

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC
Form N-CSRS
August 07, 2018
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

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

Investment Company Act file number:	811-07460
Exact name of registrant as specified in charter:	Delaware Investments® Dividend and Income Fund, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	November 30
Date of reporting period:	May 31, 2018

Item 1. Reports to Stockholders

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Closed-end fund

Delaware Investments® Dividend and Income Fund, Inc.

May 31, 2018

The figures in the semiannual 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.

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Delaware Investments Dividend and Income Fund Inc. (DDF or the Fund), acting pursuant to a Securities and Exchange Commission (SEC) exemptive order and with the approval of the Fund s Board of Directors (the Board), has adopted a managed distribution policy (the Plan). Currently under the Plan, the Fund makes monthly distributions to common shareholders at a targeted annual distribution rate of 10% of the Fund s average net asset value (NAV) per share. The Fund will calculate the average NAV per share from the previous three full months immediately prior to the distribution based on the number of business days in those three months on which the NAV is calculated. The distribution will be calculated as 10% of the prior three months average NAV per share, divided by 12. This distribution methodology is intended to provide shareholders with a consistent, but not guaranteed, income stream and a targeted annual distribution rate and is intended to narrow the discount between the market price and the NAV of the Fund s common shares, but there is no assurance that the policy will be successful in doing so.

Under the Plan, 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. The Fund will generally distribute amounts necessary to satisfy the terms of the Fund s Plan and the requirements prescribed by excise tax rules and Subchapter M of the Internal Revenue Code (the Code). Each monthly distribution to shareholders is expected to be at the fixed percentage described above, except for extraordinary distributions and potential distribution rate increases or decreases to enable the Fund to comply with the distribution requirements imposed by the Code.

The Board may amend, suspend or terminate the Fund s Plan at any time without prior notice if it deems such action to be in the best interest of the Fund or its shareholders. The methodology for determining monthly distributions under the Plan will be reviewed at least annually by the Fund s Board, and the Fund will continue to evaluate its distribution in light of ongoing market conditions. The suspension or termination of the Plan could have the effect of creating a trading discount (if the Fund s stock is trading at or above NAV) or widening an existing trading discount. The Fund is subject to risks that could have an adverse impact on its ability to maintain distributions under the Plan. Examples of potential risks include, but are not limited to, economic downturns impacting the markets, increased market volatility, portfolio companies suspending or decreasing corporate dividend distributions, and changes in the Code.

Shareholders should not draw any conclusions about the Fund s investment performance from the amount of these distributions or from the terms of the Plan. The Fund s total investment return on NAV is presented in its financial highlights table.

A cumulative summary of the Section 19(a) notices for the Fund s current fiscal period, if applicable, is included in Other Fund Information. Section 19(a) notices for the Fund, as applicable, are available on the Fund s website at

delawarefunds.com/closed-end/performance/fund-distributions.

Macquarie Asset Management (MAM) offers a diverse range of products including securities investment management, infrastructure and real asset management, and fund and equity-based structured products. Macquarie Investment Management (MIM) is the marketing name for certain companies comprising the asset management division of Macquarie Group. This includes the following registered investment advisors: Macquarie Investment Management Business Trust (MIMBT), Macquarie Funds Management Hong Kong Limited, Macquarie Investment Management Austria Kapitalanlage AG, Macquarie Investment Management Global Limited, Macquarie Investment Management Limited, Macquarie Investment Management Europe Limited, and Macquarie Capital Investment Management LLC. For more information, including press releases, please visit delawarefunds.com/closed-end.

Unless otherwise noted, views expressed herein are current as of May 31, 2018, and subject to change for events occurring after such date.

The Fund is not FDIC insured and is not guaranteed. It is possible to lose the principal amount invested.

Advisory services provided by Delaware Management Company, a series of MIMBT, a US registered investment advisor.

Other than Macquarie Bank Limited (MBL), none of the entities noted 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 MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise. The Fund is governed by US laws and regulations.

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

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Security type / sector allocations and

top 10 equity holdings

Delaware Investments® Dividend and Income Fund, Inc.**As of May 31, 2018 (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.

Security type / sector	Percentage of net assets
Common Stock	93.24%
Consumer Discretionary	4.63%
Consumer Staples	4.93%
Diversified REITs	0.95%
Energy	10.71%
Financials	12.48%
Healthcare	21.45%
Healthcare REITs	0.69%
Hotel REITs	1.35%
Industrial REIT	0.46%
Industrials	7.21%
Information Technology	10.24%
Information Technology REIT	0.50%
Mall REITs	0.41%
Manufactured Housing REIT	0.15%
Materials	2.61%
Multifamily REITs	4.60%
Office REITs	1.58%
Self-Storage REITs	0.77%
Shopping Center REITs	0.19%
Single Tenant REIT	0.35%
Telecommunication Services	4.88%
Utilities	2.10%
Convertible Preferred Stock	1.17%
Convertible Bonds	7.01%
Capital Goods	1.04%
Communications	0.55%
Consumer Cyclical	0.19%
Consumer Non-Cyclical	1.69%
Electric	0.06%
Energy	0.70%
Financials	0.77%

