The GDL Fund
Third Quarter Report — September 30, 2017

(Y)our Portfolio Management Team

Mario J. Gabelli, CFA
Chief Investment Officer

Ryan N. Kahn, CFA
Analyst
BS, Babson College

Gian Maria Magrini, CFA
Analyst
BS, Fordham University

Geoffrey P. Astle
Analyst
BS, Fairfield University

To Our Shareholders,

For the quarter ended September 30, 2017, the net asset value ("NAV") total return of The GDL Fund was 0.3%, compared with a total return of 0.3% for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index. The total return for the Fund's publicly traded shares was 1.1%. The Fund's NAV per share was $11.62, while the price of the publicly traded shares closed at $10.21 on the New York Stock Exchange ("NYSE"). See below for additional performance information.

Enclosed is the schedule of investments as of September 30, 2017.

Comparative Results

Average Annual Returns through September 30, 2017 (a) (Unaudited)

	Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception (01/31/07)
GDL Fund						
NAV Total Return (b)	0.34%	3.34%	3.87%	3.89%	2.73%	2.97%
Investment Total Return (c)	1.07	9.31	5.37	4.89	3.67	2.36
Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.26	0.66	0.32	0.22	0.47	0.76

(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 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 Bank of America Merrill Lynch 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. Dividends are not reinvested for the Bank of America Merrill Lynch 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 GDL Fund
Schedule of Investments — September 30, 2017 (Unaudited)

Shares		Market Value
	COMMON STOCKS — 55.7%	
	Aerospace — 0.8%	
20,500	Orbital ATK Inc.	$ 2,729,780
1,500	Rockwell Collins Inc.	196,065
		2,925,845
	Automotive: Parts and Accessories — 0.8%	
15,100	Federal-Mogul Holdings Corp.†(a)	151,000
200,000	Haldex AB†	2,473,941
		2,624,941
	Building and Construction — 1.6%	
1,400	ASH Grove Cement Co.	714,000
37,000	Cadus Corp.†	45,880
20,000	Fortune Brands Home & Security Inc.	1,344,600
47,750	Johnson Controls International plc	1,923,847
35,414	Lennar Corp., Cl. B	1,596,463
2,800	Norbord Inc., Toronto	106,614
7,000	Polaris Materials Corp.†	18,850
		5,750,254
	Business Services — 0.7%	
92,138	Clear Channel Outdoor Holdings Inc., Cl. A	428,442
87,000	exactEarth Ltd.†	76,001
3,000	Funespana SA†	26,061
511,000	Gerber Scientific Inc., Escrow†(a)	0
175,000	GrainCorp Ltd., Cl. A	1,120,123
8,000	Landauer Inc.	538,400
23,100	MaxPoint Interactive Inc.†	320,859
100	Patriot National Inc.†	135
500	SAVE SpA	12,404
		2,522,425
	Cable and Satellite — 4.5%	
27,628	Liberty Global plc, Cl. A†	936,865
60,000	Liberty Global plc, Cl. C†	1,962,000
14,000	Liberty Global plc LiLAC, Cl. A†	332,640
31,000	Liberty Global plc LiLAC, Cl. C†	722,300
5,000	Scripps Networks Interactive Inc., Cl. A	429,450
220,000	Sky plc	2,697,415
85,000	Time Warner Inc.	8,708,250
		15,788,920
	Computer Hardware — 1.2%	
335,000	Brocade Communications Systems Inc.	4,003,250
500	Data Modul AG	51,619
		4,054,869
	Computer Software and Services — 0.8%	
8,000	Affecto OYJ	42,737
7,500	Dalenys†	74,929
1,671	Dell Technologies Inc., Cl. V†	129,018
21,000	Digi International Inc.†	222,600
35,170	Exa Corp.†	850,411
200	InterXion Holding NV†	$ 10,186
90,000	Silver Spring Networks Inc.†	1,455,300
200	Synchronoss Technologies Inc.†	1,866
		2,787,047
	Consumer Products and Services — 0.0%	
100	Accell Group	3,091
20,000	Avon Products Inc.†	46,600
1,000	Bang & Olufsen A/S†	21,600
		71,291
	Diversified Industrial — 0.5%	
2,000	Handy & Harman Ltd.†	65,100
15,000	ITT Inc.	664,050
45,000	Myers Industries Inc.	942,750
3,200	SLM Solutions Group AG†	134,641
		1,806,541
	Electronics — 1.8%	
19,000	Alimco Financial Corp.†	231,420
85,900	Axis Communications AB	3,579,474
75,000	Bel Fuse Inc., Cl. A	1,995,000
17,000	Hitachi Kokusai Electric Inc.	465,319
		6,271,213
	Energy and Utilities — 2.9%	
170,000	Alvopetro Energy Ltd.†	29,974
3,500	Avangrid Inc.	165,970
1,000	Avista Corp.	51,770
41,000	Calpine Corp.†	604,750
72,000	Endesa SA	1,623,212
1,000	Enduro Royalty Trust	4,350
500	Etablissements Maurel et Prom†	2,222
460,000	Gulf Coast Ultra Deep Royalty Trust†	20,700
43,000	Noble Energy Inc.	1,219,480
10,000	NRG Energy Inc.	255,900
7,000	Rice Energy Inc.†	202,580
10,000	TerraForm Global Inc., Cl. A†	47,500
120,000	Westar Energy Inc.	5,952,000
200	WGL Holdings Inc.	16,840
24,700	Whiting Petroleum Corp.†	134,862
		10,332,110
	Entertainment — 0.4%	
2,000	SFX Entertainment Inc.†(a)	0
30,000	Tribune Media Co., Cl. A	1,225,800
		1,225,800
	Equipment and Supplies — 0.1%	
2,500	The Middleby Corp.†	320,425
	Financial Services — 3.9%	
35,000	Astoria Financial Corp.†	752,500
60,100	Bankrate Inc.†	838,395
8,000	BB&T Corp.	375,520

