RENN Fund, Inc.
Form N-2/A
November 13, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-2

(Check appropriate box or boxes)

[X] REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
[X] Pre-Effective Amendment No. 1
[ ] Post-Effective Amendment No . ___
and

[X] REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940
[X] Amendment No. 1

RENN Fund, Inc.

470 Park Avenue South, New York, NY 10016

Registrant’s Telephone Number, including Area Code (241) 891-8294

UMB Fund Services (“UMB”) – c/o RENN Fund, Inc., 235 W. Galena Street, Milwaukee, WI 53212-3949

Copies of Communications to:

Monica L. Parry
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004-2541

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box ….[ ]

It is proposed that this filing will become effective (check appropriate box)

[ ] when declared effective pursuant to section 8(c)

The offering may substantially dilute the aggregate net asset value of the shares owned by Stockholders who do not fully exercise their rights. Stockholders should expect upon completion of the offering to own a smaller proportional interest in the Fund than before the offering.

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price[1]	Amount of Registration Fee
Common Stock, $0.01 par value per share	1,487,989	$1.57	$2,336,143	$283.14
Rights to purchase common stock[2]	4,463,967	—	—	—

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Evidencing the rights to subscribe for shares of common stock of the Registrant being registered herewith. Pursuant to Rule 457(g) of the Securities Act of 1933, no separate registration fee is required for the rights because the rights are being registered in the same registration statement as the common stock of the Registrant underlying the rights.

Pursuant to Rule 473 under the Securities Act of 1933, as amended, the Registrant hereby amends the Registration Statement to delay its effective date until the Registrant shall file a further amendment that specifically states that the Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

RENN Fund, Inc.

3 Rights for 1 Shares of Common Stock

RENN Fund, Inc. (the "Fund") is issuing non-transferable rights ("Rights") to its holders of record of shares of common stock ("Common Stock") (such holders hereinafter referred to as "Stockholders") which Rights will allow Stockholders to subscribe for new shares (the "Offering"). For every 3 Rights a Stockholder receives, such Stockholder will be entitled to buy one new share. Each Stockholder will receive one Right for each outstanding share it owns on November 19, 2018 (the "Record Date"). Fractional shares will not be issued upon the exercise of the Rights. Accordingly, the number of Rights to be issued to a Stockholder on the Record Date will be rounded up to the nearest whole number of Rights evenly divisible by 3. Stockholders on the Record Date may purchase shares not acquired by other Stockholders in this Rights offering, subject to certain limitations discussed in this Prospectus. Additionally, Horizon Asset Management LLC ("Horizon") will purchase any shares not otherwise acquired by other Stockholders in this Rights offering. See "The Offering" below.

The Rights are non-transferable, and may not be purchased or sold. Rights will expire without residual value at the Expiration Date (defined below). Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing the Fund's net asset value per share and may reduce the Fund's market price per share. The Rights will not be listed for trading on the NYSE MKT LLC ("NYSE MKT"), and there will not be any market for trading Rights. The shares to be issued pursuant to the Offering will be listed for trading on the NYSE MKT, subject to the NYSE MKT being officially notified of the issuance of those shares. On October 19, 2018, the last reported net asset value ("NAV") per share was $1.82 and the last reported sales price per share on the NYSE MKT was $1.71, which represents a 6.04% discount to the Fund's NAV per share. The subscription price per share (the "Subscription Price") will be the lesser of:

(i) 105% of the average closing NAV per share over the three days of trading leading up to and including the expiration of the Offering and

(ii) 90% of the average closing market price per share over the three days of trading leading up to and including the expiration of the Offering. The considerable number of shares that may be issued as a result of the Offering may cause the discount below NAV at which the Fund's shares are currently trading to increase, especially if Stockholders exercising the Rights attempt to buy sizeable numbers of shares immediately after such issuance.

STOCKHOLDERS WHO CHOOSE TO EXERCISE THEIR RIGHTS WILL NOT KNOW THE SUBSCRIPTION PRICE PER SHARE AT THE TIME THEY EXERCISE SUCH RIGHTS BECAUSE THE OFFERING WILL EXPIRE (I.E., CLOSE) PRIOR TO THE AVAILABILITY OF THE FUND'S NAV AND OTHER RELEVANT MARKET INFORMATION ON THE EXPIRATION DATE. ONCE A STOCKHOLDER SUBSCRIBES FOR SHARES AND THE FUND RECEIVES PAYMENT, SUCH STOCKHOLDER WILL NOT BE ABLE TO CHANGE HIS, HER OR ITS DECISION. THE OFFERING WILL EXPIRE AT 5:00 P.M., EST, ON DECEMBER 28, 2018 (THE "EXPIRATION DATE"), UNLESS EXTENDED, AS DISCUSSED IN THIS PROSPECTUS.

The Fund is a non-diversified, closed-end management investment company. The Fund's investment objective is capital appreciation with current income as a secondary objective. The Fund seeks to achieve its objectives by investing primarily in U.S. and non-U.S. companies. There can be no assurance that the Fund's objective will be achieved.

For more information, please call AST Fund Solutions LLC (the "Information Agent") at (800) 628-8059.

Investing in the Fund involves risks. See "Risk Factors" on page 33 of this prospectus.

	Estimated Subscription Price(1)	**Estimated Sales Load**	**Estimated Subscription Proceeds to Fund(2)**
Per share	$1.57	None	$2,336,143
Total	$1.57	None	$2,336,143

(1) Because the Subscription Price will not be determined until after printing and distribution of this prospectus, the "Estimated Subscription Price" above is an estimate of the subscription price based on the average of the Fund's per-share NAV and market price over the three days of trading leading up to and including the close of trading on October 17, 18 and 19, 2018. See "The Offering - Subscription Price" and "The Offering - Payment for Shares."

(2) Fees and expenses incurred by the Fund in connection with the Offering will be paid for by Horizon, the investment manager to the Fund. Therefore, the full amount of subscription proceeds will be contributed to the Fund's assets. The calculation of the per share amount does not take into account the Over-Subscription shares. Funds received prior to the final due date of this Offering will be deposited in a segregated account pending allocation and distribution of shares. Interest, if any, on subscription monies will be paid to the Fund regardless of whether shares are issued by the Fund; interest will not be used as credit toward the purchase of shares.

This prospectus contains important information that you should know before investing in the Fund. Please read it before making an investment decision and keep it for future reference. The Fund files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). You may make inquiries or obtain this information free of charge by writing to Renn Fund, Inc., c/o Horizon Asset Management LLC, 470 Park Avenue South, New York, NY 10016, or by calling (646) 495-7333. Our Internet address is http://www.rencapital.com. Information contained on our website is not incorporated by reference into this prospectus and you should not consider information contained on our website to be a part of this prospectus. You may also obtain information about us from our website and the SEC's website (http://www.sec.gov).

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 23, 2018.

The Fund's Shares are listed on the NYSE MKT under the ticker symbol RCG.

Investment Adviser. Horizon Asset Management LLC (the "Adviser") acts as the Fund's investment adviser. See "Management of the Fund." As of June 30, 2018, the Adviser, along with its affiliated investment advisers, managed nine open-end funds as well as separate accounts and private funds with combined assets with the Fund of approximately $5.8 billion. The Adviser's address is 470 Park Avenue South, New York, NY 10016.

This prospectus sets forth concisely the information about the Fund that you should know before deciding whether to invest in the Fund. A Statement of Additional Information, dated [October 23], 2018 (the "Statement of Additional Information"), and other materials, containing additional information about the Fund, have been filed with the SEC. The Statement of Additional Information is incorporated by reference in its entirety into this prospectus, which means it is considered to be part of this prospectus. You may obtain a free copy of the Statement of Additional Information and other information filed with the SEC, by calling toll free (800) 628-8509 or by writing to American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, NY 11219, or by visiting the Fund's website at http://www.rencapital.com. The Fund files annual and semi-annual stockholder reports, proxy statements and other information with the SEC. You can obtain this information or the Fund's Statement of Additional Information or any information regarding the Fund filed with the SEC from the SEC's website at www.sec.gov.

The Fund's Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any governmental agency.

You should rely only on the information contained or incorporated by reference in this prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus. The Fund will amend this prospectus if, during the period this prospectus is required to be delivered, there are any material changes to the facts stated in this prospectus subsequent to the date of this prospectus.

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SUMMARY

This summary does not contain all of the information that you should consider before investing in the Fund. You should review the more detailed information contained or incorporated by reference in this prospectus and in the Statement of Additional Information, particularly the information set forth under the heading "Risk Factors."

The Fund. The Fund, a Texas corporation organized on January 20, 1994, is a non-diversified, closed-end management investment company. The investment objective of the Fund is to provide its shareholders primarily with above-market rates of return through capital appreciation and income by investing in a wide variety of financial instruments, including, but not limited to, common stocks, fixed income securities, convertible and non-convertible debt securities or loans, distressed debt, warrants and preferred stock, exchange traded funds ("ETFs") and exchange traded notes ("ETNs"), open and closed-end funds, derivatives including options and swaps, and other instruments and securities that may or may not be listed on a regulated securities exchange.

The Offering. The Fund is issuing non-transferable rights ("Rights") to its Stockholders as of the close of business on November 19, 2018 (the "Record Date") which Rights will allow Stockholders to subscribe for an aggregate of 1,487,989 shares (the "Offering"). For every 3 Rights a Stockholder receives, such Stockholder will be entitled to buy 1 new share at a subscription price equal to the 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. Each Stockholder will receive 1 Right for each outstanding share he or she owns on the Record Date (the "Basic Subscription"). Fractional shares will not be issued upon the exercise of the Rights. Accordingly, the number of Rights to be issued to a Stockholder as of the Record Date will be rounded up to the nearest whole number of Rights evenly divisible by 3. Stockholders as of the Record Date may purchase shares not acquired by other Stockholders in this Rights offering, subject to certain limitations discussed in this prospectus. Additionally, Horizon will purchase any shares not otherwise acquired by other Stockholders in this Rights offering.

Shares will be issued within the 45-day period immediately following the record date of the Fund's monthly distribution and Stockholders exercising rights will not be entitled to receive such distribution with respect to the shares issued pursuant to such exercise.

Purpose of the Offering. At its meeting held on June 14, 2018, the Board of Directors determined that the current Offering was in the best interests of the Fund and its Stockholders to increase the assets of the Fund. The primary reasons include:

• The Basic Subscription will provide existing Stockholders an opportunity to purchase additional shares at a price that is potentially below market value without incurring any commission or transaction charges.

• Raising more cash will better position the Fund to take advantage of investment opportunities that exist or may arise.

