

FOXBY CORP.  
Form N-CSR  
March 11, 2010

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-09261

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

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

John F. Ramírez, Esq.  
11 Hanover Square  
New York, NY 10005  
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-212-344-6310

Date of fiscal year end: 12/31

Date of reporting period: 1/1/09 - 12/31/09

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policy making roles.

A registrant is required to disclose the information specified by Form N-CSR and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a current valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under clearance requirements of 44 U.S.C. sec. 3507.

Item 1. Report to Shareholders.



FOXBY  
CORP.

**ANNUAL REPORT**  
**December 31, 2009**

Ticker  
Symbol:

**FXBY**

11 Hanover Square  
New York, NY 10005

[www.foxbycorp.com](http://www.foxbycorp.com)

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INVESTMENTS BY INDUSTRY\*

\* Investments by industry use approximate percentages of net assets and may not add up to 100% due to leverage or other assets, rounding, and other factors.

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# FOXBY CORP.

Ticker  
Symbol:

**FXBY**

11 Hanover Square, New York, NY 10005  
www.foxbycorp.com

January 14, 2010

Fellow Shareholders:

We are pleased to welcome our new shareholders and to submit this 2009 Annual Report for Foxby Corp. As a closed end fund seeking total return, the Fund uses a flexible strategy in the selection of securities and is not limited by the issuer's location, industry, or market capitalization. The Fund may invest in equity and fixed income securities of both new and seasoned U.S. and foreign issuers, including securities convertible into common stock and debt securities, closed end funds, and mutual funds. The Fund may also invest defensively in high grade money market instruments. A potential benefit of its closed end structure, the Fund may invest without limit in illiquid investments such as private placements and private companies. The Fund may employ aggressive and speculative investment techniques, such as selling securities short, employing futures and options, derivatives, and borrowing money for investment purposes, an approach known as "leveraging."

## Market Report

In our 2009 Semi-Annual Report, we noted some reasons for cautious optimism about the U.S. economy, and we have been pleased to see improvements over time. The Federal Reserve Districts recently reported that, although economic activity remains at a low level, conditions have improved modestly and more broadly geographically. The Districts noted that consumer spending in the recent 2009 holiday season was greater than in 2008, but short of 2007 levels. The Districts also noted that auto sales have been stable or increasing slightly, as nonfinancial services activity generally improves. Meanwhile, the report suggested that manufacturing activity has held steady and the outlook was optimistic, notwithstanding "cautious" spending plans. Offsetting favorable data on inflation were the statistics indicating that labor market conditions remain weak. Indeed, the Bureau of Labor Statistics reported 85,000 U.S. job losses in December and an unemployment rate of 10%. A positive note was sounded by the Federal Reserve Districts in reporting that toward the end of 2009 home sales generally increased.

Important for investors was the recent statement by the Federal Reserve Open Market Committee to the effect that the Committee will maintain the target range for the federal funds rate at 0% to 1/4%. The Committee suggested that it continues to anticipate that economic conditions, including subdued inflation trends, low rates of resource utilization, and stable inflation expectations, are likely to lead to low levels of the federal funds rate for an extended time. Further, the Committee noted that to boost mortgage lending and housing markets and to improve overall conditions in the credit markets, the Federal Reserve is planning to purchase about \$1.25 trillion of agency mortgage-backed securities and \$175 billion of agency debt.

## Total Return Allocation

In view of these challenging market conditions, the Fund's strategy in 2009 was to substantially reposition the portfolio. We refocused on larger, quality companies with attractive valuations, using fewer, but more concentrated, individual positions. With holdings of some of the largest and best known U.S. companies in insurance, technology, banking, and finance, the Fund's total return for 2009 was a gratifying 30.95%, with a market total return of 85.45%, reflecting a reduced market price discount to net asset value. In the same period, the Standard & Poor's 500 returned 26.46%, according to Morningstar. Our current view of financial conditions suggests that the Fund may benefit during 2010 from its flexible portfolio approach, investing oppor-

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tunistically in a variety of markets and employing aggressive and speculative investment techniques as deemed appropriate.

At December 31, 2009, the Fund's top ten holdings comprised approximately 58% of its net assets. As the Fund pursues its total return objective through its flexible investment approach, these holdings and allocations are subject to substantial change at any time.

We thank you for investing in the Fund and share your enthusiasm for the Fund, as evidenced by the fact that affiliates of CEF Advisers, Inc., the Fund's Investment Manager, own approximately 24.5% of the Fund's shares. We look forward to serving your investment needs over the years ahead.

Sincerely,

Bassett S. Winmill  
Chairman

TOP TEN HOLDINGS  
(at December 31, 2009)

1. Apple, Inc.	Berkshire Hathaway, Inc.
2. Franklin Resources, Inc.	6.Cl. B
3. Google, Inc.	7.Nord Resources Corp.
4. Amazon.com, Inc.	8.Wal-Mart Stores, Inc.
	9.The Home Depot, Inc.
5. Proctor & Gamble Co.	SSgA Money Market
	10.Fund

Top ten holdings comprise approximately 58% of total net assets. Portfolio holdings are subject to change. This portfolio information should not be considered as a recommendation to purchase or sell a particular security.



## SCHEDULE OF PORTFOLIO INVESTMENTS - DECEMBER 31, 2009

Shares		Cost	Value
	COMMON STOCKS (92.28%)		
	Copper Exploration and Project Development (5.19%)		
438,000	Nord Resources Corp. (1)	\$ 328,500	\$ 223,380
	Diamond Exploration and Project Development (0%)		
185,937	Etruscan Diamonds Ltd. (1) (2)	320,129	-
	Electronic Computers (7.35%)		
1,500	Apple, Inc. (1) (3)	283,505	316,290
	Fire, Marine & Casualty Insurance (5.35%)		
70	Berkshire Hathaway, Inc., Class B (1) (4)	296,368	230,020
	Gold Exploration and Project Development (0.93%)		
99,000	Etruscan Resources Inc. (1)	158,640	39,897
17,166	Q2 Gold Resources, Inc. (1) (2) (3)	-	-
		158,640	39,897
	Information Retrieval Services (7.21%)		
500	Google, Inc. - Class A (1) (3)	231,910	309,990
	Insurance Agents, Brokers and Services (0%)		
75,000	Safety Intelligence Systems Corp. (1) (2)	225,000	-
	Investment Advice (7.35%)		
3,000	Franklin Resources Inc. (3)	303,381	316,050
	National Commercial Banks (3.76%)		
6,000	Wells Fargo & Company	163,265	161,940
	Operative Builders (2.19%)		
5,000	Toll Brothers, Inc. (1) (3)	116,698	94,050
	Petroleum Refining (3.96%)		
2,500	Exxon Mobil Corp.(3)	171,549	170,475
	Pharmaceutical Preparations (4.23%)		
10,000	Pfizer Inc	159,275	181,900
	Retail-Catalog & Mail Order Houses (6.25%)		
2,000	Amazon.com, Inc. (1)	170,440	269,040
	Retail-Eating Places (4.35%)		
3,000	McDonald's Corp.	167,748	187,320
	Retail-Lumber & Other Building Materials Dealers (4.71%)		

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7,000	The Home Depot, Inc. (3)	191,873	202,510
	Retail-Variety Stores (4.72%)		
3,800	Wal-Mart Stores, Inc. (3)	196,261	203,110

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See notes to financial statements.

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## SCHEDULE OF PORTFOLIO INVESTMENTS – DECEMBER 31, 2009

Shares		Cost	Value
	<b>COMMON STOCKS - continued</b>		
	<b>Security Brokers, Dealers &amp; Flotation Companies (6.68%)</b>		
1,000	The Goldman Sachs Group, Inc	\$ 184,940	\$ 168,840
4,000	Morgan Stanley (3)	120,560	118,400
		305,500	287,240
	<b>Services - Prepackaged Software (4.25%)</b>		
6,000	Microsoft Corp. (3)	141,020	182,940
	<b>Smelting (0%)</b>		
43,153	China Silicon Corp. (1) (2)	39,729	-
	<b>Soap, Detergents, Cleaning Preparations, Perfumes, Cosmetics (5.64%)</b>		
4,000	The Procter & Gamble Company	234,390	242,520
	<b>Telephone &amp; Telegraph Apparatus (3.92%)</b>		
2,500	Research In Motion Limited (1) (3)	182,820	168,850
	<b>Timber and Other Resources (4.24%)</b>		
371,337	MagIndustries Corp. (1)	596,156	182,410
	<b>Total common stocks</b>	<b>4,984,157</b>	<b>3,969,932</b>
	<b>PREFERRED STOCKS (1.31%)</b>		
	<b>Smelting</b>		
945	China Silicon Corp. (1) (2)	224,910	56,228
<b>Principal Amount</b>			
	<b>CORPORATE BONDS AND NOTES (2.52%)</b>		
	<b>Retail Consulting and Investment</b>		
433,472	Amerivon Holdings LLC 4%, due 2010 (2)	433,472	108,368
<b>Units</b>			
	<b>WARRANTS (0.01%) (1)</b>		
4	Amerivon Holdings LLC, expiring 5/31/10 (2)	-	-
23,626	China Silicon Corp., expiring 7/18/10 (2)	-	-
111,110	Davie Yards Inc., expiring 2/20/10	-	530
219,000	Nord Resources Corp., expiring 6/05/12 (2)	-	-
	<b>Total warrants</b>	<b>-</b>	<b>530</b>

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See notes to financial statements.

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## SCHEDULE OF PORTFOLIO INVESTMENTS – DECEMBER 31, 2009

Shares		Cost	Value
	MONEY MARKET FUND (4.69%)		
201,744	SSgA Money Market Fund, 0.01% (5)	\$201,744	\$201,744
	SECURITIES HELD AS COLLATERAL ON LOANED SECURITIES (25.97%)		
1,117,032	State Street Navigator Securities Lending Prime Portfolio	1,117,032	1,117,032
	Total investments (126.78%)	\$6,961,315	5,453,834
	Liabilities in excess of other assets (-26.78%)		(1,151,868)
	Net assets (100.00%)		\$4,301,966

- (1) Non-income producing.  
(2) Illiquid and/or restricted security that has been fair valued.  
(3) All or a portion of this security was on loan.  
(4) Fully or partially pledged as collateral on bank credit facility.  
(5) Rate represents the 7 day annualized yield at December 31, 2009.

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See notes to financial statements.

