# The Gabelli Multimedia Trust Inc.

## Shareholder Commentary – June 30, 2018

### (Y)our Portfolio Management Team

**Christopher J. Marangi**
*Co-Chief Investment Officer*
*BA, Williams College*
*MBA, Columbia Business School*

**To Our Shareholders,**

For the quarter ended June 30, 2018, the net asset value ("NAV") total return of The Gabelli Multimedia Trust (the "Fund") was 3.5%, compared with a total return of 1.8% for the Morgan Stanley Capital International ("MSCI") World Index. The total return for the Fund's publicly traded shares was 4.3%. The Fund's NAV per share was $8.94, while the price of the publicly traded shares closed at $9.44 on the New York Stock Exchange ("NYSE").

**Comparative Results**

**Average Annual Returns through June 30, 2018 (a)**

| | Quarter | 1 Year | 5 Year | 10 Year | 15 Year | Since Inception (11/15/94) |
|---|---|---|---|---|---|---|
| **Gabelli Multimedia Trust** | | | | | | |
| **NAV Total Return (b)** | 3.46% | 7.48% | 10.92% | 8.40% | 8.00% | 8.95% |
| **Investment Total Return (c)** | 4.29 | 16.14 | 12.11 | 10.85 | 9.81 | 9.66 |
| Standard & Poor's 500 Index | 3.43 | 14.37 | 13.42 | 10.17 | 9.30 | 9.98 (d) |
| MSCI World Index | 1.80 | 11.09 | 9.94 | 6.26 | 8.14 | 7.21(d) |

(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 Standard & Poor's 500 and MSCI World Indices are unmanaged indicators of stock market performance. Dividends are considered reinvested except for the MSCI World Index. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, and adjustments for rights offerings and are net of expenses. Since inception return is based on an initial NAV of $7.50.

(c) Total returns and average annual returns reflect changes in closing market values on the NYSE, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of $7.50.

(d) From November 30, 1994, the date closest to the Fund's inception for which data is available.

## 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 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 twenty-four year history, the range fluctuated from approximately a 15% premium in December 2013 to approximately a 31% discount in March 2009. On June 30, 2018, the market price of the Fund was at a 5.6% premium to its NAV. It is important to remember that "Mr. Market" is a pendulum that swings both ways, and a high premium for the Fund is not likely to be sustainable.

The Fund's investment goals are long term growth of capital, with income as a secondary objective. We believe that our stock selection process adds to the investment equation. We have a successful history of investment, providing shareholders average annual returns of 9.0% since inception.

## Commentary

## Politics, the Economy and the Markets

During the second quarter of 2018, markets recouped first quarter losses to finish the first half of the year modestly higher. Economic indicators, including the lowest unemployment rate since 2000, remain favorable. The Federal Reserve's program of interest rate normalization is on track after two hikes this year. While the market appears to be taking the strong trade rhetoric from the Trump administration in stride, this global game of chicken could get out of control, with significant consequences for consumer prices and employment. The mere threat of a trade war may have already had a deleterious impact on planned investment. Attacks on free trade by a U.S. president aren't novel, but the current tone is more strident than in the past; coming from the country that authored the systems governing post-WWII commerce, these attacks could have negative, albeit indeterminable, consequences for the market's confidence in the free market.

Whether the presidential candidacy of Sen. Bernie Sanders, the June election of Andrés Manuel Lopez Obrador as president of Mexico, the rise of democratic socialist Jeremy Corbyn in the UK, or the primary defeat of a powerful Democratic congressman by democratic socialist Alexandra Ocasio-Cortez in New York's 14th congressional district, examples of dissatisfaction with the current state of affairs abound . Such tensions have likely been fueled by changing technology, demographics, and globalization. Capitalism has survived far worse. In fact, one of its beauties has been the ability to subsume these trends and ultimately raise the living standards of broad swaths of the population. We continue to closely monitor trade volleys, the rate cycle and the U.S. mid-term elections, while maintaining a diversified portfolio of strong companies trading at attractive discounts to their Private Market Values.

**The New “Nifty Fifty”?**

Market returns so far this year have been dominated by the “FANG” – Facebook, Amazon, Netflix, and Google (now Alphabet). These four stocks accounted for 1.6 percentage points of the S&P 500’s 2.6% first half return; adding tech giants Apple and Microsoft (resulting in a group known by several acronyms, but we’ll use FANGMA) brings the total to 2.5 percentage points, or virtually the entire positive performance of the index. More broadly, the top ten contributors to the S&P’s return, which includes the six members of the FANGMA, accounted for over 3.1 percentage points, or 116% of the S&P’s return. 2015 played out similarly, with the FANGMA returning 2.3% vs the S&P 500’s 1.4% (172% of the total) and the top ten returning 3.3% or 244% of the S&P’s return.

