

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC  
Form N-CSR  
February 04, 2013

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

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

Investment Company Act file number:	811-07460
Exact name of registrant as specified in charter:	Delaware Investments® Dividend and Income Fund, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	November 30
Date of reporting period:	November 30, 2012

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Item 1. Reports to Stockholders

Annual Report

Delaware  
Investments<sup>®</sup>  
Dividend and  
Income Fund, Inc.

November 30, 2012

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

**Closed-end fund**

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Unless otherwise noted, views expressed herein are current as of Nov. 30, 2012, and subject to change.

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

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

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## Portfolio management review

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

December 11, 2012

#### Performance preview (for the year ended Nov. 30, 2012)

Delaware Investments Dividend and Income Fund, Inc. @ market price	1-year return	+25.10%
Delaware Investments Dividend and Income Fund, Inc. @ NAV	1-year return	+22.88%
Lipper Closed-end Income and Preferred Stock Funds Average @ market price	1-year return	+22.02%
Lipper Closed-end Income and Preferred Stock Funds Average @ NAV	1-year return	+21.72%

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

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

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

For the 12-month period ended Nov. 30, 2012, Delaware Investments Dividend and Income Fund, Inc. returned +22.88% at net asset value and +25.10% at market price (both figures reflect all distributions reinvested). Complete annualized performance information for the Fund is shown in the table on page 3.

#### Modest improvements in economic conditions

The U.S. economy continued its sluggish but steady growth during the Fund's fiscal year. While U.S. gross domestic product—a measure of the goods and services produced by the nation—expanded rapidly in late 2011, growth slowed significantly thereafter. High unemployment continued to be a major challenge, with the country's jobless rate finishing the Fund's fiscal year at 7.9%, still uncomfortably high but a notable improvement compared to the 9.0% level at the beginning of the fiscal year. (Data: U.S. Commerce Department; U.S. Labor Department.)

Against this backdrop, the U.S. Federal Reserve continued its efforts to stimulate economic growth by keeping short-term interest rates at a historically low level and initiating a third round of so-called quantitative easing in the form of bond-buying programs. Policy action continued overseas as well, as European officials dealt with a lingering sovereign debt crisis. Many European countries were in recession when the Fund's fiscal year drew to a close.

#### Financial markets responded positively

Encouraged by the aggressive actions of central banks around the world, financial markets delivered reasonably strong returns during the fiscal year, with riskier assets faring particularly well. U.S. equities, for example, generated a gain of 16.13%, as measured by the S&P 500® Index, while high yield bonds rose 16.57%, as measured by the BofA Merrill Lynch U.S. High Yield Constrained Index. Other income-generating asset classes that gained ground included real estate investment trusts (REITs), convertible securities, dividend-paying international equities, and investment grade bonds. (Performance data: Bloomberg.)

#### A focus on large-cap equity, high yield

The Fund's primary objective is to seek high current income, with a secondary objective of capital appreciation. In managing the Fund, we pursue these goals by investing broadly in a range of income-generating securities. These include core fixed income holdings (such as Treasury and agency securities), as well as investment grade and high yield corporate bonds, convertible bonds, REITs, and large-cap value stocks.

The Fund's allocation to large-cap value equity investments, amounting to 35% of portfolio assets at the end of the fiscal year, provided a healthy contribution to Fund performance. Within this group of holdings, the consumer discretionary sector was particularly strong. The Fund's holdings in the financial sector were likewise beneficial.

High yield securities play a prominent role in the Fund's strategy of seeking income from a variety of asset types, and represented the largest allocation of assets within the Fund during the fiscal year. Our approach to the asset class is marked by an eye toward risk. As the Fund's fiscal year progressed and bond prices continued to reach what we viewed as excessively high levels, we reassessed the Fund's high yield exposure somewhat. We concluded that the overall risk-reward balance had become less

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Unless otherwise noted, views expressed herein are current as of Nov. 30, 2012, and subject to change.

