Bexil Corporation Reports Second Quarter 2023 Financial Results

August 10, 2023 – Bexil Corporation (Stock Symbol: BXLC) ("Bexil" or the "Company") today reported its financial results for the second quarter ended June 30, 2023.

For the three months ended June 30, 2023, Bexil recorded net income attributable to Bexil shareholders of approximately $0.54 million or $0.76 of diluted earnings per share, compared to a net loss attributable to Bexil shareholders of approximately $2.08 million or $2.76 of diluted earnings per share for the three months ended June 30, 2022.

For the six months ended June 30, 2023, Bexil recorded net income attributable to Bexil shareholders of approximately $1.23 million or $1.72 of diluted earnings per share compared to a net loss attributable to Bexil shareholders of approximately $1.94 million or $2.57 of diluted earnings per share for the six months ended June 30, 2022.

Generally Accepted Accounting Principles ("GAAP") require that the Company include the changes in unrealized gains/losses of its equity security investments in net income. Such investment gains/losses include net unrealized gains of $0.07 million in the three months ended June 30, 2023 compared to net unrealized losses of $3.58 million in the three months ended June 30, 2022. The Company recorded net unrealized gains of $0.32 million for the six months ended June 30, 2023, compared to net unrealized losses of $3.88 million for the six months ended June 30, 2022.The amount of investment unrealized gains/losses in any given period is usually meaningless and delivers figures for earnings per share that can be extremely misleading to investors without sufficient knowledge of accounting rules.

The Company's book value per share attributable to Bexil shareholders at June 30, 2023 was $35.73, based on shareholders' equity attributable to Bexil shareholders of approximately $25.3 million and 709,165 shares issued and outstanding. The Company's book value per share attributable to Bexil shareholders at June 30, 2022 was $33.53, based on shareholders' equity attributable to Bexil shareholders of approximately $25.2 million and 752,908 shares issued and outstanding.

The Company may, in its sole discretion, engage in repurchases of shares of the Company. Such repurchases, should they occur, could be made through tender offers, solicited or unsolicited transactions in the open market, or in privately negotiated transactions at such times and prices, and on such other terms, as the Company deems appropriate.

The limited information above in this press release is not adequate for making an informed investment judgment, and we urge stockholders and investors to read the Company's unaudited quarterly report for the quarterly period ended June 30, 2023, which is available at www.Bexil.com appended to the copy of this press release and at www.otcmarkets.com under the Company's stock symbol.

About Bexil Corporation

The objective of Bexil, a holding company, is to increase book value per share over time for the benefit of its stockholders. The Company is primarily engaged through a wholly owned subsidiary, Bexil Advisers LLC, in investment management. Bexil Advisers is a registered investment adviser and the investment manager to Dividend and Income Fund, a closed end fund (Stock Symbol: DNIF) (NAV Symbol: XDNIX). To learn more about Bexil please visit www.Bexil.com.

Safe Harbor Note

This release may contain certain "forward looking statements" within the meaning of federal securities laws including, but not limited to the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Bexil, which may cause the Company's actual results to be materially different from those expressed or implied by such statements. The Company may also make additional forward looking statements from time to time. All such subsequent forward looking statements, whether written or oral, by the Company or on its behalf, are also expressly qualified by these cautionary statements. Investors should carefully consider the risks, uncertainties, and other factors, together with the information included in the Company's Annual Report, at http://www.bexil.com/cautionary-language.html, and similar information. All forward looking statements made herein are only made as of the date of this release, and the Company undertakes no obligation to publicly update such forward looking statements to reflect subsequent events or circumstances.

The Company views book value per share, a non-GAAP financial measure, as an important indicator of financial performance. Presented in conjunction with other financial information, the combined presentation can enhance an investor's understanding of the Company's underlying financial condition and results from operations. The definition of book value as presented in this press release is shareholders' equity attributable to Bexil shareholders divided by currently issued and outstanding shares.

Contact: **Thomas O'Malley**
Chief Financial Officer
212-785-0900
tomalley@bexil.com
www.Bexil.com

BEXIL CORPORATION

Unaudited Quarterly Report

For the quarterly period ended June 30, 2023

BEXIL CORPORATION

Contents

Consolidated Unaudited Financial Statements

BEXIL CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	$ 2,527,068	$ 2,554,234
Investments in securities	19,315,793	19,036,269
Accounts receivable	204,576	212,924
Interest receivable	11,369	8,032
Prepaid expenses	3,654	67,216
Intangible asset, net	180,208	360,417
Deferred tax assets, net	3,117,006	3,214,125
Total assets	$ 25,359,674	$ 25,453,217
Liabilities and equity		
Accounts payable and accrued expenses	$ 198,079	$ 155,808
Total liabilities	198,079	155,808
Commitments and Contingencies		
Equity		
Bexil Corporation shareholders' equity		
Common stock, $0.01 par value, 9,900,000 shares authorized; 709,165 shares and 752,867 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	7,092	7,529
Series A participating preferred stock, $0.01 par value, 100,000 shares authorized; zero shares issued and outstanding	—	—
Additional paid in capital	10,431,484	11,861,927
Notes receivable for common stock issued	(725,507)	(785,086)
Accumulated other comprehensive loss	(1,380)	(4,654)
Retained earnings	15,627,286	14,394,262
Total Bexil Corporation shareholders' equity	25,338,975	25,473,978
Noncontrolling interests in subsidiary	(177,380)	(176,569)
Total equity	25,161,595	25,297,409
Total liabilities and equity	$ 25,359,674	$ 25,453,217

