

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC
Form N-CSR
February 04, 2015

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:	811-07460
Exact name of registrant as specified in charter:	Delaware Investments [®] Dividend and Income Fund, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	November 30
Date of reporting period:	November 30, 2014

Item 1. Reports to Stockholders

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The figures in the annual report for Delaware Investments Dividend and Income Fund, Inc. represent past results, which are not a guarantee of future results. A rise or fall in interest rates can have a significant impact on bond prices. Funds that invest in bonds can lose their value as interest rates rise.

Closed-end fund

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Delaware Management Holdings, Inc. and its subsidiaries (collectively known by the marketing name of Delaware Investments) are wholly owned subsidiaries of Macquarie Group Limited, a global provider of banking, financial, advisory, investment and funds management services. For more information, including press releases, please visit delawareinvestments.com.

Unless otherwise noted, views expressed herein are current as of Nov. 30, 2014, and subject to change for events occurring after such date.

Funds are not FDIC insured and are not guaranteed. It is possible to lose the principal amount invested.

Mutual fund advisory services are provided by Delaware Management Company, a series of Delaware Management Business Trust, which is a registered investment advisor. Delaware Investments, a member of Macquarie Group, refers to Delaware Management Holdings, Inc. and its subsidiaries. Macquarie Group refers to Macquarie Group Limited and its subsidiaries and affiliates worldwide.

Investments in Delaware Investments Dividend and Income Fund, Inc. are not and will not be deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 and its holding companies, including their subsidiaries or related companies (Macquarie Group), and are subject to investment risk, including possible delays in repayment and

loss of income and capital invested. No Macquarie Group company guarantees or will guarantee the performance of the Fund, the repayment of capital from the Fund, or any particular rate of return.

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Portfolio management review

Delaware Investments® Dividend and Income Fund, Inc.

December 9, 2014

Performance preview (for the year ended November 30, 2014)

Delaware Investments Dividend and Income Fund, Inc. @ market price	1-year return	+13.85%
Delaware Investments Dividend and Income Fund, Inc. @ NAV	1-year return	+14.51%
Lipper Closed-end Income and Preferred Stock Funds Average @ market price	1-year return	+21.05%
Lipper Closed-end Income and Preferred Stock Funds Average @ NAV	1-year return	+15.47%

Past performance does not guarantee future results.

For complete, annualized performance for Delaware Investments Dividend and Income Fund, Inc., please see the table on page 3.

Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

For the fiscal year ended Nov. 30, 2014, Delaware Investments Dividend and Income Fund, Inc. returned +14.51% at net asset value (NAV) and +13.85% at market price (both figures reflect all distributions reinvested). Complete annualized performance for the Fund is shown in the table on page 3.

Searching for yield amid low rates

Throughout the 12 months ended Nov. 30, 2014, the market rewarded higher yielding securities of all asset types, as income remained scarce in a low interest rate environment.

Central banks in Europe, Japan, and China sought to boost their flagging economies by aggressively loosening monetary policy. The U.S. economy, meanwhile, continued its slow but steady improvement. Against this backdrop, in October 2014 the U.S. Federal Reserve ended its quantitative-easing stimulus program, even as it pledged to keep its target short-term interest rate at essentially zero for some time longer.

U.S. stocks performed well in this environment, with the broad stock market, as measured by the S&P 500® Index, gaining 16.9% during the fiscal year. Dividend-oriented equities, such as utility stocks, benefited disproportionately as investors searched for yield. U.S. real estate investment trusts (REITs), another income-focused asset class, also enjoyed strong results, with the FTSE NAREIT Equity REITs Index advancing 28.0%.

U.S. high yield bonds generated a modestly positive return for the entire 12-month time period, but struggled in the second half of the time period because of geopolitical concerns in the Middle East and Russia; volatility in equity and U.S. Treasury markets; mutual fund outflows; and heavy new-issue supply. Declining oil prices also hurt results, as

energy issues made up a meaningful portion of the high yield market. During the 12 months ended Nov. 30, 2014, high yield bonds, as represented by the BofA Merrill Lynch U.S. High Yield Constrained Index, returned 4.6%.

Strength from U.S. equities, REITs

The four asset classes in which we regularly invest the Fund's assets—large-cap value stocks, high yield bonds, REITs, and convertible securities—all generated positive absolute performance during the fiscal year ended Nov. 30, 2014.

REIT and large-cap value stocks turned in the most favorable results, by a wide margin, and had the largest positive effect on the Fund's absolute returns. In addition, the Fund's use of leverage—a portfolio-management tool designed to obtain a higher return on our equity investments—helped lift Fund performance in light of the stock market's rise.

Within the large-cap value equity portion of the Fund (representing 46% of the portfolio's net assets as of Nov. 30, 2014), semiconductor manufacturers **Intel** and **Broadcom** were notably strong performers. Electricity producer **Edison International** was another leading contributor to Fund performance, as utility companies' relatively high dividend payments made them attractive to many investors looking for income. Elsewhere, **CVS Health**, a drug store chain and pharmacy-benefits manager, performed well.

The Fund's REIT holdings (representing 14% of the portfolio as of Nov. 30, 2014) enjoyed strong absolute performance, but tended to lag the REIT market as a whole because of our defensive approach to the asset class. We believed this stance was warranted, given generally high valuations and asset prices that were rising faster than companies' cash flows.

Sun Communities, an owner and developer of manufactured-home communities, was a strong REIT performer for the Fund. In addition, the Fund experienced strength in the apartment REIT sector, which continued to display relatively steady cash-flow growth amid heightened demand from tenants. Apartment owners and operators such as **Essex Property Trust** and **Equity Residential**, produced meaningfully positive returns for the Fund.

Unless otherwise noted, views expressed herein are current as of Nov. 30, 2014, and subject to change for events occurring after such date.

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Portfolio management review

Delaware Investments® Dividend and Income Fund, Inc.

The convertibles portion of the Fund (representing 6% of the portfolio's net assets as of Nov. 30, 2014) performed well relative to other asset classes, and we continue to find the asset class attractive for its income component and potential to provide partial upside participation to the equity market but also downside support if the market declines.

Challenges in energy, high yield

In contrast, the Fund's energy holdings tended to perform poorly, in light of the sharp drop in oil prices seen in the fall. Portfolio holdings such as oilfield services company **Halliburton** and energy producers **Marathon Oil** and **Occidental Petroleum** all experienced notable declines.

To achieve the Fund's income objectives, we maintained a sizable allocation to high yield bonds, representing 34% of the portfolio at the end of the fiscal year. As mentioned, this asset class gained only modestly during the period as the market environment turned increasingly challenging for investors in bonds with below-investment-grade credit ratings.

Staying true to our approach

During the fiscal year, the Fund's composition remained relatively consistent. As always, we continued to focus on the Fund's primary objective: investing in yield-oriented securities in an attempt to provide shareholders with a high level of current income.

At the same time, to manage risk, we also closely considered securities' quality and valuation characteristics. As investors have searched intently for yield, especially among U.S. investments, income-oriented securities have seen their prices rise sharply. We believe this has made yield increasingly expensive to come by, whether supplied by fixed income securities or by bond substitutes such as utility stocks, master limited partnerships, or certain REITs. In this environment, our approach has been to closely manage the portfolio's yield, balancing the need for a competitive income stream with efforts to protect against the risk of falling security prices that could potentially weigh on total return.

We continued to be comfortable with the portfolio's relatively high allocation to U.S. large-cap value equities and high yield bonds, as well as the Fund's ongoing exposure to REITs and convertible bonds. As a result of our concerns about equity valuations and potential market risks, we continue to position the Fund defensively, with a focus on what we view as higher-quality businesses with relatively low stock valuations and an attractive balance between risk and reward.

As we continue to monitor market conditions, we will seek to position the portfolio to provide a high level of income for our shareholders while simultaneously looking to minimize other characteristics that could potentially weigh on total return.

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Performance summary

Delaware Investments® Dividend and Income Fund, Inc.

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Please obtain the performance data for the most recent month end by calling 800 523-1918.

Fund performance

Average annual total returns through November 30, 2014	1 year	5 years	10 years	Lifetime
At market price	+13.85%	+17.86%	+8.63%	+8.58%
At net asset value	+14.51%	+18.77%	+8.69%	+9.43%

Diversification may not protect against market risk.

Fixed income securities and bond funds can lose value, and investors can lose principal, as interest rates rise. They also may be affected by economic conditions that hinder an issuer's ability to make interest and principal payments on its debt.

The Fund may also be subject to prepayment risk, the risk that the principal of a fixed income security that is held by the Fund may be prepaid prior to maturity, potentially forcing the Fund to reinvest that money at a lower interest rate.

High yielding, noninvestment grade bonds (junk bonds) involve higher risk than investment grade bonds.

Narrowly focused investments may exhibit higher volatility than investments in multiple industry sectors.

REIT investments are subject to many of the risks associated with direct real estate ownership, including changes in economic conditions, credit risk, and interest rate fluctuations.

The Fund may invest in derivatives, which may involve additional expenses and are subject to risk, including the risk that an underlying security or securities index moves in the opposite direction from what the portfolio manager anticipated. A derivative transaction depends upon the counterparties' ability to fulfill their contractual obligations.

The Fund may experience portfolio turnover that approaches or exceeds 100%, which could result in higher transaction costs and tax liability.

If and when the Fund invests in forward foreign currency contracts or uses other investments to hedge against other currency risks, the Fund will be subject to special risks, including counterparty risk.

The Fund borrows through a line of credit for purposes of leveraging. Leveraging may result in higher degrees of volatility because the Fund's net asset value could be subject to fluctuations in short-term interest rates and changes in market value of portfolio securities attributable to leverage.

The Fund performance table and the Performance of a \$10,000 investment graph do not reflect the deduction of taxes the shareholder would pay on Fund distributions or redemptions of Fund shares.

Returns reflect the reinvestment of all distributions. Dividends and distributions, if any, are assumed, for the purpose of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment policy. Shares of the Fund were initially offered with a sales charge of 6%. Performance since inception does not include the sales charge or any other brokerage commission for purchases made since inception.

Past performance is not a guarantee of future results.

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Performance summary

Delaware Investments® Dividend and Income Fund, Inc.

Fund basics

As of November 30, 2014

Fund objectives	Fund start date
The Fund's primary investment objective is to seek high current income. Capital appreciation is a secondary objective.	March 26, 1993

Total Fund net assets	NYSE symbol
\$100 million	DDF

Number of holdings
390

Market price versus net asset value (see notes below)

November 30, 2013, through November 30, 2014

	Starting value (Nov. 30, 2013)	Ending value (Nov. 30, 2014)
Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$10.37	\$11.14
Delaware Investments Dividend and Income Fund, Inc. @ market price	\$9.41	\$10.05

Past performance is not a guarantee of future results.

