Dreyfus Appreciation Fund, Inc.

ANNUAL REPORT

December 31, 2018

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THE FUND

FOR MORE INFORMATION

A LETTER FROM THE PRESIDENT OF DREYFUS

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Appreciation Fund, Inc., covering the 12-month period from January 1, 2018 through December 31, 2018. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

The reporting period began with major global economies achieving above-trend growth. In the United States, a robust economy and strong labor market encouraged the Federal Reserve to continue moving away from its accommodative monetary policy while other major central banks began to consider monetary tightening. Both U.S. and non-U.S. equity markets remained on an uptrend. Interest rates rose across the yield curve, putting pressure on bond prices.

A few months into the reporting period, global growth trends began to diverge and market volatility returned. While the U.S. economy continued to grow at a healthy rate, other developed markets began to weaken. However, robust growth and strong corporate earnings continued to support U.S. stock returns while other developed markets declined throughout the summer. In the fall, a broad sell-off occurred, partially offsetting earlier U.S. gains. Emerging markets remained under pressure as weakness in their currencies relative to the U.S. dollar added to investors' uneasiness. Global equities continued their general decline through the end of the period.

Fixed income markets struggled during the first half of the period as interest rates rose and favorable U.S. equity markets fed investor risk appetites. However, in autumn volatility crept in, the yield curve began a flattening trend that continued through the end of December. As long-term debt yields fell, prices rose for many bonds, leading to moderately positive returns for several fixed income market sectors.

Despite continuing political variables, U.S. inflationary pressures and flagging growth rates, we are optimistic that the U.S. economy will remain strong in the near term. However, we remain attentive to signs that point to potential changes on the horizon. As always, we encourage you to discuss the risks and opportunities in today's investment environment with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,

Renee Laroche-Morris
President
The Dreyfus Corporation
January 15, 2019

For the period from January 1, 2018 through December 31, 2018, as provided by portfolio manager Fayez Sarofim of Fayez Sarofim & Co., Sub-Investment Adviser

Market and Fund Performance Overview

For the 12-month period ended December 31, 2018, Dreyfus Appreciation Fund, Inc.'s Investor shares produced a total return of -6.38%, its Class I shares returned -6.16%, and its Class Y shares returned -6.10%.[1] In comparison, the fund's benchmark, the S&P 500® Index (the "Index"), produced a total return of -4.38% for the same period.[2]

U.S. stocks posted mild losses during the reporting period amid sustained economic growth, rising interest rates and intensifying trade tensions. The fund underperformed its benchmark, largely due to overweighted exposure to the consumer staples and communication services sectors, and to underweighted exposure to the market-leading health care sector. Certain positions in the pharmaceutical industry also detracted from relative returns.

The Fund's Investment Approach

The fund seeks long-term capital growth consistent with the preservation of capital. Its secondary goal is current income. To pursue these goals, the fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in common stocks. The fund focuses on "blue-chip" companies with total market capitalizations of more than $5 billion at the time of purchase, including multinational companies. These are established companies that have demonstrated sustained patterns of profitability, strong balance sheets, an expanding global presence, and the potential to achieve predictable, above-average earnings growth.

In choosing stocks, we identify economic sectors we believe will expand over the next three to five years or longer. Using fundamental analysis, we then seek companies within these sectors that have proven track records and dominant positions in their industries. The fund employs a "buy-and-hold" investment strategy, which generally has resulted in an annual portfolio turnover rate below 15%. A low portfolio turnover rate helps reduce the fund's trading costs and can help limit the distribution of capital gains generated due to portfolio turnover.[3]

Stocks Sold Off Amid Uncertainty

In sharp contrast to 2017, when equity markets rose steadily without any meaningful setbacks, 2018 was a turbulent year punctuated by several sharp selloffs. Despite robust domestic economic data and earnings results, uncertainty increased throughout the year as ongoing Federal Reserve tightening, escalating trade conflicts and signs of weakening momentum abroad led investors to reassess expectations for future growth. The Index entered into correction territory three times in 2018, ultimately registering its first annual decline since 2008. The energy sector, which was pressured by plunging crude oil prices in the face of a deteriorating demand outlook, recorded the biggest loss.

Fund Strategies Produced Mixed Results

The fund declined more than the Index for the year, but registered good relative results in the final quarter amid the market turmoil. The fund's relative underperformance for the full year was primarily a result of sector allocations that differed from those of the benchmark. Specifically, overweighted representation in the lagging consumer staples and communication services sectors penalized relative results. The fund's underweighted allocation to the market-leading health care sector, as well as weakness within key holdings in the pharmaceuticals segment, also detracted from relative returns.

The overall impact of stock selection, on the other hand, was positive and helped to offset these negative allocation effects. Industrials and materials issues generally struggled with the prospect of weaker demand associated with trade conflicts, and the fund's selective positioning within these sectors supported relative results. Advantageous stock selection within the energy sector, which emphasized the major integrated oil companies and avoided the more volatile oilfield service and equipment stocks, also added value. Selection decisions in the information technology sector also proved rewarding due to strong relative performance from holdings such as Visa, Automatic Data Processing and Microsoft.

The largest positive contributors to the fund's 12-month return included Microsoft, Twenty-First Century Fox, Abbott Laboratories, Visa and Nike. The largest detractors from return included Philip Morris International, Facebook, Altria Group, State Street and BlackRock.

Industry Leaders May Be Able to Weather Macroeconomic Headwinds

While the U.S. economy is expected to continue powering ahead in 2019, some slowing from the buoyant pace of growth seen last year is likely given the continued withdrawal of monetary accommodation, the fading boost from tax reform and the potential for more tariffs. In the near term, growth concerns and market pessimism appear set to persist and equity markets will likely continue to struggle until growth signals improve. Over the medium term, however, slower but steady economic growth should drive positive, albeit volatile, returns for equities.

Moderating economic growth alongside rising labor and borrowing costs has created a backdrop that should favor companies with solid balance sheets and pricing power that are capable of maintaining revenue growth and passing on higher costs. The fund's investment strategy has long focused on such companies. We believe the high-quality industry leaders in our portfolios, with their ample financial resources, durable competitive advantages and operational scale, are well positioned to deliver consistent results through challenging business cycles. Dominant market positions and disciplined cost controls generally provide these companies with more options to protect their margins while strong recurring cash flows enable them to continue investing prudently for sustained growth in the future. Furthermore, their seasoned management teams have established records of creating long-term value for shareholders through strategic capital redeployment, dividend increases and share repurchases, providing a degree of stability as market conditions change.

