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July 20, 2009

Dear Fellow Shareholders:

During the past quarter our fund's net asset value increased 34.37% versus an increase of 15.93% for the Standard & Poor's 500 and 20.69% for the Russell 2000, each on a total return basis.\* The fund's net asset value as of June 30, 2009 was \$17.71 per share. The net asset value amounted to \$495,186,963 of which 78.5% was invested in equities with the balance held in reserve.

After 18 years as a part of Reich & Tang, Delafield Asset Management and the Delafield Fund expect to join Tocqueville Asset Management LP toward the end of the third quarter. We have enjoyed our association with Reich & Tang, an affiliate of Natixis Global Asset Management, but as a consequence of their decision to focus Reich & Tang exclusively on its money market and cash deposit business we will depart. Our team of eight will form a new group at Tocqueville Asset Management where we will continue to manage the Fund in precisely the same fashion as we have over the years. We have known a number of the Tocqueville partners for 25 years or more and look forward to benefiting from interaction with Tocqueville's seasoned team of equity analysts and fund managers.

Please be aware that our future correspondence may come in an envelope with Tocqueville Asset Management or Tocqueville Funds on the cover.

The proxy statement relating to the transfer of our fund to Tocqueville Asset Management has been filed with the SEC and we hope it will become effective in August. You should receive the proxy in August and we hope you will return your vote as soon as possible. Aside from this formality the transfer should be made without any change in our management of your assets or in your holdings.

We think it would be a mistake to expect that the turbulence of the past two years is over and that a recovery, sustained by the green shoots visible around the world, will proceed along a smooth path. Unemployment continues to rise, albeit at a slower pace, and the welfare rolls are increasing. While government stimulus programs have already been or are being implemented around the world, their impact will vary with regard to speed and efficacy. The full force of these efforts in America is unlikely to be realized until later this year or early next year, whereas in China government action is already producing increased economic activity. Still, worldwide factory operating rates are beginning to increase from very depressed levels as inventory destocking subsides.

While the liquidity of our banking system is slowly improving, many companies are finding their ability to borrow constrained by restrictive covenants due to decreased earnings; and many banks are focused on their own troubled loan portfolios. Fortunately public debt markets have improved measurably and many companies have also been able to issue equity to relieve strained balance sheets.

In the months ahead we expect to see further economic improvement boosted by a substantial increase in global automobile production as the industry recovers from the depressed first half and the bankruptcies of Chrysler Group, LLC and General Motors Corp. Although consumer real disposable income has shown an increase in 2009, it has been largely buoyed by unemployment payments, tax rebates and other government programs. Consumer confidence is shaky, housing values continue to decline, and gasoline and other commodity prices have risen. Accordingly, we expect consumer demand to remain restrained. Interest rates have also been increasing, which has led to a slowing in mortgage refinancing activity and single family housing starts have, not surprisingly, remained at very low levels due in part to the high level of unsold existing homes.

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\* **The performance data quoted above represents past performance. Past performance does not guarantee future results. The investment return and principle value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. The current performance may be lower or higher than performance data quoted.**

In the meantime, corporate profitability is likely to be dampened by low operating rates, increasing raw material costs (partially the result of a weaker dollar) and sharply higher pension obligations. Finally, uncertainties remain on political fronts including labor policy, protectionism, regulation for financial institutions and changes in the tax code. All the above create uncertainty which could stunt an economic recovery.

Although the stock market has shown a good recovery since early March, share prices continue to be volatile and we remain cautious. Consequently we have kept reserves high and trimmed a number of positions as their prices rebounded.

We invested in FMC Corporation during the quarter after the shares fell on reduced earnings guidance. We know the company well, having owned it in the past. FMC is a \$3 billion diversified chemical company operating in three segments: agricultural products, specialty chemicals and industrial chemicals. The company's core products include insecticides and herbicides for crop and home garden protection, lithium used in pharmaceuticals and batteries, as well as soda ash needed for glass, chemical and detergent production and hydrogen peroxide for a variety of uses. We think highly of FMC's management team and like the company's leading positions in a number of its end markets. FMC has a strong balance sheet with net debt to capitalization of 28% and generates nearly \$2.00 per share in free cash flow.

In the immediate term, the specialty chemicals business will be pressured by weak demand for lithium and temporary plant shutdowns. Also, FMC's industrial chemicals segment will continue to be impacted by sluggish end-market demand as well as lagging raw material inflation. However, beginning in the second half of the year, profits should begin to show sequential improvement. FMC's raw material cost position is likely to improve and seasonal demand for agricultural products in the large Brazilian market should materialize. With the idling of the Granger facility the soda ash market should tighten and, if demand dictates, the mothballed production can be brought back online quickly. In specialty chemicals, profits should benefit from actions taken earlier in the year to right-size production vis-à-vis demand and higher selling prices will contribute as well. At just above 6x EBITDA, we believe the shares are a good value.