Table of Contents**Performance of a \$10,000 investment**

Average annual total returns from November 30, 2004, through November 30, 2014

	Starting value (Nov. 30, 2004)	Ending value (Nov. 30, 2014)
Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$10,000	\$23,002
Delaware Investments Dividend and Income Fund, Inc. @ market price	\$10,000	\$22,886
Lipper Closed-end Income & Preferred Stock Funds Average @ market price	\$10,000	\$20,665
Lipper Closed-end Income & Preferred Stock Funds Average @ NAV	\$10,000	\$19,977

The Performance of a \$10,000 investment graph assumes \$10,000 invested in the Fund on Nov. 30, 2004, and includes the reinvestment of all distributions at market value. The graph assumes \$10,000 invested in the Lipper Closed-end Income and Preferred Stock Funds Average at market price and at NAV. Performance of the Fund and the Lipper class at market value is based on market performance during the period. Performance of the Fund and Lipper class at NAV is based on the fluctuations in NAV during the period. Delaware Investments Dividend and Income Fund, Inc. was initially offered with a sales charge of 6%. The Fund is currently traded on the secondary market without a sales load. Performance shown in both graphs above does not include fees, the initial sales charge, or any brokerage commissions for purchases. Investments in the Fund are not available at NAV.

The Lipper Closed-end Income and Preferred Stock Funds Average represents the average return of closed-end funds that normally seek a high level of current income through investing in income-producing stocks, bonds, and money market instruments, or funds that invest primarily in preferred securities, often considering tax code implications (source: Lipper).

The S&P 500 Index, mentioned on page 1, measures the performance of 500 mostly large-cap stocks weighted by market value, and is often used to represent performance of the U.S. stock market.

The FTSE NAREIT Equity REITs Index, mentioned on page 1, measures the performance of all publicly traded equity real estate investment trusts (REITs) traded on U.S. exchanges, excluding timber and infrastructure REITs.

The BofA Merrill Lynch U.S. High Yield Constrained Index, mentioned on page 1, tracks the performance of U.S. dollar-denominated high yield corporate debt publicly issued in the U.S. domestic market, but caps individual issuer exposure at 2% of the benchmark. Qualifying securities must have, among other things, a below-investment-grade rating (based on an average of Moody's, Standard & Poor's, and Fitch), an investment grade issuing country (based on an average of Moody's, Standard & Poor's, and Fitch foreign currency long-term sovereign debt ratings), and maturities of one year or more.

Market price is the price an investor would pay for shares of the Fund on the secondary market. NAV is the total value of one fund share, generally equal to a fund's net assets divided by the number of shares outstanding.

Past performance is not a guarantee of future results.

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Security type / sector allocations and

top 10 equity holdings

Delaware Investments® Dividend and Income Fund, Inc.

As of November 30, 2014 (Unaudited)

Sector designations may be different than the sector designations presented in other fund materials. The sector designations may represent the investment manager's internal sector classifications, which may result in the sector designations for one fund being different than another fund's sector designations.

Security type / sector	Percentage of net assets
Common Stock	81.80%
Consumer Discretionary	4.43%
Consumer Staples	8.45%
Diversified REITs	1.96%
Energy	9.21%
Financials	8.44%
Healthcare	12.70%
Healthcare REITs	0.77%
Hotel REITs	1.29%
Industrial REITs	1.21%
Industrials	6.35%
Information Technology	8.60%
Mall REITs	1.87%
Manufactured Housing REIT	0.34%
Materials	2.06%
Mixed REIT	0.12%
Mortgage REIT	0.29%
Multifamily REITs	1.48%
Office REITs	1.02%
Self-Storage REIT	0.43%
Shopping Center REITs	2.10%
Single Tenant REIT	0.21%
Specialty REITs	1.82%
Telecommunications	4.20%
Utilities	2.45%
Convertible Preferred Stock	3.15%
Convertible Bonds	8.44%
Basic Industry	0.34%
Capital Goods	0.21%
Communications	1.14%
Consumer Cyclical	0.70%
Consumer Non-Cyclical	1.56%

Energy	0.67%
Financials	0.92%
Industrials	0.16%
Real Estate Investment Trusts	0.85%
Technology	1.89%
	Percentage
Security type / sector	of net assets
Corporate Bonds	37.23%
Automobiles	1.30%
Banking	1.85%
Basic Industry	4.40%
Capital Goods	2.56%
Communications	3.75%
Consumer Cyclical	1.82%
Consumer Non-Cyclical	0.79%
Energy	5.37%
Financials	0.56%
Healthcare	2.72%
Insurance	0.92%
Media	4.28%
Services	2.82%
Technology	2.10%
Utilities	1.99%
Senior Secured Loans	2.48%
Limited Partnership	1.69%
Preferred Stock	0.82%
Warrant	0.00%
Short-Term Investments	3.98%
Securities Lending Collateral	5.60%
Total Value of Securities	145.19%
Borrowing Under Line of Credit	(40.04%)
Obligation to Return Securities Lending Collateral	(5.60%)
Receivables and Other Assets Net of Liabilities	0.45%
Total Net Assets	100.00%

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Holdings are for informational purposes only and are subject to change at any time. They are not a recommendation to buy, sell, or hold any security.

	Percentage of net assets
Top 10 equity holdings	
Intel	2.17%
Allstate	2.16%
CVS Health	2.16%
Cisco Systems	2.16%
Cardinal Health	2.16%
Broadcom Class A	2.15%
Pfizer	2.14%
Lowe s	2.14%
Edison International	2.14%
Waste Management	2.14%

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Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

November 30, 2014

	Number of shares	Value (U.S. \$)
Common Stock 81.80%		
Consumer Discretionary 4.43%		
Johnson Controls	41,200	\$ 2,060,000
Lowe's	33,500	2,138,305
Tarkett Class W/I	9,027	229,971
		4,428,276
Consumer Staples 8.45%		
Archer-Daniels-Midland	39,200	2,065,056
CVS Health	23,600	2,156,096
Kraft Foods Group	35,333	2,125,987
Mondelez International Class A	53,500	2,097,200
		8,444,339
Diversified REITs 1.96%		
Fibra Uno Administracion	116,400	385,149
Fifth Street Finance	20,943	185,764
Gramercy Property Trust	53,200	313,880
Lexington Realty Trust	62,300	685,300
Vornado Realty Trust	665	74,187
Washington Real Estate Investment Trust	11,800	317,066
		1,961,346
Energy 9.21%		
Chevron	17,600	1,916,112
ConocoPhillips	28,600	1,889,602
Halliburton	40,900	1,725,980
Marathon Oil	61,400	1,775,688
Occidental Petroleum	23,700	1,890,549
		9,197,931
Financials 8.44%		
Allstate	31,700	2,160,355

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Ashford *	91	10,783
Bank of New York Mellon	52,300	2,093,569
BB&T	54,600	2,052,414
Marsh & McLennan	37,400	2,116,466
		8,433,587

Healthcare 12.70%

Baxter International	29,000	2,117,000
Cardinal Health	26,200	2,153,378
Johnson & Johnson	19,100	2,067,575
Merck	34,700	2,095,880
Pfizer	68,689	2,139,662
Quest Diagnostics	32,300	2,109,513
		12,683,008

Healthcare REITs 0.77%

Health Care REIT	2,360	173,838
	Number of	Value
	shares	(U.S. \$)

Common Stock (continued)

Healthcare REITs (continued)

Healthcare Realty Trust	6,200	\$ 163,742
Healthcare Trust of America Class A	25,600	326,656
LTC Properties	2,500	104,475
		768,711

Hotel REITs 1.29%

Ashford Hospitality Prime	1,700	29,835
Ashford Hospitality Trust	7,900	82,792
DiamondRock Hospitality	15,800	235,894
Pebblebrook Hotel Trust	4,300	185,631
Strategic Hotels & Resorts	26,900	357,232
Summit Hotel Properties	33,800	392,080
		1,283,464

Industrial REITs 1.21%

DCT Industrial Trust	2,625	89,591
First Industrial Realty Trust	23,600	468,460
Prologis	780	32,978
STAG Industrial	19,400	462,496
Terreno Realty	7,300	151,913
		1,205,438

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Industrials 6.35%		
Northrop Grumman	14,900	2,099,857
Raytheon	19,800	2,112,660
Waste Management	43,800	2,134,374
		6,346,891
Information Technology 8.60%		
Broadcom Class A	49,800	2,147,874
Cisco Systems	78,000	2,155,920
Intel	58,100	2,164,225
Xerox	151,900	2,120,524
		8,588,543
Mall REITs 1.87%		
CBL & Associates Properties	10,834	210,721
General Growth Properties	4,129	110,492
Rouse Properties *	228	4,170
Simon Property Group	8,547	1,545,298
		1,870,681
Manufactured Housing REIT 0.34%		
Sun Communities	5,700	335,673
		335,673
Materials 2.06%		
duPont (E.I.) deNemours	28,800	2,056,320
		2,056,320

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	Number of shares	Value (U.S. \$)
Common Stock (continued)		
Mixed REIT 0.12%		
PS Business Parks	1,400	\$ 113,946
		113,946
Mortgage REIT 0.29%		
Starwood Property Trust	12,200	293,532
		293,532
Multifamily REITs 1.48%		
Apartment Investment & Management	10,919	406,733
Camden Property Trust	2,950	226,206
Education Realty Trust	22,500	261,900
Equity Residential	5,000	354,200
Essex Property Trust	1,147	232,164
		1,481,203
Office REITs 1.02%		
alstria office REIT *	21,023	263,604
Equity Commonwealth	12,000	305,160
Parkway Properties	23,000	448,040
		1,016,804
Self-Storage REIT 0.43%		
Extra Space Storage	7,300	432,671
		432,671
Shopping Center REITs 2.10%		
Agree Realty	17,500	539,175
DDR	13,900	254,787
First Capital Realty	10,481	171,552
Kimco Realty	15,530	395,239
Kite Realty Group Trust	8,900	242,792
Ramco-Gershenson Properties Trust	11,700	209,430

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Weingarten Realty Investors	2,500	91,000
Wheeler REIT *@	45,156	191,461
		2,095,436

