

# GLOBAL INCOME FUND



## ANNUAL REPORT December 31, 2008

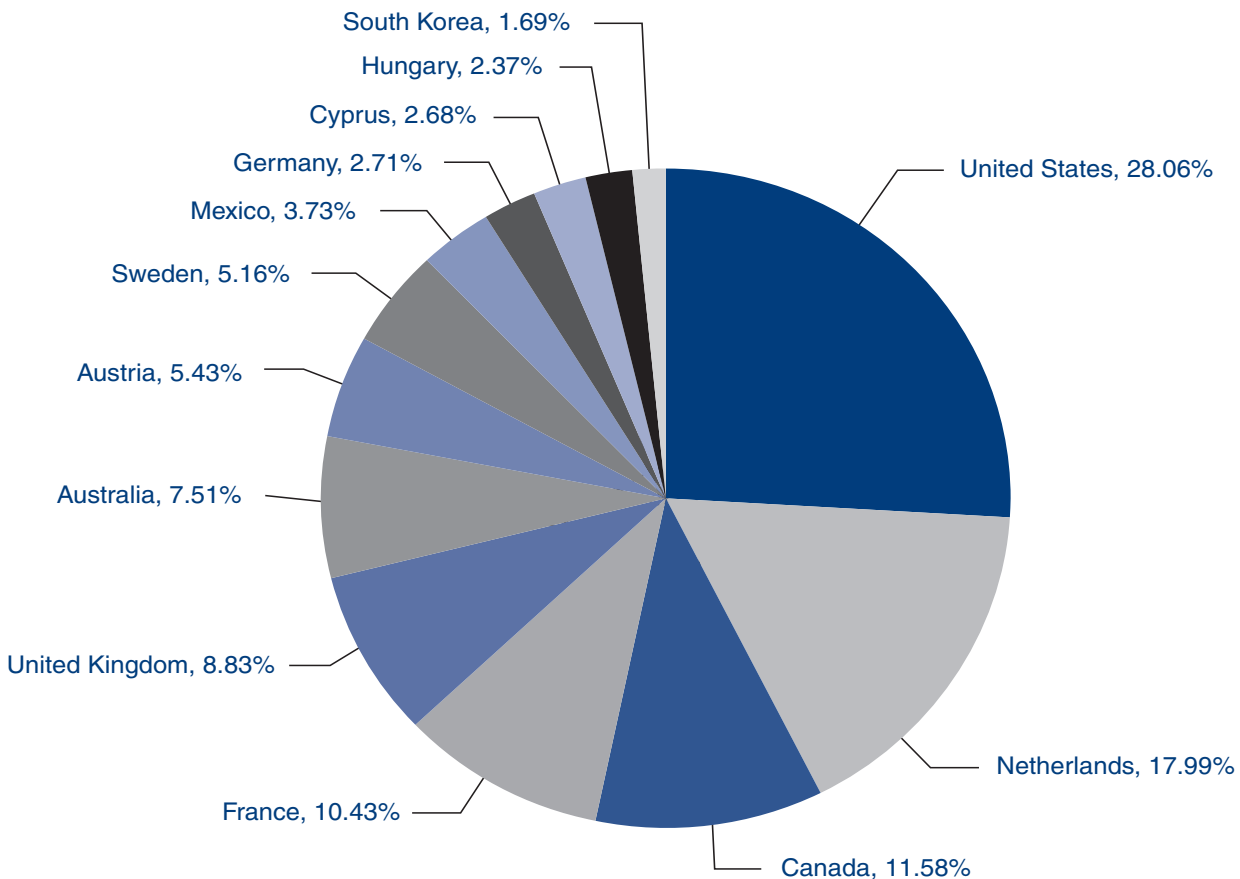
Ticker  
Symbol:

# GIFD

11 Hanover Square  
New York, NY 10005

[www.globalincomefund.net](http://www.globalincomefund.net)

### COUNTRY ALLOCATION\*



### PORTFOLIO ANALYSIS\*

Currency Allocation	
Euros	49%
U.S. Dollar**	42%
Australian Dollar	10%
Canadian Dollar	4%
British Pound	3%
	108%

Bond Ratings	
AAA	26%
AA	23%
A	23%
BBB	8%
<BBB	1%
NR	0%
Other investments	27%
	108%

\* Country allocation 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. Ratings are not a guarantee of credit quality and may change. NR means "not rated."

\*\* May include allocation to closed end funds with foreign currency allocations.

# GLOBAL INCOME FUND

Ticker  
Symbol: **GIFD**

11 Hanover Square, New York, NY 10005  
[www.globalincomefund.net](http://www.globalincomefund.net)

January 15, 2009

Fellow Shareholders:

It is a pleasure to submit this 2008 Annual Report for Global Income Fund and to welcome our new shareholders who find the Fund's quality approach to global income investing attractive. The primary and fundamental objective of the Fund is to provide a high level of income. The Fund's secondary, non fundamental investment objective is capital appreciation. Global Income Fund currently pursues its investment objectives by investing primarily in a global portfolio of investment grade fixed income securities and closed end funds that invest significantly in income producing securities.

## Market Report

2008 saw the global economy under pressure of historic proportions. In the United States, factory orders dropped 5.1% in October, the largest decrease since 2000 according to the U.S. Commerce Department. Further, U.S. employers cut 533,000 jobs in November, the most in 34 years, taking the unemployment rate to a 15 year high of 6.7%, according to the U.S. Labor Department. The Labor Department also reported that claims for unemployment benefits recently climbed over 4 million, the highest level since 1982. Reflecting the worsening employment situation a record of one in ten American homeowners with a mortgage were either at least a month behind on their payments or in foreclosure at the end of the third quarter, according to the Mortgage Bankers Association. One bright spot was the retreat in commodity and energy prices in the second half of the year, dampening prior concerns of growing near term inflation. Consumer prices in November dropped 1.7% — the largest amount since 1947. Also reducing living costs was the drop in rates on 30 year fixed mortgages to 5.06%, according to HSH Associates, the lowest since the 1960s.

