The GDL Fund

Shareholder Commentary – March 31, 2018

(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 March 31, 2018, the net asset value ("NAV") total return of the GDL Fund (the "Fund") was (1.9)%, compared with a total return of 0.4% for the ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index. The total return for the Fund's publicly traded shares was (3.2)%. The Fund's NAV per share was $11.27, while the price of the publicly traded shares closed at $9.32 on the New York Stock Exchange ("NYSE").

Comparative Results

Average Annual Returns through March 31, 2018 (a)

	Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception (01/31/07)
GDL Fund						
NAV Total Return (b)	(1.91)%	(0.05)%	2.47%	3.00%	2.79%	2.72%
Investment Total Return (c)	(3.19)	(0.36)	2.56	2.37	3.14	1.61
ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.35	1.11	0.53	0.34	0.34	0.79

(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 ICE 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.

> We would like to take this opportunity to highlight the performance our dedicated shareholders have earned since inception of the Fund on January 26, 2007. As of the end of the first quarter of 2018, assuming an individual invested $100,000 in GDL common shares in the initial public offering, their initial investment would have grown to $115,005 on a market basis and to $125,236 on a NAV basis. This exceeds the $109,196 the same investor would have if s/he placed $100,000 in the Fund’s benchmark, the ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index over the same time period.

Commentary

Corporations and financial sponsors were busy in the first quarter of 2018 as merger and acquisition (M&A) activity moved at a record setting pace. Global transaction volume totaled $1.2 trillion in the first quarter, representing a 60% year over year increase and the strongest first quarter on record[1]. The surge in global deal activity was driven by larger transactions. There were forty-nine deals announced in the quarter that were valued at more than $5 billion, representing $699.1 billion in total value, three times the 2017 levels. That is the highest number and the largest total value of “mega” deals on record ever announced in a first quarter.

It should be noted that, despite the record breaking nature of the quarter, there were weak spots, including an 11% year over year decline in the number of deals announced. But it is evident that the weak spots were few and far between. This was further reinforced by record deal activity for European targets, which totaled $471 billion in the quarter and record cross-border deal activity, which totaled $520.1 billion. Strength in cross-border M&A was underpinned by a wave in outbound European acquisitions, which totaled $314.7 billion in the quarter, more than double 2017 levels. M&A in the United States was not record setting, but the $443.7 billion in announced deals during the quarter represented a 59% year over year increase.

The Energy & Power sector took part in the record breaking frenzy. M&A in the sector totaled $176.8 billion for the quarter, the highest volume for the first time on record. Overall deal activity was also driven by the Industrials and Healthcare sectors, which each contributed 12% to M&A in the quarter.

The Federal Reserve raised its benchmark interest rate by 25 basis points in the first quarter to a target range of 1.50% to 1.75%. As the Fed 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

[1] Thomson Reuters Mergers & Acquisitions Review First Quarter 2018

driven by the risks inherent to a particular deal, as well as the risk-free rate. Typically, as the risk-free rate rises, so do annualized spreads. Corporations have had high cash balances and an appetite to grow inorganically since quantitative easing took effect in 2008. These two factors will be magnified as businesses begin to digest the effects of U.S. tax reform. The new tax law will charge a 21% corporate tax rate and one time repatriation charges of 15.5% for cash and 8% for illiquid assets overseas. These lower rates will allow corporations to expand their cash balances and unlock cash overseas. Management teams will deploy the additional excess capital in shareholder friendly ways, and we anticipate that this will continue to drive M&A into the future.

Done Deals

Advanced Accelerator Application SA is a St-Genis-Pouilly, France-based pharmaceuticals company focused on nuclear medicine theragnostics. On October 30, 2017, AAAP agreed to be acquired by Novartis AG for $41 cash per ordinary share and $82 cash per ADS, valuing the company's equity at $3.9 billion. Completion of the deal required the tender of at least 80% of AAAP shares and certain regulatory approvals. It closed on January 22, 2018 and the Fund earned a 5.24% annualized return.