Single Tenant REIT 0.21%		
National Retail Properties	5,300	204,209
		204,209

Specialty REITs 1.82%		
AMC Entertainment Holdings	15,000	393,300
American Residential Properties	8,900	158,153
EPR Properties	5,220	292,268
Home Loan Servicing Solutions	35,400	691,716
Solar Capital	15,528	285,405
		1,820,842

Value
Number of
shares **(U.S. \$)**

Common Stock (continued)

Telecommunications 4.20%		
AT&T *	59,200	\$ 2,094,496
Century Communications =	500,000	0
Verizon Communications	41,600	2,104,544
		4,199,040

Utilities 2.45%		
Abengoa Yield *	5,100	143,820
American Water Works	3,200	169,760
Edison International	33,600	2,135,616
		2,449,196

Total Common Stock (cost \$57,870,584)		81,711,087
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Convertible Preferred Stock 3.15%

ArcelorMittal 6.00%		
exercise price \$20.36, expiration date 12/21/15	8,575	169,490
Chesapeake Energy 144A 5.75% exercise price \$26.14, expiration date 12/31/49 #	87	92,601
Dynegy 5.375%		
exercise price \$38.75, expiration date 11/1/17 @	1,780	191,421

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El Paso Energy Capital Trust I 4.75% exercise price \$34.49, expiration date 3/31/28	5,250	315,000
Exelon 6.50% exercise price \$43.75, expiration date 6/1/17	3,650	190,493
Halcon Resources 5.75% exercise price \$6.16, expiration date 12/31/49	130	68,039
HealthSouth 6.50% exercise price \$29.70, expiration date 12/31/49	238	339,358
Huntington Bancshares 8.50% exercise price \$11.95, expiration date 12/31/49	182	243,880
Intelsat 5.75% exercise price \$22.05, expiration date 5/1/16	6,060	288,062
Laclede Group 6.75% exercise price \$57.81, expiration date 4/1/17	1,550	86,071
Maiden Holdings 7.25% exercise price \$15.39, expiration date 9/15/16	6,000	297,000

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Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	Number of shares	Value (U.S. \$)
Convertible Preferred Stock (continued)		
SandRidge Energy		
7.00% exercise price \$7.76, expiration date 12/31/49	300	\$ 20,794
8.50% exercise price \$8.01, expiration date 12/31/49	1,780	125,490
Wells Fargo 7.50%		
exercise price \$156.71, expiration date 12/31/49	259	317,929
Weyerhaeuser		
6.375% exercise price \$33.13, expiration date 7/1/16	3,638	213,551
Wheeler Real Estate		
Investment Trust		
9.00% exercise price \$5.00, expiration date 12/31/49	6,560	149,502
Wheeler REIT 9.00%		
exercise price \$5.00, expiration date 12/31/49 @=	34	35,473
Total Convertible Preferred Stock		3,144,154
(cost \$3,000,326)		

**Principal
amount^o****Convertible Bonds 8.44%**

Basic Industry 0.34%		
Peabody Energy 4.75% exercise price \$57.62, expiration date 12/15/41 *	135,000	82,941
RTI International Metals 1.625% exercise price \$40.72, expiration date 10/10/19 *	265,000	252,909
		335,850
Capital Goods 0.21%		
Titan Machinery 3.75% exercise price \$43.17, expiration date 4/30/19 *	277,000	213,117
		213,117
Communications 1.14%		
	253,000	213,153

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Alaska Communications Systems Group 6.25% exercise price \$10.28, expiration date 4/27/18

	Principal amount ^o	Value (U.S. \$)
Clearwire Communications 144A 8.25% exercise price \$7.08, expiration date 11/30/40 #	213,000	235,365

Convertible Bonds (continued)

Communications (continued)

Liberty Interactive 0.75% exercise price \$1,000.00, expiration date 3/30/43	205,000	\$ 289,306
144A 1.00% exercise price \$74.31, expiration date 9/28/43 #	364,000	400,855
		1,138,679

Consumer Cyclical 0.70%

Huron Consulting Group 144A 1.25% exercise price \$79.89, expiration date 9/27/19 #	181,000	188,579
Iconix Brand Group 2.50% exercise price \$30.75, expiration date 5/31/16	164,000	222,937
Meritor 4.00% exercise price \$26.73, expiration date 2/12/27 f	269,000	286,989
		698,505

Consumer Non-Cyclical 1.56%

BioMarin Pharmaceutical 1.50% exercise price \$94.15, expiration date 10/13/20 *	122,000	150,213
Hologic 2.00% exercise price \$31.17, expiration date 2/27/42 f	214,000	238,209
2.00% exercise price \$38.59, expiration date 12/15/43	227,000	250,551
NuVasive 2.75% exercise price \$42.13, expiration date 6/30/17	325,000	399,344
Spectrum Pharmaceuticals 144A 2.75% exercise price \$10.53, expiration date 12/13/18 #	144,000	140,490
Vector Group 1.75% exercise price \$25.87, expiration date 4/15/20	223,000	237,913
2.50% exercise price \$16.78, expiration date 1/14/19	97,000	137,643
		1,554,363

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	Principal amount^o	Value (U.S. \$)
Convertible Bonds (continued)		
Energy 0.67%		
Chesapeake Energy 2.50% exercise price \$47.77, expiration date 5/15/37	126,000	\$ 124,267
Energy XXI 144A 3.00% exercise price \$40.40, expiration date 12/13/18 #	316,000	206,980
Helix Energy Solutions Group 3.25% exercise price \$25.02, expiration date 3/12/32	140,000	165,025
Vantage Drilling 144A 5.50% exercise price \$2.39, expiration date 7/15/43 #	189,000	169,746
		666,018
Financials 0.92%		
Ares Capital 5.75% exercise price \$19.13, expiration date 2/1/16	189,000	196,796
BGC Partners 4.50% exercise price \$9.84, expiration date 7/13/16	252,000	270,113
Gain Capital Holdings 4.125% exercise price \$12.00, expiration date 11/30/18	220,000	230,037
New Mountain Finance 144A 5.00% exercise price \$15.93, expiration date 6/14/19 #	214,000	220,153
		917,099
Industrials 0.16%		
General Cable 4.50% exercise price \$34.88, expiration date 11/15/29 f	242,000	164,711
		164,711
Real Estate Investment Trusts 0.85%		
Blackstone Mortgage Trust 5.25% exercise price \$28.66, expiration date 12/1/18	285,000	298,003
Campus Crest Communities Operating Partnership 144A 4.75% exercise price \$12.56, expiration date 10/11/18 #	224,000	214,200
Forest City Enterprises 3.625% exercise price \$24.21, expiration date 8/14/20	140,000	150,325
	Principal amount^o	Value (U.S. \$)

Convertible Bonds (continued)

Real Estate Investment Trusts (continued)

Lexington Realty Trust 144A 6.00% exercise price \$6.68, expiration date 1/11/30 #	118,000	\$ 191,676
		854,204

Technology 1.89%

Blucora 4.25% exercise price \$21.66, expiration date 3/29/19	148,000	144,207
Cardtronics 1.00% exercise price \$52.35, expiration date 11/27/20 *	359,000	358,104
Ciena 144A 3.75% exercise price \$20.17, expiration date 10/15/18 #	226,000	261,454
Electronics For Imaging 144A 0.75% exercise price \$52.72, expiration date 8/29/19 #	125,000	130,313
Intel 3.25% exercise price \$21.71, expiration date 8/1/39	155,000	278,710
j2 Global 3.25% exercise price \$69.37, expiration date 6/14/29	256,000	268,320
SanDisk 1.50% exercise price \$51.36, expiration date 8/11/17	105,000	213,478
VeriSign 4.086% exercise price \$34.37, expiration date 8/15/37	131,000	236,373
		1,890,959

Total Convertible Bonds

(cost \$7,858,035) **8,433,505**

Corporate Bonds 37.23%

Automobiles 1.30%

Gates Global 144A 6.00% 7/15/22 #*	335,000	327,463
General Motors 4.875% 10/2/23	90,000	95,850
6.25% 10/2/43	115,000	134,263
International Automotive Components Group 144A 9.125% 6/1/18 #	220,000	233,750
Lear 5.25% 1/15/25	125,000	125,625
Meritor 6.25% 2/15/24	65,000	66,950

(continues)

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Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	Principal amount^o	Value (U.S. \$)
Corporate Bonds (continued)		
Automobiles (continued)		
Meritor		
6.75% 6/15/21	110,000	\$ 116,050
Tupy Overseas 144A		
6.625% 7/17/24 #	200,000	201,000
		1,300,951
Banking 1.85%		
Bank of America		
6.50% 10/29/49	210,000	216,563
Barclays Bank		
7.625% 11/21/22	200,000	221,125
Credit Suisse Group 144A		
7.50% 12/29/49 #	305,000	323,300
HSBC Holdings		
6.375% 12/29/49 *	200,000	204,850
JPMorgan Chase		
6.75% 1/29/49	205,000	219,350
Lloyds Banking Group		
7.50% 4/30/49	330,000	339,900
Popular 7.00% 7/1/19	315,000	318,150
		1,843,238
Basic Industry 4.40%		
AK Steel		
7.625% 5/15/20 *	204,000	194,820
7.625% 10/1/21	100,000	94,500
ArcelorMittal 6.125% 6/1/18	165,000	175,313
Arch Coal 144A		
8.00% 1/15/19 #*	175,000	119,875
Builders FirstSource 144A		
7.625% 6/1/21 #	232,000	240,700
Cemex 144A		
7.25% 1/15/21 #	200,000	212,000

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CPG Merger Sub 144A 8.00% 10/1/21 #*	185,000	195,175
First Quantum Minerals 144A 6.75% 2/15/20 #	97,000	93,605
144A 7.00% 2/15/21 #	97,000	94,575
144A 7.25% 5/15/22 #	250,000	241,875
FMG Resources August 2006 144A 6.875% 4/1/22 #*	212,000	190,535
Grace (W.R.) 144A 5.125% 10/1/21 #	80,000	83,200
144A 5.625% 10/1/24 #	80,000	84,800
Hardwoods Acquisition 144A 7.50% 8/1/21 #	135,000	136,350
HD Supply 11.50% 7/15/20	170,000	197,837
JMC Steel Group 144A 8.25% 3/15/18 #*	145,000	145,906

**Principal
amount^o** **Value
(U.S. \$)**

Corporate Bonds (continued)

