The Gabelli Focus Five Fund

Shareholder Commentary
September 30, 2017

To Our Shareholders,

The Gabelli Focus Five Fund (GWSIX) was +3.7%, net of expenses, in the third quarter that ended September 30, 2017, bringing the year-to-date return to +17.1%.

During the quarter, multiple headlines including North Korean missile tests, Charlottesville, terror attacks in Europe, hurricanes, earthquakes, and the German election kept investors tied to the news.

Nevertheless, equity markets remained relatively calm and ultimately finished on a strong note, as the initial details of a tax plan emerged from Washington D.C.

During the quarter, we completely exited positions in Alere and Akorn, realizing significant profits despite above average volatility during the holding periods.

Shareholders may recall that we made our first investment in Alere, a global leader in rapid point-of-care diagnostics, in 2014. The Fund had almost 6% of its assets in Alere, when the company announced in March 2016 that it agreed to be acquired by Abbott Labs for $56 per share in cash, a roughly 60% premium to our cost basis.

Subsequent to the announcement, Alere and Abbott began an 18-month period of posturing and renegotiating that cost the Fund substantial performance. While the deal closed in early October at a revised price of $51, the situation has reinforced the notion that merger arbitrage is a challenging investment strategy best pursued by others.

Rather than squeezing the last nickel from an investment, we have determined that the risk / reward is better when identifying and owning good businesses with improving fundamentals, particularly if those companies are trading at discounts of 50% or more to Private Market Value.

September 30 marked the end of the Fund's fiscal year. For shareholders that are taxable, we anticipate paying a nominal year-end distribution of 2%-3% in November. Unlike ETFs, open-end mutual funds are in the unfortunate position of distributing all realized gains and income, although shareholders have the opportunity to reinvest at the reduced NAV.

Entering the fourth quarter, the Focus Five Fund had 31 positions, with the top 10 representing 53% of AUM. Relative to the Russell 2000 index, which is trading at almost 22x PE, its highest valuation since 2001, the Fund's top 10 positions are trading at very attractive multiples. In fact, the top 10 have an average 30% upside to our 2018 Private Market Value estimates.

In other words, we believe the Focus Five Fund represents a unique opportunity to invest in a concentrated portfolio of attractively valued stocks, with potential near-term catalysts.

We added several new ideas to the portfolio in recent weeks, including HD Supply (1.9% of net assets as of September 30, 2017), Synchrony Financial (1.8%), Hewlett Packard Enterprise (0.6%) and Liberty Formula One (2.1%).

We also had a cash position of 8.5% at the end of the quarter, providing dry powder to add to high conviction positions in the event a long-overdue market correction surfaces.

Liberty Formula One (FWONA) stands to benefit from several tailwinds, including inflation in sports media rights, a potentially longer race calendar, and better monetization of sponsorship, hospitality, merchandising, and digital assets. To pursue these opportunities, Liberty has brought in a new management team that will also seek structural changes that could improve on-track competitiveness and substantially raise the brand value of F1. We estimate the EBITDA can grow from $492 million this year to $810 million by 2020, at which time shares could be worth in the mid $60s.

Contributors to Performance

Contributors to performance during the quarter included Herc Holdings (2.2%) (0.61% contribution), O'Reilly Automotive (2.0%) (0.50%), Take-Two Interactive (1.3%) (0.44%) and Post Holdings (2.8) (0.37%).

Herc Holdings, an equipment rental supplier with approximately 280 branches primarily in the U.S. and Canada, was spun-off from Hertz in June 2016. The equipment rental business is exposed to construction, industrial (refineries, manufacturing), government entities/contractors, remediation firms, and infrastructure.

Herc has now recorded five consecutive quarters of year-over-year price increases, with continuing improved demand for construction equipment, as well as oil and gas end markets. The company also announced the sale-leaseback of 44 locations, which will improve liquidity.

We believe that the introduction of infrastructure legislation and disaster recovery and remediation efforts from recent natural disasters will continue to drive earnings growth. The industry also stands to benefit from consolidation. Herc is trading at just 6.5x 2018 EBITDA, and has a Private Market Value approaching $80 in 2019.

Take-Two Interactive continues to generate strong investment performance for the Fund, which has an average cost basis of approximately $16 per share (a 5-bagger so far!).

While the Grand Theft Auto series has surpassed expectations with increased recurrent in-game spend and new content for players, multiple other franchises continue to perform well. NBA 2K18 on Playstation 4 recently received a Metacritic score of 89, making it one of the highest rated games and the highest rated sports game currently. The company has multiple levers to pull between E-sports and mobile, as well as release of new games like Red Dead, and the eventual announcement of a new Grand Theft Auto.

Post Holdings has also been a long-term generator of performance, up approximately 135% on an average cost basis. POST has executed a number of successful bolt-on acquisitions, including a recently announced deal to purchase Bob Evans Farms (NASDAQ: BOBE), a company focused on potato products and vegetable based side dishes, for $1.65 billion. The acquisition is expected to close in the first quarter of 2018 and should be immediately accretive, as well as adding $25mm annual run rate cost synergies by the third fiscal year. This acquisition provides POST with a more substantial position in the refrigerator at the grocery store, an area that is growing at a faster rate than the center of the store, and increased strength for foodservice.

