DIVIDEND AND INCOME FUND

SEEKING PRIMARILY HIGH CURRENT INCOME
AND SECONDARILY CAPITAL APPRECIATION

2015
DECEMBER 31
ANNUAL REPORT

WWW.DIVIDENDANDINCOMEFUND.COM

TOP TEN HOLDINGS

December 31, 2015

1. W.R. Berkley Corporation
2. CSX Corp.
3. Honeywell International, Inc.
4. Philip Morris International, Inc.
5. Anthem, Inc.
6. Johnson & Johnson
7. Ace Limited
8. First American Financial Corporation
9. Cisco Systems, Inc.
10. Southern Company

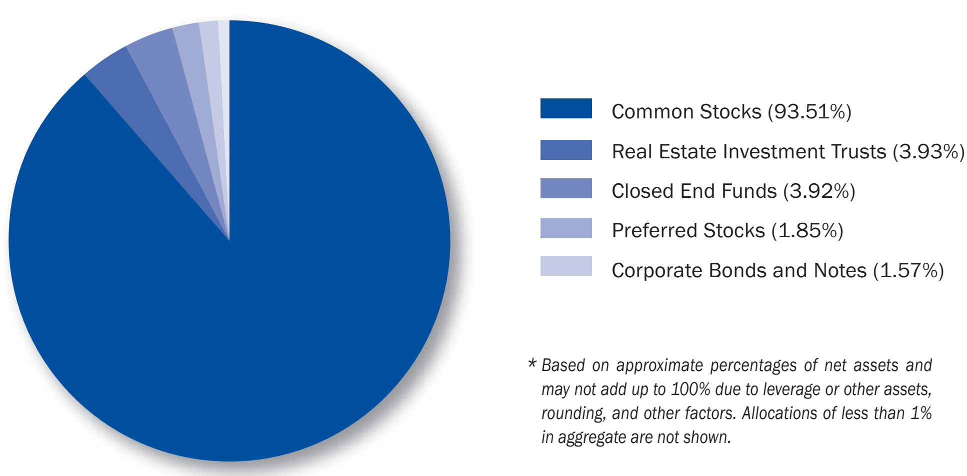
TOP TEN INDUSTRIES

December 31, 2015

1. Pharmaceutical Preparations
2. Fire, Marine & Casualty Insurance
3. Motor Vehicles & Passenger Car Bodies
4. Real Estate Investment Trust
5. Closed End Funds
6. Railroads, Line-Haul Operating
7. National Commercial Banks
8. Investment Advice
9. Petroleum Refining
10. Agricultural Chemicals

Top ten holdings comprise approximately 18% of total assets. Holdings are subject to change. The above portfolio information should not be considered as a recommendation to purchase or sell a particular security and there is no assurance that any securities will remain in or out of the Fund.

Holdings by Security Type on December 31, 2015*



** Based on approximate percentages of net assets and may not add up to 100% due to leverage or other assets, rounding, and other factors. Allocations of less than 1% in aggregate are not shown.*

Dear Fellow Shareholders:

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

Economic and Market Report

At the December 2015 meeting of the Federal Open Market Committee (FOMC) of the Federal Reserve Bank (the "Fed"), the staff's review of the economic situation suggested that real gross domestic product (GDP) was "was increasing at a moderate pace." The staff viewed labor market conditions as having improved in recent months, citing an unemployment rate of 5.0% in October and November. Regarding inflation, the staff noted that "[c]onsumer price inflation continued to run below the FOMC's longer-run objective of 2%, restrained in part by declines in both energy prices and the prices of non-energy imported goods." In fact, over the 12 months through November 2015, the Consumer Price Index for All Urban Consumers was up only 0.5% before seasonal adjustment and, on an unadjusted basis, the Producer Price Index for final demand actually declined 1.1% for the 12 months ended in November, the tenth straight 12 month decline. Interestingly, compensation per hour in the business sector was noted as strong, while the employment cost index rose moderately, and average hourly earnings for all employees improved.

Estimating the change in real U.S. GDP 2015 at approximately 2.0 – 2.2%, the Fed's board members and bank presidents recently projected a 2016 change in a range of 2.0 – 2.7%, and 1.8 – 2.5% for 2017. According to the World Bank, global growth decelerated to 2.4% in 2015 from 2.6% in 2014, in part due to lower commodity prices and subdued global trade. Nevertheless, the bank projects growth to strengthen to 2.9% in 2016 and 3.1% in 2017-18, assuming, among other things, a stabilization of commodity prices. Risks to the world economy recently identified by the World Bank include a "disorderly" slowdown in major emerging market economies, financial market turmoil, and heightened geopolitical tensions.

In summary, recent broad economic data appears moderately positive for the U.S. and the global economies, but adjustments called for from declining commodity prices, including oil, may bring financial market and political instability. Accordingly, investors may expect market volatility, investing risks, and potential income and appreciation opportunities to arise over the course of 2016.

Investment Strategy and Returns

In view of these economic developments, the Fund's strategy in 2015 was to emphasize large, quality companies across a broad array of industries. Generally, the Fund purchased and held income generating equity securities in seeking to achieve its primary investment objective of high current income and secondary objective of capital appreciation and sold investments that appeared to have appreciated to levels reflecting full or over-valuation. In 2015, the Fund's net investment income, net realized gain on investments, and unrealized depreciation on investments were, respectively, $2,813,403, $4,964,667, and $(20,575,304), which contributed significantly to the Fund's net asset value return of (10.65)%, including the reinvestment of dividends, as did dilution occurring from the issuance of shares under the Fund's rights offering and dividend reinvestment plan. Profitable sales in the year of holdings of shares of General Electric Company in the industrial sector and Time Warner Inc. in the media sector were made and losses were taken on LinnCo LLC in the energy sector and Rayonier Advanced Materials Inc. in the basic materials sector which, with other profits and losses realized, resulted in net realized gain on investments. Although no particular investment was responsible for the majority of the unrealized appreciation or depreciation of investments over the period, investments held in the railroad and commodity sectors, including CSX Corporation and Joy Global Inc., respectively, were significant contributors to unrealized depreciation during the period. At the same time, the Fund benefited from unrealized appreciation from its holdings of McDonald's Corporation in the restaurant sector and The Clorox Company in the consumer sector.

