

FOXBY CORP.

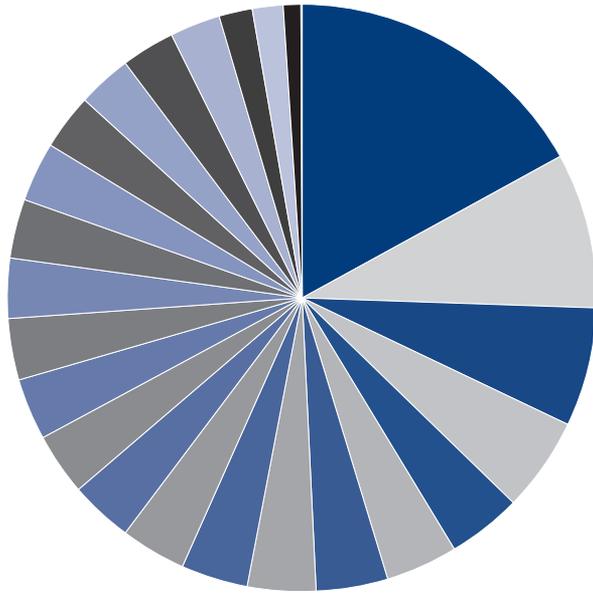
SEMI-ANNUAL REPORT June 30, 2005

American Stock
Exchange Symbol:

FXX

www.foxbycorp.com

INVESTMENTS BY INDUSTRY*



Gold Ore Mining	16.99%
Department Stores	8.54%
Commercial Banking	6.57%
Metal Coating and Allied Services to Manufacturers	5.16%
Pharmacies and Drug Stores	4.07%
Veterinary Services	3.98%
Medical and Hospital Equipment	3.93%
Semiconductor and Related Device Manufacturing	3.74%
Real Estate Investment Trusts	3.67%
Direct Property and Casualty Insurance Carriers	3.59%
Insurance Agencies and Brokerages	3.46%
Trust, Fiduciary, and Custody Activities	3.43%
Cable and Other Pay TV Services	3.38%
Soap and Other Detergent Manufacturing	3.37%
Tobacco and Tobacco Products	3.31%
Credit Card Issuing	3.26%
Air Purification Equipment Manufacturing	3.26%
Miscellaneous Business Services	3.08%
Breweries	2.97%
All Other Miscellaneous Manufacturing	2.94%
Radio & TV Communications Equipment	2.75%
Natural Gas Transmission	1.85%
Copper Ore and Nickel Ore Mining	1.68%
Gold Ore Mining Warrants	0.97%
Copper Ore and Nickel Ore Mining Warrants	0.05%
	<hr/> 100.00%

PORTFOLIO ANALYSIS*

U.S. Equities	80%
Foreign Equities	26%

* Investments by industry are shown as an approximate percentage of all investments. Portfolio analysis shows all investments as an approximate percentage of total net assets, and may not add up to 100% due to leverage, other assets, rounding, and other factors.

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

August 16, 2005

Fellow Shareholders:

We are very pleased to submit this 2005 Semi-Annual Report for Foxby Corp., and to welcome our new shareholders who find the Fund's flexible total return investment approach attractive. As a non-diversified, closed-end fund seeking total return, the Fund uses a flexible strategy in the selection of securities, and is not limited by the issuer's location, size, or market capitalization. The Fund may invest in equity and fixed income securities of both new and seasoned U.S. and foreign issuers, including securities convertible into common stock, 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, an approach known as "leveraging," and may invest defensively in, for example, high grade money market instruments.

At June 30, 2005, the Fund's top ten holdings comprised approximately 43% of total assets. As a percent of net assets, investments in U.S. equities accounted for about 79.5% and foreign equities about 25.5%, reflecting leverage of about 5%. Precious metals, our largest industry sector investment, accounted for about 18% of net assets. As the Fund pursues its total return objective through this flexible approach, these holdings and allocations are, of course, subject to change at any time. By way of comparison, at December 31, the Fund's top ten holdings comprised approximately 33% of total assets and as a percent of net assets, investments in U.S. equities accounted for about 94% and foreign equities about 21%, reflecting leverage of about 14%. Precious metals, our largest industry sector investment at that time as well, accounted for about 14% of net assets.

