

DIVIDEND & INCOME FUND
Form N-Q
May 29, 2012
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: 811-8747

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

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

10005
(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: 1-212-785-0400

Date of Fiscal Year End: 12/31

Date of Reporting Period: 3/31/12

Item 1. Schedule of Investments

DIVIDEND AND INCOME FUND*
SCHEDULE OF PORTFOLIO INVESTMENTS
March 31, 2012
(Unaudited)

| Shares | | Cost | Value |
|--------|--|------------|------------|
| | COMMON STOCKS (88.88%) | | |
| | Aircraft Engines & Engine Parts (0.84%) | | |
| 10,000 | United Technologies Corp. | \$ 727,426 | \$ 829,400 |
| | Beverages (1.80%) | | |

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| | | | |
|--------|---|-----------|-----------|
| 15,000 | Coca-Cola Company | 835,675 | 1,110,150 |
| 10,000 | PepsiCo, Inc. | 529,400 | 663,500 |
| | | 1,365,075 | 1,773,650 |
| | Biological Products (0.84%) | | |
| 12,100 | Amgen Inc. | 783,805 | 822,679 |
| | Cable & Other Pay Television Services (0.82%) | | |
| 21,400 | Time Warner Inc. | 781,678 | 807,850 |
| | Canned, Frozen & Preserved Fruit, Vegetable & Food Specialties (0.93%) | | |
| 17,100 | H.J. Heinz Company | 885,684 | 915,705 |
| | Cigarettes (1.84%) | | |
| 30,000 | Altria Group, Inc. | 634,550 | 926,100 |
| 10,000 | Philip Morris International, Inc. | 485,376 | 886,100 |
| | | 1,119,926 | 1,812,200 |
| | Computer & Office Equipment (1.03%) | | |
| 25,000 | Hewlett-Packard Company | 1,088,505 | 595,750 |
| 2,000 | International Business Machines Corporation | 258,964 | 417,300 |
| | | 1,347,469 | 1,013,050 |
| | Computer Communications Equipment (0.89%) | | |
| 41300 | Cisco Systems, Inc. | 783,771 | 873,495 |
| | Construction, Mining & Materials Handling Machinery & Equipment (0.86%) | | |
| 13500 | Dover Corp. | 781,673 | 849,690 |
| | Converted Paper & Paperboard Products (0.94%) | | |
| 12500 | Kimberly-Clark Corp. | 890,751 | 923,625 |
| | Crude Petroleum & Natural Gas (0.79%) | | |
| 8,160 | Occidental Petroleum Corporation | 527,752 | 777,077 |
| | Deep Sea Foreign Transportation of Freight (0.88%) | | |
| 50,000 | Seaspan Corp. | 347,030 | 867,000 |
| | Dolls & Stuffed Toys (0.85%) | | |
| 25,000 | Mattel, Inc. | 610,742 | 841,500 |
| | Electric Services (4.58%) | | |
| 11,000 | Entergy Corp. | 693,431 | 739,200 |
| 18,600 | First Energy Corp. | 785,714 | 847,974 |
| 65,000 | Southern Company | 2,326,432 | 2,920,450 |
| | | 3,805,577 | 4,507,624 |
| | Electromedical & Electrotherapeutic Apparatus (0.80%) | | |
| 20,200 | Medtronic, Inc. | 788,000 | 791,638 |

