The Gabelli Utilities Fund

Shareholder Commentary
June 30, 2017

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To Our Shareholders,

For the quarter ended June 30, 2017, the net asset value ("NAV") per Class AAA Share of The Gabelli Utilities Fund increased 0.7% compared with an increase of 2.2% for the Standard & Poor's ("S&P") 500 Utilities Index (SPU). See page 2 for additional performance information.

Solid Utility Returns and Continued Fed Vigilance Keep Long Rates Low

Through the first half of 2017, the S&P Utilities Index provided an 8.8% total return, compared to a 9.3% return for the S&P 500 Index. Utility stocks benefited from lower interest rates, strong fundamentals, merger activity, and defensive appeal.

The slow but steady U.S. economic growth rate, combined with ongoing low interest rates, bodes well for the equity markets, including utility stocks. Initial optimism that the Trump administration would enact profound change leading to strong economic growth, (and potentially inflation) has been replaced with congressional gridlock, geopolitical risk, and a vigilant Federal Reserve. On June 15, 2017, the Federal Reserve raised the federal funds rate target range by another 25 basis points, to 1.00%-1.25%, and stated intentions to start shrinking its $4.5 trillion portfolio. Following seven years of a 0% overnight lending rate through December of 2015, the Fed has raised the benchmark rate four times in eighteen months, including three hikes in a six month period. The actions help harness the economy, mitigate inflation, and put downward pressure on the longer end of the yield curve. The 10 and 30 year U.S. Treasuries yielded 2.31% and 2.84% at the end of the second quarter, lower than the year-end 2016 levels of 2.45% and 3.1%, respectively.

Comparative Results

Average Annual Returns through June 30, 2017 (a)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (8/31/99)
Class AAA (GABUX)	0.69%	4.27%	8.67%	5.96%	8.18%	7.80%
S&P 500 Utilities Index	2.21	2.47	11.17	6.97	9.42	6.88
S&P 500 Index	3.09	17.90	14.63	7.18	8.34	5.47
Lipper Utility Fund Average	1.56	3.10	9.82	5.75	9.46	6.60
Class A (GAUAX)	0.82	4.35	8.68	5.98	8.21	7.82
With sales charge (b)	(4.98)	(1.65)	7.41	5.36	7.78	7.46
Class C (GAUCX)	0.70	3.63	7.88	5.19	7.42	7.15
With contingent deferred sales charge (c)	(0.30)	2.63	7.88	5.19	7.42	7.15
Class I (GAUIX)	0.80	4.56	8.95	6.20	8.34	7.94

In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, and I Shares are 1.38%, 1.38%, 2.13%, and 1.13%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.

(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Returns would have been lower had Gabelli Funds, LLC, the Adviser not reimbursed certain expenses of the Fund for periods prior to December 31, 2002. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com.* The value of utility stocks generally changes as long term interest rates change. Funds investing in a single sector, such as utilities, may be subject to more volatility than funds that invest more broadly. The utilities industry can be significantly affected by government regulation, financing difficulties, supply or demand of services or fuel, and natural resources conservation. 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, 2002 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. The S&P 500 Utilities Index is an unmanaged market capitalization weighted index of large capitalization stocks that may include facilities generation and transmission or distribution of electricity, gas, or water. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper Utility Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.

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

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

Monthly Distributions – $0.07 per share

The Gabelli Utilities Fund has a $0.07 per share monthly distribution policy in place. For more specific dividend and tax information, please visit our website at www.gabelli.com or call 800-GABELLI (800-422-3554). **Shareholders should be aware that a portion of the distribution may represent a non-taxable return of capital.** Such distributions will reduce the cost basis of your shares if you hold them in a taxable account. The distributions should not be confused with the yield or total return of the Fund.

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

Over the past few years, some investors avoided utility stocks due to concern over the potential for higher interest rates. In the face of the four “rate hikes”, the S&P Utilities Index returned 30.7% and the S&P 500 returned 22.6% since the Fed’s initial action in December 2015. We continue to emphasize that, while utility stocks are sensitive to interest rates, they are by no means bond proxies. Earnings and dividend growth rates primarily determine long term total returns and mitigate the negative impact of higher interest rates.

Outlook: Earnings Growth Through Cycles and Regardless of Politics

Our universe of forty-four electric utility stocks offers a median current return of 3.2% and 4%-6% annual earnings and dividend growth, which is higher than forecast inflation. In 2016, median utility earnings growth was 6.1%, and forty of the forty-four electric utility stocks, or 91%, raised the annual dividend, with a median increase of 5.6%. The fundamentals of the sector remain healthy, and include strong balance sheets and credit ratings, improving regulatory principles, focused strategies, low natural gas prices, and opportunities to invest in infrastructure.

Republican control of the White House and both chambers of Congress has resulted in a less stringent EPA, withdrawal from the Paris Agreement on climate, and an end to the Clean Power Plan (March 2017 Executive Order), but utility infrastructure investment continues in earnest. In 2016, capital investment rose 8% to a record level of $113 billion and is expected to rise further to $120 billion in 2017, driving ongoing earnings growth.

Gridlock has hampered material changes in policy thus far, but we continue to expect changes in fiscal policy, including lower corporate and personal income tax rates, as well as other changes in tax policy. Items of particular interest include: (1) lowering the corporate tax rate; (2) revising the tax deductibility of interest expense; and (3) allowing the expensing of capital investments. A lower corporate tax rate would be passed on directly to customers through lower bills, and create some positive “goodwill” for utilities and Public Utility Commissions (PUC). After running various scenarios, most utility managements concluded that the aforementioned policy changes would not have a material impact on utility financials.

Finally, the sector continues to consolidate, resulting in takeover premiums and added growth opportunities. Electric (19.7x and 18.4x), gas (22.5x and 21.6x) and water (25.9x and 24.5x) utilities trade near historically high absolute P/E multiples of forward earnings estimates (2017E and 2018P), respectively. Adjusted for interest rates, the P/E multiples appear reasonable and, considering the strong fundamental outlook, which includes stronger than historical growth rate and lower risk profiles, valuations could be considered attractive.

Merger and Acquisition Activity Update

During the second quarter of 2017, two utility mergers were rejected by PUC’s. On April 13, 2017, the PUC of Texas rejected NextEra Energy’s $18.5 billion acquisition of Oncor Electric, on the basis that Oncor would lack independence from NEE. On April 21, 2017, the Kansas Corporation Commission rejected the Great Plains Energy (GXP) (Kansas City, Missouri) and the Westar Energy (Topeka, Kansas) merger on the grounds that GXP is using excessive leverage and paying too large a premium. The companies are negotiating new deals to bring to their respective PUCs.

In the first quarter of 2017, two gas utilities agreed to be purchased by infrastructure funds: WGL Holdings of Washington, D.C. by Canadian infrastructure fund AltaGas, and Delta Gas of Winchester, Kentucky by Steel River Infrastructure.

In 2016, eight regulated utility acquisitions were announced, ten were completed (including four announced in 2016), and one deal was terminated.

The long term consolidation trend has benefited shareholders, with average and median premiums ranging from 3% to 57%. We attribute the recent acceleration of activity to the low interest rate environment, desire for scale in the face of ongoing infrastructure investment, and the emergence of the Canadian utilities. However, we expect that consolidation activity could moderate over the near term, given uncertainty related to the potential for comprehensive tax law changes. A revision in the tax-deductibility of interest expense would discourage leverage and result in a higher cost of capital. However, once there is some clarity, consolidation will likely continue. Consolidation activity is outlined below:

Deals Rejected in the Second Quarter

Announced Date	Buyer	Target Entity	Enterprise Value	Premium**
7/29/16	NextEra Energy (4.1%*)	Oncor Electric	$18.4 billion	Private
5/31/16	Great Plains Energy (1.2%)	Westar Energy (2.2%)	$12.2 billion	13%

*of net assets as of June 30, 2017

Announced Deals Currently Pending

Date	Buyer	Target Entity	Enterprise Value	Premium**
2/21/17	Steel River	DeltaGas (0.2%)	$258 million	17%
1/26/17	AltaGas	WGL Resources (0.4%)	$6.4 billion	12%
10/10/16	First Reserve	Gas Natural (0.1%)	196 million	39%

Deals Closed in 2016/2017

Date	Buyer	Target Entity	Enterprise Value	Premium**
1/2/2017	Algonquin PU (0.2%)	Empire District Electric	$2.4 billion	21%
10/14/16	Fortis (0.3%)	ITC Holdings	$11.3 billion	14%
10/3/16	Duke Energy (1.1%)	Piedmont Natural Gas	$6.7 billion	42%
9/16/16	Dominion Res.	Questar Corp.	$6.0 billion	22%
9/12/16	Spire (0.4%)	Energy South	$344 million	Private
7/1/16	Emera (0.3%)	TECO Energy	$10.4 billion	31%

7/1/16	Southern Co. (0.9%)	AGL Resources	$12 billion	38%
3/30/16	Macquarie (0.1%)	CLECO	$4.7 billion	15%
3/23/16	Exelon (0.6%)	Pepco Hldgs.	$11.9 billion	20%
2/12/16	Black Hills (1.5%)	Source Gas	$1.89 billion	Private

On 7/18/16, NextEra Energy terminated its deal to aquire Hawaiian Electric for $4.3 billion.

