

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC  
Form N-CSR  
February 05, 2016

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES**

Investment Company Act file number:	811-07460
Exact name of registrant as specified in charter:	Delaware Investments <sup>®</sup> Dividend and Income Fund, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	November 30
Date of reporting period:	November 30, 2015

---

Item 1. Reports to Stockholders

**Table of Contents**

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

**Closed-end fund**

---

**Table of Contents**

Table of contents

<u>Portfolio management review</u>	1
<u>Performance summary</u>	3
<u>Security type / sector allocations and top 10 equity holdings</u>	7
<u>Schedule of investments</u>	9
<u>Statement of assets and liabilities</u>	19
<u>Statement of operations</u>	20
<u>Statements of changes in net assets</u>	21
<u>Statement of cash flows</u>	22
<u>Financial highlights</u>	23
<u>Notes to financial statements</u>	24
<u>Report of independent registered public accounting firm</u>	34
<u>Other Fund information</u>	35
<u>Board of trustees / directors and officers addendum</u>	43
<u>About the organization</u>	46

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

Unless otherwise noted, views expressed herein are current as of Nov. 30, 2015, and subject to change for events occurring after such date.

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

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

Neither Delaware Investments nor its affiliates noted in this document are authorized deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited (MBL). MBL does not guarantee or otherwise provide

assurance in respect of the obligations of these entities, unless noted otherwise.

© 2016 Delaware Management Holdings, Inc.

All third-party marks cited are the property of their respective owners.

**Table of Contents**

Portfolio management review

**Delaware Investments® Dividend and Income Fund, Inc.**

December 8, 2015

**Performance preview (for the year ended November 30, 2015)**

Delaware Investments Dividend and Income Fund, Inc. @ market price	1-year return	-4.41%
Delaware Investments Dividend and Income Fund, Inc. @ NAV	1-year return	-2.26%
Lipper Closed-end Income and Preferred Stock Funds Average @ market price	1-year return	+0.28%
Lipper Closed-end Income and Preferred Stock Funds Average @ NAV	1-year return	+1.80%

**Past performance does not guarantee future results.**

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

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

For the fiscal year ended Nov. 30, 2015, Delaware Investments Dividend and Income Fund, Inc. returned -2.26% at net asset value (NAV) and -4.41% at market price (both figures reflect all distributions reinvested). Complete annualized performance for the Fund is shown in the table on page 3.

**A challenging market backdrop**

The market during the Fund's fiscal year was a challenging one for income-generating securities, due largely to uncertainty about the direction of the U.S. Federal Reserve. While most of the world's central banks implemented policies designed to boost their struggling economies, the Fed signaled its eventual plans to raise the federal funds rate, its short-term benchmark interest rate. The market's expectation for higher rates, as well as uncertainty about the timing of an increase, was an obstacle for various asset classes.

Continued turmoil in commodity markets, especially energy, was a second source of difficulty. Slower global economic growth, especially in China, cut into the demand for oil. With supply remaining high, the price of oil continued to drop sharply, taking energy stocks and many high yield bonds and convertible securities with it. The high yield bond market, as measured by the BofA Merrill Lynch U.S. High Yield Constrained Index, declined 3.5% for the fiscal year, while convertible securities also fared relatively poorly, declining 1.9% as measured by the BofA Merrill Lynch All U.S. Convertibles Index.

Meanwhile, the S&P 500® Index, a proxy for the broad U.S. stock market, returned 2.7%, while another income-oriented asset class, real estate investment trusts (REITs), advanced 3.2%, as measured by the FTSE NAREIT Equity REITs Index.

**Performance effect from equities**

Of the different asset types in which the Fund invests, the Fund's allocation to large-cap value equities was the largest, comprising 49% of the portfolio's net assets as of

Nov. 30, 2015. In this category, strong performance came from the industrials and consumer staples sectors.

Among industrials, the Fund was underweighted in cyclical (economically sensitive) stocks, which encountered difficulty against the backdrop of a weak global economy. At the same time, investments in defense contractors **Raytheon** and **Northrop Grumman** were notable contributors. Raytheon shares benefited from strong earnings and the company's favorable revenue forecast, while Northrop Grumman stock rose on news that the company had won a large U.S. military contract.

In consumer staples, food products company **Kraft Heinz** was a particularly strong performer. Kraft and Heinz merged in July 2015, a transaction that caused the Fund's prior stake in Kraft to rise sharply.

Other notable equity performers during the Fund's fiscal year included semiconductor company **Broadcom** and home products superstore retailer **Lowe's**.

Not surprisingly, in light of the falling price of oil, energy holdings were particularly weak performers, especially **Marathon Oil**. Various other stocks in the sector also hurt results, most notably energy producers **ConocoPhillips** and **Chevron**, as well as oilfield services company **Halliburton**.

Elsewhere, **Xerox**, which provides document management services, endured a tough year amid challenging business conditions. The Fund's underweighting in the financials sector also hampered results, while healthcare stocks provided another source of difficulty for the Fund.

#### **REIT results**

In the REIT portion of the portfolio, we saw good results from several apartment property owners, especially **Essex Property Trust**, an apartment management company focused on West Coast properties. **Equity Residential** also added value.

Unless otherwise noted, views expressed herein are current as of Nov. 30, 2015, and subject to change for events occurring after such date.

(continues)

1

## **Table of Contents**

Portfolio management review

Delaware Investments® Dividend and Income Fund, Inc.

Other sources of outperformance included a position in **Equity Commonwealth**, an office REIT that gained ground during the period, as well as an underweighting in healthcare REITs, a relatively interest-rate-sensitive group that struggled as investors anticipated higher rates.

In contrast, the Fund was underweight in self-storage REITs, a particularly strong-performing segment of the real estate securities market. We chose to limit the Fund's exposure because of relatively high valuations in the sector. In retrospect, however, it would have been helpful to maintain a larger weighting in the group, given its continued favorable results.

In addition, our investments in various lodging REITs such as **Pebblebrook Hotel Trust**, **Host Hotels & Resorts**, and **RLJ Lodging Trust** performed relatively poorly. The business environment was challenging for hotel operators, due in part to a strong dollar, which generally made travel to the United States more expensive for visitors from abroad. We sold RLJ Lodging during the fiscal year, owing in part to its exposure to the Houston market as we believed weakening oil prices could cause potentially slower employment growth.

### **Convertibles and high yield**

Exposure to two weak-performing asset classes, convertible securities and high yield bonds, hampered results. Struggles in the energy sector disproportionately hurt both categories. While energy and commodity bonds initially led the weakness in the high yield sector, as liquidity deteriorated and outflows increased, other sectors in the high yield market began to weaken as well.

Of final note, the Fund's use of leverage—a portfolio-management tool designed to obtain a higher return on our equity investments—detracted from performance in light of the stock market's decline. Leverage has the effect of magnifying the impact of gains and losses and, accordingly, hurt Fund results in this fiscal year's challenging market environment.

### **A defensive management stance**

Throughout the period, we continued to emphasize securities offering competitive yields and the potential for dividend growth. Given the low interest rate environment, with income scarce and in high demand, we attempted to manage downside risk and limit potential capital losses. We endeavored to manage the Fund's exposure to the energy sector, in light of its challenges, although opportunities to do so were limited given the Fund's investment mandate.

The Fund's exposure to convertible securities dropped modestly during the period. Many of the convertibles in the portfolio were either issued by energy-related companies or otherwise vulnerable to the sluggish global economy. Accordingly, we thought it was prudent to limit our exposure to this area of the market.

Meanwhile, in light of strong performance in the REIT asset class in the first half of the period, we took advantage of higher valuations to sell some holdings. This was particularly true in the healthcare REIT area, given the prospect for performance challenges coming from higher rates.

We also employed foreign currency exchange contracts during the fiscal year to hedge the U.S. dollar value of securities denominated in foreign currencies. The net effect on Fund performance was essentially neutral.

The modest reductions in each of these asset classes translated into an increase in the Fund's allocation to large-cap value stocks, whose weighting rose from 46% of net assets at the start of the fiscal year to 49% at the end.

**Remaining cautious**

As of the end of the fiscal year, we remained cautious about the Fund's energy allocation, as we did not anticipate quick resolution to the sector's challenges. Even as yield-oriented securities have struggled, we remain committed to our mandate of seeking total return through income-generating securities, while managing that yield to avoid excess risk to limit the potential for loss.



**Table of Contents**

Performance summary

**Delaware Investments® Dividend and Income Fund, Inc.**

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

**Fund performance**

Average annual total returns through November 30, 2015	1 year	5 years	10 years	Lifetime
At market price	-4.41%	+11.60%	+6.61%	+7.97%
At net asset value	-2.26%	+14.07%	+7.87%	+8.88%

Diversification may not protect against market risk.

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

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

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

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

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

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

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

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

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

Closed-end funds, unlike open-end funds, are not continuously offered. After being issued during a one-time-only

public offering, shares of closed-end funds are sold in the open market through a securities exchange. Net asset value (NAV) is calculated by subtracting total liabilities by total assets, then dividing by the number of shares outstanding. At the time of sale, your shares may have a market price that is above or below NAV, and may be worth more or less than your original investment.

The Fund may make distributions of ordinary income and capital gains at calendar year end. Those distributions may temporarily cause extraordinarily high yields. There is no assurance that a Fund will repeat that yield in the future. Subsequent monthly distributions that do not include ordinary income or capital gains in the form of dividends will likely be lower.

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

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

Past performance is not a guarantee of future results.

(continues)

3

**Table of Contents**

Performance summary

Delaware Investments® Dividend and Income Fund, Inc.

**Fund basics**

As of November 30, 2015

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

<b>Total Fund net assets</b>	<b>NYSE symbol</b>
\$87 million	DDF

<b>Number of holdings</b>
380

**Market price versus net asset value** (see notes below)

November 30, 2014, through November 30, 2015

	<b>Starting value (Nov. 30, 2014)</b>	<b>Ending value (Nov. 30, 2015)</b>
Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$11.14	\$10.20
Delaware Investments Dividend and Income Fund, Inc. @ market price	\$10.05	\$9.00

Past performance is not a guarantee of future results.

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

Average annual total returns from November 30, 2005, through November 30, 2015

	<b>Starting value (Nov. 30, 2005)</b>	<b>Ending value (Nov. 30, 2015)</b>
Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$10,000	\$21,322
Lipper Closed-end Income & Preferred Stock Funds Average @ market price	\$10,000	\$21,074
Lipper Closed-end Income & Preferred Stock Funds Average @ NAV	\$10,000	\$19,455
Delaware Investments Dividend and Income Fund, Inc. @ market price	\$10,000	\$18,964

The Performance of a \$10,000 investment graph assumes \$10,000 invested in the Fund on Nov. 30, 2005, and includes the reinvestment of all distributions at market value. The graph assumes \$10,000 in the Lipper Closed-end Income and Preferred Stock Funds Average at market price and at NAV. Performance of the Fund and the Lipper class at market value is based on market performance during the period. Performance of the Fund and Lipper class at NAV is based on the fluctuations in NAV during the period. Delaware Investments Dividend and Income Fund, Inc. was initially offered with a sales charge of 6%. Performance shown in both graphs above does not include fees, the initial sales charge, or any brokerage commissions for purchases. Investments in the Fund are not available at NAV.

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

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

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

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

The BofA Merrill Lynch All U.S. Convertibles Index, mentioned on page 1, tracks the performance of domestic corporate convertible bonds and convertible preferred stock issues of all qualities that have a market value of \$50 million or more at issuance.

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

(continues)

5

**Table of Contents**

Performance summary

Delaware Investments® Dividend and Income Fund, Inc.

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

Past performance is not a guarantee of future results.

6

**Table of Contents**

Security type / sector allocations and

top 10 equity holdings

**Delaware Investments® Dividend and Income Fund, Inc.**

As of November 30, 2015 (Unaudited)

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

Security type / sector	Percentage of net assets
<b>Common Stock</b>	<b>90.48%</b>
Consumer Discretionary	4.53%
Consumer Staples	8.35%
Diversified REITs	1.83%
Energy	10.33%
Financials	9.24%
Healthcare	16.33%
Healthcare REITs	0.52%
Hotel REITs	1.35%
Industrial REITs	0.36%
Industrials	7.17%
Information Technology	9.23%
Mall REITs	2.28%
Materials	2.46%
Mixed REITs	0.13%
Mortgage REITs	0.55%
Multifamily REITs	2.42%
Office REITs	3.64%
Retail REITs	0.35%
Self-Storage REITs	0.50%
Shopping Center REITs	1.62%
Specialty REITs	0.68%
Telecommunications	4.32%
Utilities	2.29%
<b>Convertible Preferred Stock</b>	<b>2.01%</b>
<b>Convertible Bonds</b>	<b>8.05%</b>
Capital Goods	0.12%
Communications	1.09%
Consumer Cyclical	0.48%
Consumer Non-Cyclical	1.64%
Energy	0.23%
Financials	1.08%

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Industrials	0.52%
REITs	1.22%
Technology	1.67%
	Percentage
Security type / sector	of net assets
<b>Corporate Bonds</b>	<b>35.33%</b>
Automobiles	0.41%
Banking	1.72%
Basic Industry	3.96%
Capital Goods	2.15%
Communications	3.59%
Consumer Cyclical	2.24%
Consumer Non-Cyclical	2.38%
Energy	3.29%
Financials	1.12%
Healthcare	4.13%
Insurance	0.61%
Media	3.76%
Services	2.84%
Technology	1.56%
Utilities	1.57%
<b>Municipal Bond</b>	<b>0.15%</b>
<b>Senior Secured Loans</b>	<b>2.88%</b>
<b>Master Limited Partnership</b>	<b>0.65%</b>
<b>Preferred Stock</b>	<b>0.72%</b>
<b>Warrant</b>	<b>0.00%</b>
<b>Short-Term Investments</b>	<b>3.35%</b>
<b>Total Value of Securities</b>	<b>143.62%</b>
<b>Borrowing Under Line of Credit</b>	<b>(43.72%)</b>
<b>Receivables and Other Assets Net of Liabilities</b>	<b>0.10%</b>
<b>Total Net Assets</b>	<b>100.00%</b>

(continues)

7



**Table of Contents**

Security type / sector allocations and

top 10 equity holdings

Delaware Investments® Dividend and Income Fund, Inc.

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

	Percentage of net assets
Top 10 equity holdings	
Raytheon	2.50%
Johnson & Johnson	2.46%
Cisco Systems	2.45%
Mondelez International	2.39%
Bank of New York Mellon	2.39%
Northrop Grumman	2.38%
Marsh & McLennan	2.38%
Lowe s	2.35%
Intel	2.35%
Quest Diagnostics	2.35%

**Table of Contents**

Schedule of investments

**Delaware Investments® Dividend and Income Fund, Inc.**

November 30, 2015

	<b>Number of</b>	<b>Value</b>
	<b>shares</b>	<b>(U.S. \$)</b>
<b>Common Stock 90.48%</b>		
<b>Consumer Discretionary 4.53%</b>		
Johnson Controls	41,200	\$ 1,895,200
Lowe s	26,700	2,045,220
		3,940,420
<b>Consumer Staples 8.35%</b>		
Archer-Daniels-Midland	40,700	1,485,143
CVS Health	18,800	1,768,892
Kraft Heinz	26,133	1,925,741
Mondelez International	47,600	2,078,216
		7,257,992
<b>Diversified REITs 1.83%</b>		
Fibra Uno Administracion	104,000	242,466
Gramercy Property Trust	19,075	455,702
Intervest Offices & Warehouses	14,738	359,155
Lexington Realty Trust	55,700	478,463
Vornado Realty Trust	565	54,669
		1,590,455
<b>Energy 10.33%</b>		
Chevron	21,300	1,945,116
ConocoPhillips	36,400	1,967,420
Halliburton	50,500	2,012,425
Marathon Oil	61,400	1,075,114
Occidental Petroleum	26,200	1,980,458
		8,980,533
<b>Financials 9.24%</b>		
Allstate	31,700	1,989,492

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Bank of New York Mellon	47,400	2,078,016
BB&T	49,000	1,892,380
Marsh & McLennan	37,400	2,068,220

8,028,108

Healthcare 16.33%

Baxalta	58,100	1,997,478
Cardinal Health	23,400	2,032,290
Express Scripts Holding	23,070	1,972,024
Johnson & Johnson	21,100	2,136,164
Merck	37,700	1,998,477
Pfizer	61,489	2,014,995
Quest Diagnostics	29,900	2,042,768

14,194,196

Healthcare REITs 0.52%

Healthcare Trust of America Class A	9,700	253,267
Omega Healthcare Investors	1,400	48,216
Welltower	2,300	145,337

446,820

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

**Common Stock (continued)**

Hotel REITs 1.35%

Ashford Hospitality Prime	1,790	\$ 25,418
Ashford Hospitality Trust	7,100	49,913
DiamondRock Hospitality	14,100	156,933
Host Hotels & Resorts	8,800	146,080
Pebblebrook Hotel Trust	5,400	171,990
Strategic Hotels & Resorts	15,800	223,728
Summit Hotel Properties	30,200	402,566

1,176,628

Industrial REITs 0.36%

Prologis	680	29,070
Terreno Realty	12,500	283,125

312,195

Industrials 7.17%

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Northrop Grumman	11,100	2,068,596
Raytheon	17,500	2,170,525
Waste Management	37,000	1,989,490
		6,228,611
Information Technology 9.23%		
CA	65,286	1,835,189
Cisco Systems	78,000	2,125,500
Intel	58,800	2,044,476
Xerox	191,200	2,017,160
		8,022,325
Mall REITs 2.28%		
General Growth Properties	22,029	561,079
Simon Property Group	7,647	1,424,177
		1,985,256
Materials 2.46%		
EI du Pont de Nemours	28,200	1,898,988
Tarkett	8,063	235,123
		2,134,111
Mixed REITs 0.13%		
PS Business Parks	1,300	114,946
		114,946
Mortgage REITs 0.55%		
Colony Capital	12,600	257,796
Starwood Property Trust	10,900	221,597
		479,393
Multifamily REITs 2.42%		
ADO Properties 144A #	17,665	457,267
Apartment Investment & Management	9,719	370,391
Camden Property Trust	2,950	225,321
Equity Residential	4,500	359,190
Essex Property Trust	747	172,400

(continues)