The Fund's market return, also including the reinvestment of dividends, was (17.32)%. Generally, the Fund's total return on a market value basis will be lower than total return on a net asset value basis in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. For comparison, in the same period, the S&P 500 Index total return was 1.36% and the BofA Merrill Lynch US High Yield Master II Total Return Index returned (4.64)%. These indexes are unmanaged and do not reflect fees and expenses, nor are they available for direct investment. At December 31, 2015, the Fund's portfolio included over 100 securities of different issuers, with the top ten amounting to approximately 18% of total assets. At that time, the Fund's investments totaled approximately $146 million, reflecting the use of about $8 million of leverage on net assets of about $138 million. Income generating equity and other assets comprised over 98% of the investment portfolio, with the balance represented by fixed income securities. As the Fund pursues its primary investment objective of seeking high current income, with capital appreciation as a secondary objective, these holdings and allocations are subject to change at any time.

Quarterly Dividends

On December 1, 2015, the Fund declared its fourth quarterly dividend for the year, amounting to $0.408 per share. The quarterly dividend distribution reflects the Fund's current distribution policy to provide shareholders with a relatively stable cash flow and to attempt to reduce or eliminate the Fund's market price discount to its net asset value per share. The dividend amount is likely to be adjusted lower in 2016 to more closely reflect the net income generated by the Fund's investments, the current market price and net asset value of the Fund's shares, the total distribution amount relative to the Fund's net assets, and related matters. The distribution policy may be changed or discontinued without notice. The distributions are paid from net investment income and any net capital gains, with the balance representing return of capital.

As of December 1, 2015 and based on the Fund's results and estimates for that quarter, the current distribution of $0.408 per share would include approximately 19%, 0%, and 81% from net investment income, capital gains, and return of capital, respectively. If, for any distribution, the sum of previously undistributed net investment income and net realized capital gains is less than the amount of the distribution, the difference is treated as a return of capital (tax-free for a shareholder up to the amount of its tax basis in its shares of the Fund). The amount treated as a tax-free return of capital will reduce a shareholder's adjusted basis in its shares, thereby increasing the shareholder's potential gain or reducing its potential loss on the subsequent sale of those shares. The foregoing is for informational purposes only and does not, nor does anything else herein, constitute tax advice. Shareholders should consult with their own tax advisor or attorney with regard to their personal tax situation.

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

Results of Share Offering

As we noted in our prior report, on March 31, 2015, the Fund announced that it had filed a shelf registration statement with the U.S. Securities and Exchange Commission. Declared effective on June 30, 2015, the shelf registration is intended to allow flexible access to capital. The shelf registration allows the Fund to offer, from time to time, in one or more offerings, including through rights offerings, up to $150 million of its shares of beneficial interest if and when the Fund's Board of Trustees believes it to be in the long term best interests of the Fund and its shareholders. In this connection, the Fund is pleased to have announced the completion of its non-transferable rights offering, in which more than 1.8 million shares were issued on November 2, 2015 for gross proceeds totaling over $21 million. Affiliates of the Fund's investment manager purchased shares through the rights offering on the same terms as other shareholders.

The subscription price was determined to be 80% of the NAV per share on October 30, 2015, or $11.62. Offering expenses were approximately $280,000, including the expenses of the shelf registration statement. The NAV per share of the Fund was reduced by approximately $0.53 per share as a result of the issuance of shares below NAV, resulting in dilution of about 3.7%. The Fund may, in the future and in its discretion, choose to make additional rights or other offerings from time to time for a number of shares and on terms which may or may not be similar to this rights offering. Updated information about the Fund will be contained in the Fund's prospectus and any related prospectus supplement, a copy of which may be obtained from the Fund, should the Fund undertake to sell additional shares under the shelf registration statement.

Long Term Strategies

We thank you for investing in the Fund and share your enthusiasm for its potential, as evidenced by the fact that affiliates of the Fund's investment manager own approximately 7% of the Fund's outstanding shares, pursuant to the Fund's governing documents that permit ownership of more than 4.99% of the Fund's outstanding shares with the prior approval of the Fund's Board of Trustees. We look forward to serving your investment needs over the years ahead.

Sincerely,

Thomas B. Winmill
President and Portfolio Manager

Shares	Common Stocks (93.51%)	Value
	Agricultural Chemicals (2.75%)	
15,000	Monsanto Company	$ 1,477,800
80,000	Potash Corporation of Saskatchewan Inc.	1,369,600
35,000	The Mosaic Company	965,650
		3,813,050
	Agriculture Production - Livestock & Animal Specialties (0.77%)	
23,000	Cal-Maine Foods, Inc.	1,065,820
	Aircraft Engines & Engine Parts (0.62%)	
55,000	Rolls-Royce Holdings PLC	466,122
5,098,500	Rolls-Royce Holdings PLC C Shares	7,515
3,980	United Technologies Corporation	382,359
		855,996
	Apparel & Other Finished Products of Fabrics & Similar Material (0.53%)	
8,300	Carter's, Inc.	738,949
	Beverages (1.30%)	
18,000	PepsiCo, Inc. [(a)]	1,798,560
	Biological Products (2.34%)	
12,100	Amgen Inc. [(a)]	1,964,193
12,570	Gilead Sciences, Inc.	1,271,958
		3,236,151
	Cable & Other Pay Television Services (0.81%)	
32,500	Rogers Communications Inc.	1,119,950
	Cigarettes (1.78%)	
28,000	Philip Morris International, Inc. [(a)] [(b)]	2,461,480
	Commercial Banks (2.10%)	
30,000	Australia and New Zealand Banking Group Limited	609,612
21,650	The Toronto-Dominion Bank	848,030
60,000	Westpac Banking Corporation	1,453,800
		2,911,442
	Computer and Computer Software Stores (0.81%)	
40,000	GameStop Corp.	1,121,600
	Computer & Office Equipment (0.89%)	
9,000	International Business Machines Corporation	1,238,580
	Computer Communications Equipment (1.67%)	
85,000	Cisco Systems, Inc. [(a)]	2,308,175
	Computer Storage Devices (0.69%)	
25,950	Seagate Technology Public Limited Company	951,327

See notes to financial statements.

