

The Gabelli ABC Fund

Merger and Arbitrage – “The Deal Fund”

Shareholder Commentary – September 30, 2016

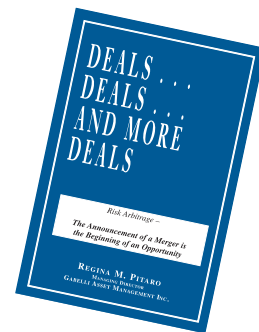
(Y)our Portfolio Management Team



Mario J. Gabelli, CFA Ryan N. Kahn, CFA Gian Maria Magrini, CFA

*“Give a man a fish and you feed him for a day.
Teach him how to arbitrage and you feed him forever.”*

– Warren Buffett



To Our Shareholders,

For the quarter ended September 30, 2016, the net asset value (“NAV”) per Class AAA Share of The Gabelli ABC Fund increased 1.1% compared with an increase of 0.6% for the Standard & Poor’s (“S&P”) Long-Only Merger Arbitrage Index. The performance of the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index for the quarter was 0.1%. See page 2 for additional performance information.

Global deal activity for the third quarter of 2016 totaled \$796.2 billion, a 10% decrease from the second quarter of this year.¹ Since January, there have been 32,551 deals announced worldwide, 65 of them with values of \$5 billion or greater, which does represent a decrease from this period in 2015. As a reminder, 2015 was the most active year on record.

Technology, energy, and materials are the leading sectors in global deal volume. Technology sector activity has totaled \$365.4 billion thus far, which is a modest uptick of 4% from 2015. Interestingly, Energy & Power sector deal volumes decreased by 12%, but deal activity in the space measured by deal count increased by 3%. You can see examples of some of these sectors in “Deals in the Pipeline” later in this commentary.

Geographically speaking, U.S. centered mergers and acquisitions (M&A) fell by roughly 32% in the first nine months, while deals in Europe totaled \$491.7 billion year to date, a 20% decrease year over year. Turning to Asia, M&A activity has decreased by 18% compared to 2015. To date, Asia Pacific represents circa 26% of global deal value, a slight improvement from 2015. Total cross border M&A activity totaled \$922.4 billion during

¹Thomson Reuters M&A Review – Third Quarter 2016

Average Annual Returns through September 30, 2016 (a)

	<u>Quarter</u>	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>15 Year</u>	<u>Since Inception (5/14/93)</u>
AAA Shares (GABCX)	1.08%	3.43%	3.53%	3.49%	3.82%	5.83%
Advisor Shares (GADVX)	0.99	3.12	3.28	3.25	3.66	5.72
S&P Long-Only Merger Arbitrage Index	0.56	6.97	4.03	N/A(b)	N/A(b)	N/A(b)
Lipper U.S. Treasury Money Market Fund Average .	0.01	0.03	0.01	0.68	1.01	2.25(c)
Bank of America Merrill Lynch 3 Month						
U.S. Treasury Bill Index	0.10	0.27	0.10	0.92	1.30	2.70
S&P 500 Index	3.85	15.43	16.37	7.24	7.15	9.19(c)

In the current prospectuses dated April 29, 2016, the expense ratios for the Class AAA and the Advisor Class Shares, are 0.59% and 0.84% respectively. The Fund does not have a sales charge.

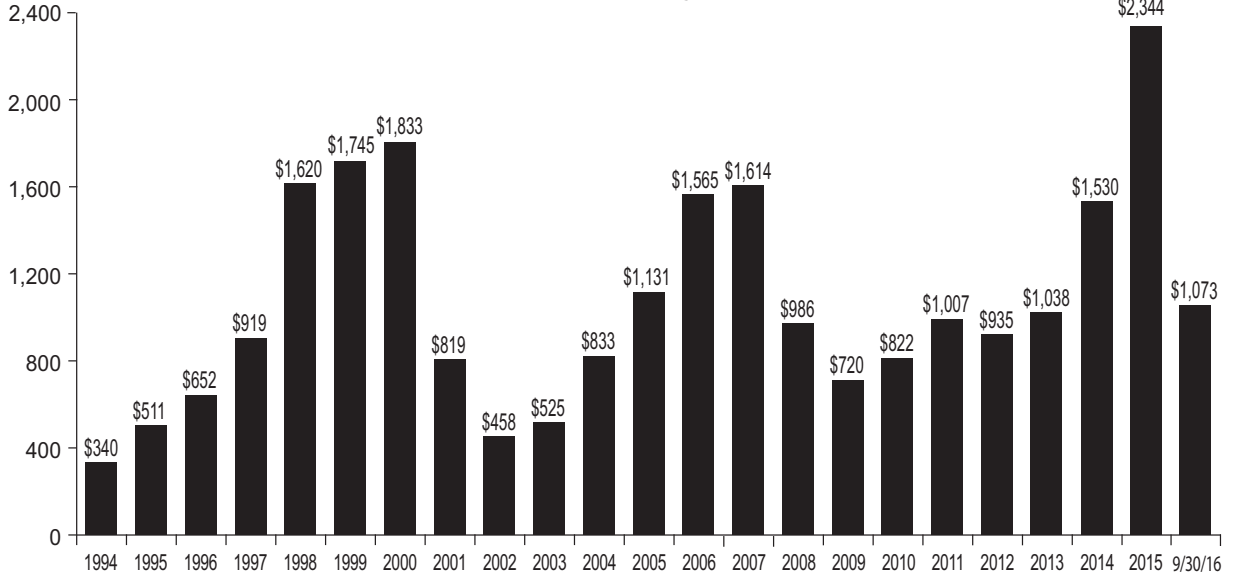
(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Returns would have been lower had Gabelli Funds, LLC, the Adviser not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com. The MSCI AC World Index is an unmanaged market capitalization weighted index representing both developed and emerging markets. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. Dividends are considered reinvested. You cannot invest directly in an index.*