REITs	0.83%
Technology	1.18%
	Percentage
Security type / sector	of net assets
Corporate Bonds	38.79%
Automotive	0.52%
Banking	2.00%
Basic Industry	6.53%
Capital Goods	1.43%
Consumer Cyclical	2.64%
Consumer Non-Cyclical	1.17%
Energy	6.10%
Financials	0.66%
Healthcare	3.06%
Insurance	0.51%
Media	4.39%
Services	4.43%
Technology & Electronics	1.68%
Telecommunications	1.98%
Transportation	0.23%
Utilities	1.46%
Master Limited Partnership	0.79%
Preferred Stock	0.77%
Warrant	0.00%
Short-Term Investments	2.92%
Total Value of Securities	144.69%
Borrowing Under Line of Credit	(45.49%)
Receivables and Other Assets Net of Liabilities	0.80%
Total Net Assets	100.00%

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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
Top 10 Equity Holdings	net assets
Marathon Oil	2.86%
Quest Diagnostics	2.79%
ConocoPhillips	2.70%
Abbott Laboratories	2.69%
BB&T	2.66%
CA	2.65%
Merck & Co.	2.64%
Occidental Petroleum	2.61%
Cisco Systems	2.58%
Waste Management	2.58%

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Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

May 31, 2018 (Unaudited)

	Number of shares	Value (US \$)
Common Stock 93.24%		
Consumer Discretionary 4.63%		
Dollar Tree	22,100	\$ 1,825,239
Lowe s	23,600	2,242,236
		4,067,475
Consumer Staples 4.93%		
Archer-Daniels-Midland	49,100	2,146,652
Mondelez International	55,800	2,191,266
		4,337,918
Diversified REITs 0.95%		
Fibra Uno Administracion	88,100	121,341
Lexington Realty Trust	23,000	198,490
Sun Hung Kai Properties	21,000	337,803
Vornado Realty Trust	2,565	178,806
		836,440
Energy 10.71%		
ConocoPhillips	35,200	2,372,128
Halliburton	44,800	2,228,352
Marathon Oil	117,400	2,515,882
Occidental Petroleum	27,300	2,298,660
		9,415,022
Financials 12.48%		
Allstate	22,400	2,093,952
American International Group	40,700	2,148,553
Bank of New York Mellon	40,700	2,228,325
BB&T	44,600	2,341,500
Marsh & McLennan	26,900	2,161,953
		10,974,283

Healthcare 21.45%		
Abbott Laboratories	38,400	2,362,752
Brookdale Senior Living	148,900	1,171,843
Cardinal Health	39,400	2,052,346
CVS Health	33,500	2,123,565
Express Scripts Holding	29,400	2,228,814
Johnson & Johnson	16,500	1,973,730
Merck & Co.	39,000	2,321,670
Pfizer	60,689	2,180,556
Quest Diagnostics	23,000	2,450,190
		18,865,466
Healthcare REITs 0.69%		
Assura	269,626	202,811
HCP	9,800	234,906
Healthcare Realty Trust	3,800	103,512
Sabra Health Care REIT	3,000	62,190
		603,419
	Number of shares	Value (US \$)
Common Stock (continued)		
Hotel REITs 1.35%		
Hospitality Properties Trust	4,700	\$ 136,065
MGM Growth Properties Class A	22,100	655,928
Summit Hotel Properties	25,600	391,424
		1,183,417
Industrial REIT 0.46%		
Terreno Realty	10,600	403,966
		403,966
Industrials 7.21%		
Northrop Grumman	6,100	1,996,225
Raytheon	9,900	2,074,050
Waste Management	27,400	2,266,254
		6,336,529
Information Technology 10.24%		
CA	65,186	2,329,748
Cisco Systems	53,200	2,272,172
Intel	40,500	2,235,600
Oracle	46,300	2,163,136

9,000,656

Information Technology REIT 0.50%		
Crown Castle International	4,200	437,430
		437,430
Mall REITs 0.41%		
GGP	6	122
Simon Property Group	2,247	360,014
		360,136
Manufactured Housing REIT 0.15%		
Sun Communities	1,400	135,352
		135,352
Materials 2.61%		
DowDuPont	32,888	2,108,450
Tarkett	6,827	189,543
		2,297,993
Multifamily REITs 4.60%		
ADO Properties 144A #	9,989	523,730
American Homes 4 Rent	6,980	139,042
Equity Residential	34,357	2,198,504
Gecina	765	132,259
Grainger	51,940	210,818
Invitation Homes	12,200	268,522
Safety Income & Growth	23,600	452,648
Vonovia	2,481	116,936
		4,042,459

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Schedule of investments

Delaware Investments® Dividend and Income Fund, Inc.

	Number of	Value
	shares	(US \$)
Common Stock (continued)		
Office REITs 1.58%		
alstria office REIT	15,891	\$ 234,389
Brandywine Realty Trust	14,800	240,648
Easterly Government Properties	45,400	919,350
		1,394,387
Self-Storage REITs 0.77%		
CubeSmart	3,800	115,900
National Storage Affiliates Trust	20,100	565,212
		681,112