The Gabelli U.S. Treasury Money Market Fund

Shareholder Commentary – March 31, 2017

(Y)our Portfolio Management Team

Judith A. Raneri   Ronald S. Eaker

To Our Shareholders,

The shift in market psychology has fluctuated considerably over the last year. At the start of 2016, the markets were concerned about the ongoing slowdown in global economies and its impact on commodity prices and energy markets, combined with challenging domestic conditions that threatened the pace of economic activity. But the sequence of events since then have veered in recent months revealing an economic environment that has changed from that of low-interest rates, low inflation, and an accommodative monetary policy stance to one of higher rates, higher inflation, and a hawkish central bank. Fundamentals are positive and the economy remains firmly on a long-term growth path of about 2.5% for the year.

Economic data released early in the quarter were mixed, yet revealed a solid economy growing at a moderate pace. Since then, data continually surprised to the upside exposing an economy well positioned for steadily improving conditions. A strong contributor to economic activity has been the U.S. consumer. Consumer spending has been growing at a consistently solid pace over the last several quarters, supported by ongoing gains driven by rising equity and home prices as well as continued improvement in payrolls, wages and workforce participation. Jobs, which impact consumer and business confidence comparably, have grown much faster than expected in the first two months of 2017.

In light of this development, consumer confidence soared in the first quarter to the highest level in more than 16 years, a trend that is expected to continue due to strengthening views on personal finances. Consumers have consistently kept these headline numbers strong since the November election; confidence at these levels has traditionally triggered faster spending growth across the board. In other domestic news, Leading Economic Indicators climbed in February, to its highest level in more than a decade. Inflation, as measured by the personal consumption expenditures index (PCE), is approaching the Federal Reserve's target of 2%, and consumer and producer price indexes already are above that level. Meanwhile, current data suggest the manufacturing sector expanded at the fastest pace since 2011, while housing market data have begun to surprise to the upside. New home sales were up solidly in February as job and income growth continued to bring more potential buyers to the market even as mortgage rates rose, making residential investment a bright spot in the outlook for first quarter GDP growth. Additionally, along with the consumer, business confidence was high.

Even though we appear to be at an economic sweet spot at home, potential risks to the outlook exist which could potentially deliver negative shocks to the markets and possibly disturb the economy's current momentum. The main source of risk comes from the uncertainty involving policy changes in Washington. The positive, the Trump administration has the potential for tax reform and greater infrastructure and defense spending, which is expected to add to economic growth. As a result, real GDP growth is expected to rise as with inflation and interest rates, along with the dollar. On the downside is the potential that, tariff wars with China and Mexico and faster deportation of immigrants may threaten the current economic landscape and prompt a global financial crisis. At this stage the markets assume that President Trump will be able to generate enough positive effects from fiscal stimulus, deregulation and infrastructure spending to offset the negative influence from protectionism. Nevertheless, it will take a while longer to know the precise details of Trump's fiscal policy and what consequences it might have on the economy.

The economy is also exposed to some external factors that need consideration. Brexit, being the dominating factor. The United Kingdom's decision to leave the European Union has wide implications on the US economy. Although trade between the U.S. and the United Kingdom only make up .5% of US economic activity, the connections go well beyond direct trade. One of the key global concerns is that more countries could decide to break-away from the Union, leading to considerable global uncertainty and restructuring of many trade arrangements. The transition can also trigger a strong dollar, negatively impacting U.S. trade and manufacturing. Furthermore, possible market volatility from Brexit could force the Federal Reserve to hold off on their tightening policy. On March 29th, nine months after the United Kingdom voted to leave the union, Article 50 was activated which officially puts exit negotiations in action. At this point, the UK has two years to negotiate its withdrawal from the European Union after forty-four years as a member. There are concerns that Brexit talks could be very complicated, lengthy and demanding, but no one truly knows how the Brexit process will work or how long it will truly take. It could be literally years before the consequences of Brexit are known and what impact they will have on the U.S. economy.

From a monetary perspective, higher interest rates may also stifle the progress we've recently reached in a series of sectors. It will push up the value of the dollar and make exports more expensive, higher rates will mean higher costs on home and car loans and interest on credit card debt, which will impact consumer sentiment. In contrast, since the Fed's actions take time to work through the system there is a risk that it could fall behind in the fight against emerging inflation. That could force the Fed to raise rates more abruptly, a move that would risk destabilizing the economic landscape and trigger a new recession in the process. More importantly, any interest-rate increases by the Fed that are more severe or more frequent than market expectations will speed up any oncoming slowdown.

