

# The Gabelli Dividend Growth Fund

## Shareholder Commentary June 30, 2017

(Y)our Portfolio Management Team



Barbara G. Marcin, CFA



Robert Leininger



Justin Bergner

### To Our Shareholders,

For the quarter ended June 30, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli Dividend Growth Fund increased 1.2% compared with an increase of 3.1% for the Standard & Poor’s (“S&P”) 500 Index. See page 2 for additional performance information.

### Performance

The second quarter represented the first full quarter of President Trump’s new administration and the stock market continued on its rise to new all-time highs. Ever since the election of President Trump, the market has been on an upswing, powered by investors hope that there will be more pro-growth policies coming out of Washington, such as tax reform, less burdensome regulation, and stimulus spending centered around infrastructure spending.

Unfortunately, these policies have not actually happened yet, as the administration has been having trouble getting new health care legislation through Congress. Of course, to the extent that investors do not have to worry about higher taxes and more burdensome regulations, that alone is a plus for most investors. Although we feel the administration will have trouble actually passing into legislation much of what it hopes to propose, we do feel modest tax reform and increased infrastructure spending will ultimately happen in Washington D.C.

## Comparative Results

### Average Annual Returns through June 30, 2017 (a) (Unaudited)

	<u>Quarter</u>	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>15 Year</u>	Since Inception (8/26/99)
<b>Class AAA (GABBX)</b> .....	1.23%	16.89%	10.24%	4.55%	8.28%	5.69%
S&P 500 Index .....	3.09	17.90	14.63	7.18	8.34	5.29
Lipper Large Cap Value Fund Average .....	2.06	17.98	13.55	5.38	7.32	5.22
<b>Class A (GBCAX)</b> .....	1.23	16.87	10.25	4.56	8.31	5.71
With sales charge (b) .....	(4.59)	10.15	8.95	3.94	7.88	5.36
<b>Class C (GBCCX)</b> .....	1.04	16.07	9.39	3.77	7.56	5.10
With contingent deferred sales charge (c) ..	0.04	15.07	9.39	3.77	7.56	5.10
<b>Class I (GBCIX)</b> .....	1.44	17.80	10.63	4.87	8.56	5.92

**In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, and I Shares are 2.00%, 2.00%, 2.75%, and 1.75% respectively, and the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the "Adviser") are 2.00%, 2.00%, 2.75%, and 1.00%, 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](http://www.gabelli.com) for performance information as of the most recent month end. Returns would have been lower had the Adviser not reimbursed certain expenses of the Fund. 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 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper Large Cap Value Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. 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 the Class I Shares on June 30, 2004. The actual performance of the Class A and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance for the Class I Shares would have been higher due to the 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.

We have separated the portfolio managers' commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, are available on our website at [www.gabelli.com](http://www.gabelli.com).

As difficult as it is to predict the future here in the U.S., it is not easier to predict in Europe. The process of figuring out how the British will withdraw from the European Union (EU) (Brexit), still needs to be worked on and various other countries are debating if they too, want to break away from the EU. The French recently re-affirmed their desire to stay within the EU and anti-EU rhetoric seems to be on the wane for now.

## **The Economy**

The U.S. economy continues to grow at a modest pace. The days of 4% real gross domestic product (GDP) growth are over and it has been a long time since we saw a year of 3% growth. Part of the slowdown in real GDP growth can be attributed to demographics, slower population growth, and an aging workforce. We seem to be stuck in a yearly real growth range of 1.5% to 2.5%. That has been the case since this recovery commenced in July of 2009 and nothing in the forecast suggests anything different. Although the Trump administration would like to get the economy growing at a 3% real rate again, the odds of that happening in 2017 are very dim. Growth this year will be about 2.0% again. The bad news is this is the slowest expansion on record. The good news is it is one of the longest. Slow and steady is a recipe for enduring growth. There are certainly policy prescriptions that could elevate us out of this 2% growth range, some of which the Trump administration is advancing, but debating the merits of those is beyond the scope of this commentary (for that you should be glad).

## **The Markets**

The Federal Reserve has been on a path of slowly raising short term interest rates back up to a more normalized level. After the financial crisis, the Federal Reserve slashed short term interest rates down to about zero, but now rates are at 1.25%, after three increases over the past three quarters by the Federal Reserve. We expect that gradual increases will continue and that by this time next year, short term rates will be around 2.0%. In addition to gradually raising short term interest rates, the Federal Reserve will also probably start to unwind its massive \$4.5 trillion asset portfolio, which it built up during the QE, or quantitative easing, period. We expect the unwinding will be a very gradual approach whereby some maturing securities will not be reinvested and the whole process will go on for many years.

Investors are facing an acute shortage of good income generating opportunities. While not a realistic choice for some investors, stocks must play a larger role overall in meeting investors' income needs. At this writing, a majority of the stocks in the S&P 500 have dividend yields that are equal to or higher than the 10-year Treasury yield, which is right around 2.2%. The overall S&P 500 has a dividend yield of right around 2%, not much different from that of the U.S. 10-year Treasury yield. Stocks offer compelling current income and growth of income for investors that can tolerate stock market volatility. Stocks also offer the potential for growth in capital over time. It is hard to imagine growing capital by investing in bonds at historically low interest rates. We are probably in the final inning of a 35 year bull market in bonds.

## 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 June 30, 2017.

*American Express Co. (2.6% of net assets as of June 30, 2017) (AXP – \$84.24 – NYSE)* is the largest closed loop credit card company in the world. The company operates its eponymous premiere branded payment network and lends to its largely affluent customer base. American Express has 112 million cards in force and nearly \$65 billion in loans, while its customers charged over \$1.0 trillion on their cards in 2016. The company's strong consumer brand has allowed American Express to enter the deposit gathering market as an alternate source of funding, while the company's affluent customers have picked up spending. Longer term, American Express should capitalize on its higher spending customer base and continue to expand into other payment related businesses, such as corporate purchasing, while also growing in emerging markets. Similarly, the company is looking at the growing success of social media as an opportunity to expand its product base and payment options.

