

GDL FUND
Form N-CSRS
August 25, 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 811-21969

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, 2017

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

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

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

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

The GDL Fund**Semiannual Report June 30, 2017****(Y)our Portfolio Management Team**

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

For the six months ended June 30, 2017, the net asset value (NAV) total return of The GDL Fund was 1.5%, compared with a total return of 0.3% 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 7.1%. The Fund's NAV per share was \$11.73, while the price of the publicly traded shares closed at \$10.26 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, 2017.

Comparative Results**Average Annual Returns through June 30, 2017 (a) (Unaudited)**

	Year to Date	1 Year	3 Year	5 Year	10 Year	Since Inception (01/31/07)
GDL Fund						
NAV Total Return (b)	1.53%	5.10%	3.08%	4.05%	2.84%	3.01%
Investment Total Return (c)	7.06	10.11	4.48	5.07	3.00	2.31
Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.31	0.49	0.23	0.17	0.58	0.76

(a) Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the

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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 June 30, 2017:

The GDL Fund**Long Positions**

U.S. Government Obligations	42.4%
Health Care	15.3%
Retail	7.3%
Telecommunications	5.3%
Financial Services	4.0%
Energy and Utilities	3.5%
Automotive: Parts and Accessories	3.2%
Cable and Satellite	3.1%
Food and Beverage	3.1%
Building and Construction	1.9%
Electronics	1.6%
Computer Hardware	1.2%
Specialty Chemicals	1.1%
Transportation	1.1%
Semiconductors	1.0%
Business Services	0.8%
Machinery	0.7%
Closed-End Funds	0.7%
Metals and Mining	0.6%
Diversified Industrial	0.5%
Entertainment	0.5%
Wireless Communications	0.4%
Computer Software and Services	0.3%
Hotels and Gaming	0.2%
Equipment and Supplies	0.1%
Real Estate	0.1%
Consumer Products and Services	0.0%*
Paper and Forest Products	0.0%*
Publishing	0.0%*
	100.0%

Short Positions

Building and Construction	(0.5)%
Energy and Utilities	(0.2)%
Financial Services	(0.1)%
Entertainment	(0.1)%
Cable and Satellite	(0.0)%**
	(0.9)%

* Amount represents less than 0.05%

** Amount represents greater than (0.05)%

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

Proxy Voting

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

The GDL Fund**Schedule of Investments June 30, 2017 (Unaudited)**

Shares		Cost	Market Value
COMMON STOCKS 56.7%			
Automotive: Parts and Accessories 3.2%			
15,100	Federal-Mogul Holdings Corp.	\$ 124,400	\$ 151,000
200,000	Haldex AB	2,651,766	2,516,410
137,283	Mobileye NV	8,481,050	8,621,372
		11,257,216	11,288,782
Building and Construction 1.9%			
154,600	Canam Group Inc.	1,376,291	1,466,363
20,000	Fortune Brands Home & Security Inc.	939,189	1,304,800
47,750	Johnson Controls International plc	1,671,605	2,070,440
35,414	Lennar Corp., Cl. B	1,242,454	1,592,568
2,800	Norbord Inc., Toronto	59,575	87,165
		5,289,114	6,521,336
Business Services 0.8%			
7,800	CardConnect Corp.	117,282	117,390
92,138	Clear Channel Outdoor Holdings Inc., Cl. A.	459,491	446,869
87,000	exactEarth Ltd.	249,767	83,860
3,000	Funespana SA	27,182	24,671
511,000	Gerber Scientific Inc., Escrow	0	0
175,000	GrainCorp Ltd., Cl. A	1,973,126	1,273,759
31,000	Havas SA	320,058	325,954
100	Patriot National Inc.	968	212
500	SAVE SpA.	11,556	11,873
156,000	TIO Networks Corp.	395,600	400,586
		3,555,030	2,685,174
Cable and Satellite 3.1%			
27,628	Liberty Global plc, Cl. A	970,645	887,411

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60,000	Liberty Global plc, Cl. C	2,044,490	1,870,800
14,000	Liberty Global plc LiLAC, Cl. A	387,636	304,780
31,000	Liberty Global plc LiLAC, Cl. C	857,192	663,710
220,000	Sky plc	2,469,203	2,848,212
43,500	Time Warner Inc.	4,060,603	4,367,835
		10,789,769	10,942,748

Computer Hardware 1.2%

320,000	Brocade Communications Systems Inc.	3,968,026	4,035,200
500	Data Modul AG	15,606	44,801
		3,983,632	4,080,001

Computer Software and Services 0.3%

7,500	Dalenys	73,388	74,448
1,672	Dell Technologies Inc., Cl. V	75,353	102,170
21,000	Digi International Inc.	265,658	213,150
19,609	Global Sources Ltd.	383,470	392,180
200	InterXion Holding NV	6,505	9,156
1,500	Rightside Group Ltd.	16,057	15,930
200	Synchronoss Technologies Inc.	3,301	3,290