At this point in time the Federal Reserve is taking a cautious approach and continues to point towards a relatively gradual normalization policy. This was evident when the Federal Reserve hiked short-term interest rates following the Federal Open Market Committee meeting in March, its third quarter-point hike as the Fed aims to normalize monetary policy. Given strong job growth in the first two months of the year, as well as increases in inflation to target levels, the Fed had almost guaranteed an increase beforehand. The actual hike, combined with suggestions that more were imminent, showed that Fed believes the economy is strong enough to tolerate a return to a more normal interest rate environment. As of quarter-end, the market expects two more interest rate hikes this year.

Economic conditions have been better than anticipated throughout the first quarter of 2017. The good news is that it seems likely to continue. This year's first quarter GDP growth is expected to come in at 1.0% - 1.5% annual rate. Although there is room for further improvement economic growth is accelerating heading into the second-quarter. Headwinds do remain as expectations take shape politically, monetarily and geopolitically. In the interim, with monetary policy becoming less accommodative and optimism surrounding President Trump's policy roadmap, the market is expected to assume moderate improvements to the growth outlook to continue. Lastly, Brexit is a wait and see situation.

An investment in The Gabelli U.S. Treasury Money Market Fund is neither insured nor guaranteed by the U.S. Government or the Federal Deposit Insurance Corporation. Although the Fund seeks to preserve the value of an investment at $1.00 per share, there can be no assurance that the Fund will maintain a stable $1.00 per share net asset value, so it is possible to lose money by investing in the Fund. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain more information about these and other matters and should be read carefully before investing.

THE GABELLI U.S. TREASURY MONEY MARKET FUND
One Corporate Center
Rye, NY 10580-1422

Portfolio Management Team Biographies

Ronald S. Eaker joined GAMCO Investors, Inc. in 1987. Currently he is a Managing Director of Gabelli Fixed Income, Inc. and a portfolio manager of Gabelli Funds, LLC and the Fund. Mr. Eaker manages short term cash products and high grade intermediate fixed income products. Prior to joining Gabelli, Mr. Eaker was affiliated with Frank Henjes & Co. He is a graduate of Pennsylvania State University with a B.S. in Finance.

Judith A. Raneri joined GAMCO Investors, Inc. in 1989. Currently she is the Vice President and Senior Portfolio Manager of Gabelli Funds, LLC responsible for managing the Fund. Ms. Raneri received a B.S. with honors in Finance from Iona College.

We have separated the portfolio managers' 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 managers' commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. 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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THE GABELLI U.S. TREASURY MONEY MARKET FUND

Shareholder Commentary
March 31, 2017

The Gabelli U.S. Treasury Money Market Fund

Semiannual Report — March 31, 2017

Judith A. Raneri
Portfolio Manager

Ronald S. Eaker
Portfolio Manager

To Our Shareholders,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semiannual and annual shareholder reports in filings with the Securities and Exchange Commission ("SEC") on Form N-CSR. This certification would cover the portfolio managers' commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

Portfolio Holdings

On a monthly basis, The Gabelli U.S. Treasury Money Market Fund makes available a complete schedule of portfolio holdings. Shareholders may obtain this information at www.gabelli.com, by calling the Fund at 800-GABELLI (800-422-3554), or on the SEC's website at www.sec.gov.

The Gabelli U.S. Treasury Money Market Fund
Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from October 1, 2016 through March 31, 2017 **Expense Table**

We believe it is important for you to understand the impact of fees and expenses regarding your investment. All mutual funds have operating expenses. As a shareholder of a fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of a fund. When a fund's expenses are expressed as a percentage of its average net assets, this figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of $1,000 made at the beginning of the period shown and held for the entire period.

The Expense Table below illustrates your Fund's costs in two ways:

Actual Fund Return: This section provides information about actual account values and actual expenses. You may use this section to help you to estimate the actual expenses that you paid over the period after any fee waivers and expense reimbursements. The "Ending Account Value" shown is derived from the Fund's **actual** return during the past six months, and the "Expenses Paid During Period" shows the dollar amount that would have been paid by an investor who started with $1,000 in the Fund. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period" to estimate the expenses you paid during this period.