Amplify Snack Brands Inc. is an Austin, Texas-based snack company with a portfolio of better-for-you brands that includes SkinnyPop, Oatmega, and Lisa's Chips. On December 18, 2017, BETR agreed to be acquired by The Hershey Company for $12 per share in cash, representing $1.6 billion total enterprise value. Completion of the deal required the tender of a simple majority of BETR shares outstanding and regulatory approvals. The transaction closed on January 31, 2018 and the Fund earned a 6.16% annualized return.

Bob Evans Farms Inc. is a New Albany, Ohio-based food services company. 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 valued Bob Evans at $1.6 billion and required regulatory and shareholder approvals. It closed on January 16, 2018 and the Fund earned a 1.58% annualized return.

Buffalo Wild Wings is a Minneapolis, Minnesota-based restaurant owner and franchisor, operating 1,250 Buffalo Wild Wings Restaurants globally. On November 28, 2017, BWLD agreed to be acquired by Arby's Restaurant Group for $157 per share in cash, valuing the company at $2.9 billion. The transaction required regulatory and shareholder approvals and closed on February 6, 2018. The Fund earned a 2.28% annualized return.

Calpine Corporation is a Houston, Texas-based electric utilities company that owns and operates eighty power plants in North America. On August 18, 2017, CPN agreed to be acquired by Energy Capital Partners and a consortium of investors led by Access Industries and Canada Pension Plan Investment Board for $15.25 cash per share representing a $5.6 billion equity value. The transaction required shareholder and regulatory approvals and closed on March 8, 2018. The Fund earned a 4.94% annualized return.

Exactech Inc. is a Gainesville, Florida-based medical device company that develops orthopedic implant devices and other instruments used in surgery. On October 23, 2017, EXAC agreed to be taken private by TPG Capital for $42 per share in cash which valued the company at $625 million. On December 4, 2017, EXAC entered into an amended merger agreement with TPG Capital which increased the consideration to EXAC shareholders to $49.25 per share in cash, representing a $737 million total enterprise value after another bidder emerged. The transaction required regulatory and shareholder approvals and closed on February 15, 2018. The Fund earned a 39.78% annualized return.

Key Technology Inc. is a Walla Walla, Washington-based automation systems manufacturer of food processing technology. On January 25, 2018, KTEC agreed to be acquired by Duravant LLC for $26.75 per share in cash, representing a transaction value of $175 million. Completion of the deal required the tender of a simple majority of KTEC shares outstanding and regulatory approvals. The transaction closed on March 21, 2018 and the Fund earned a 6.13% annualized return.

Regal Entertainment Group is a Knoxville, Tennessee-based movie theatre chain that operates one of the largest theater circuits in the United States. On December 5, 2017, RGC agreed to be acquired by Cineworld Group PLC for $23 per share in cash, representing a total transaction value of $5.9 billion. The deal required shareholder and regulatory approval and closed on March 1, 2018. The Fund earned a 10.38% annualized return.

Snyder's-Lance Inc. is a Charlotte, North Carolina-based snack company with a portfolio of salty snack brands, including Snyder's of Hanover, KETTLE, and Cape Cod. On December 18, 2017, LNCE agreed to be acquired by Campbell Soup Company for $50 per share in cash, representing a $4.9 billion equity valuation. The deal required shareholder and regulatory approval, and closed on March 27, 2018. The Fund earned a 3.72% annualized return.

Deals in the Pipeline

Blue Buffalo Pet Products Inc. (Buff – $39.81 – NASDAQ) is a Wilton, Connecticut-based pet food company that develops and sells food products under its various BLUE brand lines, including BLUE Life Protection Formula, BLUE Wilderness, BLUE Basics, BLUE Freedom and BLUE Natural Veterinary Diet. On February 23, 2018, BUFF agreed to be acquired by General Mills, Inc. for $40 per share in cash, valuing the company at $8 billion. GIS received the necessary shareholder vote from Invus LP and the founding Bishop family, but the transaction still requires regulatory approvals and is expected to close by the end of May 2018.