Our holdings in Ashland Inc. have had an impressive recovery. This is largely due to an improvement in the company's risk profile, driven by covenant relief from better than expected EBITDA generation in the latest quarter, as well as the successful refinancing of a \$750 million bridge loan. Additionally, management has now clearly stated its intention to further delever the balance sheet through the divestiture of non-strategic assets. While the initial asset sold as part of this plan was the relatively small Drew Marine division, it is widely believed that both the significant, though ultimately non-core Valvoline and Ashland distribution units are on the block. With the near-term situation appearing to have stabilized, we believe management will be able to refocus on transforming the business into a higher value, more profitable specialty chemicals business. Despite the recent stresses, management appears to be on track with their integration of last year's Hercules Incorporated acquisition. We continue to have confidence in management's long-term strategy.

The situation at Fairchild Semiconductor International, Inc. appears to be improving and the shares have rebounded nicely. Management recently provided an operational update and indicated that orders and fill rates had solidified through the quarter and that second quarter sales would likely exceed the previously expected \$250-\$270 million range. Should the improvement prove sustainable, this would lead to an improved utilization rate and improved gross margin. Combined with management's planned \$33 million in annualized headcount reductions, this could result in a return to profitability sometime in the fourth quarter.

The outlook for Vishay Intertechnology Inc. has brightened. With the business having deteriorated more rapidly than initially expected, management launched a series of aggressive cost reduction programs that are now expected to generate \$200 million in savings by year end. Savings are being realized more quickly than we had expected, and are roughly \$50 million higher than management had targeted heading into the calendar year. While demand in the industrial and auto end markets remains very weak, a recently increased order rate suggests that business has bottomed. In particular, demand from the Asian distribution channel is showing signs of life. Thus prospects for the company's return to profitability by year end have improved. Longer term, with the bulk of cost savings expected to be permanent, operating leverage will be much improved and incremental margins could exceed the 40%-45% range.

Vishay has a strong balance sheet with slightly more cash than debt and while the shares have rebounded nicely on the improving outlook, the stock still trades below its book value of about \$8.00 per share.

We are aware that many shareholders have not been receiving our quarterly letters since they may not be distributed to those who are not direct shareholders of the Fund. Accordingly, anyone who wishes to be on our mailing list should either call Cleo Kotis or write to us and we will be happy to add you to the list. Cleo can be reached at 212.830.5452.

With very best wishes.

Sincerely,



J. Dennis Delafield  
Chairman  
Tel. 212.830.5454



Vincent Sellecchia  
President  
Tel. 212.830.5456

P.S. The net asset value per share of the Fund is determined as of the close of regular trading on the New York Stock Exchange (normally 4:00 P.M., Eastern Time) on each Fund Business Day (as fully described in the Fund prospectus). In addition to the Fund's published NASDAQ listing (symbol: DEFIX), you may check its net asset value by calling 800.221.3079 (or, 212.830.5220) to speak directly to a Fund representative during the normal business hours of 8:30 A.M. - 5:30 P.M., Eastern Time. During off business hours, you may use the same telephone numbers for a pre-recorded message. The 3-digit code number for the Delafield Fund is 819.

Our website address is: [www.delafieldfund.com](http://www.delafieldfund.com).

## TOTAL RETURN WITH INCOME\*

	<b>Delafield Fund**</b>	<b>S&amp;P 500 Total Indices†</b>	<b>Russell 2000 Total Indices‡</b>
<b>Cumulative</b>			
Quarter ended June 30, 2009	34.37%	15.93%	20.69%
Six months ended June 30, 2009	17.28	3.16	2.64
One year ended June 30, 2009	(22.34)	(26.21)	(25.01)
Inception, November 19, 1993 to June 30, 2009	358.89	166.75	149.94
<b>Annual Average</b>			
One year ended June 30, 2009	(22.34)	(26.21)	(25.01)
Three years ended June 30, 2009	(4.82)	(8.22)	(9.89)
Five years ended June 30, 2009	1.68	(2.24)	(1.71)
Ten years ended June 30, 2009	8.02	(2.22)	2.38
Fifteen Years ended June 30, 2009	10.42	6.93	6.55
Inception, November 19, 1993 to June 30, 2009	10.24	6.49	6.04

