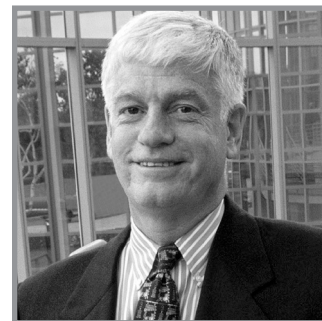


# The Gabelli Global Deal Fund

Annual Report  
December 31, 2009



Mario J. Gabelli, CFA

## To Our Shareholders,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission ("SEC") on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com](http://www.gabelli.com).

Enclosed are the audited financial statements including the investment portfolio as of December 31, 2009.

## Investment Performance

For the year ended December 31, 2009, The Gabelli Global Deal Fund's (the "Fund") net asset value ("NAV") total return was 5.9% and the total return for the Fund's publicly traded shares was 20.0%, compared with a gain of 0.21% for the 3 Month U.S. Treasury Bill Index. On December 31, 2009, the Fund's NAV per share was \$15.84, while the price of the publicly traded shares closed at \$14.41 on the New York Stock Exchange ("NYSE").

Sincerely yours,

Bruce N. Alpert  
President

February 19, 2010

## Comparative Results

### Average Annual Returns through December 31, 2009 (a) (Unaudited)

	Quarter	1 Year	2 Year	Since Inception (01/31/07)
<b>Gabelli Global Deal Fund</b>				
NAV Total Return (b) .....	0.40%	5.90%	0.80%	1.69%
Investment Total Return (c) .....	0.06	20.03	4.86	(2.11)
3 Month U.S. Treasury Bill Index .....	0.04	0.21	1.13	2.33
S&P 500 Index .....	6.04	26.47	(10.73)	(6.26)

- (a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the re-balancing date. To qualify for selection, an issue must have settled on or before the re-balancing (month end) date. The S&P 500 Index is an unmanaged indicator of stock market performance. Dividends are considered reinvested except for the 3 Month U.S. Treasury Bill Index. You cannot invest directly in an index.
- (b) Total returns and average annual returns reflect changes in the NAV per share and reinvestment of distributions at NAV on the ex-dividend date and are net of expenses. Since inception return is based on an initial NAV of \$19.06.
- (c) Total returns and average annual returns reflect changes in closing market values on the NYSE and reinvestment of distributions. Since inception return is based on an initial offering price of \$20.00.

**THE GABELLI GLOBAL DEAL FUND**  
**Summary of Portfolio Holdings (Unaudited)**

The following table presents portfolio holdings as a percent of total investments as of December 31, 2009:

U.S. Government Obligations	58.3%	Computer Hardware	0.7%
Telecommunications	7.6%	Financial Services	0.3%
Health Care	7.0%	Metals and Mining	0.2%
Computer Software and Services	5.3%	Semiconductors	0.1%
Business Services	4.8%	Hotels and Gaming	0.1%
Energy and Utilities	4.4%	Equipment and Supplies	0.1%
Consumer Products	2.8%	Commercial Services	0.1%
Transportation	1.9%	Cable and Satellite	0.0%
Food and Beverage	1.7%	Materials	0.0%
Media	1.4%	Publishing	0.0%
Diversified Industrial	0.9%	Restaurants	0.0%
Electronics	0.8%	Educational Services	0.0%
Specialty Chemicals	0.8%	Environmental Services	0.0%
Entertainment	0.7%		<u>100.0%</u>

*The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended September 30, 2009. Shareholders may obtain this information at [www.gabelli.com](http://www.gabelli.com) or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.*

**Proxy Voting**

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30th, no later than August 31st of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; and (iii) visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

**THE GABELLI GLOBAL DEAL FUND**  
**SCHEDULE OF INVESTMENTS**  
**December 31, 2009**

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
<b>COMMON STOCKS — 40.7%</b>					
<b>Business Services — 4.6%</b>					
8,000	Acxiom Corp.† . . . . . \$ 97,703	\$ 107,360	3,000	Encore Acquisition Co.† . . . . . \$ 135,851	\$ 144,060
160,000	BPW Acquisition Corp.† . . . . . 1,501,600	1,684,800	266,000	Endesa SA . . . . . 11,671,036	9,130,797
80,000	Clear Channel Outdoor Holdings Inc., Cl. A† . . . . . 536,455	831,200	76,000	NorthWestern Corp. . . . . 2,150,894	1,977,520
88,000	Diebold Inc. . . . . 3,266,089	2,503,600	120,000	NRG Energy Inc.† . . . . . 2,838,945	2,833,200
560,000	MPS Group Inc.† . . . . . 7,661,352	7,694,400	1,000	Origin Energy Ltd. . . . . 15,737	15,108
600,000	Oce NV† . . . . . 7,371,854	7,390,226	100,000	UTS Energy Corp.† . . . . . 110,746	218,004
	<u>20,435,053</u>	<u>20,211,586</u>	100,000	WesternZagros Resources Ltd.† . . . . . 303,794	73,624
				<u>21,324,952</u>	<u>18,964,584</u>
<b>Cable and Satellite — 0.0%</b>			<b>Entertainment — 0.7%</b>		
27,000	Zon Multimedia Servicios de Telecomunicacoes e Multimedia SGPS SA . . . . . 265,410	167,906	10,000	Cedar Fair LP . . . . . 112,440	114,100
			300,000	Take-Two Interactive Software Inc.† . . . . . 5,124,094	3,015,000
<b>Commercial Services — 0.1%</b>				<u>5,236,534</u>	<u>3,129,100</u>
1,000	ICT Group Inc.† . . . . . 15,853	16,330	<b>Environmental Services — 0.0%</b>		
30,000	Keystone North America Inc. . . . . 221,636	227,184	1,000	Waste Services Inc.† . . . . . 7,798	9,110
	<u>237,489</u>	<u>243,514</u>	<b>Equipment and Supplies — 0.1%</b>		
<b>Computer Hardware — 0.3%</b>			5,000	The Middleby Corp.† . . . . . 117,802	245,100
40,000	SanDisk Corp.† . . . . . 433,576	1,159,600	<b>Financial Services — 0.3%</b>		
<b>Computer Software and Services — 5.3%</b>			3,000	Financial Federal Corp. . . . . 83,115	82,500
65,000	Affiliated Computer Services Inc., Cl. A† . . . . . 3,493,178	3,879,850	125,000	SLM Corp.† . . . . . 2,729,187	1,408,750
3,000	i2 Technologies Inc.† . . . . . 41,165	57,360		<u>2,812,302</u>	<u>1,491,250</u>
18,000	Mentor Graphics Corp.† . . . . . 136,156	158,940	<b>Food and Beverage — 1.7%</b>		
21,600	Soapstone Networks Inc. . . . . 83,730	15,120	40,000	Cadbury plc . . . . . 521,904	515,247
100,000	Starlims Technologies Ltd. . . . . 1,394,069	1,389,000	30,000	Cadbury plc, ADR . . . . . 1,556,899	1,541,700
1,730,000	Sun Microsystems Inc.† . . . . . 15,833,122	16,210,100	130,000	China Huiyuan Juice Group Ltd. . . . . 141,480	92,553
100,000	Yahoo! Inc.† . . . . . 2,727,407	1,678,000	150,000	Diedrich Coffee Inc.† . . . . . 5,000,169	5,227,500
	<u>23,708,827</u>	<u>23,388,370</u>	10,000	PepsiAmericas Inc. . . . . 284,325	292,600
<b>Consumer Products — 2.8%</b>			1,000	Reddy Ice Holdings Inc.† . . . . . 5,181	4,290
117,000	Chattem Inc.† . . . . . 10,878,999	10,916,100	2,000	Super de Boer NV† . . . . . 0	1,435
7,300	FGX International Holdings Ltd.† . . . . . 142,337	143,007		<u>7,509,958</u>	<u>7,675,325</u>
30,000	Harman International Industries Inc. . . . . 1,146,739	1,058,400	<b>Health Care — 7.0%</b>		
10,000	Heelys Inc.† . . . . . 31,150	21,800	290,900	Allion Healthcare Inc.† . . . . . 1,898,010	1,908,304
	<u>12,199,225</u>	<u>12,139,307</u>	27,500	ArthroCare Corp.† . . . . . 434,649	651,750
<b>Diversified Industrial — 0.9%</b>			3,000	Biogen Idec Inc.† . . . . . 159,613	160,500
450,000	Myers Industries Inc. . . . . 9,955,044	4,095,000	25,000	Crucell NV, ADR† . . . . . 534,535	504,500
4,000	Quixote Corp.† . . . . . 25,412	25,480	2,000	Enzon Pharmaceuticals Inc.† . . . . . 17,870	21,060
	<u>9,980,456</u>	<u>4,120,480</u>	70,000	Facet Biotech Corp.† . . . . . 1,197,615	1,230,600
<b>Educational Services — 0.0%</b>			6,000	Fresenius Kabi Pharmaceuticals Holding Inc., CVR† . . . . . 1	1,740
1,000	Corinthian Colleges Inc.† . . . . . 7,515	13,770	600,000	IMS Health Inc. . . . . 12,715,843	12,636,000
<b>Electronics — 0.8%</b>			44,500	Indevus Pharmaceuticals Inc., Escrow† (a) . . . . . 0	48,950
211,700	Alliance Semiconductor Corp. . . . . 1,041,598	46,574	8,000	Life Technologies Corp.† . . . . . 277,916	417,840
103,000	Bel Fuse Inc., Cl. A . . . . . 3,176,068	2,002,320	3,400	Quadramed Corp.† . . . . . 28,447	28,526
44,100	Chartered Semiconductor Manufacturing Ltd., ADR† (a) . . . . . 823,917	840,987	20,000	Trimeris Inc.† . . . . . 71,450	52,400
28,000	International Rectifier Corp.† . . . . . 455,576	619,360	252,000	Varian Inc.† . . . . . 12,915,137	12,988,080
10,000	Merrimac Industries Inc.† . . . . . 159,390	159,100		<u>30,251,086</u>	<u>30,650,250</u>
	<u>5,656,549</u>	<u>3,668,341</u>	<b>Hotels and Gaming — 0.1%</b>		
<b>Energy and Utilities — 4.3%</b>			34,000	MGM Mirage† . . . . . 131,375	310,080
1,000	BJ Services Co. . . . . 16,430	18,600	<b>Materials — 0.0%</b>		
38,000	Constellation Energy Group Inc. . . . . 913,617	1,336,460	2,000	CIMPOR - Cimentos de Portugal SGPS SA . . . . . 18,174	18,433
512,700	Dragon Oil plc† . . . . . 3,167,902	3,217,211	5,000	Intertape Polymer Group Inc.† . . . . . 23,400	14,212
				<u>41,574</u>	<u>32,645</u>

