

GDL FUND
Form 497
February 14, 2018
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THE GDL FUND
Filed Pursuant to Rule 49(c)
Registration Statement No. 333-213902

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 15, 2017)

2,624,025 Rights for 2,624,025 Series C Preferred Shares

The GDL Fund

Subscription Rights to Purchase Series C Cumulative Puttable and Callable Preferred Shares

The GDL Fund (the Fund, we, us or our) is issuing subscription rights (the Rights) at no charge to our preferred shareholders who hold Series B Cumulative Puttable and Callable Preferred Shares (the Series B Preferred Shares or Existing Preferred Shares) to purchase Series C Cumulative Puttable and Callable Preferred Shares (the Series C Preferred Shares or New Preferred Shares). Our Existing Preferred Shares are listed on the New York Stock Exchange (the NYSE) under the symbol GDL Pr B. The last reported NYSE sale price of our Existing Preferred Shares on February 13, 2018 was \$50.42.

The Fund is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund s investment objective is to achieve absolute returns in various market conditions without excessive risk of capital. We cannot assure you that the Fund s investment objective will be achieved. The Fund s investment adviser is Gabelli Funds, LLC (the Investment Adviser). An investment in the Fund is not appropriate for all investors.

You should read this Prospectus Supplement and the accompanying Prospectus before deciding whether to invest in the New Preferred Shares, and retain it for future reference. The Prospectus Supplement and the accompanying Prospectus contain important information about us. Material that has been incorporated by reference and other information about us can be obtained from us by calling 800-GABELLI (422-3554) or from the Securities and Exchange Commission s (SEC) website (<http://www.sec.gov>).

Investing in Series C Preferred Shares involves certain risks that are described in the Special Features and Risks of the Series C Preferred Shares section beginning on page S-17 of this Prospectus Supplement. You should also review the information set forth under Risk Factors and Special Considerations on page 43 of the accompanying Prospectus before investing in the New Preferred Shares.

Neither the SEC nor any state securities commission has approved or disapproved these securities or determined if this Prospectus Supplement is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total (1)
	\$ 50.00	\$ 131,201,250

Subscription price of Preferred Shares to shareholders exercising Rights		
Underwriting discounts and commissions	None	None
Proceeds, before expenses, to the Fund (1)	\$ 50.00	\$ 131,201,250

(1) The aggregate expenses of the offering (excluding underwriting discounts and commissions) are estimated to be \$350,000. This estimate includes certain expenses of G.research, LLC, the dealer manager for the Rights offering, that may be reimbursed by the Fund. See Distribution Arrangements.

The New Preferred Shares are expected to be ready for delivery in book-entry form through the Depository Trust Company on or about March 26, 2018, unless the offer is extended.

The date of this Prospectus Supplement is February 14, 2018.

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You should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer to sell these securities in any state where the offer or sale is not permitted. You should not assume that the information contained in this Prospectus Supplement and the accompanying Prospectus is accurate as of any date other than the date of this Prospectus Supplement and the accompanying Prospectus, respectively.

Series C Preferred Shares issued as a result of the Rights offering will not be record date shares for the Fund's 2018 annual meeting, scheduled to be held on May 14, 2018.

The Series B Preferred Shares are puttable to the Fund during the 30-day period prior to March 26, 2018, and you will receive documentation for effectuating this put. If you wish to exercise your Rights and purchase Series C Preferred Shares, DO NOT submit your Series B Preferred Shares for redemption pursuant to this put.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information (SAI) contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and similar terms and the negative of such terms. Such forward-looking statements may be contained in this Prospectus Supplement as well as in the accompanying Prospectus and in the SAI. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the price at which our shares will trade in the public markets and other factors discussed in our periodic filings with the SEC.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risk Factors and Special Considerations section of the accompanying Prospectus and in Description of the Rights Offering Risks and Special Features and Risks of the Series C Preferred Shares in this Prospectus Supplement. All forward-looking statements contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus, or in the SAI, are made as of the date of this Prospectus Supplement or the accompanying Prospectus or SAI, as the case may be. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this Prospectus Supplement, the accompanying Prospectus and the SAI are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the Securities Act).

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the Risk Factors and Special Considerations section of the accompanying Prospectus as well as in the Description of the Rights Offering Risks and Special Features and Risks of the Series C Preferred Shares sections of this Prospectus Supplement. We urge you to review carefully those sections for a more detailed discussion of the risks of an investment in the Preferred Shares.

Table of Contents**SUMMARY OF THE TERMS OF THE RIGHTS OFFERING**

Terms of the Offering	One non-transferable subscription right (each, a Right) will be issued for each Series B Cumulative Puttable and Callable Preferred Share (the Existing Preferred Shares) of the Fund held on the record date. These Rights will allow holders of Existing Preferred Shares to subscribe for new Series C Cumulative Puttable and Callable Preferred Shares (the Series C Preferred Shares or New Preferred Shares) of the Fund. 2,624,025 Existing Preferred Shares are outstanding as of February 14, 2018. One Right will be required to purchase one New Preferred Share. An over-subscription privilege will be offered. 2,624,025 New Preferred Shares will be issued if all Rights are exercised. See Terms of the Offering.
Amount Available for Primary Subscription	\$131,201,250
Title	Subscription Rights to Purchase Series C Cumulative Puttable and Callable Preferred Shares
Subscription Price	Rights may be exercised at a price of \$50.00 per New Preferred Share (the Subscription Price). The purchase price will be payable in cash, by surrender of Existing Preferred Shares at Liquidation Preference (as defined herein) or any combination of cash and such shares. Affiliated persons of the Fund will be permitted to purchase New Preferred Shares through the surrender of Existing Preferred Shares only to the extent permitted by law. See Terms of the Offering.
Record Date	Rights will be issued to holders of record of the Fund s Existing Preferred Shares on February 14, 2018 (the Record Date). See Terms of the Offering.
Number of Rights Issued	One Right will be issued in respect of each Existing Preferred Share outstanding as of the close of business on the Record Date. See Terms of the Offering.
Mandatory Redemption of New Preferred Shares	March 26, 2025 (7 year term).