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STATEMENT OF ASSETS AND  
LIABILITIES

December 31, 2009

## STATEMENT OF OPERATIONS

Year Ended December 31, 2009

<b>ASSETS</b>		<b>INVESTMENT INCOME</b>	
Investments at value (cost: \$6,961,315)	\$5,453,834	Dividends	\$77,267
Receivables:		Interest	17,084
Dividends	6,110	Income from securities loaned	3,298
Interest	4,335		
Income from securities loaned	213	Total investment income	97,649
Other assets	746		
Total assets	5,465,238	<b>EXPENSES</b>	
		Bookkeeping and pricing	20,706
<b>LIABILITIES</b>		Investment management	18,014
Collateral on securities loaned, at value	1,117,032	Auditing	16,435
Accrued expenses	42,942	Administrative services	12,036
Investment management fee payable	1,757	Legal	8,860
Administrative services payable	1,541	Shareholder communications	5,190
Total liabilities	1,163,272	Transfer agent	2,920
<b>NET ASSETS</b>	<b>\$4,301,966</b>	Directors	2,805
		Custodian	2,379
<b>NET ASSET VALUE PER SHARE</b>		Insurance	1,974
(applicable to 2,610,050		Interest and fees on bank credit facility	1,723
shares outstanding: 500,000,000		Other	1,190
shares of \$.01 par value authorized)	\$1.65	Total expenses	94,232
		Net investment income	3,417
<b>NET ASSETS CONSIST OF</b>		<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>	
Paid in capital	\$9,274,449	Net realized gain (loss) on	
Accumulated net realized loss on		Investments	(159,608 )
Investments	(3,465,002)	Foreign currencies	34,143
Net unrealized depreciation		Unrealized appreciation on:	
on investments and foreign currencies	(1,507,481)	Investments	1,008,199
	\$4,301,966	Translation of assets and liabilities	
		in foreign currencies	119,064
		Net realized and unrealized gain	1,001,798
		Net increase in net assets resulting	
		from operations	\$1,005,215

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See notes to financial statements.

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## STATEMENTS OF CHANGES IN NET ASSETS

Years Ended December 31, 2009 and 2008

	2009	2008
<b>OPERATIONS</b>		
Net investment income (loss)	\$3,417	\$(114,600 )
Net realized loss	(125,465 )	(1,783,152)
Unrealized appreciation (depreciation)	1,127,263	(3,752,217)
Net increase (decrease) in net assets resulting from operations	1,005,215	(5,649,969)
Total change in net assets	1,005,215	(5,649,969)
<b>NET ASSETS</b>		
Beginning of year	3,296,751	8,946,720
End of year	\$4,301,966	\$3,296,751
Undistributed net investment loss included in end of year net assets	\$--	\$(6,948 )

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See notes to financial statements.



NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009

1. Organization and Significant Accounting Policies

Foxby Corp., a Maryland corporation registered under the Investment Company Act of 1940, as amended (the “Act”), is a non-diversified, closed end management investment company whose shares are quoted over the counter under the ticker symbol FXBY. The Fund’s non-fundamental investment objective is total return which it may seek from growth of capital and from income in any security type and in any industry sector. The Fund retains CEF Advisers, Inc. as its Investment Manager.

The following is a summary of the Fund’s significant accounting policies.

**Security Valuation** – Securities traded primarily on a U.S. national securities exchange (“USNSE”) are valued at the last reported sale price on the day the valuations are made. Securities traded primarily on the Nasdaq Stock Market (“Nasdaq”) are normally valued by the Fund at the Nasdaq Official Closing Price (“NOCP”) provided by Nasdaq each business day. The NOCP is the most recently reported price as of 4:00:02 p.m. ET, unless that price is outside the range of the “inside” bid and asked prices (i.e., the bid and asked prices that dealers quote to each other when trading for their own accounts); in that case, Nasdaq will adjust the price to equal the inside bid or asked price, whichever is closer. Because of delays in reporting trades, the NOCP may not be based on the price of the last trade to occur before the market closes. Securities that are not traded on a particular day and securities traded in foreign and over the counter markets that are not also traded on a USNSE or Nasdaq are generally valued at the mean between the last bid and asked prices. Certain of the securities in which the Fund invests are priced through pricing services that may utilize a matrix pricing system which takes into consideration factors such as yields, prices, maturities, call features, and ratings on comparable securities. Bonds may be valued according to prices quoted by a bond dealer that offers pricing services. Open end investment companies are valued at their net asset value. Foreign securities markets may be open on days when the U.S. markets are closed. For this reason, the value of any foreign securities owned by the Fund could change on a day when stockholders cannot buy or sell shares of the Fund. Securities for which quotations are not readily available or reliable and other assets may be valued as determined in good faith by the Investment Manager under the direction of or pursuant to procedures established by the Fund’s Board of Directors. Due to the inherent uncertainty of valuation, these values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could be material. A security’s valuation may differ depending on the method used for determining value. The use of fair value pricing by the Fund may cause the net asset value of its shares to differ from the net asset value that would be calculated using market prices.

**Foreign Currency Translation** – Securities denominated in foreign currencies are translated into U.S. dollars at prevailing exchange rates. Realized gain or loss on sales of such investments in local currency terms is reported separately from gain or loss attributable to the change in foreign exchange rates for those investments.

**Short Sales** – The Fund may sell a security it does not own in anticipation of a decline in the market value of the security. When the Fund sells a security short, it must borrow the security sold short and deliver it to the broker/dealer through which it made the short sale. The Fund is liable for any dividends or interest paid on securities sold short. A gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in size, will be recognized upon the termination of a short sale.

**Derivatives** – The Fund may use derivatives for a variety of reasons, such as to attempt to protect against possible changes in the value of their portfolio holdings or to generate potential gain. Derivatives are financial instruments that derive their values from other securities or commodities, or that are based on indices. All of a Fund’s portfolio holdings, including derivative instruments, are marked-to-market each day with the change in value reflected in unrealized appreciation or depreciation. Upon disposition, a realized gain or loss is recognized accordingly, except

when taking delivery of a security underlying a contract. In these

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (CONTINUED)

instances, the recognition of gain or loss is postponed until the disposal of the security underlying the contract. Risk may arise as a result of the potential inability of the counterparties to meet the terms of their contracts.

Summarized below is a specific type of derivative usable during the period.

**Futures Contracts** – The Fund is subject to equity price risk, interest rate risk, and foreign currency exchange rate risk in the normal course of pursuing its investment objective. The Fund may use futures contracts to gain exposure to, or hedge against changes in the value of equities, interest rates, or foreign currencies. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date. Upon entering into a futures contract, the Fund provides the broker/dealer an amount of cash or securities at least equal to a certain percentage of the contract amount. This is known as “initial margin.” Subsequent payments (“variation margin”) are credited to or debited from the Fund each day, depending on the daily fluctuation of the value of the contract. The daily change in the contract is included in unrealized appreciation or depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed. Futures transactions sometimes may reduce returns or increase volatility. In addition, futures can be illiquid and highly sensitive to changes in their underlying security, interest rate, or index, and as a result can be highly volatile. A small investment in futures could have a large impact on the Fund’s performance. With futures, there is minimal counterparty credit risk to the Fund because futures are exchange traded and the exchange’s clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default.

The Fund did not engage in futures transactions during the period.

**Investments in Other Investment Companies** – The Fund may invest in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the Act) (the “Acquired Funds”) in accordance with the Act and related rules. Shareholders in the Fund bear the pro rata portion of the fees and expenses of the Acquired Funds in addition to the Fund’s expenses. Expenses incurred by the Fund that are disclosed in the Statement of Operations do not include fees and expenses incurred by the Acquired Funds. The fees and expenses of the Acquired Funds are included in the Fund’s total returns.

**Security Transactions** – Investment transactions are accounted for on the trade date (the date the order to buy or sell is executed). Realized gains or losses are determined by specifically identifying the cost basis of the security sold.

**Investment Income** – Dividend income is recorded on the ex-dividend date or in the case of certain foreign securities, as soon as the Fund is notified. Interest income is recorded on the accrual basis. Taxes withheld on foreign dividends have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and rates.

**Expenses** – Estimated expenses are accrued daily. Expenses directly attributable to the Fund are charged to the Fund. Expenses borne by the complex of related investment companies, which includes open end and closed end investment companies for which the Investment Manager and its affiliate serve as investment manager, that are not directly attributed to the Fund, are allocated among the Fund and the other investment companies in the complex on the basis of relative net assets, except where a more appropriate allocation of expenses can otherwise be made fairly.

**Expense Reduction Arrangement** – Through arrangements with the Fund’s custodian and cash management bank, credits realized as a result of uninvested cash balances are used to reduce custodian expenses. No credits were realized by the Fund during the period.

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (CONTINUED)

Distributions to Shareholders – Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date.

Income Taxes – No provision has been made for U.S. income taxes because the Fund’s current intention is to continue to qualify as a regulated investment company under the Internal Revenue Code and to distribute to its shareholders substantially all of its taxable income and net realized gains. Foreign securities held by the Fund may be subject to foreign taxation. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. The Fund has reviewed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal, state, and local income tax returns for open tax years (2006 – 2008) or expected to be taken in the Fund’s 2009 tax returns.

Use of Estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”), management makes estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Indemnifications – The Fund indemnifies its officers and directors from certain liabilities that might arise from their performance of their duties for the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which may provide general indemnifications. The Fund’s maximum exposure under these arrangements is unknown as it involves future claims that may be made against the Fund under circumstances that have not occurred.

Recently Issued Accounting Standards Updates – In January 2010, the Financial Accounting Standard Board released Accounting Standards Update (“ASU”) No. 2010-06, Improving Disclosures about Fair Value Measurements. Among the new disclosures and clarifications of existing disclosures the ASU requires the Fund to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and to describe the reasons for the transfers. Significance shall be judged with respect to total earnings and total assets or total liabilities. The ASU requires the Level 3 roll forward reconciliation of beginning and ending balances to be prepared on a gross basis, in particular separately presenting information about purchases, sales, issuances, and settlements. The ASU also requires disclosure of the reasons for significant transfers in and out of Level 3. The ASU is effective for interim and annual periods beginning after December 15, 2009, except for the Level 3 gross basis roll forward reconciliation which is effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The impact on the Fund’s financial statements disclosures is being assessed.

## 2. Fees and Transactions with Related Parties

The Fund retains the Investment Manager pursuant to an Investment Management Agreement (“IMA”). Under the terms of the IMA, the Investment Manager receives a management fee, payable monthly, based on the average daily net assets of the Fund at the annual rate of 1/2 of 1%. Certain officers and directors of the Fund are officers and directors of the Investment Manager. Pursuant to the IMA, the Fund reimburses the Investment Manager for providing at cost certain administrative services comprised of compliance and accounting services. For the year ended December 31, 2009, the Fund incurred total administrative cost of \$12,036, comprised of \$8,751 and \$3,285 for compliance and accounting services, respectively.