• Increasing Fund assets may lower the Fund's expenses as a proportion of net assets because the Fund's fixed costs would be spread over a larger asset base. There can be no assurance that by increasing the size of the Fund, the Fund's expense ratio will be lowered. However, increasing the Fund's assets could result in a benefit to the Fund's Adviser because the Management fee that is paid to the Adviser increases as the Fund's net assets increase, but only when net assets increase to $25 million, as the Adviser is not paid any management fee on assets below that level.

• Because the Offering will increase the Fund's outstanding shares, it may increase the number of Stockholders over the long term, which could increase the level of market interest in and visibility of the Fund and improve the trading liquidity of the shares on the NYSE MKT.

• The Offering is not expected to be anti-dilutive with respect to the net asset value per share to all Stockholders, including those electing not to participate. This expectation is based on the fact that all the costs of the Offering will be borne exclusively by Horizon whether or not Stockholders exercise their Rights. The Offering is expected to be dilutive with respect to Stockholder's voting percentages because Stockholders electing not to participate in the Offering will own a smaller percentage of the total number of shares outstanding after the completion of the Offering.

Investment Objective and Policies. The Fund's investment objective is to achieve above-market rates of return through capital appreciation and income. The Fund seeks to achieve its investment objective through a long-term, value-oriented investment process.

There is no assurance that the Fund will achieve its investment objective. The Fund's investment objective and some of its investment policies are considered fundamental policies and may not be changed without Stockholder approval. This prospectus, under the heading "Fundamental Policies," contains a list of the fundamental investment policies of the Fund.

During periods of adverse market or economic conditions, which can persist for extended periods of time, the Fund may temporarily invest all or a substantial portion of its net assets in cash or cash equivalents.

Investment Strategies. The Fund may invest 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 ("ETFs") and exchange traded notes ("ETNs"), open and closed-end funds, derivatives including options and swaps, Bitcoin, and other instruments and securities which may or may not be listed on a regulated securities exchange. In particular, the Fund may purchase securities on over-the-counter trading markets, including but not limited to those offered by OTC Markets Groups Inc.

The Fund may transact in securities of U.S. and foreign companies that trade on U.S. and non-U.S. exchanges, including by transactions that offer exposure to instruments having the characteristics of common stocks such as American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and International Depositary Receipts ("IDRs"). The Fund may acquire various equity-related instruments such as ETFs, ETNs or shares of other closed-end funds. The Fund may also write and sell options on securities for hedging purposes and/or for direct investment.

The Fund will comply with all SEC rules and other regulations that may be implicated by the Fund's investment activities, including, for example, any asset segregation or coverage requirements that may apply as a result of trading in options, swaps or other derivatives.

The Fund may invest in preferred stock, as well as convertible and non-convertible debt securities, including debt securities that are rated below investment grade, also known as junk bonds, or unrated. In addition, the Fund may acquire interests in privately-held companies, and securities or assets for which there may be a limited or no active trading market.

In general, the Fund will invest in companies that the Adviser believes are undervalued and have the potential for a high rate of return. Key fundamental factors in this approach may include:

- Identification of dormant assets

- Underappreciated intangible assets

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- High returns on capital

- High earnings power relative to analysts’ expectations or current market capitalization

- Spin-off’s, recapitalizations, and restructurings

- Discounts to stated or estimated book value

- Substantial inside stock ownership (i.e., owner-operated companies)

- Expected demand for the company’s services or products

- Transitory (not permanent) business problems causing a low valuation

- Expected growth in revenues, earnings, or assets

The companies that are targeted for investment based upon the criteria listed above may include emerging growth companies, but unlike under the Fund’s current investment strategy, emerging growth companies will not be a focus of the investment strategy that Horizon intends to employ for the Fund.

The Fund will execute its investment strategy by regarding investments as representing fractional ownership in the underlying companies’ assets. This will allow the Fund to attempt to achieve its investment objective by acting as a classic value investor seeking high returns on equity, an intrinsic characteristic of the investment, not a reappraisal of a company’s stock value by the market, an external factor.

Sell decisions are generally triggered by either adequate value being achieved, as determined by the Adviser, or by an adverse change in a company’s operating performance or a deterioration of the company’s business model. A sale may also occur if the investment adviser discovers a new investment opportunity that it believes is more compelling and represents a greater risk-reward profile than other investment(s) owned in the Fund.

Investment Adviser and Fee. Horizon Asset Management LLC ("Horizon" or the "Adviser"), the investment adviser of the Fund, is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended. As of June 30, 2018, the Adviser, together with its affiliated investment managers, managed nine open-end funds as well as separate accounts and private funds with combined assets under management, with the Fund, of approximately $5.8 billion.

The Adviser is entitled to receive a monthly fee at the annual rate of 1.0% of the Fund's net assets; provided, however, that no fee shall be paid on net assets less than $25 million. See "Management of the Fund."

Administrator. UMB Fund Services, 235 W. Galena Street, Milwaukee, WI 53212-3949 serves as administrator to the Fund. Under the administration agreement with the Fund, UMB is responsible for generally managing the administrative affairs of the Fund, including supervising the preparation of reports to Stockholders, reports to and filings with the SEC and materials for meetings of the Board.

Fund Accounting Agent. UMB Fund Services, 235 W. Galena Street, Milwaukee, WI 53212-3949, serves as accounting agent to the Fund. Under the Accounting Agreement with the Fund, UMB Fund Services is responsible for calculating the net asset value per share and maintaining the financial books and records of the Fund. UMB Fund Services is entitled to receive an accounting and administration fee which includes the greater of an annual minimum fee of $5,000 per month or an asset based fee of 0.100% of the first $150 million of average daily net assets, 0.080% in excess of $150 million and up to $250 million of average net assets and 0.050% of such assets in excess of $250 million.

Custodian and Transfer Agent. UMB Bank, N.A. serves as the Fund's custodian and American Stock Transfer & Trust Company serves as the Fund's transfer agent. See "Management of the Fund."

Closed-End Fund Structure. Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds) in that closed-end funds do not redeem their shares at the option of the stockholder and generally list their shares for trading on a securities exchange. By comparison, mutual funds issue securities that are redeemable daily at net asset value at the option of the stockholder and typically engage in a continuous offering of their shares. Mutual funds are subject to continuous asset in-flows and out-flows that can complicate portfolio management, whereas closed-end funds generally can stay more fully invested in securities consistent with the closed-end fund's investment objectives and policies. In addition, in comparison to open-end funds, closed-end funds have greater flexibility in the employment of financial leverage and in the ability to make certain types of investments, including investments in illiquid securities.

The Fund's shares have frequently traded at a discount to its net asset value since its inception. Shares of closed-end funds frequently trade at a discount from their net asset value. In recognition of the possibility that the shares might trade at a discount to net asset value and that any such discount may not be in the interest of Stockholders, the Fund's Board of Directors, in consultation with the Adviser, may, from time to time, review possible actions to reduce any such discount, including considering open market repurchases or tender offers for the Fund's shares. There can be no assurance that the Board of Directors will decide to undertake any of these actions or that, if undertaken, such actions would result in the shares trading at a price equal to or close to net asset value per share.

Summary of Principal 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, and as proposed to be modified by Horizon.

Stock Selection Risks. The portfolio securities selected by the Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Fund's investment objectives.

Long-Term Investment Risks. Although any debt investments the Fund may make will typically yield a current return from the time they are made, future equity investments that are made in accordance with the Fund's long-term, value-oriented investment strategy will generally produce gains, if any, only after three to five years. In a substantial portion of cases, the Fund's investments will likely not generate distributable income in the early years of investment. There can be no assurance that either a current return or capital gains will actually be achieved.

Liquidity Risks. The Adviser may not be able to sell portfolio securities at an optimal time or price. For example, if the Fund is required or the adviser 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.

Small and Medium-Size Company Risks. The Fund may invest in the equity securities of small and medium-size companies. Small and medium-size companies often have narrower product lines and potential markets and more limited managerial and financial resources than do larger, more established companies. As a result, their performance can be more volatile and they face a greater risk of business failure, which could increase the volatility of the Fund’s assets.

Risks Related to the Over-the-Counter Markets. Issuers whose securities are traded in the over-the-counter markets ("OTC") have no duty to provide any information to investors. Even issuers who register OTC securities with the Securities and Exchange Commission are not required to maintain such registration. Many OTC securities are thinly traded, and this lack of liquidity tends to increase price volatility, and in many cases, the liquidation of a position in an OTC security may not be possible within a reasonable period of time.

Private Issuer Risks. In addition to the risks associated with small public companies, limited or no public information may exist about private companies, and shareholders will rely on the ability of the Adviser to obtain adequate information to evaluate the potential returns from investing in these companies. If the Adviser 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.

Minority Investment Risks. Because the Fund generally does not hold controlling equity interests in the Fund's portfolio companies, it may not be able to exercise control over portfolio companies or to prevent decisions by management of portfolio companies with which the Fund disagrees and that could decrease the value of investments.

Exchange-Traded Funds (ETFs) and Closed-End Funds (CEFs) Risks. The Fund may invest in other investment companies, including ETFs and closed-end funds ("CEFs"). ETFs and CEFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the OTC market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an "index provider," such as Standard & Poor's, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when-issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs or CEFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the Fund will indirectly be subject to leveraging risk. CEFs are subject to additional risks such as the fact that the market price of their shares may trade above or below the net asset value or that an active market may not develop. As a shareholder in an ETF or CEF, the Fund will bear its pro rata portion of the ETF's and CEF's expenses, including advisory fees, in addition to its own fees and expenses.

Exchange Traded Notes (ETNs) Risks. ETNs are a type of debt security that generally trades on U.S. stock exchanges or in the OTC market. Like ETFs, ETNS seek to provide a return linked to a market index or other benchmark, which may include, for example, equity indices, commodities or foreign currencies, and they share some of the same risks as ETNs, potentially including leverage risks. Unlike ETFs, ETNs are unsecured debt obligations of the issuer—typically a bank or another financial institution—and are therefore subject to a risk of default by the issuer. And unlike traditional bonds, ETNs are generally issued on an ongoing basis and typically do not pay any interest to investors; instead, the issuer promises to pay the holder of the ETN an amount determined by the performance of the underlying index or benchmark on the ETN's maturity date (typically 10, 30 or in some cases 40 years from issuance), minus specified fees. ETNs may trade at a premium or discount to their indicative values, and investing in

ETNs therefore involves greater market risks than investing in some other forms of debt, including a risk of significant price volatility and the risk of delisting or suspension of trading from the applicable trading market. Issuers of ETNs may seek to control price fluctuations by issuing or redeeming the ETNs, and an investor cannot control the magnitude or timing of such issuances or redemptions. In addition, issuers may have the right to call ETNs at a specified redemption price that may be less than their current trading price.

