

SPECIAL OPPORTUNITIES FUND, INC.

Form N-Q

November 25, 2014

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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

1-877-607-0414  
Registrant's telephone number, including area code

Date of fiscal year end: December 31, 2014

Date of reporting period: September 30, 2014

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Item 1. Schedule of Investments.

Special Opportunities Fund, Inc.  
Portfolio of Investments  
September 30, 2014 (Unaudited)

| INVESTMENT COMPANIES - 72.81%                      | Shares    | Fair Value |
|----------------------------------------------------|-----------|------------|
| Closed-End Funds - 62.81%                          |           |            |
| Aberdeen Israel Fund, Inc.                         | 25,325    | \$440,148  |
| Adams Express Co. (j)                              | 351,652   | 4,902,029  |
| Advance Developing Markets Fund Ltd. (a)(h)        | 191,414   | 1,360,704  |
| AllianceBernstein Income Fund, Inc.                | 599,725   | 4,497,937  |
| ARC Capital Holdings Ltd. (g)(h)                   | 561,405   | 124,913    |
| Atlantis Japan Growth Fund Ltd. (a)(h)             | 56,000    | 108,487    |
| Bancroft Fund, Ltd.                                | 79,335    | 1,567,660  |
| Blackrock Latin American Investment Trust PLC (h)  | 80,000    | 578,423    |
| Boulder Growth & Income Fund, Inc.                 | 428,406   | 3,787,109  |
| Boulder Total Return Fund, Inc.                    | 184,149   | 4,850,485  |
| Central Europe, Russia, & Turkey Fund, Inc.        | 10,484    | 260,318    |
| Central Securities Corp.                           | 136,479   | 3,136,287  |
| Clough Global Equity Fund                          | 209,749   | 3,005,703  |
| Deutsche Global High Income Fund                   | 70,932    | 574,549    |
| Deutsche High Income Opportunities Fund            | 270,864   | 3,965,449  |
| Diversified Real Asset Income Fund                 | 489,942   | 8,686,672  |
| DWS RREEF Real Estate Fund, Inc. (a)(c)(f)(g)      | 126,913   | 48,227     |
| DWS RREEF Real Estate Fund II, Inc. (a)(c)(f)(g)   | 201,612   | 114,919    |
| Ellsworth Fund Ltd.                                | 55,094    | 476,563    |
| First Opportunity Fund, Inc.                       | 279,106   | 2,704,537  |
| Gabelli Equity Trust, Inc.                         | 24,787    | 158,141    |
| The GDL Fund                                       | 15,000    | 158,180    |
| General American Investors Co., Inc.               | 388,050   | 14,381,133 |
| Herzfeld Caribbean Basin Fd                        | 23,520    | 188,160    |
| JP Morgan Asian Investment Trust PLC (h)           | 28,426    | 97,464     |
| Juridica Investments Ltd. (h)                      | 495,258   | 1,137,524  |
| Kubera Cross-Border Fund Ltd. (g)(h)               | 380,604   | 101,811    |
| Liberty All Star Equity Fund                       | 1,751,775 | 10,212,848 |
| LMP Real Estate Income Fund, Inc.                  | 148,745   | 1,670,406  |
| Madison Strategic Sector Premium Fund              | 7,470     | 92,553     |
| Marwyn Value Investors Ltd. (h)                    | 160,023   | 549,970    |
| MFS Intermarket Income Trust I                     | 107,420   | 896,957    |
| Millennium India Acquisition Co., Inc. (a)         | 34,036    | 26,208     |
| Nuveen Diversified Currency Opportunities Fund     | 988,014   | 10,532,229 |
| Nuveen Dividend Advantage Municipal Fund 3         | 160,143   | 2,189,155  |
| Nuveen Dividend Advantage Municipal Income Fund    | 115,587   | 1,630,933  |
| Nuveen Flexible Investment Income Fund             | 8,813     | 154,316    |
| Nuveen Global Income Opportunties Fund             | 262,695   | 3,246,910  |
| Nuveen Municipal Advantage Fund, Inc.              | 38,037    | 513,119    |
| Nuveen Quality Income Municipal Fund, Inc.         | 8,205     | 112,326    |
| Pacific Alliance Asia Opportunity Fund Ltd. (a)(h) | 294,172   | 448,612    |

