VIRTUS INVESTMENT PARTNERS, INC.
Form 10-K
April 10, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-10994

VIRTUS INVESTMENT PARTNERS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**95-4191764**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

100 Pearl St., 9th Floor, Hartford, CT 06103

(Address of principal executive offices)

Registrant s telephone number, including area code

(800) 248-7971

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of exchange on which registered**
Common stock, $.01 par value (including attached Preferred Share Purchase Rights)	**NASDAQ Global Market**

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. ¨ Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check

one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x	Smaller reporting company ¨
(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold (based on the closing price share as quoted on the NASDAQ Global Market) as of the last business day of the registrant s most recently completed second fiscal quarter, was not available because the registrant s common equity did not begin trading on the NASDAQ Global Market until January 2, 2009.

As of April 7, 2009, 5,786,492 shares of the registrant s common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s Proxy Statement which will be filed with the SEC in connection with the 2009 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

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Virtus Investment Partners, Inc.

Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2008

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PART I

Item 1. Business.

Separation from the Phoenix Companies, Inc.

Prior to December 31, 2008, Virtus Investment Partners, Inc. (Virtus or the Company) was an indirect majority-owned subsidiary of The Phoenix Companies, Inc. (PNX). On February 7, 2008, PNX announced that its board of directors had determined to pursue the spin-off of the Company, representing the asset management business of PNX, excluding the assets and business of the Company s subsidiary, Goodwin Capital Advisors, Inc. (Goodwin). On December 12, 2008, the PNX board of directors formally approved the spin-off and declared a dividend payable to each PNX holder of record at the close of business on the record date (which was December 22, 2008) for the distribution of one share of our common stock for every 20 shares of PNX common stock. The distribution of 100% of our common stock, representing 77% of the Company, to PNX stockholders (other than shares withheld to satisfy certain withholding obligations) was made on December 31, 2008. We refer to this transaction throughout this Annual Report as the spin-off. Following the spin-off, PNX does not have any ownership interest in the Company.

In connection with the spin-off, the Company and PNX entered into a separation agreement and several ancillary agreements to complete the separation of our business from PNX and to distribute our common stock to PNX stockholders. These agreements govern the relationship between the Company and PNX following the spin-off and also provide for the allocation of employee benefits, certain tax and other liabilities and obligations attributable to periods prior to and following the spin-off. The agreements were prepared before the spin-off and reflect agreements between affiliated parties established without arms-length negotiation. Along with the separation agreement, the other ancillary agreements include a transition services agreement, a tax separation agreement and an employee matters agreement. We may enter into other agreements with PNX, the terms of which would be determined at those times. The primary agreements are as follows:

Separation Agreement Addresses the principal corporate transactions required to effect the spin-off; the transfer of certain assets and liabilities; the distribution of shares of our common stock to PNX stockholders; and other agreements governing the relationship between the Company and PNX following the spin-off.

Transition Services Agreement Addresses transition services that PNX may provide to us for a limited period following the spin-off, including certain administrative and other services on an interim basis, such as information technology support, human resources and other limited services consistent with past practices.

We are now performing all of the interim services detailed in the transaction services agreement, including human resources, information technology, facilities, legal and certain other services.

Tax Separation Agreement Sets forth the responsibilities of the Company and PNX with respect to, liabilities for federal, state, local and foreign taxes for periods before and including the spin-off, the preparation and filing of tax returns for such periods, and disputes with taxing authorities regarding taxes for such periods.

Employee Matters Agreement Provides the structure for the transition of our employees from PNX s employment and from PNX s employee plans and programs to employment and employee plans and programs with the Company. The agreement allocates responsibility for certain employee and employee benefit matters and liabilities after the spin-off date.

Copies of the forms of these agreements are filed as exhibits to, and summaries of these agreements are included with, our Form 10 Registration Statement filed with the SEC in connection with our spin-off from PNX (Form 10 Registration Statement).

Overview of Business

We are a provider of investment management products and services to individuals and institutions. We operate a multi-manager asset management business, comprising a number of individual affiliated managers,

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each having its own distinct investment style, autonomous investment process and brand. We believe our customers value this approach.

Investors have an array of needs driven by factors such as market conditions, risk tolerance and investment goals. A key element of our business is to offer a variety of investment styles and multiple disciplines to meet those needs. For our mutual funds, we supplement the investment capabilities of our affiliated managers with those of select unaffiliated sub-advisors. We do that by partnering with these managers whose strategies are not typically available to retail mutual fund customers.

We provide our products in a number of forms and through multiple distribution channels. Our retail products include open-end mutual funds, closed-end funds and separately managed accounts. Our fund family of 49 open-end funds is distributed primarily through intermediaries. Our five closed-end funds trade on the New York Stock Exchange. Retail separately managed accounts are comprised of intermediary programs sponsored and distributed by unaffiliated brokerage firms and private client services originated and maintained by our affiliated managers. We also manage institutional accounts for corporations, multi-employer retirement funds and foundations, endowments, special purpose funds and other types of institutions.

Our Repositioning of the Business

During the period from 2002 through 2008, we undertook a number of critical actions to reposition our business for long-term growth and improved profitability. Through these actions, we focused on our operating structure, product mix, distribution strategy and operating expense base:

- We streamlined our operating structure from being a collection of majority-owned and wholly-owned affiliated firms into a single business of affiliated managers with common distribution and support operations.
- We took actions to restructure our product portfolio with a focus on improved investment performance, focusing on mutual fund products as the initial stage of product repositioning.
- We repositioned our distribution strategy to provide greater balance by distribution partner and with an increased focus on retail mutual fund distribution.
- We took actions to significantly reduce our operating expenses.

Our Asset Managers

Our asset management services are provided by our affiliated managers as well as by unaffiliated external managers through sub-advisory agreements. The affiliated managers, who are registered investment advisors under the Investment Advisers Act of 1940, manage our mutual funds and closed-end funds, and provide investment management services for institutional and separately managed accounts. We provide our managers with consolidated distribution and administrative support, thereby allowing each affiliate to focus on asset management. We monitor the quality of the managers products by assessing their performance, style, consistency and the discipline with which they apply their investment process.

For certain of our open-end mutual funds, we complement our affiliates skills with those of unaffiliated boutique sub-advisors who offer strategies that we believe also appeal to investors.

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Our affiliated firms participate in the earnings they generate through compensation arrangements that include incentive bonus pools based primarily on their profits and, in some cases, on the specific performance of the products they manage. Our affiliated firms and sub-advisors, and their respective assets under management, styles and products are as follows:

	Affiliated Managers					
	Duff & Phelps Investment Management	**SCM Advisors**	**Kayne Anderson Rudnick Investment Management**	**Oakhurst Asset Managers**	**Zweig Advisors**	**Engemann Asset Management**
Assets Under Management at December 31, 2008 ***($ in billions)***	$5.8	$2.3	$3.3	$0.9	$0.8	$0.1
Location	Chicago, IL	San Francisco, CA	Los Angeles, CA	Scotts Valley, CA	New York, NY	Pasadena, CA
Investment Style	Fundamental	Fundamental	Fundamental	Quantitative	Fundamental	Fundamental
Investment Types						
Equities	REITs Utilities	Large, Mid, Small, Micro and All Cap Growth	Small Cap Core, Growth & Value Mid Cap Core	Large Cap Value Large Cap Core	Small Cap Value Tactical Asset Allocation	Small Cap Growth
Fixed Income	Tax Advantaged	Core, Core Plus High Quality High Yield	CA Muni		Tactical Asset Allocation	
Products						
Open-End Funds	ü	ü	ü	ü	ü	ü
Closed-End Funds	ü				ü	
Separately Managed Accounts		ü	ü			ü
Institutional	ü	ü	ü	ü		

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	Mutual Fund Sub-Advisory Relationships				
	Harris Investment Management	**Goodwin Capital Advisers (1)**	**Vontobel Asset Management**	**SASCO Capital**	**Other**
Company Assets Under Management at December 31, 2008 ***($ in billions)***	$5.7	$2.0	$0.9	$0.4	$0.4
Location / Date of Affiliation	Chicago, IL /2006	Hartford, CT /N.A.	New York, NY /2005	Fairfield, CT /2004	Various
Investment Style	Quantitative	Multi-Sector Approach	Fundamental	Quantitative	Quantitative & Fundamental
Investment Types					
Equities	Core, Growth & Value Large, Mid & Small Cap		International	Contrarian Mid Cap Value	Large-Mid Cap Growth Market Neutral International
Fixed Income	Money Market Muni Government Investment Grade	Core & Core Plus Short, Intermediate and Long-Duration Money Market CA Muni			

(1) Includes only those assets that Goodwin continues to manage after the spin-off under sub-advisory contracts with the Company. Excludes those assets directly managed by Goodwin.

Our Investment Products

Our assets under management are comprised of mutual fund assets (open- and closed-end), separately managed accounts (intermediary sponsored and private client) and institutional accounts (traditional institutional mandates and structured products).

Assets Under Management By Product as of December 31, 2008

($ in billions)

Retail Products				Institutional Products	
Mutual fund assets:		*Separately managed accounts:*			
Open-end funds	$ 11.4	Intermediary sponsored	$ 1.4	Institutional accounts	$ 3.4
Closed-end funds	4.0	Private client accounts	1.6	Structured products	0.8
Total mutual fund assets	$ 15.4	Total managed account assets	$ 3.0	Total institutional assets	$ 4.2

Total Assets Under Management	**$ 22.6**

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Open-End Mutual Funds

As of December 31, 2008, we managed 49 open-end funds, across a variety of equity and fixed income styles, including money market, asset allocation fund-of-funds and alternative investments, with total assets of $11.4 billion. As of December 31, 2008, approximately 19% of our mutual fund assets (32% excluding money market mutual funds) were managed by our affiliated managers.

Our equity fund offerings encompass a number of market caps and investment styles, including large-, mid- and small-cap funds offered in value, core and growth styles, and including international, global, emerging market and sector-specific funds. Our equity funds represented $3.7 billion of our assets under management at December 31, 2008. Our fixed income fund offerings cover a broad range of fixed income asset classes, including core, multi-sector, tax-exempt and high yield. These fixed income funds represented $3.0 billion of our assets under management at December 31, 2008.

We offer individual money market funds focused on corporate, tax-exempt and government securities. Our money market funds comprised $4.7 billion in assets under management at December 31, 2008. Our fund family also includes a number of asset allocation fund-of-funds, including a set of target risk funds and one that invests primarily in alternative investments.

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Our family of open-end mutual funds as of December 31, 2008, is comprised of the following:

Fund Type/Name	Inception	Assets	Advisory Fee (1)	3-Year Return (2)	Lipper Ranking (3) 3-Year Percentile Rank	Rank/Total Funds
		($ in millions)	*(%)*	*(%)*		
Alternative						
Virtus Alternative Diversifier Fund (4)	2005	$ 91.9	0.10	(4.73)	58	60 / 103
Virtus Global Infrastructure Fund	2004	58.0	0.65-0.55(5)	2.38	7	6 / 91
Virtus International Real Estate Securities Fund	2007	44.9	1.00-0.90(5)	n/a	n/a	n/a
Virtus Market Neutral Fund	1998	89.2	1.50	(4.61)	91	32 / 35
Virtus Real Estate Securities Fund	1995	668.6	0.75-0.65(5)	(10.47)	22	42 / 192
Balanced						
Virtus Balanced Fund	1975	614.0	0.55-0.45(5)	(3.99)	43	163 / 382
Virtus Income & Growth Fund	1940	183.4	0.70-0.60(5)	(3.87)	40	151 / 382
Virtus Balanced Allocation Fund	1997	54.2	0.50	(4.48)	31	168 / 550
Equity						
Virtus All-Cap Growth Fund	1986	48.9	0.90-0.70(5)	(13.69)	89	342 / 386
Virtus Capital Growth Fund	1975	241.4	0.70-0.60(5)	(13.04)	85	574 / 679
Virtus Growth & Income Fund	1997	156.3	0.75-0.65(5)	(6.94)	23	167 / 717
Virtus Growth Opportunities Fund	1997	21.0	0.75-0.65(5)	(12.82)	81	312 / 386
Virtus Core Equity Fund	1996	83.6	0.70(5)	(6.66)	20	144 / 717
Vitrus Index Fund	1996	22.5	0.20	(8.09)	1	1 / 170
Virtus Disciplined Small-Cap Growth Fund	2001	16.8	0.75	(14.13)	79	398 / 507
Virtus Disciplined Small-Cap Opportunity Fund	1996	71.6	0.75	(14.81)	91	563 / 616
Virtus Disciplined Small-Cap Value Fund	1997	66.9	0.70	(10.64)	62	164 / 264
Virtus Value Equity Fund	1996	168.3	0.70	(6.59)	21	63 / 307
Virtus Mid-Cap Growth Fund	1975	66.1	0.80-0.70(5)	(17.75)	94	491 / 522
Virtus Mid-Cap Value Fund	1997	364.4	0.75	(8.42)	20	57 / 285
Virtus Quality Small-Cap Fund	2006	60.6	0.90-0.80(5)	n/a	n/a	n/a
Virtus Small-Cap Growth Fund	1994	55.1	1.00-0.80(5)	(17.20)	93	473 / 507
Virtus Small-Cap Sustainable Growth Fund	2006	12.0	0.90-0.80(5)	n/a	n/a	n/a
Virtus Small-Cap Value Fund	1997	67.5	0.90-0.80(5)	(14.38)	86	226 / 264
Virtus Small-Cap Core Fund	1996	35.6	0.85	(8.05)	25	156 / 616
Virtus Strategic Growth Fund	1995	84.1	0.70-0.60(5)	(13.94)	90	610 / 679
Vitrus Value Opportunities Fund	2005	55.3	0.75-0.65(5)	(8.45)	36	112 / 307
Fixed Income						
Virtus Bond Fund	1996	161.3	0.50	3.14	37	171 / 467
Virtus CA Tax-Exempt Bond Fund	1983	56.7	0.45-0.35(5)	0.76	5	5 / 106
Virtus Core Bond Fund	1987	54.0	0.45-0.35(5)	1.06	60	281 / 467
Virtus High Yield Fund	1980	78.7	0.65-0.55(5)	(5.60)	50	198 / 396
Virtus High Yield Income Fund	2002	35.3	0.45	(5.15)	41	162 / 396
Vitrus Intermediate Government Bond Fund	1997	45.0	0.45	6.92	13	10 / 75
Vitrus Intermediate Tax-Exempt Bond Fund	1996	95.7	0.45	0.14	89	132 / 148
Virtus Short/Intermediate Bond Fund	1996	122.7	0.55	2.18	54	73 / 134
Virtus Tax-Exempt Bond Fund	1996	92.6	0.45	0.48	23	47 / 205
Virtus Institutional Bond Fund	1983	67.2	0.45-0.40(5)	0.32	69	322 / 467
Virtus Multi-Sector Fixed Income Fund	1989	92.0	0.55-0.45(5)	(4.89)	91	107 / 117
Virtus Multi-Sector Short Term Bond Fund	1992	1,322.1	0.55-0.45(5)	(2.17)	90	120 / 134
Virtus Senior Floating Rate Fund	2008	12.4	0.60-0.50(5)	n/a	n/a	n/a
Fund of Funds (4)						
Virtus Wealth Builder Fund	2003	n/a	0.10	(6.91)	12	79 / 640
Virtus Wealth Guardian Fund	2003	n/a	0.10	(4.65)	55	210 / 382
International/Global						
Virtus Foreign Opportunities Fund	1990	882.3	0.85	(3.69)	8	11 / 141
Virtus Emerging Markets Opportunities Fund	1997	75.1	1.00	(1.24)	3	6 / 213
Virtus Global Opportunities Fund	1960	57.8	0.85-0.75(5)	(9.15)	30	10 / 33
Money Market Funds						
Virtus Insight Government Money Market Fund	1988	658.0	0.14-0.10(5)	4.07	25	37 / 147

Virtus Insight Money Market Fund	1988	2,497.8	0.14-0.10(5)	4.38	12	41 / 338
Virtus Insight Tax-Exempt Money Market Fund	1988	1,415.5	0.14-0.10(5)	3.05	11	13 / 121
Virtus Money Market Fund	1980	82.7	0.40-0.30(5)	3.64	52	158 / 305
Total Open-end Funds		**$ 11,407.1**				

(1) Percentage of average daily net assets of each fund.
(2) Annualized return reflects performance of the largest share class as measured by net assets.
(3) Lipper is a nationally recognized organization that ranks the performance of mutual funds. These rankings are based on the fund s total return as of December 31, 2008. Each fund is ranked within a universe of funds similar in portfolio characteristics and capitalization. Rankings do not include the effect of a fund s sales load, if applicable. The lower the percentile rate, the better the fund s relative performance compared to other funds in its investment category.
(4) These funds invest in other Virtus open-end mutual funds as well as electronically traded funds (ETFs). The related assets of Virtus open-end funds are reflected in the balances of the respective funds.
(5) These funds have breakpoints at which advisory fees decrease as assets in the funds increase. Percentages listed represent the range from the highest fees to the lowest fees.

Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

Closed-End Funds

We manage the assets of five closed-end funds as of December 31, 2008, each of which is traded on the New York Stock Exchange, with total assets of $4.0 billion. Closed-end funds do not continually offer to sell and redeem their shares; rather, daily liquidity is provided by the ability to trade the shares of these funds at prices that may be above or below the shares net asset value. Our closed-end products include utility, municipal and corporate taxable and tax-exempt bonds and tactical asset allocation strategies provided by two of our affiliated managers.