Market Review and Outlook

Importantly for financial markets, on June 30 the Federal Open Market Committee (FOMC) raised its key overnight Federal funds target rate for the ninth time in a year by a quarter of a percentage point to 3.25%. In addition, the FOMC restated that it still expects to raise rates at a "measured" pace, thus leaving unchanged the language they have previously used in prior quarter point increases. Although the FOMC continues to embrace the view that inflationary pressures remain elevated, most economic statistics reported indicate that the inflation rate remains contained. The trend of the 10 year Treasury bond benchmark to 4%, even in the face of record oil prices, will continue to present a hurdle for the FOMC. For periods ended June 30, 2005, the 10 year Treasury bond has averaged 4.22% over the last six months, 4.15% over the last three months and, surprisingly, 3.99% over the past month.

The Fund's strategy in the beginning of the year was to seek companies with financial strength and growth prospects, or other special features, and employ leverage. As short term rates increased, however, we became concerned about new stresses on the economy and that such adverse conditions could lead to market declines. Using its flexible investment strategy, Foxby reduced its leveraged investment position in anticipation of any further interest rate increases and potentially negative surprises in new economic data. Also, during the six months, a number of Foxby's holdings were acquired or involved in accretive mergers, such as Adolph Coors Company, MBNA Corporation, The Neiman Marcus Group, Inc., and Prime Group Realty Trust.

Many of the companies whose shares the Fund does continue to own have attractive financial characteristics, solid business franchises, or "hard assets," such as real estate or gold. Over the course of future market fluctuations, the Fund will seek opportunities to optimize its holdings of stocks, as well as potentially use leverage, short sales, options and futures in seeking to enhance performance for total return.

Looking ahead, we agree with recent comments by Federal Reserve Chairman Alan Greenspan that the economy is "coping pretty well" with higher oil prices, although we are less confident that current economic statistics do not portend a weakening economy. The housing sector remains strong, however, perhaps due to lower mortgage rates, and though "bubble" like activity appears in some markets, housing generally does not appear to be becoming unaffordable. Non-farm employment has grown recently and the unemployment rate continues to trend down, reaching 5.0%, according to the Bureau of Labor Statistics of the U.S. Department of Labor, with payroll employment growing in several industries, such as professional and business services and health care.

Longer term, we remain optimistic about the future of the overall markets. A recent release of the Conference Board U.S. Business Cycle Indicators noted that its Composite Index of Leading Economic Indicators increased 0.9% in June, the largest since December 2003. Although the growth of the current economic expansion may be slowing, it appears broadly based, and that can result in many new attractive opportunities for the Fund.

As announced previously, three "professional dissident" non-shareholders and a purported shareholder filed a lawsuit in Maryland Circuit Court in October 2004 against Foxby and its directors, relating primarily to the Fund's bylaws and the 2004 annual meeting. A motion for summary judgment has been filed to dismiss the lawsuit with prejudice and is currently scheduled for a hearing on September 2. This litigation has caused the Fund time and expense to defend, and we look forward to putting this matter behind us.

Foxby's investment manager, CEF Advisers, Inc., currently owns approximately 9.1% of the Fund's shares and is excited about the Fund's flexible and dynamic approach to investing for total return. We appreciate your support and look forward optimistically to serving your investment needs in the months and years ahead.

Sincerely,



Thomas B. Winmill
President



Marion E. Morris
Senior Vice President

TOP TEN HOLDINGS
(at June 30, 2005)

- | | |
|---|-----------------------------|
| 1. Bolivar Gold Corp. | 6. Patterson Companies Inc. |
| 2. SurModics, Inc. | 7. Intel Corp. |
| 3. The Neiman Marcus Group Inc. Class A | 8. Prime Group Realty Trust |
| 4. Walgreen Co. | 9. PMA Capital Corp. |
| 5. IDEXX Laboratories, Inc. | 10. Target Corp. |

Top ten holdings comprise approximately 43% of total assets. This portfolio information should not be considered as a recommendation to purchase or sell a particular security and there is no assurance that any securities will remain in or out of the Fund.

