

DIVIDEND & INCOME FUND  
Form N-CSRS  
August 27, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-08747

Dividend and Income Fund  
(Exact name of registrant as specified in charter)

11 Hanover Square, New York, NY 10005  
(Address of principal executive offices) (Zipcode)

John F. Ramírez, Esq.  
11 Hanover Square  
New York, NY 10005  
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-212-785-0900

Date of fiscal year end: 12/31

Date of reporting period: 1/1/15 – 6/30/15

Form N-CSRS is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSRS in its regulatory, disclosure review, inspection, and policy making roles.

A registrant is required to disclose the information specified by Form N-CSRS and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSRS unless the Form displays a current valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under clearance requirements of 44 U.S.C. sec. 3507.



Item 1. Report to Stockholders.

DIVIDEND

AND **INCOME FUND**

SEEKING PRIMARILY HIGH CURRENT INCOME

AND SECONDARILY CAPITAL APPRECIATION

2015

**JUNE 30**  
SEMI-ANNUAL REPORT

[WWW.DIVIDENDANDINCOMEFUND.COM](http://WWW.DIVIDENDANDINCOMEFUND.COM)



PORTFOLIO ANALYSIS

June 30, 2015

TOP TEN  
HOLDINGS

June 30, 2015

- 1 W.R. Berkley Corporation
- 2 CSX Corp.
- 3 General Electric Company
- 4 Anthem, Inc.
- 5 Honeywell International, Inc.
- 6 First American Financial  
Corporation
- 7 Cisco Systems, Inc.
- 8 Orange ADR
- 9 Merck & Co., Inc.
- 10 Johnson & Johnson

Holdings are subject to change. The above portfolio information should not be considered as a recommendation to purchase or sell a particular security and there is no assurance that any securities will remain in or out of the Fund.

TOP TEN  
INDUSTRIES

June 30, 2015

- 1 Pharmaceutical Preparations
- 2 Motor Vehicles & Passenger Car  
Bodies
- 3 Investment Advice
- 4 Electronic & Other Electrical  
Equipment
- 5 Fire, Marine & Casualty Insurance
- 6 Real Estate Investment
- 7 National Commercial Banking
- 8 Railroads, Line-Haul Operating
- 9 Agricultural Chemicals
- 10 Petroleum Refining

**DIVIDEND AND INCOME FUND**

Semi-Annual Report 2015



TO OUR SHAREHOLDERS

June 30, 2015

Dear Fellow Shareholders:

It gives us great pleasure to welcome each of our new shareholders to Dividend and Income Fund and to submit this 2015 Semi-Annual Report. The Fund seeks to achieve its primary investment objective of high current income and secondary objective of capital appreciation by investing, under normal circumstances, at least 50% of its total assets in income generating equity securities. These securities may include dividend paying common stocks, convertible securities, preferred stocks, securities of registered investment companies, exchange traded funds organized as investment companies or otherwise, real estate investment trusts, depositary receipts, and other equity related securities. Of course, there can be no assurance that the Fund will achieve its objectives.

#### Economic and Market Report

At the June 2015 meeting of the Federal Open Market Committee (FOMC) of the Federal Reserve Bank (the “Fed”), the staff’s review of the economic situation suggested that real gross domestic product (GDP) was “increasing moderately in the second quarter after edging down in the first quarter.” The staff viewed labor market conditions as having improved in recent months, citing an unemployment rate of 5.5% in May and small gains in labor force participation, the employment-to-population ratio, the share of workers employed part time for economic reasons, and the rate of private-sector job openings. Regarding inflation, the staff noted that “consumer price inflation continued to run below the FOMC’s longer-run objective of 2%,” due in part to lower energy prices and lower import costs. In fact, over the 12 months through May 2015, the Consumer Price Index for All Urban Consumers was unchanged (i.e., no inflation, before seasonal adjustment). Moreover, on an unadjusted basis, the Producer Price Index for final demand declined 0.7% for the 12 months ended in June, the fifth straight 12 month decrease. Interestingly, the continuing rise of real disposable income and increases in households’ net worth as equity prices and home values improve seems to be having a positive impact on consumer sentiment, which under some measures is approaching its highest levels since 2007.

The Fed’s board members and bank presidents generally projected a 2015 change in real U.S. GDP in a range of 1.8-2.0%, increasing to 2.4-2.7% for 2016. Likewise, the World Bank’s outlook for the global economy anticipates expansion by 2.8% this year and 3.3% in 2016, as compared to projections it made last year of 3.4% and 3.5% global growth in 2015 and 2016, respectively. Real GDP growth has slowed in China to a 7.1% level and economic recovery appears to be gaining momentum in the Euro Area and Japan. Risks to the world economy recently identified by the World Bank include the expected rise in U.S. interest rates, diminishing improvement

in credit ratings for emerging markets, especially in oil exporting countries, financial market volatility, and declining capital flows.

In summary, recent broad economic data appears generally positive for the U.S. and developed countries, but the ongoing strength of the U.S. dollar may have a strong negative impact on U.S. trading partners, especially developing countries. Equity markets in the United States appear to be reflecting investor caution over the anticipation of higher interest rates to come later in 2015 and 2016, although to us some equity securities appear to offer value and attractive



prospects even in a rising interest rate environment. Of some concern to us is ebullient consumer sentiment, which can be associated with market corrections. Investors should expect market volatility through the second half of the year.

#### Investment Strategy and Returns

In view of these economic developments, the Fund's strategy in the first half of 2015 was to emphasize large, quality companies across a broad array of industries. At June 30, 2015, the Fund's portfolio included over 100 securities of different issuers, with the top ten amounting to approximately 17% of total assets. At that time, the Fund's investments totaled approximately \$160 million, reflecting the use of about \$23 million of leverage on net assets of about \$137 million. Income generating equity and other assets comprised over 98% of the investment portfolio, with the balance represented by fixed income securities. As the Fund pursues its primary investment objective of seeking high current income, with capital appreciation as a secondary objective, these holdings and allocations are subject to change at any time.

In the first six months of 2015, the Fund's net asset value return was 0.16%, including the reinvestment of dividends, and its market return, also including the reinvestment of dividends, was (1.23)%. Generally, the Fund's total return on a market value basis will be lower than total return on a net asset value basis in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. For comparison, in the same period, the S&P 500 Index total return was 1.23% and the BofA Merrill Lynch US High Yield Master II Total Return Index returned 2.49%. The indexes are unmanaged and do not reflect fees and expenses, nor are they available for direct investment.

#### Quarterly Dividends

On June 1, 2015, the Fund declared its second quarterly dividend for the year, amounting to \$0.408 per share. The quarterly dividend distribution reflects the Fund's current distribution policy to provide shareholders with a relatively stable cash flow and to



TO OUR SHAREHOLDERS

June 30, 2015

attempt to reduce or eliminate the Fund's market price discount to its net asset value per share. The policy may be changed or discontinued without notice. The distributions are paid from net investment income (including excess gains taxable as ordinary income) and any net capital gains, with the balance representing return of capital.

As of June 1, 2015 and based on the Fund's results and estimates for the current quarter, the current distribution of \$0.408 per share would include approximately 54%, 0%, and 46% from net investment income (including excess capital gains taxed as ordinary income), capital gains, and return of capital, respectively. Net capital gains recognized in the current year are distributable as ordinary income in accordance with tax regulations, so long as the Fund has a capital loss carryforward, and are referred to as excess gains. If, for any distribution, the sum of previously undistributed net investment income and net realized capital gains is less than the amount of the distribution, the difference is treated as a return of capital (tax-free for a shareholder up to the amount of its tax basis in its shares of the Fund). The amount treated as a tax-free return of capital will reduce a shareholder's adjusted basis in its shares, thereby increasing the shareholder's potential gain or reducing its potential loss on the subsequent sale of those shares. The foregoing is for informational purposes only and does not, nor does anything else herein, constitute tax advice. Shareholders should consult with their own tax advisor or attorney with regard to their personal tax situation.

The Fund's distributions are not tied to its investment income and realized capital gains and do not represent yield or investment return. The amounts and sources of distributions reported above are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the entirety of its fiscal year and may be subject to changes based on tax regulations. In early 2016, the Fund intends to send a Form 1099-DIV for the calendar year concerning the tax treatment of the dividend distributions that were paid to shareholders of record during the 12 months ended December 31, 2015.

#### Shelf Registration Statement

On March 31, 2015, the Fund announced that it had filed a shelf registration statement with the U.S. Securities and Exchange Commission. Declared effective on June 30, 2015, the shelf registration is intended to allow flexible access to capital. The shelf registration allows the Fund to offer, from time to time, in one or more offerings, including through rights offerings, up to \$150 million of its shares of beneficial interest if and when management believes it to be in the long term best interests of the Fund and its shareholders. The shares may be offered at prices and on terms

to be set forth in one or more prospectus supplements. The offering price per share will not be less than the net asset value ("NAV") per share at the time of the offering, exclusive of any underwriting commissions or discounts, provided that rights offerings may be offered at a price below the then current NAV, subject to certain conditions. This discussion of the shelf registration shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of shares under the shelf registration statement in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. You should consider the investment objectives, risks, and charges and expenses of the Fund before investing. This and other information about the Fund will be contained in the Fund's prospectus and any related prospectus supplement, a

copy of which may be obtained from the Fund when the Fund prepares to sell shares under the shelf registration statement.

#### Fund Website and Dividend Reinvestment Plan

The Fund's website, [www.DividendandIncomeFund.com](http://www.DividendandIncomeFund.com), provides investors with investment information, news, and other material regarding the Fund. The website also has links to the most recent S&P Stock Report on the Fund and to performance and daily net asset value reporting. You are invited to use this resource to learn more about the Fund. For those shareholders currently receiving the Fund's quarterly dividends in cash but are interested in adding to their account through the Fund's Dividend Reinvestment Plan, we encourage you to review the Plan set forth later in this document and contact the Fund's Transfer Agent, who will be pleased to assist you with no obligation on your part.