9

**Table of Contents**

Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	<b>Number of</b>	<b>Value</b>
	<b>shares</b>	<b>(U.S. \$)</b>
<b>Common Stock (continued)</b>		
Multifamily REITs (continued)		
Gecina	1,794	\$ 216,650
Post Properties	3,600	212,256
Vonovia	2,787	86,380
		2,099,855
Office REITs 3.64%		
alstria office REIT	18,775	248,257
Brandywine Realty Trust	34,000	467,840
Easterly Government Properties	53,600	957,296
Equity Commonwealth	15,800	436,396
Hudson Pacific Properties	5,400	154,818
Paramount Group	11,700	215,046
Parkway Properties	8,200	140,056
SL Green Realty	4,600	543,168
		3,162,877
Retail REITs 0.35%		
Klepierre	3,111	141,206
Wheeler Real Estate Investment Trust @	86,556	160,994
		302,200
Self-Storage REITs 0.50%		
Extra Space Storage	4,100	343,375
Jernigan Capital	5,900	93,987
		437,362
Shopping Center REITs 1.62%		
DDR	16,300	277,915
First Capital Realty	9,381	137,617

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Kimco Realty	13,830	360,825
Kite Realty Group Trust	16,600	446,706
Ramco-Gershenson Properties Trust	10,500	177,135
Urban Edge Properties	332	7,965
		1,408,163

Specialty REITs 0.68%

American Residential Properties	8,000	139,920
EPR Properties	3,620	202,865
Solar Capital	13,828	251,670
		594,455

Telecommunications 4.32%

AT&T	55,400	1,865,318
Century Communications =	500,000	0
Verizon Communications	41,600	1,890,720
		3,756,038

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

**Common Stock** (continued)

Utilities 2.29%

American Water Works	2,900	\$ 167,504
Edison International	30,700	1,822,352
		1,989,856

**Total Common Stock**

(cost \$61,889,910) **78,642,795**

**Convertible Preferred Stock 2.01%**

Chesapeake Energy 5.75%

exercise price \$26.10,  
expiration date 12/31/49 87      23,925

Crown Castle International

4.50% exercise price  
\$87.58, expiration date  
11/1/16 2,000      213,260

El Paso Energy Capital Trust I

4.75% exercise price  
\$50.00, expiration date  
3/31/28 @ 5,250      240,345

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Exelon 6.50% exercise price \$43.75, expiration date 6/1/17	3,650	145,854
Halcon Resources 5.75% exercise price \$6.16, expiration date 12/31/49 @	130	14,625
Huntington Bancshares 8.50% exercise price \$11.95, expiration date 12/31/49 @	182	245,700
Intelsat 5.75% exercise price \$22.05, expiration date 5/1/16 @	6,232	85,628
Laclede Group 6.75% exercise price \$57.81, expiration date 4/1/17	1,550	85,761
Maiden Holdings 7.25% exercise price \$15.22, expiration date 9/15/16	3,693	197,908
Wells Fargo 7.50% exercise price \$156.71, expiration date 12/31/49	259	302,383
Weyerhaeuser 6.375% exercise price \$32.82, expiration date 7/1/16	3,638	192,778
<b>Total Convertible Preferred Stock (cost \$2,031,051)</b>		<b>1,748,167</b>

**Table of Contents**

	<b>Principal amount<sup>o</sup></b>	<b>Value (U.S. \$)</b>
<b>Convertible Bonds 8.05%</b>		
Capital Goods 0.12%		
Abengoa 144A 5.125% exercise price \$37.29, expiration date 2/23/17 #@	400,000	\$ 70,500
Titan Machinery 3.75% exercise price \$43.17, expiration date 4/30/19 @	47,000	34,046
		104,546
Communications 1.09%		
Alaska Communications Systems Group 6.25% exercise price \$10.28, expiration date 4/27/18 @	304,000	306,660
Clearwire Communications 144A 8.25% exercise price \$7.08, expiration date 11/30/40 #@	317,000	322,151
Liberty Interactive 144A 1.00% exercise price \$64.26, expiration date 9/28/43 #	364,000	318,045
		946,856
Consumer Cyclical 0.48%		
Huron Consulting Group 1.25% exercise price	146,000	147,369



\$79.89, expiration date 9/27/19		
Meritor 4.00% exercise price \$26.73, expiration date 2/12/27 f	276,000	272,377
		419,746
Consumer Non-Cyclical 1.64%		
BioMarin Pharmaceutical 1.50% exercise price \$94.15, expiration date 10/13/20	75,000	95,859
HealthSouth 2.00% exercise price \$38.08, expiration date 11/30/43	151,000	165,345
Hologic 0.00% exercise price \$38.59, expiration date 12/15/43 f	227,000	293,681
NuVasive 2.75% exercise price \$42.13, expiration date 6/30/17	179,000	240,196
Spectrum Pharmaceuticals 2.75% exercise price \$10.53, expiration date 12/13/18 @	283,000	247,094
		<b>Value</b>
	<b>Principal</b>	<b>(U.S. \$)</b>
	<b>amount<sup>o</sup></b>	

**Convertible Bonds** (continued)

Consumer Non-Cyclical (continued)		
Vector Group 1.75% exercise price \$24.64, expiration date 4/15/20	223,000	\$ 264,255
2.50% exercise price \$15.98, expiration date 1/14/19	72,000	117,019
		1,423,449
Energy 0.23%		
Chesapeake Energy 2.50% exercise price \$47.55, expiration date 5/15/37	126,000	81,270
Helix Energy Solutions Group 3.25% exercise price	140,000	118,037

\$25.02, expiration date 3/12/32			199,307
<b>Financials 1.08%</b>			
Ares Capital 5.75% exercise price \$18.36, expiration date 2/1/16	224,000		225,400
BGC Partners 4.50% exercise price \$9.84, expiration date 7/13/16	252,000		267,750
GAIN Capital Holdings 4.125% exercise price \$12.00, expiration date 11/30/18 @	224,000		227,500
New Mountain Finance 5.00% exercise price \$15.93, expiration date 6/14/19 @	214,000		215,605
			936,255
<b>Industrials 0.52%</b>			
Chart Industries 2.00% exercise price \$69.03, expiration date 7/30/18 @	262,000		232,034
General Cable 4.50% exercise price \$33.38, expiration date 11/15/29 @f	325,000		219,984
			452,018
<b>REITs 1.22%</b>			
Blackstone Mortgage Trust 5.25% exercise price \$28.66, expiration date 12/1/18	326,000		345,967

(continues)

11

**Table of Contents**

Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	<b>Principal amount<sup>o</sup></b>	<b>Value (U.S. \$)</b>
<b>Convertible Bonds (continued)</b>		
REITs (continued)		
Campus Crest Communities Operating Partnership 144A 4.75% exercise price \$12.56, expiration date 10/11/18 #@	270,000	\$ 269,663
Spirit Realty Capital 3.75% exercise price \$13.10, expiration date 5/13/21 @	261,000	246,483
VEREIT 3.75% exercise price \$14.99, expiration date 12/14/20 @	216,000	200,476
		1,062,589
Technology 1.67%		
Blucora 4.25% exercise price \$21.66, expiration date 3/29/19	148,000	128,205
Cardtronics 1.00% exercise price \$52.35, expiration date 11/27/20	254,000	251,143
Ciena 144A 3.75% exercise price \$20.17, expiration date 10/15/18 #	159,000	224,488
Electronics For Imaging 0.75% exercise price \$52.72, expiration date 8/29/19	192,000	212,040
Intel 3.25% exercise price \$21.47, expiration date 8/1/39	130,000	217,994
j2 Global 3.25% exercise price \$69.37, expiration date 6/14/29	140,000	182,437
PROS Holdings 144A 2.00% exercise price \$33.79, expiration date 11/27/19 #	237,000	239,666

1,455,973

**Total Convertible Bonds**

(cost \$7,157,684)

**7,000,739****Corporate Bonds 35.33%**

Automobiles 0.41%

Gates Global 144A

6.00% 7/15/22 #

230,000 170,200

Goodyear Tire &amp; Rubber

5.125% 11/15/23

80,000 81,920

Meritor 6.75% 6/15/21

110,000 107,387

359,507

**Value****Principal  
amount<sup>o</sup>****(U.S. \$)****Corporate Bonds (continued)**

Banking 1.72%

Credit Suisse Group 144A

7.50% 12/29/49 #

305,000 \$ 322,201

JPMorgan Chase

6.75% 1/29/49

195,000 211,526

Lloyds Banking Group

7.50% 4/30/49

330,000 355,905

Popular 7.00% 7/1/19

230,000 227,067

Royal Bank of Scotland Group

8.00% 12/29/49

200,000 211,500

U.S. Bancorp

5.125% 12/29/49

165,000 166,114

1,494,313

Basic Industry 3.96%

AK Steel

7.625% 5/15/20

144,000 61,200

7.625% 10/1/21

100,000 41,000

American Tire Distributors

144A 10.25% 3/1/22 #

190,000 187,625

ArcelorMittal

6.125% 6/1/25

50,000 39,503

6.50% 3/1/21

105,000 92,137

Ball 5.25% 7/1/25

25,000 25,281

Berry Plastics 144A

6.00% 10/15/22 #

135,000 140,063

BHP Billiton Finance USA

144A 6.25% 10/19/75 #

200,000 202,000

Builders FirstSource

144A 7.625% 6/1/21 #

207,000 220,455

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

144A 10.75% 8/15/23 #	225,000	231,750
Cemex 144A		
7.25% 1/15/21 #	200,000	202,000
Chemours		
144A 6.625% 5/15/23 #	60,000	45,300
144A 7.00% 5/15/25 #	143,000	107,250
CPG Merger Sub 144A		
8.00% 10/1/21 #@	155,000	154,225
FMG Resources August 2006		
Pty 144A 9.75% 3/1/22 #	115,000	111,263
Hexion		
6.625% 4/15/20	85,000	62,050
10.00% 4/15/20	60,000	48,450
Joseph T Ryerson & Son		
9.00% 10/15/17	150,000	126,732
11.25% 10/15/18 @	54,000	45,090
Kissner Milling 144A		
7.25% 6/1/19 #@	95,000	95,475
Lundin Mining 144A		
7.875% 11/1/22 #	165,000	157,575

**Table of Contents**

	<b>Principal amount<sup>o</sup></b>	<b>Value (U.S. \$)</b>
<b>Corporate Bonds (continued)</b>		
Basic Industry (continued)		
NCI Building Systems 144A 8.25% 1/15/23 #	105,000	\$ 111,300
New Gold		
144A 6.25% 11/15/22 #	156,000	133,575
144A 7.00% 4/15/20 #	70,000	65,363
Rayonier AM Products 144A		
5.50% 6/1/24 #	260,000	193,050
Steel Dynamics		
5.50% 10/1/24	160,000	153,200
Summit Materials		
6.125% 7/15/23	95,000	95,237
144A 6.125% 7/15/23 #	100,000	100,250
TPC Group 144A		
8.75% 12/15/20 #	185,000	129,500
Tronox Finance 144A		
7.50% 3/15/22 #	30,000	20,025
Wise Metals Intermediate Holdings 144A PIK 9.75% 6/15/19 #@T	55,000	40,081
		3,438,005
Capital Goods 2.15%		
Ardagh Packaging Finance 144A 6.00% 6/30/21 #	200,000	198,000
BWAY Holding 144A		
9.125% 8/15/21 #	235,000	222,663
Gardner Denver 144A		
6.875% 8/15/21 #	335,000	275,537
KLX 144A 5.875% 12/1/22 #	185,000	179,797
Milacron 144A		
7.75% 2/15/21 #	45,000	45,000
	80,000	80,200

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Norbord 144A 6.25% 4/15/23 #		
Plastipak Holdings 144A 6.50% 10/1/21 #	185,000	181,763
Reynolds Group Issuer 8.25% 2/15/21	145,000	146,087
Signode Industrial Group 144A 6.375% 5/1/22 #	175,000	161,000
StandardAero Aviation Holdings 144A 10.00% 7/15/23 #	185,000	185,925
TransDigm 6.00% 7/15/22	60,000	59,250
6.50% 7/15/24	135,000	133,650
		1,868,872

Communications 3.59%		
CenturyLink 6.75% 12/1/23	205,000	195,396
		<b>Value</b>
	<b>Principal amount<sup>o</sup></b>	<b>(U.S. \$)</b>

**Corporate Bonds (continued)**

Communications (continued)		
Cogent Communications Finance 144A 5.625% 4/15/21 #@	145,000	\$ 136,300
Cogent Communications Group 144A 5.375% 3/1/22 #	60,000	58,950
CommScope Technologies Finance 144A 6.00% 6/15/25 #	115,000	110,400
Digicel 144A 6.75% 3/1/23 #	200,000	177,440
Digicel Group 144A 8.25% 9/30/20 #	221,000	193,099
Frontier Communications 144A 10.50% 9/15/22 #	75,000	74,531
144A 11.00% 9/15/25 #	165,000	162,113
Intelsat Jackson Holdings 5.50% 8/1/23	130,000	97,500
7.25% 4/1/19	40,000	35,125
7.50% 4/1/21	35,000	29,225
Intelsat Luxembourg 6.75% 6/1/18	130,000	85,800
8.125% 6/1/23	214,000	81,320
Level 3 Communications 5.75% 12/1/22	180,000	182,250
Level 3 Financing 144A 5.375% 5/1/25 #	220,000	219,450

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Sprint		
7.125% 6/15/24	285,000	219,450
7.25% 9/15/21	5,000	4,063
7.875% 9/15/23	125,000	100,937
Sprint Capital 6.90% 5/1/19	50,000	44,625
T-Mobile USA		
6.00% 3/1/23	100,000	100,750
6.375% 3/1/25	40,000	40,000
6.50% 1/15/26	50,000	50,063
Virgin Media Secured Finance 144A 5.25% 1/15/26 #	200,000	196,500
Wind Acquisition Finance		
144A 7.375% 4/23/21 #	200,000	193,500
Zayo Group 144A		
6.00% 4/1/23 #	340,000	328,100
		3,116,887
Consumer Cyclical 2.24%		
American Builders & Contractors Supply 144A		
5.75% 12/15/23 #	100,000	101,625
Beacon Roofing Supply 144A 6.375% 10/1/23 #	75,000	78,563

(continues)

13



**Table of Contents**

Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	<b>Principal amount<sup>o</sup></b>	<b>Value (U.S. \$)</b>
<b>Corporate Bonds (continued)</b>		
Consumer Cyclical (continued)		
Caesars Growth Properties Holdings 9.375% 5/1/22	65,000	\$ 53,950
Caleres 6.25% 8/15/23	135,000	134,325
L Brands 144A 6.875% 11/1/35 #	190,000	195,463
M/I Homes 144A 6.75% 1/15/21 #	80,000	80,400
Midas Intermediate Holdco II 144A 7.875% 10/1/22 #	140,000	136,500
Mohegan Tribal Gaming Authority 9.75% 9/1/21 144A 9.75% 9/1/21 #	75,000 100,000	77,250 103,000
Neiman Marcus Group 144A PIK 8.75% 10/15/21 #T	275,000	246,125
Party City Holdings 144A 6.125% 8/15/23 #	60,000	57,450
Rite Aid 144A 6.125% 4/1/23 #	95,000	101,056
Sabre GBLB 144A 5.25% 11/15/23 #	50,000	49,500
Sally Holdings 5.625% 12/1/25	180,000	183,375
Tempur Sealy International 144A 5.625% 10/15/23 #	135,000	138,037
Univar USA 144A 6.75% 7/15/23 #	80,000	77,500
Wynn Las Vegas 144A 5.50% 3/1/25 #	150,000	134,813
		1,948,932
Consumer Non-Cyclical 2.38%		
Constellation Brands 4.75% 12/1/25	50,000	50,750

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Cott Beverages		
5.375% 7/1/22	60,000	58,500
6.75% 1/1/20	70,000	72,800
JBS Investments 144A		
7.75% 10/28/20 #	200,000	208,000
JBS USA 144A		
5.75% 6/15/25 #	255,000	244,417
Kronos Acquisition Holdings 144A		
9.00% 8/15/23 #	210,000	197,925
Post Holdings		
7.375% 2/15/22	120,000	125,363
144A 7.75% 3/15/24 #	150,000	156,000
Prestige Brands 144A		
5.375% 12/15/21 #	125,000	121,250
Spectrum Brands 144A		
6.125% 12/15/24 #	240,000	251,400
		<b>Value</b>
	<b>Principal</b>	<b>(U.S. \$)</b>
	<b>amount<sup>o</sup></b>	

**Corporate Bonds** (continued)

Consumer Non-Cyclical (continued)

Spectrum Brands		
6.625% 11/15/22	125,000	\$ 134,063
SUPERVALU 7.75% 11/15/22	225,000	210,375
Team Health 144A		
7.25% 12/15/23 #	150,000	154,875
Visant 10.00% 10/1/17	80,000	82,180
		2,067,898

Energy 3.29%

AmeriGas Finance		
7.00% 5/20/22	85,000	87,975
Archrock Partners		
6.00% 4/1/21	100,000	87,000
Calumet Specialty Products		
Partners 7.625% 1/15/22	280,000	266,000
Chesapeake Energy		
4.875% 4/15/22	140,000	59,937
5.75% 3/15/23	55,000	23,650
6.125% 2/15/21	50,000	21,500
6.625% 8/15/20	40,000	19,100
7.25% 12/15/18	20,000	11,988
CSI Compressco		
7.25% 8/15/22	145,000	117,359
Energy Transfer Equity		
5.875% 1/15/24	141,000	131,130
EP Energy		
6.375% 6/15/23	130,000	100,100

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Genesis Energy		
5.75% 2/15/21	165,000	150,975
6.00% 5/15/23	30,000	26,475
6.75% 8/1/22	75,000	70,125
Laredo Petroleum		
5.625% 1/15/22	120,000	112,800
7.375% 5/1/22	120,000	117,600
MarkWest Energy Partners		
4.875% 12/1/24	100,000	89,187
5.50% 2/15/23	80,000	76,000
Murphy Oil USA		
6.00% 8/15/23	190,000	200,925
Northern Oil & Gas		
8.00% 6/1/20	140,000	111,300
NuStar Logistics		
6.75% 2/1/21	165,000	167,475
Oasis Petroleum		
6.875% 3/15/22	230,000	198,375
PDC Energy		
7.75% 10/15/22	155,000	157,325
Pioneer Energy Services		
6.125% 3/15/22	210,000	119,700
Rose Rock Midstream 144A		
5.625% 11/15/23 #@	55,000	45,650

**Table of Contents**

	<b>Principal amount<sup>o</sup></b>	<b>Value (U.S. \$)</b>
<b>Corporate Bonds (continued)</b>		
Energy (continued)		
Targa Resources Partners		
144A 6.75% 3/15/24 #	195,000	\$ 185,737
Transocean		
4.30% 10/15/22	55,000	35,475
6.875% 12/15/21	95,000	71,583
		2,862,446
Financials 1.12%		
Ally Financial		
5.75% 11/20/25	225,000	227,109
Communications Sales & Leasing		
144A 6.00% 4/15/23 #	75,000	71,063
8.25% 10/15/23	80,000	71,600
Equinix 5.875% 1/15/26	105,000	106,837
ING Groep		
6.50% 12/29/49	200,000	197,000
Iron Mountain 144A		
6.00% 10/1/20 #	85,000	89,377
James Hardie International Finance 144A		
5.875% 2/15/23 #	200,000	207,000
		969,986
Healthcare 4.13%		