Much has been written about this apparent level of return concentration- but is it truly unusual? The answer, it turns out, is that while 2015 and the first half of 2018 are outliers, the level of concentration in most other recent years has been run-of-the-mill. Since 1988, the best performing ten and twenty stocks have accounted for approximately 40% and 60% of the total returns of the index, respectively. For 2014, 2016, and 2017, the top ten stocks accounted for 28%, 29%, and 31% of returns, respectively. This should not be surprising, considering that the concept of contribution to return has two components: price appreciation for the year and the average weight of the stock in the index for the year, the result of which is that large companies that are up a little can contribute far more to returns than small companies that are up a lot. What makes the last few years seem different is that the same companies (i.e. the FANGMA) dominated the top contributors list more than any other group of stocks in the last thirty years. In the six years since CNBC personality Jim Cramer coined the moniker FANG, Facebook, Amazon, Alphabet and Apple have appeared four times (notably, Amazon was among the largest detractors from the S&P in 2014) – Microsoft, the grizzled technology veteran left out of the FANG, appeared all six times.

Adding to the attention given the FANG is the dominance and growth of their respective platforms and the above average valuations that they garner. This has drawn some comparisons to the tech bubble of the late 1990s, but that comparison understates the cash generating power and genuine competitive advantages of the FANG. A more apt, though still imperfect, analogy may be to compare the 1990s tech bubble to the fads and extreme optimism of the mid-1960s “Go-Go stocks” which crashed in the 1970 bear market, only to give way to the “Nifty Fifty” list of stocks compiled by Morgan Guaranty Trust for institutional clients in the early 1970s. Like today’s FANGMA, this list included industry leaders with strong balance sheets and above average growth rates and P/E ratios (an average of 42x vs the S&P 500’s 19x in 1972) such as Disney, McDonald’s, and Xerox – one decision stocks that should be bought and held forever. These stocks indeed led the market and were among the last to crash in the 1973-1974 bear market (one, incidentally, precipitated by the fall of the post-war monetary system and a U.S. president), but later ended up declining far more spectacularly than the S&P 500. In 1998, Wharton Prof. Jeremy Siegel showed that these Nifty Fifty stocks underperformed the S&P 500 in the subsequent twenty-five years, though the extent of the underperformance is up for methodological debate. Some of these stocks remain leaders today, while many were subsumed by others or ceased to exist. In any case, their times had passed and they turned out to be vulnerable.

Humans make sense of the present and seek insight into the future by examining the past. Fact patterns and outcomes may differ, but the Nifty Fifty episode offers some lessons. First, there are no such things as "can't miss" stocks. Habits evolve, technologies change, and companies mature. It's a cycle as old as capitalism itself. Wal-Mart encroaches upon Sears and Amazon attacks Wal-Mart. Some companies manage to cheat death, but the Apple story, for example, could have been much different if not for the return of Steve Jobs, and these nuances can be difficult to predict. Which brings us to the second point: valuation (and by extension, stock picking) matters. A company may have a very bright future, but the stock won't shine if it already discounts that growth. And, in our view, the higher the growth rate, the less predictable/the higher the variability around that growth rate tends to be. Thus, we would require a greater discount to our appraisal of value to make that investment in growth.

For several years, fortunately, Facebook, Alphabet and Apple have been top ten positions of (y)our Fund. These have been joined by Altaba and Naspers, surrogates for Alibaba and Tencent, two members of the Chinese version of the FANG known as the BATs (the "B" is Baidu). We largely missed Amazon and Netflix, among the best performing stocks this year, in part because we have not been able to reconcile them with our value criteria. However, valuations and outlooks change and, given the likely staying power of many of these enterprises, they may become more prominent in (y)our portfolio. In the meantime, we have focused on great businesses (and bargains) like Sony, Madison Square Garden, and Liberty Sirius, which aren't part of a catchy acronym.

**Focus on Multimedia**

The technology, media, and telecommunications areas are typically rife with activity, and the second quarter of 2018 did not disappoint. In a year where global deal making hit a record $2.5 trillion (+61% year-on-year), these industries made a strong showing. The underpinnings for consolidation remain strong: historically low interest rates, improving business confidence, and scarce organic growth opportunities. Countervailing these dynamics are the prospects for a more assertive Department of Justice and heightened trade tensions. During the quarter, however, the Department of Justice was dealt a setback when U.S. District Court Judge Richard Leon rejected the government's challenge to the AT&T/Time Warner merger, allowing that deal to close and easing the way for other vertical mergers. Elongated merger approvals by the Chinese government, collateral damage from the aforementioned trade war, are likely the main uncertainties going forward.