Schedule of Portfolio Investments – June 30, 2005 (Unaudited)

<u>Shares</u>		<u>Market Value</u>
	COMMON STOCKS (98.98%)	
	Air Purification Equipment Manufacturing (3.26%)	
7,400	Donaldson Company, Inc.	\$ 224,442
	All Other Miscellaneous Manufacturing (2.94%)	
2,800	3M Co.	202,440
	Breweries (2.97%)	
3,300	Molson Coors Company Class B	204,600
	Cable and Other Pay TV Services (3.38%)	
7,600	Comcast Corp. ⁽²⁾	233,320
	Commercial Banking (6.57%)	
7,700	U.S. Bancorp.....	224,840
3,700	Wells Fargo & Company	227,846
		<u>452,686</u>
	Copper Ore and Nickel Ore Mining (1.68%)	
110,000	Peru Copper Inc. ⁽²⁾	116,050
	Credit Card Issuing (3.26%)	
8,600	MBNA Corporation	224,976
	Department Stores (8.54%)	
4,400	Target Corporation	239,404
3,600	The Neiman Marcus Group, Inc. Class A.....	348,912
		<u>588,316</u>
	Direct Property and Casualty Insurance Carriers (3.59%)	
28,000	PMA Capital Corporation ⁽²⁾	247,240
	Gold Ore Mining (16.99%)	
200,000	Bolivar Gold Corp. ⁽²⁾	442,521
37,500	Desert Sun Mining Corp. ⁽²⁾	60,375
29,000	Dundee Precious Metals Inc. ⁽²⁾	190,603
35,000	Gammon Lake Resources Inc. ⁽²⁾	235,550
127,500	Guinor Gold Corporation ⁽²⁾	98,894
50,000	Jaguar Mining Inc. ⁽²⁾	142,880
		<u>1,170,823</u>
	Insurance Agencies and Brokerages (3.46%)	
5,300	Brown & Brown, Inc.	238,182
	Medical and Hospital Equipment (3.93%)	
6,000	Patterson Companies Inc. ⁽²⁾	270,480
	Metal Coating and Allied Services to Manufacturers (5.16%)	
8,200	SurModics, Inc. ⁽²⁾	355,634
	Miscellaneous Business Services (3.08%)	
75,000	Safety Intelligence Systems Corp. ⁽¹⁾⁽²⁾	212,145

Schedule of Portfolio Investments – June 30, 2005 (Unaudited)

<u>Shares</u>		<u>Market Value</u>
	COMMON STOCKS - continued	
	Natural Gas Transmission (1.85%)	
29,000	MetroGAS S.A. ADR ⁽²⁾	\$ 127,310
	Pharmacies and Drug Stores (4.07%)	
6,100	Walgreen Co.	280,539
	Radio & TV Communications Equipment (2.75%)	
12,800	NTT DoCoMo, Inc. ADR	189,568
	Real Estate Investment Trusts (3.67%)	
35,000	Prime Group Realty Trust ⁽²⁾	252,700
	Semiconductor and Related Device Manufacturing (3.74%)	
9,900	Intel Corporation	257,994
	Soap and Other Detergent Manufacturing (3.37%)	
4,400	The Procter & Gamble Company	232,100
	Tobacco and Tobacco Products (3.31%)	
38,000	Alliance One International, Inc.....	228,380
	Trust, Fiduciary, and Custody Activities (3.43%)	
4,900	State Street Corporation	236,425
	Veterinary Services (3.98%)	
4,400	IDEXX Laboratories, Inc. ⁽²⁾	274,252
	Total Common Stocks (cost: \$6,269,939)	<u>6,820,602</u>
	WARRANTS (1.02%)	
	Copper Ore and Nickel Ore Mining (0.05%)	
55,000	Peru Copper Inc. Warrants expiring 3/18/06 ⁽²⁾	3,300
	Gold Ore Mining (0.97%)	
30,000	Bolivar Gold Corp. Warrants expiring 8/25/08 ⁽²⁾	33,557
20,000	Bolivar Gold Corp. Warrants expiring 11/20/09 ⁽²⁾	13,390
9,375	Desert Sun Mining Corp. Warrants expiring 11/20/08 ⁽²⁾	4,439
25,000	Jaguar Mining Inc. Warrants expiring 12/31/07 ⁽²⁾	15,309
		<u>66,695</u>
	Total Warrants (cost: \$25,469)	<u>69,995</u>
	Total Investments (cost: \$6,295,408) (100.00%)	<u>\$6,890,597</u>

⁽¹⁾ Security is not publicly traded. This security is valued by the Board of Directors and represents 3.08% of total investments.

