

GABELLI
MERGER PLUS+ TRUST PLC

Gabelli Merger Plus+ Trust plc
Annual Report and Accounts
For the period ended 30 June 2018



MERGER INVESTING SINCE 1977

"There are many advantages to investing in risk arbitrage. Let's focus on three: risk arbitrage returns are not closely correlated with those of the stock market; they are less volatile than returns on the S&P 500; and longer term they are higher than those returns afforded by traditional investing. While these three factors provide for excellent results in the world of arbitrage, the real beauty of risk arb investing is that there is rarely a down year. Because risk arb returns are consistently positive year in and year out, they fulfill the concept of a compound return. We proclaim this source of compounded earnings as the eighth wonder of the world.

Compounding is the secret to wealth creation over a period of decades."

Mario Gabelli
(Deals...Deals...and More Deals, 1999)



Deals...Deals...and More Deals - Now in four languages.
Originally published in 1999 by Gabelli University Press.

Gabelli Merger Plus⁺ Trust Plc's investment objective:

The Company's primary investment objective is to seek to generate total return consisting of capital appreciation and current income.

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At a glance

Merger investing is a highly specialised active investment approach designed to profit from corporate catalyst events such as announced mergers, acquisitions, leveraged buyouts, demergers and other types of reorganisations and corporate actions ("deals"). The Portfolio Manager, (Gabelli Funds, LLC), seeks to earn returns through a diversified portfolio of investments across such deals earning the differential or "spread" between the market price and the investment's ultimate value. The Company invests globally, although it has an emphasis on securities traded in the United States, across market capitalisations and sectors.

The Gabelli Merger Plus⁺ Trust Plc ("GMP" or the "Company") was launched in July 2017 to access this unique investment approach. The Company's shares trade on the Specialist Fund Segment of the London Stock Exchange and The International Stock Exchange under the symbol "GMP".

The Company seeks to generate total returns consisting of capital appreciation and current income through the application of this active merger investment program. A secondary objective is the protection of capital, while earning returns uncorrelated to unmanaged equity and fixed income markets.

The Portfolio Manager has invested in mergers since 1977 broadly, and created its first dedicated merger fund in 1985. The Portfolio Manager remains vigilant in the application of its investment methodology and search for opportunities, maintaining a diversified portfolio of catalyst event merger arbitrage strategies that seek to create an optimal risk/reward profile for the portfolio.

The Company provides access to Gabelli's deep history of investing in mergers. The approach is a natural extension of its long standing research-driven investment

process oriented towards undervalued assets as articulated through its proprietary Private Market Value with a Catalyst™ methodology ("PMV"). PMV is the price an informed buyer would pay for an entire business in a negotiated transaction, combined with a catalyst, to earn rates of returns independent of the broad markets' direction.

The Company is part of the lineage of Gabelli's sixteen listed investment companies beginning in 1986 with the Gabelli Equity Trust (NYSE:GAB). The Gabelli Funds complex currently includes fourteen U.S. based closed-end funds or investment companies, with an additional two based in the U.K., including GMP. Gabelli Funds also manages four exchange-traded managed funds, twenty three open-end funds and a Luxembourg SICAV with two UCITS sub-funds.

Financial Highlights

Performance	As at 19 July 2017	As at 30 June 2018
Net asset value per share (cum income)	\$9.92	\$9.84**
Net asset value per share (ex income)	\$9.92	\$9.87
Dividends per share paid during the period	-	\$0.35**
Share price	\$10.00	\$9.73
Premium/(Discount)	0.80%	(1.17%)
Total returns	Period from 19 July 2017 to 30 June 2018	
Net asset value per share ^a	2.78%	
3-month U.S. Treasury Bill Index ^{**}	1.27%	
Share price [†]	0.61%	
Income	Period from 19 July 2017 to 30 June 2018	
Revenue return per share	(\$0.03)	
Ongoing charges*	Period from 19 July 2017 to 30 June 2018	
Annualised ongoing charges	1.32%	

Source: Portfolio Manager (Gabelli Funds, LLC), verified by the Administrator (State Street Bank and Trust Company).

** Excluding the third dividend of \$0.12 per share paid on 31 July 2018.

^a The net asset value ("NAV") total return for the period reflects the movement in the NAV during the period 19 July 2017 to 30 June 2018, adjusted to reflect the reinvestment of any dividends paid.

^{**} The return for the index reflects the return for the period 19 July 2017 to 30 June 2018.

[†] The total share price return for the period reflects the movement in the share price during the period 19 July 2017 to 30 June 2018, adjusted to reflect the reinvestment of any dividends paid.

* Ongoing charges are calculated as a percentage of shareholders' funds using the average net assets over the period and calculated in line with the AIC's recommended methodology.

Chairman's Statement

Marc Gabelli
Chairman



Introduction

It is with great privilege that we share our first Annual Report to shareholders since we listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 19 July 2017. This report covers the period to 30 June 2018.

The Gabelli Merger Plus[®] Trust Plc (the "Company") operates globally in the highly specialised investment discipline of event driven merger arbitrage. This approach aims to compound returns of shareholder wealth over time regardless of the direction of the broad equity or fixed income markets. Returns are achieved through investing in arbitrage spreads, or the difference between the public market price of a security and the price achieved through corporate catalyst events materialising. Spreads are a function of the event risk premium, time, and risk free capital costs. As interest rates rise, nominal returns in this strategy should improve as spreads widen to accommodate for capital re-allocation. Gabelli Funds LLC, the Portfolio Manager, employs an active approach to analysing the fundamentals of a merger investment and has a long history of implementing such a programme. At its core, this differentiated investment approach utilizes the "Gabelli Private Market Value ("PMV") with a Catalyst[™]" analytical methodology to manage risk. The full details of this investment programme were set out in the offering Prospectus and are found on the Company's web site, www.Gabelli.com/MergerPlus.

The Board is always receptive to feedback and is available should you have any questions or comments. Please get in

touch via the Portfolio Manager's Investor Relations group directly, or through the Company Secretary, whose contact details are at the end of this Report.

We thank you, our shareholders, for your confidence entrusting a portion of your assets to our team.

Principal Developments on Investments During the Year

The period since the IPO is set against a backdrop of global stock market advances, rising interest rates, and an acceleration of corporate events including record breaking levels of announced takeovers. A relatively strong economy continues to position U.S. equities in the global sweet spot versus non-U.S. stocks. The Federal Reserve is signalling higher rates ahead and this is keeping the dollar strong, emerging markets weak and inflation in focus. Migration related political risks in Germany and Italy are stress testing European unity. Second quarter earnings reports are healthy relative to the first quarter gains. The U.S. tax cuts have helped propel inbound U.S. investment in capital expenditures, financial engineering led by share buy backs, and mergers and acquisitions activity. Deals are back with fervour. Merger volumes globally are increasing as corporations flush with cash pursue strategic growth via mergers and acquisitions. Global merger and acquisition activity set a record high in the first half of 2018 as the value of announced deals rose to a new high of \$2.5 trillion. Media company deals featuring Twenty-First Century Fox led the charge. The U.S. stock market closed higher for June and the second quarter. Rising volatility, part of what we call Wall Street's 'Old Normal',

reflected uncertainty over the eventual outcome of the aggressive trade actions taken by the Trump administration aimed at lowering the protectionist barriers of other countries. This period experienced the widening of transaction spreads as these regulatory uncertainties on the back of the U.S. Administration's stance manifested in greater deal risk premiums. The Portfolio Manager expands the discussion of these dynamics in the Portfolio Manager's Report that follows this statement.

The Company's net asset value (NAV) plus dividends paid delivered a total return to shareholders during the year of 2.8% in U.S. Dollars. This performance compared to the equivalent 13 week U.S. Treasury Bill which was +1.3% and strong relative to the MNA ETF, which delivered +0.1%, and merger arbitrage indices such as the S&P Merger Arbitrage Index, +1.5%, and the CS Merger Arbitrage Liquid Index, +2.3%. The share price total return with dividends reinvested was 0.6%, impacted by a slight widening of the discount during the period.

The Portfolio Manager aligns its interests with those of other shareholders in two specific respects: 1. Gabelli and its principals are our largest shareholders, with 59.8% of the shares, so they participate fully in the ups and downs of performance; 2. The performance fee is subject to a high watermark on total returns, a hurdle rate payable after the NAV exceeds two times the 13 week U.S. Treasury Bill return, and is capped at 3% of NAV.

Chairman's statement continued

The Board recognises that, while the positive absolute returns of NAV since listing are consistent with the investment objectives, the market price performance has fallen short of the NAV achievements as the period ended. As we write, the shares have started trading at a material discount. We remain focused on the dynamics of the market price discovery process in secondary trading. The Board is alert to these issues and closely monitors and reviews this performance with the Portfolio Manager regularly.

Shareholder Base and the Developments in the U.K.

The Board is seeking to broaden the shareholder base and build its attributes to accommodate future investors. This process is built on three interrelated pillars: governance, improving liquidity, and ongoing positive Portfolio Manager performance. Recognising that its original formation was earmarked for international investors, the Board is endeavouring to strengthen each pillar to grow in the UK market. In the area of governance, the Company has joined the Association of Investment Companies (AIC), and appointed Cantor Fitzgerald Europe as non-exclusive Financial Advisor and Corporate Broker. We have expanded the Board to include UK industry experts and welcomed John Newlands, James Wedderburn and Alex Hammond-Chambers. Finally, the Board is working with the Portfolio Manager to expand investor relations to enhance the educational elements necessary to understand this unique absolute return strategy. We believe investor alignment is the best price discovery mechanism. In an effort to increase liquidity and expand the size of the Company, in November 2017 the Company directly issued 323,066 shares at a slight premium to NAV via a TAP issuance. The new issue reflects an ongoing willingness of the Board to increase the free float available to the market. Finally, the Board's and Portfolio Manager's key priority remains to serve the interests of shareholders through seeking improved portfolio performance. The Board believes that the shares' rating would be likely to respond favourably to ongoing positive performance, which in turn could create an opportunity to expand the capital of the Company. The Board's motive in keeping this possibility in mind is to diversify the shareholder base, spread the fixed costs over a wider base, and improve the trading liquidity for those wishing to buy and sell.

Gearing

During the period, the Company has utilized nominal gearing of up to 20% through contracts for difference (CFDs). The Portfolio Manager has looked at a range of options for using borrowing facilities as a means of adding to returns, and currently believes the use of CFDs offers the most flexibility and the best costs to shareholders. The Board believes that the investment policy carried out is consistent with its initial prospectus.

Dividend

The Company's portfolio is diversified across various arbitrage strategies, generally with holding periods averaging 120 days each. In arbitrage, the culmination of a position is effectively a return of cash as the position is closed. As such, the portfolio is constructed to implement the managed distribution of capital through the payment of dividends, giving investors access to the cash harvested from the portfolio's investment programme on a quarterly basis. Since inception, the Company will have returned to shareholders \$0.47 per share, including the dividend paid on 31 July, consistent with its dividend policy.

Directorate

Shareholders will know that Paolo Vicinelli will not be standing for election at the forthcoming Annual General Meeting. I would like to thank him for his contribution to the Company in its startup phase and since then. I would like to welcome Alex Hammond-Chambers as a Director, whose bio can be found with the other Directors on page 20. He brings long-term experience in the investment trust sector and we look forward to his contribution to the progress of the Company in the future.

Outlook

The U.S. economy remains upbeat and, as always, we are watching world economic and political developments as they may impact financial markets and opportunities. Although we started in July 2017 with the euphoria of a pro-business U.S. administration, several actions have brought cause to shudder, and merger spreads have widened across the investible universe. In the U.S., the break of the Tribune Sinclair transaction and the scrutiny of AT&T's acquisition of Time Warner signalled a period of newly defined U.S. domestic regulatory influences. Internationally, the recent Chinese regulatory decision to reject

approval for the NXP-Qualcomm merger illustrates that arbitrage investing is at the epicentre of geopolitical manoeuvrings.

We remain optimistic. The components are in place for positive shareholder returns, as rising deal risk premiums and rising interest rates combine with healthy deal volumes to provide a fertile picking ground. Our PMV with a Catalyst™ selection process focuses on researching the intrinsic value of firms. It is in periods of market volatility that merger investing proves its true worth as an alternative investment. The Company under the stewardship of a time tested team has its greatest scope for shareholder value creation ahead.

Marc Gabelli
Chairman
8 October 2018

[Handwritten signature of Marc Gabelli]
[Handwritten signature of John Newlands as Attorney for Marc Gabelli]
Marc Gabelli

The Search For Value – A History of Gabelli

Origins of Gabelli

The Gabelli organisation, of which Gabelli Funds, LLC is a major affiliate, began in the U.S. in 1976 as an institutional research firm. Gabelli's intense, research driven culture has driven its evolution into a diversified global financial services company. The basis of its success remains unchanged – a focus on fundamental, bottom-up research, a highly consistent investment process, and the commitment to superior risk adjusted returns. With offices in the U.S., London, Tokyo, and Shanghai, and employing more than 200 professionals,

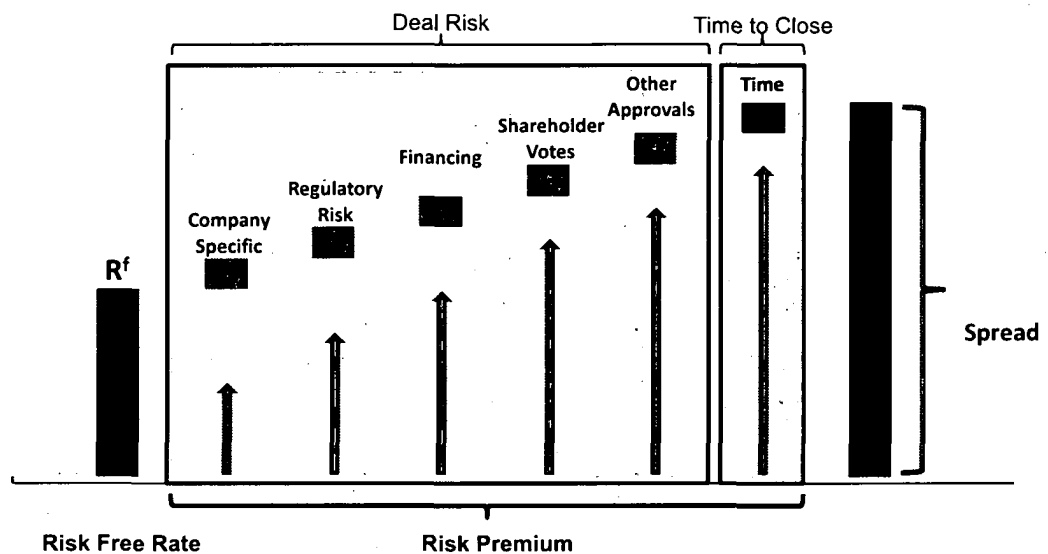
we offer portfolio management in our core competencies across the globe.

Gabelli Funds took the basic tenets of classic value investing and forged our Private Market Value ("PMV") with a Catalyst™ approach. We have built a company currently managing over \$40 billion in assets and a track record of consistent returns over time. Gabelli is credited by the academic community for establishing the notion of PMV and applying the process in the analysis of public equity securities. Our value

oriented bottom-up stock selection process is based on the fundamental investment principles first articulated in 1934 by Graham and Dodd, the founders of modern security analysis, and further augmented by Mario Gabelli in 1977 with his introduction of the concepts of PMV into equity analysis. Our sustainable, time tested investment principles of fundamental security analysis are as valid today as they were more than eighty years ago.

Merger Investment Opportunity

Components of the Merger Arbitrage Return (Spread)

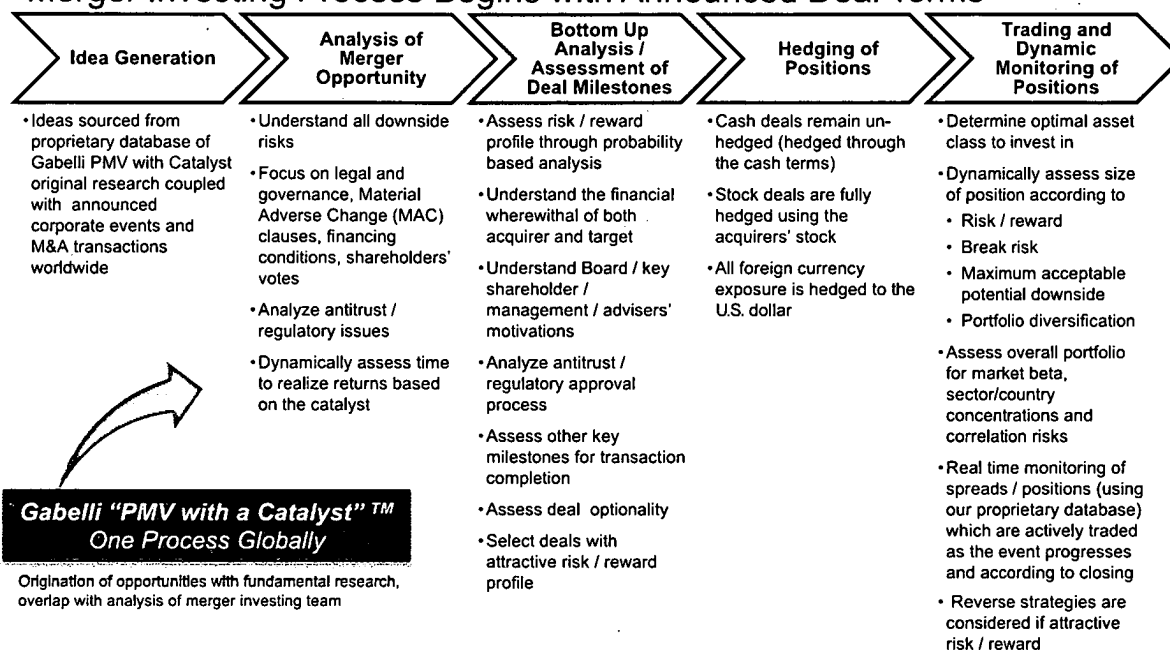


$$\text{Spread} = \text{Risk Free Rate} + \text{Risk Premium}$$

The Search For Value – A History of Gabelli continued

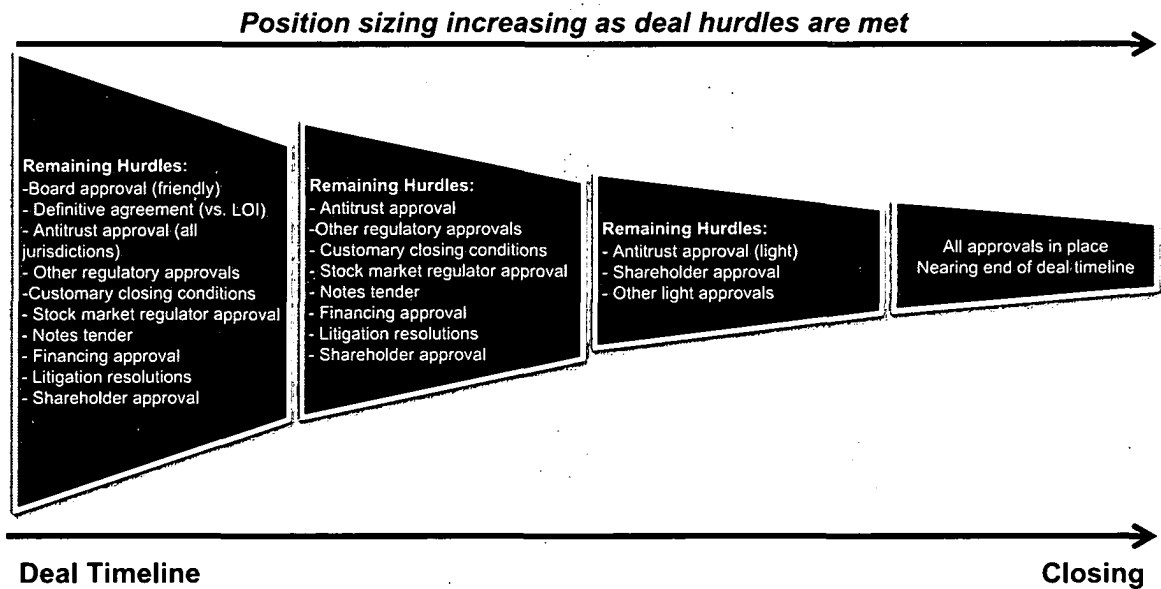
Methodology in Action

Merger Investing Process Begins with Announced Deal Terms



Investment Process

Building A Position



Investment Objective and Policy

Investment objective

The Company's primary investment objective is to seek to generate total return, consisting of capital appreciation and current income. The Company will seek a secondary objective of the protection of capital, uncorrelated to equity and fixed income markets.

