

GMP

THE GABELLI MERGER PLUS⁺ TRUST

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

PROFILE

The Gabelli Merger Plus⁺ 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.

MERGER INVESTING WITH GABELLI

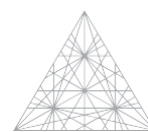
The Company will seek to meet its investment objective by utilizing the Gabelli Private Market Value (PMV) with a CatalystTM, investment methodology, maintaining a diversified portfolio of catalyst event merger arbitrage strategies to seek to create an optimal risk/reward profile for the portfolio.

"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	108
Average Position	0.8%
Top 5 Positions (ex-cash)	26.6%
Top 10 Positions (ex-cash)	45.5%
Gearing	0%
Invested Capital: ¹	
Gross	118.7%
Long:	105.0%
Net:	91.3%
Asset Class:	
Equity	73.8%
Fixed Income	0.0%
Contract for Difference (CFD) ³	18.8%
US Treasury/Money Market/Cash	7.4%

Quarter Ended March 31, 2018



GABELLI
FUNDS

FIRST QUARTER 2018 REPORT

Total Net Assets:	\$100.6 Million
Net Asset Value per Share:	\$9.74
LSE Market Price:	\$10.45
Premium (Discount):	7.3%

PERFORMANCE

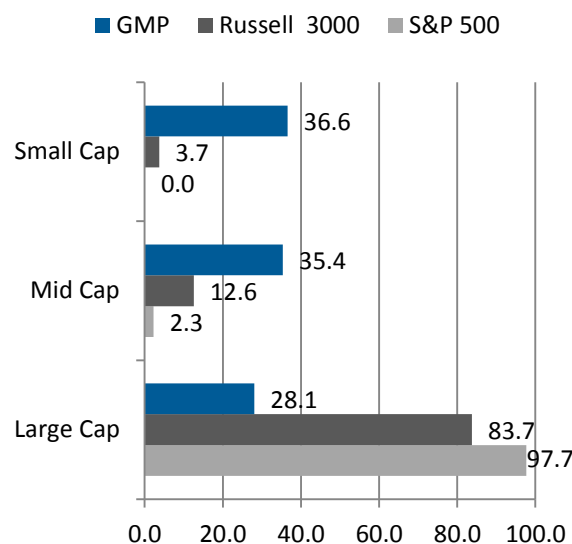
NAV

Inception to Date:	0.9%
Quarter to Date:	0.0%

Market Price

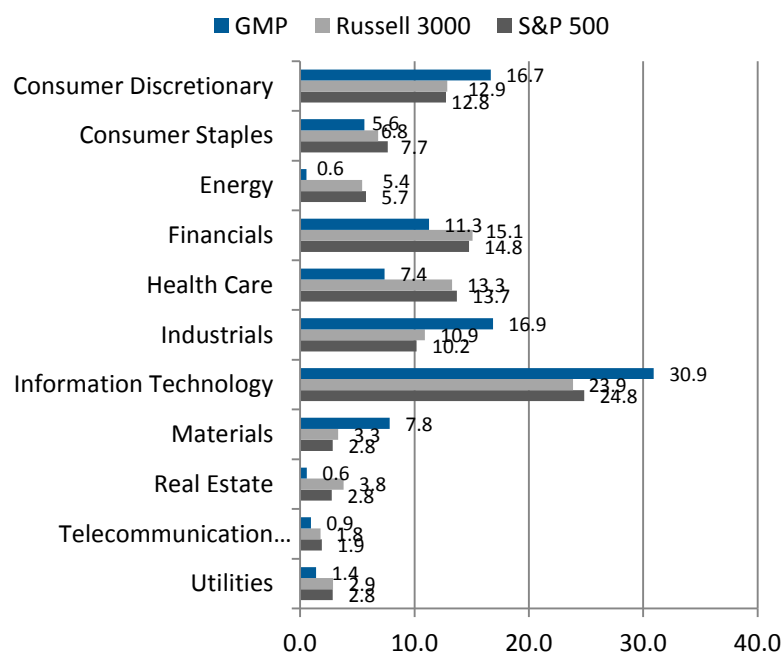
Inception to Date:	5.3%
Quarter to Date:	3.3%

MARKET CAPITALIZATION¹



SECTOR EXPOSURE²

SELECTED HOLDINGS



- Aetna Inc
- Blackhawk Network
- Cavium Inc
- GCI Liberty Inc
- Mantra Group
- Orbotech
- Osprey Energy
- Sparton
- Tigenix
- Xerox Corp

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

COMMENTARY

The Merger Environment in the United States is undergoing a profound change under the Trump administration driven by regulatory and interest rate related adjustments. This dynamic has led to an increase in the risk premium ("spreads") assigned to event driven transactions and the potential for improved nominal returns.

