



**Average Annual Returns through March 31, 2017 (a) (Unaudited)**

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (5/14/93)
<b>AAA Shares (GABCX)</b> .....	0.59%	2.88%	2.81%	3.13%	3.82%	5.76%
<b>Advisor Shares (GADVX)</b> .....	0.60	2.75	2.56	2.88	3.65	5.66
S&P Long-Only Merger Arbitrage Index .....	1.33	1.87	3.85	N/A(b)	N/A(b)	N/A(b)
Lipper U.S. Treasury Money Market Fund Average ..	0.04	0.08	0.02	0.46	0.96	2.21(c)
Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index .....	0.10	0.36	0.14	0.69	1.24	2.65
S&P 500 Index .....	6.07	17.17	13.30	7.51	7.09	9.43(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.**

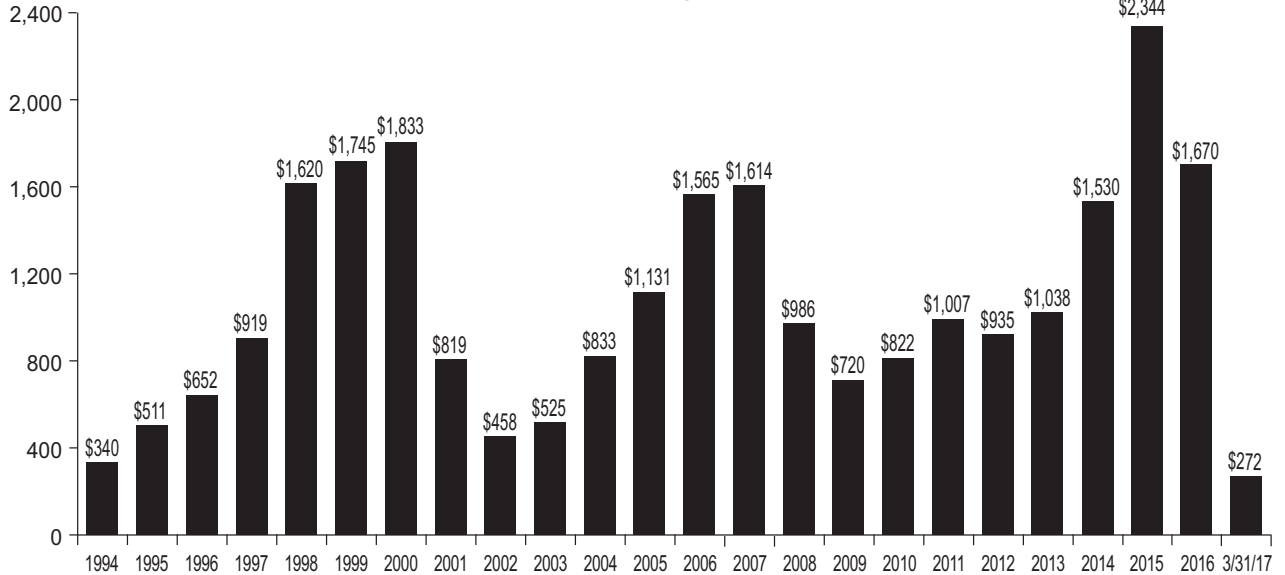
(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, 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](http://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, 2007. 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](http://www.gabelli.com). The S&P Long-Only Merger Arbitrage Index is comprised of a maximum of 40 large and liquid stocks that are active targets in pending merger deals. The Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. The Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the rebalancing (month end) date. 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 except for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill 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 the Advisor Class Shares on May 1, 2007. The actual performance of the Advisor Class Shares would have been lower due to the additional expenses associated with this class of shares.*

