

# GAMCO Global Gold, Natural Resources & Income Trust

Shareholder Commentary – March 31, 2018

(Y)our Portfolio Management Team



Caesar M. P. Bryan Vincent Hugonnard-Roche

The GAMCO Global Gold, Natural Resources & Income Trust (the “Fund”) is an income fund. The Fund intends to generate current income from short term gains primarily through its strategy of writing (selling) covered call options on the equity securities in its portfolio. Because of its primary strategy, the Fund forgoes the opportunity to participate fully in the appreciation of the underlying equity security above the exercise price of the option. It also is subject to the risk of depreciation of the underlying equity security in excess of the premium received.

## Investment Performance

For the quarter ended March 31, 2018, the net asset value (“NAV”) total return of the GAMCO Global Gold, Natural Resources & Income Trust (the “Fund”) was (4.8)%, compared with total returns of (1.6)% and (4.6)% for the CBOE and S&P 500 Buy/Write Index and the XAU Index, respectively. The total return for the Fund’s publicly traded shares was (3.4)%. The Fund’s NAV per share was \$5.05, while the price of the publicly traded shares closed at \$4.89 on the NYSE American.

## Comparative Results

### Average Annual Returns through March 31, 2018 (a)

	Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception (03/31/05)
<b>GAMCO Global Gold, Natural Resources &amp; Income Trust</b>						
NAV Total Return (b)	(4.81)%	(1.23)%	0.45%	(5.11)%	(5.71)%	0.46%
Investment Total Return (c)	(3.40)	(2.46)	1.46	(5.88)	(4.90)	(0.07)
CBOE S&P 500 Buy/Write Index	(1.56)	6.95	7.22	7.42	5.09	5.43
Bloomberg Barclays Government/Credit Bond Index	(1.61)	1.33	1.21	1.82	3.62	4.05
Energy Select Sector Index	(5.85)	(0.13)	(1.54)	(0.55)	1.35	5.78
XAU Index	(4.64)	(2.56)	8.14	(8.78)	(6.41)	0.02

(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 CBOE S&P 500 Buy/Write Index is an unmanaged benchmark index designed to reflect the return on a portfolio that consists of a long position in the stocks in the S&P 500 Index and a short position in a S&P 500 (SPX) call option. The Bloomberg Barclays Government/Credit Bond Index is a market value weighted index that tracks the performance of fixed rate, publicly placed, dollar denominated obligations. The XAU Index is an unmanaged indicator of stock market performance of large North American gold and silver companies. The Energy Select Sector Index is an unmanaged indicator of stock market performance of large U.S. companies involved in the development or production of energy products. Dividends and interest income are considered reinvested. 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 American and reinvestment of distributions. Since inception return is based on an initial offering price of \$20.00.

## **Premium / Discount Discussion**

As a refresher for our shareholders, the price of a closed-end fund is determined in the open market by willing buyers and sellers. Shares of the Fund trade on the NYSE MKT and may trade at a premium to (higher than) net asset value (the market value of the Fund's underlying portfolio and other assets less any liabilities) or a discount to (lower than) net asset value. Ideally, the Fund's market price will generally track the NAV. However, the Fund's premium or discount to NAV may vary over time. Over the Fund's thirteen year history, the range fluctuated from approximately a 56% premium in January 2009 to a 13% discount in October 2015.

Since its inception in March 2005, the market price of the Fund has both exceeded and trailed the NAV. On March 31, 2018, the market price of the Fund was at a 3.2% discount to its NAV.

## **Covered Call Strategy**

It is the volatility and trading range of the Fund's holdings that enable us to deliver a return to our investors. However, this strategy of generating option premium income also means that individual stocks may be called away, limiting appreciation. The Fund is a vehicle for investors to participate in the natural volatility of these sectors to generate monthly income. It is not a Fund for investors who wish to participate directly in the returns from either the underlying commodities or the stocks of companies engaged in these sectors. The Fund also offers potential diversification for investors. In the past, gold, energy, and natural resources have offered some diversification against potential losses in traditional asset classes and have long been a hedge against the negative effects of inflation and a declining dollar.

The Fund's cash distributions are generated primarily through the execution of a covered call strategy on the majority of the portfolio's equity holdings. This strategy generally consists of writing "out of the money call options" for each of the names owned in the portfolio. The premiums that are collected contribute substantially to the periodic distributions made by the Fund. Because of the high level of implied volatility associated with these underlying equities, the manager generally chooses to write these options for terms of between two and six months, struck at price levels approximately 6% to 12% higher than the then-prevailing price. This allows the Fund to potentially capture some of the upside of the underlying portfolio while simultaneously generating option premium income for its distribution.

## **Fund Origin and Mandate**

The Fund is designed to generate income by investing in more volatile sectors of the market; commodities, specifically gold and energy.

In this strategy, the investor gives up some of the upside of a security for the certainty of earning premium income from the sale of the call option. Managing the Fund is a dynamic process of balancing the certainty of the income available from writing options against the uncertainty of any potential upside move in the stock price.