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Community Health Systems 6.875% 2/1/22	340,000	330,650
DaVita HealthCare Partners 5.00% 5/1/25	195,000	187,687
HCA 5.375% 2/1/25	280,000	276,150
5.875% 2/15/26	100,000	101,625
HealthSouth 5.75% 11/1/24	95,000	92,150
144A 5.75% 11/1/24 #	100,000	97,000
144A 5.75% 9/15/25 #	90,000	86,625
Hill-Rom Holdings 144A 5.75% 9/1/23 #	180,000	184,275
IASIS Healthcare 8.375% 5/15/19	350,000	330,750
Immucor 11.125% 8/15/19	435,000	439,350
Kinetic Concepts 12.50% 11/1/19	220,000	213,400
LifePoint Health 5.875% 12/1/23	195,000	196,706
Mallinckrodt International Finance 4.75% 4/15/23	20,000	16,700
	<b>Principal amount<sup>o</sup></b>	<b>Value (U.S. \$)</b>

**Corporate Bonds** (continued)

Healthcare (continued)		
Mallinckrodt International Finance 144A 5.625% 10/15/23 #	85,000	\$ 73,737
MPH Acquisition Holdings 144A 6.625% 4/1/22 #	170,000	172,125
Sterigenics-Nordion Holdings 144A 6.50% 5/15/23 #	205,000	205,769
Tenet Healthcare 6.75% 6/15/23	35,000	32,856
8.125% 4/1/22	310,000	310,581
Valeant Pharmaceuticals International 144A 5.875% 5/15/23 #	45,000	39,150
144A 6.125% 4/15/25 #	135,000	117,113
144A 6.75% 8/15/18 #	90,000	88,200
		3,592,599
Insurance 0.61% HUB International 144A 7.875% 10/1/21 #	215,000	206,937

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

USI 144A 7.75% 1/15/21 #	190,000	186,913
XLIT 6.50% 10/29/49	175,000	136,938
		530,788
Media 3.76%		
CCO Holdings		
144A 5.375% 5/1/25 #	75,000	74,625
144A 5.875% 5/1/27 #	145,000	144,275
CCOH Safari 144A		
5.75% 2/15/26 #	115,000	115,863
Clear Channel Worldwide		
Holdings 7.625% 3/15/20	130,000	126,587
Columbus International 144A		
7.375% 3/30/21 #	200,000	211,500
CSC Holdings 5.25% 6/1/24	193,000	164,050
DISH DBS 5.875% 11/15/24	145,000	130,137
Gray Television		
7.50% 10/1/20	280,000	291,550
Midcontinent		
Communications &		
Midcontinent Finance		
144A 6.875% 8/15/23 #	60,000	61,350
Neptune Finco 144A		
6.625% 10/15/25 #	200,000	207,750
Numericable-SFR 144A		
6.00% 5/15/22 #	210,000	207,900
RCN Telecom Services 144A		
8.50% 8/15/20 #	150,000	153,563
Sinclair Television Group 144A		
5.625% 8/1/24 #	345,000	338,531

(continues)

15

**Table of Contents**

Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	<b>Principal amount<sup>o</sup></b>	<b>Value (U.S.\$)</b>
<b>Corporate Bonds (continued)</b>		
<b>Media (continued)</b>		
Sirius XM Radio		
144A 5.375% 4/15/25 #	80,000	\$ 79,400
Tribune Media		
144A 5.875% 7/15/22 #	170,000	170,425
Univision Communications		
144A 8.50% 5/15/21 #	210,000	219,188
VTR Finance		
144A 6.875% 1/15/24 #	200,000	192,660
WideOpenWest Finance		
10.25% 7/15/19	305,000	293,181
13.375% 10/15/19 @	90,000	88,425
		3,270,960
<b>Services 2.84%</b>		
Air Medical Merger Sub		
144A 6.375% 5/15/23 #	325,000	292,906
Avis Budget Car Rental		
144A 5.25% 3/15/25 #	240,000	231,900
BlueLine Rental Finance		
144A 7.00% 2/1/19 #	135,000	123,187
Boyd Gaming		
6.875% 5/15/23	155,000	162,944
Covanta Holding		
5.875% 3/1/24	75,000	73,781
ExamWorks Group		
5.625% 4/15/23	195,000	194,756
GEO Group		
5.125% 4/1/23	80,000	75,600
5.875% 10/15/24	100,000	98,125
Mattamy Group		
144A 6.50% 11/15/20 #	230,000	224,825
MGM Resorts International		
6.00% 3/15/23	295,000	292,972
	180,000	144,675

Navios South American Logistics 144A 7.25% 5/1/22 #		
OPE KAG Finance Sub 144A 7.875% 7/31/23 #	155,000	159,456
Pinnacle Entertainment 7.75% 4/1/22	70,000	77,263
United Rentals North America 5.75% 11/15/24	235,000	238,671
Vander Intermediate Holding II 144A PIK 9.75% 2/1/19 #T	80,000	60,000
West 144A 5.375% 7/15/22 #	15,000	13,669
		2,464,730

**Principal  
amount<sup>o</sup>**

**Value  
(U.S.\$)**

**Corporate Bonds (continued)**

Technology 1.56%		
CommScope 144A 5.50% 6/15/24 #	200,000	\$ 192,750
Emdeon 144A 6.00% 2/15/21 #	165,000	157,781
Entegris 144A 6.00% 4/1/22 #	140,000	143,079
First Data 144A 7.00% 12/1/23 #	511,000	516,749
Infor U.S. 144A 5.75% 8/15/20 #	60,000	60,300
144A 6.50% 5/15/22 #	200,000	178,000
Micron Technology 144A 5.25% 1/15/24 #	80,000	74,600
144A 5.625% 1/15/26 #	40,000	36,850
		1,360,109
Utilities 1.57%		
AES 5.50% 4/15/25		
AES Gener 144A 8.375% 12/18/73 #@	190,000	171,475
	200,000	205,750
Altice U.S. Finance 144A 7.75% 7/15/25 #	200,000	192,500
Calpine 5.375% 1/15/23	100,000	93,750
5.50% 2/1/24	100,000	93,375
DPL 6.75% 10/1/19	100,000	102,250
Dynegy 5.875% 6/1/23	120,000	108,450



Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

7.375% 11/1/22	60,000	58,136
7.625% 11/1/24	115,000	109,825
Enel 144A		
8.75% 9/24/73 #	200,000	230,500
		1,366,011

**Total Corporate Bonds**

(cost \$32,781,737) **30,712,043**

**Municipal Bond 0.15%**

City of Chicago, Illinois (Taxable Build America Bond) Series B 7.75% 1/1/42	125,000	132,853
---	---------	---------

**Total Municipal Bond**

(cost \$123,032) **132,853**

**Senior Secured Loans 2.88% «**

Accudyne Industries (Hamilton Sundstrand Industrial) 1st Lien 4.00% 12/13/19	235,000	207,975
--	---------	---------

**Table of Contents**

	<b>Principal amount<sup>o</sup></b>	<b>Value (U.S. \$)</b>
<b>Senior Secured Loans</b> « (continued)		
Albertson's Holdings Tranche B4 1st Lien 5.50% 8/25/21	180,000	\$ 180,081
Applied Systems 2nd Lien 7.50% 1/23/22	183,017	177,755
Atkore International 2nd Lien 7.75% 10/9/21 @	110,000	95,975
Avaya 1st Lien 4.50% 10/26/17	153,956	133,076
BJ's Wholesale Club 2nd Lien 8.50% 3/31/20	255,000	245,597
CD&R Millennium Holdco (Mauser Holdings) 2nd Lien 8.75% 7/31/22 @	90,000	84,600
Colouroz (Flint Group) 2nd Lien 8.25% 9/7/22 @	175,000	169,969
Drillship Ocean Ventures (Ocean Rig) Tranche B 1st Lien 5.50% 7/25/21	18,459	10,722
FMG (Fortescue Resources) 1st Lien 4.25% 6/30/19	179,733	147,381
Green Energy Partners (Panda Stonewall) Tranche B 1st Lien 6.50% 11/13/21	46,000	44,850
iHeartCommunications (Clear Channel Communications) Tranche D 1st Lien 6.75% 1/30/19	281,000	205,130
J.C. Penney 1st Lien 6.00% 5/22/18	179,541	178,284
KIK Custom Products 1st Lien 6.00% 8/26/22	85,000	84,416
Macdermid (Platform Specialty) Tranche B 1st Lien 5.50% 6/7/20	80,000	77,992
Marina District (Borgata) Tranche B 1st Lien	120,450	120,776

6.50% 8/15/18		
Moxie Patriot 1st Lien		
6.75% 12/19/20	58,000	55,100
Pabst Blue Ribbon 1st Lien		
5.75% 11/13/21	50,000	49,958
Pabst Blue Ribbon 2nd Lien		
9.25% 11/13/22	35,000	34,475
Panda Liberty (Moxie Liberty) Tranche B 1st Lien		
7.50% 8/21/20	54,000	51,300
Rite Aid 2nd Lien		
5.75% 8/21/20	77,000	77,770
		<b>Value</b>
	<b>Principal</b>	<b>(U.S. \$)</b>
	<b>amount<sup>o</sup></b>	

**Senior Secured Loans**« (continued)

Solenis International (Ashland Water) 2nd Lien		
7.75% 7/31/22	75,000	\$ 69,211

**Total Senior Secured Loans**  
(cost \$2,618,207) **2,502,393**

**Number of  
shares**

**Master Limited Partnership 0.65%**

Ares Management	15,100	212,457
Brookfield Infrastructure Partners	8,400	348,936

**Total Master Limited Partnership** (cost \$497,680) **561,393**

**Preferred Stock 0.72%**

Ally Financial 144A 7.00% #	200	202,387
Bank of America 6.50%	205,000	216,787
GMAC Capital Trust I 8.125%	8,000	204,000

**Total Preferred Stock**  
(cost \$611,620) **623,174**

**Warrant 0.00%**

Wheeler Real Estate Investment Trust strike price \$5.50, expiration date 4/29/19 @	7,872	223
--	-------	-----

**Total Warrant** (cost \$65) **223**

**Principal  
amount<sup>o</sup>**

**Short-Term Investments 3.35%**

Discount Notes 0.42% ≠ Federal Home Loan Bank		
0.12% 1/4/16	53,601	53,596
0.12% 1/25/16	25,594	25,590
0.14% 2/18/16	71,434	71,405
0.155% 2/3/16	35,393	35,381
0.17% 1/21/16	48,399	48,392
0.18% 2/26/16	36,113	36,096
0.18% 3/7/16	28,067	28,050
0.185% 1/19/16	10,590	10,588
0.187% 12/2/15	14,999	14,999
0.19% 3/22/16	34,087	34,064
0.295% 3/2/16	5,125	5,123
		363,284

(continues)

17

**Table of Contents**

Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	<b>Principal amount<sup>o</sup></b>	<b>Value (U.S. \$)</b>
<b>Short-Term Investments (continued)</b>		
Repurchase Agreements 2.93%		
Bank of America		
Merrill Lynch 0.07%, dated 11/30/15, to be repurchased on 12/1/15, repurchase price \$496,730 (collateralized by U.S. government obligations 1.50% 3.375% 5/31/19 5/15/44; market value \$506,664)	496,729	\$ 496,729
Bank of Montreal		
0.09%, dated 11/30/15, to be repurchased on 12/1/15, repurchase price \$827,885 (collateralized by U.S. government obligations 0.125% 4.625% 4/15/16 2/15/40; market value \$844,440)	827,883	827,883
BNP Paribas 0.11%, dated 11/30/15, to be repurchased on 12/1/15, repurchase price \$1,220,392 (collateralized by U.S. government obligations 0.00% 3.125% 9/15/17 8/15/44; market value \$1,244,796)	1,220,388	1,220,388
		2,545,000

**Total Short-Term Investments**(cost \$2,908,293) **2,908,284****Total Value of Securities 143.62%**(cost \$110,619,279) **\$ 124,832,064**

# Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At Nov. 30, 2015, the aggregate value of Rule 144A securities was \$18,932,038, which represents 21.78% of the Fund's net assets. See Note 11 in Notes to financial statements.

@ Illiquid security. At Nov. 30, 2015, the aggregate value of illiquid securities was \$4,501,251, which represents 5.18% of the Fund's net assets. See Note 11 in Notes to financial statements.

T 100% of the income received was in the form of cash.

= Security is being fair valued in accordance with the Fund's fair valuation policy. At Nov. 30, 2015, the aggregate value of fair valued securities was \$0, which represents 0.00% of the Fund's net assets. See Note 1 in Notes to financial statements.

≠ The rate shown is the effective yield at the time of purchase.

° Principal amount shown is stated in U.S. dollars unless noted that the security is denominated in another currency. Non-income-producing security.

Variable rate security. The rate shown is the rate as of Nov. 30, 2015. Interest rates reset periodically.

« Senior secured loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates are generally: (i) the prime rate offered by one or more U.S. banks, (ii) the lending rate offered by one or more European banks such as the London Interbank Offered Rate (LIBOR), and (iii) the certificate of deposit rate. Senior secured loans may be subject to restrictions on resale. Stated rate in effect at Nov. 30, 2015.

f Step coupon bond. Coupon increases or decreases periodically based on a predetermined schedule. Stated rate in effect at Nov. 30, 2015.

The following foreign currency exchange contract was outstanding at Nov. 30, 2015:1

**Foreign Currency Exchange Contract**

Counterparty	Contract to Receive (Deliver)	In Exchange For	Settlement Date	Unrealized Appreciation (Depreciation)
BNYM	EUR82,412	USD(87,095)	12/2/15	\$ (17)

The use of foreign currency exchange contract involves elements of market risk and risks in excess of the amounts disclosed in the financial statements. The foreign currency exchange contract presented above represents the Fund's total exposure in such contract, whereas only the net unrealized appreciation (depreciation) is reflected in the Fund's net assets.

<sup>1</sup> See Note 8 in Notes to financial statements.

**Summary of abbreviations:**

BNYM Bank of New York Mellon

EUR European Monetary Unit

PIK Payment-in-kind

REIT Real Estate Investment Trust

USD United States Dollar

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

18

**Table of Contents**

Statement of assets and liabilities

**Delaware Investments® Dividend and Income Fund, Inc.**

November 30, 2015

**Assets:**

Investments, at value <sup>1</sup>	\$ 121,923,780
Short-term investments, at value <sup>2</sup>	2,908,284
Cash	68,409
Foreign currencies, at value <sup>3</sup>	28,995
Dividends and interest receivable	840,547
Receivable for securities sold	364,677
Other assets <sup>4</sup>	65,058
<b>Total assets</b>	<b>126,199,750</b>

**Liabilities:**

Borrowing under line of credit	38,000,000
Payable for securities purchased	889,686
Other accrued expenses	109,221
Investment management fees payable	56,672
Other affiliates payable	5,999
Interest expense payable on line of credit	2,259
Directors' fees and expenses payable	520
Unrealized depreciation on foreign currency exchange contracts	17
Bond proceeds payable <sup>4</sup>	216,859
<b>Total liabilities</b>	<b>39,281,233</b>

<b>Total Net Assets</b>	<b>\$ 86,918,517</b>
-------------------------	----------------------

**Net Assets Consist of:**

Common stock, \$0.01 par value, 500,000,000 shares authorized to the Fund	\$ 76,292,665
Distributions in excess of net investment income	(242,823)
Accumulated net realized loss on investments	(3,343,076)
Net unrealized appreciation of investments	14,212,785
Net unrealized depreciation of foreign currencies	(1,017)
Net unrealized depreciation of foreign currency exchange contracts	(17)

<b>Total Net Assets</b>	<b>\$ 86,918,517</b>
-------------------------	----------------------

**Net Asset Value****Common Shares**



Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

Net assets	\$ 86,918,517
Shares of beneficial interest outstanding	8,518,736
Net asset value per share	\$ 10.20

<sup>1</sup> Investments, at cost	\$ 107,710,986
-----------------------------------	----------------

<sup>2</sup> Short-term investments, at cost	2,908,293
--	-----------

<sup>3</sup> Foreign currencies, at cost	30,012
--	--------

<sup>4</sup> See Note 14 in Notes to financial statements.

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

(continues)

19

**Table of Contents**

Statement of operations

**Delaware Investments® Dividend and Income Fund, Inc.**

Year ended November 30, 2015

**Investment Income:**

Interest	\$ 3,133,665
Dividends	2,294,966
Securities lending income	16,910
Foreign tax withheld	(2,888)
	5,442,653

**Expenses:**

Management fees	738,375
Interest expense	427,439
Reports and statements to shareholders	110,858
Legal fees	91,858
Dividend disbursing and transfer agent fees and expenses	89,898
Accounting and administration expenses	42,802
Audit and tax	40,726
Custodian fees	11,044
Directors fees and expenses	4,514
Registration fees	958
Other expenses	64,050
Total operating expenses	1,622,522

**Net Investment Income** 3,820,131**Net Realized and Unrealized Gain (Loss):**

Net realized gain (loss) on:	
Investments <sup>1</sup>	4,000,764
Foreign currencies	(4,869)
Foreign currency exchange contracts	502

Net realized gain 3,996,397

## Net change in unrealized appreciation (depreciation) of:

Investments	(10,552,363)
Foreign currencies	(89)
Foreign currency exchange contracts	(17)

Net change in unrealized appreciation (depreciation) (10,552,469)

<b>Net Realized and Unrealized Loss</b>	(6,556,072)
<b>Net Decrease in Net Assets Resulting from Operations</b>	<b>\$ (2,735,941)</b>

<sup>1</sup>Includes \$151,801 loss contingencies on General Motors term litigation. See Note 14 in Notes to financial statements.

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

**Table of Contents**

Statements of changes in net assets

**Delaware Investments® Dividend and Income Fund, Inc.**

	<b>Year ended</b>	
	<b>11/30/15</b>	<b>11/30/14</b>
<b>Increase (Decrease) in Net Assets from Operations:</b>		
Net investment income	\$ 3,820,131	\$ 4,058,519
Net realized gain	3,996,397	7,702,092
Net change in unrealized appreciation (depreciation)	(10,552,469)	1,282,469
Net increase (decrease) in net assets resulting from operations	(2,735,941)	13,043,080
<b>Dividends and Distributions to Shareholders from:</b>		
Net investment income	(5,531,574)	(5,822,709)
	(5,531,574)	(5,822,709)
<b>Capital Share Transactions:</b>		
Cost of shares repurchased <sup>1</sup>	(4,703,244)	(5,205,631)
Decrease in net assets derived from capital share transactions	(4,703,244)	(5,205,631)
<b>Net Increase (Decrease) in Net Assets</b>	<b>(12,970,759)</b>	<b>2,014,740</b>
<b>Net Assets:</b>		
Beginning of year	99,889,276	97,874,536
End of year	\$ 86,918,517	\$ 99,889,276
Distributions in excess of net investment income	\$ (242,823)	\$ (424,920)

<sup>1</sup> See Note 6 in Notes to financial statements.

