

SPECIAL OPPORTUNITIES FUND, INC.  
Form N-Q  
November 24, 2010

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As filed with the Securities and Exchange Commission on November 24, 2010

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  
Brooklyn Capital Management, 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: 12/31/2010

Date of reporting period: 9/30/2010

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## Item 1. Schedule of Investments.

Special Opportunities Fund,  
Inc.  
Portfolio of Investments  
September 30, 2010 (Unaudited)

|  | Shares  | Value        |
|--|---------|--------------|
| INVESTMENT COMPANIES - 57.59%  |         |              |
| Closed-End Funds -<br>55.58%   |         |              |
| Adams Express Company  | 276,839 | \$ 2,757,316 |
| Bancroft Fund, Ltd.  | 29,992  | 491,269      |
| BlackRock California Investment Quality Municipal<br>Trust (d)(i)(j) | 1,052   | 14,760       |
| Blue Chip Value Fund,<br>Inc. (a)                                    | 836,893 | 2,761,747    |
| Boulder Growth & Income Fund, Inc. (a)                               | 316,668 | 1,969,675    |
| Boulder Total Return Fund, Inc. (a)                                  | 184,149 | 2,784,333    |
| Claymore Dividend & Income Fund                                      | 38,069  | 540,199      |
| Cohen & Steers Dividend Majors Fund, Inc.                            | 11,040  | 124,973      |
| Cohen & Steers Infrastructure Fund, Inc.                             | 27,907  | 444,279      |
| DWS Dreman Value Income Edge Fund,<br>Inc.                           | 82,164  | 1,100,998    |
| DWS RREEF Real Estate Fund,<br>Inc. (d)(i)(j)                        | 126,913 | 11,803       |
| DWS RREEF Real Estate Fund II,<br>Inc. (d)(i)(j)                     | 201,612 | 28,830       |
| DWS RREEF World Real Estate Fund, Inc.                               | 151,216 | 2,594,866    |
| First Opportunity Fund,<br>Inc.                                      | 275,606 | 1,799,707    |
| First Trust/Four Corners Senior Floating Rate Income<br>Fund (j)     | 146,729 | 2,004,318    |
| Gabelli Dividend & Income Trust                                      | 15,607  | 217,405      |
| Gabelli Global Multimedia Trust, Inc.                                | 135,290 | 1,029,557    |
| H&Q Healthcare Investors   | 181,415 | 2,191,493    |
| H&Q Life Sciences<br>Investors                                       | 50,626  | 485,503      |
| Korea Equity Fund, Inc. (a)  | 68,639  | 758,461      |
| Liberty All-Star Equity Fund, Inc.                                   | 623,156 | 2,748,118    |
| Liberty All-Star Growth Fund, Inc.                                   | 375,519 | 1,445,748    |
| LMP Capital and Income Fund, Inc.                                    | 283,428 | 3,236,748    |

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|   |         |            |
|---|---------|------------|
| Macquarie/First Trust Global Infrastructure/Utilities<br>Dividend & Income Fund | 30,800  | 408,100    |
| Macquarie Global Infrastructure Total Return Fund, Inc.                         | 80,776  | 1,334,420  |
| NFJ Dividend Interest & Premium Strategy<br>Fund                                | 169,446 | 2,670,469  |
| RiverSource LaSalle International Real Estate Fund, Inc.                        | 163,406 | 1,521,310  |
| Royce Focus Trust, Inc. (a)   | 17,500  | 111,475    |
| Royce Micro-Cap Trust, Inc. (a)   | 423,851 | 3,496,771  |
| Royce Value Trust, Inc. (a)   | 348,093 | 4,225,849  |
| SunAmerica Focused Alpha Growth Fund,<br>Inc.                                   | 326,252 | 5,151,519  |
| SunAmerica Focused Alpha Large-Cap<br>Fund, Inc.                                | 75,644  | 1,094,569  |
| Taiwan Greater China<br>Fund (a)  | 80,078  | 538,925    |
| Tri-Continental<br>Corporation  | 387,319 | 4,775,643  |
|   |         | 56,871,156 |
| Business Development Company - 2.01%  |         |            |
| Equus Total Return, Inc. (a)  | 23,359  | 55,361     |
| MVC Capital, Inc.   | 154,606 | 2,005,240  |
| Total Investment Companies<br>(Cost \$54,661,852)                               |         | 58,931,757 |
| AUCTION RATE PREFERRED SECURITIES - 16.02%                                      |         |            |
| (c)(d)  |         |            |
| BlackRock California Municipal 2018 Term Trust - Series M7, 0.457%              | 100     | 2,118,750  |
| BlackRock Credit Allocation Income Trust III, Inc. - Series<br>R7, 0.330%       | 6       | 127,500    |
| BlackRock Insured Municipal Income Trust - Series F7,<br>0.457%                 | 60      | 1,275,000  |
| BlackRock Municipal 2018 Term Trust - Series W7,<br>0.426%                      | 100     | 2,118,750  |
| BlackRock Municipal Bond Trust - Series<br>R7, 0.426%                           | 75      | 1,593,750  |
| BlackRock Municipal Bond Trust - Series<br>T7, 0.426%                           | 75      | 1,593,750  |
| BlackRock MuniHoldings Fund, Inc. -<br>Series C, 1.515%                         | 25      | 539,062    |
| BlackRock MuniHoldings Fund II, Inc. - Series A, 0.426%                         | 50      | 1,062,500  |
| BlackRock MuniHoldings New York Insured Fund, Inc. -<br>Series B, 0.426%        | 1       | 21,375     |
| BlackRock MuniHoldings New York Insured Fund, Inc. -<br>Series D, 0.457%        | 9       | 192,375    |