See accompanying notes to financial statements.

**THE GABELLI GLOBAL DEAL FUND**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**December 31, 2009**

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
<b>COMMON STOCKS (Continued)</b>			<b>CORPORATE BONDS — 0.1%</b>		
<b>Media — 1.4%</b>			<b>Diversified Industrial — 0.0%</b>		
72,000	APN News & Media Ltd. . . . \$ 338,074	\$ 150,043	\$ 150,000	Park-Ohio Industries Inc., Sub. Deb., 8.375%, 11/15/14 . . . . .	\$ 75,209 \$ 115,875
230,000	Cablevision Systems Corp., Cl. A . . . . .	6,498,657 6,836,731			
<b>Metals and Mining — 0.2%</b>			<b>Energy and Utilities — 0.1%</b>		
28,000	Canplats Resources Corp.† . . . . .	127,304	137,343	600,000	Texas Competitive Electric Holdings Co. LLC, Ser. B (STEP), 10.250%, 11/01/15 . . . . .
4,000	Corriente Resources Inc.† . . . . .	32,720	32,624		
20,000	Forsys Metals Corp.† . . . . .	99,402	78,405		372,730 489,000
10,000	International Royalty Corp. . . . .	70,201	71,999		
16,000	Lonmin plc† . . . . .	229,918	506,267		
2,000	Uranium One Inc.† . . . . .	8,355	5,775		
10,000	Xstrata plc† . . . . .	59,639	181,063		
		627,539	1,013,476		
<b>Publishing — 0.0%</b>			<b>TOTAL</b>		
136,000	SCMP Group Ltd. . . . .	48,079	29,118		447,939 604,875
<b>Restaurants — 0.0%</b>			<b>U.S. GOVERNMENT OBLIGATIONS — 58.3%</b>		
1,000	Landry's Restaurants Inc.† . . . . .	14,658	21,290	185,569,000	<b>U.S. Treasury Bills — 42.2%</b> U.S. Treasury Bills, 0.056% to 0.244%††, 01/28/10 to 06/24/10 . . . . .
<b>Semiconductors — 0.1%</b>			<b>U.S. Treasury Cash Management Bills — 16.1%</b>		
52,000	Emulex Corp.† . . . . .	489,573	566,800	71,000,000	U.S. Treasury Cash Management Bills, 0.101% to 0.162%††, 04/01/10 to 06/10/10 . . . . .
<b>Specialty Chemicals — 0.5%</b>			<b>TOTAL U.S. GOVERNMENT OBLIGATIONS . . . . .</b>		
40,000	Ashland Inc. . . . .	562,450	1,584,800		256,470,133 256,496,944
70,200	ICO Inc. . . . .	473,447	513,162		
		1,035,897	2,097,962		
<b>Telecommunications — 7.6%</b>			<b>TOTAL INVESTMENTS — 100% . . . . .</b>		
1,500,000	3Com Corp.† . . . . .	11,263,611	11,250,000		\$450,656,733 440,035,613
20,000	AS Eesti Telekom . . . . .	168,960	170,305		
775,000	Asia Satellite Telecommunications Holdings Ltd. . . . .	1,728,829	1,099,518		
80,000	BCE Inc. . . . .	1,654,571	2,208,800		
100,000	GVT Holding SA† . . . . .	2,671,605	3,215,968		
1,000	Iowa Telecommunications Services Inc. . . . .	16,785	16,760		
65,000	Portugal Telecom SGPS SA . . . . .	686,683	793,899		
10,000	SkyTerra Communications Inc.† . . . . .	48,290	48,800		
510,000	Tandberg ASA . . . . .	14,694,419	14,534,181		
		32,933,753	33,338,231		
<b>Transportation — 1.9%</b>			<b>Other Assets and Liabilities (Net) . . . . .</b>		
80,000	Burlington Northern Santa Fe Corp. . . . .	7,855,244	7,889,600		(8,537,171)
5,000	Smit Internationale NV . . . . .	435,533	431,856		
		8,290,777	8,321,456		
<b>TOTAL COMMON STOCKS . . . . .</b>			<b>PREFERRED STOCK</b>		
		190,634,488	179,097,294		(1,920,242 preferred shares outstanding) . . . . .
					(96,012,100)
<b>Principal Amount</b>				<b>NET ASSETS – COMMON SHARES</b>	
				(21,177,810 common shares outstanding) . . . . .	
				<u>\$335,486,342</u>	
				<b>NET ASSET VALUE PER COMMON SHARE</b>	
				(\$335,486,342 ÷ 21,177,810 shares outstanding) . . . . .	
				<u>\$15.84</u>	
				(a) Security fair valued under procedures established by the Board of Trustees. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At December 31, 2009, the market value of fair valued securities amounted to \$889,937 or 0.20% of total investments.	
				† Non-income producing security.	
				†† Represents annualized yield at date of purchase.	
				ADR American Depositary Receipt	
				CVR Contingent Value Right	
				STEP Step coupon bond. The rate disclosed is that in effect at December 31, 2009.	
				<b>Convertible Corporate Bonds</b>	
				<b>Convertible Corporate Bonds — 0.9%</b>	
				<b>Business Services — 0.2%</b>	
\$ 1,000,000	The Interpublic Group of Companies Inc., Cv., 4.250%, 03/15/23 . . . . .	909,645	998,750		
				<b>Geographic Diversification</b>	
				North America . . . . .	89.5% \$393,953,545
				Europe . . . . .	9.2 40,495,766
				Latin America . . . . .	1.0 4,551,046
				Asia/Pacific . . . . .	0.3 1,035,256
				Total Investments . . . . .	100.0% <u>\$440,035,613</u>
				<b>Computer Hardware — 0.4%</b>	
2,000,000	SanDisk Corp., Cv., 1.000%, 05/15/13 . . . . .	1,573,892	1,677,500		
				<b>Specialty Chemicals — 0.3%</b>	
1,300,000	Ferro Corp., Cv., 6.500%, 08/15/13 . . . . .	620,636	1,160,250		
				<b>TOTAL CONVERTIBLE CORPORATE BONDS . . . . .</b>	
		3,104,173	3,836,500		