**Represents the premium to the closing share price on the last trading day prior to the announcement of the deal.

With nearly 80 North American utilities and power companies, 60 electric, and 20 gas companies, we recommend that investors purchase a portfolio of small-to-mid-cap utilities with earnings and dividend growth potential. More significant takeover premiums are normally associated with fundamentally sound, reasonably priced, mid-cap and small-cap utilities. Attractive takeover characteristics include constructive regulatory environments, healthy service areas, transmission growth potential, low carbon footprints, strategic geographies, or a particularly stressed situation. Given the significant long term demand for natural gas, we consider most gas distribution utilities, particularly those with pending pipeline development projects, to be highly coveted.

Earnings and Dividend Growth Driven By Infrastructure Investment

The successful formula driving our strong fundamental and earnings outlook remains: Investment Opportunities + Constructive Regulation = Earnings Growth. The $113 billion invested by the Edison Electric Institute (EEI) member utilities in 2016 was 8% higher than the $104 billion spent in 2015, and it marked the fourth consecutive year of record investment. EEI projects industry investment at $120 billion in 2017, $114 billion in 2018, and $109 billion in 2019. We expect 2018-2019 investment to be higher than the EEI's forecast, as the forecast normally only includes more significant visible projects.

We continue to expect this level of investment to lead to 4% to 6% annual earnings growth, which is in line with most utility management target growth rates. In 2016, utility group median EPS grew 6.1%, and consensus estimates call for 5.2% median growth in 2017 and 5.7% in 2018.

Economics Driving Gas and Renewables Investment

In March 2017, President Trump signed an executive order to dismantle the Clean Power Plan ("CPP"). The CPP was the crowning environmental achievement of the previous administration, because it was the first regulation on greenhouse gases, including carbon. It called for a 30% plus reduction in carbon by 2030 from 2005 levels, with the first compliance period in 2022. The absence of climate change legislation and withdrawal from the Paris Agreement on climate will do very little to slow the "greening of the U.S. power generation fleet". The U.S. electric and gas utility industry is undergoing a dramatic transformation to cleaner and more efficient energy usage, including the rapid development of wind and solar generation and the retirement of older coal and nuclear units.

The December 2015 renewable tax extension, which extended wind production tax credits through 2019 and solar investment tax credits through 2020, is temporarily driving renewable development. The credit allows for the full $0.023/kilowatt hour credit in 2016, and phases out in 20% increments from 2017 (80%), 2018 (60%), and 2019 (40%). More importantly, the safe harbor provision allows the commercial operation date to occur up to four calendar years after construction began (2020-2023). The 30% solar investment tax credit was extended through 2019, and will decline to 26% in 2020, 22% in 2021, and then permanently to 10% for commercial and 0% for residential. In addition, state mandates and customer demands are also significant drivers of renewable investment over the near term. At its June 21, 2017 analyst day, leading renewable developer NextEra Energy (4.14%) highlighted that technology improvement and cost declines will make wind and solar competitive with new combined cycle gas plants post 2020. Over time, battery storage technological improvements will likely render coal plants extinct.

According to the U.S. Energy Information Administration (EIA), renewable generation (wind and solar) represented a record 10% of total generation in March of 2017. In 2016, the U.S. added 33 GW's of new electric capacity, including a record 13 GW's of solar, 9.2 GW's of wind and 9.1 GW's of natural gas. Over 2017-2020, we expect 60 GW's of wind and solar to be added to the roughly 1,000 current GW generating capacity. Cleaner generation is driven by the economics and efficiency of new gas plants and low gas prices relative to older inefficient coal plants, increasing state renewable portfolio standards, and political and public demands.

Since 1990, the power industry has reduced sulfur dioxide (SO2) emissions by 80%, nitrogen oxides (NOx) by 74% and mercury by 90%, primarily due to the EPA's Clean Air Act (1973 and amended 1990), as well as the 2015 Mercury Air Toxin Standards. In 2016, 33% of U.S. generation came from zero carbon emitting nuclear (20%), hydro (6%), and renewables (7%), 33% from low emitting natural gas, and 33% was derived from coal. In 1986, 58% of generation was from coal. There hasn't been a coal plant built in more than five years, and, absent technological breakthroughs, there may never be another built. The nation's nuclear plants continue to age, and the low cost of natural gas and renewables challenge the ongoing economics of upgrades.

Electric and Gas Transmission Development

Political gridlock has temporarily slowed (or halted) interstate gas and electric transmission development, given that the Federal Energy Regulatory Commission (FERC) does not have enough commissioners to rule on major items, including gas pipeline and electric transmission development. However, two members are currently awaiting approval and, going forward, we expect a more relaxed regulatory atmosphere and loosened development restrictions to lead to accelerated infrastructure investment. Natural gas and oil pipelines, long distance transmission lines, modernized electric grid, and accelerated water and gas distribution pipeline replacement all stand to benefit.

As natural gas becomes a more integral part of the electric utility industry, electric utilities are building and developing natural gas pipelines and investing in natural gas midstream assets and reserves. In 2016, electric utility industry leaders The Southern Company (0.9% of net assets as of June 30, 2017), Dominion Resources, and Duke Energy Corp. (1.1%) bought local gas utilities, while DTE Resources and Consolidated Edison purchased midstream assets and pipelines. Dominion (0.6%), Duke Energy, and The Southern Company have ventured to build the $5 billion Atlantic Coast Pipeline; The Southern Company, Spectra Energy, New Jersey Resources Corp. (.03%), UGI Corp.(0.8%), Public Service Enterprise Group (0.4%), and South Jersey Industries (0.2%) have teamed to build the $1 billion PennEast Pipeline; Eversource Energy (2.2%), National Grid (0.1%), and Spectra have teamed up to build the $3 billion Access Northeast (to be completed in late 2020); and NextEra Energy has ventured to build several pipeline projects. Numerous other pipelines have been delayed pending various regulatory approvals. We expect the permitting and approval process to become somewhat easier under the new administration.

Over the past couple of years, complaints and the potential for lower returns on equity (ROE) dampened enthusiasm for FERC regulated electric transmission. Given FERC's favorable, incentive oriented regulation, transmission investment is one of the more compelling uses of capital for electric utilities, as FERC's favorable formulaic and forward looking regulation was designed to help the nation repair, modernize, and expand its aging transmission network. Allowed ROEs have ranged as high as approximately 14%, though recent FERC rate decisions reset the benchmark at a lower level. In June, 2014, FERC lowered New England transmission base ROEs to 10.57% from 11.14%, and capped incentive ROEs at 11.74%. On September 28, 2016, FERC set the allowed ROE for the Midcontinent Independent System Operator (MISO) at 10.32%, with an upper end of reasonableness of 11.35%. A decision related to a second MISO complaint is expected in mid-2017. We consider it likely that a new set of FERC commissioners will award constructive ROEs, as well as implement policy to end the pancaking of complaints.

State Regulators Support Rate Base Investment

Over the past few years, public and political support of investment, combined with the low cost of natural gas, have allowed for an increasingly constructive regulatory environment. State PUCs' regulatory principles have evolved to include numerous adjustments and mechanisms to address infrastructure investment, as well as rate design changes to address efficiency and distributed generation. Many state PUCs allow frequent (quarterly, semi-annual, or annual) rate adjustments for environmental, transmission, renewable, and other items, as well as "pass-throughs" for fuel, health care, and pension expenses. Given flattish demand growth, and to encourage distributed generation and efficiency, many regulators have "decoupled," or separated revenues from sales. The improved regulatory treatment results in a greater opportunity to earn the ROEs allowed, and results in "stair-step" earnings growth.

Interest Rates

Utility dividend returns become less compelling when returns on other investments increase, including U.S. Treasury yields. The utility dividend yield and ten-year U.S. Treasury bond yield are highly correlated, but utility stock prices, unlike Treasury bond prices, are likely to rise if earnings and dividends grow over time. The factors below mitigate the negative impact of higher interest rates.

- **Annual dividend hikes:** Utilities target annual dividend increases which serve to mitigate the negative impact of higher rates. In 2016, electric utilities increased the annual dividend by a median of 5.5%.
- **ROE is set based on interest rates:** A utility's cost-of-capital, including equity returns (ROEs), is set by state PUCs and increase (decrease) as interest rates rise (fall).
- **Annual riders minimize inflation risk:** State Public Utilities Commissions and FERC regulatory principles have improved to include more frequent rate adjustments, which mitigate inflation risk.
- **Utility stocks pay higher dividends than other sectors:** The present value of a higher near-term dividend stream is less impacted by changes in interest rates than a lower near-term dividend stream.

The current 3.3% utility dividend return is 135% of the 2.38% yield on the ten-year U.S. Treasury bond, which is right at the 20 year median level. The spread between utility current returns (utility yields) and Treasury yields has recently reverted from being relatively high (or attractive) to a more normal range (fairly valued), driven by the 100 basis point rise in the ten-year Treasury yield.