#### Long Term Strategies

Our view of the markets suggests that the Fund may benefit over the long term from a disciplined portfolio selection strategy, employing leverage and other investment techniques as deemed appropriate, in seeking to provide shareholders with high current income, and secondarily, capital appreciation. We thank you for investing in the Fund and share your enthusiasm for its potential, as evidenced by the fact that affiliates of the Fund's investment manager own approximately 6% of the Fund's shares, pursuant to the Fund's governing documents that permit ownership of more than 4.99% of the Fund's outstanding shares with the prior approval of the Fund's Board of Trustees. We look forward to serving your investment needs over the years ahead.

Sincerely,

Thomas B. Winmill

President and Portfolio Manager

**DIVIDEND AND INCOME FUND**

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SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2015 (Unaudited)

Financial Statements

Shares	Common Stocks (107.54%)	Value
	Agricultural Chemicals (3.38%)	
15,000	Monsanto Company	\$ 1,598,850
45,000	Potash Corporation of Saskatchewan Inc.	1,393,650
35,000	The Mosaic Company	1,639,750
		4,632,250
	Aircraft Engines & Engine Parts (0.55%)	
55,000	Rolls-Royce Holdings PLC	752,536
	Beverages (1.22%)	
18,000	PepsiCo, Inc. <sup>(a)</sup>	1,680,120
	Biological Products (1.35%)	
12,100	Amgen Inc. <sup>(a)</sup>	1,857,592
	Cable & Other Pay Television Services (3.15%)	
32,500	Rogers Communications Inc.	1,154,725
21,400	Time Warner Inc. <sup>(a) (b)</sup>	1,870,574
20,000	Viacom Inc.	1,292,800
		4,318,099
	Cigarettes (1.64%)	
28,000	Philip Morris International, Inc. <sup>(a)</sup>	2,244,760
	Commercial Banks (1.62%)	
30,000	Australia and New Zealand Banking Group Limited	742,466
60,000	Westpac Banking Corporation	1,484,400
		2,226,866
	Computer & Office Equipment (1.07%)	
9,000	International Business Machines Corporation	1,463,940
	Computer Communications Equipment (3.03%)	
85,000	Cisco Systems, Inc. <sup>(a)</sup>	2,334,100
70,000	Juniper Networks, Inc.	1,817,900
		4,152,000

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	Conglomerate (0.98%)	
35,000	Loews Corp.	1,347,850
	Construction, Mining & Materials Handling Machinery & Equipment (0.69%)	
13,500	Dover Corp. <sup>(a) (b)</sup>	947,430
	Crude Petroleum & Natural Gas (0.52%)	
75,000	LinnCo, LLC	708,750
	Deep Sea Foreign Transportation of Freight (0.69%)	
50,000	Seaspan Corp. <sup>(a) (b)</sup>	943,500
	Dolls & Stuffed Toys (0.47%)	
25,000	Mattel, Inc. <sup>(a)</sup>	642,250
	Electric Services (2.37%)	
70,000	Calpine Corp. <sup>(a) (c)</sup>	1,259,300
47,500	Southern Company <sup>(a)</sup>	1,990,250
		3,249,550

See notes to financial statements.





## SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2015 (Unaudited)

## Financial Statements

Shares	Common Stocks (continued)	Value
	Electronic & Other Electrical Equipment (4.70%)	
26,000	Emerson Electric Co.	\$ 1,441,180
111,900	General Electric Company <sup>(a)</sup>	2,973,183
80,000	Koninklijke Philips N.V.	2,036,800
		6,451,163
	Electronic & Other Services Combined (1.18%)	
51,500	Exelon Corp. <sup>(a)</sup>	1,618,130
	Farm Machinery & Equipment (2.77%)	
37,000	AGCO Corporation <sup>(a)</sup>	2,100,860
17,500	Deere & Company <sup>(a) (b)</sup>	1,698,375
		3,799,235
	Finance Services (1.02%)	
18,000	American Express Company	1,398,960
	Fire, Marine & Casualty Insurance (4.13%)	
20,000	Ace Ltd. <sup>(a)</sup>	2,033,600
70,000	W.R. Berkley Corporation <sup>(a) (b)</sup>	3,635,100
		5,668,700
	Food & Kindred Products (0.87%)	
25,000	Campbell Soup Co. <sup>(a)</sup>	1,191,250
	Hospital & Medical Service Plans (2.05%)	
17,100	Anthem, Inc.	2,806,794
	Hotels & Motels (1.40%)	
29,000	Las Vegas Sands Corp.	1,524,530
20,000	Melco Crown Entertainment Limited	392,600
		1,917,130
	Insurance Agents, Brokers & Service (1.45%)	
32,500	Catamaran Corporation <sup>(c)</sup>	1,985,100
	Investment Advice (4.75%)	
64,000	Apollo Global Management, LLC	1,417,600

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55,000	The Blackstone Group L.P. <sup>(a)</sup>	2,247,850
200,000	Fortress Investment Group LLC	1,460,000
37,000	Invesco Ltd.	1,387,130
		6,512,580
	Leather & Leather Products (0.76%)	
30,000	Coach, Inc. <sup>(a)</sup>	1,038,300
	Men's & Boys' Furnishings, Work Clothing & Allied Garments (1.06%)	
11,000	Ralph Lauren Corp.	1,455,960
	Metal Mining (1.05%)	
35,000	Rio Tinto plc ADR	1,442,350
	Mining Machinery & Equipment (0.73%)	
27,500	Joy Global Inc.	995,500
See notes to financial statements.		

**DIVIDEND AND INCOME FUND**

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SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2015 (Unaudited)

Financial Statements

Shares	Common Stocks (continued)	Value
	Miscellaneous Food Preparations & Kindred Products (1.18%)	
20,000	McCormick & Company, Incorporated	\$ 1,619,000
	Motor Vehicle Parts & Accessories (1.86%)	
25,000	Honeywell International, Inc. <sup>(a) (b)</sup>	2,549,250
	Motor Vehicles & Passenger Car Bodies (4.84%)	
20,000	Daimler AG <sup>(a)</sup>	1,839,400
120,000	Ford Motor Company	1,801,200
41,500	General Motors Company <sup>(a) (b)</sup>	1,383,195
35,000	Volkswagen AG	1,620,850
		6,644,645
	National Commercial Banking (3.76%)	
20,200	Capital One Financial Corporation <sup>(a)</sup>	1,776,994
39,000	U.S. Bancorp	1,692,600
30,000	Wells Fargo & Company	1,687,200
		5,156,794
	Office Furniture (0.97%)	
110,000	Kimball International Inc. Class B	1,337,600
	Paperboard Containers & Boxes (0.54%)	
17,000	REXAM PLC	741,030
	Petroleum Refining (3.27%)	
17,000	Exxon Mobil Corp.	1,414,400
20,500	Phillips 66 <sup>(a) (b)</sup>	1,651,480
32,500	Western Refining, Inc.	1,417,650
		4,483,530
	Pharmaceutical Preparations (5.79%)	
23,100	Johnson & Johnson <sup>(a) (b)</sup>	2,251,326
40,300	Merck & Co., Inc. <sup>(a) (b)</sup>	2,294,279
37,924	Pfizer Inc.	1,271,592
42,900	Sanofi ADR <sup>(a)</sup>	2,124,837

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	Plastic Mail, Synth Resin/Rubber, Cellulose (0.59%)	7,942,034
50,000	Rayonier Advanced Materials Inc.	813,000
	Printed Circuit Boards (0.87%)	
82,500	Kimball Electronics, Inc. <sup>(c)</sup>	1,203,675
	Radio & TV Broadcasting & Communications Equipment (0.91%)	
20,000	QUALCOMM, Incorporated <sup>(a) (b)</sup>	1,252,600
	Railroads, Line-Haul Operating (3.54%)	
108,500	CSX Corp. <sup>(a)</sup>	3,542,525
15,000	Norfolk Southern Corp.	1,310,400
		4,852,925
	Real Estate (0.67%)	
50,000	NorthStar Asset Management Group Inc.	924,500

See notes to financial statements.



SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2015 (Unaudited)

Financial Statements

Shares	Common Stocks (continued)	Value
	Retail - Department Stores (1.30%)	
28,600	Kohl's Corporation	\$ 1,790,646
	Retail - Eating Places (1.28%)	
18,500	McDonald's Corp. <sup>(a)</sup>	1,758,795
	Retail - Family Clothing Stores (1.11%)	
40,000	The GAP, Inc. <sup>(a)</sup>	1,526,800
	Retail - Variety Stores (1.00%)	
19,400	Wal-Mart Stores, Inc.	1,376,042
	Security Brokers, Dealers & Flotation Companies (1.14%)	
33,000	Waddell & Reed Financial, Inc.	1,561,230
	Semiconductors & Related Devices (1.49%)	
40,000	Altera Corp.	2,048,000
	Services - Business Services (1.23%)	
83,000	The Western Union Company <sup>(a)</sup>	1,687,390
	Services - Medical Laboratories (2.72%)	
14,000	Laboratory Corporation of America Holdings <sup>(a) (b) (c)</sup>	1,697,080
28,000	Quest Diagnostics Incorporated	2,030,560
		3,727,640
	Services - Miscellaneous Repair Services (0.03%)	
756	Aquilex Holdings LLC Units <sup>(d)</sup>	37,605
	Services - Prepackaged Software (2.49%)	
55,000	CA, Inc. <sup>(a)</sup>	1,610,950
45,000	Oracle Corporation <sup>(a) (b)</sup>	1,813,500
		3,424,450
	Soap, Detergent, Cleaning Preparations, Perfumes, Cosmetics (2.17%)	
18,000	The Procter & Gamble Company <sup>(a)</sup>	1,408,320
37,500	Unilever N.V.	1,569,000
		2,977,320
	Specialty Cleaning, Polishing and Sanitation Preparations (1.29%)	
17,000	Clorox Co. <sup>(a)</sup>	1,768,340

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	Surgical & Medical Instruments & Apparatus (2.48%)	
27,000	Baxter International Inc. <sup>(a)</sup>	1,888,110
10,700	Becton, Dickinson and Company <sup>(a)</sup>	1,515,655
		3,403,765
	Telephone Communications (2.59%)	
43,000	CenturyLink, Inc. <sup>(a) (b)</sup>	1,263,340
150,000	Orange ADR	2,304,000
		3,567,340
	Title Insurance (1.76%)	
65,000	First American Financial Corporation	2,418,650
See notes to financial statements.		