(b) S&P Long-Only Merger Arbitrage Index inception date is January 17, 2008.

(c) Lipper U.S. Treasury Money Market Fund Average and the S&P 500 Index since inception performance returns are as of April 30, 1993.

\$ Billions

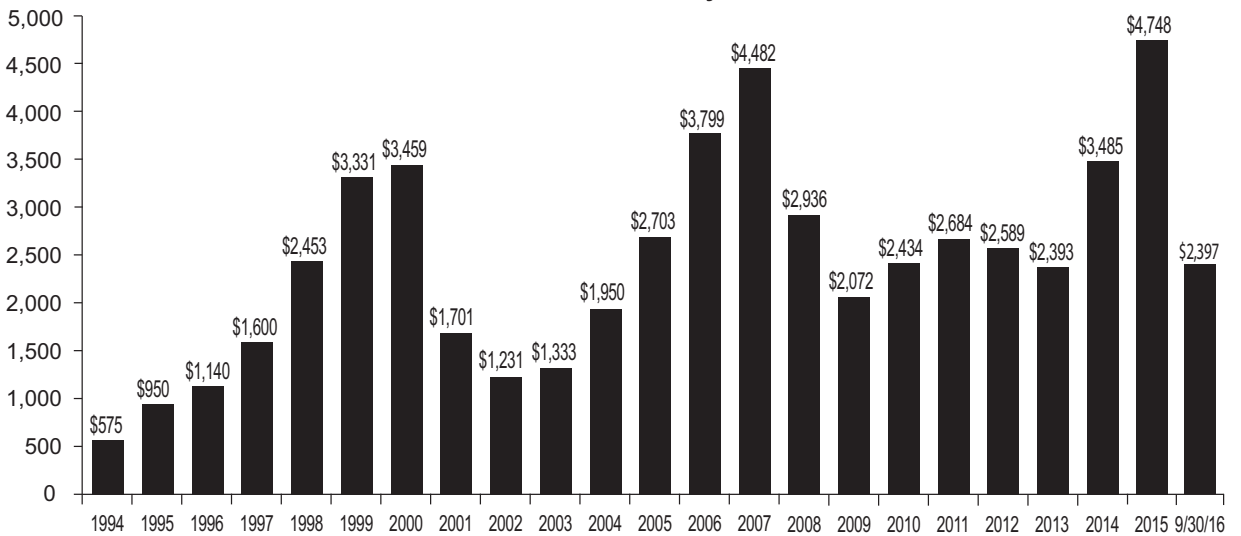
U.S. Deal Activity



Source: Thomson Reuters/Gabelli Research

US\$ Billions

Global Deal Activity



Source: Thomson Reuters/Gabelli Research

the first nine months of 2016, a decrease of 12% from 2015 levels. This trend continues to be fueled by both a desire for global companies to acquire U.S. assets and the continued strength of Chinese outbound M&A. This cross-border activity accounted for 39% of overall deal making in 2016 thus far.

In this low interest rate environment, companies are still likely to turn to M&A to accelerate their growth and market share. While the Fed may raise rates prior to year-end, there are two important elements to keep in mind. First, the cost to finance deals will still be historically low. Second, interest rates and deal spreads typically have a position correlation, meaning that rising interest rates imply higher deals spreads. As deal activity continues, the Fund should be well positioned to benefit.

Closed Deals:

ARM Holdings plc (ARM) is a Cambridge, UK based technology company. ARM specializes in semiconductors for use in a wide range of computer processors and chips by manufacturers across the globe. On July 18, 2016, ARM Holdings agreed to be acquired by SoftBank Group of Japan for 1700p cash per share in a £24.3 billion transaction. The deal closed on September 5, 2016 after receiving the necessary shareholder approvals. The Fund earned a 8.17% annualized return.