Number of Rights Required to Purchase One New Preferred Share A holder of Rights may purchase one New Preferred Share of the Fund for every one Right exercised. See Terms of the Offering.

Over-Subscription Privilege Holders of Existing Preferred Shares on the Record Date who fully exercise their rights are entitled to subscribe for additional New Preferred Shares at the same Subscription Price, subject to certain limitations, allotment, and the right of the Board of Trustees of the Fund (the Board) to eliminate the over-subscription privilege. To the extent sufficient New Preferred Shares are not available to fulfill all over-subscription requests, unsubscribed New Preferred Shares will be allocated pro-rata among those shareholders who over-subscribe based on the number of the Fund s Existing Preferred Shares owned on the Record Date. See Over-Subscription Privilege.

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Transfer of Rights	The Rights will be non-transferable. See Terms of the Offering.
Subscription Period	The Rights may be exercised at any time after issuance and prior to expiration of the Rights, which will be 5:00 PM Eastern Time on March 20, 2018, unless otherwise extended (the Subscription Period). See Terms of the Offering and Method of Exercise of Rights.
ERISA	See Employee Benefit Plan Considerations.
Rights Agent	Computershare Trust Company, N.A.. See Rights Agent.
Administrative Agent	Morrow Sodali LLC. See Administrative Agent.
Use of Proceeds	The Fund currently intends to call within three months after expiration of the Subscription Period all outstanding Series B Preferred Shares that are not surrendered by holders to purchase Series C Preferred Shares in the offering. Pending such redemption, the proceeds will be held in high quality short term debt securities and instruments. See Use of Proceeds.
Rating	The Series C Preferred Shares will not be rated.
Series C Preferred Shares issued as a result of the Rights offering will not be record date shares for the Fund's 2018 annual meeting, scheduled to be held on May 14, 2018.	
The Series B Preferred Shares are puttable to the Fund during the 30-day period prior to March 26, 2018, and you will receive documentation for effectuating this put. If you wish to exercise your Rights and purchase Series C Preferred Shares, DO NOT submit your Series B Preferred Shares for redemption pursuant to this put.	

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SUMMARY OF THE TERMS OF THE SERIES C PREFERRED SHARES

Issue	Series C Cumulative Puttable and Callable Preferred Shares
Mandatory Redemption	March 26, 2025 (7 year term).
Liquidation Preference	\$50.00 per share (the Liquidation Preference).
Dividend Payment Dates	<p>Quarterly dividend payments are expected to be made when, as and if declared by the Board on March 26, June 26, September 26, and December 26 of each year (each, a Dividend Payment Date), commencing on the Dividend Payment Date following the date on which such shares are originally issued, which is expected to be March 26, 2018 (the Date of Original Issue) (if any Dividend Payment Date is not a business day, then on the next succeeding business day).</p> <p>As used herein, each period beginning on and including a Dividend Payment Date (or beginning on the Date of Original Issue, in the case of the first Dividend Period after the issuance of such Series C Preferred Shares) and ending on but excluding the next succeeding Dividend Payment Date is referred to as a Dividend Period.</p> <p>The Dividend Period beginning on the Date of Original Issue, which constitutes the first Dividend Period, together with the next three Dividend Periods, are referred to herein as Year 1, the next four Dividend Periods are referred to as Year 2, and so on.</p> <p>See Dividends.</p>
Dividend Rate	<p>For the Dividend Periods occurring in Year 1, the Statement of Preferences for the Series C Preferred Shares provides for quarterly dividends to be paid at an annualized rate of 4.00% based on the Liquidation Preference of the Series C Preferred Shares. During the last Dividend Period occurring in Year 1, the Board will determine and publicly announce at least 30 days prior to the end of such Dividend Period a fixed annual dividend rate that will apply for the Dividend Periods occurring in Year 2 and Year 3. Further, during the last Dividend Period occurring in Year 3, the Board will determine and publicly announce at least 30 days prior to the end of such Dividend Period a</p>

fixed annual dividend rate that will apply for all remaining Dividend Periods prior to the mandatory redemption date of March 26, 2025. Each reset dividend rate will be determined by the Board or a committee thereof in its sole discretion, and the Statement of Preferences provides that such rate will be not less than an annualized rate of 4.00% and not greater than an annualized rate of 6.00% based on the Liquidation Preference of the Series C Preferred Shares.

See Dividends.

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Holder Put Options

The Fund will redeem all or any part of the Series C Preferred Shares that holders have properly submitted for redemption and not withdrawn during the 30-day period prior to each of March 26, 2020 and March 26, 2022, at the Liquidation Preference, plus any accumulated and unpaid dividends. See Puts and Redemptions.

Optional Redemption

The Fund may redeem all or any part of the Series C Preferred Shares, upon not less than 30 nor more than 60 days prior notice, at the Liquidation Preference, plus any accumulated and unpaid dividends, on March 26, 2021 or March 26, 2023. See Puts and Redemptions. The Series C Preferred Shares are not otherwise subject to optional redemption by the Fund unless such redemption is necessary, in the judgment of the Board, to maintain the Fund's status as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code).

Stock Exchange Listing

An application will be made to list the Series C Preferred Shares on the NYSE. The Series C Preferred Shares are expected to commence trading on the NYSE within 30 days of the date of issuance. See Stock Exchange Listing.

Dividend Disbursing Agent

American Stock Transfer & Trust Company.

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The following table sets forth the unaudited capitalization of the Fund as of June 30, 2017, and its adjusted capitalization assuming the Series C Preferred Shares offered in this Prospectus Supplement had been issued and all of the Series B Preferred Shares had been redeemed or surrendered.

