



GABELLI
MERGER PLUS+ TRUST PLC

Half-Yearly Financial Report
For the six months ended 31 December 2021

Gabelli Merger Plus + Trust Plc's primary investment objective is to seek to generate total return consisting of capital appreciation and current income.

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Financial highlights

Performance

	(Unaudited) As at 31 December 2021	(Unaudited) As at 31 December 2020	(Audited) As at 30 June 2021
Net asset value per share (cum income)	\$9.83	\$9.67	\$9.94
Net asset value per share (ex income)	\$10.20	\$9.93	\$10.27
Dividends per share paid during the period	\$0.24	\$0.24	\$0.48
Share price	\$9.00	\$8.75	\$7.40
Discount to Net Asset Value ¹	8.44%	23.47%	25.63%

	(Unaudited) Half year ended 31 December 2021	(Unaudited) Half year ended 31 December 2020	(Audited) Year ended 30 June 2021
Total returns			
Net asset value per share ²	6.72%	6.45%	12.12%
U.S. 3-month Treasury Bill Index	0.09%	0.09%	0.09%
Share price ³	29.80%	2.12%	5.46%

Income

	(Unaudited) Half year ended 31 December 2021	(Unaudited) Half year ended 31 December 2020	(Audited) Year ended 30 June 2021
Revenue return per share	(\$0.03)	(\$0.07)	(\$0.14)

Ongoing charges⁴

	(Unaudited) Half year ended 31 December 2021	(Unaudited) Half year ended 31 December 2020	(Audited) Year ended 30 June 2021
Annualised ongoing charges	1.67%	1.53%	1.66%

Source: Investment Manager (Gabelli Funds, LLC), verified by the Administrator (State Street Bank and Trust Company). Figures stated as at 31 December reflect the respective six month reporting period, figures as at 30 June reflect the full 12 month financial year of the Company.

¹ The amount by which the market price per share is lower than the cum-income NAV per share, expressed as a percentage of the cum-income NAV per share.

² Net Asset Value per ordinary share, total return represents the theoretical return on NAV per ordinary share, assuming that dividends paid to shareholders were reinvested at the NAV per ordinary share at the close of business on the day shares were quoted ex dividend.

³ Share Price Total Return represents the theoretical return to a shareholder, on a closing market price basis, assuming that all dividends received were reinvested, without transaction costs, into the ordinary shares of the Company at the close of business on the day the shares were quoted ex dividend.

⁴ Ongoing Charges are operating expenses incurred in the running of the Company, whether charged to revenue or capital, but excluding financing costs. These are expressed as a percentage of the average net asset value during the period and this is calculated in accordance with guidance issued by the Association of Investment Companies

Portfolio Manager’s review

Methodology and Market Opportunity

Gabelli Funds would like to thank our investors for allocating a portion of their assets to the Gabelli Merger Plus+ Trust (“GMP”). We appreciate the confidence and trust you have placed in our organization through your investment in GMP. Our investment objective is to compound and preserve wealth over time while remaining non-correlated to the broad markets. As a firm, we have invested in mergers since 1977 and created the Gabelli group’s first dedicated, announced merger fund more than thirty years ago. We remain vigilant in the application of our investment philosophy and in our search for opportunities. In this context, let us outline our investment methodology and the investment environment through 31 December 2021.

Merger arbitrage is a highly specialized investment approach designed principally to profit from corporate events, including the successful completion of proposed mergers, acquisitions, takeovers, tender offers, leveraged buyouts, restructurings, demergers, and other types of corporate reorganizations and actions.

As arbitrageurs, we seek to earn the differential, or “spread,” between the market price of our investments and the value ultimately realized through deal consummation.

We are especially enthusiastic about the opportunities to grow client wealth in the decades to come, and we highlight below several factors that should help drive results. These include:

- Increased market volatility, which enhances our ability to establish positions for the prospect of improved returns;
- A robust market for corporate deal making as conditions continue to provide an accommodative market for mergers and acquisitions;
- A more normalized interest rate environment, providing attractive merger spread opportunities;
- The Fund’s experienced investment team, which pursues opportunities globally through the disciplined application of Gabelli’s investment methodology.

Global Deal Activity¹

Global deal merger and acquisition activity (“M&A”) totalled \$5.9 trillion during 2021, a year-over-year increase of 64% and the most active year on record. The deal flow throughout the year was notably consistent, capped off with \$1.5 trillion in deals in the fourth quarter. This marked the sixth consecutive quarter to pass \$1 trillion. Total number of deals worldwide increased to an all-time high for the year, including fifty-five deals greater than \$10 billion, which is also a record. Deals with value between \$1 billion and \$5 billion accounted for \$1.9 trillion during the year, more than doubling year over year.

Cross border M&A activity totalled \$2.1 trillion for the calendar year, an increase of 68% and an all-time high. Similarly, the value of private equity-backed buyouts hit an all-time high of \$1.2 trillion, more than doubling year over year, accounting for nearly 20% of total M&A activity.

The resurgence of deal activity in 2021 was widespread but led by United States-based targets, which saw \$2.6 trillion in deal

¹ Thomson Reuters M&A Review – 4Q 2021.

activity, an increase of 68% year over year. European M&A tallied \$1.4 trillion of transactions over the same period, an increase of 46%. Asia Pacific and Australia each recorded all time highs, with a 48% and 300% increases, respectively.

The Technology sector was the biggest contributor to merger activity during the first half, totalling \$1.1 trillion, an increase of 71% from 2020 levels. This accounted for nearly 20% of total announced deal volume. Financials and Industrials sectors were also large contributors, accounting for 13% and 11% of M&A activity, respectively.

Portfolio in Review

While the year experienced significant volatility, 2021 was a good year for stocks as the S&P 500 Index gained 28.7%, notching 70 all-time highs in the process. Robust earnings and record level corporate margins, paired with dovish Fed policy, provided a backdrop of optimism for markets for much of the year.

The optimism in the equity markets was not lost on M&A markets, as the post-COVID deal frenzy continued in the second half of 2021. The fourth quarter of 2021 recorded \$1.5 trillion in deals,

the sixth consecutive quarter that M&A exceeded \$1 trillion and the second largest quarter ever. The strong fourth quarter brought full year M&A activity to \$5.9 trillion, the strongest year on record and an increase of 64% compared to 2020 levels. Excluding SPAC acquisitions of \$600 billion, 2021 was still a record year for (traditional) M&A, creating a fertile backdrop for deal investing. Returns in the portfolio were driven mainly by several of our largest positions closing or making progress toward that end (details below).

There has been further volatility as we enter 2022. A headline inflation figure of 7%—the like of which has not been seen since 1982—has forced the Fed towards a more hawkish policy approach. Jerome Powell has retired the “transitory” label he had persistently used to describe inflation and indicated the Federal Reserve would begin to taper its bond buying program in 2022. Once completed, the plan is to start raising rates and, eventually, shrink the balance sheet. As we have noted in the past, the merger arbitrage strategy is a beneficiary of rising rates, as the risk free rate is one of the components of deal spreads. As rates rise, nominal spreads

should widen, all things being equal.