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|                                                                       |         |             |
|-----------------------------------------------------------------------|---------|-------------|
| The Prospect Japan Fund Ltd. (a)(h)                                   | 240,144 | 416,558     |
| Royce Value Trust, Inc.                                               | 128,515 | 1,863,468   |
| Swiss Helvetia Fund, Inc.                                             | 518,558 | 7,016,090   |
| Terra Catalyst Fund (h)                                               | 20,319  | 36,151      |
| Tri-Continental Corp.                                                 | 387,319 | 8,083,348   |
| Virtus Total Return Fund                                              | 287,299 | 1,335,940   |
| The Zweig Total Return Fund, Inc.                                     | 161,168 | 2,232,177   |
|                                                                       |         | 114,673,806 |
| Closed End Funds - Preferred Shares - 0.67%                           |         |             |
| Oxford Lane Capital Corp. - Series 2017                               | 47,781  | 1,230,356   |
| Auction Rate Preferred Securities - 0.74% (c)(f)                      |         |             |
| BlackRock Municipal 2018 Term Trust - Series W7, 0.088% (b)           | 43      | 1,021,250   |
| Putnam Managed Municipal Income Trust - Series C                      | 6       | 225,000     |
| Putnam Municipal Opportunities Trust - Series C                       | 6       | 112,500     |
|                                                                       |         | 1,358,750   |
| Business Development Company - 6.56%                                  |         |             |
| BDCA Venture, Inc.                                                    | 62,231  | 326,711     |
| Equus Total Return, Inc. (a)                                          | 106,919 | 236,291     |
| Fifth Street Senior Floating Rate Corp.                               | 45,019  | 532,125     |
| Firsthand Technology Value Fund, Inc.                                 | 272,130 | 6,533,841   |
| MVC Capital, Inc.                                                     | 403,584 | 4,342,564   |
|                                                                       |         | 11,971,532  |
| Business Development Company - Preferred Shares - 2.03%               |         |             |
| MVC Capital, Inc.                                                     | 147,760 | 3,696,955   |
| Total Investment Companies (Cost \$117,750,431)                       |         | 132,931,399 |
| PREFERRED STOCKS - 3.33%                                              |         |             |
| Marine - 0.03%                                                        |         |             |
| Box Ships, Inc. (h)                                                   | 2,474   | 58,369      |
| Oil, Gas & Consumable Fuels - 0.13%                                   |         |             |
| Miller Energy Resources, Inc.                                         | 9,316   | 231,661     |
| Real Estate Investment Trusts - 3.17%                                 |         |             |
| Preferred Apartment Communities, Inc. (c)(f)                          | 6,083   | 5,784,872   |
| Total Preferred Stocks (Cost \$5,949,405)                             |         | 6,074,902   |
| CONVERTIBLE PREFERRED STOCKS - 0.17%                                  |         |             |
| Real Estate Investment Trusts - 0.17%                                 |         |             |
| Wheeler Real Estate Investment Trust                                  | 13,085  | 310,115     |
| Total Convertible Preferred Stocks (Cost \$326,994)                   |         | 310,115     |
| COMMON STOCKS - 15.34%                                                |         |             |
| Commercial Services & Supplies - 0.07%                                |         |             |
| Quest Resource Holding Corp. (a)                                      | 70,769  | 121,723     |
| Construction Materials - 0.01%                                        |         |             |
| Tecnoglass, Inc. (a)(h)                                               | 2,437   | 26,856      |
| Consumer Finance - 2.05%                                              |         |             |
| Imperial Holdings, Inc. (a)                                           | 581,622 | 3,751,462   |
| Health Care Providers & Services - 0.00%                              |         |             |
| Healthcare Corp. of America (Acquired 10/24/2012, Cost \$0) (a)(c)(i) | 10,000  | 150         |