Foreign Securities Risks. The Fund may invest in foreign securities directly or through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.

Non-Diversification Risks. As a non-diversified investment company, the Fund can invest a large percentage of its assets in a small number of issuers. As a result of such concentration, a change in the value of any one investment may affect the overall value of the Fund's shares more than shares of a diversified closed-end fund that holds more investments.

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. It is likely there will be less governmental action in the near future to maintain low interest rates. 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 Adviser may engage in speculative transactions which involve substantial risk and leverage. The use of leverage by the Adviser may increase the volatility of the Fund. These leveraged instruments may result in losses to the Fund or may adversely affect the Fund's NAY 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.

Option Transaction Risks. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Adviser to manage future price fluctuations and the degree of correlation between the options and securities markets. By writing put options on equity securities, the Fund would give up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continue to bear the risk of declines in the value of its common stock portfolio. The Fund would receive a premium from writing a covered call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.

Below Investment Grade Debt Securities Risks. Generally, below investment grade debt securities, *i.e.*, junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities.

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 the Fund's 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 substantially delays and the risk of loss of all or a substantial portion of the Fund's investment in the bankrupt entity.

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Management Risks. There is no guarantee that the Fund will meet its investment objective. The Adviser does not guarantee the performance of the Fund, nor can it assure you that the market value of your investment will not decline.

Special Situations Risks. The Fund may use aggressive investment techniques, including seeking to benefit from "special situations," such as mergers, reorganizations or other unusual events expected to affect a particular issuer. There is a risk that the "special situation" might not occur or involve longer time frames than originally expected, which could have a negative impact on the price of the issuer's securities and fail to produce gains or produce a loss for the Fund.

Derivatives Risks. The Fund's investments may include futures, options and swaps and other derivative instruments, which may result in loss. Derivative instruments may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses to the Fund. The use of derivative instruments may expose us to counter-party credit risk. To the extent the Fund segregates assets to cover derivative positions, the Fund may impair its ability to meet current obligations, to honor requests for redemption and to manage the Fund properly in a manner consistent with its stated investment objective.

Convertible Security Risk. The Fund may invest in convertible securities, which may decline in response to such factors as rising interest rates and fluctuations in the market price of the common stock underlying the convertible securities.

Bitcoin Risk: The value of the Fund's investment in the Bitcoin Investment Trust directly is subject 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 Bitcoin Investment Trust. Currently, there is relatively small use of bitcoins in the retail 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 Bitcoin Investment 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 Bitcoin Investment Trust. Shares of the Bitcoin Investment Trust may trade at a premium or discount to the net asset value of the Bitcoin Investment Trust.

Distribution Reinvestment Plan. Unless a Stockholder elects otherwise, the Stockholder's distributions will be reinvested in additional shares under the Fund's distribution reinvestment plan. Stockholders who elect not to participate in the Fund's distribution reinvestment plan will receive all distributions in cash paid to the Stockholder of record (or, if the shares are held in street or other nominee name, then to such nominee). See "Distribution Reinvestment Plan."

Stock Purchases and Tenders. The Board of Directors may consider repurchasing the Fund's shares in the open market or in private transactions, or tendering for shares, in an attempt to reduce or eliminate a market value discount from net asset value, if one should occur. There can be no assurance that the Board of Directors will determine to effect any such repurchase or tender or that it would be effective in reducing or eliminating any market value discount.

SUMMARY OF FUND EXPENSES

The following table shows Fund expenses that you as an investor in the Fund's shares will bear directly or indirectly.

Stockholder Transaction Expenses

Sales load	None
Offering expenses (1)	None
Distribution Reinvestment Plan fees	None
Annual Expenses (as a percentage of net assets attributable to the common shares)	
Management fees	None (2)
Other expenses (3)	3.23%
Acquired Fund fees and expenses	0.03%
Total Annual Expenses	3.26%

Example (4)

The following example illustrates the hypothetical expenses (including estimated expenses, which Horizon has agreed to absorb) that you would pay on a $1,000 investment in the shares, assuming (i) annual expenses of 3.26% of net assets attributable to the shares and (ii) a 5% annual return:

	1 Year	**3 Years**	**5 Years**	**10 Years**
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$32	$97	$162	$323

(1) Fees and expenses incurred by the Fund in connection with the Offering will be paid for by Horizon, the investment manager to the Fund. Therefore, the full amount of subscription proceeds will be contributed to the Fund.

(2)

The Adviser has contractually agreed to receive no advisory fee on net assets less than $25 million and thereafter will charge a management fee of 1.00% on net assets above $25 million.

(3) "Other Expenses" are based upon gross estimated amounts for the current fiscal year and include, among other expenses, administration and fund accounting fees. The Fund has no current intention to borrow money for investment purposes and has adopted a fundamental policy against selling securities short.

(4) The example assumes that the estimated "Other Expenses" set forth in the Annual Expenses table remain the same each year and that all dividends and distributions are reinvested at net asset value. Actual expenses may be greater or less than those assumed. The example further assumes that the Fund uses no leverage, as currently intended and the Fund does not intend to utilize any leverage within one year from the effective date of this Registration Statement. Moreover, the Fund's actual rate of return will vary and may be greater or less than the hypothetical 5% annual return.

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The purpose of the above table is to help a Stockholder understand the fees and expenses that such Stockholder would bear directly or indirectly. **The example should not be considered a representation of actual future expenses. Actual expenses may be higher or lower than those shown.**

THE FUND

The Fund, a Texas corporation organized on January 20, 1994, is a non-diversified, closed-end management investment company. The Fund's principal office is RENN Fund, Inc., located at 470 Park Avenue South, New York, NY 10016 and its telephone number is (646) 495-7333.

THE OFFERING

Terms of the Offering. The Fund is issuing to Record Date Stockholders (i.e., Stockholders who hold shares on the Record Date) non-transferable Rights to subscribe for shares. Each Record Date Stockholder is being issued 1 non-transferable Right for every 3 shares owned on the Record Date. The Rights entitle a Record Date Stockholder to acquire 1 share at the Subscription Price for every 1 Rights held. Fractional shares will not be issued upon the exercise of the Rights. Accordingly, the number of Rights to be issued to a Record Date Stockholder on the Record Date will be rounded up to the nearest whole number of Rights evenly divisible by 3. Rights may be exercised at any time during the Subscription Period which commences on or about November 19, 2018 and ends at 5:00 p.m., New York City time, on December 28, 2018, unless extended by the Fund. See "Expiration of the Offering." The right to acquire 1 additional share for every 3 Rights held during the Subscription Period at the Subscription Price is hereinafter referred to as the "Basic Subscription."

In addition to the Basic Subscription, Record Date Stockholders who exercise all of their Rights are entitled to subscribe for shares which were not otherwise subscribed for by others in the Basic Subscription (the "Additional Subscription Privilege"). Horizon Asset Management LLC ("Horizon") will purchase any shares not otherwise acquired by other Stockholders in this Rights offering. See "Additional Subscription Privilege" below. For purposes of determining the maximum number of shares a Stockholder may acquire pursuant to the Offering, broker-dealers whose shares are held of record by any Nominee will be deemed to be the holders of the Rights that are issued to such Nominee on their behalf. The term "Nominee" shall mean, collectively, CEDE & Company ("Cede"), as nominee for the Depository Trust Company ("DTC"), or any other depository or nominee. shares acquired pursuant to the Additional Subscription Privilege are subject to allotment and will be distributed on a pro rata basis if allotment does not exist to fulfill all requests, which is more fully discussed below under "Additional Subscription Privilege."

SHARES WILL BE ISSUED WITHIN THE 45-DAY PERIOD IMMEDIATELY FOLLOWING THE RECORD DATE OF THE FUND'S MONTHLY DISTRIBUTION AND STOCKHOLDERS EXERCISING RIGHTS WILL NOT BE ENTITLED TO RECEIVE SUCH DISTRIBUTION WITH RESPECT TO THE SHARES ISSUED

PURSUANT TO SUCH EXERCISE.

Rights will be Evidenced by Subscription Certificates.

The number of Rights issued to each Record Date Stockholder will be stated on the Subscription Certificates delivered to the Record Date Stockholder. The method by which Rights may be exercised and shares paid for is set forth below in “Method of Exercising Rights” and “Payment for Shares.” A RIGHTS HOLDER WILL HAVE NO RIGHT TO RESCIND A PURCHASE AFTER THE SUBSCRIPTION AGENT HAS RECEIVED PAYMENT. See “Payment for Shares” below.

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The Rights are non-transferable and may not be purchased or sold. Rights will expire without residual value at the Expiration Date. The Rights will not be listed for trading on the NYSE MKT, and there will not be any market for trading Rights. The shares to be issued pursuant to the Offering will be listed for trading on the NYSE MKT, subject to the NYSE MKT being officially notified of the issuance of those shares.

Purpose of the Offering.

At a meeting held on June 14, 2018, the Board determined that the Offering was in the best interests of the Fund and its existing Stockholders to increase the assets of the Fund and approved the Offering. The primary reasons include:

• The Basic Subscription will provide existing Stockholders an opportunity to purchase additional shares at a price that is potentially below market value without incurring any commission or transaction charges.

• Raising more cash will better position the Fund to take advantage of investment opportunities that exist or may arise.

• Increasing Fund assets may lower the Fund’s expenses as a proportion of net assets because the Fund’s fixed costs would be spread over a larger asset base. There can be no assurance that by increasing the size of the Fund, the Fund’s expense ratio will be lowered. However, increasing the Fund’s assets results in a benefit to the Fund’s Adviser because the Management fee that is paid to the Adviser increases as the Fund’s net assets increase.

• Because the Offering will increase the Fund’s outstanding shares, it may increase the number of Stockholders over the long term, which could increase the level of market interest in and visibility of the Fund and improve the trading liquidity of the shares on the NYSE MKT.

• The Board expects the Offering to be anti-dilutive with respect to net asset value per share, but not to voting, to all Stockholders. Those Stockholders electing not to participate will not be diluted, notwithstanding the fact that all the costs of the Offering will be borne by the Stockholders whether or not they exercise their Rights, because the Offering price is set at a discount to NAV and the estimated expenses incurred for the Offering will be more than offset by the increase in the net assets of the Fund such that non-participating Stockholders will receive an increase in their net asset value, so long as the number of shares issued to participating Stockholders is not materially less than a full exercise of the Basic Subscription amount. The Offering is expected to be dilutive with respect to Stockholder’s voting percentages because Stockholders electing not to participate in the Offering will own a smaller percentage of the total number of shares outstanding after the completion of the Offering.