Market

Shares		Cost	Value
15,600	Xactly Corp.	\$ 242,666	\$ 244,140
		1,066,398	1,054,464

Consumer Products and Services 0.0%

100	Accell Group	3,366	3,276
20,000	Avon Products Inc.	143,301	76,000
1,000	Bang & Olufsen A/S	10,516	16,743
		157,183	96,019

Diversified Industrial 0.5%

2,000	Handy & Harman Ltd.	55,710	62,800
15,000	ITT Inc.	482,155	602,700
45,000	Myers Industries Inc.	499,454	807,750
3,200	SLM Solutions Group AG	110,664	140,713
		1,147,983	1,613,963

Electronics 1.6%

19,000	Alimco Financial Corp.	934,838	243,200
85,900	Axis Communications AB	3,441,368	3,470,790
75,000	Bel Fuse Inc., Cl. A	1,962,555	1,563,750
17,000	Hitachi Kokusai Electric Inc.	381,111	396,150
		6,719,872	5,673,890

Energy and Utilities 3.5%

4,000	Alerion Cleanpower SpA	10,966	12,545
170,000	Alvopetro Energy Ltd.	152,166	23,597
3,500	Avangrid Inc.	135,625	154,525
12,000	Delta Natural Gas Co. Inc.	363,476	365,640
72,000	Endesa SA	1,799,401	1,658,679
500	Etablissements Maurel et Prom	2,185	1,953
80,000	Gas Natural Inc.	1,003,885	1,032,000
460,000	Gulf Coast Ultra Deep Royalty Trust	540,614	29,900
10,200	Hafslund ASA, Cl. A	117,632	131,948
43,000	Noble Energy Inc.	1,681,816	1,216,900
10,000	NRG Energy Inc.	229,472	172,200
10,000	ONEOK Partners LP	544,937	510,700
7,000	Rice Energy Inc.	173,655	186,410
10,000	TerraForm Global Inc., Cl. A	49,425	50,500
120,000	Westar Energy Inc.	6,769,781	6,362,400
50,000	WesternZagros Resources Ltd.	120,491	10,603
200	WGL Holdings Inc.	16,195	16,686
24,700	Whiting Petroleum Corp.	344,641	136,097
		14,056,363	12,073,283

Entertainment 0.4%

10,000	AMC Entertainment Holdings Inc., Cl. A	346,000	227,500
2,000	SFX Entertainment Inc.	1,881	0
30,000	Tribune Media Co., Cl. A	1,196,499	1,223,100
		1,544,380	1,450,600

Equipment and Supplies 0.1%

2,500	The Middleby Corp.	19,758	303,775
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See accompanying notes to financial statements.

The GDL Fund**Schedule of Investments (Continued) June 30, 2017 (Unaudited)**

Shares		Cost	Market Value
COMMON STOCKS (Continued)			
Financial Services 4.0%			
32,000	Allied World Assurance Co. Holdings AG	\$1,695,388	\$ 1,692,800
35,000	Astoria Financial Corp.	563,635	705,250
8,000	BB&T Corp.	321,418	363,280
13,800	Fidelity & Guaranty Life	423,374	428,490
975,000	Fortress Investment Group LLC, Cl. A	7,682,447	7,790,250
16,000	MoneyGram International Inc.	276,763	276,000
60,000	Navient Corp.	953,334	999,000
8,000	Nordnet AB, Cl. B	33,598	36,084
50,000	OneBeacon Insurance Group Ltd., Cl. A	914,543	911,500
60,000	SLM Corp.	378,899	690,000
900	Topdanmark A/S	25,606	28,740
		13,269,005	13,921,394
Food and Beverage 3.1%			
2,619,000	Parmalat SpA	8,477,754	9,063,629
1,500,000	Premier Foods plc	1,018,102	791,242
10,000	Snyder s-Lance Inc.	327,500	346,200
1,000	The Hershey Co.	104,066	107,370
2,500,000	Yashili International Holdings Ltd.	1,129,462	483,513
		11,056,884	10,791,954
Health Care 15.2%			
110,000	Akorn Inc.	3,661,295	3,689,400
51,000	Albany Molecular Research Inc.	1,100,422	1,106,700
90,000	Alere Inc.	4,663,287	4,517,100
3,500	Allergan plc	752,764	850,815
61,600	AstraZeneca plc, ADR	2,403,368	2,099,944
5,500	Cigna Corp.	778,059	920,645
5,000	CR Bard Inc.	1,515,145	1,580,550
3,000	Depomed Inc.	65,509	32,220
2,200	Humana Inc.	394,466	529,364