	As of June 30, 2017	
	Actual	As adjusted
Preferred shares, \$0.001 par value per share, unlimited shares authorized. (The Actual column reflects the Fund's outstanding capitalization as of June 30, 2017; the As adjusted column assumes the issuance of 2,624,025 Series C Preferred Shares, \$50 liquidation preference per share, and the redemption or surrender of 2,624,025 Series B Preferred Shares, \$50 liquidation preference per share)	\$ 131,201,250	\$ 131,201,250
Shareholders' equity applicable to common shares:		
Common shares, \$0.001 par value per share; unlimited shares authorized, 17,932,412 shares outstanding	\$ 17,932	\$ 17,932
Paid-in surplus*	\$ 211,684,868	\$ 211,334,868
Accumulated net investment loss	\$ (1,368,470)	\$ (1,368,470)
Distributions in excess of net realized gain on investments, securities sold short, swap contracts, and foreign currency transactions	\$ (204,902)	\$ (204,902)
Net unrealized appreciation on investments, securities sold short, swap contracts, and foreign currency translations	\$ 276,009	\$ 276,009
Net assets applicable to common shares	\$ 210,405,437	\$ 210,055,437
Liquidation preference of preferred shares	\$ 131,201,250	\$ 131,201,250
Net assets, plus the liquidation preference of preferred shares	\$ 341,606,687	\$ 341,256,687

* As adjusted paid-in surplus reflects a deduction for the estimated offering expenses of the preferred shares offering borne by the Fund of \$350,000.

For financial reporting purposes, the Fund is required to deduct the liquidation preference of its outstanding preferred shares from net assets, so long as the senior securities have redemption features that are not solely within the control of the Fund. Thus for accounting purposes, the Fund's preferred shares will be treated as debt (rather than equity). For all regulatory purposes, the Fund's preferred shares will be treated as equity (rather than debt).

Table of Contents**DESCRIPTION OF THE RIGHTS OFFERING****Terms of the Offering**

The Fund is issuing to shareholders of record of Existing Preferred Shares as of February 14, 2018 (the Record Date, and such shareholders, the Record Date Preferred Shareholders) Rights to subscribe for the New Preferred Shares. Each Record Date Preferred Shareholder is being issued one non-transferable Right for each Existing Preferred Share owned on the Record Date. The Rights entitle the holders to acquire (i) for \$50.00 in cash, (ii) by surrender of Existing Preferred Shares at liquidation preference, or (iii) for any combination of cash and such shares (the Subscription Price) one New Preferred Share for each one Right held. Rights may be exercised at any time during the period that commences on February 14, 2018, and ends at 5:00 PM Eastern Time on March 20, 2018 (the Subscription Period), unless otherwise extended. The right to acquire one additional New Preferred Share for each one Right held during the Subscription Period at the Subscription Price will be referred to in the remainder of this prospectus supplement as the Subscription. *Rights will expire on the Expiration Date and thereafter may not be exercised.* The New Preferred Shares will have a mandatory redemption date of March 26, 2025.

Rights will be evidenced by subscription certificates (Subscription Certificates) or may be uncertificated and evidenced by other appropriate documentation. The number of Rights issued to each holder will be stated on the Subscription Certificate delivered to the holder. The method by which Rights may be exercised and New Preferred Shares paid for is set forth below in Method of Exercise of Rights and Payment for Shares. A Rights holder will have no right to rescind a purchase after Computershare Trust Company, N.A. (the Rights Agent) has received payment. See Payment for Shares below. It is anticipated that the New Preferred Shares issued pursuant to an exercise of Rights will be listed on the NYSE.

Record Date Preferred Shareholders who fully exercise their Rights are entitled to subscribe for additional New Preferred Shares at the same Subscription Price pursuant to the over-subscription privilege, subject to certain limitations, allotment, and the right of the Board to eliminate the over-subscription privilege. See Over-Subscription Privilege below.

For purposes of determining the maximum number of shares a Record Date Preferred Shareholder may acquire pursuant to the offer, broker-dealers, trust companies, banks or others whose shares are held of record by Cede & Co. (Cede), as nominee for the Depository Trust Company (DTC) or by any other depository or nominee will be deemed to be the holders of the Rights that are held by Cede or such other depository or nominee on their behalf.

Nominees who hold the Fund's Existing Preferred Shares for the account of others, such as banks, broker-dealers, trustees or depositories for securities, should notify the respective beneficial owners of such shares as soon as possible to ascertain such beneficial owners' intentions and to obtain instructions with respect to the Rights. If the beneficial owner so instructs, the nominee will complete the Subscription Certificate and submit it to the Rights Agent with proper payment. In addition, beneficial owners of the Existing Preferred Shares or Rights held through such a nominee should contact the nominee and request the nominee to effect transactions in accordance with such beneficial owner's instructions.

Series C Preferred Shares issued as a result of the Rights offering will not be record date shares for the Fund's 2018 annual meeting, scheduled to be held on May 14, 2018.

The Series B Preferred Shares are puttable to the Fund during the 30-day period prior to March 26, 2018, and you will receive documentation for effectuating this put. If you wish to exercise your Rights and purchase Series C Preferred Shares, DO NOT submit your Series B Preferred Shares for redemption pursuant to this

put.

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Please note that the dates in the table below may change if the Rights offering is extended.

EVENT	DATE
Record Date	February 14, 2018
Subscription Period*	February 14, 2018 through March 20, 2018**
Expiration Date*	March 20, 2018**
Payment for Shares and Subscription Certificate or Notice of Guaranteed Delivery Due*	March 20, 2018**
Issuance Date	March 26, 2018**
Confirmation Date	March 29, 2018**

* A shareholder exercising Rights must deliver by 5:00 PM Eastern Time on March 20, 2018 (unless the offer is extended) either (a) a Subscription Certificate and payment for shares or (b) a notice of guaranteed delivery and payment for shares.

