

GDL FUND  
Form N-CSR  
March 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT**

**INVESTMENT COMPANIES**

Investment Company Act file number 811-21969

The GDL Fund

(Exact name of registrant as specified in charter)

One Corporate Center

Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)

Bruce N. Alpert

Gabelli Funds, LLC

One Corporate Center

Rye, New York 10580-1422

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: December 31, 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**
**Annual Report December 31, 2015****Mario J. Gabelli, CFA****Portfolio Manager****To Our Shareholders,**

For the year ended December 31, 2015, the net asset value ( NAV ) total return of The GDL Fund was 4.0%, compared with a total return of 0.05% 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 4.1%. The Fund's NAV per share was \$11.93, while the price of the publicly traded shares closed at \$10.01 on the New York Stock Exchange ( NYSE ). See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2015.

**Comparative Results****Average Annual Returns through December 31, 2015 (a) (Unaudited)**

	1 Year	3 Year	5 Year	Since Inception (01/31/07)
<b>GDL Fund</b>				
<b>NAV Total Return (b)</b>	3.95%	3.71%	3.36%	2.78%
<b>Investment Total Return (c)</b>	4.12	3.90	3.32	1.33
Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.05	0.05	0.07	0.81

- (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. 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) 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 December 31, 2015:

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

U.S. Government Obligations	35.9%
Financial Services	9.7%
Energy and Utilities	5.2%
Semiconductors	5.2%
Food and Beverage	4.5%
Health Care	4.4%
Diversified Industrial	4.4%
Cable and Satellite	4.2%
Real Estate Investments Trusts	3.2%
Specialty Chemicals	3.1%
Computer Software and Services	2.9%
Telecommunications	2.8%
Business Services	2.7%
Transportation	2.2%
Building and Construction	1.7%
Automotive: Parts and Accessories	1.5%
Electronics	1.3%
Retail	1.0%
Wireless Communications	0.7%
Paper and Forest Products	0.6%
Entertainment	0.6%
Metals and Mining	0.5%
Publishing	0.5%
Machinery	0.4%
Consumer Products and Services	0.3%
Computer Hardware	0.2%
Hotels and Gaming	0.1%
Aerospace and Defense	0.1%
Equipment and Supplies	0.1%
Real Estate	0.0%*
Educational Services	0.0%*

100.0%

**Short Positions**

Semiconductors	(0.9)%
Financial Services	(0.6)%
Cable and Satellite	(0.2)%
Energy and Utilities	(0.2)%

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Real Estate Investment Trusts	(0.1)%
Consumer Products and Services	(0.1)%
Computer Hardware	(0.0)%*
Retail	(0.0)%*
Electronics	(0.0)%*
	(2.1)%

\* 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 December 31, 2015

Shares		Cost	Market Value
<b>COMMON STOCKS 63.5%</b>			
<b>Aerospace and Defense 0.1%</b>			
14,000	Breeze-Eastern Corp.	\$ 273,613	\$ 277,200
4,000	Kratos Defense & Security Solutions Inc.	34,776	16,400
		308,389	293,600
<b>Automotive: Parts and Accessories 1.5%</b>			
14,200	Montupet	1,142,221	1,101,840
245,000	The Pep Boys - Manny, Moe & Jack	3,109,546	4,510,450
		4,251,767	5,612,290
<b>Building and Construction 1.7%</b>			
100,000	Delclima	500,530	489,909
23,000	Fortune Brands Home & Security Inc.	282,741	1,276,500
400,000	Italcementi SpA	4,435,599	4,455,698
2,800	Norbord Inc.	59,575	54,535
		5,278,445	6,276,642
<b>Business Services 2.7%</b>			
27,108	Blackhawk Network Holdings Inc.	632,159	1,198,445
92,138	Clear Channel Outdoor Holdings Inc., Cl. A	80,735	515,051
3,000	Funespana SA	27,182	23,474
190,000	GrainCorp Ltd., Cl. A	2,172,257	1,194,847
21,853	R. R. Donnelley & Sons Co.	425,041	321,676
20,000	Towers Watson & Co., Cl. A	2,672,424	2,569,200
217,200	USG People NV	4,077,117	4,055,225
		10,086,915	9,877,918
<b>Cable and Satellite 4.2%</b>			
9,000	AMC Networks Inc., Cl. A	371,666	672,120
115,000	Cablevision Systems Corp., Cl. A	3,308,539	3,668,500
27,628	Liberty Global plc, Cl. A	1,115,684	1,170,322
60,000	Liberty Global plc, Cl. C	2,349,988	2,446,200
1,381	Liberty Global plc LiLAC, Cl. A	46,474	57,132