January 15, 2019

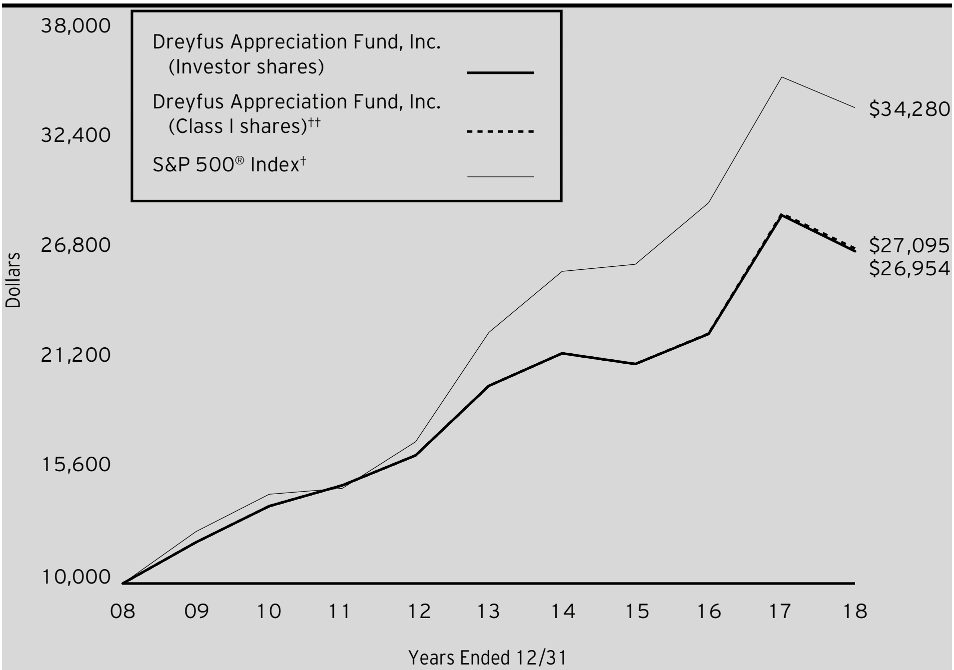
[1] *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost.*

[2] *Source: Lipper Inc. — The S&P 500® Index is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Investors cannot invest directly in any index.*

[3] *Achieving tax efficiency is not a part of the fund's investment objective, and there can be no guarantee that the fund will achieve any particular level of taxable distributions in future years. In periods when the manager has to sell significant amounts of securities (e.g., during periods of significant net redemptions or changes in index components), funds can be expected to be less tax efficient than during periods of more stable market conditions and asset flows.*

Equities are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.

FUND PERFORMANCE (Unaudited)



Comparison of change in value of a $10,000 investment in Investor shares and Class I shares of Dreyfus Appreciation Fund, Inc. with a hypothetical investment of $10,000 in the S&P 500® Index (the "Index").

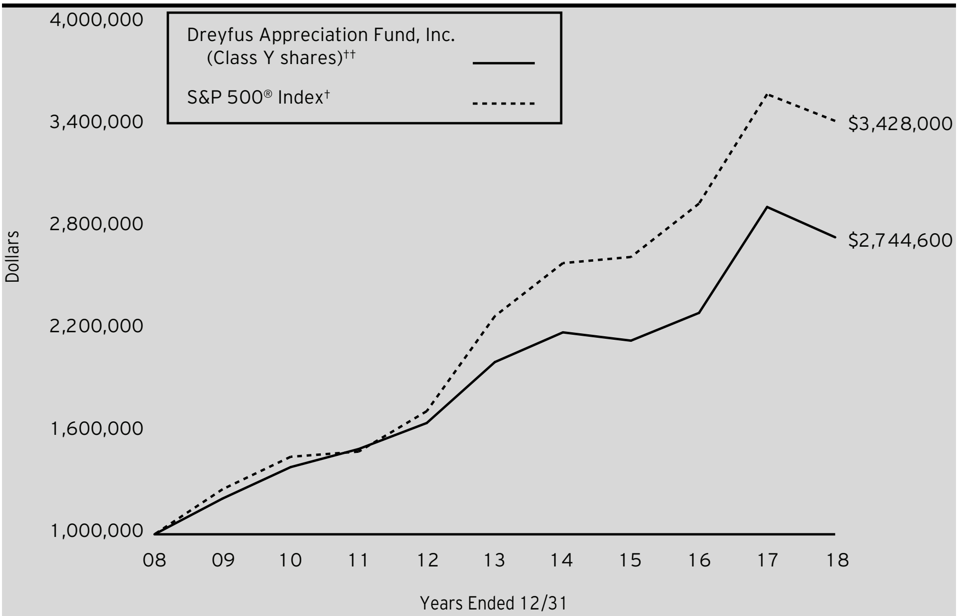
† *Source: Lipper Inc.*

†† *The total return figures presented for Class I shares of the fund reflect the performance of the fund's Investor shares for the period prior to 8/31/16 (the inception date for Class I shares).*

Past performance is not predictive of future performance.

The above graph compares a hypothetical $10,000 investment made in Investor and Class I shares of Dreyfus Appreciation Fund, Inc. on 12/31/08 to a hypothetical investment of $10,000 made in the Index on that date. All dividends and capital gain distributions are reinvested.

The fund's performance shown in the line graph above takes into account all applicable fees and expenses on Investor shares and Class I shares. The Index is widely regarded as the best single gauge of large-cap U.S. equities. The Index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.



Comparison of change in value of a $1,000,000 investment in Class Y shares of Dreyfus Appreciation Fund, Inc. with a hypothetical investment of $1,000,000 in the S&P 500® Index (the "Index").

† *Source: Lipper Inc.*

†† *The total return figures presented for Class Y shares of the fund reflect the performance of the fund's Investor shares for the period prior to 7/1/13 (the inception date for Class Y shares).*

Past performance is not predictive of future performance.

The above graph compares a hypothetical $1,000,000 investment made in Class Y shares of Dreyfus Appreciation Fund, Inc. on 12/31/08 to a hypothetical investment of $1,000,000 made in the Index on that date. All dividends and capital gain distributions are reinvested.

The fund's performance shown in the line graph above takes into account all applicable fees and expenses on Class Y shares. The Index is widely regarded as the best single gauge of large-cap U.S. equities. The Index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.