Firstly, the U.S. regulatory landscape has become more uncertain this year. As an example within the U.S., the Justice Department is trying to block AT&T Inc.'s planned \$85 billion purchase of Time Warner Inc. in an antitrust case seen as a key test of vertical mergers, which involve two complementary companies operating at different levels of the same industry. This case challenges the established rules framework which arbitrageurs have operated under for over four decades. The prospect of examining market share in a global context is surfacing new understandings of Federal Trade Commission inquiries, and growing protectionism by industry will increase uncertainties related to global deal approvals across nations.

The pickup in spreads has primarily come in sectors affected by the more protectionist stance from the White House and the growing threat of global trade quarrels that could block or delay deals. President Donald Trump in March blocked Broadcom Ltd.'s \$117 billion hostile bid for Qualcomm because of concerns it could hurt the U.S. in its technology race with China. Qualcomm Inc. in turn has announced the acquisition of NXP Semiconductors NV. NXP is a semiconductor manufacturer that provides connectivity solutions for various automotive and internet of things (IoT) applications. Under improved terms of the agreement NXP shareholders will receive \$127.50 cash per share, valuing the transaction at approximately \$53 billion. The transaction is subject to the tender of at least 70% of shares outstanding, as well as regulatory approvals and is expected to close in the first half of 2018.

Spreads are also improving as the Federal Reserve raised its benchmark interest rate by 25 basis points in the first quarter to a target range of 1.50% to 1.75%. As the Fed continues to raise rates, it is important to recall that historically there has been a positive correlation between interest rates and arbitrage spreads. This is due to the fact that the spread is driven by the risks inherent to a particular deal as well as the risk-free rate. Typically, as the risk-free rate rises, so do annualized spreads. Corporations have had high cash balances and an appetite to grow inorganically since quantitative easing took effect in 2008. These two factors will be magnified as businesses begin to digest the effects of US tax reform. The new tax law will charge a 21% corporate tax rate and one time repatriation charges of 15.5% for cash and 8% for illiquid assets overseas. These lower rates will allow corporations to expand their cash balances and unlock cash overseas. Management teams will deploy the additional excess capital in shareholder friendly ways and we anticipate that this will continue to drive M&A into the future.

Merger Statistics

This Merger investing environment is set against a backdrop of increased headline Global deal activity reached \$1.2 trillion in the first quarter of 2018, an increase of 60% compared to the first quarter of 2017 and the strongest first quarter for global M&A since records began in 1980, at the same time the number of deals decreased by 11%. The value of worldwide M&A greater than US\$5 billion totaled US\$699.1 billion during the first quarter of 2018, more than three times the levels seen a year ago, accounting for 57% of announced M&A activity during the first quarter

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

US Merger Statistics

Deal Size	Number of Deals			Agg. Transaction Value (\$Bil)			Average P/E
	12 Months Ended			12 Months Ended			
	3/31/18	3/31/17	Change	3/31/18	3/31/17	Change	
\$1 Billion +	323	327	-1.2%	\$1,443.2	\$1,542.0	-6.4%	29.3
\$500M to \$999.9M	244	245	-0.4%	171.7	175.9	-2.4%	24.1
\$250M to \$499.9M	301	320	-5.9%	106.6	113.0	-5.7%	24.3
\$100M to \$249.9M	507	538	-5.8%	82.5	86.3	-4.4%	32.9
\$50M to \$99.9M	458	418	9.6%	32.5	29.9	8.7%	29.4
\$25M to \$49.9M	419	442	-5.2%	15.1	15.7	-3.5%	31.3
\$10M to \$24.9M	465	477	-2.5%	7.7	7.8	-1.2%	27.9
Under \$10M	907	1,054	-13.9%	2.8	3.4	-15.6%	20.1
Undisclosed	<u>7,928</u>	<u>9,099</u>	<u>-12.9%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total	11,552	12,920	-10.6%	\$1,862.2	\$1,973.9	-5.7%	28.2

Source: Factset - Flashwire US Monthly April 2018

Cross-border M&A activity totaled US\$520.1 billion during the first quarter of 2018, a 67% increase compared to first quarter 2017 and the strongest first quarter for cross-border M&A on record. Outbound cross-border M&A involving European acquirers totaled US\$314.7 billion, more than double first quarter 2017 levels.

Deal making in the Energy & Power sector totaled US\$176.8 billion during the first quarter of 2018, an increase of 17% compared to 2017 levels and an all-time annual record. Industrials and Healthcare M&A each accounted for 12% of overall M&A during the quarter, while Consumer Staples deal making accounted for 11% of activity.

