DATE: SEPTEMBER 2015

US Market Commentary

We believe US equities are still the best place to be invested, and have summarised ten reasons why below:

1. The US. Economy is poised for its fifth consecutive year of record GDP and corporate profits. Consumer spending is being stimulated by lower gas prices, lower mortgage rates (for the time being) and rising employment levels.

2. While QE has ended in the U.S., monetary policy remains extremely accommodative. Interest rates should stay near current low levels given 2% inflation expectations and even less attractive bond yields abroad, as foreign investors gravitate to our bond market to capture relatively higher yields and what we expect to be a stronger currency relative to the euro and the yen.

3. Equity markets should benefit from the injection of additional liquidity stemming from new stimulus measures in Japan and Europe. Japanese stimulus goes beyond monetary easing and targets higher domestic and foreign equity weightings for its $1.1 trillion government pension plan.

4. China has entered a multi-year period of declining investment as it pivots toward a more consumer driven economy. This bodes well for containing oil and industrial commodity prices for a period of years. Combined with limited

wage rate gains, the inflation outlook is excellent, enhancing the likelihood that forward P/E ratios may expand from 15-16 to 16-17 or greater.

5. Stocks remain under-owned. Households, with $47 trillion in financial assets are 42% invested in stocks, compared with 53% in 2000, when the 10 year Treasury yield was 6%, compared to less than 3% today. Pension funds, with $14 trillion in assets, are 37% invested in stocks, versus 50% at their previous peak in 1987, when the 10 year yield was 9%. Some institutions are now rethinking their allocation to hedge funds, many of which have trailed market returns over this past market cycle from 2007 to the present.

6. The market has grown accustomed to U.S. political gridlock, as the White House and Congress will be split. It remains to be seen if the President will move toward the center to enact corporate tax reform but such a move would be a positive surprise. Expectations for any help from Washington are low.

7. Estimated investment returns continue to favor stocks. Money market funds yield close to nothing. Bond returns are unlikely to exceed the inflation rate and could easily prove negative over the course of the year. Stocks are unlikely to peak for this cycle until stock valuations and allocations are higher and annual wage inflation is at least north of 3%, if not 4%, giving rise to inflation concerns. Wage rate increases are currently trending around 2%. Capital will continue to seek higher risk adjusted returns.

8. Stocks remain attractively priced relative to bonds. On a price to forward earnings basis, stocks sell near their historical average of about 15 times earnings. The 10 year Treasury is yielding 2.3% (or 43 times its coupon), below last year's level of 2.8% and well below its historical average of about 6%. This means the hurdle rate for stocks remains well below average.

9. With record cash levels, companies should continue to reward shareholders with share buybacks and dividend increases. The dividend payout ratio is 32%, well below the historic average of 58%, dating back to 1926. Dividends remain a tax advantaged source of income and income growth. Since 2010, net equity issuance is -$891 billion as buybacks and acquisitions have overwhelmed new issuance.

10. Mergers and acquisitions will continue to be driven by rising confidence, low cost capital, tax motivations and strategic rationales, especially in the global arena. More companies seek to grow by acquisition or engage in financial engineering activities in slow to moderate growth environments like the present, when organic growth is more challenging.

Our Process

We at Gabelli are active, bottom up, value investors, and seek to achieve real capital appreciation relative to inflation) over the long term regardless of market cycles. We achieve returns through investing in businesses utilising our proprietary Private Market Value ("**PMV**") with a Catalyst™ methodology. PMV is the value that we believe an informed buyer would be willing to pay to acquire an entire company in a private transaction. Our team arrives at a PMV valuation by a rigorous assessment of fundamentals from publicly available information and judgment gained from our comprehensive, accumulated knowledge of a variety of sectors. We focus on the balance sheet, earnings, free cash flow, and the management of prospective companies. We are not index benchmarked, and construct portfolios agnostic of market capitalisation and index weightings. We have invested this way since 1977.

Our research process identifies differentiated franchise businesses, typically with strong organic cash flow characteristics, balance sheet opportunities, and operational flexibility. We seek to identify businesses whose securities trade in the public markets at a significant discount to our estimates of their PMV estimate, or "Margin of Safety". Having identified such securities, we look to identify one or more "catalysts" that will narrow or eliminate the discount associated with that "Margin of Safety". Catalysts can come in many forms including, but not limited to, corporate restructurings (such as demergers and asset sales), operational improvements, regulatory or managerial changes, special situations (such as liquidations), and mergers and acquisitions.

It is through this process of bottom up stock selection and the implementation of disciplined portfolio construction that we expect to create value for our shareholders.

Conclusion

We appreciate the confidence and trust you have offered our organisation through an investment in GVP. Today, as we have for nearly forty years, we remain vigilant in the application of our investment philosophy and in our search for opportunities.

We welcome your comments and questions via e-mail at info@gabelli.co.uk.

Please visit us on the Internet at http://www.gabelli.co.uk/the-gabelli-value-plus-trust/ , which contains information about the Gabelli Value Plus+ Trust.

We thank you for entrusting a portion of your assets to Gabelli Funds.

Gabelli Funds, LLC, the Manager, is a New York limited liability company, and wholly owned subsidiary of GAMCO Investors, Inc., a New York corporation whose stock is traded on the New York Stock Exchange under the symbol “GBL.”