*American International Group Inc. (4.6%) (AIG – \$62.52 – NYSE)* is a multi-line insurance company offering property and casualty and life insurance, and serving customers in more than 130 countries and jurisdictions. The company is well positioned as it has excess capital, sophisticated products, and broad global distribution. In addition, the company is committed to returning capital to shareholders with dividends and share buybacks. We believe it can increase these capital returns to shareholders, given greater stability of the business lines.

*Apple Inc. (4.1%) (AAPL – \$144.02 – NASDAQ)* designs computers, mobile phones and other hardware, along with personal and professional software. Apple inspired the digital music revolution with the iPod and iTunes, redefined the mobile phone with the iPhone and App Store, invented an entirely new category (tablets) with the iPad, and continues to be at the forefront of mobile technology with the Apple Watch, Apple Pay and Apple Music. Late in the third quarter, Apple is expected to release a new generation of iPhones. Because the installed base of iPhones is 60% larger in this cycle, replacement demand is expected to be strong, fueled by a retail channel eager for innovative products and equipped to finance their purchase at extremely low interest rates. These conditions should propel significant earnings growth for the next few years, augmented by likely new applications for the devices designed by an enthusiastic and growing developer community.

*Diageo plc (1.8%) (DEO – \$119.83 – NYSE)* is the leading global producer of alcoholic beverages, with brands including Smirnoff, Johnny Walker, Ketel One, Captain Morgan, Crown Royal, J&B, Baileys, Tanqueray, and Guinness. The company has a balanced geographic presence in both mature and emerging markets, and it benefits from the trend of consumers around the world trading up to premium products. Over the past several

years, Diageo made acquisitions that enhanced its presence in emerging markets: a majority stake in United Spirits, the leading spirits producer in India; Mey Icki, the leading spirits company in Turkey; Shui Jing Fang, a leading Chinese baiju producer; Ypioca, the leading cachaca producer in Brazil; and an increased stake in Halico, the leading domestic spirits producer in Vietnam. While economic conditions in emerging markets have caused some of these investments to struggle recently, the long term fundamentals of the spirits industry remain very favorable, and Diageo will be one of the largest beneficiaries of industry growth.

*Honeywell International Inc. (2.8%) (HON – \$133.29 – 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.

*Mondelez International Inc. (2.4%) (MDLZ – \$43.19 – 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 Mondelez'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 Mondelez 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.

*National Fuel Gas Co. (1.6%) (NFG – \$55.84 – NYSE)* is a diversified natural gas company. NFG owns a regulated gas utility serving the region around Buffalo, New York, gas pipelines that move gas between the Midwest and Canada and from the Marcellus to the Northeast, gathering and processing systems, and an oil and gas exploration and production business. NFG's regulated utility and pipeline businesses, as well as its

California oil production business, provide stable earnings and cash flows to support the dividend, while the natural gas production business offers significant upside potential. While natural gas prices have been depressed over the past few years, NFG's ownership of 780,000 acres in the Marcellus Shale holds enormous natural gas reserve potential and the company has proven to be among the lower cost producers. We continue to expect above average long term earnings and cash flow growth from improving gas prices, growing gas production and strategically located pipeline expansion. The company has increased its dividend for 46 consecutive years.

## In Conclusion

While change is constant, the fundamental underpinnings of common stock value investing remain unchanged. Our stock selection process is based on the investment principles first articulated in 1934 by the fathers of security analysis, Benjamin Graham and David Dodd. Their work provided the framework for value investing. Our firm contributed to the academic and empirical research on value investing by introducing the concept of Private Market Value (PMV) with a Catalyst™. This is our proprietary research methodology that focuses on individual stock selection by identifying stocks of firms selling at a discount to intrinsic value per share with a reasonable probability of realizing their PMVs. We define PMV as the price a strategic acquirer would likely be willing to pay for the entire enterprise. Catalysts are specific events or circumstances with varying time horizons that can trigger a narrowing of the difference between the market price of a stock and its estimated PMV per share. Price appreciation can occur instantly, as in the case in an announced takeover, or more gradually over time. There are a variety of catalysts that can cause change. Some general categories include: company specific, industry, regulatory, demographic, political and economic. We continue to find good value in many companies that have some combination of long term growth prospects, strong cash flow generation, good balance sheets as well as shareholder friendly management teams. We thank you for your investment in the Fund and we look forward to serving you in the future.

July 27, 2017

### Top Ten Holdings (Percent of Net Assets) June 30, 2017

Citigroup Inc.	5.2%	Merck & Co. Inc.	3.2%
JPMorgan Chase & Co.	4.6%	Allergan PLC	3.1%
American International Group Inc.	4.6%	General Electric Co.	2.9%
Pfizer Inc.	4.4%	Microsoft Corp.	2.9%
Apple Inc.	4.1%	Dow Chemical Co.	2.8%

**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](http://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).

## **Multi-Class Shares**

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**

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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 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](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.

## Portfolio Management Team Biographies

**Barbara G. Marcin, CFA**, joined GAMCO Investors, Inc. in 1999 and currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Prior to joining GAMCO, Ms. Marcin was head of value investments at Citibank Global Asset Management. Ms. Marcin graduated with Distinction as an Echols Scholar from the University of Virginia and holds an MBA degree from Harvard University's Graduate School of Business.

**Robert D. Leininger, CFA**, joined GAMCO Investors, Inc. in 1993 as an equity analyst. Subsequently, he was a partner and portfolio manager at Rorer Asset Management before rejoining GAMCO in 2010 where he currently serves as a portfolio manager of Gabelli Funds, LLC. Mr. Leininger is a magna cum laude graduate of Amherst College with a degree in Economics and holds an MBA from the Wharton School at the University of Pennsylvania.