Conclusion

We continue to expect the utility sector to provide a low risk, 7%-9% annual total return over the long term, based on the median current return of 3.2% and 4%-6% annual earnings and dividend growth. We believe valuation multiples are supported by strong fundamentals, low interest rates, and ongoing takeover potential. Solid fundamentals include healthy balance sheets, credit ratings, improved regulatory principles, focused strategies, low natural gas prices and opportunities to invest in rate base, as well as the potential for takeovers.

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 percentages of net assets, and their share prices are stated as of June 30, 2017.

American Electric Power Co. Inc. (2.2% of net assets as of June 30, 2017) (AEP – $69.47 – NYSE) is one of the nation's largest electric utilities. It serves more than 5.4 million retail customers in eleven states (Ohio and Texas are the largest), owns approximately 26 GW of generating capacity, 40,000 miles of transmission lines (the nation's largest), and 223,000 miles of distribution lines. Following recent non-regulated power plant sales, AEP is focused on the regulated utility business with plans to invest $17 billion over the 2017-2019 time period in regulated assets, including 74% to reansmisison and distribution. Management expects 5%-7% annual earnings growth, driven by capital investment and rate recovery, and sustainable cost controls. AEP Transco, a transmission development subsidiary, expects to grow earnings to $0.89-$0.92 per share by 2019 from $0.54 per AEP share in 2016, driven by a $4.5 billion transmission capital investment plan for 2017-2019. AEP currently pays an annual dividend of $2.36 per share representing a payout ratio of roughly 65% (using $3.65 per share, midpoint of the 2017 earning guidance of $3.55-3.75 per share), right at the targeted payout ratio of 60%-70%.

AVANGRID Inc. (0.4%) (AGR – $44.15 – NYSE), based in New Haven, Connecticut, consists of eight regulated utilities in four states: New York State Electric & Gas, Rochester Gas and Electric, Central Maine Power, United Illuminating, Southern Connecticut Gas, Connecticut Natural Gas, Maine Natural Gas, and Berkshire Gas, serving approximately 2.2 million electric and 1.0 million gas customers. The company also operates 6.5 GWs of generation, including 5.9 GWs of renewables. AGR is the product of the December 2015 merger between Iberdrola USA and UIL Holdings Corp. Iberdrola, based in Madrid, Spain, owns an 81.5% share of the company. We believe AGR has the scale and geographic diversity to grow the low risk networks rate base, expand the leading renewable portfolio, compete for new transmission, and achieve ongoing merger synergies. Our 2017-2018 earnings estimates are $2.25 and $2.45 per share, respectively, and represent the mid-point of 8%-10% earnings growth. Above average earnings growth is driven by rate base growth, renewable development, and synergies. AGR plans to grow its renewable portfolio materially by 1.8GW's by 2020, including 800 MW's of secured contracted capacity. AGR also secured two GWs of wind turbines to capitalize on the PTC credit extension through 2020.

Edison International (2.3%) (EIX – $78.19 – NYSE) is one of the nation's largest regulated electric distribution utilities through Southern California Edison (SCE), serving 15 million residents (five million customers) in central, coastal, and southern California. We consider EIX to be a relatively low risk, high quality utility operating in a constructive regulatory environment. SCE filed for its 2018-2020 general rate case (GRC) with a decision expected by year end 2017. EIX targets 8.6% annual rate base growth, based on a 10.45% allowed ROE, dropping to 10.3% in 2018-19, a $19.3 billion 2017-2020 capital program, and progressive regulatory principles. The capital program is directed toward replacing, upgrading, and modernizing the distribution and transmission system to incorporate renewables, storage, electric vehicle charging stations, and various smart grid applications. EIX currently pays an annual dividend of $2.17 per share, representing a SCE earnings payout ratio of roughly 52% (using $4.15 per share, midpoint of the earning guidance range).

El Paso Electric Co. (1.9%) (EE – $51.70 – NYSE) is a vertically integrated electric utility serving approximately 411,000 customers in and around El Paso, Texas and Las Cruces, New Mexico. Roughly 70% of capacity is natural gas and 30% is nuclear. We consider El Paso Electric to be a well managed, low risk, traditional utility investment, with solid earnings growth potential. We expect above average annual customer and sales growth, driven by military base expansion, increased cross border trade, customer additions, as well as an increased use of refrigerated air conditioning. Only 35% of El Paso residences have refrigerated air conditioning, but 99% of new residences install central air conditioning. In August 2016, EE implemented a $37 million annual rate increase, based on a 9.7% allowed ROE, and EE's New Mexico jurisdiction implemented a $1.1 million rate increase effective July 1, 2016. Higher rates were to recover $1.3 billion of investments made since its last rate case in 2009, including the completed Unit 1 and 2 of the gas-fired Montana Power Station. In February of 2017, EE requested an additional $42.5 million revenue increase for its Texas jurisdiction to recognize investment in MPS Units 3 and 4, with rates effective early 2018. A rate request in New Mexico is planned for the second quarte rof 2017. Full earnings power of $2.80 per share reflects rate recognition of the Montana Units 3 and 4 and the stronger cash flow position.

Eversource Energy (2.2%) (ES – $60.71 – NYSE) is New England's largest electric and gas distribution utility and delivery system. ES, formerly known as Northeast Utilities, is the product of the April 2012 merger between Northeast Utilities, headquartered in Hartford, Connecticut, and NSTAR, headquartered in Boston, Massachusetts, creating a premier New England distribution utility. ES serves 3.6 million customers in Connecticut, New Hampshire, and Massachusetts. We consider ES to be one of the better long term growth stories, driven by transmission investment, cost cutting opportunities, and oil-to-gas heat conversions in the Northeast. The company targets a 5%–7% long term earnings growth rate. ES expects its 192 mile, $1.6 billion Northern Pass electric transmission line to be completed in late 2019, with construction to begin early 2018 following a final environmental impact statement and New Hampshire siting approval. In early June 2017, ES announced the acquisition of Aquarion water company in Connecticut, Massachusetts, and New Hampshire for $1.6 billion. The company's joint venture with Spectra Energy and National Grid to construct Access Northeast, a $3 billion gas pipeline to supply the region's electric generators with natural gas, has been delayed, and will likely be a post 2020 project. The company expects further transmission development as aging nuclear and coal facilities are replaced with renewables, including offshore wind generation.

National Fuel Gas Co. (4.9%) (NFG – $55.84 – NYSE) is a diversified natural gas company. NFG owns a regulated gas utility serving the region around Buffalo, New York, gas pipelines that move gas between the Midwest and Canada and from the Marcellus to the Northeast, gathering and processing systems, and an oil and gas exploration and production business. NFG's regulated utility and pipeline businesses, as well as its California oil production business, provide stable earnings and cash flows to support the dividend, while the natural gas production business offers significant upside potential. While natural gas prices have been depressed over the past few years, NFG's ownership of 780,000 acres in the Marcellus Shale holds enormous natural gas reserve potential and the company has proven to be among the lower cost producers. We continue to expect above average long term earnings and cash flow growth from improving gas prices, growing gas production and strategically located pipeline expansion. The company has increased its dividend for 46 consecutive years.

NextEra Energy Inc. (4.1%) (NEE – $140.13 – NYSE) is the holding company for Florida Power & Light (FP&L), the largest electric utility in Florida, and NextEra Energy Resources, a leading wholesale renewables operator. Florida Power & Light operates one of the premier utility franchises in the nation, with favorable long term demographics and above average rate base growth potential, due to the power plant rate adjustments, flexible amortization, and other regulatory mechanisms. In late 2016, FP&L implemented a four year rate plan (2017-2020) based on a 10.6% (+/- 100 basis points) allowed ROE. Additionally, NEE owns and operates the nation's largest renewable power portfolio, with a significant pipeline of future growth opportunities. NEE is also developing several gas pipeline projects designed to bring more natural gas into Florida. We regard NEE as one of the better positioned electric companies to grow earnings and dividends over the next several years.

PNM Resources (2.8%) (PNM – $38.25 – NYSE) (Albuquerque, New Mexico) is the holding company for regulated electric utilities Public Service Company of New Mexico (PSNM) and Texas-New Mexico Power Company (TNMP). PSNM serves 520,000 customers in and around Albuquerque, Rio Rancho and Santa Fe and owns 2,800 MWs (15% nuclear) of generation. TNMP is a distribution/transmission company and serves

247,000 customers in three non-contiguous areas of Texas. PSNM is awaiting regulatory approval of a rate settlement calling for a $32 million revenue increase in 2018 and an additional $30 million in 2019 based on a 9.575% allowed ROE. Higher rates are necessary to recognize its environmental plan, the addition of Palo Verde 3 at $1,118/kW ($150 million) into rate base, other investments, and declining sales. Importantly, the request was based on a future 2018 test year. PNM targets earnings growth of 7%-8% and outlines 2018 and 2019 earnings power ranges of $1.68-$1.76 per share and $2.00-$2.18 per share, respectively, based on an earned 9.575%% ROE.