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3,000	Liberty Global plc LiLAC, Cl. C	123,684	129,000
200,000	Sky plc	2,223,582	3,278,640
20,000	Time Warner Cable Inc.	3,225,426	3,711,800
4,000	Time Warner Inc.	302,738	258,680
		13,067,781	15,392,394

**Computer Hardware 0.2%**

500	Data Modul AG	15,606	20,048
17,000	Hutchinson Technology Inc.	60,605	61,030
10,000	SanDisk Corp	774,990	759,900
		851,201	840,978

**Computer Software and Services 2.9%**

28,000	Constant Contact Inc.	888,499	818,720
15,000	EMC Corp.	418,626	385,200

Shares		Cost	Market Value
200	InterXion Holding NV	\$ 6,505	\$ 6,030
500	Qihoo 360 Technology Co Ltd., ADR	36,498	36,405
2,500	Rocket Fuel Inc.	20,556	8,725
75,000	SolarWinds Inc.	4,373,908	4,417,500
69,000	Solera Holdings Inc.	3,761,397	3,783,270
40,000	Yahoo! Inc.	588,909	1,330,400
		10,094,898	10,786,250

**Consumer Products and Services 0.3%**

100,000	Avon Products Inc.(a)	1,275,510	405,000
1,000	Bang & Olufsen A/S	10,516	12,014
10,000	Jarden Corp.	560,762	571,200
1,799	Sequential Brands Group Inc.	17,019	14,230
		1,863,807	1,002,444

**Diversified Industrial 4.4%**

300,000	Blount International Inc.	2,959,390	2,943,000
15,000	ITT Corp.	329,299	544,800
45,000	Myers Industries Inc.	499,454	599,400
52,000	Precision Castparts Corp.	11,998,171	12,064,520
		15,786,314	16,151,720

**Educational Services 0.0%**

44,000	Corinthian Colleges Inc.	51,384	42
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**Electronics 1.3%**

190,000	Alliance Semiconductor Corp.	934,838	136,800
85,900	Axis Communications AB	3,441,368	3,494,430
76,000	Bel Fuse Inc., Cl. A	1,999,055	1,106,560



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100	Hubbell Inc.	10,010	10,104
		6,385,271	4,747,894
	<b>Energy and Utilities 5.2%</b>		
10,000	AGL Resources Inc.	624,439	638,100
170,000	Alvopetro Energy Ltd.	152,166	31,943
10,000	APR Energy plc	26,802	25,651
7,000	Avangrid Inc.	274,025	268,800
4,500	Baker Hughes Inc.	275,256	207,675
51,700	BG Group plc	944,404	750,733
10,000	Cameron International Corp.	643,645	632,000
200,000	Cleco Corp.	10,755,357	10,442,000
72,000	Endesa SA	1,799,401	1,449,515
460,000	Gulf Coast Ultra Deep Royalty Trust	805,000	69,046
6,000	Hawaiian Electric Industries Inc.	178,094	173,700
80,000	Noble Energy Inc.	3,239,092	2,634,400
10,000	NRG Energy Inc.	229,472	117,700
50,000	Pepeco Holdings Inc.	1,338,180	1,300,500
5,000	Piedmont Natural Gas Co. Inc.	285,922	285,100
2,000	TECO Energy Inc.	51,480	53,300
50,000	WesternZagros Resources Ltd.	120,491	3,433

See accompanying notes to financial statements.