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| | | | |
|---|--------------------------------------|-----------|-----------|
| Electronic & Other Electrical Equipment (4.15%) | | | |
| 20,000 | Emerson Electric Company | 747,590 | 1,043,600 |
| 111,900 | General Electric Company | 1,949,675 | 2,245,833 |
| 39,300 | Koninklijke Philips Electronics N.V. | 783,100 | 799,755 |
| | | 3,480,365 | 4,089,188 |
| Electronic & Other Services Combined (1.52%) | | | |
| 17,000 | Exelon Corp. | 715,134 | 666,570 |
| 19,100 | PG&E Corp. | 784,489 | 829,131 |
| | | 1,499,623 | 1,495,701 |
| Fire, Marine & Casualty Insurance (1.49%) | | | |
| 20,000 | Ace Ltd. | 829,324 | 1,464,000 |
| Food & Kindred Products (1.24%) | | | |
| 25,000 | Campbell Soup Co. | 783,645 | 846,250 |
| 10,000 | Kraft Foods, Inc. Class A | 258,704 | 380,100 |
| | | 1,042,349 | 1,226,350 |
| Gold & Silver Ores (2.37%) | | | |
| 17,900 | Barrick Gold Corp. | 889,694 | 778,292 |
| 18,000 | Goldcorp Inc. | 888,318 | 811,080 |
| 14,500 | Newmont Mining Corp. | 891,740 | 743,415 |
| | | 2,669,752 | 2,332,787 |
| Grain Mill Products (0.85%) | | | |
| 15,600 | Kellogg Company | 790,809 | 836,628 |
| Investment Advice (0.54%) | | | |
| 20,000 | Invesco Ltd. | 437,950 | 533,400 |
| Life Insurance (1.52%) | | | |
| 40,000 | MetLife, Inc. | 699,693 | 1,494,000 |
| Malt Beverages (0.73%) | | | |
| 16,000 | Molson Coors Brewing Company | 707,427 | 724,000 |
| Measuring & Controlling Devices, NEC (0.87%) | | | |
| 10,700 | Rockwell Automation, Inc. | 780,522 | 852,790 |
| Miscellaneous Business Credit Institution (1.00%) | | | |
| 39,355 | Solar Capital Ltd. | 754,269 | 868,565 |
| 46,169 | Star Asia Financial Ltd. (a) | 686,145 | 117,615 |
| | | 1,440,414 | 986,180 |
| Miscellaneous Fabricated Metal Products (0.87%) | | | |
| 10,100 | Parker-Hannifin Corp. | 787,011 | 853,955 |
| Motor Vehicle Parts & Accessories (1.55%) | | | |
| 25,000 | Honeywell International, Inc. | 889,529 | 1,526,250 |
| Motor Vehicles & Passenger Car Bodies (0.93%) | | | |

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|---------|--|-----------|------------|
| 19,600 | PACCAR Inc. | 788,028 | 917,868 |
| | National Commercial Banks (1.72%) | | |
| 36,800 | JPMorgan Chase & Co. | 774,303 | 1,692,064 |
| | Paints, Varnishes, Lacquers, Enamels & Allied Products (0.97%) | | |
| 10,000 | PPG Industries, Inc. | 657,378 | 958,000 |
| | Perfumes, Cosmetics & Other Preparations (0.98%) | | |
| 50,000 | Avon Products, Inc. | 1,596,424 | 968,000 |
| | Petroleum Refining (2.51%) | | |
| 7,200 | Chevron Corp. | 782,448 | 772,128 |
| 11,000 | ConocoPhillips | 731,803 | 836,110 |
| 10,000 | Exxon Mobil Corp. | 738,274 | 867,300 |
| | | 2,252,525 | 2,475,538 |
| | Pharmaceutical Preparations (10.40%) | | |
| 30,000 | Abbott Laboratories | 1,522,047 | 1,838,700 |
| 55,000 | Bristol-Myers Squibb Company | 1,241,872 | 1,856,250 |
| 23,100 | Johnson & Johnson | 1,492,730 | 1,523,676 |
| 40,300 | Merck & Company, Inc. | 1,463,305 | 1,547,520 |
| 116,200 | Pfizer Inc. | 1,997,252 | 2,633,092 |
| 21,900 | Sanofi | 787,206 | 848,625 |
| | | 8,504,412 | 10,247,863 |
| | Plastic Materials, Resins & Nonvulcanelastomers (1.78%) | | |
| 20,000 | E.I. du Pont de Nemours and Company | 751,716 | 1,058,000 |
| 20,000 | Dow Chemical Company | 580,754 | 692,800 |
| | | 1,332,470 | 1,750,800 |
| | Pumps & Pumping Equipment (0.90%) | | |
| 38,600 | ITT Corp. | 785,425 | 885,484 |
| | Radio & TV Communications Equipment (1.33%) | | |
| 115,000 | Nokia Corp. | 715,012 | 631,350 |
| 10,000 | QUALCOMM, Inc. | 383,189 | 680,200 |
| | | 1,098,201 | 1,311,550 |
| | Radio Telephone Communications (0.56%) | | |
| 20,000 | Vodafone Group PLC ADR | 453,234 | 553,400 |
| | Railroads, Line-Haul Operating (0.74%) | | |
| 34,100 | CSX Corp. | 785,517 | 733,832 |
| | Real Estate Investment Trust (3.09%) | | |
| 53,400 | Annaly Capital Management, Inc. | 922,335 | 844,788 |
| 61,000 | Invesco Mortgage Capital Inc. | 996,977 | 1,076,650 |
| 150,000 | MFA Financial, Inc. | 1,201,341 | 1,120,500 |
| | | 3,120,653 | 3,041,938 |

