



RENN Fund, Inc.

Annual Report

December 31, 2021

RENN FUND, INC.

TABLE OF CONTENTS

DECEMBER 31, 2021

Shareholder Letter	1
Performance Summary	2
Consolidated Financial Statements:	
Consolidated Schedule of Investments	3
Consolidated Statement of Assets and Liabilities	6
Consolidated Statement of Operations	7
Consolidated Statements of Changes in Net Assets	8
Consolidated Statement of Cash Flows	9
Consolidated Financial Highlights	10
Consolidated Notes to Financial Statements	11
Report of Independent Registered Public Accounting Firm	21
Other Information	22
Directors and Officers	25
Service Providers	27

RENN FUND, INC.

SHAREHOLDER LETTER

DECEMBER 31, 2021 (UNAUDITED)

Dear Shareholders,

We are pleased to present the RENN Fund, Inc. (“Fund”) Annual Report Commentary for the 12-month period ended December 31, 2021. The companies in the portfolio rebounded sharply off 2020 levels during the past year, as the long-term demand outlook for many of the top holdings has improved markedly compared to early 2020. This is not to be conflated with companies in the so called “digital economy”, which experienced a one-time benefit resulting from the travel and social gathering restrictions during the pandemic. We believe that these businesses are already showing signs of material operational deterioration, while other “old economy” companies are only beginning to experience an operational inflation. To this end, we increased our position sizing, and initiated new positions during the year which have exposure to this dynamic.

Apyx Medical Corporation (“Apyx”) rose sharply during the year, as its consolidated revenue is estimated to have grown 74% for the year, but the core alternative energy business growth is estimated at 92.5%.¹ The topline growth figure is lower due to the legacy original equipment manufacturing (“OEM”) segment that is still subject to a contractual agreement. The core business growth was driven by higher adoption of the J-Plasma technology for cosmetic applications, where the technology is branded as Renuvion. The revenue growth is driven by the generator equipment, which is a one-time purchase for a list price of \$85,000, but future recurring revenue is related to the hand pieces (required for each procedure) which list at \$425 per unit. Thus, as the installed base of generators grows, the recurring revenue of the hand pieces will ramp as well. The other growth driver will be approval of J-Plasma for new applications within the cosmetic surgery market. The addressable market will grow with each newly approved procedure, both domestically and internationally. The sustained growth of the business can potentially result in positive cash flow generation in the year ahead.

Texas Pacific Land Corporation (“TPL”) also appreciated significantly during the year, as both its production and the price levels of oil and gas surged from pandemic lows. Total net production for the first nine months of the year grew to approximately 17,500 barrels of oil equivalent per day, which annualizes to nearly 6.4 million barrels on an annual basis. Production growth was approximately 10% year-over-year, which compares favorably to peer companies and operators, but royalty revenue grew nearly 100% over this time period, largely as a result of an 81.5% increase in the realized price per barrel. Concurrently, the water business grew 7% year-over-year, slightly lagging the production figure, but leading its peer companies. We believe that the overall growth rate of activity is set to increase sharply in 2022 and to be sustained for 4-5 years thereafter. This growth, which should have a multiplier effect on water and land revenues, is not fully appreciated by the marketplace. We believe that the corporate conversion, which occurred on January 11, 2021, will gradually broaden the investor base over time.

FitLife Brands continues to overachieve in its turnaround, which commenced with a new corporate strategy and management team in early 2018. Shares have appreciated by over a factor of 15x during this time, as the new management has returned the business to profitable growth; whereas, the previous business model could achieve revenue growth, but absent profitability. Revenues for the first nine months of the year grew approximately 33% year-over-year, and gross margins expanded nearly 200 basis points to 45.6%. The growth rate was curtailed by the bankruptcy of the largest nutritional supplement retailer in the country (GNC), but the company has thrived with online sales and new wholesalers, including Walmart, CVS, Walgreen’s, and Vitamin Shoppe. The company is now achieving strong free cash flow levels, growing as much as 80% year-over-year in 2021, and is seeking to expand into growth verticals such as daily nutrition and supplements.

In addition to the core fund holdings, there are a variety of new positions in “hard asset” companies, which we believe will benefit from what is likely to be a sustained period of rising price levels (inflation). The fund has also added private investments in a novel investment vehicle that is seeking to commoditize diamonds for investment for the first time, and an emergent securities exchange platform. These businesses similarly fit our intermediate to long-term outlook for higher price levels and financial market activity.

We remain constructive regarding the year ahead, but also recognize that global central banks are likely to attempt to tighten financial conditions, both by decreasing/ceasing open market asset purchases and by raising interest rates. This will almost certainly create volatility in equity and debt markets, which will create long-term opportunities to increase our positions. It is not clear whether the global economy can withstand lower liquidity and higher interest rates, even though policy conditions will still be accommodative on a relative basis under these conditions.

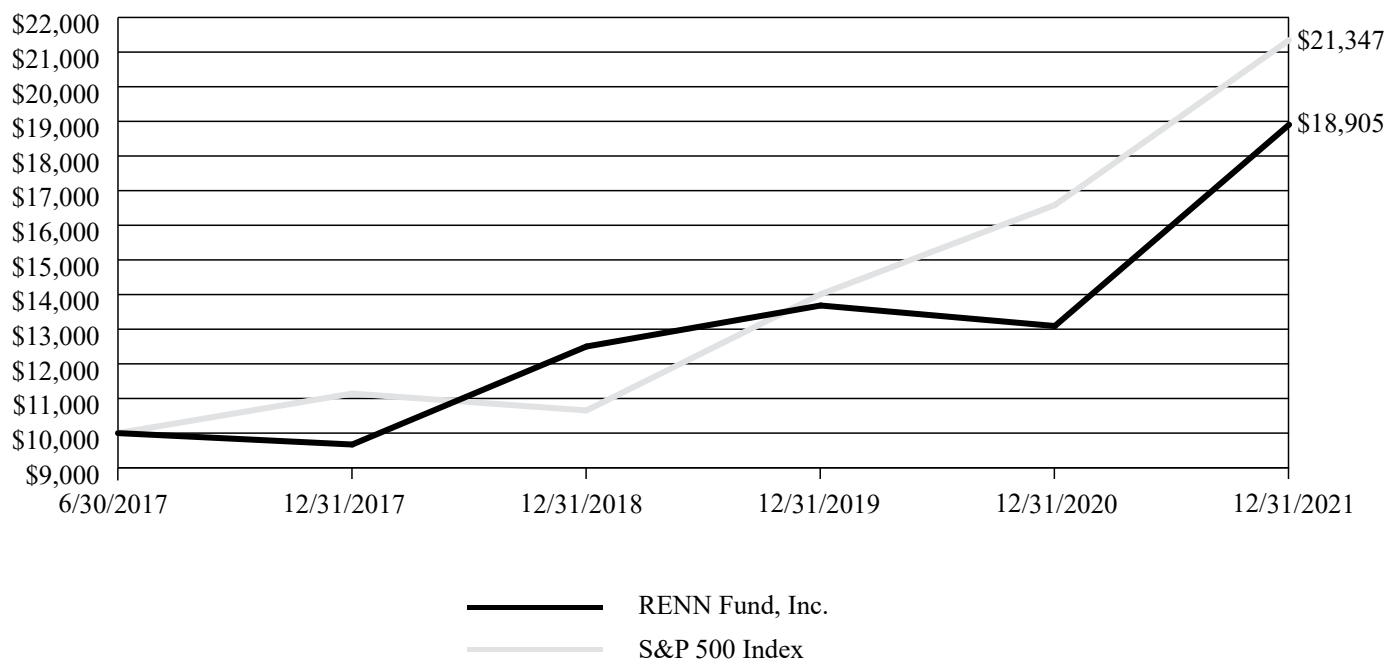
¹ Growth figures based on company’s full year earnings pre-announcement

RENN FUND, INC.

PERFORMANCE SUMMARY

DECEMBER 31, 2021 (UNAUDITED)

Comparison of a Hypothetical \$10,000 Investment in the RENN Fund, Inc. and the S&P 500 Index* For the Period July 1, 2017* through December 31, 2021



Average Annual Total Returns For the periods ended December 31, 2021

	One Year	Average Annual Since Inception*
RENN Fund, Inc.	44.40%	15.19%
S&P 500 Index	28.71%	18.35%

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

* Horizon Kinetics Asset Management LLC began serving as the Fund's investment advisory on July 1, 2017. Previous periods during which time the Fund was advised by another investment advisor are not shown.