As discussed in our last letter, the evolving U.S. antitrust landscape and aggressive policy reform rhetoric have increased volatility in deal spreads. While there is never a lack of risk, volatility provides us with an opportunity, as it is often indiscriminate. Mispriced risk allows us to add to our highest conviction positions at lower prices—the benefits of which will be apparent as these transactions progress towards closing.

Looking ahead, the drivers remain in place for another year of robust deal activity. We continue to find attractive investment opportunities in newly announced and pipeline deals. We remain focused on investing in highly strategic, well-financed deals with an added focus on near-term catalysts, and are upbeat about our prospect to generate absolute returns in 2022.

Notable drivers of performance include:

- **Kansas City Southern (KSU-NYSE)**, which operates rail systems in the U.S. and Mexico, was acquired by Canadian Pacific (CP) in December,

Portfolio Manager's review continued

after receiving its final outstanding approval from regulators in Mexico. Under terms of the agreement, Kansas City Southern shareholders received \$90 cash and 2,884 shares of CP stock, an improvement on their initial offer, valuing the transaction at about \$31 billion.

- **Alexion Pharmaceuticals (ALXN-NASDAQ)**, a biopharmaceutical company that develops treatments for cardiovascular and autoimmune diseases, was acquired by AstraZeneca after the company received approval from UK regulators and the European commission in July. Under terms of the agreement Alexion shareholders received \$60 cash and 2,1243 shares of AstraZeneca ADSs, valuing the transaction at about \$39 billion.
- **R.R. Donnelley & Sons Co. (RRD-NYSE)**, a global provider of multichannel business communications services and marketing products, received a bid to be acquired by an unnamed strategic party for \$11.50 per share, or about \$2.5 billion. This came after a bidding war

during which multiple bids and two definitive agreements were signed, the most current being an agreement with Chatham Asset Management signed in December for \$10.85 cash per share. Chatham Asset Management initially made an unsolicited proposal to acquire R.R. Donnelly in October 2021 for \$7.50 cash per share, which prompted the company to seek alternative bids, which led to an agreement with Atlas Holdings to be acquired for \$8.52 cash per share. Following a series of back and forth bidding between Atlas and Chatham, R.R. Donnelly agreed to Chatham's \$10.85 per share cash deal. The company is evaluating the most recent bid.

- **Slack Technologies (WORK-NYSE)**, which provides online messaging and collaboration tools to enterprise customers, was acquired by Salesforce.com Inc. after the U.S. DOJ approved the transaction in July. Under terms of the agreement, Slack shareholders received \$26.79 cash and 0.0776 shares of Salesforce.

- **IHS Markit Ltd. (INFO-NYSE)**, which provides critical information, analytics, and solutions for various industries and markets worldwide, agreed to be acquired by S&P for \$44 billion in stock in November 2020. In the fourth quarter, the companies announced several divestitures which aided in securing key important regulatory approvals. With only one approval remaining in the UK (CMA), we expect the deal to close in the first quarter. Under terms of the agreement, IHS Markit shareholders will receive 0.2838 shares of S&P common stock per share.
- **BHP Group**, which engages in the extracting and processing of natural resources, made significant progress on the unification of the company's UK and Australian listed shares. Under terms of the agreement BHP Group plc (UK) shareholders will receive 1 share of BHP Group Ltd. (Australia) common stock per share. The deal was completed in January.

Select Portfolio Holdings as of 31 December 2021

Arena Pharmaceuticals, Inc. (ARNA-NASDAQ)

agreed to be acquired by Pfizer Inc. (PFE-NYSE). Arena Pharmaceuticals focuses on developing novel medicines in the areas of gastroenterology, dermatology, and cardiology. Under terms of the agreement, Arena shareholders will receive \$100.00 cash per share, valuing the transaction at approximately \$6 billion. The transaction is subject to shareholder as well as regulatory approvals, and is expected to close in the first half of 2022.

Avastplc(AVSTLN-London)

agreed to be acquired by NortonLifeLock, Inc. (NLOK-NASDAQ). Avast provides digital security and privacy products. Under terms of the agreement, Avast shareholders will receive \$7.61 cash and 0.0302 shares of NortonLifeLock common stock per share, valuing the transaction at approximately £6 billion. The transaction is subject to shareholder as well as regulatory approvals, and is expected to close mid-2022.

Coherent, Inc. (COHR-NASDAQ)

agreed to be acquired by II-VI, Inc. (IIVI-NASDAQ). Coherent provides lasers, laser-based technologies, and laser-based system solutions. Under terms of the agreement, Coherent shareholders will receive \$220.00 cash and 0.91 shares of II-VI common stock per share, valuing the transaction at approximately \$7 billion. The transaction is subject to approval by shareholders of both companies as well as regulatory approval, and is expected to close in the first quarter of 2022.

CyrusOne, Inc. (CONE-NASDAQ)

agreed to be acquired by KKR & Co., Inc. (KKR-NYSE) and Global Infrastructure Partners. CyrusOne is a premier global REIT specializing in design, construction and operation of more than 50 high performance data centers worldwide. Under terms of the agreement, CyrusOne shareholders will receive \$90.50 cash per share, valuing the transaction at approximately \$15 billion. The transaction is subject to the shareholder as well as regulatory approvals, and is expected to close in the second quarter of 2022.

Ferro Corp. (FOE-NYSE)

agreed to be acquired by Prince International, a portfolio company of American Securities LLC. Ferro produces and markets specialty materials in the U.S., Europe, the Middle East, Africa, the Asia Pacific, and Latin America. Under terms of the agreement, Ferro shareholders will receive \$22.00 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 in the first quarter of 2022.

IHS Markit Ltd. (INFO-NYSE)

agreed to be acquired by S&P Global, Inc. (SPGI-NYSE). IHS Markit provides critical information, analytics, and solutions for various industries and markets worldwide. Under terms of the agreement, IHS Markit shareholders will receive 0.2838 shares of S&P common stock per share, valuing the transaction at approximately \$44 billion. The transaction is subject to approval by shareholders of both companies, as well as regulatory approval, and is expected to close in the first half of 2022.

Portfolio Manager's review continued

Meggitt plc (MGMT LN-London) agreed to be acquired by Parker-Hannifin Corp. (PH-NYSE). Meggitt designs and manufactures components and sub-systems in the UK, elsewhere in Europe, the U.S., and internationally. Under terms of the agreement, Meggitt shareholders will receive £8.00 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 third quarter of 2022.

Nuance Communications, Inc. (NUAN-NASDAQ) agreed to be acquired by Microsoft Corp. (MSFT-NASDAQ). Nuance Communications provides conversational and cognitive artificial intelligence innovations. Under terms of the agreement, Nuance shareholders will receive \$56.00 cash per share, valuing the transaction at approximately \$17 billion. The transaction is subject to shareholder as well as regulatory approvals, and is expected to close in the first quarter of 2022.

Rogers Corp. (ROG-NYSE) agreed to be acquired by DuPont de Nemours, Inc. (DD-NYSE). Rogers designs, develops, manufactures, and sells engineered materials and components worldwide. Under terms of the agreement, Rogers shareholders will receive \$277.00 cash 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 in the second quarter of 2022.

