

HALF ROBERT INTERNATIONAL INC /DE/
Form 10-Q
May 06, 2016

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ to _____ .

Commission File Number 1-10427

ROBERT HALF INTERNATIONAL INC.

(Exact name of registrant as specified in its charter)

Delaware 94-1648752

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

2884 Sand Hill Road

Suite 200 94025

Menlo Park, California

(Address of principal executive offices) (zip-code)

Registrant's telephone number, including area code: (650) 234-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of April 30, 2016:

131,318,597 shares of \$.001 par value Common Stock

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in thousands, except share amounts)

March 31,
2016

December 31, 2015

ASSETS

Cash and cash equivalents	\$214,119	\$224,577
Accounts receivable, less allowances of \$34,063 and \$35,087	734,378	704,640
Current deferred income taxes	145,397	145,684
Other current assets	286,307	268,780
Total current assets	1,380,201	1,343,681
Goodwill	209,115	208,579
Other intangible assets, net	4,220	4,508
Property and equipment, net	147,934	142,906
Other assets	3,394	3,286
Total assets	\$1,744,864	\$1,702,960

LIABILITIES

Accounts payable and accrued expenses	\$139,026	\$148,108
Accrued payroll and benefit costs	472,716	504,782
Income taxes payable	43,419	2,506
Current portion of notes payable and other indebtedness	156	153
Total current liabilities	655,317	655,549
Notes payable and other indebtedness, less current portion	966	1,007
Other liabilities	43,628	42,623
Total liabilities	699,911	699,179

Commitments and Contingencies (Note F)

STOCKHOLDERS' EQUITY

Preferred stock, \$.001 par value authorized 5,000,000 shares; issued and outstanding zero shares	—	—
Common stock, \$.001 par value authorized 260,000,000 shares; issued and outstanding 131,318,173 shares and 131,156,043 shares	131	131
Capital surplus	989,425	979,477
Accumulated other comprehensive loss	(2,308)	(10,294)
Retained earnings	57,705	34,467
Total stockholders' equity	1,044,953	1,003,781
Total liabilities and stockholders' equity	\$1,744,864	\$1,702,960

The accompanying Notes to Condensed Consolidated Financial Statements (Unaudited) are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
 (in thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2016	2015
Net service revenues	\$ 1,302,625	\$ 1,205,563
Direct costs of services, consisting of payroll, payroll taxes, benefit costs and reimbursable expenses	770,653	711,476
Gross margin	531,972	494,087
Selling, general and administrative expenses	398,074	365,985
Amortization of intangible assets	288	—
Interest income, net	(181) (72
Income before income taxes	133,791	128,174
Provision for income taxes	50,375	50,252
Net income	\$83,416	\$77,922
Net income per share:		
Basic	\$.65	\$.59
Diluted	\$.64	\$.58
Shares:		
Basic	129,281	133,077
Diluted	130,137	134,286
Cash dividends declared per share	\$.22	\$.20

The accompanying Notes to Condensed Consolidated Financial Statements (Unaudited) are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three Months Ended March 31,	
	2016	2015
COMPREHENSIVE INCOME:		
Net income	\$83,416	\$77,922
Foreign currency translation adjustments, net of tax	7,986	(19,962)
Total comprehensive income	\$91,402	\$57,960

The accompanying Notes to Condensed Consolidated Financial Statements (Unaudited) are an integral part of these financial statements.

ROBERT HALF INTERNATIONAL INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
 (in thousands, except per share amounts)

	Three Months Ended March 31,		
	2016		2015
COMMON STOCK—SHARES:			
Balance at beginning of period	131,156		135,134
Net issuances of restricted stock	901		570
Repurchases of common stock	(741)	(672
Exercises of stock options	2		40
Balance at end of period	131,318		135,072
COMMON STOCK—PAR VALUE:			
Balance at beginning of period	\$ 131		\$ 135
Net issuances of restricted stock	1		1
Repurchases of common stock	(1)	(1
Balance at end of period	\$ 131		\$ 135
CAPITAL SURPLUS:			
Balance at beginning of period	\$ 979,477		\$ 928,157
Net issuances of restricted stock at par value	(1)	(1
Stock-based compensation expense	10,348		8,843
Exercises of stock options—excess over par value	60		1,113
Tax impact of equity incentive plans	(459)	4,249
Balance at end of period	\$ 989,425		\$ 942,361
	116,928		
	1,200	Ameriprise Financial Inc.	125,244
	400	BlackRock, Inc.	157,128
	684	Diamond Hill Investment Group, Inc.	102,224
	4,500	Hennessy Advisors, Inc.	45,045
	1,500	T. Rowe Price Group, Inc.	138,480
			685,049

See notes to financial statements.

SCHEDULE OF PORTFOLIO INVESTMENTS

December 31, 2018

Financial Statements

Shares	Common Stocks (concluded)	Value
	Tobacco Products (2.96%)	
2,750	Altria Group, Inc.	\$ 135,822
1,000	Philip Morris International Inc.	66,760
		202,582
	Transportation by Air (4.36%)	
400	Allegiant Travel Company	40,088
4,500	Hawaiian Holdings, Inc.	118,845
3,000	Southwest Airlines Co.	139,440
		298,373
	Transportation Equipment (11.74%)	
1,450	LCI Industries	96,860
950	Lear Corporation	116,717
3,000	Magna International Inc.	136,350
1,600	Oshkosh Corporation	98,096
2,500	PACCAR Inc.	142,850
1,200	Thor Industries, Inc.	62,400
1,400	WABCO Holdings Inc. ^(a)	150,276
		803,549
	Wholesale Trade - Nondurable Goods (0.59%)	
365	McKesson Corporation	40,322
	Total common stocks (Cost \$7,970,376)	7,701,168
	Master Limited Partnerships (0.47%)	
	Mining and Quarrying of Nonmetallic Minerals, Except Fuels (0.47%)	
1,500	Ciner Resources LP (Cost \$38,296)	32,175
	Preferred Stocks (1.25%)	
	Retail Consulting and Investment (1.25%)	
207,852	Amerivon Holdings LLC (Cost \$497,531) ^(b)	85,219

Total investments (Cost \$8,506,203) (114.23%) ^(c)	7,818,562
Liabilities in excess of cash and other assets (-14.23%)	(973,843)
Net assets (100.00%)	\$ 6,844,719

(a) *Non-income producing.*

(b) *Illiquid and/or restricted security that has been fair valued.*

(c) *The Fund's total investment portfolio value of \$7,818,562 has been pledged as collateral for borrowings under the Fund's credit facility.*

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

Financial Statements

December 31, 2018

Assets

Investments at value (cost \$8,506,203)	\$ 7,818,562
Cash	4,433
Dividends receivable	11,554
Interest receivable	23
Prepaid expenses and other assets	2,806
Total assets	7,837,378

Liabilities

Credit facility borrowing	940,900
Payables	
Accrued expenses	40,937
Investment management fee	6,768
Directors	3,191
Administrative services	863
Total liabilities	992,659

Net Assets

	\$ 6,844,719
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Net Asset Value Per Share

(applicable to 2,610,050 shares outstanding: 500,000,000 shares of \$.01 par value authorized)	\$ 2.62
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Net Assets Consist of

Paid in capital	\$ 7,460,941
Distributable earnings	(616,222)
	\$ 6,844,719



See notes to financial statements.

FOXBY CORP.

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STATEMENT OF OPERATIONS

Financial Statements

Year Ended
December 31, 2018**Investment Income**

Dividends (net of \$1,192 foreign tax expense)

\$ 154,856

Interest

398

Total investment income

155,254

Expenses

Investment management

80,252

Interest and fees on credit facility

31,136

Bookkeeping and pricing

25,685

Audit

13,605

Directors

10,445

Shareholder communications

8,630

Legal

8,470

Administrative services

8,099

Custody

6,361

Transfer agent

3,040

Insurance

2,190

Registration

1,695

Other

969

Total expenses

200,577

Expense reduction

(901)

Net expenses

199,676

Net investment loss

(44,422)

Realized and Unrealized Gain (Loss)

Net realized gain on investments

780,654

Unrealized depreciation on investments

(2,060,096)

Net realized and unrealized loss	(1,279,442)
Net decrease in net assets resulting from operations	\$ (1,323,864)

See notes to financial statements.

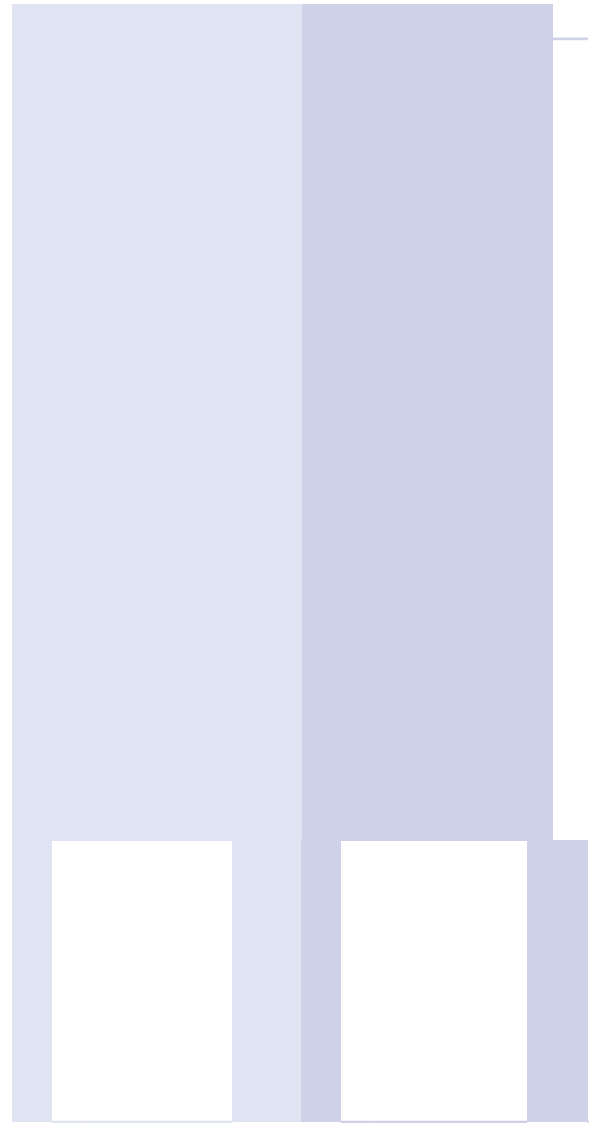
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STATEMENTS OF CHANGES IN NET ASSETS

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	Year Ended December 31, 2018	Year Ended December 31, 2017
Operations		
Net investment loss	\$ (44,422)	\$ (96,755)
Net realized gain	780,654	568,166
Unrealized appreciation (depreciation)	(2,060,096)	629,007
Net increase (decrease) in net assets resulting from operations	(1,323,864)	1,100,418
Total change in net assets	(1,323,864)	1,100,418
Net Assets		
Beginning of period	8,168,583	7,068,165
End of period ⁽¹⁾	\$ 6,844,719	\$ 8,168,583



(1) End of year net assets includes undistributed net investment income of \$88,197 for the year ended December 31, 2017. The SEC eliminated the requirement to disclose undistributed net investment income in September 2018.

See notes to financial statements.