See accompanying notes to financial statements.

## THE GABELLI GLOBAL DEAL FUND

### STATEMENT OF ASSETS AND LIABILITIES

December 31, 2009

<b>Assets:</b>	
Investments, at value (cost \$450,656,733) .....	\$ 440,035,613
Foreign currency, at value (cost \$13,923) .....	13,869
Cash .....	1,997,730
Receivable for investments sold .....	52,881
Dividends and interest receivable .....	155,359
Unrealized appreciation on swap contracts .....	38,469
Deferred offering expense .....	727,626
Prepaid expense .....	12,399
<b>Total Assets</b> .....	<u>443,033,946</u>
<b>Liabilities:</b>	
Payable for investments purchased .....	5,226,649
Distributions payable – preferred shares .....	90,678
Payable for investment advisory fees .....	6,053,494
Payable for payroll expenses .....	25,309
Payable for accounting fees .....	11,250
Unrealized depreciation on swap contracts .....	2,641
Series A 8.50% Cumulative Preferred Shares, callable and mandatory redemption 02/16/16 (Notes 2, 5) .....	96,012,100
Other accrued expenses .....	125,483
<b>Total Liabilities</b> .....	<u>107,547,604</u>
<b>Net Assets Attributable to Common Shareholders</b> ..	<u>\$335,486,342</u>
<b>Net Assets Attributable to Common Shareholders</b>	
<b>Consist of:</b>	
Paid-in capital .....	\$ 349,977,808
Accumulated distributions in excess of net investment loss .....	(186,282)
Accumulated net realized loss on investments, swap contracts, and foreign currency transactions ...	(3,720,207)
Net unrealized depreciation on investments .....	(10,621,120)
Net unrealized appreciation on swap contracts .....	35,828
Net unrealized appreciation on foreign currency translations .....	315
<b>Net Assets</b> .....	<u>\$335,486,342</u>
<b>Net Asset Value per Common Share</b>	
(\$335,486,342 ÷ 21,177,810 shares outstanding, at \$0.001 par value; unlimited number of shares authorized) .....	<u>\$15.84</u>

### STATEMENT OF OPERATIONS

For the Year Ended December 31, 2009

<b>Investment Income:</b>	
Dividends (net of foreign taxes of \$272,717) .....	\$ 3,312,415
Interest .....	1,189,693
<b>Total Investment Income</b> .....	<u>4,502,108</u>
<b>Expenses:</b>	
Investment advisory fees .....	8,007,237
Interest expense and amortization of offering costs .....	7,322,292
Shareholder communications expenses .....	123,763
Payroll expenses .....	107,954
Trustees' fees .....	90,500
Custodian fees .....	67,667
Legal and audit fees .....	65,871
Accounting fees .....	45,000
Shareholder services fees .....	15,207
Miscellaneous expenses .....	87,630
<b>Total Expenses</b> .....	<u>15,933,121</u>
Less:	
Advisory fee reduction on unsupervised assets (Note 4) .....	(2,776)
Custodian fee credits .....	(910)
<b>Total Reductions and Credits</b> .....	<u>(3,686)</u>
<b>Net Expenses</b> .....	<u>15,929,435</u>
<b>Net Investment Loss</b> .....	<u>(11,427,327)</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency:</b>	
Net realized gain on investments .....	2,867,568
Net realized gain on swap contracts .....	382,743
Net realized loss on foreign currency transactions .....	(118,975)
Net realized gain on investments, swap contracts, and foreign currency transactions .....	<u>3,131,336</u>
Net change in unrealized appreciation/depreciation:	
on investments .....	27,782,559
on swap contracts .....	47,647
on foreign currency translations .....	(91,083)
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations .....	<u>27,739,123</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency</b> .....	<u>30,870,459</u>
<b>Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations</b> .....	<u>\$19,443,132</u>

See accompanying notes to financial statements.

## THE GABELLI GLOBAL DEAL FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	<u>Year Ended December 31, 2009</u>	<u>Year Ended December 31, 2008</u>
<b>Operations:</b>		
Net investment income/(loss) .....	\$ (11,427,327)	\$ 3,815,516
Net realized gain on investments, swap contracts, and foreign currency transactions .....	3,131,336	4,564,959
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations .....	<u>27,739,123</u>	<u>(23,443,617)</u>
<b>Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations</b> .....	<u>19,443,132</u>	<u>(15,063,142)</u>
<b>Distributions to Common Shareholders:</b>		
Net investment income .....	—	(3,731,489)
Net realized long-term gain .....	—	(9,244,580)
Return of capital .....	<u>(27,128,321)</u>	<u>(21,029,267)</u>
<b>Total Distributions to Common Shareholders</b> .....	<u>(27,128,321)</u>	<u>(34,005,336)</u>
<b>Fund Share Transactions:</b>		
Net decrease from repurchase of common shares .....	<u>(485,000)</u>	<u>(1,292,018)</u>
<b>Net Decrease in Net Assets from Fund Share Transactions</b> .....	<u>(485,000)</u>	<u>(1,292,018)</u>
<b>Net Decrease in Net Assets Attributable to Common Shareholders</b> .....	<u>(8,170,189)</u>	<u>(50,360,496)</u>
<b>Net Assets Attributable to Common Shareholders:</b>		
Beginning of period .....	<u>343,656,531</u>	<u>394,017,027</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively) .....	<u>\$335,486,342</u>	<u>\$343,656,531</u>

### STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009

<b>Cash Flows from Operating Activities:</b>		
Net increase in net assets resulting from operations .....		\$ 19,443,132
<b>Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to Net Cash from Operating Activities:</b>		
Purchase of long-term investment securities .....		(565,440,302)
Proceeds from sales of long-term investment securities .....		588,319,997
Net purchase of short-term investment securities .....		(84,524,659)
Net realized gain on investments .....		(2,867,568)
Net change in unrealized appreciation/depreciation on investments and swap contracts .....		(27,830,206)
Net amortization of premium/(discount) .....		(459,846)
Decrease in receivable for investments sold .....		12,773,213
Decrease in payable for investments purchased .....		(11,403,367)
Decrease in deposit at broker .....		13,521
Decrease in unrealized appreciation on forward foreign exchange contracts .....		83,236
Decrease in dividends and interest receivable .....		180,515
Increase in deferred offering expense .....		(719,766)
Decrease in prepaid expense .....		2,410
Increase in payable for investment advisory fees .....		5,908,250
Decrease in payable for payroll expenses .....		(1,836)
Increase in payable for accounting fees .....		3,750
Decrease in other accrued expenses .....		(5,087)
Net cash used in operating activities .....		<u>(66,524,613)</u>
<b>Cash Flows from Financing Activities:</b>		
Issuance of Series A 8.50% Cumulative Preferred Shares, callable and mandatory redemption 02/16/16 .....		96,012,100
Distributions payable .....		90,678
Distributions to Common Shareholders .....		(27,128,321)
Decrease from repurchase of common shares .....		(485,000)
Net cash from financing activities .....		<u>68,489,457</u>
Net increase in cash .....		<u>1,964,844</u>
<b>Cash (including foreign currency):</b>		
Beginning of period .....		<u>46,755</u>
Ending of period .....		<u>\$ 2,011,599</u>

See accompanying notes to financial statements.