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## Portfolio management review

### Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

attractive, prompting us to take a more defensive stance to help lessen the negative effects of potential declines in bond prices.

With monetary policy in the U.S. driving rates lower, our preferred approach has been twofold:

- Invest in hard assets as we aim to help shield the Fund's portfolio from the potential inflationary results of Fed policies as represented by our investments in REITs.
- Invest in financial assets as we aim to help provide what the Fed's policies are taking away that yield which we attempt to achieve by investing in high yield bonds, dividend-paying equities, and convertibles.

Notes on the Fund's allocations to other asset types:

- Among REITs, we continued to favor real estate companies with strong fundamentals and relatively easy access to credit.
- In a market environment in which equities turned in robust results, convertibles did not generate comparable gains. The Fund's focus on convertibles that exhibited defensive characteristics somewhat muted the Fund's performance in this asset class.

### **A consistent management strategy**

Our basic strategy remained the same during the Fund's fiscal year, just as it has across all performance periods: We continued assembling a diversified collection of income-generating securities that provides competitive yield, while aiming to achieve greater upside potential than bonds and better downside protection than equities. Diversification, it should be noted, does not protect against losses.

As always, we emphasized reasonably priced securities when making new additions to the Fund's portfolio. At the same time, we liquidated holdings that we believed had become expensive relative to their return prospects.

### **A more defensive posture going forward**

As the Fund's fiscal year progressed, our overall sense of caution increased. After three years of strong market returns and proactive economic stimulus by the world's central banks, we finished the fiscal year with a more defensive outlook, which translated to (1) seeking to avoid securities that we view as having an unfavorable risk-reward balance, (2) taking profits in higher-priced securities, and (3) initiating steps to help hedge the portfolio's risk. In the months ahead, we will be monitoring market conditions to see if an even more defensive stance may be warranted.

## Performance summary

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

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

#### Fund performance

Average annual total returns

through Nov. 30, 2012	1 year	5 years	10 years	Lifetime
At market price	+25.10%	+4.46%	+8.27%	+7.44%
At net asset value	+22.88%	+4.11%	+9.11%	+8.29%

Diversification may not protect against market risk.

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

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

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

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

Narrowly focused investments may exhibit higher volatility than investments in multiple industry sectors. REIT investments are subject to many of the risks associated with direct real estate ownership, including changes in economic conditions, credit risk, and interest rate fluctuations.

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

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

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

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

Past performance is not a guarantee of future results.

#### Fund basics

As of Nov. 30, 2012

#### Fund objectives

The Fund's primary investment objective is to seek high current income. Capital appreciation is a secondary objective.

**Total Fund net assets**

\$82 million

**Number of holdings**

408

**Fund start date**

March 26, 1993

**NYSE symbol**

DDF

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## Performance summary

Delaware Investments® Dividend and Income Fund, Inc.

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

Nov. 30, 2011, through Nov. 30, 2012

	Starting value (Nov. 30, 2011)	Ending value (Nov. 30, 2012)
Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$7.67	\$8.66
Delaware Investments Dividend and Income Fund, Inc. @ Market price	\$6.89	\$7.92

Past performance is not a guarantee of future results.

### Performance of a \$10,000 investment

Average annual total returns from Nov. 30, 2002, through Nov. 30, 2012

	Starting value (Nov. 30, 2002)	Ending value (Nov. 30, 2012)
Delaware Investments Dividend and Income Fund, Inc. @ NAV	\$10,000	\$23,901
Delaware Investments Dividend and Income Fund, Inc. @ Market price	\$10,000	\$22,158
Lipper Closed-end Income and Preferred Stock Funds Average @ Market price	\$10,000	\$22,128
Lipper Closed-end Income and Preferred Stock Funds Average @ NAV	\$10,000	\$21,618

The Performance of a \$10,000 investment graph assumes \$10,000 invested in the Fund on Nov. 30, 2002, and includes the reinvestment of all distributions at market value. The graph assumes \$10,000 in the Lipper Closed-end Income and Preferred Stock Funds Average at market price and at NAV. Performance of the Fund and the Lipper class at market value is based on market performance during the period. Performance of the Fund and Lipper class at NAV is based on the fluctuations in NAV during the period. Delaware Investments Dividend and Income Fund, Inc. was initially offered with a sales charge of 6%. Performance shown in both graphs above does not include fees, the initial sales charge, or any brokerage commissions for purchases. Investments in the Fund are not available at NAV.