⁽²⁾ Non-income producing security.

ADR means "American Depository Receipt".

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2005 (Unaudited)

ASSETS:

Investments at market value (cost: \$6,295,408) (note 2)	\$ 6,890,597
Dividend receivable	5,534
Other assets	601
Total assets	<u>6,896,732</u>

LIABILITIES:

Note payable (note 7)	364,145
Accrued expenses	34,357
Management fees payable (note 4)	5,333
Administrative services payable (note 4)	3,433
Total liabilities	<u>407,268</u>

NET ASSETS: (applicable to 2,602,847

shares outstanding: 500,000,000	
shares of \$.01 par value authorized)	<u>\$ 6,489,464</u>

NET ASSET VALUE PER SHARE

(\$6,489,464 ÷ 2,602,847	
shares outstanding)	<u>\$2.49</u>

At June 30, 2005, net assets consisted of:

Paid-in capital	\$22,906,909
Net unrealized appreciation	
on investments	595,189
Accumulated net realized loss on	
investments and futures	(17,012,634)
	<u>\$ 6,489,464</u>

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2005 (Unaudited)

INVESTMENT INCOME:

Dividends	\$ 34,029
Interest	97
Total investment income	<u>34,126</u>

EXPENSES:

Legal (note 9)	296,300
Investment management (note 4)	32,355
Printing and postage	14,457
Bookkeeping and pricing	10,670
Administrative services (note 4)	8,373
Audit	7,240
Custodian	6,120
Directors	4,099
Transfer agent	3,755
Exchange listing	3,213
Total operating expenses	386,582
Loan interest and fees (note 7)	9,357
Total expenses	<u>395,939</u>
Net investment loss	<u>(361,813)</u>

REALIZED AND UNREALIZED GAIN (LOSS)**ON INVESTMENTS:**

Net realized loss on investments	(4,146)
Unrealized appreciation on investments	156,250
Net realized and unrealized gain	
on investments	152,104
Net decrease in net assets resulting	
from operations	<u>\$(209,709)</u>

STATEMENTS OF CHANGES IN NET ASSETS

Six Months Ended June 30, 2005 (Unaudited) and Year Ended December 31, 2004

	Six Months Ended 6/30/05 (Unaudited)	Year Ended 12/31/04
OPERATIONS:		
Net investment loss	\$ (361,813)	\$ (291,759)
Net realized gain (loss) on investment transactions	(4,146)	1,153,414
Change in unrealized appreciation (depreciation) on investments	156,250	(1,313,471)
Net decrease in net assets resulting from operations	<u>(209,709)</u>	<u>(451,816)</u>
Total change in net assets	(209,709)	(451,816)
NET ASSETS:		
Beginning of period	6,699,173	7,150,989
End of period	<u>\$6,489,464</u>	<u>\$6,699,173</u>

Notes to Financial Statements (Unaudited)

(1) Foxby Corp., a Maryland Corporation registered under the Investment Company Act of 1940 as amended, is a non-diversified, closed-end management investment company whose shares are listed on the American Stock Exchange.