Fund plot points and total returns are based on net change in NAV, assuming reinvestment of distributions. The Fund's results as shown are net of fees. The performance included in the chart and graph does not reflect the deduction of taxes on Fund distributions or the redemption of Fund shares.

The S&P 500 Index is unmanaged and its returns assume reinvestment of dividends and do not reflect deduction of fees and expenses. Investors cannot invest directly in an index.

RENN FUND, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
AS OF DECEMBER 31, 2021

Shares or Principal Amount	Company	Cost	Value	Shares	Company	Cost	Value
MONEY MARKET FUNDS – 20.79%				COMMON EQUITIES – 78.46% (Continued)			
83,801	Fidelity Government Cash Reserves Portfolio - Institutional Class, 0.01% .	\$ 83,801	\$ 83,801	<i>Medicinal Chemicals and Botanical Products – 7.28%</i>			
3,445,884	Fidelity Investment Money Market Funds Government Portfolio - Institutional Class, 0.01% .	3,445,884	3,445,884	77,228	FitLife Brands, Inc. ⁽²⁾	\$9,131,688	\$1,235,648
Total Money Market Funds				<i>Oil and Gas – 15.11%</i>			
		3,529,685	3,529,685	700	Permian Basin Royalty Trust	6,500	7,070
CONVERTIBLE BONDS – 0.00%				808,445	PetroHunter Energy Corporation ⁽¹⁾⁽²⁾⁽⁵⁾	101,056	—
<i>Oil and Gas – 0.00%</i>				16,300	PrairieSky Royalty Ltd. ⁽⁴⁾	193,455	175,628
1,000,000	PetroHunter Energy Corporation 8.50% Maturity 12/31/2014 ⁽¹⁾⁽²⁾⁽⁵⁾ ..	727,396	—	1,908	Texas Pacific Land Corp.	1,079,739	2,382,844
Total Convertible Bonds						1,380,750	2,565,542
		727,396	—	<i>Other Financial Investment Activities – 0.04%</i>			
COMMON EQUITIES – 78.46%				100	CF Acquisition Corp. VI – Class A. ⁽²⁾	1,206	1,083
<i>Accommodations – 0.40%</i>				1	Morgan Group Holding Co. ⁽²⁾	16	2
3,500	Civeo Corp. ⁽²⁾	125,190	67,095	550	Power & Digital Infrastructure Acquisition Corp. – Class A. ⁽²⁾	7,513	6,023
<i>Aerospace & Defense – 0.02%</i>						8,735	7,108
20	Boeing Co. ⁽²⁾	4,267	4,027	<i>Real Estate – 0.40%</i>			
<i>Asset Management – 1.21%</i>				3,600	Tejon Ranch Co. ⁽²⁾	68,859	68,688
700	Associated Capital Group, Inc. - Class A	29,081	30,100	<i>Securities and Commodity Exchanges – 0.79%</i>			
7,050	Gamco Investors, Inc.	188,529	176,109	240	Intercontinental Exchange, Inc.	30,806	32,825
		217,610	206,209	14,000	Miami International Holdings, Inc. ⁽¹⁾⁽²⁾⁽³⁾	105,000	101,500
<i>Diversified Financial Services – 0.19%</i>						135,806	134,325
1,800	Galaxy Digital Holdings Ltd. ⁽²⁾⁽⁴⁾	31,086	32,229	<i>Securities, Commodity Contracts, and Other Financial Investments and Related Activities – 1.10%</i>			
<i>Marine Shipping – 0.09%</i>				5,460	Grayscale Bitcoin Trust ⁽²⁾	258,912	187,005
300	Clarkson PLC ⁽⁴⁾	16,197	15,755	<i>Surgical & Medical Instruments & Apparatus – 46.44%</i>			
<i>Metal Mining – 3.74%</i>				615,000	Apyx Medical Corp. ⁽²⁾	1,470,958	7,884,300
580	Franco-Nevada Corp.	83,192	80,208	<i>Technology Services – 1.65%</i>			
18,478	Mesabi Trust	496,054	488,189	1,040	CACI International, Inc. – Class A. ⁽²⁾	294,317	279,978
1,560	Wheaton Precious Metals Corp.	65,121	66,971	Total Common Equities			
		644,367	635,368			13,788,742	13,323,277

See accompanying Notes to Consolidated Financial Statements.

RENN FUND, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED) AS OF DECEMBER 31, 2021

Shares	Company	Cost	Value
EXCHANGE TRADED FUNDS – 0.05%			
124	ProShares Short VIX Short-Term Futures ETF ⁽²⁾	\$ 7,201	\$ 7,632
Total Exchange Traded Funds...		<u>7,201</u>	<u>7,632</u>
PREFERRED STOCKS – 0.29%			
8,333	Diamond Standard, Inc. ⁽¹⁾⁽²⁾⁽³⁾ ..	50,000	50,000
Total Preferred Stocks		<u>50,000</u>	<u>50,000</u>
WARRANTS – 0.02%			
2,132	Miami International Holdings, Inc., Exercise Price: \$7.50, Expiration Date: March 31, 2026 ⁽¹⁾⁽²⁾⁽³⁾	—	3,262
TOTAL INVESTMENTS – 99.61%		\$18,103,024	\$16,913,856
OTHER ASSETS LESS			
LIABILITIES – 0.39%			<u>65,437</u>
NET ASSETS – 100.00%			<u>\$16,979,293</u>

Shares	Company	Proceeds	Value
SECURITIES SOLD SHORT – 0.00%			
EXCHANGE TRADED FUNDS – 0.00%			
(12)	Direxion Daily Gold Miners Index Bear 2X Shares ETF	\$ (202)	\$ (227)
(12)	Direxion Daily Junior Gold Miners Index Bear 2X Shares ETF	(123)	(130)
(7)	ProShares Ultra VIX Short-Term Futures ETF ⁽²⁾	(1,102)	(87)
Total Exchange Traded Funds ...		<u>(1,427)</u>	<u>(444)</u>
TOTAL SECURITIES SOLD SHORT – 0.00%			
		\$ (1,427)	\$ (444)

⁽¹⁾ See Annual Report Note 5 - Fair Value Measurements.

⁽²⁾ Non-Income Producing.

⁽³⁾ Diamond Standard, Inc. and Miami International Holdings, Inc. are each currently a private company. These securities are illiquid and valued at fair value.

⁽⁴⁾ Foreign security denominated in U.S. Dollars.

⁽⁵⁾ The PetroHunter Energy Corporation (“PetroHunter”) securities are in bankruptcy. The securities are valued at fair value.

See accompanying Notes to Consolidated Financial Statements.

RENN FUND, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED) AS OF DECEMBER 31, 2021

Security Type/Sector	Percent of Total Net Assets
Money Market Funds	20.79%
Convertible Bonds	0.00%
Common Equities	
Accommodations	0.40%
Aerospace & Defense	0.02%
Asset Management	1.21%
Diversified Financial Services	0.19%
Marine Shipping	0.09%
Metal Mining	3.74%
Medicinal Chemicals and Botanical Products	7.28%
Oil and Gas	15.11%
Other Financial Investment Activities	0.04%
Real Estate	0.40%
Securities and Commodity Exchanges	0.79%
Securities, Commodity Contracts and Other Financial Investments and Related Activities	1.10%
Surgical & Medical Instruments & Apparatus	46.44%
Technology Services	1.65%
Total Common Equities	78.46%
Exchange Traded Funds	0.05%
Preferred Stocks	0.29%
Warrants	0.02%
Total Investments	99.61%
Other Assets Less Liabilities	0.39%
Total Net Assets	100.00%

See accompanying Notes to Consolidated Financial Statements.

RENN FUND, INC.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 2021

ASSETS

Investments in securities, at value (cost \$18,103,024)	\$	16,913,856
Cash		158,794
Cash held at broker		5,414
Dividends and interest receivable		1,290
Prepaid expenses and other assets		355
Total assets		<u>17,079,709</u>

LIABILITIES

Securities sold short, at value (proceeds \$1,427)		444
Payables:		
Auditing fees		37,000
Printing and postage		10,953
Legal expense		7,639
Investment securities purchased		1,924
Fund administration and accounting fees		27,408
Custody fees		7,050
Transfer agent fees and expenses		5,205
Accrued other expenses		2,793
Total liabilities		<u>100,416</u>

NET ASSETS **\$ 16,979,293**

Paid-in-capital 31,188,099

Total accumulated deficit (14,208,806)

NET ASSETS **\$ 16,979,293**

Shares outstanding no par value (unlimited shares authorized) **5,951,956**

Net asset value, offering and redemption price per share **\$ 2.85**

Market Price Per Common Share **\$ 2.65**

Market Price (Discount) to Net Asset Value Per Common Share **(7.02)%**

See accompanying Notes to Consolidated Financial Statements.