To combat the appearance of what could be a prolonged and severe recession in the United States, the Federal Reserve Open Market Committee (FOMC) lowered the key federal funds interest rate repeatedly over the 2008 year, culminating in the unprecedented December 16 decision to lower the rate to a range of between 0% and 0.25%. The FOMC cited deteriorating labor market conditions and declining consumer spending, business investment, and industrial production, as well as strained financial markets and tight credit conditions, with the outlook for weak economic activity. With easier credit conditions, however, we expect inflation in the United States to resurface in the medium term. Also suggestive of future inflation is the Treasury Department's \$700 billion Troubled Asset Relief Plan and President-elect Obama's massive economic stimulus measure combining federal spending with tax cuts, believed to potentially reach \$1 trillion in size. We note that the U.S. federal budget deficit is expected to reach at least \$1.2 trillion in 2009.

Europe is in a severe recession, as demonstrated by an industrial production decline of 7.7% in the 12 months ending November 2008, according to a report by Eurostat, the Statistical Office of the European Communities. Japan, the world's second largest economy, is also back in recession. During its prior recession in the 1990's, the Japanese government intervened with a stimulus policy that incurred enormous debt to build roads, bridges, and other large infrastructure. According to *The Wall Street Journal*, Japan spent approximately 150 trillion yen since 1998 on this failed policy — which is what the United States, China, and several other nations are currently pursuing to reinvigorate their economies. Japan is now considering tax cuts, toll reductions, and tax rebates. China's growth, estimated at 13% in 2007 by its National Bureau of Statistics, is now forecasted to grow at only about 8% in 2009.

## Global Allocation

Given this challenging economic environment, the Fund's strategy in 2008 included holding its assets in primarily investment grade fixed income securities denominated in major world currencies and issued by organizations across many countries and in closed end funds that invest significantly in income producing securities. At December 31, 2008, the Fund held securities of sovereign nations, corporations, and other organizations based in the United States, Netherlands, Canada, France, United Kingdom, Australia, Austria, Mexico, Germany, Hungary, Cyprus, Sweden, and South Korea. Excluding closed end funds, of these securities approximately 49% were denominated in Euros, 17% in U.S. dollars, 10% in Australian dollars, 3% in British pounds, and 4% in Canadian dollars. About 98% of the Fund's bond investments are considered investment grade by actual or deemed rating. Closed end fund holdings comprised approximately 25% of the Fund's investments.

Although in the first six months of 2008 the Fund had a net asset value total return of 3.98%, gratifying results for our flexible global allocation process, for the full year the return dropped to negative 14.94%. The Fund's market total return for the year was negative 25.58%, reflecting an increased market price discount to net asset value. Recently, the Fund's net asset value per share was \$3.56 and closing market price was \$2.94. While investment return and value will vary and shares of the Fund may subsequently be worth more or less than their original cost, this represents an opportunity for investors to purchase the Fund's shares at a discount to their underlying value.

## Distribution Policy

Under the current managed distribution policy, distributions of approximately 5% of the Fund's net asset value per share on an annual basis are paid primarily from net investment income and any net realized capital gains, with the balance representing return of capital. In 2008, distributions paid totaling \$0.24 per share were 100% from net investment income. The estimated components of each quarterly distribution that include a potential return of capital are provided to shareholders of record in a notice accompanying the distributions. The managed distribution policy is subject to review by the Board of Directors and the amount of the distribution may vary depending on the Fund's net asset value per share at the time of declaration.

Our view of the markets suggests that the Fund may benefit during 2009 from a quality portfolio selection strategy, investing globally in investments in multiple currencies and in closed end funds that invest significantly in income producing securities. We believe this approach provides a sound fixed income strategy for investors over the long term, as well. We look forward to serving your investment needs over the years ahead.

Sincerely,



Thomas B. Winmill  
President

## SCHEDULE OF PORTFOLIO INVESTMENTS – DECEMBER 31, 2008

Principal Amount (a)		Value
<b>DEBT SECURITIES (81.18%)</b>		
<b>Australia (7.51%)</b>		
\$1,000,000	National Australia Bank, 8.60% Subordinated Notes, due 5/19/10 (b).....	\$1,020,554
\$300,000	Principal Financial Group, 144A, 8.20% Senior Notes, due 8/15/09 (b) (c) .....	302,439
A\$500,000	Telstra Corp. Ltd., 6.25% Senior Notes, due 4/15/15.....	341,959
A\$500,000	Telstra Corp. Ltd., 7.25% Senior Notes, due 11/15/12.....	361,202
		2,026,154
<b>Austria (5.43%)</b>		
€1,000,000	Republic of Austria, 5.25% Euro Medium Term Notes, due 1/04/11. ....	1,465,457
<b>Canada (11.42%)</b>		
A\$1,300,000	Government of Quebec, 6.00% Senior Unsubordinated Notes, due 2/18/09.....	907,570
C\$1,000,000	HSBC Financial Corp. Ltd., 4.00% Medium Term Notes, due 5/03/10 .....	801,320
C\$500,000	Molson Coors Capital Finance, 5.00% Guaranteed Notes, due 9/22/15.....	385,999
A\$1,350,000	Province of Ontario, 5.50% Euro Medium Term Notes, due 7/13/12 (b). ....	987,082
		3,081,971
<b>Cyprus (2.68%)</b>		
€500,000	Republic of Cyprus, 4.375% Euro Medium Term Notes, due 7/15/14.....	722,455
<b>France (10.43%)</b>		
€1,000,000	Elf Aquitaine, 4.50% Senior Unsubordinated Notes, due 3/23/09. ....	1,392,871
€1,000,000	Societe Nationale des Chemins de Fer Francais, 4.625% Euro Medium Term Notes, due 10/25/09.....	1,421,194
		2,814,065
<b>Germany (2.71%)</b>		
£500,000	RWE Finance B.V., 4.625% Notes, due 8/17/10.....	730,859
<b>Hungary (2.37%)</b>		
€500,000	Republic of Hungary, 4.00% Bonds, due 9/27/10.....	639,447
<b>Mexico (3.73%)</b>		
\$1,000,000	United Mexican States, 5.625% Notes, due 1/15/17 (b).....	1,005,000
<b>Netherlands (17.99%)</b>		
€500,000	Heineken N.V., 4.375% Bonds, due 2/04/10.....	698,611
€1,000,000	ING Bank N.V., 5.50% Euro Medium Term Notes, due 1/04/12.....	1,361,847
€1,000,000	Nederlandse Waterschapsbank, 4.00% Notes, due 2/11/09.....	1,391,899
€1,000,000	Rabobank Nederland, 3.125% Senior Notes, due 7/19/10 .....	1,400,324
		4,852,681
<b>South Korea (1.69%)</b>		
\$500,000	Korea Development Bank, 5.75% Notes, due 9/10/13.....	456,255
<b>Sweden (5.16%)</b>		
€1,000,000	Kingdom of Sweden, 5.00% Eurobonds, due 1/28/09.....	1,392,335
<b>United Kingdom (8.83%)</b>		
\$1,000,000	National Westminster Bank, 7.375% Subordinated Notes, due 10/01/09 (b).....	980,657
€1,000,000	Tesco PLC, 4.75% Euro Medium Term Notes, due 4/13/10 (b) .....	1,401,515
		2,382,172

