

GDL FUND
Form N-CSR
March 09, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-21969

The GDL Fund

(Exact name of registrant as specified in charter)

One Corporate Center

Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)

Bruce N. Alpert

Gabelli Funds, LLC

One Corporate Center

Rye, New York 10580-1422

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-422-3554

Date of fiscal year end: December 31

Date of reporting period: December 31, 2017

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct

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comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

The GDL Fund**Annual Report December 31, 2017****(Y)our Portfolio Management Team**

Mario J. Gabelli, CFA <i>Chief Investment Officer</i>	Ryan N. Kahn, CFA <i>Analyst</i> <i>BS, Babson College</i>	Gian Maria Magrini, CFA <i>Analyst</i> <i>BS, Fordham University</i>	Geoffrey P. Astle <i>Analyst</i> <i>BS, Fairfield University</i>
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To Our Shareholders,

For the year ended December 31, 2017, the net asset value (NAV) total return of The GDL Fund was 2.5%, compared with a total return of 0.9% 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 4.7%. The Fund s NAV per share was \$11.59, while the price of the publicly traded shares closed at \$9.73 on the New York Stock Exchange (NYSE). See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2017.

Comparative Results**Average Annual Returns through December 31, 2017 (a) (Unaudited)**

	1 Year	3 Year	5 Year	10 Year	Since Inception (01/31/07)
GDL Fund					
NAV Total Return (b)	2.50%	3.84%	3.74%	2.90%	2.96%
Investment Total Return (c)	4.70	4.54	4.24	3.75	1.95
ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.86	0.41	0.27	0.39	0.77

(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. 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*

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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.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments before securities sold short as of December 31, 2017:

The GDL Fund	
Long Positions	
U.S. Government Obligations	41.7%
Health Care	11.8%
Food and Beverage	7.9%
Computer Software and Services	5.3%
Cable and Satellite	4.5%
Telecommunications	4.4%
Energy and Utilities	4.2%
Specialty Chemicals	2.6%
Financial Services	2.3%
Electronics	1.8%
Building and Construction	1.7%
Transportation	1.4%
Aerospace	1.2%
Machinery.	1.2%
Retail	1.2%
Semiconductors	1.1%
Entertainment	1.0%
Diversified Industrial	0.9%
Closed-End Funds	0.9%
Automotive: Parts and Accessories	0.7%
Metals and Mining	0.6%
Business Services	0.5%
Wireless Communications	0.5%
Real Estate	0.3%
Equipment and Supplies	0.1%
Hotels and Gaming	0.1%
Publishing.	0.1%
Computer Hardware	0.0%*
Consumer Products and Services	0.0%*
	100.0%
Short Positions	
Building and Construction	(0.7)%
Health Care	(0.3)%
Cable and Satellite	(0.0)%**
	(1.0)%

* Amount represents less than 0.05%

** Amount represents greater than (0.05)%

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the SEC) for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at www.sec.gov.

The GDL Fund

Schedule of Investments December 31, 2017

Shares		Cost	Market Value
COMMON STOCKS 57.2%			
Aerospace 1.2%			
30,000	Orbital ATK Inc.	\$ 3,959,711	\$ 3,945,000
1,500	Rockwell Collins Inc.	197,111	203,430
		4,156,822	4,148,430
Automotive: Parts and Accessories 0.7%			
15,100	Federal-Mogul Holdings Corp. (a)	124,400	151,000
200,000	Haldex AB	2,651,766	2,127,245
		2,776,166	2,278,245
Building and Construction 1.7%			
1,400	ASH Grove Cement Co.	725,610	721,000
37,000	Cadus Corp.	46,295	53,650
20,000	Fortune Brands Home & Security Inc.	939,189	1,368,800
47,750	Johnson Controls International plc	1,671,605	1,819,753
35,414	Lennar Corp., Cl. B	1,218,092	1,830,195
2,000	NAPEC Inc.	3,059	3,087
2,800	Norbord Inc., Toronto	59,575	94,781
		4,663,425	5,891,266
Business Services 0.5%			
92,138	Clear Channel Outdoor Holdings Inc., Cl. A.	452,905	423,835
87,000	exactEarth Ltd.	249,767	71,981
3,000	Funespana SA	27,182	26,529
511,000	Gerber Scientific Inc., Escrow (a)	0	0
175,000	GrainCorp Ltd., Cl. A	1,973,126	1,118,294
3,000	HNZ Group Inc.	43,775	44,582

