

GDL FUND
Form N-CSRS
September 06, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-21969

The GDL Fund

(Exact name of registrant as specified in charter)

One Corporate Center

Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)

Bruce N. Alpert

Gabelli Funds, LLC

One Corporate Center

Rye, New York 10580-1422

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-422-3554

Date of fiscal year end: December 31

Date of reporting period: June 30, 2013

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct

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comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

The GDL Fund

Semiannual Report June 30, 2013

To Our Shareholders,

For the six months ended June 30, 2013, the net asset value (NAV) total return of The GDL Fund was 2.6%, compared with a total return of 0.08% for the 3 Month U.S. Treasury Bill Index. The total return for the Fund s publicly traded shares was 5.3%. The Fund s NAV per share was \$12.96, while the price of the publicly traded shares closed at \$11.39 on the New York Stock Exchange (NYSE). See below for additional performance information.

Enclosed are the schedule of investments and financial statements as of June 30, 2013.

Comparative Results

Average Annual Returns through June 30, 2013 (a) (Unaudited)

	Year to Date	1 Year	3 Year	5 Year	Since Inception (01/31/07)
GDL Fund					
NAV Total Return (b)	2.59%	5.10%	4.53%	2.77%	2.53%
Investment Total Return (c)	5.31	6.61	5.53	3.90	0.86
3 Month U.S. Treasury Bill Index	0.08	0.11	0.11	0.29	1.11

(a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the re-balancing date. To qualify for selection, an issue must have settled on or before the re-balancing (month end) date. Dividends are considered reinvested except for the 3 Month U.S. Treasury Bill Index. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the NAV per share and reinvestment of distributions at NAV on the ex-dividend date and are net of expenses. Since inception return is based on an initial NAV of \$19.06.

(c) Total returns and average annual returns reflect changes in closing market values on the NYSE and reinvestment of distributions. Since inception return is based on an initial offering price of \$20.00.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of June 30, 2013:

The GDL Fund**Long Positions**

U.S. Government Obligations	44.3%
Diversified Industrial	7.6%
Equipment and Supplies	6.2%
Health Care	6.2%
Food and Beverage	5.3%
Energy and Utilities	5.2%
Computer Software and Services	4.6%
Telecommunications	2.6%
Business Services	2.5%
Computer Hardware	2.5%
Electronics	2.4%
Consumer Products and Services	2.2%
Hotels and Gaming	1.6%
Media	1.5%
Cable and Satellite	1.2%
Financial Services	0.8%
Transportation	0.8%
Automotive:Parts and Accessories	0.5%
Metals and Mining	0.5%
Aerospace and Defense	0.4%
Wireless Telecommunications Services	0.3%
Machinery	0.3%
Building and Construction	0.2%
Broadcasting	0.1%
Retail	0.1%
Specialty Chemicals	0.1%
Semiconductors	0.0%
Publishing	0.0%
Automotive	0.0%
Educational Services	0.0%
Real Estate	0.0%
	100.0%

Short Positions

Energy and Utilities	(1.2)%
Aerospace and Defense	(0.2)%
	(1.4)%

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the SEC) for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at www.sec.gov.

The GDL Fund**Schedule of Investments June 30, 2013 (Unaudited)**

Shares		Cost	Market Value
COMMON STOCKS 55.4%			
Aerospace and Defense 0.2%			
32,000	Exelis Inc.	\$ 419,147	\$ 441,280
6,000	Kratos Defense & Security Solutions Inc.	58,908	38,880
76,000	The Allied Defense Group Inc.	534,467	396,720
		1,012,522	876,880
Automotive 0.0%			
3,000	Fiat Industrial SpA	34,740	33,446
Automotive: Parts and Accessories 0.5%			
2,000	Cooper Tire & Rubber Co.	68,314	66,340
185,000	The Pep Boys - Manny, Moe & Jack	2,290,260	2,142,300
		2,358,574	2,208,640
Broadcasting 0.1%			
25,000	Belo Corp., Cl. A	341,900	348,750
5,420	Fisher Communications Inc.	222,447	222,654
		564,347	571,404
Building and Construction 0.2%			
23,000	Fortune Brands Home & Security Inc.	282,741	891,020
Business Services 2.5%			
4,000	Acxiom Corp.	44,044	90,720
30,000	Arbitron Inc.	1,406,381	1,393,500
92,138	Clear Channel Outdoor Holdings Inc., Cl. A	148,746	687,349
100,000	GrainCorp Ltd., Cl. A	1,323,495	1,149,593
500,000	Intermec Inc.	4,946,047	4,915,000
107,000	Keynote Systems Inc.	2,121,245	2,114,320
1,000	Market Leader Inc.	10,944	10,700
		10,000,902	10,361,182