Our family of closed-end funds as of December 31, 2008, is comprised of the following:

Fund Type/Name	Assets ($ in millions)	Advisory Fee
Balanced		
Zweig Total Return	$ 458.8	0.70%(1)
DNP Select Income Fund Inc.	2,547.5	0.60-0.50(2)
Equity		
Zweig Fund	322.3	0.85(1)
Fixed		
DTF Tax-Free Income Inc.	185.2	0.50(3)
Duff & Phelps Utility and Corporate Bond Trust Inc.	477.5	0.50(3)
Total Closed-End Funds	**$ 3,991.2**	

(1) Percentage of average daily net assets of each fund.
(2) Percentage of average weekly net assets. This fund has breakpoints at which advisory fees decrease as assets in the fund increase. Percentages listed represent the range from the highest fee to the lowest fee.
(3) Percentage of average weekly managed assets.

Separately Managed Accounts

Separately managed accounts are individually owned portfolios that are managed by an investment manager in exchange for fees paid by the investor. Separately managed accounts include broker-dealer sponsored programs, whereby an intermediary assists individuals in identifying their investment objectives and hires investment managers that have been approved by the broker-dealer to fulfill those objectives; and, private client accounts that are accounts of high net worth individuals who are direct clients of our affiliates. Intermediary sponsored programs and private client account assets totaled $3.0 billion at December 31, 2008.

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Institutional Accounts

We offer a variety of equity, fixed income and real estate investment trust strategies to institutional clients, including corporations, multi-employer retirement funds and foundations, endowments and special purpose funds. We also include in our institutional products investment management services to certain funds available to purchasers of variable life and variable annuity products, of which we managed $0.3 billion as of December 31, 2008. Our institutional assets under management totaled $3.1 billion as of December 31, 2008.

As of December 31, 2008, we managed $0.8 billion of structured finance products. The Company acts as the collateral manager for collateralized loan obligations and collateralized debt obligations (CLOs and CDOs, respectively.) Fees consist of both senior management fees and subordinated management fees. Senior management fees on the CLOs and CDOs are calculated at a contractual fee rate applied against the current par value of the total collateral being managed. Subordinated management fees, also calculated against the current par value of the total collateral being managed, are recognized only after certain portfolio criteria, such as interest coverage and asset over-collateralization levels, are met. The underlying collateral is primarily comprised of high yield, asset-backed and mortgage-backed securities and loans. The Company has no financial or operational obligations with respect to the underlying performance of the collateral. The Company is no longer actively seeking opportunities as collateral manager for structured finance products. Recent market conditions have contributed to a continued reduction in structured finance product assets under management which were $0.8 billion at December 31, 2008 compared to $3.3 billion at December 31, 2007. The Company is also the advisor for $0.2 billion of structured finance product assets managed by Goodwin. Management fees for structured finance products were $5.0 million in 2008 compared to $8.1 million in the prior year. These fees in 2008 represented 3.9% of total management fees and were comprised of $3.5 million from senior management fees and $1.5 million from subordinate management fees from its management activities. If values of the underlying collateral deteriorate further, however, this could impact the ability of the Company to collect its subordinated management fees. In addition, in certain circumstances, the equity investors in our CDOs or CLOs can trigger a redemption and liquidation prior to the maturity date.

Our Investment Management, Administration and Transfer Agent Fees

Our net investment management fees, administration fees and net transfer agent fees earned in each of the last three years were as follows:

	Years Ended December 31,		
	2008	**2007**	**2006**
($ in millions)			
Investment management fees			
Open-end funds	$ 47.0	$ 58.7	$ 52.7
Closed-end funds	24.1	26.2	23.5
Separately managed accounts	21.1	29.5	35.7
Institutional products	21.7	31.0	40.1
Total investment management fees (1)	113.9	145.4	152.0
Administration fees	12.5	15.0	12.2
Transfer agent fees	4.4	6.3	5.5
Total	$ 130.8	$ 166.7	$ 169.7

(1) Excludes $13.7 million, $13.6 million and $12.0 million of Goodwin investment management fees for the years ended December 31, 2008, 2007 and 2006, respectively. Amounts have been excluded as these fees earned by Goodwin will no longer be earned by the Company post spin-off.

We provide investment management services to funds and accounts pursuant to investment management agreements. With respect to open-end funds and closed-end funds, we receive fees based on each fund s average

daily or weekly net assets. For our open-end mutual funds, the gross management fees range from 0.10% to 1.50% of average assets under management, depending on the type of fund. Most fee schedules provide for rate declines as asset levels increase to certain thresholds. For those funds for which we have sub-advisory agreements, the sub-advisors receive a portfolio management fee based on the percentage of the aggregate amount of average daily net assets in the funds they sub-advise. Fees earned on closed-end funds range from 0.50% to 0.85% of total net assets. For separately managed accounts and institutional accounts, we generally receive fees based on the value of the assets managed on a particular date, such as the last day of a previous quarter. For separately managed accounts and institutional accounts, fees are negotiated and are based primarily on asset size, portfolio complexity and individual client requests, and range from 0.15% to 1.00% for equity strategies and from 0.08% to 0.50% for fixed income strategies.

We provide fund administration services to our open-end funds, certain of the closed-end funds, and certain funds sponsored by PNX. As provided in arrangements with these funds, VP Distributors Inc. (VPD , formerly Phoenix Equity Planning Corporation or PEPCO) provides administrative services, such as recordkeeping and preparing and filing documents required to comply with federal and state securities laws.

Additionally, we act as transfer and dividend disbursing agent for our open-end funds. As such, VPD is responsible for handling orders and related transactions regarding shares of our mutual funds.

Our Mutual Fund Investment Management, Administration and Transfer Agent Agreements

Each of our mutual funds has entered into an investment management agreement with a Company advisory subsidiary (each, an Adviser). Although specific terms of agreements vary, the basic terms are similar. Pursuant to the agreements, the Adviser provides overall management services to a fund, subject to supervision by the fund s board of directors. The investment management agreements are approved initially by fund shareholders and must be approved annually by each fund s board of directors, including a majority of the directors who are not interested persons of the Adviser. Agreements may be terminated by either party upon 60 days written notice, and may terminate automatically in certain situations, for example, a change in control of the Adviser. In arrangements where our funds are managed by a sub-advisor, the agreement calls for the sub-advisor to manage the day-to-day operations of the funds portfolio.

Each fund bears all expenses associated with its operations, including the costs associated with the issuance and redemption of securities, where applicable. The funds do not bear compensation expenses of directors or officers of the fund who are employed by the Company or its subsidiaries. In some cases, to the extent certain enumerated expenses exceed a specified percentage of a fund s or a portfolio s average net assets for a given year, the Adviser may absorb such excess through a reduction in the management fee.

VPD is the administrative agent of each fund. As such, subject to the oversight of the funds trustees or directors, VPD is responsible for managing the business affairs of our mutual funds. Administrative services include recordkeeping, preparing and filing documents required to comply with federal and state securities laws, legal administration and compliance services, supervising the activities of the funds other service providers, providing assistance with fund shareholder meetings, as well as providing office space, equipment and personnel that may be necessary for managing and administering the business affairs of the funds.

VPD is the transfer agent of each fund. As such, VPD is responsible for handling orders for shares of our mutual funds. Transfer agent services include receiving and processing orders for purchases, exchanges and redemptions of fund shares; conveying payments; maintaining shareholder accounts; preparing shareholder meeting lists; mailing, receiving and tabulating proxies; mailing shareholder reports and prospectuses; withholding taxes on shareholder accounts; preparing and filing required forms for dividends and distributions; preparing and mailing confirmation forms, statements of account and activity statements; and providing shareholder account information.

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Our Distribution Services

Our principal retail marketing strategy is to distribute funds and separately managed accounts through financial intermediaries to individuals. We have broad access in this marketplace, with distribution partners that include national and regional broker-dealers, independent broker-dealers and independent financial advisory firms. We support these distribution partners with a team of regional sales professionals (wholesalers), a national account relationship group and separate teams for the retirement market and the registered investment advisory market. Our sales and marketing professionals serve as a resource to financial advisors seeking to help clients address wealth management issues and support the marketing of our products and services tailored to this marketplace.

We also commit significant resources to serving high-net-worth clients who access investment advice outside of traditional retail broker-dealer channels. Specialized teams at our affiliates develop relationships in this market and deal directly with these clients.

Our institutional distribution strategy combines both a coordinated and partner-centric model. Our product specialists, who are part of the portfolio management teams at our affiliated managers, team with sales generalists and consultant relationship personnel, representing all of our investment strategies. Through relationships with consultants, they target key market segments, including foundations and endowments, corporate, public and private pension plans.

Our Broker-Dealer Services

VPD, a broker-dealer registered under the Securities Exchange Act of 1934, serves as principal underwriter and national wholesale distributor of our open-end mutual funds and managed accounts. Mutual fund shares are distributed by VPD under sales agreements with unaffiliated national and regional broker-dealers and financial institutions. VPD also markets advisory services of affiliated asset managers to sponsors of managed account programs.

Our Competition

We face significant competition from a wide variety of financial institutions, including other asset management companies, as well as from proprietary products offered by our distribution sources such as banks, broker-dealers and financial planning firms. Competition in our businesses is based on several factors including investment performance, access to distribution channels, service to advisors and their clients, and fees charged. Our competitors, many of which are larger than we are, often offer similar products, use similar distribution sources, offer less expensive products, have greater access to key distribution channels and have greater resources than us.

Our Regulatory Matters

We are subject to regulation by the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA) and other federal and state agencies and self-regulatory organizations. Each advisor, including unaffiliated sub-advisors, is registered with the SEC under the Investment Advisers Act. Each closed-end fund, open-end fund and defined portfolio is registered with the SEC under the Investment Company Act of 1940. VPD is registered with the SEC under the Securities Exchange Act of 1934 and is a member of FINRA.

The financial services industry is one of the most highly regulated in the United States and failure to comply with related laws and regulations can result in the revocation of registrations, the imposition of censures or fines, and the suspension or expulsion of a firm and/or its employees from the industry. All of our funds currently available for sale are qualified in all 50 states, Washington, D.C., Puerto Rico and the U.S. Virgin Islands. Most aspects of our investment management business, including the business of the sub-advisors, are subject to various federal and state laws and regulations.

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Our officers, directors, and employees may, from time to time, own securities that are also held by one or more of our funds. Our internal policies with respect to personal investments are established pursuant to the provisions of the Investment Company Act and/or the Investment Advisers Act. Employees, officers and directors who, in the function of their responsibilities, meet the requirements of the Investment Company Act or Investment Advisers Act, or of FINRA regulations, must disclose personal securities holdings and trading activity. Those employees, officers and directors with investment discretion and access to investment decisions are subject to additional restrictions with respect to the pre-clearance of the purchase or sale of securities over which they have investment discretion or beneficial interest. Other restrictions are imposed upon access persons with respect to personal transactions in securities held, recently sold or contemplated for purchase by the Company s open-end and closed-end funds. All access persons are required to report holdings and transactions on an annual and quarterly basis pursuant to the provisions of the Investment Company Act and Investment Advisers Act. In addition, certain transactions are restricted so as to seek to avoid the possibility of improper use of information relating to the management of client accounts.

Our Employees

As of December 31, 2008, we had approximately 300 full time equivalent employees. None of our employees is a union member. We consider our relations with our employees to be good.

Executive Officers

The following table sets forth certain information regarding the executive officers of the Company as of March 26, 2008:

Name	Age	Position
George R. Aylward	44	President, Chief Executive Officer and Director
Michael A. Angerthal	41	Executive Vice President, Chief Financial Officer and Treasurer
Nancy G. Curtiss	55	Executive Vice President, Head of Operations
J. Steven Neamtz	49	Executive Vice President, Head of Retail Distribution
Francis G. Waltman	46	Executive Vice President, Head of Product Management

Mr. Aylward is the Company s President, Chief Executive Officer and Director. Mr. Aylward served as President, Asset Management, and Senior Executive Vice President of PNX from February 2007 through December 2008. He has also served as President of the Company since November 6, 2006. Mr. Aylward also served as Senior Vice President and Chief Operating Officer, Asset Management, of PNX from 2004 through 2006, and as Chief of Staff to the CEO of PNX, from 2002 through 2004. Mr. Aylward joined Phoenix in 1996 and served in several senior financial positions in its Asset Management business prior to 2002. Mr. Aylward is also President and Trustee (2006-present) of the Virtus Mutual Funds Family after having been Executive Vice President (2004-2006) and serves as Chairman, President and Chief Executive Officer of The Zweig Fund, Inc. and The Zweig Total Return Fund, Inc. (2006-present).

Mr. Angerthal is our Executive Vice President, Chief Financial Officer and Treasurer. Mr. Angerthal also serves as our principal accounting officer. Mr. Angerthal joined the Company on October 6, 2008. Prior to joining the Company, Mr. Angerthal had been the Chief Financial Officer of CBRE Realty Finance from 2005 to 2008. Prior to that, he held several positions with GE Corporation from 1996 to 2005. From 2002 to 2005, he served as Manager, Financial Planning & Analysis of GE Real Estate; from 1999 to 2002, he served as Staff Analyst, Investor Relations of GE Capital Corp.; and from 1996 to 1999, he served as Director, Finance of NBC. Prior to GE, he was a manager of business assurance in the audit practice of Coopers & Lybrand in New York.

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Ms. Curtiss is our Executive Vice President, Operations. Ms. Curtiss is responsible for operations, mutual fund transfer agency and shareholder servicing. She has been associated with the Company in various capacities since 1987. She most recently served as Treasurer and Chief Financial Officer for the Company s mutual funds, and managed PNX s mutual fund accounting and administration. She has 28 years experience in the asset management and financial services business, including financial planning, asset/liability management, performance measurement, internal controls and product development, including 11 years specifically in the mutual funds business.

Mr. Neamtz is Executive Vice President, Retail Distribution, and had the same role with PNX since he joined the firm in December 2007 to direct the retail distribution efforts for PNX s family of mutual funds and its separately managed account offerings. Prior to joining PNX, Mr. Neamtz had been Managing Partner of Ridgeline Capital, LLC from 2006 to 2007 with responsibility for business management. Prior to that, he held several positions with AIG SunAmerica, Inc. From 1996 to 2006, he served as Chief Executive Officer and Director of AIG SunAmerica Capital Services, Inc., a subsidiary of AIG SunAmerica that distributes annuities, mutual funds and asset management products, and as Executive Vice President and Director of AIG SunAmerica Asset Management, Inc.

Mr. Waltman is Executive Vice President, Product Management, and has had the same role at the Company since July 28, 2008. From January 2008 to July 2008, Mr. Waltman was Vice President, Head of Investment Product at Prudential Retirement. Prior to that, he held several positions at the Company, including Senior Vice President, Product Development and Management from February 2006 to December 2007, Vice President, Product Development and Management from January 2005 to February 2006, Chief Administrative Officer from August 2003 to December 2004 and Second Vice President from October 2002 to August 2003. Mr. Waltman first joined the Company in August 1990. Mr. Waltman currently serves as Senior Vice President for numerous trusts and mutual funds sponsored by the Company.

Equity Investment

Pursuant to an Investment and Contribution Agreement dated October 30, 2008, among PNX, Phoenix Investment Management Company (PIM), the Company, and Harris Bankcorp (the Investment Agreement), the Company authorized the sale of 9,783 shares of our Series A Preferred Stock to Harris Bankcorp. On October 31, 2008, PIM sold Harris Bankcorp 9,783 shares of our Series A Preferred Stock owned by it for a nominal amount. In connection with the proposed spin-off, on December 31, 2008, Harris Bankcorp and PIM exchanged the 9,783 shares of Series A Preferred Stock for an equal number of shares of our Series B Convertible Preferred Stock (the Series B). PIM then sold an additional 35,217 shares of our Series B to Harris Bankcorp for an aggregate purchase price of $35.0 million.

As a result, Harris Bankcorp currently holds 45,000 shares of our Series B. The Series B is initially convertible into approximately 23% of our fully diluted common stock. As a condition of the investment agreement, Harris Bankcorp has the right to nominate one director to our board of directors, so long as it beneficially owns at least 10% of our common stock (including shares issuable on the conversion of our Series B). Additionally, so long as at least 66-2/3% of the Series B initially sold to Harris Bankcorp remains outstanding, the holders of a majority of the then outstanding shares of Series B have the right to elect one director to our board of directors. In the event that Harris Bankcorp exercises the additional financing right described under Management s Discussion and Analysis of Financial Condition and Results of Operations Series B Convertible Preferred Stock, and, as a result, beneficially owned in excess of 33% of our outstanding common stock (including shares issuable on the conversion of our Series B), it would have the right to appoint one additional director to our Board, subject to regulatory considerations.

The Series B ranks senior to our common stock and to any class or series of stock of the Company that we may issue in the future unless the terms of such stock expressly provides otherwise, and ranks junior to our existing and future indebtedness and liabilities.

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For additional information on the terms of the Series B and Harris Bankcorp s rights under the Investment Agreement, see Management s Discussion and Analysis of Financial Condition and Results of Operations Series B Convertible Preferred Stock .

Available Information

The Company s annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to these reports filed or furnished pursuant to Section 13(a) of 15(d) of the Securities Exchange Act of 1934, will be available free of charge on the Company s website located at www.virtus.com as soon as reasonably practicable after they are filed with or furnished to the SEC. These reports are also available at the SEC s website at www.sec.gov.

