

SPECIAL OPPORTUNITIES FUND, INC.
Form N-Q
May 27, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT
INVESTMENT COMPANY

Investment Company Act file number 811-07528

Special Opportunities Fund, Inc.
(Exact name of registrant as specified in charter)

615 East Michigan Street
Milwaukee, WI 53202
(Address of principal executive offices) (Zip code)

Andrew Dakos
Bulldog Investors, LLC
Park 80 West
250 Pehle Avenue, Suite 708
Saddle Brook, NJ 07663
(Name and address of agent for service)

Copy to:
Thomas R. Westle, Esp.
Blank Rome LLP
The Chrysler Building
405 Lexington Avenue
New York, NY 10174

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1-877-607-0414

Registrant's telephone number, including area code

Date of fiscal year end: December 31, 2015

Date of reporting period: March 31, 2015

Item 1. Schedule of Investments.

Special Opportunities Fund, Inc.
 Portfolio of Investments
 March 31, 2015 (Unaudited)

| INVESTMENT COMPANIES - 59.86% | Shares | Fair Value |
|---|-----------|-------------|
| Closed-End Funds - 53.13% | | |
| Adams Diversified Equity Fund (j) | 200,878 | \$2,804,257 |
| Advent/Claymore Enhanced Growth & Income Fund | 60,018 | 565,370 |
| Alliance New York Municipal Income Fund, Inc. | 138,901 | 1,937,669 |
| Bancroft Fund, Ltd. | 79,335 | 1,660,482 |
| Blackrock Latin American Investment Trust PLC (h) | 80,000 | 438,491 |
| Boulder Growth & Income Fund, Inc. | 1,313,456 | 11,256,318 |
| Central Securities Corp. | 136,479 | 2,975,242 |
| Clough Global Equity Fund | 311,843 | 4,687,000 |
| Delaware Investments Dividend & Income Fund, Inc. | 18,949 | 190,627 |
| Deutsche Global High Income Fund | 175,583 | 1,471,386 |
| Deutsche High Income Opportunities Fund, Inc. | 354,342 | 5,088,351 |
| Diversified Real Asset Income Fund | 465,045 | 8,417,314 |
| Ellsworth Growth and Income Fund Ltd. | 55,094 | 482,623 |
| The GDL Fund | 15,000 | 154,951 |
| General American Investors Co., Inc. | 408,024 | 14,272,680 |
| Global High Income Fund, Inc. | 160,454 | 1,403,973 |
| JP Morgan Asian Investment Trust PLC (h) | 28,426 | 105,207 |
| Juridica Investments Ltd. (h) | 495,258 | 880,566 |
| Kubera Cross-Border Fund Ltd. (a)(g)(h) | 380,604 | 93,248 |
| Liberty All Star Equity Fund | 1,551,018 | 9,057,945 |
| LMP Real Estate Income Fund, Inc. | 342,704 | 4,462,006 |
| Madison Strategic Sector Premium Fund | 1,041 | 12,534 |
| Marwyn Value Investors Ltd. (a)(h) | 155,571 | 497,314 |
| MFS Intermarket Income Trust I | 254,546 | 2,158,550 |
| MFS Intermediate High Income Fund | 26,598 | 73,144 |
| Millennium Investment & Acquisition Co., Inc. (a) | 112,276 | 76,337 |
| Morgan Stanley East Europe Fund Escrow (a) | 97,901 | 0 |
| Neuberger Berman Real Estate Securities Income Fund, Inc. | 179,037 | 970,381 |
| Nuveen Diversified Commodity Fund | 79,659 | 947,942 |
| Nuveen Global High Income Fund | 273,806 | 4,673,868 |
| Nuveen Long/Short Commodity Total Return Fund | 98,623 | 1,644,637 |
| The Prospect Japan Fund Ltd. (a)(h) | 240,144 | 249,149 |
| Swiss Helvetia Fund, Inc. | 280,925 | 3,241,874 |
| Terra Catalyst Fund (a)(h) | 20,319 | 28,935 |
| Tri-Continental Corp. | 387,319 | 8,400,949 |
| Virtus Total Return Fund | 1,610 | 7,293 |
| | | 95,388,613 |
| Closed End Funds - Preferred Shares - 0.42% | | |
| Oxford Lane Capital Corp. - Series 2017 | 28,898 | 747,302 |