DIVIDEND AND INCOME FUND

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SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2015 (Unaudited)

Financial Statements

Shares	Common Stocks (concluded)	Value
	Water Transportation (0.86%)	
23,800	Carnival Corp. <sup>(a)</sup>	\$ 1,175,482
	Wholesale - Electronic Parts & Equipment (0.96%)	
32,000	Avnet, Inc.	1,315,520
	Wholesale - Groceries & Related Products (1.18%)	
45,000	Sysco Corp. <sup>(a)</sup>	1,624,500
	Wholesale - Industrial Machinery & Equipment (1.02%)	
20,000	MSC Industrial Direct Co., Inc.	1,395,400
	Total common stocks (Cost \$130,094,628)	147,554,143
Principal Amount	Corporate Bonds and Notes (1.85%)	
	Cable & Other Pay Television Services (0.16%)	
214,000	CCO Holdings LLC, 7.00%, 1/15/19 <sup>(a)</sup>	222,560
	Cogeneration Services & Small Power Producers (0.35%)	
450,000	Covanta Holding Corp., 7.25%, 12/1/20 <sup>(a)</sup>	474,187
	Electric Services (0.42%)	
517,335	Elwood Energy LLC, 8.159%, 7/5/26 <sup>(a)</sup>	579,415
	Hospital & Medical Service Plans (0.19%)	
250,000	Health Net, Inc., 6.375%, 6/1/17 <sup>(a)</sup>	265,313
	Oil & Gas Field Exploration Services (0.12%)	
169,000	CGG-Veritas, 7.75%, 5/15/17 <sup>(a)</sup>	164,775
	Special Industry Machinery (0.38%)	
500,000	Novelis, Inc., 8.375%, 12/15/17 <sup>(a)</sup>	518,750
	Wholesale - Electronic Parts & Equipment, NEC (0.23%)	
300,000	Brightstar Corp., 9.50%, 12/1/16 <sup>(e)</sup>	309,000
	Total corporate bonds and notes (Cost \$2,429,351)	2,534,000
Shares	Real Estate Investment Trusts (4.07%)	
34,500	HCP, Inc.	1,258,215

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22,500	Health Care REIT, Inc.	1,476,675
100,000	New Residential Investment Corp.	1,524,000
42,000	Tanger Factory Outlet Centers, Inc.	1,331,400
	Total real estate investment trusts (Cost \$5,187,146)	5,590,290

See notes to financial statements.

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SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2015 (Unaudited)

Financial Statements

Shares		Value
813,527	Reorganization Interests (0%) Penson Technologies LLC Units <sup>(c)</sup> <sup>(d)</sup> (Cost \$0)	\$ 0
40,000	Master Limited Partnerships (0.87%) Natural Gas Transmission (0.87%) Enterprise Products Partners LP Units <sup>(a)</sup> <sup>(b)</sup> (Cost \$374,214)	1,195,600
79,469	Preferred Stocks (1.90%) Financial (1.90%) Annaly Capital Management, Inc., 7.625% Series C	1,917,587
29,850	Hatteras Financial Corp., 7.625% Series A	695,803
80,000	Solar Cayman Ltd. <sup>(a)</sup> <sup>(c)</sup> <sup>(d)</sup>	0
	Total preferred stocks (Cost \$3,046,150)	2,613,390
3,163	Money Market Fund (0%) SSgA Money Market Fund, 7 day annualized yield 0.00% (Cost \$3,163)	3,163
	Total investments (Cost \$141,134,652) (116.23%)	159,490,586
	Liabilities in excess of other assets (-16.23%)	(22,271,747)
	Net assets (100.00%)	\$137,218,839

(a) All or a portion of these securities have been segregated as collateral pursuant to the Committed Facility Agreement.

As of June 30, 2015, the value of securities pledged as collateral was \$41,533,515.

(b) All or a portion of these securities were on loan pursuant to the Lending Agreement. As of June 30, 2015, the value of securities on loan was \$21,020,803.

(c) Non-income producing.

(d) Illiquid and/or restricted security that has been fair valued.

(e) These securities are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

ADR American Depositary Receipt

LLC Limited Liability Company  
LP Limited Partnership  
PLC Public Limited Company  
See notes to financial statements.



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STATEMENT OF ASSETS AND LIABILITIES (Unaudited)



June 30, 2015

Assets	
Investments, at value (cost: \$141,134,652)	\$ 159,490,586
Cash	12,196
Receivables:	
Dividends	305,683
Capital shares issued on reinvestment of dividends	210,303
Interest	37,369
Deferred offering costs	72,845
Other assets	7,946
Total assets	160,136,928
Liabilities	
Bank credit facility borrowing	22,602,198
Payables:	
Accrued expenses	162,176
Investment management	126,368
Administrative services	27,347
Total liabilities	22,918,089
Net Assets	\$ 137,218,839
Net Asset Value Per Share (applicable to 8,686,718 shares issued and outstanding)	\$ 15.80
Net Assets Consist of	
Paid in capital	\$ 164,106,752
Accumulated net realized loss on investments	(45,243,584)
Net unrealized appreciation on investments	18,355,671
	\$ 137,218,839
See notes to financial statements.	



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**DIVIDEND AND INCOME FUND**



STATEMENT OF OPERATIONS (Unaudited)

Financial Statements

Six Months Ended  
June 30, 2015

Investment Income	
Dividends (net of \$81,024 foreign tax withholding)	\$ 2,602,573
Interest	101,177
Securities lending income	4,415
Total investment income	2,708,165
Expenses	
Investment management	787,426
Interest on bank credit facility	116,695
Administrative services	102,110
Legal	91,500
Bookkeeping and pricing	49,590
Shareholder communications	46,720
Exchange listing and registration	27,800
Insurance	27,150
Custodian	25,870
Trustees	20,770
Auditing	17,595
Transfer agent	10,640
Other	4,436
Total expenses	1,328,302
Expense reduction	(218)
Net expenses	1,328,084
Net investment income	1,380,081
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on	
Investments	3,565,824
Foreign currencies	(14,308)
Unrealized appreciation (depreciation) on	

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Investments	(5,336,757)
Translation of assets and liabilities in foreign currencies	21
Net realized and unrealized loss	(1,785,220)
Net decrease in net assets resulting from operations	\$ (405,139)
See notes to financial statements.	

**DIVIDEND AND INCOME FUND**

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## STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

## Financial Statements

	Six Months Ended	Year Ended
	June 30, 2015	December 31, 2014
Operations		
Net investment income	\$ 1,380,081	\$ 2,902,883
Net realized gain on investments	3,551,516	10,770,357
Unrealized depreciation on investments	(5,336,736)	(4,165,203)
Net increase (decrease) in net assets resulting from operations	(405,139)	9,508,037
Distributions to Shareholders		
Net investment income	(4,931,597)	(14,080,335)
Return of capital	(2,139,323)	-
Total distributions	(7,070,920)	(14,080,335)
Capital Share Transactions		
Reinvestment of distributions to shareholders	415,179	771,174
Increase in net assets from capital share transactions	415,179	771,174
Total change in net assets	(7,060,880)	(3,801,124)
Net Assets		
Beginning of period	144,279,719	148,080,843
End of period	\$ 137,218,839	\$ 144,279,719
End of period net assets include undistributed net investment income	\$ -	\$ -
See notes to financial statements.		



## STATEMENT OF CASH FLOWS (Unaudited)

## Financial Statements

Six Months Ended  
June 30, 2015

Cash Flows From Operating Activities	
Net decrease in net assets resulting from operations	\$ (405,139)
Adjustments to reconcile decrease in net assets resulting from operations	
to net cash provided by (used in) operating activities:	
Unrealized depreciation of investments	5,336,257
Net realized gain on sales of investments	(3,551,516)
Purchase of long term investments	(22,394,644)
Proceeds from sales of long term investments	22,412,255
Net purchases of short term investments	(17,460)
Amortization of premium net of accretion of discount of investments	642
Decrease in dividends receivable	17,008
Decrease in interest receivable	10,625
Decrease in other assets	27,248
Increase in accrued expenses	5,506
Decrease in investment management fee payable	(97)
Decrease in administrative services payable	(7,779)
Net cash provided by operating activities	1,432,906
Cash Flows from Financing Activities	
Cash distributions paid	(6,665,750)
Bank credit facility borrowings, net	5,317,885
Deferred offering costs	(72,845)
Net cash used in financing activities	(1,420,710)
Net change in cash	12,196
Cash	
Beginning of period	-
End of period	\$ 12,196
Supplemental disclosure of cash flow information:	



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Cash paid for interest on bank credit facility	\$	116,872
Non-cash financing activities not included herein consisted of:		
Reinvestment of dividend distributions	\$	415,179
See notes to financial statements.		

**DIVIDEND AND INCOME FUND**

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Financial Statements

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** Dividend and Income Fund (the “Fund”), a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the “Act”), is a non-diversified, closed end management investment company whose shares are listed on the New York Stock Exchange under the ticker symbol DNI. The Fund’s primary investment objective is to seek high current income. Capital appreciation is a secondary objective. The Fund retains Bexil Advisers LLC as its Investment Manager.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Subsequent events, if any, through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the Fund:

**Valuation of Investments** – Portfolio securities are valued by various methods depending on the primary market or exchange on which they trade. Most equity securities for which the primary market is in the United States are valued at the official closing price, last sale price or, if no sale has occurred, at the closing bid price. Most equity securities for which the primary market is outside the United States are valued using the official closing price or the last sale price in the principal market in which they are traded. If the last sale price on the local exchange is unavailable, the last evaluated quote or closing bid price normally is used. Certain debt securities may be priced through pricing services that may utilize a matrix pricing system which takes into consideration factors such as yields, prices, maturities, call features, and ratings on comparable securities or according to prices quoted by a securities dealer that offers pricing services. Open end investment companies are valued at their net asset value. Securities for which market quotations are not readily available or reliable and other assets may be valued as determined in good faith by the Investment Manager under the direction of or pursuant to procedures approved by the Fund’s Board of Trustees. Due to the inherent uncertainty of valuation, such fair value pricing values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could be material. A security’s valuation may differ depending on the method used for determining value. The use of fair value pricing by the Fund may cause the net asset value of its shares to differ from the net asset value that would be calculated using market prices. A fair value price is an estimate and there is

no assurance that such price will be at or close to the price at which a security is next quoted or next trades.