# THE GABELLI GLOBAL DEAL FUND

## FINANCIAL HIGHLIGHTS

Selected data for a share of beneficial interest outstanding throughout each period:

	Year Ended December 31, 2009	Year Ended December 31, 2008	Period Ended December 31, 2007 (e)
<b>Operating Performance:</b>			
Net asset value, beginning of period	\$ 16.20	\$ 18.50	\$ 19.06(f)
Net investment income/(loss)	(0.54)	0.18	0.37
Net realized and unrealized gain/(loss) on investments, swap contracts, securities sold short, and foreign currency transactions	1.46	(0.89)	0.27
Total from investment operations	0.92	(0.71)	0.64
<b>Distributions to Common Shareholders:</b>			
Net investment income	—	(0.18)	(0.30)
Net realized gain	—	(0.43)	(0.90)
Return of capital	(1.28)	(0.99)	—
Total distributions to common shareholders	(1.28)	(1.60)	(1.20)
<b>Common Share Transactions:</b>			
Increase in net asset value from common share transactions	—	0.01	0.00(d)
Decrease in net asset value from repurchase of common shares	(0.00)(d)	—	—
Total fund share transactions	(0.00)(d)	0.01	0.00(d)
<b>Net Asset Value, End of Period</b>	<b>\$ 15.84</b>	<b>\$ 16.20</b>	<b>\$ 18.50</b>
Net asset value total return †	5.90%	(4.06)%	3.35%**
Market value, end of period	\$ 14.41	\$ 13.14	\$ 15.96
Total investment return ††	20.03%	(8.39)%	(14.55)%***
<b>Ratios to Average Net Assets and Supplemental Data:</b>			
Net assets including liquidation value of preferred shares, end of period (in 000's)	\$431,498	—	—
Net assets attributable to common shares, end of period (in 000's)	\$335,486	\$343,657	\$394,017
Ratio of net investment income to average net assets attributable to common shares including interest and offering costs	(3.35)%	1.02%	2.12%(g)
Ratio of operating expenses including interest and offering costs to average net assets attributable to common shares (a)(b)	4.67%	0.67%	0.64%(g)
Ratio of operating expenses excluding interest and offering costs to average net assets attributable to common shares	2.53%	0.65%	0.62%
Portfolio turnover rate	371%	334%	177%†††
<b>Preferred Stock:</b>			
<b>8.50% Series A Cumulative Preferred Shares*</b>			
Liquidation value, end of period (in 000's)	\$ 96,012	—	—
Total shares outstanding (in 000's)	1,920	—	—
Liquidation preference per share	\$ 50.00	—	—
Average market value (c)	\$ 53.40	—	—
Asset coverage per share	\$ 224.71	—	—
Asset coverage	449%	—	—

† Based on net asset value per share, adjusted for reinvestment of distributions at the net asset value per share on the ex-dividend dates. Total return for a period of less than one year is not annualized.

†† Based on market value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized.

††† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the period ended December 31, 2007 would have been 411%.

\* Series A Cumulative Preferred Shares were first issued on February 6, 2009.

\*\* Based on net asset value per share at commencement of operations of \$19.06 per share, adjusted for reinvestment of distributions at the net asset value per share on the ex-dividend dates.

\*\*\* Based on market value per share at initial public offering of \$20.00 per share, adjusted for reinvestments of distributions at prices obtained under the Fund's dividend reinvestment plan.

(a) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits, the expense ratios for the year ended December 31, 2008 and the period ended December 31, 2007 would have been 0.66% and 0.63%, respectively. For the year ended December 31, 2009, the effect of the custodian fee credits was minimal.

(b) The Fund incurred interest expense during the periods ended December 31, 2009, 2008, and 2007. In the 2009 period, interest and offering costs include amounts relating to the 8.50% Series A Preferred Shares issued during this period.

(c) Based on weekly prices.

(d) Amount represents less than \$0.005 per share.

(e) The Gabelli Global Deal Fund commenced investment operations on January 31, 2007.

(f) The beginning of period NAV reflects a \$0.04 reduction for costs associated with the initial public offering.

(g) Annualized.

See accompanying notes to financial statements.

## THE GABELLI GLOBAL DEAL FUND

### NOTES TO FINANCIAL STATEMENTS

**1. Organization.** The Gabelli Global Deal Fund (the “Fund”) is a non-diversified closed-end management investment company organized as a Delaware statutory trust on October 17, 2006 and registered under the Investment Company Act of 1940, as amended (the “1940 Act”). Investment operations commenced on January 31, 2007.

The Fund’s primary investment objective is to achieve absolute returns in various market conditions without excessive risk of capital. The Fund will seek to achieve its objective by investing primarily in merger arbitrage transactions and, to a lesser extent, in corporate reorganizations involving stubs, spin-offs, and liquidations. Under normal market conditions, the Fund will invest at least 80% of its assets in securities or hedging arrangements relating to companies involved in corporate transactions or reorganizations, giving rise to the possibility of realizing gains upon or within relatively short periods of time after the completion of such transactions or reorganizations.

**2. Significant Accounting Policies.** The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become 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 SEC under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. 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 following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

*Security Valuation.* Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the “Board”) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The inputs and valuation techniques used to measure fair value of the Fund’s investments are summarized into three levels as described in the hierarchy below:

- Level 1 – quoted prices in active markets for identical securities;
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 – significant unobservable inputs (including the Fund’s determinations as to the fair value of investments).

**THE GABELLI GLOBAL DEAL FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments and other financial instruments by inputs used to value the Fund's investments as of December 31, 2009 is as follows:

	Valuation Inputs			Total Market Value at 12/31/09
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Common Stocks:				
Electronics	\$ 2,827,354	\$ 840,987	—	\$ 3,668,341
Health Care	30,601,300	—	\$48,950	30,650,250
Other Industries (a)	144,778,703	—	—	144,778,703
Total Common Stocks	178,207,357	840,987	48,950	179,097,294
Convertible Corporate Bonds	—	3,836,500	—	3,836,500
Corporate Bonds	—	604,875	—	604,875
U.S. Government Obligations	—	256,496,944	—	256,496,944
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$178,207,357</b>	<b>\$261,779,306</b>	<b>\$48,950</b>	<b>\$440,035,613</b>
<b>OTHER FINANCIAL INSTRUMENTS:</b>				
<b>ASSETS (Unrealized Appreciation): *</b>				
Contract for Difference Swap Agreements	\$ —	\$ 38,469	\$ —	\$ 38,469
<b>LIABILITIES (Unrealized Depreciation): *</b>				
Contract for Difference Swap Agreement	\$ —	\$ (2,641)	\$ —	\$ (2,641)
<b>TOTAL OTHER FINANCIAL INSTRUMENTS</b>	<b>\$ —</b>	<b>\$ 35,828</b>	<b>\$ —</b>	<b>\$ 35,828</b>

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

\* Other financial instruments are derivatives not reflected in the Schedule of Investments, such as futures, forwards, and swaps which are valued at the unrealized appreciation/depreciation of the instrument.