Average Annual Total Returns as of 12/31/18

	Inception Date	1 Year	5 Years	10 Years
Investor shares	**1/18/84**	**-6.38%**	**6.06%**	**10.42%**
Class I shares	**8/31/16**	**-6.16%**	**6.17%**††	**10.48%**††
Class Y shares	**7/1/13**	**-6.10%**	**6.41%**	**10.62%**†
S&P 500® Index		**-4.38%**	**8.49%**	**13.11%**

† *The total return performance figures presented for Class Y shares of the fund reflect the performance of the fund's Investor shares for the period prior to 7/1/13 (the inception date for Class Y shares).*

†† *The total return performance figures presented for Class I shares of the fund reflect the performance of the fund's Investor shares for the period prior to 8/31/16 (the inception date for Class I shares).*

The performance data quoted represents past performance, which is no guarantee of future results. Share price and investment return fluctuate and an investor's shares may be worth more or less than original cost upon redemption. Current performance may be lower or higher than the performance quoted. Go to dreyfus.com for the fund's most recent month-end returns.

The fund's performance shown in the graphs and table does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in Dreyfus Appreciation Fund, Inc. from July 1, 2018 to December 31, 2018. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a $1,000 Investment
assuming actual returns for the six months ended December 31, 2018

	Investor Shares	Class I	Class Y
Expenses paid per $1,000†	$ 4.37	$ 3.16	$ 2.87
Ending value (after expenses)	$ 927.30	$ 928.40	$ 928.70

COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission ("SEC") has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a $1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expenses and Value of a $1,000 Investment
assuming a hypothetical 5% annualized return for the six months ended December 31, 2018

	Investor Shares	Class I	Class Y
Expenses paid per $1,000†	$ 4.58	$ 3.31	$ 3.01
Ending value (after expenses)	$ 1,020.67	$ 1,021.93	$ 1,022.23

† *Expenses are equal to the fund's annualized expense ratio of .90% for Investor shares, .65% for Class I and .59% for Class Y, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).*

STATEMENT OF INVESTMENTS

December 31, 2018

Description	Shares	Value ($)
Common Stocks - 98.0%		
Banks - 3.1%		
JPMorgan Chase & Co.	466,790	**45,568,040**
Capital Goods - 1.6%		
United Technologies	217,190	**23,126,391**
Commercial & Professional Services - .9%		
Verisk Analytics	119,550 [a]	**13,035,732**
Consumer Durables & Apparel - 3.3%		
Hermes International	13,750	7,604,392
LVMH Moet Hennessy Louis Vuitton	74,500	21,891,515
NIKE, Cl. B	245,825	18,225,466
		47,721,373
Consumer Services - 1.9%		
McDonald's	158,805	**28,199,004**
Diversified Financials - 10.6%		
American Express	259,475	24,733,157
Berkshire Hathaway	118 [a]	36,108,000
BlackRock	84,905	33,352,382
Intercontinental Exchange	208,770	15,726,644
S&P Global	149,895	25,473,156
State Street	292,730	18,462,482
		153,855,821
Energy - 6.0%		
Chevron	323,895	35,236,538
ConocoPhillips	275,835	17,198,312
Exxon Mobil	524,398	35,758,700
		88,193,550
Food, Beverage & Tobacco - 12.7%		
Altria Group	627,545	30,994,448
Anheuser-Busch InBev, ADR	163,950 [b]	10,789,550
Coca-Cola	857,725	40,613,279
Constellation Brands, Cl. A	51,000	8,201,820
Nestle, ADR	298,890	24,198,134
PepsiCo	228,075	25,197,726
Philip Morris International	680,050	45,400,138
		185,395,095
Health Care Equipment & Services - 3.8%		
Abbott Laboratories	401,525	29,042,303
UnitedHealth Group	102,950	25,646,904
		54,689,207
Household & Personal Products - 2.7%		
Estee Lauder, Cl. A	298,545	**38,840,704**

Description	Shares	Value ($)
Common Stocks - 98.0% (continued)		
Insurance - 2.9%		
Chubb	330,260	**42,662,987**
Materials - 2.8%		
Air Products & Chemicals	120,890	19,348,444
Linde	67,720	10,567,029
Sherwin-Williams	29,500	11,607,070
		41,522,543
Media & Entertainment - 14.3%		
Alphabet, Cl. C	60,582 [a]	62,739,325
Comcast, Cl. A	1,096,190	37,325,269
Facebook, Cl. A	491,280 [a]	64,401,895
Twenty-First Century Fox, Cl. A	612,183	29,458,246
Walt Disney	132,690	14,549,459
		208,474,194
Pharmaceuticals Biotechnology & Life Sciences - 6.4%		
AbbVie	351,335	32,389,574
Johnson & Johnson	120,765	15,584,723
Novo Nordisk, ADR	529,605	24,398,902
Roche Holding, ADR	683,775	21,251,727
		93,624,926
Retailing - 2.0%		
Amazon.com	19,510 [a]	**29,303,435**
Semiconductors & Semiconductor Equipment - 5.0%		
ASML Holding	134,910	20,994,694
Infineon Technologies, ADR	330,080	6,596,649
Texas Instruments	476,205	45,001,372
		72,592,715
Software & Services - 10.8%		
Automatic Data Processing	64,790	8,495,265
Microsoft	912,915	92,724,777
Visa, Cl. A	422,545 [b]	55,750,587
		156,970,629
Technology Hardware & Equipment - 4.9%		
Apple	451,400	**71,203,836**
Transportation - 2.3%		
Canadian Pacific Railway	133,265 [b]	23,670,529
Union Pacific	73,100	10,104,613
		33,775,142
Total Common Stocks (cost $641,225,587)		**1,428,755,324**

Description	1-Day Yield (%)	Shares	Value ($)
Investment Companies - .8%			
Registered Investment Companies - .8%			
Dreyfus Institutional Preferred Government Plus Money Market Fund (cost $11,674,701)	2.32	11,674,701 [c]	**11,674,701**
Investment of Cash Collateral for Securities Loaned - .6%			
Registered Investment Companies - .6%			
Dreyfus Institutional Preferred Government Money Market Fund, Institutional Shares (cost $8,495,274)	2.69	8,495,274 [c]	**8,495,274**
Total Investments (cost $661,395,562)		**99.4%**	**1,448,925,299**
Cash and Receivables (Net)		**.6%**	**8,143,907**
Net Assets		**100.0%**	**1,457,069,206**

ADR—American Depository Receipt

[a] *Non-income producing security.*
[b] *Security, or portion thereof, on loan. At December 31, 2018, the value of the fund's securities on loan was $27,648,342 and the value of the collateral held by the fund was $28,088,208, consisting of cash collateral of $8,495,274 and U.S. Government & Agency securities valued at $19,592,934.*
[c] *Investment in affiliated issuer. The investment objective of this investment company is publicly available and can be found within the investment company's prospectus.*

Portfolio Summary (Unaudited) †	Value (%)
Information Technology	20.6
Financials	16.6
Consumer Staples	15.4
Communication Services	14.3
Health Care	10.2
Consumer Discretionary	7.2
Energy	6.1
Industrials	4.8
Materials	2.8
Investment Companies	1.4
	99.4

† *Based on net assets.*
See notes to financial statements.

