FOXBY CORP.
Form N-CSR
March 04, 2019

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-09261

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

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

Russell Kamerman, 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: 1/1/18 - 12/31/18

Form N-CSR 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-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently 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 the clearance requirements of 44 U.S.C. sec. 3507.

Item 1. Report to Stockholders.

PORTFOLIO ANALYSIS

December 31, 2018

TOP TEN SECURITY HOLDINGS	December 31, 2018
1	Alphabet Inc. Class A
2	Discovery, Inc.
3	AutoZone, Inc.
4	Broadcom Inc.
5	The Kroger Co.
6	Apple Inc.
7	Robert Half International Inc.

TOP TEN INDUSTRIES	December 31, 2018
1	Business Services
2	Transportation Equipment
3	Electronic and Other Electrical Equipment and Components, except Computer Equipment
4	Security and Commodity Brokers, Dealers, Exchanges, and Services
5	Chemical and Allied Products
6	Insurance Carriers
7	Communications

8	Amgen Inc.	8	Transportation by Air
9	Omnicom Group Inc.	9	Automotive Dealers and Gasoline Service Stations
10	Marcus & Millichap, Inc.	10	Building Materials, Hardware, Garden Supply, and Mobile Home Dealers

Top ten security holdings comprise approximately 30% of total assets

Top ten security holdings and industries are shown for informational purposes only and 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.

Security Holdings by Sector on December 31, 2018*

* *Based on approximate percentages of net assets and may not add up to 100% due to leverage, cash or other assets, rounding, and other factors. Allocations of less than 1% in the aggregate are not shown. Allocations are subject to change.*

TO OUR SHAREHOLDERS

December 31, 2018

Dear Fellow Shareholders:

It is a pleasure to welcome each of our new shareholders to Foxby Corp. (the “Fund”) and to submit this 2018 Annual Report. The Fund seeks to achieve its investment objective of total return by exercising a flexible strategy in the selection of securities, and is not limited by the issuer’s location, size, or market capitalization. The Fund may invest in equity and fixed income securities of new and seasoned U.S. and foreign issuers, including securities convertible into common stock, debt securities, futures, options, derivatives, and other instruments. The Fund also may employ aggressive and speculative investment techniques, such as selling securities short and borrowing money for investment purposes, a practice known as “leveraging,” and may invest defensively in short term, liquid, high grade securities and money market instruments.

Economic and Market Report

During the December 2018 meeting of the Federal Open Market Committee (“FOMC”) of the Federal Reserve Bank (the “Fed”), the Fed’s staff reviewed economic data which suggested “that labor market conditions continued to strengthen in recent months and that real GDP growth was strong,” citing the decrease in the national unemployment rate to “a very low level of 3.7%” in November 2018. Regarding inflation, the staff noted that “consumer price inflation, as measured by the 12 month percentage change in the price index for personal consumption expenditures (PCE), was 2% in October.” In addition, compensation, as measured by hourly earnings, increased 3.1% in the twelve months ended in November 2018.

In financial markets, the Fed staff noted “concerns over escalating trade tensions, global growth prospects, and the sustainability of corporate earnings growth” as “among the factors that appeared to contribute to a significant drop in U.S. equity prices.” Yet, the staff opined that “financing conditions for businesses and households tightened a bit but generally remained supportive of economic growth.”

The members of the FOMC “judged that the economy had been evolving about as they had anticipated at the previous meeting.” As a result, “the U.S. economic forecast prepared by the staff for the December FOMC meeting was little revised on balance.” The minutes of the meeting highlight that “[o]ver the 2018–20 period, real GDP was forecast to rise at a rate above the staff’s estimate of potential output growth and then slow to a pace below it in 2021.” The FOMC concluded that “some further gradual increases in the target range for the federal funds rate would be consistent with sustained expansion of economic activity.”

In general, the FOMC appears to be expecting economic growth to remain above trend in 2019 and then slow. Accordingly, we believe that investors might anticipate favorable, although possibly volatile, markets in 2019, and that economic and markets risks suggest a careful strategy.