**Investments in Other Investment Companies** – The Fund may invest in shares of other investment companies (the “Acquired Fund”) in accordance with the Act and related rules. Shareholders in the Fund bear the pro rata portion of the fees and expenses of an Acquired Fund in addition to the Fund’s expenses. Expenses incurred by the Fund that are disclosed in the Statement of Operations do not include fees and expenses incurred by an Acquired Fund. The fees and expenses of an Acquired Fund are reflected in such fund’s total return.

**Option Transactions** – The Fund may write (i.e. sell) covered call options on securities or on indexes. The Fund writes covered call options to attempt to enhance returns through price changes of the option, increase income, hedge to reduce overall portfolio risk, and hedge to reduce individual security risk. When the Fund writes an option, an amount

equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as the writer of an option, bears the market risk of an unfavorable change in the price of the option. Writing option contracts results in off-balance sheet risk as the Fund's ultimate obligation to satisfy terms of the contract may exceed the amount recognized in the statement of assets and liabilities.

**Investments in Real Estate Investment Trusts ("REITs")** – Dividend income is recorded based on the income included in distributions received from the REIT investments using published REIT reclassifications including some management estimates when actual amounts are not available. Distributions received in excess of this estimated amount are recorded as a reduction of the cost of investments or reclassified to capital gains. The actual amounts of income, return of capital, and capital gains are only determined by each REIT after its fiscal year end, and may differ from the estimated amounts.



NOTES TO FINANCIAL STATEMENTS (Unaudited)

Financial Statements

**Short Sales** – The Fund may sell a security short it does not own in anticipation of a decline in the market value of the security. When the Fund sells a security short, it must borrow the security sold short and deliver it to the broker/dealer through which it made the short sale. The Fund is liable for any dividends or interest paid on securities sold short. A gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in size, will be recognized upon the termination of the short sale. Securities sold short result in off balance sheet risk as the Fund’s ultimate obligation to satisfy the terms of a sale of securities sold short may exceed the amount recognized in the Statement of Assets and Liabilities.

**Investment Transactions** – Investment transactions are accounted for on the trade date (the date the order to buy or sell is executed). Realized gains or losses are determined by specifically identifying the cost basis of the investment sold.

**Investment Income** – Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Amortization of premium and accretion of discount on corporate bonds and notes are included in interest income.

**Expenses** – Expenses deemed by the Investment Manager to have been incurred solely by the Fund are charged to the Fund. Expenses deemed by the Investment Manager to have been incurred jointly by the Fund and one or more of the other investment companies for which the Investment Manager or its affiliates serve as investment manager, an internally managed investment company with substantially similar officers and directors, or other related entities are allocated on the basis of relative net assets, except where a more appropriate allocation can be made fairly in the judgment of the Investment Manager.

**Expense Reduction Arrangement** – Through arrangements with the Fund’s custodian, credits realized as a result of uninvested cash balances are used to reduce custodian expenses. There were no credits realized from the custodian by the Fund during the periods covered by this report. The Fund is reimbursed by its securities lending provider for certain custody transaction costs associated with securities lending. These reimbursements are included in expense reductions in the Statement of Operations.

**Distributions to Shareholders** – Distributions to shareholders are determined in accordance with the Fund’s distribution policies and income tax regulations and are recorded on the ex-dividend date.

**Income Taxes** – No provision has been made for U.S. income taxes because the Fund’s current intention is to continue to qualify as a regulated investment company under the Internal Revenue Code

(the “IRC”) and to distribute to its shareholders substantially all of its taxable income and net realized gains. Foreign securities held by the Fund may be subject to foreign taxation. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. The Fund has reviewed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal, state, and local income tax returns for open tax

years (2012-2014) or expected to be taken in the Fund's 2015 tax returns.

**2. FEES AND TRANSACTIONS WITH RELATED PARTIES** The Fund has retained the Investment Manager pursuant to an investment management agreement. Under the terms of the investment management agreement, the Investment Manager receives a fee payable monthly for investment advisory services at an annual rate of 0.95% of the Fund's Managed Assets. "Managed Assets" means the average weekly value of the Fund's total assets minus the sum of the Fund's liabilities, which liabilities exclude debt relating to leverage, short term debt, and the aggregate liquidation preference of any outstanding preferred stock.

Pursuant to the investment management agreement, the Fund reimburses the Investment Manager for providing at cost certain administrative services comprised of compliance and accounting services. For the six months ended June 30, 2015, the Fund's reimbursements of such costs were \$102,110, of which \$61,215 and \$40,895 was for compliance and accounting services, respectively.

Certain officers and trustees of the Fund are officers and managers of the Investment Manager. As of June 30, 2015, Bexil Securities LLC ("Bexil Securities") an affiliate of the Investment Manager owned approximately 6% of the Fund's outstanding shares, pursuant to the Fund's governing documents that permit ownership of more than 4.99% of the Fund's outstanding shares with the prior approval of the Fund's Board of Trustees. For the six months ended June 30, 2015 and the year ended December 31, 2014, Bexil Securities acquired 27,130 and 46,950 shares of the Fund, respectively, through participation in the Fund's Dividend Reinvestment Plan.

**3. DISTRIBUTIONS TO SHAREHOLDERS AND DISTRIBUTABLE EARNINGS** For the six months ended June 30, 2015, the Fund paid distributions totaling \$7,070,920. As of June 30, 2015, the distribution is estimated to be comprised of \$4,931,597 and





NOTES TO FINANCIAL STATEMENTS (Unaudited)

Financial Statements

\$2,139,323 from net investment income (including excess capital gains taxed as ordinary income) and return of capital, respectively, based on information available at this time and is subject to change. The classification of these distributions for federal income tax purposes will be determined after the Fund's fiscal year ending December 31, 2015, although the exact amount is not estimable as of June 30, 2015.

For the year ended December 31, 2014, the Fund paid distributions totaling \$14,080,335 comprised of net investment income including excess capital gains taxed as ordinary income.

As of December 31, 2014, the components of distributable earnings on a tax basis were as follows:

Accumulated net realized loss on investments	\$ (45,474,186)
Post-October Losses	(3,550,404)
Unrealized appreciation	23,921,897
	\$ (25,102,693)

The difference between book and tax unrealized appreciation is primarily related to wash sales and partnership income.

Federal income tax regulations permit post-October net capital losses, if any, to be deferred and recognized on the tax return of the next succeeding taxable year.

Capital loss carryover is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryover actually available for the Fund to utilize under the IRC and related regulations based on the results of future transactions.

Under the IRC, capital losses incurred in taxable years beginning after November 30, 2011, are allowed to be carried forward indefinitely and retain the character of the original loss. The Fund has a net capital loss carryover as of December 31, 2014 of \$45,474,186, of which \$44,031,921 and \$1,442,265 expires in 2016 and 2018, respectively. As

a transition rule, post-enactment net capital losses are required to be utilized before pre-enactment net capital losses.

**4. VALUE MEASUREMENTS** GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities including securities actively traded on a securities exchange.
- Level 2 - observable inputs other than quoted prices included in level 1 that are observable for the asset or liability which may include quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.
- Level 3 - unobservable inputs for the asset or liability including the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for investments categorized in level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those securities.



NOTES TO FINANCIAL STATEMENTS (Unaudited)

Financial Statements

The following is a description of the valuation techniques applied to the Fund’s major categories of assets and liabilities measured at fair value on a recurring basis:

**Equity securities (common and preferred stock)** – Most publicly traded equity securities are valued normally at the most recent official closing price, last sale price, evaluated quote, or closing bid price. To the extent these securities are actively traded and valuation adjustments are not applied, they may be categorized in level 1 of the fair value hierarchy. Equities on inactive markets or valued by reference to similar instruments may be categorized in level 2.

**Corporate bonds and notes** – The fair value of corporate bonds and notes are normally estimated using various techniques which may consider, among other things, recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, and fundamental data relating to the issuer. Although most corporate bonds and notes may be categorized in level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction

prices, quotations, or similar observable inputs, they may be categorized in level 3.

**Restricted and/or illiquid securities** – Restricted and/or illiquid securities for which quotations are not readily available or reliable may be valued with fair value pricing as determined in good faith by the Investment Manager under the direction of or pursuant to procedures approved by the Fund’s Board of Trustees. Restricted securities issued by publicly traded companies are generally valued at a discount to similar publicly traded securities. Restricted or illiquid securities issued by nonpublic entities may be valued by reference to comparable public entities or fundamental data relating to the issuer or both or similar inputs. Depending on the relative significance of valuation inputs, these instruments may be categorized in either level 2 or level 3 of the fair value hierarchy.

**Derivative instruments** – Exchange traded derivatives, such as equity option contracts, may be valued based on quoted prices from the exchange and may be categorized in level 1 of the fair value hierarchy.

The following is a summary of the inputs used as of June 30, 2015 in valuing the Fund’s assets. Refer to the Schedule of Portfolio Investments for detailed information on specific investments.

ASSETS	Level 1	Level 2	Level 3	Total

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Investments, at value				
Common stocks	\$ 147,516,538	\$ -	\$ 37,605	\$ 147,554,143
Corporate bonds and notes	-	2,534,000	-	2,534,000
Real estate investment trusts	5,590,290	-	-	5,590,290
Reorganization interests	-	-	0	0
Master limited partnerships	1,195,600	-	-	1,195,600
Preferred stocks	2,613,390	-	0	2,613,390
Money market fund	3,163	-	-	3,163
Total investments, at value	\$ 156,918,981	\$ 2,534,000	\$ 37,605	\$ 159,490,586

There were no securities transferred from level 1 on December 31, 2014 to level 2 on June 30, 2015.