** Unless the offer is extended.

Over-Subscription Privilege

The Board has the right in its absolute discretion to eliminate the over-subscription privilege with respect to primary over-subscription shares if it considers it to be in the best interest of the Fund to do so. The Board may make that determination at any time, without prior notice to Rights holders or others, up to and including the fifth day following the Expiration Date. If the over-subscription privilege is not eliminated, it will operate as set forth below.

Record Date Preferred Shareholders who fully exercise their Rights are entitled to subscribe for additional New Preferred Shares at the same Subscription Price pursuant to the over-subscription privilege, subject to certain limitations, allotment, and the right of the Board to eliminate the over-subscription privilege.

Record Date Preferred Shareholders who fully exercise all Rights initially issued to them are entitled to buy those New Preferred Shares, referred to as primary over-subscription shares, that were not purchased by other holders of Rights at the same Subscription Price. If enough primary over-subscription shares are available, all such requests will be honored in full. If the requests for primary over-subscription shares exceed the primary over-subscription shares available, the available primary over-subscription shares (the Excess Shares) will be allocated pro rata among those fully exercising Record Date Preferred Shareholders who over-subscribe based on the number of Rights originally issued to them by the Fund. The allocation process may involve a series of allocations in order to assure that the total number of New Preferred Shares available for over-subscriptions is distributed on a pro rata basis. New Preferred Shares acquired pursuant to the over-subscription privilege are subject to allotment.

Record Date Preferred Shareholders who are fully exercising their Rights during the subscription period should indicate, on the Subscription Certificate that they submit with respect to the exercise of the Rights issued to them, how many New Preferred Shares they are willing to acquire pursuant to the over-subscription privilege.

The formula to be used in allocating the Excess Shares is as follows:

Shareholder's Record Date Position

X Excess Shares Remaining

Total Record Date Position of All Over-Subscribers

Banks, broker-dealers, trustees and other nominee holders of rights will be required to certify to the Rights Agent, before any over-subscription privilege may be exercised with respect to any particular beneficial owner, as to the aggregate number of Rights exercised during the Subscription Period and the number of New Preferred Shares subscribed for pursuant to the over-subscription privilege by such beneficial owner and that such beneficial owner's Subscription was exercised in full. Nominee holder over-subscription forms and beneficial owner certification forms will be distributed to banks, broker-dealers, trustees and other nominee holders of rights with the Subscription Certificates.

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The Fund will not offer or sell any New Preferred Shares that are not subscribed for during the Subscription Period or pursuant to the over-subscription privilege.

The Fund has been advised that the Investment Adviser and each of the Fund's trustees may exercise some or all of the Rights initially issued to them, and may request additional New Preferred Shares pursuant to the over-subscription privilege. In addition, Mario J. Gabelli or his affiliated entities may also purchase New Preferred Shares during the Subscription Period and pursuant to the over-subscription privilege.

Rights Agent

The Rights Agent is Computershare Trust Company, N.A. The Rights Agent will receive from the Fund an amount estimated to be \$30,000 comprising the fee for its services and the reimbursement for certain expenses related to the Rights offering.

Inquiries

For additional information all holders of Rights should contact the Fund by telephone at 800-GABELLI or 914-921-5070, or by written request to The GDL Fund, One Corporate Center, Rye, New York 10580-1422.

Administrative Agent

Morrow Sodali LLC is serving as administrative agent for this Rights offering. Morrow Sodali LLC will perform administrative services in connection with the Rights offering, including consultation and preparation in connection with the search of, and distribution of materials to, brokers and banks, and other nominees. Morrow Sodali LLC will also perform other administrative and back office services at the Fund's authorization and instruction. For its services, Morrow Sodali LLC will receive a fee of \$3,500 from the Fund, plus reimbursement of its out-of-pocket expenses.

Method of Exercise of Rights

Rights may be exercised by completing and signing the reverse side of the Subscription Certificate and mailing it in the envelope provided, or otherwise delivering the completed and signed Subscription Certificate to the Rights Agent, together with payment for the New Preferred Shares (including any surrender of Existing Preferred Shares) as described below under Payment for Shares. Rights may also be exercised through a Rights holder's broker, who may charge the Rights holder a servicing fee in connection with such exercise.

Completed Subscription Certificates must be received by the Rights Agent prior to 5:00 PM Eastern Time on the Expiration Date (unless payment is effected by means of a notice of guaranteed delivery as described below under Payment for Shares). Your broker, bank, trust company or other intermediary may also impose a deadline for exercising Rights earlier than 5:00 PM, Eastern Time on the Expiration Date. The Subscription Certificate and payment should be delivered to the Rights Agent at the following address:

If By First Class Mail:

The GDL Fund

c/o Computershare Trust Company, N.A.

Attn: Voluntary Corporate Actions

PO Box 43011

Providence, RI 02940-3011

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If By Registered, Certified or Express Mail or Overnight Courier:

The GDL Fund

c/o Computershare Trust Company, N.A.

Voluntary Corporate Actions

250 Royall Street Suite V

Canton, MA 02021

Payment for Shares

Holders of Rights who acquire New Preferred Shares in the Subscription may choose between the following methods of payment:

(1) A holder of Rights can send the Subscription Certificate together with payment in the form of (i) a check; (ii) by surrender of Existing Preferred Shares at liquidation preference; or (iii) any combination of a check and such shares for the New Preferred Shares subscribed for in the Subscription and, if eligible, for any additional New Preferred Shares subscribed for pursuant to the over-subscription privilege, to the Rights Agent based on the Subscription Price of \$50.00 per New Preferred Share. To be accepted, the payment (including surrender of the number of Existing Preferred Shares forming a portion of such payment), together with the executed Subscription Certificate, must be received by the Rights Agent at the addresses noted above prior to 5:00 PM Eastern Time on the Expiration Date. The Rights Agent will deposit all share purchase checks received by it prior to the final due date into a segregated account, and will hold any surrendered Existing Preferred Shares, in each case pending proration and distribution of New Preferred Shares. The Rights Agent will not accept cash as a means of payment for New Preferred Shares.