## TEN LARGEST HOLDINGS‡

<b>Company</b>	<b>% of Net Assets</b>
Flextronics International Ltd.	4.03%
Thermo Fisher Scientific Inc.	3.70
Checkpoint System, Inc.	3.17
Acuity Brands Inc.	2.18
Barnes Group Inc.	2.16
FMC Corporation	2.15
Vishay Intertechnology Inc.	2.13
Ashland Inc.	2.12
Southern Union Company	2.12
Honeywell International, Inc.	2.06
<b>TOTAL</b>	<b>25.82%</b>

## FEES<sup>(a)</sup>

### Shareholder Fees

(fees paid directly from your investment)

Maximum Sales Charge Imposed on Purchases	None
Maximum Deferred Sales Charge	None
Maximum Sales Charge Imposed on Reinvested Dividends	None
Redemption Fee for Shares held 90 days or less	2.00%
(as a percent of amount redeemed)	

### Annual Fund Operating Expenses<sup>(b)</sup>

(expenses that are deducted from Fund assets)

Management Fee	0.78%
Distribution and Service (12 b-1) Fees	0.25%
Other Expenses	0.42%
Administrative Fees	0.21%
Acquired Fund Fees and Expenses	0.04%
<b>Total Annual Fund Operating Expenses</b>	<b>1.49%</b>

## ASSET MIX

	<b>6/30/09</b>	<b>3/31/09</b>	<b>12/31/08</b>	<b>9/30/08</b>	<b>6/30/08</b>
Equities	78.51%	84.06%	81.21%	81.79%	81.65%
Corporate Bonds	3.33	2.12	0.00	0.00	0.00
Warrants	0.00	0.00	0.00	0.00	0.01
Cash Equivalents	18.16	13.82	18.79	18.21	18.34
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\* The performance data quoted above represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. The current performance may be lower or higher than performance data quoted. Please visit our website ([www.delafieldfund.com](http://www.delafieldfund.com)) to obtain the most recent month-end performance data.

The Delafield Fund may invest in the stocks of smaller companies which carry special risks including, narrower markets, limited financial and management resources, less liquidity, and greater volatility than the stocks of larger companies. The Fund's investments, which are often value or special situations, are likely to not correlate with the overall market averages. Hence, there may be periods when the Fund's performance may lag these measures.

Kindly consider the investment objectives, risks, and charges and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. Please contact us to obtain a prospectus, which should be read carefully before investing.

Delafield Fund, Inc. is distributed by Natixis Distributors, L.P., 399 Boylston Street, Boston, MA 02116.

\*\* Delafield Fund, Inc. performance is stated after fees.

† The S&P 500 Index is an unmanaged broad market-weighted average of U.S. blue-chip companies and the Russell 2000 Index is an unmanaged, market-weighted index, with dividends reinvested, of 2,000 small companies, formed by taking the largest 3,000 companies and eliminating the largest 1,000 of those companies. You may not invest directly in the S&P 500 Index or the Russell 2000 Index and, unlike the Fund, they do not incur fees and expenses.

‡ Holdings are expressed as a percentage of total investments and will vary over time. Because the Fund is actively managed there can be no assurances the Fund continues to invest in the securities referenced. Additionally, references to specific securities or industries should not be considered a recommendation for investors.

(a) Represents information from the most current prospectus, dated April 30, 2009.

(b) The Gross Expense Ratio of 1.49% does not reflect any potential reimbursement/waiver of expenses as stated in the most recent Fund prospectus. The Net Expense Ratio of 1.28% reflects the reimbursement/waiver of expenses, if any, as stated in the most recent Fund prospectus. Please Note: Fund Expenses and Expense Reductions are subject to change. Expense Reductions are voluntary and investors should consult the most recent Fund prospectus for more detail information.

# STATEMENT OF NET ASSETS

June 30, 2009

(Unaudited)