Callidus Software Inc. (CALD – $35.95 – NASDAQ) is a Dublin, California-based enterprise software company that provides cloud based solutions around sales data. On January 29, 2018 CALD agreed to be acquired by SAP SE for $36 per share in cash, representing a $2.4 billion total enterprise value. The transaction requires shareholder and regulatory approvals, and is expected to close in the coming weeks.

CSRA Inc. (CSRA – $41.23 – NYSE) is a Falls Church, Virginia-based IT company that provides services to enterprises and government agencies, including the NSA. On February 12, 2018, CSRA agreed to be acquired by General Dynamics for $40.75 per share in cash. On March 18, 2018, CACI International offered to acquire CSRA for $15 per share in cash and 0.184 CACI shares, representing a total consideration of $44 per share. In response, General Dynamics increased its all-cash offer to $41.25 per share and, subsequently, CACI dropped out of the bidding war. General Dynamic's new offer requires the tender of a simple majority of CSRA shares outstanding and regulatory approvals. The transaction is expected to close in the coming weeks.

DST Systems Inc.(DST – $83.65 – NYSE) is a Kansas City, Missouri-based information processing company that provides data management and other services to the healthcare and financial services sectors. On January 11, 2018, DST agreed to be acquired by SS&C Technologies Holdings Inc. for $84 per share in cash, representing a $5.4 billion total enterprise value. The transaction requires DST shareholder approval and regulatory clearances. The transaction is expected to close in the third quarter of 2018.

Fenner PLC (FENR – $8.54/£6.09 – London Stock Exchange) is a Hessle, England-based polymer manufacturer. On March 19, 2018, FENR agreed to be acquired by Michelin for 610 pence per share in cash. The transaction will be implemented by a scheme of arrangement and requires regulatory approvals. It is expected to close in the second quarter of 2018.

General Cable Corp. (BGC – $29.60 – NYSE) is Highland Heights, Kentucky-based cable manufacturer that sells fiber optic, copper, and aluminum cables to the telecom, industrial and construction sectors. On December 4, 2017, BGC agreed to be acquired by Prysmian Group for $30 per share in cash, representing a $3 billion total enterprise value. The transaction requires shareholder and regulatory approvals, and is expected to close in the third quarter of 2018.

MuleSoft Inc. (MULE – $43.98 – NYSE) is a San Francisco, California-based software company that developed the Anypoint Platform, which creates a connected network for its customers. On March 20, 2018, MULE agreed to be acquired by Salesforce for $36 in cash and 0.0711 CRM shares, representing a total value $6.5 billion. The deal requires the tender of a simple majority of MULE shares outstanding and regulatory approvals. It is expected to close in the second quarter of 2018.

Orbital ATK Inc. (OA – $132.61 – 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 $7.8 billion equity valuation. OA shareholders have approved the merger. Regulatory approvals are still pending, and the transaction is expected to close in the first half of 2018.

Rockwell Collins Inc. (COL – $134.85 – COL) is a Cedar Rapids, Iowa-based aerospace and defense company. On September 4, 2017, COL agreed to be acquired by United Technologies Corp. for $93 per share in cash and $46.67 in UTC stock, representing a $23 billion equity valuation. The deal requires shareholder and regulatory approvals, and is expected to close in the third quarter of 2018.

Validus Holdings Ltd.(VR – $67.45 – NYSE) is a Pembroke, Bermuda-based insurance and reinsurance holding company. On January 22, 2018 VR agreed to be acquired by American International Group for $68 per share in cash, representing a $5.56 billion transaction value. The transaction requires shareholder and regulatory approvals, and is expected to close in mid-2018.

XL Group Ltd. (XL – $55.26 – NYSE) is a Hamilton, Bermuda-based insurance and reinsurance company. On March 5, 2018, XL agreed to be acquired by AXA for $57.60 per share in cash representing a total consideration of $15.3 billion. The deal is subject to shareholder and regulatory approvals, and is expected to close in the second half of 2018.