Hypothetical 5% Return: This section provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown. In this case – because the hypothetical return used is **not** the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	Beginning Account Value 10/01/16	Ending Account Value 03/31/17	Annualized Expense Ratio	Expenses Paid During Period*
Gabelli U.S. Treasury Money Market Fund				
Actual Fund Return				
Class AAA	$1,000.00	$1,001.90	0.08%	$0.40
Class A	$1,000.00	$1,001.90	0.08%	$0.40
Class C	$1,000.00	$1,001.90	0.08%	$0.40
Hypothetical 5% Return				
Class AAA	$1,000.00	$1,024.53	0.08%	$0.40
Class A	$1,000.00	$1,024.53	0.08%	$0.40
Class C	$1,000.00	$1,024.53	0.08%	$0.40

* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (182 days), then divided by 365.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of March 31, 2017:

The U.S. Treasury Money Market Fund

U.S. Treasury Bills	99.6%
Other Assets and Liabilities (Net)	0.4%
Net Assets	100.0%

The Gabelli U.S. Treasury Money Market Fund

Statement of Net Assets
March 31, 2017 (Unaudited)

Principal Amount			Market Value
	U.S. GOVERNMENT OBLIGATIONS — 99.6%		
$1,754,008,000	U.S. Treasury Bills, 0.491% to 0.839%†, 04/06/17 to 09/07/17		$1,752,355,746
	TOTAL INVESTMENTS (Cost $1,752,355,746)	99.6%	1,752,355,746
	Payable to Manager	(0.0)%	(79,292)
	Other Assets and Liabilities (Net)	0.4%	7,551,552
	NET ASSETS (applicable to 1,759,877,737 shares outstanding)	100.0%	$1,759,828,006

Net Assets Consist of:	
Paid-in capital	$1,759,878,447
Distributions in excess of net investment income	(2,447)
Accumulated net realized loss on investments	(47,994)
TOTAL NET ASSETS	$1,759,828,006
SHARES OF BENEFICIAL INTEREST, each at $0.001 par value; unlimited number of shares authorized:	
Class AAA:	
Net Asset Value, offering, and redemption price per share ($1,750,606,135 ÷ 1,750,654,509 shares outstanding)	$1.00
Class A:	
Net Asset Value, offering, and redemption price per share ($5,476,503 ÷ 5,477,530 shares outstanding)	$1.00
Class C:	
Net Asset Value, offering, and redemption price per share ($3,745,368 ÷ 3,745,698 shares outstanding)	$1.00

† Represents range of annualized yields at date of purchase.

Statement of Operations
For the Six Months Ended March 31, 2017 (Unaudited)

Investment Income:	
Interest	$3,987,396
Expenses:	
Management fees	709,608
Shareholder services fees	54,959
Custodian fees	46,286
Registration expenses	35,747
Legal and audit fees	25,365
Shareholder communications expenses	19,858
Trustees' fees	11,966
Interest expense	1,794
Miscellaneous expenses	28,466
Total Expenses	934,049
Less:	
Fees waived and expenses reimbursed by the Manager (See Note 5)	(222,646)
Net Expenses	711,403
Net Investment Income	3,275,993
Net Realized Loss on Investments	(9,264)
Net Increase in Net Assets Resulting from Operations	$3,266,729

See accompanying notes to financial statements.

The Gabelli U.S. Treasury Money Market Fund

Statement of Changes in Net Assets

	Six Months Ended March 31, 2017 (Unaudited)	Year Ended September 30, 2016
Operations:		
Net investment income	$ 3,275,993	$ 2,646,902
Net realized loss on investments	(9,264)	(37,083)
Net Increase in Net Assets Resulting from Operations	3,266,729	2,609,819
Distributions to Shareholders:		
Net investment income		
Class AAA	(3,255,195)	(2,654,537)
Class A	(11,706)	(12,593)
Class C	(9,092)	(8,235)
Total Distributions to Shareholders	(3,275,993)	(2,675,365)
Shares of Beneficial Interest Transactions ($1.00 per share):		
Proceeds from shares issued		
Class AAA	1,264,198,078	2,264,141,645
Class A	2,555,386	7,017,399
Class C	2,868,742	8,528,817
Total proceeds from shares issued	1,269,622,206	2,279,687,861
Proceeds from reinvestment of distributions		
Class AAA	3,208,448	2,625,360
Class A	7,514	8,621
Class C	8,521	7,792
Total proceeds from reinvestment of distributions	3,224,483	2,641,773
Cost of shares redeemed		
Class AAA	(1,241,962,578)	(2,164,025,686)
Class A	(3,073,107)	(11,106,219)
Class C	(5,656,661)	(6,556,133)
Total cost of shares redeemed	(1,250,692,346)	(2,181,688,038)
Net Increase in Net Assets from Shares of Beneficial Interest Transactions	22,154,343	100,641,596
Net Increase in Net Assets	22,145,079	100,576,050
Net Assets:		
Beginning of year	1,737,682,927	1,637,106,877
End of period (including undistributed net investment income of $0 and $0, respectively)	$ 1,759,828,006	$ 1,737,682,927

See accompanying notes to financial statements.