## The GDL Fund

## Schedule of Investments (Continued) December 31, 2015

Shares		Cost	Market Value
<b>COMMON STOCKS (Continued)</b>			
<b>Energy and Utilities (Continued)</b>			
33,000	Whiting Petroleum Corp.	\$ 1,009,086	\$ 311,520
		22,752,312	19,395,116
<b>Entertainment 0.6%</b>			
500	King Digital Entertainment plc	8,921	8,940
140,254	Media General Inc.	2,444,057	2,265,102
2,000	SFX Entertainment Inc.	1,881	380
3,000	Youku Tudou Inc., ADR	79,890	81,390
		2,534,749	2,355,812
<b>Equipment and Supplies 0.1%</b>			
2,500	The Middleby Corp.	19,758	269,675
<b>Financial Services 9.7%</b>			
138,600	Allenex AB	40,693	40,719
20,000	Astoria Financial Corp.	333,473	317,000
8,000	BB&T Corp.	321,527	302,480
51,000	First Niagara Financial Group Inc.	709,941	553,350
10,000	Hilltop Holdings Inc.	215,837	192,200
109,449	National Interstate Corp.	3,260,600	2,922,288
200	National Penn Bancshares Inc.	2,521	2,466
60,000	Navient Corp.	645,152	687,000
81,761	PartnerRe Ltd.	11,249,849	11,425,282
60,000	SLM Corp.	378,899	391,200
100,000	StanCorp. Financial Group Inc.	11,417,007	11,388,000
235,000	Symetra Financial Corp.	7,447,526	7,465,950
1,000	The Phoenix Companies Inc.	34,385	37,040
		36,057,410	35,724,975
<b>Food and Beverage 4.5%</b>			
550,000	Boulder Brands Inc.	6,032,169	6,039,000
3,000	Diamond Foods Inc.	110,828	115,650
65,000	Keurig Green Mountain Inc.	5,816,799	5,848,700

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1,310,000	Parmalat SpA	4,593,967	3,402,524
8,000	SABMiller plc	486,204	479,943
3,000,000	Yashili International Holdings Ltd.	1,355,354	747,092
		18,395,321	16,632,909

**Health Care 4.2%**

5,000	Alere Inc.	199,060	195,450
2,000	Allergan plc	609,459	625,000
550,000	ArthroCare Corp. Stub	0	192,500
68,000	AstraZeneca plc, ADR	2,689,557	2,308,600
5,000	Cigna Corp.	711,260	731,650
217,402	Dyax Corp.	7,953,337	8,178,663
2,800	Humana Inc.	507,922	499,828
1,000	ICU Medical Inc.	58,368	112,780
4,000	Illumina Inc.	186,866	767,780
1,000	Laboratory Corp. of America Holdings	115,790	123,640
138,600	Liberator Medical Holdings Inc.	461,538	462,924

Shares		Cost	Market Value
6,000	Mylan NV	\$ 303,180	\$ 324,420
12,000	Ocata Therapeutics Inc.	100,944	101,040
18,000	Rhoen Klinikum AG	400,481	541,465
15,000	Smith & Nephew plc	154,293	267,127
7,500	Smith & Nephew plc, ADR	275,034	267,000
		14,727,089	15,699,867

**Hotels and Gaming 0.1%**

28,000	Belmond Ltd., Cl. A	310,473	266,000
1,000	MGM Resorts International	2,620	22,720
500	Starwood Hotels & Resorts Worldwide Inc.	36,472	34,640
		349,565	323,360

**Machinery 0.4%**

6,000	CNH Industrial NV	50,741	41,340
42,000	Xylem Inc.	1,202,465	1,533,000
		1,253,206	1,574,340

**Metals and Mining 0.5%**

75,001	Alamos Gold Inc., Cl. A	1,125,584	246,753
35,504	AuRico Metals Inc.	18,895	15,395
3,000	Osisko Gold Royalties Ltd	41,106	29,638
16,000	Vulcan Materials Co.	619,286	1,519,520
		1,804,871	1,811,306

**Paper and Forest Products 0.6%**

237,314	Wausau Paper Corp.	2,427,508	2,427,722
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<b>Publishing 0.5%</b>			
60,000	Journal Media Group Inc.	709,800	721,200
10,000	Meredith Corp.	489,997	432,500
136,000	SCMP Group Ltd.	48,079	33,079
27,000	The E.W. Scripps Co., Cl. A	566,288	513,000
		1,814,164	1,699,779
<b>Real Estate 0.0%</b>			
3,000	Conwert Immobilien Invest SE	38,874	45,774
<b>Real Estate Investment Trusts 3.2%</b>			
475,000	BioMed Realty Trust Inc.	11,193,184	11,252,750
10,000	Plum Creek Timber Co. Inc.	463,583	477,200
		11,656,767	11,729,950
<b>Retail 0.9%</b>			
12,000	Office Depot Inc.	114,093	67,680
415,000	Rite Aid Corp.	3,316,688	3,253,600
		3,430,781	3,321,280
<b>Semiconductors 5.2%</b>			
45,000	Atmel Corp.	371,199	387,450
76,000	Broadcom Corp., Cl. A	4,072,271	4,394,320
170,000	EZchip Semiconductor Ltd.	4,275,146	4,202,400
193,000	Fairchild Semiconductor International Inc.	3,753,109	3,997,030
3,000	KLA-Tencor Corp.	195,441	208,050

See accompanying notes to financial statements.