Shares	Common Stocks (continued)	Value
	Construction Machinery and Equipment (1.03%)	
21,000	Caterpillar Inc.	$ 1,427,160
	Construction, Mining & Materials Handling Machinery & Equipment (0.60%)	
13,500	Dover Corp. [(a)]	827,685
	Deep Sea Foreign Transportation of Freight (0.52%)	
45,875	Seaspan Corp.	725,284
	Dolls & Stuffed Toys (0.49%)	
25,000	Mattel, Inc. [(a)]	679,250
	Electric Services (2.34%)	
70,000	Calpine Corp. [(a)] [(c)]	1,012,900
47,500	Southern Company [(a)]	2,222,525
		3,235,425
	Electronic & Other Electrical Equipment (0.90%)	
26,000	Emerson Electric Co.	1,243,580
	Electronic Computers (0.95%)	
12,500	Apple Inc.	1,315,750
	Electronic & Other Services Combined (1.03%)	
51,500	Exelon Corp. [(a)]	1,430,155
	Engines & Turbines (0.22%)	
3,400	Cummins Inc.	299,234
	Farm Machinery & Equipment (2.18%)	
37,000	AGCO Corporation [(a)] [(b)]	1,679,430
17,500	Deere & Company [(a)]	1,334,725
		3,014,155
	Finance Services (0.90%)	
18,000	American Express Company	1,251,900
	Fire, Marine & Casualty Insurance (4.46%)	
20,000	Ace Ltd. [(a)]	2,337,000
70,000	W.R. Berkley Corporation [(a)] [(b)]	3,832,500
		6,169,500
	Food & Kindred Products (1.74%)	
25,000	Campbell Soup Co. [(a)]	1,313,750
14,700	Nestle S.A.	1,093,974
		2,407,724
	Hospital & Medical Service Plans (1.72%)	
17,100	Anthem, Inc.	2,384,424

See notes to financial statements.

Shares	Common Stocks (continued)	Value
	Hotels & Motels (1.16%)	
29,000	Las Vegas Sands Corp.	$ 1,271,360
20,000	Melco Crown Entertainment Limited	336,000
		1,607,360
	Industrial Organic Chemcials (0.50%)	
8,000	LyondellBasell Industries N.V.	695,200
	Investment Advice (3.40%)	
9,600	Ameriprise Financial Inc.	1,021,632
55,000	The Blackstone Group L.P. [a]	1,608,200
21,700	Franklin Resources, Inc.	798,994
37,000	Invesco Ltd.	1,238,760
1,375	PJT Partners Inc. [c]	38,899
		4,706,485
	Men's & Boys' Furnishings, Work Clothing, & Allied Garments (0.89%)	
11,000	Ralph Lauren Corp.	1,226,280
	Metal Mining (0.74%)	
35,000	Rio Tinto plc ADR	1,019,200
	Mining Machinery & Equipment (0.46%)	
50,000	Joy Global Inc.	630,500
	Miscellaneous Food Preparations & Kindred Products (1.24%)	
20,000	McCormick & Company, Incorporated	1,711,200
	Motor Vehicle Parts & Accessories (2.14%)	
8,650	BorgWarner Inc.	373,940
25,000	Honeywell International, Inc. [a]	2,589,250
		2,963,190
	Motor Vehicles & Passenger Car Bodies (4.23%)	
20,000	Daimler AG [a]	1,673,000
120,000	Ford Motor Company	1,690,800
41,500	General Motors Company [a]	1,411,415
35,000	Volkswagen AG	1,084,125
		5,859,340
	National Commercial Banks (3.43%)	
20,200	Capital One Financial Corporation [a]	1,458,036
39,000	U.S. Bancorp	1,664,130
30,000	Wells Fargo & Company	1,630,800
		4,752,966
	Office Furniture (0.57%)	
80,525	Kimball International Inc. Class B	786,729

See notes to financial statements.

Shares	Common Stocks (continued)	Value
	Paperboard Containers & Boxes (0.55%)	
17,000	REXAM PLC	$ 760,240
	Petroleum Refining (3.01%)	
17,000	Exxon Mobil Corp.	1,325,150
20,500	Phillips 66 [(a)]	1,676,900
32,500	Western Refining, Inc.	1,157,650
		4,159,700
	Pharmaceutical Preparations (5.51%)	
23,100	Johnson & Johnson [(a) (b)]	2,372,832
40,300	Merck & Co., Inc. [(a)]	2,128,646
40,000	Pfizer Inc.	1,291,200
42,900	Sanofi ADR [(a)]	1,829,685
		7,622,363
	Printed Circuit Boards (0.65%)	
82,500	Kimball Electronics, Inc. [(c)]	906,675
	Radio & TV Broadcasting & Communications Equipment (0.72%)	
20,000	QUALCOMM, Incorporated [(a)]	999,700
	Railroads, Line-Haul Operating (3.67%)	
108,500	CSX Corp. [(a)]	2,815,575
15,000	Norfolk Southern Corp.	1,268,850
12,650	Union Pacific Corporation	989,230
		5,073,655
	Railroad Equipment (1.01%)	
43,000	The Greenbrier Companies, Inc.	1,402,660
	Real Estate (0.44%)	
50,000	NorthStar Asset Management Group Inc.	607,000
	Retail - Department Stores (0.98%)	
28,600	Kohl's Corporation	1,362,218
	Retail - Eating Places (1.58%)	
18,500	McDonald's Corp. [(a)]	2,185,590
	Retail - Family Clothing Stores (1.00%)	
12,650	The Buckle, Inc.	389,367
40,000	The GAP, Inc. [(a)]	988,000
		1,377,367
	Retail - Variety Stores (1.58%)	
35,650	Wal-Mart Stores, Inc.	2,185,345
	Security & Commodity Brokers, Dealers, Exchanges & Services (0.90%)	
17,500	T. Rowe Price Group, Inc.	1,251,075

See notes to financial statements.

Shares	Common Stocks (continued)	Value
	Security Brokers, Dealers & Flotation Companies (0.68%)	
33,000	Waddell & Reed Financial, Inc.	$ 945,780
	Services - Advertising Agencies (0.50%)	
9,200	Omnicom Group Inc.	696,072
	Services - Business Services (1.07%)	
83,000	The Western Union Company [a]	1,486,530
	Services - Medical Laboratories (2.69%)	
14,000	Laboratory Corporation of America Holdings [a] [c]	1,730,960
28,000	Quest Diagnostics Incorporated	1,991,920
		3,722,880
	Services - Miscellaneous Repair Services (0.03%)	
756	Aquilex Holdings LLC Units [d]	37,605
	Services - Prepackaged Software (1.19%)	
45,000	Oracle Corporation [a]	1,643,850
	Soap, Detergent, Cleaning Preparations, Perfumes, Cosmetics (1.03%)	
18,000	The Procter & Gamble Company [a]	1,429,380
	Specialty Cleaning, Polishing and Sanitation Preparations (1.56%)	
17,000	Clorox Co. [a]	2,156,110
	Sporting Goods Stores (1.01%)	
39,500	Dick's Sporting Goods, Inc.	1,396,325
	Surety Insurance (0.95%)	
50,000	Assured Guaranty Ltd.	1,321,500
	Surgical & Medical Instruments & Apparatus (1.51%)	
27,000	Baxalta Incorporated	1,053,810
27,000	Baxter International Inc. [a]	1,030,050
		2,083,860
	Title Insurance (1.69%)	
65,000	First American Financial Corporation	2,333,500
	Transportation Equipment (1.30%)	
20,900	Polaris Industries Inc.	1,796,355
	Wholesale - Electronic Parts & Equipment (0.99%)	
32,000	Avnet, Inc.	1,370,880
	Wholesale - Industrial Machinery & Equipment (0.81%)	
20,000	MSC Industrial Direct Co., Inc.	1,125,400
	Total common stocks (Cost $126,481,607)	129,430,371

See notes to financial statements.

