The Gabelli Asset Fund

Shareholder Commentary – March 31, 2017

(Y)our Portfolio Management Team




Mario J. Gabelli, CFA
Chief Investment Officer

Christopher J. Marangi
Co-Chief Investment Officer
BA, Williams College
MBA, Columbia Business School

Kevin V. Dreyer
Co-Chief Investment Officer
BSE, University of Pennsylvania
MBA,Columbia Business School

Jeffrey J. Jonas, CFA
Portfolio Manager
BS, Boston College

To Our Shareholders,

For the quarter ended March 31, 2017, the net asset value ("NAV") per Class AAA Share of The Gabelli Asset Fund increased 5.7% compared with an increase of 6.1% for the Standard & Poor's ("S&P") 500 Index. See page 2 for additional performance information.

First Quarter Commentary

The post-election rally of 2016 continued into the first quarter of 2017, with the U.S. equity market setting all-time highs. Rising expectations for lower taxes, regulatory reform, and increased fiscal spending have generated optimism for both businesses and consumers, and translated into higher stock prices. Robust hiring, falling unemployment, and firming wage growth opened the door for the Federal Reserve to raise short-term interest rates for the third time since the financial crisis, increasing the federal funds rate to ¾ to 1 percent in a widely anticipated move.

Warning bells rang, however, following the failure of the Republican-controlled Congress to repeal and replace the Affordable Care Act, a key promise of the Trump administration. After a long and extended run, markets finally took a pause to evaluate the new administration's ability to delivery on policy and to question the unity of a Republican party and consider the possibility of more Washington "gridlock". Failing to dismantle Obamacare caused markets to reassess the probability of a business friendly agenda, especially tax reform and a large infrastructure bill, over the next four years. At the same time, the rate increase serves as a reminder that rising rates often have a negative implication for stock price multiples. Earnings may always rise fast enough in order to compensate for this effect, but rising earnings are predicated on President Trump enacting at least some of his agenda – which is why political news continues to take center stage.

Comparative Results

Average Annual Returns through March 31, 2017 (a)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (3/3/86)
Class AAA (GABAX)	5.74%	14.90%	10.31%	6.81%	8.09%	11.83%
S&P 500 Index	6.07	17.17	13.30	7.51	7.09	10.33(d)
Dow Jones Industrial Average	4.98	19.56	12.04	8.03	7.31	11.21(d)
Nasdaq Composite Index	10.13	22.93	15.38	10.60	9.23	9.30(d)
Class A (GATAX)	5.74	14.88	10.31	6.81	8.09	11.83
With sales charge (b)	(0.34)	8.27	9.01	6.17	7.67	11.61
Class C (GATCX)	5.53	14.03	9.48	6.01	7.38	11.48
With contingent deferred sales charge (c)	4.53	13.03	9.48	6.01	7.38	11.48
Class I (GABIX)	5.81	15.19	10.58	7.05	8.26	11.92

In the current prospectuses dated April 29, 2016, the expense ratios for Class AAA, A, C, and I Shares are 1.35%, 1.35%, 2.10%, and 1.10%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.

(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 for periods prior to December 31, 1988. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days 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 S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Dow Jones Industrial Average and the Nasdaq Composite Index are unmanaged indicators of stock market performance. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance of the Class A Shares and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares.

(b) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.

(c) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

(d) S&P 500 Index, Dow Jones Industrial Average, and Nasdaq Composite Index since inception performance results are as of February 28, 1986.

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. Both the commentary and the financial statements, including the portfolio of investments, are available on our website at www.gabelli.com.

Outside the U.S., markets continue to digest the populist upheavals that have occurred not only in America, but around the globe. Theresa May invoked Article 50 of the Treaty on European Union, formally starting the process of the withdrawal of the United Kingdom. Presidential elections will be held soon in France, and while Marine Le Pen is still considered a long shot, political dynamics in 2016 have taught us not to rule her out. A Le Pen win could ultimately change the relationship EU members have with one another, or even lead to the dissolution of the group (and the euro) entirely. All this, combined with continued saber-rattling by North Korea and conflict in Syria, show that the world continues to be a tumultuous place. External, unanticipated events can and will impact the stock market.

With this backdrop, we believe this is a great time to research and pick individual stocks using our Private Market Value (PMV) with Catalyst™ selection process. The wide variety of policy initiatives of the new administration is generating catalysts and opportunities for corporate America and will likely stimulate global deal activity. At the same time, uncertainty may lead to attractive entry points for certain companies.

