DIVIDEND & INCOME FUND
Form 497
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PROSPECTUS SUPPLEMENT

To Prospectus dated December 14, 2017

DIVIDEND AND INCOME FUND

Up to 3,600,000 Shares of Beneficial Interest ($0.01 par value per Share)

Issuable Upon Exercise of Non-Transferable Rights to Subscribe for Shares

Dividend and Income Fund (the Fund) is issuing to you and its other holders of shares of beneficial interest (the Shares) non-transferable subscription rights (the Rights). You will receive one Right for each Share of the Fund you own as of the close of business on December 26, 2017 (the Record Date) rounded up to the nearest number of Rights evenly divisible by three. These Rights entitle you to buy new Shares of the Fund. For every three Rights that you receive, you can buy one new Share of the Fund, plus in certain circumstances additional new Shares pursuant to an over-subscription privilege (described below). Fractional Shares will not be issued upon the exercise of the Rights. Accordingly, new Shares may be purchased only pursuant to the exercise of Rights in integral multiples of three. The holders of Rights may subscribe in the aggregate for up to 3,600,000 Shares, which the Fund may increase through the exercise of an over-allotment option by up to 25%, or up to an additional 900,000 Shares, for an aggregate total of up to 4,500,000 new Shares.

Your rights may be exercised at any time during the offering period (the Subscription Period) which starts on December 27, 2017, and ends at 5:00 p.m., ET, on January 26, 2018 (the Expiration Date), unless the Rights offering is terminated or extended.

This Rights offering provides you with the opportunity to purchase additional Shares at a price potentially below market value and net asset value (NAV), without paying any commissions. The subscription price per Share will be determined based upon a formula equal to 95% of the market price or 79% of the NAV per Share, whichever is greater, on the Expiration Date. Market price per Share will be determined based on the average of the last reported sales prices of a Share on the New York Stock Exchange (NYSE) for the five trading days preceding the Expiration Date (not including the Expiration Date). Because the Expiration Date is the last day of the Subscription Period (defined below), shareholders who choose to exercise their Rights will not know the actual Subscription Price at the time they exercise such Rights.

The Fund s Shares are currently listed, and the Shares issued in this Rights offering will also be listed, on the NYSE under the symbol DNI. The last reported sale price of Shares, as reported by the NYSE on December 12, 2017, was $13.80 per Share. The NAV per Share as of the close of business on December 12, 2017 was $16.74.

The Fund is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed end management investment company. The Fund s primary investment objective is to seek high current income. Capital appreciation is a secondary objective. There is no assurance the Fund will achieve its investment objectives. The Fund s investment manager is Bexil Advisers LLC (the Investment Manager).

Any Shares issued as a result of the Rights offering will not be record date Shares for the Fund s quarterly distribution to be paid in December 2017, if any, and will not be entitled to receive such distribution.

Exercising your Rights and investing in Shares involves risks. Please see Special Characteristics and Risks of the Rights Offering beginning on page R-22 of this Prospectus Supplement, and Special Considerations and Risk Factors beginning on page 33 of the accompanying Prospectus, to learn more about the risks you should carefully consider before investing.

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Shareholders who do not fully exercise their Rights will, upon the completion of the Rights offering, own a smaller proportional interest in the Fund than they owned prior to the Rights offering, resulting in immediate ownership and voting dilution for such shareholders. In addition, because the expenses associated with the Rights offering will be borne by the Fund (and indirectly by all shareholders, including those who do not exercise their Rights), such expenses will result in an immediate dilution of the NAV per Share for all existing shareholders (i.e., will cause the NAV per Share of the Fund to decrease). Furthermore, if the Subscription Price per Share is less than the NAV per Share as of the Expiration Date, the completion of the Rights offering will result in additional dilution of the NAV per Share for all existing shareholders, and may have the effect of reducing the market price of the Fund s Shares. The Fund cannot state precisely the extent of the dilution of the Fund s NAV per Share because the Fund does not know what the Subscription Price or the NAV per Share will be when the Rights offering expires, how many Shares will be subscribed for, the exact expenses of the Rights offering, or whether the Fund will exercise its over-allotment option. Any such dilution will disproportionally affect shareholders who choose not to exercise their Rights. If the Subscription Price is 79% of the NAV per Share on the Expiration Date and the Fund exercises its over-allotment option, dilution of the Fund s NAV per Share would be approximately 6.27%. For further information on the effect of dilution, see Special Characteristics and Risks of the Rights Offering on page R-22 of this Prospectus Supplement.

	Per Share	Total[4]
Estimated Subscription Price[1]	$ 13.22	$ 47,063,200
Estimated Underwriting Discounts and Commissions/Sales Load[2]	None	None
Estimated Proceeds, before expenses, to the Fund[3]	$ 13.22	$ 47,063,200

(1) Estimated on the basis of the greater of (i) 95% of the average of the last reported sales price of a Share on the NYSE on the five trading days preceding December 12, 2017 (not including December 12, 2017), and (ii) 79% of the NAV per Share on December 12, 2017. Rights holders will not know the Subscription Price at the time of exercise and will be required initially to pay for both the Shares subscribed for pursuant to the primary subscription and any additional Shares subscribed for pursuant to the over-subscription privilege at the estimated price of $13.22 per Share.

(2) The Rights are being offered directly by the Fund without the expense of an underwriter or sales agent.

(3) Offering expenses borne by the Fund are estimated to be approximately $220,000 in the aggregate, or $0.06 per Share (assuming the Rights offering is fully subscribed, but excluding the effect of increasing the number of Shares subject to subscription by 25% pursuant to the over-allotment option). After deduction of such expenses, the per Share and total proceeds to the Fund are estimated at $13.16 and $46,843,200, respectively. If the Fund increases the number of Shares subject to subscription pursuant to the over-allotment option, offering expenses are estimated to be approximately $220,000 in the aggregate, or $0.05 per Share, and after deduction of such expenses, the per Share and total proceeds to the Fund are estimated at $13.17 and $58,609,000, respectively. Offering expenses will be borne by the Fund and indirectly by all of its shareholders, including those who do not exercise their Rights. Accordingly, such expenses will immediately reduce the NAV per Share of the Fund.

(4) Assumes that the Rights offering is fully subscribed (excluding the effect of the exercise of the over-allotment option) at the estimated Subscription Price. All of the Rights may not be exercised. Pursuant to the over-allotment option, the Fund may, at the discretion of its Board of Trustees, increase the number of Shares subject to subscription by up to 25% of the Shares offered hereby. If the Fund increases the number of Shares subject to subscription by 25%, the Total Estimated Proceeds to the Fund (before expenses) will be $58,829,000.

This Prospectus Supplement and the accompanying Prospectus set forth concisely information you should know before investing. Please read them carefully before investing and keep them for future reference. Additional information about the Fund, including a Statement of Additional Information dated December 14, 2017 (SAI), has been filed with the Securities and Exchange Commission (SEC) and is incorporated by reference in its entirety into the accompanying Prospectus. This Prospectus Supplement describes the specific details regarding this offering. If information in this Prospectus Supplement is inconsistent with the accompanying Prospectus or the SAI, you should rely on this Prospectus Supplement. You may obtain additional information about the Fund, including its SAI and annual and semi-annual reports, without charge (i) upon request, by calling 1-855-411-6432; (ii) on the Fund s website at http://www.DividendandIncomeFund.com; and (iii) on the SEC s

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website at http://www.sec.gov. You may make any other shareholder inquiries by calling the Fund at 1-855-411-6432. The Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency.

Inquiries regarding the Rights offering should be directed to AST Fund Solutions, LLC, the information agent for the Rights offering, toll free at 1-800-814-4284.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy of this Prospectus Supplement or the accompanying Prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is December 26, 2017.

You should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this Prospectus Supplement and any accompanying Prospectus is accurate only as of the date on the applicable cover page.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the SAI contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continu anticipate, and similar terms and the negative of such terms. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Fund s actual results are the performance of the portfolio of securities the Fund holds, the conditions in the U.S. and international financial and other markets, the price at which the Shares will trade, and other factors discussed in the Fund s periodic filings with the SEC.

Actual results could differ materially from those projected or assumed in the forward-looking statements. The Fund s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Special Considerations and Risk Factors section of the accompanying Prospectus. All forward-looking statements contained or incorporated by reference in this Prospectus Supplement and the Prospectus are made as of the date set forth on the applicable cover page. Except for the Fund s ongoing obligations under the federal securities laws, the Fund does not intend, and it undertakes no obligation, to update any forward-looking statement. Any forward-looking statements contained in this Prospectus Supplement and the Prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the Securities Act).

Currently known risk factors that could cause actual results to differ materially from the Fund s expectations include, but are not limited to, the factors described in the Special Characteristics and Risks of the Rights Offering section of this Prospectus Supplement and the Special Considerations and Risk Factors section of the accompanying Prospectus. You are urged to review carefully these sections for a more complete discussion of the risks of an investment in the Shares.

SUMMARY OF THE TERMS OF THE RIGHTS OFFERING

Terms of the Offering

Dividend and Income Fund (the Fund) is issuing non-transferable subscription rights (the Rights) to its shareholders of record as of 5:00 p.m., ET, on December 26, 2017 (the Record Date), entitling the holders of such Rights to subscribe for up to an aggregate of 3,600,000 shares of beneficial interest of the Fund (the Shares). Holders of Shares on the Record Date (Record Date Shareholders) will receive one Right for each Share held on the Record Date, rounded up to the nearest number of Rights evenly divisible by three. The Rights entitle their holders to purchase one new Share for every three Rights held, plus in certain circumstances additional new Shares pursuant to the Over-Subscription Privilege (defined below). Fractional Shares will not be issued upon the exercise of the Rights. Accordingly, new Shares may be purchased only pursuant to the exercise of Rights in integral multiples of three. Assuming the exercise of all Rights, the offering will result in an approximately 33% increase in the Fund s Shares outstanding. A Record Date Shareholder s right to acquire one Share for every three Rights is referred to as the Primary Subscription and the Shares issued through the Primary Subscription are referred to as Primary Subscription Shares. If a Record Date Shareholder exercises all of the Rights he or she received in the Primary

Subscription, that shareholder may also subscribe for additional Shares pursuant to the Over-Subscription Privilege. The Rights offering is not contingent upon any number of Rights being exercised. See Description of the Rights Offering Terms of the Rights Offering.

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Purpose of the Offering	The Board of Trustees of the Fund (the Board) has determined that it would be in the best interests of the Fund and its shareholders to increase the assets of the Fund and that the Rights offering is currently an effective and efficient way to raise additional assets for the Fund. In connection with its conclusion to approve the Rights offering, the Board considered, among other things, the following factors: (i) the Rights offering provides an exclusive opportunity to Record Date Shareholders to purchase Shares of the Fund at a price potentially below the then current market price and the Fund s net asset value (NAV) per Share; (ii) shareholders who do not fully exercise their Rights will own, upon completion of the Rights offering, a smaller proportional interest in the Fund than they owned before the Rights offering and that the completion of the Rights offering will result in an immediate dilution of the NAV per Share for all existing shareholders, irrespective of whether they exercise all or a portion of their Rights; (iii) the increased equity capital to be available upon completion of a fully subscribed Rights offering, including Shares issued pursuant to the exercise of the Over-Allotment Option, that could be used for making additional investments consistent with the Fund s investment objectives; (iv) various other capital-raising alternatives, including, among other things, conducting a secondary offering of Shares, an at-the-market offering, and/or a transferable rights offering, and the benefits and drawbacks of conducting a transferable versus a non-transferable rights offering; (v) the size of the Rights offering in relation to the number of Shares outstanding; (vi) the belief of Bexil Advisers LLC (the Investment Manager) that it would be in the best interests of the Fund and its shareholders to increase the assets of the Fund thus permitting the Fund to be in a better position to more fully take advantage of investment opportunities that may arise and seek to enhance the Fund s future returns; (vii) the Investment Manager s belief that a larger number of outstanding Shares could increase the level of market interest in and visibility of the Fund and improve the trading liquidity of the Fund s Shares; (viii) the increase in assets may result in a modestly lower expense ratio for the Fund by spreading the Fund s fixed costs over a larger asset base; (ix) the potential impact of the Rights offering on the Fund s distribution policy; and (x) the Investment Manager has an inherent conflict of interest in recommending the Rights offering because the Fund pays fees to the Investment Manager based on a percentage of the Fund s assets and the Investment Manager will benefit from the increase in Fund assets that is expected to result from the Rights offering. The Board also considered that two of the Fund s prior rights offerings in 2011 and 2013 were oversubscribed, resulting in the Fund issuing an additional 1,774,988 (split adjusted) and 2,529,317 Shares, respectively, and that the Fund s most recent rights offering in 2015 was undersubscribed, resulting in the Fund issuing an additional 1,821,255 Shares.
Subscription Price	The subscription price per Share (the Subscription Price) will be determined based upon a formula equal to 95% of the market price or 79% of the NAV

per Share, whichever is greater, on the Expiration Date. Market price per Share will be determined based on the average of the last reported sales prices of a Share on the New York Stock Exchange

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	(NYSE) for the five trading days preceding the Expiration Date (not including the Expiration Date) (Average Market Price). As of December 12, 2017, the average of the last reported sales price of a Share on the NYSE on the preceding five trading days (not including December 12, 2017) was $13.69 and the NAV per Share was $16.74, for an estimated Subscription Price of $13.22 per Share. Because the Expiration Date is the last day of the Subscription Period, Rights holders will not know the actual Subscription Price at the time they exercise such Rights and will, therefore, be required initially to pay for both the Shares subscribed for pursuant to the Primary Subscription and any additional Shares subscribed for pursuant to the Over-Subscription Privilege, at the estimated Subscription Price of $13.22 per Share. See Description of the Rights Offering Terms of the Rights Offering.
Subscription Period	Rights may be exercised at any time during the offering period (the Subscription Period) which starts on December 27, 2017, and ends at 5:00 p.m., ET, on January 26, 2018 (the Expiration Date), unless the Rights offering is terminated or extended. See Description of the Rights Offering Terms of the Rights Offering, Description of the Rights Offering Expiration of the Offering, and Description of the Rights Offering Termination of the Offering.
Notice of NAV Decline	In accordance with SEC regulatory requirements, the Fund has undertaken to suspend the Rights offering until the Fund amends this Prospectus Supplement if, after the effective date of the Fund s Prospectus Supplement, the Fund s NAV declines more than 10% from the Fund s NAV as of that date. If this occurs, the Expiration Date will be extended and the Fund will notify Record Date Shareholders of the decline and permit them to cancel their exercise of Rights. See Description of the Rights Offering Notice of Net Asset Value Decline.
Over-Subscription Shares	Record Date Shareholders who fully exercise their Rights in the Primary Subscription may subscribe for the Primary Subscription Shares not subscribed for by other Rights holders at the same Subscription Price. The entitlement to buy such Shares is called the Over-Subscription Privilege. If enough Primary Subscription Shares are available, all such over-subscription requests will be honored in full. If over-subscription requests exceed the Primary Subscription Shares available, the Fund may, at the discretion of the Board, increase the number of Shares subject to subscription by up to 25% of the Primary Subscription Shares (i.e., up to an additional 900,000 Shares) (the Over-Allotment Shares) pursuant to the exercise of an over-allotment option to cover such over-subscription requests (the Over-Allotment Option). Primary Subscription Shares not bought in the Primary Subscription together with all Over-Allotment Shares, if any, are called Over-Subscription Shares. Requests for Over-Subscription Shares are subject to certain limitations and subject to allotment. See Description of the Rights Offering Over-Subscription Shares and Description of the Rights Offering Allocation of Over-Subscription Shares.
Method for Exercising Rights	Rights are evidenced by subscription certificates (each, a Subscription Certificate) that will be mailed or otherwise transmitted to Record Date

Shareholders, which may include your broker, bank, trust company or

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other intermediary who holds the Fund s Shares for your account, directly or via Cede & Co. (Cede) or other depository or nominee (except as described below with regard to Foreign Shareholders (as defined below)). Accordingly, Rights may be exercised by contacting your broker, bank, trust company or other intermediary who holds the Fund s Shares for your account, which can arrange, on your behalf, to guarantee delivery of payment and of a properly completed and executed Subscription Certificate (referred to as a Notice of Guaranteed Delivery). A fee may be charged for this service by your broker, banker, trust company or other intermediary. In addition, your broker, bank, trust company or other intermediary may impose a deadline for exercising Rights earlier than 5:00 p.m., ET, on the Expiration Date. Rights also may be exercised by completing and signing the Subscription Certificate and mailing it in the envelope provided, or otherwise delivering the completed and signed Subscription Certificate to the Subscription Agent, together with payment in full of the estimated Subscription Price for the Shares subscribed for. Completed Subscription Certificates and payments must be received by the Subscription Agent by 5:00 p.m., ET, on the Expiration Date at the offices of the Subscription Agent. See Description of the Rights Offering Method for Exercising Rights and Description of the Rights Offering Payment for Shares.

Rights holders who have exercised their Rights will have no right to rescind their subscription after receipt by the Subscription Agent of either the completed Subscription Certificate together with payment for Shares subscribed for or a Notice of Guaranteed Delivery, except as described herein. See Description of the Rights Offering Notice of Net Asset Value Decline.

Offering Expenses

The expenses of the Rights offering are expected to be approximately $220,000 (assuming the Rights offering is fully subscribed, but excluding the effect of the issuance of any Over-Allotment Shares). If the Fund increases the number of Shares subject to subscription pursuant to the over-allotment option for the full amount of Over-Allotment Shares, offering expenses are estimated to be approximately $220,000. The Fund will bear the expenses of the Rights offering and all such expenses will be borne indirectly by the Fund s shareholders, including those who do not exercise their Rights. Accordingly, such expenses will immediately reduce the NAV per Share of the Fund.

These expenses include, but are not limited to, the expenses of preparing, printing and mailing the prospectus, prospectus supplement, and Rights subscription materials, and the fees assessed by service providers (including the cost of the Fund s counsel and independent registered public accounting firm) in connection with the offering. See Fees and Expenses.

Use of Proceeds

The net proceeds to the Fund from this Rights offering, assuming all Rights issued hereunder are exercised, are estimated to be $46,843,200 or, if pursuant to the over-allotment option, the Fund, at the discretion of the Board, elects to increase the number of Shares subject to subscription in an amount equal to 25% and all Over-Allotment Shares are sold, $58,609,000, in each case after deducting offering expenses.