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| | | |
|--|----|-----------|
| Auction Rate Preferred Securities - 1.86% (c)(f) | | |
| Alliance New York Municipal Income Fund, Inc.- Series T, 0.180% (b) | 61 | 1,277,188 |
| Alliance New York Municipal Income Fund, Inc. - Series M, 0.180% (b) | 82 | 1,716,875 |
| Putnam Managed Municipal Income Trust - Series C | 6 | 225,000 |
| Putnam Municipal Opportunities Trust - Series C | 6 | 112,500 |
| | | 3,331,563 |

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| | | |
|---|---------|-------------|
| Business Development Company - 4.45% | | |
| BDCA Venture, Inc. | 266,822 | 1,339,446 |
| Equus Total Return, Inc. (a) | 106,919 | 208,492 |
| Firsthand Technology Value Fund, Inc. | 158,804 | 2,277,250 |
| Fifth Street Senior Floating Rate Corp. | 29,687 | 315,573 |
| Full Circle Capital Corp. | 8,800 | 30,976 |
| MVC Capital, Inc. | 403,584 | 3,825,976 |
| | | 7,997,713 |
| Total Investment Companies (Cost \$98,607,686) | | 107,465,191 |
| | | |
| PREFERRED STOCKS - 3.25% | | |
| Real Estate Investment Trusts - 3.25% | | |
| Preferred Apartment Communities, Inc. (c)(f) | 6,083 | 5,827,453 |
| Total Preferred Stocks (Cost \$5,657,129) | | 5,827,453 |
| | | |
| CONVERTIBLE PREFERRED STOCKS - 0.85% | | |
| Real Estate Investment Trusts - 0.85% | | |
| Wheeler Real Estate Investment Trust, Inc. - Series C (c)(f) | 880 | 880,000 |
| Wheeler Real Estate Investment Trust, Inc. - Series B | 27,270 | 651,750 |
| Total Convertible Preferred Stocks (Cost \$1,545,904) | | 1,531,750 |
| | | |
| COMMON STOCKS - 23.28% | | |
| Construction Materials - 0.01% | | |
| Tecnoglass, Inc. (a)(h) | 2,437 | 22,664 |
| Consumer Finance - 2.26% | | |
| Imperial Holdings, Inc. (a) | 581,622 | 4,053,905 |
| Health Care Providers & Services - 0.00% | | |
| Healthcare Corp. of America (Acquired 10/24/2012, Cost \$0) (a)(c)(i) | 10,000 | 41 |
| Insurance - 7.83% | | |
| Stewart Information Services Corp. | 345,661 | 14,047,663 |
| IT Services - 0.06% | | |
| JetPay Corp. (a) | 39,596 | 108,889 |
| Marine - 0.02% | | |
| Pangaea Logistics Solutions Ltd. (a)(h) | 13,255 | 36,266 |
| Professional Services - 0.83% | | |
| Hill International, Inc. (a) | 415,513 | 1,491,692 |
| Real Estate Investment Trusts - 6.72% | | |
| Associated Estates Realty Corp. | 23,767 | 586,570 |
| Five Oaks Investment Corp. | 15,791 | 168,174 |
| Gladstone Land Corp. | 2,582 | 31,113 |
| Gyrodyne Company of America, Inc. | 3,819 | 15,392 |
| Gyrodyne Dividend Notes (c) | 11,391 | 79,398 |
| Gyrodyne Special Distribution LLC (c) | 10,914 | 144,829 |
| Trade Street Residential, Inc. | 234,287 | 1,677,495 |
| Winthrop Realty Trust | 573,454 | 9,358,769 |
| | | 12,061,740 |
| | | |
| Software - 0.03% | | |
| SITO Mobile Ltd. (a) | 158,498 | 47,549 |
| Special Purpose Acquisition Vehicle - 5.52% (a) | | |

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| | | |
|------------------------------|--------|---------|
| 1347 Capital Corp. | 76,600 | 767,532 |
| AR Capital Acquisition Corp. | 99,994 | 984,941 |