Axiall Corporation is an Atlanta, Georgia based chemicals company. Axiall is engaged in the development, manufacturing, and distribution of specialty chemicals such as chlor-alkali. Following a bid from Westlake Chemical Corp. (WLK) of \$11 cash per share plus .1967 shares of WLK on January 29, 2016, the companies entered into a definitive merger agreement on June 10, 2016 at \$33 cash per share. The \$3.8 billion deal closed on August 31, 2016 after receiving the requisite approvals. The Fund earned a 28.04% annualized return.

Elizabeth Arden, Inc. (RDEN) is based in Pembroke Pines, Florida and is a global beauty products company. RDEN produces and markets a full range of fragrance, skin care, and cosmetics through its own retail stores and to wholesale buyers. The company also operates its “Red Door Spas” across the globe in over 120 countries. On June 15, 2016, Elizabeth Arden announced it would be acquired by Revlon Inc. for \$14 cash per share in a \$418.6 million merger. After receiving the shareholder vote and regulatory approvals, the deal closed on September 7, 2016. The Fund earned a 4.84% annualized return.

FEI Company (FEIC) is a Hillsboro, Oregon based supplier of scientific instruments and related services. FEIC makes various microscopy products. On May 27, 2016, the company accepted an offer from Thermo Fisher Scientific of \$107.50 cash per share. This merger valued FEIC at \$4.2 billion and was subject to traditional regulatory and shareholder approvals. The deal closed on September 19, 2016. The Fund earned a 9.53% annualized return.

Mattress Firm Holding Corp. (MFRM) is specialty retailer of mattresses and related products that is based in Houston, Texas. MFRM currently has over 2,400 stores in over 40 states in the U.S. On August 8, 2016, Mattress Firm entered into a \$64 cash per share or \$2.4 billion tender with Steinhoff International. The deal was structured as a tender offer, and after receiving regulatory approvals, it closed on September 16, 2016. The Fund earned a 2.77% annualized return.

Medivation Inc. is a biopharmaceutical company based in San Francisco, California. The company is best known for its prostate cancer drug, Xtandi. On August 22, 2016, Pfizer entered into an agreement to acquire Medivation for \$81.50 cash per share in a \$14 billion tender. After receiving the necessary approvals, the deal closed on September 28, 2016. The Fund earned a 10.11% annualized return.

Outerwall Inc. is based in Bellevue, Washington and is best known for its RedBox DVD rental kiosks and CoinStar coin exchange kiosks. Outerwall also operates an ecoATM segment which recycles mobile phones and other products. On July 25, 2016, Apollo Global Management agreed to acquire Outerwall for \$52 cash per share in a \$1.6 billion deal. The tender was subject to regulatory approvals and the condition that 50% of Outerwall's common shares be tendered. The deal closed on September 27, 2016 and the Fund earned a 6.97% annualized return.

Piedmont Natural Gas is an energy services company based in Charlotte, North Carolina. Piedmont is engaged in the distribution of natural gas to residential, commercial, and industrial customers across the Carolinas and Tennessee. On October 26, 2015, Duke Energy agreed to acquire Piedmont for \$60 cash per share in a \$6.7 billion all-cash merger. The deal closed on October 3, 2016 after the companies received the necessary regulatory and shareholder approvals. The Fund earned a 3.10% annualized return.

Qlik Technologies Inc. is a data analytics and business intelligence company based in Radnor, Pennsylvania. On June 2, 2016, Qlik agreed to be acquired by Thoma Bravo, the Chicago-based PE firm, for \$30.50 cash per share in a deal valuing the company at \$3 billion. The merger closed on August 22, 2016 after receiving the necessary approvals. The Fund earned a 16.78% annualized return.

Questar Corporation is an integrated natural gas holding company that develops, produces and delivers clean energy in Utah, Wyoming, and Idaho. Questar entered into an agreement to merge with Dominion Resources on February 1, 2016 for \$25 cash per share in a \$6 billion transaction. The deal closed on September 16, 2016 and the Fund earned a 12.52% annualized return.

Pipeline Deals:

Cepheid (1.3% of net assets as of September 30, 2016) (CPHD – \$52.69 – NASDAQ) is a medical diagnostic and testing equipment company based in Sunnyvale, California. On September 6, 2016, Danaher agreed to acquire Cepheid for \$53 cash per share or \$4 billion in order to expand its molecular diagnostics business. The merger is subject to traditional regulatory conditions and a shareholder vote. The merger is expected to close before year end.

Fleetmatics Group plc (4.2%) (FLTIX – \$59.98 – NYSE) is a fleet management company based in Waltham, Massachusetts. Fleetmatics specializes in software that provides vehicle fleet managers with data on vehicle location, fuel usage, speed, and other relevant data. Verizon Communications offered shareholders \$60 cash per share on August 1, 2016, valuing the company at \$2.4 billion. The deal is subject to regulatory approvals and a shareholder vote and is expected to close in the fourth quarter.