STATEMENT OF INVESTMENTS IN AFFILIATED ISSUERS

Registered Investment Companies	Value 12/31/17($)	Purchases($)	Sales ($)	Value 12/31/18($)	Net Assets(%)	Dividends/ Distributions($)
Dreyfus Institutional Preferred Government Money Market Fund, Institutional Shares	88,875	312,092,739	303,686,340	8,495,274	.6	–
Dreyfus Institutional Preferred Government Plus Money Market Fund	17,743,156	337,682,711	343,751,166	11,674,701	.8	328,425
Total	**17,832,031**	**649,775,450**	**647,437,506**	**20,169,975**	**1.4**	**328,425**

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2018

	Cost	Value
Assets ($):		
Investments in securities—See Statement of Investments		
(including securities on loan, valued at $27,648,342)—Note 1(c):		
Unaffiliated issuers	641,225,587	1,428,755,324
Affiliated issuers	20,169,975	20,169,975
Cash denominated in foreign currency	253,510	254,646
Receivable for investment securities sold		14,085,441
Receivable for shares of Common Stock subscribed		3,802,762
Dividends and securities lending income receivable		3,791,653
Prepaid expenses		21,643
		1,470,881,444
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates—Note 3(b)		796,220
Due to Fayez Sarofim & Co.		280,046
Liability for securities on loan—Note 1(c)		8,495,274
Payable for shares of Common Stock redeemed		3,944,789
Directors fees and expenses payable		19,828
Unrealized depreciation on foreign currency transactions		2,665
Accrued expenses		273,416
		13,812,238
Net Assets ($)		**1,457,069,206**
Composition of Net Assets ($):		
Paid-in capital		619,103,792
Total distributable earnings (loss)		837,965,414
Net Assets ($)		**1,457,069,206**

Net Asset Value Per Share	Investor Shares	Class I	Class Y
Net Assets ($)	1,283,978,921	118,282,537	54,807,748
Shares Outstanding	46,320,171	4,292,680	1,984,757
Net Asset Value Per Share ($)	**27.72**	**27.55**	**27.61**

See notes to financial statements.

STATEMENT OF OPERATIONS
Year Ended December 31, 2018

Investment Income ($):	
Income:	
Cash dividends (net of $853,529 foreign taxes withheld at source):	
Unaffiliated issuers	36,694,377
Affiliated issuers	328,425
Income from securities lending—Note 1(c)	128,872
Total Income	**37,151,674**
Expenses:	
Investment advisory fee—Note 3(a)	6,044,253
Shareholder servicing costs—Note 3(b)	5,032,997
Sub-investment advisory fee—Note 3(a)	3,953,759
Directors' fees and expenses—Note 3(c)	145,232
Professional fees	107,311
Prospectus and shareholders' reports	90,119
Registration fees	73,021
Custodian fees—Note 3(b)	60,162
Loan commitment fees—Note 2	40,134
Miscellaneous	51,837
Total Expenses	**15,598,825**
Less—reduction in fees due to earnings credits—Note 3(b)	(233)
Net Expenses	**15,598,592**
Investment Income—Net	**21,553,082**
Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):	
Net realized gain (loss) on investments and foreign currency transactions	309,450,843
Net unrealized appreciation (depreciation) on investments and foreign currency transactions	(425,372,970)
Net Realized and Unrealized Gain (Loss) on Investments	**(115,922,127)**
Net (Decrease) in Net Assets Resulting from Operations	**(94,369,045)**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31,	
	2018	2017[a]
Operations ($):		
Investment income—net	21,553,082	23,432,528
Net realized gain (loss) on investments	309,450,843	236,927,966
Net unrealized appreciation (depreciation) on investments	(425,372,970)	199,637,125
Net Increase (Decrease) in Net Assets Resulting from Operations	**(94,369,045)**	**459,997,619**
Distributions ($):		
Distributions to shareholders:		
Investor Shares	(242,870,867)	(267,071,668)
Class I	(24,776,059)	(17,886,442)
Class Y	(13,070,756)	(22,048,246)
Total Distributions	**(280,717,682)**	**(307,006,356)**
Capital Stock Transactions ($):		
Net proceeds from shares sold:		
Investor Shares	47,044,471	105,735,189
Class I	29,503,238	162,960,805
Class Y	44,684,806	131,736,041
Distributions reinvested:		
Investor Shares	229,981,366	247,181,596
Class I	16,325,906	10,949,311
Class Y	13,057,841	22,042,376
Cost of shares redeemed:		
Investor Shares	(299,363,310)	(687,036,822)
Class I	(66,972,168)	(22,845,315)
Class Y	(178,153,594)	(29,386,829)
Increase (Decrease) in Net Assets from Capital Stock Transactions	**(163,891,444)**	**(58,663,648)**
Total Increase (Decrease) in Net Assets	**(538,978,171)**	**94,327,615**
Net Assets ($):		
Beginning of Period	1,996,047,377	1,901,719,762
End of Period	**1,457,069,206**	**1,996,047,377**

	Year Ended December 31,	
	2018	2017[a]
Capital Share Transactions (Shares):		
Investor Shares[b]		
Shares sold	1,371,379	2,986,171
Shares issued for distributions reinvested	8,122,876	7,068,205
Shares redeemed	(8,500,528)	(19,057,181)
Net Increase (Decrease) in Shares Outstanding	**993,727**	**(9,002,805)**
Class I[b]		
Shares sold	867,581	4,358,017
Shares issued for distributions reinvested	580,057	308,645
Shares redeemed	(1,960,479)	(626,179)
Net Increase (Decrease) in Shares Outstanding	**(512,841)**	**4,040,483**
Class Y[b]		
Shares sold	1,274,124	3,654,415
Shares issued for distributions reinvested	441,500	621,978
Shares redeemed	(4,982,768)	(815,515)
Net Increase (Decrease) in Shares Outstanding	**(3,267,144)**	**3,460,878**

[a] *Distributions to shareholders include $20,915,266 Investor shares, $1,266,373 Class I and $2,264,472 Class Y distributions from net investment income and $246,156,402 Investor shares, $16,620,069 Class I and $19,783,774 Class Y distributions from net realized gains. Undistributed investment income—net was $1,397,103 in 2017 and is no longer presented as a result of the adoption of SEC's Disclosure Update and Simplification Rule.*

[b] *During the period ended December 31, 2018, 4,050 Investor shares representing $146,853 were exchanged for 4,068 Class I shares and 33,713 Investor shares representing $1,150,608 were exchanged for 33,812 Class Y shares and during the period ended December 31, 2017, 141 Investor shares representing $4,908 were exchanged for $141 Class I shares.*

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the fund's financial statements.

