

# **FOXBY CORP.**

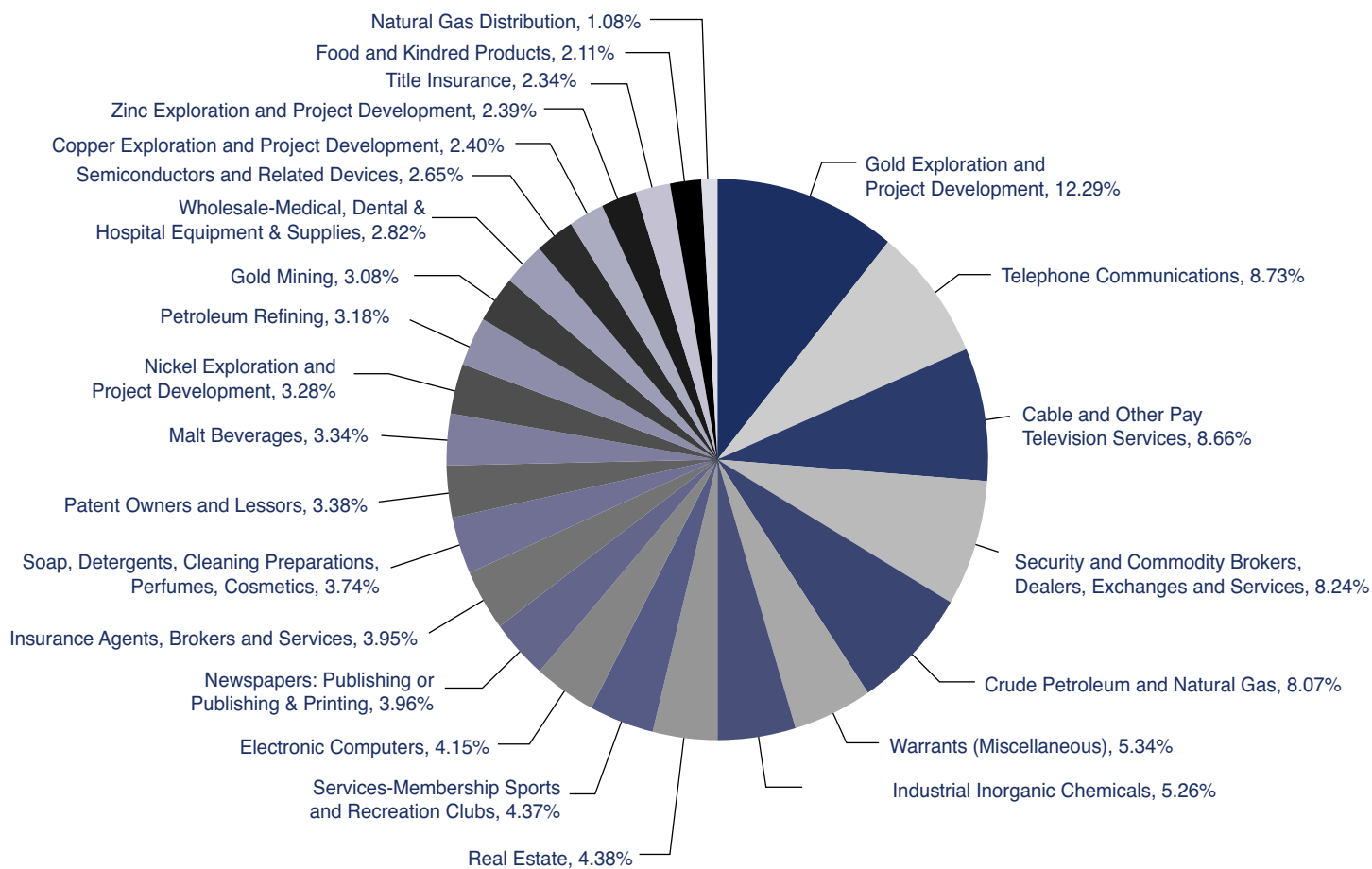
## **ANNUAL REPORT December 31, 2006**

American Stock  
Exchange Symbol:

**FXX**

[www.foxbycorp.com](http://www.foxbycorp.com)

### INVESTMENTS BY INDUSTRY\*



### PORTFOLIO ANALYSIS\*

U.S. Equities	63.34%
Foreign Equities	49.85%
	113.19%

\* Investments by industry and portfolio analysis use approximate percentages of total net assets, and may not add up to 100% due to leverage or other assets, rounding, and other factors.

