

DIVIDEND & INCOME FUND
Form N-Q
May 24, 2016

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act File Number: 811-08747

DIVIDEND AND INCOME FUND
(Exact name of registrant as specified in charter)

11 Hanover Square, 12th Floor 10005
New York, NY
(Address of principal executive offices) (Zip Code)

John F. Ramírez, Esq.
Dividend and Income Fund
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: December 31

Date of Reporting Period: March 31, 2016

Item 1. Schedule of Investments

DIVIDEND AND INCOME FUND
SCHEDULE OF PORTFOLIO INVESTMENTS
March 31, 2016
(Unaudited)

| Shares | | Value |
|--------|---|-------------|
| | Common Stocks (103.60%) | |
| | Agricultural Chemicals (2.53%) | |
| 15,000 | Monsanto Company | \$1,316,100 |
| 80,000 | Potash Corporation of Saskatchewan Inc. | 1,361,600 |
| 35,000 | The Mosaic Company | 945,000 |
| | | 3,622,700 |
| | Agriculture Production - Livestock & Animal Specialties (0.83%) | |
| 23,000 | Cal-Maine Foods, Inc. ^{(a) (b)} | 1,193,930 |
| | Aircraft Engines & Engine Parts (0.28%) | |
| 3,980 | United Technologies Corporation | 398,398 |
| | Air Transportation, Scheduled (0.84%) | |
| 5,000 | Alaska Air Group, Inc. | 410,100 |
| 8,000 | Delta Air Lines, Inc. | 389,440 |
| 9,000 | Southwest Airlines Co. | 403,200 |
| | | 1,202,740 |
| | Apparel & Other Finished Products of Fabrics & Similar Material (0.61%) | |
| 8,300 | Carter's, Inc. | 874,654 |
| | Beverages (1.29%) | |
| 18,000 | PepsiCo, Inc. ^(a) | 1,844,640 |
| | Biological Products (2.07%) | |
| 12,100 | Amgen Inc. ^(a) | 1,814,153 |
| 12,570 | Gilead Sciences, Inc. | 1,154,680 |
| | | 2,968,833 |
| | Blankbooks, Looseleaf Binders & Bookbindg & Related Work (0.79%) | |
| 18,000 | Deluxe Corporation | 1,124,820 |
| | Cable & Other Pay Television Services (0.91%) | |
| 32,500 | Rogers Communications Inc. | 1,300,650 |
| | Cigarettes (1.92%) | |
| 28,000 | Philip Morris International, Inc. ^{(a) (b)} | 2,747,080 |
| | Commercial Banks (2.00%) | |
| 30,000 | Australia and New Zealand Banking Group Limited ^(c) | 541,397 |

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

| | | |
|--------|---|-----------|
| 21,650 | The Toronto-Dominion Bank | 933,765 |
| 60,000 | Westpac Banking Corporation ^(c) | 1,395,600 |
| | | 2,870,762 |
| | Computer and Computer Software Stores (0.89%) | |
| 40,000 | GameStop Corp. ^{(a) (b)} | 1,269,200 |
| | Computer & Office Equipment (0.95%) | |
| 9,000 | International Business Machines Corporation | 1,363,050 |
| | Computer Communications Equipment (1.69%) | |
| 85,000 | Cisco Systems, Inc. ^(a) | 2,419,950 |
| | Computer Storage Devices (0.62%) | |
| 25,950 | Seagate Technology Public Limited Company | 893,978 |
| | Construction Machinery and Equipment (1.12%) | |
| 21,000 | Caterpillar Inc. ^{(a) (c)} | 1,607,340 |
| | Construction, Mining & Materials Handling Machinery & Equipment (0.61%) | |
| 13,500 | Dover Corp. ^(a) | 868,455 |
| | Deep Sea Foreign Transportation of Freight (0.59%) | |
| 45,875 | Seaspan Corp. | 841,347 |
| | Dolls & Stuffed Toys (0.59%) | |
| 25,000 | Mattel, Inc. ^(a) | 840,500 |
| | Electric Services (2.46%) | |
| 70,000 | Calpine Corp. ^{(a) (c)} | 1,061,900 |
| 47,500 | Southern Company ^{(a) (b)} | 2,457,175 |
| | | 3,519,075 |
| | Electronic & Other Electrical Equipment (0.99%) | |
| 26,000 | Emerson Electric Co. | 1,413,880 |
| | Electronic Computers (0.95%) | |
| 12,500 | Apple Inc. ^(a) | 1,362,375 |
| | Electronic Connectors (0.51%) | |
| 25,000 | Methode Electronics, Inc. | 731,000 |
| | Electronic & Other Services Combined (1.29%) | |
| 51,500 | Exelon Corp. ^(a) | 1,846,790 |
| | Engines & Turbines (0.26%) | |
| 3,400 | Cummins Inc. | 373,796 |
| | Finance Services (0.77%) | |
| 18,000 | American Express Company ^(a) | 1,105,200 |

