

GDL FUND
Form N-Q
May 30, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANY

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)

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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: **March 31, 2012**

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the 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. Schedule of Investments.

The Schedule(s) of Investments is attached herewith.

The GDL Fund

First Quarter Report March 31, 2012

Mario J. Gabelli, CFA

To Our Shareholders,

For the quarter ended March 31, 2012, the net asset value (NAV) total return of The GDL Fund was 3.2%, compared with a total return of 0.02% for the 3 Month U.S. Treasury Bill Index. The total return for the Fund's publicly traded shares was 6.7%. On March 31, 2012, the Fund's NAV per share was \$14.07, while the price of the publicly traded shares closed at \$12.27 on the New York Stock Exchange (NYSE).

Enclosed is the schedule of investments as of March 31, 2012.

Comparative Results

Average Annual Returns through March 31, 2012 (a) (Unaudited)

	Quarter	1 Year	3 Year	5 Year	Since Inception (01/31/07)
GDL Fund					
NAV Total Return (b)	3.23%	1.00%	5.21%	2.36%	2.42%
Investment Total Return (c)	6.68	0.39	9.86	0.34	(0.12)
3 Month U.S. Treasury Bill Index	0.02	0.04	0.10	0.97	1.09

(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. Performance returns for periods of less than one year are not annualized. 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. **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.*

The GDL Fund**Schedule of Investments March 31, 2012 (Unaudited)**

Shares		Market Value
COMMON STOCKS 59.9%		
Aerospace and Defense 7.2%		
40,000	Exelis Inc.	\$ 500,800
246,000	Goodrich Corp.	30,858,240
18,000	Kratos Defense & Security Solutions Inc.	96,120
76,000	The Allied Defense Group Inc. (a)	239,400
		31,694,560
Automotive: Parts and Accessories 0.3%		
100,000	The Pep Boys - Manny, Moe & Jack	1,492,000
Building and Construction 2.0%		
24,000	Fortune Brands Home & Security Inc.	529,680
6,392	Nibe Industrier AB, Cl. B	100,727
600,000	Wavin NV	8,362,341
		8,992,748
Business Services 0.2%		
5,000	Axiom Corp.	73,400
86,000	Clear Channel Outdoor Holdings Inc., Cl. A	686,280
4,000	Diebold Inc.	154,080
		913,760
Cable and Satellite 0.7%		
10,000	AMC Networks Inc., Cl. A	446,300
230,000	British Sky Broadcasting Group plc	2,486,884
22,000	Cablevision Systems Corp., Cl. A	322,960
		3,256,144
Computer Software and Services 6.9%		
340,000	Convio Inc.	5,259,800
3,000	Mentor Graphics Corp.	44,580
1,000	Misys plc	5,726
10,000	Orc Group AB	129,992
2,000	Quest Software Inc.	46,540
10,000	RADVision Ltd.	117,100
21,600	Soapstone Networks Inc.	63
500,000	Taleo Corp., Cl. A	22,965,000
107,000	Yahoo! Inc.	1,628,540
		30,197,341
Consumer Products and Services 0.5%		
1,000	Adams Golf Inc.	10,730