(2) Alternatively, a subscription will be accepted by the Rights Agent if, prior to 5:00 PM Eastern Time, on the Expiration Date, the Rights Agent has received a written notice of guaranteed delivery from a bank, a trust company, or a NYSE member, guaranteeing delivery of a properly completed and executed Subscription Certificate. In order for the notice of guaranteed delivery to be valid, full payment (by check, surrender of Existing Preferred Shares at liquidation preference, or any combination of check and such shares, as described above) for the New Preferred Shares subscribed for in the Subscription and, if eligible, for any additional New Preferred Shares subscribed for pursuant to the oversubscription privilege, at the Subscription Price of \$50.00 per New Preferred Share must be received with the notice. The Rights Agent will not honor a notice of guaranteed delivery if a properly completed and executed Subscription Certificate is not received by the Rights Agent by the close of business on the second business day after the Expiration Date. The notice of guaranteed delivery must be emailed to the Rights Agent at canoticeofguarantee@computershare.com or delivered to the Rights Agent at one of the addresses noted above.

EXCEPT AS OTHERWISE SET FORTH BELOW AND EXCEPT FOR SURRENDERS OF EXISTING PREFERRED SHARES, A PAYMENT PURSUANT TO THIS METHOD MUST BE IN UNITED STATES DOLLARS BY CHECK DRAWN ON A BANK LOCATED IN THE CONTINENTAL UNITED STATES, MUST BE PAYABLE TO THE GDL FUND AND MUST ACCOMPANY AN EXECUTED SUBSCRIPTION CERTIFICATE TO BE ACCEPTED.

Any payment required from a holder of Rights must be received by the Rights Agent prior to 5:00 PM Eastern Time on the Expiration Date. All payments by a holder of Rights must be in United States dollars check drawn on a bank

located in the continental United States and payable to The GDL Fund. Whichever of the two methods of payment described above is used, issuance and delivery of certificates for the New Preferred Shares purchased are subject to collection of checks and Existing Preferred Shares.

Within seven business days following the Expiration Date (the Confirmation Date), a confirmation will be sent by the Rights Agent to each holder of Rights (or, if the Existing Preferred Shares are held by Cede or any

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other depository or nominee, to Cede or such other depository or nominee), showing (i) the number of New Preferred Shares acquired pursuant to the Subscription, (ii) the number of New Preferred Shares, if any, acquired pursuant to the over-subscription privilege, and (iii) the per share and total purchase price for the New Preferred Shares. Any payment required from a holder of Rights must be received by the Rights Agent on the Expiration Date. Any excess payment to be refunded by the Fund to a holder of Rights will be mailed by the Rights Agent to the holder within seven business days after the Expiration Date. If the aggregate Subscription Price paid by a Record Date Preferred Shareholder exceeds the amount necessary to purchase the number of Series C Preferred Shares for which the Record Date Preferred Shareholder has indicated an intention to subscribe on the subscription certificate, then the Record Date Preferred Shareholder will be deemed to have exercised first the primary subscription Right (if not already fully exercised), and second the over-subscription privilege to the full extent of the excess payment tendered.

A Rights holder will have no right to rescind a purchase after the Rights Agent has received payment by delivery of Existing Preferred Shares and/or a check, which must include the name of the shareholder on the check.

If a holder of Rights who acquires New Preferred Shares pursuant to the Subscription does not make payment of any amounts due, the Fund reserves the right to take any or all of the following actions: (i) find other purchasers for such subscribed-for and unpaid-for New Preferred Shares; (ii) apply any payment actually received by it toward the purchase of the greatest whole number of New Preferred Shares which could be acquired by such holder upon exercise of the Subscription or over-subscription privilege; and (iii) exercise any and all other rights or remedies to which it may be entitled, including, without limitation, the right to set off against payments actually received by it with respect to such subscribed New Preferred Shares and to enforce the relevant guaranty of payment.

Holders, such as broker-dealers, trustees or depositories for securities, who hold Existing Preferred Shares for the account of others, should notify the respective beneficial owners of the Existing Preferred Shares as soon as possible to ascertain such beneficial owners' intentions and to obtain instructions with respect to the Rights. If the beneficial owner so instructs, the record holder of the Rights should complete Subscription Certificates and submit them to the Rights Agent with the proper payment. In addition, beneficial owners of Existing Preferred Shares or Rights held through such a holder should contact the holder and request the holder to effect transactions in accordance with the beneficial owner's instructions.

THE INSTRUCTIONS ACCOMPANYING THE SUBSCRIPTION CERTIFICATES SHOULD BE READ CAREFULLY AND FOLLOWED IN DETAIL. DO NOT SEND SUBSCRIPTION CERTIFICATES TO THE FUND.

THE METHOD OF DELIVERY OF SUBSCRIPTION CERTIFICATES AND PAYMENT OF THE SUBSCRIPTION PRICE TO THE RIGHTS AGENT WILL BE AT THE ELECTION AND RISK OF THE RIGHTS HOLDERS, BUT IF SENT BY MAIL IT IS RECOMMENDED THAT THE CERTIFICATES AND PAYMENTS BE SENT BY REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, AND THAT A SUFFICIENT NUMBER OF DAYS BE ALLOWED TO ENSURE DELIVERY TO THE RIGHTS AGENT AND CLEARANCE OF PAYMENT PRIOR TO 5:00 PM EASTERN TIME, ON THE EXPIRATION DATE.