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

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

The BofA Merrill Lynch U.S. High Yield Constrained Index, mentioned on page 1, tracks the performance of U.S. dollar denominated high yield corporate debt publicly issued in the U.S. domestic market, but caps individual issuer exposure at 2% of the benchmark.

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

Past performance is not a guarantee of future results.

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## Security type/sector allocation and top 10 equity holdings

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

As of November 30, 2012 (Unaudited)

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

Security Type/Sector	Percentage of Net Assets
<b>Common Stock</b>	<b>73.13%</b>
Consumer Discretionary	3.70%
Consumer Staples	7.58%
Diversified REITs	1.13%
Energy	8.79%
Financials	7.10%
Healthcare	10.70%
Healthcare REITs	2.18%
Hotel REITs	0.73%
Industrial REITs	0.97%
Industrials	5.17%
Information Technology	6.41%
Mall REITs	2.69%
Manufactured Housing REIT	0.38%
Materials	1.51%
Mixed REITs	0.94%
Mortgage REITs	0.45%
Multifamily REITs	1.67%
Office REITs	1.00%
Real Estate Management & Development	0.00%
Self-Storage REITs	0.87%
Shopping Center REITs	1.07%
Single Tenant REIT	0.21%
Specialty REITs	2.45%
Telecommunications	3.53%
Utilities	1.90%
<b>Convertible Preferred Stock</b>	<b>2.53%</b>
<b>Convertible Bonds</b>	<b>10.78%</b>
Basic Industry	0.15%
Capital Goods	1.25%
Communications	1.10%
Consumer Cyclical	1.47%
Consumer Non-Cyclical	1.90%
Energy	0.49%
Financials	0.84%
Industrials	0.29%
Real Estate	0.25%
Services	0.72%
Technology	2.32%
<b>Corporate Bonds</b>	<b>41.38%</b>
Automobiles	1.30%
Banking	1.10%
Basic Industry	5.57%
Capital Goods	2.07%
Communications	3.64%
Consumer Cyclical	3.49%
Consumer Non-Cyclical	1.22%
Energy	4.97%
Financials	1.17%

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Healthcare	2.89%
Insurance	1.70%
Media	3.67%
Services	5.14%
Technology	2.74%
Utilities	0.71%
<b>Senior Secured Loans</b>	<b>2.11%</b>
<b>Limited Partnership</b>	<b>1.18%</b>
<b>Exchange-Traded Fund</b>	<b>0.45%</b>
<b>Preferred Stock</b>	<b>0.97%</b>
<b>Warrant</b>	<b>0.00%</b>
<b>Short-Term Investments</b>	<b>2.60%</b>
<b>Securities Lending Collateral</b>	<b>7.20%</b>
<b>Total Value of Securities</b>	<b>142.33%</b>
<b>Obligation to Return Securities Lending Collateral</b>	<b>(7.39%)</b>
<b>Borrowing Under Line of Credit</b>	<b>(34.54%)</b>
<b>Other Liabilities Net of Receivables and Other Assets</b>	<b>(0.40%)</b>
<b>Total Net Assets</b>	<b>100.00%</b>

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## Security type/sector allocation and top 10 equity holdings

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

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

Top 10 Equity Holdings	Percentage of Net Assets
Halliburton	1.92%
Cisco Systems	1.89%
Marathon Oil	1.89%
Pfizer	1.87%
Baxter International	1.87%
Merck	1.84%
Northrop Grumman	1.83%
Comcast Class A	1.82%
Bank of New York Mellon	1.82%
Simon Property Group	1.81%