April 23, 2018

Top Ten Holdings
March 31, 2018

Callidus Software Inc.	Avigilon Corp.
Blue Buffalo Pet Products Inc.	Parmalat SpA
NXP Semiconductors NV	General Cable Corp.
CSRA Inc.	Telenet Group Holding NV
Blackhawk Network Holdings Inc.	DST Systems 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 tax paying 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 March 31, 2018, the Fund has repurchased and retired 3,832,728 common shares in the open market under this share repurchase plan, 130,036 of which were purchased in the first quarter of 2018 at an average investment of $9.68 per share and an average discount of approximately 16% from its NAV.

Quarterly Distributions

The Fund paid a $0.10 per share cash distribution on March 22, 2018 to common shareholders of record on March 15, 2018. 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 2018 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 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.

THE GDL FUND SUCCESSFULLY COMPLETES OFFERING AND ISSUES $131 MILLION OF SERIES C PREFERRED SHARES

The Fund is pleased to announce the completion of a rights offering in which the Fund issued 2,624,025 Series C Cumulative Puttable and Callable Preferred Shares (the "Series C Preferred"), totaling $131,201,250. Pursuant to the Offering, the Fund issued one non-transferable right (a “Right”) for each outstanding Series B Cumulative Puttable and Callable Preferred Share (the "Series B Preferred") of the Fund to Series B Preferred shareholders of record as of February 14, 2018. Holders of Rights were entitled to purchase the Series C Preferred with any combination of cash or surrender of the Series B Preferred at liquidation preference. Therefore, one Right plus $50.00, or one Right plus one share of Series B Preferred with a liquidation value of $50.00 per share, was required to purchase each share of the Series C Preferred. The Offering expired at 5:00 PM Eastern Time on March 20, 2018.

The Offering was over-subscribed. The Fund received subscriptions (including oversubscription requests and notices of guaranteed delivery) for over 3 million Series C Preferred shares, totaling approximately $153 million. Approximately 82% of the Series C Preferred shares were subscribed for in the primary subscription. Pursuant to the Offering, the remaining 18% of the Series C Preferred shares were allocated according to the terms of the oversubscription privilege. Approximately 1.72 million Series B Preferred shares with a liquidation value of $50.00 per share, or approximately $86 million, were surrendered by subscribing shareholders to acquire Series C Preferred shares. The surrendered Series B Preferred shares were retired.

All of the Series C Preferred shares subscribed for in the primary subscription and allocated according to the terms of the over-subscription privilege were issued on March 26, 2018. As previously announced, the proceeds raised in the Offering will be used to redeem the remaining outstanding Series B Preferred shares. The Series C Preferred will 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. The Series C Preferred (NYSE:GDLPrC) began trading on the NYSE shortly after the date of issuance.

THE FUND ANNOUNCES FULL REDEMPTION OF SERIES B CUMULATIVE PUTTABLE AND CALLABLE PREFERRED SHARES

The Fund has announced that it will redeem all remaining shares of its issued and outstanding Series B Cumulative Puttable and Callable Preferred Shares (the "Series B Preferred Shares"). The shares will be redeemed at $50.2625 per Series B Preferred Share (the "Redemption Price"), which consists of $50.00 per Series B Preferred Share (the liquidation preference) plus all accumulated and unpaid dividends through the redemption date of May 29, 2018. From and after the redemption date, the Series B Preferred Shares being redeemed will no longer be deemed outstanding, dividends will cease to accumulate and all the rights of the preferred shareholders of the Fund with respect to the Series B Preferred Shares will cease, except the right to receive the Redemption Price, without interest.

Series B Cumulative Preferred Shares

The Fund's Series B Cumulative Preferred Shares paid a $0.375 per share cash distribution on March 26, 2018, to preferred shareholders of record on March 19, 2018. The Series B Preferred Shares, which trade on the NYSE under the symbol "GDL Pr B," were issued on April 15, 2011 at $50.00 per share and pay distributions quarterly. Please see information above regarding the full redemption of the Series B Cumulative Preferred Shares.