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1,000	ICU Medical Inc.	58,368	172,500
40,000	Idorsia Ltd.	411,798	755,032
4,000	Illumina Inc.	360,787	694,080
300,000	Innocoll Holdings plc	618,643	681,000
500	LifeWatch AG	7,114	7,900
6,000	Mylan NV	303,180	232,920
51,500	Nexvet Biopharma plc	340,732	344,020
16,000	Novadaq Technologies Inc.	186,397	187,520
120,000	Nutraceutical International Corp.	5,001,960	4,998,000
1,000	PAREXEL International Corp.	87,162	86,910
200,000	Patheon NV	6,953,657	6,976,000
16,000	Rhoen Klinikum AG	352,617	467,277
200	SciClone Pharmaceuticals Inc.	2,191	2,200
15,000	Smith & Nephew plc	154,293	258,863
7,500	Smith & Nephew plc, ADR	275,034	261,375
70,000	STADA Arzneimittel AG	4,849,706	4,964,137

Market

Shares		Cost	Value
100,000	Syneron Medical Ltd.	\$1,088,556	\$ 1,095,000
124,500	The Spectranetics Corp.	4,778,500	4,780,800
85,000	VCA Inc.	7,744,838	7,846,350
85,000	VWR Corp.	2,816,106	2,805,850
		51,725,954	52,944,472

Hotels and Gaming 0.2%

27,000	Belmond Ltd., Cl. A	298,850	359,100
7,600	Intrawest Resorts Holdings Inc.	179,939	180,424
1,000	MGM Resorts International	2,620	31,290
		481,409	570,814

Machinery 0.7%

19,000	CNH Industrial NV	136,721	215,164
38,000	Xylem Inc.	1,579,224	2,106,340
		1,715,945	2,321,504

Metals and Mining 0.6%

75,001	Alamos Gold Inc., Cl. A	1,125,584	538,507
35,504	AuRico Metals Inc.	18,895	31,211
3,000	Osisko Gold Royalties Ltd., Toronto	41,106	36,667

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12,000	Vulcan Materials Co.	740,173	1,520,160
		1,925,758	2,126,545
Paper and Forest Products 0.0%			
35,000	Tembec Inc.	111,180	113,356
Publishing 0.0%			
10,000	Telegraaf Media Groep NV	63,717	70,437
4,000	tronc Inc.	45,960	51,560
		109,677	121,997
Real Estate 0.1%			
500	First Potomac Realty Trust	5,565	5,555
15,500	Forestar Group Inc.	219,235	265,825
136,000	Great Wall Pan Asia Holdings Ltd.	48,079	38,322
2,000	Parkway Inc.	45,782	45,780
		318,661	355,482
Retail 7.2%			
50,000	Cabela's Inc.	2,957,918	2,971,000
200,000	Kate Spade & Co.	3,687,305	3,698,000
44,000	Panera Bread Co., Cl. A	13,781,097	13,844,160
840,000	Rite Aid Corp.	6,872,162	2,478,000
85,000	Staples Inc.	861,475	855,950
2,000	West Marine Inc.	25,670	25,700
31,000	Whole Foods Market Inc.	1,300,909	1,305,410
		29,486,536	25,178,220
Semiconductors 1.0%			
33,800	AIXTRON SE	137,319	237,612
3,000	KLA-Tencor Corp.	195,441	274,530

See accompanying notes to financial statements.

The GDL Fund**Schedule of Investments (Continued) June 30, 2017 (Unaudited)**

Shares		Cost	Market Value
COMMON STOCKS (Continued)			
Semiconductors (Continued)			
28,000	NXP Semiconductors NV	\$ 2,940,263	\$ 3,064,600
		3,273,023	3,576,742
Specialty Chemicals 1.1%			
2,000	Ashland Global Holdings Inc.	8,855	131,820
1,500	Linde AG	249,071	284,053
6,000	Monsanto Co.	657,042	710,160
8,900	SGL Carbon SE	166,494	110,546
5,000	Syngenta AG	2,284,365	2,315,153
5,491	Valvoline Inc.	9,216	130,239
		3,375,043	3,681,971
Telecommunications 5.3%			
690,000	Asia Satellite Telecommunications Holdings Ltd.	1,533,382	734,414
200,000	Koninklijke KPN NV	613,090	639,834
58,000	Level 3 Communications Inc.	3,262,328	3,439,400
1,000	Loral Space & Communications Inc.	31,009	41,550
10,000	Lumos Networks Corp.	176,910	178,700
40,000	NeuStar Inc., Cl. A	1,334,348	1,334,000
58,000	Sprint Corp.	333,221	476,180
10,000	Straight Path Communications Inc., Cl. B	1,797,404	1,796,500
130,000	Telenet Group Holding NV	6,861,346	8,188,661
77,100	West Corp.	1,782,629	1,797,972
		17,725,667	18,627,211
Transportation 1.1%			

