

RENN Fund, Inc.  
Form N-CSRS  
August 31, 2017

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 811-22299

**RENN Fund, Inc.**

(Exact name of Registrant as specified in charter)

c/o Horizon Asset Management LLC

470 Park Avenue South

New York, NY 10016

(Address of principal executive offices)

**646-495-7333**

(Registrant's telephone number, including area code)

**Russell Cleveland**

**President and CEO**

**RENN Capital Group, Inc.**

**Suite 162**

**11520 North Central Expressway**

**Dallas, Texas 75243**

(Name and address of agent for service of process)

**214-891-8294**

(Agent's telephone number, including area code)

**Date of fiscal year end: December 31**

**June 30, 2017**

(Date of reporting period)

**Item 1. Semi-Annual Report to Shareholders**

**SEMI-ANNUAL REPORT TO SHAREHOLDERS**

**OF**

**RENN FUND, INC.**

June 30, 2017

Dear Shareholders,

As of June 29, 2017, the shareholders voted to have Horizon Asset Management LLC become the new investment manager. Under Horizon, major expenses will be saved and the Fund will have the opportunity to grow its assets. I am remaining on the Board of Directors and looking forward to serving on the Board and working with Horizon.

In the current portfolio, we have several investments that are making excellent progress. Bovie Medical (NYSE:BVX), had an excellent second quarter. The Company has a “killer app” with its J-Plasma treatment in dermatology, with amazing results in face lifts and other skin applications. We have a block of 615,000 shares of Bovie Medical. This investment could attract major new interest among investors. Another investment, AnchorFree, a private company in the secure internet area, has been growing rapidly. New downloads exceed 500,000,000 customers, passing Twitter on the number of Apple downloads. We are hoping for a liquidity event in this holding and to realize further gains. Horizon will be making new investments. I am optimistic about the future of this Fund.

Sincerely,

Russell Cleveland

President and CEO

**SEMI-ANNUAL REPORT TO SHAREHOLDERS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2017**

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**President's Letter**

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RENN Fund, Inc.

Schedule of Investments

June 30, 2017 (unaudited)

**Allocation of Assets by Industry (% of Fund's Net Assets)**

Industry		%
Other Assets and Liabilities	-13.8	%
Crude Petroleum & Natural Gas	0.0	%
Medical Chemicals and Botanical Products	1.5	%
U.S. Treasury Notes	18.6	%
Surgical & Medical Instruments & Apparatus	22.8	%
Communication Services	32.7	%
Money Market Funds	38.2	%
	100.0	%

**Allocation of Assets by Country (% of Fund's Net Assets)**

**100% US**

See Accompanying Notes to Financial Statements

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RENN Fund, Inc.

Schedule of Investments

June 30, 2017 (unaudited)

**Item 1. SCHEDULE OF INVESTMENTS**

## Unaffiliated Investments

<u>Shares or Principal Amount</u>	<u>Company</u>	Cost	Value <sup>(5)</sup>
	<b>U.S. TREASURY NOTES—18.57%</b>		
\$1,200,000	US Treasury Note Zero Coupon Maturity 08/10/17	\$1,199,961	\$1,199,961
	Total U.S. Treasury Notes	1,199,961	1,199,961
	<b>MONEY MARKET ACCOUNTS—38.19%</b>		
2,467,942	Federal Government Obligation Fund	2,467,942	2,467,942
	Total Money Market Accounts	2,467,942	2,467,942
	<b>CONVERTIBLE BONDS – 0.00%</b> <sup>(3)(4)(6)</sup>		
	Crude Petroleum & Natural Gas –0.00%		
1,000,000	PetroHunter Energy Corporation 8.5% Maturity December 31, 2014	1,000,000	0
	Total Unaffiliated Convertible Bonds	1,000,000	0
	<b>COMMON EQUITIES – 24.36%</b> <sup>(3)(4)(6)</sup>		
	Crude Petroleum & Natural Gas – 0.00%		
808,445	PetroHunter Energy Corporation	101,056	0
	Medical Chemicals and Botanical products –1.52%		
193,070	FitLife Brands, Inc	9,131,687	98,466
	Surgical & Medical Instruments & Apparatus – 22.84%		
615,000	Bovie Medical Corporation	1,470,958	1,476,000
	Total Unaffiliated Common Equities	10,703,701	1,574,466

TOTAL UNAFFILIATED INVESTMENTS \$15,371,604 \$5,242,369

Aggregate Gross Unrealized Appreciation of all Unaffiliated Securities	\$5,042
Aggregate Gross Unrealized Depreciation of all Unaffiliated Securities	\$(10,134,277)
Net Unrealized Appreciation/Depreciation of all Unaffiliated Securities	\$(10,129,235)

See Accompanying Notes to Financial Statements



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RENN Fund, Inc.