	Year Ended December 31,				
Investor Shares	2018	2017	2016	2015	2014
Per Share Data ($):					
Net asset value, beginning of period	36.07	33.43	39.96	53.91	52.43
Investment Operations:					
Investment income—net[a]	.40	.42	.56	.80	.90
Net realized and unrealized gain (loss) on investments	(2.74)	8.06	2.18	(2.00)	3.43
Total from Investment Operations	(2.34)	8.48	2.74	(1.20)	4.33
Distributions:					
Dividends from investment income—net	(.41)	(.43)	(.57)	(.88)	(.90)
Dividends from net realized gain on investments	(5.60)	(5.41)	(8.70)	(11.87)	(1.95)
Total Distributions	(6.01)	(5.84)	(9.27)	(12.75)	(2.85)
Net asset value, end of period	27.72	36.07	33.43	39.96	53.91
Total Return (%)	(6.38)	26.65	7.23	(2.51)	8.27
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets	.90	.91	.94	.92	.93
Ratio of net expenses to average net assets	.90	.91	.94	.92	.93
Ratio of net investment income to average net assets	1.14	1.18	1.48	1.55	1.66
Portfolio Turnover Rate	5.12	3.52	6.43	5.69	6.60
Net Assets, end of period ($ x 1,000)	1,283,979	1,634,721	1,816,298	2,579,331	5,545,714

[a] *Based on average shares outstanding.*
See notes to financial statements.

	Year Ended December 31,		
Class I Shares	2018	2017	2016[a]
Per Share Data ($):			
Net asset value, beginning of period	35.89	33.39	38.54
Investment Operations:			
Investment income—net[b]	.49	.52	.18
Net realized and unrealized gain (loss) on investments	(2.73)	8.02	.30
Total from Investment Operations	(2.24)	8.54	.48
Distributions:			
Dividends from investment income—net	(.50)	(.63)	(.30)
Dividends from net realized gain on investments	(5.60)	(5.41)	(5.33)
Total Distributions	(6.10)	(6.04)	(5.63)
Net asset value, end of period	27.55	35.89	33.39
Total Return (%)	(6.16)	26.91	1.23[c]
Ratios/Supplemental Data (%):			
Ratio of total expenses to average net assets	.66	.74	.67[d]
Ratio of net expenses to average net assets	.66	.73	.67[d]
Ratio of net investment income to average net assets	1.38	1.47	1.91[d]
Portfolio Turnover Rate	5.12	3.52	6.43
Net Assets, end of period ($ x 1,000)	118,283	172,475	25,547

[a] *From August 31, 2016 (commencement of initial offering) to December 31, 2016.*
[b] *Based on average shares outstanding.*
[c] *Not annualized.*
[d] *Annualized.*
See notes to financial statements.

Class Y Shares	2018	2017	2016	2015	2014
	Year Ended December 31,				
Per Share Data ($):					
Net asset value, beginning of period	35.96	33.43	39.96	53.92	52.43
Investment Operations:					
Investment income—net[a]	.53	.52	.66	.97	1.06
Net realized and unrealized gain (loss) on investments	(2.75)	8.07	2.21	(2.01)	3.47
Total from Investment Operations	(2.22)	8.59	2.87	(1.04)	4.53
Distributions:					
Dividends from investment income—net	(.53)	(.65)	(.70)	(1.05)	(1.09)
Dividends from net realized gain on investments	(5.60)	(5.41)	(8.70)	(11.87)	(1.95)
Total Distributions	(6.13)	(6.06)	(9.40)	(12.92)	(3.04)
Net asset value, end of period	27.61	35.96	33.43	39.96	53.92
Total Return (%)	(6.10)	27.03	7.63	(2.22)	8.68
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets	.59	.62	.65	.57	.59
Ratio of net expenses to average net assets	.59	.61	.65	.57	.59
Ratio of net investment income to average net assets	1.50	1.45	1.95	1.89	1.75
Portfolio Turnover Rate	5.12	3.52	6.43	5.69	6.60
Net Assets, end of period ($ x 1,000)	54,808	188,851	59,875	8,703	10,651

[a] *Based on average shares outstanding.*
See notes to financial statements.

NOTE 1—Significant Accounting Policies:

Dreyfus Appreciation Fund, Inc. (the "fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified open-end management investment company. The fund's investment objective is to seek long-term capital growth consistent with the preservation of capital. The Dreyfus Corporation (the "Manager" or "Dreyfus"), a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), serves as the fund's investment adviser. Fayez Sarofim & Co. ("Sarofim & Co.") serves as the fund's sub-investment adviser.

MBSC Securities Corporation (the "Distributor"), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund's shares, which are sold to the public without a sales charge. The fund is authorized to issue 500 million shares of $.001 par value Common Stock. The fund currently has authorized three classes of shares: Investor (300 million shares authorized), Class I (100 million shares authorized) and Class Y (100 million shares authorized). Investor shares are sold primarily to retail investors through financial intermediaries and bear Shareholder Services Plan fees. Class I and Y shares are sold at net asset value per share generally to institutional investors. Other differences between the classes include the services offered to and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The fund enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

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

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

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

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

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. These securities are generally categorized within Level 2 of the fair value hierarchy.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant ADRs and futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to accurately reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the fund's Board of Directors (the "Board"). Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and such securities are generally categorized within Level 3 of the fair value hierarchy.

Investments denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange.

The following is a summary of the inputs used as of December 31, 2018 in valuing the fund's investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Assets ($)				
Investments in Securities:				
Equity Securities - Common Stocks†	1,399,259,417	29,495,907††	-	**1,428,755,324**
Investment Companies	20,169,975	-	-	**20,169,975**

† *See Statement of Investments for additional detailed categorizations.*

†† *Securities classified within Level 2 at period end as the values were determined pursuant to the fund's fair value procedures.*

At December 31, 2018, there were no transfers between levels of the fair value hierarchy. It is the fund's policy to recognize transfers between levels at the end of the reporting period.