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|                                                  |                     |            |
|--------------------------------------------------|---------------------|------------|
| Insurance - 4.59%                                |                     |            |
| Stewart Information Services Corp.               | 285,486             | 8,379,014  |
| IT Services - 0.03%                              |                     |            |
| JetPay Corp. (a)                                 | 39,596              | 60,582     |
| Real Estate Investment Trusts - 3.05%            |                     |            |
| Five Oaks Investment Corp.                       | 15,791              | 165,806    |
| Gladstone Land Corp.                             | 2,582               | 31,009     |
| Gyrodyne Company of America, Inc.                | 2,616               | 13,054     |
| Gyrodyne Dividend Notes (c)                      | 11,119              | 92,618     |
| Gyrodyne Special Distribution LLC (c)            | 10,914              | 173,205    |
| Preferred Apartment Communities, Inc.            | 31,562              | 262,596    |
| Winthrop Realty Trust                            | 320,219             | 4,825,700  |
|                                                  |                     | 5,563,988  |
| Software - 0.14%                                 |                     |            |
| Single Touch Systems, Inc. (a)                   | 623,270             | 261,773    |
| Special Purpose Acquisition Vehicle - 5.24% (a)  |                     |            |
| 1347 Capital Corp.                               | 76,600              | 773,660    |
| Capitol Acquisition Corp. II                     | 155,122             | 1,521,747  |
| CIS Acquisition Ltd. (h)                         | 18,395              | 189,468    |
| Garnero Group Acquisition Co. (h)                | 153,199             | 1,531,990  |
| Global Defense & National Security Systems, Inc. | 142,712             | 1,464,225  |
| Hennessy Capital Acquisition Corp.               | 65,223              | 639,186    |
| Levy Acquisition Corp.                           | 37,874              | 366,620    |
| MergeWorthRx Corp.                               | 23,185              | 190,813    |
| Quartet Merger Corp. (h)                         | 132,553             | 1,269,858  |
| ROI Acquisition Corp II                          | 57,484              | 566,217    |
| Silver Eagle Acquisition Corp.                   | 9,016               | 89,619     |
| Sino Mercury Acquisition Corp.                   | 33,634              | 336,340    |
| Terrapin 3 Acquisition Corp.                     | 62,138              | 624,487    |
|                                                  |                     | 9,564,230  |
| Thriffs & Mortgage Finance - 0.16%               |                     |            |
| Federal Home Loan Mortgage Corp. (a)             | 107,146             | 282,865    |
| Total Common Stocks (Cost \$26,683,927)          |                     | 28,012,643 |
| LIQUIDATION CLAIMS - 2.03% (a)(f)                |                     |            |
| The Home Insurance Company in Liquidation        | 1                   | 1,620,938  |
| The Home Insurance Company in Liquidation II     | 1                   | 2,078,125  |
| Total Liquidation Claims (Cost \$3,738,000)      |                     | 3,699,063  |
|                                                  | Principal<br>Amount |            |
| CONVERTIBLE BONDS - 1.88% (b)                    |                     |            |
| Imperial Holdings, Inc.                          |                     |            |
| 8.500%, 02/15/2019                               | 2,941,000           | 3,426,265  |
| Total Convertible Bonds (Cost \$2,941,000)       |                     | 3,426,265  |
| CORPORATE BONDS - 0.29% (b)                      |                     |            |
| JC Penney Corp., Inc.                            |                     |            |
| 6.375%, 10/15/2036                               | 650,000             | 503,750    |
| Washington Mutual, Inc.                          |                     |            |
| 0.000%, 09/17/2012 (c)(d)(f)                     | 3,000,000           | 30,000     |