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	Financial Services (Continued)	
13,800	Fidelity & Guaranty Life	$ 428,490
975,000	Fortress Investment Group LLC, Cl. A	7,770,750
16,000	MoneyGram International Inc.†	257,760
60,000	Navient Corp.	901,200
63,500	Nets A/S†	1,643,915
8,000	Nordnet AB, Cl. B†(a)	37,324
500	Novae Group plc†	4,784
60,000	SLM Corp.†	688,200
900	Topdanmark A/S†	35,407
		13,734,245
	Food and Beverage — 4.1%	
40,000	Bob Evans Farms Inc.	3,100,400
2,619,000	Parmalat SpA	9,595,674
1,500,000	Premier Foods plc†	844,198
10,000	Snyder's-Lance Inc.	381,400
1,000	The Hershey Co.	109,170
2,500,000	Yashili International Holdings Ltd.†	531,261
		14,562,103
	Health Care — 19.3%	
150,000	Akorn Inc.†	4,978,500
335,000	Alere Inc.†	17,081,650
3,500	Allergan plc	717,325
71,000	AstraZeneca plc, ADR	2,405,480
5,500	Cigna Corp.	1,028,170
10,000	CR Bard Inc.	3,205,000
3,000	Depomed Inc.†	17,370
2,200	Humana Inc.	535,986
1,000	ICU Medical Inc.†	185,850
40,000	Idorsia Ltd.†	714,618
4,000	Illumina Inc.†	796,800
75,500	Kite Pharma Inc.†	13,575,655
6,000	Mylan NV†	188,220
1,000	NxStage Medical Inc.†	27,600
160,000	PAREXEL International Corp.†	14,092,800
16,000	Rhoen Klinikum AG	538,754
200	SciClone Pharmaceuticals Inc.†	2,240
15,000	Smith & Nephew plc	270,947
7,500	Smith & Nephew plc, ADR	273,000
230,000	VWR Corp.†	7,615,300
		68,251,265
	Hotels and Gaming — 0.2%	
27,000	Belmond Ltd., Cl. A†	368,550
1,000	MGM Resorts International	32,590
168,000	NYX Gaming Group Ltd.†	317,756
		718,896
	Machinery — 0.8%	
19,000	CNH Industrial NV	228,153
38,000	Xylem Inc.	$ 2,379,940
		2,608,093
	Metals and Mining — 0.6%	
75,001	Alamos Gold Inc., Cl. A	507,007
35,504	AuRico Metals Inc.†	35,853
338	Dominion Diamond Corp.	4,793
3,000	Osisko Gold Royalties Ltd.	38,710
12,000	Vulcan Materials Co.	1,435,200
		2,021,563
	Paper and Forest Products — 0.0%	
35,000	Tembec Inc.†	128,471
	Publishing — 0.0%	
10,000	Telegraaf Media Groep NV†	65,004
4,000	tronc Inc.†	58,120
		123,124
	Real Estate — 0.4%	
50,000	First Potomac Realty Trust†	557,000
15,500	Forestar Group Inc.†(a)	266,600
136,000	Great Wall Pan Asia Holdings Ltd.†	33,427
25,184	Parkway Inc.	579,988
		1,437,015
	Retail — 0.5%	
78,000	Jimmy Choo plc†	239,873
840,000	Rite Aid Corp.†	1,646,400
		1,886,273
	Semiconductors — 1.0%	
33,800	AIXTRON SE†	455,008
23,500	IXYS Corp.†	556,950
3,000	KLA-Tencor Corp.	318,000
20,000	NXP Semiconductors NV†	2,261,800
		3,591,758
	Specialty Chemicals — 2.0%	
2,000	Ashland Global Holdings Inc.	130,780
159,000	Calgon Carbon Corp.	3,402,600
1,500	Linde AG	312,818
6,000	Monsanto Co.	718,920
8,900	SGL Carbon SE†	150,472
5,000	Syngenta AG	2,301,595
5,490	Valvoline Inc.	128,741
		7,145,926
	Telecommunications — 5.2%	
690,000	Asia Satellite Telecommunications Holdings Ltd.	648,343
200,000	Koninklijke KPN NV	686,680
58,000	Level 3 Communications Inc.†	3,090,820
1,000	Loral Space & Communications Inc.†	49,500
10,000	Lumos Networks Corp.†	179,200
58,000	Sprint Corp.†	451,240