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The Investment Manager expects that it will initially invest the proceeds of the offering by reducing borrowings, if any and as appropriate, and investing the balance in income generating equity securities, high quality short-term debt securities, money market fund shares, or other securities, as applicable. The Investment Manager anticipates that the investment of the proceeds will be made in accordance with the Fund s investment objectives and policies as appropriate investment opportunities are identified, which is expected to substantially be completed within three months; however, changes in market conditions could result in the Fund s anticipated investment period extending to as long as six months. Depending on market conditions and operations, a portion of the cash held by the Fund, including any proceeds raised from the offering, may be used to pay distributions in accordance with the Fund s distribution policy. The Fund does not currently anticipate an increase in leverage immediately following the completion of the offering; however, the Fund reserves the right to adjust leverage from time to time. See Use of Proceeds.

Information and Subscription Agent

American Stock Transfer & Trust Company, LLC will act as the subscription agent for the Rights offering (the Subscription Agent). AST Fund Solutions, LLC, an affiliate of the Subscription Agent, will act as the information agent for the Rights offering (the Information Agent). Inquiries regarding the Rights offering by holders of Rights should be directed to the Information Agent toll free at 1-800-814-4284. See Description of the Rights Offering Information and Subscription Agent.

Taxation

For U.S. federal income tax purposes, the receipt of Rights by a Record Date Shareholder should not be a taxable event. We urge you to consult your own tax advisor with respect to the particular tax consequences of the Rights offering. See U.S. Federal Income Tax Consequences of the Offering.

Important Dates to Remember

EVENT	**DATE**
Record Date:	December 26, 2017
Subscription Period:	December 27, 2017 through January 26, 2018 [(1)]
Expiration Date:	January 26, 2018[(1)]
Subscription Certificates and Payment for Shares or Notices of Guaranteed Delivery Due:	January 26, 2018
Payment for Shares Pursuant to Notices of Guaranteed Delivery Due:	January 30, 2018
Confirmation Mailed to Participants:	Within two weeks of Expiration Date
Final Payment for Shares Due:	February 23, 2018 [(2)]

(1) Unless the Rights offering is terminated or extended.

(2) Additional amount due (in the event the actual Subscription Price exceeds the estimated Subscription Price).

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DESCRIPTION OF THE RIGHTS OFFERING

Terms of the Rights Offering

The Fund is issuing to Record Date Shareholders Rights to subscribe for up to 3,600,000 Shares of the Fund. In certain circumstances described under Over-Subscription Shares, the Fund may increase the number of Shares subject to subscription by up to 25%, or up to an additional 900,000 Over-Allotment Shares, for an aggregate total of up to 4,500,000 Shares. Assuming the exercise of all Rights, the offering will result in an approximately 33% increase in the Fund s Shares outstanding. If the Fund exercises the Over-Allotment Option by issuing the full amount of Over-Allotment Shares, the offering will result in an approximately 42% increase in the Fund s Shares outstanding.

Each Record Date Shareholder is being issued one non-transferable Right for each Share owned on the Record Date, rounded up to the nearest number of Rights evenly divisible by three. The Rights entitle the holder to purchase one new Share for each three Rights held. Fractional Shares will not be issued upon the exercise of the Rights. Accordingly, new Shares may be purchased only pursuant to the exercise of Rights in integral multiples of three. The Rights offering is not contingent upon any number of Rights being exercised and may be terminated at any time and for any reason before the Expiration date. The Shares, once issued, will be listed on the NYSE under the symbol DNI.

Each Share may be purchased by exercising three Rights and paying the Subscription Price, which will be determined based upon a formula equal to 95% of the market price or 79% of the NAV per Share, whichever is greater, on the Expiration Date. Market price per Share will be determined based on the average of the last reported sales prices of a Share on the NYSE for the five trading days preceding the Expiration Date (not including the Expiration Date). Because the Expiration Date is the last day of the Subscription Period, Rights holders will not know the actual Subscription Price at the time they exercise such Rights and will, therefore, be required initially to pay for both the Shares subscribed for pursuant to the Primary Subscription and any additional Shares subscribed for pursuant to the Over-Subscription Privilege, at the estimated Subscription Price of $13.22 per Share.

Rights may be exercised at any time during the Subscription Period, unless the Rights offering is terminated or extended. Rights will expire on the Expiration Date and thereafter may not be exercised.

Rights will be evidenced by subscription certificates (Subscription Certificates), with the number of Rights issued to each holder stated thereon. The method by which Rights may be exercised and Shares paid for is set forth below in Method for Exercising Rights and Payment for Shares. A holder of Rights will have no right to rescind a purchase after the Subscription Agent has received a completed Subscription Certificate together with payment for the subscribed Shares, except under the circumstances described below under Notice of Net Asset Value Decline.

Notwithstanding the foregoing, the Fund may cancel the Rights offering during the Subscription Period, even after the Rights have been distributed and subscriptions have been received.

Rights holders are entitled to subscribe for additional Shares at the same Subscription Price pursuant to the Over-Subscription Privilege, subject to certain limitations. See Over-Subscription Privilege below.

For purposes of determining the number of Shares that may be acquired pursuant to the Rights offering, each broker, bank, trust company or other intermediary whose Shares are held of record by Cede & Co. (Cede) or other depository or nominee will be deemed to be the holder of the Rights that are held by Cede or such other depository or nominee on its behalf.

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Brokers, banks, trust companies and other intermediaries, depositories, and nominees who hold the Fund s Shares for the account of others, should notify the respective beneficial owners of such Shares as soon as possible to ascertain such beneficial owners intentions, obtain instructions with respect to the Rights, and, as appropriate, complete the Subscription Certificate and submit it to the Subscription Agent with proper payment. In addition, beneficial owners of Shares or Rights held through brokers, banks, trust companies and other intermediaries, depositories, or nominees should contact the appropriate person to provide instructions with respect to the Rights.

Participants in the Fund s Dividend Reinvestment Plan will be issued Rights in respect of the Shares held in their accounts in the Dividend Reinvestment Plan. Participants wishing to exercise these Rights must exercise the Rights in accordance with the procedures set forth in Method for Exercising Rights and Payment for Shares.

The Rights are not transferable. You may not purchase or sell them. The Rights will not trade on the NYSE or any other exchange. If you do not exercise your Rights before the conclusion of the Rights offering, your Rights will expire without value.

Purpose of the Rights Offering

The Board has determined that it would be in the best interests of the Fund and its shareholders to increase the assets of the Fund and that the Rights offering is currently an effective and efficient way to do so. In reaching its conclusion to approve the Rights offering on the terms set out in this Prospectus Supplement, the Board considered the advice and recommendations of the Investment Manager and the recommendation of the Rights Offering Committee of the Board, and was advised by Fund counsel.

Beginning in September 2017, the Board considered the Fund s strategy and long range planning initiatives, such as potential strategies for growth and shareholder value, including, among other things, rights offerings. After considering the potential Rights offering at special meetings held on October 25, 2017 and December 13, 2017, the Rights Offering Committee recommended that the Board approve the Rights offering on the terms set out in this Prospectus Supplement, which the Board did at a meeting held on December 13, 2017.

The Rights Offering Committee of the Board, which was established in 2015 in connection with the filing of the registration statement of which this Prospectus Supplement is a part, consists of the three Trustees who are not interested persons of the Fund as defined under the 1940 Act.

In connection with its conclusion to approve the Rights offering, the Board considered, among other things, the following factors:

(i) *Opportunity to Purchase Potentially Below the Then Current Market Price Per Share and the Fund s Net Asset Value Per Share* The Board considered the Subscription Price noting that the Rights offering provides an exclusive opportunity for Record Date Shareholders to purchase Shares of the Fund at a price potentially below the then current market price per Share and the Fund s NAV per Share. The Board established the Subscription Price and the 1-for-3 Share for Rights exchange ratio based on the recommendations of the Investment Manager and with a view toward, among other things, providing an incentive to shareholders to exercise the Rights.

(ii)

Potential Ownership, Voting, and Net Asset Value Dilution The Board took into account that shareholders who do not fully exercise their Rights will own, upon completion of the Rights offering, a smaller proportional interest in the Fund than they owned before the Rights offering, resulting in immediate ownership and voting dilution for such shareholders. The Board also considered the fact that the expenses of the Rights offering will be borne by the Fund, and indirectly by all shareholders, including those who do not exercise their Rights, thus resulting in an immediate dilution of the NAV per Share for all existing shareholders. In addition, the Board considered that to the extent the Subscription Price per Share is less than the then current NAV per Share, the completion of the Rights offering will result in additional dilution of the NAV per Share for all existing shareholders, irrespective of whether they exercise all or a portion of their Rights, although any such dilution will disproportionally affect shareholders who choose not to exercise their Rights. Similarly, the Board noted that Bexil Securities LLC, the Fund s largest shareholder and an affiliate of the Investment Manager, could increase its percentage ownership in and control of the Fund through the exercise of its Rights and the purchase of additional Shares pursuant to the Over-Subscription Privilege and, if available, the purchase of Over-Allotment Shares.

(iii) *Increase in Capital* The Board considered the increased equity capital to be available upon completion of a fully subscribed Rights offering, including the issuance of Shares pursuant to the Fund s exercise of the Over-Allotment Option, that could be used for making additional investments consistent with the Fund s investment objectives. The Investment Manager advised the Board that it believed such additional capital could be deployed in an effective and timely manner consistent with the Fund s investment objectives. The Board considered that the current market environment for securities in which the Fund may invest could change, which may adversely affect the Fund s ability to invest the proceeds of the Rights offering in securities that provide a yield at least equal to the current yield of the securities in the Fund s portfolio. The Board noted that the anticipated increase in capital does not necessarily mean the Fund may be more or less leveraged than otherwise, as the Fund may change its borrowings from time to time should it determine to adjust its leverage following the completion of the Rights offering.

(iv) *Alternative Capital Raising Methods* The Board considered various other capital-raising alternatives, including, among other things, conducting secondary offerings of Shares, at-the-market offerings, and other types of rights offerings (e.g., transferrable rights offerings). The Board also considered the effect on the Fund if the Rights offering is undersubscribed. In this regard, the Board noted that two of the Fund s prior rights offerings in 2011 and 2013 were oversubscribed, and the Fund s most recent rights offering in 2015 was undersubscribed. The Board considered the benefits and drawbacks of conducting a transferable versus a non-transferable rights offering. In this regard, the Board considered the conclusions of the Investment Manager, which advised the Board that a non-transferable rights offering under terms generally consistent with the terms in this Prospectus Supplement appeared at that time to be the best alternative for the Fund to raise additional capital and that an underwriter or dealer is not always necessary or desirable for a non-transferable rights offering.

(v) *Size of the Rights Offering* The Board considered the size of the Rights offering in relation to the number of Shares outstanding. Based on recommendations from the Investment Manager, the Board decided on a 1-for-3 Rights offering with an Over-Subscription Privilege and an Over-Allotment Option.

(vi) *Conditions of the Securities Markets* The Board took into account the Investment Manager s belief that the condition of the securities markets appears supportive of a Rights offering by the Fund at this time and, as noted above, the potential to invest the proceeds of the Rights offering in securities in an effective and timely manner consistent with the Fund s investment objectives.

(vii) *Possible Greater Visibility of the Fund and Liquidity for the Shares* The Board took into account the Investment Manager s belief that a larger number of outstanding Shares could increase the level of market interest in and visibility of the Fund and improve the trading liquidity of the Fund s Shares on the NYSE.

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(viii) *Possible Modest Reduction in Expense Ratio* The Board was advised by the Investment Manager that the increase in assets may result in a modestly lower expense ratio for the Fund by spreading the Fund s fixed costs over a larger asset base. However, the Board considered that savings from a reduced expense ratio would be offset at first by the expenses of the Rights offering and dilution.

(ix) *Possible Impact on the Fund s Distribution Policy* The Board also considered the potential impact of the Rights offering on the Fund s distribution policy.

(x) *Investment Manager s Conflict of Interest* The Board considered that the Investment Manager has an inherent conflict of interest in recommending the Rights offering because the Fund pays fees to the Investment Manager based on a percentage of the Fund s assets and the Investment Manager will benefit from the increase in Fund assets that is expected to result from the Rights offering. The Board also considered that one of the Fund s Trustees who voted to authorize the Rights offering is an interested person of the Investment Manager within the meaning of the 1940 Act due to his affiliation with the Investment Manager and may benefit indirectly from the Rights offering because of his interest in the Investment Manager. It is not possible to state precisely the amount of additional compensation the Investment Manager will receive as a result of the Rights offering because it is not known at this time how many Shares will be subscribed for and because the proceeds of the Rights offering will be invested in additional portfolio securities, which will fluctuate in value. However, assuming all Rights are exercised and the Subscription Price is $13.22 per Share, and after giving effect to the expenses related to the Rights offering estimated to be $220,000, the Investment Manager would receive an additional annualized management fee of approximately $445,000 (or approximately $557,000, if the Over-Allotment Option is exercised and the full number of Over-Allotment Shares are issued). A majority of the Board members who approved the Rights offering are not interested persons of the Investment Manager.

The Board also considered the Fund s prior rights offerings in 2011, 2013, and 2015, including: (i) the number of exercising shareholders, including the Investment Manager, and dollar amounts subscribed for in the primary subscription, the over-subscription privilege, and any over-allotments, as applicable; (ii) the size of the rights offerings and net proceeds to the Fund; (iii) the dilutive effect of the prior rights offerings; (iv) the offering expenses incurred; and (v) the investments made by the Fund with the proceeds and the Fund s subsequent performance. In the prior rights offerings, shareholders of record on November 14, 2011, August 30, 2013, and September 28, 2015, respectively, were issued one non-transferable right for each outstanding Share owned, and each shareholder holding rights was entitled to subscribe for one new Share for every three rights held for a subscription price based on a similar formula as the current Subscription Price, although the formula for the 2011 and 2013 rights offerings was 95% of the lower of (a) the Fund s NAV per share or (b) the market price per share, and did not include the 79% and 80% floors found in the, respectively, current Rights offering or the 2015 rights offering. The prior rights offerings expired on December 23, 2011, September 27, 2013, and October 30, 2015, respectively. The Board noted that the 2011 and 2013 rights offerings were oversubscribed, resulting in the Fund issuing 1,774,988 (restated to reflect the effects of the Fund s subsequent 1-for-4 reverse stock split) and 2,529,317 additional Shares, respectively. The Board also noted that the 2015 rights offering was undersubscribed, resulting in the Fund issuing 1,821,255 additional Shares.

Expiration of the Offering

The Rights offering will expire at 5:00 p.m., ET, on January 26, 2018 (the Expiration Date), unless extended by the Fund. The Rights will expire on the Expiration Date and thereafter may not be exercised. Any extension of the Rights offering will be followed as promptly as practicable by announcement thereof. Without limiting the manner in which the Fund may choose to make such announcement, the Fund will not, unless otherwise required by law, have any obligation to publish, advertise, or otherwise communicate any such announcement other than by issuing a press release or such other means of announcement as the Fund deems appropriate.

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Termination of the Offering

The Fund may terminate the Rights offering at any time and for any reason during the Subscription Period. If the Fund terminates the Rights offering, the Fund will issue a press release announcing such termination and will direct the Subscription Agent to return, without interest, all subscription proceeds received to such shareholders who had elected to purchase Shares.

Notice of Net Asset Value Decline

In accordance with SEC regulatory requirements, the Fund has undertaken to suspend the Rights offering until the Fund amends this Prospectus Supplement if, after the effective date of the Fund s Prospectus Supplement, the Fund s NAV declines more than 10% from the Fund s NAV as of that date. If this occurs, the Expiration Date will be extended and the Fund will notify Record Date Shareholders of the decline and permit them to cancel their exercise of Rights.

Over-Subscription Shares

Record Date Shareholders who fully exercise all Rights issued to them in the Primary Subscription may subscribe for the Primary Subscription Shares not subscribed for by other Rights holders at the same Subscription Price. The entitlement to buy such Shares is called the Over-Subscription Privilege. If enough Primary Subscription Shares are available after completion of the Primary Subscription, all such requests that are timely received will be honored in full. If over-subscription requests exceed the Primary Subscription Shares available, the Fund may, at the discretion of its Board, increase the number of Shares subject to subscription by up to 25% of the Primary Subscription Shares pursuant to the exercise of the Over-Allotment Option to cover such over-subscription requests. The Fund will not offer or sell in this Rights offering any Shares that are not subscribed for pursuant to the Primary Subscription or the Over-Subscription Privilege, although the Fund may offer and sell such Shares in a subsequent offering pursuant to the registration statement of which this Prospectus Supplement and the accompanying Prospectus are a part, subject to applicable law.

Record Date Shareholders who fully exercise all Rights issued to them in the Primary Subscription should indicate, on the Subscription Certificate that they submit with respect to such exercise, how many additional Shares they are requesting pursuant to the Over-Subscription Privilege.

Allocation of Over-Subscription Shares

Regardless of whether the Fund issues Over-Allotment Shares and to the extent sufficient Shares are not available to fulfill all over-subscription requests, Over-Subscription Shares will be allocated pro rata among those Record Date Shareholders who over-subscribe based on the number of Shares owned by them on the Record Date, but in no event will the number of Shares allocated to a shareholder exceed the number the shareholder subscribed for. The allocation process may involve a series of allocations in order to assure that the total number of Over-Subscription Shares is distributed on a pro rata basis.

The formula to be used in allocating the Over-Subscription Shares is as follows:

Record Date Position of Shareholder	X	Over-Subscription Shares Remaining

Total Record Date Position of Shareholders Requesting
Over-Subscription Shares Remaining in that Allocation

Brokers, banks, trust companies and other intermediaries, depositories, and nominees who hold the Fund s Shares for the account of others will be required, before any Over-Subscription Shares may be allocated with respect to any particular beneficial owner, to certify to the Subscription Agent the number of Rights exercised

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and Shares subscribed for pursuant to the Primary Subscription and the Over-Subscription Privilege by such beneficial owner, and that such beneficial owner s Primary Subscription was exercised in full. Certification forms will be available from the Information Agent.

The Fund has been advised that the Investment Manager, its affiliates, and one or more of their officers, and members of the Fund s Board may exercise some or all of the Rights issued to them, and may request additional Shares pursuant to the Over-Subscription Privilege. Any purchases of additional Shares pursuant to the Over-Subscription Privilege by such persons will increase their proportionate voting power and share of the Fund s assets.