(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 the market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized on securities transactions between trade and settlement date, and 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 resulting from changes in exchange rates. Foreign currency gains and losses on foreign currency transactions are also 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 gains and losses 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, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

Pursuant to a securities lending agreement with The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by Dreyfus, or U.S. Government and Agency securities. The fund is entitled to receive all dividends, interest and distributions on securities loaned, in addition to income earned as a result of the lending transaction. Should a borrower fail to return the securities in a timely manner, The Bank of New York Mellon is required to replace the securities for the benefit of the fund or credit the fund with the market value of the unreturned securities and is subrogated to the fund's rights against the borrower and the collateral. Additionally, the contractual maturity of security lending transactions are on an overnight and continuous basis. During the period ended December 31, 2018, The Bank of New York Mellon earned $22,285 from lending portfolio securities, pursuant to the securities lending agreement.

(d) Affiliated issuers: Investments in other investment companies advised by Dreyfus are considered "affiliated" under the Act.

(e) Dividends and distributions to shareholders: Dividends and distributions are recorded on the ex-dividend date. Dividends from investment income-net are normally declared and paid quarterly. Dividends from net realized capital gains, if any, 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 of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

(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 Code, and to make distributions of taxable income and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended December 31, 2018, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended December 31, 2018, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended December 31, 2018 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At December 31, 2018, the components of accumulated earnings on a tax basis were as follows: undistributed ordinary income $1,840,733, undistributed capital gains $48,606,089 and unrealized appreciation $787,518,592.

The tax character of distributions paid to shareholders during the fiscal periods ended December 31, 2018 and December 31, 2017 were as follows: ordinary income $22,694,041 and $25,747,920, and long-term capital gains $258,023,641 and $281,258,436, respectively.

During the period ended December 31, 2018, as a result of permanent book to tax differences, primarily due to the tax treatment for treating a portion of the proceeds from redemptions as a distribution for tax purposes, the fund decreased total distributable earnings (loss) by $35,331,757 and increased paid-in capital by the same amount. Net assets and net asset value per share were not affected by this reclassification.

(g) New Accounting Pronouncements: In August 2018, the FASB issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). The update provides guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements. ASU 2018-13 will be effective for annual periods beginning after December 15, 2019. Management is currently assessing the potential impact of these changes to future financial statements.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed long-term open-end funds in a $1.030 billion unsecured credit facility led by Citibank, N.A. (the "Citibank Credit Facility") and a $300 million unsecured credit facility provided by The Bank of New York Mellon (the "BNYM Credit Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions (each, a "Facility"). The Citibank Credit Facility is available in two tranches: (i) Tranche A is in an amount equal to $830 million and is available to all long-term open-ended funds, including the fund, and (ii) Tranche B is in amount equal to $200 million and is available only to the Dreyfus Floating Rate Income Fund, a series of The Dreyfus/Laurel Funds, Inc. Prior to October 3, 2018, the unsecured credit facility with Citibank, N.A. was $830 million. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for Tranche A of the Citibank Credit Facility and the BNYM Credit Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing. During the period ended December 31, 2018, the fund did not borrow under the Facilities.

NOTE 3—Investment Advisory Fee, Sub-Investment Advisory Fee and Other Transactions with Affiliates:

(a) Pursuant to an investment advisory agreement with Dreyfus, the investment advisory fee is computed at the annual rate of .3325% of the value of the fund's average daily net assets. Pursuant to a sub-investment advisory agreement with Sarofim & Co., the fund pays Sarofim & Co. a monthly sub-investment advisory fee at the annual rate of .2175% of the value of the fund's average daily net assets. Both fees are payable monthly.

(b) Under the Shareholder Services Plan, Investor shares pay the Distributor at an annual rate of .25% of the value of its average daily net assets for the provision of certain services. The services provided may include personal services relating to shareholder accounts, such as answering shareholder inquiries regarding the fund and providing reports and other information, and services related to the maintenance of shareholder accounts, such as recordkeeping and sub-accounting services. The Distributor may make payments to Service Agents (securities dealers, financial institutions or other industry professionals) with respect to these services. The Distributor determines the amounts to be paid to Service Agents. During the period ended December 31, 2018, the fund was charged $3,831,597 pursuant to the Shareholder Services Plan.

The fund has arrangements with the transfer agent and the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency and custody fees. For financial reporting purposes, the fund includes net earnings credits, if any, as an expense offset in the Statement of Operations.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended December 31, 2018, the fund was charged $307,373 for transfer agency services. These fees are included in Shareholder servicing costs in the Statement of Operations.

The fund compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the fund. These fees are determined based on net assets, geographic region and transaction activity. During the period ended December 31, 2018, the fund was charged $60,162 pursuant to the custody agreement. These fees were partially offset by earnings credits of $233.

During the period ended December 31, 2018, the fund was charged $12,774 for services performed by the Chief Compliance Officer and his staff. These fees are included in Miscellaneous in the Statement of Operations.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: investment advisory fees

$428,116, Shareholder Services Plan fees $282,788, custodian fees $22,117, Chief Compliance Officer fees $6,289 and transfer agency fees $56,910.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended December 31, 2018, amounted to $91,815,751 and $523,583,793, respectively.

At December 31, 2018, the cost of investments for federal income tax purposes was $661,405,178; accordingly, accumulated net unrealized appreciation on investments was $787,520,121, consisting of $806,359,208 gross unrealized appreciation and $18,839,087 gross unrealized depreciation.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Dreyfus Appreciation Fund, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Dreyfus Appreciation Fund, Inc. (the "Fund"), including the statements of investments and investments in affiliated issuers, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund's internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more Dreyfus investment companies since at least 1957, but we are unable to determine the specific year.

New York, New York
February 27, 2019

IMPORTANT TAX INFORMATION (Unaudited)

In accordance with federal tax law, the fund hereby reports 100% of the ordinary dividends paid during the fiscal year ended December 31, 2018 as qualifying for the corporate dividends received deduction. For the fiscal year ended December 31, 2018, certain dividends paid by the fund may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. Of the distributions paid during the fiscal year, $22,694,041 represents the maximum amount that may be considered qualified dividend income. Shareholders will receive notification in early 2019 of the percentage applicable to the preparation of their 2018 income tax returns. Also, the fund hereby reports $.0296 per share as a short-term capital gain distribution and $.6052 per share as a long-term capital gain distribution paid on March 29, 2018 and the fund also reports $4.9688 per share as a long-term capital gain distribution paid on December 20, 2018.