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	Telecommunications (Continued)	
15,000	Straight Path Communications Inc., Cl. B†	$ 2,710,050
130,000	Telenet Group Holding NV†	8,601,111
77,100	West Corp.	1,809,537
		18,226,481
	Transportation — 1.2%	
190,000	Abertis Infraestructuras SA	3,839,972
2,000	XPO Logistics Europe SA†	526,238
		4,366,210
	Wireless Communications — 0.4%	
1,000	DGC One AB†(a)	30,694
24,000	T-Mobile US Inc.†	1,479,840
		1,510,534
	TOTAL COMMON STOCKS	196,793,638
	CLOSED-END FUNDS — 0.8%	
42,000	Altaba Inc.†	2,782,080
	RIGHTS — 0.2%	
	Entertainment — 0.0%	
225,000	Media General Inc., expire 12/31/17†(a)	0
	Health Care — 0.1%	
187,200	Adolor Corp., CPR, expire 07/01/19†(a)	48,672
79,391	Ambit Biosciences Corp., CVR†(a)	47,635
201,600	American Medical Alert Corp., CPR†(a)	2,016
18,000	Chelsea Therapeutics International Ltd., CVR†(a)	0
229,178	Dyax Corp., CVR, expire 12/31/19†(a)	254,388
300,000	Innocoll, CVR†(a)	180,000
100	Omthera Pharmaceuticals Inc., expire 12/31/20†(a)	60
206,000	Synergetics USA Inc., CVR†(a)	20,600
346,322	Teva Pharmaceutical Industries Ltd., CCCP, expire 02/20/23†(a)	0
11,000	Tobira Therapeutics Inc.†(a)	660
		554,031
	Retail — 0.1%	
400,000	Safeway Casa Ley, CVR, expire 01/30/19†	214,000
400,000	Safeway PDC, CVR, expire 01/30/18†	6,000
		220,000
	TOTAL RIGHTS	774,031
	WARRANTS — 0.0%	
	Metals and Mining — 0.0%	
850	Hudbay Minerals Inc., expire 07/20/18†	238

Principal Amount		Market Value
	CORPORATE BONDS — 0.0%	
	Health Care — 0.0%	
$ 17,000	Constellation Health Promissory Note, PIK, 5.000%, 01/31/24(a)	$ 7,310
	U.S. GOVERNMENT OBLIGATIONS — 43.3%	
153,073,000	U.S. Treasury Bills, 0.972% to 1.177%††, 10/19/17 to 03/29/18(b)	152,762,063
	TOTAL INVESTMENTS — 100.0% (Cost $351,743,526)	$353,119,360

Aggregate tax cost	$352,954,564
Gross unrealized appreciation	$ 14,735,099
Gross unrealized depreciation	(14,570,303)
Net unrealized appreciation	$ 164,796

Shares		Market Value
	SECURITIES SOLD SHORT — (0.7)%	
	Building and Construction — (0.5)%	
35,414	Lennar Corp., Cl. A	$ 1,869,859
	Cable and Satellite — 0.0%	
2,300	Sinclair Broadcast Group Inc., Cl. A	73,715
	Energy and Utilities — 0.0%	
1,480	EQT Corp.	96,556
	Health Care Equipment and Supplies — (0.2)%	
2,538	Becton Dickinson and Co.	497,321
	TOTAL SECURITIES SOLD SHORT (Proceeds received $2,426,771)(c)	$ 2,537,451

Aggregate proceeds	$ (2,426,771)
Gross unrealized appreciation	$ 11,974
Gross unrealized depreciation	(122,654)
Net unrealized depreciation	$ (110,680)

See accompanying notes to schedule of investments.

(a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
(b) At September 30, 2017, $47,250,000 of the principal amount was pledged as collateral for securities sold short, equity contract for difference swap agreements, and forward foreign exchange contracts.
(c) At September 30, 2017, these proceeds were being held at Pershing LLC.
† Non-income producing security.
†† Represents annualized yield at date of purchase.
ADR American Depositary Receipt
CCCP Contingent Cash Consideration Payment
CVR Contingent Value Right
CPR Contingent Payment Right

Geographic Diversification	% of Total Investments	Market Value
Long Positions		
North America	83.8%	$296,034,330
Europe	15.3	53,918,006
Latin America	0.5	1,581,582
Asia/Pacific	0.3	1,120,123
Japan	0.1	465,319
Total Investments	100.0%	$353,119,360
Short Positions		
North America	(0.7)%	$ (2,537,451)

As of September 30, 2017, forward foreign exchange contracts outstanding were as follows:

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation/ (Depreciation)
USD 3,756,046	GBP 2,800,000	State Street Bank and Trust Co.	10/27/17	$ 530
				530
USD 5,937,428	SEK 48,300,000	State Street Bank and Trust Co.	10/27/17	(2,117)
USD 26,126,736	EUR 22,200,000	State Street Bank and Trust Co.	10/27/17	(151,880)
USD 1,855,706	CHF 1,800,000	State Street Bank and Trust Co.	10/27/17	(6,626)
				(160,623)
TOTAL FORWARD FOREIGN EXCHANGE CONTRACTS				$(160,093)