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| | | |
|--|-------------|---------------------|
| Barington/Hilco Acquisition Corp. | 15,611 | 155,329 |
| DT Asia Investments Ltd. (h) | 79,818 | 795,786 |
| Capitol Acquisition Corp. II | 143,385 | 1,449,623 |
| Garnero Group Acquisition Co. (h) | 153,199 | 1,472,242 |
| Global Defense & National Security Systems, Inc. | 142,712 | 1,478,496 |
| FinTech Acquisition Corp. | 48,085 | 497,680 |
| Harmony Merger Corp. | 62,937 | 629,370 |
| Quinpario Acquisition Corp. 2 | 15,611 | 157,983 |
| ROI Acquisition Corp II | 57,484 | 566,218 |
| Sino Mercury Acquisition Corp. | 33,634 | 336,340 |
| Terrapin 3 Acquisition Corp. | 62,138 | 626,351 |
| | | 9,917,891 |
| Total Common Stocks (Cost \$35,956,761) | | 41,788,300 |
| LIQUIDATION CLAIMS - 1.56% (a)(c)(f) | | |
| The Home Insurance Company in Liquidation | 1 | 1,228,503 |
| The Home Insurance Company in Liquidation | 1 | 1,574,994 |
| Total Liquidation Claims (Cost \$2,569,880) | | 2,803,497 |
| | | Principal Amount |
| CONVERTIBLE BONDS - 2.01% (b) | | |
| Imperial Holdings, Inc. 8.500%, 02/15/2019 | \$2,941,000 | 3,617,430 |
| Total Convertible Bonds (Cost \$2,941,000) | | 3,617,430 |
| CORPORATE BONDS - 0.02% (b) | | |
| Washington Mutual Inc. 0.000%, 09/17/2012 (d)(f) | 3,000,000 | 37,500 |
| WMI Holdings Corp. 13.000%, 03/19/2030 - 1st Lien | 80 | 80 |
| 13.000%, 03/19/2030 - 2nd Lien | 4,023 | 3,822 |
| Total Corporate Bonds (Cost \$520) | | 41,402 |
| CORPORATE NOTES - 1.87% (b) | | |
| MVC Capital, Inc. 7.250%, 01/15/2023 | 133,384 | 3,356,717 |
| Total Corporate Notes (Cost \$3,349,349) | | 3,356,717 |
| PROMISSORY NOTES - 0.78% (b)(c)(f) | | |
| Wheeler Real Estate Investment Trust Convertible 9.000%, 12/15/2018 (Acquired 12/16/2013, Cost \$600,000) | 600,000 | 600,000 |
| Wheeler Real Estate Investment Trust Non-Convertible 9.000%, 12/15/2015 (Acquired 12/16/2013, Cost \$800,000) | 800,000 | 800,000 |
| Total Promissory Notes (Cost \$1,400,000) | | 1,400,000 |
| | | Shares |
| WARRANTS - 0.28% (a) | | |
| AR Capital Acquisition Corp. | | |

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Expiration: October 2019

49,997

22,499

Exercise Price: \$11.50

Arabella Exploration, Inc.