## **To Our Shareholders**

In the first quarter of 2018, gold traded in line with the U.S. Dollar Index (DXY), the reference index of the U.S. dollar, and was up about 2% for the period. We see the potential for trade war, the ongoing U.S. budget

deficit, and inflationary pressures as supportive for the metal. However, the gold mining companies, as represented by the Philadelphia Gold and Silver Index (XAU), were down about 5% for the period, bringing the group valuation to a long term trough versus the commodity.

On the energy side, the market rebalancing continues, bolstered by resilient demand growth for refined product in the U.S. OPEC production discipline offset U.S. crude production, which grew by 678,000 barrels a day over the quarter, while inventories remained unchanged. Brent was up 5%, while the WTI increased 7.5%, reducing the differential between those two markets, but refining margins remained strong. During the quarter, the energy stocks, as measured by the Energy Select Sector Index (IXE), significantly lagged the price of crude, decreasing by a sizable 5.9%.

Volatility levels during the first quarter of 2018 remained around 32% for the gold sector, while the base metals sector increased to 31%, and energy equities to 26.5%. We maintained our exposure at a neutral stance to maximize premium option capture. The maturity of the option portfolio stood at an average of 1.5 months. At the end of the quarter, the Fund's participation (delta) across sectors was 54% for gold and mining and 68.5% for energy.

## Performance

From its inception on March 31, 2005 through March 31, 2018, the Fund has provided cumulative cash distributions of \$18.12 per share to common shareholders. The annualized net asset value total return to those shareholders who invested in the Fund's initial public offering and continue to hold their shares is 0.5%, and the return of the Fund's publicly traded common shares was -0.1%. Shareholders paid \$20.00 per share for the Fund at the initial public offering. The table below reflects the NAV for the Fund's common shares at March 31, 2018, the cumulative distributions paid since inception, and the total combined value of the NAV and the distributions paid.

All data shown on a Per Share Basis	
Public Offering Price (03/31/05):	\$20.00
Sales Load & Offering Expenses	<u>\$0.94</u>
Initial NAV (After Expenses)	<u>\$19.06</u>
Current NAV (as of March 31, 2018)	\$5.05
Total Distributions Paid (through March 31, 2018)	<u>\$18.12</u>
Current NAV + Distributions	<u><u>\$23.17</u></u>

*Distributions not reinvested.*

April 30, 2018

**Top Ten Equity Holdings**  
**March 31, 2018**

Exxon Mobil Corp.	Royal Gold Inc.
Randgold Resources Ltd.	Chevron Corp.
Royal Dutch Shell	Franco-Nevada Corp.
Agnico Eagle Mines Ltd.	Schlumberger Ltd.
Fresnillo plc	Newcrest Mining Ltd.

**Note:** The views expressed in this Shareholder Commentary reflect those of the Portfolio Managers only through the end of the period stated in this Shareholder Commentary. The Portfolio Managers' views are subject to change at any time based on market and other conditions. The information in this Shareholder Commentary represents the opinions of the individual Portfolio Managers and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Managers and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

### **Common Share Repurchase Plan**

On February 14, 2005, the Board of Trustees of the Fund (the "Board") voted to authorize the repurchase of the Fund's common shares in the open market from time to time when such shares are trading at a discount of 7.5% or more from NAV. In total through March 31, 2018, the Fund has repurchased and retired 231,803 common shares in the open market under this share repurchase plan, at an average investment of \$7.28 per share and an average discount of approximately 10.6% from its NAV. The Fund did not repurchase any shares during the first quarter of 2018.

When the Fund is trading at a premium to NAV, it may issue shares pursuant to its shelf registration statement in "at the market" offerings. Through the period 2009 – March 2018, the Fund has issued 112,907,075 common shares. There were no shares issued in the first quarter of 2018. While the Fund is trading at a discount to the net asset value, the Common Share Repurchase plan would be in effect.

### **Monthly Distributions for Common Shareholders**

The Fund paid \$0.05 per share cash distributions on January 24, 2018, February 21, 2018, and March 22, 2018 to common shareholders of record on January 17, 2018, February 13, 2018, and March 15, 2018,

The Fund currently intends to make monthly cash distributions of all or a portion of its investment company taxable income (which includes ordinary income and realized net short term capital gains) to common shareholders. The Fund also intends to make annual distributions of its realized net long term capital gains, if any. A portion of the distribution may include a return of capital. Premium income earned on options is considered short term capital gains and is not treated as qualified dividend income for individuals. Various

factors will affect the level of the Fund's income, such as its asset mix and use of covered call strategies. To permit the Fund to maintain more stable distributions, the Fund may from time to time distribute more or less than the entire amount of income earned in a particular period. Because the Fund's current monthly distributions are subject to modification by the Board at any time and the Fund's income will fluctuate, there can be no assurance that the Fund will pay distributions at a particular rate or frequency. The Fund intends to pay monthly distributions at no less than an amount sufficient to satisfy the minimum distribution requirements of the Internal Revenue Service.

Each quarter, the Board reviews the amount of any potential distribution from the income, capital gain, or capital available. The Board will continue to monitor the Fund's distribution level, taking into consideration the Fund's net asset value and the financial market environment. The distribution rate should not be considered the dividend yield or total return on an investment in the Fund.