(2) The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. With respect to security valuation, securities traded on a national securities exchange or the Nasdaq National Market System ("NMS") are valued at the last reported sales price on the day the valuations are made. Such securities that are not traded on a particular day and securities traded in the over-the-counter market that are not on NMS are valued at the mean between the current bid and asked prices. Certain of the securities in which the Fund invests are priced through pricing services which may utilize a matrix pricing system which takes into consideration factors such as yields, prices, maturities, call features and ratings on comparable securities. Bonds may be valued according to prices quoted by a dealer in bonds which offers pricing services. Debt obligations with remaining maturities of 60 days or less are valued at cost adjusted for amortization of premiums and accretion of discounts. Securities denominated in foreign currencies are translated into U.S. dollars at prevailing exchange rates. Securities for which quotations are not readily available or reliable and other assets may be valued as determined in good faith by or under the direction of the Board of Directors. Investment transactions are accounted for on the trade date (the date the order to buy or sell is executed). Dividend income and distributions to shareholders are recorded on the ex-dividend date and interest income is recorded on the accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates. In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) It is the Fund's current intention to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable net income to its shareholders. In addition, the Fund intends to pay distributions as required to avoid imposition of excise tax. Therefore, no federal income tax provision is required. At December 31, 2004, the Fund had a capital loss carryforward of approximately \$16,581,400 of which \$8,986,200 expires in 2009, \$6,757,800 expires in 2010, and \$837,400 expires in 2011. No capital gain will be distributed until the capital loss carryforwards have been exhausted.

As of December 31, 2004, the components of distributable earnings on a tax basis were as follows:

Capital loss carryforward	\$(16,581,367)
Post-October loss*	(427,121)
Unrealized appreciation	438,939
	<u>\$ (16,569,549)</u>

* Under the current tax law, capital losses realized after October 31st and prior to the Fund's fiscal year end are deferred as occurring on the first day of the following year.

Accounting principles generally accepted in the United States of America require certain components of net assets to be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended December 31, 2004, the Fund reclassified \$291,759 from accumulated investment loss to paid-in capital.

(4) The Fund retains CEF Advisers, Inc. as its Investment Manager. Under the terms of the Investment Management Agreement, the Investment Manager receives a management fee, payable monthly, based on the average daily net assets of the Fund at the annual rate of 1%. Certain officers and directors of the Fund are officers and directors of the Investment Manager. The Fund reimbursed the Investment Manager \$8,373 for providing at cost certain administrative services comprised of compliance and accounting services during the six months ended June 30, 2005.

Notes to Financial Statements (Unaudited) (concluded)

(5) The Fund has an arrangement with its custodian whereby interest earned on uninvested cash balances was used to offset a portion of the Fund's expenses. There were no credits during the six months ended June 30, 2005. Purchases and sales of investment securities (excluding short-term investments) aggregated \$413,447 and \$1,315,881, respectively, for the six months ended June 30, 2005. At June 30, 2005, gross unrealized appreciation and depreciation of investments for tax purposes were as follows:

Appreciation	\$ 738,171
Depreciation	<u>(142,982)</u>
Net appreciation on investments	<u>\$ 595,189</u>

At June 30, 2005, the cost of investments for federal income tax purposes was \$6,295,408.

(6) The Fund may engage in transactions in futures contracts. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuation of the value of the contract. The daily change in the contract is included in unrealized appreciation/depreciation on investments and futures contracts. The Fund realizes a gain or loss when the contract is closed. Futures transactions sometimes may reduce returns or increase volatility. In addition, futures can be illiquid and highly sensitive to changes in their underlying security, interest rate or index, and as a result can be highly volatile. A small investment in certain futures could have a potentially large impact on a Fund's performance. At June 30, 2005 the Fund had no open futures contracts.

(7) The Fund may borrow through a committed bank line of credit. At June 30, 2005, there was \$364,145 outstanding and the interest rate was at the borrower's option of (i) overnight federal funds or (ii) LIBOR (30, 60, 90 days), each as in effect from time to time, plus 0.75% per annum, calculated on the basis of actual days elapsed for a 360-day year. For the six months ended June 30, 2005, the weighted average interest rate was 3.72% based on the balances outstanding during the period and the weighted average amount outstanding was \$548,078.

(8) Of the 2,602,847 shares of common stock outstanding at June 30, 2005, Investor Service Center, Inc. ("ISC"), an affiliate of the Fund's Investment Manager, owned 236,900 shares. Certain officers and directors of ISC are also officers and directors of the Fund and the Investment Manager.