Southwest Gas Corp. (3.1%) (SWX – $73.06 – NYSE) is a natural gas distribution utility serving 1.9 million customers in geographically diverse portions of Arizona (1.0 million, or 53%), Nevada (700,000, or 37%), and California (185,000, or 10%). SWX operates in one of the stronger service areas with above-average long-term customer growth potential. SWX also owns Centuri Construction Group, a full service underground piping contractor that provides trenching and installation, replacement, and maintenance services for energy distribution systems. The pipeline construction business is growing strongly, given the industry's focus on safety related pipeline replacement programs and has broken the $1 billion revenue milestone. We consider SWX to be a high quality gas utility with a focused, low risk strategy and solid earnings outlook, driven by recent and future rate increases, expanded infrastructure tracking mechanisms, customer growth, and cost controls.

July 20, 2017

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

National Fuel Gas Co.	4.9%	Westar Energy Inc.	2.2%
Nextera Energy Inc.	4.1%	American Electric Power Co Inc.	2.2%
Southwest Gas Holdings Inc.	3.1%	Eversource Energy	2.2%
PNM Resources Inc.	2.8%	El Paso Electric Co.	1.9%
Edison International	2.3%	WEC Energy Group Inc.	1.7%

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

Minimum Initial Investment – $1,000

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

www.gabelli.com

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at info@gabelli.com.

The Fund's daily NAVs are available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our mutual funds can elect to receive their Annual and Semiannual Reports, Manager Commentaries, and Prospectuses via e-delivery. For more information or to sign up for e-delivery, please visit our website at www.gabelli.com.

Multi-Class Shares

The Gabelli Utilities Fund began offering additional classes of Fund shares on December 31, 2002. Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Trustees determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

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Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC and GAMCO Asset Management Inc., which are affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory services for a variety of clients.

What kind of non-public information do we collect about you if you become a fund shareholder?

If you apply to open an account directly with us, you will be giving us some non-public information about yourself. The non-public information we collect about you is:

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us, any transactions with our affiliates, and transactions with the entities we hire to provide services to you.* This would include information about the shares that you buy or redeem. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

What information do we disclose and to whom do we disclose it?

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, www.sec.gov.

What do we do to protect your personal information?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

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

Portfolio Manager Biography

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

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

GAB470Q217SC

GABELLI
FUNDS

THE GABELLI UTILITIES FUND

Shareholder Commentary
June 30, 2017

The Gabelli Utilities Fund

Semiannual Report — June 30, 2017

Mario J. Gabelli, CFA

To Our Shareholders,

For the six months ended June 30, 2017, the net asset value ("NAV") per Class AAA Share of The Gabelli Utilities Fund increased 5.3% compared with an increase of 8.8% for the Standard & Poor's ("S&P") 500 Utilities Index. See below for additional performance information.

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

Comparative Results

Average Annual Returns through June 30, 2017 (a) (Unaudited)	Six Months	1 Year	5 Year	10 Year	15 Year	Since Inception (8/31/99)
Class AAA (GABUX)	5.29%	4.27%	8.67%	5.96%	8.18%	7.80%
S&P 500 Utilities Index	8.75	2.47	11.17	6.97	9.42	6.88
S&P 500 Index	9.34	17.90	14.63	7.18	8.34	5.47
Lipper Utility Fund Average	7.45	3.10	9.82	5.75	9.46	6.60
Class A (GAUAX)	5.36	4.35	8.68	5.98	8.21	7.82
With sales charge (b)	(0.70)	(1.65)	7.41	5.36	7.78	7.46
Class C (GAUCX)	4.98	3.63	7.88	5.19	7.42	7.15
With contingent deferred sales charge (c)	3.98	2.63	7.88	5.19	7.42	7.15
Class I (GAUIX)	5.44	4.56	8.95	6.20	8.34	7.94

In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, and I Shares are 1.38%, 1.38%, 2.13%, and 1.13%, respectively. See page 11 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 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, 2002. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com.* The value of utility stocks generally changes as long term interest rates change. Funds investing in a single sector, such as utilities, may be subject to more volatility than funds that invest more broadly. The utilities industry can be significantly affected by government regulation, financing difficulties, supply or demand of services or fuel, and natural resources conservation. 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, 2002 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. The S&P 500 Utilities Index is an unmanaged market capitalization weighted index of large capitalization stocks that may include facilities generation and transmission or distribution of electricity, gas, or water. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper Utility Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.

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

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

We 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*
The Gabelli Utilities Fund				
Actual Fund Return				
Class AAA	$1,000.00	$1,052.90	1.37%	$ 6.97
Class A	$1,000.00	$1,053.60	1.37%	$ 6.98
Class C	$1,000.00	$1,049.80	2.12%	$10.77
Class I	$1,000.00	$1,054.40	1.12%	$ 5.71
Hypothetical 5% Return				
Class AAA	$1,000.00	$1,018.00	1.37%	$ 6.85
Class A	$1,000.00	$1,018.00	1.37%	$ 6.85
Class C	$1,000.00	$1,014.28	2.12%	$10.59
Class I	$1,000.00	$1,019.24	1.12%	$ 5.61

* 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 Utilities Fund

Energy and Utilities	68.7%
Communications	20.1%
Other	7.5%
U.S. Government Obligations	3.5%
Other Assets and Liabilities (Net)	0.2%
	100.0%

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 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 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.

The Gabelli Utilities Fund
Schedule of Investments — June 30, 2017 (Unaudited)

Shares		Cost	Market Value
	COMMON STOCKS — 96.1%		
	ENERGY AND UTILITIES — 68.6%		
	Alternative Energy — 0.4%		
370,000	Algonquin Power & Utilities Corp.	$ 2,068,158	$ 3,894,587
36,000	NextEra Energy Partners LP	878,553	1,331,640
64,261	Ormat Technologies Inc., New York	1,648,882	3,770,836
6,739	Ormat Technologies Inc., Tel Aviv	196,537	396,804
		4,792,130	9,393,867
	Electric Integrated — 42.5%		
306,000	ALLETE Inc.	11,005,322	21,934,080
174,000	Alliant Energy Corp.	3,065,132	6,989,580
550,000	Ameren Corp.	16,055,895	30,068,500
701,500	American Electric Power Co. Inc.	28,486,140	48,733,205
6,000	Atlantic Power Corp.†	36,882	14,204
180,000	Avangrid Inc.	6,737,133	7,947,000
290,000	Avista Corp.	7,089,367	12,313,400
486,000	Black Hills Corp.	12,479,229	32,790,420
30,000	Calpine Corp.†	477,529	405,900
60,000	CMS Energy Corp.	402,675	2,775,000
168,000	Dominion Energy Inc.	8,198,334	12,873,840
4,000	DTE Energy Co.	151,595	423,160
298,000	Duke Energy Corp.	16,331,147	24,909,820
640,000	Edison International	23,800,047	50,041,600
814,000	El Paso Electric Co.	18,108,780	42,083,800
1,400	Entergy Corp.	96,612	107,478
800,000	Eversource Energy	18,567,363	48,568,000
355,000	Exelon Corp.	11,212,577	12,804,850
380,000	FirstEnergy Corp.	11,038,618	11,080,800
78,960	Fortis Inc.	2,450,129	2,775,444
111,040	Fortis Inc., Toronto	3,472,604	3,902,840
910,000	Great Plains Energy Inc.	20,065,026	26,644,800
915,000	Hawaiian Electric Industries Inc.	21,821,324	29,627,700
42,000	IDACORP Inc.	1,703,782	3,584,700
315,000	MGE Energy Inc.	9,723,163	20,270,250
650,000	NextEra Energy Inc.	42,135,352	91,084,500
260,000	NiSource Inc.	2,319,251	6,593,600
434,000	NorthWestern Corp.	11,726,586	26,482,680
785,000	OGE Energy Corp.	13,193,046	27,310,150
755,000	Otter Tail Corp.	18,366,682	29,898,000
120,000	PG&E Corp.	4,272,684	7,964,400
320,000	Pinnacle West Capital Corp.	13,092,833	27,251,200
1,610,000	PNM Resources Inc.	20,018,302	61,582,500
572,000	PPL Corp.	17,657,112	22,113,520
190,000	Public Service Enterprise Group Inc.	5,490,935	8,171,900
355,000	SCANA Corp.	13,552,207	23,788,550
436,500	The Southern Co.	15,684,652	20,899,620
51,125	Unitil Corp.	$ 1,483,755	$ 2,469,849
460,000	Vectren Corp.	12,745,207	26,882,400
598,000	WEC Energy Group Inc.	16,165,053	36,705,240
927,100	Westar Energy Inc.	22,651,018	49,154,842
310,000	Xcel Energy Inc.	6,350,159	14,222,800
		489,481,239	936,246,122
	Electric Transmission and Distribution — 0.6%		
67,000	Consolidated Edison Inc.	2,745,224	5,414,940
360,000	Red Electrica Corp. SA	4,191,840	7,522,443
3,400	Uniper SE	38,231	63,822
		6,975,295	13,001,205
	Global Utilities — 2.1%		
352	AES Tiete Energia Receipts	1,366	1,450
11,000	AES Tiete Energia SA	154,630	45,389
32,000	Chubu Electric Power Co. Inc.	569,135	424,628
35,000	E.ON SE	870,130	329,717
20,800	EDF SA	308,177	225,262
5,000	EDP - Energias de Portugal SA, ADR	134,159	163,775
200,000	Electric Power Development Co. Ltd.	4,991,198	4,939,764
10,000	Eletropaulo Metropolitana Eletricidade de Sao Paulo SA, Preference	32,332	38,275
185,000	Emera Inc.	4,545,769	6,877,583
35,000	Enagas SA	916,226	981,394
100,000	Endesa SA	2,186,478	2,303,721
250,000	Enel SpA	1,290,270	1,340,316
2,000	EuroSite Power Inc.†	1,300	305
550,000	Hera SpA	1,195,166	1,681,020
66,000	Hokkaido Electric Power Co. Inc.	1,054,241	502,298
40,000	Hokuriku Electric Power Co.	661,406	360,258
180,000	Huaneng Power International Inc., ADR	4,762,737	5,002,200
45,000	Iberdrola SA, ADR	1,344,640	1,427,625
283,273	Iberdrola SA, Aquis	2,215,577	2,243,109
405,000	Korea Electric Power Corp., ADR	5,392,840	7,277,850
110,000	Kyushu Electric Power Co. Inc.	1,563,462	1,333,985
32,000	Shikoku Electric Power Co. Inc.	578,871	376,688
2,000	Snam SpA	8,967	8,717
75,000	Statoil ASA	1,693,070	1,243,300
28,000	The Chugoku Electric Power Co. Inc.	509,466	308,442
305,000	The Kansai Electric Power Co. Inc.	4,106,512	4,195,021
55,000	The Tokyo Electric Power Co. Holdings Inc.†	208,402	226,406