If the Fund does not generate sufficient earnings (dividends and interest income and realized net capital gain) equal to or in excess of the aggregate distributions paid by the Fund in a given year, then the amount distributed in excess of the Fund's earnings would be deemed a return of capital. Since this would be considered a return of a portion of a shareholder's original investment, it is generally not taxable and is treated as a reduction in the shareholder's cost basis. It is expected that distributions to common shareholders in 2017 will be deemed a return of capital as premium income (short term capital gains) will be offset by the Fund's capital loss carry forward from prior years.

Qualified dividend income, ordinary income, and paid-in capital, if any, will be allocated on a pro-rata basis to all distributions to common shareholders for the year. Long term capital gains are typically distributed in the later distributions within the year. Based on the accounting records of the Fund currently available, each of the distributions paid to common shareholders in 2018 would include approximately 8% from net investment income, 33% from net capital gains, and 59% from paid-in capital on a book basis. The estimated components of each distribution are updated and provided to shareholders of record in a notice accompanying the distribution and are available on our website ([www.gabelli.com](http://www.gabelli.com)). The final determination of the sources of all distributions in 2018 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2018 distributions in early 2019 via Form 1099-DIV.

### **5.00% Series B Cumulative Preferred Shares**

The Fund's Series B Cumulative Preferred Shares paid a \$0.3125 per share cash distribution on March 26, 2018, to preferred shareholders of record on March 19, 2018. The Series B Preferred Shares, which trade on the NYSE American under the symbol "GGN Pr B", are rated A2 by Moody's Investors Service, Inc. and have an annual dividend rate of \$1.25 per share. The Series B Preferred Shares were issued on May 7, 2013, at \$25.00 per share and pay distributions quarterly. The Series B Preferred Shares will be callable at any time at the liquidation value of \$25.00 per share plus accrued dividends following the expiration of the five year call protection on May 7, 2018. The next distribution is scheduled for June 2018.

The Fund is authorized to purchase its Series B Preferred Shares in the open market from time to time when such shares are trading at a discount to the liquidation value of \$25.00 per share. The repurchase of the preferred shares is accretive to the holders of the common shares. In total through March 31, 2018, the Fund has repurchased and retired 483,643 Series B Preferred Shares in the open market under this share repurchase authorization. No shares were repurchased during the first quarter of 2018.

Qualified dividend income and ordinary income, if any, will be allocated on a pro-rata basis to all distributions to preferred shareholders for the year. Long term capital gains are typically distributed in the later distributions within the year. Based on the accounting records of the Fund currently available, the current distribution paid to preferred shareholders represents approximately 20% from net investment income and 80% from net capital gains on a book basis. The estimated components of each distribution are updated and provided to shareholders of record in a notice accompanying the distribution and are available on our website ([www.gabelli.com](http://www.gabelli.com)). The final determination of the sources of all distributions in 2018 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2018 distributions in early 2019 via Form 1099-DIV.

### **Tax Treatment of Distributions to Common Shareholders**

When the distributions are treated as long term capital gain or qualified dividend income (or a combination of both) for individuals, they are subject to the maximum federal income tax rate, which is currently 20% in taxable accounts for individuals. In addition, certain U.S. shareholders who are individuals, estates, or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surcharge on their “net investment income,” which includes dividends received from the Fund and capital gains from the sale or other disposition of shares of the Fund. The premium income from options is generally treated as short term capital gains. Thus, the Fund expects that this income is predominately not qualified income.

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Please visit us on the Internet. Our homepage at [www.gabelli.com](http://www.gabelli.com) contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Closed-End Funds and Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at: [closedend@gabelli.com](mailto:closedend@gabelli.com). You may sign up for our e-mail alerts at [www.gabelli.com](http://www.gabelli.com) and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

### **e-delivery**

We are pleased to offer electronic delivery of Gabelli fund documents. Shareholders of our closed-end funds can now elect to receive e-mail announcements regarding available materials, including shareholder commentaries and Fund reports. For more information or to register for e-delivery, please visit our website at [www.gabelli.com](http://www.gabelli.com).

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**Portfolio Management Team Biographies**

**Caesar M. P. Bryan** joined GAMCO Asset Management in 1994. He is a member of the global investment team of Gabelli Funds, LLC and portfolio manager of several funds within the Gabelli/GAMCO Funds Complex. Prior to joining Gabelli, Mr. Bryan was a portfolio manager at Lexington Management. He began his investment career in 1979 at Samuel Montagu Company, the London based merchant bank. Mr. Bryan graduated from the University of Southampton in England with a Bachelor of Law and is a member of the English Bar.

**Vincent Hugonnard-Roche** joined GAMCO Investors, Inc. in 2000. He is Director of Quantitative Strategies, head of the Gabelli Risk Management Group, and serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. He received a Master's degree in Mathematics of Decision Making from EISITI, France and an MS in Finance from ESSEC, France.

We have separated the portfolio managers' commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentary is unrestricted. 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).

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).

The NASDAQ symbol for the Net Asset Value per share is "XGGNX."

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.

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