Deals, Deals & More Deals

Worldwide announced M&A activity totaled $777.7 billion during the first quarter of 2017, a 12% increase year over year. U.S. healthcare giant Johnson & Johnson's (0.3% of net assets as of March 31, 2017) $30 billion takeover of Swiss biotech Actelion Ltd was the largest so far this year, while U.K. household products maker Reckitt Benckiser (0.2%) agreed to pay $18 billion for U.S. baby formula producer Mead Johnson Nutrition. Other deals were attempted less successfully: Kraft Heinz's (0.1%) $143 billion "bear hug" bid for Unilever Plc (0.1%) was spurned, while Netherlands paint manufacturer Akzo Nobel NV rejected a $24 billion bid from Pittsburgh-based PPG Industries. More deal making could come once there is clarity on tax reform, as well as a better sense for regulatory scrutiny by the Trump administration.

Conclusion

While optimism is on the rise, we anticipate continued volatility in markets due to politics, monetary policy, or other external factors. We believe our bottom-up process of seeking high-quality companies trading at a discount to Private Market Value – the price an informed industrialist would pay to own an entire business – is as timely as ever. With M&A activity increasing, we expect industry consolidation to be an important catalyst for stock performance in coming quarters.

Investment Scorecard

The top contributors to performance in the first quarter included Twenty-First Century Fox Inc. (2.6% of net assets as of March 31,2017) (+16%), which appreciated as investors gained comfort with the pending Sky transaction, narrowing the valuation gap to other large media companies; Sony Corp. (1.2%) (+20%), which is recognized by its dominance of the $100 billion video game industry and its importance as a preferred supplier of image sensors to Apple Inc. (.07%), and also benefited from the strength of the Japanese yen; Ametek Inc. (1.6%) (+11%), which in February acquired Rauland-Borg, a manufacturer of communication devices for the healthcare industry which provides growth opportunities in the international and educational markets; Viacom Inc. (0.8%) (+27%), which appreciated as investors gained confidence in new CEO Bob Bakish's strategy, refocusing the company's channels around six key brands, and better using those brands to support the Paramount film slate; and Rogers Communications (1.1%) (+15%), which delivered solid fourth quarter results for revenue and operating profit growth, and announced guidance for a stronger growth profile (operating profit and cash flow growth of 2%-4%) for 2017.

Detractors from performance included Navistar International Corp. (0.4%) (-21%), which declined following the exceptionally strong 2016 stock performance due to the Volkswagon investment (which closed during the quarter) as the company's market share continues to disappoint; Telephone & Data Systems (1.0%) (-8%), which was impacted by the 14% decline in 83% owned US Cellular; Exxon Mobil (0.5%) (-8%), which gave back some of its 2016 second half gains as it continues to cope with prolonged low oil and natural gas prices; Cincinnati Bell (0.2%) (-20%), which declined on investor disappointment that meaningful FCF generation will be delayed until at least 2018 due to continued elevated CAPEX related to Fioptics rollout and $25 million in cash restructuring and severance charges; and US Cellular (0.3%) (-14%), which reported mixed fourth quarter 2016 results in early March, with weaker than expected revenues and subscriber net adds, but stronger EBITDA, and provided 2017 guidance that was softer than expected.

Let's Talk Stocks

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the share prices are listed first in United States dollars (USD) and second in the local currency, where applicable, and are presented as of March 31, 2017.

Aerojet Rocketdyne Holdings Inc. (0.4% of net assets as of March 31,2017) (AJRD – $21.70 – NYSE) (Cv. 4.0625%, 12/31/2039) is a leading manufacturer of liquid and solid propulsion systems. These systems are utilized for manned and unmanned spacecraft, launch vehicles, missile defense systems, tactical missiles, and armament system applications for aerospace and defense markets. With increasing tension with the Soviet Union, Congress passed legislation to stop using the Russian-made engines on the Atlas V, which sends military satellites to space, by 2021. AJRD is the leader in building liquid propellant rocket engines, with more than 60 years of space launch experience. AJRD's AR-1 is an American made alternative to foreign supplied engines, designed to integrate with the Atlas V and other launch vehicles with minimal changes to the vehicle, launch pad, and related infrastructure. AJRD received funding for the development of this rocket engine, which could generate future recurring revenues after production. Further, AJRD owns approximately 5,300 acres of land near Sacramento, California, that is in various stages of entitlement for residential development. In June 2015, the company sold about 700 acres for the development of residential and commercial properties. We believe AJRD could monetize all of its real estate holdings over time, and thereby increase it's per share private market value.

