

FOXBY CORP.  
Form N-CSRS  
August 31, 2016  
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: 811-09261

Foxy Corp.  
(Exact name of registrant as specified in charter)

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

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

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

Date of fiscal year end: 12/31

Date of reporting period: 1/1/16 - 6/30/16

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.

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Item 1. Report to Stockholders.

SEEKING

TOTAL

RETURN

FOXBY

CORP.

2016

JUNE 30

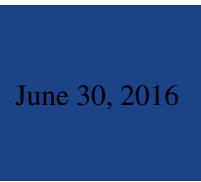
SEMI-ANNUAL REPORT

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

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PORTFOLIO ANALYSIS



June 30, 2016

TOP TEN  
HOLDINGS

- 1 Berkshire Hathaway,  
Inc. Class B
- 2 Alphabet Inc. Class  
A
- 3 Franklin Resources,  
Inc.
- 4 Wal-Mart Stores,  
Inc.
- 5 Cisco Systems, Inc.
- 6 Inteliquent, Inc.
- 7 Express Scripts  
Holding Company
- 8 The Greenbrier  
Companies, Inc.
- 9 Laboratory  
Corporation of America  
Holdings
- 10 Praxair, Inc.

Top ten holdings  
comprise approximately

38% of total assets.

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

June 30, 2016

TOP TEN  
INDUSTRIES

- 1 Investment Advice
- 2 Fire, Marine &  
Casualty Insurance
- 3 Information  
Retrieval Services
- 4 Commercial Banks
- 5 Retail - Variety  
Stores
- 6 Computer  
Communications  
Equipment
- 7 Telecommunication  
Carriers
- 8 Retail - Drug Stores  
and Proprietary Stores
- 9 Railroad Equipment
- 10 Services - Medical  
Laboratories

Holdings by Security Type on June 30, 2016\*

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TO OUR SHAREHOLDERS

June 30, 2016

Dear Fellow Shareholders:

It is a pleasure to welcome our new shareholders who find Foxby Corp.'s total return investment objective attractive and to submit this 2016 Semi-Annual Report. In seeking its objective, the Fund may invest in equity and fixed income securities of both new and seasoned U.S. and foreign issuers, including securities convertible into common stock and debt securities, closed end funds, exchange traded funds, and mutual funds, and the Fund may also invest defensively, for example, in high grade money market instruments. The Fund uses a flexible strategy in the selection of securities and is not limited by the issuer's location, industry, or market capitalization. Foxby also may employ aggressive and speculative investment techniques, such as selling securities short and borrowing money for investment purposes, an approach known as "leverage." A potential benefit of its closed end structure, the Fund may invest without limit in illiquid investments such as private placements and private companies.

#### Economic and Market Report

The Federal Open Market Committee (FOMC) of the Federal Reserve Bank (the "Fed") recently released a statement that its information suggested that since April 2016 the "pace of improvement in the labor market has slowed while growth in economic activity appears to have picked up." Encouragingly, the statement noted that growth in household spending has strengthened and, since the beginning of the year, the housing sector has continued to improve. The statement also noted that inflation has continued to run below 2%, partly reflecting earlier declines in energy prices and in prices of non-energy imports.

The Fed's board members and bank presidents recently projected a 2016 change in real growth in U.S. GDP in a range of 1.8 – 2.2%, and 1.6 – 2.4% for 2017 and an unemployment rate in a range of 4.5 – 4.9% for 2016 and 4.3 – 4.8% for 2017. The World Bank recently revised its 2016 global growth forecast down to 2.4% from the 2.9% rate projected earlier. The move is "due to sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows." Nevertheless, the bank projects growth to strengthen to 2.8% in 2017 and 3.0% in 2018. Yet, due to weak growth, the World Bank also warns that the global economy is "facing increasingly pronounced downside risks," including increased protectionism and rising private sector debt in large emerging markets.

In summary, the U.S. and the global economies appear to be slowing, and risks growing, which suggests to us that investors should exercise increasing caution over the course of 2016 and anticipate continued market volatility.