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

February 22, 2007

Fellow Shareholders:

We are pleased to submit this 2006 Annual Report for Foxby Corp. and to welcome our new shareholders who find the Fund's flexible total return investment approach attractive. As a non-diversified, closed end fund seeking total return, the Fund uses a flexible strategy in the selection of securities, and is not limited by the issuer's location, size, or market capitalization. The Fund may invest in equity and fixed income securities of both new and seasoned U.S. and foreign issuers, including securities convertible into common stock and debt securities. The Fund also may employ aggressive and speculative investment techniques, such as selling securities short, employing futures and options, derivatives, and borrowing money for investment purposes, an approach known as "leveraging," and may invest defensively in high grade money market instruments.

### Market Report

After increasing the Federal funds target rate by a quarter of one percent at each of its four meetings in the first half of 2006, the Federal Open Market Committee ("FOMC") left the target rate unchanged at 5.25% in the second half of the year. Since the FOMC had signaled that future rate increases would depend on current data regarding inflation and economic growth, the FOMC appeared to view the economy as moderating in each of these respects, although it indicated a continuing concern with inflation. The FOMC's restraint was well received, causing equities to rise and other interest rates to decline towards the end of the year. As U.S. interest rates fell, the U.S. dollar weakened versus the euro, yen, and British pound. The second half also saw bonds rallying as oil prices dropped and overall corporate earnings remained strong.

More recently, the U.S. Department of Labor reported that U.S. non-farm payrolls expanded by a seasonally adjusted 167,000 jobs, with solid gains in the service sector and moderate declines in the manufacturing and construction sectors. The report indicated that the United States showed a net increase of 1.8 million jobs in 2006, compared with 1.9 million in 2005 and 2.1 million in 2004. At the same time, the unemployment rate remains near a five year low.

Notwithstanding these positive signs for the U.S. economy, we remained concerned by the U.S. current-account deficit – the combined balances for trade in goods and services, income, and net unilateral current transfers – which increased to \$225.6 billion in the third quarter of 2006 from \$217.1 billion in the second quarter. With this trend, our foreign debt will be reaching increasingly high levels. While a weaker U.S. dollar might contribute to closing the deficit by making U.S. exports cheaper and more competitive for sales abroad, the buying power of Americans for products from abroad would be lessened.

### Total Return Allocation

In view of these market conditions, the Fund's general strategy in 2006 was to increase its holdings of foreign stocks, particularly in Asia, and larger capitalization growth stocks. Over the course of the year, the Fund re-aligned its portfolio's focus on commodity based businesses towards precious metals, oil, and zinc, and reduced its overall exposure to U.S. markets. For the 2006 year, the Fund had a market total return on the American Stock Exchange of 17.56% on a net asset value total return of 16.00%. In the same period, the Standard & Poor's 500 returned 15.79%, according to Morningstar. These are satisfying results for our total return investment process, which we believe provides an attractive strategy for the Fund over the long term.

Our current view of financial conditions suggests that the Fund will benefit over the course of 2007 from our flexible portfolio approach, investing opportunistically in a variety of markets, and employing aggressive and speculative investment techniques as deemed appropriate.

At December 31, 2006, the Fund's top ten holdings comprised approximately 40% of net assets. As a percent of net assets, investments in U.S. equities accounted for about 63% and foreign equities about 50%, reflecting 13% leverage. As the Fund pursues its total return objective through this flexible approach, these holdings and allocations are subject to substantial change at any time. By way of illustration, the Fund employed leverage of about 2%, and 14% at December 31, 2005 and 2004, respectively.

We thank you for investing with Foxby and share your enthusiasm for the Fund: affiliates of the Investment Manager own approximately 24.4% of the Fund's shares. We believe that shares of the Fund are attractive, and look forward to serving your investment needs over the years ahead.

Sincerely,



Thomas B. Winmill  
President  
Portfolio Manager

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**TOP TEN HOLDINGS**  
(at December 31, 2006)

- |                              |                                      |
|------------------------------|--------------------------------------|
| 1. Calgon Carbon Corp.       | 6. Cheung Kong Holdings Ltd.         |
| 2. W. P. Stewart & Co., Ltd. | 7. Bally Total Fitness Holding Corp. |
| 3. China Mobile Ltd.         | 8. Etruscan Resources, Inc.          |
| 4. Liberty Media LLC         | 9. Sprint Nextel Corp.               |
| 5. CNOOC Ltd.                | 10. Comcast Corp. Class A            |

Top ten holdings comprise approximately 40% of total net assets. This portfolio information should not be considered as a recommendation to purchase or sell a particular security and there is no assurance that any securities will remain in or out of the Fund.