All questions concerning the timeliness, validity, form and eligibility of any exercise of Rights will be determined by the Fund, whose determinations will be final and binding. The Fund in its sole discretion may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as it may determine, or reject the purported exercise of any Right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as the Fund determines in its sole discretion. Neither the Fund nor the Rights Agent will be under any duty to give notification of any defect or irregularity in connection with

the submission of Subscription Certificates or incur any liability for failure to give such notification.

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Foreign Restrictions

Subscription Certificates will not be mailed to Record Date Preferred Shareholders whose addresses are outside the United States (for these purposes, the United States includes the District of Columbia and the territories and possessions of the United States).

Risks

Under-Subscription. It is possible that the Rights offering will not be fully subscribed. Under-subscription of the Rights offering would have an impact on the net proceeds of the Rights offering, whether the Fund achieves any benefits and, depending on the Fund's portfolio positioning and the level of cash and cash equivalents held, the Fund's ability to fund calls or required redemptions of the Series B Preferred Shares.

The Series B Preferred Shares are puttable to the Fund during the 30-day period prior to March 26, 2018 and have a mandatory redemption date of March 26, 2020. As of December 31, 2017, the liquidation preference of the Series B Preferred Shares represented approximately 39% of the Fund's managed assets (total assets less liabilities other than the liquidation preference of the Series B Preferred Shares). To the extent the Fund is unable to obtain sufficient replacement financing for the Series B Preferred Shares through this Rights offering or otherwise, it will have to fund any calls or required redemptions of Series B Preferred Shares with portfolio assets and maintaining sufficient liquidity to meet these obligations could be disruptive to the implementation of the Fund's investment strategy.

Benefits to Investment Adviser. The Investment Adviser will benefit from the Rights offering, in part, because the investment advisory fee paid by the Fund to the Investment Adviser is based on the Fund's managed assets (including the Liquidation Preference of the Series C Preferred Shares). This Rights offering, if fully subscribed, would allow the Fund to maintain its existing amount of leverage, and therefore the size of the asset base on which the Investment Adviser's fee is calculated relative to net assets attributable to common shares, whereas using portfolio assets to fund calls or required redemptions of Series B Preferred Shares would reduce the Fund's managed assets and thus the size of the asset base on which the Investment Adviser's fee is calculated relative to net assets attributable to common shares. All else being equal, this would allow the Investment Adviser to maintain its existing fee levels.

Non-Transferability. You may not sell, transfer, assign or give away your Rights. Because the Rights are non-transferable (other than by operation of law), there is no market or other means for you to directly realize any value associated with the Rights. You must exercise the Rights to realize any potential value from them.

USE OF PROCEEDS

The Fund estimates the net proceeds of the Offer to be approximately \$130,851,250. This figure is based on the Subscription Price per share of \$50.00 and assumes all new Series C Preferred Shares offered are sold and that the expenses related to the Offer estimated at approximately \$350,000 are paid.

The Fund currently intends to call within three months after expiration of the Subscription Period all outstanding Series B Preferred Shares, which have an annual dividend rate of 3.00% and a mandatory redemption date of March 26, 2020, that are not surrendered by holders to purchase Series C Preferred Shares in the offering. Pending such redemption, the proceeds will be held in high quality short term debt securities and instruments.

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ASSET COVERAGE RATIO

As provided in the 1940 Act and subject to certain exceptions, the Fund may issue debt and/or preferred shares with the condition that immediately after issuance the value of its total assets, less certain ordinary course liabilities, exceeds 300% of the amount of the debt outstanding and exceeds 200% of the sum of the amount of debt and preferred shares outstanding. The Fund's preferred shares are expected to have an initial asset coverage on the date of issuance of approximately 39%, assuming the surrender in connection with this offering, or the redemption, in accordance with the Fund's intended use of proceeds in this offering, of the Series B Preferred Shares. As provided in the 1940 Act and subject to certain exceptions, the Fund will not be permitted to declare any dividend, or declare any other distribution, upon any outstanding common shares, or repurchase common shares, unless, in every such case, all preferred shares issued by the Fund have at the time of declaration of any such dividend or distribution or at the time of any such purchase an asset coverage of at least 200% (1940 Act Asset Coverage Requirement) after deducting the amount of such dividend, distribution, or purchase price, as the case may be.

Because the Series C Preferred Shares are being issued for the purpose of refinancing the Series B Preferred Shares, the 1940 Act generally permits the Fund to ignore, for the purpose of these asset coverage requirements, the liquidation value of any Series B Preferred Shares that are not surrendered as consideration for the Series C Preferred Shares pending the redemption of any such remaining Series B Preferred Shares in accordance with their terms, assuming the offering is fully subscribed.

Additional information regarding 1940 Act Asset Coverage Requirements is contained in the Prospectus under the headings Investment Objective and Policies Current Investment Practices Leverage and Risk Factors and Special Considerations Special Risks to Holders of Common Shares Leverage Risk.

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The following is a brief description of the terms of the Series C Preferred Shares. This is not a complete description and is subject to and entirely qualified by reference to the Fund's Statement of Preferences for the Series C Preferred Shares (the Statement of Preferences). The Statement of Preferences will be attached as an exhibit to post-effective amendment number 1 to the Fund's registration statement. Copies may be obtained as described under Additional Information in the accompanying Prospectus. Any capitalized terms in this section that are not defined have the meaning assigned to them in the Statement of Preferences.

The Fund's Agreement and Declaration of Trust, as amended from time to time, provides that the Board may authorize and issue classes of shares with rights and preferences as determined by the Board, by action of the Board without the approval of the holders of the common shares. Currently, an unlimited number of the Fund's shares are available for classification by the Board as preferred shares, par value \$0.001 per share. The Statement of Preferences authorizes the issuance of up to 2,624,025 Series C Preferred Shares. All Series C Preferred Shares will have a Liquidation Preference of \$50.00 per share plus accumulated and unpaid dividends. Holders of Series C Preferred Shares shall be entitled to receive, when, as and if declared by, or under authority granted by the Board, out of funds legally available therefor, cumulative cash dividends and distributions at the rates described below under Dividends. Dividends and distributions on Series C Preferred Shares will accumulate from the date of their original issue, which is expected to be March 26, 2018.