Shaw Communications, Inc. (SJR/B CN-Toronto) agreed to be acquired by Rogers Communications, Inc. (RCI/B CN-Toronto). Shaw Communications operates as a connectivity company in North America in the Wireline and Wireless segments of the market. Under terms of the agreement, Shaw shareholders will receive C\$40.50 cash per share, valuing the transaction at approximately C\$26 billion. The transaction is subject to shareholder as well as regulatory approvals, and is expected to close in the first half of 2022.

Xilinx, Inc. (XLNX-NASDAQ) agreed to be acquired by Advanced Micro Devices, Inc. (AMD-NASDAQ). Xilinx designs and develops programmable devices and associated technologies worldwide. Under terms of the agreement, Xilinx shareholders will receive 1.7234 shares of Advanced Micro common stock per share, valuing the transaction at approximately \$34 billion. The transaction is subject to approval by shareholders of both companies, as well as regulatory approval, and is expected to close in the first half of 2022.

Select Closed Deals as of 31 December 2021

Acceleron Pharma, Inc.

Acceleron Pharma, Inc. was acquired by Merck & Co., Inc. in November 2021. Acceleron Pharma focuses on the discovery, development, and commercialization of therapeutics to treat serious and rare diseases. On 30 September 2021, Merck announced it would acquire Acceleron for \$180.00 cash per share, valuing the transaction at approximately \$12 billion.

Alexion Pharmaceuticals, Inc.

Alexion Pharmaceuticals, Inc. was acquired by AstraZeneca plc in July 2021. Alexion Pharmaceuticals develops and commercializes various therapeutic products. On 14 December 2020, AstraZeneca announced it would acquire Alexion for \$60.00 cash and 2.1243 shares of AstraZeneca common stock per share, valuing the transaction at approximately \$39 billion.

Athene Holding Ltd.

Athene Holding Ltd. was acquired by Apollo Global Management, Inc. in January 2022. Athene Holding issues, reinsures, and acquires retirement savings products for individuals and institutions in the U.S. and Bermuda. On 8 March 2021, Apollo

announced it would acquire Athene for 1,149 shares of Apollo common stock per share, valuing the transaction at approximately \$11 billion.

Cloudera, Inc.

Cloudera, Inc. was acquired by KKR and Clayton, Dubilier & Rice in October 2021. Cloudera offers a suite of data analytics and management products in the U.S., Europe, and Asia. On 1 June 2021, KKR and Clayton announced they would acquire Cloudera for \$16.00 cash per share, valuing the transaction at approximately \$5 billion.

Dialog Semiconductor plc

Dialog Semiconductor plc was acquired by Renesas Electronics Corp. in August 2021. Dialog Semiconductor develops highly integrated, mixed signal integrated circuits (ICs) for personal, portable, handheld devices. On 8 February 2021, Renesas announced it would acquire Dialog Semiconductor for €67.50 cash per share, valuing the transaction at approximately €5 billion.

Kansas City Southern

Kansas City Southern was acquired by Canadian Pacific Railway Ltd. in December 2021. Kansas City Southern provides domestic and international rail transportation services in

North America. After various bids from both Canadian Pacific and Canadian National Railway Co., on 15 September 2021, Canadian Pacific announced it would acquire Kansas City for \$90.00 cash and 2,884 shares of Canadian Pacific common stock per share, valuing the transaction at approximately \$31 billion.

Maxim Integrated Products, Inc.

Maxim Integrated Products, Inc. was acquired by Analog Devices, Inc. in August 2021. Maxim Integrated Products designs and manufactures a range of linear and mixed-signal integrated circuits. On 13 July 2021, Analog Devices announced it would acquire Maxim for 0.63 shares of Analog common stock per share, valuing the transaction at approximately \$20 billion.

Medallia, Inc.

Medallia, Inc. was acquired by Thoma Bravo in October 2021. Medallia provides an enterprise Software-as-a-Service platform in North America, Europe, the Middle East, Africa, and internationally. On 26 July 2021, Thoma Bravo announced it would acquire Medallia for \$34.00 cash per share, valuing the transaction at approximately \$6 billion.

Portfolio Manager's review continued

Proofpoint, Inc.

Proofpoint, Inc. was acquired by Thoma Bravo in August 2021. Proofpoint is a cybersecurity company that enables large and mid-sized organizations to defend, protect, archive, and govern their sensitive data worldwide. On 26 April 2021, Thoma Bravo announced it would acquire Proofpoint for \$176.00 cash per share, valuing the transaction at approximately \$10 billion.

PPD, Inc.

PPD, Inc. was acquired by Thermo Fisher Scientific, Inc. in December 2021. PPD provides drug development services to the biopharmaceutical industry worldwide. On 15 April 2021, Thermo Fisher announced it would acquire PPD for \$47.50 cash per share, valuing the transaction at approximately \$20 billion.

Slack Technologies, Inc.

Slack Technologies, Inc. was acquired by Salesforce.com, Inc. in July 2021. Slack Technologies operates Slack, a business technology software platform in the U.S. and internationally. On 1 December 2020, Salesforce announced they would acquire Slack for \$26.79 cash and 0.0776 shares of Salesforce.com common

stock per share, valuing the transaction at approximately \$28 billion.

Stamps.com, Inc.

Stamps.com, Inc. was acquired by Thoma Bravo in October 2021. Stamps.com provides Internet-based mailing and shipping solutions in the U.S. and Europe. On 19 July 2021, Thoma Bravo announced it would acquire Stamps.com for \$330.00 cash per share, valuing the transaction at approximately \$6 billion.

Gabelli Funds, LLC

16 February 2022

Portfolio summary

Largest Portfolio Security holdings (excluding cash and cash equivalents)

Security ¹	(Unaudited) As at 31 December 2021				
	Offsetting short position ²	% of total portfolio ⁶ (gross)	Market value ⁴ \$'000	Offsetting market value ⁵ \$'000	% of total portfolio ³ (net)
IHS Markit Ltd	S&P Global, Inc.	4.6	4,819	(4,849)	(0.0)
Xilinx Inc.	Advanced Micro Devices, Inc.	4.1	4,240	(4,302)	(0.1)
PNM Resources Inc.*		3.0	3,136	-	3.0
Athene Holding Ltd	Apollo Global Management	2.3	2,410	(2,406)	0.0
Aerojet Rocketdyne Holdings Inc.*		2.3	2,394	-	2.3
Shaw Communications Inc.*		2.3	2,343	-	2.3
Coherent Inc.	II-VI, Inc.	2.1	2,209	(422)	1.7
CyrusOne Inc.*		2.1	2,201	-	2.1
Change Healthcare Inc.*		2.1	2,177	-	2.1
Liberty Media Corp-Liberty SiriusXM*		2.0	2,121	-	2.0
Rogers Corp.*		2.0	2,100	-	2.0
Altaba Inc.*		1.8	1,907	-	1.8
Ferro Corp.*		1.8	1,867	-	1.8
Veoneer Inc.*		1.6	1,684	-	1.6
Sanderson Farms Inc.*		1.5	1,557	-	1.5
Arena Pharmaceuticals Inc.*		1.4	1,490	-	1.4
Atrium European Real Estate*		1.2	1,206	-	1.2
Welbilt Inc.*		1.2	1,201	-	1.2
Liberty Media Acquisition Corp.*		1.1	1,090	-	1.1
Vonage Holdings Corp.*		1.0	1,076	-	1.0
Sub-total		41.7	43,228	(11,979)	30.1
Other holdings ⁷		58.3	83,704	(11,256)	69.9
Total holdings		100.0	126,932	(23,235)	100.0

¹ Long position.