**Justin Bergner, CFA**, is currently a Vice President at Gabelli & Company and a portfolio manager for Gabelli Funds, LLC, having rejoined Gabelli & Company in June 2013 as a research analyst covering Diversified Industrials, Home Improvement, and Transport companies. He began his investment career at Gabelli & Company in 2005 as a metals and mining analyst, and subsequently spent five years at Axiom International Investors as a senior analyst focused on industrial and healthcare stocks. Mr. Bergner graduated cum laude from Yale University with a B.A. in Economics & Mathematics and received an M.B.A. in Finance and Accounting from Wharton Business School.

## THE GABELLI DIVIDEND GROWTH FUND

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

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This report is submitted for the general information of the shareholders of The Gabelli Dividend Growth 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 DIVIDEND GROWTH FUND

*Shareholder Commentary*  
*June 30, 2017*

# The Gabelli Dividend Growth Fund

## Semiannual Report — June 30, 2017

### To Our Shareholders,

For the six months ended June 30, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli Dividend Growth Fund increased 5.4% compared with an increase of 9.3% for the Standard & Poor’s (“S&P”) 500 Index. See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of June 30, 2017.

### Comparative Results

	Average Annual Returns through June 30, 2017 (a) (Unaudited)					Since Inception (8/26/99)
	Six Months	1 Year	5 Year	10 Year	15 Year	
<b>Class AAA (GABBX)</b> . . . . .	5.41%	16.89%	10.24%	4.55%	8.28%	5.69%
S&P 500 Index . . . . .	9.34	17.90	14.63	7.18	8.34	5.29
Lipper Large Cap Value Fund Average . . . . .	5.71	17.98	13.55	5.38	7.32	5.22
<b>Class A (GBCAX)</b> . . . . .	5.42	16.87	10.25	4.56	8.31	5.71
With sales charge (b) . . . . .	(0.64)	10.15	8.95	3.94	7.88	5.36
<b>Class C (GBCCX)</b> . . . . .	5.04	16.07	9.39	3.77	7.56	5.10
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<b>Class I (GBCIX)</b> . . . . .	5.89	17.80	10.63	4.87	8.56	5.92

**In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, and I Shares are 2.00%, 2.00%, 2.75%, and 1.75%, respectively, and the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the “Adviser”) are 2.00%, 2.00%, 2.75% and 1.00%, respectively. See page 7 for the expense ratios for the six months ended June 30, 2017. 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.**

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(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.

# The Gabelli Dividend Growth Fund

## Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from January 1, 2017 through June 30, 2017

## Expense Table

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

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

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

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

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

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

	Beginning Account Value 01/01/17	Ending Account Value 06/30/17	Annualized Expense Ratio	Expenses Paid During Period*
<b><i>The Gabelli Dividend Growth Fund</i></b>				
<b>Actual Fund Return</b>				
Class AAA	\$1,000.00	\$1,054.10	1.95%	\$ 9.93
Class A	\$1,000.00	\$1,054.20	1.95%	\$ 9.93
Class C	\$1,000.00	\$1,050.40	2.70%	\$13.73
Class I	\$1,000.00	\$1,058.90	1.00%	\$ 5.10
<b>Hypothetical 5% Return</b>				
Class AAA	\$1,000.00	\$1,015.12	1.95%	\$ 9.74
Class A	\$1,000.00	\$1,015.12	1.95%	\$ 9.74
Class C	\$1,000.00	\$1,011.41	2.70%	\$13.47
Class I	\$1,000.00	\$1,019.84	1.00%	\$ 5.01

\* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (181 days), then divided by 365.

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of June 30, 2017:

### The Gabelli Dividend Growth Fund

Financial Services . . . . .	25.8%	Business Services . . . . .	2.1%
Health Care . . . . .	14.7%	Transportation . . . . .	1.9%
Computer Software and Services . . . . .	12.1%	Automotive: Parts and Accessories . . . . .	1.8%
Diversified Industrial . . . . .	6.9%	Entertainment . . . . .	1.7%
Food and Beverage . . . . .	6.5%	Metals and Mining . . . . .	1.6%
Specialty Chemicals . . . . .	5.6%	Telecommunications . . . . .	1.6%
Energy . . . . .	5.5%	Media . . . . .	1.5%
U.S. Government Obligations . . . . .	4.7%	Other Assets and Liabilities (Net) . . . . .	0.1%
Energy Services . . . . .	3.1%		<u>100.0%</u>
Retail . . . . .	2.8%		

*The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at [www.gabelli.com](http://www.gabelli.com) or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.*