In addition to the closing Time Warner deal, (y)our portfolio benefited from several other announcements. After a multi-year courtship, T-Mobile and Sprint finally came to terms and are attempting a highly synergistic consolidation of U.S. wireless competitors from four to three. Second, Vodafone agreed to acquire Liberty Global's German and Eastern European assets for an attractive 11x EBITDA, leaving Liberty a little less global, but with enough cash to significantly shrink its market capitalization after the closing next year.

The takeover battle for Twenty-First Century Fox has been a true summer blockbuster. In December 2017, the Walt Disney Company agreed to acquire the non-US and entertainment assets of Fox for ~$28 in stock (Fox's remaining broadcast, cable news, and sports assets are likely worth another $12). Seeing a regulatory opening with the closing of the Time Warner deal, in early June Comcast bid $35 in cash. Disney subsequently

countered with ~$38 in cash and stock, and followed with the announcement that its deal had already been blessed by the Department of Justice. As of this writing, Comcast could walk away, increase its bid for Fox or focus on acquiring specific parts of Fox, such as its European Sky distribution and content platform. At stake is global scale enabling Comcast and/or Disney to take its place among the Internet giants to become direct-to-consumer entertainment destinations of tomorrow. It's likely that the entity that does not come away with Fox will look at other assets, ensuring that media will remain a focus for deal activity in the future.

**Investment Scorecard**

Not surprisingly, Twenty-First Century Fox (+35%) was the largest contributor to returns in the second quarter. As discussed above, its non-U.S. and entertainment assets are the subject of a bidding war between Comcast and Disney. Discovery Communications (+31%) appreciated in part because it is increasingly viewed as an alternate takeover target for Comcast and because of increased synergies from its own acquisition of Scripps Networks. Madison Square Garden (+26%) added to gains for the year with the announcement that it would likely spin-off the Knicks and Rangers as a separate entity. Finally, Facebook (+22%) more than recovered from the negative attention it received in March regarding the use of member data by Cambridge Analytica, among others; notwithstanding this performance, we believe privacy concerns will remain front and center for all multimedia companies with access to personal information.

As discussed above, Liberty Global (-13%) agreed to sell its German and Eastern European operations to Vodafone. This became a "sell the news" event for the stock, making it the largest detractor in the quarter. We remain comfortable with the turnaround in Liberty's UK operations and management's discipline with regard to capital allocation. After rising 250% in 2017, LendingTree Inc. (-35%) gave back some gains, owing to fears that rising interest rates will crimp its core mortgage marketplace. DISH Network (-11%) continued the weakness of the last several quarters as investors remain skeptical of founder Charlie Ergen's ability to monetize DISH's valuable spectrum position in a timely fashion. Finally, the Fund was not immune to the impact of trade skirmishes with China: casino operators Wynn Resorts (-8%) and MGM Resorts (-17%) face concerns about how the Chinese government might treat their properties in Macau and Cotai.

**Let's Talk Stocks**

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the share prices are listed first in United States dollars (USD) and second in the local currency, where applicable, and are presented as of June 30, 2018.

*Alphabet Inc. (GOOG – $1,129.19 – NASDAQ)* is an umbrella company whose subsidiaries include the core Google business (the Google search engine and related ad revenue, Android, YouTube, and, more recently, Nest) as well as multiple independent companies, such as Google Ventures, Waymo, and Verily. These independent companies (excluding Google) are known collectively as 'Other Bets.' Google makes money

primarily through performance and brand advertising, while Other Bets pursues early stage, innovative businesses. On April 23, 2018, GOOG reported strong 1Q'2018 results, with revenues growing by 26% year-over-year to $31.1 billion. With that said, investors have been concerned about steady increase in traffic acquisition costs ("TAC") and payments associated with network members and distribution partners over time and their ultimate impact on operating income. In 1Q'2018, TAC totaled $6.3 billion, representing 24% of advertising revenues (vs. 22% in 1Q'2017), and was generally in line with 4Q'2017 level. The steady increase in TAC has been driven by changes in partner agreements and the ongoing shift to mobile and systematic search, which typically carries higher TAC. Additionally, the rising number of advertisements shown on YouTube and mobile devices requires sharing of revenue with partners. However, we believe that these costs will stabilize over the long term, as a balance between the mobile vs. desktop search is ultimately found. Additionally, the company has stated that the pace at which TAC continues to grow will slow after 1Q'2018. On another note, higher spending, particularly on live content for YouTube, weighed on profit margins. However, given YouTube's strong market share, growth potential, and 1.5 billion monthly average users, it is clear that this investment decision was strategic.

