

GDL FUND  
Form N-CSRS  
September 03, 2015

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: June 30, 2015

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, 100 F Street, NE, Washington, DC 20549. 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.

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**The GDL Fund**
**Semiannual Report June 30, 2015**
**Mario J. Gabelli,  
CFA**
**Portfolio Manager**
**To Our Shareholders,**

For the six months ended June 30, 2015, the net asset value ( NAV ) total return of The GDL Fund was 3.5%, compared with a total return of 0.01% for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index. The total return for the Fund's publicly traded shares was 2.7%. The Fund's NAV per share was \$12.20, while the price of the publicly traded shares closed at \$10.19 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 June 30, 2015.

**Comparative Results**
**Average Annual Returns through June 30, 2015 (a) (Unaudited)**

	Year to Date	1 Year	3 Year	5 Year	Since Inception (01/31/07)
<b>GDL Fund</b>					
<b>NAV Total Return (b)</b>	3.49%	2.19%	4.40%	4.34%	2.89%
<b>Investment Total Return (c)</b>	2.69	(0.25)	3.84	4.31	1.24
Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.01	0.02	0.06	0.08	0.86

(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](http://www.gabelli.com) for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the re-balancing date. To qualify for selection, an issue must have settled on or before the re-balancing (month end) date. Dividends are not reinvested for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index. You cannot invest directly in an index.*

(b) Total returns and average annual returns reflect changes in the NAV per share and reinvestment of distributions at NAV on the ex-dividend date and are net of expenses. Since inception return is based on an initial NAV of \$19.06.

(c)

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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 as of June 30, 2015:

**The GDL Fund****Long Positions**

U.S. Government Obligations	23.4%
Health Care	18.4%
Computer Software and Services	9.0%
Diversified Industrial	8.5%
Cable and Satellite	7.9%
Energy and Utilities	6.6%
Telecommunications	5.3%
Financial Services	4.3%
Retail	2.5%
Semiconductors	2.4%
Transportation	2.1%
Metals and Mining	1.9%
Electronics	1.4%
Food and Beverage	1.2%
Business Services	1.0%
Specialty Chemicals	0.7%
Automotive: Parts and Accessories	0.7%
Entertainment	0.6%
Wireless Communications	0.6%
Machinery	0.4%
Building and Construction	0.3%
Hotels and Gaming	0.2%
Consumer Products and Services	0.2%
Equipment and Supplies	0.2%
Publishing	0.2%
Real Estate	0.0%*
Aerospace and Defense	0.0%*
Computer Hardware	0.0%*
Educational Services	0.0%*
	100.0%

**Short Positions**

Telecommunications	(2.3)%
Metals and Mining	(1.1)%
Energy and Utilities	(0.6)%
Cable and Satellite	(0.2)%
Health Care	(0.1)%

Retail	(0.0)%*
	(4.3)%

\* Amount represents less 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](http://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](http://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](http://www.sec.gov).

**The GDL Fund****Schedule of Investments June 30, 2015 (Unaudited)**

		<b>Market</b>	
<b>Shares</b>		<b>Cost</b>	<b>Value</b>
<b>COMMON STOCKS 76.1%</b>			
<b>Aerospace and Defense 0.0%</b>			
4,000	Kratos Defense & Security Solutions Inc.	\$ 34,776	\$ 25,200
<b>Automotive: Parts and Accessories 0.7%</b>			
200,000	The Pep Boys - Manny, Moe & Jack	2,415,808	2,454,000
<b>Building and Construction 0.3%</b>			
23,000	Fortune Brands Home & Security Inc.	282,741	1,053,860
3,303	Norbord Inc.	73,446	69,302
		356,187	1,123,162
<b>Business Services 1.0%</b>			
27,108	Blackhawk Network Holdings Inc.	632,159	1,116,850
92,138	Clear Channel Outdoor Holdings Inc., Cl. A	80,735	933,358
3,000	Funespana SA	27,182	24,415
190,000	GrainCorp Ltd., Cl. A	2,172,257	1,251,919
21,853	R. R. Donnelley & Sons Co.	425,047	380,903
200	Towers Watson & Co., Cl. A	27,067	25,160
		3,364,447	3,732,605
<b>Cable and Satellite 7.9%</b>			
9,000	AMC Networks Inc., Cl. A	371,666	736,650
30,000	Cablevision Systems Corp., Cl. A	499,900	718,200
145,000	DIRECTV	13,181,877	13,454,550
27,628	Liberty Global plc, Cl. A	1,162,171	1,493,846
60,000	Liberty Global plc, Cl. C	2,473,672	3,037,800
389,900	Sky Deutschland AG	3,383,394	2,933,661
200,000	Sky plc	2,223,582	3,258,752
4,700	Societe d Edition de Canal +	40,682	39,823
20,000	Time Warner Cable Inc.	3,225,426	3,563,400
4,000	Time Warner Inc.	302,738	349,640
		26,865,108	29,586,322
<b>Computer Hardware 0.0%</b>			
500	Data Modul AG	15,606	18,646



<b>Computer Software and Services 9.0%</b>			
200,000	Advent Software Inc.	8,826,820	8,842,000
10,000	Anite plc	20,165	19,955
224,600	BMC Software Stub	0	11,230
103,000	ClickSoftware Technologies Ltd.	1,292,266	1,294,710
19,905	Covisint Corp.	51,321	65,089
242,500	Dealertrack Technologies Inc.	15,226,217	15,226,575
50,000	IGATE Corp.	2,379,099	2,384,500
63,000	Informatica Corp.	3,015,979	3,053,610
200	InterXion Holding NV	6,505	5,530
53,000	Rally Software Development Corp.	1,030,739	1,030,850
1,700	Rocket Fuel Inc.	14,472	13,940
			<b>Market</b>
<b>Shares</b>		<b>Cost</b>	<b>Value</b>
40,000	Yahoo! Inc.	\$ 588,909	\$ 1,571,600
		32,452,492	33,519,589
<b>Consumer Products and Services 0.2%</b>			
100,000	Avon Products Inc.(a)	1,349,561	626,000
8,000	Blyth Inc.	84,802	50,800
10,000	Orbitz Worldwide Inc.	116,725	114,200
1	Reynolds American Inc.	3	3
		1,551,091	791,003
<b>Diversified Industrial 8.5%</b>			
15,000	ITT Corp.	329,299	627,600
45,000	Myers Industries Inc.	499,454	855,000
200,000	Pall Corp.	24,919,258	24,890,000
90,000	Polypore International Inc.	5,355,191	5,389,200
		31,103,202	31,761,800
<b>Educational Services 0.0%</b>			
44,000	Corinthian Colleges Inc.	51,384	308
<b>Electronics 1.4%</b>			
190,000	Alliance Semiconductor Corp.	934,838	142,500
85,900	Axis Communications AB	3,441,367	3,421,555
76,000	Bel Fuse Inc., Cl. A	1,999,055	1,570,160
		6,375,260	5,134,215
<b>Energy and Utilities 6.6%</b>			
170,000	Alvopetro Energy Ltd.	152,166	53,082
3,300	Baker Hughes Inc.	216,934	203,610
51,700	BG Group plc	944,404	860,665
153,800	Cleco Corp.	8,286,138	8,282,130

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60,000	Dragon Oil plc	372,175	684,432
98,000	Dresser-Rand Group Inc. (a)	8,032,856	8,347,640
72,000	Endesa SA	1,799,401	1,377,823
460,000	Gulf Coast Ultra Deep Royalty Trust	805,000	322,000
2,000	Hawaiian Electric Industries Inc.	64,862	59,460
10,000	NRG Energy Inc.	229,472	228,800
50,000	Pepco Holdings Inc.	1,338,180	1,347,000
97,000	Rosetta Resources Inc.	2,314,725	2,244,580
6,000	UIL Holdings Corp.	296,675	274,920
13,064	WEC Energy Group Inc.(a)	689,926	587,488
50,000	WesternZagros Resources Ltd.	120,491	9,207
		25,663,405	24,882,837
<b>Entertainment 0.6%</b>			
140,254	Media General Inc.	2,444,057	2,316,996
2,000	SFX Entertainment Inc.	8,719	8,980
		2,452,776	2,325,976
<b>Equipment and Supplies 0.2%</b>			
100,000	GrafTech International Ltd.	507,000	496,000
2,500	The Middleby Corp.	19,758	280,575
		526,758	776,575

See accompanying notes to financial statements.