## NOTES TO FINANCIAL STATEMENTS (Unaudited)

## Financial Statements

The following is a reconciliation of level 3 assets including securities valued at zero:

	Common Stocks	Reorganization Interests	Preferred Stocks	Total
Balance at December 31, 2014	\$ 26,935	\$ 0	\$ 0	\$ 26,935
Proceeds from sales	-	-	-	-
Realized gain (loss)	-	0	-	0
Transfers into (out of) level 3	-	-	-	-
Change in unrealized appreciation	10,670	-	-	10,670
Balance at June 30, 2015	\$ 37,605	\$ 0	\$ 0	\$ 37,605
Net change in unrealized appreciation attributable to assets still held as level 3 at June 30, 2015	\$ 10,670	\$ 0	\$ 0	\$ 10,670

Unrealized gains (losses) are included in the related amounts on investments in the Statement of Operations.

The Investment Manager, under the direction of the Fund's Board of Trustees, considers various valuation approaches for valuing assets categorized within level 3 of the fair value hierarchy. The factors used in determining the value of such assets may include, but are not limited to: the discount applied due to the private nature of the asset; the type of the security; the size of the asset; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer or analysts; an analysis of the company's or issuer's financial statements; or an evaluation of the forces that influence the issuer and the market in which the asset is purchased and sold. Significant changes in any of those inputs in isolation may result in a significantly lower or higher fair value measurement. The pricing of all fair value assets is normally reported to the Fund's Board of Trustees.

The following table presents additional information about valuation methodologies and inputs used for assets that are measured at fair value and categorized as level 3 as of June 30, 2015:

June 30, 2015	Fair Value	Valuation Technique	Unobservable Input	Range
Common Stocks				
Services - Miscellaneous	\$ 37,605	Share of taxable income and comparable exchange offer	Discount rate for lack of marketability	35%
Repair Services				
Reorganization Interests	\$ 0	Cost; last known market value for predecessor securities; estimated recovery on liquidation	Discount rate for lack of marketability	100%
Preferred Stocks				



Financial	\$	0	Discount rate for lack of	100%
		Most recently reported net asset value	marketability	

**5. INVESTMENT TRANSACTIONS** Purchases and proceeds from sales or maturities of investment securities, excluding short term investments, were \$22,394,644 and \$22,412,255, respectively, for the six months ended June 30, 2015. As of June 30, 2015, for federal income tax purposes, subject to change, the aggregate cost of securities was \$141,134,652 and net unrealized appreciation was \$18,355,934, comprised of gross unrealized appreciation of \$26,892,176 and gross unrealized depreciation of \$8,536,242.





## NOTES TO FINANCIAL STATEMENTS (Unaudited)

## Financial Statements

The aggregate cost of investments for tax purposes will depend upon the Fund's investment experience during the entirety of its fiscal year and may be subject to changes based on tax regulations.

**6. ILLIQUID AND RESTRICTED SECURITIES** The Fund owns securities which have a limited trading market and/or certain restrictions on trading and, therefore, may be illiquid and/or restricted. Such securities have been valued using fair value pricing. Due to the inherent uncertainty of valuation, fair value pricing values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could be material. Illiquid and/or restricted securities owned as of June 30, 2015 were as follows:

	Acquisition Date	Cost	Value
Aquilex Holdings LLC	3/08/12	\$ 496,372	\$ 37,605
Penson Technologies LLC	4/09/14	0	0
Solar Cayman Ltd.	3/07/07	568,802	0
<b>Total</b>		<b>\$ 1,065,174</b>	<b>\$ 37,605</b>
<b>Percent of net assets</b>		<b>0.78%</b>	<b>0.03%</b>

**7. BORROWING AND SECURITIES LENDING** The Fund has entered into a Committed Facility Agreement (the "CFA") with BNP Paribas Prime Brokerage, Inc. ("BNP") which allows the Fund to adjust its credit facility amount up to \$45,000,000, subject to BNP's approval, and a Lending Agreement, as defined below. Borrowings under the CFA are

secured by assets of the Fund that are held with the Fund's custodian in a separate account (the "pledged collateral"). Interest is charged at the 1 month LIBOR (London Inter-bank Offered Rate) plus 0.95% on the amount borrowed and 0.50% on the undrawn balance. Because the Fund adjusts the facility amount each day to equal borrowing drawn that day, the annualized rate charge on undrawn facility amounts provided for by the CFA has not been incurred. The outstanding loan balance and the value of eligible collateral investments as of June 30, 2015 were \$22,602,198 and \$41,533,515, respectively, and the weighted average interest rate and average daily amount outstanding under the CFA for the six months ended June 30, 2015 were 1.13% and \$20,588,281, respectively. The maximum amount outstanding during the six months ended June 30, 2015 was \$29,623,399.

The Lending Agreement provides that BNP may borrow a portion of the pledged collateral (the "Lent Securities") in an amount not to exceed the outstanding borrowings owed by the Fund to BNP under the CFA. BNP may re-register the Lent Securities in its own name or in another name other than the Fund and may pledge, re-pledge, sell, lend, or otherwise transfer or use the Lent Securities with all attendant rights of ownership. The Fund may designate any security within the pledged collateral as ineligible to be a Lent Security, provided there are eligible securities within the pledged collateral in an amount equal to the outstanding borrowing owed

by the Fund. BNP must remit payment to the Fund equal to the amount of all dividends, interest, or other distributions earned or made by the Lent Securities.

Under the Lending Agreement, Lent Securities are marked to market daily and, if the value of the Lent Securities exceeds the value of the then-outstanding borrowings owed by the Fund to BNP under the CFA (the "Current Borrowings"), BNP must, on that day, either (1) return Lent Securities to the Fund's custodian in an amount sufficient to cause the value of the outstanding Lent Securities to equal the Current Borrowings; or (2) post cash collateral with the Fund's custodian equal to the difference between the value of the Lent Securities and the value of the Current Borrowings. If BNP fails to perform either of these actions as required, the Fund may recall securities, as discussed below, in an amount sufficient to cause the value of the outstanding Lent Securities to equal the Current Borrowings. The Fund can recall any of the Lent Securities and BNP is obligated, to the extent commercially possible, to return such security or equivalent security to the Fund's custodian no later than three business days after such request. If the Fund recalls a Lent Security pursuant to the Lending Agreement, and BNP fails to return the Lent Securities or equivalent securities in a timely fashion, BNP normally remains liable to the Fund's custodian for the ultimate delivery of such Lent Securities, or equivalent securities, and for any buy-in costs that the executing broker for the sales transaction may impose with respect to the failure to deliver. The Fund also has the right to apply and set-off an amount equal to one hundred percent (100%) of the then-current fair value of such Lent Securities against the Current Borrowings. The Fund earns securities lending income consisting of payments received from BNP for lending certain securities, less any rebates paid to borrowers and lending agent fees associated with the loan. As of June 30, 2015, the value of securities on loan was \$21,020,803 and for the for the six months ended June 30, 2015, the Fund earned \$4,415 in securities lending income.



## NOTES TO FINANCIAL STATEMENTS (Unaudited)

## Financial Statements

**8. SHARE TRANSACTIONS** The Fund is authorized to issue an unlimited amount of \$0.01 par value shares of beneficial interest. As of June 30, 2015, there were 8,686,718 shares outstanding. Share transactions for the following periods were:

	Six Months Ended		Year Ended	
	June 30, 2015		December 31, 2014	
Shares issued in:	Shares	Amount	Shares	Amount
Reinvestment of distributions	28,177	\$ 415,179	48,895	\$ 771,174

During the current reporting period, the Fund filed a registration statement with the U.S. Securities and Exchange Commission (“SEC”), which was declared effective on June 30, 2015, allowing it to offer, from time to time, in one or more offerings, including through rights offerings, up to \$150 million shares of beneficial interest (the “Shelf Offering”). Under the Shelf Offering, the Fund’s shares of beneficial interest may be offered at prices and on terms to be set forth in one or more supplements to the aforementioned registration statement.

**9. MARKET AND CREDIT RISKS** The Fund may invest in below investment grade fixed income securities, which carry ratings of BB or lower by Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc. (“S&P”) and/or Ba1 or lower by Moody’s Investors Service, Inc. (“Moody’s”). Investments in these below investment grade securities may be accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities. The relative illiquidity of some of these securities may adversely affect the ability of the Fund to dispose of such securities in a timely manner and at a fair price at times when it might be necessary or advantageous for the Fund to liquidate portfolio securities.

**10. CONTINGENCIES** The Fund indemnifies its officers and trustees from certain liabilities that might arise from their performance of their duties for the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which may provide general indemnifications. The Fund’s maximum exposure under these arrangements is unknown as it involves future claims that may be made

against the Fund under circumstances that have not occurred.

**11. SHARE REPURCHASE PROGRAM** In accordance with Section 23(c) of the Act, the Fund may from time to time repurchase its shares in the open market at the discretion of and upon such terms as determined by the Board of Trustees. The Fund did not repurchase any of its shares during 2014 or the six months ended June 30, 2015.

**12. SHELF REGISTRATION STATEMENT** During the current reporting period, the Fund filed an initial shelf registration statement with the SEC allowing it to issue an additional \$150 million shares of beneficial interest. Under the shelf registration statement, which was declared effective on June 30, 2015, the Fund, subject to market conditions, may raise additional equity capital from time to time in varying amounts and utilizing various offering methods. While raising additional equity capital by selling new shares may allow the Fund to pursue additional investment opportunities without the need to sell existing portfolio investments, it also entails risks — including that the issuance of additional shares of beneficial interest may reduce the premium or increase the discount at which the Fund's shares trade to NAV in the secondary market. This report is not an offer to sell Fund shares and is not a solicitation of an offer to buy Fund shares in any jurisdiction where the offers or sales are not permitted.

The prospectus and related prospectus supplement for any shelf offering will contain more complete information about the offering and should be read carefully before investing.