	<b>Shares</b>	<b>Value (Note 1)</b>		<b>Shares</b>	<b>Value (Note 1)</b>
<b>Common Stocks (78.51%)</b>			<b>Common Stocks (Continued)</b>		
<b>Aerospace &amp; Defense (3.84%)</b>			<b>Life Science Tools &amp; Services (5.43%)</b>		
Esterline Technologies Corporation*	325,000	\$ 8,797,750	Charles River Laboratories International, Inc.*	150,000	\$ 5,062,500
Honeywell International, Inc.	325,000	<u>10,205,000</u>	Pharmaceutical Product Development, Inc.	150,000	3,483,000
		<u>19,002,750</u>	Thermo Fisher Scientific Inc.*	450,000	<u>18,346,500</u>
					<u>26,892,000</u>
<b>Building Products (2.02%)</b>			<b>Machinery (8.84%)</b>		
Griffon Corporation*	468,700	3,899,584	Albany International Corp.	775,000	8,819,500
Quanex Building Products Corporation	246,300	2,763,486	Barnes Group Inc.	900,000	10,701,000
Trex Company, Inc.*	250,000	<u>3,342,500</u>	Crane Co.	325,000	7,250,750
		<u>10,005,570</u>	IDEX Corporation	100,000	2,457,000
			Ingersoll-Rand Company Limited	175,000	3,657,500
<b>Chemicals (11.78%)</b>			Kennametal Inc.	505,000	9,685,900
Ashland Inc.	375,000	10,518,750	Lydall, Inc.*	352,500	<u>1,198,500</u>
Chemtura Corporation*	1,200,000	288,000			<u>43,770,150</u>
Cytec Industries Inc.	375,000	6,982,500	<b>Medical Equipment (1.45%)</b>		
Eastman Chemical Company	225,000	8,527,500	STERIS Corporation	275,000	<u>7,172,000</u>
Ferro Corporation	750,000	2,062,500	<b>Metals &amp; Mining (2.49%)</b>		
FMC Corporation	225,000	10,642,500	Commercial Metals Company	300,000	4,809,000
The Lubrizol Corporation	150,000	7,096,500	Kaiser Aluminum Corporation	210,000	<u>7,541,100</u>
OM Group, Inc.*	75,000	2,176,500			<u>12,350,100</u>
PolyOne Corporation*	665,000	1,802,150	<b>Office Electronics (0.36%)</b>		
Solutia Inc.*	715,000	4,118,400	Zebra Technologies Corporation*	75,000	<u>1,774,500</u>
Spartech Corporation	450,000	<u>4,135,500</u>			
		<u>58,350,800</u>	<b>Oil, Gas &amp; Consumable Fuels (2.12%)</b>		
<b>Commercial Services &amp; Supplies (1.88%)</b>			Southern Union Company	570,000	<u>10,482,300</u>
R.R. Donnelley & Sons Company	800,000	<u>9,296,000</u>	<b>Paper &amp; Forest Products (1.24%)</b>		
<b>Communications Equipment (1.14%)</b>			Schweitzer-Mauduit International, Inc.	225,000	<u>6,122,250</u>
Harris Corporation	200,000	<u>5,672,000</u>	<b>Professional Services (1.56%)</b>		
<b>Computers &amp; Peripherals (2.24%)</b>			MPS Group, Inc.*	1,010,000	<u>7,716,400</u>
Diebold, Incorporated	225,000	5,931,000	<b>Real Estate Investment Trust (1.01%)</b>		
Intermec Inc.*	400,000	<u>5,160,000</u>	Kimco Realty Corporation	500,000	<u>5,025,000</u>
		<u>11,091,000</u>	<b>Semiconductors &amp; Semiconductor Equipment (2.68%)</b>		
<b>Containers &amp; Packaging (0.85%)</b>			Fairchild Semiconductor International, Inc.*	800,000	5,592,000
Owen-Illinois, Inc.*	150,000	<u>4,201,500</u>	International Rectifier Corp.*	150,000	2,221,500
<b>Electrical Equipment (5.96%)</b>			Teradyne, Inc.*	800,000	<u>5,488,000</u>
Acuity Brands Inc.	385,000	10,799,250			<u>13,301,500</u>
AMETEK, Inc.	50,000	1,729,000	<b>Specialty Retail (3.00%)</b>		
Belden Inc.	200,000	3,340,000	Collective Brands, Inc.*	570,000	8,304,900
Brady Corporation	300,000	7,536,000	Foot Locker, Inc.	625,000	<u>6,543,750</u>
Hubbell Incorporated	190,000	<u>6,091,400</u>			<u>14,848,650</u>
		<u>29,495,650</u>	<b>Trading Companies &amp; Distributors (3.76%)</b>		
<b>Electronic Equipment &amp; Instruments (9.91%)</b>			RSC Holdings Inc.*	385,000	2,587,200
Checkpoint Systems, Inc.*	1,000,000	15,690,000	Rush Enterprises, Inc. Class A*	625,000	7,281,250
Flextronics International Ltd.*	4,850,000	19,933,500	WESCO International, Inc.*	350,000	<u>8,764,000</u>
Gerber Scientific, Inc.*	489,000	1,222,500			<u>18,632,450</u>
LeCroy Corporation*	450,000	1,687,500	<b>Total Common Stocks (Cost \$483,262,353)</b>		<b>\$ <u>388,779,070</u></b>
Vishay Intertechnology Inc.*	1,550,000	<u>10,524,500</u>			
		<u>49,058,000</u>			
<b>Household Durables (1.77%)</b>					
Lifetime Brands, Inc.	75,000	306,000			
(The) Stanley Works	250,000	<u>8,460,000</u>			
		<u>8,766,000</u>			
<b>Industrial Conglomerates (3.18%)</b>					
Carlisle Companies Incorporated	250,000	6,010,000			
Tyco International Ltd.	375,000	<u>9,742,500</u>			
		<u>15,752,500</u>			

