

SPECIAL OPPORTUNITIES FUND, INC.  
Form N-CSRS  
September 07, 2017  
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 811-07528

Special Opportunities Fund, Inc.  
(Exact name of registrant as specified in charter)

615 East Michigan Street  
Milwaukee, WI 53202  
(Address of principal executive offices) (Zip code)

Andrew Dakos  
Bulldog Investors, LLC  
Park 80 West  
250 Pehle Avenue, Suite 708  
Saddle Brook, NJ 07663  
(Name and address of agent for service)

Copy to:  
Thomas R. Westle, Esp.  
Blank Rome LLP  
The Chrysler Building  
405 Lexington Avenue  
New York, NY 10174

1-877-607-0414  
Registrant's telephone number, including area code

Date of fiscal year end: 12/31/2017

Date of reporting period: 6/30/2017

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Item 1. Reports to Stockholders.

Special Opportunities Fund, Inc.  
(SPE)  
Semi-Annual Report  
For the six months ended  
June 30, 2017

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Special Opportunities Fund, Inc.

August 29, 2017

Dear Fellow Shareholders:

In the first half of 2017, the net asset value of Special Opportunities Fund increased by 9.06% from \$15.56 to \$16.97 per share. On June 30th, the stock price closed at \$15.20, up by 11.36% over the six-month period as the discount narrowed from 12.28% to 10.43%. By comparison, the S&P 500 Index advanced by 9.34% in the first half of the year.

Here are updates on some of our significant positions in operating companies.

In July, Emergent Capital (EMGC.PK), which owns a large portfolio of life insurance policies, finally completed its recapitalization. While Emergent has surely been a disappointing investment, we have been able to recoup some of our losses by participating in the recap including purchasing shares at 20 cents that are currently trading at about 40 cents.

Stewart Information Services (STC), a provider of title insurance and other services in connection with real estate transactions, reported poor earnings for the second quarter of 2017 and the stock fell on the news. Given the heavily institutionalized shareholder base, that should put more pressure on the board to take steps to maximize shareholder value, including pursuing a sale of the company sooner rather than later.

After the sale of Hill International's construction claims division (which substantially deleveraged the company), and the resignation of CEO David Richter, a number of large shareholders (including ourselves), have advocated that the remaining construction management business be sold too. Meanwhile, management's cost cutting efforts appear to be succeeding. On August 21st, Hill announced that it expects to reduce pre-tax expenses by between \$27 million and \$38 million by mid-2018, which is significant for a company with a market cap of less than \$250 million. We think Hill's stock, while not without risk, remains an attractive investment.

In August 2016 Winthrop Realty Trust's shares were converted into non-transferable liquidating trust units. Management continues to monetize Winthrop's properties and recently made a distribution of 60 cents per unit. Its largest asset is its interest in a retail/hotel construction project in the tourist-heavy Times Square area of Manhattan which is expected to be completed in 2017, and thereafter sold. Some major retail tenants that have signed leases include Hershey, Cirque du Soleil and the National Football League. We continue to believe that this investment will provide a rate of return that more than compensates for its lack of liquidity.

Special Opportunities Fund, Inc.

New York REIT, Inc. (NYRT), an owner and operator of commercial real estate in the liquid New York City market, is another real estate investment trust that is liquidating. Unfortunately, NYRT's estimated per share liquidating value has come down from the \$11 or more that many investors (including ourselves), had expected it to generate. With the stock trading about a dollar below the latest official estimate of liquidation value of \$9.21 per share, we think the pessimism is overdone, especially because we expect NYRT to complete its plan of liquidation in short order, hopefully by the end of the first quarter of 2018. That makes the expected annualized rate of return look very attractive.

We recently accumulated a stake in the 7.625% Series A Cumulative Redeemable Preferred Stock of Brookfield DTLA Fund Office Trust Investor Inc. (NYSE: "DTLA-") at prices up to \$27.25. The face value of the preferred is \$25 per share and there is currently about \$14 per share in unpaid dividends. The concern of investors is that Brookfield, the owner of all the common shares, may attempt to make a lowball offer for the preferred stock. Fortunately, the preferred stockholders are entitled to elect two directors and we have notified the Company that we intend to solicit proxies to elect Andy Dakos and myself to serve as preferred directors. If elected, we will advocate to DTLA's board that preferred stockholders should receive \$25 plus all the accrued dividends.