Detractors from Performance

Detractors included Newell Brands (4.8% of net assets as of September 30, 2017) (-0.80% detraction), NuVasive (5.9%) (-0.77%) and Edgewell Personal Care (5.2%) (-0.24%).

NuVasive is the third largest company in the $9 billion spine surgery market, and has a comprehensive portfolio for minimally invasive surgery. NuVasive continues to take market share from competitors, while at the same time driving operating margin improvement towards 25%.

The company also recently launched the new LessRay imaging platform which will significantly reduce radiation exposure for the operating room team. The stock gradually declined from $80 in July to $55 at the end of the quarter, providing us a compelling buying opportunity. We believe that the company is a likely acquisition candidate and calculate an $87 Private Market Value estimate based on 16x 2018 EBITDA.

In sum, we continue to believe your investment in this actively managed, concentrated best ideas portfolio will help you achieve risk-adjusted equity returns over the next several years, and look forward to providing you future updates.

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

Bioscrip Inc.	8.9%	Newell Brands Inc.	4.8%
MGM Resorts International	7.0%	Maple Leaf Foods Inc.	4.1%
Liberty Global PLC	6.7%	Alphabet Inc.	3.9%
NuVasive, Inc.	5.9%	Blackhawk network Holdings Inc.	3.6%
Edgewell Personal Care Co.	5.2%	Gogo Inc.	3.2%

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 prospectus 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 NAV is 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 Focus Five Fund Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A, Class C, and Class T Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available solely to certain institutions, directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Directors determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

Comparative Results

Average Annual Returns through September 30, 2017 (a)(b)

	Quarter(c)	1 Year(c)	3 Year(c)	Since (1/1/12)(c)	5 Year	10 Year	Since Inception (12/31/02)
Class I (GWSIX)	3.66%	8.11%	2.15%	10.67%	8.92%	5.69%	8.29%
Class AAA (GWSVX)	3.54	7.88	1.89	10.39	8.67	5.43	8.11
Russell 2500 Index	4.74	17.79	10.60	14.59(d)	13.86	8.19	11.58
Russell 1000 Index	4.48	18.54	10.63	15.28	14.27	7.55	9.89
MSCI AC World Index Ex-U.S.	6.25	20.15	5.19	8.38	7.45	1.74	9.03
Blended Index	5.04	18.61	9.23	13.15	12.31	6.39	10.51
Class A (GWSAX)	3.58	7.87	1.90	10.40	8.67	5.44	8.13
With sales charge (e)	(2.38)	1.67	(0.09)	9.27	7.39	4.80	7.69
Class C (GWSCX)	3.33	7.04	1.13	9.57	7.85	4.65	7.34
With contingent deferred sales charge (f)	2.33	6.04	1.13	9.57	7.85	4.65	7.34
Class T (GWSTX)	3.54	7.88	1.89	10.92	8.67	5.43	8.11
With sales charge (g)	0.95	5.18	1.04	10.43	8.12	5.16	7.92

In the current prospectuses dated January 27, 2017, the expense ratios for Class AAA, A, C, I, and T Shares are 1.42%, 1.42%, 2.17%, 1.17%, and 1.42%, respectively. Class AAA and Class I Shares have no sales charge. The maximum sales charge for Class A Shares, Class C Shares, and Class T Shares is 5.75%, 1.00%, and 2.50%, 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 the Adviser not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com.* The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class I Shares on January 11, 2008 and Class T Shares on July 5, 2017. The actual performance of Class I Shares would have been higher due to lower expenses associated with this class of shares. The actual performance of the Class T Shares would have been lower due to the additional fees and expenses associated with this class of shares.The Russell 2500 Index is a market capitalization weighted index of 2,500 U.S. traded small and mid capitalization stocks. The Russell 1000 Index is a market capitalization weighted index of 1,000 U.S. traded large capitalization stocks. The Morgan Stanely Capital International All Country World Index excluding the U.S. (MSCI ACWI Ex-U.S.) is a market capitalizaion weighted index of small, mid, and large capitalization stocks across developed and emerging merkets, excluding U.S. stocks. The Blended Index consists of 50% Russell 2500 Index, 25% Russell 1000 Index, and 25% MSCI ACWI Ex-U.S. Index. Dividends are considered reinvested. You cannot invest directly in an index.

(b) The Fund's fiscal year ends September 30.

(c) On January 1, 2012, began operating under its current name.

(d) Russell 2500 Index performance is as of December 31, 2011.

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

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

(g) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

THE GABELLI FOCUS FIVE FUND
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Portfolio Manager Biography

Daniel M. Miller has been the portfolio manager of The Gabelli Focus Five Fund since the inception of the investment strategy on January 1, 2012. He is also a Managing Director of GAMCO Investors, Inc. Mr. Miller joined the firm in 2002 after graduating magna cum laude with a degree in finance from the University of Miami in Coral Gables, Florida.

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