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|  |    |           |
|--|----|-----------|
| BlackRock MuniHoldings New York Insured Fund, Inc. - Series E, 0.426%        | 1  | 21,375    |
| BlackRock New York Municipal Bond Trust - Series T7, 0.426%                  | 52 | 1,040,000 |
| Neuberger Berman Real Estate Securities Income Fund, Inc. - Series B, 1.500% | 44 | 926,750   |
| Neuberger Berman Real Estate Securities Income Fund, Inc. - Series D, 1.500% | 42 | 892,500   |
| Neuberger Berman Real Estate Securities Income Fund, Inc. - Series E, 1.500% | 45 | 953,438   |
| Neuberger Berman Real Estate Securities Income Fund, Inc. - Series F, 1.500% | 10 | 209,375   |

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|   |         |            |
|---|---------|------------|
| Nuveen California Dividend Advantage Municipal Fund, Inc. - Series TH, 0.427% | 8       | 180,000    |
| Nuveen California Performance Plus Municipal Fund, Inc. - Series W, 0.427%    | 1       | 22,500     |
| Nuveen Insured Quality Municipal Fund, Inc. - Series TH, 0.427%               | 19      | 427,500    |
| Nuveen Insured Quality Municipal Fund, Inc. - Series W, 0.427%                | 4       | 90,000     |
| Nuveen Investment Quality Municipal Fund, Inc. - Series M, 0.457%             | 4       | 90,000     |
| Nuveen Performance Plus Municipal Fund, Inc. - Series W, 0.427%               | 3       | 67,500     |
| Nuveen Premium Income Municipal Fund, Inc. - Series TH, 0.427%                | 33      | 742,500    |
| Nuveen Premium Income Municipal Fund, Inc. - Series W, 0.427%                 | 4       | 90,000     |
| Total Auction Rate Preferred Securities (Cost \$16,396,250)                   |         | 16,396,250 |
| <br>COMMON STOCKS - 10.39%  |         |            |
| Gold & Silver Ores - 0.14%  |         |            |
| Capital Gold Corporation (a)  | 30,696  | 148,262    |
| Grocery Stores - 0.26%  |         |            |
| Winn-Dixie Stores, Inc. (a)   | 37,703  | 268,822    |
| Pharmaceuticals Preparations - 0.08%  |         |            |
| Myrexix, Inc. (a)   | 19,896  | 76,799     |
| Real Estate Investment Trusts - 1.00%   |         |            |
| ARMOUR Residential REIT, Inc.   | 68,271  | 479,262    |
| Monmouth Real Estate Investment Corporation - Class A                         | 68,919  | 538,947    |
|   |         | 1,018,209  |
| <br>Retail-Auto Dealers & Gasoline Stations - 3.11%                           |         |            |
| Casey's General Stores, Inc.  | 76,321  | 3,186,402  |
| <br>Special Purpose Acquisition Vehicle - 4.53%                               |         |            |
| 57th Street General Acquisition Corporation (a)                               | 100,000 | 966,000    |
| Liberty Acquisition Holdings Corporation (a)                                  | 356,766 | 3,671,122  |
|   |         | 4,637,122  |
| <br>Variety Stores - 1.27%  |         |            |
| BJ's Wholesale Club, Inc. (a)   | 31,214  | 1,295,381  |
| Total Common Stocks (Cost \$10,477,889)                                       |         | 10,630,997 |