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STATEMENT OF CASH FLOWS

Financial Statements

Year Ended
December 31, 2018

Cash Flows From Operating Activities

Net decrease in net assets resulting from operations	\$ (1,323,864)
Adjustments to reconcile decrease in net assets resulting from operations to net cash provided by (used in) operating activities:	
Unrealized depreciation of investments	2,060,096
Net realized gain on sales of investments	(780,654)
Purchase of long term investments	(4,945,920)
Proceeds from sales of long term investments	6,022,887
Net sales of short term investments	43,965
Increase in dividends receivable	(794)
Increase in interest receivable	(23)
Increase in prepaid expenses and other assets	(1,052)
Decrease in accrued expenses	(8,538)
Decrease in investment management fee payable	(1,435)
Decrease in administrative services payable	(1,316)
Increase in directors payable	181

Net cash provided by operating activities	1,063,533
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Cash Flows from Financing Activities

Credit facility repayment, net	(1,059,100)
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Net cash used in financing activities	(1,059,100)
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Net change in cash	4,433
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Cash

Beginning of period	-
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End of period	\$ 4,433
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Supplemental disclosure of cash flow information:

Cash paid for interest on credit facility

\$ 17,049

See notes to financial statements.

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FOXBY CORP.

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

As an investment company, the Fund follows the accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standard Codification Topic 946 “Financial Services – Investment Companies.” The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Subsequent events, if any, through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the Fund:

Valuation of Investments – Portfolio securities are valued by various methods depending on the primary market or exchange on which they trade. Most equity securities for which the primary market is in the United States are usually valued at the official closing price, last sale price or, if no sale has occurred, at the closing bid price. Most equity securities for which the primary market is outside the United States are usually valued using the official closing price or the last sale price in the principal market in which they are traded. If the last sale price on the local exchange is unavailable, the last evaluated quote or closing bid price normally is used. In the event of an unexpected closing of the primary market or exchange, a security may continue to trade on one or more other markets, and the price as reflected on those other trading venues may be more reflective of the security’s value than an earlier price from the primary market or exchange. Accordingly, the Fund may seek to use these additional sources of pricing data or information when prices from the primary market or exchange are unavailable, or are earlier and less representative of current market value. Certain debt securities may be priced through pricing services that may utilize a matrix pricing system which takes into consideration factors such as yields, prices, maturities, call features, and ratings on comparable securities or according to prices quoted by a securities dealer that offers pricing services. Open end investment companies are valued at their net asset value. Foreign securities markets may be open on days when the U.S.

markets are closed. For this reason, the value of any foreign securities owned by the Fund could change on a day when shareholders cannot buy or sell shares of the Fund. Securities for which market quotations are not readily available or reliable and other assets may be valued as determined in good faith by the Investment Manager under the direction of or pursuant to procedures approved by the Fund’s Board of Directors (the “Board”), called “fair value pricing.” Due to the inherent uncertainty of valuation, fair value pricing values may differ from the values that would have been used had a readily available or reliable market quotation for the securities existed. These differences in valuation could be material. A security’s valuation may differ depending on the method used for determining value. The use of fair value

pricing by the Fund may cause the net asset value of its shares to differ from the net asset value that would be calculated using market prices. A fair value price is an estimate and there is no assurance that such price will be at or close to the price at which a security is next quoted or traded.

Cash – Cash may include deposits allocated among banks insured by the Federal Deposit Insurance Corporation in amounts up to the insurance coverage maximum amount of \$250,000. Cash may also include uninvested cash balances held by the Fund’s custodian.

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

Short Sales – The Fund may sell a security short it does not own in anticipation of a decline in the market value of the security. When the Fund sells a security short, it must borrow the security sold short and deliver it to the broker/dealer through which it made the short sale. The Fund is liable for any dividends or interest paid on securities sold short. A gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in size, normally is recognized upon the termination of the short sale. Securities sold short result in off balance sheet risk as the Fund’s ultimate obligation to satisfy the terms of a sale of securities sold short may exceed the amount recognized in the Statement of Assets and Liabilities.

Derivatives – The Fund may use derivatives for a variety of reasons, such as to attempt to protect against possible changes in the value of its portfolio holdings or to generate potential gain. Derivatives are financial instruments that derive their values from other securities or commodities, or that are based on indices. Derivative instruments are marked to market with the change in

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value reflected in unrealized appreciation or depreciation. Upon disposition, a realized gain or loss is recognized accordingly, except when taking delivery of a security underlying a contract. In these instances, the recognition of gain or loss is postponed until the disposal of the security underlying the contract. Risk may arise as a result of the potential inability of the counterparties to meet the terms of their contracts. Derivative instruments include written options, purchased options, futures contracts, forward foreign currency exchange contracts, and swap agreements.

Investments in Other Investment Companies – The Fund may invest in shares of other investment companies such as closed end funds, exchange traded funds, and mutual funds (each, an “Acquired Fund”) in accordance with the Company Act and related rules. Shareholders in the Fund bear the pro rata portion of the fees and expenses of the Acquired Funds in addition to the Fund’s expenses. Expenses incurred by the Fund that are disclosed in the Statement of Operations do not include fees and expenses incurred by the Acquired Funds. The fees and expenses of an Acquired Fund are reflected in such Acquired Fund’s total returns.

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

Investment Income – Dividend income is recorded on the ex-dividend date or in the case of certain foreign securities, as soon as practicable after the Fund is notified. Interest income is recorded on the accrual basis. Amortization of premium and accretion of discount on corporate bonds and notes are included in interest income. Taxes withheld on foreign dividends have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and rates.

Expenses – Expenses deemed to have been incurred solely by the Fund are normally charged to the Fund in the entirety. Expenses deemed to have been incurred jointly by the Fund and one or more of the other investment companies for which the Investment Manager or its affiliates serve as investment manager, or other related entities, are generally allocated based on the most practicable method deemed equitable at the time the expense is incurred, including, without limitation, on the basis of relative assets under management.

Expense Reduction Arrangement – Through an arrangement with the Fund’s former custodian, State Street Bank and Trust Company (“SSB”), credits realized as a result of borrowing activity were used to reduce custodian expenses. Credits realized by the Fund during the year ended December 31, 2018 are shown as a reduc-

tion of total expenses in the Statement of Operations. This expense reduction arrangement terminated in June 2018.

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

Income Taxes – No provision has been made for U.S. income taxes because the Fund’s current intention is to continue to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended (the “IRC”), and to distribute to its shareholders substantially all of its taxable income and net realized gains. Foreign securities held by the Fund may be subject to foreign taxation. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. The Fund has reviewed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal, state, and local income tax returns for open tax years (2015-2017) or expected to be taken in the Fund’s 2018 tax returns.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities, and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

2. FEES AND TRANSACTIONS WITH RELATED PARTIES The Fund has retained the Investment Manager pursuant to an investment management agreement. Under the terms of the investment management agreement, the Investment Manager receives a fee payable monthly for investment advisory services at an annual rate of 0.95% of the Fund’s Managed Assets. “Managed Assets” means the average weekly value of the Fund’s total assets minus the sum of the Fund’s liabilities, which liabilities exclude debt relating to leverage, short term debt, and the aggregate liquidation preference of any outstanding preferred stock.

Pursuant to the investment management agreement, the Fund reimburses the Investment Manager for providing at cost certain administrative services comprised of compliance and accounting services. For the year ended December 31, 2018, the Fund’s reimbursements of such costs were \$8,099, of which \$4,176 and \$3,923 was for compliance and accounting services, respectively.

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Certain officers and directors of the Fund are officers and directors of the Investment Manager. As of December 31, 2018, affiliates of the Investment Manager owned approximately 24% of the Fund's outstanding shares.

The Fund compensates each director who is not an employee of the Investment Manager or its affiliates. These directors receive fees for service as a director from the Fund and the other investment companies for which the Investment Manager or its affiliates serve as investment manager. In addition, director out-of-pocket expenses are allocated to each fund for which the Investment Manager or its affiliates serve as investment manager based on the most practicable method deemed equitable at the time the expense is incurred, including, without limitation, on the basis of relative assets under management. Expenses deemed to have been incurred solely by the Fund are normally charged to the Fund in the entirety.

3. DISTRIBUTIONS TO SHAREHOLDERS AND DISTRIBUTABLE EARNINGS As of December 31, 2018, the components of distributable earnings on a tax basis were as follows:

Undistributed long-term capital gains	\$ 24,282
Unrealized depreciation	(640,504)
Total accumulated deficit	\$ (616,222)

During the year ended December 31, 2018, the fund used \$779,419 of capital loss carryover due to expire in 2018.

GAAP requires certain components related to permanent differences of net assets to be classified differently for financial reporting than for tax reporting purposes. These differences have no effect on net assets or net asset value per share. These differences, which may result in distribution reclassifications, are primarily due to differences in partnership income, return of capital dividends, re-characterization of capital gain income, and timing of distributions. As of December 31, 2018, the Fund recorded the following financial reporting reclassifications to the net asset accounts to reflect those differences:

Distributable Earnings	Paid in Capital
\$54,543	\$(54,543)

4. VALUE MEASUREMENTS GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities including securities actively traded on a securities exchange.
- Level 2 – observable inputs other than quoted prices included in level 1 that are observable for the asset or liability which may include quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.
- Level 3 – unobservable inputs for the asset or liability including the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for investments categorized in level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing investments are not an indication of the risk associated with investing in those securities.

The following is a description of the valuation techniques applied to the Fund’s major categories of assets and liabilities measured at fair value on a recurring basis:

Equity securities (common and preferred stock) – Most publicly traded equity securities are valued usually at the most recent official closing price, last sale price, evaluated quote, or closing bid price. To the extent these securities are actively traded and valuation adjustments are not applied, they may be categorized in level 1 of the fair value hierarchy. Equities on inactive markets or valued by reference to similar instruments may be categorized in level 2.

Restricted and/or illiquid securities – Restricted and/or illiquid securities for which quotations are not readily available or reliable may be valued with fair value pricing as determined in good faith by the Investment Manager under the direction of or pursuant to procedures approved by the Fund’s Board. Restricted securities issued by publicly traded companies are generally valued at a discount to similar publicly traded securities. Restricted or illiquid securities issued by nonpublic entities may be valued by reference to comparable public entities or fundamental data relating to the issuer or both or similar inputs. Depending on the relative significance of

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valuation inputs, these instruments may be categorized in either level 2 or level 3 of the fair value hierarchy.

Except to the extent of the receipt of payment of in-kind dividends

from level 3 preferred stocks as shown herein, there were no transfers into or out of level 3 assets during the period. Unrealized gains (losses) are included in the related amounts on investments in the Statement of Operations.

The following is a summary of the inputs used as of December 31, 2018 in valuing the Fund's assets. Refer to the Schedule of Portfolio Investments for detailed information on specific investments.

ASSETS	Level 1	Level 2	Level 3	Total
Investments, at value				
Common stocks	\$ 7,701,168	\$ -	\$ 0	\$ 7,701,168
Master limited partnerships	32,175	-	-	32,175
Preferred stocks	-	-	85,219	85,219
Total investments, at value	\$ 7,733,343	\$ -	\$ 85,219	\$ 7,818,562

There were no securities transferred from level 1 to level 3 between December 31, 2017 and December 31, 2018.

The following is a reconciliation of level 3 assets:

	Common Stocks	Preferred Stocks	Total
Balance at December 31, 2017	\$ 0	\$ 87,298	\$ 87,298
Change in unrealized depreciation	-	(2,079)	(2,079)
Balance at December 31, 2018	\$ 0	\$ 85,219	\$ 85,219
Net change in unrealized appreciation attributable to assets still held as level 3 at December 31, 2018	\$ -	\$ (2,079)	\$ (2,079)

The Investment Manager, under the direction of or pursuant to procedures approved by the Fund's Board, considers various valuation techniques and inputs for valuing assets categorized within level 3 of the fair value hierarchy. These include, but are not limited to: the type of the security; the size of the asset; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; prices of and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or

pricing services; information obtained from the issuer or analysts; an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market in which the asset is purchased and sold; multiples of earnings, cash flow, enterprise value, and similar measures; and the discount rate for lack of marketability. Significant changes in any of those inputs in isolation may result in a significantly lower or higher fair value measurement. The pricing of all fair value assets is regularly reported to the Fund's Board.