Method for Exercising Rights

Rights are evidenced by subscription certificates (each, a Subscription Certificate) that will be mailed or otherwise transmitted to Record Date Shareholders, including your broker, bank, trust company or other intermediary who holds the Fund s Shares for your account, directly or via Cede & Co. (Cede) or other depository or nominee (except as described under Requirements for Foreign Shareholders, below). Accordingly, Rights may be exercised by contacting your broker, bank, trust company or other intermediary who holds the Fund s Shares for your account, which can arrange, on your behalf, to guarantee delivery of payment and a properly completed and executed Subscription Certificate (referred to as a Notice of Guaranteed Delivery). A fee may be charged for this service by your broker, banker, trust company or other intermediary. In addition, your broker, bank, trust company or other intermediary may impose a deadline for exercising Rights earlier than 5:00 p.m., ET, on the Expiration Date. Rights also may be exercised by completing and signing the Subscription Certificate and mailing it in the envelope provided, or otherwise delivering the completed and signed Subscription Certificate to the Subscription Agent, together with payment in full of the estimated Subscription Price for the Shares subscribed for by the Expiration Date as described under Payment for Shares. Completed Subscription Certificates and payments must be received by the Subscription Agent by 5:00 p.m., ET, on the Expiration Date (unless delivery of Subscription Certificate and payment is effected by means of a Notice of Guaranteed Delivery as described under Payment for Shares) at the offices of the Subscription Agent at one of the addresses set forth under Information and Subscription Agent.

Shareholders who are Record Owners. Shareholders who are record owners of Shares can choose between either option set forth under Payment for Shares. If time is of the essence, option (2) will permit delivery of the Subscription Certificate and payment for Shares after the Expiration Date.

Investors whose Shares are Held by Intermediaries, Depositories, or Nominees. Beneficial owners of Shares held through brokers, banks, trust companies and other intermediaries, depositories, or nominees should contact the appropriate person to provide instructions with respect to the Rights and, as appropriate, to complete the Subscription Certificate on behalf of the beneficial owner and arrange for proper payment by one of the methods set forth under Payment for Shares.

Parties Who Hold the Fund s Shares for the Account of Others. Brokers, banks, trust companies and other intermediaries, depositories, and nominees who hold the Fund s Shares for the account of others should notify the respective beneficial owners of such Shares as soon as possible to ascertain such beneficial owners intentions, obtain instructions with respect to the Rights, and, as appropriate, complete the Subscription Certificate and submit it to the Subscription Agent with proper payment as described under Payment for Shares.

Brokers, banks, trust companies and other intermediaries, depositories, and nominees who hold the Fund s Shares for the account of others will be required, before any Over-Subscription Shares may be allocated with respect to any particular beneficial owner, to certify to the Subscription Agent the number of Rights exercised and Shares subscribed for pursuant to the Primary Subscription and the Over-Subscription Privilege by such beneficial owner, and that such beneficial owner s Primary Subscription was exercised in full. Certification forms will be available from the Information Agent.

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Requirements for Foreign Shareholders. Subscription Certificates will only be transmitted to Record Date Shareholders whose addresses are within the United States (other than an APO or FPO address). Record Date Shareholders whose addresses are outside the United States (for these purposes, the United States includes the District of Columbia and the territories and possessions of the United States) or who have an APO or FPO address (collectively Foreign Shareholders) and who wish to subscribe to the Rights offering either in part or in full should contact the Subscription Agent in writing or by recorded telephone conversation no later than five business days prior to the Expiration Date. The Fund will determine whether the Rights offering may be made to any such Record Date Shareholder. The Rights offering will not be made in any jurisdiction where it would be unlawful to do so. If the Subscription Agent has received no instruction by the fifth business day prior to the Expiration Date (or, if the Subscription Period is extended, on or before the fifth business day prior to the extended Expiration Date) or the Fund has determined that the Rights offering may not be made to a particular Record Date Shareholder, the Fund will consider the Rights of such Shareholder as having not been exercised and the underlying Shares shall be available to other Record Date Shareholders pursuant to the Over-Subscription Privilege.

Information and Subscription Agent

American Stock Transfer & Trust Company, LLC will serve as the Fund s subscription agent in connection with the Rights offering. AST Fund Solutions, LLC, an affiliate of the Subscription Agent, will serve as the Fund s information agent in connection with the Rights offering. The Subscription Agent and Information Agent will collectively receive from the Fund an amount estimated to be approximately $30,000, comprised of the fee for their services and the reimbursement for certain expenses related to the Rights offering. The fees and expenses of the Subscription Agent and Information Agent are included in the fees and expenses of the Rights offering and, therefore, will be borne by the Fund and indirectly by all shareholders, including those who do not exercise their Rights.

Inquiries regarding the Rights offering should be directed to the Information Agent toll free at 1-800-814-4284.

Completed Subscription Certificates must be sent together with payment of the estimated Subscription Price for all Shares subscribed for in the Primary Subscription and the Over-Subscription Privilege to the Subscription Agent by one of the methods described below. Beneficial owners of Shares held through brokers, banks, trust companies and other intermediaries, depositories, or nominees should contact the appropriate person to provide instructions to send Notices of Guaranteed Delivery to the Subscription Agent prior to 5:00 p.m., ET, on the Expiration Date. The Fund will accept only properly completed and executed Subscription Certificates actually received at any of the addresses listed below, prior to 5:00 p.m., ET, on the Expiration Date, or by the close of business on January 30, 2018 following timely receipt of a Notice of Guaranteed Delivery. See Payment for Shares.

Subscription Certificate Delivery Method	**Address/Number**
Notice of Guaranteed Delivery:	Contact your broker, bank, trust company or other intermediary, depository, or nominee to notify the Fund of your intent to exercise the Rights.
First Class Mail Only	
(No Express Mail or Overnight Courier):	American Stock Transfer & Trust Company, LLC
	Operations Center

	Attn: Reorganization Department P.O. Box 2042 New York, New York 10272-2042
Express Mail, Overnight Courier, or by Hand:	American Stock Transfer & Trust Company, LLC Operations Center Attn: Reorganization Department 6201 15th Avenue Brooklyn, New York 11219 Toll-free: 1-877-248-6417

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The Fund will honor only Subscription Certificates, or Notices of Guaranteed Delivery, received by the Subscription Agent prior to 5:00 p.m., ET, on the Expiration Date at one of the addresses listed above. Delivery to an address other than those listed above will not constitute good delivery.

The Subscription Agent will deposit all funds received by it into a segregated account (interest, if any, paid on the balances in the account will accrue to the benefit of the Fund), pending distribution of the Shares.

Payment for Shares

Rights holders who wish to acquire Shares pursuant to the Primary Subscription and the Over-Subscription Privilege may choose between the following methods of payment:

(1) A Rights holder can send the properly completed and executed Subscription Certificate together with full payment for Shares to be purchased, based upon the estimated Subscription Price of $13.22 per Share, in the form of a personal check drawn upon a U.S. bank payable to the Subscription Agent. A subscription will be accepted when payment, together with the executed Subscription Certificate, is received by the Subscription Agent at one of the addresses set forth under Information and Subscription Agent. The payment and the properly completed and executed Subscription Certificate must be received by the Subscription Agent by 5:00 p.m., ET, on the Expiration Date. The Subscription Agent will deposit all checks and other funds received by it for the purchase of Shares into a segregated account of the Fund pending proration and distribution of Shares.

A PAYMENT PURSUANT TO THIS METHOD MUST BE IN U.S. DOLLARS AND MAY BE MADE BY PERSONAL CHECK, CERTIFIED CHECK, OR BANK CASHIER S CHECK DRAWN ON A BANK LOCATED IN THE UNITED STATES, OR BY WIRE TRANSFER, PAYABLE TO **AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC AS SUBSCRIPTION AGENT** AND MUST ACCOMPANY A PROPERLY COMPLETED AND EXECUTED SUBSCRIPTION CERTIFICATE FOR SUCH SUBSCRIPTION TO BE ACCEPTED. WIRE TRANSFER INSTRUCTIONS ARE PROVIDED IN THE SUBSCRIPTION CERTIFICATE.

(2) Alternatively, a subscription will be accepted by the Subscription Agent if, by 5:00 p.m., ET, on the Expiration Date, the Subscription Agent has duly received a Notice of Guaranteed Delivery from a broker, bank, trust company or other intermediary, depository, or nominee guaranteeing delivery of a properly completed and executed Subscription Certificate and full payment for Shares at the estimated Subscription Price of $13.22 per Share. The Notice of Guaranteed Delivery may be delivered to the Subscription Agent in the same manner as Subscription Certificates at the addresses set forth above, or may be transmitted to the Subscription Agent by facsimile transmission to fax number 1-718-234-5001; telephone number to confirm receipt 1-877-248-6417. The Subscription Agent will not honor a Notice of Guaranteed Delivery if a properly completed and executed Subscription Certificate and full payment for the Shares at the estimated Subscription Price of $13.22 per Share is not received by the Subscription Agent by the close of business on January 30, 2018.

A confirmation will generally be sent within two weeks of the Expiration Date (the Confirmation Date) by the Subscription Agent to each Rights holder exercising its Rights (or, for beneficial owners of Shares held through brokers, banks, trust companies and other intermediaries, depositories, or nominees, to such other intermediaries, depositories, or nominees) showing (i) the number of Shares acquired pursuant to the Primary Subscription, (ii) the number of Shares, if any, acquired pursuant to the Over-Subscription Privilege, (iii) the per Share and total purchase price for the Shares, (iv) any excess to be refunded by the Fund to the Rights holder as a result of payment for Shares pursuant to the Over-Subscription Privilege that the Rights holder is not acquiring, and (v) any additional amount payable to the Fund by the Rights holder or any excess to be refunded by the Fund to the Rights holder, in each case based on the actual Subscription Price as determined on the Expiration Date. Any additional payment required from a Rights holder must be received by the Subscription Agent by the close of business on February 23, 2018 (unless the Subscription Period is extended). Any excess payment to be refunded

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by the Fund to a Rights holder will be mailed or otherwise transmitted by the Subscription Agent to such Rights holder as promptly as practicable. All payments by a Rights holder must be in U.S. dollars and may be made by personal check, certified check, or bank cashier s check drawn on a bank located in the United States, or by wire transfer, payable to American Stock Transfer & Trust Company, LLC as Subscription Agent.

Whichever of the two methods described above is used, issuance and delivery of the Shares subscribed for are contingent upon actual payment for such Shares. No certificates will be issued or delivered with respect to Shares issued and sold in the Rights offering.

Rights holders who have exercised their Rights will have no right to rescind their subscription after receipt of the completed Subscription Certificate together with payment for Shares by the Subscription Agent, except under the circumstances described above under Notice of Net Asset Value Decline.

If a Rights holder who acquires Shares pursuant to the Primary Subscription or the Over-Subscription Privilege does not make payment of any amounts due by the Expiration Date (or later, if a Notice of Guaranteed Delivery is used), the Fund reserves the right to take any or all of the following actions through all appropriate means: (i) find other Record Date Shareholders for the subscribed and unpaid-for Shares; (ii) apply any payment actually received by the Fund toward the purchase of the greatest whole number of Shares that could be acquired by the Rights holder upon exercise of such Rights acquired pursuant to the Primary Subscription or the Over-Subscription Privilege; and/or (iii) exercise any and all other rights or remedies to which the Fund may be entitled, including, without limitation, the right to set off against payments actually received by it with respect to such subscribed Shares and to enforce the relevant guarantee of payment.

The method of delivery of completed Subscription Certificates and payment of the Subscription Price to the Subscription Agent will be at the election and risk of exercising Rights holders, but if sent by mail, it is recommended that such forms and payments be sent by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the Subscription Agent and clearance of payment by 5:00 p.m., ET, on the Expiration Date. Because uncertified personal checks may take more than one business day to clear, exercising Rights holders who do not wish to use the wire transfer method of payment are urged to pay, or arrange for payment, by means of certified or cashier s check with the shareholder s name identified on the check.

All questions concerning the timeliness, validity, form and eligibility of any exercise of Rights will be determined by the Fund, which determinations will be final and binding. The Fund, in its sole discretion, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as it may determine, or reject the purported exercise of any Right. Subscriptions will not be deemed to have been received or accepted until substantially all irregularities have been waived or cured within such time as the Fund determines in its sole discretion. The Fund will not be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Certificates or incur any liability for failure to give such notification.

Employee Benefit Plan Considerations

Shareholders that are employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA) (including corporate savings and 401(k) plans), Keogh plans of self-employed individuals, Individual Retirement Accounts (IRAs) and other plans eligible for special tax treatment under the Internal Revenue Code of 1986, as amended (the Code) (each a Plan and collectively, the Plans) should be aware that additiona contributions of cash to the Plan (other than rollover contributions or trustee-to-trustee transfers from other Plans) made in order to exercise Rights would be treated as Plan contributions and, when taken together with contributions previously made, may subject a Plan to excise taxes for excess or nondeductible contributions. In the case of Plans qualified under Section 401(a) of the Code and certain other plans, additional cash contributions could cause the maximum contribution limitations of Section 415 of the Code or other qualification rules to be violated. Plans contemplating the receipt of additional cash contributions to exercise Rights should consult with their counsel prior to receiving or using such contributions.

Plans and other tax exempt entities, including governmental plans, should also be aware that if they borrow in order to finance their exercise of Rights, they may become subject to the tax on unrelated business taxable income under Section 511 of the Code. If any portion of an IRA is used as security for a loan to the individual for whose benefit the IRA is established, the portion so used is also treated as distributed to such individual.

ERISA contains fiduciary responsibility requirements, and ERISA and the Code contain prohibited transaction rules that may impact the exercise of Rights. Due to the complexity of these rules and the penalties for non-compliance, Plans should consult with their counsel regarding the consequences of their exercise of Rights under ERISA and the Code.

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FEES AND EXPENSES

The following table contains information about the costs and expenses that shareholders will bear directly or indirectly, as a result of the Rights offering. The table is based on estimated amounts for the current fiscal year ending December 31, 2017 (except as noted below), after giving effect to the Rights offering (assuming that the Rights offering is fully subscribed and that the Fund, at the discretion of the Board, increases the number of Shares subject to subscription by 25% pursuant to the exercise of the Over-Allotment Option, resulting in the receipt of net proceeds of $58,609,000). If the Fund issues fewer Shares and the net proceeds to the Fund are less, all other things being equal, the total annual expenses shown would increase. The purpose of the table and the example below is to help you understand the fees and expenses that you, as a holder of Shares, would bear directly or indirectly.

Shareholder Transaction Expenses	
Sales Load (as a percentage of estimated Subscription Price)(1)	None
Offering Expenses (as a percentage of estimated Subscription Price)(2)	0.37%
Dividend Reinvestment Plan Fees(3)	None
Annual Expenses (as a percentage of net assets attributable to Shares)	
Management Fees(4)	1.01%
Interest Payments on Borrowed Funds(5)	0.17%
Acquired Fund Fees and Expenses(6)	0.03%
Other Expenses(7)	0.43%
Total Annual Fund Operating Expenses	1.64%

(1) The Rights are being offered directly by the Fund without the expense of an underwriter or sales agent.

(2) Assuming the Rights offering is fully subscribed, but excluding the effect of increasing the number of Shares subject to subscription by 25% pursuant to the exercise of the Over-Allotment Option, offering expenses borne by the Fund are estimated to be approximately $220,000 in the aggregate, or $0.06 per Share. If the Fund increases the number of Shares subject to subscription pursuant to the exercise of the Over-Allotment Option for the full amount of Over-Allotment Shares, offering expenses are estimated to be approximately $220,000 in the aggregate, or $0.05 per Share.

(3) See Dividend Reinvestment Plan in the accompanying Prospectus.

(4) The Fund pays a management fee to the Investment Manager 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 (financial leverage). In accordance with the requirements of the SEC, the table above shows the Fund s management fee as a percentage of average net assets. In calculating the management fee rate based on net assets, the Fund derived the amount of management fees based upon outstanding financial leverage of 6% of the Fund s estimated managed assets (which is based on the average level of financial leverage employed during the Fund s current fiscal year). If financial leverage of more than 6% is used, the management fee shown would be higher.

(5) Assumes borrowings under the Liquidity Agreement representing 6% of estimated managed assets at an annual interest rate of 2.67%, which is the interest rate applicable as of December 12, 2017 under the Fund s Liquidity Agreement.

(6) Acquired Fund Fees and Expenses are based upon actual amounts of such fees and expenses for the 2016 fiscal year.

(7) Other Expenses are based upon estimated amounts for the current fiscal year.

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Example

The following example illustrates the expenses that you would pay on a $1,000 investment in Shares, assuming (1) a 5% annual return, (2) total annual fund operating expenses of 1.64%, (3) offering expenses of 0.37%, and (4) reinvestment of all dividends and other distributions at NAV.

1 Year	3 Years	5 Years	10 Years
$20	$55	$92	$197

The purpose of the table and example above is to help you understand the various costs and expenses that an investor in the Fund may bear directly or indirectly. **The example should not be considered a representation of future expenses. The Fund s actual expenses may be more or less than those shown and the Fund s actual rate of return will vary and may be higher or lower than the hypothetical 5% annual return used to calculate the example.**

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FINANCIAL HIGHLIGHTS

The table below sets forth certain specified information for a Share outstanding throughout each period presented. This information is derived from the financial and accounting records of the Fund. The financial highlights for the fiscal years ended December 31, 2012 through December 31, 2016, the one month ended December 31, 2011, and the year ended November 30, 2011 have been audited by Tait, Weller & Baker LLP, an independent registered public accounting firm. The prior financial highlights for the fiscal years ended November 30, 2007 through November 30, 2010 were audited by other independent registered public accounting firms, whose reports with respect to those periods were unqualified. Information for the six-month period ended June 30, 2017 has not been audited. The information below should be read in conjunction with (i) the Fund s audited financial statements and the accompanying notes thereto for the fiscal year ended December 31, 2016, which, together with the report of the Fund s independent registered public accounting firm, have been incorporated by reference in the SAI, and (ii) the Fund s Semi-Annual Report for the six-month period ended June 30, 2017, which is also incorporated by reference in the SAI. The Annual and Semi-Annual Reports are available without charge by calling toll-free at 1-855-411-6432.

Bexil Advisers LLC became the Fund s Investment Manager effective February 1, 2011.