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

| | | |
|--------|---|-----------|
| | Fire, Marine & Casualty Insurance (4.41%) | |
| 20,000 | Chubb Limited ^{(a) (b)} | 2,383,000 |
| 70,000 | W.R. Berkley Corporation ^{(a) (b)} | 3,934,000 |
| | | 6,317,000 |
| | Food & Kindred Products (1.88%) | |
| 25,000 | Campbell Soup Co. ^{(a) (b)} | 1,594,750 |
| 14,700 | Nestle S.A. | 1,096,767 |
| | | 2,691,517 |
| | Hospital & Medical Service Plans (1.66%) | |
| 17,100 | Anthem, Inc. ^(a) | 2,376,729 |
| | Hotels & Motels (1.05%) | |
| 29,000 | Las Vegas Sands Corp. | 1,498,720 |
| | Industrial Trucks, Tractors, Trailers, and Stackers (0.76%) | |
| 20,000 | PACCAR Inc. | 1,093,800 |
| | Industrial Organic Chemicals (0.48%) | |
| 8,000 | LyondellBasell Industries N.V. | 684,640 |
| | Investment Advice (3.12%) | |
| 9,600 | Ameriprise Financial Inc. ^(a) | 902,496 |
| 55,000 | The Blackstone Group L.P. ^{(a) (b)} | 1,542,750 |
| 21,700 | Franklin Resources, Inc. | 847,385 |
| 37,000 | Invesco Ltd. | 1,138,490 |
| 1,375 | PJT Partners Inc. ^(c) | 33,069 |
| | | 4,464,190 |
| | Measuring & Controlling Devices (0.82%) | |
| 10,300 | Rockwell Automation, Inc. | 1,171,625 |
| | Men's & Boys' Furnishings, Work Clothing, & Allied Garments (0.74%) | |
| 11,000 | Ralph Lauren Corp. | 1,058,860 |
| | Metal Mining (0.69%) | |
| 35,000 | Rio Tinto plc ADR | 989,450 |
| | Miscellaneous Food Preparations & Kindred Products (1.39%) | |
| 20,000 | McCormick & Company, Incorporated | 1,989,600 |
| | Miscellaneous Industrial & Commercial Machinery & Equipment (0.79%) | |
| 18,000 | Eaton Corporation plc | 1,126,080 |
| | Motor Vehicle Parts & Accessories (2.73%) | |
| 8,650 | BorgWarner Inc. | 332,160 |
| 25,000 | Honeywell International, Inc. ^(a) | 2,801,250 |
| 7,000 | Lear Corporation | 778,190 |
| | | 3,911,600 |