Joy Global Inc. (0.2%) (JOY – \$27.74 – NYSE) is a mining equipment company based in Milwaukee, Wisconsin. Joy Global both manufactures mining equipment for the extraction of metals and minerals, and provides clients with the servicing of that machinery. The company provides both underground and surface machinery across the globe. On July 21, 2016, Komatsu entered into a merger agreement with Joy to acquire the company for \$28.30 cash per share. The merger is subject to traditional regulatory and shareholder approvals, and should be completed by mid-2017.

LinkedIn Corporation (3.3%) (LNKD – \$191.12 – NASDAQ) is a Mountain View, California based business. The company operates a professional social network, which currently has over 400 million members. On June 13, 2016, Microsoft Corp. made a \$196 cash per share offer to acquire the company for a total cost of \$26 billion. The deal is subject to the standard regulatory approvals and a shareholder vote. The merger is expected to close by the end of 2016.

National Interstate Corporation (0.5%) (NATL – \$32.53 – NASDAQ) is an insurance company based in Richfield, Ohio. NATL operates as a property & casualty insurance company for the transportation industry. After a failed approach in 2014, American Financial Group, NATL's majority owner, entered into an agreement to acquire NATL for \$32 cash per share plus a \$0.50 special dividend. The deal came after months of negotiations. Subject to customary regulatory and shareholder approvals, the merger is expected to close in Q4 2016.

NetSuite Inc. (0.9%) (N – \$110.69 – NYSE) is a San Mateo, California based technology company. NetSuite provides cloud based software to enterprise clients. The software suite features products for financial management, customer relationship management, e-commerce and retail management, commerce marketing automation, professional services automation and human resources. On July 28, 2016, Oracle entered into an agreement to acquire N for \$109 cash per share. This tender values the company at \$8.8 billion and the transaction is subject to customary regulatory and shareholder approvals. The deal is expected to close by the end of 2016.

SABMiller Plc (0.2%) (SAB LN – £44.95 – London Stock Exchange) is a holding company, with brewing and beverage operations across five regions. On November 11, 2015, SAB agreed to be acquired by Anheuser-Busch InBev for 72.6 billion GBP. Shareholders had the option of electing to receive 4500p cash per share or a combination of cash and restricted shares of Anheuser-Busch. The deal closed on October 10, 2016.

Westar Energy (1.6%) (WR – \$56.75 – NYSE) is an electric utility company based in Topeka, Kansas. Westar is engaged in the generation and distribution of electric power to over 700,000 customers across Kansas. Westar's client base is a mix of retail and commercial clients, including some municipalities in the state. On May 31, 2016, WR agreed to a merge with Great Plains Energy Incorporated (GXP) in a cash and stock deal valued at \$12.2 billion dollars. If approved by shareholders and regulatory authorities, shareholders will receive \$51 cash and \$9 worth of GXP stock, subject to a 7.5% symmetrical collar. The merger is expected to close in spring of 2017.

WhiteWave Foods Inc. (1.6%) (WWAV – \$54.43 – NASDAQ) is a food and beverage company based in Denver, Colorado. WhiteWave focuses on branded plant based and organic food and beverages. On July 7, 2016, WhiteWave entered into an agreement to be acquired by the French company Danone for \$56.25 cash per share in a \$12.5 billion merger. The transaction is subject to regulatory approval and a shareholder vote and it is expected to close by the end of 2016.

October 6, 2016

Top Ten Holdings (Percent of Net Assets)
September 30, 2016

FleetMatics Group plc	4.2%	Cepheid	1.3%
LinkedIn Corp.	3.3%	St. Jude Medical Inc.	1.2%
The Valspar Corp.	2.1%	CST Brands Inc.	1.1%
Westar Energy Inc.	1.6%	Piedmont Natural Gas Company Inc.	1.1%
The WhiteWave Foods Co.	1.6%	Netsuite Inc.	0.9%

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Manager only through the end of the period stated in this Shareholder Commentary. The Portfolio Manager’s views are subject to change at any time based on market and other conditions. The information in this Portfolio Manager’s Shareholder Commentary represents the opinions of the Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Manager and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

Merger Arbitrage Risk. The principal risk associated with the Fund’s investment strategy is that certain of the proposed reorganizations in which the Fund invests may involve a longer time frame than originally contemplated or be renegotiated or terminated, in which case losses may be realized. The Fund invests all or a portion of its assets to seek short term capital appreciation. This can be expected to increase the portfolio turnover rate and cause increased brokerage commission costs.

FOR THE BENEFICIAL OWNERS

The Gabelli ABC Fund remains open to new investors with the following characteristics:

Direct Ownership – Class AAA (GABCX)

- Purchases may be made through G.distributors, LLC or directly through the Fund's Transfer Agent or through brokers that have entered into selling agreements specifically with respect to Class AAA Shares; and
- The minimum *initial* investment is \$10,000; and
- Investment accounts must be registered in the beneficial owner's name; and
- The Fund may involuntarily redeem shares through brokers or financial consultants in omnibus and individual accounts where the beneficial owner is not disclosed.