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|                                                                |           |           |
|----------------------------------------------------------------|-----------|-----------|
| WMI Holdings Corp.                                             |           |           |
| 13.000%, 03/19/2030 - 1st Lien                                 | 359       | 352       |
| 13.000%, 03/19/2030 - 2nd Lien                                 | 3,775     | 3,699     |
| Total Corporate Bonds (Cost \$463,391)                         |           | 537,801   |
| PROMISSORY NOTES - 1.22% (b)(c)(f)                             |           |           |
| UBPS Secured Convertible Promissory Note                       |           |           |
| 12.000%, 12/28/2014                                            | 234,000   | 234,000   |
| Wheeler Real Estate Investment Trust, Inc. Convertible         |           |           |
| 9.000%, 12/15/2018 (Acquired 12/16/2013, Cost \$1,200,000) (i) | 1,200,000 | 1,200,000 |
| Wheeler Real Estate Investment Trust, Inc. Non-Convertible     |           |           |
| 9.000%, 12/15/2015 (Acquired 12/16/2013, Cost \$800,000) (i)   | 800,000   | 800,000   |
| Total Promissory Notes (Cost \$2,234,000)                      |           | 2,234,000 |
|                                                                | Shares    |           |
| RIGHTS - 0.06% (a)                                             |           |           |
| Gabelli Equity Trust, Inc.                                     | 24,787    | 1,433     |
| Quartet Merger Corp. (h)                                       | 132,553   | 112,670   |
| Total Rights (Cost \$89,357)                                   |           | 114,103   |
| WARRANTS - 0.41% (a)                                           |           |           |
| Aquasition Corp.                                               |           |           |
| Expiration: January 2018                                       | 400,000   | 64,000    |
| Exercise Price: \$11.50 (h)                                    |           |           |
| Arabella Exploration, Inc.                                     |           |           |
| Expiration: December 2016                                      | 25,448    | 39,953    |
| Exercise Price: \$5.00 (h)                                     |           |           |
| Capitol Acquisition Corp. II                                   |           |           |
| Expiration: May 2016                                           | 77,561    | 26,371    |
| Exercise Price: \$11.50                                        |           |           |
| Chart Acquisition Corp.                                        |           |           |
| Expiration: December 2017                                      | 124,265   | 68,346    |
| Exercise Price: \$11.50                                        |           |           |
| CIS Acquisition Ltd.                                           |           |           |
| Expiration: December 2017                                      | 61,826    | 24,730    |
| Exercise Price: \$10.00 (h)                                    |           |           |
| Collabrium Japan Acquisition Corp.                             |           |           |
| Expiration: December 2017                                      | 208,234   | 37,482    |
| Exercise Price: \$11.50 (h)                                    |           |           |
| EvryWare Global, Inc.                                          |           |           |
| Expiration: May 2018                                           | 48,370    | 4,111     |
| Exercise Price: \$6.00                                         |           |           |
| Healthcare Corp. of America                                    |           |           |
| Expiration: November 2016                                      | 33,753    | 71        |
| Exercise Price: \$7.50                                         |           |           |
| Expiration: July 2018                                          | 5,000     | 8         |
| Exercise Price: \$11.50 (Acquired 10/24/2012, Cost \$0) (c)(i) |           |           |
| Hemisphere Media Group, Inc.                                   |           |           |
| Expiration: April 2018                                         | 166,726   | 183,399   |
| Exercise Price: \$6.00 (f)                                     |           |           |
| Hennessy Capital Acquisition Corp.                             |           |           |

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|                                                                   |           |                |
|-------------------------------------------------------------------|-----------|----------------|
| Expiration: March 2019                                            | 65,223    | 34,242         |
| Exercise Price: \$5.75                                            |           |                |
| Integrated Drilling Equipment Holdings Corp.                      |           |                |
| Expiration: December 2017                                         | 205,929   | 6,178          |
| Exercise Price: \$11.50                                           |           |                |
| Levy Acquisition Corp.                                            |           |                |
| Expiration: January 2018                                          | 26,866    | 9,403          |
| Exercise Price: \$11.50                                           |           |                |
| Net Element, Inc.                                                 |           |                |
| Expiration: October 2017                                          | 159,476   | 28,706         |
| Exercise Price: \$7.50                                            |           |                |
| Perferred Apartment Communities                                   |           |                |
| Expiration: March 2017                                            | 6,083     | 61             |
| Exercise Price: \$9.00 (c)(f)                                     |           |                |
| Pingtan Marine Enterprise Ltd.                                    |           |                |
| Expiration: February 2018                                         | 52,798    | 7,920          |
| Exercise Price: \$12.00 (h)                                       |           |                |
| Prime Acquisition Corp.                                           |           |                |
| Expiration: March 2018                                            | 50,142    | 9,025          |
| Exercise Price: \$5.00 (h)                                        |           |                |
| Quest Resource Holding Corp.                                      |           |                |
| Expiration: September 2019                                        | 70,769    | 708            |
| Exercise Price: \$2.50 (c)(f)                                     |           |                |
| RLJ Entertainment, Inc.                                           |           |                |
| Expiration: October 2017                                          | 436,744   | 41,491         |
| Exercise Price: \$12.00                                           |           |                |
| ROI Acquisition Corp II                                           |           |                |
| Expiration: September 2018                                        | 57,484    | 12,646         |
| Exercise Price: \$11.50                                           |           |                |
| Silver Eagle Acquisition Corp.                                    |           |                |
| Expiration: July 2018                                             | 9,016     | 4,057          |
| Exercise Price: \$11.50                                           |           |                |
| Tecnoglass, Inc.                                                  |           |                |
| Expiration: December 2016                                         | 45,477    | 143,252        |
| Exercise Price: \$8.00 (h)                                        |           |                |
| Wheeler Real Estate Investment Trust, Inc.                        |           |                |
| Expiration: December 2018                                         | 84,211    | 0              |
| Exercise Price: \$4.75 (c)(f)                                     |           |                |
| Expiration: April 2019                                            | 15,702    | 6,281          |
| Exercise Price: \$5.50                                            |           |                |
| Total Warrants (Cost \$691,863)                                   |           | 752,441        |
| MONEY MARKET FUNDS - 1.74%                                        |           |                |
| Fidelity Institutional Government Portfolio - Class I, 0.010% (e) | 1,582,420 | 1,582,420      |
| Fidelity Institutional Tax-Exempt Portfolio - Class I, 0.010% (e) | 1,582,421 | 1,582,421      |
| Total Money Market Funds (Cost \$3,164,841)                       |           | 3,164,841      |
| Total Investments (Cost \$164,033,209) - 99.28%                   |           | 181,257,573    |
| Other Assets in Excess of Liabilities - 0.72%                     |           | 1,306,839      |
| TOTAL NET ASSETS - 100.00%                                        |           | \$ 182,564,412 |