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

(continues)

21

**Table of Contents**

Statement of cash flows

**Delaware Investments® Dividend and Income Fund, Inc.**

Year ended November 30, 2015

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

Net increase in net assets resulting from operations	\$ (2,735,941)
--	----------------

## Adjustments to reconcile net decrease in net assets from operations to cash provided by (used for) operating activities:

Amortization of premium and accretion of discount on investments, net	(72,028)
Purchase of investment securities	(57,006,133)
Proceeds from disposition of investment securities	66,653,194
Purchase of short-term investment securities, net	(1,544,872)
Net realized gain on investments	(3,976,462)
Net change in unrealized appreciation (depreciation) of investments	10,552,363
Net change in unrealized appreciation (depreciation) of foreign currencies	89
Net change in unrealized appreciation (depreciation) of foreign currency exchange contracts	17
Decrease in receivable for investments sold	182,490
Decrease in dividends and interest receivable and other assets	130,902
Increase in bond proceeds payable, net	151,801
Decrease in payable for securities purchased	(18,689)
Decrease in securities lending collateral	(5,588,206)
Decrease in interest expense payable on line of credit	(35,430)
Decrease in investment management fees payable	(6,585)
Decrease in directors' fees and expenses payable	(54)
Increase in other affiliates payable	2,836
Decrease in other accrued expenses	(44,712)

Total adjustments	9,380,521
-------------------	-----------

Net cash provided by operating activities	6,644,580
---	-----------

**Cash Flows Provided by (Used for) Financing Activities:**

Decrease in borrowing under line of credit	(2,000,000)
Cash dividends and distributions paid to shareholders	(5,531,574)
Decrease in obligation to return securities lending collateral	5,588,206
Cost of fund shares repurchased	(4,703,244)

Net cash used for financing activities	(6,646,612)
--	-------------

Effect of exchange rates on cash	(89)
----------------------------------	------

Net decrease in cash	(2,121)
----------------------	---------

Cash at beginning of year*	99,525
----------------------------	--------

Cash at end of year*	\$	97,404
Cash paid for interest expense on line of credit	\$	462,869

\*Includes foreign currencies, at value as shown on the Statement of assets and liabilities.

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

**Table of Contents**

Financial highlights

**Delaware Investments® Dividend and Income Fund, Inc.**

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

	<b>Year ended</b>				
	<b>11/30/15</b>	<b>11/30/14</b>	<b>11/30/13</b>	<b>11/30/12</b>	<b>11/30/11</b>
<b>Net asset value, beginning of period</b>	\$ 11.140	\$ 10.370	\$ 8.660	\$ 7.670	\$ 7.680
<b>Income (loss) from investment operations:</b>					
Net investment income <sup>1</sup>	0.435	0.439	0.437	0.439	0.432
Net realized and unrealized gain (loss)	(0.745)	0.961	1.903	1.226	0.248
<b>Total from investment operations</b>	<b>(0.310)</b>	<b>1.400</b>	<b>2.340</b>	<b>1.665</b>	<b>0.680</b>
<b>Less dividends and distributions from:</b>					
Net investment income	(0.630)	(0.630)	(0.630)	(0.581)	(0.690)
Return of capital				(0.094)	
<b>Total dividends and distributions</b>	<b>(0.630)</b>	<b>(0.630)</b>	<b>(0.630)</b>	<b>(0.675)</b>	<b>(0.690)</b>
<b>Net asset value, end of period</b>	<b>\$ 10.200</b>	<b>\$ 11.140</b>	<b>\$ 10.370</b>	<b>\$ 8.660</b>	<b>\$ 7.670</b>
<b>Market value, end of period</b>	<b>\$ 9.000</b>	<b>\$ 10.050</b>	<b>\$ 9.410</b>	<b>\$ 7.920</b>	<b>\$ 6.890</b>
<b>Total return based on<sup>2</sup>:</b>					
Net asset value	(2.26%)	14.51%	28.51%	22.88%	9.30%
Market value	(4.41%)	13.85%	27.51%	25.10%	(0.26%)
<b>Ratios and supplemental data:</b>					
Net assets, end of period (000 omitted)	\$ 86,919	\$ 99,889	\$ 97,875	\$ 81,723	\$ 72,386
Ratio of expenses to average net assets <sup>3,4,5</sup>	1.71%	1.55%	1.43%	1.60%	1.51%
Ratio of net investment income to average net assets <sup>6</sup>	4.03%	4.06%	4.51%	5.26%	5.35%
Portfolio turnover	43%	48%	45%	39%	45%
<b>Leverage analysis:</b>					
Debt outstanding at end of period at par (000 omitted)	\$ 38,000	\$ 40,000	\$ 28,225	\$ 28,225	\$ 20,225
Asset coverage per \$1,000 of debt outstanding at end of period	\$ 3,287	\$ 3,497	\$ 4,468	\$ 3,895	\$ 4,579

<sup>1</sup> The average shares outstanding method has been applied for per share information.<sup>2</sup>

Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.

- <sup>3</sup> The ratio of interest expense to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2015, 2014, 2013, 2012, and 2011 were 0.32%, 0.26%, 0.26%, 0.36%, and 0.28%, respectively.
- <sup>4</sup> The ratio of interest expense to average net assets for the years ended Nov. 30, 2015, 2014, 2013, 2012, and 2011 were 0.45%, 0.35%, 0.34%, 0.47%, and 0.36%, respectively.
- <sup>5</sup> The ratio of expenses before interest expense to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2015, 2014, 2013, 2012, and 2011 were 0.89%, 0.90%, 0.84%, 0.85%, and 0.91%, respectively.
- <sup>6</sup> The ratio of net investment income to adjusted average net assets (excluding debt outstanding) for the years ended Nov. 30, 2015, 2014, 2013, 2012, and 2011 were 2.85%, 3.05%, 3.44%, 3.97%, and 4.23%, respectively.

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

(continues)

23



## Table of Contents

Notes to financial statements

### **Delaware Investments® Dividend and Income Fund, Inc.**

November 30, 2015

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

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

#### **1. Significant Accounting Policies**

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

**Security Valuation** Equity securities and exchange-traded funds (ETFs), except those traded on the Nasdaq Stock Market LLC (Nasdaq), are valued at the last quoted sales price as of the time of the regular close of the NYSE on the valuation date. Equity securities and ETFs traded on the Nasdaq are valued in accordance with the Nasdaq Official Closing Price, which may not be the last sales price. If, on a particular day, an equity security or ETF does not trade, the mean between the bid and ask prices will be used, which approximates fair value. Securities listed on a foreign exchange are normally valued at the last quoted sales price on the valuation date. U.S. government and agency securities are valued at the mean between the bid and ask prices, which approximates fair value. Other debt securities are valued based upon valuations provided by an independent pricing service or broker and reviewed by management. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Valuations for fixed income securities utilize matrix systems, which reflect such factors as security prices, yields, maturities, and ratings, and are supplemented by dealer and exchange quotations. Open-end investment company securities are valued at net asset value (NAV) per share, as reported by the underlying investment company. Foreign currency exchange contracts and foreign cross currency exchange contracts are valued at the mean between the bid and ask prices, which approximates fair value. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Fund's Board of Directors (Board). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security. The Fund may use fair value pricing more frequently for securities traded primarily in non-U.S. markets because, among other things, most foreign markets close well before the Fund values its securities, generally as of 4:00 p.m. Eastern time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, government actions or pronouncements, aftermarket trading, or news events may have occurred in the interim. Whenever such a significant event occurs, the Fund may value foreign securities using fair value prices based on third-party vendor modeling tools (international fair value pricing).

**Federal and Foreign Income Taxes** No provision for federal income taxes has been made as the Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. The Fund evaluates tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to

meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Fund's tax positions taken for all open federal income tax years (Nov. 30, 2012 - Nov. 30, 2015), and has concluded that no provision for federal income tax is required in the Fund's financial statements. In regard to foreign taxes only, the Fund has open tax years in certain foreign countries in which it invests that may date back to the inception of the Fund.

**Repurchase Agreements** The Fund may purchase certain U.S. government securities subject to the counterparty's agreement to repurchase them at an agreed upon date and price. The counterparty will be required on a daily basis to maintain the value of the collateral subject to the agreement at not less than the repurchase price (including accrued interest). The agreements are conditioned upon the collateral being deposited under the Federal Reserve book-entry system with the Fund's custodian or a third-party sub-custodian. In the event of default or bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings. All open repurchase agreements as of the date of this report were entered into on Nov. 30, 2015 and matured on the next business day.

**Cash and Cash Equivalents** Cash and cash equivalents include deposits held at financial institutions, which are available for the Fund's use with no restrictions, with original maturities of 90 days or less.

---

**Table of Contents**

**Distributions** The Fund has implemented a managed distribution policy. Under the policy, the Fund is managed with a goal of generating as much of the distribution as possible from net investment income and short-term capital gains. The balance of the distribution will then come from long-term capital gains to the extent permitted, and if necessary, a return of capital. Even though the Fund may realize current year capital gains, such gains may be offset, in whole or in part, by the Fund's capital loss carryovers from prior years. For federal income tax purposes, the effect of such capital loss carryovers is to convert (to the extent of such current year gains) what would otherwise be non-taxable returns of capital into distributions taxable as ordinary income. The use of such capital loss carryovers in this circumstance will produce no tax benefit for shareholders, and the capital loss carryovers available to offset future capital gains of the Fund will be reduced. Under the Regulated Investment Company Modernization Act of 2010 (Act), this tax effect attributable to the Fund's capital loss carryovers (the conversion of non-taxable returns of capital into distributions taxable as ordinary income) will no longer apply to net capital losses of the Fund arising in Fund tax years beginning after Nov. 30, 2011. The actual determination of the source of the Fund's distributions can be made only at year end. Shareholders should receive written notification regarding the actual components and tax treatments of all Fund distributions for the calendar year 2015 in early 2016.

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

**Use of Estimates** The Fund is an investment company, whose financial statements are prepared in conformity with U.S. GAAP. Therefore, the Fund follows the accounting and reporting guidelines for investment companies. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the fair value of investments, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

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

understanding of the applicable country's tax rules and rates.

Subject to seeking best execution, the Fund may direct certain security trades to brokers who have agreed to rebate a portion of the related brokerage commission to the Fund in cash. In general, best execution refers to many factors, including the price paid or received for a security, the commission charged, the promptness and reliability of execution, the confidentiality and placement accorded the order, and other factors affecting the overall benefit obtained by the Fund on the transaction. There were no commission rebates for the year ended Nov. 30, 2015. Delaware Management Company (DMC), a series of Delaware Management Business Trust, and its affiliates have previously acted and may in the future act as an investment advisor to mutual funds or separate accounts affiliated with the administrator of the commission recapture program described above. In addition, affiliates of the administrator act as consultants in helping institutional clients choose investment advisors and may also participate in other types of business and provide other services in the investment management industry.

(continues)

25

**Table of Contents**

Notes to financial statements

**Delaware Investments® Dividend and Income Fund, Inc.****1. Significant Accounting Policies (continued)**

The Fund may receive earnings credits from its custodian when positive cash balances are maintained, which may be used to offset custody fees. There were no such earnings credits for the year ended Nov. 30, 2015.

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

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

Delaware Investments Fund Services Company (DIFSC), an affiliate of DMC, provides fund accounting and financial administration oversight services to the Fund. For these services, DIFSC's fees are calculated based on the aggregate daily net assets (excluding the line of credit liability) of the Delaware Investments® Family of Funds at the following annual rate: 0.0050% of the first \$30 billion; 0.0045% of the next \$10 billion; 0.0040% of the next \$10 billion; and 0.0025% of aggregate average daily net assets in excess of \$50 billion. The fees payable to DIFSC under the service agreement described above are allocated among all Funds in the Delaware Investments Family of Funds on a relative NAV basis. For the year ended Nov. 30, 2015, the Fund was charged \$6,347 for these services. This amount is included on the Statement of operations under Accounting and administration expenses.

As provided in the investment management agreement, the Fund bears a portion of cost of certain resources shared with DMC, including the cost of internal personnel of DMC and/or its affiliates that provide legal, tax, and regulatory reporting services to the Fund. For the year ended Nov. 30, 2015, the Fund was charged \$28,922 for internal legal, tax, and regulatory reporting services provided by DMC and/or its affiliates' employees. This amount is included on the Statement of operations under Legal fees.

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

**3. Investments**

For the year ended Nov. 30, 2015, the Fund made purchases and sales of investment securities other than short-term investments as follows:

Purchases	\$ 57,006,133
Sales	64,653,194

At Nov. 30, 2015, the cost and unrealized appreciation (depreciation) of investments for federal income tax purposes were as follows:

Cost of investments	\$ 111,032,109
Aggregate unrealized appreciation of investments	\$ 20,213,554
Aggregate unrealized depreciation of investments	(6,413,599)
Net unrealized appreciation of investments	\$ 13,799,955

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

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

**Table of Contents**

or other market-corroborated inputs. (Examples: debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing, broker-quoted securities, fair valued securities)

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

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

The following table summarizes the valuation of the Fund's investments by fair value hierarchy levels as of Nov. 30, 2015:

Securities	Level 1	Level 2	Level 3	Total
Common Stock	\$ 78,642,795	\$	\$	\$ 78,642,795
Convertible Preferred Stock <sup>1</sup>	1,623,856	124,311		1,748,167
Corporate Debt		37,712,782		37,712,782
Municipal Bond		132,853		132,853
Senior Secured Loans <sup>1</sup>		2,395,993	106,400	2,502,393
Master Limited Partnership	561,393			561,393
Preferred Stock <sup>1</sup>	204,000	419,174		623,174
Warrant	223			223
Short-Term Investments		2,908,284		2,908,284
Total Value of Securities	\$ 81,032,267	\$ 43,693,397	\$ 106,400	\$ 124,832,064

Foreign Currency Exchange Contract	\$	\$ (17)	\$	\$ (17)
------------------------------------	----	---------	----	---------

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Convertible Preferred Stock	92.89%	7.11%		100.00%
Senior Secured Loans		95.75%	4.25%	100.00%
Preferred Stock	32.74%	67.26%		100.00%

During the year ended Nov. 30, 2015, there were no transfers between Level 1 investments, Level 2 investments, or Level 3 investments that had a significant impact to the Fund. This does not include transfers between Level 1 investments and Level 2 investments due to the Fund utilizing international fair value pricing during the year. In accordance with the fair valuation procedures described in Note 1, international fair value pricing of securities in the Fund occurs when market volatility exceeds an established rolling threshold. If the threshold is exceeded on a given date, then prices of international securities (those that traded on exchanges that close at a different time than the time that the Fund's NAV is determined) are established using a separate pricing feed from a third-party vendor designed to establish a price for each such security as of the time that the Fund's NAV is determined. Further, international fair value pricing uses other observable market-based inputs in place of the closing exchange price due to the events occurring after the close of the exchange or market on which the investment is principally traded, causing a change in classification between levels. The Fund's policy is to recognize transfers between levels at the beginning of the reporting period.

A reconciliation of Level 3 investments is presented when the Fund has a significant amount of Level 3 investments at the beginning, interim, or end of the period in relation to the Fund's net assets. Management has determined not to provide additional disclosure on Level 3 inputs since the Level 3 investments are not considered significant to the Fund's net assets at the end of the year.

(continues)

27



**Table of Contents**

Notes to financial statements

Delaware Investments® Dividend and Income Fund, Inc.

**4. Dividend and Distribution Information**

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. Additionally, distributions from net gains on foreign currency transactions and net short-term gains on sales of investment securities are treated as ordinary income for federal income tax purposes. The tax character of dividends and distributions paid during the years ended Nov. 30, 2015 and 2014 was as follows:

	<b>Year ended</b>	
	<b>11/30/15</b>	<b>11/30/14</b>
Ordinary income	\$ 5,531,574	\$ 5,822,709

**5. Components of Net Assets on a Tax Basis**

As of Nov. 30, 2015, the components of net assets on a tax basis were as follows:

Shares of beneficial interest	\$ 76,292,665
Other temporary differences	(151,801)
Capital loss carryforwards	(3,021,268)
Net unrealized appreciation of investments, foreign currencies, and derivatives	13,798,921
<b>Net assets</b>	<b>\$ 86,918,517</b>

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

For financial reporting purposes, capital accounts are adjusted to reflect the tax character of permanent book/tax differences. Reclassifications are primarily due to tax treatment of gain (loss) on foreign currency transactions, redesignation of distributions, contingent payment on debt instruments, market discount and premium on certain debt instruments, partnership income, and passive foreign investment companies. Results of operations and net assets were not affected by these reclassifications. For the year ended Nov. 30, 2015, the Fund recorded the following reclassifications:

Distributions in excess of net investment income	\$ 1,893,540
Accumulated net realized loss	(497,784)

Paid-in capital	(1,395,756)
-----------------	-------------

For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. \$3,683,388 was utilized in 2015. Capital loss carryforwards remaining at Nov. 30, 2015 will expire as follows: \$3,021,268 expires in 2017.

On Dec. 22, 2010, the Act was enacted, which changed various technical rules governing the tax treatment of regulated investment companies. The changes were generally effective for taxable years beginning after the date of enactment. Under the Act, the Fund is permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under previous regulation. At Nov. 30, 2015, there were no capital loss carryforwards incurred that will carried forward under the Act.

## 6. Capital Stock

Shares obtained under the Fund's dividend reinvestment plan are purchased by the Fund's transfer agent, Computershare, Inc., in the open market. There were no shares issued under the Fund's dividend reinvestment plan for the years ended Nov. 30, 2015 and 2014.

On May 21, 2015, the Fund's Board approved a tender offer for shares of the Fund's common stock. The tender offer authorized the Fund to purchase up to 5% of its issued and outstanding shares at a price equal to 98% of the Fund's NAV at the close of business on the NYSE on June 29, 2015, the first business day following the expiration of the offer. The tender offer commenced on June 1, 2015, and expired on June

## **Table of Contents**

26, 2015. In connection with the tender offer, the Fund purchased 448,355 shares of capital stock at a total cost of \$4,703,244. The tender offer was oversubscribed and all tenders of shares were subject to pro-ration (at a ratio of approximately 30.7266%) in accordance with the terms of the tender offer.

On May 22, 2014, the Fund's Board approved a tender offer for shares of the Fund's common stock. The tender offer authorized the Fund to purchase up to 5% of its issued and outstanding shares at a price equal to 98% of the Fund's NAV at the close of business on the NYSE on July 2, 2014, the first business day following the expiration of the offer. The tender offer commenced on June 2, 2014, and expired on June 27, 2014. In connection with the tender offer, the Fund purchased 471,952 shares of capital stock at a total cost of \$5,205,631. The tender offer was oversubscribed and all tenders of shares were subject to pro-ration (at a ratio of approximately 31.8804%) in accordance with the terms of the tender offer.