Basic Industry (continued)		
Kissner Milling 144A 7.25% 6/1/19 #	155,000	\$ 158,487
LSB Industries 7.75% 8/1/19	140,000	149,100
Lundin Mining 144A 7.875% 11/1/22 #*	205,000	212,175
New Gold 144A 6.25% 11/15/22 #	190,000	185,250
Nortek 8.50% 4/15/21	129,000	139,320
NOVA Chemicals 144A 5.00% 5/1/25 #	115,000	119,169
Polymer Group 144A 6.875% 6/1/19 #	240,000	235,500
Ryerson 9.00% 10/15/17	120,000	122,700
11.25% 10/15/18	34,000	36,210
Steel Dynamics 144A 5.50% 10/1/24 #	125,000	131,563
TPC Group 144A 8.75% 12/15/20 #	250,000	260,625
Wise Metals Group 144A 8.75% 12/15/18 #	80,000	86,000
Wise Metals Intermediate Holdings 144A 9.75% 6/15/19 #	55,000	59,744

4,396,909

Capital Goods 2.56%		
Accudyne Industries 144A 7.75% 12/15/20 #	180,000	182,700
Ardagh Packaging Finance 144A 6.00% 6/30/21 #*	200,000	198,500

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BWAY Holding 144A		
9.125% 8/15/21 #	340,000	351,900
Consolidated Container 144A 10.125% 7/15/20 #	171,000	156,465
Gardner Denver 144A		
6.875% 8/15/21 #*	245,000	244,387
KLX 144A 5.875% 12/1/22 #	200,000	204,000
Milacron 144A		
7.75% 2/15/21 #	180,000	188,550
Owens-Brockway Glass Container		
144A 5.00% 1/15/22 #	60,000	60,825
144A 5.375% 1/15/25 #	40,000	40,550
Plastipak Holdings 144A		
6.50% 10/1/21 #	145,000	146,450
Reynolds Group Issuer		
8.25% 2/15/21 *	145,000	152,069
Sealed Air 144A		
5.125% 12/1/24 #	60,000	60,300

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	Principal amount^o	Value (U.S. \$)
Corporate Bonds (continued)		
Capital Goods (continued)		
Signode Industrial Group 144A		
6.375% 5/1/22 #	175,000	\$ 171,937
TransDigm		
6.00% 7/15/22	215,000	218,225
6.50% 7/15/24 *	180,000	184,500
		2,561,358
Communications 3.75%		
CenturyLink		
6.75% 12/1/23 *	115,000	128,081
Cogent Communications Finance 144A		
5.625% 4/15/21 #	185,000	182,225
Digicel Group		
144A 7.125% 4/1/22 #	200,000	196,000
144A 8.25% 9/30/20 #	221,000	227,630
Hughes Satellite Systems		
7.625% 6/15/21	160,000	178,400
Intelsat Luxembourg		
8.125% 6/1/23 *	625,000	656,250
Level 3 Communications 144A		
5.75% 12/1/22 #	185,000	186,850
Level 3 Escrow II 144A		
5.375% 8/15/22 #	220,000	222,750
Sprint		
7.125% 6/15/24	485,000	481,969
7.25% 9/15/21	210,000	215,250
7.875% 9/15/23	125,000	131,563
Sprint Capital		
6.90% 5/1/19	40,000	41,500
T-Mobile USA		
6.00% 3/1/23	75,000	76,313
6.125% 1/15/22	55,000	56,169
6.25% 4/1/21	85,000	87,444
6.375% 3/1/25	130,000	132,275
Wind Acquisition Finance 144A 7.375% 4/23/21 #	200,000	193,000

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Windstream		
7.50% 6/1/22 *	105,000	108,281
7.75% 10/1/21	115,000	120,894
Zayo Group		
10.125% 7/1/20	107,000	120,776
		3,743,620
Consumer Cyclical 1.82%		
DBP Holding 144A		
7.75% 10/15/20 #	121,000	109,505
K. Hovnanian Enterprises 144A		
8.00% 11/1/19 #	105,000	105,525
Landry s 144A		
9.375% 5/1/20 #	380,000	406,125
Men s Wearhouse 144A		
7.00% 7/1/22 #*	105,000	108,413
	Principal amount^o	Value (U.S. \$)

Corporate Bonds (continued)

Consumer Cyclical (continued)		
Michaels Stores 144A		
5.875% 12/15/20 #	145,000	\$ 146,813
Midas Intermediate Holdco II 144A		
7.875% 10/1/22 #	140,000	139,300
Pantry		
8.375% 8/1/20	195,000	206,700
Party City Holdings		
8.875% 8/1/20 *	210,000	227,325
PC Nextco Holdings		
8.75% 8/15/19	110,000	112,200
PF Chang s China Bistro 144A		
10.25% 6/30/20 #*	130,000	131,625
Rite Aid		
6.75% 6/15/21 *	115,000	121,037
		1,814,568

Consumer Non-Cyclical 0.79%		
Crestview DS Merger		
Sub II		
10.00% 9/1/21	125,000	148,125
Darling Ingredients		
5.375% 1/15/22	70,000	70,963
JBS Investments 144A		
7.75% 10/28/20 #	200,000	218,000
Prestige Brands 144A		
5.375% 12/15/21 #	140,000	138,600

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Spectrum Brands		
6.375% 11/15/20	35,000	37,187
6.625% 11/15/22	135,000	144,450
SUPERVALU		
7.75% 11/15/22	35,000	34,913
		792,238
Energy 5.37%		
Baytex Energy		
144A 5.125% 6/1/21 #	40,000	37,000
144A 5.625% 6/1/24 #	175,000	157,281
California Resources		
144A 5.50% 9/15/21 #	220,000	198,550
144A 6.00% 11/15/24 #*	125,000	112,109
Calumet Specialty Products Partners		
7.625% 1/15/22	280,000	285,600
Chaparral Energy		
7.625% 11/15/22	130,000	119,600
8.25% 9/1/21	85,000	82,025
CHC Helicopter		
9.375% 6/1/21 *	65,000	66,300
Chesapeake Energy		
4.875% 4/15/22	345,000	343,275
Compressco Partners 144A 7.25% 8/15/22 #	215,000	197,800
Energy Transfer Equity		
5.875% 1/15/24	86,000	91,590

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Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	Principal amount ^o	Value (U.S. \$)
Corporate Bonds (continued)		
Energy (continued)		
Energy XXI Gulf Coast 144A 6.875% 3/15/24 #	190,000	\$ 142,975
Exterran Partners 6.00% 4/1/21	195,000	177,450
FTS International 144A 6.25% 5/1/22 #	120,000	99,600
Genesis Energy 5.75% 2/15/21	215,000	213,119
Halcon Resources 8.875% 5/15/21 *	105,000	81,375
9.75% 7/15/20	325,000	250,250
Key Energy Services 6.75% 3/1/21	275,000	214,500
Laredo Petroleum 5.625% 1/15/22	120,000	114,000
7.375% 5/1/22	100,000	101,500
Midstates Petroleum 9.25% 6/1/21 *	355,000	296,425
Murphy Oil USA 6.00% 8/15/23	190,000	201,875
Northern Blizzard Resources 144A 7.25% 2/1/22 #	124,000	115,320
Northern Oil & Gas 8.00% 6/1/20 *	175,000	155,750
NuStar Logistics 6.75% 2/1/21	115,000	125,204
Oasis Petroleum 6.875% 3/15/22 *	230,000	217,350
Ocean Rig UDW 144A 7.25% 4/1/19 #	310,000	244,900
PDC Energy 7.75% 10/15/22	185,000	187,081
Pioneer Energy Services 6.125% 3/15/22	210,000	172,200
Regency Energy Partners 5.875% 3/1/22	190,000	196,650
SandRidge Energy 8.125% 10/15/22 *	243,000	196,830
Triangle USA Petroleum 144A 6.75% 7/15/22 #	80,000	65,600
Warren Resources 144A 9.00% 8/1/22 #	125,000	104,688

5,365,772

Financials 0.56%		
Consolidated Energy Finance 144A		
6.75% 10/15/19 #	200,000	201,000
e*trade Financial		
5.375% 11/15/22	130,000	131,625
		Value
	Principal amount^o	(U.S. \$)

Corporate Bonds (continued)

Financials (continued)		
Infinity Acquisition 144A 7.25% 8/1/22 #	245,000	\$ 225,400
		558,025

Healthcare 2.72%		
Air Medical Group Holdings 9.25% 11/1/18		
	109,000	114,586
Amsurg 144A		
5.625% 7/15/22 #	105,000	108,150
Community Health Systems		
6.875% 2/1/22 *	240,000	255,300
7.125% 7/15/20	50,000	52,937
8.00% 11/15/19	9,000	9,653
Crimson Merger Sub 144A 6.625% 5/15/22 #		
DaVita HealthCare Partners 5.125% 7/15/24 *	450,000	462,375
Immucor		
11.125% 8/15/19	155,000	169,725
Kinetic Concepts		
10.50% 11/1/18	124,000	137,640
12.50% 11/1/19	85,000	94,350
Mallinckrodt International Finance		
4.75% 4/15/23	105,000	100,013
MPH Acquisition Holdings 144A		
6.625% 4/1/22 #	90,000	94,050
Par Pharmaceutical		
7.375% 10/15/20	380,000	401,850
Salix Pharmaceuticals 144A 6.00% 1/15/21 #		
	145,000	148,263
Tenet Healthcare 144A		
5.00% 3/1/19 #	130,000	128,375
6.00% 10/1/20	85,000	90,631
8.125% 4/1/22	115,000	128,800
Valeant Pharmaceuticals International 144A		
6.375% 10/15/20 #	85,000	88,507
		2,715,930

Insurance 0.92%

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American International Group 8.175% 5/15/58	170,000	233,750
Hockey Merger Sub 2 144A 7.875% 10/1/21 #	200,000	208,500
USI 144A 7.75% 1/15/21 #	190,000	193,325
XL Group 6.50% 10/29/49	290,000	280,575
		916,150
Media 4.28%		
Altice 144A 7.75% 5/15/22 #*	210,000	217,613