## SCHEDULE OF PORTFOLIO INVESTMENTS – DECEMBER 31, 2008

<b>Principal Amount (a)</b>		<b>Value</b>
	<b>United States (1.23%)</b>	
\$387,425	CIT RV Trust 1998-A B 6.29% Subordinated Bonds, due 1/15/17 (b).....	\$ 332,607
	Total debt securities (cost: \$21,642,829).....	21,901,458
	<b>CLOSED END FUNDS (25.37%)</b>	
	<b>United States</b>	
20,000	40 I 86 Strategic Income Fund.....	125,000
10,100	ACM Managed Dollar Income Fund, Inc. ....	48,076
104,900	BlackRock Income Trust, Inc.....	616,812
33,000	BlackRock Strategic Bond Trust .....	285,780
76,642	Dreman/Claymore Dividend & Income Fund.....	144,854
46,300	DWS Dreman Value Income Edge Fund, Inc. ....	186,126
20,000	DWS Multi-Market Income Trust.....	114,400
33,861	Evergreen Multi-Sector Income Fund. (b) .....	345,386
17,617	First Trust/Aberdeen Global Opportunity Income Fund .....	183,217
59,375	Flaherty & Crumrine/Claymore Preferred Securities Income Fund Inc. ....	460,156
54,000	Gabelli Dividend & Income Trust (b).....	556,200
311,221	Helios Advantage Income Fund, Inc. ....	273,874
96,900	Helios Strategic Mortgage Income Fund, Inc.....	581,400
150,000	Helios Total Return Fund, Inc. (b) .....	712,500
83,765	John Hancock Patriot Premium Dividend Fund II .....	594,732
150,000	Nuveen Multi-Strategy Income and Growth Fund .....	690,000
500	RMR Dividend Capture Fund.....	900
110,000	RMR Real Estate Fund.....	297,000
28,391	Tortoise North American Energy Corporation (b) .....	302,932
25,805	Western Asset Emerging Markets Debt Fund Inc. (b). ....	324,885
	Total closed end funds (cost: \$10,799,016)	6,844,230
	<b>PREFERRED STOCKS (1.46%)</b>	
	<b>United States</b>	
4,000	BAC Capital Trust II, 7.00% .....	82,120
25,000	Corporate-Backed Trust Certificates, 8.20% (Motorola) .....	312,500
	Total preferred stocks (cost: \$725,000) .....	394,620
	<b>UNIT INVESTMENT TRUST (0.16%)</b>	
	<b>Canada</b>	
43,100	PRT Forest Regeneration Income Fund (cost: \$350,474).....	43,768
	Total investments (cost: \$33,517,319) (108.17%).....	29,184,076
	Liabilities in excess of other assets (-8.17%).....	(2,205,126)
	Net assets (100.00%) .....	\$26,978,950

## SCHEDULE OF PORTFOLIO INVESTMENTS – DECEMBER 31, 2008

(a) The principal amount is stated in U.S. dollars unless otherwise indicated.

Currency Symbols

A\$ Australian Dollar

£ British Pound

C\$ Canadian Dollar

€ Euro

(b) Fully or partially pledged as collateral on bank credit facility.

(c) These securities are exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended or otherwise restricted. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2008, these securities are considered liquid. Restricted securities held by the Fund are as follows:

<u>Security</u>	<u>Acquisition Date</u>	<u>Acquisition Cost</u>	<u>Principal Amount</u>	<u>Value</u>	<u>Percent of Net Assets</u>
Principal Financial Group, 144A, 8.20% Senior Notes, due 8/15/09	9/16/03	\$358,530	\$300,000	<u>\$302,439</u>	<u>1.12%</u>

**STATEMENT OF ASSETS AND LIABILITIES**

December 31, 2008

**ASSETS**

Investments, at value (cost: \$33,517,319) ....	\$29,184,076
Interest receivable.....	710,942
Dividends receivable.....	82,266
Other assets .....	10,449
Total assets.....	<u>29,987,733</u>

**LIABILITIES**

Bank line of credit.....	2,910,487
Accrued expenses .....	66,852
Administrative services payable .....	16,365
Investment management fee payable.....	15,079
Total liabilities .....	<u>3,008,783</u>

**NET ASSETS**..... \$26,978,950**NET ASSET VALUE PER SHARE**

(applicable to 7,403,877 shares outstanding: 20,000,000 shares of \$.01 par value authorized).....	<u>\$3.64</u>
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**NET ASSETS CONSIST OF**

Paid in capital.....	\$33,230,993
Accumulated undistributed net investment income .....	523,989
Accumulated net realized loss on investments and foreign currencies .....	(2,405,570)
Net unrealized depreciation on investments and foreign currencies .....	<u>(4,370,462)</u>
	<u>\$26,978,950</u>

