



THE GDL FUND

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**DIVIDEND NOTICE
SERIES C PREFERRED SHARES**

FOR IMMEDIATE RELEASE
Rye, New York
November 16, 2018

NYSE – GDL PrC
CUSIP – 361570401

**THE GDL FUND
DECLARES \$0.50 QUARTERLY DIVIDEND FOR ITS
SERIES C CUMULATIVE PUTTABLE AND CALLABLE PREFERRED SHARES**

Rye, NY -- The Board of Trustees (the "Board") of The GDL Fund (NYSE:GDL) (the "Fund") declared a \$0.50 per share cash distribution payable on December 26, 2018 to Series C preferred shareholders of record on December 18, 2018.

The Series C Preferred Shares, which trade on the New York Stock Exchange under the symbol "GDL Pr C", were issued on March 26, 2018 at \$50.00 per share. The Series C Preferred pay distributions quarterly at an annualized dividend rate of 4.00% of the \$50.00 per share liquidation preference of the Series C Preferred for the quarterly dividend periods ending on or prior to March 26, 2019 ("Year 1"). At least 30 days prior to the end of Year 1, the Fund's Board of Trustees will determine and publicly announce a reset fixed dividend rate that will apply for the next eight quarterly dividend periods ("Year 2" and "Year 3"). At least 30 days prior to the end of Year 3, the Fund's Board of Trustees will determine and publicly announce a reset fixed dividend rate that will apply for all remaining quarterly dividend periods prior to the mandatory redemption date for the Series C Preferred of March 26, 2025. Each reset dividend rate will be determined by the Fund's Board of Trustees or a committee thereof in its sole discretion, and such rate will be not less than an annualized rate of 4.00% and not greater than an annualized rate of 6.00%.

The Series C Preferred may be put back to the Fund during the 30-day period prior to March 26, 2020 and March 26, 2022 at the liquidation preference of \$50.00 per share, plus any accumulated and unpaid dividends, and redeemed by the Fund, at its option, at the liquidation preference of \$50.00 per share, plus any accumulated and unpaid dividends, on March 26, 2021 or March 26, 2023.

Part of the distribution 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 (or less depending on an individual's tax bracket). 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.

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, each of the distributions paid to preferred shareholders in 2018 would include approximately 47% from net investment income and 53% from net capital gains on a book basis. This does not represent information for tax reporting purposes. 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 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.

Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. More information regarding this and other information about the Fund is available by calling 800-GABELLI (800-422-3554) or visiting www.gabelli.com.

The GDL Fund is a diversified, closed-end management investment company with \$320 million in total net assets whose investment objective is to achieve absolute returns in various market conditions without excessive risk of capital. The Fund is managed by Gabelli Funds, LLC, a subsidiary of GAMCO Investors, Inc. (NYSE:GBL).