There were no Level 3 investments at December 31, 2008.

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determined fair value:

	Balance as of 12/31/08	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation†	Net purchases/ (sales)	Transfers in and/or out of Level 3	Balance as of 12/31/09	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 12/31/09†
<b>INVESTMENTS IN SECURITIES:</b>								
<b>ASSETS (Market Value):</b>								
Common Stocks:								
Health Care	\$—	\$—	\$—	\$48,950	\$0	\$—	\$48,950	\$48,950
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$48,950</b>	<b>\$0</b>	<b>\$—</b>	<b>\$48,950</b>	<b>\$48,950</b>

† Net change in unrealized appreciation/depreciation on investments is included in the related amounts in the Statement of Operations.

*Derivative Financial Instruments.*

The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purpose of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

**THE GABELLI GLOBAL DEAL FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

*Swap Agreements.* The Fund may enter into equity and contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements.

The Fund has entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc. Details of the swaps at December 31, 2009 are as follows:

<u>Notional Amount</u>	<u>Equity Security Received</u>	<u>Interest Rate/ Equity Security Paid</u>	<u>Termination Date</u>	<u>Net Unrealized Appreciation/ Depreciation</u>
	Market Value	One month LIBOR plus 90 bps plus		
	Appreciation on:	Market Value Depreciation on:		
\$147,930 (100,000 Shares)	Gulf Keystone Petroleum Ltd.	Gulf Keystone Petroleum Ltd.	6/25/10	\$ (2,641)
949,545 (340,000 Shares)	Chloride Group plc	Chloride Group plc	6/25/10	38,447
5,200 (1,000 Shares)	J Sainsbury plc	J Sainsbury plc	6/25/10	22
				<u>\$35,828</u>

The Fund increased the volume of activity in equity contract for difference swap agreements during the year ended December 31, 2009 with an average notional amount of approximately \$892,338.

As of December 31, 2009, the value of the equity contract for difference swap contracts that were held with equity risk exposure can be found in the Statement of Assets and Liabilities under Assets, Unrealized Appreciation on Swap Contracts and Liabilities, Unrealized depreciation on swap contracts.

For the year ended December 31, 2009, the effect of equity contract for difference swap agreements with equity risk exposure can be found in the Statement of Operations, under Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency, Net realized gain on swap contracts, and Net change in unrealized appreciation/depreciation on swap contracts.

*Futures Contracts.* The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. During the year ended December 31, 2009, the Fund had no investments in futures contracts.

*Forward Foreign Exchange Contracts.* The Fund may engage in forward foreign exchange contracts for the purpose of hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. During the year ended December 31, 2009, the Fund had no investments in forward foreign exchange contracts.

## THE GABELLI GLOBAL DEAL FUND

### NOTES TO FINANCIAL STATEMENTS (Continued)

*Repurchase Agreements.* The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to always receive and maintain securities as collateral whose market value, including accrued interest, is at least equal to 102% of the dollar amount invested by the Fund in each agreement. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At December 31, 2009, there were no open repurchase agreements.

*Securities Sold Short.* The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The Fund did not hold any short positions as of December 31, 2009.

*Series A 8.50% Cumulative Preferred Shares.* For financial reporting purposes only, the liquidation value of preferred shares that have a mandatory call date is classified as a liability within the Statement of Assets and Liabilities and the dividends paid on these preferred shares are included as a component of "Interest expense and amortization of offering costs" within the Statement of Operations. Offering costs are amortized over the life of the preferred shares.

*Foreign Currency Translations.* The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the purchase trade date and subsequent sale trade date is included in realized gain/loss on investments.

*Foreign Securities.* The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

*Foreign Taxes.* The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

*Concentration Risks.* The Fund may invest a high percentage of its assets in specific sectors of the market in order to achieve a potentially greater investment return. As a result, the Fund may be more susceptible to economic, political, and regulatory developments in a particular sector of the market, positive or negative, and may experience increased volatility to the Fund's NAV and a magnified effect in its total return.

*Merger Arbitrage Risk.* The principal risk associated with the Fund's investment strategy is that certain of the proposed reorganizations in which the Fund invests may involve a longer time frame than originally contemplated or be renegotiated or terminated, in which case losses may be realized. The Fund invests all or a portion of its assets to seek short-term capital appreciation. This can be expected to increase the portfolio turnover rate and cause increased brokerage commission costs.

**THE GABELLI GLOBAL DEAL FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

*Securities Transactions and Investment Income.* Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend.

*Custodian Fee Credits and Interest Expense.* When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as “custodian fee credits.” When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the 90 day Treasury Bill rate on outstanding balances. This amount, if any, would be included in “interest expense” in the Statement of Operations.

*Distributions to Common Shareholders.* Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to recharacterization of distributions, reclassifications of short-term capital gain, non-deductible offering costs, write-offs of net operating loss, and swap reclassifications. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2009, reclassifications were made to decrease accumulated distributions in excess of net investment loss by \$11,312,462 and to decrease accumulated net realized gain on investments, swap contracts, and foreign currency transactions by \$5,194,740, with an offsetting adjustment to additional paid in capital.

The tax character of distributions paid during the years ended December 31, 2009 and December 31, 2008 was as follows:

	Year Ended December 31,	
	2009	2008
<b>Distributions paid from</b>		
Ordinary income		
(inclusive of short-term capital gains) . . . . .	—	\$12,976,069
Return of capital . . . . .	\$27,128,321	21,029,267
Total distributions paid . . . . .	\$27,128,321	\$34,005,336

*Provision for Income Taxes.* The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

As of December 31, 2009, the components of accumulated earnings/losses on a tax basis were as follows:

Net unrealized depreciation on investments, swap contracts, and foreign currency translations . . . . .	\$(13,034,867)
Post-October capital loss deferral . . . . .	(1,330,052)
Other temporary differences* . . . . .	(126,547)
Total . . . . .	\$(14,491,466)

\* Other temporary differences are primarily due to adjustments on preferred share class distribution payables and mark-to-market adjustments on investments in swap contracts.

Under the current tax law, capital losses related to securities and foreign currency realized after October 31 and prior to the Fund’s year end may be treated as occurring on the first day of the following year. For the year ended December 30, 2009, the Fund deferred capital losses of \$1,270,277 and currency losses of \$59,775.

At December 31, 2009, the difference between book basis and tax basis unrealized depreciation was primarily due to deferral of losses from wash sales for tax purposes.

**THE GABELLI GLOBAL DEAL FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

The following summarizes the tax cost of investments and the related unrealized appreciation/depreciation at December 31, 2009:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Depreciation
Investments . . . . .	\$453,106,623	\$7,680,504	\$(20,751,514)	\$(13,071,010)

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed to not meet the more-likely-than-not threshold. For the year ended December 31, 2009, the Fund did not incur any income tax, interest, or penalties. As of December 31, 2009, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund’s net assets or results of operations. Tax years ended December 31, 2007 through December 31, 2009, remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor its tax positions to determine if adjustments to this conclusion are necessary.

**3. Agreements and Transactions with Affiliates.** The Fund has entered into an investment advisory agreement (the “Advisory Agreement”) with the Adviser which provides that the Fund will pay the Adviser a base fee, computed weekly and paid monthly, equal on an annual basis to 0.50% of the value of the Fund’s average weekly managed assets. Managed assets consist of all of the assets of the Fund without deduction for borrowings, repurchase transactions, and other leveraging techniques, the liquidation value of any outstanding preferred shares, or other liabilities except for certain ordinary course expenses. In addition, the Fund may pay the Adviser an annual performance fee at a calendar year end if the Fund’s total return on its managed assets during the year exceeds the total return of the 3 Month U.S. Treasury Bill Index (the “T-Bill Index”) during the same period. For every four basis points that the Fund’s total return exceeds the T-Bill Index, the Fund will accrue weekly and pay annually one basis point performance fee up to a maximum performance fee of 150 basis points. Under the performance fee arrangement, the annual rate of the total fees paid to the Adviser can range from 0.50% to 2.00% of the average weekly managed assets. For the year ended December 31, 2009, the Fund accrued a performance fee to the Adviser at the rate of 1.3735% of the average weekly managed assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund’s portfolio and oversees the administration of all aspects of the Fund’s business and affairs.