The Gabelli U.S. Treasury Money Market Fund
Financial Highlights

Selected data for a share of beneficial interest outstanding throughout each period:

		Income from Investment Operations			Distributions					Ratios to Average Net Assets/ Supplemental Data			
Year Ended September 30	Net Asset Value, Beginning of Year	Net Investment Income(a)	Net Realized Gain on Investments(b)	Total from Investment Operations	Net Investment Income	Net Realized Gain on Investments(b)	Total Distributions	Net Asset Value, End of Period	Total Return†	Net Assets, End of Period (in 000's)	Net Investment Income	Operating Expenses Net of Fees Waived, Reimbursed, and Assumed by the Manager	Operating Expenses Before Fees Waived, Reimbursed, and Assumed by the Manager
Class AAA													
2017(c)	$1.0000	$0.0019	$0.0000	$0.0019	$(0.0019)	—	$(0.0019)	$1.0000	0.19%	$1,750,606	0.37%(d)	0.08%(d)	0.11%(d)
2016	1.0000	0.0017	0.0000	0.0017	(0.0017)	—	(0.0017)	1.0000	0.17	1,725,171	0.17	0.08	0.11
2015	1.0000	—	0.0000	0.0000(b)	—	$(0.0000)	(0.0000)(b)	1.0000	0.00(e)	1,622,495	0.00(e)	0.03	0.11
2014	1.0000	—	0.0000	0.0000(b)	—	(0.0000)	(0.0000)(b)	1.0000	0.00(e)	1,690,137	0.00(e)	0.05	0.10
2013	1.0000	0.0002	0.0000	0.0002	(0.0002)	(0.0000)	(0.0002)	1.0000	0.02	1,700,348	0.01	0.07	0.11
2012	1.0000	0.0001	0.0000	0.0001	(0.0001)	(0.0000)	(0.0001)	1.0000	0.01	1,744,422	0.01	0.06	0.11
Class A													
2017(c)	$1.0000	$0.0019	$0.0000	$0.0019	$(0.0019)	—	$(0.0019)	$1.0000	0.19%	$ 5,477	0.37%(d)	0.08%(d)	0.11%(d)
2016	1.0000	0.0017	0.0000	0.0017	(0.0017)	—	(0.0017)	1.0000	0.17	5,987	0.17	0.08	0.11
2015	1.0000	—	0.0000	0.0000(b)	—	$(0.0000)	(0.0000)(b)	1.0000	0.00(e)	10,067	0.00(e)	0.03	0.11
2014	1.0000	—	0.0000	0.0000(b)	—	(0.0000)	(0.0000)(b)	1.0000	0.00(e)	5,229	0.00(e)	0.05	0.10
2013	1.0000	0.0002	0.0000	0.0002	(0.0002)	(0.0000)	(0.0002)	1.0000	0.02	3,571	0.01	0.07	0.11
2012	1.0000	0.0001	0.0000	0.0001	(0.0001)	(0.0000)	(0.0001)	1.0000	0.01	5,419	0.01	0.06	0.11
Class C													
2017(c)	$1.0000	$0.0019	$0.0000	$0.0019	$(0.0019)	—	$(0.0019)	$1.0000	0.19%	$ 3,745	0.37%(d)	0.08%(d)	0.11%(d)
2016	1.0000	0.0017	0.0000	0.0017	(0.0017)	—	(0.0017)	1.0000	0.17	6,525	0.17	0.08	0.11
2015	1.0000	—	0.0000	0.0000(b)	—	$(0.0000)	(0.0000)(b)	1.0000	0.00(e)	4,545	0.00(e)	0.03	0.11
2014	1.0000	—	0.0000	0.0000(b)	—	(0.0000)	(0.0000)(b)	1.0000	0.00(e)	2,217	0.00(e)	0.05	0.10
2013	1.0000	0.0002	0.0000	0.0002	(0.0002)	(0.0000)	(0.0002)	1.0000	0.02	3,020	0.01	0.07	0.11
2012	1.0000	0.0001	0.0000	0.0001	(0.0001)	(0.0000)	(0.0001)	1.0000	0.01	4,697	0.01	0.06	0.11