Bank of New York Mellon Corp. (1.2%) (BK – $47.23 – NYSE) is a global leader in providing financial services to institutions and individuals. The company operates in more than one hundred markets worldwide and strives to be the global provider of choice for investment management and investment services. As of December 31, 2016, the firm had $30.0 trillion in assets under custody and $1.7 trillion in assets under management. Going forward, we expect BK to benefit from rising global incomes and the cross border movement of financial transactions. We believe BK is also well positioned to grow earnings in a rising interest rate environment, given its large customer cash deposits and significant loan book.

Berkshire Hathaway Inc. (1.6%) (BRK-A – $249.850 – NYSE), based in Omaha, Nebraska, is the holding company for a diverse group of operating subsidiaries, including insurance, freight rail transportation, utilities and energy, finance, services, and retailing. The subsidiaries operate in an autonomous fashion, while investment and capital allocation decisions are managed by 86 year-old Warren Buffett in consultation with 92 year-old Charlie Munger. From 1965 through December 31, 2016, the firm had an annual compounded gain on book value of 19.0%.

Genuine Parts Co. (1.6%) (GPC – $92.41 – NYSE) is an Atlanta, Georgia-based distributor of automotive and industrial replacement parts, office products, and electrical and electronic components. We expect GPC's well known NAPA Auto Parts group to benefit as an aged vehicle population, which includes the highest percentage of off warranty vehicles in history, helps drive sales of automotive aftermarket products over the next several years. Additionally, economic indicators remain supportive of the company's industrial and electrical parts distribution businesses amid steady economic expansion. Finally, GPC's management has shown consistent dedication to shareholder value via share repurchases and dividend increases.

Honeywell International Inc. (1.4%) (HON – $124.87 – NYSE) operates as a diversified technology company with highly engineered products, including turbine propulsion engines, auxiliary power units, turbochargers, brake pads, environmental and combustion controls, sensors, security and life safety products, resins and chemicals, nuclear services, and process technology for the petrochemical and refining industries. One of the key drivers of HON's growth is acquisitions that increase the company's growth profile globally, creating both organic and inorganic opportunities. The company recently acquired Elster Industries, a leading provider of thermal gas solutions, smart meters, software and data analytics for the commercial, industrial and residential heating market. Elster's gas business offers products in high demand among natural gas customers and brings a strong, global distribution network and numerous cross-selling opportunities for existing HON technologies to new customers. Elster's gas, electric, and water meters are highly valued for their reliability, safety and accuracy. The company maintains an installed base of more than 200 million meter modules deployed over the course of the last 10 years that generate significant recurring revenues. We believe acquisitions such as Elster should drive meaningful and sustained growth for HON spurred by global energy efficiency initiatives and natural resource management.

Mondelēz International Inc. (0.7%) (MDLZ – $43.08 – NASDAQ), headquartered in Deerfield, Illinois, is the renamed Kraft Foods Inc. following the tax-free spin-off to shareholders of the North American grocery business on October 1, 2012. Following the contribution of coffee into a new joint venture, nearly 85% of Mondelēz's $26 billion of revenue is derived from snacking, including leading brands such as Oreo, LU and Ritz biscuits, Trident gum, and Cadbury and Milka chocolates. On July 2, 2015 Mondelēz combined its coffee business with D.E Master Blenders 1753 to form a new coffee company, Jacobs Douwe Egberts. Subsequently, MDLZ exchanged part of its stake in this coffee joint venture for 24% ownership in Keurig Green Mountain, which was acquired by an investor group led by JAB Holding Co. in March 2016. This narrows the company's product focus, as only 15% of revenue will be outside snacks — mostly Tang beverages and other products including Philadelphia cream cheese, which management may look to divest in the future as it executes on its plan to accelerate growth and improve margins in the faster growing snack business.

Mueller Water Products (.02%) (MWA – $11.82 – NYSE) is one of the most recognized brands for products used in the distribution and measurement of water in North America. The company possesses one of the largest installed bases of fire hydrants and iron gate valves in the United States, and is thus well-positioned to benefit from the expected increases in both water infrastructure spending and new residential construction. In addition, Mueller has a fast-growing water metering and leak detection business designed to take advantage of the large shift to advanced metering in the water industry. In early 2017, MWA announced the sale of its Anvil business for $315 million as well as the appointment of J. Scott Hall as President and CEO. The cash generated from the sale and the company's consistent cash flow generation should enable Mueller to further expand its portfolio of industry-leading products for the water infrastructure market as well as increase returns of capital to shareholders.