The Fund did not repurchase shares under the Share Repurchase Program during the years ended Nov. 30, 2015 and 2014.

## **7. Line of Credit**

For the year ended Nov. 30, 2015, the Fund borrowed a portion of the money available to it pursuant to a \$40,000,000 Credit Agreement with The Bank of New York Mellon (BNY Mellon) that expired on June 24, 2015. Effective June 19, 2015, the Fund entered into a new Credit Agreement that is scheduled to terminate on June 17, 2016. The terms of the new Credit Agreement are substantially the same as the terms in the expiring agreement. Depending on market conditions, the amount borrowed by the Fund pursuant to the Credit Agreement may be reduced or possibly increased in the future.

At Nov. 30, 2015, the par value of loans outstanding was \$38,000,000, at a variable interest rate of 1.03%. During the year ended Nov. 30, 2015, the average daily balance of loans outstanding was \$39,479,452, at a weighted average interest rate of approximately 1.07%. Interest on borrowing is based on a variable short-term rate plus an applicable margin. The commitment fee under the previous Credit Agreement was computed at a rate of 0.10% per annum on the unused balance. The rate under the current Credit Agreement is computed at a rate of 0.10% per annum on the unused balance. The loan is collateralized by the Fund's portfolio.

## **8. Derivatives**

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

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

The use of foreign currency exchange contracts and foreign cross currency exchange contracts does not eliminate fluctuations in the underlying prices of the securities, but does establish a rate of exchange that can be achieved in the future. Although foreign currency exchange contracts and foreign cross currency exchange contracts limit the risk of loss due to an unfavorable change in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency change favorably. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. The Fund's maximum risk of loss from counterparty credit risk is the value of its currency exchanged with the counterparty. The risk is generally mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty.

During the year ended Nov. 30, 2015, the Fund held foreign currency exchange contracts, which are reflected on the Statement of operations under Net realized gain (loss) on foreign currency exchange contracts.

During the year ended Nov. 30, 2015, the Fund entered foreign currency exchange contracts to hedge the U.S. dollar value of securities it already owns that are denominated in foreign currencies.

(continues)

29

**Table of Contents**

Notes to financial statements

Delaware Investments® Dividend and Income Fund, Inc.

**8. Derivatives (continued)**

**Derivatives Generally.** The table below summarizes the average balance of derivative holdings by the Fund during the year ended Nov. 30, 2015.

	<b>Long Derivative Volume</b>	<b>Short Derivative Volume</b>
Foreign currency exchange contracts (average cost)	USD 5,014	USD 2,944

**9. Offsetting**

In December 2011, the Financial Accounting Standards Board (FASB) issued guidance that expanded disclosure requirements on the offsetting of certain assets and liabilities. The disclosures are required for investments and derivative financial instruments subject to master netting or similar agreements which are eligible for offset on the Statement of assets and liabilities and require an entity to disclose both gross and net information about such investments and transactions in the financial statements. In January 2013, the FASB issued guidance that clarified which investments and transactions are subject to the offsetting disclosure requirements. The scope of the disclosure requirements for offsetting is limited to derivative instruments, repurchase agreements and reverse repurchase agreements, and securities borrowing. The guidance is effective for financial statements with fiscal years beginning on or after Jan. 1, 2013, and interim periods within those fiscal years.

In order to better define its contractual rights and to secure rights that will help the Fund mitigate its counterparty risk, the Fund entered into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or a similar agreement with each of its derivative contract counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs over-the-counter (OTC) derivatives and foreign exchange contracts and typically contains, among other things, collateral posting items and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default (close-out), including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency, or other events.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements on the Statement of assets and liabilities.

At Nov. 30, 2015, the Fund had the following assets and liabilities subject to offsetting provisions:

**Offsetting of Financial Assets and Liabilities and Derivative Assets and Liabilities**

<b>Counterparty</b>	<b>Gross Value of Derivative Asset</b>	<b>Gross Value of Derivative Liability</b>	<b>Net Position</b>
BNY Mellon	\$	\$(17)	\$(17)

<b>Counterparty</b>	<b>Net Position</b>	<b>Fair Value of Non-Cash Collateral Received</b>	<b>Cash Collateral Received</b>	<b>Fair Value of Non-Cash Collateral Pledged</b>	<b>Cash Collateral Pledged</b>	<b>Net Exposure<sup>(a)</sup></b>
BNY Mellon	\$(17)	\$	\$	\$	\$	\$(17)

30

**Table of Contents****Master Repurchase Agreements**

<b>Counterparty</b>	<b>Repurchase Agreements</b>	<b>Fair Value of Non-Cash Collateral Received</b>	<b>Cash Collateral Received</b>	<b>Net Collateral Received</b>	<b>Net Exposure<sup>(a)</sup></b>
Bank of America Merrill Lynch	\$ 496,729	\$ (496,729)	\$	\$ (496,729)	\$
Bank of Montreal	827,883	(827,883)		(827,883)	
BNP Paribas	1,220,388	(1,220,388)		(1,220,388)	
Total	\$2,545,000	\$(2,545,000)	\$	\$(2,545,000)	\$

<sup>(a)</sup>Net exposure represents the receivable/(payable) that would be due from/(to) the counterparty in the event of default.

**10. Securities Lending**

The Fund, along with other funds in the Delaware Investments Family of Funds, may lend its securities pursuant to a security lending agreement (Lending Agreement) with BNY Mellon. At the time a security is loaned, the borrower must post collateral equal to the required percentage of the market value of the loaned security, including any accrued interest. The required percentage is: (1) 102% with respect to U.S. securities and foreign securities that are denominated and payable in U.S. dollars; and (2) 105% with respect to foreign securities. With respect to each loan, if on any business day the aggregate market value of securities collateral plus cash collateral held is less than the aggregate market value of the securities which are the subject of such loan, the borrower will be notified to provide additional collateral by the end of the following business day which, together with the collateral already held, will be not less than the applicable initial collateral requirements for such security loan. If the aggregate market value of securities collateral and cash collateral held with respect to a security loan exceeds the applicable initial collateral requirement, upon request of the borrower, BNY Mellon must return enough collateral to the borrower by the end of the following business day to reduce the value of the remaining collateral to the applicable initial collateral requirement for such security loan. As a result of the foregoing, the value of the collateral held with respect to a loaned security on any particular day may be more or less than the value of the security on loan.

Cash collateral received is generally invested in the Delaware Investments Collateral Fund No. 1 (Collective Trust) established by BNY Mellon for the purpose of investment on behalf of funds managed by DMC that participate in BNY Mellon's securities lending program. The Collective Trust may invest in U.S. government securities and high-quality corporate debt, asset-backed and other money market securities, and in repurchase agreements collateralized by such securities, provided that the Collective Trust will generally have a dollar-weighted average portfolio maturity of 60 days or less. The Fund can also accept U.S. government securities and letters of credit (non-cash collateral) in connection with securities loans. In the event of default or bankruptcy by the lending agent, realization and/or retention of the collateral may be subject to legal proceedings. In the event the borrower fails to return loaned securities and the collateral received is insufficient to cover the value of the loaned securities and provided such collateral shortfall is not the result of investment losses, the lending agent has agreed to pay the amount of the shortfall to the Fund or, at the discretion of the lending agent, replace the loaned securities. The Fund continues to record dividends or interest, as applicable, on the securities loaned and is subject to changes in value of the securities loaned that may occur during the term of the loan. The Fund has the right under the Lending Agreement to recover the securities from the borrower on demand. With respect to security loans collateralized by non-cash collateral, the Fund receives loan premiums paid by the borrower. With respect to security loans collateralized by cash collateral, the earnings from the collateral investments are shared among the Fund, the security lending agent, and the borrower. The Fund records security lending income net of allocations to the security lending agent, and the borrower.

The Collective Trust used for the investment of cash collateral received from borrowers of securities seeks to maintain a NAV per unit of \$1.00, but there can be no assurance that it will always be able to do so. The Fund may incur investment losses as a result of investing securities lending collateral in the Collective Trust. This could occur if an investment in a Collective Trust defaulted or if it were necessary to liquidate assets in the Collective Trust to meet returns on outstanding security loans at a time when the Collective Trust's NAV per unit was less than \$1.00. Under those circumstances, the Fund may not receive an amount from the Collective Trust that is equal in amount to the collateral the Fund would be required to return to the borrower of the securities and the Fund would be required to make up for this shortfall.

At Nov. 30, 2015, the Fund had no securities on loan.

(continues)

31



## **Table of Contents**

Notes to financial statements

Delaware Investments® Dividend and Income Fund, Inc.

### **11. Credit and Market Risk**

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

Some countries in which the Fund may invest require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad.

The securities exchanges of certain foreign markets are substantially smaller, less liquid and more volatile than the major securities markets in the United States. Consequently, acquisition and disposition of securities by the Fund may be inhibited. In addition, a significant portion of the aggregate market value of equity securities listed on the major securities exchanges in emerging markets is held by a smaller number of investors. This may limit the number of shares available for acquisition or disposition by the Fund.

The Fund invests a portion of its assets in high yield fixed income securities, which are securities rated BB or lower by Standard & Poor's Financial Services LLC and Ba or lower by Moody's Investors Service Inc., or similarly rated by another nationally recognized statistical rating organization. Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

The Fund invests in certain obligations that may have liquidity protection designed to ensure that the receipt of payments due on the underlying security is timely. Such protection may be provided through guarantees, insurance policies, or letters of credit obtained by the issuer or sponsor through third parties, through various means of structuring the transaction or through a combination of such approaches. The Fund will not pay any additional fees for such credit support, although the existence of credit support may increase the price of a security.

The Fund invests in REITs and is subject to the risks associated with that industry. If the Fund holds real estate directly as a result of defaults or receives rental income directly from real estate holdings, its tax status as a regulated investment company may be jeopardized. There were no direct real estate holdings during the year ended Nov. 30, 2015. The Fund's REIT holdings are also affected by interest rate changes, particularly if the REITs it holds use floating-rate debt to finance their ongoing operations.

The Fund invests in bank loans and other securities that may subject it to direct indebtedness risk, the risk that the Fund will not receive payment of principal, interest, and other amounts due in connection with these investments and will depend primarily on the financial condition of the borrower. Loans that are fully secured offer the Fund more protection than unsecured loans in the event of nonpayment of scheduled interest or principal, although there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation, or that the collateral can be liquidated. Some loans or claims may be in default at the time of purchase. Certain of the

loans and the other direct indebtedness acquired by the Fund may involve revolving credit facilities or other standby financing commitments that obligate the Fund to pay additional cash on a certain date or on demand. These commitments may require the Fund to increase its investment in a company at a time when the Fund might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid). To the extent that the Fund is committed to advance additional funds, it will at all times hold and maintain cash or other high grade debt obligations in an amount sufficient to meet such commitments.

As the Fund may be required to rely upon another lending institution to collect and pass on to the Fund amounts payable with respect to the loan and to enforce the Fund's rights under the loan and other direct indebtedness, an insolvency, bankruptcy, or reorganization of the lending institution may delay or prevent the Fund from receiving such amounts. The highly leveraged nature of many loans may make them especially vulnerable to adverse changes in economic or market conditions. Investments in such loans and other direct indebtedness may involve additional risk to the Fund.

The Fund may invest up to 10% of its net assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A promulgated under the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so. While maintaining oversight, the Fund's Board has delegated to DMC, the day-to-day functions of determining whether individual securities are liquid for purposes of the Fund's limitation on investments in illiquid securities. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Fund's 10% limit on investments in illiquid securities. Rule 144A and illiquid securities have been identified on the Schedule of investments.

**Table of Contents**

**12. Contractual Obligations**

The Fund enters into contracts in the normal course of business that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

**13. Recent Accounting Pronouncements**

In June 2014, the FASB issued guidance to improve the financial reporting of reverse repurchase agreements and other similar transactions. The guidance includes expanded disclosure requirements for entities that enter into reverse repurchase agreements and similar transactions accounted for as secured borrowings. The guidance is effective for financial statements with fiscal years beginning on or after Dec. 15, 2014 and interim periods within those fiscal years. Management has determined that this pronouncement has no impact to the Fund's financial statements.

In May 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-07 regarding Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share. The amendments in this update are effective for the Fund for fiscal years beginning after Dec. 15, 2015, and interim periods within those fiscal years. ASU No. 2015-07 will eliminate the requirement to categorize investments in the fair value hierarchy if their fair value is measured at NAV per share (or its equivalent) using the practical expedient in the FASB's fair value measurement guidance. Management is evaluating the impact, if any, of this guidance on the Fund's financial statement disclosures.

**14. General Motors Term Loan Litigation**

The Fund received notice of a litigation proceeding related to a General Motors Corporation (G.M.) term loan participation previously held by the Fund in 2009. We believe the matter subject to the litigation notice will likely lead to a recovery from the Fund of certain amounts received by the Fund because a U.S. Court of Appeals has ruled that the Fund and similarly situated investors were unsecured creditors rather than secured lenders of G.M. as a result of an erroneous UCC filing made by a third party. The Fund received the full principal on the loans in 2009 after the G.M. bankruptcy. However, based upon the court ruling the estate is seeking to recover such amounts arguing that, as unsecured creditors, the Fund should not have received payment in full. Based upon currently available information related to the litigation and the Fund's potential exposure, the Fund recorded a liability of \$216,859 and an asset of \$65,058 based on the expected recoveries to unsecured creditors as of Nov. 30, 2015 that resulted in a net decrease in the Fund's NAV to reflect this likely recovery.

**15. Subsequent Events**

Management has determined that no material events or transactions occurred subsequent to Nov. 30, 2015 that would require recognition or disclosure in the Fund's financial statements.

(continues)

33

**Table of Contents**

Report of independent

registered public accounting firm

To the Board of Directors and Shareholders of Delaware Investments® Dividend and Income Fund, Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets, and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Delaware Investments® Dividend and Income Fund, Inc. (the Fund ) at November 30, 2015, the results of its operations and its cash flows 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 each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements ) are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at November 30, 2015 by correspondence with the custodian and brokers and the application of alternative auditing procedures where confirmations of security purchases had not been received, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

January 21, 2016

**Table of Contents**

Other Fund information (Unaudited)

Delaware Investments® Dividend and Income Fund, Inc.

**Proxy results****Annual meeting**

The Fund held its Annual Meeting of Shareholders on Aug. 19, 2015. At the Annual Meeting, the Fund's shareholders elected eight Directors. The results of the voting at the meeting were as follows:

Nominee	Shares Voted For	Shares Withheld	No Ballot Received
Thomas L. Bennett	7,320,628.211	201,375.592	1,445,086.356
Ann D. Borowiec	7,318,133.211	203,870.592	1,445,086.356
Joseph W. Chow	7,322,680.211	199,323.592	1,455,086.356
John A. Fry	7,326,002.211	196,001.592	1,455,086.356
Lucinda S. Landreth	7,317,263.211	204,740.592	1,455,086.356
Frances A. Sevilla-Sacasa	7,292,000.211	230,003.592	1,455,086.356
Thomas K. Whitford	7,327,724.211	194,279.592	1,455,086.356
Janet L. Yeomans	7,296,274.211	225,729.592	1,455,086.356

Shawn K. Lytle was named President and Chief Executive Officer of the Fund on Aug. 20, 2015, and appointed a Director of the Fund on Sept. 1, 2015.

**Fund management****Roger A. Early, CPA, CFA**

*Managing Director, Head of Fixed Income Investments, Executive Vice President, Co-Chief Investment Officer  
Total Return Fixed Income Strategy*

Roger A. Early rejoined Delaware Investments in March 2007 as a member of the firm's taxable fixed income portfolio management team, with primary responsibility for portfolio construction and strategic asset allocation. He became head of fixed income investments in February 2015. During his previous time at the firm, from 1994 to 2001, he was a senior portfolio manager in the same area, and he left Delaware Investments as head of its U.S. investment grade fixed income group. In recent years, Early was a senior portfolio manager at Chartwell Investment Partners and Rittenhouse Financial and was the chief investment officer for fixed income at Turner Investments. Prior to joining Delaware Investments in 1994, he worked for more than 10 years at Federated Investors where he managed more than \$25 billion in mutual fund and institutional portfolios in the short-term and investment grade markets. He left the firm as head of institutional fixed income management. Earlier in his career, he held management positions with the Federal Reserve Bank, PNC Financial, Touche Ross, and Rockwell International. Early earned his bachelor's degree in economics from The Wharton School of the University of Pennsylvania and an MBA with concentrations in finance and accounting from the University of Pittsburgh. He is a member of the CFA Society of Philadelphia.

Mr. Early has been a co-portfolio manager of the Fund since January 2008.

**Babak Bob Zenouzi**

*Senior Vice President, Chief Investment Officer – Real Estate Securities and Income Solutions (RESIS)*

Bob Zenouzi is the lead manager for the real estate securities and income solutions (RESIS) group at Delaware Investments, which includes the team, its process, and its institutional and retail products, which he created during his prior time with the firm. He also focuses on opportunities in Japan, Singapore, and Malaysia for the firm's global REIT product. Additionally, he serves as lead portfolio manager for the firm's Dividend Income products, which he helped to create in the 1990s. He is also a member of the firm's asset allocation committee, which is responsible for building and managing multi-asset class portfolios. He rejoined Delaware Investments in May 2006 as senior portfolio manager and head of real estate securities. In his first term with the firm, he spent seven years as an analyst and portfolio manager, leaving in 1999 to work at Chartwell Investment Partners, where from 1999 to 2006 he was a partner and senior portfolio manager on Chartwell's Small-Cap Value portfolio. He began his career with The Boston Company, where he held several positions in accounting and financial analysis. Zenouzi earned a master's degree in finance from Boston College and a bachelor's degree in finance from Babson College. He is a member of the National Association of Real Estate Investment Trusts and the Urban Land Institute.

Mr. Zenouzi has been a co-portfolio manager of the Fund since May 2006.

(continues)

35

**Table of Contents**

Other Fund information (Unaudited)

**Fund management (continued)**

**Damon J. Andres, CFA**

*Vice President, Senior Portfolio Manager*

Damon J. Andres, who joined Delaware Investments in 1994 as an analyst, currently serves as a portfolio manager for the firm's real estate securities and income solutions (RESIS) group. He also serves as a portfolio manager for the firm's Dividend Income products. From 1991 to 1994, he performed investment-consulting services as a consulting associate with Cambridge Associates. Andres earned a bachelor's degree in business administration with an emphasis in finance and accounting from the University of Richmond.

Mr. Andres has been a co-portfolio manager of the Fund since January 2001.