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues				
Management and other fees	$ 629,884	$ 688,547	$ 1,291,312	$ 1,380,002
Total revenues	629,884	688,547	1,291,312	1,380,002
Expenses				
Compensation and benefits	338,836	301,533	688,452	612,472
General and administrative	110,621	107,970	220,676	209,827
Professional services	77,669	81,439	128,321	162,715
Total expenses	527,126	490,942	1,037,449	985,014
Net operating income	102,758	197,605	253,863	394,988
Other income				
Dividends and interest	421,486	332,951	821,109	665,517
Realized loss on investments in securities	—	(21,704)	(1,535)	(31,704)
Unrealized gain (loss) on investments in securities	71,377	(3,579,521)	321,051	(3,879,441)
Gain on PPP loan forgiveness	—	87,048	—	87,048
Total other income	492,863	(3,181,226)	1,140,625	(3,158,580)
Income (loss) before taxes	595,621	(2,983,621)	1,394,488	(2,763,592)
Income tax expense (benefit)	55,306	(903,603)	162,275	(828,303)
Net income (loss)	540,315	(2,080,018)	1,232,213	(1,935,289)
Net loss (income) attributable to noncontrolling interests	351	349	811	(188)
Net income (loss) attributable to Bexil Corporation shareholders	$ 540,666	$ (2,079,669)	$ 1,233,024	$ (1,935,477)
Net income (loss) per share				
Basic, attributable to Bexil Corporation shareholders	$ 0.76	$ (2.76)	$ 1.73	$ (2.57)
Diluted, attributable to Bexil Corporation shareholders	$ 0.76	$ (2.76)	$ 1.72	$ (2.57)
Weighted average shares outstanding				
Basic	710,022	753,126	713,160	753,647
Diluted	715,142	753,126	718,125	753,647

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss) before noncontrolling interests	$ 540,315	$ (2,080,018)	$ 1,232,213	$ (1,935,289)
Other comprehensive gain (loss), net of tax				
Unrealized (loss) gain on investment securities available-for-sale, net of tax	(655)	—	3,274	—
Other comprehensive (loss) gain, net of tax	(655)	—	3,274	—
Comprehensive income (loss)	539,660	(2,080,018)	1,235,487	(1,935,289)
Net loss (income) attributable to noncontrolling interests	351	349	811	(188)
Comprehensive income (loss) attributable to Bexil Corporation shareholders	$ 540,011	$ (2,079,669)	$ 1,236,298	$ (1,935,477)

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Common Stock Shares	Common Stock Par Value	Additional Paid in Capital	Notes Receivable for Common Stock Issued	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interest	Total Equity
Balance at December 31, 2022	752,867	$ 7,529	$ 11,861,927	$ (785,086)	$ (4,654)	$ 14,394,262	$ (176,569)	$ 25,297,409
Net income	—	—	—	—	—	692,358	(460)	691,898
Unrealized gain on invesment securities available for sale	—	—	—	—	3,929	—	—	3,929
Common stock repurchases	(42,702)	(427)	(1,398,063)	—	—	—	—	(1,398,490)
Repayment of promissory notes	—	—	—	29,773	—	—	—	29,773
Balance at March 31, 2023	710,165	7,102	10,463,864	(755,313)	(725)	15,086,620	(177,029)	24,624,519
Net income	—	—	—	—	—	540,666	(351)	540,315
Unrealized loss on invesment securities available for sale	—	—	—	—	(655)	—	—	(655)
Common stock repurchases	(1,000)	(10)	(32,380)	—	—	—	—	(32,390)
Repayment of promissory notes	—	—	—	29,806	—	—	—	29,806
Balance at June 30, 2023	709,165	$ 7,092	$ 10,431,484	$ (725,507)	$ (1,380)	$ 15,627,286	$ (177,380)	$ 25,161,595