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	Principal amount^o	Value (U.S. \$)
Corporate Bonds (continued)		
Media (continued)		
CBS Outdoor Americas Capital 144A 5.875% 3/15/25 #	130,000	\$ 134,875
CCO Holdings 5.25% 9/30/22	155,000	154,806
CCOH Safari 5.50% 12/1/22	130,000	131,787
5.75% 12/1/24	230,000	232,013
Columbus International 144A 7.375% 3/30/21 #	200,000	213,750
CSC Holdings 144A 5.25% 6/1/24 #	273,000	271,294
DISH DBS 144A 5.875% 11/15/24 #	145,000	146,450
Gannett 144A 4.875% 9/15/21 #	40,000	40,300
144A 5.50% 9/15/24 #	140,000	142,275
Gray Television 7.50% 10/1/20	310,000	322,400
iHeartCommunications 144A 9.00% 9/15/22 #	225,000	219,937
PIK 14.00% 2/1/21 *	161,900	133,365
MDC Partners 144A 6.75% 4/1/20 #	200,000	207,250
Media General Financing 144A 5.875% 11/15/22 #	205,000	206,537
Mediacom Broadband 5.50% 4/15/21	120,000	122,250
Numericable Group 144A 6.00% 5/15/22 #	210,000	213,574
RCN Telecom Services 144A 8.50% 8/15/20 #	150,000	161,250
Sinclair Television Group 144A 5.625% 8/1/24 #	345,000	338,100
Unitymedia KabelBW 144A 6.125% 1/15/25 #	230,000	241,213
Virgin Media Finance 144A 6.375% 4/15/23 #	200,000	214,000
VTR Finance 144A 6.875% 1/15/24 #	200,000	211,000
		4,276,039

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Services 2.82%		
AECOM Technology		
144A 5.75% 10/15/22 #	80,000	84,000
144A 5.875% 10/15/24 #	95,000	100,700
Algeco Scotsman Global Finance 144A		
10.75% 10/15/19 #	280,000	263,200
		Value
	Principal	(U.S. \$)
	amount^o	

Corporate Bonds (continued)

Services (continued)		
Avis Budget Car Rental 144A 5.50% 4/1/23 #	60,000	\$ 60,900
Caesars Growth Properties Holdings 144A		
9.375% 5/1/22 #	135,000	119,981
Covanta Holding		
5.875% 3/1/24	200,000	206,000
Geo Group		
5.125% 4/1/23	80,000	78,800
5.875% 10/15/24	135,000	138,375
Mattamy Group 144A		
6.50% 11/15/20 #	235,000	237,350
MGM Resorts International		
6.00% 3/15/23	200,000	204,000
Navios South American Logistics 144A		
7.25% 5/1/22 #	180,000	184,950
Omnicare		
4.75% 12/1/22 *	40,000	40,800
5.00% 12/1/24	115,000	117,875
Pinnacle Entertainment		
6.375% 8/1/21	85,000	89,037
7.75% 4/1/22	60,000	64,800
Stena 144A		
7.00% 2/1/24 #*	235,000	230,887
United Rentals North America		
5.75% 11/15/24	285,000	296,400
Watco 144A		
6.375% 4/1/23 #	90,000	92,025
West 144A		
5.375% 7/15/22 #	210,000	201,075
		2,811,155

Technology 2.10%		
BMC Software Finance 144A 8.125% 7/15/21 #	110,000	103,675
CDW		
5.50% 12/1/24	95,000	95,000

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CommScope 144A		
5.50% 6/15/24 #	200,000	200,000
Entegris 144A		
6.00% 4/1/22 #	200,000	207,560
Equinix		
5.375% 1/1/22	75,000	75,750
5.75% 1/1/25	130,000	131,625
First Data		
11.25% 1/15/21	150,000	171,375
11.75% 8/15/21	272,000	316,200
First Data Holdings 144A PIK		
14.50% 9/24/19 #	9,929	10,481
Infor Software Parent 144A PIK		
7.125% 5/1/21 #T	330,000	330,825

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Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	Principal amount^o	Value (U.S. \$)
Corporate Bonds (continued)		
Technology (continued)		
j2 Global 8.00% 8/1/20	185,000	\$ 200,725
NCR 6.375% 12/15/23	145,000	151,525
Viasystems 144A 7.875% 5/1/19 #	100,000	106,000
		2,100,741
Utilities 1.99%		
Abengoa Yield 144A 7.00% 11/15/19 #*	200,000	199,500
AES 5.50% 3/15/24	155,000	158,875
7.375% 7/1/21	133,000	152,950
AES Gener 144A 8.375% 12/18/73 #	200,000	223,400
Calpine 5.375% 1/15/23	320,000	324,800
DPL 144A 6.75% 10/1/19 #	170,000	175,950
Dynegy 5.875% 6/1/23 *	120,000	118,500
Dynegy Finance I/II 144A 6.75% 11/1/19 #	65,000	67,681
144A 7.375% 11/1/22 #	110,000	115,913
144A 7.625% 11/1/24 #	105,000	111,169
Elwood Energy 8.159% 7/5/26	99,120	108,784
Enel 144A 8.75% 9/24/73 #	200,000	234,104
		1,991,626
Total Corporate Bonds (cost \$37,461,941)		37,188,320

Senior Secured Loans 2.48%«

	262,000	262,983
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Applied Systems 2nd Lien 7.50% 1/15/22		
Ashland Water 2nd Lien 7.75% 7/2/22	75,000	73,913
Atkore International 2nd Lien 7.75% 9/27/21	105,000	103,622
Azure Midstream Tranche B 6.50% 10/21/18	43,983	43,213
BJ's Wholesale Club 2nd Lien 8.50% 3/31/20	205,000	205,948
Borgata Tranche B 1st Lien 6.75% 8/15/18	175,325	176,837
Clear Channel Communications Tranche D 6.91% 1/30/19	115,000	108,326
Flint Group 2nd Lien 8.25% 5/2/22	210,000	201,600
	Principal amount^o	Value (U.S. \$)

Senior Secured Loans« (continued)

Gentiva Health Services Tranche B 6.50% 10/10/19	148,875	\$ 149,410
Hostess Brands 1st Lien 6.75% 3/12/20	199,000	203,851
LTS Buyer 2nd Lien 8.00% 3/15/21	28,463	28,676
Mauser Holdings 2nd Lien 8.25% 6/30/22	215,000	211,506
Moxie Liberty Tranche B 7.50% 8/21/20	105,000	107,100
Moxie Patriot (Panda Power Fund) Tranche B1 6.75% 12/19/20	100,000	101,000
Otterbox Tranche B 5.75% 5/30/20	154,613	153,356
Panda Stonewall Tranche B 6.50% 11/12/21	70,000	70,831
Rite Aid 2nd Lien 5.75% 8/3/20	97,000	97,808
Samson Investment 2nd Lien 5.00% 9/25/18	95,000	86,826
Vantage Drilling Tranche B 1st Lien 5.75% 3/28/19	109,169	91,156
Total Senior Secured Loans (cost \$2,522,734)		2,477,962

**Number of
shares**

Limited Partnership 1.69%

Ares Management *	16,900	273,780
Brookfield Infrastructure Partners *	9,400	390,100
CrossAmerica Partners	31,200	1,029,912

Total Limited Partnership

(cost \$1,209,823) **1,693,792**

Preferred Stock 0.82%

Ally Financial 144A 7.00% #	400	403,513
GMAC Capital Trust I 8.125%	8,000	211,520
Regions Financial 6.375% *	8,000	200,240

Total Preferred Stock

(cost \$778,170) **815,273**

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	Number of shares	Value (U.S. \$)
Warrant 0.00%		
Wheeler REIT strike price \$5.50, expiration date 4/29/19 @	7,872	\$ 2,637
Total Warrant (cost \$65)		2,637
	Principal amount^o	
Short-Term Investments 3.98%		
Discount Notes 1.99%≠		
Federal Home Loan Bank		
0.065% 1/14/15	310,418	310,407
0.065% 1/21/15	202,157	202,149
0.065% 2/25/15	419,257	419,217
0.065% 3/5/15	504,485	504,412
0.067% 1/16/15	208,006	207,999
0.08% 2/20/15	336,094	336,064
		1,980,248
Repurchase Agreements 1.66%		
Bank of America Merrill Lynch		
0.05%, dated 11/28/14, to be repurchased on 12/1/14, repurchase price \$585,283 (collateralized by U.S. government obligations 0.00% 1.375% 4/15/16 2/15/43 market value \$596,986)	585,281	585,281
Bank of Montreal		
0.08%, dated 11/28/14, to be repurchased on 12/1/14, repurchase price \$195,094 (collateralized by U.S. government obligations 0.25% 11.25% 11/30/14 2/15/22 market value \$198,996)	195,094	195,093
BNP Paribas		
0.09%, dated 11/28/14, to be repurchased on 12/1/14, repurchase price \$879,633 (collateralized by U.S. government obligations 0.00% 3.625% 12/26/14 2/15/21 market value \$897,219)	879,626	879,626
		1,660,000
		Value

	Principal amount^o	(U.S. \$)
Short-Term Investments (continued)		
U.S. Treasury Obligation 0.33% [≠]		
U.S. Treasury Bill 0.005% 12/26/14	331,157	\$ 331,148
		331,148
Total Short-Term Investments (cost \$3,971,300)		3,971,396
Total Value of Securities Before Securities Lending Collateral 139.59% (cost \$114,672,978)		139,438,126
	Number of shares	
Securities Lending Collateral** 5.60%		
Investment Company		
Delaware Investments [®]		
Collateral Fund No. 1	5,588,206	5,588,206
Total Securities Lending Collateral (cost \$5,588,206)		5,588,206
Total Value of Securities 145.19% (cost \$120,261,184)		\$ 145,026,332n

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Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

- # Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At Nov. 30, 2014, the aggregate value of Rule 144A securities was \$21,790,334, which represents 21.81% of the Fund's net assets. See Note 11 in Notes to financial statements.
- * Fully or partially on loan.
- ** See Note 10 in Notes to financial statements for additional information on securities lending collateral and non-cash collateral.
- @ Illiquid security. At Nov. 30, 2014, the aggregate value of illiquid securities was \$420,992, which represents 0.42% of the Fund's net assets. See Note 11 in Notes to financial statements.
86% of the income received was in the form of cash and 14% of the income received was in the form of additional par.
100% of the income received was in the form of additional par.
- T 100% of the income received was in the form of additional cash.
- = Security is being fair valued in accordance with the Fund's fair valuation policy. At Nov. 30, 2014, the aggregate value of fair valued securities was \$35,473, which represents 0.04% of the Fund's net assets. See Note 1 in Notes to financial statements.
- ≠ The rate shown is the effective yield at the time of purchase.
- n Includes \$7,909,094 of securities loaned.
- ° Principal amount shown is stated in U.S. dollars unless noted that the security is denominated in another currency.
Non-income-producing security.
Variable rate security. The rate shown is the rate as of Nov. 30, 2014. Interest rates reset periodically.
- « Senior secured loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates are generally: (i) the prime rate offered by one or more United States banks, (ii) the lending rate offered by one or more European banks such as the London Inter-Bank Offered Rate (LIBOR), and (iii) the certificate of deposit rate. Senior secured loans may be subject to restrictions on resale. Stated rate in effect at Nov. 30, 2014.
- f Step coupon bond. Coupon increases or decreases periodically based on a predetermined schedule. Stated rate in effect at Nov. 30, 2014.

