to the risk of delay in recovery of the securities loaned or possible loss of right in the collateral should the borrower become insolvent.

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The Fund has the ability to borrow money to the extent permitted, or as not prohibited, by the 1940 Act. The 1940 Act requires the Fund to maintain asset coverage of not less than 300% of its senior securities representing indebtedness, as those terms are defined and used in the 1940 Act.

In selecting securities for the Fund, the Investment Adviser normally will consider the following factors, among others: (i) the Investment Adviser s own evaluations of the market value, cash flow, earnings per share and other fundamental aspects of the underlying assets and business of the company; (ii) the potential for capital appreciation of the securities; (iii) the prices of securities relative to other comparable securities; (iv) the composition of the portfolio; (v) corporate governance practices; (vi) quality of management; (vii) associations with leading international companies; and (viii) vulnerability to external events. The Investment Adviser utilizes its own internal financial, economic and credit analysis resources as well as information from other sources to seek investments in industries and companies that the Investment Adviser believes have overall growth prospects and a strong competitive position in domestic and/or export markets. The Investment Adviser maintains specific research files for each listed company in which the Fund may invest or has invested that include, among other information, analysis of the economic sector, financial information, business performance, market share, management, investment programs, competition, identified risks, sales and profits forecasts.

The investment-decision process includes daily review of the market and of relevant information regarding listed companies in which the Fund may invest or has invested. This process also involves weekly meetings among the Director General of the Investment Adviser and his appropriate staff, plus, when required, meetings and discussions with company executives. The research personnel of the Investment Adviser visit companies included in the Fund s portfolio, target companies for review regularly and attend most stockholder meetings. Additionally, companies and brokerage houses doing road shows to offer new equity securities or to keep investors informed often visit the Investment Adviser. Personnel of the Investment Adviser also participate in joint meetings with listed companies organized by brokerage houses for clients and analysts and regular conference calls prepared by specific issuers.

Investment in foreign issuers not organized in Mexico but listed on the Mexican Stock Exchange

The Fund may invest 20% of its assets in issuers that are listed on the Mexican Stock Exchange, but which are organized outside of Mexico, provided each such issuer has a subsidiary organized in Mexico.

INVESTMENT RESTRICTIONS

The Fund has elected to be classified as a non-diversified closed-end management investment company and will invest its assets only in a manner consistent with this classification under applicable law. The Fund s investment objective and the following investment policies and restrictions are fundamental policies of the Fund and may not be changed without the approval of (i) more than two-thirds of the Fund s outstanding Shares present at a meeting at which holders of more than 50% of the outstanding Shares are present in person or by proxy or (ii) more than 50% of the Fund s outstanding Shares, whichever is less:

(1) As to 50% of its assets, the Fund may not (a) invest more than 5% of its assets (at the time of such purchase) in the securities of any one issuer, or (b) purchase more than 10% of the voting equity securities (at the time of such purchase) of any one issuer. The Fund may not, however, invest more than 25% of its assets in short-term debt certificates and other obligations of the Mexican Federal Government.

(2) The Fund may concentrate its investments in any industry or group of industries of the Mexican Stock Exchange Index (or any successor or comparable index as determined by the Board of Directors to be an appropriate measure of the Mexican market) if, at the time of investment, such industry represents 20% or more of the Index; provided, however, that the Fund will not exceed the Index concentration by more than 5%.

(3) The Fund may not invest in real estate or real estate mortgages.

(4) The Fund may issue senior securities (as defined in the 1940 Act) or borrow through bank loans in an amount not in excess of 33 1/3% of the Fund s assets (including the amount represented by such senior securities or borrowing).

(5) The Fund may purchase on margin, write put or call options and engage in short sales of securities not owned by the Fund.

(6) The Fund may not purchase commodities or commodities contracts.

(7) The Fund may not act as an underwriter of securities of other issuers (except in connection with the sale of subscription rights issued by portfolio companies).

(8) The Fund may not make loans other than through the purchase of publicly traded fixed-income securities or short-term obligations of publicly held Mexican corporations. The Fund may lend its securities, provided that the loan is secured continually by collateral in an amount at least equal to the current market value of the securities loaned and the Fund will receive any interest or dividends paid on the loaned securities. Such collateral may consist of U.S. dollars, securities issued or guaranteed by the United States Government or its agencies or instrumentalities (U.S. Government securities) or irrevocable stand-by letters of credit issued by a bank. The Fund may invest such cash collateral in short-term liquid U.S. money market securities, including but not limited to, U.S. Government securities, commercial paper and floating rate notes of U.S. issuers.

The following operating policies of the Fund may not be modified without the approval of two-thirds of the Fund s Board of Directors.

1. The Fund may not issue senior securities as defined in the 1940 Act, and may not borrow through bank loans in an amount in excess of 10% of the Fund s total assets (and then only to meet temporary cash needs).

2. The Fund may not purchase on margin, write put or call options and engage in short sales of securities not owned by the Fund.

3. The Fund may not make loans other than through the purchase of publicly traded fixed-income securities or short-term obligations of publicly held Mexican corporations.

RISK FACTORS AND SPECIAL CONSIDERATIONS

This prospectus contains certain forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements as a result of uncertainties set forth below and elsewhere in the prospectus. Investing in the Shares involves certain risks and considerations not typically associated with investing in the United States. The following discusses risks and special considerations with respect to the offer and with respect to an investment in the Fund.

Foreign investment