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| | Refuse Systems (0.53%) | | |
| 15,000 | Waste Management, Inc. | 532,822 | 524,400 |
| | Retail - Eating Places (0.90%) | | |
| 9,000 | McDonald's Corp. | 888,124 | 882,900 |
| | Retail - Grocery Stores (0.79%) | | |
| 32,300 | The Kroger Co. | 782,471 | 782,629 |
| | Retail - Miscellaneous Shopping Goods Stores (0.87%) | | |
| 53,200 | Staples, Inc. | 783,945 | 860,776 |
| | Retail - Variety Stores (0.95%) | | |
| 16,000 | Target Corp. | 660,150 | 932,320 |
| | Retail - Women's Clothing Stores (2.63%) | | |
| 54,000 | Limited Brands, Inc. | 475,950 | 2,592,000 |
| | Savings Institution, Federally Chartered (0.81%) | | |
| 60,000 | People's United Financial, Inc. | 826,108 | 794,400 |
| | Security & Commodity Brokers, Dealers, Exchanges & Services (0.46%) | | |
| 15,000 | NYSE Euronext | 372,671 | 450,150 |
| | Semiconductors & Related Devices (5.35%) | | |
| 23,000 | Analog Devices, Inc. | 726,742 | 929,200 |
| 71,100 | Intel Corp. | 1,584,801 | 1,998,621 |
| 35,000 | Microchip Technology, Inc. | 998,144 | 1,302,000 |
| 127,300 | STMicroelectronics N.V. | 786,574 | 1,042,587 |
| | | 4,096,261 | 5,272,408 |
| | Services - Business Services (1.82%) | | |
| 40,000 | Lender Processing Services, Inc. | 733,684 | 1,040,000 |
| 42,900 | The Western Union Company | 785,465 | 755,040 |
| | | 1,519,149 | 1,795,040 |
| | Services - Engineering, Accounting, Research, Management (0.31%) | | |
| 10,000 | Paychex, Inc. | 309,491 | 309,900 |
| | Services - Miscellaneous Repair Services (0.13%) | | |
| 756 | Aquilex Holdings LLC Units (a) (b) | 496,372 | 124,066 |
| | Services - Prepackaged Software (0.98%) | | |
| 30,000 | Microsoft Corp. | 900,672 | 967,500 |
| | Soap, Detergent, Cleaning Preparations, Perfumes, Cosmetics (0.82%) | | |
| 12,000 | The Procter & Gamble Company | 739,290 | 806,520 |
| | Specialty Cleaning, Polishing and Sanitation Preparations (0.82%) | | |
| 11,700 | Clorox Co. | 788,186 | 804,375 |