Investment Strategy and Returns

In view of these economic and financial developments, the Fund’s strategy in 2018 was to focus on quality companies deemed by the Fund’s investment manager, Midas Management Corporation (the “Investment Manager”), to be undervalued. Generally, the Fund purchased and held equity securities in seeking to achieve its investment objective of total return and sold investments that appeared to have appreciated to levels reflecting full or over-valuation. In the twelve months ended December 31, 2018, the Fund's net investment loss, net realized gain on investments, and unrealized depreciation on investments were, respectively, $44,422, $780,654, and $2,060,096, which contributed significantly to the Fund's net asset value return of (16.29)%. Profitable sales in the period were made of, among others, the Fund's holdings of Wal-Mart, Inc. in the general merchandise stores sector and Berkshire Hathaway, Inc. Class B in the insurance carriers sector. Losses were taken on, among others, WPP plc ADR in the business services sector and Bed Bath & Beyond Inc. in the home furniture, furnishings, and equipment stores sector. Although no particular investment was responsible for the majority of the unrealized appreciation or depreciation on investments over the period, Pilgrim's Pride Corporation in the food and kindred products sector and Affiliated Managers Group, Inc. in the security and commodity brokers, dealers, exchanges, and services sector were significant contributors to unrealized depreciation during the period. At the same time, the Fund benefited from unrealized appreciation from its holdings of Discovery, Inc. in the communications sector and AutoZone, Inc. Class A in the automotive dealers and gasoline service stations sector.

The Fund's market return for 2018 was (13.88)%. Generally, the Fund's total return on a market value basis will be higher than total return on a net asset value basis in periods where there is a decrease in the discount or an increase 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 (4.38)%. This index is unmanaged and does not reflect fees and expenses, nor is it available for direct investment. At December 31, 2018, the Fund's portfolio included approximately 60 securities of different issuers, with the top ten

TO OUR SHAREHOLDERS

December 31, 2018

amounting to approximately 30% of total assets. The total net asset value was approximately $6,845,000, of which approximately $7,819,000 was invested in securities, and with liabilities in excess of cash and other assets of approximately $974,000. As the Fund pursues its investment objective of total return, these holdings and allocations are subject to change at any time.

Fund Website

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

Management's Long Term Focus

We thank you for investing in the Fund and share your enthusiasm for its potential, as evidenced by the fact that affiliates of the

Investment Manager own approximately 24% of the Fund's outstanding shares. We look forward to serving your investment needs over the years ahead.

Sincerely,

Thomas B. Winmill
President and Co-Portfolio Manager

William Winmill
Vice President and Co-Portfolio Manager

Shares	Common Stocks (112.51%)	Value
	Apparel and Accessory Stores (1.35%)	
3,600	The GAP, Inc.	$ 92,736
	Automotive Dealers and Gasoline Service Stations (4.26%)	
2,300	AutoNation, Inc. [a]	82,110
250	AutoZone, Inc. [a]	209,585
		291,695
	Automotive Repair, Services, and Parking (2.40%)	
500	AMERCO	164,055
	Building Construction General Contractors and Operative Builders (1.68%)	
2,550	LGI Homes, Inc. [a]	115,311
	Building Materials, Hardware, Garden Supply (3.60%)	
850	The Home Depot, Inc.	146,047
1,200	Tractor Supply Company	100,128
		246,175
	Business Services (13.86%)	
500	Alphabet Inc. Class A [a]	522,480
2,400	Omnicom Group Inc.	175,776
3,300	Robert Half International Inc.	188,760
600	United Rentals, Inc. [a]	61,518
		948,534
	Chemical and Allied Products (8.54%)	
950	Amgen Inc.	184,936
500	Biogen Inc. [a]	150,460
1,375	United Therapeutics Corporation [a]	149,737
1,500	Westlake Chemical Corporation	99,255
		584,388
	Communications (5.26%)	
13,000	Discovery, Inc. [a]	321,620

350	The Walt Disney Company	38,378
		359,998
	Electronic and Other Electrical Equipment and Components, except Computer Equipment (10.82%)	
2,700	Advanced Energy Industries, Inc. [a]	115,911
800	Broadcom Inc.	203,424
3,200	Intel Corporation	150,176
3,250	Taiwan Semiconductor Manufacturing Company Ltd.	119,958
1,600	Texas Instruments Incorporated	151,200
		740,669
	Fabricated Metal Products, except Machinery and Transportation Equipment (1.59%)	
750	Snap-on Incorporated	108,968
	Food and Kindred Products (3.31%)	
5,000	Pilgrim's Pride Corporation[a]	77,550
1,500	Sanderson Farms, Inc.	148,935
		226,485

See notes to financial statements.