(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

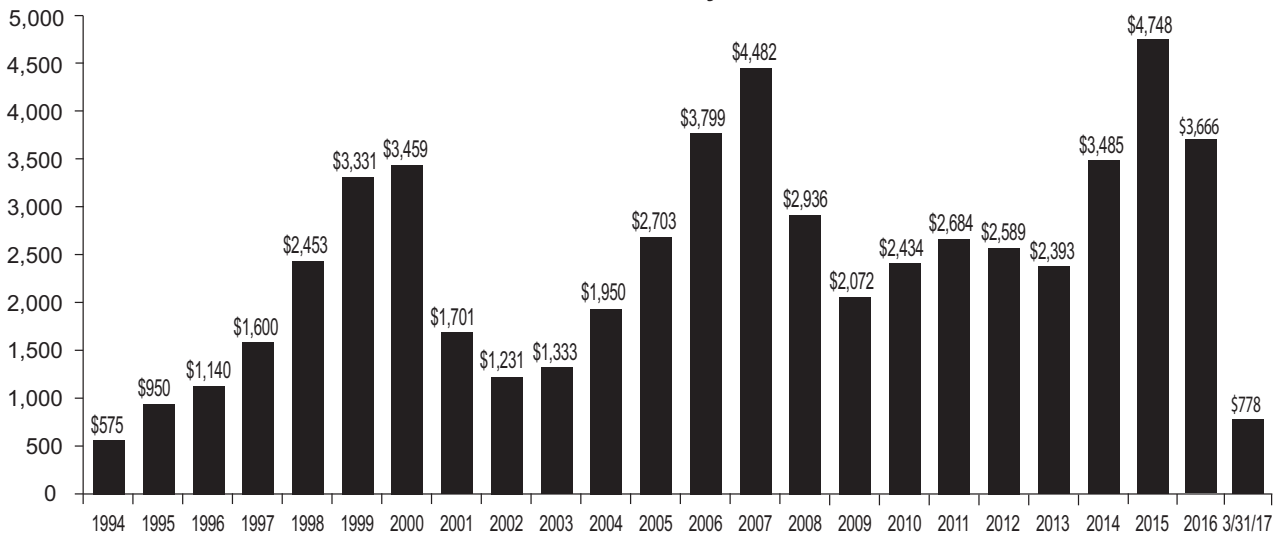
### U.S. Deal Activity



Source: Thomson Reuters/Gabelli Research

US\$ Billions

### Global Deal Activity



Source: Thomson Reuters/Gabelli Research

targets totaled \$225 billion during the quarter, which represents a 29% increase compared with first quarter 2016 levels. Although European M&A activity was strong in the first quarter, Asia Pacific deal activity was weak as volumes declined 14% compared to the first quarter of 2016. This was driven by Chinese volumes being down 22% year over year.

Energy and Power sector deal activity remained robust in the first quarter of 2017. Deal volumes in the space were \$139.6 billion during the first quarter of 2017, a 62% increase over 2016 levels. Financials and Healthcare rounded out the top three sectors for the quarter.

As the Federal Reserve continues to raise rates, it is important to recall that, historically, there has been a positive correlation between interest rates and arbitrage spreads. This is due to the fact that the spread is driven by the risks inherent to a particular deal as well as the risk-free rate. Typically, as the risk-free rate rises, so too do annualized spreads. Corporations continue to have high cash balances and an appetite to grow inorganically, which we anticipate will continue to drive M&A into the future.

We would like to take this opportunity to update our shareholders regarding our investments in contingent value rights, also known as CVRs. CVRs are often used as a tool to bridge gaps in valuation when a buyer and seller are negotiating a merger agreement. In the simplest form, CVRs basically entitle shareholders to additional consideration at some future date, contingent on the achievement of certain milestones. For example, we oftentimes see CVRs utilized in pharmaceutical deals; shareholders will be given a CVR as a component of the merger consideration and these CVRs will entitle holders to a future payout upon certain drug milestones being met such as FDA approval or certain revenue thresholds.

In 2016, we purchased shares of Media General which was acquired by Nexstar Broadcasting. The cash/stock deal included a CVR component, tied to the sale of spectrum owned by Media General in the FCC incentive auction. At the closing of the merger on January 18, 2017, the implied value of the CVR was \$0.31. On February 28, 2017, Nexstar announced that the anticipated proceeds from the CVR were \$1.70 - \$2.10. This situation highlights the potential upside of investing in CVRs.

## **Closed Deals**

*Ariad Pharmaceuticals Inc. (ARIA)* is a Cambridge, Massachusetts-based oncology company. Ariad develops and commercializes medicine for cancer treatment. On January 9, 2017, Ariad agreed to be acquired by Takeda Pharmaceuticals for \$24.00 cash per share. The tender offer valued Ariad at \$5.2 billion and was subject to regulatory approvals and other custom closing conditions. The deal closed February 16, 2017. The Fund earned an 11.96% annualized return.

*Clarcor Inc. (CLC)* is a Franklin, Tennessee-based filtration products company. On December 1, 2016, Parker Hannifin announced it would acquire Clarcor for \$83 cash per share, or \$4.3 billion. The merger closed on March 10, 2017 after receiving the necessary regulatory and shareholder approvals. The Fund earned a 7.67% annualized return.

*Columbia Pipeline Partners LP (CPPL)* is a Houston, Texas-based natural gas transportation and storage company. CPPL owns, operates pipeline and related midstream assets. On November 1, 2016, the partnership agreed to be acquired by Columbia Pipeline Group Inc., a subsidiary of TransCanada Corp., for \$17.00 cash per unit representing an aggregate value of \$915 million. The transaction was subject to shareholder vote and regulatory approval and closed on February 17, 2017. The Fund earned a 25.80% annualized return.

*Endurance Specialty Holdings Ltd. (ENH)* is a Bermuda-based holding company that underwrites specialty insurance. It operates in two segments, insurance and reinsurance. On October 5, 2016, the company agreed to be acquired for \$93 cash per share by SOMPO Holdings Ltd of Japan. This would value the company at \$6.3 billion. The deal was subject to regulatory approval and a shareholder vote and closed on March 29, 2017. The Fund earned a 6.48% annualized return.

*Harman International Industries Inc. (HAR)* is a Stamford, Connecticut-based consumer electronics company. Harman designs and engineers connected products. On November 14, 2016 Harman agreed to be acquired by Samsung Electronics for \$112 per share in cash, representing an \$8 billion equity value. The deal was subject to shareholder vote and regulatory approvals and closed on March 10, 2017. The Fund earned an 8.19% annualized return.