INFORMATION ABOUT THE RENEWAL OF THE FUND'S INVESTMENT ADVISORY AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited)

At a meeting of the fund's Board of Directors held on July 31, 2018, the Board considered the renewal of the fund's Management Agreement, pursuant to which Dreyfus provides the fund with investment advisory and administrative services (the "Agreement"), and the Sub-Investment Advisory Agreement (together, the "Agreements"), pursuant to which Fayez Sarofim & Co. (the "Subadviser") provides day-to-day management of the fund's investments. The Board members, none of whom are "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of Dreyfus and the Subadviser. In considering the renewal of the Agreements, the Board considered all factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

Analysis of Nature, Extent, and Quality of Services Provided to the Fund. The Board considered information provided to them at the meeting and in previous presentations from Dreyfus representatives regarding the nature, extent, and quality of the services provided to funds in the Dreyfus fund complex. Dreyfus provided the number of open accounts in the fund, the fund's asset size and the allocation of fund assets among distribution channels. Dreyfus also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the Dreyfus fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or Dreyfus) and Dreyfus' corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to each intermediary or distribution channel, as applicable to the fund.

The Board also considered research support available to, and portfolio management capabilities of, the fund's portfolio management personnel and that Dreyfus also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered Dreyfus' extensive administrative, accounting and compliance infrastructures, as well as Dreyfus' supervisory activities over the Subadviser. The Board also considered portfolio management's brokerage policies and practices (including policies and practices regarding soft dollars) and the standards applied in seeking best execution.

Comparative Analysis of the Fund's Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data, which included information comparing (1) the fund's performance with the performance of a group of comparable funds (the "Performance Group") and with a broader group of funds (the "Performance Universe"), all for various periods ended June 30, 2018, and (2) the fund's actual and contractual management fees and total expenses with those of a group of comparable funds (the "Expense Group") and with a broader group of funds (the "Expense Universe"), the information for which was derived in part from fund financial statements available to Broadridge as of the date of its analysis. Dreyfus previously had furnished the Board with a description of the methodology Broadridge used to select the Performance Group and Performance Universe and the Expense Group and Expense Universe.

Dreyfus representatives stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations and policies that may be applicable to the fund and comparison funds. The Board discussed with representatives of Dreyfus, its affiliates and/or the Subadviser the results of the comparisons and considered that the fund's total return performance was below the Performance Group and Performance Universe medians for all periods, except for the one-year and three-year periods when the fund's performance was above the Performance Universe median. The Board noted the relative proximity of the fund's performance to the Performance Group and/or Performance Universe median in certain periods when performance was below median. Dreyfus also provided a comparison of the fund's calendar year total returns to the returns of the fund's benchmark index, and it was shown that the fund's performance was above the index for four of the ten calendar years shown, including 2017.

The Board discussed with representatives of Dreyfus, its affiliates and the Subadviser the investment strategy employed in the management of the fund's assets and how that strategy affected the fund's relative performance. The Board members considered the Subadviser's considerable reputation and that the Subadviser is an experienced manager with a long-term "buy-and-hold" investment approach to investing in high quality, "mega-cap" companies.

The Board also reviewed the range of actual and contractual management fees and total expenses of the Expense Group and Expense Universe funds and discussed the results of the comparisons. The Board considered that the fund's contractual management fee was below the Expense Group median, the fund's actual management fee was below the Expense Group and the Expense Universe medians and the fund's total expenses were slightly above the Expense Group and the Expense Universe medians.

Dreyfus representatives reviewed with the Board the management or investment advisory fees (1) paid by funds advised or administered by Dreyfus that are in the same Lipper category as the fund and (2) paid to Dreyfus or the Subadviser or its affiliates for advising any separate accounts and/or other types of client portfolios that are considered to have similar investment strategies and policies as the fund (the "Similar Clients"), and explained the nature of the Similar Clients. They discussed differences in fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors. The Board considered the relevance of the fee information provided for the Similar Clients to evaluate the appropriateness of the fund's management fee.

The Board considered the fee to the Subadviser in relation to the fee paid to Dreyfus by the fund and the respective services provided by the Subadviser and Dreyfus.

Analysis of Profitability and Economies of Scale. Dreyfus representatives reviewed the expenses allocated and profit received by Dreyfus and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to Dreyfus and its affiliates for managing the funds in the Dreyfus fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not unreasonable, given the services rendered and service levels provided by Dreyfus. The Board also had been provided with information prepared by an independent consulting firm regarding Dreyfus' approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered on the advice of its counsel the profitability analysis (1) as part of its evaluation of whether the fees under the Agreements, considered in relation to the mix of services provided by Dreyfus and the Subadviser, including the nature, extent and quality of such services, supported the renewal of the Agreements and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Dreyfus representatives stated that a discussion of economies of scale is predicated on a fund having achieved a substantial size with increasing assets and that, if a fund's assets had been stable or decreasing, the possibility that Dreyfus may have realized any economies of scale would be less. Dreyfus representatives also stated that, as a result of shared and allocated costs among funds in the Dreyfus fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to Dreyfus and the Subadviser from acting as investment adviser and sub-investment adviser, respectively, and took into consideration the soft dollar arrangements in effect for trading the fund's investments.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreements. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

- The Board concluded that the nature, extent and quality of the services provided by Dreyfus and the Subadviser are adequate and appropriate.
- The Board noted the Subadviser's adherence its investment strategy and some improvement in relative performance in the most recent measurement periods and agreed to continue to closely monitor performance.

- The Board concluded that the fees paid to Dreyfus and the Subadviser continued to be appropriate under the circumstances and in light of the factors and the totality of the services provided as discussed above.
- The Board determined that the economies of scale which may accrue to Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus in connection with the fee rate charged to the fund pursuant to the Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreements, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with Dreyfus and its affiliates and the Subadviser, of Dreyfus and the Subadviser and the services provided to the fund by Dreyfus and the Subadviser. The Board also relied on information received on a routine and regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreements, including information on the investment performance of the fund in comparison to similar mutual funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for this fund had the benefit of a number of years of reviews of the Agreements for the fund, or substantially similar agreements for other Dreyfus funds that the Board oversees, during which lengthy discussions took place between the Board and Dreyfus representatives. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on their consideration of the fund's arrangements, or substantially similar arrangements for other Dreyfus funds that the Board oversees, in prior years. The Board determined to renew the Agreements.

