



GABELLI  
MERGER PLUS+ TRUST PLC

# Half-Yearly Financial Report For the six months ended 31 December 2020

Gabelli Merger Plus + Trust Plc’s primary investment objective is to seek to generate total return consisting of capital appreciation and current income.

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# Financial highlights

## Performance

	(Unaudited) As at 31 December 2020	(Unaudited) As at 31 December 2019	(Audited) As at 30 June 2020
Net asset value per share (cum income)	<b>\$9.67</b>	\$9.83	\$9.33
Net asset value per share (ex income)	<b>\$9.93</b>	\$9.97	\$9.52
Dividends per share paid during the period	<b>\$0.24</b>	\$0.24	\$0.48
Share price	<b>\$7.40</b>	\$8.75	\$7.50
Discount <sup>1</sup>	<b>23.47%</b>	10.99%	19.61%

	(Unaudited) Half year ended 31 December 2020	(Unaudited) Half year ended 31 December 2019	(Audited) Year ended 30 June 2020
<b>Total returns</b>			
Net asset value per share <sup>2</sup>	<b>6.45%</b>	3.75%	0.98%
U.S. 3-month Treasury Bill Index	<b>0.09%</b>	1.55%	0.16%
Share price <sup>3</sup>	<b>2.12%</b>	4.59%	(7.69%)

## Income

	(Unaudited) Half year ended 31 December 2020	(Unaudited) Half year ended 31 December 2019	(Audited) Year ended 30 June 2020
Revenue return per share	<b>(\$0.07)</b>	(\$0.04)	(\$0.08)

## Ongoing charges<sup>4</sup>

	(Unaudited) Half year ended 31 December 2020	(Unaudited) Half year ended 31 December 2019	(Audited) Year ended 30 June 2020
Annualised ongoing charges	<b>1.53%</b>	1.54%	1.74%

Source: Investment Manager (Gabelli Funds, LLC), verified by the Administrator (State Street Bank and Trust Company). Performance stated as at 31 December reflects the respective six month reporting period, performance as at 30 June reflects the full 12 month financial year of the Company.

<sup>1</sup> Figures are inclusive of income and dividends paid, in line with the Association of Investment Companies (the "AIC") guidance.

<sup>2</sup> The net asset value ("NAV") total return for the period reflects the movement in the NAV, adjusted for the reinvestment of any dividends paid and market movements.

<sup>3</sup> The total share price return for the respective periods reflects the movement in the share price during these periods, adjusted to reflect the reinvestment of any dividends paid.

<sup>4</sup> Ongoing charges are calculated as a percentage of shareholders' funds using the average net assets over the respective periods and calculated in line with the AIC's recommended methodology.

# Portfolio Manager's review

## Methodology and Market Opportunity

Gabelli Funds would like to thank our investors for allocating a portion of their assets to the Gabelli Merger Plus+ Trust ("GMP"). We appreciate the confidence and trust you have placed in our organization through your investment in GMP. Our investment objective is to compound and preserve wealth over time while remaining non-correlated to the broad markets. As a firm, we have invested in mergers since 1977 and created the Gabelli group's first dedicated, announced merger fund more than thirty years ago. We remain vigilant in the application of our investment philosophy and in our search for opportunities. In this context, let us outline our investment methodology and the investment environment through 31 December 2020.

Merger arbitrage is a highly specialized investment approach designed principally to profit from corporate events, including the successful completion of proposed mergers, acquisitions, takeovers, tender offers, leveraged buyouts, restructurings, demergers, and other types of corporate reorganizations and actions. As arbitrageurs, we seek to earn the differential, or "spread," between the market price of our investments and the value ultimately realized through deal consummation.

We are especially enthusiastic about the opportunities to grow client wealth in the decades to come, and we highlight below several factors that should help drive results. These include:

- Increased market volatility, which enhances our ability to establish positions for the prospect of improved returns;
- A return of corporate deal making as unprecedented liquidity provides an accommodative market for mergers and acquisitions;
- The Fund's experienced investment team, which pursues opportunities globally through the disciplined application of Gabelli's investment methodology.

## Global Deal Activity

Global deal merger and acquisition activity ("M&A") totalled \$3.6 trillion during 2020<sup>1</sup>. While this was a decrease of 5% compared to 2019, the back half of the year saw record M&A levels. Deal activity during the second half of 2020 totalled \$2.3 trillion, a 90% increase year over year. Deal making was largely driven by deals between \$5 billion and \$10 billion in value — which accounted for over \$515 billion in volume, up 36% year over year.

Cross border M&A activity totalled \$1.3 trillion in 2020, up 12% to a two-year high. Private equity-backed buyouts saw the best year since before the financial crisis, increasing 27% in value, accounting for over 16% of total M&A activity. Over 8,800 private equity deals were announced in the year, an all-time record.

<sup>1</sup> Thomson Reuters M&A Review – 4Q 2020.

M&A volume in the United States totalled \$1.4 trillion in deal activity, a decrease of 21% over the year; however, volumes in the second half the year were nearly triple that of the first half. European M&A totalled \$1 trillion in 2020, an increase of 36%. Asia Pacific and Japan both saw strong volumes as well, with increases of 16% and 7%, respectively.

The Technology sector was the biggest contributor to merger activity during the year, totalling \$684 billion, an increase of 50% compared to 2019 levels, accounting for nearly 19% of total announced deal volume. The Financials and Energy sectors were also large contributors, accounting for 14% and 12% of overall M&A activity, respectively.

### Portfolio in Review

It took COVID-19 to end the United States' longest bull market at 131 months, only to give way to its shortest bear market at just over one month. After declining 34% peak-to-trough February to March, the S&P 500 Index ended the year up over 16%, 64% off its March low. Market participants are clearly looking forward to easy earnings comparisons in 2021 and beyond. But the market is also being fuelled by two powerful impulses: TINA (There Is No Alternative) and FOMO (Fear of Missing Out), as low interest rates continue to force savers out of cash and bonds into equities, which are gaining momentum.

The S&P 500 2021 forward price/earnings multiple of 22x as of year-end is high compared with history, but more defensible given the level of rates and the nascency of the economic cycle. The recent IPO and SPAC frenzies, extreme hype around electric vehicles, everything SAAS companies, and increasing involvement of retail/Robinhood investors are emblematic of a bubble, but not one that encompasses a majority of the market.

