

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

DREYFUS FUND INC

CIK: **30146** | IRS No.: **136021175** | State of Incorporation: **NY** | Fiscal Year End: **1231**
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Dreyfus

The Dreyfus Fund
Incorporated
Semi-Annual
Report

June 30, 1996

The Dreyfus Fund Incorporated

Letter to Shareholders

Dear Shareholder:

We are pleased to send you this semi-annual report for The Dreyfus Fund Incorporated covering the six months ended June 30, 1996. During this period, we took advantage of generally rising stock prices to make significant changes in the portfolio. In the following sections of this letter, we discuss the general economic and market environments that the Fund operates in, and then analyze the Fund's performance and major strategy changes in the portfolio.

THE ECONOMY

The U.S. economy is rebounding in 1996 following its midcycle growth slowdown of last year. Yet overall corporate profit growth is slowing this year. This is the sixth expansion year for this business cycle, and we believe that it will prove a long cycle.

Economic growth has accelerated since year-end. The first quarter's 2.3% real Gross Domestic Product growth brought with it a demand rebound that depleted inventories. Even stronger second quarter growth is apparent, led by manufacturers' attempts to rebuild inventories. In addition, steady job creation continues to support growth in consumer incomes and spending. As yet, there are few indications of economic cooling. Some previously strong capital goods sectors may now be slowing, but overall economic growth is broadening to more industries. Despite better economic performance this year than last, profit growth may have peaked last year.

Although surging oil prices boosted overall inflation temporarily this spring, price inflation otherwise has remained tame this year. Nevertheless, signs of a faster economic pace have reignited fears of higher future inflation, especially coming from upward pressure on wages as the labor market tightens. Thus, bond yields have risen substantially this year. Short-term market rates are also higher in expectation of Federal Reserve Board tightening in coming months. So far, long-term rates have risen much more than short-term rates, forcing the yield curve to steepen. A steep yield curve is usually supportive of sustained growth in the real economy.

As we look forward, the question arises whether the higher interest rates already in place and those in prospect will effectively cool the economy. At present, however, any advance signs of an eventual cooling off in the economy are hard to discern. The preoccupation at present is with the economy's impressive strength, and the problems such growth could create.

MARKET OVERVIEW

The broad trend of the stock market was strongly upward during the six months under review. However, there were many crosscurrents at work. Not all stock groups benefited equally. The blue chips in the Dow Jones Industrial Average enjoyed solid advances for the six months, as did the broader market as represented by the Nasdaq Composite Index and the Standard & Poor's 500 Composite Stock Price Index. However, as spring turned into summer, technology stocks began to lag, and small capitalization stocks were unable to maintain the very fast growth pace of earlier months.

From time to time, unexpected signs of economic strength, particularly employment and unemployment numbers, jolted the equity markets with the fear of renewed inflation. Especially in the latter part of the half-year, concerns over inflation and higher interest rates restrained market performance in a number of industry categories.

Profits, always a major element in stock performance, continued strong for a good part of the period. However, fear of rising labor costs and intensified competition at home and abroad have cast some shadows over the profit outlook. This has been balanced, however, by the very large sum of money that continues to be invested in equity mutual funds, much of it from

people planning for their retirement.

As the half-year ended, broad market averages were still solidly above where they stood when the year began. This, however, was before the downdraft in stock prices that occurred in mid-July.

PORTFOLIO FOCUS

For the six months ended June 30, 1996, The Dreyfus Fund provided a total return of 8.35%,* somewhat less than the return of 10.09% of the Standard & Poor's 500.**

During the half-year, portfolio sectors that did best were technology, consumer cyclicals, capital goods, basic industries and financial companies. The worst-performing sector was consumer nondurables and services where one stock, Viacom, Cl. B, was particularly disappointing.

In basic industries, where our weighting was somewhat above the S&P 500 average, we sold Monsanto, DuPont (EI) deNemours and WMX Technologies, all at a profit, and bought Compton & Knowles, Air Products & Chemicals and Allegheny Ludlum.

In the capital goods category, we shifted emphasis to companies that have been or could potentially become restructuring candidates. We took profits in John Deere & Co., Xerox and Honeywell, and chose instead to increase the position in Thiokol and initiate new positions in Masco, Raytheon and Coltec Industries. We also added to positions in Boeing.