### Proxy Voting

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

# The Gabelli Dividend Growth Fund

## Schedule of Investments — June 30, 2017 (Unaudited)

Shares		Cost	Market Value	Shares		Cost	Market Value
<b>COMMON STOCKS — 95.2%</b>				<b>Health Care — 14.7%</b>			
<b>Automotive: Parts and Accessories — 1.8%</b>				<b>Media — 1.5%</b>			
6,000	Delphi Automotive plc.....	\$ 440,876	\$ 525,900	3,700	Allergan plc.....	\$ 805,716	\$ 899,433
<b>Business Services — 2.1%</b>				5,487	Bristol-Myers Squibb Co. ....	172,421	305,735
6,500	Visa Inc., Cl. A.....	573,503	609,570	6,500	Gilead Sciences Inc. ....	464,546	460,070
<b>Computer Software and Services — 12.1%</b>				14,500	Merck & Co. Inc.....	684,728	929,305
600	Alphabet Inc., Cl. C†.....	324,200	545,238	38,000	Pfizer Inc. ....	1,029,485	1,276,420
8,200	Apple Inc. ....	549,440	1,180,964	6,000	Zoetis Inc. ....	184,011	374,280
23,000	Hewlett Packard Enterprise Co.....	419,035	381,570	<u>3,340,907</u> <u>4,245,243</u>			
12,000	Microsoft Corp.....	330,073	827,160	<b>Metals and Mining — 1.6%</b>			
11,000	Oracle Corp.....	478,582	551,540	13,000	TEGNA Inc. ....	191,374	187,330
<u>2,101,330</u> <u>3,486,472</u>				6,000	Tribune Media Co., Cl. A.....	223,236	244,620
<b>Diversified Industrial — 6.9%</b>				<u>414,610</u> <u>431,950</u>			
31,000	General Electric Co. ....	817,586	837,310	<b>Retail — 2.8%</b>			
6,000	Honeywell International Inc.....	210,351	799,740	13,000	Macy's Inc. ....	509,021	395,080
7,500	Rexnord Corp.†.....	175,631	174,375	7,000	Starbucks Corp. ....	395,388	408,170
4,000	Textron Inc.....	187,663	188,400	<u>904,409</u> <u>803,250</u>			
<u>1,391,231</u> <u>1,999,825</u>				<b>Specialty Chemicals — 5.6%</b>			
<b>Energy — 5.5%</b>				10,000	E. I. du Pont de Nemours and Co. ...	437,661	807,100
8,500	Anadarko Petroleum Corp.....	499,769	385,390	13,000	The Dow Chemical Co. ....	458,445	819,910
8,000	National Fuel Gas Co. ....	431,190	446,720	<u>896,106</u> <u>1,627,010</u>			
9,000	Phillips 66.....	704,054	744,210	<b>Telecommunications — 1.6%</b>			
<u>1,635,013</u> <u>1,576,320</u>				10,000	Verizon Communications Inc. ....	487,597	446,600
<b>Energy Services — 3.1%</b>				<b>Transportation — 1.9%</b>			
11,000	Baker Hughes Inc.....	591,792	599,610	1,500	AMERCO .....	562,110	549,090
7,000	Halliburton Co. ....	339,988	298,970	<b>TOTAL COMMON STOCKS</b> .....			
<u>931,780</u> <u>898,580</u>				<u>21,277,786</u> <u>27,433,366</u>			
<b>Entertainment — 1.7%</b>				<b>Principal Amount</b>			
17,000	Twenty-First Century Fox Inc., Cl. A..	528,591	481,780	\$ 1,360,000	<b>U.S. GOVERNMENT OBLIGATIONS — 4.7%</b>		
<b>Financial Services — 25.8%</b>				U.S. Treasury Bills,			
9,000	American Express Co.....	547,008	758,160	0.870% to 0.952%††,			
21,000	American International Group Inc....	856,689	1,312,920	08/10/17 to 08/31/17.....			
15,000	Bank of America Corp. ....	382,774	363,900	<u>1,357,920</u> <u>1,358,055</u>			
22,500	Citigroup Inc. ....	995,875	1,504,800	<b>TOTAL INVESTMENTS — 99.9%</b> .....			
14,500	JPMorgan Chase & Co. ....	630,719	1,325,300	<u>\$22,635,706</u> <u>28,791,421</u>			
15,500	Legg Mason Inc.....	562,399	591,480	<b>Other Assets and Liabilities (Net) — 0.1%</b> .....			
14,000	Morgan Stanley.....	234,537	623,840	<u>19,962</u>			
8,000	PayPal Holdings Inc.†.....	294,553	429,360	<b>NET ASSETS — 100.0%</b> .....			
3,500	Willis Towers Watson plc.....	445,909	509,110	<u>\$28,811,383</u>			
<u>4,950,463</u> <u>7,418,870</u>				† Non-income producing security.			
<b>Food and Beverage — 6.5%</b>				†† Represents annualized yield at date of purchase.			
4,200	Diageo plc, ADR .....	474,964	503,286	ADR American Depositary Receipt			
16,000	Mondelēz International Inc., Cl. A....	511,865	691,040				
8,000	The Kraft Heinz Co. ....	667,977	685,120				
<u>1,654,806</u> <u>1,879,446</u>							

See accompanying notes to financial statements.



## The Gabelli Dividend Growth Fund

### Statement of Assets and Liabilities June 30, 2017 (Unaudited)

**Assets:**

Investments, at value (cost \$22,635,706) .....	\$28,791,421
Cash .....	1,903
Receivable for investments sold .....	128,724
Receivable for Fund shares sold .....	18,072
Receivable from Adviser .....	3,268
Prepaid expenses .....	30,993
Dividends receivable .....	42,583
<b>Total Assets</b> .....	<u>29,016,964</u>

**Liabilities:**

Payable for Fund shares redeemed .....	29,252
Payable for investments purchased .....	108,829
Payable for investment advisory fees .....	23,855
Payable for distribution fees .....	6,158
Payable for legal and audit fees .....	18,297
Payable for shareholder communications expenses .....	13,184
Other accrued expenses .....	6,006
<b>Total Liabilities</b> .....	<u>205,581</u>

**Net Assets**

(applicable to 1,531,384 shares outstanding) ... \$28,811,383

**Net Assets Consist of:**

Paid-in capital .....	\$19,019,530
Distributions in excess of net investment income ..	(5,132)
Accumulated net realized gains on investments ..	3,641,270
Net unrealized appreciation on investments .....	6,155,715
<b>Net Assets</b> .....	<u>\$28,811,383</u>

**Shares of Beneficial Interest, each at \$0.001 par value;  
unlimited number of shares authorized:**
**Class AAA:**

Net Asset Value, offering, and redemption price per share (\$17,290,424 ÷ 915,048 shares outstanding) .....

\$18.90

**Class A:**

Net Asset Value and redemption price per share (\$3,661,229 ÷ 194,168 shares outstanding) .....

\$18.86

Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price) .....

\$20.01

**Class C:**

Net Asset Value and offering price per share (\$2,158,435 ÷ 123,228 shares outstanding) .....

\$17.52(a)

**Class I:**

Net Asset Value, offering, and redemption price per share (\$5,701,295 ÷ 298,940 shares outstanding) .....