The M&A market is one we would classify as robust and healthy. Merger activity set a new record in the second half of 2020, surpassing \$1 trillion in each of the second and third quarters and totalling \$2.3 trillion globally—an increase of 90% from the first half of the year. We believe this resurgence was more than just the backlog of those deals put on hold in the first half of the year. The drivers for a strong M&A environment persist: borrowing costs remain historically cheap, and central banks have cut rates to zero and expanded their balance sheets to help spur economic recovery. Despite sales declines across many industries, companies implemented aggressive cost saving measures to preserve their liquidity, potentially as a means for future acquisitions. Robust debt and equity issuance has boosted cash balances on corporate balance sheets by about \$2 trillion, according to Goldman Sachs. Additionally, private equity maintains a record level of dry powder, which should continue to drive sponsor activity. These dynamics should continue to propel M&A in 2021 and beyond.

From a portfolio perspective, we finished 2020 on a high note, with strong performance from deals in our pipeline and our absolute return investments. Our diversified approach to portfolio construction, as well as our focus on highly strategic and fully financed acquisitions, positioned us to withstand dramatic spread widening in March due to the nascent COVID-19 pandemic. As markets dislocated in the first half of 2020, we put capital to work investing in deals with greater potential returns, as we have during previous market selloffs since 1985.

## Portfolio Manager's review continued

Throughout 2020, we found the market was often mispricing risk in deals, and we benefitted when deals closed according to schedule. Regulators adapted to a remote work environment to grant timely approvals; and advisers and corporate management made similar adjustments, allowing for a strong comeback in deal activity in the second half.

We are finding attractive investment opportunities in newly-announced deals and continue to add to existing positions in our portfolio. We remain focused on investing in highly strategic, well-financed deals with an added focus on near-term catalysts. The top holdings in our Fund remain deals we expect to close in the near term and those with the highest certainty of value. We are optimistic about our prospects to continue to generate absolute returns in 2021.

Notable drivers of performance include:

- Acacia Communications, Inc. (ACIA-NASDAQ), which develops high speed coherent optical interconnect products, saw significant spread tightening into year-end and traded through the terms as the 8 January 2021 outside date of the merger approached. Strong fundamentals and an uplift in the sector over the 18-month period since the deal was announced suggested the \$70.00 per cash terms severely undervalued the company. On 8 January, Acacia decided to walk away from the transaction, while Cisco contended that it did receive all regulatory approvals before the lapsing of the agreement and looked to the Delaware courts to support its claim. Ultimately, the companies were able to agree to new terms under which Acacia shareholders will receive \$115.00 cash per share, valuing the transaction at approximately \$5 billion. The transaction is pending shareholder approval and expected to close in the first quarter of 2021.
- Altaba Inc. (AABA-Escrow), an equity liquidation, continued to make progress toward the distribution of its remaining assets to shareholders. The company paid a liquidating distribution of \$8.33 per share in November. The current net asset value of Altaba's assets is about \$15.60 per share, which represents an attractive near double-digit IRR over the remaining life of the liquidation.
- The acquisition by Eldorado Resorts of Caesar's Entertainment (CZR-NASDAQ), an operator of regional and destination casinos as well as online gaming, received the final outstanding state approvals and closed on 20 July 2020. Under the terms of the agreement, Caesars shareholders received \$8.40 cash and 0.0899 shares of Eldorado common stock, subject to election procedures, valuing the transaction around \$26 billion. In addition, Caesars shareholders received a ticking fee of \$0.00033 per day beginning on 25 March 2020.
- El Paso Electric (EE-NYSE), a U.S. regulated electric utility with operations in Texas and New Mexico, was acquired by IIF after the companies received approval from the Federal Energy Regulatory Commission (FERC). FERC approval was the final condition to closing the deal, and shareholders received a prorated dividend of \$0.194 per share, for total deal consideration of \$68.44 per share, or \$4 billion.

- Immunomedics, Inc. (IMMU-NASDAQ), a biotechnology company that develops novel therapeutics for the treatment of cancer, was acquired by Gilead Sciences for \$88 cash per share in a tender offer that valued Immunomedics at \$20 billion. The tender offer was completed in a brisk 43 days after receiving U.S. antitrust approval on 13 October, 2020, which enabled Gilead to close its purchase on 22 October.
- MyoKardia, Inc. (MYOK-NASDAQ), a clinical stage biopharmaceutical company focused on cardiovascular diseases, was acquired by Bristol Myers Squibb following the expiration of the tender offer on 16 November 2020. The companies had previously received antitrust approval on 3 November. Under terms of the agreement, MyoKardia shareholders received \$225.00 cash per share, valuing the transaction at \$12 billion.
- Navistar International Corp. (NAV-\$44.26-NYSE), a manufacturer of medium and heavy trucks, reached a long-anticipated agreement to be acquired by Volkswagen's truck division, Traton SE, for \$44.50 cash per share, or about \$5.7 billion. Volkswagen acquired a 16% stake in Navistar in 2016 for \$15.76 a share, when the companies agreed to an alliance whereby Navistar would get access to Volkswagen's diesel truck engine technology to meet rising global emissions standards. Growing Volkswagen's truck business has been a priority for the company after previously acquiring MAN and Scania. In January 2020, Traton proposed acquiring the rest of Navistar for \$35 per share, which was rejected as too low an offer by major shareholders. Traton resumed its efforts to acquire Navistar in September, when it increased its proposal to \$43, which led to the negotiation of the \$44.50 agreed deal. The transaction is subject to global regulatory approvals, and is expected to close in the second quarter of 2021.

#### Select Portfolio Holdings as of 31 December 2020

Acacia Communications, Inc. (ACIA-NASDAQ) agreed to be acquired by Cisco Systems, Inc. (CSCO-NASDAQ) under improved terms. Acacia Communications develops high-speed coherent optical interconnect products. Under the terms of the agreement, Acacia shareholders will receive \$115.00 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 first quarter of 2021.

Aerojet Rocketdyne Holdings, Inc. (AJRD-NYSE) agreed to be acquired by Lockheed Martin Corp. (LMT-NYSE). Aerojet Rocketdyne designs, develops, manufactures, and sells aerospace and defense products and systems in the U.S. Under terms of the agreement, Aerojet shareholders will receive \$56.00 cash per share, including a \$5.00 pre-closing special dividend, 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 2021.

## Portfolio Manager's review continued

Alexion Pharmaceuticals, Inc. (ALXN-NASDAQ) agreed to be acquired by AstraZeneca plc (AZN-NASDAQ). Alexion Pharmaceuticals develops and commercializes various therapeutic products. Under the terms of the agreement, Alexion shareholders will receive \$60.00 cash and 2.1243 shares of AstraZeneca common stock per share, valuing the transaction at approximately \$39 billion. The transaction is subject to approval by shareholders of both companies as well as regulatory approval, and is expected to close in the third quarter of 2021.