Investment policy

The Company will seek to meet its investment objective by utilizing the Gabelli Private Market Value (PMV) with a Catalyst™ investment methodology, maintaining a diversified portfolio of event merger arbitrage strategies to seek to create an optimal risk/reward profile for the portfolio.

"Event Driven Merger Arbitrage" is a highly specialised active investment approach designed principally to profit from the differences between the public market price and the price achieved through corporate catalyst events. Catalysts are utilised to earn returns independent of the broad markets' direction. This includes corporate events such as announced mergers, acquisitions, takeovers, tender offers, leveraged buyouts, restructurings, demergers and other types of reorganisations and corporate actions ("deals").

The Company will invest globally although it is expected to have an emphasis on securities traded in the United States, predominantly equity securities issued by companies of any market capitalisation. The Company is permitted, however, to use a variety of investment strategies and instruments, including but not limited to: convertible and non-convertible debt securities; asset-backed and mortgage-backed securities; fixed interest securities, preferred stock, non-convertible preferred stock, depositary receipts; shares or units of UCIs or UCITS; rights qualifying as transferable securities; when issued, delayed delivery transferable securities; forward contracts; swaps; recently issued transferable securities; repurchase agreements; money market instruments and warrants.

The Company may invest part of its net assets in cash and cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having at least a single A (or equivalent) credit rating from an internationally recognised rating agency or government and other public securities, if the Portfolio Manager believes that it would be in the best interests of the Company and its Shareholders. This may be the case, for example, if the Portfolio Manager believes that adverse market conditions justify a temporary defensive position. Any cash or surplus assets may also be temporarily invested in such instruments pending investment in accordance with the Company's investment policy.

The Company may take both long and short positions in both equity and debt securities. For shorting purposes, the Company may use indices, individual stocks, or fixed income securities.

The Company may utilise financial derivative instruments to create both long and synthetic covered short positions with the aim of maximising positive returns. The Company may use strategies and techniques consisting of options, futures contracts, and currency transactions and may enter into total rate of return, credit default, or other types of swaps and related derivatives for various purposes, including to gain economic exposure to an asset or group of assets that may be difficult or impractical to acquire.

The Company may also use derivatives for efficient portfolio management purposes including, without limitation, hedging and risk management.

The Company has broad and flexible investment authority and, accordingly, it may at any time have investments in other related or unrelated areas. Strategies and financial instruments utilised by the Company may include: (i) purchasing or writing options (listed or unlisted) of any and all types including options on equity securities, stock market and commodity indices, debt securities, futures contracts, future contracts on commodities and currencies; (ii) trading in commodity futures contracts, commodity option contracts and other commodity interests including physical commodities; (iii) borrowing money from brokerage firms and banks on a demand basis to buy and sell short investments in excess of capital; and (iv) entering into swap agreements (of any and all types including commodity swaps, interest rate swaps and currency swaps), forward contracts, currencies, foreign exchange contracts, warrants, credit default swaps, synthetic derivatives (for example, CDX), collateralised debt obligations tranches, and other structured or synthetic debt obligations, partnership interests or interests in other investment companies and any other financial instruments of any and all types which exist now or are hereafter created.

There has been no change to the investment policy since the launch of the Company on 19 July 2017. No material change will be made without shareholder approval.

Portfolio Manager's Review

Deals... Deals... and More Deals

Global M&A activity remains vibrant entering the Company's second year of operation offering a diverse set of investment opportunities.

Several immediate factors should help drive results. We expect improved nominal returns as short term interest rates in the U.S. continue to rise and market volatility increases. Rising short term interest rates imply higher returns on merger investments with spreads widening to compensate arbitrageurs as a key component of "the spread". Increased broad market volatility enhances the opportunity to invest, with the prospect of improved returns as spreads widen in fundamentally solid mergers. The United States has been a central driver to merger momentum globally. The U.S. tax reforms continue to support event activity as the repatriation of overseas cash bolsters balance sheets and spurs deal activity. Potential changes to U.S. policies surrounding deregulation are expected to alleviate burdens and hurdles for deals that otherwise would not have been contemplated or actually transacted. Discussions of U.S. trade restrictions and the related geopolitical risks have not yet impacted world markets and corporate merger activity. We expect deal volume to remain robust for the near future even as we face broader market risk, and we remain disciplined in the application of the Gabelli investment method against this backdrop of great change.

Market Opportunity

Global merger and acquisition ("M&A") activity totaled \$2.5 trillion through the first six months of 2018, which is the strongest first half on record and an increase of 61% year-over-year¹. While the number of deals announced has decreased 10% compared to 2017, the "mega deal" has returned in a major way. Deals with a value of \$5 billion or greater accounted for 50% of announced values, the highest percentage on record.

Cross border M&A activity has totaled \$1 trillion in 2018, through 30 June, an 84% increase and the strongest first half since 2007. The general strength in M&A was driven by record levels of activity for U.S. targets, which totaled \$1 trillion in the first half, an increase of 79% year-over-year. This was also supported by a 97% increase in European originated M&A, which totaled \$785 billion.

The Energy & Power sector was the largest contributor to merger activity during the first half, totalling \$389 billion, an increase of 63% compared to 2017 levels. This accounted for nearly 16% of total announced deal volume. The Media and Health Care sectors were also large contributors, each accounting for 13% of overall M&A activity.

Year in Review

Going into year end 2017, U.S. companies were in a wait-and-see mode, given the uncertainty regarding U.S. policies and in particular tax reform. In fact some deals were "on pause". In the wake of the Tax Cuts and Jobs Act of 2017 signed in late 2017 the prospect of fundamentals of the U.S. economy have increased significantly. Just three weeks into 2018, we saw the value of M&A transactions top \$152 billion. That is the strongest annual start to M&A since early 2000. The U.S. labour market is at or near full employment and showing signs of growth, while average pay is on the rise – albeit modestly. However, standing between the U.S. and 4% GDP growth are looming trade wars with various countries and world trade organizations. Volatility in global equity markets accelerated in March with the S&P 500 Index closing nearly 10% off its highs of 2018. Merger arbitrage spreads widened as a result, allowing us to deploy additional capital opportunistically into new and existing positions. These are what we call "mark to market" losses. In our more than 30 years of investing in mergers, we have found that periods of market dislocations frequently produce the best opportunity to earn greater returns, as the unexpected widening of spreads typically reverses quickly when deals approach closing, regardless of broad market movement. The fact of the matter is that the market does not like uncertainty. As clarity in various aspects has come to the surface we have seen an immediate effect on the markets broadly. In the interim "cloudy" periods, as noted, we take an opportunistic approach to deploy the Company's capital.

With regard to U.S. monetary policy, the Federal Reserve has continued its trajectory of tightening under the leadership of Jerome Powell, who replaced Janet Yellen as Fed Chair in February. The Federal Reserve raised the benchmark rate in both March and June, with two more rate hikes predicted for this calendar year. As a reminder, the risk free rate is one component of merger arbitrage spreads. As such, nominal spreads are positively correlated with interest rates. As rates rise, we would expect the Company will benefit as spreads widen.

We continue to expect that corporate confidence, robust balance sheets, and repatriation of foreign cash (for U.S. companies) will act as a driver of corporate merger activity in the near term, as companies use M&A as a means to grow, particularly on a global basis, in order to remain competitive. We have seen this in the numbers for cross border deal activity. At this writing, we see the current administration still moving ahead with trade talks, despite imposed tariffs which are ultimately seen as a part of the bargaining process. This however has caused disruption in some M&A transactions, most notably Qualcomm's acquisition of NXP Semiconductors which we will outline in detail later. In short, while no legitimate antitrust concerns had been expressed by experts, China's approval largely hinged on (1) tariff negotiations with the U.S., and (2) sanctions against ZTE Corp., a Chinese company with ties to the U.S.

The ruling in the AT&T/Time Warner transaction was a crucial test in the viability of continued vertical mergers. This is a positive for M&A activity overall, as it lifts an overhang of uncertainty and may make the Department of Justice (DOJ) more hesitant to challenge deals going forward if they don't believe they have an airtight argument. Comcast's decision to launch an unsolicited bid for Twenty-First Century Fox was in part a result of AT&T's victory against the DOJ. We have seen the spreads on the other vertical mergers in our portfolio narrow significantly post the ruling, with Aetna/CVS narrowing from -\$20 to -\$14. Part of the spread narrowing could be attributable to "vertical merger risk capital" being reallocated to the Aetna deal, but also because of the strong rebuke the government received for bringing a questionable challenge to court. A key takeaway from the trial for the government is not that vertical merger challenges are dead (they likely are not), but rather that the U.S. government needs to have strong evidentiary support for its challenges, and the economic models and theories used by its economists should have a strong and robust predictive value of actual harm to the consumer.

Away from Twenty First Century Fox's work in progress acquisition of Sky plc, we note the trickle-down effect within local U.S. TV stations and affiliates. It had been speculated that Fox was a buyer of several planned divestiture properties of Sinclair Broadcasting whom needed the sales to help clear its own deal to acquire Tribune Media Co. With Tribune abandoning the deal, in part due to FCC

¹ Thomson Reuters Mergers & Acquisitions Review – First Half 2018

Portfolio Manager's Review continued

concerns, the door is open for other transactions to take place which could continue to spur consolidation across this highly fragmented industry.

Notable drivers of performance:

- Sky plc has been the beneficiary, as has the Company, of a bidding war as consolidation in the media space has remained a major theme in 2018. Comcast is currently the high bidder at £14.75 per share. Sky has continued to trade through the terms as Twenty-First Century Fox, which was the previous high bidder at £14.00 per share for the 61% of Sky it does not already own, has until 22 September to beat Comcast's offer. The transaction is subject to the tender of a majority of shares outstanding and regulatory approvals, and is expected to close in the third quarter of 2018. Sky has been a contributor to the Company since 2017, with the most significant positive performance in the second calendar year quarter of 2018.
- Time Warner agreed to be acquired by AT&T in October 2016 for \$107.50 in cash and shares of AT&T common stock. On 12 June 2018, U.S. District Court Judge Richard Leon issued his decision, which denied the Department of Justice's request to block AT&T's acquisition of Time Warner. Judge Leon put no conditions on the deal, and said the government failed to make its case that the merger would lead to higher prices for the consumer. The DOJ chose not to seek a stay preventing the merger from closing on appeal, and the deal was subsequently completed on 15 June 2018. After Time Warner withstood the government challenge, spreads on other outstanding vertical mergers firmed in response, including CVS's acquisition of Aetna for \$70 billion and Cigna's acquisition of Express Scripts for \$65 billion. Despite the ruling the DOJ appealed on 12 July, based on "Fundamental Economics and Common Sense". While there remains a large burden on the Government to succeed, a positive result could mean AT&T unwinding the transaction. In either case, our investment crystallized and ceased at the time of the completed transaction. Our investment in the TWX/T spread was a contributor over the fiscal year of the Company.
- In May 2016 Monsanto agreed to be acquired by Bayer AG for \$128.00 per share in cash, or about \$66 billion. Monsanto provides agricultural products

for farmers, including a wide range of seeds with biologically engineered traits that help control insects and weeds. To achieve regulatory approval Bayer reached an agreement with the U.S. DOJ to divest assets. The deal closed on 7 June 2018 and was a top contributor in the first half.

- In November 2017, Cavium agreed to be acquired by Marvell for \$10.00 cash and 2.1757 shares of Marvell common stock per share of Cavium, or about \$6 billion. On 28 June 2018, Marvell Technology announced it received Chinese regulatory approval from the State Administration for Market Regulation (SAMR), formerly MOFCOM, for its acquisition of Cavium. This was the final required regulatory clearance, and Marvell completed its acquisition on 6 July 2018, generating a positive return to the Company.
- In April 2017, Akorn agreed to be acquired by Fresenius for \$34.00 cash per share, or about \$5 billion. Nearly one year later, Fresenius announced it would attempt to terminate the agreement to acquire Akorn on the basis that Akorn failed to fulfill several closing conditions, most notably a material breach of FDA data integrity requirements. Akorn immediately refuted these accusations and reiterated that nothing had been found in their investigation which would result in a material adverse effect on their business. Akorn has sued Fresenius in Delaware court and asked that Fresenius be required to fulfill its obligation under the merger agreement. A one week trial was completed in July and we expect a decision by the end of September. Both sides have indicated they may appeal, which may push a final resolution into next year. Akorn has resulted in being a significant detractor to performance in light of these events.
- Sparton Corp. (SPA) is a provider of electromechanical devices serving the medical, aerospace and industrial industries based in Schaumburg, Illinois. On 7 July 2017, it agreed to be acquired by Ultra Electronics Holdings plc for \$23.50 per share in cash, subject to regulatory approvals and shareholder acceptance of both companies the deal was expected to close in January of 2018 but was terminated on 5 March 2018 after it was known that the Department of Justice would be recommending to block the merger. This deal break resulted in a loss to the portfolio.

Select Portfolio Holdings as of 30 June 2018

Aetna Inc. (AET - \$183.50 - NYSE) agreed to be acquired by CVS Health. Aetna is a diversified Health Care benefits company that offers a variety of health insurance products. Under terms of the agreement, Aetna shareholders will receive \$145.00 cash per share and 0.8378 shares of CVS common stock per share, valuing the transaction at approximately \$70 billion. The transaction is subject to approval by shareholders of both companies, as well as regulatory approvals, and is expected to close in the second half of 2018.

Foundation Medicine Inc. (FMI - \$136.70 - NASDAQ) agreed to be acquired by Roche Holdings AG. Foundation Medicine develops and sells genomic analysis diagnostics that help doctors select the most effective treatment for cancer patients. Under terms of the agreement, Foundation Medicine shareholders will receive \$137.00 cash per share, valuing the transaction at approximately \$5 billion. The transaction is subject to the tender of at least a majority of shares outstanding as well as regulatory approvals and is expected to close in the second half of 2018.

Gemalto NV (GTO.AS - \$49.82/€58.17 - Amsterdam Stock Exchange) agreed to be acquired by Thales SA. Gemalto produces SIM cards and near field chips for mobile phones, as well as digital security chips used in payment processing and passports. Under terms of the agreement, Gemalto shareholders will receive €51.00 cash per share, valuing the transaction at approximately €5 billion. The transaction is subject to shareholder, as well as regulatory, approvals and is expected to close in the second half of 2018.

Gramercy Property Trust (GPT - \$10.03 - NYSE) agreed to be acquired by Blackstone Real Estate Partners. Gramercy Property Trust owns industrial, office, and specialty real estate in major U.S. metropolitan markets. Under terms of the agreement, Gramercy Property shareholders will receive \$27.50 cash per share, valuing the transaction at approximately \$7 billion. The transaction is subject to shareholder, as well as regulatory, approvals and is expected to close in the second half of 2018.

NXP Semiconductors N.V. (NXPI - \$109.27 - NASDAQ) is a semiconductor manufacturer that provides connectivity solutions for various automotive and Internet of Things (IoT) applications. NXP agreed to be acquired by Qualcomm under improved terms (\$127.50 per share versus \$110.00 previously). However, after failing to secure approval from Chinese regulators, Qualcomm withdrew its bid and paid a \$2 billion breakup fee to NXP or about \$5.80/share, pre-tax. In lieu of the proposed merger, NXP announced a plan to repurchase \$5 billion of its own shares, approximately 15% of the shares outstanding. Post buyback, NXP will have leverage close to 1x EBITDA, less than it has historically shown. NXP now trades at trough multiples below 10x EBITDA, and derives over 40% of sales from the automotive segment, one of the fastest growing segments in the semiconductor space given the increase in electronic contents and shift toward hybrid and electric vehicles. Consensus EPS are for the NXPI to earn \$8.20 in 2019. A 12.5x multiple would put NXPI at over \$100 per share. With NXP now trading in the low \$90s, we will follow the same sale discipline that we have in past deals and exit the position opportunistically. There will be pressure on the stock as hedge funds sell their positions. With NXP and all other investments in our portfolio, we leverage our value research team, which, when looking at opportunities, focuses on industry knowledge to help our team better understand the various deal dynamics, including where a company could trade in the event of a deal break.

Rockwell Collins Inc. (COL - \$134.68 - NYSE) agreed to be acquired by United Technologies Corp. Rockwell Collins provides avionics and information technology systems to government agencies and aircraft manufacturers. Under terms of the agreement, Rockwell Collins shareholders will receive \$140.00 in cash and shares in United Technologies stock, subject to a collar, valuing the transaction at approximately \$30 billion. The transaction is subject to shareholder, as well as regulatory, approvals and is expected to close in the second half of 2018.

Shire plc (SHP - \$168.80 - NASDAQ) agreed to be acquired by Takeda Pharmaceutical Co. Ltd. Shire develops

pharmaceutical products that treat rare diseases and conditions. Under the terms of the agreement, Shire shareholders will receive \$30.33 cash and 0.839 shares of Takeda common stock per share, valuing the transaction at approximately £46 billion. The transaction is subject to approval by shareholders of both companies as well as regulatory approvals, and is expected to close in the first half of 2019.

Validus Holdings Ltd. (VR - \$67.60 - NYSE) agreed to be acquired by American International Group. Validus provides reinsurance, insurance, and asset management services. Under terms of the agreement, Validus shareholders will receive \$68.00 cash per share, valuing the transaction at approximately \$5.6 billion. The transaction is subject to shareholder, as well as regulatory, approvals and is expected to close in the third quarter of 2018.