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

| | | |
|---------|--|-----------|
| | Motor Vehicles & Passenger Car Bodies (3.82%) | |
| 20,000 | Daimler AG ^(a) | 1,536,600 |
| 120,000 | Ford Motor Company ^{(a) (b)} | 1,620,000 |
| 41,500 | General Motors Company ^(a) | 1,304,345 |
| 35,000 | Volkswagen AG | 1,014,300 |
| | | 5,475,245 |
| | National Commercial Banks (5.07%) | |
| 54,000 | Bank of America Corporation ^(a) | 730,080 |
| 20,200 | Capital One Financial Corporation ^(a) | 1,400,062 |
| 17,000 | Citigroup Inc. | 709,750 |
| 12,000 | JPMorgan Chase & Co. | 710,640 |
| 8,000 | The PNC Financial Services Group, Inc. | 676,560 |
| 39,000 | U.S. Bancorp | 1,583,010 |
| 30,000 | Wells Fargo & Company | 1,450,800 |
| | | 7,260,902 |
| | Natural Gas Transmission (0.82%) | |
| 24,400 | Spectra Energy Partners, LP | 1,174,128 |
| | Other Chemical Products (0.80%) | |
| 10,000 | Praxair Inc. | 1,144,500 |
| | Paperboard Containers & Boxes (0.54%) | |
| 17,000 | REXAM PLC | 770,100 |
| | Personal Credit Institutions (0.78%) | |
| 22,000 | Discover Financial Services | 1,120,240 |
| | Petroleum Refining (3.04%) | |
| 17,000 | Exxon Mobil Corp. | 1,421,030 |
| 20,500 | Phillips 66 ^(a) | 1,775,095 |
| 40,000 | Western Refining, Inc. | 1,163,600 |
| | | 4,359,725 |
| | Pharmaceutical Preparations (2.95%) | |
| 23,100 | Johnson & Johnson ^{(a) (b)} | 2,499,420 |
| 42,900 | Sanofi ADR ^(a) | 1,722,864 |
| | | 4,222,284 |
| | Plastic Materials, Synthetic Resins & Nonvulcan Elastomers (0.72%) | |
| 23,500 | Hexcel Corporation | 1,027,185 |
| | Printed Circuit Boards (0.64%) | |
| 82,500 | Kimball Electronics, Inc. ^(c) | 921,525 |
| | Pumps & Pumping Equipment (0.71%) | |
| 23,000 | Flowserve Corporation | 1,021,430 |
| | Radio & TV Broadcasting & Communications Equipment (0.71%) | |
| 20,000 | QUALCOMM, Incorporated ^(a) | 1,022,800 |

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

| | | |
|---------|---|-----------|
| | Railroads, Line-Haul Operating (3.52%) | |
| 108,500 | CSX Corp. ^(a) | 2,793,875 |
| 15,000 | Norfolk Southern Corp. | 1,248,750 |
| 12,650 | Union Pacific Corporation | 1,006,308 |
| | | 5,048,933 |
| | Railroad Equipment (1.24%) | |
| 64,500 | The Greenbrier Companies, Inc. | 1,782,780 |
| | Real Estate (0.40%) | |
| 50,000 | NorthStar Asset Management Group Inc. | 567,500 |
| | Retail - Department Stores (1.75%) | |
| 13,800 | Dillard's, Inc. | 1,171,758 |
| 28,600 | Kohl's Corporation | 1,333,046 |
| | | 2,504,804 |
| | Retail - Eating Places (1.62%) | |
| 18,500 | McDonald's Corp. ^(a) | 2,325,080 |
| | Retail - Family Clothing Stores (1.12%) | |
| 12,650 | The Buckle, Inc. | 428,455 |
| 40,000 | The GAP, Inc. ^(a) | 1,176,000 |
| | | 1,604,455 |
| | Retail - Home Furniture, Furnishings & Equipment Stores (0.42%) | |
| 10,951 | Williams-Sonoma, Inc. | 599,458 |
| | Retail - Variety Stores (1.70%) | |
| 35,650 | Wal-Mart Stores, Inc. | 2,441,668 |
| | Savings Institutions, Federally Chartered (0.24%) | |
| 11,150 | HSBC Holdings plc ^(a) | 346,988 |
| | Security & Commodity Brokers, Dealers, Exchanges & Services (0.90%) | |
| 17,500 | T. Rowe Price Group, Inc. | 1,285,550 |
| | Semiconductors & Related Devices (2.28%) | |
| 32,000 | Intel Corporation | 1,035,200 |
| 15,000 | Skyworks Solutions, Inc. | 1,168,500 |
| 18,500 | Texas Instruments Incorporated | 1,062,270 |
| | | 3,265,970 |
| | Services - Advertising Agencies (0.53%) | |
| 9,200 | Omnicom Group Inc. | 765,716 |
| | Services - Business Services (1.12%) | |
| 83,000 | The Western Union Company ^{(a) (b)} | 1,601,070 |
| | Services - Computer Processing & Data Preparation (0.74%) | |