*LifeLock Inc. (LOCK)* is a Tempe, Arizona-based provider of identity theft protection services. On November 20, 2016, LifeLock agreed to be acquired by Symantec Corp. for \$24 cash per share or \$2.3 billion in enterprise value. The transaction was subject to both shareholder vote and regulatory approvals and closed on February 9, 2017. The Fund earned a 3.33% annualized return.

*Media General Inc. (MRG)* is a Richmond, Virginia-based multimedia company. MRG provides news and entertainment through its broadcast and digital platforms. On September 28, 2015, Nexstar Broadcasting Group Inc. announced a proposal to acquire Media General for \$10.50 per share in cash and a fixed ratio of 0.1249 Nexstar share per Media General share. The offer also included one contingent value right based on proceeds from the FCC spectrum auction. This deal came after Media General attempted to acquire Meredith Corporation in a merger of equals. All in, the transaction was valued at \$4.6 billion and closed on January 17, 2017. Given the CVR component, no return information will be provided.

*Mentor Graphics Corp. (MENT)* is a Wilsonville, Oregon-based supplier of electronic design automation tools. On November 14, 2016, Siemens offered shareholders \$37.25 cash per share in a \$4.5 billion transaction. Subject to regulatory and shareholder approvals, we expect the deal to close in the second quarter of 2017. The Fund earned an 7.09% annualized return.

*St. Jude Medical Inc. (STJ)* is a Saint Paul, Minnesota-based medical device company. On April 28, 2016, St. Jude agreed to be acquired by Abbott Laboratories for \$46.75 per share in cash and 0.8708 share of Abbott stock representing roughly \$25 billion of value. The transaction closed on January 4, 2017. Given the cash/stock component, annualized returns will not be provided.

*Team Health Holdings Inc. (TMH)* is a Knoxville, Tennessee-based healthcare facility company. The company provides professional medical staff sourcing to hospitals and other healthcare providers across the United States. On October 31, 2016, the firm entered into a deal with The Blackstone Group for a \$43.50 cash per share merger. This values TMH at \$6.1 billion. The deal was subject to both regulatory and shareholder approvals, with the addition of a “go-shop” period and closed on February 7, 2017. The Fund earned a 21.25% annualized return.

*The Empire District Electric Company (EDE)* is a regulated utility company with operations in Missouri, Kansas, Oklahoma, and Arkansas. On February 9, 2016, EDE entered into an agreement to be acquired by Algonquin Power & Utilities Corp. for \$34 cash per share. This transaction valued EDE at \$2.4 billion dollars, and was subject to regulatory approval and shareholder votes. The merger closed on January 1, 2017. The Fund earned a 2.9% annualized return.

*Vascular Solutions Inc. (VASC)* is a Minneapolis, Minnesota-based medical device company. VASC develops and markets medical diagnostic equipment specializing in cardiovascular treatment. On December 2, 2016, the company agreed to a \$56 cash per share merger with Teleflex Inc., valuing VASC at \$1 billion. The deal was subject to traditional regulatory and shareholder approvals, and closed on February 21, 2017. The Fund earned a 2.42% annualized return.

## **Deals in the Pipeline**

*Actelion LTD. (3.0% of net assets as of March 31, 2017) (ATLN – \$282.23/CHF 282.70 – VTX)* is an Allschwil, Switzerland-based biotech company. Actelion discovers, develops and distributes drugs targeting pulmonary arterial hypertension. On January 26, 2017 Actelion agreed to be acquired by Johnson & Johnson for \$280 USD cash per share in a \$30 billion tender. Immediately prior to the completion of the transaction, Actelion will spin out its drug discovery operations into a newly created Swiss Biotech company “R&D NewCo” which will be listed on the SIX Swiss Exchange. Shares of “R&D NewCo” will be distributed to Actelion shareholders as a stock dividend. The transaction is expected to close by the end of the second quarter of 2017.

*Air Methods Corporation (0.2%) (AIRM – \$43.00 – NASDAQ)* is an Englewood, Colorado-based healthcare facilities and services company. Air Methods core operations are focused on emergency transport services. A smaller piece of AIRM offers air tourism services to travelers. On March 14, 2017, Air Methods agreed to be acquired by American Securities LLC for \$43 cash per share in a \$2.5 billion tender. Completion of the transaction is contingent upon the satisfaction of the minimum tender condition and regulatory approvals. The deal is expected to close by the end of the second quarter of 2017.

*Alere Inc. (0.2%) (ALR – \$39.73 – NYSE)* is a Waltham, Massachusetts-based medical equipment company. Alere distributes diagnostic tests to professionals and end consumers. On February 1, 2016, Alere agreed to be acquired by Abbott Laboratories for \$56 per share in cash, an \$8.4 billion total consideration. Since then, Alere has had various corporate issues including delayed financials and government subpoenas which has led Abbott to sue in court and attempt to terminate the merger. A trial is set for late April. The deal is subject to regulatory approvals and shareholder vote and is expected close by the end of 2017.

*Chemtura Corp. (0.5%) (CHMT – \$33.40 – NYSE)* is a Middlebury, Connecticut-based specialty chemical company. On September 25, 2016, Chemtura agreed to be acquired by LANXESS for \$33.50 per share in cash, representing a total transaction value of \$2.5 billion. The deal is subject to regulatory and shareholder approvals and is expected to close in mid-2017.