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|------------------|---|------------|------------|
| | Surgical & Medical Instruments & Apparatus (3.61%) | | |
| 20,000 | 3M Company | 1,133,436 | 1,784,200 |
| 15,700 | Baxter International Inc. | 785,058 | 938,546 |
| 10,700 | Becton, Dickinson and Company | 782,308 | 830,855 |
| | | 2,700,802 | 3,553,601 |
| | Telephone Communications (2.78%) | | |
| 45,000 | AT&T, Inc. | 1,672,513 | 1,405,350 |
| 35,000 | Verizon Communications, Inc. | 1,206,032 | 1,338,050 |
| | | 2,878,545 | 2,743,400 |
| | Water Transportation (1.02%) | | |
| 23,800 | Carnival Corp. | 785,476 | 763,504 |
| 15,000 | Nordic American Tankers Limited | 448,115 | 238,200 |
| | | 1,233,591 | 1,001,704 |
| | Total common stocks | 74,734,297 | 87,555,838 |
| Principal Amount | | | |
| | Corporate Bonds and Notes (29.45%) | | |
| | Accident & Health Insurance (0.55%) | | |
| 500,000 | CNO Financial Group, Inc. 9%, 1/15/18 | 506,509 | 542,500 |
| | Auto/Truck Parts & Equipment - Orig (0.51%) | | |
| 460,000 | Tower Automotive Holdings USA LLC, 10.625%, 9/1/17 (c) | 466,167 | 501,400 |
| | Cable & Other Pay Television Services (1.33%) | | |
| 500,000 | CCO Holdings LLC, 7%, 1/15/19 | 499,601 | 532,500 |
| 750,000 | Mediacom Broadband LLC, 8.50%, 10/15/15 | 756,817 | 776,250 |
| | | 1,256,418 | 1,308,750 |
| | Cable/Satellite TV (1.10%) | | |
| 1,000,000 | Cequel Communications Holdings I LLC and Cequel Capital Corp., 8.625%, 11/15/17 (c) | 1,010,697 | 1,078,750 |
| | Cogeneration Services & Small Power Producers (0.49%) | | |
| 450,000 | Covanta Holding Corp., 7.25%, 12/1/20 | 457,441 | 486,387 |
| | Converted Paper & Paperboard Products (1.06%) | | |
| 1,000,000 | Appleton Papers, Inc., 10.50%, 6/15/15 (c) | 996,858 | 1,042,500 |
| | Crude Petroleum & Natural Gas (0.27%) | | |
| 250,000 | Plains Exploration & Productions Company, 7.625%, 6/1/18 | 250,622 | 266,875 |
| | Drawing & Insulating of Nonferrous Wire (0.53%) | | |

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| 500,000 | Belden, Inc., 7%, 3/15/17 | 484,409 | 518,125 |
| | Drilling Oil & Gas Wells (0.56%) | | |
| 500,000 | Offshore Group Investments Ltd., 11.50%, 8/1/15 (c) | 500,756 | 552,500 |
| | Electric - Integrated (0.45%) | | |
| 400,000 | North American Energy Alliance LLC, 10.875%, 6/1/16 (c) | 408,200 | 443,000 |
| | Electric Services (1.11%) | | |
| 650,000 | Edison Mission Energy, 7.00%, 5/15/17 | 650,780 | 412,750 |
| 664,001 | Elwood Energy LLC, 8.159%, 7/5/26 | 701,811 | 678,941 |
| | | 1,352,591 | 1,091,691 |
| | Fats & Oils (0.57%) | | |
| 500,000 | Darling International Inc., 8.50%, 12/15/18 | 519,385 | 560,000 |
| | Hospital & Medical Service Plans (0.27%) | | |
| 250,000 | Health Net, Inc., 6.375%, 6/1/17 | 236,590 | 268,750 |
| | Ice Cream & Frozen Desserts (0.56%) | | |
| 500,000 | Dean Foods Company, 9.75%, 12/15/18 | 505,075 | 555,625 |
| | Machine Tools, Metal Cutting Types (0.44%) | | |
| 425,000 | Thermadyne Holdings Corp., 9%, 12/15/17 (c) | 427,599 | 437,750 |
| | Metal Forgings & Stampings (0.19%) | | |
| 170,000 | Trimas Corp., 9.75%, 12/15/17 (c) | 167,237 | 188,700 |
| | Miscellaneous Business Credit Institution (0.52%) | | |
| 500,000 | PHH Corp., 9.25%, 3/1/16 (c) | 505,715 | 510,625 |
| | Miscellaneous Electrical Machinery, Equipment & Supplies (0.32%) | | |
| 55,000 | Exide Technologies, 8.625%, 2/1/18 | 55,000 | 46,338 |
| 240,000 | Spectrum Brands Holdings, Inc., 9.50%, 6/15/18 (c) | 244,744 | 271,800 |
| | | 299,744 | 318,138 |
| | Miscellaneous Fabricated Metal Products (1.05%) | | |
| 1,000,000 | WireCo WorldGroup, 9.50%, 5/15/17 (c) | 977,006 | 1,037,500 |
| | Mortgage Banks (0.50%) | | |
| 500,000 | Provident Funding Associates, 10.25%, 4/15/17 (c) | 500,000 | 488,750 |
| | Natural Gas Transmission (1.41%) | | |
| 500,000 | | 513,565 | 557,500 |