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 33% from net investment income 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.

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.

THE GDL FUND
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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.

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THE GDL FUND

GDL

Shareholder Commentary
March 31, 2018

The GDL Fund

First Quarter Report — March 31, 2018

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MBA, Columbia,
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Enclosed is the schedule of investments as of March 31, 2018.

Comparative Results

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

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Investment Total Return (c)	(3.19)	(0.36)	2.56	2.37	3.14	1.61
ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.35	1.11	0.53	0.34	0.34	0.79

(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 ICE 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 ICE 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 — March 31, 2018 (Unaudited)

Shares		Market Value
	COMMON STOCKS — 66.7%	
	Aerospace — 1.2%	
30,000	Orbital ATK Inc.	$ 3,978,300
1,500	Rockwell Collins Inc.	202,275
		4,180,575
	Automotive: Parts and Accessories — 0.7%	
15,100	Federal-Mogul Holdings Corp.†(a)	151,000
13,334	GKN plc	86,616
200,000	Haldex AB†	2,045,558
		2,283,174
	Building and Construction — 2.3%	
3,000	ASH Grove Cement Co.	1,581,000
75,000	Cadus Corp.†	119,250
47,000	Johnson Controls International plc	1,656,280
40,000	Lennar Corp., Cl. B	1,907,600
125,600	Ply Gem Holdings Inc.†	2,712,960
2,000	USG Corp.†	80,840
		8,057,930
	Business Services — 0.4%	
92,138	Clear Channel Outdoor Holdings Inc., Cl. A	451,476
87,000	exactEarth Ltd.†	70,567
511,000	Gerber Scientific Inc., Escrow†(a)	0
105,000	GrainCorp Ltd., Cl. A.	683,065
		1,205,108
	Cable and Satellite — 3.7%	
27,628	Liberty Global plc, Cl. A†	865,033
60,000	Liberty Global plc, Cl. C†	1,825,800
14,000	Liberty Latin America Ltd., Cl. A†	272,300
31,000	Liberty Latin America Ltd., Cl. C†	591,790
200,000	Sky plc	3,640,777
60,000	Time Warner Inc.	5,674,800
		12,870,500
	Computer Software and Services — 17.8%	
1,005,000	Aconex Ltd.†	6,013,018
463,800	Avigilon Corp.†	9,712,674
10,000	Business & Decision†	95,975
450,000	Callidus Software Inc.†	16,177,500
100,000	CommerceHub Inc., Cl. C†	2,249,000
275,000	CSRA Inc.	11,338,250
1,671	Dell Technologies Inc., Cl. V†	122,334
10,000	Digi International Inc.†	103,000
90,000	DST Systems Inc.	7,528,500
1,500	Fidessa Group plc	77,130
58,000	Gemalto NV	3,543,330
95,000	MuleSoft Inc., Cl. A†	4,178,100
5,000	RealDolmen	226,403
3,300	Rockwell Automation Inc.	574,860
		61,940,074