The following table presents additional information about valuation techniques and inputs used for assets that are measured at fair value and categorized as level 3 as of December 31, 2018:

	Fair Value	Valuation Technique	Unobservable Input	Range
Common Stocks				

Retail - Consulting and Investment	\$ 0	Value of liquidation per share	Discount rate due to lack of marketability	80%
Preferred Stocks				
Retail - Consulting and Investment	\$ 85,219	Value of liquidation preference per share	Discount rate due to lack of marketability	80%



NOTES TO FINANCIAL STATEMENTS

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5. INVESTMENT TRANSACTIONS Purchases and proceeds from sales of investment securities, excluding short term securities, were \$4,945,920 and \$6,022,887, respectively, for the year ended December 31, 2018. As of December 31, 2018, for federal income tax purposes, the aggregate cost of securities was \$8,459,066 and net unrealized depreciation was \$640,504, comprised of gross unrealized appreciation of \$711,485 and gross unrealized depreciation of \$1,351,989.

6. ILLIQUID AND RESTRICTED SECURITIES The Fund owns securities which have a limited trading market and/or certain restrictions on trading and, therefore, may be considered illiquid and/or restricted. Such securities have been valued using fair value pricing. Due to the inherent uncertainty of valuation, fair value pricing values may differ from the values that would have been used had a readily available and reliable market quotation for the securities existed. These differences in valuation could be material. Illiquid and/or restricted securities owned as of December 31, 2018 were as follows:

	Acquisition Date	Cost	Value
Amerivon Holdings LLC			
preferred shares	9/20/07	\$ 497,531	\$ 85,219
common equity units	9/20/07	0	0
Total		\$ 497,531	\$ 85,219
Percent of net assets		7%	1%

7. CREDIT FACILITY Effective June 18, 2018, the Fund entered into a Revolving Credit Agreement and other related agreements (collectively, the "Credit Agreement") with The Huntington National Bank ("HNB"), the Fund's custodian, under which HNB may make loans to the Fund in such amounts as the Fund may from time to time request. The maximum loan amount under the Credit Agreement is the lesser of: (i) \$2,000,000 or (ii) 30% of the Fund's daily market value, which market value may be decreased by the exclusion of certain Fund assets or asset classes, as HNB may decide from time to time in its sole discretion. The Fund pledges its securities and other assets as collateral to secure its obligations under the Credit Agreement and retains the risks and rewards of the ownership of such securities and other assets pledged.

Borrowings under the Credit Agreement bear an interest rate per annum to be applied to the principal balance outstanding, from time to time, equal to the London Interbank Offered Rate (LIBOR) plus 1.20%. An unused fee is charged equal to 0.125% per annum of the daily excess of the loan amount over the outstanding principal balance of the loan. The Fund was charged an origination fee of \$2,500 upon entering into the Credit Agreement and such cost is amortized ratably through June 1, 2019, the maturity date of the Credit Agreement.

Previously, the Fund had a Liquidity Agreement (“LA”) with SSB, formerly the Fund’s custodian and securities lending agent. The LA, which was terminated effective June 15, 2018, allowed the Fund to draw up to \$2 million (maximum liquidity commitment) and included a securities lending authorization by the Fund to SSB to engage in agency securities lending and reverse repurchase activity. Interest was charged on the drawn amount at the rate of one-month LIBOR plus 1.20% per annum and a non-usage fee was charged on the difference between the maximum liquidity commitment and the drawn amount at the rate of one-month LIBOR plus 0.07% per annum.

The outstanding loan balance under the Credit Agreement was \$940,900 as of December 31, 2018. The weighted average interest rate and average daily amount outstanding under the Credit Agreement and LA for the year ended December 31, 2018 were 3.17% and \$522,476, respectively. The maximum amount outstanding during the year ended December 31, 2018 was \$2,000,000.

8. FOREIGN SECURITIES RISK Investments in the securities of foreign issuers involve special risks which include changes in foreign exchange rates and the possibility of future adverse political, tax, and economic developments which could adversely affect the value of such securities. Moreover, securities of foreign issuers and securities traded in foreign markets may be less liquid and their prices more volatile than those of U.S. issuers and markets. In addition, in certain foreign countries, there is the possibility of expropriation or confiscatory taxation, political, or social instability, or diplomatic developments that could affect U.S. investments in the securities of issuers domiciled in those countries.

9. LEVERAGE RISK The Fund from time to time may borrow under its credit facility to increase the assets in its investment portfolio over its net assets, a practice called leverage. Leverage borrowing creates an opportunity for increased return but, at the same time, involves special risk considerations. Leverage increases the likelihood of greater volatility of net asset value and market price of the Fund’s shares. If the return that the Fund earns on the additional securities purchased fails to cover the interest and fees incurred on the monies borrowed, the net asset value of the Fund (and the return of the Fund) would be lower than if borrowing had not been incurred. In addition, when the Fund borrows at a variable interest rate, there is a risk that fluctuations in the interest rate may adversely affect the return to the Fund’s shareholders. Interest payments and fees incurred in connection with such borrowings will reduce the amount of net income available for distribution to shareholders. There is no assurance that a borrowing strategy will be successful during any period in which it is employed. Borrowing on a secured basis results in certain additional risks. Should

NOTES TO FINANCIAL STATEMENTS

Financial Statements

securities that are pledged as collateral to secure its obligations under the credit facility decline in value, the Fund may be required to pledge additional assets in the form of cash or securities to the lender to avoid liquidation of the pledged assets. In the event of a steep drop in the value of pledged securities, it might not be possible to liquidate assets quickly enough and this could result in mandatory liquidation of the pledged assets in a declining market at relatively low prices. Furthermore, the Investment Manager's ability to sell the pledged securities is limited by the terms of the credit facility, which may reduce the Fund's investment flexibility over the pledged securities. Because the fee paid to the Investment Manager is calculated on the basis of the average weekly value of the Fund's total assets minus the sum of the Fund's liabilities, which liabilities exclude debt relating to leverage, short term debt and the aggregate liquidation preference of any outstanding preferred stock, the dollar amount of the management fee paid by the Fund to the Investment Manager will be higher (and the Investment Manager will benefit to that extent) when leverage is utilized.

10. CYBERSECURITY RISK With the increased use of technologies such as the Internet to conduct business, the Fund is susceptible to operational, information security, and related risks. Cyber incidents affecting the Fund or its service providers may cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Fund's ability to calculate its net asset value, impediments to trading, the inability of shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional related costs.

11. CAPITAL STOCK As of December 31, 2018, there were 2,610,050 shares of \$.01 par value common stock outstanding and 500,000,000 shares authorized. There were no transactions in capital stock during the years ended December 31, 2018 and 2017, respectively.

12. SHARE REPURCHASE PROGRAM In accordance with Section 23(c) of the Company Act, the Fund may from time to time repurchase its shares in the open market at the discretion of and upon such terms as determined by the Board. The Fund did not repurchase any of its shares during the years ended December 31, 2018 and 2017, respectively.

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

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



FINANCIAL HIGHLIGHTS

Financial Statements

Year Ended December 31,

	2018	2017	2016	2015	2014
Per Share Operating Performance					
<i>(for a share outstanding throughout each period)</i>					
Net asset value, beginning of period	\$3.13	\$2.71	\$2.44	\$2.68	\$2.66
Income from investment operations:					
Net investment income (loss) ⁽¹⁾	(0.02)	(0.04)	-*	0.02	0.02
Net realized and unrealized gain (loss) on investments	(0.49)	0.46	0.28	(0.24)	-*
Total from investment operations	(0.51)	0.42	0.28	(0.22)	0.02
Less distributions:					
Net investment income	-	-	-*	(0.01)	-
Return of capital	-	-	(0.01)	(0.01)	-
Total distributions	-	-	(0.01)	(0.02)	-
Net asset value, end of period	\$2.62	\$3.13	\$2.71	\$2.44	\$2.68
Market value, end of period	\$1.80	\$2.09	\$1.79	\$1.59	\$1.87
Total Return ⁽²⁾					
Based on net asset value	(16.29)%	15.50%	11.69%	(7.81)%	0.75%
Based on market price	(13.88)%	16.76%	13.21%	(13.90)%	(4.10)%
Ratios/Supplemental Data					
Net assets at end of period (000s omitted)	\$6,845	\$ 8,169	\$7,068	\$6,357	\$6,996
Ratio of total expenses to average net assets	2.53%	3.03%	2.91%	2.35%	1.92%
	2.52%	3.03%	2.91%	2.35%	1.92%

Ratio of net expenses to average net assets ⁽³⁾					
Ratio of net investment income (loss) to average net assets	(0.56)%	(1.31)%	(0.07)%	0.64%	0.75%
Portfolio turnover rate	59%	40%	58%	34%	53%
Leverage analysis, end of period:					
Outstanding loan balance (000s omitted)	\$ 941	\$ 2,000	\$ 1,255	\$ 1,186	\$ 546
Asset coverage per \$1,000 ⁽⁴⁾	\$ 8,275	\$ 5,084	\$ 6,632	\$ 6,362	\$13,821
Average commission rate paid	\$ 0.0232	\$ 0.0182	\$ 0.0137	\$ 0.0167	\$ 0.0114

(1) The per share amounts were calculated using the average number of shares outstanding during the period.

(2) Total return on a market value basis is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan if in effect or, if there is no plan in effect, at the lower of the per share net asset value or the closing market price of the Fund's shares on the dividend/distribution date. Generally, total return on a net asset value basis will be higher than total return on a market value basis in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total return on a net asset value basis will be lower than total return on a market value basis in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods. The calculation does not reflect brokerage commissions, if any.

(3) The ratio of net expenses excluding loan interest and fees from the use of leverage to average net assets was 2.13%, 2.62%, 2.68%, 2.29%, and 1.86%, for the years ended December 31, 2018, 2017, 2016, 2015, and 2014, respectively.

(4) Represents the value of total assets less liabilities not represented by senior securities representing indebtedness divided by the total number of senior indebtedness units, where one unit equals \$1,000 of senior indebtedness. For purposes of this calculation, the credit facility is considered a senior security representing indebtedness.

* Less than \$0.005 per share.

See notes to financial statements.



REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

Financial Statements

To the Shareholders and Board of Directors of

Foxy Corp.

New York, New York

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Foxy Corp. (the “Fund”), including the schedule of investments, as of December 31, 2018, the related statement of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations and 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.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We have served as the Fund’s auditor since 2002.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian. We believe that our audits provide a

reasonable basis for our opinion.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania

February 19, 2019

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FOXBY CORP.

DIRECTORS

(Unaudited)

Additional Information

The following table sets forth certain information concerning the Directors currently serving on the Board of Directors of the Fund.

INDEPENDENT DIRECTORS ⁽¹⁾

Name, Address ⁽²⁾ , and Date of Birth	Position(s) Held		Principal Occupation(s) for the Past Five Years	Number of	Other Directorships
	with the Fund	Director Since		Portfolios in Fund Complex Overseen by Director ⁽³⁾	Held by Director During the Past Five Years ⁽⁴⁾
Peter K. Werner August 16, 1959	Class III Director	2002	Since 1996, Mr. Werner has taught, directed, and coached many programs at The Governor's Academy of Byfield, MA. Currently, he teaches economics and history at the Governor's Academy. Previously, he held the position of Vice President in the Fixed Income Departments of Lehman Brothers and First Boston. His responsibilities	4	None

included trading sovereign debt instruments, currency arbitrage, syndication, medium term note trading, and money market trading.