RENN FUND, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

INVESTMENT INCOME

Income

Dividends (net of withholding tax of \$8,726)	\$ 69,185
Interest	<u>411</u>
Total investment income	<u>69,596</u>

Expenses

Fund accounting and administration fees	82,211
Professional fees	40,639
Shareholder reporting fees	27,721
Transfer agent fees and expenses	26,286
Custody fees	23,610
Stock exchange listing fees	17,500
Miscellaneous expenses	11,112
Insurance fees	1,439
Interest on securities sold short	<u>37</u>
Total expenses	<u>230,555</u>
Net investment loss	<u>(160,959)</u>

Net Realized and Unrealized Loss:

Net realized gain (loss) on:

Investments	434,663
Short term capital gain on exchange traded fund	36
Foreign currency transactions	<u>(50)</u>
Net realized gain	<u>434,649</u>
Net change in unrealized appreciation/depreciation on:	
Investments	4,981,674
Securities sold short	318
Foreign currency translations	<u>9</u>
Net change in unrealized appreciation/depreciation	<u>4,982,001</u>
Net realized and unrealized gain	<u>5,416,650</u>

Net Increase in Net Assets from Operations	<u>\$ 5,255,691</u>
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See accompanying Notes to Consolidated Financial Statements.

RENN FUND, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
INCREASE (DECREASE) IN NET ASSETS FROM		
Operations		
Net investment loss	\$ (160,959)	\$ (167,696)
Net realized gain (loss) on investments, securities sold short, short term capital gain on exchange traded fund and foreign currency transactions	434,649	(21,276)
Net change in unrealized appreciation/(depreciation) on investments, securities sold short, and foreign currency translations	<u>4,982,001</u>	<u>(309,029)</u>
Net increase (decrease) resulting from operations	<u>5,255,691</u>	<u>(498,001)</u>
Distributions to Shareholders		
From net investment income	<u>(134,526)</u>	<u>—</u>
Net decrease resulting from distributions	<u>(134,526)</u>	<u>—</u>
Total increase (decrease) in net assets	<u>5,121,165</u>	<u>(498,001)</u>
Net Assets		
Beginning of period	<u>11,858,128</u>	<u>12,356,129</u>
End of period	<u>\$ 16,979,293</u>	<u>\$ 11,858,128</u>

See accompanying Notes to Consolidated Financial Statements.

RENN FUND, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

Increase/(Decrease) in Cash:

Cash flows provided by (used for) operating activities:	
Net increase in net assets resulting from operations	\$ 5,255,691
Adjustments to reconcile net decrease in net assets from operations to net cash provided by operating activities:	
Change in money market funds, net	1,136,828
Purchase of investment securities	(2,477,306)
Proceeds from sale of investment securities	1,649,484
Proceeds from securities sold short	87
Return of capital received	90,868
Increase in dividends and interest receivable	(970)
Decrease in prepaid expenses and other assets	2,810
Decrease in investment securities purchased payable	(8,807)
Increase in accrued expenses	28,197
Net change in unrealized appreciation/depreciation on securities	(4,981,992)
Net realized gain on investments and securities sold short	<u>(434,663)</u>
Net cash provided by operating activities	<u>260,227</u>
Cash flows used for financing activities:	
Distributions paid to shareholders	<u>(134,526)</u>
Net cash used for financing activities	<u>(134,526)</u>
Net increase in cash	<u>125,701</u>
Cash and cash equivalents	
Beginning cash balance	32,843
Beginning cash held at broker	<u>5,664</u>
Total beginning cash and cash equivalents	<u>38,507</u>
Ending cash balance	158,794
Ending cash held at broker	<u>5,414</u>
Total ending cash and cash equivalents	<u>\$ 164,208</u>

See accompanying Notes to Consolidated Financial Statements.

RENN FUND, INC.

CONSOLIDATED FINANCIAL HIGHLIGHTS⁽⁵⁾

For a capital share outstanding throughout each period

For the Year Ended December 31,

	2021	2020	2019	2018	2017
Net asset value, beginning of period	\$ 1.99	\$ 2.08	\$ 1.90	\$ 1.47	\$ 1.64
Income from Investment Operations:					
Net investment loss ⁽¹⁾	(0.03)	(0.03)	(0.02)	(0.04)	(0.08)
Net realized and unrealized gain (loss) on investments	0.91	(0.06)	0.40	0.47	(0.09)
Total from investment operations	0.88	(0.09)	0.38	0.43	(0.17)
Less Distributions:					
From net investment income	(0.02)	—	—	—	—
Total distributions	(0.02)	—	—	—	—
Capital Share Transactions					
Dilutive effect of rights offering	—	—	(0.20) ⁽²⁾	—	—
Net asset value, end of period	\$ 2.85	\$ 1.99	\$ 2.08	\$ 1.90	\$ 1.47
Per-share market value, end of period	\$ 2.65	\$ 1.71	\$ 1.64	\$ 1.49	\$ 1.50
Total net asset value return ⁽³⁾	44.40%	(4.33%)	9.47%	29.25%	(10.37%)
Total market value return ⁽³⁾	56.40%	4.25%	10.07%	(0.93%)	22.95%
Ratios and Supplemental Data					
Net assets, end of period (in thousands)	\$ 16,979	\$ 11,858	\$ 12,356	\$ 8,476	\$ 6,546
Ratio of expenses to average net assets	1.45%	2.35%	2.03%	2.89%	5.99% ⁽⁴⁾
Ratio of net investment loss to average net assets	(1.01%)	(1.64%)	(0.98%)	(2.06%)	(5.60%) ⁽⁴⁾
Portfolio turnover rate	14%	1%	1%	12%	7%

⁽¹⁾ Based on average shares outstanding for the period.

⁽²⁾ Represents the impact of the Fund's rights offering of 1,487,989 common shares in February 2019 at a subscription price based on a formula. See Note 10 for more information.

⁽³⁾ Total net asset value return measures the change in net asset value per share over the period indicated. Total market value return is computed based upon the Fund's unrounded New York Stock Exchange market price per share and excludes the effects of brokerage commissions. Dividends and distributions are assumed, for purposes of these calculations, to be reinvested at prices obtained under the Fund's dividend reinvestment plan.

⁽⁴⁾ Average net assets have been calculated based on monthly valuations.

⁽⁵⁾ Consolidated for the years ended December 31, 2021, 2020, 2019 and 2018 only.

See accompanying Notes to Consolidated Financial Statements.

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

Note 1 – Organization

RENN Fund, Inc. (the “Fund”), is a registered, non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”).

The Fund, a Texas corporation, was organized and commenced operations in 1994 and is registered under and pursuant to the provisions of Section 8(a) of the 1940 Act.

The investment objective of the Fund is to provide shareholders with above-market rates of return through capital appreciation and income by a long-term, value oriented investment process that invests in a wide variety of financial instruments, including but not limited to, common stocks, fixed income securities including convertible and non-convertible debt securities or loans, distressed debt, warrants and preferred stock, exchange traded funds and exchange traded notes, and other instruments. In addition, the Fund may sell short stocks, exchange traded funds and exchange traded notes.

Horizon Kinetics Asset Management LLC (“Horizon” or the “Investment Advisor”), a registered investment adviser and wholly owned subsidiary of Horizon Kinetics LLC* (“Horizon Kinetics”), serves as the Fund’s investment manager and is responsible for the Fund’s investment portfolio, subject to the supervision of the Board of Directors. Horizon has served as the Fund’s investment advisor since July 1, 2017.

Note 2 – Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services-Investment Companies”.

(a) Consolidation of Subsidiary

On December 5, 2017, The Renn Fund, Inc. (Cayman) (the “Subsidiary”) was organized as a limited liability company, and is a wholly owned subsidiary of the Fund. The consolidated Schedule of Investments, Statement of Assets and Liabilities, Statement of Operations, Statements of Changes in Net Assets, Statement of Cash Flows and Financial Highlights of the Fund include the accounts of the Subsidiary. All inter-company accounts and transactions have been eliminated in the consolidation for the Fund. The Subsidiary is advised by Horizon and acts as an investment vehicle in order to effect certain investments consistent with the Fund’s investment objectives and policies specified in the Fund’s prospectus and statement of additional information. As of December 31, 2021 total assets of the Fund were \$17,079,709, of which \$811,530, or approximately 4.75%, represented the Fund’s ownership of the Subsidiary.