² Short position taken, based on the acquirer of the security when acquirer stock is being offered in whole, or in part, to finance the transaction.

³ Represents the total position value (market value plus the offsetting market value) as a percentage of the total portfolio value.

⁴ Market value of the long position.

⁵ Market value of the offsetting short position.

⁶ Represents the market value as a percentage of the total portfolio value.

⁷ Including derivatives and equity short positions, and excluding U.S. Treasuries.

* At 31 December 2021, the deal terms specified an all-cash transaction and there is no offsetting short position.

Interim Management Report and Responsibility Statement

The Portfolio Manager's Review on pages 2 to 8 provides details of the important events that have occurred during the period and their impact on the financial statements.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment portfolio; global macro event; operational; market and share price; financial; corporate governance and regulatory; taxation; and environmental, social and climate change. The global macro event category includes specific market and operational risks associated to the global COVID-19 pandemic, which continues to cause uncertainty and disruption across global economies and markets. Information on each of these areas, including discussion of the continuing implications of the COVID-19 pandemic and mitigating actions taken by the Company, was provided in the Strategic Report in the Annual Report and Financial Statements for the year ended 30 June 2021.

The Directors are not aware of any new risks or uncertainties, or any changes to those risks and uncertainties stated in the Annual Report and Financial Statements, which are applicable to the remaining six months of the financial year, as they were to the period under review.

Related Party Disclosure and Transactions

During the first six months of the current financial year, other than fees payable by the Company in the ordinary course of business, there have been no material transactions with related parties which have materially affected the financial position or the performance of the Company.

Going Concern

The Directors are satisfied, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure, and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half yearly financial report. The Directors have also specifically considered the enhanced risks associated to the ongoing COVID-19 pandemic for the Company's investment strategy, financial position and outlook, and reviewed the strength of the Company's control environment and the continuing appropriateness of the mitigating actions taken. For these reasons, the Directors consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Interim Management Report and Responsibility Statement continued

Directors' Responsibility Statement

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with applicable International Accounting Standard 34 – 'Interim Financial Reporting'; and
- the Interim Management Report, together with the Portfolio Manager's Review, include a fair review of the information required by 4.2.7R and 4.2.8R of the Disclosure Guidance and Transparency Rules.

This half yearly financial report has not been audited or reviewed by the Company's auditors.

The half yearly financial report was approved by the Board on 16 February 2022 and the above responsibility statement was signed on its behalf by the Chairman.

Marc Gabelli

Chairman

For and on behalf of the Board

17 February 2022

Statement of comprehensive income

		(Unaudited) Half year ended 31 December 2021		
Income	Note	Revenue \$'000	Capital \$'000	Total \$'000
Investment income	5	626	-	626
Total investment income		626	-	626
Gains/(losses) on investments				
Net realised and unrealised gains on investments	3	-	1,894	1,894
Net realised and unrealised currency gains/(losses)		-	183	183
Net gains on investments		-	2,077	2,077
Total income and gains on investments		626	2,077	2,703
Expenses				
Portfolio management fee	6	(433)	-	(433)
Performance fee	6	-	(287)	(287)
Other expenses	6	(493)	(90)	(583)
Total expenses		(926)	(377)	(1,303)
(Loss)/profit before taxation		(300)	1,700	1,400
Taxation on ordinary activities	7	(16)	-	(16)
(Loss)/profit for the period		(316)	1,700	1,384
Earnings per share (basic and diluted)	8	(\$0.03)	\$0.17	\$0.14

The total column of this statement represents the Statement of Comprehensive Income prepared in accordance with International Financial Reporting Standards (“IFRS”). The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies. All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the period ended 31 December 2021.

The Company does not have any income or expense that is not included in net profit for the period. Accordingly, the net profit for the period is also the total comprehensive income for the year, as defined in IAS1 (revised).

The notes on pages 18 to 35 form part of these financial statements.

(Unaudited) Half year ended 31 December 2020			(Audited) Year ended 30 June 2021		
Revenue \$000	Capital \$000	Total \$000	Revenue \$000	Capital \$000	Total \$000
124	-	124	327	-	327
124	-	124	327	-	327
-	8,049	8,049	-	15,435	15,435
-	(92)	(92)	-	(142)	(142)
-	7,957	7,957	-	15,293	15,293
124	7,957	8,081	327	15,293	15,620
(415)	-	(415)	(852)	-	(852)
-	(1,506)	(1,506)	-	(2,796)	(2,796)
(375)	(79)	(454)	(901)	(174)	(1,075)
(790)	(1,585)	(2,375)	(1,753)	(2,970)	(4,723)
(666)	6,372	5,706	(1,426)	12,323	10,897
(16)		(16)	(33)	-	(33)
(682)	6,372	5,690	(1,459)	12,323	10,864
(\$0.07)	\$0.62	\$0.55	(\$0.14)	\$1.20	\$1.06

Statement of changes in equity

Half year ended 31 December 2021 (Unaudited)

	Called up Share Capital \$000	Special Distributable Reserve* \$000	Capital Reserve \$000	Revenue Reserve* \$000	Total \$000
Balance as at 1 July 2021	103	83,976	21,059	(3,413)	101,725
Profit/(loss) for the period after tax on ordinary activities	-	-	1,700	(316)	1,384
Dividends paid	-	(2,457)	-	-	(2,457)
Balance as at 31 December 2021	103	81,519	22,759	(3,729)	100,652

Half year ended 31 December 2020 (Unaudited)

	Called up Share Capital \$000	Special Distributable Reserve* \$000	Capital Reserve \$000	Revenue Reserve* \$000	Total \$000
Balance as at 1 July 2020	103	88,912	9,279	(1,954)	96,340
Ordinary shares bought back into treasury	-	-	(543)	-	(543)
Profit/(loss) for the period after tax on ordinary activities	-	-	6,372	(682)	5,690
Dividends paid	-	(2,479)	-	-	(2,479)
Balance as at 31 December 2020	103	86,433	15,108	(2,636)	99,008

Year ended 30 June 2021 (Audited)

	Called up Share Capital \$000	Special Distributable Reserve* \$000	Capital Reserve \$000	Revenue Reserve* \$000	Total \$000
Balance as at 1 July 2020	103	88,912	9,279	(1,954)	96,340
Ordinary shares bought back into treasury	-	-	(543)	-	(543)
Profit/(loss) for the period after tax on ordinary activities	-	-	12,323	(1,459)	10,864
Dividends paid	-	(4,936)	-	-	(4,936)
Balance as at 30 June 2021	103	83,976	21,059	(3,413)	101,725

* The Revenue Reserve and Special Distributable Reserve are distributable. The amount of the Revenue Reserve and Special Distributable Reserve that is distributable is not necessarily the full amount of the reserves as disclosed within these financial statements. As at 31 December 2021, the net amount of reserves that are distributable are \$77,790,000 (31 December 2020: \$83,797,000, 30 June 2021: \$80,563,000).