A copy of the Company s Corporate Governance Principles, its Code of Conduct, and the charters of the Audit Committee, the Compensation Committee and the Governance Committee are posted on the Company s website, www.virtus.com, under Investor Relations, and are available in print to any person who requests copies by contacting Investor Relations by email to: corporate.secretary@virtus.com or by mail to Virtus Investment Partners, Inc., c/o Corporate Secretary, 100 Pearl Street, Hartford, CT 06103. Information contained on the website is not incorporated by reference or otherwise considered part of this document.

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Item 1A. Risk Factors

You should carefully consider the risks described below, together with all of the other information included in this Annual Report, in evaluating the Company and our common stock. If any of the risks described below actually occurs, our business, financial results, financial condition and stock price could be materially adversely affected.

Risk Factor Related to the Current Market Environment

Recent market and economic developments may materially and adversely affect our business, revenues, earnings, sales, assets under management, liquidity, financial condition and results of operations.

Financial markets have experienced unprecedented credit and liquidity issues as well as volatility and declines in the equity markets. Credit markets have suffered significantly, with many lenders and institutional investors reducing, and in some cases, ceasing to provide funding to borrowers, including other financial institutions. Additionally, concerns over increasing unemployment, fluctuating inflation and energy costs have contributed to diminished expectations for the economy and the financial markets going forward. These factors, combined with declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and fears of a deep and prolonged recession. As a result, there has been a severe impact on the global financial markets and economies.

This economic environment has had a direct impact on the actions of both retail and institutional investors. The continued erosion of the equity and fixed income markets has materially and adversely impacted our assets under management, which has resulted in lower fee revenues. Although it is not possible to predict how long this economic downturn will continue, it has, and will continue to have, a direct adverse impact on our financial results.

Asset managers, including the Company, have also experienced decreased investment inflows and an increase in redemptions of certain products, which creates further pressure on our net income and liquidity.

It is difficult to predict which aspects of our products and/or business will be adversely affected. However, the resulting lack of available credit, lack of confidence in the financial sector, increased volatility in the financial and capital markets and reduced business activity materially and adversely affects us. Recent market and economic developments have affected, or have the potential to affect, us adversely by:

- reducing the value of the assets we manage, which has resulted in, and will continue to result in, lower fee revenues;
- impacting the returns and attractiveness of our investment products, which has caused and may continue to cause existing clients to withdraw assets and diminish our ability to attract assets from new and existing clients, which would result in lower sales and fee revenues;
- causing a change in the mix of our assets under management to lower margin products;
- exacerbating the conditions which caused us to recognize impairments of goodwill and intangible assets during the year ended December 31, 2008, which may lead to future impairments;
- reducing or eliminating our ability to obtain refinancing for our existing $20.0 million loan and for our future cash requirements;
- increasing the risk of not complying with debt covenants;
- increasing competition from competitors that may be larger than we are and have more resources than we do;

affecting the access to, and reliability of, our intermediary distribution channels and service providers, which could adversely affect our sales, redemptions and business operations;

- causing regulators to change laws and regulations that affect us, which may result in greater compliance costs and restrictions on our ability to do business;

- encouraging litigation, arbitration and regulatory action in response to the increased frequency and magnitude of investment losses, which may result in unfavorable judgments, awards and settlements, regulatory fines and an increase in our related legal expenses;

- increasing the difficulty of performing administrative functions such as determining the value of assets we manage, which may affect our service levels and our ability to retain existing clients or attract new clients;

- damaging our reputation indirectly by association with the industries most seriously affected by market and economic developments, or directly due to a decline in investment performance or service levels, which may affect our ability to retain existing clients or attract new clients;

- damaging our reputation due to the inability of investors to redeem auction rate preferred securities due to the recent failures of such remarketing auctions caused by illiquidity in the auction rate preferred market, which previously provided investment liquidity to certain of our closed-end funds; and

- damaging our reputation or creating pressure to contribute capital to certain of our money market funds should these funds become at risk of falling below a $1.00 net asset value, referred to as breaking the buck, due to illiquidity in the money markets or credit-related impairments of their holdings.

Any of these negative effects may materially and adversely affect our business, revenues, earnings, sales, assets under management, liquidity, financial condition and results of operations.

Risk Factors Relating to Our Business

There are significant risks associated with our operation as a stand-alone public company.

Prior to December 31, 2008, we were an indirect majority-owned subsidiary of PNX. Following our December 31, 2008 spin-off from PNX, PNX no longer has any ownership interest in our Company.

Historically, as part of the PNX affiliated group, we had access to short-term and long-term credit, and services provided to affiliates within the PNX affiliated group. As a stand-alone public company, we have had to establish all of our own services, systems and controls and have been seeking to establish separate credit arrangements. While we have established our own separate services, operations and controls, as a stand-alone company we may encounter significant and unexpected difficulties and issues and may incur significant additional costs which we had neither expected nor planned.

Prior to our spin-off, we were part of the internal control environment of PNX, with internal controls over financial reporting established as part of the overall PNX internal control environment. As a stand-alone public company, we are in the process of assessing, modifying and implementing our own internal control environment. In connection with the audits of our financial statements for the year ended December 31, 2008, both we and our independent registered accounting firm identified significant deficiencies and material weaknesses with respect to our internal controls over financial reporting. See Item 9A Controls and Procedures for more information. Pursuant to the Sarbanes Oxley Act of 2002, we will be required to separately report on our internal control over financial reporting commencing with our Annual Report on Form 10-K for the year ended December 31, 2009. There can be no assurance that as part of that process, or otherwise, we may not identify one or more material weaknesses in our internal control over financial reporting as a separate, independent company, for which we would need to implement new or improved controls and remediation. We cannot provide assurance that these controls, procedures, policies and systems will adequately address and effectively mitigate all risks inherent in our business and operations.

Our historical consolidated financial information is not necessarily representative of the results we would have achieved as a stand-alone company and may not be a reliable indicator of our future results.

Our historical consolidated financial information included in this Annual Report does not reflect the financial condition, results of operations or cash flows we would have achieved as a stand-alone company during the periods presented or those we will achieve in the future. This is primarily a result of the following:

- our historical financial information reflects the assets and business of Goodwin; however, the Goodwin assets and business are no longer part of the Company following the distribution;
- our historical financial results reflect allocations of corporate expenses from PNX, which may be different than the comparable expenses we would have actually incurred in prior years or will incur as a stand-alone company;
- our cost of debt and our capitalization are different from that reflected in our historical consolidated financial statements; and
- significant changes have occurred and will continue to occur in our cost structure, management, financing and business operations as a result of our separation from PNX, including additional costs for us to establish our new operating infrastructure. Such costs include, but are not limited to, (i) additional employees required to perform tasks previously handled by PNX, (ii) a new board of directors for our company, (iii) standalone insurance coverage, (iv) standalone audit, legal and other professional services and costs and (v) costs associated with standalone SEC reporting and compliance.

Our separation from PNX could potentially increase our U.S. federal income tax expense by, among other things, reducing or eliminating our net operating loss carryforwards and other income tax benefits generated by our business over its history.

Due to the separation, we will no longer file a consolidated U.S. federal income tax return with PNX for years beginning after December 31, 2008. As a result, the Company and PNX will no longer be able to offset one another s net operating and capital gains with net operating and capital losses to the extent otherwise available. In connection with the spin-off, the Company entered into a tax separation agreement with PNX on December 18, 2008, as amended on April 8, 2009. PNX has historically filed consolidated federal income tax returns, which included Virtus as a wholly owned subsidiary. At December 31, 2008, excluding the impact of the valuation allowance, deferred tax assets of $112.5 million are recorded in the Company s financial statements, attributable primarily to the tax basis in excess of financial reporting basis in certain Company intangibles that will be retained by the Company in connection with the terms of the tax separation agreement, as amended. The final election to allocate federal income tax attributes is expected to be made by PNX upon the filing of its consolidated federal income tax return for the year ended December 31, 2008, which is due to be filed on or before September 15, 2009. The tax separation agreement, as amended, provides that PNX will make specific elections and waivers intended to preserve the Company s tax basis in intangible assets. In the event that some or all of the tax attributes the Company expects to retain are ultimately not available to the Company, it would reduce or eliminate a portion of these deferred tax assets.

Poor investment performance of our products could adversely affect our assets under management, sales, revenues and earnings.

The securities markets can be volatile and have recently experienced periods of substantial declines. There are several ways in which market declines and volatility have affected, and have the potential to affect, us negatively, including:

- limiting our fee revenues by reducing the value of the assets we manage;
- decreasing sales of our investment products;

causing existing clients to withdraw assets from our managed investment products, which would result in lower fee revenues; and

increasing the risk of litigation, claims and regulatory action.

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Net flows related to our asset management strategies can also be affected by investment performance relative to other asset management companies. Our asset management strategies are rated or ranked by independent third parties and individual distribution partners, and many industry periodicals and services provide assessments of the relative performance of our strategies. These assessments often affect the investment decisions of customers. If the relative performance or assessments of our strategies decline materially, the assets under management related to these strategies may decrease as customers select strategies with better performance.

Future periods of poor securities markets or relative performance would have an adverse effect on our assets under management, sales, revenues, the carrying value of our goodwill or intangible assets, and earnings.

We must satisfy financial covenants under our existing or any future financing arrangements.

In connection with the spin-off, the Company entered into a new secured loan agreement with Phoenix Life Insurance Company (Phoenix Life), as lender and the Company as borrower (the Phoenix Loan Agreement). Under the Phoenix Loan Agreement, the Company must maintain certain financial covenants. A summary of these financial covenants is included in this report under Management s Discussion and Analysis of Financial Condition and Results of Operations. The terms of this loan required the Company to maintain a minimum net worth of $135.0 million. At December 31, 2008, we would not have been in compliance with this covenant as a result of our $127.1 million fourth quarter pre-tax non-cash impairment charge related to goodwill and intangible assets recorded on December 31, 2008, the date of our spin-off transaction. On March 31, 2009, the Company and PNX amended the loan agreement to decrease the minimum net worth covenant from $135.0 million to $50.0 million, effective as of December 31, 2008. There can be no assurance that at all times in the future we will satisfy all such covenants or obtain any required waiver or amendment, in which event the loan could become immediately due. In addition, if the Company enters into a new financing arrangement, it will likely have debt covenants. If the Company was not able to maintain compliance with such covenants, the Company could be subject to accelerated payment of the debt.

We may be unable to refinance our existing loan agreement or obtain other necessary financing for our other future cash needs.

Global credit markets and the financial services industry have been experiencing a period of unprecedented turmoil, and these events have adversely impacted the availability and cost of credit. The Company has been seeking to obtain financing to retire the remainder of its secured debt obligation to Phoenix Life, and for other future cash needs. Potential types of financing arrangements could include secured or unsecured credit facilities, lines of credit, or other bank financing arrangements. Given the continued weakness in the credit markets, and our limited operating history as a stand-alone independent company, there can be no assurance that we will obtain such financing on satisfactory terms, or on terms as favorable as those historically available from PNX.

In the event we are unable to obtain such new or replacement financing, we would rely upon our existing working capital and our cash flows from operations to satisfy our ongoing cash needs for our operations, including our obligations under the outstanding Phoenix Life loan and our payment of preferred stock dividends. There can be no assurance that such existing and future cash resources will be sufficient at all times for our operations and if not sufficient at any time, we may be required to reduce our costs, curtail certain of our operations or consider equity financing or other strategic initiatives.

Assuming we obtain new or replacement financing, we would expect that the financing arrangement would include significant financial and other covenants. The existing difficult economic environment, which we expect to continue and which could deteriorate further, is expected to continue to impact our business and financial results. As a result, there can be no assurance that the Company would at all times satisfy all financial and other covenants under any new or replacement financing.

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Any decrease in revenues would likely impact our margins due to our non-variable expenses.

A decline in revenues due to decreases in value of our assets under management or an adverse change in the composition of our assets under management may also disproportionately impact our operating margins since certain of our overhead and other costs are not variable and would take a period of time to reduce relative to any decrease in revenues.

Our business operations, investment returns and profitability could be adversely impacted by inadequate performance of third-party relationships.

We are dependent on certain third-party relationships to maintain essential business operations. These services include, but are not limited to, information technology infrastructure, application systems support, mutual fund and investment accounting services, transfer agent and cash management services, custodial services, records storage management, backup tape management, security pricing services, payroll, legal and employee benefit programs. In addition, we maintain contractual relationships with certain investment management firms to sub-advise some of our portfolios.

We periodically negotiate provisions and renewals of these relationships and there can be no assurance that such terms will remain acceptable to such third parties or us. An interruption in our continuing relationship with certain of these third parties or any material delay or inability to deliver essential and any other contracted services could materially affect our business operations and potentially adversely affect our profitability.

Clients can withdraw assets from our management for a variety of reasons, which could lead to a decrease in our revenues and earnings.

Generally, our clients can terminate their relationships with us or our distribution partners at will or on relatively short notice. They can also reduce the aggregate amount of assets we manage for them or shift their investments to lower fee products that we manage for various reasons, including investment performance, changes in investment preferences, changes in reputation in the marketplace, changes in client management or ownership, loss of key investment management personnel and financial market performance. In declining markets, the pace of mutual fund redemptions and withdrawals of assets from other accounts could accelerate. Poor performance relative to other asset management firms may result in decreased purchases of fund shares, increased redemptions of fund shares, and the loss of institutional or individual accounts. A reduction in the assets we manage, and the associated decrease in revenues and earnings, could have a material adverse effect on our business.

Our separation from PNX could adversely affect our business and profitability due to the loss of PNX s brand and reputation.

As a majority-owned subsidiary of PNX, we marketed certain of our products and services using the Phoenix brand name and logo. While prior to the distribution we had already begun to market and build awareness of our new name and brand, our name change to Virtus could potentially adversely affect our ability to attract and retain customers and their investments, which, if it were to occur, could result in asset outflows or reduced sales of our mutual funds and other investment products. Further, developing broad name recognition can be expected to take significant time and effort. As the spin-off occurred at the end of 2008, we cannot as yet predict the longer-term effect that our separation from PNX will have on our business, customers, sub-advisors, distribution partners or employees.

As with all asset management businesses, we are subject to reputational risk.

As with other asset management firms, our reputation is an important asset to us and any potential issues, events or other matters which might negatively impact our reputation or perception among our customers could adversely affect our assets under management and financial results. The unprecedented volatility in the capital

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and financial markets over the past twelve months, which has resulted in the substantial decline in asset values, impacts the asset management industry as a whole as well as customer perceptions. Further, any issues specific to our Company, such as any noncompliance with any of the legal and regulatory requirements to which our business is subject, or any customer dissatisfaction or claim, could also potentially impact our reputation among customers, which may adversely impact our assets under management and financial results.

The agreements with PNX may involve, or may appear to involve, conflicts of interest and may not have the same terms as arms length agreements.

Because the spin-off involved the separation of PNX s existing businesses into two independent companies, we entered into certain agreements with PNX to provide a framework for our initial relationship with PNX following the spin-off. These agreements were established by PNX while we were still an indirect wholly-owned subsidiary of PNX. Accordingly, prior to the spin-off, our officers were employees or officers of PNX or its subsidiaries and, as such, had an obligation to serve the interests of PNX and its subsidiaries. As a result, the agreements with PNX were under the control of PNX and may not be the same agreements entered into on an arm s length basis.

In addition, we and PNX have mutual rights and obligations related to these and other agreements entered into prior to or in connection with our spin-off. In the event for any reason PNX is unable or unwilling to meet its obligations under these agreements, our business, financial position or results of operations may be materially adversely affected.

We might be unable to attract or retain employees who are integral to our business.

The success of our business is dependent to a large extent on our ability to attract and retain key employees. Competition in the job market for professionals such as our senior executives, heads of our various business units, our portfolio managers, securities analysts and sales personnel is generally intense. Most of our employees are not subject to employment contracts or non-compete agreements. Any inability to retain our key employees, or to attract and retain additional qualified employees, could have a negative impact on our business.

In addition, because the success of our business depends upon our key personnel, our ability to prepare in advance for and to respond to any unexpected management changes will be important for the success of our business. Any inability or delay by us in replacing any of our key management positions that may become vacant could negatively impact our managemepx solid #ced2e9">

Net Assets Consist of

Paid in capital

$165,375,425

Distributable earnings

(6,523,181)

$

158,852,244

See notes to financial statements.