During the year ended December 31, 2009, the Fund paid brokerage commissions on security trades of \$236,475 to Gabelli & Company, Inc. (“Gabelli & Company”), an affiliate of the Adviser.

The cost of calculating the Fund’s NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the year ended December 31, 2009, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund’s NAV.

As per the approval of the Board, the Fund compensates officers who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser) and pays its allocated portion of the cost of the Fund’s Chief Compliance Officer. For the year ended December 31, 2009, the Fund paid or accrued \$107,954 in payroll expenses in the Statement of Operations.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$6,000 plus \$1,000 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended. In addition, the Audit Committee Chairman receives an annual fee of \$3,000, the Nominating Committee Chairman receives an annual fee of \$2,000, and the Lead Trustee receives an annual fee of \$1,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

**4. Advisory Fee Reduction on Unsupervised Assets.** This reduction in the advisory fee paid to the Adviser relates to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser has transferred dispositive and voting control to the Fund’s Proxy Voting Committee. During 2009, the Fund’s Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities and the Adviser reduced its fee with respect to such securities by \$2,776.

**5. Portfolio Securities.** Purchases and sales of securities for the year ended December 31, 2009, other than short-term securities and U.S. Government obligations, aggregated \$559,090,621 and \$555,644,042, respectively.

Sales of U.S. Government obligations for the year ended December 31, 2009, other than short-term obligations, aggregated \$21,405,000.

**THE GABELLI GLOBAL DEAL FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**6. Capital.** The Fund is authorized to issue an unlimited number of common shares of beneficial interest (par value \$0.001). The Board has authorized the repurchase of its shares on the open market when the shares are trading at a discount of 7.5% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the year ended December 31, 2009, the Fund repurchased and retired 33,700 shares of its common stock in the open market at a cost of \$485,000 and an average discount of approximately 11.11% from its NAV.

Transaction in shares of beneficial interest were as follows:

	Year Ended December 31, 2009		Year Ended December 31, 2008	
	Shares	Amount	Shares	Amount
Shares repurchased . . . . .	(33,700)	\$(485,000)	(89,100)	\$(1,292,018)

The Fund filed a \$200 million shelf offering with the SEC that went effective August 6, 2008. The shelf offering gave the Fund the ability to offer preferred shares, notes, or subscription rights to purchase preferred shares.

At the Fund’s August 20, 2008 Board meeting, the Board approved a Rights Offering for Series A Cumulative Callable Preferred Shares (“Preferred Shares”). One transferable Right was issued for each common share of the Fund held on December 19, 2008, the Record Date. Ten Rights plus \$50 was required to purchase one Preferred Share of the Fund. On February 6, 2009, the Fund received \$95,532,039 (after solicitation fees of \$480,061) from the issuance of 1,920,242 shares of \$50 Series A Cumulative Callable Preferred Shares, at \$0.001 per value.

Gabelli & Company, Inc., an affiliate of the Adviser acted as “Dealer Manager” for the Rights Offering. The Dealer Manager provided financial structuring and marketing services in connection with the offering and solicited the exercise of Rights. The Fund agreed to pay a solicitation fee equal to \$0.25 per Preferred Share to broker-dealers that had executed and delivered soliciting dealer agreements and had solicited the exercise of Rights. Gabelli & Company, Inc. retained \$215,385 in solicitation fees related to the Rights Offering.

The Fund’s Preferred Shares have an annual dividend rate of 8.50%. Distributions are paid quarterly in March, June, September, and December of each year. The Preferred Shares will be subject to mandatory redemption in full on February 16, 2016 at the liquidation preference of \$50.00 per share. The Preferred Shares are callable at any time within 30 to 60 days prior notice at the liquidation preference plus any accumulated and unpaid dividends. At December 31, 2009, 1,920,242 shares of Series A Cumulative Preferred Shares were outstanding and accrued dividends amounted to \$90,678.

The Preferred Shares are senior to the common shares and result in the financial leveraging of the common shares. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on the Preferred Shares are cumulative. The Fund is required by the Statement of Preferences to meet certain asset coverage tests with respect to the Preferred Shares. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Preferred Shares at the redemption price of \$50 per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet the requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund’s ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund’s assets may vary in a manner unrelated to the fixed rate, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

The holders of cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of cumulative Preferred Stock voting together as a single class also have the right currently to elect two Trustees and under certain circumstances are entitled to elect a majority of the Board of Trustees. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and 75% of the Fund’s outstanding voting securities will be required to approve certain other actions, including changes in the Fund’s investment objectives or fundamental investment policies.

**7. Indemnifications.** The Fund enters into contracts that contain a variety of indemnifications. The Fund’s maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

**THE GABELLI GLOBAL DEAL FUND**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**8. Other Matters.** On April 24, 2008, the Adviser entered into an administrative settlement with the SEC to resolve the SEC's inquiry regarding prior frequent trading activity in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. In the settlement, the SEC found that the Adviser had violated Section 206(2) of the Investment Advisers Act, Section 17(d) of the 1940 Act, and Rule 17d-1 thereunder, and had aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Adviser, while neither admitting nor denying the SEC's findings and allegations, agreed, among other things, to pay the previously reserved total of \$16 million (including a \$5 million penalty), of which at least \$11 million will be distributed to shareholders of the Global Growth Fund in accordance with a plan developed by an independent distribution consultant and approved by the independent directors of the Global Growth Fund and the staff of the SEC, and to cease and desist from future violations of the above referenced federal securities laws. The settlement will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO fund complex including the Fund. The officer denies the allegations and is continuing in his positions with the Adviser and the funds. The Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Fund or the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

**9. Subsequent Event.** Management has evaluated the impact on the Fund of events occurring subsequent to December 31, 2009 through February 26, 2010, the date the financial statements were issued, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

**THE GABELLI GLOBAL DEAL FUND**  
**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Trustees of  
The Gabelli Global Deal Fund

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Gabelli Global Deal Fund (the "Fund"), as of December 31, 2009, and the related statement of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2009, by correspondence with the Fund's custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The Gabelli Global Deal Fund at December 31, 2009, the results of its operations and its cash flows for the year then ended and the changes in its net assets and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

Philadelphia, Pennsylvania  
February 26, 2010

**THE GABELLI GLOBAL DEAL FUND**  
**ADDITIONAL FUND INFORMATION (Unaudited)**

The business and affairs of the Fund are managed under the direction of the Fund's Board of Trustees. Information pertaining to the Trustees and officers of the Fund is set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Trustees and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Global Deal Fund at One Corporate Center, Rye, NY 10580-1422.

