BEXIL

Press Release August 13 , 2021

Bexil Corporation Reports Second Quarter 2021 Financial Results

MILLBROOK, NY – August 13, 2021 – Bexil Corporation (Stock Symbol: BXLC) ("Bexil" or the "Company") today reported its financial results for the second quarter ended June 30, 2021.

For the three months ended June 30, 2021, Bexil recorded net income attributable to Bexil shareholders of approximately $3.10 million or $3.69 of diluted earnings per share, compared to net income attributable to Bexil shareholders of approximately $1.46 million or $1.74 of diluted earnings per share for the three months ended June 30, 2020.

For the six months ended June 30, 2021, Bexil recorded net income attributable to Bexil shareholders of approximately $5.29 million or $6.34 of diluted earnings per share compared to a net loss attributable to Bexil shareholders of approximately $4.01 million or $4.88 of diluted earnings per share for the six months ended June 30, 2020.

The Company's book value per share attributable to Bexil shareholders at June 30, 2021 was $33.52, based on shareholders' equity attributable to Bexil shareholders of approximately $27.8 million and 830,577 shares issued and outstanding.

The Company's consolidated unaudited balance sheet, statements of comprehensive income (loss), and statements of cash flows as of and for the six months ended June 30, 2021 are appended to the copy of this press release at www.Bexil.com.

About Bexil Corporation

The objective of Bexil Corporation, a holding company, is to increase book value per share over time for the benefit of its shareholders. 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, including Rule 15c2-11 information, 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.

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BEXIL CORPORATION

Unaudited Quarterly Report

For the quarterly period ended June 30, 2021

BEXIL CORPORATION

Contents

Consolidated Unaudited Financial Statements

BEXIL CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 4,234,744	$ 3,754,439
Investments in securities	20,068,701	15,261,719
Accounts receivable	210,769	388,503
Prepaid expenses	56,208	51,076
Intangible asset, net	901,042	1,081,250
Deferred tax assets, net	2,473,607	2,473,607
Total assets	$ 27,945,071	$ 23,010,594
Liabilities and equity		
Accounts payable and accrued expenses	$ 280,761	$ 294,686
Securities loaned	2,484	—
Total liabilities	283,245	294,686
Commitments and Contingencies		
Equity		
Bexil Corporation shareholders' equity		
Common stock, $0.01 par value, 9,900,000 shares authorized; 830,577 and 832,654 issued and outstanding at June 30, 2021 and December 31, 2020, respectively	8,306	8,327
Series A participating preferred stock, $0.01 par value, 100,000 shares authorized; zero shares issued and outstanding	—	—
Additional paid in capital	13,841,690	14,250,519
Notes receivable for common stock issued	(963,022)	(1,033,603)
Accumulated comprehensive loss	-	—
Retained earnings	14,949,965	9,664,540
Total Bexil Corporation shareholders' equity	27,836,939	22,889,783
Noncontrolling interests in subsidiary	(175,113)	(173,875)
Total equity	27,661,826	22,715,908
Total liabilities and equity	$ 27,945,071	$ 23,010,594

