

February 7, 2018

Russell Kamerman, Esq.  
Secretary of the Trust  
Dividend and Income Fund  
11 Hanover Square  
New York, NY 10005

Re: 14a-8 Shareholder Proposal for upcoming annual meeting

Dear Sir:

Matisse Discounted Closed-End Fund Strategy, a US open-end mutual fund (MDCEX, cusip 85520V434) is the beneficial owner of common shares, \$.01 par value ("Shares"), of Dividend and Income Fund, with a market value in excess of \$2,000. MDCEX has held these Shares continuously for over 12 months and intends to continue to hold the Shares through the date of the next meeting of shareholders. As documentary evidence of MDCEX's beneficial ownership, we provide a letter of verification from our custodian, UMB Bank, attached hereto, verifying that MDCEX has continuously held the shares for at least one year.

We hereby submit the following proposal and supporting statement pursuant to Rule 14a -8 of the Securities Exchange Act of 1934, as amended, for inclusion in the company's proxy statement for the 2018 annual meeting of shareholders (the one to be held in calendar 2018). If the company believes this proposal is incomplete or otherwise deficient in any respect, please contact Eric Boughton, CFA, immediately so that we may promptly address any alleged deficiencies, at (503) 210-3005 or [eric@matissefunds.com](mailto:eric@matissefunds.com).

Sincerely,  
Matisse Discounted Closed-End Fund Strategy

Eric Boughton, CFA  
Portfolio Manager

## Shareholder Proposal

**RESOLVED:** That the Trustees of Dividend and Income Fund shall immediately put into action a plan to return NAV to all shareholders of the Fund as soon as possible, either through liquidating the Fund, or by converting the Fund to an open-end fund.

### Supporting Statement

Dividend and Income Fund and Foxby Corp (governed by the same board and managed by the same investment manager) are currently the two most discounted closed-end funds in the US universe! DNI shareholders have no option to redeem their investment except by selling in the open market for \$.80 for every \$1 of asset value. Nor is this an unusual situation---since Bexil took over as investment manager 7 years ago, DNI has traded at an average discount of 13%! Bexil will argue that most closed-end funds trade at discounts (which is true), but shareholders should remember that, from 1998 to February 2011 (when Bexil took over), this same fund traded on average at a small *premium* to its NAV! They will also say that small closed-end funds trade at large discounts, but shareholders should know that the median closed-end fund with a \$100-200 min market cap (like DNI) trades today at an 8% discount, as compared to DNI's 20% discount. Enough is enough!

When searching for the reason DNI has continuously traded at such an extreme discount to its NAV, one obvious candidate is the repeated, highly dilutive, rights offerings conducted by the fund ever since Bexil took over. Each rights offering dilutes NAV for existing shareholder, even for those with enough spare capital to subscribe. In the most recent offering, not only was NAV diluted by 3%, but shareholders who were ill-informed enough to subscribe paid \$14.20 per share for newly issued shares they could have purchased in the open market for substantially less in the week prior to, or after, the offering was completed!

So, whom do rights offerings help, and why are they conducted? The answer is simple: rights offerings provide a larger asset base on which Bexil can collect management fees. While they *reduce* your ultimate returns as a shareholder, they simultaneously *increase* the returns of the supposed fiduciaries of your assets! This fundamental mismatch of interests is known as an "agency problem". As one measurement of the impact of this reduction on shareholders, note that although the S&P 500 has returned over 13% per year since Bexil took over DNI, shareholders in DNI have earned less than 7% per year! To put these returns in appropriate context, note that DNI's "beta" to the S&P 500 over this time frame has been well over 0.9 (despite the stated primary goal of "high current income"), so even when making this adjustment, DNI shareholders have suffered (through a combination of sub-par investment management and the dilution of rights offerings) a shortfall of more than 5 percentage points per year on their investment!

Considering from another perspective, DNI's share price on the day Bexil took over the fund in 2011 was about \$16 per share <adjusting for the 2012 1 for 4 reverse stock split>, and has now *fallen* to around \$13 a share... all during a bull market! DNI used to pay an attractive cash distribution to shareholders---as some compensation, perhaps, for its dreadful performance---but Bexil has steadily cut the distribution, which now stands at \$.15 per quarter---less than 1% of NAV per quarter.

Clearly, the numerous rights offerings indicate that Bexil wishes to manage more money. But instead of going out and convincing investors that they deserve to do so, Bexil has chosen to dilute its existing investors! The honest way to raise money is to compete for it in the open market. Converting DNI into an open-end fund would allow DNI to raise as much money from new investors as they can handle, while simultaneously giving current long-suffering DNI shareholders the option of selling their shares for \$1 on the \$1 instead of \$.80 on the \$1.

For all the above reasons, we recommend that all DNI shareholders join us in voting for this proposal. Who are we? We are an open-end mutual fund (Matisse Discounted Closed-End Fund Strategy, MDCEX) which has owned shares of DNI continuously since late 2015. Our interests are aligned solely with that of all other non-insider shareholders, and the remedy we are suggesting would benefit all shareholders equally. Feel free to contact us about this matter; we are happy to discuss. Contact Eric Boughton, CFA, at {503} 210-3005.

## Exhibit B

# ANNUAL MEETING OF SHAREHOLDERS OF DIVIDEND AND INCOME FUND

11 HANOVER SQUARE  
NEW YORK, NY 10005  
WWW.DIVIDENDANDINCOMEFUND.COM

## PROXY STATEMENT

May 15, 2017

## INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees (the "Board" or the "Trustees") of Dividend and Income Fund, a Delaware statutory trust (the "Fund"), to be voted at the Annual Meeting of Shareholders of the Fund to be held at the Fund's principal executive offices at 11 Hanover Square, 12<sup>th</sup> Floor, New York, New York 10005, on June 15, 2017, at 10:30 a.m. ET (such meeting and any adjournment(s) or postponement(s) thereof are referred to collectively as the "Meeting").