## The GDL Fund

## Schedule of Investments (Continued) December 31, 2015

Shares		Cost	Market Value
<b>COMMON STOCKS (Continued)</b>			
<b>Semiconductors (Continued)</b>			
2,000	Mattson Technology Inc.	\$ 7,270	\$ 7,060
18,500	Micronas Semiconductor Holding AG	136,308	136,312
513,000	PMC-Sierra Inc.	5,499,422	5,961,060
		18,310,166	19,293,682
<b>Specialty Chemicals 3.1%</b>			
80,000	Airgas Inc.	11,061,153	11,065,600
2,000	Ashland Inc.	18,071	205,400
7,200	SGL Carbon SE	187,149	101,212
		11,266,373	11,372,212
<b>Telecommunications 2.8%</b>			
690,000	Asia Satellite Telecommunications Holdings Ltd.	1,533,382	866,278
67,000	COM DEV International Ltd.	303,137	292,947
200,000	Koninklijke KPN NV	613,090	758,990
1,000	Loral Space & Communications Inc.	73,215	40,710
58,000	Sprint Corp.	333,222	209,960
150,000	Telenet Group Holding NV	6,810,999	8,113,175
		9,667,045	10,282,060
<b>Transportation 2.2%</b>			
2,000	Norbert Dentressangle SA	484,562	449,482
852,050	TNT Express NV	8,210,129	7,213,308
51,200	UTi Worldwide Inc.	357,120	359,936
		9,051,811	8,022,726
<b>Wireless Communications 0.4%</b>			
120,000	TeleCommunication Systems Inc., Cl. A	592,908	596,400
25,000	T-Mobile US Inc.	406,250	978,000
		999,158	1,574,400

<b>TOTAL COMMON STOCKS</b>		234,583,100	234,539,117
<b>RIGHTS 0.6%</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, expire 12/31/20	0	43,200
100	Omthera Pharmaceuticals Inc., expire 12/31/20	0	60
217,620	Prosensa Holding, CVR	215,674	215,444
<b>Shares</b>		<b>Cost</b>	<b>Market Value</b>
206,000	Synergetics USA Inc., CVR	\$ 20,600	\$ 20,600
346,322	Teva Pharmaceutical Industries Ltd., CCCP, expire 02/20/23	164,073	183,551
186,000	Trius Therapeutics, CVR	0	24,180
		402,327	636,010
<b>Retail 0.1%</b>			
400,000	Safeway Casa Ley, CVR, expire 01/30/19	70,942	180,000
400,000	Safeway PDC, CVR, expire 01/30/17	3,407	19,520
		74,349	199,520
<b>Wireless Communications 0.3%</b>			
470,000	Leap Wireless International Inc., CVR, expire 03/14/16	1,102,230	1,184,400
<b>TOTAL RIGHTS</b>		1,578,906	2,019,930
<b>WARRANTS 0.0%</b>			
<b>Energy and Utilities 0.0%</b>			
35,000	Kinder Morgan Inc., expire 05/25/17	66,675	2,104
<b>Metals and Mining 0.0%</b>			
850	HudBay Minerals Inc., expire 07/20/18	962	184
<b>TOTAL WARRANTS</b>		67,637	2,288
<b>Principal Amount</b>	<b>U.S. GOVERNMENT OBLIGATIONS 35.9%</b>		
\$132,707,000		132,611,113	132,627,084

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U.S. Treasury Bills, 0.000% to 0.280% ,  
01/07/16 to 06/30/16(b)

<b>TOTAL INVESTMENTS</b>	<b>100.0%</b>	\$ 368,840,756	369,188,419
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		<b>Settlement Date</b>	<b>Unrealized Appreciation/ Depreciation</b>
<b>FORWARD FOREIGN EXCHANGE CONTRACTS(C)</b>			
11,200,000(d)	Deliver British Pounds in exchange for United States Dollars 16,669,379	01/29/16	156,875
29,370,000(e)	Deliver Euros in exchange for United States Dollars 32,096,948	01/29/16	156,202
29,000,000(f)	Deliver Swedish Kronor in exchange for United States Dollars 3,413,582	01/29/16	(24,815)
<b>TOTAL FORWARD FOREIGN EXCHANGE CONTRACTS</b>			<b>288,262</b>

See accompanying notes to financial statements.