## Statement of net assets

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

November 30, 2012

		Number of Shares	Value
<b>Common Stock</b>	<b>73.13%</b>		
<b>Consumer Discretionary</b>	<b>3.70%</b>		
	Comcast Class A	40,000	\$ 1,487,200
	DIRECTV Class A	1,550	77,035
	Lowes	40,500	1,461,645
			3,025,880
<b>Consumer Staples</b>	<b>7.58%</b>		
	Archer-Daniels-Midland	49,400	1,318,980
	CVS Caremark	29,200	1,358,092
	Kimberly-Clark	700	60,004
	Kraft Foods Group	26,833	1,213,388
	Mondelez International Class A	34,900	903,561
	*Safeway	78,200	1,338,002
			6,192,027
<b>Diversified REITs</b>	<b>1.13%</b>		
	*Fifth Street Finance	28,741	309,828
	Lexington Reality Trust	59,900	574,441
	*Nieuwe Steen Investments	269	2,152
	Vornado Realty Trust	465	35,540
			921,961
<b>Energy</b>	<b>8.79%</b>		
	Chevron	12,800	1,352,832
	ConocoPhillips	24,700	1,406,418
	Halliburton	47,000	1,567,450
	Marathon Oil	50,000	1,542,500
	Occidental Petroleum	17,500	1,316,175
			7,185,375
<b>Financials</b>	<b>7.10%</b>		
	Allstate	36,000	1,457,280
	Bank of New York Mellon	62,100	1,486,674
	Marsh & McLennan	41,700	1,468,674
	Travelers	19,600	1,388,072
			5,800,700
<b>Healthcare</b>	<b>10.70%</b>		
	Alliance HealthCare Services	7,323	9,081
	Baxter International	23,000	1,524,210
	Cardinal Health	35,900	1,452,155
	Johnson & Johnson	20,000	1,394,600
	Merck	34,000	1,506,200
	Pfizer	61,189	1,530,948
	Quest Diagnostics	22,900	1,323,162
			8,740,356
<b>Healthcare REITs</b>	<b>2.18%</b>		
	HCP	3,850	173,443
	Health Care REIT	7,660	451,097
	LTC Properties	2,800	91,616
	Omega Healthcare Investors	8,000	183,360
	Ventas	13,797	878,179
			1,777,695
<b>Hotel REITs</b>	<b>0.73%</b>		
	Ashford Hospitality Trust	9,000	81,450
	DiamondRock Hospitality	12,300	107,502
	LaSalle Hotel Properties	3,100	74,741
	Summit Hotel Properties	37,600	330,128
			593,821

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<b>Industrial REITs 0.97%</b>			
	First Industrial Realty Trust	26,400	348,480
	ProLogis	1,080	36,655
	STAG Industrial	21,700	409,045
			794,180
<b>Industrials 5.17%</b>			
	Delta Air Lines	24	240
	Flextronics International	4,400	25,476
	Northrop Grumman	22,400	1,494,080
	Raytheon	24,200	1,382,546
	Waste Management	40,700	1,325,599
			4,227,941
<b>Information Technology 6.41%</b>			
	Cisco Systems	81,700	1,544,947
	Intel	55,400	1,084,178
	Motorola Solutions	25,742	1,401,652
	Xerox	177,400	1,208,094
			5,238,871
<b>Mall REITs 2.69%</b>			
	CBL & Associates Properties	6,300	141,813
	General Growth Properties	4,429	85,790
	Macerich	1,326	74,919
	Pennsylvania Real Estate Investment Trust	24,600	409,836
	*Rouse Properties	228	3,420
	Simon Property Group	9,747	1,482,811
			2,198,589
<b>Manufactured Housing REIT 0.38%</b>			
	Sun Communities	8,100	312,660
			312,660
<b>Materials 1.51%</b>			
	duPont (E.I.) deNemours	28,700	1,238,118
			1,238,118
<b>Mixed REITs 0.94%</b>			
	*Digital Realty Trust		