**STATEMENT OF OPERATIONS**

Year Ended December 31, 2008

**INVESTMENT INCOME**

Interest (net of \$11,804 of foreign tax expense) .....	\$1,094,197
Dividends.....	822,935
Dividends from affiliate.....	4,722
Securities lending income .....	108
Total investment income.....	<u>1,921,962</u>

**EXPENSES**

Investment management .....	224,672
Administrative services.....	112,348
Shareholder communications .....	45,493
Bookkeeping and pricing .....	38,585
Legal .....	26,297
Auditing.....	23,030
Custodian.....	16,536
Directors .....	16,470
Transfer agent.....	11,490
Other .....	8,942
Insurance .....	8,382
Interest and fees on bank credit facility .....	7,544
Total expenses .....	539,789
Expense reductions .....	(803)
Net expenses.....	<u>538,986</u>
Net investment income .....	<u>1,382,976</u>

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

Net realized gain (loss):	
Foreign currencies .....	917,137
Investments .....	(777,252)
Net unrealized depreciation:	
Investments.....	(4,128,615)
Translation of assets and liabilities in foreign currencies.....	<u>(2,713,494)</u>
Net realized and unrealized loss on investments.....	<u>(6,702,224)</u>
Net change in net assets resulting from operations .....	<u>\$(5,319,248)</u>



## STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>OPERATIONS</b>		
Net investment income .....	\$1,382,976	\$ 964,509
Net realized gain on investments and foreign currency transactions .....	139,885	312,482
Unrealized appreciation (depreciation) of investments .....	<u>(6,842,109)</u>	<u>2,024,944</u>
Net increase (decrease) in net assets resulting from operations .....	(5,319,248)	3,301,935
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
Distributions from ordinary income (\$0.24 and \$0.17 per share, respectively) .....	(1,766,086)	(1,276,991)
Tax return of capital (\$0.00 and \$0.05 per share, respectively) .....	<u>-</u>	<u>(350,108)</u>
Decrease in net assets from distributions to shareholders .....	(1,776,086)	(1,627,099)
<b>CAPITAL SHARE TRANSACTIONS</b>		
Reinvestment of distributions to shareholders (5,164 and 5,141 shares, respectively) .....	<u>16,910</u>	<u>20,365</u>
Total change in net assets .....	(7,078,424)	1,695,201
<b>NET ASSETS</b>		
Beginning of year .....	<u>34,057,374</u>	<u>32,362,173</u>
End of year .....	<u>\$26,978,950</u>	<u>\$34,057,374</u>
End of year net assets include undistributed net investment income .....	<u>\$ 523,989</u>	<u>\$ -</u>

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2008

### CASH FLOWS FROM OPERATING ACTIVITIES

Net decrease in net assets resulting from operations .....	\$(5,319,248)
Adjustments to reconcile change in net assets resulting from operations to net cash provided by (used in) operating activities:	
Purchase of investment securities .....	(9,524,614)
Net unrealized depreciation of investments and foreign currencies .....	6,842,109
Proceeds from sales of investment securities .....	6,655,719
Accretion of discount net of amortization of premium of investment securities .....	159,010
Net sales of short term investment securities.....	154,571
Net realized gain on sales of investment securities and foreign currencies .....	(139,885)
Decrease in interest receivable .....	87,921
Increase in dividends receivable .....	(56,241)
Decrease in accrued expenses .....	(11,117)
Increase in administrative services payable .....	7,505
Decrease in management fee payable .....	(5,091)
Increase in other assets .....	<u>(1,950)</u>
Net cash used in operating activities .....	<u>(1,151,311)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Borrowing on bank line of credit.....	2,910,487
Cash distributions paid.....	<u>(1,759,176)</u>
Net cash provided by financing activities .....	<u>1,151,311</u>
Net increase (decrease) in cash .....	-

### CASH

Beginning of year .....	-
End of year .....	<u>\$ -</u>

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest and fees on bank credit facility .....	\$8,594
Noncash financing activities not included herein consisted of reinvestment of distributions.....	\$16,910

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008

### 1. Organization and Significant Accounting Policies

Global Income Fund, Inc., 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 quoted over the counter under the ticker symbol GIFD. Prior to April 7, 2008, the Fund's shares were listed on the American Stock Exchange. The Fund's investment objectives are primarily to provide a high level of income and, secondarily, capital appreciation. The Fund retains CEF Advisers, Inc. as its Investment Manager.

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

**Security Valuation** – Securities traded on a U.S. national securities exchange ("USNSE") are valued at the last reported sale 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., ET, 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. Securities that are not traded on a particular day and securities traded in foreign and over the counter markets that are not also traded on a USNSE or on Nasdaq are generally valued at the mean between the last 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 bond dealer that offers pricing services. Open end investment companies are valued at their net asset value. Securities for which quotations are not readily available or reliable and other assets may be valued as determined in good faith by the Investment Manager under the direction of or pursuant to procedures established by the Fund's Board of Directors. Due to the inherent uncertainty of valuation, these values may differ from the values that would have been used had a readily available market for the securities existed. These differences in valuation could be material. A security's valuation may differ depending on the method used for determining value. The use of fair value pricing by the Fund may cause the net asset value of its shares to differ from the net asset value that would be calculated using market prices.

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

**Foreign Currency Contracts** – Forward foreign currency contracts are marked to market and the change in market value is recorded by the Fund as an unrealized gain or loss. When a contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The Fund could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably.

**Investments in Other Investment Companies** – The Fund may invest in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the Act) (the "Acquired Funds") in accordance with the Act and related rules. Shareholders in the Fund bear the pro rata portion of the fees and expenses of the Acquired Funds in addition to the Fund's expenses. Expenses incurred by the Fund that are disclosed in the Statement of Operations do not include fees and expenses incurred by the Acquired Funds. The fees and expenses of the Acquired Funds are included in the Fund's total returns.

**Security Transactions** – Security transactions are accounted for on the trade date (the date the order to buy or sell is executed). Net realized gain or loss is determined on the identified cost basis, which is also used

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (CONTINUED)

for federal income tax purposes.