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues				
Management and other fees	$ 637,653	$ 476,666	$ 1,219,409	$ 977,386
Dividends and interest	320,886	303,032	634,650	607,281
Realized gain (loss) on investments in securities	100,537	(239)	107,611	3,729
Unrealized gain (loss) on investments in securities	2,600,617	1,300,206	4,456,048	(4,426,492)
	3,659,693	2,079,665	6,417,718	(2,838,096)
Expenses				
Compensation and benefits	279,888	341,775	571,827	652,827
General and administrative	123,947	127,628	255,013	266,363
Professional services	83,355	41,390	167,838	81,079
	487,190	510,793	994,678	1,000,269
Income (loss) before taxes	3,172,503	1,568,872	5,423,040	(3,838,365)
Income tax expense	74,689	109,996	138,854	175,660
Net income (loss)	3,097,814	1,458,876	5,284,186	(4,014,025)
Net loss attributable to noncontrolling interests	519	920	1,239	1,716
Net income (loss) attributable to Bexil Corporation shareholders	$ 3,098,333	$ 1,459,796	$ 5,285,425	$ (4,012,309)
Net income (loss) per share				
Basic, attributable to Bexil Corporation shareholders	$ 3.73	$ 1.78	$ 6.41	$ (4.88)
Diluted, attributable to Bexil Corporation shareholders	$ 3.69	$ 1.74	$ 6.34	$ (4.88)
Weighted average shares outstanding				
Basic	830,577	822,132	825,194	822,462
Diluted	838,811	840,327	833,033	822,462
Other comprehensive gain (loss), net of tax				
Unrealized gain (loss) on investment securities	—	(6,516)	—	2,209
Other comprehensive gain (loss)	—	(6,516)	—	2,209
Comprehensive income (loss)	3,097,814	1,452,360	5,284,186	(4,011,816)
Comprehensive loss attributable to noncontrolling interests	519	920	1,239	1,716
Comprehensive income (loss) attributable to Bexil Corporation shareholders	$ 3,098,333	$ 1,453,280	$ 5,285,425	$ (4,010,100)

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, 2020	832,654	$ 8,327	$ 14,250,519	$ (1,033,603)	$ 9,664,540	$ (173,875)	$ 22,715,908
Net income	—	—	—	—	2,187,092	(719)	2,186,373
Common stock issued with exercise of stock options	39,000	390	300,300	—	—	—	300,690
Common stock repurchases	(41,077)	(411)	(656,641)	—	—	—	(657,052)
Cashless exercise of stock options	—	—	(52,488)	11,536	—	—	(40,952)
Repayment of promissory notes	—	—	—	29,506	—	—	29,506
Balance at March 31, 2021	830,577	$ 8,306	$ 13,841,690	$ (992,561)	$ 11,851,632	$ (174,594)	$ 24,534,473
Net income	—	—	—	—	3,098,333	(519)	3,097,814
Repayment of promissory notes	—	—	—	29,539	—	—	29,539
Balance at June 30, 2021	830,577	$ 8,306	$ 13,841,690	$ (963,022)	$ 14,949,965	$ (175,113)	$ 27,661,826

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Common Stock		Additional	Notes Receivable	Accumulated Other		Non-	
	Shares	Par Value	Paid in Capital	for Common Stock Issued	Comprehensive Gain (Loss)	Retained Earnings	controlling Interest	Total Equity
Balance at December 31, 2019	826,132	$ 8,261	$ 14,379,770	$ (1,005,833)	$ (2,210)	$ 8,696,112	$ (170,664)	$ 21,905,436
Net loss	—	—	—	—	—	(5,472,106)	(795)	(5,472,901)
Unrealized gain on investment securities available-for-sale	—	—	—	—	8,726	—	—	8,726
Stock-based compensation expense	—	—	1,551	—	—	—	—	1,551
Common stock repurchases	(4,000)	(40)	(62,360)		—	—	—	(62,400)
Cashless exercise of stock options	—	—	(92,313)	—	—	—	—	(92,313)
Repayment of promissory notes	—	—	—	29,187	—	—	—	29,187
Balance at March 31, 2020	822,132	$ 8,221	$ 14,226,648	$ (976,646)	$ 6,516	$ 3,224,006	$ (171,459)	$ 16,317,286
Net income	—	—	—	—	—	1,459,796	(920)	1,458,876
Unrealized loss on investment securities available-for-sale	—	—	—	—	(6,516)	—	—	(6,516)
Stock-based compensation expense	—	—	1,551	—	—	—	—	1,551
Repayment of promissory notes	—	—	—	29,313	—	—	—	29,313
Balance at June 30, 2020	822,132	$ 8,221	$ 14,228,199	$ (947,333)	$ -	$ 4,683,802	$ (172,379)	$ 17,800,510