Jon Tomasson	Class V	2017	Since 2002, Mr. Tomasson has served as the Chief Executive Officer of Vinland Capital Investments, LLC, a real estate investment company that he founded. Prior to starting Vinland, Mr. Tomasson was a principal with Cardinal Capital Partners, a leading investor in single-tenant net-leased property, and served as a Vice President at Citigroup in the Global Real Estate Equity and Structured Finance group, part of the Real Estate Investment Bank, with both transactional and various management responsibilities.	4	Eagle Bulk Shipping Inc. ⁽⁷⁾
September 20, 1958	Director				

INTERESTED DIRECTOR

Thomas B. Winmill ⁽⁵⁾ ⁽⁶⁾	Class IV	2002	Mr. Winmill is President, Chief Executive Officer, Chairman, Chief Legal Officer, and a Trustee	4	Global Self Storage, Inc.
PO Box 4	Director;				
Walpole, NH 03608	President,				

June 25, 1959

Chief Executive Officer, Chairman, Chief Legal Officer	or Director of the Fund, Dividend and Income Fund, and Midas Series Trust. He is a Director or Manager, President, Chief Executive Officer, and Chief Legal Officer of the Investment Manager and Bexil Advisers LLC, registered investment advisers (collectively, the “Advisers”), Bexil Securities LLC and Midas Securities Group, Inc., registered broker-dealers (collectively, the “Broker-Dealers”), Bexil Corporation, a holding company (“Bexil”) and Winmill & Co. Incorporated, a holding company (“Winco”). He is a Director of Global Self Storage, Inc., a self storage REIT (“SELF”), and Bexil American Mortgage Inc. He is Chairman of the Investment Policy Committee of each of the Advisers (the “IPCs”), and he is a portfolio manager of the Fund, Dividend and Income Fund, Midas Fund, and Midas Magic. He is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute.	Eagle Bulk Shipping Inc. ⁽⁷⁾
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(1) Refers to directors who are not “interested persons” of the Fund as defined under the Act. (2) Unless otherwise noted, the address of record for the directors is 11 Hanover Square, New York, New York 10005. (3) The “Fund Complex” is comprised of the Fund, Dividend and Income Fund, and Midas Series Trust (with two series), which are managed by the Investment Manager or its affiliates. (4) Refers to directorships and trusteeships held by a director during the past five years in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any company registered as an investment company under the Act, excluding those within the Fund Complex. (5) Thomas B. Winmill is an “interested person” (as such term is defined in the Act) of the Fund due to his affiliation with the Investment Manager. (6) Thomas B. Winmill and Mark C. Winmill are brothers; Thomas B. Winmill and William M. Winmill are father and son, respectively; William M. Winmill is the nephew of Mark C. Winmill. (7) Thomas B. Winmill and Jon Tomasson ceased serving as directors of Eagle Bulk Shipping Inc. in 2014.

Messrs. Tomasson and Werner also serve on the Audit and Nominating Committees of the Board. Mr. Winmill serves on the Executive Committee of the Board. Each of the directors serves on the Continuing Directors Committee of the Board.

FOXBY CORP.

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OFFICERS

(Unaudited)

Additional Information

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

EXECUTIVE OFFICERS

Name, Address ⁽¹⁾ , and Date of Birth	Position(s) Held with the Fund	Officer Since ⁽²⁾	Principal Occupation(s) for the Past Five Years
Russell Kamerman, Esq. July 8, 1982	Chief Compliance Officer, Secretary, and General Counsel	2014	Chief Compliance Officer (since 2014), Secretary (since 2017), and General Counsel (since 2017) of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, and Bexil. He is Assistant Chief Compliance Officer, Assistant Secretary, and Assistant General Counsel of SELF, Winco, and Tuxis Corporation, a real estate company ("Tuxis"). From December 2014 to June 2017, Mr. Kamerman served as Anti-Money Laundering Officer of the other investment companies in the Fund Complex, the Advisers, Bexil, SELF, Winco and Tuxis. He is a member of the New York State Bar and the Chief Compliance Officer Committee and the Advertising Compliance Advisory Committee of the Investment Company Institute. Previously, he was an attorney in private practice focusing on regulatory, compliance, and other general corporate matters relating to the structure, formation, and operation of investment funds and investment advisers.
Heidi Keating	Vice President	2002	

March 28, 1959			Vice President of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, Bexil, SELF, Tuxis, and Winco. She is a member of the IPCs.
Donald Klimoski II, Esq. September 24, 1980	Assistant Secretary, Assistant General Counsel, and Assistant Chief Compliance Officer	2017	Assistant Secretary, Assistant General Counsel, and Assistant Chief Compliance Officer of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, and Bexil. He is Chief Compliance Officer, Secretary, and General Counsel of SELF, Winco, and Tuxis. He is a member of the New York, New Jersey and Patent Bars and the Compliance Advisory Committee of the Investment Company Institute. Previously, he served as Associate General Counsel of Commvault Systems, Inc. Prior to that, he was an associate at Sullivan & Cromwell LLP, where his practice focused on mergers and acquisitions, securities law, corporate governance, intellectual property and related matters.
Thomas O'Malley July 22, 1958	Chief Accounting Officer, Chief Financial Officer, Treasurer, and Vice President	2005	Chief Accounting Officer, Chief Financial Officer, Vice President, and Treasurer of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, Bexil, SELF, Tuxis, and Winco. He is a certified public accountant.
Mark C. Winmill ⁽³⁾ November 26, 1957	Vice President	2012	Vice President of the other investment companies in the Fund Complex and Midas Management Corporation. He is a member of the IPCs. He is President, Chief Executive Officer, Chairman and a Director of SELF and Tuxis. He is Executive Vice President and a Director of Winco and a principal of the Broker-Dealers.
William M. Winmill ⁽³⁾ December 29, 1991	Vice President	2017	Vice President of the other investment companies in the Fund Complex, the Advisers, the Broker-Dealers, Bexil, SELF, Tuxis, and Winco. From 2014 to 2016, he served these companies as Compliance Assistant and Accounting Assistant, after graduating from Bowdoin College in 2014. He is a member of the IPCs, and he is a portfolio manager of Dividend and Income Fund, Foxby

Corp., and Midas Magic.

(1) Unless otherwise noted, the address of record for the officers is 11 Hanover Square, New York, New York 10005. (2) Officers hold their positions with the Fund until a successor has been duly elected and qualifies. Officers are generally elected annually. The officers were last elected on December 13, 2018. (3) Thomas B. Winmill and Mark C. Winmill are brothers; Thomas B. Winmill and William M. Winmill are father and son, respectively; William M. Winmill is the nephew of Mark C. Winmill.

GENERAL INFORMATION, POLICIES, AND UPDATES



Proxy Voting

The Fund’s Proxy Voting Guidelines, which describe the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities, as well as its proxy voting record for the most recent 12 months ended June 30, are available without charge by calling the Fund collect at 1-212-785-0900, on the SEC’s website at www.sec.gov, and on the Fund’s website at www.FoxbyCorp.com.

Quarterly Schedule of Portfolio Holdings

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

Stock Data at December 31, 2018

Market Price per Share

\$1.80

Net Asset Value per Share

\$2.62

Market Price Discount to Net Asset Value

31.3%

Ticker Symbol

FXBY

CUSIP Number

351645106

Investment Manager

Midas Management Corporation

11 Hanover Square

New York, NY 10005

1-212-785-0900

[Stock Transfer Agent and Registrar](#)

Securities Transfer Corporation

2901 N Dallas Parkway, Suite 380

Plano, TX 75093

www.stctransfer.com

1-469-633-0101

FoxbyCorp.com

Visit us on the web at www.FoxbyCorp.com. The site provides information about the Fund including press releases and shareholder reports. For further information, please email us at info@FoxbyCorp.com.

Foxby Corp. is part of a fund complex which includes Midas Fund, Midas Magic, and Dividend and Income Fund.

[Policies and Updates](#)

Certain provisions in the Fund's Charter and/or Bylaws ("Governing Documents") could have the effect of, among other things, depriving the owners of shares in the Fund of opportunities to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction or bringing litigation against the Fund and/or any director, officer, employee or affiliate thereof. The overall effect of these provisions is to, among other things, render more difficult the accomplishment of a merger or the assumption of control by a principal shareholder. The foregoing summary is subject to the Governing Documents of the Fund, which are on file with the SEC and available on the Fund's website <http://www.FoxbyCorp.com>.

[Section 23 Notice](#)

Pursuant to Section 23 of the Investment Company Act of 1940, as amended, notice is hereby given that the Fund may in the future purchase its own shares in the open market. These purchases may be made from time to time, at such times, and in such amounts, as may be deemed advantageous to the Fund, although nothing herein shall be considered a commitment to purchase such shares.

This report is for shareholder information. This is not a prospectus intended for use in the purchase or sale of Fund shares.

NOT FDIC INSURED MAY LOSE VALUE NOT BANK GUARANTEED

FOXBY CORP.

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GENERAL INFORMATION, POLICIES, AND UPDATES

Additional Information

Investment Strategies

In seeking its objective, the Fund exercises a flexible strategy in the selection of securities, and is not limited by the issuer's location, size, or market capitalization. The Fund may invest in equity and fixed income securities of new and seasoned U.S. and foreign issuers, including securities convertible into common stock, debt securities, futures, options, derivatives, and other instruments. The Fund also may employ aggressive and speculative investment techniques, such as selling securities short and borrowing money for investment purposes, a practice known as "leveraging," and may invest defensively in short term, liquid, high grade securities and money market instruments. There is a risk that these transactions sometimes may reduce returns or increase volatility. In addition, derivatives, such as options and futures, can be illiquid and highly sensitive to changes in their underlying security, interest rate or index, and as a result can be highly volatile. A small investment in certain derivatives could have a potentially large impact on the Fund's performance. The Fund may invest in debt securities rated below investment grade, commonly referred to as junk bonds, as well as investment grade and U.S. Government securities. Generally, investments in securities in the lower rating categories or comparable unrated securities provide higher yields but involve greater price volatility and risk of loss of principal and interest than investments in securities with higher ratings. A potential benefit of its closed end structure, the Fund may invest without limit in illiquid investments such as private placements and private companies.

Please Note

There is no assurance that the Fund's investment objective will be attained. Past performance is no guarantee of future results. You should consider the investment objective, risks, and charges and expenses of the Fund carefully before investing. The Fund's investment policies, management fees, and other matters of interest to prospective investors may be found in its filings with the SEC, including its annual and semi-annual reports. To obtain a copy of the reports, please call toll-free at 855-411-6432 or download them at www.foxbycorp.com/literature/. Please read the reports carefully before investing.

Shares of closed end funds frequently trade at a discount from their Net Asset Value ("NAV"). This characteristic is a risk separate and distinct from the risk that the Fund's NAV has decreased in the past, and therefore could decrease in the future, as a result of its investment activities. Neither the Investment Manger nor the Fund can predict whether shares of the Fund will trade at, below, or above NAV. The risk of holding shares of the Fund that might trade at a discount is more pronounced for investors expecting to sell their shares in a relatively short period of time after acquiring them because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance. The shares of the Fund are designed primarily for long term investors and should not be considered a vehicle for trading purposes. The NAV of the Fund shares typically will fluctuate with price changes of the Fund's portfolio securities, and these fluctuations are likely to be greater in the case of a fund which uses leverage, as the Fund may from time to time. In the event that shares of the Fund trade at a premium to NAV, there is no assurance that any such premium will be sustained for any period of time and will not decrease, or that the shares of the Fund will not trade at a discount to NAV thereafter. The market price for the Fund is based on supply and demand which fluctuates daily based on many factors, such as economic conditions and global events, investor sentiment, and security-specific factors.

This report, including the financial statements herein, is provided for informational purposes only. This is not a prospectus, circular, or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report. This report shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any state in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such state, or an exemption therefrom.