Ownership Through Intermediaries – Advisor Class (GADVX)

- The Advisor Share Class is available through brokers or financial intermediaries that have entered into selling agreements with G.distributors, LLC, specifically with respect to this share class; and
- The minimum *initial* investment is \$10,000.

www.gabelli.com

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at info@gabelli.com.

The Fund's daily NAVs are available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our mutual funds can elect to receive their Annual and Semiannual Reports, Manager Commentaries, and Prospectuses via e-delivery. For more information or to sign up for e-delivery, please visit our website at www.gabelli.com.

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Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC and GAMCO Asset Management Inc., which are affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory services for a variety of clients.

What kind of non-public information do we collect about you if you become a fund shareholder?

If you apply to open an account directly with us, you will be giving us some non-public information about yourself. The non-public information we collect about you is:

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us, any transactions with our affiliates, and transactions with the entities we hire to provide services to you.* This would include information about the shares that you buy or redeem. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

What information do we disclose and to whom do we disclose it?

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, www.sec.gov.

What do we do to protect your personal information?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, are available on our website at www.gabelli.com.

Portfolio Management Team Biographies

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer – Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Chief Executive Officer and Chairman of the Board of Directors of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School, and Honorary Doctorates from Fordham University and Roger Williams University.

Ryan N. Kahn, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specific to our U.S. mutual funds. He joined the team in 2013 after working as a generalist in the research department. Mr. Kahn earned a Bachelor of Science in Business Management from Babson College.

Gian Maria Magrini, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios specific to our U.S. mutual funds. He joined the team in 2013 after serving various roles in the firm's operations and research departments. Mr. Magrini earned a Bachelor of Science in Finance from Fordham University.

THE GABELLI ABC FUND

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Net Asset Value per share available daily
by calling 800-GABELLI after 7:00 P.M.

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Chairman and Chief
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LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP

This report is submitted for the general information of the shareholders of The Gabelli ABC Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.



GABELLI
FUNDS

THE GABELLI ABC FUND

Shareholder Commentary
September 30, 2016

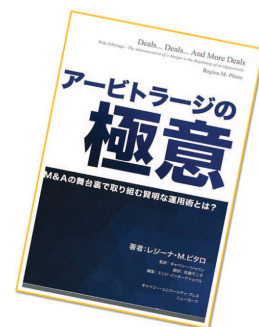
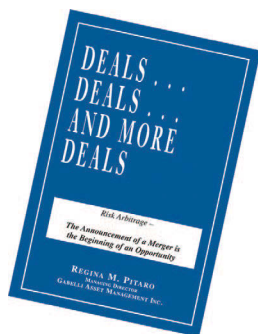
The Gabelli ABC Fund

Third Quarter Report — September 30, 2016

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Enclosed is the schedule of investments as of September 30, 2016.

Comparative Results

Average Annual Returns through September 30, 2016 (a) (Unaudited)

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- (b) S&P Long-Only Merger Arbitrage Index inception date is January 17, 2008.
- (c) Lipper U.S. Treasury Money Market Fund Average and the S&P 500 Index since inception performance returns are as of April 30, 1993.

The Gabelli ABC Fund

Schedule of Investments — September 30, 2016 (Unaudited)