The Fund can invest up to 25% of its total assets in its Subsidiary. The Subsidiary acts as an investment vehicle in order to invest in commodity-linked, bitcoin, and other cryptocurrency linked instruments consistent with the Fund’s investment objectives and policies. By investing in its Subsidiary, the Fund is indirectly exposed to the risks associated with the Subsidiary’s investments. The investments held by the Subsidiary are generally similar to those that are permitted to be held by the Fund and are subject to the same risks that apply to similar investments if held directly by the Fund. The Subsidiary is not registered under the 1940 Act and is not subject to all the investor protections of the 1940 Act. However the Fund wholly owns and controls its Subsidiary, making it unlikely that the Subsidiary will take action contrary to the interests of the Fund. The Subsidiary will be subject to the same investment restrictions and limitations, and follow the same compliance policies and procedures, as the Fund.

The Subsidiary is an exempted Cayman investment company and as such is not subject to Cayman Islands taxes at the present time. For U.S. income tax purposes, the Subsidiary is a Controlled Foreign Corporation (“CFC”) not subject to U.S. income taxes. As a wholly-owned CFC, however, the Subsidiary’s net income and net capital gains will be included each year in the Fund’s investment company taxable income.

(b) Valuation of Investments

All investments are stated at their estimated fair value, as described in Note 5.

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2021

(c) Investment Transactions, Investment Income and Expenses

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded net of applicable withholding taxes on the ex-dividend date and interest income is recorded on an accrual basis. Withholding taxes on foreign dividends, if applicable, are paid (a portion of which may be reclaimable) or provided for in accordance with the applicable country's tax rules and rates and are disclosed in the consolidated Statement of Operations. Withholding tax reclaims are filed in certain countries to recover a portion of the amounts previously withheld. The Fund records a reclaim receivable based on a number of factors, including a jurisdiction's legal obligation to pay reclaims as well as payment history and market convention. Discounts or premiums on debt securities are accreted or amortized to interest income over the lives of the respective securities using the effective interest method.

(d) Federal Income Taxes

The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income and any net realized gains to its shareholders. Therefore, no provision is made for federal income or excise taxes. Due to the timing of dividend distributions and the differences in accounting for income and realized gains and losses for financial statement and federal income tax purposes, the fiscal year in which amounts are distributed may differ from the year in which the income and realized gains and losses are recorded by the Fund.

The Fund follows the provisions of Accounting Standards Codification ASC 740, Accounting for Uncertainty in Income Taxes (the "Income Tax Statement"), which requires an evaluation of tax positions taken (or expected to be taken) in the course of preparing a Fund's tax returns to determine whether these positions meet a "more-likely-than-not" standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the "more-likely-than-not" recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Consolidated Statement of Operations.

The Income Tax Statement requires management of the Fund to analyze tax positions taken in the prior three open tax years, if any, any tax positions expected to be taken in the Fund's current tax year, as defined by the IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the open tax years ended December 31, 2018 through 2021, and as of and during the year ended December 31, 2021, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

(e) Distributions to Shareholders

The Fund will make distributions of net investment income and capital gains, if any, at least annually. Distributions to shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from GAAP.

The character of distributions made during the year from net investment income or net realized gains may differ from the characterization for federal income tax purposes due to differences in the recognition of income, expense and gain (loss) items for financial statement and tax purposes.

(f) Short Sales

Short sales are transactions under which the Fund sells a security it does not own in anticipation of a decline in the value of that security. To complete such a transaction, the Fund must borrow the security to make delivery to the buyer. The Fund then is obligated to replace the security borrowed by purchasing the security at market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Fund. When a security is sold short a decrease in the value of the security will be recognized as a gain and an increase in the value of the security will be recognized as a loss, which is potentially limitless. Until the security is replaced, the Fund is required to pay the lender amounts equal to dividend or interest that accrue during the period of the loan which is recorded as an expense. To borrow the security, the Fund also may be required to pay a premium or an interest fee, which are recorded as interest expense. Cash or securities may be segregated for the broker to meet the necessary margin requirements. The Fund is subject to the risk that it may not always be able to close out a short position at a particular time or at an acceptable price.

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2021

(g) Short-Term Investments

The Fund invested a significant amount (20.29% of its net assets as of December 31, 2021) in the Fidelity Investment Money Market Government Portfolio Fund (“FIGXX”). FIGXX normally invests at least 99.5% of assets in U.S. government securities and repurchase agreements for those securities. FIGXX invests in compliance with industry-standard regulatory requirements for money market funds for the quality, maturity, and diversification of investments. An investment in FIGXX is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although FIGXX seeks to preserve the value of investment at \$1.00 per share, it is possible to lose money by investing in FIGXX.

FIGXX files complete Semi-Annual and Annual Reports with the U.S. Securities and Exchange Commission for semi-annual and annual periods of each fiscal year on Form N-CSR. The Forms N-CSR are available on the website of the U.S. Securities and Exchange Commission at www.sec.gov, and may also be viewed and copied at the Commission’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The net expense ratio per the March 31, 2021 annual report of Fidelity Investment Money Market Government Portfolio Fund was 0.15%.

Note 3 – Principal Investment Risks

Investing in common stocks and other equity or equity-related securities has inherent risks that could cause you to lose money. Some of the principal risks of investing in the Fund are listed below and could adversely affect the net asset value (“NAV”), total return and value of the Fund and your investment. These are not the only risks associated with an investment in the Fund. Rather, the risks discussed below are certain of the significant risks associated with the investment strategy employed by the Fund. The below does not discuss numerous other risks associated with an investment in the Fund, including risks associated with investments in non-diversified, closed-end registered investment funds generally, other business, operating and tax risks associated with an investment in the Fund, and economic and other risks affecting investment markets generally, all of which are beyond the scope of this discussion.

Liquidity Risks: The Investment Advisor may not be able to sell portfolio securities at an optimal time or price. For example, if the Fund is required or the advisor deems it advisable to liquidate all or a portion of a portfolio security quickly, it may realize significantly less than the value at which the investment was previously recorded.

Private Issuer Risks: In addition to the risks associated with small public companies, limited or no public information may exist about private companies, and the Fund will rely on the ability of our Investment Advisor to obtain adequate information to evaluate the potential returns from investing in these companies. If the Investment Advisor is unable to uncover all material information about these companies, the Fund may not make a fully informed investment decision and may lose money on the investment.

Interest Rate Risk: When interest rates increase, any fixed-income securities held by the Fund may decline in value. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term fixed-income securities. The negative impact on fixed-income securities from the resulting rate increases for that and other reasons could be swift and significant.

Leveraging Risks: Investments in derivative instruments may give rise to a form of leverage. The Investment Advisor may engage in speculative transactions which involve substantial risk and leverage. The use of leverage by the Investment Advisor may increase the volatility of the Fund. These leveraged instruments may result in losses to the Fund or may adversely affect the Fund’s NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. The Fund may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.

Distressed Debt Risks: An investment in distressed debt involves considerable risks, including a higher risk of nonpayment by the debtor. The Fund may incur significant expenses seeking recovery upon default or attempting to negotiate new terms. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, a bankruptcy court might re-characterize the debt held by the Fund and subordinate all or a portion of the Fund’s claim to claims of other creditors, even, in some cases, if the investment is structured as senior secured debt. The bankruptcy process has a number of significant inherent risks, including substantial delays and the risk of loss of all or a substantial portion of the Fund’s investment in the bankrupt entity.

Bitcoin Risk: The value of the Fund’s investment in the Grayscale Bitcoin Trust is subject directly to fluctuations in the value of bitcoins. The value of bitcoins is determined by the supply of and demand for bitcoins in the global market for the trading of bitcoins, which consists of transactions on electronic bitcoin exchanges (“Bitcoin Exchanges”). Pricing on Bitcoin Exchanges and other venues can be volatile and can adversely affect the value of the Grayscale Bitcoin Trust. Currently, there is relatively small use of bitcoins in the retail

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2021

and commercial marketplace in comparison to the relatively large use of bitcoins by speculators, thus contributing to price volatility that could adversely affect the Fund's direct investment in the Grayscale Bitcoin Trust. Bitcoin transactions are irrevocable, and stolen or incorrectly transferred bitcoins may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect the value of the Fund's direct or indirect investment in the Grayscale Bitcoin Trust. Shares of the Grayscale Bitcoin Trust may trade at a premium or discount to the net asset value of the Grayscale Bitcoin Trust.