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities		
Net income (loss)	$ 5,284,186	$ (4,014,025)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Purchase of investment securities, trading	(725,991)	(489,309)
Proceeds on sales of investment securities, trading	482,669	275,243
Stock-based compensation expense	—	3,102
Realized gain on investments in securities	(107,611)	(3,729)
Unrealized (gain) loss on investments in securities	(4,456,048)	4,426,492
Amortization	180,208	180,208
Amortization of premium (accretion of discount)	—	5,776
Changes in operating assets and liabilities:		
Decrease in accounts receivable	177,733	41,718
Increase in prepaid expenses	(5,132)	—
(Decrease) increase in accounts payable and accrued expenses	(13,925)	38,719
Increase in securities loaned	2,484	4,028
Net cash provided by operating activities	818,573	468,223
Cash flows from investing activities		
Purchase of investment securities, available-for-sale	—	(1,050,000)
Proceeds on maturities of investment securities, available-for-sale	—	3,550,000
Net cash provided by investing activities	—	2,500,000
Cash flows from financing activities		
Stock options exercised	300,690	—
Repayments on notes receivable for common stock issued	59,045	58,500
Common stock repurchases	(657,051)	(62,400)
Net settlement of cashless stock option exercises	(40,952)	(92,313)
Net cash used in financing activities	(338,268)	(96,213)
Net increase in cash and cash equivalents	480,305	2,872,010
Cash and cash equivalents, beginning of period	3,754,439	937,770
Cash and cash equivalents, end of period	$ 4,234,744	$ 3,809,780
Supplemental disclosures		
Income taxes paid	$ 185,994	$ 175,810

See notes to unaudited consolidated financial statements.

BEXIL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. THE COMPANY

Bexil Corporation ("Bexil" or the "Company") is primarily engaged through a wholly-owned subsidiary in investment management. The Company was incorporated in Maryland in 1996.

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 under the ticker symbol DNIF (and net asset value per share ticker symbol XDNIX).

Bexil Securities LLC ("Bexil Securities") is a Maryland limited liability company and is a registered broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Bexil Securities may act as a mutual fund underwriter or sponsor on a best efforts basis.

Bexil American Mortgage Inc. ("Bexil American") is a Delaware corporation 92% owned by the Company. 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 may 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. Certain shares of common stock from outstanding stock option awards totaling 0 and 2,000 for the three months ended June 30, 2021 and 2020, respectively, and 0 and 61,800 for the six months ended June 30, 2021 and 2020, respectively, were excluded from the computation of diluted net income per common share attributable to Bexil shareholders under the treasury stock method since the effect would be anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share for the three and six months ended June 30 of 2021 and 2020:

	For the Three Months Ended		For the Six Months Ended	
	2021	2020	2021	2020
Net income (loss) attributable to Bexil shareholders	$ 3,098,333	$ 1,459,796	$ 5,285,425	$ (4,012,309)
Weighted average shares outstanding:				
Average number of common shares outstanding - basic	830,577	822,132	825,194	822,462
Shares related to dilutive stock options	8,234	18,195	7,839	—
Average number of common shares outstanding - diluted	838,811	840,327	833,033	822,462
Net income (loss) per share				
Basic	$ 3.73	$ 1.78	$ 6.41	$ (4.88)
Diluted	$ 3.69	$ 1.74	$ 6.34	$ (4.88)

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, 2021, 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 (2018 – 2020) or expected to be taken in the Company's 2021 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.

Securities Loaned

The Company may lend the securities it owns to financial institutions. Securities loaned are collateralized financing arrangements that are recorded at the amount of cash collateral received. The Company receives cash collateral that typically exceeds the market value of securities loaned. The Company earns interest income on the cash collateral balance. The cash collateral may constitute the only source of satisfaction in the event that the counterparty cannot return the securities. There were no securities loaned as of June 30, 2021 and December 31, 2020, respectively.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. The costs of additions and betterments 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. Leasehold improvements are amortized using the straight line method over the shorter of the lease term or estimated useful life of the asset. The estimated useful lives of the major classifications of property and equipment are as follows: office equipment, 3-7 years; leasehold improvements, shorter of lease term or useful life, generally 1-2 years.