Summary of abbreviations:

PIK Pay-in-kind

REIT Real Estate Investment Trust

See accompanying notes, which are an integral part of the financial statements.

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Statement of assets and liabilities

Delaware Investments® Dividend and Income Fund, Inc.

November 30, 2014

Assets:

Investments, at value ^{1,2}	\$ 135,466,730
Short-term investments held as collateral for loaned securities, at value ³	5,588,206
Short-term investments, at value ⁴	3,971,396
Cash	83,033
Foreign currencies, at value ⁵	16,492
Dividends and interest receivable	966,686
Receivable for securities sold	547,167
Securities lending income receivable	4,763
 Total assets	 146,644,473

Liabilities:

Borrowing under line of credit	40,000,000
Obligation to return securities lending collateral	5,588,206
Payable for securities purchased	908,375
Other accrued expenses	153,933
Investment management fees payable	63,257
Interest expense payable	37,689
Other affiliates payable	3,163
Directors' fees and expenses payable	574
 Total liabilities	 46,755,197

Total Net Assets	\$ 99,889,276
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Net Assets Consist of:

Common stock, \$0.01 par value, 500,000,000 shares authorized to the Fund	\$ 82,391,665
Distributions in excess of net investment income	(424,920)
Accumulated net realized loss on investments	(6,841,689)
Net unrealized appreciation of investments and foreign currencies	24,764,220

Total Net Assets	\$ 99,889,276
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Net Asset Value**Common Shares**

Net assets	\$ 99,889,276
Shares of beneficial interest outstanding	8,967,091

Net asset value per share \$ 11.14

¹ Investments, at cost	\$ 110,701,678
² Including securities on loan	7,909,094
³ Short-term investments held as collateral for loaned securities, at cost	5,588,206
⁴ Short-term investments, at cost	3,971,300
⁵ Foreign currencies, at cost	17,420

See accompanying notes, which are an integral part of the financial statements.

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Statement of operations

Delaware Investments® Dividend and Income Fund, Inc.

Year ended November 30, 2014

Investment Income:

Interest	\$ 2,917,653
Dividends	2,645,085
Securities lending income	54,023
Foreign tax withheld	(6,977)
	5,609,784

Expenses:

Management fees	730,788
Interest expense	348,767
Reports to shareholders	123,492
Dividend disbursing and transfer agent fees and expenses	99,233
Legal fees	92,498
Accounting and administration expenses	44,825
Audit and tax	37,634
Custodian fees	11,860
Directors fees and expenses	4,659
Registration fees	778
Other expenses	56,731
Total operating expenses	1,551,265

Net Investment Income	4,058,519
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Net Realized and Unrealized Gain (Loss):

Net realized gain (loss) on:	
Investments	7,654,823
Foreign currencies	(2,645)
Foreign currency exchange contracts	(596)
Futures contracts	(25,734)
Options written	76,244
Net realized gain	7,702,092

Net change in unrealized appreciation (depreciation) of:

Investments	1,280,594
Foreign currencies	423
Options written	1,452

Net change in unrealized appreciation (depreciation)	1,282,469
Net Realized and Unrealized Gain	8,984,561
Net Increase in Net Assets Resulting from Operations	\$ 13,043,080

See accompanying notes, which are an integral part of the financial statements.

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Statements of changes in net assets

Delaware Investments® Dividend and Income Fund, Inc.

	Year ended	
	11/30/14	11/30/13
Increase in Net Assets from Operations:		
Net investment income	\$ 4,058,519	\$ 4,124,351
Net realized gain	7,702,092	5,721,234
Net change in unrealized appreciation (depreciation)	1,282,469	12,252,556
Net increase in net assets resulting from operations	13,043,080	22,098,141
Dividends and Distributions to Shareholders from:		
Net investment income	(5,822,709)	(5,946,597)
	(5,822,709)	(5,946,597)
Capital Share Transactions:		
Cost of shares repurchased ¹	(5,205,631)	
Decrease in net assets derived from capital share transactions	(5,205,631)	
Net Increase in Net Assets	2,014,740	16,151,544
Net Assets:		
Beginning of year	97,874,536	81,722,992
End of year	\$ 99,889,276	\$ 97,874,536
Distributions in excess of net investment income	\$ (424,920)	\$ (629,820)

¹ See Note 6 in Notes to financial statements.

See accompanying notes, which are an integral part of the financial statements.

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Statement of cash flows

Delaware Investments® Dividend and Income Fund, Inc.

Year ended November 30, 2014

Net Cash (including Foreign Currency) Provided by (Used for) Operating Activities:

Net increase in net assets resulting from operations	\$ 13,043,080
Adjustments to reconcile net increase in net assets from operations to cash provided by (used for) operating activities:	
Amortization of premium and accretion of discount on investments, net	27,950
Purchase of investment securities	(64,088,220)
Proceeds from disposition of investment securities	63,109,793
Purchase of short-term investment securities, net	(3,031,047)
Net realized gain on investments	(7,552,304)
Net change in unrealized appreciation (depreciation)	(1,282,469)
Premiums received on options written	96,837
Options expired/exercised and terminated in closing purchase transactions	(106,777)
Increase in receivable for investments sold	(180,398)
Increase in dividends and interest receivable and other assets	(125,221)
Decrease in payable for investments purchased	(273,149)
Increase in securities lending collateral	2,655,497
Increase in interest expense payable	11,338
Increase in investment management fees payable	6,289
Decrease in Directors' fees and expenses payable	(110)
Decrease in other affiliates payable	(5,735)
Increase in other accrued expenses	53,688
Total adjustments	(10,684,038)
Net cash provided by operating activities	2,359,042

Cash Flows Provided by (Used for) Financing Activities:

Increase in borrowing under line of credit	11,775,000
Cash dividends and distributions paid to shareholders	(5,822,709)
Increase in obligation to return securities lending collateral	(2,655,497)
Cost of shares repurchased	(5,205,631)
Net cash used for financing activities	(1,908,837)
Effect of exchange rates on cash	423
Net increase in cash	450,628
Cash at beginning of year*	(351,103)

Cash at end of year*	\$	99,525
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Cash paid for interest expense on leverage	\$	337,429
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*Includes foreign currencies as shown on the Statement of assets and liabilities.

See accompanying notes, which are an integral part of the financial statements.

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Financial highlights

Delaware Investments® Dividend and Income Fund, Inc.

Selected data for each share of the Fund outstanding throughout each period were as follows:

	Year ended				
	11/30/14	11/30/13	11/30/12	11/30/11	11/30/10
Net asset value, beginning of period	\$ 10.370	\$ 8.660	\$ 7.670	\$ 7.680	\$ 7.040
Income from investment operations:					
Net investment income ¹	0.439	0.437	0.439	0.432	0.423
Net realized and unrealized gain	0.961	1.903	1.226	0.248	0.907
Total from investment operations	1.400	2.340	1.665	0.680	1.330
Less dividends and distributions from:					
Net investment income	(0.630)	(0.630)	(0.581)	(0.690)	(0.690)
Return of capital			(0.094)		
Total dividends and distributions	(0.630)	(0.630)	(0.675)	(0.690)	(0.690)
Net asset value, end of period	\$ 11.140	\$ 10.370	\$ 8.660	\$ 7.670	\$ 7.680
Market value, end of period	\$ 10.050	\$ 9.410	\$ 7.920	\$ 6.890	\$ 7.560
Total return based on:²					
Net asset value	14.51%	28.51%	22.88%	9.30%	19.61%
Market value	13.85%	27.51%	25.10%	(0.26%)	25.59%
Ratios and supplemental data:					
Net assets, end of period (000 omitted)	\$ 99,889	\$ 97,875	\$ 81,723	\$ 72,386	\$ 72,470
Ratio of expenses to average net assets ^{3,4}	1.55%	1.43%	1.60%	1.51%	1.65%
Ratio of net investment income to average net assets ⁵	4.06%	4.51%	5.26%	5.35%	5.75%
Portfolio turnover	48%	45%	39%	45%	62%
Leverage Analysis:					
Debt outstanding at end of period at par (000 omitted)	\$ 40,000	\$ 28,225	\$ 28,225	\$ 20,225	\$ 20,225
Asset coverage per \$1,000 of debt outstanding at end of period	\$ 3,497	\$ 4,468	\$ 3,895	\$ 4,579	\$ 4,583

- ¹ The average shares outstanding method has been applied for per share information.
- ² Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value 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.
- ³ The ratio of interest expense to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2014, 2013, 2012, 2011, and 2010 were 0.26%, 0.26%, 0.36%, 0.28%, and 0.33%, respectively.
- ⁴ The ratio of expenses before interest expense to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2014, 2013, 2012, 2011, and 2010 were 0.90%, 0.84%, 0.85%, 0.91%, and 0.95%, respectively.
- ⁵ The ratio of net investment income to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2014, 2013, 2012, 2011, and 2010 were 3.05%, 3.44%, 3.97%, 4.23%, and 4.45%, respectively.
- See accompanying notes, which are an integral part of the financial statements.

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Notes to financial statements

Delaware Investments® Dividend and Income Fund, Inc.

November 30, 2014

Delaware Investments Dividend and Income Fund, Inc. (Fund) is organized as a Maryland corporation and is a diversified closed-end management investment company under the Investment Company Act of 1940, as amended. The Fund's shares trade on the New York Stock Exchange (NYSE) under the symbol DDF.

The investment objective of the Fund is to seek high current income. Capital appreciation is a secondary objective.

1. Significant Accounting Policies

The following accounting policies are in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and are consistently followed by the Fund.