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Common Stock		Additional	Notes Receivable		Non-	
	Shares	Par Value	Paid in Capital	for Common Stock Issued	Retained Earnings	controlling Interest	Total Equity
Balance at December 31, 2021	753,889	$ 7,539	$ 11,888,369	$ (903,843)	$ 16,157,045	$ (176,019)	$ 26,973,091
Net income	—	—	—	—	144,191	538	144,729
Common stock repurchases	(661)	(7)	(16,518)	—	—	—	(16,525)
Repayment of promissory notes	—	—	—	29,639	—	—	29,639
Balance at March 31, 2022	753,228	7,532	11,871,851	(874,204)	16,301,236	(175,481)	27,130,934
Net income	—	—	—	—	(2,079,669)	(349)	(2,080,018)
Common stock repurchases	(320)	(3)	(8,797)	—	—	—	(8,800)
Repayment of promissory notes	—	—	—	29,673	—	—	29,673
Balance at June 30, 2022	752,908	$ 7,529	$ 11,863,054	$ (844,531)	$ 14,221,567	$ (175,830)	$ 25,071,789

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Cash flows from operating activities		
Net income (loss)	$ 1,232,213	$ (1,935,289)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Purchase of investment securities, trading	(938,282)	(467,377)
Proceeds on sales of investment securities, trading	—	229,830
Realized loss on investments in securities	1,535	31,704
Unrealized (gain) loss on investments in securities	(321,051)	3,879,441
Amortization	180,208	180,208
Accretion of discount	(31,309)	—
Changes in operating assets and liabilities:		
Accounts receivable	8,348	42,682
Interest receivable	(3,337)	—
Prepaid expenses	63,563	9,246
Deferred tax assets	97,119	(799,558)
Accounts payable and accrued expenses	42,271	27,745
Net cash provided by operating activities	331,278	1,198,632
Cash flows from investing activities		
Purchase of investment securities, available-for-sale	(2,277,495)	—
Proceeds on maturities of investment securities, available-for-sale	3,290,352	—
Net cash provided by investing activities	1,012,857	—
Cash flows from financing activities		
Repayments on notes receivable for common stock issued	59,579	59,312
Common stock repurchases	(1,430,880)	(25,325)
Net cash (used in) provided by financing activities	(1,371,301)	33,987
Net (decrease) increase in cash and cash equivalents	(27,166)	1,232,619
Cash and cash equivalents, beginning of period	2,554,234	3,728,934
Cash and cash equivalents, end of period	$ 2,527,068	$ 4,961,553
Supplemental disclosures		
Income taxes paid	$ 90,151	$ 16,440

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. THE COMPANY

Bexil Corporation ("Bexil" and together with its subsidiaries, the "Company"), incorporated in Maryland in 1996, is primarily engaged in investment management with an objective to increase book value per share over time for the benefit of its stockholders.

The following are the Company's operating subsidiaries, all of which are wholly owned except where indicated:

Bexil Advisers LLC ("Bexil Advisers") is a Maryland limited liability company and is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Pursuant to an investment management agreement ("IMA"), Bexil Advisers serves as the investment manager of Dividend and Income Fund ("DNIF"), a registered closed end investment whose shares are quoted over the counter (Stock Symbol: DNIF) (Net Asset Value Symbol: XDNIX).

Bexil Securities LLC ("Bexil Securities") is a Maryland limited liability company.

Bexil American Mortgage Inc. ("Bexil American") is a Delaware corporation 92% owned by Bexil. Bexil American deals with its discontinued mortgage business by negotiating and settling claims by and against the corporation, paying and collecting payables and receivables, maintaining records, and responding to regulatory, legal, customer, or other inquiries for information, as applicable. Bexil American also is engaged in developing and monetizing its intellectual property, including domain names and registered service marks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the financial position, results of operations, and cash flows of the Company and its wholly and majority owned subsidiaries in which the Company has controlling financial interests. The unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All material intercompany balances and transactions have been eliminated in consolidation.

The third party holdings of equity interests in the Company's consolidated subsidiary that is less than wholly owned are presented as non-controlling interests in subsidiary in the consolidated financial statements. The portion of net income (loss) attributable to the non-controlling interests for such subsidiary is presented as net income (loss) attributable to non-controlling interests in subsidiary in the Consolidated Statements of Comprehensive Income, and the portion of total equity of such subsidiary is presented as non-controlling interests in subsidiary in the Consolidated Balance Sheets and Consolidated Statements of Changes in Equity.

Reclassifications

Certain amounts from the prior year have been reclassified to conform to current year presentation.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments purchased with an original maturity of three months or less and may include, among other things, money market fund shares. The carrying amount reported on the balance sheets for cash and cash equivalents approximates fair value.

Earnings Per Share

Basic earnings per share attributable to Bexil shareholders is calculated by dividing net gain or loss attributable to Bexil shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share attributable to Bexil shareholders is calculated by dividing net gain or loss attributable to Bexil shareholders by the weighted average number of common shares used in the basic earnings per share calculation plus the dilutive effect of stock options. The dilutive effect of stock options is determined using the treasury stock method, whereby exercise is assumed at the beginning of the reporting period, the proceeds from such exercise are assumed to be used to purchase common stock at the average market price during the period, and the incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted earnings per share calculation.