## FINANCIAL HIGHLIGHTS June 30, 2015 (Unaudited)

## Financial Statements

	Six Months Ended	Year Ended December 31,				One Month Ended	Year Ended November 30,	
	June 30, 2015	2014	2013	2012	Dec 31, 2011 <sup>(1)</sup>	2011	2010	
Per Share Operating Performance								
Net asset value, beginning of period	\$16.66	\$17.20	\$15.53	\$15.48	\$16.88	\$17.36	\$16.76	
Income from investment operations: <sup>(2)</sup>								
Net investment income	0.16	0.34	0.40	0.56	0.08	0.96	0.80	
Net realized and unrealized gain (loss) on investments	(0.20)	0.76	4.12	1.13	0.20	(0.08)	1.44	
Total income from investment operations	(0.04)	1.10	4.52	1.69	0.28	0.88	2.24	
Less distributions:								
Net investment income	(0.57)	(1.63)	(1.16)	(0.56)	(0.08)	(0.92)	(1.40)	
Return of capital	(0.25)	-	(0.47)	(1.07)	(0.32)	(0.44)	(0.24)	
Total distributions	(0.82)	(1.63)	(1.63)	(1.63)	(0.40)	(1.36)	(1.64)	
Fund share transactions								
Effect of reinvestment of distributions	-*	(0.01)	(0.01)	(0.01)	-*	-*	-	
Decrease in net asset value from rights offering	-	-	(1.21)	-	(1.28)	-	-	
Total Fund share transactions	-	(0.01)	(1.22)	(0.01)	(1.28)	-	-	
	\$15.80	\$16.66	\$17.20	\$15.53	\$15.48	\$16.88	\$17.36	

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Net asset value, end of period <sup>(3)</sup>							
Market value, end of period <sup>(3)</sup>	\$14.14	\$15.12	\$15.11	\$13.53	\$13.72	\$13.84	\$16.92
Total Return <sup>(4)</sup>							
Based on net asset value	0.16%	7.28%	23.35%	12.67%	(5.52)%	5.61%	14.55%
Based on market price	(1.23)%	10.83%	24.38%	10.75%	2.13%	(11.15)%	28.17%
Ratios/Supplemental Data <sup>(5)</sup>							
Net assets, end of period (000s omitted)	\$137,219	\$144,280	\$148,081	\$93,951	\$93,123	\$71,329	\$73,322
Ratios to average net assets of:							
Total expenses <sup>(6)</sup>	1.84%**	1.55%*	1.87%	2.57%	2.09%**	2.02%	2.63%
Net expenses <sup>(7)</sup>	1.84%**	1.55%*	1.87%	2.57%	2.09%**	2.00%	2.50%
Net expenses excluding interest expense and fees on bank credit facility	1.68%**	1.47%*	1.72%	2.30%	1.78%**	1.73%	N/A
Total expenses excluding commercial paper interest expense and fees <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	2.20%
Net expenses excluding commercial paper interest expense and fees <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	2.07%
Commercial paper interest expense and fees <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	0.43%
Net investment income	1.91%**	1.94%	2.38%	3.56%	6.28%**	5.44%	4.73%
Portfolio turnover rate	14%	52%	45%	13%	0%	24%	51%
Leverage analysis (000s omitted):							
Outstanding loan balance under the	\$22,602	\$17,284	\$21,346	\$21,348	\$17,815	\$18,209	\$20,000

bank credit facility, end of period							
Aggregate amount of commercial paper outstanding, end of period <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average daily balance of amortized cost of commercial paper outstanding, end of period <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Asset coverage per \$1,000, end of period <sup>(9)</sup>	\$7,071	\$9,347	\$7,937	\$5,401	\$6,227	\$4,917	\$4,666

(1) The Fund changed its fiscal year from November 30 to December 31, effective December 31, 2011.

(2) The per share amounts were calculated using the average number of shares outstanding during the period.

(3) The Fund implemented a 1-for-4 reverse stock split with an ex-dividend date of December 10, 2012. Prior period net asset values and per share amounts have been restated to reflect the impact of the reverse stock split. The net asset value and market price reported at the original dates prior to the reverse stock split were \$3.87, \$4.22, and \$4.34 and \$3.43, \$3.46, and \$4.23, respectively, for the one month period ended December 31, 2011 and the years ended November 30, 2011 and 2010, respectively.

(4) Total return on a market value basis is calculated assuming a purchase of shares on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's Dividend Reinvestment Plan. Generally, total return on a net asset value basis will be higher than total return on a market value basis in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total return on a net asset value basis will be lower than total return on a market value basis in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods. Total return calculated for a period of less than one year is not annualized. The calculation does not reflect brokerage commissions, if any.

(5) Expenses and income ratios do not include expenses incurred by the Acquired Funds in which the Fund invests.

(6) "Total expenses" are the expenses of the Fund as presented in the Statement of Operations before fee waivers and expense reductions.

(7)“Net expenses” are the expenses of the Fund presented in the Statement of Operations after fee waivers and expense reductions. Fees waived by the Investment Manager reduced the ratio of net expenses by 0.02%, and 0.13%, for the years ended November 30, 2011, and 2010, respectively.

(8) Effective April 26, 2010, the Fund replaced its commercial paper program with a bank line of credit facility.

(9)Represents the value of total assets less liabilities not represented by senior securities representing indebtedness divided by the total number of senior indebtedness units, where one unit equals \$1,000 of senior indebtedness. For purposes of this calculation, the bank credit facility is considered a senior security representing indebtedness.

\* Less than \$0.01 per share. \*\* Annualized. N/A means not applicable. See notes to financial statements.

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The additional information below and on the following pages is supplemental and not part of the financial statements of the Fund.

BOARD APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (Unaudited)

Additional Information

The renewal of the investment management agreement (“Agreement”) between Dividend and Income Fund (“Fund”) and the investment manager, Bexil Advisers LLC (“Investment Manager”), was unanimously approved by the Fund’s Board of Trustees (“Board”), including all of the Fund’s trustees who are not “interested persons” of the Fund (“Independent Trustees”) as defined under the Investment Company Act of 1940, as amended, at an in person meeting held on March 11, 2015 (“Meeting”). In this connection, the Board considered a number of factors, including, among other things, information that had been provided at other meetings, as well as information furnished to the Board for the Meeting. Such information included, among other things: information comparing the management fees of the Fund with a peer group of broadly comparable funds as determined by Lipper, Inc. (“Lipper”), an independent data service; information regarding the Fund’s investment performance on an absolute basis and in comparison to its Lipper peer group and a benchmark index, as determined by Lipper; the economic outlook and the general investment outlook in relevant investment markets; the Investment Manager’s results and financial condition and the overall organization of the Investment Manager; the allocation of brokerage and the benefits received by the Investment Manager as a result of brokerage allocation; the Investment Manager’s trading practices, including soft dollars; the Investment Manager’s management of relationships with custodians, transfer agents, pricing agents, brokers, and other service providers; the resources devoted to the Investment Manager’s compliance efforts undertaken on behalf of the Fund and the record of compliance with the compliance programs of the Fund, the Investment Manager, and its affiliates; the quality, nature, cost, and character of the administrative and other non-investment management services provided by the Investment Manager and its affiliates; the terms of the Agreement; the Investment Manager’s gifts and entertainment log; and the reasonableness and appropriateness of the fee paid by the Fund for the services provided.

The Board also considered the nature, extent, and quality of the management services provided by the Investment Manager. In so doing, the Board considered the Investment Manager’s management capabilities with respect to the types of investments held by the Fund, including information relating to the education, experience, and number of investment professionals and other personnel who provide services under the Agreement. The Board also took into account the time and attention to be devoted by management to the Fund. In this regard, the Board noted that the Investment Manager is responsible for, among other things, overseeing the selection of investments for the Fund, making investment decisions for the Fund, monitoring the investment operations and composition of the Fund, and, in connection therewith, monitoring compliance with the Fund’s investment objectives, policies and restrictions, as

well as the Fund’s compliance with applicable law; monitoring brokerage selection, commission and other trading costs, quality of execution, and other brokerage matters; and implementing the Board’s directives as they relate to the Fund. Further, the Board considered that the Investment Manager’s responsibilities include daily monitoring of investment, operational, enterprise, legal, regulatory and compliance risks as they relate to the Fund. The Board evaluated the level of skill required to manage the Fund and concluded that the resources available at the Investment Manager are appropriate to fulfill effectively its duties on behalf of the Fund. The Board noted that the Investment Manager has managed the Fund since 2011 and indicated its belief that a long term relationship with capable,

conscientious personnel is in the best interests of the Fund.

The Board received information concerning the investment philosophy and investment process applied by the Investment Manager in managing the Fund. In this regard, the Board considered the appointment of Thomas Winmill as the sole portfolio manager of the Fund, noting that Mr. Winmill had not changed the Fund's investment philosophy or investment process applied in managing the Fund.

The Board also considered the Investment Manager's in-house research capabilities as well as other resources available to the Investment Manager's personnel, including research services that may be available to the Investment Manager as a result of securities transactions effected for the Fund. The Board concluded that the Investment Manager's investment process, research capabilities, and philosophy were well suited to the Fund, given the Fund's investment objective and policies.

In its review of comparative information with respect to the Fund's investment performance, the Board received information from Lipper comparing the Fund's investment performance on an absolute basis and to that of its Lipper peer group of investment companies pursuing broadly similar strategies and a benchmark index selected by Lipper. After reviewing performance information with respect to the Fund, the Board noted that the Fund's total return performance exceeded the average and median total return of its Lipper peer group for the two year period ended December 31, 2014 but underperformed for the one, three, four, five, and ten year periods. The Board also noted that the Fund's total return performance exceeded its benchmark index for the two and three year periods ended December 31, 2014 but underperformed for the one, four, five, and ten year periods. The Board considered that the Investment Manager became the Fund's investment manager in February 2011 and that the Fund's performance prior to that time was attributable to its former investment manager. The Board then concluded that the Fund's performance was within a range that it deemed competitive.





BOARD APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (Unaudited)

Additional Information

The Board noted that performance is only one of the factors that it deems relevant to its consideration of an Agreement and that, after considering all relevant factors, it can reach a decision to renew the Agreement notwithstanding the Fund's underperformance over certain periods.