**The GDL Fund****Schedule of Investments (Continued) June 30, 2015 (Unaudited)**

Shares		Cost	Market Value
<b>COMMON STOCKS (Continued)</b>			
<b>Financial Services 4.3%</b>			
10,126	BB&T Corp.	\$ 418,406	\$ 408,179
1,000	City National Corp.	89,227	90,390
55,000	First Niagara Financial Group Inc.	766,121	519,200
8,000	HCC Insurance Holdings Inc.	618,048	614,720
10,000	Hilltop Holdings Inc.	215,837	240,900
500	Home Loan Servicing Solutions Ltd.	771	345
885,000	Hudson City Bancorp. Inc.	9,344,946	8,743,800
200	Montpelier Re Holdings Ltd.	7,848	7,900
109,449	National Interstate Corp.	3,260,600	2,990,147
60,000	Navient Corp.	645,152	1,092,600
7,000	PartnerRe Ltd.	905,297	899,500
60,000	SLM Corp.	378,899	592,200
		16,651,152	16,199,881
<b>Food and Beverage 1.2%</b>			
1,310,000	Parmalat SpA	4,593,967	3,420,388
3,200,000	Yashili International Holdings Ltd.	1,445,711	982,513
		6,039,678	4,402,901
<b>Health Care 18.2%</b>			
3,000	AbbVie Inc.	209,573	201,592
5,000	Alere Inc.	199,060	263,750
1	Alexion Pharmaceuticals Inc.	93	90
550,000	ArthroCare Corp. Stub	0	192,500
34,000	AstraZeneca plc, ADR	2,689,557	2,166,140
15,000	Audika Groupe	283,507	294,321
255,000	Catamaran Corp.	15,390,157	15,575,400
200,000	Hospira Inc.	17,563,839	17,742,000
1,000	ICU Medical Inc.	58,368	95,660
4,000	Illumina Inc.	186,867	873,440
52,000	KYTHERA Biopharmaceuticals Inc.	3,909,400	3,916,120
1,000	Laboratory Corp. of America Holdings	115,790	121,220
2,000	Mylan NV	136,822	135,720
100,000	Omnicare Inc.	9,589,800	9,425,000
500	Perrigo Co. plc	98,011	92,415

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20,000	Rhoen Klinikum AG	448,345	536,578
109,500	Sigma-Aldrich Corp.	15,006,059	15,258,825
15,000	Smith & Nephew plc	154,293	253,127
7,500	Smith & Nephew plc, ADR	275,034	254,625
1,000	Synergy Health plc	29,114	27,010
13,000	WuXi PharmaTech Cayman Inc., ADR	211,948	549,380
		66,555,637	67,974,913
<b>Hotels and Gaming 0.2%</b>			
28,000	Belmond Ltd., Cl. A	310,473	349,720
			<b>Market</b>
<b>Shares</b>		<b>Cost</b>	<b>Value</b>
30,000	International Game Technology plc	\$ 568,500	\$ 532,800
1,000	MGM Resorts International	2,620	18,250
		881,593	900,770
<b>Machinery 0.4%</b>			
3,000	CNH Industrial NV	26,836	27,358
42,000	Xylem Inc.	1,202,465	1,556,940
		1,229,301	1,584,298
<b>Metals and Mining 1.9%</b>			
160,000	AuRico Gold Inc.	1,272,585	454,400
3,000	Osisko Gold Royalties Ltd.	41,105	37,758
133,000	RTI International Metals Inc.	5,152,583	4,192,160
16,500	Vulcan Materials Co.	638,862	1,384,845
31,000	Whiting Petroleum Corp.	1,498,089	1,041,600
		8,603,224	7,110,763
<b>Publishing 0.2%</b>			
136,000	SCMP Group Ltd.	48,079	33,072
25,880	The E.W. Scripps Co., Cl. A	546,706	591,358
		594,785	624,430
<b>Real Estate 0.0%</b>			
1,000	Associated Estates Realty Corp.	28,470	28,630
3,000	Conwert Immobilien Invest SE	38,874	38,028
		67,344	66,658
<b>Retail 2.5%</b>			
13,000	Family Dollar Stores Inc.	1,038,749	1,024,530
12,000	Office Depot Inc.	114,093	103,920
33,500	World Duty Free SpA	364,493	375,343
380,557	Zale Corp.	7,961,908	7,991,697

		9,479,243	9,495,490
<b>Semiconductors 2.4%</b>			
95,000	Altera Corp.	4,922,016	4,864,000
71,000	Broadcom Corp., Cl. A	3,813,045	3,655,790
20,000	Integrated Silicon Solution Inc.	402,474	442,800
		9,137,535	8,962,590
<b>Specialty Chemicals 0.7%</b>			
2,000	Ashland Inc.	18,071	243,800
68,793	OM Group Inc.	2,306,053	2,311,445
7,200	SGL Carbon SE	187,149	116,230
		2,511,273	2,671,475
<b>Telecommunications 5.3%</b>			
690,000	Asia Satellite Telecommunications Holdings Ltd.	1,533,382	2,750,547
120,000	Colt Group SA	362,044	356,357
1	Harris Corp.	50	48
450,000	Jazztel plc	7,120,682	6,496,800
200,000	Koninklijke KPN NV	613,090	764,789

See accompanying notes to financial statements.

**The GDL Fund****Schedule of Investments (Continued) June 30, 2015 (Unaudited)**

Shares		Cost	Market Value
<b>COMMON STOCKS (Continued)</b>			
<b>Telecommunications (Continued)</b>			
1,000	Loral Space & Communications Inc.	\$ 73,215	\$ 63,120
58,926	Sprint Corp.	338,472	268,703
150,000	Telenet Group Holding NV	6,810,999	8,159,045
67,914	Transmode AB	873,177	919,600
		17,725,111	19,779,009
<b>Transportation 2.1%</b>			
2,000	Norbert Dentressangle SA	484,562	485,072
852,050	TNT Express NV	8,210,132	7,227,865
		8,694,694	7,712,937
<b>Wireless Communications 0.3%</b>			
25,000	T-Mobile US Inc.	406,250	969,250
	<b>TOTAL COMMON STOCKS</b>	281,805,120	284,587,603
<b>RIGHTS 0.5%</b>			
<b>Energy and Utilities 0.0%</b>			
1,000,000	Fortune Oil plc, CVR	0	0
<b>Health Care 0.2%</b>			
187,200	Adolor Corp., CPR, expire 07/01/19	0	97,344
79,391	Ambit Biosciences Corp., CVR	0	47,635
201,600	American Medical Alert Corp.	0	2,016
18,000	Chelsea Therapeutics International Ltd., CVR	1,980	1,980
270,000	Durata Therapeutics Inc., CVR	0	43,200
3,800	Furiex Pharmaceuticals Inc., CVR	36,942	37,126
100	Omthera Pharmaceuticals Inc., expire 12/31/20	0	60
217,620	Prosensa Holding, CVR	215,674	215,444
346,322	Teva Pharmaceutical Industries Ltd., CPR, expire 02/20/23	164,073	183,551
186,000	Trius Therapeutics, CVR	0	24,180
		418,669	652,536
<b>Retail 0.0%</b>			