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|-----------|--|-----------|-----------|
| | Energy Transfer Equity LP, 7.50%, 10/15/20 | | |
| 500,000 | Niska Gas Storage US LLC, 8.875%, 3/15/18 (c) | 509,944 | 472,500 |
| 350,000 | Southern Star Central Corp., 6.75%, 3/1/16 | 327,804 | 357,000 |
| | | 1,351,313 | 1,387,000 |
| | Oil & Gas Field Exploration Services (0.53%) | | |
| 500,000 | CGG-Veritas, 7.75%, 5/15/17 | 510,218 | 522,500 |
| | Paper Mills (0.60%) | | |
| 517,000 | Abitibibowater Inc., 10.25%, 10/15/18 (c) | 523,268 | 595,842 |
| | Papers & Allied Products (0.51%) | | |
| 500,000 | Cascades, Inc., 7.75%, 12/15/17 | 491,786 | 502,500 |
| | Paper & Related Products (0.28%) | | |
| 250,000 | PE Paper Escrow, 12%, 8/1/14 (c) | 243,186 | 272,500 |
| | Personal Credit Institutions (0.82%) | | |
| 740,000 | Credit Acceptance Corp., 9.125%, 2/1/17 (c) | 756,980 | 802,900 |
| | Petroleum Refining (0.53%) | | |
| 272,000 | Coffeyville Resources LLC, 9%, 4/1/15 (c) | 275,095 | 292,400 |
| 200,000 | Coffeyville Resources LLC, 10.875%, 4/1/17 (c) | 199,376 | 226,000 |
| | | 474,471 | 518,400 |
| | Pharmaceutical Preparations (0.88%) | | |
| 1,000,000 | Patheon, Inc., 8.625%, 4/15/17 (c) | 1,021,658 | 865,000 |
| | Racetracks (0.39%) | | |
| 360,000 | Yonkers Racing Corp., 11.375%, 7/15/16 (c) | 358,790 | 387,900 |
| | Radio & TV Broadcasting & Communications Equipment (0.54%) | | |
| 500,000 | CommScope, Inc., 8.25%, 1/15/19 | 510,231 | 535,000 |
| | Retail - Convenience Stores (0.56%) | | |
| 500,000 | Susser Holdings L.L.C., 8.50%, 5/15/16 | 506,608 | 551,250 |
| | Retail - Miscellaneous Retail (0.23%) | | |
| 250,000 | Ferrellgas Partners, L.P., 6.50%, 5/1/21 | 245,292 | 226,875 |
| | Security Brokers, Dealers & Flotation Companies (0.32%) | | |
| 750,000 | Penson Worldwide, Inc., 12.50%, 5/15/17 (c) | 757,913 | 315,000 |

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| | Semiconductors & Related Devices (0.28%) | | |
| 250,000 | Advanced Micro Devices, 7.75%, 8/1/20 | 257,942 | 276,250 |
| | Services - Business Services, NEC (0.44%) | | |
| 500,000 | DynCorp International, Inc. 10.375%, 7/1/17 (c) | 501,842 | 436,875 |
| | Services - Equipment Rental & Leasing, NEC (0.57%) | | |
| 500,000 | Aircastle Ltd., 9.75%, 8/1/18 | 502,868 | 560,000 |
| | Services - Miscellaneous Amusement & Recreation (0.86%) | | |
| 750,000 | Cedar Fair LP, 9.125%, 8/1/18 (c) | 753,503 | 845,625 |
| | Services - Miscellaneous Equipment Rental & Leasing (0.71%) | | |
| 675,000 | H&E Equipment Services, Inc., 8.375%, 7/15/16 | 680,159 | 698,625 |
| | Services - Motion Picture Theaters (0.11%) | | |
| 95,000 | Regal Entertainment Group, 9.125%, 8/15/18 | 96,100 | 104,500 |
| | Services - Prepackaged Software (0.45%) | | |
| 400,000 | Scientific Games International, Inc., 9.25%, 6/15/19 | 428,599 | 445,000 |
| | Special Industry Machinery (0.55%) | | |
| 500,000 | Novelis, Inc., 8.375%, 12/15/17 | 505,473 | 545,000 |
| | Steel Pipes & Tubes (0.32%) | | |
| 300,000 | Atkore International Inc., 9.875%, 1/1/18 | 306,082 | 315,750 |
| | Steel Works, Blast Furnaces & Rolling & Finishing Mills (0.88%) | | |
| 840,000 | Gibraltar Industries, Inc., 8%, 12/1/15 | 840,695 | 865,200 |
| | Telephone Communications (1.51%) | | |
| 1,000,000 | Cincinnati Bell, Inc., 8.75%, 3/15/18 | 1,008,206 | 938,750 |
| 500,000 | Equinix, Inc., 8.125%, 3/1/18 | 508,830 | 552,500 |
| | | 1,517,036 | 1,491,250 |
| | Textile - Home Furnishings (0.05%) | | |
| 50,000 | Empire Today LLC, 11.375%, 2/1/17 | 49,530 | 49,625 |
| | Transportation - Marine (0.43%) | | |
| 400,000 | Marquette Transportation Company, 10.875%, 1/15/17 (c) | 401,416 | 423,500 |
| | Water Transportation (1.69%) | | |
| 679,000 | | 669,645 | 713,799 |