Next, closed-end funds. We like to buy closed-end funds at a relatively wide discount to NAV with the goal of selling them at a narrower discount (or at NAV). In many instances, we actively push for boards of CEFs to take measures to narrow a persistently wide discount. Below are updates on some of our CEF positions in which discount-oriented activism is (or was) a factor.

Virtus Total Return Fund (formerly DCA) – in 2016, we narrowly lost a vote to elect a director of DCA but shareholders voted in favor of our proposal to liquidate it. We subsequently reached a settlement with management 1. that provided for a self-tender offer that expired in March 2017 for up to 40% of DCA's outstanding shares at a price equal to 99% of its NAV. We sold 63% of our shares in the tender offer and subsequently sold the rest of our shares at a modest discount.

Advent/Claymore Enhanced Growth and Income Fund (LCM) – On May 12th, LCM announced it would commence 2. a cash (rather than, as previously contemplated, an in kind) self-tender offer no later than mid-June for up to 32.5% of its outstanding shares equal to 98% of NAV. Investors responded positively and, as a result, we succeeded in selling our entire position at a narrow discount.

Special Opportunities Fund, Inc.

3. Pacholder High Yield Fund (formerly PHF) – As noted in our last letter, we acquired the bulk of our shares at a double-digit discount to NAV. After discussions with management, on January 23rd, PHF announced that the Board of Directors proposed that it be liquidated. The liquidation of PHF was recently completed and we cashed out at NAV.

4. JPMorgan China Region Fund (formerly JFC) – After reaching an impasse with major shareholders about its future, on December 30, 2017, JFC announced that its board of directors would propose that it be liquidated. On July 14th, JFC made an initial distribution of \$14.88 per share. Management expects to make a final distribution of approximately \$5.12 by the end of 2017.

5. Korea Equity Fund (formerly KEF) – Like JFC, an impasse with major shareholders about KEF's future led to it announcing on January 24th that its board of directors would propose that it be liquidated. KEF paid its final liquidating distribution on August 7, 2017.

6. Putnam CEFs – We lost a proxy contest for Putnam High Income Securities Fund (PCF). Our goal was to achieve a liquidity event at or close to NAV. We are considering our options, including conducting another proxy contest in 2018. We had better success with two other closed-end funds managed by Putnam. Shortly after buying sizeable stakes of the auction rate preferred stock issued by Putnam Municipal Opportunities Trust (PMO) and Putnam Managed Municipal Income Trust (PMM) at 81.25% of their face value, we launched proxy contests to elect two directors to represent the preferred stockholders of those funds. Our goal was to push for a liquidity event for the ARPs at a price above our cost. After extensive negotiations, the boards of PMO and PMM agreed to authorize a self-tender offer at 89.75% of face value in return for us abandoning the proxy contests and agreeing to a standstill. The tender offers closed on August 9th and we booked a nice profit.

7. Clough Global Equity Fund (GLQ) – In our previous letter, we said: “We think management will probably have to announce a liquidity event or face losing a proxy contest.” Our assessment proved to be accurate. On July 10th, GLQ announced that it would tender for 37.5% of its outstanding shares at 98.5% of NAV. As a result, the discount has narrowed to about 6% giving us an opportunity to reduce our position.

8. The Swiss Helvetia Fund (SWZ) – Special Opportunities Fund is part of a group that owns about 7.5% of the outstanding shares of The Swiss Helvetia Fund (SWZ), a \$350 million closed-end fund that invests in Swiss companies, several of which, like Nestlé, are global giants. At the annual meeting held on June 27th, we succeeded in electing two of SWZ's five directors. Since then, the discount has narrowed to about 9%. We would like to see it

Special Opportunities Fund, Inc.

narrow further. If that does not happen, we may conduct another proxy contest to gain control of the board and provide a significant liquidity event at or close to NAV.

Aberdeen CEFs – A few months ago, Aberdeen and Standard Life, two large money management firms, announced that they would merge. Since then, we have been acquiring shares of several closed-end funds managed by Aberdeen at discounts to their net asset value. On August 14th, the merger closed. Meanwhile, some major stockholders of these funds (including ourselves) have indicated a desire for a liquidity event to allow stockholders to dispose of their stock of the Aberdeen-managed funds at a price close to NAV. Since Aberdeen has a reputation for being shareholder-friendly, we expect announcements of liquidity events for these funds before the end of the year.