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400,000	Safeway Casa Ley, CVR, expire 01/30/19	70,942	190,000
400,000	Safeway PDC, CVR, expire 01/30/17	3,407	19,520
		74,349	209,520

**Wireless Communications 0.3%**

470,000	Leap Wireless International Inc., CVR, expire 03/14/16	1,102,230	1,184,400
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**TOTAL RIGHTS**

1,595,248 2,046,456

**Market**

Shares		Cost	Value
	<b>WARRANTS 0.0%</b>		
	<b>Energy and Utilities 0.0%</b>		
35,000	Kinder Morgan Inc., expire 05/25/17	\$ 66,675	\$ 94,500
	<b>Metals and Mining 0.0%</b>		
850	HudBay Minerals Inc., expire 07/20/18	962	776
	<b>TOTAL WARRANTS</b>	67,637	95,276

**Principal**

**Amount**

	<b>U.S. GOVERNMENT OBLIGATIONS 23.4%</b>		
\$87,408,000	U.S. Treasury Bills, 0.000% to 0.095% , 07/23/15 to 12/24/15(b)	87,390,607	87,403,157
	<b>TOTAL INVESTMENTS 100.0%</b>	\$ 370,858,612	374,132,492

		Settlement Date	Unrealized Appreciation/ Depreciation
	<b>FORWARD FOREIGN EXCHANGE CONTRACTS</b>		
2,500,000(c)	Deliver British Pounds in exchange for United States Dollars 3,921,415(d)	07/24/15	(6,064)
27,500,000(e)	Deliver Euros in exchange for United States Dollars 30,794,390(d)	07/24/15	126,164
29,000,000(f)	Deliver Swedish Kronor in exchange for United States Dollars 3,515,391(d)	07/24/15	15,411
	<b>TOTAL FORWARD FOREIGN EXCHANGE CONTRACTS</b>		135,511

**Notional**

**Amount**

**Termination  
Date**

**Unrealized  
Appreciation**

**EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS**

\$ 36,862 Gulf Keystone Petroleum Ltd.(g) 06/28/16 \$ 3,833

(70,000 Shares)

See accompanying notes to financial statements.



**The GDL Fund****Schedule of Investments (Continued) June 30, 2015 (Unaudited)**

	<b>Market Value</b>
<b>SECURITIES SOLD SHORT (4.3)%</b> (Proceeds received \$16,936,333)	\$ (15,994,021)
<b>Other Assets and Liabilities (Net)</b>	17,988,999
<b>PREFERRED STOCK</b> (2,624,025 preferred shares outstanding)	(131,201,250)
<b>NET ASSETS COMMON STOCK</b> (20,082,398 common shares outstanding)	\$ 245,065,564
<b>NET ASSET VALUE PER COMMON SHARE</b> (\$245,065,564 ÷ 20,082,398 shares outstanding)	\$ 12.20

		<b>Market Value</b>
<b>Shares</b>		<b>Proceeds</b>
	<b>SECURITIES SOLD SHORT (4.3)%</b>	
	<b>Cable and Satellite (0.2)%</b>	
4,562	Charter Communications Inc., Cl. A	\$ 816,614
		\$ 781,243
	<b>Energy and Utilities (0.6)%</b>	
1,000	Halliburton Co.	52,369
482	NextEra Energy Inc.	52,281
46,612	Noble Energy Inc.	2,072,376
		2,177,026
		2,079,720
	<b>Health Care (0.1)%</b>	
3,000	AbbVie Inc.	210,923
		201,570
	<b>Metals and Mining (1.1)%</b>	
376,589	Alcoa Inc.	5,197,082
		4,198,967
	<b>Retail (0.0)%</b>	
2,625	Staples Inc.	45,571
		40,189

<b>Telecommunications (2.3)%</b>			
225,844	AT&T Inc.	7,840,359	8,021,979
31,952	Infinera Corp.	648,758	670,353
		8,489,117	8,692,332
<b>TOTAL SECURITIES SOLD SHORT</b>		<b>\$ 16,936,333</b>	<b>\$ 15,994,021</b>

- (a) At June 30, 2015, securities, or a portion thereof, with a value of \$9,166,748 were reserved and/or pledged for collateral with the custodian for securities sold short, equity contract for difference swap agreements, and forward foreign exchange contracts.
- (b) At June 30, 2015, \$51,000,000 of the principal amount was pledged as collateral for securities sold short, equity contract for difference swap agreements, and forward foreign exchange contracts.
- (c) Principal amount denoted in British Pounds.
- (d) At June 30, 2015, the Fund had entered into forward foreign exchange contracts with State Street Bank and Trust Co.
- (e) Principal amount denoted in Euros.
- (f) Principal amount denoted in Swedish Kronor.
- (g) At June 30, 2015, the Fund had entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc.  
Non-income producing security.  
Represents annualized yield at date of purchase.

ADR American Depositary Receipt

CVR Contingent Value Right

CPR Contingent Payment Right

<b>Geographic Diversification</b>	<b>% of Market Value</b>	<b>Market Value</b>
<b>Long Positions</b>		
North America	84.6%	\$ 316,292,092
Europe	13.6	51,015,503
Latin America	1.5	5,572,977
Asia/Pacific	0.3	1,251,920
Total Investments	100.0%	\$ 374,132,492
<b>Short Positions</b>		
North America	(4.3)%	\$ (15,994,021)
Total Investments	(4.3)%	\$ (15,994,021)

See accompanying notes to financial statements.



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**The GDL Fund**
**Statement of Assets and Liabilities****June 30, 2015 (Unaudited)**

<b>Assets:</b>	
Investments, at value (cost \$370,858,612)	\$ 374,132,492
Foreign currency, at value (cost \$2,649)	2,633
Cash	4,557,520
Deposit at brokers (including proceeds from securities sold short \$16,936,333)	28,319,986
Receivable for investments sold	38,336,115
Dividends receivable	356,850
Unrealized appreciation on forward foreign exchange contracts	135,511
Prepaid expenses	3,904
Deferred offering expense	244,741
Unrealized appreciation on swap contracts	3,833
<b>Total Assets</b>	<b>446,093,585</b>
<b>Liabilities:</b>	
Securities sold short, at value	15,994,021
Distributions payable	87,468
Payable for Fund shares redeemed	202,284
Payable for investments purchased	51,223,170
Payable for investment advisory fees	2,194,557
Payable for payroll expenses	25,395
Payable for accounting fees	11,250
Dividends payable on securities sold short	59,299
Series B Cumulative Preferred Shares, callable and mandatory redemption 03/26/18 (See Notes 2 and 5)	131,201,250
Other accrued expenses	29,327
<b>Total Liabilities</b>	<b>201,028,021</b>
<b>Net Assets Attributable to Common Shareholders</b>	<b>\$ 245,065,564</b>
<b>Net Assets Attributable to Common Shareholders Consist of:</b>	
Paid-in capital	\$ 242,171,116
Accumulated net investment loss	(6,329,276)
Accumulated net realized gain on investments, securities sold short, swap contracts, and foreign currency transactions	4,904,256
Net unrealized appreciation on investments	3,273,880
Net unrealized appreciation on securities sold short	942,312

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Net unrealized appreciation on swap contracts	3,833
Net unrealized appreciation on foreign currency translations	99,443

