

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

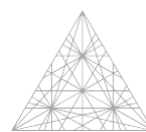
The Company will seek to meet its investment objective by utilizing the Gabelli Private Market Value (PMV) with a CatalystTM, investment methodology, maintaining a diversified portfolio of catalyst event merger arbitrage strategies to seek to create an optimal risk/reward profile for the portfolio.

"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	115
Average Position	0.7%
Top 5 Positions (ex-cash)	24.7%
Top 10 Positions (ex-cash)	39.2%
Gearing	0%
Invested Capital: ¹	
Gross	118.0%
Long:	99.2%
Net:	80.4%
Asset Type:	
Equity	56.3%
Fixed Income	0.0%
Contract for Difference (CFD) ³	15.6%
US Treasury/Money Market/Cash	28.1%

Quarter Ended June 30, 2018



GABELLI
FUNDS

SECOND QUARTER 2018 REPORT

Total Net Assets:	\$101.7 Million
Net Asset Value per Share:	\$9.84
LSE Market Price:	\$9.73
Premium (Discount):	(1.1)%

PERFORMANCE

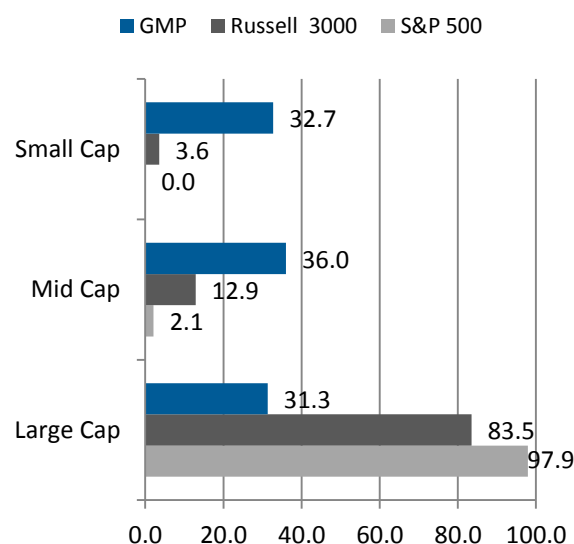
NAV

Inception to Date:	3.1%
Quarter to Date:	2.2%

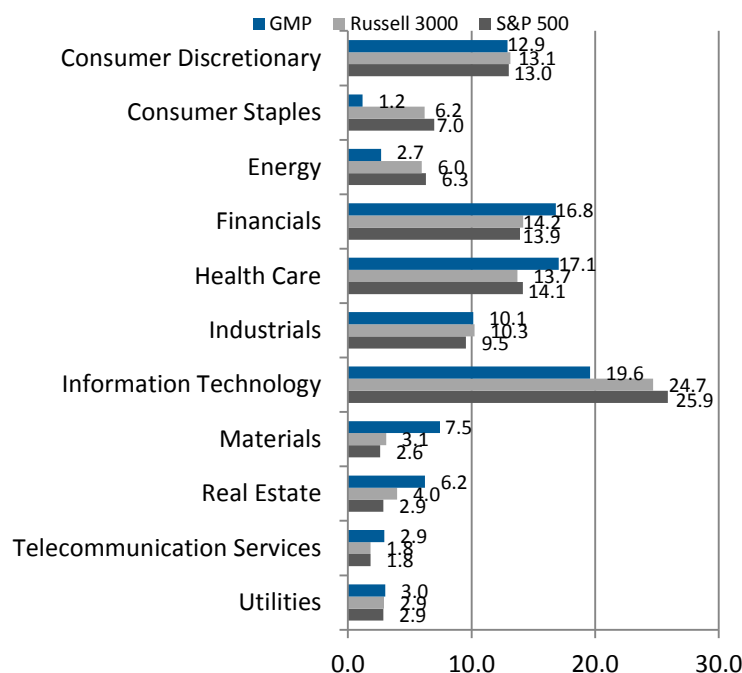
Market Price

Inception to Date:	0.6%
Quarter to Date:	-5.8%

MARKET CAPITALIZATION¹



SECTOR EXPOSURE²



SELECTED HOLDINGS

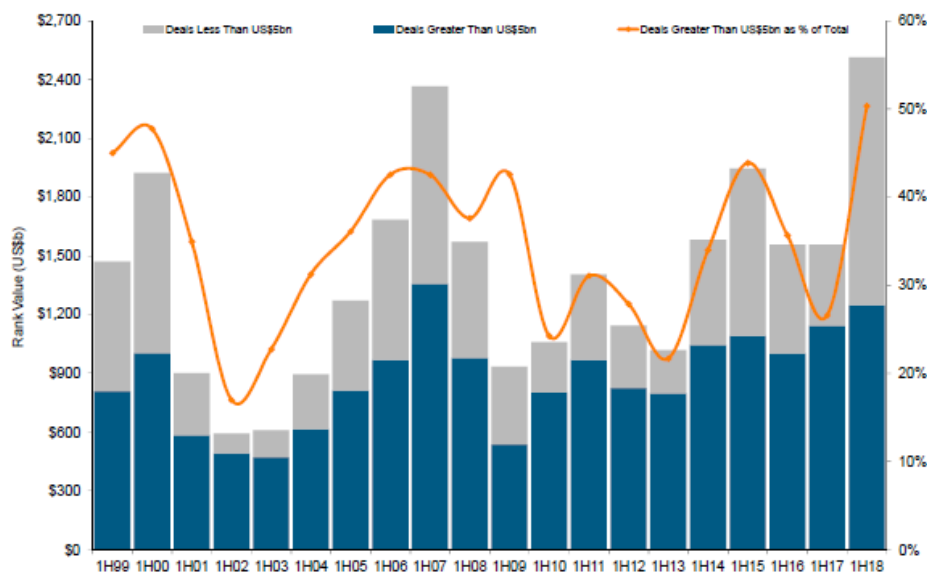
- Actua Corp
- Canadian Solar
- Envision Healthcare
- Financial Engines
- Foundation Medicine Inc
- Gramercy Property Trust
- Kapstone Paper and Packaging
- Mitel Networks Corp
- NxtStage Medical
- Osprey Energy Acquisition Co.

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

COMMENTARY

Thus far, 2018 has been a record setting year for global merger activity. In the first quarter, corporate buyers engaged in a record breaking \$1.2 trillion worth of transactions, and the robust appetite for corporate assets continued in the second quarter. Over \$1 trillion in transaction value was announced in the second quarter, bringing the first half total to \$2.5 trillion, a record setting number. As was the case in the first quarter, deal volume in the first half of the year was driven by larger transactions