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| | | |
|--|---------|---------|
| Expiration: December 2016 Exercise Price: \$5.00 (h) Capitol Acquisition Corp. II | 25,448 | 7,380 |
| Expiration: May 2016 Exercise Price: \$11.50 CB Pharma Acquisition Corp. | 58,823 | 58,823 |
| Expiration: December 2021 Exercise Price: \$5.75 (h) Chart Acquisition Corp. | 23,814 | 5,715 |
| Expiration: December 2017 Exercise Price: \$11.50 CIS Acquisition Ltd. | 124,265 | 34,794 |
| Expiration: December 2017 Exercise Price: \$10.00 (h) EveryWare Global, Inc. | 61,826 | 14,745 |
| Expiration: May 2018 Exercise Price: \$6.00 Garnero Group Acquisition Co. | 48,370 | 1,209 |
| Expiration: June 2019 Exercise Price: \$11.50 (h) Healthcare Corp. of America | 153,199 | 16,852 |
| Expiration: November 2016 Exercise Price: \$7.50 (Acquired 10/24/2012, Cost \$0) (c)(i) | 5,000 | 8 |
| Expiration: November 2016 Exercise Price: \$7.50 Hemisphere Media Group, Inc. | 33,753 | 71 |
| Expiration: April 2018 Exercise Price: \$6.00 Imperial Holdings, Inc. | 137,024 | 164,429 |
| Expiration: October 2019 Exercise Price: \$10.75 (c)(f) Integrated Drilling Equipment Holdings Corp. | 8 | 0 |
| Expiration: December 2017 Exercise Price: \$11.50 KBS Fashion Group Ltd. | 205,929 | 412 |
| Expiration: July 2019 Exercise Price: \$11.50 (h) Net Element, Inc. | 400,000 | 6,800 |
| Expiration: October 2017 Exercise Price: \$7.50 Preferred Apartment Communities, Inc. | 159,476 | 3,189 |
| Expiration: March 2017 Exercise Price: \$9.00 (c)(f) Pingtan Marine Enterprise Ltd. | 6,083 | 61 |
| Expiration: February 2018 Exercise Price: \$12.00 (h) Prime Acquisition Corp. | 52,798 | 5,808 |
| Expiration: March 2016 Exercise Price: \$5.00 (h) | 50,142 | 4,262 |

RLJ Entertainment, Inc.
Expiration: October 2017

436,744

30,572

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| | | |
|---|--|--|
| Exercise Price: \$12.00 (c) ROI Acquisition Corp II Expiration: September 2018 Exercise Price: \$11.50 Tecnoglass, Inc. Expiration: December 2016 Exercise Price: \$8.00 (h) Wheeler Real Estate Investment Trust, Inc. Expiration: December 2018 Exercise Price: \$4.75 (c)(f) Expiration: April 2019 Exercise Price: \$5.50 Total Warrants (Cost \$666,902) | 57,484 45,477 84,211 15,702 | 12,072 111,419 0 2,198 503,318 |
| RIGHTS - 0.02% CB Pharma Acquisition Corp. (a)(h) Garnero Group Acquisition Co. (a)(h) Total Rights (Cost \$58,839) | 23,814 139,951 | 6,930 26,395 33,325 |
| MONEY MARKET FUNDS - 5.66% Fidelity Institutional Government Portfolio - Class I, 0.010% (e) Fidelity Institutional Tax-Exempt Portfolio - Class I, 0.010% (e) Total Money Market Funds (Cost \$10,159,425) | 5,504,014 4,655,411 | 5,504,014 4,655,411 10,159,425 |
| Total Investments (Cost \$162,913,395) - 99.44% | | \$ 178,527,808 |
| Other Assets in Excess of Liabilities - 0.56% | | 998,872 |
| TOTAL NET ASSETS - 100.00% | | \$ 179,526,680 |

Percentages are stated as a percent of net assets.

- (a) Non-income producing security.
The coupon rates shown represent the rates at March 31, 2015.
- (b) Fair valued securities. The total market value of these securities was \$14,497,422, representing 8.08% of net assets.
- (c) Default or other conditions exist and security is not presently accruing income.
- (d) The rate shown represents the 7-day yield at March 31, 2015.
- (e) Illiquid securities. The total market value of these securities was \$14,280,074, representing 7.95% of net assets.
- (f) Security currently undergoing a full liquidation with all proceeds paid out to shareholders.
- (g) Foreign-issued security.
- (h) Restricted security.
- (i) All or a portion of this security is pledged as collateral for securities sold short.
- (j)

Schedule of Securities Sold Short
March 31, 2015 (Unaudited)

| | Shares | Value |
|--|-----------|---------------|
| First American Financial Corp. | (21,681) | \$ (773,578) |
| Total Securities Sold Short (Proceeds \$581,691) | | \$ (773,578) |