**Schedule of Portfolio Investments – December 31, 2006**

<u>Shares</u>		<u>Market Value</u>
	<b>COMMON STOCKS (107.85%)</b>	
	<b>Cable and Other Pay Television Services (8.66%)</b>	
7,600	Comcast Corp. Class A <sup>(1)</sup> .....	\$ 321,708
3,400	Liberty Media LLC <sup>(1)</sup> .....	333,132
		654,840
	<b>Copper Exploration and Project Development (2.40%)</b>	
51,500	Corriente Resources, Inc. <sup>(1)</sup> .....	181,795
	<b>Crude Petroleum and Natural Gas (8.07%)</b>	
9,600	Chesapeake Energy Corp. ....	278,880
3,500	CNOOC Ltd. ....	331,205
		610,085
	<b>Electronic Computers (4.15%)</b>	
12,500	Dell, Inc. <sup>(1)</sup> .....	313,625
	<b>Food and Kindred Products (2.11%)</b>	
1,800	Nestle SA ADR .....	159,621
	<b>Gold Exploration and Project Development (12.29%)</b>	
7,000	Aurelian Resources, Inc. <sup>(1)</sup> .....	186,474
99,000	Etruscan Resources Inc. <sup>(1)</sup> .....	324,980
20,000	Guyana Goldfields, Inc. <sup>(1)</sup> .....	204,864
110,000	Reunion Gold Corp. <sup>(1)</sup> .....	212,684
		929,002
	<b>Gold Mining (3.08%)</b>	
40,000	Jaguar Mining, Inc. <sup>(1)</sup> .....	233,393
	<b>Industrial Inorganic Chemicals (5.26%)</b>	
64,100	Calgon Carbon Corporation <sup>(1)</sup> .....	397,420
	<b>Insurance Agents, Brokers and Services (3.95%)</b>	
10,600	Brown & Brown, Inc. ....	299,026
	<b>Malt Beverages (3.34%)</b>	
3,300	Molson Coors Company Class B .....	252,252
	<b>Natural Gas Distribution (1.08%)</b>	
20,000	MetroGAS S.A. ADR <sup>(1)</sup> .....	81,400
	<b>Newspapers: Publishing or Publishing &amp; Printing (3.96%)</b>	
41,000	Journal Register Company .....	299,300
	<b>Nickel Exploration and Project Development (3.28%)</b>	
25,000	Skye Resources, Inc. <sup>(1)</sup> .....	248,131
	<b>Patent Owners and Lessors (3.38%)</b>	
8,200	SurModics, Inc. <sup>(1)</sup> .....	255,184
	<b>Petroleum Refining (3.18%)</b>	
4,700	Valero Energy Corp. ....	240,452

**Schedule of Portfolio Investments – December 31, 2006**

<b>Shares</b>		<b>Market Value</b>
	<b>COMMON STOCKS - continued</b>	
	<b>Real Estate (4.38%)</b>	
26,900	Cheung Kong Holdings Limited ADR .....	\$ 331,179
	<b>Security and Commodity Brokers, Dealers, Exchanges and Services (8.24%)</b>	
6,200	T. Rowe Price Group, Inc.....	271,374
22,200	W. P. Stewart & Co., Ltd. ....	351,648
		623,022
	<b>Semiconductors and Related Devices (2.65%)</b>	
9,900	Intel Corporation .....	200,475
	<b>Services - Membership Sports and Recreation Clubs (4.37%)</b>	
135,000	Bally Total Fitness Holding Corp. <sup>(1)</sup> .....	330,750
	<b>Soap, Detergents, Cleaning Preparations, Perfumes, Cosmetics (3.74%)</b>	
4,400	The Procter & Gamble Company .....	282,788
	<b>Telephone Communications (8.73%)</b>	
7,800	China Mobile Ltd. ADR. ....	337,116
17,100	Sprint Nextel Corp. ....	323,019
		660,135
	<b>Title Insurance (2.34%)</b>	
2,800	LandAmerica Financial Group, Inc. ....	176,708
	<b>Wholesale - Medical, Dental &amp; Hospital Equipment and Supplies (2.82%)</b>	
6,000	Patterson Companies Inc. <sup>(1)</sup> .....	213,060
	<b>Zinc Exploration and Project Development (2.39%)</b>	
396,000	Farallon Resources Ltd. Units <sup>(1) (2)</sup> .....	180,356
	Total Common Stocks (cost: \$7,423,264) .....	8,153,999
<b>Units</b>	<b>WARRANTS (5.34%) <sup>(1)</sup></b>	
450,000	Golden Star Resources Inc., Warrants expiring 2/14/07 .....	34,803
100,000	IAMGOLD Corp., Warrants expiring 8/12/08 .....	135,774
25,000	Jaguar Mining Inc., Warrants expiring 12/31/07 .....	64,235
100,000	Strategic Resource Acquisition Special Warrants <sup>(2)</sup> .....	111,713
9,375	Yamana Gold Inc., Warrants expiring 11/20/08 .....	57,199
	Total Warrants (cost: \$604,811) .....	403,724
	Total Investments (cost: \$8,028,075) (113.19%) .....	8,557,723
	Liabilities in excess of cash and other assets (-13.19%).....	(997,394)
	<b>Net Assets (100.00%) .....</b>	<b>\$7,560,329</b>

<sup>(1)</sup> Non-income producing.