**Investment Income** – Interest income is recorded on the accrual basis. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date. Taxes withheld on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates. Net realized gain or loss is determined on the identified cost basis.

**Expenses** – Estimated expenses are accrued daily. 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 or its affiliates serves 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 among the investment companies in the complex otherwise can 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 custodian expenses by \$803 during the period.

**Distributions to Shareholders** – Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date.

**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.

The Fund has reviewed its tax positions taken on federal, state, and local income tax returns for all open tax years (tax years ended December 31, 2005 - 2008) and has concluded that no provision for income taxes is required in the Fund's financial statements.

**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 as of 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.

**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 the 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 an annual rate of 7/10 of 1% of the first \$50 million, 5/8 of 1% over \$50 million to \$150 million, and 1/2 of 1% over \$150 million. 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

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (CONTINUED)

accounting services. For the year ended December 31, 2008, the Fund incurred total administrative costs of \$112,348, comprised of \$73,526 and \$38,822 for compliance and accounting services, respectively.

### 3. Distributions to Shareholders and Distributable Earnings

The tax character of distributions paid to shareholders for the years ended December 31, 2008 and 2007 was as follows:

	2008	2007
Ordinary income	\$1,776,086	\$1,276,991
Return of capital	-	350,108
	\$1,776,086	\$1,627,099

As of December 31, 2008, the components of distributable earnings on a tax basis were as follows:

Undistributed net investment income	\$ 529,017
Unrealized depreciation on investments and foreign currencies	(4,370,471)
Capital loss carryovers	(1,621,601)
Post-October losses	(788,988)
	\$(6,252,043)

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, 2008, permanent differences between book and tax accounting have been reclassified as follows:

Decrease in Accumulated Undistributed Net Investment Loss	Decrease in Accumulated Net Realized Loss on Investments and Foreign Currencies	Decrease in Paid in Capital
\$917,099	\$457,726	\$(1,374,825)

As of December 31, 2008, the Fund had net capital loss carryovers of \$1,621,601, of which \$1,369,211, and \$252,390 expire in 2010 and 2014, respectively, that may be used to offset future realized capital gains for federal income tax purposes.

### 4. Fair Value Measurements

The Fund adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157") on January 1, 2008. FAS 157 defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 establishes a framework for measuring fair value and a three level hierarchy for fair value measurements based on the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the inputs which are significant to the overall valuation. The hierarchy of inputs is summarized below.

The inputs or methodology used for valuing investments are not an indication of the risk associated with investing in those securities.

Level 1 - quoted prices in active markets for identical investments.

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining fair value of investments).

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (CONTINUED)

The following is a summary of the inputs used as of December 31, 2008 in valuing the Fund's investments:

Valuation Input	Investment in Securities
Level 1	\$ 7,282,618
Level 2	21,901,458
Level 3	-
Total	<u>\$29,184,076</u>

### 5. Securities Transactions

Purchases and sales/repayments/maturities of securities, excluding short term investments, aggregated \$9,524,614 and \$6,647,193, respectively, for the year ended December 31, 2008. At December 31, 2008 for federal income tax purposes the aggregate cost of securities was \$33,517,328 and net unrealized depreciation was \$4,333,252, comprised of gross unrealized appreciation of \$1,142,660 and gross unrealized depreciation of \$5,475,912.

### 6. Affiliated Issuer

During 2008, the Fund invested in Midas Perpetual Portfolio, Inc. ("MPERX") (formerly Midas Dollar Reserves, Inc.), an open end management investment company advised by Midas Management Corporation ("MMC") and distributed by Investor Service Center, Inc. ("ISC"), each an affiliate of the Investment Manager. As a shareholder, the Fund is subject to its proportional share of MPERX's expenses, including its management and distribution fees. MMC and ISC have each contractually agreed with MPERX to waive their fees from April 29, 2008 to April 29, 2009. Prior to April 29, 2008, MMC and ISC voluntarily waived their fees. Transactions with affiliates for the year ended December 31, 2008 were as follows:

Name of Issuer	Number of Shares Held			December 31, 2008	Value December 31, 2008	Dividend Income	Realized Gains/ (Losses)
	December 31, 2007	Gross Additions	Gross Reductions				
Midas Perpetual Portfolio, Inc.	71,367	7,121,553	7,192,920	-	\$ -	\$4,722	\$ -

### 7. Bank Credit Facility

The Fund, Foxby Corp., 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 ("SSB"), the Fund's custodian. Foxby Corp. 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 MMC. The aggregate amount of the credit facility is \$25,000,000. The borrowing of each Borrower is collateralized by the underlying investments of such Borrower. SSB 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. At December 31, 2008, the Fund had \$2,910,487 outstanding under the credit facility, collateralized by investment securities with a value of \$8,271,757. For the year ended December 31, 2008, the Fund's weighted average interest rate under the credit facility was 1.38% based on its balances outstanding during the period and the Fund's average daily amount outstanding during the period was \$683,347.

## NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (CONTINUED)

### 8. Securities Lending

Through an agreement with SSB effective June 23, 2008, the Fund may lend its portfolio securities. In accordance with the Fund's security lending procedures, the loans are collateralized at all times with cash or securities or both with a value at least equal to the securities on loan. The value of the loaned securities is determined each day at the close of business of the Fund, in accordance with the Fund's valuation policies or, if applicable, by the valuation procedures established by the Fund's Board of Directors, and any additional required collateral is delivered to the Fund on the next business day. As with other extensions of credit, the Fund bears the risk of delay on recovery or loss of rights in the collateral should the borrower of the securities default. Both the Fund and SSB receive compensation relating to the lending of the Fund's securities. The Fund had no securities on loan at December 31, 2008.

### 9. Foreign Securities Risk

Investing in securities of foreign issuers involves special risks, including changes in foreign exchange rates and the possibility of future adverse political and economic developments, which could adversely affect the value of such securities. Moreover, securities in foreign issuers and markets may be less liquid and their prices more volatile than those of U.S. issuers and markets.