Board Considerations in Approving the Offering.

At a meeting held on June 14, 2018, the Board considered the approval of the Offering. In considering whether or not to approve the Offering, the Board relied on materials and information prepared and presented by the Fund's management at such meeting and discussions at that time. Based on such materials and their deliberations at this meeting, the Board determined that it would be in the best interests of the Fund and its Stockholders to conduct the Offering in order to increase the assets of the Fund available for current and future investment opportunities. In making its determination, the Board considered the various factors set forth in "The Offering - Purpose of the Offering". The Board also considered a number of other factors, including the ability of the Adviser to invest the proceeds of the Offering and the potential effect of the Offering on the Fund's stock price. The Board concluded that the impact on the Fund's price was uncertain and, regardless of the potential impact, the Offering was in the best interests of the Stockholders. As a result of these considerations, the Board determined that it was appropriate and in the best interest of the Fund and its Stockholders to proceed with the Offering.

Notice of NAV Decline.

If the shares begin to trade at a discount, the Board may make a determination whether to discontinue the Offering, provided that the Fund, as required by the SEC's registration form, will suspend the Offering until it amends this prospectus if, subsequent to the date of this prospectus, the Fund's NAV declines more than 20% from its NAV as of that date. Accordingly, the Expiration Date would be extended and the Fund would notify Record Date Stockholders of the decline and permit Stockholders to cancel their exercise of Rights.

The Subscription Price.

The Subscription Price for the shares to be issued under the Offering will be equal to the lesser of (i) 105% of the average closing NAV per share over the three days of trading leading up to and including the Expiration Date or (ii) 90% of the average closing market price per share over the three days of trading leading up to and including the Expiration Date. For example, if the Offering were held using the "Estimated Subscription Price" (i.e., an estimate of the Subscription Price based on the Fund's per share NAV ($1.88, $1.85, $1.82) and market price ($1.83, $1.70, $1.71) at the end of business on October 17, 18 and 19, 2018 ($1.82 and $1.71, respectively), the Subscription Price would be $1.57 per share (90% of $1.75).

Additional Subscription Privilege.

If all of the Rights initially issued are not exercised, any shares for which subscriptions have not been received will be offered, by means of the Additional Subscription Privilege, to Record Date Stockholders who have exercised all of the Rights initially issued to them and who wish to acquire more than the number of shares for which the Rights held by them are exercisable. Record Date Stockholders who exercise all of their Rights will have the opportunity to indicate on the Subscription Certificate how many unsubscribed shares they are willing to acquire pursuant to the Additional Subscription Privilege.

If shares remain after the Basic Subscription and no additional subscription requests have been made, the Adviser will purchase the remaining unsubscribed shares.

The percentage of Excess Shares each over-subscriber may acquire will be rounded up to result in delivery of whole shares (fractional shares will not be issued).

The Additional Subscription Privilege may result in additional dilution of a Stockholder's ownership percentage and voting rights.

Expiration of the Offering.

The Offering will expire at 5:00 p.m., EST, on the Expiration Date December 28, 2018, unless extended by the Fund (the "Extended Expiration Date"). Rights will expire on the Expiration Date or Extended Expiration Date, as the case may be, and thereafter may not be exercised.

Method of Exercising Rights.

Rights may be exercised by filling in and signing the reverse side of the Subscription Certificate and mailing it in the envelope provided, or otherwise delivering the completed and signed Subscription Certificate to the Subscription Agent, together with payment for the shares as described below under "Payment for Shares." Rights may also be exercised through a Rights holder's broker, who may charge the Rights holder a servicing fee in connection with such exercise.

In the event that the Estimated Subscription Price is more than the Subscription Price on the Expiration Date, any resulting excess amount paid by a Stockholder towards the purchase of shares in the Offering the Fund will apply towards the purchase of additional shares under the Basic Subscription or, if such Stockholder has exercised all of the Rights initially issued to such Stockholder under the Basic Subscription, towards the purchase of an additional number of shares pursuant to the Additional Subscription Privilege. Any Stockholder who desires that the Fund not treat such excess as a request by the Stockholder to acquire additional shares in the Offering and that such excess be refunded to the Stockholder must so indicate in the space provided on the Subscription Certificate.

Completed Subscription Certificates must be received by the Subscription Agent prior to 5:00 p.m., EST, on the Expiration Date (or Extended Expiration Date as the case may be). The Subscription Certificate and payment should be delivered to the Subscription Agent at the following address:

If by first class mail:	**If by mail or overnight courier:**
American Stock Transfer & Trust Company, LLC 6201 15th Avenue Brooklyn, New York 11219 Attn: Corporate Actions	American Stock Transfer & Trust Company, LLC 6201 15th Avenue Brooklyn, New York 11219 Attn: Corporate Actions

Subscription Agent.

The Subscription Agent is American Stock Transfer & Trust Company, LLC, with an address at 6201 15th Avenue, Brooklyn, New York 11219. The Subscription Agent will be paid exclusively by the Adviser and not the Fund. INQUIRIES BY ALL HOLDERS OF RIGHTS SHOULD BE DIRECTED TO THE INFORMATION AGENT, AST Fund Solutions LLC, AT (800) 628-8509; HOLDERS MAY ALSO CONSULT THEIR BROKERS OR NOMINEES.

Payment for Shares.

Payment for shares shall be calculated by multiplying the Estimated Subscription Price by the sum of (i) the number of shares intended to be purchased in the Basic Subscription (e.g., the number of Rights exercised divided by 3), plus (ii) the number of additional shares intended to be over-subscribed under the Additional Subscription Privilege. For example, based on the Estimated Subscription Price of $1.57 per share, if a Stockholder receives 12 Rights and wishes to subscribe for 12 shares in the Basic Subscription, and also wishes to over-subscribe for 10 additional shares under the Additional Subscription Privilege, such Stockholder would remit payment in the amount of $37.68 ($18.84 plus $18.84).

Record Date Stockholders who wish to acquire shares in the Basic Subscription or pursuant to the Additional Subscription Privilege must, together with the properly completed and executed Subscription Certificate, send payment for the shares acquired in the Basic Subscription and any additional shares subscribed for pursuant to the Additional Subscription Privilege, to the Subscription Agent based on the Estimated Subscription Price of $1.57 per share. To be accepted, such payment, together with the Subscription Certificate, must be received by the Subscription Agent prior to 5:00 p.m., EST, on the Expiration Date, or Extended Expiration Date, as the case may be.

If the Estimated Subscription Price is greater than the actual per share purchase price, the excess payment will be applied toward the purchase of unsubscribed shares to the extent that there remain sufficient unsubscribed shares available after the Basic Subscription and Additional Subscription Privilege allocations are completed. To the extent that sufficient unsubscribed shares are not available to apply all of the excess payment toward the purchase of unsubscribed shares, available shares will be allocated in the manner consistent with that described in the section entitled “Additional Subscription Privilege” above.

PAYMENT MUST ACCOMPANY ANY SUBSCRIPTION CERTIFICATE FOR SUCH SUBSCRIPTION CERTIFICATE TO BE ACCEPTED.

Within five (5) business days following the Expiration Date or Extended Expiration Date, as the case may be, a confirmation will be sent by the Subscription Agent to each Stockholder (or, if the shares on the Record Date are held by Cede or any other depository or nominee, to Cede or such other depository or nominee). The date of the confirmation is referred to as the "Confirmation Date." The confirmation will show (i) the number of shares acquired pursuant to the Basic Subscription; (ii) the number of shares, if any, acquired pursuant to the Additional Subscription Privilege; (iii) the per share and total purchase price for the shares; and (iv) any additional amount payable by such Stockholder to the Fund (i.e., if the Estimated Subscription Price was less than the Subscription Price on the Expiration Date) or any excess to be refunded by the Fund to such Stockholder (i.e., if the Estimated Subscription Price was more than the Subscription Price on the Expiration Date and the Stockholder indicated on the Subscription Certificate that such excess not be treated by the Fund as a request by the Stockholder to acquire additional shares in the Offering). Any additional payment required from a Stockholder must be received by the Subscription Agent prior to 5:00 p.m., EST, on the date specified as the deadline for final payment for shares, and any excess payment to be refunded by the Fund to such Stockholder will be mailed by the Subscription Agent within 3 business days after the Confirmation Date. All payments by a Stockholder must be made in United States Dollars by money order or by checks drawn on banks located in the continental United States payable to RENN Fund, Inc.

Issuance and delivery of certificates for the shares subscribed for are subject to collection of funds and actual payment by the subscribing Stockholder.

The Subscription Agent will deposit all checks received by it prior to the final due date into a segregated account pending distribution of the shares from the Offering. Any interest earned on such account will accrue to the benefit of the Fund and investors will not earn interest on payments submitted nor will interest be credited toward the purchase of shares.

YOU WILL HAVE NO RIGHT TO RESCIND YOUR SUBSCRIPTION AFTER THE SUBSCRIPTION AGENT HAS RECEIVED THE SUBSCRIPTION CERTIFICATE.

If a Record Date Stockholder who acquires shares pursuant to the Basic Subscription or the Additional Subscription Privilege does not make payment of any amounts due, the Fund reserves the right to take any or all of the following actions: (i) find other Stockholders of the Fund that have subscribed for shares, to purchase such subscribed-for and unpaid-for shares; (ii) apply any payment actually received by it toward the purchase of the greatest whole number of shares which could be acquired by such holder upon exercise of the Basic Subscription or the Additional Subscription Privilege; (iii) sell all or a portion of the shares actually purchased by the holder in the open market at current NAV, and apply the proceeds to the amounts owed; or (iv) exercise any and all other rights or remedies to which it may be entitled, including, without limitation, the right to set off against payments actually received by it with respect to such subscribed shares and to enforce the relevant guaranty of payment.

Holders who hold shares for the account of others, such as brokers, trustees, or depositaries for securities, should notify the respective beneficial owners of the shares as soon as possible to ascertain the beneficial owners' intentions and to obtain instructions with respect to the Rights. If the beneficial owner so instructs, the record holder of the Rights should complete Subscription Certificates and submit them to the Subscription Agent with the proper payment. In addition, beneficial owners of shares or Rights held through such a holder should contact the holder and request the holder to effect transactions in accordance with the beneficial owner's instructions.

The instructions accompanying the Subscription Certificates should be read carefully and followed in detail.

DO NOT SEND SUBSCRIPTION CERTIFICATES TO THE FUND OR THE ADVISER.