In a similar strategic shift in the consumer cyclical area, auto producers were pared down in favor of such stocks as Price/Costco, Outboard Marine and Intimate Brands. Emphasis in this category is now being placed on home improvement issues such as Home Depot and Lowes.

As already noted, the consumer nondurable and services area suffered from the general underperformance of the whole entertainment and broadcast area. It should be noted that this part of the portfolio is made up primarily of entertainment stocks which we believe have growth potential and appear poised to do much better in the second half of the year both domestically and internationally.

Your managers took selective profits in the energy category, mainly from Texaco, EnSCO International, Tidewater, Anadarko Petroleum and Noble Drilling. Holdings in this sector have been reduced modestly. Funds were redeployed to increase domestic exploration and production sectors, particularly natural gas issues including names such as Louisiana Land and Enron.

Weightings were increased modestly in financial stocks, with emphasis on issues that are less sensitive to changes in interest rates. This move stems from our belief that rates could be in a volatile period. Accordingly, we sold Citicorp, First Union and BankAmerica, and bought Cigna, AMBAC and ITT Hartford Group.

During the past six months, health care holdings were substantially increased, including a decision to increase exposure to foreign health care companies. This was based on the comparatively low equity valuations available overseas plus the more certain earnings prospects for the domestic health care sector in a changeable economic environment. In this sector, we have increased holdings in Sandoz, AG, the Swiss company, added positions in the German firms, Bayer and Hoechst, and continue to hold Astra A of Sweden. The Fund also increased its investments in select American health care companies.

Weightings in technology were increased during the period, which reflects our belief that carefully selected stocks in this sector have considerable earnings growth potential. Major holdings here include Intel, Glenayre Technology, Cabletron Systems, Cisco Systems and Aspect Telecommunications.

In utilities, the Fund has acquired issues amounting to about 4% of total equity holdings. The focus is primarily on newer participants in telephone communications. These include MFS Communications, GTE, WorldCom and Teleport.

The portfolio of course cannot escape being affected by negative movements in the broad securities markets. We believe, however, that The Dreyfus Fund is now well-positioned to take advantage of favorable equity currents and growth opportunities in specific stocks we have selected.

Sincerely,

Ernest G. Wiggins
Portfolio Manager

July 17, 1996
New York, N.Y.

*Total return includes reinvestment of dividends and any capital gains paid.
**SOURCE: LIPPER ANALYTICAL SERVICES, INC. -- Reflects the reinvestment of income dividends and, where applicable, capital gain distributions. The Standard & Poor's 500 Composite Stock Price Index is a widely accepted

<TABLE>

The Dreyfus Fund Incorporated

Statement of Investments June 30, 1996 (Unaudited)