Shares		Market Value
	Diversified Industrial — 3.6%	
400,000	Fenner plc	$ 3,417,700
304,603	General Cable Corp.	9,016,249
10,000	Myers Industries Inc.	211,500
		12,645,449
	Electronics — 1.4%	
19,000	Alimco Financial Corp.†	245,575
85,900	Axis Communications AB	3,425,795
75,000	Bel Fuse Inc., Cl. A	1,237,500
		4,908,870
	Energy and Utilities — 1.3%	
147,000	Alvopetro Energy Ltd.†	14,262
45,000	Endesa SA	990,298
460,000	Gulf Coast Ultra Deep Royalty Trust	29,440
43,000	Noble Energy Inc.	1,302,900
10,000	NRG Energy Inc.	305,300
30,000	Westar Energy Inc.	1,577,700
6,000	Whiting Petroleum Corp.†	203,040
		4,422,940
	Entertainment — 0.4%	
2,000	SFX Entertainment Inc.†(a)	0
30,000	Tribune Media Co., Cl. A	1,215,300
		1,215,300
	Financial Services — 6.5%	
14,000	AmTrust Financial Services Inc.	172,340
225,000	Blackhawk Network Holdings Inc.†	10,057,500
15,000	MoneyGram International Inc.†	129,300
50,000	Navient Corp.	656,000
6,290	Nordax Group AB	45,199
40,000	SLM Corp.†	448,400
5,000	Sterling Bancorp	112,750
100,000	Validus Holdings Ltd.	6,745,000
77,000	XL Group Ltd.	4,255,020
		22,621,509
	Food and Beverage — 8.7%	
378,000	Blue Buffalo Pet Products Inc.†	15,048,180
7,000	Dr Pepper Snapple Group Inc.	828,660
500	Huegli Holding AG	479,080
20,000	Naturex†	3,297,609
2,619,000	Parmalat SpA	9,651,542
1,400,000	Premier Foods plc†	742,466
1,500,000	Yashili International Holdings Ltd.†	345,941
		30,393,478
	Health Care — 4.2%	
115,000	Ablynx NV†	6,308,154
80,000	Akorn Inc.†	1,496,800
3,000	Allergan plc	504,870
71,000	AstraZeneca plc, ADR	2,482,870

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	Health Care (Continued)	
30,000	Cogentix Medical Inc.†	$ 115,500
40,000	Idorsia Ltd.†	958,996
3,600	Illumina Inc.†	851,112
200,000	Kindred Healthcare Inc.	1,830,000
78,000	Viralytics Ltd.†	100,945
		14,649,247
	Hotels and Gaming — 0.1%	
27,000	Belmond Ltd., Cl. A†	301,050
1,000	Mantra Group Ltd.	3,018
		304,068
	Machinery — 0.4%	
19,000	CNH Industrial NV	234,487
16,000	Xylem Inc.	1,230,720
		1,465,207
	Metals and Mining — 0.1%	
75,001	Alamos Gold Inc., Cl. A	390,755
3,000	Osisko Gold Royalties Ltd.	28,967
		419,722
	Paper and Forest Products — 0.8%	
66,000	KapStone Paper and Packaging Corp.	2,264,460
10,000	Smurfit Kappa Group plc	405,065
		2,669,525
	Publishing — 0.0%	
10,000	Telegraaf Media Groep NV†(a)	73,827
	Real Estate — 1.3%	
61,246	BUWOG AG	2,189,968
20,000	GGP Inc., REIT	409,200
216,000	Pure Industrial Real Estate Trust, REIT	1,347,957
8,000	Vastned Retail Belgium NV, REIT	559,117
		4,506,242
	Retail — 1.2%	
340,000	Rite Aid Corp.†	571,200
78,500	Yoox Net-A-Porter Group SpA†	3,651,118
		4,222,318
	Semiconductors — 4.1%	
15,000	AIXTRON SE†	289,310
40,000	Microsemi Corp.†	2,588,800
97,900	NXP Semiconductors NV†	11,454,300
		14,332,410
	Specialty Chemicals — 2.2%	
25,772	A. Schulman Inc.	1,108,196
2,000	Ashland Global Holdings Inc.	139,580
55,000	Monsanto Co.	6,417,950