Regulation

Bexil Advisers is registered with the Securities and Exchange Commission ("SEC") as an investment adviser under the Advisers Act. Bexil Securities is registered as a broker-dealer under the Exchange Act and a member of FINRA and the Securities Investor Protection Corporation.

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:

		Gross Unrealized		
June 30, 2021	**Cost Basis**	**Gains**	**Losses**	**Value**
Investment securities, trading				
Closed end funds	$ 16,796,074	$ 2,503,822	$ (50,644)	$ 19,249,252
Equity securities	836,901	—	(17,452)	819,449
Total investment in securities	$ 17,632,975	$ 2,503,822	$ (68,096)	$ 20,068,701

		Gross Unrealized		
December 31, 2020	**Cost Basis**	**Gains**	**Losses**	**Value**
Investment securities, trading				
Closed end funds	$ 16,073,123	$ 194,897	$ (2,200,987)	$ 14,067,033
Equity securities	1,208,918	13,476	(27,708)	1,194,686
Total investment in securities	$ 17,282,041	$ 208,373	$ (2,228,695)	$ 15,261,719

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 and general equity securities. The value of the closed end management investment companies and general equity 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, 2021	Level 1	Level 2	Level 3	Total
Assets				
Investment in securities				
Closed end funds	$ 19,249,252	$ —	$ —	$ 19,249,252
Equity securities	819,449	—	—	819,449
Total assets at fair value	$ 20,068,701	$ —	$ —	$ 20,068,701

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Investment in securities				
Closed end funds	$ 14,067,033	$ —	$ —	$ 14,067,033
Equity securities	1,194,686	—	—	1,194,686
Total assets at fair value	$ 15,261,719	$ —	$ —	$ 15,261,719

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. Accordingly, the Company has been amortizing the IMA over 12 years beginning on January 1, 2011 at $360,417 per year.

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

The following table presents the intangible asset of the Company:

June 30, 2021	Gross Book Value	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period (Years)
Investment management contract	$4,325,000	$(3,333,854)	$ 901,042	1.5

December 31, 2020	Gross Book Value	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period (Years)
Investment management contract	$4,325,000	$(3,243,750)	$1,081,250	2

As of June 30, 2021, estimated future amortization expense of the IMA is as follows:

2021 (6 months)	$ 180,209
2022	360,417
2023	360,416
	$ 901,042

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.

The 2014 Plan replaced the Company's former stock-based compensation plan, the 2011 Stock Incentive Plan (the "2011 Plan"). No future awards may be granted under the 2011 Plan, although any previously issued options granted under the 2011 Plan remain effective until either they expire, are forfeited, or are exercised. Under the 2011 Plan, the Board determined the terms and conditions of awards and the exercise price per share of common stock purchasable under a stock option grant could not be less than 110% of the fair market value on the date of grant. The 2011 Plan provided for the granting of a maximum 152,639 options to purchase common stock.

The Company recorded $0 and $1,551 for the three months ended June 30, 2021 and 2020, respectively, and $0 and $3,102 for the six months ended June 30, 2021 and 2020, respectively, in stock-based compensation expense. At June 30, 2021, all of the Company's stock options outstanding were vested and there was no unrecognized compensation expense. At June 30, 2021, the aggregate intrinsic value of outstanding options was $312,000. There were no options granted by the Company for the six months ended June 30, 2021 and year ended December 31, 2020, respectively.