Shares		Market Value	Shares		Market Value
COMMON STOCKS — 37.3%					
Aerospace — 0.2%					
27,000	B/E Aerospace Inc.	\$ 1,394,820	1,096,000	Silicon Graphics International Corp.†	\$ 8,439,200
35,000	KLX Inc.†	1,232,000			9,564,483
		<u>2,626,820</u>			
Airlines — 0.0%			Computer Software and Services — 9.6%		
100	Virgin America Inc.†	5,351	26,900	Apigee Corp.†	468,060
Automotive: Parts and Accessories — 0.2%			74,500	Ausy†	4,578,680
52,285	Federal-Mogul Holdings Corp.†	502,459	165,000	Covisint Corp.†	359,700
150,000	Haldex AB	2,106,938	200,053	Cvent Inc.†	6,343,681
		<u>2,609,397</u>	1,046,808	Fleetmatics Group plc†	62,787,544
Broadcasting — 0.2%			52,000	iGO Inc.†	150,800
8,000	Cogeco Inc.	313,548	195,500	inContact Inc.†	2,733,090
387,700	Crown Media Holdings Inc., Cl. A†	1,957,885	1,500	Interactive Intelligence Group Inc.†	90,210
15,000	MSG Networks Inc., Cl. A†	279,150	5,000	InterXion Holding NV†	181,100
		<u>2,550,583</u>	255,000	LinkedIn Corp., Cl. A†	48,735,600
Building and Construction — 1.6%			121,590	NetSuite Inc.†	13,458,797
40,000	Johnson Controls International plc	1,861,200	10,000	Rackspace Hosting Inc.†	316,900
595,000	Lennar Corp., Cl. B	19,974,150	2,000	Yahoo! Inc.†	86,200
48,000	Norbord Inc.	1,232,974			140,290,362
		<u>23,068,324</u>	Consumer Products — 0.1%		
Business Services — 0.4%			60,000	Avon Products Inc.	339,600
38,000	Blackhawk Network Holdings Inc.†	1,146,460	22,000	Bang & Olufsen A/S†	227,372
34,000	Diebold Inc.	842,860	13,000	Edgewell Personal Care Co.†	1,033,760
52,628	exactEarth Ltd.†	56,561	6,000	Skullcandy Inc.†	38,040
3,000	G & K Services Inc., Cl. A	286,470			1,638,772
48,159	Global Sources Ltd.†	408,388	Consumer Services — 0.5%		
20,000	GrainCorp Ltd., Cl. A	120,160	28,000	Apollo Education Group Inc.†	222,600
130,000	Monster Worldwide Inc.†	469,300	300,000	Corinthian Colleges Inc.†	285
100	Patriot National Inc.†	901	134,000	gategroup Holding AG†	7,277,241
57,100	R. R. Donnelley & Sons Co.†	897,612	1,000	Liberty Interactive Corp. QVC Group, Cl. A†	20,010
5,500	The Brink's Co.	203,940			7,520,136
40,000	The Interpublic Group of Companies Inc.	894,000	Diversified Industrial — 0.1%		
		<u>5,326,652</u>	1,900	Arcam AB†	64,893
Cable and Satellite — 0.7%			5,000	Fortune Brands Home & Security Inc.	290,500
1,000	AMC Networks Inc., Cl. A†	51,860	30,000	Katy Industries Inc.†	14,250
13,000	Charter Communications Inc., Cl. A†	3,509,610	40,000	Myers Industries Inc.	519,600
55,000	Liberty Global plc, Cl. A†	1,879,900	1,300	SLM Solutions Group AG†	61,510
105,000	Liberty Global plc, Cl. C†	3,469,200	17,000	Wartsila OYJ Abp	765,219
6,820	Liberty Global plc LiLAC, Cl. A†	188,164			1,715,972
14,976	Liberty Global plc LiLAC, Cl. C†	420,077	Electronics — 1.1%		
40,000	Sky plc	463,501	70,000	Alliance Semiconductor Corp.†	55,300
		<u>9,982,312</u>	290,600	Axis Communications AB	13,038,180
Computer Hardware — 0.7%			400	DTS Inc.	17,016
61,850	Hutchinson Technology Inc.†	246,163	11,000	MoSys Inc.†	8,250
22,000	Lexmark International Inc., Cl. A	879,120	110,000	Rofin-Sinar Technologies Inc.†	3,539,800
					16,658,546
			Energy and Utilities — 4.9%		
			930,000	Alvopetro Energy Ltd., New York†	152,407
			27,000	Anadarko Petroleum Corp.	1,710,720
			15,500	Apache Corp.	989,985

See accompanying notes to schedule of investments.