Short-Selling Risk: The Fund can sell securities short to the maximum extent permitted under the Investment Company Act of 1940 (the "1940 Act"). A short sale by the Fund involves borrowing a security from a lender which is then sold in the open market. At a future date, the security is repurchased by the Fund and returned to the lender. While the security is borrowed, the proceeds from the sale are deposited with the lender and the Fund may be required to pay interest and/or the equivalent of any dividend payments paid by the security to the lender. If the value of the security declines between the time the Fund borrows the security and the time it repurchases and returns the security to the lender, the Fund makes a profit on the difference (less any expenses the Fund is required to pay the lender). There is no assurance that a security will decline in value during the period of the short sale and make a profit for the Fund. If the value of the security sold short increases between the time that the Fund borrows the security and the time it repurchases and returns the security to the lender, the Fund will realize a loss on the difference (plus any expenses the Fund is required to pay to the lender). This loss is theoretically unlimited as there is no limit as to how high the security sold short can appreciate in value, thus increasing the cost of buying that security to cover a short position. The Fund may incur interest or other expenses in selling securities short and such expenses are investment expenses of the Fund.

Investments in Leveraged/Inverse ETFs and ETNs: The Fund may invest long or short in leveraged/inverse ETFs and ETNs. Leveraged/inverse ETFs and ETNs are designed for investors who seek leveraged long or leveraged inverse exposure, as applicable, to the daily performance of an index. These instruments do not guarantee any return of principal and do not pay any interest during their term. In general, investors will be entitled to receive a cash payment, upon early redemption or upon acceleration, as applicable, that will be linked to the performance of an underlying index, plus a daily accrual and less a daily investor fee. Investors should be willing to forgo interest payments and, if the index on which the ETF or ETN is based declines or increases, as applicable, be willing to lose up to 100% of their investment. In many instances a leveraged or inverse ETF or ETN will seek to provide an investor with a corresponding multiple of the index it tracks (e.g., a three times leveraged long ETF that tracks the S&P 500 Index seeks to provide investors with three times the positive rate of return of the S&P 500 Index on a daily basis). Such ETFs and ETNs are very sensitive to changes in the level of their corresponding index, and returns may be negatively impacted in complex ways by the volatility of the corresponding index on a daily or intraday basis.

Note 4 – Investment Advisory Agreement

The Fund entered in to an Investment Advisor Agreement (the "Agreement") with Horizon. Under the Agreement, Horizon is not paid an advisory fee on net assets less than \$25 million and thereafter will charge a management fee of 1.0% on net assets above \$25 million. Horizon performs certain services, including certain management, investment advisory and administrative services necessary for the operation of the Fund.

Note 5 – Fair Value Measurements

Investments are carried at fair value, as determined in good faith by Horizon, subject to the approval of the Fund's Board of Directors. The fair values reported are subject to various risk including changes in the equity markets, general economic conditions, and the financial performance of the companies. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is possible that the amounts reported in the accompanying financial statements could change materially in the near term.

The Fund generally invests in common securities, preferred securities, convertible and nonconvertible debt securities, and warrants. These securities may be unregistered and thinly-to-moderately traded. Generally, the Fund negotiates registration rights at the time of purchase and the portfolio companies are required to register the shares within a designated period, and the cost of registration is borne by the portfolio company.

On a daily basis, as is necessary, Horizon prepares a valuation to determine fair value of the investments of the Fund. The Board of Directors approves the valuation on a quarterly basis. Interim board involvement may occur if material issues arise before quarter end. The valuation principles are described below.

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2021

Unrestricted common stock of companies listed on an exchange, such as the NYSE or NASDAQ, or in the over-the-counter market is valued at the closing price on the date of valuation. Thinly traded unrestricted common stock of companies listed on an exchange, such as the NYSE or NASDAQ, or in the over-the-counter market is valued at the closing price on the date of valuation, less a marketability discount as determined appropriate by the Fund Managers and approved by the Board of Directors.

Restricted common stock of companies listed on an exchange, such as the NYSE or NASDAQ, or in the over-the-counter market is valued based on the quoted price for an otherwise identical unrestricted security of the same issuer that trades in a public market, adjusted to reflect the effect of any significant restrictions.

The unlisted preferred stock of companies with common stock listed on an exchange, such as the NYSE or NASDAQ, or in the over-the-counter market is valued at the closing price of the common stock into which the preferred stock is convertible on the date of valuation.

Debt securities are valued at fair value. The Fund considers, among other things, whether a debt issuer is in default or bankruptcy. It also considers the underlying collateral. Fair value is generally determined to be the greater of the face value of the debt or the market value of the underlying common stock into which the instrument may be converted.

The unlisted in-the-money options or warrants of companies with the underlying common stock listed on an exchange, such as the NYSE or NASDAQ, or in the over-the-counter market are valued at fair value (the positive difference between the closing price of the underlying common stock and the strike price of the warrant or option). An out-of-the money warrant or option has no value; thus the Fund assigns no value to it.

Investments in privately held entities are valued at fair value. If there is no independent and objective pricing authority (i.e., a public market) for such investments, fair value is based on the latest sale of equity securities to independent third parties. If a private entity does not have an independent value established over an extended period of time, then the Investment Advisor will determine fair value on the basis of appraisal procedures established in good faith and approved by the Board of Directors.

The Fund follows the provisions of Accounting Standards Codification ASC 820, Fair Value Measurements, under which the Fund has established a fair value hierarchy that prioritizes the sources (“inputs”) used to measure fair value into three broad levels: inputs based on quoted market prices in active markets (Level 1 inputs); observable inputs based on corroboration with available market data (Level 2 inputs); and unobservable inputs based on uncorroborated market data or a reporting entity’s own assumptions (Level 3 inputs).

The following table shows a summary of investments measured at fair value on a recurring basis classified under the appropriate level of fair value hierarchy as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets				
Convertible Bonds	\$ —	\$ —	\$ —	\$ —
Common Equities	13,221,777	—	101,500	13,323,277
Exchange Traded Funds	7,632	—	—	7,632
Money Market Funds	3,529,685	—	—	3,529,685
Preferred Stocks	—	—	50,000	50,000
Warrants	—	—	3,262	3,262
Total Investments	<u>\$ 16,759,094</u>	<u>\$ —</u>	<u>\$ 154,762</u>	<u>\$ 16,913,856</u>

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2021

	Level 1	Level 2	Level 3	Total
Liabilities				
Securities Sold Short				
Exchange Traded Funds	\$ 444	\$ —	\$ —	\$ 444
Total Liabilities	<u>\$ 444</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 444</u>

Following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining value:

	Value
Beginning balance December 31, 2020	\$ 50,000
Transfers into Level 3 during the period	—
Change in unrealized appreciation/(depreciation)	(91,106)
Total realized loss	(14,113)
Purchases	129,992
Sales	(10,879)
Return of capital distributions	90,868
Transfers out of Level 3 during the period	—
Ending balance December 31, 2021	<u>\$ 154,762</u>

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2021

Investments in portfolio companies are being classified as Level 3. At December 31, 2021, Petrohunter Energy Corporation was valued at \$0 due to bankruptcy proceedings and thus qualifies as a Level 3 security. As part of the bankruptcy proceedings, the Fund received a payment of \$90,868 during the year ended December 31, 2021, which was treated as a return of capital. Also at December 31, 2021, Diamond Standard, Inc., and Miami International Holdings, Inc. were private companies and shares and/or warrants are illiquid, thus qualifying as Level 3 securities. The following table summarizes the valuation techniques and significant unobservable inputs used in determining fair value measurements for these investments classified as Level 3 as of December 31, 2021:

Quantitative Information about Level 3 Fair Value Measurements

Portfolio Investment Company	Valuation Technique	Unobservable Input*	Input Range	Valuation Weighted Average of Input	Value at 12/31/21	Impact to Valuation from an Increase in Input**
Petrohunter Energy Corporation						
Convertible Bond	Asset Approach	Bankruptcy Recovery	\$ 0.00	\$ 0.00	\$ 0	Increase
Common Stock	Asset Approach	Bankruptcy Recovery	\$ 0.00	\$ 0.00	\$ 0	Increase
Diamond Standard, Inc.						
Preferred Stock	Asset Approach	Precedent Transaction	\$ 6.00	\$ 6.00	\$ 50,000	Increase
Miami International Holdings, Inc.						
Common Stock	Asset Approach	Precedent Transaction	\$ 7.50	\$ 7.25	\$ 101,500	Increase
Warrant	Black Scholes Method	Volatility	25%	25%	\$ 3,262	Increase

* The Investment Advisor considers relevant indications of value that are reasonably and timely available to it in determining the fair value to be assigned to a particular security, such as the type and cost of the security; contractual or legal restrictions on resale of the security; relevant financial or business developments of the issuer; actively traded related securities; conversion or exchange rights on the security; related corporate actions; significant events occurring after the close of trading in the security; and changes in overall market conditions. The Fund's use of fair value pricing may cause the net asset value of Fund shares to differ from the net asset value that would be calculated using market quotations. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a security may be materially different than the value that could be realized upon the sale of that security.