See accompanying notes to financial statements.

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	ENERGY AND UTILITIES (Continued)		
	Global Utilities (Continued)		
170,000	Tohoku Electric Power Co. Inc.	$ 2,793,879	$ 2,350,300
		44,090,406	46,208,798
	Merchant Energy — 1.6%		
40,000	GenOn Energy Inc. - Old, Escrow†	0	0
15,000	GenOn Energy Inc., Escrow†	0	0
120,000	NRG Energy Inc.	2,704,601	2,066,400
2,964,500	The AES Corp.	31,828,310	32,935,595
		34,532,911	35,001,995
	Natural Gas Integrated — 9.4%		
9,000	Apache Corp.	547,954	431,370
25,000	Atlas Energy Group LLC†	58,278	2,154
75,000	Devon Energy Corp.	3,780,813	2,397,750
4,000	Dominion Energy Midstream Partners LP	118,373	115,400
20,000	Energen Corp.†	239,277	987,400
610,000	Energy Transfer Equity LP	714,115	10,955,600
145,000	Hess Corp.	8,581,606	6,361,150
300,000	Kinder Morgan Inc.	6,840,332	5,748,000
1,940,000	National Fuel Gas Co.	94,188,892	108,329,600
436,000	Northwest Natural Gas Co.	19,423,271	26,094,600
520,000	ONEOK Inc.	6,975,466	27,123,200
362,000	UGI Corp.	7,671,655	17,524,420
		149,140,032	206,070,644
	Natural Gas Utilities — 6.0%		
80,000	Atmos Energy Corp.	2,188,623	6,636,000
94,000	CenterPoint Energy Inc.	1,812,563	2,573,720
44,000	Chesapeake Utilities Corp.	795,991	3,297,800
50,000	CONSOL Energy Inc.†	711,198	747,000
388,800	Corning Natural Gas Holding Corp.(a)	3,685,398	7,643,808
168,000	Delta Natural Gas Co. Inc.	2,564,807	5,118,960
90,000	Gas Natural Inc.	973,052	1,161,000
100,000	Gulf Coast Ultra Deep Royalty Trust†	8,000	6,500
5,000	Italgas SpA	21,959	25,253
91,666	National Grid plc	1,355,449	1,136,363
41,250	National Grid plc, ADR	2,734,743	2,591,325
14,000	New Jersey Resources Corp.	328,068	555,800
143,000	ONE Gas Inc.	1,132,190	9,982,830
66,000	RGC Resources Inc.	701,712	1,869,780
140,000	South Jersey Industries Inc.	1,982,945	4,783,800
930,700	Southwest Gas Holdings Inc.	34,346,451	67,996,942
119,500	Spire Inc.	3,777,981	8,335,125
3,700	Targa Resources Corp.	183,678	167,240
95,000	WGL Holdings Inc.	$ 3,813,901	$ 7,925,850
		63,118,709	132,555,096
	Natural Resources — 1.6%		
14,000	Alliance Holdings GP LP	171,871	331,800
51,500	Anadarko Petroleum Corp.	3,463,205	2,335,010
168,000	BP plc, ADR	6,752,185	5,821,200
7,058	California Resources Corp.†	83,965	60,346
10,000	Callon Petroleum Co.†	124,400	106,100
545,000	Cameco Corp.	7,890,376	4,959,500
8,000	Compania de Minas Buenaventura SAA, ADR	87,836	92,000
710,000	Mueller Industries Inc.	15,410,694	21,619,500
45,306	Tullow Oil plc†	237,344	88,927
		34,221,876	35,414,383
	Services — 1.4%		
8,000	Areva SA†	91,328	40,094
20,000	Baker Hughes Inc.	906,975	1,090,200
570,720	Enbridge Inc.	12,562,139	22,720,363
18,000	Halliburton Co.	574,929	768,780
34,000	MDU Resources Group Inc.	738,008	890,800
50,000	Patterson-UTI Energy Inc.	737,566	1,009,500
40,000	Rowan Companies plc, Cl. A†	1,355,406	409,600
1,150,000	Weatherford International plc†	11,556,447	4,450,500
		28,522,798	31,379,837
	Water — 2.2%		
8,000	American States Water Co.	110,252	379,280
115,000	American Water Works Co. Inc.	2,627,509	8,964,250
534,000	Aqua America Inc.	9,328,087	17,782,200
5,000	California Water Service Group	90,622	184,000
10,000	Connecticut Water Service Inc.	251,353	555,100
16,000	Consolidated Water Co. Ltd.	193,044	198,400
20,000	Middlesex Water Co.	356,954	792,000
276,700	Severn Trent plc	7,394,052	7,863,703
159,000	SJW Group	3,675,865	7,819,620
87,000	The York Water Co.	1,205,281	3,031,950
52,000	United Utilities Group plc, ADR	1,399,310	1,199,120
		26,632,329	48,769,623
	Diversified Industrial — 0.7%		
30,000	AZZ Inc.	1,212,304	1,674,000
160,000	General Electric Co.	3,938,762	4,321,600
105,000	ITT Inc.	2,173,813	4,218,900
375,975	Mueller Water Products Inc., Cl. A	2,154,278	4,391,388

See accompanying notes to financial statements.