Shares		Market Value
8,900	SGL Carbon SE†	$ 125,389
		7,791,115
	Telecommunications — 3.0%	
650,000	Asia Satellite Telecommunications Holdings Ltd.	575,613
65,000	CenturyLink Inc.	1,067,950
200,000	Koninklijke KPN NV	599,722
1,000	Loral Space & Communications Inc.†	41,650
58,000	Sprint Corp.†	283,040
119,600	Telenet Group Holding NV†	7,983,537
		10,551,512
	Transportation — 0.9%	
70,000	Abertis Infraestructuras SA	1,569,317
100,000	Student Transportation Inc.	749,000
2,000	XPO Logistics Europe SA†	728,427
		3,046,744
	Wireless Communications — 0.4%	
24,000	T-Mobile US Inc.†	1,464,960
	TOTAL COMMON STOCKS	232,241,804
	CLOSED-END FUNDS — 0.9%	
42,000	Altaba Inc.†	3,109,680
	PREFERRED STOCKS — 0.0%	
	Financial Services — 0.0%	
2,968	Steel Partners Holdings LP, Ser. A, 6.000%	60,577
	RIGHTS — 0.2%	
	Entertainment — 0.0%	
225,000	Media General Inc., CVR†(a)	0
	Health Care — 0.2%	
187,200	Adolor Corp., CPR, expire 07/01/19†(a)	0
79,391	Ambit Biosciences Corp., CVR†(a)	47,635
201,600	American Medical Alert Corp., CPR†(a)	2,016
229,178	Dyax Corp., CVR, expire 12/31/19†(a)	254,388
300,000	Innocoll, CVR†(a)	180,000
23,000	Ocera Therapeutics, CVR†(a)	8,970
100	Omthera Pharmaceuticals Inc., expire 12/31/20†(a)	0
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
		514,269
	Retail — 0.0%	
400,000	Safeway PDC, CVR†	4,000
	TOTAL RIGHTS	518,269

See accompanying notes to schedule of investments.

Shares		Market Value
	WARRANTS — 0.0%	
	Metals and Mining — 0.0%	
850	Hudbay Minerals Inc., expire 07/20/18†	$ 46
Principal Amount		
	CORPORATE BONDS — 0.0%	
	Health Care — 0.0%	
$ 17,000	Constellation Health Promissory Note, PIK, 5.000%, 01/31/24(a)(b)	7,310
	U.S. GOVERNMENT OBLIGATIONS — 32.2%	
112,548,000	U.S. Treasury Bills, 1.444% to 1.743%††, 05/03/18 to 07/05/18(c)	112,198,682
	TOTAL INVESTMENTS BEFORE SECURITIES SOLD SHORT — 100.0% (Cost $349,931,922)	$348,136,368
Shares		
	SECURITIES SOLD SHORT — (0.8)%	
	Building and Construction — (0.6)%	
32,500	Lennar Corp., Cl. A	$ 1,915,550
	Cable and Satellite — 0.0%	
2,300	Sinclair Broadcast Group Inc., Cl. A	71,990
	Computer Software and Services — (0.2)%	
6,754	salesforce.com Inc.	785,490
	Financial Services — 0.0%	
20,000	Melrose Industries plc	64,819
	TOTAL SECURITIES SOLD SHORT (Proceeds received $2,518,292)(d)	$ 2,837,849

(a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
(b) Payment-in-kind ("PIK") security. 5.00% PIK interest income will be paid as additional securities at the discretion of the issuer.
(c) At March 31, 2018, $76,798,000 of the principal amount was pledged as collateral for securities sold short, equity contract for difference swap agreements, and forward foreign exchange contracts.
(d) At March 31, 2018, 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
REIT Real Estate Investment Trust

Geographic Diversification	% of Total Investments*	Market Value
Long Positions		
North America	72.4%	$252,018,543
Europe	21.9	76,231,064
Latin America	3.8	13,086,715
Asia/Pacific	1.9	6,800,046
Total Investments — Long Positions	100.0%	$348,136,368
Short Positions		
North America	(0.8)%	$ (2,773,030)
Europe	(0.0)**	(64,819)
Total Investments — Short Positions	(0.8)%	$ (2,837,849)

* Total investments exclude securities sold short.
** Amount represents greater than (0.05)%.

As of March 31, 2018, forward foreign exchange contracts outstanding were as follows:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Appreciation
USD	7,359,056	SEK	60,400,000	State Street Bank and Trust Co.	04/27/18	$110,748
USD	47,995,528	EUR	38,600,000	State Street Bank and Trust Co.	04/27/18	405,342
USD	5,771,528	AUD	7,500,000	State Street Bank and Trust Co.	04/27/18	11,076
USD	7,796,113	GBP	5,500,000	State Street Bank and Trust Co.	04/27/18	70,403
						$597,569

See accompanying notes to schedule of investments.