Schedule of Investments

June 30, 2017 (unaudited)

## SCHEDULE OF INVESTMENTS

## Affiliated Investments

Shares or Principal <u>Amount</u>	<u>Company</u>	Cost	Value <sup>(5)</sup>
	<b>CONVERTIBLE PREFERRED EQUITIES – 30.75%</b> <sup>(1)(2)(3)(4)</sup>		
	<i>Communications Service NEC – 30.75%</i>		
233,229	AnchorFree, Inc. Series A Convertible Preferred	\$419,812	\$1,987,111
	Total Affiliated Preferred Securities	419,812	1,987,111
	<b>COMMON EQUITIES – 1.98%</b> <sup>(1)(2)(3)(4)</sup>		
	<i>Communications Service NEC – 1.98%</i>		
15,023	AnchorFree, Inc	92,971	127,996
	Total Affiliated Common Securities	92,971	127,996
	TOTAL AFFILIATED INVESTMENTS	512,783	2,115,107
	TOTAL UNAFFILIATED INVESTMENTS	15,371,604	5,242,369
	TOTAL INVESTMENTS	\$15,884,387	\$7,357,476
	OTHER ASSETS AND LIABILITIES – (13.85%)		(895,218 )
	TOTAL NET ASSETS		\$6,462,258

See Accompanying Notes to Financial Statements

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RENN Fund, Inc.

Schedule of Investments

June 30, 2017 (unaudited)

Name of Issuer and Title of Issue	Number of Shares	Amount of Equity in Net Profit and Loss for the Period	Amount of Dividends or Interest	Value <sup>(5)</sup> 12/31/17
AnchorFree, Inc. <sup>(1)(2)(3)</sup> Preferred A Equity	233,229	\$ 0	\$ 0	\$1,987,111
AnchorFree, Inc. <sup>(1)(2)(3)</sup> Common Stock	15,023	\$ 0	\$ 0	\$127,996
Total Restricted and/or Controlled Securities		\$ 0	\$ 0	\$2,115,107

<sup>(1)</sup>Securities in a privately owned company.

<sup>(2)</sup>“Affiliated,” generally means that the Fund (and/or affiliated funds) has a director on issuer’s board and/or the Fund owns more than 5% of the issuer’s voting shares.

<sup>(3)</sup>Non-Income Producing.

<sup>(4)</sup>Percentage is calculated as a percentage of net assets.

<sup>(5)</sup>See Note 5 to the Financial Statements.

<sup>(6)</sup>The PetroHunter Energy Corporation (“PetroHunter”) note is in default as of December 31, 2014. The note is valued on an as converted basis consistent with prior years, using PetroHunter’s observable stock price of \$0.0000. During 2016 PetroHunter declared Chapter 7 bankruptcy. The Fund is attempting to recover amounts owed to it by PetroHunter through that process.

See Accompanying Notes to Financial Statements

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RENN Fund, Inc.

## Statement of Assets and Liabilities

June 30, 2017 (unaudited)

## ASSETS

## Assets:

Investments at fair value		
Unaffiliated investments, cost of \$12,903,662	\$2,774,426	
Affiliated investments, cost of \$512,783	2,115,107	
Total investments, cost of \$13,416,445		\$4,889,533
Cash and cash equivalents		5,000
Federal Government Obligations Fund		2,462,942
Dividends receivable		1,500
Prepaid and other assets		66,848
		\$7,425,823

## LIABILITIES AND NET ASSETS

## Liabilities:

Due to Broker		\$959,743
Accounts payable		3,823
Total liabilities		\$963,566

## Net assets:

Common Stock, \$1 par value, 20,000,000 shares authorized, 4,673,867 shares issued, and 4,463,967 shares outstanding		\$4,673,867
Additional paid in capital		21,570,782
Treasury stock at cost		(1,734,967 )
Accumulated net realized loss on investments		(9,520,514 )
Net unrealized depreciation of investments		(8,526,911 )
Net assets		\$6,462,257
Net assets value per share		\$1.45

See Accompanying Notes to Financial Statements

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RENN Fund, Inc.

Statement of Operations

For the Six Months Ended June 30, 2017 (unaudited)

Investment income:	
Interest income	\$3
Dividend income	6,907
	6,910
Expenses:	
General and administrative	3,599
Shareholder expenses	17,991
Interest Expense	23,901
Legal fees	(11,693 )
Audit and accounting fees	85,395
Directors' fees and expenses	53,500
Insurance expense	28,349
Management fee to affiliate	58,054
	259,096
Net investment loss	(252,186 )
Realized and unrealized gain (loss) on investments:	
Net unrealized depreciation of investments	(814,789 )
Net realized gain on investments – unaffiliated	190,249
Net loss on investments	\$(624,540 )
Net decrease in net assets resulting from operations	\$(876,726 )
Net decrease in net assets resulting from operations per share	\$(0.20 )
Weighted average shares outstanding	4,463,967

See Accompanying Notes to Financial Statements

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RENN Fund, Inc.