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190,000	Abertis Infraestructuras SA	3,492,008	3,519,885
2,000	XPO Logistics Europe SA	484,562	450,294
		3,976,570	3,970,179

Wireless Communications 0.4%

1,000	DGC One AB	28,852	29,675
24,000	T-Mobile US Inc.	976,382	1,454,880
		1,005,234	1,484,555

TOTAL COMMON STOCKS

199,143,244 197,570,431

CLOSED-END FUNDS 0.7%

42,000	Altaba Inc.	968,323	2,288,160
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RIGHTS 0.3%

Entertainment 0.1%

225,000	Media General Inc., expire 12/31/17	0	384,750
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Health Care 0.1%

187,200	Adolor Corp., CPR, expire 07/01/19	0	48,672
79,391	Ambit Biosciences Corp., CVR	0	47,635

Market

Shares		Cost	Value
201,600	American Medical Alert Corp., CPR	\$ 0	\$ 2,016
18,000	Chelsea Therapeutics International Ltd., CVR	1,980	0
229,178	Dyax Corp., CVR, expire 12/31/19	0	254,388
100	Omthera Pharmaceuticals Inc., expire 12/31/20	0	60
206,000	Synergetics USA Inc., CVR	20,600	20,600
346,322	Teva Pharmaceutical Industries Ltd., CCCP, expire 02/20/23	164,073	0
11,000	Tobira Therapeutics Inc.	151,140	151,140
		337,793	524,511

Retail 0.1%

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400,000	Safeway Casa Ley, CVR, expire 01/30/19	70,942	194,000
400,000	Safeway PDC, CVR, expire 01/30/18	0	6,000
		70,942	200,000
TOTAL RIGHTS		408,735	1,109,261
WARRANTS 0.0%			
Metals and Mining 0.0%			
850	Hudbay Minerals Inc., expire 07/20/18	962	157
Principal			
Amount			
CORPORATE BONDS 0.0%			
Health Care 0.0%			
\$ 17,000	Constellation Health Promissory Note, PIK, 5.000%, 01/31/24	7,310	7,310
U.S. GOVERNMENT OBLIGATIONS 42.4%			
147,978,000	U.S. Treasury Bills, 0.592% to 1.090% , 07/13/17 to 12/21/17(a)	147,722,319	147,717,792
TOTAL INVESTMENTS 100.0%		\$ 348,250,893	348,693,111

See accompanying notes to financial statements.

The GDL Fund**Schedule of Investments (Continued) June 30, 2017 (Unaudited)**

Principal Amount		Settlement Date	Unrealized Appreciation/ Depreciation
FORWARD FOREIGN EXCHANGE CONTRACTS (b) (0.1)%			
2,800,000(c)	Deliver British Pounds in exchange for United States Dollars 3,623,032	07/28/17	\$ (27,281)
26,500,000(d)	Deliver Euro Currency in exchange for United States Dollars 30,189,648	07/28/17	(123,670)
52,000,000(e)	Deliver Swedish Kronor in exchange for United States Dollars 6,093,995	07/28/17	(88,546)
2,000,000(f)	Deliver Swiss Francs in exchange for United States Dollars 2,088,467	07/28/17	(1,153)
TOTAL FORWARD FOREIGN EXCHANGE CONTRACTS			(240,650)
Notional Amount		Termination Date	
EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS (g) 0.0%			
\$ 899	Gulf Keystone Petroleum Ltd (700 Shares)	06/28/18	(15)
224,859	Premier Foods plc (440,500 Shares)	04/02/18	7,502
TOTAL EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS			7,487
			Market Value
SECURITIES SOLD SHORT (0.9)%			
(Proceeds received \$3,279,637)			(3,213,181)
Other Assets and Liabilities (Net)			(3,640,080)
PREFERRED STOCK			

(2,624,025 preferred shares outstanding)	(131,201,250)
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NET ASSETS COMMON STOCK

(17,932,412 common shares outstanding)	\$ 210,405,437
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NET ASSET VALUE PER COMMON SHARE

(\$210,405,437 ÷ 17,932,412 shares outstanding)	\$ 11.73
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Shares		Proceeds	Market Value
	SECURITIES SOLD SHORT (0.9)%		
	Building and Construction (0.5)%		
35,414	Lennar Corp., Cl. A	\$ 1,764,425	\$ 1,888,275
	Cable and Satellite (0.0)%		
2,300	Sinclair Broadcast Group Inc., Cl. A	78,684	75,670
	Energy and Utilities (0.2)%		
1,480	EQT Corp.	79,336	86,713
9,850	ONEOK, Inc.	562,911	513,776
		642,247	600,489
	Entertainment (0.1)%		
10,000	AMC Entertainment Holdings Inc., Cl. A	342,193	227,500
	Financial Services (0.1)%		
972	Fairfax Financial Holdings Ltd.	452,088	421,247
	TOTAL SECURITIES SOLD SHORT(h)	\$ 3,279,637	\$ 3,213,181