Principal Amount		Value
	Corporate Bonds and Notes (1.57%)	
	Cable & Other Pay Television Services (0.16%)	
214,000	CCO Holdings LLC, 7.00%, 1/15/19 [(a)]	$ 218,815
	Cogeneration Services & Small Power Producers (0.34%)	
450,000	Covanta Holding Corp., 7.25%, 12/1/20 [(a)])	465,750
	Electric Services (0.41%)	
517,101	Elwood Energy LLC, 8.159%, 7/5/26 [(a)]	566,226
	Hospital & Medical Service Plans (0.19%)	
250,000	Health Net, Inc., 6.375%, 6/1/17 [(a)]	260,938
	Oil & Gas Field Exploration Services (0.12%)	
169,000	CGG-Veritas, 7.75%, 5/15/17 [(a)]	169,423
	Special Industry Machinery (0.35%)	
500,000	Novelis, Inc., 8.375%, 12/15/17 [(a)]	488,750
	Total corporate bonds and notes (Cost $2,128,435)	2,169,902
Shares		
	Closed End Funds (3.92%)	
41,100	Advent Claymore Convertible Securities and Income Fund II	228,105
134,500	Advent Claymore Convertible Securities and Income Fund	1,818,440
179,998	Alpine Global Premier Properties Fund	1,038,588
9,293	Central Securities Corporation	176,753
12,400	The Cushing Renaissance Fund	176,948
12,400	LMP Corporate Loan Fund Inc.	122,512
8,600	RMR Real Estate Income Fund	165,722
20,100	Sprott Focus Trust, Inc.	116,580
67,500	Western Asset Emerging Markets Debt Fund Inc.	656,775
67,500	Western Asset Emerging Markets Income Fund Inc.	926,775
	Total closed end funds (Cost: $5,715,642)	5,427,198
	Real Estate Investment Trusts (3.93%)	
34,500	HCP, Inc.	1,319,280
100,000	New Residential Investment Corp.	1,216,000
42,000	Tanger Factory Outlet Centers, Inc.	1,373,400
22,500	Welltower Inc.	1,530,675
	Total real estate investment trusts (Cost $5,187,146)	5,439,355
	Reorganization Interests (0%)	
813,527	Penson Technologies LLC Units [(c)] [(d)] (Cost $ 0)	0

See notes to financial statements.

Shares		Value
	Master Limited Partnerships (0.74%)	
	Natural Gas Transmission (0.74%)	
40,000	Enterprise Products Partners LP Units (a) (Cost $374,214)	$ 1,023,200
	Preferred Stocks (1.85%)	
	Financial (1.85%)	
79,469	Annaly Capital Management, Inc., 7.625% Series C	1,861,164
29,850	Hatteras Financial Corp., 7.625% Series A	699,385
80,000	Solar Cayman Ltd. (a) (c) (d)	0
	Total preferred stocks (Cost $3,046,150)	2,560,549
	Money Market Fund (0%)	
4,800	SSgA Money Market Fund, 7 day annualized yield 0.01% (Cost: $4,800)	4,800
	Total investments (Cost $142,937,994) (105.52%)	146,055,375
	Liabilities in excess of other assets (-5.52%)	(7,637,944)
	Net assets (100.00%)	$138,417,431

(a) All or a portion of these securities are held with the Fund's custodian in a separate account as pledged collateral pursuant to the Committed Facility Agreement. As of December 31, 2015, the value of pledged collateral securities was $33,635,413.
(b) All or a portion of these securities were on loan pursuant to the Lending Agreement. As of December 31, 2015, the value of securities on loan was $6,647,463.
(c) Non-income producing.
(d) Illiquid and/or restricted security that has been fair valued.

ADR American Depositary Receipt
LLC Limited Liability Company
LP Limited Partnership
PLC Public Limited Company

See notes to financial statements.

	December 31, 2015
Assets	
Investments, at value (cost: $142,937,994)	$ 146,055,375
Cash	76,233
Receivables:	
Capital shares issued on reinvestment of dividends	328,107
Dividends	246,623
Interest	35,306
Foreign withholding tax reclaims	4,369
Other assets	29,681
Total assets	146,775,694
Liabilities	
Bank credit facility borrowing	8,066,137
Payables:	
Accrued expenses	150,896
Investment management	123,754
Administrative services	17,476
Total liabilities	8,358,263
Net Assets	$ 138,417,431
Net Asset Value Per Share	
(applicable to 10,557,255 shares issued and outstanding)	$ 13.11
Net Assets Consist of	
Paid in capital	$ 179,020,833
Accumulated net realized loss on investments	(43,720,505)
Net unrealized appreciation on investments	3,117,103
	$ 138,417,431

See notes to financial statements.

	Year Ended December 31, 2015
Investment Income	
Dividends (net of $105,386 foreign tax withholding)	$ 4,908,609
Interest	193,848
Securities lending income	7,580
Total investment income	5,110,037
Expenses	
Investment management	1,496,375
Administrative services	200,405
Interest on bank credit facility	200,212
Bookkeeping and pricing	89,840
Shareholder communications	54,910
Insurance	52,650
Trustees	48,255
Custodian	41,665
Auditing	38,755
Exchange listing and registration	27,800
Legal	22,400
Transfer agent	17,780
Other	6,007
Total expenses	2,297,054
Expense reduction	(420)
Net expenses	2,296,634
Net investment income	2,813,403
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on	
Investments	4,983,262
Foreign currencies	(18,595)
Unrealized appreciation (depreciation) on	
Investments	(20,575,311)
Translation of assets and liabilities in foreign currencies	7
Net realized and unrealized loss	(15,610,637)
Net decrease net assets resulting from operations	$ (12,797,234)

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

	2015	2014
Operations		
Net investment income	$ 2,813,403	$ 2,902,883
Net realized gain on investments	4,964,667	10,770,357
Unrealized depreciation on investments	(20,575,304)	(4,165,203)
Net increase (decrease) in net assets resulting from operations	(12,797,234)	9,508,037
Distributions to Shareholders		
Net investment income	(2,393,241)	(14,080,335)
Return of capital	(12,516,950)	-
Total distributions	(14,910,191)	(14,080,335)
Capital Share Transactions		
Proceeds from shares issued in rights offering	21,162,983	-
Offering costs of share offering charged to paid in capital	(276,827)	-
Reinvestment of distributions to shareholders	958,981	771,174
Increase in net assets from capital share transactions	21,845,137	771,174
Total change in net assets	(5,862,288)	(3,801,124)
Net Assets		
Beginning of period	144,279,719	148,080,843
End of period	$ 138,417,431	$ 144,279,719
End of period net assets include undistributed net investment income	$ -	$ -

See notes to financial statements.