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PREFERRED STOCKS -

1.08%

|  |        |           |
|--|--------|-----------|
| General Motors Corporation/Motors Liquidation Company,<br>7.250% (a) | 26,853 | 204,083   |
| General Motors Corporation/Motors Liquidation Company,<br>7.250% (a) | 37,554 | 285,410   |
| General Motors Corporation/Motors Liquidation Company,<br>7.250% (a) | 57,569 | 437,524   |
| General Motors Corporation/Motors Liquidation Company,<br>7.375% (a) | 1,623  | 12,335    |
| General Motors Corporation/Motors Liquidation Company,<br>7.375% (a) | 2,000  | 15,200    |
| General Motors Corporation/Motors Liquidation Company,<br>7.500% (a) | 19,705 | 149,758   |
| Total Preferred Stocks (Cost \$1,060,313)                            |        | 1,104,310 |

CONVERTIBLE PREFERRED STOCKS -

0.88%

|   |        |         |
|---|--------|---------|
| General Motors Corporation/Motors Liquidation Company - Series B,<br>5.250% (a) | 14,151 | 111,086 |
| General Motors Corporation/Motors Liquidation Company - Series C,<br>6.250% (a) | 99,741 | 790,946 |
| Total Convertible Preferred Stocks (Cost<br>\$865,133)                          |        | 902,032 |

|   | Principal<br>Amount |           |
|---|---------------------|-----------|
| CONVERTIBLE BONDS - 2.71%   |                     |           |
| Accuride Corporation  |                     |           |
| 7.500%, 02/26/2020 (Acquired 03/16/2010 - 08/26/2010,<br>Cost \$755,948) (f)(g)   | \$ 343,412          | 856,813   |
| GGP Limited Partnership   |                     |           |
| 3.980%, 04/15/2027 (Acquired 03/09/2010 - 08/19/2010, Cost<br>\$1,898,857) (b)(e) | 1,800,000           | 1,917,000 |
| Total Convertible Bonds (Cost \$2,654,805)  |                     | 2,773,813 |

CORPORATE BONDS - 8.45%

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| Rouse Company Limited Partnership |           |           |
| 5.375%, 11/26/2013 (e)            | 1,000,000 | 1,123,750 |
| 3.625%, 03/15/2020 (e)            | 1,000,000 | 1,065,000 |
| 8.000%, 04/30/2020 (e)            | 3,000,000 | 3,480,000 |
|                                   |           | 5,668,750 |

Washington Mutual, Inc.

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|  |           |           |
|--|-----------|-----------|
| 0.000%, 09/17/2012 (e)                   | 3,000,000 | 2,977,500 |
| Total Corporate Bonds (Cost \$8,450,625) |           | 8,646,250 |

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|   |           |                |
|---|-----------|----------------|
| STRUCTURED LIFE SETTLEMENT NOTES - 0.76%                          |           |                |
| Cedar Lane Series A-2 Notes (a)(d)(i)                             | 780,000   | 780,000        |
| Total Structured Life Settlement Notes (Cost \$780,000)           |           | 780,000        |
| WARRANTS - 0.04%  |           |                |
| 57th Street General Acquisition Corporation                       |           |                |
| Expiration: August 2016,  |           |                |
| Exercise Price: \$11.50 (a)                                       | 100,000   | 40,000         |
| Total Warrants (Cost \$40,000)                                    |           | 40,000         |
| MONEY MARKET FUNDS - 3.37%  |           |                |
| Fidelity Institutional Government Portfolio - Class I, 0.064% (h) | 1,642,859 | 1,642,859      |
| Fidelity Institutional Tax-Exempt Portfolio - Class I, 0.094% (h) | 1,807,579 | 1,807,579      |
| Total Money Market Funds (Cost \$3,450,438)                       |           | 3,450,438      |
| Total Investments (Cost \$98,837,305) - 101.29%                   |           | 103,655,847    |
| Liabilities in Excess of Other Assets - (1.29)%                   |           | (1,324,981)    |
| TOTAL NET ASSETS - 100.00%  |           | \$ 102,330,866 |

Percentages are stated as a percent of net assets.