- (a) At June 30, 2017, \$47,250,000 of the principal amount was pledged as collateral for securities sold short, equity contract for difference swap agreements, and forward foreign exchange contracts.
- (b) At June 30, 2017, the Fund had entered into forward foreign exchange contracts with State Street Bank and Trust Co.
- (c) Principal amount denoted in British Pounds.
- (d) Principal amount denoted in Euros.
- (e) Principal amount denoted in Swedish Kronor.
- (f) Principal amount denoted in Swiss Francs.
- (g) At June 30, 2017, the Fund had entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc.
- (h) At June 30, 2017, these proceeds were being held at Pershing LLC.
Non-income producing security.
Represents annualized yield at date of purchase.

ADR American Depositary Receipt

CCCContingent Cash Consideration Payment

CVRContingent Value Right

CPRContingent Payment Right

See accompanying notes to financial statements.

The GDL Fund**Schedule of Investments (Continued) June 30, 2017 (Unaudited)**

Geographic Diversification	% of Total Investments	Market Value
Long Positions		
North America	77.1%	\$ 268,660,796
Europe	21.6	75,443,377
Latin America	0.8	2,919,029
Asia/Pacific	0.4	1,273,759
Japan	0.1	396,150
Total Investments	100.0%	\$ 348,693,111
Short Positions		
North America	(0.9)%	\$ (3,213,181)

See accompanying notes to financial statements.

The GDL Fund
Statement of Assets and Liabilities**June 30, 2017 (Unaudited)****Assets:**

Investments, at value (cost \$348,250,893)	\$ 348,693,111
Cash	827
Deposit at brokers	3,197,413
Receivable for investments sold	106,080
Dividends receivable	312,778
Unrealized appreciation on swap contracts	7,502
Prepaid expenses	2,647
Deferred offering expense	145,083

Total Assets	352,465,441
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Liabilities:

Securities sold short, at value (proceeds \$3,279,637)	3,213,181
Foreign currency, at value (cost \$81)	81
Distributions payable	54,667
Payable for Fund shares redeemed	39,895
Payable for investments purchased	6,509,388
Payable for investment advisory fees	685,350
Payable for payroll expenses	56,519
Payable for accounting fees	11,250
Unrealized depreciation on forward foreign exchange contracts	240,650
Unrealized depreciation on swap contracts	15
Series B Cumulative Preferred Shares, callable and mandatory redemption 03/26/20 (See Notes 2 and 5)	131,201,250
Other accrued expenses	47,758

Total Liabilities	142,060,004
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Net Assets Attributable to Common Shareholders	\$ 210,405,437
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Net Assets Attributable to Common Shareholders Consist of:

Paid-in capital	\$ 211,702,800
Accumulated net investment loss	(1,368,470)
Distributions in excess of net realized gain on investments, securities sold short, swap contracts, and foreign currency transactions	(204,902)
Net unrealized appreciation on investments	442,218
Net unrealized appreciation on securities sold short	66,456
Net unrealized appreciation on swap contracts	7,487

Net unrealized depreciation on foreign currency translations	(240,152)
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Net Assets	\$ 210,405,437
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Net Asset Value per Common Share:

(\$210,405,437 ÷ 17,932,412 shares outstanding at \$0.001 par value; unlimited number of shares authorized)	\$11.73
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Statement of Operations**For the Six Months Ended June 30, 2017 (Unaudited)****Investment Income:**

Dividends (net of foreign withholding taxes of \$58,302)	\$ 1,552,242
Interest	466,651

Total Investment Income	2,018,893
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Expenses:

Investment advisory fees	1,400,975
Interest expense on preferred shares	1,968,019
Payroll expenses	69,536
Trustees fees	68,136
Shareholder communications expenses	45,153
Offering expense for issuance of preferred shares	36,298
Custodian fees	24,840
Accounting fees	22,500
Legal and audit fees	17,244
Dividend expense on securities sold short	13,300
Shareholder services fees	11,158
Interest expense	3,147
Service fees for securities sold short (See Note 2)	827
Miscellaneous expenses	37,347

Total Expenses	3,718,480
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Less:

Expenses paid indirectly by broker (See Note 3)	(1,618)
Advisory fee reduction on unsupervised assets (See Note 3)	(4,199)
Custodian fee credits	(8,952)