| Common Stocks--94.4% | | Shares | Value |
|------------------------------|--|---------------|---------------|
| <S> | <C> | <C> | <C> |
| Basic Industries--11.5% | Air Products & Chemicals..... | 600,000 | \$ 34,650,000 |
| | Allegheny Ludlum..... | 1,500,000 | 28,312,500 |
| | Bayer AG..... | 450,000 | 15,876,271 |
| | Crompton & Knowles..... | 2,451,100 (b) | 41,055,925 |
| | Crown Cork & Seal..... | 1,725,000 | 77,625,000 |
| | Grace (W.R.)..... | 400,000 | 28,350,000 |
| | Hoechst A.G. | 1,256,000 | 42,539,940 |
| | Olin | 322,100 | 28,747,425 |
| | Praxair..... | 600,000 | 25,350,000 |
| | | | ----- |
| | | | 322,507,061 |
| | | | ----- |
| Capital Goods--11.8% | AlliedSignal..... | 700,000 | 39,987,500 |
| | Boeing | 500,000 | 43,562,500 |
| | Coltec Industries | 2,500,000 (a) | 35,625,000 |
| | GE Investment Private Placement Partners I, L.P. (Units)..... | 14.303 (c) | 22,165,848 |
| | Giddings & Lewis..... | 635,000 | 10,318,750 |
| | Masco | 1,000,000 | 30,250,000 |
| | Raychem | 450,000 | 32,343,750 |
| | Raytheon | 500,000 | 25,812,500 |
| | Stewart & Stevenson Services | 525,000 | 11,943,750 |
| | Sundstrand | 492,100 | 18,023,163 |
| | Thiokol | 950,000 (b) | 37,525,000 |
| | U.S.A. Waste Service..... | 800,000 (a) | 23,700,000 |
| | | | ----- |
| | | | 331,257,761 |
| | | | ----- |
| Consumer Cyclical--10.3% | Consolidated Stores..... | 1,000,000 (a) | 36,750,000 |
| | Ford Motor..... | 1,000,000 | 32,375,000 |
| | Home Depot..... | 700,000 | 37,800,000 |
| | International Game Technology..... | 1,500,000 | 25,312,500 |
| | Intimate Brands, Cl. A | 850,000 | 19,443,750 |
| | Jones Apparel Group..... | 350,000 (a) | 17,193,750 |
| | Lowe's | 1,225,000 | 44,253,125 |
| | Outboard Marine..... | 1,100,000 (b) | 19,937,500 |
| | Price/Costco | 1,250,000 (a) | 27,031,250 |
| | Sony..... | 463,000 | 30,444,414 |
| | | | ----- |
| | | | 290,541,289 |
| | | | ----- |
| Consumer Non-Durables--11.0% | BHC Communications, Cl. A..... | 158,000 | 15,444,500 |
| | CUC International..... | 100,000 (a) | 3,550,000 |
| | Carnival, Cl. A..... | 500,000 | 14,437,500 |
| | Chris-Craft Industries..... | 540,750 | 23,793,000 |
| | Gaylord Entertainment, Cl. A..... | 2,500,000 | 70,625,000 |
| | Grand Casinos | 1,400,000 | 36,050,000 |
| | Liberty Media Group, Cl. A..... | 900,000 | 23,850,000 |
| | News Corp A.D.S. | 1,400,000 (a) | 32,900,000 |
| | Tele-Communications, Cl. A, TCI Group..... | 1,500,000 | 27,187,500 |
| | Thomas Nelson | 1,465,000 (b) | 19,594,375 |

</TABLE>

The Dreyfus Fund Incorporated

Statement of Investments (continued) June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

Common Stocks (continued)

| Common Stocks (continued) | | Shares | Value |
|--------------------------------------|------------------|---------|---------------|
| <S> | <C> | <C> | <C> |
| Consumer Non-Durables (continued) | Time Warner..... | 600,000 | \$ 23,550,000 |

| | | | |
|---------------------|--|---------------|-------------|
| | Viacom, Cl. B | 500,000 (a) | 19,437,500 |
| | | | ----- |
| | | | 310,419,375 |
| | | | ----- |
| Energy--8.0% | Amerada Hess..... | 1,500,000 | 80,437,500 |
| | Enron Oil & Gas..... | 700,500 | 19,526,438 |
| | Louisiana Land & Exploration | 1,050,000 | 60,506,250 |
| | Occidental Petroleum..... | 2,275,000 | 56,306,250 |
| | Yorktown Energy Partners, L.P. (Units) | 7.095 (c) | 8,098,184 |
| | | | ----- |
| | | | 224,874,622 |
| | | | ----- |
| Financial--13.5% | AMBAC..... | 680,000 | 35,445,000 |
| | Aetna Life & Casualty..... | 400,000 | 28,600,000 |
| | Ahmanson (H.F.) & Co..... | 600,000 | 16,200,000 |
| | American International Group | 270,000 | 26,628,750 |
| | American Reinsurance | 700,000 | 31,412,500 |
| | Bank of Boston..... | 425,000 | 21,037,500 |
| | CIGNA | 377,900 | 44,544,963 |
| | Everest Reinsurance Holdings | 1,075,000 | 27,815,625 |
| | Federal National Mortgage Association..... | 860,000 | 28,810,000 |
| | Hibernia, Cl. A..... | 1,500,000 | 16,312,500 |
| | ITT Hartford Group..... | 550,000 | 29,287,500 |
| | SK Equity Fund, L.P. (Units)..... | 26.402 (c) | 50,865,783 |
| | State Street Boston..... | 325,000 | 16,575,000 |
| | Union Planters | 191,600 | 5,819,850 |
| | | | ----- |
| | | | 379,354,971 |
| | | | ----- |
| Health Care--11.1% | Astra A..... | 1,000,000 | 44,183,065 |
| | Baxter International..... | 800,000 | 37,800,000 |
| | Columbia/HCA Healthcare..... | 800,000 | 42,700,000 |
| | Galen Partners II, L.P. (Units)..... | 4.149 (c) | 3,905,817 |
| | PacifiCare Health Systems, Cl. B..... | 175,000 (a) | 11,856,250 |
| | Perkin-Elmer..... | 1,225,000 | 59,106,250 |
| | Sandoz AG..... | 56,000 | 63,955,307 |
| | Warner-Lambert..... | 900,000 | 49,500,000 |
| | | | ----- |
| | | | 313,006,689 |
| | | | ----- |
| Miscellaneous--2.2% | ADT..... | 2,000,000 (a) | 37,750,000 |
| | Culligan Water Technologies..... | 620,000 (a) | 23,560,000 |
| | | | ----- |
| | | | 61,310,000 |
| | | | ----- |
| Technology--9.5% | 3COM..... | 500,000 (a) | 22,875,000 |
| | Aspect Telecommunications..... | 513,100 (a) | 25,398,450 |
| | BMC Software..... | 200,000 (a) | 11,950,000 |
| | Cabletron Systems..... | 400,000 (a) | 27,450,000 |
| | Cisco Systems..... | 450,000 (a) | 25,481,250 |