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30,000	Avon Products Inc.	580,800
29,000	Harman International Industries Inc.	1,357,490
8,000	Heelys Inc.	17,600
1,000	Prestige Brands Holdings Inc.	17,480
		1,984,100
	Diversified Industrial 1.5%	
22,000	ITT Corp.	504,680
199,000	Myers Industries Inc.	2,935,250
100,000	RSC Holdings Inc.	2,259,000
		Market Value
Shares		
60,000	Smiths Group plc	\$ 1,009,597
		6,708,527
	Educational Services 0.2%	
61,000	Archipelago Learning Inc.	678,320
12,000	Corinthian Colleges Inc.	49,680
		728,000
	Electronics 4.2%	
1,000	Aleo Solar AG	27,141
211,700	Alliance Semiconductor Corp.	29,638
94,500	Bel Fuse Inc., Cl. A	1,839,915
3,500	CSR plc, ADR	51,380
480,000	Laird plc	1,652,207
5,000	Novellus Systems Inc.	249,550
200,000	Thomas & Betts Corp.	14,382,000
3,000	Zygo Corp.	58,710
		18,290,541
	Energy and Utilities 7.9%	
0(b)	Atlantic Power Corp.	3
55,000	Atlas Energy LP	1,814,995
6,000	Atlas Resource Partners LP	167,220
97,964	Central Vermont Public Service Corp.	3,448,333
100,000	Cove Energy plc	343,090
270,000	Dragon Oil plc	2,694,817
45,000	Dynegy Inc.	25,200
60,000	El Paso Corp.	1,773,000
98,000	Endesa SA	1,952,707
4,000	Ensco plc, ADR	211,720
2,500	EXCO Resources Inc.	16,575
623,100	Flint Energy Services Ltd.	15,567,349
19,500	Heritage Oil plc	43,697
1,000	Midway Energy Ltd.	4,401
1,000	Newave Energy Holding SA	60,374
69,000	NRG Energy Inc.	1,081,230
1,000	Origin Energy Ltd.	13,829
90,000	Progress Energy Inc.	4,779,900
3,000	Provident Energy Ltd.	36,212
2,000	SilverBirch Energy Corp.	19,249
30,000	Superior Energy Services Inc.	790,800
3,000	Venoco Inc.	32,520
400	Walter Energy Inc.	23,684
100,000	WesternZagros Resources Ltd.	87,222
		34,988,127

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Equipment and Supplies 0.0%		
511,000	Gerber Scientific Inc., Escrow (a)	5,110
1,000	The Middleby Corp.	101,180
		106,290
Financial Services 6.3%		
220,000	Advance America Cash Advance Centers Inc.	2,307,800
5,000	CNinsure Inc., ADR	31,250

See accompanying notes to schedule of investments.

The GDL Fund**Schedule of Investments (Continued) March 31, 2012 (Unaudited)**

Shares		Market Value
COMMON STOCKS (Continued)		
Financial Services (Continued)		
221,351	Delphi Financial Group Inc., Cl. A	\$ 9,909,885
90,000	First Niagara Financial Group Inc.	885,600
2,000	GlobeOp Financial Services SA	15,803
165,000	Harleysville Group Inc.	9,520,500
5,000	NYSE Euronext	150,050
20,274	Pacific Capital Bancorp NA	924,697
205,920	SLM Corp.	3,245,299
52,000	The Charles Schwab Corp.	747,240
		27,738,124
Food and Beverage 4.4%		
27,000	Beam Inc.	1,581,390
200,000	China Huiyuan Juice Group Ltd.	62,584
1,710,000	Parmalat SpA	4,271,636
13,500	Post Holdings Inc.	444,555
27,000	Ralcorp Holdings Inc.	2,000,430
1,000	Reddy Ice Holdings Inc.	310
60,000	Sara Lee Corp.	1,291,800
623,600	Viterra Inc.	9,946,840
		19,599,545
Health Care 7.2%		
1,000	Actelion Ltd.	36,557
3,000	AMAG Pharmaceuticals Inc.	47,790
10,000	ArthroCare Corp.	268,500
800	Biogen Idec Inc.	100,776
2,000	Enzon Pharmaceuticals Inc.	13,680
6,600	Grifols SA, ADR	50,886
5,000	Illumina Inc.	263,050
44,500	Indevus Pharmaceuticals Inc., Escrow (a)	48,950
260,000	ISTA Pharmaceuticals Inc.	2,342,600
750,000	Q-Med AB, Escrow (a)	0
50,000	SeraCare Life Sciences Inc.	199,000
219,000	Smith & Nephew plc	2,219,074
1,000	Synageva BioPharma Corp.	35,870
12,000	Synthes Inc.(c)	2,081,755
176,338	Transcend Services Inc.	5,175,520
17,000	WuXi PharmaTech Cayman Inc., ADR	244,800
200,000	Zoll Medical Corp.	18,526,000
		31,654,808
Hotels and Gaming 0.0%		
1,000	Great Wolf Resorts Inc.	5,720
1,000	MGM Resorts International	13,620

