# GABELLI

## VALUE PLUS+ TRUST PLC

# Annual Report and Accounts 2018

# Gabelli Value Plus+ Trust Plc's investment objective: To deliver capital appreciation primarily through investment in U.S. equities, using the Gabelli Private Market Value with a Catalyst™ approach.

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# At a glance

GABELLI VALUE PLUS+ TRUST PLC ("GVP" or the "Company") was launched in February 2015 to invest in U.S. equities. Trading on the London Stock Exchange under the symbol GVP, the Company brings the "best of" Gabelli Funds through an actively managed fund investing in U.S. companies, giving UK investors direct access to the Gabelli value investment methodology. It incorporates a portfolio of Gabelli Funds all cap U.S. equity ideas with selective deployment of their classic merger arbitrage approach. The merger arbitrage approach aims to earn absolute returns in excess of short term interest rates, non-correlated with the overall equity markets.

Through its Investment Manager, Gabelli Funds, LLC, the Company provides access to Gabelli's core methodology, which has delivered annualised outperformance of the Standard & Poor's 500 Index of 5% since inception of the Gabelli business in 1977. The Company's investment portfolio is diversified across securities, capitalisations, sectors, and event time horizons; it is flexible through various market cycles and opportunistic where appropriate.

The Company is part of the lineage of Gabelli Closed-End Funds. The Gabelli Fund complex currently includes fourteen U.S.-based closed-end funds, two funds based in the UK, four exchange-traded managed funds, twenty-one open-end funds and a SICAV, which includes two sub-funds.

# Financial Highlights

| Performance (unadjusted for distributions) | **As at 31 March 2018** | As at 31 March 2017 |
|---|---|---|
| Net asset value per share (cum income) | **129.5p** | 139.7p |
| Net asset value per share (ex income) | **128.9p** | 138.4p |
| Share price | **116.0p** | 134.3p |
| Discount relative to the NAV (cum income) | **10.4%** | 3.9% |
| Exchange Rate (US$/£) | **1.40** | 1.25 |

| Total returns | **Year ended 31 March 2018** | Year ended 31 March 2017 |
|---|---|---|
| Net asset value per share# | **(6.5%)** | 36.2% |
| Russell 3000 Value Index (£) | **(4.5%)** | 37.7% |
| S&P 500 Index (£) | **2.0%** | 34.4% |
| Share price† | **(12.8%)** | 48.8% |

| Income | | |
|---|---|---|
| Revenue return per share | **0.59p** | 1.31p |

| Ongoing charges* | | |
|---|---|---|
| Annualised ongoing charges** | **1.35%** | 1.33% |

Source: Investment Manager (Gabelli Funds, LLC), verified by the Administrator, State Street Bank and Trust Company.

# The net asset value ("NAV") total return for the year reflects the movement in the NAV, adjusted for the reinvestment of any dividends paid.

† The total share price return for the year to 31 March reflects the movement in the share price during the year, adjusted to reflect the reinvestment of any dividends paid.

* Ongoing charges are calculated as a percentage of shareholders' funds using the average net assets over the year and calculated in line with the AIC's recommended methodology.

** The annualised ongoing charges are the recurring operating and investment management costs of the Company, expressed as a percentage of the average net assets. The breakdown is set out in the following table. Portfolio transaction charges are shown for transparency, although they do not form part of the ongoing charges under the AIC's recommended methodology.

| | **£000** | **Year ended 31 March 2018 % of average net assets** | £000 | Year ended 31 March 2017 % of average net assets |
|---|---|---|---|---|
| Revenue expenses | **532** | **0.39** | 483 | 0.39 |
| Investment management fees | **1,293** | **0.96** | 1,148 | 0.94 |
| | **1,825** | **1.35** | 1,631 | 1.33 |
| Transaction costs | **91** | **0.07** | 92 | 0.07 |

# Chairman's Statement

Andrew Bell
Chairman

## Introduction

The Company's objective is to create value for shareholders by investing predominantly in the equity securities of U.S. Companies, of any market capitalisation. Our differentiated investment approach adopts the "Private Market Value with a Catalyst" strategy employed by our Investment Manager, Gabelli Funds LLC, details of which were set out in the Prospectus and are explained in the Investment Manager's Report which follows this statement.

This is the Company's third annual report to shareholders since we listed on the London Stock Exchange in 2015 and covers the 12 month period to 31 March 2018. The Board is always receptive to feedback, so if shareholders have any questions or comments please get in touch through the Company Secretary, whose contact details are at the end of this report.

Principal developments during the year under review

2017 saw an uplift in global stock market sentiment, as economic growth became more widely established, spreading beyond what had previously been a U.S.-led recovery. Economic growth forecasts improved through the year and, in December 2017, the passage of the U.S. Tax Cuts and Jobs Act led to further upward revisions for corporate profits, in addition to the earnings benefit flowing from economic growth. Inflation remained subdued, although there were some signs that a long period of undershooting expectations was coming to an end. The Federal Reserve continued to raise rates and by early 2018 there were indications that the interest rate cycle was turning up in other regions, albeit gradually.

The Company's net asset value ("NAV") total return was negative during the year, at (6.5%). In contrast to the previous year, currency factors were a headwind (with sterling rising by 11.7% versus the dollar) but performance was relatively poor compared with the wider Standard & Poors Composite market index, which delivered a positive total return of 2.0% in sterling terms. The share price total return of (12.8)% was impacted by a widening of the discount during the year. The Company's portfolio also underperformed specialised value sub-indices of the market (such as the Russell 3000 Value index) so there is no escaping that it was a disappointing result all round, especially coming after the exceptional absolute returns of the previous year.

A number of factors contributed to this underperformance. Aside from the general point that the Investment Manager's investment approach does not attempt to represent or track any index (so performance can be expected to diverge up or down from that of the broader market), for most of the year the portfolio held 20%-30% of its capital in areas not correlated to the market's direction. This included investments in announced merger situations and cash holdings. With the benefit of hindsight, this was unhelpful given that the market pushed persistently higher during the year, although over a full cycle both can be expected to help in more negative market conditions. This was also a year when market gains were led by a range of globally renowned technology platforms, such as Facebook, Apple, Amazon, Netflix and Google (collectively known by the acronym "FAANGs"). Whatever their investment merits, they are not suited to a value-based approach to investing, such as that of Gabelli Funds, LLC.

The Board is keenly aware that, despite the materially positive absolute returns achieved by the portfolio since listing, performance has so far fallen short of the gains in the wider market and the shares have been trading at a moderate discount for much of the past year. The Board is alert to these issues and closely monitors and questions performance with the Investment Manager at each Board meeting. The Board believes that the investment policy carried out is consistent with its initial prospectus and that it will prove its worth over a full market cycle, when the market rotates to pay attention to value stocks and becomes more concerned about downside resilience, after a long period of concentrating on momentum in growth stocks.

The Investment Manager's interests are aligned with those of other shareholders in two specific respects - the management fee is levied on market capitalisation, which means the fee is reduced when the shares trade at a discount to net asset value. Secondly, the Gabelli Group affiliate Associated Capital Group is our largest shareholder, with approximately 27% of the Company's

# Chairman's statement continued

shares so they participate fully in the ups and downs of performance. Whilst better performance cannot be achieved by simply wishing, our Investment Manager is highly focused on delivering the good performance that its value strategies have achieved in the past.

In March 2017, the Company announced that it was investigating the potential for a further issue of shares, to expand the size of the Company. As a result of a relative lack of interest in U.S. funds (due to the improving recovery in other regions), associated with a dull period of performance, the Company's plans to increase its size did not come to fruition during 2017. The Board's and Investment Manager's key priority remains to serve the interests of shareholders through seeking improved portfolio performance. The Board believes that the share rating would be likely to respond favourably to an upturn in performance which, in turn, could create an opportunity to expand the capital of the Company. The Board's motive in keeping this possibility in mind is to diversify the shareholder base, spread the fixed costs over a wider base and improve the trading liquidity for those wishing to buy and sell.

## Gearing

During the past year, the Company has considered a range of options for using borrowing facilities as a means of adding to returns. Given that the Investment Manager was holding a net cash position for most of the year, this preparatory work was not implemented as it would have incurred costs without the funds being deployed to increase returns. The Company continues to keep its options under review and will consider establishing borrowing facilities when the time is right. It is envisaged that borrowings would normally not exceed 15% of net assets at the time of investment and, where appropriate, a net cash position may be held.

## Dividend

The Company's portfolio is constructed with total return in mind, rather than any envisaged split between income and capital return. The portfolio yield is likely to vary materially relative to that on the U.S. stock market, according to the investment stock selections. Revenue earnings per share during the year were 0.59 pence per the Statement of Comprehensive Income, which compares with 1.3 pence in the previous year.

The Directors recommend a final dividend of 0.6 pence per share (2017: 1.2 pence). The proposed final dividend will be paid on 21 August 2018 to shareholders on the register at the close of business on 29 June 2018. The ex-dividend date is 28 June 2018.

## Key Information Document ("KID")

The European Union's Packaged Retail Investment and Insurance based Products ("PRIIP's") Regulations cover Investment Trusts and the preparation of a KID. The Company's KID, prepared by its Alternative Investment Fund Manager ("AIFM") Gabelli Asset Management LLC is available on the Company's website. Investors should note that the processes for calculating the risks, costs and potential returns in the KID are prescribed by EU law and the Company and its AIFM have no discretion over the format or content of the document. The illustrated performance returns in the KID cannot be guaranteed and, together with the prescribed cost calculation and risk categorisation, may not reflect figures for the Company derived using other methods. Accordingly the Board recommends that investors also take account of information from other sources, including the Annual Report.

## Outlook

Although markets started 2018 with a spring in their step, with solid economic growth in place worldwide and corporate earnings demonstrating rapid growth, this gave way to a more negative mood in late January. Initially, this was due to some economic releases suggesting that inflation could be rising, which might prompt central banks to increase interest rates by more than expected, thereby either negatively impacting growth or undermining equity valuations. Nevertheless, so far there are only limited signs that the benign period of low inflation is under threat.

However, just as markets were becoming more relaxed on this front the U.S. Administration announced a series of possible protectionist measures and tariffs, which led investors to fear that the global recovery might be brought to an end by a trade war associated with reciprocal measures restricting international trade. The initial U.S. announcements have since been tempered and are now being portrayed as a negotiating ploy to obtain concessions from trading partners, particularly China. At the time of writing, the end-game of this process is not clear, while the tweet-punctuated whimsicality of the U.S. leadership continues to keep markets guessing.

Fundamentally, the corporate sector can be seen as building value in 2018, measured by growth in earnings and investment plans. This positive driver is contending with worries about valuation (as well as the trade-driven concerns about the sustainability of the economic upturn) to produce more volatile conditions and a correction in values. This argues for a selective approach to equity investment, which should play to the strengths of active managers such as our own. If this proves to be a better year for Main Street (i.e. the economy) than Wall Street (after several years when markets were more buoyant than the economy) it is possible that investors will focus anew on the more cyclical "value" stocks in the market, after a decade of value underperformance. The Company's distinctive Private Market Value with a Catalyst™ approach to investing is well placed to benefit from such a switch, although its timing cannot be predicted.

## Annual General Meeting ("AGM")

Our AGM will be held at Dukes Hotel, 35 St James's Place, London, SW1A 1NY on Tuesday 14 August 2018 at 11 am (BST). Formal notice of the meeting will be sent to shareholders when the Annual Report is published. I and the rest of the Board look forward to meeting you then.

Having been Chairman of the Board since the Company's listing in February 2015, I shall not be standing for re-election at this year's AGM. Three and a half years is a good stint and in my view refreshment is best timed when (I hope) nobody thinks it is overdue. Jonathan Davie will take over as Chairman following the AGM and Kasia Robinski will succeed Jonathan as Chair of the Audit and Management Engagement Committee. I wish Jonathan, the Company and shareholders success and prosperity in the future.

Andrew Bell
Chairman of the Board
18 June 2018

# The Search For Value – A History of Gabelli

## Origins of Gabelli

The Gabelli organisation, of which Gabelli Funds, LLC is a major affiliate, began in the U.S. in 1976 as an institutional research firm. Gabelli's intense, research driven culture has driven its evolution into a diversified global financial services company. The basis of its success remains unchanged – a focus on fundamental, bottom-up research, a highly consistent investment process, and the commitment to superior risk adjusted returns. With offices in the U.S., London, Tokyo, and Shanghai, and employing more than 150 professionals, we offer portfolio management in our core competencies across the globe.

Gabelli Funds, LLC took the basic tenets of classic value investing and forged our Private Market Value ("PMV") with a Catalyst™ approach. We have built a company currently managing over $43 billion in assets and a track record of consistent returns over time.