(9) In the Circuit Court for Baltimore City, Maryland, Civil Action No. 24-C-04-007613 filed on October 4, 2004, a group comprised of Richard J. Shaker, Phillip Goldstein, Rajeev Das, and Andrew Dakos have sued the Fund and its Directors, alleging various breaches by the Directors of fiduciary duty under Maryland law and seeking declaratory and injunctive relief. This suit generally arises out of the Fund's 2004 annual meeting of stockholders and the Fund's Bylaws. The Fund has filed a motion for summary judgment. In connection with these and other legal matters, legal expenses incurred by the Fund were \$296,300 for the six months ended June 30, 2005.

FINANCIAL HIGHLIGHTS

	Six Months Ended 6/30/05 (Unaudited)	Year Ended 12/31/04	Year Ended 12/31/03	Nine Months Ended 12/31/02	Year Ended 3/31/02	Year Ended 3/31/01	Period Ended 3/31/00*
PER SHARE DATA							
Net asset value at beginning of period	<u>\$2.57</u>	<u>\$2.75</u>	<u>\$2.59</u>	<u>\$3.27</u>	<u>\$3.77</u>	<u>\$14.81</u>	<u>\$9.35</u>
Income from investment operations:							
Net investment loss (a)	(.14)	(.11)	(.10)	(0.04)	(0.08)	(0.09)	(0.05)
Net realized and unrealized gain (loss) on investments.....	<u>.06</u>	<u>(.07)</u>	<u>.26</u>	<u>(0.64)</u>	<u>(0.16)</u>	<u>(10.45)^(b)</u>	<u>5.51</u>
Total from investment operations.....	<u>(.08)</u>	<u>(.18)</u>	<u>.16</u>	<u>(0.68)</u>	<u>(0.24)</u>	<u>(10.54)</u>	<u>5.46</u>
Less distributions:							
Distributions to shareholders.	—	—	—	—	(0.26)	(0.50)	—
Net asset value at end of period	<u>\$2.49</u>	<u>\$2.57</u>	<u>\$2.75</u>	<u>\$2.59</u>	<u>\$3.27</u>	<u>\$3.77</u>	<u>\$14.81</u>
Market value at end of period	<u>\$2.17</u>	<u>\$2.22</u>	<u>\$2.40</u>	<u>\$2.07</u>	<u>\$3.00</u>	<u>\$3.33</u>	<u>\$12.44</u>
TOTAL RETURN ON NET ASSET							
VALUE BASIS (c)	<u>(3.11)%</u>	<u>(6.55)%</u>	<u>6.18%</u>	<u>(20.80)%</u>	<u>(6.65)%</u>	<u>(73.46)%</u>	<u>58.40%</u>
TOTAL RETURN ON MARKET							
VALUE BASIS (c)	<u>(2.25)%</u>	<u>(7.50)%</u>	<u>15.94%</u>	<u>(31.00)%</u>	<u>(2.06)%</u>	<u>(71.89)%</u>	<u>24.38%</u>
RATIOS/SUPPLEMENTAL DATA							
Net assets at end of period (000's omitted)	<u>\$6,489</u>	<u>\$6,699</u>	<u>\$7,151</u>	<u>\$6,731</u>	<u>\$8,503</u>	<u>\$9,735</u>	<u>\$39,105</u>
Ratio of expenses to average net assets	<u>12.14%^(d)</u>	<u>5.27%</u>	<u>4.39%</u>	<u>4.70%^(d)</u>	<u>3.17%</u>	<u>2.19%</u>	<u>1.78%^(d)</u>
Ratio of net investment loss to average net assets	<u>(11.09)%^(d)</u>	<u>(4.31)%</u>	<u>(3.91)%</u>	<u>(3.30)%^(d)</u>	<u>(2.41)%</u>	<u>(0.93)%</u>	<u>(0.94)%^(d)</u>
Portfolio turnover rate	<u>5.76%</u>	<u>164.08%</u>	<u>75.39%</u>	<u>267.87%</u>	<u>89.31%</u>	<u>550.56%</u>	<u>168.62%</u>

* From commencement of operations on October 29, 1999.

(a) Computed using average shares outstanding throughout the period.

(b) Includes \$0.06 of gains resulting from the buy back of treasury shares at a discount to net asset value.

(c) Total return on market value basis is calculated assuming a purchase of common stock on the opening of the first day and sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total return on net asset value basis will be higher than total return on 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 net asset value basis will be lower than total return on 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. Total return calculated for a period of less than one year is not annualized. The calculation does not reflect brokerage commissions, if any.