As of September 30, 2017, equity contract for difference swap agreements outstanding were as follows:

Market Value Appreciation Received	One Month LIBOR Plus 90 bps plus Market Value Depreciation Paid	Counterparty	Payment Frequency	Termination Date	Notional Amount	Value	Upfront Payments/ Receipts	Unrealized Appreciation/ (Depreciation)
Gulf Keystone Petroleum Ltd.	Gulf Keystone Petroleum Ltd.	The Goldman Sachs Group, Inc.	1 month	06/28/2018	$ 1,199	$ (299)	—	$ (299)
Premier Foods plc	Premier Foods plc	The Goldman Sachs Group, Inc.	1 month	04/02/2018	242,124	5,789	—	5,789
								$5,490

See accompanying notes to schedule of investments.

As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles ("GAAP") that may require the use of management estimates and assumptions in the preparation of its schedule of investments. 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 schedule of investments.

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 obligations 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, 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. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

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 American Depositary Receipt 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 Board's determinations as to the fair value of investments).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. 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 in securities and other financial instruments by inputs used to value the Fund's investments as of September 30, 2017 is as follows:

	Valuation Inputs			
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total Market Value at 9/30/17
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Automotive: Parts and Accessories	$ 2,473,941	—	$ 151,000	$ 2,624,941
Business Services	2,522,425	—	0	2,522,425
Entertainment	1,225,800	—	0	1,225,800
Financial Services	13,696,921	—	37,324	13,734,245
Real Estate	1,170,415	—	266,600	1,437,015
Wireless Communications	1,479,840	—	30,694	1,510,534
Electronics	6,039,793	$ 231,420	—	6,271,213
Transportation	3,839,972	526,238	—	4,366,210
Other Industries (a)	163,101,255	—	—	163,101,255
Total Common Stocks	195,550,362	757,658	485,618	196,793,638
Closed-End Funds	2,782,080	—	—	2,782,080
Rights (a)	—	220,000	554,031	774,031
Warrants (a)	238	—	—	238
Corporate Bonds (a)	—	—	7,310	7,310
U.S. Government Obligations	—	152,762,063	—	152,762,063
TOTAL INVESTMENTS IN SECURITIES – ASSETS	$198,332,680	$153,739,721	$1,046,959	$353,119,360
LIABILITIES (Market Value):				
Common Stocks Sold Short (a)	$ (2,537,451)	—	—	$ (2,537,451)
TOTAL INVESTMENTS IN SECURITIES - LIABILITIES	$ (2,537,451)	—	—	$ (2,537,451)
OTHER FINANCIAL INSTRUMENTS:*				
ASSETS (Unrealized Appreciation):				
FORWARD CURRENCY EXCHANGE CONTRACTS				
Forward Foreign Exchange Contracts	—	$ 530	—	$ 530
EQUITY CONTRACTS				
Contract for Difference Swap Agreements	—	5,789	—	5,789
LIABILITIES (Unrealized Depreciation):				
FORWARD CURRENCY EXCHANGE CONTRACTS				
Forward Foreign Exchange Contracts	—	(160,623)	—	(160,623)
EQUITY CONTRACTS				
Contract for Difference Swap Agreements	—	(299)	—	(299)
TOTAL OTHER FINANCIAL INSTRUMENTS:	—	$ (154,603)	—	$ (154,603)

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

* Other financial instruments are derivatives reflected in the SOI, such as options, futures, forwards, and swaps, which may be valued at the unrealized appreciation/depreciation of the instrument.

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include backtesting the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

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.

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in derivative financial instruments for the purposes 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, 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 Fund's derivative contracts held at September 30, 2017, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Swap Agreements. The Fund may enter into equity 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 an equity contract for difference 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 an equity contract for difference 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. Equity contract for difference swap agreements at September 30, 2017 are presented within the Schedule of Investments.

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 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. Forward foreign exchange contracts at September 30, 2017 are presented within the Schedule of Investments.

Options. The Fund may purchase or write call or put options on securities or indices for the purpose of increasing the income of the Fund. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option. The Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates.

As a purchaser of put options, the Fund pays a premium for the right to sell to the seller of the put option the underlying security at a specified price. The seller of the put has the obligation to purchase the underlying security upon exercise at the exercise price. If the price of the underlying security declines, the Fund would realize a gain upon sale or exercise. If the price of the underlying security increases or stays the same, the Fund would realize a loss upon sale or at expiration date, but only to the extent of the premium paid.

If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security. In the case of call options, the exercise prices are referred to as “in-the-money,” “at-the-money,” and “out-of-the-money,” respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline, or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. At September 30, 2017, the Fund did not hold any written options contracts.