XL Group Ltd. (XL - \$55.95 - NYSE) agreed to be acquired by AXA SA. XL Group underwrites property, casualty, and specialty insurance and reinsurance products for commercial buyers. Under terms of the agreement, XL shareholders will receive \$57.60 cash per share, valuing the transaction at approximately \$15 billion. The transaction is subject to shareholder, as well as regulatory, approvals and is expected to close in the second half of 2018.

Select Closed Deals as of 30 June 2018

Novartis AG completed its acquisition of AveXis in May. AveXis develops gene therapy for the treatment of rare and life threatening neurological genetic diseases. On 7 April 2018, Novartis announced it would acquire AveXis, with a premium at announcement of approximately 88%. The terms of the transaction entitled AveXis shareholders to receive \$218.00 cash per share, valuing the transaction at approximately \$8 billion.

Silver Lake and P2 Capital Partners completed the acquisition of Blackhawk Network Holdings in June 2018. Blackhawk offers gift cards and prepaid debit cards to consumers as well as other commerce solutions. In January 2018, Silver Lake and P2 Capital Partners had announced that they would acquire Blackhawk with a premium at announcement of approximately 24%. The terms of the transaction entitled Blackhawk shareholders to receive \$42.25 cash per share, valuing the transaction at approximately \$3.5 billion.

General Mills Inc. completed its acquisition of Blue Buffalo in April 2018. Blue Buffalo manufactures natural foods and treats for dogs and cats. On 23 February 2018, General Mills announced it would acquire Blue Buffalo with a premium at announcement of approximately 17%. The terms of the transaction entitled Blue Buffalo shareholders to receive \$40.00 cash per share, valuing the transaction at approximately \$8 billion.

Post Holdings Inc. completed its acquisition of Bob Evans Farms in January 2018. Bob Evans produces and distributes a variety of refrigerated and frozen convenience food items, including potatoes, pasta, pork sausage, and vegetable-based side dishes. On 19 September 2017, Post Holdings announced they would acquire Bob Evans, with premium at announcement of 15% on the 30 day volume weighted average. The terms of the transaction entitled Bob Evans shareholders to receive \$77 cash per share, valuing the transaction at approximately \$1.6 billion.

Roark Capital completed its acquisition of Buffalo Wild Wings in February 2018. Buffalo Wild Wings owns and franchises over 1,200 casual dining restaurants under the Buffalo Wild Wings brand. On 27 November 2017, Roark announced that it would acquire Buffalo Wild Wings with a premium of 34% to the closing price on 13 November 2017, the day before Roark's opening bid was reported. The terms

Portfolio Manager's Review continued

of the transaction entitled Buffalo Wild Wings shareholders to receive \$157 cash per share, valuing the transaction at approximately \$3 billion.

A consortium led by Energy Capital Partners completed its acquisition of Calpine Corp. in March 2018. Calpine sells electricity in wholesale and retail markets, which it generates from natural gas and geothermal sources. On 18 August 2017, Energy Capital Partners announced that the consortium would acquire Calpine with a premium of 51% to the closing price on 9 May 2017, the day before initial media speculation of a transaction. The terms of the transaction entitled Calpine shareholders to receive \$15.25 cash per share, valuing the transaction at approximately \$17 billion.

General Dynamics completed its acquisition of CSRA in April. CSRA provides information technology services to the Department of Defense, National Security Agency, and other intelligence agencies. On 12 February 2018, General Dynamics announced it would acquire CSRA for \$40.75 cash per share. After a competing bid was made by CACI International Inc. in March, General Dynamic sweetened its bid to \$41.25 per share, valuing the company at \$10 billion.

Celgene Corp. completed its acquisition of Juno Therapeutics in March. Juno Therapeutics develops cellular immunotherapies for the treatment of cancer. On 22 January 2018, Celgene announced it would acquire Juno Therapeutics at a premium of 91% to the closing price on 16 January 2018, the

last trading day prior to reports that the companies were in talks. The terms of the transaction entitled Juno Therapeutics shareholders to receive \$87 cash per share, valuing the transaction at approximately \$9 billion.

Dominion Diamond Corp. (DDC) is a Toronto, Ontario-based diamond mining company. On 17 July 2017, DDC agreed to be acquired by The Washington Companies for \$14.25 per share in cash, representing a total equity value of \$1.2 billion. This came after an initial offer of \$13.50 cash per share. The transaction required regulatory and shareholder approvals and closed on 1 November 2017.

Verizon Communications Inc. completed its acquisition of Straight Path in February 2018. Straight Path holds an extensive portfolio of 39 GHz and 28 GHz wireless spectrum licenses. On 8 April 2017, AT&T announced it would acquire Straight Path for \$95.63 in stock. On 11 May 2017, Verizon kicked off a bidding war between the two companies, and ultimately acquired Straight Path with a premium of over 400% to Straight Path's pre-deal trading price. The terms of the transaction entitled Straight Path shareholders to receive \$184 cash per share, valuing the transaction at approximately \$3 billion.

Kite Pharma Inc. (KITE) is a Santa Monica, California-based biotechnology company focused on cancer immunotherapy. On 28 August 2017, KITE agreed to be acquired by Gilead Sciences, Inc. for \$180 per share in cash valuing the company at \$11.9 billion. The transaction required regulatory approval and a

majority of KITE shareholders to tender their shares to Gilead. The deal closed on 3 October 2017.

Whole Foods Market, Inc. (WFM) is an Austin, Texas-based high-end supermarket chain that offers organic food products. On 16 June 2017, WFM agreed to be acquired by Amazon for \$42 per share in cash, valuing the company at \$13.7 billion. The merger required shareholder and regulatory approvals and closed on 28 August 2017.

In summary

Gabelli Funds would like to thank our shareholders for allocating a portion of their assets to the Gabelli Merger Plus* Trust.

We appreciate the confidence and trust you have offered our organisation through your investment in GMP. We work diligently in the search for opportunities on a global basis. Our primary investment objective is to seek to generate total return consisting of capital appreciation and current income. As a firm, we have invested in global mergers since 1977. Our experienced team remains disciplined in the application of the Gabelli investment methodology, which we implement across a variety of cash merger and more complex arbitrage transactions. This process remains the same as when we began and is consistent, repeatable, and proven.

Gabelli Funds, LLC
8 October 2018

Portfolio Summary

Largest holdings

	As at 30 June 2018	
	Market value \$000	% of total portfolio
NXP Semiconductors NV	7,502	8.2
Rockwell Collins Inc	7,219	7.9
Aetna Inc	6,019	6.6
XL Group Ltd	4,384	4.8
Validus Holdings Ltd	4,374	4.8
Gramercy Property Trust	3,552	3.9
Altaba Inc	3,258	3.6
Foundation Medicine Inc	3,211	3.5
USG Corp	3,040	3.3
Vectren Corp	2,486	2.7
Verifone Systems Inc	2,463	2.7
Tribune Media Co	2,455	2.7
Cavium Inc	2,444	2.7
Mitel Networks Corp	2,101	2.3
Orbotech Ltd	2,070	2.3
Kapstone Paper and Packaging	2,068	2.3
AT+T Inc	1,988	2.2
RSP Permian Inc	1,816	2.0
Twenty First Century Fox	1,752	1.9
Aschulman Inc	1,730	1.9
Sub-total	65,932	72.1
Other holdings *	25,537	27.9
Total holdings	91,469	100.0

* Including derivatives and excluding U.S. Treasury and Equity short positions.

Strategy

The Company's strategy is to generate returns for its shareholders by pursuing its investment objective while mitigating shareholder risk, by investing in a diversified spread of equity investments. Through a process of bottom-up stock selection and the implementation of disciplined portfolio construction, we aim to create value for the Company's shareholders.

The largest holdings in the Company's portfolio are listed on page 13.

Business Model

Please see the Methodology in Action on page 6.

Gearing Policy

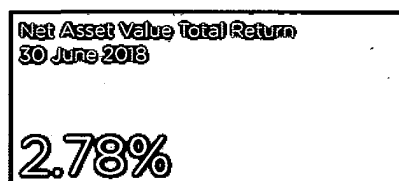
The Company has the authority under its Articles of Association to borrow up to 150% of its shareholders' funds (measured at the time of investment) but this is subject to practical constraints, including a test of prudence.

Our Key Performance Indicators ("KPIs")

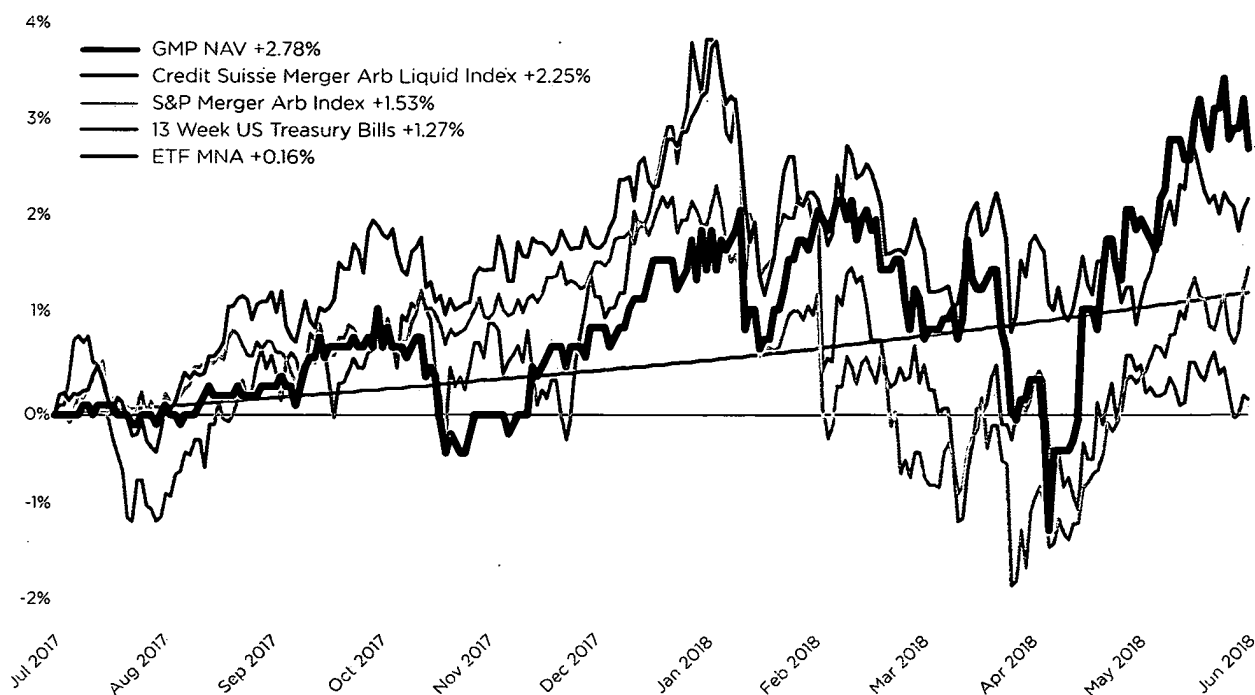
The Board recognises that it is share price performance that is most important to the Company's shareholders. Fundamental to share price performance is the performance of the Company's net asset

value. The central priority is to generate returns for the Company's shareholders through net asset value and share price total return, and discount management.

For the period ended 30 June 2018, the Company's KPIs as monitored closely by the Board at each meeting, are listed below:



Cumulative Performance Chart (USD)



Principal Risks

The Company is exposed to a variety of risks and uncertainties. The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its investment objective, business model, future performance, solvency or liquidity.

The Company maintains a risk matrix which sets out the risks facing the Company, the likelihood and potential impact of each risk and the controls established for mitigation. The risk matrix is reviewed by the Audit Committee on a regular basis.

The principal risks identified and the actions taken to mitigate those risks are set out below.

Risk	Mitigation
Investment Portfolio	
Decline in the U.S. equity markets.	This is best mitigated by investing in a diversified portfolio and by adhering to a carefully monitored series of investment restrictions, enabled by automated pre-trade compliance features and daily review of trade tickets. These strictures mandate that no single security purchase can, at the time of investment, account for more than 15% of the gross assets of the Company. The Board meets the portfolio management team quarterly at the Board meetings to review the risk factors and their effect on the portfolio, and a thorough analysis of the investment strategy is completed.
Merger and event driven risks are inherent to the mergers and acquisitions component of the Company's strategy and address the possibility that deals do not go through, are delayed beyond the original closing dates, or that the terms of the proposed transactions change adversely.	This risk is addressed by the portfolio management team's careful selection and active monitoring of mergers and acquisitions deals, and maintaining a thorough knowledge of the selected securities in the portfolio.
Global Macro Event	
Global instability or events could undermine the overall markets and therefore affect the Company's share price and NAV.	Global economic, geopolitical, and financial conditions are constantly monitored. Diversification of Company assets is incorporated into the investment strategy, and if disruptive events occur, the Manager is prepared to adopt a temporary defensive position and invest some or all of the Company's portfolio in cash or cash equivalents, money market instruments, bonds, commercial paper, or other debt obligations with banks or other counterparties, with appropriate ratings as determined by an internationally recognised rating agency and approved by the Board. Another option is the investment in "government and public securities" as defined for the purposes of the Financial Conduct Authority Handbook.
Operational	
The operational functions of the Company are outsourced to third parties. Disruptions to the systems at these companies or control failures could impact the Company.	All third parties report to the Board on a regular basis and their reports and representations are reviewed by the Board, the AIF Manager and the Portfolio Manager.
Market and Share Price	
The market price of the Company may fall below the NAV.	To address a discount, the Board would consider using share buy-backs, through which shares would be repurchased when trading at a discount from NAV, up to a maximum percentage of 14.99% of the issued share capital.
Financial	
The main risks the Company faces from its financial instruments are (i) market price risk (comprising interest rate risk, currency risk and other price risk); (ii) liquidity risk; and (iii) credit risk.	Further details of these risks are disclosed in Note 12 to the financial statements together with a summary of the policies for managing these risks.

Principal Risks continued

Corporate Governance and Regulatory	
Damage to its reputation through poor corporate governance. Shareholder discontent due to a lack of appropriate communications and/or inadequate financial reporting could cause shareholders to reduce or liquidate their positions, which could impact the market price of the shares.	The Board actively performs self-assessments of compliance with best governance practices. The Board is in contact with its major shareholders on a regular basis, and it monitors shareholder sentiment. In addition, regulatory risks, in the form of failure to comply with mandatory regulations, could have an impact on the Company's continuity. The Company receives, and responds to, guidance from both its external and internal advisors on compliance with the Listing Rules, and Disclosure and Transparency Rules, as well as other applicable regulations.
In order to qualify as an investment trust, the Company must comply with Section 1158-59 of the Corporation Tax Act 2010. A breach of these sections could result in the Company losing investment trust status and, as a consequence, capital gains realised within the Company's portfolio would be subject to Corporation Tax.	The criteria are monitored by the Administrator, AIF Manager and the Portfolio Manager and the Board receives a report on compliance at each quarterly meeting.

Viability Statement

In accordance with the provisions of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months referred to in the 'Going Concern' guidelines.

The Board conducted this review focusing on a period of five years. This period was selected as it is aligned with the Company's investment objective of generating total return, consisting of capital appreciation and current income. In making this assessment the Board also considered the Company's principal risks.

Investment trusts in the UK operate in a well established and robust regulatory environment and the Directors have assumed that:

- Investors will continue to want to invest in closed-end investment trusts because the fixed capitalisation structure is suited to pursuing the Portfolio Manager's proprietary long term Private Market Value ("PMV") investment strategy;

- The Company's remit of investing globally with an emphasis on securities traded in the U.S., and predominantly equity securities issued by companies of any market capitalization will continue to be attractive to investors.

As with all investment vehicles, there is a risk that the performance of individual investments will vary and that capital may be lost, but this is not regarded as a threat to the viability of the Company. Operationally, the Company retains title to all assets, and cash and securities are held with a custodian bank approved by the Portfolio Manager and the Board.

The nature of the Company's investments means that solvency and liquidity risks are low because:

- The Company's portfolio is invested mainly in readily realisable, listed securities;
- The closed-end nature of the Company means that, unlike an open-ended fund, it does not need to liquidate positions when shareholders wish to sell their shares; and

- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments currently foreseen which would alter that position.

Taking these factors into account, the Directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its expenses as they fall due over the next five years.

The Company's portfolio consists primarily of U.S. investments, accordingly, the Company believes that the "Brexit" process will not materially affect the prospects for the Company, but the Board and Portfolio Manager will continue to keep developments under review.

Marc Gabelli
Chairman
8 October 2018


Marc Gabelli as attorney for
Marc Gabelli

Board of Directors



Marc Gabelli
Non-executive Director and Chairman of the Board of Directors,

Chairman of the Nomination Committee

Marc is a director and President of the Portfolio Manager's parent company, GGCP, a director of Associated Capital Group "ACG" and is a Senior Portfolio Manager at Gabelli. As a fund manager, his focus is global value equity investments. He manages the Gabelli Value Plus* Trust plc, an investment trust trading on the London Stock Exchange. He has managed several Morningstar five star mutual funds, and a Lipper #1 ranked global equity mutual fund. Marc is active in a variety of charitable educational efforts in the United States and United Kingdom. He has lived and worked in the U.K. at various times, beginning in 1990. He is a graduate of the Massachusetts Institute of Technology (M.I.T.) Sloan School.

Appointed on 28 April 2017.



Marco Bianconi
Independent non-executive Director of the Board,

Chairman of the Audit Committee.

Member of the Conflicts and Remuneration Committees

Marco is Corporate Development, M&A and Business Integration Director at Cementir Holding S.p.A. an international Building Material manufacturer quoted on the Italian Stock exchange. He has previously served as CFO of its parent company Caltagirone SpA. Prior to this he was at Fidelity Investments UK as Portfolio Manager and Pan-European Equity Analyst. He has also been a director of ACEA S.p.A., Banca Antonveneta SpA and of MPS Leasing & Factoring SpA. He holds an MBA at NYU Stern School of Business and he is a Chartered Accountant since 1990.

Appointed on 5 June 2017.



John Birch
Non-executive Director of the Board,

Chairman of the Management Engagement and Conflicts Committees, Member of the Remuneration and Nomination Committees

John is Managing Partner, Sales and Business Development, Europe of The Cardinal Partners Global S.a.r.l. and a non-executive director of Confluence International Analytics. Previously he was Chief Operating Officer of Sentinel Asset Management, Inc. and Sentinel Administrative Services, Inc., both members of National Life Group. He has also held senior roles in State Street, American Skandia Investment Services, Inc., Gabelli Funds, Inc. and Gabelli International. He has an MA in Tax and over 30 years experience in asset management.

Appointed on 5 June 2017.



Kuni Nakamura

Non-executive Director, Chairman of the Remuneration Committee, member of the Audit and Management Engagement Committees

Kuni is the President of Advanced Polymer, Inc., a chemical manufacturing company that was originally a U.S. subsidiary of Shin Etsu Chemical Corporation of Japan. He is also President of KEN Enterprises, Inc., a real estate company and has several years of experience with diverse NYSE traded closed end investment companies and is a member of the board of directors of Gabelli's U.S. registered and NYSE listed closed ended funds. Kuni serves on the Board of Trustees of Mercy College in Dobbs Ferry, New York. He chairs the Endowment Management Committee and is a member of the Audit Committee. He is also involved in various capacities with The University of Pennsylvania and The Guiding Eyes for the Blind. Mr Nakamura is a graduate of the University of Pennsylvania - The Wharton School.