(d) Annualized.

The additional information below and on the following pages is supplemental and not part of the financial statements of the Fund.

BOARD OF DIRECTORS' ANNUAL APPROVAL OF THE INVESTMENT MANAGEMENT AGREEMENT

The investment management agreement between the Fund and the Investment Manager generally provides that the agreement shall continue automatically for successive periods of twelve months each, provided that such continuance is specifically approved at least annually (i) by a vote of a majority of the Directors of the Fund who are not parties to the agreement, or interested persons of any such party and (ii) by the Board of Directors of the Fund or by the vote of the holders of a majority of the outstanding voting securities of the Fund.

In considering the annual approval of the agreement between the Fund and the Investment Manager, the Board of Directors considered information that had been provided throughout the year at regular Board meetings, as well as information furnished to the Board for a meeting held in March 2005 to specifically consider the renewal of the agreement. Such information included, among other things, the following: information comparing the management fee of the Fund with those of comparable funds; information regarding Fund investment performance in comparison to a relevant peer group of funds; the economic outlook and the general investment outlook in relevant investment markets; the Investment Manager's results and financial condition and the overall organization of the Investment Manager; the allocation of brokerage and the benefits received by the Investment manager as a result of brokerage allocation; the Investment Manager's management of relationships with the custodian, transfer agent, and fund accountant; the resources devoted to the Investment Manager's compliance efforts undertaken on behalf of the funds it manages and the record of compliance with the investment policies and restrictions and with policies on personal securities transactions; the quality, nature, cost and character of the administrative and other non-investment management services provided by the Investment Manager and its affiliates; and the terms of the agreement and the reasonableness and appropriateness of the particular fee paid by the Fund for the services described therein.

The Board of Directors also considered the nature, extent and quality of the management services provided by the Investment Manager. In so doing, the Board considered the Investment Manager's management capabilities with respect to the types of investments held by the Fund, including information relating to the education, experience and number of investment professionals and other personnel who provide services under the agreement. The Board also took into account the time and attention to be devoted by management to the Fund and the other funds in the complex. The Board evaluated the level of skill required to manage the Fund and concluded that the human resources available at the Investment Manager were appropriate to fulfill effectively its duties on behalf of the Fund.

The Board received information concerning the investment philosophy and investment process applied by the Investment Manager in managing the Fund. In this regard, the Board considered the Investment Manager's in-house research capabilities as well as other resources available to the Investment Manager personnel, including research services that may be available to the Investment Manager as a result of securities transactions effected for the Fund and related investment management clients. The Board concluded that the Investment Manager's investment process, research capabilities and philosophy were well suited to the Fund, given the Fund's investment objective and policies.

In its review of comparative information with respect to Fund investment performance, the Board received comparative information, comparing the Fund's performance to that of similar peer groups. After reviewing this information, the Board concluded that the Fund has performed within a range that the Board deemed competitive. With respect to its review of investment management fees, the Board considered information comparing the Fund's management fee and expense ratio to those of comparable funds with similar management fee characteristics. This information assisted the Board in concluding that the fee paid by the Fund is within the range of those paid by comparable funds within the fund industry. In reviewing the information regarding

the expense ratio of the Fund, the Board concluded that although the Fund's expense ratio is within a higher range, it is competitive with comparable funds in light of the quality of services received.

In addition to the factors mentioned above, the Board reviewed the level of the Investment Manager's profits in providing investment management and related services for the Fund and for all the funds in the Investment Company Complex. In addition, the Board considered the fiduciary duty assumed by the Investment Manager in connection with the services rendered to the Fund and the business reputation of the Investment Manager and its financial resources. The Board concluded that in light of the services rendered, the profits realized by the Investment Manager are not unreasonable.

The Board did not consider any single factor as controlling in determining whether or not to renew the agreement. Nor are the items described herein all the matters considered by the Board. In assessing the information provided by the Investment Manager and its affiliates, the Board also took into consideration the benefits to shareholders of investing in a fund that is part of a family of funds which provides a large variety of shareholder services.