**Wayne A. Anglace, CFA**

*Vice President, Senior Portfolio Manager*

Wayne A. Anglace currently serves as a senior portfolio manager for the firm's convertible bond strategies. Prior to joining the firm in March 2007 as a research analyst and trader, he spent more than two years as a research analyst at Gartmore Global Investments for its convertible bond strategy. From 2000 to 2004, Anglace worked in private client research at Deutsche Bank Alex. Brown in Baltimore where he focused on equity research, and he started his financial services career with Ashbridge Investment Management in 1999. Prior to moving to the financial industry, Anglace worked as a professional civil engineer. He earned his bachelor's degree in civil engineering from Villanova University and an MBA with a concentration in finance from Saint Joseph's University, and he is a member of the CFA Society of Philadelphia.

Mr. Anglace has been a co-portfolio manager of the Fund since March 2010.

**Kristen E. Bartholdson**

*Vice President, Senior Portfolio Manager*

Kristen E. Bartholdson is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining the firm in 2006 as an associate portfolio manager, she worked at Susquehanna International Group from 2004 to 2006, where she was an equity research salesperson. From 2000 to 2004, she worked in equity research at Credit Suisse, most



recently as an associate analyst in investment strategy. Bartholdson earned her bachelor's degree in economics from Princeton University.

Ms. Bartholdson has been a co-portfolio manager of the Fund since December 2008.

**Craig C. Dembek, CFA**

*Senior Vice President, Co-Head of Credit Research, Senior Research Analyst*

Craig C. Dembek is co-head of credit research and senior research analyst on the firm's taxable fixed income team with primary responsibility for banks, brokers, insurance companies, and real estate investment trusts (REITs), as well as oversight for other sectors. He rejoined the firm in March 2007. During his previous time at Delaware Investments, from April 1999 to January 2001, he was a senior investment grade credit analyst. Most recently, he spent four years at Chartwell Investment Partners as a senior fixed income analyst and Turner Investment Partners as a senior fixed income analyst and portfolio manager. Dembek also spent two years at Stein, Roe & Farnham as a senior fixed income analyst. Earlier in his career, he worked for two years as a lead bank analyst at the Federal Reserve Bank of Boston. Dembek earned a bachelor's degree in finance from Michigan State University and an MBA with a concentration in finance from the University of Vermont.

Mr. Dembek has been a co-portfolio manager of the Fund since December 2012.

**Nikhil G. Lalvani, CFA**

*Vice President, Senior Portfolio Manager*

Nikhil G. Lalvani is a senior portfolio manager for the firm's Large-Cap Value team. At Delaware Investments, Lalvani has worked as both a fundamental and quantitative analyst. Prior to joining the firm in 1997 as an account analyst, he was a research associate with Bloomberg. Lalvani holds a bachelor's degree in finance from The Pennsylvania State University. He is a member of the CFA Institute and the CFA Society of Philadelphia.

Mr. Lalvani has been a co-portfolio manager of the Fund since October 2006.

**Table of Contents**

**Anthony A. Lombardi, CFA**

*Vice President, Senior Portfolio Manager*

Anthony A. Lombardi is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining the firm in 2004 in his current role, Lombardi was a director at Merrill Lynch Investment Managers. He joined Merrill Lynch Investment Managers' Capital Management Group in 1998 and last worked as a director and portfolio manager for the U.S. Active Large-Cap Value team, managing mutual funds and separate accounts for institutions and private clients. From 1990 to 1997, he worked at Dean Witter Reynolds as a sell-side equity research analyst, last serving as a vice president. He began his career as an investment analyst with Crossland Savings. Lombardi graduated from Hofstra University, receiving a bachelor's degree in finance and an MBA in finance with a concentration in portfolio management. He is a member of the New York Society of Security Analysts and the CFA Institute.

Mr. Lombardi has been a co-portfolio manager of the Fund since March 2005.

**Paul A. Matlack, CFA**

*Senior Vice President, Senior Portfolio Manager, Fixed Income Strategist*

Paul A. Matlack is a strategist and senior portfolio manager for the firm's fixed income team. Matlack rejoined the firm in May 2010. During his previous time at Delaware Investments, from September 1989 to October 2000, he was senior credit analyst, senior portfolio manager, and left the firm as co-head of the high yield group. Most recently, he worked at Chartwell Investment Partners from September 2003 to April 2010 as senior portfolio manager in fixed income, where he managed core, core plus, and high yield strategies. Prior to that, Matlack held senior roles at Turner Investment Partners, PNC Bank, and Mellon Bank. He earned a bachelor's degree in international relations from the University of Pennsylvania and an MBA with a concentration in finance from George Washington University.

Mr. Matlack has been a co-portfolio manager of the Fund since December 2012.

**John P. McCarthy, CFA**

*Senior Vice President, Co-Head of Credit Research, Senior Research Analyst*

John P. McCarthy is co-head of credit research and senior research analyst on the firm's taxable fixed income team, responsible for steel, metals, and mining. He rejoined Delaware Investments in March 2007 after he worked in the firm's fixed income area from 1990 to 2000 as a senior high yield analyst and high yield trader, and from 2001 to 2002

as a municipal bond trader. Most recently, he was a senior high yield analyst/ trader at Chartwell Investment Partners. McCarthy earned a bachelor's degree in business administration from Babson College, and he is a member of the CFA Society of Philadelphia.

Mr. McCarthy has been a co-portfolio manager of the Fund since December 2012.

**D. Tysen Nutt Jr.**

*Senior Vice President, Senior Portfolio Manager, Team Leader*

D. Tysen Nutt Jr. is senior portfolio manager and team leader for the firm's Large-Cap Value team. Before joining Delaware Investments in 2004 as senior vice president and senior portfolio manager, Nutt led the U.S. Active Large-Cap Value team within Merrill Lynch Investment Managers, where he managed mutual funds and separate accounts for institutions and private clients. He departed Merrill Lynch Investment Managers as a managing director. Prior to joining Merrill Lynch Investment Managers in 1994, Nutt was with Van Deventer & Hoch where he managed large-cap value portfolios for institutions and private clients. He began his investment career at Dean Witter Reynolds, where he eventually became vice president, investments. Nutt earned his bachelor's degree from Dartmouth College, and he is a member of the New York Society of Security Analysts and the CFA Institute.

Mr. Nutt has been a co-portfolio manager of the Fund since March 2005.

(continues)

37

## **Table of Contents**

Other Fund information (Unaudited)

### **Fund management (continued)**

#### **Robert A. Vogel Jr., CFA**

*Vice President, Senior Portfolio Manager*

Robert A. Vogel Jr. is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining Delaware Investments in 2004 as vice president and senior portfolio manager, he worked at Merrill Lynch Investment Managers for more than seven years, where he rose to the position of director and portfolio manager within the U.S. Active Large-Cap Value team. He began his career in 1992 as a financial consultant at Merrill Lynch. Vogel graduated from Loyola University Maryland, earning both bachelor's and master's degrees in finance. He also earned an MBA with a concentration in finance from The Wharton School of the University of Pennsylvania. Vogel is a member of the New York Society of Security Analysts, the CFA Institute, and the CFA Society of Philadelphia.

Mr. Vogel has been a co-portfolio manager of the Fund since March 2005.

#### **Christopher M. Testa, CFA**

*Senior Vice President, Senior Portfolio Manager*

Christopher M. Testa joined Delaware Investments in January 2014 as a senior portfolio manager in the firm's corporate credit portfolio management group. He primarily manages high yield assets. Prior to joining the firm, Testa worked as a portfolio manager who focused on high yield credit at S. Goldman Asset Management from 2009 to 2012 and Princeton Advisory Group from 2012 to 2013. Previously, he served as head of U.S. credit at Drake Management, and prior to that he was head of credit research and a high yield portfolio manager at Goldman Sachs Asset Management. Testa has more than 20 years of experience analyzing and investing in high yield and distressed credit. He earned his bachelor's degree in economics, with a minor in government, from Hamilton College, and an MBA in finance with a concentration in investments from The Wharton School of the University of Pennsylvania.

Mr. Testa has been a co-portfolio manager of the Fund since June 2014.

### **Board consideration of Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc. investment management agreement**

At a meeting held on Aug. 18-20, 2015 (the Annual Meeting), the Board of Directors (collectively referred to here as the Board), including a majority of disinterested or independent Directors, approved the renewal of the Investment

Advisory Agreement for Delaware Investments Dividend and Income Fund, Inc. (the Fund). In making its decision, the Board considered information furnished at regular quarterly Board meetings, including reports detailing Fund performance, investment strategies, and expenses, as well as information prepared specifically in connection with the renewal of the investment advisory and sub-advisory contracts. Information furnished specifically in connection with the renewal of the Investment Management Agreements with Delaware Management Company (DMC) included materials provided by DMC and its affiliates (Delaware Investments) concerning, among other things, the nature, extent, and quality of services provided to the Fund; the costs of such services to the Fund; economies of scale; and the investment manager's financial condition and profitability.

In addition, in connection with the Annual Meeting, reports were provided to the Directors in May 2015 and included reports provided by Lipper, Inc., an independent statistical compilation organization (Lipper). The Lipper reports compared the Fund's investment performance and expenses with those of other comparable mutual funds. The Independent Directors reviewed and discussed the Lipper reports with independent legal counsel to the Independent Directors. In addition to the information noted above, the Board also requested and received information regarding DMC's policy with respect to advisory fee levels and its breakpoint philosophy; the structure of portfolio manager compensation; and any constraints or limitations on the availability of securities for certain investment styles, which had in the past year inhibited, or which were likely in the future to inhibit, the investment manager's ability to invest fully in accordance with Fund policies.

In considering information relating to the approval of the Fund's advisory agreement, the Independent Directors received assistance and advice from and met separately with independent legal counsel to the Independent Directors. They also engaged a consultant to assist them in analyzing portions of the data presented and received. The Independent Directors reviewed and discussed with such consultant two reports prepared by the consultant with respect to such data. Although the Board gave attention to all information furnished, the following discussion identifies, under separate headings, the primary factors taken into account by the Board during its contract renewal considerations.

**Nature, extent, and quality of service.** The Board considered the services provided by DMC to the Fund and its shareholders. In reviewing the nature, extent, and quality of services, the Board considered reports furnished to it throughout the year, which covered matters such as the

---

**Table of Contents**

relative performance of the Fund; compliance of portfolio managers with the investment policies, strategies, and restrictions for the Fund; compliance by DMC ( Management ) personnel with the Code of Ethics adopted throughout the Delaware Investments Family of Funds complex; and adherence to fair value pricing procedures as established by the Board. The Board was pleased with the current staffing of the Fund's investment adviser and the emphasis placed on research in the investment process. The Board recognized DMC's receipt of several industry distinctions during the past several years. The Board gave favorable consideration to DMC's efforts to control expenditures while maintaining service levels committed to Fund matters. The Board was satisfied with the nature, extent, and quality of the overall services provided by DMC.

**Investment performance.** The Board placed significant emphasis on the investment performance of the Fund in view of the importance of investment performance to shareholders. Although the Board gave appropriate consideration to performance reports and discussions with portfolio managers at Board meetings throughout the year, the Board gave particular weight to the Lipper reports furnished for the Annual Meeting. The Lipper reports prepared for the Fund showed the investment performance of its shares in comparison to a group of similar funds as selected by Lipper (the Performance Universe ). A fund with the highest performance ranked first, and a fund with the lowest ranked last. The highest/best performing 25% of funds in the Performance Universe make up the first quartile; the next 25%, the second quartile; the next 25%, the third quartile; and the lowest/worst performing 25% of funds in the Performance Universe make up the fourth quartile. Comparative annualized performance for the Fund was shown for the past 1-, 3-, 5-, and 10-year periods, to the extent applicable, ended March 31, 2015. The Board's objective is that the Fund's performance for the periods considered be at or above the median of its Performance Universe.

The Performance Universe for the Fund consisted of the Fund and all leveraged closed-end income and preferred stock funds as selected by Lipper. The Lipper report comparison showed that the Fund's total return for the 1-year period was in the third quartile of its Performance Universe. By contrast, the report showed that the Fund's total return for the 3-, 5-, and 10-year periods was in the first quartile of its Performance Universe. The Fund's 1-year performance result was not in line with the Board's objective; however, in evaluating the Fund's performance, the Board considered the strong long term performance results and overall, the Board was satisfied with performance.

**Comparative expenses.** The Board considered expense comparison data for the Delaware Investments Family of Funds. Management provided the Board with information on pricing levels and fee structures for the Fund as of its most recently completed fiscal year. The Board also focused on the comparative analysis of effective management fees and total expense ratios of the Fund versus effective management fees and expense ratios of a group of similar closed-end funds as selected by Lipper (the Expense Group ). In reviewing comparative costs, the Fund's contractual management fee and the actual management fee incurred by the Fund were compared with the contractual management fees (assuming all funds in the Expense Group were similar in size to the Fund) and actual management fees (as reported by each fund) within the Expense Group, taking into account any applicable breakpoints and fee

waivers. The Fund's total expenses were also compared with those of its Expense Group. The Board considered fees paid to DMC for non-management services. The Board's objective is to limit each Fund's total expense ratio to be competitive with that of the Expense Group.

The expense comparisons for the Fund showed that its actual management fee was in the quartile with the lowest expenses of its Expense Group and its total expenses were in the quartile with the second lowest expenses of its Expense Group. The Board was satisfied with the management fee and total expenses of the Fund in comparison to those of its Expense Group.

**Management profitability.** The Board considered the level of profits, if any, realized by DMC in connection with the operation of the Fund. In this respect, the Board reviewed the Investment Management Profitability Analysis that addressed the overall profitability of DMC's business in providing management and other services to each of the individual funds and the Delaware Investments Family of Funds as a whole. Specific attention was given to the methodology followed in allocating costs for the purpose of determining profitability. Management stated that the level of profits of DMC, to a certain extent, reflects recent operational cost savings and efficiencies initiated by DMC. The Board considered DMC's efforts to improve services provided to fund shareholders and to meet additional regulatory and compliance requirements resulting from recent industry-wide Securities and Exchange Commission initiatives. The Board also considered the extent to which DMC might derive ancillary benefits from fund operations, including the potential for procuring additional business as a result of the prestige and visibility associated with its role as service provider to the Delaware Investments Family of Funds and the benefits from allocation of fund brokerage to improve trading efficiencies. The Board found that the management fees were reasonable in light of the services rendered and the profitability of DMC.

(continues)

39

**Table of Contents**

Other Fund information (Unaudited)

**Board consideration of Delaware Investments® Dividend and Income Fund, Inc. investment management agreement (continued)**

**Economies of scale.** As closed-end funds, the Fund does not issue shares on a continuous basis. Fund assets, therefore, increase primarily as a result of the increase in value of the underlying securities in that Fund. Accordingly, the Board determined that the Fund was not likely to experience significant economies of scale due to asset growth and, therefore, a fee schedule with breakpoints to pass the benefit of economies of scale on to shareholders was not likely to provide the intended effect.

**Distribution information**

Shareholders were sent monthly notices from the Fund that set forth estimates, on a book basis, of the source or sources from which monthly distributions were paid. Subsequently, certain of these estimates have been revised in part. Listed below is a written statement of the sources of these monthly distributions on a book basis.

Month	Investment Income per Share	Return of Capital per Share	Long Term Capital Gain/(Loss) per Share	Total Distribution Amount per Share
December 2014	\$0.0435	\$0.0090	\$	\$0.0525
January 2015	0.0286	0.0239		0.0525
February 2015	0.0359	0.0166		0.0525
March 2015	0.0484	0.0041		0.0525
April 2015	0.0270	0.0255		0.0525
May 2015	0.0438	0.0087		0.0525
June 2015	0.0300	0.0225		0.0525
July 2015	0.0371	0.0154		0.0525
August 2015	0.0396	0.0129		0.0525
September 2015	0.0340	0.0185		0.0525
October 2015	0.0300	0.0225		0.0525
November 2015	0.0373	0.0152		0.0525
<b>Total</b>	<b>\$0.4352</b>	<b>\$0.1948</b>	<b>\$</b>	<b>\$0.6300</b>



Please note that the information in the preceding chart is for book purposes only. Shareholders should be aware the tax treatment of distributions may differ from their book treatment. For federal income tax purposes, the effect of capital loss carryovers may be to convert (to the extent of such current year gains) what would otherwise be returns of capital into distributions taxable as ordinary income. Under the Regulated Investment Company Modernization Act of 2010 (Act), this tax effect attributable to the Fund's capital loss carryovers (the conversion of returns of capital into distributions taxable as ordinary income) will no longer apply to net capital losses of the Fund arising in Fund tax years beginning after the date of the enactment. The tax treatment of distributions will be set forth in a Form 1099-DIV.

### **Dividend reinvestment plan**

The Fund offers an automatic dividend reinvestment program ( Plan ). Shareholders who have shares registered in their own names are automatically considered participants in the Plan, unless they elect to withdraw from the Plan. Shareholders who hold their shares through a bank, broker, or other nominee should request the bank, broker, or nominee to participate in the Plan on their behalf. This can be done as long as the bank, broker, or nominee provides a dividend reinvestment service for the Fund. If the bank, broker, or nominee does not provide this service, such shareholders must have their shares taken out of street or nominee name and re-registered in their own name in order to participate in the Plan.

Computershare, Inc. ( Computershare ) will apply all cash dividends, capital gains and other distributions (collectively, Distributions ) on the Fund's shares of common stock which become payable to each Plan participant to the purchase of outstanding shares of the Fund's common stock for such participant. These purchases may be made on a securities exchange or in the over-the-counter market, and may be subject to such terms of price, delivery, and related matters to which Computershare may agree. The Fund will not issue new shares in connection with the Plan.

## **Table of Contents**

Distributions reinvested for participants are subject to income taxes just as if they had been paid directly to the shareholder in cash. Participants will receive a year-end statement showing distributions reinvested, and any brokerage commissions paid on such participant's behalf.

Shareholders holding shares of the Fund in their own names who wish to terminate their participation in the Plan may do so by sending written instruction to Computershare so that Computershare receives such instructions at least 10 days prior to the Distribution record date. Shareholders with shares held in account by a bank, broker, or other nominee should contact such bank, broker, or other nominee to determine the procedure for withdrawal from the Plan.

If written instructions are not received by Computershare at least 10 days prior to the record date for a particular Distribution, that Distribution may be reinvested at the sole discretion of Computershare. After a shareholder's instructions to terminate participation in the Plan become effective, Distributions will be paid to shareholders in cash. Upon termination, a shareholder may elect to receive either stock or cash for all the full shares in the account. If cash is elected, Computershare will sell such shares at the then current market value and then send the net proceeds to the shareholder, after deducting brokerage commissions and related expenses. Any fractional shares at the time of termination will be paid in cash at the current market price, less brokerage commissions and related expenses, if any. Shareholders may at any time request a full or partial withdrawal of shares from the Plan, without terminating participation in the Plan. When shares outside of the Plan are liquidated, Distributions on shares held under the Plan will continue to be reinvested unless Computershare is notified of the shareholder's withdrawal from the Plan.

