



THE GDL FUND

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**DIVIDEND NOTICE
SERIES B PREFERRED SHARES**

FOR IMMEDIATE RELEASE
Rye, New York
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**THE GDL FUND
DECLARES \$0.375 QUARTERLY DIVIDEND FOR ITS
SERIES B CUMULATIVE PUTTABLE AND CALLABLE PREFERRED SHARES**

Rye, NY -- The Board of Trustees (the "Board") of The GDL Fund (NYSE:GDL) (the "Fund") declared a \$0.375 per share cash distribution payable on September 26, 2017 to Series B preferred shareholders of record on September 19, 2017.

The Board has determined that the Series B Preferred Shares will have an annual dividend rate of 3.00% through the maturity date of this mandatory redeemable preferred. The Series B Preferred Shares, which trade on the New York Stock Exchange under the symbol "GDL Pr B", were issued on April 15, 2011 at \$50.00 per share and have a mandatory redemption date of March 26, 2020. The annual dividend rate of \$1.50 per share was determined by the Board in the first quarter of 2015 based on then current market conditions for debt securities of similar maturity issued by a U.S. corporation and rated A by at least one rating agency, subject to a minimum annual rate of 3.00%, in accordance with the terms of the Series B Preferred Shares.

During the 30 day period prior to March 26, 2018, shareholders may put any or all of their Series B Preferred Shares to the Fund at the liquidation preference of \$50.00 per share plus any accumulated and unpaid dividends.

The Series B Preferred Shares may be redeemed at any time by the Fund with 30 to 60 days prior notice at the liquidation preference of \$50.00 per share plus any accumulated and unpaid dividends.

Part of the distribution may be treated as qualified dividend income for individuals, subject to the maximum federal income tax rate, which is currently 20% in taxable accounts for individuals (or zero depending on an individual's tax bracket). In addition, certain U.S. shareholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surcharge on their "net investment income", which includes dividends received from the Fund and capital gains from the sale or other disposition of shares of the Fund.

Short-term capital gains, qualified dividend income, and ordinary income, if any, will be allocated on a pro-rata basis to all distributions to preferred shareholders for the year. Long-term capital gains, if any, are paid on an annual basis. Based on the accounting records of the Fund currently available, each of the distributions paid to preferred shareholders in 2017 would include approximately 22% from net investment income and 78% would be deemed a return of capital on a book basis and does not represent information for tax reporting purposes. The estimated components of each distribution are updated and provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2017 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2017 distributions in early 2018 via Form 1099-DIV.

Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. More information regarding this and other information about the Fund is available by calling 800-GABELLI (800-422-3554) or visiting www.gabelli.com.

The GDL Fund is a diversified, closed-end management investment company with \$340 million in total net assets whose investment objective is to achieve absolute returns in various market conditions without excessive risk of capital. The Fund is managed by Gabelli Funds, LLC, a subsidiary of GAMCO Investors, Inc. (NYSE:GBL).