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Percentages are stated as a percent of net assets.

- (a) Non-income producing security.  
The coupon rates shown represent the rates at
- (b) September 30, 2014.  
Fair valued securities. The total market value  
of these securities was \$9,837,518,
- (c) representing 5.39% of net assets.  
Default or other conditions exist and security is
- (d) not presently accruing income.  
The rate shown represents the 7-day yield at
- (e) September 30, 2014.  
Illiquid security. The total market value of  
these securities was \$13,453,999, representing
- (f) 7.37% of net assets.  
Security currently undergoing a full liquidation
- (g) with all proceeds paid out to shareholders.
- (h) Foreign-issued security.
- (i) Restricted security.  
All or a portion of this security is pledged as
- (j) collateral for securities sold short.

Schedule of Securities Sold Short  
September 30, 2014 (Unaudited)

|                                                    | Shares    | Value          |
|----------------------------------------------------|-----------|----------------|
| First American Financial Corp.                     | (63,973 ) | \$ (1,734,948) |
| Total Securities Sold Short (Proceeds \$1,688,821) |           | \$ (1,734,948) |

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.

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.

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The following is a summary of the fair valuations according to the inputs used as of September 30, 2014 in valuing the Fund's investments:

|                                     | Quoted Prices in<br>Active Markets for<br>Identical<br>Investments<br>(Level 1)* | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2)* | Unobservable<br>Inputs<br>(Level 3)** | Total           |
|-------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------|-----------------|
| Investment Companies                | \$ 131,347,144                                                                   | \$ 62,359                                                  | \$ 1,521,896                          | \$ 132,931,399  |
| Preferred Stocks                    |                                                                                  |                                                            |                                       |                 |
| Marine                              | 58,369                                                                           | -                                                          | -                                     | 58,369          |
| Oil, Gas & Consumable<br>Fuels      | 231,661                                                                          | -                                                          | -                                     | 231,661         |
| Real Estate Investment<br>Trusts    | -                                                                                | -                                                          | 5,784,872                             | 5,784,872       |
| Convertible Preferred<br>Stocks     | 310,115                                                                          | -                                                          | -                                     | 310,115         |
| Common Stocks                       |                                                                                  |                                                            |                                       |                 |
| Commercial Services &<br>Supplies   | 121,723                                                                          | -                                                          | -                                     | 121,723         |
| Construction Materials              | -                                                                                | 26,856                                                     | -                                     | 26,856          |
| Consumer Finance                    | 3,751,462                                                                        | -                                                          | -                                     | 3,751,462       |
| Health Care Providers &<br>Services | -                                                                                | -                                                          | 150                                   | 150             |
| Insurance                           | 8,379,014                                                                        | -                                                          | -                                     | 8,379,014       |
| IT Services                         | 60,582                                                                           | -                                                          | -                                     | 60,582          |
| Real Estate Investments             |                                                                                  |                                                            |                                       |                 |
| Trusts                              | 5,298,165                                                                        | -                                                          | 265,823                               | 5,563,988       |
| Software                            | 261,773                                                                          | -                                                          | -                                     | 261,773         |
| Special Purpose                     |                                                                                  |                                                            |                                       |                 |
| Acquisition Vehicle                 | 7,910,536                                                                        | 1,653,694                                                  | -                                     | 9,564,230       |
| Thriffs & Mortgage<br>Finance       | 282,865                                                                          | -                                                          | -                                     | 282,865         |
| Home Insurance Claims               | -                                                                                | 3,699,063                                                  | -                                     | 3,699,063       |
| Convertible Bonds                   | -                                                                                | 3,426,265                                                  | -                                     | 3,426,265       |
| Corporate Bonds                     | -                                                                                | 537,801                                                    | -                                     | 537,801         |
| Promissory Notes                    | -                                                                                | -                                                          | 2,234,000                             | 2,234,000       |
| Rights                              | 114,103                                                                          | -                                                          | -                                     | 114,103         |
| Warrants                            | 218,329                                                                          | 533,336                                                    | 776                                   | 752,441         |
| Money Market Funds                  | 3,164,841                                                                        | -                                                          | -                                     | 3,164,841       |
| Total                               | \$ 161,510,682                                                                   | \$ 9,939,374                                               | \$ 9,807,517                          | \$ 181,257,573  |
| Liabilities:                        |                                                                                  |                                                            |                                       |                 |
| Securities Sold Short               | \$ (1,734,948 )                                                                  | \$ -                                                       | \$ -                                  | \$ (1,734,948 ) |