**Net Assets** \$ 245,065,564

**Net Asset Value per Common Share:**

(\$245,065,564 ÷ 20,082,398 shares outstanding at \$0.001 par value; unlimited number of shares authorized) \$12.20

**Statement of Operations**

**For the Six Months Ended June 30, 2015 (Unaudited)**

**Investment Income:**

Dividends (net of foreign withholding taxes of \$39,286)	\$ 1,569,803
Interest	26,723

**Total Investment Income** 1,596,526

**Expenses:**

Investment advisory fees	2,983,973
Interest expense on preferred shares	2,030,315
Dividend expense on securities sold short	374,240
Trustees fees	75,664
Payroll expenses	59,337
Offering expense for issuance of preferred shares	55,425
Shareholder communications expenses	53,464
Custodian fees	26,462
Service fees for securities sold short	40,520
Accounting fees	22,500
Legal and audit fees	17,475
Shareholder services fees	9,163
Miscellaneous expenses	44,528

**Total Expenses** 5,793,066

Less:

Expenses paid indirectly by broker (See Note 3)	(2,424)
Advisory fee reduction on unsupervised assets (See Note 3)	(3,824)
Custodian fee credits	(113)

**Total Credits** (6,361)

**Net Expenses** 5,786,705

**Net Investment Loss** (4,190,179)

<b>Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, and Foreign Currency:</b>	
Net realized gain on investments	10,112,824
Net realized loss on securities sold short	(1,181,578)
Net realized loss on swap contracts	(34,974)
Net realized gain on foreign currency transactions	5,282,038
Net realized gain on investments, securities sold short, swap contracts, and foreign currency transactions	14,178,310
<b>Net change in unrealized appreciation/depreciation:</b>	
on investments	(1,832,234)
on securities sold short	1,466,548
on swap contracts	839
on foreign currency translations	(1,334,921)
Net change in unrealized appreciation/depreciation on investments, securities sold short, swap contracts, and foreign currency translations	(1,699,768)
<b>Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, and Foreign Currency</b>	
	12,478,542
<b>Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations</b>	<b>\$ 8,288,363</b>

See accompanying notes to financial statements.

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**The GDL Fund**
**Statement of Changes in Net Assets Attributable to Common Shareholders**

	<b>Six Months Ended</b>	
	<b>June 30, 2015</b>	<b>Year Ended</b>
	<b>(Unaudited)</b>	<b>December 31, 2014</b>
<b>Operations:</b>		
Net investment loss	\$ (4,190,179)	\$ (3,524,713)
Net realized gain on investments, securities sold short, swap contracts, written options, and foreign currency transactions	14,178,310	13,277,489
Net change in unrealized appreciation/depreciation on investments, securities sold short, swap contracts, and foreign currency translations	(1,699,768)	(8,401,780)
<b>Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations</b>	<b>8,288,363</b>	<b>1,350,996</b>
<b>Distributions to Common Shareholders:</b>		
Net investment income		(1,209,552)
Net realized short term gain	(6,455,346)*	(6,589,932)
Net realized long term gain		(4,419,204)
Return of capital		(4,233,112)
<b>Total Distributions to Common Shareholders</b>	<b>(6,455,346)</b>	<b>(16,451,800)</b>
<b>Fund Share Transactions:</b>		
Decrease from repurchase of common shares	(1,661,024)	(8,757,103)
<b>Decrease in Net Assets from Fund Share Transactions</b>	<b>(1,661,024)</b>	<b>(8,757,103)</b>
<b>Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders</b>	<b>171,993</b>	<b>(23,857,907)</b>
<b>Net Assets Attributable to Common Shareholders:</b>		
Beginning of year	244,893,571	268,751,478
End of period (including undistributed net investment income of \$0 and \$0, respectively)	\$ 245,065,564	\$ 244,893,571

\* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

See accompanying notes to financial statements.



**The GDL Fund****STATEMENT OF CASH FLOWS****For the Six Months Ended June 30, 2015**

Net increase in net assets resulting from operations	\$ 8,288,363
<b>Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to Net Cash from Operating Activities:</b>	
Purchase of investment securities	(467,126,813)
Proceeds from sales of investment securities	552,032,784
Proceeds from short sales of investment securities	69,963,095
Purchase of securities to cover short sales	(77,995,253)
Net purchases of short term investment securities	(68,126,129)
Net realized gain on investments	(10,112,824)
Net realized loss on securities sold short	1,181,578
Net change in unrealized appreciation/depreciation on investments and swap contracts	1,831,395
Net amortization of discount	(14,388)
Net decrease in unrealized appreciation on forward foreign exchange contracts	1,402,888
Net increase in unrealized appreciation on securities sold short	(1,466,548)
Increase in receivable for investments sold	(26,730,298)
Increase in payable for investments purchased	29,697,203
Increase in deposit at broker	(2,785,461)
Increase in payable for short sale dividends	12,398
Increase in dividends and interest receivable	(52,708)
Decrease in deferred offering expense	55,425
Decrease in prepaid expense	4,293
Increase in payable for investment advisory fees	1,224,980
Decrease in payable for payroll expenses	(30,524)
Increase in distributions payable	19,352
Decrease in payable to custodian	(3,291)
Decrease in other accrued expenses	(53,881)
Net cash provided by operating activities:	11,215,636
<b>Net decrease in net assets resulting from financing activities:</b>	
Liquidation of Series B 3.00% Cumulative Preferred Shares, callable and mandatory redemption 03/26/18	(5,030,800)
Distributions to Common Shareholders	(6,455,346)
Increase in payable for Fund shares repurchased	202,284
Decrease from repurchase of common shares	(1,661,024)

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Net cash used in financing activities	(12,944,886)
Net decrease in cash	(1,729,250)
Cash (including foreign currency):	
Beginning of year	6,289,403
End of period	\$ 4,560,153
Supplemental disclosure of cash flow information:	
Interest paid on preferred shares	\$ 2,030,315

See accompanying notes to financial statements.

**The GDL Fund****Financial Highlights**

Selected data for a share of beneficial interest outstanding throughout each period:

	Six Months Ended June 30, 2015 (Unaudited)		2014	Year Ended December 31,			2010					
			2013	2012	2011							
<b>Operating Performance:</b>												
Net asset value, beginning of year	\$	12.10	\$	12.78	\$	13.26	\$	13.94	\$	15.02	\$	15.84
Net investment loss		(0.23)		(0.26)		(0.33)		(0.46)		(0.55)		(0.56)
Net realized and unrealized gain/(loss) on investments, securities sold short, swap contracts, written options, and foreign currency transactions		0.64		0.33		1.13		1.06		0.74		1.02
Total from investment operations		0.41		0.07		0.80		0.60		0.19		0.46
<b>Distributions to Common Shareholders:</b>												
Net investment income				(0.06)				(0.08)		(0.02)		
Net realized gain		(0.32)*		(0.53)		(0.28)				(0.39)		(0.03)
Return of capital				(0.21)		(1.00)		(1.20)		(0.87)		(1.25)
Total distributions to common shareholders		(0.32)		(0.80)		(1.28)		(1.28)		(1.28)		(1.28)
<b>Common Share Transactions:</b>												
Increase/(decrease) in net asset value from repurchase of common shares		0.01		0.05		0.00(a)		0.00(a)		0.01		(0.00)(a)
Recapture of gain on sale of Fund shares by an affiliate												0.00(a)

