

# GMP

## THE GABELLI MERGER PLUS<sup>+</sup> TRUST

LON: **GMP**  
SEDOL/ISIN: BD8P074 / GB00BD8P0741

### THIRD QUARTER 2017 REPORT

The Gabelli Merger Plus<sup>+</sup> Trust'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.

### INVESTING WITH GABELLI

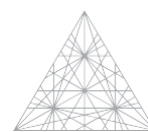
The Company will seek to meet its investment objective by utilizing the Gabelli Private Market Value (PMV) with a Catalyst<sup>TM</sup>, investment methodology, maintaining a diversified portfolio of catalyst event merger arbitrage strategies to seek to create an optimal risk/reward profile for the portfolio.

"Catalyst 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").

### PORTFOLIO CHARACTERISTICS

Total Positions	80
Average Position	1.3%
Top 5 Positions (ex-cash)	20.1%
Top 10 Positions (ex-cash)	39.4%
Gearing	0%
Invested Capital: <sup>1</sup>	
Gross	108.5%
Long:	96.3%
Net:	84.1%
Asset Class:	
Equity	81.9%
Fixed Income	0.0%
Derivatives	2.6%
Short Term Fixed Income <sup>1</sup>	15.5%

Quarter Ended September 30, 2017



GABELLI  
FUNDS

### PROFILE

Total Net Assets:	\$99.6 Million
Net Asset Value per Share:	\$9.95
LSE Market Price:	\$10.32
Premium (Discount):	3.2%

### PERFORMANCE

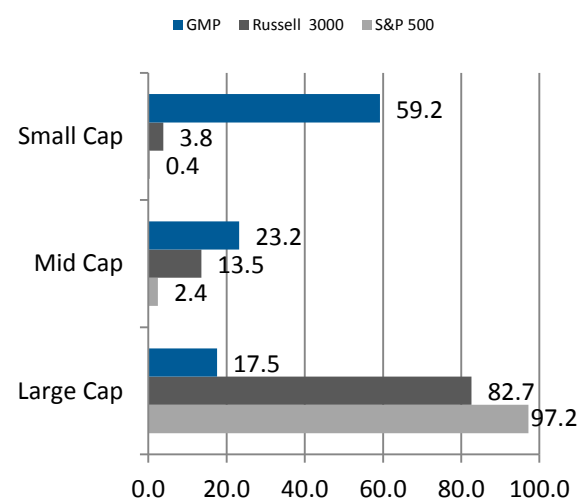
#### NAV

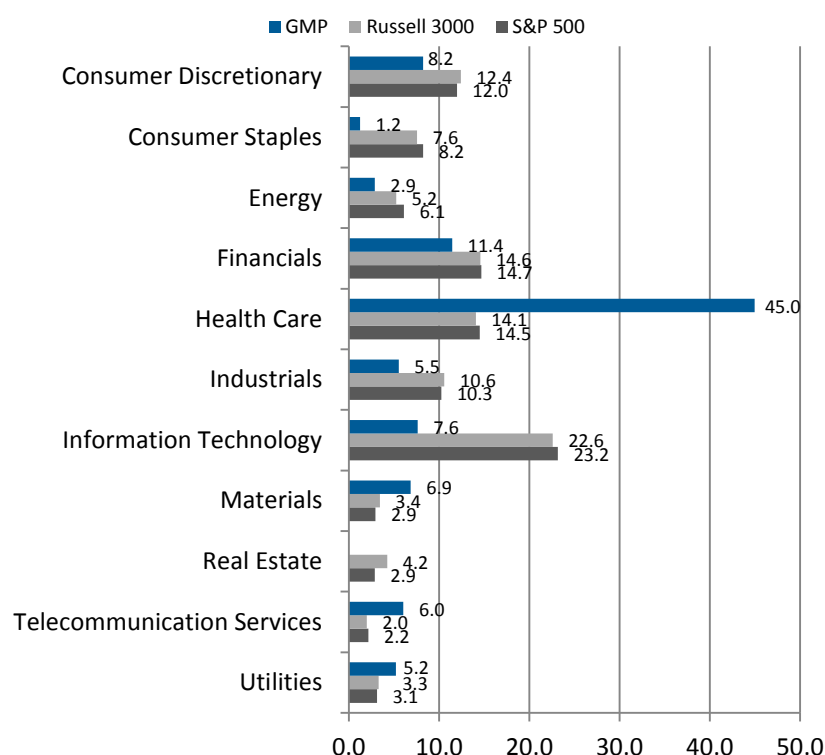
Inception to Date:	0.5%
Quarter to Date:	0.5%