The Series C Preferred Shares, when issued by the Fund and paid for pursuant to the terms of this Prospectus Supplement and the accompanying Prospectus, will be fully paid and non-assessable and will have no preemptive, exchange or conversion rights. Any Series C Preferred Shares purchased or redeemed by the Fund will, after such purchase or redemption, have the status of authorized but unissued preferred shares. The Board may by resolution classify or reclassify any authorized and unissued Series C Preferred Shares from time to time by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and distributions, and qualifications or terms or conditions of redemption of such shares.

Any dividend payment made on the Series C Preferred Shares will first be credited against the dividends and distributions accumulated with respect to the earliest Dividend Period (as defined below) for which dividends and distributions have not been paid.

The Series C Preferred Shares will not be rated by any rating agency.

The disclosure set forth in this section and under the headings Asset Coverage Ratio and Summary of the Terms of the Series C Preferred Shares is intended to be a summary of the material provisions of the Series C Preferred Shares. Since this disclosure is only a summary, you should refer to the Statement of Preferences for a complete description of the obligations of the Fund and your rights. The disclosure set forth in this section and under the headings Asset Coverage Ratio and Summary of the Terms of the Series C Preferred Shares supplements the description of the preferred shares set forth under the caption Description of the Securities Preferred Shares in the accompanying Prospectus, and in the event that any provision described in the disclosure set forth in this section and under the headings Asset Coverage Ratio and Summary of the Terms of the Series C Preferred Shares is inconsistent with any description contained in the accompanying Prospectus, the disclosure set forth in this section and under the headings Asset Coverage Ratio and Summary of the Terms of the Series C Preferred Shares will apply and supersede the description in the accompanying Prospectus.

Dividends

Quarterly dividend payments are expected to be made when, as and if declared by the Board on March 26, June 26, September 26, and December 26 of each year (each, a Dividend Payment Date), commencing on the

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Dividend Payment Date following the date on which such shares are originally issued, which is expected to be March 26, 2018 (the Date of Original Issue) (if any Dividend Payment Date is not a Business Day, as that term is defined in the Statement of Preferences, then on the next succeeding Business Day). As used herein, each period beginning on and including a Dividend Payment Date (or beginning on the Date of Original Issue, in the case of the first Dividend Period after the issuance of such Series C Preferred Shares) and ending on but excluding the next succeeding Dividend Payment Date is referred to as a Dividend Period. The Dividend Period beginning on the Date of Original Issue, which constitutes the first Dividend Period, together with the next three Dividend Periods, are referred to herein as Year 1, the next four Dividend Periods are referred to as Year 2, and so on.

For the Dividend Periods occurring in Year 1, the Statement of Preferences provides for quarterly dividends to be paid at an annualized rate of 4.00% based on the Liquidation Preference of the Series C Preferred Shares. During the last Dividend Period occurring in Year 1, the Board will determine and publicly announce at least 30 days prior to the end of such Dividend Period a fixed annual dividend rate that will apply for the Dividend Periods occurring in Year 2 and Year 3. Further, during the last Dividend Period occurring in Year 3, the Board will determine and publicly announce at least 30 days prior to the end of such Dividend Period a fixed annual dividend rate that will apply for all remaining Dividend Periods prior to the mandatory redemption date of March 26, 2025. Each reset dividend rate will be determined by the Board or a committee thereof in its sole discretion, and the Statement of Preferences provides that such rate will be not less than an annualized rate of 4.00% and not greater than an annualized rate of 6.00% based on the Liquidation Preference of the Series C Preferred Shares.

Dividends and distributions will be paid to holders of record of Series C Preferred Shares as they appear on the stock register of the Fund at the close of business on the fifth preceding Business Day of a Dividend Payment Date in preference to dividends and distributions on common shares and any other capital shares of the Fund ranking junior to the Series C Preferred Shares in payment of dividends and distributions. Dividends and distributions on Series C Preferred Shares shall accumulate from the date on which such Series C Preferred Shares are originally issued. Dividends and distributions on account of arrears for any past Dividend Period or in connection with the redemption of Series C Preferred Shares may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date not exceeding 30 days preceding the payment date thereof as shall be fixed by the Board.

No full dividends and distributions shall be declared or paid on Series C Preferred Shares for any Dividend Period or part thereof unless full cumulative dividends and distributions due through the most recent Dividend Payment Dates for all series of preferred shares of the Fund ranking on a parity with the Series C Preferred Shares as to the payment of dividends and distributions have been or contemporaneously are declared and paid through the most recent Dividend Payment Dates. If full cumulative dividends and distributions due have not been paid on all such outstanding preferred shares, any dividends and distributions being paid on such preferred shares (including the Series C Preferred Shares) will be paid as nearly pro rata as possible in proportion to the respective amounts of dividends and distributions accumulated but unpaid on each such series of preferred shares on the relevant Dividend Payment Date.

Voting Rights

Except as otherwise provided in the Fund's governing documents or a resolution of the Board or its delegatee, or as required by applicable law, holders of Series C Preferred Shares shall have no power to vote on any matter except matters submitted to a vote of the Fund's common shares. In any matter submitted to a vote of the holders of the common shares, each holder of Series C Preferred Shares shall be entitled to one vote for each Series C Preferred Share held and the holders of all outstanding preferred shares, including Series C Preferred Shares, and the common shares shall vote together as a single class; provided, however, that the holders of the outstanding preferred shares, including Series C Preferred Shares, shall be entitled, as a class, to the exclusion of the holders of all other securities

and classes of capital shares of the Fund, to elect two of the Fund's trustees.