*CST Brands Inc. (1.8%) (CST – \$48.09 – NYSE)* is a San Antonio, Texas-based gas station and convenience store operator. On August 22, 2016, CST agreed to be acquired by Alimentation Couche-Tard Inc. for \$48.53 per share in cash representing a total enterprise value of \$4.4 billion. The deal is subject to regulatory approvals and a shareholder vote and is expected to close in the second quarter of 2017.

*Joy Global Inc. (1.2%) (JOY – \$28.25 – NYSE)* is a mining equipment company based in Milwaukee, Wisconsin. Joy Global manufactures mining equipment for the extraction of metals and minerals and also provides clients with the servicing of this machinery. On July 21, 2016, Komatsu entered into a \$28.30 cash per share merger with Joy, valued at \$2.8 billion. The deal closed April 5, 2017.

*Multi Packaging Solutions International Ltd. (0.1%) (MPSX – \$17.95 – NYSE)* is a New York, New York-based paper and packaging company. On January 24, 2016, MPSX agreed to be acquired by WestRock for \$18 per share in cash, representing a total enterprise value of \$2.28 billion. The deal is subject to regulatory and shareholder approval and is expected to close in the third quarter of 2017.

*Time Warner Inc. (0.4%) (TWX – \$97.71 – NYSE)* is a New York, New York-based entertainment company. Through a variety of brands, including HBO, Turner, and Warner Bros, the company produces and distributes a wide array of entertainment and media products. On October 22, 2016, AT&T agreed to acquire Time Warner for \$53.75 cash plus \$53.75 worth of AT&T stock, subject to a collar. The deal requires both shareholder and regulatory approvals, and values Time Warner at \$108.7 billion. The deal should close prior to year-end 2017.

*Rite Aid Corp. (0.5%) (RAD – \$4.25 – NYSE)* is a Camp Hill, Pennsylvania-based retail drugstore chain. On October 27, 2015 Rite Aid agreed to be acquired by Walgreens Boots Alliance Inc. for \$9 cash per share in a \$17.2 billion merger. The transaction is subject to regulatory approval and a shareholder vote and is expected to close by the end of July 2017.

*VCA Inc. (1.3%) (WOOF – \$91.50 – NASDAQ)* is a Los Angeles, California-based veterinary services company with operations in North America. On January 9, 2017, WOOF agreed to be acquired by Mars Inc. for \$93 per share in cash, representing a total value of \$9.1 billion. The deal is subject to regulatory and shareholder approvals and is expected to close in the third quarter of 2017.

*Westar Energy Inc. (1.9%) (WR – \$54.27 – NYSE)* is a Topeka, Kansas-based electric utility company. On May 31, 2016 Westar agreed to be acquired by Great Plains Energy for \$60 per share, \$51 in cash considerations and \$9.00 in Great Plains Energy common stock for a total value of \$12.2 billion. The deal is subject to shareholder and regulatory approvals and is expected to close in the spring of 2017.

The WhiteWave Foods Co. (1.7%) (WWAV – \$56.15 – NYSE) is a food and beverage company based in Denver, Colorado. WhiteWave focuses on branded, plant-based food and beverages. Two of its most popular product lines are the “Silk” Almond Milk and “So Delicious” branded products. WhiteWave agreed to be acquired by Danone for \$56.25 cash per share in a \$12.5 billion merger. The merger closed April 12, 2017.

April 17, 2017

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

Actelion Ltd.	3.0%	WhiteWave Foods Co.	1.7%
Valspar Corp.	2.2%	VCA Inc.	1.3%
Lennar Corp.	2.0%	Parmalat S.p.A	1.3%
Westar Energy Inc.	1.9%	Joy Global Inc.	1.2%
CST Brands Inc.	1.8%	Level 3 Communications Inc.	1.0%

**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](http://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](mailto: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](http://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](http://www.gabelli.com).

## Gabelli/GAMCO Funds and Your Personal Privacy

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### 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](http://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](http://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 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.

**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.

**Geoffrey P. Astle** is involved in the analytics and foreign and domestic trading for the Gabelli merger arbitrage portfolios, specific to our U.S. mutual funds. He has been associated in this capacity since 2007. Mr. Astle earned a Bachelor of Science in both Finance and Marketing from Fairfield University.

## THE GABELLI ABC FUND

One Corporate Center  
Rye, NY 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

e [info@gabelli.com](mailto:info@gabelli.com)

[GABELLI.COM](http://GABELLI.COM)

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

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### BOARD OF DIRECTORS

Mario J. Gabelli, CFA  
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Chief Executive Officer,  
GAMCO Investors, Inc.  
Executive Chairman,  
Associated Capital Group Inc.

Anthony J. Colavita  
President,  
Anthony J. Colavita, P.C.

Vincent D. Enright  
Former Senior Vice President  
and Chief Financial Officer,  
KeySpan Corp.

Mary E. Hauck  
Former Senior Portfolio  
Manager,  
Gabelli-O'Connor Fixed Income  
Mutual Fund Management Co.