The method of delivery of Subscription Certificates and payment of the Subscription Price to the Subscription Agent will be at the election and risk of the Rights holders, but if sent by mail it is recommended that the certificates and payments be sent by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the Subscription Agent and clearance of payment prior to 5:00 p.m., EST, on the Expiration Date. Because uncertified personal checks may take at least five business days to clear, each Record Date Stockholder participating in the Offering is strongly urged to pay, or arrange for payment, by means of a certified or cashier's check or money order.

All questions concerning the timeliness, validity, form and eligibility of any exercise of Rights will be determined by the Fund, whose determinations will be final and binding. The Fund in its sole discretion may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as it may determine, or reject the purported exercise of any Right. If the Fund elects in its sole discretion to waive any defect or irregularity, it may do so on a case-by-case basis which means that not all defects or irregularities may be waived, if at all, or waived in the same manner as with other defects or irregularities. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as the Fund determines in its sole discretion. Neither the Fund nor the Subscription Agent will be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Certificates or incur any liability for failure to give such notification.

Delivery of the Shares.

The shares purchased pursuant to the Basic Subscription will be delivered to subscribers in book-entry form as soon as practicable after the corresponding Rights have been validly exercised and full payment for the shares has been received and cleared. The shares purchased pursuant to the Additional Subscription Privilege will be delivered to subscribers in book-entry form as soon as practicable after the Expiration Date and after all allocations have been conducted.

Federal Income Tax Consequences Associated with the Offering.

The following is a general summary of the significant federal income tax consequences of the receipt of Rights by a Record Date Stockholder and a subsequent lapse or exercise of such Rights. The discussion is based upon applicable provisions of the Code, the Treasury Regulations promulgated thereunder, and other authorities currently in effect but does not address any state, local, or foreign tax consequences of the Offering. Each Stockholder should consult its own tax advisor regarding specific questions as to federal, state, local, or foreign taxes. Each Stockholder should also review the discussion of certain tax considerations affecting it and the Fund set forth under "Federal Income Tax Matters."

For purposes of the following discussion, the term "Old Share" shall mean a currently outstanding share with respect to which a Right is issued and the term "New Share" shall mean a newly issued share that Record Date Stockholders receive upon the exercise of their Rights.

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For all Record Date Stockholders:

Neither the receipt nor the exercise of Rights by a Record Date Stockholder will result in taxable income to such stockholder for federal income tax purposes regardless of whether or not the stockholder makes the below-described election which is available under Section 307(b)(2) of the Code (a "Section 307(b)(2) Election").

If the fair market value of the Rights distributed to all of the Record Date Stockholders is more than 15% of the total fair market value of all of the Fund's outstanding shares on the date of distribution, or if a Record Date Stockholder makes a Section 307(b)(2) Election for the taxable year in which such Rights were received, the Record Date Stockholder's federal income tax basis in any Right received pursuant to the Offering will be equal to a portion of the Record Date Stockholder's existing federal income tax basis in the related Old Share. If made, a Section 307(b)(2) Election is effective with respect to all Rights received by a Record Date Stockholder. A Section 307(b)(2) Election is made by attaching a statement to the Record Date Stockholder's federal income tax return for the taxable year of the Record Date (which is the same as the year as when the Rights were received). Record Date Stockholders should carefully review the differing federal income tax consequences described below before deciding whether or not to make a Section 307(b)(2) Election.

For Record Date Stockholders When the Fair Market Value of Rights Distributed Exceeds 15% of the Total Fair Market Value of the Fund's Shares or When Making a 307(b)(2) Election:

Lapse of Rights. If the fair market value of rights distributed exceeds 15% of the total fair market value of the shares or if a Record Date Stockholder makes a Section 307(b)(2) Election, no taxable loss will be realized for federal income tax purposes if the Record Date Stockholder retains a Right but allows it to lapse without exercise. Moreover, the existing federal income tax basis of the related Old Share will not be reduced if such lapse occurs.

Exercise of Rights. If a Record Date Stockholder exercises a Right, the Record Date Stockholder's existing federal income tax basis in the related Old Share must be allocated between such Right and the Old Share in proportion to their respective fair market values as of the date of distribution of such Rights (effectively reducing the Record Date Stockholder's basis in his Old Share). Upon such exercise of the Record Date Stockholder's Rights, the New Shares received by the Record Date Stockholder pursuant to such exercise will have a federal income tax basis equal to the sum of the basis of such Rights as described in the previous sentence and the Subscription Price paid for the New Shares (as increased by any servicing fee charged to the Record Date Stockholder by his broker, bank or trust company and other similar costs). If the Record Date Stockholder subsequently sells such New Shares (and holds such shares as capital assets at the time of their sale), the Record Date Stockholder will recognize a capital gain or loss equal to the difference between the amount received from the sale of the New Shares and the Record Date Stockholder's federal income tax basis in the New Shares as described above. Such capital gain or loss will be long-term capital gain or loss if the New Shares are sold more than one year after the date that the New Shares are acquired by the Record Date Stockholder.

For Record Date Stockholders Not Making a Section 307(b)(2) Election When the Fair Market Value of the Rights Distributed is Less than 15% of the Total Fair Market Value of the Fund's Outstanding Shares:

Lapse of Rights. If the fair market value of the Rights distributed is less than 15% of the total fair market value of the outstanding shares and a Record Date Stockholder does not make a Section 307(b)(2) Election for the taxable year in which such Rights were received, no taxable loss will be realized for federal income tax purposes if the Record Date Stockholder retains a Right but allows it to lapse without exercise. Moreover, the federal income tax basis of the related Old Share will not be reduced if such lapse occurs.

Exercise of Rights. If a non-electing Record Date Stockholder exercises his Rights, the federal income tax basis of the related Old Shares will remain unchanged and the New Shares will have a federal income tax basis equal to the Subscription Price paid for the New Shares (as increased by any servicing fee charged to the Record Date Stockholder by his broker, bank or trust company and other similar costs). If the Record Date Stockholder subsequently sells such New Shares (and holds such shares as capital assets at the time of their sale), the Record Date Stockholder will recognize a capital gain or loss equal to the difference between the amount received from the sale of the New Shares and the stockholder's federal income tax basis in the New Shares as described above. Such capital gain or loss will be long-term capital gain or loss if the New Shares are sold more than one year after the Record Date Stockholder acquires the New Shares through the Offering.

Employee Plan Considerations.

Record Date Stockholders that are employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including corporate savings and 401(k) plans, Keogh Plans of self-employed individuals and Individual Retirement Accounts ("IRA") (each a "Benefit Plan" and collectively, "Benefit Plans"), should be aware that additional contributions of cash in order to exercise Rights may be treated as Benefit Plan contributions and, when taken together with contributions previously made, may subject a Benefit Plan to excise taxes for excess or nondeductible contributions. In the case of Benefit Plans qualified under Section 401(a) of the Code, additional cash contributions could cause the maximum contribution limitations of Section 415 of the Code or other qualification rules to be violated. Benefit Plans contemplating making additional cash contributions to exercise Rights should consult with their counsel prior to making such contributions.

Benefit Plans and other tax exempt entities, including governmental plans, should also be aware that if they borrow in order to finance their exercise of Rights, they may become subject to the tax on unrelated business taxable income ("UBTI") under Section 511 of the Code. If any portion of an IRA is used as security for a loan, the portion so used is also treated as distributed to the IRA depositor.

ERISA contains prudence and diversification requirements and ERISA and the Code contain prohibited transaction rules that may impact the exercise of Rights. Among the prohibited transaction exemptions issued by the Department of Labor that may exempt a Benefit Plan's exercise of Rights are Prohibited Transaction Exemption 84-24 (governing purchases of shares in investment companies) and Prohibited Transaction Exemption 75-1 (covering sales of securities).

Due to the complexity of these rules and the penalties for noncompliance, Benefit Plans should consult with their counsel regarding the consequences of their exercise of Rights under ERISA and the Code.

Benefit to the Adviser.

The Adviser will not directly benefit from the Offering because it does not earn fees on net assets less than $25 million. Even if all Rights are exercised at the Estimated Subscription Price of $1.57, the annual compensation to be received by the Adviser will not change as the Adviser is not compensated on net assets less than $25 million.

The Fund may, in the future and at its discretion, choose to make additional rights offerings from time to time for a number of shares and on terms which may or may not be similar to the Offering. Any such future rights offerings will be made in accordance with the 1940 Act and the Securities Act. Under the laws of Texas, the state in which the Fund is incorporated, under certain circumstances, the Board is authorized to approve rights offerings without obtaining Stockholder approval. The staff of the SEC has interpreted the 1940 Act as not requiring stockholder approval of a rights offering at a price below the then current NAV so long as certain conditions are met, including a good faith determination by the fund’s board of directors that such offering would result in a net benefit to the fund’s existing stockholders.

FINANCIAL HIGHLIGHTS

Set forth below is, for each year indicated, per share operating performance data for one share of the Fund's common stock, total investment return, ratios to average net assets and other supplemental data. This information has been derived from the financial statements and market price data for the Fund's shares. The financial highlights for the fiscal year ended December 31, 2017 have been audited by Tait, Weller & Baker LLP, independent registered public accounting firm. The Financial Highlights for the years prior to December 31, 2017 were audited by BKD, LLP. The financial statements and notes thereto for the fiscal year ended December 31, 2016, together with the report thereon of the Fund's independent registered public accounting firm, are incorporated by reference in the Statement of Additional Information and are available without charge by visiting the Fund's website at http://rencapital.com, by calling (646) 495-7333 or by writing to the Fund at Renn Fund, Inc., c/o Horizon Asset Management LLC, 470 Park Avenue South, New York, NY 10016.

For a capital share outstanding throughout each period

	For the Six Months Ended June 30, 2018 (Unaudited)	For the Year Ended December 31 2017	2016	2015	2014	2013
Net asset value, beginning of period	$ 1.47	$1.64	$1.37	$2.21	$2.36	$2.53
Income from Investment Operations:						
Net investment loss[1]	(0.02)	(0.08)	(0.17)	(0.10)	(0.12)	(0.14)
Net realized and unrealized gain (loss) on investments	0.24	(0.09)	0.44	(0.74)	(0.03)	(0.03)
Total from investment operations	0.22	(0.17)	0.27	(0.84)	(0.15)	(0.17)
Net asset value, end of period	$ 1.69	$1.47	$1.64	$1.37	$2.21	$2.36
Per-share market value, end of period	$ 1.53	$1.50	$1.22	$0.90	$1.30	$1.45
Total net asset value return[2]	14.97 %(4)	(10.37%)	19.71 %	(38.01%)	(6.36 %)	(6.72 %)
Total market value return[2]	1.73 %(4)	22.95 %	35.56 %	(30.77%)	(10.34%)	2.11 %
Ratios and Supplemental Data						
Net assets, end of period (in thousands)	$ 7,556	$6,546	$7,339	$6,120	$9,857	$10,539
Ratio of expenses to average net assets[3]	3.23 %(5)	5.99 %	12.16 %	5.57 %	4.86 %	5.47 %
Ratio of net investment loss to average net assets[3]	(2.46 %)(5)	(5.60 %)	(12.01%)	(5.55 %)	(4.86 %)	(5.11 %)
Portfolio turnover rate	10 %(4)	7 %	72 %	9 %	0 %	43 %

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

(2) 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 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.