An investor holding shares that participate in the Plan in a brokerage account may not be able to transfer the shares to another broker and continue to participate in the Plan. Please contact your broker/dealer for additional details.

Computershare will charge participants their proportional share of brokerage commissions on market purchases. Participants may obtain a certificate or certificates for all or part of the full shares credited to their accounts at any time by making a request in writing to Computershare. A fee may be charged to the participant for each certificate issuance.

If you have any questions and shares are registered in your name, contact Computershare at 866 437-0252 or P.O. Box 30170, College Station, TX 77842-3170. If you have any questions and shares are registered in street name, contact the broker/dealer holding the shares or your financial advisor.

Effective Aug. 1, 2008, the Dividend Reinvestment Plan may be amended by the Fund upon 20 days written notice to the Plan's participants.

## **Tender offer**

As described in Note 6 to the Financial Statements, the Fund conducted a tender offer in 2015. There can be no assurance that a tender offer will reduce or eliminate any spread between market price and the net asset value of the Fund's shares. The market price of the shares will, among other things, be determined by the relative demand for and supply of shares in the market, the Fund's investment performance, the Fund's dividends and yields, and investor perception of the Fund's overall attractiveness as an investment as compared with other investment alternatives. Nevertheless, the fact that a tender offer may be conducted may result in more of a reduction in the spread between market price and net asset value than might otherwise be the case. The Fund's Board of Directors, consistent with its fiduciary obligations, may explore alternatives to a tender offer to reduce or eliminate the Fund's potential market value discount from net asset value. Therefore, the Fund cannot provide assurance that it will make tender offers in the future.

Since the Fund's organization in 1993, the Fund has consummated eight tender offers, including tender offers in 2000, 2005, 2006, 2007, 2008, 2009, 2014, and 2015.

(continues)

41

**Table of Contents**

Other Fund information (Unaudited)

**Tax information**

The information set forth below is for the Fund's fiscal year as required by federal income tax laws. Shareholders, however, must report distributions on a calendar year basis for income tax purposes, which may include distributions for portions of two fiscal years of a Fund. Accordingly, the information needed by shareholders for income tax purposes will be sent to them in January of each year. Please consult your tax advisor for proper treatment of this information.

All disclosures are based on financial information available as of the date of this annual report and, accordingly are subject to change. For any and all items requiring reporting, it is the intention of the Fund to report the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

For the fiscal year ended Nov. 30, 2015, the Fund reports distributions paid during the year as follows:

(A) Ordinary Income Distributions (Tax Basis)*	100.00%
(B) Qualifying Dividends <sup>1</sup>	46.36%

(A) is based on a percentage of the Fund's total distributions.

(B) is based on a percentage of the Fund's ordinary income distributions.

<sup>1</sup> Qualifying dividends represent dividends which qualify for the corporate dividends received deduction.

\*For the fiscal year ended Nov. 30, 2015, certain dividends paid by the Fund may be subject to a maximum tax rate of 20%. The percentage of dividends paid by the Fund from ordinary income reported as qualified dividend income is 63.35%. Complete information will be computed and reported in conjunction with your 2015 Form 1099-DIV.

**Table of Contents**

Board of trustees / directors and officers addendum

**Delaware Investments® Family of Funds**

A mutual fund is governed by a Board of Trustees/Directors ( Trustees ), which has oversight responsibility for the management of a fund s business affairs. Trustees establish procedures and oversee and review the performance of the investment manager, the distributor, and others who perform services for the fund. The independent fund trustees, in particular, are advocates for shareholder interests. Each trustee has served in that capacity since he or she was elected to or appointed to the Board of Trustees, and will continue to serve until his or her retirement or the election of a new trustee in his or her place. The following is a list of the Trustees and Officers with certain background and related information.

<b>Name</b>	<b>Position(s)</b>	<b>Length of Time Served</b>	<b>Principal Occupation(s) During the Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee or Officer</b>	<b>Other Director Held Trustee or Officer</b>
Shawn K. Lytle <sup>1</sup> 1000 Market Street Philadelphia, PA 19103 1970	President, Chief Executive Officer, and Trustee	Trustee since September 2015  President and Chief Executive Officer since August 2015	Shawn K. Lytle has served as President of Delaware Investments <sup>2</sup> since June 2015 and was the Regional Head of Americas for UBS Global Asset Management from 2010 through 2015.	65	Trustee  UBS Relationship SMA Relationship  and UBS (May 2010)
Bennett 1000 Market Street Philadelphia, PA 19103	Chairman and Trustee	Trustee since March 2005	Private Investor  (March 2004 Present)	65	Director  Bryn Mawr (BM)

1947		Chairman since March 2015			(2007
orowicz	Trustee	Since March 2015	Chief Executive Officer Private Wealth Management (2011-2013) and Market Manager, New Jersey Private Bank (2005-2011) J.P. Morgan Chase & Co.	65	No
et Street PA 19103 er 1958					
. Chow	Trustee	Since January 2013	Executive Vice President (Emerging Economies Strategies, Risk and Corporate Administration) State Street Corporation (July 2004-March 2011)	65	Director Com Member Technolo Capita (2004
et Street PA 19103 1953					
. Fry	Trustee	Since January 2001	President Drexel University (August 2010-Present)	65	Dire Hershey Tru
et Street PA 19103 960					
			President Franklin & Marshall College (July 2002-July 2010)		Directo Comm Gove Committe Commun Sys
					Dire Drexel Mo

(continues)

**Table of Contents**

Board of trustees / directors and officers addendum

Delaware Investments® Family of Funds

<b>Name,</b>	<b>Position(s)</b>	<b>Length of Time</b>	<b>Principal Occupation(s)</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee or Officer</b>	<b>Other Directorship Held by Trustee or Officer</b>
<b>Address,</b>	<b>Held with</b>	<b>Served</b>	<b>During the</b>		
<b>and Birth Date</b>	<b>Fund(s)</b>	<b>Served</b>	<b>Past Five Years</b>		
<b>Independent Trustees (continued)</b>					
nda S. Landreth	Trustee	Since March 2005	Private Investor  (2004 Present)	65	None
5 Market Street					
elphia, PA 19103					
June 1947					
A. Sevilla-Sacasa	Trustee	Since September 2011	Chief Executive Officer  Banco Itaú  International  (April 2012 Present)	65	Trust Manager  Audit Commi  Member Ca  Property Tru
5 Market Street					
elphia, PA 19103					
January 1956					
			Executive Advisor to Dean  (August 2011 March 2012)  and Interim Dean  (January 2011 July 2011)		



University of Miami School of  
Business Administration

President U.S. Trust,  
Bank of America Private  
Wealth Management  
(Private Banking)

(July 2007-December 2008)

Thomas K. Whitford	Trustee	Since January 2013	Vice Chairman (2010 April 2013) Chief Administrative Officer (2008 2010) and Executive Vice President and Chief Administrative Officer (2007 2009) PNC Financial Services Group	65	Director H Finance Corpor and HSBC Ne America Holdin Director HSB
Robert L. Yeomans	Trustee	Since April 1999	Vice President and Treasurer (January 2006 July 2012) Vice President Mergers & Acquisitions (January 2003 January 2006), and Vice President and Treasurer (July 1995 January 2003) 3M Corporation	65	Director, Audi Compliance Com Chair, Investment Com Member, ar Governanc Committee Me Okabena Com

Chair 31

Investment Mana

Company

(2005 201

44

**Table of Contents**

Name, Address, and Birth Date	Position(s) Held with Fund(s)	Length of Time Served	Principal	Number of	Other
			Occupation(s) During the Past Five Years	Portfolios in Fund Complex Overseen by Trustee or Officer	Directorships Held by Trustee or Officer
David F. Connor 2005 Market Street Philadelphia, PA 19103 December 1963	Senior Vice President, General Counsel, and Secretary	Senior Vice President, since May 2013; General Counsel since May 2015; Secretary since October 2005	David F. Connor has served as  Senior Vice President of the  Fund(s) and the investment advisor  since 2013, General Counsel of the  Fund(s) and the investment advisor  since 2015, Secretary of the  Fund(s) and the investment advisor  since 2005.	65	None <sup>3</sup>

<p>Daniel V. Geatens 2005 Market Street Philadelphia, PA 19103 October 1972</p>	<p>Vice President and Treasurer</p>	<p>Treasurer since October 2007</p>	<p>Daniel V. Geatens has served as  Vice President and Treasurer of the  Fund(s) since 2007 and Vice  President and Director of Financial  Administration of the investment  advisor since 2010.</p>	<p>65</p>	<p>None<sup>3</sup></p>
<p>Richard Salus 2005 Market Street Philadelphia, PA 19103 October 1963</p>	<p>Senior Vice President and Chief Financial Officer</p>	<p>Chief Financial Officer since November 2006</p>	<p>Richard Salus has served as Senior Vice President and Chief Financial Officer of the Fund(s) and the investment advisor since 2006.</p>	<p>65</p>	<p>None<sup>3</sup></p>

<sup>1</sup> Shawn K. Lytle is considered to be an Interested Trustee because he is an executive officer of the Fund (s ) investment advisor.

<sup>2</sup> Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its subsidiaries, including the Fund (s ) investment advisor, principal underwriter, and its transfer agent.

<sup>3</sup> David F. Connor, Daniel V. Geatens, and Richard Salus serve in similar capacities for the six portfolios of the Optimum Fund Trust, which have the same investment advisor, principal underwriter, and transfer agent as the registrant.

(continues)

**Table of Contents**

About the organization

This annual report is for the information of Delaware Investments® Dividend and Income Fund, Inc. shareholders. The figures in this report represent past results that are not a guarantee of future results. The return and principal value of an investment in the Fund will fluctuate so that shares, when sold, may be worth more or less than their original cost.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may, from time to time, purchase shares of its common stock on the open market at market prices. Your Fund's Board of Directors approved a share repurchase program in 1994 that authorizes the Fund to purchase up to 10% of its outstanding shares on the floor of the New York Stock Exchange.

**Board of Directors**

**Shawn K. Lytle**

President and

Chief Executive Officer

Delaware Investments

Family of Funds

Philadelphia, PA

**Thomas L. Bennett**

Chairman of the Board

Delaware Investments

Family of Funds

Private Investor

Rosemont, PA

**Ann D. Borowiec**

Former Chief Executive Officer

Private Wealth Management

J.P. Morgan Chase & Co.

New York, NY

Table of Contents

**Joseph W. Chow**

Former Executive Vice President

State Street Corporation

Boston, MA

**John A. Fry**

President

Drexel University

Philadelphia, PA

**Lucinda S. Landreth**

Former Chief Investment Officer

Assurant, Inc.

New York, NY

**Frances A. Sevilla-Sacasa**

Chief Executive Officer

Banco Itaú International

Miami, FL

**Thomas K. Whitford**

Former Vice Chairman

PNC Financial Services Group

Pittsburgh, PA

**Janet L. Yeomans**

Former Vice President and Treasurer

3M Corporation

St. Paul, MN

Audit committee member

**Affiliated officers**

Table of Contents

**David F. Connor**

Senior Vice President,

General Counsel, and Secretary

Delaware Investments Family of Funds

Philadelphia, PA

**Daniel V. Geatens**

Vice President and Treasurer

Delaware Investments Family of Funds

Philadelphia, PA

**Richard Salus**

Senior Vice President and

Chief Financial Officer

Delaware Investments Family of Funds

Philadelphia, PA

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q, as well as a description of the policies and procedures that the Fund uses to determine how to vote proxies (if any) relating to portfolio securities are available without charge (i) upon request, by calling 800 523-1918; and (ii) on the SEC's website at [sec.gov](http://sec.gov). In addition, a description of the policies and procedures that the Fund uses to determine how to vote proxies (if any) relating to portfolio securities and the Schedules of Investments included in the Fund's most recent Form N-Q are available without charge on the Fund's website at [delawareinvestments.com](http://delawareinvestments.com). The Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C.; information on the operation of the Public Reference Room may be obtained by calling 800 SEC-0330.

Information (if any) regarding how the Fund voted proxies relating to portfolio securities during the most recently disclosed 12-month period ended June 30 is available without charge (i) through the Fund's website at [delawareinvestments.com](http://delawareinvestments.com); and (ii) on the SEC's website at [sec.gov](http://sec.gov).

**Investment manager**

Delaware Management Company, a series of Delaware Management Business Trust Philadelphia, PA

**Principal office of the Fund**

2005 Market Street

Philadelphia, PA 19103-7094

**Independent registered public**

**accounting firm**

PricewaterhouseCoopers LLP

Two Commerce Square

Suite 1800

2001 Market Street

Philadelphia, PA 19103-7042

**Registrar and stock transfer agent**

Computershare, Inc.

480 Washington Blvd.

Jersey City, NJ 07310

866 437-0252

**Website**

delawareinvestments.com

*Delaware Investments, a member of Macquarie Group, refers to Delaware Management Holdings, Inc. and its subsidiaries. Macquarie Group refers to Macquarie Group Limited and its subsidiaries and affiliates worldwide.*

**Your reinvestment options**

Delaware Investments Dividend and Income Fund, Inc. offers an automatic dividend reinvestment program. If you would like to reinvest dividends, and shares are registered in your name, contact Computershare, Inc. at 866 437-0252. You will be asked to put your request in writing. If you have shares registered in street name, contact the broker/dealer holding the shares or your financial advisor.

If you choose to receive your dividends in cash, you may now elect to receive them by ACH transfer. Contact Computershare at the number above for more information.



Item 2. Code of Ethics

The registrant has adopted a code of ethics that applies to the registrant's 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. A copy of the registrant's Code of Business Ethics has been posted on the Delaware Investments Internet Web site at [www.delawareinvestments.com](http://www.delawareinvestments.com). Any amendments to the Code of Business Ethics, and information on any waiver from its provisions granted by the registrant, will also be posted on this Web site within five business days of such amendment or waiver and will remain on the Web site for at least 12 months.

Item 3. Audit Committee Financial Expert

The registrant's Board of Trustees/Directors has determined that certain members of the registrant's Audit Committee are audit committee financial experts, as defined below. For purposes of this item, an audit committee financial expert is a person who has the following attributes:

- a. An understanding of generally accepted accounting principles and financial statements;
- b. The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;
- c. Experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;
- d. An understanding of internal controls and procedures for financial reporting; and
- e. An understanding of audit committee functions.

An audit committee financial expert shall have acquired such attributes through:

- a. Education and experience as a principal financial officer, principal accounting officer, controller, public accountant, or auditor or experience in one or more positions that involve the performance of similar functions;
- b. Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor, or person performing similar functions;
- c. Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements; or
- d. Other relevant experience.

The registrant's Board of Trustees/Directors has also determined that each member of the registrant's Audit Committee is independent. In order to be independent for purposes of this item, the Audit Committee member may not: (i) other than in his or her capacity as a member of the Board of Trustees/Directors or any committee thereof, accept directly or indirectly any consulting, advisory or other compensatory fee from the issuer; or (ii) be an interested person of the registrant as defined in Section 2(a)(19) of the Investment Company Act of 1940.

---

The names of the audit committee financial experts on the registrant's Audit Committee are set forth below:

Ann D. Borowiec  
Joseph W. Chow  
Lucinda S. Landreth<sup>1</sup>  
Frances A. Sevilla-Sacasa

Item 4. Principal Accountant Fees and Services

(a) Audit fees.

The aggregate fees billed for services provided to the registrant by its independent auditors for the audit of the registrant's annual financial statements and for services normally provided by the independent auditors in connection with statutory and regulatory filings or engagements were \$34,675 for the fiscal year ended November 30, 2015.

The aggregate fees billed for services provided to the registrant by its independent auditors for the audit of the registrant's annual financial statements and for services normally provided by the independent auditors in connection with statutory and regulatory filings or engagements were \$31,960 for the fiscal year ended November 30, 2014.

(b) Audit-related fees.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the registrant's financial statements and not reported under paragraph (a) of this Item were \$0 for the fiscal year ended November 30, 2015.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the financial statements of the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$612,000 for the registrant's fiscal year ended November 30, 2015. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These audit-related services were as follows: year-end audit procedures; group reporting and subsidiary statutory audits.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the registrant's financial statements and not reported under paragraph (a) of this Item were \$0 for the fiscal year ended November 30, 2014.

---

<sup>1</sup> The instructions to Form N-CSR require disclosure on the relevant experience of persons who qualify as audit committee financial experts based on other relevant experience. The Board of Trustees/Directors has determined that Ms. Landreth qualifies as an audit committee financial expert by virtue of her experience as a financial analyst, her Chartered Financial Analyst (CFA) designation and her service as an audit committee chairperson for a non-profit organization.

The aggregate fees billed by the registrant's independent auditors for services relating to the performance of the audit of the financial statements of the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$618,000 for the registrant's fiscal year ended November 30, 2014. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These audit-related services were as follows: year-end audit procedures; group reporting and subsidiary statutory audits.

(c) Tax fees.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant were \$5,558 for the fiscal year ended November 30, 2015. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These tax-related services were as follows: review of income tax returns and review of annual excise distribution calculations.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2015.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant were \$5,109 for the fiscal year ended November 30, 2014. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%. These tax-related services were as follows: review of income tax returns and review of annual excise distribution calculations.

The aggregate fees billed by the registrant's independent auditors for tax-related services provided to the registrant's investment adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2014.

(d) All other fees.

The aggregate fees billed for all services provided by the independent auditors to the registrant other than those set forth in paragraphs (a), (b) and (c) of this Item were \$0 for the fiscal year ended November 30, 2015.

The aggregate fees billed for all services other than those set forth in paragraphs (b) and (c) of this Item provided by the registrant's independent auditors to the registrant's adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2015. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%.

---

## Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

The aggregate fees billed for all services provided by the independent auditors to the registrant other than those set forth in paragraphs (a), (b) and (c) of this Item were \$0 for the fiscal year ended November 30, 2014.

The aggregate fees billed for all services other than those set forth in paragraphs (b) and (c) of this Item provided by the registrant's independent auditors to the registrant's adviser and other service providers under common control with the adviser and that relate directly to the operations or financial reporting of the registrant were \$0 for the registrant's fiscal year ended November 30, 2014. The percentage of these fees relating to services approved by the registrant's Audit Committee pursuant to the de minimis exception from the pre-approval requirement in Rule 2-01(c)(7)(i)(C) of Regulation S-X was 0%.

(e) The registrant's Audit Committee has established pre-approval policies and procedures as permitted by Rule 2-01(c)(7)(i)(B) of Regulation S-X (the "Pre-Approval Policy") with respect to services provided by the registrant's independent auditors. Pursuant to the Pre-Approval Policy, the Audit Committee has pre-approved the services set forth in the table below with respect to the registrant up to the specified fee limits. Certain fee limits are based on aggregate fees to the registrant and other registrants within the Delaware Investments® Family of Funds.