Gabelli is credited by the academic community for establishing the notion of PMV and applying the process in the analysis of public equity securities. Our value oriented bottom-up stock selection process is based on the fundamental investment principles first articulated in 1934 by Graham and Dodd, the founders of modern security analysis, and further augmented by Mario Gabelli in 1977 with his introduction of the concepts of PMV into equity analysis.

Our sustainable, time tested investment principles of fundamental security analysis are as valid today as they were more than eighty years ago.

# Investment Policy

The Company will seek to meet its investment objective by investing predominantly in equity securities of U.S. Companies of any market capitalisation.

In selecting such securities the Manager will utilise its proprietary Private Market Value ("PMV") with a Catalyst™ methodology. PMV is the value that the Investment Manager believes an informed industrial buyer would be willing to pay to acquire an entire company. The Manager arrives at a PMV valuation by a rigorous assessment of fundamentals (focusing on the balance sheet, earnings, and free cash flow) from publicly available information and judgement gained from its comprehensive, accumulated knowledge of a variety of sectors.

The Manager's fundamental research seeks to identify investments typically featuring, but not limited to, differentiated franchise businesses with organic cash flow, balance sheet opportunities, and operational flexibility. The Manager will seek to identify businesses whose securities trade in the public markets at a significant discount to their PMV estimate which the Manager refers to as a "Margin of Safety."

Having identified such securities, the Manager will seek to identify one or more "catalysts" that will help to narrow or eliminate the Margin of Safety. Catalysts can come in many forms, including, but not limited to, corporate restructurings (such as demergers and asset sales), operational improvements, regulatory or managerial changes, special situations (such as liquidations), and mergers and acquisitions.

The Manager seeks value creation through its process of bottom-up stock selection and its implementation of a disciplined portfolio construction process.

Once fully invested, the Company anticipates having a portfolio consisting typically of between 40 to 60 holdings. It is anticipated that these holdings will represent the majority of the portfolio. The Company may have more or fewer holdings from time to time depending upon the nature of the portfolio and market conditions.

In addition to equity securities of U.S. companies, the Company may (subject to certain investment restrictions) also invest in other securities from time to time, including non-U.S. securities, convertible securities, fixed interest securities, preferred stock, non-convertible preferred stock, depositary receipts, warrants, and other rights. Subject to the investment restrictions, there is no limitation on the number of investments which may be exposed to any one type of catalyst event, including demergers, restructurings, or announced mergers and acquisition.

The Company may invest in derivatives for efficient portfolio management and for investment purposes. Any use of derivatives for efficient portfolio management and for investment purposes will be subject to the investment restrictions.

There has been no change to the investment policy since the launch of the Company in February 2015. No material change will be made without shareholder approval.

# Investment Manager's Review

## Gabelli Methodology

Gabelli Funds would like to thank Shareholders for entrusting a portion of their assets to the Gabelli Value Plus+ Trust Plc (the "Company" or "GVP"). We appreciate the confidence and trust you have offered our organisation through an investment in GVP. Today, as we have for over forty years, 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 during the year to 31 March 2018.

We at Gabelli are active, bottom up, value investors, and seek to achieve real capital appreciation (relative to inflation) over the long term, regardless of market cycles. We achieve returns through investing in businesses utilising our proprietary Private Market Value ("PMV") with a Catalyst™ methodology. PMV is the value that we believe an informed buyer would be willing to pay to acquire an entire company in a private transaction. Our team arrives at a PMV valuation by a rigorous assessment of fundamentals from publicly available information and judgment gained from our comprehensive, accumulated knowledge of a range of sectors. We focus on the balance sheet, earnings, free cash flow, and the management of prospective companies. Our portfolios are not index benchmarked, and we construct them agnostic of market capitalisation and index weightings. We have invested this way since 1977.

Our research process identifies differentiated franchise businesses, typically with strong organic cash flow characteristics, balance sheet opportunities, and operational flexibility. We seek to identify businesses whose securities trade in the public markets at a significant discount to our estimates of their PMV estimate, or "Margin of Safety". Having identified such securities, we look to identify one or more "catalysts" that will narrow or eliminate the discount associated with that "Margin of Safety".

Catalysts can come in many forms, including, but not limited to, corporate restructurings (such as demergers and asset sales), operational improvements, regulatory or managerial changes, special situations (such as liquidations), and mergers and acquisitions.

It is through this process of bottom-up stock selection and the implementation of disciplined portfolio construction that we expect to create value for shareholders.

## In Review

In stock market terms, the first quarter of 2018 (and the last fiscal quarter for the Company) was somewhat different from what we have been experiencing recently in the U.S. stock market. Up until this quarter, the U.S. stock market (in U.S. dollar terms) had been going up for many quarters in a row. In this quarter, however, the stock market was actually down slightly; something we have not recently seen. Another marked difference in the quarter was that volatility returned to the stock market. One way to measure volatility is to look at the number of days when the stock market, as measured by the Standard & Poors ("S&P") 500 Index, was up or down by at least 1% in one trading day. During all of 2017, the S&P 500 only had eight such trading days, a very low number. During the first quarter of 2018 there were twenty-three such daily moves of at least 1%. So volatility is back, and as long term investors know well, the stock market does not always go up in the short term.

Absolute returns in your portfolio, in U.S. dollar terms, were strong in calendar year 2017, and we look forward to an acceleration in U.S. corporate earnings growth and deal activity in 2018. Volatility, as mentioned above, has started to come back into the market, and we expect it to stay with us. Market corrections and economic recessions are inevitable, and indeed necessary, for the proper functioning of our capitalist system. We remain alert and prepared for most eventualities, and believe our PMV with a Catalyst™ approach will continue to deliver superior risk-adjusted results over the long term.

## The Economy

The U.S. economy grew at an impressive rate of approximately 3.0% in real terms during 2017, and we expect that the economy will continue to grow by the same amount during 2018. Inflation has started to move up ever so slightly, and we expect, as measured by the consumer price index, it will hover just above 2% for 2018, a level that central bankers should be comfortable with as they gradually raise short term rates. The U.S. unemployment rate, at approximately 4%, stands at a ten year low. Housing starts of about 1.3 million units continue their steady increase, but remain comfortably below the prior peak of 2.2 million units.

The U.S. economic expansion has been going on since June 2009, according to the National Bureau of Economic Research. This means we are about to enter the second longest economic expansion in the country, beating the 106-month expansion of the 1960s. The longest economic expansion was from 1991-2001; we will have to wait another year to see if it can beat that performance and establish the longest economic expansion documented in U.S. history, with records predating the civil war.

## The State of Washington D.C.

Since late 2017, a rising stock market was based on a "Trump Bump", consisting of (a) tax reform; (b) deregulation; and (c) fiscal stimulus. To date, the Trump administration has delivered on the first two objectives and, through tax cuts, partly on the third. Fiscal stimulus could become a larger part of the picture in 2018, if an infrastructure bill gets passed and military spending goes up, both of which the administration would like to do. The new tax bill, which lowers the Federal corporate tax rate to 21%, will make U.S. corporate taxes very competitive with other members of the Organization for Economic Cooperation and Development ("OECD"), which is a major positive for the U.S. economy and the U.S. stock market. Your portfolio is well positioned to capture the benefits of the lower corporate taxes, as it includes a material weighting of smaller and mid-size U.S. firms, which have historically paid higher effective tax rates and whose revenues are centered on domestic operations. Many U.S. individual taxpayers will see lower taxes, with reduced rates and an increased standard deduction, but higher income households in higher state and local tax ("SALT") geographies could see an increase. Deregulation in the energy, financial and media/telecom sectors has already unleashed corporate animal spirits. We expect more deregulation to come from this administration.

## The State of the Federal Reserve (the "Fed")

Notwithstanding excitement about potential tax windfalls, the most powerful market force coming out of Washington during the past few years has come from the Fed. Through open market activity and three rounds of quantitative easing ("QE"), the Fed slashed short term interest rates from 4.5% before the 2008-2009 financial crisis to nearly zero, lifting asset prices everywhere. The Fed began tapping the brakes by tapering QE in October 2014, and has

# Investment Manager's Review continued

now raised rates seven times, the latest of which took the Fed Funds rate to a range of 1.75% - 2.00%. The Fed started shrinking its balance sheet, with current expectations for two additional rate increases in 2018, and maybe three in 2019, which would ratchet the Fed Funds rate to 3.0%. Newly appointed Fed Chairman Jerome H. ("Jay") Powell, a centrist and former banker, will likely continue on this path.

Over the long term, the Fed's "normalisation" of rates is healthy for the economy, but the timing of this process has been the subject of debate, given a lack of inflation. The last two rate hike cycles ended in market dislocations in 2001 and 2007, but the circumstances in each were very different from today. A future recession may be unavoidable, but it need not be triggered by the Fed anytime soon. What is clear, however, is that monetary policy has gone from being a tailwind to being a headwind for the economy and the market.

## Performance Summary 2017/18

The absolute decline in the net asset value ("NAV") can be entirely attributed to the decline of 12% in the Sterling value of the U.S. Dollar. In Dollar terms the NAV rose, albeit by less than the market (as measured on the S&P Composite Index). The level of markets was largely driven by growth stocks, with particularly strong performances coming from the shares of technology companies. Our Private Market Value approach focuses on well managed companies, whose shares trade at particularly attractive values.

During the year our best five contributors to our returns were our holdings in the shares of Hewlett Packard Enterprise, Ryman Hospitality Properties, Viacom Inc., Harris Corp. and Myers Industries. By contrast our holdings in EW Scripps Co, Mueller Industries Inc., Navistar International Corp., DISH Network Corp. and Bank of New York Mellon Corp. detracted from returns.

## Let's Talk Stocks - Selected Portfolio Holdings

We have included below a discussion of portfolio holdings. Quoted prices are as at 31 March 2018.

Bank of New York Mellon Corp (BK - $51.31 - NYSE) is a global leader in providing financial services to institutions and individuals. The company operates in more than one hundred markets worldwide and strives to be the global provider of choice for investment management and investment services. As of 31 December 2017, the firm had $33.3 trillion in assets under custody and $1.9 trillion in assets under management. Going forward, we expect BK to benefit from rising global incomes and the cross border movement of financial transactions. We believe BK is also well positioned to grow earnings in a rising interest rate environment, given its large customer cash deposits and significant loan book.

HERC Holdings Inc. (HRI - $64.95 - NYSE), based in Bonita Springs, Florida, is the third largest equipment rental company in the United States after United Rentals and Sunbelt Rentals (owned by Ashtead). HRI was spun out of parent Hertz on June 30, 2016. Underemphasized as part of a significantly larger car rental company, HRI now has the opportunity to improve profitability to levels more commensurate with peers as a standalone entity, which has the potential to create significant value for shareholders. Ultimately, we view HRI as an attractive acquisition candidate. We continue to see operating improvement at HERC, which will help drive stronger earnings, particularly in the context of a growing equipment rental market.

Navistar International Corp. (NAV - $34.97 - NYSE), based in Lisle, Illinois, manufactures Class 4-8 trucks, buses, and defense vehicles, as well as diesel engines and parts for the commercial trucking industry. NFC, a wholly-owned subsidiary, provides financing of products sold by the company's truck segment. Navistar has continued to see its operations and market share improve, following a September 2016 $256 million (16.6% stake) investment by Volkswagen. More recently, Volkswagen provided more information on its intention to separate its Truck & Bus division, which owns the VW brand, as well as MAN and Scania in Europe. This separation increases the likelihood that VW Truck & Bus will seek to buy Navistar outright in the future.

Republic Services Inc. (RSG - $66.23 - NYSE), based in Phoenix, Arizona, became the second largest solid waste company in North America after its acquisition of Allied Waste Industries in December 2008. Republic provides nonhazardous solid waste collection services for commercial, industrial, municipal, and residential customers in thirty-nine states and Puerto Rico. Republic serves more than 2,800 municipalities and operates 195 landfills, 204 transfer stations, 343 collection operations, and 90 recycling facilities. Since the Allied merger, Republic has benefited from synergies driven by route density, beneficial use of acquired assets, and reduction in redundant corporate overhead. Republic is committed to its core solid waste business. While other providers have strayed into alternative waste resource technologies and strategies, we view Republic's plan to remain steadfast in the traditional solid waste business positively. We expect continued solid waste growth acquisitions, earnings improvement, and incremental route density and internalization growth in already established markets to generate real value in the near to medium term, highlighting the company's potential.

Ryman Hospitality Properties Inc. (RHP - $77.45 - NYSE) is the owner/operator of four large convention-centric hotels under the Gaylord brand. It also owns the Opryland brand and entertainment complex in Nashville, the city of its origin. As such, it has benefited from the growth in country music and consumer preference for live entertainment. The company's hotels are group-focused, and bookings have remained strong due to steady economic expansion in the United States and limited supply growth within the group-focused hotel market segment. Future growth will come from new hotels, likely established as joint ventures, and investment into existing properties, as well as development of live entertainment venues, the first of which opened in New York City's Times Square in December. The company, which is structured as a REIT (real estate investment trust), provides a tax efficient dividend stream underwritten by the consistency of its cash flow. In time, we expect management to unlock additional value by executing a tax-free spin-off of the entertainment business.