**The GDL Fund****Schedule of Investments (Continued) December 31, 2015**

Notional Amount		Termination Date	Unrealized Appreciation/ Depreciation
<b>EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS(G)</b>			
\$ 17,501 (70,000 Shares)	Gulf Keystone Petroleum Ltd	06/28/16	\$ (1,248)
2,489,401 (250,000 Shares)	Amlin plc	09/12/16	(44,058)
3,449,027 (243,300 Shares)	BG Group plc	12/16/16	83,921
2,909,354 (131,392 Shares)	Royal Dutch Shell plc, Cl. B	12/16/16	(79,425)
7,148,514 (118,000 Shares)	SABMiller plc	10/14/16	(69,349)
14,402 (5,000 Shares)	XChanging plc	10/18/16	(176)
	<b>TOTAL EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS</b>		(110,335)
			<b>Market Value</b>
	<b>SECURITIES SOLD SHORT (2.1)%</b> (Proceeds received \$7,952,291)		(7,912,650)
	<b>Other Assets and Liabilities (Net)</b>		2,706,510
	<b>PREFERRED STOCK</b> (2,624,025 preferred shares outstanding)		(131,201,250)
	<b>NET ASSETS COMMON STOCK</b> (19,521,992 common shares outstanding)		\$ 232,958,956
	<b>NET ASSET VALUE PER COMMON SHARE</b> (\$232,958,956 ÷ 19,521,992 shares outstanding)		\$ 11.93



Shares		Proceeds	Market Value
<b>SECURITIES SOLD SHORT (2.1)%</b>			
<b>Cable and Satellite (0.2)%</b>			
4,562	Charter Communications Inc., Cl. A	\$ 816,614	\$ 835,302
<b>Computer Hardware (0.0)%</b>			
652	Western Digital Corp.	47,527	39,153
<b>Consumer Products and Services (0.1)%</b>			
6,637	Newell Rubbermaid Inc.	288,012	292,559
<b>Electronics (0.0)%</b>			
100	Hubbell Inc.	9,700	10,104
<b>Energy and Utilities (0.2)%</b>			
1,000	Halliburton Co.	52,369	34,040
482	NextEra Energy Inc.	52,281	50,075
7,160	Schlumberger Ltd.	537,095	499,410
		641,745	583,525
<b>Financial Services (0.6)%</b>			
49,006	Willis Group Holdings plc	2,291,670	2,380,221
<b>Real Estate Investment Trusts (0.1)%</b>			
16,000	Weyerhaeuser Co.	469,556	479,680
<b>Retail (0.0)%</b>			
2,625	Staples Inc.	45,571	24,859
<b>Semiconductors (0.9)%</b>			
15,200	Avago Technologies Ltd.	2,201,711	2,206,280
32,555	Microsemi Corp.	1,140,185	1,060,967
		3,341,896	3,267,247
<b>TOTAL SECURITIES SOLD SHORT</b>		<b>\$ 7,952,291</b>	<b>\$ 7,912,650</b>

- (a) At December 31, 2015, securities, or a portion thereof, with a value of \$149,850 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 December 31, 2015, \$67,700,000 of the principal amount was pledged as collateral for securities sold short, equity contract for difference swap agreements, and forward foreign exchange contracts.
- (c) At December 31, 2015, the Fund had entered into forward foreign exchange contracts with State Street Bank and Trust Co.
- (d) Principal amount denoted in British Pounds.

- (e) Principal amount denoted in Euros.
- (f) Principal amount denoted in Swedish Kronor.
- (g) At December 31, 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

CCCPContingent Cash Consideration Payment

CVR Contingent Value Right

CPR Contingent Payment Right

See accompanying notes to financial statements.

**The GDL Fund****Schedule of Investments (Continued) December 31, 2015**

	<b>% of Market Value</b>	<b>Market Value</b>
<b>Geographic Diversification</b>		
<b>Long Positions</b>		
North America	81.8%	\$ 301,884,518
Europe	14.2	52,293,592
Latin America	3.7	13,815,462
Asia/Pacific	0.3	1,194,847
Total Investments	100.0%	\$ 369,188,419
<b>Short Positions</b>		
North America	(0.8)%	\$ (2,826,739)
Europe	(0.6)	(2,380,221)
Asia/Pacific	(0.6)	(2,206,280)
Latin America	(0.1)	(499,410)
Total Investments	(2.1)%	\$ (7,912,650)

See accompanying notes to financial statements.