HD Supply Holdings, Inc. (HDS-NASDAQ) agreed to be acquired by The Home Depot, Inc. (HD-NYSE). HD Supply Holdings operates as an industrial distributor in North America. Under the terms of the agreement, HD Supply shareholders received \$56.00 cash per share, valuing the transaction at approximately \$8 billion. The transaction was subject to the tender of at least a majority of shares outstanding as well as regulatory approval, and closed in January 2021.

National General Holdings Corp. (NGHC-NASDAQ) agreed to be acquired by The Allstate Corp. (ALL-NYSE). National General Holdings provides a range of insurance products, including personal and commercial auto, homeowners, supplemental health, and other niche products. Under the terms of the agreement, National General shareholders received \$34.50 cash per share, valuing the transaction at approximately \$4 billion. The transaction was subject to shareholder as well as regulatory approvals, and closed in January 2021.

Navistar International Corp. (NAV-NYSE) agreed to be acquired by Traton SE (8TRA GR-Frankfurt). Navistar manufactures and sells commercial trucks, diesel engines, school and commercial buses, and service parts for trucks and diesel engines worldwide. Under the terms of the agreement, Navistar shareholders will receive \$44.50 cash per share, valuing the transaction at approximately \$5.7 billion. Traton had previously made an offer of \$35.00 cash per share in January 2020. The transaction is subject to shareholder as well as regulatory approvals, and is expected to close mid-2021.

PNM Resources, Inc. (PNM-NYSE) agreed to be acquired by Avangrid, Inc. (AGR-NYSE). PNM Resources operates two regulated utilities providing electricity in the southwest United States. Under the terms of the agreement, PNM shareholders will receive \$50.30 cash per share, valuing the transaction at approximately \$8 billion. The transaction is subject to shareholder as well as regulatory approvals, and is expected to close in the fourth quarter of 2021.

Slack Technologies, Inc. (WORK-NYSE) agreed to be acquired by salesforce.com, Inc. (CRM-NYSE). Slack Technologies operates Slack, a business technology software platform in the U.S. and internationally. Under the terms of the agreement, Slack shareholders will receive \$26.79 cash and 0.0776 shares of salesforce.com common stock per share, valuing the transaction at approximately \$28 billion. The transaction is subject to shareholder as well as regulatory approvals, and is expected to close in the second quarter of 2021.



Varian Medical Systems, Inc. (VAR-NYSE) agreed to be acquired by Siemens Healthineers AG (SHL GY-Frankfurt). Varian Medical Systems designs, manufactures, and services medical devices and software products for treating cancer and other medical conditions worldwide. Under the terms of the agreement, Varian shareholders will receive \$177.50 cash per share, valuing the transaction at approximately \$16 billion. The transaction is subject to shareholder as well as regulatory approvals, and is expected to close in the first half of 2021.

Virtusa Corp. (VRTU-NASDAQ) agreed to be acquired by Baring Private Equity Asia. Virtusa provides digital engineering and information technology (IT) outsourcing services primarily in North America, Europe, and Asia. Under the terms of the agreement, Virtusa shareholders will receive \$51.35 cash per share, valuing the transaction at approximately \$2 billion. The transaction is subject to shareholder as well as regulatory approval, and is expected to close in the first half of 2021.

Willis Towers Watson Public Limited Co. (WLTW-NASDAQ) agreed to be acquired by Aon plc (AON-NYSE). Willis Towers Watson Public Limited Co. operates as an advisory, broking, and solutions company worldwide. Under the terms of the agreement, Willis Towers shareholders will receive 1.08 shares of Aon common stock per share, valuing the transaction at approximately \$30 billion. The transaction is subject to approval by shareholders of both companies as well as regulatory approval, and is expected to close in the first half of 2021.

Xilinx, Inc. (XLNX-NASDAQ) agreed to be acquired by Advanced Micro Devices, Inc. (AMD-NASDAQ). Xilinx designs and develops programmable devices and associated technologies worldwide. Under terms of the agreement, Xilinx shareholders will receive 1.7234 shares of Advanced Micro common stock per share, valuing the transaction at approximately \$34 billion. The transaction is subject to approval by shareholders of both companies as well as regulatory approval, and is expected to close by the end of 2021.

### Select Closed Deals as of 31 December 2020

#### Benefytt Technologies, Inc.

Madison Dearborn Partners completed its acquisition of Benefytt Technologies in August 2020. Benefytt primarily engages in the development and operation of private e-commerce health insurance marketplaces. On 13 July 2020, Madison announced it would acquire Benefytt for \$31.00 cash per share, valuing the transaction at approximately \$400 million.

#### Caesars Entertainment Corp.

Eldorado Resorts, Inc. completed its acquisition of Caesars in July 2020. Caesars Entertainment provides casino entertainment and hospitality services internationally. On 23 June 2019, Eldorado announced it would acquire Caesars for \$8.40 cash (plus a ticking fee) and 0.0899 shares of Eldorado common stock per share, subject to an election, valuing the transaction at approximately \$17 billion.

## Portfolio Manager's review continued

### Craft Brew Alliance, Inc.

Anheuser-Busch InBev completed its acquisition of Craft Brew Alliance in September 2020. Craft Brew Alliance brews and sells craft beers and ciders in the U.S. and internationally. On 11 November 2019, Anheuser-Busch announced it would acquire Craft Brew for \$16.50 cash per share, valuing the transaction at approximately \$300 million.

### Dunkin' Brands Group, Inc.

Inspire Brands completed its acquisition of Dunkin' Brands in December 2020. Dunkin' Brands franchises and licenses quick service restaurants in the U.S. and internationally. On 30 October 2020, Inspire Brands announced it would acquire Dunkin' for \$106.50 cash per share, valuing the transaction at approximately \$12 billion.

### El Paso Electric Co.

J.P. Morgan's Infrastructure Investments Fund (IIF) completed its acquisition of El Paso Electric in July 2020. El Paso Electric engages in the generation, transmission, and distribution of electricity in west Texas and southern New Mexico. On 3 June 2019, IIF announced it would acquire El Paso for \$68.25 cash per share, valuing the transaction at approximately \$4 billion.

### E\*TRADE Financial Corp.

Morgan Stanley completed its acquisition of E\*TRADE in October 2020. E\*TRADE operates in the online brokerage industry. On 20 February 2020, Morgan Stanley announced it would acquire E\*TRADE for 1.0432 shares of Morgan Stanley common stock per share, valuing the transaction at approximately \$14 billion.

