

# The Gabelli Asset Fund

## Shareholder Commentary – June 30, 2017

### (Y)our Portfolio Management Team



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



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



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



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

### To Our Shareholders,

For the quarter ended June 30, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli Asset Fund increased 3.4% compared with an increase of 3.1% for the Standard & Poor’s (“S&P”) 500 Index. See page 2 for additional performance information.

### Politics, the Economy and the Markets

Stocks performed strongly during the first half of 2017. The S&P 500 Index rose 8.2% before dividends, despite a seemingly endless amount of noise from Washington and abroad. Markets responded positively to the election of Donald Trump in late 2016, partly in anticipation of a relaxation of the regulatory regime, reformation of corporate and individual taxes, and additional stimulus. To date, progress has only been made on the first of these items, which raises the possibility that what the market really desires is slow and incremental change, i.e., business as usual in Washington. Or perhaps the dissonance between the market’s march forward and Washington’s lurch sideways is an indication that fiscal policy really isn’t as impactful as some believe.

Indeed, the most powerful market levitating force from Washington over the last decade did not originate from the White House or the Capitol, but from the Eccles Building, home to the Federal Reserve. Through open market activity and three rounds of quantitative easing (QE), the Federal Reserve slashed short term interest rates from 4.5% before the 2008-2009 financial crisis to nearly zero, lifting asset prices everywhere. The Federal Reserve began tapping the brakes by tapering QE in October 2014, and has now raised rates four times, the latest of which took the Federal Reserve Funds rate to a range of 1.0%-1.25% in June 2017. The Federal Reserve has indicated it will begin shrinking its balance sheet later this year, and current expectations

## Comparative Results

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

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (3/3/86)
<b>Class AAA (GABAX)</b> .....	3.42%	15.05%	11.81%	6.42%	9.10%	11.86%
S&P 500 Index .....	3.09	17.90	14.63	7.18	8.34	10.35(b)
Dow Jones Industrial Average .....	3.95	22.07	13.39	7.53	8.42	11.26(b)
Nasdaq Composite Index .....	4.20	28.37	17.45	10.23	11.22	9.35(b)
<b>Class A (GATAX)</b> .....	3.44	15.05	11.81	6.42	9.10	11.86
With sales charge (c) .....	(2.51)	8.43	10.49	5.79	8.67	11.63
<b>Class C (GATCX)</b> .....	3.24	14.18	10.98	5.63	8.38	11.50
With contingent deferred sales charge (d) .....	2.24	13.18	10.98	5.63	8.38	11.50
<b>Class I (GABIX)</b> .....	3.50	15.33	12.09	6.67	9.28	11.94

**In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, and I Shares are 1.36%, 1.36%, 2.11%, and 1.11%, 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 Gabelli Funds, LLC (the "Adviser") not reimbursed certain expenses of the Fund for periods prior to December 31, 1988. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at [www.gabelli.com](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 Dow Jones Industrial Average and the Nasdaq Composite Index are unmanaged indicators of stock market performance. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance of the Class A Shares and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares.*
- (b) S&P 500 Index, Dow Jones Industrial Average, and Nasdaq Composite Index since inception performance results are as of February 28, 1986.
- (c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) 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).

are for one additional quarter point increase in 2017 and three in each of 2018 and 2019, which would put the Federal Reserve Funds rate at 3.0%, still well below the prior peak.

Over the long term, the Federal Reserve's "normalization" of rates is healthy for the economy, but the timing of this process has been the subject of debate, given lackluster GDP growth and a lack of inflation. The last two rate hike cycles ended in market dislocations in 2001 and 2007, but the circumstances in each were very different from today. A future recession may be unavoidable, but it need not be triggered by the Federal Reserve anytime soon. What is unquestionably unavoidable is that monetary policy has gone from being a tailwind to being a headwind for the economy and the market. Further increases in stock prices are more likely to be driven by better earnings versus multiple expansions, as had been the case over the last several years. Ironically, some sources of future earnings growth – lower taxes, defense and infrastructure investment, and a general rekindling of a propensity to spend – depend on the events taking place a few blocks east of the Federal Reserve, so it remains worth watching what happens this summer in the swamp.

### **Deals, Deals and More Deals**

Worldwide merger and acquisition (M&A) activity rose 2% to \$1.6 trillion in the first half of 2017, as a vibrant Europe offset a 16% decline in U.S. M&A volume. Activity in the U.S., concentrated in the energy, healthcare, and real estate sectors, may have been impeded by uncertainty around tax reform and unfamiliarity with new faces at the Department of Justice and other regulatory agencies. We believe these elements will soon fall into place, and that the solid underpinnings of the Fifth Wave of M&A continue to exist.

Among the deals announced in the second quarter was Amazon's purchase of Whole Foods for \$42 per share in cash. After several years of underperformance, Whole Foods faced, and initially resisted, pressure from activist Jana Partners. It appears that founder and CEO John Mackey was eventually persuaded to sell because of the benefits of continuing to grow the chain with the cover and support of Amazon. This deal had far reaching repercussions, as fears that Amazon would increase competition and deflationary pressures weighed on grocers, pharmacies, food distributors, and consumer goods companies, among others. While Amazon's impact remains to be seen, we do believe its presence underscores the need for consolidation in the food space. Having shown a willingness to invest aggressively in the brick and mortar world, Amazon could also become an acquirer of other retailers and distributors.

### **Investment Scorecard**

Several industrial firms were contributors to performance in Q2, including agricultural equipment providers Deere (1.1% of net assets as of June 30, 2017, +14%) and CNH Industrial (0.6%, +19%), aircraft engine maker Rolls-Royce (0.8%, +24%) and diversified manufacturers IDEX (1.0%, +21%) and Ametek (1.7%, +12%). Sony (1.3%, +13%) performed well in anticipation of a strong summer movie slate and inclusion of its chips on the next iPhone release. IAC/InterActiveCorp (0.4%, +40%) rose after posting excellent results and agreeing to acquire Angie's List and concurrently combine it with its HomeAdvisor unit in a new company.

Detractors from performance included media companies Twenty-First Century Fox (2.3%, -12%), Viacom (0.7%, -22%), Discovery Communications (0.5%, -11%) and Scripps Networks (0.4%, -12%) where concerns that a slowdown in advertising would add to pressures from a possible acceleration in cord cutting. The perception of further encroachment by Amazon into auto parts hurt retailers including O'Reilly

Automotive (0.4%, -19%); subsequent to the quarter O'Reilly fell sharply after reporting Q2 same store sales grew 1.7% versus expectations of 3%+. Although mindful of Amazon's potential impact, we believe a warm winter was the biggest factor in O'Reilly's "miss" and continue to believe the stock is attractive. Finally, Amazon also contributed to the decline in Energizer (0.5%, -13%) as two short reports cited Amazon's private label battery sales as reasons to sell the stock.