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**The GDL Fund**
**Statement of Assets and Liabilities****December 31, 2015****Assets:**

Investments, at value (cost \$368,840,756)	\$ 369,188,419
Foreign currency, at value (cost \$1,640,529)	1,625,522
Cash	164,303
Deposit at brokers (including proceeds from securities sold short \$7,952,291)	7,848,605
Unrealized appreciation on forward foreign exchange contracts	313,077
Deferred offering expense	199,664
Unrealized appreciation on swap contracts	83,921
Dividends receivable	258,530
Prepaid expenses	5,207

<b>Total Assets</b>	<b>379,687,248</b>
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**Liabilities:**

Securities sold short, at value	7,912,650
Distributions payable	43,734
Payable for Fund shares redeemed	132,857
Payable for investments purchased	3,238,105
Payable for investment advisory fees	3,810,563
Payable for payroll expenses	58,186
Payable for accounting fees	7,500
Unrealized depreciation on swap contracts	194,256
Dividends payable on securities sold short	27,534
Unrealized depreciation on forward foreign exchange contracts	24,815
Series B Cumulative Preferred Shares, callable and mandatory redemption 03/26/18 (See Notes 2 and 5)	131,201,250
Other accrued expenses	76,842

<b>Total Liabilities</b>	<b>146,728,292</b>
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<b>Net Assets Attributable to Common Shareholders</b>	<b>\$ 232,958,956</b>
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**Net Assets Attributable to Common Shareholders Consist of:**

Paid-in capital	\$ 234,944,985
Accumulated net investment loss	(698,882)
Accumulated net realized loss on investments, securities sold short, swap contracts, and foreign currency transactions	(1,797,311)
Net unrealized appreciation on investments	347,663

Net unrealized appreciation on securities sold short	39,641
Net unrealized depreciation on swap contracts	(110,335)
Net unrealized appreciation on foreign currency translations	233,195

**Net Assets** \$ 232,958,956

**Net Asset Value per Common Share:**

(\$232,958,956 ÷ 19,521,992 shares outstanding at \$0.001 par value; unlimited number of shares authorized) \$11.93

**Statement of Operations**

**For the Year Ended December 31, 2015**

**Investment Income:**

Dividends (net of foreign withholding taxes of \$48,589)	\$ 3,995,566
Interest	105,660

**Total Investment Income** 4,101,226

**Expenses:**

Investment advisory fees	5,532,433
Interest expense on preferred shares	3,949,387
Dividend expense on securities sold short	485,555
Payroll expenses	165,574
Trustees fees	143,500
Shareholder communications expenses	104,422
Offering expense for issuance of preferred shares	100,501
Custodian fees	53,426
Service fees for securities sold short	52,969
Accounting fees	45,000
Shareholder services fees	38,321
Legal and audit fees	37,145
Interest expense	8,053
Miscellaneous expenses	77,347

**Total Expenses** 10,793,633

**Less:**

Expenses paid indirectly by broker (See Note 3)	(4,678)
Advisory fee reduction on unsupervised assets (See Note 3)	(7,095)
Custodian fee credits	(356)

**Total Credits** (12,129)

**Net Expenses** 10,781,504

<b>Net Investment Loss</b>	(6,680,278)
<b>Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, and Foreign Currency:</b>	
Net realized gain on investments	14,717,334
Net realized loss on securities sold short	(1,005,752)
Net realized loss on swap contracts	(97,136)
Net realized gain on foreign currency transactions	6,721,741
Net realized gain on investments, securities sold short, swap contracts, and foreign currency transactions	20,336,187
Net change in unrealized appreciation/depreciation:	
on investments	(4,758,451)
on securities sold short	563,877
on swap contracts	(113,329)
on foreign currency translations	(1,201,169)
Net change in unrealized appreciation/depreciation on investments, securities sold short, swap contracts, and foreign currency translations	(5,509,072)
<b>Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, and Foreign Currency</b>	14,827,115
<b>Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations</b>	\$ 8,146,837

See accompanying notes to financial statements.