Valuation of investments—The Fund calculates its net asset value based on the current market value for its portfolio securities. The Fund normally obtains market values for its securities from independent pricing sources and broker-dealers. Independent pricing sources may use last reported sale prices or if not available the most recent bid price, current market quotations or valuations from computerized “matrix” systems that derive values based on comparable securities. A matrix system incorporates parameters such as security quality, maturity and coupon, and/or research and evaluations by its staff, including review of broker-dealer market price quotations, if available, in determining the valuation of the portfolio securities. If a market value is not available from an independent pricing source or a broker-dealer for a particular security, that security is valued at fair value as determined in good faith by or under the direction of the Fund’s Board of Directors (the “Board”). Various factors may be reviewed in order to make a good faith determination of a security’s fair value. The auction rate preferred securities and the structured life settlement notes are valued at cost, unless other observable market events occur. The purchase price, or cost, of these securities is arrived at through an arms length transaction between a willing buyer and seller in the secondary market and is indicative of the value on the secondary market. Current transactions in similar securities in the marketplace are evaluated. Factors for other securities may include, but are not limited to, the type and cost of the security; contractual or legal restrictions on resale of the security; relevant financial or business developments of the issuer; actively traded similar or related securities; conversion or exchange rights on the security; related corporate actions; and changes in overall market conditions. If events occur that materially affect the value of securities between the close of trading in those securities and the close of regular trading on the New York Stock Exchange, the securities may be fair valued. The amortized cost method of valuation, which approximates market value, generally is used to value short-term debt instruments with sixty days or less remaining to maturity, unless the Board or its delegate determines that this does not represent fair value.

The Fund has adopted fair valuation accounting standards that establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various input and valuation techniques used in measuring fair value. Fair value inputs are summarized in the three broad levels listed below:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2—Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3—Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available; representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The Fund adopted Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2011-04 (“ASU 2011-04”), Fair Value Measurement: Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS, which, among other things, clarifies existing disclosure requirements provided by ASC 820 regarding the level of disaggregation and the inputs and valuation techniques used to measure fair value.

The significant unobservable inputs used in fair value measurement of the Fund’s investment companies, corporate bonds, promissory notes, and structured finance notes are (1) cost and (2) indicative bids or price ranges from dealers, brokers, or market makers. Significant changes in any of these inputs in isolation may result in a change in higher fair value measurement.

In accordance with procedures established by the Fund’s Board of Directors, the Adviser shall initially value non-publicly-traded securities (for which a current market value is not readily available) at their acquisition cost less related expenses, where identifiable, unless and until the Adviser determines that such value does not represent fair value.

The Adviser sends a memorandum to the Chairman of the Valuation Committee with respect to any non-publicly-traded securities that are valued using a method other than cost detailing the reason, factors considered, and impact on the Fund’s NAV. If the Chairman determines that such fair valuation(s) require the involvement of the Valuation Committee, a special meeting of the Valuation Committee is called as soon as practicable to discuss such fair valuation(s). The Valuation Committee of the Board consists of at least two non-interested Directors, as defined by the Investment Company Act of 1940.

At each regular quarterly Board meeting, the Adviser delivers a written report (the “Quarterly Report”) to the Board regarding any recommendations of fair valuation during the past quarter, including fair valuations which have not changed. The Board reviews the Quarterly Report and discusses the valuation of the fair valued securities.

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The Valuation Committee reviews all Quarterly Reports and any other interim reports, and reviews and approves the valuation of all fair valued securities. This review includes a review and discussion of an updated fair valuation summary with appropriate levels of representatives of the Adviser's management.

The following is a summary of the fair valuations according to the inputs used as of March 31, 2015 in valuing the Fund's investments:

| | Quoted Prices in Active Markets for Identical Investments (Level 1)* | Significant Other Observable Inputs (Level 2)* | Unobservable Inputs (Level 3)** | Total |
|-------------------------------------|--|--|------------------------------------|----------------|
| Investment Companies | \$ 104,040,380 | \$ 93,248 | \$ 3,331,563 | \$ 107,465,191 |
| Preferred Stocks | | | | |
| Real Estate | | | | |
| Investment Trusts | - | - | 5,827,453 | 5,827,453 |
| Convertible Preferred Stocks | 651,750 | - | 880,000 | 1,531,750 |
| Common Stocks | | | | |
| Construction Materials | 22,664 | - | - | 22,664 |
| Consumer Finance | 4,053,905 | - | - | 4,053,905 |
| Health Care Providers & Services | - | - | 41 | 41 |
| Insurance | 14,047,663 | - | - | 14,047,663 |
| IT Services | 108,889 | - | - | 108,889 |
| Marine | 36,266 | - | - | 36,266 |
| Professional Services | 1,491,692 | - | - | 1,491,692 |
| Real Estate Investments | | | | |
| Trusts | 11,837,513 | - | 224,227 | 12,061,740 |
| Software | 47,549 | - | - | 47,549 |
| Special Purpose Acquisition Vehicle | 5,268,809 | 4,649,082 | - | 9,917,891 |
| Home Insurance Claims | - | - | 2,803,497 | 2,803,497 |
| Convertible Bonds | - | 3,617,430 | - | 3,617,430 |
| | - | 41,402 | - | 41,402 |

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| | | | | |
|--------------------------|----------------|--------------|---------------|----------------|
| Corporate Bonds | | | | |
| Corporate Notes | 3,356,717 | - | - | 3,356,717 |
| Promissory Notes | - | - | 1,400,000 | 1,400,000 |
| Warrants | 357,906 | 145,343 | 69 | 503,318 |
| Rights | 26,395 | 6,930 | - | 33,325 |
| Money Market Funds | 10,159,425 | - | - | 10,159,425 |
| Total | \$ 155,507,523 | \$ 8,553,435 | \$ 14,466,850 | \$ 178,527,808 |

Liabilities:

| | | | | |
|--------------------------|--------------|------|------|-----------|
| Securities Sold Short | \$ (773,578) | \$ - | \$ - | (773,578) |
|--------------------------|--------------|------|------|-----------|

* Transfers between Levels are recognized at the end of the reporting period.

**The Fund measures Level 3 activity as of the beginning and end of each financial reporting period.

Transfers between Level 1 and Level 2 securities as of March 31, 2015 resulted from securities priced previously with an official close price (Level 1 securities) or on days where there is not an official close price the bid price is used (Level 2 securities). Transfers as of March 31, 2015 are summarized in the table below:

| | | | |
|--|----|------------|---|
| Transfers into Level 1 | | | |
| Investment Companies | \$ | 880,566 | |
| Common Stock | | | |
| Special Purpose | | | |
| Acquisition Vehicle | | 2,378,824 | |
| Warrants | | 223,920 | |
| Transfers out of Level 1 | | | |
| Common Stock | | | |
| Special Purpose | | | |
| Acquisition Vehicle | | (2,038,460 |) |
| Warrants | | (32,625 |) |
| Net transfers in and/or out of Level 1 | \$ | 1,412,225 | |
| Transfers into Level 2 | | | |
| Common Stock | | | |
| Special Purpose | | | |
| Acquisition Vehicle | | 2,038,460 | |
| Warrants | | 32,625 | |
| Transfers out of Level 2 | | | |
| Investment Companies | \$ | (880,566 |) |
| Common Stock | | | |
| Special Purpose | | | |
| Acquisition Vehicle | | (2,378,824 |) |
| Warrants | | (223,920 |) |
| Net transfers in and/or out of Level 2 | \$ | (1,412,225 |) |

Special Opportunities
Fund

The fair value of derivative instruments as reported within the Statement of Assets and Liabilities as of March 31, 2015:

| Derivatives not accounted for as hedging instruments | Statement of Assets & Liabilities Location | | Value |
|--|--|----|---------|
| Equity Contracts - Rights | Investments, at value | \$ | 33,325 |
| Equity Contracts - Warrants | Investments, at value | | 503,318 |

The effect of derivative instruments on the Statement of Operations for the year ended March 31, 2015:

Amount of Realized Gain on Derivatives Recognized in Income

| Derivatives not accounted for as hedging instruments | Statement of Operations Location | | Value |
|--|----------------------------------|----|--------|
| Equity Contracts - Rights | Net Realized Gain on Investments | \$ | - |
| Equity Contracts - Warrants | Net Realized Gain on Investments | | 38,516 |