STATEMENT OF OPERATIONS

Financial Statements

	Year Ended December 31, 2018
Investment Income	
Dividends (net of $25,979 foreign tax withholding)	$ 5,485,081
Interest	60,022
Total investment income	5,545,103
Expenses	
Investment management	1,885,450
Interest and fees on credit facility	557,347
Administrative services	183,398
Bookkeeping and pricing	105,350
Legal	96,740
Trustees	87,329
Insurance	48,920
Auditing	39,175
Exchange listing and registration	37,135
Transfer agent	23,809
Shareholder communications	19,841
Custodian	16,815
Other	13,954
Total expenses	3,115,263
Expense reduction	(6,456)
Net expenses	3,108,807
Net investment income	2,436,296
Realized and Unrealized Gain (Loss)	

Net realized gain on	
Investments	5,042,614
Foreign currencies	2,888
Unrealized depreciation on investments	(43,151,928)
Net realized and unrealized loss	(38,106,426)
Net decrease in net assets resulting from operations	$(35,670,130)

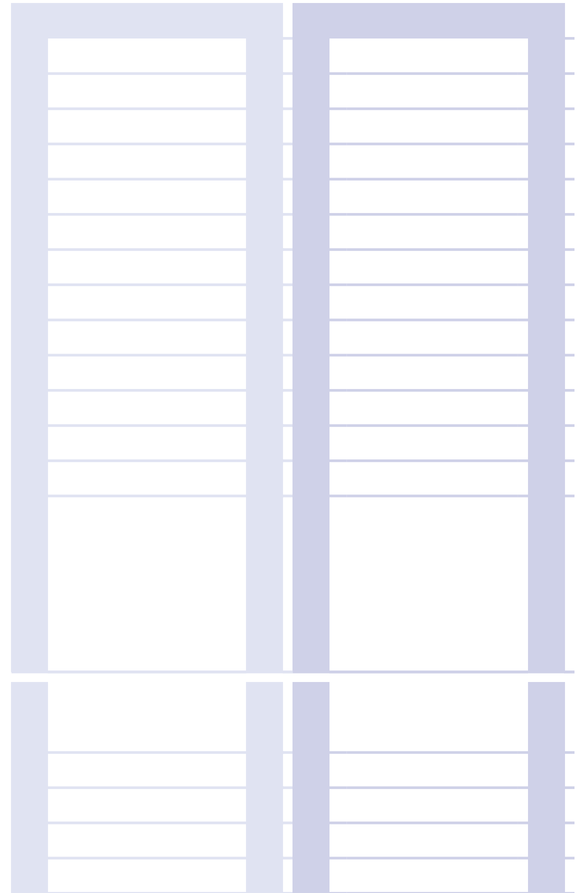
See notes to financial statements.

DIVIDEND AND INCOME FUND

STATEMENTS OF CHANGES IN NET ASSETS

Financial Statements

	Year Ended December 31, 2018	Year Ended December 31, 2017
Operations		
Net investment income	$ 2,436,296	$ 1,680,452
Net realized gain on investments	5,045,502	5,222,643
Unrealized appreciation (depreciation) on investments	(43,151,928)	27,388,457
Net increase (decrease) in net assets resulting from operations	(35,670,130)	34,291,552
Distributions to Shareholders [1]		
Distributable earnings	(7,121,597)	(5,069,752)
Return of capital	(1,523,838)	(1,331,440)
Total distributions	(8,645,435)	(6,401,192)
Capital Share Transactions		
Proceeds from shares issued in rights offering	23,497,606	-
Offering costs of share offering charged to paid in capital	(159,595)	-
Reinvestment of distributions to shareholders	428,441	506,033
Increase in net assets from capital share transactions	23,766,452	506,033
Total change in net assets	(20,549,113)	28,396,393
Net Assets		
Beginning of period	179,401,357	151,004,964
End of period [2]	$158,852,244	$179,401,357



(1) The SEC eliminated the requirements to disclose components of distributions paid to shareholders in September 2018. Included in distributions from distributable earnings for the year ended December 31, 2017 was $4,127,125 from investment income and $942,627 from capital gains.

(2) The SEC eliminated the requirement to disclose undistributed net investment income in September 2018.

See notes to financial statements.

DIVIDEND AND INCOME FUND

STATEMENT OF CASH FLOWS

Financial Statements

	Year Ended December 31, 2018
Cash Flows From Operating Activities	
Net decrease in net assets resulting from operations	$ (35,670,130)
Adjustments to reconcile decrease in net assets resulting from operations to net cash provided by (used in) operating activities:	
Unrealized depreciation on investments	43,151,928
Net realized gain on sales of investments	(5,045,502)
Purchase of long term investments	(122,802,747)
Proceeds from sales of long term investments	113,559,037
Net sales of short term investments	435,965
Amortization of premium on investments	523
Increase in dividends receivable	(155,844)
Increase in due from transfer agent	(258,209)
Decrease in interest receivable	1,198
Increase in foreign withholding tax reclaims	(1,688)
Decrease in deferred rights offering expenses	42,489
Decrease in prepaid expenses and other assets	(29,479)
Decrease in accrued expenses	(22,574)
Decrease in investment management fee payable	(15,913)
Decrease in administrative services payable	(33,616)
Decrease in trustee expenses payable	(1,060)
Net cash used in operating activities	(6,845,622)
Cash Flows from Financing Activities	
Proceeds from capital shares issued in share offering	23,497,606
Offering costs of share offering	(159,595)
Credit facility repayment, net	(8,271,800)
Cash distributions paid	(8,216,994)

Net cash provided by financing activities		6,849,217
Net change in cash		3,595
Cash		
Beginning of period		-
End of period	$	3,595
Supplemental disclosure of cash flow information:		
Cash paid for interest on credit facility	$	254,589
Non-cash financing activities not included herein consisted of:		
Reinvestment of dividend distributions	$	428,441

See notes to financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES Dividend and Income Fund (the “Fund”), a Delaware statutory trust registered under the Company Act, is a 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 “Investment Manager”).

As an investment company, the Fund follows the accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standard Codification Topic 946 “Financial Services –Investment Companies.” 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 usually 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 usually 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. In the event of an unexpected closing of the primary market or exchange, a security may continue to trade on one or more other markets, and the price as reflected on those other trading venues may be more reflective of the security’s value than an earlier price from the primary market or exchange. Accordingly, the Fund may seek to use these additional sources of pricing data or information when prices from the primary market or exchange are unavailable, or are earlier and less representative of current market value. 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. Foreign securities markets may be open on days when the U.S. markets are closed. For this reason, the value of any foreign

securities owned by the Fund could change on a day when shareholders cannot buy or sell shares of the Fund. 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 (the “Board”), called “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 and reliable market

quotation 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 traded.

Cash – Cash may include deposits allocated among banks insured by the Federal Deposit Insurance Corporation in amounts up to the insurance coverage maximum amount of $250,000. Cash may also include uninvested cash balances held by the Fund's custodian.

Foreign Currency Translation – Securities denominated in foreign currencies are translated into U.S. dollars at prevailing exchange rates. Realized gain or loss on sales of such investments in local currency terms is reported separately from gain or loss attributable to a change in foreign exchange rates for those investments.

Investments in Other Investment Companies – The Fund may invest in shares of other investment companies such as closed end funds, exchange traded funds, and mutual funds (each, an "Acquired Fund") in accordance with the Company 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 Acquired Fund's total return.

Option Transactions – The Fund may write (i.e., sell) covered call options on securities or on indexes 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

NOTES TO FINANCIAL STATEMENTS

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.

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, normally is 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 or in the case of certain foreign securities, as soon

as practicable after the Fund is notified. 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. Taxes withheld on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Expenses – Expenses deemed to have been incurred solely by the Fund are normally charged to the Fund in the entirety. Expenses deemed 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, or other related entities,

are generally allocated based on the most practicable method deemed equitable at the time the expense is incurred, including, without limitation, on the basis of relative assets under management.

Expense Reduction Arrangement – Through an arrangement with the Fund's former custodian, State Street Bank and Trust Company ("SSB"), credits realized as a result of borrowing activity were used to reduce custodian expenses. Credits realized from the custodian by the Fund during the year ended December 31, 2018 are shown as a reduction of total expenses in the Statement of Operations. This expense reduction arrangement terminated in June 2018.

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 of 1986, as amended (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 (2015-2017) or expected to be taken in the Fund's 2018 tax returns.

NOTES TO FINANCIAL STATEMENTS

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities, and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

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 year ended December 31, 2018, the Fund's reimbursements of such costs were $183,398, of which $86,772 and $96,626 was for compliance and accounting services, respectively. Certain officers and trustees of the Fund are officers and managers of the Investment Manager. As of December 31, 2018, Bexil Securities LLC ("Bexil Securities"), an affiliate of the Investment Manager, and the Investment Manager, collectively, owned approximately 8.9% 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 only with the prior approval of the Fund's Board. During the year ended December 31, 2018, Bexil Securities acquired 190,000 shares of the Fund through participation in the Fund's rights offering. For the years ended December 31, 2018 and 2017, Bexil Securities and the Investment Manager, collectively, acquired 23,243 and 31,860 shares of the Fund, respectively, through participation in the Fund's Dividend Reinvestment Plan.

Each Fund trustee who is not an employee of the Investment Manager or its affiliates is compensated by the Fund. These trustees receive fees for service as a trustee from the Fund and, to the extent applicable, the other investment companies for which the Investment Manager or its affiliates serve as investment manager. In addition, trustee out-of-pocket expenses are allocated to each fund

for which the Investment Manager or its affiliates serve as investment manager based on the most practicable method deemed equitable at the time the expense is incurred, including, without limitation, on the basis of relative assets under management. Expenses deemed to have been incurred solely by the Fund are normally charged to the Fund in the entirety.

3. DISTRIBUTIONS TO SHAREHOLDERS AND DISTRIBUTABLE EARNINGS The tax character of distributions paid by the Fund for the years ended December 31, 2018 and 2017 are comprised of the following:

Tax characteristics of distributions:	2018	2017
Ordinary income	$ 1,374,632	$ 4,127,125
Capital gains	5,746,965	942,627
Return of capital	1,523,838	1,331,440
Total distribution	$ 8,645,435	$ 6,401,1927

As of December 31, 2018, the components of distributable earnings on a tax basis were as follows:

Unrealized depreciation	$ (6,523,181)

The difference between book and tax unrealized depreciation is primarily related to 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.

GAAP requires certain components related to permanent differences of net assets to be classified differently for financial reporting than for tax reporting purposes. These differences have no effect on net assets or net asset value per share. These differences, which may result in distribution reclassifications, are primarily due to differences in partnership income, return of capital dividends, recharacterization of capital gain income, and timing of distributions. As of December 31, 2018, the Fund recorded the following financial reporting reclassifications to the net asset accounts to reflect those differences:

Distributable Earnings	Paid in Capital
$(20,514)	$20,514

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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, pre-payment 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.

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 is 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 many 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. 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.

NOTES TO FINANCIAL STATEMENTS

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The following is a summary of the inputs used as of December 31, 2018 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
Investments, at value				
Common stocks	$ 176,612,531	$ -	$ -	$ 176,612,531
Corporate bonds and notes	-	468,744	-	468,744
Reorganization interests	-	-	0	0
Master limited partnerships	2,598,099	-	-	2,598,099
Preferred stocks	5,539,759	-	-	5,539,759
Total investments, at value	$ 184,750,389	$ 468,744	$ 0	$ 185,219,133

There were no securities transferred from level 1 to level 2 between December 31, 2017 and December 31, 2018.

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

	Common Stocks	Reorganization Interests	Total
Balance at December 31, 2017	$ 0	$ 0	$ 0
Liquidation proceeds	6,388	-	6,388
Realized loss	(307,892)	-	(307,892)

Transfers into (out of) level 3		-		-		-
Change in unrealized depreciation		301,504		-		301,504
Balance at December 31, 2018	$	-	$	0	$	0
Net change in unrealized appreciation attributable to assets still held as level 3 at December 31, 2018	$	-	$	-	$	-

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

The Investment Manager, under the direction of or pursuant to procedures approved by the Fund's Board, considers various valuation techniques and inputs for valuing assets categorized within level 3 of the fair value hierarchy. These include, but are not limited to: 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; prices of 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; an evaluation of the forces that influence the issuer and the market in which the asset is purchased and sold; multiples of earnings, cash flow, enterprise value, and similar measures; and the discount rate for lack of marketability. Significant changes in any of those techniques or inputs in isolation may result in a significantly lower or higher fair value measurement. The pricing of all fair value assets is regularly reported to the Fund's Board.

The following table presents additional information about valuation techniques and inputs used for assets that are measured at fair value and categorized as level 3 as of December 31, 2018:

	Fair Value		Valuation Technique	Unobservable Input	Range
Reorganization Interests	$	0	Cost; last known market value for predecessor securities estimated recovery on liquidation	Discount rate for lack of marketability	100%

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5. INVESTMENT TRANSACTIONS Purchases and proceeds from sales or maturities of investment securities, excluding short term investments, were $122,802,747 and $113,559,037, respectively, for the year ended December 31, 2018. As of December 31, 2018, for federal income tax purposes, the aggregate cost of securities was $191,742,314 and net unrealized depreciation was $6,523,181, comprised of gross unrealized appreciation of $15,512,113 and gross unrealized depreciation of $22,035,294.

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 and reliable market quotation for the securities existed. These differences in valuation could be material. Illiquid and/or restricted securities owned as of December 31, 2018 were as follows:

	Acquisition Date	Cost	Value
Penson Technologies LLC	4/09/14	$ 0	$ 0
Percent of net assets		0%	0%

7. CREDIT FACILITY Effective June 18, 2018, the Fund entered into a Revolving Credit Agreement and other related agreements (collectively, the "Credit Agreement") with The Huntington National Bank ("HNB"), the Fund's custodian, under which HNB may make loans to the Fund in such amounts as the Fund may from time to time request. The maximum loan amount under the Credit Agreement is the lesser of: (i) $50,000,000 or (ii) 30% of the Fund's daily market value, which market value may be decreased by the exclusion of certain Fund assets or asset classes, as HNB may decide

from time to time in its sole discretion. The Fund pledges its securities and other assets as collateral to secure its obligations under the Credit Agreement and retains the risks and rewards of the ownership of such securities and other assets pledged.

Borrowings under the Credit Agreement bear an interest rate per annum to be applied to the principal balance outstanding, from time to time, equal to the London Interbank Offered Rate (LIBOR) plus 1.20%. An unused fee is charged equal to 0.125% per annum of the daily excess of the maximum loan amount over the outstanding principal balance of the loan. The Fund was charged an origination fee of $62,500 upon entering into the Credit Agreement and such cost is amortized ratably through June 1, 2019, the maturity date of the Credit Agreement.

Previously, the Fund had a Liquidity Agreement ("LA") with SSB, formerly the Fund's custodian and securities lending agent. The LA, which was terminated effective June 15, 2018, allowed the Fund to draw up to $35 million (maximum liquidity commitment) and included a securities lending authorization by the Fund to SSB to engage in agency securities lending and reverse repurchase activity. Interest was charged on the drawn amount at the rate of one-month LIBOR plus 1.20% per annum and a non-usage fee was charged on the difference between the maximum liquidity commitment and the drawn amount at the rate of one-month LIBOR plus 0.07% per annum.

The outstanding loan balance under the Credit Agreement was $26,728,200 as of December 31, 2018. The weighted average interest rate and average daily amount outstanding under the Credit Agreement and LA for the year ended December 31, 2018 were 3.18% and $7,992,146, respectively. The maximum amount outstanding during the year ended December 31, 2018 was $35,000,000.

8. SHARE TRANSACTIONS The Fund is authorized to issue an unlimited amount of $0.01 par value shares of beneficial interest. As of December 31, 2018, there were 12,387,123 shares outstanding. Share transactions for the following periods were:

	Year Ended December 31, 2018		Year Ended December 31, 2017	
Shares issued in:	Shares	Amount	Shares	Amount
Rights offering	1,654,761	$ 23,497,606	-	$ -
Reinvestment of distributions	42,240	428,441	40,951	506,033
	1,697,001	$ 22,926,047	40,951	$ 506,033

DIVIDEND AND INCOME FUND

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On January 29, 2018, the Fund announced the completion and results of its non-transferable rights offering (the “Offer”) to shareholders of record on December 26, 2017. The Offer commenced on December 27, 2017 and expired on January 26, 2018 (the “Expiration Date”). The subscription price per share was $14.20, determined based upon a formula equal to 95% of the market price or 79% of the net asset value (“NAV”) per share, whichever is greater, on the Expiration Date. Market price per share was determined based on the average of the last reported sales prices of a share on the New York Stock Exchange for the five trading days preceding the Expiration Date (not including the Expiration Date). For this purpose, the market price per share, using the formula described above, was $14.07 and the NAV per share on the Expiration Date was $17.98. The Offer resulted in total gross proceeds of $23,497,606, prior to the deduction of offering costs incurred of $159,595, and the issuance of 1,654,761 shares. The NAV per share of the Fund was reduced by approximately $0.52 per share as a result of the issuance of shares below NAV.

9. MARKET AND CREDIT RISKS The Fund may invest in below investment grade securities (commonly referred to as “junk” bonds). Below investment grade securities are regarded as being predominantly speculative as to the issuer’s ability to make payments of principal and interest. The risks associated with acquiring the securities of such issuers generally are greater than is the case with higher rated securities. For example, during an economic downturn or a sustained period of rising interest rates, issuers of below investment grade securities may be more likely to experience financial stress, especially if such issuers are highly leveraged. During periods of economic downturn, such issuers may not have sufficient revenues to meet their interest payment obligations. The issuer’s ability to service its debt obligations also may be adversely affected by specific issuer developments, the issuer’s inability to meet specific projected business forecasts, or the unavailability of additional financing. Therefore, there can be no assurance that in the future there will not exist a higher default rate relative to the rates currently existing in the market for below investment grade securities. The risk of loss due to default by the issuer is significantly greater for the holders of below investment grade securities because such securities may be unsecured and may be subordinate to other creditors of the issuer. 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. FOREIGN SECURITIES RISK Investments in the securities of foreign issuers involve special risks which include changes in foreign exchange rates and the possibility of future adverse political, tax, and economic developments which could adversely affect the value of such securities. Moreover, securities of foreign issuers and securities traded in foreign markets may be less liquid and their prices more volatile than those of U.S. issuers and markets. In addition, in certain foreign countries, there is the possibility of expropriation or confiscatory taxation, political, or social instability, or diplomatic developments that could affect U.S. investments in the securities of issuers domiciled in

those countries.