<b>Name, Position(s) Address<sup>1</sup> and Age</b>	<b>Term of Office and Length of Time Served<sup>2</sup></b>	<b>Number of Funds in Fund Complex Overseen by Trustee</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Other Directorships Held by Trustee<sup>4</sup></b>
<b><u>INTERESTED TRUSTEES<sup>3</sup>:</u></b>				
<b>Mario J. Gabelli</b> Trustee and Chief Investment Officer Age: 67	Since 2006***	26	Chairman and Chief Executive Officer of GAMCO Investors, Inc. and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies in the Gabelli/GAMCO Funds complex; Chairman and Chief Executive Officer of GGCP, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications)
<b>Edward T. Tokar</b> Trustee Age: 62	Since 2006*	2	Senior Managing Director of Beacon Trust Company since 2004; Chief Executive Officer of Allied Capital Management LLC (1997-2004); Vice President – Investments of Honeywell International Inc. (1977-2004); Director of Teton Advisors, Inc. (financial services) (2008-present)	Director of CH Energy Group (energy services)
<b><u>NON-INTERESTED TRUSTEES<sup>5</sup>:</u></b>				
<b>Anthony J. Colavita</b> Trustee Age: 74	Since 2006*	34	President of the law firm of Anthony J. Colavita, P.C.	—
<b>James P. Conn</b> Trustee Age: 71	Since 2006**	18	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (insurance holding company) (1992-1998)	—
<b>Clarence A. Davis</b> Trustee Age: 68	Since 2006**	2	Former Chief Executive Officer of Nestor, Inc. (2007-2009); Former Chief Operating Officer (2000-2005) and Chief Financial Officer (1999-2000) of the American Institute of Certified Public Accountants	Director of Oneida Ltd. (kitchenware); Director of Telephone & Data Systems, Inc. (telephone services); Director of Pennichuck Corp. (water supply) Director of Sonesta International Hotel Corporation (hotels)
<b>Mario d'Urso</b> Trustee Age: 69	Since 2006***	5	Chairman of Mittel Capital Markets S.p.A. since 2001	—
<b>Arthur V. Ferrara</b> Trustee Age: 79	Since 2006**	8	Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1992-1995)	—
<b>Michael J. Melarkey</b> Trustee Age: 60	Since 2006***	5	Partner in the law firm of Avansino, Melarkey, Knobel & Mulligan	Director of Southwest Gas Corporation (natural gas utility)
<b>Salvatore J. Zizza</b> Trustee Age: 64	Since 2006*	28	Chairman of Zizza & Co., Ltd. (consulting)	Director of Hollis-Eden Pharmaceuticals (biotechnology); Director of Trans-Lux Corporation (business services)

**THE GABELLI GLOBAL DEAL FUND**  
**ADDITIONAL FUND INFORMATION (Continued) (Unaudited)**

<b>Name, Position(s) Address<sup>1</sup> and Age</b>	<b>Term of Office and Length of Time Served<sup>2</sup></b>	<b>Principal Occupation(s) During Past Five Years</b>
<b>OFFICERS:</b>		
<b>Bruce N. Alpert</b> President Age: 58	Since 2006	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988 and an officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Director and President of Teton Advisors, Inc. 1998 through 2008; Chairman of Teton Advisors, Inc. since 2008; Senior Vice President of GAMCO Investors, Inc. since 2008
<b>Carter W. Austin</b> Vice President Age: 43	Since 2006	Vice President of The Gabelli Equity Trust Inc. since 2000, The Gabelli Dividend & Income Trust since 2003, The Gabelli Global Gold, Natural Resources & Income Trust since 2005; and The Gabelli Healthcare & Wellness <sup>Rx</sup> Trust since 2007; Vice President of Gabelli Funds, LLC since 1996
<b>Peter D. Goldstein</b> Chief Compliance Officer Age: 56	Since 2006	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex
<b>Agnes Mullady</b> Treasurer and Secretary Age: 51	Since 2006	Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Senior Vice President of U.S. Trust Company, N.A. and Treasurer and Chief Financial Officer of Excelsior Funds from 2004 through 2005
<b>Delian Naydenov</b> Assistant Vice President and Ombudsman Age: 32	Since 2009	Assistant Vice President of Gabelli Funds, LLC since 2006; Member of the professional staff of Gabelli Funds, LLC since 2004
<b>David I. Schachter</b> Vice President Age: 56	Since 2006	Vice President of The Gabelli Utility Trust since 1999; The Gabelli Global Utility & Income Trust since 2004; The Gabelli Healthcare & Wellness <sup>Rx</sup> Trust since 2007; Vice President of Gabelli & Company, Inc. since 1999

<sup>1</sup> Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

<sup>2</sup> The Fund's Board of Trustees is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:

\* – Term expires at the Fund's 2010 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

\*\* – Term expires at the Fund's 2011 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

\*\*\* – Term expires at the Fund's 2012 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

<sup>3</sup> "Interested person" of the Fund as defined in the 1940 Act. Mr. Gabelli is considered an "interested person" of the Fund because of his affiliation with the Investment Adviser and with Gabelli & Company, Inc., which is a principal underwriter for the Fund's common shares and is expected to execute portfolio transactions for the Fund. Mr. Tokar is considered an "interested person" of the Fund as a result of his son's employment by an affiliate of the Adviser.

<sup>4</sup> This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended (i.e. public companies) or other investment companies registered under the 1940 Act.

<sup>5</sup> Trustees who are not interested persons are considered "Independent" Trustees.

**Certifications**

The Fund's Chief Executive Officer has certified to the New York Stock Exchange ("NYSE") that, as of June 12, 2009, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the Securities and Exchange Commission on Form N-CSR which contains certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

**THE GABELLI GLOBAL DEAL FUND**  
**INCOME TAX INFORMATION (Unaudited)**  
**December 31, 2009**

**Cash Dividends and Distributions**

	<u>Payable Date</u>	<u>Record Date</u>	<u>Total Amount Paid Per Share</u>	<u>Ordinary Investment Income (a)</u>	<u>Return of Capital (b)</u>	<u>Dividend Reinvestment Price</u>
<b>Common Shares</b>						
	03/24/09	03/17/09	\$0.20000	—	\$0.20000	\$12.76
	06/23/09	06/16/09	0.32000	—	0.32000	13.52
	09/23/09	09/16/09	0.32000	—	0.32000	14.84
	12/17/09	12/14/09	0.44000	—	0.44000	14.43
			<u>\$1.28000</u>	<u>—</u>	<u>\$1.28000</u>	
<b>8.500% Series A Cumulative Preferred Shares</b>						
	03/26/09	03/19/09	\$0.53125	\$0.07375	\$0.45750	
	06/26/09	06/19/09	1.06250	0.14751	0.91499	
	09/28/09	09/21/09	1.06250	0.14751	0.91499	
	12/28/09	12/18/09	1.06250	0.14751	0.91499	
			<u>\$3.71875</u>	<u>\$0.51628</u>	<u>\$3.20247</u>	

A Form 1099-DIV has been mailed to all shareholders of record for the distributions mentioned above, setting forth specific amounts to be included in the 2009 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains, if any. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV. There were no long-term gain distributions for the year ended December 31, 2009.

**Historical Distribution Summary**

	<u>Investment Income (a)</u>	<u>Short-Term Capital Gains (a)</u>	<u>Long-Term Capital Gains</u>	<u>Return of Capital (b)</u>	<u>Total Distributions</u>	<u>Adjustment to Cost Basis</u>
<b>Common Shares</b>						
2009 .....	—	—	—	\$1.28000	\$1.28000	\$1.28000
2008 .....	\$0.25080	\$0.42760	—	0.92160	1.60000	0.92160
2007 .....	0.29820	0.90180	—	—	1.20000	—
<b>8.500% Series A Cumulative Preferred Shares</b>						
2009 .....	—	\$0.51628	—	\$3.20247	\$3.71875	\$3.20247

(a) Taxable as ordinary income for Federal tax purposes.

(b) Non-taxable.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

<p>The Annual Meeting of The Gabelli Global Deal Fund's shareholders will be held on Monday, May 17, 2010 at the Greenwich Library in Greenwich, Connecticut.</p>
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## THE GABELLI GLOBAL DEAL FUND

### ANNUAL APPROVAL OF CONTINUANCE OF INVESTMENT ADVISORY AGREEMENT

During the six months ended December 31, 2009, the Board of Trustees of the Trust approved the continuation of the investment advisory agreement with the Adviser for the Trust on the basis of the recommendation by the trustees (the “Independent Board Members”) who are not “interested persons” of the Trust. The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors.