## **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.

*AMETEK, Inc. (1.7% of net asset as of June 30, 2017) (AME – \$60.57 – NYSE)*, based in Philadelphia, Pennsylvania, has traded publicly since 1930 as a leading global manufacturer of electronic instruments and electromechanical devices with 15,000 employees and 150 locations operating in North America, Europe, Asia, and South America serving a diverse set of niche markets and applications in energy, aerospace, power, research, medical, industrial, semiconductor, and food and beverage. AME has two business segments Electronic Instruments (EIG) and Electromechanical (EMG), generating about \$4 billion in annual sales.

*Bank of New York Mellon Corp. (1.3%) (BK – \$51.02 – NYSE)* is a global leader in providing financial services to institutions and individuals. The company operates in more than 100 markets worldwide and strives to be the global provider of choice for investment management and investment services. As of March 2017, the firm had \$30.6 trillion in assets under custody and \$1.7 trillion in assets under management. Going forward, we expect BK to benefit from rising global incomes and the cross border movement of financial transactions. We believe BK is also well positioned to grow earnings in a rising interest rate environment, given its large customer cash deposits and significant loan book.

*Brown-Forman Corp. (2.0%) (BF/A – \$49.30, BF/B – \$45.60 – NYSE)* is a leading global distilled spirits producer. Spirits is an advantaged category that enjoys high margins, low capital requirements, strong free cash flow generation and good pricing power. The company's global brands include Jack Daniel's Tennessee whiskey, Finlandia vodka, Woodford Reserve bourbon, and el Jimador and Herradura tequilas. Jack Daniel's is one of the world's most valuable spirits brands, enjoying strong growth both in the U.S. and internationally as consumers increasingly choose to drink American whiskies. The company has also successfully expanded the brand into the fast growing flavored whiskey category. While Brown-Forman does face some near term headwinds from negative foreign currency exposure and a slowdown in emerging markets, the company is positioned to grow revenues and profits substantially over the next several years, and has significant balance sheet flexibility. While the company is family controlled, we believe that if it ever became available for sale it would be highly coveted by other large global spirits players. This was evidenced during the quarter when the stock rose on news that Constellation Brands made an overture for the company, which was rejected by Brown Forman's board.

*Donaldson Company, Inc. (0.9%) (DCI – \$45.54 – NYSE)* based in Minneapolis, Minnesota, is a global manufacturer of filtration systems and replacement parts. The company's products include air and liquid filtration systems and exhaust and emission control products, serving a multitude of global industrial markets. Parker Hannifin's 2017 purchase of fellow filter manufacturer Clarcor (CLC) underscores the attractive nature of high quality filter manufacturers, who generate significant cash flow as filters require heavy replacement demand.

*Edgewell Personal Care Company (1.2%) (EPC – \$76.02 – NYSE)* based in St. Louis, Missouri is the renamed Energizer Holdings, Inc. following the tax-free spin-off to shareholders of the household products division on July 1, 2015. Edgewell generates approximately \$2.3 billion of revenue through its principal businesses: wet shaving, including Schick-branded razors and blades; Edge and Skintimate shaving preparation and private label shaving products; sun care, including the Banana Boat and Hawaiian Tropic brands; feminine care, Playtex and o.b. tampons and Carefree and Stayfree liners and pads; and infant care, utilizing the Playtex and Diaper Genie brands. As a pure-play personal care company, Edgewell competes in high-margin, attractive categories with leading brands. We expect management to focus on improving margins through product mix, restructuring savings and operating leverage, which should afford it flexibility to reinvest in growth opportunities. The company has approximately \$1.2 billion of net debt providing management with sufficient flexibility to invest in internal growth, make acquisitions and/or repurchase shares. EPC is a likely acquisition target as a multinational competitor with an extensive global infrastructure would benefit from scale, international expansion and cost synergies.

*Honeywell International, Inc. (1.4%) (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.

*Republic Services (1.5%) (RSG – \$63.73 – NYSE)*, based in Phoenix, Arizona, became the second largest solid waste company in North America after its acquisition of Allied Waste Industries in December 2008. Republic provides nonhazardous solid waste collection services for commercial, industrial, municipal, and residential customers in thirty-nine states and Puerto Rico. Republic serves more than 2,800 municipalities and operates 192 landfills, 204 transfer stations, 333 collection operations, and 64 recycling facilities. Since the Allied merger, Republic has benefited from synergies driven by route density, beneficial use of acquired assets, and reduction in redundant corporate overhead. Republic is committed to its core solid waste business. While other providers have strayed into alternative waste resource technologies and strategies, we view Republic's

plan to remain steadfast in the traditional solid waste business positively. We expect continued solid waste growth acquisitions, earnings improvement, and incremental route density and internalization growth in already established markets to generate real value in the near to medium term, highlighting the company's potential.

*Ryman Hospitality Properties Inc. (0.2%) (RHP – \$64.01 – NYSE)* is a Nashville, Tennessee based REIT that owns group meeting-focused hotels in Nashville, Tennessee; Orlando, Florida; Dallas, Texas; and Washington, D.C. The company also owns a 35% stake in Gaylord Rockies, a 1,500 room development outside of Denver, Colorado, which is set to open in late 2018. Other assets include the iconic Opryland, the Ryman Auditorium, the General Jackson Showboat, and Nashville based radio station WSM-AM. The Ryman team is focused on taking advantage of strong convention bookings trends by investing capital into its existing properties and driving margin expansion by increasing occupancy and room rates. Finally, as the leading country music entertainment brand, the monetization of Ryman's entertainment assets, including the Grand Ole Opry, remains a significant catalyst for RHP shares. Management has stated that it intends to separate the Opry & Attractions segment, most likely through a tax-free spinoff, once it reaches a size appropriate to operate as a standalone public company.

*Sony (1.3%) (SNE – \$38.19 – NYSE)* is a diversified electronics and entertainment company based in Tokyo, Japan. The company manufactures televisions, PlayStation game consoles, mobile phone handsets, and cameras. It also operates the Columbia film studio and Sony Music entertainment group. We expect the new PlayStation launch and operational improvements in consumer electronics and entertainment to generate EBITDA growth through 2017. We also think the spinoff of the entertainment assets could be a catalyst.

*Twenty-First Century Fox Inc. (2.3%) (FOXA – \$28.34, FOX – \$27.87 NASDAQ)* is a diversified media company with operations in cable network television, television broadcasting, and filmed entertainment. Cable networks account for 77% of the company's EBITDA and benefit from contractually recurring affiliate fees and exposure to the fast growing global pay television market. We expect the company to benefit from rising demand for premium content, driven by emerging distribution platforms such as Netflix, and retransmission revenue growth. We believe the acquisition of satellite TV provider Sky plc will be accretive to value.