The Gabelli ABC Fund

Schedule of Investments (Continued) — September 30, 2016 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS (Continued)				
	Metals and Mining (Continued)		640,000	Sprint Corp.†	\$ 4,243,200
185,000	Freeport-McMoRan Inc.	\$ 2,009,100	120,000	Telenet Group Holding NV†	6,258,889
132,342	Joy Global Inc.	3,671,167			<u>14,085,680</u>
42,000	Newmont Mining Corp.	1,650,180		Transportation — 0.1%	
12,000	Pan American Silver Corp.	211,289	17,290	Providence and Worcester Railroad Co.	428,446
10,500	Vulcan Materials Co.	1,194,165	2,500	XPO Logistics Europe SA†	565,048
95,000	Whiting Petroleum Corp.†	830,300			<u>993,494</u>
		<u>11,396,161</u>		Wireless Communications — 0.3%	
	Paper and Forest Products — 0.0%		14,000	Blackberry Ltd.†	111,720
276,000	Powerflute OYJ	321,962	14,000	Metricom Inc.†	1
	Publishing — 0.2%		80,000	Millicom International Cellular SA, SDR	4,149,765
6,000	Meredith Corp.	311,940	7,500	T-Mobile US Inc.†	350,400
125,000	The E.W. Scripps Co., Cl. A†	1,987,500	9,500	United States Cellular Corp.†	345,230
6,000	tronc Inc.	101,280			<u>4,957,116</u>
		<u>2,400,720</u>		TOTAL COMMON STOCKS	<u>543,372,597</u>
	Real Estate Investment Trusts — 0.2%			PREFERRED STOCKS — 0.0%	
500	American Tower Corp.	56,665		Telecommunications — 0.0%	
1,000	Conwert Immobilien Invest SE	18,822	3,000	Cincinnati Bell Inc., 6.750%, Ser. B	150,480
35,800	Post Properties Inc.	2,367,454			
		<u>2,442,941</u>		RIGHTS — 0.3%	
	Retail — 1.9%			Health Care — 0.1%	
6,000	Aaron's Inc.	152,520	110,600	Adolor Corp., CPR, expire 07/01/19†	57,512
337,805	CST Brands Inc.	16,245,042	187,969	Ambit Biosciences Corp., CVR†	112,781
22,000	Macy's Inc.	815,100	135,000	American Medical Alert Corp., CPR†	1,350
95,000	Office Depot Inc.	339,150	54,000	Chelsea Therapeutics International Ltd., CVR†	5,940
1,400,000	Rite Aid Corp.†	10,766,000	5,000	Community Health Systems Inc., CVR, expire 01/27/17†	45
		<u>28,317,812</u>	50,000	Durata Therapeutics Inc., CVR, expire 12/31/20†	0
	Semiconductors — 0.1%		795,000	Dyax Corp., CVR, expire 12/31/20†	882,450
200	AIXTRON SE†	1,215	100	Omthera Pharmaceuticals Inc., expire 12/31/20†	60
100,000	Intersil Corp., Cl. A	2,193,000	400,000	Sanofi, CVR, expire 12/31/20†	106,800
		<u>2,194,215</u>	739,500	Synergetics USA Inc., CVR†	73,950
	Specialty Chemicals — 2.6%		825,000	Teva Pharmaceutical Industries Ltd., CCCP, expire 02/20/23†	437,250
10,000	Chemtura Corp.†	328,100	69,000	Trius Therapeutics, CVR†	8,970
18,000	International Flavors & Fragrances Inc.	2,573,460			<u>1,687,108</u>
4,000	Monsanto Co.	408,800		Retail — 0.1%	
25,000	SGL Carbon SE†	293,196	950,000	Safeway Casa Ley, CVR, expire 01/30/19†	332,500
43,000	Syngenta AG, ADR	3,766,800	950,000	Safeway PDC, CVR, expire 01/30/17†	46,360
295,000	The Valspar Corp.	31,290,650			<u>378,860</u>
		<u>38,661,006</u>		Wireless Communications — 0.1%	
	Telecommunications — 1.0%		700,000	Leap Wireless International Inc., CVR, expire 03/14/17†	1,764,000
300,000	Asia Satellite Telecommunications Holdings Ltd.†	413,852			<u>3,829,968</u>
16,500	Harris Corp.	1,511,565		TOTAL RIGHTS	
6,800	Infoblox Inc.†	179,316			
130,000	Koninklijke KPN NV	431,537			
22,000	Level 3 Communications Inc.†	1,020,360			
100,000	Pharol SGPS SA	26,961			

See accompanying notes to schedule of investments.

The Gabelli ABC Fund

Schedule of Investments (Continued) — September 30, 2016 (Unaudited)

<u>Notional Amount</u>		<u>Termination Date</u>	<u>Unrealized Depreciation</u>
EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS (g) — 0.0%			
\$ 1,202,607 (1,690,000 Shares)	Premier Foods plc	03/31/17	\$ (47,128)
32,928,071 (561,000 Shares)	SABMiller plc	10/14/16	(243,306)
TOTAL EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS			\$ (290,434)

- (a) At September 30, 2016, \$180,300,000 of the principal amount was reserved and/or pledged with the custodian for securities sold short, equity contract for difference swap agreements, and forward foreign exchange contracts.
- (b) At September 30, 2016, these proceeds are being held at Pershing LLC.
- (c) At September 30, 2016, the Fund had entered into forward foreign exchange contracts with State Street Bank and Trust Co.
- (d) Principal amount denoted in British Pounds.
- (e) Principal amount denoted in Euros.
- (f) Principal amount denoted in Swiss Francs
- (g) At September 30, 2016, the Fund had entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc.
- † Non-income producing security.
- †† Represents annualized yield at date of purchase.
- ADR American Depositary Receipt
- CCCP Contingent Cash Consideration Payment
- CPR Contingent Payment Right
- CVR Contingent Value Right
- SDR Swedish Depositary Receipt

See accompanying notes to schedule of investments.

The Gabelli ABC Fund

Notes to Schedule of Investments (Unaudited)

As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (“GAAP”) that may require the use of management estimates and assumptions in the preparation of its schedule of investments. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its schedule of investments.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Directors (the “Board”) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The inputs and valuation techniques used to measure fair value of the Fund’s investments are summarized into three levels as described in the hierarchy below:

- Level 1 — quoted prices in active markets for identical securities;
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 — significant unobservable inputs (including the Board’s determinations as to the fair value of investments).