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

| | | |
|--------|---|-----------|
| 9,450 | DST Systems, Inc. | 1,065,677 |
| | Services - Computer Programming Services (0.48%) | |
| 13,754 | Syntel, Inc. ^(c) | 686,737 |
| | Services - Help Supply Services (0.81%) | |
| 25,000 | Robert Half International Inc. | 1,164,500 |
| | Services - Medical Laboratories (2.54%) | |
| 14,000 | Laboratory Corporation of America Holdings ^{(a) (c)} | 1,639,820 |
| 28,000 | Quest Diagnostics Incorporated | 2,000,600 |
| | | 3,640,420 |
| | Services - Miscellaneous Repair Services (0.03%) | |
| 756 | Aquilex Holdings LLC Units ^(d) | 37,605 |
| | Services - Prepackaged Software (1.28%) | |
| 45,000 | Oracle Corporation ^{(a) (b)} | 1,840,950 |
| | Special Industry Machinery (0.81%) | |
| 14,000 | Lam Research Corporation | 1,156,400 |
| | Sporting Goods Stores (1.29%) | |
| 39,500 | Dick's Sporting Goods, Inc. ^{(a) (b)} | 1,846,625 |
| | State Commerical Banks (0.83%) | |
| 24,300 | The Bank of Nova Scotia | 1,187,298 |
| | Surety Insurance (0.88%) | |
| 50,000 | Assured Guaranty Ltd. | 1,265,000 |
| | Surgical & Medical Instruments & Apparatus (1.54%) | |
| 27,000 | Baxalta Incorporated ^(a) | 1,090,800 |
| 27,000 | Baxter International Inc. ^(a) | 1,109,160 |
| | | 2,199,960 |
| | Telephone Communications (0.83%) | |
| 22,000 | Verizon Communications Inc. | 1,189,760 |
| | Title Insurance (1.73%) | |
| 65,000 | First American Financial Corporation | 2,477,150 |
| | Transportation Equipment (1.44%) | |
| 20,900 | Polaris Industries Inc. | 2,058,232 |
| | Wholesale - Electronic Parts & Equipment (0.99%) | |
| 32,000 | Avnet, Inc. | 1,417,600 |
| | Wholesale - Industrial Machinery & Equipment (1.06%) | |
| 20,000 | MSC Industrial Direct Co., Inc. | 1,526,200 |