<sup>(2)</sup> Illiquid and/or restricted security that has been fair valued (Note 4(a)).  
ADR means "American Depositary Receipt."

**STATEMENT OF ASSETS AND LIABILITIES**

December 31, 2006

**ASSETS**

Investments at market value (cost: \$8,028,075) .....	\$ 8,557,723
Cash .....	567
Dividends receivable .....	1,630
Other assets .....	1,862
Total assets .....	<u>8,561,782</u>

**LIABILITIES**

Bank line of credit .....	958,215
Accrued expenses .....	37,901
Investment management .....	3,203
Administrative services .....	2,134
Total liabilities .....	<u>1,001,453</u>

**NET ASSETS** ..... \$7,560,329**NET ASSET VALUE PER SHARE**

(applicable to 2,602,847 shares outstanding: 500,000,000 shares of \$.01 par value authorized) .....	<u>\$2.90</u>
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At December 31, 2006, net assets consisted of:

Paid-in capital .....	\$22,731,128
Accumulated investment loss .....	(8,630)
Net unrealized appreciation on investments .....	529,648
Accumulated net realized loss on investments and futures .....	<u>(15,691,817)</u>
	<u>\$7,560,329</u>

**STATEMENT OF OPERATIONS**

Year Ended December 31, 2006

**INVESTMENT INCOME**

Dividends .....	\$ 60,883
Interest .....	3,215
Total investment income .....	<u>64,098</u>

**EXPENSES**

Investment management .....	36,014
Loan interest and fees .....	30,738
Bookkeeping and pricing .....	25,550
Audit .....	19,000
Administrative services .....	17,622
Printing and postage .....	12,356
Exchange listing .....	8,115
Transfer agent .....	6,005
Insurance .....	2,936
Custodian .....	2,652
Directors .....	2,650
Legal .....	2,310
Other .....	2,513
Total expenses .....	168,461
Expense reductions .....	<u>(518)</u>
Net expenses .....	<u>167,943</u>
Net investment loss .....	<u>(103,845)</u>

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

Net realized gain (loss):	
Sale of investments .....	1,411,859
Futures .....	(103,313)
Foreign currencies .....	69,180
Net unrealized depreciation on investments .....	<u>(226,355)</u>
Net realized and unrealized gain on investments and foreign currencies .....	<u>1,151,371</u>
Net increase in net assets resulting from operations .....	<u>\$1,047,526</u>

**STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>OPERATIONS</b>		
Net investment loss.....	\$ (103,845)	\$ (438,412)
Net realized gain (loss) on investments, futures, and foreign currencies transactions .....	1,377,726	(65,021)
Change in unrealized appreciation (depreciation) on investments and foreign currencies .....	<u>(226,355)</u>	<u>317,063</u>
Net increase (decrease) in net assets resulting from operations .....	1,047,526	(186,370)
 Total change in net assets .....	 1,047,526	 (186,370)
<b>NET ASSETS</b>		
Beginning of year .....	<u>6,512,803</u>	<u>6,699,173</u>
End of year (Including accumulated investment loss of \$8,630 in 2006) .....	<u>\$7,560,329</u>	<u>\$6,512,803</u>

**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2006

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net increase in net assets resulting from operations .....	\$1,047,526
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:	
Net decrease in unrealized depreciation of investments .....	226,355
Net realized gain on investments, futures, and foreign currency transactions.....	(1,377,726)
Proceeds from sales of long term securities.....	8,549,146
Purchase of long term securities .....	(9,193,774)
Net purchases of short term securities .....	(107,279)
Decrease in accrued fees and expenses .....	(26,335)
Decrease in receivables and other assets .....	<u>2,469</u>
 Net cash provided by operating activities .....	 <u>(879,618)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Draw on bank line of credit .....	<u>873,439</u>
 Net cash used in financing activities.....	 <u>873,439</u>
 Net decrease in cash .....	 (6,179)

**CASH**

Beginning of year .....	<u>6,746</u>
End of year .....	<u>\$ 567</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid for interest .....	<u>\$ 29,312</u>
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## Notes to Financial Statements - December 31, 2006

### 1. Organization, Investment Objectives, and Summary of Significant Accounting Policies

**Organization and Investment Objectives** - Foxby Corp., a Maryland corporation registered under the Investment Company Act of 1940, as amended (the "Act"), is a non-diversified, closed end management investment company whose shares are listed on the American Stock Exchange. The Fund's non-fundamental investment objective is total return which it may seek from growth of capital and from income in any security type and in any industry sector.