### GCI Liberty, Inc.

Liberty Broadband Corp completed its acquisition of GCI Liberty in December 2020. GCI Liberty's key assets include a 23.5% stake in Liberty Broadband (LBRDK), a 2% stake in Charter Communications, full ownership of Alaskan cable operator GCI, and a 27% stake in Lending Tree. On 6 August 2020, Liberty Broadband announced it would acquire GCI for 0.58 shares of Liberty Broadband Series B common stock per share, valuing the transaction at approximately \$9 billion.

### Immunomedics, Inc.

Gilead Sciences completed its acquisition of Immunomedics in October 2020. Immunomedics develops monoclonal antibody-based products for the targeted treatment of cancer. On 13 September 2020, Gilead announced it would acquire Immunomedics for \$88.00 cash per share, valuing the transaction at approximately \$20 billion.

LogMeIn, Inc.

Francisco Partners and Elliott Management Corp. completed the acquisition of LogMeIn in August 2020. LogMeIn provides a portfolio of cloud-based communication and collaboration, identity and access, and customer engagement and support solutions. On 17 December 2019, Francisco Partners and Elliott Management announced they would acquire LogMeIn for \$86.05 cash per share, valuing the transaction at approximately \$4 billion.

MyoKardia, Inc.

Bristol-Myers Squibb completed its acquisition of MyoKardia in November 2020. MyoKardia discovers, develops, and commercializes targeted therapies for the treatment of serious and neglected rare cardiovascular diseases. On 5 October 2020, Bristol-Myers announced it would acquire MyoKardia for \$225.00 cash per share, valuing the transaction at approximately \$12 billion.

Principia Biopharma, Inc.

Sanofi completed its acquisition of Principia Biopharma in September 2020. Principia Biopharma focuses on developing novel therapies for immune-mediated diseases. On 17 August 2020, Sanofi had announced it would acquire Principia for \$100.00 cash per share, valuing the transaction at approximately \$3 billion.

Wright Medical Group NV

Stryker Corp. completed its acquisition of Wright Medical Group in November 2020. Wright Medical designs, manufactures, and sells upper and lower extremities and biologics products internationally. On 4 November 2019, Stryker announced it would acquire Wright Medical for \$30.75 cash per share, valuing the transaction at approximately \$5 billion.

**Gabelli Funds, LLC**

18 February 2021

# Portfolio summary

## Largest holdings

Security <sup>1</sup>	(Unaudited) As at 31 December 2020				
	Offsetting short position <sup>2</sup>	% of total portfolio <sup>3</sup> (net)	Market value <sup>4</sup> \$000	Offsetting market value <sup>5</sup> \$000	% of total portfolio <sup>6</sup> (gross)
Altaba Inc.	–	5.3	4,638	–	6.1
Varian Medical Systems Inc.	–	4.9	4,277	–	5.6
Liberty Media Corp-Liberty SiriusXM.	SiriusXM	4.3	3,701	(237)	4.9
Slack Technologies Inc.	Salesforce	4.2	3,604	(1,394)	4.7
Tiffany & Co.	–	3.6	3,085	–	4.0
National General Holdings Corp.	–	3.0	2,604	–	3.4
PNM Resources Inc.	–	2.9	2,491	–	3.3
Liberty Broadband Corp.	–	2.9	2,480	–	3.3
Xilinx Inc.	Advanced Micro	2.8	2,399	(2,668)	3.1
Maxim Integrated Products Inc.	–	2.3	2,021	–	2.6
Grubhub Inc.	–	2.2	1,916	–	2.5
Inphi Corp.	–	2.1	1,836	–	2.4
RealPage Inc.	–	2.0	1,736	–	2.3
Pluralsight Inc.	–	2.0	1,706	–	2.2
Virtusa Corp.	–	1.9	1,669	–	2.2
BMC Stock Holdings Inc.	Builders Firstsource	1.5	1,328	(1,323)	1.7
Navistar International Corp.	–	1.5	1,264	–	1.7
Fusion Acquisition Corp.	–	1.3	1,097	–	1.5
Fitbit Inc.	–	1.3	1,090	–	1.4
Lennar Corp.	–	1.2	1,075	–	1.4
<b>Sub-total</b>		<b>53.2</b>	<b>46,017</b>	<b>(5,622)</b>	<b>60.3</b>
Other holdings <sup>7</sup>		46.8	40,786	(4,915)	39.7
<b>Total holdings</b>		<b>100.0</b>	<b>86,803</b>	<b>(10,537)</b>	<b>100.0</b>

<sup>1</sup> Long position.

<sup>2</sup> Short position taken, based on the acquirer of the security when acquirer stock is being offered in whole, or in part, to finance the transaction.

<sup>3</sup> Represents the total position value (market value plus the offsetting market value) as a percentage of the total portfolio value.

<sup>4</sup> Market value of the long position.

<sup>5</sup> Market value of the offsetting short position.

<sup>6</sup> Represents the market value as a percentage of the total portfolio value.

<sup>7</sup> Including derivatives and equity short positions, and excluding U.S. Treasuries.

# Interim Management Report and Responsibility Statement

The Portfolio Manager's Review on pages 2 to 9 provides details of the important events that have occurred during the period and their impact on the financial statements.

## Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment portfolio; global macro event; operational; market and share price; financial; corporate governance and regulatory; taxation; and environmental, social and climate change. The global macro event category includes specific market and operational risks associated to the global COVID-19 pandemic, which continues to cause uncertainty and disruption across global economies and markets. Information on each of these areas, including discussion of the continuing implications of the COVID-19 pandemic and mitigating actions taken by the Company, was provided in the Strategic Report in the Annual Report and Financial Statements for the year ended 30 June 2020.

The Directors are not aware of any new risks or uncertainties, or any changes to those risks and uncertainties stated in the Annual Report and Financial Statements, which are applicable to the remaining six months of the financial year, as they were to the period under review.

## Related Party Disclosure and Transactions

During the first six months of the current financial year, other than fees payable by the Company in the ordinary course of business, there have been no material transactions with related parties which have materially affected the financial position or the performance of the Company.

## Going Concern

The Directors are satisfied, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure, and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half yearly financial report. The Directors have also specifically considered the enhanced risks associated to the ongoing COVID-19 pandemic for the Company's investment strategy, financial position and outlook, and reviewed the strength of the Company's control environment and the continuing appropriateness of the mitigating actions taken. For these reasons, the Directors consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

# Interim Management Report and Responsibility Statement continued

## Directors' Responsibility Statement

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with applicable International Accounting Standard 34 – 'Interim Financial Reporting'; and
- the Interim Management Report, together with the Portfolio Manager's Review, include a fair review of the information required by 4.2.7R and 4.2.8R of the Disclosure Guidance and Transparency Rules.