A summary of the Company's stock option activity for the six months ended June 30, 2021 is as follows:

	Shares Under Option	Weighted Average Exercise Price
Balance, December 31, 2020	61,800	$ 7.95
Exercised	(46,200)	$ 7.71
Balance, June 30, 2021	15,600	$ 8.67

Stock options outstanding and exercisable at June 30, 2021 are as follows:

Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Options Exercisable	Weighted Average Exercise Price of Exercisable Options
$7.92 to $8.81	13,600	2.2	13,600	$ 8.16
$12.10	2,000	6.0	2,000	$ 12.10
	15,600	2.7	15,600	$ 8.67

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 3% and (5)% for the six months ended June 30, 2021 and 2020, 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, therefore, a valuation allowance has been established. The valuation allowance was $2,242,801 as of both June 30, 2021 and December 31, 2020, respectively.

As of June 30, 2021 and December 31, 2020, the Company has federal net operating loss carryovers of approximately $16.2 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 provision of the 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, 2021 and December 31, 2020. 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 2017.

8. CAPITAL STOCK

As of June 30, 2021, the Company is authorized to issue 9,900,000 shares of $0.01 par value common stock of which 830,577 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.

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, 2021, Winco owned approximately 27%, 19%, and 1%, respectively, of the outstanding common stock of the Company, Tuxis, and SELF. Pursuant to an arrangement between 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. Rent expense of concurrently used office space and overhead expenses for various concurrently used administrative and support functions incurred by the Affiliates are allocated at cost among the Affiliates. The Company's allocated rent and overhead costs were $19,547 and $20,852 for the three months ended June 30, 2021 and 2020, respectively, and $38,872 and $41,384 for the six months ended June 30, 2021 and 2020, respectively. As of June 30, 2021, the Company had reimbursements payable to MMC and Winco for compensation, benefits, rent, and overhead of $22,661.

Bexil Securities and Bexil Advisers collectively own approximately 10% of the shares of DNIF with a carrying value of $18,911,715 and $13,849,707 as of June 30, 2021 and December 31, 2020, respectively. The Company earned dividends paid by DNIF of $313,806 and $290,944 for the three months ended June 30, 2021 and 2020, respectively, and $621,577 and $577,859 for the six months ended June 30, 2021 and 2020, respectively. The Company had a receivable from DNIF for management fees and reimbursement of expenses paid on behalf of DNIF of $210,639 and $388,462 as of June 30, 2021 and December 31, 2020, 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% - 1.65% per annum payable semiannually. 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 $963,022 and $1,033,603, as of June 30, 2021 and December 31, 2020, respectively. As of June 30, 2021, the principal on the notes matures in 2029. The Company earned interest income on the notes of $1,103 and $4,114 for the three months ended June 30, 2021 and 2020, respectively, and $2,247 and $8,353 for the six months ended June 30, 2021 and 2020, respectively.

As of December 31, 2020, 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.

On May 19, 2020, MMC (the "Borrower") entered into a Paycheck Protection Program Term Note ("PPP Note") with Customers Bank ("Lender") 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 ("SBA"). The Borrower received total proceeds of $486,602 on the PPP Note, on which interest accrues at the rate per annum of 1.00%. In accordance with the requirements of the CARES Act, the Affiliates used the proceeds from the PPP Note for payroll and other eligible costs. On March 1, 2021, the Borrower was informed by the Lender that it had completed its review of the Borrower's Loan forgiveness application, and intended to submit to the SBA its decision that the entire amount of the PPP Note be forgiven. The Borrower is required to begin repaying any amounts not forgiven at the later of (a) 10 months following the Borrower's covered period (June 2021), or (b) when the SBA remits any amounts forgiven to the Lender.

During the period from May 19, 2020 through the six-month anniversary of the date of the PPP Note (the "Deferral Expiration Date"), neither principal nor interest was due and payable. On the Deferral Expiration Date, the outstanding principal of the PPP Note or the amount that is not forgiven under the Program converted to an amortizing term loan. Additionally, on December 19, 2020 and continuing to the 19th day of each month thereafter until May 19, 2022 equal installments of principal shall be due and payable, each in an amount determined by the Lender (the "Monthly Principal Amount"). Interest is payable at the same time as the Monthly Principal Amount. Any outstanding principal and accrued interest not forgiven shall be due and payable in full on May 19, 2022. The Company expects to contribute to the interest payable on the PPP Note in proportion to its share of payroll and other eligible costs used in the original calculation of the loan request.