2,746,755 1,685,221

Cable and Satellite 4.5%

27,628	Liberty Global plc, Cl. A	970,645	990,187
60,000	Liberty Global plc, Cl. C	2,044,490	2,030,400
14,000	Liberty Global plc LiLAC, Cl. A	387,636	282,100
31,000	Liberty Global plc LiLAC, Cl. C	857,192	616,590
5,000	Scripps Networks Interactive Inc., Cl. A	437,819	426,900
220,000	Sky plc	2,469,203	3,005,968
85,000	Time Warner Inc.	8,311,862	7,774,950
		15,478,847	15,127,095

Computer Hardware 0.0%

500	Data Modul AG	15,606	41,995
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Computer Software and Services 5.3%

705,000	Aconex Ltd.	4,195,033	4,219,086
8,000	Affecto OYJ	42,410	43,098
5,000	Arcam AB	210,197	210,286
157,285	Barracuda Networks Inc.	4,327,591	4,325,337
13,000	Bazaarvoice Inc.	70,977	70,850

Market

Shares		Cost	Value
50,000	BroadSoft Inc.	\$ 2,742,624	\$ 2,745,000
10,000	Business & Decision	92,512	94,788
7,500	Dalenys	73,388	81,071
1,671	Dell Technologies Inc., Cl. V	75,312	135,819
21,000	Digi International Inc.	265,658	200,550
58,000	Gemalto NV	3,408,262	3,444,759
200	InterXion Holding NV	6,505	11,786
3,000	Rockwell Automation Inc.	576,124	589,050
2,000	Servelec Group plc	8,652	8,560
90,000	Silver Spring Networks Inc.	1,454,602	1,461,600
30,000	SQS Software Quality Systems AG	326,674	330,111
200	Synchronoss Technologies Inc.	3,301	1,788
		17,879,822	17,973,539

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Consumer Products and Services 0.0%

100	Accell Group	3,366	2,811
8,000	Alarmforce Industries Inc.	100,176	101,734
20,000	Avon Products Inc.	143,301	43,000
1,000	Bang & Olufsen A/S	10,516	24,095
		257,359	171,640

Diversified Industrial 0.9%

46,000	General Cable Corp.	1,337,654	1,361,600
15,000	ITT Inc.	482,155	800,550
45,000	Myers Industries Inc.	499,454	877,500
3,200	SLM Solutions Group AG	110,664	183,336
		2,429,927	3,222,986

Electronics 1.8%

19,000	Alimco Financial Corp.	934,838	296,875
85,900	Axis Communications AB	3,441,368	3,559,314
75,000	Bel Fuse Inc., Cl. A	1,962,555	1,758,000
17,000	Hitachi Kokusai Electric Inc.	381,111	469,226
		6,719,872	6,083,415

Energy and Utilities 4.2%

170,000	Alvopetro Energy Ltd.	152,166	23,667
3,500	Avangrid Inc.	135,625	177,030
1,000	Avista Corp	52,328	51,490
262,831	Calpine Corp.	3,960,364	3,976,633
72,000	Endesa SA	1,799,401	1,542,474
1,000	Enduro Royalty Trust	4,120	3,100
500	Etablissements Maurel et Prom	2,185	2,160
460,000	Gulf Coast Ultra Deep Royalty Trust	540,614	14,295
1,500	Linde AG	249,071	350,325
43,000	Noble Energy Inc.	1,681,816	1,253,020
10,000	NRG Energy Inc.	229,472	284,800
120,000	Westar Energy Inc.	6,769,781	6,336,000
200	WGL Holdings Inc.	16,195	17,168
6,175	Whiting Petroleum Corp.	344,641	163,514