Twenty-First Century Fox Inc (FOXA - $36.69 - NASDAQ) is a diversified media company with operations in cable network television, television broadcasting, and filmed entertainment. FOX is in the process of selling the company's cable, international, and entertainment assets and is benefiting from a bidding competition between Disney and Comcast. Following the transaction, FOXA will consist of Fox News and The Fox Broadcasting Company. The company's concentration in live news and sports programming will be a significant advantage, as it negotiates with both traditional and entrant distributors. Pro forma for CMCSA's most recent bid, FOXA is trading at 8x EBITDA.

Gabelli Funds, LLC
18 June 2018

# Portfolio Summary

**Portfolio distribution as at 31 March 2018 (%)***

| | As at 31 March 2018 | | |
|---|---|---|---|
| | Portfolio of GVP | S&P 500 | Russell 3000 Value |
| Industrials | 22.8 | 10.2 | 8.5 |
| Financials | 21.2 | 14.8 | 27.3 |
| Consumer Discretionary | 21.1 | 12.7 | 7.1 |
| Information Technology | 12.5 | 24.8 | 9.2 |
| Materials | 7.2 | 2.9 | 3.1 |
| Health Care | 5.5 | 13.7 | 13.1 |
| Consumer Staples | 3.6 | 7.6 | 7.6 |
| Real Estate | 2.4 | 2.7 | 5.2 |
| Telecommunication Services | 1.4 | 1.9 | 2.7 |
| Utilities | 1.4 | 2.9 | 5.9 |
| Energy | 0.6 | 5.8 | 10.3 |
| Other | 0.3 | - | - |
| **Total** | 100.0 | 100.0 | 100.0 |

* Excludes cash and short term investments.

**By asset class (%)**

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Equities | 94.9 | 83.3 |
| Fixed income investments | - | 0.3 |
| Cash and short term investments | 5.1 | 16.4 |
| **Total** | 100.0 | 100.0 |

## Largest holdings

| | As at 31 March 2018 | |
|---|---|---|
| | Market value £000 | % of total portfolio |
| Republic Services Inc | 5,902 | 4.7 |
| Herc Holdings Inc | 5,118 | 4.1 |
| PNC Financial Services Group | 4,958 | 4.0 |
| Bank of New York Mellon Corp | 4,665 | 3.7 |
| DST Systems Inc | 3,038 | 2.4 |
| Ryman Hospitality Properties | 3,037 | 2.4 |
| Viacom Inc# | 2,980 | 2.4 |
| CSRA Inc | 2,938 | 2.4 |
| State Street Corp | 2,842 | 2.3 |
| The EW Scripps Co | 2,834 | 2.3 |
| Navistar International Corp | 2,816 | 2.3 |
| Myers Industries Inc | 2,783 | 2.2 |
| Mueller Industries Inc | 2,331 | 1.9 |
| Allergan Plc | 2,159 | 1.7 |
| Twenty First Century Fox | 2,019 | 1.6 |
| Tredegar Corp | 1,965 | 1.6 |
| Blackhawk Network Holdings | 1,910 | 1.5 |
| Discovery Inc | 1,910 | 1.5 |
| MGM Resorts International | 1,797 | 1.4 |
| Callidus Software Inc | 1,791 | 1.4 |
| Sub-total/Top 20 positions | 59,793 | 47.8 |
| Other holdings*: 100 positions | 64,964 | 52.2 |
| **Total holdings: 120 positions** | **124,757** | **100.0** |

* Excludes cash and short term investments.
# Includes holdings in both A and B class shares.

# Strategy

The Company's strategy is to generate returns for its shareholders by pursuing its investment objective while mitigating shareholder risk, by investing in a diversified spread of equity investments. Through a process of bottom-up stock selection and the implementation of disciplined portfolio construction, we aim to create value for the Company's shareholders.

The sector breakdown, the asset class distribution, and the largest holdings of the Company's portfolio are listed on pages 10 to 11.

## Business Model

Please see the Investment Manager's Report on page 7.

## Gearing Policy

The Company has the authority under its Articles of Association to borrow up to 40% of its shareholders' funds (measured at the time of investment) but this is subject to practical constraints, including a test of prudence. In practice, the Company's policy is that it would not normally employ gearing of more than 15% of its net assets (calculated at the time of investment). During the year under review, the Company had no borrowings, but this is kept under review in the light of prevailing investment circumstances.

# Our Key Performance Indicators ("KPIs")

The Board recognises that it is share price performance that is most important to the Company's shareholders. Fundamental to share price performance is the performance of the Company's net asset value. The central priority is to generate returns for the Company's shareholders through net asset value and share price total return, and discount management.

For the year ended 31 March 2018, the Company's KPIs as monitored closely by the Board at each meeting, are listed below:

Net Asset Value Total Return
31 March 2018

(6.5)%

Share Price Total Return
31 March 2018

(12.8)%

Discount to Net Asset Value
31 March 2018

10.4%

# Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, which are set out below, together with details of how these have been mitigated or managed, where appropriate.

### Investment Portfolio Risks

One of the main risks of an investment in GVP is a decline in the U.S. equity markets. This is best mitigated by investing in a diversified portfolio and by adhering to a carefully monitored series of investment restrictions, enabled by automated pre-trade compliance features and daily review of trade tickets. These strictures mandate that no single security purchase can, at the time of investment, account for more than 10% of the gross assets of the Company; no more than 15% of the gross assets, at the time of purchase, can be invested in securities issued by companies other than U.S. companies; and no more than 25% of the gross assets, at the time of purchase, can be exposed to any one industry as defined by the Morgan Stanley Capital Industry groups according to the GICS (Global Industry Classification Standards) categorisations. In addition, the Board meets the portfolio management team quarterly at the Board meetings to review the risk factors and their effect on the portfolio, and a thorough analysis of the investment strategy is completed.

### Global Macro Event Risks

Global instability or events could undermine the overall markets and therefore affect the Company's share price and NAV. To this end, global economic, geopolitical, and financial conditions are constantly monitored. Diversification of Company assets is incorporated into the investment strategy, and if disruptive events occur, the Manager may be prepared to adopt a temporary defensive position and invest some or all of the Company's portfolio in cash or cash equivalents, money market instruments, bonds, commercial paper, or other debt obligations with banks or other counterparties, with appropriate ratings as determined by an internationally recognised rating agency and approved by the Board. Another option is the investment in "government and public securities" as defined for the purposes of the Financial Conduct Authority Handbook.

### Operational Risks

The operational functions of the Company are outsourced to third parties, which include Computershare (registrar and receiving agent), State Street (custodian, administrator, and depositary), Maitland Administration Services Limited (company secretary), and Peel Hunt (shareholder communications). Disruptions to the systems at these companies or control failures could impact the Company. All of these third parties report to the Company on a regular basis and their reports and representations are reviewed by the Board and the Investment Manager.

### Corporate Governance and Regulatory Risks

The Company can suffer damage to its reputation through poor corporate governance. The Board actively performs self-assessments of compliance with best governance practices. Also, shareholder discontent due to a lack of appropriate communications and/or inadequate financial reporting could cause shareholders to reduce or liquidate their positions, which could impact the market price of the shares. The Board is in contact with its major shareholders on a regular basis, and it monitors shareholder sentiment. In addition, regulatory risks, in the form of failure to comply with mandatory regulations, could have an impact on the Company's continuity. The Company receives, and responds to, guidance from both its outside and internal advisors on compliance with the Listing Rules, and Disclosure and Transparency Rules, as well as other applicable regulations.

### Tax Risks

In order to qualify as an investment trust, the Company must comply with Section 1158-59 of the Corporation Tax Act 2010. A breach of these sections could result in the Company losing investment trust status and, as a consequence, capital gains realised within the Company's portfolio would be subject to Corporation Tax. The criteria are monitored by both the Board and the Investment Manager.

### Market Price of the Shares may Trade at a discount to Net Asset Value

The market price of the Company may fall below the NAV. To address a discount, the Company has made use of share buy-backs, through which shares are repurchased when trading at a discount from NAV, up to a maximum percentage of 14.99% of its issued share capital. In addition, as discussed under "Corporate Governance and Regulatory Risks," the Company has increased its shareholder communications programmes to increase its visibility and interaction with existing and potential investors.

### Merger and Event Driven Risks

This risk is inherent to the mergers and acquisitions component of the Company's strategy and addresses the possibility that a deal does not go through, is delayed beyond the original closing date, or that the terms of the proposed transactions change adversely. This risk is addressed by the portfolio management team's careful selection and active monitoring of mergers and acquisitions deals, and maintaining a thorough knowledge of the selected securities in the portfolio.

For discussion of additional risks, please refer to Note 11 to the financial statements.

# Viability Statement

In accordance with the provisions of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months referred to in the 'Going Concern' guidelines.

The Board conducted this review for a period of five years. This period was selected as it is aligned with the Company's investment objective of achieving capital appreciation and the Company's long-term investment horizon. In making this assessment the Board also considered the Company's principal risks.

Investment trusts in the UK operate in a well established and robust regulatory environment and the Directors have assumed that:

- Investors will continue to want to invest in closed-end investment trusts because the fixed capitalisation structure is better suited to pursuing the Investment Manager's proprietary long term PMV investment strategy;
- The Company's remit of investing predominantly in the securities of U.S. listed companies will continue to be an activity to which investors will wish to have exposure. (Many closed-end funds were originally created in the UK to facilitate investment in the "New World.")

As with all investment vehicles, there is a risk that the performance of individual investments will vary and that capital may be lost, but this is not regarded as a threat to the viability of the Company. Operationally, the Company retains title to all assets, and cash and securities are held with a custodian bank approved by the Investment Manager and the Board.

The nature of the Company's investments means that solvency and liquidity risks are low because:

- The Company's portfolio is invested mainly in readily realisable, listed securities;
- The closed-end nature of the Company means that, unlike an open-ended fund, it does not need to realise investments when shareholders wish to sell their shares; and
- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments currently foreseen which would alter that position.

Taking these factors into account, the Directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its expenses as they fall due over the next five years.

The Company's portfolio consists of North American investments, accordingly, the Company believes that the "Brexit" process will not materially affect the prospects for the Company, but the Board and Investment Manager will continue to keep developments under review.

Andrew Bell
Andrew Bell
Chairman of the Board
18 June 2018

# Board of Directors

Andrew Bell
Independent non-executive Director and Chairman of the Board of Directors, member of the Audit & Management Engagement Committee and the Nomination Committee
Andrew has been the Chief Executive Officer of Witan Investment Trust plc since 2010, responsible for its overall management. Previously he worked at Rensburg Sheppards Investment Management Limited as Head of Research and at BZW and Credit Suisse First Boston as an equity strategist and Co-Head of the Investment Trusts team. Prior to the City, he worked for Shell in Oman, leaving to take a Sloan Fellowship at the London Business School. He has held a number of non-executive roles in the investment trust sector, most recently as a director of Henderson High Income Trust plc from 2004 to 2018 and was Chairman of the Association of Investment Companies from January 2013 to January 2015.

Rudolf Bohli
Independent non-executive Director of the Board, Chairman of the Nomination Committee, member of the Audit & Management Engagement Committee
Rudolf currently serves as Chief Executive Officer and Chief Investment Officer of RBR Capital Advisors AG, an independent investment advisor focusing on activist investing in Europe. Previously Rudolf served as Head of Research at Bank am Bellevue, an independent financial group domiciled in Zurich and listed on the SIX Swiss Exchange.

Jonathan Davie
Independent non-executive Director of the Board, Chairman of the Audit & Management Engagement Committee
Jonathan currently serves as a non-executive Director of Hansa Trust Plc. He is also Chairman of First Avenue Partners, an alternatives advisory boutique. Previously, Jonathan qualified as a Chartered Accountant and then joined George M. Hill and Co. The firm was acquired by Wedd Durlacher Mordaunt and Co. where Jonathan became a partner in 1975. He was the senior dealing partner of the firm on its acquisition by Barclays Bank to form BZW in 1986. Jonathan developed BZW's Fixed Income business prior to becoming chief executive of the Global Equities Business in 1991. In 1996 he became deputy Chairman of BZW and then vice Chairman of Credit Suisse First Boston in 1998 on their acquisition of most of BZW's businesses. Jonathan focused on the development of Credit Suisse's Middle Eastern business, subsequently retiring from Credit Suisse in February 2007.

# Board of Directors continued

Richard Fitzalan Howard
Independent non-executive Director, member of the Audit & Management Engagement Committee and the Nomination Committee
Richard became Chairman of Stonehage Fleming Investment Management Ltd in 2010, having been CEO for the previous ten years. He joined Fleming Investment Management in 1975 and held a number of senior positions in London and New York. He also sits on the investment committees of the Dulverton Trust, Corpus Christi College Oxford, and the Sovereign Order of Malta.