11. LEVERAGE RISK The Fund from time to time may borrow under its credit facility to increase the assets in its investment portfolio over its net assets, a practice called leverage. Leverage borrowing creates an opportunity for increased return but, at the same time, involves special risk considerations. Leverage increases the likelihood of greater volatility of NAV and market price of the Fund's shares. If the return that the Fund earns on the additional securities purchased fails to cover the interest and fees incurred on the monies borrowed, the NAV of the Fund (and the return of the Fund) would be lower than if borrowing had not been incurred. In addition, when the Fund borrows at a variable interest rate, there is a risk that fluctuations in the interest rate may adversely affect the return to the Fund's shareholders. Interest payments and fees incurred in connection with such borrowings will reduce the amount of net income available for distribution to shareholders. There is no assurance that a borrowing strategy will be successful during any period in which it is employed. Borrowing on a secured basis results in certain additional risks. Should securities that are pledged as collateral to secure its obligations under the credit facility decline in value, the Fund may be required to pledge additional assets in the form of cash or securities to the lender to avoid liquidation of the pledged assets. In the event of a steep drop in the value of pledged securities, it might not be possible to liquidate assets quickly enough and this could result in mandatory liquidation of the pledged assets in a declining market at relatively low prices. Furthermore, the Investment Manager's ability to sell the pledged securities is limited by the terms of the credit facility, which may reduce the Fund's investment flexibility over the pledged securities. Because the fee paid to the Investment Manager is calculated on the basis of 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, the dollar amount of the management fee paid by the Fund to the Investment Manager will be higher (and the Investment Manager will benefit to that extent) when leverage is utilized.

12. CYBERSECURITY RISK With the increased use of technologies such as the Internet to conduct business, the Fund is susceptible to operational, information security, and related risks. Cyber incidents affecting the Fund or its service providers may cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Fund's ability to calculate its NAV, impediments to trading, the inability of shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional related costs.

13. 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.

14. SHARE REPURCHASE PROGRAM In accordance with Section 23(c) of the Company 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. The Fund did not repurchase any of its shares during the years ended December 31, 2018 and 2017, respectively.

15. OTHER INFORMATION The Fund may at times raise cash for investment by issuing shares through one or more offerings, including rights offerings. Proceeds from any such offerings will be invested in accordance with the investment objectives and policies of the Fund.

FINANCIAL HIGHLIGHTS

Financial Statements

Per Share Operating Performance	Year Ended December 31, 2018	2017	2016	2015	2014
Net asset value, beginning of period	$16.78	$14.18	$13.11	$16.66	$17.20
Income from investment operations: [1]					
Net investment income	0.20	0.16	0.25	0.31	0.34
Net realized and unrealized gain (loss) on investments	(2.93)	3.05	1.84	(1.68)	0.76
Total income (loss) from investment operations	(2.73)	3.21	2.09	(1.37)	1.10
Less distributions:					
Net investment income	(0 .11)	(0.39)	(0.23)	(0.26)	(1.63)
Capital gains	(0.47)	(0.09)	-	-	-
Return of capital	(0.12)	(0.12)	(0.77)	(1.37)	-
Total distributions	(0.70)	(0.60)	(1.00)	(1.63)	(1.63)
Fund share transactions					
Effect of reinvestment of distributions	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)
Decrease in net asset value from rights offering	(0.52)	-	-	(0.53)	-
Total Fund share transactions	(0.53)	(0.01)	(0.02)	(0.55)	(0.01)
Net asset value, end of period	$12.82	$16.78	$14.18	$13.11	$16.66
Market value, end of period	$9.53	$13.43	$11.85	$11.01	$15.12
Total Return[2]					
Based on net asset value	(18.75)%	24.09%	18.13%	(10.65)%	7.28%
Based on market price	(24.54)%	18.84%	17.55%	(17.32)%	10.83%
Ratios/Supplemental Data [3]					
Net assets, end of period (000s omitted)	$158,852	$179,401	$151,005	$138,417	$144,280
Ratios to average net assets of:					
Total expenses [4] [5]	1.63%	1.77%	1.62%	1.65%	1.55%
Net expenses [6]	1.63%	1.77%	1.62%	1.65%	1.55%
Net investment income	1.28%	1.04%	1.85%	2.02%	1.94%
Portfolio turnover rate	59%	40%	69%	35%	52%
Leverage analysis, end of period:					
Outstanding loan balance (000s omitted)	$ 26,728	$ 35,000	$27,780	$ 8,066	$ 17,284

Asset coverage per $1,000 (7)	$ 6,943	$ 6,126	$ 6,436	$18,161	$ 9,347
Average commission rate paid	$ 0.0215	$ 0.0174	$0.0143	$0.0185	$ 0.0131

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

(2) 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.

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

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

(5) The ratio of net expenses excluding interest expense and fees incurred from the use of leverage to average net assets was 1.34%, 1.44%, 1.46%, 1.51%, and 1.47% for the years ended December 31, 2018, 2017, 2016, 2015, and 2014, respectively.

(6) "Net expenses" are the expenses of the Fund presented in the Statement of Operations after expense reductions.

(7) 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 credit facility is considered a senior security representing indebtedness.

See notes to financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Financial Statements

To the Shareholders and Board of Trustees of

Dividend and Income Fund

New York, New York

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Dividend and Income Fund (the "Fund"), including the schedule of investments, as of December 31, 2018, the related statement of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We have served as the Fund's auditor since 2011.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

TAIT, WELLER & BAKER LLP

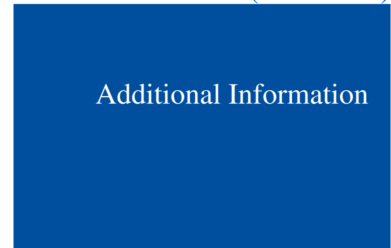
Philadelphia, Pennsylvania

February 19, 2019

DIVIDEND AND INCOME FUND

TRUSTEES

(Unaudited)



The following table sets forth certain information concerning the trustees currently serving on the Board of Trustees of the Fund. The trustees of each class shall serve for terms of three years, or thereafter when their successors are elected and qualify.

INDEPENDENT TRUSTEES [1]

Name, Address [2], and Date of Birth	Position(s) Held with the Fund	Trustee Since	Principal Occupation(s) For the Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee [3]	Other Directorships Held by Trustee During the Past Five Years [4]
ROGER ATKINSON January 25, 1961	Class I Trustee	2018	Since 2007, Mr. Atkinson has served as a manager with Cell-Mark Inc., a pulp and paper trading company. His responsibilities include directing trading activity, acquisitions, and risk management.	1	None

PETER K. WERNER August 16, 1959	Class II Trustee	2011	Since 1996, Mr. Werner has taught, directed, and coached many programs at The Governor's Academy of Byfield, MA. Currently, he teaches economics and history at the Governor's Academy. Previously, he held the position of Vice President in the Fixed Income Departments of Lehman Brothers and First Boston. His responsibilities included trading sovereign debt instruments, currency arbitrage, syndication, medium term note trading, and money market trading.	4	None
JON TOMASSON September 20, 1958	Class Ill Trustee	2017	Since 2002, Mr. Tomasson has served as the Chief Executive Officer of Vinland Capital Investments, LLC, a real estate investment company that he founded. Prior to starting Vinland, Mr. Tomasson was a principal with Cardinal Capital Partners, a leading investor in single-tenant net-leased property, and served as a Vice President at Citigroup in the Global Real Estate Equity and Structured Finance group, part of the Real Estate Investment Bank, with both transactional and various management responsibilities.	4	Eagle Bulk Shipping lnc.(7)

INTERESTED TRUSTEE

THOMAS B. WINMILL(5)(6) PO Box 4, Walpole, NH 03608 June 25, 1959	Class II Trustee; Chairman, President, Chief Executive Officer, Chief Legal Officer	2011	Mr. Winmill is President, Chief Executive Officer, Chairman, Chief Legal Officer, and a Trustee or Director of the Fund, Foxby Corp., and Midas Series Trust. He is a Director or Manager, President, Chief Executive Officer, and Chief Legal Officer of the Investment Manager and Midas Management Corporation, registered investment advisers (collectively, the "Advisers"), Bexil Securities LLC and Midas Securities Group, Inc., registered broker-dealers (collectively, the "Broker-Dealers"), Bexil Corporation, a holding company ("Bexil"), and Winmill & Co. Incorporated, a holding company ("Winco"). He is a Director of Global Self Storage, Inc., a self storage REIT ("SELF"), and Bexil American Mortgage Inc. He is Chairman of the Investment Policy Committee of each of the Advisers (the "IPCs''), and he is a portfolio manager of the Fund, Foxby Corp., Midas Fund, and Midas Magic. He is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute.	4	Global Self Storage, Inc. Eagle Bulk Shipping lnc.(7)

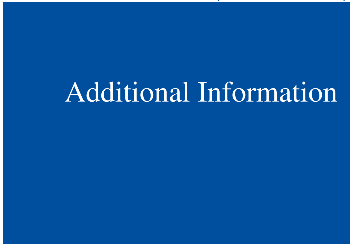
(1) Refers to trustees who are not "interested persons" of the Fund as defined under the Act. (2) Unless otherwise noted, the address of record of the trustees is 11 Hanover Square, New York, New York, 10005. (3) The "Fund Complex" is comprised of the Fund, Foxby Corp., and Midas Series Trust (with two series) which are managed by the Investment

Manager or its affiliates. (4) Refers to directorships and trusteeships held by a trustee during the past five years in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any company registered as an investment company under the Act, excluding those within the Fund Complex. (5) Thomas B. Winmill is an "interested person" (as defined in the Act) of the Fund due to his affiliation with the Investment Manager. (6) Thomas B. Winmill and Mark C. Winmill are brothers; Thomas B. Winmill and William M. Winmill are father and son, respectively; William M. Winmill is the nephew of Mark C. Winmill. (7) Thomas B. Winmill and Jon Tomasson ceased serving as directors of Eagle Bulk Shipping Inc. in 2014.

Messrs. Tomasson, Atkinson, and Werner also serve on the Audit and Nominating Committees of the Board. Mr. Winmill also serves on the Executive Committee of the Board. Each of the trustees serves on the Continuing Trustees Committee of the Board.

OFFICERS

(Unaudited)



The executive officers, other than those who serve as trustees, and their relevant biographical information are set forth below.

EXECUTIVE OFFICERS			
Name, Address [1], and Date of Birth	Position(s) Held with the Fund	Officer Since [2]	Principal Occupation(s) for the Past Five Years
Russell Kamerman, Esq. July 8, 1982	Chief Compliance Officer, Secretary, and General Counsel	2014	Chief Compliance Officer (since 2014), Secretary (since 2017), and General Counsel (since 2017) of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, and Bexil. He is Assistant Chief Compliance Officer, Assistant Secretary, and Assistant General Counsel of SELF, Winco, and Tuxis Corporation, a real estate company (“Tuxis”). From December 2014 to June 2017, Mr. Kamerman served as Anti-Money Laundering Officer of the other investment companies in the Fund Complex, the Advisers, Bexil, SELF, Winco and Tuxis. He is a member of the New York State Bar and the Chief Compliance Officer Committee and the Advertising Compliance Advisory Committee of the Investment Company Institute. Previously, he was an attorney in private practice focusing on regulatory, compliance, and other general corporate matters relating to the structure, formation, and operation of investment funds and investment advisers.

Heidi Keating March 28, 1959	Vice President	Fund: 2012 Predecessor Fund: 2011	Vice President of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, Bexil, SELF, Tuxis, and Winco. She is a member of the IPCs.
Donald Klimoski II, Esq. September 24, 1980	Assistant Secretary, Assistant General Counsel, and Assistant Chief Compliance Officer	2017	Assistant Secretary, Assistant General Counsel, and Assistant Chief Compliance Officer of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, and Bexil. He is Chief Compliance Officer, Secretary, and General Counsel of SELF, Winco, and Tuxis. He is a member of the New York, New Jersey and Patent Bars and the Compliance Advisory Committee of the Investment Company Institute. Previously, he served as Associate General Counsel of Commvault Systems, Inc. Prior to that, he was an associate at Sullivan & Cromwell LLP, where his practice focused on mergers and acquisitions, securities law, corporate governance, intellectual property and related matters.
Thomas O'Malley July 22, 1958	Chief Accounting Officer, Chief Financial Officer, Treasurer, and Vice President	Fund: 2012 Predecessor Fund: 2011	Chief Accounting Officer, Chief Financial Officer, Vice President, and Treasurer of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, Bexil, SELF, Tuxis, and Winco. He is a certified public accountant.
Mark C. Winmill[3] November 26, 1957	Vice President	2012	Vice President of the other investment companies in the Fund Complex and Midas Management Corporation. He is a member of the IPCs. He is President, Chief Executive Officer, Chairman, and a Director of SELF and Tuxis. He is Executive Vice President and a Director of Winco, and a principal of the Broker-Dealers.
William M. Winmill[3] December 29, 1991	Vice President	2017	Vice President of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, Bexil, SELF, Tuxis, and Winco. From 2014 to 2016, he served these companies as Compliance Assistant and Accounting Assistant, after graduating from Bowdoin College in 2014. He is a member of the IPCs, and he is a portfolio manager of Dividend and Income Fund, Foxby Corp., and Midas Magic.

(1) Unless otherwise noted, the address of record of the officers is 11 Hanover Square, New York, New York, 10005. (2) Officers hold their positions with the Fund until a successor has been duly elected and qualifies. Officers are generally elected annually. The officers were last elected on December 13, 2018. (3) Thomas B. Winmill and Mark C. Winmill are brothers; Thomas B. Winmill and William M. Winmill are father and son, respectively; William M. Winmill is the nephew of Mark C. Winmill.

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

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 Company 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 or 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 without shareholder approval except as required by law.

Limitations on Ownership

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's 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.

Additional Offerings

The Fund had previously filed a shelf registration statement with the SEC allowing it to issue an additional $150 million shares of beneficial interest which was declared effective on June 30, 2015, and terminated three years thereafter. On September 28, 2015, pursuant to the first take-down under the shelf registration statement involving a rights offering, shareholders of the Fund received one non-transferable right for each share of the Fund held on that date rounded up to the nearest number of rights evenly divisible by three. On November 2, 2015, the Fund issued 1,821,255 shares of beneficial interest and recorded proceeds of $21,162,983, prior to the deduction of shelf and rights offering expenses of $276,827. On December 26, 2017, pursuant to the second take-down under the shelf registration statement involving a rights offering, shareholders of the Fund received one nontransferable right for each share of the Fund held on that date rounded up to the nearest number of rights evenly divisible by three. On February 2, 2018, the Fund issued 1,654,761 shares of beneficial interest and recorded proceeds of $23,497,606, prior to the deduction of shelf and rights offering expenses at $159,595.

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 net asset value in the secondary market.

Future offerings under a new registration statement, if any, will contain detailed information regarding the offering and should be reviewed carefully before investing. 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.

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 proxy voting record for the most recent 12 months ended June 30, are available without charge by calling the Fund collect at 1-212-785-0900, on the SEC's website at www.sec.gov, and on the Fund's website at 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. 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.

Governing Documents

In December 2018, the Fund's Amended and Restated Agreement and Declaration of Trust ("Declaration of Trust") and Bylaws (collectively, the "Governing Documents") were amended. The Declaration of Trust was amended to clarify that the restrictions contained in Article II, Section 12 thereof are for the purposes of, among other things, assisting the Board to better defend against takeover activities, such as to defend against arbitrageurs attempting to make a short term profit in Fund shares while trading at a discount to net asset value potentially at the expense of long term investors, and impeding and discouraging mergers, tender offers, and proxy contests. Additionally, the Declaration of Trust was amended to provide that the Continuing Trustees (as defined therein), rather than the Trustees, shall have the exclusive power to adopt, alter, or repeal any provision of the Fund's Bylaws and to make new Bylaws. The Declaration of Trust was further amended to

POLICIES AND UPDATES

(Unaudited)

Additional Information

clarify that no shareholder shall have any right to inspect any account, book, or document of the Trust, including, but not limited to, the share ledger, except as required by the Bylaws or by applicable law to be made available to Shareholders of record for a proper purpose in such capacity.

The Bylaws were amended to remove the requirement to commence a tender offer not more than 45 days after the day on which an investment advisory agreement, a sub-advisory agreement or a management agreement between the Fund and certain affiliated persons (as described in the superseded Bylaws) is approved by the Board. Additionally, the Bylaws previously provided that: at any meeting of the Shareholders the chairman of the meeting shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without further notice other than announcement at the meeting, and (ii) the Board may fix in advance a record date for the determination of the shareholders entitled to notice of, or to vote at, any shareholders' meeting provided that, among other things, such record date shall not exceed 120 days preceding the date on which the particular action requiring such determination will be taken. The Bylaws were amended to increase both of the foregoing 120 day time frames to 150 days. The Bylaws were further amended to clarify that a "public announcement" (as defined therein) shall mean, among other things, disclosure in a document posted on the

Fund's website or disseminated by the Fund through a press release distribution service.

The amendments to the Governing Documents described above could have the effect of, among other things, delaying or preventing a change of control of the Fund. The foregoing summary is not an exhaustive list of the December 2018 amendments and is subject to the Governing Documents of the Fund, which are on file with the SEC and available on the Fund's website http://www.DividendandIncomeFund.com.