** This column represents the directional change in the fair value of the Level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect.

The Fund has adopted a policy of recording any transfers of investment securities between the different levels in the fair value hierarchy as of the end of the year unless circumstances dictate otherwise.

Note 6 – Federal Income Tax Information

At December 31, 2021, gross unrealized appreciation and depreciation on investments and securities sold short, based on cost for federal income tax purposes, were as follows:

Cost of investments	\$ 17,876,867
Gross unrealized appreciation	\$ 8,161,128
Gross unrealized depreciation	(9,124,583)
Net unrealized depreciation	\$ (963,455)

The difference between cost amounts for financial statement and federal income tax purposes is due primarily to investments in grantor and passive foreign investment companies (PFICs).

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2021

GAAP requires that certain components of net assets 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, 2021, permanent differences in book and tax accounting have been reclassified to paid-in capital and distributable earnings/(deficit) as follows:

Increase (Decrease)	
Paid-in Capital	Distributable Earnings/Deficit
\$ (218,852)	\$ 218,852

As of December 31, 2021, the components of accumulated earnings (deficit) on a tax basis were as follows:

Undistributed ordinary income	\$ —
Undistributed long-term capital gains	—
Tax accumulated earnings	—
Accumulated capital and other losses	(13,245,362)
Net unrealized depreciation on investments	(963,455)
Net unrealized appreciation on foreign currency translations	11
Total accumulated deficit	<u>\$ (14,208,806)</u>

As of December 31, 2021, the Fund had accumulated capital loss carryforwards as follows:

Not subject to expiration:

Short-term	\$ 161,755
Long-term	13,049,544
	<u>\$ 13,211,299</u>

To the extent that a fund may realize future net capital gains, those gains will be offset by any of its unused capital loss carryforward. Future capital loss carryforward utilization in any given year may be subject to Internal Revenue Code limitations.

During the tax year ended December 31, 2021, the Fund utilized \$132,931 of non-expiring capital loss carryforwards.

The Fund has \$34,063 in qualified late-year losses, which are deferred until fiscal year 2022 for tax purposes. Net late-year ordinary losses incurred after December 31 and within the taxable year and net late-year specified losses incurred after October 31 and within the taxable year are deemed to arise on the first day of the Fund's next taxable year.

The tax character of distributions paid during the tax years ended December 31, 2021 and 2020 were as follows:

Distributions paid from:	2021	2020
Ordinary income	\$ 134,526	\$ —
Net long-term capital gains	—	—
Total distributions paid	<u>\$ 134,526</u>	<u>\$ —</u>

Note 7 – Investment Transactions

For the year ended December 31, 2021, purchases and sales of investments, excluding short-term investments, were \$2,447,306 and \$1,649,484, respectively. For the year ended December 31, 2021, securities sold short were \$87. There were no short securities covered for the same period.

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2021

Note 8 – Borrowings

The Fund has entered into a margin agreement with Fidelity Brokerage Services, LLC, which allows the Fund to borrow money. The margin agreement is not made for any specific term or duration but is due and payable at the brokerage firm's discretion. The Fund has a policy allowing it to borrow not more than 33% of the Fund's Net Asset Value as of the time of borrowing for purposes of taking advantage of investments deemed to be in the best interest of the Fund or to borrow such amounts as deemed necessary and prudent as a temporary measure for extraordinary or emergency purposes. Federal regulations under the 1940 Act require that the Fund maintain asset coverage in relation to any borrowed amount.

The Fund did not utilize the Fidelity Brokerage Services LLC margin account during the year ended December 31, 2021. At December 31, 2021 the Fund had no outstanding borrowings under the margin account.

Note 9 – Indemnifications

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

Note 10 – Capital Share Transactions

On February 14, 2019, the Fund issued 1,487,989 new common shares in connection with a rights offering. Stockholders of record date December 28, 2018 were issued non-transferable rights for every share owned on that date. The rights entitled the stockholders to purchase one new common share for every three rights held, not including additional subscription privileges.

The subscription price was equal to lesser of (i) 105% of average closing NAV per share over the three days of trading leading up to and including the expiration of the expiration Date and (ii) 90% of the average closing market price per share over the three days of trading leading up to and including the expiration Date. The final subscription price was \$1.47 per share, which resulted in proceeds to the Fund of \$2,187,343. Horizon paid all expenses relating to the offering.

Note 11 – COVID-19 Risks

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. This coronavirus has resulted in closing international borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general public concern and uncertainty. The impact of this outbreak has negatively affected the worldwide economy, as well as the economies of individual countries, the financial health of individual companies and the market in general in significant and unforeseen ways. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund, including political, social and economic risks. Any such impact could adversely affect the Fund's performance, the performance of the securities in which the Fund invests and may lead to losses on your investment in the Fund. The ultimate impact of COVID-19 on the financial performance of the Fund's investments is not reasonably estimable at this time.

Note 12 – New Regulatory and Accounting Pronouncements

In October 2020, the SEC adopted new regulations governing the use of derivatives by registered investment companies ("Rule 18f-4"). Rule 18f-4 will impose limits on the amount of derivatives a Fund can enter into, eliminate the asset segregation framework currently used by funds to comply with Section 18 of the 1940 Act, and require funds whose use of derivatives is greater than a limited specified amount to establish and maintain a comprehensive derivatives risk management program and appoint a derivatives risk manager. Funds will be required to comply with Rule 18f-4 by August 19, 2022. It is not currently clear what impact, if any, Rule 18f-4 will have on the availability, liquidity or performance of derivatives. Management is currently evaluating the potential impact of Rule 18f-4 on the Fund.

In December 2020, the SEC adopted a new rule providing a framework for fund valuation practices ("Rule 2a-5"). Rule 2a-5 establishes requirements for determining fair value in good faith for purposes of the 1940 Act. Rule 2a-5 will permit fund boards to designate certain parties to perform fair value determinations, subject to board oversight and certain other conditions. Rule 2a-5 also defines when market quotations are "readily available" for purposes of the 1940 Act and the threshold for determining whether a fund must fair value a security. In connection with Rule 2a-5, the SEC also adopted related recordkeeping requirements and is rescinding previously issued

RENN FUND, INC.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF DECEMBER 31, 2021

guidance, including with respect to the role of a board in determining fair value and the accounting and auditing of fund investments. The Fund will be required to comply with the rules by September 8, 2022. Management is currently assessing the potential impact of the new rules on the Fund's financial statements.

The SEC adopted new Rule 12d1-4, which will allow registered investment companies (including business development companies ("BDCs"), unit investment trusts ("UITs"), closed-end funds, exchange-traded funds ("ETFs"), and exchange-traded managed funds ("ETMFs") (an "acquiring" fund), to invest in other investment companies (an "acquired fund"), including private funds under a specific exception, beyond the limits of Section 12(d)(1), subject to the conditions of the rule. Rule 12d1-4 became effective January 19, 2021. Funds electing to rely on Rule 12d1-4 will have to comply with the rules by January 19, 2022.

In March 2020, FASB issued ASU 2020-04, Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The main objective of the new guidance is to provide relief to companies that will be impacted by the expected change in benchmark interest rates at the end of 2021, when participating banks will no longer be required to submit London Interbank Offered Rate ("LIBOR") quotes by the UK Financial Conduct Authority. The new guidance allows companies to, provided the only change to existing contracts are a change to an approved benchmark interest rate, account for modifications as a continuance of the existing contract without additional analysis. In addition, derivative contracts that qualified for hedge accounting prior to modification, will be allowed to continue to receive such treatment, even if critical terms change due to a change in the benchmark interest rate. For new and existing contracts, the Fund may elect to apply the amendments as of March 12, 2020 through December 31, 2022. Management is currently assessing the impact of the ASU's adoption to the Fund's financial statements and various filings.