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| | American Petroleum Tankers LLC, 10.25%, 5/1/15 (c) | | |
| 900,000 | Hornbeck Offshore Services, Inc., 8%, 9/1/17 | 906,416 | 949,500 |
| | | 1,576,061 | 1,663,299 |
| | Wholesale - Electronic Parts & Equipment, NEC (0.32%) | | |
| 300,000 | Brightstar Corp., 9.50%, 12/1/16 (c) | 300,000 | 313,500 |
| | Wholesale - Petroleum & Petroleum Products (0.30%) | | |
| 275,000 | Crosstex Energy LP, 8.875%, 2/15/18 | 275,531 | 293,562 |
| | Total corporate bonds and notes | 28,573,570 | 29,008,544 |
| | INVESTMENT COMPANIES (2.43%) | | |
| Shares | Exchange Traded Fund (2.43%) iShares Dow Jones Select Dividend | | |
| 15,000 | Index | 699,712 | 839,400 |
| 65,000 | SPDR S&P 500 ETF Trust | 871,731 | 1,550,250 |
| | | 1,571,443 | 2,389,650 |
| | MASTER LIMITED PARTNERSHIPS (2.88%) | | |
| | Natural Gas Transmission (2.88%) | | |
| 39,000 | Energy Transfer Partners LP | 1,979,798 | 1,829,490 |
| 20,000 | Enterprise Products Partners LP | 374,214 | 1,009,400 |
| | | 2,354,012 | 2,838,890 |
| | PREFERRED STOCK (0%) | | |
| | Financial (0.01%) | | |
| 80,000 | Solar Cayman Ltd. (a) (b) (c) | 568,802 | 2,000 |
| | Total investments (123.64%) | \$ 107,802,124 | 121,794,922 |
| | Bank line of credit (-24.87%) (d) | | (24,500,000) |
| | Other assets in excess of other liabilities (1.23%) | | 1,212,405 |
| | Net assets (100.00%) | | \$ 98,507,327 |

* On May 14, 2012, Dividend and Income Fund (the “Trust”) completed its reorganization into a Delaware statutory trust (the “Reorganization”). The Trust is the successor to Dividend and Income Fund, Inc. (the “Fund”), a Maryland corporation. As a result of the Reorganization, former shareholders of the Fund now own shares of the Trust that are equal in number and in value to the shares of the Fund they held at the close of business on May 11, 2012. The Trust did not issue certificates representing the Trust shares issued in the Reorganization. The Reorganization had previously been approved by shareholders at the Fund’s Annual Meeting of Shareholders on April 24, 2012.