Kuni Nakamura  
President,  
Advanced Polymer, Inc.

Werner J. Roeder, MD  
Former Medical Director,  
Lawrence Hospital

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President

John C. Ball  
Treasurer

Andrea R. Mango  
Secretary

Agnes Mullady  
Vice President

Richard J. Walz  
Chief Compliance Officer

### DISTRIBUTOR

G.distributors, LLC

### CUSTODIAN, TRANSFER AGENT, AND DIVIDEND DISBURSING AGENT

State Street Bank and Trust  
Company

### LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &  
Flom LLP

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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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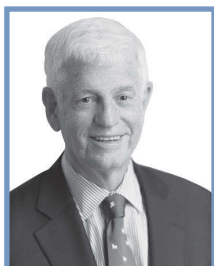
GABELLI  
FUNDS

# THE GABELLI ABC FUND

*Shareholder Commentary*  
*March 31, 2017*

# The Gabelli ABC Fund

First Quarter Report — March 31, 2017  
(Y)our Portfolio Management Team



**Mario J. Gabelli, CFA**  
Chief Investment Officer



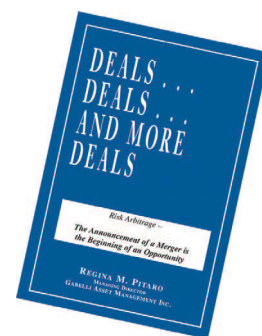
**Ryan N. Kahn, CFA**  
Analyst  
Mr. Kahn is a graduate  
of Babson College.



**Gian Maria Magrini, CFA**  
Analyst  
Mr. Magrini is a graduate  
of Fordham University.



**Geoffrey P. Astle**  
Analyst  
Mr. Astle is a graduate  
of Fairfield University.



*“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 March 31, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli ABC Fund increased 0.6% compared with an increase of 1.3% 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 period was 0.1%. See page 2 for additional performance information.

Enclosed is the schedule of investments as of March 31, 2017.

## Comparative Results

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S&P 500 Index . . . . .	6.07	17.17	13.30	7.51	7.09	9.43(c)

**In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA and the Advisor Class Shares are 0.60% and 0.85%, 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](http://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, 2007. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after 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](http://www.gabelli.com). The S&P Long-Only Merger Arbitrage Index is comprised of a maximum of 40 large and liquid stocks that are active targets in pending merger deals. The Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. The Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the rebalancing (month end) date. 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 except for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill 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 the Advisor Class Shares on May 1, 2007. The actual performance of the Advisor Class Shares would have been lower due to the additional expenses associated with this class of shares.*
- (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 — March 31, 2017 (Unaudited)