Total Credits and Reductions	(14,769)
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Net Expenses	3,703,711
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Net Investment Loss	(1,684,818)
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Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, and Foreign Currency:

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Net realized gain on investments	3,869,798
Net realized loss on securities sold short	(159,438)
Net realized loss on swap contracts	(28,047)
Net realized loss on foreign currency transactions	(2,584,293)
Net realized gain on investments, securities sold short, swap contracts, and foreign currency transactions	1,098,020
Net change in unrealized appreciation/depreciation:	
on investments	3,049,255
on securities sold short	99,209
on swap contracts	11,195
on foreign currency translations	(33,678)
Net change in unrealized appreciation/depreciation on investments, securities sold short, swap contracts, and foreign currency translations	3,125,981
Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, Swap Contracts, and Foreign Currency	4,224,001
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	\$ 2,539,183

See accompanying notes to financial statements.

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

	Six Months Ended	
	June 30, 2017	Year Ended
	(Unaudited)	December 31, 2016
Operations:		
Net investment loss	\$ (1,684,818)	\$ (6,594,251)
Net realized gain on investments, securities sold short, swap contracts, and foreign currency transactions	1,098,020	18,351,971
Net change in unrealized appreciation/depreciation on investments, securities sold short, swap contracts, and foreign currency translations	3,125,981	(3,360,136)
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	2,539,183	8,397,584
Distributions to Common Shareholders:		
Net realized short term gain		(3,921,266)
Net realized long term gain		(7,077,225)
Return of capital	(5,763,701)*	(1,016,101)
Total Distributions to Common Shareholders	(5,763,701)	(12,014,592)
Fund Share Transactions:		
Decrease from repurchase of common shares (includes transaction costs)	(3,149,080)	(12,562,913)
Decrease in Net Assets from Fund Share Transactions	(3,149,080)	(12,562,913)
Net Decrease in Net Assets Attributable to Common Shareholders	(6,373,598)	(16,179,921)
Net Assets Attributable to Common Shareholders:		
Beginning of year	216,779,035	232,958,956
End of period (including undistributed net investment income of \$0 and \$316,348, respectively)	\$ 210,405,437	\$216,779,035

* 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, 2017 (Unaudited)**

Net increase in net assets attributable to common shareholders resulting from operations	\$ 2,539,183
Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to Net Cash from Operating Activities:	
Purchase of long term investment securities	(303,090,806)
Proceeds from sales of long term investment securities	356,428,745
Proceeds from short sales of investment securities	2,945,215
Purchase of securities to cover short sales	(9,344,257)
Net sales of short term investment securities	3,302,051
Net realized gain on investments	(3,869,798)
Net realized loss on securities sold short	159,438
Net change in unrealized appreciation/depreciation on investments and swap contracts	(3,060,450)
Net amortization of discount	(441,235)
Net increase in unrealized depreciation on forward foreign exchange contracts	39,042
Net increase in unrealized appreciation on securities sold short	(99,209)
Decrease in deposit at broker	4,031,193
Decrease in receivable for investments sold	2,434,529
Increase in dividends receivable	(155,693)
Increase in prepaid expenses	(2,647)
Increase in deferred offering expense	(32,237)
Increase in payable for accounting fees	3,750
Decrease in payable for investments purchased	(46,262,628)
Decrease in payable for investment advisory fees	(3,662,276)
Increase in payable for payroll expenses	2,795
Decrease in payable for dividends payable on securities sold short	(24,663)
Decrease in other accrued expenses	(42,847)
Net cash provided by operating activities:	1,797,195
Net decrease in net assets resulting from financing activities:	
Distributions to Common Shareholders	(5,763,701)
Decrease in payable for Fund shares redeemed	(400,980)
Decrease from repurchase of common shares	(3,149,080)
Net cash used in financing activities	(9,313,761)
Net increase in cash	(7,516,566)
Cash (including foreign currency):	
Beginning of year	7,517,312

End of period	\$	746
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Supplemental disclosure of cash flow information:

Interest paid on preferred shares	\$	1,968,019
Interest paid on bank overdrafts	\$	3,147

See accompanying notes to financial statements.