The Fund does not make available copies of its Statement of Additional Information because the Fund's shares are not continuously offered, which means that the Fund's Statement of Additional Information has not been updated since completion of the Fund's most recent offering and the information contained in the Fund's Statement of Additional Information may have become outdated.

Investment products, including shares of the Fund, are not federally or FDIC insured, are not deposits or obligations of, or guaranteed by, any financial institution and involve investment risk, including possible loss of principal and fluctuation in value. Consult with your tax advisor or attorney regarding specific tax issues.

GENERAL INFORMATION, POLICIES, AND UPDATES

[Additional Information](#)

Cautionary Note Regarding Forward Looking Statements

Our views and opinions regarding the prospects of our portfolio holdings, the Fund, and the economy are “forward looking statements” as defined under the U.S. federal securities laws which may or may not be accurate and may be materially different over future periods. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” and similar expressions identify forward looking statements, which generally are not historical in nature. Forward looking statements are subject to certain risks and uncertainties that could cause actual results to materially differ from the Fund’s historical experience and its current expectations or projections indicated in any forward looking statements. These risks include, but are not limited to, equity securities risk, corporate bonds risk, credit risk, interest rate risk, leverage and borrowing risk, additional risks of certain securities in which the Fund invests, market discount from net asset value, distribution policy risk, management risk, and other risks discussed in the Fund’s filings with the Securities and Exchange Commission. We disclaim any obligation to update or alter any forward looking statements, whether as a result of new information, future events, or otherwise. Thus you should not place undue reliance on forward looking statements, which speak only as of the date they are made.

FOXBY CORP.

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PRIVACY POLICY

FACTS WHAT DOES FOXBY CORP. DO WITH YOUR PERSONAL INFORMATION?

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

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

Social Security number	Transaction or loss history
Account balances	Account transactions
Transaction history	Retirement assets

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

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

Reasons we can share your personal information	Does Foxby Corp. share?	Can you limit this sharing?
<p>For our everyday business purposes –</p> <p>such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus</p>	Yes	No
<p>For our marketing purposes –</p> <p>to offer our products and services to you</p>	Yes	No

For joint marketing with other nonaffiliated financial companies	No	We don't share
For our affiliates' everyday business purposes – Information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes – Information about your creditworthiness	No	We don't share
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	No	We don't share



Call Foxby Corp. at 212-785-0900 – our menu will prompt you through your choices; or
Mail the form below

Please note:

If you are a new customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice.

However, you can contact us at any time to limit our sharing.



Call Foxby Corp. at 1-212-785-0900 or go to www.foxbycorp.com



Leave Blank or

Mark if you want to limit:

Do not allow your affiliates to use my personal information to market to me.

[If you have a joint account, your choice will apply to everyone on your account unless you mark below.

Apply my choice only to me]

Name
Address
City, State, Zip
Account #

Mail to:

Foxyby Corp.

11 Hanover Square,
12th

Floor

New York, NY 10005

FOXBY CORP.

Annual Report 2018

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Who we are

Who is providing this notice?

Foxby Corp.

What we do

How does Foxby Corp. protect my personal information?

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

How does Foxby Corp. collect my personal information?

We collect your personal information, for example, when you

Open an account

Buy securities from us

Provide account information

Give us your contact information

Tell us where to send the money

Why can't I limit all sharing?

Federal law gives you the right to limit only

Sharing for affiliates' everyday business purposes – information about your creditworthiness

Affiliates from using your information to market to you

Sharing for nonaffiliates to market to you

What happens when I limit sharing for an account I hold jointly with someone else?

State laws and individual companies may give you additional rights to limit sharing.
Your choices will apply to everyone on your account – unless you tell us otherwise.

Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

Foxby Corp. shares with our affiliates.

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

Foxby Corp. does not share with nonaffiliates so they can market their financial products or services to you.

Joint marketing

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

Foxby Corp. does not jointly market.

Item 2. Code of Ethics.

- The registrant has adopted a code of ethics (the "Code") that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.
- (a) financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.
 - (b) No information need be disclosed pursuant to this paragraph.
 - (c) Not applicable.
 - (d) Not applicable.
 - (e) Not applicable.
 - (f) The text of the Code can be viewed on the registrant's website, www.foxbycorp.com, or a copy of the Code may be obtained free of charge by calling the registrant collect at 1-212-785-0900.

Item 3. Audit Committee Financial Expert.

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

Item 4. Principal Accountant Fees and Services.

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

AUDIT FEES

2018 - \$14,500
2017 - \$14,500

- The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item are as follows:

AUDIT-RELATED FEES

2018 - \$2,000
2017 - \$2,000

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

- (c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are as follows:

TAX FEES

2018 - \$4,500

2017 - \$4,500

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

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

ALL OTHER FEES

2018 - \$0

2017 - \$0

All other fees consist of the aggregate fees billed for products and services provided by the principal accountant other than audit, audit-related, and tax services.

- (1) Pursuant to the registrant's Audit Committee Charter, the Audit Committee shall consider for pre-approval any non-audit services proposed to be provided by the auditors to the registrant, and any non-audit services proposed to be provided by such auditors to the registrant's investment manager and any service providers controlling, controlled by, or under common control with the registrant's investment manager, if any, which have a direct impact on registrant operations or financial reporting. In those situations when it is not convenient to obtain full Audit Committee approval, the Chairman of the Audit Committee is delegated the authority to grant pre-approvals of auditing, audit-related, non-audit related, tax, and all other services so long as all such pre-approved decisions are reviewed with the full Audit Committee at its next scheduled meeting. Such pre-approval of non-audit services proposed to be provided by the auditors to the registrant is not necessary, however, if such services fall within the de minimis exception under Section 10A of the Exchange Act of 1934.
- (e)

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

- (f) Not applicable.

- The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant were \$36,000 in 2018 and \$31,500 in 2017.
- (g)

- (h) The registrant's audit committee has determined that the provision of non-audit services that were rendered by accountant to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is

compatible with maintaining the principal accountant's independence.

Item 5. Audit Committee of Listed Registrants.

The registrant has a standing audit committee. Currently, the members of the audit committee are Jon Tomasson and Peter K. Werner.

Item 6. Investments.

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

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

The registrant's proxy voting policies and procedures are set forth below.

AMENDED PROXY VOTING POLICIES AND PROCEDURES

Each of Midas Series Trust, on behalf of Midas Fund and Midas Magic, Dividend and Income Fund and Foxby Corp. (each, a "Fund," and together, the "Funds") will seek to vote its proxies in its own best interests, and without regard to the best interests of such Fund's investment manager.

1. Delegation to Proxy Service Provider

Each Fund delegates the responsibility for voting proxies of portfolio companies held in such Fund's portfolio to Institutional Shareholder Services (the "Proxy Firm"). The current voting guidelines of the Proxy Firm is incorporated by reference herein as each Fund's proxy voting policies and procedures, as supplemented by the terms hereof. Each Fund retains the right to override the delegation to the Proxy Firm on a case-by-case basis.

2. Conflicts of Interest

With respect to a vote upon which a Fund overrides the delegation to the Proxy Firm, to the extent that such vote presents a material conflict of interest between the Fund and its investment manager or any affiliated person of the investment manager, the Fund normally will disclose such conflict to, and obtain consent from, the Independent Trustees or Directors, as applicable, or a committee thereof, prior to voting the proxy. Such material conflicts may arise, for example, from the following relationships: (i) the portfolio company is an investor in a Fund; (ii) the portfolio company has a material business relationship with a Fund; (iii) the proponent of a proxy proposal has a business relationship with the Fund; (iv) a Fund has material business relationships with candidates for director in a proxy contest; or (v) an employee of a Fund or its affiliates has a personal interest in the outcome of a particular matter. This list provides examples of possible conflicts of interest and is not meant to be comprehensive. Each employee must notify the Funds' Chief Compliance Officer of any potential conflicts of interest of which he or she is aware.

In addition, if the Fund becomes aware of a material conflict of interest between the Proxy Firm and a portfolio company, the Fund will determine, on a case-by-case basis, whether to override the delegation to the Proxy Firm.

3. Review of and Response to Errors

If a Fund becomes aware of any material errors made by the Proxy Firm, it will typically take reasonable steps to investigate the error and seek to determine whether the Proxy Firm is taking reasonable steps to seek to reduce similar errors in the future. The Fund will normally document responsive actions taken in connection with any material errors made by the Proxy Firm.

4. Ongoing Due Diligence

On at least an annual basis, the Funds will typically:

- i. Review the adequacy of these proxy voting policies and procedures;
- ii. Assess whether the Proxy Firm has properly submitted the voting instructions on behalf of the Funds;
- iii. Review the proxy voting guidelines of the Proxy Firm; and
- iv. Request the Proxy Firm to provide information about, among other things, changes to its policies and procedures.

United States

Proxy Voting Guidelines

Benchmark Policy Recommendations

Effective for Meetings on or after February 1, 2019

Published December 18, 2018

The policies contained herein are a sampling only of selected key ISS U.S. proxy voting guidelines, and are not intended to be exhaustive. The complete guidelines can be found at:

<https://www.issgovernance.com/policy-gateway/voting-policies/>

BOARD OF DIRECTORS

Voting on Director Nominees in Uncontested Elections

General Recommendation: Generally vote for director nominees, except under the following circumstances:

Independence

Vote against¹ or withhold from non-independent directors (Executive Directors and Non-Independent Non-Executive Directors per ISS' Classification of Directors) when:

Independent directors comprise 50 percent or less of the board;

The non-independent director serves on the audit, compensation, or nominating committee;

The company lacks an audit, compensation, or nominating committee so that the full board functions as that committee; or

The company lacks a formal nominating committee, even if the board attests that the independent directors fulfill the functions of such a committee.

Composition

Attendance at Board and Committee Meetings: Generally vote against or withhold from directors (except new nominees, who should be considered case-by-case²) who attend less than 75 percent of the aggregate of their board and committee meetings for the period for which they served, unless an acceptable reason for absences is disclosed in the proxy or another SEC filing. Acceptable reasons for director absences are generally limited to the following:

Medical issues/illness;

Family emergencies; and

Missing only one meeting (when the total of all meetings is three or fewer).

In cases of chronic poor attendance without reasonable justification, in addition to voting against the director(s) with poor attendance, generally vote against or withhold from appropriate members of the nominating/governance committees or the full board.

If the proxy disclosure is unclear and insufficient to determine whether a director attended at least 75 percent of the aggregate of his/her board and committee meetings during his/her period of service, vote against or withhold from the director(s) in question.

Overboarded Directors: Generally vote against or withhold from individual directors who:

Sit on more than five public company boards; or

Are CEOs of public companies who sit on the boards of more than two public companies besides their own—withhold only at their outside boards³.

Diversity: Highlight boards with no gender diversity. For 2019 meetings, no adverse vote recommendations will be made due to a lack of gender diversity.

For companies in the Russell 3000 or S&P 1500 indices, effective for meetings on or after Feb. 1, 2020, generally vote against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis) at companies when there are no women on the company's board. Mitigating factors include:

A firm commitment, as stated in the proxy statement, to appoint at least one female to the board in the near term;

The presence of a female on the board at the preceding annual meeting; or

Other relevant factors as applicable.

Responsiveness

Vote case-by-case on individual directors, committee members, or the entire board of directors as appropriate if:

The board failed to act on a shareholder proposal that received the support of a majority of the shares cast in the previous year or failed to act on a management proposal seeking to ratify an existing charter/bylaw provision that received opposition of a majority of the shares cast in the previous year. Factors that will be considered are:

Disclosed outreach efforts by the board to shareholders in the wake of the vote;

Rationale provided in the proxy statement for the level of implementation;

The subject matter of the proposal;

The level of support for and opposition to the resolution in past meetings;

Actions taken by the board in response to the majority vote and its engagement with shareholders;

The continuation of the underlying issue as a voting item on the ballot (as either shareholder or management proposals); and

Other factors as appropriate.