</TABLE>

The Dreyfus Fund Incorporated

Statement of Investments (continued)

June 30, 1996 (Unaudited)

<TABLE>

<CAPTION>

Common Stocks (continued)

| | | Shares | Value |
|------------------------|-----------------------------------|-------------|---------------|
| <S> | <C> | <C> | <C> |
| Technology (continued) | Glenayre Technologies..... | 600,000 (a) | \$ 30,000,000 |
| | Intel..... | 475,000 | 34,882,813 |
| | Microsoft..... | 150,000 (a) | 18,018,750 |
| | Motorola..... | 225,000 | 14,146,875 |
| | Sun Microsystems..... | 375,000 (a) | 22,078,125 |
| | Synopsys..... | 300,000 (a) | 11,925,000 |
| | U.S. Robotics..... | 250,000 | 21,375,000 |
| | | | ----- |
| | | | 265,581,263 |
| | | | ----- |
| Transportation--1.9% | Burlington Northern Santa Fe..... | 500,000 | 40,437,500 |
| | Union Pacific..... | 200,000 | 13,975,000 |
| | | | ----- |

| | | | |
|---|---|---------------|-----------------|
| | | | 54,412,500 |
| | | | ----- |
| Utilities--3.6% | GTE..... | 500,000 | 22,375,000 |
| | MFS Communications..... | 1,060,000 (a) | 39,882,500 |
| | Teleport Communications Group, Cl. A..... | 849,100 | 16,239,037 |
| | WorldCom..... | 400,000 (a) | 22,150,000 |
| | | | ----- |
| | | | 100,646,537 |
| | | | ----- |
| | TOTAL COMMON STOCKS | | |
| | (cost \$2,417,800,786)..... | | \$2,653,912,068 |
| | | | ----- |
| | | | ----- |
| TOTAL INVESTMENTS (cost \$2,417,800,786)..... | | 94.4% | \$2,653,912,068 |
| | | | ----- |
| | | | ----- |
| CASH AND RECEIVABLES (NET)..... | | 5.6% | \$ 157,600,695 |
| | | | ----- |
| | | | ----- |
| NET ASSETS..... | | 100.0% | \$2,811,512,763 |
| | | | ----- |
| | | | ----- |

</TABLE>

The Dreyfus Fund Incorporated

Notes to Statement of Investments: (Unaudited)

- (a) Non-income producing.
- (b) Investment in non-controlled affiliates (cost \$131,819,544)--see note 1(d).
- (c) Securities restricted as to public resale. Investments in restricted securities with an aggregate market value of \$85,035,632 represent approximately 3.02% of net assets:

<TABLE>
<CAPTION>

| Issuer | Acquisition Date | Purchase Price* | Percentage of Net Assets | Valuation + |
|--|---------------------|--------------------|-----------------------------|-------------------------|
| ----- | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> |
| GE Investment Private Placement Partners I, L.P. (Units) | 5/28/91-9/13/95 | \$1,284,634.51 | .79% | \$1,549,734.18 per unit |
| Galen Partners II, L.P. (Units) | 12/8/93-5/1/96 | 941,387.56 | .14 | 941,387.56 per unit |
| SK Equity Fund, L.P. (Units) | 12/16/92-6/10/96 | 1,065,056.76 | 1.81 | 1,926,588.25 per unit |
| Yorktown Energy Partners, L.P. (Units) | 3/25/91-3/30/94 | 1,141,393.09 | .28 | 1,141,393.09 per unit |

* Average cost.