## **Conclusion**

While valuations are somewhat elevated and interest rates are rising, we see some cause for continued optimism, as employment and the housing market are improving, and the consumer remains healthy. We continue to believe we are well positioned for almost any economic backdrop by focusing on companies possessing pricing power, skilled management, and flexible balance sheets that trade at meaningful discounts to the Private Market Values. Our investment environment remains catalyst rich with financial engineering and still low borrowing costs, driving acquisition activity.

July 27, 2017

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

Twenty-First Century Fox Inc.	2.3%	Republic Services Inc.	1.5%
Brown-Forman Corp.	2.0%	Honeywell International Inc.	1.4%
Ametek Inc.	1.7%	Diageo Plc	1.4%
Genuine Parts Co.	1.6%	Swedish Match AB	1.3%
Berkshire Hathaway Inc.	1.6%	Sony Corp.	1.3%

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

**Minimum Initial Investment – \$1,000**

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

**[www.gabelli.com](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 Prospectus 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**

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



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## **Gabelli/GAMCO Funds and Your Personal Privacy**

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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.

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

**Portfolio Management Team Biographies**

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

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

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

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

## THE GABELLI ASSET FUND

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

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James P. Conn  
Former Chief Investment  
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Skadden, Arps, Slate, Meagher &  
Flom LLP

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

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GABELLI  
FUNDS

# THE GABELLI ASSET FUND

*Shareholder Commentary*  
*June 30, 2017*

# The Gabelli Asset Fund

## Semiannual Report — June 30, 2017

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#### **To Our Shareholders,**

For the six months ended June 30, 2017, the net asset value (“NAV”) per class AAA Share of The Gabelli Asset Fund increased 9.4% compared with an increase of 9.3% for the Standard & Poor’s (“S&P”) 500 Index. See page 2 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)

	Six Months	1 Year	5 Year	10 Year	15 Year	Since Inception (3/3/86)
<b>Class AAA (GABAX)</b> . . . . .	9.36%	15.05%	11.81%	6.42%	9.10%	11.86%
S&P 500 Index . . . . .	9.34	17.90	14.63	7.18	8.34	10.35(b)
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Nasdaq Composite Index . . . . .	14.75	28.37	17.45	10.23	11.22	9.35(b)
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<b>Class I (GABIX)</b> . . . . .	9.51	15.33	12.09	6.67	9.28	11.94

In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, and I Shares are 1.36%, 1.36%, 2.11%, and 1.11%, respectively. See page 14 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.

- (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, 1988. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at [www.gabelli.com](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 Dow Jones Industrial Average and the Nasdaq Composite Index are unmanaged indicators of stock market performance. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance of the Class A Shares and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares.
- (b) The S&P 500 Index, Dow Jones Industrial Average, and Nasdaq Composite Index since inception performance results are as of February 28, 1986.
- (c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

## The Gabelli Asset 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>The Gabelli Asset Fund</b>				
<b>Actual Fund Return</b>				
Class AAA	\$1,000.00	\$1,093.60	1.36%	\$ 7.06
Class A	\$1,000.00	\$1,093.80	1.36%	\$ 7.06
Class C	\$1,000.00	\$1,089.50	2.11%	\$10.93
Class I	\$1,000.00	\$1,095.10	1.11%	\$ 5.77
<b>Hypothetical 5% Return</b>				
Class AAA	\$1,000.00	\$1,018.05	1.36%	\$ 6.80
Class A	\$1,000.00	\$1,018.05	1.36%	\$ 6.80
Class C	\$1,000.00	\$1,014.33	2.11%	\$10.54
Class I	\$1,000.00	\$1,019.29	1.11%	\$ 5.56

\* 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 Asset Fund

Food and Beverage . . . . .	13.8%	Computer Software and Services . . . . .	1.5%
Financial Services . . . . .	10.8%	Aerospace . . . . .	1.4%
Equipment and Supplies . . . . .	7.1%	Building and Construction . . . . .	1.4%
Entertainment . . . . .	6.3%	Publishing . . . . .	1.1%
Health Care . . . . .	5.2%	Wireless Communications . . . . .	0.9%
Diversified Industrial . . . . .	4.8%	Aviation: Parts and Services . . . . .	0.8%
Cable and Satellite . . . . .	4.7%	Automotive . . . . .	0.8%
Consumer Products . . . . .	4.6%	Transportation . . . . .	0.7%
Machinery . . . . .	3.5%	Agriculture . . . . .	0.4%
Energy and Utilities . . . . .	3.3%	Communications Equipment . . . . .	0.4%
Business Services . . . . .	3.2%	Real Estate Investment Trusts . . . . .	0.4%
Automotive: Parts and Accessories . . . . .	3.2%	Closed-End Funds . . . . .	0.3%
Environmental Services . . . . .	2.6%	Real Estate . . . . .	0.3%
Broadcasting . . . . .	2.4%	Manufactured Housing and Recreational Vehicles . . . . .	0.2%
Retail . . . . .	2.3%	Computer Hardware . . . . .	0.1%
Telecommunications . . . . .	2.2%	Airlines . . . . .	0.0%*
Electronics . . . . .	2.1%	Other Assets and Liabilities (Net) . . . . .	0.2%
Consumer Services . . . . .	2.0%		<u>100.0%</u>
Metals and Mining . . . . .	1.7%		
Specialty Chemicals . . . . .	1.7%		
Hotels and Gaming . . . . .	1.6%		