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	ENERGY AND UTILITIES (Continued)		
	Diversified Industrial (Continued)		
20,200	Park-Ohio Holdings Corp.	$ 387,632	$ 769,620
		9,866,789	15,375,508
	Environmental Services — 0.1%		
22,000	Covanta Holding Corp.	364,975	290,400
80,000	Veolia Environnement SA	1,097,512	1,690,385
		1,462,487	1,980,785
	TOTAL ENERGY AND UTILITIES	892,837,001	1,511,397,863
	COMMUNICATIONS — 20.0%		
	Cable and Satellite — 5.8%		
42,000	Charter Communications Inc., Cl. A†	4,216,493	14,147,700
25,000	Cogeco Communications Inc.	684,204	1,527,028
70,000	Cogeco Inc.	1,589,491	3,643,584
40,000	Comcast Corp., Cl. A	402,189	1,556,800
425,000	DISH Network Corp., Cl. A†	12,639,629	26,673,000
308,000	EchoStar Corp., Cl. A†	10,215,374	18,695,600
344,367	Liberty Global plc, Cl. A†	5,402,838	11,061,055
600,001	Liberty Global plc, Cl. C†	10,353,810	18,708,029
80,000	Liberty Global plc LiLAC, Cl. A†	1,566,814	1,741,600
150,000	Liberty Global plc LiLAC, Cl. C†	3,323,789	3,211,500
90,000	Rogers Communications Inc., Cl. B	2,426,676	4,248,900
12,000	Shaw Communications Inc., Cl. B	148,195	261,480
1,650,000	Sky plc	18,135,231	21,361,588
50,000	Tokyo Broadcasting System Holdings Inc.	683,652	883,307
		71,788,385	127,721,171
	Computer Services Software and Systems — 0.1%		
301,905	Internap Corp.†	1,678,633	1,107,991
	Telecommunications — 10.6%		
35,000	AT&T Inc.	1,197,700	1,320,550
560,000	BCE Inc.	15,759,354	25,222,400
300,000	CenturyLink Inc.	9,480,023	7,164,000
790,000	Cincinnati Bell Inc.†	13,106,597	15,444,500
35,000	Deutsche Telekom AG	428,748	628,412
515,000	Deutsche Telekom AG, ADR	6,311,945	9,277,725
1,750,000	Global Telecom Holding SAE†	1,357,829	670,254
36,000	Harris Corp.	2,797,749	3,926,880
1,440,000	Koninklijke KPN NV	4,192,069	4,606,803
18,000	Koninklijke KPN NV, ADR	80,480	58,320
466,000	Level 3 Communications Inc.†	14,697,213	27,633,800
134,470	Loral Space & Communications Inc.†	$ 5,551,093	$ 5,587,230
35,200	NextGenTel Holding ASA	257,885	93,178
290,000	Nippon Telegraph & Telephone Corp.	7,159,565	13,691,042
2,200	Orange Belgium SA	33,392	51,511
330,000	Orascom Telecom Media and Technology Holding SAE, GDR	534,301	99,000
60,000	Pharol SGPS SA†	28,418	20,901
220,000	Pharol SGPS SA, ADR	182,432	69,190
80,000	PLDT Inc., ADR	4,119,297	2,824,800
150,000	Proximus SA	4,775,028	5,247,619
2,000	PT Indosat Tbk	1,061	975
2,300,000	Singapore Telecommunications Ltd.	5,695,042	6,498,638
665,000	Sprint Corp.†	3,853,566	5,459,650
121,000	Swisscom AG, ADR	4,440,719	5,868,500
9,000	Tele2 AB, Cl. B	146,814	94,223
170,000	Telecom Italia SpA, ADR†	2,206,728	1,589,500
235,000	Telefonica Brasil SA, ADR	4,137,121	3,170,150
53,000	Telefonica Deutschland Holding AG.	280,618	264,716
525,000	Telefonica SA, ADR	8,961,856	5,454,750
1,000,000	Telekom Austria AG	7,767,364	7,858,008
340,000	Telenet Group Holding NV†	15,333,232	21,416,497
546,000	Telephone & Data Systems Inc.	14,762,101	15,151,500
60,000	Telesites SAB de CV†	45,551	44,102
568,544	VEON Ltd., ADR	2,690,769	2,223,007
730,000	Verizon Communications Inc.	23,525,426	32,601,800
625,000	Windstream Holdings Inc.	3,421,652	2,425,000
		189,320,738	233,759,131
	Wireless Communications — 3.5%		
65,000	America Movil SAB de CV, Cl. L, ADR	1,049,728	1,034,800
27,000	ATN International Inc.	883,543	1,847,880
69,000	China Mobile Ltd., ADR	2,765,327	3,663,210
53,000	China Unicom Hong Kong Ltd., ADR†	665,499	792,880
200	Hutchison Telecommunications Hong Kong Holdings Ltd.	19	70
85,000	Millicom International Cellular SA	6,167,258	5,057,500
244,000	Millicom International Cellular SA, SDR	17,355,932	14,411,718
6,500	Mobile TeleSystems PJSC, ADR	86,498	54,470
465,000	NTT DoCoMo Inc.	7,286,947	10,964,036
135,000	SK Telecom Co. Ltd., ADR	2,383,798	3,465,450

See accompanying notes to financial statements.

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	COMMUNICATIONS (Continued)		
	Wireless Communications (Continued)		
400	SmarTone Telecommunications Holdings Ltd.	$ 207	$ 524
35,000	Tim Participacoes SA, ADR	684,957	518,000
405,000	Turkcell Iletisim Hizmetleri A/S, ADR	5,670,349	3,321,000
385,000	United States Cellular Corp.†	16,985,885	14,753,200
600,000	Vodafone Group plc, ADR	22,651,401	17,238,000
		84,637,348	77,122,738
	TOTAL COMMUNICATIONS	347,425,104	439,711,031
	OTHER — 7.5%		
	Aerospace — 1.2%		
2,200,000	Rolls-Royce Holdings plc	18,658,982	25,530,751
156,200,000	Rolls-Royce Holdings plc, Cl. C†	200,733	203,444
		18,859,715	25,734,195
	Automotive: Parts and Accessories — 0.0%		
21,965	Adient plc	1,032,355	1,436,072
	Aviation: Parts and Services — 0.0%		
11,087	Curtiss-Wright Corp.	395,210	1,017,565
	Building and Construction — 0.5%		
12,000	Acciona SA	1,140,701	1,056,171
219,650	Johnson Controls International plc	6,233,102	9,524,024
		7,373,803	10,580,195
	Business Services — 0.5%		
1,420,000	Clear Channel Outdoor Holdings Inc., Cl. A	6,419,595	6,887,000
40,000	Macquarie Infrastructure Corp.	864,577	3,136,000
17,500	Vectrus Inc.†	316,783	565,600
		7,600,955	10,588,600
	Consumer Products — 0.0%		
10,000	Essity AB, Cl. A†	130,732	273,956
	Diversified Industrial — 0.2%		
1,000	Alstom SA†	31,457	34,961
30,000	Bouygues SA	938,107	1,265,048
4,000	Donaldson Co. Inc.	133,040	182,160
13,000	Raven Industries Inc.	293,478	432,900
10,000	Svenska Cellulosa AB, Cl. A	34,751	86,650
111,780	Twin Disc Inc.†	2,126,446	1,804,129
		3,557,279	3,805,848
	Electronics — 1.2%		
100,000	Corning Inc.	1,118,890	3,005,000

Shares		Cost	Market Value
615,000	Sony Corp., ADR	$ 11,107,292	$ 23,486,850
		12,226,182	26,491,850
	Entertainment — 0.7%		
610,000	Grupo Televisa SAB, ADR	15,084,887	14,865,700
	Financial Services — 0.4%		
168,000	Kinnevik AB, Cl. A	3,583,754	5,944,520
80,000	Kinnevik AB, Cl. B	2,519,622	2,448,989
		6,103,376	8,393,509
	Health Care — 0.0%		
12,000	Tsumura & Co.	261,956	486,508
	Machinery — 1.5%		
92,500	Astec Industries Inc.	3,264,589	5,134,675
1,000	Flowserve Corp.	38,156	46,430
83,000	The Gorman-Rupp Co.	1,924,996	2,114,010
465,000	Xylem Inc.	12,816,021	25,774,950
		18,043,762	33,070,065
	Metals and Mining — 0.4%		
235,000	Freeport-McMoRan Inc.†	3,505,049	2,822,350
51,000	Haynes International Inc.	2,451,657	1,851,810
38,000	Materion Corp.	891,753	1,421,200
17,000	Vulcan Materials Co.	797,880	2,153,560
		7,646,339	8,248,920
	Transportation — 0.9%		
311,000	GATX Corp.	8,998,435	19,987,970
	TOTAL OTHER	107,314,986	164,980,953
	TOTAL COMMON STOCKS	1,347,577,091	2,116,089,847
	CONVERTIBLE PREFERRED STOCKS — 0.1%		
	COMMUNICATIONS — 0.1%		
	Telecommunications — 0.1%		
21,000	Cincinnati Bell Inc., 6.750%, Ser. B	695,010	1,050,210
	ENERGY AND UTILITIES — 0.0%		
	Natural Gas Utilities — 0.0%		
54,000	Corning Natural Gas Holding Corp., 4.800%, Ser. B	1,120,500	1,044,463
	TOTAL CONVERTIBLE PREFERRED STOCKS	1,815,510	2,094,673
	WARRANTS — 0.0%		
	COMMUNICATIONS — 0.0%		
	Telecommunications — 0.0%		
80,000	Bharti Airtel Ltd., expire 11/30/20†(b)	438,064	400,000

See accompanying notes to financial statements.

The Gabelli Utilities Fund
Schedule of Investments (Continued) — June 30, 2017 (Unaudited)

Principal Amount		Cost	Market Value
	CORPORATE BONDS — 0.1%		
	Energy and Utilities — 0.1%		
$ 2,050,000	Mueller Industries Inc., 6.000%, 03/01/27	$ 2,050,000	$ 2,111,500
	U.S. GOVERNMENT OBLIGATIONS — 3.5%		
76,667,000	U.S. Treasury Bills, 0.602% to 1.106%††, 07/27/17 to 12/21/17	76,546,969	76,545,956
	TOTAL INVESTMENTS — 99.8%	$1,428,427,634	2,197,241,976
	Other Assets and Liabilities (Net) — 0.2%		5,166,869
	NET ASSETS — 100.0%		$2,202,408,845

(a) Security considered an affiliated holding because the Fund owns at least 5% of its outstanding shares.

(b) 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 $400,000 or 0.02% of total net assets.

† Non-income producing security.

†† Represents annualized yield at date of purchase.