+ The valuation of these securities has been determined in good faith under the direction of the Board of Directors.

Subject to certain limitations, the Fund has commitments to invest in the limited partnerships listed below:

| Issuer | Portion of Committed Amounts Uninvested |
|---------------------------------|--|
| ----- | ----- |
| Galen Partners II, L.P. (Units) | \$ 848,990 |
| SK Equity Fund, L.P. (Units) | 16,355,716 |

See independent accountants' review report and notes to financial statements.

The Dreyfus Fund Incorporated

Statement of Assets and Liabilities June 30, 1996 (Unaudited)

| | | |
|-------------------------------------|-----|-----|
| <TABLE> | | |
| <S> | <C> | <C> |
| ASSETS: | | |
| Investments in securities, at value | | |

| | | |
|---|--------------|-----------------|
| (cost \$2,417,800,786)--see statement..... | | \$2,653,912,068 |
| Receivable for investment securities sold..... | | 181,252,947 |
| Receivable for subscriptions to Capital Stock..... | | 117,059,116 |
| Dividends and interest receivable..... | | 3,776,691 |
| Prepaid expenses..... | | 125,604 |
| | | ----- |
| | | 2,956,126,426 |
| LIABILITIES: | | |
| Due to The Dreyfus Corporation and affiliates..... | \$ 1,471,425 | |
| Bank loan payable--Note 2..... | 6,500,000 | |
| Payable for investment securities purchased..... | 131,988,396 | |
| Payable for Capital Stock redeemed..... | 3,809,245 | |
| Net unrealized depreciation on forward currency exchange contracts-- Note 4(a) | 160,226 | |
| Accrued expenses..... | 684,371 | 144,613,663 |
| | ----- | ----- |
| NET ASSETS..... | | \$2,811,512,763 |
| | | ----- |
| REPRESENTED BY: | | |
| Paid-in capital..... | | \$2,382,245,677 |
| Accumulated undistributed investment income--net..... | | 755,283 |
| Accumulated undistributed net realized gain on investments..... | | 192,552,761 |
| Accumulated net unrealized appreciation on investments and foreign currency transactions..... | | 235,959,042 |
| | | ----- |
| NET ASSETS at value applicable to 251,504,620 shares outstanding (500 million shares of \$1 par value Capital Stock authorized)..... | | \$2,811,512,763 |
| | | ----- |
| NET ASSET VALUE, offering and redemption price per share ((\$2,811,512,763 / 251,504,620 shares)..... | | \$11.18 |
| | | ----- |
| | | ----- |

</TABLE>

See independent accountants' review report and notes to financial statements.

The Dreyfus Fund Incorporated

Statement of Operations six months ended June 30, 1996 (Unaudited)

| | | | |
|--|---------------|-----|---------------|
| <TABLE> | | <C> | <C> |
| <S> | | | |
| INVESTMENT INCOME: | | | |
| Income: | | | |
| Cash dividends: | | | |
| Unaffiliated issuers (net of \$241,249 foreign taxes withheld at source) | \$ 18,455,811 | | |
| Affiliated issuers..... | 587,916 | | \$ 19,043,727 |
| Interest..... | | | 4,118,319 |
| | | | ----- |
| Total Income..... | | | 23,162,046 |
| Expenses: | | | |
| Management fee--Note 3(a)..... | 8,764,000 | | |
| Shareholder servicing costs--Note 3(a)..... | 1,082,847 | | |
| Custodian fees--Note 3(a)..... | 124,127 | | |
| Professional fees..... | 70,725 | | |
| Prospectus and shareholders' reports..... | 67,236 | | |
| Directors' fees and expenses--Note 3(b)..... | 45,526 | | |
| Registration fees..... | 40,051 | | |
| Interest expense--Note 2..... | 3,125 | | |
| Miscellaneous..... | 31,738 | | |
| | ----- | | |
| Total Expenses..... | | | 10,229,375 |
| INVESTMENT INCOME--NET..... | | | ----- |
| | | | 12,932,671 |
| | | | ----- |