\* Amount represents less than 0.05%

*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 Asset Fund

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

Shares		Cost	Market Value	Shares		Cost	Market Value
	<b>COMMON STOCKS — 99.5%</b>				<b>Broadcasting — 2.4%</b>		
	<b>Aerospace — 1.4%</b>			292,600	CBS Corp., Cl. A, Voting.....	\$ 3,332,515	\$ 18,963,406
525,000	Aerojet Rocketdyne Holdings Inc.†	\$ 1,597,609	\$ 10,920,000	18,000	Cogeco Inc.....	342,646	936,922
5,000	Lockheed Martin Corp.....	147,750	1,388,050	26,666	Corus Entertainment Inc., New York, Cl. B.....	43,320	279,966
6,000	Northrop Grumman Corp.....	268,238	1,540,260	13,334	Corus Entertainment Inc., Toronto, Cl. B.....	21,662	140,147
1,866,100	Rolls-Royce Holdings plc.....	13,882,585	21,655,879	120,000	ITV plc.....	412,918	283,519
132,493,100	Rolls-Royce Holdings plc, Cl. C†	170,267	172,566	35,250	Liberty Broadband Corp., Cl. A†	62,878	3,024,098
7,500	The Boeing Co.....	488,733	1,483,125	125,682	Liberty Broadband Corp., Cl. C†	2,113,473	10,902,914
		<u>16,555,182</u>	<u>37,159,880</u>	33,000	Liberty Media Corp. - Liberty Formula One, Cl. A†	15,739	1,155,990
	<b>Agriculture — 0.4%</b>			71,000	Liberty Media Corp. - Liberty Formula One, Cl. C†	199,635	2,600,020
220,000	Archer Daniels Midland Co. ...	2,515,131	9,103,600	55,000	Liberty Media Corp. - Liberty SiriusXM, Cl. A†	22,830	2,308,900
13,000	Monsanto Co. ....	115,854	1,538,680	195,000	Liberty Media Corp. - Liberty SiriusXM, Cl. C†	92,513	8,131,500
6,500	Potash Corp. of Saskatchewan Inc.....	29,744	105,950	330,000	MSG Networks Inc., Cl. A†	210,020	7,408,500
25,000	The Mosaic Co. ....	438,682	570,750	10,000	Naspers Ltd., Cl. N.....	393,199	1,945,347
		<u>3,099,411</u>	<u>11,318,980</u>	60,000	Pandora Media Inc.†	728,209	535,200
	<b>Airlines — 0.0%</b>			50,000	Sky plc.....	688,203	647,321
100,000	American Airlines Group Inc., Escrow†	1,464	150,000	366,000	Television Broadcasts Ltd.....	1,680,508	1,378,222
	<b>Automotive — 0.8%</b>			40,000	Tokyo Broadcasting System Holdings Inc.....	560,409	706,646
5,500	Ferrari NV.....	228,323	473,110	56,000	Tribune Media Co., Cl. A.....	2,098,400	2,283,120
50,000	General Motors Co. ....	1,587,900	1,746,500			<u>13,019,077</u>	<u>63,631,738</u>
420,000	Navigar International Corp.†	7,723,551	11,016,600		<b>Building and Construction — 1.4%</b>		
91,500	PACCAR Inc.....	468,321	6,042,660	54,000	Armstrong Flooring Inc.†	977,428	970,380
3,000	Volkswagen AG.....	119,556	465,142	39,000	Assa Abloy AB, Cl. B.....	667,259	856,873
		<u>10,127,651</u>	<u>19,744,012</u>	145,000	Fortune Brands Home & Security Inc.....	1,923,822	9,459,800
	<b>Automotive: Parts and Accessories — 3.2%</b>			99,000	Herc Holdings Inc.†	3,764,312	3,892,680
142,000	BorgWarner Inc.....	602,413	6,015,120	464,999	Johnson Controls International plc.....	14,540,602	20,162,370
175,000	Brembo SpA.....	347,433	2,560,420	14,500	Layne Christensen Co.†	148,784	127,455
481,000	Dana Inc.....	5,573,745	10,740,730			<u>22,022,207</u>	<u>35,469,558</u>
440,000	Genuine Parts Co.....	10,603,845	40,814,400		<b>Business Services — 3.2%</b>		
74,000	Moline Manufacturing Co.†	684,845	1,224,700	15,000	Blucora Inc.†	77,327	318,000
44,200	O'Reilly Automotive Inc.†	1,289,071	9,668,308	225,000	Clear Channel Outdoor Holdings Inc., Cl. A.....	972,178	1,091,250
30,000	Standard Motor Products Inc..	246,597	1,566,600	33,000	Ecolab Inc. ....	261,534	4,380,750
75,000	Superior Industries International Inc.....	1,183,540	1,541,250	140,000	Fly Leasing Ltd., ADR†	1,860,448	1,883,000
85,000	Tenneco Inc.....	2,519,000	4,915,550	206,000	Gerber Scientific Inc., Escrow†	0	0
45,000	Visteon Corp.†	4,403,885	4,592,700	55,000	Landauer Inc.....	338,519	2,876,500
		<u>27,454,374</u>	<u>83,639,778</u>	300,000	Live Nation Entertainment Inc.†	3,186,302	10,455,000
	<b>Aviation: Parts and Services — 0.8%</b>						
5,000	Arconic Inc.....	65,327	113,258				
1,850,000	BBA Aviation plc.....	4,235,403	7,406,939				
55,500	Curtiss-Wright Corp.....	169,970	5,093,790				
112,000	Kaman Corp.....	1,635,409	5,585,440				
40,000	KLX Inc.†	1,574,270	2,000,000				
		<u>7,680,379</u>	<u>20,199,427</u>				

See accompanying notes to financial statements.