\* 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.

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Transfers between Level 1 and Level 2 securities as of September 30, 2014 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 September 30, 2014 are summarized in the table below:

|                                        |              |
|----------------------------------------|--------------|
| Transfers into Level 1                 |              |
| Investment Companies                   | \$550,424    |
| Common Stock                           |              |
| Special Purpose Acquisition Vehicle    | 1,521,747    |
| Warrants                               | 24,730       |
| Transfers out of Level 1               |              |
| Investment Companies                   | 26,208       |
| Common Stock                           |              |
| Special Purpose Acquisition Vehicle    | 1,653,693    |
| Warrants                               | 305,884      |
| Net transfers in and/or out of Level 1 | \$111,116    |
| Transfers into Level 2                 |              |
| Investment Companies                   | \$26,208     |
| Common Stock                           |              |
| Special Purpose Acquisition Vehicle    | 1,653,693    |
| Warrants                               | 305,884      |
| Transfers out of Level 2               |              |
| Investment Companies                   | 550,424      |
| Common Stock                           |              |
| Special Purpose Acquisition Vehicle    | 1,521,747    |
| Warrants                               | 24,730       |
| Net transfers in and/or out of Level 2 | \$(111,116 ) |

Level 3 Reconciliation  
Disclosure

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

|                                         | Balance<br>as of<br>12/31/2013 | Acquisitions | Dispositions   | Realized<br>Gain<br>(Loss) | Change<br>in unrealized<br>appreciation<br>(depreciation) | Transfers<br>into / (out<br>of)<br>Level 3 | Balance<br>as of<br>9/30/2014 |
|-----------------------------------------|--------------------------------|--------------|----------------|----------------------------|-----------------------------------------------------------|--------------------------------------------|-------------------------------|
| Closed End<br>Funds                     | \$ 100,501                     | \$ -         | \$ -           | \$ -                       | \$ 62,645                                                 | \$ -                                       | \$ 163,146                    |
| Auction Rate<br>Preferred<br>Securities | 5,186,250                      | -            | (4,390,500)    | 713,437                    | (150,437 )                                                | -                                          | 1,358,750                     |
| Preferred Stock                         | 5,721,001                      | -            | -              | -                          | 63,871                                                    | -                                          | 5,784,872                     |
| Common Stock                            | 261,236                        | 2,228        | -              | -                          | 2,509                                                     | -                                          | 265,973                       |
| Corporate<br>Bonds                      | 75,000                         | -            | -              | -                          | (45,000 )                                                 | (30,000 )                                  | -                             |
| Promissory<br>Notes                     | 2,234,000                      | -            | -              | -                          | -                                                         | -                                          | 2,234,000                     |
| Warrants                                | 173                            | 708          | -              | -                          | (105 )                                                    | -                                          | 776                           |
|                                         | \$ 13,578,161                  | \$ 2,936     | \$ (4,390,500) | \$ 713,437                 | \$ (66,517 )                                              | \$ (30,000 )                               | \$ 9,807,517                  |