REALIZED AND UNREALIZED GAIN ON INVESTMENTS:

| | | | |
|--|---------------|--|---------------|
| Net realized gain (loss) on investments and foreign currency transactions--Note 4(a): | | | |
| Unaffiliated issuers..... | \$195,042,023 | | |
| Affiliated issuers..... | (1,916,681) | | \$193,125,342 |

| | | |
|--|------------|---------------|
| Net realized gain on forward currency exchange contracts--Note 4(a)..... | | 222,816 |
| Net Realized Gain..... | | 193,348,158 |
| Net unrealized appreciation on investments: | | |
| Unaffiliated issuers..... | 33,999,070 | |
| Affiliated issuers..... | 2,721,237 | 36,720,307 |
| NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS..... | | 230,068,465 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS..... | | \$243,001,136 |

</TABLE>

See independent accountants' review report and notes to financial statements.

The Dreyfus Fund Incorporated

Statement of Changes in Net Assets

<TABLE>
<CAPTION>

| | Year Ended December 31, 1995 | Six Months Ended June 30, 1996 (Unaudited) |
|--|------------------------------------|--|
| <S> | <C> | <C> |
| OPERATIONS: | | |
| Investment income--net..... | \$ 41,983,993 | \$ 12,932,671 |
| Net realized gain on investments..... | 754,917,450 | 193,348,158 |
| Net unrealized appreciation (depreciation) on investments for the period | (222,219,191) | 36,720,307 |
| Net Increase In Net Assets Resulting From Operations..... | 574,682,252 | 243,001,136 |
| DIVIDENDS TO SHAREHOLDERS FROM: | | |
| Investment income--net..... | (41,983,993) | (12,177,388) |
| Net realized gain on investments..... | (785,802,043) | (14,377,942) |
| Total Dividends..... | (827,786,036) | (26,555,330) |
| CAPITAL STOCK TRANSACTIONS: | | |
| Net proceeds from shares sold..... | 8,936,161,261 | 5,206,178,460 |
| Dividends reinvested..... | 715,713,497 | 15,272,089 |
| Cost of shares redeemed..... | (9,190,532,165) | (5,279,922,883) |
| Increase (Decrease) In Net Assets From Capital Stock Transactions..... | 461,342,593 | (58,472,334) |
| Total Increase In Net Assets..... | 208,238,809 | 157,973,472 |
| NET ASSETS: | | |
| Beginning of period..... | 2,445,300,482 | 2,653,539,291 |
| End of period (including undistributed investment income--net of \$755,283 in 1996)..... | \$2,653,539,291 | \$2,811,512,763 |

</TABLE>

<TABLE>
<CAPTION>

| | Shares | Shares |
|--|---------------|---------------|
| <S> | <C> | <C> |
| CAPITAL SHARE TRANSACTIONS: | | |
| Shares sold..... | 669,232,838 | 475,992,076 |
| Shares issued for dividends reinvested..... | 67,564,166 | 1,313,245 |
| Shares redeemed..... | (686,986,385) | (480,520,360) |
| Net Increase (Decrease) In Shares Outstanding..... | 49,810,619 | (3,215,039) |

</TABLE>

See independent accountants' review report and notes to financial statements.

The Dreyfus Fund Incorporated

Financial Highlights

Contained below is per share operating performance data for a share of Capital Stock outstanding, total investment return, ratios to average net assets and other supplemental data for each period indicated. This information has been derived from the Fund's financial statements.