This half yearly financial report has not been audited or reviewed by the Company's auditors.

The half yearly financial report was approved by the Board on 17 February 2021 and the above responsibility statement was signed on its behalf by the Chairman.

## Marc Gabelli

Chairman

For and on behalf of the Board

18 February 2021

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# Statement of comprehensive income

	Note	(Unaudited) Half year ended 31 December 2020		
		Revenue \$'000	Capital \$'000	Total \$'000
<b>Income</b>				
Investment Income	5	124	–	124
<b>Total investment income</b>		<b>124</b>	<b>–</b>	<b>124</b>
<b>Gains/(losses) on investments</b>				
Net realised and unrealised gains on investments	3	–	8,049	8,049
Net realised and unrealised currency (losses)/gains		–	(92)	(92)
Net gains on investments		–	7,957	7,957
<b>Total income and gains on investments</b>		<b>124</b>	<b>7,957</b>	<b>8,081</b>
<b>Expenses</b>				
Portfolio management fee	6	(415)	–	(415)
Performance fee	6	–	(1,506)	(1,506)
Other expenses	6	(375)	(79)	(454)
Total expenses		(790)	(1,585)	(2,375)
<b>(Loss)/profit before taxation</b>		<b>(666)</b>	<b>6,372</b>	<b>5,706</b>
Taxation on ordinary activities	7	(16)	–	(16)
<b>(Loss)/profit for the period</b>		<b>(682)</b>	<b>6,372</b>	<b>5,690</b>
<b>Earnings per share (basic and diluted)</b>	8	<b>(\$0.07)</b>	<b>\$0.62</b>	<b>\$0.55</b>

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 ended 31 December 2020.

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 year, as defined in IAS1 (revised).

The notes on pages 20 to 37 form part of these financial statements.



(Unaudited) Half year ended 31 December 2019			(Audited) Year ended 30 June 2020		
Revenue \$000	Capital \$000	Total \$000	Revenue \$000	Capital \$000	Total \$000
516	–	516	925	–	925
<b>516</b>	<b>–</b>	<b>516</b>	<b>925</b>	<b>–</b>	<b>925</b>
–	5,120	5,120	–	2,318	2,318
–	(36)	(36)	–	144	144
–	5,084	5,084	–	2,462	2,462
<b>516</b>	<b>5,084</b>	<b>5,600</b>	<b>925</b>	<b>2,462</b>	<b>3,387</b>
(429)	–	(429)	(840)	–	(840)
–	(909)	(909)	–	(248)	(248)
(418)	(142)	(560)	(886)	(352)	(1,238)
(847)	(1,051)	(1,898)	(1,726)	(600)	(2,326)
<b>(331)</b>	<b>4,033</b>	<b>3,702</b>	<b>(801)</b>	<b>1,862</b>	<b>1,061</b>
(33)	–	(33)	(65)	–	(65)
<b>(364)</b>	<b>4,033</b>	<b>3,669</b>	<b>(866)</b>	<b>1,862</b>	<b>996</b>
<b>(\$0.04)</b>	<b>\$0.39</b>	<b>\$0.35</b>	<b>(\$0.08)</b>	<b>\$0.18</b>	<b>\$0.10</b>

# Statement of changes in equity

## Half year ended 31 December 2020 (Unaudited)

	Called up Share Capital \$000	Special Distributable Reserve* \$000	Capital Reserve \$000	Revenue Reserve* \$000	Total \$000
<b>Balance as at 30 June 2020</b>	103	88,912	9,279	(1,954)	96,340
Ordinary shares bought back into treasury	–	–	(543)	–	(543)
Profit/(loss) for the period after tax on ordinary activities	–	–	6,372	(682)	5,690
Dividends paid	–	(2,479)	–	–	(2,479)
<b>Balance as at 31 December 2020</b>	<b>103</b>	<b>86,433</b>	<b>15,108</b>	<b>(2,636)</b>	<b>99,008</b>

## Half year ended 31 December 2019 (Unaudited)

	Called up Share Capital \$000	Special Distributable Reserve* \$000	Capital Reserve \$000	Revenue Reserve* \$000	Total \$000
<b>Balance as at 30 June 2019</b>	103	93,872	7,459	(1,088)	100,346
Profit/(loss) for the period after tax on ordinary activities	–	–	4,033	(364)	3,669
Dividends paid	–	(2,480)	–	–	(2,480)
<b>Balance as at 31 December 2019</b>	<b>103</b>	<b>91,392</b>	<b>11,492</b>	<b>(1,452)</b>	<b>101,535</b>

## Year ended 30 June 2020 (Audited)

	Called up Share Capital \$000	Special Distributable Reserve* \$000	Capital Reserve \$000	Revenue Reserve* \$000	Total \$000
<b>Balance as at 30 June 2019</b>	103	93,872	7,459	(1,088)	100,346
Ordinary shares bought back into treasury	-	-	(42)	-	(42)
Profit/(loss) for the period after tax on ordinary activities	-	-	1,862	(866)	996
Dividends paid	-	(4,960)	-	-	(4,960)
<b>Balance as at 30 June 2020</b>	<b>103</b>	<b>88,912</b>	<b>9,279</b>	<b>(1,954)</b>	<b>96,340</b>

\* These reserves are distributable.

The notes on pages 20 to 37 form part of these financial statements.

# Statement of financial position

		(Unaudited) As at 31 December 2020	
	Note	\$000	\$000
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	3		86,803
<b>Current assets</b>			
Cash and cash equivalents	9	24,691	
Receivable for investment sold		864	
Other receivables	12	87	
		25,642	
<b>Current liabilities</b>			
Portfolio management fee payable		(71)	
Offering fees payable		(52)	
Performance fee payable		(1,506)	
Payable for investment purchased		(1,030)	
Other payables	12	(241)	
<b>Net current assets</b>			22,742
<b>Non-current liabilities</b>			
Investments at fair value through profit or loss	3		(10,537)
<b>Net assets</b>			99,008
<b>Share capital and reserves</b>			
Called-up share capital	10	103	
Special distributable reserve*		86,433	
Capital reserve		15,108	
Revenue reserve*		(2,636)	
<b>Total shareholders' funds</b>			99,008
<b>Net asset value per ordinary share</b>			<b>\$9.67</b>

\* These reserves are distributable.

Gabelli Merger Plus+ Trust Plc is registered in England and Wales under Company number 10747219. The financial statements on pages 14 to 18 were approved by the Board of Directors on 17 February 2021 and signed on its behalf by:

**Marc Gabelli**

Chairman

The notes on pages 20 to 37 form part of these financial statements.