Katarzyna (Kasia) Robinski
Independent non-executive Director, member of the Audit & Management Engagement Committee
Kasia has over 25 years' experience in investment banking and private equity, in the UK, the U.S. and Europe, including with Hanover Investors - a specialist active equity turnaround firm, with Prospect Investment Management, the Sutton Company (now Sutton Trust), Credit Suisse First Boston and Goldman Sachs. She has served on numerous international boards and has undertaken various operating roles, typically CFO or CEO, in a broad range of business sectors from media through to oil and gas. Kasia currently is engaged in a number of private and active equity projects and also sits on the board of the Premier Energy and Water Trust PLC. Kasia holds a MSc degree in Engineering/Economics from Cambridge University and an MBA from the Stanford Business School.

# Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2018. Certain information required to be disclosed in this report has been included within other sections of this Annual Report, which should be read in conjunction with this report. This information is incorporated into this Directors' Report by cross reference.

**The Company**

The Company was incorporated in England and Wales on 18 December 2014 as a public company limited by shares, with its registered office at 64 St. James's Street, London, England, SW1A 1NF. The Company was admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange on 19 February 2015. The Company is an investment company, as defined in section 833 of the Companies Act 2006, and operates as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010.

**Directors, Employees and Gender Representation**

The Board comprises four male and one female Directors. The Company does not have any employees, therefore there are no disclosures to be made in respect of employees.

**Directors**

The Directors of the Company in office at the date of this report and their biographies are set out on pages 15 and 16. All of the Directors held office throughout the period under review.

At the Company's Annual General Meeting ("AGM"), all current Directors will retire from office and offer themselves for re-election by the shareholders. Details of the interests of the Directors in the share capital of the Company are set out within the Directors' Remuneration Report.

No Director was a party to, or had an interest in, any contract or arrangement with the Company during the year under review or up to the date of approval of this report. No Director has a service contract with the Company.

Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next AGM, whereupon he/she shall retire and stand for election. Directors' appointments can be terminated in accordance with the Articles of Association (the Articles). The Directors are subject to retirement by rotation in accordance with the Articles. All the Directors as at the date of this report will stand for re-election at the Company's forthcoming AGM.

The powers of the Directors are set out in the Corporate Governance Statement on pages 20 to 24.

**Directors' conflicts of interest**

Directors have a duty to avoid situations in which he/she has, or could have, a direct or indirect interest that conflicts, or may potentially conflict, with the Company's interests. This is in addition to the continuing duty that Directors owe the Company to disclose to the Board any transaction or arrangement under consideration by the Company in which he/she is interested.

Directors are required to disclose such conflicts and potential conflicts of interest upon appointment. A schedule of these is maintained by the Company Secretary and circulated at every quarterly Board meeting. Directors are responsible for keeping these disclosures up to date and in particular to notify any new potential conflicts of interest, or changes to existing situations to the Company Secretary.

In accordance with the Companies Act 2006 and the Company's Articles, the Directors can authorise such conflicts or potential conflicts of interest. In deciding whether to authorise any conflict, the Directors consider their general duties under the Companies Act 2006, and their overriding obligation to act in a way they consider, in good faith, will be most likely to promote the Company's success. In addition, the Directors are able to impose limits or conditions when giving authorisation to a conflict or potential conflict of interest if they think this is appropriate. The authorisation of any conflict matter, and the terms of any authorisation, may be reviewed by the Board at any time. The Board believes that the procedures established to deal with conflicts of interest operated effectively during the year under review.

**Directors' indemnities**

Subject to the provisions of the Companies Act 2006, the Company's Articles allow for Directors and officers of the Company to be indemnified out of the assets of the Company against all costs, losses, and liabilities incurred for negligence, default, breach of duty or trust in relation to the Company's affairs and activities. The Articles also provide that, subject to the provisions of the Companies Act 2006, the Board may purchase and maintain insurance for the benefit of Directors and officers of the Company against any liability which may incur in relation to anything done or omitted to be done, or alleged to be done or omitted to be done, as a Director or officer. The Company has taken out Directors' and Officers' Liability insurance, which covers the Directors and Officers of the Company.

**Share capital**

As at 31 March 2018, the issued share capital of the Company was 100,101,001 ordinary shares of £0.01 each, being the only class of issued share capital. As at 31 March 2018 there were 150,000 issued ordinary shares held in treasury as a result the voteable ordinary shares were 99,951,001. Details on share capital and movements in share capital can be found in Note 10 to the financial statements.

Each ordinary shareholder has the right to receive notice of, to attend, to speak at and vote at, general meetings of the Company. Each ordinary shareholder, who is present in person or by proxy at general meetings has one vote, whether on a show of hands or on a poll, in respect of each ordinary share held by him/her.

All of the Company's issued ordinary shares are fully paid up and rank pari passu in all respect and there are no special rights with regards to control of the Company. There are no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them, which are governed by the Company's Articles and relevant legislation. The Directors are not aware of any agreement between shareholders that may result in restrictions on the transfer of shares or in voting rights.

The Company's Articles allow the Company to make market purchases of its own shares. A special resolution was passed at a general meeting held on 20 July 2017, authorising the Company to make market purchases under section 701 of the Companies Act 2006 of up to 14.99% of its issued share capital.

# Directors' Report continued

During the year ended 31 March 2018, the Company bought back 150,000 shares into treasury. Subsequent to year end a further 80,000 shares were bought back and placed into treasury. As at the date of approval of this report, the Company held 230,000 shares in treasury.

The current authority to buy back shares will expire on the conclusion of the 2018 AGM. The Directors are seeking to renew their power at the forthcoming AGM to buy-back shares and hold them in treasury, in compliance with all regulatory rules. The Board consider it to be in the best interests of shareholders to use the share buy-back authorities to purchase shares trading at a significant or anomalous discount to net asset value, and to hold these in treasury for possible reissuance when the shares are trading at a premium.

### Related Party Transactions

During the year to 31 March 2018 the Company paid brokerage commissions on securities trades of £61,201 to G.research, LLC, an affiliate of the Investment Manager.

### Substantial shareholders

As at 31 March 2018, the Company had been advised by the following shareholders of their interests of 3% or more in the Company's ordinary issued share capital:

| Shareholder | Percentage of Total Voting Rights |
|---|---|
| Associated Capital Group, Inc | 26.97 |
| Investec Wealth and Investment Limited | 22.24 |
| Smith & Williamson Investment Management | 10.00 |
| Rathbone Investment Management | 7.42 |
| Brooks Macdonald Asset Management | 5.05 |
| State Street Global Advisors | 3.32 |
| Brewin Dolphin | 3.31 |

As at the date of this report the Company had not been notified of any other changes.

### Activities and Business Review

A review of the business and details of research activities can be found within the Strategy section of this Annual Report.

### Summary of the Investment Management Agreement

Under the terms of the Investment Management Agreement between the Company and Gabelli Funds, LLC (the Agreement), the Investment Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The Investment Manager is entitled to a management fee accrued daily but payable monthly in arrears equal to 1% per annum of the market capitalisation. The Agreement may be terminated by the Company or the Investment Manager giving the other party at least 24 months' notice in writing, such notice not to be given earlier than the fourth anniversary of the Company's admission to trading on the London Stock Exchange.

### Appointment of the Investment Manager

It is the opinion of the Directors that the appointment of the Investment Manager, Gabelli Funds, LLC, on the terms agreed is in the best interests of shareholders as a whole. The terms of the engagement are competitive and suitable to the investment mandate.

### Other third party service providers

In addition to the Investment Management Agreement the Company has engaged Maitland Administration Services Limited to act as the Company Secretary, Peel Hunt to act as Broker, State Street Trust Company to perform Accounting, Administration and Custodial services and Computershare Investment Services PLC to maintain the share register of the Company. The level of service provided by the service providers are reviewed annually and the Directors are of the opinion that the use of these service providers are in the best interests of the Company.

### Future developments

The Chairman's Statement and Investment Manager's report of this Annual Report contains details of likely future developments.

### Financial instruments

The financial risk management and internal control processes and policies, and exposure to the risks associated with financial instruments can be found in Note 11 to the financial statements.

### Results and dividend

The Company generated a revenue profit for the year ended 31 March 2018 of £592,000 (2017: £1,308,000). The Directors recommend the payment of a final dividend of 0.6 pence per share.

### Dividend policy

The Company intends to pay dividends annually. Dividend yield is a by-product of the investment process as part of the total return sought. Investors should have no expectation that the Company will pay dividends as anticipated or at all and past dividends are not an indication of future dividend payments.

### Articles of Association

The Articles of the Company can only be amended by special resolution at a general meeting of the shareholders. No amendments are proposed at the 2018 AGM.

### Disclosure of information under Listing Rule 9.8.4

The disclosures required by Listing Rule 9.8.4 are not applicable to the Company.

### Change of Control

There are no significant agreements which take effect, alter, or terminate on change of control of the Company following a takeover. There are no agreements between the Company and the Directors for compensation for loss of office that occurs because of a takeover bid.

### Whistleblowing, anti-bribery and corruption

The Company has no employees; therefore no policies relating to whistleblowing, anti-bribery, or corruption are considered necessary. Notwithstanding this, the Company seeks at all times to conduct its business with the highest standards of integrity and honesty. Gabelli Funds, LLC is committed to complying with all applicable legal and regulatory requirements relating to accounting and auditing controls and procedures. Staff members of Gabelli Funds, LLC are encouraged to report complaints and concerns regarding accounting or auditing matters through available channels described in the Investment Manager's Whistleblower Policy.

### Annual General Meeting ("AGM")

The Company's AGM will be held at 11 am on Tuesday 14 August 2018 at Dukes Hotel London, 35 St. James's Place, London SW1A 1NY. The Notice of Meeting, together with an explanation of the items of business, is set out in a separate document that will be sent to all Shareholders.

### Appointment of independent auditor

PricewaterhouseCoopers LLP, the independent external auditor of the Company, was appointed in 2016. Resolutions to reappoint PricewaterhouseCoopers LLP as the Company's auditor, and to authorise the Audit and Management Engagement Committee to determine their remuneration will be proposed at the forthcoming AGM.

### Greenhouse gas emissions

The Company has no employees and no premises in the UK, and as an investment company has very little (if any) greenhouse gas emissions resulting from its activities.

### Modern Slavery Act 2015 (the "MSA")

The Company is an investment company and has no employees and does not provide goods and services in the normal course of business. Accordingly, the Directors consider that the Company is not required to make a slavery and human trafficking statement under the MSA.

### Employees Social Community Human Rights and Environmental Matters

The Company is an investment company and has no employees and accordingly it has no direct social, human rights or environmental impact from its operations. In carrying on its investment activities and relationship with suppliers the Company aims to conduct itself responsibly, ethically and fairly.

### Political donations

No political contributions or donations were made during the financial year ended 31 March 2018.

### Going concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, 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. 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 Annual Report. For these reasons, the Directors consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

### Directors' statement as to the disclosure of information to the auditor:

In accordance with the requirement and definitions under section 418 of the Companies Act 2006, each of the Directors at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors consider that, following advice from the Audit and Management Engagement Committee, the Annual Report, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

Andrew Bell
Chairman of the Board
18 June 2018

# Corporate Governance Report

This Report sets out the role and activities of the Board and explains how the Company is governed.

### Role of the Board

The Board is collectively responsible for the success of the Company. The Board sets the Company's strategic aims (subject to the Company's Articles of Association (the "Articles") and to such approval of the shareholders in general meeting as may be required from time to time) and ensures that the necessary resources are in place to enable the Company's objectives to be met.

The Board is ultimately responsible for the determination of the Company's investment objective and policy, and has overall responsibility for the Company's activities. The Investment Manager is responsible for the day-to-day management of the Company's investment portfolio on a discretionary basis in accordance with the Company's investment objective and policy, subject to the overall supervision of the Board. The Investment Manager is also responsible for the portfolio management and risk management of the Company's portfolio.

The Board meets on a quarterly basis and details of attendance during the year under review were as follows:

### Attendance at scheduled meetings

| Director | Attendance |
|---|---|
| Andrew Bell | 7/7 |
| Rudolf Bohli | 4/7 |
| Jonathan Davie | 7/7 |
| Richard Fitzalan Howard | 6/7 |
| Kasia Robinski | 6/7 |

### Matters Reserved for the Board

The Board has a formal schedule of matters specifically reserved for its decision, which are categorised under various headings, including strategy and management, internal controls, strategic/policy considerations, transactions, and finance.