Shares		Market Value	Shares		Market Value
<b>COMMON STOCKS — 36.7%</b>			<b>Computer Software and Services — 0.2%</b>		
<b>Aerospace — 0.1%</b>			<b>Consumer Products — 0.1%</b>		
1,000	B/E Aerospace Inc.	\$ 64,110	165,000	Covisint Corp. †	\$ 338,250
30,000	KLX Inc. †	1,341,000	68,800	DH Corp.	1,305,795
		<u>1,405,110</u>	100,000	Digi International Inc. †	1,190,000
			17,037	Donnelley Financial Solutions, Inc. †	328,644
<b>Automotive: Parts and Accessories — 0.3%</b>			5,000	Halogen Software Inc. †	46,735
3,800	Adient plc	276,146	52,000	iGO Inc. †	150,020
413,000	Federal-Mogul Holdings Corp. †	4,130,000	5,000	InterXion Holding NV †	197,800
3,600	Mobileye NV †	221,040	2,000	Yahoo! Inc. †	92,820
		<u>4,627,186</u>			<u>3,650,064</u>
<b>Aviation: Parts and Services — 0.1%</b>			<b>Consumer Services — 0.0%</b>		
65,000	Arconic Inc.	1,712,100	70,000	Avon Products Inc. †	308,000
<b>Broadcasting — 0.0%</b>			22,000	Bang & Olufsen A/S †	304,434
8,000	Cogeco Inc.	358,296	19,000	Edgewell Personal Care Co. †	1,389,660
15,000	MSG Networks Inc., Cl. A †	350,250			<u>2,002,094</u>
		<u>708,546</u>	<b>Consumer Services — 0.0%</b>		
<b>Building and Construction — 2.3%</b>			300,000	Corinthian Colleges Inc. †	300
12,000	Headwaters Inc. †	281,760	1,000	Liberty Interactive Corp. QVC Group, Cl. A †	20,020
38,000	Johnson Controls International plc	1,600,560			<u>20,320</u>
705,000	Lennar Corp., Cl. B	29,469,000	<b>Diversified Industrial — 0.3%</b>		
48,000	Norbord Inc., Toronto	1,366,169	5,000	Fortune Brands Home & Security Inc.	304,250
		<u>32,717,489</u>	150,000	Haldex AB	1,996,228
<b>Business Services — 0.5%</b>			10,000	Handy & Harman Ltd. †	272,000
18,000	Blackhawk Network Holdings Inc. †	730,800	30,000	Katy Industries Inc. †	5,700
100,000	Diebold Nixdorf Inc.	3,070,000	40,000	Myers Industries Inc.	634,000
52,628	exactEarth Ltd. †	55,404	10,400	SLM Solutions Group AG †	413,280
50,059	Global Sources Ltd. †	412,987	17,000	Wartsila OYJ Abp	909,503
20,000	GrainCorp Ltd., Cl. A	138,895			<u>4,534,961</u>
5,001	LSC Communications Inc.	125,813	<b>Electronics — 0.8%</b>		
64,000	RDM Corp.	261,804	290,600	Axis Communications AB	11,026,432
22,033	RR Donnelley & Sons Co.	266,820	<b>Energy and Utilities — 3.4%</b>		
633,500	TIO Networks Corp. †	1,567,256	64,800	Alerion Cleanpower SpA	203,239
		<u>6,629,779</u>	920,000	Alvopetro Energy Ltd., Toronto †	138,361
<b>Cable and Satellite — 1.2%</b>			25,000	Anadarko Petroleum Corp.	1,550,000
1,000	AMC Networks Inc., Cl. A †	58,680	11,500	Apache Corp.	590,985
13,000	Charter Communications Inc., Cl. A †	4,255,160	40,000	Avangrid Inc.	1,709,600
55,000	Liberty Global plc, Cl. A †	1,972,850	17,500	Clayton Williams Energy Inc. †	2,311,400
105,000	Liberty Global plc, Cl. C †	3,679,200	5,000	Delta Natural Gas Co. Inc.	151,750
8,020	Liberty Global plc LiLAC, Cl. A †	178,365	20,000	Endesa SA	470,033
18,076	Liberty Global plc LiLAC, Cl. C †	416,471	1,000	Etablissements Maurel et Prom †	3,552
620,000	Sky plc	7,581,532	36,000	EXCO Resources Inc. †	22,316
		<u>18,142,258</u>	44,000	Gas Natural Inc.	558,800
<b>Computer Hardware — 1.3%</b>			500,000	Gulf Coast Ultra Deep Royalty Trust †	50,050
1,035,000	Brocade Communications Systems Inc.	12,916,800	4,500	Hess Corp.	216,945
504,107	Nimble Storage Inc. †	6,301,337	15,000	Interoil Contingent Resource Payment †	62,700
		<u>19,218,137</u>	100,000	Midcoast Energy Partners LP	805,000
			60,000	National Fuel Gas Co.	3,577,200
			42,000	Noble Energy Inc.	1,442,280
			130,000	Severn Trent plc	3,879,722

See accompanying notes to schedule of investments.