SCHEDULE OF PORTFOLIO INVESTMENTS December 31, 2018

Financial Statements

Shares	Common Stocks (continued)	Value
	Food Stores (2.81%)	
7,000	The Kroger Co.	$ 192,500
	General Merchandise Stores (2.51%)	
1,900	Dollar Tree, Inc. [a]	171,608
	Health Services (2.40%)	
1,300	Laboratory Corporation of America Holdings [a]	164,268
	Home Furniture, Furnishings, and Equipment Stores (1.84%)	
2,500	Williams-Sonoma, Inc.	126,125
	Industrial and Commercial Machinery and Computer Equipment (2.76%)	
1,200	Apple Inc.	189,288
	Insurance Carriers (6.11%)	
700	Berkshire Hathaway, Inc. Class B [a]	142,926
4,000	Essent Group Ltd. [a]	136,720
1,700	Prudential Financial, Inc.	138,635
		418,281
	Motor Freight Transportation and Warehousing (1.90%)	
1,400	J.B. Hunt Transport Services, Inc.	130,256
	Miscellaneous Retail (2.05%)	
2,050	Walgreens Boots Alliance, Inc.	140,076
	Oil and Gas Extraction (0.22%)	
8,000	Permianville Royalty Trust	15,040
	Paper and Allied Products (0.58%)	
1,588	Schweitzer-Mauduit International, Inc.	39,779
	Railroad Transportation (0.49%)	
350	Kansas City Southern	33,408
	Real Estate (2.51%)	

5,000	Marcus & Millichap, Inc. [(a)]	171,650
	Retail Consulting and Investment (0.00%)	
72,728	Amerivon Holdings LLC [(a)] [(b)]	0
	Security and Commodity Brokers, Dealers, Exchanges, and Services (10.01%)	
1,200	Affiliated Managers Group, Inc.	116,928
1,200	Ameriprise Financial Inc.	125,244
400	BlackRock, Inc.	157,128
684	Diamond Hill Investment Group, Inc.	102,224
4,500	Hennessy Advisors, Inc.	45,045
1,500	T. Rowe Price Group, Inc.	138,480
		685,049

See notes to financial statements.

SCHEDULE OF PORTFOLIO INVESTMENTS December 31, 2018

Financial Statements

Shares	Common Stocks (concluded)	Value
	Tobacco Products (2.96%)	
2,750	Altria Group, Inc.	$ 135,822
1,000	Philip Morris International Inc.	66,760
		202,582
	Transportation by Air (4.36%)	
400	Allegiant Travel Company	40,088
4,500	Hawaiian Holdings, Inc.	118,845
3,000	Southwest Airlines Co.	139,440
		298,373
	Transportation Equipment (11.74%)	
1,450	LCI Industries	96,860
950	Lear Corporation	116,717
3,000	Magna International Inc.	136,350
1,600	Oshkosh Corporation	98,096
2,500	PACCAR Inc.	142,850
1,200	Thor Industries, Inc.	62,400
1,400	WABCO Holdings Inc. [(a)]	150,276
		803,549
	Wholesale Trade - Nondurable Goods (0.59%)	
365	McKesson Corporation	40,322
Total common stocks (Cost $7,970,376)		7,701,168
	Master Limited Partnerships (0.47%)	
	Mining and Quarrying of Nonmetallic Minerals, Except Fuels (0.47%)	
1,500	Ciner Resources LP (Cost $38,296)	32,175
	Preferred Stocks (1.25%)	
	Retail Consulting and Investment (1.25%)	
207,852	Amerivon Holdings LLC (Cost $497,531) [(b)]	85,219

Total investments (Cost $8,506,203) (114.23%) [c]	7,818,562
Liabilities in excess of cash and other assets (-14.23%)	(973,843)
Net assets (100.00%)	$ 6,844,719

(a) Non-income producing.