### Internal controls

The Board has overall responsibility for the Company's systems of internal controls and for reviewing their effectiveness. In common with the majority of investment trusts, the Board has determined that the most efficient and effective management of the Company is achieved by the Directors determining the investment strategy, and the Investment Manager being responsible for the day-to-day investment management decisions on behalf of the Company. Accounting, company secretarial and custodial services have also been delegated to third party service providers that are specialists in these areas, and which can provide, because of their size and specialisation, economies of scale, segregation of duties, and all that is required to provide proper systems of internal control within a regulated environment.

As the Company has no employees and its operational functions are undertaken by third parties, the Audit and Management Engagement Committee does not consider it necessary for the Company to establish its own internal audit function. Instead, the Audit and Management Engagement Committee examines internal control reports received from its principal service providers to satisfy itself as to the controls in place. The internal controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. The need for an internal audit function is reviewed annually by the Committee. The system therefore manages rather than eliminates risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute assurance against material misstatement or loss.

### Board Committees

The Board has established an Audit and Management Engagement Committee and a Nomination Committee.

### Audit and Management Engagement Committee

The Committee is chaired by Jonathan Davie and consists of all of the Directors of the Company. Further details are provided in the report of the Audit and Management Engagement Committee on pages 25 and 26.

Both Committees operate within terms of reference which are available on the Company's website.

The Company has no executive management and no employees. All of the Directors of the Company are independent and non-executive, therefore the Company has not established a Remuneration Committee. The Board as a whole fulfils the function of the Remuneration Committee and considers any changes in the Directors' Remuneration Policy. The provisions of the UK Corporate Governance Code relating to executive remuneration do not apply.

### Compliance with the Association of Investment Companies Code (the "AIC Code")

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance 2016 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the best practice recommendations of the UK Corporate Governance Code throughout the year ended 31 March 2018, except as set out below:

- the role of the chief executive;
- the appointment of a senior independent director;
- executive directors' remuneration;
- the remuneration committee; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained by the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors.

The AIC Code is made up of twenty-one principles. It has three sections covering the Board, Board meetings and relations with the Investment Manager, and shareholder communications. The following table demonstrates how these principles have been applied and explains those recommendations which were not followed during the year.

| Principles of the AIC Code | Application of the principles |
|---|---|
| The Board | |
| 1. The Chairman should be independent. | Andrew Bell has been Chairman of the Company since 15 January 2015, when the Company commenced trading. The Board considers that Andrew is, and has been since his appointment, an independent non-executive director. His biography can be found on page 15. Jonathan Davie will succeed Andrew Bell following the AGM on 14 August 2018. Jonathan is also independent. |
| 2. A majority of the Board should be independent of the Manager. | At 31 March 2018, the Board comprised five independent non-executive directors. All of the Directors are independent of the Company's Investment Manager and are independent in both character and judgement. |
| 3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but based on disclosed procedures and continued satisfactory performance. | New directors stand for election by the shareholders at the annual general meeting of the Company that follows their appointment. Thereafter all directors stand for re-election every year. |
| 4. The Board should have a policy on tenure, which is disclosed in the annual report. | Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next AGM, whereupon he/she shall retire and stand for election. Directors' appointments can be terminated in accordance with the Articles of Association, and without compensation, by (among other things) written resignation, unauthorised absences from Board meetings for six consecutive months or more, or written request of all the other Directors. There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Directors although subject under the Articles to retirement by rotation follow UK Corporate Governance Code recommendations and will stand for re-election each year. The continuation of each Director's appointment is contingent upon their continued satisfactory performance and election by the shareholders of the Company as required by the Articles.<br><br>No Director has a service contract with the Company. The terms of appointment of the non-executive directors are set out in letters of appointment which are available for inspection at the registered office of the Company and will be available at the AGM. |
| 5. There should be full disclosure of information about the Board. | The Directors' biographies can be found on pages 15 and 16, details of their interests in the Company's shares and their remuneration are provided on page 27. Meeting attendance is set out on pages 20 and 26. |
| 6. The Board should aim to have a balance of skills, experience, length of service, and knowledge of the company. | The Board considers that it has an appropriate balance of skills and experience. Biographical details of each director are set out on pages 15 and 16, which demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors of the Company. |
| 7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. | The Board has established a process to evaluate its performance on an annual basis. This process is based on open discussion and seeks to assess the strengths and weaknesses of the Board and its Committees. The Chairman reviews with each Director his or her individual performance, contribution, and commitment to the Company. The Chairman of the Audit and Management Engagement Committee leads the annual evaluation of the Chairman and reviews the conclusions with him. In compliance with the AIC Code, the Board carried out an annual review of itself and its Committees during the year. The evaluation did not identify any material weaknesses or concerns and it was concluded that all Directors had demonstrated the necessary commitment to their role. The Board concluded that it had the appropriate balance of skills, knowledge, experience and length of tenure. |
| 8. Director remuneration should reflect his/her duties, responsibilities and the value of their time spent. | The Directors' Remuneration Report on pages 27 and 28 details the process for determining the directors' remuneration and sets out the amounts payable. |

# Corporate Governance Report continued

| Principles of the AIC Code | Application of the principles |
|---|---|
| 9. The independent Directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report. | All of the Directors are considered to be independent. The review of the Board's size and structure is considered by the Nomination Committee, together with succession planning and the progressive refreshment of the Board. The Board believes that diversity of experience and approach amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance, including diversity, when making new appointments.<br><br>The Board and Nomination Committee will search for candidates and make appointments based on merit, against objective criteria. The method of selection, recruitment and appointment will be agreed by the Committee and the services of external search consultants may be used to identify potential candidates. |
| 10. Directors should be offered relevant training and induction. | On appointment, Directors are provided with key information on their responsibilities and duties as Directors, together with relevant background information on the Company and its activities and an induction to the work of the Investment Manager.<br><br>All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board has established a procedure, whereby Directors, in the furtherance of their duties, may seek independent professional advice at the Company's expense.<br><br>Directors are updated regularly on statutory, regulatory, and industry matters and internal controls, and changes affecting Directors' responsibilities are advised to the Board as they arise. |
| 11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage. | Not applicable to the Company at present. |
| Board meetings and the relationship with the Manager | |
| 12. The Board and managers should operate in a supportive, co-operative, and open environment. | The Chairman seeks to encourage open debate within the Board and a supportive and co-operative relationship with the Company's Investment Manager and advisors.<br><br>The Board meets on a quarterly basis and additionally as necessary to review the overall business of the Company, as well as to consider matters specifically reserved for it. Detailed information is provided by the Investment Manager and Company Secretary at each meeting, enabling the Directors to monitor the Company's investment performance and other matters of relevance. Details of the number of Board and committee meetings held during the financial year under review and the attendance record of each Director are shown on pages 20 and 26. |
| 13. The primary focus at regular Board meetings should be a review of investment performance and associated matters such as gearing, asset allocation, marketing/investor relations, peer group information, and industry issues. | The Board is responsible for the effective stewardship of the Company's affairs. Certain strategic issues are monitored by the Board against a framework which has been agreed with the Investment Manager, as the Board supervises the management of the investment portfolio, contractually delegated to the Investment Manager.<br><br>At each meeting, the Investment Manager presents an update on the investment performance of the Company and a compliance report. The Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Directors thereby monitor compliance with the Company's investment objective and policy.<br><br>The Company Secretary attends all Board and committee meetings and advises the Board, through the Chairman, on all matters relating to Board procedures and corporate governance. |

| Principles of the AIC Code | Application of the principles |
|---|---|
| 14. The Board should give sufficient attention to overall strategy. | The Board is responsible for determining the strategic direction of the Company and for promoting its success. It considers and discusses performance, the investment mandate and strategy of the Company at every Board meeting. |
| 15. The Board should regularly review both the performance of, and contractual arrangements with, the Investment Manager. | The Board has delegated the annual evaluation of the performance of, and contractual arrangements with, the Investment Manager to the Audit and Management Engagement Committee, which in turn reports on this to the Board. This review ensures continued suitability in managing the Company's portfolio. In addition, the Investment Management Agreement will be reviewed and updated periodically so that its terms remain competitive, fair, and in the best interests of shareholders as a whole. |
| 16. The Board should agree policies with the Investment Manager covering key operational issues. | The Investment Manager has entered into a management agreement with the Company under which it has responsibility for the day-to-day management of the Company's investment portfolio on a discretionary basis in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors. |
| 17. The Board should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it. | The Board pays close attention to the level of discount to the net asset value and gives careful consideration to the most appropriate means of optimising the situation for shareholders, given the stated objectives of the Company.<br><br>The Board has the discretion to manage the premium or discount at which the Company's shares may trade to the net asset value per share through further issues, tender offers, and buy-backs, as appropriate. As the management fee payable to the Investment Manager is calculated on the basis of market capitalisation, the interests of the Investment Manager, the Company, and shareholders are aligned in terms of seeking to ensure that the shares do not trade at a significant discount to the net asset value per share. The Directors recognise the importance to investors of the Shares not trading at a significant discount to their prevailing Net Asset Value. To the extent that the Shares trade at a significant discount to this prevailing Net Asset Value, the Board will consider whether (in the light of the prevailing circumstances) the Company should purchase its own Shares. |
| 18. The Board should monitor and evaluate other service providers. | In addition to investment management, the Board has delegated to external parties custodial, accounting, company secretarial, and payroll services. Each contract was entered into after full and proper consideration of the quality and cost of the services offered, including the control systems in operation insofar as they relate to the affairs of the Company. |
| Shareholder communications | |
| 19. The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders. | The Chairman is responsible for ensuring that there is effective communication with the Company's shareholders. Shareholder relations are accorded a high priority by both the Board and the Investment Manager. The Company encourages attendance at its AGM as a forum for communication with individual shareholders, who will have the opportunity to address questions to the Chairman and other Board members in attendance.<br><br>It is the intention of the Board that the Annual Report and accounts and notice of the AGM be issued to shareholders so as to provide at least twenty working days notice of the AGM.<br><br>Shareholders and others wishing to contact the Board are invited to do so by writing to the Company Secretary at the registered address given on page 50. |

# Corporate Governance Report continued

| Principles of the AIC Code | Application of the principles |
|---|---|
| 20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the Investment Manager is asked to act as spokesman. | The Board is directly involved in and responsible for communications on major corporate issues. |
| 21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding shares. | The Company communicates with shareholders primarily through the half yearly and annual reports, which aim to provide shareholders with a clear understanding of the Company's activities and its results. This information is supplemented by the web site, the quarterly fact sheet, the monthly snapshot, and by daily calculation and publication of the Company's net asset value per share. |

The AIC Code is available from the Association of Investment Companies (theaic.co.uk). The UK Corporate Governance Code is available from the Financial Reporting Council website (frc.org.uk).

# Report of the Audit and Management Engagement Committee

Chairman
Jonathan Davie

Chairman of the
Audit & Management
Engagement Committee
Jonathan Davie

*Members*
Andrew Bell
Rudolf Bohli
Richard Fitzalan Howard
Kasia Robinski

The Company has established a separately chaired Audit and Management Engagement Committee (the "Committee") that meets at least twice a year and operates within written terms of reference.

Given that the Board is small it is considered appropriate for all of the Directors to sit on the Committee, including the Chairman of the Company. The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. The Chairman of the Committee, Jonathan Davie and Kasia Robinski, who will succeed Jonathan as the chair following the AGM on 14 August 2018, both have recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector in which the Company operates and is able to discharge its responsibilities effectively. Key personnel of the Investment Manager and other external advisors, including the independent auditors, are invited to attend Committee meetings when appropriate. In addition, the Committee Chairman maintains regular contact, meeting separately where required, with the external auditor, our service providers and the Chairman of the Board.

*Committee responsibilities*

The principal role of the Committee is to examine the effectiveness of the Company's control systems and to review the half-yearly and annual reports. The Committee also considers internal controls, including portfolio management controls, compliance with legal requirements and the FCA's Listing Regime. It is also responsible for reviewing the scope, results, cost effectiveness, independence and objectivity of the external auditor. The Committee's other principal duties are to receive information from the Investment Manager, consider the terms of appointment of the Investment Manager, and annually to review that appointment and the terms of the Investment Management Agreement. A copy of the Committee's terms of reference is available on request from the Company Secretary. The Chairman of the Committee reports formally to the Board following each meeting.

Committee activities

The Committee met four times during the year to consider amongst other things the audit plan for the financial statements for the year as well as to review the half-yearly financial statements. In carrying out its review, the Committee considered whether, and subsequently advised the Board that, the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model, and strategy.