Certain provisions in the Fund's Governing Documents could have the effect of, among other things, depriving the owners of shares in the Fund of opportunities to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction or bringing litigation against the Fund and/or any trustee, officer, employee or affiliate thereof. The overall effect of these provisions is to, among other things, render more difficult the accomplishment of a merger or the assumption of control by a principal shareholder. For more information, please refer to the Fund's Governing Documents, which are on file with the SEC and available on the Fund's website http://www.DividendandIncomeFund.com.

DIVIDEND AND INCOME FUND

DISTRIBUTIONS

(Unaudited)

Additional Information

2019 Quarterly Distribution Dates

Declaration	Record	Payment
March 1	March 15	March 29
June 3	June 17	June 28
September 3	September 17	September 30
December 2	December 16	December 30

HISTORICAL DISTRIBUTION SUMMARY*

PERIOD	Investment Income	Return of Capital	Capital Gains	Total
2018	$ 0.11	$ 0.12	$ 0.47	$ 0.70
2017	$ 0.39	$ 0.12	$ 0.09	$ 0.60
2016	$ 0.23	$ 0.77	$ -	$ 1.00
2015	$ 0.26	$ 1.37	$ -	$ 1.63
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.
** Includes net capital gains recognized in the year and distributable as ordinary income in accordance with tax regulations.

DISTRIBUTIONS

(Unaudited)

Additional Information

Terms and Conditions of the 2015 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.

DISTRIBUTIONS

(Unaudited)

Additional Information

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 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 at 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.

Rev. 7/2017

PRIVACY POLICY

FACTS	**WHAT DOES DIVIDEND AND INCOME FUND DO WITH YOUR PERSONAL INFORMATION?**
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: Social Security number Account balances Transaction history Transaction or loss history Account transactions Retirement assets
	When you are *no longer* our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Dividend and Income Fund chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	**Does Dividend and Income Fund share?**	**Can you limit this sharing?**
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No

For joint marketing with other nonaffiliated financial companies	No	We don't share
For our affiliates' everyday business purposes – Information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes – Information about your creditworthiness	No	We don't share
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	No	We don't share

To Limit Sharing

Call Dividend and Income Fund at 212-785-0900 – our menu will prompt you through your choices; or

Mail the form below

Please note:

If you are a new customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice.

However, you can contact us at any time to limit our sharing.

Questions?

Call Dividend and Income Fund at 1-212-785-0900 or go to www.dividendandincomefund.com

"...

Mail-in Form

Leave Blank or

[If you have a joint account, your choice will apply to everyone on your account unless you mark below.

Apply my choice only to me]

Mark if you want to limit:

Do not allow your affiliates to use my personal information to market to me.

Name

Address

City, State, Zip

Account #

Mail to:

Dividend and Income Fund

11 Hanover Square

12th Floor

New York, NY 10005

DIVIDEND AND INCOME FUND

Page 2

Who we are

Who is providing this notice?	Dividend and Income Fund

What we do

How does Dividend and Income Fund protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Dividend and Income Fund collect my personal information?	We collect your personal information, for example, when you Open an account Buy securities from us Provide account information Give us your contact information Tell us where to send the money
Why can't I limit all sharing?	Federal law gives you the right to limit only Sharing for affiliates' everyday business purposes – information about your creditworthiness Affiliates from using your information to market to you Sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account – unless you tell us otherwise.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. *Dividend and Income Fund shares with our affiliates.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. *Dividend and Income Fund does not share with nonaffiliates so they can market their financial products or services to you.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. *Dividend and Income Fund does not jointly market.*

GENERAL INFORMATION

(Unaudited)

Additional Information

Stock Data at December 31, 2018	
NYSE Market Price per Share	$9.53
Net Asset Value per Share	$12.82
Market Price Discount to Net Asset Value	25.7%
NYSE Ticker Symbol	DNI
Net Asset Value Ticker Symbol	XDNIX
CUSIP Number	25538A204

DividendandIncomeFund.com

Visit us on the web at www.DividendandIncomeFund.com. The site provides information about the Fund, including distributions, press releases, and shareholder reports. For further information, please email us at info@DividendandIncomeFund.com.

Investment Manager

Bexil Advisers LLC

11 Hanover Square
New York, NY 10005

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

Dividend and Income Fund is part of a fund complex which includes Midas Fund, Midas Magic, and Foxby Corp.

Please note - There is no assurance that the Fund's investment objectives will be attained. Past performance is no guarantee of future results. You should consider the investment objectives, risks, and charges and expenses of the Fund carefully before investing. The Fund's investment policies, management fees, and other matters of interest to prospective investors may be found in its filings with the Securities and Exchange Commission ("SEC") including its annual and semi-annual reports. To obtain a copy of the reports, please call us toll-free at 855-411-6432 or download them at http://dividendandincomefund.com/literature/. Please read the reports carefully before investing.

Shares of closed end funds frequently trade at a discount from their Net Asset Value ("NAV"). This characteristic is a risk separate and distinct from the risk that the Fund's NAV has decreased in the past, and therefore could decrease in the future, as a result of its investment activities. Neither the Investment Manager nor the Fund can predict whether shares of the Fund will trade at, below, or above NAV. The risk of holding shares of the Fund that might trade at a discount is more pronounced for investors expecting to sell their shares in a relatively short period of time after acquiring them because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance. The shares of the Fund are designed primarily for long term investors and should not be considered a vehicle for trading purposes. The NAV of the Fund shares typically will fluctuate with price changes of the Fund's portfolio securities, and these fluctuations are likely to be greater in the case of a fund which uses leverage, as the Fund may from time to time. In the event that shares of the Fund trade at a premium to NAV, there is no assurance that any such premium will be sustained for any period of time and will not decrease, or that the shares of the Fund will not trade at a discount to NAV thereafter. The market price for the Fund is based on supply and demand which fluctuates daily based on many factors, such as economic conditions and global events, investor sentiment, and security-specific factors.

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.

The Fund does not make available copies of its Statement of Additional Information because the Fund's shares are not continuously offered, which means that the Fund's Statement of Additional Information has not been updated since completion of the Fund's most recent offering and the information contained in the Fund's Statement of Additional may have become outdated.

Investment products, including shares of the Fund, are not insured federally or by the Federal Deposit Insurance Corporation ("FDIC"), are not deposits or obligations of, or guaranteed by, any financial institution and involve investment risk, including possible loss of principal and fluctuation in value. Consult with your tax advisor or attorney regarding specific tax issues.

Cautionary Note Regarding Forward Looking Statements - Our views and opinions regarding the prospects of our portfolio holdings, the Fund, and the economy are "forward looking statements" as defined under the U.S. federal securities laws which may or may not be accurate and may be materially different over future periods. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will," and similar expressions identify forward l 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 Securities and Exchange Commission. We disclaim any obligation to update or alter any forward looking statements, whether as a result of new information,

future events, or otherwise. Thus you should not place undue reliance on forward looking statements, which speak only as of the date they are made.

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.

This report is for shareholder information. This is not a prospectus intended for use in the purchase or sale of Fund shares.

NOT FDIC INSURED   MAY LOSE VALUE   NOT BANK GUARANTEED

Item 2. Code of Ethics.

(a) The registrant has adopted a code of ethics (the "Code") that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.

(b) No information need be disclosed pursuant to this paragraph.

(c) Not applicable.

(d) Not applicable.

(e) Not applicable.

(f) The text of the Code can be viewed on the registrant's website, www.dividendandincomefund.com, or a copy of the Code may be obtained free of charge by calling the registrant collect at 1-212-785-0900.

Item 3. Audit Committee Financial Expert.

The registrant's Board of Trustees has determined that it has three "audit committee financial experts" serving on its audit committee, each of whom are "independent" Trustees: Jon Tomasson, Roger A. Atkinson, and Peter K. Werner. Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and Board of Trustees in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert pursuant to this Item does not affect the duties, obligations, or liability of any other member of the audit committee or Board of Trustees.

Item 4. Principal Accountant Fees and Services.

(a) The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are as follows:

AUDIT FEES

2018 - $33,000
2017 - $32,000

(b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item are as follows:

AUDIT-RELATED FEES

2018 - $2,000
2017 - $2,000

Audit-related fees include amounts reasonably related to the performance of the audit of the registrant's financial statements, including the issuance of a report on internal controls and review of periodic reporting.

(c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are as follows:

TAX FEES

2018 - $5,250
2017 - $5,250

Tax fees include amounts related to tax compliance, tax planning, and tax advice.

(d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are as follows:

ALL OTHER FEES

2018 - $4,000
2017 - $0

All other fees consist of the aggregate fees billed for products and services provided by the principal accountant other than audit, audit-related, and tax services.

(e) (1) Pursuant to the registrant's Audit Committee Charter, the Audit Committee shall consider for pre-approval any non-audit services proposed to be provided by the auditors to the registrant, and any non-audit services proposed to be provided by such auditors to the registrant's investment manager and any service providers controlling, controlled by, or under common control with the registrant's investment manager, if any, which have a direct impact on registrant operations or financial reporting. In those situations when it is not convenient to obtain full Audit Committee approval, the Chairman of the Audit Committee is delegated the authority to grant pre-approvals of auditing, audit-related, non-audit related, tax, and all other services so long as all such pre-approved decisions are reviewed with the full Audit Committee at its next scheduled meeting. Such pre-approval of non-audit services proposed to be provided by the auditors to the registrant is not necessary, however, if such services fall within the de minimis exception under Section 10A of the Exchange Act of 1934.

(2) No services included in (b) - (d) above were approved pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant were $60,750 in 2018 and $54,250 in 2017.

(h) The registrant's audit committee has determined that the provision of non-audit services that were rendered by accountant to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is

compatible with maintaining the principal accountant's independence.

Item 5. Audit Committee of Listed Registrants.

The registrant has a standing audit committee. Currently, the members of the audit committee are Jon Tomasson, Roger A. Atkinson, and Peter K. Werner.

Item 6. Investments.

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

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

The registrant's proxy voting policies and procedures are set forth below.

AMENDED PROXY VOTING POLICIES AND PROCEDURES

Each of Midas Series Trust, on behalf of Midas Fund and Midas Magic, Dividend and Income Fund and Foxby Corp. (each, a “Fund,” and together, the “Funds”) will seek to vote its proxies in its own best interests, and without regard to the best interests of such Fund’s investment manager.

1. Delegation to Proxy Service Provider

Each Fund delegates the responsibility for voting proxies of portfolio companies held in such Fund’s portfolio to Institutional Shareholder Services (the “Proxy Firm”). The current voting guidelines of the Proxy Firm is incorporated by reference herein as each Fund’s proxy voting policies and procedures, as supplemented by the terms hereof. Each Fund retains the right to override the delegation to the Proxy Firm on a case-by-case basis.

2. Conflicts of Interest

With respect to a vote upon which a Fund overrides the delegation to the Proxy Firm, to the extent that such vote presents a material conflict of interest between the Fund and its investment manager or any affiliated person of the investment manager, the Fund normally will disclose such conflict to, and obtain consent from, the Independent Trustees or Directors, as applicable, or a committee thereof, prior to voting the proxy. Such material conflicts may arise, for example, from the following relationships: (i) the portfolio company is an investor in a Fund; (ii) the portfolio company has a material business relationship with a Fund; (iii) the proponent of a proxy proposal has a business relationship with the Fund; (iv) a Fund has material business relationships with candidates for director in a proxy contest; or (v) an employee of a Fund or its affiliates has a personal interest in the outcome of a particular matter. This list provides examples of possible conflicts of interest and is not meant to be comprehensive. Each employee must notify the Funds’ Chief Compliance Officer of any potential conflicts of interest of which he or she is aware.

In addition, if the Fund becomes aware of a material conflict of interest between the Proxy Firm and a portfolio company, the Fund will determine, on a case-by-case basis, whether to override the delegation to the Proxy Firm.

3. Review of and Response to Errors

If a Fund becomes aware of any material errors made by the Proxy Firm, it will typically take reasonable steps to investigate the error and seek to determine whether the Proxy Firm is taking reasonable steps to seek to reduce similar errors in the future. The Fund will normally document responsive actions taken in connection with any material errors made by the Proxy Firm.

4. Ongoing Due Diligence

On at least an annual basis, the Funds will typically:

i. Review the adequacy of these proxy voting policies and procedures;

ii. Assess whether the Proxy Firm has properly submitted the voting instructions on behalf of the Funds;

iii. Review the proxy voting guidelines of the Proxy Firm; and

iv. Request the Proxy Firm to provide information about, among other things, changes to its policies and procedures.

United States
Proxy Voting Guidelines
Benchmark Policy Recommendations

Effective for Meetings on or after February 1, 2019

Published December 18, 2018

The policies contained herein are a sampling only of selected key ISS U.S. proxy voting guidelines, and are not intended to be exhaustive. The complete guidelines can be found at:
https://www.issgovernance.com/policy-gateway/voting-policies/

BOARD OF DIRECTORS
Voting on Director Nominees in Uncontested Elections

General Recommendation: Generally vote for director nominees, except under the following circumstances:

Independence

Vote against[1] or withhold from non-independent directors (Executive Directors and Non-Independent Non-Executive Directors per ISS' Classification of Directors) when:

- Independent directors comprise 50 percent or less of the board;
- The non-independent director serves on the audit, compensation, or nominating committee;
- The company lacks an audit, compensation, or nominating committee so that the full board functions as that committee; or
- The company lacks a formal nominating committee, even if the board attests that the independent directors fulfill the functions of such a committee.

Composition

Attendance at Board and Committee Meetings: Generally vote against or withhold from directors (except new nominees, who should be considered case-by-case[2]) who attend less than 75 percent of the aggregate of their board and committee meetings for the period for which they served, unless an acceptable reason for absences is disclosed in the proxy or another SEC filing. Acceptable reasons for director absences are generally limited to the following:

- Medical issues/illness;
- Family emergencies; and
- Missing only one meeting (when the total of all meetings is three or fewer).

In cases of chronic poor attendance without reasonable justification, in addition to voting against the director(s) with poor attendance, generally vote against or withhold from appropriate members of the nominating/governance committees or the full board.

If the proxy disclosure is unclear and insufficient to determine whether a director attended at least 75 percent of the aggregate of his/her board and committee meetings during his/her period of service, vote against or withhold from the director(s) in question.

Overboarded Directors: Generally vote against or withhold from individual directors who:

› Sit on more than five public company boards; or
› Are CEOs of public companies who sit on the boards of more than two public companies besides their own—withhold only at their outside boards[3].

Diversity: Highlight boards with no gender diversity. For 2019 meetings, no adverse vote recommendations will be made due to a lack of gender diversity.

For companies in the Russell 3000 or S&P 1500 indices, effective for meetings on or after Feb. 1, 2020, generally vote against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis) at companies when there are no women on the company's board. Mitigating factors include:

› A firm commitment, as stated in the proxy statement, to appoint at least one female to the board in the near term;
› The presence of a female on the board at the preceding annual meeting; or
› Other relevant factors as applicable.

Responsiveness

Vote case-by-case on individual directors, committee members, or the entire board of directors as appropriate if:

› The board failed to act on a shareholder proposal that received the support of a majority of the shares cast in the previous year or failed to act on a management proposal seeking to ratify an existing charter/bylaw provision that received opposition of a majority of the shares cast in the previous year. Factors that will be considered are:
› Disclosed outreach efforts by the board to shareholders in the wake of the vote;
› Rationale provided in the proxy statement for the level of implementation;
› The subject matter of the proposal;
› The level of support for and opposition to the resolution in past meetings;
› Actions taken by the board in response to the majority vote and its engagement with shareholders;
› The continuation of the underlying issue as a voting item on the ballot (as either shareholder or management proposals); and
› Other factors as appropriate.
› The board failed to act on takeover offers where the majority of shares are tendered;
› At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold/against vote.

Vote case-by-case on Compensation Committee members (or, in exceptional cases, the full board) and the Say on Pay proposal if:

› The company’s previous say-on-pay received the support of less than 70 percent of votes cast. Factors that will be considered are:
› The company's response, including:
› Disclosure of engagement efforts with major institutional investors, including the frequency and timing of engagements and the company participants (including whether independent directors participated);
› Disclosure of the specific concerns voiced by dissenting shareholders that led to the say-on-pay opposition;
› Disclosure of specific and meaningful actions taken to address shareholders' concerns;
› Other recent compensation actions taken by the company;
› Whether the issues raised are recurring or isolated;
› The company's ownership structure; and
› Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.
› The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the plurality of votes cast.

Accountability

Vote against or withhold from the entire board of directors (except new nominees[4], who should be considered case-by-case) for the following:

Problematic Takeover Defenses/Governance Structure

Poison Pills: Vote against or withhold from all nominees (except new nominees, who should be considered case-by-case) if:

- The company has a poison pill that was not approved by shareholders[5]. However, vote case-by-case on nominees if the board adopts an initial pill with a term of one year or less, depending on the disclosed rationale for the adoption, and other factors as relevant (such as a commitment to put any renewal to a shareholder vote).
- The board makes a material adverse modification to an existing pill, including, but not limited to, extension, renewal, or lowering the trigger, without shareholder approval.

Classified Board Structure: The board is classified, and a continuing director responsible for a problematic governance issue at the board/committee level that would warrant a withhold/against vote recommendation is not up for election. All appropriate nominees (except new) may be held accountable.

Removal of Shareholder Discretion on Classified Boards: The company has opted into, or failed to opt out of, state laws requiring a classified board structure.