Cable and Satellite 1.2%			
9,000	AMC Networks Inc., Cl. A	371,666	588,690
220,000	British Sky Broadcasting Group plc	2,444,097	2,650,119
10,000	Cablevision Systems Corp., Cl. A	128,250	168,200
12,910	Liberty Global plc, Cl. A	981,676	956,373
9,640	Liberty Global plc, Cl. C	690,899	654,460
100	Multiband Corp.	321	317
		4,616,909	5,018,159
Computer Hardware 2.5%			
770,000	Dell Inc.	10,334,286	10,279,500
25,000	STEC Inc.	168,095	168,000
		10,502,381	10,447,500
Computer Software and Services 4.6%			
20,000	Acquity Group Ltd., ADR	258,325	258,800
75,000	BMC Software Inc.	3,395,336	3,385,500
Shares		Cost	Market Value
2,000	Ebix Inc.	\$ 31,827	\$ 18,520
396,189	ExactTarget Inc.	13,340,486	13,359,493
2,000	Mentor Graphics Corp.	12,683	39,100
125,000	Stonesoft OYJ	727,511	729,733
70,000	Yahoo! Inc.	1,047,849	1,757,700
		18,814,017	19,548,846
Consumer Products and Services 2.2%			
76,000	Avon Products Inc.(a)	1,373,622	1,598,280
18,000	Harman International Industries Inc.	620,141	975,600
2,000	Prestige Brands Holdings Inc.	30,115	58,280
500,000	Stewart Enterprises Inc., Cl. A	6,523,069	6,545,000
		8,546,947	9,177,160
Diversified Industrial 7.6%			
325,000	Buckeye Technologies Inc.	12,190,187	12,038,000
240,000	Gardner Denver Inc.	17,958,875	18,043,200
15,000	ITT Corp.	329,299	441,150
117,000	Myers Industries Inc.	2,091,757	1,756,170
		32,570,118	32,278,520
Educational Services 0.0%			
12,000	Corinthian Colleges Inc.	46,025	26,880

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Electronics 2.4%			
211,700	Alliance Semiconductor Corp.	1,035,247	101,616
5,000	Anaren Inc.	112,020	114,700
79,000	Bel Fuse Inc., Cl. A	2,106,698	1,095,730
480,000	Laird plc	1,516,832	1,295,857
1,200,000	Power-One Inc.	7,586,478	7,584,000
		12,357,275	10,191,903
Energy and Utilities 5.2%			
4,000	Atlas Energy LP	56,023	195,960
200	Berry Petroleum Co., Cl. A	9,088	8,464
270,000	Dragon Oil plc	1,655,626	2,351,022
74,020	Duke Energy Corp.	3,798,268	4,996,350
72,000	Endesa SA	1,799,401	1,537,917
460,000	Gulf Coast Ultra Deep Royalty Trust	805,000	938,400
19,000	Heritage Oil plc	97,265	38,435
10,000	NRG Energy Inc.	229,472	267,000
500,000	NV Energy Inc.	11,786,035	11,730,000
1,000	Origin Energy Ltd.	15,738	11,496
2,000	Silverwillow Energy Corp.	2,261	913
400	Walter Energy Inc.	19,617	4,160
100,000	WesternZagros Resources Ltd.	303,795	121,708
		20,577,589	22,201,825
Equipment and Supplies 6.2%			
511,000	Gerber Scientific Inc., Escrow	0	5,110
295,829	Lufkin Industries Inc.	26,073,618	26,171,992
1,200	Met-Pro Corp.	15,879	16,128

See accompanying notes to financial statements.

The GDL Fund**Schedule of Investments (Continued) June 30, 2013 (Unaudited)**

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			
Equipment and Supplies (Continued)			
1,000	The Middleby Corp.	\$ 23,710	\$ 170,090
		26,113,207	26,363,320
Financial Services 0.8%			
3,000	American Safety Insurance Holdings Ltd.	86,940	86,850
68,000	First Niagara Financial Group Inc.	948,769	684,760
30,000	Hudson City Bancorp Inc.	251,447	274,800
14,000	Lender Processing Services Inc.	448,605	452,900
40,035	National Financial Partners Corp.	1,013,600	1,013,286
2,000	Netspend Holdings Inc.	31,790	31,940
40,000	SLM Corp.	567,862	914,400
5,000	Sterling Bancorp	56,650	58,100
		3,405,663	3,517,036
Food and Beverage 5.3%			
8,000	Beam Inc.	345,713	504,880
1,000	Cermaq ASA	17,637	17,450
210,000	China Huiyuan Juice Group Ltd.	183,873	85,559
100,000	Copeinca ASA	1,007,978	1,102,999
750,000	DE Master Blenders 1753 NV	11,723,171	12,007,654
1,000	Dole Food Co. Inc.	12,430	12,750
24,000	Hillshire Brands Co.	748,563	793,920
1,650,000	Parmalat SpA	5,864,622	5,154,505
9,500	Post Holdings Inc.	233,982	414,770
60,000	Smithfield Foods Inc.	1,983,370	1,965,000
745,000	Yashili International Holdings Ltd.	331,630	331,386