Gabelli Value Plus + Trust Plc

In relation to the Annual Report for the year ended 31 March 2018 the following significant issues were considered by the Audit Committee:

| **Significant issue** | **How the issue was addressed** |
|---|---|
| Valuation and ownership of the Company's investments | The Directors have appointed Gabelli Funds LLC., who outsource the administration and custodial services to State Street Bank and Trust Company, to perform the valuation of the assets of the Company in accordance with its responsibilities under the AIFMD rules. As required under the AIFMD rules, Gabelli Funds LLC has adopted a written valuation policy, which may be modified from time to time. Ownership of listed investments is verified by reconciliation to the Custodian's records and the Directors have received quarterly reports and an annual confirmation from the Depository who has responsibility for overseeing operations of the Company, including verification of ownership and valuation. |
| Recognition of income | Income received is accounted for in line with the Company's accounting policies, as set out on pages 38 and 39, and is reviewed by the Committee. |
| Compliance with Section 1158 of the Corporation Tax Act 2010 | The Committee regularly considers the controls in place to ensure the regulations for ensuring investment trust status are observed at all times receiving supporting documentation from Gabelli Funds LLC and State Street Bank and Trust Company. |

# Report of the Audit and Management Engagement Committee continued

| Significant issue | How the issue was addressed |
| --- | --- |
| Maintaining internal controls | The Committee receives regular reports on internal controls from State Street Bank and Trust Company and Gabelli Funds and has access to the relevant personnel of both State Street and Gabelli Funds who have a responsibility for risk management and internal audit. |
| Investment management fee | The calculation of the Investment Management fee payable to Gabelli Funds is reviewed by the Committee before being approved by the Board. |
| Resource Risk | The Company has no employees and its day to day activities are delegated to third parties. The Board monitors the performance of third party suppliers on an ongoing basis. |

### Governance

The Committee has considered and developed a risks register, outlining the Director related risks, including Operational and Strategic risks. The Committee has developed, in conjunction with the service providers, a document detailing the Overview of Responsibilities of the Committee, the respective service providers, and the objectives to be met by each party.

### External audit

The Committee conducted a review of PricewaterhouseCoopers LLP's independence and audit process effectiveness as part of its review of the financial reporting for the year ended 31 March 2018. In considering the effectiveness, the Committee reviewed the audit plan in March 2018, discussing the materiality level and identification of key financial reporting risks. These included the risk of fraud in revenue recognition and management override of controls, as well as other risks relating to investment valuations, incorrect taxation, inaccurate management fees, and incorrect related parties' disclosures. The Committee reviewed the auditor's findings in relation to the Company's assumptions regarding the key audit risks. The Committee also considered the execution of the audit against the plan, as well as the auditor's reporting to the Committee in respect of the financial statements for the twelve month period. Based on this, the Committee were satisfied that the quality of the external audit process had been good, with appropriate focus and challenge on the key audit risks.

The Committee advises the Board on the appointment of the external auditor and on its remuneration. It keeps under review the cost effectiveness, and also the independence and objectivity of the external auditor, mindful of controls in place to ensure the latter. To this end, the Committee has implemented a policy on the engagement of the external auditor to supply non-audit services. The Committee was satisfied that the objectivity and independence of the auditor was not impaired as no non-audit services were undertaken during the year. Accordingly, the Committee recommended to the Board that shareholder approval be sought at the forthcoming AGM for the appointment of PricewaterhouseCoopers LLP as the Company's auditor for the ensuing financial year, and for the Committee to determine the auditor's remuneration.

### Internal Audit function

As the Company has no employees and its operational functions are undertaken by third parties, the Committee does not consider it necessary for the Company to establish its own internal audit function. Instead, the Committee examines internal control reports received from its principal service providers to satisfy itself as to the controls in place. The internal controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. The need for an internal audit function is reviewed annually by the Committee.

### Attendance at scheduled Committee meetings

| Committee member | Attendance |
| --- | --- |
| Jonathan Davie | 4/4 |
| Andrew Bell | 4/4 |
| Rudolf Bohli | 3/4 |
| Richard Fitzalan Howard | 4/4 |
| Kasia Robinski | 4/4 |

Jonathan Davie
Chairman of the Audit & Management Engagement Committee
18 June 2018

# Directors' Remuneration Report

The Board presents the Directors' Remuneration Report which has been prepared in accordance with the requirements of Sections 420-422 of the Companies Act 2006. The law requires the Auditor to audit certain of the disclosures provided. Where disclosures have been audited this is indicated.

An ordinary resolution for the approval of this Directors' remuneration policy will be proposed at the forthcoming AGM.

### Remuneration Committee

The Company has no executive management and no employees. All of the Directors of the Company are independent non-executive directors, therefore the Company has not established a separate Remuneration Committee. Non-executive Directors' remuneration is determined by the Board in line with the Directors' Remuneration Policy.

### Directors' Remuneration Policy

The Board consists of five non-executive directors, who are remunerated exclusively by fixed fees and do not receive bonuses, share options, long term incentives, pension or other benefits.

| Remuneration | Fees per annum |
|---|---|
| Chairman of the Board | £35,000 |
| Director of the Board | £25,000 |
| Additional fee for Chair of the Audit & Management Engagement Committee | £7,500 |
| Additional fee for the Chair of the Nomination Committee | £2,500 |

The level of fees will be reviewed periodically in light of the requirement to attract individuals of appropriate calibre and experience, taking into account the extent of their duties, the time commitment required, and the level of fees paid by similar investment trusts. The Company has no employees to consult in drawing up the policy. The Company Articles provide that the maximum aggregate level of fees paid to the Directors will not exceed £300,000 per annum.

The Directors' Remuneration policy above was approved at the 2017 AGM. In future, the Directors' Remuneration policy will be subject to a binding vote every three years, or sooner if changes are proposed to the policy.

### Directors' notice periods and payment for loss of office

Directors' appointments may be terminated without notice. In this event, the Director will only be entitled to fees accrued at the date of termination, together with reimbursement of any expenses properly incurred to that date.

### Directors' Emoluments (audited)

| Fees | Year to 31 March 2018 | Year to 31 March 2017 |
|---|---|---|
| Andrew Bell | £35,000 | £35,000 |
| Rudolf Bohli | £27,500 | £27,917 |
| Jonathan Davie | £32,500 | £32,500 |
| Richard Fitzalan Howard | £25,000 | £25,500 |
| Kasia Robinski | £25,000 | £25,417 |
| **Total** | **£145,000** | **£ 146,334** |

### Directors' Interests

The interests of the Directors (including their connected persons) in the Company's share capital are as follows:

| | Ordinary shares of £0.01 | |
|---|---|---|
| Directors | As at 31 March 2018 | As at 31 March 2017 |
| Andrew Bell | 100,000 | 100,000 |
| Rudolf Bohli | - | - |
| Jonathan Davie | - | - |
| Richard Fitzalan Howard | 36,000 | 36,000 |
| Kasia Robinski | 150,000 | 150,000 |

No changes in the above interests occurred between 31 March 2018 and the date of this report. None of the Directors has been granted, or exercised, any options or rights to subscribe for the Ordinary Shares of the Company.

### Company Performance

A graph showing the Company's NAV performance measured by total shareholder return compared with the S&P 500 and the Russell 3000 Value since IPO can be found on page 12.

### Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on Director's remuneration in comparison with investment management fees paid and dividends paid to shareholders.

| | 2018 £'000 | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| Directors' remuneration | 145 | 146 | 127 |
| Investment management fees | 323 | 287 | 272 |
| Dividends to Shareholders | 600 | 1,201 | 300 |
| Share buybacks | 194 | 431 | 0 |

# Directors' Remuneration Report

### Voting at the Annual General Meeting

An ordinary resolution to approve the remuneration report is put to shareholders at each AGM. The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Provided below are the votes cast at the 2017 AGM in respect of the resolutions to approve the Directors' Remuneration Policy and the Directors' Remuneration Report.

| Remuneration Policy | |
|---|---|
| For - % of votes cast | 100.00% |
| Against - % of votes cast | 0.00% |
| Total votes cast | 44,555,477 |
| Number of votes withheld | 0 |

| Directors' Remuneration Report | |
|---|---|
| For - % of votes cast | 100.00% |
| Against - % of votes cast | 0.00% |
| Total votes cast | 44,555,477 |
| Number of votes withheld | 0 |

### Statement by the Chairman of the Board

The Directors' confirm that the Directors' Remuneration Report set out above provides a fair and reasonable summary for the financial year ended 31 March 2018 of:

a) the major decisions on Directors' remuneration;

b) any substantial changes relating to Directors' remuneration made during the year; and

c) the context in which those changes occurred and the decisions which have been taken.

The Directors' Remuneration Report was approved by the Board on 18 June 2018 and is signed on its behalf by:

Andrew Bell

Andrew Bell
Chairman of the Board
18 June 2018

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

The Companies Act of 2006 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under the Companies Act of 2006 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model, and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirms that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), give a true and fair view of the assets, liabilities, financial position, and profit of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Andrew Bell

Andrew Bell
Chairman of the Board
18 June 2018

# Independent Auditors' Report to the Members of Gabelli Value Plus+ Trust Plc

## Report on the audit of the financial statements

### Opinion

In our opinion, The Gabelli Value Plus+ Trust Plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2018; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Management Engagement Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 April 2017 to 31 March 2018.

### Our audit approach

Overview

- Overall materiality: £1,290,000 (2017: £1,200,000), based on 1% of net assets.

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- The Company is a standalone Investment Trust Company and engages Gabelli Funds, LLC (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from State Street Global Services (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

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- Valuation and existence of investments.
- Dividend income.

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included, but were not limited to, inspecting correspondence from HM Revenue and Customs approving the Company's status as an investment trust and testing the Company's compliance with section 1158 in the year. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

| **Key audit matter** | **How our audit addressed the key audit matter** |
|---|---|
| Valuation and existence of investments<br>The investment portfolio at year-end consisted of listed equity investments.<br><br>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements. | We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources.<br><br>We tested existence by agreeing the holdings in each of the listed equity investments to an independent custodian confirmation.<br><br>No misstatements were identified by our testing which required reporting to those charged with governance. |
| Dividend income<br>We focused on the accuracy, completeness and occurrence of dividend income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of the Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). This is because incomplete or inaccurate income could have a material impact on the Company's net asset value. | We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy as set out in note 1 on page 38 of the financial statements.<br><br>We found that the accounting policy implemented was in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.<br><br>We understood and assessed the design and implementation of key controls surrounding income recognition.<br><br>We tested dividend receipts to bank statements.<br><br>To test for accuracy, we agreed the dividend rate to a third party source and recalculated the expected income.<br><br>To test for completeness, we used the portfolio holdings throughout the year to develop an expectation of dividend receipts and agreed the appropriate dividends had been recognised based on whether a given security was in the portfolio as at the ex-dividend date.<br><br>Our testing did not identify any unrecorded dividends.<br><br>We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income, in line with the requirements set out in the AIC SORP.<br><br>We then tested the validity of income and capital special dividends to independent third party sources.<br><br>We did not find any special dividends that were not treated in accordance with the AIC SORP.<br><br>No misstatements were identified by our testing which required reporting to those charged with governance. |

# Independent Auditors' Report to the Members of Gabelli Value Plus+ Trust Plc continued

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates. The Company is a standalone Investment Trust Company and engages Gabelli Funds, LLC (the "Manager") to manage its assets. We conducted our audit of the financial statements using information from State Street Global Services (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions. We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|---|---|
| **Overall materiality** | £1,290,000 (2017: £1,200,000). |
| **How we determined it** | 1% of net assets. |
| **Rationale for benchmark applied** | We believe that net assets is the primary measure used by shareholders in assessing the performance of the Company and is a generally accepted auditing benchmark for investment trust audits. |

We agreed with the Audit and Management Engagement Committee that we would report to them misstatements identified during our audit above £64,000 (2017: £60,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Going concern

In accordance with ISAs (UK) we report as follows:

| **Reporting obligation** | **Outcome** |
|---|---|
| We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. | We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. |
| We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit. | We have nothing to report. |

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority ("FCA") require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 13 of the Annual Report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 14 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 29, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 25 and 26 describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee.
- The Directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

# Independent Auditors' Report to the Members of Gabelli Value Plus+ Trust Plc continued

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### Appointment

We were appointed by the Directors on 12 May 2016 to audit the financial statements for the year ended 31 March 2016 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 March 2016 to 31 March 2018.