Note 13 – Events Subsequent to the Fiscal Period End

The Fund has adopted financial reporting rules regarding subsequent events which require an entity to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. Management has evaluated the Fund's related events and transactions that occurred through the date of issuance of the Fund's financial statements.

On January 21, 2022, the Fund issued 1,063,830 common shares in connection with a rights offering issued to stockholders of record as of December 10, 2021. The subscription price was equal to lesser of (i) 105% of average closing NAV per share over the three days of trading leading up to and including the expiration of the expiration Date and (ii) 90% of the average closing market price per share over the three days of trading leading up to and including the expiration Date. The final subscription price was \$1.98 per share. As Horizon paid all expenses relating to the offering, net proceeds to the Fund were approximately \$2,106,383, which included securities transferred in kind with a market value of \$171,162.

There were no other events or transactions that occurred during this period that materially impacted the amounts or disclosures in the Fund's financial statements.

RENN FUND, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
of RENN Fund, Inc.

Opinion on the Financial Statements

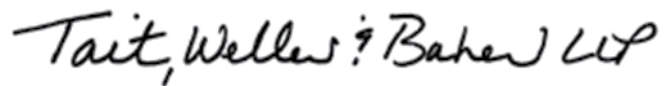
We have audited the accompanying consolidated statement of assets and liabilities of RENN Fund, Inc. (the “Fund”), including the consolidated schedule of investments, as of December 31, 2021, the related consolidated statement of operations for the year then ended, the consolidated statements of changes in net assets for each of the two years in the period then ended, the consolidated statement of cash flows for the year then ended, and the consolidated financial highlights for each of the four years in the period then ended (consolidated for the years ended December 31, 2021, December 31, 2020, December 31, 2019 and December 31, 2018 only), and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Fund as of December 31, 2021, the consolidated results of its operations for the year then ended, the consolidated changes in its net assets for each of the two years in the period then ended, the consolidated cash flows for the year then ended, and the consolidated financial highlights for each of the five years in the period then ended (consolidated for the years ended December 31, 2021, December 31, 2020, December 31, 2019 and December 31, 2018 only), in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We have served as the Fund’s auditor since 2017.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2021 by correspondence with the custodian and brokers or through other appropriate audit procedures where replies from brokers were unable to be obtained. We believe that our audits provide a reasonable basis for our opinion.



Philadelphia, Pennsylvania
February 25, 2022

RENN FUND, INC.

OTHER INFORMATION

DECEMBER 31, 2021 (UNAUDITED)

Qualified Dividend Income

For the year ended December 31, 2021, 17.59% of the dividends paid from net investment income, including short-term capital gains (if any), for the Fund, is designated as qualified dividend income.

Corporate Dividends Received Deduction

For the year ended December 31, 2021, 16.18% of the dividends paid from net investment income, including short-term capital gains (if any), for the Fund, qualifies for the dividends received deduction available to corporate shareholders.

Quarterly Reports

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (“SEC”) for the first and third quarters of each fiscal year on Form N-PORT. A copy of each such Form N-PORT is available on the SEC’s website at www.sec.gov.

Proxy Voting Policies and Procedures

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, upon request by calling collect (646) 495-7330. You may also obtain the description on the Fund’s website at www.horizonkinetics.com

Portfolio Proxy Voting Records

The Fund’s record of proxy voting regarding portfolio securities is presented each year for the 12-month period ended June 30. It is filed with the SEC on Form N-PX and is available by calling collect (646) 495-7330 and on the SEC’s website at www.sec.gov.

Matters Submitted for Shareholder Votes

During the six-month period covered by this report, issues were presented to the shareholders for their vote at a Meeting of Shareholders on September 22, 2021.

The record date for determination of shareholders entitled to vote was July 23, 2021. As of the record date, there were outstanding 5,951,956.761 shares of the Fund’s Common Stock, constituting all of the outstanding voting securities of the Fund. Each such share was entitled to one vote. At the Meeting, the holders of 3,938,632 shares, or 66.17%, of the Fund’s Common Stock were represented in person or by proxy, constituting a quorum.

For all Proposals, percentages shown are based on the number of the outstanding voting securities of the Fund. The issues presented and the results of the voting thereon are as follows:

RENN FUND, INC.

OTHER INFORMATION (CONTINUED)

DECEMBER 31, 2021 (UNAUDITED)

Proposal One - At the Annual Meeting, a vote by ballot was taken to elect Herbert M. Chain as a Class Two Director of the Fund, who is to hold office for a term of three (3) years or until his successor is elected and qualified. The Inspector of Elections conducted the voting and counted and determined the number of shares of Common Stock voted in the election of the director and do hereby declare and certify that votes cast in the election of the director were as follows:

Nominee: Herbert M. Chain

Votes For
3,900,272 (65.53%)

Votes
Against
36,280 (0.61%)

Votes
Abstaining
2 (0.00003%)

Broker
Non-Votes
0

Proposal Two - At the Annual Meeting, a vote by ballot was taken for the ratification of the appointment by the Fund's Board of Directors of Tait, Weller & Baker LLP, as the auditor of the Fund for the fiscal year ended December 31, 2021. The Inspector of Elections conducted the voting and counted and determined the number of shares of Common Stock voted with respect to the proposal and do hereby declare and certify that the votes cast for the ratification of the appointment by the Fund's Board of Directors of Tait, Weller & Baker LLP, as the auditor of the Fund for the fiscal year ended December 31, 2021 were as follows:

Votes For
3,925,863 (65.96%)

Votes
Against
10,689 (0.18%)

Votes
Abstaining
2 (0.00003%)

Dividend Reinvestment Plan

Pursuant to the Fund's Dividend Reinvestment and Cash Purchase Plan (the "Plan"), a stockholder whose shares are registered in his or her own name will be deemed to have elected to have all dividends and distributions automatically reinvested in Fund shares unless he or she elects otherwise on a current basis. Stockholders whose shares are held in nominee names will likewise be treated as having elected to have their dividends and distributions reinvested. You may elect to receive cash distributions, net of withholding tax, by requesting an election form from the Fund's Plan Agent, American Stock Transfer & Trust Co. You may terminate participation by notifying the Plan Agent in writing. If notice is received by the Plan Agent not less than 10 days prior to any dividend or distribution it will be effective immediately. Information regarding income tax consequences should be directed to your tax consultant – the Plan will furnish information by January 31 following the year of distribution as to the category of income that the distributions represent. Your questions regarding the Plan should be directed to the Fund's Plan Agent, American Stock Transfer & Trust Company, LLC., whose telephone number is (718) 921-8200 extension 6412 and whose address is 6201 15th Ave, Brooklyn, NY 11219-5498.

RENN FUND, INC.

OTHER INFORMATION (CONTINUED)

DECEMBER 31, 2021 (UNAUDITED)

Consideration of the Investment Advisory Agreement

At a meeting of the Board of Directors held on June 11, 2021, the Directors, by a unanimous vote (including a separate vote of those Directors who are not “interested persons” (as the term is defined in the 1940 Act), approved the Investment Advisory Agreement (“Advisory Agreement”) for the Renn Fund, Inc.

In approving the Advisory Agreement, the Fund’s Board of Directors reviewed certain materials furnished by Horizon Kinetics Asset Management LLC (“Horizon Kinetics”), which included information on Horizon Kinetics’ investment approach, including the strategy for the Fund. In approving the Advisory Agreement, the Board of Directors considered a number of factors, including those described below. In light of the broad scope of factors and information considered, the Directors did not find it practicable to quantify or assign relative weights to the specific factors. The approval determinations were made on the basis of each Director’s business judgment after consideration of all the factors taken as a whole, although individual directors may have given different weights to certain factors and assigned various degrees of materiality to factors considered. Among other things, the Board considered the following matters and reached the following conclusions:

Nature, Extent and Quality of Investment Advisory Services. The Board, including the independent Directors, considered the nature, extent and quality of investment advisory services to be provided by Horizon Kinetics to the Fund. The Board reviewed the personnel and resources of Horizon Kinetics, including the education and experience of its investment professionals, and concluded that the services to be provided by Horizon Kinetics are appropriate and that the Fund is likely to benefit from the same.

Investment Performance. The Board reviewed the historical performance of the Fund and compared such prior performance with the performance of comparable advisers and investment companies. Although Horizon Kinetics does not currently manage any investment funds similar in size and scope to the Fund, the Board concluded that the favorable performance of Horizon Kinetics demonstrated by such comparisons was an important factor in their evaluation of the quality of services expected to be provided by Horizon Kinetics under the Advisory Agreement.