The board failed to act on takeover offers where the majority of shares are tendered;

At the previous board election, any director received more than 50 percent withhold/against votes of the shares cast and the company has failed to address the issue(s) that caused the high withhold/against vote.

Vote case-by-case on Compensation Committee members (or, in exceptional cases, the full board) and the Say on Pay proposal if:

The company's previous say-on-pay received the support of less than 70 percent of votes cast. Factors that will be considered are:

The company's response, including:

Disclosure of engagement efforts with major institutional investors, including the frequency and timing of engagements and the company participants (including whether independent directors participated);

Disclosure of the specific concerns voiced by dissenting shareholders that led to the say-on-pay opposition;

Disclosure of specific and meaningful actions taken to address shareholders' concerns;

Other recent compensation actions taken by the company;

Whether the issues raised are recurring or isolated;

The company's ownership structure; and

Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.

The board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the plurality of votes cast.

Accountability

Vote against or withhold from the entire board of directors (except new nominees⁴, who should be considered case-by-case) for the following:

Problematic Takeover Defenses/Governance Structure

Poison Pills: Vote against or withhold from all nominees (except new nominees, who should be considered case-by-case) if:

The company has a poison pill that was not approved by shareholders⁵. However, vote case-by-case on nominees if the board adopts an initial pill with a term of one year or less, depending on the disclosed rationale for the adoption, and other factors as relevant (such as a commitment to put any renewal to a shareholder vote).

The board makes a material adverse modification to an existing pill, including, but not limited to, extension, renewal, or lowering the trigger, without shareholder approval.

Classified Board Structure: The board is classified, and a continuing director responsible for a problematic governance issue at the board/committee level that would warrant a withhold/against vote recommendation is not up for election. All appropriate nominees (except new) may be held accountable.

Removal of Shareholder Discretion on Classified Boards: The company has opted into, or failed to opt out of, state laws requiring a classified board structure.

Director Performance Evaluation: The board lacks mechanisms to promote accountability and oversight, coupled with sustained poor performance relative to peers. Sustained poor performance is measured by one-, three-, and five-year total shareholder returns in the bottom half of a company's four-digit GICS industry group (Russell 3000 companies only). Take into consideration the company's operational metrics and other factors as warranted. Problematic provisions include but are not limited to:

• A classified board structure;

• A supermajority vote requirement;

• Either a plurality vote standard in uncontested director elections, or a majority vote standard in contested elections;

• The inability of shareholders to call special meetings;

• The inability of shareholders to act by written consent;

• A multi-class capital structure; and/or

• A non-shareholder-approved poison pill.

Unilateral Bylaw/Charter Amendments and Problematic Capital Structures: Generally vote against or withhold from directors individually, committee members, or the entire board (except new nominees, who should be considered case-by-case) if the board amends the company's bylaws or charter without shareholder approval in a manner that materially diminishes shareholders' rights or that could adversely impact shareholders, considering the following factors:

• The board's rationale for adopting the bylaw/charter amendment without shareholder ratification;

• Disclosure by the company of any significant engagement with shareholders regarding the amendment;

• The level of impairment of shareholders' rights caused by the board's unilateral amendment to the bylaws/charter;

• The board's track record with regard to unilateral board action on bylaw/charter amendments or other entrenchment provisions;

• The company's ownership structure;

• The company's existing governance provisions;

• The timing of the board's amendment to the bylaws/charter in connection with a significant business development; and

Other factors, as deemed appropriate, that may be relevant to determine the impact of the amendment on shareholders. Unless the adverse amendment is reversed or submitted to a binding shareholder vote, in subsequent years vote case-by-case on director nominees. Generally vote against (except new nominees, who should be considered case-by-case) if the directors:

• Classified the board;

• Adopted supermajority vote requirements to amend the bylaws or charter; or

• Eliminated shareholders' ability to amend bylaws.

Problematic Governance Structure - Newly public companies: For newly public companies, generally vote against or withhold from directors individually, committee members, or the entire board (except new nominees, who should be considered case-by-case) if, prior to or in connection with the company's public offering, the company or its board adopted bylaw or charter provisions materially adverse to shareholder rights, or implemented a multi-class capital structure in which the classes have unequal voting rights considering the following factors:

⌘ The level of impairment of shareholders' rights;

⌘ The disclosed rationale;

⌘ The ability to change the governance structure (e.g., limitations on shareholders' right to amend the bylaws or charter, or supermajority vote requirements to amend the bylaws or charter);

⌘ The ability of shareholders to hold directors accountable through annual director elections, or whether the company has a classified board structure;

⌘ Any reasonable sunset provision; and

⌘ Other relevant factors.

Unless the adverse provision and/or problematic capital structure is reversed or removed, vote case-by-case on director nominees in subsequent years.

Management Proposals to Ratify Existing Charter or Bylaw Provisions: Vote against/withhold from individual directors, members of the governance committee, or the full board, where boards ask shareholders to ratify existing charter or bylaw provisions considering the following factors:

⌘ The presence of a shareholder proposal addressing the same issue on the same ballot;

⌘ The board's rationale for seeking ratification;

⌘ Disclosure of actions to be taken by the board should the ratification proposal fail;

⌘ Disclosure of shareholder engagement regarding the board's ratification request;

⌘ The level of impairment to shareholders' rights caused by the existing provision;

⌘ The history of management and shareholder proposals on the provision at the company's past meetings;

⌘ Whether the current provision was adopted in response to the shareholder proposal;

⌘ The company's ownership structure; and

⌘ Previous use of ratification proposals to exclude shareholder proposals.

Restrictions on Shareholders' Rights

Restricting Binding Shareholder Proposals: Generally vote against or withhold from the members of the governance committee if:

⌘ The company's governing documents impose undue restrictions on shareholders' ability to amend the bylaws. Such restrictions include but are not limited to: outright prohibition on the submission of binding shareholder proposals or share ownership requirements or time holding requirements in excess of SEC Rule 14a-8. Vote against on an ongoing basis.

Problematic Audit-Related Practices

Generally vote against or withhold from the members of the Audit Committee if:

⌘ The non-audit fees paid to the auditor are excessive;

⌘ The company receives an adverse opinion on the company's financial statements from its auditor;

or

⌘ There is persuasive evidence that the Audit Committee entered into an inappropriate indemnification agreement with its auditor that limits the ability of the company, or its shareholders, to pursue legitimate legal recourse against the audit firm.

Vote case-by-case on members of the Audit Committee and potentially the full board if:

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

Problematic Compensation Practices

In the absence of an Advisory Vote on Executive Compensation (Say on Pay) ballot item or in egregious situations, vote against or withhold from the members of the Compensation Committee and potentially the full board if:

⌘ There is an unmitigated misalignment between CEO pay and company performance (pay for performance);

⌘ The company maintains significant problematic pay practices; or

⌘ The board exhibits a significant level of poor communication and responsiveness to shareholders.

Generally vote against or withhold from the Compensation Committee chair, other committee members, or potentially the full board if:

The company fails to include a Say on Pay ballot item when required under SEC provisions, or under the company's declared frequency of say on pay; or

The company fails to include a Frequency of Say on Pay ballot item when required under SEC provisions.

Generally vote against members of the board committee responsible for approving/setting non-employee director compensation if there is a pattern (i.e. two or more years) of awarding excessive non-employee director compensation without disclosing a compelling rationale or other mitigating factors.

Problematic Pledging of Company Stock:

Vote against the members of the committee that oversees risks related to pledging, or the full board, where a significant level of pledged company stock by executives or directors raises concerns. The following factors will be considered:

The presence of an anti-pledging policy, disclosed in the proxy statement, that prohibits future pledging activity;

The magnitude of aggregate pledged shares in terms of total common shares outstanding, market value, and trading volume;

Disclosure of progress or lack thereof in reducing the magnitude of aggregate pledged shares over time;

Disclosure in the proxy statement that shares subject to stock ownership and holding requirements do not include pledged company stock; and

Any other relevant factors.

Governance Failures

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

Material failures of governance, stewardship, risk oversight⁶, or fiduciary responsibilities at the company;

Failure to replace management as appropriate; or

Egregious actions related to a director's service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

Voting on Director Nominees in Contested Elections

Vote-No Campaigns

General Recommendation: In cases where companies are targeted in connection with public "vote-no" campaigns, evaluate director nominees under the existing governance policies for voting on director nominees in uncontested elections. Take into consideration the arguments submitted by shareholders and other publicly available information.

Proxy Contests/Proxy Access — Voting for Director Nominees in Contested Elections

General Recommendation: Vote case-by-case on the election of directors in contested elections, considering the following factors:

Long-term financial performance of the company relative to its industry;

Management's track record;

Background to the contested election;

Nominee qualifications and any compensatory arrangements;

Strategic plan of dissident slate and quality of the critique against management;

Likelihood that the proposed goals and objectives can be achieved (both slates); and

Stock ownership positions.

In the case of candidates nominated pursuant to proxy access, vote case-by-case considering any applicable factors listed above or additional factors which may be relevant, including those that are specific to the company, to the nominee(s) and/or to the nature of the election (such as whether there are more candidates than board seats).

Independent Chair (Separate Chair/CEO)

General Recommendation: Generally vote for shareholder proposals requiring that the chairman's position be filled by an independent director, taking into consideration the following:

The scope of the proposal;

The company's current board leadership structure;

The company's governance structure and practices;
Company performance; and
Any other relevant factors that may be applicable.

Regarding the scope of the proposal, consider whether the proposal is precatory or binding and whether the proposal is seeking an immediate change in the chairman role or the policy can be implemented at the next CEO transition.

Under the review of the company's board leadership structure, ISS may support the proposal under the following scenarios absent a compelling rationale: the presence of an executive or non-independent chair in addition to the CEO; a recent recombination of the role of CEO and chair; and/or departure from a structure with an independent chair. ISS will also consider any recent transitions in board leadership and the effect such transitions may have on independent board leadership as well as the designation of a lead director role.

When considering the governance structure, ISS will consider the overall independence of the board, the independence of key committees, the establishment of governance guidelines, board tenure and its relationship to CEO tenure, and any other factors that may be relevant. Any concerns about a company's governance structure will weigh in favor of support for the proposal.

The review of the company's governance practices may include, but is not limited to, poor compensation practices, material failures of governance and risk oversight, related-party transactions or other issues putting director independence at risk, corporate or management scandals, and actions by management or the board with potential or realized negative impact on shareholders. Any such practices may suggest a need for more independent oversight at the company thus warranting support of the proposal.

ISS' performance assessment will generally consider one-, three-, and five-year TSR compared to the company's peers and the market as a whole. While poor performance will weigh in favor of the adoption of an independent chair policy, strong performance over the long term will be considered a mitigating factor when determining whether the proposed leadership change warrants support.

Proxy Access

General Recommendation: Generally vote for management and shareholder proposals for proxy access with the following provisions:

Ownership threshold: maximum requirement not more than three percent (3%) of the voting power;

Ownership duration: maximum requirement not longer than three (3) years of continuous ownership for each member of the nominating group;

Aggregation: minimal or no limits on the number of shareholders permitted to form a nominating group;

Cap: cap on nominees of generally twenty-five percent (25%) of the board.

Review for reasonableness any other restrictions on the right of proxy access.

Generally vote against proposals that are more restrictive than these guidelines.

SHAREHOLDER RIGHTS & DEFENSES

Ratification Proposals: Management Proposals to Ratify Existing Charter or Bylaw Provisions

General Recommendation: Generally vote against management proposals to ratify provisions of the company's existing charter or bylaws, unless these governance provisions align with best practice.