# The Gabelli Asset Fund

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

Shares		Cost	Market Value	Shares		Cost	Market Value
	<b>COMMON STOCKS (Continued)</b>						
	<b>Machinery (Continued)</b>						
1,350,000	CNH Industrial NV .....	\$ 10,393,651	\$ 15,363,000	240,500	The St. Joe Co.† .....	\$ 1,857,594	\$ 4,509,375
218,600	CNH Industrial NV, Borsa Italiana .....	2,006,098	2,475,523			<u>3,669,065</u>	<u>8,427,747</u>
242,000	Deere & Co. ....	1,706,816	29,908,780		<b>Real Estate Investment Trusts — 0.4%</b>		
50,000	Mueller Water Products Inc., Cl. A .....	414,557	584,000	20,000	Forest City Realty Trust Inc., Cl. A .....	370,180	483,400
93,000	Welbilt Inc.† .....	175,205	1,753,050	14,422	Host Hotels & Resorts Inc. ....	290,636	263,490
517,000	Xylem Inc. ....	4,541,060	28,657,310	85,000	Ryman Hospitality Properties Inc. ....	3,702,677	5,440,850
		<u>20,033,881</u>	<u>91,744,323</u>	112,000	Weyerhaeuser Co. ....	2,330,968	3,752,000
						<u>6,694,461</u>	<u>9,939,740</u>
	<b>Manufactured Housing and Recreational Vehicles — 0.2%</b>				<b>Retail — 2.3%</b>		
31,500	Cavco Industries Inc.† .....	596,101	4,083,975	52,000	Aaron's Inc. ....	133,191	2,022,800
20,000	Nobility Homes Inc. ....	192,816	335,500	144,000	AutoNation Inc.† .....	2,434,829	6,071,040
32,500	Skyline Corp.† .....	177,923	195,650	61,000	Costco Wholesale Corp. ....	3,097,498	9,755,730
		<u>966,840</u>	<u>4,615,125</u>	197,000	CVS Health Corp. ....	6,441,073	15,850,620
				40,000	HSN Inc. ....	1,108,605	1,276,000
	<b>Metals and Mining — 1.7%</b>			270,000	J.C. Penney Co. Inc.† .....	3,394,830	1,255,500
56,000	Agnico Eagle Mines Ltd. ....	1,821,420	2,526,720	400,000	Lianhua Supermarket Holdings Ltd., Cl. H† .....	369,337	190,587
1,666	Alcoa Corp. ....	21,765	54,395	144,000	Macy's Inc. ....	1,896,047	3,346,560
234,000	Barrick Gold Corp. ....	3,615,288	3,722,940	50,000	Murphy USA Inc.† .....	2,116,202	3,705,500
30,000	Cliffs Natural Resources Inc.† ..	199,316	207,600	15,100	Penske Automotive Group Inc. ....	584,946	663,041
90,000	Franco-Nevada Corp. ....	3,113,147	6,494,400	10,000	Rush Enterprises Inc., Cl. B† ..	227,459	364,100
160,000	Freeport-McMoRan Inc.† .....	1,924,713	1,921,600	46,000	The Cheesecake Factory Inc. ...	1,360,812	2,313,800
60,000	Kinross Gold Corp.† .....	376,124	244,200	29,000	The Home Depot Inc. ....	900,663	4,448,600
24,000	New Hope Corp. Ltd. ....	32,183	28,223	128,000	The Kroger Co. ....	389,119	2,984,960
530,000	Newmont Mining Corp. ....	11,114,733	17,166,700	30,000	Walgreens Boots Alliance Inc. ...	1,642,906	2,349,300
124,000	Royal Gold Inc. ....	5,388,241	9,693,080	115,000	Whole Foods Market Inc. ....	1,634,452	4,842,650
52,609	TimkenSteel Corp.† .....	633,484	808,600			<u>27,731,969</u>	<u>61,440,788</u>
180,000	Turquoise Hill Resources Ltd.† .....	617,436	477,000		<b>Specialty Chemicals — 1.7%</b>		
84,000	Wheaton Precious Metals Corp. ....	1,589,928	1,670,760	20,000	Ashland Global Holdings Inc. ...	747,123	1,318,200
		<u>30,447,778</u>	<u>45,016,218</u>	552,000	Ferro Corp.† .....	4,218,339	10,096,080
				91,200	General Chemical Group Inc.† ..	249,024	1,186
	<b>Publishing — 1.1%</b>			138,000	H.B. Fuller Co. ....	3,878,767	7,053,180
900	Graham Holdings Co., Cl. B ...	386,651	539,685	103,000	International Flavors & Fragrances Inc. ....	4,670,413	13,905,000
53,000	Meredith Corp. ....	1,105,098	3,150,850	379,700	OMNOVA Solutions Inc.† .....	1,039,658	3,702,075
128,000	News Corp., Cl. A .....	638,332	1,753,600	9,000	Praxair Inc. ....	919,375	1,192,950
94,000	News Corp., Cl. B .....	1,291,208	1,330,100	70,000	Sensient Technologies Corp. ...	1,186,001	5,637,100
125,000	S&P Global Inc. ....	990,191	18,248,750	45,000	SGL Carbon SE† .....	656,508	558,941
215,000	The E.W. Scripps Co., Cl. A† ..	2,665,801	3,829,150	58,000	Valvoline Inc. ....	836,491	1,375,760
10,000	The New York Times Co., Cl. A .....	89,319	177,000			<u>18,401,699</u>	<u>44,840,472</u>
		<u>7,166,600</u>	<u>29,029,135</u>		<b>Telecommunications — 2.2%</b>		
16,500	Brookfield Asset Management Inc., Cl. A .....	291,551	646,965	36,000	CenturyLink Inc. ....	641,820	859,680
330	Brookfield Business Partners LP .....	9,254	8,927	260,000	Cincinnati Bell Inc.† .....	4,622,030	5,083,000
104,000	Griffin Industrial Realty Inc. ...	1,510,666	3,262,480	170,000	Deutsche Telekom AG, ADR ...	2,605,814	3,062,550
				30,000	Hellenic Telecommunications Organization SA .....	435,110	361,149

See accompanying notes to financial statements.

# The Gabelli Asset Fund

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

Shares		Cost	Market Value	Shares		Cost	Market Value
	<b>COMMON STOCKS (Continued)</b>				<b>CLOSED-END FUNDS — 0.3%</b>		
	<b>Telecommunications (Continued)</b>			125,000	Altaba Inc.† . . . . .	\$ 1,877,620	\$ 6,810,000
25,000	Hellenic Telecommunications			11,417	Royce Global Value Trust Inc. . . . .	99,328	109,717
	Organization SA, ADR . . . . .	\$ 111,368	\$ 148,200	79,500	Royce Value Trust Inc. . . . .	972,272	1,159,905
55,000	Level 3 Communications					<u>2,949,220</u>	<u>8,079,622</u>
	Inc.† . . . . .	1,296,769	3,261,500		<b>TOTAL CLOSED-END FUNDS . . . . .</b>	<u>2,949,220</u>	<u>8,079,622</u>
71,607	Loral Space & Communi-				<b>PREFERRED STOCKS — 0.0%</b>		
	cations Inc.† . . . . .	2,758,186	2,975,271		<b>Health Care — 0.0%</b>		
6,000	Orange SA, ADR . . . . .	63,335	95,880	31,580	The Phoenix Companies		
210,000	Sprint Corp.† . . . . .	1,138,127	1,724,100		Inc., 7.450%, 01/15/32 . . . . .	674,937	592,125
3,007,800	Telecom Italia SpA† . . . . .	1,674,788	2,775,775				
175,000	Telecom Italia SpA, ADR† . . . . .	1,222,253	1,636,250		<b>RIGHTS — 0.0%</b>		
39,981	Telefonica Brasil SA, ADR . . . . .	373,700	539,344		<b>Health Care — 0.0%</b>		
267,401	Telefonica SA, ADR . . . . .	3,354,218	2,778,296	20,000	American Medical Alert Corp.,		
977,510	Telephone & Data Systems				expire 12/31/49† . . . . .	0	200
	Inc. . . . .	19,611,787	27,125,903				
230,000	Telesites SAB de CV† . . . . .	154,371	169,058		<b>WARRANTS — 0.0%</b>		
138,000	VEON Ltd., ADR . . . . .	574,374	539,580		<b>Hotels and Gaming — 0.0%</b>		
107,000	Verizon Communications Inc. . . . .	3,412,462	4,778,620	200,000	The Indian Hotels Co. Ltd.,		
		<u>44,050,512</u>	<u>57,914,156</u>		expire 05/14/18†(a) . . . . .	329,280	414,000
	<b>Transportation — 0.7%</b>				<b>TOTAL</b>		
284,000	GATX Corp. . . . .	7,354,103	18,252,680		<b>INVESTMENTS — 99.8% . . . . .</b>	<u>\$ 977,491,653</u>	<u>\$2,610,722,067</u>
4,000	Kansas City Southern . . . . .	7,317	418,600		<b>Other Assets and Liabilities (Net) — 0.2% . . . . .</b>		<u>5,058,183</u>
		<u>7,361,420</u>	<u>18,671,280</u>		<b>NET ASSETS — 100.0% . . . . .</b>		<u>\$2,615,780,250</u>
	<b>Wireless Communications — 0.9%</b>						
36,000	Altice USA Inc., Cl. A† . . . . .	1,080,000	1,162,800		(a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2017, the market value of the Rule 144A security amounted to \$414,000 or 0.02% of net assets.		
115,000	America Movil SAB de CV,				† Non-income producing security.		
	Cl. L, ADR . . . . .	351,470	1,830,800		ADR American Depositary Receipt		
14,000	Millicom International Cellular				GDR Global Depositary Receipt		
	SA . . . . .	885,695	833,000		SDR Swedish Depositary Receipt		
53,000	Millicom International Cellular						
	SA, SDR . . . . .	3,285,419	3,130,414				
208,000	NTT DoCoMo Inc. . . . .	2,956,445	4,904,343				
20,000	Tim Participacoes SA, ADR . . . . .	148,920	296,000				
68,000	T-Mobile US Inc.† . . . . .	2,141,324	4,122,160				
175,000	United States Cellular Corp.† . . . . .	8,418,935	6,706,000				
		<u>19,268,208</u>	<u>22,985,517</u>				
	<b>TOTAL COMMON STOCKS . . . . .</b>	<u>973,538,216</u>	<u>2,601,636,120</u>				