Appointed on 5 June 2017.



John Newlands

Independent non-executive Director, member of the Audit Committee

John has served more than twenty years in the City of London, most recently with Brewin Dolphin Limited as Head of Investment Companies Research from 2007 to 2017. He was a member of the Association of Investment Companies Statistics' Committee from 2000 to 2017. He has an MBA from Edinburgh University Business School and is a Chartered Electrical Engineer. He has written four books about financial history, the most recent charting the history of Dunedin Income Growth Investment Trust. He is a non executive director of CQS New City High Yield Fund and TOC Property Backed Lending Trust PLC and a member of the Investment Committee of Durham Cathedral.

Appointed on 8 February 2017.



Yuji Sugimoto

Independent non-executive Director, member of the Nomination and Conflicts Committees

Yuji has over 37 years experience in financial markets. He is a former Executive Director of Sumitomo Mitsui Banking Corporation. Prior to this Yuji co-managed Japanese/Pan-Asian institutional research sales at Barclays and for over four years managed a New York based Japanese equity hedge fund which he founded. He started his career at Salomon Brothers working for 24 years in New York, London, Hong Kong and Tokyo in a number of research sales and management capacities. He has a MBA from the University of Southern California and a B.A. in Economics from Columbia University.

Appointed on 5 June 2017.

Board of Directors continued



Paolo Vicinelli
Non-executive Director.

Paolo is a Portfolio Manager and Senior Analyst within the Alternative Investment Group at Gabelli Funds. He holds over 25 years of investment experience focusing on global special situations and merger transactions. He is co-author of *Deals... Deals...and More Deals*, a detailed text dedicated to mergers and acquisitions first published by the Gabelli University Press in 1999. He was born in Milan, and is a dual citizen of Italy and the United States. Vicinelli graduated from Colgate University with a BA in History and received his MBA in Finance from Columbia Business School.

Appointed on 28 April 2017.



James Wedderburn
Independent non-executive Director,
Member of the Audit Committee.

James has over 40 years experience in the investment industry. From 1999 to 2017 he was Director of the family office of Sir Peter Lampl, the founder of the Sutton Trust social mobility charity. During this time he was responsible for all financial and investment matters and was also closely involved with the charity's funding and finances. Previously James worked at financial group Hamilton Lunn where he was part of a small team monitoring the global investments of ultra-high net worth clients. Prior to that, he was a fund manager at Invesco MIM and Samuel Montagu responsible for UK pension fund and charity clients. James spent his early career as a UK equity research analyst at the stockbrokers Cazenove and Laing & Cruickshank after graduating from Oxford University.

Appointed on 15 November 2017.



Alex Hammond-Chambers
Independent non-executive Director,
Member of the Audit Committee.

Alex serves on a number of boards, including other investment funds and companies. His career has spanned two phases. The first, working for Ivory and Sime (investment managers) for 27 years, from which he gained portfolio management skills and experience. The second phase, has been involved in serving on the boards of companies - investment trust company boards particularly. He has served as Chairman of the Association of Investment Companies and as a governor of the NASD (NASDAQ).

Appointed on 8 October 2018.

Directors' Report

The Directors present the annual report and financial statements of the Company for the period to 30 June 2018. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance with the requirements of the Companies Act 2006.

The Company

The Company was incorporated in England and Wales on 28 April 2017 with registered number 10747219. The Company is registered as an investment company as defined by Section 833 of the Companies Act 2006 (the "Companies Act") and operates as such.

The Company was admitted to the Specialist Fund Segment of the Main Market of the London Stock Exchange and trading on the Official List of the International Stock Exchange on 19 July 2017.

In the opinion of the Directors, the Company has conducted its affairs during the period under review, and subsequently, so as to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 (as amended). The Company has applied to, and obtained approval from, HMRC as an investment trust company subject to continuing to meet the eligibility requirements.

Continuation of the Company

An ordinary resolution for the continuation of the Company as an investment trust will be proposed at the Annual General Meeting ("AGM") to be held following 19 July 2022, the fifth anniversary of the admission of the Company to the Specialist Fund Segment. If the resolution is not passed, the Board would be required to put proposals for the reconstruction, reorganisation or winding up of the Company to shareholders at a General Meeting to be held within six months of the date of the AGM at which the continuation resolution was proposed.

Going concern

The financial statements of the Company have been prepared on a going concern basis. The forecast projections and actual performance are reviewed on a regular basis throughout the period. The Directors believe that this is the appropriate basis and that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Company is able to meet all of its liability from its assets and the ongoing charges are approximately 1.32% of assets.

Directors

The Directors of the Company in office at the date of this report and their biographies are set out on pages 18 to 20. Details of Directors' interests in the shares of the Company are set out in the Directors' Remuneration Report.

Directors' retirements are subject to the Company's Articles of Association (the "Articles"). The Articles provide that the directors may appoint a person who is willing to act as a director, any director so appointed is required to retire at the next AGM after his or her appointment and is eligible for reappointment. All directors who held office at the time of the two preceding AGMs and who did not retire by rotation at either of them is also required to retire by rotation and is eligible for reappointment.

Mr Gabelli and Mr Vicinelli were appointed as the Company's first Directors on the incorporation of the Company on 28 April 2017. Mr Bianconi, Mr Birch, Mr Nakamura, Mr Newlands, Mr Sugimoto and Mr Wedderburn were subsequently appointed as Directors during the period under review. All Directors will therefore retire at the forthcoming AGM and, being eligible, will offer themselves

for election, with the exception of Mr Vicinelli who has indicated his intention to step down from the Board following the AGM.

Having considered the Directors' performance as part of the annual Board evaluation process the Board believes that it continues to be effective and that the Directors bring an appropriate level of knowledge, experience, business, financial and asset management skills. The Board therefore recommends that shareholders vote in favour of each Director's proposed election at the AGM.

For the purposes of the Securities and Exchange Act to ensure that the Company continues to be considered a "foreign private issuer" the Articles provide that, in respect of any resolution to appoint or remove a director, each Shareholder shall be required to make certain certifications with regard to their status (and, to the extent they hold Shares for the account or benefit of any other person, the status of such other person) as a non-US resident (each Shareholder that does not so certify, being a "Non-Certifying Shareholder").

Both Mr Gabelli, as a Director and President of Gabelli Group Capital Partners, the parent company of Gabelli Funds, LLC (the "Portfolio Manager"), and Mr Vicinelli, who is employed as a Portfolio Manager and Senior Analyst by the Portfolio Manager are deemed to be interested in the Company's Portfolio Management Agreement, as are Mr Birch and Mr Nakamura, who serve on the Boards of other funds in the Gabelli/GAMCO complex. There were no other contracts subsisting during the period under review, or up to the date of this report, in which a Director of the Company is or was, materially interested and which is, or was, significant in relation to the Company's business.

None of the Directors has a service contract with the Company or is entitled to compensation for loss of office on the takeover of the Company.

The powers of the Directors are set out in the Corporate Governance Statement.

Directors' conflicts of interest

Directors have a duty to avoid situations in which they have, or could have, a direct or indirect interest that conflicts, or may potentially conflict, with the Company's interests. This is in addition to the continuing duty that Directors owe the Company to disclose to the Board any transaction or arrangement under consideration by the Company in which they are interested.

Directors are required to disclose any conflicts and potential conflicts of interest upon appointment. A schedule of these is maintained by the Company Secretary and provided at each quarterly Board meeting. Directors are responsible for keeping these disclosures up to date and in particular to notify any new potential conflicts of interest, or changes to existing situations, to the Company Secretary.

In accordance with the Companies Act 2006 and the Company's Articles, the Directors can authorise such conflicts or potential conflicts of interest. In deciding whether to authorise any conflict, the Directors must consider their general duties under the Companies Act 2006, and their overriding obligation to act in a way they consider, in good faith, will be most likely to promote the Company's success. In addition, the Directors are able to impose limits or conditions when giving authorisation to a conflict, or potential conflict of interest, if they think this is appropriate. The authorisation of any conflict matter, and the

Directors' Report continued

terms of any authorisation, may be reviewed by the Board at any time. The Board believes that the procedures established to deal with conflicts of interest operated effectively during the period under review.

Directors' indemnities

In accordance with the provisions of the Companies Act, the Company's Articles allow for Directors and officers of the Company to be indemnified out of the assets of the Company against all costs, losses, and liabilities incurred for negligence, default, breach of duty or trust in relation to the Company's affairs and activities. The Articles also provide that, subject to the provisions of the Companies Act 2006, the Board may purchase and maintain insurance for the benefit of Directors and officers of the Company against any liability which may incur in relation to anything done or omitted to be done, or alleged to be done or omitted to be done, as a Director or officer. The Company has taken out Directors' and Officers' Liability insurance, which covers the Directors and officers of the Company.

Share capital

On incorporation, the Company issued one ordinary share of US\$0.01. A further 5,000,000 redeemable preference shares of £0.01 each were issued on 5 June 2017, to allow the Company to commence business, which were subsequently redeemed and cancelled on 15 November 2017.

On 19 July 2017, under the initial placing, the Company issued 10,011,100 ordinary shares at a price of US\$10.00 per share for a total subscription price of US\$100,111,000 (before costs and expenses).

The Company has the authority to issue new ordinary shares for cash and in light of continuing demand for the Company's shares, following the initial placing, an additional 323,066 shares of US\$0.01 each were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange by way of a first issue on 15 November 2017 at a price of US\$10.35 per share (before costs and expenses). The Company had 10,334,166 ordinary shares in issue at the period end, no shares were held in treasury.

The Company has implemented a loyalty programme to incentivise long-term share ownership. The loyalty programme is open to all shareholders, who are entered in the Loyalty Register, a separate register maintained by the registrar to allow a shareholder to increase its voting power after holding shares for a continuous period of at least five years. Each shareholder so registered will be entitled to subscribe for one special voting loyalty share in respect of each ordinary share held.

A shareholder may only exercise this right during the prescribed subscription period each calendar year, being between 1 and 14 December, by completing the appropriate subscription documentation and paying up the nominal value of the special voting loyalty shares. Subject to the receipt of valid subscriptions during the period and the satisfaction of certain requirements by the Company under the Companies Act and the Articles special voting loyalty shares would be issued on 31 December, or the preceding business day, should 31 December not be a business day.

Each ordinary shareholder and holder of special voting loyalty shares has the right to receive notice of, to attend, to speak at and vote at, general meetings of the Company. Each ordinary shareholder and holder of special voting loyalty shares who is present in person or by proxy at general meetings has one vote,

whether on a show of hands or on a poll, in respect of each ordinary and special voting loyalty share held. At any general meeting ordinary shares and any special voting loyalty shares in the capital of the Company in issue would vote effectively one class.

The ordinary shares carry the right to receive dividends. The special voting loyalty shares are not entitled to participate in any dividend or distribution made or declared by the Company except for a fixed annual dividend equal to 0.00001% of their nominal value. On a winding up of the Company holders of special voting loyalty shares would be entitled to be repaid the capital paid up thereon *pari passu* with the repayment of the nominal amount of the ordinary shares. The special voting loyalty shares are not transferrable without the prior written consent of the Company. There are no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them, which are governed by the Company's Articles and relevant legislation. There are no shares which carry specific rights with regard to the control of the Company.

Full details of the Company's issued share capital are given in note 11 to the Financial Statements on page 50. Details of the voting rights in the Company's shares as at the date of this report are also given in note 6 to the Notice of Annual General Meeting on page 63.

Tender offer

The Company has the ability to make tender offers for shares and to make market purchases of shares. Any such tender offers or market purchases will be made entirely at the discretion of the Board, except in the case of the fifth anniversary tender offer. Shortly before the fifth anniversary of admission, the Company will implement an offer to purchase shares for all registered shareholders entered into the loyalty register on admission and who continuously remains on the loyalty register at the time of the implementation of the fifth anniversary tender offer.

Share repurchases

The Company has authority to repurchase up to 14.99% of the Company's issued share capital in the market which expires on the conclusion of the Company's first Annual General Meeting. Any shares purchased would be held in treasury for reissue or cancelled. Treasury shares would only be reissued at prices at, or above the prevailing NAV per share ensuring a positive overall effect for shareholders when shares are bought back at a discount and then sold at a price at, or above, the NAV per share.

The Directors are proposing that their authority to buy back shares will be renewed at the first Annual General Meeting.

No ordinary shares were purchased during the period. The Directors will consider repurchasing shares in the market if they believe it to be in shareholders' interests.

Further to the Company's Prospectus and an order of the High Court of Justice (Chancery Division) dated 15 November 2017, the cancellation of the Company's share premium account and creation of a new special reserve was approved. The new special distributable reserve may be treated as distributable profits out of which tender offers, share buy backs and dividends may be funded.

Activities and Business Review

A review of the business and details of research activities can be found within the Strategy section of this Annual Report.

Portfolio management and administration

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund ("AIF") falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers Directive ("AIFMD"). The Company has appointed Carne Global Fund Managers (Ireland) Limited ("Carne") as its Alternative Investment Fund Manager ("AIFM") pursuant to the AIFMD. Carne is responsible for the portfolio management and risk management functions of the company. Carne are responsible for the portfolio management and risk management functions of the Company. The AIFM Agreement may be terminated by either party giving not less than 90 days' written notice to the other party.

Carne is entitled to receive from the Company such annual fees, accrued and payable at such times, as may be agreed in writing between itself and the Company from time to time. The fees are to be payable monthly and subject to a minimum monthly fee of €2,500. The fees paid to Carne during the period under review were US\$47,972. Regulatory disclosures including the Key Investor Information Document are provided on the website. Disclosures on Remuneration as required under AIFMD can also be found on page 65.

Gabelli Funds, LLC ("Gabelli") was appointed as Portfolio Manager with effect from 15 June 2017 under a Portfolio Management Agreement (the "Agreement") with Carne and the Company under which portfolio management functions were delegated to Gabelli. The Agreement is terminable by Gabelli giving not less than 60 days' notice in writing and by Carne giving 24 months' notice in writing. Gabelli receives a management fee, payable monthly within 10 business days calculated at the rate of 0.85% of NAV accrued daily and calculated on each business day.

Gabelli is entitled to earn a performance fee under the Agreement in respect of each performance period, ending 30 June each year. For the period under review Gabelli was entitled to a performance fee of 20% of any outperformance of the net asset value total return, capped at 3% of the average NAV. For the period no performance fee was payable.

Appointment of the Manager

The arrangements for the provision of portfolio management and other services to the Company is considered by the Board on an ongoing basis and a formal review is conducted annually.

It is the opinion of the Board that the continuing appointment of the Manager and the delegation of portfolio management services to Gabelli as Portfolio Manager, on the terms disclosed is in the best interests of shareholders as a whole.

Other third party service providers

Depository and Custodian

The Company appointed State Street Trustees Limited as its Depository under a Depository Agreement dated 30 June 2017 between Carne, Gabelli and the Company. The main role of the Depository under the AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including cash flows and to ensure that the Company's assets are valued appropriately. The Depository receives fee payable at 0.025% per annum of the gross assets of the Company.

Under the Depository Agreement, custody services in respect of the Company's assets have been delegated to State Street Bank and Trust Company. The Custodian receives a custody fee

payable by the Company at rates depending on the number of trades and the location of securities held subject to a minimum annual fee payable of not less than US\$31,250. Custody fees of US\$35,350 were paid during the period under review.

The depository agreement is subject to 90 days' written notice of termination by any party.

Registrar

Computershare Investor Services Plc (the "Registrar") has been appointed as the Company's registrar pursuant to the Registrar Services Agreement. The Registrar is responsible for maintaining the Company's register of shareholders and also provides services in respect of the payment of dividends, provision of shareholder documentation and compliance with the Common Reporting Standard. Fees of US\$19,590 were paid to the Registrar during the period under review. Fees in respect of corporate actions will be agreed at the time of the corporate action.

Other Service Providers

The Company has engaged Maitland Administration Services Limited ("Maitland") to act as the Company Secretary and State Street Bank and Trust Company (the "Administrator") to be responsible for the day to day administration of the Company including the maintenance of the Company's financial records and the calculation of the daily NAV.

The Company Secretarial Agreement is for a minimum term of three years and is terminable by either the Company on not less than 90 days' written notice and by Maitland on not less than six month's written notice. Fees of US\$39,179 were paid to Maitland during the period under review.

The Administration Services Agreement may be terminated by either party by giving 180 days' written notice. Fees of US\$40,014 were paid to the Administrator during the period under review.

Related Party Transactions

Carne Global Fund Managers (Ireland) Limited is a related party to the Company as it is considered to have significant influence over the Company in its role as AIFM. During the period ended 30 June 2018, Carne received fees of US\$47,972 of which US\$4,198 was payable at period end. Further details of related party transactions are provided in note 16 to the financial statements.

Substantial shareholders

As at 30 June 2018, the Company had been advised by the following shareholders of their interests of 3% or more in the Company's ordinary issued share capital:

Shareholder	% of Voting Rights
Associated Capital Group, Inc*	59.79
Victor Paullier & CIA Sociedad de Bolsa	3.15
Banca Popolare dell'Emilia Romagna International SA	3.50
Loreto Mutua Mutualidad De Prevision Social	3.00

* Related party.

As at the date of this report the Company had not been notified of any changes.

Directors' Report continued

Future developments

The Chairman's Statement and Portfolio Manager's report of this Annual Report contain details of likely future developments.

Financial instruments

The financial risk management and internal control processes and policies, and exposure to the risks associated with financial instruments can be found in Note 12 to the financial statements.

Results

The Company generated a revenue loss for the period ended 30 June 2018 of US\$334,000.

Dividends and dividend policy

The Company has a managed dividend policy which may be changed at any time by the Board and does not assure dividend payments. The Company intends to pay shareholders a quarterly dividend at a minimum fixed annualized dividend rate in relation to the NAV of the Company at the time.

The Company paid a first interim dividend of US\$0.23 per ordinary share on 31 January 2018, and a second interim dividend of US\$0.12 per ordinary share on 27 April 2018. Subsequent to the period end, a third interim dividend of US\$0.12 per ordinary share was paid on 31 July 2018.

Articles of Association

The Company's Articles can only be amended by special resolution at a general meeting of the shareholders. No amendments are proposed at the 2018 AGM.

Change of Control

There are no agreements the Company is party to that might be affected by a change in control of the Company.

Exercise of Voting Rights in Investee Companies

The exercise of voting rights attached to the Company's portfolio has been delegated to the Portfolio Manager.

Greenhouse gas emissions

The Company has no employees and no premises in the UK, and as an investment company has very little (if any) greenhouse gas emissions resulting from its activities.

Modern Slavery Act 2015 (the "MSA")

The Company is an investment company and has no employees and does not provide goods and services in the normal course of business. Accordingly, the Directors consider that the Company is not required to make a slavery and human trafficking statement under the MSA.

Employees Social Community Human Rights and Environmental Matters

The Company is an investment company and has no employees and accordingly it has no direct social, human rights or environmental impact from its operations. In carrying on its investment activities and relationship with suppliers the Company aims to conduct itself responsibly, ethically and fairly.