The Gabelli ABC Fund

Notes to Schedule of Investments (Unaudited) (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities and other financial instruments by inputs used to value the Fund's investments as of September 30, 2016 is as follows:

	Valuation Inputs			Total Market Value at 9/30/16
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Broadcasting	\$ 592,698	\$ 1,957,885	—	\$ 2,550,583
Consumer Services	7,519,851	—	\$ 285	7,520,136
Diversified Industrial	1,701,722	14,250	—	1,715,972
Electronics	16,603,246	55,300	—	16,658,546
Wireless Communications	4,957,115	—	1	4,957,116
Other Industries (a)	509,970,244	—	—	509,970,244
Total Common Stocks	541,344,876	2,027,435	286	543,372,597
Preferred Stocks (a)	150,480	—	—	150,480
Rights (a)	106,845	—	3,723,123	3,829,968
Warrants (a)	885	—	—	885
Convertible Corporate Bonds (a)	—	465,609	—	465,609
Corporate Bonds (a)	—	55,000	—	55,000
U.S. Government Obligations	—	910,552,727	—	910,552,727
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$541,603,086	\$913,100,771	\$3,723,409	\$1,458,427,266
LIABILITIES (Market Value):				
Securities Sold Short (a)	\$ (36,093,257)	—	—	\$ (36,093,257)
TOTAL INVESTMENTS IN SECURITIES - LIABILITIES	\$ (36,093,257)	—	—	\$ (36,093,257)
OTHER FINANCIAL INSTRUMENTS:*				
ASSETS (Unrealized Appreciation):				
FORWARD CURRENCY EXCHANGE CONTRACTS				
Forward Foreign Exchange Contracts	—	\$ 221,276	—	\$ 221,276
LIABILITIES (Unrealized Depreciation):				
EQUITY CONTRACTS				
Contract for Difference Swap Agreements	—	(290,434)	—	(290,434)
FORWARD CURRENCY EXCHANGE CONTRACTS				
Forward Foreign Exchange Contracts	—	(34,377)	—	(34,377)
TOTAL OTHER FINANCIAL INSTRUMENTS:	—	\$ (103,535)	—	\$ (103,535)

(a) Please refer to the Schedule of Investments ("SOI") for the industry classifications of these portfolio holdings.

* Other financial instruments are derivatives reflected in the SOI, such as options, futures, forwards, and swaps, which may be valued at the unrealized appreciation/depreciation of the instrument.

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds is ultimately sourced from major stock exchanges and trading systems where these

The Gabelli ABC Fund

Notes to Schedule of Investments (Unaudited) (Continued)

securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common and preferred equities, warrants, options, rights, and fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. Among the factors to be considered to fair value a security are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include back testing the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purposes of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

The Fund's derivative contracts held at September 30, 2016, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Swap Agreements. The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short term interest rates and the returns on the Fund's portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is

The Gabelli ABC Fund

Notes to Schedule of Investments (Unaudited) (Continued)

a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

The Fund has entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc. Details of the swaps at September 30, 2016 are reflected within the Schedule of Investments and further details are as follows:

<u>Notional Amount</u>	<u>Equity Security Received</u>	<u>Interest Rate/ Equity Security Paid</u>	<u>Termination Date</u>	<u>Net Unrealized Depreciation</u>
		One month LIBOR plus 90 bps plus		
	Market Value Appreciation on:	Market Value Depreciation on:		
\$1,202,607 (1,690,000 Shares)	Premier Foods plc	Premier Foods plc	03/31/17	\$ (47,128)
32,928,071 (561,000 Shares)	SABMiller plc	SABMiller plc	10/14/16	<u>(243,306)</u>
				<u>\$(290,434)</u>

Forward Foreign Exchange Contracts. The Fund may engage in forward foreign exchange contracts for the purpose of hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. Forward foreign exchange contracts at September 30, 2016 are reflected within the Schedule of Investments.

The following table summarizes the net unrealized appreciation/(depreciation) of derivatives held at September 30, 2016 by primary risk exposure:

<u>Asset Derivatives:</u>	<u>Net Unrealized Appreciation/ (Depreciation)</u>
Forward Foreign Exchange Contracts	<u>\$ 221,276</u>
<u>Liability Derivatives:</u>	
Equity Contract for Difference Swap Agreements	\$(290,434)
Forward Foreign Exchange Contracts	<u>(34,377)</u>
Total	<u>\$(324,811)</u>

Securities Sold Short. The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are

The Gabelli ABC Fund

Notes to Schedule of Investments (Unaudited) (Continued)

recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. Securities sold short and details of collateral at September 30, 2016 are reflected within the Schedule of Investments.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At September 30, 2016 the Fund held no restricted securities.

The Gabelli ABC Fund
Notes to Schedule of Investments (Unaudited) (Continued)

Tax Information. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

THE GABELLI ABC FUND
One Corporate Center
Rye, NY 10580-1422

Portfolio Management Team Biographies

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Chief Executive Officer and Chairman of the Board of Directors of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School and Honorary Doctorates from Fordham University and Roger Williams University.

Ryan N. Kahn is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after working as a generalist in the research department. Mr. Kahn earned a Bachelor of Science in Business Management from Babson College.

Gian Maria Magrini, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after serving various roles in the Firm's operations and research departments. Mr. Magrini earned a B.S. in Finance from Fordham University.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

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Flom LLP

This report is submitted for the general information of the shareholders of The Gabelli ABC Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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GABELLI
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THE GABELLI ABC FUND

*Third Quarter Report
September 30, 2016*