The notes on pages 18 to 35 form part of these financial statements.

Statement of financial position

		(Unaudited) As at 31 December 2021	
	Note	\$000	\$000
Non-current assets			
Investments held at fair value through profit or loss	3		88,059
Current assets			
Cash and cash equivalents	9	14,717	
Receivable for investment sold		76	
Other receivables	12	88	
		14,881	
Current liabilities			
Portfolio management fee payable		(71)	
Offering fees payable		(51)	
Performance fee payable		(287)	
Payable for investment purchased		(531)	
Other payables	12	(300)	
Net current assets			13,641
Non-current liabilities			
Investments at fair value through profit or loss	3		(1,048)
Net assets			100,652
Share capital and reserves			
Called-up share capital	10	103	
Special distributable reserve*		81,519	
Capital reserve		22,759	
Revenue reserve*		(3,729)	
Total shareholders' funds			100,652
Net asset value per ordinary share			\$9.83

* The Revenue Reserve and Special Distributable Reserve are distributable. The amount of the Revenue Reserve and Special Distributable Reserve that is distributable is not necessarily the full amount of the reserves as disclosed within these financial statements. As at 31 December 2021, the net amount of reserves that are distributable are \$77,790,000 (31 December 2020: \$83,797,000, 30 June 2021: \$80,563,000).

Gabelli Merger Plus+ Trust Plc is registered in England and Wales under Company number 10747219. The financial statements on pages 12 to 17 were approved by the Board of Directors on 16 February 2022 and signed on its behalf by:

Marc Gabelli
Chairman

The notes on pages 18 to 35 form part of these financial statements.

(Unaudited) As at 31 December 2020		(Audited) As at 30 June 2021	
\$000	\$000	\$000	\$000
	86,803		98,369
24,691		12,405	
864		2,622	
87		147	
25,642		15,174	
(71)		(82)	
(52)		(52)	
(1,506)		(2,796)	
(1,030)		(1,822)	
(241)		(314)	
	22,742		10,108
	(10,537)		(6,752)
	99,008		101,725
103		103	
86,433		83,976	
15,108		21,059	
(2,636)		(3,413)	
	99,008		101,725
	\$9.67		\$9.94

Notes to the financial statements

1 Condensed financial statements

The half yearly report has not been audited by the Company's auditors.

2 Accounting policies

(a) **Basis of preparation** – The financial statements of Gabelli Merger Plus+ Trust Plc have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The principal accounting policies adopted by the Company are set out below. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trusts issued by the Association of Investment Companies ('AIC') in October 2019 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) **Presentation of Statement of Comprehensive Income** – To better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

(c) **Going concern** – Having assessed the principal risks and the other matters discussed in connection with the viability statement on page 10, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements. In forming the opinion, the directors have considered any potential impact of the COVID-19 pandemic on the going concern and viability of the Company. They have considered the potential impact of COVID-19 and the mitigation measures which key service providers, including the Portfolio Manager, have in place to maintain operational resilience particularly in light of COVID-19. The Directors have reviewed income and expense projections and the liquidity of the investment portfolio in making their assessment.

(d) **Statement of estimation uncertainty** – In the application of the Company's accounting policies, the Investment Manager is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates. There have been no significant judgements, estimates, or assumptions for the period.

(e) **Income recognition** – Revenue from investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend, or where no ex-dividend date is quoted, when the Company's right to receive payment is established. Franked investment income is stated net of the relevant tax credit. Other income includes any taxes deducted at source.

Special dividends are credited to capital or revenue, according to the circumstances. Scrip dividends are treated as unfranked investment income; any excess in value of the shares received over the amount of the cash dividend is recognised as a capital item in the Statement of Comprehensive Income.

Interest income is accounted for on an accrual basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

- (f) **Expenses** - The management fees are allocated to revenue in the Statement of Comprehensive Income. Interest receivable and payable and management expenses are treated on an accruals basis. All other expenses are charged to revenue except where they directly relate to the acquisition or disposal of an investment, in which case, they are added to the cost of the investment or deducted from the sale proceeds.

The Performance fees, transaction costs on derivatives, transaction charges, as well as the formation and initial expenses of the Company are allocated to capital.

- (g) **Investments** - Investments have been designated upon initial recognition at fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are valued at fair value. Movements in the fair value of investments and gains/losses on the sale of investments are taken to the Statement of Comprehensive Income as capital items.

The Company's investments are classified as held at fair value through profit or loss in accordance with applicable International Financial Standards.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if it has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis. Financial assets and liabilities are derecognised when the Company settles its obligations relating to the instrument.

Contracts for Difference (CFDs)

CFDs are recognised in the Statement of Financial Position at the accumulated unrealised gain or loss as an asset or liability, respectively. This represents the difference between the nominal book cost and market value of each position held. Movements in the unrealised gains/losses are taken to the Statement of Comprehensive Income as capital items.

Notes to the financial statements continued

2 Accounting policies continued

- (h) **Cash and cash equivalents** - The Company may invest part of its net assets in cash and cash equivalents, money market instruments, bonds, commercial papers or other debt obligations with banks or other counterparties, having at least a single-A (or equivalent) credit rating from an internationally recognised rating agency or government and other public securities, if the Portfolio Manager believes that it would be in the best interests of the Company and its shareholders. This may be the case, for example, where the Portfolio Manager believes that adverse market conditions justify a temporary defensive position. Any cash or surplus assets may also be temporarily invested in such instruments pending investment in accordance with the Company's investment policy. Cash balances are marked to market based on the prevailing exchange rate as of the valuation date. US Treasuries are valued at their amortised cost.
- (i) **Transaction costs** - Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Statement of Comprehensive Income.
- (j) **Foreign currency** - Foreign currencies are translated at the rates of exchange ruling on the period end date. Revenue received/ receivable and expenses paid/payable in foreign currencies are translated at the rates of exchange ruling at the transaction date.
- (k) **Fair value** - All financial assets and liabilities are recognised in the financial statements at fair value.
- (l) **Dividends payable** - Interim and final dividends are recognised in the period in which they are declared.
- (m) **Capital reserve** - Capital distributions received, realised gains or losses on investments that are readily convertible to cash, and capital expenses are transferred to the capital reserve. Share buybacks are funded through the capital reserve, with details of buybacks disclosed in note 10.
- (n) **Taxation** - The tax effect of different items of income/gains and expenditure/losses is allocated between revenue and capital on the same basis as the particular item to which it relates, under the marginal method, using the Company's effective rate of tax. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the period end date where transactions of events that result in an obligation to pay more or a right to pay less tax in future have occurred at the period end date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.
- (o) **Functional and presentation currency** - The functional and presentation currency of the Company is the U.S. dollar.