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19,340

Machinery 1.5%		
10,000	Flanders Corp.	43,900
2,936,700	Kverneland ASA	5,388,914
41,000	Xylem Inc.	1,137,750
		6,570,564

Shares		Market Value
Materials 0.0%		
6,000	CIMPOR - Cimentos de Portugal SGPS SA	\$ 40,011
10,000	Neo Material Technologies Inc.	112,487

152,498

Media 2.1%		
30,000	APN News & Media Ltd.	28,123
183,000	Astral Media Inc., Cl. A	8,903,694
2,000	Astral Media Inc., Cl. B	106,732
		9,038,549

Metals and Mining 0.3%		
28,000	Camino Minerals Corp.	4,070
29,000	Commercial Metals Co.	429,780
5,000	Jaguar Mining Inc.	23,350
5,000	Lonmin plc	81,734
3,000	Lundin Mining Corp.	13,444
14,000	Minefinders Corp.	196,080
7,000	Vulcan Materials Co.	299,110
8,000	Xstrata plc	136,660
		1,184,228

Publishing 0.0%		
136,000	SCMP Group Ltd.	25,745

Real Estate 0.0%		
5,000	ECO Business-Immobilien AG	35,010

Retail 0.2%		
1,000	Casey's General Stores Inc.	55,460
20,000	Charming Shoppes Inc.	118,000
2,000	Dollar Thrifty Automotive Group Inc.	161,820
71,616	O Charleys Inc.	704,701
2,000	Regis Corp.	36,860
		1,076,841

Semiconductors 0.0%		
2,500	LTX-Credence Corp.	17,975

Specialty Chemicals 0.8%		
8,000	Ashland Inc.	488,480
10,000	Georgia Gulf Corp.	348,800
2,000	SGL Carbon SE	91,612
90,000	Solutia Inc.	2,514,600

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3,443,492

Telecommunications 1.2%		
35,000	AboveNet Inc.	2,898,000
700,000	Asia Satellite Telecommunications Holdings Ltd.(a)	1,712,693
12,000	BCE Inc.	480,720
10,000	SureWest Communications	225,500

5,316,913

Transportation 3.2%		
14,019	Kirby Corp.	922,337

See accompanying notes to schedule of investments.

The GDL Fund

Schedule of Investments (Continued) March 31, 2012 (Unaudited)

Shares		Market Value
COMMON STOCKS (Continued)		
Transportation (Continued)		
1,060,000	TNT Express NV	\$ 13,091,132
		14,013,469
Wireless Telecommunications Services 1.1%		
122,000	Motorola Mobility Holdings Inc.	4,787,280
TOTAL COMMON STOCKS		264,026,519
RIGHTS 0.2%		
Health Care 0.2%		
187,200	Adolor Corp., expire 07/01/19 (a)	97,344
201,600	American Medical Alert Corp. (a)	2,016
80,700	Clinical Data Inc., CVR, expire 04/14/18 (a)	76,665
390,000	Sanofi, CVR, expire 12/31/20	526,500
TOTAL RIGHTS		702,525
WARRANTS 0.0%		
Metals and Mining 0.0%		
220	Kinross Gold Corp., expire 09/17/14	141
Principal Amount		
CONVERTIBLE CORPORATE BONDS 1.0%		
Aerospace 0.1%		
\$ 500,000	GenCorp Inc., Sub. Deb. Cv. 4.063%, 12/31/39.	535,000
Computer Hardware 0.9%		
4,000,000	SanDisk Corp., Cv. 1.000%, 05/15/13.	4,010,000
TOTAL CONVERTIBLE CORPORATE BONDS		4,545,000
U.S. GOVERNMENT OBLIGATIONS 38.9%		
171,389,000	U.S. Treasury Bills, 0.020% to 0.120% , 04/26/12 to 08/23/12(d)	171,352,297
TOTAL INVESTMENTS 100.0% (Cost \$439,649,325)		\$ 440,626,482