With respect to its review of the fee payable under the Agreement, the Board considered information from Lipper comparing the Fund's management fee and expense ratio to those of its Lipper peer group. The Board observed that the Fund's management fee was higher than the median in its Lipper peer group and its overall expense ratio (excluding extraordinary expenses) was higher than the median in its Lipper peer group. Although the Board observed that the Fund's expense ratio, excluding extraordinary expenses, was in the higher range as compared to the Fund's Lipper peer group, the Board concluded that the Fund's fees were competitive with comparable funds in light of the quality of services received and the level of assets managed. The Board also evaluated any apparent or anticipated economies of scale in relation to the services the Investment Manager provides to the Fund. The Board considered that the Fund is a closed end fund that does not continuously offer shares and that, without daily inflows and outflows of capital, there are limited opportunities for significant economies of scale to be realized by the Investment Manager in managing the Fund's assets.

The information provided assisted the Board in concluding that the fee paid by the Fund is within the range of those paid by comparable funds within the fund industry. Further, the Board concluded that the Investment Manager's fee bears a reasonable relationship to the services rendered and has been the product of arm's length bargaining.

The Board also considered information regarding the character and amount of other incidental benefits received by the Investment Manager and its affiliates from its association with the Fund. The Board concluded that potential "fall-out" benefits that the Investment Manager and its affiliates may receive, such as increased ability to obtain research services, appear to be fair and reasonable and may, in some cases, benefit the Fund.

The Board also considered the profitability of the Investment Manager from its association with the Fund. In this regard, the Board considered the costs of the services provided by and the profits realized, if any, by the Investment Manager in connection with the operation of the Fund and was satisfied that the profitability was not excessive under the circumstances. In addition, the Board considered the financial stability of the Investment Manager during its deliberations.

The Board did not consider any single factor as controlling in determining whether or not to renew the Agreement. In assessing the information provided by the Investment Manager and its affiliates, the Board also noted that it was taking into consideration the benefits to shareholders of investing in a Fund that is part of a fund complex which provides a variety of shareholder services.

Based on its consideration of the foregoing factors and conclusions, and such other factors and conclusions as it deemed relevant, the Board, including all of the Independent Trustees, concluded that the approval of the Agreement, including the fee structure, is in the best interests of the Fund.

DIVIDEND AND INCOME FUND

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POLICIES AND UPDATES (Unaudited)

Additional Information

### Investment Objectives and Policies

The Fund's primary investment objective is to seek high current income. Capital appreciation is a secondary objective. The investment objectives of the Fund are fundamental policies that may not be changed without a vote of a majority of the Fund's outstanding voting securities. The Fund is also subject to certain investment policies and restrictions that are fundamental and cannot be changed without such vote. A majority of the outstanding voting securities of the Fund is defined under the Act as the lesser of: (i) 67% or more of the Fund's shares present at a meeting if more than 50% of the outstanding shares of the Fund are present and represented by proxy; or (ii) more than 50% of the outstanding shares of the Fund. All other investment strategies, policies, and restrictions described are not fundamental and may be changed by the Board of Trustees without shareholder approval except as required by law.

### Limitations on Ownership

The Fund has substantial capital loss carryovers that could translate into significant future tax savings for the Fund and its shareholders. The Fund's governing documents contain provisions designed to prevent an ownership change from taking place, which could limit the Fund's ability to use capital loss carryovers, by limiting the ability of persons to own more than 4.99% of the Fund's outstanding shares without the Board of Trustees' prior approval. These provisions may have an anti-takeover effect on the Fund as do certain other provisions the Fund currently takes advantage of under Delaware law.

### Shelf Registration Statement

During the current reporting period, the Fund filed an initial shelf registration statement with the SEC allowing it to issue an additional \$150 million shares of beneficial interest. Under the shelf registration statement, which was declared effective on June 30, 2015, the Fund, subject to market conditions, may raise additional

equity capital from time to time in varying amounts and utilizing various offering methods. While raising additional equity capital by selling new shares may allow the Fund to pursue additional investment opportunities without the need to sell existing portfolio investments, it also entails risks — including that the issuance of additional shares of beneficial interest may reduce the premium or increase the discount at which the Fund's shares trade to NAV in the secondary market. This report is not an offer to sell Fund shares and is not a solicitation of an offer to buy Fund shares in any jurisdiction where the offers or sales are not permitted.

The prospectus and related prospectus supplement for any shelf offering will contain more complete information about the offering and should be read carefully before investing.

### Proxy Voting

The Fund's Proxy Voting Guidelines, which describe the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities, as well as its voting record for the most recent 12 months ended June 30,

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are available without charge by calling the Fund collect at 1-212-785-0900, on the SEC's website at [www.sec.gov](http://www.sec.gov), and on the Fund's website at [www.DividendandIncomeFund.com](http://www.DividendandIncomeFund.com).

Quarterly Schedule of Portfolio Holdings

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund makes the Forms N-Q available on its website at [www.DividendandIncomeFund.com](http://www.DividendandIncomeFund.com).

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**DIVIDEND AND INCOME FUND**



DIVIDENDS (Unaudited)

Additional Information

Managed Distributions

The Fund's current distribution policy is to provide shareholders with a relatively stable cash flow and to attempt to reduce or eliminate the Fund's market price discount to its net asset value per share. The policy may be changed or discontinued without notice. The distributions are paid from net investment income (including excess gains taxable as ordinary income) and any net capital gains, with the balance representing return of capital. Net capital gains recognized in the current year are distributable as ordinary income in accordance with tax regulations so long as the Fund has a capital loss carryforward and are referred to as excess gains. The Fund's distributions are not tied to its net investment income and net realized capital gains and do not represent yield or investment return. The Fund is subject to U.S. corporate, tax, and securities laws. Under U.S. tax accounting rules, the amount of distributable net income is determined on an annual basis

and is dependent during the fiscal year on the aggregate gains and losses realized by the Fund and, to a lesser extent, other factors. Therefore, the exact amount of distributable income can only be determined as of the end of the Fund's fiscal year. Under the Act, however, the Fund is required to indicate the source of each distribution to shareholders. The Fund estimates that distributions for the period commencing January 1, 2015, including the distributions paid quarterly, will be comprised primarily from paid in capital and the balance from net investment income (including excess gains taxable as ordinary income). This estimated distribution composition may vary from quarter to quarter because it may be materially impacted by future realized gains and losses on securities and other factors. In January, the Fund normally sends shareholders a Form 1099-DIV for the prior calendar year stating the amount and composition of distributions and providing information about their appropriate tax treatment.

2015 Quarterly Distribution Dates

Declaration	Record	Payment
March 2	March 16	March 31
June 1	June 15	June 30
September 1	September 16	September 30
December 1	December 15	December 30

HISTORICAL DISTRIBUTION SUMMARY\*

PERIOD	Investment Income	Return of Capital	Capital Gains	Total
Six Months Ended June 30, 2015**	\$ 0.57	\$ 0.25	\$ -	\$ 0.82
2014	\$ 1.63	\$ -	\$ -	\$ 1.63
2013	\$ 1.16	\$ 0.47	\$ -	\$ 1.63
2012	\$ 0.56	\$ 1.07	\$ -	\$ 1.63
2011	\$ 1.00	\$ 0.76	\$ -	\$ 1.76
2010	\$ 1.40	\$ 0.24	\$ -	\$ 1.64
2009	\$ 1.56	\$ 0.08	\$ -	\$ 1.64
2008	\$ 2.36	\$ 1.08	\$ -	\$ 3.44
2007	\$ 3.36	\$ 0.20	\$ -	\$ 3.56
2006	\$ 3.72	\$ -	\$ -	\$ 3.72
2005	\$ 2.12	\$ 1.88	\$ -	\$ 4.00
2004	\$ 2.16	\$ 1.84	\$ -	\$ 4.00
2003	\$ 2.44	\$ 1.56	\$ -	\$ 4.00
2002	\$ 2.64	\$ 1.84	\$ -	\$ 4.48
2001	\$ 2.60	\$ 2.36	\$ -	\$ 4.96
2000	\$ 3.20	\$ 1.76	\$ -	\$ 4.96
1999	\$ 3.44	\$ 1.40	\$ 0.12	\$ 4.96
From June 29, 1998 to November 30, 1998	\$ 1.64	\$ -	\$ -	\$ 1.64

\* The Fund implemented a 1-for-4 reverse stock split with an ex-date of December 10, 2012. Prior period distribution amounts have been restated to reflect the impact of the reverse stock split.

\*\* Investment income may include excess gains taxable as ordinary income.

The classification of these distributions for federal income tax purposes will be determined after the Fund's fiscal year ending December 31, 2015. This is only an estimate based on information available at this time and is subject to change. Actual amounts may be re-characterized among net investment income, capital gains, and return of capital for tax purposes after the 2015 year end, although the exact amount is not estimable at June 30, 2015.





DIVIDENDS (Unaudited)

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Terms and Conditions of the 2012 Amended Dividend Reinvestment Plan

1. Each shareholder (the “Shareholder”) holding shares (the “Shares”) of Dividend and Income Fund (the “Fund”) will automatically be a participant in the Dividend Reinvestment Plan (the “Plan”), unless the Shareholder specifically elects to receive all dividends and capital gains in cash by notice to American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219, 1-800-278-4353, as agent under the Plan (the “Agent”). The Agent will open an account for each Shareholder under the Plan in the same name in which such Shareholder’s Shares are registered.
2. Whenever the Fund declares a capital gain distribution or an income dividend payable in Shares or cash, participating Shareholders will take the distribution or dividend entirely in Shares and the Agent will automatically receive the Shares, including fractions, for the Shareholder’s account in accordance with the following:

Whenever the Market Price (as defined in Section 3 below) per Share is equal to or exceeds the net asset value per Share at the time Shares are valued for the purpose of determining the number of Shares equivalent to the cash dividend or capital gain distribution (the “Valuation Date”), participants will be issued additional Shares equal to the amount of such dividend divided by the lower of the Fund’s net asset value per Share or the Fund’s Market Price per Share. Whenever the Market Price per Share is less than such net asset value on the Valuation Date, participants will be issued additional Shares equal to the amount of such dividend divided by the Market Price. The Valuation Date is the business day before the dividend or distribution payment date. If the Fund should declare a dividend or capital gain distribution payable only in cash, the Agent will, as purchasing agent for the participating Shareholders, buy Shares in the open market or elsewhere, for such Shareholders’ accounts after the payment date, except that the Agent will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining Shares if, following the commencement of the purchases, the Market Price of the Shares exceeds the net asset value. These remaining Shares will be issued by the Fund at a price equal to the lower of the Fund’s net asset value per Share or the Market Price.