*Discovery Inc. (DISCA – $27.50 – NASDAQ)*, located in Silver Spring, Maryland, is a global nonfiction media and entertainment company that provides programming to pay-tv distributors through network brands such as the Discovery Channel, TLC, Animal Planet, HGTV, Food Network, and ID. Discovery has an enviable business model. About 50% of revenue is generated from long term agreements with pay-tv distributors, and the company is exposed to secular growth in the international pay-tv industry. Industry leading margins are especially attractive, given the low capital intensity of the cable network business. We expect the acquisition of Scripps Networks to provide meaningful cost synergies, as well as improved scale. We also believe Discovery could be an attractive acquisition target for a number of larger media companies, given the acceleration in industry consolidation. DISCA trades at 7.5x 2019P EBITDA, which compares favorably to recent transactions: TWX was purchased at 13x EBITDA; Disney is bidding 15.5x EBITDA for FOX's assets.

*Facebook Inc. (FB – $194.32 – NASDAQ)* has a company mission; to give people the power to share and make the world more open and connected. Its unique cache of user profiles creates a powerful targeted advertising platform. The company has over 2.1 billion monthly active users (MAUs) worldwide, and continues to grow its worldwide user base, largely driven by the proliferation of mobile devices in the emerging markets. Facebook is able to drive pricing power by continuously improving the effectiveness of its ads. Meanwhile, there is still runway to further monetize Facebook properties Instagram, Messenger, and WhatsApp.

*Madison Square Garden Co. (MSG – $310.19 – NYSE)* is an integrated sports and entertainment company that owns the New York Knicks, the New York Rangers, the Radio City Christmas Spectacular, The Forum, and that iconic New York venue, Madison Square Garden. These evergreen content and venue assets benefit from sustainable barriers to entry and long term secular growth. MSG completed the separation of its associated regional sports networks in September 2015, leaving a reliable cash flow stream for MSG to reinvest and repurchase shares. In June 2018, the company disclosed that it was exploring the spin-off of its teams, which we think could further surface value, especially as MSG expands its venue portfolio.

*Sony Corp. (SNE – $51.26 – NYSE)* is a diversified electronics and entertainment company based in Tokyo, Japan. The company manufactures image sensors, televisions, PlayStation game consoles, mobile phone handsets, and cameras. It also operates the Columbia film studio and Sony Music entertainment group. We expect growth opportunity in the image sensor and game businesses and operational improvements in consumer electronics and entertainment to generate EBITDA growth through 2018. We also think the potential spinoff of the entertainment assets could be a catalyst.

*21st Century Fox Inc. (FOX – $49.27 – NYSE, FOXA – $49.69 – NASDAQ)* is a diversified media company with operations in cable network television, television broadcasting, and filmed entertainment. FOX is in the process of selling the company's cable, international, and entertainment assets to Disney for $72 billion or ~$38 per share. Following the transaction, FOX will consist of Fox News and The Fox Broadcasting Company. The company's concentration in live news and sports programming will be a significant advantage as it negotiates with both traditional and entrant distributors. Pro forma for the Disney transaction, FOX is trading at 7.2x EBITDA, which we view as attractive.

**Conclusion**

We continue to believe we are well positioned for almost any economic backdrop by focusing on companies possessing pricing power, skilled management, and flexible balance sheets that trade at meaningful discounts to the Private Market Values. Our investment environment remains catalyst-rich, with financial engineering and still low borrowing costs driving acquisition activity.

July 31, 2018

**Top Ten Holdings**
**June 30, 2018**

| | |
|---|---|
| Twenty-First Century Fox Inc. | The Madison Square Garden Co. |
| Altaba Inc. | Naspers Ltd. |
| Sony Corp. | Ryman Hospitality Partners |
| Facebook Inc. | Rogers Communications Inc. |
| Alphabet Inc. | Liberty Global plc |

**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. 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.

## Common Stock Repurchase Plan

On July 3, 1996, the Board of Directors 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 10% or more from NAV. On May 19, 2010, the Board reduced the discount required for repurchasing common shares to 5% or more from NAV. In total through June 30, 2018, the Fund has repurchased and retired 1,595,468 shares in the open market under this share repurchase plan, at an average investment of $8.20 per share and an average discount of approximately 15% from its NAV. There were no shares repurchased during the second quarter of 2018.

## 10% Distribution Policy for Common Stockholders

The Board has reaffirmed the continuation of the Fund’s 10% distribution policy. Pursuant to its distribution policy, the Fund paid a $0.22 per share cash distribution on June 22, 2018, to common stock shareholders of record on June 15, 2018.