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Total Fund share transactions	0.01	0.05	0.00(a)	0.00(a)	0.01	0.00(a)
<b>Net Asset Value, End of Period</b>	\$ 12.20	\$ 12.10	\$ 12.78	\$ 13.26	\$ 13.94	\$ 15.02
NAV total return	3.49%	0.94%	6.31%	4.44%	1.26%	3.07%
Market value, end of period	\$ 10.19	\$ 10.23	\$ 11.02	\$ 11.42	\$ 11.80	\$ 13.37
Investment total return	2.69%	(0.07)%	7.79%	7.67%	(2.51)%	1.72%
<b>Ratios to Average Net Assets and Supplemental Data:</b>						
Net assets including liquidation value of preferred shares, end of period (in 000 s)	\$ 376,267	\$ 381,126	\$ 404,984	\$ 422,956	\$ 437,755	\$ 413,993
Net assets attributable to common shares, end of period (in 000 s)	\$ 245,066	\$ 244,894	\$ 268,751	\$ 278,968	\$ 293,767	\$ 317,981
Ratio of net investment income to average net assets attributable to common shares including interest and offering costs(b)	(3.41)%(c)	(1.38)%	(2.50)%	(3.33)%	(3.71)%	(3.60)%
Ratio of operating expenses excluding the effect of dividends on securities sold short to average net assets attributable to common shares(d)(e)	4.37%(c)(f)	2.99%	4.76%	4.58%	4.87%	4.39%
Portfolio turnover rate	154%	315%	319%	335%	336%	365%

See accompanying notes to financial statements.

**The GDL Fund****Financial Highlights (Continued)**

Selected data for a common share of beneficial interest outstanding throughout each period:

	Six Months Ended June 30, 2015 (Unaudited)		2014	Year Ended December 31, 2013			2012	2011	2010
<b>Preferred Stock:</b>									
<b>8.500% Series A Cumulative Preferred Shares (g)</b>									
Liquidation value, end of period (in 000 s)									\$ 96,012
Total shares outstanding (in 000 s)									1,920
Liquidation preference per share									\$ 50.00
Average market value(h)									\$ 53.05
Asset coverage per share									\$ 215.59
<b>Asset coverage</b>									431%
<b>Series B Cumulative Preferred Shares (i)</b>									
Liquidation value, end of period (in 000 s)	\$	131,201	\$ 136,232	\$ 136,232	\$ 143,988	\$ 143,988			
Total shares outstanding (in 000 s)		2,624	2,725	2,725	2,880	2,880			
Liquidation preference per share	\$	50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00		
Average market value(h)	\$	50.28	\$ 50.36	\$ 50.41	\$ 50.63	\$ 52.46			
Asset coverage per share	\$	143.39	\$ 139.88	\$ 148.64	\$ 146.87	\$ 152.01			
<b>Asset coverage</b>		287%	280%	297%	294%	304%			

Based on net asset value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized.

Based on market value per share, adjusted for reinvestment of distributions at prices obtained under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized.

\* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

(a) Amount represents less than \$0.005 per share.

(b) The Fund incurred interest expense during all periods presented. Interest expense on Preferred Shares and offering costs include amounts relating to the 8.50% Series A Preferred Shares from its issuance in 2009 to its repayment in 2011 and to the Series B Preferred Shares from its issuance in 2011 through June 30, 2015 (see Footnotes 2 and 5).

(c) Annualized.

(d)

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Ratio of operating expenses including interest, dividends on securities sold short, and offering costs to average net assets attributable to common shares for the six months ended June 30, 2015, and the years ended December 31, 2014, 2013, 2012, 2011, and 2010 would have been 4.71%, 3.07%, 4.80%, 4.66%, 4.89%, and 4.39%, respectively.

- (e) Ratio of operating expenses excluding interest, dividends on securities sold short, and offering costs to average net assets attributable to common shares for the six months ended June 30, 2015 and the years ended December 31, 2014, 2013, 2012, 2011, and 2010, would have been 0.66%, 1.35%, 3.22%, 2.58%, 1.56%, and 1.89%, respectively.
- (f) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the six months ended June 30, 2015, there was no impact to the expense ratios.
- (g) Series A Cumulative Preferred Shares were first issued on February 6, 2009 and were redeemed on May 31, 2011.
- (h) Based on weekly prices.
- (i) Series B Cumulative Preferred Shares were first issued on April 15, 2011.

See accompanying notes to financial statements.

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## The GDL Fund

### Notes to Financial Statements (Unaudited)

**1. Organization.** The GDL Fund currently operates as a diversified closed-end management investment company organized as a Delaware statutory trust on October 17, 2006 and registered under the Investment Company Act of 1940, as amended (the 1940 Act ). Investment operations commenced on January 31, 2007.

The Fund's primary investment objective is to achieve absolute returns in various market conditions without excessive risk of capital. The Fund will seek to achieve its objective by investing primarily in merger arbitrage transactions and, to a lesser extent, in corporate reorganizations involving stubs, spin-offs, and liquidations. The Fund will invest at least 80% of its assets, under normal market conditions, in securities or hedging arrangements relating to companies involved in corporate transactions or reorganizations, giving rise to the possibility of realizing gains upon or within relatively short periods of time after the completion of such transactions or reorganizations.

The Fund may invest a high percentage of its assets in specific sectors of the market in order to achieve a potentially greater investment return. As a result, the Fund may be more susceptible to economic, political, and regulatory developments in a particular sector of the market, positive or negative, and may experience increased volatility to the Fund's NAV and a magnified effect in its total return.

**2. Significant Accounting Policies.** 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 financial statements. 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 financial statements.

**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 instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, 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. Debt instruments having a maturity greater than sixty days 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. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations.





**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

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 June 30, 2015 is as follows:

	<b>Valuation Inputs</b>			<b>Total Market Value at 6/30/15</b>
	<b>Level 1 Quoted Prices</b>	<b>Level 2 Other Significant Observable Inputs</b>	<b>Level 3 Significant Unobservable Inputs</b>	
<b>INVESTMENTS IN SECURITIES: ASSETS (Market Value):</b>				
<b>Common Stocks:</b>				
Computer Software and Services	\$ 33,508,359		\$ 11,230	\$ 33,519,589
Electronics	4,991,715	\$ 142,500		5,134,215
Health Care	67,782,413		192,500	67,974,913
Publishing	591,358		33,072	624,430
Retail	1,503,793		7,991,697	9,495,490
Other Industries (a)	167,838,966			167,838,966
<b>Total Common Stocks</b>	<b>276,216,604</b>	<b>142,500</b>	<b>8,228,499</b>	<b>284,587,603</b>
<b>Rights (a)</b>			<b>2,046,456</b>	<b>2,046,456</b>

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Warrants (a)	95,276			95,276
U.S. Government Obligations		87,403,157		87,403,157
<b>TOTAL INVESTMENTS IN SECURITIES ASSETS</b>	<b>\$ 276,311,880</b>	<b>\$ 87,545,657</b>	<b>\$ 10,274,955</b>	<b>\$ 374,132,492</b>
<b>LIABILITIES (Market Value):</b>				
Common Stocks Sold Short (a)	\$ (15,994,021)			\$ (15,994,021)
<b>TOTAL INVESTMENTS IN SECURITIES - LIABILITIES</b>	<b>\$ (15,994,021)</b>			<b>\$ (15,994,021)</b>

## The GDL Fund

## Notes to Financial Statements (Unaudited) (Continued)

	Valuation Inputs			Total Market Value at 6/30/15
	Level 1 Quoted Prices	Level 2 Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>OTHER FINANCIAL INSTRUMENTS:</b>				
<b>ASSETS (Unrealized Appreciation):*</b>				
<b>EQUITY CONTRACT:</b>				
Contract for Difference Swap Agreements		\$ 3,833		\$ 3,833
<b>FORWARD CURRENCY EXCHANGE CONTRACTS</b>				
Forward Foreign Exchange Contracts		\$135,511		\$135,511
<b>TOTAL OTHER FINANCIAL INSTRUMENTS:</b>		\$139,344		\$139,344

(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.