We remind you that the Fund has a policy of seeking instructions from time to time from stockholders with regard to the voting of proxies for certain closed-end funds whose shares the Fund owns. The specific closed-end funds for which the Fund seeks proxy voting instructions from stockholders are available on the Fund's website and we urge you to check it from time to time if you would like to provide such instructions. You may also email us at [proxyinstructions@bulldoginvestors.com](mailto:proxyinstructions@bulldoginvestors.com) if you would like to receive an email notification when the Fund seeks proxy voting instructions for a closed-end fund whose shares it owns.

Sincerely yours,

Phillip Goldstein  
Chairman

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Special Opportunities Fund, Inc.

Performance at a glance (unaudited)

Average annual total returns for common stock for the periods ended 6/30/2017

Net asset value returns	1 year	5 years	Since 1/25/10	10 years*
Special Opportunities Fund, Inc.	12.97%	8.13%	8.44%	7.22%
Market price returns				
Special Opportunities Fund, Inc.	17.07%	8.87%	8.38%	7.51%
Index returns				
S&P 500® Index	17.90%	14.63%	13.65%	7.18%

Share price as of 6/30/17

Net asset value	\$16.97
Market price	\$15.20

Past performance does not predict future performance. The return and value of an investment will fluctuate so that an investor's share, when sold, may be worth more or less than their original cost. The Fund's common stock net asset value ("NAV") return assumes, for illustration only, that dividends and other distributions, if any, were reinvested at the NAV on payable dates for dividends and other distributions payable through December 31, 2009 and reinvested at the NAV on the ex-dividend date for dividends and other distributions payable after December 31, 2009. The Fund's common stock market price returns assume that all dividends and other distributions, if any, were reinvested at prices obtained under the Fund's Dividend Reinvestment Plan (which was terminated on January 1, 2010) for dividends and other distributions payable through December 31, 2009 and reinvested at the lower of the NAV or the closing market price on the ex-dividend date for dividends and other distributions payable after December 31, 2009. NAV and market price returns for the period of less than one year have not been annualized. Returns do not reflect the deduction of taxes that a shareholder could pay on Fund dividends and other distributions, if any, or the sale of Fund shares.

The Fund's investment objective and investment adviser have changed. See Note 1 of the Notes to financial statements for more information about the change in investment objective and see Note 2 of the Notes to financial statements for more information about the change in investment adviser. On January 25, 2010, the Fund began investing using its new investment objective, therefore, performance prior to that date is not relevant.

The S&P 500® Index is a capital weighted, unmanaged index that represents the aggregate market value of the common equity of 500 stocks primarily traded on the New York Stock Exchange.

## Special Opportunities Fund, Inc.

Portfolio composition as of 6/30/2017<sup>(1)</sup> (unaudited)

	Value	Percent
Investment Companies	\$ 114,202,804	79.10 %
Common Stocks	43,637,493	30.23
Money Market Funds	29,814,314	20.65
Preferred Stocks	8,142,666	5.64
Liquidating Trusts	2,996,847	2.08
Convertible Bonds	1,227,500	0.85
Promissory Notes	770,000	0.53
Warrants	302,203	0.21
Rights	104,349	0.07
Corporate Notes	25,350	0.02
Corporate Bonds	15,000	0.01
Total Investments	\$ 201,238,526	139.39 %
Liabilities in Excess of Other Assets	(1,273,112 )	(0.88 )
Preferred Stocks	(55,599,400 )	(38.51 )
Total Net Assets	\$ 144,366,014	100.00 %

(1) As a percentage of net assets.

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## Special Opportunities Fund, Inc.