See accompanying notes to financial statements.

## The Gabelli Asset Fund

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

<b>Assets:</b>	
Investments, at value (cost \$977,491,653) . . . .	\$2,610,722,067
Foreign currency, at value (cost \$52,868) . . . .	52,789
Cash . . . . .	11,055
Receivable for investments sold . . . . .	9,210,809
Receivable for Fund shares sold . . . . .	580,449
Dividends and interest receivable . . . . .	2,991,978
Prepaid expenses . . . . .	63,490
<b>Total Assets</b> . . . . .	<u>2,623,632,637</u>
<b>Liabilities:</b>	
Payable for investments purchased . . . . .	286,946
Payable for Fund shares redeemed . . . . .	1,800,483
Payable for investment advisory fees . . . . .	2,164,174
Payable for distribution fees . . . . .	472,260
Payable for accounting fees . . . . .	11,250
Line of credit payable . . . . .	2,546,000
Other accrued expenses . . . . .	571,274
<b>Total Liabilities</b> . . . . .	<u>7,852,387</u>
<b>Net Assets</b>	
(applicable to 44,955,142 shares outstanding) . . . . .	<u>\$2,615,780,250</u>
<b>Net Assets Consist of:</b>	
Paid-in capital . . . . .	\$ 833,243,196
Accumulated net investment income . . . . .	6,646,964
Accumulated net realized gain on investments and foreign currency transactions . . . . .	142,655,659
Net unrealized appreciation on investments . . .	1,633,230,414
Net unrealized appreciation on foreign currency translations . . . . .	4,017
<b>Net Assets</b> . . . . .	<u>\$2,615,780,250</u>
<b>Shares of Beneficial Interest, each at \$0.01 par value; unlimited number of shares authorized:</b>	
<b>Class AAA:</b>	
Net Asset Value, offering, and redemption price per share (\$1,964,582,247 ÷ 33,685,983 shares outstanding) . . . . .	<u>\$58.32</u>
<b>Class A:</b>	
Net Asset Value and redemption price per share (\$43,357,656 ÷ 750,822 shares outstanding) . . . . .	<u>\$57.75</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price) . . . . .	<u>\$61.27</u>
<b>Class C:</b>	
Net Asset Value and offering price per share (\$67,780,959 ÷ 1,251,254 shares outstanding) . . . . .	<u>\$54.17(a)</u>
<b>Class I:</b>	
Net Asset Value, offering, and redemption price per share (\$540,059,388 ÷ 9,267,083 shares outstanding) . . . . .	<u>\$58.28</u>

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

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

<b>Investment Income:</b>	
Dividends (net of foreign withholding taxes of \$725,975) . . . . .	\$ 23,945,689
Interest . . . . .	5,790
<b>Total Income</b> . . . . .	<u>23,951,479</u>
<b>Expenses:</b>	
Investment advisory fees . . . . .	13,010,895
Distribution fees - Class AAA . . . . .	2,455,573
Distribution fees - Class A . . . . .	60,230
Distribution fees - Class C . . . . .	352,418
Shareholder services fees . . . . .	803,745
Custodian fees . . . . .	140,519
Shareholder communications expenses . . . . .	119,440
Trustees' fees . . . . .	93,899
Interest expense . . . . .	60,131
Legal and audit fees . . . . .	59,544
Registration expenses . . . . .	47,176
Accounting fees . . . . .	22,500
Miscellaneous expenses . . . . .	77,131
<b>Total Expenses</b> . . . . .	<u>17,303,201</u>
Less:	
Expenses paid indirectly by broker (See Note 6) . . . . .	<u>(9,492)</u>
<b>Net Expenses</b> . . . . .	<u>17,293,709</u>
<b>Net Investment Income</b> . . . . .	<u>6,657,770</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:</b>	
Net realized gain on investments . . . . .	155,676,172
Net realized loss on foreign currency transactions . . . . .	<u>(21,530)</u>
Net realized gain on investments and foreign currency transactions . . . . .	<u>155,654,642</u>
Net change in unrealized appreciation/depreciation: on investments . . . . .	72,977,614
on foreign currency translations . . . . .	<u>24,188</u>
Net change in unrealized appreciation/depreciation on investments and foreign currency translations . . . . .	<u>73,001,802</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency</b> . . . . .	<u>228,656,444</u>
<b>Net Increase in Net Assets Resulting from Operations</b> . . . . .	<u>\$235,314,214</u>

See accompanying notes to financial statements.