	Year Ended December 31, 2015
Cash Flows From Operating Activities	
Net decrease in net assets resulting from operations	$ (12,797,234)
Adjustments to reconcile decrease in net assets resulting from operations to net cash provided by (used in) operating activities:	
Unrealized depreciation of investments	20,575,304
Net realized gain on sales of investments and foreign currencies	(4,964,667)
Purchase of long term investments	(55,021,165)
Proceeds from sales of long term investments	54,653,838
Net purchases of short term investments	(23,383)
Amortization of premium net of accretion of discount of investments	1,312
Decrease in dividends receivable	75,289
Decrease in interest receivable	12,973
Increase in foreign withholding tax reclaims receivable	(4,369)
Decrease in other assets	5,513
Decrease in accrued expenses	(5,774)
Decrease in investment management fee payable	(2,711)
Decrease in administrative services payable	(17,650)
Net cash provided by operating activities	2,487,276
Cash Flows from Financing Activities	
Proceeds from capital shares issued in share offering	21,162,983
Offering costs of share offering	(276,827)
Cash distributions paid	(14,079,023)
Bank credit facility repayment, net	(9,218,176)
Net cash used in financing activities	(2,411,043)
Net change in cash	76,233
Cash	
Beginning of period	-
End of period	$ 76,233
Supplemental disclosure of cash flow information:	
Cash paid for interest on bank credit facility	$ 200,442
Non-cash financing activities not included herein consisted of:	
Reinvestment of dividend distributions	$ 958,981

See notes to financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

Income Taxes – No provision has been made for U.S. income taxes because the Fund's current intention is to continue to qualify as a regulated investment company under the Internal Revenue Code (the "IRC") and to distribute to its shareholders substantially all of its taxable income and net realized gains. Foreign securities held by the Fund may be subject to foreign taxation. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. The Fund recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. The Fund has reviewed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal, state, and local income tax returns for open tax years (2012-2014) or expected to be taken in the Fund's 2015 tax returns.

Recent Accounting Standards Update – In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-07 "Disclosure for Investments in Certain Entities that Calculate Net Asset Value ("NAV") per Share (or Its Equivalent)." The amendments in ASU No. 2015-07 remove the requirement to categorize within the fair value hierarchy investments measured using the NAV practical expedient. The ASU also removes certain disclosure requirements for investments that qualify, but do not utilize, the NAV practical expedient. The amendments in the ASU are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Management is currently evaluating the impact these changes will have on the Fund's financial statements and related disclosures.

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, 2015, the Fund's reimbursements of such costs were $200,405, of which $125,290 and $75,115 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, 2015, Bexil Securities LLC ("Bexil Securities"), an affiliate of the Investment Manager, owned approximately 7% of the Fund's outstanding shares, pursuant to the Fund's governing documents that permit ownership of more than 4.99% of the Fund's outstanding shares with the prior approval of the Fund's Board of Trustees. For the years ended December 31, 2015 and December 31, 2014, Bexil Securities acquired 304,220 and 46,950 shares of the Fund, respectively, through participation in the Fund's Dividend Reinvestment Plan and share offering.

3. DISTRIBUTIONS TO SHAREHOLDERS AND DISTRIBUTABLE EARNINGS The tax character of distributions paid by the Fund for the years ended December 31, 2015 and 2014 are comprised of the following:

Tax characteristics of distributions:	2015	2014
Ordinary income	$ 2,393,241	$ 14,080,335
Return of capital	12,516,950	-
Total distribution	$ 14,910,191	$ 14,080,335

As of December 31, 2015, the components of distributable earnings on a tax basis were as follows:

Accumulated net realized loss on investments	$ (44,193,371)
Unrealized appreciation	3,589,969
	$ (40,603,402)

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

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

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

Under the IRC, capital losses incurred in taxable years beginning after November 30, 2011, are allowed to be carried forward indefinitely and retain the character of the original loss. The Fund has a net capital loss carryover as of December 31, 2015 of $44,193,371, of which $42,751,106 and $1,442,265 expires in 2016 and 2018, respectively. As a transition rule, post-enactment net capital losses are required to be utilized before pre-enactment net capital losses.

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, 2015, the Fund recorded the following financial reporting reclassifications to the net asset accounts to reflect those differences:

Accumulated Net Investment Income	Accumulated Net Realized Gains on Investments	Paid in Capital
$12,096,788	$109,928	$(12,206,716)

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

• Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities including securities actively traded on a securities exchange.

• Level 2 - observable inputs other than quoted prices included in level 1 that are observable for the asset or liability which may include quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

• Level 3 - unobservable inputs for the asset or liability including the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability.

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

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

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

Corporate bonds and notes – The fair value of corporate bonds and notes are normally estimated using various techniques which may consider, among other things, recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, and fundamental data relating to the issuer. Although most corporate bonds and notes may be categorized in level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they may be categorized in level 3.

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

The following is a summary of the inputs used as of December 31, 2015 in valuing the Fund's assets. Refer to the Schedule of Portfolio Investments for detailed information on specific investments.

ASSETS	Level 1	Level 2	Level 3	Total
Investments, at value				
Common stocks	$ 129,392,766	$ -	$ 37,605	$ 129,430,371
Corporate bonds and notes	-	2,169,902	-	2,169,902
Closed end funds	5,427,198	-	-	5,427,198
Real estate investment trusts	5,439,355	-	-	5,439,355
Reorganization interests	-	-	0	0
Master limited partnerships	1,023,200	-	-	1,023,200
Preferred stocks	2,560,549	-	0	2,560,549
Money market fund	4,800	-	-	4,800
Total investments, at value	$ 143,847,868	$ 2,169,902	$ 37,605	$ 146,055,375

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

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

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

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

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

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

The following table presents additional information about valuation methodologies and inputs used for assets that are measured at fair value and categorized as level 3 as of December 31, 2015:

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

5. INVESTMENT TRANSACTIONS Purchases and proceeds from sales or maturities of investment securities, excluding short term investments, were $55,021,165 and $54,653,838, respectively, for the year ended December 31, 2015. As of December 31, 2015, for federal income tax purposes, the aggregate cost of securities was $142,465,128 and net unrealized appreciation was $3,590,247, comprised of gross unrealized appreciation of $19,127,998 and gross unrealized depreciation of $15,537,751.