<TABLE>

<CAPTION>

| PER SHARE DATA: | Year Ended December 31, | | | | | Six Months Ended |
|---|-------------------------|-------------|-------------|-------------|-------------|------------------------------|
| | 1991 | 1992 | 1993 | 1994 | 1995 | June 30, 1996 (Unaudited) |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Net asset value, beginning of period..... | \$10.80 | \$13.14 | \$13.27 | \$13.10 | \$11.93 | \$10.42 |
| Investment Operations: | | | | | | |
| Investment income--net..... | .34 | .27 | .24 | .21 | .22 | .05 |
| Net realized and unrealized gain (loss) on investments..... | 2.63 | .44 | .58 | (.76) | 2.57 | .82 |
| Total from Investment Operations..... | 2.97 | .71 | .82 | (.55) | 2.79 | .87 |
| Distributions: | | | | | | |
| Dividends from investment income--net..... | (.35) | (.24) | (.30) | (.22) | (.22) | (.05) |
| Dividends in excess of investment income--net..... | -- | -- | (.03) | -- | -- | -- |
| Dividends from net realized gain on investments..... | (.28) | (.34) | (.66) | (.40) | (4.08) | (.06) |
| Total Distributions..... | (.63) | (.58) | (.99) | (.62) | (4.30) | (.11) |
| Net asset value, end of period.. | \$13.14 | \$13.27 | \$13.10 | \$11.93 | \$10.42 | \$11.18 |
| TOTAL INVESTMENT RETURN..... | 28.02% | 5.53% | 6.36% | (4.26%) | 23.77% | 8.35% (1) |
| RATIOS/SUPPLEMENTAL DATA: | | | | | | |
| Ratio of expenses to average net assets..... | .78% | .74% | .74% | .74% | .74% | .37% (1) |
| Ratio of net investment income to average net assets.... | 2.65% | 2.08% | 1.67% | 1.63% | 1.56% | .46% (1) |
| Portfolio Turnover Rate.... | 79.70% | 55.42% | 39.29% | 27.70% | 269.26% | 112.39% (1) |
| Average commission rate paid(2) | -- | -- | -- | -- | -- | \$.0675 |
| Net Assets, end of period (000's Omitted)..... | \$2,996,663 | \$3,148,858 | \$2,850,523 | \$2,445,300 | \$2,653,539 | \$2,811,513 |

<FN>

(1) Not annualized.

(2) For years beginning January 1, 1996, the Fund is required to disclose its average commission rate paid per share for purchases and sales of investment securities.

</TABLE>

See independent accountants' review report and notes to financial statements.

The Dreyfus Fund Incorporated

NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1--Significant Accounting Policies:

The Dreyfus Fund Incorporated (the "Fund") is registered under the Investment Company Act of 1940 ("Act") as a diversified open-end management

investment company. The Fund's investment objective is to provide investors with long-term capital growth consistent with the preservation of capital. The Dreyfus Corporation ("Manager") serves as the Fund's investment adviser. The Manager is a direct subsidiary of Mellon Bank, N.A. ("Mellon"). Premier Mutual Fund Services, Inc. acts as the distributor of the Fund's shares, which are sold to the public without a sales charge.

(a) Portfolio valuation: Investments in securities are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market. Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. Bid price is used when no asked price is available. Securities for which there are no such valuations are valued at fair value as determined in good faith under the direction of the Board of Directors. Investments denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange. Forward currency exchange contracts are valued at the forward rate.

(b) Foreign currency transactions: The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Net realized foreign exchange gains or losses arise from sales and maturities of short-term securities, sales of foreign currencies, currency gains or losses realized on securities transactions, the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities, resulting from changes in exchange rates. Such gains and losses are included with net realized and unrealized gain or loss on investments.

(c) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, amortization of discount on investments, is recognized on the accrual basis.

(d) Affiliated issuers: Issuers in which the Fund held 5% or more of the outstanding voting securities are defined as "affiliated" in the Act.

(e) Dividends to shareholders: Dividends are recorded on the ex-dividend date. Dividends from investment income-net are declared and paid on a quarterly basis. Dividends from net realized capital gain are normally declared and paid annually, but the Fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code. To the extent that net

The Dreyfus Fund Incorporated

NOTES TO FINANCIAL STATEMENTS (Unaudited) (continued)

realized capital gain can be offset by capital loss carryovers, if any, it is the policy of the Fund not to distribute such gain.

(f) Federal income taxes: It is the policy of the Fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Internal Revenue Code, and to make distributions of taxable income sufficient to relieve it from substantially all Federal income and excise taxes.

NOTE 2--Bank Line of Credit:

The Fund participates in a \$100 million unsecured line of credit provided by The Bank of New York, primarily for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. Interest is payable at the Federal Funds rates plus .50% on an annualized basis. Outstanding borrowings on June 30, 1996 under the line of credit, amounted to \$6,500,000 at an annualized rate of 5.77%.

The average daily amount of short-term debt outstanding during the six months ended June 30, 1996 was approximately \$107,143, with a related weighted annualized interest rate of 5.77%. The maximum amount borrowed at

any time during the six months ended June 30, 1996 was \$6,500,000.

NOTE 3--Management Fee and Other Transactions With Affiliates:

(a) Pursuant to a management agreement ("Agreement") with the Manager, the management fee is payable monthly, based on the following annual percentages of the value of the Fund's average daily net assets: .65 of 1% of the first \$1.5 billion; .625 of 1% of the next \$500 million; .60 of 1% of the next \$500 million; and .55 of 1% over \$2.5 billion.