\$19.07

(a) Redemption price varies based on the length of time held.

### Statement of Operations For the Six Months Ended June 30, 2017 (Unaudited)

**Investment Income:**

Dividends (net of foreign withholding taxes of \$113) .....	\$ 261,235
Interest .....	8,219
<b>Total Investment Income</b> .....	<u>269,454</u>

**Expenses:**

Investment advisory fees .....	145,506
Distribution fees - Class AAA .....	21,891
Distribution fees - Class A .....	4,594
Distribution fees - Class C .....	12,041
Registration expenses .....	23,067
Shareholder communications expenses .....	22,976
Shareholder services fees .....	16,358
Trustees' fees .....	14,876
Legal and audit fees .....	14,518
Custodian fees .....	2,374
Interest expense .....	53
Miscellaneous expenses .....	8,130
<b>Total Expenses</b> .....	<u>286,384</u>

**Less:**

Expenses paid indirectly by broker (See Note 6) .....	(764)
Expenses reimbursed by Adviser (See Note 3) ..	(19,183)
<b>Total Reimbursements</b> .....	<u>(19,947)</u>
<b>Net Expenses</b> .....	<u>266,437</u>
<b>Net Investment Income</b> .....	<u>3,017</u>

**Net Realized and Unrealized Gain/(Loss) on Investments:**

Net realized gain on investments .....	3,675,610
Net change in unrealized appreciation/depreciation on investments .....	(2,116,798)

**Net Realized and Unrealized Gain/(Loss) on Investments**

..... 1,558,812

**Net Increase in Net Assets Resulting from Operations**

..... \$ 1,561,829

See accompanying notes to financial statements.

# The Gabelli Dividend Growth Fund

## Statement of Changes in Net Assets

	<b>Six Months Ended June 30, 2017 (Unaudited)</b>	<b>Year Ended December 31, 2016</b>
<b>Operations:</b>		
Net investment income .....	\$ 3,017	\$ 117,967
Net realized gain on investments and foreign currency transactions .....	3,675,610	1,489,966
Net change in unrealized appreciation/depreciation on investments .....	<u>(2,116,798)</u>	<u>1,127,889</u>
<b>Net Increase in Net Assets Resulting from Operations</b> .....	<u>1,561,829</u>	<u>2,735,822</u>
<b>Distributions to Shareholders:</b>		
Net investment income		
Class AAA .....	—	(70,688)
Class A .....	—	(13,333)
Class I .....	—	<u>(42,521)</u>
	<u>—</u>	<u>(126,542)</u>
Net realized gain		
Class AAA .....	—	(925,295)
Class A .....	—	(170,303)
Class C .....	—	(105,684)
Class I .....	—	<u>(267,947)</u>
	<u>—</u>	<u>(1,469,229)</u>
<b>Total Distributions to Shareholders</b> .....	<u>—</u>	<u>(1,595,771)</u>
<b>Shares of Beneficial Interest Transactions:</b>		
Class AAA .....	(1,094,665)	(2,853,110)
Class A .....	(209,148)	105,432
Class C .....	(586,753)	976,972
Class I .....	<u>280,096</u>	<u>309,490</u>
<b>Net Decrease in Net Assets from Shares of Beneficial Interest Transactions</b> .....	<u>(1,610,470)</u>	<u>(1,461,216)</u>
<b>Redemption Fees</b> .....	<u>—</u>	<u>125</u>
<b>Net Decrease in Net Assets</b> .....	<u>(48,641)</u>	<u>(321,040)</u>
<b>Net Assets:</b>		
Beginning of year .....	<u>28,860,024</u>	<u>29,181,064</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively) .....	<u>\$28,811,383</u>	<u>\$28,860,024</u>

See accompanying notes to financial statements.