† Total return represents aggregate total return of a hypothetical $1,000 investment at the beginning of the year and sold at the end of the period including reinvestment of distributions. Total return for a period of less than one year is not annualized.
(a) Net investment income (loss) per Class AAA, Class A, and Class C Shares before expenses reimbursed by the Manager for the six months ended March 31, 2017, and the years ended September 30, 2016, 2015, 2014, 2013, and 2012 was $0.0017, $0.0014, ($0.0007), ($0.0005), ($0.0002), and ($0.0004), respectively.
(b) Amount represents less than $0.00005 per share.
(c) For the six months ended March 31, 2017, unaudited.
(d) Annualized.
(e) Amount represents less than 0.005%.

See accompanying notes to financial statements.

1. Organization. The Gabelli U.S. Treasury Money Market Fund, a series of The Gabelli Money Market Funds (the "Trust"), was organized on May 21, 1992 as a Delaware statutory trust. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund's primary objective is high current income consistent with the preservation of principal and liquidity. The Fund commenced investment operations on October 1, 1992.

2. Significant Accounting Policies. 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 financial statements. 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 financial statements.

Security Valuation. The Fund values securities utilizing the amortized cost valuation method which approximates market value and is permitted under Rule 2a-7 under the 1940 Act. This method involves valuing a portfolio security initially at its cost and thereafter adjusting for amortization of premium or accretion of discount to maturity.

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).

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 by inputs used to value the Fund's investments as of March 31, 2017 is as follows:

Valuation Inputs*	Investments in Securities (Market Value) Assets
Level 2 - Other Significant Observable Inputs	$1,752,355,746

* Level 2 holdings consist of U.S. Government Obligations.

The Fund held only Level 2 investments during the six months ended March 31, 2017 and the year ended September 30, 2016. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

In 2014, the U.S. Securities and Exchange Commission adopted amendments to money market fund regulations which structurally changed the way that certain money market funds operate. Since the Fund invests only in U.S. Treasury securities, it will continue to transact at a stable $1.00 share price.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on long term debt securities are amortized using the effective yield to maturity method.

Distributions to Shareholders. Distributions from investment income (including net short term realized capital gains) are declared daily and paid monthly. Distributions from net long term capital gains, if any, are paid annually. Book/tax differences of distributions are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund.

For the year ended September 30, 2016, the tax character of distributions was all ordinary income.

Provision for Income Taxes. 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 "Code"). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

The following summarizes the tax cost of investments and the related net unrealized appreciation/(depreciation) at March 31, 2017:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation/ (Depreciation)
Investments	$1,752,357,267	$—	$(1,521)	$(1,521)

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended March 31, 2017, the Fund did not incur any income tax, interest, or penalties. As of March 31, 2017, Gabelli Funds, LLC (the "Manager") has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. The Fund's federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Manager will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

3. Line of Credit. The Fund participates in an unsecured line of credit, which expires on March 8, 2018 and may be renewed annually, of up to $75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at a floating rate equal to the higher of the overnight Federal Funds rate plus 125 basis points or the 30 day LIBOR plus 125 basis points in effect on that day. This amount, if any, would be included in "Interest expense" in the Statement of Operations. During the six months ended March 31, 2017, there were no borrowings under the line of credit.

4. Shares of Beneficial Interest. The Fund offers three classes of shares - Class AAA Shares, Class A Shares, and Class C Shares. Class A Shares and Class C Shares are offered only as an exchange option for shareholders holding Class A or Class C Shares of other funds within the Gabelli/GAMCO Fund complex. Class A Shares and Class C Shares are not available for direct investment by shareholders.