Per share data, including the proportionate impact to market price, has been restated to reflect the effects of a 1-for-4 reverse stock split effective as of the start of trading on the NYSE on December 10, 2012.

are ing nance		For the Years Ended December 31,						For the Years Ended November 30,				
hare ding out riod)	Six months ended June 30, 2017 (1)	2016	2015	2014	2013	2012	One Month Ended Dec. 31, 2011(2)	2011	2010	2009	2008	2
et ng of	$ 14.18	$ 13.11	$ 16.66	$ 17.20	$ 15.53	$ 15.48	$ 16.88	$ 17.36	$ 16.76	$ 14.68	$ 32.64	$
from ent ons:(3)												
ent	0.08	0.25	0.31	0.34	0.40	0.56	0.08	0.96	0.80	0.84	2.24	
ized ealized ss) on ents	1.04	1.84	(1.68)	0.76	4.12	1.13	0.20	(0.08)	1.44	2.88	(16.76)	
come	1.12	2.09	(1.37)	1.10	4.52	1.69	0.28	0.88	2.24	3.72	(14.52)	

ent ons												
tions:												
ent	(0.08)	(0.23)	(0.26)	(1.63)	(1.16)	(0.56)	(0.08)	(0.92)	(1.40)	(1.56)	(2.36)	
gains	--	--	--	--	--	--	--	--	--	--	--	
of	(0.22)	(0.77)	(1.37)	--	(0.47)	(1.07)	(0.32)	(0.44)	(0.24)	(0.08)	(1.08)	
tions	(0.30)	(1.00)	(1.63)	(1.63)	(1.63)	(1.63)	(0.40)	(1.36)	(1.64)	(1.64)	(3.44)	
are ions:												
f ment ends	(0.03)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	--*	--*	--*	--	--	
e in t value ghts t	--	--	(0.53)	--	(1.21)	--	(1.28)	--	--	--	--	
und ions	(0.03)	(0.02)	(0.55)	(0.01)	(1.22)	(0.01)	(1.28)	--	--	--	--	
et end of 4)	$ 14.97	$ 14.18	$ 13.11	$ 16.66	$ 17.20	$ 15.53	$ 15.48	$ 16.88	$ 17.36	$ 16.76	$ 14.68	$
t **end of**	$ 12.35	$ 11.85	$ 11.01	$ 15.12	$ 15.11	$ 13.53	$ 13.72	$ 13.84	$ 16.92	$ 14.60	$ 10.40	$

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	For the Years Ended December 31,						For the Years En		
x ths ed 30, (1)	2016	2015	2014	2013	2012	One Month Ended Dec. 31, 2011(2)	2011	2010	2009
8.19%	18.13%	(10.65)%	7.28%	23.35%	12.67%	(5.52)%	5.61%	14.55%	29.42%
6.81%	17.55%	(17.32)%	10.83%	24.38%	10.75%	2.13%	(11.15)%	28.17%	59.14%
,818	$151,005	$138,417	$144,280	$148,081	$93,951	$93,123	$71,329	$73,322	$70,853
1.71**	1.62%	1.65%	1.55%	1.87%	2.57%	2.09%**	2.02%	2.63%	3.01%
1.71**	1.62%	1.65%	1.55%	1.87%	2.57%	2.09%**	2.00%	2.50%	2.89%
1.43%**	1.46%	1.51%	1.47%	1.72%	2.30%	1.78%**	1.73%	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.20%	2.03%
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.07%	1.91%
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.43%	0.98%
1.08%**	1.85%	2.02%	1.94%	2.38%	3.56%	6.28%**	5.44%	4.73%	5.43%
8%	69%	35%	52%	45%	13%	0%	24%	51%	73%
N/A	$27,780	$8,066	$17,284	$21,346	$21,348	$17,815	$18,209	$20,000	N/A

N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$10,000
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$9,960
N/A	$6,436	$18,161	$9,347	$7,937	$5,401	$6,227	$4,917	$4,666	$7,425

(1) Unaudited.

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

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

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(4) 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 report at the original dates prior to the reverse stock split were as follows:

	One Month Ended Dec 31, 2011(2)	For the Years Ended November 30, 2011	2010	2009	2008	2007	2006	2005
Net asset value	$ 3.87	$ 4.22	$ 4.34	$ 4.19	$ 3.67	$ 8.16	$ 9.55	$ 8.65
Market value	$ 3.43	$ 3.46	$ 4.23	$ 3.65	$ 2.60	$ 7.35	$ 9.78	$ 10.70

(5) 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.

(6) Expenses and income ratios do not include expenses incurred by the acquired funds in which the Fund invests.

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

(8) The ratio of total expenses excluding interest expense and fees incurred from the use of leverage to average net assets was 1.43%** for the six months ended June 30, 2017 and 1.46%, 1.51%, 1.47%, 1.72% and 2.30% for the years ended December 31, 2016, 2015, 2014, 2013 and 2012, respectively.

(9) Net expenses are the expenses of the Fund presented in the Statement of Operations after fee waivers and expense reductions.

(10) Effective July 28, 2016, the Fund replaced its prior bank credit facility with the Liquidity Agreement.

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

(12) 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/Liquidity Agreement is considered a senior security representing indebtedness.

* Less than $0.01 per share.

** Annualized.

N/A means not applicable.

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USE OF PROCEEDS

The net proceeds to the Fund from this Rights offering, assuming all Rights issued hereunder are exercised, are estimated to be $46,843,200 or, if pursuant to the Over-Allotment Option, the Fund, at the discretion of the Board, elects to increase the number of Shares subject to subscription in an amount equal to 25% and all Over-Allotment Shares are sold, $58,609,000, in each case after deducting offering expenses.

The Investment Manager expects that it will initially invest the proceeds of the offering by reducing borrowings, if any and as appropriate, and the balance in income generating equity securities, high quality short-term debt securities, money market fund shares, or other securities, as applicable. The Investment Manager anticipates that the investment of the proceeds will be made in accordance with the Fund s investment objectives and policies as appropriate investment opportunities are identified, which is expected to substantially be completed within three months; however, changes in market conditions could result in the Fund s anticipated investment period extending to as long as six months. Depending on market conditions and operations, a portion of the cash held by the Fund, including any proceeds raised from the offering, may be used to pay distributions in accordance with the Fund s distribution policy. The Fund does not currently anticipate an increase in leverage immediately following the completion of the offering; however, the Fund reserves the right to adjust leverage from time to time.

MARKET PRICE INFORMATION

The Fund s outstanding Shares are, and when issued, the Shares offered by the Rights offering will be, listed and traded on the NYSE under the symbol DNI. The following table sets forth for the calendar quarters indicated: (i) the high and low closing sales prices per Share as reported by the NYSE; (ii) the NAV per Share on the day of the high or low closing sales price; and (iii) the percentage by which the Shares traded at a premium over, or discount from, the Fund s high and low NAVs per Share. The table also sets forth the number of Shares traded on the NYSE during the respective quarters.

Quarter Ended	High Sales Price	High Net Asset Value	Premium (Discount) to High NAV	Low Sales Price	Low Net Asset Value	Premium (Discount) to Low NAV	Trading Volume
3/31/16	$11.16	$13.54	17.58%	$9.48	$11.93	20.54%	3,070,604
6/30/16	$11.41	$13.59	16.04%	$10.51	$12.38	15.11%	2,559,093
9/30/16	$11.81	$13.95	15.34%	$10.85	$12.99	16.51%	2,077,926
12/31/16	$12.09	$14.81	18.37%	$10.60	$13.07	18.90%	2,970,266
3/31/17	$12.56	$15.07	16.66%	$11.88	$14.51	18.13%	2,943,635
6/30/17	$12.38	$14.96	17.25%	$11.86	$14.44	17.87%	3,188,065
9/30/17	$12.86	$15.44	16.71%	$12.09	$14.76	18.09%	2,216,112

The Shares have traded in the market at a premium to, at, and at a discount from NAV since the commencement of the Fund s operations in June 1998. There is no guarantee that the Fund s current distribution policy to provide shareholders with a relatively stable cash flow per share will have the effect of reducing or eliminating the discount. The distribution policy may be changed or discontinued without notice.

Although the Shares may trade in the market for a substantial period of time at a substantial discount from the Fund s then current NAV per share, the Board has no fiduciary duty to take action, or to consider taking action, to narrow any such discount, and no assurance can be given that the Board will consider or take action to authorize any activities related to the discount, or if such activities are undertaken, the Shares will thereafter trade at less of a discount. Under certain circumstances, a shareholder vote may be required to authorize such activities.

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On December 12, 2017, the last reported sales price of the Shares on the NYSE was $13.80 and the NAV per Share was $16.74, representing a discount from NAV per Share of 17.56%.

CAPITALIZATION

The following table sets forth the unaudited capitalization of the Fund as of December 12, 2017 and its adjusted capitalization assuming the sale of 4,450,000 Shares (which assumes the Rights offering is fully subscribed and the Fund, at the discretion of the Board, increases the number of Shares subject to subscription by 25% pursuant to the exercise of the Over-Allotment Option) at an estimated Subscription Price of $13.22 per Share pursuant to the Rights offering, less the estimated offering expenses of approximately $220,000, and the application of the estimated net proceeds from the offering. All of the Rights may not be exercised, and the Fund may not exercise the Over-Allotment Option.

	As of December 12, 2017	
	Actual	**As Adjusted**
Short-Term Debt:		
Borrowings	$ 35,000,000	$ 35,000,000
Shareholders Equity:		
Shares, $0.01 par value per Share	$ 106,883	$ 151,383
Additional paid-in capital	$ 144,246,080	$ 202,810,580
Accumulated net realized gain on investments	$ 1,223,404	$ 1,223,404
Net unrealized appreciation on investments	$ 33,357,412	$ 33,357,412
Net assets	$ 178,933,779	$ 237,542,779
Net asset value per Share	$ 16.74	$ 15.69

SPECIAL CHARACTERISTICS AND RISKS OF THE RIGHTS OFFERING

Risk is inherent in all investing. Therefore, before investing in the Shares you should consider the risks associated with such an investment carefully. See Special Considerations and Risk Factors in the Prospectus. The following summarizes some of the matters that you should consider before investing in the Fund through the Rights offering.

Dilution

If you do not exercise all of your Rights, you will own a smaller proportional interest in the Fund when the Rights offering is over, resulting in immediate ownership and voting dilution. In addition, you will experience an immediate dilution of the NAV per Share as a result of the expenses incurred by the Fund (and indirectly by all shareholders) in connection with the Rights offering. You will experience additional dilution in the NAV per Share if you do not participate in the Rights offering and will experience a reduction in the NAV per Share whether or not you exercise your Rights if the Subscription Price is below the Fund s NAV per Share on the Expiration Date, because:

- the offered Shares are being sold at less than their current NAV; and the number of Shares outstanding after the Rights offering will have increased proportionately more than the increase in the amount of the Fund s net assets.

The Fund cannot state precisely the amount of any dilution because it is not known at this time what the Subscription Price or NAV per Share will be on the Expiration Date, how many Shares will be subscribed for, the exact expenses of the Rights offering, or whether the Fund will exercise its Over-Allotment Option. Furthermore, if the Fund exercises its Over-Allotment Option, your percentage ownership may be further diluted if you do not purchase Over-Allotment Shares.

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For example, assuming all the Shares are sold at the estimated Subscription Price of $13.22 per Share (assuming the Fund does not exercise its Over-Allotment Option) and after deducting all expenses related to the Rights offering (estimated to be $220,000), the Fund s NAV of $16.74 per Share as of December 12, 2017 would be reduced by approximately $0.89 or 5.32%. Record Date Shareholders will experience a decrease in the NAV of Shares held by them, irrespective of whether they exercise all or any portion of their Rights. Set forth below are additional examples of the impact of the Rights offering on NAV per Share.

Example 1: Dilution to NAV Resulting from the Rights Offering

(assuming (i) the Subscription Price is 79% of the Fund s NAV, and

(ii) the Fund does not exercise its Over-Allotment Option)

(a)	NAV per Share (as of December 12, 2017)	$ 16.74
(b)	Average Market Price (as of December 12, 2017)	$ 13.69
(c)	Estimated reduction in current NAV per Share resulting from the Rights offering[1][2]	$ 0.89
(d)	Estimated % reduction in current NAV per Share resulting from the Rights offering[1][3]	5.32%

Example 2: Dilution to NAV Resulting from the Rights Offering

(assuming (i) the Subscription Price is 95% of the Average Market Price,

and (ii) the Fund does not exercise its Over-Allotment Option)

(a)	NAV per Share (as of December 12, 2017)	$ 16.74
(b)	Average Market Price (hypothetical value)[4]	$ 15.00
(c)	Estimated reduction in current NAV per Share resulting from the Rights offering[1][2]	$ 0.64
(d)	Estimated % reduction in current NAV per Share resulting from the Rights offering[1][3]	3.82%

Example 3: Dilution to NAV Resulting from the Rights Offering

(assuming (i) the Subscription Price is 79% of the Fund s NAV, and (ii) the Fund exercises its Over-Allotment Option and the full number of Over-Allotment Shares are issued)

(a)	NAV per Share (as of December 12, 2017)	$ 16.74
(b)	Average Market Price (as of December 12, 2017)	$ 13.69
(c)	Estimated reduction in current NAV per Share resulting from the Rights offering[5][2]	$ 1.05
(d)	Estimated % reduction in current NAV per Share resulting from the Rights offering[5][3]	6.27%

Example 4: Dilution to NAV Resulting from the Rights Offering

(assuming (i) the Subscription Price is 95% of the Average Market Price and (ii) the Fund exercises its Over-Allotment Option and the full number of Over-Allotment Shares are issued)

(a)	NAV per Share (as of December 12, 2017)	$ 16.74
(b)	Average Market Price (hypothetical value)(4)	$ 15.00
(c)	Estimated reduction in current NAV per Share resulting from the Rights offering(5)(2)	$ 0.75
(d)	Estimated % reduction in current NAV per Share resulting from the Rights offering(5)(3)	4.48%

(1) Assumes full exercise of the Rights, the sale of all Primary Subscription Shares, and the deduction of estimated expenses equal to $220,000.

(2) Item (c) was calculated by subtracting (A) the Fund s estimated NAV per Share immediately following the completion of the Rights offering from (B) Item (a). The Fund s estimated NAV per Share immediately following the completion of the Rights offering was estimated as of December 12, 2017 by dividing (X) the estimated NAV of the Fund immediately following the Rights offering by (Y) the estimated total number of Shares outstanding immediately following the completion of the Rights offering.

(3) Item (d) was calculated by dividing Item (c) by Item (a).

(4) The use of a hypothetical Average Market Price of $15.00 is for illustrative purposes only. It is not known at this time what the Average Market Price will be on the Expiration Date. As reflected in Examples 1 and 3, the actual Average Market Price as of December 12, 2017 was $13.69 per Share.

(5) Assumes full exercise of the Rights, the sale of all Primary Subscription Shares and Over-Allotment Shares, and the deduction of estimated expenses equal to $220,000.

There can be no assurance that the dilution will be limited to the amounts shown in the table above. The final amounts of such dilution may be greater than those estimated due to many factors, including the Fund s market price and NAV per Share at the time of completion of the Rights offering and the level of participation in the Rights offering.

Bexil Securities LLC, the Fund s largest shareholder and an affiliate of the Investment Manager, could increase its percentage ownership in and control of the Fund through the exercise of its Rights and the purchase of additional Shares pursuant to the Over-Subscription Privilege.

Leverage

Leverage, or borrowing for investment (rather than hedging) purposes, creates a greater risk of loss, as well as a potential for more gain, for the Shares than if leverage were not used. The leverage of the Fund as of December 12, 2017 was 16% of its total assets (including the proceeds of such leverage). The Investment Manager expects that it will initially invest the proceeds of the offering by reducing leverage, if any and as appropriate. The Fund does not currently anticipate an increase in leverage immediately following the completion of the offering; however, the Fund reserves the right to adjust leverage from time to time.

Leverage creates an opportunity for increased return but, at the same time, involves special risk considerations. Leverage increases the likelihood of greater volatility of NAV and market price of the Shares. If the total return that the Fund earns on the additional securities purchased fails to cover the costs the Fund incurs on the monies borrowed for leverage, the NAV of the Fund (and the return of the Fund) would be lower than if borrowing had not been incurred. In addition, when the Fund borrows at a variable interest rate, there is a risk that fluctuations in the interest rate may adversely affect the return to the Fund s shareholders. Interest payments and fees incurred in connection with such borrowings will reduce the amount of net income available for distribution to shareholders if the income that the Fund earns on the additional securities purchased is less than such payments and fees. The Fund may also enter into transactions other than those noted above that may give rise to other forms of leverage including, among others, derivative transactions, loans of portfolio securities, and when-issued, delayed delivery and forward commitment transactions. There is no assurance that a leverage strategy will be successful during any period in which it is employed.

Borrowing on a secured basis for leverage results in certain additional risks. Should securities that are pledged as collateral to secure the loan decline in value, the Fund may be required to pledge additional assets in the form of cash or securities to the lender to avoid liquidation of the pledged assets. In the event of a steep drop in the value of pledged securities, it might not be possible to liquidate assets quickly enough and this could result in mandatory liquidation of the pledged assets in a declining market at relatively low prices. Furthermore, the Investment Manager s ability to sell the pledged securities is limited by the terms of the Liquidity Agreement with State Street Bank and Trust Company, which may reduce the Fund s investment flexibility over the pledged securities. The rights of the lender to receive payments of interest on and repayments of principal will be senior to the rights of the Fund s shareholders.

Because the fee paid to the Investment Manager is calculated on the basis of the average weekly value of the Fund s total assets minus the sum of the Fund s liabilities, which liabilities exclude debt relating to leverage, short-term debt and the aggregate liquidation preference of any outstanding preferred stock, the dollar amount of the management fee paid by the Fund to the Investment Manager will be higher (and the Investment Manager will benefit to that extent) when leverage is utilized. The Investment Manager will utilize leverage only if it believes such action would likely result in a net benefit to the Fund s shareholders after taking into account the higher fees and expenses associated with leverage (including higher management fees).

Increase in Share Price Volatility; Decrease in Share Price

The Rights offering may result in an increase in trading of the Shares, which may increase volatility in the market price of the Shares. The Rights offering may result in an increase in the number of shareholders wishing to sell their Shares, which would exert downward price pressure on the price of Shares.

Undersubscription

It is possible that the Rights offering will not be fully subscribed. Two of the Fund s prior rights offerings, in 2011 and 2013, were oversubscribed and the Fund s most recent rights offering, in 2015, was undersubscribed. Undersubscription of the Rights offering could have an impact on the net proceeds of the Rights offering and whether the Fund achieves any benefits. It is also possible that the Fund may not exercise the Over-Allotment Option (and, therefore, may not issue any Over-Allotment Shares).