as depicted in the below chart. Of the \$2.5 trillion in global deal activity announced in the first half of the year, \$1.3 trillion came from eighty-one transactions that exceeded \$5 billion in size. It should be noted that overall deal count in the first half of the year declined 10% from 2017 levels to 23,050, further highlighting the impact that larger transactions had on overall deal volume. Demand for U.S. and European targets also represented a significant driver of total deal volumes in the first half of the year. Merger and acquisition (M&A) activity in the U.S. increased 79% year over year to \$1 trillion, and increased 97% year over year in Europe to \$784.9 billion.

Merger Statistics



Source: Thomson Reuters – Mergers & Acquisitions Review First Half 2018

The first half of 2018 also proved to be the strongest first half on record for cross border deal activity, as volumes surged 84% year over year to \$1 trillion. Cross border merger activity represented 41% of the \$2.5 trillion in announced deals in the first half of the year, a 36% increase over 2017 levels.

M&A in the Energy & Power sector continued to grow as volumes totaled \$388.7 billion in the first half of the year, also a new record. Sector performance was rounded out by Media (13%), Healthcare (13%), and Industrials (10%).

As the Federal Reserve 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 and the time value of money. Typically, as the risk-free rate rises, so do annualized spreads. Corporations have held high cash balances and shown an appetite to grow inorganically since quantitative easing took effect in 2008. And while the appetite to grow inorganically has remained strong, the supply of high quality assets has come down, leading to increased competition and bidding wars that should be a positive for the arbitrage community. This competitive dynamic has been magnified by U.S. tax reform, as lower tax rates have freed up even more cash for corporations to do deals. We anticipate that this will continue to drive M&A into the future.