#### Market Price

Inception to Date:	1.7%
Quarter to Date:	1.7%

### MARKET CAPITALIZATION<sup>1</sup>





- Alere Inc.
- Bankrate Inc.
- C.R. Bard
- Grifols SA
- Ixys Corp
- NeuroDerm Ltd.
- NXP Semiconductors NV
- Sky PLC
- Time Warner
- West Corp

The selected holdings are not necessarily representative of the entire portfolio and are subject to change.

## COMMENTARY

We are enthusiastic for the year ahead. Global deal activity for the period remained strong and underscores the positive landscape we have articulated in the past; we are in the midst of a major wave of merger activity as companies with scale seek growth through M&A to access new markets and technologies.

The year through September experienced robust deal activity, led the United Technologies' \$30 billion acquisition of Rockwell Collins. Overall, the number of transactions greater than \$1 billion in value increased 9.8% for the period, and by 18% in the United States. The opportunity for small and mid-capitalization American companies thus increases, with these segments well positioned for improved investment returns as U.S. political clarity improves. Furthermore, corporations continue to have high cash balances and an appetite to grow inorganically, which we anticipate will continue to drive M&A activity. The prospective tax reform will likely further propagate deal making, which we expect to benefit the portfolio.

The Factset table below outlines the merger environment for the period.

### US Merger Statistics

Deal Size	Number of Deals			Agg. Transaction Value (\$Bil)			
	12 Months Ended			12 Months Ended			
	9/30/17	9/30/16	Change	9/30/17	9/30/16	Change	
\$1 Billion +	313	285	9.8%	\$1,199.6	\$1,153.7	4.0%	30.8
\$500M to \$999.9M	263	204	28.9%	188.8	143.1	31.9%	27.7
\$250M to \$499.9M	301	314	-4.1%	106.3	111.7	-4.9%	26.3
\$100M to \$249.9M	527	537	-1.9%	85.7	84.6	1.3%	34.1
\$50M to \$99.9M	411	419	-1.9%	29.1	30.4	-4.1%	27.7
\$25M to \$49.9M	412	393	4.8%	14.8	14.3	3.3%	22.2
\$10M to \$24.9M	468	499	-6.2%	7.6	8.1	-6.7%	25.2
Under \$10M	919	1,016	-9.5%	3.0	3.2	-7.9%	18.0
Undisclosed	8,221	9,622	-14.6%	N/A	N/A	N/A	N/A
<b>Total</b>	<b>11,835</b>	<b>13,289</b>	<b>-10.9%</b>	<b>\$1,634.8</b>	<b>\$1,549.1</b>	<b>5.5%</b>	<b>27.9</b>

Source: Factset - Flashwire US Monthly October 2017

Cross border M&A suggests a further beneficial dimension for the portfolio. Cross border M&A totaled \$943.3 billion during the first nine months of 2017, the highest level reached in the first nine months of a year since 2015. This surge in cross border transaction activity was driven by outbound U.S. acquirers and regional EU deal making. M&A activity in Europe totaled \$629.3 billion during the first nine months of the year, up 29% on a year over year basis. Although U.S. acquirers hunted the globe for acquisition targets, Chinese acquirers slowed their appetite for foreign assets as outbound M&A declined 27% compared to the first nine months of 2016. The Energy & Power sector continued to fuel M&A activity over the first nine months of 2017. Deal activity in the space totaled \$369.8 billion, up 7% versus 2016. The Industrials sector also meaningfully contributed to M&A activity in the first nine months of 2017, accounting for 13.9% of overall merger activity. The Materials and Technology sectors experienced declines in volumes.