# The Gabelli Dividend Growth Fund

## Financial Highlights

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

Year Ended December 31	from Investment Operations				Distributions		Ratios to Average Net Assets/ Supplemental Data							
	Net Asset Value Beginning of Year	Net Investment Income (Loss)(a)	Net Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Realized Gain on Investments	Total Distributions	Redemption Fees (a)(b)	Net Asset Value End of Period	Total Return	Net Assets End of Period (in 000's)	Investment Income (Loss)	Operating Expenses Before Reimbursement	Operating Expenses Reimbursement and Credits	Portfolio Turnover Rate
<b>Class AAA</b>														
2017(c)	\$17.93	\$(0.01)	\$0.98	\$0.97	—	—	—	\$18.90	5.4%	\$17,290	0.10%(d)	1.95%(d)	1.95%(d)(e)	50%
2016	17.12	0.07	1.82	1.89	\$(1.00)	\$(1.08)	\$0.00	17.93	11.0	17,457	0.40	2.00	2.00(f)	14
2015	18.74	0.06	(1.11)	(1.05)	(0.51)	(0.57)	0.00	17.12	(5.6)	19,536	0.32	1.91	1.91(e)	15
2014	19.10	0.28	0.98	1.26	(1.35)	(1.62)	0.00	18.74	6.4	23,476	1.40	1.89	1.89(g)	23
2013	15.10	0.11	4.66	4.77	(0.68)	(0.77)	0.00	19.10	31.7	25,051	0.64	2.00	2.00(g)	12
2012	13.71	0.18	1.40	1.58	—	(0.19)	0.00	15.10	11.5	18,621	1.21	2.11	2.00	20
<b>Class A</b>														
2017(c)	\$17.89	\$(0.01)	\$0.98	\$0.97	—	—	—	\$18.86	5.4%	\$ 3,661	0.10%(d)	1.95%(d)	1.95%(d)(e)	50%
2016	17.09	0.07	1.81	1.88	\$(1.00)	\$(1.08)	\$0.00	17.89	10.9	3,673	0.41	2.00	2.00(f)	14
2015	18.70	0.06	(1.10)	(1.04)	(0.51)	(0.57)	0.00	17.09	(5.6)	3,432	0.33	1.91	1.91(e)	15
2014	19.07	0.27	0.98	1.25	(1.35)	(1.62)	0.00	18.70	6.4	3,805	1.35	1.89	1.89(g)	23
2013	15.09	0.12	4.64	4.76	(0.68)	(0.78)	0.00	19.07	31.6	3,062	0.66	2.00	2.00(g)	12
2012	13.70	0.17	1.41	1.58	—	(0.19)	0.00	15.09	11.6	1,421	1.18	2.11	2.00	20
<b>Class C</b>														
2017(c)	\$16.68	\$(0.07)	\$0.91	\$0.84	—	—	—	\$17.52	5.0%	\$ 2,159	0.87%(d)	2.70%(d)	2.70%(d)(e)	50%
2016	16.05	(0.06)	1.69	1.63	\$(1.00)	\$(1.00)	\$0.00	16.68	10.1	2,620	0.36	2.75	2.75(f)	14
2015	17.67	(0.07)	(1.04)	(1.11)	(0.51)	(0.51)	0.00	16.05	(6.3)	1,616	0.42	2.66	2.66(e)	15
2014	18.11	0.11	0.95	1.06	(1.35)	(1.50)	0.00	17.67	5.7	1,654	0.59	2.64	2.64(g)	23
2013	14.39	(0.02)	4.42	4.40	(0.68)	(0.68)	0.00	18.11	30.6	1,630	0.10	2.75	2.75(g)	12
2012	13.12	0.07	1.32	1.39	—	(0.12)	0.00	14.39	10.6	1,103	0.51	2.86	2.75	20
<b>Class I</b>														
2017(c)	\$18.01	\$0.08	\$0.98	\$1.06	—	—	—	\$19.07	5.9%	\$ 5,701	0.87%(d)	1.70%(d)	1.00%(d)(e)	50%
2016	17.19	0.15	1.83	1.98	\$(0.16)	\$(1.16)	\$0.00	18.01	11.4	5,110	0.85	1.75	1.55(f)	14
2015	18.82	0.11	(1.12)	(1.01)	(0.51)	(0.62)	0.00	17.19	(5.4)	4,597	0.57	1.65	1.65(e)	15
2014	19.17	0.31	1.01	1.32	(1.35)	(1.67)	0.00	18.82	6.7	5,870	1.53	1.64	1.64(g)	23
2013	15.15	0.16	4.67	4.83	(0.68)	(0.81)	0.00	19.17	32.0	4,066	0.89	1.75	1.75(g)	12
2012	13.76	0.22	1.40	1.62	—	(0.23)	0.00	15.15	11.8	2,913	1.50	1.86	1.75	20

+ Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the year and sold at the end of the period including reinvestment of distributions and does not reflect applicable sales charges. Total return for a period of less than one year is not annualized.

(a) Per share amounts have been calculated using the average shares outstanding method.  
 (b) Amount represents less than \$0.005 per share.  
 (c) For the six months ended June 30, 2017, unaudited.  
 (d) Annualized.  
 (e) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. Had such payments not been made, the expense ratios for the six months ended June 30, 2017 would have been 1.94% and 1.94% for Class AAA, Class A, respectively. For the six months ended June 30, 2017, for Class C and Class I, and for year ended December 31, 2015, there was no impact to the expense ratios.

(f) During the year ended December 31, 2016, the Fund received a one time reimbursement of custody expenses paid in prior years. Had such reimbursement (allocated by relative net asset values of the Fund's share classes) been included in this period, the annualized expense ratios would have been 1.83% (Class AAA), 1.63% (Class A), 2.59% (Class C), and 1.39% (Class I).  
 (g) Under an expense deferral agreement with the Adviser, the Adviser recovered from the Fund \$10,696 and \$16,430 for the years ended December 31, 2014 and 2013, respectively, representing in 2014 the balance outstanding of previously reimbursed expenses from the Adviser. Had such payments not been made, the expense ratios would have been 1.86% and 1.94% (Class AAA and Class A) 2.61% and 2.69% (Class C), and 1.61% and 1.69% (Class I).

See accompanying notes to financial statements.

# The Gabelli Dividend Growth Fund

## Notes to Financial Statements (Unaudited)

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**1. Organization.** The Gabelli Dividend Growth Fund was organized on May 13, 1999 as a Delaware statutory trust. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund’s primary objective is long term growth of capital with current income as a secondary objective. The Fund commenced operations on August 26, 1999.

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

**Security Valuation.** 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 Trustees (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, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. 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

## The Gabelli Dividend Growth Fund

### Notes to Financial Statements (Unaudited) (Continued)

- Level 3 — significant unobservable inputs (including the Board's determinations as to the fair value of investments).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of June 30, 2017 is as follows:

	Valuation Inputs		
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Total Market Value at 06/30/17
<b>INVESTMENTS IN SECURITIES:</b>			
<b>ASSETS (Market Value):</b>			
Common Stocks(a)	\$27,433,366	—	\$27,433,366
U.S. Government Obligations	—	\$1,358,055	1,358,055
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$27,433,366</b>	<b>\$1,358,055</b>	<b>\$28,791,421</b>

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

The Fund did not have transfers between Level 1 and Level 2 during the six months ended June 30, 2017. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

There were no Level 3 investments held at June 30, 2017 or December 31, 2016.

#### Additional Information to Evaluate Qualitative Information.

**General.** The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds 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. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

## The Gabelli Dividend Growth Fund

### Notes to Financial Statements (Unaudited) (Continued)

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

**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.

**Securities Transactions and Investment Income.** Securities transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

**Determination of Net Asset Value and Calculation of Expenses.** Certain administrative expenses are common to, and allocated among, various affiliated funds. Such allocations are made on the basis of each fund's average net assets or other criteria directly affecting the expenses as determined by the Adviser pursuant to procedures established by the Board.