Portfolio of investments—June 30, 2017 (unaudited)

	Shares	Value
INVESTMENT COMPANIES—79.10%		
Closed-End Funds—68.73%		
Aberdeen Chile Fund, Inc.	278,838	\$1,974,173
Aberdeen Emerging Markets Smaller Co. Opportunities Fund, Inc.	7,922	109,381
Aberdeen Greater China Fund, Inc.	19,479	223,424
Aberdeen Indonesia Fund, Inc.	5,110	38,867
Aberdeen Israel Fund, Inc.	72,064	1,393,430
Aberdeen Japan Equity Fund, Inc.	96,671	821,704
Aberdeen Singapore Fund, Inc.	142,352	1,576,534
Adams Diversified Equity Fund, Inc.	193,976	2,771,917
Advent/Claymore Enhanced Growth & Income Fund	114,791	1,004,421
Alpine Global Premier Properties Fund	226,679	1,437,145
Alternative Asset Opps PCC Ltd. (a)(c)(f)(g)(h)	48,436	315
Asia Tigers Fund, Inc.	57,434	682,936
BlackRock Debt Strategies Fund, Inc.	32,116	370,619
Boulder Growth & Income Fund, Inc.	423,000	4,107,330
British Empire Trust PLC (g)	9,873	88,085
Candover Investments PLC/Fund (a)(g)	40,468	73,264
Central Securities Corp.	233,873	5,830,454
China Fund, Inc.	80,904	1,511,287
Clough Global Equity Fund	447,801	5,646,771
Clough Global Opportunities Fund	46,934	497,500
Credit Suisse Asset Management Income Fund, Inc.	72,916	245,727
The Cushing Renaissance Fund	61,947	1,083,453
Delaware Enhanced Global Dividend & Income Fund	206,895	2,358,603
Delaware Investments Dividend & Income Fund, Inc.	100,141	1,047,225
Deutsche Global High Income Fund, Inc.	18,712	162,982
Deutsche High Income Opportunities Fund, Inc.	269,657	4,012,496
Deutsche Multi-Market Income Trust	144,239	1,269,303
Deutsche Strategic Income Trust	839	10,395
Ellsworth Growth and Income Fund Ltd.	76,045	696,572
First Trust Enhanced Equity Income Fund	42,400	621,160
Franklin Universal Trust	67,153	480,144
The GDL Fund	15,000	153,900
General American Investors Co., Inc.	46,245	1,588,516
Herzfeld Caribbean Basin Fund, Inc.	45,996	331,171
Invesco Pennsylvania Value Municipal Income Trust	4,884	60,317
Japan Smaller Capitalization Fund, Inc.	482,826	5,542,842

The accompanying notes are an integral part of these financial statements.

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## Special Opportunities Fund, Inc.

Portfolio of investments—June 30, 2017 (unaudited)

	Shares	Value
INVESTMENT COMPANIES—(continued)		
Closed-End Funds—(continued)		
JP Morgan Asian Investment Trust PLC (g)	15,214	\$64,995
JP Morgan China Region Fund, Inc. (h)	192,486	3,863,194
Juridica Investments Ltd. (g)(h)	495,258	63,692
Korea Equity Fund, Inc. (h)	291,361	2,051,181
Lazard Global Total Return and Income Fund, Inc.	239,139	3,911,118
Lazard World Dividend & Income Fund, Inc.	23,192	255,576
Liberty All Star Equity Fund	1,119,502	6,336,381
MFS Charter Income Trust	2,693	23,268
Morgan Stanley Asia Pacific Fund, Inc.	186,237	3,097,121
Morgan Stanley East Europe Fund Escrow (a)	97,901	0
Neuberger Berman Real Estate Securities Income Fund, Inc.	419,545	2,265,543
NexPoint Credit Strategies Fund	22,358	486,957
Pacholder High Yield Fund, Inc. (h)	389,643	3,101,558
The Prospect Japan Fund Ltd. (a)(g)	700,971	890,233
Putnam High Income Securities Fund	397,476	3,493,814
Royce Value Trust, Inc.	74,200	1,082,578
Source Capital, Inc.	36,707	1,418,726
The Swiss Helvetia Fund, Inc.	704,568	8,948,014
Taiwan Fund, Inc. (a)	8,088	160,062
Terra Catalyst Fund (a)(g)	20,319	26,133
Tri-Continental Corp.	313,154	7,625,300
Turkish Investment Fund, Inc.	24,392	235,139
		99,224,946
Auction Rate Preferred Securities—6.08% (c)(f)		
Putnam Managed Municipal Income Trust—Series C	32	1,412,000
Putnam Municipal Opportunities Trust—Series B	170	3,750,625
Putnam Municipal Opportunities Trust—Series C	164	3,618,250
		8,780,875
Business Development Companies—4.29%		
Equus Total Return, Inc. (a)	106,919	252,329
Firsthand Technology Value Fund, Inc. (a)	58,291	489,062
Great Elm Capital Corp.	139,007	1,476,254
MVC Capital, Inc.	403,584	3,979,338
		6,196,983
Total Investment Companies (Cost \$101,653,504)		114,202,804

The accompanying notes are an integral part of these financial statements.