The landscape is robust for the period ahead. We see the potential for enhanced returns, as strategic mergers continues against a backdrop of interest rate rises, increased market volatility, and improving political clarity. Portfolio returns are driven by deal spreads. A positive correlation exists between nominal interest rates and arbitrage spreads; typically, as the risk-free rate rises, so too do annualized spreads. Thus, the prospect of further moves by the U.S. Federal Reserve to normalize interest rates bodes well for the widening of spreads and returns in the portfolio. Stay tuned.

## SELECTED COMPLETED DEALS

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**Albany Molecular Research, Inc. (AMRI)** is an Albany, New York based biotechnology company focused on contract research and manufacturing. On June 6, 2017, AMRI agreed to be acquired by affiliates of The Carlyle Group and GTCR, two leading private equity firms, for \$21.75 per share in cash. The transaction valued AMRI at \$1.5 billion, required shareholder and regulatory approvals, and closed on August 31, 2017.

**NOVADAQ Technologies Inc. (NVDQ)** is a Mississauga, Ontario based medical imaging systems company. On June 19, 2017, NVDQ agreed to be acquired by Stryker Corp. for \$11.75 per share in cash, valuing the company's equity at \$701 million. The deal required shareholder and regulatory approvals and closed on September 1, 2017.

**VCA Animal Hospital Inc. (WOOF)** is a Los Angeles, California based veterinary hospitals operator. On January 9, 2017, WOOF agreed to be acquired by Mars, Inc. for \$93 per share in cash. Mars also operates animal hospitals. The deal valued WOOF at \$7.7 billion and required regulatory and shareholder approvals. It closed on September 13, 2017.

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

## SELECTED CURRENT DEALS

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**Abertis Infraestructuras S.A. (ABE – \$17.10 – NYSE)** is a Barcelona, Spain based company with toll roads across Europe. ABE constructs and maintains highway and satellite infrastructure. On May 15, 2017, ABE agreed to be acquired by Atlantia S.p.A for €16.50 per share in cash. ABE shareholders can opt, in part or full, for a Share Alternative, which exchanges 1 share of ABE for 0.697 newly issued Atlantia shares. The tender offer values ABE at €31 billion and requires regulatory approvals. It is expected to close in late 2017 to early 2018.

**Bob Evans Farms Inc. (BOBE – \$77.51 – NASDAQ)** is a New Albany, Ohio based food services company focused on refrigerated dishes. BOBE produces and distributes frozen and refrigerated food items throughout the United States. On September 19, 2017, BOBE agreed to be acquired by Post Holdings Inc. for \$77 per share in cash. The deal values Bob Evans at \$1.5 billion and requires regulatory and shareholder approvals. It is expected to close in the first quarter of 2018.

**Dominion Diamond Corporation (DDC – \$14.18 – NYSE)** is a Toronto, Ontario based diamond miner. On July 17, 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 \$13.50 cash bid. The transaction requires regulatory and shareholder approvals and is expected to close in the fourth quarter of 2017.

**Exa Corporation (EXA – \$24.18 – NASDAQ)** is a Burlington, Massachusetts based software company which develops fluid simulation software. On September 28, 2017, EXA agreed to be acquired by Dassault Systemes for \$24.25 per share in cash, valuing the company at \$400 million. The transaction is structured as a tender offer and requires regulatory approval. It is expected to close in the fourth quarter of 2017.