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

| | |
|---|-------------|
| Total common stocks (Cost \$137,724,081) | 148,399,104 |
| Principal Amount | |
| Corporate Bonds and Notes (1.48%) | |
| Cable & Other Pay Television Services (0.15%) | |
| 214,000 CCO Holdings LLC, 7.00%, 1/15/19 ^(a) | 218,318 |
| Cogeneration Services & Small Power Producers (0.33%) | |
| 450,000 Covanta Holding Corp., 7.25%, 12/1/20 ^(a) | 466,312 |
| Electric Services (0.37%) | |
| 490,360 Elwood Energy LLC, 8.159%, 7/5/26 ^(a) | 529,589 |
| Hospital & Medical Service Plans (0.18%) | |
| 250,000 Health Net, Inc., 6.375%, 6/1/17 ^(a) | 262,500 |
| Oil & Gas Field Exploration Services (0.09%) | |
| 169,000 CGG-Veritas, 7.75%, 5/15/17 ^(a) | 139,847 |
| Special Industry Machinery (0.36%) | |
| 500,000 Novelis, Inc., 8.375%, 12/15/17 ^(a) | 511,000 |
| Total corporate bonds and notes (Cost \$2,099,909) | 2,127,566 |
| Shares | |
| Closed End Funds (3.80%) | |
| 41,100 Advent Claymore Convertible Securities and Income Fund II | 223,173 |
| 134,500 Advent Claymore Convertible Securities and Income Fund | 1,776,745 |
| 179,998 Alpine Global Premier Properties Fund | 1,006,189 |
| 9,293 Central Securities Corporation | 177,775 |
| 12,400 The Cushing Renaissance Fund | 173,724 |
| 12,400 LMP Corporate Loan Fund Inc. | 121,024 |
| 8,600 RMR Real Estate Income Fund | 166,496 |
| 20,100 Sprott Focus Trust, Inc. | 122,409 |
| 67,500 Western Asset Emerging Markets Debt Fund Inc. | 980,100 |
| 67,500 Western Asset Emerging Markets Income Fund Inc. | 692,550 |
| Total closed end funds (Cost: \$5,714,753) | 5,440,185 |
| Real Estate Investment Trusts (3.75%) | |
| 34,500 HCP, Inc. | 1,124,010 |
| 100,000 New Residential Investment Corp. | 1,163,000 |
| 42,000 Tanger Factory Outlet Centers, Inc. | 1,528,380 |
| 22,500 Welltower Inc. | 1,560,150 |
| Total real estate investment trusts (Cost \$5,187,147) | 5,375,540 |
| Reorganization Interests (0%) | |
| 813,527 Penson Technologies LLC Units ^(c) ^(d) (Cost \$ 0) | 0 |

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

| | | |
|---------|--|---------------|
| | Master Limited Partnerships (0.69%) | |
| | Natural Gas Transmission (0.69%) | |
| 40,000 | Enterprise Products Partners LP Units ^(a) (Cost \$374,214) | 984,800 |
| | Preferred Stocks (1.87%) | |
| | Financial (1.87%) | |
| 79,469 | Annaly Capital Management, Inc., 7.625% Series C | 1,964,474 |
| 30,809 | Hatteras Financial Corp., 7.625% Series A | 716,309 |
| 80,000 | Solar Cayman Ltd. ^{(a) (c) (d)} | 0 |
| | Total preferred stocks (Cost \$3,066,072) | 2,680,783 |
| | Money Market Fund (0.10%) | |
| 142,620 | SSgA Money Market Fund, 7 day annualized yield 0.18% (Cost: \$142,620) | 142,620 |
| | Total investments (Cost \$154,308,796) (115.29%) | 165,150,598 |
| | Liabilities in excess of other assets (-15.29%) | (21,898,625) |
| | Net assets (100.00%) | \$143,251,973 |

^(a) 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 March 31, 2016, the value of securities pledged as collateral was \$35,646,833.

^(b) All or a portion of these securities were on loan pursuant to the Lending Agreement. As of March 31, 2016, the value of securities on loan was \$21,659,588.

^(c) Non-income producing.

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

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

Notes to Schedule of Portfolio Investments (Unaudited)

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

Value Measurements

Inputs to valuation methods are prioritized by a three level hierarchy as follows:

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

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

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

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

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

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

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

The following is a summary of the inputs used as of March 31, 2016 in valuing the Fund's assets. Refer to the schedules of portfolio investments for detailed information on specific investments.