3 Analysis of changes in market value and book cost of portfolio investments in year

	(Unaudited) As at 31 December 2021 \$'000	(Unaudited) As at 31 December 2020 \$'000	(Audited) As at 30 June 2021 \$'000
Opening book cost	93,078	59,509	59,509
Opening investment holding losses	(1,461)	(9,377)	(9,377)
Opening market value	91,617	50,132	50,132
Additions at cost	103,190	143,054	276,928
Disposals proceeds received	(109,690)	(124,969)	(250,878)
Gains on investments	1,894	8,049	15,435
Market value of investments	87,011	76,266	91,617
Closing book cost	87,838	78,251	93,078
Closing investment holding losses	(827)	(1,985)	(1,461)
Closing market value	87,011	76,266	91,617

The company received \$109,690,000 (31 December 2020: \$124,969,000, 30 June 2021: \$250,878,000) from investments sold in the period. The book cost of these investments when they were purchased was \$108,430,000 (31 December 2020: \$124,312,000, 30 June 2021: \$243,359,000).

Fair value hierarchy

IFRS 13 requires the Company to classify its financial instruments held at fair value using a hierarchy that reflects the significance of the inputs used in the valuation methodologies.

These are as follows:

- Level 1 – quoted prices in active markets for identical investments;
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc.); and
- Level 3 – significant unobservable inputs.

Notes to the financial statements continued

3 Investments at fair value through profit or loss continued

The financial assets measured at fair value through profit or loss in the financial statements are grouped into the fair value hierarchy as follows:

	As at 31 December 2021 (Unaudited)			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets at fair value through profit or loss				
Quoted equities	84,574	2,007	-	86,581
Contingent value rights	-	412	-	412
Derivatives	-	1,066	-	1,066
Gross fair value				88,059
Derivatives	-	(1,048)	-	(1,048)
Quoted equities – shorts	-	-	-	-
Net fair value	84,574	2,437	-	87,011

There were no transfers between levels for the period ended 31 December 2021.

	As at 31 December 2020 (Unaudited)			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets at fair value through profit or loss				
Quoted equities	81,087	4,638	161	85,886
Contingent value rights	-	-	296	296
Derivatives	-	621	-	621
Gross fair value				86,803
Derivatives	-	(938)	-	(938)
Quoted equities – shorts	(9,599)	-	-	(9,599)
Net fair value	71,488	4,321	457	76,266

	As at 30 June 2021 (Audited)			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets at fair value through profit or loss				
Quoted equities	92,205	5,498	-	97,703
Contingent value rights	-	278	-	278
Derivatives	-	388	-	388
Gross fair value				98,369
Derivatives	-	(1,892)	-	(1,892)
Quoted equities - shorts	(4,860)	-	-	(4,860)
Net fair value	87,345	4,272	-	91,617
Net realised and unrealised gains/(losses) on investments				
	(Unaudited) Half year ended 31 December 2021 \$000	(Unaudited) Half year ended 31 December 2020 \$000	(Audited) Year ended 30 June 2021 \$000	
Realised gains on investments	1,260	657	7,519	
Movement in unrealised gains on investments	634	7,392	7,916	
Net realised and unrealised gains on investments	1,894	8,049	15,435	

There have been no transfers between levels during the period.

Notes to the financial statements continued

4 Transaction costs

During the period commissions and other expenses were incurred in acquiring or disposing of investments classified at fair value through profit or loss. These have been charged through capital and are within gains/(losses) in the Statement of Comprehensive Income. The total costs were as follows:

	(Unaudited) Half year ended 31 December 2021 \$'000	(Unaudited) Half year ended 31 December 2020 \$'000	(Audited) Year ended 30 June 2021 \$'000
Purchases	33	48	79
Sales	13	28	75
Total	46	76	154

5 Income

	(Unaudited) Half year ended 31 December 2021 \$'000	(Unaudited) Half year ended 31 December 2020 \$'000	(Audited) Year ended 30 June 2021 \$'000
Income from investments			
Overseas equities	190	130	286
Income on short term investments ¹	19	3	(7)
Other income/(expense)	417	(9)	48
Total income	626	124	327

¹ Income on short term investments represents the return on cash and cash equivalents, primarily U.S. Treasury Bills. Further information can be found in Note 9 on page 29.

6 Expenses

	(Unaudited) Half year ended 31 December 2021 \$'000	(Unaudited) Half year ended 31 December 2020 \$'000	(Audited) Year ended 30 June 2021 \$'000
Revenue expenses			
Portfolio Management Fee	(433)	(415)	(852)
Contracts for Difference	(230)	(117)	(277)
Directors' Remuneration	(79)	(69)	(163)
Company Secretary Fees	(40)	(22)	(62)
Legal Fees	(37)	(3)	(45)
Audit Fees – PwC	(35)	(18)	(68)
AIFM – Carne	(24)	(21)	(53)
Administration Fees – State Street	(23)	(21)	(42)
Custodian/Depository Fees – State Street	(17)	(18)	(38)
LSE RNS fees	(11)	(7)	(14)
Printing	(8)	(5)	(13)
Directors' Expenses	(8)	(12)	-
Registrar – Computershare	(7)	(9)	(16)
Ongoing LSE and UKLA Fees Annex-IV – Carne	(5)	(5)	(10)
Dividend Expense on Securities Sold Short	(4)	(5)	(7)
Marketing expenses	(3)	(6)	(3)
Regulatory Filing Fees – Annex IV	(7)	-	(58)
Broker Retainer Fee	-	(19)	4
Other	45	(18)	(36)
Total revenue expenses	(926)	(790)	(1,753)

Notes to the financial statements continued

6 Expenses continued

	(Unaudited) Half year ended 31 December 2021 \$000	(Unaudited) Half year ended 31 December 2020 \$000	(Audited) Year ended 30 June 2021 \$000
Capital expenses			
Performance Fee	(287)	(1,506)	(2,796)
Transaction costs on derivatives	(53)	(53)	(103)
Transaction charges – State Street	(37)	(26)	(71)
Total capital expenses	(377)	(1,585)	(2,970)

Portfolio Management Fee

Under the terms of the Portfolio Management Agreement, the Portfolio Manager will be entitled to a management fee (“Management Fee”), together with reimbursement of reasonable expenses incurred by it in the performance of its duties under the Portfolio Management Agreement, other than the salaries of its employees and general overhead expenses attributable to the provision of the services under the Portfolio Management Agreement. The Management Fee shall be accrued daily and calculated on each Business Day at a rate equivalent to 0.85% of NAV per annum.

Performance Fee

The Portfolio Manager shall be entitled to earn a Performance fee (as defined below) under the Portfolio Management Agreement. The Performance fee shall be payable on the following basis.

Subject to the satisfaction of the Performance Conditions, the Portfolio Manager shall be entitled, in respect of each Performance Period, to receive 20% of the Total Return relating to such Performance Period, provided that such amount shall not exceed 3% of the Average NAV.

Performance Conditions

The Portfolio Manager’s entitlement to a Performance fee in respect of any Performance Period shall be conditional on the Closing NAV per Share in respect of the Performance Period (adjusted for any changes to the NAV per Share through dividend payments, Share repurchases (howsoever effected) and Share issuances since Admission) being in excess of the Performance Hurdle and High water mark. For the period to 31 December 2021, a provisional Performance fee of \$286,521 was charged to the Fund.