- (a) Illiquid and/or restricted security that has been fair valued.
- (b) Non-income producing.
- (c) These securities are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to

qualified institutional buyers.
Borrowings under the line of credit are secured by a perfected security interest on all of the the Fund's
(d) portfolio of investments.

| | |
|------|--------------------------------------|
| ADR | American Depositary Receipt |
| LLC | Limited Liability Company |
| LP | Limited Partnership |
| PLC | Public Limited Company |
| SPDR | Standard & Poor's Depository Receipt |

Notes to Schedule of Portfolio Investments (Unaudited)

Security Valuation

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 markets is 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. Debt obligations with remaining maturities of 60 days or less are valued at cost adjusted for amortization of premiums and accretion of discounts. Certain of the securities in which the Fund may invest are 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. Bonds may be valued according to prices quoted by a bond dealer that offers pricing services. Open end investment companies are valued at their net asset value. Securities for which quotations are not readily available or reliable and other assets may be valued as determined in good faith by Bexil Advisers LLC, the Fund's Investment Manager, under the direction of or pursuant to procedures established by the Fund's Board of Directors, called "fair value pricing." Due to the inherent uncertainty of valuation, these values may differ from the value 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.

Fair 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 an indication of the risk associated with investing in those securities.

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 follows:

Equity securities (common and preferred stock). Securities traded on a national securities exchange or reported on the Nasdaq national market generally are stated at the last reported sales price on the day of valuation. 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. Preferred stock and other equities on inactive markets or valued by reference to similar instruments may be categorized in level 2.

Corporate bonds. The fair value of corporate bonds is 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 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 as determined in good faith by the Investment Manager under the direction of or pursuant to procedures established 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. Depending on the relative significance of valuation inputs, these instruments may be classified in either level 2 or level 3 of the fair value hierarchy.

Derivative instruments. Listed derivatives, such as equity option contracts, may be valued based on quoted prices from the exchange and are categorized in level 1 of the fair value hierarchy.

The following is a summary of the inputs used as of March 31, 2012 in valuing the Fund's assets carried at fair value. Refer to the Schedule of Portfolio Investments for detailed information on specific investments.

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|--------------|--------------|-----------|---------------|
| Assets | | | | |
| Investments at value | | | | |
| Common stock | \$87,314,157 | \$- | \$241,681 | \$87,555,838 |
| Corporate bonds and notes | - | 29,008,544 | - | 29,008,544 |
| Investment companies | 2,389,650 | - | - | 2,389,650 |
| Master limited partnerships | 2,838,890 | - | - | 2,838,890 |
| Preferred stock | - | - | 2,000 | 2,000 |
| Total investments, at value | \$92,542,697 | \$29,008,544 | \$243,681 | \$121,794,922 |

There were no transfers between level 1 and level 2 during the three months ended March 31, 2012.

The following is a reconciliation of level 3 investments for which significant unobservable inputs were used to determine fair value:

| | Common Stocks | Preferred Stocks | Total |
|-----------------------------------|------------------|---------------------|------------|
| Balance at December 31, 2011 | \$ 116,808 | \$ 2,000 | \$ 118,808 |
| Purchases or sales | - | - | - |
| Realized gain (loss) | - | - | - |
| Change in unrealized appreciation | 873 | - | 873 |
| Transfers in or out of level 3 | 124,000 | - | 124,000 |
| Balance at March 31, 2012 | \$ 241,681 | \$ 2,000 | \$ 243,681 |

Cost for Federal Income Tax Purposes

At March 31, 2012, for federal income tax purposes the aggregate cost of securities was \$107,802,124 and net unrealized appreciation was \$13,992,798, comprised of gross unrealized appreciation of \$19,107,003 and gross unrealized depreciation of \$5,114,205.

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 at fair value in accordance with the procedures described above. Due to the inherent uncertainty of valuation, these 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 at March 31, 2012, were as follows:

| | Acquisition Date | Cost | Value |
|----------------------------|---------------------|--------------|------------|
| Aquilex Holdings LLC Units | 12/23/09 | \$ 496,372 | \$ 124,066 |
| Star Asia Financial Ltd. | 2/22/07 | 686,145 | 117,615 |
| Solar Cayman Ltd. | 3/7/07 | 568,802 | 2,000 |
| | | \$ 1,751,319 | \$ 243,681 |
| Percent of net assets | | 1.78 | % 0.25 % |

Item 2. Controls and Procedures

- 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.
- 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

- 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 1940 Act, 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 29, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the 1940 Act, 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 29, 2012

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

Date: May 29, 2012

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)