SELECTED COMPLETED DEALS

Advanced Accelerator Application SA is a St-Genis-Pouilly, France based pharmaceuticals company focused on nuclear medicine theragnostics. On October 30, 2017, AAP agreed to be acquired Novartis AG for \$41 cash per ordinary share and \$82 cash per ADS, valuing the company's equity at \$3.9 billion. Completion of the deal required the tender of at least 80% of AAP shares and certain regulatory approvals. It closed on January 22, 2018.

Amplify Snack Brands Inc. is an Austin, Texas based snack company with a portfolio of better-for-you brands that includes SkinnyPop, Oatmega and Lisa's Chips. On December 18, 2017, BETR agreed to be acquired by The Hershey Company for \$12 per share in cash representing \$1.6 billion total enterprise value. Completion of the deal required the tender of a simple majority of BETR shares outstanding and regulatory approvals. The transaction closed on January 31, 2018.

Bob Evans Farms Inc. is a New Albany, Ohio based food services company. 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 cash per share. The deal valued Bob Evans at \$1.6 billion and required regulatory and shareholder approvals. It closed on January 16, 2018.

Buffalo Wild Wings is a Minneapolis, Minnesota based restaurant owner and franchisor, operating 1,250 Buffalo Wild Wings Restaurants globally. On November 28, 2017, BWLD agreed to be acquired by Arby's Restaurant Group for \$157 per share in cash valuing the company at \$2.9 billion. The transaction required regulatory and shareholder approvals and closed on February 6, 2018.

Calpine Corporation is a Houston, Texas based electric utilities company that owns and operates 80 power plants in North America. On August 18, 2017, CPN agreed to be acquired by Energy Capital Partners and a consortium of investors led by Access Industries and Canada Pension Plan Investment Board for \$15.25 cash per share representing a \$5.6 billion equity value. The transaction required shareholder and regulatory approvals and closed on March 8, 2018.

Exactech, Inc. is a Gainesville, Florida based medical device company that develops orthopedic implant devices and other instruments used in surgery. On October 23, 2017, EXAC agreed to be taken private by TPG Capital for \$42 per share in cash which valued the company at \$625 million. On December 4, 2017, EXAC entered into an amended merger agreement with TPG Capital which increased the consideration to EXAC shareholders to \$49.25 per share in cash representing a \$737 million total enterprise value after another bidder emerged. The transaction required regulatory and shareholder approvals and closed on February 15, 2018.

Key Technology, Inc. is a Walla Walla, Washington based automation systems manufacturer of food processing technology. On January 25, 2018, KTEC agreed to be acquired by Duravant LLC for \$26.75 per share in cash representing a transaction value of \$175 million. Completion of the deal required the tender of a simple majority of KTEC shares outstanding and regulatory approvals. The transaction closed on March 21, 2018.

Regal Entertainment Group is a Knoxville, Tennessee based movie theatre chain that operates one of the largest theater circuits in the United States. On December 5, 2017, RGC agreed to be acquired by Cineworld Group PLC for \$23 per share in cash representing a total transaction value of \$5.9 billion. The deal required shareholder and regulatory approval and closed on March 1, 2018.

Snyder's-Lance Inc. is a Charlotte, North Carolina based snack company with a portfolio of salty snack brands including Snyder's of Hanover, KETTLE Chips and Cape Cod. On December 18, 2017, LNCE agreed to be acquired by Campbell Soup Company for \$50 per share in cash representing a \$4.9 billion equity valuation. The deal required shareholder and regulatory approval and closed on March 27, 2018.

SELECTED CURRENT DEALS

Blue Buffalo Pet Products, Inc. is a Wilton, Connecticut based pet food company that develops and sells food products under its various BLUE brand lines including, BLUE Life Protection Formula, BLUE Wilderness, BLUE Basics, BLUE Freedom and BLUE Natural Veterinary Diet. On February 23, 2018, BUFF agreed to be acquired by General Mills, Inc. for \$40 per share in cash valuing the company at \$8 billion. GIS received the necessary shareholder vote from Invus, LP and the founding Bishop family but the transaction still requires regulatory approvals and is expected to close by the end of May 2018. Announcement date: February 23, 18

Callidus Software Inc. is a Dublin, California based enterprise software company that provides cloud based solutions around sales data. On January 29, 2018 CALD agreed to be acquired by SAP SE for \$36 per share in cash representing \$2.4 billion total enterprise value. The transaction requires shareholder and regulatory approvals and is expected to close in the coming weeks. Announcement date: January 29, 2018