Security Valuation Equity securities and exchange-traded funds (ETFs), except those traded on the Nasdaq Stock Market, Inc. (Nasdaq), are valued at the last quoted sales price as of the time of the regular close of the NYSE on the valuation date. Securities and ETFs traded on the Nasdaq are valued in accordance with the Nasdaq Official Closing Price, which may not be the last sales price. If, on a particular day, an equity security or ETF does not trade, then the mean between the bid and ask prices will be used, which approximates fair value. Securities listed on a foreign exchange are normally valued at the last quoted sales price on the valuation date. Debt securities are valued based upon valuations provided by an independent pricing service or broker and reviewed by management. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. U.S. government and agency securities are valued at the mean between the bid and ask prices, which approximates fair value. Valuations for fixed income securities utilize matrix systems, which reflect such factors as security prices, yields, maturities, and ratings, and are supplemented by dealer and exchange quotations. Open-end investment company securities are valued at net asset value per share, as reported by the underlying investment company. Foreign currency exchange contracts and foreign cross currency exchange contracts are valued at the mean between the bid and ask prices, which approximates fair value. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available. Futures contracts are valued at the daily quoted settlement prices. Exchange-traded options are valued at the last reported sale price or, if no sales are reported, at the mean between the last reported bid and ask prices, which approximates fair value. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Fund's Board of Directors (Board). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security. The Fund may use fair value pricing more frequently for securities traded primarily in non-U.S. markets because, among other things, most foreign markets close well before the Fund values its securities, generally as of 4:00 p.m. Eastern time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, government actions or pronouncements, aftermarket trading, or news events may have occurred in the interim. Whenever such a significant event occurs, the Fund may value foreign securities using fair value prices based on third-party vendor modeling tools (international fair value pricing).

Federal and Foreign Income Taxes No provision for federal income taxes has been made as the Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. The Fund evaluates

tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Fund's tax positions taken for all open federal income tax years (Nov. 30, 2011 - Nov. 30, 2014), and has concluded that no provision for federal income tax is required in the Fund's financial statements. In regard to foreign taxes only, the Fund has open tax years in certain foreign countries in which it invests that may date back to the inception of the Fund.

Repurchase Agreements The Fund may purchase certain U.S. government securities subject to the counterparty's agreement to repurchase them at an agreed upon date and price. The counterparty will be required on a daily basis to maintain the value of the collateral subject to the agreement at not less than the repurchase price (including accrued interest). The agreements are conditioned upon the collateral being deposited under the Federal Reserve book-entry system with the Fund's custodian or a third-party sub-custodian. In the event of default or bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings. All open repurchase agreements as of the date of this report were entered into on Nov. 28, 2014.

Distributions The Fund has implemented a managed distribution policy. Under the policy, the Fund is managed with a goal of generating as much of the distribution as possible from net investment income and short-term capital gains. The balance of the distribution will then come

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from long-term capital gains to the extent permitted, and if necessary, a return of capital. Even though the Fund may realize current year capital gains, such gains may be offset, in whole or in part, by the Fund's capital loss carryovers from prior years. For federal income tax purposes, the effect of such capital loss carryovers may be to convert (to the extent of such current year gains) what would otherwise be non-taxable returns of capital into distributions taxable as ordinary income. The use of such capital loss carryovers in this circumstance will produce no tax benefit for shareholders, and the capital loss carryovers available to offset future capital gains of the Fund will be reduced. Under the Regulated Investment Company Modernization Act of 2010 (Act), this tax effect attributable to the Fund's capital loss carryovers (the conversion of returns of capital into distributions taxable as ordinary income) will no longer apply to net capital losses of the Fund arising in Fund tax years beginning after Nov. 30, 2011. The actual determination of the source of the Fund's distributions can be made only at year end. Shareholders should receive written notification regarding the actual components and tax treatments of all Fund distributions for the calendar year 2014 in early 2015.

Foreign Currency Transactions Transactions denominated in foreign currencies are recorded at the prevailing exchange rates on the valuation date in accordance with the Fund's prospectus. The value of all assets and liabilities denominated in foreign currencies is translated daily into U.S. dollars at the exchange rate of such currencies against the U.S. dollar. Transaction gains or losses resulting from changes in exchange rates during the reporting period or upon settlement of the foreign currency transaction are reported in operations for the current period. The Fund generally bifurcates that portion of realized gains and losses on investments in debt securities which is due to changes in foreign exchange rates from that which is due to changes in market prices of debt securities. That portion of gains (losses) is included on the Statements of operations under Net realized gain (loss) on foreign currencies. For foreign equity securities, these changes are included in Net realized and unrealized gain (loss) on investments. The Fund reports certain foreign currency related transactions as components of realized gains (losses) for financial reporting purposes, whereas such components are treated as ordinary income (loss) for federal income tax purposes.

Use of Estimates The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the fair value of investments, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

Other Expenses directly attributable to the Fund are charged directly to the Fund. Other expenses common to various funds within the Delaware Investments® Family of Funds are generally allocated among such funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date) for financial reporting purposes. Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Discounts and premiums on debt securities are amortized to interest income over the lives of the respective securities using the effective interest method. Distributions received from investments in Real Estate Investment Trusts (REITs) are recorded as dividend income on the ex-dividend date, subject to reclassification upon notice of the character of such distributions by the issuer. Foreign dividends are also recorded on the ex-dividend date or as soon after the ex-dividend date that the Fund is aware of such dividends, net of all tax withholdings, a portion of which may be reclaimable. Withholding taxes and reclaims on foreign dividends have been recorded in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Subject to seeking best execution, the Fund may direct certain security trades to brokers who have agreed to rebate a portion of the related brokerage commission to the Fund in cash. In general, best execution refers to many factors,

including the price paid or received for a security, the commission charged, the promptness and reliability of execution, the confidentiality and placement accorded the order, and other factors affecting the overall benefit obtained by the Fund on the transaction. There were no commission rebates for the year ended Nov. 30, 2014. Delaware Management Company (DMC), a series of Delaware Management Business Trust, and its affiliates have previously acted and may in the future act as an investment advisor to mutual funds or separate accounts affiliated with the administrator of the commission recapture program described above. In addition, affiliates of the administrator act as consultants in helping institutional clients choose investment advisors and may also participate in other types of business and provide other services in the investment management industry.

The Fund may receive earnings credits from its custodian when positive cash balances are maintained, which may be used to offset custody fees. There were no earnings credits for the year ended Nov. 30, 2014.

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Notes to financial statements

Delaware Investments® Dividend and Income Fund, Inc.

2. Investment Management, Administration Agreements and Other Transactions with Affiliates

In accordance with the terms of its investment management agreement, the Fund pays DMC and the investment manager, an annual fee of 0.55% of the adjusted average weekly net assets of the Fund. For purposes of the calculation of investment management fees, adjusted average weekly net assets exclude the line of credit liability.

Effective Nov. 1, 2014, Delaware Investments Fund Services Company (DIFSC), an affiliate of DMC, provides fund accounting and financial administration oversight services to the Fund. Prior to this time, Delaware Service Company, Inc. (DSC), an affiliate of DMC, provided fund accounting and financial administration oversight services to the Fund. For these services, the Fund pays DIFSC fees based on the aggregate daily net assets (excluding the line of credit liability) of the Delaware Investments® Family of Funds at the following annual rate: 0.0050% on the first \$30 billion; 0.0045% on the next \$10 billion; 0.0040% on the next \$10 billion; and 0.0025% on aggregate average daily net assets in excess of \$50 billion. The fees payable to DIFSC under the service agreement described above are allocated among all Funds in the Delaware Investments Family of Funds on a relative net asset value basis. For the year ended Nov. 30, 2014, the Fund was charged \$6,369 for these services. This amount is included on the Statement of operations under Accounting and administration expenses.

As provided in the investment management agreement, the Fund bears a portion of cost of resources shared with DMC, including the cost of internal personnel of DMC and its affiliates that provide legal, tax, and regulatory reporting services to the Fund. For the year ended Nov. 30, 2014, the Fund was charged \$15,953 for internal legal, tax, and regulatory reporting services provided by DMC and/or its affiliates employees. This amount is included on the Statement of operations under Legal fees.

Directors fees include expenses accrued by the Fund for each Director s retainer and meeting fees. Certain officers of DMC and DIFSC are officers and/or Directors of the Fund. These officers and Directors are paid no compensation by the Fund.

3. Investments

For the year ended Nov. 30, 2014, the Fund made purchases and sales of investment securities other than short-term investments as follows:

Purchases	\$ 64,088,220
Sales	63,109,793

At Nov. 30, 2014, the cost of investments and unrealized appreciation (depreciation) for federal income tax purposes were as follows:

Cost of investments	\$ 120,823,137
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Aggregate unrealized appreciation	\$ 27,494,650
Aggregate unrealized depreciation	(3,291,455)
Net unrealized appreciation	\$ 24,203,195

U.S. GAAP defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. A three-level hierarchy for fair value measurements has been established based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-level hierarchy of inputs is summarized below.

- Level 1 Inputs are quoted prices in active markets for identical investments. (Examples: equity securities, open-end investment companies, futures contracts, exchange-traded options contracts)
- Level 2 Other observable inputs, including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates), or other market-corroborated inputs. (Examples: debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing, broker-quoted securities, fair valued securities)

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Level 3 Significant unobservable inputs, including the Fund's own assumptions used to determine the fair value of investments. (Examples: broker-quoted securities, fair valued securities)

Level 3 investments are valued using significant unobservable inputs. The Fund may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Valuations may also be based upon current market prices of securities that are comparable in coupon, rating, maturity, and industry. The derived value of a Level 3 investment may not represent the value which is received upon disposition and this could impact the results of operations.

The following table summarizes the valuation of the Fund's investments by fair value hierarchy levels as of Nov. 30, 2014:

	Level 1	Level 2	Level 3	Total
Common Stock	\$ 81,711,087	\$	\$	\$ 81,711,087
Convertible Preferred Stock ¹	2,206,838	901,843	35,473	3,144,154
Corporate Debt		45,621,825		45,621,825
Senior Secured Loans ¹		1,951,967	525,995	2,477,962
Limited Partnership Preferred Stock ¹	1,693,792			1,693,792
Warrant	411,760	403,513		815,273
Short-Term Investments	2,637			2,637
Securities Lending Collateral		3,971,396		3,971,396
		5,588,206		5,588,206
Total	\$ 86,026,114	\$ 58,438,750	\$ 561,468	\$ 145,026,332

The securities that have been deemed worthless on the Schedule of investments are considered to be Level 3 securities in this table.