The following table summarizes the net unrealized appreciation/(depreciation) of derivatives held at September 30, 2017 by primary risk exposure:

Asset Derivatives:	**Net Unrealized Appreciation/ (Depreciation)**
Forward Foreign Exchange Contracts	$ 530
Equity Contract for Difference Swap Agreements	5,789
Total	$ 6,319
Liability Derivatives:	
Forward Foreign Exchange Contracts	$(160,623)
Equity Contract for Difference Swap Agreements	(299)
Total	$(160,922)

Limitations on the Purchase and Sale of Futures Contracts, Certain Options, and Swaps. Subject to the guidelines of the Board, the Fund may engage in “commodity interest” transactions (generally, transactions in futures, certain options, certain currency transactions, and certain types of swaps) only for bona fide hedging or other permissible transactions in accordance with the rules and regulations of the Commodity Futures Trading Commission (“CFTC”). Pursuant to amendments by the CFTC to Rule 4.5 under the Commodity Exchange Act (“CEA”), the Adviser has filed a notice of exemption from registration as a “commodity pool operator” with respect to the Fund. The Fund and the Adviser are therefore not subject to registration or regulation as a commodity pool operator under the CEA. In addition, certain trading restrictions are now applicable to the Fund as of January 1, 2013. These trading restrictions permit the Fund to engage in commodity interest transactions that include (i) “bona fide hedging” transactions, as that term is defined and interpreted by the CFTC and its staff, without regard to the percentage of the Fund’s assets committed to margin and options premiums and (ii) non-bona fide hedging transactions, provided that the Fund does not enter into such non-bona fide hedging transactions if, immediately thereafter, either (a) the sum of the amount of initial margin deposits on the Fund's existing futures positions or swaps positions and option or swaption premiums would exceed 5% of the market value of the Fund's liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions, or (b) the aggregate net notional value of the Fund's commodity interest transactions would not exceed 100% of the market value of the Fund's liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions. Therefore, in order to claim the Rule 4.5 exemption, the Fund is limited in its ability to invest in commodity futures, options, and certain types of swaps (including securities futures, broad based stock index futures, and financial futures contracts). As a result, in the future, the Fund will be more limited in its ability to use these instruments than in the past, and these limitations may have a negative impact on the ability of the Adviser to manage the Fund, and on the Fund's performance.

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 broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. Securities sold short at September 30, 2017 are reflected within the Schedule of Investments.

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 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 initial 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 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.

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At September 30, 2017, the Fund did not hold restricted securities.

Tax Information. 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 GDL FUND
One Corporate Center
Rye, NY 10580-1422

Portfolio Management Team Biographies

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School and Honorary Doctorates from Fordham University and Roger Williams University.

Ryan N. Kahn, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after working as a generalist in the research department. Mr. Kahn earned a Bachelor of Science in Business Management from Babson College.

Gian Maria Magrini, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after serving various roles in the Firm's operations and research departments. Mr. Magrini earned a B.S. in Finance from Fordham University.

Geoffrey P. Astle is involved in the analytics and foreign and domestic trading for the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed end funds. He has been associated in this capacity since 2007. Mr. Astle earned a Bachelor of Science in both Finance and Marketing from Fairfield University.

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.

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.

The NASDAQ symbol for the Net Asset Value is "XGDLX."

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 GDL FUND
One Corporate Center
Rye, NY 10580-1422

t 800-GABELLI (800-422-3554)
f 914-921-5118
e info@gabelli.com
GABELLI.COM

GABELLI
FUNDS

THE GDL FUND

GDL

Third Quarter Report
September 30, 2017

The GDL Fund

Shareholder Commentary – September 30, 2017

(Y)our Portfolio Management Team

Mario J. Gabelli, CFA
Chief Investment Officer

Ryan N. Kahn, CFA
Analyst
BS, Babson College

Gian Maria Magrini, CFA
Analyst
BS, Fordham University

Geoffrey P. Astle
Analyst
BS, Fairfield University

Regina M. Pitaro
Managing Director

To Our Shareholders,

For the quarter ended September 30, 2017, the net asset value ("NAV") total return of The GDL Fund was 0.3%, compared with a total return of 0.3% for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index. The total return for the Fund's publicly traded shares was 1.1%. The Fund's NAV per share was $11.62, while the price of the publicly traded shares closed at $10.21 on the New York Stock Exchange ("NYSE").

Comparative Results

Average Annual Returns through September 30, 2017 (a)

	Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception (01/31/07)
GDL Fund						
NAV Total Return (b)	0.34%	3.34%	3.87%	3.89%	2.73%	2.97%
Investment Total Return (c)	1.07	9.31	5.37	4.89	3.67	2.36
Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.26	0.66	0.32	0.22	0.47	0.76

(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 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 Bank of America Merrill Lynch 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. Dividends are not reinvested for the Bank of America Merrill Lynch 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.

Premium / Discount Discussion

As a refresher for our shareholders, the NAV of any fund is the total market value of the securities and other assets held by a fund, less any liabilities. The NAV is calculated each business day and presented on a per share basis. However, 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 under the symbol “GDL” and may trade at a premium to (higher than) net asset value or at 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. It is important to remember that “Mr. Market” is a pendulum that swings both ways, and any number of factors can influence that swing on a day to day basis. This is also the case with our Fund, which invests in merger arbitrage deals, and therefore is not particularly correlated with the market in general.