CSRA Inc. is a Falls Church, Virginia based IT company that provides services to enterprises and government agencies including the NSA. On February 12, 2018, CSRA agreed to be acquired by General Dynamics for \$40.75 per share in cash. On March 18, 2018, CACI International offered to acquire CSRA for \$15 per share in cash and 0.184 CACI shares representing a total consideration of \$44 per share. In response, General Dynamics increased its all-cash offer to \$41.25 per share and subsequently, CACI dropped out of the bidding war. General Dynamic's new offer requires the tender of a simple majority of CSRA shares outstanding and regulatory approvals. The transaction is expected to close in the coming weeks. Announcement date: February 12, 2018

DST Systems, Inc. is a Kansas City, Missouri based information processing company that provides data management and other services to the healthcare and financial services sectors. On January 11, 2018, DST agreed to be acquired by SS&C Technologies Holdings, Inc. for \$84 per share in cash representing a \$5.4 billion total enterprise value. The transaction requires DST shareholder approval and regulatory clearances. The transaction is expected to close in the third quarter of 2018. Announcement date: January 11, 2018

Fenner PLC is a Hesse, England, UK based polymer manufacturer. On March 19, 2018, FENR LN agreed to be acquired by Michelin for 610 pence per share in cash. The transaction will be implemented by a scheme of arrangement and requires regulatory approvals. It is expected to close in the second quarter of 2018. Announcement date: March 19, 2018

General Cable Corp. is Highland Heights, Kentucky based cable manufacturer that sells fiber optic, copper and aluminum cables to the telecom, industrial and construction sectors. On December 4, 2017, BGC agreed to be acquired by Prysmian Group for \$30 per share in cash representing a \$3 billion total enterprise value. The transaction requires shareholder and regulatory approvals and is expected to close in the third quarter of 2018. Announcement date: December 4, 2017

MuleSoft, Inc. is a San Francisco, California based software company that developed the Anypoint Platform, which creates a connected network for its customers. On March 20, 2018, MULE agreed by Salesforce for \$36 in cash and 0.0711 CRM shares, representing a total value \$6.5 billion. The deal requires the tender of a simple majority of MULE shares outstanding and regulatory approvals. It is expected to close in the second quarter of 2018. Announcement date: March 20, 2017

Orbital ATK Inc. is a Dulles, Virginia based aerospace & defense company. On September 18, 2017, OA agreed to be acquired by Northrop Grumman Corp. for \$134.50 per share in cash representing a \$7.8 billion equity valuation. OA shareholders have approved the merger. Regulatory approvals are still pending and the transaction is expected to close in the first half of 2018. Announcement date: September 18, 2017

Rockwell Collins, Inc. is a Cedar Rapids, Iowa based aerospace & defense company. On September 4, 2017, COL agreed to be acquired by United Technologies Corp. for \$93 per share in cash and \$46.67 in UTC stock representing a \$23 billion equity valuation. The deal requires shareholder and regulatory approval and is expected to close in the third quarter of 2018. Announcement date: September 04, 2017

Validus Holdings, Ltd. is a Pembroke, Bermuda based insurance and reinsurance holding company. On January 22, 2018 VR agreed to be acquired by American International Group, Inc. for \$68 per share in cash representing a \$5.56 billion transaction value. The transaction requires shareholder and regulatory approvals and is expected to close in mid-2018. Announcement date: January 22, 2018

XL Group, Ltd. is a Hamilton, Bermuda based insurance and reinsurance company. On March 5, 2018, XL agreed to be acquired by AXA for \$57.60 per share in cash representing a total consideration of \$15.3 billion. The deal is subject to shareholder and regulatory approvals and is expected to close in the second half of 2018. Announcement date: March 05, 2018

PERFORMANCE (THROUGH 31/03/2018)

	2017							2018				
In USD %	July ³	August	September	October	November	December	Year	January	February	March	YTD	ITD ⁵
GMP NAV ³	unch	0.20	0.30	0.20	-0.70	0.91	0.91	0.91	0.10	-1.01	-0.01	0.89
GMP Market ⁴	unch	1.58	0.10	0.19	unch	unch	1.87	3.32	unch	unch	3.32	5.25
13 Week Treasury Bill ⁶	0.09	0.08	0.09	0.09	0.11	0.12		0.12	0.14	0.14		

DISCLOSURE

¹ 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 show 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. ²Sector Exposure includes only long positions.

Source: Bloomberg. All data is in USD terms. ³ NAV performance is net of all fees and expenses and based on the initial NAV of \$9.92 on 19 July 2017. ⁴ 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. ⁵ July and Inception to Date performance is from 19 July 2015. ⁶ 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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This document has not been approved (for the purposes of section 21 of the Financial Services and Markets Act 2000 ("FSMA")).

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