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## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (CONTINUED)

## 3. Distributions to Shareholders and Distributable Earnings

As of December 31, 2009, the components of distributable earnings on a tax basis were as follows:

Capital loss carryover	\$(3,465,002)
Unrealized depreciation	(1,507,481)
	\$(4,972,483)

Federal income tax regulations permit post-October net capital losses to be deferred and recognized on the tax return of the next succeeding taxable year. The difference between book basis and tax basis unrealized appreciation is attributable primarily to the income from passive foreign investment companies.

GAAP requires certain components of net assets to be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended December 31, 2009, permanent differences between book and tax accounting have been reclassified by decreasing accumulated investment loss by \$3,531, decreasing accumulated net realized loss on investments by \$6,343,522 and decreasing paid in capital by \$6,347,053.

At December 31, 2009, the Fund had a net capital loss carryover of \$3,465,002, of which \$414,304, \$837,334, \$211,845, \$1,033,624 and \$967,895 expires in 2010, 2011, 2013, 2016, and 2017, respectively, that may be used to offset future realized capital gains for federal income tax purposes.

## 4. Fair Value Measurements

The Fund uses a three level hierarchy for fair value measurements based on 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 Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the inputs which are significant to the overall valuation. The hierarchy of inputs is summarized below.

The inputs or methodology used for valuing investments are not an indication of the risk associated with investing in those securities.

- Level 1 - quoted prices in active markets for identical investments.
- Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining fair value of investments).

The following is a summary of the inputs used as of December 31, 2009 in valuing the Fund's investments:

	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

Assets				
Common stocks				
Copper Exploration and Project Development	\$223,380	\$--	\$--	\$223,380
Diamond Exploration and Project Development	--	--	0	0
Electronic Computers	316,290	--	--	316,290
Fire, Marine & Casualty Insurance	230,020	--	--	230,020
Gold Exploration and Project Development	39,897	--	0	39,897
Information Retrieval Services	309,990	--	--	309,990
Insurance Agents, Brokers and Services	--	--	0	0

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## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (CONTINUED)

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment Advice	\$316,050	\$--	\$--	\$316,050
National Commercial Banks	161,940	--	--	161,940
Operative Builders	94,050	--	--	94,050
Petroleum Refining	170,475	--	--	170,475
Pharmaceutical Preparations	181,900	--	--	181,900
Retail - Catalog & Mail Order Houses	269,040	--	--	269,040
Retail - Eating Places	187,320	--	--	187,320
Retail - Lumber & Other Building Materials				
Dealers	202,510	--	--	202,510
Retail - Variety Stores	203,110	--	--	203,110
Security Brokers, Dealers & Flotation Companies	287,240	--	--	287,240
Services - Prepackaged Software	182,940	--	--	182,940
Smelting	--	--	0	0
Soap, Detergents, Cleaning Preparations, Perfumes, Cosmetics	242,520	--	--	242,520
Telephone & Telegraph Apparatus	168,850	--	--	168,850
Timber and Other Resources	182,410	--	--	182,410
<b>Preferred stocks</b>				
Smelting	--	--	56,228	56,228
<b>Corporate bonds and notes</b>				
Retail Consulting and Investment		--	108,368	108,368
Warrants	530	--	0	530
Money market fund	201,744	--	--	201,744
<b>Securities held as Collateral on Loaned Securities</b>				
Money market fund	1,117,032	--	--	1,117,032
<b>Total investments</b>	<b>\$5,289,238</b>	<b>\$--</b>	<b>\$164,596</b>	<b>\$5,453,834</b>

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

	Common Stocks	Preferred Stocks	Corporate Bonds and Notes	Warrants	Total
Balance, December 31, 2008	\$74,839	\$112,455	\$208,279	\$0	\$395,573
Cost of purchases	18,087	--	16,914	--	35,001
Change in unrealized depreciation	(92,926 )	(56,227 )	(116,825 )	--	(265,978 )
Transfers in or out of Level 3	--	--	--	--	--
Balance, December 31, 2009	\$--	\$56,228	\$108,368	\$0	\$164,596

## 5. Securities Transactions

Purchases and sales of securities, excluding short term investments, aggregated \$2,952,847 and \$3,093,784, respectively, for the year ended December 31, 2009. At December 31, 2009, for federal income tax purposes the aggregate cost of securities was \$6,961,315 and net unrealized depreciation was \$1,507,481, comprised of gross unrealized appreciation of \$332,398 and gross unrealized depreciation of \$1,839,879.

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FOXBY CORP.

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## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (CONTINUED)

## 6. Illiquid and Restricted Securities

The Fund owns securities which have a limited trading market and/or certain restrictions on trading and, therefore, may be considered illiquid and/or restricted. Such securities have been valued at fair value in accordance with the procedures described in Note 1. Due to the inherent uncertainty of valuation, these values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could be material. Illiquid and/or restricted securities owned at December 31, 2009 were as follows:

Security	Acquisition Date	Cost	Value
China Silicon Corp. common shares	1/01/08-10/01/09	\$39,729	\$0
Amerivon Holdings LLC 4%, due 5/31/10	9/20/07	433,472	108,368
Amerivon Holdings LLC warrants expiring 5/31/10	9/20/07	–	0
China Silicon Corp. preferred shares	7/18/07	224,910	56,228
China Silicon Corp. warrants expiring 7/18/10	7/18/07	–	0
Q2 Gold Resources, Inc.	7/06/07	–	0
Nord Resources Corp. warrants expiring 6/5/12	5/14/07	–	0
Etruscan Diamonds Ltd.	2/28/07	320,129	0
Safety Intelligence Systems Corp.	9/05/02	225,000	0
		\$1,243,240	\$164,596
Percent of net assets		29	% 4 %

## 7. Bank Credit Facility

The Fund, Global Income Fund, Inc., Midas Fund, Inc., and Midas Special Fund, Inc. (the “Borrowers”) have entered into a committed secured line of credit facility, which is subject to annual renewal, with State Street Bank & Trust Company (“SSB”), the Fund’s custodian. Global Income Fund, Inc. is a closed end investment company managed by the Investment Manager, and Midas Fund, Inc. and Midas Special Fund, Inc. are open end investment companies managed by an affiliate of the Investment Manager. The aggregate amount of the credit facility is \$10,000,000 which prior to April 24, 2009 had been \$25,000,000. The borrowing of each Borrower is collateralized by the underlying investments of such Borrower. SSB will make revolving loans to a Borrower not to exceed in the aggregate outstanding at any time with respect to any one Borrower, the least of \$10,000,000, the maximum amount permitted pursuant to each Borrower’s investment policies, or as permitted under the Act. The commitment fee on this facility is 0.15% per annum on the unused portion of the commitment, based on a 360 day year. All loans under this facility will be available at the Borrower’s option of (i) overnight Federal funds or (ii) LIBOR (30, 60, 90 days), each as in effect from time to time, plus 1.80% per annum, calculated on the basis of actual days elapsed for a 360 day year. During the year ended December 31, 2009, the Fund did not borrow from the credit facility. At December 31, 2009, there were investment securities pledged as collateral with a value of \$187,302 and no outstanding borrowings under the credit facility.

## 8. Securities Lending

The Fund may lend securities to qualified financial institutions. The Fund receives compensation in the form of fees, or retains a portion of the interest on the investment in any cash received as collateral. The Fund receives as collateral

cash deposits, U.S. Government securities, or bank letters of credit valued at not less than 102% of the value of the securities on loan. Cash deposits are invested in a registered money market fund. The value of the loaned securities is determined based upon the most recent closing prices and any additional required collateral is delivered to the Fund on the next business day. Any increase or decrease in the value of the securities loaned that might occur and any interest earned or dividends declared on those securities during the term of the loan would remain in the Fund. The Fund has the right under the lending agreement to recover the securities from the borrower on demand. As with other extensions of credit, the Fund bears the risk of delay on recovery or loss of rights in the collateral should the borrower of the securities default. The Fund has the right under the lending agreement to recover the securities from the borrower on demand. The value of loaned securities and related collateral outstanding at December 31, 2009 were \$1,073,265 and \$1,117,032, respectively.

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FOXBY CORP.

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (CONCLUDED)

9. Foreign Securities Risk

Investing in securities of foreign issuers involves special risks which include changes in foreign exchange rates and the possibility of future adverse political and economic developments which could adversely affect the value of such securities. Moreover, securities in foreign issuers and markets may be less liquid and their prices more volatile than those of U.S. issuers and markets.

10. Capital Stock

At December 31, 2009, there were 2,610,050 shares of \$.01 par value common stock outstanding and 500,000,000 shares authorized. There were no transactions in capital stock during the years ended December 31, 2009 and 2008. At December 31, 2009, an affiliate of the Investment Manager owned approximately 24.5% of the Fund's outstanding common stock.

11. Share Repurchase Program

In accordance with Section 23(c) of the Act, the Fund may from time to time repurchase its shares in the open market at the discretion of the Board of Directors and upon such terms as the Directors shall determine. During the years ended December 31, 2009 and 2008, the Fund did not repurchase any of its shares.

12. Other Information

The Fund may at times raise cash for investment by issuing shares through one or more offerings, including rights offerings. Proceeds from any such offerings will be invested in accordance with the investment objective and policies of the Fund.

13. Subsequent Events

The Fund has evaluated the impact of all subsequent events through February 22, 2010, the date the financial statements were issued, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

## FINANCIAL HIGHLIGHTS

	Year Ended December 31,				
	2009	2008	2007	2006	2005
<b>Per Share Operating Performance</b> (for a share outstanding throughout each period)					
Net asset value, beginning of period	\$1.26	\$3.43	\$2.90	\$2.50	\$2.57
<b>Income from investment operations:</b>					
Net investment income (loss) (1)	–	(.04 )	(.06 )	(.04 )	(.17 )
Net realized and unrealized gain (loss) on investments	.39	(2.13 )	.61	.44	.10
Total from investment operations	.39	(2.17 )	.55	.40	(.07 )
<b>Less distributions:</b>					
Dividends from net investment income	–	–	(.02 )	–	–
Net asset value, end of period	\$1.65	\$1.26	\$3.43	\$2.90	\$2.50
Market value, end of period	\$1.02	\$.55	\$2.96	\$2.41	\$2.05
<b>Total Return (3)</b>					
Based on net asset value	30.95 %	(63.27 )%	19.09 %	16.00 %	(2.72 )%
Based on market price	85.45 %	(81.42 )%	23.67 %	17.56 %	(7.66 )%
<b>Ratios/Supplemental Data</b>					
Net assets, end of period (000's omitted)	\$4,302	\$3,297	\$8,947	\$7,560	\$6,513
Ratio of total expenses to average net assets	2.61 %	3.76 %	2.77 %	2.34 %	7.76 %
Ratio of net expenses to average net assets	2.61 %	3.76 %	2.77 %	2.33 %	7.76 %
Ratio of net expenses excluding loan interest and fees to average net assets	2.56 %	3.35 %	2.18 %	1.90 %	7.54 %
Ratio of net investment income (loss) to average					

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net assets	0.09	%	(1.71 )%	(1.78 )%	(1.44 )%	(6.78 )%
Portfolio turnover rate	85.91	%	78.13	%	69.86	%
	110.67	%	26.92	%		

- (1) The per share amounts were calculated using the average number of common shares outstanding during the period.
- (2) The amount of net investment income for the year ended December 31, 2009 was less than \$.005 per share.
- (3) Total return on a market value basis 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 purposes of this calculation to be reinvested at prices obtained under the Fund's Dividend Reinvestment Plan. Generally, total return on a net asset value basis will be higher than total return on a market value basis in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total return on a net asset value basis will be lower than total return on a market value basis in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods. The calculation does not reflect bro-kerage commissions, if any.