On October 8, 2021, the Borrower received the SBA's final loan review decision which denied forgiveness of the loan in full. The Borrower intends to file an appeal petition with the SBA's Office of Hearings and Appeals within the 30 calendar day period after receipt of the final loan review decision. Timely filing of the appeal will extend the loan deferment period.

For the three and six months ended June 30, 2021, the PPP Note was not material to the Company's financial statements.

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 $9,775 and $9,352 for the three months ended June 30, 2021 and 2020, respectively, and $24,112 and $22,400 for the six months ended June 30, 2021 and 2020, respectively.

11. REGULATORY REQUIREMENTS

Bexil Securities, a registered broker-dealer, is subject to the Uniform Net Capital Rule under Rule 15c3-1 of the Exchange Act, which requires broker-dealers to maintain a minimum level of net capital, as defined. As of June 30, 2021, Bexil Securities had net capital of $1,829,615, which exceeded its $5,000 required minimum capital by $1,824,615.

12. 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, 2020. 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, 2020 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.

13. RISKS AND UNCERTAINTIES

COVID-19

The outbreak of the novel coronavirus pandemic ("COVID-19") around the globe continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by, among other things, instituting quarantines, mandating certain business and school closures, restricting travel, issuing "shelter-in-place" and/or "stay-at-home" orders, and imposing various restrictions on business operations. While some of these restrictions have been relaxed or phased out, many of these or similar restrictions remain in place and continue to be implemented, and additional restrictions may be considered. Such actions are creating significant disruption in global supply chains, and adversely impacting many industries, such as transportation, hospitality, and entertainment. The disruption caused by COVID-19 significantly reduced economic activity in most of the United States resulting in a significant increase in unemployment claims. COVID-19 has had a continued and prolonged adverse impact on economic and market conditions and has triggered a period of economic slowdown which could have a material adverse effect on the Company's results and financial condition. The full impact of COVID-19 on the financial markets, the global economy, and consequently on the Company's financial condition and results of operations is uncertain and cannot be predicted at the current time as it depends on several factors beyond the control of the Company including, but not limited to (i) the uncertainty around the severity and duration of the outbreak, (ii) the effectiveness of the United States public health response, (iii) the pandemic's impact on the U.S. and global economies, (iv) the timing, scope and effectiveness of additional governmental responses to the pandemic, (v) the timing and speed of economic recovery, including the availability of a treatment or vaccination for COVID-19, and (vi) the negative impact on the financial markets.

Credit Risk

Credit risk - The Company and its subsidiaries maintain cash and cash equivalents in accounts with various financial institutions, and at times, account balances may exceed federally insured limits. Neither the Company nor its subsidiaries have experienced any losses in such accounts and the Company believes they are not exposed to any significant credit risk.

14. COMMITMENTS AND CONTINGENCIES

The Company enters into contracts that contain a variety of representations and warranties and which may provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as it involves future claims that may be made against the Company under circumstances that have not occurred.

On October 8, 2020, DNIF announced that its common shares of beneficial interest would begin trading on the OTC Market, a nationally recognized electronic trading market, under the trading symbol DNIF at the open of the market on October 9, 2020. Previously, DNIF had announced the voluntary delisting of the shares from the New York Stock Exchange ("NYSE"). Shortly after announcement of DNIF's shares delisting form the NYSE, a plaintiff's law firm advertised for clients interested in challenging the NYSE delisting. This law firm has subsequently been in contact with DNIF and Bexil Advisers. Although DNIF and Bexil Advisers believe that the position expressed is entirely without merit and intend to defend any potential action vigorously, Bexil Advisers and/or DNIF is likely to incur costs in connection with this or any other objection to the NYSE delisting.