AIFM Fees

The Company has appointed Carne Global Fund Managers (Ireland) Limited (“Carne”) as its Alternative Investment Fund Manager pursuant to the AIFMD. Carne is entitled to receive from the Company such annual fees, accrued and payable at such times, as may be agreed in writing between itself and the Company from time to time. The fees are payable monthly and subject to a minimum monthly fee of €2,500.

7 Taxation on ordinary activities

	(Unaudited) Half year ended 31 December 2021		
	Revenue \$000	Capital \$000	Total \$000
Analysis of the charge in the period			
Irrecoverable overseas tax	(16)	-	(16)
Total	(16)		(16)

	(Unaudited) Half year ended 31 December 2020		
	Revenue \$000	Capital \$000	Total \$000
Analysis of the charge in the period			
Irrecoverable overseas tax	(16)	-	(16)
Total	(16)		(16)

	(Audited) Year ended 30 June 2021		
	Revenue \$000	Capital \$000	Total \$000
Analysis of the charge in the year			
Irrecoverable overseas tax	(33)	-	(33)
Total	(33)		(33)

Notes to the financial statements continued

8 Earnings per share

Earnings per ordinary share is calculated with reference to the following amounts:

	(Unaudited) Half year ended 31 December 2021 \$000	(Unaudited) Half year ended 31 December 2020 \$000	(Audited) Year ended 30 June 2021 \$000
Revenue return			
Revenue return attributable to ordinary shareholders (\$000)	(316)	(682)	(1,459)
Weighted average number of shares in issue during period	10,238,206	10,256,123	10,247,238
Total revenue return per ordinary share	(\$0.03)	(\$0.07)	(\$0.14)
Capital return			
Capital return attributable to ordinary shareholders (\$000)	1,700	6,372	12,323
Weighted average number of shares in issue during period	10,238,206	10,256,123	10,247,238
Total capital return per ordinary share	\$0.17	\$0.62	\$1.20
Total return per ordinary share	\$0.14	\$0.55	\$1.06
Net asset value per share			
Net assets attributable to shareholders (\$000)	100,652	99,008	101,725
Number of shares in issue at period end	10,238,206	10,238,206	10,238,206
Net asset value per share	\$9.83	\$9.67	\$9.94

9 Cash and cash equivalents

	(Unaudited) Half year ended 31 December 2021 \$'000	(Unaudited) Half year ended 31 December 2020 \$'000	(Audited) Year ended 30 June 2021 \$'000
Cash	14,717*	12,962	12,405
U.S. Treasuries	-	11,999	-
Total	14,717	24,961	12,405

* As at 31 December 2021, \$12,529,946 was held as collateral at UBS securities LLC and is restricted.

10 Called up share capital

	(Unaudited) Half year ended 31 December 2021 \$'000	(Unaudited) Half year ended 31 December 2020 \$'000	(Audited) Year ended 30 June 2021 \$'000
<i>Allotted, called up and fully paid:</i>			
10,238,206 ordinary shares of \$0.01 each - equity	102	102	102
<i>Treasury shares:</i>			
95,960 ordinary shares of \$0.01 each - equity	1	1	1
Total shares	103	103	103

11 Derivatives risk

The Company's investment policy may involve the use of derivatives (including, without limitation, forward foreign exchange contracts, equity contracts for difference swap agreements ("CFDs"), securities sold short and/or structured financial instruments). The Company may use both exchange-traded and over-the-counter derivatives as part of its investment activity. The cost of investing utilizing derivatives may be higher than investing in securities (whether directly or through nominees) as the Company will have to bear the additional costs of purchasing and holding such derivatives, which could have a material adverse effect on the Company's returns. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

Notes to the financial statements continued

11 Derivatives risk continued

The use of derivatives may expose the Company to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the Company trades, the risk of settlement default, lack of liquidity of the derivative, imperfect tracking between the change in value of the derivative and the change in value of the underlying asset that the Company is seeking to track and greater transaction costs than investing in the underlying assets directly. Additional risks associated with investing in derivatives may include a counterparty breaching its obligations to provide collateral, or, due to operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where credit exposure to its counterparty under a derivative contract is not fully collateralised. The use of derivatives may also expose the Company to legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

The use of CFDs is a highly specialised activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a CFD, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short term interest rates and the returns on the Company's portfolio securities at the time a CFD transaction reaches its scheduled termination date, there is a risk that the Company will not be able to obtain a replacement transaction or that terms of the replacement will not be as favourable as on the expiring transaction. At 31 December 2021 the Company held CFDs, as shown in the following table.

Security names	Trade currency	Shares (000)	(Unaudited) As at 31 December 2021 Unrealised gain/(loss) \$000
Advanced Micro Devices Inc	USD	(29,895)	(302)
Afterpay Ltd	USD	25,871	(172)
BHP Group Ltd	USD	(40,450)	(106)
Apollo Global Management Inc	USD	(33,228)	(94)
Webster Bank Corp	USD	(15,584)	(50)
First Citizens BancShares Inc	USD	(742)	(45)
Agnico Eagle Mines Ltd	USD	(7,416)	(33)
EDF SA	EUR	16,237	(32)
MKS Instruments Inc	USD	(1,757)	(30)

Security names	Trade currency	Shares (000)	(Unaudited) As at 31 December 2021 Unrealised gain/(loss) \$000
M&T Bank Corp	USD	(5,069)	(28)
SciPlay Corp	USD	20,216	(27)
Grifols SA	USD	(17,296)	(26)
Adtran Inc	USD	(11,618)	(21)
Lennar Corp	USD	(6,457)	(19)
II-VI Inc	USD	(6,175)	(11)
Grief Inc	USD	(4,046)	(10)
Noble Corp PLC	USD	(6,908)	(9)
Disruptive Acquisition Corp	GBP	67,466	(7)
Intertrust NV	EUR	31,628	(5)
Spear Investment Group	EUR	38,582	(5)
Valmet OYJ	EUR	(4,098)	(4)
Newcrest Mining Ltd	AUD	(3,400)	(3)
SOHO China Ltd	HKD	436,664	(3)
Lundin Energy AB	USD	4,712	(2)
Telecom Italia SpA	EUR	269,932	(2)
Disruptive Capital GP Ltd	GBP	18,885	(1)
Nobina AB	SEK	20,492	(1)
Aareal Bank AG	EUR	713	*
Alstria office REIT AG	EUR	6,420	*
Clinigen Group PLC	GBP	8,082	*
Falck Renewables SpA	EUR	18,500	*
La Doria SpA	EUR	13,403	*
Senex Energy Ltd	AUD	16,095	*
AKKA Technologies SE	EUR	2,953	1
Link Administration Holdings Ltd	AUD	35,700	1
Sanne Group PLC	GBP	13,626	1
Suez SA	EUR	107,225	1
Zardoya Otis SA	EUR	16,963	1
Blue Prism Group PLC	GBP	62,234	2
Lagardère Group SA	EUR	10,274	2
Meggitt PLC	GBP	389,038	2