Political donations

No political contributions or donations were made during the financial period ended 30 June 2018.

ANNUAL GENERAL MEETING

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 15 Authority to Allot shares

The Directors may only allot shares for cash if authorized to do so by shareholders in general meeting. Resolution 14 seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of US\$5,167 which represents 5% of the current issued share capital. The authority will expire at the conclusion of the 2019 Annual General Meeting unless renewed prior to that date.

Resolution 16 Authority to disapply pre-emption rights

Directors require specific authority from shareholders before allotting new shares of selling shares from treasury for cash without first offering them to shareholders in proportion to their existing holdings. Resolution 16 seeks to empower the Directors to allot new shares for cash or to sell shares held in treasury free from statutory pre-emption rights up to an aggregate nominal amount of US\$5,167, being 5% of the current issued share capital and equivalent to 516,708 ordinary shares of US\$0.01 each. The authority will expire at the conclusion of the 2019 Annual General Meeting unless renewed prior to that date.

Resolution 17 Authority to buy back shares

Resolution 17 seeks to renew the authority previously granted to Directors to enable the Company to purchase up to 1,550,120 ordinary shares being 14.99% of the issued share capital.

The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares. Under the Listing Rules of the Financial Conduct Authority ("FCA"), the maximum price which can be paid is the higher of (i) 5% above the average market value of the ordinary shares for the five business days immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out. In making purchases, the Company will deal only with member firms of the London Stock Exchange.

The authority will expire at the conclusion of the 2019 Annual General Meeting unless renewed prior to that date.

Resolution 18 Additional Fifth Anniversary Tender Offer

In addition to the Fifth Anniversary Tender Offer (as defined and detailed in the prospectus of the Company published on 15 June 2017 (the "Prospectus")), shortly before the fifth anniversary of the admission of the Ordinary Shares issued pursuant to the tap issue in November 2017 (the "November 2017 Tap Admission"), the Company will arrange for an offer to all New Qualifying Registered Holders to purchase Qualifying Shares (such offer being the "Additional Fifth Anniversary Tender Offer").

For these purposes, a "New Qualifying Registered Shareholder" shall be a Registered Shareholder who was entered into the Loyalty Register at the time of the November 2017 Tap Admission, who remains on the Loyalty Register until the making of the Additional Fifth Anniversary Tender Offer and who is not an Ineligible Shareholder; and "Qualifying Shares" means Shares in respect of which a Qualifying Registered Shareholder was both entered into the Loyalty Register at the time of the November 2017 Tap Admission and remains on the Loyalty Register.

The purchase price for such Qualifying Shares will be the most recently reported Net Asset Value per Share (of the relevant class) as at the date on which the Qualifying Shares are purchased pursuant to the Additional Fifth Anniversary Tender Offer, less any costs associated with conducting the Additional Fifth Anniversary Tender Offer (including any brokerage costs and applicable stamp duty payable in connection with implementation of the Additional Fifth Anniversary Tender Offer). New Qualifying Registered Shareholders will have 30 days (or such longer period as may be specified by the terms of the Additional Fifth Anniversary Tender Offer) to accept the Additional Fifth Anniversary Tender Offer and deliver their Qualifying Shares for purchase. Where no response is received from a New Qualifying Registered Holder within the time period prescribed, the relevant New Qualifying Registered Shareholder shall be deemed to have rejected the Additional Fifth Anniversary Tender Offer.

In the event that the number of Qualifying Shares validly tendered pursuant to the Additional Fifth Anniversary Tender Offer is equal to or exceeds 75 per cent. of the ordinary shares in the Company then in issue, the purchase of Qualifying Shares pursuant to the Additional Fifth Anniversary Tender Offer will not proceed and the Board will instead put forward proposals for the winding up or restructuring of the Company.

In accordance with the Companies Act 2006, the implementation of the Additional Fifth Anniversary Tender Offer is subject to a special resolution granting the Board authority to repurchase Qualifying Shares pursuant to the Additional Fifth Anniversary Tender Offer being passed and remaining in force at the relevant time. Such special resolution is now being proposed to Shareholders at the forthcoming AGM.

New Qualifying Shareholders should note that, even in the event that the special resolution is approved, such authority may be revoked by a subsequent special resolution of Shareholders prior to implementation of the Additional Fifth Anniversary Tender Offer.

In addition, the Additional Fifth Anniversary Tender Offer will not be implemented if to do so would, by itself, result in an obligation on ACG (or any other person) to make a mandatory offer for

ordinary shares in the Company pursuant to Rule 9 of the Takeover Code, as further explained in paragraph 7 of Part VII (Additional Information on the Company) of the Prospectus. Furthermore, the implementation of the Additional Fifth Anniversary Tender Offer is also conditional on the Company continuing to satisfy the requirements for qualifying as an investment trust following its implementation.

Any defined terms used in this paragraph not defined herein shall have the meanings given to them in the Prospectus.

Resolution 19

Resolution 19 seeks shareholder authority to call general meetings other than an AGM on 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Board will utilise this authority to provide flexibility when merited and would not use it as a matter of routine.

Resolution 20 Changes to the Articles of Association

On incorporation, the Company's Articles of Association contained provisions relating to redeemable preference shares which were issued at the time to allow the Company to commence business. Since all redeemable shares that were issued at the time of incorporation have since been redeemed and cancelled, it is proposed that the Articles of Association be amended to remove any references to redeemable preference shares. In order to effect these changes, and certain other administrative changes, the Directors are seeking shareholder approval for a set of amended and restated Articles by way of a special resolution to be put forward at the Annual General Meeting.

Directors' statement as to the disclosure of information to the auditor

In accordance with the requirement and definitions under section 418 of the Companies Act 2006, the Directors at the date of approval of this report confirm that:

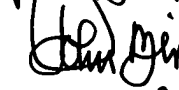
- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Appointment of independent auditor

PricewaterhouseCoopers LLP, the independent external auditor of the Company, was appointed in 2017. Resolutions to reappoint PricewaterhouseCoopers LLP as the Company's auditor, and to authorise the Audit Committee to determine their remuneration will be proposed at the forthcoming AGM.

By order of the Board

Marc Gabelli
Chairman
8 October 2018



 Marc Gabelli

Corporate Governance Report

This Report sets out the role and activities of the Board and explains how the Company is governed.

Role of the Board

The Board is collectively responsible for the success of the Company and is accountable to shareholders for the governance of the Company's affairs. It is also ultimately responsible for setting and executing the Company's strategic aims, subject to the Company's Articles and to such approval of the shareholders in general meeting as may be required from time to time. The Board also ensures that the necessary resources are in place to enable the Company's objectives to be met in accordance with the Company's investment objective and shareholder value maximized within a framework of proper controls.

As an investment company the Company's day to day responsibilities are delegated to third parties. The Company has no employees and the Directors are non-executive with the Portfolio Manager represented by Marco Gabelli and Paolo Vicinelli.

Applicable Corporate Governance Codes

As a company admitted to trading on the Specialist Fund Segment, the Company is not required to comply with the UK Corporate Governance Code (the "UK Code"). Nevertheless, the Directors place great importance on ensuring that high standards of corporate governance are maintained. Accordingly, the Directors will take appropriate measures to ensure that the Company operates with due consideration to any codes of corporate governance that the Board deems appropriate and may choose to operate in accordance with the AIC Code of Corporate Governance for Investment Companies (the "AIC Code"), having regard to the Company's size and nature of business. In particular, although the Chairman is not independent for the purposes of the AIC Code, given his qualifications and investment experience, and the significant commitment being made by the Gabelli Group to the Company, the Board believes that his appointment as Chairman is in the best interests of the Company and the shareholders as a whole.

The UK Code is available from the Financial Reporting Council's website at frc.org.uk. The AIC Code is available from the Association of Investment Companies at theaic.co.uk.

The Board

The Board consists of nine non-executive Directors following the appointment of Alex Hammond-Chambers on 8 October 2018. All Directors have a wide range of other interests and are not dependent on the Company itself. Their biographical details, set out on pages 18 to 20 demonstrate a breadth of investment, commercial and professional experience with an international perspective.

The Board has a formal schedule of matters specifically reserved for its decision, which are categorised under various headings, including strategy and management, internal controls, strategic/policy considerations, transactions, and finance.

The Provision of the UK Code which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors.

The Board meets quarterly to review investment performance, financial reports and other reports of a strategic nature. Board or Committee meetings are also held on an ad hoc basis to consider particular issues as they arise.

Representatives of the Portfolio Manager and Company Secretary attend each meeting. The Board, the AIFM, the Portfolio Manager and the Company Secretary operate in a co-operative and constructive relationship.

There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the Corporate Secretary, through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed.

The review of the Portfolio Manager's performance is an ongoing duty and responsibility of the Board which is carried out at every Board meeting. In addition, a formal review is undertaken annually, details of which are set out in the Directors' Report on page 23.

Directors' Appointment, Retirement and Succession

The rules concerning the appointment, retirement and rotation of Directors are set out in the Directors' Report.

The Board believes that it has a reasonable balance of skills and experience particularly following the appointment of Alex Hammond-Chambers. It recognises the value of the progressive refreshing of, and succession planning for, company boards. The Board's tenure and succession policy seeks to ensure that the Board is well balanced with the skills and experience necessary, in particular, to replace those lost by Director retirements. Directors must be able to demonstrate their commitment, in terms of time, to the Company. The Board is of the view that length of service does not itself impair a Director's ability to act independently or exercise good judgement, rather, a long serving Director can offer a perspective that adds value.

When a Director is appointed they are offered an induction programme organized by the Portfolio Manager. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls.

Board Evaluation

The Board undertook a self-evaluation of its performance, that of its committees and individual Directors, including the Chairman. The reviews were led by the Chairman, in the case of the Board, and the Chairman of the Nomination Committee for each committee. Each Chairman, assisted by the Company Secretary, determined the scope and format for the review, which due to the Directors having been in-post for a limited period was predominantly by way of focused discussions. There were no significant actions arising from the evaluation process and it was agreed that the composition of the Board, at that time, reflected a suitable mix of skills and experience, and that the Board as a whole, the individual Directors and its committees were functioning effectively.

Directors' liability insurance

During the period the Company has maintained appropriate insurance cover in respect of legal action against the Directors.

Board Committees

The Board has established an Audit Committee, Nomination Committee, Remuneration Committee, Management Engagement Committee and a Conflicts Committee. Each Committee has defined terms of reference and duties. A record of the meetings held during the period is set out in the table opposite.

Audit Committee

The Audit Committee is chaired by Marco Bianconi. Further details are provided in the report of the Audit Committee on pages 29 and 30.

Nomination Committee

The Nomination Committee is chaired by the Chairman of the Board (who would not chair the Committee when the Chairman's successor was being considered) and consists of Marc Gabelli, Yuji Sugimoto, and John Birch. The Nomination Committee is responsible for reviewing Board succession, the policy on director' tenure, the performance of the Board and its' Committees and the appointment of new Directors. When voting on candidates for the appointment of new directors, only independent directors will vote.

Remuneration Committee

The Remuneration Committee is chaired by Kuni Nakamura and consists of Kuni Nakamura, John Birch and Marco Bianconi. The Remuneration Committee is responsible for setting the Directors' remuneration in conjunction with the Chairman and will take into consideration the Company's peer group and the potential to appoint external remuneration consultants when making decisions.

Management Engagement Committee

The Management Engagement Committee is chaired by John Birch and consists of John Birch and Kuni Nakamura. The Management Engagement Committee is responsible for ensuring that the provisions of the Portfolio Management Agreement remain competitive and in the best interest of shareholders and to review the performance of the Manager, Portfolio Manager and other third party service providers to the Company. Details of the management arrangements are set out on page 23.

Conflicts Committee

The Conflicts Committee is chaired by John Birch and consists of John Birch, Yuji Sugimoto and Marco Bianconi. The Conflicts Committee is responsible for considering the potential conflicts of interest that may arise in relation to the operation of the Company with regard to the Directors, the AIF Manager, the Portfolio Manager and other service providers of the Company.

The Audit Committee will meet at least twice a year and all other Committees at least once a year and additionally as required.

Attendance at scheduled meetings

The table below sets out the number of Board and Committee meetings held during the period under review and the number of meetings attended by each Director.

Director	Board	AC	Nom	Rem	MEC	Conflict
Marc Gabelli	5/5	-	-	-	-	-
Marco Bianconi	5/5	4/4	-	-	-	1/1
John Birch	5/5	-	-	-	-	1/1
Kuni Nakamura	5/5	4/4	-	-	-	-
John Newlands*	2/2	2/2	-	-	-	-
Yuji Sugimoto	3/5	-	-	-	-	1/1
Paolo Vicinelli	5/5	-	-	-	-	-
James Wedderburn*	3/3	4/4	-	-	-	-

* Appointed during the period under review.

Alex Hammond-Chambers was appointed on 8 October 2018, after the final Board and Committee meetings for the period ended 30 June 2018.

Internal controls

The Board has overall responsibility for the Company's systems of internal controls and for reviewing their effectiveness. In common with the majority of investment trusts, the Board has determined that the most efficient and effective management of the Company is achieved by the Directors determining the investment strategy, and the Portfolio Manager being responsible for the day-to-day investment management decisions on behalf of the Company. Accounting, company secretarial and custodial services have also been delegated to third party service providers that are specialists in these areas, and which can provide, because of their size and specialisation, economies of scale, segregation of duties, and all that is required to provide proper systems of internal control within a regulated environment.

As the Company has no employees and its operational functions are undertaken by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function. Instead, the Audit Committee examines internal control reports received from its principal service providers to satisfy itself as to the controls in place. The internal controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. The need for an internal audit function is reviewed annually by the Committee. The system therefore manages rather than eliminates risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

Shareholder relations

The prime medium by which the Company communicates with its shareholders is through the Annual and Half Yearly Reports which aim to provide shareholders with a clear understanding of the Company's activities and results. This information is supplemented by the daily calculation and publication of the NAV per share to a regulatory information service.

All shareholders are encouraged to attend and vote at the Company's Annual General Meeting. The Board and

Corporate Governance Report continued

representatives of the Portfolio Manager will be available at the Annual General Meeting to discuss issues affecting the Company and to answer any questions. The Notice of Annual General Meeting is set out on pages 61 to 64 and details the business of the meeting. Any item not of an entirely routine nature is explained in the Directors' Report on page 24. The Notice of Annual General Meeting and any related papers are sent to shareholders at least 20 business days before the meeting.

Bribery Prevention Policy

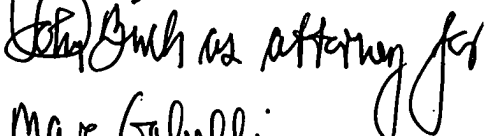
The Company has zero tolerance towards bribery and is committed to carrying out business fairly, honestly and openly. The Board takes its responsibility to prevent bribery seriously and its service providers are contacted in respect of their anti-bribery policies.

Criminal Finances Act 2017

The Board has a zero tolerance approach to the facilitation of tax evasion.

By order of the Board

Marc Gabelli
Chairman
8 October 2018



Marc Gabelli

Report of the Audit Committee

Chairman
Marco Bianconi



Chairman of the
Audit Committee

Members

Kuni Nakamura
John Newlands
James Wedderburn
Alex Hammond-Chambers*

As Chairman of the Audit Committee, I am pleased to present the Report of the Audit Committee for the period ended 30 June 2018.

Role of the Committee

The Company has established a separately chaired Audit Committee (the "Committee") that meets at least twice a year in advance of the publication of both the annual and half yearly results.

The role of the Committee includes considering the contents of the Annual Report and Financial Statements and the Half Yearly Report and recommending them to the Board for approval having considered whether, taken as a whole, they are fair, balanced and understandable and provide shareholders with information to enable them to assess the Company's performance, strategy and business model.

Composition of the Committee

The Committee consisted of four Directors during the period under review whose biographies are on pages 18 to 20. Alex Hammond-Chambers joined the Committee on 8 October 2018.

The Committee as a whole has competence relevant to the investment trust sector and is able to discharge its responsibilities effectively and at least one member of the Committee has competence in accounting.

The Company's Auditors are invited to attend meetings of the Audit Committee on a regular basis. Representatives of the Portfolio Manager and other external advisors, including Administrator may also be invited to attend if deemed necessary by the Audit Committee.

In addition, the Committee Chairman maintains regular contact, meeting separately where required, with the external auditor, other service providers and the Chairman of the Board.

Significant Issues and Audit Risk

During the period, the Audit Committee also considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Audit Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been put in place to obtain a reasonable assurance that the financial statements as a whole would be free of material misstatement. The following table sets out the key areas of risk identified and explains how these were addressed.

Committee responsibilities

The role of the Audit Committee is to assist the Board in applying financial reporting and internal control principles in addition to maintaining an appropriate relationship with the Auditor.

During the period the principal activities of the Committee included:

- Considering and recommending to the Board for approval the half yearly report and annual report and financial statements having reviewed the disclosures made therein in relation to internal controls, risk management, viability, going concern, related parties and whether the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- Reviewing the effectiveness of the external audit process, as outlined below including the scope, execution, results together with the independence, objectivity and efficiency of the external auditor and the quality of the audit engagement team and making a recommendation to the Board on the reappointment of the auditor;
- Reviewing and approving the scope of the external audit plan;
- Setting a policy for the approval of non-audit services;
- Reviewing the role of the Committee in an effective audit process;
- Considering the quality of the audit report to shareholders;
- Reviewing the appropriateness of the Company's accounting policies;
- Ensuring the adequacy of the internal control systems and evaluating the need for an internal audit function, further details of which are provided below; and
- Meeting with representatives of the Company's third party service providers to review the adequacy and effectiveness of their internal controls processes and risk management systems.

The Committee has also reviewed the cybersecurity and privacy policies and the whistleblowing policy of the Portfolio Manager under which its staff can raise, in confidence, concerns about potential improprieties in matters of financial reporting or other matters, in so far as they affect the Company.

* Alex Hammond-Chambers was appointed on 8 October 2018.

Report of the Audit Committee continued

Significant issue	How the issue was addressed
Valuation and existence of investments	The AIFM performs the valuation of the Company's assets in accordance with its responsibilities under the AIFMD rules. Ownership of listed investments is verified by reconciliation to the Custodian's records. Ownership of CFDs is verified by reconciliation to the counterparty's records. The Directors receive reports, and an annual confirmation from the Depository who has responsibility for overseeing the operations of the Company including verification of the existence, and valuation of investments.
Recognition of income	Income received is accounted for in line with the Company's accounting policies, as set out on pages 44 and 45, and is reviewed by the Committee.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Committee regularly considers the controls in place to ensure the regulations for ensuring investment trust status are observed at all times receiving supporting documentation from Gabelli Funds LLC and State Street Bank and Trust Company.
Maintaining internal controls	The Committee receives regular reports on internal controls from State Street Bank and Trust Company and Gabelli Funds and has access to the relevant personnel of both State Street and Gabelli Funds who have a responsibility for risk management and internal audit.
Performance fee	The performance fee calculation is prepared by the Administrator and reviewed by the Manager and the Committee, all with reference to the portfolio management agreement.
Resource Risk	The Board monitors the performance of third party suppliers on an ongoing basis.