Stock options will have a dilutive effect under the treasury stock method only when the average market price of the common stock during the period exceeds the exercise price of the option ("in the money options"). Stock options outstanding with an exercise price higher than the average stock price for the periods presented ("out of the money options") are excluded from the calculation of diluted net income per share since the effect would have been anti-dilutive under the treasury stock method. Excluded from the computation of diluted net income per common share attributable to Bexil shareholders were common stock from outstanding stock option awards of 0 and 7,000 shares for the three months ended June 30, 2023 and 2022, respectively, and 0 and 7,000 shares for the six months ended June 30, 2023 and 2022, respectively.

The following table sets forth the computation of basic and diluted earnings per share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss) attributable to Bexil shareholders	$ 540,666	$ (2,079,669)	$ 1,233,024	$ (1,935,477)
Weighted average shares outstanding:				
Average number of common shares outstanding - basic	710,022	753,126	713,160	753,647
Shares related to dilutive stock options	5,120	—	4,965	—
Average number of common shares outstanding - diluted	715,142	753,126	718,125	753,647
Net income (loss) per share				
Basic	$ 0.76	$ (2.76)	$ 1.73	$ (2.57)
Diluted	$ 0.76	$ (2.76)	$ 1.72	$ (2.57)

Intangible Asset

The intangible asset of the Company on the Consolidated Balance Sheets is the IMA between Bexil Advisers and DNIF. The Company has assigned the IMA acquired in 2011 a useful life of twelve years after considering, among other factors, the renewal or extension of the term of the arrangement, consistent with its expected use of the asset. There were no indicators of impairment of the intangible asset as of June 30, 2023, and no impairment charges were recorded during any of the periods presented herein.

Income Taxes

The Company records the current and deferred tax consequences of all transactions that have been recognized in the financial statements in accordance with the provisions of the enacted tax laws. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized.

The Company 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 (2019 – 2022) or expected to be taken in the Company's 2023 tax returns.

Investments in Securities

Investments in equity and debt securities that have readily determinable fair values are accounted for as either trading or available-for-sale. Trading securities are typically bought and held principally for the purpose of selling them in the near term. Purchases and sales of trading securities are classified as operating activities on the Consolidated Statements of Cash Flows based on the nature and purpose for which the securities were acquired. Available-for-sale securities are all other investments in equity and debt securities not accounted for as trading. Trading and available-for-sale securities are measured at fair value. Gains or losses from changes in the fair value of trading securities and available-for-sale equity securities are included in income, and gains or losses from changes in the fair value of available-for-sale debt securities are recorded in accumulated other comprehensive income, net of tax, until the investment is sold or otherwise disposed of, or until the investment is determined to be other-than-temporarily impaired, at which time the cumulative gain or loss previously reported in equity is included in income. The specific identification method is used to determine the realized gain or loss on investments sold or otherwise disposed.

Fair value is determined using a valuation hierarchy generally by reference to an active trading market, using quoted closing or bid prices. Judgment is used to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive.

The Company periodically evaluates the carrying value of investment in securities for impairment. The Company considers, among other factors, the duration and extent of any decline in fair value, the intent and ability of the Company to hold the security for a period of time sufficient for a recovery in value, and recent events specific to the issuer or industry. If the decline in value is determined to be other-than-temporary, the carrying value of the security is written down to fair value through the income statement.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. The costs of additions are capitalized and expenditures for repairs and maintenance are charged to operations as incurred. Depreciation and amortization is calculated using the straight-line method over the estimated useful life of the asset of 3-7 years for office equipment.

Regulation

Bexil Advisers is registered with the Securities and Exchange Commission ("SEC") as an investment adviser under the Advisers Act.

Revenue Recognition

The Company recognizes revenue from management and other fees consisting of payments for investment management and administrative services performed by Bexil Advisers pursuant to the IMA with DNIF. Under the terms of the IMA, DNIF pays Bexil Advisers a fee monthly for investment management services based on a percentage of assets under management and reimburses it monthly for providing at cost certain administrative services (including, but not limited to, compliance and accounting services). Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Revenue is generally accrued over the period for which the service is provided.

Stock-based Compensation

The Company accounts for stock-based compensation expense using the fair value method. Under the fair value method, stock-based compensation expense reflects the fair value of stock-based awards measured at grant date, is recognized over the relevant service period, and is adjusted each period for anticipated forfeitures. The fair value of each option award grant is separately estimated for each grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model incorporates assumptions as to price volatility, dividend yield, an appropriate risk-free interest rate, and the expected life of the option. The application of this valuation model involves assumptions involving judgment and estimates based on unobservable data material to the determination of compensation expense. Stock-based compensation expense is generally amortized on a straight line basis between the grant date for the award and each vesting date.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from management's estimates.