U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OFFERING

On December 20, 2017, Congress passed new tax legislation that may have wide ranging consequences, the effects of which are not entirely known as of the date hereof. Changes in income tax laws, potentially with retroactive effect, could impact the Fund s investments or tax consequences to you of investing in the Fund. Some of these changes could affect the timing, amount, and tax treatment of Fund distributions made to shareholders. Investors are urged to consult their own tax advisers for more detailed information and for information regarding other federal income tax considerations and any state, local, or foreign taxes that may apply to them.

Please refer to the Certain Federal Income Tax Consequences section in the Fund s Prospectus for a description of the consequences of investing in the Shares of the Fund. Special tax considerations relating to the Rights offering are summarized below.

A holder s receipt of Rights generally should not constitute a taxable event to the holder for federal income tax purposes, and the remainder of this section assumes that result. A holder s tax basis in Rights issued to it will be zero, unless either (1) the fair market value of the rights on the date they are issued is 15% or more of the value of the Shares with respect to which the Rights were issued (Old Shares), which the Fund does not expect, or (2) the holder elects to allocate to the Rights a portion of its basis in the Old Shares (Election). If either (1) or (2) applies, basis will be allocated in proportion to the relative fair market values of the Old Shares and the Rights on the date the Rights are issued. Basis will be allocated only when Rights are exercised. A holder who wishes to make the Election described in (2) must attach a statement to that effect to its income tax return for the taxable year in which the Rights are received. The Election will apply to all Rights the holder receives pursuant to the offering and, once made, will be irrevocable. If, as the Fund expects, the value of the Rights a holder receives is less than 15% of the value of its Old Shares, the holder should consult its own tax advisor regarding the advisability of making the Election. The Fund will not, however, make any determination regarding the fair market value of the Rights. The holding period of Rights will be the same as the holding period of the stock on which such Right was received.

A holder will not recognize taxable income on the exercise of Rights. A holder s basis in any Shares acquired on the exercise of Rights (a New Share) will equal the sum of the basis, if any, in those Rights and the Subscription Price for the New Share. A holder s holding period for a New Share will begin with and include the date of exercise of the related Rights.

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Holders who receive Rights in the offering with respect to their Shares with a tax basis of zero, as determined above, and who allow such Rights to expire unexercised will not recognize any gain or loss, and no adjustment will be made to the basis of the holder s Shares.

You should consult a tax advisor regarding the tax consequences of acquiring, holding, and exercising Rights, and of allowing Rights to expire, in your particular circumstances, as well as any tax consequences that may arise under the laws of any state, local, or foreign taxing jurisdiction.

LEGAL MATTERS

Certain legal matters will be passed upon by Godfrey & Kahn S.C., Madison, Wisconsin, counsel to the Fund in connection with the offering of the Fund s securities.

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DIVIDEND AND INCOME FUND

Up to 3,600,000 Shares of Beneficial Interest ($0.01 par value per Share)

Issuable Upon Exercise of Non-Transferable Rights to Subscribe for Shares

Prospectus Supplement

December 26, 2017

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Filed Pursuant to Rule 497(c)

Registration Statement No. 333-203126

BASE PROSPECTUS

DIVIDEND AND INCOME FUND

$150 million

Shares of Beneficial Interest ($0.01 par value per Share)

Subscription Rights for Shares of Beneficial Interest ($0.01 par value per Share)

Dividend and Income Fund (the Fund) is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed end management investment company. The Fund s primary investment objective is to seek high current income. Capital appreciation is a secondary objective. The Fund seeks to achieve its objectives by investing, under normal circumstances, at least 50% of its total assets in income generating equity securities, including dividend paying common stocks, convertible securities, preferred stocks, securities of registered investment companies (including, but not limited to, closed end and open end management investment companies, and business development companies) (collectively, investment companies), exchange-traded funds organized as investment companies or otherwise, real estate investment trusts, depositary receipts, and other equity related securities (collectively, Income Generating Equity Securities). The Fund may invest in fixed income securities, including bonds issued by domestic and foreign corporate and government issuers. The Fund may also invest in equity securities of other issuers, including investment companies, exchange-traded funds and real estate investment trusts, deemed by Bexil Advisers LLC, the Fund s investment manager (the Investment Manager), not to be Income Generating Equity Securities based on the issuer s income generation, objectives, policies, holdings, or similar criteria. Securities in which the Fund may invest include high yield, high risk securities which are rated below investment grade (commonly referred to as junk bonds), including the lowest rating categories, or are unrated but are determined by the Investment Manager to be of comparable quality, and are considered speculative and subject to certain risks that may be greater than those of higher rated securities. The Fund has used leverage in the past and is currently using leverage; however, there can be no assurance that the Fund will continue to engage in any leveraging techniques. There is no assurance the Fund will achieve its investment objectives.

The Fund may offer, from time to time, in one or more offerings, including through rights offerings, shares of beneficial interest (Shares), each having a par value of $0.01 per share. Shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each a Prospectus Supplement). You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in Shares of the Fund.

Shares may be offered directly to one or more purchasers, including existing shareholders in a rights offering, through agents designated from time to time by the Fund, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of Fund Shares, and will set forth any applicable purchase price, fee, commission, or discount arrangement between the Fund and its agents or underwriters, or among underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any offering of subscription rights will set forth the number of Shares issuable upon the exercise of each right (or number of rights) and the other terms of such rights offering. The Fund may not sell any of its securities directly or through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering. Shares of the Fund are listed on the New York Stock

Exchange (NYSE) under the symbol DNI. The last reported sale price of Shares, as reported by the NYSE on December 12, 2017, was $13.80 per Share. The net asset value (NAV) per Share as of the close of business on December 12, 2017 was $16.74.

Shares of closed end funds often trade at a discount from NAV. This creates a risk of loss for an investor purchasing shares in a public offering at or above NAV.

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Investing in Shares of the Fund involves risks. Please see Special Considerations and Risk Factors beginning on page 33 of this Prospectus to learn more about the risks you should carefully consider before investing, including the risks of investing in below investment grade securities and the risks of leverage. Certain of these risks are summarized in Prospectus Summary Risks beginning on page 4 of this Prospectus.

This Prospectus may not be used to consummate sales of Shares by the Fund directly or through agents, underwriters, or dealers unless accompanied by a Prospectus Supplement.

This Prospectus sets forth concisely information you should know before investing. Please read it carefully before investing and keep it for future reference. Additional information about the Fund, including a Statement of Additional Information dated December 14, 2017 (SAI), which SAI is hereby incorporated by reference in its entirety into this Prospectus, has been filed with the Securities and Exchange Commission (SEC). You can review the table of contents for the SAI on page 64 of this Prospectus. You may obtain additional information about the Fund, including its SAI and annual and semi-annual reports, without charge (i) upon request, by calling 1-855-411-6432; (ii) on the Fund s website at http://www.DividendandIncomeFund.com; and (iii) on the SEC s website at http://www.sec.gov. You may make any other shareholder inquiries by calling the Fund at 1-855-411-6432. The Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

December 14, 2017

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You should rely only on the information contained or incorporated by reference in this Prospectus and any related Prospectus Supplement. The Fund has not authorized anyone to provide you with different information. Offers to sell, and offers to buy, Shares may only be made and are valid only in jurisdictions where offers and sales are permitted. You should assume that the information in this Prospectus and any Prospectus Supplement is accurate only as of the date on the applicable cover page.

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PROSPECTUS SUMMARY

This following information is only a summary. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information contained in the Prospectus and any related Prospectus Supplement and in the SAI before purchasing Shares. In particular, you should consider the information set forth under Special Considerations and Risk Factors on page 33 of the Prospectus.

The Fund:	The Fund is a diversified, closed end management investment company with Shares listed on the NYSE under the symbol DNI. As of October 6, 2017, the Fund had 10,688,250 Shares outstanding. Registered under the 1940 Act, the Fund was incorporated under the laws of the State of Maryland on April 6, 1998 and commenced investment operations on June 29, 1998 under the name Chartwell Dividend and Income Fund, Inc., which was shortened effective February 1, 2011 to Dividend and Income Fund, Inc. On May 14, 2012, the Fund reorganized into a Delaware statutory trust and changed its name to Dividend and Income Fund. See The Fund.
The Offering:	The Fund s registration statement, allowing it to offer, from time to time, in one or more offerings, including through rights offerings, up to $150 million of Shares, was declared effective by the SEC on June 30, 2015. On November 2, 2015, the Fund issued $21,162,983 of Shares pursuant to a rights offering, leaving the Fund with $128,837,017 of Shares still available to issue. The Shares may be offered at prices and on terms to be set forth in one or more Prospectus Supplements. The offering price per Share will not be less than the NAV per Share at the time of the offering, exclusive of any underwriting commission or discounts, provided that rights offerings may be offered at a price below the then current NAV, subject to certain conditions. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in Shares of the Fund. Shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents, underwriters or dealers involved in the sale of Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between the Fund and its agents or underwriters, or among underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any offering of rights will set forth the number of Shares issuable upon the exercise of each right (or number of rights) and the other terms of such rights offering. The Fund may not sell any of its securities directly or through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering. See Plan of Distribution. The last reported sale price of Shares, as reported by the NYSE on December 12, 2017, was $13.80 per Share. The NAV per Share as of the close of business on December 12, 2017 was $16.74.
Use of Proceeds:	The Fund will use the net proceeds from the offering to invest in accordance with its investment objectives and policies as appropriate investment opportunities are

identified, which is expected to substantially be completed within three months; however, changes in market conditions could result in the Fund s anticipated investment period extending to as long as six months. See Use of Proceeds.

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Investment Objectives and Policies:

The Fund s primary investment objective is to seek high current income. Capital appreciation is a secondary objective. The Fund seeks to achieve its objectives by investing, under normal circumstances, at least 50% of its total assets in income generating equity securities, including dividend paying common stocks, convertible securities, preferred stocks, securities of registered investment companies (including, but not limited to, closed end management investment companies (closed end funds), open end management investment companies (open end funds), and business development companies (BDCs) (collectively, investment companies), exchange-traded funds (ETFs) organized as investment companies or otherwise, real estate investment trusts (REITs), depositary receipts, including American Depositary Receipts (ADRs), European Depositary Receipts (EDRs), Global Depositary Receipts (GDRs), and other equity related securities (collectively, Income Generating Equity Securities). The Fund may invest in fixed income securities (Debt Securities), including bonds issued by domestic and foreign corporate and government issuers. The Debt Securities in which the Fund may invest may be structured as fixed rate debt, floating rate debt, and debt that may not pay interest at the time of issuance. The Fund may also invest in equity securities of other issuers, including investment companies, ETFs and REITs, deemed by the Investment Manager not to be Income Generating Equity Securities based on the issuer s income generation, objectives, policies, holdings, or similar criteria. The Fund may invest in securities of domestic or foreign issuers of any size. There is no assurance the Fund will achieve its investment objectives.

The Debt Securities in which the Fund may invest include high yield, high risk securities which are rated below investment grade, including the lowest rating categories, or are unrated but are determined by the Investment Manager to be of comparable quality, and are considered speculative and subject to certain risks that may be greater than those of higher rated securities. Securities rated below investment grade are those rated below Baa by Moody s Investors Service, Inc. (Moody s) or below BBB by S&P Global Ratings (S&P). The Fund normally w not invest more than 50% of its total assets in below investment grade Debt Securities, commonly known as junk bonds. Certain Income Generating Equity Securities in which the Fund may invest, including convertible securities and preferred stocks, may also be rated below investment grade and generally will have characteristics similar to those of lower rated Debt Securities. The Fund will not, however, normally invest in convertible securities rated below C by Moody s or CC by S&P. Such investments are in addition to investments in below investment grade Debt Securities. For a description of the risks associated with an investment in securities rated below investment grade, see Special Considerations and Risk Factors below.

The Fund is permitted to invest in shares of registered investment companies, including money market fund shares, to the extent permitted by the 1940 Act. Investment company shares held by the Fund may be deemed by the Investment Manager to be Income Generating Equity Securities, Debt Securities (such as money market fund shares), or otherwise, depending on the income generation, objectives, policies, holdings, or similar criteria of the investment company. In accordance with the 1940 Act, the Fund

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normally will be limited in the amount the Fund and its affiliates can invest in any one investment company to 3% of the investment company s total outstanding stock. As a result, the Fund may hold a smaller position in such investment company than if it were not subject to this restriction. To comply with provisions of the 1940 Act, on any matter upon which the Fund is solicited to vote as a shareholder in an investment company in which it invests, the Investment Manager normally seeks to vote such shares in the same general proportion as shares held by other shareholders of that investment company. The Fund does not invest in any investment companies managed by the Investment Manager or its affiliates. Investment companies typically incur advisory fees and other expenses. The Fund, as a shareholder, will indirectly bear *its pro rata* portion of such fees and expenses in addition to the Fund s direct fees and expenses.

In seeking to enhance returns, the Fund may employ leverage to the extent permitted under the 1940 Act. See Use of Leverage below and Investment Objectives, Policies, and Strategies Leverage. The Fund may also buy and sell put and call options. The Fund may trade securities actively in pursuit of its investment objectives. The Fund also may lend its portfolio securities to brokers, dealers, and other financial institutions.

The Fund may, from time to time, make temporary investments for defensive purposes that are inconsistent with the Fund s principal investment strategies in attempting to respond to adverse market, economic, political, or other conditions, pending investment of the proceeds of sales of portfolio securities, pending investment of the proceeds from Share offerings, or at other times when suitable investments are not otherwise available. To the extent the Fund takes temporary defensive positions, it may not achieve its investment objectives.

See Investment Objectives, Policies, and Strategies in this Prospectus and Additional Information About the Fund s Investment Program in the Fund s SAI.

Investment Strategy:

When selecting Income Generating Equity Securities for the Fund, the Investment Manager will normally emphasize primarily those offering high current income and secondarily potential for capital appreciation. In evaluating investments, the Investment Manager will typically apply fundamental investment analysis, which may consider yield, financial strength, profitability, growth potential, and risks, in view of market valuation and relative strength, as well as other considerations, such as market, sector, or industry diversification, to select the Fund s specific portfolio securities. Except for securities related to the U.S. government, at the time a transaction is effected, the Fund will not concentrate its investments in the securities of one or more issuers conducting their principal business activities in the same industry.

When selecting Debt Securities for the Fund, the Investment Manager will usually seek investments that offer a high level of current income consistent with reasonable risk in light of the nature of the investments. Debt Securities under consideration for the Fund s portfolio normally will be analyzed by the Investment Manager based on fundamental factors, including yield, financial and operating strength, and risk, and other considerations, including

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	marketability, relative value characteristics, and general credit trends. The Fund will generally invest in such securities presenting, in the Investment Manager s opinion, the potential for investment returns consistent with the Fund s investment objectives. The Investment Manager generally considers a variety of factors when determining whether to sell a security in the Fund s portfolio and may sell a security at any time in its discretion. An investment is typically sold when its potential to meet the Fund s investment objectives is deemed by the Investment Manager to be limited or exceeded by another potential investment or when it no longer appears to meet the Fund s investment objectives. See Investment Objectives, Policies, and Strategies Investment Strategy.
Use of Leverage:	The Fund has used investment leverage in the past and is currently using leverage; however, there can be no assurance that the Fund will continue to engage in any leveraging techniques. The Fund currently has a liquidity agreement (the Liquidity Agreement) with State Street Bank and Trust Company, the Fund s custodian and securities lending agent, and as of December 12, 2017, had drawn $35 million under the Liquidity Agreement. The percentage amount of the Fund s leverage outstanding as of December 12, 2017 was approximately 16% of its total assets (including the proceeds of such leverage). The Fund reserves the right to adjust leverage from time to time. Although the Fund s fundamental investment restrictions permit it to borrow money and issue senior securities to the extent permitted under the 1940 Act, the Fund s Liquidity Agreement allows the Fund to draw up to $35 million currently. Generally, the Fund pledges its assets as collateral to secure its obligations under the Liquidity Agreement. The Fund may also enter into transactions other than those noted above that may give rise to other forms of leverage including, among others, derivative transactions, loans of portfolio securities, and when-issued, delayed delivery and forward commitment transactions. These other forms of leverage are not included in the Fund s fundamental restriction discussed above. The Fund may also determine to issue preferred shares to add leverage to its portfolio. See Investment Objectives, Policies, and Strategies Leverage, Special Considerations and Risk Factors Risks of Investing in the Fund Leverage and Borrowing Risk, and Description of the Securities Preferred Shares.
Risks *(see generally Special Considerations and Risk Factors for more information on*	*Market Risk*. An investment in the Fund is subject to market risk, including the possible loss of the entire principal amount that you invest. Your investment in Shares represents an indirect investment in the securities owned by the Fund. The value of these securities, like other market investments, may

these and other risks):	move up or down, sometimes rapidly and unpredictably, and these fluctuations are likely to have a greater impact on the value of the Shares during periods in which the Fund utilizes leverage. *Recent Events.* Recent developments in the U.S. and foreign financial markets and other market history suggest that economic, market, and specific investment analysis and forecasting is difficult, often wrong, and that the assumptions of certain conditions cannot be relied on with any certainty. Assumptions regarding the regulation of these markets and the participants therein may change. The U.S. government and certain foreign governments

have and may again take unprecedented actions designed to support certain financial institutions or segments of the financial markets. Federal, state, and other governments, their regulatory agencies or self-regulatory organizations may take actions that affect the regulation of the securities in which the Fund invests, or the issuers of such securities in which the Fund invests, in unforeseeable ways that could have a material adverse effect on the Fund s business and operations. Such legislation or regulation could limit or preclude the Fund s ability to achieve its investment objectives. Furthermore, volatile or adverse financial markets can expose the Fund to greater market and liquidity risk and potential difficulty in valuing portfolio instruments held by the Fund.

Equity Securities Risk. Investing in the Fund involves equity securities risk, which is the risk that the equity securities held by the Fund will fall in market value due to adverse market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, and the particular circumstances and performance of particular companies whose securities the Fund holds. The general risks associated with equity securities may be greater for equity securities issued by companies with smaller market capitalizations as these companies may have limited product lines, markets, or financial resources or may depend on a few key employees.