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

(4) Not Annualized.

(5) Annualized.

USE OF PROCEEDS

If fully-subscribed, the net proceeds of the Offering will be approximately $2,336,143 or approximately $1.57 per share. The net proceeds of the Offering will be invested in accordance with the Fund’s investment objective and policies (as stated below) as soon as practicable after completion of the Offering. Pending investment of the net proceeds in accordance with the Fund’s investment objective and policies, the Fund will invest in money market securities or money market mutual funds.

Investors should expect, therefore, that before the Fund has fully invested the proceeds of the Offering in accordance with its investment objective and policies, the Fund’s net asset value would earn interest income at a modest rate.

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The Fund’s investment objective is to achieve above-market rates of return through capital appreciation and income. The Fund will seek to achieve its investment objective through a long-term, value-oriented investment process.

Investment Strategies

The Fund may invest 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 (“ETFs”) and exchange traded notes (“ETNs”), open and closed-end funds, derivatives including options and swaps, Bitcoin, and other instruments and securities which may or may not be listed on a regulated securities exchange. In particular, the Fund may purchase securities on over-the-counter trading markets, including but not limited to those offered by OTC Markets Groups Inc.

The Fund may transact in securities of U.S. and foreign companies that trade on U.S. and non-U.S. exchanges, including by transactions that offer exposure to instruments having the characteristics of common stocks such as American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”) and International Depositary Receipts (“IDRs”). The Fund may acquire various equity-related instruments such as ETFs, ETNs or shares of other closed-end funds. The Fund may also write and sell options on securities for hedging purposes and/or for direct investment.

The Fund will comply with all SEC rules and other regulations that may be implicated by the Fund’s investment activities, including, for example, any asset segregation or coverage requirements that may apply as a result of trading in options, swaps or other derivatives.

The Fund may invest in preferred stock, as well as convertible and non-convertible debt securities, including debt securities that are rated below investment grade, also known as junk bonds, or unrated. In addition, the Fund may acquire interests in privately-held companies, and securities or assets for which there may be a limited or no active trading market.

In general, the Fund will invest in companies that the Adviser believes are undervalued and have the potential for a high rate of return. Key fundamental factors in this approach may include:

- Identification of dormant assets

- Underappreciated intangible assets

- High returns on capital

- High earnings power relative to analysts' expectations or current market capitalization

- Spin-off's, recapitalizations, and restructurings

- Discounts to stated or estimated book value

- Substantial inside stock ownership (*i.e.*, owner-operated companies)

- Expected demand for the company's services or products

- Transitory (not permanent) business problems causing a low valuation

- Expected growth in revenues, earnings, or assets

The companies that are targeted for investment based upon the criteria listed above may include emerging growth companies, but unlike under the Fund's current investment strategy, emerging growth companies will not be a focus of the investment strategy that Horizon intends to employ for the Fund.

The Fund will execute its investment strategy by regarding investments as representing fractional ownership in the underlying companies' assets. This will allow the Fund to attempt to achieve its investment objective by acting as a classic value investor seeking high returns on equity, an intrinsic characteristic of the investment, not a reappraisal of a company's stock value by the market, an external factor.

Sell decisions are generally triggered by either adequate value being achieved, as determined by the Adviser, or by an adverse change in a company's operating performance or a deterioration of the company's business model. A sale may also occur if the Adviser discovers a new investment opportunity that it believes is more compelling and represents a greater risk-reward profile than other investment(s) owned in the Fund.

Portfolio Investments

Common Stocks

The Fund will invest in common stocks. Common stocks represent an ownership interest in an issuer. While offering greater potential for long-term growth, common stocks are more volatile and more risky than some other forms of investment. Common stock prices fluctuate for many reasons, including adverse events, such as an unfavorable earnings report, changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or when political or economic events affecting the issuers occur. In addition, common stock prices may be sensitive to rising interest rates as the costs of capital rise and borrowing costs increase.

Foreign Securities

The Fund may invest in foreign securities, including direct investments in securities of foreign issuers that are traded on a U.S. securities exchange or over the counter and investments in depository receipts (such as ADRs) and other closed-end investment companies that represent indirect interests in securities of foreign issuers. The Fund is not limited in the amount of assets it may invest in such foreign securities. These investments involve risks not associated with investments in the United States, including the risk of fluctuations in foreign currency exchange rates, unreliable and untimely information about the issuers and political and economic instability. These risks could result in the Adviser's misjudging the value of certain securities or in a significant loss in the value of those securities.

The value of foreign securities is affected by changes in currency rates, foreign tax laws (including withholding tax), government policies (in this country or abroad), relations between nations and trading, settlement, custodial and other operational risks. In addition, the costs of investing abroad are generally higher than in the United States, and foreign securities markets may be less liquid, more volatile and less subject to governmental supervision than markets in the

United States. As an alternative to holding foreign traded securities, the Fund may invest in dollar-denominated securities of foreign companies that trade on U.S. exchanges or in the U.S. over-the-counter market (including depositary receipts as described below, which evidence ownership in underlying foreign securities), and ETFs as described below.

Because foreign companies are not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies, there may be less publicly available information about a foreign company than about a domestic company. Volume and liquidity in most foreign debt markets is less than in the United States and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. There is generally less government supervision and regulation of securities exchanges, broker dealers and listed companies than in the United States. Mail service between the United States and foreign countries may be slower or less reliable than within the United States, thus increasing the risk of delayed settlements of portfolio transactions or loss of certificates for portfolio securities. Payment for securities before delivery may be required. In addition, with respect to certain foreign countries, there is the possibility of expropriation or confiscatory taxation, political or social instability, or diplomatic developments which could affect investments in those countries. Moreover, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Foreign securities markets, while growing in volume and sophistication, are generally not as developed as those in the United States, and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. companies.

The Fund may purchase ADRs, IDRs and global depository receipts (“GDRs”) which are certificates evidencing ownership of shares of foreign issuers and are alternatives to purchasing directly the underlying foreign securities in their national markets and currencies. However, such depository receipts continue to be subject to many of the risks associated with investing directly in foreign securities. These risks include foreign exchange risk as well as the political and economic risks associated with the underlying issuer’s country.

ADRs, IDRs and GDRs may be sponsored or unsponsored. Unsponsored receipts are established without the participation of the issuer. Unsponsored receipts may involve higher expenses, they may not pass-through voting or other stockholder rights, and they may be less liquid. Less information is normally available on unsponsored receipts.

Dividends paid on foreign securities may not qualify for the reduced federal income tax rates applicable to qualified dividends under the Code. As a result, there can be no assurance as to what portion of the Fund’s distributions attributable to foreign securities will be designated as qualified dividend income. See “Federal Income Tax Matters.”

Preferred Stocks

The Fund may invest in preferred stocks. Preferred stock, like common stock, represents an equity ownership in an issuer. Generally, preferred stock has a priority of claim over common stock in dividend payments and upon liquidation of the issuer. Unlike common stock, preferred stock does not usually have voting rights. Preferred stock in some instances is convertible into common stock. Although they are equity securities, preferred stocks have characteristics of both debt and common stock. Like debt, their promised income is contractually fixed. Like common stock, they do not have rights to precipitate bankruptcy proceedings or collection activities in the event of missed payments. Other equity characteristics are their subordinated position in an issuer’s capital structure and that their quality and value are heavily dependent on the profitability of the issuer rather than on any legal claims to specific assets or cash flows.

Distributions on preferred stock must be declared by the Board of Directors and may be subject to deferral, and thus they may not be automatically payable. Income payments on preferred stocks may be cumulative, causing dividends and distributions to accrue even if not declared by the company’s board or otherwise made payable, or they may be non-cumulative, so that skipped dividends and distributions do not continue to accrue. There is no assurance that dividends on preferred stocks in which the Fund invests will be declared or otherwise made payable. The Fund may invest in non-cumulative preferred stock, although the Adviser would consider, among other factors, their non-cumulative nature in making any decision to purchase or sell such securities.

Shares of preferred stock have a liquidation value that generally equals the original purchase price at the date of issuance. The market values of preferred stock may be affected by favorable and unfavorable changes impacting the issuers’ industries or sectors, including companies in the utilities and financial services sectors, which are prominent issuers of preferred stock. They may also be affected by actual and anticipated changes or ambiguities in the tax status of the security and by actual and anticipated changes or ambiguities in tax laws, such as changes in corporate and individual income tax rates, and in the dividends received deduction for corporate taxpayers or the lower rates applicable to certain dividends.

Because the claim on an issuer's earnings represented by preferred stock may become onerous when interest rates fall below the rate payable on the stock or for other reasons, the issuer may redeem preferred stock, generally after an initial period of call protection in which the stock is not redeemable. Thus, in declining interest rate environments in particular, the Fund's holdings of higher dividend paying preferred stocks may be reduced and the Fund may be unable to acquire securities paying comparable rates with the redemption proceeds.

Other Closed-End Investment Companies

The Fund may invest without limitation in other closed-end investment companies, provided that the Fund limits its investment in securities issued by other investment companies so that the Fund will not own more than 3% of the outstanding voting stock of any one investment company. There can be no assurance that the investment objective of any investment company in which the Fund invests will be achieved.

Closed-end investment companies are subject to the risks of investing in the underlying securities. The Fund, as a holder of the securities of the closed-end investment company, will bear its pro rata portion of the closed-end investment company's expenses, including advisory fees. These expenses are in addition to the direct expenses of the Fund's own operations.

Exchange Traded Funds

The Fund may invest in certain ETFs, which are investment companies that aim to track or replicate a desired index, such as a sector, market or global segment. ETFs are passively managed and their shares are traded on a national exchange. ETFs do not sell individual shares directly to investors and only issue their shares in large blocks known as "creation units." The investor purchasing a creation unit may sell the individual shares on a secondary market. Therefore, the liquidity of ETFs depends on the adequacy of the secondary market. There can be no assurance that an ETF's investment objective will be achieved, as ETFs based on an index may not replicate and maintain exactly the composition and relative weightings of securities in the index. ETFs are subject to the risks of investing in the underlying securities. The Fund, as a holder of the securities of the ETF, will bear its pro rata portion of the ETF's expenses, including advisory fees. These expenses are in addition to the direct expenses of the Fund's own operations.