Based on its consideration of the foregoing factors and conclusions, and such other factors and conclusions as it deemed relevant, and assisted by counsel, the Board concluded that the approval of the agreement, including the fee structure, is in the interests of shareholders.

PRIVACY POLICY

The Fund recognizes the importance of protecting the personal and financial information of its shareholders. We consider each shareholder's personal information to be private and confidential. This describes the practices followed by us to protect our shareholders' privacy. We may obtain information about you from the following sources: (1) information we receive from you on forms and other information you provide to us whether in writing, by telephone, electronically or by any other means; (2) information regarding your transactions with us, our corporate affiliates, or others. We do not sell shareholder personal information to third parties. We will collect and use shareholder personal information only to service shareholder accounts. This information may be used by us in connection with providing services or financial products requested by shareholders. We will not disclose shareholder personal information to any nonaffiliated third party except as permitted by law. We take steps to safeguard shareholder information. We restrict access to nonpublic personal information about you to those employees and service providers who need to know that information to provide products or services to you. With our service providers we maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. Even if you are no longer a shareholder, our Privacy Policy will continue to apply to you. We reserve the right to modify, remove or add portions of this Privacy Policy at any time.

DIVIDEND REINVESTMENT PLAN

The Fund has adopted a Dividend Reinvestment Plan (the "Plan"). Under the Plan, each dividend and capital gain distribution, if any, declared by the Fund on outstanding shares will, unless elected otherwise by each shareholder by notifying the Fund in writing at any time prior to the record date for a particular dividend or distribution, be paid on the payment date fixed by the Board of Directors or a committee thereof in additional shares. If the Market Price (as defined below) per share is equal to or exceeds the net asset value per share at the time shares are valued for the purpose of determining the number of shares equivalent to the cash dividend or capital gain distribution (the "Valuation Date"), participants will be issued additional shares equal to the amount of such dividend divided by the greater of that net asset value per share or 95% of that Market Price per share. If the Market Price per share is less than such net asset value on the Valuation Date, participants will be issued additional shares equal to the amount of such dividend divided by the Market Price. The Valuation Date is the day before the dividend or distribution payment date or, if that day is not an American Stock Exchange trading day, the next trading day. For all purposes of the Plan: (a) the Market Price of the shares on a particular date shall be the average closing market price on the five trading days the shares traded ex-dividend on the Exchange prior to such date or, if no sale occurred on any of these days, then the mean between the closing bid and asked quotations, for the shares on the Exchange on such day, and (b) net asset value per share on a particular date shall be as determined by or on behalf of the Fund.

PROXY VOTING

The Fund's Proxy Voting Guidelines (the "Guidelines") as well as its voting record for the 12 months ended December 31, 2004, are available without charge, by calling the Fund collect at 1-212-344-6310 and on the SEC's website at <http://www.sec.gov>. The Guidelines are also posted on the Fund's website at <http://www.foxbycorp.com>.

QUARTERLY 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 Internet site at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room. Copies of this information can be obtained, after paying a duplicating fee, by e-mail request to publicinfo@sec.gov, or by writing to the SEC's Public Reference Section, Washington, DC 20549-0102. The Fund's Investment Company Act file number is 811-09261. The Fund makes the information on Form N-Q available to shareholders upon request free of charge by e-mail request to info@foxbycorp.com or by calling the Fund collect at 1-212-344-6310.

WWW.FOXBYCORP.COM

Visit us on the Internet at www.foxbycorp.com. The site provides information about the Fund including market performance, net asset value (NAV), dividends, press releases, and shareholder reports. For further information, you can email us at info@foxbycorp.com. The Fund is a member of the Closed-End Fund Association (CEFA). Its website address is www.cefa.com. CEFA is solely responsible for the content of its website.

FUND INFORMATION

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Philadelphia, PA 19103

Internet

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email: info@foxbycorp.com

Custodian

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801 Pennsylvania Avenue
Kansas City, MO 64105

Stock Transfer Agent and Registrar

American Stock Transfer & Trust Co.
59 Maiden Lane
New York, NY 10038
1-800-278-4353
www.amstock.com

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

FOXBY CORP.

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FXX-SAR 6/05