# The Gabelli Asset 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 .....	\$ 6,657,770	\$ 16,355,833
Net realized gain on investments and foreign currency transactions .....	155,654,642	313,443,085
Net change in unrealized appreciation/depreciation on investments and foreign currency translations .....	<u>73,001,802</u>	<u>(38,555,406)</u>
<b>Net Increase in Net Assets Resulting from Operations</b> .....	<u>235,314,214</u>	<u>291,243,512</u>
<b>Distributions to Shareholders:</b>		
Net investment income		
Class AAA .....	—	(13,748,396)
Class A .....	—	(403,693)
Class I .....	—	(4,748,880)
	<u>—</u>	<u>(18,900,969)</u>
Net realized gain		
Class AAA .....	—	(219,648,286)
Class A .....	—	(6,536,093)
Class C .....	—	(8,707,818)
Class I .....	—	(55,276,193)
	<u>—</u>	<u>(290,168,390)</u>
<b>Total Distributions to Shareholders</b> .....	<u>—</u>	<u>(309,069,359)</u>
<b>Shares of Beneficial Interest Transactions:</b>		
Class AAA .....	(179,295,369)	(182,386,677)
Class A .....	(18,107,304)	(17,284,229)
Class C .....	(11,216,861)	(23,178,641)
Class I .....	<u>(1,130,272)</u>	<u>19,015,459</u>
<b>Net Decrease in Net Assets from Shares of Beneficial Interest Transactions</b> .....	<u>(209,749,806)</u>	<u>(203,834,088)</u>
<b>Redemption Fees</b> .....	548	4,144
<b>Net Increase/(Decrease) in Net Assets</b> .....	25,564,956	(221,655,791)
<b>Net Assets:</b>		
Beginning of year .....	<u>2,590,215,294</u>	<u>2,811,871,085</u>
End of period (including undistributed net investment income of \$6,646,964 and \$0, respectively) .....	<u>\$2,615,780,250</u>	<u>\$2,590,215,294</u>

See accompanying notes to financial statements.

# The Gabelli Asset Fund

## Financial Highlights

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

Year Ended December 31	Income (Loss) from Investment Operations					Distributions			Ratios to Average Net Assets/ Supplemental Data					
	Net Asset Value, Beginning of Year	Net Investment Income (Loss)(a)	Realized Gain (Loss) on Investments	Total from Investment Operations	Net Investment Income	Net Realized Gain on Investments	Total Distributions	Redemption Fees (a)(b)	Net Asset Value, End of Period	Total Return(c)	Net Assets End of Period (in 000's)	Net Investment Income (Loss)	Operating Expenses	Portfolio Turnover Rate
<b>Class AAA</b>														
2017(c)	\$53.33	\$ 0.13	\$ 4.86	\$ 4.99	—	\$(6.64)	—	\$0.00	\$58.32	9.4%	\$1,964,582	0.48%(d)	1.36%(d)(e)	1%
2016	54.10	0.33	5.96	6.29	\$(0.42)	\$(7.06)	0.00	0.00	53.33	11.6	1,966,374	0.59	1.36(e)	3
2015	65.39	0.20	(3.93)	(3.73)	(0.21)	(7.35)	(7.56)	0.00	54.10	(5.9)	2,160,274	0.31	1.35(e)	3
2014	65.31	0.19	3.04	3.23	(0.17)	(2.98)	(3.15)	0.00	65.39	4.9	3,011,541	0.28	1.35	5
2013	51.87	0.21	16.42	16.63	(0.20)	(2.99)	(3.19)	0.00	65.31	32.4	3,178,406	0.35	1.35	7
2012	47.60	0.50	7.10	7.60	(0.52)	(2.81)	(3.33)	0.00	51.87	16.0	2,487,368	0.97	1.38	4
<b>Class A</b>														
2017(c)	\$52.80	\$ 0.12	\$ 4.83	\$ 4.95	—	—	—	\$0.00	\$57.75	9.4%	\$ 43,358	0.44%(d)	1.36%(d)(e)	1%
2016	53.62	0.33	5.90	6.23	\$(0.41)	\$(6.64)	—	0.00	52.80	11.6	56,913	0.59	1.36(e)	3
2015	64.88	0.20	(3.91)	(3.71)	(0.20)	(7.35)	(7.55)	0.00	53.62	(5.9)	74,447	0.31	1.35(e)	3
2014	64.82	0.19	3.02	3.21	(0.17)	(2.98)	(3.15)	0.00	64.88	4.9	110,428	0.28	1.35	5
2013	51.52	0.20	16.32	16.52	(0.23)	(2.99)	(3.22)	0.00	64.82	32.4	112,707	0.33	1.35	7
2012	47.30	0.50	7.05	7.55	(0.52)	(2.81)	(3.33)	0.00	51.52	16.0	74,713	0.98	1.38	4
<b>Class C</b>														
2017(c)	\$49.72	\$(0.07)	\$ 4.52	\$ 4.45	—	—	—	\$0.00	\$54.17	9.0%	\$ 67,781	(0.27)% (d)	2.11%(d)(e)	1%
2016	50.87	(0.08)	5.57	5.49	—	\$(6.64)	—	0.00	49.72	10.8	72,850	(0.16)	2.11(e)	3
2015	62.21	(0.27)	(3.72)	(3.99)	—	(7.35)	(7.35)	0.00	50.87	(6.6)	96,670	(0.44)	2.10(e)	3
2014	62.58	(0.30)	2.91	2.61	—	(2.98)	(2.98)	0.00	62.21	4.1	125,548	(0.47)	2.10	5
2013	50.01	(0.24)	15.80	15.56	—	(2.99)	(2.99)	0.00	62.58	31.4	104,620	(0.41)	2.10	7
2012	46.05	0.13	6.82	6.95	\$(0.18)	(2.81)	(2.99)	0.00	50.01	15.1	54,546	0.27	2.13	4
<b>Class I</b>														
2017(c)	\$53.22	\$ 0.21	\$ 4.85	\$ 5.06	—	—	—	\$0.00	\$58.28	9.5%	\$ 540,059	0.74%(d)	1.11%(d)(e)	1%
2016	54.01	0.47	5.95	6.42	\$(0.57)	\$(6.64)	—	0.00	53.22	11.8	494,078	0.84	1.11(e)	3
2015	65.33	0.37	(3.94)	(3.57)	(0.40)	(7.35)	(7.75)	0.00	54.01	(5.6)	480,480	0.57	1.10(e)	3
2014	65.25	0.35	3.06	3.41	(0.35)	(2.98)	(3.33)	0.00	65.33	5.2	374,638	0.52	1.10	5
2013	51.82	0.36	16.42	16.78	(0.36)	(2.99)	(3.35)	0.00	65.25	32.7	280,250	0.60	1.10	7
2012	47.56	0.67	7.06	7.73	(0.66)	(2.81)	(3.47)	0.00	51.82	16.3	159,366	1.30	1.13	4

† 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. For the six months ended June 30, 2017 and the years ended

December 31, 2016 and 2015, there was no impact on the expense ratios.

See accompanying notes to financial statements.

## The Gabelli Asset Fund

### Notes to Financial Statements (Unaudited)

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**1. Organization.** The Gabelli Asset Fund was organized on November 25, 1985 as a Massachusetts business 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 growth of capital. The Fund commenced investment operations on March 3, 1986.