In addition, voting against/withhold from individual directors, members of the governance committee, or the full board may be warranted, considering:

The presence of a shareholder proposal addressing the same issue on the same ballot;

The board's rationale for seeking ratification;

Disclosure of actions to be taken by the board should the ratification proposal fail;

Disclosure of shareholder engagement regarding the board's ratification request;

The level of impairment to shareholders' rights caused by the existing provision;

The history of management and shareholder proposals on the provision at the company's past meetings;

Whether the current provision was adopted in response to the shareholder proposal;

The company's ownership structure; and

Previous use of ratification proposals to exclude shareholder proposals.

CAPITAL/RESTRUCTURING

Common Stock Authorization

General Recommendation: Vote for proposals to increase the number of authorized common shares where the primary purpose of the increase is to issue shares in connection with a transaction on the same ballot that warrants support.

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

Vote against proposals to increase the number of authorized common shares if a vote for a reverse stock split on the same ballot is warranted despite the fact that the authorized shares would not be reduced proportionally.

Vote case-by-case on all other proposals to increase the number of shares of common stock authorized for issuance.

Take into account company-specific factors that include, at a minimum, the following:

Past Board Performance:

• The company's use of authorized shares during the last three years;

• The Current Request:

• Disclosure in the proxy statement of the specific purposes of the proposed increase;

• Disclosure in the proxy statement of specific and severe risks to shareholders of not approving the request; and

• The dilutive impact of the request as determined relative to an allowable increase calculated by ISS (typically 100 percent of existing authorized shares) that reflects the company's need for shares and total shareholder returns.

ISS will apply the relevant allowable increase below to requests to increase common stock that are for general corporate purposes (or to the general corporate purposes portion of a request that also includes a specific need):

A. Most companies: 100 percent of existing authorized shares.

B. Companies with less than 50 percent of existing authorized shares either outstanding or reserved for issuance: 50 percent of existing authorized shares.

C. Companies with one- and three-year total shareholder returns (TSRs) in the bottom 10 percent of the U.S. market as of the end of the calendar quarter that is closest to their most recent fiscal year end: 50 percent of existing authorized shares.

D. Companies at which both conditions (B and C) above are both present: 25 percent of existing authorized shares.

If there is an acquisition, private placement, or similar transaction on the ballot (not including equity incentive plans) that ISS is recommending FOR, the allowable increase will be the greater of (i) twice the amount needed to support the transactions on the ballot, and (ii) the allowable increase as calculated above.

Mergers and Acquisitions

General Recommendation: Vote case-by-case on mergers and acquisitions. Review and evaluate the merits and drawbacks of the proposed transaction, balancing various and sometimes countervailing factors including:

Valuation - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, emphasis is placed on the offer premium, market reaction, and strategic rationale.

Market reaction - How has the market responded to the proposed deal? A negative market reaction should cause closer scrutiny of a deal.

Strategic rationale - Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favorable track record of successful integration of historical acquisitions.

Negotiations and process - Were the terms of the transaction negotiated at arm's-length? Was the process fair and equitable? A fair process helps to ensure the best price for shareholders. Significant negotiation "wins" can also signify the deal makers' competency. The comprehensiveness of the sales process (e.g., full auction, partial auction, no auction) can also affect shareholder value.

• Conflicts of interest - Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? As the result of potential conflicts, the directors and officers of the company may be more likely to vote to approve a merger than if they did not hold these interests. Consider whether these interests may have influenced these directors and officers to support or recommend the merger. The CIC figure presented in the "ISS Transaction Summary" section of this report is an aggregate

figure that can in certain cases be a misleading indicator of the true value transfer from shareholders to insiders. Where such figure appears to be excessive, analyze the underlying assumptions to determine whether a potential conflict exists.

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

COMPENSATION

Executive Pay Evaluation

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

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

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

General Recommendation: Vote case-by-case on ballot items related to executive pay and practices, as well as certain aspects of outside director compensation.

Vote against Advisory Votes on Executive Compensation (Say-on-Pay or “SOP”) if:

- > There is an unmitigated misalignment between CEO pay and company performance (pay for performance);
- ∩ The company maintains significant problematic pay practices;
- > The board exhibits a significant level of poor communication and responsiveness to shareholders.

Vote against or withhold from the members of the Compensation Committee and potentially the full board if:

- There is no SOP on the ballot, and an against vote on an SOP would otherwise be warranted due to pay-for-performance misalignment, problematic pay practices, or the lack of adequate responsiveness on compensation issues raised previously, or a combination thereof;
- The board fails to respond adequately to a previous SOP proposal that received less than 70 percent support of votes cast;
- The company has recently practiced or approved problematic pay practices, such as option repricing or option backdating; or
- ∩ The situation is egregious.

Primary Evaluation Factors for Executive Pay

Pay-for-Performance Evaluation

ISS annually conducts a pay-for-performance analysis to identify strong or satisfactory alignment between pay and performance over a sustained period. With respect to companies in the S&P1500, Russell 3000, or Russell 3000E Indices⁷, this analysis considers the following:

1. Peer Group⁸ Alignment:

The degree of alignment between the company's annualized TSR rank and the CEO's annualized total pay rank within a peer group, each measured over a three-year period.

The rankings of CEO total pay and company financial performance within a peer group, each measured over a three-year period.

The multiple of the CEO's total pay relative to the peer group median in the most recent fiscal year.

Absolute Alignment⁹ – the absolute alignment between the trend in CEO pay and company TSR over the prior five fiscal years – i.e., the difference between the trend in annual pay changes and the trend in annualized TSR during the period.

If the above analysis demonstrates significant unsatisfactory long-term pay-for-performance alignment or, in the case of companies outside the Russell indices, misaligned pay and performance are otherwise suggested, our analysis may include any of the following qualitative factors, as relevant to evaluating how various pay elements may work to encourage or to undermine long-term value creation and alignment with shareholder interests:

The ratio of performance- to time-based incentive awards;

The overall ratio of performance-based compensation;

The completeness of disclosure and rigor of performance goals;

The company's peer group benchmarking practices;

Actual results of financial/operational metrics, both absolute and relative to peers;

Special circumstances related to, for example, a new CEO in the prior FY or anomalous equity grant practices (e.g., bi-annual awards);

Realizable pay¹⁰ compared to grant pay; and

Any other factors deemed relevant.

Problematic Pay Practices

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

Problematic practices related to non-performance-based compensation elements;

Incentives that may motivate excessive risk-taking or present a windfall risk; and

Pay decisions that circumvent pay-for-performance, such as options backdating or waiving performance requirements.

Problematic Pay Practices related to Non-Performance-Based Compensation Elements

Pay elements that are not directly based on performance are generally evaluated case-by-case considering the context of a company's overall pay program and demonstrated pay-for-performance philosophy. Please refer to ISS' U.S. Compensation Policies FAQ document for detail on specific pay practices that have been identified as potentially problematic and may lead to negative recommendations if they are deemed to be inappropriate or unjustified relative to executive pay best practices. The list below highlights the problematic practices that carry significant weight in this overall consideration and may result in adverse vote recommendations:

Repricing or replacing of underwater stock options/SARS without prior shareholder approval (including cash buyouts and voluntary surrender of underwater options);

Extraordinary perquisites or tax gross-ups;

New or materially amended agreements that provide for:

Excessive termination or CIC severance payments (generally exceeding 3 times base salary and average/target/most recent bonus);

CIC severance payments without involuntary job loss or substantial diminution of duties ("single" or "modified single" triggers) or in connection with a problematic Good Reason definition;

CIC excise tax gross-up entitlements (including "modified" gross-ups);

Multi-year guaranteed awards that are not at risk due to rigorous performance conditions;

Liberal CIC definition combined with any single-trigger CIC benefits;

Insufficient executive compensation disclosure by externally-managed issuers (EMIs) such that a reasonable assessment of pay programs and practices applicable to the EMI's executives is not possible;

Any other provision or practice deemed to be egregious and present a significant risk to investors.

Compensation Committee Communications and Responsiveness

Consider the following factors case-by-case when evaluating ballot items related to executive pay on the board's responsiveness to investor input and engagement on compensation issues:

Failure to respond to majority-supported shareholder proposals on executive pay topics; or

Failure to adequately respond to the company's previous say-on-pay proposal that received the support of less than 70 percent of votes cast, taking into account:

The company's response, including:

Disclosure of engagement efforts with major institutional investors, including the frequency and timing of engagements and the company participants (including whether independent directors participated);

Disclosure of the specific concerns voiced by dissenting shareholders that led to the say-on-pay opposition;

Disclosure of specific and meaningful actions taken to address shareholders' concerns;

Other recent compensation actions taken by the company;

Whether the issues raised are recurring or isolated;

The company's ownership structure; and

Whether the support level was less than 50 percent, which would warrant the highest degree of responsiveness.

Equity-Based and Other Incentive Plans

Please refer to ISS' U.S. Equity Compensation Plans FAQ document for additional details on the Equity Plan Scorecard policy.

General Recommendation: Vote case-by-case on certain equity-based compensation plans¹¹ depending on a combination of certain plan features and equity grant practices, where positive factors may counterbalance negative factors, and vice versa, as evaluated using an "Equity Plan Scorecard" (EPSC) approach with three pillars:

Plan Cost: The total estimated cost of the company's equity plans relative to industry/market cap peers, measured by the company's estimated Shareholder Value Transfer (SVT) in relation to peers and considering both:

SVT based on new shares requested plus shares remaining for future grants, plus outstanding unvested/unexercised grants; and

SVT based only on new shares requested plus shares remaining for future grants.

Plan Features:

Quality of disclosure around vesting upon a change in control (CIC);

Discretionary vesting authority;

Liberal share recycling on various award types;

Lack of minimum vesting period for grants made under the plan;

Dividends payable prior to award vesting.

Grant Practices:

The company's three-year burn rate relative to its industry/market cap peers;

Vesting requirements in CEO's recent equity grants (3-year look-back);

The estimated duration of the plan (based on the sum of shares remaining available and the new shares requested, divided by the average annual shares granted in the prior three years);

The proportion of the CEO's most recent equity grants/awards subject to performance conditions;

Whether the company maintains a sufficient claw-back policy;

Whether the company maintains sufficient post-exercise/vesting share-holding requirements.

Generally vote against the plan proposal if the combination of above factors indicates that the plan is not, overall, in shareholders' interests, or if any of the following egregious factors ("overriding factors") apply:

Awards may vest in connection with a liberal change-of-control definition;

The plan would permit repricing or cash buyout of underwater options without shareholder approval (either by expressly permitting it – for NYSE and Nasdaq listed companies – or by not prohibiting it when the company has a history of repricing – for non-listed companies);

The plan is a vehicle for problematic pay practices or a significant pay-for-performance disconnect under certain circumstances;

The plan is excessively dilutive to shareholders' holdings; or
Any other plan features are determined to have a significant negative impact on shareholder interests.

SOCIAL AND ENVIRONMENTAL ISSUES

Global Approach

Issues covered under the policy include a wide range of topics, including consumer and product safety, environment and energy, labor standards and human rights, workplace and board diversity, and corporate political issues. While a variety of factors goes into each analysis, the overall principle guiding all vote recommendations focuses on how the proposal may enhance or protect shareholder value in either the short or long term.

General Recommendation: Generally vote case-by-case, examining primarily whether implementation of the proposal is likely to enhance or protect shareholder value. The following factors will be considered:

If the issues presented in the proposal are more appropriately or effectively dealt with through legislation or
> government regulation;

If the company has already responded in an appropriate and sufficient manner to the issue(s) raised in the proposal;

Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive;

The company's approach compared with any industry standard practices for addressing the issue(s) raised by the
> proposal;

Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental
> or social practices;

If the proposal requests increased disclosure or greater transparency, whether reasonable and sufficient information is
> currently available to shareholders from the company or from other publicly available sources; and

If the proposal requests increased disclosure or greater transparency, whether implementation would reveal
> proprietary or confidential information that could place the company at a competitive disadvantage.