Statements of Changes in Net Assets

For the Six Months Ended June 30, 2017 (unaudited)

	Six Months Ended June 30, 2017	Year Ended December 31, 2016
From operations:		
Net investment loss	\$ (252,186	) \$ (740,096
Net realized gain (loss) on investment	190,249	(788,868
Net unrealized (depreciation) appreciation of investments	(814,789	) 2,747,823
Net (decrease) increase in net assets resulting from operations	(876,726	) 1,218,859
Net assets:		
Beginning of period	7,338,984	6,120,125
End of period	\$ 6,462,258	\$ 7,338,984

See Accompanying Notes to Financial Statements

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RENN Fund, Inc.

## Statement of Cash Flows

For the Six Months Ended June 30, 2017 (unaudited)

Cash flows from operating activities:	
Decrease in net assets resulting from operations	\$(876,726 )
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:	
Net unrealized depreciation on investments	814,789
Net realized gain on investments	(190,249 )
Increase in dividend receivable	(857 )
Increase in prepaid and other assets	(26,951 )
Decrease in accounts payable	(41,394 )
Decrease in accounts payable-affiliate	(33,285 )
Purchase of investments	(5,781,415)
Proceeds from sale of investments	7,111,475
Net cash provided by operating activities	975,387
Cash flows from financing activities:	
Net margin repayments	(975,387 )
Net cash used in financing activities	(975,387 )
Net increase (decrease) in cash and cash equivalents	0
Cash and cash equivalents at beginning of the period	5,000
Cash and cash equivalents at end of the period	\$5,000
Supplemental Cash Flow Information	\$23,901
Cash paid for interest	

See Accompanying Notes to Financial Statements

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RENN Fund, Inc.

Notes to Financial Statements

For the Six Months Ended June 30, 2017 (unaudited)

**Note 1**

**Organization and Business Purpose**

RENN Fund, Inc. (the “Fund”), is a registered, non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”).

The Fund, a Texas corporation, was organized and commenced operations in 1994 and is registered under and pursuant to the provisions of Section 8(a) of the 1940 Act.

The investment objective of the Fund is to provide its stockholders with above-market rates of return through capital appreciation and income through a long-term, value-oriented investment strategy using a wide variety of financial instruments including, but not limited to common stocks, fixed income securities including convertible and non-convertible debt securities or loans, distressed debt, warrants and preferred stock, exchange traded funds and exchange traded notes, open and closed-end funds, derivatives including options and swaps and other instruments and securities which may or may not be listed on a regulated securities exchange.

RENN Capital Group, Inc. (“RENN Group”), a Texas corporation, served as the Investment Adviser to the Fund until June 29, 2017, when the shareholders elected Horizon Asset Management LLC (“Horizon”), a subsidiary of Horizon Kinetics LLC (“Horizon Kinetics”) as its Investment Adviser. In its capacity as Investment Adviser for the first six months of the year, RENN Group was responsible for the selection, evaluation, structure, valuation, and administration of the Fund’s investment portfolio, subject to the supervision of the Board of Directors. RENN Group is a registered investment adviser under the Investment Advisers Act of 1940, as amended.

On July 6, 2017, Horizon Asset Management LLC (“Horizon”) assumed advisory responsibilities of the Fund. Shareholders and Horizon modified the current investment strategy of the Fund to include a value discipline that is consistent with Horizon’s long-term, fundamental value approach. Under the new agreement, certain fees and expenses have changed. Additional information is provided in the special meeting proxy filed with the Securities and Exchange Commission on April 28, 2017.

**Note 2**

**Summary of Significant Accounting Policies**

Valuation of Investments

All investments are stated at their estimated fair value, as described in Note 4.

Revenue Recognition

The Fund recognizes realized gain/loss in the period of the sale based upon the identified cost basis. Change in unrealized gain/loss is reflected during the period of the change. Dividend income is recorded on the record date. Interest income is recorded as earned on an accrual basis. For debentures that are late in making payments as scheduled in the note agreements, the Fund determines whether to continue accruing interest on the note based upon the current circumstances facing the companies. The Fund reserves any dividends or interest income which is deemed to be potentially uncollectible based upon an analysis of several factors used in assessing the financial condition of each company.

Cash and Cash Equivalents

As of June 30, 2017, cash and cash equivalents are at risk to the extent that they exceed Federal Deposit Insurance Corporation insured amounts. The Fund has not experienced any losses as a result of this risk. The Fund considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. As of June 30, 2017, cash equivalents were held in the Federated Prime Obligations Fund which is not covered by depository insurance.



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RENN Fund, Inc.

Notes to Financial Statements

For the Six Months Ended June 30, 2017 (unaudited)

**Note 2**

**Summary of Significant Accounting Policies, continued**

Mutual Funds	Quantity	Value	% Net Assets
Federated Government Obligation Fund (GOFXX)	2,467,942	\$2,467,942	