The Agreement provides for an expense reimbursement from the Manager should the Fund's aggregate expenses, exclusive of taxes and brokerage commissions, exceed 1% of the value of the Fund's average daily net assets for any full year. No expense reimbursement was required pursuant to the Agreement for the six months ended June 30, 1996.

The Fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of the Manager, under a transfer agency agreement for providing personnel and facilities to perform transfer agency services for the Fund. Such compensation amounted to \$647,892 for the six months ended June 30, 1996.

Effective May 10, 1996, the Fund entered into a Custody Agreement with Mellon to provide custodial services for the Fund. For the period from May 10, 1996 through June 30, 1996, \$25,448 was paid to Mellon pursuant to the Custody Agreement.

(b) Each director who is not an "affiliated person" as defined in the Act receives from the Fund an annual fee of \$6,500 and an attendance fee of \$500 per meeting. The Chairman of the Board receives an additional 25% of such compensation.

The Dreyfus Fund Incorporated

NOTES TO FINANCIAL STATEMENTS (Unaudited) (continued)

NOTE 4--Securities Transactions:

(a) The following summarizes the aggregate amount of purchases and sales of investment securities, excluding short-term securities and forward currency exchange contracts, during the six months ended June 30, 1996:

| | Purchases | Sales |
|---------------------------|-----------------|-----------------|
| Unaffiliated issuers..... | \$2,937,873,579 | \$3,239,552,203 |
| Affiliated issuers..... | 98,161,856 | 1,721,213 |
| Total..... | \$3,036,035,435 | \$3,241,273,416 |

In addition, the following summarizes open forward currency exchange contracts at June 30, 1996:

<TABLE>
<CAPTION>

| Forward Currency Sales Contracts | Foreign Currency Amounts | Proceeds | U.S. Dollar Value | Unrealized (Depreciation) |
|---|--------------------------------|--------------|----------------------|------------------------------|
| <S> | <C> | <C> | <C> | <C> |
| German Deutschemark, expiring 9/10/96..... | 77,611,800 | \$51,000,000 | \$51,154,627 | \$ (154,627) |
| Japanese Yen, expiring 9/10/96..... | 825,892,000 | 7,600,000 | 7,605,599 | (5,599) |
| | | | | \$ (160,226) |

</TABLE>

The Fund enters into forward currency exchange contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings. When executing forward currency exchange contracts, the Fund is obligated to buy or sell a foreign currency at a specified rate on a certain date in the future. With respect to sales of forward currency exchange contracts, the Fund would incur a loss if the value of the contract increases between the date the forward contract is opened and the date the forward contract is closed. The Fund realizes a gain if the value of the contract decreases between those dates. With respect to

purchases of forward currency exchange contracts, the Fund would incur a loss if the value of the contract decreases between the date the forward contract is opened and the date the forward contract is closed. The Fund realizes a gain if the value of the contract increases between those dates. The Fund is also exposed to credit risk associated with counter party nonperformance on these forward currency exchange contracts which is typically limited to the unrealized gains on such contracts that are recognized in the statement of assets and liabilities.

(b) At June 30, 1996, accumulated net unrealized appreciation on investments and forward currency exchange contracts was \$235,951,056, consisting of \$281,268,945 gross unrealized appreciation and \$45,317,889 gross unrealized depreciation.

At June 30, 1996, the cost of investments for Federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

The Dreyfus Fund Incorporated

Review Report of Ernst & Young LLP, Independent Accountants

Shareholders and Board of Directors
The Dreyfus Fund Incorporated

We have reviewed the accompanying statement of assets and liabilities of The Dreyfus Fund Incorporated, including the statement of investments, as of June 30, 1996, and the related statements of operations and changes in net assets and financial highlights for the six month period ended June 30, 1996. These financial statements and financial highlights are the responsibility of the Fund's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements and financial highlights taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the interim financial statements and financial highlights referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the statement of changes in net assets for the year ended December 31, 1995 and financial highlights for each of the five years in the period ended December 31, 1995 and in our report dated February 12, 1996, we expressed an unqualified opinion on such statement of changes in net assets and financial highlights.

Ernst & Young LLP

New York, New York
July 30, 1996

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