In calculating the NAV per share of each class, investment income, realized and unrealized gains and losses, redemption fees, and expenses other than class specific expenses are allocated daily to each class of shares based upon the proportion of net assets of each class at the beginning of each day. Distribution expenses are borne solely by the class incurring the expense.

**Distributions to Shareholders.** Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. These book/ tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund.

# The Gabelli Dividend Growth Fund

## Notes to Financial Statements (Unaudited) (Continued)

The tax character of distributions paid during the year December 31, 2016 was as follows:

<b>Distributions paid from:</b>	
Ordinary income (inclusive of short term capital gains) . . . . .	\$ 130,567
Net long term capital gains . . . . .	<u>1,465,204</u>
Total distributions paid . . . . .	<u>\$1,595,771</u>

**Provision for Income Taxes.** The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

The Fund is permitted to carry capital losses forward for an unlimited period. Capital losses that are carried forward will retain their character as either short term or long term capital losses.

The following summarizes the tax cost of investments and the related net unrealized appreciation at June 30, 2017:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments . . . . .	\$22,762,105	\$6,602,990	\$(573,674)	\$6,029,316

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. During the year ended December 31, 2016, the Fund incurred \$495 in taxes. As of June 30, 2017, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund’s net assets or results of operations. The Fund’s federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund’s tax positions to determine if adjustments to this conclusion are necessary.

**3. Investment Advisory Agreement and Other Transactions.** The Fund has entered into an investment advisory agreement (the “Advisory Agreement”) with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund’s portfolio, oversees the administration of all aspects of the Fund’s business and affairs, and pays the compensation of all Officers and Trustees of the Fund who are affiliated persons of the Adviser.

From January 1 through September 30, 2016, the Adviser has agreed to waive its advisory fee and/or reimburse expenses of the Fund to the extent necessary to maintain the Fund’s annualized total operating expenses (exclusive of brokerage fees, interest, taxes, acquired fund fees and expenses, and extraordinary expenses) through May 1, 2017 at no more than 2.00%, 2.00%, 2.75%, and 1.75%, respectively, of Class AAA, Class A, Class C, and Class I Shares’ average daily net assets. Effective October 1, 2016, the Adviser modified this agreement with respect to Class I Shares to waive its advisory fee and/or reimburse expenses in excess of 1% (with the same foregoing exclusions) of the value of the average Class I daily net assets. In addition, the Fund has agreed, during the two year period following any waiver or reimbursement by the Adviser, to repay



## The Gabelli Dividend Growth Fund

### Notes to Financial Statements (Unaudited) (Continued)

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such amount to the extent, that after giving effect to the repayment, such adjusted annualized total operating expenses of the Fund would not exceed the foregoing respective percentage limitations, as amended, after giving effect to the recovery by the Adviser. At June 30, 2017, the cumulative amount which the Fund may repay the Adviser is \$28,329. The amended agreement is renewable annually.

For the year ended December 31, 2016, expiring December 31, 2018 .....	\$ 9,146
For the six months ended June 30, 2017, expiring December 31, 2019.....	<u>19,183</u>
	<u>\$28,329</u>

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

**4. Distribution Plan.** The Fund's Board has adopted a distribution plan (the "Plan") for each class of shares, except for Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Class AAA, Class A, and Class C Share Plans, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at annual rates of 0.25%, 0.25%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

**5. Portfolio Securities.** Purchases and sales of securities during the six months ended June 30, 2017, other than short term securities and U.S. Government obligations, aggregated \$13,360,385 and \$13,452,904, respectively.

**6. Transactions with Affiliates and Other Arrangements.** During the six months ended June 30, 2017, the Fund paid \$14,289 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$998 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the six months ended June 30, 2017, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was \$764.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. The Adviser did not seek a reimbursement during the six months ended June 30, 2017.

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



## The Gabelli Dividend Growth Fund

### Notes to Financial Statements (Unaudited) (Continued)

**8. Shares of Beneficial Interest.** The Fund offers four classes of shares – Class AAA Shares, Class A Shares, Class C Shares, and Class I Shares. Class AAA and Class I Shares are offered without a sales charge. Class A Shares are subject to a maximum front-end sales charge of 5.75%, and Class C Shares are subject to a 1.00% contingent deferred sales charge for one year after purchase.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund as an increase in paid-in capital. The redemption fees retained by the Fund during the six months ended June 30, 2017 and the year ended December 31, 2016, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

Transactions in shares of beneficial interest were as follows:

	Six Months Ended June 30, 2017 (Unaudited)		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
<b>Class AAA</b>				
Shares sold.....	32,760	\$ 608,083	61,697	\$ 1,073,262
Shares issued upon reinvestment of distributions.....	—	—	53,481	963,727
Shares redeemed .....	(91,485)	(1,702,748)	(282,562)	(4,890,099)
Net decrease .....	<u>(58,725)</u>	<u>\$(1,094,665)</u>	<u>(167,384)</u>	<u>\$(2,853,110)</u>
<b>Class A</b>				
Shares sold.....	16,615	\$ 310,048	62,267	\$ 1,115,330
Shares issued upon reinvestment of distributions.....	—	—	10,053	180,750
Shares redeemed .....	(27,757)	(519,196)	(67,852)	(1,190,648)
Net increase/(decrease).....	<u>(11,142)</u>	<u>\$ (209,148)</u>	<u>4,468</u>	<u>\$ 105,432</u>
<b>Class C</b>				
Shares sold.....	9,829	\$ 169,073	122,627	\$ 2,069,082
Shares issued upon reinvestment of distributions.....	—	—	6,280	105,327
Shares redeemed .....	(43,683)	(755,826)	(72,556)	(1,197,437)
Net increase/(decrease).....	<u>(33,854)</u>	<u>\$ (586,753)</u>	<u>56,351</u>	<u>\$ 976,972</u>
<b>Class I</b>				
Shares sold.....	42,581	\$ 797,509	83,790	\$ 1,483,847
Shares issued upon reinvestment of distributions.....	—	—	16,161	292,517
Shares redeemed .....	(27,388)	(517,413)	(83,633)	(1,466,874)
Net increase .....	<u>15,193</u>	<u>\$ 280,096</u>	<u>16,318</u>	<u>\$ 309,490</u>

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

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

# The Gabelli Dividend Growth Fund

## Board Consideration and Re-Approval of Investment Advisory Agreements (Unaudited)

At its meeting on February 23, 2017, the Board of Trustees (“Board”) of the Fund approved the continuation of the investment advisory agreement with the Adviser for the Fund on the basis of the recommendation by the trustees who are not “interested persons” of the Fund (the “Independent Board Members”). The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors.