The Fund did not have material transfers among Level 1, Level 2, and Level 3 during the six months ended June 30, 2015. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

The following table reconciles Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 12/31/14	Accrued discount (premiums)	Change in unrealized appreciation/ depreciation	Transfers		Balance as of 06/30/15	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments still held at 06/30/15
				into Level 3	out of Level 3		
<b>INVESTMENTS IN SECURITIES:</b>							
<b>ASSETS (Market Value):</b>							

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<b>Common Stocks:</b>							
Computer Software and Services	\$	11,230				\$	11,230
Health Care		192,500					192,500
Publishing		33,059	\$	13			33,072 \$ 13
Retail		7,991,697					7,991,697
Total Common Stocks		8,228,486		13			8,228,499 13
<b>Rights:</b>							
Health Care		707,092	\$ 0	(270,230)	\$ 215,674	\$ 0	652,536 (270,230)
Retail				135,171	74,349		209,520 135,171
Wireless Communications		1,184,400					1,184,400
Total Rights		1,891,492		(135,059)	290,023		2,046,456 (135,059)
<b>TOTAL INVESTMENTS IN SECURITIES</b>							
	\$	10,119,978	\$ 0	\$ (135,046)	\$ 290,023	\$ 0	\$ 10,274,955 \$ (135,046)

Net change in unrealized appreciation/depreciation on investments is included in the related amounts in the Statement of Operations.

The Fund's policy is to recognize transfers into and out of Level 3 as of the beginning of the reporting period.

**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

The following tables summarize the valuation techniques used and unobservable inputs utilized to determine the value of certain of the Fund's Level 3 investments as of June 30, 2015:

Description	Balance at 06/30/15	Valuation Technique	Unobservable Input	Range
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Retail	\$ 7,991,697	Merger/Acquisition price	Discount Range	0%
Other Industries (a)	236,802	Last available closing price	Discount Range	0%
Rights (a)	2,046,456	Last available closing price	Discount Range	0%
	\$ 10,274,955			

(a) Includes fair value securities of investments developed using various valuation techniques and unobservable inputs.

Unobservable Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
Discount Range	Decrease	Increase

**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 is 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 and preferred equities, warrants, options, rights, and 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. Among the factors to be considered to fair value a security are 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 include back testing 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.

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**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

**Derivative Financial Instruments.** The Fund may engage in various portfolio investment strategies by investing in a number of 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 that, 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.

Collateral requirements differ by type of derivative. Collateral requirements are set by the broker or exchange clearing house for exchange traded derivatives, while collateral terms are contract specific for derivatives traded over-the-counter. Securities pledged to cover obligations of the Fund under derivative contracts are noted in the Schedule of Investments. Cash collateral, if any, pledged for the same purpose will be reported separately in the Statement of Assets and Liabilities.

The Fund's policy with respect to offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the master agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the Fund and the applicable counterparty. The enforceability of the right to offset may vary by jurisdiction.

The Fund's derivative contracts held at June 30, 2015, 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.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gain or loss in the Statement of Operations. A

realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements.



**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

The Fund has entered into an equity contract for difference swap agreement with The Goldman Sachs Group, Inc. Details of the swap at June 30, 2015 are reflected within the Schedule of Investments and further details are as follows:

Notional Amount	Equity Security Received	Interest Rate/Equity Security Paid	Termination Date	Net Unrealized Appreciation
	Market Value			
	Appreciation on:	One Month LIBOR plus 90 bps plus		Market Value Depreciation on:
\$36,862 (70,000 Shares)	Gulf Keystone Petroleum Ltd.	Gulf Keystone Petroleum Ltd.	6/28/16	\$3,833

The Fund's volume of activity in equity contract for difference swap agreements during the six months ended June 30, 2015 had an average monthly notional amount of approximately \$52,825.

At June 30, 2015, the value of equity contract for difference swap agreements can be found in the Statement of Assets and Liabilities under Assets, Unrealized appreciation on swap contracts. For the six months ended June 30, 2015, the effect of equity contract for difference swap agreements can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, and Foreign Currency, Net realized loss on swap contracts and Net change in unrealized appreciation/depreciation on swap contracts.

**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 June 30, 2015 are reflected within the Schedule of Investments.

The Fund's volume of activity in forward foreign exchange contracts during the six months ended June 30, 2015 had an average monthly notional amount of approximately \$154,542,857.

At June 30, 2015, the value of forward foreign exchange contracts can be found in the Statement of Assets and Liabilities under Assets, Unrealized appreciation on forward foreign exchange contracts. For the six months ended June 30, 2015, the effect of forward foreign exchange contracts can be found in the Statement of Operations under Net

Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, and Foreign Currency, within Net realized gain on foreign currency transactions and Net change in unrealized appreciation/depreciation on foreign currency translations.

**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

**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

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 the 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 June 30, 2015, the Fund did not hold any written options contracts.

At June 30, 2015, the Fund's derivative assets (by type) are as follows:

	Gross Amounts of Recognized Assets Presented in the Statement of Assets and Liabilities	Gross Amounts Available for Offset in the Statement of Assets and Liabilities	Net Amounts of Assets Presented in the Statement of Assets and Liabilities
<b>Assets</b>			
Equity Contract for Difference Swap Agreement	\$ 3,833	\$	\$ 3,833
Forward Foreign Exchange Contracts	135,511		135,511
Total	\$ 139,344	\$	\$ 139,344



**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

The following table presents the Fund's derivative assets by counterparty net of the related collateral segregated by the Fund for the benefit of the counterparty as of June 30, 2015:

Counterparty	Gross Amounts Not Offset in the Statement of		Cash Collateral Received	Net Amount
	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments		
The Goldman Sachs Group, Inc.	\$ 3,833	\$ (3,833)		
State Street Bank and Trust Co.	135,511	(135,511)		
Total	\$ 139,344	\$ (139,344)		

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

**Securities Sold Short.** The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination.

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**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

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 June 30, 2015 are reflected within the Schedule of Investments.

**Series B Cumulative Preferred Shares.** For financial reporting purposes only, the liquidation value of preferred shares that have a mandatory call date is classified as a liability within the Statement of Assets and Liabilities and the dividends paid on these preferred shares are included as a component of Interest expense on preferred shares within the Statement of Operations. Offering costs are amortized over the life of the preferred shares.

**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 illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does 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 June 30, 2015, the Fund held no investments in restricted securities.





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**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

**Securities Transactions and Investment Income.** Securities and derivative transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

**Custodian Fee Credits and Interest Expense.** When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as Custodian fee credits. When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the 90 day Treasury Bill rate on outstanding balances. This amount, if any, would be included in the Statement of Operations.

**Distributions to Shareholders.** Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. See Series B Cumulative Preferred Shares above for discussion of GAAP treatment. The distributions on these Preferred Shares are treated as dividends for tax purposes. These differences are also due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund.

The Fund declared and paid quarterly distributions from net investment income, capital gains, and paid-in capital. The actual sources of the distribution are determined after the end of the year. To the extent such distributions were made from current earnings and profits, they are considered ordinary income or long term capital gains. Distributions during the year may be made in excess of required distributions. This may restrict the Fund's ability to pass through to shareholders all of its net realized long term capital gains as a Capital Gain Distribution, subject to the maximum federal income tax rate, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate. That portion of a distribution that is paid-in capital (and is not sourced from net investment income or realized gains) should not be considered as the yield or total return on an investment in the Fund.