As of March 31, 2018, 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
Euler Hermes Group SA	Euler Hermes Group SA	The Goldman Sachs Group, Inc.	1 month	11/29/2018	$2,997,108	$ 271	—	$ 271
Premier Foods plc	Premier Foods plc	The Goldman Sachs Group, Inc.	1 month	04/02/2019	201,628	(102)	—	(102)
								$ 169

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 March 31, 2018 is as follows:

	Valuation Inputs			
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total Market Value at 3/31/18
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Automotive: Parts and Accessories	$ 2,132,174	—	$151,000	$ 2,283,174
Business Services	1,134,541	$ 70,567	0	1,205,108
Computer Software and Services	55,927,056	6,013,018	—	61,940,074
Electronics	4,663,295	245,575	—	4,908,870
Entertainment	1,215,300	—	0	1,215,300
Publishing	—	—	73,827	73,827
Other Industries (a)	160,615,451	—	—	160,615,451
Total Common Stocks	225,687,817	6,329,160	224,827	232,241,804
Closed-End Funds	3,109,680	—	—	3,109,680
Preferred Stocks (a)	60,577	—	—	60,577
Rights (a)	—	4,000	514,269	518,269
Warrants (a)	46	—	—	46
Corporate Bonds (a)	—	—	7,310	7,310
U.S. Government Obligations	—	112,198,682	—	112,198,682
TOTAL INVESTMENTS IN SECURITIES – ASSETS	$228,858,120	$118,531,842	$746,406	$348,136,368
LIABILITIES (Market Value):				
Common Stocks Sold Short (a)	$ (2,837,849)	—	—	$ (2,837,849)
TOTAL INVESTMENTS IN SECURITIES - LIABILITIES	$ (2,837,849)	—	—	$ (2,837,849)
OTHER FINANCIAL INSTRUMENTS:*				
ASSETS (Unrealized Appreciation):				
FORWARD CURRENCY EXCHANGE CONTRACTS				
Forward Foreign Exchange Contracts	—	$ 597,569	—	$ 597,569
EQUITY CONTRACTS				
Contract for Difference Swap Agreements	—	271	—	271
LIABILITIES (Unrealized Depreciation):				
EQUITY CONTRACTS				
Contract for Difference Swap Agreements	—	(102)	—	(102)
TOTAL OTHER FINANCIAL INSTRUMENTS:	—	$ 597,738	—	$ 597,738

(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 March 31, 2018, 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 March 31, 2018 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 March 31, 2018 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 March 31, 2018, the Fund did not hold any written options contracts.

The following table summarizes the net unrealized appreciation/(depreciation) of derivatives held at March 31, 2018 by primary risk exposure:

Asset Derivatives:	Net Unrealized Appreciation/ (Depreciation)
Forward Foreign Exchange Contracts	$597,569
Equity Contract for Difference Swap Agreements	271
Total	$597,840
Liability Derivatives:	
Forward Foreign Exchange Contracts	—
Equity Contract for Difference Swap Agreements	$ (102)
Total	$ (102)

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 which 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 March 31, 2018 are reflected within the Schedule of Investments.

Investments in other Investment Companies. The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the "Acquired Funds") in accordance with the 1940 Act and related rules. Shareholders in the Fund would bear the pro rata portion of the periodic expenses of the Acquired Funds in addition to the Fund's expenses. At March 31, 2018, the Fund's pro rata portion of the periodic expenses charged by the Acquired Funds was approximately 1 basis point.

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 March 31, 2018, 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 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, 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.

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 also serves as a portfolio manager for Gabelli Funds, LLC. Ms. Pitaro holds an MBA 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.

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.

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The Bank of New York Mellon

COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP

TRANSFER AGENT AND
REGISTRAR

American Stock Transfer and
Trust Company

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