6. ILLIQUID AND RESTRICTED SECURITIES The Fund owns securities which have a limited trading market and/or certain restrictions on trading and, therefore, may be illiquid and/or restricted. Such securities have been valued using fair value pricing. Due to the inherent uncertainty of valuation, fair value pricing values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could be material. Illiquid and/or restricted securities owned as of December 31, 2015 were as follows:

	Acquisition Date	Cost	Value
Aquilex Holdings LLC	3/08/12	$ 496,372	$ 37,605
Penson Technologies LLC	4/09/14	0	0
Solar Cayman Ltd.	3/07/07	568,802	0
Total		$ 1,065,174	$ 37,605
Percent of net assets		0.77%	0.03%

7. BORROWING AND SECURITIES LENDING The Fund has entered into a Committed Facility Agreement (the "CFA") with BNP Paribas Prime Brokerage, Inc. ("BNP") which allows the Fund to adjust its credit facility amount up to $45,000,000, subject to BNP's approval, and a Lending Agreement, as defined below. Borrowings under the CFA are secured by assets of the Fund that are held with the Fund's custodian in a separate account (the "pledged collateral"). Interest is charged at the 1 month LIBOR (London Inter-bank Offered Rate) plus 0.95% on the amount borrowed and 0.50% on the undrawn balance. Because the Fund adjusts the facility amount each day to equal borrowing drawn that day, the annualized rate charge on undrawn facility amounts provided for by the CFA has not been incurred. The outstanding loan balance and the value of eligible collateral investments as of December 31, 2015 were $8,066,137 and $33,635,413, respectively, and the weighted average interest rate and average daily amount outstanding under the CFA for the year ended December 31, 2015 were 1.15% and $17,277,728, respectively. The maximum amount outstanding during the year ended December 31, 2015 was $29,623,399.

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

Under the Lending Agreement, Lent Securities are marked to market daily and, if the value of the Lent Securities exceeds the value of the then-outstanding borrowings owed by the Fund to BNP under the CFA (the "Current Borrowings"), BNP must, on that day, either (1) return Lent Securities to the Fund's custodian in an amount sufficient to cause the value of the outstanding Lent Securities to equal the Current Borrowings; or (2) post cash collateral with the Fund's custodian equal to the difference between the value of the Lent Securities and the value of the Current Borrowings. If BNP fails to perform either of these actions as required, the Fund may recall securities, as discussed below, in an amount sufficient to cause the value of the outstanding Lent Securities to equal the Current Borrowings. The Fund can recall any of the Lent Securities and BNP is obligated, to the extent commercially possible, to return such security or equivalent security to the Fund's custodian no later than three business days after such request. If the Fund recalls a Lent Security pursuant to the Lending Agreement, and BNP fails to return the Lent Securities or equivalent securities in a timely fashion, BNP normally remains liable to the Fund's custodian for the ultimate delivery of such Lent Securities, or equivalent securities, and for any buy-in costs that the executing broker for the sales transaction may impose with respect to the failure to deliver. The Fund also has the right to apply and set-off an amount equal to one hundred percent (100%) of the then-current fair value of such Lent Securities against the Current Borrowings. The Fund earns securities lending income consisting of payments received from BNP for lending certain securities, less any rebates paid to borrowers and lending agent fees associated with the loan. As of December 31, 2015, the value of securities on loan was $6,647,463 and for the year ended December 31, 2015, the Fund earned $7,580 in securities lending income.

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, 2015, there were 10,557,255 shares outstanding. Share transactions for the following periods were:

	Year Ended December 31, 2015		Year Ended December 31, 2014	
Shares issued in:	Shares	Amount	Shares	Amount
Rights offering	1,821,255	$ 21,162,983	-	$ -
Reinvestment of distributions	77,459	958,981	48,895	771,174
	1,898,714	$ 22,121,964	48,895	$ 771,174

A registration statement allowing the Fund to offer, from time to time, in one or more offerings, including through rights offerings, up to $150,000,000 shares of beneficial interest (the "shelf offering") was declared effective by the U.S. Securities and Exchange Commission on June 30, 2015. On September 28, 2015, the 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. Three rights were required to purchase one additional share of beneficial interest at the subscription price of $11.62 per share. 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. The NAV per share of the Fund was reduced by approximately $0.53 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 fixed income securities, which carry ratings of BB or lower by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("S&P") and/or Ba1 or lower by Moody's Investors Service, Inc. ("Moody's"). Investments in these below investment grade securities may be accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities. The relative illiquidity of some of these securities may adversely affect the ability of the Fund to dispose of such securities in a timely manner and at a fair price at times when it might be necessary or advantageous for the Fund to liquidate portfolio securities.

10. CONTINGENCIES The Fund indemnifies its officers and trustees from certain liabilities that might arise from their performance of their duties for the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which may provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as it involves future claims that may be made against the Fund under circumstances that have not occurred.

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

Per Share Operating Performance	2015	2014	2013	2012	One Month Ended Dec 31, 2011 (1)	Year Ended November 30, 2011
	Year Ended December 31,					
Net asset value, beginning of period	$16.66	$17.20	$15.53	$15.48	$16.88	$17.36
Income from investment operations: (2)						
Net investment income	0.31	0.34	0.40	0.56	0.08	0.96
Net realized and unrealized gain (loss) on investments	(1.68)	0.76	4.12	1.13	0.20	(0.08)
Total income from investment operations	(1.37)	1.10	4.52	1.69	0.28	0.88
Less distributions:						
Net investment income	(0.26)	(1.63)	(1.16)	(0.56)	(0.08)	(0.92)
Return of capital	(1.37)	-	(0.47)	(1.07)	(0.32)	(0.44)
Total distributions	(1.63)	(1.63)	(1.63)	(1.63)	(0.40)	(1.36)
Fund share transactions						
Effect of reinvestment of distributions	(0.02)	(0.01)	(0.01)	(0.01)	-*	-*
Decrease in net asset value from rights offering	(0.53)	-	(1.21)	-	(1.28)	-
Total Fund share transactions	(0.55)	(0.01)	(1.22)	(0.01)	(1.28)	-
Net asset value, end of period (3)	$13.11	$16.66	$17.20	$15.53	$15.48	$16.88
Market value, end of period (3)	$11.01	$15.12	$15.11	$13.53	$13.72	$13.84
Total Return (4)						
Based on net asset value	(10.65)%	7.28%	23.35%	12.67%	(5.52)%	5.61%
Based on market price	(17.32)%	10.83%	24.38%	10.75%	2.13%	(11.15)%
Ratios/Supplemental Data (5)						
Net assets, end of period (000s omitted)	$138,417	$144,280	$148,081	$93,951	$93,123	$71,329
Ratios to average net assets of:						
Total expenses (6)	1.65%	1.55%	1.87%	2.57%	2.09%**	2.02%
Net expenses (7)	1.65%	1.55%	1.87%	2.57%	2.09%**	2.00%
Net expenses excluding interest expense on bank credit facility	1.51%	1.47%	1.72%	2.30%	1.78%**	1.73%
Net investment income	2.02%	1.94%	2.38%	3.56%	6.28%**	5.44%
Portfolio turnover rate	35%	52%	45%	13%	0%	24%
Leverage analysis (000s omitted):						
Outstanding loan balance under the bank credit facility, end of period	$8,066	$17,284	$21,346	$21,348	$17,815	$18,209
Asset coverage per $1,000, end of period (8)	$18,161	$9,347	$7,937	$5,401	$6,227	$4,917