BOARD MEMBERS INFORMATION (Unaudited)
INDEPENDENT BOARD MEMBERS

Joseph S. DiMartino (75)
Chairman of the Board (1995)

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee (1995-present)

Other Public Company Board Memberships During Past 5 Years:

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (1997-present)

No. of Portfolios for which Board Member Serves: 122

Francine J. Bovich (67)
Board Member (2012)

Principal Occupation During Past 5 Years:

- Trustee, The Bradley Trusts, private trust funds (2011-present)

Other Public Company Board Memberships During Past 5 Years:

- Annaly Capital Management, Inc., a real estate investment trust, Director (2014-present)

No. of Portfolios for which Board Member Serves: 70

Peggy C. Davis (75)
Board Member (1990)

Principal Occupation During Past 5 Years:

- Shad Professor of Law, New York University School of Law (1983-present)

No. of Portfolios for which Board Member Serves: 45

Diane Dunst (79)
Board Member (2007)

Principal Occupation During Past 5 Years:

- President of Huntting House Antiques (1999-present)

No. of Portfolios for which Board Member Serves: 14

Nathan Leventhal (75)
Board Member (1989)

Principal Occupation During Past 5 Years:

- President Emeritus of Lincoln Center for the Performing Arts (2001-present)
- Chairman of the Avery Fisher Artist Program (1997-2014)

Other Public Company Board Memberships During Past 5 Years:

- Movado Group, Inc., Director (2003-present)

No. of Portfolios for which Board Member Serves: 47

Robin A. Melvin (55)
Board Member (2012)

Principal Occupation During Past 5 Years:

- Co-chairman, Illinois Mentoring Partnership, non-profit organization dedicated to increasing the quantity and quality of mentoring services in Illinois (2014-present; board member since 2013)

No. of Portfolios for which Board Member Serves: 99

Once elected all Board Members serve for an indefinite term, but achieve Emeritus status upon reaching age 80. The address of the Board Members and Officers is c/o The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166. Additional information about the Board Members is available in the fund's Statement of Additional Information which can be obtained from Dreyfus free of charge by calling this toll free number: 1-800-DREYFUS.

Clifford L. Alexander, Jr., Emeritus Board Member
Ernest Kafka, Emeritus Board Member
Daniel Rose, Emeritus Board Member

OFFICERS OF THE FUND (Unaudited)

BRADLEY J. SKAPYAK, President since January 2010.

Chief Operating Officer and a director of the Manager since June 2009, Chairman of Dreyfus Transfer, Inc., an affiliate of the Manager and the transfer agent of the funds, since May 2011 and Chief Executive Officer of MBSC Securities Corporation since August 2016. He is an officer of 62 investment companies (comprised of 122 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since February 1988.

BENNETT A. MACDOUGALL, Chief Legal Officer since October 2015.

Chief Legal Officer of the Manager and Associate General Counsel and Managing Director of BNY Mellon since June 2015; from June 2005 to June 2015, he served in various capacities with Deutsche Bank – Asset & Wealth Management Division, including as Director and Associate General Counsel, and Chief Legal Officer of Deutsche Investment Management Americas Inc. from June 2012 to May 2015. He is an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 47 years old and has been an employee of the Manager since June 2015.

JAMES BITETTO, Vice President since August 2005 and Secretary since February 2018.

Managing Counsel of BNY Mellon and Secretary of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 52 years old and has been an employee of the Manager since December 1996.

SONALEE CROSS, Vice President and Assistant Secretary since March 2018.

Counsel of BNY Mellon since October 2016; Associate at Proskauer Rose LLP from April 2016 to September 2016; Attorney at EnTrust Capital from August 2015 to February 2016; Associate at Sidley Austin LLP from September 2013 until August 2015. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by Dreyfus. She is 31 years old and has been an employee of the Manager since October 2016.

SARAH S. KELLEHER, Vice President and Assistant Secretary since April 2014.

Managing Counsel of BNY Mellon since December 2017, from March 2013 to December 2017, Senior Counsel of BNY Mellon. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. She is 43 years old and has been an employee of the Manager since March 2013.

JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.

Senior Managing Counsel of BNY Mellon, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 53 years old and has been an employee of the Manager since October 1990.

NATALYA ZELENSKY, Vice President and Assistant Secretary since March 2017.

Counsel of BNY Mellon since May 2016; Attorney at Wildermuth Endowment Strategy Fund/Wildermuth Advisory, LLC from November 2015 until May 2016; Assistant General Counsel at RCS Advisory Services from July 2014 until November 2015; Associate at Sutherland, Asbill & Brennan from January 2013 until January 2014. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by Dreyfus. She is 33 years old and has been an employee of the Manager since May 2016.

JAMES WINDELS, Treasurer since November 2001.

Director – Mutual Fund Accounting of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since April 1985.

GAVIN C. REILLY, Assistant Treasurer since December 2005.

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 50 years old and has been an employee of the Manager since April 1991.

ROBERT S. ROBOL, Assistant Treasurer since December 2002.

Senior Accounting Manager – Dreyfus Financial Reporting of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 54 years old and has been an employee of the Manager since October 1988.

ROBERT SALVIOLO, Assistant Treasurer since July 2007.

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since June 1989.

ROBERT SVAGNA, Assistant Treasurer since December 2002.

Senior Accounting Manager – Fixed Income and Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since November 1990.

JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.

Chief Compliance Officer of the Manager, the Dreyfus Family of Funds and BNY Mellon Funds Trust (63 investment companies, comprised of 147 portfolios). He is 61 years old and has served in various capacities with the Manager since 1980, including manager of the firm's Fund Accounting Department from 1997 through October 2001.

CARIDAD M. CAROSELLA, Anti-Money Laundering Compliance Officer since January 2016.

Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust since January 2016; from May 2015 to December 2015, Interim Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust and the Distributor; from January 2012 to May 2015, AML Surveillance Officer of the Distributor and from 2007 to December 2011, Financial Processing Manager of the Distributor. She is an officer of 57 investment companies (comprised of 141 portfolios) managed by the Manager. She is 50 years old and has been an employee of the Distributor since 1997.

For More Information

Dreyfus Appreciation Fund, Inc.

200 Park Avenue
New York, NY 10166

Investment Adviser

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Sub-Investment Adviser

Fayez Sarofim & Co.
Two Houston Center
Suite 2907
Houston, TX 77010

Custodian

The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286

Transfer Agent & Dividend Disbursing Agent

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

Ticker Symbols: Investor: DGAGX   Class I: DGIGX   Class Y: DGYGX

Telephone Call your financial representative or 1-800-DREYFUS

Mail The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144

E-mail Send your request to info@dreyfus.com

Internet Information can be viewed online or downloaded at www.dreyfus.com

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at www.sec.gov.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at www.dreyfus.com and on the SEC's website at www.sec.gov and without charge, upon request, by calling 1-800-DREYFUS.

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