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 FOXBY CORP.  
 See notes to financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Foxby Corp.:

We have audited the accompanying statement of assets and liabilities of Foxby Corp. (the "Fund"), including the schedule of investments as of December 31, 2009, the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2009 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Foxby Corp. as of December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for the five years presented, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
February 22, 2010

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FOXBY CORP.

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PRIVACY POLICY

WHAT DOES FOXBY CORP. DO WITH YOUR PERSONAL INFORMATION?

FACTS

**Why?** Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?** The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- \* Social Security number
- \* Account balances
- \* Transaction history
- \* Transaction or loss history
- \* Account transactions

When you are no longer our customer, we continue to share your information as described in this notice.

**How?** All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Foxby Corp. chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does the Fund share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share.
For our affiliates' everyday business purposes – Information about your transactions and experiences	No	We don't share.
For our affiliates' everyday business purposes – Information about your creditworthiness	No	We don't share.
For nonaffiliates to market to you	No	We don't share.

**Questions?** Call 1-212-344-6310 or go to [www.foxbycorp.com](http://www.foxbycorp.com).

PRIVACY POLICY (CONTINUED)

Who are we

Who is providing this notice? Foxby Corp.

What we do

How does Foxby Corp. protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does Foxby Corp. collect your personal information, for example, when you collect my personal information?

- \* Open an account
- \* Buy securities from us
- \* Provide account information
- \* Give us your contact information
- \* Tell us where to send the money

Why can't I limit

all sharing? Federal law gives you the right to limit only

- \* Sharing for affiliates' everyday business purposes – information about your creditworthiness
- \* Affiliates from using your information to market to you
- \* Sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

Definitions

**Affiliates** Companies related by common ownership or control. They can be financial and nonfinancial companies.  
Foxby Corp. does not share with our affiliates.

**Nonaffiliates** Companies not related by common control ownership or control. They can be financial and nonfinancial companies.  
Foxby Corp. does not share with nonaffiliates so they can market to you.

Joint marketing

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A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

Foxby Corp. doesn't jointly market.

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Additional Information (Unaudited)

FOXBY CORP.

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### PROXY VOTING

The Fund's Proxy Voting Guidelines, as well as its voting record for the most recent 12 months ended June 30, are available without charge by calling the Fund collect at 1-212-344-6310, on the SEC's website at [www.sec.gov](http://www.sec.gov), and on the Fund's website at [www.foxbycorp.com](http://www.foxbycorp.com).

### QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund makes the Forms N-Q available to shareholders on its website at [www.foxbycorp.com](http://www.foxbycorp.com).

### FOXBYCORP.COM

Visit us on the web at [www.foxbycorp.com](http://www.foxbycorp.com). The site provides information about the Fund including market performance, net asset value, dividends, press releases, and shareholder reports. For further information, please email us at [info@foxbycorp.com](mailto:info@foxbycorp.com).

### FUND INFORMATION

Investment Manager  
CEF Advisers, Inc.  
11 Hanover Square  
New York, NY 10005  
[www.cefadvisers.com](http://www.cefadvisers.com)  
1-212-344-6310

Stock Transfer Agent and Registrar  
Illinois Stock Transfer Company  
209 West Jackson Blvd., Suite 903  
Chicago, IL 60606  
[www.illinoisstocktransfer.com](http://www.illinoisstocktransfer.com)  
1-800-757-5755

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FOXBY CORP.  
Additional Information (Unaudited)

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## DIRECTORS AND OFFICERS

The following table sets forth certain information concerning the Directors currently serving on the Board of the Fund. Unless otherwise noted, the address of record for the directors and officers is 11 Hanover Square, New York, New York 10005.

Name, Position(s) Held with Fund, Term of Office(1), Principal Occupation for Past Five Years, and Age	Director Since	Number of Portfolios in Investment Company Complex Overseen by Director(2)	Other Public Company Directorships Held by Director(3)
Class I:			
JAMES E. HUNT – He is a Limited Partner of Hunt Howe Partners LLC, executive recruiting consultants. He was born on December 14, 1930.	2004	5	0
Class II:			
BRUCE B. HUBER, CLU, ChFC, MSFS – Retired. He is a former Financial Representative with New England Financial, specializing in financial, estate, and insurance matters. He is a member of the Board, emeritus, of the Millbrook School and Chairman of the Endowment Board of the Community YMCA of Red Bank, NJ. He was born on February 7, 1930.	2004	5	0
Class III:			
PETER K. WERNER – Since 1996, he has been teaching, coaching, and directing a number of programs at The Governor's Academy of Byfield, MA. Currently, he serves as chair of the History Department. Previously, he held the position of Vice President in the Fixed Income Departments of Lehman Brothers and First Boston. His responsibilities included trading sovereign debt instruments, currency arbitrage, syndication, medium term note trading, and money market trading. He was born on August 16, 1959.	2002	5	0
Class IV:			
THOMAS B. WINMILL, ESQ.(4) – He is President, Chief Executive Officer, and General Counsel of the Fund, the Investment Manager, the other investment companies in the Investment Company Complex, and of Winmill & Co. Incorporated and its affiliates (“WCI”). He is a member of the New York State Bar and the	2002	5	0

SEC Rules Committee of the Investment Company Institute. He is the son of Bassett S. Winmill. He was born on June 25, 1959.

Class V:

BASSETT S. WINMILL(4) – He is Chairman of the Board of the Fund, the other investment company advised by the Investment Manager, and WCI. He is Chief Investment Strategist of the Investment Manager. He is a member of the New York Society of Security Analysts, the Association for Investment Management and Research, and the International Society of Financial Analysts. He is the father of Thomas B. Winmill. He was born on February 10, 1930.	2007	2	0
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Additional Information (Unaudited)  
FOXBY CORP.

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(1) Directors not elected annually shall be deemed to be continuing in office until after the time at which an annual meeting is required to be held under Maryland law, the Fund’s Charter or Bylaws, the Act, or other applicable laws.

(2) The “Investment Company Complex” is comprised of the Fund, Global Income Fund, Inc., Midas Fund, Inc., Midas Perpetual Portfolio, Inc., and Midas Special Fund, Inc. Global Income Fund, Inc. is advised by the Investment Manager and the Midas Funds are advised by an affiliate of the Investment Manager.

(3) Refers to directorships held by a director in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any company registered as an investment company under the Act.

(4) He is an “interested person” of the Fund as defined in the Act due to his affiliation with the Investment Manager.

Messrs. Huber, Hunt, and Werner also serve on the Audit and Nominating Committees of the Board. Mr. Thomas Winmill also serves on the Executive Committee of the Board.

The executive officers, other than those who serve as Directors, and their relevant biographical information are set forth below.

Name and Age	Position(s) Held with Fund, Term of Office*, Principal Occupation for the Past 5 Years
<p>Thomas O’Malley Born on July 22, 1958</p>	<p>Chief Accounting Officer, Chief Financial Officer, Treasurer and Vice President since 2005. He is also Chief Accounting Officer, Chief Financial Officer, and Vice President of the Investment Company Complex, the Investment Manager, and WCI. Previously, he served as Assistant Controller of Reich &amp; Tang Asset Management, LLC, Reich &amp; Tang Services, Inc., and Reich &amp; Tang Distributors, Inc. He is a certified public accountant.</p>
<p>John F. Ramirez, Esq. Born on April 29, 1977</p>	<p>Secretary, Chief Compliance Officer, and Vice President since 2005 and Associate General Counsel since 2009. He is also Secretary, Chief Compliance Officer, Associate General Counsel, and Vice President of the Investment Company Complex, the Investment Manager, and WCI. He previously served as Compliance Administrator and Assistant Secretary of the Investment Company Complex, the Investment Manager, and WCI. He is a member of the New York State Bar and the Chief Compliance Officer Committee and Compliance Advisory Committee of the Investment Company Institute.</p>

\* Officers hold their positions with the Fund until a successor has been duly elected and qualifies. Officers are generally elected annually at the December meeting of the Board of Directors. The officers were last elected on December 9, 2009.

This report, including the financial statements herein, is transmitted to the shareholders of the Fund for their information. The financial information included herein is taken from the records of the Fund. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report. Pursuant to Section 23 of the Investment Company Act of 1940, as amended, notice is hereby given that the Fund may in the future, purchase shares of its common stock in the open market. These purchases may be made from time to time, at such times, and in such amounts, as may be deemed advantageous to the Fund, although nothing herein shall be considered a commitment to purchase such shares.

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Additional Information (Unaudited)  
FOXBY CORP.

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**FOXBY**  
CORP.

11 Hanover  
Square  
New York,  
NY 10005

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Item 2. Code of Ethics.

- (a) The registrant has adopted a code of ethics (the “Code”) that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.
- (b) No information need be disclosed pursuant to this paragraph.
- (c) Not applicable.
- (d) Not applicable.
- (e) Not applicable.
- (f) The text of the Code can be viewed on the registrant’s website, [www.foxbycorp.com](http://www.foxbycorp.com), or a copy of the Code may be obtained free of charge by calling collect 1-212-344-6310.

Item 3. Audit Committee Financial Expert.

The registrant’s Board of Directors has determined that it has three “audit committee financial experts” serving on its audit committee, each of whom are “independent” Directors: Bruce B. Huber, James E. Hunt, and Peter K. Werner. Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an “expert” for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and Board of Directors in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert pursuant to this Item does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

Item 4. Principal Accountant Fees and Services.

- (a) The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant’s annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are as follows:

AUDIT FEES

2009 - \$13,500  
2008 - \$13,500

- (b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant’s financial

statements and are not reported under paragraph (a) of this Item are as follows:

AUDIT-RELATED FEES

2009 - \$1,500

2008 - \$2,000

Audit-related fees include amounts reasonably related to the performance of the audit of the registrant's financial statements, including the issuance of a report on internal controls and review of periodic reporting.