5. Agreements with Affiliated Parties. The Trust has entered into a management agreement (the "Management Agreement") with the Manager, which provides that the Trust will pay the Manager a fee, computed daily and paid monthly, at the annual rate of 0.08% of the value of the Fund's average daily net assets. In accordance with the Management Agreement, the Manager provides a continuous investment program for the Fund's portfolio, oversees the administration of all aspects of the Fund's business and affairs, and pays the compensation of all Officers and Trustees of the Fund who are affiliated persons of the Manager. Through January 31, 2018, to the extent necessary, the Manager has contractually undertaken to assume certain expenses (excluding interest, taxes, and extraordinary expenses) of the Fund so that the total expenses do not exceed 0.08% of the Fund's average daily net assets. In addition, the Manager may voluntarily reimburse expenses to the extent necessary to assist the Fund in attempting to prevent a negative yield.

G.distributors, LLC, an affiliate of the Manager, retained $4,887 from investors on redemptions of shares that were exchanged into the Fund from other funds in the Gabelli/GAMCO Fund complex.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of $3,000 plus $500 for each Board of Trustees (the "Board") meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive $500 per meeting attended and the Chairman of the Audit Committee and the Lead Trustee each receives an annual fee of $1,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Manager or an affiliated company receive no compensation or expense reimbursement from the Fund.

6. Significant Shareholder. As of March 31, 2017, 66.9% of the Fund was beneficially owned by the Manager and its affiliates, including managed accounts for which the affiliates of the Manager have voting control but disclaim pecuniary interest.

7. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

8. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events occurring through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

Section 15(c) of the 1940 Act contemplates that the Board of Trustees (the “Board”) of the Fund, including a majority of the Trustees who have no direct or indirect interest in the investment management agreement and are not “interested persons” of the Trust, as defined in the 1940 Act (the “Independent Board Members”), are required annually to review and re-approve the terms of the Fund’s existing Management Agreement (the “Agreement”) and approve any newly proposed terms therein. At a meeting held on November 16, 2016, the Board, including the Independent Board Members, considered the factors and reached the conclusions described below relating to the selection of the Manager and the re-approval of the Management Agreement.

1) The nature, extent, and quality of services provided by the Manager.

The Board Members reviewed in detail the nature and extent of the services provided by the Manager under the Management Agreement and the quality of those services over the past year. The Board noted that these services included managing the investment program of the Fund, including the purchase and sale of portfolio securities, as well as the provision of general corporate services. The Board Members considered that the Manager also provided, at its expense, office facilities for use by the Fund and supervisory personnel responsible for supervising the performance of administrative, accounting, and related services for the Fund, including monitoring to assure compliance with stated investment policies and restrictions under the 1940 Act and related securities regulations. The Board Members noted that, in addition to managing the investment program for the Fund, the Manager provided certain non-advisory and compliance services, including services under the Fund’s Rule 38a-1 compliance program.

The Board Members also considered that the Manager paid for all compensation of officers and non-Independent Board Members of the Fund. The Board Members evaluated these factors based on its direct experience with the Manager and in consultation with Fund Counsel. The Board noted that the Manager had engaged, at its expense, BNY Mellon Investment Servicing (US) Inc. (“BNY”) to assist it in performing certain of its administrative functions. The Board Members concluded that the nature and extent of the services provided was reasonable and appropriate in relation to the advisory fee, that the level of services provided by the Manager, either directly or through BNY, had not diminished over the past year, and that the quality of service continued to be high.

The Board Members reviewed the personnel responsible for providing services to the Fund and concluded, based on their experience and interaction with the Manager, that (i) the Manager was able to retain quality personnel, (ii) the Manager and its agents exhibited a high level of diligence and attention to detail in carrying out their advisory and administrative responsibilities under the Management Agreement, (iii) the Manager was responsive to requests of the Board, (iv) the scope and depth of the Manager’s resources was adequate, and (v) the Manager had kept the Board apprised of developments relating to the Fund and the industry in general. The Board Members also focused on the Manager’s reputation and long standing relationship with the Fund. The Board Members also believed that the Manager had devoted substantial resources and made substantial commitments to address new regulatory compliance requirements applicable to the Fund.

2) The performance of the Fund and the Manager.

The Board Members reviewed the investment performance of the Fund, on an absolute basis, as compared with its peer group of other SEC registered funds. The Board Members considered the Fund’s one, three, five, and ten year average annual total return for the periods ended September 30, 2016, but placed greater emphasis on the Fund’s longer term performance. The peer group considered by the Board Members was developed by Broadridge and was comprised of all retail U.S. Treasury money market funds, regardless of asset size or primary channel of distribution (the "Performance Peer Group"). The Board considered these comparisons helpful in their assessment as to whether the Manager was obtaining for the Fund's shareholders the total return performance that was available in the marketplace, given the Fund's investment objectives, strategies, limitations, and restrictions. In reviewing the performance of the Fund, the Board Members noted that the Fund's performance was in the top quintile of its Performance Peer Group for one, three, five, and ten year periods and concluded that the Fund's performance was reasonable in comparison with that of the Performance Peer Group.