(Unaudited) As at 31 December 2019		(Audited) As at 30 June 2020	
\$000	\$000	\$000	\$000
	95,271		56,481
21,461		45,074	
5,112		3,935	
120		68	
26,693		49,077	
(73)		(67)	
(52)		(52)	
(909)		(248)	
(7,438)		(2,265)	
(164)		(237)	
	18,057		46,208
	(11,793)		(6,349)
	101,535		96,340
103		103	
91,392		88,912	
11,492		9,279	
(1,452)		(1,954)	
	101,535		96,340
	<b>\$9.83</b>		<b>\$9.33</b>

# Notes to the financial statements

## 1 Condensed financial statements

The half yearly report has not been audited by the Company's auditors.

## 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). 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. The condensed set of financial statements contained within the half yearly report have been prepared in accordance with International Accounting Standard 34 – 'Interim Financial Reporting'. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trusts issued by the Association of Investment Companies ('AIC') in October 2019 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. The condensed interim financial statements should be read in conjunction with the Annual Report and Financial Statements for the period ended 30 June 2020.

- (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 going concern assessment on page 11, 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 Investment 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 accrual 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.

# Notes to the financial statements continued

## 2 Accounting policies continued

- (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

	(Unaudited) As at 31 December 2020 \$'000	(Unaudited) As at 31 December 2019 \$'000	(Audited) As at 30 June 2020 \$'000
Opening book cost	59,509	74,893	74,893
Opening investment holding losses	(9,377)	(372)	(372)
Opening market value	50,132	74,521	74,521
Additions at cost	143,054	180,869	266,640
Disposals proceeds received	(124,969)	(177,032)	(293,347)
Gains on investments	8,049	5,120	2,318
<b>Market value of investments</b>	<b>76,266</b>	<b>83,478</b>	<b>50,132</b>
Closing book cost	78,251	87,012	59,509
Closing investment holding losses	(1,985)	(3,534)	(9,377)
<b>Closing market value</b>	<b>76,266</b>	<b>83,478</b>	<b>50,132</b>

The company received \$124,969,000 (31 December 2019: \$177,032,000, 30 June 2020: \$293,347,000) from investments sold in the period. The book cost of these investments when they were purchased was \$124,312,000 (31 December 2019: \$168,750,000, 30 June 2020: \$282,024,000).

#### 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.

During the period ended 31 December 2020 there were no transfers into or out of Level 3. There were also no transfers between Levels 1 and 2 during the financial period.

# Notes to the financial statements continued

## 3 Investments at fair value through profit or loss continued

### Valuation Process and techniques for Level 3 valuations

The investments in contingent value rights are reviewed regularly to ensure that the initial classification remains correct given each asset's characteristics and the Company's investment policies. The contingent value rights are initially recognised using the transaction price as the evidence of fair value at acquisition, and are subsequently measured at fair value. At 31 December, the quantitative inputs used to value the Level 3 contingent value rights were the last sale price and the merger price for each.

### Level 2 financial assets at fair value through profit or loss

The investments in contracts for difference are marked at the price of the underlying equity.

Contingent value rights in Level 2 are marked using broker quotes.

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 31 December 2020 (Unaudited)			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Financial assets at fair value through profit or loss</b>				
Quoted equities	81,087	4,638	161	85,886
Contingent value rights	–	–	296	296
Derivatives	–	621	–	621
<b>Gross fair value</b>				<b>86,803</b>
Derivatives	–	(938)	–	(938)
Quoted equities – shorts	(9,599)	–	–	(9,599)
<b>Net fair value</b>	<b>71,488</b>	<b>4,321</b>	<b>457</b>	<b>76,266</b>

## As at 31 December 2019 (Unaudited)

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Financial assets at fair value through profit or loss</b>				
Quoted equities	90,269	4,444	–	94,713
Contingent value rights	–	–	315	315
Derivatives	–	243	–	243
<b>Gross fair value</b>				<b>95,271</b>
Derivatives	–	(110)	–	(110)
Quoted equities – shorts	(11,683)	–	–	(11,683)
<b>Net fair value</b>	<b>78,586</b>	<b>4,577</b>	<b>315</b>	<b>83,478</b>

## As at 30 June 2020 (Audited)

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Financial assets at fair value through profit or loss</b>				
Quoted equities	48,917	6,716	–	55,633
Contingent value rights	–	243	42	285
Derivatives	–	563	–	563
<b>Gross fair value</b>				<b>56,481</b>
Derivatives	–	(350)	–	(350)
Quoted equities – shorts	(5,999)	–	–	(5,999)
<b>Net fair value</b>	<b>42,918</b>	<b>7,172</b>	<b>42</b>	<b>50,132</b>

# Notes to the financial statements continued

## 3 Investments at fair value through profit or loss continued

### Net realised and unrealised gains/(losses) on investments

	(Unaudited) As at 31 December 2020 \$000	(Unaudited) As at 31 December 2019 \$000	(Audited) As at 30 June 2020 \$000
Realised gains on investments	657	8,282	11,323
Movement in unrealised gains/(losses) on investments	7,392	(3,162)	(9,005)
<b>Net realised and unrealised gains on investments</b>	<b>8,049</b>	<b>5,120</b>	<b>2,318</b>

## 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:

	(Unaudited) Half year ended 31 December 2020 \$000	(Unaudited) Half year ended 31 December 2019 \$000	(Audited) Year ended 30 June 2020 \$000
Purchases	48	53	88
Sales	28	11	25
<b>Total</b>	<b>76</b>	<b>64</b>	<b>113</b>

## 5 Income

	(Unaudited) Half year ended 31 December 2020 \$000	(Unaudited) Half year ended 31 December 2019 \$000	(Audited) Year ended 30 June 2020 \$000
<b>Income from investments</b>			
Overseas equities	130	262	546
Income on short term investments <sup>1</sup>	3	190	256
Other (expense)/income	(9)	64	123
<b>Total income</b>	<b>124</b>	<b>516</b>	<b>925</b>

<sup>1</sup> Income on short term investments represents the return on cash and cash equivalents, primarily U.S. Treasury Bills. Further information can be found in Note 9 on page 31.