Commentary

Global deal activity increased 3% on a year over year basis in the first nine months of 2017 to a total of $2.4 trillion[1]. The number of deals announced during the first nine months of 2017 remained flat with 2016 levels at 35,360. Overall, flat deal activity was offset by a 9% increase in the number of deals valued at more than $1 billion, and an 18% increase in the number of deals announced in the United States. Deal activity slowed down on a quarterly basis in Q3, decreasing 3% to $819.7 billion versus $845.3 billion in the second quarter. This negative development is slightly offset when comparing Q3 2017 deal activity to Q3 2016 activity, which revealed a 2% increase.

Cross border merger and acquisitions (M&A) activity totaled $943.3 billion during the first nine months of 2017, the highest level reached in the first nine months of a year since 2015. This surge in cross border transaction activity was driven by outbound U.S. acquirers and regional EU deal making. M&A activity in Europe totaled $629.3 billion during the first nine months of the year, up 29% on a year over year basis. Although U.S. acquirers hunted the globe for asset bargains, Chinese acquirers slowed their appetite for foreign assets as China outbound M&A declined 27% compared to the first nine months of 2016.

The Energy & Power sector continued to fuel M&A activity over the first nine months of 2017. Deal activity in the space totaled $369.8 billion, up 7% on a year over basis. The Industrials sector meaningfully contributed to M&A activity in the first nine months of 2017, accounting for 13.9% of overall merger activity. The Materials and Technology sectors experienced declines in volumes.

As the Federal Reserve continues to raise rates, it is important to recall that, historically, there has been a positive correlation between interest rates and arbitrage spreads. This is due to the fact that the spread is driven by the risks inherent to a particular deal, as well as the risk-free rate. Typically, as the risk-free rate rises, so too do annualized spreads. Corporations continue to have high cash balances and an appetite to grow inorganically, which we anticipate will continue to drive M&A into the future. Moreover, certainty out of Washington D.C. related to taxes will likely further propagate deal making, which will benefit the Fund.

[1] Thomson Reuters M&A Review – First Nine Months 2017

Done Deals

Albany Molecular Research Inc. is an Albany, New York-based biotechnology company focused on contract research and manufacturing. On June 6, 2017, AMRI agreed to be acquired by affiliates of The Carlyle Group and GTCR, two leading private equity firms, for $21.75 cash per share. The transaction, which valued AMRI at $1.5 billion, required shareholder and regulatory approvals, and closed on August 31, 2017. The Fund earned a 2.68% annualized return.

Gas Natural Inc. is a Cleveland, Ohio-based natural gas utility that distributes over 20 billion cubic feet of natural gas annually to its customers. On October 10, 2016, EGAS agreed to be acquired by First Reserve Energy Infrastructure Fund for $13.10 per share in cash, representing a $196 million total enterprise value. First Reserve Energy Infrastructure Fund was subsequently acquired by BlackRock Real Assets on June 5, 2017. After receiving EGAS shareholder approval, BlackRock Real Assets closed the merger on August 4, 2017. The Fund earned a 13.62% annualized return.

Kate Spade & Company is a New York, New York-based apparel and accessories retailer. KATE agreed to be acquired by Coach Inc. on May 8, 2017 for $18.50 per share in cash, valuing the company at $2.4 billion. The transaction required regulatory approval and a majority of KATE shareholders to tender their shares to Coach. The deal closed on July 12, 2017. The Fund earned a 2.11% annualized return.

NOVADAQ Technologies Inc. is a Mississauga, Ontario-based medical imaging systems company. On June 19, 2017, NVDQ agreed to be acquired by Stryker Corp. for $11.75 per share in cash, valuing the company's equity at $701 million. The deal required shareholder and regulatory approvals, and closed on September 1, 2017. The Fund earned a 5.58% annualized return.

Nutraceutical International Corp. is a Park City, Utah-based nutritional supplements company. On May 22, 2017, NUTR agreed to be taken private by HGGC, a private equity firm, for $41.80 in cash per share. The transaction valued NUTR at $446 million, and was required to meet customary closing conditions, including shareholder and regulatory approvals. It closed on August 23, 2017. The Fund earned a 2.17% annualized return.

Panera Bread Co. is a St. Louis, Missouri-based fast casual restaurant chain. On April 5, 2017, PNRA agreed to be acquired by JAB Holding Company for $315 cash per share, which valued the company at $7.5 billion. The deal required regulatory and shareholder approvals, and subsequently closed on July 18, 2017. The Fund earned a 7.24% annualized return.

VCA Animal Hospital Inc. is a Los Angeles, California-based veterinary hospital operator. On January 9, 2017, WOOF agreed to be acquired by Mars Inc. for $93 per share in cash. Mars also operates animal hospitals. The deal valued WOOF at $7.7 billion, and required regulatory and shareholder approvals. It closed on September 13, 2017, and the Fund earned a 3.09% annualized return.