- (a) Non-income producing security.
- (b) Restricted under Rule 144A of the Securities Act of 1933. Purchased in a private placement transaction; resale to the public may require registration or be limited to qualified institutional buyers. The total market value of these securities was \$1,917,000, representing 1.87% of net assets.
- (c) The coupon rates shown represent the rates at September 30, 2010.
- (d) Fair valued securities. The total market value of these securities was \$17,231,643, representing 16.84% of net assets.
- (e) Default or other conditions exist and security is not presently accruing income.
- (f) Payment-in-kind security.
- (g) Restricted security not registered under the Securities Act of 1933. Purchased in a private placement transaction; resale to the public may require registration or be limited to qualified institutional buyers. The total market value of these securities was \$856,813, representing 0.84% of net assets.
- (h) The rate shown represents the 7-day yield at September 30, 2010.
- (i) Illiquid security.

- (j) Security currently undergoing a full liquidation with all proceeds paid out to shareholders.
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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. These factors 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 are 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 into 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.

In January 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update “Improving Disclosures about Fair Value Measurements” (“ASU”). The ASU requires enhanced disclosures about a) transfers into and out of Levels 1 and 2, and b) purchases, sales, issuances, and settlements on a gross basis relating to Level 3 measurements. The first disclosure is effective for the first reporting period beginning after December 15, 2009, and for interim periods within those fiscal years.

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The following is a summary of the fair valuations according to the inputs used as of September 30, 2010 in valuing the Fund's investments:

|   | Quoted Prices in Active<br>Markets for Identical<br>Investments (Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Unobservable Inputs<br>(Level 3) | Total          |
|---|---|---|----------------------------------|----------------|
| Investment<br>Companies                   | \$ 58,876,364   | \$ 55,393   | \$ -                             | \$ 58,931,757  |
| Auction Rate<br>Preferred<br>Securities   | -   | -   | 16,396,250                       | 16,396,250     |
| Common<br>Stocks                          | 9,664,997   | 966,000   | -                                | 10,630,997     |
| Preferred<br>Stocks                       | -   | 1,104,310   | -                                | 1,104,310      |
| Convertible<br>Preferred<br>Stocks        | -   | 902,032   | -                                | 902,032        |
| Convertible<br>Bonds                      | -   | 2,773,813   | -                                | 2,773,813      |
| Corporate<br>Bonds                        | -   | 8,646,250   | -                                | 8,646,250      |
| Structured<br>Life<br>Settlement<br>Notes | -   | -   | 780,000                          | 780,000        |
| Warrants                                  | -   | 40,000  | -                                | 40,000         |
| Money<br>Market Funds                     | 3,450,438   | -   | -                                | 3,450,438      |
| Total                                     | \$ 71,991,799   | \$ 14,487,798                                       | \$ 17,176,250                    | \$ 103,655,847 |

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

|  |            |
|--|------------|
| Balance as of December 31, 2009                  | \$ -       |
| Accrued discounts / premiums                     | -          |
| Realized<br>gain (loss)                          | 244,250    |
| Change in unrealized appreciation (depreciation) | -          |
| Net<br>purchases<br>(sales)                      | 16,932,000 |
| Transfers in and / or out of Level 3             | -          |

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|                                  |    |            |
|----------------------------------|----|------------|
| Balance as of September 30, 2010 | \$ | 17,176,250 |
|----------------------------------|----|------------|

There were no significant transfers into and out of Level 1 and Level 2 during the nine months ended September 30, 2010.

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The cost basis of investments for federal income tax purposes at September 30, 2010 was as follows\*:

|                               |              |
|-------------------------------|--------------|
| Cost of investments           | \$98,837,305 |
| Gross unrealized appreciation | 5,170,695    |
| Gross unrealized depreciation | (352,153)    |
| Net unrealized appreciation   | \$4,818,542  |

\*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.

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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 November 24, 2010

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 November 24, 2010

By (Signature and Title) /s/ Gerald Hellerman  
Gerald Hellerman, Chief Financial Officer

Date November 22, 2010

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