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Special Opportunities Fund, Inc.

Portfolio of investments—June 30, 2017 (unaudited)

	Shares	Value
PREFERRED STOCKS—5.64%		
Real Estate Investment Trusts—5.64%		
Brookfield DTLA Fund Office Trust Investor, Inc. (a)	83,276	\$2,123,538
Preferred Apartment Communities, Inc. (c)(f)	6,083	6,019,128
Total Preferred Stocks (Cost \$7,752,616)		8,142,666
COMMON STOCKS—30.23%		
Consumer Finance—0.24%		
Emergent Capital, Inc. (a)	1,032,379	340,685
Health Care Equipment & Supplies—0.00%		
Xtant Medical Holdings, Inc. (a)	99	66
Independent Power and Renewable Electricity Producers—0.05%		
VivoPower International PLC (a)(g)	18,304	69,921
Insurance—7.73%		
Stewart Information Services Corp.	246,055	11,165,976
Professional Services—3.52%		
Hill International, Inc. (a)	976,005	5,075,226
Real Estate Investment Trusts—7.25%		
New York REIT, Inc.	1,211,094	10,463,852
Special Purpose Acquisition Vehicles—11.44% (a)		
Andina Acquisition Corp. II (g)	67,789	685,293
Avista Healthcare Public Acquisition Corp. (g)	121,090	1,192,737
Barington/Hilco Acquisition Corp.	15,611	159,232
Bison Capital Acquisition Corp. (g)	100,000	1,020,000
Constellation Alpha Capital Corp. (g)	30,000	304,200
FlatWorld Acquisition Corporation (g)	105,702	10,676
Forum Merger Corp.	157,228	1,602,153
Hunter Maritime Acquisition Corp. (g)	1	10
Hunter Maritime Acquisition Corp. (g)	92,442	904,083
KBL Merger Corp. IV	275,000	2,805,138
M I Acquisitions, Inc.	188,817	1,944,815
M III Acquisition Corp.	148,436	1,522,953
Modern Media Acquisition Corp.	108,186	1,109,988
Origo Acquisition Corp. (g)	922	9,589

The accompanying notes are an integral part of these financial statements.



## Special Opportunities Fund, Inc.

Portfolio of investments—June 30, 2017 (unaudited)

	Shares	Value
COMMON STOCKS—(continued)		
Special Purpose Acquisition Vehicles—(continued)		
Pacific Special Acquisition Corp. (g)	120,680	\$ 1,206,800
Stellar Acquisition III, Inc. (g)	204,002	2,044,100
		16,521,767
Total Common Stocks (Cost \$43,416,713)		43,637,493
LIQUIDATING TRUSTS—2.08% (a)(c)(f)(h)		
Crossroads Capital, Inc.	292,681	655,606
Winthrop Realty Trust	295,985	2,341,241
Total Liquidating Trusts (Cost \$4,297,321)		2,996,847
	Principal Amount	
CONVERTIBLE BONDS—0.85%		
Emergent Capital, Inc. (b)		
8.500%, 02/15/2019	\$2,941,000	1,169,048
8.500%, 02/15/2019	147,050	58,452
Total Convertible Bonds (Cost \$3,016,994)		1,227,500
CORPORATE BONDS—0.01%		
Washington Mutual, Inc. (b)(c)(d)(f)		
0.000%, 03/17/2014	3,000,000	15,000
Total Corporate Bonds (Cost \$0)		15,000
CORPORATE NOTES—0.02%		
MVC Capital, Inc. (b)		
7.25%, 01/15/2023	1,000	25,350
Total Corporate Notes (Cost \$25,280)		25,350
PROMISSORY NOTES—0.53% (b)(c)(f)		
Emergent Capital, Inc.		
15.000%, 09/30/2018	500,000	490,000
Wheeler Real Estate Investment Trust		
9.000%, 12/15/2018	280,000	280,000
Total Promissory Notes (Cost \$780,000)		770,000

The accompanying notes are an integral part of these financial statements.