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

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

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

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

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

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

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

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

** Less than $0.01 per share.*

*** Annualized.*

See notes to financial statements.

To the Board of Trustees and Shareholders of Dividend and Income Fund

We have audited the accompanying statement of assets and liabilities of Dividend and Income Fund, including the schedule of investments as of December 31, 2015 and the related statements of operations and cash flows for the 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 four years in the period ended December 31, 2015, the period ended December 31, 2011, and the year ended November 30, 2011. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2015, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Dividend and Income Fund as of December 31, 2015, the results of its operations, the changes in its net assets, its cash flows and the financial highlights for the periods noted above, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
February 23, 2016

Investment Objectives and Policies

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

Limitations on Ownership

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

Shelf Registration Statement

During the current reporting period, the Fund filed an initial shelf registration statement with the SEC allowing it to issue an additional $150 million shares of beneficial interest. Under the shelf registration statement, which was declared effective on June 30, 2015, the Fund, subject to market conditions, may raise additional equity capital from time to time in varying amounts and utilizing various offering methods. While raising additional equity capital by selling new shares may allow the Fund to pursue additional investment opportunities without the need to sell existing portfolio investments, it also entails risks — including that the issuance of additional shares of beneficial interest may reduce the premium or increase the discount at which the Fund's shares trade to NAV in the secondary market. On September 28, 2015, pursuant to the shelf prospectus and a related prospectus supplement for a rights offering the 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 $267,676. This report is not an offer to sell Fund shares and is not a solicitation of an offer to buy Fund shares in any jurisdiction where the offers or sales are not permitted.

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

Proxy Voting

The Fund's Proxy Voting Guidelines, which describe the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities, as well as its 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.

Fund Website and Dividend Reinvestment Plan

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

Unclaimed Share Accounts

Please be advised that abandoned or unclaimed property laws for certain states require financial organizations to transfer (escheat) unclaimed property (including Fund shares) to the state. Each state has its own definition of unclaimed property, and Fund shares could be considered "unclaimed property" due to account inactivity (e.g., no owner-generated activity for a certain period), returned mail (e.g., when mail sent to a shareholder is returned to the Fund's transfer agent as undeliverable), or a combination of both. If your Fund shares are categorized as unclaimed, your financial advisor or the Fund's transfer agent will follow the applicable state's statutory requirements to contact you, but if unsuccessful, laws may require that the shares be escheated to the appropriate state. If this happens, you will have to contact the state to recover your property, which may involve time and expense. For more information on unclaimed property and how to maintain an active account, please contact your financial advisor or the Fund's transfer agent.

Managed Distributions

The Fund's current distribution policy is to provide shareholders with a relatively stable cash flow and to attempt to reduce or eliminate the Fund's market price discount to its net asset value per share. The policy may be changed or discontinued without notice. The distributions are paid from net investment income and any net capital gains, with the balance representing return of capital. The Fund's distributions are not tied to its net investment income and net realized capital gains and do not represent yield or investment return. The Fund is subject to U.S. corporate, tax, and securities laws. Under U.S. tax accounting rules, the amount of distributable net income is determined on an annual basis and is dependent during the fiscal year on the aggregate gains and losses realized by the Fund and, to a lesser extent, other factors. Therefore, the exact amount of distributable income can only be determined as of the end of the Fund's fiscal year. Under the Act, however, the Fund is required to indicate the source of each distribution to shareholders. The Fund estimates that distributions for the period commencing January 1, 2016, including the distributions paid quarterly, will be comprised primarily from paid in capital and the balance from net investment income. This estimated distribution composition may vary from quarter to quarter because it may be materially impacted by future realized gains and losses on securities and other factors. In January, the Fund normally sends shareholders a Form 1099-DIV for the prior calendar year stating the amount and composition of distributions and providing information about their appropriate tax treatment.

2016 Quarterly Distribution Dates

Declaration	Record	Payment
March 1	March 15	March 31
June 1	June 17	June 30
September 1	September 16	September 30
December 1	December 15	December 29

HISTORICAL DISTRIBUTION SUMMARY*

PERIOD	Investment Income	Return of Capital	Capital Gains	Total
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.

Terms and Conditions of the 2012 Amended Dividend Reinvestment Plan

1. Each shareholder (the "Shareholder") holding shares (the "Shares") of Dividend and Income Fund (the "Fund") will automatically be a participant in the Dividend Reinvestment Plan (the "Plan"), unless the Shareholder specifically elects to receive all dividends and capital gains in cash by notice to American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219, 1-800-278-4353, as agent under the Plan (the "Agent"). The Agent will open an account for each Shareholder under the Plan in the same name in which such Shareholder's Shares are registered.

2. Whenever the Fund declares a capital gain distribution or an income dividend payable in Shares or cash, participating Shareholders will take the distribution or dividend entirely in Shares and the Agent will automatically receive the Shares, including fractions, for the Shareholder's account in accordance with the following:

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

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

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

3. For all purposes of the Plan: (a) the Market Price of the Shares on a particular date shall be the average of the volume weighted average sale prices or, if no sale occurred then the mean between the closing bid and asked quotations, for the Shares quoted on the NYSE on each of the five business days the Shares traded ex-dividend on the NYSE immediately prior to such date, and (b) net asset value per share on a particular date shall be as determined by or on behalf of the Fund.