**STATEMENT OF NET ASSETS, continued**  
**June 30, 2009**  
(Unaudited)

<b>Corporate Bonds (3.33%)</b>	<b>Shares</b>	<b>Value (Note 1)</b>
<b>Aerospace &amp; Defense (0.31%)</b>		
BAE Systems Holdings, Inc., 4.950%, due 6/01/14	500,000	\$ 503,114
Honeywell International, Inc., 3.875%, due 2/15/14	1,000,000	<u>1,022,866</u> <u>1,525,980</u>
<b>Chemicals (0.72%)</b>		
Cytec Industries, Inc. 8.950%, due 7/01/17	1,000,000	997,220
The DOW Chemical Company, 7.600%, due 5/15/14	2,500,000	<u>2,577,598</u> <u>3,574,818</u>
<b>Diversified Financial Services (0.31%)</b>		
Bank of America Corporation 7.375%, due 5/15/14	500,000	517,032
JPMorgan Chase & Co. 4.650%, due 6/01/14	1,000,000	<u>998,444</u> <u>1,515,476</u>
<b>Diversified Telecommunication (0.61%)</b>		
Deutsche Telekom, 4.875%, 7/08/14	3,000,000	<u>3,022,767</u>
<b>Healthcare-Services (0.21%)</b>		
Roche Holdings, Inc. Series 144A, 4.500%, due 3/01/12	1,000,000	<u>1,051,953</u>
<b>Machinery (0.86%)</b>		
Caterpillar Inc., 6.125%, due 2/17/14	1,000,000	1,067,764
Caterpillar Inc., 5.750%, due 2/15/12	2,000,000	2,095,730
PACCAR Inc., 6.375%, due 2/15/12	1,000,000	<u>1,082,072</u> <u>4,245,566</u>
<b>Pharmaceuticals (0.11%)</b>		
Pfizer Inc., 5.350%, due 3/15/15	500,000	<u>537,961</u>
<b>Software (0.20%)</b>		
Oracle Corporation, 3.750%, due 7/08/14	1,000,000	<u>1,000,000</u>
<b>Total Corporate Bonds (Cost \$15,946,294)</b>		<b>\$ <u>16,474,521</u></b>

	<b>Shares</b>	<b>Value (Note 1)</b>
<b>Warrants (0.00%)</b>		
Clark Holdings Inc.*	410,000	\$ <u>4,059</u>
<b>Total Warrants (Cost \$465,970)</b>		<b>\$ <u>4,059</u></b>
<b>Face Amount</b>		
<b>Short-Term Investments (18.37%)</b>		
<b>Investment Company (18.37%)</b>		
Daily Income Fund – Money Market Portfolio – Institutional Shares	\$90,983,000	<u>90,983,000</u>
<b>Total Short-Term Investments (Cost \$90,983,000)</b>		<b>\$ <u>90,983,000</u></b>
<b>Total Investments (100.21%) (Cost \$590,657,617†)</b>		<b>496,240,650</b>
<b>Liabilities in excess of cash and other assets (-0.21%)</b>		<b><u>(1,053,687)</u></b>
<b>Net Assets (100.00%), 27,961,398 shares outstanding</b>		<b>\$ <u>495,186,963</u></b>
<b>Net asset value, offering and redemption price per share:</b>		<b>\$ <u>17.71</u></b>

\* Non-income producing.

† Aggregate cost for federal income tax purposes is \$592,366,864. Aggregate gross unrealized appreciation and depreciation are based on cost for federal income tax purposes, \$24,860,487 and \$120,986,701 respectively, resulting in net depreciation of \$96,126,214.

Note 1: Securities traded on a national securities exchange are valued at the last recorded sales price on the last business day of the fiscal period. Common stocks for which no sale was reported on that date and over-the-counter securities are valued at the mean between the last reported bid and asked prices. All short-term investments are valued at amortized cost which approximates market value.

DEL2Q2009