Governance

The Company has developed a risk register which identifies the risks facing the Company, their likelihood, potential impact and the controls established for mitigation. The risk register and the operation of key controls by the Portfolio Manager and third party service providers is reviewed on a regular basis by the Committee.

External audit

The Committee conducted a review of PricewaterhouseCoopers LLP's independence and audit process effectiveness as part of its review of the financial reporting for the period ended 30 June 2018. In considering the effectiveness, the Committee reviewed the audit plan, discussing the materiality level and identification of key financial reporting risks. These included the risk of fraud in revenue recognition and management override of controls, as well as other risks relating to investment valuations, incorrect taxation inaccurate management fees, and incorrect related parties' disclosures. The Committee reviewed the auditor's findings in relation to the Company's assumptions regarding the key audit risks. The Committee also considered the execution of the audit against the plan, as well as the auditor's reporting to the Committee in respect of the financial statements for the period. Based on this, the Committee were satisfied that the quality of the external audit process had been good, with appropriate focus and challenge on the key audit risks.

The Committee advises the Board on the appointment of the external auditor and on its remuneration. It keeps under review the cost effectiveness and the independence and objectivity of the external auditor, mindful of controls in place to ensure the latter. To this end, the Committee has implemented a policy on the engagement of the external auditor to supply non-audit

services. The Committee was satisfied that the objectivity and independence of the auditor was not impaired as no non-audit services were undertaken during the period. Accordingly, the Committee recommended to the Board that shareholder approval be sought at the forthcoming AGM for the appointment of PricewaterhouseCoopers LLP as the Company's auditor for the ensuing financial year, and for the Committee to determine the auditor's remuneration.

Audit Tendering

PricewaterhouseCoopers LLP was appointed as auditors with effect from the Company's launch in July 2017. The Company is required to put the external audit out to tender at least every ten years, and at least every twenty years to change the Auditor. The Audit Committee will consider annually the need to tender as a consequence of audit quality or independence.

Internal Audit function

As the Company has no employees and its operational functions are undertaken by third parties, the Committee does not consider it necessary for the Company to establish its own internal audit function. Instead, the Committee examines internal control reports received from its principal service providers to satisfy itself as to the controls in place. The internal controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. The need for an internal audit function is reviewed annually by the Committee.

Marco Bianconi

Chairman of the Audit Committee
8 October 2018

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report which has been prepared in accordance with the requirements of Sections 420-422 of the Companies Act 2006. The law requires the Auditor to audit certain of the disclosures provided. Where disclosures have been audited this is indicated.

An ordinary resolution for the approval of this Directors' remuneration policy will be proposed at the forthcoming AGM.

Statement from the Chairman

This Report sets out the Company's remuneration policy which shareholders will also be asked to approve at the 2018 AGM. Subject to shareholder approval the remuneration policy, set out in the following policy table, will be binding and effective from the date of the 2018 AGM. It is intended to apply for three years unless any changes are proposed which will require shareholder approval.

Policy Table

Fixed fee of the Company element	Remuneration consists of a fixed fee each year and the Directors of the Company are entitled to such rates of annual fees as the Board at its discretion determines.
Discretionary element	In accordance with the Company's Articles of Association, if a Director is requested to perform extra or special services, they will be entitled to receive such additional remuneration as the Board considers appropriate.
Expenses	In accordance with the Company's Articles of Association the Directors are also entitled to be reimbursed for out-of-pocket expenses and any other reasonable expenses incurred in the proper performance of their duties.
Purpose and link to strategy	Directors' fees are set to: • be sufficient to attract and retain individuals of a high calibre with suitable knowledge and experience to promote the long term success of the Company; • reflect the time spent by the Directors on the Company's affairs; • reflect the responsibilities borne by the Directors; • recognise the more onerous roles of the Chairman of the Board and the Chairman of the Audit Committee through the payment of higher fees.
Operation	Fees payable to the Directors will be reviewed annually. A number of factors will be considered to ensure that the fees are set at an appropriate level. These will include the average rate of inflation during the period since the last fee increase, the level of Directors' remuneration for other investment trusts of a similar size and complexity of the Directors' responsibilities.
Maximum	Total remuneration paid to the non-executive Directors is subject to an annual aggregate limit of US\$150,000 in accordance with the Company's Articles of Association. Any changes to this limit will require Shareholder approval by ordinary resolution.

There are no performance related elements to the Directors' fees.

Directors do not receive bonus payments or pension contributions from the Company or any option to acquire shares. There is no entitlement to exit payments or compensation on loss of office. None of the Directors has a service contract with the Company and their terms of appointment are set out in a letter provided when they join the Board. These letters are available for inspection at the Company's registered office.

Remuneration Committee

The Company has established a Remuneration Committee which meets at least once a year. Further details of the membership are provided in the Corporate Governance Statement on page 27.

The Company's policy is for the Directors to be remunerated in the form of fees. In setting the appropriate level of Directors' fees, the Committee will consider a number of factors:

- the average rate of inflation during the period since the last increase;
- the level of Directors' remuneration for other investment trusts of a similar size;
- the requirement to attract individuals of appropriate calibre and experience;
- the time commitment of the role and any changes in Directors' responsibilities; and
- the level and complexity of the Directors' responsibilities.

Directors' Remuneration Report continued

The Company has no employees to consult in drawing up the policy. The Company's Articles provide that the maximum aggregate level of fees paid to the Directors will not exceed US\$150,000 per annum.

To ensure fees are set at an appropriate level, the Company Secretary provides a comparison of the Directors' remuneration with other investment trusts of a similar size and/or mandate, as well as taking into account any data published by the Association of Investment Companies. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary. The review of fees is performed on an annual basis.

There were no changes to Directors' remuneration during the period under review. The Directors were remunerated for their services from the date of launch, 19 July 2017, and were therefore paid on a pro rata basis. The fees paid to Directors on an annual basis during the period to 30 June 2018 are set out below. Following a review in July 2018, the Committee agreed that the Directors' fees would remain unchanged for the year ending 30 June 2019.

Remuneration	Fees per annum US\$
Director of the Board	15,000
Additional fee for the Chairman of the Board	1,000
Additional fee for the Chairman of the Audit Committee	5,000
Additional fee for the members of the Audit Committee	1,000

Remuneration Implementation Report (audited) Single Total Figure of Remuneration

The single total remuneration figure for each Director who served during the period 28 April 2017 to 30 June 2018 is set out below.

Directors	Period to 30 June 2018	
	Fees US\$	Total US\$
Marc Gabelli	-	-
Marco Bianconi	21,452	21,452
John Birch	16,154	16,154
Alex Hammond-Chambers***	-	-
Kuni Nakamura	17,231	17,231
John Newlands*	5,962	5,962
Yuji Sugimoto	16,154	16,154
Paolo Vicinelli	-	-
James Wedderburn**	10,072	10,072
Total	87,025	87,025

* Appointed on 8 February 2018.
 ** Appointed on 17 November 2017.
 *** Appointed on 8 October 2018.

Mr Gabelli and Mr Vicinelli waived the entitlement to their fees. Both devote a portion of their time employed by Gabelli to serve as a Director of the Company. An apportionment of their remuneration on a time served basis from employment by an affiliate of the Portfolio Manager would materially equate to the fees received by the other Directors of the Company for similar qualifying services.

Directors' notice periods and payment for loss of office

Directors' appointments may be terminated without notice. In this event, the Director will only be entitled to fees accrued at the date of termination, together with reimbursement of any expenses properly incurred to that date.

Directors' Interests

The interests of the Directors (including their connected persons) in the Company's share capital are as follows:

Directors	Ordinary shares of US\$0.01	
	As at 19 July 2017	As at 30 June 2018
Marc Gabelli	-	-
Marco Bianconi	-	-
John Birch	-	-
Kuni Nakamura	-	-
John Newlands*	-	-
Yuji Sugimoto	-	-
Paolo Vicinelli	-	-
James Wedderburn**	-	-

* Appointed on 8 February 2018.
 ** Appointed on 17 November 2017.

Alex Hammond-Chambers was appointed as a Director on 8 October 2018. He does not hold any shares in the Company.

No changes in the above interests occurred between 30 June 2018 and the date of this report. None of the Directors has been granted, or exercised, any options or rights to subscribe for the Ordinary Shares of the Company.

Company Performance

A graph showing the Company's NAV performance measured by total shareholder return compared with the Credit Suisse Merger Arb Liquid Index, the S&P Merger Arb Index, the 13 week US Treasury Bills, and the ETF MNA, since launch, can be found on page 14.

Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on Director's remuneration in comparison with Portfolio management fees paid and dividends paid to shareholders.

	2018 US\$000
Directors' remuneration	87
Portfolio management fees	811
Dividends to Shareholders	3,617

Statement by the Chairman of the Board

The Directors confirm that the Directors' Remuneration Report set out above provides a fair and reasonable summary for the financial period ended 30 June 2018 of:

- a) the major decisions on Directors' remuneration;
- b) any substantial changes relating to Directors' remuneration made during the period; and
- c) the context in which those changes occurred and the decisions which have been taken.

The Directors' Remuneration Report was approved by the Board on 8 October 2018 and is signed on its behalf by:

Marc Gabelli
Chairman
8 October 2018


John Birch as attorney for
Marc Gabelli

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

The Companies Act of 2006 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under the Companies Act of 2006 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether IFRS as adopted by the European Union has been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

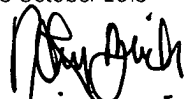
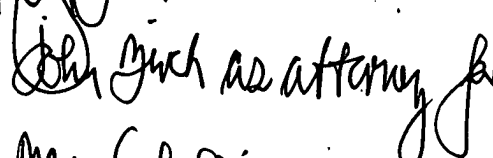
The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model, and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirms that, to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with IFRS as adopted by the European Union on a going concern basis, give a true and fair view of the assets, liabilities, financial position, and profit of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Marc Gabelli
Chairman
8 October 2018



Marc Gabelli

Independent auditors' report to the members of Gabelli Merger Plus⁺ Trust Plc

Report on the audit of the financial statements

Opinion

In our opinion, Gabelli Merger Plus⁺ Trust Plc's ("the Company") financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit and cash flows for the period from 19 July 2017 to 30 June 2018 (the "period");
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 June 2018; the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

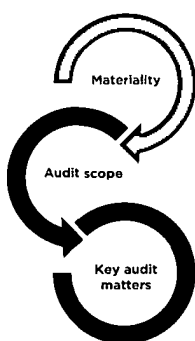
We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 19 July 2017 to 30 June 2018. We have provided an opinion on the initial accounts of the Company, which were required to be audited to support the payment of an initial dividend. The fee for this service was £13,000.

Our audit approach

Overview



- Overall materiality: \$1.0 million (2017: n/a), based on 1% of net assets.
- The Company is a standalone investment trust company and engages Gabelli Funds, LLC (the "Portfolio Manager") to manage its assets.
- We conducted our audit of the financial statements using information from State Street Global Services (the "Administrator") to whom the Portfolio Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- Valuation and existence of investments.
- Dividend income.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Company's financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included, but were not limited to, inspecting correspondence from HM Revenue and Customs approving the Company's status as an investment

Independent auditors' report to the members of Gabelli Merger Plus⁺ Trust Plc continued

trust and testing the Company's compliance with section 1158 in the period. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments The investment portfolio at period-end consisted of listed equity and derivative investments. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. We tested the valuation of the derivative instruments by agreeing the prices to independent third party sources. We tested existence by agreeing the holdings in each of the investments to an independent custodian or broker confirmation. No misstatements were identified.
Dividend income We focused on the accuracy, completeness, and occurrence of dividend income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of the Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). This is because incomplete or inaccurate income could have a material impact on the Company's income and net asset value.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy as set out in note 2 on page 44 of the financial statements. We found that the accounting policy implemented was in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. To test for occurrence, we tested dividend receipts to bank statements. To test for accuracy and occurrence, we agreed the dividend rate to a third party source and recalculated the expected income. To test for completeness, we used the portfolio holdings throughout the period to develop an expectation of dividend receipts and agreed the appropriate dividends had been recognised based on whether a given security was in the portfolio as at the ex-dividend date. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income, in line with the requirements set out in the AIC SORP. For accuracy, we then tested the validity of income and capital special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP. No misstatements were identified.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company's accounting function is delegated to the Administrator who maintains the Company's accounting records and who has implemented controls over those accounting records.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at both the Portfolio Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent service auditor of the Portfolio Manager and the Administrator in accordance with generally accepted assurance standards for such work. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$1.0 million (2017: n/a).
How we determined it	1% of net assets.
Rationale for benchmark applied	We believe that net assets is the primary measure used by shareholders in assessing the performance of the Company and is a generally accepted auditing benchmark for investment trust audits.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$50,000 (2017: n/a) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of Gabelli Merger Plus⁺ Trust Plc continued

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 and ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 34, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 30 April 2018 to audit the financial statements for the period ended 30 June 2018 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.


Colleen Local (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 October 2018

Statement of Comprehensive Income

Income	Notes	Period from 19 July 2017 to 30 June 2018		
		Revenue \$000	Capital \$000	Total \$000
Investment Income	5	998	-	998
Total investment income		998	-	998
Gains/(losses) on investments				
Net realised and unrealised gains on investments	3, 14	-	3,277	3,277
Net realised and unrealised currency gains		-	9	9
Net gains on investment		-	3,286	3,286
Total income and gains on investment		998	3,286	4,284
Expenses				
Portfolio management fee	2f,6	(811)	-	(811)
Other expenses	2f,6	(455)	(169)	(624)
Total expenses		(1,266)	(169)	(1,435)
Profit/(loss) before taxation		(268)	3,117	2,849
Taxation on ordinary activities	8	(66)	-	(66)
Profit/(loss) for the period		(334)	3,117	2,783
Earnings per share (basic and diluted)	9	(\$0.03)	\$0.30	\$0.27

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with International Financial Reporting Standards ("IFRS"). The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies. All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the period.

The Company does not have any income or expense that is not included in net profit for the period. Accordingly, the net profit for the period is also the total comprehensive income for the period, as defined in IAS1 (revised).

The notes on pages 44 to 56 form part of these financial statements.

Statement of Financial Position

	Note	As at 30 June 2018	
		\$000	\$000
Non-current assets			
Investments held at fair value through profit or loss	3		91,469
Current assets			
Cash and cash equivalents	10	23,403	
Receivable for investments sold		1,620	
Other receivables	15	651	
		25,674	
Current liabilities			
Portfolio management fee payable		(71)	
Offering fees payable		(64)	
Payable for investments purchased		(10,975)	
Other payables	15	(688)	
Net current assets			13,876
Non-current liabilities			
Investments at fair value through profit or loss	3		(3,627)
Net assets			101,718
Share capital and reserves			
Called-up share capital	11	103	
Special distributable reserve*		98,832	
Capital reserve		3,117	
Revenue reserve*		(334)	
Total shareholders' funds			101,718
Net asset value per share			\$9.84

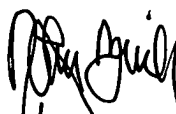
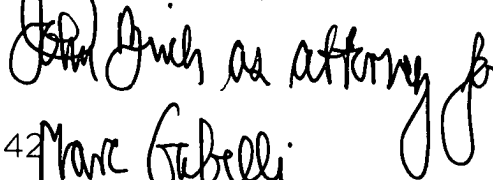
* These reserves are distributable.

Gabelli Merger Plus* Trust Plc is registered in England and Wales under Company number 10747219.

The financial statements on pages 44 to 56 were approved by the Board of Directors on 8 October 2018 and signed on its behalf by

Marc Gabelli
Chairman
8 October 2018

The notes on pages 44 to 56 form part of these financial statements.



 42 Marc Gabelli

Statement of Changes in Equity

		Period from 19 July 2017 to 30 June 2018					
		Called up Share Capital \$000	Share Premium \$000	Special Distributable Reserve* \$000	Capital Reserve \$000	Revenue Reserve* \$000	Total \$000
Balance as at 19 July 2017	Note						
Initial placing		100	100,011	-	-	-	100,111
Tap issue		3	3,340	-	-	-	3,343
Share issue costs†		-	(902)	-	-	-	(902)
Transfer to special distributable reserve		-	(102,449)	-	-	-	(102,449)
Transfer from share premium reserve		-	-	102,449	-	-	102,449
Profit/(loss) for the period after tax on ordinary activities		-	-	-	3,117	(334)	2,783
Dividends paid	7	-	-	(3,617)	-	-	(3,617)
Balance as at 30 June 2018		103	-	98,832	3,117	(334)	101,718

* These reserves are distributable.

† Share issue costs are comprised of \$835,448 for the initial placing of shares on 19 July 2017 and \$66,875 for the tap issue on 15 November 2017.

The notes on pages 44 to 56 form part of these financial statements.

Statement of Cash Flows

		Period from 19 July 2017 to 30 June 2018	
		\$000	\$000
Cash flows from operating activities			
Profit before tax			2,849
Adjustments for:			
Gains on investments		(3,286)	
Cash flows from operating activities			
Purchases of investments*		(338,080)	
Sales of investments*		249,216	
Increase in receivables		(2,271)	
Increase in payables		15,390	
Dividend income		1,715	
Foreign withholding taxes on dividends		(66)	
Currency loss on cash equivalents		2	
Net cash flows from operating activities			(75,532)
Cash flows from financing activities			
Shares issued for cash		103,454	
Share issue cost		(902)	
Dividends paid		(3,617)	
Net cash flows from financing activities			98,935
Net increase in cash and cash equivalents			23,403
Cash and cash equivalents at the start of the period			
Cash and cash equivalents at the end of the period			23,403

* Receipts from the sale of, and payments to acquire, investment securities, have been classified as components of cash flows from operating activities because they form part of the Company's dealing operations.

The notes on pages 44 to 56 form part of these financial statements.

Notes to the Financial Statements

1 General Information

Gabelli Merger Plus* Trust Plc (the "Company") is a closed-ended public limited company incorporated in the United Kingdom on 28 April 2017 with registered number 10747219. The Company commenced operation on 19 July 2017 and intends to conduct its affairs so as to qualify, at all times, as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 (as amended).

2 Accounting policies

- (a) **Basis of preparation** - The financial statements of Gabelli Merger Plus* Trust Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The principal accounting policies adopted by the Company are set out below. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trusts issued by the Association of Investment Companies ('AIC') in November 2014 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

- (b) **Presentation of Statement of Comprehensive Income** - To better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.
- (c) **Going concern** - Having assessed the principal risks and the other matters discussed in connection with the viability statement on page 17, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

- (d) **Statement of estimation uncertainty** - In the application of the Company's accounting policies, the Portfolio Manager is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates. There have been no significant judgements, estimates, or assumptions for the period.

- (e) **Income recognition** - Revenue from investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Franked investment income is stated net of the relevant tax credit. Other income includes any taxes deducted at source. Special dividends are credited to capital or revenue, according to the circumstances. Scrip dividends are treated as unfranked investment income; any excess in value of the shares received over the amount of the cash dividend is recognised as a capital item in the Statement of Comprehensive Income.