Ryman Hospitality Properties Inc. (0.2%) (RHP – $61.83 – NYSE) is a Nashville, Tennessee-based REIT that owns group meeting-focused hotels in Nashville, Tennessee; Orlando, Florida; Dallas, Texas, and Washington, D.C. The company also owns a 35% stake in Gaylord Rockies, a 1,500 room development outside of Denver, Colorado, which is set to open in late 2018. Other assets include the iconic Opryland, the Ryman Auditorium, the General Jackson Showboat, and Nashville-based radio station WSM-AM. The Ryman team is focused on taking advantage of strong convention bookings trends by investing capital into its existing properties and driving margin expansion by increasing occupancy and room rates. Finally, as the leading country music entertainment brand, the monetization and potential spinoff of the Entertainment assets, including the Grand Ole Opry, also remains a significant catalyst for RHP shares.

Republic Services Inc. (1.5%) (RSG – $62.81 – NYSE), based in Phoenix, Arizona, became the second largest solid waste company in North America after its acquisition of Allied Waste Industries in December 2008. Republic provides nonhazardous solid waste collection services for commercial, industrial, municipal, and residential customers in thirty-nine states and Puerto Rico. Republic serves more than 2,800 municipalities and operates 192 landfills, 204 transfer stations, 333 collection operations, and 64 recycling facilities. Since the Allied merger, Republic has benefited from synergies driven by route density, beneficial use of acquired assets, and reduction in redundant corporate overhead. Republic is committed to its core solid waste business. While other providers have strayed into alternative waste resource technologies and strategies, we view Republic's plan to remain steadfast in the traditional solid waste business positively. We expect continued solid waste growth acquisitions, earnings improvement, and incremental route density and internalization growth in already established markets to generate real value in the near to medium term, highlighting the company's potential.

Twenty-First Century Fox Inc. (2.7%) (FOXA/FOX – $32.39/$31.78 – NASDAQ) is a diversified media company with operations in cable network television, television broadcasting, filmed entertainment, and direct broadcast satellite television. Cable networks account for 70% of the company's EBITDA and benefit from contractually recurring affiliate fees and exposure to the fast growing global pay television market. We expect the company to benefit from rising demand for premium content, driven by emerging distribution platforms such as Netflix, retransmission revenue, and aggressive share repurchases. We believe the acquisition of satellite TV provider Sky plc will be accretive to value.

April 17, 2017

Top Ten Holdings (Percent of Net Assets)
March 31, 2017

Twenty-First Century Fox Inc.	2.7%	Republic Services Inc.	1.5%
Brown-Forman Corp.	1.7%	Honeywell International Inc.	1.4%
Berkshire Hathaway Inc.	1.6%	Diageo Plc	1.3%
Ametek Inc.	1.6%	American Express Co.	1.3%
Genuine Parts Co.	1.6%	Swedish Match Ab	1.3%

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Managers only through the end of the period stated in this Shareholder Commentary. The Portfolio Managers' views are subject to change at any time based on market and other conditions. The information in this Portfolio Managers' Shareholder Commentary represents the opinions of the individual Portfolio Managers 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 Managers 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.

Minimum Initial Investment – $1,000

The Fund's minimum initial investment for regular accounts is $1,000. There are no subsequent investment minimums. No initial minimum is required for those establishing an Automatic Investment Plan. Additionally, the Fund and other Gabelli/GAMCO Funds are available through the no-transaction fee programs at many major brokerage firms. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. See the prospectuses for more details.

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 Prospectus via e-delivery. For more information or to sign up for e-delivery, please visit our website at www.gabelli.com.

Multi-Class Shares

The Gabelli Asset Fund began offering additional classes of Fund shares on December 31, 2003. Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Trustees determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

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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 and affiliates 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.

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

Portfolio Management Team Biographies

Mario J. Gabelli, CFA, 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 Executive 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.

Christopher J. Marangi joined Gabelli in 2003 as a research analyst. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc.'s Value team. In addition, he currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Marangi graduated magna cum laude and Phi Beta Kappa with a BA in Political Economy from Williams College and holds an MBA with honors from Columbia Business School.

Kevin V. Dreyer joined Gabelli in 2005 as a research analyst covering companies within the consumer sector. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc.'s Value team. In addition, he currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Dreyer received a BSE from the University of Pennsylvania and an MBA from Columbia Business School.

Jeffrey J. Jonas, CFA, joined Gabelli in 2003 as a research analyst. He focuses on companies in the cardiovascular, healthcare services, and pharmacy benefits management sectors, among others. He also serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Jonas was a Presidential Scholar at Boston College, where he received a BS in Finance and Management Information Systems.

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

t 800-GABELLI (800-422-3554)
f 914-921-5118
e info@gabelli.com
GABELLI.COM

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

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

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