The Board has fixed the close of business on March 6, 2017 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and at any postponements or adjournments thereof (the "Record Date"). It is estimated that proxy materials will be mailed to shareholders as of the Record Date on or about May 17, 2017.

On the Record Date, 10,649,171 shares of the Fund were outstanding. Each outstanding share is entitled to one vote on each of the matters to be voted on at the Meeting. All properly executed and timely received proxies will be voted at the Meeting in accordance with the directions marked thereon or otherwise provided therein. If you properly execute and return your proxies but do not indicate any voting instructions, your shares will be voted "FOR" each proposal. Any shareholder may revoke a proxy at any time prior to the exercise thereof by giving written notice to the Secretary of the Fund at 11 Hanover Square, New York, New York 10005, by signing another proxy of a later date, or by personally voting at the Meeting.

As of the Record Date, the Fund is not aware of any person or "group" (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder and exemptions granted therefrom, both as amended from time to time (the "Exchange Act")), owning beneficially more than 5% of the Fund's outstanding shares, except as follows:

<u>Name and Address of Owner</u> <sup>(1)</sup>	<u>Amount and nature of Ownership</u>	<u>Percentage of Outstanding Shares</u>
Thomas B. Winmill P.O. Box 4 Walpole, NH 03608	872,018 <sup>2</sup>	8.19 %
Bexil Corporation	860,109 <sup>(J)</sup>	8.08%
Midas Securities Group, Inc.	860,109 <sup>&lt; 4</sup>	8.08%
Winmill & Co. Incorporated	860,109 <sup>(S)</sup>	8.08%
Winmill Family Trust	860,109 <sup>6</sup>	8.08%

## OTHER BUSINESS

The Bylaws provide that the only matters that may be acted on at the Meeting are those stated in the Notice of Annual Meeting of Shareholders. Accordingly, other than procedural matters, no other business may properly come before the Meeting. If any such procedural matters requiring a vote of shareholders should arise, the persons named as proxies will vote on such procedural matters in accordance with their discretion.

## ADDITIONAL INFORMATION

### *Section 16(a) Beneficial Ownership Reporting Compliance*

Section 16(a) of the Exchange Act and Section 30(h) of the 1940 Act in combination require the Fund's Trustees, officers, investment adviser, affiliates of the investment adviser, and persons who beneficially own more than 10% of the Fund's outstanding securities ("Reporting Persons"), to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange. Such persons are required by SEC regulations to furnish the Fund with copies of all such filings. Based on the Fund's review of Forms 3 and 4 and amendments thereto furnished to the Fund during its most recent fiscal year and Forms 5 and amendments thereto furnished to the Fund with respect to its most recent fiscal year, the Fund believes that the Reporting Persons complied with the filing requirements of Section 16(a) of the Exchange Act.

### *Discretionary Authority; Submission Deadlines for Shareholder Proposals*

Although no business may come before the Meeting other than that specified in the Notice of Annual Meeting of Shareholders, shares represented by executed and unrevoked proxies will confer discretionary authority to vote on matters which the Fund did not have notice of a reasonable time prior to mailing this Proxy Statement to shareholders. The Fund's Bylaws provide that a shareholder of record may nominate a candidate for election as a Trustee at an annual meeting of shareholders or propose business for consideration at such meeting, provided generally that written notice be delivered to the Secretary of the Fund, at the principal executive offices, not less than 90 days nor more than 120 days prior to the first anniversary of the date of mailing of the notice for the most recent shareholders meeting at which Trustees were considered for election. Accordingly, pursuant to such Bylaws and Rule 14a-5(e)(2) of the Exchange Act, a record shareholder nomination or proposal intended to be considered at the 2018 Annual Meeting must be received by the Secretary of the Fund no earlier than January 17, 2018 nor later than February 16, 2018. Proposals should be mailed to the Fund, to the attention of the Fund's Secretary, John F. Ramirez, 11 Hanover Square, New York, New York 10005. In addition, if you wish to have your proposal considered for inclusion in the Fund's 2018 Proxy Statement, we must receive it on or before January 17, 2018, pursuant to Rule 14a-8(e)(2) of the Exchange Act. The submission by a shareholder of a proposal for inclusion in the proxy statement or presentation at the Meeting does not guarantee that it will be included or presented. Shareholder proposals are subject to certain requirements under the federal securities laws and Delaware law and must be submitted in accordance with the Fund's Governing Documents, the Nominating Committee Charter and Appendix A thereto, the Policy, and other applicable documents.

### *Shareholder Communications with the Board of Trustees*

The Fund's Board of Trustees has adopted a process for shareholders to send communications to the Board. To communicate with the Board of Trustees or an individual Trustee of the Fund, a shareholder must send a written communication to the Fund's principal office at the address listed in the Notice of Annual Meeting of Shareholders accompanying this Proxy Statement, addressed to the Board of Trustees of the Fund or the individual Trustee. Such communications must be signed by the shareholder and identify the number of shares held by the shareholder. All shareholder communications received in accordance with this process will be forwarded to the Board of Trustees or the individual Trustee. Any shareholder proposal submitted pursuant to rule 14a-8 under the Exchange Act, must continue to meet all the requirements of rule 14a-8.

### *Investment Manager*

The address of Bexil Advisers is 11 Hanover Square, New York, New York 10005.