Director Performance Evaluation: The board lacks mechanisms to promote accountability and oversight, coupled with sustained poor performance relative to peers. Sustained poor performance is measured by one-, three-, and five-year total shareholder returns in the bottom half of a company's four-digit GICS industry group (Russell 3000 companies only). Take into consideration the company's operational metrics and other factors as warranted. Problematic provisions include but are not limited to:

- A classified board structure;
- A supermajority vote requirement;
- Either a plurality vote standard in uncontested director elections, or a majority vote standard in contested elections;
- The inability of shareholders to call special meetings;
- The inability of shareholders to act by written consent;
- A multi-class capital structure; and/or
- A non-shareholder-approved poison pill.

Unilateral Bylaw/Charter Amendments and Problematic Capital Structures: Generally vote against or withhold from directors individually, committee members, or the entire board (except new nominees, who should be considered case-by-case) if the board amends the company's bylaws or charter without shareholder approval in a manner that materially diminishes shareholders' rights or that could adversely impact shareholders, considering the following factors:

- The board's rationale for adopting the bylaw/charter amendment without shareholder ratification;
- Disclosure by the company of any significant engagement with shareholders regarding the amendment;
- The level of impairment of shareholders' rights caused by the board's unilateral amendment to the bylaws/charter;
- The board's track record with regard to unilateral board action on bylaw/charter amendments or other entrenchment provisions;
- The company's ownership structure;
- The company's existing governance provisions;
- The timing of the board's amendment to the bylaws/charter in connection with a significant business development; and
- Other factors, as deemed appropriate, that may be relevant to determine the impact of the amendment on shareholders.

Unless the adverse amendment is reversed or submitted to a binding shareholder vote, in subsequent years vote case-by-case on director nominees. Generally vote against (except new nominees, who should be considered case-by-case) if the directors:

- Classified the board;
- Adopted supermajority vote requirements to amend the bylaws or charter; or
- Eliminated shareholders' ability to amend bylaws.

Problematic Governance Structure - Newly public companies: For newly public companies, generally vote against or withhold from directors individually, committee members, or the entire board (except new nominees, who should be considered case-by-case) if, prior to or in connection with the company's public offering, the company or its board adopted bylaw or charter provisions materially adverse to shareholder rights, or implemented a multi-class capital structure in which the classes have unequal voting rights considering the following factors:

› The level of impairment of shareholders' rights;
› The disclosed rationale;
› The ability to change the governance structure (e.g., limitations on shareholders' right to amend the bylaws or charter, or supermajority vote requirements to amend the bylaws or charter);
› The ability of shareholders to hold directors accountable through annual director elections, or whether the company has a classified board structure;
› Any reasonable sunset provision; and
› Other relevant factors.

Unless the adverse provision and/or problematic capital structure is reversed or removed, vote case-by-case on director nominees in subsequent years.

Management Proposals to Ratify Existing Charter or Bylaw Provisions: Vote against/withhold from individual directors, members of the governance committee, or the full board, where boards ask shareholders to ratify existing charter or bylaw provisions considering the following factors:

› The presence of a shareholder proposal addressing the same issue on the same ballot;
› The board's rationale for seeking ratification;
› Disclosure of actions to be taken by the board should the ratification proposal fail;
› Disclosure of shareholder engagement regarding the board's ratification request;
› The level of impairment to shareholders' rights caused by the existing provision;
› The history of management and shareholder proposals on the provision at the company's past meetings;
› Whether the current provision was adopted in response to the shareholder proposal;
› The company's ownership structure; and
› Previous use of ratification proposals to exclude shareholder proposals.

Restrictions on Shareholders' Rights

Restricting Binding Shareholder Proposals: Generally vote against or withhold from the members of the governance committee if:

› The company's governing documents impose undue restrictions on shareholders' ability to amend the bylaws. Such restrictions include but are not limited to: outright prohibition on the submission of binding shareholder proposals or share ownership requirements or time holding requirements in excess of SEC Rule 14a-8. Vote against on an ongoing basis.

Problematic Audit-Related Practices

Generally vote against or withhold from the members of the Audit Committee if:

› The non-audit fees paid to the auditor are excessive;
› The company receives an adverse opinion on the company's financial statements from its auditor; or
› There is persuasive evidence that the Audit Committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm.

Vote case-by-case on members of the Audit Committee and potentially the full board if:

› Poor accounting practices are identified that rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures. Examine the severity, breadth, chronological sequence, and duration, as well as the company's efforts at remediation or corrective actions, in determining whether withhold/against votes are warranted.

Problematic Compensation Practices

In the absence of an Advisory Vote on Executive Compensation (Say on Pay) ballot item or in egregious situations, vote against or withhold from the members of the Compensation Committee and potentially the full board if:

› There is an unmitigated misalignment between CEO pay and company performance (pay for performance);
› The company maintains significant problematic pay practices; or
› The board exhibits a significant level of poor communication and responsiveness to shareholders.

Generally vote against or withhold from the Compensation Committee chair, other committee members, or potentially the full board if:

› The company fails to include a Say on Pay ballot item when required under SEC provisions, or under the company's declared frequency of say on pay; or
› The company fails to include a Frequency of Say on Pay ballot item when required under SEC provisions.

Generally vote against members of the board committee responsible for approving/setting non-employee director compensation if there is a pattern (i.e. two or more years) of awarding excessive non-employee director compensation without disclosing a compelling rationale or other mitigating factors.

Problematic Pledging of Company Stock:

Vote against the members of the committee that oversees risks related to pledging, or the full board, where a significant level of pledged company sto1ck by executives or directors raises concerns. The following factors will be considered:

› The presence of an anti-pledging policy, disclosed in the proxy statement, that prohibits future pledging activity;
› The magnitude of aggregate pledged shares in terms of total common shares outstanding, market value, and trading volume;
› Disclosure of progress or lack thereof in reducing the magnitude of aggregate pledged shares over time;
› Disclosure in the proxy statement that shares subject to stock ownership and holding requirements do not include pledged company stock; and
› Any other relevant factors.

Governance Failures

Under extraordinary circumstances, vote against or withhold from directors individually, committee members, or the entire board, due to:

› Material failures of governance, stewardship, risk oversight[6], or fiduciary responsibilities at the company;
› Failure to replace management as appropriate; or
› Egregious actions related to a director's service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

Voting on Director Nominees in Contested Elections

Vote-No Campaigns

General Recommendation: In cases where companies are targeted in connection with public "vote-no" campaigns, evaluate director nominees under the existing governance policies for voting on director nominees in uncontested elections. Take into consideration the arguments submitted by shareholders and other publicly available information.

Proxy Contests/Proxy Access — Voting for Director Nominees in Contested Elections

General Recommendation: Vote case-by-case on the election of directors in contested elections, considering the following factors:

› Long-term financial performance of the company relative to its industry;
› Management's track record;
› Background to the contested election;
› Nominee qualifications and any compensatory arrangements;
› Strategic plan of dissident slate and quality of the critique against management;
› Likelihood that the proposed goals and objectives can be achieved (both slates); and
› Stock ownership positions.

In the case of candidates nominated pursuant to proxy access, vote case-by-case considering any applicable factors listed above or additional factors which may be relevant, including those that are specific to the company, to the nominee(s) and/or to the nature of the election (such as whether there are more candidates than board seats).

Independent Chair (Separate Chair/CEO)

General Recommendation: Generally vote for shareholder proposals requiring that the chairman's position be filled by an independent director, taking into consideration the following:

› The scope of the proposal;

- The company's current board leadership structure;
- The company's governance structure and practices;
- Company performance; and
- Any other relevant factors that may be applicable.

Regarding the scope of the proposal, consider whether the proposal is precatory or binding and whether the proposal is seeking an immediate change in the chairman role or the policy can be implemented at the next CEO transition.

Under the review of the company's board leadership structure, ISS may support the proposal under the following scenarios absent a compelling rationale: the presence of an executive or non-independent chair in addition to the CEO; a recent recombination of the role of CEO and chair; and/or departure from a structure with an independent chair. ISS will also consider any recent transitions in board leadership and the effect such transitions may have on independent board leadership as well as the designation of a lead director role.

When considering the governance structure, ISS will consider the overall independence of the board, the independence of key committees, the establishment of governance guidelines, board tenure and its relationship to CEO tenure, and any other factors that may be relevant. Any concerns about a company's governance structure will weigh in favor of support for the proposal.

The review of the company's governance practices may include, but is not limited to, poor compensation practices, material failures of governance and risk oversight, related-party transactions or other issues putting director independence at risk, corporate or management scandals, and actions by management or the board with potential or realized negative impact on shareholders. Any such practices may suggest a need for more independent oversight at the company thus warranting support of the proposal.

ISS' performance assessment will generally consider one-, three-, and five-year TSR compared to the company's peers and the market as a whole. While poor performance will weigh in favor of the adoption of an independent chair policy, strong performance over the long term will be considered a mitigating factor when determining whether the proposed leadership change warrants support.

Proxy Access

General Recommendation: Generally vote for management and shareholder proposals for proxy access with the following provisions:

- Ownership threshold: maximum requirement not more than three percent (3%) of the voting power;
- Ownership duration: maximum requirement not longer than three (3) years of continuous ownership for each member of the nominating group;
- Aggregation: minimal or no limits on the number of shareholders permitted to form a nominating group;
- Cap: cap on nominees of generally twenty-five percent (25%) of the board.

Review for reasonableness any other restrictions on the right of proxy access.

Generally vote against proposals that are more restrictive than these guidelines.

SHAREHOLDER RIGHTS & DEFENSES

Ratification Proposals: Management Proposals to Ratify Existing Charter or Bylaw Provisions

General Recommendation: Generally vote against management proposals to ratify provisions of the company’s existing charter or bylaws, unless these governance provisions align with best practice.

In addition, voting against/withhold from individual directors, members of the governance committee, or the full board may be warranted, considering:

- The presence of a shareholder proposal addressing the same issue on the same ballot;
- The board's rationale for seeking ratification;
- Disclosure of actions to be taken by the board should the ratification proposal fail;
- Disclosure of shareholder engagement regarding the board’s ratification request;
- The level of impairment to shareholders' rights caused by the existing provision;
- The history of management and shareholder proposals on the provision at the company’s past meetings;
- Whether the current provision was adopted in response to the shareholder proposal;
- The company's ownership structure; and
- Previous use of ratification proposals to exclude shareholder proposals.

CAPITAL/RESTRUCTURING

Common Stock Authorization

General Recommendation: Vote for proposals to increase the number of authorized common shares where the primary purpose of the increase is to issue shares in connection with a transaction on the same ballot that warrants support.

Vote against proposals at companies with more than one class of common stock to increase the number of authorized shares of the class of common stock that has superior voting rights.

Vote against proposals to increase the number of authorized common shares if a vote for a reverse stock split on the same ballot is warranted despite the fact that the authorized shares would not be reduced proportionally.

Vote case-by-case on all other proposals to increase the number of shares of common stock authorized for issuance. Take into account company-specific factors that include, at a minimum, the following:

› Past Board Performance:

› The company's use of authorized shares during the last three years;

› The Current Request:

› Disclosure in the proxy statement of the specific purposes of the proposed increase;

› Disclosure in the proxy statement of specific and severe risks to shareholders of not approving the request; and

› The dilutive impact of the request as determined relative to an allowable increase calculated by ISS (typically 100 percent of existing authorized shares) that reflects the company's need for shares and total shareholder returns.

ISS will apply the relevant allowable increase below to requests to increase common stock that are for general corporate purposes (or to the general corporate purposes portion of a request that also includes a specific need):

A. Most companies: 100 percent of existing authorized shares.

B. Companies with less than 50 percent of existing authorized shares either outstanding or reserved for issuance: 50 percent of existing authorized shares.

C. Companies with one- and three-year total shareholder returns (TSRs) in the bottom 10 percent of the U.S. market as of the end of the calendar quarter that is closest to their most recent fiscal year end: 50 percent of existing authorized shares.

D. Companies at which both conditions (B and C) above are both present: 25 percent of existing authorized shares.

If there is an acquisition, private placement, or similar transaction on the ballot (not including equity incentive plans) that ISS is recommending FOR, the allowable increase will be the greater of (i) twice the amount needed to support the transactions on the ballot, and (ii) the allowable increase as calculated above.

Mergers and Acquisitions

General Recommendation: Vote case-by-case on mergers and acquisitions. Review and evaluate the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:

› Valuation - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, emphasis is placed on the offer premium, market reaction, and strategic rationale.

› Market reaction - How has the market responded to the proposed deal? A negative market reaction should cause closer scrutiny of a deal.

› Strategic rationale - Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions.

› Negotiations and process - Were the terms of the transaction negotiated at arm's-length? Was the process fair and equitable? A fair process helps to ensure the best price for shareholders. Significant negotiation "wins" can also signify the deal makers' competency. The comprehensiveness of the sales process (e.g., full auction, partial auction, no auction) can also affect shareholder value.

› Conflicts of interest - Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? As the result of potential conflicts, the directors and officers of the company may be more likely to vote to approve a merger than if they did not hold these interests. Consider

whether these interests may have influenced these directors and officers to support or recommend the merger. The CIC figure presented in the "ISS Transaction Summary" section of this report is an aggregate figure that can in certain cases be a misleading indicator of the true value transfer from shareholders to insiders. Where such figure appears to be excessive, analyze the underlying assumptions to determine whether a potential conflict exists.

› Governance - Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues (such as valuation) outweigh any deterioration in governance.

COMPENSATION

Executive Pay Evaluation

Underlying all evaluations are five global principles that most investors expect corporations to adhere to in designing and administering executive and director compensation programs:

1. Maintain appropriate pay-for-performance alignment, with emphasis on long-term shareholder value: This principle encompasses overall executive pay practices, which must be designed to attract, retain, and appropriately motivate the key employees who drive shareholder value creation over the long term. It will take into consideration, among other factors, the link between pay and performance; the mix between fixed and variable pay; performance goals; and equity-based plan costs;
2. Avoid arrangements that risk “pay for failure”: This principle addresses the appropriateness of long or indefinite contracts, excessive severance packages, and guaranteed compensation;
3. Maintain an independent and effective compensation committee: This principle promotes oversight of executive pay programs by directors with appropriate skills, knowledge, experience, and a sound process for compensation decision-making (e.g., including access to independent expertise and advice when needed);
4. Provide shareholders with clear, comprehensive compensation disclosures: This principle underscores the importance of informative and timely disclosures that enable shareholders to evaluate executive pay practices fully and fairly;
5. Avoid inappropriate pay to non-executive directors: This principle recognizes the interests of shareholders in ensuring that compensation to outside directors is reasonable and does not compromise their independence and ability to make appropriate judgments in overseeing managers’ pay and performance. At the market level, it may incorporate a variety of generally accepted best practices.

Advisory Votes on Executive Compensation—Management Proposals (Management Say-on-Pay)

General Recommendation: Vote case-by-case on ballot items related to executive pay and practices, as well as certain aspects of outside director compensation.

Vote against Advisory Votes on Executive Compensation (Say-on-Pay or “SOP”) if:

› There is an unmitigated misalignment between CEO pay and company performance (pay for performance);

› The company maintains significant problematic pay practices;

› The board exhibits a significant level of poor communication and responsiveness to shareholders.

Vote against or withhold from the members of the Compensation Committee and potentially the full board if:

› There is no SOP on the ballot, and an against vote on an SOP would otherwise be warranted due to pay-for-performance misalignment, problematic pay practices, or the lack of adequate responsiveness on compensation issues raised previously, or a combination thereof;

› The board fails to respond adequately to a previous SOP proposal that received less than 70 percent support of votes cast;

› The company has recently practiced or approved problematic pay practices, such as option repricing or option backdating; or

› The situation is egregious.

Primary Evaluation Factors for Executive Pay

Pay-for-Performance Evaluation

ISS annually conducts a pay-for-performance analysis to identify strong or satisfactory alignment between pay and performance over a sustained period. With respect to companies in the S&P1500, Russell 3000, or Russell 3000E

Indices[7], this analysis considers the following:

1. Peer Group[8] Alignment:
   - The degree of alignment between the company's annualized TSR rank and the CEO's annualized total pay rank within a peer group, each measured over a three-year period.
   - The rankings of CEO total pay and company financial performance within a peer group, each measured over a three-year period.
   - The multiple of the CEO's total pay relative to the peer group median in the most recent fiscal year.
2. Absolute Alignment[9] – the absolute alignment between the trend in CEO pay and company TSR over the prior five fiscal years – i.e., the difference between the trend in annual pay changes and the trend in annualized TSR during the period.

If the above analysis demonstrates significant unsatisfactory long-term pay-for-performance alignment or, in the case of companies outside the Russell indices, misaligned pay and performance are otherwise suggested, our analysis may include any of the following qualitative factors, as relevant to evaluating how various pay elements may work to encourage or to undermine long-term value creation and alignment with shareholder interests:

- The ratio of performance- to time-based incentive awards;
- The overall ratio of performance-based compensation;
- The completeness of disclosure and rigor of performance goals;
- The company's peer group benchmarking practices;
- Actual results of financial/operational metrics, both absolute and relative to peers;
- Special circumstances related to, for example, a new CEO in the prior FY or anomalous equity grant practices (e.g., bi-annual awards);
- Realizable pay[10] compared to grant pay; and
- Any other factors deemed relevant.

Problematic Pay Practices

The focus is on executive compensation practices that contravene the global pay principles, including:

- Problematic practices related to non-performance-based compensation elements;
- Incentives that may motivate excessive risk-taking or present a windfall risk; and
- Pay decisions that circumvent pay-for-performance, such as options backdating or waiving performance requirements.