3. INVESTMENTS IN SECURITIES

Investments in securities consisted of the following:

June 30, 2023	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Value
Investment securities, trading				
Closed end funds	$ 19,107,190	$ 148,752	$ (2,225,832)	$ 17,030,110
Equity securities	3,096	—	(2,993)	103
	19,110,286	148,752	(2,228,825)	17,030,213
Investment securities, available-for-sale				
U.S. Treasuries	2,286,960	—	(1,380)	2,285,580
Total investment in securities	$ 21,397,246	$ 148,752	$ (2,230,205)	$ 19,315,793

December 31, 2022	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Value
Investment securities, trading				
Closed end funds	$ 18,168,908	$ 8,865	$ (2,407,716)	$ 15,770,057
Equity securities	3,096	—	(2,273)	823
	18,172,004	8,865	(2,409,989)	15,770,880
Investment securities, available-for-sale				
U.S. Treasuries	3,270,043	—	(4,654)	3,265,389
Total investment in securities	$ 21,442,047	$ 8,865	$ (2,414,643)	$ 19,036,269

4. FAIR VALUE MEASUREMENTS

The use of estimated fair value to measure the financial instruments held by the Company is fundamental to its consolidated financial statements and is a critical accounting estimate because a substantial portion of its assets and liabilities are recorded at estimated fair value. The application of fair value measurements may be on a recurring or nonrecurring basis depending on the accounting principles applicable to the specific asset or liability or whether management has elected to carry the item at its estimated fair value.

The hierarchy of valuation techniques is based on whether the inputs to those techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 — Quoted prices in active markets for identical instruments or liabilities.

Level 2 — Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants would use in pricing an asset or liability and are developed based on market data obtained from sources independent of the Company. These may include quoted prices for similar assets and liabilities, interest rates, prepayment speeds, credit risk, and market-corroborated inputs.

Level 3 — Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or unreliable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Company's own assumptions about the factors that market participants use in pricing an asset or liability and are based on the information available in the circumstances.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when estimating fair value. The valuation method used to estimate fair value may produce a fair value measurement that may not be indicative of ultimate realizable value. Furthermore, while management believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methods or assumptions to estimate the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available and reliable market for such loans or investments existed, or had such loans or investments been liquidated, and those differences could be material to the financial statements.

Investments in securities. Investments in securities consist of shares of closed end management investment companies, general equities, and U.S. Treasury securities. The value of the closed end management investment companies, general equities, and U.S. Treasury securities is based on a traded market price and is considered to be a level 1 measurement.

The following table presents the assets and liabilities carried at fair value measured on a recurring basis:

June 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
Investment in securities				
Closed end funds	$ 17,030,110	$ —	$ —	$ 17,030,110
Equity securities	103	—	—	103
U.S. Treasuries	2,285,580	—	—	2,285,580
Total assets at fair value	$ 19,315,793	$ —	$ —	$ 19,315,793

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Investment in securities				
Closed end funds	$ 15,770,057	$ —	$ —	$ 15,770,057
Equity securities	823	—	—	823
U.S. Treasuries	3,265,389	—	—	3,265,389
Total assets at fair value	$ 19,036,269	$ —	$ —	$ 19,036,269

5. INTANGIBLE ASSET

The intangible asset of the Company on the Consolidated Balance Sheets is the IMA between Bexil Advisers and DNIF. The IMA was acquired in 2011 for $4,325,000 and the Company has assigned it a useful life of twelve years after considering, among other factors, the renewal or extension of the term of the arrangement, consistent with its expected use of the asset.

There were no impairment charges recorded during any of the periods presented herein.

The following table presents the intangible assets of the:

June 30, 2023	Gross Book Value	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period (Years)
Investment management contract	$4,325,000	$(4,144,792)	$ 180,208	0.5

December 31, 2022	Gross Book Value	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period (Years)
Investment management contract	$4,325,000	$(3,964,583)	$ 360,417	1.0

As of June 30, 2023, estimated future amortization expense of the IMA is as follows:

2023 (6 months)	$ 180,208
	$ 180,208

6. STOCK-BASED COMPENSATION

The Company has a long term stock incentive plan intended to facilitate the use of equity based incentives and rewards for officers, employees, directors, and consultants of the Company and its affiliates. On August 6, 2014 ("Effective Date"), the shareholders of the Company approved the 2014 Stock Incentive Plan (the "2014 Plan"). Awards under the 2014 Plan may include incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, deferred stock, and other stock-based awards. The Board determines the terms and conditions of awards under the 2014 Plan. The exercise price per share of common stock purchasable under a stock option grant may not be less than 110% of the fair market value on the date of grant. The total number of shares of common stock reserved and available for issuance under the 2014 Plan shall be (i) 15% of the number of outstanding shares of Bexil common stock as of the Effective Date, plus (ii) 15% of the number of shares of common stock issued or delivered by the Company during the term of the 2014 Plan (other than pursuant to the 2014 Plan, or other benefit plans of the Company); provided, however, that the total number of shares of common stock with respect to which incentive stock options may be granted shall in no event exceed 15% of the total number of authorized shares of Company common stock as of the Effective Date. As of the Effective Date, the number of outstanding common shares was 982,245 and the total number of authorized shares of the Company common stock was 9,900,000.