Common Stock Risk. Although common stocks can generate higher average returns than debt and other equity securities, common stocks can also experience more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by the Fund. Also, the prices of common stocks are sensitive to general movements in the stock market. A drop in the stock market may depress the price of common stocks held by the Fund or to which the Fund has exposure. In the event of a company s liquidation, the holders of its common stock have rights to its assets only after bondholders, other debt holders, and preferred shareholders have been satisfied.

Credit Risk. Because the Fund may invest in bonds and other debt securities with credit risk, investing in the Fund involves credit risk, which is the risk that an issuer of bonds and other debt securities will be unable to pay interest or principal when due. The prices of bonds and other debt securities are affected by the credit risk and quality of the issuer. Below investment grade debt securities normally are lower quality and have greater credit risk because the companies that issue them typically are not as financially strong as companies that issue higher quality, investment grade debt securities. Changes in the financial condition of an issuer, general economic conditions, and specific economic conditions that affect a particular type of issuer can impact the credit quality of an issuer. Such changes may weaken an issuer s ability to make payments of principal or interest, or cause an issuer to fail to make timely payments of interest or principal. The downgrade of a security may further decrease its value, although a grade rating by a rating agency only represents the service s opinion as to the general credit quality of the security being rated and is not an absolute standard of quality or guarantee as to the creditworthiness of an issuer. Lower quality debt securities generally tend to be more sensitive to these changes than higher quality debt securities, but the lowest rating category of investment grade securities may have

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speculative characteristics as well. See Additional Risks of Certain Securities Below Investment Grade Securities Risks below. Credit risk also applies to securities issued by the U.S. government s agencies and instrumentalities that are not backed by the U.S. government s full faith and credit. Although securities backed by the full faith and credit of the U.S. government are generally considered to present minimal credit risk, credit risk may also apply to these securities.

Interest Rate Risk. Generally, when market interest rates rise, the prices of debt obligations fall, and vice versa. Interest rate risk is the risk that debt obligations and other instruments in the Fund s portfolio will decline in value because of increases in market interest rates. This risk may be particularly acute because market interest rates are currently near historically low levels. The prices of long-term debt obligations generally fluctuate more than prices of short-term debt obligations as interest rates change. The Fund s use of leverage will tend to increase interest rate risk.

Prepayment and Extension Risk. If interest rates fall, the principal on the debt securities held by the Fund may be paid earlier than expected. If this happens, the proceeds from a prepaid security may be reinvested by the Fund in securities bearing lower interest rates, resulting in a possible decline in the Fund s income and distributions to shareholders. Alternatively, the Fund is subject to the risk that an issuer will exercise its right to pay principal on an obligation held by that Fund later than expected. This may happen when there is a rise in interest rates. These events may lengthen the duration (*i.e.*, interest rate sensitivity) and potentially reduce the value of these securities.

Corporate Bonds Risk. Investments in corporate bonds are subject to a number of the risks described in this Prospectus, including credit risk, interest rate risk, prepayment and extension risk, inflation/deflation risk, below investment grade securities risk, foreign securities risk, illiquid and restricted securities risk, management risk, valuation risk, and similar risks.

Leverage and Borrowing Risk. Borrowing for investment purposes creates an opportunity for increased return but, at the same time, involves special risk considerations. Borrowing increases the likelihood of greater volatility of the NAV and market price of the Shares. If the total return that the Fund earns on the additional securities purchased fails to cover the costs it incurs on the monies borrowed, the NAV of the Fund (and the return of the Fund) would be lower than if borrowing had not been incurred. In addition, when the Fund borrows at a variable interest rate, there is a risk that fluctuations in the interest rate may adversely affect the return to the Fund s shareholders. Interest payments and fees incurred in connection with such borrowings may reduce the amount of net income available for distribution to shareholders if the income that the Fund earns on the additional securities purchased is less than such payments and fees. There is no assurance that a borrowing strategy will be successful during any period in which it is employed. Borrowing on a secured basis results in certain additional risks. Should securities that are pledged as collateral to secure the loan decline in value, the Fund may be required to pledge additional assets in the form of cash or securities to the lender to avoid liquidation of the pledged assets. In the event of a steep drop in the value of pledged securities, it might not be possible to liquidate assets quickly enough and this could result in mandatory liquidation of the pledged

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assets in a declining market at relatively low prices. Furthermore, the Investment Manager s ability to sell the pledged securities is limited by the terms of the Liquidity Agreement, which may reduce the Fund s investment flexibility over the pledged securities. The rights of the lender to receive payments of interest on and repayments of principal will be senior to the rights of the Fund s shareholders.

Inflation/Deflation Risk. Inflation risk is the risk that the value of assets or income from the Fund s investments will be worth less in the future as inflation decreases the present value of fixed payments at future dates. Deflation risk is the risk that prices throughout the economy may decline over time the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Fund s portfolio.

Below Investment Grade Securities Risk. Below investment grade securities are commonly referred to as junk bonds. Below investment grade securities are regarded as being predominantly speculative as to the issuer s ability to make payments of principal and interest. The risks associated with acquiring the securities of such issuers generally are greater than is the case with higher rated securities. For example, during an economic downturn or a sustained period of rising interest rates, issuers of below investment grade securities may be more likely to experience financial stress, especially if such issuers are highly leveraged. During periods of economic downturn, such issuers may not have sufficient revenues to meet their interest payment obligations. The issuer s ability to service its debt obligations also may be adversely affected by specific issuer developments, the issuer s inability to meet specific projected business forecasts, or the unavailability of additional financing. Therefore, there can be no assurance that in the future there will not exist a higher default rate relative to the rates currently existing in the market for below investment grade securities. The risk of loss due to default by the issuer is significantly greater for the holders of below investment grade securities because such securities may be unsecured and may be subordinate to other creditors of the issuer. Below investment grade securities have been in the past, and may again in the future be, more volatile and less liquid than higher rated fixed income securities, so that adverse economic events may have a greater impact on the prices of below investment grade securities than on higher rated fixed income securities.

Options Risks. There are several risks associated with transactions in options on securities, as follows:

There are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives.

As the writer of a covered call option, the Fund forgoes, during the option s life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline.

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The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it may not be able to effect a closing purchase transaction in order to terminate its obligation under the option and must then deliver the underlying security at the exercise price.

There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. If the Fund were unable to close out a covered call option that it had written on a security, it would not be able to sell the underlying security unless the option expired without exercise.

The hours of trading for options may not conform to the hours during which the underlying securities are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the options markets.

The value of call options will be affected by changes in the value and dividend rates of the underlying securities, an increase in interest rates, changes in the actual or perceived volatility of the stock market and the underlying securities and the remaining time to the options expiration. Additionally, the exercise price of an option may be adjusted downward before the option s expiration as a result of the occurrence of events affecting the underlying security. A reduction in the exercise price of an option would reduce the Fund s capital appreciation potential on the underlying security.

If a call option purchased by the Fund is not sold when it has remaining value, and if the market price of the underlying security remains equal to or less than the exercise price, the Fund will lose its entire investment in the option.

If a put option purchased by the Fund is not sold when it has remaining value, and if the market price of the underlying security remains equal to or greater than the exercise price, the Fund will lose its entire investment in the option.

Real Estate Investment Trusts Risks. REITs pool investors capital to purchase or finance real estate. The market value of REIT shares and the ability of REITs to distribute income may be adversely affected by numerous factors, including rising interest rates, changes in the national, state and local economic climate and real estate conditions, perceptions of prospective tenants of the safety, convenience, and attractiveness of the properties, the ability of the owners to provide adequate management, maintenance, and insurance, the cost of complying with the Americans with Disabilities Act, increasing competition and compliance with environmental laws, changes in real estate taxes and other operating expenses, adverse changes in governmental rules and fiscal policies, adverse changes in zoning laws, and other factors beyond the control of the issuers. In addition, distributions received by the Fund from REITs may be attributable to net investment income, net realized capital gains, and/or returns of capital. Dividends paid by REITs generally do not qualify for the reduced federal income tax rates applicable to qualified dividend income under the Internal Revenue Code of 1986, as amended (the Code). See Tax Considerations in the SAI. REITs are subject to interest rate risk and prepayment risk. Changes in prevailing interest rates affect not only the value of REIT shares but may impact the market value of the REIT s holdings of real estate and real estate related securities. Investing in REITs also involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs are dependent upon the skills of their managers and are not diversified by industry. REITs are generally dependent upon maintaining cash flows to repay borrowings and to make distributions to shareholders and are subject to the risk of default by lessees or borrowers. REITs may have limited financial resources and may trade less frequently and in a more limited volume, and may be subject to more abrupt or erratic price movements than larger company securities.

Securities of Other Investment Companies Risks. An investment in shares of other investment companies involves substantially the same risks as investing directly in the underlying instruments that such investment companies hold and the risk that the price of the shares of the investment company can fluctuate up or down. There can be no assurance that the investment objective of any investment company in which the Fund invests will be achieved. Consequently, the Fund could lose money investing in another investment company if the prices of the securities owned by the investment company decline in value. Investment companies typically incur advisory fees and other expenses. The Fund, as a shareholder, will indirectly bear its *pro rata* portion of such fees and expenses in addition to the Fund s direct fees and expenses, so shareholders of the Fund will be subject to duplication of fees on investments by the Fund in other investment companies.

In addition, closed end funds, ETFs, and BDCs in which the Fund may invest are subject to the following risks that do not apply to open end funds: (i) market price of shares may trade above or below their NAV; (ii) an active trading market for shares may not develop or be maintained; and (iii) trading of shares may be halted. In the case of leveraged closed end funds, their share price and NAV may fluctuate to a greater extent and be more volatile than un-leveraged closed end funds.

Business Development Companies Risk. Because BDCs typically invest in small and medium-sized companies, a BDC s portfolio is subject to the risks inherent in investing in smaller companies, including that portfolio companies may be dependent on a small number of products or services and may be more adversely affected by poor economic or market conditions. Some BDCs invest substantially, or even exclusively, in one sector or industry group and therefore the BDC may be susceptible to adverse conditions and economic or regulatory occurrences affecting the sector or industry group, which tends to increase volatility and result in higher risk. Investments in BDCs are also subject to management risk, including management s ability to meet the BDC s investment objective, and to manage the BDC s portfolio during periods of market turmoil and as investor s perceptions regarding a BDC or its underlying investments change.

Securities of Small and Mid-Capitalization Companies Risks. The Fund may invest in small or mid-sized companies (generally a market capitalization of $5 billion or less). Accordingly, the Fund may be subject to the additional risks associated with investment in these companies. The market prices of the securities of such companies tend to be more volatile than those of larger companies. Further, these securities tend to trade at a lower volume than those of larger companies. If the Fund is heavily invested in these securities and the value of these securities declines, the Fund may be susceptible to significant losses.

Preferred Stock Risks. In addition to equity securities risk and possibly below investment grade securities risk, investment in preferred stocks involves certain other risks. Certain preferred stocks contain provisions that allow an issuer under certain conditions to skip or defer distributions. Preferred stocks often are subject to legal provisions that allow for redemption in the event of certain tax or legal changes or at the issuer s call. In the event of redemption, the Fund may not be able to reinvest the proceeds at comparable rates of return. Preferred stocks are subordinated to bonds and other debt securities in an issuer s capital structure in terms of priority for corporate income and liquidation payments, and therefore will be subject to greater credit risk than those debt securities. Preferred stocks may trade less frequently and in a more limited volume and may be subject to more abrupt or erratic price movements than many other securities, such as common stocks and debt securities of corporate and government issuers.

Foreign Securities Risks. The Fund may invest in securities of issuers domiciled outside the United States. Investing in the securities of foreign issuers may involve additional risks and considerations that are not typically associated with investing in the securities of U.S. issuers. Since the securities of foreign issuers are normally denominated in foreign currencies, the Fund may be affected favorably or unfavorably by changes in currency rates and in exchange control regulations, and may incur costs in connection with conversions between various currencies. As foreign issuers are not generally subject to accounting, auditing, tax, and financial reporting standards and practices comparable to those applicable to U.S. issuers, comparable information may not be readily available about certain foreign issuers. Some securities of foreign issuers may be less liquid and more volatile than securities of comparable U.S. issuers. In addition, in certain foreign countries, there is the possibility of expropriation or confiscatory taxation, political, or social instability, or diplomatic developments that could affect U.S. investments in the securities of issuers domiciled in those countries.

U.S. Government Securities Risks. Historically, U.S. government securities have not been perceived to involve the general credit risks associated with investments in other types of debt securities and, as a result, the yields available from U.S. government securities are generally lower than the yields available from other debt securities. Like other debt securities, however, the values of U.S. government securities change as interest rates fluctuate. Fluctuations in the value of portfolio securities will not affect interest income on existing portfolio securities but will be reflected in the Fund s NAV.

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Illiquid and Restricted Securities Risks. Liquidity relates to the time in which the Fund reasonably expects an investment would be convertible to cash in current market conditions without significantly changing the market value of the investment. An illiquid investment is an investment that the Fund reasonably expects cannot be sold in current market conditions in seven calendar days without significantly changing the market value of the investment. The relative illiquidity of some of the Fund s portfolio 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. The market for less liquid securities tends to be more volatile than the market for more liquid securities and market values of relatively illiquid securities may be more susceptible to change as a result of adverse publicity and investor perceptions than are the market values of more liquid securities. Restricted securities have contractual or legal restrictions on resale to the general public or certain institutions, which may make it more difficult to value them, limit the Fund s ability to dispose of them, and lower the amount the Fund could realize upon their sale.

Counterparty Risk. The Fund will be subject to credit and performance risk with respect to the counterparties to an options contract, repurchase agreement, loan of portfolio securities, or other future obligation. While the Fund does not employ specific creditworthiness standards when selecting counterparties, it seeks to engage in transactions with creditworthy and otherwise dependable counterparties. Certain entities that have served as counterparties have incurred significant losses and financial hardships, including bankruptcy, which may reduce their creditworthiness and willingness or ability to perform their counterparty obligations. There can be no assurance that the Fund s counterparties will not experience similar difficulties, possibly resulting in losses to the Fund. The Fund has no limit on the amount of assets it may subject to any one counterparty.

Master Limited Partnership Risk. Limited partners in a master limited partnership (MLP) typically have limited control and limited rights to vote on matters affecting the partnership. There also are certain tax risks associated with the MLPs in which the Fund may invest, including the possibility that the Internal Revenue Service (IRS) could challenge the federal income tax treatment of the MLPs in which the Fund invests. The tax risks of investing in an MLP are generally those inherent in investing in a partnership as compared to a corporation. Since cash distributions received by the Fund from an MLP may not correspond to the amount of income allocated to the Fund by the MLP in any given taxable year, the Fund may have to dispose of its portfolio investments under disadvantageous circumstances in order to generate sufficient cash to satisfy the distribution requirements for maintaining the Fund s status as a RIC and avoiding any income and excise taxes at the Fund level. If an MLP in which the Fund invests fails to qualify as a qualified publicly traded partnership, as defined in the Code (and is not otherwise taxed as a corporation), income generated by such an MLP may not constitute good income and may thus jeopardize the Fund s status as a RIC for federal income tax purposes. MLPs may also be subject to state taxes in some jurisdictions. These tax risks, and any

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adverse determination with respect thereto, could have a negative impact on the after-tax income available for distribution by the MLPs and the value of the Fund s investments in an MLP.

Market Discount from Net Asset Value. Shares of closed end funds frequently trade at a discount from their NAV. This characteristic is a risk separate and distinct from the risk that the Fund s NAV has in the past, and therefore could in the future, decrease as a result of its investment activities. Neither the Investment Manager nor the Fund can predict whether Shares will trade at, below or above NAV. The risk of holding Shares that might trade at a discount is more pronounced for investors expecting to sell their Shares in a relatively short period of time after acquiring them because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance. The Shares are designed primarily for long term investors and should not be considered a vehicle for trading purposes. The NAV of the Shares will fluctuate with price changes of the Fund s portfolio securities, and these fluctuations are likely to be greater in the case of a fund which uses leverage, such as the Fund.

Distribution Policy Risk. The Fund makes quarterly dividend payments or other distributions to its shareholders that reflect its distribution policy to provide shareholders with a relatively stable cash flow per share, although the dividend amount per share was adjusted lower in 2016 and 2017 from prior periods. The distribution policy and amount per share may be changed or discontinued without notice. Such distributions do not match the Fund s investment income and capital gains and do not represent yield or investment return. The distributions are paid from net investment income and any net capital gains, with the balance representing return of capital.

A return of capital will generally not be taxable, but will reduce each shareholder s cost basis in Fund shares (but not below zero) and will result in a higher reported capital gain or lower reported capital loss when those shares on which the distributions were received are ultimately sold. Any return of capital in excess of a shareholder s basis, however, is taxable as a capital gain. A substantial portion of the Fund s annual distributions have historically consisted of returns of capital. Even though the Fund may realize current year capital gains, such gains may be offset, in whole or in part, by the Fund s capital loss carryovers from prior years. Capital losses incurred in taxable years beginning after December 22, 2010, are allowed to be carried forward indefinitely and retain the character of the original loss. As a transition rule, post-enactment net capital losses are required to be utilized before pre-enactment net capital losses. The Fund has a net capital loss carryover as of December 31, 2016 of $1,442,265 which expires in 2018. Pursuant to the 1940 Act and other applicable laws, a notice normally will accompany each distribution estimating the source(s) of the distribution when it is from a source other than the Fund s accumulated undistributed net income or net income for the current or preceding fiscal year. The actual determination of the source of the Fund s distributions can be made only after year end.

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The distribution policy may, under certain circumstances, have certain adverse consequences to the Fund and its shareholders. If the Fund s investments do not generate sufficient income, the Fund may be required to liquidate a portion of its portfolio to fund these distributions at a time when it would otherwise not do so. If the Fund distributes amounts in excess of its net investment income and realized net capital gains, such distributions will decrease the Fund s capital and, therefore, have the potential effect of increasing the Fund s expense ratio. In addition, the maintenance of the Fund s distribution policy may cause the Fund s assets to be less fully invested than would otherwise be the case, which could reduce the Fund s total investment return. Furthermore, the Fund may need to raise additional capital in order to maintain the distribution policy.

Securities Lending Risk. Securities lending involves possible delay in recovery or loss of the lent securities or possible loss of rights in the lent securities or collateral or both should the borrower fail to perform due to financial inability or otherwise. As a result, the value of the Shares may fall. The value of the Shares could also fall if a loan is called and the Fund is required to liquidate collateral at a loss or if the Investment Manager is unable to invest cash collateral at rates which exceed the costs involved.