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## Special Opportunities Fund, Inc.

## Portfolio of investments—June 30, 2017 (unaudited)

	Shares	Value
WARRANTS—0.21% (a)		
Andina Acquisition Corp. II		
Expiration: November 2020		
Exercise Price: \$5.75 (g)	67,789	\$ 14,236
Avista Healthcare Public Acquisition Corp.		
Expiration: December 2021		
Exercise Price: \$5.75 (g)	121,090	54,490
Barington/Hilco Acquisition Corp.		
Expiration: February 2018		
Exercise Price: \$12.50	15,611	2,357
China Lending Corp.		
Expiration: July 2021		
Exercise Price: \$12.00 (g)	79,818	7,184
COPsync, Inc.		
Expiration: October 2020		
Exercise Price: \$3.125	10,794	216
Electrum Special Acquisition Corp.		
Expiration: June 2021		
Exercise Price: \$11.50 (g)	46,800	16,848
Emergent Capital, Inc.		
Expiration: October 2019		
Exercise Price: \$10.75 (c)(f)	8	0
Harmony Merger Corp.		
Expiration: January 2021		
Exercise Price: \$11.50	62,937	50,350
Hemisphere Media Group, Inc.		
Expiration: April 2018		
Exercise Price: \$12.00	39,430	14,589
Hunter Maritime Acquisition Corp.		
Expiration: October 2021		
Exercise Price: \$11.50 (g)	46,221	14,328
Origo Acquisition Corp.		
Expiration: December 2021		
Exercise Price: \$5.75 (g)	23,814	4,287
Pacific Special Acquisition Corp.		
Expiration: October 2020		
Exercise Price: \$12.00 (g)	104,449	54,313
Quinpario Acquisition Corp. 2		
Expiration: January 2023		
Exercise Price: \$5.75	10,066	3,724

The accompanying notes are an integral part of these financial statements.

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## Special Opportunities Fund, Inc.

## Portfolio of investments—June 30, 2017 (unaudited)

	Shares	Value
WARRANTS—(continued)		
Stellar Acquisition III, Inc. Expiration: March 2022 Exercise Price: \$11.50 (g)	204,002	\$65,281
Wheeler Real Estate Investment Trust, Inc. Expiration: December 2018 Exercise Price: \$4.75 (c)(f)	10,526	0
Total Warrants (Cost \$209,851)		302,203
RIGHTS—0.07% (a)		
Andina Acquisition Corp. II (g)	67,789	29,827
Barington/Hilco Acquisition Corp.	15,611	6,245
Origo Acquisition Corp. (g)	23,814	5,608
Pacific Special Acquisition Corp. (g)	104,449	62,669
Total Rights (Cost \$34,474)		104,349
MONEY MARKET FUNDS—20.65%		
Fidelity Institutional Government Portfolio—Class I, 0.810% (e)	14,907,157	14,907,157
STIT-Treasury Portfolio—Institutional Class, 0.840% (e)	14,907,157	14,907,157
Total Money Market Funds (Cost \$29,814,314)		29,814,314
Total Investments (Cost \$191,001,067)—139.39%		201,238,526
Liabilities in Excess of Other Assets—(0.88)%		(1,273,112 )
Preferred Stock—(38.51)%		(55,599,400 )
TOTAL NET ASSETS—100.00%		\$144,366,014

Percentages are stated as a percent of net assets.

(a) Non-income producing security.

(b) The coupon rate shown represents the rate at June 30, 2017.

(c) Fair valued securities. The total market value of these securities was \$18,582,165, representing 12.87% of net assets.

(d) Default or other conditions exist and security is not presently accruing income.

(e) The rate shown represents the 7-day yield at June 30, 2017.

(f) Illiquid securities. The total market value of these securities was \$18,582,165, representing 12.87% of net assets.

(g) Foreign-issued security.

(h) Security currently undergoing a full liquidation with all proceeds paid out to shareholders.

The accompanying notes are an integral part of these financial statements.