Costs of the Services Provided to the Fund. The Board considered comparative data from publicly available information with respect to services rendered and the advisory fees paid to investment advisors of other investment companies with similar investment objectives. The Board also considered the Fund’s operating expenses and expense ratio compared to such other companies, as well as how those might change as a result of the Advisory Agreement. Based on its review, the Board concluded that the fee structure under the Advisory Agreement was extremely favorable for shareholders given that the Fund does not pay any management fee on net assets less than \$25 million. As of December 31, 2018, the Fund’s net assets were approximately \$8.5 million. The Board also considered whether any indirect benefits would be expected to be realized by Horizon Kinetics from its relationship with the Fund. Although the terms of the proposed Investment Advisory Agreement contemplate that Horizon Kinetics may enter into “soft dollar” arrangements with non-affiliate brokers or dealers, as is typical in the industry, Horizon Kinetics has informed the Board that its current policies do not permit Horizon Kinetics to enter into such arrangements.

Profitability of the Investment Adviser. The Board reviewed the financial condition of Horizon Kinetics, which it determined to be sound, and the expected profitability of Horizon Kinetics as the Fund’s investment adviser, and concluded that the lack of management fees payable to Horizon Kinetics currently and the management fees that would be payable to Horizon Kinetics if assets were to increase above \$25 million were reasonable taking into account the fees charged by other advisers for managing comparable investment companies.

Conflicts of Interest. The Board evaluated the potential for conflicts of interest and considered such matters as the experience and ability of the advisory personnel that will be assigned to the Fund; the basis of decisions to buy or sell securities for the Fund; and the substance and administration of Horizon Kinetics’ Code of Ethics. The Board concluded that Horizon Kinetics’ standards and practices relating to the identification and mitigation of possible conflicts of interests were satisfactory and reasonable in light of its business.

Based on the information provided to the Board and its evaluation thereof, the Board, including a majority of independent directors, voted to approve the Advisory Agreement.

RENN FUND, INC.
DIRECTORS AND OFFICERS
DECEMBER 31, 2021 (UNAUDITED)

Interested Directors and Officers:

Name, Age and Address	Positions Held	Term of Office⁽¹⁾ and Length of Service	Position(s) Held with the Fund, Principal Occupation(s) Current Portfolios in Fund During Past 5 Years, and Other Directorships
Murray Stahl 470 Park Avenue South, New York, New York 10016 Age: 68	Class Three Director of the Fund, President, Chief Executive Officer, Chairman of the Board	Since July 2017.	Chairman, Chief Executive Officer and Chief Investment Strategist of Horizon Kinetics LLC (including Horizon Kinetics Asset Management LLC, a registered investment adviser) (Principal occupation) <i>Other Directorships:</i> Director, MSRH, LLC (2013-Present); Chairman, the FRMO Corp. (OTC Pink: FRMO) (2001 – Present); Director, Kinetics Mutual Funds, Inc. (2000 – Present); Director, Bermuda Stock Exchange (2014 – Present); Director, Texas Pacific Land Corp. (2021 – Present); Chairman, Minneapolis Grain Exchange (2013-Present); Director, Winland Electronics, Inc. (2015-2021); Director, IL&FS Securities Services Ltd (2008-2021)
Russell Cleveland ¹ 16660 Dallas Parkway, Suite 2600 Dallas, TX 75248 Age: 83	Class Three Director of the Fund	Since 1994	Director of AnchorFree, Inc. (2012 – 2018); Director of iSatori, Inc., formerly a Portfolio company (Nutraceutical Preparations) (2003 – 2015); Director of Cover-All Technologies, Inc., a non- portfolio public company (Insurance Software Licensing and Maintenance) (2003 – 2015); Director of Access Plans, Inc. (Direct Mail and Advertising) (2008-2009); Director of BPO Management Services, Inc. (Business Process Outsourcing) (2006-2011); Director of CaminoSoft (Systems Software) (2004-2011) Director, RENN Universal Growth Investment Trust, PLC (1994-2015).
Eric Sites 470 Park Avenue South, New York, New York 10016 Age: 43	Class One Director of the Fund	Since July 2017	Portfolio Manager, Horizon Kinetics LLC (including Horizon Kinetics Asset Management LLC, a registered investment adviser) (Principal occupation) (2004-Present); Director, Bermuda Stock Exchange (2016-Present); Director, IL&FS Securities Services Ltd (2021-Present); Director, Canadian Securities Exchange (2020-Present).

Independent Directors

Name, Age and Address	Positions Held	Term of Office⁽¹⁾ and Length of Service	Principal Occupation(s) During Past 5 Years
Alice C. Brennan 470 Park Avenue South, New York, New York 10016 Age: 69	Class One Director of the Fund	Since July 2017	Independent Consultant (legal and compliance risk oversight) (2014-Present); Senior Advisor, Advaita Capital (2021- Present); Director, the FRMO Corp. (OTC Pink: FRMO) (2021 – Present); Associate General Counsel, Chief Compliance Officer & Chief Trademark and Copyright Counsel, Verizon Wireless (2000-2014)

RENN FUND, INC.

DIRECTORS AND OFFICERS (CONTINUED)

DECEMBER 31, 2021 (UNAUDITED)

Name, Age and Address	Positions Held	Term of Office⁽¹⁾ and Length of Service	Principal Occupation(s) During Past 5 Years
Herbert M. Chain 470 Park Avenue South, New York, New York 10016 Age: 69	Class Two Director of the Fund	Since July 2017	Senior Director, CBIZ Marks Paneth (2020-present); Assistant Professor and Executive Director, Center for Executive Education, St. John's University (2017-2020); Founder and Managing Member, HMC Business Consulting LLC (financial reporting and controls) (2015-Present); Director and Audit & Compliance Committee Chair, Qlarant, Inc. (2021- Present); Director, the FRMO Corp. (OTC Pink: FRMO) (2021 – Present); Trustee and Audit Committee Chair, Infusive US Trust (2019-Present); Adjunct Professor, St. John's University (2011-2017; 2020-Present); Adjunct Instructor, New York University (2015-2016); Audit Partner, Deloitte & Touche LLP (1988-2015).

Other Officers

Name, Age and Address	Positions Held	Term of Office⁽¹⁾ and Length of Service	Principal Occupation(s) During Past 5 Years
Jay Kessler 470 Park Avenue South, New York, New York 10016 Age: 49	Vice-President, Chief Compliance Officer	Since July 2017	General Counsel, Horizon Kinetics LLC (including Horizon Kinetics Asset Management LLC, a registered investment adviser) (Principal occupation) (2011-Present); Chief Compliance Officer, Horizon Kinetics LLC (2015-2016). General Counsel, the FRMO Corp. (OTC Pink: FRMO) (2014 - Present).
Alun Williams 470 Park Avenue South, New York, New York 10016 Age: 50	Treasurer	Since February 2021	Chief Operating Officer, Horizon Kinetics LLC (including Horizon Kinetics Asset Management LLC, a registered investment adviser) (since 2021), Director of Trading and Operations (2009-2021).
Russell Grimaldi 470 Park Avenue South, New York, New York 10016 Age: 42	Secretary	Since July 2017	Chief Compliance Officer, Horizon Kinetics LLC (including Horizon Kinetics Asset Management LLC, a registered investment adviser) (Principal occupation) (2017-Present); Associate General Counsel, Horizon Kinetics LLC (2011-Present).

⁽¹⁾ Mr. Cleveland is currently considered an "interested person" of the Fund as defined by Section 2(a)(19) of the 1940 Act by virtue of being a Director and limited partner in the Cleveland Family Limited Partnership, which owns more than 5% of the Fund's securities.

RENN FUND, INC.

SERVICE PROVIDERS

DECEMBER 31, 2021 (UNAUDITED)

Corporate Offices

RENN Fund, Inc.
c/o Horizon Kinetics Asset Management LLC — 8th Floor South
470 Park Avenue South
New York, NY 10016
Phone: (646) 291-2300
Fax: (646) 403-3597
Website: www.rencapital.com

Registrar and Transfer Agent

American Stock Transfer &
Trust Company, LLC
6201 15th Ave.
Brooklyn, NY 11219
Phone: (877) 749-4980 extension 6412

Fund Administrator

UMB Fund Services
235 W. Galena Street
Milwaukee, WI 53212-3949
Phone: (414) 299-2200

Independent Registered Public Accounting Firm

Tait, Weller & Baker LLP
50 South 16th Street, Suite 2900
Philadelphia, PA 19102
Phone: (215) 979-8800

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