- (c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning. Registrants shall describe the nature of the services comprising the fees disclosed under this category are as follows:

TAX FEES

2009 - \$1,500

2008 - \$1,500

Tax fees include amounts related to tax compliance, tax planning, and tax advice.

- (d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item. Registrants shall describe the nature of the services comprising the fees disclosed under this category are as follows:

ALL OTHER FEES

2009 - N/A

2008 - N/A

- (e) (1) Pursuant to the registrant's Audit Committee Charter, the Audit Committee shall consider for pre-approval any audit and non-audit services proposed to be provided by the auditors to the registrant and any non-audit services proposed to be provided by such auditors to the registrant's Investment Manager, if the engagement relates directly to the registrant's operations or financial reporting. In those situations when it is not convenient to obtain full Audit Committee approval, the Chairman of the Audit Committee is delegated the authority to grant pre-approvals of audit, audit-related, tax, and all other services so long as all such pre-approved decisions are reviewed with the full Audit Committee at its next scheduled meeting. Such pre-approval of non-audit services proposed to be provided by the auditors to the Fund is not necessary, however, under the following circumstances: (1) all such services do not aggregate to more than 5% of total revenues paid by the Fund to the auditor in the fiscal year in which services are provided, (2) such services were not recognized as non-audit services at the time of the engagement, and (3) such services are brought to the attention of the Audit Committee, and approved by the Audit Committee, prior to the completion of the audit.

(2) No services included in (b) - (d) above were approved pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

- (f) Not applicable.
- (g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant were \$23,000 and \$22,500, respectively.
- (h) The registrant's audit committee has determined that the provision of non-audit services that were rendered by accountant to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Item 5. Audit Committee of Listed Registrants.

The registrant has a standing audit committee. The members of the audit committee are Bruce B. Huber, James E. Hunt and Peter K. Werner.

Item 6. Schedule of Investments.

Included as part of the report to shareholders filed under Item 1 of this Form.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

U.S. Proxy Voting Guidelines Concise Summary  
(Digest of Selected Key Guidelines)  
January 22, 2010

Routine/Miscellaneous:

Auditor Ratification

Vote FOR proposals to ratify auditors, unless any of the following apply:

- An auditor has a financial interest in or association with the company, and is therefore not independent;
- There is reason to believe that the independent auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position;
- Poor accounting practices are identified that rise to a serious level of concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures; or

- Fees for non-audit services (“Other” fees) are excessive.

Non-audit fees are excessive if:

- Non-audit (“other”) fees exceed audit fees + audit-related fees + tax compliance/preparation fees

Board of Directors:

Votes on director nominees should be determined on a CASE-BY-CASE basis.

Four fundamental principles apply when determining votes on director nominees:

- Board Accountability
- Board Responsiveness
- Director Independence
- Director Competence

Board Accountability

Problematic Takeover Defenses

VOTE WITHHOLD/AGAINST<sup>1</sup> the entire board of directors (except new nominees<sup>2</sup>, who should be considered on a CASE-by-CASE basis), if:

- The board is classified, and a continuing director responsible for a problematic governance issue at the board/committee level that would warrant a withhold/against vote recommendation is not up for election -- any or all appropriate nominees (except new) may be held accountable;
- The company’s poison pill has a “dead-hand” or “modified dead-hand” feature. Vote withhold/against every year until this feature is removed;
- The board adopts a poison pill with a term of more than 12 months (“long-term pill”), or renews any existing pill, including any “short-term” pill (12 months or less), without shareholder approval. A commitment or policy that puts a newly-adopted pill to a binding shareholder vote may potentially offset an adverse vote recommendation. Review such companies with classified boards every year, and such companies with annually-elected boards at least once every three years, and vote AGAINST or WITHHOLD votes from all nominees if the company still maintains a non-shareholder-approved poison pill. This policy applies to all companies adopting or renewing pills after the announcement of this policy (Nov 19, 2009);
  - The board makes a material adverse change to an existing poison pill without shareholder approval.

Vote CASE-By-CASE on all nominees if the board adopts a poison pill with a term of 12 months or less (“short-term pill”) without shareholder approval, taking into account the following factors:

- The date of the pill’s adoption relative to the date of the next meeting of shareholders- i.e. whether the company had time to put the pill on ballot for shareholder ratification given the circumstances;
  - The issuer’s rationale;
  - The issuer’s governance structure and practices; and
  - The issuer’s track record of accountability to shareholders.

#### Problematic Audit-Related Practices

Generally, vote AGAINST or WITHHOLD from the members of the Audit Committee if:

- The non-audit fees paid to the auditor are excessive (see discussion under “Auditor Ratification”);
- The company receives an adverse opinion on the company’s financial statements from its auditor; or
- There is persuasive evidence that the audit committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm.

Vote CASE-by-CASE on members of the Audit Committee and/or the full board if:

- Poor accounting practices are identified that rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures. Examine the severity, breadth, chronological sequence and duration, as well as the company’s efforts at remediation or corrective actions, in determining whether WITHHOLD/AGAINST votes are warranted.

#### Problematic Compensation Practices

VOTE WITHHOLD/AGAINST the members of the Compensation Committee and potentially the full board if:

- There is a negative correlation between chief executive pay and company performance (see Pay for Performance Policy);
- The company reprices underwater options for stock, cash, or other consideration without prior shareholder approval, even if allowed in the firm's equity plan;
  - The company fails to submit one-time transfers of stock options to a shareholder vote;
  - The company fails to fulfill the terms of a burn rate commitment made to shareholders;
- The company has problematic pay practices. Problematic pay practices may warrant withholding votes from the CEO and potentially the entire board as well.

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1 In general, companies with a plurality vote standard use “Withhold” as the valid contrary vote option in director elections; companies with a majority vote standard use “Against”. However, it will vary by company and the proxy must be checked to determine the valid contrary vote option for the particular company.

2 A “new nominee” is any current nominee who has not already been elected by shareholders and who joined the board after the problematic action in question transpired. If RMG cannot determine whether the nominee joined the board before or after the problematic action transpired, the nominee will be considered a “new nominee” if he or she joined the board within the 12 months prior to the upcoming shareholder meeting.

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#### Other Problematic Governance Practices

VOTE WITHHOLD/AGAINST the entire board of directors (except new nominees, who should be considered on a CASE-by-CASE basis), if:

- The company’s proxy indicates that not all directors attended 75 percent of the aggregate board and committee meetings, but fails to provide the required disclosure of the names of the director(s) involved. If this information cannot be obtained, withhold from all incumbent directors;
- The board lacks accountability and oversight, coupled with sustained poor performance relative to peers. Sustained poor performance is measured by one- and three-year total shareholder returns in the bottom half of a company’s four-digit GICS industry group (Russell 3000 companies only). Take into consideration the company’s five-year total shareholder return and five-year operational metrics. Problematic provisions include but are not limited to:
  - A classified board structure;
  - A supermajority vote requirement;
  - Majority vote standard for director elections with no carve out for contested elections;
    - The inability for shareholders to call special meetings;
    - The inability for shareholders to act by written consent;
  - A dual-class structure; and/or
  - A non-shareholder approved poison pill.

Under extraordinary circumstances, vote AGAINST or WITHHOLD from directors individually, committee members, or the entire board, due to:

- Material failures of governance, stewardship, or fiduciary responsibilities at the company;
  - Failure to replace management as appropriate; or
- Egregious actions related to the director(s)’ service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

#### Board Responsiveness

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Vote WITHHOLD/AGAINST the entire board of directors (except new nominees, who should be considered on a CASE-by-CASE basis), if:

- The board failed to act on a shareholder proposal that received approval by a majority of the shares outstanding the previous year (a management proposal with other than a FOR recommendation by management will not be considered as sufficient action taken);
- The board failed to act on a shareholder proposal that received approval of the majority of shares cast for the previous two consecutive years (a management proposal with other than a FOR recommendation by management will not be considered as sufficient action taken);
  - The board failed to act on takeover offers where the majority of the shareholders tendered their shares; or
- At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold/against vote.

### Director Independence

Vote WITHHOLD/AGAINST Inside Directors and Affiliated Outside Directors (per the Categorization of Directors in the Summary Guidelines) when:

- The inside or affiliated outside director serves on any of the three key committees: audit, compensation, or nominating;
- The company lacks an audit, compensation, or nominating committee so that the full board functions as that committee;
- The company lacks a formal nominating committee, even if the board attests that the independent directors fulfill the functions of such a committee; or

The full board is less than majority independent.

### Director Competence

Vote AGAINST or WITHHOLD from individual directors who:

- Attend less than 75 percent of the board and committee meetings without a valid excuse, such as illness, service to the nation, work on behalf of the company, or funeral obligations. If the company provides meaningful public or private disclosure explaining the director's absences, evaluate the information on a CASE-BY-CASE basis taking into account the following factors:
  - Degree to which absences were due to an unavoidable conflict;
  - Pattern of absenteeism; and



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- Other extraordinary circumstances underlying the director's absence;

- Sit on more than six public company boards;
- Are CEOs of public companies who sit on the boards of more than two public companies besides their own--withhold only at their outside boards.

### Voting for Director Nominees in Contested Elections

Vote CASE-BY-CASE on the election of directors in contested elections, considering the following factors:

- Long-term financial performance of the target company relative to its industry;
  - Management's track record;
  - Background to the proxy contest;
- Qualifications of director nominees (both slates);
- Strategic plan of dissident slate and quality of critique against management;
- Likelihood that the proposed goals and objectives can be achieved (both slates);
  - Stock ownership positions.

### Independent Chair (Separate Chair/CEO)

Generally vote FOR shareholder proposals requiring that the chairman's position be filled by an independent director, unless the company satisfies all of the following criteria:

The company maintains the following counterbalancing features:

- Designated lead director, elected by and from the independent board members with clearly delineated and comprehensive duties. (The role may alternatively reside with a presiding director, vice chairman, or rotating lead director; however the director must serve a minimum of one year in order to qualify as a lead director.) The duties should include, but are not limited to, the following:
  - presides at all meetings of the board at which the chairman is not present, including executive sessions of the independent directors;
    - serves as liaison between the chairman and the independent directors;
      - approves information sent to the board;
      - approves meeting agendas for the board;
    - approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;

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- has the authority to call meetings of the independent directors;
- if requested by major shareholders, ensures that he is available for consultation and direct communication;
  - Two-thirds independent board;
  - All independent key committees;
  - Established governance guidelines;
- A company in the Russell 3000 universe must not have exhibited sustained poor total shareholder return (TSR) performance, defined as one- and three-year TSR in the bottom half of the company's four-digit GICS industry group within the Russell 3000 only), unless there has been a change in the Chairman/CEO position within that time;
- The company does not have any problematic governance or management issues, examples of which include, but are not limited to:
  - Egregious compensation practices;
  - Multiple related-party transactions or other issues putting director independence at risk;
  - Corporate and/or management scandals;
  - Excessive problematic corporate governance provisions; or
  - Flagrant board or management actions with potential or realized negative impact on shareholders.