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During any period in which any one or more of the conditions described below shall exist (such period being referred to herein as a Voting Period), the number and/or composition of trustees constituting the Board shall be adjusted as necessary to permit the holders of outstanding preferred shares, including the Series C Preferred Shares, voting separately as one class (to the exclusion of the holders of all other securities and classes of capital shares of the Fund) to elect the number of trustees that, when added to the two trustees elected exclusively by the holders of outstanding preferred shares, would constitute a simple majority of the Board as so adjusted. The Fund and the Board shall take all necessary actions, including effecting the removal of trustees or amendment of the Fund's governing documents, to effect an adjustment of the number and/or composition of trustees as described in the preceding sentence.

A Voting Period shall commence:

- (i) if at any time accumulated dividends and distributions on the outstanding Series C Preferred Shares equal to at least two full years' dividends and distributions shall be due and unpaid; or
- (ii) if at any time holders of any other preferred shares are entitled to elect a majority of the trustees of the Fund under the 1940 Act or Statement of Preferences creating such shares.

Additionally, the affirmative vote of the holders of a majority of the outstanding preferred shares (as defined in the 1940 Act), voting as a separate class, will be required to amend, alter or repeal any of the provisions of the Statement of Preferences so as to in the aggregate adversely affect the rights and preferences set forth in the Statement of Preferences. To the extent permitted under the 1940 Act, in the event that more than one series of the Fund's preferred shares is outstanding, the Fund will not effect any of the actions set forth in the preceding sentence which in the aggregate adversely affects the rights and preferences for a series of preferred shares differently than such rights and preferences for any other series of preferred shares without the affirmative vote of the holders of at least a majority (as defined in the 1940 Act) of the Fund's preferred shares outstanding of each series adversely affected (each such adversely affected series voting separately as a class to the extent its rights are affected differently). The holders of the Series C Preferred Shares are not entitled to vote on any matter that affects the rights or interests of only one or more other series of the Fund's preferred shares. The class vote of holders of preferred shares described above will in each case be in addition to any other vote required to authorize the action in question. An increase in the number of authorized preferred shares or the issuance of additional shares of any series of preferred shares (including Series C Preferred Shares) shall not in and of itself be considered to adversely affect the rights and preferences of the Fund's preferred shares.

Additional details regarding the voting rights of Series C Preferred Shares are included in the Prospectus under Description of the Securities Preferred Shares Voting Rights.

Puts and Redemptions

Holder Put Rights. The Fund will redeem all or any part of the Series C Preferred Shares that holders have properly submitted for redemption and not withdrawn during the 30-day period prior to each of March 26, 2020 and March 26, 2022, at the Liquidation Preference, plus any accumulated and unpaid dividends.

Optional Redemptions. The Fund may redeem all or any part of the Series C Preferred Shares, upon not less than 30 nor more than 60 days' prior notice, at the Liquidation Preference, plus any accumulated and unpaid dividends, on March 26, 2021 or March 26, 2023. The Series C Preferred Shares are not otherwise subject to optional redemption by the Fund unless such redemption is necessary, in the judgment of the Board, to maintain the Fund's status as a regulated investment company under Subchapter M of the Code. Reference is also made to the heading Description of the Securities Preferred Shares Redemption Procedures in the Prospectus.

Mandatory Redemptions. The Fund is required to redeem the Series C Preferred Shares on March 26, 2025 at the Liquidation Preference, plus any accumulated and unpaid dividends. Reference is also made to the

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following headings in the Prospectus: Description of the Securities Preferred Shares Asset Maintenance Requirements, Description of the Securities Preferred Shares Mandatory Redemption Relating to Asset Coverage Requirements and Description of the Securities Preferred Shares Redemption Procedures.

The cure period for 1940 Act asset coverage failures for the Series C Preferred Shares is 60 days and the excess amount that may be redeemed in the case of a 1940 Act asset coverage failure is 10% (i.e., the Fund may redeem an additional number of preferred shares, including Series C Preferred Shares, which, when aggregated with all other preferred shares redeemed by the Fund, permits the Fund to have with respect to the preferred shares, including Series C Preferred Shares, remaining outstanding after such redemption a 1940 Act asset coverage of as great as 220%).

Reference is also made to the heading Asset Coverage Ratio in this Prospectus Supplement regarding the application of the 1940 Act's asset coverage requirements, and thus these and the other terms of the Series C Preferred Shares, in the context of this refinancing transaction.

Liquidation

In the event of any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the holders of Series C Preferred Shares shall be entitled to receive out of the assets of the Fund available for distribution to shareholders, after satisfying claims of creditors but before any distribution or payment shall be made in respect of the Fund's common shares or any other shares of the Fund ranking junior to the Series C Preferred Shares as to liquidation payments, a liquidation distribution in the amount of \$50.00 per share, plus an amount equal to all unpaid dividends and distributions accumulated to and including the date fixed for such distribution or payment (whether or not earned or declared by the Fund, but excluding interest thereon), and such holders shall be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up of the Fund.

If, upon any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the assets of the Fund available for distribution among the holders of all outstanding Series C Preferred Shares and all outstanding shares of any other series of the Fund's preferred shares ranking on a parity with the Series C Preferred Shares as to payment upon liquidation shall be insufficient to permit the payment in full to such holders of Series C Preferred Shares of the Liquidation Preference plus accumulated and unpaid dividends and distributions and the amounts due upon liquidation with respect to all outstanding shares of such other series of preferred shares of the Fund, then such available assets shall be distributed among the holders of Series C Preferred Shares and such other series of preferred shares of the Fund ratably in proportion to the respective preferential liquidation amounts to which they are entitled. Unless and until the Liquidation Preference plus accumulated and unpaid dividends and distributions has been paid in full to the holders of Series C Preferred Shares, no dividends or distributions will