**Nature, Extent, and Quality of Services.** The Independent Board Members considered information regarding the portfolio manager, the depth of the analyst pool available to the Adviser and the portfolio manager, the scope of supervisory, administrative, shareholder, and other services supervised or provided by the Adviser and the absence of significant service problems reported to the Board. The Independent Board Members noted the experience, length of service, and reputation of the portfolio manager.

**Investment Performance.** The Independent Board Members reviewed the short, medium, and long term performance of the Fund since inception against a peer group of large-cap value funds. The Independent Board Members noted that the Fund’s performance was in the fourth quartile for the one year, three year, and five year periods.

**Profitability.** The Independent Board Members reviewed summary data regarding the lack of profitability of the Fund to the Adviser both with an administrative overhead charge and without such a charge. The Independent Board Members also noted that a substantial portion of the Fund’s portfolio transactions were executed by an affiliated broker, that another affiliated broker received distribution fees and minor amounts of sales commissions and that the Adviser received a moderate amount of soft dollar benefits through the Fund’s portfolio brokerage.

**Economies of Scale.** The Independent Board Members discussed the major elements of the Adviser’s cost structure and the relationship of those elements to potential economies of scale. The Independent Board Members noted that the Fund needed significantly more assets before any potential economies of scale could be realized.

**Sharing of Economies of Scale.** The Independent Board Members noted that the investment advisory fee schedule for the Fund does not take into account any potential economies of scale that may develop or any historical losses or diminished profitability to the Adviser in prior years.

**Service and Cost Comparisons.** The Independent Board Members compared the expense ratios of the investment advisory fee, other expenses, and total expenses of the Fund with similar expense ratios of the peer group of large-cap value funds and noted that the advisory fee includes substantially all administrative services for the Fund as well as the investment advisory services of the Adviser. The Independent Board Members noted that the Fund’s expense ratios were above average and the Fund’s size was below average within these groups. The Independent Board Members also noted that an advisory fee waiver structure was in effect for the Fund. The Independent Board Members were presented with, but did not consider material to their decision, various information comparing the advisory fee to the fees for other types of accounts managed by affiliates of the Adviser.

**Conclusions.** The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services, good ancillary services, and a reasonable performance record. The Independent Board Members also concluded that the Fund’s expense ratios and low profitability to the Adviser of managing the Fund were reasonable, particularly in light of the Fund’s performance, and that economies of scale were not a significant factor in their thinking at this time. The Independent Board Members did not view the potential profitability of ancillary services as material to their decision. On the basis of the foregoing and without assigning

## **The Gabelli Dividend Growth Fund**

### **Board Consideration and Re-Approval of Investment Advisory Agreements (Unaudited) (Continued)**

particular weight to any single conclusion, the Independent Board Members determined to recommend continuation of the Advisory Agreement to the full Board.

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

## **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. that is a publicly held company with 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](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.

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**THE GABELLI DIVIDEND GROWTH FUND**  
**One Corporate Center**  
**Rye, NY 10580-1422**

**Portfolio Management Team Biographies**

**Barbara G. Marcin, CFA**, joined GAMCO Investors, Inc. in 1999 and currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Fund Complex. Prior to joining GAMCO, Ms. Marcin was head of value investments at Citibank Global Asset Management. Ms. Marcin graduated with Distinction as an Echols Scholar from the University of Virginia and holds an MBA degree from Harvard University's Graduate School of Business.

**Robert D. Leininger, CFA**, joined Gabelli in 1993 as a security analyst covering the beverage industry after earning his MBA from the Wharton School at the University of Pennsylvania. Bob rejoined Gabelli in 2010. He holds the Chartered Financial Analyst designation and is a member of the Financial Analyst Society of Philadelphia. Bob is a magna cum laude graduate of Amherst College with a degree in Economics. Since September 27, 2010, Bob has been a Portfolio Manager of the Gabelli Dividend and Income Trust. (NYSE:GDV) and since June 1, 2015 a Portfolio Manager of the Gabelli Equity Trust (NYSE:GAB).

**Justin Bergner, CFA**, is currently a Vice President at Gabelli & Company and a portfolio manager for Gabelli Funds LLC, the Adviser. Justin rejoined Gabelli & Company in 2013 as a research analyst covering Diversified Industrials, Home Improvement, and Transport companies. He began his investment career at Gabelli & Company in 2005 as a metals and mining analyst, and subsequently spent five years at Axiom International Investors as a senior analyst focused on industrial and healthcare stocks. Prior to business school, Mr. Bergner worked in management consulting at both Bain & Company and Dean & Company. A Chartered Financial Analyst, Mr. Bergner graduated cum laude from Yale University with a B.A. in Economics & Mathematics and received an M.B.A. in Finance and Accounting from the Wharton School at the University of Pennsylvania.

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 DIVIDEND GROWTH FUND

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by calling 800-GABELLI after 7:00 P.M.

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

State Street Bank and Trust  
Company

### LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &  
Flom LLP

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



GABELLI  
FUNDS

# THE GABELLI DIVIDEND GROWTH FUND

*Semiannual Report  
June 30, 2017*