### Shareholder Rights & Defenses:

#### Net Operating Loss (NOL) Protective Amendments

For management proposals to adopt a protective amendment for the stated purpose of protecting a company's net operating losses ("NOLs"), the following factors should be considered on a CASE-BY-CASE basis:

- The ownership threshold (NOL protective amendments generally prohibit stock ownership transfers that would result in a new 5-percent holder or increase the stock ownership percentage of an existing five-percent holder);
  - The value of the NOLs;
  - Shareholder protection mechanisms (sunset provision or commitment to cause expiration of the protective amendment upon exhaustion or expiration of the NOL);
- The company's existing governance structure including: board independence, existing takeover defenses, track record of responsiveness to shareholders, and any other problematic governance concerns; and
  - Any other factors that may be applicable.

#### Poison Pills- Shareholder Proposals to put Pill to a Vote and/or Adopt a Pill Policy

Vote FOR shareholder proposals requesting that the company submit its poison pill to a shareholder vote or redeem it UNLESS the company has: (1) A shareholder approved poison pill in place; or (2) The company has adopted a policy concerning the adoption of a pill in the future specifying that the board will only adopt a shareholder rights plan if either:

- Shareholders have approved the adoption of the plan; or
- The board, in its exercise of its fiduciary responsibilities, determines that it is in the best interest of shareholders under the circumstances to adopt a pill without the delay in adoption that would result from seeking stockholder approval (i.e., the “fiduciary out” provision). A poison pill adopted under this fiduciary out will be put to a shareholder ratification vote within 12 months of adoption or expire. If the pill is not approved by a majority of the votes cast on this issue, the plan will immediately terminate.

If the shareholder proposal calls for a time period of less than 12 months for shareholder ratification after adoption, vote FOR the proposal, but add the caveat that a vote within 12 months would be considered sufficient implementation.

#### Poison Pills- Management Proposals to Ratify Poison Pill

Vote CASE-by-CASE on management proposals on poison pill ratification, focusing on the features of the shareholder rights plan. Rights plans should contain the following attributes:

No lower than a 20% trigger, flip-in or flip-over;

- A term of no more than three years;
- No dead-hand, slow-hand, no-hand or similar feature that limits the ability of a future board to redeem the pill;
- Shareholder redemption feature (qualifying offer clause); if the board refuses to redeem the pill 90 days after a qualifying offer is announced, 10 percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill.

In addition, the rationale for adopting the pill should be thoroughly explained by the company. In examining the request for the pill, take into consideration the company’s existing governance structure, including: board independence, existing takeover defenses, and any problematic governance concerns.

#### Poison Pills- Management Proposals to ratify a Pill to preserve Net Operating Losses (NOLs)

Vote CASE-BY-CASE on management proposals for poison pill ratification. For management proposals to adopt a poison pill for the stated purpose of preserving a company’s net operating losses (“NOLs”), the following factors are considered on a CASE-BY-CASE basis:

- The ownership threshold to transfer (NOL pills generally have a trigger slightly below 5%);
  - The value of the NOLs;
  - The term;
- Shareholder protection mechanisms (sunset provision, or commitment to cause expiration of the pill upon exhaustion or expiration of NOLs);
- The company’s existing governance structure including: board independence, existing takeover defenses, track record of responsiveness to shareholders, and any other problematic governance concerns; and
  - Any other factors that may be applicable.

#### Shareholder Ability to Call Special Meetings

Vote AGAINST management or shareholder proposals to restrict or prohibit shareholders' ability to call special meetings.

Generally vote FOR management or shareholder proposals that provide shareholders with the ability to call special meetings taking into account the following factors:

- Shareholders' current right to call special meetings;
- Minimum ownership threshold necessary to call special meetings (10% preferred);
  - The inclusion of exclusionary or prohibitive language;
    - Investor ownership structure; and
- Shareholder support of and management's response to previous shareholder proposals.

#### Supermajority Vote Requirements

Vote AGAINST proposals to require a supermajority shareholder vote.

Vote FOR management or shareholder proposals to reduce supermajority vote requirements. However, for companies with shareholder(s) who have significant ownership levels, vote CASE-BY-CASE, taking into account:

- Ownership structure;
- Quorum requirements; and
- Supermajority vote requirements.

#### Capital/Restructuring:

##### Common Stock Authorization

Vote CASE-BY-CASE on proposals to increase the number of shares of common stock authorized for issuance. Take into account company-specific factors which include, at a minimum, the following:

- Past Board Performance:
  - o The company's use of authorized shares during the last three years;
    - o One- and three-year total shareholder return; and
    - o The board's governance structure and practices;
- The Current Request:
  - o Disclosure in the proxy statement of the specific reasons for the proposed increase;
- o The dilutive impact of the request as determined through an allowable cap generated by RiskMetrics' quantitative model, which examines the company's need for shares and its three-year total shareholder return; and
  - o Risks to shareholders of not approving the request.

Vote AGAINST proposals at companies with more than one class of common stock to increase the number of authorized shares of the class that has superior voting rights.

## Preferred Stock

Vote CASE-BY-CASE on proposals to increase the number of shares of preferred stock authorized for issuance. Take into account company-specific factors that include, at a minimum, the following:

- Past Board Performance:
  - o The company's use of authorized preferred shares during the last three years;
    - o One- and three-year total shareholder return; and
    - o The board's governance structure and practices;
  - The Current Request:
    - o Disclosure in the proxy statement of specific reasons for the proposed increase;
- o In cases where the company has existing authorized preferred stock, the dilutive impact of the request as determined through an allowable cap generated by RiskMetrics' quantitative model, which examines the company's need for shares and three-year total shareholder return; and
  - o Whether the shares requested are blank check preferred shares, and whether they are declared.

Vote AGAINST proposals at companies with more than one class or series of preferred stock to increase the number of authorized shares of the class or series that has superior voting rights.

## Mergers and Acquisitions

Vote CASE –BY- CASE on mergers and acquisitions. Review and evaluate the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:

- Valuation - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, emphasis is placed on the offer premium, market reaction and strategic rationale.
- Market reaction - How has the market responded to the proposed deal? A negative market reaction should cause closer scrutiny of a deal.
- Strategic rationale - Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions.
- Negotiations and process - Were the terms of the transaction negotiated at arm's-length? Was the process fair and equitable? A fair process helps to ensure the best price for shareholders. Significant negotiation "wins" can also signify the deal makers' competency. The comprehensiveness of the sales process (e.g., full auction, partial auction, no auction) can also affect shareholder value.
- Conflicts of interest - Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? As the result of potential conflicts, the directors and officers of the company may be more likely to vote to approve a merger than if they did not hold these interests. Consider whether these interests may have influenced these directors and officers to support or recommend the merger. The change-in-control figure presented in the "RMG Transaction Summary" section of this report is an aggregate figure that can in certain cases be a misleading indicator of the true value transfer from shareholders to insiders. Where such figure appears to be excessive, analyze the underlying assumptions to determine whether a potential conflict

exists.

- Governance - Will the combined company have a better or worse governance profile than the current governance profiles of the respective parties to the transaction? If the governance profile is to change for the worse, the burden is on the company to prove that other issues (such as valuation) outweigh any deterioration in governance.

Compensation:

#### Executive Pay Evaluation

Underlying all evaluations are five global principles that most investors expect corporations to adhere to in designing and administering executive and director compensation programs:

1. Maintain appropriate pay-for-performance alignment, with emphasis on long-term shareholder value: This principle encompasses overall executive pay practices, which must be designed to attract, retain, and appropriately motivate the key employees who drive shareholder value creation over the long term. It will take into consideration, among other factors, the link between pay and performance; the mix between fixed and variable pay; performance goals; and equity-based plan costs;
2. Avoid arrangements that risk “pay for failure”: This principle addresses the appropriateness of long or indefinite contracts, excessive severance packages, and guaranteed compensation;
3. Maintain an independent and effective compensation committee: This principle promotes oversight of executive pay programs by directors with appropriate skills, knowledge, experience, and a sound process for compensation decision-making (e.g., including access to independent expertise and advice when needed);
4. Provide shareholders with clear, comprehensive compensation disclosures: This principle underscores the importance of informative and timely disclosures that enable shareholders to evaluate executive pay practices fully and fairly;
5. Avoid inappropriate pay to non-executive directors: This principle recognizes the interests of shareholders in ensuring that compensation to outside directors does not compromise their independence and ability to make appropriate judgments in overseeing managers’ pay and performance. At the market level, it may incorporate a variety of generally accepted best practices.

#### Equity Compensation Plans

Vote CASE-BY-CASE on equity-based compensation plans. Vote AGAINST the equity plan if any of the following factors apply:

- The total cost of the company’s equity plans is unreasonable;
- The plan expressly permits the repricing of stock options/stock appreciate rights (SARs) without prior shareholder approval;
- The CEO is a participant in the proposed equity-based compensation plan and there is a disconnect between CEO pay and the company’s performance where over 50 percent of the year-over-year increase is attributed to equity

awards (see Pay-for-Performance);

- The company's three year burn rate exceeds the greater of 2% or the mean plus one standard deviation of its industry group;
- Liberal Change of Control Definition: The plan provides for the acceleration of vesting of equity awards even though an actual change in control may not occur (e.g., upon shareholder approval of a transaction or the announcement of a tender offer); or
  - The plan is a vehicle for problematic pay practices.

#### Other Compensation Proposals and Policies

##### Advisory Votes on Executive Compensation- Management Proposals (Management Say-on-Pay)

In general, the management say on pay (MSOP) ballot item is the primary focus of voting on executive pay practices- dissatisfaction with compensation practices can be expressed by voting against the MSOP rather than withholding or voting against the compensation committee. However, if there is no MSOP on which to express the dissatisfaction, then the secondary target will be members of the compensation committee. In addition, in egregious cases, or if the board fails to respond to concerns raised by a prior MSOP proposal; then vote withhold or against compensation committee member (or, if the full board is deemed accountable, to all directors). If the negative factors impact equity-based plans, then vote AGAINST an equity-based plan proposal presented for shareholder approval.

Evaluate executive pay and practices, as well as certain aspects of outside director compensation, on a CASE-BY-CASE basis.