Corporate Bonds, Government Debt Securities and Other Debt Securities

The Fund may invest in corporate bonds, debentures and other debt securities, and in investment companies holding such instruments. Debt securities in which the Fund may invest may pay fixed or variable rates of interest. Bonds and other debt securities generally are issued by corporations and other issuers to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and normally must repay the amount borrowed on or before maturity. Certain debt securities are “perpetual” in that they have no maturity date.

The Fund will invest in government debt securities, including those of emerging market issuers or of other non-U.S. issuers. These securities may be U.S. dollar-denominated or non-U.S. dollar-denominated and include: (a) debt obligations issued or guaranteed by foreign national, provincial, state, municipal or other governments with taxing authority or by their agencies or instrumentalities; and (b) debt obligations of supranational entities. Government debt securities include: debt securities issued or guaranteed by governments, government agencies or instrumentalities and political subdivisions; debt securities issued by government owned, controlled or sponsored entities; interests in entities organized and operated for the purpose of restructuring the investment characteristics issued by the above noted issuers; or debt securities issued by supranational entities such as the World Bank or the European Union. The Fund may also invest in securities denominated in currencies of emerging market countries. Emerging market debt securities generally are rated in the lower rating categories of recognized credit rating agencies or are unrated and considered to be of comparable quality to lower rated debt securities. A non-U.S. issuer of debt or the non-U.S. governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Fund may have limited resources in the event of a default. Some of these risks do not apply to issuers in large, more developed countries. These risks are more pronounced in investments in issuers in emerging markets or if the Fund invests significantly in one country.

The Fund will not invest directly in debt securities rated below investment grade (i.e., securities rated lower than "Baa" by Moody's or lower than "BBB" by S&P), or their equivalent as determined by the Adviser. These securities are commonly referred to as "junk bonds." The foregoing credit quality policy applies only at the time a security is purchased, and the Fund is not required to dispose of securities already owned by the Fund in the event of a change in assessment of credit quality or the removal of a rating.

Convertible Securities

The Fund may invest in convertible securities and in investment companies holding such instruments. Convertible securities include fixed income securities that may be exchanged or converted into a predetermined number of shares of the issuer's underlying common stock at the option of the holder during a specified period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, units consisting of "usable" bonds and warrants or a combination of the features of several of these securities. The investment characteristics of each convertible security vary widely, which allows convertible securities to be employed for a variety of investment strategies.

The Fund will exchange or convert convertible securities into shares of underlying common stock when, in the opinion of the Adviser, the investment characteristics of the underlying common shares will assist the Fund in achieving its investment objective. The Fund may also elect to hold or trade convertible securities. In selecting convertible securities, the Adviser evaluates the investment characteristics of the convertible security as a fixed income instrument, and the investment potential of the underlying equity security for capital appreciation. In evaluating these matters with respect to a particular convertible security, the Adviser considers numerous factors, including the economic and political outlook, the value of the security relative to other investment alternatives, trends in the determinants of the issuer's profits, and the issuer's management capability and practices.

Warrants

The Fund may invest in equity and index warrants of domestic and international issuers. Equity warrants are securities that give the holder the right, but not the obligation, to subscribe for equity issues of the issuing company or a related company at a fixed price either on a certain date or during a set period. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss.

Warrants do not entitle a holder to dividends or voting rights with respect to the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments. The sale of a warrant results in a long or short-term capital gain or loss depending on the period for which the warrant is held.

Repurchase Agreements

The Fund has agreed to purchase securities from financial institutions subject to the seller's agreement to repurchase them at an agreed-upon time and price ("repurchase agreements"). The financial institutions with whom the Fund enters into repurchase agreements are banks and broker/dealers, which the Adviser considers creditworthy. The seller under a repurchase agreement will be required to maintain the value of the securities as collateral, subject to the agreement at not less than the repurchase price plus accrued interest. The Adviser monitors the mark-to-market of the value of the collateral, and, if necessary, requires the seller to maintain additional securities, so that the value of the collateral is not less than the repurchase price. Default by or bankruptcy of the seller would, however, expose the Fund to possible loss because of adverse market action or delays in connection with the disposition of the underlying securities.

Other Securities

Although it has no current intention do so, the Adviser may determine to invest the Fund's assets in some or all of the following securities from time to time.

Emerging Market Securities

The Fund may invest up to 5% of its net assets in emerging market securities, although through its investments in ETFs, other investment companies or depository receipts that invest in emerging market securities, up to 20% of the Fund's assets may be invested indirectly in issuers located in emerging markets. The risks of foreign investments described above apply to an even greater extent to investments in emerging markets. The securities markets of emerging countries are generally smaller, less developed, less liquid, and more volatile than the securities markets of the United States and developed foreign markets. Disclosure and regulatory standards in many respects are less stringent than in the United States and developed foreign markets. There also may be a lower level of monitoring and regulation of securities markets in emerging market countries and the activities of investors in such markets and enforcement of existing regulations has been extremely limited. Many emerging countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets of certain emerging countries. Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of these countries also have been and may continue to be adversely affected by economic conditions in the countries in which they trade. The economies of countries with emerging markets may also be predominantly based on only a few industries or dependent on revenues from particular commodities. In addition, custodial services and other costs relating to investment in foreign markets may be more expensive in emerging markets than in many developed foreign markets, which could reduce the Fund's income from such securities.

In many cases, governments of emerging countries continue to exercise significant control over their economies, and government actions relative to the economy, as well as economic developments generally, may affect the Fund's investments in those countries. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments that could affect investments in those countries. There can be no assurance that adverse political changes will not cause the Fund to suffer a loss of any or all of its investments.

Illiquid Securities

Illiquid securities are securities that are not readily marketable. Illiquid securities include securities that have legal or contractual restrictions on resale, and repurchase agreements maturing in more than seven days. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired or at prices approximating the value at which the Fund is carrying the securities. Where registration is required to sell a security, the Fund may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the Fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the Fund might obtain a less favorable price than prevailed when it decided to sell. The Fund may invest up to 20% of the value of its net assets in illiquid securities. Restricted securities for which no market exists and other illiquid investments are valued at fair value as determined in accordance with procedures approved and periodically reviewed by the Board of Directors.

Rule 144A Securities

The Fund may invest in restricted securities that are eligible for resale pursuant to Rule 144A under the Securities Act of 1933, as amended, (the "1933 Act"). Generally, Rule 144A establishes a safe harbor from the registration requirements of the 1933 Act for resale by large institutional investors of securities that are not publicly traded. The Adviser determines the liquidity of the Rule 144A securities according to guidelines adopted by the Board of Directors. The Board of Directors monitors the application of those guidelines and procedures. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Fund's 20% limit on investments in illiquid securities.

Fundamental Policies

The fundamental policies listed below cannot be changed without the approval of the holders of a majority of the Fund's outstanding voting securities, which for these purposes means the lesser of: (a) 67% of the shares of the Fund present or represented by proxy at a meeting if the holders of more than 50% of the outstanding shares are present or represented at the meeting; or (b) more than 50% of outstanding shares of the Fund. A recital of the Fund's policies in respect of the following types of activities is set forth below:

1. The Fund intends to borrow money under only limited circumstances, as permitted by the 1940 Act, the rules thereunder and any interpretations or exemptions from the 1940 Act. As an operating policy, however, which may be changed without a vote of shareholders, the Fund may borrow up to 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 may borrow such amounts as deemed necessary and prudent as a temporary measure for extraordinary or emergency purposes, including the payment of dividends and the settlement of securities transactions which otherwise might

require untimely dispositions of Fund securities.

2. The Fund intends to limit its issuance of senior securities, as defined in the 1940 Act, to the borrowings permitted by investment restriction (1) above. The 1940 Act currently defines a "senior security" as any bond, debenture, note or similar obligation or instrument constituting a security and evidencing indebtedness and any stock of a class having priority over any other class as to distribution of assets or payment of dividends. Debt and equity securities issued by a closed-end investment company meeting the asset coverage provisions set forth in Section 18 of the 1940 Act are excluded from the general 1940 Act prohibition on the issuance of senior securities.

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3. The Fund reserves the freedom of action to engage in the purchase of securities on margin in accordance with the 1940 Act. (The purchase of investment assets with the proceeds of a permitted borrowing or securities offering will not be deemed to be the purchase of securities on margin.) At present the Fund has no margin balances. See Item 1 above for intents and limits with regard to borrowing.

4. The Fund will not underwrite securities issued by other persons, except insofar as it may technically be deemed to be an underwriter under the Securities Act of 1933, as amended, in selling or disposing of a portfolio investment, or participating in a secondary offering of a portfolio investment.

5. The Fund reserves the freedom of action to engage in the making of loans to other persons by: (a) the acquisition of obligations in which the Fund is authorized to invest in accordance with its investment objectives and policies-; (b) entering into repurchase agreements; or (c) lending its portfolio securities. There is no policy limiting the amount of loans for portfolio investment purposes or repurchase of its own shares.

6. The Fund will not generally purchase or sell real estate, although it may purchase and sell securities which are secured by interests in real estate, securities of issuers which invest or deal in real estate, securities of real estate investment trusts, and other securities that represent a similar indirect interest in real estate. The Fund reserves the freedom of action to hold and to sell real estate acquired as a result of the ownership of securities. There is no policy limiting the amount or percentage of real estate holdings which may be acquired indirectly through its portfolio collateral interests.

7. The Fund will not generally purchase or sell physical commodities or contracts for the purchase or sale of physical commodities. Physical commodities do not include futures contracts with respect to securities, securities indices, currencies, interest or other financial instruments. The Fund may invest in currency instruments and contracts and financial instruments and contracts that might be deemed to be commodities and commodities contracts.

8. The Fund will be classified as non-diversified, as such classification is defined by Section 5 of the 1940 Act. As a non-diversified company, the Fund is not required to invest in a particular number of issuers and the net asset value of the Fund may be subject to greater fluctuation.

9. The Fund will not concentrate its investments in any particular industry or group of industries. For the purposes of its classification, the Fund deems an investment of 25% or more of its assets in any particular industry or group of industries as a concentration in that industry or group of industries.

RISK FACTORS

An investment in the Fund’s Shares is subject to risks. The value of the Fund’s investments will increase or decrease based on changes in the prices of the investments it holds. You could lose money by investing in the Fund. By itself, the Fund does not constitute a balanced investment program. You should consider carefully the following principal risks before investing in the Fund. There may be additional risks that the Fund does not currently foresee or consider *material. You may wish to consult with your legal or tax advisors, before deciding whether to invest in the Fund. This section describes the principal risk factors associated with investment in the Fund specifically, as well as those factors generally associated with investment in an investment company with investment objectives, investment policies, capital structure or trading markets similar to the Fund's.*

Principal Risks

Stock Selection Risks. The portfolio securities selected by the Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Fund's investment objectives.