The GDL Fund**Financial Highlights**

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

	Six Months Ended June 30, 2017 (Unaudited)	2016	2015	Year Ended December 31,		
				2014	2013	2012
Operating Performance:						
Net asset value, beginning of year	\$ 11.88	\$ 11.93	\$ 12.10	\$ 12.78	\$ 13.26	\$ 13.94
Net investment loss	(0.09)	(0.36)	(0.44)	(0.26)	(0.33)	(0.46)
Net realized and unrealized gain on investments, securities sold short, swap contracts, written options, and foreign currency transactions	0.23	0.84	0.85	0.33	1.13	1.06
Total from investment operations	0.14	0.48	0.41	0.07	0.80	0.60
Distributions to Common Shareholders:						
Net investment income				(0.06)		(0.08)
Net realized gain		(0.59)	(0.56)	(0.53)	(0.28)	
Return of capital	(0.32)*	(0.05)	(0.08)	(0.21)	(1.00)	(1.20)

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Total distributions to common shareholders	(0.32)	(0.64)	(0.64)	(0.80)	(1.28)	(1.28)
Common Share Transactions:						
Increase in net asset value from repurchase of common shares	0.03	0.11	0.06	0.05	0.00(a)	0.00(a)
Net Asset Value, End of Period						
	\$ 11.73	\$ 11.88	\$ 11.93	\$ 12.10	\$ 12.78	\$ 13.26
NAV total return	1.53%	5.09%	3.95%	0.94%	6.31%	4.44%
Market value, end of period						
	\$ 10.26	\$ 9.84	\$ 10.01	\$ 10.23	\$ 11.02	\$ 11.42
Investment total return	7.06%	4.79%	4.12%	(0.07)%	7.79%	7.67%
Ratios to Average Net Assets and Supplemental Data:						
Net assets including liquidation value of preferred shares, end of period (in 000 s)	\$ 341,607	\$ 347,980	\$ 364,160	\$ 381,126	\$ 404,984	\$ 422,956
Net assets attributable to common shares, end of period (in 000 s)	\$ 210,405	\$ 216,779	\$ 232,959	\$ 244,894	\$ 268,751	\$ 278,968
Ratio of net investment loss to average net assets attributable to	(1.58)% ^(c)	(2.94)%	(2.75)%	(1.38)%	(2.50)%	(3.33)%

common shares including interest and offering costs(b)						
Ratio of operating expenses to average net assets attributable to common shares(d)	3.49%(c)(e)(f)	4.72%(e)(g)	4.23%(e)(g)	2.99%(g)	4.76%(g)	4.58%(g)
Portfolio turnover rate	126%	284%	268%	315%	319%	335%

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, 2017 (Unaudited)	2016	2015	2014	2013	2012
Series B Cumulative Preferred Shares						
Liquidation value, end of period (in 000 s)	\$131,201	\$131,201	\$131,201	\$136,232	\$136,232	\$143,988
Total shares outstanding (in 000 s)	2,624	2,624	2,624	2,725	2,725	2,880
Liquidation preference per share	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
Average market value(h)	\$ 50.54	\$ 50.51	\$ 50.30	\$ 50.36	\$ 50.41	\$ 50.63
Asset coverage per share	\$ 130.18	\$ 132.61	\$ 138.78	\$ 139.88	\$ 148.64	\$ 146.87
Asset coverage	260%	265%	278%	280%	297%	294%

Based on net asset value per share, adjusted for reinvestment of distributions at prices at the net asset value per share on the ex-dividend dates. 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 relates to the \$50 Series B Preferred Shares through June 30, 2017 (see Footnotes 2 and 5).

(c) Annualized.

(d) Ratio of operating expenses excluding interest, dividends and service fees on securities sold short, and offering costs to average net assets attributable to common shares for the six months ended June 30, 2017 and the years ended December 31, 2016, 2015, 2014, 2013, and 2012 would have been 1.60%, 2.92%, 2.87%, 1.35%, 3.22%, and 2.58%, respectively.

(e) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the six months ended June 30, 2017 and the years ended December 31, 2016 and 2015, there was no impact on the expense ratios.

(f) The ratio of operating expenses does not include a custodian fee credit for the six months ended June 30, 2017. Including such custodian fee credit, the ratio of operating expenses to average net assets would have been 3.48%. For the years ended December 31, 2016, 2015, 2014, 2013, and 2012, the effect was minimal.

(g) For the years ended December 31, 2016, 2015, 2014, 2013, and 2012, the ratio of operating expenses excluded interest, dividends and service fees on securities sold short, and offering costs. Including these expenses, the ratio

of operating expenses for the years ended December 31, 2016, 2015, 2014, 2013, and 2012 would have been 4.84%, 4.43%, 3.07%, 4.80%, and 4.66%, respectively.

(h) Based on weekly prices.

See accompanying notes to financial statements.

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 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.

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 obligations for which market quotations are readily available are valued at the

average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price, unless the Board determines such amount does

The GDL Fund

Notes to Financial Statements (Unaudited) (Continued)

not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

Level 1 quoted prices in active markets for identical securities;

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and

Level 3 significant unobservable inputs (including the Board's determinations as to the fair value of investments).