Interest income is accounted for on an accruals basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

- (f) **Expenses** - The management fees are allocated to revenue in the Statement of Comprehensive Income. Interest receivable and payable and management expenses are treated on an accruals basis. All other expenses are charged to revenue except where they directly relate to the acquisition or disposal of an investment, in which case, they are added to the cost of the investment or deducted from the sale proceeds.

The formation and initial expenses of the Company are allocated to capital.

- (g) **Investments** - Investments have been designated upon initial recognition at fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are valued at fair value. Movements in the fair value of investments and gains/losses on the sale of investments are taken to the Statement of Comprehensive Income as capital items.

The Company's listed investments are fair valued using the last traded price of the valuation date.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if it has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis. Financial assets and liabilities are derecognised when the Company settles its obligations relating to the instrument.

Contracts for Difference (CFDs)

CFDs are recognised in the Statement of Financial Position at the accumulated unrealised gain or loss as an asset or liability, respectively. This represents the difference between the nominal book cost and market value of each position held. Movements in the unrealised gains/losses are taken to the Statement of Comprehensive Income as capital items.

- (h) **Transaction costs** – Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Statement of Comprehensive Income.
- (i) **Foreign currency** – Foreign currencies are translated at the rates of exchange ruling on the period end date. Revenue received/receivable and expenses paid/payable in foreign currencies are translated at the rates of exchange ruling at the transaction date.
- (j) **Fair value** – All financial assets and liabilities are recognised in the financial statements at fair value.
- (k) **Dividends payable** – Interim and final dividends are recognised in the period in which they are declared.
- (l) **Capital reserve** – Capital distributions received, realised gains or losses on investments that are readily convertible to cash, and capital expenses are transferred to the capital reserve. Share buybacks are funded through the capital reserve.
- (m) **Taxation** – The tax effect of different items of income/gains and expenditure/losses is allocated between revenue and capital on the same basis as the particular item to which it relates, under the marginal method, using the Company's effective rate of tax. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the period end date where transactions of events that result in an obligation to pay more or a right to pay less tax in future have occurred at the period end date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.
- (n) **Functional and presentation currency** – The functional and presentation currency of the Company is the U.S. dollar.

3 Investments at fair value through profit or loss

	Period from 19 July 2017 to 30 June 2018 \$000
Opening valuation	-
Opening unrealised losses on investments	-
Opening cost	-
Add: additions at cost	338,080
Less: disposals at cost	(249,216)
Closing cost	88,865
Closing unrealised (losses)/gains on investments	(1,023)
Closing valuation	87,842

Fair value hierarchy

IFRS 13 requires the Company to classify its financial instruments held at fair value using a hierarchy that reflects the significance of the inputs used in the valuation methodologies. These are as follows:

- Level 1 – quoted prices in active markets for identical investments;
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc.); and
- Level 3 – Significant unobservable inputs.

Notes to the Financial Statements continued

3 Investments at fair value through profit or loss continued

The financial assets measured at fair value through profit or loss in the financial statements are grouped into the fair value hierarchy as follows:

	As at 30 June 2018			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets at fair value through profit or loss				
Quoted equities	90,573	-	-	90,573
Derivatives - CFDs	-	896	-	896
Gross fair value				91,469
Quoted equities - shorts	(3,627)	-	-	(3,627)
Net fair value	86,946	896	-	87,842

Net realised and unrealised gains/(losses) on investments

	Period from 19 July 2017 to 30 June 2018 \$000
Realised gains on investments	4,300
Movement in unrealised losses on investments	(1,023)
Net realised and unrealised gains on investments	3,277

4 Transaction costs

During the period commissions and other expenses were incurred in acquiring or disposing of investments classified at fair value through profit or loss. These have been charged through capital and are within gains/(losses) in the Statement of Comprehensive Income. The total costs were as follows:

	Period from 19 July 2017 to 30 June 2018 \$000
Purchases	106
Sales	23
Total	129

5 Income

	Period from 19 July 2017 to 30 June 2018 \$000
Income from investments	
Overseas equities	481
Income on short term investments	283
Other income	234
Total	998

6 Expenses

	Period from 19 July 2017 to 30 June 2018 \$000
Revenue expenses	
Portfolio management fee	(811)
Directors' remuneration	(87)
AIFM fees	(48)
Accounting fees	(40)
Custody fees and Depositary fees	(35)
Registrar fees	(20)
Directors' insurance	(1)
Audit fees	(64)
Legal fees	(52)
Secretary fees	(39)
SG&A	(22)
Ongoing LSE and TISE	(21)
Compliance monitoring	(5)
Directors' expenses	(4)
Other	(17)
Total revenue expenses	(1,266)
Capital expenses	
Finance charges	(57)
Transaction charges	(112)
Total capital expenses	(169)

Portfolio management fee

Under the terms of the Portfolio Management Agreement, the Portfolio Manager will be entitled to a management fee ("Management Fee"), together with reimbursement of reasonable expenses incurred by it in the performance of its duties under the Portfolio Management Agreement, other than the salaries of its employees and general overhead expenses attributable to the provision of the services under the Portfolio Management Agreement. The Management Fee shall be accrued daily and calculated on each Business Day at a rate equivalent to 0.85% of NAV per annum.

AIFM fees

The Company has appointed Carne Global Fund Managers (Ireland) Limited ("Carne") as its Alternative Investment Fund Manager pursuant to the AIFMD. Carne is entitled to receive from the Company such annual fees, accrued and payable at such times, as may be agreed in writing between itself and the Company from time to time. The fees are payable monthly and subject to a minimum monthly fee of €2,500.

7 Equity dividends

	Period from 19 July 2017 to 30 June 2018 \$000
Dividends paid (\$0.35 per share)	3,617

Notes to the Financial Statements continued

8 Taxation on ordinary activities

Analysis of the charge in the period	Period from 19 July 2017 to 30 June 2018		
	Revenue \$000	Capital \$000	Total \$000
Irrecoverable overseas tax	(66)	-	(66)
Total	(66)	-	(66)

Factors affecting the tax charge for the period	Period from 19 July 2017 to 30 June 2018		
	Revenue \$000	Capital \$000	Total \$000
Net return before taxation	(268)	3,117	2,849
UK Corporation tax at effective rate of 19%	(51)	592	541
Effects of:			
Non taxable overseas dividends	(81)	-	(81)
Gains on investments held at fair value through profit or loss	-	(623)	(623)
Irrecoverable overseas tax	66	-	66
Expenses not deductible for tax purposes	1	32	33
Losses on foreign currencies	-	(1)	(1)
Excess management expenses	131	-	131
Total	117	(592)	(475)
Total tax charge for the period	66	-	66

At the period end after offset against income taxable on receipt, there is a potential deferred tax asset of \$138,350 in relation to surplus tax reliefs. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

Due to the Company's status as an investment trust and the intention to continue to meet the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on capital gains and losses arising on the revaluation or disposal of investments.

9 Earnings per share

Earnings per ordinary share is calculated with reference to the following amounts:

	Period from 19 July 2017 to 30 June 2018
Revenue return	
Revenue return attributable to ordinary shareholders (\$000)	(\$334)
Weighted average number of shares in issue during period	10,223,374
Total revenue return per ordinary share	(\$0.03)
Capital return	
Capital return attributable to ordinary shareholders (\$000)	\$3,117
Weighted average number of shares in issue during period	10,223,374
Total capital return per ordinary share	\$0.30
Total return per ordinary share	\$0.27

	As at 30 June 2018
Net asset value per share	
Net assets attributable to shareholders (\$000)	\$101,718
Number of shares in issue at 30 June 2018	10,334,166
Net asset value per share	\$9.84

10 Cash and cash equivalents

	As at 30 June 2018 \$000
Cash	7,158*
U.S. Treasuries	16,245
Total	23,403

* As of 30 June 2018, \$5,530,423 was held at UBS Securities, LLC.

Notes to the Financial Statements continued

11 Called up share capital

	As at 30 June 2018 \$000
Authorised:	
20,000,000 Ordinary shares of \$0.01 each - equity	200
Allotted, called up and fully paid:	
10,334,166 Ordinary shares of \$0.01 each - equity	103
Treasury shares:	
Nil Ordinary shares of \$0.01 each - equity	-
Total shares	103

The initial placing of the Company took place on 19 July 2017, raising gross proceeds of \$100,111,000. The Company commenced business on 19 July 2017 when the initial 10,011,100 Ordinary Shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, and to listing and trading on the Official List of the International Stock Exchange.

On 13 November 2017, the Company announced the successful completion of its placing of \$3,343,733 of Ordinary Shares at a price of \$10.35 per share. Applications were made for those Ordinary Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange and the Official Listing of the International Stock Exchange. The Admission became effective and dealings in the Ordinary Shares commenced at 8:00 am on 15 November 2017.

On 15 November 2017, The Registrar of Companies for England and Wales approved the Company's request to reduce its share premium account, resulting in \$102,449,059 being moved to the Special Distributable Reserve.

12 Financial Risk management

The Company's financial instruments comprise securities and other investments, cash balances, receivables, and payables that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and receivables for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures, and options, for the purpose of managing currency and market risks arising from the Company's activities.

The main risks the Company faces from its financial instruments are (i) market price risk (comprising interest rate risk, currency risk, and other price risk), (ii) liquidity risk, and (iii) credit risk.

The Board regularly reviews, and agrees upon, policies for managing each of these risks. The Portfolio Manager's policies for managing these risks are summarised below and have been applied throughout the period. The numerical disclosures exclude short term receivables and payables, other than for currency disclosures.

(i) Market price risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements - interest rate risk, currency risk, and other price risk.

Interest rate risk

Interest rate movements may affect the level of income receivable and payable on cash deposits.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the period end date was as follows:

	As at 30 June 2018			
	Interest rate %	Local currency \$000	Foreign exchange rate	US Dollar equivalent \$000
Assets:				
US dollar	0.35	25,744	1.00	25,744
Australian dollar	0.15	(118)	1.35	(88)
Danish krone	(1.50)	(403)	6.38	(64)
Euro	(0.60)	(355)	0.86	(415)
GBP sterling	0.01	(1,344)	0.76	(1,775)
Hong Kong dollar	-	21	7.85	(35)
Swedish krona	(1.50)	(15)	8.95	(2)
Total				23,403

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the period end date and the stipulated change taking place at the beginning of the financial period end and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 25 basis points higher or lower and all other variables were held constant, the Company's profit or loss for the reporting period to 30 June 2018 would increase by \$117,000 or decrease by (\$117,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances.

As at 30 June 2018 an interest rate of 0.50% is used, given the prevailing Bank of England base rate is 0.50%. This level is considered possible based on observations of market conditions and historic trends.

Foreign currency risk

The Company's investment portfolio is invested predominantly in foreign securities and the period end can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investments with foreign currency borrowings.

The revenue account is subject to currency fluctuation arising from overseas income.

Foreign currency risk exposure by currency of denomination:

	As at 30 June 2018		
	Net Investments \$000	Net monetary assets \$000	Total currency exposure \$000
Australian dollar	54	-	54
Canadian dollar	271	-	271
Euro	(5)	-	(5)
GBP sterling	373	-	373
Hong Kong dollar	5	-	5
Swedish krona	1	-	1
Total non US Investments	699	-	699
US dollar	87,143	13,876	101,019
Total	87,842	13,876	101,718

Notes to the Financial Statements continued

12 Financial Risk management continued

Foreign currency sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in US dollars against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on net return before tax and equity shareholders' funds. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	As at 30 June 2018 \$000
Australian dollar	(9)
Canadian dollar	-
Danish krone	(6)
Euro	(41)
GBP sterling	(178)

Other price risk

Other price risks, i.e., changes in market prices other than those arising from interest rate or currency risk, may affect the value of the quoted investments.

The Portfolio Manager actively monitors market prices throughout the period and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on a recognised stock exchange.

Other price risk sensitivity

If market prices at the period end date had been 15% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders for the period ended 30 June 2018 would have increased by \$13,726,000 and decreased by (\$13,726,000). The calculations are based on the portfolio valuations as at the period end date, and are not representative of the period as a whole.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. All creditors are payable within 3 months.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

(iii) Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The table below shows the counterparty risk as at the Balance Sheet date:

	Derivative exposure: CFDs \$000	Collateral posted \$000	Net exposure \$000
Counterparty			
UBS Securities, LLC	896	5,530	6,426
Totals	896	5,530	6,426

Net exposure represents the mark-to-market value of derivative contracts less any cash collateral held. Negative exposure represents the fund's exposure to that counterparty. Positive amounts are not an exposure to the fund.

The risk is managed as follows:

- Investment transactions are carried out with mainly with brokers whose credit ratings are reviewed periodically by the Portfolio Manager.
- Most transactions are made delivery versus payment on recognised exchanges.
- Cash is held at State Street Bank and Trust which has a credit rating by Standard and Poor's on short term deposits of A-1+ and long term deposits AA-.

The maximum credit risk exposure as at 30 June 2018 was \$24,051,000. This was due to cash and receivables as per note (10) 'Cash & cash equivalents' and note (15) 'Current assets and liabilities', 'Total other receivables'.

Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the revenue and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Portfolio Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed under the investment trust rules should be retained.

The analysis of shareholders' funds is as follows:

	As at 30 June 2018 \$000
Called up share capital	103
Special distributable reserve*	98,832
Capital reserve	3,117
Revenue reserve*	(334)
Total	101,718

* These reserves are distributable.

Alternative Investment Fund Managers ('AIFM') Directive

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), the Company has appointed Carne Global Fund Managers (Ireland) Limited as its Alternative Investment Fund Manager (the "AIFM") to provide portfolio management and risk management services to the Company in accordance with the investment management agreement.

Leverage

For the purposes of the AIFM Directive, leverage is required to be calculated using two prescribed methods: (i) the gross method; and (ii) the commitment method, and expressed as the ratio between a fund's total exposure and its net asset value. As measured using the gross method, the level of leverage to be incurred by the Portfolio Manager on behalf of the Company is not to exceed 400 per cent of NAV (which is the equivalent of a ratio of 5 to 1). The gross method calculates exposure as the absolute value of the sum of all investment positions (long and short), including derivative positions for which exposure is calculated as the equivalent position in an underlying asset. As measured using the commitment method, the level of leverage to be incurred by the Portfolio Manager on behalf of the Company is not to exceed 150% of NAV (which is the equivalent of a ratio of 2.5 to 1). The commitment method calculates exposure from all investment positions, including derivative positions for which exposure is calculated as the equivalent position in an underlying asset, but factors in hedging arrangements that offset exposure.

The Company's maximum leverage levels at 30 June 2018 are shown below:

Leverage Exposure	Gross method	Commitment method
Maximum permitted limit	400%	150%
Actual	34%	34%

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Notes to the Financial Statements continued

13 Performance Fee

The Portfolio Manager shall be entitled to earn a Performance Fee (as defined below) under the Portfolio Management Agreement. The Performance Fee shall be payable on the following basis.

Subject to the satisfaction of the Performance Conditions, the Portfolio Manager shall be entitled, in respect of each Performance Period, to receive 20% of the Total Return relating to such Performance Period, provided that such amount shall not exceed 3% of the Average NAV.

Performance Conditions

The Portfolio Manager's entitlement to a performance fee in respect of any performance period shall be conditional on the closing NAV per share in respect of the performance period (adjusted for any changes to the NAV per share through dividend payments, Share repurchases (howsoever effected) and Share issuances since Admission) being in excess of the performance hurdle and high water mark. For the period from inception to 30 June 2018, no performance fee was paid.

14 Derivatives risk

The Company's investment policy may involve the use of derivatives (including, without limitation, forward foreign exchange contracts, equity contracts for difference swap agreements ("CFDs"), securities sold short and/or structured financial instruments). The Company may use both exchange-traded and over-the-counter derivatives as part of its investment activity. The cost of investing utilizing derivatives may be higher than investing in securities (whether directly or through nominees) as the Company will have to bear the additional costs of purchasing and holding such derivatives, which could have a material adverse effect on the Company's returns. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

The use of derivatives may expose the Company to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the Company trades, the risk of settlement default, lack of liquidity of the derivative, imperfect tracking between the change in value of the derivative and the change in value of the underlying asset that the Company is seeking to track and greater transaction costs than investing in the underlying assets directly. Additional risks associated with investing in derivatives may include a counterparty breaching its obligations to provide collateral, or, due to operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where credit exposure to its counterparty under a derivative contract is not fully collateralised. The use of derivatives may also expose the Company to legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

The use of CFDs is a highly specialised activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a CFD, 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 Company's portfolio securities at the time a CFD transaction reaches its scheduled termination date, there is a risk that the Company will not be able to obtain a replacement transaction or that terms of the replacement will not be as favourable as on the expiring transaction.

The following table shows details of the CFD positions at 30 June 2018.

Security name	Trade currency	Shares (000)	As at 30 June 2018	
			Unrealised gain/(loss)	\$'000
Alibaba Group	USD	(14)	290	
Ansaldo STS S.p.A.	EUR	6		
CME Group Inc.	GBP	(2)	7	
Concho Resources Inc.	USD	(13)	(86)	
CVS Health Corp.	USD	(25)	90	
Ekonorm ASA	NOK	2		
Essilor International S.A.	EUR	(2)	(3)	
Frutarom Industries Ltd.	USD	2	(1)	
Gemalto	EUR	35	(6)	
Grifols S.A.	USD	(38)	47	
GVC Holdings Plc	GBP	88	6	
Innogy SE	EUR	28	4	
International Flowers & Fragrances	USD	(1)	1	
Intu Properties plc	GBP	14	(2)	
KLA-Tencor Corp.	USD	(8)	87	
Lennar Corp A	USD	(18)		
Lennar Corp B	USD			
Linde AG Tender	USD		(1)	
Luxottica Group S.p.A.	EUR	4	2	
Marvell Technologies	USD	(61)	34	
Melrose Industries plc	GBP			
Nex Group plc	GBP	37	(2)	
Obrascon Huarte Lain S.A.	EUR	36	(1)	
Orient Overseas International Ltd.	HKD	16	4	
Praxair Inc.	USD	(1)	2	
Sinclair Broadcast Group A.	USD	(6)	(2)	
Sirtex Medical Ltd.	AUD	40	54	
Sky plc	GBP	219	366	
Spectrum Brands Holdings Inc.	USD	(17)	(21)	
Spire Healthcare Group Plc	GBP	33	(1)	
Stada Arzneimittel AG	EUR	3		
Takeda Pharmaceutical Co. Ltd.	USD	(6)	(16)	
Telenet Group Holding NV	EUR	1		
United Technologies Corp.	USD	(17)	28	
Victoria Park ABA	SEK	65	1	
VMware Inc. A	USD	(4)	15	
			896	

* Fewer than 500 shares.

** Less than \$500.

Notes to the Financial Statements continued

15 Current assets and Liabilities

The categories of other receivables and other payables include:

	As at 30 June 2018 \$000
Other receivables	
FX currency sold	339
All other receivables	312
Total other receivables	651
Other payables	
FX currency purchased	341
Custodian fees	18
Accounting fees	3
Audit fees	42
All other payables	284
Total other payables	688

16 Related party transactions

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles of Incorporation. The Directors' remuneration is \$15,000 per annum for each Director, other than:

- the Chairman, who will receive an additional \$1,000 per annum;
- the Chairman of the Audit Committee, who will receive an additional \$5,000 per annum; and
- the Members of the Audit Committee, who will receive an additional \$1,000 per annum.