### 10. Capital Stock

At December 31, 2008, there were 7,403,877 shares of \$.01 par value common stock outstanding (20,000,000 shares authorized). The shares issued and resulting increase in paid in capital in connection with reinvestment of distributions for the years ended December 31, 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
Shares issued .....	5,164	5,141
Increase in paid in capital .....	\$16,910	\$20,365

### 11. Share Repurchase Program

In accordance with Section 23(c) of the Act, the Fund may from time to time repurchase its shares in the open market at the discretion of the Board of Directors and upon such terms as the Directors shall determine. During the years ended December 31, 2008 and 2007, the Fund did not so repurchase any of its shares.

### 12. Other Information

The Fund may at times raise cash for investment by issuing shares through one or more offerings, including rights offerings. Proceeds from any such offerings will be invested in accordance with the investment objectives and policies of the Fund.

### 13. Recently Issued Accounting Standards

In March 2008, the FASB released Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB statement No. 133* ("FAS 161"). FAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit risk related contingent features in derivative agreements. The application of FAS 161 is required for fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. The Fund does not expect FAS 161 to have a material impact on its financial statements.

## **NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (CONCLUDED)**

In September 2008, Statement of Financial Accounting Standards No. 133-1, *Disclosures about Credit Derivatives and Certain Guarantees* ("FAS 133-1") was issued and is effective for fiscal years ending after November 15, 2008. FAS 133-1 requires a seller of credit derivatives, including credit derivatives embedded in hybrid instruments, to provide certain disclosures for each credit derivative or group of credit derivatives presented on the Statement of Assets and Liabilities. The impact of FAS133-1 on the Fund's financial statement disclosures, if any, is currently being assessed.



## FINANCIAL HIGHLIGHTS

	Years Ended December 31,				
	2008	2007	2006	2005	2004
<b>Per Share Operating Performance</b> (for a share outstanding throughout each period)					
Net asset value, beginning of period .....	\$4.60	\$4.38	\$4.33	\$4.97	\$5.16
Income from investment operations:					
Net investment income .....	.19	.13	.13	.11	.11
Net realized and unrealized gain (loss) on investments .....	(.91)	.31	.20	(.47)	.25
Total income from investment operations .....	(.72)	.44	.33	(.36)	.36
Dilution from rights offering .....	-	-	-	-	(.21)
Less distributions:					
Net investment income .....	(.24)	(.17)	(.13)	(.20)	(.25)
Return of capital .....	-	(.05)	(.15)	(.08)	(.09)
Total distributions .....	(.24)	(.22)	(.28)	(.28)	(.34)
Net asset value, end of period .....	<u>\$3.64</u>	<u>\$4.60</u>	<u>\$4.38</u>	<u>\$4.33</u>	<u>\$4.97</u>
Market value, end of period .....	<u>\$2.70</u>	<u>\$3.90</u>	<u>\$4.18</u>	<u>\$3.95</u>	<u>\$4.82</u>
<b>Total Return (a)</b>					
Based on net asset value .....	(14.94)%	11.00%	8.43%	(6.95)%	3.57%
Based on market price .....	(25.58)%	(1.39)%	13.43%	(12.47)%	3.45%
<b>Ratios/Supplemental Data</b>					
Net assets, end of period (000's omitted) .....	\$26,979	\$34,057	\$32,362	\$31,975	\$36,671
Ratio of total expenses to average net assets .....	1.68% <sup>(b)</sup>	1.77%	1.89%	1.59%	1.66%
Ratio of net expenses to average net assets .....	1.68% <sup>(b)</sup>	1.77%	1.89%	1.59%	1.67%
Ratio of net expenses excluding loan interest and fees to average net assets .....	1.66% <sup>(b)</sup>	1.75%	1.87%	1.58%	1.66%
Ratio of net investment income to average net assets .....	4.31% <sup>(b)</sup>	2.91%	2.71%	2.44%	2.49%
Portfolio turnover rate .....	21%	10%	17%	32%	97%

(a) Total return on a market value basis is calculated assuming a purchase of common stock on the opening of the first day and a 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 a net asset value basis will be higher than total return on a 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 a net asset value basis will be lower than total return on a 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) Does not include expenses incurred by the Acquired Funds in which the Fund invests.

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Global Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Global Income Fund, Inc., including the schedule of portfolio investments as of December 31, 2008 and the related statement 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 years indicated thereon. 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, 2008 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 Global Income Fund, Inc. as of December 31, 2008, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the years indicated thereon, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
February 26, 2009

## **INVESTMENT OBJECTIVES AND POLICIES**

The Fund's primary investment objective of providing a high level of income is fundamental and may not be changed without shareholder approval. The Fund is also subject to certain investment restrictions, set forth in its most recently effective Statement of Additional Information, that are fundamental and cannot be changed without shareholder approval. The Fund's secondary investment objective of capital appreciation and the other investment policies described herein, unless otherwise stated, are not fundamental and may be changed by the Board of Directors without shareholder approval. Notice to shareholders of any change in the Fund's secondary investment objective will be provided as required by law.

## **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 such 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.

## **PROXY VOTING**

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

## **QUARTERLY SCHEDULE OF PORTFOLIO 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 [www.sec.gov](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 on its website at [www.globalincomefund.net](http://www.globalincomefund.net).

## **WWW.GLOBALINCOMEFUND.NET**

Visit us on the web at [www.globalincomefund.net](http://www.globalincomefund.net). 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@globalincomefund.net](mailto:info@globalincomefund.net). 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.