The following is a summary of the Fund's significant accounting policies.

**Security Valuation** - Securities traded on a national securities exchange are valued at the last reported sales price on the day the valuations are made. Securities traded primarily on the NASDAQ Stock Market ("NASDAQ") are normally valued by the Fund at the NASDAQ Official Closing Price ("NOCP") provided by NASDAQ each business day. The NOCP is the most recently reported price as of 4:00:02 p.m., Eastern time, unless that price is outside the range of the "inside" bid and asked prices (i.e., the bid and asked prices that dealers quote to each other when trading for their own accounts); in that case, NASDAQ will adjust the price to equal the inside bid or asked price, whichever is closer. Because of delays in reporting trades, the NOCP may not be based on the price of the last trade to occur before the market closes. Such securities that are not traded on a particular day, securities traded in the over-the-counter market that are not on NASDAQ, and foreign securities are valued at the mean between the current bid and asked prices. Certain of the securities in which the Fund invests are priced through pricing services that may utilize a matrix pricing system which takes into consideration factors such as yields, prices, maturities, call features, and ratings on comparable securities. Bonds may be valued according to prices quoted by a dealer in bonds that offers pricing services. Debt obligations with remaining maturities of 60 days or less are valued at cost adjusted for amortization of premiums and accretion of discounts. Securities for which quotations are not readily available or reliable and other assets may be valued as determined in good faith under the direction of and pursuant to procedures established by the Fund's Board of Directors.

**Foreign Currency Translation** - Securities denominated in foreign currencies are translated into U.S. dollars at prevailing exchange rates. Realized gain or loss on a sale of investments denominated in foreign currencies is reported separately from gain or loss attributable to the change in foreign exchange rates for those investments.

**Repurchase Agreements** - The Fund participates in repurchase agreements with the Fund's custodian. The custodian takes possession of the underlying collateral securities which are valued daily to ensure that the fair market value, including accrued interest, is at least equal, at all times, to the repurchase price. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to legal proceedings.

**Short Sales** - The Fund may sell a security it does not own in anticipation of a decline in the fair value of the security. When the Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in size, will be recognized upon the termination of a short sale.

**Futures Contracts** - The Fund may engage in transactions in futures contracts. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuation of the value of the contract. The daily change in the contract is included in unrealized appreciation/depreciation on investments and futures contracts. The Fund realizes a gain or loss when the contract is closed. Futures transactions sometimes may reduce returns or increase volatility. In addition, futures can be illiquid and highly sensitive to changes in their underlying security, interest rate or index, and as a result can be highly volatile. A small investment in certain futures could have a potentially large impact on the Fund's performance.

## Notes to Financial Statements - December 31, 2006 (Continued)

**Security Transactions** - Investment transactions are accounted for on the trade date (the date the order to buy or sell is executed). Dividend income and distributions to shareholders are recorded on the ex-dividend date and interest income is recorded on the accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

**Expenses** - Certain expenses are applicable to multiple funds. Expenses directly attributable to the Fund are charged to the Fund. Expenses borne by the complex of related investment companies, which includes open end and closed end investment companies for which the Investment Manager and its affiliates serve as investment manager, that are not directly attributed to the Fund, are allocated among the Fund and the other investment companies in the complex on the basis of relative net assets, except where a more appropriate allocation of expenses to each investment company in the complex can otherwise be made fairly.

**Expense Reduction Arrangement** - Through arrangements with the Fund's custodian and cash management bank, credits realized as a result of uninvested cash balances were used to reduce custody and transfer agency expenses, respectively. For financial reporting purposes, the Fund included these credits as expense reductions in the Statement of Operations.

**Use of Estimates** - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes** - No provision has been made for U.S. income taxes because the Fund's current intention is to continue to qualify as a regulated investment company under the Internal Revenue Code and to distribute to its shareholders substantially all of its taxable income and net realized gains. Foreign securities held by the Fund may be subject to foreign taxation. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests.

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

### 2. Fees and Transactions with Related Parties

The Fund retains CEF Advisers, Inc. as its Investment Manager pursuant to an Investment Management Agreement ("IMA"). Under the terms of the IMA, the Investment Manager receives a management fee, payable monthly, based on the average daily net assets of the Fund at the annual rate of 1/2 of 1% per annum. Certain officers and directors of the Fund are officers and directors of the Investment Manager. Pursuant to the IMA, the Fund reimburses the Investment Manager for providing at cost certain administrative services comprised of compliance and accounting services.

For the year ended December 31, 2006, the Fund incurred total administrative cost of \$17,622, comprised of \$9,861 and \$7,761 for compliance and accounting services, respectively. Of the 2,602,847 shares of Fund common stock outstanding at December 31, 2006, Investor Service Center, Inc., an affiliate of the Investment Manager, owned 24.4%.