SELECTED COMPLETED DEALS

ARMO BioSciences, Inc. agreed to be acquired by Eli Lilly and Company (LLY-\$85.04-NYSE). ARMO develops immuno-oncology therapies for the treatment of cancer patients. Under terms of the agreement ARMO shareholders received \$50.00 cash per share, valuing the transaction at approximately \$1.6 billion. The transaction was subject to the tender of at least a majority of shares outstanding, as well as regulatory approvals and closed on June 22nd, 2018.

Blackhawk Network Holdings, Inc. agreed to be acquired by Silver Lake and P2 Capital Partners. Blackhawk Network offers gift cards and prepaid debit cards to consumers as well as other commerce solutions. Under terms of the agreement Blackhawk shareholders received \$45.25 cash per share, valuing the transaction at approximately \$3.5 billion. The transaction was subject to shareholder, as well as regulatory approvals. The transaction closed on June 15th, 2018.

Gener8 Maritime, Inc. agreed to be acquired by Euronav NV (EURN-\$9.25-NYSE). Gener8 transports crude oil and petroleum products using its fleet of over 40 tankers. Under terms of the agreement Gener8 shareholders received 0.7272 shares of Euronav common stock per share, valuing the transaction at approximately \$1.7 billion. The transaction was subject to shareholder, as well as regulatory approvals. The transaction closed on June 12th, 2018.

General Cable Corporation agreed to be acquired by Prysmian Group SpA (PRY IM-€27.19-Milan). General Cable develops and manufactures aluminum, copper, and fiber optic wire and cable products. Under terms of the agreement General Cable shareholders received \$30.00 cash per share, valuing the transaction at approximately \$3 billion. The transaction was subject to shareholder, as well as regulatory approvals. The transaction closed on June 6th, 2018.

Orbital ATK, Inc. agreed to be acquired by Northrop Grumman Corporation (NOC-\$287.72-NYSE). Orbital ATK designs and manufactures space, defense and aviation systems as both a prime contractor and merchant supplier. Under terms of the agreement Orbital shareholders received \$134.50 cash per share, valuing the transaction at approximately \$9 billion. The transaction was subject to shareholder, as well as regulatory. The transaction closed on June 6th, 2018.

Time Warner Inc. is an entertainment company based in New York, New York. Through a variety of brands, including HBO, Turner, and Warner Bros, the company produces and distributes a wide array of entertainment and media products. On October 22, 2016, AT&T agreed to acquire Time Warner for \$53.75 cash plus \$53.75 worth of AT&T stock, subject to a collar. The deal required both shareholder and regulatory approvals, and values Time Warner at \$108.7 billion. The transaction closed on June 14th, 2018.

Westfield Corp agreed to be acquired by Unibail Rodamco SE (UL NA-€210.00-Paris). Westfield develops shopping centers and retail outlets in the United States, United Kingdom, and Europe. Under terms of the agreement Westfield shareholders received \$2.67 in cash and 0.01844 shares of Unibail-Rodamco common stock per share, as well as one

share of SpinCo, valuing the transaction at approximately A\$25 billion. The transaction was subject to shareholder, as well as regulatory approvals. The transaction closed on June 7th, 2018.

SELECTED CURRENT DEALS

Abaxis, Inc. (ABAX-\$83.01-NASDAQ) agreed to be acquired by Zoetis (ZTS-\$85.19-NYSE). Abaxis manufactures portable blood analysis systems used in both human and veterinary care. Under terms of the agreement Abaxis shareholders will receive \$83.00 cash per share, valuing the transaction at approximately \$2 billion. The transaction is subject to shareholder, as well as regulatory approvals and is expected to close by the end of 2018. Announcement date: 05/16/18

Cheniere Energy Partners LP Holdings, LLC (CQH-\$31.45-NYSE) received a proposal to be acquired by Cheniere Energy, Inc. (LNG-\$65.19-NYSE). Cheniere Energy Holdings operates natural gas liquefaction facilities through its 48.6% LP interest in Cheniere Energy Partners. Under terms of the proposal Cheniere Energy Holdings shareholders would receive 0.45 shares of Cheniere Energy common stock per share, valuing the transaction at approximately \$7 billion. On June 19, CQH agreed to be acquired under improved terms of 0.475 shares of LNG per share. Prior to announcing the transaction, Cheniere Energy owned 91% of CQH units. The transaction is subject to shareholder, as well as regulatory approvals and is expected to close in the third quarter of 2018. Announcement date: 05/17/18