Whole Foods Market Inc. is an Austin, Texas-based high end supermarket chain that offers organic food products. WFM agreed to be acquired by Amazon on June 16, 2017 for $42 per share in cash, which valued the company at $13.7 billion. The merger required shareholder and regulatory approvals, and closed on August 28, 2017. The Fund earned a 4.17% annualized return.

Deals in the Pipeline

Abertis Infraestructuras S.A. (ABE – $20.21/€17.10 – Madrid Stock Exchange) is a Barcelona, Spain-based company with toll roads across Europe. ABE constructs and maintains highway and satellite infrastructure. On May 15, 2017, ABE agreed to be acquired by Atlantia S.p.A for €16.50 per share in cash. ABE shareholders can opt, in part or full, for a share alternative, which exchanges 1 share of ABE for .697 newly issued Atlantia shares. The tender offer values ABE at €31 billion, and requires regulatory approvals. It is expected to close in late 2017 to early 2018.

Bob Evans Farms Inc. (BOBE – $77.51 – NASDAQ) is a New Albany, Ohio-based food services company focused on refrigerated dishes. BOBE produces and distributes frozen and refrigerated food items throughout the United States. On September 19, 2017, BOBE agreed to be acquired by Post Holdings Inc. for $77 cash per share. The deal values Bob Evans at $1.5 billion and requires regulatory and shareholder approvals. It is expected to close in the first quarter of 2018.

Dominion Diamond Corp. (DDC – $14.18 – NYSE) is a Toronto, Ontario-based diamond miner. On July 17, 2017, DDC agreed to be acquired by The Washington Companies for $14.25 per share in cash, representing a total equity value of $1.2 billion. This came after an initial $13.50 cash bid. The transaction requires regulatory and shareholder approvals, and is expected to close in the fourth quarter of 2017.

Exa Corp. (EXA – $24.18 – NASDAQ) is a Burlington, Massachusetts-based software company that develops fluid simulation software. On September 28, 2017, EXA agreed to be acquired by Dassault Systèmes for $24.25 cash per share, valuing the company at $400 million. The transaction is structured as a tender offer and requires regulatory approval. It is expected to close in the fourth quarter of 2017.

Jimmy Choo PLC (CHOO – $3.08/£2.30 – London Stock Exchange) is a London, UK-based luxury shoe and accessories company. On July 25, 2017, CHOO agreed to be acquired Michael Kors Holdings Ltd. for 230 pence per share in cash, valuing the company at £1 billion. The transaction is intended to be effected by U.K court-approved Scheme of Arrangement and requires shareholder and regulatory approvals. The company is currently awaiting regulatory approval, and the transaction is expected to close in the fourth quarter of 2017.

Kite Pharma Inc. (KITE – $179.81 – NASDAQ) is a Santa Monica, California-based pharmaceutical company focused on cancer immunotherapy. On August 28, 2017, KITE agreed to be acquired by Gilead Sciences Inc. for $180 per share in cash, valuing the company at $11.9 billion. The transaction requires regulatory approval and a majority of KITE shareholders to tender their shares to Gilead. The deal is expected to close early in the fourth quarter of 2017.

Landauer Inc. (LDR – $67.30 – NYSE) is a Glenwood, Illinois-based firm providing radiation safety and measurement products to its customers. On September 6, 2017, LDR agreed to be acquired by Fortive Corp. for $67.25 per share in cash, valuing the company at $770 million. The transaction is structured as tender offer, requires regulatory approval, and is expected to close by the end of 2017.

Orbital ATK Inc. (OA – $133.16 – NYSE) is a Dulles, Virginia-based aerospace and defense company. On September 18, 2017, OA agreed to be acquired by Northrop Grumman Corp. for $134.50 per share in cash, representing a $9.2 billion valuation. The transaction requires regulatory and shareholder approvals, and is expected to close in the first half of 2018.

PAREXEL International Corp. (PRXL – $88.08 – NASDAQ) is a Waltham, Massachusetts-based contract research organization catering to the pharmaceutical industry. On June 20, 2017, PAREXEL agreed to be acquired by Pamplona Capital Management LLP for $88.10 per share in cash, or $4.6 billion. The transaction is subject to regulatory and shareholder approval, and is expected to close early in the fourth quarter of 2017.

October 31, 2017

Top Ten Holdings
September 30, 2017

Alere Inc.	Fortress Investment Group LLC
PAREXEL International Corp.	VWR Corp.
Kite Pharma Inc.	Telenet Group Holdings NV
Parmalat SpA	Westar Energy Inc.
Time Warner Inc.	Akorn Inc.

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Manager only through the end of the period stated in this Shareholder Commentary. The Portfolio Manager's 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 Manager 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 Manager 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. Beneficial ownership of shares held in the Fund by Mr. Gabelli and various entities he is deemed to control are disclosed in the Fund's annual proxy statement.

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 be renegotiated, terminated, or involve a longer time frame than originally contemplated, in which case losses may be realized. The investment policies of the Fund are expected to lead to frequent changes in investments, which increase transaction costs to the Fund, and may also result in accelerated recognition of short term capital gain, which will be taxable to shareholders when distributed by the Fund.