Service	Range of Fees
<b>Audit Services</b>	
Statutory audits or financial audits for new Funds	up to \$40,000 per Fund
Services associated with SEC registration statements (e.g., Form N-1A, Form N-14, etc.), periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g., comfort letters for closed-end Fund offerings, consents), and assistance in responding to SEC comment letters	up to \$10,000 per Fund
Consultations by Fund management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard-setting bodies (Note: Under SEC rules, some consultations may be considered audit-related services rather than audit services )	up to \$25,000 in the aggregate
<b>Audit-Related Services</b>	
Consultations by Fund management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard-setting bodies (Note: Under SEC rules, some consultations may be considered audit services rather than audit-related services )	up to \$25,000 in the aggregate
<b>Tax Services</b>	
U.S. federal, state and local and international tax planning and advice (e.g., consulting on statutory, regulatory or administrative developments, evaluation of Funds' tax compliance function, etc.)	up to \$25,000 in the aggregate
U.S. federal, state and local tax compliance (e.g., excise distribution reviews, etc.)	up to \$5,000 per Fund
Review of federal, state, local and international income, franchise and other tax returns	up to \$5,000 per Fund

Under the Pre-Approval Policy, the Audit Committee has also pre-approved the services set forth in the table below with respect to the registrant's investment adviser and other entities controlling, controlled by or under common control with the investment adviser that provide ongoing services to the registrant (the Control Affiliates) up to the specified fee limit. This fee limit is based on aggregate fees to the investment adviser and its Control Affiliates.

<b>Service</b>	<b>Range of Fees</b>
<b>Non-Audit Services</b>	
Services associated with periodic reports and other documents filed with the SEC and assistance in responding to SEC comment letters	up to \$10,000 in the aggregate

The Pre-Approval Policy requires the registrant's independent auditors to report to the Audit Committee at each of its regular meetings regarding all services initiated since the last such report was rendered, including those services authorized by the Pre-Approval Policy.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the registrant's independent auditors for services rendered to the registrant and to its investment adviser and other service providers under common control with the adviser were \$11,111,212 and \$5,653,375 for the registrant's fiscal years ended November 30, 2015 and November 30, 2014, respectively.

(h) In connection with its selection of the independent auditors, the registrant's Audit Committee has considered the independent auditors provision of non-audit services to the registrant's investment adviser and other service providers under common control with the adviser that were not required to be pre-approved pursuant to Rule 2-01(c)(7)(ii) of Regulation S-X. The Audit Committee has determined that the independent auditors' provision of these services is compatible with maintaining the auditors' independence.

#### Item 5. Audit Committee of Listed Registrants

The registrant has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the registrant's Audit Committee are Ann D. Borowiec, Joseph W. Chow, Lucinda S. Landreth and Frances A. Sevilla-Sacasa.

#### Item 6. Investments

(a) Included as part of report to shareholders filed under Item 1 of this Form N-CSR.

(b) Divestment of securities in accordance with Section 13(c) of the Investment Company Act of 1940.

Not applicable.

---

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

The registrant has formally delegated to its investment adviser (the Adviser) the responsibility for making all proxy voting decisions in relation to portfolio securities held by the registrant. If and when proxies need to be voted on behalf of the registrant, the Adviser will vote such proxies pursuant to its Proxy Voting Policies and Procedures (the Procedures). The Adviser has established a Proxy Voting Committee (the Committee) which is responsible for overseeing the Adviser's proxy voting process for the registrant. One of the main responsibilities of the Committee is to review and approve the Procedures to ensure that the Procedures are designed to allow the Adviser to vote proxies in a manner consistent with the goal of voting in the best interests of the registrant.

In order to facilitate the actual process of voting proxies, the Adviser has contracted with Institutional Shareholder Services Inc. (ISS) to analyze proxy statements on behalf of the registrant and other Adviser clients and vote proxies generally in accordance with the Procedures. The Committee is responsible for overseeing ISS's proxy voting activities. If a proxy has been voted for the registrant, ISS will create a record of the vote. By no later than August 31 of each year, information (if any) regarding how the registrant voted proxies relating to portfolio securities during the most recently disclosed 12-month period ended June 30 is available without charge (i) through the registrant's website at [delawareinvestments.com](http://delawareinvestments.com); and (ii) on the Commission's website at [sec.gov](http://sec.gov).

The Procedures contain a general guideline stating that recommendations of company management on an issue (particularly routine issues) should be given a fair amount of weight in determining how proxy issues should be voted. However, the Adviser will normally vote against management's position when it runs counter to its specific Proxy Voting Guidelines (the Guidelines), and the Adviser will also vote against management's recommendation when it believes that such position is not in the best interests of the registrant.

As stated above, the Procedures also list specific Guidelines on how to vote proxies on behalf of the registrant. Some examples of the Guidelines are as follows: (i) generally vote for shareholder proposals asking that a majority or more of directors be independent; (ii) generally vote against proposals to require a supermajority shareholder vote; (iii) votes on mergers and acquisitions should be considered on a case-by-case basis, determining whether the transaction enhances shareholder value; (iv) generally 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; (v) generally vote re-incorporation proposals on a case-by-case basis; (vi) votes with respect to equity-based compensation plans are generally determined on a case-by-case basis; and (vii) generally vote for proposals requesting reports on the level of greenhouse gas emissions from a company's operations and products.

Because the registrant has delegated proxy voting to the Adviser, the registrant is not expected to encounter any conflict of interest issues regarding proxy voting and therefore does not have procedures regarding this matter. However, the Adviser does have a section in its Procedures that addresses the possibility of conflicts of interest. Most proxies that the Adviser receives on behalf of the registrant are voted by ISS in accordance with the Procedures. Because almost all of the registrant proxies are voted by ISS pursuant to the pre-determined Procedures, it normally will not be necessary for the Adviser to make an actual determination of how to vote a particular proxy, thereby largely eliminating conflicts of interest for the Adviser during the proxy voting process. In the very limited instances where the Adviser is considering voting a proxy contrary to ISS's recommendation, the Committee will first assess the issue to see if there is any possible conflict of interest involving the Adviser or affiliated persons of the Adviser. If a member of the Committee has actual knowledge of a conflict of interest, the Committee will normally use another independent third party to do additional research on the particular proxy issue in order to make a recommendation to the Committee on how to vote the proxy in the best interests of the registrant. The Committee will then review the proxy voting materials and recommendation provided by ISS and the independent third party to determine how to vote the issue in a manner that the Committee believes is consistent with the Procedures and in the best interests of the registrant.

---

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

The information in the annual report under "Other Fund information - Fund management" is incorporated by reference into this Item 8.

**Other Accounts Managed**

The following chart lists certain information about types of other accounts for which each Fund manager is primarily responsible as of November 30, 2015. Any accounts managed in a personal capacity appear under "Other Accounts" along with the other accounts managed on a professional basis. The personal account information is current as of June 30, 2015.

	No. of Accounts	Total Assets Managed	No. of Accounts with Performance-Based Fees	Total Assets in Accounts with Performance-Based Fees
<b>Damon J. Andres</b>				
Registered Investment Companies	8	\$2.2 billion	0	\$0
Other Pooled Investment Vehicles	1	\$59.0 million	0	\$0
Other Accounts	8	\$590.3 million	0	\$0
<b>Wayne A. Anglace</b>				
Registered Investment Companies	3	\$1.1 billion	0	\$0
Other Pooled Investment Vehicles	2	\$37.4 million	1	\$17.2 million
Other Accounts	14	\$82.0 million	0	\$0
<b>Kristen E. Bartholdson</b>				
Registered Investment Companies	8	\$12.2 billion	0	\$0
Other Pooled Investment Vehicles	6	\$1.1 billion	0	\$0
Other Accounts	39	\$7.5 billion	1	\$2.5 billion
<b>Craig C. Dembek</b>				
Registered Investment Companies	10	\$4.1 billion	0	\$0
Other Pooled Investment Vehicles	1	\$17.2 million	1	\$17.2 million
Other Accounts	1	Less than \$1 million	0	\$0
<b>Roger A. Early</b>				
Registered Investment Companies	14	\$23.2 billion	0	\$0
Other Pooled Investment Vehicles	8	\$696.7 million	0	\$0
Other Accounts	47	\$6.3 billion	0	\$0
<b>Nikhil G. Lalvani</b>				
Registered Investment Companies	8	\$12.2 billion	0	\$0
Other Pooled Investment Vehicles	6	\$1.1 billion	0	\$0
Other Accounts	40	\$7.5 billion	1	\$2.5 billion

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC - Form N-CSR

<b>Anthony A. Lombardi</b>				
Registered Investment Companies	8	\$12.2 billion	0	\$0
Other Pooled Investment Vehicles	6	\$1.1 billion	0	\$0
Other Accounts	36	\$7.5 billion	1	\$2.5 billion
<b>Paul A. Matlack</b>				
Registered Investment Companies	13	\$4.7 billion	0	\$0
Other Pooled Investment Vehicles	8	\$881.8 million	0	\$0
Other Accounts	3	\$105.4 million	0	\$0
<b>John P. McCarthy</b>				
Registered Investment Companies	10	\$4.1 billion	0	\$0
Other Pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	3	Less than \$1 million	0	\$0
<b>D. Tysen Nutt</b>				
Registered Investment Companies	9	\$12.4 billion	0	\$0
Other Pooled Investment Vehicles	6	\$1.1 billion	0	\$0
Other Accounts	37	\$7.5 billion	1	\$2.5 billion
<b>Christopher M. Testa</b>				
Registered Investment Companies	17	\$22.8 billion	0	\$0
Other Pooled Investment Vehicles	9	\$913.4 million	0	\$0
Other Accounts	18	\$2.0 billion	1	\$619.7 million
<b>Robert A. Vogel</b>				
Registered Investment Companies	8	\$12.2 billion	0	\$0
Other Pooled Investment Vehicles	6	\$1.1 billion	0	\$0
Other Accounts	40	\$7.5 billion	1	\$2.5 billion
<b>Babak Zenouzi</b>				
Registered Investment Companies	14	\$3.3 billion	0	\$0
Other Pooled Investment Vehicles	2	\$76.2 million	1	\$17.2 million
Other Accounts	8	\$590.3 million	0	\$0

**DESCRIPTION OF MATERIAL CONFLICTS OF INTEREST**

Individual portfolio managers may perform investment management services for other funds or accounts similar to those provided to the Funds and the investment action for such other fund or account and the Funds may differ. For example, an account or fund may be selling a security, while another account or fund may be purchasing or holding the same security. As a result, transactions executed for one fund or account may adversely affect the value of securities held by another fund, account or the Funds. Additionally, the management of multiple other funds or accounts and the Funds may give rise to potential conflicts of interest, as a portfolio manager must allocate time and effort to multiple other funds or accounts and the Funds. A portfolio manager may discover an investment opportunity that may be suitable for more than one account or fund. The investment opportunity may be limited, however, so that all funds or accounts for which the investment would be suitable may not be able to participate. The Adviser has adopted procedures designed to allocate investments fairly across multiple funds or accounts.



Some of the accounts managed by the portfolio managers have a performance-based fee. This compensation structure presents a potential conflict of interest. The portfolio manager has an incentive to manage this account so as to enhance its performance, to the possible detriment of other accounts for which the investment manager does not receive a performance-based fee.

A portfolio manager's management of personal accounts also may present certain conflicts of interest. While Delaware's code of ethics is designed to address these potential conflicts, there is no guarantee that it will do so.

### **Compensation Structure**

Each portfolio's manager's compensation consists of the following:

**Base Salary** Each named portfolio manager receives a fixed base salary. Salaries are determined by a comparison to industry data prepared by third parties to ensure that portfolio manager salaries are in line with salaries paid at peer investment advisory firms.

**Bonus (Mr. Nutt, Ms. Bartholdson, Mr. Lalvani, Mr. Lombardi and Mr. Vogel only)** Each named portfolio manager is eligible to receive an annual cash bonus. The bonus pool is determined by the revenues associated with the products a portfolio manager manages. Delaware Investments keeps a percentage of the revenues and the remaining percentage of revenues (minus appropriate expenses associated with relevant product and the investment management team) create the "bonus pool" for the product. Various members of the team have the ability to earn a percentage of the bonus pool. The pool is allotted based on subjective factors and objective factors. The primary objective factor is the one-, three-, and five-year performance of the funds managed relative to the performance of the appropriate Lipper peer groups and the performance of institutional composites relative to the appropriate indices. Three- and five-year performance is weighted more heavily and there is no objective award for a fund whose performance falls below the 50th percentile for a given time period.

Individual allocations of the bonus pool are based on individual performance measurements, both objective and subjective, as determined by senior management.

**(Mr. Andres and Mr. Zenouzi only)** Each named portfolio manager is eligible to receive an annual cash bonus. The bonus pool is determined by the revenues associated with the products a portfolio manager manages. Delaware Investments keeps a percentage of the revenues and the remaining percentage of revenues (minus appropriate expenses associated with relevant product and the investment management team) create the "bonus pool" for the product. Various members of the team have the ability to earn a percentage of the bonus pool with the most senior contributor generally having the largest share. The pool is allotted based on subjective factors (50%) and objective factors (50%). The primary objective factor is the one-, three-, and five-year performance of the funds managed relative to the performance of the appropriate Lipper peer groups and the performance of institutional composites relative to the appropriate indices. Three- and five-year performance is weighed more heavily and there is no objective award for a fund whose performance falls below the 50th percentile for a given time period.

Individual allocations of the bonus pool are based on individual performance measurements, both objective and subjective, as determined by senior management.

**(Mr. Anglace, Mr. Dembek, Mr. Early, Mr. Matlack, Mr. McCarthy and Mr. Testa only)** An objective component is added to the bonus for each manager that is reflective of account performance relative to an appropriate peer group or database. The following paragraph describes the structure of the non-guaranteed bonus.

---

Each portfolio manager is eligible to receive an annual cash bonus, which is based on quantitative and qualitative factors. There is one pool for bonus payments for the fixed income department. The pool is allotted based on subjective factors (50%) and objective factors (50%). The amount of the pool for bonus payments is determined by assets managed (including investment companies, insurance product-related accounts and other separate accounts), management fees and related expenses (including fund waiver expenses) for registered investment companies, pooled vehicles, and managed separate accounts. For investment companies, each manager is compensated according to the Fund's Lipper or Morningstar peer group percentile ranking on a one-, three-, and five-year basis, with longer-term performance more heavily weighted. For managed separate accounts the portfolio managers are compensated according to the composite percentile ranking against the eVestment Alliance, and Callan Associates databases (or similar sources of relative performance data) on a one-, three-, and five-year basis, with longer term performance more heavily weighted. There is no objective award for a fund that falls below the 50<sup>th</sup> percentile, but incentives reach maximum potential at the top 25<sup>th</sup>-30<sup>th</sup> percentile. There is a sliding scale for investment companies that are ranked above the 50<sup>th</sup> percentile. The remaining portion of the bonus is discretionary as determined by Delaware Investments and takes into account subjective factors.

For new and recently transitioned portfolio managers, the compensation may be weighted more heavily towards a portfolio manager's actual contribution and ability to influence performance, rather than longer-term performance. Management intends to move the compensation structure towards longer-term performance for these portfolio managers over time.

Portfolio managers participate in retention programs, including the Delaware Investments Incentive Unit Plan, the Delaware Investments Notional Investment Plan, and the Macquarie Group Employee Retained Equity Plan, for alignment of interest purposes.

***Delaware Investments Incentive Unit Plan*** - Portfolio managers may be awarded incentive unit awards ( Awards ) relating to the underlying shares of common stock of Delaware Management Holdings, Inc. issuable pursuant to the terms of the Delaware Investments Incentive Unit Plan (the Plan ) adopted on November 30, 2010.

The Plan was adopted in order to: assist the Manager in attracting, retaining, and rewarding key employees of the company; enable such employees to acquire or increase an equity interest in the company in order to align the interest of such employees and the Manager; and provide such employees with incentives to expend their maximum efforts. Subject to the terms of the Plan and applicable award agreements, Awards typically vest in 25% increments on a four-year schedule, and shares of common stock underlying the Awards are issued after vesting. The fair market value of the shares of Delaware Management Holdings, Inc., is normally determined as of each March 31, June 30, September 30 and December 31 by an independent appraiser. Generally, a stockholder may put shares back to the company during the put period communicated in connection with the applicable valuation.

***Delaware Investments Notional Investment Plan*** - A portion of a portfolio manager's retained profit share may be notionally exposed to the return of a portfolio of Delaware Investments Family of Funds-managed funds pursuant to the terms of the Delaware Investments Notional Investment Plan. The retained amount will vest in three equal tranches in each of the first, second and third years following the date upon which the investment is made.

---

**Macquarie Group Employee Retained Equity Plan** A portion of a portfolio manager's retained profit share may be invested in the Macquarie Group Employee Retained Equity Plan ( MEREP ), which is used to deliver remuneration in the form of Macquarie Group Limited ( Macquarie ) equity. The main type of award currently being offered under the MEREP is units comprising a beneficial interest in a Macquarie share held in a trust for the employee, subject to the vesting and forfeiture provisions of the MEREP. Subject to vesting conditions, vesting and release of the shares occurs in equal tranches two, three, and four years after the date of investment.

**Other Compensation** - Portfolio managers may also participate in benefit plans and programs available generally to all employees.

Ownership of Securities

As of November 30, 2015, the portfolio managers did not own any shares of the Fund.

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

Not applicable.

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

Not applicable.

Item 11. Controls and Procedures

The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures within 90 days of the filing of this report and have concluded that they are effective in providing reasonable assurance that the information required to be disclosed by the registrant in its reports or statements filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

There were no significant changes in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by the report to stockholders included herein (i.e., the registrant's fourth fiscal quarter) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

---

Item 12. Exhibits

(a) (1) Code of Ethics

Not applicable.

(2) Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Rule 30a-2 under the Investment Company Act of 1940 are attached hereto as Exhibit 99.CERT.

(3) Written solicitations to purchase securities pursuant to Rule 23c-1 under the Securities Exchange Act of 1934.

Not applicable.

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 are furnished herewith as Exhibit 99.906CERT.

---

**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.

**DELAWARE INVESTMENTS® DIVIDEND AND INCOME FUND, INC.**

/s/ SHAWN LYTLE

By: Shawn Lytle

Title: President and Chief Executive Officer

Date: February 3, 2016

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

/s/ SHAWN LYTLE

By: Shawn Lytle

Title: President and Chief Executive Officer

Date: February 3, 2016

/s/ RICHARD SALUS

By: Richard Salus

Title: Chief Financial Officer

Date: February 3, 2016

---