**Jimmy Choo PLC (CHOO – £2.295/\$3.08 – London Stock Exchange)** is a London, UK based luxury shoe and accessories company. On July 25, 2017, CHOO agreed to be acquired Michael Kors Holdings Limited for £2.30 per share in cash, valuing the company at £1 billion. The transaction is intended to be effected by U.K court-approved Scheme of Arrangement and requires shareholder and regulatory approvals. The company is currently awaiting regulatory approval and the transaction is expected to close in the fourth quarter of 2017.

**Kite Pharma Inc. (KITE – \$179.81 – NASDAQ)** is a Santa Monica, California based pharmaceutical company focused on cancer immunotherapy. On August 28, 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 requires regulatory approval and a majority of KITE shareholders to tender their shares to Gilead. The deal is expected to close early in the fourth quarter of 2017.

**Landauer Inc. (LDR – \$67.30 – NYSE)** is a Glenwood, Illinois based firm providing radiation safety and measurement products to its customers. On September 6, 2017, LDR agreed to be acquired by Fortive Corp. for \$67.25 per share in cash, valuing the company at \$770 million. The transaction is structured as a tender offer, requires regulatory approval, and is expected to close by the end of 2017.

**Orbital ATK, Inc. (OA – \$133.16 – NYSE)** is a Dulles, Virginia based aerospace and defense company. On September 18, 2017, OA agreed to be acquired by Northrop Grumman Corp. for \$134.50 per share in cash, representing a \$9.2 billion valuation. The transaction requires regulatory and shareholder approvals and is expected to close in the first half of 2018.

**PAREXEL International Corp. (PRXL – \$88.08 – NASDAQ)** is a Waltham, Massachusetts based contract research organization catering to the pharmaceutical industry. On June 20, 2017, PAREXEL agreed to be acquired by Pamplona Capital Management, LLP for \$88.10 per share in cash, or \$4.6 billion. The transaction is subject to regulatory and shareholder approval, and is expected to close early in the fourth quarter of 2017.

**Rockwell Collins, Inc. (COL-\$130.71-NYSE)** agreed to be acquired by United Technologies Corporation (UTX-\$116.08-NYSE). 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 cash and shares of United Technologies common stock per share, 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 by the third quarter of 2018.

## PERFORMANCE (THROUGH 30/09/2017)

	2017			
In USD %	July <sup>3</sup>	August	September	ITD <sup>5</sup>
GMP NAV <sup>3</sup>	unch	0.20	0.30	0.50
GMP Market <sup>4</sup>	unch	1.58	0.10	1.67
13 Week Treasury Bill <sup>6</sup>	0.09	0.08	0.09	



## DISCLOSURE

<sup>1</sup> Portfolio composition is reflective of the portfolio as of the date of this report, but is not necessarily indicative of the composition of the portfolio in the future which may be significantly different than that shown here. The classifications of market capitalisation, sector, and geography for the Company and indices were sourced from Factset Systems and data is believed to be reliable. For market capitalization classifications, greater than \$10 billion is considered large cap, \$2-10 billion is mid cap, and less than \$2 billion is small cap. Market Capitalisation, sector and geographic exposures reflect that of equity investments only. Invested Capital includes all long positions (including Net Swap Positions, excludes Net Cash and US Treasuries. Short term fixed Income includes US Treasury/Money Market/Cash. <sup>2</sup>Sector Exposure includes only long positions.

Source: Bloomberg. All data is in USD terms. <sup>3</sup> NAV performance is net of all fees and expenses and based on the initial NAV of \$9.92 on 19 July 2017. <sup>4</sup> Market performance is based on the initial offering price of \$10.00 on 19 July 2017 and reflects changes in closing market values on the LSE. <sup>5</sup> July and Inception to Date performance is from 19 July 2015. <sup>6</sup> Source: treasury.gov, 13 Week Treasury Bill Coupon equivalent at the end of month divided by 12 (months), to represent it on a monthly basis.

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