Frutarom Industries Ltd. (FRUT IT-ILS35,850 Tel Aviv) agreed to be acquired by International Flavors & Fragrances, Inc. (IFF-\$123.96-NYSE). Frutarom produces flavors and ingredients for a wide range of consumer goods products. Under terms of the agreement Frutarom shareholders will receive \$71.19 cash and 0.249 shares of IFF common stock 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 by year end 2018. Announcement date: 05/07/18

Gramercy Property Trust (GPT-\$27.32-NYSE) agreed to be acquired by Blackstone Real Estate Partners. Gramercy Property Trust owns industrial, office and specialty real estate in major US metropolitan markets. Under terms of the agreement Gramercy Property shareholders will receive \$27.50 cash per share, valuing the transaction at approximately \$7 billion. The transaction is subject to shareholder, as well as regulatory approvals and is expected to close in the second half of 2018. Announcement date: 05/07/18

KLX, Inc. (KLXI-\$71.90-NASDAQ) agreed to be acquired by Boeing Co. (BA-\$335.51-NYSE). KLX distributes and services aerospace fasteners and consumables and also provides oilfield services and related equipment. Under terms of the agreement KLX shareholders will receive \$63.00 cash per share as 1 share of a SpinCo that will be comprised of KLX's Energy Services Group, valuing the transaction at approximately \$4 billion. The transaction is subject to shareholder, as well as regulatory approvals and is expected to close in the third quarter of 2018. Announcement date: 05/01/18

LaSalle Hotel Properties (LHO-\$34.23-NYSE) agreed to be acquired by Blackstone Real Estate Partners. LaSalle is a real estate investment trust that owns over 40 upscale, full service hotels across the US. Under terms of the agreement LaSalle Hotel shareholders will receive \$33.50 cash per share, valuing the transaction at approximately \$5 billion. LaSalle had previously received an unsolicited bid from Pebblebrook Hotel Trust (PEB-\$40.82-NYSE), which was not deemed superior. The transaction is subject to shareholder, as well as regulatory approvals and is expected to close in the third quarter of 2018. Announcement date: 05/21/18

Sirtex Medical Ltd. (SRX AU-A\$31.45 -Sydney) agreed to be acquired by CDH Investments Fund Management Co. Sirtex develops and manufactures radiation devices to treat liver cancer. Under terms of the agreement Sirtex shareholders will receive A\$33.60 cash per share, valuing the transaction at approximately A\$2 billion. Sirtex previously agreed to be acquired by Varian Medical Systems (VAR US-\$127.50-NYSE) for A\$28.00 cash per share before receiving superior bid from CDH Investments. The transaction is subject to shareholder, as well as regulatory approvals and is expected to close in the third quarter of 2018. Announcement date: 05/04/18

Xcerra Corporation (XCRA-\$13.97-NASDAQ) agreed to be acquired by Cohu, Inc. (COHU-\$24.51-NASDAQ). Xcerra manufactures semiconductor and electronics testing equipment. Under terms of the agreement Xcerra shareholders will receive \$9.00 cash and 0.2109 shares of Cohu common stock per share, valuing the transaction at approximately \$800 million. The transaction is subject to approval by shareholders of both companies, as well as regulatory approvals and is expected to close in the fourth quarter of 2018. Announcement date: 05/08/18

PERFORMANCE (THROUGH 30/06/2018)

	2017	2018							
In USD %	Year	January	February	March	April	May	June	YTD	ITD ⁵
GMP NAV ³	0.91	0.91	0.10	-1.01	-0.52	1.56	1.13	2.15	3.08
GMP Market ⁴	1.87	3.32	unch	unch	-1.24	-1.47	-3.23	-2.72	0.59
13 Week Treasury Bill ⁶		0.12	0.14	0.14	0.16	0.16	0.16		

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 on¹. 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/Cash² Sector 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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