Common Share Repurchase Plan

On November 8, 2006, 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 September 30, 2017, the Fund has repurchased and retired 3,484,316 common shares in the open market under this share repurchase plan, 105,618 of which were purchased in the third quarter of 2017 at an average investment of $10.25 per share and an average discount of approximately 15% from its NAV.

Quarterly Distributions

The Fund paid a $0.16 per share cash distribution on September 22, 2017, to common shareholders of record on September 15, 2017. The Fund currently intends to make quarterly 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 be a return of capital. Various factors will affect the level of the Fund's income, such as its asset mix and use of merger arbitrage 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 quarterly 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.

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. In light of the Fund's income, net asset value, and the financial market environment, the Board is reviewing the quarterly cash distribution amount for future periods. 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. Short term capital gains, 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. Based on the accounting records of the Fund currently available, the current distribution paid to common shareholders in 2017 would include approximately 100% 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). The final determination of the sources of all distributions in 2017 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 2017 distributions in early 2018 via Form 1099-DIV.

Series B Cumulative Preferred Shares

The Fund's Series B Cumulative Preferred Shares paid a $0.375 per share cash distribution on September 26, 2017, to preferred shareholders of record on September 19, 2017. The Series B Preferred Shares, which trade on the NYSE under the symbol "GDL Pr B," were issued on April 15, 2011 at $50.00 per share and pay distributions quarterly.

The Preferred Shareholders voted to approve an amendment to the Statement of Preferences for the Series B Preferred Shares, extending the mandatory redemption date from March 26, 2018, to March 26, 2020, and to add March 26, 2018, as a date upon which the Fund will redeem all or any part of the Series B Preferred Shares that holders have properly submitted for redemption and not withdrawn during the 30-day period prior to March 26, 2018. The Board has reaffirmed the annual dividend rate of 3.00% for all remaining dividend periods prior to the mandatory redemption date of March 26, 2020. Each reset dividend rate was determined by the Board or a committee thereof in its sole discretion at a rate not less than 3.00% per year and not greater than the annualized yield observed at or about the time of the reset process by the Fund for any issuance of debt securities issued by a U.S. corporation, and rated A by at least one rating agency according to the terms of the original offering. Short term capital gains, 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. The next distribution is scheduled for December 2017.

The Series B Preferred Shares may be redeemed by the Fund at any time with thirty to sixty days prior notice at the liquidation preference of $50.00 per share plus any accumulated and unpaid dividends.

The Board shares the view of Gabelli Funds, LLC (the "Investment Adviser") that the issuance of Preferred Shares is designed to benefit the common shareholders. To the extent that the Fund earns in excess of the dividend rate on the Preferred Shares, additional value will thereby be created for its common shareholders.

Short term capital gains, 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. Based on the accounting records of the Fund currently available, the current distribution paid to preferred shareholders represent approximately 13% from net investment income and 87% 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). The final determination of the sources of all distributions in 2017 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 2017 distributions in early 2018 via Form 1099-DIV.

Tax Treatment of Distributions to Common and Preferred Shareholders

All or part of the distributions may be treated as qualified dividend income for individuals, 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 Fund expects that the component of the distribution generated by short term capital gains is predominantly not qualified income.

www.gabelli.com

Please visit us on the Internet. Our homepage at 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.

e-delivery

You may sign up for our e-mail alerts at www.gabelli.com and receive notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

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.www.gabelli.com.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

It is the policy of The GDL 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 GDL 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 Fund's records. 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.

THE GDL FUND
One Corporate Center
Rye, NY 10580-1422

Portfolio Management Team

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer – Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of the Board of Directors of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School, and Honorary Doctorates from Fordham University and Roger Williams University.

Ryan N. Kahn, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after working as a generalist in the research department. Mr. Kahn earned a Bachelor of Science in Business Management from Babson College.

Gian Maria Magrini, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after serving various roles in the Firm's operations and research departments. Mr. Magrini earned a Bachelor of Science in Finance from Fordham University.

Geoffrey P. Astle is involved in the analytics and foreign and domestic trading for the Gabelli merger arbitrage portfolios, specific to our U.S. mutual funds. He has been associated in this capacity since 2007. Mr. Astle earned a Bachelor of Science in both Finance and Marketing from Fairfield University.

Regina M. Pitaro is a Managing Director and Head of Institutional Marketing at GAMCO Investors, Inc. Ms. Pitaro joined the firm in 1984 and coordinates the organization's focus with consultants and plan sponsors. She also serves as a Managing Director and Director of GAMCO Asset Management, Inc. and a Portfolio Manager of Gabelli Funds, LLC. Ms. Pitaro holds an M.B.A. in Finance from the Columbia University Graduate School of Business, a Master's degree in Anthropology from Loyola University of Chicago, and a Bachelor's degree from Fordham University.

We have separated the portfolio manager's 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 manager's 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.

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.

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

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.

This report is printed on recycled paper.

THE GDL FUND
One Corporate Center
Rye, NY 10580-1422

t 800-GABELLI (800-422-3554)
f 914-921-5118
e info@gabelli.com
GABELLI.COM

GABELLI
FUNDS

THE GDL FUND

GDL

Shareholder Commentary
September 30, 2017