In connection with its assessment of the performance of the Manager, the Board Members considered the Manager's financial condition and whether it had the resources necessary to continue to carry out its functions under the Management Agreement. The Board Members concluded that the Manager had the financial resources necessary to continue to perform its obligations under the Management Agreement and to continue to provide the high quality services that it has provided to the Fund to date.

3) The cost of the advisory services and the profits to the Manager and its affiliates from the relationship with the Fund.

In connection with the Board Members' consideration of the cost of the advisory services and the profits to the Manager and its affiliates from the relationship with the Fund, the Board Members considered a number of factors. First, the Board Members compared the level of the advisory fee for the Fund against the comparative Broadridge expense peer group ("Expense Peer Group"). The Board Members also considered comparative non-management fee expenses and comparative total fund expenses of the Fund and the Expense Peer Group. The Board Members considered this information as useful in assessing whether the Manager was providing services at a cost that was competitive with other similar funds. In assessing this information, the Board Members considered both the comparative contract rates as well as the level of the advisory fees after waivers and/or reimbursements. In particular, the Board Members noted that the Fund's advisory fee was below the Expense Peer Group median and that the total expense ratio was below the Expense Peer Group median.

The Board Members also considered an analysis prepared by the Manager of the estimated profitability to the Manager of its relationship with the Fund and reviewed with the Manager its cost allocation methodology in connection with its profitability. In this regard, the Board Members reviewed Pro Forma Income Statements of the Manager for the fiscal year ended December 31, 2015. The Board Members considered one analysis for the Manager as a whole, and a second analysis for the Manager with respect to the Fund. With respect to the Fund analysis, the Board Members received an analysis based on the Fund's average net assets during the period as well as a pro-forma analysis of profitability at higher asset levels. The Board Members concluded that the profitability of the Fund to the Manager under either analysis was not excessive.

4) The extent to which economies of scale will be realized as the Fund grows and whether fee levels reflect those economies of scale.

With respect to the Board Members' consideration of economies of scale, the Board Members discussed whether economies of scale would be realized by the Fund at higher asset levels. The Board Members also reviewed data from the Expense Peer Group to assess whether the Expense Peer Group funds had advisory fee breakpoints and, if so, at what asset levels. The Board Members also assessed whether certain of the Manager's costs would increase if asset levels rise. The Board Members noted the Fund's current size and concluded that under foreseeable conditions, they were unable to assess at this time whether economies of scale would be realized if the Fund were to experience significant asset growth. In the event there were to be significant asset growth in the Fund, the Board Members determined to reassess whether the advisory fee appropriately took into account any economies of scale that had been realized as a result of that growth.

5) Other Factors.

In addition to the above factors, the Board Members also discussed other benefits received by the Manager from its management of the Fund. The Board Members considered that the Manager did not use soft dollars in connection with its management of the Fund.

Based on a consideration of all these factors in their totality, the Board Members, including all of the Independent Board Members, determined that the Fund's advisory fee was fair and reasonable with respect to the quality of services provided and in light of the other factors described above that the Board Members deemed relevant. Accordingly, the Board Members determined to approve the continuation of the Fund's Management Agreement. The Board Members based their decision on evaluations of all these factors as a whole and did not consider any one factor as all important or controlling.

Portfolio Management Team Biographies

Judith A. Raneri joined GAMCO Investors, Inc. in 1989. Currently she is the Vice President and Senior Portfolio Manager of Gabelli Funds, LLC responsible for managing the Fund. Ms. Raneri received a B.S. with honors in Finance from Iona College.

Ronald S. Eaker joined GAMCO Investors, Inc. in 1987. Currently he is a Managing Director of Gabelli Fixed Income, LLC and a portfolio manager of Gabelli Funds, LLC. Mr. Eaker manages short term cash products and high grade intermediate fixed income products. Prior to joining Gabelli, Mr. Eaker was affiliated with Frank Henjes & Co. He is a graduate of Pennsylvania State University with a B.S. in Finance.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at www.sec.gov.

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THE GABELLI U.S. TREASURY MONEY MARKET FUND

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March 31, 2017