Problematic Pay Practices related to Non-Performance-Based Compensation Elements

Pay elements that are not directly based on performance are generally evaluated case-by-case considering the context of a company's overall pay program and demonstrated pay-for-performance philosophy. Please refer to ISS' U.S. Compensation Policies FAQ document for detail on specific pay practices that have been identified as potentially problematic and may lead to negative recommendations if they are deemed to be inappropriate or unjustified relative to executive pay best practices. The list below highlights the problematic practices that carry significant weight in this overall consideration and may result in adverse vote recommendations:

- Repricing or replacing of underwater stock options/SARS without prior shareholder approval (including cash buyouts and voluntary surrender of underwater options);
- Extraordinary perquisites or tax gross-ups;
- New or materially amended agreements that provide for:
- Excessive termination or CIC severance payments (generally exceeding 3 times base salary and average/target/most recent bonus);
- CIC severance payments without involuntary job loss or substantial diminution of duties ("single" or "modified single" triggers) or in connection with a problematic Good Reason definition;
- CIC excise tax gross-up entitlements (including "modified" gross-ups);
- Multi-year guaranteed awards that are not at risk due to rigorous performance conditions;
- Liberal CIC definition combined with any single-trigger CIC benefits;
- Insufficient executive compensation disclosure by externally-managed issuers (EMIs) such that a reasonable assessment of pay programs and practices applicable to the EMI's executives is not possible;
- Any other provision or practice deemed to be egregious and present a significant risk to investors.

Compensation Committee Communications and Responsiveness

Consider the following factors case-by-case when evaluating ballot items related to executive pay on the board’s responsiveness to investor input and engagement on compensation issues:

› Failure to respond to majority-supported shareholder proposals on executive pay topics; or
› Failure to adequately respond to the company's previous say-on-pay proposal that received the support of less than 70 percent of votes cast, taking into account:
  › The company's response, including:
    › Disclosure of engagement efforts with major institutional investors, including the frequency and timing of engagements and the company participants (including whether independent directors participated);
    › Disclosure of the specific concerns voiced by dissenting shareholders that led to the say-on-pay opposition;
    › Disclosure of specific and meaningful actions taken to address shareholders' concerns;
  › Other recent compensation actions taken by the company;
  › Whether the issues raised are recurring or isolated;
  › The company's ownership structure; and
  › Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.

Equity-Based and Other Incentive Plans

Please refer to ISS' U.S. Equity Compensation Plans FAQ document for additional details on the Equity Plan Scorecard policy.

General Recommendation: Vote case-by-case on certain equity-based compensation plans[11] depending on a combination of certain plan features and equity grant practices, where positive factors may counterbalance negative factors, and vice versa, as evaluated using an "Equity Plan Scorecard" (EPSC) approach with three pillars:

› Plan Cost: The total estimated cost of the company’s equity plans relative to industry/market cap peers, measured by the company's estimated Shareholder Value Transfer (SVT) in relation to peers and considering both:
  › SVT based on new shares requested plus shares remaining for future grants, plus outstanding unvested/unexercised grants; and
  › SVT based only on new shares requested plus shares remaining for future grants.

› Plan Features:
  › Quality of disclosure around vesting upon a change in control (CIC);
  › Discretionary vesting authority;
  › Liberal share recycling on various award types;
  › Lack of minimum vesting period for grants made under the plan;
  › Dividends payable prior to award vesting.

› Grant Practices:
  › The company’s three-year burn rate relative to its industry/market cap peers;
  › Vesting requirements in CEO's recent equity grants (3-year look-back);
  › The estimated duration of the plan (based on the sum of shares remaining available and the new shares requested, divided by the average annual shares granted in the prior three years);
  › The proportion of the CEO's most recent equity grants/awards subject to performance conditions;
  › Whether the company maintains a sufficient claw-back policy;
  › Whether the company maintains sufficient post-exercise/vesting share-holding requirements.

Generally vote against the plan proposal if the combination of above factors indicates that the plan is not, overall, in shareholders' interests, or if any of the following egregious factors ("overriding factors") apply:

› Awards may vest in connection with a liberal change-of-control definition;
› The plan would permit repricing or cash buyout of underwater options without shareholder approval (either by expressly permitting it – for NYSE and Nasdaq listed companies – or by not prohibiting it when the company has a history of repricing – for non-listed companies);

- The plan is a vehicle for problematic pay practices or a significant pay-for-performance disconnect under certain circumstances;
- The plan is excessively dilutive to shareholders' holdings; or
- Any other plan features are determined to have a significant negative impact on shareholder interests.

SOCIAL AND ENVIRONMENTAL ISSUES

Global Approach

Issues covered under the policy include a wide range of topics, including consumer and product safety, environment and energy, labor standards and human rights, workplace and board diversity, and corporate political issues. While a variety of factors goes into each analysis, the overall principle guiding all vote recommendations focuses on how the proposal may enhance or protect shareholder value in either the short or long term.

General Recommendation: Generally vote case-by-case, examining primarily whether implementation of the proposal is likely to enhance or protect shareholder value. The following factors will be considered:

- If the issues presented in the proposal are more appropriately or effectively dealt with through legislation or government regulation;
- If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal;
- Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive;
- The company's approach compared with any industry standard practices for addressing the issue(s) raised by the proposal;
- Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices;
- If the proposal requests increased disclosure or greater transparency, whether reasonable and sufficient information is currently available to shareholders from the company or from other publicly available sources; and
- If the proposal requests increased disclosure or greater transparency, whether implementation would reveal proprietary or confidential information that could place the company at a competitive disadvantage.

Climate Change/Greenhouse Gas (GHG) Emissions

General Recommendation: Generally vote for resolutions requesting that a company disclose information on the financial, physical, or regulatory risks it faces related to climate change on its operations and investments or on how the company identifies, measures, and manages such risks, considering:

- Whether the company already provides current, publicly-available information on the impact that climate change may have on the company as well as associated company policies and procedures to address related risks and/or opportunities;
- The company's level of disclosure compared to industry peers; and
- Whether there are significant controversies, fines, penalties, or litigation associated with the company's climate change-related performance.

Generally vote for proposals requesting a report on greenhouse gas (GHG) emissions from company operations and/or products and operations, unless:

- The company already discloses current, publicly-available information on the impacts that GHG emissions may have on the company as well as associated company policies and procedures to address related risks and/or opportunities;
- The company's level of disclosure is comparable to that of industry peers; and
- There are no significant, controversies, fines, penalties, or litigation associated with the company's GHG emissions.

Vote case-by-case on proposals that call for the adoption of GHG reduction goals from products and operations, taking into account:

- Whether the company provides disclosure of year-over-year GHG emissions performance data;
- Whether company disclosure lags behind industry peers;
- The company's actual GHG emissions performance;
- The company's current GHG emission policies, oversight mechanisms, and related initiatives; and
-

Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to GHG emissions.

Board Diversity

General Recommendation: Generally vote for requests for reports on a company's efforts to diversify the board, unless:

› The gender and racial minority representation of the company's board is reasonably inclusive in relation to companies of similar size and business; and
› The board already reports on its nominating procedures and gender and racial minority initiatives on the board and within the company.

Vote case-by-case on proposals asking a company to increase the gender and racial minority representation on its board, taking into account:

› The degree of existing gender and racial minority diversity on the company's board and among its executive officers;
› The level of gender and racial minority representation that exists at the company's industry peers;
› The company's established process for addressing gender and racial minority board representation;
› Whether the proposal includes an overly prescriptive request to amend nominating committee charter language;
› The independence of the company's nominating committee;
› Whether the company uses an outside search firm to identify potential director nominees; and
› Whether the company has had recent controversies, fines, or litigation regarding equal employment practices.

Gender Pay Gap

General Recommendation: Generally vote case-by-case on requests for reports on a company's pay data by gender, or a report on a company's policies and goals to reduce any gender pay gap, taking into account:

› The company's current policies and disclosure related to both its diversity and inclusion policies and practices and its compensation philosophy and fair and equitable compensation practices;
› Whether the company has been the subject of recent controversy, litigation, or regulatory actions related to gender pay gap issues; and
› Whether the company's reporting regarding gender pay gap policies or initiatives is lagging its peers.
› How the company's recycling programs compare to similar programs of its industry peers.

Sustainability Reporting

General Recommendation: Generally vote for proposals requesting that a company report on its policies, initiatives, and oversight mechanisms related to social, economic, and environmental sustainability, unless:

› The company already discloses similar information through existing reports or policies such as an environment, health, and safety (EHS) report; a comprehensive code of corporate conduct; and/or a diversity report; or
› The company has formally committed to the implementation of a reporting program based on Global Reporting Initiative (GRI) guidelines or a similar standard within a specified time frame.

Lobbying

General Recommendation: Vote case-by-case on proposals requesting information on a company's lobbying (including direct, indirect, and grassroots lobbying) activities, policies, or procedures, considering:

› The company's current disclosure of relevant lobbying policies, and management and board oversight;
› The company's disclosure regarding trade associations or other groups that it supports, or is a member of, that engage in lobbying activities; and
› Recent significant controversies, fines, or litigation regarding the company's lobbying-related activities.

Political Contributions

General Recommendation: Generally vote for proposals requesting greater disclosure of a company's political contributions and trade association spending policies and activities, considering:

› The company's policies, and management and board oversight related to its direct political contributions and payments to trade associations or other groups that may be used for political purposes;
›

› The company's disclosure regarding its support of, and participation in, trade associations or other groups that may make political contributions; and

› Recent significant controversies, fines, or litigation related to the company's political contributions or political activities.

Vote against proposals barring a company from making political contributions. Businesses are affected by legislation at the federal, state, and local level; barring political contributions can put the company at a competitive disadvantage.

Vote against proposals to publish in newspapers and other media a company's political contributions. Such publications could present significant cost to the company without providing commensurate value to shareholders.

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[1] In general, companies with a plurality vote standard use “Withhold” as the contrary vote option in director elections; companies with a majority vote standard use “Against”. However, it will vary by company and the proxy must be checked to determine the valid contrary vote option for the particular company.

[2] New nominees who served for only part of the fiscal year are generally exempted from the attendance policy.

[3] Although all of a CEO’s subsidiary boards with publicly-traded common stock will be counted as separate boards, ISS will not recommend a withhold vote for the CEO of a parent company board or any of the controlled (>50 percent ownership) subsidiaries of that parent but may do so at subsidiaries that are less than 50 percent controlled and boards outside the parent/subsidiary relationships.

[4] A “new nominee” is any current nominee who has not already been elected by shareholders and who joined the board after the problematic action in question transpired. If ISS cannot determine whether the nominee joined the board before or after the problematic action transpired, the nominee will be considered a “new nominee” if he or she joined the board within the 12 months prior to the upcoming shareholder meeting.

[5] Public shareholders only, approval prior to a company’s becoming public is insufficient.

[6] Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; significant adverse legal judgments or settlement; or hedging of company stock.

[7] The Russell 3000E Index includes approximately 4,000 of the largest U.S. equity securities.

[8] The revised peer group is generally comprised of 14-24 companies that are selected using market cap, revenue (or assets for certain financial firms), GICS industry group, and company's selected peers' GICS industry group, with size constraints, via a process designed to select peers that are comparable to the subject company in terms of revenue/assets and industry, and also within a market-cap bucket that is reflective of the company's. For Oil, Gas & Consumable Fuels companies, market cap is the only size determinant.

[9] Only Russell 3000 Index companies are subject to the Absolute Alignment analysis.

[10] ISS research reports include realizable pay for S&P1500 companies.
[11] Proposals evaluated under the EPSC policy generally include those to approve or amend (1) stock option plans for employees and/or employees and directors, (2) restricted stock plans for employees and/or employees and directors, and (3) omnibus stock incentive plans for employees and/or employees and directors; amended plans will be further evaluated case-by-case.

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

Thomas B. Winmill and William M. Winmill are co-portfolio managers of the registrant.

Mr. Thomas B. Winmill is President, Chief Executive Officer, Chairman, Chief Legal Officer, and a Trustee or Director of the registrant, Foxby Corp., and Midas Series Trust. He is a Director or Manager, President, Chief Executive Officer, and Chief Legal Officer of the Investment Manager and Midas Management Corporation, registered investment advisers (collectively, the “Advisers”), Bexil Securities LLC and Midas Securities Group, Inc., registered broker-dealers (collectively, the “Broker-Dealers”), Bexil Corporation, a holding company (“Bexil”), and Winmill & Co. Incorporated, a holding company (“Winco”). He is a Director of Global Self Storage, Inc., a self storage REIT (“SELF”), and Bexil American Mortgage Inc. He is Chairman of the Investment Policy Committee of each of the Advisers (the “IPCs”), and he is a portfolio manager of the registrant, Foxby Corp., Midas Fund, and Midas Magic. He is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute. Mr. Thomas Winmill has been associated with the management of the registrant, either directly or through the IPC, since 2011.

Mr. William M. Winmill is Vice President of the registrant, Foxby Corp., Midas Series Trust, the Advisers, the Broker-Dealers, Bexil, SELF, Tuxis Corporation, and Winco. From 2014 to 2016, he served these companies as Compliance Assistant and Accounting Assistant, after graduating from Bowdoin College in 2014. He is a member of the IPCs, and he is a portfolio manager of the registrant, Foxby Corp, and Midas Magic.
Thomas B. Winmill and William M. Winmill are father and son, respectively.

The Portfolio Managers receive compensation for their services. As of December 31, 2018, each of the Portfolio Manager's compensation plan generally consists of base salary, employee benefits plan participation, qualified retirement plan participation, annual and asset level bonuses, certain prerequisites, and participation in equity based compensation plans. A portion of their compensation may be deferred based on criteria established by the investment manager, or at the election of the Portfolio Manager.

Each Portfolio Manager's base salary is determined annually by level of responsibility and tenure at the investment manager or its affiliates. The primary components of each Portfolio Manager's annual bonus are based on (i) number of weeks’ salary paid as annual bonuses to employees generally of the investment manager and its affiliates, and (ii) the financial performance of the investment manager and its affiliates. A subjective component of each Portfolio Manager's annual bonus is based on the Portfolio Manager's overall contribution to management of the investment manager and its affiliates. Each Portfolio Manager may receive an asset level bonus upon assets under management reaching certain levels. Each Portfolio Manager also may be compensated under equity based compensation plans linked to increases or decreases in the market value of the stock of the parent of the investment manager and its affiliates.

Each Portfolio Manager's compensation plan may give rise to potential conflicts of interest. Each Portfolio Manager's base pay tends to increase with additional and more complex responsibilities often reflecting increased assets under management and marketing efforts, which together indirectly link compensation to sales of Fund shares. The asset level bonus, although intended to encourage above average investment performance and account servicing, as well as lower expense ratios, may give rise to potential conflicts of interest by linking compensation to sales. The management of multiple funds and accounts (including proprietary accounts) may give rise to potential conflicts of

interest if the funds and accounts have different objectives, benchmarks, time horizons, and fees as the Portfolio Manager must allocate his time and investment ideas across multiple funds and accounts. Each Portfolio Manager may execute transactions for one fund or account that may adversely impact the value of securities held by another fund or account. Securities selected for one fund or account rather than another fund or account may outperform the securities selected for the registrant. The management of personal accounts may give rise to potential conflicts of interest; there is no assurance that the registrant's codes of ethics will adequately address such conflicts.

The following table provides information relating to other (non-registrant) accounts where the Portfolio Manager is jointly or primarily responsible for day to day management as of December 31, 2018. No Portfolio Manager manages accounts or assets with performance based advisory fees, or other pooled investment vehicles.

Portfolio Managers		Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts
Thomas B. Winmill	Number:	3	N/A	7
	Total Assets (millions):	$40	N/A	$21
William M. Winmill	Number:	2	N/A	7
	Total Assets (millions):	$22	N/A	$21

As of December 31, 2018, the dollar range of shares in the registrant beneficially owned by Thomas B. Winmill was $100,001 - $500,000. Mr. Thomas B. Winmill is a trustee of the Winmill Family Trust and may be deemed to have indirect beneficial ownership of over $1,000,000 of the registrant's shares indirectly owned by Bexil Corporation as a result of his status as a controlling person of the Winmill Family Trust, Winco, and Midas Securities Group, Inc. Mr. Thomas B. Winmill disclaims beneficial ownership of these shares. As of December 31, 2018, the dollar range of shares in the registrant beneficially owned by William M. Winmill was $10,001 - $50,000.

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 trustees 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 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. Disclosure of Securities Lending Activities for Closed-End Management Investment Companies.

(a) No income was received by the registrant from securities lending activities in the period covered by this report. Previously, State Street Bank and Trust Company ("SSB") had served as the registrant's securities lending agent until June 2018. Amounts paid by securities lending counterparties for loaned securities were retained by SSB. Currently, the registrant does not have a securities lending agent.

(b) Previously, the registrant entered into a Liquidity Agreement with SSB that allowed the registrant to draw up to the maximum liquidity commitment as specified therein. The Liquidity Agreement was terminated in June 2018. The Liquidity Agreement included a securities lending authorization by the registrant to SSB to engage in agency securities lending and reverse repurchase activity. Previously, SSB had also served as the registrant's custodian. Currently, the registrant does not have a securities lending agent.

Item 13. 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 99.CERT.

(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 99.906 CERT.

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

March 4, 2019 By: /s/ Thomas B. Winmill
Thomas B. Winmill, President

Dividend and Income Fund

March 4, 2019 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

March 4, 2019 By: /s/ Thomas B. Winmill
Thomas B. Winmill, President

Dividend and Income Fund

March 4, 2019 By: /s/ Thomas O’Malley
Thomas O’Malley, Chief Financial Officer