Long-Term Investment Risks. Although any debt investments the Fund may make will typically yield a current return from the time they are made, future equity investments that are made in accordance with the Fund's long-term, value-oriented investment strategy will generally produce gains, if any, only after three to five years. In a substantial portion of cases, the Fund's investments will likely not generate distributable income in the early years of investment. There can be no assurance that either a current return or capital gains will actually be achieved.

Dilution Risks. Stockholders who do not fully exercise their subscription rights should expect that they will, at the completion of the rights offering pursuant to this prospectus, own a smaller proportional interest in the Fund than would otherwise be the case if they fully exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of the rights offering.

In addition, if the subscription price is less than the net asset value per share of our common stock, then Stockholders would experience an immediate dilution of the aggregate net asset value of their shares as a result of the offering. The amount of any decrease in net asset value is not predictable because it is not known at this time what the subscription price and net asset value per share will be on the expiration date of a rights offering or what proportion of the shares will be purchased as a result of such rights offering. Such dilution could be substantial.

Liquidity Risks. The Adviser may not be able to sell portfolio securities at an optimal time or price. For example, if the Fund is required or the adviser 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.

Small and Medium-Size Company Risks. The Fund may invest in the equity securities of small and medium-size companies. Small and medium-size companies often have narrower product lines and potential markets and more limited managerial and financial resources than do larger, more established companies. As a result, their performance can be more volatile and they face a greater risk of business failure, which could increase the volatility of the Fund's assets.

Risks Related to the Over-the-Counter Markets. Issuers whose securities are traded in the over-the-counter markets ("OTC") have no duty to provide any information to investors. Even issuers who register OTC securities with the

Securities and Exchange Commission are not required to maintain such registration. Many OTC securities are thinly traded, and this lack of liquidity tends to increase price volatility, and in many cases, the liquidation of a position in an OTC security may not be possible within a reasonable period of time.

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 the Adviser to obtain adequate information to evaluate the potential returns from investing in these companies. If the Adviser 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.

Minority Investment Risks. Because the Fund generally does not hold controlling equity interests in the Fund's portfolio companies, it may not be able to exercise control over portfolio companies or to prevent decisions by management of portfolio companies with which the Fund disagrees and that could decrease the value of investments.

Exchange-Traded Funds (ETFs) and Closed-End Funds (CEFs) Risks. The Fund may invest in other investment companies, including ETFs and closed-end funds ("CEFs"). ETFs and CEFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the OTC market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an "index provider," such as Standard & Poor's, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when-issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs or CEFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the Fund will indirectly be subject to leveraging risk. CEFs are subject to additional risks such as the fact that the market price of their shares may trade above or below the net asset value or that an active market may not develop. As a shareholder in an ETF or CEF, the Fund will bear its pro rata portion of the ETF's and CEF's expenses, including advisory fees, in addition to its own fees and expenses.

Exchange Traded Notes (ETNs) Risks. ETNs are a type of debt security that generally trades on U.S. stock exchanges or in the OTC market. Like ETFs, ETNS seek to provide a return linked to a market index or other benchmark, which may include, for example, equity indices, commodities or foreign currencies, and they share some of the same risks as ETNs, potentially including leverage risks. Unlike ETFs, ETNs are unsecured debt obligations of the issuer—typically a bank or another financial institution—and are therefore subject to a risk of default by the issuer. And unlike traditional bonds, ETNs are generally issued on an ongoing basis and typically do not pay any interest to investors; instead, the issuer promises to pay the holder of the ETN an amount determined by the performance of the underlying index or benchmark on the ETN's maturity date (typically 10, 30 or in some cases 40 years from issuance), minus specified fees. ETNs may trade at a premium or discount to their indicative values, and investing in ETNs therefore involves greater market risks than investing in some other forms of debt, including a risk of significant price volatility and the risk of delisting or suspension of trading from the applicable trading market. Issuers of ETNs may seek to control price fluctuations by issuing or redeeming the ETNs, and an investor cannot control the magnitude or timing of such issuances or redemptions. In addition, issuers may have the right to call ETNs at a specified redemption price that may be less than their current trading price.

Foreign Securities Risks. The Fund may invest in foreign securities directly or through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.

Non-Diversification Risks. As a non-diversified investment company, the Fund can invest a large percentage of its assets in a small number of issuers. As a result of such concentration, a change in the value of any one investment may affect the overall value of the Fund's shares more than shares of a diversified closed-end fund that holds more investments.

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. It is likely there will be less governmental action in the near future to maintain low interest rates. 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 Adviser may engage in speculative transactions which involve substantial risk and leverage. The use of leverage by the Adviser may increase the volatility of the Fund. These leveraged instruments may result in losses to the Fund or may adversely affect the Fund’s NAY 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.

Option Transaction Risks. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Adviser to manage future price fluctuations and the degree of correlation between the options and securities markets. By writing put options on equity securities, the Fund would give up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continue to bear the risk of declines in the value of its common stock portfolio. The Fund would receive a premium from writing a covered call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.

Below Investment Grade Debt Securities Risks. Generally, below investment grade debt securities, *i.e.*, junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities.

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 the Fund’s 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 substantially delays and the risk of loss of all or a substantial portion of the Fund’s investment in the bankrupt entity.

Management Risks. There is no guarantee that the Fund will meet its investment objective. The Adviser does not guarantee the performance of the Fund, nor can it assure you that the market value of your investment will not decline.

Special Situations Risks. The Fund may use aggressive investment techniques, including seeking to benefit from “special situations,” such as mergers, reorganizations or other unusual events expected to affect a particular issuer. There is a risk that the “special situation” might not occur or involve longer time frames than originally expected, which could have a negative impact on the price of the issuer’s securities and fail to produce gains or produce a loss for the Fund.

Derivatives Risks. The Fund’s investments may include futures, options and swaps and other derivative instruments, which may result in loss. Derivative instruments may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses to the Fund. The use of derivative instruments may expose us to counter-party credit risk. To the extent the Fund segregates assets to cover derivative positions, the Fund may impair its ability to meet current obligations, to honor requests for redemption and to manage the Fund properly in a manner consistent with its stated investment objective.

Convertible Security Risk. The Fund may invest in convertible securities, which may decline in response to such factors as rising interest rates and fluctuations in the market price of the common stock underlying the convertible securities.

Bitcoin Risk: The value of the Fund's investment in the Bitcoin Investment Trust directly is subject 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 Bitcoin Investment Trust. Currently, there is relatively small use of bitcoins in the retail 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 Bitcoin Investment 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 Bitcoin Investment Trust. Shares of the Bitcoin Investment Trust may trade at a premium or discount to the net asset value of the Bitcoin Investment Trust.

LISTING OF SHARES

The Fund's shares trade on the NYSE MKT under the ticker symbol RCG and are required to meet the NYSE MKT's continued listing requirements.

MANAGEMENT OF THE FUND

Directors and Officers

The Board of Directors is responsible for the overall management of the Fund, including supervision of the duties performed by the Adviser. There are five Directors of the Fund, three of which are an "interested person" (as defined in the 1940 Act) of the Fund. The Directors are responsible for the Fund's overall management, including adopting the investment and other policies of the Fund, electing and replacing officers and selecting and supervising the Fund's Adviser. The name and business address of the Directors and officers of the Fund and their principal occupations and other affiliations during the past five years, as well as a description of committees of the Board of Directors, are set forth under "Management" in the Statement of Additional Information.

Investment Adviser

Horizon Asset Management LLC, 470 Park Avenue South, New York, NY 10016 is organized as a limited liability company under the laws of Delaware and serves as the Fund's investment adviser. The Adviser is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended. The Adviser began conducting business in January 1994 and manages nine open-end funds with combined assets under management with the Fund of approximately $1.35 billion, as of December 31, 2017.

Under the general supervision of the Fund's Board of Directors, the Adviser carries out the investment and reinvestment of the net assets of the Fund, continuously furnishes an investment program with respect to the Fund, determines which securities should be purchased, sold or exchanged, and implements such determinations. The Adviser furnishes to the Fund investment advice and office facilities, equipment and personnel for servicing the investments of the Fund. The Adviser compensates all Directors and officers of the Fund who are members of the Adviser's organization and who render investment services to the Fund, and will also compensate all other Adviser personnel who provide research and investment services to the Fund. In return for these services, facilities and payments, the Fund has agreed to pay the Adviser as compensation under the Investment Management Agreement a monthly fee computed at the annual rate of 1.0% of the average weekly net assets of the Fund; provided, however, that the Adviser is not paid any compensation on net assets less than $25 million. The total estimated annual expenses of the Fund are set forth in the section titled "Summary of Fund Expenses."

The Board of Directors annually considers the continuance of the Investment Management Agreement. A discussion regarding the basis for the Board of Directors' approval on June 6, 2017 of the continuance of the Investment Management Agreement between the Fund and the Adviser will be available in the Fund's semi-annual report to Stockholders for the six-month period ended June 30, 2018.

During the last three fiscal years, the Fund paid the Adviser the following amounts as compensation:

Sales of

Fiscal Year Ended December 31,

	2017	2016	2015
Management Fees Earned	$58,138	$111,996	$134,221
Management Fee Paid	$58,138	$111,996	$134,221

Pursuant to an Investment Advisor Agreement (the “Agreement”) approved by shareholders at a special shareholder meeting held on June 29, 2017, the Adviser has assumed investment advisory responsibilities of the Fund. 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.

Prior to the Adviser, RENN Group performed certain services, including certain management, investment advisory and administrative services necessary for the operation of the Fund. RENN Group received a management fee equal to a quarterly rate of 0.4375% of the Fund’s net assets, as determined at the end of each quarter, each payment to be due as of the last day of the calendar quarter**.** All fees shown in the table above were paid to RENN Group.

Portfolio Manager

Murray Stahl has been the Fund’s portfolio manager (the “Portfolio Manager”) since July 2017. In carrying out responsibilities for the management of the Fund’s portfolio of securities, the Portfolio Manager has primary responsibility. The Adviser may create a portfolio management team by assigning additional portfolio managers. In cases where the team might not be in agreement with regard to an investment decision, Murray Stahl has ultimate authority to decide the matter.

Below is a table describing the Portfolio Manager’s year of birth, positions with the Fund, lengths of term of office, and the principal occupations held during at least the last five years.