Notes to the financial statements continued

11 Derivatives risk continued

Security names	Trade currency	Shares (000)	(Unaudited) As at 31 December 2021 Unrealised gain/(loss) \$'000
Praemium Ltd	AUD	81,386	2
Toshiba Corp	JPY	1,529	2
Aker BP ASA	USD	(4,481)	3
Biotest AG	EUR	10,587	3
CNP Assurances SA	EUR	62,243	3
Orange Belgium SA	EUR	5,818	3
Vivo Energy PLC	USD	162,291	3
Ausnutria Dairy Corp	HKD	152,248	4
Crown Ltd	AUD	10,702	4
AusNet Services Ltd	AUD	128,762	5
Neles OYJ	EUR	12,505	5
Vivendi SA	EUR	6,942	5
Goldman Sachs Group Inc	USD	(2,551)	7
Spire Healthcare plc	GBP	62,039	7
Ultra Electronics Holdings	GBP	18,090	7
Willis Towers Watson PLC	USD	1,343	7
Sbanken ASA	NOK	47,590	9
Veoneer Inc	USD	21,435	12
Drilling Co	USD	4,176	13
Distell Group Ltd	ZAR	37,252	15
Bacanora Lithium PLC	GBP	222,187	16
Z Energy DLC	NZD	454,286	19
Entain PLC	GBP	13,842	20
Sydney Airport Holdings	AUD	235,436	20
ADVA Optical Networking SE	USD	18,874	21
Nuance Communications PLC	USD	89,592	27
Atotech Ltd	USD	31,849	31
Kirkland Lake Gold Ltd	USD	9,342	31
Sumo Group PLC	GBP	79,861	32
People's United Financial Inc	USD	42,955	33
Avast PLC	USD	398,113	37

Security names	Trade currency	Shares (000)	(Unaudited) As at 31 December 2021 Unrealised gain/(loss) \$'000
CIT Group Inc	USD	11,958	51
Sterling Bancorp PLC	USD	33,660	55
Siltronic AG	EUR	8,736	56
S&P Global Inc	USD	(10,275)	68
BHP Group PLC	USD	40,450	112
Square Inc	USD	(10,454)	142
Cazoo Group Ltd	GBP	27,346	165
Total unrealised gain on derivatives			18

* Less than \$500

12 Current assets and Liabilities

The categories of other receivables and other payables include:

	(Unaudited) As at 31 December 2021 \$'000	(Unaudited) As at 31 December 2020 \$'000	(Audited) As at 30 June 2021 \$'000
Other receivables			
FX currency sold	-	-	57
All other receivables*	88	87	90
Total other receivables	88	87	147
Other payables			
FX currency purchased	-	15	20
FX currency sold	70	-	-
Custodian fees	3	8	8
Accounting fees	15	15	13
Audit fees	35	7	70
All other payables	177	196	203
Total other payables	300	226	294

* At 31 December 2022, All other receivables included prepaid expenses and dividend and swap income.

Notes to the financial statements continued

13 Related party transactions

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles of Incorporation. The Directors' remuneration is \$30,000 per annum for each Director, other than:

- the Chairman, who will receive an additional \$1,000 per annum*;
- the Chairman of the Audit Committee, who will receive an additional \$5,000 per annum; and
- the Members of the Audit Committee, who will receive an additional \$1,000 per annum.

* Mr Gabelli has waived his fees since appointment as Chairman.

Each of the Directors is also entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses will include those associated with attending general meetings, Board or committee meetings and legal fees. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

The related party transactions with the Directors are set out in the Directors' Remuneration Report on pages 32 to 34 of the 2021 Annual Report and Financial Statements as at 30 June 2021.

Related parties disclosure: other

The Portfolio management fee for the period ended 31 December 2021 paid by the Company to the Portfolio Manager is presented in the Statement of Comprehensive Income. Details of Portfolio management fee paid during the period is disclosed in Note 6.

As at 31 December 2021, Associated Capital Group Inc., an affiliate of the Portfolio Manager, held 6,195,825 Ordinary Shares in the Company.

Further details of related parties and transactions, including with the Company's AIFM Carne Global Fund Managers (Ireland) Limited, are disclosed on page 23 of the Annual Report and Financial Statements as at 30 June 2021.

Connected party transactions

All connected party transactions are carried out at arm's length. There were no such transactions during the period ended 31 December 2021.

14 Contingent Liabilities and Commitments

As at 31 December 2021, the Company had no contingent liabilities or commitments (31 December 2020: nil).

15 Significant events during financial period

Since the beginning of 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of COVID-19. While containment efforts were made to slow the spread of the epidemic the outbreak has now spread globally resulting in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have adversely affected the global economy and may continue to do so.

The Board is aware that global financial markets have been reacting to the outbreak. All markets have incurred increased volatility and uncertainty since the onset of the pandemic.

The Board has also noted the operational risks that are posed to the Fund and its service providers due to global and local movement restrictions that have been enacted by various governments. The COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The Board will continue to monitor this situation.

16 Significant events following financial period end

There have not been any significant events following the financial period end.

From the period end to 14 February 2022, the NAV per share of the Company decreased 1.9%, from \$9.83 to \$9.64 and the share price was unchanged at \$9.00 per share.

17 Significant Portfolio Changes

A statement of changes in the composition of the Portfolio during the financial period is available to shareholders free of charge from the Administrator on request.

18 Approval of Financial Statements

The Directors approved the financial statements on 16 February 2022.

Company Information

Registered Name

Gabelli Merger Plus+ Trust Plc

Registered Office

3 St. James's Place,
London, England, SW1A 1NP

Board of Directors

Marc Gabelli (Chairman)
Marco Bianconi
John Birch
John Newlands
Yuji Sugimoto
James Wedderburn

Portfolio Manager

Gabelli Funds, LLC
One Corporate Center
Rye
New York
10580-1422

Company Secretary

Derringtons Limited
Hyde Park House
5 Manfred Road
London
SW15 2RS

Alternative Investment Fund Manager

Carne Global Fund Managers (Ireland)
Limited
2nd floor, Block E
Iveagh Court, Harcourt Road
Dublin
Ireland

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Administrator and Custodian

State Street Bank and Trust Company
20 Churchill Place
Canary Wharf
London E14 5HJ

Depository

State Street Trustees Ltd
20 Churchill Place
Canary Wharf
London E14 5HJ

Registrar and Receiving Agent

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Legal & Financial Advisers

Dickson Minto W.S.
16 Charlotte Square
Edinburgh
EH2 4DF

Contact Information and Website

Please visit us on the Internet. Our homepage at www.gabelli.co.uk includes useful information about the Company, such as daily prices, factsheets, announcements, and current and historic half year and annual reports.

We welcome your comments and questions at +44 (0) 20 3206 2100 or via e-mail at info@gabelli.co.uk.

General Information

SEDOL/ISIN: BD8P074/GB00BD8P0741

London Stock Exchange (TIDM) Code: GMP

Legal Entity Identifier (LEI): 5493006X09N8HKOV1U37

The Company's registrar is Computershare Investor Services PLC. Computershare's website address is investorcentre.co.uk and certain details relating to your holding can be checked through this website. Alternatively, Computershare can be contacted on +44 (0)370 707 1390. Change of name or address must be notified through the website or sent to The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

The Company is a member of **The Association of Investment Companies** ("AIC"), which publishes a number of useful fact sheets and email updates for investors interested in investment trust companies www.theaic.co.uk.

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