**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

The tax character of distributions paid during the year ended December 31, 2014 was as follows:

	<b>Year Ended December 31, 2014</b>	
	<b><u>Common</u></b>	<b><u>Preferred</u></b>
<b>Distributions paid from:</b>		
Ordinary income (inclusive of short term capital gains)	\$ 7,799,484	\$ 4,087,796
Long term capital gain	4,419,204	
Return of capital	4,233,112	
<b>Total distributions paid</b>	<b>\$ 16,451,800</b>	<b>\$ 4,087,796</b>

**Provision for Income Taxes.** 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 Code). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

As of December 31, 2014, the components of accumulated earnings/losses on a tax basis were as follows:

Net unrealized appreciation on investments, swap contracts, and foreign currency translations	\$2,945,744
Qualified late year loss deferral*	(1,816,197)
Other temporary differences**	(68,116)
<b>Total</b>	<b>\$1,061,431</b>

\* Under the current law, qualified late year losses realized after October 31 and prior to the Fund's year end may be elected as occurring on the first day of the following year. For the year ended December 31, 2014, the Fund elected to defer \$1,816,197 of late year short term capital losses.

\*\* Other temporary differences are due to preferred share class distribution payables.

Under the Regulated Investment Company Modernization Act of 2010, the Fund is permitted to carry forward for an unlimited period capital losses incurred. As a result of the rule, post-enactment capital losses that are carried forward will retain their character as either short term or long term capital losses rather than being considered all short term as under previous law.

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The following summarizes the tax cost of investments and the related net unrealized appreciation/depreciation at June 30, 2015:

	<b>Cost/ (Proceeds)</b>	<b>Gross Unrealized Appreciation</b>	<b>Gross Unrealized Depreciation</b>	<b>Net Unrealized Appreciation</b>
Investments	\$ 371,770,337	\$ 17,828,751	\$ (15,466,596)	\$ 2,362,155
Securities sold short	(16,905,780)	1,145,527	(233,768)	911,759
		\$ 18,974,278	\$ (15,700,364)	\$ 3,273,914

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended June 30, 2015, the Fund did not incur any income tax, interest, or penalties. As of June 30, 2015, the Adviser has reviewed all open tax years and concluded that there was no impact to

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**The GDL Fund****Notes to Financial Statements (Unaudited) (Continued)**

the Fund's net assets or results of operations. The Fund's federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

**3. Agreements and Transactions with Affiliates and Other Arrangements.** The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a base fee, computed weekly and paid monthly, equal on an annual basis to 0.50% of the value of the Fund's average weekly managed assets. Managed assets consist of all of the assets of the Fund without deduction for borrowings, repurchase transactions, and other leveraging techniques, the liquidation value of any outstanding preferred shares, or other liabilities except for certain ordinary course expenses. In addition, the Fund may pay the Adviser an annual performance fee at a calendar year end if the Fund's total return on its managed assets during the year exceeds the total return of the 3 Month U.S. Treasury Bill Index (the "T-Bill Index") during the same period. For every four basis points that the Fund's total return exceeds the T-Bill Index, the Fund will accrue weekly and pay annually a one basis point performance fee up to a maximum performance fee of 150 basis points. Under the performance fee arrangement, the annual rate of the total fees paid to the Adviser can range from 0.50% to 2.00% of the average weekly managed assets. For the six months ended June 30, 2015, the Fund accrued a performance fee of \$2,038,074 to the Adviser. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs.

During the six months ended June 30, 2015, the Fund paid brokerage commissions on security trades of \$105,915 to G.research, Inc., an affiliate of the Adviser.

During the six months ended June 30, 2015, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was \$2,424.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the six months ended June 30, 2015, the Fund paid or accrued \$22,500 to the Adviser in connection with the cost of computing the Fund's NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser). For the six months ended June 30, 2015, the Fund paid or accrued \$59,337 in payroll expenses in the Statement of Operations.

There was a reduction in the advisory fee paid to the Adviser relating to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser transferred dispositive and voting control to the Fund's Proxy Voting Committee. During the six months ended June 30, 2015, the Fund's Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities, and the Adviser reduced its fee with respect to such securities by \$3,824.

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The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$9,000 plus \$2,000 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended, the Audit Committee Chairman receives an annual fee of \$3,000, the Nominating Committee Chairman and the Lead

## The GDL Fund

### Notes to Financial Statements (Unaudited) (Continued)

Trustee each receive an annual fee of \$2,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

**4. Portfolio Securities.** Purchases and sales of securities during the six months ended June 30, 2015, other than short term securities and U.S. Government obligations, aggregated \$467,126,813 and \$552,032,784, respectively. Purchases and sales of U.S. Government Obligations for the six months ended June 30, 2015, aggregated \$463,643,644 and \$395,517,515, respectively.

**5. Capital.** The Fund is authorized to issue an unlimited number of common shares of beneficial interest (par value \$0.001). The Board has authorized the repurchase of the Fund's common shares on the open market when its shares are trading at a discount of 7.5% or more (or such other percentage as the Board may determine from time to time) from the NAV per share. During the six months ended June 30, 2015, the Fund repurchased and retired 160,737 shares in the open market at a cost of \$1,661,024 and an average discount of approximately 15.81% from its NAV.

Transactions in common shares of beneficial interest for the six months ended June 30, 2015 and the year ended December 31, 2014 were as follows:

	Six Months Ended June 30, 2015 (Unaudited)		Year Ended December 31, 2014	
	Shares	Amount	Shares	Amount
Shares repurchased	(160,737)	\$ (1,661,024)	793,044	\$ 8,757,103

The Fund's Declaration of Trust, as amended, authorizes the issuance of an unlimited number of shares of \$0.001 par value Preferred Shares. The Preferred Shares are senior to the common shares and result in the financial leveraging of the common shares. Such leveraging tends to magnify both the risks and opportunities to common shareholders.

The Series B Preferred pay quarterly distributions in March, June, September, and December of each year. On January 23, 2015, the Board reset the annual dividend rate to 3.00% on the Series B Preferred for dividend periods through March 26, 2018. The Series B Preferred may be put back to the Fund during a period after the announcement of a new rate, and may be redeemed by the Fund at any time. During the six months ended June 30, 2015, 100,616 shares were put back to the Fund at a liquidation value of \$5,030,800. Each reset date will take into account interest rates for debt securities with similar timeframes to put or maturity, but annual dividend rates may not be lower than 3.00%. Prior to the interest rate reset for March 26, 2015, 155,117 Series B Preferred were put back to the Fund at the liquidation value of \$7,755,850. At June 30, 2015, there were 2,624,025 Series B Preferred outstanding and accrued dividends amounted to \$87,468.

Dividends on the Preferred Shares are cumulative. The Fund is required by the 1940 Act and by the Statement of Preferences to meet certain asset coverage tests with respect to the Preferred Shares. If the Fund fails to meet these

requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Series B Preferred at the redemption price of \$50 per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to

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## The GDL Fund

### Notes to Financial Statements (Unaudited) (Continued)

common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

The holders of Preferred Shares generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Preferred Shares voting together as a single class also have the right currently to elect two Trustees and under certain circumstances are entitled to elect a majority of the Board of Trustees. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred shares, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred shares, and the approval of two-thirds of each class, voting separately, of the Fund's outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred shares and a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies.

**6. Indemnifications.** The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

**7. Subsequent Events.** Management has evaluated the impact on the Fund of subsequent events occurring through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

### Shareholder Meeting May 11, 2015 Final Results

The Fund's Annual Meeting of Shareholders was held on May 11, 2015 at the Greenwich Library in Greenwich, Connecticut. At that meeting, common and preferred shareholders, voting together as a single class, elected Mario J. Gabelli, CFA and Michael J. Melarkey as Trustees of the Fund. A total of 17,842,007 votes and 20,892,870 votes were cast in favor of these Trustees and a total of 3,325,265 votes and 274,402 votes were withheld for these Trustees, respectively.