#### Investment Strategy and Returns

In view of these economic developments, the Fund's strategy in the first half of 2016 was to focus on quality companies deemed by the Investment Manager to be undervalued. Generally, the Fund purchased and held equity securities in seeking to achieve its total return investment objective and sold investments that appeared to have appreciated to levels reflecting less potential for total return. In the first six months of 2016, the Fund's net investment



income, net realized gain on investments, and unrealized depreciation on investments were, respectively, \$18,452, \$311,380, and \$(409,905), which contributed significantly to the Fund's net asset value return of (1.23)%. Profitable sales in the period were made of, among others, shares of McDonald's Corporation in the restaurant sector and Wells Fargo & Company in the banking sector and losses were taken on, among others, Daimler AG in the automotive sector and Ralph Lauren Corp. in the garment sector which, with other profits and losses realized, resulted in net realized gain on investments. Although no particular investment was responsible for the majority of the unrealized appreciation or depreciation of investments over the period, investments held in the technology and asset management sectors, including Alphabet Inc. and Franklin Resources, Inc., respectively, were significant contributors to unrealized depreciation during the period. At the same time, the Fund benefited from unrealized appreciation from its holdings of Berkshire Hathaway, Inc. in the insurance conglomerate sector and Wal-Mart Stores, Inc. in the retail sector.

The Fund's market return for the first six months of 2016, also including the reinvestment of dividends, was (1.26)%. Generally, the Fund's total return on a market value basis will be lower than total return on a net asset value basis in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. For comparison, in the same period, the S&P 500 Index total return was 3.84%. The index is unmanaged and does not reflect fees and expenses, nor is it available for direct investment. At June 30, 2016, the Fund's portfolio included over 50 securities of different issuers, with the top ten amounting to approximately 38% of total assets. At that time, the Fund's investments totaled approximately \$6.9 million, reflecting the use of about \$0.6 million of leverage on net assets of about \$6.3 million. 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.

TO OUR SHAREHOLDERS

June 30, 2016

#### Fund Website

The Fund's website, [www.FoxbyCorp.com](http://www.FoxbyCorp.com), provides investors with investment information, news, and other material about the Fund. The website also has links to SEC filings, performance data, and daily net asset value reporting. You are invited to use this excellent resource to learn more about the Fund.

#### Unclaimed Share Accounts

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

your property, which may involve time and expense. For more information on unclaimed property and how to maintain an active account, please contact your financial advisor or the Fund's transfer agent.

#### Long Term Strategies

Our current view of financial conditions continues to suggest that Foxby Corp. may benefit during the current year from its flexible portfolio approach, investing opportunistically in a variety of markets, and employing aggressive and speculative investment techniques as deemed appropriate. We thank you for investing in the Fund and share your enthusiasm for the Fund, as evidenced by the fact that affiliates of the Investment Manager own approximately 24% of the Fund's shares. We look forward to serving your investment needs over the years ahead.

Sincerely,

Thomas B. Winmill

President and Portfolio Manager



## SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2016 (Unaudited)

## Financial Statements

Shares	Common Stocks (108.17%)	Value
	Cigarettes (1.62%)	
1,000	Philip Morris International, Inc.	\$ 101,720
	Commercial Banks (4.60%)	
9,700	Banco Bilbao Vizcaya Argentaria, S.A. ADR	55,678
13,400	Banco Santander, S.A. ADR	52,528
5,700	Barclays PLC ADR	43,320
5,100	ING Groep N.V. ADR	52,683
14,800	Lloyds Banking Group plc ADR	43,956
8,600	The Royal Bank of Scotland Group plc ADR <sup>(a)</sup>	40,420
		288,585
	Computer Communications Equipment (4.11%)	
9,000	Cisco Systems, Inc. <sup>(b)</sup>	258,210
	Computer and Computer Software Stores (1.59%)	
3,750	GameStop Corp. <sup>(b)</sup>	99,675
	Computer & Office Equipment (0.97%)	
400	International Business Machines Corporation <sup>(b)</sup>	60,712
	Drilling Oil & Gas Wells (2.27%)	
12,000	Transocean Ltd. <sup>(a)</sup>	142,680
	Electronic & Other Electrical Equipment (0.83%)	
1,000	Emerson Electric Co.	52,160
	Electronic Computers (1.83%)	
1,200	Apple Inc. <sup>(b)</sup>	114,720
	Finance Services (0.97%)	
1,000	American Express Company <sup>(b)</sup>	60,760
	Fire, Marine & Casualty Insurance (9.03%)	
3,500	Berkshire Hathaway, Inc. Class B <sup>(a) (b)</sup>	506,765
1,000	W.R. Berkley Corporation	59,920
		566,685
	Industrial Trucks, Tractors, Trailers, and Stackers (1.90%)	
2,300	PACCAR Inc.	119,301
	Information Retrieval Services (5.60%)	
500	Alphabet Inc. Class A <sup>(a) (b)</sup>	351,765
	Investment Advice (11.01%)	

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900	Affiliated Managers Group, Inc.	126,693
900	Ameriprise Financial, Inc. <sup>(b)</sup>	80,865
700	Diamond Hill Investment Group, Inc.	131,894

See notes to financial statements.