## 6 Expenses

	(Unaudited) Half year ended 31 December 2020 \$'000	(Unaudited) Half year ended 31 December 2019 \$'000	(Audited) Year ended 30 June 2020 \$'000
<b>Revenue expenses</b>			
Portfolio Management Fee	(415)	(429)	(840)
Swap Contracts	(117)	–	(60)
Directors' Remuneration	(69)	(56)	(132)
Company Secretary Fees – Maitland	(22)	(22)	(57)
Administration Fees – State Street	(21)	(21)	(81)
AIFM – Carne	(21)	(21)	(54)
Broker Retainer Fee	(19)	(19)	(38)
Other	(18)	(20)	(19)
Custodian/Depository Fees – State Street	(18)	(18)	(42)
Audit Fees – PwC	(18)	(18)	(46)
Directors' Expenses	(12)	(11)	(22)
Registrar – Computershare	(9)	(9)	(11)
LSE RNS fees	(7)	(7)	(14)
Marketing expenses	(6)	(6)	(12)
Printing	(5)	(5)	(15)
Ongoing LSE and UKLA Fees	(5)	(5)	(10)
Dividend Expense on Securities Sold Short	(5)	(170)	(275)
Legal Fees	(3)	(10)	2
<b>Total revenue expenses</b>	<b>(790)</b>	<b>(847)</b>	<b>(1,726)</b>

# Notes to the financial statements continued

## 6 Expenses continued

	(Unaudited) Half year ended 31 December 2020 \$000	(Unaudited) Half year ended 31 December 2019 \$000	(Audited) Year ended 30 June 2020 \$000
<b>Capital expenses</b>			
Performance Fee	(1,506)	(909)	(248)
Transaction costs on derivatives	(53)	(35)	(189)
Transaction Charges – State Street	(26)	(23)	(72)
Finance Charges Paid – State Street	–	(84)	(91)
<b>Total capital expenses</b>	<b>(1,585)</b>	<b>(1,051)</b>	<b>(600)</b>

### 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.

### 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 to 31 December 2020, a provisional Performance fee of \$1,506,257 was charged to the Fund.

### 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 Taxation on ordinary activities

	(Unaudited) Half year ended 31 December 2020		
	Revenue \$000	Capital \$000	Total \$000
Analysis of the charge in the period			
Irrecoverable overseas tax	(16)	–	(16)
<b>Total</b>	<b>(16)</b>		<b>(16)</b>

	(Unaudited) Half year ended 31 December 2019		
	Revenue \$000	Capital \$000	Total \$000
Analysis of the charge in the period			
Irrecoverable overseas tax	(33)	–	(33)
<b>Total</b>	<b>(33)</b>	<b>–</b>	<b>(33)</b>

	(Audited) Year ended 30 June 2020		
	Revenue \$000	Capital \$000	Total \$000
Analysis of the charge in the year			
Irrecoverable overseas tax	(65)	–	(65)
<b>Total</b>	<b>(65)</b>		<b>(65)</b>

# Notes to the financial statements continued

## 8 Earnings per share

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

	(Unaudited) Half year ended 31 December 2020 \$'000	(Unaudited) Half year ended 31 December 2019 \$'000	(Audited) Year ended 30 June 2020 \$'000
<b>Revenue return</b>			
Revenue return attributable to ordinary shareholders (\$'000)	(682)	(364)	(866)
Weighted average number of shares in issue during period	10,256,123	10,344,166	10,335,485
<b>Total revenue return per ordinary share</b>	<b>(\$0.07)</b>	<b>(\$0.04)</b>	<b>(\$0.08)</b>
<b>Capital return</b>			
Capital return attributable to ordinary shareholders (\$'000)	6,372	4,033	1,862
Weighted average number of shares in issue during period	10,256,123	10,344,166	10,335,485
<b>Total capital return per ordinary share</b>	<b>\$0.62</b>	<b>\$0.39</b>	<b>\$0.18</b>
<b>Total return per ordinary share</b>	<b>\$0.55</b>	<b>\$0.35</b>	<b>\$0.10</b>
<b>Net asset value per share</b>			
Net assets attributable to shareholders (\$'000)	99,008	101,535	96,340
Number of shares in issue at period end	10,238,206	10,334,166	10,328,206
<b>Net asset value per share</b>	<b>\$9.67</b>	<b>\$9.83</b>	<b>\$9.33</b>



## 9 Cash and cash equivalents

	(Unaudited) Half year ended 31 December 2020 \$'000	(Unaudited) Half year ended 31 December 2019 \$'000	(Audited) Year ended 30 June 2020 \$'000
Cash*	12,692	10,780	6,580
U.S. Treasuries	11,999	10,681	38,494
<b>Total</b>	<b>24,691</b>	<b>21,461</b>	<b>45,074</b>

\* As at 31 December 2020, \$11,661,523 was held as collateral at UBS securities LLC and is restricted.

## 10 Called up share capital

	(Unaudited) Half year ended 31 December 2020 \$'000	(Unaudited) Half year ended 31 December 2019 \$'000	(Audited) Year ended 30 June 2020 \$'000
<i>Allotted, called up and fully paid:</i>			
10,238,206 ordinary shares of \$0.01 each - equity	102	103	103
<i>Treasury shares:</i>			
95,960 ordinary shares of \$0.01 each - equity	1	*	*
<b>Total shares</b>	<b>103</b>	<b>103</b>	<b>103</b>

\* Less than \$500.

## 11 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.

# Notes to the financial statements continued

## 11 Derivatives risk continued

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. At 31 December 2020 the Company held CFDs, as shown in the following table.

Security names	Trade currency	Shares (000)	(Unaudited) As at 31 December 2020 Unrealised gain/(loss) \$000
AA PLC	GBP	149	**
Ahlstrom-Munksjo Oyj	EUR	2	**
Altice Europe NV	EUR	54	60
Ampol Ltd	AUD	6	(11)
Analog Devices Inc	USD	14	(93)
Aon PLC	USD	22	(159)
Applegreen Ltd	EUR	17	**
AstraZeneca PLC	USD	15	8
Atrium European Real Estate Ltd	EUR	95	(5)
Biotest AG	EUR	5	15
Biotest AG	EUR	4	15
Calisen PLC	GBP	42	**
Coca-Cola Amatil Ltd	AUD	31	4
Codemasters Group Holdings PLC	GBP	9	14
Devon Energy Corp	USD	8	3
Elementis PLC	GBP	22	2
Entra ASA	NOK	3	7
Fiat Chrysler Automobiles NV	EUR	181	226
G4S PLC	GBP	38	**
GrandVision NV	EUR	31	19
Grifols SA	USD	37	(1)
Hunter Douglas NV	EUR	6	3
Infraestructura Energetica Nova SAB de CV	USD	85	(2)
Just Eat Takeawaycom NV	USD	18	(148)
Kazakhmys PLC	GBP	24	4
Kiadis Pharma NV	EUR	13	(1)
Lennar Corp	USD	14	(49)
Marvell Technology Group Ltd	USD	27	(120)
Morgan Stanley	USD	6	(31)
Northern Star Resources Ltd	AUD	69	(18)
Orange Belgium SA	EUR	11	(1)
Osram Licht AG	EUR	*	**

