

DIVIDEND & INCOME FUND  
Form N-CSRS  
September 10, 2012

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

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company  
Act file number: 811-08747

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

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

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

Registrant's telephone number, including area code: 1-212-785-0400

Date of fiscal year end: 12/31

Date of reporting period: 1/1/12 – 6/30/12

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

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

Item 1. Report to Stockholders.

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\* Based on approximate percentages of net assets and may not add up to 100% due to leverage or other assets, rounding, and other factors.

Allocations of less than 1% not shown.

TOP TEN INDUSTRIES OF EQUITIES - June 30, 2012

- |                                |                                    |
|--------------------------------|------------------------------------|
| 1. Pharmaceutical Preparations | 6. Real Estate Investment Trusts   |
| 2. Electric Services           | 7. Telephone Communications        |
| Semiconductors & Related       |                                    |
| 3. Devices                     | 8. Natural Gas Transmission        |
| Electronic & Other             |                                    |
| 4. Electrical Equipment        | 9. Petroleum Refining              |
| Surgical & Medical             |                                    |
| 5. Instruments & Apparatus     | 10. Retail-Women's Clothing Stores |

TOP TEN INDUSTRIES OF CORPORATE BONDS AND NOTES - June 30, 2012

- |                             |                                |
|-----------------------------|--------------------------------|
|                             | Converted Paper & Paperboard   |
| 1. Water Transportation     | 6. Products                    |
| 2. Telephone Communications | 7. Electric Services           |
|                             | Miscellaneous Fabricated Metal |
| 3. Natural Gas Transmission | 8. Products                    |
| Cable & Other Pay           |                                |
| 4. Television Services      | 9. Pharmaceutical Preparations |
|                             | Steel Works, Blast Furnaces &  |
| 5. Cable/Satellite TV       | 10. Rolling & Finishing Mills  |
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July 31, 2012

Dear Fellow Shareholders:

It is a pleasure to submit this 2012 Semi-Annual Report for Dividend and Income Fund and to welcome our new shareholders who find the Fund's investing approach attractive. 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, exchange traded funds organized as investment companies or otherwise, real estate investment trusts, depositary receipts, and other equity related securities. Of course, there can be no assurance that the Fund will achieve its objectives.

#### Economic and Market Report

According to the U.S. Federal Reserve, midway through the 2012 year economic activity in the United States was expanding at a somewhat more modest pace than earlier in the year. U.S. real gross domestic product increased at an annual rate of 1.9% in the first quarter of 2012, down from a 3% rate in the fourth quarter of 2011. Likewise, improvements in labor market conditions slowed since the beginning of the year, and the unemployment rate remained elevated at 8.2%. Consumer price inflation rates declined steadily in the first half, from approximately 2.9% in January to a 1.7% rate in June, primarily reflecting reductions in the prices of crude oil and gasoline. In the view of the Federal Reserve, measures of long run inflation expectations continued to be stable. In the six months ending June 30, 2012, the S&P 500 Index returned 9.49% and the Merrill Lynch U.S. High Yield Master II Index returned 7.06%, according to Morningstar. The indexes are unmanaged and do not reflect fees and expenses, nor are they available for direct investment.

#### Investment Strategy and Returns

In view of these mildly declining economic conditions, the Fund's strategy in the first half of 2012 was to emphasize large, quality companies across a broad array of industries. At June 30, 2012, the Fund's portfolio consisted of 152 securities, and the top ten holdings comprised approximately 18% of total assets. The Fund's investment portfolio totaled approximately \$118 million, reflecting the use of \$25 million of leverage on net assets of \$93 million. Income generating equity and other assets comprised more than three quarters of the investment portfolio, with the balance represented by fixed income holdings. As the Fund pursues its primary investment objective of seeking high current income, with capital appreciation as a secondary objective, these holdings and allocations are subject to change at any time. Over the first half of 2012, the Fund's net asset value return was 5.67%, including the reinvestment of dividends, and its market return, also including the reinvestment of dividends, was 3.21%. Generally, the Fund's 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.

### Quarterly Dividends

On June 1, 2012, the Fund declared its second quarterly dividend for the year of \$0.102 per share. This quarterly dividend distribution reflects the current managed distribution policy to provide shareholders with a relatively stable cash flow and to attempt to reduce or eliminate the Fund's market price discount to its net asset value per share. The amount of the distribution may vary depending on the net asset value per share at the time of declaration, the distribution required for the Fund to continue to qualify as a regulated investment company under the Internal Revenue Code, or a combination of both. The policy may be changed or discontinued without notice.