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## SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2016 (Unaudited)

## Financial Statements

Shares	Common Stocks (continued)	Value
9,000	Franklin Resources, Inc. <sup>(b)</sup>	\$ 300,330
2,000	Invesco Ltd.	51,080
		690,862
	Leather & Leather Products (1.26%)	
1,600	Michael Kors Holdings Limited <sup>(a)</sup>	79,168
	Life Insurance (0.82%)	
4,800	Aviva plc ADR	51,312
	Miscellaneous Homefurnishings Stores (1.72%)	
2,500	Bed Bath & Beyond Inc. <sup>(b)</sup>	108,050
	Motor Vehicles & Passenger Car Bodies (1.92%)	
4,250	General Motors Company <sup>(b)</sup>	120,275
	Other Chemical Products (2.69%)	
1,500	Praxair Inc.	168,585
	Petroleum Refining (1.49%)	
1,000	Exxon Mobil Corp.	93,740
	Pharmaceutical Preparations (1.14%)	
675	United Therapeutics Corporation <sup>(a)</sup>	71,496
	Poultry Slaughtering and Processing (2.03%)	
5,000	Pilgrims Pride Corporation	127,400
	Printed Circuit Boards (0.85%)	
4,312	Kimball Electronics, Inc. <sup>(a)</sup>	53,684
	Radio & TV Broadcasting & Communications Equipment (2.06%)	
3,350	Ubiquiti Networks, Inc. <sup>(a)</sup>	129,511
	Railroad Equipment (2.71%)	
5,850	The Greenbrier Companies, Inc. <sup>(b)</sup>	170,411
	Real Estate (0.81%)	
5,000	NorthStar Asset Management Group Inc.	51,050
	Retail Consulting and Investment (0.01%)	
72,728	Amerivon Holdings LLC <sup>(c)</sup>	727
	Retail - Auto Dealers & Gasoline Stations (1.72%)	
2,300	AutoNation, Inc. <sup>(a)</sup>	108,054

2,500 Retail - Drug Stores and Proprietary Stores (3.02%)  
Express Scripts Holding Company <sup>(a)</sup> <sup>(b)</sup>

	189,500

See notes to financial statements.

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## SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2016 (Unaudited)

## Financial Statements

Shares	Common Stocks (continued)	Value
	Retail - Family Clothing Stores (1.22%)	
3,600	The GAP, Inc. <sup>(b)</sup>	\$ 76,392
	Retail - Miscellaneous Shopping Goods Stores (2.22%)	
4,000	Hibbett Sports, Inc. <sup>(a)</sup>	139,160
	Retail - Variety Stores (4.42%)	
3,800	Wal-Mart Stores, Inc. <sup>(b)</sup>	277,476
	Savings Institution, Federally Chartered (0.95%)	
1,900	HSBC Holdings plc ADR	59,489
	Security Brokers, Dealers & Flotation Companies (0.80%)	
4,700	Credit Suisse Group AG ADR	50,290
	Services - Advertising Agencies (1.10%)	
850	Omnicom Group Inc.	69,267
	Services - Business Services (2.14%)	
7,000	The Western Union Company	134,260
	Services - Educational Services (2.10%)	
2,500	Capella Education Company <sup>(b)</sup>	131,600
	Services - Help Supply Services (2.01%)	
3,300	Robert Half International Inc.	125,928
	Services - Medical Laboratories (2.70%)	
1,300	Laboratory Corporation of America Holdings <sup>(a)</sup>	169,351
	Services - Prepackaged Software (0.65%)	
11,069	GlobalSCAPE, Inc.	40,845
	Sporting Goods Stores (2.58%)	
3,600	Dick's Sporting Goods, Inc. <sup>(b)</sup>	162,216
	State Commercial Banks (1.86%)	
3,600	Deutsche Bank Aktiengesellschaft <sup>(a)</sup>	49,428
7,100	Itau Unibanco Holding S.A. ADR	67,024
		116,452
	Telecommunication Carriers (3.17%)	
10,000	Inteliquent, Inc.	198,900
	Textile Goods (2.05%)	
19,000	Iconix Brand Group, Inc. <sup>(a)</sup>	128,440
	Transportation Equipment (2.47%)	



1,900 Polaris Industries Inc.