4. The open market purchases provided for herein may be made on any securities exchange on which the Shares are traded, in the over-the-counter market, or in negotiated transactions, and may be on such terms as to price, delivery, and otherwise as the Agent shall determine. Funds held by the Agent uninvested will not bear interest, and it is understood that, in any event, the Agent shall have no liability in connection with any inability to purchase Shares within 45 days after the initial date of such purchase as herein provided, or with the timing of any purchases effected. The Agent shall have no responsibility as to the value of the Shares acquired for the Shareholder's account.

5. The Agent will hold Shares acquired pursuant to the Plan in non-certificated form in the Agent's name or that of its nominee. At no additional cost, a Shareholder participating in the Plan may send to the Agent for deposit into its Plan account those certificate shares of the Fund in its possession. These Shares will be combined with those unissued full and fractional Shares acquired under the Plan and held by the Agent. Shortly thereafter, such Shareholder will receive a statement showing its combined holdings. The Agent will forward to the Shareholder any proxy solicitation material and will vote any Shares so held for the Shareholder only in accordance with the proxy returned by the Shareholder to the Fund.

6. The Agent will confirm to the Shareholder each acquisition for the Shareholder's account as soon as practicable but not later than 60 days after the date thereof. Although the Shareholder may from time to time have an individual fractional interest (computed to three decimal places) in a Share, no certificates for fractional Shares will be issued. However, dividends and distributions on fractional Shares will be credited to Shareholders' accounts. In the event of a termination of a Shareholder's account under the Plan, the Agent will adjust for any such undivided fractional interest in cash at the opening market value of the Shares at the time of termination.

7. Any stock dividends or split Shares distributed by the Fund on Shares held by the Agent for the Shareholder will be credited to the Shareholder's account. In the event that the Fund makes available to the Shareholder the right to purchase additional Shares or other securities, the Shares held for a Shareholder under the Plan will be

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

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

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

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

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

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

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

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 and then carryover until their successors are elected and qualify. Unless otherwise noted, the address of record for the trustees and officers is 11 Hanover Square, New York, New York 10005.

Name, Address, 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 (1)	Other Directorships Held by Trustee (2)
INTERESTED TRUSTEE					
THOMAS B. WINMILL, ESQ.(3) PO Box 4, Walpole, NH 03608 June 25, 1959	Class II Trustee	2011	He is President, Chief Executive Officer, and a Trustee or Director of the Fund, Foxby Corp., and Midas Series Trust. He is President, Chief Executive Officer, and General Counsel 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), and Winmill & Co. Incorporated (a holding company) ("Winco"). He is the Director and Vice President of Global Self Storage, Inc. He is a Director of Bexil American Mortgage Inc. He is Vice President of Tuxis Corporation (a real estate company). He is Chairman of the Investment Policy Committee of each of the Advisers (the "IPCs"), which currently manages Foxby Corp., Midas Magic, and Midas Perpetual Portfolio, and he is the sole portfolio manager of the Fund and Midas Fund. He is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute. He is the brother of Mark C. Winmill.	5	Global Self Storage, Inc.
INDEPENDENT TRUSTEES					
BRUCE B. HUBER, CLU, ChFC, MSFS February 7, 1930	Class I Trustee	2011	Retired. He is a former Financial Representative with New England Financial, specializing in financial, estate, and insurance matters. He is a member of the Board, emeritus, of the Millbrook School, and a member of the Endowment Board of the Community YMCA of Red Bank, NJ.	5	None
JAMES E. HUNT December 14, 1930	Class III Trustee	2011	Retired. He is a former Limited Partner of Hunt Howe Partners LLC (executive recruiting consultants).	5	None
PETER K. WERNER August 16, 1959	Class II Trustee	2011	Since 1996, he has been teaching, coaching, and directing a number of 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.	5	None

(1) As of January 19, 2016, the "Fund Complex" is comprised of the Fund, Foxby Corp. and Midas Series Trust which are managed by the Investment Manager or its affiliates. (2) Refers to directorships held by a trustee 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. (3) He is an "interested person" of the Fund as defined in the Act due to his affiliation with the Investment Manager.

Messrs. Huber, Hunt, 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.

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

EXECUTIVE OFFICERS

Name and Date of Birth	Position(s) Held with the Fund	Officer Since*	Principal Occupation(s) for the Past Five Years
Russell Kamerman, Esq. July 8, 1982	Chief Compliance Officer, AML Officer, Associate General Counsel, Vice President and Assistant Secretary	2014	Chief Compliance Officer, Anti-Money Laundering Officer, Associate General Counsel, Vice President and Assistant Secretary of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, Bexil Corporation, Tuxis Corporation and Winco. He is a member of the New York State Bar and the Chief Compliance Officer 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	2011	Vice President of the other investment companies in the Fund Complex, the Advisers, Bexil Corporation, Winco, and Tuxis Corporation. She is a member of the IPCs.
Thomas O'Malley July 22, 1958	Chief Accounting Officer, Chief Financial Officer, Treasurer and Vice President	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 Corporation, Winco, and Tuxis Corporation. He is a certified public accountant.
John F. Ramirez, Esq. April 29, 1977	General Counsel, Chief Legal Officer, Vice President, and Secretary	2011	General Counsel, Chief Legal Officer, Vice President, and Secretary of the other investment companies in the Fund Complex and Tuxis Corporation. He is Vice President, Associate General Counsel, and Secretary of the Advisers, the Broker-Dealers, Bexil Corporation, and Winco. He is a member of the IPCs. He also is a member of the New York State Bar and Investment Advisers Committee, Small Funds Committee, and the Compliance Advisory Committee of the Investment Company Institute.
Mark C. Winmill November 26, 1957	Vice President	2012	Vice President of the other investment companies in the Fund Complex and the Advisers. He is a member of the IPCs. He is President, Chief Executive Officer, and a Director of Global Self Storage, Inc. and Tuxis Corporation. He is Executive Vice President and a Director of Winco, Vice President of Bexil Corporation, and a principal of the Broker-Dealers. He is the brother of Thomas Winmill.

**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 9, 2015.*

STOCK DATA AT DECEMBER 31, 2015

NYSE Market Price per Share	$11.01
Net Asset Value per Share	$13.11
Market Price Discount to Net Asset Value	16.0%
NYSE Ticker Symbol	DNI
Net Asset Value Ticker Symbol	XDNIX
CUSIP Number	25538A204

FUND INFORMATION

Investment Manager

Bexil Advisers LLC
11 Hanover Square
New York, NY 10005
www.DividendandIncomeFund.com
1-212-785-0900

Stock Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
www.amstock.com
1-800-278-4353

DividendandIncomeFund.com

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

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

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

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

DIVIDEND
AND INCOME FUND

DNI
TICKER

WWW.DIVIDENDANDINCOMEFUND.COM

PRINTED ON RECYCLED PAPER