Climate Change/Greenhouse Gas (GHG) Emissions

General Recommendation: Generally vote for resolutions requesting that a company disclose information on the financial, physical, or regulatory risks it faces related to climate change on its operations and investments or on how the company identifies, measures, and manages such risks, considering:

Whether the company already provides current, publicly-available information on the impact that climate change may have on the company as well as associated company policies and procedures to address related risks and/or opportunities;

The company's level of disclosure compared to industry peers; and

Whether there are significant controversies, fines, penalties, or litigation associated with the company's climate
> change-related performance.

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

The company already discloses current, publicly-available information on the impacts that GHG emissions may have
> on the company as well as associated company policies and procedures to address related risks and/or opportunities;

The company's level of disclosure is comparable to that of industry peers; and

There are no significant, controversies, fines, penalties, or litigation associated with the company's GHG emissions.

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

Whether the company provides disclosure of year-over-year GHG emissions performance data;

Whether company disclosure lags behind industry peers;

The company's actual GHG emissions performance;

The company's current GHG emission policies, oversight mechanisms, and related initiatives; and

Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to
> GHG emissions.

Board Diversity

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

The gender and racial minority representation of the company's board is reasonably inclusive in relation to companies of similar size and business; and

The board already reports on its nominating procedures and gender and racial minority initiatives on the board and within the company.

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

The degree of existing gender and racial minority diversity on the company's board and among its executive officers;

The level of gender and racial minority representation that exists at the company's industry peers;

The company's established process for addressing gender and racial minority board representation;

Whether the proposal includes an overly prescriptive request to amend nominating committee charter language;

The independence of the company's nominating committee;

Whether the company uses an outside search firm to identify potential director nominees; and

Whether the company has had recent controversies, fines, or litigation regarding equal employment practices.

Gender Pay Gap

General Recommendation: Generally vote case-by-case on requests for reports on a company's pay data by gender, or a report on a company's policies and goals to reduce any gender pay gap, taking into account:

The company's current policies and disclosure related to both its diversity and inclusion policies and practices and its compensation philosophy and fair and equitable compensation practices;

Whether the company has been the subject of recent controversy, litigation, or regulatory actions related to gender pay gap issues; and

Whether the company's reporting regarding gender pay gap policies or initiatives is lagging its peers.

How the company's recycling programs compare to similar programs of its industry peers.

Sustainability Reporting

General Recommendation: Generally vote for proposals requesting that a company report on its policies, initiatives, and oversight mechanisms related to social, economic, and environmental sustainability, unless:

The company already discloses similar information through existing reports or policies such as an environment, health, and safety (EHS) report; a comprehensive code of corporate conduct; and/or a diversity report; or

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

Lobbying

General Recommendation: Vote case-by-case on proposals requesting information on a company's lobbying (including direct, indirect, and grassroots lobbying) activities, policies, or procedures, considering:

The company's current disclosure of relevant lobbying policies, and management and board oversight;

The company's disclosure regarding trade associations or other groups that it supports, or is a member of, that engage in lobbying activities; and

Recent significant controversies, fines, or litigation regarding the company's lobbying-related activities.

Political Contributions

General Recommendation: Generally vote for proposals requesting greater disclosure of a company's political contributions and trade association spending policies and activities, considering:

The company's policies, and management and board oversight related to its direct political contributions and payments to trade associations or other groups that may be used for political purposes;

The company's disclosure regarding its support of, and participation in, trade associations or other groups that may make political contributions; and

Recent significant controversies, fines, or litigation related to the company's political contributions or political activities.

Vote against proposals barring a company from making political contributions. Businesses are affected by legislation at the federal, state, and local level; barring political contributions can put the company at a competitive disadvantage. Vote against proposals to publish in newspapers and other media a company's political contributions. Such publications could present significant cost to the company without providing commensurate value to shareholders. This document and all of the information contained in it, including without limitation all text, data, graphs, and charts (collectively, the "Information") is the property of Institutional Shareholder Services Inc. (ISS), its subsidiaries, or, in some cases third party suppliers.

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

² New nominees who served for only part of the fiscal year are generally exempted from the attendance policy.

³ Although all of a CEO's subsidiary boards with publicly-traded common stock will be counted as separate boards, ISS will not recommend a withhold vote for the CEO of a parent company board or any of the controlled (>50 percent ownership) subsidiaries of that parent but may do so at subsidiaries that are less than 50 percent controlled and boards outside the parent/subsidiary relationships.

⁴ A "new nominee" is any current nominee who has not already been elected by shareholders and who joined the board after the problematic action in question transpired. If ISS cannot determine whether the nominee joined the board before or after the problematic action transpired, the nominee will be considered a "new nominee" if he or she joined the board within the 12 months prior to the upcoming shareholder meeting.

⁵ Public shareholders only, approval prior to a company's becoming public is insufficient.

⁶ Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; significant adverse legal judgments or settlement; or hedging of company stock.

⁷ The Russell 3000E Index includes approximately 4,000 of the largest U.S. equity securities.

⁸ The revised peer group is generally comprised of 14-24 companies that are selected using market cap, revenue (or assets for certain financial firms), GICS industry group, and company's selected peers' GICS industry group, with size constraints, via a process designed to select peers that are comparable to the subject company in terms of revenue/assets and industry, and also within a market-cap bucket that is reflective of the company's. For Oil, Gas & Consumable Fuels companies, market cap is the only size determinant.

⁹ Only Russell 3000 Index companies are subject to the Absolute Alignment analysis.

¹⁰ ISS research reports include realizable pay for S&P1500 companies.

¹¹ Proposals evaluated under the EPSC policy generally include those to approve or amend (1) stock option plans for employees and/or employees and directors, (2) restricted stock plans for employees and/or employees and directors, and (3) omnibus stock incentive plans for employees and/or employees and directors; amended plans will be further

evaluated case-by-case.

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

Thomas B. Winmill and William M. Winmill are co-portfolio managers of the registrant.

Mr. Thomas B. Winmill is President, Chief Executive Officer, Chairman, Chief Legal Officer, and a Trustee or Director of the registrant, Dividend and Income Fund, and Midas Series Trust. He is a Director or Manager, President, Chief Executive Officer, and Chief Legal Officer of the Investment Manager and Bexil Advisers LLC, registered investment advisers (collectively, the "Advisers"), Bexil Securities LLC and Midas Securities Group, Inc., registered broker-dealers (collectively, the "Broker-Dealers"), Bexil Corporation, a holding company ("Bexil"), and Winmill & Co. Incorporated, a holding company ("Winco"). He is a Director of Global Self Storage, Inc., a self storage REIT ("SELF"), and Bexil American Mortgage Inc. He is Chairman of the Investment Policy Committee of each of the Advisers (the "IPCs"), and he is a portfolio manager of the registrant, Dividend and Income Fund, Midas Fund, and Midas Magic. He is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute. Mr. Thomas Winmill has been associated with the management of the registrant, either directly or through the IPC, since 2002.

Mr. William M. Winmill is Vice President of the registrant, Dividend and Income Fund, Midas Series Trust, the Advisers, the Broker-Dealers, Bexil, SELF, Tuxis Corporation, and Winco. From 2014 to 2016, he served these companies as Compliance Assistant and Accounting Assistant, after graduating from Bowdoin College in 2014. He is a member of the IPCs, and he is a portfolio manager of the registrant, Dividend and Income Fund, and Midas Magic.

Thomas B. Winmill and William M. Winmill are father and son, respectively.

The Portfolio Managers receive compensation for their services. As of December 31, 2018, each of the Portfolio Manager's compensation plan generally consists of base salary, employee benefits plan participation, qualified retirement plan participation, annual and asset level bonuses, certain prerequisites, and participation in equity based compensation plans. A portion of their compensation may be deferred based on criteria established by the investment manager, or at the election of the Portfolio Manager.

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

Each Portfolio Manager's compensation plan may give rise to potential conflicts of interest. Each Portfolio Manager's base pay tends to increase with additional and more complex responsibilities often reflecting increased assets under management and marketing efforts, which together indirectly link compensation to sales of Fund shares. The asset level bonus, although intended to encourage above average investment performance and account servicing, as well as lower expense ratios, may give rise to potential conflicts of interest by linking compensation to sales. The management of multiple funds and accounts (including proprietary accounts) may give rise to potential conflicts of interest if the funds and accounts have different objectives, benchmarks, time horizons, and fees as the Portfolio Manager must allocate his time and investment ideas across multiple funds and accounts. Each Portfolio Manager may execute transactions for one fund or account that may adversely impact the value of securities held by another fund or account. Securities selected for one fund or account rather than another fund or account may outperform the securities

selected for the registrant. The management of personal accounts may give rise to potential conflicts of interest; there is no assurance that the registrant's codes of ethics will adequately address such conflicts.

The following table provides information relating to other (non-registrant) accounts where the Portfolio Manager is jointly or primarily responsible for day to day management as of December 31, 2018. No Portfolio Manager manages accounts or assets with performance based advisory fees, or other pooled investment vehicles.

Portfolio Managers		Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts
Thomas B. Winmill	Number:	3	N/A	7
	Total Assets (millions):	\$218	N/A	\$21
William M. Winmill	Number:	2	N/A	7
	Total Assets (millions):	\$200	N/A	\$21

As of December 31, 2018, the dollar range of shares in the registrant beneficially owned by Thomas B. Winmill was \$1 - \$10,000. Thomas B. Winmill is Chairman, President, Chief Executive Officer, Chief Legal Officer, and a director of Midas Securities Group, Inc. and may be deemed to have indirect beneficial ownership of over \$1,000,000 of the registrant's shares owned by Midas Securities Group, Inc. Mr. Thomas B. Winmill disclaims beneficial ownership of these shares. As of December 31, 2018, the dollar range of shares in the registrant beneficially owned by William M. Winmill was \$1 - \$10,000.

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

Not applicable.

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

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

Item 11. Controls and Procedures.

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

Item 12. Disclosure of Securities Lending Activities for Closed-End Management Investment Companies.

- (a) No income was received by the registrant from securities lending activities in the period covered by this report. Previously, State Street Bank and Trust Company ("SSB") had served as the registrant's securities lending agent until June 2018. Amounts paid by securities lending counterparties for loaned securities were retained by SSB.

Currently, the registrant does not have a securities lending agent.

- (b) Previously, the registrant entered into a Liquidity Agreement with SSB that allowed the registrant to draw up to the maximum liquidity commitment as specified therein. The Liquidity Agreement was terminated in June 2018. The Liquidity Agreement included a securities lending authorization by the registrant to SSB to engage in agency securities lending and reverse repurchase activity. Previously, SSB had also served as the registrant's custodian. Currently, the registrant does not have a securities lending agent.

Item 13. Exhibits.

(a)(1) Not applicable.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2) attached hereto as Exhibit 99.CERT.

(b) Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 attached hereto as Exhibit 99.906 CERT.

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.

Foxby Corp.

March 4, 2019 By: /s/ Thomas B. Winmill
Thomas B. Winmill
President

Foxby Corp.

March 4, 2019 By: /s/ Thomas O'Malley
Thomas O'Malley
Chief Financial Officer

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

Foxby Corp.

March 4, 2019 By: /s/ Thomas B. Winmill
Thomas B. Winmill
President

Foxby Corp.

March 4, 2019 By: /s/ Thomas O'Malley
Thomas O'Malley
Chief Financial Officer