The Fund intends to pay a quarterly distribution of an amount determined each quarter by the Board. Under the Fund’s current distribution policy, the Fund intends to pay a minimum annual distribution of 10% of the average net asset value of the Fund within a calendar year or an amount sufficient to satisfy the minimum distribution requirements of the Internal Revenue Code, whichever is greater. The average net asset value of the Fund is based on the average net asset values as of the last day of the four preceding calendar quarters during the year. The net asset value per share fluctuates daily.

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 Fund’s distribution policy is subject to modification by the Board at any time. 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.

Long 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, each of the distributions paid to common shareholders in 2018 would include approximately 5% from net investment income, 28% from net capital gains, and 67% 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 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.

**6.00% Series B Cumulative Preferred Stock**

The Fund's 6.00% Series B Cumulative Preferred Stock paid a $0.375 per share cash distribution on June 26, 2018, to preferred shareholders of record on June 19, 2016. The Series B Preferred Shares, which trade on the NYSE under the symbol "GGT Pr B", are rated "A2" by Moody's Investors Service and have an annual dividend rate of $1.50 per share. The Series B Preferred Shares were issued on April 1, 2003, at $25.00 per share and pay distributions quarterly. After five years of call protection, the Series B Preferred Shares became callable at any time at the liquidation value of $25.00 per share plus accrued dividends. The next distribution is scheduled for September 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. In total through June 30, 2018, the Fund has repurchased and retired 48,986 Series B Preferred Shares in the open market under this share repurchase authorization. The Fund did not repurchase any Series B Preferred Shares during the second quarter of 2018.

**5.125% Series E Cumulative Preferred Stock**

The Fund's 5.125% Series E Preferred Shares paid a $0.3203125 per share cash distribution on June 26, 2018 to Series E preferred shareholders of record on June 19, 2018. The Series E Preferred Shares, which trade on the NYSE under the symbol "GGT Pr E," are rated "A2" by Moody's Investors Service and have an annual dividend of $1.28125 per share. The Series E 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 September 26, 2022. The next distribution is scheduled for September 2018. The Fund is authorized to purchase its Series E 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 Fund did not repurchase any Series E Preferred Shares through June 30, 2018.

**Series C Auction Rate Cumulative Preferred Stock**

During the second quarter of 2018, the dividend rates for the Series C Auction Rate Cumulative Preferred Stock ranged from 2.958% to 3.344%. Dividend rates for the Series C Preferred Shares may be reset every seven days based on the results of an auction. Since February 2008, the number of Series C Preferred Shares subject to bid orders by potential holders has been less than the number of sell orders. Therefore the weekly auctions have failed, and the holders have not been able to sell any or all of the Series C Preferred Shares for which they submitted sell orders. The dividend rate since then has been the maximum rate. At June 30, 2018, the maximum rate was 175% of the "AA" Financial Composite Commercial Paper Rate. The Series C Preferred Shares are rated "A2" by Moody's Investors Services.

The Series C Preferred Shares do not trade on an exchange. The Fund was authorized to issue 1,000 Series C Preferred Shares on April 1, 2003 at $25,000 per share. After repurchases, 10 shares remain outstanding at June 30, 2018.

Long 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 would be deemed approximately 15% from net investment income and 85% 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). 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 and Preferred Shareholders**

All or part of the distributions may be treated as long term capital gain or qualified dividend income (or a combination of both) for individuals, each 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.

**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.

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.

**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. 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.

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## 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 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.

**Christopher J. Marangi** joined Gabelli in 2003 as a research analyst. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc.'s Value team. In addition, he currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Marangi graduated magna cum laude and Phi Beta Kappa with a BA in Political Economy from Williams College and holds an MBA with honors from Columbia Business School.

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. The financial statements and investment portfolio are mailed separately from the commentary. 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 "XGGTX".

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 shares of its common stock in the open market when the Fund's shares are trading at a discount of 5% or more from the net asset value of the shares. The Fund may also from time to time purchase shares of its preferred stock in the open market when the preferred shares are trading at a discount to the liquidation value.

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Vice President & Ombudsman

Laurissa M. Martire
Vice President & Ombudsman

INVESTMENT ADVISER

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CUSTODIAN

State Street Bank and Trust
Company

COUNSEL

Paul Hastings LLP

TRANSFER AGENT AND
REGISTRAR

Computershare Trust Company, N.A.

GABELLI
FUNDS

# THE GABELLI MULTIMEDIA TRUST INC.

## GGT

*Shareholder Commentary*
*June 30, 2018*