|                                      | Fair Value<br>September 30,<br>2014 | Valuation<br>Methodologies<br>Market Assessment<br>and<br>Company-Specific<br>Information | Unobservable Input(1)                                                                                              | Impact to Valuation<br>from an increase<br>in Input(2) |
|--------------------------------------|-------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| Closed End Funds                     | \$ 163,146                          |                                                                                           | Discount to Last<br>Reported<br>Net Asset Value<br>Comparability<br>Adjustments/ Broker<br>Indications/<br>Company | Decrease                                               |
| Auction Rate Preferred<br>Securities | \$ 1,358,750                        | Market Comparables                                                                        | Announcements<br>Market Assessments/<br>Financial                                                                  | Increase                                               |
| Preferred Stock                      | \$ 5,784,872                        | Cost                                                                                      | Assessments<br>Discount to Market<br>Price for                                                                     | Increase                                               |
| Common Stock                         | \$ 265,973                          | Market Transactions<br>Approach                                                           | Share Restrictions<br>Terms of the Note/<br>Financial<br>Assessments/<br>Company                                   | Decrease                                               |
| Promissory Notes                     | \$ 2,234,000                        | Cost                                                                                      | Announcements                                                                                                      | Increase                                               |
| Warrants                             | \$ 776                              |                                                                                           |                                                                                                                    | Decrease                                               |

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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, foreign exchange rates, industry and market developments, market valuations of comparable companies and company specific developments including exit strategies and realization opportunities. Management has determined that market participants would take these inputs 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 an increase to 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 September 30, 2014 was as follows\*:

|                                              |               |
|----------------------------------------------|---------------|
| Cost of investments                          | \$164,033,209 |
| Gross unrealized appreciation on investments | 20,979,546    |
| Gross unrealized depreciation on investments | (3,755,182 )  |
| Gross unrealized depreciation on short sales | (46,127 )     |
| Net unrealized appreciation                  | \$20,347,800  |

\* 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.

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Special Opportunities Fund

The fair value of derivative instruments as reported within this Schedule of Investments as of September 30, 2014:

| Derivatives not accounted for<br>as hedging instruments | Statement<br>of Assets &<br>Liabilities |            |
|---------------------------------------------------------|-----------------------------------------|------------|
|                                                         | Location                                | Value      |
| Equity Contracts - Warrants                             | Investments,<br>at value                | \$ 752,441 |

The effect of derivative instruments on income for the period ended September 30, 2014:

| Derivatives not accounted<br>for as hedging instruments | Amount of Realized Gain on<br>Derivatives Recognized in<br>Income |            |
|---------------------------------------------------------|-------------------------------------------------------------------|------------|
|                                                         | Statement of<br>Operations<br>Location                            | Value      |
| Equity Contracts - Warrants                             | Net<br>Realized<br>Gain<br>on<br>Investments                      | \$ 330,552 |

| Derivatives not accounted<br>for as hedging instruments | Change in Unrealized<br>Appreciation on Derivatives<br>Recognized in Income |              |
|---------------------------------------------------------|-----------------------------------------------------------------------------|--------------|
|                                                         | Statement of<br>Operations<br>Location                                      | Total        |
| Equity Contracts - Warrants                             | Net change<br>in<br>unrealized<br>appreciation<br>of<br>investments         | \$ (69,772 ) |

The following issuer is affiliated with the Fund; that is, the Fund held 5% or more of the outstanding Voting shares during the period ended December 31, 2013 through September 30, 2014. As defined in Section (2)(a)(3) of the Investment Company Act of 1940, such issuers are:

| Issuer Name       | Share<br>Balance at<br>Dec. 31,<br>2013 | Additions | Reductions | Share<br>Balance<br>at<br>Sept.<br>30,<br>2014 | Realized<br>Gain | Dividend<br>Income | Value<br>at<br>Sept.<br>30,<br>2014 | Acquisition<br>Cost |
|-------------------|-----------------------------------------|-----------|------------|------------------------------------------------|------------------|--------------------|-------------------------------------|---------------------|
| Aquasition Corp.* | 400,000                                 | 28,661    | (428,661)  | -                                              | 206,832          | -                  | -                                   | \$ 4,208,376        |

\* Aquasition Corp. is a Special Purpose Acquisition Company (SPAC). A SPAC is a publicly-traded buyout company that raises money in order to pursue the acquisition of an existing company.

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 25, 2014

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 25, 2014

By (Signature and Title) /s/ Thomas Antonucci

Thomas Antonucci, Chief Financial Officer

Date November 25, 2014

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