# The Gabelli ABC Fund

## Schedule of Investments (Continued) — March 31, 2017 (Unaudited)

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS (Continued)</b>				
	<b>Metals and Mining (Continued)</b>		52,000	NeuStar Inc., Cl. A†	\$ 1,723,800
85,000	Whiting Petroleum Corp.†	\$ 804,100	100,000	Pharol SGPS SA	40,112
		<u>24,655,336</u>	620,000	Sprint Corp.†	5,381,600
			108,000	Telenet Group Holding NV†	<u>6,423,222</u>
					<u>39,073,554</u>
	<b>Publishing — 0.3%</b>				
5,000	Meredith Corp.	323,000			
14,000	Telegraaf Media Groep NV	92,479	2,500	<b>Transportation — 0.0%</b>	
135,000	The E.W. Scripps Co., Cl. A†	3,164,400		XPO Logistics Europe SA†	<u>534,202</u>
6,000	tronc Inc.†	<u>83,520</u>			
		<u>3,663,399</u>			
	<b>Real Estate Investment Trusts — 0.3%</b>				
500	American Tower Corp.	60,770	14,000	<b>Wireless Communications — 0.5%</b>	
15,700	Brookfield Canada Office Properties	368,933	106,500	Blackberry Ltd.†	108,500
200,000	Milestone Apartments Real Estate Investment Trust	<u>3,245,479</u>	7,500	Millicom International Cellular SA, SDR	5,939,084
		<u>3,675,182</u>	13,000	T-Mobile US Inc.†	484,425
				United States Cellular Corp.†	<u>485,290</u>
					<u>7,017,299</u>
				<b>TOTAL COMMON STOCKS</b>	<u>533,270,107</u>
				<b>PREFERRED STOCKS — 0.0%</b>	
				<b>Financial Services — 0.0%</b>	
116,000	Cabela's Inc.†	6,160,760	9,968	Steel Partners Holdings LP, 6.000%, 02/07/26	<u>221,788</u>
539,100	CST Brands Inc.	25,925,319			
22,000	Macy's Inc.	652,080			
1,650,000	Rite Aid Corp.†	<u>7,012,500</u>	3,000	<b>Telecommunications — 0.0%</b>	
		<u>39,750,659</u>		Cincinnati Bell Inc., 6.750%, Ser. B	<u>148,560</u>
				<b>TOTAL PREFERRED STOCKS</b>	<u>370,348</u>
	<b>Semiconductors — 1.7%</b>				
129,400	AIXTRON SE†	480,808			
276,965	Exar Corp.†	3,603,315	201,000	<b>RIGHTS — 0.2%</b>	
128,000	GigPeak Inc.†	394,240		<b>Entertainment — 0.0%</b>	
1,000,000	InvenSense Inc.†	12,630,000		Media General Inc., expire 12/31/17†	<u>343,710</u>
2,000	MoSys Inc.†	4,180			
77,000	NXP Semiconductors NV†	<u>7,969,500</u>	110,600	<b>Health Care — 0.1%</b>	
		<u>25,082,043</u>	187,969	Adolor Corp., CPR, expire 07/01/19†	57,512
			135,000	Ambit Biosciences Corp., CVR†	112,781
			54,000	American Medical Alert Corp., CPR†	1,350
			5,000	Chelsea Therapeutics International Ltd., CVR†	5,940
			5,000	Community Health Systems Inc., CVR†	43
5,000	Akzo Nobel NV	414,613	50,000	Durata Therapeutics Inc., CVR, expire 12/31/20†	0
200,000	Chemtura Corp.†	6,680,000	795,000	Dyax Corp., CVR, expire 12/31/19†	882,450
16,000	International Flavors & Fragrances Inc.	2,120,480	100	Omthera Pharmaceuticals Inc., expire 12/31/20†	60
6,600	Linde AG	1,099,085	400,000	Sanofi, CVR, expire 12/31/20†	180,000
15,500	Monsanto Co.	1,754,600	739,500	Synergetics USA Inc., CVR†	73,950
50,000	SGL Carbon SE†	508,865	825,000	Teva Pharmaceutical Industries Ltd., CCCP, expire 02/20/23†	0
44,000	Syngenta AG, ADR	3,894,000		Tobira Therapeutics Inc.†	<u>164,880</u>
287,000	The Valspar Corp.	<u>31,839,780</u>			<u>1,478,966</u>
		<u>48,311,423</u>			
	<b>Telecommunications — 2.7%</b>				
300,000	Asia Satellite Telecommunications Holdings Ltd.†	370,199			
16,000	Harris Corp.	1,780,320	950,000	<b>Retail — 0.1%</b>	
398,870	Ixia†	7,837,795	950,000	Safeway Casa Ley, CVR, expire 01/30/19†	361,000
130,000	Koninklijke KPN NV	391,506		Safeway PDC, CVR, expire 01/30/18†	<u>19,000</u>
260,000	Level 3 Communications Inc.†	14,877,200			<u>380,000</u>
14,000	Lumos Networks Corp.†	247,800		<b>TOTAL RIGHTS</b>	<u>2,202,676</u>

See accompanying notes to schedule of investments.

# The Gabelli ABC Fund

## Schedule of Investments (Continued) — March 31, 2017 (Unaudited)

<b>Shares</b>	<b>Market Value</b>	<b>Market Value</b>
<b>WARRANTS — 0.0%</b>		
<b>Energy and Utilities — 0.0%</b>		
32,000	Kinder Morgan Inc., expire 05/25/17†	\$ 77
<b>Metals and Mining — 0.0%</b>		
2,550	HudBay Minerals Inc., expire 07/20/18†	1,016
	<b>TOTAL WARRANTS</b>	<u>1,093</u>
<b>Principal Amount</b>		
<b>Convertible Corporate Bonds — 0.0%</b>		
<b>Building and Construction — 0.0%</b>		
\$ 525,000	Layne Christensen Co., 4.250%, 11/15/18	465,281
<b>Energy and Utilities — 0.0%</b>		
800,000	Texas Competitive Electric Holdings Co. LLC, 10.250%, 11/01/18†	0
	<b>TOTAL CONVERTIBLE CORPORATE BONDS</b>	<u>465,281</u>
<b>U.S. Government Obligations — 63.1%</b>		
917,311,000	U.S. Treasury Bills, 0.471% to 0.914%††, 04/06/17 to 03/01/18(a)	915,559,415
	<b>TOTAL INVESTMENTS — 100.0%</b> (Cost \$1,434,554,664)	<u>\$1,451,868,920</u>
	Aggregate tax cost	<u>\$1,437,606,650</u>
	Gross unrealized appreciation	\$ 37,234,176
	Gross unrealized depreciation	<u>(22,971,906)</u>
	Net unrealized appreciation/depreciation	<u>\$ 14,262,270</u>
<b>Shares</b>		
<b>SECURITIES SOLD SHORT — (2.2)%</b>		
<b>Building and Construction — (2.2)%</b>		
610,000	Lennar Corp., Cl. A.	\$ 31,225,900
<b>Financial Services — (0.0)%</b>		
2,297	Canadian Imperial Bank of Commerce	198,024
	<b>TOTAL SECURITIES SOLD SHORT(b)</b> (Proceeds received \$27,335,817)	<u>\$ 31,423,924</u>