## Notes to Financial Statements - December 31, 2006 (continued)

### 3. Distributable Earnings

At December 31, 2006, the Fund had a net capital loss carryover of \$15,691,817, of which \$7,884,812, \$6,343,522, \$414,304, \$837,334, and \$211,845 expires in 2008, 2009, 2010, 2011, and 2013, respectively, that may be used to offset future realized capital gains for federal income tax purposes.

As of December 31, 2006, the components of distributable earnings on a tax basis were as follows:

Capital loss carryover	\$(15,691,817)
Post-October net capital losses	-
Unrealized appreciation	<u>521,018</u>
	<u><u>\$(15,170,799)</u></u>

Federal income tax regulations permit Post-October net capital losses to be deferred and recognized on the tax return of the next succeeding taxable year.

Accounting principles generally accepted in the United States of America require certain components of net assets to be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended December 31, 2006, the Fund reclassified \$99,181 from accumulated investment loss to paid-in capital.

### 4. Investment Transactions

Purchases and sales of investment securities (excluding short term investments) aggregated \$9,193,774 and \$8,549,146, respectively, for the year ended December 31, 2006. At December 31, 2006, for federal income tax purposes the aggregate cost of securities was \$8,036,705 and net unrealized appreciation was \$521,018, comprised of gross unrealized appreciation of \$1,350,418 and gross unrealized depreciation of \$829,400.

#### (a) Illiquid and Restricted Securities

The Fund owns securities which have a limited trading market and/or certain restrictions on trading and, therefore, may be illiquid and/or restricted. Such securities have been valued at fair value in accordance with the procedures described in Note 1. Due to the inherent uncertainty of valuation, these values may differ from the values that would have been used had a ready market for these securities existed and these differences could be material. Illiquid and/or restricted securities owned at December 31, 2006, were as follows:

Security	Acquisition Date	Cost	Value
Farallon Resources Ltd. Units*	12/12/06	\$171,726	\$180,356
Strategic Resource Acquisition Special Warrants	12/06/06	174,398	111,713
Safety Intelligence Systems Corp.	9/05/02	<u>225,000</u>	<u>-</u>
		<u>\$571,124</u>	<u>\$292,069</u>
Percent of net assets		<u>7.6%</u>	<u>3.9%</u>

\* Each unit consists of one common share and one-half of one common share purchase warrant.

## Notes to Financial Statements - December 31, 2006 (concluded)

### 5. Bank Line of Credit

The Fund, Global Income Fund, Inc., Midas Fund, Inc., and Midas Special Fund, Inc. (the "Borrowers") have entered into a committed secured line of credit facility with State Street Bank & Trust Company ("Bank"), the Fund's custodian. Global Income Fund, Inc. is a closed end investment company managed by the Investment Manager, and Midas Fund, Inc. and Midas Special Fund, Inc. are open end investment companies managed by an affiliate of the Investment Manager. The aggregate amount of the line of credit is \$25,000,000, which was renewed and increased from \$9,000,000, effective June 15, 2006. The borrowing of each Borrower is collateralized by the underlying investments of such Borrower. The Bank will make revolving loans to a Borrower not to exceed in the aggregate outstanding at any time with respect to any one Borrower, the least of \$25,000,000, the maximum amount permitted pursuant to each Borrower's investment policies, or as permitted under the Act. The commitment fee on this facility is 0.10% per annum on the unused portion of the commitment, based on a 360-day year. All loans under this facility will be available at the Borrower's option of (i) overnight Federal funds or (ii) LIBOR (30, 60, 90 days), each as in effect from time to time, plus 0.75% per annum, calculated on the basis of actual days elapsed for a 360-day year. For the year ended December 31, 2006, the average daily interest rate was 5.60% based on the balances outstanding during the period and the weighted average amount outstanding during the period was \$535,668. The line of credit balance outstanding at December 31, 2006 was \$958,215, collateralized by investment securities with a market value of approximately \$4,800,000.

### 6. Recently Issued Accounting Standards

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109, Accounting for Income Taxes." FIN 48 establishes a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. FIN 48 to be implemented no later than June 29, 2007, and is to be applied to all open tax years as of the date of effectiveness. The FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"), in September 2006, which is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value, and expands the required financial statement disclosures about fair value measurements. Management is currently evaluating the impact of adopting FIN 48 and FAS 157.