The distributions are paid primarily from ordinary income and any net capital gains, with the balance representing return of capital. As of June 1, 2012, based on the Fund's results and estimates for the quarter, the second quarterly distribution would include approximately 28%, 0%, and 72% from net investment income, capital gains, and return of capital, respectively. Importantly, the Fund's fixed distributions are not tied to its investment income and realized capital gains and do not represent yield or investment return. The amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the entirety of its fiscal year and may be subject to changes based on tax regulations. In early 2013, the Fund anticipates sending a Form 1099-DIV for the calendar year concerning the tax treatment of the dividend distributions that were paid to shareholders of record during the 12 months ended December 31, 2012.

### Fund Website and Dividend Reinvestment Plan

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

### Completion of Successful Reorganization

On April 25, 2012, the Fund announced that at its annual meeting of shareholders, an Agreement and Plan of Reorganization was approved by shareholders, pursuant to which the Fund would be reorganized from a Maryland corporation into a newly formed Delaware statutory trust. On May 14, 2012, the Fund announced that the reorganization was successfully completed. As described in the proxy statement for the annual meeting, the Fund may be able to realize greater operating efficiencies as a Delaware statutory trust because the Fund will operate under more modern and flexible governing documents. The Fund's governing documents as a Delaware statutory trust also contain provisions that limit the ability of persons to beneficially own more than 4.99% of the Fund's outstanding shares without the prior approval of the Fund's Board of Trustees. As further described in the proxy statement, these provisions are designed to preserve the Fund's ability to use capital loss carryovers that could translate into future tax savings for the Fund and its shareholders, and may have an anti-takeover effect on the Fund similar to the effect of certain provisions the Fund took advantage of under Maryland law.

### Fund Portfolio Management Changes

I am sad to announce that my father, Bassett S. Winmill, a member of the Investment Policy Committee of Bexil Advisers LLC, the Fund's Investment Manager, died on May 15, 2012 at the age of 82. A member of the New York Society of Security Analysts, the Association for Investment Management and Research, and the International Society of Financial Analysts, he expected management focus, long term financial results reflecting a prudent use of capital,

and clear accounting. He will be greatly missed.

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The Investment Policy Committee, which manages the portfolio of the Fund, welcomes Mark C. Winmill as Chief Investment Strategist. His business experience includes acting as a trustee with responsibility for investment portfolio review for more than 17 years of two separate private charitable foundations with combined net assets of over \$50 million. Continuing members of the Committee are Thomas B. Winmill, Chairman, John F. Ramirez, Director of Fixed Income, and Irene K. Kawczynski, Vice President-Trading.

#### Long Term Strategies

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

Sincerely,

Thomas B. Winmill  
Chairman, Investment Policy Committee

## SCHEDULE OF PORTFOLIO INVESTMENTS – (UNAUDITED)

June 30, 2012

Shares		Cost	Value
COMMON STOCK (89.35%) (a)			
Aircraft Engines & Engine Parts (0.81%)			
10,000	United Technologies Corp.	\$ 727,426	\$ 755,300
Beverages (2.01%)			
15,000	Coca-Cola Company	835,674	1,172,850
10,000	PepsiCo, Inc.	529,400	706,600
		1,365,074	1,879,450
Biological Products (0.95%)			
12,100	Amgen Inc.	783,805	883,784
Cable & Other Pay Television Services (0.88%)			
21,400	Time Warner Inc.	781,678	823,900
Canned, Frozen & Preserved Fruit, Vegetable & Food Specialities (0.99%)			
17,100	H.J. Heinz Company	885,684	929,898
Cigarettes (2.04%)			
30,000	Altria Group, Inc.	634,550	1,036,500
10,000	Philip Morris International, Inc.	485,376	872,600
		1,119,926	1,909,100
Computers & Office Equipment (0.96%)			
25,000	Hewlett-Packard Company	1,088,505	502,750
2,000	International Business Machines Corporation	258,964	391,160
		1,347,469	893,910
Computer Communications Equipment (0.76%)			
41,300	Cisco Systems, Inc.	783,771	709,121
Construction, Mining & Materials Handling Machinery & Equipment (0.77%)			
13,500	Dover Corp.	781,673	723,735
Converted Paper & Paperboard Products (1.12%)			
12,500	Kimberly-Clark Corp.	890,751	1,047,125
Crude Petroleum & Natural Gas (0.75%)			
8,160	Occidental Petroleum Corporation	527,752	699,883
Deep Sea Foreign Transportation of Freight (0.93%)			
50,000	Seaspan Corp.	347,030	867,500