Management Risk. The Fund is subject to management risk because it is an actively managed investment portfolio. The Investment Manager will seek to achieve the investment objectives of the Fund, but there can be no guarantee that it will be successful. Moreover, the Fund may, from time to time, make temporary investments for defensive purposes that are inconsistent with the Fund s principal investment strategies in attempting to respond to adverse market, economic, political, or other conditions, pending investment of the proceeds of sales of portfolio securities, pending investment of the proceeds from Share offerings, or at other times when suitable investments are not otherwise available. To the extent the Fund takes temporary defensive positions, it may not achieve its investment objectives.

Valuation Risk. The Fund may invest in securities and other assets for which market quotations are not readily available or reliable. For example, unlike most publicly traded common stocks which trade on national exchanges, bonds generally do not trade on national exchanges but rather trade in the over-the-counter markets. These markets often may not provide readily available or reliable market quotations and consequently the valuation of bonds may carry more risk than that of publicly traded common stock. Securities for which market quotations are not readily available or reliable and other assets may be valued as determined in good faith by the Investment Manager under the direction of or pursuant to procedures approved by the Fund s Board of Trustees (the Board). Certain 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. Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency, and inconsistency of valuation models and processes may lead to inaccurate asset pricing. 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

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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 NAV of its shares to differ from the NAV 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.

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

Anti-Takeover Provisions. The Fund has certain provisions in its Amended and Restated Agreement and Declaration of Trust (Declaration of Trust) and Bylaws (together with the Declaration of Trust, the Governing Documents) that may be regarded as anti-takeover provisions. These provisions could have the effect of limiting (i) the ability of other entities or persons to acquire control of the Fund; (ii) the Fund s freedom to engage in certain transactions; (iii) the ability of the Board or shareholders to amend the Governing Documents or effectuate changes in the Fund s management; or (iv) the ability of the Fund s shareholders to make derivative claims against the Fund. The overall effect of these provisions is to render more difficult the accomplishment of a merger with, or the assumption of control by, a shareholder, or the conversion of the Fund to open end status. These provisions may have the effect of depriving Fund shareholders of an opportunity to sell their Shares at a premium above the prevailing market price by discouraging a third party from seeking to obtain control of the Fund. See Description of the Securities Certain Anti-Takeover Provisions in the Governing Documents.

Status as a Regulated Investment Company:

The Fund intends to continue to qualify for treatment as a regulated investment company (as defined in section 851(a) of the Code) (RIC) under the Code. Qualification requires, among other things, compliance by the Fund with certain distribution requirements. See Tax Considerations in the SAI.

Investment Manager:

Bexil Advisers LLC acts as the Fund s Investment Manager pursuant to an investment management agreement (the Investment Management Agreement) between the Investment Manager and the Fund. Under the terms of the Investment Management Agreement, the Fund pays the Investment Manager a fee at an annual rate of 0.95% of the Fund s managed assets and reimburses the Investment Manager for certain costs. Because the Investment Manager receives a fee based on the Fund s assets, the Investment Manager will benefit from any increase in assets that results from the offering of Shares. Thomas B. Winmill and William M. Winmill are co-portfolio managers of the Fund. Mr. Thomas B. Winmill currently serves as President, Chief Executive Officer, Chief Legal Officer, and a Trustee or Director of the Fund, Foxby Corp., and Midas Series Trust. He is President, Chief Executive Officer, and Chief Legal Officer of the Investment Manager

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and Midas Management Corporation (registered investment advisers) (the Advisers), Bexil Securities LLC and Midas Securities Group, Inc. (registered broker-dealers), Bexil Corporation, Bexil American Mortgage Inc., and Winmill & Co. Incorporated. He is a Director of Global Self Storage, Inc. He is Chairman of the Investment Policy Committee of each of the Advisers, and he is also a portfolio manager of Midas Fund, Midas Magic, and Foxby Corp. Mr. William M. Winmill currently also serves as co-portfolio manager of Foxby Corp., Vice President of the Fund, Foxby Corp., and Midas Series Trust, and Vice President and Investment Analyst of the Advisers and Vice President or Assistant Vice President of Bexil Corporation, Global Self Storage, Inc., Tuxis Corporation, Winmill & Co. Incorporated, and certain of their subsidiaries. From February 1, 2011 through February 28, 2014, the daily portfolio management of the Fund was provided by the Investment Policy Committee of the Investment Manager, of which Thomas B. Winmill was a member. Effective March 1, 2014, Thomas B. Winmill assumed sole portfolio management responsibility for the Fund. William M. Winmill became a co-portfolio manager of the Fund effective September 1, 2017.

Pursuant to the Investment Management Agreement, the Fund reimburses the Investment Manager for providing at cost certain administrative services including compliance and accounting services. See Management of the Fund The Investment Manager.

Share Repurchases and Tender Offers:

The Board has determined that it normally is in the best interests of the Fund and its shareholders to increase the assets of the Fund, and that (i) increased assets permit the Fund to be in a better position to more fully take advantage of investment opportunities that may arise and seek to enhance the Fund s future returns; (ii) a larger number of outstanding Shares could increase the level of market interest in and visibility of the Fund and improve the trading liquidity of the Fund s Shares; and (iii) the increase in assets may result in a lower expense ratio for the Fund by spreading the Fund s fixed costs over a larger asset base. Accordingly, no assurance can be given that the Board would authorize actions that would decrease the assets of the Fund, such as share repurchases and tender offers. Under certain circumstances, a shareholder vote may be required to authorize such actions. See Description of the Securities Share Repurchases and Tender Offers.

Distribution Policy:

The Fund makes quarterly dividend payments or other distributions to its shareholders that reflect its distribution policy to provide shareholders with a relatively stable cash flow per share. The dividend amount per share was adjusted lower in 2016 and 2017 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 and amount per share 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. 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, i.e., the return of capital, will be charged against the Fund s capital. The Fund s distributions do not match its net investment income and net realized capital gains and do not represent yield or investment return. The Fund s final distribution for

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	each calendar year may include remaining net investment income and net capital gains otherwise undistributed during the year. See Tax Considerations in the SAI.
	If, for any taxable year of the Fund (which ends on December 31), the total distributions exceed the sum of the Fund s net investment income and net realized short and long term capital gains, the excess will generally be treated first as ordinary dividend income (up to the amount, if any, of the Fund s current and accumulated earnings and profits, which takes into account taxable distributions) and then as a return of capital (tax-free for a shareholder up to the amount of its tax basis in its Shares). 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. Any return of capital in excess of a shareholder s basis is taxable as a capital gain. A substantial portion of the Fund s annual distributions have historically consisted of returns of capital. This distribution policy may, under certain circumstances, have certain adverse consequences to the Fund and its shareholders. Under the 1940 Act, the Fund may not declare any dividend or other distribution upon any capital Shares, or purchase any such capital Shares, unless the aggregate indebtedness of the Fund has, at the time of the declaration of any such dividend or other distribution or at the time of any such purchase, an asset coverage of at least 300% after deducting the amount of such dividend, other distribution, or purchase price, as the case may be. In addition, certain lenders may impose additional restrictions on the payment of dividends or other distributions on the Shares in the event of a default on the Fund s borrowings. Any limitation on the Fund s ability to make distributions to the holders of its Shares could, under certain circumstances, impair its ability to maintain its qualification for taxation as a RIC. See Distribution Policy in this Prospectus and Tax Considerations in the SAI.
Dividend Reinvestment Plan:	The Fund has a Dividend Reinvestment Plan. Under the plan, all dividends and other distributions are automatically reinvested in additional Shares unless a shareholder elects to receive them in cash. See Dividend Reinvestment Plan.
Custodian and Transfer Agent:	State Street Bank and Trust Company acts as custodian of the Fund s investments and may appoint one or more sub-custodians. The custodian is responsible for the safekeeping of Fund assets and, with its affiliates, may act as a securities lending and borrowing agent and a securities broker for portfolio transactions by the Fund. American Stock Transfer & Trust Company, LLC acts as the Fund s transfer and dividend disbursing agent.

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FEES AND EXPENSES

The following table contains information about the costs and expenses that shareholders will bear directly or indirectly. The table is based on estimated fees and expenses for the current fiscal year ending December 31, 2017 (except as noted below) and estimated average net assets of the Fund during the Fund s current fiscal year ending December 31, 2017, after giving effect to the offer and sale of $128,837,017 of Shares still available to issue under the Fund s registration statement of which this Prospectus is a part. The purpose of the table and the example below is to help you understand the fees and expenses that you, as a holder of Shares, would bear directly or indirectly.

Shareholder Transaction Expenses	
Sales Load (as a percentage of offering price)(1)	N/A
Offering Expenses (as a percentage of offering price)(2)	0.72%
Dividend Reinvestment Plan Fees(3)	None
Annual Expenses (as a percentage of net assets attributable to Shares)	
Management Fees(4)	1.01%
Interest Payments on Borrowed Funds(5)	0.17%
Acquired Fund Fees and Expenses(6)	0.02%
Other Expenses(7)	0.33%
Total Annual Fund Operating Expenses	1.53%

(1) Not available at this time. Should a sales load apply with respect to a particular offering of Shares, the applicable Prospectus Supplement will disclose the amount of any such sales load.

(2) Estimated maximum amount based on offering $150 million in Shares and an estimate of total offering expenses based on the offering expenses actually incurred in connection with the Fund s first shelf registration statement take-down in 2015, plus the estimate of total offering expenses associated with the Fund s second proposed take-down expected to close in early 2018. The estimated amounts in connection with any future offering will be set forth in the applicable Prospectus Supplement.

(3) See Dividend Reinvestment Plan.

(4) The Fund pays a management fee to the Investment Manager 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 (financial leverage). In accordance with the requirements of the SEC, the table above shows the Fund s management fee as a percentage of average net assets. In calculating the management fee rate based on net assets, the Fund derived the amount of management fees based upon outstanding financial leverage of 6% of the Fund s estimated managed assets (which estimate is based on the average level of financial leverage employed during the Fund s current fiscal year). If financial leverage of more than 6% is used, the management fee shown would be higher.

(5) Assumes borrowings under the Liquidity Agreement representing 6% of estimated managed assets at an annual interest rate of 2.67%, which is the interest rate applicable as of December 12, 2017 under the Fund s Liquidity Agreement.

(6) Acquired Fund Fees and Expenses are based upon actual amounts of such fees and expenses for the 2016 fiscal year. Based on estimated fees and expenses for the 2017 fiscal year, Acquired Fund Fees and Expenses would be less than 0.01%.

(7) Other Expenses are based upon estimated amounts for the current fiscal year.

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Example

The following example illustrates the expenses that you would pay on a $1,000 investment in Shares, assuming (1) a 5% annual return, (2) total annual operating expenses of 1.53%, (3) offering expenses of 0.72%, and (4) reinvestment of all dividends and other distributions at NAV. The actual expenses in connection with any offering will be set forth in the Prospectus Supplement if applicable.

1 Year	3 Years	5 Years	10 Years
$23	$55	$90	$188

The purpose of the table and example above is to help you understand the various costs and expenses that an investor in the Fund may bear directly or indirectly. **The example should not be considered a representation of future expenses. The Fund s actual expenses may be more or less than those shown and the Fund s actual rate of return will vary and may be higher or lower than the hypothetical 5% annual return used to calculate the example.**

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FINANCIAL HIGHLIGHTS

The table below sets forth certain specified information for a Share outstanding throughout each period presented. This information is derived from the financial and accounting records of the Fund. The financial highlights for the fiscal years ended December 31, 2012 through December 31, 2016, the one month ended December 31, 2011, and the year ended November 30, 2011 have been audited by Tait, Weller & Baker LLP, an independent registered public accounting firm. The prior financial highlights for the fiscal years ended November 30, 2007 through November 30, 2010 were audited by other independent registered public accounting firms, whose reports with respect to those periods were unqualified. Information for the six-month period ended June 30, 2017 has not been audited. The information below should be read in conjunction with (i) the Fund s audited financial statements and the accompanying notes thereto for the fiscal year ended December 31, 2016, which, together with the report of the Fund s independent registered public accounting firm, have been incorporated by reference in the SAI, and (ii) the Fund s Semi-Annual Report for the six-month period ended June 30, 2017, which is also incorporated by reference in the SAI. The Annual and Semi-Annual Reports are available without charge by calling toll-free at 1-855-411-6432.

Bexil Advisers LLC became the Fund s Investment Manager effective February 1, 2011.

Per share data, including the proportionate impact to market price, has been restated to reflect the effects of a 1-for-4 reverse stock split effective as of the start of trading on the NYSE on December 10, 2012.

hare ating rmance		**For the Years Ended December 31,**						**For the Years Ended November 30,**				
share nding ghout period)	**Six months ended June 30, 2017** [1]	**2016**	**2015**	**2014**	**2013**	**2012**	**One Month Ended Dec. 31, 2011**[2]	**2011**	**2010**	**2009**	**2008**	**20**
sset ning of d	$ 14.18	$ 13.11	$ 16.66	$ 17.20	$ 15.53	$ 15.48	$ 16.88	$ 17.36	$ 16.76	$ 14.68	$ 32.64	$ 3
ne from ment tions:[3]												
ment ne	0.08	0.25	0.31	0.34	0.40	0.56	0.08	0.96	0.80	0.84	2.24	
ealized nrealized loss) on ments	1.04	1.84	(1.68)	0.76	4.12	1.13	0.20	(0.08)	1.44	2.88	(16.76)	(
	1.12	2.09	(1.37)	1.10	4.52	1.69	0.28	0.88	2.24	3.72	(14.52)	(

income ment tions												
butions:												
ment ne	(0.08)	(0.23)	(0.26)	(1.63)	(1.16)	(0.56)	(0.08)	(0.92)	(1.40)	(1.56)	(2.36)	(
al gains	--	--	--	--	--	--	--	--	--	--	--	
n of l	(0.22)	(0.77)	(1.37)	--	(0.47)	(1.07)	(0.32)	(0.44)	(0.24)	(0.08)	(1.08)	(
butions	(0.30)	(1.00)	(1.63)	(1.63)	(1.63)	(1.63)	(0.40)	(1.36)	(1.64)	(1.64)	(3.44)	(
share ctions:												
t of estment idends	(0.03)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	--*	--*	--*	--	--	
ase in set value rights ng	--	--	(0.53)	--	(1.21)	--	(1.28)	--	--	--	--	
Fund ctions	(0.03)	(0.02)	(0.55)	(0.01)	(1.22)	(0.01)	(1.28)	--	--	--	--	
sset , end of d[4]	**$ 14.97**	**$ 14.18**	**$ 13.11**	**$ 16.66**	**$ 17.20**	**$ 15.53**	**$ 15.48**	**$ 16.88**	**$ 17.36**	**$ 16.76**	**$ 14.68**	**$ 3**
ket , end of d	**$ 12.35**	**$ 11.85**	**$ 11.01**	**$ 15.12**	**$ 15.11**	**$ 13.53**	**$ 13.72**	**$ 13.84**	**$ 16.92**	**$ 14.60**	**$ 10.40**	**$ 2**

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Six months ended June 30, 2017[(1)]	For the Years Ended December 31, 2016	2015	2014	2013	2012	One Month Ended Dec. 31, 2011[(2)]	For the Years Ended Nov 2011	2010	2009
8.19%	18.13%	(10.65)%	7.28%	23.35%	12.67%	(5.52)%	5.61%	14.55%	29.42%
6.81%	17.55%	(17.32)%	10.83%	24.38%	10.75%	2.13%	(11.15)%	28.17%	59.14%
159,818	$ 151,005	$ 138,417	$ 144,280	$ 148,081	$ 93,951	$ 93,123	$ 71,329	$ 73,322	$ 70,853
1.71%**	1.62%	1.65%	1.55%	1.87%	2.57%	2.09%**	2.02%	2.63%	3.01%
1.71%**	1.62%	1.65%	1.55%	1.87%	2.57%	2.09%**	2.00%	2.50%	2.89%
1.43%**	1.46%	1.51%	1.47%	1.72%	2.30%	1.78%**	1.73%	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.20%	2.03%
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.07%	1.91%
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.43%	0.98%
1.08%**	1.85%	2.02%	1.94%	2.38%	3.56%	6.28%**	5.44%	4.73%	5.43%
8%	69%	35%	52%	45%	13%	0%	24%	51%	73%

N/A	$ 27,780	$ 8,066	$ 17,284	$ 21,346	$ 21,348	$ 17,815	$ 18,209	$ 20,000	N/A	
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 10,000	$
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 9,960	$
N/A	$ 6,436	$ 18,161	$ 9,347	$ 7,937	$ 5,401	$ 6,227	$ 4,917	$ 4,666	$ 7,425	$

(1) Unaudited.

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

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

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(4) 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 report at the original dates prior to the reverse stock split were as follows:

	One Month Ended Dec 31, 2011(2)	For the Years Ended November 30, 2011	2010	2009	2008	2007
Net asset value	$ 3.87	$ 4.22	$ 4.34	$ 4.19	$ 3.67	$ 8.16
Market value	$ 3.43	$ 3.46	$ 4.23	$ 3.65	$ 2.60	$ 7.35

(5) 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.

(6) Expenses and income ratios do not include expenses incurred by the acquired funds in which the Fund invests.

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

(8) The ratio of total expenses excluding interest expense and fees incurred from the use of leverage to average net assets was 1.43%** for the six months ended June 30, 2017 and 1.46%, 1.51%, 1.47%, 1.72% and 2.30% for the years ended December 31, 2016, 2015, 2014, 2013 and 2012, respectively.

(9) Net expenses are the expenses of the Fund presented in the Statement of Operations after fee waivers and expense reductions.

(10) Effective July 28, 2016, the Fund replaced its prior bank credit facility with the Liquidity Agreement.

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

(12) 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/Liquidity Agreement is considered a senior security representing indebtedness.

* Less than $0.01 per share.

** Annualized.

N/A means not applicable.

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USE OF PROCEEDS

The Investment Manager expects that it will initially invest the proceeds of any offering by reducing borrowings, if any, and the balance in high quality short-term debt securities, money market fund shares, or similar securities. The Investment Manager anticipates that the investment of the proceeds will be made in accordance with the Fund s investment objectives and policies as appropriate investment opportunities are identified, which is expected to substantially be completed within three months; however, changes in market conditions could result in the Fund s anticipated investment period extending to as long as six months. Depending on market conditions and operations, a portion of the cash held by Fund, including any proceeds raised from an offering, may be used to pay distributions in accordance with the Fund s distribution policy. The Fund does not currently anticipate an increase in leverage immediately following the completion of any Share offerings; however, the Fund reserves the right to adjust leverage from time to time. See Investment Objectives, Policies, and Strategies Leverage.