**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 Gabelli Asset Fund

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

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

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

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

	Valuation Inputs			Total Market Value at 6/30/17
	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:				
Aerospace	\$ 36,987,314	—	\$172,566	\$ 37,159,880
Airlines	—	\$ 150,000	—	150,000
Business Services	84,385,220	—	0	84,385,220
Diversified Industrial	125,908,451	4,200	—	125,912,651
Energy and Utilities	85,170,435	—	0	85,170,435
Financial Services	281,337,876	43,177	—	281,381,053
Manufactured Housing and Recreational Vehicles	4,279,625	335,500	—	4,615,125
Specialty Chemicals	44,839,286	1,186	—	44,840,472
Other Industries (a)	1,938,021,284	—	—	1,938,021,284
<b>Total Common Stocks</b>	<b>2,600,929,491</b>	<b>534,063</b>	<b>172,566</b>	<b>2,601,636,120</b>
Closed End Funds (a)	8,079,622	—	—	8,079,622
Preferred Stocks (a)	—	592,125	—	592,125
Rights (a)	—	—	200	200
Warrants (a)	—	414,000	—	414,000
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$2,609,009,113</b>	<b>\$1,540,188</b>	<b>\$172,766</b>	<b>\$2,610,722,067</b>

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

The Fund did not have material transfers among Level 1, Level 2, and Level 3 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.

### 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

## The Gabelli Asset Fund

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

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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 are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

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

**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 10% 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

## The Gabelli Asset Fund

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

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or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At June 30, 2017, the Fund held no restricted securities.

**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 and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. 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 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) .....	\$ 20,874,585
Net long term capital gains .....	<u>305,510,473</u>
Total distributions paid .....	<u>\$326,385,058</u>

\* Total distributions paid differs from the Statement of Changes in Net Assets due to the utilization of equalization.

**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

## The Gabelli Asset Fund

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

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 . . . . .	\$988,094,276	\$1,647,211,651	\$(24,583,860)	\$1,622,627,791

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended June 30, 2017, the Fund did not incur any income tax, interest, or penalties. 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.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$18,000 plus \$2,000 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended and the Chairman of the Audit Committee and the Lead Trustee each receives an annual fee of \$2,000. The Chairman of the Proxy Voting Committee and Nominating Committee each receives \$1,000 annually. 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 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.

## The Gabelli Asset Fund

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

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**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 \$21,955,568 and \$270,853,164, respectively.

**6. Transactions with Affiliates and Other Arrangements.** During the six months ended June 30, 2017, the Fund paid \$104,694 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$5,779 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 broker arrangement during this period was \$9,492.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the six months ended June 30, 2017, the Fund paid or accrued \$22,500 to the Adviser in connection with the cost of computing the Fund's NAV.

**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. At June 30, 2017, there was \$2,546,000 outstanding under the line of credit.

The average daily amount of borrowings outstanding under the line of credit during the six months ended June 30, 2017 was \$4,917,873 with a weighted average interest rate of 2.13%. The maximum amount borrowed at any time during the six months ended June 30, 2017 was \$47,641,000.

**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.



# The Gabelli Asset Fund

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

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.....	284,096	\$ 15,870,003	727,117	\$ 40,706,434
Shares issued upon reinvestment of distributions.....	—	—	4,134,942	221,094,414
Shares redeemed .....	<u>(3,472,944)</u>	<u>(195,165,372)</u>	<u>(7,920,727)</u>	<u>(444,187,525)</u>
Net decrease .....	<u>(3,188,848)</u>	<u>\$(179,295,369)</u>	<u>(3,058,668)</u>	<u>\$(182,386,677)</u>
<b>Class A</b>				
Shares sold.....	31,713	\$ 1,753,106	127,239	\$ 7,060,121
Shares issued upon reinvestment of distributions.....	—	—	111,933	5,925,759
Shares redeemed .....	<u>(358,764)</u>	<u>(19,860,410)</u>	<u>(549,681)</u>	<u>(30,270,109)</u>
Net decrease .....	<u>(327,051)</u>	<u>\$ (18,107,304)</u>	<u>(310,509)</u>	<u>\$ (17,284,229)</u>
<b>Class C</b>				
Shares sold.....	43,034	\$ 2,232,755	110,681	\$ 5,730,572
Shares issued upon reinvestment of distributions.....	—	—	143,563	7,156,612
Shares redeemed .....	<u>(257,132)</u>	<u>(13,449,616)</u>	<u>(689,239)</u>	<u>(36,065,825)</u>
Net decrease .....	<u>(214,098)</u>	<u>\$ (11,216,861)</u>	<u>(434,995)</u>	<u>\$ (23,178,641)</u>
<b>Class I</b>				
Shares sold.....	961,924	\$ 53,779,003	1,715,387	\$ 97,316,436
Shares issued upon reinvestment of distributions.....	—	—	1,031,108	55,017,188
Shares redeemed .....	<u>(978,551)</u>	<u>(54,909,275)</u>	<u>(2,359,482)</u>	<u>(133,318,165)</u>
Net increase/(decrease).....	<u>(16,627)</u>	<u>\$ (1,130,272)</u>	<u>387,013</u>	<u>\$ 19,015,459</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.** On July 5, 2017, the Fund began to offer for sale Class T Shares.

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

# The Gabelli Asset 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 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 against a peer group of multi-cap core funds chosen by Broadridge as being comparable. The Independent Board Members noted that the Fund’s performance was in the second quartile of the funds in its category for the one year period and in the fourth quartile for the three year and five year periods.

**Profitability.** The Independent Board Members reviewed summary data regarding the 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 large portion of the Fund’s portfolio transactions were executed by an affiliated broker and that another affiliated broker received distribution fees and minor amounts of sales commissions.

**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.

**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 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 multi-cap and core value funds and noted that the advisory fee includes substantially all administrative services for the Fund as well as 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 this group. The Independent Board Members also noted that the advisory fee structure was the same as that in effect for most of the Gabelli funds.

**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 the profitability to the Adviser of managing the Fund were reasonable 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 particular weight to any single conclusion, the Independent Board Members determined to recommend continuation of the investment advisory agreement to the full Board.

## **The Gabelli Asset Fund**

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

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

## **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 ASSET 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.

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

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

**Jeffrey J. Jonas, CFA**, joined Gabelli in 2003 as a research analyst focusing on companies across the healthcare industry. In 2006, he began serving as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Fund Complex. Mr. Jonas was a Presidential Scholar at Boston College, where he received a BS in Finance and Management Information Systems.

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).

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

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G.distributors, LLC

### 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 Asset Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.



GABELLI  
FUNDS

# THE GABELLI ASSET FUND

*Semiannual Report*  
*June 30, 2017*