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

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, 2017 is as follows:

	Valuation Inputs			Total Market Value at 6/30/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Automotive: Parts and Accessories	\$ 11,137,782		\$151,000	\$ 11,288,782
Business Services	2,685,174		0	2,685,174
Entertainment	1,450,600		0	1,450,600
Financial Services	13,885,310		36,084	13,921,394
Health Care	52,600,452	\$ 344,020		52,944,472
Transportation	3,519,885	450,294		3,970,179
Other Industries (a)	111,309,830			111,309,830
Total Common Stocks	196,589,033	794,314	187,084	197,570,431
Closed-End Funds	2,288,160			2,288,160
Rights (a)		200,000	909,261	1,109,261
Warrants (a)	157			157
Corporate Bonds (a)			7,310	7,310
U.S. Government Obligations		147,717,792		147,717,792
TOTAL INVESTMENTS IN SECURITIES ASSETS	\$ 198,877,350	\$148,712,106	\$1,103,655	\$348,693,111
LIABILITIES (Market Value):				
Common Stocks Sold Short (a)	\$ (3,213,181)			\$ (3,213,181)
TOTAL INVESTMENTS IN SECURITIES - LIABILITIES	\$ (3,213,181)			\$ (3,213,181)
OTHER FINANCIAL INSTRUMENTS:*				
ASSETS (Unrealized Appreciation):				
EQUITY CONTRACTS				
Contract for Difference Swap Agreements		\$ 7,502		\$7,502

LIABILITIES (Unrealized Depreciation):		
FORWARD CURRENCY EXCHANGE CONTRACTS		
Forward Foreign Exchange Contracts	(240,650)	(240,650)
EQUITY CONTRACTS		
Contract for Difference Swap Agreements	(15)	(15)
TOTAL OTHER FINANCIAL INSTRUMENTS:	\$ (233,163)	\$ (233,163)

(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, 2017. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

The GDL Fund

Notes to Financial Statements (Unaudited) (Continued)

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

	Balance as of 12/31/16	Accrued discounts/premiums	Realized gain/(loss)	Change in unrealized appreciation/depreciation	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	Balance as of 06/30/17	Net change in unrealized appreciation/depreciation during the period on Level 3 investments still held at 06/30/17
INVESTMENTS IN SECURITIES:										
NET ASSETS (Market Value):										
Common Stocks:										
Automotive: Parts and Accessories				\$ (4,681)			\$ 155,681	\$ 151,000	\$ (4,681)	
Business Services					\$ 0			0		
Mobile and Satellite	\$ 653,975	\$ 93,508	3,839			\$ (751,322)				
Educational Services	44	(51,384)	51,340			0				
Entertainment	0							0		
Financial Services			3,331				32,753	36,084	3,331	
Global Common Stocks	654,019	42,124	53,829		0	(751,322)	188,434	187,084	(1,322)	
Corporate Bonds					7,310			7,310		
Fixed Income Investments:										
Entertainment				\$ 384,750	0			384,750	\$ 384,750	
Health Care	\$ 599,343		(74,832)		\$ 0			524,511	(74,832)	

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less Communications	1,184,400	\$ 494,992	(82,170)		(1,597,222)			
l Rights	1,783,743	494,992	227,748		(1,597,222)		909,261	334,0
TOTAL INVESTMENTS IN SECURITIES	\$ 2,437,762	\$ 537,116	\$ 281,577	\$ 7,310	\$ (2,348,544)	\$ 188,434	\$ 1,103,655	\$ 332,7

The Fund's policy is to recognize transfers into and out of Level 3 as of the beginning of the reporting period. Net change in unrealized appreciation/depreciation on investments is included in the related amounts in the Statement of Operations.

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, 2017:

Description	Balance at 06/30/17	Valuation Technique	Unobservable Input	Range
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks (a)	\$ 187,084	Last available closing price	Discount Range	0%
Corporate Bonds	7,310	Last available closing price	Discount Range	0%
Rights (a)	909,261	Last available closing price	Discount Range	0%
	\$1,103,655			

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

Unobservable Input	Impact to Value if Input	Impact to Value if Input
	Increases	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 are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3

securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include backtesting the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in derivative financial instruments for the purposes of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or

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

swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

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, 2017, 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 equity contract for difference swap agreements with The Goldman Sachs Group, Inc. Details of the swaps at June 30, 2017 are reflected within the Schedule of Investments and further details are as follows:

Notional Amount	Equity Security Received Market Value	Interest Rate/Equity Security Paid	Termination Date	Net Unrealized
				Appreciation/ Depreciation
	Appreciation on:	Market Value Depreciation on:		
\$899 (700 Shares)	Gulf Keystone Petroleum Ltd.	Gulf Keystone Petroleum Ltd.	6/28/2018	\$ (15)
\$224,859 (440,500 Shares)	Premier Foods plc	Premier Foods plc	4/2/2018	7,502