## Notes to the financial statements continued

## 11 Derivatives risk continued

Security names	Trade currency	Shares (000)	(Unaudited) As at 31 December 2020 Unrealised gain/(loss) \$000
Peugeot SA	EUR	104	(209)
Porsche Automobil Holding SE	EUR	7	21
QIAGEN NV	EUR	8	(6)
Recipharm AB	SEK	10	1
RSA Insurance Group PLC	GBP	126	3
RXP Services Ltd	AUD	179	(1)
S&P Global Inc	USD	2	(9)
Saracen Mineral Holdings Ltd	AUD	184	15
Sempra Energy	USD	1	1
Signature Aviation PLC	GBP	10	3
Signature Aviation PLC	USD	34	(2)
Siltronic AG	EUR	3	1
Sirius XM Holdings Inc	USD	50	3
Suez SA	EUR	61	25
Techedge SpA	EUR	9	**
Tele Columbus AG	EUR	42	**
Tikkurila Oyj	EUR	11	3
Unilever PLC	EUR	6	(25)
Unilever PLC	EUR	6	31
Urban & Civic PLC	GBP	54	1
Volkswagen AG	EUR	2	(47)
William Hill PLC	GBP	216	4
Willis Towers Watson PLC	USD	21	129
<b>Total unrealised loss on derivatives</b>			<b>(317)</b>

\* Less than 500 shares

\*\* Less than \$500

## 12 Current assets and Liabilities

The categories of other receivables and other payables include:

	(Unaudited) As at 31 December 2020 \$'000	(Unaudited) As at 31 December 2019 \$'000	(Audited) As at 30 June 2020 \$'000
<b>Other receivables</b>			
All other receivables	87	120	68
<b>Total other receivables</b>	<b>87</b>	<b>120</b>	<b>68</b>
<b>Other payables</b>			
FX currency purchased	15	14	6
Custodian fees	8	4	9
Accounting fees	15	14	19
Audit fees	7	7	35
All other payables	196	125	168
<b>Total other payables</b>	<b>241</b>	<b>164</b>	<b>237</b>

## 13 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 \$20,000 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.
- Following the approval of shareholders at the 2019 Annual General Meeting, the Directors' fees were also increased during the year to include an aggregate \$10,000 fee supplement to be paid annually in the form of Ordinary Shares in the Company. The Directors have agreed that the supplement will be calculated notionally by the Company, along with dividend accrual, and for their supplement(s) to be paid when each Non-executive Director steps down from the Board.

\* Mr Gabelli has waived his fees since appointment as Chairman.

# Notes to the financial statements continued

## 13 Related party transactions continued

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.

The related party transactions with the Directors are set out in the Directors' Remuneration Report on pages 32 to 34 of the 2020 Annual Report and Financial Statements as at 30 June 2020.

### Related parties disclosure: other

The Portfolio management fee for the period ended 31 December 2020 paid by the Company to the Portfolio Manager is presented in the Statement of Comprehensive Income. Details of Portfolio management fee paid during the year is disclosed in Note 6.

As at 31 December 2020, Associated Capital Group Inc., an affiliate of the Portfolio Manager, held 5,260,735 Ordinary Shares in the Company.

Further details of related parties and transactions, including with the Company's AIFM Carne Global Fund Managers (Ireland) Limited, are disclosed on pages 22 and 23 of the Annual Report and Financial Statements as at 30 June 2020.

### Connected party transactions

All connected party transactions are carried out at arm's length. There were no such transactions during the period ended 31 December 2020.

## 14 Contingent Liabilities and Commitments

As at 31 December 2020, the Company had no contingent liabilities or commitments (31 December 2019: nil).

#### **15 Significant events during financial period**

The COVID-19 epidemic which is believed to have originated in Wuhan, Hubei, China, led to the World Health Organisation declaring that the COVID-19 outbreak a pandemic on 11 March 2020. Governments around the world have continued to respond to the pandemic.

The Board is aware that global financial markets have been monitoring and reacting to the outbreak. All markets have incurred increased volatility and uncertainty since the start of the pandemic. The Board has also noted the operational risks that are posed to the Company and its service providers due to global and local movement restrictions that have been enacted by various governments. The COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy will largely depend on the scale and duration of the outbreak. The Board will continue to monitor this situation.

#### **16 Significant events following financial period end**

There have not been any significant events following the financial period end.

From the period end to 16 February 2021, the NAV per share of the Company increased 3.4%, from \$9.67 to \$10.00 and the share price was unchanged at \$7.40 per share.

#### **17 Significant Portfolio Changes**

A statement of changes in the composition of the Portfolio during the financial period is available to shareholders free of charge from the Administrator on request.

#### **18 Approval of Financial Statements**

The Directors approved the financial statements on 17 February 2021.

# Company Information

## Registered Name

Gabelli Merger Plus+ Trust Plc

## Registered Office

3 St. James's Place,  
London, England, SW1A 1NP

## Board of Directors

Marc Gabelli (Chairman)  
Marco Bianconi  
John Birch  
John Newlands  
Yuji Sugimoto  
James Wedderburn

## Portfolio Manager

Gabelli Funds, LLC  
One Corporate Center  
Rye  
New York  
10580-1422

## Company Secretary

Maitland Administration Services Limited  
Hamilton Centre  
Rodney Way  
Chelmsford  
Essex CM1 3BY

## Alternative Investment Fund Manager

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

## Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

## Administrator and Custodian

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

## Depository

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

## Registrar and Receiving Agent

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS13 8AE

## Legal & Financial Advisers

Dickson Minto W.S.  
16 Charlotte Square  
Edinburgh  
EH2 4DF



### Contact Information and Website

Please visit us on the Internet. Our homepage at [www.gabelli.co.uk](http://www.gabelli.co.uk) includes useful information about the Company, such as daily prices, factsheets, announcements, and current and historic half year and annual reports.

We welcome your comments and questions at +44 (0) 20 3206 2100 or via e-mail at [info@gabelli.co.uk](mailto:info@gabelli.co.uk).

### General Information

SEDOL/ISIN: BD8P074/GB00BD8P0741

London Stock Exchange (TIDM) Code: GMP

Legal Entity Identifier (LEI): 5493006X09N8HKOV1U37

The Company's registrar is Computershare Investor Services PLC. Computershare's website address is [investorcentre.co.uk](http://investorcentre.co.uk) and certain details relating to your holding can be checked through this website. Alternatively, Computershare can be contacted on 0370 707 1390. Change of name or address must be notified through the website or sent to The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

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 [www.theaic.co.uk](http://www.theaic.co.uk).