Anthony J. Colavita, James P. Conn, Clarence A. Davis, Arthur V. Ferrara, Edward T. Tokar, and Salvatore J. Zizza continue to serve in their capacities as Trustees of the Fund.

We thank you for your participation and appreciate your continued support.

### Certifications

The Fund's Chief Executive Officer has certified to the New York Stock Exchange ( NYSE ) that, as of June 10, 2015, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the SEC on Form N-CSR which contains certifications by the Fund's principal executive officer and



principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

**AUTOMATIC DIVIDEND REINVESTMENT  
AND VOLUNTARY CASH PURCHASE PLANS**

**Enrollment in the Plan**

It is the policy of The GDL Fund to automatically reinvest dividends payable to common shareholders. As a registered shareholder you automatically become a participant in the Fund's Automatic Dividend Reinvestment Plan (the Plan). The Plan authorizes the Fund to credit common shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their share certificates to American Stock Transfer (AST) to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distributions in cash must submit this request in writing to:

The GDL Fund  
c/o American Stock Transfer  
6201 15th Avenue  
Brooklyn, NY 11219

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan, may contact AST at (888) 422-3262.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of street name and re-registered in your own name. Once registered in your own name your distributions will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in street name at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of common shares distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund's common shares is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued common shares valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund's common shares. The valuation date is the dividend or distribution payment date or, if that date is not a NYSE Amex trading day, the next trading day. If the net asset value of the common shares at the time of valuation exceeds the market price of the common shares, participants will receive common shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, AST will buy common shares in the open market, or on the NYSE Amex, or elsewhere, for the participants' accounts, except that AST will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common shares exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes

as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

### **Voluntary Cash Purchase Plan**

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to AST for investments in the Fund's common shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. AST will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. AST will charge each shareholder who participates a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to American Stock Transfer, 6201 15th Avenue, Brooklyn, NY 11219 such that AST receives such payments approximately 10 days before the investment date. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by AST at least 48 hours before such payment is to be invested.

*Shareholders wishing to liquidate shares held at AST* must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$1.00 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Automatic Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by AST on at least 90 days written notice to participants in the Plan.

**THE GDL FUND**

**One Corporate Center**

**Rye, NY 10580-1422**

**Portfolio Manager Biography**

**Mario J. Gabelli, CFA**, is Chairman and Chief Executive Officer of GAMCO Investors, Inc. that he founded in 1977 and Chief Investment Officer Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management 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.

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](http://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](http://www.gabelli.com).

The NASDAQ symbol for the Net Asset Value is XGDLX.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may from time to time purchase its common shares in the open market when the Fund's shares are trading at a discount of 7.5% or more from the net asset value of the shares. The Fund may also from time to time purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

THE GDL FUND

One Corporate Center

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TRUSTEES

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Chairman &  
Chief Executive Officer,  
GAMCO Investors, Inc.

Anthony J. Colavita  
President,  
Anthony J. Colavita, P.C.

James P. Conn  
Former Managing Director &

OFFICERS

Bruce N. Alpert  
President

Andrea R. Mango  
Secretary & Vice President

Agnes Mullady  
Treasurer

Richard J. Walz  
Chief Compliance Officer

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Chief Investment Officer,  
Financial Security Assurance Holdings Ltd.

Frank M. Yodice  
Assistant Vice President  
and Ombudsman

Clarence A. Davis  
Former Chief Executive Officer,  
Nestor, Inc.

Carter W. Austin  
Vice President

Arthur V. Ferrara  
Former Chairman &  
Chief Executive Officer,  
Guardian Life Insurance  
Company of America

David I. Schachter  
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**CUSTODIAN**

Edward T. Tokar  
Senior Managing Director,  
Beacon Trust Company

The Bank of New York Mellon

**COUNSEL**

Salvatore J. Zizza  
Chairman,  
Zizza & Associates Corp.

Skadden, Arps, Slate, Meagher &  
Flom LLP

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TRANSFER AGENT AND  
REGISTRAR

American Stock Transfer and  
Trust Company

GDL Q2/2015

**Item 2. Code of Ethics.**

Not applicable.

**Item 3. Audit Committee Financial Expert.**

Not applicable.

**Item 4. Principal Accountant Fees and Services.**

Not applicable.

**Item 5. Audit Committee of Listed Registrants.**

Not applicable.

**Item 6. Investments.**

(a) Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not applicable.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

Not applicable.

**Item 8. Portfolio Managers of Closed-End Management Investment Companies.**

There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1) of this Item in the registrant's most recently filed annual report on Form N-CSR.

**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.**



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**REGISTRANT PURCHASES OF EQUITY SECURITIES**

<b>Period</b>	<b>(a) Total Number of Shares (or Units) Purchased</b>		<b>(b) Average Price Paid per Share (or Unit)</b>		<b>(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs</b>		<b>(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs</b>	
Month #1 01/01/15 through 01/31/15	Common	N/A	Common	N/A	Common	N/A	Common	20,243,135
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,879,758
Month #2 02/01/15 through 02/28/15	Common	11,300	Common	\$10.3050	Common	11,300	Common	20,243,135 11,300 = 20,831,835
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,879,758
Month #3 03/01/15 through 03/31/15	Common	41,257	Common	\$10.3266	Common	41,257	Common	20,831,835 41,257 = 20,190,578
	Preferred Series B	100,616	Preferred Series B	\$50	Preferred Series B	100,616	Preferred Series B	2,879,758 100,616 = 2,779,142
Month #4 04/01/15 through 04/30/15	Common	21,978	Common	10.3481	Common	21,978	Common	20,190,578 21,978 = 20,168,600
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,779,142
Month 05/01/15 through 05/31/15	Common	17,429	Common	\$10.4247	Common	17,429	Common	20,168,600 17,429 = 20,151,171
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,779,142

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Month -06/01/15 through 06/30/15	Common	68,773	Common	\$10.3096	Common	68,773	Common	20,151,171	68,773 = 20,082,398
	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	N/A	Preferred Series B	2,779,142	
Total	Common	160,737	Common	\$10.3428	Common	160,737	N/A		
	Preferred Series B	100,616	Preferred Series B	\$50	Preferred Series B	100,616			

Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced:

- a. The date each plan or program was announced The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund s quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.

b. The dollar amount (or share or unit amount) approved Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the shares.

Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of \$25.00.

c. The expiration date (if any) of each plan or program The Fund's repurchase plans are ongoing.

d. Each plan or program that has expired during the period covered by the table The Fund's repurchase plans are ongoing.

e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. The Fund's repurchase plans are ongoing.

**Item 10. Submission of Matters to a Vote of Security Holders.**

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's Board of Directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or this Item.

**Item 11. Controls and Procedures.**

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 12. Exhibits.**

(a)(1) Not applicable.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a)(3) Not applicable.

(b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes- Oxley Act of 2002 are attached hereto.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) The GDL Fund

By (Signature and Title)\* /s/ Bruce N. Alpert  
Bruce N. Alpert, Principal Executive Officer

Date 9/3/2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* /s/ Bruce N. Alpert  
Bruce N. Alpert, Principal Executive Officer

Date 9/3/2015

By (Signature and Title)\* /s/ Agnes Mullady  
Agnes Mullady, Principal Financial Officer and Treasurer

Date 9/3/2015

\* Print the name and title of each signing officer under his or her signature.