Vote AGAINST management say on pay (MSOP) proposals, AGAINST/WITHHOLD on compensation committee members (or, in rare cases where the full board is deemed responsible, all directors including the CEO), and/or AGAINST an equity-based incentive plan proposal if:

- There is a misalignment between CEO pay and company performance (pay for performance);
  - The company maintains problematic pay practices;
    - The board exhibits poor communication and responsiveness to shareholders.

Additional CASE-BY-CASE considerations for the management say on pay (MSOP) proposals:

- Evaluation of performance metrics in short-term and long-term plans, as discussed and explained in the Compensation Discussion & Analysis (CD&A). Consider the measures, goals, and target awards reported by the company for executives' short- and long-term incentive awards: disclosure, explanation of their alignment with the company's business strategy, and whether goals appear to be sufficiently challenging in relation to resulting payouts;
- Evaluation of peer group benchmarking used to set target pay or award opportunities. Consider the rationale stated by the company for constituents in its pay benchmarking peer group, as well as the benchmark targets it uses to set or validate executives' pay (e.g., median, 75th percentile, etc.) to ascertain whether the benchmarking process is sound or may result in pay "ratcheting" due to inappropriate peer group constituents (e.g., much larger companies) or targeting (e.g., above median); and

- Balance of performance-based versus non-performance-based pay. Consider the ratio of performance-based (not including plain vanilla stock options) vs. non-performance-based pay elements reported for the CEO's latest reported fiscal year compensation, especially in conjunction with concerns about other factors such as performance metrics/goals, benchmarking practices, and pay-for-performance disconnects.

#### Pay for Performance

Evaluate the alignment of the CEO's pay with performance over time, focusing particularly on companies that have underperformed their peers over a sustained period. From a shareholders' perspective, performance is predominantly gauged by the company's stock performance over time. Even when financial or operational measures are utilized in incentive awards, the achievement related to these measures should ultimately translate into superior shareholder returns in the long-term.

Focus on companies with sustained underperformance relative to peers, considering the following key factors:

- Whether a company's one-year and three-year total shareholder returns ("TSR") are in the bottom half of its industry group (i.e., four-digit GICS – Global Industry Classification Group); and
- Whether the total compensation of a CEO who has served at least two consecutive fiscal years is aligned with the company's total shareholder return over time, including both recent and long-term periods.

If a company falls in the bottom half of its four-digit GICS, further analysis of the CD&A is required to better understand the various pay elements and whether they create or reinforce shareholder alignment. Also assess the CEO's pay relative to the company's TSR over a time horizon of at least five years. The most recent year-over-year increase or decrease in pay remains a key consideration, but there will be additional emphasis on the long term trend of CEO total compensation relative to shareholder return. Also consider the mix of performance-based compensation relative to total compensation. In general, standard stock options or time-vested restricted stock are not considered to be performance-based. If a company provides performance-based incentives to its executives, the company is highly encouraged to provide the complete disclosure of the performance measure and goals (hurdle rate) so that shareholders can assess the rigor of the performance program. The use of non-GAAP financial metrics also makes it very challenging for shareholders to ascertain the rigor of the program as shareholders often cannot tell the type of adjustments being made and if the adjustments were made consistently. Complete and transparent disclosure helps shareholders to better understand the company's pay for performance linkage.

#### Problematic Pay Practices

The focus is on executive compensation practices that contravene the global pay principles, including:

- Problematic practices related to non-performance-based compensation elements;
  - Incentives that may motivate excessive risk-taking; and
  - Options Backdating.

#### Non-Performance based Compensation Elements

Companies adopt a variety of pay arrangements that may be acceptable in their particular industries, or unique for a particular situation, and all companies are reviewed on a case-by-case basis. However, there are certain adverse practices that are particularly contrary to a performance-based pay philosophy, including guaranteed pay and excessive or inappropriate non-performance-based pay elements.

While not exhaustive, this is the list of practices that carry greatest weight in this consideration and may result in negative vote recommendations on a stand-alone basis. For more details, please refer to RMG's Compensation FAQ document: [http://www.riskmetrics.com/policy/2010\\_compensation\\_FAQ](http://www.riskmetrics.com/policy/2010_compensation_FAQ):



- Multi-year guarantees for salary increases, non-performance based bonuses, and equity compensation;
- Including additional years of unworked service that result in significant additional benefits, without sufficient justification, or including long-term equity awards in the pension calculation;
- Perquisites for former and/or retired executives, and extraordinary relocation benefits (including home buyouts) for current executives;
- Change-in-control payments exceeding 3 times base salary and target bonus; change-in-control payments without job loss or substantial diminution of duties (“Single Triggers”); new or materially amended agreements that provide for “modified single triggers” (under which an executive may voluntarily leave for any reason and still receive the change-in-control severance package); new or materially amended agreements that provide for an excise tax gross-up (including “modified gross-ups”);
- Tax Reimbursements related to executive perquisites or other payments such as personal use of corporate aircraft, executive life insurance, bonus, etc; (see also excise tax gross-ups above)
  - Dividends or dividend equivalents paid on unvested performance shares or units;
- Executives using company stock in hedging activities, such as “cashless” collars, forward sales, equity swaps or other similar arrangements; or
- Repricing or replacing of underwater stock options/stock appreciation rights without prior shareholder approval (including cash buyouts and voluntary surrender/subsequent regrant of underwater options).

#### Incentives that may Motivate Excessive Risk-Taking

Assess company policies and disclosure related to compensation that could incentivize excessive risk-taking, for example:

- Guaranteed bonuses;
  - A single performance metric used for short- and long-term plans;
    - Lucrative severance packages;
    - High pay opportunities relative to industry peers;
    - Disproportionate supplemental pensions; or
  - Mega annual equity grants that provide unlimited upside with no downside risk.

Factors that potentially mitigate the impact of risky incentives include rigorous claw-back provisions and robust stock ownership/holding guidelines.

#### Options Backdating

Vote CASE-by-CASE on options backdating issues. Generally, when a company has recently practiced options backdating, WITHHOLD from or vote AGAINST the compensation committee, depending on the severity of the practices and the subsequent corrective actions on the part of the board. When deciding on votes on compensation committee members who oversaw questionable options grant practices or current compensation committee members who fail to respond to the issue proactively, consider several factors, including, but not limited to, the following:

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- Reason and motive for the options backdating issue, such as inadvertent vs. deliberate grant date changes;
  - Duration of options backdating;
  - Size of restatement due to options backdating;
- Corrective actions taken by the board or compensation committee, such as canceling or re-pricing backdated options, the recouping of option gains on backdated grants; and
- Adoption of a grant policy that prohibits backdating, and creates a fixed grant schedule or window period for equity grants in the future.

A CASE-by-CASE analysis approach allows distinctions to be made between companies that had “sloppy” plan administration versus those that acted deliberately and/or committed fraud, as well as those companies that subsequently took corrective action. Cases where companies have committed fraud are considered most egregious.

### Board Communications and Responsiveness

Consider the following factors on a CASE-BY-CASE basis when evaluating ballot items related to executive pay:

- Poor disclosure practices, including:
  - Unclear explanation of how the CEO is involved in the pay setting process;
  - Retrospective performance targets and methodology not discussed;
  - Methodology for benchmarking practices and/or peer group not disclosed and explained.
- Board’s responsiveness to investor input and engagement on compensation issues, for example:
  - Failure to respond to majority-supported shareholder proposals on executive pay topics; or
  - Failure to respond to concerns raised in connection with significant opposition to MSOP proposals.

### Option Exchange Programs/Repricing Options

Vote CASE-by-CASE on management proposals seeking approval to exchange/reprice options, taking into consideration:

- Historic trading patterns--the stock price should not be so volatile that the options are likely to be back “in-the-money” over the near term;
  - Rationale for the re-pricing--was the stock price decline beyond management's control?
    - Is this a value-for-value exchange?
      - Are surrendered stock options added back to the plan reserve?
  - Option vesting--does the new option vest immediately or is there a black-out period?
  - Term of the option--the term should remain the same as that of the replaced option;

- Exercise price--should be set at fair market or a premium to market;
- Participants--executive officers and directors should be excluded.

If the surrendered options are added back to the equity plans for re-issuance, then also take into consideration the company's total cost of equity plans and its three-year average burn rate.

In addition to the above considerations, evaluate the intent, rationale, and timing of the repricing proposal. The proposal should clearly articulate why the board is choosing to conduct an exchange program at this point in time. Repricing underwater options after a recent precipitous drop in the company's stock price demonstrates poor timing. Repricing after a recent decline in stock price triggers additional scrutiny and a potential AGAINST vote on the proposal. At a minimum, the decline should not have happened within the past year. Also, consider the terms of the surrendered options, such as the grant date, exercise price and vesting schedule. Grant dates of surrendered options should be far enough back (two to three years) so as not to suggest that repricings are being done to take advantage of short-term downward price movements. Similarly, the exercise price of surrendered options should be above the 52-week high for the stock price.

Vote FOR shareholder proposals to put option repricings to a shareholder vote.

#### Shareholder Proposals on Compensation

##### Advisory Vote on Executive Compensation (Say-on-Pay)

Generally, vote FOR shareholder proposals that call for non-binding shareholder ratification of the compensation of the Named Executive Officers and the accompanying narrative disclosure of material factors provided to understand the Summary Compensation Table.

##### Golden Coffins/Executive Death Benefits

Generally vote FOR proposals calling companies to adopt a policy of obtaining shareholder approval for any future agreements and corporate policies that could oblige the company to make payments or awards following the death of a senior executive in the form of unearned salary or bonuses, accelerated vesting or the continuation in force of unvested equity grants, perquisites and other payments or awards made in lieu of compensation. This would not apply to any benefit programs or equity plan proposals that the broad-based employee population is eligible.

##### Recoup Bonuses

Vote on a CASE-BY-CASE on proposals to recoup unearned incentive bonuses or other incentive payments made to senior executives if it is later determined that the figures upon which incentive compensation is earned later turn out to have been in error. This is line with the clawback provision in the Trouble Asset Relief Program. Many companies have adopted policies that permit recoupment in cases where fraud, misconduct, or negligence significantly contributed to a restatement of financial results that led to the awarding of unearned incentive compensation. RMG will take into consideration:

- If the company has adopted a formal recoupment bonus policy;
- If the company has chronic restatement history or material financial problems; or
- If the company's policy substantially addresses the concerns raised by the proponent.

#### Stock Ownership or Holding Period Guidelines

Generally vote AGAINST shareholder proposals that mandate a minimum amount of stock that directors must own in order to qualify as a director or to remain on the board. While RMG favors stock ownership on the part of directors, the company should determine the appropriate ownership requirement.