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Aggregate tax cost	\$ 440,906,989
Gross unrealized appreciation	\$ 10,762,220
Gross unrealized depreciation	(11,042,727)
Net unrealized appreciation/depreciation	\$ (280,507)

Shares		Market Value
	SECURITIES SOLD SHORT 0.2%	
	Transportation 0.2%	
14,019	Kirby Corp	\$ 922,310
	Aggregate proceeds	\$ 814,707
	Gross unrealized appreciation	\$ 0
	Gross unrealized depreciation	(107,603)
	Net unrealized appreciation/depreciation	\$ (107,603)

Principal Amount		Settlement Date	Unrealized Appreciation/Depreciation
	FORWARD FOREIGN EXCHANGE CONTRACTS		
4,000,000(e)	Deliver British Pounds in exchange for United States Dollar 6,396,902(f)	04/27/12	\$ (76,443)
34,586,400(g)	Deliver Canadian Dollars in exchange for United States Dollar 34,655,680(f)	04/27/12	85,685
19,538,000(h)	Deliver Euros in exchange for United States Dollar 26,061,053(f)	04/27/12	(287,254)
30,835,350(i)	Deliver Norwegian Kroner in exchange for United States Dollar 5,408,892(f)	04/27/12	(86,304)
	TOTAL FORWARD FOREIGN EXCHANGE CONTRACTS		\$ (364,316)

Notional Amount		Termination Date	
	EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS		
\$370,720	Gulf Keystone Petroleum Ltd.(j)	06/27/12	\$ 6,646
(90,000 Shares)			

See accompanying notes to schedule of investments.

The GDL Fund**Schedule of Investments (Continued) March 31, 2012 (Unaudited)**

- (a) Security fair valued under procedures established by the Board of Trustees. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At March 31, 2012, the market value of fair valued securities amounted to \$2,182,178 or 0.50% of total investments.
- (b) Amount represents less than 0.5 shares.
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At March 31, 2012, the market value of the Rule 144A security amounted to \$2,081,755 or 0.47% of total investments.
- (d) At March 31, 2012, \$73,615,000 of the principal amount was pledged as collateral for equity contract for difference swap agreement, security sold short, and forward foreign exchange contracts.
- (e) Principal amount denoted in British Pounds.
- (f) At March 31, 2012, the Fund had entered into forward foreign exchange contracts with State Street Bank and Trust Co.
- (g) Principal amount denoted in Canadian Dollars.
- (h) Principal amount denoted in Euros.
- (i) Principal amount denoted in Norwegian Krone.
- (j) At March 31, 2012, the Fund had entered into an equity contract for difference swap agreement with The Goldman Sachs Group, Inc. Non-income producing security. Represents annualized yield at date of purchase.
- ADR American Depositary Receipt
CVR Contingent Value Right

	% of Market Value	Market Value
Geographic Diversification		
Long Positions		
North America	89.2%	\$ 393,272,429
Europe	9.7	42,540,213
Africa/Middle East	0.6	2,694,817
Asia/Pacific	0.5	2,119,023
Total Investments	100.0%	\$ 440,626,482
Short Positions		
North America	(0.2)%	\$ (922,310)

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

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See accompanying notes to schedule of investments.

The GDL Fund

Notes to Schedule of Investments (Unaudited)

The Fund's schedule of investments is prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its schedule of investments.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market's official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the Board) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the Adviser).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and nonfinancial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

Level 1 quoted prices in active markets for identical securities;

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and

Level 3 significant unobservable inputs (including the Fund's determinations as to the fair value of investments).

The GDL Fund

Notes to Schedule of Investments (Unaudited) (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities and other financial instruments by inputs used to value the Fund's investments as of March 31, 2012 is as follows:

	Valuation Inputs			Total Market Value at 3/31/12
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Equipment and Supplies	\$ 101,180		\$ 5,110	