## **MANAGED DISTRIBUTIONS**

The Board's current policy is to provide investors with a stable quarterly distribution out of current income, supplemented by realized capital gains, and to the extent necessary, paid in capital. The Fund is subject to U.S. corporate, tax, and securities laws. Under U.S. tax accounting rules, the amount of distributable net income is determined on an annual basis and is dependent during the fiscal year on the aggregate gains and losses realized by the Fund and, to a lesser extent, the actual exchange rate between the U.S. dollar and the currencies in which Fund assets are denominated. Therefore, the exact amount of distributable income can only be determined as of the end of the Fund's fiscal year. Under the Investment Company Act of 1940, as amended however, the Fund is required to indicate the source of each distribution to shareholders. The Fund estimates that distributions for the fiscal period commencing January 1, 2009, including the distributions paid quarterly, will be comprised primarily from net investment income and the balance from paid in capital. This estimated distribution composition may vary from quarter to quarter because it may be materially impacted by future realized gains and losses on securities and fluctuations in the value of currencies in which Fund assets are denominated. After each fiscal year, a Form 1099-DIV will be sent to shareholders stating the amount and composition of distributions and providing information about their appropriate tax treatment.

### **DIVIDEND REINVESTMENT PLAN Terms and Conditions of the 2008 Amended Dividend Reinvestment Plan**

1. Each shareholder (the "Shareholder") holding shares of common stock (the "Shares") of Global Income Fund, Inc. (the "Fund") will automatically be a participant in the Dividend Reinvestment Plan (the "Plan"), unless the Shareholder specifically elects to receive all dividends and capital gains in cash paid by check mailed directly to the Shareholder by Illinois Stock Transfer Company, 209 West Jackson Blvd., Suite 903, Chicago, Illinois 60606, 1-800-757-5755, as agent under the Plan (the "Agent"). The Agent will open an account for each Shareholder under the Plan in the same name in which such Shareholder's shares of Common Stock are registered.
2. Whenever the Fund declares a capital gain distribution or an income dividend payable in Shares or cash, participating Shareholders will take the distribution or dividend entirely in Shares and the Agent will automatically receive the Shares, including fractions, for the Shareholder's account in accordance with the following:

Whenever the Market Price (as defined in Section 3 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 the Fund's net asset value per Share or 95% of the Fund's Market Price per Share. Whenever 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 a business day, the next business day. If the Fund should declare a dividend or capital gain distribution payable only in cash, the Agent will, as purchasing agent for the participating Shareholders, buy Shares in the open market, or elsewhere, for such Shareholders' accounts after the payment date, except that the Agent will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining Shares if, following the commencement of the purchases, the market value of the Shares exceeds the net asset value. These remaining Shares will be issued by the Fund at a price equal to the Market Price.

In a case where the Agent has terminated open market purchases and caused the issuance of remaining Shares by the Fund, the number of Shares received by the participant in respect of the cash dividend or distribution will be based on the weighted average of prices paid for Shares pur-

chased in the open market and the price at which the Fund issues remaining Shares. To the extent that the Agent is unable to terminate purchases in the open market before the Agent has completed its purchases, or remaining Shares cannot be issued by the Fund because the Fund declared a dividend or distribution payable only in cash, and the market price exceeds the net asset value of the Shares, the average Share purchase price paid by the Agent may exceed the net asset value of the Shares, resulting in the acquisition of fewer Shares than if the dividend or capital gain distribution had been paid in Shares issued by the Fund.

The Agent will apply all cash received as a dividend or capital gain distribution to purchase shares of common stock on the open market as soon as practicable after the payment date of the dividend or capital gain distribution, but in no event later than 45 days after that date, except when necessary to comply with applicable provisions of the federal securities laws.

3. For all purposes of the Plan: (a) the Market Price of the Shares on a particular date shall be the average of the volume weighted average sale prices or, if no sale occurred then the mean between the closing bid and asked quotations, for the Shares on each of the five trading days the Shares traded ex-dividend immediately prior to such date, and (b) net asset value per share on a particular date shall be as determined by or on behalf of the Fund.

4. The open market purchases provided for herein may be made on any securities exchange on which the Shares are traded, in the over the counter market, or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the Agent shall determine. Funds held by the Agent uninvested will not bear interest, and it is understood that, in any event, the Agent shall have no liability in connection with any inability to purchase Shares within 45 days after the initial date of such purchase as herein provided, or with the timing of any purchases effected. The Agent shall have no responsibility as to the value of the Shares acquired for the Shareholder's account.

5. The Agent will hold Shares acquired pursuant to the Plan in noncertificated form in the Agent's name or that of its nominee. At no additional cost, a Shareholder participating in the Plan may send to the Agent for deposit into its Plan account those certificate shares of the Fund in its possession. These Shares will be combined with those unissued full and fractional Shares acquired under the Plan and held by the Agent. Shortly thereafter, such Shareholder will receive a statement showing its combined holdings. The Agent will forward to the Shareholder any proxy solicitation material and will vote any Shares so held for the Shareholder only in accordance with the proxy returned by the Shareholder to the Fund. Upon the Shareholder's written request, the Agent will deliver to him or her, without charge, a certificate or certificates for the full Shares.

6. The Agent will confirm to the Shareholder each acquisition for the Shareholder's account as soon as practicable but not later than 60 days after the date thereof. Although the Shareholder may from time to time have an individual fractional interest (computed to three decimal places) in a Share, no certificates for fractional Shares will be issued. However, dividends and distributions on fractional Shares will be credited to Shareholders' accounts. In the event of a termination of a Shareholder's account under the Plan, the Agent will adjust for any such undivided fractional interest in cash at the opening market value of the Shares at the time of termination.

7. Any stock dividends or split Shares distributed by the Fund on Shares held by the Agent for the Shareholder will be credited to the Shareholder's account. In the event that the Fund makes available to the Shareholder the right to purchase additional Shares or other securities, the Shares held for a Shareholder under the Plan will be added to other Shares held by the Shareholder in calculating the number of rights to be issued to such Shareholder. Transaction processing may either be curtailed or suspended until the completion of any stock dividend, stock split, or corporate action.

8. The Agent's service fee for handling capital gain distributions or income dividends will be paid by the Fund. The Shareholder will be charged a pro rata share of brokerage commissions on all open market purchases.

9. The Shareholder may terminate the account under the Plan by notifying the Agent. A termination will be effective immediately if notice is received by the Agent two days prior to any dividend or distribution payment date. If the request is received less than two days prior to the payment date, then that dividend will be invested, and all subsequent dividends will be paid in cash. Upon any termination the Agent will cause a certificate or certificates for the full Shares held for the Shareholder under the Plan and cash adjustment for any fraction to be delivered to the Shareholder.