As of June 30, 2023, all of the Company's stock options outstanding were vested and there was no unrecognized compensation expense. As of June 30, 2023, the aggregate intrinsic value of outstanding options was $123,290. There were no options granted by the Company for the six months ended June 30, 2023 and year ended December 31, 2022, respectively.

A summary of the stock options activity for the six months ended June 30, 2023 is as follows:

	Shares Under Option	Weighted Average Exercise Price
Balance, December 31, 2021	7,000	$ 9.59
Activity	—	—
Balance, December 31, 2022	7,000	$ 9.59
Activity	—	—
Balance, June 30, 2023	7,000	$ 9.59

Stock options outstanding and exercisable as of June 30, 2023 are as follows:

Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Options Exercisable	Weighted Average Exercise Price of Exercisable Options
$8.24 to $8.81	5,000	2.4	5,000	$ 8.58
$12.10	2,000	4.0	2,000	$ 12.10
	7,000	2.8	7,000	$ 9.59

The exercise of stock options may result in a tax deduction before the actual realization of the related tax benefit because in a year in which the Company has a current year net operating loss the tax benefit and credit to additional paid in capital for the excess deduction will not be recognized until that deduction reduces taxes payable.

7. INCOME TAXES

The Company had an effective tax rate of 12% and 30% for the six months ended June 30, 2023 and 2022, respectively.

Deferred income tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company has evaluated the available evidence supporting the realization of its gross deferred tax assets, including the amount and timing of future taxable income, and has determined that, based on net losses to date, it may not utilize all of its deferred tax assets in the future. The valuation allowance was $627,612 as of June 30, 2023 and December 31, 2022, respectively.

As of December 31, 2022, the Company has federal net operating loss carryovers of approximately $13.6 million which will not expire but are subject to the amount available for use each year.

The utilization of net operating loss carryovers may be subject to limitations under the provision of Section 382 of the Internal Revenue Code of 1986, as amended (the "Code") and similar state provisions.

ASC 740-10, Accounting for Uncertain Tax Positions, requires that the Company recognize the impact of tax positions in the financial statements if the position is more likely than not to be sustained upon examination and on the technical merits of the position. The

Company’s policy is to recognize interest accrued related to unrecognized tax benefits and penalties as income tax expense. The Company has no material uncertain tax positions at both June 30, 2023 and December 31, 2022. Consequently, no interest or penalties have been accrued by the Company.

The Company is subject to taxation in the U.S. and various state jurisdictions. The Company is no longer subject to federal examination for years before 2019.

8. CAPITAL STOCK

As of June 30, 2023, the Company is authorized to issue 9,900,000 shares of $0.01 par value common stock of which 709,165 is issued and outstanding. The Company also has 100,000 shares of Series A participating preferred stock, $0.01 par value, authorized, of which none has been issued.

The Company repurchased 43,702 shares of common stock for $1,430,880 during the six months ended June 30, 2023.

9. RELATED PARTIES

Certain officers of the Company also serve as officers and/or directors of Winmill & Co. Incorporated (“Winco”), Tuxis Corporation (“Tuxis”), Global Self Storage, Inc. (“SELF”), and their affiliates (collectively with Bexil, the “Affiliates”). As of June 30, 2023, Winco owned approximately 31%, 19%, and 1%, respectively, of the outstanding common stock of the Company, Tuxis, and SELF.

Pursuant to an arrangement among a professional employer organization (“PEO”) and the Affiliates, the PEO provides payroll, benefits, compliance, and related services for employees of the Affiliates in accordance with applicable rules and regulations of the Internal Revenue Service, and in connection therewith Midas Management Corporation (“MMC”), a subsidiary of Winco, acts as a conduit payer of compensation and benefits to Affiliate employees including those who are concurrently employed. Expenses for various concurrently used administrative and support functions incurred by the Affiliates are allocated at cost among them. The aggregate administrative and support function expenses accrued and paid by the Company to Winco was $7,197 and $6,270 for the three months ended June 30, 2023 and 2022, respectively, and $14,254 and $12,358 for the six months ended June 30, 2023 and 2022, respectively. As of June 30, 2023, the Company had a payable of $5,326 to MMC and a receivable of $302 from Winco for reimbursements of compensation, benefits, and administrative support function expenses. As of December 31, 2022, the Company had a payable of $11,163 to MMC and Winco, respectively, for reimbursements of compensation, benefits, and administrative support function expenses.

The Company leases office space from SELF under certain rental agreements. The terms of occupancy are month to month and automatically renew unless terminated by either party. The Company incurred rental expense of $300 and $1,500 for the three months ended June 30, 2023 and 2022, respectively and $600 and $3,000 for the six months ended June 30, 2023 and 2022, respectively.