ADR American Depositary Receipt
GDR Global Depositary Receipt
PJSC Public Joint Stock Company
SDR Swedish Depositary Receipt

The Gabelli Utilities Fund

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

Assets:	
Investments, at value (cost $1,428,427,634)	$2,197,241,976
Foreign currency, at value (cost $18,015)	17,970
Cash	1,348
Receivable for Fund shares sold	6,448,756
Receivable for investments sold	1,818,468
Dividends receivable	5,576,664
Prepaid expenses	103,470
Total Assets	2,211,208,652
Liabilities:	
Distributions payable	4,030
Payable for Fund shares redeemed	3,145,998
Payable for investments purchased	2,435,095
Payable for investment advisory fees	1,838,537
Payable for distribution fees	906,347
Payable for accounting fees	11,250
Other accrued expenses	458,550
Total Liabilities	8,799,807
Net Assets (applicable to 265,256,829 shares outstanding)	$2,202,408,845
Net Assets Consist of:	
Paid-in capital	$1,434,976,256
Accumulated net investment income	6,398,596
Distributions in excess of net realized gains on investments and foreign currency transactions	(7,786,182)
Net unrealized appreciation on investments	768,814,342
Net unrealized appreciation on foreign currency translations	5,833
Net Assets	$2,202,408,845
Shares of Beneficial Interest, each at $0.001 par value; unlimited number of shares authorized:	
Class AAA:	
Net Asset Value, offering, and redemption price per share ($364,042,896 ÷ 39,002,153 shares outstanding)	$ 9.33
Class A:	
Net Asset Value and redemption price per share ($807,512,629 ÷ 85,222,458 shares outstanding)	$ 9.48
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	$ 10.06
Class C:	
Net Asset Value and offering price per share ($790,966,515 ÷ 116,380,867 shares outstanding)	$ 6.80(a)
Class I:	
Net Asset Value, offering, and redemption price per share ($239,886,805 ÷ 24,651,351 shares outstanding)	$ 9.73

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

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

Investment Income:	
Dividends - Unaffiliated (net of foreign withholding taxes of $862,778)	$ 38,012,152
Dividends - Affiliated	104,328
Interest	256,739
Total Income	38,373,219
Expenses:	
Investment advisory fees	10,789,738
Distribution fees - Class AAA	453,044
Distribution fees - Class A	1,003,285
Distribution fees - Class C	3,927,633
Shareholder services fees	807,470
Shareholder communications expenses	152,885
Custodian fees	117,638
Trustees' fees	67,937
Registration expenses	54,016
Legal and audit fees	49,845
Accounting fees	22,500
Interest expense	170
Miscellaneous expenses	66,574
Total Expenses	17,512,735
Less:	
Expenses paid indirectly by broker (See Note 6)	(7,851)
Net Expenses	17,504,884
Net Investment Income	20,868,335
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:	
Net realized gain on investments	5,745,569
Net realized loss on foreign currency transactions	(28,795)
Net realized gain on investments and foreign currency transactions	5,716,774
Net change in unrealized appreciation:	
on investments	82,694,860
on foreign currency translations	30,689
Net change in unrealized appreciation on investments and foreign currency translations	82,725,549
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency	88,442,323
Net Increase in Net Assets Resulting from Operations	$109,310,658

See accompanying notes to financial statements.

The Gabelli Utilities Fund

Statement of Changes in Net Assets

	Six Months Ended June 30, 2017 (Unaudited)	Year Ended December 31, 2016
Operations:		
Net investment income	$ 20,868,335	$ 29,079,713
Net realized gain on investments and foreign currency transactions	5,716,774	33,246,905
Net change in unrealized appreciation on investments and foreign currency translations	82,725,549	252,754,372
Net Increase in Net Assets Resulting from Operations	109,310,658	315,080,990
Distributions to Shareholders:		
Net investment income		
Class AAA	(2,125,767)*	(5,471,301)
Class A	(4,649,369)*	(11,112,907)
Class C	(6,275,536)*	(9,783,665)
Class I	(1,191,089)*	(2,542,331)
	(14,241,761)	(28,910,204)
Net realized gain		
Class AAA	—	(5,335,408)
Class A	—	(10,854,504)
Class C	—	(14,643,900)
Class I	—	(2,115,401)
	—	(32,949,213)
Return of capital		
Class AAA	(14,107,370)*	(24,739,141)
Class A	(30,854,905)*	(50,581,784)
Class C	(41,646,737)*	(73,313,008)
Class I	(7,904,504)*	(9,476,054)
	(94,513,516)	(158,109,987)
Total Distributions to Shareholders	(108,755,277)	(219,969,404)
Shares of Beneficial Interest Transactions:		
Class AAA	(3,156,011)	(30,345,592)
Class A	(7,720,398)	49,728,141
Class C	24,031,185	23,406,890
Class I	79,009,933	9,333,224
Net Increase in Net Assets from Shares of Beneficial Interest Transactions	92,164,709	52,122,663
Redemption Fees	1,445	7,011
Net Increase in Net Assets	92,721,535	147,241,260
Net Assets:		
Beginning of year	2,109,687,310	1,962,446,050
End of period (including undistributed net investment income of $6,398,596 and $0, respectively)	$2,202,408,845	$2,109,687,310

* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

See accompanying notes to financial statements.

Financial Highlights

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

		Income (Loss) from Investment Operations			Distributions							Ratios to Average Net Assets/ Supplemental Data			
Year Ended December 31	Net Asset Value, Beginning of Year	Net Investment Income(a)	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Investment Income	Net Realized Gain on Investments	Return of Capital	Total Distributions	Redemption Fees(a)(b)	Net Asset Value, End of Period	Total Return†	Net Assets End of Period (in 000's)	Net Investment Income	Operating Expenses	Portfolio Turnover Rate
Class AAA															
2017(c)	$ 9.26	$0.10	$ 0.39	$ 0.49	$(0.06)*	—	$(0.36)*	$(0.42)	$0.00	$ 9.33	5.3%	$ 364,043	2.18%(d)	1.37%(d)(e)	1%
2016	8.70	0.15	1.28	1.43	(0.14)	$(0.13)	(0.60)	(0.87)	0.00	9.26	17.0	364,411	1.65	1.38(e)	4
2015††	10.50	0.11	(1.07)	(0.96)	(0.09)	(0.70)	(0.05)	(0.84)	0.00	8.70	(8.3)	371,419	1.42	1.39(e)	8
2014††	11.24	0.18	0.76	0.94	(0.14)	(0.10)	(1.44)	(1.68)	0.00	10.50	8.9	820,328	1.64	1.36	9
2013††	10.86	0.18	1.88	2.06	(0.14)	(0.20)	(1.34)	(1.68)	0.00	11.24	20.2	738,742	1.60	1.37	11
2012††	12.06	0.16	0.32	0.48	(0.10)	(0.20)	(1.38)	(1.68)	0.00	10.86	4.3	590,457	1.36	1.39	15
Class A															
2017(c)	$ 9.40	$0.10	$ 0.40	$ 0.50	$(0.06)*	—	$(0.36)*	$(0.42)	$0.00	$ 9.48	5.4%	$ 807,513	2.17%(d)	1.37%(d)(e)	1%
2016	8.82	0.15	1.30	1.45	(0.13)	$(0.13)	(0.61)	(0.87)	0.00	9.40	17.0	808,349	1.64	1.38(e)	4
2015††	10.64	0.12	(1.10)	(0.98)	(0.09)	(0.70)	(0.05)	(0.84)	0.00	8.82	(8.3)	713,208	1.45	1.39(e)	8
2014††	11.36	0.18	0.78	0.96	(0.14)	(0.10)	(1.44)	(1.68)	0.00	10.64	9.0	1,231,349	1.64	1.36	9
2013††	10.96	0.18	1.90	2.08	(0.14)	(0.20)	(1.34)	(1.68)	0.00	11.36	20.2	1,109,532	1.60	1.37	11
2012††	12.16	0.16	0.32	0.48	(0.10)	(0.20)	(1.38)	(1.68)	0.00	10.96	4.3	931,577	1.37	1.39	15
Class C															
2017(c)	$ 6.88	$0.05	$ 0.29	$ 0.34	$(0.06)*	—	$(0.36)*	$(0.42)	$0.00	$ 6.80	5.0%	$ 790,967	1.43%(d)	2.12%(d)(e)	1%
2016	6.71	0.06	0.98	1.04	(0.09)	$(0.13)	(0.65)	(0.87)	0.00	6.88	16.2	776,780	0.89	2.13(e)	4
2015††	8.40	0.05	(0.90)	(0.85)	(0.09)	(0.70)	(0.05)	(0.84)	0.00	6.71	(9.1)	736,494	0.73	2.14(e)	8
2014††	9.38	0.08	0.62	0.70	(0.14)	(0.10)	(1.44)	(1.68)	0.00	8.40	8.1	1,111,695	0.89	2.11	9
2013††	9.36	0.08	1.62	1.70	(0.14)	(0.20)	(1.34)	(1.68)	0.00	9.38	19.5	1,037,073	0.85	2.12	11
2012††	10.70	0.06	0.28	0.34	(0.10)	(0.20)	(1.38)	(1.68)	0.00	9.36	3.5	880,503	0.62	2.14	15
Class I															
2017(c)	$ 9.63	$0.12	$ 0.40	$ 0.52	$(0.06)*	—	$(0.36)*	$(0.42)	$0.00	$ 9.73	5.4%	$ 239,887	2.50%(d)	1.12%(d)(e)	1%
2016	8.99	0.18	1.33	1.51	(0.16)	$(0.13)	(0.58)	(0.87)	0.00	9.63	17.4	160,147	1.89	1.13(e)	4
2015††	10.80	0.14	(1.11)	(0.97)	(0.09)	(0.70)	(0.05)	(0.84)	0.00	8.99	(8.1)	141,325	1.70	1.14(e)	8
2014††	11.48	0.20	0.80	1.00	(0.14)	(0.10)	(1.44)	(1.68)	0.00	10.80	9.3	255,651	1.86	1.11	9
2013††	11.04	0.22	1.90	2.12	(0.14)	(0.20)	(1.34)	(1.68)	0.00	11.48	20.4	179,913	1.85	1.12	11
2012††	12.20	0.20	0.32	0.52	(0.10)	(0.20)	(1.38)	(1.68)	0.00	11.04	4.6	161,415	1.68	1.14	15