| ASSETS | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|----------------|--------------|-----------|----------------|
| Investments, at value | | | | |
| Common stocks | \$ 148,361,499 | \$ - | \$ 37,605 | \$ 148,399,104 |
| Corporate bonds and notes | - | 2,127,566 | - | 2,127,566 |
| Closed end funds | 5,440,185 | | | 5,440,185 |
| Real estate investment trusts | 5,375,540 | - | - | 5,375,540 |
| Reorganization interests | - | - | 0 | 0 |
| Master limited partnerships | 984,800 | - | - | 984,800 |
| Preferred stocks | 2,680,783 | - | 0 | 2,680,783 |
| Money market fund | 142,620 | - | - | 142,620 |
| Total investments, at value | \$ 162,985,427 | \$ 2,127,566 | \$ 37,605 | \$ 165,150,598 |

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

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

| Common Stocks | Reorganization Interests | Preferred Stocks | Total |
|---------------|--------------------------|------------------|-------|
|---------------|--------------------------|------------------|-------|

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

| | | | | |
|--|-----------|------|------|-----------|
| Balance at December 31, 2015 | \$ 37,605 | \$ 0 | \$ 0 | \$ 37,605 |
| Proceeds from sales | - | - | - | - |
| Realized gain (loss) | - | - | - | - |
| Transfers into (out of) level 3 | - | - | - | - |
| Change in unrealized appreciation | - | - | - | - |
| Balance at March 31, 2016 | \$ 37,605 | \$ 0 | \$ 0 | \$ 37,605 |
| Net change in unrealized depreciation attributable to assets still held as level 3 at March 31, 2016 | \$ - | \$ 0 | \$ 0 | \$ - |

Edgar Filing: DIVIDEND & INCOME FUND - Form N-Q

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

The following table presents additional information about valuation methodologies and inputs used for assets that are measured at fair value and categorized as level 3 as of March 31, 2016:

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

Cost for Federal Income Tax Purposes

As of March 31, 2016, for federal income tax purposes, subject to change, the aggregate cost of securities was \$154,308,796 and net unrealized appreciation was \$10,841,802, comprised of gross unrealized appreciation of \$22,737,358 and gross unrealized depreciation of \$11,895,556. The aggregate cost of investments for tax 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.

Illiquid and Restricted Securities

The Fund owns securities which have a limited trading market and/or certain restrictions on trading and, therefore, may be illiquid and/or restricted. Such securities have been valued using fair value pricing. Due to the inherent uncertainty of valuation, fair value pricing values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could be material. Illiquid and/or restricted securities owned as of March 31, 2016 were as follows:

| | Acquisition Date | Cost | Value |
|-------------------------|------------------|--------------|-----------|
| Aquilex Holdings LLC | 3/08/12 | \$ 496,372 | \$ 37,605 |
| Penson Technologies LLC | 4/09/14 | 0 | 0 |
| Solar Cayman Ltd. | 3/07/07 | 568,802 | 0 |
| Total | | \$ 1,065,174 | \$ 37,605 |
| Percent of net assets | | 0.74% | 0.03% |

Market and Credit Risks

The Fund may invest in below investment grade fixed income securities, which carry ratings of BB or lower by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("S&P") and/or Ba1 or lower by Moody's Investors Service, Inc. ("Moody's"). Investments in these below investment grade securities may be accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities. The relative illiquidity of some of these securities may adversely affect the ability of the Fund to dispose of such securities in a timely manner and at a fair price at times when it might be necessary or advantageous for the Fund to liquidate portfolio securities.

Item 2. Controls and Procedures

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits

(a) Certifications of the registrant's principal executive officer and principal financial officer as required by Rule 30a-2(a) under the 1940 Act.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dividend and Income Fund

By: /s/ Thomas B. Winmill
Thomas B. Winmill, President

Date: May 24, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Thomas B. Winmill
Thomas B. Winmill, President

Date: May 24, 2016

By: /s/ Thomas O'Malley
Thomas O'Malley, Chief Financial Officer

Date: May 24, 2016

EXHIBIT INDEX

(a) Certifications of the registrant's principal executive and principal financial officer as required by Rule 30a-2(a) under the 1940 Act. (EX-99.CERT)