Please also refer to the "Remuneration Implementation Report" on page 32.

Each of the Directors is also entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses will include those associated with attending general meetings, Board or committee meetings and legal fees. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

Portfolio management fees for the period ended 30 June 2018 paid by the Company to the Portfolio Manager is presented in the Statement of Comprehensive Income. Details of Portfolio management fee paid during the period is disclosed in Note 6.

At 30 June 2018, Associated Capital Group Inc., an affiliate of the Portfolio Manager, held 6,179,100 Ordinary Shares in the Company.

Connected party transactions

There were no such transactions during the period to 30 June 2018. All connected party transactions are carried out at arm's length.

17 Contingent Liabilities and Commitments

As at 30 June 2018, the Company had no contingent liabilities or commitments.

18 Significant events

There were no significant events during the period to 30 June 2018.

19 Post balance sheet events

On 9 July 2018 the third interim dividend of \$0.12 per Ordinary Share was declared and paid to shareholders on 31 July 2018.

On 8 October 2018, Alex Hammond-Chambers was appointed as a Non-Executive Director of the Company.

On 6 September 2018, Cantor Fitzgerald Europe was engaged as the non-exclusive financial adviser and corporate broker to the Company.

On 28 September 2018, the first interim dividend in respect of the financial year ending 30 June 2019 of \$0.12 per Ordinary Share was declared to be paid on 26 October 2018.

Regulatory Disclosures

Information to be disclosed in accordance with Listing Rule 9.8.4

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

9.8.4 (1) The Company has not capitalised any interest in the period under review.

9.8.4 (2) The Company has not published any unaudited financial information in a class 1 circular or prospectus or any profit forecast or profit estimate.

9.8.4 (3) This provision has been deleted.

9.8.4 (4) The Company does not have any long term incentive schemes in operation.

[9.8.4 (5) and (6) Mr Gabelli and Mr Vicinelli have waived or agreed to waive any current or future emoluments from the Company.]

9.8.4 (7) During the period, the Company issued shares on two occasions and 10,334,165 ordinary shares in total with a nominal value of US\$103,341 were issued at an average price of US\$10.01 per share for a total consideration of US\$1,034,538 before the deduction of issue costs.

Details of the issues are set out in the following table:

Number of issues	Shares issued	Price	Total Consideration
1	10,011,100	US\$10.00	US\$100,111,000
2	323,066	US\$10.35	US\$3,343,733

9.8.4 (8) and 9.8.4 (9) are not applicable.

9.8.4 (10) As President of the Portfolio Manager's parent company, GGCP, and an employee of the Portfolio Manager, Mr Gabelli and Mr Vicinelli are deemed to be interested in the Company's portfolio management agreement. There were no other contracts of significance subsisting during the period under review to which the Company is a party and in which a Director of the Company is or was materially interested; or between the Company and a controlling shareholder.

9.8.4 (11) This provision is not applicable to the Company.

9.8.4 (12) and (13) There were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.

9.8.4 (14) This provision is not applicable to the Company.

Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and adopted into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ('AIFs') and requires them to appoint an Alternative Investment Fund Manager ('AIFM') and Depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Association of Investment Companies ("AIC")

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Capital Return per Share

The capital return per share is the capital profit for the period (see Statement of Comprehensive Income) divided by the weighted average number of ordinary shares in issue during the period.

Custodian

The Custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

From July 2014 all AIFs were required to appoint a Depositary who has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a custodian. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets.

The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Dividend Dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value will be disclosed ex-dividend.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

Gearing/Leverage

The net gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) the Company has used to invest in the market less cash and investments in cash funds, divided by net assets.

Investment Trusts

Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

Liquidity

In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Net Asset Value ("NAV") per ordinary share

The value of the Company's assets (i.e. investments, cash held and debtors) less any liabilities (i.e. bank borrowings, debt securities and creditors) for which the Company is responsible, divided by the number of shares in issue. The aggregate NAV is also referred to as total shareholders funds on the Statement of Financial Position. The NAV is published daily.

Net Asset Value per ordinary share, total return represents the theoretical return on NAV per ordinary share, assuming that dividends paid to shareholders were reinvested at the NAV per ordinary share at the close of business on the day shares were quoted ex dividend.

Ongoing Charges are operating expenses incurred in the running of the Company, whether charged to revenue or capital, but excluding financing costs. These are expressed as a percentage of the average net asset value during the period and this is calculated in accordance with guidance issued by the Association of Investment Companies.

Premium/Discount

The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Revenue Return per ordinary share

The revenue return per ordinary share is the revenue return profit for the period divided by the weighted average number of ordinary shares in issue during the period.

Share Price Total Return represents the theoretical return to a shareholder, on a closing market price basis, assuming that all dividends received were reinvested, without transaction costs, into the ordinary shares of the Company at the close of business on the day the shares were quoted *ex dividend*.

Total Return Performance

This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

Company Information

Registered Name

Gabelli Merger Plus* Trust Plc

Registered Office

64 St. James's Street,
London SW1A 1NF
United Kingdom,

Board of Directors

Marc Gabelli
Marco Bianconi
John Birch
Alex Hammond-Chambers
Kuni Nakamura
John Newlands
Yuji Sugimoto
Paolo Vicinelli
James Wedderburn

Portfolio Manager

Gabelli Funds, LLC
One Corporate Center
Rye, NY 10580-1422
United States

Company Secretary

Maitland Administration Services Limited
Springfield Lodge
Colchester Road
Chelmsford
CM2 5PW
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT
United Kingdom

Administrator and Custodian

State Street Bank and Trust Company
20 Churchill Place
Canary Wharf
London E14 5HJ
United Kingdom

Depository

State Street Trustees Ltd
20 Churchill Place
Canary Wharf
London E14 5HJ
United Kingdom

Alternative Investment Fund Manager

Carne Global Fund Managers (Ireland) Limited
2nd Floor, Block E
Iveagh Court, Harcourt Road
Dublin 2
Ireland

Registrar and Receiving Agent

Computershare Investment Services PLC
The Pavillions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

Legal Advisers to the Company

Herbert Smith Freehills LLP
Exchange House, Primrose Street
London EC2A 2EG
United Kingdom

The Company is a member of **The Association of Investment Companies** ("AIC"), which publishes a number of useful fact sheets and email updates for investors interested in investment trust companies.

The AIC
9th Floor
24 Chiswell Street
London
EC1Y 4YY
0207 282 5555
www.theaic.co.uk

Financial Adviser and Corporate Broker

Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London E14 5RD
United Kingdom

Information to Shareholders

With effect from 1 January 2016 new tax legislation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information ("The Common Reporting Standard") has been introduced. This legislation requires investment trust companies to provide personal information to the HMRC on certain investors who purchase shares in investment trusts. As an affected company, Gabelli Merger Plus* Trust Plc will have to provide information annually to the local tax authority on a number of non-UK based certificated shareholders and incorporated entities.

All new shareholders, excluding those whose shares are held on CREST, who are entered onto the share register after 1 January 2016 will be sent a certification form for the purposes of collecting this information.

For further information, please see the HMRC's Quick Guide: Automatic Exchange of Information – information for account holders.

<https://www.gov.uk/government/publications/exchange-of-information-account-holders>.

Please visit us on the internet. Our home page at www.gabelli.co.uk contains information about Gabelli Funds, LLC and the Gabelli Merger Plus* Trust Plc.

We welcome your comments and questions at +44 02 3206 2100 or via email at info@gabelli.co.uk.

Annual General Meeting

Notice of Annual General Meeting

Notice is hereby given that the first Annual General Meeting (the "AGM") of the Company will be held at GAMCO (UK) 64 St. James's Street London SW1A 1NF United Kingdom on Tuesday, 4 December 2018 at 11:00 (GMT) to consider and, if thought fit, pass the following resolutions, of which resolutions numbered 1 to 15 will be proposed as Ordinary Resolutions, and resolutions numbered 16, 17, 18, 19 and 20 will be proposed as Special Resolutions:

Ordinary Business

- 1 To receive the Company's audited financial statements, the Strategic Report and the reports of the Directors of the Company (the "Directors") for the period ended 30 June 2018 (the "Annual Report") together with the report of the Auditor thereon.
- 2 To approve the Directors' Remuneration Report for the period ended 30 June 2018, as set out on pages 31 to 33 of the Annual Report, be and is hereby approved.
- 3 To approve the Directors' Remuneration Policy.
- 4 To approve the Company's dividend policy to continue to pay four quarterly interim dividends. In the period under review the two dividends paid totalled US\$0.35 per share.
- 5 To elect Marc Gabelli as a Director.
- 6 To elect Marco Bianconi as a Director.
- 7 To elect John Birch as a Director.
- 8 To elect Alex Hammond-Chambers as a Director.
- 9 To elect Kuni Nakamura as a Director.
- 10 To elect John Newlands as a Director.
- 11 To elect Yuji Sugimoto as a Director.
- 12 To elect James Wedderburn as a Director.
- 13 To appoint PricewaterhouseCoopers LLP as Auditor of the Company to hold office until the conclusion of the next AGM at of Company.
- 14 To authorise the Audit Committee to determine the remuneration of the Auditor.

Special Business

Ordinary Resolution

- 15 THAT, in substitution for all existing authorities, the Board of Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the power of the Company to allot relevant securities (within the meaning of section 551 of the Act) in the Company up to a maximum aggregate nominal amount of US\$5,167 (being five percent of the total number of voting rights of the Company at the latest practicable date prior to the publication of this Notice), such authority, unless previously revoked, to apply until the conclusion of next year's AGM but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board of Directors may allot shares or grant

rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Special Resolutions

- 16 THAT, in substitution of all existing powers, the Board of Directors be given power in accordance with section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash under the authority given by resolution 15 and to sell any ordinary shares of US\$0.01 each in the Company ("Ordinary Shares") held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such power to be limited:

- a. to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities:
 - i. to holders of Ordinary Shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings; and
 - ii. to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Board of Directors otherwise considers necessary.

and so that the Board of Directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- b. otherwise than pursuant to paragraph a. above, to the allotment of equity securities and sale of treasury shares up to an aggregate nominal amount of US\$5,167 (being 5% of the total number of voting rights of the Company at the latest practicable date prior to the publication of this Notice); and
 - c. such that no allotment of securities shall be made which would result in Ordinary Shares being issued or sold from treasury at a price which is less than the higher of the Company's cum or ex income net asset value per Ordinary Share at the latest practicable date before such allotment of equity securities as determined by the Board of Directors in their reasonable discretion, such power, unless renewed, to apply until the conclusion of next year's AGM but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board of Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.
- 17 THAT the Company be authorised for the purposes of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of its Ordinary Shares, provided that:
 - a. the maximum number of Ordinary Shares hereby authorised to be purchased is 1,550,120 (being 14.99% of the total number of voting rights of the Company at the latest practicable date prior to the publication of this Notice);

Annual General Meeting continued

Notice of Annual General Meeting

- b. the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is the nominal amount of that share; and
- c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the higher of:
 - i. an amount equal to 5% above the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and
 - ii. an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time,

such authority, unless renewed, to apply until the conclusion of next year's AGM but during this period the Company may enter into a contract to purchase Ordinary Shares, which would, or might, be completed or executed wholly or partly after the authority ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the authority had not ended.

- 18 THAT the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Ordinary Shares pursuant to the Additional Fifth Anniversary Tender Offer, provided that:

- a. the maximum number of Ordinary Shares authorised to be acquired pursuant to this resolution is the lesser of:
 - (i) 323,066 million Ordinary Shares; or
 - (ii) the number of Qualifying Shares in issue as at the date on which Ordinary Shares are repurchased pursuant to the Additional Fifth Anniversary Tender Offer;
- b. the minimum price which may be paid for any Ordinary Share is US\$0.01;
- c. the maximum price which may be paid for any Ordinary Share shall be an amount equal to the most recently reported Net Asset Value per Ordinary Share as at the date on which the Ordinary Shares are purchased pursuant to the Additional Fifth Anniversary Tender Offer;
- d. this authority shall expire at the end of the period of five years from the date of the passing of this resolution, unless previously renewed, varied or revoked by the Company in general meeting; and
- e. the Company may make a contract to purchase its Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which contract would or might require the Company to purchase its Ordinary Shares after such expiry and the Company shall be entitled to purchase its Ordinary Shares pursuant to any such contract as if the power conferred hereby had not expired.

- 19 THAT a general meeting other than an AGM may be called on not less than 14 clear days' notice.

- 20 THAT with effect from the end of the meeting, the articles of association produced to the meeting (as appended to this Notice) and initialled by the Chairman of the meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board

Marc Gabelli
Chairman
8 October 2018

Registered Office:
64 St. James's Street
London
England
SW1A 1NF

Notes to the Notice of the AGM

Proxy appointment

- 1 A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the AGM, or any adjournment thereof. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
- 2 A form of proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
- 3 To appoint a proxy, the form of proxy and any power of attorney or other authority (if any) under which it is executed (or a duly certified copy of any such power or authority), must be either (a) sent to the Company's Registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with Note 10 below, in either case so as to be received no later than 11 am on 30 November 2018 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).

Joint shareholders

- 4 In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names appear in the register of members in respect of the share.

Nominated persons

- 5 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Act ("Nominated Persons"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Information about shares and voting

- 6 Holders of Ordinary Shares are entitled to attend and vote at general meetings of the Company. The total number of issued Ordinary Shares in the Company on 8 October 2018, which is the latest practicable date before the publication of this Notice is 10,334,166.

Right to attend and vote

- 7 Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members as at the close of business on 30 November 2018, or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.

Venue arrangements

- 8 Members should note that the doors to the AGM will be open for registration at 10.45 GMT.
- 9 Mobile phones may not be used in the venue, and cameras, tape or video recorders and other such items as the Chair of the AGM may specify, are not allowed in the venue. We reserve the right to confiscate these items for the duration of the AGM if they are used to record or otherwise disrupt the AGM.

CREST members

- 10 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual available on the website of Euroclear UK and Ireland Limited ("Euroclear") at www.euroclear.com. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC Participant ID 3RA50 by the latest time(s) for receipt of proxy appointments specified in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means.

CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Notes to the Notice of the AGM continued

Corporate representatives

- 11 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Audit concerns

- 12 Shareholders should note that, under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM for the financial period ended 30 June 2018; or (ii) any circumstance connected with an auditor of the Company appointed for the financial period ended 30 June 2018 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 (requirements as to website availability) of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM for the relevant financial period includes any statement that the Company has been required under section 527 of the Act to publish on a website.

Questions

- 13 Any member attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members' right to request a resolution to be proposed at the Meeting

- 14 Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:
- i. to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or
 - ii. to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

- a. (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

- b. it is defamatory of any person; or

- c. it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six weeks before the AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Website information

- 15 A copy of this notice and other information required by section 311A of the Act can be found at www.gabelli.co.uk.

Use of electronic address

- 16 Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed form of proxy) to communicate with the Company for any purposes other than those expressly stated.

Documents available for inspection

- 17 Copies of the letters of appointment of the non-executive Directors may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 64 St. James's Street, London SW1A 1NF, United Kingdom, up to and including the date of the AGM, and on the date itself at the AGM venue 15 minutes before the meeting until it ends.

Communication

- 18 Except as provided above, shareholders who have general queries about the AGM should use the following means of communication (no other methods of communication will be accepted):

- by calling the Registrar's helpline on +44 (0)370 703 6319, or
- by writing to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, or
- by email to the Registrar web.queries@computershare.co.uk

Gabelli Merger Plus* Loyalty Programme

The Company has a Loyalty Programme in place for its long term shareholders. Please see page 22 for benefits and eligibility requirements.

Contact the Company

www.gabelli.com/mergerplus
gmpassist@gabelli.com
 +44 20 3206 2100
 +1 914 921 5135
 +39 02 3057 8299

Appendix

AIFMD Remuneration Disclosure

The European Union Directive 2011/61/EU as implemented in Ireland by S.I. No. 257/2013 European Union (Alternative Investment Fund Managers) Regulations 2013, requires alternative investment fund managers ("AIFMs") to establish and apply remuneration policies and practices that promote sound and effective risk management, and do not encourage risk taking which is inconsistent with the risk profile of the Company.

To that effect, Carne Global Fund Managers (Ireland) Limited ("the Manager"), has implemented a remuneration policy that applies to all alternative investment funds ("AIFs") for which the Manager acts as AIFM (the "Remuneration Policy") and covers all staff whose professional activities have a material impact on the risk profile of the Manager or the AIFs it manages ("Identified Staff"). The Remuneration Policy also applies to all UCITS funds for which the Manager acts as manager. In accordance with the Remuneration Policy, all remuneration paid to Identified Staff can be divided into:

- Fixed remuneration (payments or benefits without consideration of any performance criteria); and
- Variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria) which is not based on the performance of the Company.

The Manager has designated the following persons as Identified Staff:

- 1 The Designated Persons;
- 2 Each of the Directors;
- 3 Compliance Officer;
- 4 Risk Officer; and
- 5 Chief Operating Officer.

The Manager has a business model, policies and procedures which by their nature do not promote excessive risk taking and take account of the nature, scale and complexity of the Manager and the Company. The Remuneration Policy is designed to discourage risk taking that is inconsistent with the risk profile of the Company and the Manager is not incentivised or rewarded for taking excessive risk.

The Manager has established a remuneration committee to oversee the implementation of the remuneration arrangements and to exercise competent and independent judgement on remuneration policies and practices and the incentives created for managing risk (the "Remuneration Committee"). The Remuneration Committee consists of at least two directors, the compliance officer, internal legal counsel and such other individuals as the Board may appoint from time to time.

The Manager's parent company is Carne Global Financial Services Limited ("Carne"). Carne operates through a shared services organisational model which provides that Carne employs all staff and enters into inter-group agreements with other Carne Group entities within the group to ensure such entities are resourced appropriately. Each of the Identified Staff, other than one non-executive independent director, are employed and paid directly by Carne and remunerated based on their contribution to the Carne Group as a whole. In return for the services of each of the Carne Identified Staff, the Manager pays an annual staff recharge to Carne (the "Staff Recharge").

The non-executive independent director is paid a fixed remuneration and each other Identified Staff member's remuneration is linked to their overall individual contribution to the Carne Group, with reference to both financial and non-financial criteria and not directly linked to the performance of specific business units or targets reached or the performance of the Company.

The aggregate of the total Staff Recharge and the remuneration of the independent non-executive director is EUR 986,500 paid to 12 individuals for the year ended 31 December 2017. The Manager has also determined that, on the basis of number of sub-funds/net asset value of the Company relative to the number of sub-funds/assets under management, the portion of this figure attributable to the Company is EUR 6,765.

There have been no material changes made to the Remuneration Policy or the Manager's remuneration practices and procedures during the financial year.

*This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities.
The offer is made by the prospectus only.*



London
Stock Exchange

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Gabelli Merger Plus⁺ Trust Plc

10,011,100
Ordinary Shares

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