## Special Opportunities Fund, Inc.

## Statement of assets and liabilities—June 30, 2017 (unaudited)

## Assets:

Investments, at value (Cost \$191,001,067)	\$	201,238,526
Foreign currency (Cost \$257)		257
Dividends and interest receivable		151,345
Receivable for investments sold		336,452
Other assets		12,807
Total assets		201,739,387

## Liabilities:

Preferred dividends accrued not yet declared		42,652
Payable for investments purchased		1,453,546
Advisory fees payable		163,688
Administration fees payable		19,871
Chief Compliance Officer fees payable		12,111
Director fees payable		13,955
Fund accounting fees payable		7,756
Custody fees payable		6,736
Transfer Agent fees payable		732
Accrued expenses and other liabilities		52,926
Total liabilities		1,773,973

## Preferred Stock:

3.50% Convertible Preferred Stock—\$0.001 par value, \$25 liquidation value per share; 2,223,976 shares outstanding		55,599,400
Total preferred stock		55,599,400
Net assets applicable to common shareholders	\$	144,366,014

Net assets applicable to  
common shareholders:

Common stock—\$0.001 par value per common share; 199,995,800 shares authorized; 8,508,550 shares issued and outstanding, 14,336,281	\$	349,592,177
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shares held in treasury		
Cost of shares held in treasury	(220,400,463	)
Accumulated undistributed net investment income	680,620	
Accumulated net realized gain from investment activities	4,256,221	
Net unrealized appreciation on investments	10,237,459	
Net assets applicable to common shareholders	\$	144,366,014
Net asset value per common share (\$144,366,014 applicable to 8,508,550 common shares outstanding)	\$	16.97

The accompanying notes are an integral part of these financial statements.

## Special Opportunities Fund, Inc.

## Statement of operations

	For the six months ended June 30, 2017 (unaudited)
Investment income:	
Dividends	\$ 2,583,101
Interest	221,148
Total investment income	2,804,249
Expenses:	
Investment advisory fees	960,772
Directors' fees and expenses	82,633
Administration fees and expenses	55,228
Legal fees and expenses	46,134
Compliance fees and expenses	25,954
Audit fees	25,740
Insurance fees	24,999
Stock exchange listing fees	23,046
Accounting fees and expenses	22,118
Custody fees and expenses	20,477
Reports and notices to shareholders	15,369
Transfer agency fees and expenses	8,863
Other expenses	13,791
Net expenses	1,325,124
Net investment income	1,479,125
Net realized and unrealized gains (losses) from investment activities:	
Net realized gain from:	
Investments	2,072,832
Distributions received from investment companies	702,644
Net realized gain	2,775,476
Change in net unrealized appreciation (depreciation) on:	
Investments	8,717,124
Net realized and unrealized gains from investment activities	11,492,600
Increase in net assets resulting from operations	12,971,725
Distributions to preferred stockholders	(972,990 )
Net increase in net assets applicable to common shareholders resulting from operations	\$ 11,998,735

The accompanying notes are an integral part of these financial statements.

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## Special Opportunities Fund, Inc.

## Statement of cash flows

	For the six months ended June 30, 2017 (unaudited)
Cash flows from operating activities:	
Net increase in net assets applicable to common shareholders	\$ 12,971,725
Adjustments to reconcile net increase in net assets applicable to common shareholders resulting from operations to net cash provided by operating activities:	
Purchases of investments	(42,710,666 )
Proceeds from sales of investments	42,255,950
Net purchases and sales of short-term investments	(1,566,032 )
Return of capital distributions received from underlying investments	332,123
Amortization and accretion of premium and discount	(9,913 )
Decrease in dividends and interest receivable	212,862
Increase in receivable for investments sold	(289,177 )
Decrease in other assets	24,999
Increase in payable for investments purchased	663,805
Increase in payable to Adviser	3,104
Decrease in accrued expenses and other liabilities	(55,100 )
Net distributions received from investment companies	702,644
Net realized gains from investments	(2,775,476 )
Net foreign currency translation	(70,477 )
Net change in unrealized depreciation of investments	(8,717,124 )
Net cash provided by operating activities	973,247
Cash flows from financing activities:	
Distributions paid to preferred shareholders	(972,990 )
Net cash used in financing activities	(972,990 )
Net change in cash	\$ 257
Cash:	
Beginning of period	—
End of period	\$ 257