† 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.
†† All per share amounts and net asset values have been adjusted as a result of the 1 for 2 reverse stock split on March 6, 2015 (See Note 8).
* Based on year to date book income. Amounts are subject to change and recharacterization at year end.
(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.

1. Organization. The Gabelli Utilities Fund was organized on May 18, 1999 as a Delaware statutory trust. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund commenced operations on August 31, 1999. The Fund's primary objective is to provide a high level of total return through a combination of capital appreciation and current income.

The Fund invests a high percentage of its assets in the utilities sector. As a result, the Fund may be more susceptible to economic, political, and regulatory developments, positive or negative, and may experience increased volatility to the Fund's NAV and a magnified effect in its total return.

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 vale, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

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

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

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

	Valuation Inputs			
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total Market Value at 6/30/17
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
ENERGY AND UTILITIES				
Global Utilities	$ 46,207,348	$ 1,450	—	$ 46,208,798
Merchant Energy	35,001,995	—	$ 0	35,001,995
Natural Gas Utilities	124,911,288	7,643,808	—	132,555,096
Other Industries (a)	1,297,631,974		—	1,297,631,974
COMMUNICATIONS				
Telecommunications	233,759,131			233,759,131
Other Industries (a)	205,951,900	—	—	205,951,900
OTHER				
Aerospace	25,530,751		203,444	25,734,195
Other Industries (a)	139,246,758			139,246,758
Total Common Stocks	2,108,241,145	7,645,258	203,444	2,116,089,847
Convertible Preferred Stocks (a)	1,050,210	1,044,463	—	2,094,673
Warrants (a)		400,000	—	400,000
Corporate Bonds(a)	—	2,111,500	—	2,111,500
U.S. Government Obligations	—	76,545,956	—	76,545,956
TOTAL INVESTMENTS IN SECURITIES – ASSETS	$2,109,291,355	$87,747,177	$203,444	$2,197,241,976

(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 these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

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

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in derivative financial instruments for the purposes of increasing the income of the Fund or hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

The Fund's derivative contracts held at June 30, 2017, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Swap Agreements. The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short term interest rates and the returns on the Fund's portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be received or paid on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon receipt or payment of a periodic payment or termination of swap agreements. During the six months ended June 30, 2017, the Fund held no investments in equity contract for difference swap agreements.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than 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 did not hold 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 made in excess of current earnings and profits on a tax basis are treated as a non-taxable return of capital. 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 ended December 31, 2016 was as follows:

Distributions paid from:	
Ordinary income	$ 33,987,237
Long term capital gains	27,872,180
Return of capital	158,109,987
Total distributions paid	$219,969,404

Since January 2000, the Fund has had a fixed distribution policy. Under the policy, the Fund declares and pays monthly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Pursuant to this policy, distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long term capital gains. The Fund's current distribution policy may restrict the Fund's ability to pass through to shareholders all of its net realized long term capital gains as a Capital Gain Dividend, and may cause such gains to be treated as ordinary income. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. The Board continues to evaluate the distribution policy in light of ongoing economic and market conditions and may change the amount of the monthly distributions in the future.

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

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

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

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Investments	$1,435,295,535	$820,375,936	$(58,429,495)	$761,946,441

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 and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive $500 per meeting attended and the Chairman of the Audit Committee and the Lead Trustee each receive an annual fee of $2,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Distribution Plan. The Fund’s Board has adopted a distribution plan (the “Plan”) for each class of shares, except for Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Class AAA, Class A, and

Class C Share Plans, payments are authorized to G.distributors, LLC (the “Distributor”), an affiliate of the Adviser, at annual rates of 0.25%, 0.25%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

5. Portfolio Securities. Purchases and sales of securities during the six months ended June 30, 2017, other than short term securities and U.S. Government obligations, aggregated $23,298,135 and $52,852,674, respectively.

6. Transactions with Affiliates and Other Arrangements. During the six months ended June 30, 2017, the Fund paid $28,453 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally the Distributor retained a total of $633,271 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the six months ended June 30, 2017, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was $7,851.

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

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 Shares 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%. 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.

As approved by the Board of Directors, the Fund effected a 1 for 2 reverse stock split on March 6, 2015. The net asset value of each share class increased proportionately at that time.

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
Class AAA				
Shares sold	2,617,281	$ 24,673,364	4,639,468	$ 43,018,104
Shares issued upon reinvestment of distributions	1,539,227	14,523,383	3,454,038	31,946,668
Shares redeemed	(4,489,024)	(42,352,758)	(11,440,214)	(105,310,364)
Net decrease	(332,516)	$ (3,156,011)	(3,346,708)	$ (30,345,592)
Class A				
Shares sold	10,091,140	$ 96,643,882	16,726,963	$ 158,562,726
Shares issued upon reinvestment of distributions	3,047,100	29,177,593	6,431,994	60,335,587
Shares redeemed	(13,924,598)	(133,541,873)	(18,041,906)	(169,170,172)
Net increase/(decrease)	(786,358)	$ (7,720,398)	5,117,051	$ 49,728,141
Class C				
Shares sold	10,049,188	$ 69,766,590	14,746,021	$ 103,855,094
Shares issued upon reinvestment of distributions	5,771,028	39,988,971	11,607,259	81,152,204
Shares redeemed	(12,346,857)	(85,724,376)	(23,171,261)	(161,600,408)
Net increase	3,473,359	$ 24,031,185	3,182,019	$ 23,406,890
Class I				
Shares sold	10,179,133	$ 100,240,884	5,401,511	$ 52,129,624
Shares issued upon reinvestment of distributions	670,368	6,589,298	1,186,059	11,379,762
Shares redeemed	(2,829,027)	(27,820,249)	(5,672,219)	(54,176,162)
Net increase	8,020,474	$ 79,009,933	915,351	$ 9,333,224

9. Transactions in Securities of Affiliated Issuers. The 1940 Act defines affiliated issuers as those in which the Fund's holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of the Fund's transactions in the securities of these issuers during the six months ended June 30, 2017 is set forth below:

	Beginning Shares	Shares Purchased	Ending Shares	Dividend Income	Realized Gain	Value at June 30, 2017	Percent Owned of Shares Outstanding
Corning Natural Gas Holding Co.	324,000	64,800	388,800	$104,328	—	$7,643,808	13.02%

10. 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.

11. 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 Utilities Fund

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

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

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

Investment Performance. The Independent Board Members reviewed the short, medium, and longer term performance of the Fund against a peer group of utilities funds customized by the Adviser and against the customized peer group selected by Broadridge. The Independent Board Members noted that the Fund's performance was in the first quartile of its peer group for the one year period and the third quartile for the three and five year periods for the Adviser-customized peer group, and within the second quartile for the one year period and third quartile for the three and five year periods for the customized peer group selected by Broadridge.

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 a charge. The Independent Board Members also noted that a substantial portion of the Fund's portfolio transactions were executed by an affiliated broker, that another affiliated broker received distribution fees and minor amounts of sales commissions, and that the Adviser received a moderate amount of soft dollar benefits through the Fund's portfolio brokerage.

Economies of Scale. The Independent Board Members discussed the major elements of the Adviser's cost structure and the relationship of those elements to potential economies of scale.

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

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 utilities funds and the customized Lipper group and noted that the advisory fee includes substantially all administrative services for the Fund as well as the investment advisory services of the Adviser. The Independent Board Members noted that the Fund's expense ratios were above average and the Fund's size was average within these groups. The Independent Board Members were presented with, but did not consider material to their decision, various information comparing the advisory fee with the fee for other types of accounts managed by affiliates of the Adviser.

Conclusions. The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services, good ancillary services, and a reasonable performance record. The Independent Board Members also concluded that the Fund's expense ratios and profitability to the Adviser of managing the Fund were reasonable 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.

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

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.

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 UTILITIES FUND
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Portfolio Manager Biography

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.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

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THE GABELLI UTILITIES FUND

Semiannual Report
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