## FINANCIAL HIGHLIGHTS

	<u>Year Ended 12/31/06</u>	<u>Year Ended 12/31/05</u>	<u>Year Ended 12/31/04</u>	<u>Year Ended 12/31/03</u>	<u>Nine Months Ended 12/31/02</u>	<u>Year Ended 3/31/02</u>
<b>Per Share Operating Performance</b>						
Net asset value at beginning of period .....	<u>\$2.50</u>	<u>\$2.57</u>	<u>\$2.75</u>	<u>\$2.59</u>	<u>\$3.27</u>	<u>\$3.77</u>
Income from investment operations:						
Net investment loss .....	(.04)	(.17)	(.11)	(.10)	(.04)	(.08)
Net realized and unrealized gain (loss) on investments .....	.44	.10	(.07)	.26	(.64)	(.16)
Total from investment operations.....	<u>.40</u>	<u>(.07)</u>	<u>(.18)</u>	<u>.16</u>	<u>(.68)</u>	<u>(.24)</u>
Less distributions:						
Distributions to shareholders .....	—	—	—	—	—	(.26)
Net asset value at end of year .....	<u>\$2.90</u>	<u>\$2.50</u>	<u>\$2.57</u>	<u>\$2.75</u>	<u>\$2.59</u>	<u>\$3.27</u>
Market value at end of year.....	<u>\$2.41</u>	<u>\$2.05</u>	<u>\$2.22</u>	<u>\$2.40</u>	<u>\$2.07</u>	<u>\$3.00</u>
<b>Total Investment Return (a)</b>						
Based on net asset value .....	<u>16.00%</u>	<u>(2.72)%</u>	<u>(6.55)%</u>	<u>6.18%</u>	<u>(20.80)%</u>	<u>(6.65)%</u>
Based on market price.....	<u>17.56%</u>	<u>(7.66)%</u>	<u>(7.50)%</u>	<u>15.94%</u>	<u>(31.00)%</u>	<u>(2.06)%</u>
<b>Ratio/Supplemental Data</b>						
Net assets at end of year (000's omitted) .....	<u>\$7,560</u>	<u>\$6,513</u>	<u>\$6,699</u>	<u>\$7,151</u>	<u>\$6,731</u>	<u>\$8,503</u>
Ratio of total expenses to average net assets.....	<u>2.34%</u>	<u>7.76%</u>	<u>5.27%</u>	<u>4.39%</u>	<u>4.70%<sup>(b)</sup></u>	<u>3.17%</u>
Ratio of net expenses to average net assets.....	<u>2.33%</u>	<u>7.76%</u>	<u>5.27%</u>	<u>4.39%</u>	<u>4.70%<sup>(b)</sup></u>	<u>3.17%</u>
Ratio of net expenses excluding loan interest and fees to average net assets.....	<u>1.90%</u>	<u>7.54%</u>	<u>5.19%</u>	<u>4.39%</u>	<u>4.70%<sup>(b)</sup></u>	<u>3.17%</u>
Ratio of net investment loss to average net assets.....	<u>(1.44)%</u>	<u>(6.78)%</u>	<u>(4.31)%</u>	<u>(3.91)%</u>	<u>(3.30)%<sup>(b)</sup></u>	<u>(2.41)%</u>
Portfolio turnover rate .....	<u>110.67%</u>	<u>26.92%</u>	<u>164.08%</u>	<u>75.39%</u>	<u>267.87%</u>	<u>89.31%</u>

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

(b) Annualized.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Foxby Corp.:

We have audited the accompanying statement of assets and liabilities of Foxby Corp. (the "Fund"), including the schedule of portfolio investments as of December 31, 2006, the related statements of operations and of cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the four years in the period then ended and the nine months ended December 31, 2002, and the year ended March 31, 2002. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2006 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Foxby Corp. as of December 31, 2006, the results of its operations, and cash flows, the changes in its net assets, and the financial highlights for the periods noted above, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
February 23, 2007

## **PRIVACY POLICY**

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

## **DIVIDEND REINVESTMENT PLAN**

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

## **PROXY VOTING**

The Fund's Proxy Voting Guidelines (the "Guidelines"), as well as its voting record for the 12 months ended June 30, are available without charge by calling the Fund collect at 1-212-344-6310, and on the SEC's website at [www.sec.gov](http://www.sec.gov). The Guidelines are also posted on the Fund's website at [www.foxbycorp.com](http://www.foxbycorp.com).

## **QUARTERLY HOLDINGS**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov>. The Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund makes the Forms N-Q available to shareholders on its website at [www.foxbycorp.com](http://www.foxbycorp.com).