¹Security type is valued across multiple levels. Level 1 investments represent exchange-traded investments, Level 2 investments represent investments with observable inputs or matrix-price investments, and Level 3 investments represent investments without observable inputs. The amounts attributed to Level 1 investments, Level 2 investments, and Level 3 investments represent the following percentages of the total market value of these security types:

	Level 1	Level 2	Level 3	Total
Convertible Preferred Stock	70.19%	28.68%	1.13%	100.00%
Senior Secured Loans		78.77%	21.23%	100.00%

Preferred Stock	50.51%	49.49%	100.00%
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During the year ended Nov. 30, 2014, there were no transfers between Level 1 investments, Level 2 investments, or Level 3 investments that had a significant impact to the Fund. This does not include transfers between Level 1 investments and Level 2 investments due to the Fund utilizing international fair value pricing during the year. In accordance with the fair valuation procedures described in Note 1, international fair value pricing of securities in the Fund occurs when market volatility exceeds an established rolling threshold. If the threshold is exceeded on a given date, then prices of international securities (those that traded on exchanges that close at a different time than the time that the Fund's net asset value is determined) will be established using a separate pricing feed from a third party vendor designed to establish a price for each such security as of the time that the Fund's net asset value is determined. Further, international fair value pricing uses other observable market-based inputs in place of the closing exchange price due to the events occurring after the close of the exchange or market on which the investment is principally traded, causing a change in classification between levels. The Fund's policy is to recognize transfers between levels at the beginning of the reporting year.

A reconciliation of Level 3 investments is presented when the Fund has a significant amount of Level 3 investments at the beginning, interim, or end of the period in relation to the Fund's net assets. Management has determined not to provide additional disclosure on Level 3 inputs under ASU No. 2011-04 since the Level 3 investments are not considered significant to the Fund's net assets at the end of the year.

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Delaware Investments® Dividend and Income Fund, Inc.

4. Dividend and Distribution Information

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. Additionally, distributions from net gains on foreign currency transactions and net short-term gains on sales of investment securities are treated as ordinary income for federal income tax purposes. The tax character of dividends and distributions paid during the years ended Nov. 30, 2014 and 2013 was as follows:

	Year ended	
	11/30/14	11/30/13
Ordinary income	\$ 5,822,709	\$ 5,946,597

5. Components of Net Assets on a Tax Basis

As of Nov. 30, 2014, the components of net assets on a tax basis were as follows:

Shares of beneficial interest	\$ 82,391,665
Capital loss carryforwards	(6,704,656)
Unrealized appreciation	24,202,267
Net assets	\$ 99,889,276

The differences between book basis and tax basis components of net assets are primarily attributable to tax deferral of losses on wash sales, tax treatment of contingent payment debt instruments, partnership income, trust preferred securities, market discount and premium on debt instruments and passive foreign investment companies.

For financial reporting purposes, capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Reclassifications are primarily due to tax treatment of gain (loss) on foreign currency transactions, dividends and distributions, contingent payment debt instruments, market discount and premium on certain debt instruments, partnership income, and passive foreign investment companies. Results of operations and net assets were not affected by these reclassifications. For the year ended Nov. 30, 2014, the Fund recorded the following reclassifications:

Distributions in excess of net investment income	\$ 1,969,090
Accumulated net realized loss	(190,598)
Paid-in capital	(1,778,492)

For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. \$7,355,185 was utilized in 2014. Capital loss carryforwards remaining at Nov. 30, 2014 will expire as follows: \$6,704,656 expires in 2017.

On Dec. 22, 2010, the Act was enacted, which changed various technical rules governing the tax treatment of regulated investment companies. The changes were generally effective for taxable years beginning after the date of enactment. Under the Act, the Fund is permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under previous regulation. At Nov. 30, 2014, there were no capital loss carryforwards incurred that will be carried forward under the Act.

6. Capital Stock

Shares obtained under the Fund's dividend reinvestment plan are purchased by the Fund's transfer agent, Computershare, Inc., in the open market. There were no shares issued under the Fund's dividend reinvestment plan for the years ended Nov. 30, 2014 and 2013.

On May 22, 2014, the Fund's Board approved a tender offer for shares of the Fund's common stock. The tender offer authorized the Fund to purchase up to 5% of its issued and outstanding shares at a price equal to 98% of the Fund's net asset value at the close of business on the NYSE on July 2, 2014, the first business day following the expiration of the offer. The tender offer commenced on June 2, 2014, and expired on June 27, 2014.

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In connection with the tender offer, the Fund purchased 471,952 shares of capital stock at a total cost of \$5,205,631. The tender offer was oversubscribed and all tenders of shares were subject to pro-ration (at a ratio of approximately 31.8804%) in accordance with the terms of the tender offer.

The Fund did not repurchase shares under the Share Repurchase Program during the years ended Nov. 30, 2014 and 2013.

7. Line of Credit

For the year ended Nov. 30, 2014, the Fund borrowed a portion of the money available to it pursuant to a \$40,000,000 Credit Agreement with The Bank of New York Mellon (BNY Mellon) that expires on June 24, 2015. Prior to June 25, 2014, the Credit Agreement was \$30,000,000. Depending on market conditions, the amount borrowed by the Fund pursuant to the Credit Agreement may be reduced or possibly increased in the future.

At Nov. 30, 2014, the par value of loans outstanding was \$40,000,000, at a variable interest rate of 1.03%. During the year ended Nov. 30, 2014, the average daily balance of loans outstanding was \$32,935,000 at a weighted average interest rate of approximately 1.05%. Interest on borrowing is based on a variable short-term rate plus an applicable margin. Prior to June 25, 2014, the commitment fee was computed at a rate of 0.15% per annum on the unused balance. On June 25, 2014, the commitment fee was changed to a rate of 0.10% per annum on the unused balance. The loan is collateralized by the Fund's portfolio.

8. Derivatives

U.S. GAAP requires disclosures that enable investors to understand: (1) how and why an entity uses derivatives; (2) how they are accounted for; and (3) how they affect an entity's results of operations and financial position.

Foreign Currency Exchange Contracts The Fund may enter into foreign currency exchange contracts and foreign cross currency exchange contracts as a way of managing foreign exchange rate risk. The Fund may enter into these contracts to fix the U.S. dollar value of a security that it has agreed to buy or sell for the period between the date the trade was entered into and the date the security is delivered and paid for. The Fund may also use these contracts to hedge the U.S. dollar value of securities it already owns that are denominated in foreign currencies. In addition, the Fund may enter into these contracts to facilitate or expedite the settlement of portfolio transactions. The change in value is recorded as an unrealized gain or loss. When the contract is closed, a realized gain or loss is recorded equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of foreign currency exchange contracts and foreign cross currency exchange contracts does not eliminate fluctuations in the underlying prices of the securities, but does establish a rate of exchange that can be achieved in the future. Although foreign currency exchange contracts and foreign cross currency exchange contracts limit the risk of loss due to an unfavorable change in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency change favorably. In addition, the Fund could be exposed to risks if the

counterparties to the contracts are unable to meet the terms of their contracts. The Fund's maximum risk of loss from counterparty credit risk is the value of its currency exchanged with the counterparty. The risk is generally mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty. No foreign currency exchange contracts were outstanding at Nov. 30, 2014.

During the year ended Nov. 30, 2014, the Fund used foreign currency exchange contracts to hedge the U.S. dollar value of securities it already owned that were denominated in foreign currencies.

Futures Contracts A futures contract is an agreement in which the writer (or seller) of the contract agrees to deliver to the buyer an amount of cash or securities equal to a specific dollar amount times the difference between the value of a specific security or index at the close of the last trading day of the contract and the price at which the agreement is made. The Fund may use futures in the normal course of pursuing its investment objectives. The Fund may invest in futures contracts to hedge its existing portfolio securities against fluctuations in fair value caused by changes in interest rates, or market conditions. Upon entering into a futures contract, the Fund deposits cash or pledges U.S. government securities to a broker, equal to the minimum initial margin requirements of the exchange on which the contract is traded. Subsequent payments are received from the broker or paid to the broker each day, based on the daily fluctuation in the market value of the contract. These receipts or payments are known as variation margin and are recorded daily by the Fund as unrealized gains or losses until the contracts are closed. When the contracts are closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Risks of entering into futures contracts include potential imperfect correlation between the futures contracts and the underlying securities and the possibility of an illiquid secondary market for these instruments.

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Delaware Investments® Dividend and Income Fund, Inc.

8. Derivatives (continued)

When investing in futures, there is reduced counterparty credit risk to the Fund because futures are exchange-traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures, guarantees against default. No financial futures contracts were outstanding at Nov. 30, 2014.

During the year ended Nov. 30, 2014, the Fund used futures contracts to hedge the Fund's existing portfolio securities against fluctuations in value caused by changes in interest rates or market conditions.

Options Contracts During the year ended Nov. 30, 2014, the Fund entered into options contracts in the normal course of pursuing its investment objectives. The Fund may buy or write options contracts for any number of reasons, including without limitation: to manage the Fund's exposure to changes in securities prices caused by interest rates or market conditions and foreign currencies; to earn income as an efficient means of adjusting the Fund's overall exposure to certain markets; to protect the value of portfolio securities; and as a cash management tool. The Fund may buy or write call or put options on securities, futures, swaps, swaptions, financial indices, and foreign currencies. When the Fund buys an option, a premium is paid and an asset is recorded and adjusted on a daily basis to reflect the current market value of the options purchased. When the Fund writes an option, a premium is received and a liability is recorded and adjusted on a daily basis to reflect the current market value of the options written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is treated as realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Fund has a realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. When writing options, the Fund is subject to minimal counterparty risk because the counterparty is only obligated to pay premiums and does not bear the market risk of an unfavorable market change.

Transactions in options written during the year ended Nov. 30, 2014 for the Fund were as follows:

	Number of Contracts	Premiums
Options outstanding at Nov. 30, 2013	89	\$ 9,940
Options written	863	96,837
Options expired	(563)	(70,133)
Options exercised	(300)	(30,533)
Options terminated in closing purchase transactions	(89)	(6,111)

Options outstanding at Nov. 30, 2014 \$

During the year ended Nov. 30, 2014, the Fund used options contracts to receive premiums for writing options.

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The effect of derivative instruments on the Statement of operations for the year ended Nov. 30, 2014 was as follows:

	Net Realized Gain (Loss) on:			
	Foreign Currency Exchange Contracts	Futures Contracts	Options Written	Total
Foreign currency exchange contracts	\$ (596)	\$	\$	\$ (596)
Interest rate contracts		(25,734)		(25,734)
Equity contracts			76,244	76,244
Total	\$ (596)	\$ (25,734)	\$ 76,244	\$ 49,914

	Net Change in Unrealized Appreciation (Depreciation) of Options Written
Equity contracts	\$1,452

Derivatives Generally. The table below summarizes the average balance of derivative holdings by the Fund during the year ended Nov. 30, 2014.

	Long Derivative Volume	Short Derivative Volume
Foreign currency exchange contracts (average cost)	USD	USD