Change in Unrealized Depreciation on Derivatives Recognized in Income

| Derivatives not accounted for as hedging instruments | Statement of Operations Location | | Total |
|--|--|----|----------|
| Equity Contracts - Rights | Net change in unrealized depreciation of investments | \$ | (15,078) |
| Equity Contracts - Warrants | Net change in unrealized depreciation of investments | | (42,089) |

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Level 3 Reconciliation

Disclosure

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

| Category | Balance as of 12/31/2014 | Acquisitions | Dispositions | Realized Gain (Loss) | Change in unrealized appreciation (depreciation) |
|--|-----------------------------|--------------|----------------|-------------------------|--|
| Closed End Funds | \$ 163,146 | | \$ (191,893) | \$ 191,893 | (163,146) |
| Auction Rate Preferred Securities | 6,381,563 | | (3,125,000) | 139,812 | (64,812) |
| Preferred Stocks | 5,806,162 | | - | - | 21,291 |
| Convertible Preferred Stocks | - | 880,000 | - | - | - |
| Common Stocks | 228,146 | | - | - | (3,878) |
| Liquidation Claims | 2,842,434 | | - | - | (38,937) |
| Promissory Notes | 2,000,000 | | (600,000) | - | - |
| Warrants | 69 | | - | - | - |
| | \$ 17,421,520 | \$ 880,000 | \$ (3,916,893) | \$ 331,705 | (249,482) |

The following table presents additional information about valuation methodologies and inputs used for investments that are measured at fair value and categorized within Level 3 as of March 31, 2015:

| | Fair Value March 31, 2015 | Valuation Methodologies | Unobservable Input(1) Comparability Adjustments/ Broker Indications/ Company Announcements |
|--|------------------------------|----------------------------|--|
| Auction Rate Preferred Securities | \$ 3,331,563 | Market Comparables/Cost | |
| Preferred Stock | \$ 5,827,453 | Cost | Market Assessments/ Financial Assesments |
| Convertible Preferred | \$ 880,000 | Cost | |

| Stocks | | | Terms of the Preferred/Financial Assessments/ Company Announcements |
|--------------------|--------------|------------------------------|---|
| Common Stocks | \$ 224,268 | Market Transactions Approach | Discount to Market Price for Share Restrictions |
| Liquidation Claims | \$ 2,803,497 | Market Transactions Approach | Broker Bids |
| Promissory Notes | \$ 1,400,000 | Cost | Terms of the Note/ Financial Assessments/ Company Announcements |
| Warrants | \$ 69 | Market Transactions Approach | Discount to Market Price for Share Restrictions |

(1) In determining certain of these inputs, management evaluates a variety of factors including economic conditions, interest rates, industry and market developments, market valuations of comparable companies and company specific developments, exit strategies and realization opportunities. Management has determined that market participants would take these factors into account when valuing the investments.

(2) This column represents the directional change in the fair value of the Level 3 investments that would result from a change in the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect.

The cost basis of investments for federal income tax purposes at March 31, 2015 was as follows*:

| | |
|--|---------------|
| Cost of investments | \$162,913,395 |
| Gross unrealized appreciation on investments | 21,266,020 |
| Gross unrealized depreciation on investments | (5,651,607) |
| Gross unrealized depreciation on short sales | (191,887) |
| Net unrealized appreciation | \$15,422,526 |

*Because tax adjustments are calculated annually, the above table reflects the tax adjustments outstanding at the Fund's previous fiscal year end. For the previous fiscal year's federal income tax information, please refer to the Notes to Financial Statements section in the Fund's most recent semi-annual or annual report.

Item 2. Controls and Procedures.

- (a) The Registrant's President and Chief Financial Officer have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "1940 Act")) (17 CFR 270.30a-3(c)) are effective as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(d)).
- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

Separate certifications for each principal executive officer and principal financial officer of the Registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)). Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Special Opportunities Fund, Inc.

By (Signature and Title) /s/ Andrew Dakos
Andrew Dakos, President

Date May 21, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Andrew Dakos
Andrew Dakos, President

Date May 21, 2015

By (Signature and Title) /s/ Thomas Antonucci
Thomas Antonucci, Chief Financial Officer

Date May 21, 2015