## WWW.FOXBYCORP.COM

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

## FUND INFORMATION

### Investment Manager

CEF Advisers, Inc.  
11 Hanover Square  
New York, NY 10005  
1-212-344-6310

### Stock Transfer Agent and Registrar

American Stock Transfer & Trust Co.  
59 Maiden Lane  
New York, NY 10038  
1-800-278-4353  
[www.amstock.com](http://www.amstock.com)

### Internet

[www.foxbycorp.com](http://www.foxbycorp.com)  
email: [info@foxbycorp.com](mailto:info@foxbycorp.com)

### Custodian

State Street Bank & Trust Co.  
801 Pennsylvania Avenue  
Kansas City, MO 64105

## RESULTS OF THE ANNUAL MEETING

The Fund's Annual Meeting was held on September 6, 2006 at the office of the Fund at 11 Hanover Square, New York, New York for the purpose of electing the following director to serve as follows with the votes received as set forth below:

<u>Director</u>	<u>Class</u>	<u>Term</u>	<u>Expiring*</u>	<u>Votes For</u>	<u>Votes Withheld</u>
Thomas B. Winmill	IV	4 years	2010	2,463,159	60,384

\* And until his successor is duly elected and qualifies. Directors whose term of office continued after the meeting are , James E. Hunt (Class I), Bruce B. Huber (Class II), and Peter K. Werner (Class III).

## DIRECTORS AND OFFICERS

The following table sets forth certain information concerning the other Directors currently serving on the Board of the Fund. Unless otherwise noted, the address of record for the directors and officers is 11 Hanover Square, New York, New York 10005. Each Director who is deemed to be an “interested person” because he is an “affiliated person” as defined in the Act, is indicated by an asterisk.

Name, Position(s) Held with Fund, Term of Office, Principal Occupation for Past Five Years, and Age	Director Since	Number of Portfolios in Investment Company Complex Overseen by Director	Other Public Company Directorships Held by Director*
<b>Class I term expires 2007:</b>			
JAMES E. HUNT - He is a Limited Partner of Hunt, Howe Partners LLC executive recruiting consultants. He was born on December 14, 1930.	2004	5	0
<b>Class II term expires 2008:</b>			
BRUCE B. HUBER, CLU, ChFC, MSFS - Retired. He is a former Financial Representative with New England Financial, specializing in financial, estate and insurance matters. He is a member of the Board, emeritus, of the Millbrook School, and Chairman of the Endowment Board of the Community YMCA of Red Bank, NJ. He was born on February 7, 1930.	2004	5	0
<b>Class III term expires 2009:</b>			
PETER K. WERNER - Since 1996, he has been teaching, coaching and directing a number of programs at The Governor's Academy of Byfield, MA. Currently, he serves as chair of the History Department. Previously, he held the position of vice president in the the Fixed Income Departments of Lehman Brothers and First Boston. His responsibilities included trading sovereign debt instruments, currency arbitrage, syndication, medium term note trading, and money market trading. He was born on August 16, 1959.	2002	5	0
<b>Class IV term expires 2010:</b>			
THOMAS B. WINMILL* - He is President, Chief Executive Officer, and General Counsel of the Fund, the Investment Manager, as well as the other investment companies (collectively, the “Investment Company Complex”) advised by the Investment Manager and its affiliates, and of Winmill & Co. Incorporated and its affiliates (“WCI”). He is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute. He was born on June 25, 1959.	2002	5	Bexil Corporation

\* He is an “interested person” of the Fund as defined in the Act due to his affiliation with the Investment Manager.

\*\* Refers to directorships held by a director in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any company registered as an investment company under the Act.

Messrs. Huber, Hunt, and Werner also serve on the Audit and Nominating Committees of the Board. Mr. Winmill also serves on the Executive Committee of the Board.

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

<u>Name and Age</u>	<u>Position(s) Held with Fund, Term of Office<sup>(1)</sup>, Principal Occupation for the Past 5 years</u>
Thomas O'Malley Born on July 22, 1958	Chief Accounting Officer, Chief Financial Officer, Treasurer and Vice President since 2005. He is also Chief Accounting Officer, Chief Financial Officer, and Vice President of the Investment Company Complex, the Investment Manager, and WCI. Previously, he served as Assistant Controller of Reich & Tang Asset Management, LLC, Reich & Tang Services, Inc., and Reich & Tang Distributors, Inc. He is a certified public accountant.
John F. Ramirez Born on April 29, 1977	Secretary and Chief Compliance Officer since 2005. He is also Secretary and Chief Compliance Officer of the Investment Company Complex, the Investment Manager, and WCI. He previously served as Compliance Administrator and Assistant Secretary of the Investment Company Complex, the Investment Manager, and WCI. He is a member of the Society of Corporate Secretaries and Governance Professionals and the Chief Compliance Officer Committee and the Compliance Advisory Committee of the Investment Company Institute.

<sup>(1)</sup> Officers hold their positions with the Fund until a successor has been duly elected and qualifies. Officers are generally elected annually at the December meeting of the Board of Directors. The officers were last elected on December 13, 2006.

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



# **FOXBY CORP.**

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11 Hanover Square

New York, NY 10005

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