10. These terms and conditions may be amended or supplemented by the Fund at any time or times but, except when necessary or appropriate to comply with applicable law or the rules or policies of the Securities and Exchange Commission or any other regulatory authority, only by mailing to the Shareholder appropriate written notice at least 30 days prior to the effective date thereof. The amendment or supplement shall be deemed to be accepted by the Shareholder unless, prior to the effective date thereof, the Agent receives written notice of the termination of such Shareholder's account under the Plan. Any such amendment may include an appointment by the Fund of a successor agent in its place and stead under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by the Agent. Upon any such appointment of an Agent for the purpose of receiving dividends and distributions, the Fund will be authorized to pay to such successor Agent all dividends and distributions payable on Shares held in the Shareholder's name or under the Plan for retention or application by such successor Agent as provided in these terms and conditions.

11. In the case of Shareholders, such as banks, brokers or nominees, which hold Shares for others who are the beneficial owners, the Agent will administer the Plan on the basis of the number of Shares certified from time to time by the Shareholders as representing the total amount registered in the Shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

12. The Agent shall at all times act in good faith and agree to use its best efforts within reasonable limits to insure the accuracy of all services performed under this agreement and to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless the errors are caused by its negligence, bad faith or willful misconduct or that of its employees.

13. Neither the Fund or the Agent will be liable for any act performed in good faith or for any good faith omission to act, including without limitation, any claim of liability arising out of (i) failure to terminate a Shareholder's account, sell shares or purchase shares, (ii) the prices which shares are purchased or sold for the Shareholder's account, and (iii) the time such purchases or sales are made, including price fluctuation in market value after such purchases or sales.

#### **HISTORICAL DISTRIBUTION SUMMARY**

<u>Period</u>	<u>Investment Income</u>	<u>Return of Capital</u>	<u>Total</u>
2008 .....	\$0.240	\$0.000	\$0.240
2007 .....	\$0.170	\$0.050	\$0.220
2006 .....	\$0.130	\$0.150	\$0.280
2005 .....	\$0.200	\$0.080	\$0.280
2004 .....	\$0.245	\$0.090	\$0.335
2003 .....	\$0.220	\$0.140	\$0.360
2002 .....	\$0.280	\$0.220	\$0.500
2001 .....	\$0.360	\$0.200	\$0.560
2000 .....	\$0.420	\$0.160	\$0.580
6 Months Ended 12/31/99.....	\$0.230	\$0.070	\$0.300
12 Months Ended 6/30/99.....	\$0.550	\$0.130	\$0.680
12 Months Ended 6/30/98.....	\$0.520	\$0.320	\$0.840

## STOCK DATA

Price (12/31/08) .....	\$2.70
Net asset value (12/31/08) . . . .	\$3.64
Discount .....	25.8%

Ticker symbol: GIFD

## 2009 DISTRIBUTION PAYMENT DATES

<u>Declaration</u>	<u>Record</u>	<u>Payment</u>
March 2	March 16	March 31
June 1	June 15	June 30
September 1	September 15	September 30
December 1	December 15	December 30

## FUND INFORMATION

### Investment Manager

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

### Stock Transfer Agent and Registrar

Illinois Stock Transfer Company  
209 West Jackson Blvd., Suite 903  
Chicago, IL 60606  
www.illinoisstocktransfer.com  
1-800-757-5755

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, as amended, notice is hereby given that the Fund may in the future purchase shares of its own 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.

## DIRECTORS AND OFFICERS

The following table sets forth certain information concerning the 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.

Name, Position(s) Held with Fund, Term of Office <sup>(1)</sup> , 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 <sup>(2)</sup>
<b>Class I:</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 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.	1997	5	0
<b>Class II:</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 III:</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 IV:</b>			
THOMAS B. WINMILL <sup>(3)</sup> – He is President, Chief Executive Officer, and General Counsel of the Fund, the Investment Manager, 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 is the son of Bassett S. Winmill. He was born on June 25, 1959.	1997	5	0



<u>Name, Position(s) Held with Fund, Term of Office<sup>(1)</sup>, Principal Occupation for Past Five Years, and Age</u>	<u>Director Since</u>	<u>Number of Portfolios in Investment Company Complex Overseen by Director</u>	<u>Other Public Company Directorships Held by Director<sup>(2)</sup></u>
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**Class V:**

<p>BASSETT S. WINMILL<sup>(3)</sup> – He is Chairman of the Board of the Fund, the other investment company advised by the Investment Manager, and WCI. He is Chief Investment Strategist of the Investment Manager. He is a member of the New York Society of Security Analysts, the Association for Investment Management and Research, and the International Society of Financial Analysts. He is the father of Thomas B. Winmill. He was born on February 10, 1930.</p>	1997	2	0
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<sup>(1)</sup> Directors not elected annually shall be deemed to be continuing in office until after the time at which an annual meeting is required to be held under Maryland law or the Fund's Charter or Bylaws.

<sup>(2)</sup> 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.

<sup>(3)</sup> He is an "interested person" of the Fund as defined in the Act due to his affiliation with the Investment Manager.

Messrs. Huber, Hunt, and Werner also serve on the Audit and Nominating Committees of the Board. Mr. Thomas 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*, Principal Occupation for the Past Five Years</u>
<p>Thomas O'Malley Born on July 22, 1958</p>	<p>Chief Accounting Officer, Chief Financial Officer, 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 &amp; Tang Asset Management, LLC, Reich &amp; Tang Services, Inc., and Reich &amp; Tang Distributors, Inc. He is a certified public accountant.</p>
<p>John F. Ramirez Born on April 29, 1977</p>	<p>Secretary, Chief Compliance Officer, and Vice President since 2005. He is also Secretary, Chief Compliance Officer, and Vice President 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 Chief Compliance Officer Committee and the Compliance Advisory Committee of the Investment Company Institute.</p>

\* 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 10, 2008.

# GLOBAL INCOME FUND

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