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

(c) The Fund's total investment portfolio value of $7,818,562 has been pledged as collateral for borrowings under the Fund's credit facility.

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

	December 31, 2018
Assets	
Investments at value (cost $8,506,203)	$ 7,818,562
Cash	4,433
Dividends receivable	11,554
Interest receivable	23
Prepaid expenses and other assets	2,806
Total assets	7,837,378
Liabilities	
Credit facility borrowing	940,900
Payables	
Accrued expenses	40,937
Investment management fee	6,768
Directors	3,191
Administrative services	863
Total liabilities	992,659
Net Assets	$ 6,844,719
Net Asset Value Per Share	
(applicable to 2,610,050 shares outstanding: 500,000,000 shares of $.01 par value authorized)	$ 2.62
Net Assets Consist of	
Paid in capital	$ 7,460,941
Distributable earnings	(616,222)
	$ 6,844,719

See notes to financial statements.

STATEMENT OF OPERATIONS

Financial Statements

	Year Ended December 31, 2018
Investment Income	
Dividends (net of $1,192 foreign tax expense)	$ 154,856
Interest	398
Total investment income	155,254
Expenses	
Investment management	80,252
Interest and fees on credit facility	31,136
Bookkeeping and pricing	25,685
Audit	13,605
Directors	10,445
Shareholder communications	8,630
Legal	8,470
Administrative services	8,099
Custody	6,361
Transfer agent	3,040
Insurance	2,190
Registration	1,695
Other	969
Total expenses	200,577
Expense reduction	(901)
Net expenses	199,676
Net investment loss	(44,422)
Realized and Unrealized Gain (Loss)	
Net realized gain on investments	780,654
Unrealized depreciation on investments	(2,060,096)

Net realized and unrealized loss	(1,279,442)
Net decrease in net assets resulting from operations	$ (1,323,864)

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

Financial Statements

	Year Ended December 31, 2018	Year Ended December 31, 2017
Operations		
Net investment loss	$ (44,422)	$ (96,755)
Net realized gain	780,654	568,166
Unrealized appreciation (depreciation)	(2,060,096)	629,007
Net increase (decrease) in net assets resulting from operations	(1,323,864)	1,100,418
Total change in net assets	(1,323,864)	1,100,418
Net Assets		
Beginning of period	8,168,583	7,068,165
End of period [(1)]	$ 6,844,719	$ 8,168,583

(1) End of year net assets includes undistributed net investment income of $88,197 for the year ended December 31, 2017. The SEC eliminated the requirement to disclose undistributed net investment income in September 2018.

See notes to financial statements.

STATEMENT OF CASH FLOWS

Financial Statements

	Year Ended December 31, 2018
Cash Flows From Operating Activities	
Net decrease in net assets resulting from operations	$ (1,323,864)
Adjustments to reconcile decrease in net assets resulting from operations to net cash provided by (used in) operating activities:	
Unrealized depreciation of investments	2,060,096
Net realized gain on sales of investments	(780,654)
Purchase of long term investments	(4,945,920)
Proceeds from sales of long term investments	6,022,887
Net sales of short term investments	43,965
Increase in dividends receivable	(794)
Increase in interest receivable	(23)
Increase in prepaid expenses and other assets	(1,052)
Decrease in accrued expenses	(8,538)
Decrease in investment management fee payable	(1,435)
Decrease in administrative services payable	(1,316)
Increase in directors payable	181
Net cash provided by operating activities	1,063,533
Cash Flows from Financing Activities	
Credit facility repayment, net	(1,059,100)
Net cash used in financing activities	(1,059,100)
Net change in cash	4,433
Cash	
Beginning of period	-
End of period	$ 4,433
Supplemental disclosure of cash flow information:	

Cash paid for interest on credit facility	$ 17,049

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS December 31, 2018

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 “Company 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 (the “Investment Manager”) as its investment manager.