Jeremy Jensen (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2018

# Statement of Comprehensive Income

| | Note | Year ended 31 March 2018 Revenue £000 | Capital £000 | Total £000 | Year ended 31 March 2017 Revenue £000 | Capital £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Dividend income | | 1,743 | - | 1,743 | 2,443 | - | 2,443 |
| Interest on deposits | | 23 | - | 23 | 2 | - | 2 |
| Interest on fixed income securities | | 5 | - | 5 | 10 | - | 10 |
| Total dividends and interest | | 1,771 | - | 1,771 | 2,455 | - | 2,455 |
| Net realised and unrealised (losses)/gains on investments | 2 | - | (7,321) | (7,321) | - | 36,249 | 36,249 |
| Net realised and unrealised currency (losses)/gains | | (24) | (1,274) | (1,298) | 19 | 344 | 363 |
| Investment management fee | 3 | (323) | (970) | (1,293) | (287) | (861) | (1,148) |
| Other expenses | 3 | (532) | (13) | (545) | (483) | - | (483) |
| Net return on ordinary activities before finance costs and taxation | | 892 | (9,578) | (8,686) | 1,704 | 35,732 | 37,436 |
| Interest expense and similar charges | | (49) | - | (49) | (13) | - | (13) |
| Net return on ordinary activities before taxation | | 843 | (9,578) | (8,735) | 1,691 | 35,732 | 37,423 |
| Taxation on ordinary activities | 5 | (251) | - | (251) | (383) | - | (383) |
| Net returns attributable to shareholders | | 592 | (9,578) | (8,986) | 1,308 | 35,732 | 37,040 |
| Net returns per ordinary share - basic and diluted | 6 | 0.59p | (9.58)p | (8.99)p | 1.31p | 35.75p | 37.06p |

The total columns of this statement are the profit and loss accounts of the Company.

The revenue and capital items are presented in accordance with the AIC's Statement of Recommended Practice ("SORP") issued in 2014, and updated in 2017.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year ended 31 March 2018.

The notes on pages 38 to 47 form part of these financial statements.

# Statement of Changes in Equity

| Year ended 31 March 2018 | Note | Called up Share Capital £000 | Special Distributable Reserve* £000 | Capital Reserve £000 | Revenue Reserve* £000 | Total £000 |
|---|---|---|---|---|---|---|
| Net assets as at 1 April 2017 | | 1,001 | 98,200 | 39,223 | 1,394 | 139,818 |
| Realised gains on investments at fair value | | - | - | 4,906 | - | 4,906 |
| Capital distributions received | | - | - | 23 | - | 23 |
| Unrealised losses on investments at fair value | | - | - | (12,250) | - | (12,250) |
| Realised currency losses | | - | - | (1,274) | - | (1,274) |
| Capital expenses | | - | - | (983) | - | (983) |
| Ordinary shares bought back into treasury | | - | (194) | - | - | (194) |
| Transfer to revenue reserve for the year | | - | - | - | 592 | 592 |
| Dividends paid | | - | - | - | (1,201) | (1,201) |
| **Net assets as at 31 March 2018** | 6 | 1,001 | 98,006 | 29,645 | 785 | 129,437 |

| Year ended 31 March 2017 | Note | Called up Share Capital £000 | Special Distributable Reserve* £000 | Capital Reserve £000 | Revenue Reserve* £000 | Total £000 |
|---|---|---|---|---|---|---|
| Net assets as at 1 April 2016 | | 1,001 | 98,099 | 3,491 | 386 | 102,977 |
| Realised gains on investments at fair value | | - | - | 11,767 | - | 11,767 |
| Capital distributions received | | - | - | 25 | - | 25 |
| Unrealised gains on investments at fair value | | - | - | 24,457 | - | 24,457 |
| Realised currency gains | | - | - | 344 | - | 344 |
| Capital expenses | | - | - | (861) | - | (861) |
| Ordinary shares bought back into treasury | | - | (431) | - | - | (431) |
| Sale of treasury shares | | - | 532 | - | - | 532 |
| Transfer to revenue reserve for the year | | - | - | - | 1,308 | 1,308 |
| Dividends paid | | - | - | - | (300) | (300) |
| **Net assets as at 31 March 2017** | 6 | 1,001 | 98,200 | 39,223 | 1,394 | 139,818 |

The notes on pages 38 to 47 form part of these financial statements.

# Statement of Financial Position

| | Note | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|---|
| | | £000 | £000 | £000 | £000 |
| **Fixed assets** | | | | | |
| Investments held at fair value through profit or loss | 2 | | 124,757 | | 116,671 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 7 | 6,661 | | 22,848 | |
| Receivables | 8 | 278 | | 732 | |
| | | 6,939 | | 23,580 | |
| **Current liabilities** | | | | | |
| Payables | 9 | (2,259) | | (433) | |
| **Net current assets** | | | 4,680 | | 23,147 |
| **Net assets** | | | 129,437 | | 139,818 |
| **Capital and reserves** | | | | | |
| Called-up share capital | 10 | 1,001 | | 1,001 | |
| Special distributable reserve * | | 98,006 | | 98,200 | |
| Capital reserve | | 29,645 | | 39,223 | |
| Revenue reserve * | | 785 | | 1,394 | |
| **Total shareholders' funds** | | | 129,437 | | 139,818 |
| **Net asset value per ordinary share** | 6 | | 129.5p | | 139.7p |

* These reserves are distributable.

Gabelli Value Plus+ Trust Plc is registered in England and Wales under Company number 9361576.

The financial statements on pages 35 to 47 were approved by the Board of Directors on 18 June 2018 and signed on its behalf by

Andrew Bell

Andrew Bell
Chairman

The notes on pages 38 to 47 form part of these financial statements.

# Notes to the Financial Statements

1 Accounting policies

(a) **Basis of preparation** – For the year ended 31 March 2018, the Company applied FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, which forms part of the revised Generally Accepted Accounting Practice (UK GAAP) issued by the Financial Reporting Council ('FRC') in 2015.

These financial statements have been prepared on a going concern basis in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, FRS 102 issued by the FRC in September 2015, the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP) issued by the AIC in November 2014 and updated in January 2017 and Companies Act 2006.

**Going concern** – Having assessed the principal risks and the other matters discussed in connection with the viability statement on page 14, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**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 year.

**Cash flow statement** – The statement of cash flows has not been included in the financial statements as the Company meets the conditions set out in paragraph 7.1A of FRS 102, which state that a statement of cashflows is not required to be provided by investment funds that meet all of the following conditions:

(i) substantially all of the entity's investments are highly liquid;
(ii) substantially all of the entity's investments are carried at market value; and
(iii) the entity provides a statement of changes in net assets.

(b) **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.

(c) **Expenses** – The investment management fees are allocated seventy-five percent to capital and twenty-five percent to revenue in the Statement of Comprehensive Income in accordance with the Board's expected long term split of returns in the form of capital gains and revenue, respectively. 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.

(d) **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 listed investments are fair valued using the closing bid price of the valuation date.

(e) **Foreign currency** – Foreign currencies are translated at the rates of exchange prevailing on the year end date. Revenue received/receivable and expenses paid/payable in foreign currencies are translated at the rates of exchange prevailing at the transaction date.

(f) **Fair value** – All financial assets and liabilities are recognised in the financial statements at fair value.

(g) **Dividends payable** – Interim and final dividends are recognised in the period in which they are declared.

(h) **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 buy backs are funded through the capital reserve, with details of buy backs disclosed in note 10.

1 Accounting policies continued

(i) **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.

(j) **Functional and presentation currency** – The functional and presentation currency of the Company is GBP sterling.

(k) **Alternative Performance Measures ("APM's")**
The Company's APMs are set out in the glossary on page 48.

2 Investments at fair value through profit or loss

| | As at 31 March 2018 £000 | As at 31 March 2017 £000 |
|---|---|---|
| Opening valuation | 116,671 | 88,466 |
| Opening unrealised (gains)/losses on investments | (23,249) | 1,208 |
| Opening cost | 93,422 | 89,674 |
| Add: additions at cost | 101,922 | 1,039,912 |
| Less: disposals at cost | (81,586) | (1,036,164) |
| Closing cost | 113,758 | 93,422 |
| Closing unrealised gains on investments | 10,999 | 23,249 |
| **Closing valuation** | **124,757** | **116,671** |

**Fair value hierarchy**

The Company has adopted the 'Amendments to FRS 102 – Fair value hierarchy disclosure', where an entity is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable, i.e., developed using market data, for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable, i.e., for which market data is unavailable, for the asset or liability.

# Notes to the Financial Statements continued

## 2 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 March 2018 | | | |
|---|---|---|---|---|
| | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
| Financial assets at fair value through profit or loss | | | | |
| Quoted equities | 124,757 | - | - | 124,757 |
| **Net fair value** | 124,757 | - | - | 124,757 |

| | As at 31 March 2017 | | | |
|---|---|---|---|---|
| | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
| Financial assets at fair value through profit or loss | | | | |
| Quoted equities | 116,262 | - | - | 116,262 |
| Fixed income investments | - | 409 | - | 409 |
| **Net fair value** | 116,262 | 409 | - | 116,671 |

**Net realised and unrealised gains/(losses) on investments**

| | Year ended 31 March 2018 £000 | Year ended 31 March 2017 £000 |
|---|---|---|
| Realised gains on investments | 4,906 | 11,767 |
| Capital distributions received from investments | 23 | 25 |
| Movement in unrealised (losses)/gains on investments | (12,250) | 24,457 |
| **Net realised and unrealised (losses)/gains on investments** | (7,321) | 36,249 |

**Transaction costs**

During the year commissions (paid mostly to G.research, LLC, an affiliate of the Investment Manager) and other expenses were incurred in acquiring or disposing of investments classified at fair value through profit or loss. These have been expensed through capital and are within gains/(losses) in the Statement of Comprehensive Income. The total costs were as follows:

| | Year ended 31 March 2018 £000 | Year ended 31 March 2017 £000 |
|---|---|---|
| Purchases | 71 | 63 |
| Sales | 20 | 29 |
| **Total** | 91 | 92 |

## 3 Management fees and other expenses

| | Year ended 31 March 2018 £000 | Year ended 31 March 2017 £000 |
|---|---|---|
| **Revenue expenses** | | |
| Other expenses: | | |
| Directors' remuneration | 156* | 157* |
| Accounting fees | 52 | 50 |
| Custody fees and Depositary fees | 46 | 38 |
| Registrar - Computershare | 17 | 19 |
| Marketing and advertisement | 38 | 30 |
| Printing | 7 | 18 |
| Company secretary fees | 81 | 69 |
| Directors' insurance | 17 | 10 |
| Broker retainer | 40 | 47 |
| London Stock Exchange fees | 12 | 11 |
| Auditors' remuneration (inclusive of VAT) | 34 | 34 |
| Miscellaneous | 32 | - |
| **Sub total** | **532** | **483** |

* includes an amount of £11,000 which relates to employer costs of National Insurance.

| | | |
|---|---|---|
| Management Fees | | |
| Investment manager fee - Revenue | 323 | 287 |
| Investment manager fee - Capital | 970 | 861 |
| **Total** | **1,293** | **1,148** |

| | | |
|---|---|---|
| **Capital expenses** | | |
| Transaction charges | 13 | - |
| Total | 13 | - |

Details of the contract between the Company and Gabelli Funds, LLC for provision of investment management services are given in the Directors' Report on page 18.

## 4 Dividends

| | Year ended 31 March 2018 £000 | Year ended 31 March 2017 £000 |
|---|---|---|
| Final dividend | 1,201 | 300 |
| Proposed final dividend of 0.6p for the year ended 31 March 2018 | - | - |
| **Total** | **1,201** | **300** |

# Notes to the Financial Statements continued

## 5 Taxation on ordinary activities

| | Year ended 31 March 2018 | | |
|---|---|---|---|
| **Analysis of the charge in the year** | Revenue £000 | Capital £000 | Total £000 |
| Foreign withholding taxes on dividends | 237 | - | 237 |
| Foreign withholding taxes on REIT | 14 | - | 14 |
| **Total** | **251** | **-** | **251** |

| | Year ended 31 March 2017 | | |
|---|---|---|---|
| **Analysis of the charge in the year** | Revenue £000 | Capital £000 | Total £000 |
| Foreign withholding taxes on dividends | 368 | - | 368 |
| Foreign withholding taxes on REIT | 15 | - | 15 |
| **Total** | **383** | **-** | **383** |

The effective corporation tax rate was 19% (2017: 20%). The tax charge for the year differs from the charge resulting from applying the standard rate of corporation tax in the UK for an investment trust company. The differences are explained below.

| | Year ended 31 March 2018 | | |
|---|---|---|---|
| **Factors affecting the tax charge for the year** | Revenue £000 | Capital £000 | Total £000 |
| Net return before taxation | 843 | (983) | (140) |
| UK Corporation tax at effective rate of 19% | 160 | (187) | (27) |
| **Effects of:** | | | |
| Overseas tax expensed | (4) | - | (4) |
| Expenses not allowable for tax purposes | - | 3 | 3 |
| Non taxable overseas dividends | (303) | - | (303) |
| Foreign withholding taxes on dividends | (251) | - | (251) |
| Increase in excess management and overdraft expenses | 147 | 184 | 331 |
| **Total** | **(251)** | **-** | **(251)** |

| | Year ended 31 March 2017 | | |
|---|---|---|---|
| **Factors affecting the tax charge for the year** | Revenue £000 | Capital £000 | Total £000 |
| Net return before taxation | 1,691 | 35,732 | 37,423 |
| UK Corporation tax at effective rate of 20% | 338 | 7,147 | 7,485 |
| **Effects of:** | | | |
| Overseas tax expensed | (4) | - | (4) |
| Gains on investments not taxable | - | (7,250) | (7,250) |
| Currency gains not taxable | - | (69) | (69) |
| Non taxable overseas dividends | (465) | - | (465) |
| Foreign withholding taxes on dividends | 383 | - | 383 |
| Increase in excess management and overdraft expenses | 131 | 172 | 303 |
| **Total** | **383** | **-** | **383** |

At the year end, after offset against income taxable on receipt, there is a potential deferred tax asset of £819,140 (2017: £573,529) in relation to surplus tax reliefs. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

5 Taxation on ordinary activities continued

Due to the Company's status as an investment trust and the intention to continue to meet the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on capital gains and losses arising on the revaluation or disposal of investments.