Vote on a CASE-BY-CASE on shareholder proposals asking companies to adopt policies requiring Named Executive Officers to retain 75% of the shares acquired through compensation plans while employed and/or for two years following the termination of their employment, and to report to shareholders regarding this policy. The following factors will be taken into account:

- Whether the company has any holding period, retention ratio, or officer ownership requirements in place. These should consist of:
  - Rigorous stock ownership guidelines, or
  - A holding period requirement coupled with a significant long-term ownership requirement, or
  - A meaningful retention ratio,
- Actual officer stock ownership and the degree to which it meets or exceeds the proponent's suggested holding period/retention ratio or the company's own stock ownership or retention requirements.
  - Problematic pay practices, current and past, which may promote a short-term versus a long-term focus.

A rigorous stock ownership guideline should be at least 10x base salary for the CEO, with the multiple declining for other executives. A meaningful retention ratio should constitute at least 50 percent of the stock received from equity awards (on a net proceeds basis) held on a long-term basis, such as the executive's tenure with the company or even a few years past the executive's termination with the company.

#### Social/Environmental Issues:

##### Overall Approach

When evaluating social and environmental shareholder proposals, RMG considers the following factors:

- Whether adoption of the proposal is likely to enhance or protect shareholder value;
- Whether the information requested concerns business issues that relate to a meaningful percentage of the company's business as measured by sales, assets, and earnings;
- The degree to which the company's stated position on the issues raised in the proposal could affect its reputation or sales, or leave it vulnerable to a boycott or selective purchasing;
- Whether the issues presented are more appropriately/effectively dealt with through governmental or company-specific action;

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- Whether the company has already responded in some appropriate manner to the request embodied in the proposal;
  - Whether the company's analysis and voting recommendation to shareholders are persuasive;
    - What other companies have done in response to the issue addressed in the proposal;
  - Whether the proposal itself is well framed and the cost of preparing the report is reasonable;
  - Whether implementation of the proposal's request would achieve the proposal's objectives;
    - Whether the subject of the proposal is best left to the discretion of the board;
- Whether the requested information is available to shareholders either from the company or from a publicly available source; and
- Whether providing this information would reveal proprietary or confidential information that would place the company at a competitive disadvantage.

### Board Diversity

Generally vote FOR requests for reports on the company's efforts to diversify the board, unless:

- The gender and racial minority representation of the company's board is reasonably inclusive in relation to companies of similar size and business; and
- The board already reports on its nominating procedures and gender and racial minority initiatives on the board and within the company.

Vote CASE-BY-CASE on proposals asking the company to increase the gender and racial minority representation on its board, taking into account:

- The degree of existing gender and racial minority diversity on the company's board and among its executive officers;
  - The level of gender and racial minority representation that exists at the company's industry peers;
  - The company's established process for addressing gender and racial minority board representation;
- Whether the proposal includes an overly prescriptive request to amend nominating committee charter language;
  - The independence of the company's nominating committee;
  - The company uses an outside search firm to identify potential director nominees; and
- Whether the company has had recent controversies, fines, or litigation regarding equal employment practices.

### Gender Identity, Sexual Orientation, and Domestic Partner Benefits

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Generally vote FOR proposals seeking to amend a company's EEO statement or diversity policies to prohibit discrimination based on sexual orientation and/or gender identity, unless the change would result in excessive costs for the company.

Generally vote AGAINST proposals to extend company benefits to, or eliminate benefits from domestic partners. Decisions regarding benefits should be left to the discretion of the company.

### Greenhouse Gas (GHG) Emissions

Generally vote FOR proposals requesting a report on greenhouse gas (GHG) emissions from company operations and/or products and operations, unless:

- The company already provides current, publicly-available information on the impacts that GHG emissions may have on the company as well as associated company policies and procedures to address related risks and/or opportunities;
- The company's level of disclosure is comparable to that of industry peers; and
- There are no significant, controversies, fines, penalties, or litigation associated with the company's GHG emissions.

Vote CASE-BY-CASE on proposals that call for the adoption of GHG reduction goals from products and operations, taking into account:

- Overly prescriptive requests for the reduction in GHG emissions by specific amounts or within a specific time frame;
- Whether company disclosure lags behind industry peers;
- Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to GHG emissions;
- The feasibility of reduction of GHGs given the company's product line and current technology and;
- Whether the company already provides meaningful disclosure on GHG emissions from its products and operations.

### Political Contributions and Trade Association Spending

Generally vote AGAINST proposals asking the company to affirm political nonpartisanship in the workplace so long as:

- There are no recent, significant controversies, fines or litigation regarding the company's political contributions or trade association spending; and
- The company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and prohibits coercion.

Vote AGAINST proposals to publish in newspapers and public media the company's political contributions. Such publications could present significant cost to the company without providing commensurate value to shareholders.

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Vote CASE-BY-CASE on proposals to improve the disclosure of a company's political contributions and trade association spending, considering:

- Recent significant controversy or litigation related to the company's political contributions or governmental affairs; and
- The public availability of a company policy on political contributions and trade association spending including information on the types of organizations supported, the business rationale for supporting these organizations, and the oversight and compliance procedures related to such expenditures of corporate assets.

Vote AGAINST proposals barring the company from making political contributions. Businesses are affected by legislation at the federal, state, and local level and barring political contributions can put the company at a competitive disadvantage.

Vote AGAINST proposals asking for a list of company executives, directors, consultants, legal counsels, lobbyists, or investment bankers that have prior government service and whether such service had a bearing on the business of the company. Such a list would be burdensome to prepare without providing any meaningful information to shareholders.

### Labor and Human Rights Standards

Generally vote FOR proposals requesting a report on company or company supplier labor and/or human rights standards and policies unless such information is already publicly disclosed.

Vote CASE-BY-CASE on proposals to implement company or company supplier labor and/or human rights standards and policies, considering:

- The degree to which existing relevant policies and practices are disclosed;
- Whether or not existing relevant policies are consistent with internationally recognized standards;
- Whether company facilities and those of its suppliers are monitored and how;
- Company participation in fair labor organizations or other internationally recognized human rights initiatives;
- Scope and nature of business conducted in markets known to have higher risk of workplace labor/human rights abuse;
- Recent, significant company controversies, fines, or litigation regarding human rights at the company or its suppliers;
- The scope of the request; and
- Deviation from industry sector peer company standards and practices.

### Sustainability Reporting

Generally vote FOR proposals requesting the company to report on its policies, initiatives, and oversight mechanisms related to social, economic, and environmental sustainability, unless:

-

The company already discloses similar information through existing reports or policies such as an Environment, Health, and Safety (EHS) report; a comprehensive Code of Corporate Conduct; and/or a Diversity Report; or

- The company has formally committed to the implementation of a reporting program based on Global Reporting Initiative (GRI) guidelines or a similar standard within a specified time frame

Item 8. Portfolio Managers of Closed End Management Investment Companies.

Bassett S. Winmill is the portfolio manager of the registrant. He is also the Chairman of the Board of the the registrant, the investment manager, the other investment company advised by the investment manager, and of Winmill & Co. Incorporated and its affiliates (“WCI”). Mr. Winmill is also the Chief Investment Strategist of the investment manager.

As of December 31, 2009, the portfolio manager compensation plan generally consists of base salary, employee benefits plan participation, qualified retirement plan participation, annual and asset level bonuses, certain prerequisites, and participation in equity based compensation plans. A portion of the portfolio manager’s compensation may be deferred based on criteria established by the investment manager, or at the election of the portfolio manager.

The portfolio manager’s base salary is determined annually by level of responsibility and tenure at the investment manager or its affiliates. The primary components of the portfolio manager’s annual bonus are based on (i) number of weeks’ salary paid as annual bonuses to employees generally of the investment manager and its affiliates, and (ii) the financial performance of the investment manager and its affiliates. A subjective component of the portfolio manager’s annual bonus is based on the portfolio manager’s overall contribution to management of the investment manager and its affiliates. Portfolio managers may receive an asset level bonus upon assets under management of the registrant, the other investment companies advised by the investment manager and its affiliates reaching certain levels. The portfolio manager also is compensated under equity-based compensation plans linked to increases or decreases in the market value of the stock of the parent of the investment manager and its affiliates.

The portfolio manager compensation plan may give rise to potential conflicts of interest. A portfolio manager’s base pay tends to increase with additional and more complex responsibilities often reflecting increased assets under management and marketing efforts, which together indirectly link compensation to sales of Fund shares. The asset level bonus, although intended to encourage above average investment performance and account servicing, as well as lower expense ratios may give rise to potential conflicts of interest by linking compensation to sales. The management of multiple Funds and accounts (including proprietary accounts) may give rise to potential conflicts of interest if the Funds and accounts have different objectives, benchmarks, time horizons, and fees as the portfolio manager must allocate his time and investment ideas across multiple Funds and accounts. The portfolio manager may execute transactions for one Fund or account that may adversely impact the value of securities held by another Fund. Securities selected for one Fund or accounts rather than another Fund may outperform the securities selected for the Fund. The management of personal accounts may give rise to potential conflicts of interest; there is no assurance that the Funds’ codes of ethics will adequately address such conflicts.

The following table provides information relating to other (non-registrant) accounts where the portfolio manager is jointly or primarily responsible for day-to-day management as of December 31, 2009. The portfolio manager does not manage such accounts or assets with performance-based advisory fees, or other pooled investment vehicles.

Number of Registered Investment Companies	Assets (millions)
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3	\$53
Number of Other Accounts	Assets (millions)
0	\$0

As of December 31, 2009, Bassett S. Winmill did not beneficially own any shares of the registrant. Bassett S. Winmill has indirect beneficial ownership of 638,588 registrant shares as a result of his status as a controlling person of WCI and Investor Service Center, Inc., the direct beneficial owner. Mr. Winmill disclaims beneficial ownership of the registrant shares held by Investor Service Center, Inc.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Not applicable.

Item 10. Submission of Matters to a Vote of Security Holders.

There were no material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors made or implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407), or this Item.

Item 11. Controls and Procedures.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's second fiscal quarter of the period covered by the report that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

Item 12. Exhibits.

- (a) Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940(17 CFR 270.360a-2) attached hereto as Exhibits EX-31 and certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 attached hereto as Exhibit EX-32.

SIGNATURES

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

March 10, 2010

Foxby Corp.  
By: /s/ Thomas B. Winmill  
Thomas B. Winmill  
President

March 10, 2010

Foxby Corp.  
By: /s/ Thomas O'Malley  
Thomas O'Malley  
Chief Financial Officer

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

March 10, 2010

Foxby Corp.  
By: /s/ Thomas B. Winmill  
Thomas B. Winmill  
President

March 10, 2010

Foxby Corp.  
By: /s/ Thomas O'Malley  
Thomas O'Malley  
Chief Financial Officer