As an investment company, the Fund 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 usually 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 usually 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 closing 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 (the “Board”), called “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 or reliable market quotation 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 traded.

Cash – Cash may include deposits allocated among banks insured by the Federal Deposit Insurance Corporation in amounts up to the insurance coverage maximum amount of $250,000. Cash may also include uninvested cash balances held by the Fund's custodian.

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, normally is 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 (each, an "Acquired Fund") in accordance with the Company 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 Acquired 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. Amortization of premium and accretion of discount on corporate bonds and notes are included in interest income. 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 to have been incurred solely by the Fund are normally charged to the Fund in the entirety. Expenses deemed 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 generally allocated based on the most practicable method deemed equitable at the time the expense is incurred, including, without limitation, on the basis of relative assets under management.

Expense Reduction Arrangement – Through an arrangement with the Fund's former custodian, State Street Bank and Trust Company ("SSB"), credits realized as a result of borrowing activity were used to reduce custodian expenses. Credits realized by the Fund during the year ended December 31, 2018 are shown as a reduc-

tion of total expenses in the Statement of Operations. This expense reduction arrangement terminated in June 2018.

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 of 1986, as amended (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 (2015-2017) or expected to be taken in the Fund's 2018 tax returns.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities, and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

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 year ended December 31, 2018, the Fund's reimbursements of such costs were $8,099, of which $4,176 and $3,923 was for compliance and accounting services, respectively.

Certain officers and directors of the Fund are officers and directors of the Investment Manager. As of December 31, 2018, affiliates of the Investment Manager owned approximately 24% of the Fund's outstanding shares.

The Fund compensates each director who is not an employee of the Investment Manager or its affiliates. These directors receive fees for service as a director from the Fund and the other investment companies for which the Investment Manager or its affiliates serve as investment manager. In addition, director out-of-pocket expenses are allocated to each fund for which the Investment Manager or its affiliates serve as investment manager based on the most practicable method deemed equitable at the time the expense is incurred, including, without limitation, on the basis of relative assets under management. Expenses deemed to have been incurred solely by the Fund are normally charged to the Fund in the entirety.

3. DISTRIBUTIONS TO SHAREHOLDERS AND DISTRIBUTABLE EARNINGS As of December 31, 2018, the components of distributable earnings on a tax basis were as follows:

Undistributed long-term capital gains	$ 24,282
Unrealized depreciation	(640,504)
Total accumulated deficit	$ (616,222)

During the year ended December 31, 2018, the fund used $779,419 of capital loss carryover due to expire in 2018.

GAAP requires certain components related to permanent differences of net assets to be classified differently for financial reporting than for tax reporting purposes. These differences have no effect on net assets or net asset value per share. These differences, which may result in distribution reclassifications, are primarily due to differences in partnership income, return of capital dividends, re-characterization of capital gain income, and timing of distributions. As of December 31, 2018, the Fund recorded the following financial reporting reclassifications to the net asset accounts to reflect those differences:

Distributable Earnings	Paid in Capital
$54,543	$(54,543)

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 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.

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 usually 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. 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

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valuation inputs, these instruments may be categorized in either level 2 or level 3 of the fair value hierarchy.

Except to the extent of the receipt of payment of in-kind dividends

from level 3 preferred stocks as shown herein, there were no transfers into or out of level 3 assets during the period. Unrealized gains (losses) are included in the related amounts on investments in the Statement of Operations.

The following is a summary of the inputs used as of December 31, 2018 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	$ 7,701,168	$ -	$ 0	$ 7,701,168
Master limited partnerships	32,175	-	-	32,175
Preferred stocks	-	-	85,219	85,219
Total investments, at value	$ 7,733,343	$ -	$ 85,219	$ 7,818,562

There were no securities transferred from level 1 to level 3 between December 31, 2017 and December 31, 2018.

The following is a reconciliation of level 3 assets:

	Common Stocks	Preferred Stocks	Total
Balance at December 31, 2017	$ 0	$ 87,298	$ 87,298
Change in unrealized depreciation	-	(2,079)	(2,079)
Balance at December 31, 2018	$ 0	$ 85,219	$ 85,219