155,344

See notes to financial statements.



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## SCHEDULE OF PORTFOLIO INVESTMENTS June 30, 2016 (Unaudited)

## Financial Statements

Shares	Common Stocks (concluded)	Value
3,000	Wholesale - Computers & Peripheral Equipment & Software (1.66%) Ingram Micro Inc. <sup>(a)</sup>	\$ 104,340
365	Wholesale - Drugs Proprietaries & Druggists' Sundries (1.08%) McKesson Corporation	68,127
2,000	Wholesale - Electronic Parts & Equipment (1.29%) Avnet, Inc. <sup>(b)</sup>	81,020
1,000	Wholesale - Industrial Machinery & Equipment (1.12%) MSC Industrial Direct Co., Inc.	70,560
	Total common stocks (Cost \$6,263,195)	6,790,255
	Preferred Stocks (1.81%)	
203,175	Retail Consulting and Investment (1.81%) Amerivon Holdings LLC <sup>(c)</sup> (Cost \$562,032)	113,778
5,554	Money Market Fund (0.09%) SSgA Money Market Fund, 7 day annualized yield 0.20% (Cost \$5,554)	5,554
	Total investments (Cost \$6,830,781) (110.07%)	6,909,587
	Liabilities in excess of other assets (-10.07%)	(632,250)
	Net assets (100.00%)	\$ 6,277,337

(a) Non-income producing.

(b) All or a portion of these securities, have been segregated as collateral and held as

collateral in a segregated account pursuant to the Committed Facility Agreement.

As of June 30, 2016, the value of securities pledged as collateral was \$3,150,742

and there were no securities on loan under the Lending Agreement.

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

ADR American Depositary Receipt

See notes to financial statements.

## STATEMENT OF ASSETS AND LIABILITIES (Unaudited)

Financial  
Statements

June 30, 2016

Assets	
Investments at value (cost \$6,830,781)	\$ 6,909,587
Dividends receivable	4,850
Other assets	273
Total assets	6,914,710
Liabilities	
Bank credit facility borrowing	598,467
Payables	
Accrued expenses	32,923
Investment management fee	5,029
Administrative services	954
Total liabilities	637,373
Net Assets	\$ 6,277,337
Net Asset Value Per Share (applicable to 2,610,050 shares outstanding: 500,000,000 shares of \$.01 par value authorized )	\$ 2.41
Net Assets Consist of	
Paid in capital	\$ 7,611,235
Accumulated undistributed net investment income	138,919
Accumulated net realized loss on investments	(1,552,030)
Net unrealized appreciation on investments	79,213
	\$ 6,277,337

See notes to financial statements.



## STATEMENT OF OPERATIONS (Unaudited)

## Financial Statements

Six Months Ended  
June 30, 2016

Investment Income	
Dividends (net of \$6,180 foreign tax expense)	\$ 105,899
Total investment income	105,899
Expenses	
Investment management	33,110
Audit	13,650
Bookkeeping and pricing	11,830
Directors	7,283
Administrative services	5,105
Shareholder communications	5,064
Interest on bank credit facility	4,900
Transfer agent	3,295
Custody	2,940
Other	270
Total expenses	87,447
Net investment income	18,452
Realized and Unrealized Gain (Loss)	
Net realized gain on	
Investments	310,033
Foreign currencies	1,347
Unrealized appreciation (depreciation) on	
Investments	(409,520)
Translation of assets and liabilities in foreign currencies	23
Net realized and unrealized loss	(98,117)
Net decrease in net assets resulting from operations	\$ (79,665)
See notes to financial statements.	



## STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

## Financial Statements

	Six Months Ended June 30, 2016	Year Ended December 31, 2015
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Operations		
Net investment income	\$ 18,452	\$ 43,299
Net realized gain	311,380	498,267
Unrealized depreciation	(409,905)	(1,128,082)
Net decrease in net assets resulting from operations	(79,665)	(586,516)
Distributions to Shareholders		
Net investment income	-	(27,115)
Return of capital	-	(25,086)
Total distributions	-	(52,201)
Total decrease in net assets	(79,665)	(638,717)
Net Assets		
Beginning of period	6,357,002	6,995,719
End of period	\$ 6,277,337	\$ 6,357,002
End of period net assets include undistributed net investment income	\$ 138,919	\$ 120,467

See notes to financial statements.



## STATEMENT OF CASH FLOWS (Unaudited)

## Financial Statements

Six Months Ended  
June 30, 2016

Cash Flows From Operating Activities	
Net decrease in net assets resulting from operations	\$ (79,665)
Adjustments to reconcile decrease in net assets resulting from operations to net cash provided by (used in) operating activities:	
Unrealized depreciation of investments	409,905
Net realized gain on sales of investments	(311,380)
Purchase of long term investments	(2,174,457)
Proceeds from sales of long term investments	2,742,933
Net purchases of short term investments	(4,219)
Decrease in dividends receivable	8,242
Decrease in foreign withholding taxes reclaimed	1,474
Decrease in other assets	1,274
Decrease in accrued expenses	(6,361)
Decrease in investment management fee payable	(730)
Increase in administrative services payable	142
Net cash provided by operating activities	587,158
Cash Flows from Financing Activities	
Bank credit facility repayment	(587,158)
Net cash used in financing activities	(587,158)
Net change in cash	-
Cash	
Beginning of period	-
End of period	\$ -
Supplemental disclosure of cash flow information:	
Cash paid for interest on bank credit facility	\$ 4,926

See notes to financial statements.

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Financial Statements

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** Foxby Corp. (the “Fund”), a Maryland corporation registered under the Investment Company Act of 1940, as amended (the “Act”), is a non-diversified, closed end management investment company whose shares are quoted over the counter under the ticker symbol FXBY. The Fund’s non-fundamental investment objective is total return which it may seek from growth of capital and from income in any security type and in any industry sector. The Fund retains Midas Management Corporation as its Investment Manager.

The Fund is an investment company and accordingly follows the accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standard Codification Topic 946 “Financial Services – Investment Companies.” The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Subsequent events, if any, through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the Fund:

**Valuation of Investments** – Portfolio securities are valued by various methods depending on the primary market or exchange on which they trade. Most equity securities for which the primary market is in the United States are valued at the official closing price, last sale price or, if no sale has occurred, at the closing bid price. Most equity securities for which the primary market is outside the United States are valued using the official closing price or the last sale price in the principal market in which they are traded. If the last sale price on the local exchange is unavailable, the last evaluated quote or closing bid price normally is used. In the event of an unexpected close of the primary market or exchange, a security may continue to trade on one or more other markets, and the price as reflected on those other trading venues may be more reflective of the security’s value than an earlier price from the primary market or exchange. Accordingly, the Fund may seek to use these additional sources of pricing data or information when prices from the primary market or exchange are unavailable, or are earlier and less representative of current market value. Certain debt securities may be priced through pricing services that may utilize a matrix pricing system which takes into consideration factors such as yields, prices, maturities, call features, and ratings on comparable securities or according to prices quoted by a securities dealer that offers pricing services. Open end investment companies are valued at their net asset value. Foreign securities markets may be open on days when the U.S.

markets are closed. For this reason, the value of any foreign securities owned by the Fund could change on a day when shareholders cannot buy or sell shares of the Fund. Securities for which market quotations are not readily available or reliable and other assets may be valued as determined in good faith by the Investment Manager under the direction of or pursuant to procedures approved by the Fund’s Board of Directors. Due to the inherent uncertainty of valuation, such fair value pricing values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could be material. A security’s valuation may differ depending on the method used for determining value. The use of fair value pricing by the Fund may cause the net asset value of its shares to differ from the net asset value that would be calculated using market prices. A fair value price is an estimate and there is no assurance that such price will be at or close to the price at which a security is next quoted or next trades.