The Company owns approximately 12% of the shares of DNIF with a carrying value of $16,844,195 and $15,593,872 as of June 30, 2023 and December 31, 2022, respectively, and earned dividends of $351,530 and $324,755 for the three months ended June 30, 2023 and 2022, respectively, and $715,886 and $652,197 for the six months ended June 30, 2023 and 2022, respectively. The Company had a receivable from DNIF for management fees and other fees of $204,271 and $212,924 as of June 30, 2023 and December 31, 2022, respectively. Certain officers and directors of the Company are also officers and/or trustees of DNIF.

The Company has accepted promissory notes from directors, officers, and employees in connection with their exercise of stock options to purchase the common stock of the Company. The notes have original maturities of nine years and bear interest at 0.45% per annum payable semiannually and mature in 2029. The notes, as well as accrued interest thereon, may be prepaid in part or in full at any time or from time to time without penalty. In the event of default in the payment of principal or interest, the full principal amount and any accrued and unpaid interest shall be immediately due and payable. The outstanding principal balance was $725,507 and $785,086, as of June 30, 2023 and December 31, 2022, respectively. The Company earned interest income on the notes of $869 and $970 for the three months ended June 30, 2023 and 2022, respectively, and $1,705 and $1,972 for the six months ended June 30, 2023 and 2022, respectively.

As of June 30, 2022, the Company owned approximately 92% of Bexil American’s outstanding stock which includes common and Series A preferred stock. The preferred stock is convertible participating preferred stock that includes: a dividend, if any, equal to the dividend payable for an equivalent number of shares of common stock; a liquidation price and preference equal to the purchase price of the preferred stock, or the purchase price of common stock converted to such preferred stock, and all accrued but unpaid dividends; voting rights equal to the voting right of common stock; the option of the holder to convert each share to a share of common stock at any time; and, full ratchet anti-dilution protection, subject to certain customary exclusions.

During 2020, MMC (the “Borrower”) entered into a Paycheck Protection Program Term Note (“PPP Note”) with Customers Bank on behalf of itself and the Affiliates under the Paycheck Protection Program (the “Program”) of the Coronavirus Aid, Relief, and Economic

Security Act ("CARES Act") administered by the U.S. Small Business Administration (the "SBA"). The Borrower received total proceeds of $486,602 from the PPP Note of which $87,048 was attributable to the Company under the SBA's loan determination formula. In accordance with the requirements of the CARES Act, the Affiliates used the proceeds from the PPP Note primarily for payroll and other eligible costs. On April 5, 2022, the Borrower was granted forgiveness of the entire PPP Note and any accrued interest. Upon forgiveness, the Company received $87,048 in cash from the Borrower, which was the amount attributable to the Company under the SBA's loan determination formula, and recorded a gain for such amount, in its subsequent consolidated statements of income and comprehensive income.

10. EMPLOYEE BENEFIT PLAN

The Affiliates participate in a 401(k) retirement savings plan for substantially all qualified employees. A matching expense based upon a percentage of contributions to the plan by eligible employees is incurred and allocated among the Affiliates. The matching expense is accrued and funded on a current basis and may not exceed the amount permitted as a deductible expense under the Code. The Company's allocated matching expense under the plan was $14,052 and $10,616 for the three months ended June 30, 2023 and 2022, respectively, and $30,847 and $25,986 for the six months ended June 30, 2023 and 2022, respectively.

11. STOCKHOLDER RIGHTS PLAN; 382 CHARTER AMENDMENT

Stockholder Rights Plan

The Board has adopted a stockholder rights plan pursuant to a Rights Agreement dated November 10, 2005 (the "Rights Agreement") and other action. To implement the rights plan, the Board declared a dividend distribution of one right for each outstanding share of Bexil common stock, par value $0.01 per share, to holders of record of the shares of common stock at the close of business on November 21, 2005. Each right entitles the registered holder to purchase from Bexil one one-thousandth of a share of preferred stock, par value $0.01 per share. The rights were distributed as a non-taxable dividend. The rights are evidenced by the underlying Bexil common stock, and no separate preferred stock purchase rights certificates were distributed. The rights to acquire preferred stock will become exercisable only if a person or group, other than certain exempt persons, acquires or commences a tender offer for 10% or more of Bexil's common stock. If a person or group, other than certain exempt persons, acquires or commences a tender offer for 10% or more of Bexil's common stock, each holder of a right, except the acquirer, will be entitled, subject to Bexil's right to redeem or exchange the right, to exercise, at an exercise price of $67.50, the right for one one-thousandth of a share of Bexil's newly created Series A Participating Preferred Stock, or the number of shares of Bexil common stock equal to the holder's number of rights multiplied by the exercise price and divided by 50% of the market price of Bexil's common stock on the date of the occurrence of such an event. Bexil's Board may terminate the rights plan at any time or redeem the rights, for $0.01 per right, at any time before a person acquires 10% or more of Bexil's common stock.