6 Return per ordinary share and net asset value

The return and net asset value per ordinary share are calculated with reference to the following amounts:

| | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|---|---|
| Revenue return | | |
| Revenue return attributable to ordinary shareholders | £592,000 | £1,308,000 |
| Weighted average number of shares in issue during year | 100,025,735 | 99,946,262 |
| **Total revenue return per ordinary share** | **0.59p** | **1.31p** |
| Capital return | | |
| Capital return attributable to ordinary shareholders | (£9,578,000) | £35,732,000 |
| Weighted average number of shares in issue during year | 100,025,735 | 99,946,262 |
| **Total capital return per ordinary share** | **(9.58p)** | **35.75p** |
| Total return | | |
| **Total return per ordinary share** | **(8.99p)** | **37.06p** |

| Net asset value per share | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Net assets attributable to shareholders | £129,437,000 | £139,818,000 |
| Number of shares in issue at year end | 99,951,001 | 100,101,001 |
| **Net asset value per share** | **129.5p** | **139.7p** |

7 Cash and cash equivalents

| | As at 31 March 2018 £000 | As at 31 March 2017 £000 |
|---|---|---|
| GBP Sterling | 126 | 526 |
| U.S. Dollar | 6,535 | 22,322 |
| Total | 6,661 | 22,848 |

8 Receivables: amounts falling due within one year

| | As at 31 March 2018 £000 | As at 31 March 2017 £000 |
|---|---|---|
| Dividends receivable | 260 | 176 |
| Amounts due from brokers | 2 | 554 |
| Other debtors | 16 | 2 |
| **Total** | **278** | **732** |

None of the Company's receivables were past due or impaired as at the year end date.

# Notes to the Financial Statements continued

### 9 Payables: amounts falling due within one year

| | As at 31 March 2018 £000 | As at 31 March 2017 £000 |
|---|---|---|
| Due to brokers | 1,990 | 208 |
| Due to Investment Manager (Gabelli Funds, LLC) | 104 | 116 |
| Other payables | 165 | 109 |
| **Total** | **2,259** | **433** |

### 10 Called up share capital

| | As at 31 March 2018 £000 | As at 31 March 2017 £000 |
|---|---|---|
| *Authorised:* | | |
| 250,000,000 Ordinary shares of 1p each - equity | 2,500 | 2,500 |
| *Allotted, called up and fully paid:* | | |
| 99,951,001 (2017: 100,101,000) Ordinary shares of 1p each - equity | 999 | 1,001 |
| 150,000 Ordinary shares of 1p each - equity | 2 | - |
| Total shares | 1,001 | 1,001 |

During the year ended 31 March 2018 there were 150,000 shares (31 March 2017: 390,000) bought back into treasury at a cost of £193,744 (31 March 2017: £431,105).

### 11 Financial risk management

The Company's financial instruments comprise securities and other investments, cash balances, receivables, and payables that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and receivables for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures, and options, for the purpose of managing currency and market risks arising from the Company's activities. No derivatives transactions were undertaken during the year.

The main risks the Company faces from its financial instruments are (i) market price risk (comprising interest rate risk, currency risk, and other price risk), (ii) liquidity risk, and (iii) credit risk.

The Board regularly reviews, and agrees upon, policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short term receivables and payables, other than for currency disclosures.

#### (i) Market price risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements - interest rate risk, currency risk, and other price risk.

#### Interest rate risk

Interest rate movements may affect the level of income receivable and payable on cash deposits.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

11 Financial risk management continued

Interest risk profile

*The interest rate risk profile of the portfolio of financial assets and liabilities at the year end date was as follows:*

| | As at 31 March 2018 | | | |
|---|---|---|---|---|
| | Interest rate % | Local currency 000 | Foreign exchange rate | Sterling equivalent £000 |
| Assets: | | | | |
| GBP Sterling | 0.10 | 126 | 1.00 | 126 |
| U.S. Dollar | 0.28 | 9,167 | 1.40 | 6,535 |
| **Total** | | | | **6,661** |

| | As at 31 March 2017 | | | |
|---|---|---|---|---|
| | Interest rate % | Local currency 000 | Foreign exchange rate | Sterling equivalent £000 |
| Assets: | | | | |
| GBP Sterling | 0.01 | 526 | 1.00 | 526 |
| U.S. Dollar | 0.09 | 27,913 | 1.25 | 22,322 |
| **Total** | | | | **22,848** |

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the year end date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates.

If interest rates had been 50 (2017: 25) basis points higher or lower and all other variables were held constant, the Company's profit or loss for the reporting year to 31 March 2018 would increase / decrease by £33,000 (2017: £57,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances.

As at 31 March 2018 an interest rate of 0.50% is used, given the prevailing Bank of England base rate of 0.50%. This level is considered possible based on observations of market conditions and historic trends.

Foreign currency risk

The Company's investment portfolio is invested predominantly in foreign securities and can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investments with foreign currency borrowings.

The revenue account is subject to currency fluctuation arising from overseas income.

*Foreign currency risk exposure by currency of denomination:*

| | As at 31 March 2018 | | |
|---|---|---|---|
| | Investments £000 | Net monetary assets £000 | Total currency exposure £000 |
| U.S. Dollar | 124,757 | 4,545 | 129,302 |

| | As at 31 March 2017 | | |
|---|---|---|---|
| | Investments £000 | Net monetary assets £000 | Total currency exposure £000 |
| U.S. Dollar | 116,671 | 22,848 | 139,519 |

The asset allocation between specific markets can vary from time to time based on the Investment Manager's opinion of the attractiveness of the individual markets.

# Notes to the Financial Statements continued

11 Financial risk management continued

Foreign currency sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on net return before tax and equity shareholders' funds. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

| | As at 31 March 2018 £000 | As at 31 March 2017 £000 |
|---|---|---|
| U.S. Dollar | 654 | 2,232 |

Other price risk

Other price risks, i.e., changes in market prices other than those arising from interest rate or currency risk, may affect the value of the quoted investments.

The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on a recognised stock exchange.

Other price risk sensitivity

If market prices at the year end date had been 15% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders for the year ended 31 March 2018 would have increased/decreased by £18,714,000. The calculations are based on the portfolio valuations as at the year end date, and are not representative of the year as a whole.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. All creditors are payable within three months.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

(iii) Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is managed as follows:

- Investment transactions are carried out with mainly one broker, G.research, LLC, whose credit ratings are reviewed periodically by the Investment Manager.
- Most transactions are made delivery versus payment on recognised exchanges.
- Cash is held only with reputable banks.

The maximum credit risk exposure as at 31 March 2018 was £6,940,000 (2017: £23,580,000). This was due to cash and receivables as per notes 7 and 8.

### 12 Capital management policies and procedures
The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and

- to maximise the revenue and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Investment Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed under the investment trust rules should be retained.

The analysis of shareholders' funds is as follows:

| | As at 31 March 2018 £000 | As at 31 March 2017 £000 |
|---|---|---|
| Equity share capital | 1,001 | 1,001 |
| *Special distributable reserve** | 98,006 | 98,200 |
| Capital reserve | 29,645 | 39,223 |
| Revenue reserve* | 785 | 1,394 |
| **Total** | **129,437** | **139,818** |

* These reserves are distributable.

### 13 Alternative Investment Fund Managers' ("AIFM") Directive
In accordance with the Alternative Investment Fund Managers' Directive ("AIFMD"), the Company is an Alternative Investment Fund ("AIF") and has appointed Gabelli Funds, LLC as its Alternative Investment Fund Manager (the "AIFM") to provide portfolio management and risk management services to the Company in accordance with the investment management agreement.

The Company is categorised as an externally managed European Economic Area ("EEA") domiciled AIF for the purposes of the AIFMD. Since the Investment Manager is a non-EEA AIFM, the Investment Manager is only subject to the AIFMD to the extent that it markets an EEA AIF in the EEA. Accordingly, the Investment Manager is required to make only certain financial and non financial disclosures.

The Company's maximum leverage levels at 31 March 2018 are shown below:

| Leverage Exposure | Gross method | Commitment method |
|---|---|---|
| Maximum permitted limit | 40% | 0% |

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

### 14 Related party transactions
During the year ended 31 March 2018, with the exception of Investment Management fees, Directors' remuneration, Directors' shareholdings, secretarial fees, and other administrative fees, the Company paid brokerage commissions on security trades of £61,201 (2017: £86,935) to G.research, LLC, an affiliate of the Investment Manager.

Further details of related parties and transactions are disclosed within the Directors' Report on page 18.

### 15 Contingent Liabilities and Commitments
As at the year ended 31 March 2018, the Company had no contingent liabilities or commitments (31 March 2017: Nil).

### 16 Post balance sheet event
For the period 1 April 2018 to 11 June 2018 an additional 80,000 ordinary shares were bought back into treasury at a cost of £97,287.50.

# Glossary

### Alternative Investment Fund Managers Directive ("AIFMD")
Agreed by the European Parliament and the Council of the European Union and adopted into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ('AIFS') and requires them to appoint an Alternative Investment Fund Manager ('AIFM') and Depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

### Association of Investment Companies ("AIC")
The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

### Benchmark
An index against which performance is compared. For the Company this is the Russell 3000 Value Index and the S&P 500 Index.

**Benchmark Total Return** is the return on the benchmark, on a closing market price basis, assuming that all dividends received were reinvested into the shares of the underlying companies at the time their shares were quoted ex dividend.

### Capital Return per Share
The capital return per share is the capital profit for the year (see Statement of Comprehensive Income) divided by the weighted average number of ordinary shares in issue during the year.

### Custodian
The Custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

### Depositary
From July 2014 all AIFs were required to appoint a Depositary who has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a custodian. The Depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets.

The Depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

### Dividend Dates
When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value will be disclosed ex-dividend.

### Dividend Yield
The annual dividend expressed as a percentage of the share price.

### Gearing
The net gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) the Company has used to invest in the market less cash and investments in cash funds, divided by net assets.

### Investment Trusts
Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investments trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

### Liquidity
In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

### Net Asset Value ("NAV") per ordinary share
The value of the Company's assets (i.e. investments, cash held and debtors) less any liabilities (i.e. bank borrowings, debt securities and creditors) for which the Company is responsible, divided by the number of shares in issue. The aggregate NAV is also referred to as total shareholders funds on the Statement of Financial Position. The NAV is published daily.

**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.

**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 year and this is calculated in accordance with guidance issued by the Association of Investment Companies.

**Premium/Discount**
The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

**Revenue Return per ordinary share**
The revenue return per ordinary share is the revenue return profit for the year divided by the weighted average number of ordinary shares in issue during the year.

**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.

**Total Return Performance**
This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

# Company Information

Registered Name
Gabelli Value Plus+ Trust Plc

Registered Office
64 St. James's Street,
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Board of Directors
Andrew Bell
Rudolf Bohli
Jonathan Davie
Richard Fitzalan Howard
Kasia Robinski

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

Company Secretary
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Administrator and Custodian
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20 Churchill Place
Canary Wharf
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Depositary
State Street Trustees Ltd
20 Churchill Place
Canary Wharf
London E14 5HJ

Broker
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Registrar and Receiving Agent
Computershare Investment Services PLC
The Pavillions
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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.
The AIC
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Information to Shareholders
With effect from 1 January 2016 new tax legislation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information ("The Common Reporting Standard") has been introduced. This legislation requires investment trust companies to provide personal information to the HMRC on certain investors who purchase shares in investment trusts. As an affected company, Gabelli Value Plus+ Trust Plc will have to provide information annually to the local tax authority on a number of non-UK based certificated shareholders and incorporated entities.

All new shareholders, excluding those whose shares are held on CREST, who are entered onto the share register after 1 January 2016 will be sent a certification form for the purposes of collecting this information.

For further information, please see the HMRC's Quick Guide: Automatic Exchange of Information - information for account holders.

https://www.gov.uk/government/publications/exchange-of-information-account-holders.

Please visit us on the internet. Our home page at www.gabelli.co.uk contains information about Gabelli Funds, LLC and the Gabelli Value Plus+ Trust Plc.

We welcome your comments and questions at +44 02 3206 2100 or via email at info@gabelli.co.uk.