THE FUND

The Fund is a diversified, closed end management investment company with Shares listed on the NYSE under the symbol DNI. As of October 6, 2017, the Fund had 10,688,250 Shares outstanding. Registered under the 1940 Act, the Fund was incorporated under the laws of the State of Maryland on April 6, 1998 and commenced investment operations on June 29, 1998 under the name Chartwell Dividend and Income Fund, Inc., which was shortened effective February 1, 2011 to Dividend and Income Fund, Inc. On May 14, 2012, the Fund reorganized into a Delaware statutory trust and changed its name to Dividend and Income Fund. The Fund s principal office is located at 11 Hanover Square, New York, New York 10005.

I NVESTMENT OBJECTIVES, POLICIES, AND STRATEGIES

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 outstanding voting securities of the Fund. The Fund is also subject to certain investment restrictions, set forth in its SAI, that are fundamental and cannot be changed without a vote of a majority of the Fund s outstanding voting securities. A majority of the outstanding voting securities of the Fund is defined under the 1940 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 herein and in the SAI are not fundamental and may be changed by the Board without shareholder approval except as required by law.

The Fund seeks to achieve its objectives by investing, under normal circumstances, at least 50% of its total assets in Income Generating Equity Securities. The Fund may invest in Debt Securities, including bonds issued by domestic and foreign corporate and government issuers. The Debt Securities in which the Fund may invest may be structured as fixed rate debt, floating rate debt, and debt that may not pay interest at the time of issuance. The Fund may also invest in equity securities of other issuers, including investment companies, ETFs and REITs, deemed by the Investment Manager not to be Income Generating Equity Securities based on the issuer s income generation, objectives, policies, holdings, or similar criteria. The Fund may invest in securities of domestic or foreign issuers of any size. There is no assurance the Fund will achieve its investment objectives.

The Debt Securities in which the Fund may invest include high yield, high risk securities which are rated below investment grade, including the lowest rating categories, or are unrated but are determined by the Investment Manager to be of comparable quality, and are considered speculative and subject to certain risks that may be greater than those of higher rated securities. Securities rated below investment grade are those rated below Baa by Moody s or below BBB by S&P. The Fund normally will not invest more than 50% of its total assets in

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below investment grade Debt Securities, commonly known as junk bonds. Certain Income Generating Equity Securities in which the Fund may invest, including convertible securities and preferred stocks, may also be rated below investment grade and generally will have characteristics similar to those of lower rated Debt Securities. The Fund will not, however, normally invest in convertible securities rated below C by Moody s or CC by S&P. Such investments are in addition to investments in below investment grade Debt Securities. For a description of the risks associated with an investment in securities rated below investment grade, see Special Considerations and Risk Factors below.

The Fund is permitted to invest in shares of registered investment companies, including money market fund shares, to the extent permitted by the 1940 Act. Investment company shares held by the Fund may be deemed by the Investment Manager to be Income Generating Equity Securities, Debt Securities (such as money market fund shares), or otherwise, depending on the income generation, objectives, policies, holdings, or similar criteria of the investment company. In accordance with the 1940 Act, the Fund normally will be limited in the amount the Fund and its affiliates can invest in any one investment company to 3% of the investment company s total outstanding stock. As a result, the Fund may hold a smaller position in such investment company than if it were not subject to this restriction. To comply with provisions of the 1940 Act, on any matter upon which the Fund is solicited to vote as a shareholder in an investment company in which it invests, the Investment Manager normally seeks to vote such shares in the same general proportion as shares held by other shareholders of that investment company. The Fund does not invest in any investment companies managed by the Investment Manager or its affiliates. Investment companies typically incur advisory fees and other expenses. The Fund, as a shareholder, will indirectly bear its pro rata portion of such fees and expenses in addition to the Fund s direct fees and expenses.

In seeking to enhance returns, the Fund may employ leverage to the extent permitted under the 1940 Act. See Leverage below. The Fund may also buy and sell put and call options. The Fund may trade securities actively in pursuit of its investment objectives. The Fund also may lend its portfolio securities to brokers, dealers, and other financial institutions.

The Fund may, from time to time, make temporary investments for defensive purposes that are inconsistent with the Fund s principal investment strategies in attempting to respond to adverse market, economic, political, or other conditions, pending investment of the proceeds of sales of portfolio securities, pending investment of the proceeds from Share offerings, or at other times when suitable investments are not otherwise available. To the extent the Fund takes temporary defensive positions, it may not achieve its investment objectives.

See Additional Information About the Fund s Investment Program in the SAI.

Investment Strategy

When allocating the Fund s assets between Income Generating Equity Securities and Debt Securities, the Investment Manager focuses on the Fund s objective of high current income, with capital appreciation as a secondary objective, and accordingly seeks to evaluate relative yields and potential for capital appreciation, as well as associated risks, on macroeconomic levels, by sector, and by specific security.

When selecting Income Generating Equity Securities for the Fund, the Investment Manager will normally emphasize primarily those offering high current income and secondarily potential for capital appreciation. In evaluating investments, the Investment Manager will typically apply fundamental investment analysis, which may consider yield, financial strength, profitability, growth potential, and risks, in view of market valuation and relative strength, as well as other considerations, such as market, sector, or industry diversification, to select the Fund s specific portfolio securities. Except for securities issued or guaranteed by the U.S. government or other issuers not considered to be members of any industry, at the time a transaction is effected the Fund will not concentrate its investments in the securities of one or more issuers conducting their principal business activities in the same industry.

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When selecting Debt Securities for the Fund, the Investment Manager will seek investments that offer a high level of current income consistent with reasonable risk in light of the nature of the investments. Debt Securities under consideration for the Fund s portfolio normally will be analyzed by the Investment Manager based on fundamental factors, including yield, financial and operating strength, and risk, and other considerations, including marketability, relative value characteristics, and general credit trends. The Fund will generally invest in such securities presenting, in the Investment Manager s opinion, the potential for investment returns consistent with the Fund s investment objectives.

The Investment Manager generally considers a variety of factors when determining whether to sell a security in the Fund s portfolio and may sell a security at any time in its discretion. An investment is typically sold when its potential to meet the Fund s investment objectives is deemed by the Investment Manager to be limited or exceeded by another potential investment or when it no longer appears to meet the Fund s investment objectives.

The following is additional information about the securities in which the Fund may invest and the investment techniques the Fund may use. For additional information about the Fund s investment policies and strategies, see Additional Information About the Fund s Investment Program in the SAI.

Income Generating Equity Securities. Equity securities include common stocks, preferred stocks, and convertible securities. Inasmuch as the Fund s primary investment objective is to seek high current income and capital appreciation is a secondary objective, when selecting equity securities for investment, the Investment Manager typically will focus primarily on a security s income paying capacity, and secondarily on its potential for capital appreciation. The Fund may hold or have exposure to equity securities of issuers of any size (in terms of market capitalization or otherwise) and in any industry or sector. The equity securities in which the Investment Manager expects to invest on behalf of the Fund consist primarily of common stocks and preferred stocks (each discussed below).

Common Stock. Common stock represents an equity ownership interest in a corporation, typically providing voting rights and entitling the holder to a share of the company s success through dividends and/or capital appreciation. In the event of liquidation, common shareholders have rights to a company s remaining assets after bond holders, other debt holders, and preferred shareholders have been paid in full. Typically, common shareholders are entitled to one vote per share to elect the company s board of directors (although the number of votes is not always directly proportionate to the number of shares owned). Common shareholders also normally receive voting rights regarding other company matters, such as mergers and other extraordinary matters.

Preferred Stock. Preferred stock represents an equity ownership interest in a corporation, but generally entitles the holder to receive, in preference to the holders of other stocks such as common stocks, dividends and a fixed share of the proceeds resulting from liquidation of the company. Some preferred stock also entitles their holders to receive additional liquidation proceeds on the same basis as holders of a company s common stock. Some preferred stock offers a fixed rate of return with no maturity date. Preferred stock with no maturity may perform similarly to long term bonds, and can be more volatile than other types of preferred stock with heightened sensitivity to changes in interest rates. Other preferred stock has a variable dividend, generally determined on a quarterly or other periodic basis. Because preferred stock represents an equity ownership interest in a company, its value usually will react more strongly than bonds and other debt instruments to actual or perceived changes in a company s financial condition or prospects or to fluctuations in the equity markets. Unlike common stock, preferred stock does not usually have voting rights absent the occurrence of specified events; preferred stock, in some instances, is convertible into common stock. In order to be payable, dividends on preferred stock must be declared by the issuer s board of directors. There is, however, no assurance that dividends will be declared by the boards of directors of issuers of the preferred stocks in which the Fund invests.

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Debt Securities. A debt security represents money borrowed that must be repaid. Debt securities include bonds, bills, notes, debentures, commercial paper, and other debt obligations. Unlike common and preferred stock, a debt security does not represent an equity interest in the issuer. However, a debt security has a priority of claim over common shareholders if the issuer is liquidated. The Fund may invest in a wide variety of Debt Securities, although the Investment Manager anticipates, under normal market conditions, the Debt Securities in which the Fund invests will be primarily corporate bonds and U.S. government securities.

Corporate Bonds. Corporate bonds are debt obligations issued by U.S. and foreign corporations and other business entities. Corporate bonds may be either secured or unsecured. Collateral used for secured corporate debt includes, but is not limited to, real property, machinery, equipment, accounts receivable, stocks, bonds, or notes. If a corporate bond is unsecured, it is known as a debenture. Bondholders, as creditors, have a prior legal claim over common and preferred shareholders as to both income and assets of the corporation for the principal and interest due them and may have a prior claim over other creditors if liens or mortgages are involved. Interest on corporate bonds may be fixed rate, floating rate, adjustable rate, zero coupon, contingent, deferred, or have payment-in-kind features. Interest on corporate bonds is typically paid semi-annually and is fully taxable to the bondholder. Corporate bonds contain elements of both interest rate risk and credit risk. The market value of a corporate bond generally may be expected to rise and fall inversely with interest rates and may also be affected by the credit rating of the corporation, the corporation s performance, and perceptions of the corporation in the marketplace. Corporate bonds usually yield more than government or agency bonds due to the presence of credit risk.

U.S. Government Securities. The obligations issued or guaranteed by the U.S. government in which the Fund may invest include direct obligations of the U.S. Treasury and obligations issued by U.S. government agencies and instrumentalities. Included among direct obligations of the United States are Treasury Bills, Treasury Notes, and Treasury Bonds, which differ in terms of their interest rates, maturities, and dates of issuance. Not all securities issued by the U.S. government and its agencies and instrumentalities are backed by the full faith and credit of the U.S. Treasury. Included among the obligations issued by agencies and instrumentalities and government sponsored enterprises of the United States are instruments that are supported by the full faith and credit of the United States (such as certificates issued by the Government National Mortgage Association (Ginnie Mae), instruments that are supported by the right of the issuer to borrow from the U.S. Treasury (such as securities of Federal Home Loan Banks), and instruments that are supported only by the credit of the instrumentality (such as Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) bonds). Although the Fund may hold securities that carry U.S. government guarantees, these guarantees do not extend to Shares of the Fund itself and do not guarantee the market price of the securities.

Below Investment Grade Securities. Below investment grade securities are securities rated below investment grade quality (lower than Baa by Moody s or lower than BBB by S&P or comparably rated by another rating agency or the Investment Manager). Below investment grade securities are commonly referred to as junk bonds. Such securities are considered to have speculative elements, with higher vulnerability to default than corporate securities with higher ratings. For a description of securities ratings, please see Appendix A Description of Securities Ratings in the SAI. Subsequent to its purchase by the Fund, an issue of rated securities may cease to be rated or its rating may be reduced below its rating when purchased by the Fund. Neither event will require sale of such securities by the Fund, although the Investment Manager may consider such event in its determination of whether the Fund should continue to hold the securities.

The ratings of Moody s, S&P, and the other rating agencies represent their opinions as to the quality of the obligations which they undertake to rate. Ratings are relative and subjective and, although ratings may be useful in evaluating the safety of interest and principal payments, they do not evaluate the market value risk of such obligations. Rating agencies may fail to make timely changes in credit ratings and an issuer s current financial condition may be better or worse than a rating indicates.

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Investment Grade Securities. Investment grade debt securities are securities of medium to high quality that are rated Baa or higher by Moody s, BBB or higher by S&P, or comparably rated by another rating agency or, if unrated, are deemed by the Investment Manager to be of comparable quality. Moody s deems securities rated in its fourth highest category (Baa) to have speculative characteristics; a change in economic factors could lead to a weakened capacity of the issuer to repay.

Securities of Other Investment Companies. The Fund may invest in the securities of other investment companies, including closed end funds, open end funds, ETFs, BDCs, and unit investment trusts, to the extent permitted by the 1940 Act. An investment in an investment company involves risks similar to those of investing directly in the investment company s portfolio securities, including the risk that the value of the portfolio securities may fluctuate in accordance with changes in the financial condition of their issuers, the value of stocks and other securities generally, and other market factors.

The Fund may lose money by investing in securities of other investment companies, including money market mutual funds. Generally, money market mutual funds are registered investment companies that seek to earn income consistent with the preservation of capital and maintenance of liquidity by investing primarily in high quality money market instruments, including U.S. government obligations, bank obligations and short-term corporate debt instruments. An investment in a money market mutual fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The value of a money market mutual fund may be affected by changes in interest rates, credit ratings of the investments, and recent changes in SEC rules governing money market funds. If a significant amount of the Fund s assets are invested in money market mutual funds, it may be more difficult for the Fund to achieve its investment objective.

In addition, investing in other investment companies involves certain other risks, costs, and expenses for the Fund. To the extent that the Fund invests in the securities of other investment companies, the Fund s shareholders will indirectly bear a *pro rata* share of the investment company s expenses in addition to the expenses associated with an investment in the Fund. In addition, the Fund could incur a sales charge in connection with purchasing an investment company security or a redemption fee upon the redemption of such security.

Closed end funds, ETFs, and BDCs differ from open end funds in that they do not redeem their shares at the option of the shareholder and generally list their shares for trading on a securities exchange. In comparison to open end funds, closed end funds, ETFs, and BDCs have greater flexibility in the employment of financial leverage and in the ability to make certain types of investments, including investments in illiquid securities. Shares of closed end funds frequently trade at a discount from their NAV. An investment in the shares of a closed end fund may also involve the payment of a substantial premium over, while sales of such shares may be made at a substantial discount from, the NAV of the issuers portfolio securities. BDCs are vehicles whose principal business is to invest in, lend capital to, or provide services to privately held companies.

Exchange-Traded Funds. The Fund may invest in ETFs. ETFs usually are units of beneficial interest in an investment trust or represent undivided ownership interests in a portfolio of securities. Most ETFs are designed to provide investment results that generally correspond to the price and yield performance of the component securities of the benchmark index that they seek to track, although some are actively managed. ETFs do not sell individual shares directly to investors and only issue their shares in large blocks known as creation units. The investor purchasing a creation unit may sell the individual shares on a secondary market. Therefore, the liquidity of ETFs depends on the adequacy of the secondary market.

An investment in an ETF involves risks similar to investing directly in the component securities of the ETF, including the risk that the value of the component securities may fluctuate in accordance with changes in the financial condition of their issuers, the value of stocks and other securities generally, and other market factors. Investments in ETFs that are designed to correspond to an equity index involve certain inherent risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of ETFs invested in by the Fund. There can be no assurance that an ETF s investment objective will be achieved, as ETFs based on an index may not replicate and maintain exactly the composition and relative weightings of securities in the index.

Typically, ETFs bear their own operational expenses, reducing its NAV and dividends potentially payable to investors. To the extent that the Fund invests in ETFs, the Fund s shareholders will indirectly bear a *pro rata* share of the ETF s expenses in addition to the expenses associated with an investment in the Fund. Typically, ETFs are investment companies. However, the term is used in the industry in a broad way to include securities issued by entities that are not investment companies. To the extent an ETF is an investment company, the limitations applicable to the Fund s ability to purchase securities issued by other investment companies will apply.

Business Development Companies. BDCs are a type of closed end company regulated under the 1940 Act, which typically invest in and lend to small and medium-sized private companies that may lack access to public equity markets for capital raising. Under the 1940 Act, BDCs must invest at least 70% of the value of their total assets in certain asset types, which are typically the securities of private U.S. businesses. In addition, BDCs are required to make available significant managerial assistance to the issuers of such securities.

Real Estate Investment Trusts. The Fund may invest in REITS, which pool investors capital to purchase or finance real estate. REITs are generally classified as equity REITs, mortgage REITs, or a combination of equity and mortgage REITs. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments. REITs are not taxed on income distributed to shareholders provided they comply with the applicable requirements of the Code.

Foreign Securities. The Fund may invest in debt and equity securities of corporate, governmental, and supra-national issuers located outside the United States, including issuers in developed and emerging markets. Foreign securities include securities issued or guaranteed by companies organized under the laws of countries other than the United States and securities issued or guaranteed by foreign governments, their agencies or instrumentalities and supra-national governmental entities, such as the World Bank. Foreign securities also include U.S. dollar-denominated debt obligations, such as Yankee Dollar obligations, of foreign issuers and of supra-national government entities. Yankee Dollar obligations are U.S. dollar-denominated obligations issued in the U.S. capital markets by foreign corporations, banks, and governments. Foreign securities also may be traded on foreign securities exchanges or in over-the-counter (OTC) capital markets.

Depositary Receipts. The Fund may make foreign investments through the purchase and sale of ADRs, EDRs, GDRs, or other securities representing underlying shares of foreign issuers. Positions in those securities are not necessarily denominated in the same currency as the underlying shares they represent. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities issued by foreign issuers. EDRs are European receipts listed on the Luxembourg Stock Exchange evidencing a similar arrangement. GDRs are U.S. dollar denominated receipts evidencing ownership of foreign securities. Generally, ADRs, in registered form, are designed for the U.S. securities markets and EDRs and GDRs, in bearer form, are designed for use in foreign securities markets. The Fund may invest in sponsored or unsponsored ADRs. Sponsored ADRs are issued jointly by the issuer of the underlying security and a depository, whereas unsponsored ADRs are issued without participation of the issuer of the deposited security. Holders of unsponsored ADRs generally bear all the costs of such facilities and the