On November 11, 2011, in consideration of a Standstill Agreement providing, among other things, that the Boulderado Group (as defined in the Standstill Agreement) does not acquire equal to or greater than 15.0% of the common stock of the Company, the Company entered into a First Amendment to the Rights Agreement (the "Amendment") to exclude the Boulderado Group (as defined in the Amendment) from being deemed an "Acquiring Person" as defined in the Rights Agreement and to extend the "Final Expiration Date" of the Rights Agreement from November 21, 2016 until November 21, 2021. The parties entered into a First Amendment to the Standstill Agreement, dated as of June 1, 2012, to increase the allowed ownership percentage of the Boulderado Group from not equal to or greater than 15.0% to not equal to or greater than 16.0% of the common stock of the Company and to a Second Amendment to the Rights Agreement, dated as of June 1, 2012, to increase the beneficial ownership threshold of the Boulderado Group, without being deemed to be an "Acquiring Person", from less than 15% to less than 16% of the Common Shares and to exclude certain parties from being deemed an "Acquiring Person."

In consideration of an August 15, 2014 agreement with Mr. Kelly Cardwell and Central Square Management LLC (collectively the "Central Parties") that the Central Parties and their affiliates ("Central Group") do not acquire any more of the issued and outstanding common stock of the Company, sell sufficient shares of common stock over the 12 month period (amended on July 16, 2016 to 15 months and providing for an option to Bexil to purchase such sufficient shares by generally such time at the volume weighted average sales price for the 20 business day period prior to November 1, 2016) commencing on the date thereof so that the Central Group owns beneficially less than the lesser of 98,000 shares or 10.0% of the common stock, and other conditions, on August 15, 2014 the Company entered into a Third Amendment to the Rights Agreement which excluded the Central Group from being deemed an "Acquiring Person" and extended the "Final Expiration Date" of the Rights Agreement from November 21, 2021 until November 21, 2025.

In conjunction with the stockholder rights plan, the Board authorized the reclassification of 100,000 unissued shares of common stock of the Company (from among 1,000,000,000 shares of common stock, $0.01 par value, of the Company which are authorized) into 100,000 shares of Series A Participating Preferred Stock, par value $0.01 per share, of the Company.

382 Charter Amendment

At the 2018 Annual Meeting of Stockholders of the Company held on June 13, 2018 stockholders voted to approve an amendment to the Company's charter to add a new Article XV which generally prohibits any direct or indirect transfer of shares of stock of the Company, if as a result of such transfer, any person or group becomes a 5% shareholder (as defined in the Code) or the percentage of stock of the Company owned by a 5% shareholder would be increased (the "382 Charter Amendment"). As a result of these restrictions, certain transfers of stock by existing 5% shareholders are prohibited. Any attempted transfer in violation of the foregoing restrictions is null and void unless the transferor or transferee obtains the written approval of the Board. No employee or agent of the Company will record any purported transfer to the extent that such transfer is prohibited by the 382 Charter Amendment, and the purported transferee will not be entitled to any rights of stockholders of the Company with respect to the stock that is the subject of the prohibited transfer, including the right to vote such stock and to receive dividends or distributions, whether liquidating or otherwise, in respect of such stock.

12. RISKS AND UNCERTAINTIES

General Market Risks

The Company's portfolio and the success of its investment activities are affected by global and national economic, political and market conditions generally and also by the local economic conditions where its assets are located. Certain external events such as public health crises, including the novel coronavirus ("COVID-19") and its variants, natural disasters, and geopolitical events, including the ongoing conflict between Russia, Belarus, and Ukraine, have led to increased financial and credit market volatility and disruptions, leading to inflationary pressure, rising interest rates, supply chain issues, labor shortages and recessionary concerns. Additionally, in response to recent inflationary pressure, the U.S. Federal Reserve and other global central banks have raised interest rates in 2022 and 2023 and may further raise interest rates. The full impact of such external events on the financial and credit markets and consequently on the Company's financial conditions and results of operations is uncertain and cannot be fully predicted.

Credit Risk

The Company maintains cash and cash equivalents in accounts with various financial institutions, and at times, account balances may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

13. COMMITMENTS AND CONTINGENCIES

The Company enters into contracts that contain a variety of representations and warranties and which may provide general indemnifications. Additionally, the Company may be threatened with or engaged in litigation from time to time. The Company's maximum exposure under the foregoing is unknown as it involves future claims that may be made against the Company under circumstances that have not occurred.

14. OTHER INFORMATION

Following the September 2020 announcement of DNIF's shares delisting from the New York Stock Exchange ("NYSE"), a plaintiff's law firm advertised for clients interested in challenging the NYSE delisting. This law firm is no longer in contact with DNIF and Bexil Advisers nor has there been any related legal proceeding of any kind to which the Fund was a party or regarding which any of its property was the subject during the reporting period. During 2022, the Company incurred non-recurring legal, settlement, and other expenses of approximately $132,013 related to this matter, net of a reimbursement from the Company's insurance provider of $113,542.