**Nature, Extent, and Quality of Services.** The Independent Board Members considered information regarding the portfolio management team, the team leader, the depth of the analyst pool available to the Adviser and the portfolio team, and the scope of services provided by the Adviser and the absence of significant service problems reported to the Board. The Independent Board Members noted the experience, length of service, and reputation of the portfolio team, including the merger arbitrage area.

**Investment Performance.** The Independent Board Members reviewed the information regarding the investment performance of the Fund since inception in comparison with a group of global closed-end funds. The Independent Board Members noted that the Fund’s performance in comparison with this group was reasonable in light of market conditions during the period. However, they also noted that the peer group comparison was of limited usefulness as the peer group did not contain any other funds engaged primarily in arbitrage activities.

**Profitability.** The Independent Board Members reviewed summary data regarding the profitability of the Fund to the Adviser and also noted that the fulcrum fee was designed so that the Adviser would likely experience higher than average profitability if the Fund substantially outperformed the T-Bill Index but that the performance to date resulted in the lowest fee under the formula.

**Economies of Sale.** The Independent Board Members noted that after completion of the initial offering meaningful economies of scale could not occur in the absence of secondary offerings.

**Sharing of Economies of Scale.** The Independent Board Members noted that the investment management fee for the Fund did not take into account any potential economies of scale that might develop.

**Service and Cost Comparisons.** The Independent Board Members reviewed the Fund’s expense ratios and found them to be lower than the peer group average. They also compared the structure of the investment management fee to the fees for other funds managed by the Adviser and considered fees charged by an affiliated adviser for advisory services to an unregistered arbitrage fund and for subadvisory services to another registered arbitrage fund.

**Conclusions.** The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services, good ancillary services, and satisfactory performance. The Independent Board Members determined that the reference index chosen for the fulcrum fee structure was appropriate inasmuch as arbitrage performance is often measured against risk free returns, that the rate of profit sharing built into the formula was fair, that the maximum fee was not unreasonable (particularly in light of the requirement of earning the higher returns necessary for higher fee levels net of the higher fees) and that the one year measuring period was sufficient and consistent with the short-term nature of the Fund’s investment program. The Independent Board Members also concluded that the fee was structured in a favorable manner to investors in relation to the performance of the Fund and in relation to other arbitrage funds of which they were aware. The Board concluded that the profitability of the Fund to the Adviser was reasonable in view of the performance necessary to achieve any particular level of profitability and the economies of scale and potential additional profit to the Adviser and its affiliates from portfolio execution services were not a significant factor in their thinking. On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Board Members determined to recommend approval of the investment management agreement to the full Board.

## **AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS**

### **Enrollment in the Plan**

It is the policy of The Gabelli Global Deal Fund (the “Fund”) to automatically reinvest dividends payable to common shareholders. As a “registered” shareholder you automatically become a participant in the Fund’s Automatic Dividend Reinvestment Plan (the “Plan”). The Plan authorizes the Fund to credit common shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their share certificates to American Stock Transfer (“AST”) to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distributions in cash must submit this request in writing to:

The Gabelli Global Deal Fund  
c/o American Stock Transfer  
6201 15th Avenue  
Brooklyn, NY 11219

Shareholders requesting this cash election must include the shareholder’s name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan, may contact AST at (888) 422-3262.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of “street name” and re-registered in your own name. Once registered in your own name your distributions will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in “street name” at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of common shares distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund’s common shares is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued common shares valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund’s common shares. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange (“NYSE”) trading day, the next trading day. If the net asset value of the common shares at the time of valuation exceeds the market price of the common shares, participants will receive common shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, AST will buy common shares in the open market, or on the NYSE, or elsewhere, for the participants’ accounts, except that AST will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common shares exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

## **Voluntary Cash Purchase Plan**

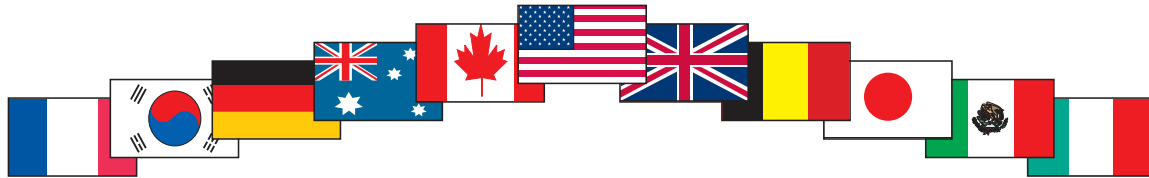
The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to AST for investments in the Fund's common shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. AST will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. AST will charge each shareholder who participates a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to American Stock Transfer, 6201 15th Avenue, Brooklyn, NY 11219 such that AST receives such payments approximately 10 days before the investment date. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by AST at least 48 hours before such payment is to be invested.

*Shareholders wishing to liquidate shares held at AST* must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$1.00 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Automatic Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by AST on at least 90 days written notice to participants in the Plan.



**TRUSTEES AND OFFICERS**  
**THE GABELLI GLOBAL DEAL FUND**  
**One Corporate Center, Rye, NY 10580-1422**

**Trustees**

Mario J. Gabelli, CFA  
*Chairman & Chief Executive Officer,*  
*GAMCO Investors, Inc.*

Anthony J. Colavita  
*President,*  
*Anthony J. Colavita, P.C.*

James P. Conn  
*Former Managing Director &*  
*Chief Investment Officer,*  
*Financial Security Assurance Holdings Ltd.*

Clarence A. Davis  
*Former Chief Executive Officer,*  
*Nestor, Inc.*

Mario d’Urso  
*Former Italian Senator*

Arthur V. Ferrara  
*Former Chairman & Chief Executive Officer,*  
*Guardian Life Insurance Company of America*

Michael J. Melarkey  
*Attorney-at-Law,*  
*Avansino, Melarkey, Knobel & Mulligan*

Edward T. Tokar  
*Senior Managing Director,*  
*Beacon Trust Company*

Salvatore J. Zizza  
*Chairman, Zizza & Co., Ltd.*

**Officers**

Bruce N. Alpert  
*President*

Carter W. Austin  
*Vice President*

Peter D. Goldstein  
*Chief Compliance Officer*

Agnes Mullady  
*Treasurer & Secretary*

Delian Naydenov  
*Assistant Vice President & Ombudsman*

David I. Schachter  
*Vice President*

**Investment Adviser**  
 Gabelli Funds, LLC  
 One Corporate Center  
 Rye, New York 10580-1422

**Custodian**  
 The Bank of New York Mellon

**Counsel**  
 Skadden, Arps, Slate, Meagher & Flom LLP

**Transfer Agent and Registrar**  
 American Stock Transfer and Trust Company

**Stock Exchange Listing**

	<u>Common</u>	<u>8.50%</u> <u>Preferred</u>
NYSE-Symbol:	GDL	GDL PrA
Shares Outstanding:	21,177,810	1,920,242

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading “Specialized Equity Funds,” in Monday’s The Wall Street Journal. It is also listed in Barron’s Mutual Funds/Closed End Funds section under the heading “Specialized Equity Funds.”

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting [www.gabelli.com](http://www.gabelli.com).

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds’ Internet homepage at: [www.gabelli.com](http://www.gabelli.com), or e-mail us at: [closedend@gabelli.com](mailto:closedend@gabelli.com)

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase its common shares in the open market when the Fund’s shares are trading at a discount of 7.5% or more from the net asset value of the shares. The Fund may also, from time to time, purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.



# **THE GABELLI GLOBAL DEAL FUND**

**One Corporate Center, Rye, NY 10580-1422**

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