In a case where the Agent has terminated open market purchases and caused the issuance of remaining Shares by the Fund, the number of Shares received by the participant in respect of the cash dividend or distribution will be based on the weighted average of prices paid for Shares purchased in the open market and the price at which the Fund issues remaining Shares. To the extent that the Agent is unable to terminate purchases in the open market before the Agent has completed its purchases, or remaining Shares cannot be issued by the Fund because the Fund declared a dividend or distribution payable only in cash, and the Market Price exceeds the net asset value of the Shares, the average Share purchase price paid by the Agent may exceed the net asset value of the Shares, resulting in the acquisition of fewer Shares than if the dividend or capital gain distribution had been paid

in Shares issued by the Fund.

The Agent will apply all cash received as a dividend or capital gain distribution to purchase shares on the open market as soon as practicable after the payment date of the dividend or capital gain distribution, but in no event later than 45 days after that date, except when necessary to comply with applicable provisions of the federal securities laws.

3. For all purposes of the Plan: (a) the Market Price of the Shares on a particular date shall be the average of the volume weighted average sale prices or, if no sale occurred then the mean between the closing bid and asked quotations, for the Shares quoted on the NYSE on each of the five business days the Shares traded ex-dividend on the NYSE immediately prior to such date, and (b) net asset value per share on a particular date shall be as determined by or on behalf of the Fund.
4. The open market purchases provided for herein may be made on any securities exchange on which the Shares are traded, in the over-the-counter market, or in negotiated transactions, and may be on such terms as to price, delivery, and otherwise as the Agent shall determine. Funds held by the Agent uninvested will not bear interest, and it is understood that, in any event, the Agent shall have no liability in connection with any inability to purchase Shares within 45 days after the initial date of such purchase as herein provided, or with the timing of any purchases effected. The Agent shall have no responsibility as to the value of the Shares acquired for the Shareholder's account.
5. The Agent will hold Shares acquired pursuant to the Plan in non-certificated form in the Agent's name or that of its nominee. At no additional cost, a Shareholder participating in the Plan may send to the Agent for deposit into its Plan account those certificate shares of the Fund in its possession. These Shares will be combined with those unissued full and fractional Shares acquired under the Plan and held by the Agent. Shortly thereafter, such Shareholder will receive a statement showing its combined holdings. The Agent will forward to the Shareholder any proxy solicitation material and will vote any Shares so held for the Shareholder only in accordance with the proxy returned by the Shareholder to the Fund.
6. The Agent will confirm to the Shareholder each acquisition for the Shareholder's account as soon as practicable but not later than 60 days after the date thereof. Although the Shareholder may from time to time have an individual fractional interest (computed to three decimal places) in a Share, no certificates for fractional Shares will be issued. However, dividends and distributions on fractional Shares will be credited to Shareholders' accounts. In the event of a termination of a Shareholder's account under the Plan, the Agent will adjust for any such undivided fractional interest in cash at the opening market value of the Shares at the time of termination.
7. Any stock dividends or split Shares distributed by the Fund on Shares held by the Agent for the Shareholder will be credited to the Shareholder's account. In the event that the Fund makes available to the Shareholder the right to purchase additional Shares or other securities, the Shares held for a Shareholder under the Plan will be



DIVIDENDS (Unaudited)

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added to other Shares held by the Shareholder in calculating the number of rights to be issued to such Shareholder. Transaction processing may either be curtailed or suspended until the completion of any stock dividend, stock split, or corporate action.

8. The Agent's service fee for handling capital gain distributions or income dividends will be paid by the Fund. The Shareholder will be charged a pro rata share of brokerage commissions on all open market purchases.

9. The Shareholder may terminate the account under the Plan by notifying the Agent. A termination will be effective immediately if notice is received by the Agent three days prior to any dividend or distribution payment date. If the request is received less than three days prior to the payment date, then that dividend will be invested, and all subsequent dividends will be paid in cash.

10. These terms and conditions may be amended or supplemented by the Fund at any time or times but, except when necessary or appropriate to comply with applicable law or the rules or policies of the Securities and Exchange Commission or any other regulatory authority, only by mailing to the Shareholder appropriate written notice at least 30 days prior to the effective date thereof. The amendment or supplement shall be deemed to be accepted by the Shareholder unless, prior to the effective date thereof, the Agent receives written notice of the termination of such Shareholder's account under the Plan. Any such amendment may include an appointment by the Fund of a successor agent in its place and stead under these terms and conditions, with full power and authority to perform all or any of the acts to be performed

by the Agent. Upon any such appointment of an Agent for the purpose of receiving dividends and distributions, the Fund will be authorized to pay to such successor Agent all dividends and distributions payable on Shares held in the Shareholder's name or under the Plan for retention or application by such successor Agent as provided in these terms and conditions.

11. In the case of Shareholders, such as banks, brokers, or nominees, which hold Shares for others who are the beneficial owners, the Agent will administer the Plan on the basis of the number of Shares certified from time to time by the Shareholders as representing the total amount registered in the Shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

12. The Agent shall at all times act in good faith and agree to use its best efforts within reasonable limits to insure the accuracy of all services performed under this agreement and to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless the errors are caused by its negligence, bad faith, or willful misconduct or that of its employees.

13. Neither the Fund nor the Agent will be liable for any act performed in good faith or for any good faith omission to act, including without limitation, any claim of liability arising out of (i) failure to terminate a Shareholder's account, sell shares, or purchase shares, (ii) the prices which shares are purchased or sold for the Shareholder's account, and (iii) the time such purchases or sales are made, including price fluctuation in market value after such purchases or

sales.

DIVIDEND AND INCOME FUND

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GENERAL INFORMATION (Unaudited)

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RESULTS OF THE ANNUAL MEETING

An Annual Meeting of Shareholders of the Fund was held on May 1, 2015 at 11 Hanover Square, New York, New York 10005, the Fund's principal executive offices, for the following purpose:

1. To re-elect Bruce B. Huber to the Board of Trustees of the Fund as a Class I Trustee to serve until 2018 or until his successor is elected and qualifies.

Votes For    Votes Withheld

7,027,376    364,989

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GENERAL INFORMATION (Unaudited)

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STOCK DATA AT JUNE 30, 2015

NYSE Market Price per Share	\$14.14
Net Asset Value per Share	\$15.80
Market Price Discount to Net Asset Value	10.5%
NYSE Ticker Symbol	DNI
Net Asset Value Ticker Symbol	XDNIX
CUSIP Number	25538A204

FUND INFORMATION

Investment Manager

Bexil Advisers LLC

11 Hanover Square

New York, NY 10005

[www.DividendandIncomeFund.com](http://www.DividendandIncomeFund.com)

1-212-785-0900

Stock Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC

6201 15th Avenue

Brooklyn, NY 11219

www.amstock.com

1-800-278-4353

DividendandIncomeFund.com

Visit us on the web at [www.DividendandIncomeFund.com](http://www.DividendandIncomeFund.com). The site provides information about the Fund, including market performance, net asset value, distributions, press releases, and shareholder reports. For further information, please email us at [info@DividendandIncomeFund.com](mailto:info@DividendandIncomeFund.com).

**Cautionary Note Regarding Forward Looking Statements** - This report contains “forward looking statements” as defined under the U.S. federal securities laws. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will,” and similar expressions identify forward looking statements, which generally are not historical in nature. Forward looking statements are subject to certain risks and uncertainties that could cause actual results to materially differ from the Fund’s historical experience and its current expectations or projections indicated in any forward looking statements. These risks include, but are not limited to, equity securities risk, corporate bonds risk, credit risk, interest rate risk, leverage and borrowing risk, additional risks of certain securities in which the Fund invests, market discount from net asset value, distribution policy risk, management risk, and other risks discussed in the Fund’s filings with the SEC. You should not place undue reliance on forward looking statements, which speak only as of the date they are made. The Fund undertakes no obligation to update or revise any forward looking statements made herein. There is no assurance that the Fund’s investment objectives will be attained.

**Fund Information** - This report, including the financial statements herein, is provided for informational purposes only. This is not a prospectus, circular, or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report. This report shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state, or an exemption therefrom.

**Section 23 Notice** - Pursuant to Section 23 of the Investment Company Act of 1940, as amended, notice is hereby given that the Fund may in the future purchase its own shares in the open market. These purchases may be made from time to time, at such times, and in such amounts, as may be deemed advantageous to the Fund, although nothing herein shall be considered a commitment to purchase such shares.



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Item 2. Code of Ethics.

Not applicable.

Item 3. Audit Committee Financial Expert.

Not applicable.

Item 4. Principal Accountant Fees and Services.

Not applicable.

Item 5. Audit Committee of Listed Registrants.

Not applicable.

Item 6. Investments.

Included as part of the report to stockholders filed under Item 1 of this Form.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Not applicable.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Not applicable.

Item 10. Submission of Matters to a Vote of Security Holders.

There were no material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors made or implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407), or this Item.

Item 11. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as

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amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's second fiscal quarter of the period covered by the report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits.

(a)(1) Not applicable.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2) attached hereto as Exhibit EX-99.

(a)(3) Not applicable.

(b) Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 attached hereto as Exhibit EX-99 906.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dividend and Income Fund

August 27, 2015 By: /s/ Thomas B. Winmill  
Thomas B. Winmill, President

Dividend and Income Fund

August 27, 2015 By: /s/ Thomas O'Malley  
Thomas O'Malley, Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dividend and Income Fund

August 27, 2015 By: /s/ Thomas B. Winmill  
Thomas B. Winmill, President

Dividend and Income Fund

August 27, 2015 By: /s/ Thomas O'Malley  
Thomas O'Malley, Chief Financial Officer