<b>Principal Amount</b>	<b>Settlement Date</b>	<b>Unrealized Appreciation/Depreciation</b>
<b>FORWARD FOREIGN EXCHANGE CONTRACTS (c) — 0.0%</b>		
14,000,000(d)	Deliver British Pounds in exchange for United States Dollars 17,409,560	04/28/17 \$ (142,496)
34,500,000(e)	Deliver Euro Currency in exchange for United States Dollars 37,169,265	04/28/17 318,322
	<b>TOTAL FORWARD FOREIGN EXCHANGE CONTRACTS</b>	<u>\$ 175,826</u>
<b>Notional Amount</b>		
<b>EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS (f) — 0.0%</b>		
\$ 944,203	Premier Foods plc (1,690,000 Shares)	03/29/18 \$ (12,549)

(a)	At March 31, 2017, \$98,300,000 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 March 31, 2017, these proceeds were being held at Pershing LLC.
(c)	At March 31, 2017, 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)	At March 31, 2017, the Fund had entered into an equity contract for difference swap agreement 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)

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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 obligations 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. Such debt obligations are valued through prices provided by a Pricing Service approved by the Board. 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 March 31, 2017 is as follows:

	Valuation Inputs			Total Market Value at 3/31/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Common Stocks:				
Automotive: Parts and Accessories	\$ 497,186	—	\$4,130,000	\$ 4,627,186
Computer Software and Services	3,500,044	\$ 150,020	—	3,650,064
Consumer Services	20,020	—	300	20,320
Diversified Industrial	4,529,261	5,700	—	4,534,961
Energy and Utilities	48,657,157	—	62,700	48,719,857
Financial Services	27,330,110	—	137,825	27,467,935
Health Care	90,746,099	—	175,907	90,922,006
Other Industries (a)	353,327,778	—	—	353,327,778
Total Common Stocks	528,607,655	155,720	4,506,732	533,270,107
Preferred Stocks (a)	370,348	—	—	370,348
Rights (a)	180,043	380,000	1,642,633	2,202,676
Warrants (a)	1,093	—	—	1,093
Convertible Corporate Bonds (a)	—	465,281	0	465,281
U.S. Government Obligations	—	915,559,415	—	915,559,415
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$529,159,139</b>	<b>\$916,560,416</b>	<b>\$6,149,365</b>	<b>\$1,451,868,920</b>
<b>LIABILITIES (Market Value):</b>				
Securities Sold Short (a)	\$ (31,423,924)	—	—	\$ (31,423,924)
<b>TOTAL INVESTMENTS IN SECURITIES - LIABILITIES</b>	<b>\$ (31,423,924)</b>	<b>—</b>	<b>—</b>	<b>\$ (31,423,924)</b>
<b>OTHER FINANCIAL INSTRUMENTS:*</b>				
<b>ASSETS (Unrealized Appreciation):</b>				
<b>FORWARD CURRENCY EXCHANGE CONTRACTS</b>				
Forward Foreign Exchange Contracts	—	\$ 318,322	—	\$ 318,322
<b>LIABILITIES (Unrealized Depreciation):</b>				
<b>EQUITY CONTRACTS</b>				
Contract for Difference Swap Agreements	—	(12,549)	—	(12,549)
<b>FORWARD CURRENCY EXCHANGE CONTRACTS</b>				
Forward Foreign Exchange Contracts	—	(142,496)	—	(142,496)
<b>TOTAL OTHER FINANCIAL INSTRUMENTS:</b>	<b>—</b>	<b>\$ 163,277</b>	<b>—</b>	<b>\$ 163,277</b>

(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 Gabelli ABC Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these 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 or preferred equities, warrants, options, rights, or 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. When fair valuing a security, factors to consider include 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 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, 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 March 31, 2017, 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

## The Gabelli ABC Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is 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 March 31, 2017 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>
	Market Value Appreciation on:	One month LIBOR plus 90 bps plus Market Value Depreciation on:		
\$944,203 (1,690,000 Shares)	Premier Foods plc	Premier Foods plc	03/29/18	\$(12,549)

**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 March 31, 2017 are reflected within the Schedule of Investments.

The following table summarizes the net unrealized appreciation/(depreciation) of derivatives held at March 31, 2017 by primary risk exposure:

<u>Asset Derivatives:</u>	<u>Net Unrealized Appreciation/ (Depreciation)</u>
Forward Foreign Exchange Contracts	<u>\$ 318,322</u>
<u>Liability Derivatives:</u>	
Equity Contract for Difference Swap Agreements	\$ (12,549)
Forward Foreign Exchange Contracts	<u>(142,496)</u>
Total	<u>\$(155,045)</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 recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between

## The Gabelli ABC Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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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 March 31, 2017 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 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 March 31, 2017 the Fund held no restricted securities.

**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 Executive Chairman 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, 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.

**Geoffrey P. Astle** is involved in the analytics and foreign and domestic trading for the Gabelli merger arbitrage portfolios, specific to our U.S. mutual funds. He has been associated in this capacity since 2007. Mr. Astle earned a Bachelor of Science in both Finance and Marketing from Fairfield University.

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, will be available on our website at [www.gabelli.com](http://www.gabelli.com).



## THE GABELLI ABC FUND

One Corporate Center  
Rye, New York 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

e [info@gabelli.com](mailto:info@gabelli.com)

[GABELLI.COM](http://GABELLI.COM)

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

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### LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &  
Flom LLP

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# THE GABELLI ABC FUND

*First Quarter Report  
March 31, 2017*