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

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

**Derivatives** – The Fund may use derivatives for a variety of reasons, such as to attempt to protect against possible changes in the value of its portfolio holdings or to generate potential gain. Derivatives are financial instruments that derive their values from other securities or commodities, or that are based on indices. Derivative instruments are marked to market with the change in value reflected in unrealized appreciation or depreciation. Upon disposition, a realized gain or loss is recognized accordingly, except when taking delivery of a security underlying a contract. In these instances, the recognition of gain or loss is postponed until the disposal of the security underlying the contract. Risk may arise as a result of the potential inability of the counterparties to meet



the terms of their contracts. Derivative instruments include written options, purchased options, futures contracts, forward foreign currency exchange contracts, and swap agreements.

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

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

**Investment Income** – Dividend income is recorded on the ex-dividend date or in the case of certain foreign securities, as soon as practicable after the Fund is notified. Interest income is recorded on the accrual basis. Taxes withheld on foreign dividends have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and rates.

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

**Expense Reduction Arrangement** – Through arrangements with the Fund’s custodian, credits realized as a result of uninvested cash balances are used to reduce custodian expenses. No credits were realized by the Fund during the periods covered by this report.

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

**Income Taxes** – No provision has been made for U.S. income taxes because the Fund’s current intention is to continue to qualify as a regulated investment company under the Internal Revenue Code (the “IRC”) and to distribute to its shareholders substantially all of its taxable income and net realized gains. Foreign securities held

by the Fund may be subject to foreign taxation. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. The Fund has reviewed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal, state, and local income tax returns for open tax years (2013-2015) or expected to be taken in the Fund’s 2016 tax returns.

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

Pursuant to the investment management agreement, the Fund reimburses the Investment Manager for providing at cost certain administrative services comprised of compliance and accounting services. For the six months ended June 30, 2016, the Fund’s reimbursements of such costs were \$5,105, of which \$3,290 and \$1,815 was for compliance and accounting services, respectively.

Certain officers and directors of the Fund are officers and directors of the Investment Manager. As of June 30, 2016, affiliates of the Investment Manager owned approximately 24% of the Fund’s outstanding shares.

**3. DISTRIBUTIONS TO SHAREHOLDERS AND DISTRIBUTABLE EARNINGS** For the year ended December 31, 2015, the Fund paid a distribution of \$52,201 comprised of \$27,115 and \$25,086 of net investment income and return of capital, respectively.

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

Capital loss carryover	\$ (1,697,924)
Unrealized appreciation	598,220
Post-October losses	(154,529)
	\$ (1,254,233)

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

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Capital loss carryovers are calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryovers actually available for the Fund to utilize under the IRC and related regulations. Capital losses incurred in taxable years beginning after November 30, 2011 are allowed to be carried forward indefinitely and retain the character of the original loss. As a transition rule, post-enactment net capital losses are required to be utilized before pre-enactment net capital losses. As of December 31, 2015, the Fund has a net capital loss carryover of \$1,697,924, of which \$896,084 and \$801,840 expire in 2017 and 2018, respectively.

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

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

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value re-

quires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for investments categorized in level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing investments are not an indication of the risk associated with investing in those securities.

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

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

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

The following is a summary of the inputs used as of June 30, 2016 in valuing the Fund’s assets. Refer to the Schedule of Portfolio Investments for detailed information on specific investments.

ASSETS	Level 1	Level 2	Level 3	Total
Investments, at value				
Common Stocks	\$ 6,789,528	\$ -	\$ 727	\$ 6,790,255
Preferred Stocks	-	-	113,778	113,778
Money Market Fund	5,554	-	-	5,554
Total investments, at value	\$ 6,795,082	\$ -	\$ 114,505	\$ 6,909,587

There were no securities transferred from level 1 on December 31, 2015 to level 2 at June 30, 2016.





## NOTES TO FINANCIAL STATEMENTS (Unaudited)

## Financial Statements

The following is a reconciliation of level 3 assets:

	Common Stocks	Preferred Stocks	Total
Balance at December 31, 2015	\$ 727	\$ 111,159	\$ 111,886
Payment of in-kind dividends	-	12,863	12,863
Change in unrealized appreciation	-	(10,244)	(10,244)
Balance at June 30, 2016	\$ 727	\$ 113,778	\$ 114,505
Net change in unrealized appreciation attributable to assets still held as level 3 at June 30, 2016	\$ -	\$ (10,244)	\$ (10,244)